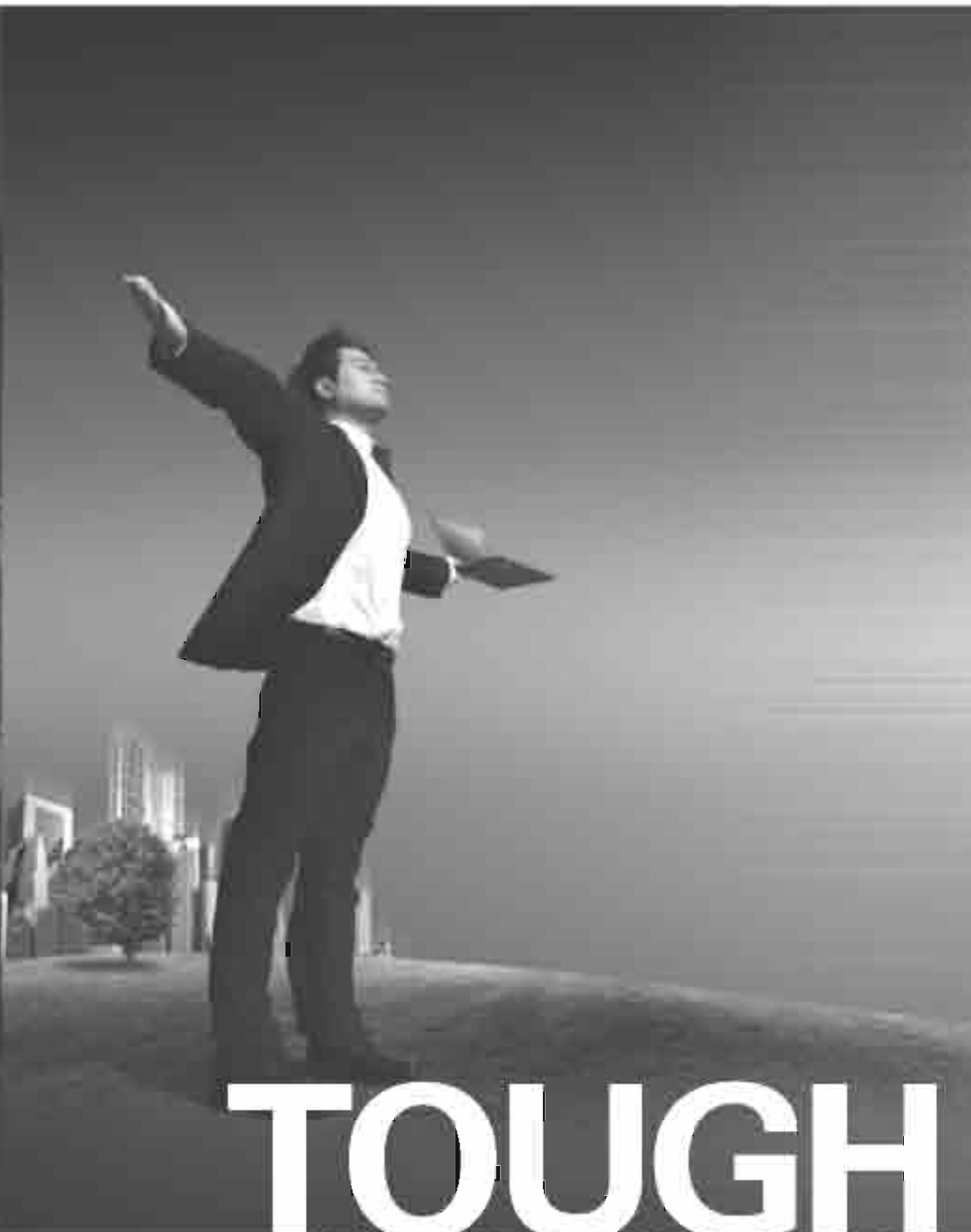


Out of the Box

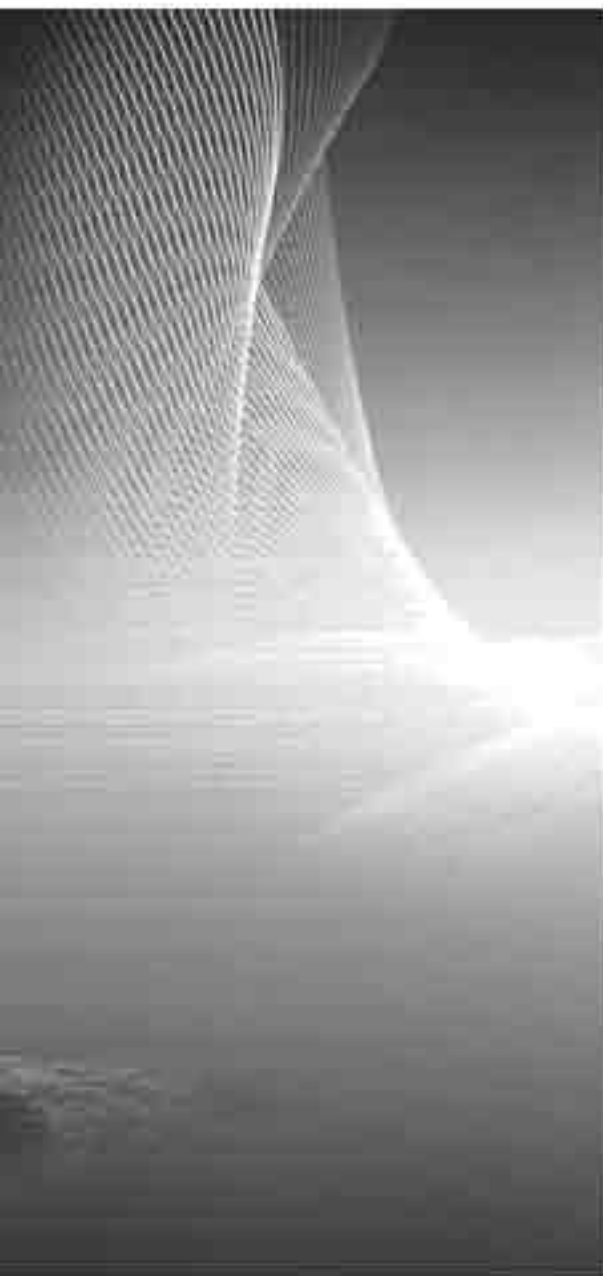
NEW
CHALLENGES



INSURMOUNTABLE
BARRIERS



TOUGH
ENVIRONMENTS



The world is reeling under ecological stress and this is forcing companies across the world to innovate and stay relevant with their product offerings. Moser Baer has constantly stayed ahead of the curve by integrating its portfolio with future technologies. Whether it is high capacity Blue-Ray discs, cutting edge digital entertainment products, new technology based on solar power or the ability to redefine affordable home entertainment, Moser Baer has ensured that all its business verticals have a common defining ethos.

Sustainability through Innovation

This year's annual report showcases a set of logical situations that depict 'sustainability through innovation' and how such challenges can be met by thinking differently. Just the way we think at Moser Baer.

vision

Touching every life across the globe through high technology products and services.

We will drive growth through our excellence in service mass manufacturing. We will move up the value chain through rapid development of technology, products and services. We will leverage our relationships, distribution, cost leadership and "can do" attitude to become a global market leader in every business.

mission

year at a glance



Innovation & Sustainability

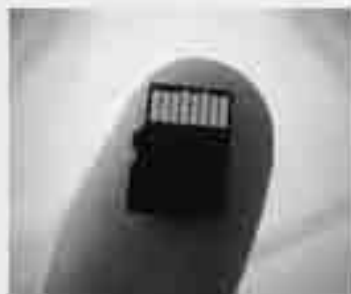
Moser Baer launches new optical media products in India

Moser Baer is among select few players to achieve world's highest single junction Thin Film module efficiency of 7.3 % through its proprietary process, increasing the module wattage from 340 watt/panel to 400 watt/ panel

Moser Baer launches Gold Collection, Platinum Collection in the home video segment

Moser Baer Photovoltaic Ltd is the new member of PV Cycle, a European industry organization for recycling solar PV panels with effect from 1st Jan 2010

Moser Baer Trust launches 'Askar' - a centre for capacity building amongst marginalized women in Noida, UP



Out of the Box

Releasing movies in Direct-to-DVD mode

Reducing the window for certain Home Video releases to within 15 days of film's theatrical release

Launching micro SD Cards and content loaded drive



New Initiatives

Moser Beer commissions first of its kind 1 MW Thin Film solar farm at Chandrapur in Maharashtra

Moser Beer launched a consumer friendly initiative *Fier byta pe Jantar*

Moser Beer launched an e-commerce website offering Moser Beer products

Moser Beer joined hands with leading entertainment players to form an Anti-Piracy Coalition

Moser Beer unveils new range of LCD TVs



Global Certifications

Moser Beer Photovoltaic Ltd is the first Indian company to be awarded the prestigious 5 Star rating by TÜV Rheinland for maintaining highest standards of quality

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Looking ahead, managing growth sustainably through a slew of innovative processes will continue to be our biggest challenge at Moser Baer. If you look closely there is already a call for new zeitgeist in the air.

Dear Shareholders,

Someone said aptly: "You don't get better by getting bigger; you get bigger by getting better". The question I often ask myself is how to get better in the current economic situation and do so quickly? After thinking over it for some time now, I am convinced that our best bet lies in creating clean, innovative tech solutions which are also sustainable.

The year 2009-10 was unprecedented in many ways witnessing the worst economic downturn in recent past. We saw an opportunity amidst this crisis and embraced sustainable innovative practices at all levels to keep afloat. Hence the theme of the Annual Report is "Sustainability through innovation". Today some of the most important questions that we are engaged with are: how to increase efficiencies throughout the value chain; how to design innovative products and services and how

chairman's message

to develop newer business models which are customer centric and profitable. And the mother lode of all questions: how to become sustainable while being innovative in all our business processes and services? I can assure you that your company is committed to live up to its vision of touching people's lives and to help improve the way people live.

The World over businesses are recognizing the deep connectedness between the necessity to sustain through new innovative ways and the need to constantly innovate in order to become sustainable. I do not see these as passing trends, and that is why I am convinced that we must continue investing in innovations that will create long-term value for our customers, shareholders and communities at large. At Moser Baer we are putting all our efforts to align our innovative practices with the changing customer and market trends, for this is what will define how we live, work and play in the next 20-30 years. I am certain that this will throw up significant growth opportunities for our company in the years ahead. Hence, in these times of global financial constraints we must

continue to invest in a future of innovation, quality and sustainability.

Needless to say, that our employees have been a constant pillar of strength. We are putting all efforts to provide the best enabling environment for their talent to bloom. We have several engagement programs for the employees hinging on transparency, feedback, employee ownership and direct dialogue that have helped us put an appreciative culture in place. It is for the fourth time in a row that we have engaged with our employees and conducted the "Employee Engagement Survey". We had an overwhelming 95% of participation in the engagement survey this time, clearly demonstrating the enthusiasm and involvement of our people. It is heartening to note that we have been able to sustain the engagement levels of our employees for the past few years. We will continue to focus on enriching our employee experience in the coming years ahead.

Having talked about the theme and our engaged employees, let's see how we fared in different businesses in the year that passed by.

Solar Photovoltaic

The world over, governments, businesses and individuals are rising to the challenge of climate change and energy security. It is needless to further underscore the importance of renewable energy, more so, of solar energy which will form the core of the solution to such gigantic challenges. Studies reveal that if only a 4% of the world's deserts are covered with photovoltaic cells, it could supply the entire world's energy requirements! Do I need to stress that there is a staggering potential and future in tapping the solar energy and doing it well, in a sustainable and an innovative way?

It is well known that while the first half of the year was engulfed in many challenges for the solar industry, the second half witnessed some improvements in the credit conditions. However, the key long term industry variables continued to be strong with many countries focusing on clean, green and sustainable forms of energy. In January 2010, Indian government too has announced the world's most ambitious \$19 billion plan envisaging a goal of 20,000 MW of grid interactive solar power and 2000 MW of off grid applications in a three stage plan by 2022. Moser Baer as a frontrunner in the Indian solar manufacturing space is set to benefit from the mission.

You will be proud to know that your company is the first entity to effectively achieve the world's highest single junction Thin Film module efficiency of 7.3 %. Moreover, it has achieved an efficiency of 15.2 % for crystalline silicon on the existing production lines with process re-engineering. Due to these strong efficiency improvements we have been able to successfully increase our production capacities to 90 MW in crystalline silicon cell, 100 MW in crystalline silicon module and 50 MW in Thin Film at our Greater Noida plant.

Our products and services meet international standards which allow it to operate in markets like Europe, Australia, Japan and the USA etc. We have been recently awarded the prestigious 5 star rating Certificate by TÜV Rheinland in recognition of highest standards of quality adopted in business operations.

Furthermore, within India, we have developed complete systems capability from concept to commissioning. We have successfully commissioned 1 MW solar project recently at Chandrapur, Maharashtra - the largest of its kind thin film project in India. This is a reflection of the company's strong EPC capabilities which will enable us to play a key role in India's ambitious National solar Mission.

Storage Media

Overall FY'10 was a year of mixed fortunes for the storage media industry as a whole. Your company continues to maintain its market leadership position as the world's leading manufacturer of storage media products.

However, globally the demand is shifting from CDs to DVDs in developing markets and from DVDs to high definition format (Blu Ray) in developed markets. Keeping pace with

13%

market share in
Indian USB market

28%

EBITDA margin for
storage media

over 10,000 titles
in home
entertainment

the changing market and consumer trends, your company is continuously moving existing production lines to DVDs and advanced formats at low incremental costs. This will help us to be future ready as it will significantly raise our capacity to produce media that support the emerging high definition format.

While we are focused on OEMs, we continuously look at ways to increase non-OEM business as well. Furthermore, we also are exploring new geographies to expand. Notably, the EBITDA margins (including other income) for the business were firm at 28% during the year despite unprecedented economic crisis. With backward integration into manufacturing for USB and micro SD cards, Moser Baer is now poised to take a sizeable market share in the coming years. Notably, our innovative apt-to-use products have been widely appreciated by consumers and within a year of its operations, we have become the number 3 player in the Indian USB market with 13% market share. The storage media business remains a strong cash generator for the group and the trend will continue. The storage media business is close to my heart, as this is where we began our journey towards sustainability through innovation.

Entertainment

In the entertainment sector, the home video segment is where we operate, which has grown at 13.1% from Rs. 3.8 billion in 2008 to Rs. 4.3 billion in 2009. And this is expected to reach Rs. 7.4 billion in 2014 thereby showing a CAGR of 11.8%. These numbers show that there is latent potential in the home video segment in India.

With effect from March 31, 2010, the entertainment business has been hived off as a separate, wholly owned subsidiary – Moser Baer Entertainment Limited. It is noteworthy that your company has extended beyond its manufacturing and tech capabilities to build a distribution network, offer content at never-before price points and in the process build a sustainable brand in the home video space. Moser Baer is today a one stop shop for home entertainment with pan India presence.

Our unique model hinges on high quality and large variety content, widely available at delightful prices. We have successfully compressed the release window of films in all key languages thereby increasing the consumer base. With innovative packaging and dual strategy of focusing on both mass and premium customers, we have already become a household brand.

The outlook for the business remains strong and we are constantly releasing video content in the DVD, VCD and Super DVD (DVD with the multiple films) formats using our proprietary and patented technology. We plan to launch over 100 Blu-Ray titles. This, we expect, will significantly improve realizations. Our focus on non-film content like TV serials, sports, health and devotional will also increase the range.

Piracy continues to make a dent in our profitability and to tackle this; we have taken strong initiatives to set up a powerful anti-piracy drive by joining hands with leading entertainment players in India and the MPDA (Motion Pictures Distributors Association of Hollywood) of India to set up an Anti-Piracy Coalition. We will continue to endeavor towards providing legitimate content to the people.

IT & Consumer products

Our Consumer Products business has been making significant progress not just by way of launching new products but by creating an environment of 'music and movies on the move'. Our Consumer Electronics has an impressive range of LCD TVs, including full HD models, stylish MP3 players, portable DVD players, Digital photo frames, Home theater systems, multimedia speakers and colour TVs.

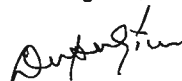
We have now set up a highly competent Design and Testing centre and have commenced assembly of our LCD TVs from our own manufacturing plant.

Of late, I have come to realize that the traditional approaches to business will collapse over time and companies will increasingly have to develop innovative solutions that are sustainable to remain on the growth path. Although our processes and systems have stood us in good stead over the past years we will continue to revisit and strengthen it further. We strive to always remain future ready, for it is a key factor that will determine our ability to grow sustainably. With sufficient experience behind us, we are confident of moving ahead and making the most of the opportunities the world has to offer.

Looking ahead, managing growth sustainably through a slew of innovative processes will continue to be our biggest challenge at Moser Baer. If you look closely there is already a call for new zeitgeist in the air. With climate change and fast depleting natural resources all around, we cannot continue to do what we have been doing without changing something fundamental in the way we look at things. We too will have to accept a more expanded role of our business. And to do this, we need to collaborate with the wider communities more closely so that we create value for our businesses, make it more sustainable and gain their trust and acceptance. And to my mind this is the only way we can grow if our work helps the fortunes of all our stakeholders to grow with us.

I sincerely thank you for all your genuine support and encouragement that you have given to us at Moser Baer. I assure you that your company is firmly on the path of "getting better which will certainly make it bigger"!

Best regards,



(Deepak Puri)

board of directors



Front Row Left to Right

Virendra Nath Koura
Non-Executive Director

Bernard Gallus
Non-Executive Director

Nita Puri
Whole Time Director

Frank E. Dengeard
Non-Executive Director

Back Row Left to Right

Viral Sawhney
Non-Executive Director

Dr. Vinayshil Gautam
Non-Executive Director



Rahul Puri
Executive Director

Deepak Puri
Chairman and Managing Director

Prakash Kamik
Non-Executive Director

John Leveak
Non-Executive Director

Not in the picture

Arun Bharat Ram
Non-Executive Director

Rajesh Khanna
Non-Executive Director

thinklateral →

There are 3 light switches
in a cellar which turn 3 lights
in a house.

You have to discover which
switch turns on which light,
but you are only allowed to
leave the cellar once!

How do you do it?

**At Moser Baer,
we look beyond the obvious.**

**Our Products & Quality are a
testament to that.**



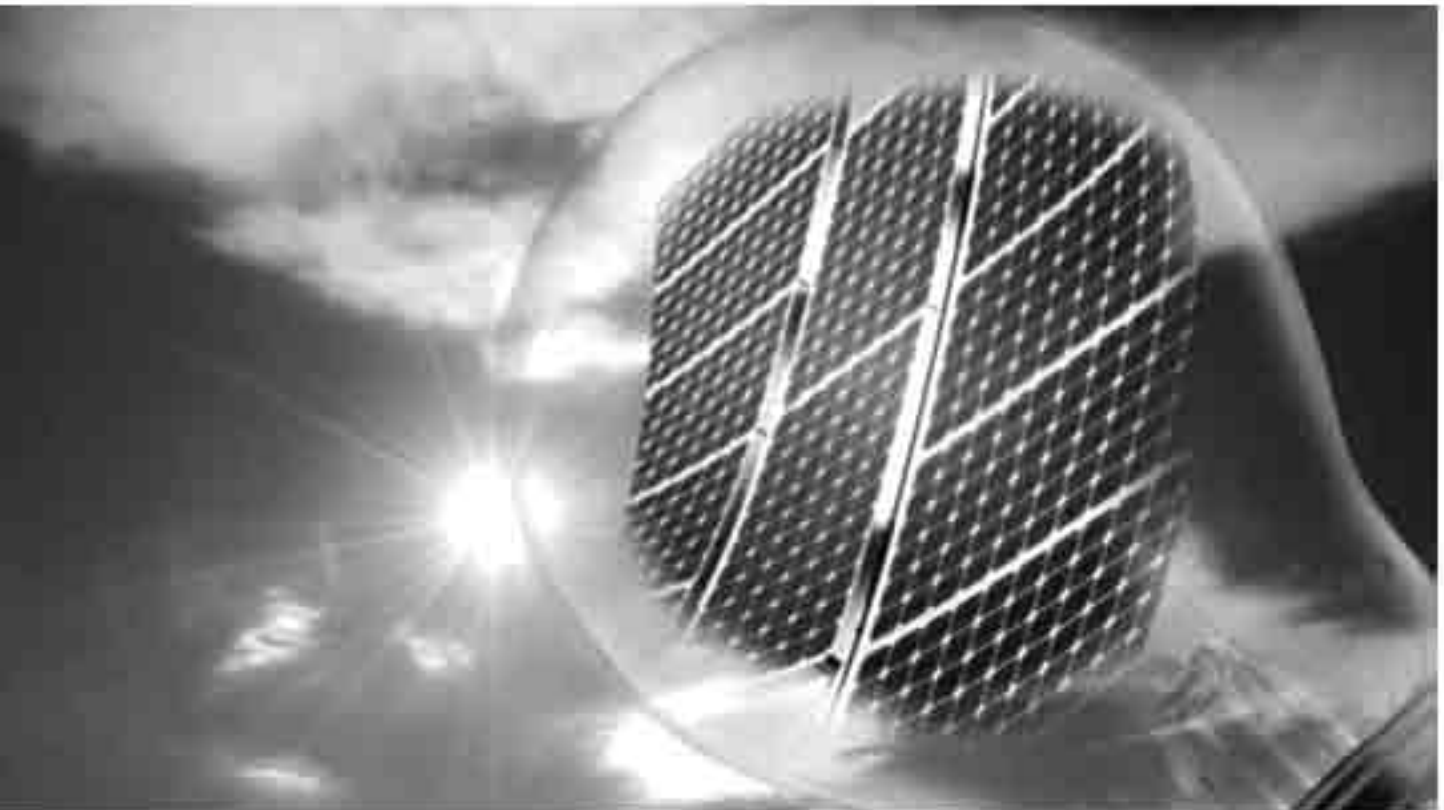
solution

Turn one switch on for a long time, then switch it off. Switch the second one on and leave the other. The bulb that is on is the second switch. The bulb that is hot is the first switch and the cold bulb is the third switch.

In a world starved of energy, how do we power our dreams?

The 'National Solar Mission' has thrown up a significant challenge to the Indian solar players. Do we have the capacity to meet the targets set? Will India imbibe solar as a significant source of main stream energy?

At Moser Baer, we are future ready. Be it increasing the manufacturing capacity, technological innovation, raising the industry benchmarks, foraying into global markets, Moser Baer is set to emerge as one of the most significant solar players, not only in India but also globally. The year 2009 was no doubt, a challenging year for the PV (photovoltaic) industry globally wherein, the financial collapse of the Western world threw the demand-supply economics into total disarray. However, the next few years will be sunshine years for the solar sector and Moser Baer will be at the helm of this journey.



Today, Moser Baer is the leading Indian player in the global PV sector and has successfully introduced newer benchmarks and higher quality for its entire value chain. Our continued focus on 'Sustainability through Innovation' has strengthened our business model which is capable of designing large systems from concept to commissioning and beyond. This expertise makes us a special player in the Indian solar market. Our strength in amorphous silicon (thin film) technology will enable us to strengthen our position in markets with tropical climate like India whereas our expertise in crystalline silicon technology will continue to drive our growing business in Europe and the rest of the world. Research & Development (R&D) has always been at the core of our focus at Moser Baer and our investments in several unique technologies have the potential to bring down the cost of electricity generation from the sun. The solar energy sector is increasingly realising its potential as a cost-effective alternative source of power and we will continue to work diligently in all PV technologies and bring the solar dream to fruition to meet India's long term energy needs.

Given that India gets over 300+ days of clear sunny days and solar incidence being one of the highest in the world, solar energy is most apt for a country like ours. With ~60% of India living in rural villages where grid connection is not possible, solar provides that perfect solution. It provides the most basic of necessities in a decentralized manner with minimal maintenance required. Recognizing the above, the Jawahar Lal Nehru National Solar Mission (JNNSM) policy was announced in January 2010, which is path breaking in nature and has the potential to significantly alter the solar landscape permanently in India.

Owing to our PV systems capability, we are now uniquely positioned to take advantage of our home market and establish our position as a leading player in the global market as well. We are the only integrated player in India with large volume manufacturing in multiple technologies, field experience in "concept to commissioning" and alliances which make us a highly cost-efficient player.

There are six eggs in the basket.

Six people take one egg each.

How can it be that one egg is left in the basket?

**At Moser Baer,
we create intellectual capital.**

It's our people that believe in the power of re-innovation, seeking new challenges, dreaming big.



solution
The last person took the basket with the last egg still inside.

CD's to DVD's to now BLU RAY discs.

Innovating and refreshing our product line remains the key to our sustainability in the digital storage medium.

Creating an 'environment' is a way of life at Moser Baer and true to this, the Solid State Media (SSM) division has introduced many products recently that will redefine the 'storage media' space. The Group's success has resulted due to its ability to develop, introduce and successfully market new products that keep pace with technological developments. Through its continued focus on "Sustainability through Innovation", Moser Baer is leading the global business curve in the optical storage media space. The challenging year of 2009-10, did show the world that success lies not in mere numbers but is all about sustained operations. Being one of the global players in this segment, it is focusing on introducing Blu-Ray as the main stream format not only in advanced countries but also in emerging markets.



With backward integration into manufacturing of USB and Micro SD products, Moser Baer will now offer content loaded Micro SD Cards, new casings, USB with video content and USB with capacity ranging from 2Gb to 16Gb. These are bound to generate a lot of interest among the Indian consumers. If 2008 witnessed the emergence of Blu-Ray as the relevant media for the high definition format, 2009 established Blu-Ray's presence in more evolved markets. Blu-Ray offers a considerable increase in storage capacity with its 25 to 50 GB data capacity. The company is set to leverage its R&D strengths well by supplying Blu-Ray media for global consumption. Sci-fi epic film 'Avatar' was a prime example of the emergence of Blu-Ray formats, as the movie became the fastest selling Blu-Ray disc of all time.

Blu-Ray will continue to be the most relevant media for high definition format. The availability of much more high definition content from Japan, US, EU and even India, now along with devices like "Sharp" TV panels with inbuilt BD writers, only augurs well for this format. The sale of Blu-Ray players in major IT retail outlets in the US should

see this format take some concrete shape globally. Moser Baer, having contributed significantly to the development of blue laser technology, stands to benefit from the exponential growth expected in this advanced format in the years to come.

DVD-R is slowly but steadily taking over CD-R volumes at retail and its growing acceptance in key emerging markets is pushing DVD-R in becoming a dominant format in optical media. CD-R, however, continues to remain the key format in niche high end professional segment.

The company continues to manufacture the entire spectrum of optical storage media products including Recordable Compact Discs (CD-R), Rewritable Compact Discs (CD-RW), Recordable Digital Versatile Discs (DVD-R), Rewritable Digital Versatile Discs (DVD-RW) and Blu Laser Discs (Blu-Ray).

A corporate businessman has two cubes on his office desk. Every day he arranges both cubes so that the front faces show the current day of the month.

What numbers are there on the faces of the cubes to allow this?

Note: You can't represent the day "7" with a single cube with a side that says 7 on it. You have to use both cubes all the time. So the 7th day would be "07".

**At Moser Baer numbers are
but a means to an end.**

**An end that culminates in market
domination.**



Solution

Cube One has the following numbers: 0, 1, 2, 3, 4, 5. Cube Two has the following numbers: 0, 1, 2, 3, 4, 5. The 0 doubles as a 8 when turned the other way around. There is no way to make 00, but you will need the 0 on both sides in order to make all the numbers between 01 and 02.

The world is going digital!

And so are we. Innovative products and cutting edge designs in the consumer and IT peripheral markets ensure that our market reach and revenue growth are sustained.

A slew of consumer electronic products from the stable of Moser Baer have led it to be recognized as a player providing 'Premium products at the Right price'.

Strong distribution network would result in our offering the products to wider spectrum of audience across India. Moser Baer with a range of innovative apt-to-use products is now redefining the game itself in the Indian 'Consumer Electronics' segment. Following the vision of 'sustainability through innovation', Moser Baer has now set up a highly competent design and testing centre and assembling of its LCD TVs from its own plant.



The Company has a strong brand presence and channel distribution which would sugar well for it to capture significant portion of the market.

The consumer electronics product range includes LCD TVs, including Full HD models, stylish MP3 Players, portable DVD Players, DVD Players, Digital Photo Frames, Home Theatre Systems, Multimedia speakers and Colour Televisions.

The development of its own e-commerce portal for Consumer Products <http://shop.moserbauer.in> has made our product reach out effectively to even remote suburban locations.

The company believes in weaving elements of innovation sustainably which is leading the demand curve and getting reflected in our product portfolio.



thinklateral 4

There are three boxes. One is labelled "apples" another is labelled "oranges". The last one is labelled "apples and oranges".

You know that each is labelled incorrectly. You may ask me to pick one fruit from one box which you choose.

How can you label the boxes correctly?

A collection of products and technologies that has both harmony and synergy.

Our technology line up is the fuel for our future.



solution

Put from the one labeled "Apples & Oranges". This box must contain either only apples or only oranges. e.g. If you find an Orange, label the box Orange, then change the Oranges box to Apples, and the Apples box to "Apples & Oranges"

Entertainment is the key to happiness.

By packing in more for less we are creating a new wave in customer delight. Multiple movies, latest titles, crystal clear reproduction – we have only just begun.

Moser Baer is India's largest home entertainment company today. Its unique business model of high quality and large variety content, priced reasonably for Indian consumers is particularly notable. Currently, Moser Baer owns the rights to more than 10,000 titles and is offering video content in every popular language in India. Moser Baer is aiming to expand the domination to few other regional languages in the next year.

Moser Baer has piloted out a new price model in Kerala, where it dominates the market and has achieved profitability in the launch month itself for each of its new film. This model is now being replicated in all other languages and is enabling us to achieve better profitability.

Moser Baer is working towards building two different

markets in order to cater to the differing needs of the people, depending on their income group.

- Driving the mass consumption at affordable prices and 'everywhere' distribution for 3-in-1 film formats, called Super DVDs. The goal is to attract consumers who are currently buying pirated products in a similar format and make them to buy original products.



These DVDs are sold almost at the price point of pirates, offering better value proposition to the consumers.

- Offering premium content at premium prices at select key outlets across the country, in order to maximize realization per unit sold.

The company has also started releasing its films on Blu-Ray format which has caught the attention of consumers in India.

Consumers currently have access to Moser Baer's entertainment products through:

- Traditional Audio-Video stores, key retail outlets selling entertainment products and mobile services
- Non-traditional stores like departmental, grocery, stationery and gift stores in select cities etc.
- Online store (www.moserbaherhomevideo.com)

Moser Baer's entertainment products especially of new films and Super DVDs are widely retailed all over the country. The company is constantly innovating the way it

offers a cache of movies classified by its unique attributes in various languages to attract new customers. Moser Baer's Gold Collection, a collection of 50 "must see films" in Hindi was highly appreciated for the collection of films and its offering. Its "Platinum Collection", "Block Buster", "Children's Special", "Comedy Classics", "Ever Green Collection", "Classics Collection", "Artists based Collections" in all key languages has been highly appreciated by all concerned.

Moser Baer in the Film Business

Moser Baer has also produced and released films in Hindi, Tamil and Malayalam during the year. The production of movies was strategically aimed at generating wider visibility for the brand and to establish our 360 degree capabilities. While the movies in Hindi received critical acclaim, the Tamil movies produced by Moser Baer received both critical and box office acclim.

Moser Baer has systematically worked with film producers and has successfully reduced the release window to 10 days for certain titles. This will help the company immensely in fighting piracy.

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Operating Performance Review Overview



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For us at Moser Baer, this has been a year of learning and building on our core strengths to sustain and bring business success in these difficult times. Leaving behind the worst economic downturn of the recent past, an increasing number of economies showed positive growth starting the second and third quarter of 2009 with increased industrial production, a rebound in global equity markets, and a rise in international trade. The Indian economy also posted a remarkable recovery over the span of the year, in terms of growth and fundamentals. The United Nations has forecasted that the world economy will resurge in 2010 with a global growth rate of 2.4%, but the recovery is expected to be fragile. It also predicts that growth in developing nations will increase from 1.9% in 2009 to 5.3% in 2010

COMPANY OVERVIEW

The year 2009-10 ended on a positive note providing ample opportunities to us to showcase our capabilities across our businesses and stand strong in difficult market conditions due to concrete foundations.

- Cash and liquidity: The company generated INR 4,439 million of net cash from operations on stand alone basis in FY'10.
- Balance sheet strengthening: The company took various steps to further strengthen its balance sheet. This was achieved mainly by better debt and working capital management. It bought back US\$ 10.5 million worth of FCCBs resulting in improvement of the debt-equity ratio and book profits.
- Operating margins recovered significantly following improvement in market equilibrium, increase in growth especially in advanced storage media formats, production efficiencies, cost reduction, control on working capital and effective hedging mechanism.

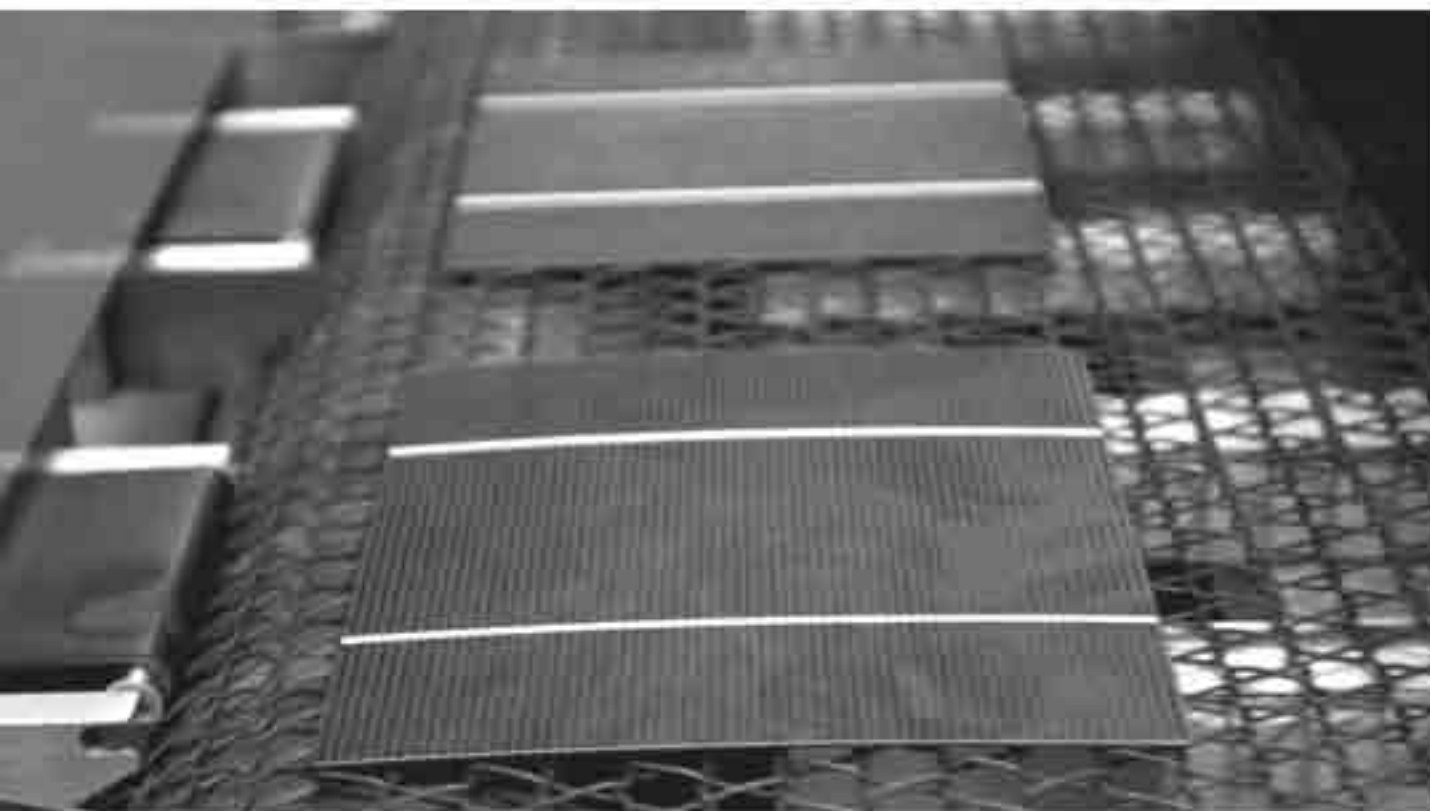
In the solar photovoltaic business, the global demand started picking up rapidly by the end of the year. We witnessed significant traction and volume growth in both the showcase technologies. Our income crossed

the INR 4500 million mark, placing us as one of the leading players from India. We have developed complete systems capability from concept to commissioning and are in a position to provide complete PV solutions to our customers. We continue to focus on innovation, efficiency improvement and cost competitiveness.

In our storage media business, we continued to maintain our volumes thus maintaining our leadership position and have started picking up on the high definition Blu-Ray format steadily despite the difficult environment in which the business had been operating. The business ended the year significantly cash accretive and with strong margins.

After dominating the catalogue category, the entertainment business, is increasingly focusing on the new film business and non-film content to capture the audience of all ages. With over 10,000 titles, superior quality and delightful pricing we have become the market leaders and are taking initiatives to grow this segment.

Moser Baer's consumer electronics business is making significant progress, as we continue to launch new products. The brand is now present in markets all across India, making competitive inroads through nine Ultra Life showrooms, major retail chains and large distributors.



Solar Photovoltaic

Photovoltaic (PV) Industry

The Year 2009-10, started out as a very challenging year for the global solar industry, given the rolling effect of the economic slowdown, credit crunch and reduction in the incentive program by the Spanish Government. This was coupled with a short term demand supply mismatch of solar photovoltaic products.

However, after a difficult first half, growth rebounded in the second half of the year with improving credit conditions. All major markets remained firm, with the strongest growth coming from Germany, Italy and eastern Europe. Moreover newer markets like USA, Czech Republic, Belgium, France and India have come out with attractive incentive programmes and increasing the overall market pie.

According to the European Photovoltaic Industry Association, the total annual PV installations remained strong at 7.2GW for 2009 as compared to 6.3GW in 2008. This added up to cumulative installations of 22GW worldwide till 2009 end.

The industry witnessed softening of prices across the entire photovoltaic value chain due to oversupply and unfavourable market conditions. Though oversupply still remains, panel prices are now somewhat stable and players with better quality and efficiency are at a competitive edge. Moreover, the fall in prices of silicon and solar modules has helped the industry accelerate towards grid parity and therefore create greater opportunities for your company.

The key long term industry variables continue to be strong with countries increasingly focusing on clean, green and sustainable forms of energy and implementing solar-friendly incentives and feed-in-tariff programmes. Worldwide energy needs are estimated to double over the next 20 years. Significant portion of this growth is expected to be incrementally catered by solar electricity. Our belief is that continued demand for renewable energy will drive solar energy costs towards grid parity in the next couple of years. The government supported programmes (mainly Feed-in-Tariffs) will provide investor security in the long-term. PV is seen as a low-risk attractive return asset class worldwide.

The India Advantage: Taking a giant leap towards sustainable and clean solar energy, the Government of India officially launched the world's most ambitious 'National Solar Mission' in January 2010 – a comprehensive, \$19bn plan envisaging a goal of 20,000MW of grid interactive solar power and 2,000MW of off-grid applications in a three stage plan to be completed by 2022.

entrusted by the government to sign PPAs and off-take solar power from independent solar power projects up to March 2013 in Phase I, at rates fixed by Central Electricity Regulatory Commission (CERC) for a period of 25 years. This ensures high bankability of solar projects. CERC has fixed an attractive solar feed-in-tariff at Rs 17.91/kWh leading to pre-tax returns of 19% per annum for the first 10 years and 24% from 11th year onwards.

Application Segment	Target – Phase I (FY'10-13)	Target – Phase II (FY'13-17)	Target – Phase III (FY'17-22)
Off-grid solar applications (In MW)	200	1000	2000
Utility grid power (In MW)	1100	4000	20000
Solar Collectors (In mn sq. mts)	7	15	20

This is an unprecedented joint initiative of Ministry of Power and Ministry of New and Renewable Energy (MNRE) and has attracted the attention of the PV industry worldwide. With this development, India is set to emerge as a global leader in deployment and manufacturing of solar energy technologies given its favourable natural characteristics, high energy requirements and strong government support. India is most suited to become a vital solar market in the future as it receives one of the highest solar radiations in the world (5,000tn kWh per year over its land area with most parts receiving 4-7 kWh per sq. mts. per day) and has growing diverse energy needs.

The mission also aims to take a global leadership role in large scale solar manufacturing of leading edge solar technologies with a target of 4-5 GW equivalent of installed manufacturing capacity by 2020 in the country. It also aims at setting up dedicated manufacturing capacities for poly silicon material equivalent to approximately 2 GW annual capacity of solar cells.

The mission has set up a solar energy purchase obligation for utilities that will require them to source 0.25% of their electricity requirement from solar energy sources by 2013, increasing gradually to 3% by 2022. NTPC Vidyut Vyapar Nigam Ltd.(NVTN), a wholly owned subsidiary of India's AAA-rated national power utility NTPC has been

To add up to this, the budgetary outlay for MNRE has also been enhanced to Rs 10bn for FY'11 from Rs 6.2bn in FY'10. Moreover, the Indian Finance Minister has announced the creation of a National Clean Energy Fund to support development of Renewable Energy to be financed by a cess of Rs 50 per metric ton of coal used for power generation.

Being an exceedingly energy hungry country, India is set to be a game-changer in the solar photovoltaic market once the ball starts rolling with the National Solar Mission.

Moser Baer's PV Business

Moser Baer's photovoltaic business achieved key milestones during the year further strengthening our position in the global photovoltaic market. Income crossed the mark of Rs. 4500 million in 2009-10, witnessing a growth of 37% to reach Rs. 4677 million from Rs. 3419 million in 2008-09. Global Shipments reached approximately 50MW for the year. Significant traction was seen in both the showcase technologies of Moser Baer – Crystalline Silicon and Thin Film. We have now reached a combined capacity of 140MW with both the technologies, placing us as one of the leading PV players in India.

We are steadily moving in the right direction towards our three focus areas for differentiation – Quality, Technology and Cost Competitiveness.

Key Certifications

Crystalline Silicon

- UL 1703 for US and Canada
- IEC 61730/61215, EN 61730/61215- Global- (Europe, Australia and Rest of the world)
- MCS (Microgeneration Certification Services) for UK & Ireland
- JET (Japan Electrical Safety and Environment Technology Laboratories) for Japan
- Listing on
 - a. Clean Energy Council, Australia
 - b. California Energy Commission
 - c. Florida Solar Energy Centre

Thin Film

- IEC 61730/61646, EN 61730/61646
- Listing with Clean Energy Council, Australia

The company's products & services meet the international standards including UL, IEC, JET, CE, TUV, MCS etc. allowing us to operate in key established as well as emerging markets like Europe, Australia, Japan, United States of America etc. Moreover, Moser Baer Photo Voltaic Ltd has been awarded the prestigious 5 Star Rating Certificate by TÜV Rheinland in recognition to the highest standards of Quality adopted in its business operations.

On the efficiency improvement front, our process team has effectively achieved world's highest single junction thin-film module efficiency of 7.3% and an efficiency of 15.2% for Crystalline Silicon on the existing production lines with process re-engineering. Due to our strong efficiency improvements we have been able to de-bottleneck and successfully increase our production capacities to 90MW in crystalline silicon manufacturing and 50MW in Thin Film in our Greater Noida Plant.

This is a major achievement as this has been done without any significant capital expenditure and completely in-house, demonstrating the Company's technological prowess.

We are consistently working on bringing down the costs of manufacturing by improvement in our internal processes and through our ongoing research &

development efforts. Moreover, our focus is on optimising cash management and working capital.

With our strong technology background and initiatives in quality, aggressive sales and marketing & customer service and cost competitiveness, we have established ourselves as the preferred partner for top tier integrators, distributors and EPC players in large PV markets and have successfully managed to distribute products in more than 25 countries.

Within India, we have developed complete systems capability from concept to commissioning. We now provide the entire turnkey solution including Site & Project Analysis, System Design & Engineering, Balance of System Parts Selections and Procurement and Erection & Commissioning. The Group has successfully commissioned the 'largest of its kind thin film project in India' - 1MW solar project in Chandrapur, Maharashtra. This solar farm is a significant landmark for the company as it not only demonstrates our strong Systems capabilities but also serves as an exemplary project that showcases the ability of the company to play a pivotal role in realizing the goals etched in India's ambitious National Solar Mission. The Group is also in the process of executing a 5MW project in Tamil Nadu. With this, the company has demonstrated its capabilities in executing large sized solar projects.

Outlook

As global economies take action to mitigate climate change, the global energy infrastructure is set to undergo a fundamental reshaping to create a prominent role for the renewable energy sector. Renewable electricity represented 2.5% of worldwide electricity generation in 2008 and could represent more than 20% of worldwide electricity generation, as policies to promote renewable energy are implemented globally over the next 20 years as per Barclays Research.

With improving economic environment and strong market fundamentals driven by policy developments across the globe, market intelligence & research firms have raised their global demand estimates for 2010 and beyond. Installations are now expected to be in the range of 10-14GW in 2010. Though Germany is witnessing FIT cuts in 2010, a lot of action on the policy front can be seen across other countries. Thus we expect the market to expand exponentially. The FITs for UK are effective from April 2010. Australia has set a target of 20% of its total energy generation through renewable energy sources by 2020 under renewable energy target (RET) scheme. France has established the world's highest FITs in January

We are witnessing a clear shift from CDs to DVDs in developing markets and from DVDs to high definition format - Blu-Ray in developed markets, leading to increased realizations on a per disc basis. The Blu-Ray format has already started to acquire a critical mass in the Japanese market. With fall in the hardware costs, an increasing drive penetration and increasing content roll-out on Blu-Ray leading to better customer experience, 2010 is expected to see this format taking concrete shape, globally.

2010, for building integrated systems in residential, healthcare and educational segments. Other markets that are expected to witness significant growth are United States, France, Eastern Europe and especially India which is poised to become one of the leading markets globally in the foreseeable future.

Storage Media

Storage Media Industry

FY'10 was a year of mixed fortunes for the storage media industry. Recordable media volumes witnessed a decline in the retail segment in mature markets like EU & USA, however the emerging markets like Latin America, Middle East-Africa and erstwhile CIS continued to hold steady or show growth in media, especially in the informal channel. The overall market has remained stable. Futuresource, a specialist research and knowledge based consulting company has estimated global market for blank optical media products to be 17 billion units in 2010. Industry consolidation continued during the year given the strong competitive environment and volatile input costs. Meanwhile, the settlement of IP related litigation / dispute in the industry paved the way for a more stable operating environment.

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Input costs in the petrochemicals chain softened in the first half of the year and then started firming up. Steady and sharp increase in the key raw material pricing of polycarbonate since January 2010 has posed threat to the smaller scattered manufacturing of CD-Rs/ DVDRs and could lead to further consolidation in global storage media production, if the situation continues for long term. This might reduce the demand-supply gap in this product category in the long term. The development has also induced a price correction in the storage media industry especially in the private label segment.

India Market: The Indian blank optical media market of over one billion discs has also been witnessing a shift from CD to DVD. The share of CD format has reduced to 55% of the Indian market showing marginal signs of decline moving further. DVD-R has seen exponential growth of 50% over the last year.

Storage Media industry also comprises of Solid-state storage, a non volatile, removable storage medium which employs integrated circuits rather than magnetic or optical media. The medium provides an extension to the existing storage media basket and has been increasingly gaining momentum due to its higher data transfer speeds, mobility and ease of use. The medium includes products like Flash Drives, SD and Micro SD Cards.

Moser Baer's Storage Media Business

We continue to be the market leaders in storage media both in terms of low cost mass manufacturing and our R&D capabilities. Today, our products are sold in over 90 countries and we have developed strong strategic alliances and partnerships with leading global OEMs.

The amicable settlement of licensing litigation during the year paves the way for Moser Baer to maintain and



strengthen its market leadership position as the world's leading manufacturer of storage media products. This will also help the company further to cement its relationship as the preferred OEM for the world's leading storage media brands. Domestic business continues to remain strong and is expected to grow further and strengthen our position as market leaders in India.

With DVD-R slowly but steadily taking over CD-R volumes at retail and also growing significantly in some of the emerging markets, it is poised to become the major format in optical media for 2010. CD-R continues to remain the key format in niche high end professional segment. Moreover, the momentum towards advanced media formats will intensify once Blu-Ray drive prices climb down further from present levels. Moeer Bear is continuously moving existing production lines to DVDs and advanced formats at low incremental costs, significantly raising its capacity to produce higher value formats according to market demand.

We have received encouraging volume growth in blank optical media in emerging markets like China, India and

Latin America and are constantly expanding into further geographies. Apart from focusing on OEMs, we are strategically increasing concentration on Non-OEM business to position ourselves in times of brand consolidation at retail level. We have already developed a strong domestic brand under the name 'Moeer Bear' in the country. We are also building on our strategy to develop long standing relationships with select private label customers especially in emerging markets, by manufacturing under a customer friendly brand 'DataRight'. Total Non-OEM Sales increased by 32% during the year.

EBITDA margin (including other income) for the business continued to be firm around 28% mark during the year. The storage media business is significantly cash accretive, driven by higher asset turnover and the continued improvement in working capital cycles.

With backward integration into manufacturing for USB and Micro SD, Moeer Bear is now poised to garner a sizeable market share in the coming years. New casings, USB with video content and USB with capacity from 2Gb

to 16Gb, are further generating a lot of interest among the Indian consumers. The entry into the manufacturing of solid state devices makes Moser Baer the first company in India and among a select few worldwide to offer a comprehensive portfolio of data storage solutions.

Future Source expects Blu-Ray sales to reach 594 million discs by 2014.

Outlook

Blu-Ray market is expected to take off in this year. Retail prices in Japan for Blu-Ray format is going down signaling proliferation of its market and increase in usage for High Definition content which can be downloaded online and burned on recordable discs. Future Source expects Blu-Ray sales to reach 594 million discs by 2014.

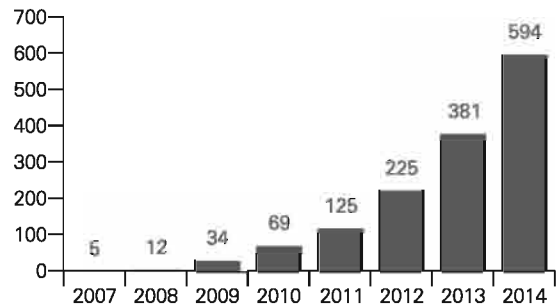
Moser Baer is rigorously working with its OEM customers on technology transfers/qualifications of its BluRay products, with a clear intent to take a leadership position in this format with strong cost advantages. Moser Baer's optical media business will continue to move existing production lines to advanced formats, significantly raising our capacity to produce storage media that support the emerging high definition format with minimal capital expenditure.

Given the complexity and manufacturing capabilities required to mass produce these formats, only a small select group of companies will emerge as key players in this high growth segment, thereby increasing the differentiation between the technology innovators and developers and the tier-II companies over the long term.

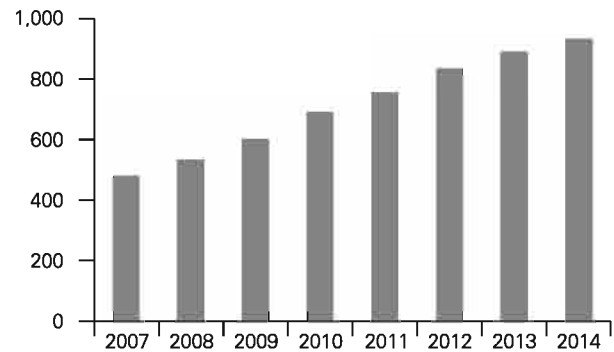
The overall OEM business is expected to remain stable with a clear upside coming from new business developed during the year.

The popularity of solid state device is on the rise because of its performance advantages over hard disk. Today's latest generation drives are significantly faster than the early models that began to appear in the market in 2007. Despite the challenging economic environment that the world has experienced, the solid state devices remain in the spotlight and an area of growth in the storage market.

For Micro SD Cards the major application is mobile phones and with the total wireless subscriber base in India reaching 618 million as on 31 May 2010 as per



Total Consumer (B2C) Recordable Blu-Ray Media Trade Shipments: Worldwide (million discs)



Trade Shipments: Flash Drives, SD and Micro SD Cards (million pieces)

Telecom Regulatory Authority of India, this presents a significant opportunity to your Company in this segment. For USB flash drives, it's the convenient form factor and portability, as well as competitive pricing, which is driving demand. Also, consumers and enterprises continue to show increasing interest in having portable applications on a USB device.

Entertainment

Entertainment Industry

The film entertainment sector in India has grown at a 5% CAGR in the past three years, as per the FICCI-KPMG report for 2010. In 2009, the industry clocked revenues of Rs. 89 billion, a 14% decline over 2008. This was a result of the extended strike between multiplexes and producers of Hindi cinema, which led to no new film release for 3 months in 2009.

The home video segment in which Moser Baer operates, has grown by 13.1% from Rs. 3.8 billion in 2008 to Rs. 4.3 billion in 2009 and is expected to reach Rs. 7.4 billion in 2014, thereby showing a CAGR of 11.8%. Home video market is just 5% of the total film entertainment industry in India while in USA it contributes close to 50%, indicating the high growth potential of the market in India.

Piracy is still rampant in India due to lack of stringent actions by the authorities on pirates and large time gap between a film's theatrical and home video release enticing consumers to buy pirated DVDs of new films, which are instantly available.

Moser Baer's Entertainment Business

Moser Baer is today India's largest home entertainment player with rights to more than 10,000 titles and video content offerings in every popular Indian language. We are a one-stop shop for home entertainment with pan India presence. We have a unique business model of high quality and large content variety, priced reasonably for the Indian consumers. With effect from March 31 2010, the entertainment business has been hived off into a wholly-owned subsidiary - Moser Baer Entertainment Ltd, to build focussed future plans for the development of the business.

Moser Baer is releasing video content in the DVD, VCD and Super DVD (DVD with the multiple films) formats using its proprietary and patented technology that ensures 'quality and affordable prices for the masses' and 'premium content and prices for the higher end of customers'. We have also begun releasing new films in Blu-Ray format, which is fast catching up attention of the high-end consumers in India.

Apart from dominating the catalogue business, the group is clearly focused on new film business. We acquired the rights and released 30 new films in Hindi including successful films like 'Delhi 6', 'Kaminey', 'All the Best', 'Blue' and 'London Dreams', which have achieved over 100,000 unit sales. Moser Baer has also acquired the rights for over 50 films in Malayalam and other regional

languages. Your Company has achieved significant success in Malayalam with films 'Twenty-20', '2 Harihar Nagar', 'Bhagyadevata', 'Kaana Kanmani', 'Crazy Gopalan', 'Magante Achan' and 'Brahmaram'. In Tamil, Moser Baer achieved significant success with films like 'Yavarum Nalam', 'Subramaniapuram', 'Santosh Subramaniam' and 'Pasanga'. Buoyed by this success, Moser Baer is determined to continue the domination in new films in most of the key languages by acquiring more content. Moreover, our new pricing model for new films is enabling us to achieve better profitability and recovery in most languages.

The business has also produced and released films in Hindi, Tamil and Malayalam during the year. In Hindi, 'Sankat City' and 'Hide & Seek' were released during the year. Both the films have earned critical acclaim. In Tamil, Moser Baer produced and released 'Kanden Kadhalai' and 'Aval Peyar Tamilarasi' during the year which received both box office success and critical acclaim. In Malayalam, 'Kaana Kanmani' was produced and released, which was highly appreciated. We currently have a few films in Hindi and Tamil in the pipeline.

Moser Baer embarked on some new initiatives to expand the consumer base. In order to capture the consumer's interest to buy original copy of home video (which lasts till 6 to 8 weeks of new release), the group has systematically worked with the film producers last year and has brought down the release window in all key languages. In Hindi language, 'LSD' and 'Hide & Seek' films were released within 10 days of film release, which is a first for the Hindi cinema segment, thus expanding the original content buyers. In Malayalam language, 'Kaana Kanmani' was released in 3 weeks in home videos and achieved significant success. After this film, we are now able to compress the release window to 100 days for most films. In Tamil language, 'Yavarum Nalam' was released in 14 weeks, first time in Tamil industry and has achieved significant numbers.

We have also introduced 'Direct to DVD' release – a new concept of releasing the movie in Home Video segment directly. Phir Kabhie, a Hindi film, was the first movie to be released in this format.

The business is constantly innovating packaging and has been coming out with innovative packs in various languages from time to time to attract new customers. Moser Baer's Gold Collection, a collection of 50 'must see films' in Hindi was highly appreciated for the collection of films and its packaging. Moser Baer's 'Platinum Collection', 'Block Buster', 'Children's Special', 'Comedy Classics', 'Ever Green Collection', 'Classics Collection',



'Artiste based Collections' in all key languages have all created a new brand identity for the titles released in premium packaging at premium prices.

Retail Focus: While the mass marketing drive to penetrate more satellite towns and villages with Super DVD formats will continue, Moser Baer intends to increase the penetration of catalogues and new films in urban areas. For this, a separate retail team has been set-up across the country aiming to map, manage and service minimum 2,500 key retail outlets, which sell significant volumes in the home entertainment industry. This new initiative is bearing fruits and the presence of Moser Baer in most organized and key retail outlets is significantly improving especially with premium content leading to higher market share. The retail stores are delighted with the dual strategy of focusing on both mass and premium customers and maintaining separate distribution organizations.

Moser Baer being the leader in Home Entertainment segment in India has taken up the initiative to set up a strong anti-piracy drive and has brought leading

Consumers currently have access to Moser Baer's entertainment products through:

- Traditional Audio-Video stores
- Key retail outlets selling entertainment products and mobile services
- Non-traditional stores like departmental, grocery, stationery, gift stores in select cities etc.
- Online store (www.moserbearhomevideo.com)

entertainment players in India together along with the MPDA (Motion Pictures Distributors Association of Hollywood) of India to set up an Anti-Piracy Coalition under the aegis of AA Khan & Associates. The anti-piracy movement is gaining momentum and the company is looking forward to better control over piracy leading to higher consumption of original home videos in India in the near future.

Outlook

The Indian film industry is projected to grow at a 9.1% CAGR over the next five years, reaching a size of Rs 137 billion in 2014 from Rs 89 billion in 2009. Growth is expected to be driven by expansion of multiplex screens resulting in better average ticket value, increase in the number of digital screens, facilitating wider film prints releases; enhanced penetration of home video segment, primarily in the sell through segment; increase in the number of TV channels driving the demand for the film content, and hence, resulting in higher C&S acquisition costs and improving collections from the overseas markets.

With the rise in disposable incomes and increased affordability of DVD players, the market for home video is expected to show exponential growth. The home video market is expected to reach Rs 7.4 billion in 2014, thereby showing a growth of CAGR 11.8%. The player penetration has now touched close to 50 million households out of the total 129 million TV households as of 2009. It is estimated that home video penetration would double in the next five years translating into an average addition of 0.75 million per month. This is going to offer huge scope for original content in home video if piracy is controlled in both physical and digital (online) format.

Content prices for new films in Hindi have fallen considerably due to higher piracy and lower throughput of original content. Further the window to release the home video has come down for most new films and Moser Baer is able to release a few films within 2 – 3 weeks of film release also. However, in regional films market, competition continues to thrive and grow and hence we do not expect any drop in cost of content.

Moser Baer plans to continuously increase its market share in Home Entertainment business through the following new initiatives and innovations to sustain and improve our performance in the year ahead:

- Better exploitation of catalogue content through premium packaging and premium pricing
- Portfolio repricing for both new film and catalogues

- Cost optimization : Optimization of distribution network and promotional costs
- Focus on non-film content like TV serials, sports, health, devotional to increase the range

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- Launch of Blu-Ray format for all new films and key catalogue titles
- Expanding and servicing key retail outlets directly across the country
- Reduced release window for new films across all languages
- Working actively to curb piracy in both physical and digital format to increase original consumption.

Media & Entertainment Services

Moser Baer's Media and Entertainment Services division offers the entire gamut of turnkey capabilities in Video Processing, Replication, Printing, Packaging and Distribution services.

Serving a large customer base, across industry segments, encompassing a healthy-mix of blue-chip multinationals and domestic entities, the division has set benchmarks in capacities, production, quality and has consistently aspired to deliver "customer delight", by providing fully integrated services for pre-recorded packaged media

The Digital Video processing facility at Chennai is a state of the art facility which provides Blu-Ray/DVD compression and authoring, real time video restoration, audio restoration, editing, graphics and content repurposing services.

The Greater Noida facility, on the outskirts of New Delhi, provides Replication and customized Printing and Packaging solutions for optical disc formats like CD/DVD/Blu-Ray.



Outlook

Globally, the growth in entertainment consumption and entertainment delivery platforms, like DTH, cable, IPTV and DVD players, is creating an increasing demand for video processing services and India is fast becoming a preferred destination for outsourcing such digital video processing service needs, apart from catering to a large domestic demand.

The sale of DVDs has been growing with increasing penetration of DVD players in India. Furthermore, Music Bazaar's Media and Entertainment services division is taking the initiative to drive the usage of optical discs by corporates as a medium for distributing promotional material to their distributors and customers, as well as a corporate gifting item.

The increasing penetration of High Definition devices (such as LCD, Plasma and LED TVs) in the international market along with the greater availability of High Definition broadcast content, have both been strong drivers for the emergence of the next generation of

optical media, the Blu-Ray discs, which are able to support High Definition content. With Blu-Ray player pricing expected to decline sharply over the next few years, Blu-Ray disc, the next generation, high definition format is expected to emerge strongly in the coming years.

Futuresource estimates show that in United States the share of Blu-Ray discs in total movie title disc revenues (DVD and Blu-Ray discs) would increase from 13% in 2008 to 60% in 2012. We anticipate that the current year will witness the introduction of significant High Definition content in Blu-Ray disc in India, and this will provide a strong platform for growth in the future.

The growing convergence of information, communication and entertainment is bringing a momentum to the consumer electronics industry in India. It is one of the largest segments of the electronics market in India. As per iSuppli, the consumer electronics industry in India, with a market size of \$5 billion in 2009 and significantly low penetration, promises huge potential in the years to come.

The total size of the IT market is now projected to increase from US\$14.7 billion in 2010 to US\$26.6 billion by 2014 as per India Information Technology Report Q1 2010.

ITCE

Moser Baer's Consumer Products Business

Moser Baer has now established itself as a serious player in the Consumer Electronics industry. The brand is now present in markets all across India, making competitive inroads through nine Ultra Life showrooms, major retail chains and large distributors. We have now set up a highly competent design and testing centre.

Our CE product range includes LCD TVs, including full HD models, stylish MP3 Players, Portable DVD Players, DVD Players, Digital Photo Frames, Home Theatre Systems, Multimedia speakers and Colour Televisions.

There has been an ever-increasing demand for Moser Baer's portfolio owing to timely and efficient after-sales service and a host of innovative and differentiated products. The development of our own e-commerce portal for Consumer Products '<http://shop.moserbaer.in>' has made our product reach out effectively to even remote suburban locations.

Moser Baer, in the past year, has also consistently identified opportunities and serviced its products to major corporate houses and hospitality facilities. It will continue its endeavor to develop technologically superior products for the Indian consumers.

Moser Baer's IT Products Business

Moser Baer has been able to establish an independent position for IT peripheral products. There is wider

acceptance of the products in the channel as well as among system builders for quality, features and after sales service support. The current range of Moser Baer's IT peripherals' product range includes

- TFT monitors
- DVD writers
- PC peripherals
- External hard drives

All Moser Baer products are technically superior and have great features to suit consumer's needs. The company has a robust service network to help consumers.

Outlook

Moser Baer aims to leverage its strong brand name, differentiated products and effective distribution network to market its ITCE products throughout India.

As per iSuppli, the consumer electronics industry is estimated to grow to \$11.8 billion by 2014 from \$5 billion in 2009 aided by various factors such as increasing household incomes, local manufacturing and expanding distribution networks.

The total size of the IT market is now projected to increase from US\$14.7 billion in 2010 to US\$26.6 billion by 2014 as per India Information Technology Report Q1 2010.

OPPORTUNITIES & THREATS

Solar Photovoltaic

Opportunities

- Focus on sustainable clean energy sources worldwide given the depleting and polluting conventional forms of energy provides for strong growth opportunity for renewable forms of energy. Solar Energy being a freely and abundantly available fuel matching the peak electricity demand requirements is one of the most suited forms for energy generation
- Increasing adoption of subsidy programs around the world: In the short term, Government subsidies play a significant role in the development and promotion of solar power across the globe. The subsidies have to be promoted and encouraged for the next 3-5 years, until solar achieves grid parity and becomes cost competitive
- The high growth Indian solar market is emerging as one of the leading promising markets presenting us with a significant opportunity to further establish our dominant position. With the announcement of the Jawaharlal National Solar Mission, strong momentum is expected in the development of the solar market in India.
- Multi-technology platform to offer differentiated/customised solutions to customers
- Largest thin film substrate in thin films – offers roadmap to grid parity.

Threats

- Dependence on government subsidies and reduction in subsidies
- Increasing competition and overcapacities
- Technology obsolescence
- High manufacturing and input costs (especially commodities)

Storage Media

Opportunities

- Speedy qualification on BDR formats at this stage of product life cycle followed by first to market position could help Moser Baer capture a large market share and earn higher margins.
- Strong upward movement in polycarbonate prices could bring about production consolidation and further strengthen the position of large industry players like Moser Baer in the short/long term.

- Domestic market: India is one of the fastest growing markets for Optical Media. The Company has a strong brand and presence in the channel and is well positioned to dominate this captive market.
- With Moser Baer's direct approach to the US region and it coming out of the worst recession of 2009, shipments are expected to grow significantly in this region especially in private label & pro segment.
- Moser Baer began international sales of SSM products (USB Flash drives/ Micro SD cards) in 2009, offering the entire storage media solutions to worldwide customers. This should help shore up a part of its sales as some of the customers might like to buy all their storage media products from a common vendor.

Threats

- Prices of key inputs: Polycarbonate for optical media is a critical raw material and is influenced by a variety of factors, including crude prices, demand-supply balance, etc. Any sharp increase in its price or demand-supply imbalance could adversely impact business margins. The Company works on strategic sourcing relationships and has long term relationships with key vendors. This should ease the impact of any pricing volatility and improve production planning.
- Alternative technologies: Given Moser Baer's presence in high technology businesses, managing technology evolution and being at the forefront of the technology curve assumes prime importance. Threats of technology obsolescence exist at all times in the optical media space. However, over the years, the Company has evolved from a being a technology innovator to becoming a developer and to emerge as the leading cutting edge tech-manufacturing company, thereby, mitigating this threat.
- Anti-dumping and anti-subsidy / adverse government policies: The Company derives a significant part of its revenues from the international markets. These have seen a growing protectionist attitude and a tendency by some local governments to use anti-dumping and trade protection tools to provide protection to local businesses. However, the Company continues to keep a close watch on this front and take necessary steps to minimize any such fallout.
- Fall in product prices: As products move into mature phase in their life-cycle, they start to emulate commodity type characteristics. Also, optical media industry has relatively high capital intensity; hence a sharp fall in prices could severely impact overall

returns. The Company has been consistently improving its asset turnover by installing more efficient lines and improving product mix towards higher value added products. The leadership position in high value next generation formats and resulting ability to leverage the higher profitability early in the product cycle should further improve these returns.

- Fungibility of equipment will reduce capital intensity while increasing sales of new formats.

Entertainment

Opportunities

The new emerging revenue streams like animation, gaming, merchandising are creating new business opportunities for EBM Industry. Next-generation technologies will reinvigorate maturing segments and drive EBM growth. Digital television and IPTV are replacing analog television, thus expanding the potential market for advertisers and subscribers. Digital distribution of content in terms of digital music and cinema holds huge opportunities for growth in the entertainment industry, making content available in even smaller towns where it cannot currently reach in its physical form. Digital platforms are also facilitating rollouts of Pay per View and Video on-demand services, thereby fuelling overall growth. Additionally, DVDs have revitalized home video, with rapid growth in the sell



through market. Rising affluence levels of customers has led to increasing affordability for enhanced viewing experience and hence increased penetration of DVD/Blu-ray players. Also, there are enormous opportunities for the Indian EBM industry in the overseas market.

Threats

The major threats in the EBM industry are rising content price and piracy.

Media & Entertainment Services

Opportunities

Moser Bear's Media and Entertainment Services division with turnkey capabilities and solutions in video processing, replication, printing, packaging and distribution, is well positioned to address customer need for content distribution on packaged optical and other digital media.

Key opportunities include:

- Exploiting the rising IT penetration and CD/DVD/Blu-ray discs
- Providing customer with pre-loaded content on digital media like USB Drives and Flash Cards
- Providing customers with high quality high definition content on Blu-Ray discs
- Exploiting the outsourcing opportunity for video processing services being provided in mature markets like USA and Western Europe on account of the cost arbitrage and availability of skilled resources to provide the services digitally through high bandwidth connectivity with customers

Threats

- Price of key inputs: Polycarbonate is a critical raw material for manufacture of optical discs. Its price is affected by a variety of factors including crude oil prices and demand supply balance. Increase in price of polycarbonate – an essential input, adversely impacts the raw material cost for this business

The Company faces competition from other, similar service providers in the country. However, these players are small in size and have low brand recognition/ recall



division. Another important cost component for the business is the packaging costs. Variance in these costs can impact the profitability of the business.

- **Competition:** The Company faces intense competition from other, similar service providers in the country. However, these players are small in size and have low brand recognition/recall.
- **Piracy of content** continues to impact the legitimate home video movie title market addressed by the Entertainment and Media Business division.
- The replicated home video movie optical discs are under threat from content dissemination through new platforms like DTH and IPTV and greater Broadband connectivity on cable and Internet.

ITCE

Opportunities

- Increasing household income leading to higher penetration of consumer electronics and IT peripheral products
- Expanding rural markets

Threats

- Availability of competing technologies
- Increasing competition in the industry and difficulty in product differentiation
- Price of key inputs

HUMAN RESOURCES/ INDUSTRIAL RELATIONS

Last year has been an interesting period for our organization. We have seen a year of consolidation, where our 'human capital' has played a significant role in sustaining and enhancing our competitive edge. Through our employees, we have proactively maintained an edge over the domestic and global competition. Our

HR policies continue to facilitate a healthy work-culture that is employee-friendly and merit-based.

We have continued to design and implement various policies to sustain the importance on 'Employee Engagement' across levels. This year, we included 'technicians' as well, in our annual Employee Engagement survey and we have got a very encouraging response from all our associates on various aspects related to the 'engagement'. Amongst the focus areas that help to drive Employee Engagement, our comprehensive Reward & Recognition (R&R) schemes help to foster the right behavior depicting our Competencies and Values. These policies help to enhance healthy competition amongst associates and also improve overall performance standards across the organization. This year, we also launched a new automated Performance Management System for all our Managerial-employees in order to further strengthen the processes related to KRA setting, performance assessment, feedback and review.

Similar to last year, we have continued to emphasize on training and development across levels. We delivered more than 12,000 training man-days (including training on Behavioural/ Leadership skills, Competencies, Technical trainings, etc.) in line with business imperatives. For identified star performers, we had also launched comprehensive Management Development Programmes (MDPs) so that they are further groomed to handle the challenges that will come their way. These specific modules were delivered by our internal training team comprising of certified trainers. For our key resources, their Individual Development Plans are also tracked so that their aspirations are tied-up with sufficient horizontal and vertical growth options. For our senior colleagues, we again launched the annual Multi-Stakeholder 360 Feedback that helps to identify 'successors' for the leadership roles across the businesses. All such positive initiatives have helped us to curtail attrition levels. In order to make our long-term incentives more beneficial for our employees, we have also revised ESOP plan and have issued fresh grants at market price with performance-based vesting. This will ensure more engagement, better retention and more returns to better performers. Additionally, we have implemented manpower productivity exercises to ensure that we realign our employee strength as per the business imperatives. This has been strongly supported by on-going 'manufacturing-reliability' exercises that enhance process efficiency and quality outputs.

We are again pleased to share that the 'Industrial Relations' have continued to remain cordial in all our

manufacturing units. Illustrative mechanisms including proactive involvement, associate-ownership, friendly policies, two-way communications has helped to manage associates' needs in an objective and transparent manner. As mentioned above, this is also in line with the feedback we have got through the Employee Engagement survey. We have dedicated teams that continuously interact with our associates to resolve any pending challenges on aspects like cafeteria, transport, housekeeping, uniform and other employee benefits. We have measures like Grievance resolution, HR Help Desk, Communication forums, Open houses, Town-hall meetings and other similar forums to ensure streamlined communication and feedback. Voluntary involvement of associates in activities like Sports events, Family visits, Medical initiatives, CSR, Departmental get-togethers and Festival celebrations help to maintain work-life balance.

The company ended FY 2009-10 with 6146 employees, as compared to 6559 at the end of last financial year.

INTERNAL CONTROLS AND ITS ADEQUACY

The company has a disciplined internal control system, commensurate with its nature of business and the size of its operations. This ensures that all assets are properly protected against unauthorized use and there is as well correct recording and reporting of all transactions. Such controls, which are subjected to periodical review, also ensure efficiency of operations, accuracy and promptness of financial reporting, besides complying with the applicable laws and regulations. Additionally, an effective internal audit system is in place which takes care of the requirements of the company.

The Audit Committee of the Board of Directors oversees the functions of internal audit, reviews the reports and monitors implementation of recommendations. The Audit Committee regularly interacts with the Statutory Auditors and Internal Auditors about the adequacy of internal control systems.

RISK MANAGEMENT

The Company has a Risk Management Framework, which lays procedures to identify potential risks, their assessment, monitoring and developing mitigation plan. During the year, the Company reviewed key risks associated with its businesses, their root causes and the efficacy of the measures in

place to mitigate the same. The Risk Management framework lays guidelines to mitigate risks that may affect the achievement of our business objectives and protect interest of all stakeholders including shareholders. The Board of Directors also reviewed the procedures adopted by the Company to assess risks and the mitigation actions.

Key business risks:

- **Technology risk:** The Company has built a position as the leading manufacturer and technology owner through strong in-house R&D focus, long standing partnerships with key technology providers, dedicated full time business development and strategy team, regularly tracking and reviewing technology road map.
- **Business concentration risk:** There has been continuous focus on de-risking dependence on large customers through persuading various new opportunities such as developing leading retail private label players, adding new OEMs, direct marketing initiated to ensure coverage of new geographies (such as South America, emerging countries in Europe) and customers.
- **Input cost and falling sale price risk:** Cost reduction and optimization is achieved through identification of star projects to reduce costs, engineering focus to improve productivity, Continuous Improvement Projects being identified through the Six Sigma methodology, setting and monitoring of business plan targets with a Balanced Scorecard, pro-active reduction of material costs through negotiation with suppliers and identification of alternate suppliers, implementation of dual fuel power generation. Share of special products has been constantly rising to arrest fall in sale price of regular products.
- **Exchange fluctuation risk:** As a risk containment strategy, the Company has taken forward covers to hedge its net exposures. The Company follows conservative view based on highly probable underlying exposures only. The treasury department of the Company continues to track

foreign exchange movements and takes advice from financial experts to decide its hedging strategy from time to time.

- **Liquidity and interest rate risk:** To effectively manage cash flows and interest cost, there is strict monitoring and control of financial parameters, aligning commercial negotiation/re-negotiation with Treasury action, judicious mix of Forex and domestic debt and consortium of banks, which ensures best rates.
- **Employee Related risk:** Retaining the existing talent pool and attracting new talented manpower is a major risk. The company has initiated various initiatives such as Annual Employee Engagement Survey, Policy for identification and retention of key resources, transparent Performance Management System, training, R&R Policy in order to mitigate this risk.



Operating Performance Review

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956 and Accounting Standards in India. Our management accepts responsibility for the integrity and the objectivity of these financial statements, as well as for various estimates and judgments used therein. The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, in order that the financial statements reflect, in a true and fair manner, the form and substance of transactions and reasonably present our state of affairs and loss for the year.



Revenue Analysis

The gross revenue in fiscal year 2009-10 decreased by 5.9% over the previous year to INR 20,518 million and declining margins resulted in loss after tax of Rs. 362.07 million. The Company EBITDA (including other income and after exceptional items) increased by 16.7% to INR 6348.8 million from INR 5,440.6 million in FY 09. Despite current industry conditions, the Company was able to hold its operating margin through production efficiencies, cost reduction, control on working capital, helped by effective hedging.

Fully diluted earnings per share for FY 2009-10 were INR (2.15) against INR (8.96) in FY 09. The Company generated Rs. 4,439 million net cash flow from operations in FY 2009-10.

Capital Structure

There is no change in the capital structure of the Company and paid up equity capital remained at INR 1,663.1 million as on 31st March, 2010.

Reserve

The Company's reserves stood at Rs. 16237.1 million in FY 10 against INR 15,160.7 million in FY 09. As on 31st March, 2010, securities premium account comprised 53.6% of the total reserves. There are no re-valuation reserves as on 31st March, 2010.

Loans

Over the years, the Company has part funded its ongoing expansions and investment programs through loans raised aggressively at lower costs. The Company has also built a prudent basket of currency cover within its highly probable net revenue to hedge against currency risks and assure revenues.

During the year the company made a net debt repayment of Rs. 1,503.4 million. The company's net total debt on equity ratio declined during the year from 1.4 to a healthy 1.3 with interest service cover ratio of 3.6.

Currency wise total debt outstanding

Currency	Amount in Currency	Amount in Indian Rupees	% of Total Debt
USD	194.3	8,724.5	40
INR	13,109.8	13,109.8	60

Financial objectives, initiatives and achievements

Your company is taking proactive measures to ensure all financial costs are effectively reduced to positively impact the bottom line. The Company continued to focus on efficient working capital management to release cash into the system, generating INR 4,439 million of cash from operations as against INR 5,099 million in the previous year. Foreign Exchange has been particularly volatile in the year, and the ongoing foreign exchange risk management policy has been further strengthened to assure that there is no adverse impact of volatile exchange rates beyond agreed upon tolerance levels. The Company implemented the statutory option of Accounting Standard 11, notified by the Ministry of Corporate Affairs vide notification dated 31st March 2009, whereby the Company has been able to insulate its income statement from interim foreign exchange volatility and at the same time ensure that its balance sheet position is protected.

Interest

The company has maintained its effective interest cost as percentage of the average debt at 8.25 per cent in a year of hardening interest rates. The outflow on account of interest and finance charges decreased to INR 1,868.3 Million in FY 10 from INR 2,053.2 million in FY 09.

Capital Expenditure

Gross block of the Company decreased by INR 3,765.3 million during FY 10 to reach INR 43.8 billion, mainly due to transfer of assets on financial lease to its subsidiaries. The Company made Capital expenditure of INR 718 million during FY10 to develop capabilities to create new generation formats by effective conversion of existing capacities.

Depreciation

Depreciation decreased by 1% in FY 10 (from INR 4,971.4 million to INR 4,918.9 million). Due to the flexible nature of the asset base and the relatively long life-cycle of the products in the industry, we believe that the risk of the asset base becoming obsolete is low.

Loans and advances

In FY 10, loans and advances increased to INR 7,567.1 million against INR 3,391.6 million in FY 09, mainly due to lease receivables from its subsidiaries.

Capital employed

The capital employed stood at INR 38,754 million, a decrease by 3.7% over FY 09 level. The decrease is mainly on account of reduction in net block of fixed assets.

Management of surplus funds

Short term surpluses were invested mainly in bank deposits or low risk financial instruments that optimized return and protected the invested principal.

Significant Accounting Policies

1. Revenue recognition

Revenue from sale of goods is recognized on transfer of significant risks and rewards of ownership to the customer and when no significant uncertainty exists regarding realization of the consideration. Sales recorded are net of sales returns, rebates and trade discounts and price differences and are inclusive of duties. Theatrical revenues from films are recognized as and when the films are exhibited. Revenue from other rights such as satellite rights, music rights, overseas assignment rights etc. is recognized on the date when the rights are available for exploitation.



Service income of SEZ Division is recognized as and when services are rendered. Interest is accounted for based on a time proportion basis taking into account the amount invested and the rate of interest. Dividend is recognized as and when the right of the company to receive payment is established.

2. Inventory Valuation

Finished goods, work in progress, goods held for resale, raw material, stores and spares are valued at lower than cost or net realizable value. Cost of raw material, other than for exports, is accounted upon completion of manufacture. Inventories of under production films and films completed and not released are valued at cost. The cost of released films is amortized using the individual film forecast method. The said amortization pertaining to theatrical rights, satellite rights, music materials, goods held for resale, packing materials and stores and spares, is determined on the basis of the weighted average method. Cost of work in progress and finished goods is determined by considering

direct material, labor costs and appropriate portion of overheads. Liability for excise duty in respect of goods manufactured by the company other than for exports is accounted upon completion of manufacture, inventories of under production films and films completed and not released are valued at cost. The inventory thus comprises of unamortized cost of such movie rights. These estimates are reviewed periodically and losses, if any, based on revised estimates are provided in full. At the end of each accounting period, such unamortized cost is compared with net expected revenue. In case of net expected revenue being lower than actual unamortized costs, inventories are written down to net expected revenue. The purchase cost of the rights acquired in released films is apportioned between satellite rights and other rights (excluding home video rights) based on management's estimates of revenue potential.

3. Fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Cost includes all expenses, indirect specifically attributable to its acquisition and bringing it to its working condition for its intended use. Expenditure pending allocation are allocated to productive fixed assets in the year commencement of the related project. Intangible assets are stated at cost less accumulated amortization. The cost incurred to acquire "right to use and exploit" home video titles, are capitalized as copyrights/ marketing and distribution rights where the right allows the company to obtain a future economic benefit from such titles. Impairment, if any, in the carrying value of fixed assets is assessed at the end of each financial year in accordance with the accounting policy on "Impairment of Assets".

4. Depreciation and amortization

Depreciation on tangible fixed assets is provided under the straight-line method on a pro-rata basis and in the manner specified in Schedule XIV of the Companies Act, 1956. In respect of assets whose useful life has been revised, unamortized depreciable amount is charged over the revised remaining useful life. In case the historical cost of an asset undergoes a change due to an increase or decrease in related long term liability on account of foreign exchange fluctuations, the depreciation on the revised unamortized depreciable amount is provided prospectively over the residual useful life of the asset effective from 1st April, 2007. Intangible assets other than copyrights/ marketing and distribution rights are amortized on an equated basis over their estimated economic life not exceeding 10 years. Copyrights/ marketing and distribution rights are amortized from the date they are available for use, at the higher of the amount calculated on a straight line basis over the period the intangible asset is available, not exceeding 10 years, and the number of units sold during the period basis. Leasehold land and any improvement to the leased premises are amortized over the period of the lease. The assets taken on finance lease are depreciated over the lease period.

5. Taxation

a) Current Provision is made for current Income Tax liability based on the applicable provisions of the Income Tax Act, 1961, for the income chargeable under the said Act and as per the

applicable overseas laws relating to the foreign branch.

b) Deferred

Deferred Tax Assets (DTA) and liabilities are computed on the timing differences at the balance sheet date between the carrying amount of assets and liabilities and their respective tax bases. DTA is recognized based on management estimates of reasonable/virtual certainty that sufficient future taxable income will be available against which such DTA can be realized. The deferred tax charge or credit is recognized using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.



Corporate Social Responsibility

By packing in more for less we are creating a new wave in customer delight. Multiple movies, latest titles, crystal clear reproduction – we have only just begun.

At Moser Baer, sustainable development and deep adherence to corporate social responsibility is the way to do business. We are constantly thinking of newer ways in which we can genuinely contribute to the development of the society. We lay great emphasis on ethics and business values and believe in building mutual trust and faith with our stakeholders to guarantee long term relationships.



Sustainable development and deep adherence to Corporate Social Responsibility (CSR) is the way we operate at Moser Beer. We are constantly thinking of newer ways by which we can positively contribute to the development of the society in which we operate.

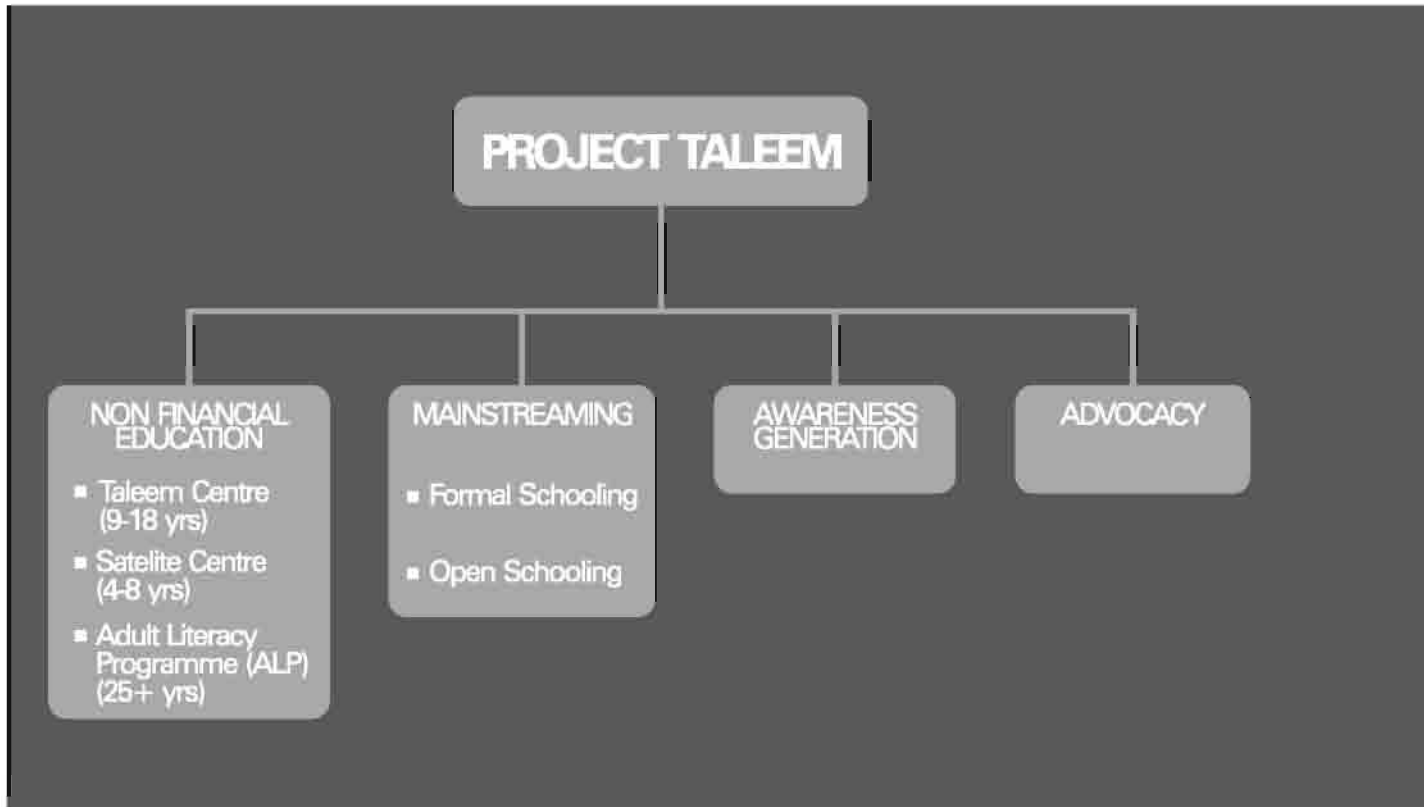
We lay great emphasis on conducting our business ethically with our stakeholders to build mutual trust and guarantee long term relationships.

Our Community Development programmes form an important element of CSR for Moser Beer. The Moser Beer Trust provides Community Development services to communities in strategic locations. In line with its vision and mission, the Trust works for the poor, underprivileged and vulnerable sections of the society and remains committed to achieving the Country Development Goals and Millennium Development Goals (MDGs) in our spheres of influence.

Extensive stakeholder dialogue continues to be an intrinsic part of our community development programmes. We believe in a participatory and inclusive approach to CSR.

All our programmes have a strong sustainable development component to ensure that our initiatives contribute to achieving the MDGs in our sphere of influence. Over the past 2 years, we have expanded the use of stakeholder dialogue and founded meaningful and strong partnerships with local panchayats, government bodies and other civil society representatives like community based organizations, NGOs at district, national and international levels and local schools, healthcare providers, etc.

The last one year witnessed consolidation of our community development programmes; we are now more focused on integrated Community Development in 4 villages around our plant sites. In the past year, some new activities and projects were initiated, which have altered the perspective of the village community. If not completely, then at least to a significant extent in the above-mentioned spheres. The joy that one sees on the face of our outstretched target is the reward of our efforts.



At Moser Baer, sustainable development and deep adherence to corporate social responsibility is the way to do business. We are constantly thinking of newer ways in which we can genuinely contribute to the development of the society. We lay great emphasis on ethics and business values and believe in building mutual trust and faith with our stakeholders to guarantee long term relationships.

Project Taleem

Empowerment with the power of word

Project Taleem was initiated in June 2008 with an aim to provide access to education to different sections of the target population. Owing to vast cultural and religious constraints, girls and women of the community were

deprived of opportunities to study and grow. This project envisions empowering the female community with power of word and raising the overall education status. In the last financial year, Moser Baer Trust expanded its influence in the field of education with its Taleem centres. A total of 3 centres have catered 176 girls of whom 71 are currently enrolled, 30 girls were mainstreamed in July



2008 and 14 completed their curriculum and received certificates during SANGAM - Partners Meet 2009. The remaining dropped out due to various reasons like early marriage, parental opposition and migration.

Key initiatives of Project Teleem can be captured under:

- Starting of Satellite Centre and Adult Literacy Programme (ALP). The satellite centre (in Agar village) was started in November 2008 and caters to 29 children aged between 4-8 years.
- The Satellite Centre prepares these children for schooling by using innovative teaching methods/aids, such as poetry recitation, songs, alphabets and numbers.
- A beneficiary of one of our CSR programmes - Noyee Roahni is running the satellite centre in her house.
- The ALP programme was started in Kakrala village when a group of 10 women expressed their desire to study. Due to mobility barriers these women could not come out of the village. The ALP classes are conducted at one of these beneficiaries home.

Currently 11 women have enrolled for the programme, and Moser Baer Trust aims to target more interested women next year.

- Opening a community library - Ujjwala Pustakalaya in Kakrala & Agar villages in order to promote reading habit among the people. The community library is a store of interesting tales, stories, magazines, comics and jokes, and also has a variety of indoor games to engage the children productively. A total of 71 children have become members of the community library.
- A total of 48 children were enrolled in the village primary schools in the admission drive run by MBT. At the secondary level 21 students were admitted in Class IX through collaborations with private and government-aided schools in the vicinity. In addition three girls were also mainstreamed in the secondary level through NIOS.
- Organizing street theatres, rallies and puppets shows to sensitize and increasing awareness among the

community about the importance of education and schooling, cleanliness and hygiene and Consumer Rights.

- The MBT team has collaborated with the District Education Department and Basic Shiksha Adhikari (BSA) in order to advocate people's concerns regarding the infrastructural deficiencies and poor quality teaching at government schools. Links with local schools, village panchayats and parents has helped build awareness that this initiative is a shared responsibility, with equal accountability.

Vocational Training

Skill development is the road to achieving economic independence. Moser Baer Trust's Vocational training centre is one such effort to provide the youth of the community an opportunity to develop various skills that can contribute in achieving employment.

This vocational training centre has facilitated training in three vocations:

- Dress Making
- Mehendi art and
- Beauty Culture and Health Care (BCHC).

In total, 105 girls from two villages have benefitted from the programme during the year. Five batches of Dress Making and one batch each of Mehendi Art and BCHC have been successfully completed. In the coming year, more courses like dress designing, motor driving and garment checking are being planned for the rural youth.

Nayee Roshni - Catalyzing Change

Moser Baer Trust operates on the principles of sustainability and community ownership of its programmes. Considering the dynamic nature of the communities and its increasing demand for social interventions in various areas, MBT conceptualized a unique programme Nayee Roshni.

Through this programme, MBT aims to make the community self-reliant so that they are able to sustain the interventions initiated by MBT once it exits from the targeted communities. To this end, Nayee Roshni has targeted the youth, who it felt, could become the catalyst of affirmative change in their community with a little guidance.

Nayee Roshni aims to develop a cadre of "Peer leaders" who would become potential "Change Makers" in their communities.

In order to develop the potentials of the identified peer leaders, a life skills training programme was organized targeting 60 young boys and girls. Out of the 60 who received training, 37 peer leaders (22 girls & 15 boys) were selected. These peer leaders were engaged in perspective building, skill enhancement and action based learning exercises. A survey was conducted by the selected groups to help identify children for mainstreaming and this facilitated enrolment of 48 children in schools. The girls group performed a puppet show in the village school on Children's Day that highlighted high dropout rate as a major concern. As part of the dual goal of engaging Peer Leaders into community action and giving them an on-job exposure, 5 peer leaders were given the charge of the two community libraries(on a rotation basis) on honorarium basis. The aim was to instill a feeling of ownership, self sustenance and responsibility towards these libraries. They were also provided training on library records management. Peer leader girls also organized "Jagriti Mela" - a community engagement initiative, which aimed at strengthening ties between MBT and its stakeholders in Kakrala and Agar villages. The Jagriti Mela provided a platform for these children to exhibit their newly acquired talents and make their families and friends partners in this experience. The fair also saw sale of old clothes, the proceeds from which were utilized for buying refresher books of classes IX - XII.

Moser Baer Trust is committed towards women empowerment through SHG. We have 12 functional SHG's covering 146 marginalized women in the surrounding villages of the manufacturing unit.



Digital Literacy

DIGITAL LITERACY MISSION is a unique initiative of MBT to expand computer literacy among school students from underprivileged backgrounds. This 3-month course was initially implemented in partnership with Microsoft. It has been modified w.e.f. September 2009 in partnership with the NASSCOM Foundation. In addition to Shaheed Bhagat Singh centre, two more computer centres were initiated in MBT's operational areas under this affiliation. These centres have been renamed as Nasscom Foundation - Moser Baer Trust Knowledge Centres. Shaheed Bhagat Singh Inter College, Surajpur, provided a room for running the classes and also modified their class timetable to facilitate computer training for the interested school students. Additionally, the community has provided space in Sorkha to run the centre. The new structure of programme introduces tutorial classes in English, Science and Maths, discussions on community development issues, and documentation of case studies of beneficiaries from the village.

Digital literacy is directly related to the business principle and mandate of Moser Baer, since it provides computer training to youth and utilizes the Company's manufactured computer peripherals. This project directly fulfills the corporate requirement of creating demand for its products and thereby, resulting in an increase of sales of the demanded products. Computers in today's world have opened new vistas for experimenting and offering a wide knowledge base that ensures bright career prospects. For the rural youth, a lack of computer-proficiency means lost opportunity as they are unable to get better paid jobs and face competition. It is this disadvantage, which Moser Baer aims to eliminate by providing essential computer training in their formative years. In total, 363 children have been trained under the Digital Literacy Mission at 3 centres.

Career Development Centre CDC

Through extensive stakeholder dialogue, Moser Baer Trust identified a need for developing softer skills such as refined presentation, self confidence and communication skills among the youth.

With a high drop out rate, students in Kakrala and Agar villages are unable to complete their basic schooling, let alone higher studies. Assessing the need for a programme focused on developing soft skills, Moser Baer Trust, came up with a unique project - Career Development Centres (CDCs). These Centres target mainstreaming students for higher education and also helps develops their personality, trains them in personal

grooming, builds computer proficiency, and teaches them spoken English so that become job market ready. With stress on academic achievement, CDCs has provisioned tutorial classes in Mathematics, Science and English, where students generally falter and consequently drop out from the formal education system. The idea is to facilitate completion of schooling and then encourage children to pursue higher education at the Bachelors and Masters level. In a nutshell, the CDCs aim to reduce school dropout ratio and develop the overall personality of the beneficiary to enhance his/her competitiveness and value in the market.

Moser Baer Trust started the Career Development Centre in Kakrala village and in the financial year two batches comprising 26 students have benefitted. The project has especially focused on students of Classes X and XII who face board examinations. The course prepares them for high marks. One batch is solely for girls with an enrollment of 10 girls. Apart from the youth, CDC also caters to the needs of women and elder male members of the community. There is a special package to make women computer literate and document case studies where women have been able to utilize the skill effectively. Such case stories would be instrumental in motivating other women to come forward and learn the skill. The CDC thus offers a complete package of services that ensures that all segments of the community become familiar with computer usage and this knowledge is able to empower them.

Self Help Groups

Moser Baer Trust is committed towards women empowerment through Self Help Groups (SHGs). We have 12 functional SHG's covering 146 marginalized women in the surrounding villages of our manufacturing unit. The objective of promoting these groups is to create a bond between communities so that they can raise their voice for their rights.

The total saving of 12 groups is Rs. 1.36 lakhs and credit disbursed till date is Rs. 79 thousands from their own funds. In the last financial year, we worked on rapport and trust building in the community. It helps people to raise relevant issues related to their living at district and state government levels and get them addressed.

Livelihood

With an objective to provide a sustainable livelihood to the marginalized through a service based community institution, Moser Baer Trust set up a unit called "Aakar" in village Nagla. It is an initiative to empower marginalized women by providing them sustainable livelihood,



A PVR Nxt – Moser Beer Joint Initiative

Objectives of the Unit

Minimize the waste thereby reducing its environmental effect

To produce an eco friendly product out of waste.

To provide a livelihood opportunity for marginalized poor women in the community

To empower rural women

To create a model for demonstration of recycled paper production to students, community corporates and development institutions.

conducive work environment and promoting fair trade, drudgery reduction, gender sensitization, capacity building. The programme also aims at promoting micro enterprises. The major focus of this initiative is providing sustainable livelihood to the community through skill development.

Apart from providing livelihood, Moser Beer Trust also organized Adda work training (embroidery and embellishment work) to enhance the skills of the women.

Moser Beer Trust has established a direct link with export houses for Askar and they outsource a variety of work like thread cutting, stitching and sewing, packaging etc. Since February 2010, a total of 20 women are engaged fully or part-time based in the unit.

Kriti Eco Papers (Paper Recycling Project)-Dehradun

In line with its commitment to the society and environment, Moser Beer has set up a social and environmental enterprise, Kriti Eco Papers Unit in Dehradun, Uttarakhand. It is a paper-recycling unit that is managed professionally and is based on ethical principles of labour, environment and business. The unit has also engaged women from socio economically marginalized groups who were trained to operate and run this unit. This project has emerged as a positive triple bottomline impact since it is addressing social, environmental and economic concerns in its area of operation.

The unit, started in October 2009, is now into production of paper and paper products from waste. It has now started exploring opportunities to generate awareness and market products produced from waste. The unit has already started showcasing its products in various exhibitions to create awareness. The project which also aimed at providing sustainable livelihood to the marginalized community through direct and indirect means has helped the women acquire skill and has raised their income level. The women, who are part of the unit, now earn a handsome income and ensure food security to their families.

Cine Art

Leveraging its in-house experience and knowledge of entertainment, Moser Baer joined hand with PVR Nest, a social wing of PVR Cinemas, and evolved a concept of CineArt. CineArt is a convergence of cinema and art for social change and it attempts to bring children closer to their city and their cultural heritage. Under this project, children were allowed to express their creativity fully and capture their own interpretations of their world, their city and heritage in painting and filming. Around 1000 children from 21 schools, including public and private schools and the NGO-based were encouraged to participate in this event. This was done to encourage the inclusion of marginalized children, who are talented but do not get opportunity to exhibit their talents due to various socio-economic restraints. These children were engaged in numerous creative activities like painting and filmmaking initially. The children were given the theme, "Our World", on which they were asked to reflect and put it on the canvas, drawing on their imagination and ideas. Out of these 1000 children, 88 Cine Artists were selected by a five-member jury, who were further equipped with content and technical training through workshops on film-making. This included training by professionals on Poetry & Music, Movement & Mime, Script Writing, Dance & Drama, and Art & Design. The children then developed short-films on the theme 'Our World' using their imagination and the skills taught to them. The shorts movies made by the children would be included in the home videos of Moser Baer India limited for wider dissemination of the issues.

Disha - Ek Mouka

DISHA "EK MOUKA" is a livelihood programme aimed at creating around 1000 jobs annually in the region of our operations. This income generation programme reinforces the crucial link that social empowerment is not possible without economic empowerment and vice versa. Developing the individual's potential and skills is basic for any livelihood programme.

The training under Disha aims at achieving a synthesis of theoretical knowledge, skill practice, and personality development. Students undergo specialized skill training in Basic Computers, Customer Relations and Sales, hospitality, Bed Side Patient Assistance and Call Centre Training. Additionally, the students are also acquainted to basic Spoken English courses and Interview skills. This programme is being implemented in partnership with CAP Foundation and USAID.

In its two phases, DISHA- "Ek Mouka", has proved to be a grand success with the placement of 1700 students in various outlets of companies including McDonalds, Idea cellular and Ansal Plaza. These youth have been employed at an emolument ranging from Rs. 3,500-6,500/- pm and a few of them have been promoted and now earn a salary of Rs.7, 500 and above. A few others have been recognised with the 'Best employee' awards in their respective companies. Disha- Ek Mouka covered more than 110 villages of NOIDA and Greater NOIDA in its first phase.

Project Swasthya Uthaan

Project Swasthya Uthaan was launched with an objective to provide preventive and limited curative health care services to villagers who lack access to such services. Poor hygiene in the villages was also one of the factors contributing to deterioration of health. However, there was very little concern to improve hygiene and sanitation amongst villagers. Taking this into account, MBT initiated a two-fold project with a focus on preventive and curative care. At preventive level, the focus was on bringing a positive change in the behaviour of the villagers by generating awareness on health issues through awareness meeting, magic shows, one to one talks and through rallies. Secondly, health related issues were addressed by establishing an Out-Patient-Department (OPD) in the area. While the Moser Baer Trust initially started its first OPD in village Kakrala, presently, these services are made available to all people, who are in some or other way, associated with Moser Baer India limited.

In the past year, Moser Baer Trust ran four OPDs in four different villages, which are in the vicinity of any of the Company's plant areas. Other than diagnosis of general and seasonal diseases, the OPDs provide regular health check-ups, reproductive and child healthcare services and in bringing down skin diseases - which is very prominent in Kakrala village. Villagers are also educated on disease prevention. The RCH focuses upon follow up of all ANC and PNC cases. Due to MBT's interventions at both preventive and curative levels, incidence of skin



diseases has come down by up to 67 percent as compared to last FY 2006-08 in village Kaloris.

Employee Engagement Program-

Going beyond work sphere

Moser Beer Trust has taken the first steps in employee volunteerism. However all this remain inadequate considering the complexity and magnitude of the problems. There is a definite need of stakeholders involvement be it community, allied system, employees and so on. The participation of various groups of people, who are willing to spare time, as volunteers can be instrumental in bringing the positive change in the lives of the marginalized. The involvement of employee volunteers is an excellent example of the zealous workforce shown by employee of Moser Beer India Limited in various forms.

International volunteer week @ PV Plant Greater Noida

The International Volunteering Week at Moser Beer India Ltd was celebrated as a weeklong programme to give employees an opportunity to share their knowledge and

skills with the villagers of nearby communities. The enthusiasm of the volunteers and their keenness to work for a social cause was exhibited by their preparedness for the occasion and participation of large number of volunteers.

As part of volunteering activities, Moser Beer Photo Voltaic launched MISSION H2OPE. The programme was held on 4th & 5th December 2008 and aimed at increasing public awareness and an understanding on Clean Water and Water Conservation in villages. Two locations were targeted - 'Shaheed Bhagat Singh Inter college, Surajpur' and 'Village Tilapta', where volunteers held sessions for students and villagers to increase awareness on clean water, water borne diseases and water conservation. A quiz was also conducted and winners were felicitated.

Employee Engagement @ Greater Noida Plant

With a view to promote higher education and prevent drop outs from schools, MBT initiated a Career Development Centre. The Greater Noida plant management and ERP (Employee Relation) department has been instrumental in turning this idea of MBT into

action. Since August 2009, employee volunteers have been giving coaching to students. The coaching was limited to classroom teachings but also included promoting digital literacy.

Additionally, families of employees' have also been equally enthusiastic. Mrs. Malhi, w/o Mr. Vijay Malhi, Solid State Media took up the important task of teaching Basic English to girls at the 'Taleem' centres. She had trained 15 girls in Basic English, word meaning, sentence structuring, pronunciations and how to introduce oneself. She also conducted sessions with Taleem teachers on interactive and innovative teaching learning methods.

Volunteering by A-164 plant employees

International Volunteer week

The employees at the A-164 location of Moser Baer in Greater NOIDA, focussed on health and early marriage issue of girls during the volunteering week. The staff of the Medical Intervention Room coordinated the Health Camp organized in Aagar on 4th December 2009 for the launching the weekly OPD. They distributed free medicines to villagers who came for medical consultation. A total of 80 patients visited the health camp.

On 5th December 2009, an art competition was organized for Taleem centre girls where 35 girls participated. The theme for the competition was - 'Our environment'. The girls drew depictions of their village and nearby landmarks, highlighting both positives and negatives of their village environment. Girls of varying age - between 5 to 16 years participated in the competition. The MBIL management gave prizes to the winners of the painting competition. Six girls were recognized for their creativity and hard work.

Additionally, the volunteers went to a private school where Mr. Arvind Saini from the Company's EHS (Environment, health & safety) Department conducted an interactive discussion on how to ensure safety in homes. The girls of Taleem centre were also present. The talk highlighted use of plugs for all electrical appliances, road safety, how to extinguish fire, and various other simple safety measures. This was followed by a street play by the MBIL theatre group which highlighted the importance of educating the girl child.

The week ended with the launch of a Youth Club in which employees of Moser Baer India have volunteered to train to the youth of Kakrala village in selected sports, musical instruments, personal grooming and other skills. This would be a continuous exercise and will be held within A-164 premises.

Organization of "Donation Drives" by Top Management

Organising donation drives has become an integral part of MBIL employees' contribution towards the society. The drives are led by management at the top and are a sign of commitment towards the society. Such drives range from collection of old books to winter clothes for the village children. These collected books have been placed in the community-based libraries for the wider use by the village children.

Environmental Responsibilities

While pursuing our business goals, we remain committed to protecting the environment and ensuring safety and security of our employees. Safety is intrinsic to our work culture and is evident in all our operations and product development. We have put in a strong Environment, Health and Safety (EHS) framework at Moser Baer. Each year, we achieve our stringent goals and objectives which are set to reduce injuries, prevent accidents and eliminate wastage and our carbon footprint into the environment. All these goals are integrated into our annual business plans so that they remain central to our plans, as important as sales and profit.

Each year, we achieve our stringent goals and objectives which are set to reduce injuries, prevent accidents and eliminate wastage and our carbon footprint on the environment.



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DIRECTORS' REPORT

Dear Shareholder,

Your Directors take pleasure in presenting their 27th Annual Report on the business and operations of the Company together with the Audited Accounts for the financial year ended 31st March, 2010.

Financial Results

Particulars	(Rupees in Million)	
	Year ended March 31, 2010	Year ended March 31, 2009
Gross Sales, Service Income and Other Income	23403.1	23924.4
Profit before Depreciation, Interest and Tax but after prior period items	6260.4	4439.3
Depreciation / Amortization	4918.9	4971.40
Interest and Finance Charges	1868.3	2053.20
Profit before Exceptional Items and Tax	-526.8	-2585.3
Exceptional Gain	88.2	1001.3
Profit Before Tax	-438.6	-1584.0
Tax Expenses	-76.5	-75.3
Profit after Tax	-362.1	-1508.7
Profit carried forward from Last year	nil	260.1
Profit available for appropriation	-362.1	-1248.6
Appropriations:		
Dividend (Proposed)	100.9	101.1
Provision for Tax on Proposed Dividend	16.8	17.2
Transfer to General Reserve Account	-479.8	-1366.8

Operations

Revenues for Financial Year 2010 stood at INR 20,518 million, profit before depreciation, interest, exceptional items and tax stood at INR 6260.4 million. During the year, operating margins recovered significantly following improvement in market equilibrium and increase in growth especially in advanced formats. Interest costs reduced on account of lower average interest rate and repayment of debt.

Market Development

Market environment and outlook

Moser Baer continues to be the market leader in optical media both in terms of low cost mass manufacturing and our R&D capabilities. Our products are sold in over 90 countries and we have developed strong strategic alliances and partnerships with leading global OEMs.

With DVD-R slowly but steadily taking over CD-R volumes at retail and its significant growth in some of the emerging markets, it is poised to become the major format in optical media for 2010. CD-R continues to remain the key format in niche high end professional segment. Moreover, the momentum towards advanced media formats will intensify once prices of BluRay drive climbs down from their present levels. Moser Baer is continuously moving existing production lines to DVDs and advanced formats at low incremental costs, significantly raising our capacity to produce according to market demand.

We have received encouraging volume growth in blank optical media in emerging markets like China, India and Latin America and are constantly expanding into further geographies. Moser Baer is rigorously working with its OEM customers on technology transfers/ qualifications of its BluRay products, with a clear intent to take a leadership position in this format with strong cost advantages. Moser Baer's optical media production lines will continue to move existing production lines to advanced formats, significantly raising our capacity to produce media that support the emerging High Definition format.

Your directors are pleased to inform you that the overall OEM business is expected to remain stable with a clear upside coming from new business acquired during the year and growth in emerging formats.

Photo Voltaic Business

Moser Baer's photovoltaic business achieved key milestones during the year further strengthening our position in the global photovoltaic market. Global shipments reached approximately 50MW for the year. Significant traction was seen in both the showcase technologies of Moser Baer - Crystalline Silicon and Thin Film. We have now reached a total capacity of 140MW in both the technologies combined placing us as one of the largest PV players in India.

Moser Baer Photo Voltaic Ltd has been awarded the prestigious 5 Star Rating Certificate by TÜV Rheinland in recognition to the highest standards of Quality adopted in our business operations.

In addition, our process team has effectively achieved world's highest single junction thin-film module efficiency of 7.3% and an efficiency of 15.2% for Crystalline Silicon on the existing production lines with process re-engineering. Due to our strong efficiency improvements we have been able to de-bottleneck and successfully increase our production capacities to 90MW in crystalline silicon cell manufacturing and 50MW in Thin Film in our Greater Noida Plant.

With our strong technology and quality, aggressive sales and marketing initiatives, service levels and cost competitiveness, we are on the path of establishing ourselves as a preferred vendor with top tier integrators, distributors and EPC players in large PV markets and have successfully managed to distribute products in a total of 25 countries.

Within India, we have developed complete systems capability from concept to commissioning. The group has successfully commissioned the 'largest of its kind thin film project in India' - 1MW solar project in Chandrapur, Maharashtra. This solar farm is a significant landmark for the company as it not only demonstrates our strong EPC capabilities but also serves as an exemplary project providing Moser Baer the opportunity to play a pivotal role in India's ambitious National Solar Mission. The group is also in the process of executing the 5MW Tamil Nadu Project. With this, the company has gained the experience of executing large sized solar projects.

Home Entertainment Business

Moser Baer is today India's largest home entertainment player with rights to more than 10,000 titles and video content offerings in every popular language in India. We are a one-stop shop for home entertainment with pan India presence. We have a unique business model of high quality and large variety content, at reasonable prices for Indian consumer. With effect from March 31, 2010, the entertainment business has been hived off as a separate, wholly-owned, subsidiary - Moser Baer Entertainment Ltd.

Moser Baer is releasing video content in the DVD, VCD and Super DVD (DVD with the multiple films) formats using our proprietary and patented technology that ensures 'quality and affordable prices for the masses' and 'premium content and prices for the higher end of customers'. We have also begun releasing new films in Blu-Ray format, which is fast catching up attention of the high-end consumers in India.

During the financial year, we acquired the rights and released 30 new films in Hindi including successful films like 'Delhi 6', 'Kaminey', 'All the Best', 'Blue' and 'London Dreams', which have achieved over 100,000 unit sales. Moser Baer has also acquired the rights for over 50 films in Malayalam and other regional languages and achieved significant success in Malayalam with films 'Twenty-20', '2 Harihar Nagar', 'Bhagyadevata', 'Kaana Kanmani', 'Crazy Gopalan', 'Magante Achan' and 'Brahmaram'. In Tamil, Moser Baer achieved significant success with films like 'Yavarum Nalam', 'Subramaniapuram', 'Santosh Subramaniam' and 'Pasanga'. Buoyed by this success, Moser Baer is determined to continue the domination in new films in most key languages by acquiring more content. Moreover, our new pricing model for new films is enabling us to achieve better profitability and recovery in most languages.

The business has also produced and released films in Hindi, Tamil and Malayalam during the year. In Hindi, 'Sankat City' and 'Hide & Seek' were released during the year. Both have earned critical acclaim. In Tamil, Moser Baer produced and released 'Kanden Kadhalai' and 'Aval Peyar Tamilarasi' during the year. While the first one achieved both box office success and critical acclaim, the second one earned critical acclaim. In Malayalam, 'Kaana Kanmani' was produced and released, which was highly appreciated. A few more films are getting ready for release in Hindi and Tamil.

We have also introduced 'Direct to DVD' release - a new concept attempted in Hindi with Phir Khabi film, which is a first Direct to DVD film in Hindi cinema.

Moser Baer plans to continuously increase its market share in the Home Entertainment business through new initiatives and innovations to sustain and improve our performance in the year ahead.

Subsidiary Companies

The company has received an exemption from the Ministry of Corporate Affairs, Government of India, vide order No 47/240/2010-CL-III Dated 11/06/2010 under section 212(8) of the Companies Act, 1956 with regard to attaching the various documents in respect of the subsidiaries for the year 2009-10. Accordingly, the Balance Sheet, Profit and Loss Account and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company. The Consolidated Financial Statements presented by the Company include financial results of its subsidiary companies.

The Company will make available the Annual Accounts of the subsidiary companies and the related detailed information upon request of any member of the Company and its subsidiaries who may be interested in obtaining the same.

The annual accounts of the subsidiary companies will also be kept for inspection by any member of the company at its Registered Office and Corporate / Head Office located at 43B, Okhla Industrial Estate, Phase III, New Delhi - 110 020.

Dividend

Your Directors are pleased to recommend payment of a dividend of Re. 0.60 per share (6 %) for the year ended 31st March, 2010. The total cash outflow on account of Equity dividend payments, including distribution tax and surcharge, will be Rs. 117,755,786/-.

Directors

Mr. Rajesh Khanna, was co-opted as Additional Director at the meeting of the Board of Directors held on 31st March, 2010 to hold the office up to the date of the ensuing Annual General Meeting in terms of the provisions of Section 260 of the Companies Act, 1956. The Company has received a notice under Section 257 of the Companies Act, 1956, proposing the candidature of Mr. Rajesh Khanna as Director of the Company.

In terms of the provisions of Section 255 and 256 of the Companies Act, 1956, Mr. Vinayshil Gautam and Mr. Ratul Puri, Directors, retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Auditors

M/s Price Waterhouse (FRN No. 007568S), Chartered Accountants, who are the Statutory Auditors of the Company, hold office, in accordance with the provisions of the Companies Act, 1956 (the Act), upto the conclusion of the forthcoming Annual General Meeting (AGM). They have not offered themselves for re-appointment as Auditors of the Company for the financial year 2010-11. Special notice has been received from a member proposing the appointment of M/s Price Waterhouse (FRN No. 012754N), Chartered Accountants, as the Statutory Auditors of the Company to hold office from the conclusion of the forthcoming AGM until the conclusion of the next AGM, in place of M/s Price Waterhouse (FRN No. 007568S), the retiring Auditors of the Company.

M/s Price Waterhouse (FRN No. 012754N), Chartered Accountants, have expressed their willingness for appointment as the Statutory Auditors and confirmed that their appointment, if made, will be within the prescribed limits under Section 224 (1B) of the Companies Act, 1956, and they are not disqualified for appointment within the meaning of Section 226 of the said Act.

Auditors' Report

The observations made in the Auditors' Report are self-explanatory and therefore, do not call for any further comments.

Stock Option Plan

Your Company had introduced a Stock Option Plan for its Non-Executive Directors i.e. Directors Stock Option Plan - 2005 ("DSOP-2005") and for its employees i.e. Employees Stock Option Plan-2004 ("ESOP-2004").

The Company has further introduced Stock option plan for its employees ("ESOP - 2009") by the resolution passed in the meeting of the Board of Directors held on the 30th July, 2009 and subsequently, approved by the shareholders of the company in their Annual General Meeting held on 8th day of September 2009. The plan came into force on 28th day of January 2010, being the date of first offer of ESOPs to the employees under ESOP Plan 2009.

The particulars of options issued under the said Plans as required by SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 are appended as 'Annexure A' and forms part of this report.

Foreign Currency Convertible Bonds (FCCB)

Your Company has issued the Foreign Currency Convertible Bonds in Tranche A being US\$ 75 million and in Tranche B being US\$ 75 million with tenure of five years.

RBI vide its letter RBI/2008-09/317 dated 8th December, 2008 liberalized the guidelines for the Buyback of the Foreign Currency Convertible Bonds and allowed the Indian Companies to complete the procedure of buy back of its FCCB till 31st March, 2009, without taking approval of the RBI. RBI vide its further Notification RBI/2008-09/411 dated 13th March, 2009 extended the said time limit till 31st December, 2009, under approval route. However, RBI further vide its notification RBI/2009-10/367 dated 29th March, 2010 extended the said time limit till 30th June, 2010. During the financial year ended 31st March, 2010, your Company bought back US\$ 3.5 million of face value of Bonds of Tranche A and US\$ 7.0 million of face value of Bonds of Tranche B at a discount to the face value. The consequent reduction in debt and reversal of redemption premium accrual from share premium account.

Particulars of employees

Particulars of employees, as required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, form part of this report. However, in pursuance of Section 219(1)(b)(iv) of the Companies Act, 1956, this report is being sent to all shareholders of the Company, excluding the aforesaid information and the said particulars are made available at the Registered Office of the Company. The members interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

Secretarial Audit

As directed by Securities and Exchange Board of India (SEBI), secretarial audit is being carried out at the specified periodicity by M/s. Deloitte Haskins and Sells, the Secretarial Auditors of the Company.

Conservation of energy, research and development, technology absorption, foreign exchange earnings and outgo

The information pertaining to conservation of energy, technology absorption, foreign exchange earnings and outgo, as required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is given as per Annexure 'B' and forms part of this Report.

Fixed deposits

During the year under review, your Company has not accepted any deposit under Section 58A of the Companies Act, 1956, read with Companies (Acceptance of Deposits) Rules, 1975.

Corporate governance

It has always been the Company's endeavour to excel through better Corporate Governance and fair and transparent practices, many of which have already been in place even before they were mandated by the law of the land. The Company complies with all the provisions of revised Clause 49 of the Listing Agreement. A separate report on Corporate Governance compliance is included as a part of the Annual Report along with the reports on Management Discussion and Analysis and Additional Shareholder Information.

The certificate from the Statutory Auditors of the Company regarding compliance of the conditions of Corporate Governance as stipulated in Clause 49 of the listing agreement with stock exchanges is annexed to this report.

The Group Chief Financial Officer (GCFO) and Chairman & Managing Director (CMD) have certified to the Board in regard to the financial statements and other matters as required in Clause 49 of the listing agreement and the said certificate is annexed to this report.

In compliance with the Corporate Governance requirements, the Company has formulated and implemented a Code of Conduct for all its Board members and for the senior management of the Company. The said Codes of Conduct have been posted on the Company's website. All Board members and senior management personnel have affirmed compliance with the Code of Conduct for the year 2009-10. A declaration to this effect signed by the Managing Director of the Company forms part of this report.

Listing At Stock Exchanges

The Shares of the Company continue to be listed on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited. The annual listing fees for the year 2010-2011 have been paid to the Stock Exchanges.

Directors' Responsibility Statement

As required under Section 217(2AA) of the Companies Act, 1956, your Directors state:

- a) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- b) that we have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2010 and its profit for the year ended on that date;
- c) that we have taken proper and sufficient care for the 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 fraud and other irregularities.
- d) that we have prepared the annual accounts on a going concern basis.

Conclusion

Your company continues to maintain its leadership position in its various businesses through value addition to its products and services.

Your Company has always focused on creating the new values to increase customer and stakeholder delight. Your Company has outperformed the industry in a challenging year and continues to maintain its leadership position. It has also been surpassing all international quality and cost benchmarks and continues to build shareholder's value. This, indeed, is how your Directors propose to drive the business endeavours, as we face the future with great optimism and confidence.

Your Directors place on record their appreciation for the overwhelming co-operation and assistance received from investors, customers, employees, business associates, bankers, vendors, as well as regulatory and government authorities.

For and on behalf of the Board of Directors
Moser Baer India Limited.

Sd/-

Deepak Puri
Chairman and Managing Director

Place : New Delhi
Date : 12th July, 2010

ANNEXURE- A

INFORMATION REGARDING EMPLOYEES STOCK OPTION PLAN, 2004 (ESOP-2004) DIRECTORS' STOCK OPTION PLAN, 2005 (DSOP-2005) AND EMPLOYEES STOCK OPTION PLAN, 2009 (ESOP-2009) (AS ON 31st MARCH, 2010)*

S.No.	Particulars	ESOP-2004	DSOP-2005	ESOP-2009
1	Number of Stock Options granted	6,429,650	800,000	2,535,810
2	Pricing Formula	(i) Normal allocation: Rs.125 per Option or prevailing Market Price, whichever is higher. (ii) Special allocation: 50% of the Options at Rs. 125 per Option or prevailing Market Price, whichever is higher and the balance 50% of the Options at Rs. 170 per Option or prevailing Market Price, whichever is higher.	Rs.170 per Option or prevailing Market Price, whichever is higher.	(i) Normal Allocation: Market price on the date of grant (ii) Special Allocation: 50% of the Options at Rs. 125 per Option or prevailing Market Price, whichever is higher and the balance 50% of the Options at Rs. 170 per Option or prevailing Market Price, whichever is higher.
3	Number of Options vested	705,585	400,000	0
4	Number of Options exercised	616,125	75,000	0
5	Number of shares arising as a result of exercise of option	616,125	75,000	0
6	Number of options cancelled/ lapsed	4,692,740	50,000	9,600
7	Variation of terms of options	The maximum number of equity shares that can be issued pursuant to the exercise of stock options granted under ESOP-2004 has been reduced.	The pricing formula has been revised.	N.A.
8	Money realized by exercise of options	Rs. 135,403,076	Rs. 17,122,500	0
9	Number of options in force	1,120,785	675,000	2,526,210
10	Employee-wise details of Options granted to: (a) Senior managerial personnel; and (b) Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year.	Mr. Vijay Malhi - 36,000 Mr. Harsh Vardhan Govil - 18,000 Mr. Pankaj Chandhok -8,000 Mr. Neeraj Bahl - 8,000 Mr. Shailender Godara -29,750 Mr. Naresh Kumar Bhasin -8,000 N.A.	N.A.	Mr. Deepak Shetty-24,000 Mr. Sanjeev Agarwal-24,000 Mr. Vijay Malhi-24,000* Mr. Surendra Singh Parmar-24,000 Mr. Sandeep Sood-24,000 Mr. Harsh Vardhan Govil-24,500* Mr. Pankaj Chandhok-30,850 (25,850* + 5000) Mr. Naresh Kumar Bhasin-23,750 N.A. *The Grant/s to these employees has been made under ESOP Plan 2009 against the equivalent no. of options surrendered under ESOP Plan 2004.
11	Identified employees who were granted Options during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrant and Conversions) of the Company at the time of grant;	NIL		
12	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with AS 20	Rs. (2.15)		
13	Method of calculation of employee compensation cost	The Company has used intrinsic value method for calculating the employee compensation cost with respect to the stock options.		
14	Difference b/w the employee compensation cost so computed at serial number 13 above and the employee compensation cost that shall have been recognized if it had used the fair value of options	Rs. (16,586,107)		

15	The impact of this difference on profits & on EPS of the Company	Impact on profit- Rs. (16,586,107) Impact on EPS (Basic)- Rs. (2.25) Impact on EPS (Diluted)- Rs. (2.25)		
16	Weighted-average exercise prices and weighted-average fair values of options granted during the year	a. Weighted average Exercise Price - Rs. 127.20 b. Weighted average fair value of the options - Rs. 20.47	a. Weighted average Exercise Price - Rs. 170.00 b. Weighted average fair value of the options - Rs. 11.5	a. Weighted average Exercise Price- Rs. 79.63 b. Weighted average fair value of the Options- Rs. 54.22

The Weighted Average of Vesting Period in respect of the Options granted to the Directors under DSOP-2005 were as follows:-

Grants	Weighted Average of Vesting Period
1 st Grant on 11 th August, 2005	2.5 years
2 nd Grant on 12 th December, 2006	2.5 years
3 rd Grant on 25 th January, 2007	2.5 years
4 th Grant on 19 th June, 2007	2.5 years
5 th Grant on 29 th April, 2009	2.5 years

The Weighted Average of Vesting Period in respect of the Options granted to the employees under ESOP-2004 were as follows:-

Grants	Weighted Average of Vesting Period
1 st Grant on 9 th January 2004	3 years
2 nd Grant on 29 th November 2004	2.5 years
3 rd Grant on 27 th January 2005	2.5 years
4 th Grant on 24 th June, 2005	2.5 years
5 th Grant on 17 th August, 2005	2.5 years
6 th Grant on 27 th October, 2005	2.5 years
7 th Grant on 24 th January, 2006	2.5 years
8 th Grant on 26 th April, 2006	2.5 years
9 th Grant on 7 th June, 2006	2.5 years
10 th Grant on 27 th October, 2006	2.5 years
11 th Grant on 24 th January, 2007	2.5 years
12 th Grant on 30 th April, 2007	2.5 years
13 th Grant on 11 th July, 2007	2.5 years
14 th Grant on 25 th October, 2007	2.5 years
15 th Grant on 30 th January, 2008	2.5 years
16 th Grant on 17 th April, 2008	2.5 years
17 th Grant on 29 th April, 2008	2.5 years
18 th Grant on 30 th July, 2008	2.5 years
19 th Grant on 22 nd October, 2008	2.5 years
20 th Grant on 23 rd October, 2008	2.5 years
21 st Grant on 30 th January, 2009	2.5 years
22 nd Grant on 28 th April, 2009	2.5 years
23 rd Grant on 29 th July, 2009	2.5 years

The Weighted Average of Vesting Period in respect of the Options granted to the employees under ESOP-2009 were as follows:-

Grants	Weighted Average of Vesting Period
1 st Grant on 28 th January, 2010	2.15 years
2 nd Grant on 12 th March, 2010	2.15 years

Fair value of options based on Black-Scholes' Enhanced Model i.e. Enhanced FASB 123 Model for ESOP-2004

Assumptions:-	Grant Date-09/01/2004 Options subsequently cancelled)	Grant Date-29/11/2004	Grant Date-27/01/2005	Grant Date-24/06/2005	Grant Date-17/08/2005	Grant Date-27/10/2005	Grant Date-24/01/2006
Risk-free interest rate	4.21% (for 6 years, source-Reuters as on 9 th Jan 2004)	6.79% (for 4 years source-NSE/ Reuters as on 29 th Nov 2004)	6.55% (for 5 years, source-NSE/ Reuters as on 27 th Jan 2005)	6.67% (for 5 years, source-NSE/ Reuters as on 23 rd Jun 2005)	6.74% (for 5 years, source-NSE/ Reuters as on 16 th Aug 2005)	6.80% (for 5 years, source-NSE/ Reuters as on 27 th Oct 2005)	6.77% (for 5 years, source-NSE/ Reuters as on 23 rd Jan 2006)
Expected life	7 yrs.	7 yrs.	7 yrs.	7 yrs.	7 yrs.	7 yrs.	7 yrs
Expected Multiple	1.25 x	1.25 x	1.25 x	1.25 x	1.25 x	1.25 x	1.25 x
Expected volatility	70.0% (based on 5 years stock data from NSE)	70.0% (based on 5 years stock data from NSE)	67.0% (based on 5 years stock data from NSE)	62.03% (based on 5 years stock data from NSE)	61.44% (based on 5 years stock data from NSE)	60.76% (based on 5 years stock data from NSE)	59.02% (based on 5 years stock data from NSE)
Expected Dividends	1.0% (based on the dividend history for past 3 financial years)	0.85% (based on simple average of the dividend history of past 4 financial years)	0.85% (based on simple average of the dividend history of past 4 financial years)	0.85% (based on simple average of the dividend history of past 4 financial years)	0.58% (Weighted average dividend yield for last 3 financial years)	0.58% (Weighted average dividend yield for last 3 financial years)	0.58% (Weighted average dividend yield for last 3 financial years)
Price of the underlying share in market at the time of option grant (in Rs.)	342.00	224.05	213.20	209.80	234.75	214.70	196.60

Grant Date- 26/04/2006	Grant Date- 07/06/2006	Grant Date- 27/10/2006	Grant Date- 24/01/2007	Grant Date- 30/04/2007	Grant Date- 11/07/07	Grant Date- 25/10/07	Grant Date- 30/01/08
6.96% (for 5 years, source-NSE/ Reuters as on 25 th Apr 2006)	7.37% (for 4.56 years, source-NSE/ Reuters as on 6 th June 2006)	7.54% (for 4.28 years, source-NSE/ Reuters as on 27 th Oct 2006)	7.73% (for 4.28 years, source-NSE/ Reuters as on 23 rd Jan 2007)	8.07% (for 4.25 years, source-NSE/ Reuters as on 27 th April, 2007)	7.52% (for 4.26 years, source-NSE/ Reuters as on 10 th July, 2007)	7.91% (for 4.31 years, source-NSE/ Reuters as on 24 th Oct, 2007)	7.42% (for 4.28 years, source-NSE/ Reuters as on 29 th January, 2008)
7 yrs	7 yrs	7 yrs	7 yrs	7 yrs	7 yrs	7 yrs	7 yrs
1.25 x	1.25 x	1.25 x	1.25 x	1.25x	1.25x	1.25x	1.25x
57.30% (based on 5 years stock data from NSE)	56.84% (based on 5 years stock data from NSE)	54.66% (based on 5 years stock data from NSE)	55.03% (based on 5 years stock data from NSE)	56.14% (based on 5 years stock data from NSE)	56.19% (based on 5 years stock data from NSE)	59.98% (based on 5 years stock data from NSE)	59.70% (based on 5 years stock data from NSE)
0.58% (Weighted average dividend yield for last 3 financial years)	0.58% (Weighted average dividend yield for last 3 financial years)	0.46% (Weighted average dividend yield for last 3 financial years)	0.46% (Weighted average dividend yield for last 3 financial years)	0.46% (Weighted average dividend yield for last 3 financial years)	0.54% (Weighted average dividend yield for last 3 financial years)	0.54% (Weighted average dividend yield for last 3 financial years)	0.54% (Weighted average dividend yield for last 3 financial years)
229.40	201.10	238.80	315.30	342.50	491.90	301.10	221.95

Fair value of options based on Black-Scholes' Enhanced Model i.e. Enhanced FASB 123 Model for ESOP-2004

Assumptions:-	Grant Date-17/04/2008	Grant Date-29/04/2008	Grant Date-30/07/2008	Grant Date-22/10/2008	Grant Date-23/10/2008	Grant Date-30/01/2009	Grant Date-28/04/2009	Grant Date-29/07/2009
Risk-free interest rate	7.93% (for 4.26 years, source- NSE/ Reuters as on 17 th April 2008)	7.96 % (for 4.27 years, source-NSE/ Reuters as on 29 th Apr 2008)	9.28% (for 4.57 years, source-NSE/ Reuters as on 30 th July 2008)	7.44% (for 4.57 years, source-NSE/ Reuters as on 22 nd October 2008)	7.41% (for 5 years, source-NSE/ Reuters as on 22 nd October, 2008)	6.17% (for 5.08 years, source-NSE/ Reuters as on 29 th January, 2009)	5.95% (for 4.98 years, source-NSE/ Reuters as on 27 th April, 2009)	6.32% (for 4.71 years, source-NSE/ Reuters as on 28 th July, 2009)
Expected life	7 yrs	7 yrs	7 yrs	7 yrs	7 yrs	7 yrs	7 yrs	7 yrs
Expected Multiple	1.25 x	1.25 x	1.25 x	1.25 x	1.25 x	1.25 x	1.25 x	1.25 x
Expected volatility	60.79% (based on 5 years stock data from NSE)	60.92 % (based on 5 years stock data from NSE)	61.97% (based on 5 years stock data from NSE)	63.41% (based on 5 years stock data from NSE)	63.45% (based on 5 years stock data from NSE)	57.59% (based on 5 years stock data from NSE)	57.62% (based on 5 years stock data from NSE)	58.71% (based on 5 years stock data from NSE)
Expected Dividends	0.54% (based on weighted average dividend history for past 3 financial years)	0.54% (based on weighted average dividend history for past 3 financial years)	0.44% (based on weighted average of the dividend history of past 3 financial year)	0.44% (based on weighted average of the dividend history of past 3 financial year)	0.44% (based on weighted average dividend yield for last 3 financial years)	0.44% (based on weighted average dividend yield for last 3 financial years)	0.44% (based on weighted average dividend yield for last 3 financial years)	0.44% (based on weighted average dividend yield for last 3 financial years)
Price of the underlying share in market at the time of option grant (in Rs.)	170	176.55	95.10	100.25	94.95	62.45	67.15	84.95

Fair value of options based on Black-Scholes' Enhanced Model i.e. Enhanced FASB 123 Model for DSOP-2005

Assumptions	Grant Date-11/08/2005	Grant Date -12/12/2006	Grant Date -25/01/2007	Grant Date- 19/06/2007	Grant Date- 29/04/2009
Risk-free interest rate	6.56% (for 5 years, source-NSE/ Reuters as on 11 th Aug, 2005)	7.56% (for 4.58 years, source -NSE/ Reuters as on 12 th Dec, 2006)	7.68% (for 4.58 years, source -NSE/ Reuters as on 25 th Jan, 2007)	7.87% (for 4.32 years, source NSE/Reuters as on 19 th June, 2007)	6.11% (for 5.68 years, source NSE/Reuters as on 29 th April, 2009)
Expected life	7 yrs	7 yrs	7 yrs	7 yrs	7 yrs
Expected Multiple	1.25 x	1.25 x	1.25 x	1.25x	1.25x
Expected volatility	61.46% (based on 5 years stock data from NSE)	54.73% (based on 5 years stock data from NSE)	55.03% (based on 5 years stock data from NSE)	56.20% (based on 5 years stock data from NSE)	57.63% (based on 5 years stock data from NSE)
Expected dividends	0.58% (Weighted average dividend yield for last 3 financial years)	0.46% (Weighted average dividend yield for last 3 financial years)	0.46% (Weighted average dividend yield for last 3 financial years)	0.54% (Weighted average dividend yield for last 3 financial years)	0.44% (Weighted average dividend yield for last 3 financial years)
Price of the underlying share in market at the time of option grant (in Rs.)	228.30	242.60	319.25	425.25	65.30

* Two Options granted before the record date i.e 18th July, 2007 under the above plans entitles the holder to three Options of the Company.

Fair value of options based on Black-Scholes' Options Pricing Formula for ESOP-2009

Assumptions	Grant Date-28/01/2010	Grant Date -12/03/2010
Risk-free interest rate	7.39% (for 5 years, source- NSE/ Reuters as on 27 th Jan 2010)	7.44% (for 5 years source-NSE/ Reuters as on 12 th March 2010)
Expected life	7 yrs	7 yrs
Expected Multiple	1.25 x	1.25 x
Expected volatility	71.52% (based on 5 years stock data from NSE)	72.19% (based on 5 years stock data from NSE)
Expected dividends	0.97% (Weighted average dividend yield for last 5 financial years)	0.97% (Weighted average dividend yield for last 5 financial years)
Price of the underlying share in market at the time of option grant (in Rs.)	71.11	73.86

ANNEXURE B

Information as per Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March, 2010.

A. Conservation of energy

Your Company's energy requirements continued to increase significantly as it commissioned new manufacturing facilities and increased production at existing facilities. As an ongoing process, the Company undertakes various measures to save energy and reduce its consumption. During the Financial Year 2009-10, some of the measures undertaken by the Company include:-

Through internal development and efforts on energy saving, we could achieve a cumulative saving of 28.63 KW with an additional investment of Rs 125 million. This was mainly achieved by increasing process & chilled water header temperatures, modifying the JB DCN chiller & condenser pump, optimization / reduction of lighting and by usage of steam in HFO Heating.

B. Technology absorption, adaptation and innovation, research & development

Technology Absorption, Adaptation and Innovation

Since technology plays a big role in our ability to offer a complete basket of products to our customers, our company has entered into various agreements at both national and international level with leading research and academic institutes and leading technology companies globally. During the year, a number of agreements were completed to co-develop technology with these partners whose R&D efforts are complementary to that of our focus R & D programmes. This technology has been successfully incorporated into some of the company's products and an ongoing effort is

being made to improve the utilization of this technology and produce newer innovative products based on this technology development.

The Group CTO function was further strengthened by hiring doubly qualified talent - PhD's, M.Tech.'s to conduct research and development projects in next generation optical media, photovoltaic, consumer electronics products and other areas that maximize Moser Baer's core competencies in order to ensure competitiveness and future growth.

The company through its R & D lab and newly established subsidiary Moser Baer Technologies, Inc.,US have been the beneficiary of significant research grants in support of its R & D activities.

Our Company is a part of many international forums and R&D initiatives that are dedicated to the development of future formats like Blu-Ray. Such participative activities have significantly enhanced the image of our company globally.

The company continued to develop BDR/RE format and successfully assimilated this technology from OM&T. Development of BDR1X-6X format was completed. This format is fully verified and achieved 100 % Drive compatibility.

Your Company has been identified by some R&D institutes for collaboration and is also in the process of approaching government funding agencies through it's own innovative R&D projects.

As a result of above efforts, your Company benefited by BDR / BDRE cost reduction due to mass production at GN plant.

Technology imported by your Company during last 5 years is given as under :

Technology imported	Year of import	Has Technology been fully absorbed?	If not fully absorbed, area where this has not taken place, reasons there for and future plans of actions
Technology for Hard Coat optical disk from Imation Technologies	2005	Yes	NA
Technology for DVDR 16 X from MKM	2004	Yes	NA
Technology for Light scribe disk from Hewlett Packard	2004	Yes	NA
Technology for Dual Layer DVD+R 8X (Inverse stack) process from Ricoh.	2006	Yes	NA
Technology for Dual Layer DVD+/- R(2P) from MKM	2007	Yes	NA
Technology for BDR from OMT	2008	Yes	NA

Research and Development

The specific areas in which Research & Development was carried out by your Company and the benefits derived as a result thereof are as follows:

1) Blu-Ray Development-

Your company continued to develop BDR/RE format and successfully assimilated this technology from OM&T.

- a. Development of BDR1X-6X format completed - this establishes Moser Baer as leading technology player in this format. This format is fully verified by major customers and achieved 100 % Drive compatibility.
- b. The development of the next generation high speed BDR 1X-8X media format and BDR dual layer technology has been undertaken.

2) BDR/RE, DVDR /RW, DL, CDRW format

Your Company successfully developed and launched BDRE2x, BDR 1x-6x MBI MID "White Thermal Surface", MBI 8X DVD+R DL WIJ, DVD+R,6x and CDRW and DVD + RW 4X. The Company has been qualified by major OEM customers.

3) Printable Surface

- a. Promoted and commercialized the new uniform printable surface product across the globe for many OEM and Non-OEM customers.
- b. MBI developed a unique stick free Ink jet printable surface. This media is highly useful for high end duplication market and would provide MBI a niche in this market segment.
- c. Successfully developed thermal and ink jet printable BD-R. This places Moser Baer among a select group and a distinguished category of suppliers of such media.
- d. MBI developed a DVD-R with superior light fastness properties suitable for outdoor application

4) Extension of Asset Life:

- a. Line Inter-changeability

- Successfully converting DVD-RW lines to BDR/RE lines with in-house design & development.

- Successfully converted CDR lines to DVDR lines with reduced CAPEX.

b. New product segment

- Launched a development program to manufacture a critical sub component of photovoltaic module using the existing moulding capabilities.
- Launched 2 state-of-the-art R & D program to develop function materials using existing capabilities like spin coating and sputtering which can be potentially used in development of next generation solar cells for off-grid market segment.

5) Progress in collaborative projects at IIT Delhi and IT BHU (supported by Ministry of Information Technology)

- a. IIT Delhi Project "Development of multilayer coatings for high density optical storage discs" : Also working on:
- b. Higher storage capacity through the development of low to high Blu-Ray disc format.
- c. Development of new high speed BDRE format.
- d. Study of impact of Nitrogen doping on over write capability & archival life of metallic phase change layer.
- e. Alternative permutations on multi layer stack design
- f. IT BHU Project "Development of optically active polymers for data storage applications"
- g. PC/PMMA blends with different compatibilizers using reactive extrusion techniques to improve miscibility characteristics and mechanical, thermal, optical and morphological properties.

6) New Equipment added in R & D Lab:

- a. UV Ozone cleaner for glass substrate cleaning
- b. Eta-IXY for thickness measurement
- c. Spin coater for OPV cell R&D
- d. Desktop Glove Box for controlled atmosphere. It is used for OPV R&D

- e. X-Y controlled glue dispenser
 - f. Ultra Sonic Bath for substrates cleaning
 - g. Selenization System for CIGS R&D
 - h. Angstrom Spectro photometer for measurement of transmittance, reflectance & thickness measurement
 - i. Millipore DI water system
- 7) Mastering & Galvanics: Process Improvement & New Format Development
- a. BDR 1X-6X in-house stamper development.
 - b. Developed an environment friendly laquer to coat the surface of stampers. Its patent application under process.

Benefits derived as a result of the above R & D:

- a. BluRay disc is the next generation optical disc format being developed for high-definition video and high-capacity software applications. A single-layer Blu-Ray disc will store up to 25 gigabytes of data and a double-layer Blu-Ray disc up to 50 gigabytes of data. BluRay discs offer 1920x1080p HD master quality for High Definition audio and video applications
- b. Development of a thermal ink combination for BDR/BDRE is a step towards low cost.
- c. Design & development of BDR/RE lines from conversion of DVDRW lines with in-house effort and modification of a CDR line into DVDR line and reduce CAPEX cost for BDR/RE & DVDR significantly.
- d. IIT Delhi Project: Development of multilayer coatings for high density optical storage discs and IT BHU Project
- e. Development of optically active polymers for data storage applications are steps towards cost reduction and performance improvement of optical media products through collaborative research with leading academic institutions.

Future Plan of Action:

- a. To develop higher capacity and faster retrievable disks.
- b. Continue rationalisation of input cost elements.

Expenditure on R&D

Capital expenditure of Rs. 61.87 million and recurring expenses of Rs. 17.37 million were incurred during the year towards R&D expenses, which is 0.4% of the total turnover of the Company.

These expenses are part of expenses incurred under various revenue or capital heads.

C. Foreign exchange earnings and outgo

Total foreign exchange earned comprising of FOB value of exports, interest, insurance claims and dividend received was Rs 13,055.7 million, where as total foreign exchange used (comprising of CIF value of imports, dividend and other outgoings) was Rs 8,595.2 million.

For and on behalf of the Board of Directors
Moser Baer India Limited

Sd/-

Place : New Delhi

Deepak Puri

Date : 12th July, 2010

Chairman and Managing Director

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE

A well defined and enforced Corporate Governance provides a structure that works for the benefit of everyone concerned by ensuring that the enterprise adheres to accepted ethical standards and best practices as well as to formal laws.

Good Corporate Governance evolves with growth and changing circumstances of a company and must be tailored to meet those circumstances. Corporate Governance is about commitment to values and about ethical business conduct. This is what a company includes in its corporate and other structures, its culture, policies and the manner in which it deals with various stakeholders. Accordingly, timely and accurate disclosure of information regarding the financial situation, performance, ownership and governance of the company is an important part of Corporate Governance. This improves public understanding of the structure, activities and policies of the organization. Consequently, the organization is able to attract investors, and enhance the trust and confidence of its stakeholders. Corporate Governance guidelines and best practices have evolved over a period of time and in India, are enshrined in Clause 49 of the Listing Agreement.

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance is the system by which companies are directed and managed. Good Corporate Governance structures encourage companies to create value (through entrepreneurship, innovation, development and exploration) and provide accountability and control systems commensurate with the risks involved.

Moser Baer believes in ensuring true Corporate Governance Practices to enhance long term shareholders' value through corporate performance, transparency, integrity and accountability.

The Corporate Governance philosophy of our Company is based on the following principles:

- Satisfaction of the spirit of the law through ethical business conduct;
- Transparency and a high degree of disclosure levels;
- Truthful communication about how the company is run internally;
- A simple and transparent corporate structure driven solely by the business needs;
- Strict compliance with Clause 49 of the Listing Agreement as amended from time to time;

- Establishment of an efficient corporate structure for the management of the Company's affairs;
- Management is the trustee of the shareholders' capital and not the owner.

The Company has also evolved the Code of Corporate Governance to ensure the best practices of Corporate Governance within the Company.

2. BOARD OF DIRECTORS

Moser Baer believes that at the core of its Corporate Governance practice is the Board, which oversees how the management serves and protects the long-term interests of all the stakeholders of the company. An active, well-informed and independent board is necessary to ensure the highest standards of Corporate Governance. Our Board exercises its fiduciary responsibilities in the widest sense of the term.

Moser Baer believes that composition of Board is conducive for making decisions expediently, with the benefit of a variety of perspectives and skills, and in the best interests of the company as a whole rather than of individual shareholders or interest groups.

The present strength of the Board is 12. The Board comprises of three Executive Directors and nine Non-Executive Directors. Seven Non-Executive Directors of the Company are independent. The Non-Executive Directors bring independent judgment in the Board's deliberations and decisions.

Independence of the Board is critical for ensuring that the Board fulfils its oversight role objectively and holds the management accountable to the shareholders. Moser Baer believes in appropriate mix of executive and independent directors on the Board to maintain Independence on the Board and separate management functions from it.

An independent director is independent of management and free of any business or other relationship that could materially interfere or could reasonably be perceived to materially interfere with the exercise of their unfettered and independent judgment.

Definition of 'Independent Director' as per Clause 49 of the Listing Agreement

'Independent Director' shall mean a Non-Executive Director of the Company who apart from receiving Director's remuneration, does not have any material pecuniary relationships or transactions with the Company, its promoters, its Directors, its senior management or its holding company, its subsidiaries and associates which may affect independence of the Director;

- is not related to promoters or persons occupying management positions at the Board level or at one level below the Board;
- has not been an executive of the company in the immediately preceding three financial years;
- is not a partner or an executive or was not partner or an executive during the preceding three years, of any of the following:
 - the statutory audit firm or the internal audit firm that is associated with the company, and
 - the legal firm(s) and consulting firm(s) that have a material association with the company.
- is not a material supplier, service provider or customer or a lessor or lessee of the company, which may affect independence of the director;
- is not a substantial shareholder of the company i.e. owning two percent or more of the block of voting shares.
- is not less than 21 years of age.

COMPOSITION OF BOARD

Directors	Category	Equity Investors represented	Number of Equity Shares and Warrants held by the non-executive Directors
Mr. Deepak Puri	Promoter and Executive	N.A.	N.A.
Mr. Arun Bharat Ram	Independent and Non-Executive	N.A.	37, 500 equity shares
Mrs. Nita Puri	Promoter and Executive	N.A.	N.A.
Mr. John Levack	Non-Executive and Nominee	Electra Partners Mauritius Ltd.	Nil
Mr. Rajesh Khanna*	Additional Director Independent and Non-Executive	N. A.	Nil
Mr. Prakash Karnik	Independent and Non-Executive	N.A.	Nil
Mr. Bernard Gallus	Independent and Non-Executive	N.A.	Nil
Mr. Ratul Puri	Promoter and Executive	N.A.	N.A.
Mr. V.N Koura	Independent and Non-Executive	N.A.	Nil
Dr. Vinayshil Gautam	Independent and Non-Executive	N.A.	Nil
Mr. Viraj Sawhney	Non-Executive and Nominee	Bloom Investments Limited (BIL), Ealing Investments Limited (EIL), Randall Investments Limited (RIL) and Woodgreen Investment Ltd (WIL). BIL, EIL, RIL and WIL are affiliates of Warburg Pincus LLC.	Nil
Mr. Frank E. Dangeard	Independent and Non-Executive	N.A.	Nil

* Mr. Rajesh Khanna was co-opted as Additional Director on the Board at the Board Meeting held on March 31, 2010

DIRECTORSHIP IN OTHER COMPANIES AND BOARD COMMITTEES:

During the year under review, none of the Directors of the Board served as a member of more than 10 Committees or as Chairman of more than 5 Committees excluding the memberships in private limited companies, foreign companies and companies incorporated under Section 25 of the Companies Act, 1956, as per the requirements of the Listing Agreement.

Name of Director	No. of other Directorships in Public Companies Including Private Companies which is a subsidiary of Public Company (excluding Foreign Companies and Private Limited Companies)	No. of Committee membership (only Audit and Investor Grievance Committees) (Including MBIL's Committees)	
		Chairman	Member
Mr. Deepak Puri	14	5	1
Mr. Arun Bharat Ram	10	0	4
Mrs. Nita Puri	14	0	6
Mr. John Levack	1	1	0
Mr. Rajesh Khanna*	1	0	0
Mr. Prakash Karnik	0	0	2
Mr. Bernard Gallus	2	0	2
Mr. Ratul Puri	14	0	5
Mr. V. N Koura	3	1	0
Dr. Vinashil Gautam	4	0	1
Mr. Viraj Shawney	0	0	2
Mr. Frank E. Dangeard	0	0	3

* Mr. Rajesh Khanna was co-opted as Additional Director on the Board at the Board Meeting held on March 31, 2010

The information as required under Annexure I-A to Clause 49 of the Listing Agreement is made available to the Board. Adequate information is circulated as part of the agenda papers to enable the Board to take informed decisions.

The Company holds at least five Board meetings in a year, one in each quarter to review the quarterly financial results and one to review the audited annual results of the Company.

The Board met 10 times on the following dates during the financial year 2009-2010 and the gap between two meetings did not exceed four months:

- (i) 1st April, 2009
- (ii) 29th April, 2009
- (iii) 8th July, 2009
- (iv) 30th July, 2009
- (v) 30th October, 2009
- (vi) 11th January, 2010
- (vii) 29th January, 2010*
- (viii) 29th January, 2010*
- (ix) 18th March, 2010
- (x) 31st March, 2010

* On 29th January, 2010, two Board meetings were held.

ATTENDANCE RECORD OF DIRECTORS

Directors	Board meetings held during the year	Meetings Attended		Attended last AGM held on Tuesday, 8 th September, 2009
		Present in person	Attended through Audio conferencing	
Mr. Deepak Puri	10	8	0	Yes
Mrs. Nita Puri	10	8	0	No
Mr. Prakash Karnik	10	7	2	No
Mr. John Levack	10	6	4	No
Mr. Bernard Gallus	10	5	2	No
Mr. Ratul Puri	10	10	0	No
Mr. Arun Bharat Ram	10	4	1	No
Mr. V.N Koura	10	6	3	Yes
Dr. Vinayshil Gautam	10	9	0	No
Mr. Rajesh Khanna*	10	4	1	No
Mr. Viraj Shawney	10	6	3	No
Mr. Frank E. Dangeard	10	6	2	No

* Mr. Rajesh Khanna was co-opted as Additional Director on the Board at the Board Meeting held on March 31, 2010

3. BOARD COMMITTEES

Your Company has the following Board Committees: Audit Committee, Compensation Committee, Investors' Grievance Committee, Corporate Governance Committee, Capex Committee, Banking and Finance Committee, Project Desire Committee and Corporate Social Responsibility Committee and the guidelines for these Board Committees are set out below.

The Board is responsible for constituting, assigning, co-opting and fixing terms of service for the Committee Members of various Committees and delegates these powers to the Committees. Recommendations of the Committees are submitted to the Board of Directors for approval.

The frequency and agenda of meetings of each of these Committees is determined by the Chairman of the Board/ Executive Director in consultation with the Chairman of the concerned Committee. These Committees meet as and when the need arises.

A. AUDIT COMMITTEE

Besides, the regulatory requirement for constituting an Audit Committee, the existence of an independent Audit Committee is recognized internationally as an important feature of good Corporate Governance.

The ability of the Audit Committee to exercise independent judgment is crucial for judging the integrity of financial statements of the Company.

The Company has a qualified and independent Audit Committee, with Mr. V.N. Koura as the Chairman. Other members of the Committee are Mr. Prakash Karnik, Mr. Viraj Sawhney and Mr. Bernard Gallus. The Company Secretary acts as the Secretary of the Committee. Mr. Ratul Puri and Mr. John Levack are the permanent invitees to the meetings of this Committee.

Primary Objective

The primary objective of the Audit Committee is to monitor and provide effective supervision of the management's financial reporting process with a view to ensure accurate, timely and proper disclosures and transparency, integrity and quality of financial reporting.

The Audit Committee has the power to do the following:-

- To investigate any activity within its terms of reference.
- To seek information from any employee.
- To obtain outside legal or other professional advice.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.

Role of the Committee

The role of the Audit Committee has always been updated to comply with the amendments brought in by SEBI in listing agreements. Thus, the role of the Committee is:

- a) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- b) Recommending to the Board the appointment, re-appointment and, if required, the replacement or removal of the Statutory Auditor and the fixation of audit fee.
- c) Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors.
- d) Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act, 1956
 - Changes, if any, in accounting policies and practices and reasons for the same.
 - Major accounting entries involving estimates based on exercise of judgment by management.
 - Significant adjustments made in the financial statements arising out of audit findings.
 - Compliance with listing and other legal requirements relating to financial statements.
 - Disclosure of any related party transactions.
 - Qualifications in draft audit report.
- e) Reviewing with the management, the quarterly financial statements before submission to the Board for approval.
- f) Reviewing, with the management, performance of Statutory and Internal Auditors and adequacy of the internal control systems.
- g) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- h) Discussing with internal auditors any significant findings and follow up thereon.

- i) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- j) Discussing with the Statutory Auditors before the audit commences about the nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.
- k) Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- l) To review the functioning of the Whistle Blower mechanism, in case the same exists.
- m) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
- n) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.

The Audit Committee also have following powers w.r.t. the Moser Baer SEZ Developer Limited and Moser Baer Entertainment Limited, the wholly owned subsidiaries of the Company:-

- i) To discuss with the auditors periodically about the internal control systems, the scope of audit including the observations of auditors
- ii) To review the half yearly and annual financial statements before submission to the Board of Moser Baer SEZ Developers Limited and quarterly and annual financial statements of Moser Baer Entertainment Limited
- iii) To ensure compliance of Internal control systems
- iv) To investigate into any matters specified above
- v) To appoint the Internal Auditor of Moser Baer SEZ Developer Limited and Moser Baer Entertainment Limited, if any
- vi) Reviewing with the management the statement of uses/ application of funds during a Financial Year of Moser Baer Entertainment Limited

- vii) Reviewing the internal audit findings and internal Audit Plan of Moser Baer SEZ Developer Limited and Moser Baer Entertainment Limited, if any

The Audit Committee has been authorized to mandatorily review the following information:

- Management discussion and analysis of financial condition and results of operations.
- Statement of significant related party transactions, submitted by management.
- Management letters / letters of internal control weaknesses issued by the Statutory Auditors.
- Internal audit reports relating to internal control weaknesses.
- The appointment, removal and terms of remuneration of the Chief Internal Auditor.

Meetings

During the year, the Committee met five times on the following dates:

- 28th April, 2009
- 8th July, 2009
- 29th July, 2009
- 29th October, 2009
- 29th January, 2010

The gap between two meetings did not exceed four months.

Following are the attendance details of the members at the Committee meetings:-

Members	Committee Meetings held during the year	Meetings attended
Mr. V.N. Koura (Chairman)	5	5
Mr. Prakash Karnik	5	5
Mr. Viraj Sawhney	5	4
Mr. Bernard Gallus	5	4

B. COMPENSATION COMMITTEE

Moser Baer believes that independent determination of the remuneration policy of the Executive Directors of the Company is a fundamental for ensuring the transparency and hence, the Corporate Governance practices of the Company. The interests of shareholders and the market are best served through a transparent and readily understandable framework for executive compensation and its costs and benefits. Transparency as to the

remuneration policy should be complemented by full and effective disclosure, in keeping with the spirit and intent of the Companies Act 1956, and Clause 49 of Listing agreement.

Composition

Mr. Prakash Karnik is the Chairman of the Committee. Other members of the Committee are Mr. John Levack, Mr. Bernard Gallus, Mr. Viraj Sawhney and Mr. VN Koura. The Company Secretary acts as the Secretary of the Committee.

Terms of reference

- The Compensation Committee discharges the Board's responsibilities relating to compensation of the Company's Executive Directors.
- The Compensation Committee has the overall responsibility for approving and evaluating the Executive Directors' compensation plans, policies and programmes of the Company.
- The Compensation Committee administers the Employees Stock Option Plans (ESOP) and the Directors' Stock Option Plan (DSOP) of the Company.

Responsibilities and authorities of the Compensation Committee

- The Compensation Committee shall review and approve for the Executive Directors of the Company:-
 - The annual base salary,
 - Annual incentive bonus, if any,
 - Any other benefits, compensation or arrangements.
- The Compensation Committee shall evaluate, and if necessary, amend performance parameters of the Executive Directors;
- The Compensation Committee may make recommendations to the Board in relation to incentive plans for the Executive Directors; and
- Administer the ESOP and DSOP schemes of the Company.

Meetings

During the year, the Committee met six times on the following dates:

- 28th April, 2009
- 8th July, 2009
- 29th July, 2009

(iv) 29th October, 2009

(v) 28th January, 2010

(vi) 12th March, 2010

Following are the details regarding the Committee meetings attended by the members:-

Members	Committee Meetings held during the year	Meetings attended
Mr. Prakash Karnik (Chairman)	6	6
Mr. Viraj Sawhney	6	5
Mr. John Levack	6	6
Mr. Bernard Gallus	6	5
Mr. V.N Koura	6	3

REMUNERATION POLICY

a) Executive Directors

The details of the remuneration paid and payable to Mr. Deepak Puri (Managing Director), Mrs. Nita Puri (Whole Time Director) and Mr. Ratul Puri (Executive Director) during the year 2009-2010 are as follows:

(Amount In Rs.)

Particulars	Mr. Deepak Puri, Managing Director	Mrs. Nita Puri, Whole Time Director	Mr. Ratul Puri, Executive Director
Salaries, allowances and bonus	22,156,244	4,615,176	13,241,960
PF Contribution	1,698,756	439,824	1,013,040
Perquisites	145,000	145,000	145,000
TOTAL	24,000,000	5,200,000	14,400,000

Service Contracts, Notice Period, Severance Fees

a) Executive Directors

Mr. Deepak Puri (Managing Director); Mrs. Nita Puri (Whole Time Director) and Mr. Ratul Puri (Executive Director)

The Company has executed a Service Contract each with Mr. Deepak Puri, Managing Director, Mrs. Nita Puri, Whole Time Director and Mr. Ratul Puri, Executive Director whereby each of them have been appointed for a period of five years with effect from 1st September, 2006, 1st December, 2006 and 1st October, 2006, respectively. Each of them is entitled to resign from his/her office at any time upon giving to the Company at least three calendar months' written notice. No severance fees shall be payable to either of them.

The amount of performance bonus paid to the Managing Director, Whole Time Director and the Executive Director is based on the performance of the Company and of these Directors, as approved by the Compensation Committee and considered by the Board.

b) Non-Executive Directors

The Company does not have any pecuniary relationship with any of its non-executive Directors except in so far mentioned hereinafter:

STOCK OPTIONS

Initially, the shareholders of the Company had passed a resolution to offer the stock options to the Non-Executive Directors of the company to the maximum of 4,50,000 Equity Shares and thereafter the shareholders further passed a resolution and the maximum limit increased to 10,00,000 Equity Shares. Under the terms of approved Directors' Stock Option Plan (DSOP), each Non-Executive Director is entitled to receive up to a maximum of 1,00,000 stock options.

Status of Stock Options accepted under the above mentioned plan is as follows:

Name of Directors	No. of stock options granted	
	Original	Bonus options
Mr. Arun Bharat Ram	1,00,000	50,000
Mr. Prakash Karnik	1,00,000	50,000
Mr. John Levack	1,00,000	50,000
Mr. Bernard Gallus	1,00,000	50,000
Mr. V.N Koura	1,00,000	50,000
Dr. Vinayshil Gautam	1,00,000	50,000
Mr. Frank E. Dangeard	1,00,000	-

The Stock options are not granted to Executive Directors of the Company.

COMMISSION

The Shareholders of the Company by way of postal ballot approved the commission of 1% of the Net Profits of the Company for the year calculated as per the provisions of the Companies Act, 1956, payable to the non-executive Directors without obtaining the prior approval of the Central Government.

Accordingly, no commission was paid to the non executive Directors for the Financial Year 2009-10.

SITTING FEES

During the year 2009-10, the non-executive Directors were paid a sitting fees of Rs.20,000 for each Board

Meeting and Rs. 10,000 for each Committee meeting attended by them.

Service Contracts, Notice Period, Severance Fees

Mr. Arun Bharat Ram, Mr. Bernard Gallus, Mr. Prakash Karnik, Mr. V.N Koura, Dr. Vinayshil Gautam and Mr. Frank E. Dangeard are the Directors liable to retire by rotation. No severance fees will become payable to them if they desire not to continue as Directors of the Company.

Mr. John Levack (non-rotational nominee Director and representative of Electra Partners Mauritius Ltd.) - No severance fees will become payable to him if Electra Partners Mauritius Ltd. withdraws his nomination from the Directorship of the Company.

Mr. Viraj Sawhney (non-rotational nominee Director and representative of BIL, EIL, RIL and WIL - affiliates of Warburg Pincus LLC) - No severance fees will become payable to him if BIL, EIL, RIL and WIL withdraw his nomination from the Directorship of the Company.

Mr. Rajesh Khanna, Additional Director, hold office only upto the date of ensuing Annual General Meeting. A notice has been received in terms of the provisions of Section 257 of the Companies Act, 1956 proposing his candidature as a Director of the company. No severance fees will become payable to him if he is not appointed as Director of the Company.

C. INVESTORS' GRIEVANCE COMMITTEE

Composition

Mr. John Levack is the Chairman of the Committee. Other members of the Committee are Mr. Prakash Karnik, Mr. Deepak Puri, Mr. Bernard Gallus and Mrs. Nita Puri. The Company Secretary acts as the Secretary of the Committee.

Terms of reference

The Investors' Grievance Committee looks into redressal of shareholders' and investors' complaints like transfer of shares, non-receipt of Annual Reports, non-receipt of dividend and allied matters.

Meetings

During the year, the Committee met four times on the following dates:

- (i) 8th July, 2009
- (ii) 29th July, 2009
- (iii) 30th October, 2009
- (iv) 29th January, 2010

Following are the attendance details of the members at the Committee meetings:-

Members	Committee meetings held during the year	No. of meetings attended
Mr. John Levack (Chairman)	4	3
Mr. Prakash Karnik	4	4
Mr. Deepak Puri	4	3
Mrs. Nita Puri	4	4
Mr. Bernard Gallus	4	3

Name and designation of the Compliance Officer: Mrs. Minni Katariya, Head Legal and Company Secretary.

The transfer / transmission of physical share certificates is approved by the Company Secretary at least once in a fortnight on the basis of recommendations received from the Company's Registrar and Share Transfer Agent-M/s. MCS Limited.

The investors may lodge their grievances through e-mail at shares@moserbaer.net or contact the Compliance Officer at the following numbers: -

Telephone numbers: (011) 40594444

Fax numbers : (011) 41635211/ 26911860

Information regarding complaints received from the shareholders during the period 1st April, 2009 to 31st March, 2010.

Nature of the complaints	Received	Replied satisfactorily	Pending
Relating to transfer, transmission, etc.	—	—	—
Relating to dematerialization	—	—	—
Relating to dividend	3	3	—
Relating to bonus	4	4	—
Relating to Annual Report	37	37	—
Relating to miscellaneous matters	2	2	—
TOTAL	46	46	---

No share was pending for transfer as on 31st March, 2010.

D. CORPORATE GOVERNANCE COMMITTEE

Composition

The Chairman of the Committee, Mr. Prakash Karnik, is a Non-Executive Director. Other members of the Committee comprise of Mr. Viraj Sawhney, Mr. John Levack, Mr. Deepak Puri and Mr. Bernard Gallus. The Company Secretary acts as the Secretary of the Committee.

Terms of reference

- a) To evaluate the current composition, organization and governance of the Board and its Committees, as well as determine future requirements and make recommendations in this regard to the Board for its approval.
- b) To recommend the appointment of such Directors on the Board who are of proven competence and have adequate professional experience.
- c) To oversee the evaluation of the Board.
- d) To recommend to the Board, Director nominees for each Committee of the Board.
- e) To coordinate and approve Board and Committee meeting schedules.
- f) To make regular reports to the Board on the matters listed herein and on such other matters as may be referred to it by the Board from time to time.
- g) To advise the Company on the best business practices being followed on Corporate Governance issues world-wide and to implement those in the Company appropriately.
- h) To appoint any outside agency to report on Corporate Governance matters.
- i) To appoint consultants in this regard and to obtain and implement their advise, reports or opinions.
- j) To recommend to the Board the governance structure for management of affairs of the Company.
- k) To review and re-examine this charter annually and make recommendations to the Board for any proposed changes.
- l) To annually review and evaluate its performance.

E. CAPEX COMMITTEE

Composition

Mr. Ratul Puri is the Chairman of the Committee. Other members of the Committee are Mr. Prakash Karnik, Mr. John Levack and Mr. Viraj Sawhney. The Company Secretary acts as the Secretary of the Committee.

Terms of reference

Keeping in view the increasing requirements for the equipments and machineries for the Company and its Group Companies, the scope of work of the Capex Committee is:

1. To direct the Capital Expenditure for whole of the Moser Baer India Limited's Group Companies up to the following limits:

S. No.	Business Unit/Division	Budgeted		Unbudgeted	
		CAPEX Committee	Internal CAR Committee	CAPEX Committee	Internal CAR Committee
1	Blank Optical Media, Media & Entertainment Services:All Assets	US\$ 5 million or more	Upto US\$ 5 million	US\$ 1.5 million or more per CAR or in excess of overall limit	Upto US\$ 1.5 million per CAR subject to overall limit
2(a)	Home Entertainment:- All Intangible Assets (Catalogue, New films copy rights and maketing & distribution rights)	US\$ 2.5 million or more	Upto US\$ 2.5 million	US\$ 1.5 million or more per CAR or in excess of overall limit	US\$ 1.5 million or more per CAR or subject to overall limit
2(b)	Home Entertainment: - Film production and Satellite related	US\$ 1.25 million or more	Upto US\$ 1.25 million	US\$ 0.75 million or more per CAR or in excess of overall limit	Upto US\$ 0.75 million per CAR subject to overall limit

2. To review and approve the expansion plans in line with the Group Companies Business Strategy;
3. To review and approve the Annual CAPEX Budget for the whole of the Group Companies of Moser Baer India Limited;
4. To monitor the progress of major Capital projects versus the Annual Business Plan on a quarterly basis;
5. To review and approve individual Capital Appropriation Request (CAR) for large projects in excess of US\$ 5 million per program;
6. To review CARs < US\$ 5 million and > US\$ 1 million on a quarterly basis;

F. BANKING AND FINANCE COMMITTEE

Composition

Mr. Deepak Puri is the Chairman of the Committee. Other members of the Committee are Mrs. Nita Puri and Mr. Ratul Puri. The Company Secretary acts as the Secretary of the Committee.

Terms of reference

The Banking and Finance Committee identifies the fund-based and non-fund based requirements of the Company and approves the availing of these facilities from Banks and Financial Institutions, as and when the need arises, within the limits sanctioned by the Board. The Banking and Finance Committee also authorize the officials of the Company to execute the routine documents on behalf of the Company.

G. PROJECT DEZIRE COMMITTEE

Composition

Mr. Deepak Puri is the Chairman of the Committee. Other members of the Committee are Mr. Ratul Puri, Dr. Vinayshil Gautam, Mr. Arun Bharat Ram, Mr. V.N Koura, and Mr. Viraj Sawhney. The Company Secretary acts as the Secretary of the Committee.

Terms of reference

The Project Dezire Committee has the rights, authorities and powers to do all the acts in relation to or ancillary to any of the related matter including but not limited to the following:

- a) Approving the offer document and filing the same with any authority or persons as may be required;
- b) Approving the issue price and the detailed terms and conditions of the issue of the Securities including determining the conversion price of convertible Securities, the number of equity shares to be allotted, the basis of allocation and allotment of Equity Shares;
- c) To affix the Common Seal of the Company on any agreement(s)/ documents as may be required to be executed in connection with the above, in the presence of any Director of the Company and persons authorized who shall sign the same in token thereof;
- d) To appoint Lead Managers, Underwriters, Guarantors, Depositories, Custodians, Registrars, Trustees, Bankers, Lawyers, Advisors and all such Agencies as may be involved or concerned in such offerings of Securities and to remunerate them by way of commission, brokerage, fees or the like and also to enter into and execute all such arrangements, agreements, memorandum, documents, etc., with such agencies and to remove and modify the terms of appointment of any such agencies;
- e) To issue and allot such number of Equity Shares as may be required to be issued and allotted upon conversion of any Securities or as may be necessary in accordance with the terms of each offering, all such Equity Shares ranking pari passu with the existing Equity Shares of the Company in all respects, except the right as to dividend which shall be as provided under the terms of the issue and each of the offering documents;.
- f) Arranging the delivery and execution of all contracts, agreements and all other documents, deeds, and instruments as may be required or desirable in connection with the issue of Securities by the Company;
- g) To mortgage and/or create a charge on all or any of the moveable, immoveable or intangible assets of the Company including any subsidiary thereof, on such terms and conditions as may be deemed necessary in order to secure the funds raised by the Company, up to USD 165 million or any other transactions contemplated by the aforementioned resolutions.
- h) To pledge or create a lien on all or any of the investments held by the Company including any Subsidiary thereof on such terms and conditions as may be deemed necessary in order to secure the funds raised by the Company, up to USD 165 million or any other transactions contemplated by the aforementioned resolutions;
- i) Taking decision to open the issue, decide issue opening and closing dates of each offering;
- j) Opening and operating such banks accounts, escrow account and demat accounts as may be required for the transaction;
- k) To finalise the terms of the exchange offer, if any to be provided to the existing bond holders and cancel the existing bonds, if required
- l) To consider and finalise various options for such restructuring the liability of the Company, including considering repurchase/early redemption of FCCBs through market purchases or tender offers or a combination thereof, including for exchange with existing FCCBs and/or resetting the conversion price the existing FCCBs, subject to applicable law requisite approvals and to enter into the necessary documentation required for such activities.
- m) To determine the timing, pricing and all the terms and conditions for the aforesaid purchases or tender offers subject to applicable law;
- n) Making all the necessary applications including application for listing of the Equity Shares of the Company on one or more Stock Exchange(s), applications to RBI, SEBI or any other authority wherever required as per applicable laws for any of the transactions or matters contemplated by the aforementioned resolutions and to execute and to deliver or arrange the delivery of the listing agreement(s) or equivalent documentation to the concerned stock exchange(s) and make the necessary regulatory filings in this regard, if required; and

- o) To do all such acts, deeds, matters and things and execute all such other documents, as it may, in its absolute discretion, deem necessary or desirable for the purpose of the transactions or matters and to authorize or delegate all or any of the powers herein above conferred to any or more persons, if needed and to settle all questions, difficulties or doubts that may arise in this regard.

H. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Composition

Mr. Deepak Puri is the Chairman of this Committee. The other members of the Committee are Mrs. Nita Puri, Mr. Viraj Sawhney and Mr. Bernard Gallus.

Scope of work and powers of the Committee are as follows:

- (a) To interpret the organizational CSR objectives and set up specific goals to be achieved towards these objectives.
- (b) To make periodical appraisal of CSR initiatives.
- (c) To decide about resource allocation for each of the focus areas from its corpus.
- (d) To prepare and place before the Board the CSR Annual Report.
- (e) To prepare and lay before the Board 'the Action Plan' for the ensuing year.
- (f) To set up a Trust, to contribute to the trust such funds as may be required from the overall corpus for CSR activity.

- (g) To appoint the Standing Committees and other Committees or sub- Committees, as may be necessary from time to time.
- (h) To delegate any or all of its powers to the Chairman of the Board of Directors, other Committees or Sub-Committees duly appointed.
- (i) To select representatives/candidates from among the members of the Committee for participation in national and international seminars/conferences, workshops, study tours and training courses. The cost shall be borne by the Committee from the CSR budget. However, in case of the Chairman of the Board of Directors, the cost shall be borne by the Company.

4. COMPLIANCE WITH SEBI (PROHIBITION OF INSIDER TRADING) REGULATIONS, 2002

In pursuance of these regulations, the Company has formulated Standing Instructions for the Employees and Directors for dealing in Shares of the Company and these Standing Instructions were implemented with effect from 9th September, 2002 and duly amended from time to time. Various forms have been designed to receive periodical information from the employees and the Directors of the Company, as required in terms of these regulations. Further, the Trading Window for dealing in shares of the Company has been closed for the Directors and employees of the Company as per the following details: -

Dates of closure of trading window	Purpose of closure	Date of Board Meeting for considering the reserved matter(s)
Tuesday, 14 th April, 2009 to Thursday, 30 th April, 2009	Consideration of un-audited financial results for the quarter ended on 31 st March, 2009.	Wednesday, 29 th day of April, 2009
Tuesday, 23 rd June, 2009 to Thursday, 9 th July, 2009	Consideration of the audited financial results for the year ended on 31 st March 2009.	Wednesday, 8 th day of July, 2009
Wednesday, 15 th July, 2009 to Friday, 31 st July, 2009	Consideration of un-audited financial results for the quarter ended on 30 th June, 2009	Thursday, 30 th day of July, 2009
Thursday, 15 th October, 2009 to Saturday, 31 st October, 2009	Consideration of un-audited financial results for the quarter ended on 30 th September, 2009	Friday, 30 th day of October, 2009
Thursday, 14 th January, 2010 to Saturday, 30 th January, 2010	Consideration of un-audited financial results for the quarter ended on 31 st December, 2009	Friday, 29 th day of January 2010

5. PARTICULARS OF ANNUAL GENERAL MEETINGS AND EXTRAORDINARY GENERAL MEETINGS HELD DURING THE LAST THREE YEARS

General Meeting	Date	Time	Venue	Special Resolutions passed
Annual General Meeting	15/06/2007	9:30 A.M.	FICCI Golden Jubilee Auditorium, Federation House, Tansen Marg, New Delhi- 110 001	<p>a) To issue FCCBs/ GDRs/ ADRs and/or Equity Shares through depository receipt mechanism and/or other financial instruments convertible into or linked to Equity Shares, etc for a value upto USD 150 million.</p> <p>b) To increase the remuneration of Mrs. Nita Puri, whole-time Director to Rs. 5,750,000.</p> <p>c) To consider the matter relating to increasing the number of Equity Shares under DSOP-2005 of the Company to 10,00,000.</p> <p>d) To consider the matter relating to capitalizing of reserves of the Company to issue Bonus Equity Shares in the ratio of 1:2.</p> <p>e) To consider the matter relating to alteration of Articles of Association of the Company.</p>
Annual General Meeting	23/07/2008	9:30 A.M.	FICCI Golden Jubilee Auditorium, Federation House, Tansen Marg, New Delhi- 110 001	<p>a) To issue under the Employees' Stock Option Scheme of the company, such number of Equity Shares in the company within the aggregate limit of 6,930,063 Equity Shares (4,400,000 original options and 1,530,063 bonus stock options), as may be decided by the Board, to its employees and Directors (other than Promoter Directors).</p> <p>b) To issue under the Employees' Stock Option Scheme of the company, such number of Equity Shares in the company within the aggregate limit of 6,930,063 Equity Shares (4,400,000 original options and 1,530,063 bonus stock options), as may be decided by the Board, to employees and Directors (other than Promoter Directors) of subsidiary Companies [Whether Indian subsidiary or foreign subsidiary of the Company].</p>

General Meeting	Date	Time	Venue	Special Resolutions passed
Annual General Meeting	08/09/2009	9:30 A.M.	FICCI Golden Jubilee Auditorium, Federation House, Tansen Marg, New Delhi- 110 001	<p>a) To consider the matter relating to entering into a Consulting Agreement with HARCOURT, a company incorporated under the laws of France, and represented by its Managing Partner, Mr. Frank E. Dangeard, Director of the Company.</p> <p>b) To consider the matter relating to approval of Employees' Stock Option Plan-2009 (ESOP-2009) and issue of such number of Equity Shares not exceeding 4,650,413 to its employees and Directors other than Promoter Directors.</p> <p>c) To consider the matter relating to issue under the Employees' Stock Option Plan-2009 (ESOP-2009) of the Company such number of equity shares not exceeding 4,650,413 to employees and Directors of Subsidiary Companies.</p> <p>d) To consider the matter relating to amendment in Employees' Stock Option Scheme (ESOP-2004) of the Company so as to reduce the maximum number of Equity Shares that can be issued under the said plan from 6,930,063 to 5,558,938.</p> <p>e) To consider the matter relating to amendment in Employees' Stock Option Scheme (ESOP-2004) of the Company so as to reduce the maximum number of Equity Shares that can be issued under the said plan, from 6,930,063 to 5,558,938, to employees and Directors of Subsidiary Companies.</p> <p>f) To consider the matter relating to amendment under the Director's Stock Option Scheme (DSOP-2005) of the Company to amend the existing pricing formula.</p>

During the Financial Year 2009-10, the following resolution was passed through Postal Ballot:

I. TO REVISE THE CONVERSION PRICE FOR THE COMPANY EXISTING FCCBS AND ALSO TO OFFER, ISSUE AND ALLOT IN ONE OR MORE TRANCHES, WHETHER RUPEE DENOMINATED OR DENOMINATED IN FOREIGN CURRENCY, IN ONE OR MORE FOREIGN MARKETS, OR BY WAY OF A QUALIFIED INSTITUTIONAL PLACEMENT UNDER THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS 2009 FOR A VALUE OF UP TO US DOLLAR 165 MILLION AS SET OUT IN THE POSTAL BALLOT NOTICE DATED 29TH JANUARY 2010.

"RESOLVED THAT pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any amendments thereto or re-enactment thereof), the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (ICDR Regulations) and subject to such approvals, permissions, consents and sanctions as may be necessary from the Government of India (GOI), the Reserve Bank of India (RBI), the provisions of the Foreign Exchange Management Act, 1999 (FEMA), The Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, The Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993 (1993 Scheme), and subject to the approval, consent, permission and / or sanction of the Ministry of Finance (Department of Economic Affairs) and Ministry of Industry (Foreign Investment Promotion Board / Secretariat for Industrial Assistance) and all other Ministries / Departments of the Government of India, the RBI and the Securities and Exchange Board of India (SEBI) and / or any other competent authorities and the enabling provisions of the Memorandum and Articles of Association of the Company, the Listing Agreements entered into by the Company with the Stock Exchanges where the Company's shares are listed and in accordance with the regulations and guidelines issued by the GOI, RBI, SEBI and any competent authorities and clarifications issued thereon from time to time and subject to all other necessary approvals, permissions, consents and sanctions of concerned statutory and other authorities and subject to such conditions and modifications as may be prescribed by any of them while granting such approvals, permissions, consents and sanctions and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the 'Board', which term shall include any Committee thereof) consent of the shareholders of the Company be and is

hereby accorded to revise the conversion price of the Company's existing Foreign Currency Convertible Bonds (FCCBs) and also to create, offer, issue and allot in one or more tranches, whether rupee denominated or denominated in foreign currency, in the course of international and / or domestic offering(s) in one or more foreign markets, for a value of up to USD 165 Million such number of Global Depository Receipts (GDRs), American Depository Receipts (ADRs), Foreign Currency Convertible Bonds (FCCBs), including for exchange with existing FCCBs, and / or Equity Shares through Depository Receipt Mechanism and / or any Other Financial Instruments (OFIs) convertible into or linked to Equity Shares or with or without detachable warrants with a right exercisable by the warrant holders to convert or subscribe to the Equity Shares or otherwise, in registered or bearer form (hereinafter collectively referred to as the 'Securities') or any combination of Securities to any person including foreign / resident investors (whether institutions, incorporated bodies, mutual funds and / or individuals or otherwise), Foreign Institutional Investors, Promoters, Indian and/or Multilateral Financial Institutions, Mutual Funds, Non- Resident Indians, Employees of the Company and / or any other categories of investors, whether they be holders of shares of the Company or not (collectively called the 'Investors') including allotment in exercise of a green shoe option, if any, by the Company, through private placement(s) or public offers, at such time or times, at such price or prices, at a discount or premium to the market price or prices in such manner and on such terms and conditions including security, rate of interest, etc., as may be decided by and deemed appropriate by the Board in its absolute discretion including the discretion to determine the categories of Investors to whom the offer, issue and allotment shall be made to the exclusion of all other categories of Investors at the time of such issue and allotment considering the prevailing market conditions and other relevant factors wherever necessary in consultation with the Lead Managers, as the Board in its absolute discretion may deem fit and appropriate.

RESOLVED FURTHER THAT subject to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any amendments thereto or re-enactment thereof), approval of the shareholders and the provisions of Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009 ('ICDR Regulations') and the provisions of the Foreign Exchange Management Act, 2000 (FEMA), Foreign Exchange Management (Transfer or Issue of Security by a Person

Resident Outside India) Regulations, 2000, the Board may at their absolute discretion, issue, offer and allot Equity Shares or Warrants convertible into Equity Shares simultaneously with non convertible debentures up to the amount of USD 165 Million inclusive of such premium, as specified above, to Qualified Institutional Buyers (as defined by the ICDR Regulations) pursuant to a qualified institutional placement, as provided under Chapter VIII of the ICDR Regulations.

RESOLVED FURTHER THAT if any issue of Securities is made by way of a Qualified Institutions Placement in terms of Chapter VIII of the ICDR Regulations (hereinafter referred to as 'Eligible Securities' within the meaning of the ICDR Regulations), the Eligible Securities, or any combination of Eligible Securities as may be decided by the Board, issued for such purpose, shall be fully paid-up and the allotment of such Eligible Securities or any combination thereof, shall be completed within twelve months from the date of this resolution or such other time as may be allowed under the ICDR Regulations from time to time at such price being not less than the price determined in accordance with the pricing formula provided under Chapter VIII of the ICDR Regulations and the Eligible Securities shall not be eligible to be sold for a period of twelve months from the date of allotment, except on a recognized stock exchange, or except as may be permitted from time to time under the ICDR Regulations.

RESOLVED FURTHER THAT in the event that Equity Shares are issued to Qualified Institutional Buyers under Chapter VIII of the ICDR Regulations, the relevant date for the purpose of pricing of the securities shall be determined by the Board and at a price being not less than the price determined in accordance with the pricing formula provided under Chapter VIII of the ICDR Regulations subsequent to the receipt of shareholders' approval in terms of Section 81(1A) and other applicable provisions, if any, of the Companies Act and other applicable laws, regulations and guidelines

RESOLVED FURTHER THAT in the event that Warrants which are convertible into Equity Shares of the Company are issued simultaneously with non convertible debentures to Qualified Institutional Buyers under Chapter VIII of the ICDR Regulations, the relevant date for the purpose of pricing of such securities, shall be the meeting in which the Board decides to open the issue of such Warrants simultaneously with non convertible debentures subsequent to the receipt of shareholders' approval in terms of Section 81(1A) and other applicable provisions, if any, of the Companies Act and other applicable laws, regulations and guidelines OR the date on which the holder of such Warrants, which are convertible into or exchangeable with the Equity Shares,

becomes entitled to apply for the Equity Shares against such Warrants.

RESOLVED FURTHER THAT in the event the Securities are proposed to be issued through international offerings, the relevant date for the purpose of pricing the Securities shall be the meeting in which the Board decides to open the issue of such Securities subsequent to the receipt of shareholders' approval in terms of Section 81(1A) or as may be determined in accordance with the Companies Act, other applicable laws, regulations and guidelines and in accordance with the 1993 Scheme and other applicable pricing provisions issued by the Ministry of Finance and/or RBI.

RESOLVED FURTHER THAT without prejudice to the generality of the above, the aforesaid Securities and the Eligible Securities may have such features and attributes or any terms or combination of terms in accordance with international practices to provide for the tradability and free transferability thereof as per the prevailing practices and regulations in the capital markets including but not limited to the terms and conditions in relation to payment of interest, additional interest, premium on redemption, prepayment and any other debt service payments whatsoever including terms for issue of additional Equity Shares or variation of the conversion price of the Securities and the Eligible Securities during the duration of the Securities and the Eligible Securities and the Board be and is hereby authorised in its absolute discretion, in such manner as it may deem fit, to dispose off such of the Securities and the Eligible Securities that are not subscribed.

RESOLVED FURTHER THAT:

- (i) the Securities to be so created, offered, issued and allotted shall be subject to the provisions of the Memorandum and Articles of Association of the Company; and
- (ii) the underlying Equity Shares shall rank *pari passu* with the existing Equity Shares of the Company.

RESOLVED FURTHER THAT the issue of Equity Shares underlying the Securities to the holders of the Securities shall, *inter alia*, be subject to the following terms and conditions:

- (a) in the event of the Company making a bonus issue by way of capitalisation of its profits or reserves prior to the allotment of the Equity Shares, the number of shares to be allotted shall stand augmented in the same proportion in which the Equity Share capital increases as a consequence of such bonus issue and the premium, if any, shall stand reduced *pro tanto*;

- (b) in the event of the Company making a rights offer by issue of Equity Shares prior to the allotment of the Equity Shares, the entitlement to the Equity Shares shall stand increased in the same proportion as that of the rights offer and such additional Equity Shares shall be offered to the holders of the Securities or the Eligible Securities at the same price at which the same are offered to the existing shareholders; and
- (c) in the event of any merger, amalgamation, takeover or any other re-organisation, the number of shares, the price and the time period as aforesaid shall be suitably adjusted.

RESOLVED FURTHER THAT the Board be and is hereby authorised to appoint Lead Managers, Underwriters, Guarantors, Depositories, Custodians, Registrars, Trustees, Bankers, Lawyers, Advisors and all such Agencies as may be involved or concerned in such offerings of Securities or the Eligible Securities and to remunerate them by way of commission, brokerage, fees or the like and also to enter into and execute all such arrangements, agreements, memorandum, documents, etc., with such agencies and also to seek the listing of such Securities on one or more national and international Stock Exchange(s).

RESOLVED FURTHER THAT subject to applicable law or regulatory approvals that may be required, the Board be and is hereby authorised to issue and allot such number of Equity Shares as may be required to be issued and allotted upon conversion of any Securities including additional equity shares to be issued on revision of conversion price of the outstanding Foreign Currency Convertible Bonds (FCCBs) of the company, or the Eligible Securities or as may be necessary in accordance with the terms of the offering, all such Equity Shares ranking pari passu with the existing Equity Shares of the Company in all respects, except the right as to dividend which shall be as provided under the terms of the issue and in the offering documents.

RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board be and is hereby authorised to determine the form, terms and timing of the Issue(s), including the class of investors to whom the Securities or the Eligible Securities are to be allotted, number of Securities or the Eligible Securities to be allotted in each tranche, issue price, face value, premium amount on issue / conversion of Securities / exercise of warrants / redemption of Securities, rate of interest, redemption period, listings on one or more stock exchanges in India and / or abroad as the Board in its absolute discretion deems fit and to make and accept any modifications in

the proposal as may be required by the authorities involved in such issues in India and/or abroad, to do all acts, deeds, matters and things and to settle any questions or difficulties that may arise in regard to the Issue(s).

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolutions, the Board be and is hereby authorized to do all such acts, deeds, matters and things including but not limited to finalization and approval of the preliminary as well as final offer documents(s), execution of various transaction documents, creation of mortgage / charge in accordance with Section 293(1)(a) of the Companies Act, 1956, in respect of any Securities or the Eligible Securities as may be required either on pari passu basis or otherwise as it may in its absolute discretion deem fit and to settle all questions, difficulties or doubts that may arise in regard to the issue, offer or allotment of Securities or Eligible Securities and utilization of the issue proceeds as it may in its absolute discretion deem fit without being required to seek further consent or approval of the members or otherwise to the end and intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution."

Details of Voting Pattern

Number of valid postal ballot forms received	193
Votes in favour of the Resolution	2,77,40,242
Votes against the Resolution	12,46,338
Number of invalid postal ballot forms received	44

The special resolution as set out in the Notice dated 29th January, 2010 was, therefore, duly approved by the requisite majority of the shareholders on 12th March, 2010.

Person who conducted the postal ballot exercise - The Company had appointed Mr. D.P. Gupta, Practicing Company Secretary as the Scrutinizer for conducting the postal ballot process in a fair and transparent manner.

Procedure to carry out the postal Ballot:

The respective Notice under Section 192A (2) of the Companies Act, 1956, was sent to all shareholders for obtaining the consent of the shareholders. Mr. D.P. Gupta, scrutinizer, had carried out the scrutiny of all the postal ballot forms received from the shareholders and submitted his report to the Board of Directors of the Company.

6. DISCLOSURES

- a) Disclosures on materially significant related party transactions, i.e. transactions of the Company of material nature, with its Promoters, Directors or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interest of the Company at large - NIL.
- b) Disclosure of accounting treatment, if different, from that prescribed in Accounting Standards with explanation -Not applicable.
- c) Details of non-compliance by the Company, penalties, strictures imposed by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years- NIL.
- d) Mr. Ratul Puri, Executive Director is a son of Mr. Deepak Puri, Managing Director and Mrs. Nita Puri, Whole Time Director is a wife of Mr. Deepak Puri, Managing Director.

7. MEANS OF COMMUNICATION

- a) The Company ensures that its quarterly and annual financial results are sent to the concerned Stock Exchanges immediately after the same have been considered and taken on record by the Board of Directors. The Company also ensures that its annually/quarterly financial results are also published in any of the following newspapers:
 - (i) The Economic Times.
 - (ii) Business Standard
 - (iii) The Times of India.
 - (iv) The Financial Times
 - (v) The Financial Express
 - (vi) The Pioneer
 - (vii) Mumbai Mirror
 - (viii) Hindu Business Line
 - (ix) Hindustan Hindi
 - (x) Veer Arjun
 - (xi) Navbharat Times.
 - (xii) Jansatta

The details of the publications of the financial results in the year under review are as under:	Publication Date
Audited financial results for the year ended on March 31, 2009	10 th day of July, 2009
Unaudited financial results for the first quarter ended on June 30, 2009	1 st day of August, 2009
Unaudited financial results for the second quarter ended on September 30, 2009	1 st day of November, 2009
Unaudited financial results for the third quarter ended on December 31, 2009	30 th day of January, 2010
Unaudited financial results for the fourth quarter ended on March 31, 2010	2 nd day of May, 2010

- b) The Company also ensures that these results are promptly and prominently displayed on the Company's website:- www.moserbaer.in
- c) The Company also complies with SEBI regulations regarding filing of its financial results under the EDIFAR system. As per circular no. CIR/CFD/DCR/3/2010 dated 19th April, 2010 issued by SEBI; the EDIFAR filing under clause 51 of the listing agreement has been revoked.
- d) The Company's official news releases are also displayed on the Company's web site.
- e) Management Discussion and Analysis Report (MD & A) is a part of the Annual Report of the Company for the year 2009-10.

8. CODE OF CONDUCT

As per Clause 49 of the listing agreement, the company has formulated a Code of Conduct each for the Directors and Senior Management and the same have been placed on the website of the Company. The declaration of the Managing Director regarding the compliance with the Codes of Conduct by Directors and the senior managerial personnel is given in the Annual Report.

9. GENERAL SHAREHOLDER INFORMATION

a) 27th ANNUAL GENERAL MEETING

Date : 30th September, 2010

Time : 9.30 A.M.

Venue : FICCI Auditorium, New Delhi

- b) **FINANCIAL CALENDAR:**
1st April to 31st March
- c) **BOOK CLOSURE:**
29th September, 2010 to 30th September, 2010
- d) **DIVIDEND PAYMENT DATE:**
The dividend for the year 2009-10 as recommended by the Directors and if declared at the forthcoming Annual General Meeting, will be paid on or before 29th October, 2010 (Friday) to those members whose names appear:-
- A. as beneficial owners as at the closure of business hours on 28th September, 2010 as per the list being furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of the shares held in electronic form, and
- B. as members in the Register of Members of the Company as at the closure of business hours on 28th September, 2010
- e) **LISTING**
The Equity Shares of the Company are listed at the following Stock Exchanges:
- i) Bombay Stock Exchange Limited at Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400 001.
- ii) National Stock Exchange of India Limited at 'Exchange Plaza', Bandra - Kurla Complex, Bandra (East), Mumbai- 400 051.
- The Company has paid the Annual Listing Fees for the year 2010-11 to Bombay Stock Exchange Limited and to National Stock Exchange of India Limited
- f) **STOCK CODE**
- i) Bombay Stock Exchange is: 517140
- ii) National Stock Exchange is: MOSERBAER

g) **TOP TEN SHAREHOLDERS AND THE SHAREHOLDERS HOLDING MORE THAN 1% OF SHARE CAPITAL**

Top Ten Shareholders of the Company as on 31st March, 2010

S. No.	Name of the Shareholders	No. of Shares	% of Shares
1.	Woodgreen Investments Ltd.	22,050,000	13.10
2.	Mr. Ratul Puri	16,143,753	9.59
3.	International Finance Corporation	15,076,791	8.96
4.	Electra Partners Mauritius Ltd.	9,960,345	5.92
5.	Ealing Investments Ltd.	9,600,000	5.70
6.	Bloom Investments Ltd.	9,600,000	5.70
7.	Randall Investments Ltd.	9,600,000	5.70
8.	Winterfall Ltd.	5,849,572	3.48
9.	Mr. Deepak Puri	5,762,973	3.42
10.	ELM International Ltd.	5,634,855	3.35

Shareholders holding 1% and more shares as on 31st March, 2010

S. No.	Name of the Shareholders	No. of Shares	% of Shares
1.	Woodgreen Investments Ltd.	22,050,000	13.10
2.	Mr. Ratul Puri	16,143,753	9.59
3.	International Finance Corporation	15,076,791	8.96
4.	Electra Partners Mauritius Ltd.	9,960,345	5.92
5.	Ealing Investments Ltd.	9,600,000	5.70
6.	Bloom Investments Ltd.	9,600,000	5.70
7.	Randall Investments Ltd.	9,600,000	5.70
8.	Winterfall Ltd.	5,849,572	3.48
9.	Mr. Deepak Puri	5,762,973	3.42
10.	ELM International Ltd.	5,634,855	3.35
11.	Mrs. Nita Puri	3,434,631	2.04
12.	Reliance Capital Trustee Company Ltd. A/c Reliance Growth Fund	3,055,099	1.82

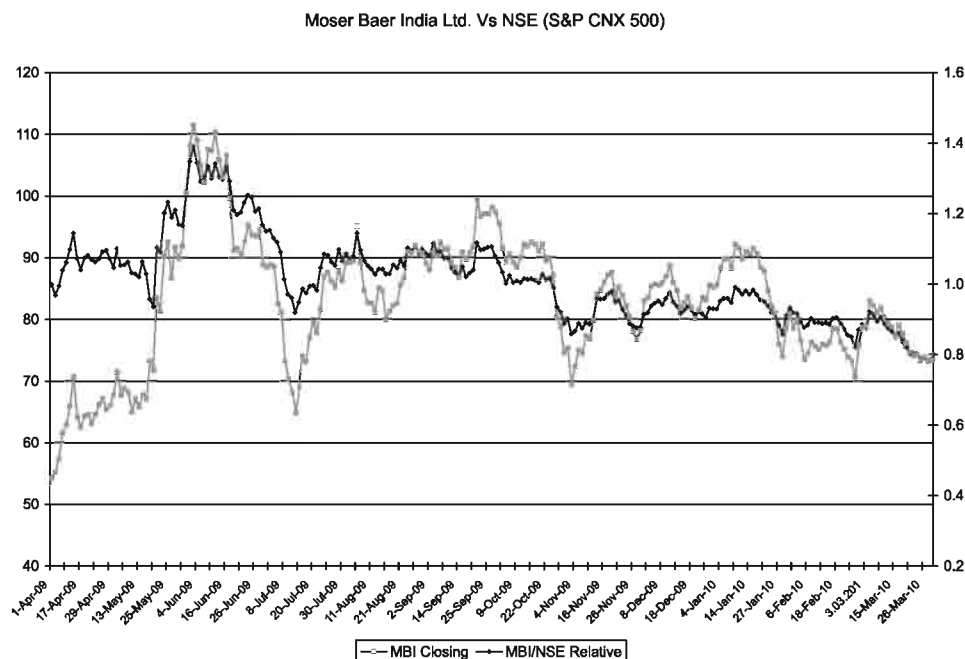
h) STOCK PRICE DATA

Stock Market Data at BSE and NSE for the period 1st April, 2009 to 31st March, 2010

Monthly high and low quotations of shares traded at Bombay Stock Exchange Ltd. (BSE) and National Stock Exchange Ltd. (NSE) are as follows: -

MONTHS	BSE		NSE	
	Highest	Lowest	Highest	Lowest
April, 2009	74.60	52.55	74.75	50.00
May, 2009	96.80	63.15	95.25	63.40
June, 2009	114.55	86.50	114.90	85.00
July, 2009	91.75	63.50	91.80	63.50
August, 2009	95.95	78.90	95.85	77.00
September, 2009	102.30	85.00	102.25	86.10
October, 2009	97.70	74.00	97.70	73.50
November, 2009	88.65	68.75	89.80	68.65
December, 2009	90.50	78.50	90.00	78.50
January, 2010	94.20	71.50	94.10	71.20
February, 2010	84.25	70.20	84.20	70.00
March, 2010	83.75	59.10	83.80	72.75

i) STOCK PERFORMANCE IN COMPARISON TO NSE INDEX (S&P CNX 500):-



j) DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH, 2010

No. of Equity Shares held	No. of shareholders	%age of shareholders	No. of shares	%age of shares
Upto 5,000	107,370	99.41%	23,425,335	13.92%
5,001 to 10,000	321	0.30%	2,328,636	1.38%
10,001 to 20,000	139	0.13%	2,073,204	1.23%
20,001 to 30,000	39	0.04%	988,503	0.59%
30,001 to 40,000	29	0.03%	1,007,171	0.60%
40,001 to 50,000	16	0.01%	717,052	0.43%
50,001 to 100,000	25	0.02%	1,721,878	1.02%
100,001 & above	66	0.06%	136,044,325	80.83%
Total	108,005	100%	168,306,104	100%

k) REGISTRAR AND SHARE TRANSFER AGENTS

MCS Limited is the Registrar & Share Transfer Agent of the Company and its office is located at F- 65, 1st Floor, Okhla Industrial Area, Phase- I, New Delhi - 110 020. Contact Person is Mr. Anirudh Mitra. He can be contacted at the following numbers:-

Phone numbers : (011) 41406149/ 41406151/
41406152/ 41709885/ 41609386

Fax number : (011) 41709881

E-mail address : admin@mcsdel.com

l) SHARE TRANSFER SYSTEM

The application for transfer, transmission and transposition of shares are received by the Company at its registered office or at the office of Registrars and Share Transfer Agent- M/s. MCS Limited.

Following is the procedure of transfer of physical share certificates:-

- i) Entry of share certificate details and particulars of the transferee in the computer on receipt thereof in the office.
- ii) Scrutiny of transfer deeds.
- iii) Tallying of transferor's signature with the specimen signature available with the Registrar and Share Transfer Agent.
- iv) Data entry of transfer deeds.
- v) Preparation of objection memos and notices in respect of un-transferred shares.
- vi) Generation of checklist for valid transfer deeds.
- vii) Correction of data in the computer system on the basis of changes marked in the checklist.

viii) Recording of transfer of shares in the computer system.

ix) Endorsement and signatures on the reverse side of the share certificates.

x) Generation of covering letters for the transferred share certificates and dispatch of transferred share certificates, objection memos and notices by registered post.

Following is the procedure for dematerialization of shares -

- i) Entry of the share certificates and the dematerialization request form in the computer.
- ii) Scrutiny of the share certificates and the dematerialization request form in the computer.
- iii) Tallying of signature of the shareholder on the dematerialization request form with the specimen signature available with the Registrar and Share Transfer Agent.
- iv) Data entry of dematerialization request forms.
- v) Generation of checklist.
- vi) Change of shares from physical to dematerialized mode.
- vii) Send confirmation to NSDL and CDS (I) L.

m) DEMATERIALISATION OF SHARES AND LIQUIDITY

The Equity Shares of the Company are actively traded at major Stock Exchanges in dematerialized mode. As on 31st March 2010, 93.26% of the shares were held in dematerialized mode by 97.46% of the total shareholders of the Company.

- n) PLANT LOCATIONS
- i) 66, NSEZ, Noida, District- Gautam Budh Nagar U.P.
 - ii) A-164, Sector 80 Noida- II, Distt. Gautam Budh Nagar U.P.
 - iii) 66, Udyog Vihar Industrial Area, Greater Noida, U.P.
- o) As on 31st March, 2010, no convertible securities including Global Depository Receipts were outstanding for conversion into an equal number of Equity Shares.

p) ADDRESS FOR CORRESPONDENCE

- i) All correspondence regarding transfer and dematerialization of share certificates should be addressed to our Registrar and Share Transfer Agent - MCS Limited located at F- 65, 1st Floor, Okhla Industrial Area, Phase-I, New Delhi - 110020.

Following are the contact numbers:

Telephone numbers - 41406149/
41406151/ 41406152/ 41709885/ 41609386

Fax number - 41709881

E-mail address - admin@mcsdel.com

- ii) For any other information, the shareholders may contact the Company Secretary at the Registered Office of the Company located at 43-B, Okhla Industrial Estate, New Delhi 110020.

Following are the contact nos.:-

Telephone numbers: (011)40594444

Fax numbers: (011) 41635211/26911860

E-mail address: shares@moserbaer.net

10. OTHER INFORMATION

- a. In terms of the provisions of Section 205C of the Companies Act, 1956, unclaimed equity dividend for the year 1995-96, 1996-97, 1997-98 and 1998-99, 1999-2000, 2000-2001 and 2001-2002 has been transferred to the Investor Education and Protection Fund.
- b. The Company will transfer the amount remaining unpaid in its dividend account for the year 2002-2003 to the Investor Education and Protection Fund by Friday, 24th December, 2010. Those members who have not yet encashed their dividend warrants for the said year may refer the matter along with relevant details to the Company Secretary at the Registered

Office of the Company located at 43-B, Okhla Industrial Estate, New Delhi-110020 latest by Friday, 26th November, 2010 to claim their unpaid dividend.

11. ADOPTION OF NEW CORPORATE GOVERNANCE CLAUSE

Compliance with mandatory and non-mandatory list of items:-

Your Company ensures that it complies with all the mandatory list of items mentioned in the corporate governance clause. It will endeavour, in future, to comply with the following non-mandatory list of items provided in the corporate governance clause; wherever applicable

1. The Chairman of the Board

The Chairman of the Company is an Executive Director thus, the entitlement to maintain Chairman's office at the Company's expense and further reimbursement of expenses incurred in performance of his duties is not applicable to the Company.

2. Remuneration Committee

The Board has constituted a Compensation Committee of the Company comprising Independent Directors for determining remuneration packages (including any other compensation) for Executive Directors.

3. Shareholders Rights

The Company publishes its quarterly results in the leading newspapers and had been regularly uploading the results at the EDIFAR of SEBI. As per circular no. CIR/CFD/DCR/3/2010 dated 19th April, 2010 issued by SEBI; the EDIFAR filing under clause 51 of the listing agreement has been revoked. Further, the Company always ensures to regularly update the financial statements and key events on its website. However, the Company does not send the declaration of the half yearly financial performance or a summary of significant events to each shareholder of the Company.

4. Postal Ballot

The company believes that the shareholders, who are unable to attend the meetings, do also vote on matters requiring the approval of the shareholders of the Company. As elaborately mentioned above, certain matters reserved for postal ballot as per listing agreement are passed through vote by postal ballot during the period under review.

5. Audit Qualifications

The report of Statutory Auditors' of the Company is attached to the financial statements of the Company. The Company has always strived and achieved the regime of unqualified Auditors Report.

6. Training of Board Members

The Company endeavours to organize training programme for its Board members

7. Mechanism for evaluating Non-Executive Board members.

The performance evaluation of Non-Executive Directors will be done in the due course of time.

8. Whistle Blower Policy:

The Company has formulated a Code of Conduct for its Directors and Senior Managerial Personnel which allows them to report any matter relating to unethical conduct or conflict of interest to their immediate supervisor. However, the Company does not have any formal Whistle Blower policy but the employees are free to report any matter relating to misconduct to their superiors.

CERTIFICATE FOR COMPLIANCE WITH THE CODE OF ETHICS

This is to certify that, to the best of my knowledge and belief, for the financial year ended on 31st March, 2010, all the Board members and Senior Management Personnel have affirmed compliance with the code of ethics for Directors and Senior Management respectively.

Sd/-

Date: 12th July, 2010

Place: New Delhi

Deepak Puri

Chairman and Managing Director

COMPLIANCE WITH THE CODE OF ETHICS

Good Corporate Governance ultimately requires people of integrity. A Code of Conduct is an effective way to guide the behaviour of Directors and Senior Management Personnel to demonstrate the commitment of the Company to ethical practices. The Code has been circulated to all the members of the Board and Senior Management and the compliance of the same has been affirmed by them. A declaration signed by the Managing Director to this effect is given below:

MANAGING DIRECTOR AND GROUP CHIEF FINANCIAL OFFICER CERTIFICATION

We, Deepak Puri, Managing Director and Yogesh Mathur, Group CFO of Moser Baer India Limited certify to the Board that:

- (a) We have reviewed financial statements and the cash flow statement for the financial year ended on 31st March, 2010, and that to the best of our knowledge and belief:
- (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit committee:-
- (i) significant changes, if any, in internal control over financial reporting during the year:
During the financial year ended on 31st March, 2010, there were no significant changes in internal control over financial reporting.
 - (ii) significant changes, if any, in accounting policies during the year and that the same have been disclosed in the notes to the financial statements.
During the financial year ended on 31st March, 2010, there were no significant changes in accounting policies.
 - (iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.
During the financial year ended on 31st March, 2010, there were no instances of the above nature.

Sd/-

Sd/-

Date : 12th July, 2010
Place: New Delhi

Deepak Puri
Chairman & Managing Director

Yogesh Mathur
Group CFO

AUDITOR'S CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To the Members of Moser Baer India Limited

We have examined the compliance of conditions of Corporate Governance by Moser Baer India Limited, for the year ended March 31, 2010, as stipulated in Clause 49 of the Listing Agreement(s) of the said Company with stock exchange(s) in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of 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 our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement(s).

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

Place: Gurgaon
Date : 12th July, 2010

For Price Waterhouse
Firm Registration Number : 007568S
Chartered Accountants

Anuradha Tuli
Partner
Membership Number : F-85611

AUDITORS' REPORT TO THE MEMBERS OF MOSER BAER INDIA LIMITED

1. We have audited the attached Balance Sheet of Moser Baer India Limited (the "Company") as at March 31, 2010, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order"), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we further report that:
 - i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
 - (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed.
 - (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
 - ii. (a) The inventory (excluding stocks with third parties) has been physically verified by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.
 - (b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
 - iii. The Company has not taken/granted any loans, secured or unsecured, from/to companies, firms or other parties covered in the register maintained under Section 301 of the Act. As the Company has not taken/granted any loans, secured or unsecured, from/to companies, firms or other parties covered in the register maintained under Section 301 of the Act, clauses (iii)(b), (iii)(c), (iii)(d), (iii)(f) and (iii)(g) of paragraph 4 of the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 are not applicable to the Company for the current year.
 - iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.

- v. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- vii. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- viii. The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products of the Company.
- ix. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is **generally** regular in depositing the undisputed statutory dues of income-tax, sales-tax and value added tax and regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income-tax, sales-tax, wealth-tax, service-tax, customs duty, excise duty and cess as at March 31, 2010 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where the dispute is pending
Tax on Entry of Goods Act, 2000	On purchase of diesel and cement	960,858 (686,322)	2003-04	Trade Tax Tribunal
	On purchase of capital goods	106,059,645	1999-01	Supreme Court of India
	On purchase of diesel and cement	15,044,992	2004-05	High Court, Lucknow
	On purchase of furnace oil and cement	2,197,204 (1,001,764)	2005-06, 2006-07	Joint Commissioner Appeals
Central Excise Act, 1944 and Customs Act, 1962	Customs duty on import of aluminum sheets	1,841,000	1999-2000	Supreme Court of India
Central Excise Act, and Customs Act, 1962	Customs duty on royalty charges for replicating CD ROM	2,275,310 (500,000)	2001-02	Customs, Excise and Service Tax Appellate Tribunal
	Additional custom duty levied on sales from Export Oriented Unit to Domestic Tariff Area	290,248,354	2006-07 2007-08	Commissioner, Customs & Central Excise, Noida
	Export Duty on Iron & Steel items procured by SEZ from DTA	9,749,862	2008-09	High Court, Allahabad
Service Tax Act, 1994	Service tax on services provided to foreign suppliers	824,004	2000-02	Commissioner (Appeals), Customs & Central Excise, Noida
		64,247,396	2000-02, 2003-04	Commissioner Customs & Central Excise, Noida

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where the dispute is pending
		5,440,788	1999-00	Deputy Commissioner, Customs & Central Excise, Noida
	CENVAT credit availed on IPR Services	3,920,092 63,316,734	2000-02 2005-06	High Court, Delhi Central Excise and Service Appellate Tribunal
	CENVAT credit availed on Service tax paid on insurance policy	7,795,797 (2,953,470)	2008-09	Commissioner Customs & Central Excise, Noida
Central Sales Tax, 1956	Central Sales Tax	69,622,366 (6,815,045)	2003-07	Joint Commissioner (Appeals), Noida
UP Trade Tax Act, 1948	UP Trade Tax 1,750,579	654,072 2005-06	2004-05,	Joint Commissioner (Appeals), Noida
Income Tax Act, 1961	Non-deduction of TDS on interest paid	66,117,134 (34,500,000)	2004-05 2005-06 2006-07 2007-08	Commissioner of Income Tax (Appeals)

Notes:

1. The above details exclude Departmental Appeals to higher authorities as there is no stay on the order of lower authority favouring the Company and the amount is not ascertainable.
 2. The figures in brackets represent amounts deposited under protest and demands shown against them are net of such deposits.
- x. The Company has no accumulated losses as at March 31, 2010 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
 - xi. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
 - xii. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
 - xiii. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund/ societies are not applicable to the Company.
 - xiv. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
 - xv. In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company, for loans taken by others from banks or financial institutions during the year, are not prejudicial to the interest of the Company.
 - xvi. In our opinion, and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.
 - xvii. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
 - xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.

- xix. As the Company has not issued any debentures during the year and no debentures are outstanding as at the year end, clause (xix) of paragraph 4 of the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 is not applicable to the Company for the current year.
- xx. The Company has not raised any money by public issues during the year. The Management has disclosed the end use of monies during the year, out of public issue raised in the earlier year (Refer Note 16 (b) of Schedule 22 Part-B) which has been verified by us.
- xxi. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.
4. Further to our comments in paragraph 3 above, we report that:
- (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
- (e) On the basis of written representations received from the directors, as on March 31, 2010 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
- (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give, in the prescribed manner, the information required by the Act, and give a true and fair view in conformity with the accounting principles generally accepted in India:
- (i) in the case of the Balance Sheet, of the state of affairs of the company as at March 31, 2010;
- (ii) in the case of the Profit and Loss Account, of the loss for the year ended on that date; and
- (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For Price Waterhouse
Firm Registration Number: 007568S
Chartered Accountants

.....
Anuradha Tuli

Partner
Membership Number: F 085611

Place : Gurgaon
Date : July 12, 2010

MOSER BAER INDIA LIMITED
BALANCE SHEET AS AT MARCH 31, 2010

	<u>Schedule</u>	<u>As at 31.03.2010</u> <u>Rs.</u>	<u>As at 31.03.2009</u> <u>Rs.</u>
SOURCES OF FUNDS:			
SHAREHOLDERS' FUNDS:			
Capital	1	1,683,061,040	1,683,061,040
Reserves and Surplus	2	<u>15,237,103,434</u>	<u>15,150,682,294</u>
		16,920,164,474	16,833,743,334
LOAN FUNDS:			
Secured Loans	3	16,750,167,465	14,875,284,907
Unsecured Loans	4	5,084,122,672	8,548,817,760
TOTAL		<u>38,754,454,611</u>	<u>40,257,846,001</u>
APPLICATION OF FUNDS:			
FIXED ASSETS:			
Gross Block	5	43,805,196,089	47,570,542,615
Less: Accumulated Depreciation/ Amortisation		<u>26,095,380,376</u>	<u>23,174,191,659</u>
Net Block		17,709,815,713	24,396,350,956
Capital Work-in-progress	5	<u>558,661,008</u>	<u>1,671,479,500</u>
		18,268,476,721	26,067,830,456
INVESTMENTS	6	5,993,089,505	2,770,121,690
CURRENT ASSETS, LOANS AND ADVANCES:			
Inventories	7	6,140,673,352	6,296,739,651
Sundry Debtors	8	6,389,861,525	3,984,299,485
Cash and Bank	9	2,328,944,021	4,341,547,057
Other Current Assets	10	65,432,794	73,818,875
Loans and Advances	11	<u>7,567,057,584</u>	<u>3,391,575,346</u>
		22,491,969,276	18,087,980,414
Less: CURRENT LIABILITIES AND PROVISIONS:	12		
Current Liabilities		6,551,075,752	5,310,875,158
Provisions		<u>1,448,005,139</u>	<u>1,357,211,401</u>
		7,999,080,891	6,668,086,559
Net Current Assets		<u>14,492,888,385</u>	<u>11,419,893,855</u>
TOTAL		<u>38,754,454,611</u>	<u>40,257,846,001</u>
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS	22		

This is the Balance Sheet referred to in our report of even date.

The schedules referred to above form an integral part of the Balance Sheet.

By order of the Board
for and on behalf of MOSER BAER INDIA LIMITED

For Price Waterhouse
Firm Registration Number : 007568S
Chartered Accountants

Deepak Puri
Chairman and
Managing Director

Ratul Puri
Executive Director

Anuradha Tuli
Partner
Membership Number : F-85611

Minni Katariya
Head Legal and
Company Secretary

Yogesh Mathur
Group CFO

Place: New Delhi
Date: July 12, 2010

MOSER BAER INDIA LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	<u>Schedule</u>	<u>Year ended 31.03.2010</u>	<u>Year ended 31.03.2009</u>
		<u>Rs.</u>	<u>Rs.</u>
INCOME:			
Gross Sales (Refer Note 2 of Schedule 22 Part-A and Note 21 of Schedule 22 Part-B)		20,517,645,864	22,044,956,409
Less: Excise Duty	13	<u>531,266,917</u>	<u>675,201,747</u>
Net Sales		19,986,378,947	21,369,754,662
Services (Refer Note 14 of Schedule 22 Part-B)	14	<u>588,530,336</u>	<u>441,286,398</u>
		20,574,909,283	21,811,041,060
Other Income	15	2,296,943,741	1,438,135,379
Increase in stock of Finished Goods, Work in Progress, Traded Goods and Film Rights	16	<u>130,556,647</u>	<u>195,471,688</u>
		<u>23,002,409,671</u>	<u>23,444,648,127</u>
EXPENDITURE:			
Purchase of Traded Goods and Film Rights		867,068,776	1,520,797,811
Cost of Film Production		81,007,222	144,295,501
Raw Materials and Components Consumed		7,087,770,059	7,882,894,473
Packing Materials Consumed		1,726,462,812	2,192,297,228
Stores, Spares and Tools Consumed		662,940,049	762,458,728
Personnel Expenses	17	2,264,764,597	2,227,980,276
Administration and Other Expenses	18	4,052,010,683	4,274,641,930
Interest and Finance Charges	19	1,868,342,080	2,053,158,969
Depreciation/ Amortisation	20	<u>4,918,859,810</u>	<u>4,971,430,515</u>
		<u>23,529,226,088</u>	<u>26,029,955,431</u>
(Loss) before Exceptional Items and Tax		<u>(526,816,417)</u>	<u>(2,585,307,304)</u>
Exceptional Items	21	<u>88,230,721</u>	<u>1,001,343,074</u>
(Loss) before Tax		<u>(438,585,696)</u>	<u>(1,583,964,230)</u>
Tax Expense: (Refer Note 11 of Schedule 22 Part-A)			
Current Tax (Current year represents excess provisions of earlier years written back)		(74,243,928)	(37,797)
Fringe Benefit Tax (Current year represents amount written back)		(2,275,022)	16,339,398
Deferred Tax (net) (Refer Note 8 of Schedule 22 Part-B)		-	(91,604,469)
Net (Loss) after Tax		<u>(362,066,746)</u>	<u>(1,508,661,362)</u>
Add:- Balance brought forward from last year		-	260,110,876
Net (Loss)		<u>(362,066,746)</u>	<u>(1,248,550,486)</u>
APPROPRIATIONS:			
Proposed Dividend:			
-on Equity Shares		100,983,662	101,058,662
Corporate Tax on Proposed Dividend		16,772,124	17,174,919
Transferred to General Reserve		(479,822,532)	(1,366,784,067)
Total		<u>(362,066,746)</u>	<u>(1,248,550,486)</u>
Earnings/(Loss) Per Share (Face Value of Rs. 10 each)			
Basic		(2.15)	(8.96)
Diluted		(2.15)	(8.96)
(Refer Note 16 of Schedule 22 Part-A and Note 12 of Schedule 22 Part-B)			
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS			
22			

This is the Profit and Loss Account referred to in our report of even date.

The schedules referred to above form an integral part of the Profit and Loss Account

By order of the Board
for and on behalf of MOSER BAER INDIA LIMITED

For Price Waterhouse
Firm Registration Number : 007568S
Chartered Accountants

Deepak Puri
Chairman and
Managing Director

Ratul Puri
Executive Director

Anuradha Tuli
Partner
Membership Number : F-85611

Minni Katariya
Head Legal and
Company Secretary

Yogesh Mathur
Group CFO

Place: New Delhi
Date: July 12, 2010

MOSER BAER INDIA LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

	<u>Year ended 31.03.2010</u>	<u>Year ended 31.03.2009</u>
	<u>Rs.</u>	<u>Rs.</u>
Cash flow from operating activities:		
Net (Loss) before tax	(438,585,696)	(1,583,964,230)
Adjustments for:		
Depreciation	4,918,859,810	4,971,430,515
Interest Expense	1,715,483,289	1,968,581,188
Interest Income	(200,872,052)	(350,264,169)
(Profit)/ Loss on sale of entertainment business	(64,041,243)	-
(Profit)/ Loss on sale of Fixed Assets	4,512,669	(2,674,638)
(Profit)/ Loss on sale of Current Investments	-	(1,659,886)
Debts/ Advances Written off	2,370,278	21,564,397
Provision for Bad and Doubtful Debts	1,738,604	12,003,486
Provision for Doubtful Advances	8,690,140	161,000,159
Liability no longer required written back	(85,479,771)	(47,473,865)
Provision for Gratuity and Leave Encashment	31,507,834	43,967,441
Stock written off	-	2,710,915
Provision for Warranty Expenses	23,045,155	14,023,862
Provision for Other Probable Obligations	28,763,363	343,800,872
Reversal of provision for Other Probable Obligations	(79,602,108)	-
Exchange Gain on sales of Current Investments	-	(138,426,423)
Unrealised foreign exchange (gain)/ loss	98,922,543	72,737,678
Exceptional Items (Net)	(88,230,721)	(1,001,343,074)
Prior Period Expenses/ (Income) (Net)	-	(1,342,735)
Operating profit before working capital changes	5,877,082,094	4,484,671,493
Adjustments for changes in working capital :		
(Increase)/ Decrease in Sundry Debtors	(2,652,546,221)	(1,010,670,615)
(Increase)/ Decrease in Other Receivables	(194,761,151)	119,943,314
(Increase)/ Decrease in Inventories	21,310,786	(119,622,619)
Increase/ (Decrease) in Trade and Other Payables	1,445,502,200	1,781,440,652
Cash generated from operations	4,496,587,709	5,255,762,225
Taxes (Paid) / Received (Net of TDS)	(58,045,651)	(158,164,874)
Prior Period Expenses/ (Income) (Net)	-	1,342,735
Net cash from operating activities	A	5,098,940,086
Cash flow from Investing activities:		
Purchase of fixed assets	(759,563,108)	(2,909,635,137)
Proceeds from sale of fixed assets	2,132,123	9,432,392
Proceeds from sale of entertainment business (net of cash & cash equivalents transferred)	1,398,881,717	-
Proceeds from sale of Current Investments	-	1,511,349,886
Purchase of Current Investments	-	(769,763,577)
Loans and advances to Subsidiary Companies (Net)	(1,540,941,038)	(138,377,056)
Investment in Subsidiary Companies	(3,315,500,000)	(206,982,059)
Interest Received	215,611,674	321,850,194
Net cash used in investing activities	B	(2,182,125,357)

Contd...

MOSER BAER INDIA LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

	<u>Year ended 31.03.2010</u>	<u>Year ended 31.03.2009</u>
	<u>Rs.</u>	<u>Rs.</u>
Cash flow from financing activities:		
Proceeds from issue of share Capital (including Share Premium)	-	11,415,000
Receipts of Long Term Loans	5,000,000,000	-
Repayment of Long Term Loans (excludes exchange fluctuation Gain/(Loss) of Rs. 102,888,425 (Previous Year Rs.(421,923,190)) on reinstatement of foreign currency loans)	(5,245,643,642)	(4,235,201,258)
Payment of Zero Coupon Foreign Currency Convertible Bonds	(322,677,095)	(638,855,933)
Proceeds from short term borrowings (Net)	(51,864,107)	2,028,453,167
Interest Paid	(1,713,678,490)	(1,952,564,007)
Dividend Paid	(100,740,954)	(168,113,616)
Dividend Tax Paid	(17,162,173)	(28,603,622)
Issue expenses of Foreign Currency Convertible Bonds	-	(966,500)
Net cash used in financing activities	C <u>(2,451,766,461)</u>	<u>(4,984,436,769)</u>
Net (Decrease) in Cash and Cash Equivalents	(A+B+C) (2,012,603,036)	(2,067,622,040)
Exchange Gain on Cash and Cash Equivalents	-	21,713,780
Net (Decrease) in Cash and Cash Equivalents	(2,012,603,036)	(2,045,908,260)
Cash and cash equivalents at beginning of the year	4,341,547,057	6,387,455,317
Cash and cash equivalents at end of the year	2,328,944,021	4,341,547,057
Cash and cash equivalents comprise:		
Cash, Cheques and Drafts in hand and Remittances in transit	54,811,539	41,007,872
Fixed Deposits	1,736,340,633	3,714,092,479
Balance with Scheduled Banks	533,150,082	586,397,990
Balance with Non-scheduled Banks	4,641,767	48,716
	<u>2,328,944,021</u>	<u>4,341,547,057</u>

Notes :

- The above Cash flow statement has been prepared under the indirect method set out in AS-3 (Revised) notified under sub-section 3C of Section 211 of the Companies Act, 1956.
- Figures in brackets indicate cash outgo.
- Previous year figures have been regrouped and recast wherever necessary to conform to the current year classification.
- Cash and cash equivalents includes balances in Unpaid Dividend Account amounting to Rs. 4,224,195 (Previous Year Rs 3,981,486) and in Fixed Deposit under lien amounting to Rs. 1,735,692,040 (Previous Year Rs. 1,483,511,109), which are not available for use by the Company (Refer schedule 9 in the accounts).
- The Significant Accounting Policies and Notes to Accounts (Schedule 22) form an integral part of the Cash Flow Statement.

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

By order of the Board
for and on behalf of MOSER BAER INDIA LIMITED

For Price Waterhouse
Firm Registration Number : 007568S
Chartered Accountants

Deepak Puri
Chairman and
Managing Director

Ratul Puri
Executive Director

Anuradha Tuli
Partner
Membership Number : F-85611

Minni Katariya
Head Legal and
Company Secretary

Yogesh Mathur
Group CFO

Place: New Delhi
Date: July 12, 2010

MOSER BAER INDIA LIMITED
SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010

	<u>As at 31.03.2010</u>	<u>As at 31.03.2009</u>
	<u>Rs.</u>	<u>Rs.</u>
<u>SCHEDULE 1 - CAPITAL:</u>		
(Refer Note 13 of Schedule 22 Part A)		
<u>Authorised:</u>		
207,500,000 (Previous Year 207,500,000) Equity Shares of Rs.10 each	2,075,000,000	2,075,000,000
750,000 (Previous Year 750,000) Preference Shares of Rs.100 each	75,000,000	75,000,000
	<u>2,150,000,000</u>	<u>2,150,000,000</u>
<u>Issued, Subscribed and Paid-up:</u>		
168,306,104 (Previous Year 168,306,104) Equity Shares of Rs.10 each fully paid	1,683,061,040	1,683,061,040
TOTAL	<u>1,683,061,040</u>	<u>1,683,061,040</u>
Notes:		
1. Above includes 25,000 Equity Shares of Rs. 10 each issued in the previous year as fully paid Bonus Shares by capitalisation of General Reserve.		
2. In the year 2007-08 the Company issued fully paid bonus shares to the equity shareholders of the Company in the ratio of one bonus share for two existing fully paid shares by capitalising the sum standing to the credit of Company's general reserve. Consequently the Company has allotted 56,077,035 equity shares which also includes 127,975 equity shares against options exercised after the record date.		
 <u>SCHEDULE 2 - RESERVES AND SURPLUS:</u>		
<u>Capital Reserve:</u>		
As per last Balance Sheet	181,440,000	181,440,000
	<u>181,440,000</u>	<u>181,440,000</u>
<u>Securities Premium Account:</u>		
As per last Balance Sheet	8,334,425,901	8,618,158,209
Addition during the year (Refer Note 9(a) of Schedule 22 Part-B)	-	10,915,000
Add:- Provision for redemption of Zero Coupon Foreign Currency Convertible Bonds reversed during the year on repurchase (Refer Note 16(c) of Schedule 22 Part-B)	77,085,113	252,526,052
Less:- Provision for redemption of Zero Coupon Foreign Currency Convertible Bonds (Refer Note 16(c) of Schedule 22 Part-B)	241,273,412	546,206,860
Less:- Issue expenses of Zero Coupon Foreign Currency Convertible Bonds	-	966,500
	<u>8,170,237,602</u>	<u>8,334,425,901</u>
<u>General Reserve:</u>		
As per last Balance Sheet	7,365,345,610	8,953,474,098
Add: Transferred from Profit and Loss Account during the year	(479,822,532)	(1,366,784,067)
Less: Debited during the year	-	221,094,421
Less: Utilised during the year Nil (Previous Year 25,000) Equity Shares of Rs. 10 each issued as fully paid Bonus Shares	-	250,000
	<u>6,885,523,078</u>	<u>7,365,345,610</u>
Foreign Currency Monetary Item Translation Difference Account (Refer Note 17 of Schedule 22 Part-B)	(97,246)	(730,529,217)
TOTAL	<u>15,237,103,434</u>	<u>15,150,682,294</u>

MOSER BAER INDIA LIMITED
SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010

	<u>As at 31.03.2010</u>	<u>As at 31.03.2009</u>
	<u>Rs.</u>	<u>Rs.</u>
<u>SCHEDULE 3- SECURED LOANS:</u>		
(Refer Notes 8 and 10 of Schedule 22 Part-A)		
<u>Term Loans (Refer notes below):</u>		
From Banks:		
Ruppee Loans	8,125,218,269	7,479,079,532
Interest Accrued and Due on Rupee Loans	57,980,157	53,316,878
Foreign Currency Loans	-	688,889,002
	<u>8,183,198,426</u>	<u>8,221,285,412</u>
From Others:		
Ruppee Loans	461,538,462	600,000,000
Foreign Currency Loans	287,773,936	455,094,199
	<u>8,932,510,824</u>	<u>9,276,379,611</u>
<u>Other Loans:</u>		
Short Term Loans from Banks (Refer notes below):		
Secured by hypothecation of stock-in-trade and book debts	7,716,713,476	5,091,366,246
Interest Accrued and Due	23,587,294	9,566,605
Secured by lien on Fixed Deposits	77,355,871	260,172,390
From Others:		
Secured by hypothecation of stock-in-trade and book debts	-	237,800,055
	<u>7,817,656,641</u>	<u>5,598,905,296</u>
TOTAL	<u>16,750,167,465</u>	<u>14,875,284,907</u>

Notes:

1. Loans from State Bank of India, Union Bank of India, Syndicate Bank, United Bank of India, State Bank of Mysore, State Bank of Indore, Oriental Bank of Commerce, UCO Bank, State Bank of Patiala, Bank of Maharashtra, Jammu and Kashmir Bank, State Bank of Bikaner and Jaipur, Central Bank of India, State Bank of Hyderabad, Exim Bank and Foreign Currency Loans from Banks/Financial Institutions are secured by way of first mortgage and charge on all the immovable and movable fixed assets, present and future, of the company (subject to prior charge on specified movables as otherwise stated, including in favour of the company's bankers by way of security for the borrowing of working capital), ranking pari-passu with charges for the Term Loans.
2. Short Term loans from Punjab National Bank, Vijaya Bank, State Bank of India, State Bank of Bikaner and Jaipur, State Bank of Patiala, State Bank of Travancore, Bank of Baroda, ING Vysya Bank, State Bank of Hyderabad, Central Bank of India, Bank of Nova Scotia, and Union Bank of India are further secured by way of second charge on all the immovable properties.
3. Term Loans repayable within one year Rs. 3,203,891,304 (Previous year Rs. 5,210,838,384).

SCHEDULE 4 - UNSECURED LOANS:

(Refer Notes 8 and 10 of Schedule 22 Part-A)

Short term loans from Banks

Ruppee Loan	1,100,000,000	3,500,000,000
Interest Accrued and Due	9,587,672	26,547,760
	<u>1,109,587,672</u>	<u>3,526,547,760</u>

Other Loans

Foreign Currency Convertible Bonds (Refer Note 16 of Schedule 22 Part-B)		
Zero Coupon Tranche A Convertible Bonds Due 2012 USD 45,500,000 (Previous Year USD 49,000,000)	2,043,405,000	2,485,770,000
Zero Coupon Tranche B Convertible Bonds Due 2012 USD 43,000,000 (Previous Year USD 50,000,000)	1,931,130,000	2,536,500,000

TOTAL	<u>5,084,122,672</u>	<u>8,548,817,760</u>
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MOSER BAER INDIA LIMITED
SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010

SCHEDULE 5 - FIXED ASSETS:

(Refer Notes 3, 4, 8, 10, 12 and 14 of Schedule 22 Part-A)

DESCRIPTION	GROSS BLOCK			DEPRECIATION/AMORTISATION				NET BLOCK	
	As at	Additions	Deductions	As at	For the	Deductions	As at	As at	As at
	01.04.2009			31.03.2010	Year		31.03.2010	31.03.2010	31.03.2009
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Tangible Assets									
Leasehold Land (Refer Note 3 below)	273,666,570	-	-	273,666,570	2,966,303	-	23,305,891	250,360,679	253,326,982
Buildings (Refer Note 3 below and Note 5(C) of Schedule 22 Part-B)	3,217,604,816	626,625,474	624,141,617	3,220,088,673	109,771,313	2,475,195	707,801,125	2,512,287,548	2,617,099,809
Leasehold Improvements	36,625,632	558,281	-	37,183,913	6,473,583	-	26,411,207	10,772,706	16,688,008
Plant and Machinery, Electrical Installations and Other Equipments (Refer Notes 1 and 2 below and Refer Note 5(C) of Schedule 22 Part B)	41,037,832,444	1,081,034,618	2,709,433,977	39,409,433,085	21,305,201,644	4,035,227,469	470,293,166	24,870,135,947	14,539,297,138
Furniture, Fixtures and Office Equipments (Refer Note 3 below)	269,559,684	17,080,491	4,607,191	282,032,984	15,034,224	961,698	105,709,875	176,323,109	177,922,335
Computers (Refer Note 3 below)	192,524,315	13,490,781	6,288,583	199,726,513	23,466,768	3,051,788	133,424,276	66,302,237	79,515,019
Vehicles	28,105,898	-	2,995,332	25,110,566	2,769,034	2,106,147	12,108,413	13,002,153	16,658,372
Intangible Assets									
Software	46,444,678	18,172,191	410,677	64,206,192	7,145,434	315,767	39,841,601	24,364,591	13,432,744
Technical Know How	293,747,593	-	-	293,747,593	41,636,423	-	176,642,041	117,105,552	158,741,975
Copyrights	1,850,513,141	70,136,051	1,920,649,192	-	359,500,113	997,775,815	-	-	1,212,237,439
Marketing and Distribution Rights	323,917,844	3,594,466	327,512,310	-	36,777,275	242,597,646	-	-	118,097,473
TOTAL	47,570,542,615	1,830,692,353	5,596,038,879	43,805,196,089	4,640,767,939	1,719,579,222	26,095,380,376	17,709,815,713	24,396,350,956
Capital Work in Progress:									
Capital Work in Progress, including capital advances of Rs. 78,020,513 (Previous Year Rs. 228,422,168)								494,697,182	1,603,722,469
Expenditure pending allocation (Refer Note 7 of Schedule 22 Part-B)								63,963,826	67,757,031
TOTAL								558,661,008	1,671,479,500
Grand Total	47,570,542,615	1,830,692,353	5,596,038,879	43,805,196,089	4,640,767,939	1,719,579,222	26,095,380,376	18,268,476,721	26,067,830,456
Previous Year	45,083,565,754	3,558,307,327	1,071,330,466	47,570,542,615	18,427,656,720	4,783,353,612	36,818,673	23,174,191,659	26,067,830,456

Notes:

- Gross Block and additions to Plant and Machinery have been decreased by Rs.173,369,688 (Previous Year increased by Rs. 476,975,840) on account of foreign exchange differences.
- Borrowing Costs capitalised during the period Rs. NIL (Previous Year Rs. 3,228,632).
- Gross Block of fixed assets include Rs. 81,276,824 (Previous Year Rs. 1,951,894,702) relating to the SEZ division of the Company.

MOSER BAER INDIA LIMITED
SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010

	As at 31.03.2010		As at 31.03.2009	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE 6 - INVESTMENTS				
(Refer Note 5 of Schedule 22 Part-A and Note 6 of Schedule Part-B)				
Long Term Unquoted (Non Trade):				
Investment in Subsidiaries				
European Optic Media Technology GMBH				
Share Capital of € 2,025,000 (Previous Year € 2,025,000)		222,953,546		222,953,546
Includes share application money of Rs. 111,689,796 (Previous Year Rs. 111,689,796)				
Peraround Limited				
1,524,761 (Previous year 1,451,661) Ordinary Shares of €1.71 each includes Share Application Money Euro Nil (Previous Year Euro 125,000)		154,618,741		154,618,741
15,866 (Previous Year 15,866) Zero Coupon Redeemable Preference Shares of € 100 each at a premium of € 990 each.	880,423,997		880,423,997	
Less:- Provision for Diminution in value of Investment	<u>223,624,000</u>	656,799,997	<u>223,624,000</u>	656,799,997
Moser Baer Photo Voltaic Ltd.				
86,500,000 (Previous Year 86,500,000) upto 9% Cumulative, Convertible, Redeemable Series A Preference Shares of Rs. 10 each	865,000,000		865,000,000	
26,021,466 (Previous Year 26,021,466) upto 9% Cumulative, Redeemable Series B1 Preference Shares of Rs. 10 each	260,214,660		260,214,660	
33,887,760 (Previous Year 33,887,760) upto 9% Cumulative, Redeemable Series B2 Preference Shares of Rs. 10 each	<u>338,877,600</u>	1,464,092,260	<u>338,877,600</u>	1,464,092,260
PV Technologies India Ltd.				
105,000,000 (Previous Year Nil) Class C Redeemable Preference Shares of Rs.10/-each.	1,050,000,000		-	
41,000,000 (Previous Year Nil) Series C Redeemable Preference Shares of Rs.10/-each	<u>410,000,000</u>	1,460,000,000	-	-
Moser Baer SEZ Developer Ltd.				
3,000,000 (Previous Year 3,000,000) Equity Shares of Rs 10/- each		30,000,000		30,000,000
7,500,000 9% Redeemable Preference Shares of Rs. 10/- each at the premium of Rs 90/-each		750,000,000		-
Moser Baer Entertainment Ltd.				
270,000 (Previous Year 270,000) Equity Shares of Rs 10/- each Includes Share Application Money Rs. 1100,000,000 (Previous Year Rs. Nil)		1,102,700,000		2,700,000
10,000,000 (Previous Year 10,000,000) 15% p.a Cumulative, Redeemable Series B Preference Shares of Rs. 10 each		100,000,000		100,000,000
Moser Baer Investments Ltd.				
750,000 (Previous Year 600,000) Equity Shares of Rs 10/- each Includes Share Application Money Rs. 4,000,000 (Previous Year Rs. Nil)		11,500,000		6,000,000
Investments in Others				
CAPCO LUXEMBOURG S.a.r.l.				
1 Equity Share of Euro 125 each	4,961		4,961	
63,366 Preferred Equity Certificates of Euro 125 each	320,668,823		320,668,823	
Less: Provision for Diminution in value of Investment	<u>320,668,823</u>	4,961	<u>320,668,823</u>	4,961
Global Data Media FZ-LLC (Associate)				
7,194 Shares (Previous Year 7,194) of AED 1,000 each	92,532,185		92,532,185	
Less: Provision for Diminution in value of Investment	<u>92,532,185</u>	-	-	92,532,185
Lumen Engineering Pvt Ltd.				
102,000 (Previous Year 102,000) Equity Shares of Rs. 10/- each		1,020,000		1,020,000
Moser Baer Infrastructure Ltd (Associate)				
3,430,000 (Previous Year 3,430,000) Equity Shares of Rs. 10/- each		34,300,000		34,300,000
Moser Baer Projects Pvt. Ltd (Associate)				
510,000 (Previous Year 510,000) Equity Shares of Rs 10/- each		5,100,000		5,100,000
TOTAL (aggregate value of unquoted investments)		<u><u>5,993,089,505</u></u>		<u><u>2,770,121,690</u></u>

MOSER BAER INDIA LIMITED
SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010

	<u>As at 31.03.2010</u>		<u>As at 31.03.2009</u>	
	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>
<u>SCHEDULE 7 - INVENTORIES:</u>				
(Refer Note 6 of Schedule 22 Part-A)				
Stores and spare parts		951,002,163		998,070,721
including in transit Rs. 2,286,851				
(Previous Year Rs. 6,394,707)				
-net of provision for non-moving stock				
Rs. 232,201(Previous Year Rs. 232,201)				
Raw Materials and Components		843,940,619		920,498,027
including in transit Rs. 128,480,331				
(Previous Year Rs. 289,472,982)				
-net of provision for non-moving stock				
Rs. 2,233(Previous Year Rs. 2,233)				
Packing Materials		168,172,868		162,262,578
including in transit Rs. 5,967,699				
(Previous Year Rs. 15,181,008)				
-net of provision for non-moving stock				
Rs. 8,003,673 (Previous Year Rs. 8,003,673)				
Work in Progress		2,386,758,828		2,432,086,641
Manufactured Finished Goods		1,769,083,811		1,617,901,447
-net of provision for non-moving stock				
Rs. 11,694 (Previous Year Rs. 11,694)				
Traded Goods		21,715,063		-
Films under Production		-		124,726,606
Rights of Films		-		41,193,631
(Theatrical and Other Commercial Rights)		-		-
TOTAL		<u>6,140,673,352</u>		<u>6,296,739,651</u>

SCHEDULE 8- SUNDRY DEBTORS:

(Unsecured - Considered Good, unless otherwise stated):

Debts outstanding for a period exceeding six months

Considered Good	1,421,696,341		68,694,672	
Considered Doubtful	171,388,514		188,879,925	
	<u>1,593,084,855</u>		<u>257,574,597</u>	
Less: Provision for Doubtful Debts	171,388,514	1,421,696,341	188,879,925	68,694,672

Other Debts

Considered Good		4,968,165,184		3,915,604,813
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TOTAL		<u>6,389,861,525</u>		<u>3,984,299,485</u>
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MOSER BAER INDIA LIMITED
SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010

	As at 31.03.2010		As at 31.03.2009	
	Rs.	Rs.	Rs.	Rs.
<u>SCHEDULE 9 - CASH AND BANK:</u>				
Cash on hand including cheques/drafts		49,443,617		41,007,872
Remittance in Transit		5,367,922		-
<u>Balances with Scheduled Banks:</u>				
Current Accounts (Refer Note 1 below)	528,895,521		582,334,501	
Fixed Deposit Accounts (Refer Note 1 below)	1,736,340,633		3,714,092,479	
Unpaid Dividend Account	4,224,195		3,981,486	
E.E.F.C Accounts	30,366	2,269,490,715	82,003	4,300,490,469
<u>Balances with Other Banks:</u>				
Current Account with BANQUE PRIVEE EDMOND DE ROTHSCHILD S.A. AG (Refer Note 1 & 2 below)		4,641,767		48,716
TOTAL		2,328,944,021		4,341,547,057

Notes:

Includes -

- 1) a) Rs. 1,735,692,040 (Previous Year Rs. 1,483,511,109) which are subject to lien with the bankers.
- b) Rs. 2,248,817 (Previous Year Rs. 235,607,151 in current accounts and Rs 2,277,913,517 in fixed deposits accounts) with schedule banks and Rs 4,641,767 (Previous year Rs 48,716) in current account with other bank out of proceeds of Zero Coupon Foreign Currency Convertible Bonds.
- 2) BANQUE PRIVEE EDMOND DE ROTHSCHILD S.A.
Maximum balance outstanding at any time during the year was Rs. 5,249,165
(Previous year Rs. 812,104,786)

SCHEDULE 10- OTHER CURRENT ASSETS:

Interest Accrued on Fixed Deposits (Refer Note below)	26,443,647	73,818,875
Fixed Assets held for sale (at net book value or estimated net realisable value, whichever is lower)	38,989,147	-
	65,432,794	73,818,875

Note:

Includes interest accrued on Fixed Deposits out of proceeds of Zero Coupon Foreign Currency Convertible Bonds of Rs. NIL (Previous Year Rs. 8,048,154).

MOSER BAER INDIA LIMITED
SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010

	As at 31.03.2010		As at 31.03.2009	
	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>
SCHEDULE 11- LOANS AND ADVANCES:				
(Unsecured - Considered Good, unless otherwise stated):				
Advances and Loans to Subsidiaries (Refer Note 2 Below)		2,174,660,236		749,323,935
Advances recoverable in cash or kind or for value to be received (Refer Note 3 below)	4,434,607,786		1,712,890,898	
Considered Doubtful	449,294		169,660,018	
	<u>4,435,057,080</u>		<u>1,882,550,916</u>	
Less: Provision for Doubtful Advances	<u>449,294</u>	4,434,607,786	<u>169,660,018</u>	1,712,890,898
Advance to Suppliers		132,122,436		138,896,884
Balance with Government Authorities		148,174,896		133,081,861
Earnest Money/ Security Deposits		39,991,041		110,348,540
Advance Tax/ Tax Deducted at Source		637,501,189		547,033,228
TOTAL		<u><u>7,567,057,584</u></u>		<u><u>3,391,575,346</u></u>

Notes:

- 1) Amount due from a Director as at March 31, 2010 - Rs. Nil (Previous year Rs. Nil). Maximum balance due at any time during the year from Director and Officer of the Company was Rs. 20,000 (Previous year Rs. 35,535).
- 2) Maximum balance due at any time during the year from subsidiary companies was Rs. 2,483,209,058 (Previous year Rs. 1,328,850,165).
- 3) Includes financial lease receivable from subsidiary companies amounting to Rs. 3,140,124,828 (Previous Year Rs. 523,704,348) from Moser Baer Solar Limited (Formerly PV Technologies India Limited) and Rs. 363,214,505 (Previous year Rs. 363,079,786) from Moser Baer Photo Voltaic Limited.

MOSER BAER INDIA LIMITED
SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010

	As at 31.03.2010		As at 31.03.2009	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE 12- CURRENT LIABILITIES AND PROVISIONS:				
A. Current Liabilities:				
Acceptances		1,173,237,510		1,552,882,717
Sundry Creditors				
- Total outstanding dues of micro, small and medium enterprises (Refer Note 19 of Schedule 22 Part-B)	43,997,302		42,637,548	
- Total outstanding dues of creditors other than micro, small and medium enterprises	<u>2,737,033,133</u>	2,781,030,435	<u>2,330,269,187</u>	2,372,906,735
Due to Subsidiary Companies		606,497,969		8,680,711
Advances from Customers		53,255,664		33,151,780
Unclaimed Dividend *		4,224,195		3,981,486
Other Liabilities		135,705,029		253,955,132
Book Overdrafts		10,056,381		437
Security Deposits (includes Rs. 1,715,000,000 received from subsidiaries)		1,785,894,101		1,082,953,003
Interest accrued but not due on Loans		1,174,468		2,363,157
Total		<u><u>6,551,075,752</u></u>		<u><u>5,310,875,158</u></u>
* The above amount will be credited to Investor Education and Protection Fund as and when due.				
B. Provisions:				
(Refer Notes 1B, 9,11 and 15 of Schedule 22 Part-A)				
For Taxation				
- Current Tax [(including Wealth Tax Rs. 201,172 (Previous Year Rs. 331,103)]	15,763,694		90,207,428	
- Fringe Benefit Tax	<u>69,312,775</u>	85,076,469	<u>71,587,797</u>	161,795,225
For Premium on Redemption of Zero Coupon Foreign Currency Convertible Bonds (Refer Note 16(c) of Schedule 22 Part-B)		762,653,374		598,465,075
For Proposed Dividend		100,983,662		100,983,662
For Corporate tax on Proposed Dividend		16,772,124		17,162,173
For Warranty Expenses (Refer Note 18 of Schedule 22 Part-B)		38,069,017		15,023,862
For Other Probable Obligations (Refer Note 18 of Schedule 22 Part-B)		292,962,127		343,800,872
Staff Benefit Schemes		151,488,366		119,980,532
TOTAL		<u><u>1,448,005,139</u></u>		<u><u>1,357,211,401</u></u>

MOSER BAER INDIA LIMITED

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	Year ended 31.03.2010		Year ended 31.03.2009	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE 13- EXCISE DUTY:				
Excise Duty paid		521,775,017		675,658,956
Less: Excise duty on Closing Stock		28,372,841		37,864,741
Add: Excise duty on Opening Stock		37,864,741		37,407,532
TOTAL		531,266,917		675,201,747

SCHEDULE 14- SERVICES:

(Refer Note 2 of Schedule 22 Part-A)

Lease Rent		42,381,346		42,524,161
Service Charges		546,148,990		398,762,237
TOTAL		588,530,336		441,286,398

SCHEDULE 15- OTHER INCOME:

(Refer Notes 2 and 10 of Schedule 22 Part-A)

Interest Received (Gross):

a) On Deposits with banks	124,452,080		317,674,910	
b) On Loan to Subsidiaries	43,621,842		32,467,387	
c) On Income Tax Refunds	32,622,115		-	
d) On Loan to Others	176,015		121,872	
Tax Deducted at Source Rs. 10,151,288 (Previous Year Rs. 54,568,439)		200,872,052		350,264,169
Excess provisions and unclaimed credit balances written back		85,479,771		47,473,865
Exchange Fluctuation (Net)		-		764,426,874
Profit on cancellation of forward contracts (Net)		1,518,531,162		85,816,124
Profit on sale of Fixed Assets (Net)		-		2,674,638
Profit on sale of Current Investment (others)		-		1,659,886
Reversal of provision for Other Probable Obligations		79,602,108		-
Miscellaneous Income (Refer Notes 1 and 2 below)		412,458,648		185,819,823
TOTAL		2,296,943,741		1,438,135,379

Notes:

- Miscellaneous Income includes prior period income of Rs. NIL (Previous Year Rs. 2,135,907)
- Miscellaneous Income includes profit on transfer of Entertainment Business amounting to Rs. 64,041,243 (Previous Year Rs. NIL). (Refer Note 3 of Schedule 22 Part-B)

SCHEDULE 16-INCREASE IN STOCK OF FINISHED GOODS, WORK IN PROGRESS, TRADED GOODS AND FILM RIGHTS:

Closing Stock:				
Finished Goods	1,769,083,811		1,617,901,447	
Work in Progress	2,386,758,828		2,432,086,641	
Traded Goods and Film Rights	21,715,063	4,177,557,702	41,193,631	4,091,181,719
Less: Opening Stock:				
Finished Goods	1,617,901,447		1,735,871,295	
Work in Progress	2,432,086,641		2,003,604,753	
Traded Goods and Film Rights *	6,504,867	4,056,492,955	155,776,774	3,895,252,822
Excise duty on Finished Goods		9,491,900		(457,209)
TOTAL INCREASE		130,556,647		195,471,688

* Net off Film Rights of Rs. 34,688,764 transferred under Business Transfer Agreement .
(Refer Note 3 of Schedule 22 Part-B)

MOSER BAER INDIA LIMITED

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	<u>Year Ended 31.03.2010</u>	<u>Year Ended 31.03.2009</u>
	<u>Rs.</u>	<u>Rs.</u>
<u>SCHEDULE 17- PERSONNEL EXPENSES</u>		
(Refer Note 9 of Schedule 22 Part-A)		
Salaries, Allowances and Bonus	1,940,245,939	1,905,184,689
Contribution to Provident and other funds	133,320,062	122,519,118
Employee Welfare Expenses	174,431,125	172,729,565
Leave Encashment	16,767,471	27,546,904
TOTAL	<u>2,264,764,597</u>	<u>2,227,980,276</u>
<u>SCHEDULE 18- ADMINISTRATION AND OTHER EXPENSES</u>		
(Refer Notes 10 and 12 of Schedule 22 Part-A)		
Power and Fuel	1,656,607,647	1,871,539,261
Commission on Sales	8,042,777	27,011,414
Rent (Including Lease Rent) (Refer Note 5 (A) of Schedule 22 Part-B)	79,049,032	103,109,377
Repairs and Maintenance:		
- Building	2,530,962	2,993,108
- Plant and Machinery	74,750,234	94,598,130
- Others	42,308,764	47,275,675
Freight and Forwarding (Net)	287,668,856	374,589,883
Insurance	135,974,579	109,914,204
Rates and Taxes	3,344,396	5,193,890
Director's Sitting Fees	1,749,999	1,449,999
Donation	6,900,000	7,279,600
Remuneration to Auditors (Refer Note 10.7 of Schedule 22 Part-B)	17,885,500	17,880,356
Royalty	1,044,514,309	366,479,248
Travelling and Conveyance	98,772,359	92,723,142
Bad Debts 1,245,935	3,204,998	
Advances Written Off	1,124,344	18,359,399
Legal and Professional Charges	216,920,757	175,354,893
Provision for Other Probable Obligations	28,763,363	343,800,872
Warranty Expenses	68,379,279	23,548,755
Provision for doubtful debts	1,738,604	12,003,486
Provision for doubtful advances	8,690,140	161,000,159
Research and Development Expenses	3,302,430	2,939,057
Miscellaneous Expenses [including prior period expenses of Rs NIL (Previous Year Rs. 793,172)]	236,911,841	409,682,109
Stock Written Off	-	2,710,915
Exchange Fluctuation (Net)	20,321,907	-
Loss on sale of Fixed Assets (Net)	4,512,669	-
TOTAL	<u>4,052,010,683</u>	<u>4,274,641,930</u>
<u>SCHEDULE 19- INTEREST AND FINANCE CHARGES</u>		
(Refer Note 8 of Schedule 22 Part-A)		
Interest:		
On Fixed Loans	1,003,333,081	1,187,548,175
Others	712,150,208	781,033,013
Finance Charges	41,187,710	19,192,130
Bank Charges	111,671,081	68,714,283
Less:- Borrowing Costs capitalised (Refer Note 2 of Schedule 5)	-	3,328,632
TOTAL	<u>1,868,342,080</u>	<u>2,053,158,969</u>
<u>SCHEDULE 20- DEPRECIATION/ AMORTISATION</u>		
(Refer Notes 4 and 10 of Schedule 22 Part-A)		
Depreciation on Fixed Assets (Refer Schedule 5)	4,640,767,939	4,783,353,612
Amortisation of Deferred Exchange Loss	278,091,871	188,076,903
Depreciation charged to Profit and Loss	<u>4,918,859,810</u>	<u>4,971,430,515</u>
<u>Schedule 21- EXCEPTIONAL ITEMS</u>		
Profit on purchase of Foreign Currency Convertible Bonds (Refer Note 16 (a) of Schedule 22 Part-B)	180,762,906	1,845,864,067
Less: Provision for Diminution in Long Term Investments	92,532,185	544,292,823
Less: Amortised/ released exchange differences	-	300,228,170
TOTAL	<u>88,230,721</u>	<u>1,001,343,074</u>

MOSER BAER INDIA LIMITED

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE 22 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

Part-A SIGNIFICANT ACCOUNTING POLICIES

1A METHOD OF ACCOUNTING

The financial statements are prepared to comply in all material aspects with all the applicable accounting principles in India, the applicable accounting standards notified under section 211(3C) of the Companies Act, 1956 and the relevant provisions of the Companies Act, 1956.

1B USE OF ESTIMATES

The preparation of financial statements requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Example of such estimates include provisions for doubtful debts, employee retirement benefit plans, warranty, provision for income taxes and the useful life of fixed assets.

2 REVENUE RECOGNITION

Revenue from sale of goods is recognised on transfer of significant risks and rewards of ownership to the customer and when no significant uncertainty exists regarding realisation of the consideration. Sales are recorded net of sales returns, rebates, trade discounts and price differences and are inclusive of excise duty.

Revenue in respect of contracts, which extend beyond an accounting period and where the outcome can be reliably estimated, is recognised on 'Percentage of Completion' method by calculating the portion that costs incurred upto the reporting date bear to the latest estimated total costs of each contract. In other cases revenue is recognised only to the extent of contract costs incurred of which recovery is probable.

Theatrical revenues from films are recognised as and when the films are exhibited.

Revenue from other rights such as satellite rights, music rights, overseas assignment rights etc. is recognised on the date when the rights are available for exploitation.

Service income of SEZ Division is recognised as and when services are rendered.

Interest is accounted for based on a time proportion basis taking into account the amount invested and the rate of interest.

Dividend is recognised as and when the right of the company to receive payment is established.

3 FIXED ASSETS

Tangible Fixed Assets are stated at cost less accumulated depreciation. Cost includes all expenses, direct and indirect, specifically attributable to its acquisition and bringing it to its working condition for its intended use.

Expenditure pending allocation, are allocated to productive fixed assets in the year of commencement of the related project.

Intangible assets are stated at cost less accumulated amortisation. The cost incurred to acquire "right to use and exploit" home video titles, are capitalized as copyrights/marketing and distribution rights where the right allows the company to obtain a future economic benefit from such titles.

Impairment, if any, in the carrying value of fixed assets is assessed at the end of each financial year in accordance with the accounting policy given below on "Impairment of Assets".

4 DEPRECIATION / AMORTISATION

Depreciation on tangible fixed assets is provided based on the estimated useful life on a pro-rata basis under the straight-line method. The depreciation rates are not below the minimum rate as specified in Schedule XIV to the Companies Act, 1956.

In respect of assets whose useful life has been revised, the unamortised depreciable amount is charged over the revised remaining useful life.

In case the historical cost of an asset undergoes a change due to an increase or decrease in related long term liability on account of foreign exchange fluctuations, the depreciation on the revised unamortized depreciable amount is provided prospectively over the residual useful life of the asset effective from 1st April 2007.

MOSER BAER INDIA LIMITED

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE 22 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (CONTD.)

Part-A SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

Intangible assets other than copyrights/marketing and distribution rights are amortised on equated basis over their estimated economic life not exceeding 10 years.

Copyrights/marketing and distribution rights are amortized from the date they are available for use, at the higher of the amount calculated on a straight line basis over the period the intangible asset is available, not exceeding 10 years, and the number of units sold during the period basis.

Leasehold Land and improvement to the leased premises are amortised over the period of the lease.

The assets taken on finance lease are depreciated over the lease period.

5 INVESTMENTS

Long term investments are stated at cost of acquisition inclusive of expenditure incidental to acquisition. A provision for diminution is made to recognise a decline, other than temporary in the value of long term investments.

Current investments are stated at lower of cost and fair value determined on an individual basis.

6 INVENTORY VALUATION

Finished Goods, Work in progress, Goods held for resale	}	At lower of cost and net realisable value
Raw Materials, Packing Materials and Stores and Spares		

Cost of Raw material, goods held for resale, packing materials and stores and spares is determined on the basis of weighted average method.

Cost of Work in progress and finished goods is determined by considering direct material cost, labour costs and appropriate portion of overheads

Liability for excise duty in respect of goods manufactured by the company, other than for exports, is accounted upon completion of manufacture.

Inventories of under production films and films completed and not released are valued at cost.

The cost of released films is amortized using the individual film forecast method. The said amortization pertaining to theatrical rights, satellite rights, music rights, home video rights and others is based on management estimates of revenues from each of these rights. The inventory, thus, comprises of unamortized cost of such movie rights. These estimates are reviewed periodically and losses, if any, based on revised estimates are provided in full.

At the end of each accounting period, such unamortized cost is compared with net expected revenue. In case of net expected revenue being lower than actual unamortized costs, inventories are written down to net expected revenue.

The purchase cost of the rights acquired in released films is apportioned between satellite rights and other rights (excluding home video rights) based on management's estimates of revenue potential.

7 GOVERNMENT GRANTS

Grants in the nature of contribution towards capital cost of setting up projects are treated as Capital Reserve and grants in respect of specific fixed assets are adjusted from the cost of the related fixed assets.

8 BORROWING COSTS

Borrowing costs directly attributable to the acquisition of qualifying assets are capitalised as part of the cost of assets till the date of commencement of commercial use of the asset. All other borrowing costs are charged to the Profit and Loss Account.

9 EMPLOYEE BENEFITS

The Company has Defined Contribution plans for post employment benefits namely Provident Fund which is recognized by the income tax authorities. These funds are administered through Regional Provident Fund Commissioner and the Company's contributions thereto are charged to revenue every year.

MOSER BAER INDIA LIMITED

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE 22 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (CONTD.)

Part-A SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

The Company's contributions to State plans namely Employee's State Insurance Fund and Employee's Pension Scheme 1995 are charged to revenue every year.

The Company has Defined Benefit plans namely Leave Encashment and Gratuity for all employees, the liability for which is determined on the basis of an actuarial valuation at the end of the year. Gratuity Fund is administered through Life Insurance Corporation of India. Short term compensated absences are recognised at the undiscounted amount of benefit for services rendered during the year.

Liability for long term employee retention scheme is determined on the basis of actuarial valuation at the year end.

Termination benefits are recognised as an expense immediately. Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the Profit and Loss Account as income or expense.

In the year of transition (i.e. 2006-07), the difference between transitional liability and the liability that would have been recognized at the beginning of the transitional year under the Company's previous accounting policy has been adjusted against the opening revenue reserves of that year in accordance with Accounting Standard 15 (revised 2005) 'Employee Benefits'.

10 FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currency are converted at the exchange rate prevailing at the date of the transaction. Foreign Currency monetary assets and liabilities (except long term) not covered by forward exchange contracts are restated at the year end rates and the resultant gains or losses are recognized in the profit and loss account. Gain/ Loss on account of exchange fluctuations arising on long term foreign currency liabilities in so far as it relates to the acquisition of depreciable capital assets is added to the cost of such assets and in other cases, by transfer to "Foreign Currency Monetary Item Translation Difference Account", to be amortized over the balance period of such long term foreign currency liabilities or March 31, 2011, whichever is earlier.

Non monetary items are carried in terms of historical cost denominated in foreign currency using the exchange rate at the date of transaction.

In case of forward foreign exchange contracts where an underlying asset or liability exists at the balance sheet date, the difference between the forward rate and the exchange rate at the inception of the contract is recognised as income or expense over the life of the contract.

In case of forward foreign exchange contracts taken for highly probable/ forecast transactions, the net loss, if any, calculated on 'Mark to Market' principle as at the balance sheet date is recorded.

Profit or loss arising on cancellation or renewal of a forward contract is recognised as income or expense in the year in which such cancellation or renewal is made.

In respect of integral foreign branches, all revenues, expenses, monetary assets/ liabilities and fixed assets are accounted at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities are restated at the year end rates and resultant gains or losses are recognised in the Profit and Loss Account.

11 TAXATION

Current Tax:

Provision is made for current income tax liability based on the applicable provisions of the Income Tax Act, 1961 for the income chargeable under the said Act and as per the applicable overseas laws relating to the foreign branch.

Deferred Tax:

Deferred tax assets (DTA) and liabilities are computed on the timing differences at the balance sheet date between the carrying amount of assets and liabilities and their respective tax bases. DTA is recognised based on management estimates of reasonable/ virtual certainty that sufficient future taxable income will be available against which such DTA can be realised. The deferred tax charge or credit is recognised using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

MOSER BAER INDIA LIMITED

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE 22 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (CONTD.)

Part-A SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

12 LEASES

Assets acquired under finance leases are recognised as an Asset and a Liability at the lower of the fair value of the leased assets at inception of the lease and the present value of minimum lease payments. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to periods during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability and charged to the profit and loss account.

Payment made under operating leases are charged to Profit and Loss Account on a straight line basis over the period of the lease.

Assets given under finance leases are recognised as receivables at an amount equal to the net investment in the lease and the finance income is recognised based on a constant periodic rate of return on the outstanding net investment in respect of the finance lease.

13 STOCK OPTION PLANS

Stock options grants to the employees and to the non-executive Directors who accepted the grant under the Company's Stock Option Plan are accounted in accordance with Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999. The Company follows the intrinsic value method and accordingly, the excess, if any, of the market price of the underlying equity shares as of the date of the grant of the option over the exercise price of the option, is recognised as employee compensation cost and amortised on straight line basis over the vesting period.

14 IMPAIRMENT OF ASSETS

At each balance sheet date, the Company assesses whether there is any indication that an asset may be impaired. If such indication exists, the Company estimates the recoverable amount and where carrying amount of the asset exceeds such recoverable amount, an impairment loss is recognised in the profit and loss account to the extent the carrying amount exceeds recoverable amount. Where there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased, the Company books a reversal of the impairment loss not exceeding the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior accounting periods.

15 PROVISIONS AND CONTINGENCIES

The Company creates a provision when there is a present obligation as a result of past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure of contingent liability is made when there is a possible obligation or a present obligation that will probably not require outflow of resources or where a reliable estimate of the obligation cannot be made.

16 EARNINGS PER SHARE

Basic earnings per share is 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, except where results would be anti-dilutive.

MOSER BAER INDIA LIMITED

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE 22 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (CONTD.)

Part - B NOTES TO ACCOUNTS

1 Contingent Liabilities

In respect of:-

1.1 Corporate guarantees given on behalf of the Subsidiary Companies: Rs.17,383,425,000 (Previous Year Rs. 22,405,393,000). Against these guarantees loan amounts of Rs.16,042,958,865 (Previous Year Rs. 16,119,391,787) have been availed by the subsidiary companies. (Refer Note 11.3 below)

1.2 Disputed demands (Gross) in respect of:-

Entry tax

[Amount paid under protest Rs. 1,688,086 (Previous Year Rs. 1,372,586)
paid through bank guarantee Rs. 1,882,668 (Previous Year Rs. NIL)]

Service Tax

[Amount paid under protest Rs. 2,953,470 (Previous Year Rs. 2,953,470)]

Sales Tax

[Amount paid under protest Rs. 7,003,604 (Previous Year Rs. 4,597,150);
paid through bank guarantee Rs. 24,987,468 (Previous Year Rs. 26,596,226)]

Custom duty and Excise duty (including penalties)

[Amount paid under protest Rs. 594,598 (Previous Year Rs. 500,000) ;
paid through bank guarantee Rs. 12,000,000 (Previous Year Rs. 12,000,000)]

Income Tax

[Amount paid under protest Rs. 34,500,000 (Previous Year Rs. 34,500,000)]

Total

2009-10 (Rs.)	2008-09 (Rs.)
126,302,825	125,320,785
148,498,311	148,498,311
101,925,563	79,030,621
317,114,020	304,594,526
101,117,134	97,231,147
794,957,853	754,675,390

1.3 Claims against the Company not acknowledged as debts: Rs. 21,743,068 (Previous Year Rs. 23,581,688).

The amount shown in 1.1 above represents guarantees given in the normal course of the Company's operations and are not expected to result in any loss to the Company on the basis of the beneficiary fulfilling its ordinary commercial obligations.

The amounts shown in 1.2 and 1.3 above represent the best possible estimates arrived at on the basis of available information. The uncertainties and possible reimbursements are dependent on the outcome of the different legal processes which have been invoked by the Company or the claimants as the case may be and therefore cannot be predicted accurately. The Company engages reputed professional advisors to protect its interests and has been advised that it has strong legal positions against such disputes.

2 (A) In February 2003, Moser Baer India Limited (Moser Baer), and Imation Corporation Inc., USA (Imation), formed an associate Company called Global Data Media FZ LLC (GDM). GDM is owned 51% by Imation, and 49% by Moser Baer. On October 27, 2006, Imation filed a suit in Minnesota, USA against Koninklijke Philips Electronics NV (Philips) seeking a Declaratory Judgement on the validity of the Cross License Agreement (CLA) entered into with Minnesota Mining and Manufacturing Co. (3M) and its assignment to Imation and its subsidiaries (including GDM). Moser Baer supplies recordable media to GDM and Imation under the ambit of CLA.

Philips filed a suit against Moser Baer in The Hague, Netherlands challenging the status and validity of the CLA under which supplies of recordable media have been made to Imation and its subsidiaries. With a view to reinforce its stand on the CLA, Imation joined the proceedings in the Netherlands as a party, to contest the suit.

In order to protect the rights arising out of various patent license agreements executed between Moser Baer and Phillips, Moser Baer filed a suit against Philips challenging the default notices issued by Philips thereby pre-empting any possibility of termination of the aforementioned license agreements.

The Company has during the year entered into a "Settlement Agreement" with Philips and Imation thus bringing an end to all the disputes.

(B) The Company has also entered into a Capacity based Licensing Agreement with Philips for payment of license fees on recordable media for a period of four years, financial impact of which has been considered in these financial statements.

MOSER BAER INDIA LIMITED

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE 22 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (CONTD.)

Part -B NOTES TO ACCOUNTS (CONTD.)

- 3 During the year the Company has entered into a "Business Transfer Agreement" with Moser Baer Entertainment Limited, a wholly owned subsidiary, for transfer of its entertainment business on a slump sale basis. The consideration was determined based on an valuation done by an independent valuer appointed by the Company. As a result, the following assets and liabilities have been transferred to the subsidiary on a going concern basis. Surplus arising from transfer of business aggregating Rs 64,041,243 is included in "Other income".

Particulars	Net Book Value as at March 31, 2010
Fixed Assets (including capital work in progress)	1,040,674,659
WIP Film Production	74,063,777
Film Rights Inventories	60,691,735
Debtors	18,476,781
Cash and Bank	1,118,283
Loans and Advances	141,297,960
Current Liabilities	23,209,738
Provisions	(23,574,176)
Sales Consideration	(1,400,000,000)
Net Profit	(64,041,243)

- 4 4.1 Estimated value of contracts remaining to be executed on capital account and not provided for (net of advances):
Rs. 382,458,388 (Previous Year Rs. 457,684,344).
- 4.2 Letters of Credit opened by banks on behalf of the Company: Rs. 906,671,619 (Previous Year Rs. 591,249,975).

5 (A) Lease Obligations

The Company has entered into operating leases for its offices, guest houses and employee's residences that are renewable on a periodic basis and are cancellable at Company's option. Total lease payments recognized in the statement of Profit and Loss Account: Rs. 62,084,330 (Previous year Rs. 57,421,770). The total rent recovered on sub lease during the year is Rs. 141,924 (Previous year Rs.478,341).

(B) Assets given on operating lease

During the previous year 2008-09, the Company had provided buildings on lease to units operating in its SEZ division upto June 30,2008. Gross carrying amount of buildings provided on lease is NIL (Previous Year as on 30.06.2008 Rs.903,269,720) and accumulated depreciation is NIL (Previous Year as on 30.06.2008 Rs.16,831,406). Total depreciation expense recognized in the statement of Profit and Loss Account: NIL (Previous year Rs. 6,048,283).

(C) Assets given on finance lease

The Company has provided buildings and utilities on finance lease to units operating in its SEZ division. Gross investments and present value of minimum lease payments receivable under the lease given as under:

	2009-10 (Rs.)	2008-09 (Rs.)
1 Gross investments in the lease as on 31-03-2010		
- Total gross investments in the lease for a period:		
a. Not later than one Year	445,740,000	21,600,000
b. Later than one Year and not later than five years	1,782,960,000	86,400,000
c. Later than five years	2,102,075,100	517,882,145
Total	4,330,775,100	625,882,145
2 Present value of minimum lease payments receivable as on 31-03-2010		
- Present value of minimum lease payment receivable:		
a. Not later than one Year	392,894,009	17,077,527
b. Later than one Year and not later than five years	1,186,826,431	44,271,512
c. Later than five years	564,337,418	19,796,606
Total	2,144,057,858	81,145,645
3 Un earned Finance Income	2,069,734,296	519,464,823
4 The present value of unguaranteed residual value	116,982,946	25,271,677

MOSER BAER INDIA LIMITED

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE 22 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (CONTD.)

Part - B NOTES TO ACCOUNTS (CONTD.)

5 General Description of Lease terms :

- a. The Company has provided buildings and utilities on financial lease to units operating in its SEZ division
- b. Buildings are given on lease for a period of 20 years and utilities are given for a period of 7-10 years. Apart from the regular lease rental the Company has also taken interest free refundable security deposits of Rs. 1,605,000,000 (Previous Year Rs 765,000,000) from the lessee which is refundable at the end of the lease term.

6 Movements in Other Investments

	2009-10		2008-09	
	No.	Cost (Rs.)	No.	Cost (Rs.)
Current Investments (Unquoted) (Cash and Money Market Instrument)				
Acquired and sold during the year				
ABN 2 Year Delta One Certificate Coupon Guarantee	-	-	160	769,763,577
UBS Trend Accrual Bill (USD 10 Million)	-	-	-	-
Total	-	-	160	769,763,577
Sold during the year				
Rabobank Note (USD 15 Million)	-	-	1	589,500,000
Total	-	-	1	589,500,000
Outstanding as at year end	-	-	-	-

7 Expenditure pending allocation

Details of expenditure pending allocation are as follows:

	<u>As at 31.03.2010</u>	<u>As at 31.03.2009</u>
	<u>Rs.</u>	<u>Rs.</u>
Stores spares and consumables	32,828,696	152,849
Raw Material cost- Trial run	11,334,831	-
Difference in exchange rate *	8,107,501	25,273,911
Interest	7,374,449	7,374,449
Freight and Cartage	2,988,230	18,734,820
Installation and Commissioning Charges	1,214,290	1,214,290
Travelling and Conveyance Expenses	96,695	4,218,187
LC Charges	19,134	19,134
Salaries and Wages	-	7,233,477
Loss on cancellation of Forward Contract *	-	3,535,914
Total	63,963,826	67,757,031

* These amounts pertain to foreign exchange fluctuations capitalised as part of expenditure pending allocation as of the respective year ends.

8 Taxation

Provision for taxation has been made based on the relevant provisions of the Income Tax Act, 1961.

Deferred tax in respect of timing differences for undertakings enjoying tax holiday period under section 10A and section 10B of the Income Tax Act, 1961 have been recognised in the year in which they originate, to the extent that such differences reverse after the tax holiday period.

MOSER BAER INDIA LIMITED

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE 22 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (CONTD.)

Part-B NOTES TO ACCOUNTS (CONTD.)

Accordingly, the Break up of net deferred tax liability is as under:

(Amount in Rupees)

Particulars of Timing Differences	As at March 31, 2009	Movement during the year	As at March 31, 2010
Deferred tax Liability			
Depreciation	1,158,503,046	(1,158,503,046)	-
Foreign Currency Monetary Item Translation Difference Account	248,306,881	(248,274,576)	32,305
Total	1,406,809,927	(1,406,777,622)	32,305
Deferred tax Assets			
Unabsorbed Depreciation	1,288,107,669	(1,288,075,364)	32,305
Brought Forward Losses	4,313,870	(4,313,870)	-
Tax impact of expenses (net) charged in the financial statements but allowable as deduction in future years under the Income Tax Act, 1961	114,388,388	(114,388,388)	-
Total	1,406,809,927	(1,406,777,622)	32,305
Net deferred tax liability	-	-	-
Previous year	91,604,469	(91,604,469)	-

Notes:

- 1) The tax impact for the above purpose has been arrived at by applying a tax rate of 33.99% (previous year 33.99%) being the prevailing tax rate for Indian Companies under the Income Tax Act, 1961.
- 2) Deferred tax asset has been recognised only to the extent of the Deferred Tax liability.

9 Employees Stock Option Plan (ESOP) and Directors' Stock Option Plan (DSOP)

a) Employee Stock Option Plan-2004 & Director's Stock Option Plan-2005

The Company has granted options to its non-executive directors and employees of the Company and its subsidiaries, to be settled through issue of equity shares, at exercise prices that are equal to the market price of the share on the date of the grant. The Options granted vest over a period of maximum of four years from the date of grant.

Two options granted before the record date under the above plans entitles the holder to three equity shares of the Company.

Number of options granted, exercised and cancelled/lapsed during the year

	2009-10		2008-09	
	Number	Weighted Average Price (Rs.)	Number	Weighted Average Price (Rs.)
Options outstanding at beginning of year	3,537,350	251.31	3,728,375	280.95
Add: Options Granted	626,350	134.04	1,127,00	142.19
Less: Options Exercised	-	-	50,000	228.30
Options Cancelled	2,145,965	225.59	1,147,950	239.01
Options Lapsed	221,950	238.01	120,075	244.53
Options outstanding at the end of year	1,795,785	242.78	3,537,350	251.31
Option exercisable at the end of year	1,105,585	255.58	1,606,950	252.22

The options outstanding at the end of year had exercise prices in the range of Rs. 125 to Rs. 491.90 (Previous Year Rs. 125.00 to Rs. 491.90) and a weighted average remaining contractual life of 2.24 years (Previous Year 2.97 years).

During the year NIL (Previous Year 50,000 Nos) options were exercised resulting in a premium of NIL (Previous Year Rs. 10,915,000) which is the excess of exercise price of the options and nominal value of shares allotted.

MOSER BAER INDIA LIMITED

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE 22 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (CONTD.)

Part -B NOTES TO ACCOUNTS (CONTD.)

Employee Stock Option Plan-2009

During the year the Company established a stock option plan called " Moser Baer India Limited Stock Option Plan 2009". The plan was established on September 8, 2009. The plan was setup to offer and grant stock options, in one or more tranches, to employees and directors of the Company as the compensation committee of the Company determine. The exercise price of such options shall be market price on the date of grant. All options, whether vested or unvested, granted to grantee shall in any case expire after a period of seven years from the offer date.

During the current year, the Company under the 2009 plan has issued 2,535,810 Nos options to eligible employees. No options have been exercised during the year. The vesting period for the option granted varies from 12 to 48 months from the date of the grant.

Number of options granted, exercised and cancelled/lapsed during the year

	2009-10		2008-09	
	Number	Weighted Average Price (Rs.)	Number	Weighted Average Price (Rs.)
Options outstanding at beginning of year	-	-	-	-
Add: Options Granted	2,535,810	79.63	-	-
Less: Options Exercised	-	-	-	-
Options Cancelled	9,600	79.40	-	-
Options Lapsed	-	-	-	-
Options outstanding at the end of year	2,526,210	79.63	-	-
Option exercisable at the end of year	-	-	-	-

The options outstanding at the end of year had exercise prices in the range of Rs. 75.95 to Rs. 170.00 and a weighted average remaining contractual life of 3.94 years.

- b) The impact on the loss of the Company for the year ended March 31, 2010 and the basic and diluted earnings per share had the Company followed the fair value method of accounting for stock options is set out below:

	2009-10 Rs.	2008-09 Rs.
(Loss) after tax as per Profit and Loss Account (a)	(362,066,746)	(1,508,661,362)
Less: Employee Stock Compensation Expenses as per Fair Value method	16,586,107	12,463,985
(Loss) after tax recomputed for recognition of employee stock compensation expenses under fair value method	(378,652,853)	(1,521,125,347)
Earnings/ (Loss) Per Share based on earning as per (a) above: (Refer Note 12 below)		
- Basic	(2.15)	(8.96)
- Diluted	(2.15)	(8.96)
Earnings/(Loss) Per Share had fair value method been employed for accounting of employee Stock options:		
- Basic	(2.25)	(9.04)
- Diluted	(2.25)	(9.04)

Fair values used for above computations have been calculated by taking into account the weighted average vesting period of the options.

MOSER BAER INDIA LIMITED

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE 22 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (CONTD.)

Part-B NOTES TO ACCOUNTS (CONTD.)

c) The following assumptions were used for calculation of fair value of grants:

1.1 Moser Baer Employees Stock Option Plan(ESOP) 2004 and Director's Stock Option Plan (DSOP) 2005

Options	31.03.2010	31.03.2009
Dividend Yield (%)	0.44	0.44 to 0.54
Expected Volatility (%)	57.63 to 58.71	57.59 to 63.45
Risk-free interest rate (%)	6.11 to 6.47	6.17 to 9.28
Expected term (in years)	4.71 to 5.68	4.27 to 5.08
Fair value of options as at the grant date	Rs.11.50 to Rs.71.11	Rs.12.32 to Rs.60.95

1.2 Moser Baer India Limited Stock Option Plan 2009

Options	31.03.2010	31.03.2009
Dividend Yield (%)	0.97	NIL
Expected Volatility (%)	71.52 to 72.19	NIL
Risk-free interest rate (%)	7.39 to 7.44	NIL
Expected term (in years)	4.27 to 5.08	NIL
Fair value of options as at the grant date	Rs. 71.11 to Rs.73.86	NIL

The fair value of each stock option granted under Employees stock Option Plan 2004 and Directors Stock Option Plan 2005 and Moser Baer India Limited Stock Option Plan 2009 as on the date of grant has been computed using Black- Scholes Option Pricing Formula.

d) During the previous year 2008-09 the Company issued 25,000 fully paid bonus shares to a director of the Company on exercise of DSOP in the ratio of one bonus share for two existing stock options by capitalising the sum standing to the credit of Company's general reserve.

10 ADDITIONAL INFORMATION PURSUANT TO REQUIREMENTS OF PART II OF SCHEDULE VI TO THE COMPANIES ACT, 1956 AND OTHER DISCLOSURES

10.1 Licensed Capacity

Not Applicable for any product of the company

10.2 Installed Capacity

	*Installed Capacity		Actual Production	
	2009-10	2008-09	2009-10	2008-09
Storage Media (Nos.)#	4,838,630,156	5,230,956,445	4,003,776,118	4,029,946,475
LCD TV (Nos.)	182,500	-	2,005	-
TOTAL	4,838,812,656	5,230,956,445	4,003,778,123	4,029,946,475

(Inclusive of installed capacities for jewel box cake boxes and stamper)

* As certified by the management and on which auditors have placed reliance, this being a technical matter.

10.3 In terms of order no.46/90/2010-CL-III. dated 05.04.2010 issued by Department of Corporate Affairs under Section 211(4) of the Companies Act, 1956 disclosure has not been made for the quantitative details for the accounting year 2009-10, in respect of details pursuant to paragraphs 3(i)(a), 3(ii)(a) and 3(ii)(b) of part II of Schedule VI to the Companies Act, 1956 (as amended vide Notification No GSR 494 (E) dated 30th October, 1973).

MOSER BAER INDIA LIMITED

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE 22 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (CONTD.)

Part - B NOTES TO ACCOUNTS (CONTD.)

10.4 Composition of raw material, packing material stores, spares and consumables consumed:

	Raw Material and Packing Material		Stores, Spares and Tools	
	2009-10	2008-09	2009-10	2008-09
Imported				
Percentage	81.10	75.34	56.28	58.71
Value (Rs.)	7,148,116,633	7,591,070,646	373,116,511	447,641,544
Indigenous				
Percentage	18.90	24.66	43.72	41.29
Value (Rs.)	1,666,116,238	2,484,121,055	289,823,538	314,817,184
Total	100	100	100	100
	8,814,232,871	10,075,191,701	662,940,049	762,458,728

10.5 Foreign Currency Transactions:

10.5.1 Value of Imports on CIF Basis:

Purchase of Finished Goods	
Raw Material, including in transit Rs. 134,652,246 (Previous year Rs. 305,700,725)	5,426,256,769
Capital Goods, including in transit Rs. 26,104,145 (Previous Year Rs. 26,189,528)	373,110,565
Stores, Spares and Consumables, including in transit Rs 2,418,851 (Previous Year Rs. 6,730,181)	563,560,073
Packing Material, including in transit Rs. 6,281,763 (Previous Year Rs. 15,756,490)	631,756,516
Total	7,560,365,455

	2009-10	2008-09
	Rs.	Rs.
	565,681,532	1,043,916,359
	6,185,028,530	6,185,028,530
	815,020,321	815,020,321
	636,123,364	636,123,364
	673,202,843	673,202,843
	9,353,291,417	9,353,291,417

10.5.2 Expenditure in foreign currency (on payment basis) :

Travel	9,646,628	7,706,293
Interest	26,146,380	53,943,468
Royalty/Technical Know-how Fees (including advance royalty)	190,764,133	379,781,410
Directors Sitting Fees	436,048	348,475
Legal and Professional	595,739,076	20,347,977
Other expenditure	124,585,693	119,682,715
Expenditure of Foreign Branch/Liaison Office:		
Staff Welfare	275,150	379,792
Rent/Lease Rent	8,240,462	6,980,211
Legal and Professional Expenses	3,621,348	4,789,413
Miscellaneous Expenses	36,951,079	65,604,598
Insurance	3,435,715	2,194,524
Salaries and Wages	32,928,288	36,998,666
Repairs and Maintenance	2,073,896	1,551,161
Total	1,034,843,896	700,308,703

	2009-10	2008-09
	Rs.	Rs.
	7,706,293	7,706,293
	53,943,468	53,943,468
	379,781,410	379,781,410
	348,475	348,475
	20,347,977	20,347,977
	119,682,715	119,682,715
	379,792	379,792
	6,980,211	6,980,211
	4,789,413	4,789,413
	65,604,598	65,604,598
	2,194,524	2,194,524
	36,998,666	36,998,666
	1,551,161	1,551,161
	700,308,703	700,308,703

MOSER BAER INDIA LIMITED

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE 22 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (CONTD.)

Part - B NOTES TO ACCOUNTS (CONTD.)

10.5.3 Earnings in Foreign Exchange (accrual basis) :	2009-10	2008-09
	Rs.	Rs.
Value of Exports on FOB basis	12,729,286,769	13,158,426,831
Interest	44,463,059	102,324,352
Others:		
-Insurance Claim Received	176,427	178,433
-Profit on FCCB Buyback (Gross)	189,765,225	1,927,963,726
-Profit on Sale of Investment (UBS trend accrual bill)	-	1,659,886
-Other Miscellaneous Income	91,988,774	3,056

10.5.4 Amount remitted in Foreign Currencies for Dividend :	2009-10	2008-09
Dividend remitted on fully paid - up equity shares of Rs.10 each	1	1
Number of Non Resident Shareholders	202,500	202,500
Number of Shares held	2008-09	2007-08
Year to which it relates	121,500	202,500
Dividend remitted in (Rs.)		

10.6 Managerial Remuneration :

(figures in bracket are for the previous year)

(Amount in Rupees)

10.6.1	DEEPAK PURI	NITA PURI	RATUL PURI	Total
	Managing Director	Whole time Director	Whole time Director	
Salaries, allowances and bonus	22,156,244 (28,156,250)	4,615,176 (4,615,180)	13,241,960 (16,941,960)	40,013,380 (49,713,390)
Contribution to Provident Fund	1,698,756 (1,698,750)	439,824 (439,820)	1,013,040 (1,013,040)	3,151,620 (3,151,610)
Perquisites	145,000 (145,000)	145,000 (145,000)	145,000 (145,000)	435,000 (435,000)
Total	24,000,000 (30,000,000)	5,200,000 (5,200,000)	14,400,000 (18,100,000)	43,600,000 (53,300,000)

Notes:

- In terms of order nos. 12/180/2008-CL.VII, dated 13.03.2008, 12/160/2008-CL.VII dated 03.03.2008, 12/179/2008-CL.VII dated 03.03.2008 issued by the Ministry of Corporate affairs under Section 310, 198/309(3) and 637AA of the Companies Act, 1956, the Company has paid managerial remuneration as shown above.
- Provision for leave encashment: Rs. 4,715,890 (Previous year Rs. 4,726,294) and Gratuity: Rs. 2,518,760 (Previous year Rs.883,035) made during the year have not been included above.

10.6.2 Pursuant to the resolution passed at the Annual General Meeting held on 8th Sep 2009 an amount of Rs.1,814,175 (Gross of TDS) payable to a firm in which one of the director is interested has been accrued in these financial statements for which the approval from Central Government is awaited.

10.7 Remuneration To Auditors:

	2009-10	2008-09
	Rs.	Rs.
As Auditor	16,500,000	16,500,000
In any other manner		
-For Certification and Other Reports	500,000	350,000
-Out of Pocket expenses and Service tax	2,727,707	2,936,876
Total	19,727,707	19,786,876

MOSER BAER INDIA LIMITED

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE 22 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (CONTD.)

Part - B NOTES TO ACCOUNTS (CONTD.)

11 Related Party Transactions:

11.1 In accordance with the requirements of Accounting Standard - 18 'Related Party Disclosures' the names of the related party where control/ability to exercise significant influence exists, along with the aggregate amount of transactions and year end balances with them as identified and certified by the management are given below:

Nature of relationship	Name of the related party	Share Holding
Subsidiary	European Optic Media Technology GmbH	100%
Subsidiary	Omega Optical Media Technologies*	100%
Subsidiary	Moser Baer SEZ Developer Limited	100%
Subsidiary	Solar Research Limited	100%
Subsidiary	Moser Baer Energy Limited	100%
Subsidiary	Moser Baer Entertainment Limited	100%
Subsidiary	Moser Baer Investment Limited	100%
Subsidiary	Photovoltaic Holdings Limited (formerly Photovoltaic Holdings PLC)	100%
Subsidiary	Moser Baer Solar Limited (formerly Moser Baer Solar PLC)	100%
Subsidiary	Moser Baer Solar Limited (formerly PV Technologies India Limited)	100%
Subsidiary	Moser Baer Photovoltaic Limited	100%
Subsidiary	Perafly Limited	100%
Subsidiary	Dalecrest Limited	100%
Subsidiary	Nicofly Limited	100%
Subsidiary	Perasoft Limited	100%
Subsidiary	Crownglobe Limited	100%
Subsidiary	Peraround Limited	100%
Subsidiary	Advoferm Limited	100%
Subsidiary	Cubic Technologies BV	100%
Subsidiary	TIFTON Limited	100%
Subsidiary	Value Solar Energy Private Limited	100%
Subsidiary	Pride Solar Systems Private Limited	100%
Subsidiary	Admire Energy Solutions Private Limited	100%
Subsidiary	Arise Solar Energy Private Limited	100%
Subsidiary	Competent Solar Energy Private Limited	100%
Subsidiary	Hamel Limited **	100%
Subsidiary	Zesa Limited **	100%
Subsidiary	Tucker Limited **	100%
Subsidiary	OM&T B.V.	100%
Subsidiary	Moser Baer Technologies USA	100%
Subsidiary	Moser Baer Infrastructure and Developers Limited#	100%
Associate	Global Data Media FZ LLC	49%
Associate	Moser Baer Infrastructure Limited	26%
Joint Venture	Solar Value Proizvodjna d.d.	40%
Trust	Moser Baer Trust	-

* Under liquidation process

** Entities dissolved during the year

Subsidiary from 16th May 2009

Key Management Personnel

Managing Director	Mr. Deepak Puri
Whole Time Directors	Mrs. Nita Puri, Mr.Ratul Puri

MOSER BAER INDIA LIMITED

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE 22 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (CONTD.)

Part - B NOTES TO ACCOUNTS (CONTD.)

11.2 Details of Transactions with the Related Parties in the ordinary course of business:
(figures in brackets are for the previous year)

(Amount in Rupees)

Particulars	Associates	Subsidiaries	Key Management Personnel and their Relatives	Moser Baer Trust	Total
Sales of Finished goods					
Global Data Media FZ LLC	1,712,633,198 (5,687,319,588)	- (-)	- (-)	- (-)	
European Optic Media Technology GmbH	- (-)	1,267,761,320 (155,335,983)	- (-)	- (-)	
O M & T BV	- (-)	55,680 (171,980,839)	- (-)	- (-)	
Moser Baer Photovoltaic Limited	- (-)	172,057,841 (41,752,505)	- (-)	- (-)	
Moser Baer Entertainment Limited	- (-)	676,430,532 (703,484,134)	- (-)	- (-)	3,828,938,571 (6,759,873,049)
Purchase of Semi Finished goods/ Raw Material/Assets					
Moser Baer Entertainment Limited	- (-)	23,113,963 (32,653,487)	- (-)	- (-)	
Moser Baer Photovoltaic Limited	- (-)	124,051,773 (-)	- (-)	- (-)	
Moser Baer Solar Limited (formerly PV Technologies India Limited)	- (-)	4,218,915 (-)	- (-)	- (-)	
Cubic Technologies B.V	- (-)	149,923,422 (-)	- (-)	- (-)	
O M & T BV	- (-)	148,916,981 (41,470,648)	- (-)	- (-)	450,225,054 (74,124,135)
Expenses incurred on behalf of other companies					
Global Data Media FZ LLC	1,177,648 (2,193,206)	- (-)	- (-)	- (-)	
Moser Baer Photovoltaic Limited	- (-)	28,633,778 (74,543,567)	- (-)	- (-)	
Moser Baer Infrastructure Limited	- (2,000)	- (-)	- (-)	- (-)	
Moser Baer Infrastructure & Developers Ltd	- (6,674)	- (-)	- (-)	- (-)	
O M & T BV	- (-)	- (225,000)	- (-)	- (-)	
Moser Baer Solar Limited (formerly PV Technologies India Limited)	- (-)	8,883,845 (30,758,093)	- (-)	- (-)	
Moser Baer Entertainment Limited	- (-)	25,427,863 (418,273)	- (-)	- (-)	
Others	- (-)	18,054 (76,154)	- (-)	- (-)	64,141,188 (108,222,967)

MOSER BAER INDIA LIMITED

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE 22 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (CONTD.)

Part-B NOTES TO ACCOUNTS (CONTD.)

Details of Transactions with the Related Parties in the ordinary course of business:

(figures in brackets are for the previous year)

(Amount in Rupees)

Particulars	Associates	Subsidiaries	Key Management Personnel and their Relatives	Moser Baer Trust	Total
Services rendered to related party					
Moser Baer Photovoltaic Limited	-	251,279,395	-	-	
	(-)	(215,475,515)	(-)	(-)	
Moser Baer Solar Limited (formerly PV Technologies India Limited)	-	310,013,671	-	-	561,293,066
	(-)	(176,582,797)	(-)	(-)	(392,058,312)
Reimbursement/ Recovery of expenses/ service charges					
Global Data Media FZ LLC	24,339,486	-	-	-	
	(-)	(-)	(-)	(-)	
Moser Baer Infrastructure & Developers Ltd	-	-	-	-	
	(6,674)	(-)	(-)	(-)	
Moser Baer Photovoltaic Limited	-	4,400,000	-	-	
	(-)	(313,307,331)	(-)	(-)	
Moser Baer Solar Limited (formerly PV Technologies India Limited)	-	-	-	-	
	(-)	(214,345,448)	(-)	(-)	
Moser Baer Entertainment Limited	-	120,000,000	-	-	
	(-)	(-)	(-)	(-)	
Others	-	18,054	-	-	148,757,540
	(-)	(76,654)	(-)	(-)	(527,736,107)
Consideration Recd towards Sales of HE Div					
Moser Baer Entertainment Limited	-	1,400,000,000	-	-	1,400,000,000
	(-)	(-)	(-)	(-)	(-)
Reimbursement / Recovery against Sales					
Moser Baer Entertainment Limited	-	95,000,000	-	-	95,000,000
	(-)	(-)	(-)	(-)	(-)
Recovery Against Sale of Investments					
Moser Baer Photovoltaic Limited	-	-	-	-	-
	(-)	(72,591,176)	(-)	(-)	(72,591,176)
Lease rent charged to related party					
Moser Baer Photovoltaic Limited	-	16,560,000	-	-	
	(-)	(16,560,000)	(-)	(-)	
Moser Baer Solar Limited (formerly PV Technologies India Limited)	-	25,140,000	-	-	41,700,000
	(-)	(25,140,000)	(-)	(-)	(41,700,000)
Interest Charges in respect of loan					
Peraround Limited	-	40,493,815	-	-	
	(-)	(29,002,672)	(-)	(-)	
Moser Baer Photovoltaic Limited	-	-	-	-	
	(-)	(1,587,732)	(-)	(-)	
Moser Baer Infrastructure & Developers Ltd.	-	1,923,761	-	-	
	(-)	(-)	(-)	(-)	

MOSER BAER INDIA LIMITED

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE 22 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (CONTD.)

Part -B NOTES TO ACCOUNTS (CONTD.)

Details of Transactions with the Related Parties in the ordinary course of business:

(figures in brackets are for the previous year)

(Amount in Rupees)

Particulars	Associates	Subsidiaries	Key Management Personnel and their Relatives	Moser Baer Trust	Total
Moser Baer Solar Limited (formerly PV Technologies India Limited)	-	-	-	-	
	(-)	(1,049,411)	(-)	(-)	
Moser Baer Entertainment Limited	-	1,195,993	-	-	43,613,569
	(-)	(1,181,031)	(-)	(-)	(32,820,846)
Interest Received against loan					
Moser Baer Photovoltaic Limited	-	-	-	-	
	(-)	(1,260,005)	(-)	(-)	
Moser Baer Solar Limited (formerly PV Technologies India Limited)	-	-	-	-	
	(-)	(1,261,014)	(-)	(-)	
Moser Baer Entertainment Limited	-	1,829,659	-	-	1,829,659
	(-)	(15,129)	(-)	(-)	(2,536,148)
Expenses incurred on behalf of the Company					
Global Data Media FZ LLC	3,268,731	-	-	-	
	(15,244,400)	(-)	(-)	(-)	
Moser Baer Photovoltaic Limited	-	-	-	-	
	(-)	(8,526,856)	(-)	(-)	
Moser Baer Entertainment Limited	-	6,811,822	-	-	
	(-)	(26,598,637)	(-)	(-)	
Moser Baer Solar Limited (formerly PV Technologies India Limited)	-	-	-	-	10,080,553
	(-)	(923,481)	(-)	(-)	(51,293,374)
Directors Remuneration (Refer Note 10.6.1 above)	-	-	43,600,000	-	43,600,000
	(-)	(-)	(53,300,000)	(-)	(53,300,000)
Sale of Fixed Assets					
Moser Baer Solar Limited (formerly PV Technologies India Limited)	-	-	-	-	
	(-)	(526,707,287)	(-)	(-)	
Moser Baer Photovoltaic Limited	-	-	-	-	-
	(-)	(376,562,433)	(-)	(-)	(903,269,720)
Amount paid to Related Party against Purchase of Fixed Assets					
Moser Baer Solar Limited (formerly PV Technologies India Limited)	-	-	-	-	-
	(-)	(8,658,736)	(-)	(-)	(8,658,736)
Share Application Money					
Moser Baer Investment Limited	-	4,000,000	-	-	
	(-)	(-)	(-)	(-)	
Moser Baer Entertainment Limited	-	1,100,000,000	-	-	
	(-)	(-)	(-)	(-)	
Peraround Limited	-	-	-	-	1,104,000,000
	(-)	(8,674,538)	(-)	(-)	(8,674,538)

MOSER BAER INDIA LIMITED

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE 22 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (CONTD.)

Part - B NOTES TO ACCOUNTS (CONTD.)

Details of Transactions with the Related Parties in the ordinary course of business:

(figures in brackets are for the previous year)

(Amount in Rupees)

Particulars	Associates	Subsidiaries	Key Management Personnel and their Relatives	Moser Baer Trust	Total
Investments					
Moser Baer Photovoltaic Limited	-	-	-	-	
	(-)	(12,465,000)	(-)	(-)	
Peraround Limited	-	8,674,538	-	-	
	(-)	(29,962,521)	(-)	(-)	
Moser Baer Solar Limited (formerly PV Technologies India Limited)	-	1,460,000,000	-	-	
	(-)	(-)	(-)	(-)	
Moser Baer Entertainment Limited	-	-	-	-	
	(-)	(102,000,000)	(-)	(-)	
Moser Baer Investments Limited	-	1,500,000	-	-	
	(-)	(-)	(-)	(-)	
Moser Baer Infrastructure Ltd	-	-	-	-	
	(25,360,000)	(-)	(-)	(-)	
Moser Baer SEZ Developers Limited	-	750,000,000	-	-	2,220,174,538
	(-)	(27,500,000)	(-)	(-)	(197,287,521)
Provision for diminution in the value of Long Term Investments Written-Off					
Global Data Media FZ LLC	92,532,185	-	-	-	
	(-)	(-)	(-)	(-)	
Peraround Limited	-	-	-	-	92,532,185
	(-)	(223,624,000)	(-)	(-)	(223,624,000)
Loan Granted					
Peraround Limited	-	400,087,221	-	-	
	(-)	(137,456,813)	(-)	(-)	
Moser Baer Solar Limited (formerly PV Technologies India Limited)	-	-	-	-	
	(-)	(-)	(-)	(-)	
Moser Baer SEZ Developers Limited	-	-	-	-	
	(-)	(1,000,000)	(-)	(-)	
Moser Baer Entertainment Limited	-	300,050,000	-	-	
	(-)	(26,255,000)	(-)	(-)	
Moser Baer Infrastructure & Developers Ltd.	-	86,000,000	-	-	
	(-)	(-)	(-)	(-)	
Moser Baer Photovoltaic Limited	-	-	-	-	786,137,221
	(-)	(150,000,000)	(-)	(-)	(314,711,813)
Loan Repaid					
Moser Baer Solar Limited (formerly PV Technologies India Limited)	-	-	-	-	
	(-)	(30,655,054)	(-)	(-)	
Moser Baer SEZ Developers Limited	-	-	-	-	
	(-)	(1,000,000)	(-)	(-)	
Moser Baer Entertainment Ltd	-	26,255,000	-	-	
	(-)	(-)	(-)	(-)	
Moser Baer Photovoltaic Limited	-	-	-	-	26,255,000
	(-)	(167,592,660)	(-)	(-)	(199,247,714)

MOSER BAER INDIA LIMITED

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE 22 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (CONTD.)

Part - B NOTES TO ACCOUNTS (CONTD.)

Details of Transactions with the Related Parties in the ordinary course of business:

(figures in brackets are for the previous year)

(Amount in Rupees)

Particulars	Associates	Subsidiaries	Key Management Personnel and their Relatives	Moser Baer Trust	Total
Security Deposit received against lease					
Moser Baer Photovoltaic Limited	-	-	-	-	
	(-)	(80,000,000)	(-)	(-)	
Moser Baer Solar Limited (formerly PV Technologies India Limited)	-	840,000,000	-	-	840,000,000
	(-)	(495,000,000)	(-)	(-)	(575,000,000)
Advance received from related party					
Moser Baer Solar Limited (formerly PV Technologies India Limited)	-	209,950,000	-	-	209,950,000
	(-)	(80,000,000)	(-)	(-)	(80,000,000)
Advance paid to related party					
Moser Baer Photovoltaic Limited	-	217,000,000	-	-	
	(-)	(-)	(-)	(-)	
Moser Baer Solar Limited (formerly PV Technologies India Limited)	-	8,000,000	-	-	225,000,000
	(-)	(-)	(-)	(-)	(-)
Amount paid against Purchase					
Moser Baer Photovoltaic Limited	-	643,720	-	-	
	(-)	(-)	(-)	(-)	
O M & T BV	-	138,237,311	-	-	138,881,031
	(-)	(34,573,204)	(-)	(-)	(34,573,204)
Donation					
Moser Baer Trust	-	-	-	6,900,000	6,900,000
	(-)	(-)	(-)	(6,469,000)	(6,469,000)
Outstanding receivables					
In respect of Sales					
Global Data Media FZ LLC	363,438,516	-	-	-	
	(1,028,977,166)	(-)	(-)	(-)	
European Optic Media Technology GmbH	-	66,730,157	-	-	
	(-)	(179,050,973)	(-)	(-)	
O M & T BV	-	16,073,659	-	-	
	(-)	(144,882,420)	(-)	(-)	
Moser Baer Photovoltaic Limited	-	195,726,898	-	-	
	(-)	(41,928,464)	(-)	(-)	
Moser Baer Entertainment Limited	-	1,284,897,736	-	-	1,926,866,966
	(-)	(703,484,134)	(-)	(-)	(2,098,323,157)
- In respect of Loan					
Peraround Limited	-	776,116,717	-	-	
	(-)	(502,460,388)	(-)	(-)	
Moser Baer Solar Limited (formerly PV Technologies India Limited)	-	-	-	-	
	(-)	(-)	(-)	(-)	

MOSER BAER INDIA LIMITED

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE 22 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (CONTD.)

Part-B NOTES TO ACCOUNTS (CONTD.)

Details of Transactions with the Related Parties in the ordinary course of business:

(figures in brackets are for the previous year)

(Amount in Rupees)

Particulars	Associates	Subsidiaries	Key Management Personnel and their Relatives	Moser Baer Trust	Total
Moser Baer Infrastructure & Developers Ltd.	- (-)	86,000,000 (-)	- (-)	- (-)	
Moser Baer Entertainment Limited	- (-)	300,050,000 (26,255,000)	- (-)	- (-)	1,162,166,717 (528,715,388)
- In respect of expenses/ service charges					
Global Data Media FZ LLC	- (24,339,486)	- (-)	- (-)	- (-)	
Moser Baer Photovoltaic Limited	- (-)	336,401,960 (73,783,084)	- (-)	- (-)	
Moser Baer Solar Limited (formerly PV Technologies India Limited)	- (-)	346,360,298 (42,000,976)	- (-)	- (-)	
Moser Baer Entertainment Limited	- (-)	- (22,086,902)	- (-)	- (-)	
Others	- (-)	- (225,000)	- (-)	- (-)	682,762,258 (162,435,448)
- In respect of Lease Rent					
Moser Baer Solar Limited (formerly PV Technologies India Limited)	- (-)	25,895,457 (4,860,819)	- (-)	- (-)	
Moser Baer Photovoltaic Limited	- (-)	17,057,658 (3,201,876)	- (-)	- (-)	42,953,115 (8,062,695)
- In respect of Financial Lease on Assets					
Moser Baer Solar Limited (formerly PV Technologies India Limited)	- (-)	363,214,505 (363,079,786)	- (-)	- (-)	
Moser Baer Photovoltaic Limited	- (-)	3,140,124,828 (523,704,348)	- (-)	- (-)	3,503,339,333 (886,784,134)
- In respect of Collection by Subsidiary on our behalf					
Moser Baer Entertainment Limited	- (-)	193,896,751 (188,494,736)	- (-)	- (-)	193,896,751 (188,494,736)
- In respect of Interest					
Peraround Limited	- (-)	93,243,552 (41,609,844)	- (-)	- (-)	
Moser Baer Infrastructure & Developers Ltd.	- (-)	1,731,385 (-)	- (-)	- (-)	
Moser Baer Entertainment Limited	- (-)	- (898,280)	- (-)	- (-)	
Moser Baer Photovoltaic Limited	- (-)	- (-)	- (-)	- (-)	94,974,937 (42,508,124)

MOSER BAER INDIA LIMITED

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE 22 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (CONTD.)

Part -B NOTES TO ACCOUNTS (CONTD.)

Details of Transactions with the Related Parties in the ordinary course of business:

(figures in brackets are for the previous year)

(Amount in Rupees)

Particulars	Associates	Subsidiaries	Key Management Personnel and their Relatives	Moser Baer Trust	Total
-In Respect of Advance paid against Purchase					
Moser Baer Photo Voltaic Limited	-	93,591,947	-	-	
	(-)	(-)	(-)	(-)	
Moser Baer Solar Limited (formerly PV Technologies India Limited)	-	8,000,000	-	-	101,591,947
	(-)	(-)	(-)	(-)	(-)
- In Respect of Purchase of Fixed Assets on behalf of Related Party					
Moser Baer Solar Limited (formerly PV Technologies India Limited)	-	8,658,736	-	-	8,658,736
	(-)	(8,658,736)	(-)	(-)	(8,658,736)
Outstanding payable					
In respect of Security Deposit for lease					
Moser Baer Photovoltaic Limited	-	380,000,000	-	-	
	(-)	(380,000,000)	(-)	(-)	
Moser Baer Solar Limited (formerly PV Technologies India Limited)	-	1,335,000,000	-	-	1,715,000,000
	(-)	(495,000,000)	(-)	(-)	(875,000,000)
In respect of other advances					
Moser Baer Solar Limited (formerly PV Technologies India Limited)	-	289,950,000	-	-	289,950,000
	(-)	(80,000,000)	(-)	(-)	(80,000,000)
- In respect of expenses					
Moser Baer Infrastructure Ltd	-	-	-	-	
	(3,589,611)	(-)	(-)	(-)	
Global Data Media FZ LLC	-	-	-	-	
	(-)	(-)	(-)	(-)	
Moser Baer Entertainment Limited	-	199,477,691	-	-	199,477,691
	(-)	(120,180,634)	(-)	(-)	(123,770,245)
- In respect of purchases					
O M & T BV	-	15,004,756	-	-	
	(-)	(8,090,467)	(-)	(-)	
Moser Baer Solar Limited (formerly PV Technologies India Limited)	-	4,218,915	-	-	
	(-)	(-)	(-)	(-)	
Cubic Technologies B.V	-	149,923,422	-	-	
	(-)	(-)	(-)	(-)	
Moser Baer Photo Voltaic Limited	-	-	-	-	
	(-)	(-)	(-)	(-)	
Moser Baer Entertainment Limited	-	53,372,596	-	-	222,519,689
	(-)	(29,006,592)	(-)	(-)	(37,097,059)

MOSER BAER INDIA LIMITED

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE 22 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (CONTD.)

Part-B NOTES TO ACCOUNTS (CONTD.)

Details of Transactions with the Related Parties in the ordinary course of business:

(figures in brackets are for the previous year)

(Amount in Rupees)

Particulars	Associates	Subsidiaries	Key Management Personnel and their Relatives	Moser Baer Trust	Total
- In respect of Collection on behalf of Subsidiary					
Moser Baer Entertainment Limited	-	9,534,984	-	-	9,534,984
	(-)	(4,281,153)	(-)	(-)	(4,281,153)
- In respect of TDS deposited by Subsidiary					
Moser Baer Entertainment Limited	-	9,019,504	-	-	9,019,504
	(-)	(9,019,504)	(-)	(-)	(9,019,504)
-In respect of Managerial Remuneration					
Deepak Puri	-	-	9,280,934	-	
	(-)	(-)	(15,321,251)	(-)	
Ratul Puri	-	-	5,615,293	-	
	(-)	(-)	(9,287,917)	(-)	
Nita Puri	-	-	1,364,436	-	16,260,663
	(-)	(-)	(1,292,084)	(-)	(25,901,252)

11.3 Other Arrangements

Detail of corporate guarantees provided on behalf of subsidiary companies

(Amount in Rupees)

Particulars	Rs.	Total
Moser Baer Photovoltaic Limited	14,177,825,000	
	(16,561,323,000)	
Moser Baer Solar Limited (Formerly PV Technologies India Limited)	3,205,600,000	17,383,425,000
	(5,844,070,000)	(22,405,393,000)

12 Earnings per share (EPS)

a) Calculation of Weighted Average number of equity shares

1. For Basic EPS

No. of Shares at the beginning of the year

Total number of equity shares outstanding at the end of the year

Weighted Average number of equity shares outstanding during the year

2. For Diluted EPS

Weighted Average number of equity shares outstanding during the year as computed above

Weighted Average number of equity shares outstanding during the year for Diluted EPS

b) Net (loss) after tax available for equity shareholders

Earnings / (Loss) per share (face value per share Rs. 10 each)

Basic

Diluted

	2009-10	2008-09
No. of Shares at the beginning of the year	168,306,104	168,231,104
Total number of equity shares outstanding at the end of the year	168,306,104	168,306,104
Weighted Average number of equity shares outstanding during the year	168,306,104	168,294,392
Weighted Average number of equity shares outstanding during the year as computed above	168,306,104	168,294,392
Weighted Average number of equity shares outstanding during the year for Diluted EPS	168,306,104	168,294,392
Net (loss) after tax available for equity shareholders	(362,066,746)	(1,508,661,362)
Basic	(2.15)	(8.96)
Diluted	(2.15)	(8.96)

MOSER BAER INDIA LIMITED

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE 22 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (CONTD.)

Part-B NOTES TO ACCOUNTS (CONTD.)

13 Segment information

The Company is primarily in the business of manufacture and sale of Optical Storage Media. The other activities of the Company comprise creation/ replication and distribution of content, sales of consumer electronic products and operation and maintenance of sector specific Special Economic Zone for non-conventional energy. The segment revenues, results and assets of the other activities do not constitute reportable segments under AS-17 and accordingly no disclosure is required.

- 14** Service Income shown in the profit and loss account includes income earned by the SEZ division of the Company in the form of lease rental for assets given on lease and utility services provided to the entities situated in the SEZ.

15 Employee Benefits

The Company has classified the various benefits provided to employees as under -

I Defined Contribution Plans

Provident Fund

During the year, the Company has recognised the following amounts in the Profit and Loss Account -

Particulars	2009-10	2008-09
Employers' Contribution to Provident Fund	48,517,355	29,363,320

II State Plans

- a. Employers' Contribution to Employee's State Insurance Act, 1948
- b. Employers' Contribution to Employee's Pension Scheme, 1995

During the year, the Company has recognised the following amounts in the Profit and Loss Account

Particulars	2009-10	2008-09
Employers' Contribution to Employee's State Insurance Act, 1948 *	7,050,987	9,342,748
Employers' Contribution to Employee's Pension Scheme, 1995 *	29,039,967	45,132,078

* Included in Contribution to Provident and Other Funds under Personnel Expenses (Refer Schedule 17)

III Defined Benefit Plans

- a). Contribution to Gratuity Funds – Life Insurance Corporation of India
- b). Leave Encashment

In accordance with Accounting Standard 15 (revised 2005), actuarial valuation was done in respect of the aforesaid defined benefit plans based on the following assumptions:-

Particulars	Leave Encashment (Unfunded)		Employee's Gratuity Fund	
	2009-10	2008-09	2009-10	2008-09
Discount Rate (per annum)	8.00%	7.75%	8.00%	7.75%
Rate of increase in Compensation levels	9.00%	9.00%	9.00%	9.00%
Rate of Return on Plan Assets	Nil	Nil	9.40%	9.40%
Expected Average remaining working lives of employees (years)	12.09	12.46	12.09	12.46

MOSER BAER INDIA LIMITED

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE 22 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (CONTD.)

Part - B NOTES TO ACCOUNTS (CONTD.)

Changes in the Present Value of Obligation

Particulars	Leave Encashment (Unfunded)		Employee's Gratuity Fund	
	2009-10	2008-09	2009-10	2008-09
Present Value of obligation (Opening)	71,570,155	60,028,896	135,012,098	103,287,623
Interest Cost	6,723,175	5,811,904	12,080,653	9,794,718
Current Service Cost	18,664,418	15,437,025	23,724,290	22,075,540
Past service cost	-	-	17,538,357	-
Benefits paid	(6,967,846)	(5,634,251)	(5,713,994)	(5,858,383)
Actuarial (gain)/loss on obligations	(7,784,764)	1,423,028	(2,145,358)	8,891,031
Amalgamations	1,247,118	-	1,943,438	21,488
Curtailments	-	(1,274,516)	-	(653,334)
Settlements	-	(4,221,931)	-	(2,546,585)
Present Value of obligation (Closing)	83,452,256	71,570,155	182,439,484	135,012,098

Changes in the Fair value of Plan Assets

Particulars	Employee's Gratuity Fund	
	2009-10	2008-09
Fair Value of plan Assets (Opening)	106,201,636	102,709,562
Expected Return on plan assets	10,444,333	9,350,457
Contributions	22,221,270	-
Benefits Paid	(5,713,994)	(5,858,383)
Fair Value of Plan Assets (Closing)	133,153,245	106,201,636

The present value of the defined benefit obligation, the fair value of the plan assets and the surplus or deficit in the plan; and experience adjustments arising on the plan liabilities and the plan assets

Particulars	Employee's Gratuity Fund			
	2009-10	2008-09	2007-08	2006-07
Present value of defined benefit obligation	182,439,484	135,012,098	103,287,623	73,150,011
Fair Value of Plan Assets	133,153,245	106,201,636	102,709,562	32,671,570
Surplus or (deficit) in the plan assets	(49,286,239)	(28,810,462)	(578,061)	(40,478,441)

This is the fourth year of adoption of Accounting Standard 15 (revised), therefore, four year figures have been disclosed as required by Para 120(n) of AS-15(R).

Particulars	Leave Encashment (Unfunded)			
	2009-10	2008-09	2007-08	2006-07
Present value of defined benefit obligation	83,452,256	71,570,155	60,028,896	31,789,100
Surplus or (deficit) in the plan assets	(83,452,256)	(71,570,155)	(60,028,896)	(31,789,100)

This is the fourth year of adoption of Accounting Standard 15 (revised), therefore, four year figures have been disclosed as required by Para 120(n) of AS-15(R).

MOSER BAER INDIA LIMITED

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE 22 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (CONTD.)

Part -B NOTES TO ACCOUNTS (CONTD.)

Expenses recognised in the Profit and Loss Account

Particulars	Leave Encashment (Unfunded)		Employee's Gratuity Fund	
	2009-10	2008-09	2009-10	2008-09
Current Service Cost	18,664,418	15,437,025	23,724,290	22,075,540
Interest Cost	6,723,175	5,811,904	12,080,653	9,794,718
Expected Return on Plan Assets	-	-	(10,444,333)	(9,350,457)
Net actuarial (gain)/loss recognized in the period	(7,784,764)	1,423,028	(2,145,358)	8,891,031
Effect of Curtailments	-	(1,274,516)	-	(653,334)
Past service cost	-	-	17,538,357	-
Total Expenses recognized in the Profit & Loss Account	**17,602,829	**21,397,441	*40,753,609	*30,757,498

* Included in Contribution to Provident and other funds (Refer Schedule 17)

** Included in Personnel Expenses (Refer Schedule 17)

In respect of the Employee's Gratuity Fund, constitution of Plan Assets is not readily available from the Life Insurance Corporation of India.

16 Foreign Currency Convertible Bonds

- (a) The Company has bought back and cancelled 35 (Previous Year 260) Zero Coupon Tranche A Convertible Bonds and 70 (Previous Year 250) Zero Coupon Tranche B Convertible Bonds (FCCBs) of the face value of USD 100,000 each, the purchase being made with the approval of the Reserve Bank of India, at a discount to the face value. This has resulted in a saving (net of brokerage) of Rs. 180,762,906 (Previous Year Rs. 1,845,864,067) which has been reflected as part of Exceptional items. (Refer Schedule 21) Consequent upon such buy back and cancellation, the Company's obligation to convert the said Bonds into shares, if so claimed by the Bond Holder and/or to redeem the same in foreign currency, has come to an end vis-à-vis the cancelled bonds.
- (b) The utilisation of the proceeds of USD 150,000,000 Zero Coupon Foreign Currency Convertible Bonds issued is as under:

Particulars	31.03.2010		31.03.2009	
	USD	Rs.*	USD	Rs.*
Funds available at the beginning of the year	50,445,899	2,513,569,384	83,263,957	3,338,884,676
Less: Capital Equipment	86,028	4,183,086	9,625,339	427,671,132
Investment in overseas subsidiary companies through loans/capital	6,075,639	294,287,722	4,097,284	178,207,113
Miscellaneous Expenses	38,079,108	1,870,470,357	8,860,285	442,340,340
FCCB Buy Back	6,535,000	313,674,775	12,662,546	633,625,684
	50,775,775	2,482,615,940	35,245,454	1,681,844,269
Add: Interest received	483,341	23,851,192	2,394,847	109,552,711
Profit on Trading on investment	-	-	32,549	3,146,761
Unutilized Issue Proceeds #	153,465	6,890,584	50,445,899	2,513,569,384

Reinstated as at year end rate

* Excludes foreign exchange loss of Rs. 47,914,052 for the year ended 31.03.2010 and gain of Rs. 743,829,505 for the year ended 31.03.2009.

- (c) Premium on redemption of FCCB

Particulars	31.03.2010	31.03.2009
Opening Balance	598,465,075	304,784,267
Add Provision for the year	241,273,412	546,206,860
Amount Utilised During the year	-	-
Utilized Amount reversed during the year	77,085,113	252,526,052
Closing Balance	762,653,374	598,465,075

Premium payable on redemption of FCCB accrued up to March, 31, 2010 calculated on prorata basis Rs. 762,653,374 (Previous Year Rs. 598,465,075) has been fully provided for and charged to Securities Premium Account. In the event that the conversion option is exercised by the holders of FCCB in the future, the amount of premium charged to the Securities Premium Account will be written back to Security Premium Account.

MOSER BAER INDIA LIMITED

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE 22 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (CONTD.)

Part -B NOTES TO ACCOUNTS (CONTD.)

- 17 Pursuant to the notification issued by the Ministry of Corporate Affairs dated March 31, 2009, the Company changed its accounting policy relating to 'Foreign currency transaction' as mentioned in accounting policy 10 schedule 22 Part-A and exercised the option available under the newly inserted paragraph 46 to the Accounting Standard AS-11 "The Effect of Changes in Foreign Exchange Rates". As a result of this change the Company had, during the previous year 2008-09,
- i) in respect of exchange differences relating to long term liabilities in foreign currency amounting to Rs. 221,094,421 (net of depreciation and amortisation of Rs. 48,408,473) recognised in the Profit and Loss Account for the previous year ended March 31, 2008 adjusted against opening revenue reserves as provided in the rules.
 - ii) capitalised exchange differences arising during the previous year 2008-09 amounting to Rs 661,534,060 and charged additional depreciation for the previous year 2008-09 amounting to Rs 15,432,202 in respect of the same.
 - iii) in respect of other cases, debited exchange differences arising during the previous year 2008-09 amounting to Rs. 1,298,612,986, to "Foreign Currency Monetary Item Translation Difference Account" and amortised/ released exchange differences for the previous year 2008-09 amounting to Rs 488,305,074.

Had the accounting treatment as per Accounting Standard - AS 11 (Revised) been continued to be followed by the Company in the previous year 2008-09, the net loss after tax for the previous year 2008-09 would have been higher by Rs. 1,456,409,774.

The accumulation in the "Foreign Currency Monetary Item Translation Difference Account" remaining to be amortised are as under:

Particulars	31.03.2010	01.04.2009
	Rs.	Rs.
Un-amortised Exchange Differences	97,246	730,529,217

- 18 The Company has the following provisions in the books of account as on 31.03.2010 :

	2009-10		2008-09	
	Rs.	Rs.	Rs.	Rs.
	Warranty Expenses	Other Probable Obligations	Warranty Expenses	Other Probable Obligations
Balance as at the beginning of the year	15,023,862	343,800,872	1,000,000	-
Additions during the year	68,379,279	28,763,363	23,548,755	343,800,872
Utilised/Written back during the year	45,334,124	79,602,108	9,524,893	-
Balance as at the end of the year	38,069,017	292,962,127	15,023,862	343,800,872

Warranty provisions relate to the estimated outflow in respect of warranty for products sold by the Company and other probable obligations provisions relate to the estimated outflow in respect of possible liabilities expected to arise in future. Due to very nature of such costs, it is not possible to estimate the timing/uncertainties relating to their outflows as well as expense from such estimates.

- 19 Based on the information available with the Company, the Company has identified 47 vendors as Micro and small enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006. The balance due to such vendors as at 31.03.2010 has been disclosed separately under "Current Liabilities and Provisions" (Refer Schedule 12).

MOSER BAER INDIA LIMITED

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE 22 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (CONTD.)

Part-B NOTES TO ACCOUNTS (CONTD.)

Disclosure relating to dues Outstanding to Micro and Small Enterprises as defined in Micro Small and Medium Enterprises Act 2006

	2009-10	2008-09
	Rs.	Rs.
a) Amount remaining unpaid to Micro and Small Enterprises at the end of year		
Principal Amount	41,929,371	41,119,703
Interest thereon	2,067,931	1,517,845
Total	43,997,302	42,637,548
(b) Amount of Payments made to Micro and Small Enterprises beyond the appointed date during the year		
Principal Amount	275,329,736	267,741,875
Interest Actually Paid u/s 16 of the Act.	Nil	Nil
Total	275,329,736	267,741,875
(c) Interest due and Payable (excluding interest u/s 16 of the Act) to Micro and Small Enterprises for delayed payments		
Interest accrued during the year as per agreed terms.	Nil	Nil
Interest payable during the year as per agreed terms.	Nil	Nil
(d) Interest accrued (including interest u/s 16 of the Act) and remaining unpaid at the end of the year		
Interest accrued during the year.	2,067,931	1,517,845
Interest remaining unpaid during the year.	2,067,931	1,517,845

20 The Company has availed non-fund based limits from State Bank of India, State Bank of Patiala, State Bank of Bikaner and Jaipur, Union Bank of India, State Bank of Travancore, The Bank of Nova Scotia, Punjab National bank, Vijaya Bank, ING Vysya Bank Limited, Bank of Baroda, Exim Bank, State Bank of Hyderabad and HDFC Bank aggregating to Rs. 4,483,200,000 (Previous Year Rs. 2,932,500,000) which are secured by a first pari-passu charge on the current assets of the Company and further secured by a second pari - passu charge on fixed assets of the Company.

21 Disclosures pursuant to Accounting Standard (AS) 7 (Revised) "Construction Contracts" :

S. No.	Particulars	Year ended March 31, 2010	Year ended March 31, 2009
i)	Contract Revenue recognised during the year	124,949,073	-
ii)	Aggregate amount of contract costs incurred for all contracts in progress as at year end	118,701,619	-
iii)	Recognized profits (less recognized losses) for all contracts in progress as at the year end	6,247,454	-
iv)	Amount of advances received for contracts in progress as at year end	12,245,009	-
v)	Amount of retentions for contracts in progress as at year end	-	-

22 Corresponding figures for the previous year have been regrouped/rearranged, wherever necessary to conform to current year classification.

By order of the Board
for and on behalf of MOSER BAER INDIA LIMITED

For Price Waterhouse
Firm Registration Number : 007568S
Chartered Accountants

Deepak Puri
Chairman and
Managing Director

Ratul Puri
Executive Director

Anuradha Tuli
Partner
Membership Number : F-85611

Minni Katariya
Head Legal and
Company Secretary

Yogesh Mathur
Group CFO

Place: New Delhi
Date: July 12, 2010

MOSER BAER INDIA LIMITED
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

1 Registration Details

Registration No :	15418	State Code:	55
Balance Sheet Date:	31.03.2010		

II Capital Raised during the year (Amount in Rs.Thousands)

Public Issue :	NIL	Right Issue :	NIL
Bonus issue :	-	Private Placement:	NIL

III Position of Mobilisation and Deployment of Funds(Amount in Rs.Thousands)

Total Liabilities:	38,754,455	Total Assets:	38,754,455
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SOURCE OF FUNDS:

Paid up Capital:	1,683,061	Reserves & Surplus :	15,237,103
Share Warrant	-	Unsecured Loans :	5,084,123
Secured Loans :	16,750,167	Deferred Tax Laibility	-

APPLICATION OF FUNDS:

Net Fixed Assets :	18,268,477	Investments :	5,993,089
Net Current Assets :	14,492,888	Misc.Expenditure :	-
Accumulated Losses:	-		

IV Performance of Company (Amount in Rs.Thousands)

Turnover :	23,491,351	Total Expenditure :	23,929,936
Profit/(Loss) Before Tax :	(438,586)	Profit/(Loss) After Tax :	(362,067)
Earning per share in Rs:	(2.15)	Dividend Rate :	6%

V Generic Names of Three Principal Products/Services of the Company (as per monetary terms)

Item Code No: (ITC Code)	852320
Product Description:	MAGNETIC DISK
Item Code No: (ITC Code)	852390
Product Description:	COMPACT DISK RECORDABLE
Item Code No: (ITC Code)	847193.09
Product Description:	STORAGE UNITS

Deepak Puri
Chairman and
Managing Director

Ratul Puri
Executive Director

Minni Katariya
Head Legal and
Company Secretary

Yogesh Mathur
Group CFO

Place: New Delhi
Date : July 12, 2010

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS OF MOSER BAER INDIA LIMITED

The Board of Directors of Moser Baer India Limited

1. We have audited the attached consolidated balance sheet of Moser Baer India Limited (the "Company") and its subsidiaries, its jointly controlled entity and associate company; hereinafter referred to as the "Group" (refer Note 1 on Schedule 22 to the attached consolidated financial statements) as at March 31, 2010, the related consolidated Profit and Loss Account and the consolidated Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of (i) five subsidiaries included in the consolidated financial statements, which constitute total assets of Rs 525,750,105 and net assets of Rs. 78,006,198 as at March 31, 2010, total revenue of Rs. 144,428,055 net loss of Rs. 415,048,382 and net cash outflows amounting to Rs 137,393,609 for the year then ended; and (ii) one associate company which constitute net loss of Rs. 2,761,526 for the year then ended. These financial statements and other financial information have been audited by other auditors whose report(s) have been furnished to us, and our opinion on the consolidated financial statements to the extent they have been derived from such financial statements is based solely on the report of such other auditors.
4. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21 - Consolidated Financial Statements, Accounting Standard (AS) 23 - Accounting for Investments in Associates in Consolidated Financial Statements, Accounting Standard (AS) 27 - Financial Reporting of Interest in Joint Ventures, notified under sub-section 3C of Section 211 of the Companies Act, 1956.
5. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components of the Group as referred to above, and to the best of our information and according to the explanations given to us, in our opinion, the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2010;
 - (b) in the case of the consolidated Profit and Loss Account, of the loss of the Group for the year ended on that date; and
 - (c) in the case of the consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For and on behalf of
Price Waterhouse
Firm Registration Number: 007568S
Chartered Accountants

Place: Gurgaon
Date : July 12, 2010

Anuradha Tuli
Partner
Membership Number - F-85611

MOSER BAER INDIA LIMITED
CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010

	Schedule	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
SOURCES OF FUNDS:			
SHAREHOLDERS' FUNDS:			
Capital	1	1,683,061,040	1,683,061,040
Preference Shares issued By Subsidiary Companies	2	8,155,338,571	8,155,338,571
Reserves and Surplus	3	8,322,108,152	11,324,496,588
		<u>18,160,507,763</u>	<u>21,162,896,199</u>
LOAN FUNDS:			
Secured Loans	4	27,397,199,856	22,682,846,604
Unsecured Loans	5	5,237,019,472	10,615,122,165
TOTAL		<u>50,794,727,091</u>	<u>54,460,864,968</u>
APPLICATION OF FUNDS:			
FIXED ASSETS:			
Gross Block	6	57,762,634,997	52,490,005,280
Less: Accumulated Depreciation/ Amortisation		<u>29,282,142,984</u>	<u>23,992,910,683</u>
Net Block		28,480,492,013	28,497,094,597
Capital Work-in-progress	6	1,674,709,216	6,186,347,311
		<u>30,155,201,229</u>	<u>34,683,441,908</u>
Goodwill on Consolidation (Refer Note 2.5 of Schedule 22 Part-A and Note 2 of Schedule 22 Part-B)		743,169,473	81,699,383
Deferred Tax Asset (Net) (Refer Note 11 of Schedule 22 Part-B)		-	4,061,518
INVESTMENTS	7	1,591,107,297	1,563,029,852
CURRENT ASSETS, LOANS AND ADVANCES:			
Inventories	8	9,474,299,375	9,046,725,464
Sundry Debtors	9	6,329,719,025	4,071,492,157
Cash and Bank	10	5,320,275,570	7,626,336,528
Other Current Assets	11	121,222,826	148,418,976
Loans and Advances	12	5,672,279,933	4,945,859,563
		<u>26,917,796,729</u>	<u>25,838,832,688</u>
Less: CURRENT LIABILITIES AND PROVISIONS:	13		
Current Liabilities		7,514,210,115	6,250,426,103
Provisions		1,609,448,466	1,459,774,278
		<u>9,123,658,581</u>	<u>7,710,200,381</u>
Net Current Assets		<u>17,794,138,148</u>	<u>18,128,632,307</u>
PROFIT AND LOSS ACCOUNT		511,110,944	-
TOTAL		<u>50,794,727,091</u>	<u>54,460,864,968</u>
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS	22		

This is the Consolidated Balance Sheet referred to in our report of even date.

The schedules referred to above form an integral part of the Consolidated Balance Sheet.

By order of the Board
for and on behalf of MOSER BAER INDIA LIMITED

For Price Waterhouse
Firm Registration Number : 007568S
Chartered Accountants

Deepak Puri
Chairman and
Managing Director

Ratul Puri
Executive Director

Anuradha Tuli
Partner
Membership Number : F-85611

Minni Katariya
Head Legal and
Company Secretary

Yogesh Mathur
Group CFO

Place: New Delhi
Date: July 12, 2010

MOSER BAER INDIA LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	Schedule	Year ended 31.03.2010	Year ended 31.03.2009
		Rs.	Rs.
INCOME:			
Gross Sales (Refer Note 4 of Schedule 22 Part-A) [(Includes share of Joint Venture Rs. NIL (Previous Year Rs. 11,205,713))]		25,049,792,337	25,405,190,969
Less: Excise Duty	14	531,266,917	675,201,747
Net Sales		24,518,525,420	24,729,989,222
Other Income	15	3,084,022,699	2,208,519,657
Increase in stock of Finished Goods, Work in Progress, Traded Goods and Film Rights	16	623,587,543	1,624,143,729
		<u>28,226,135,662</u>	<u>28,562,652,608</u>
EXPENDITURE:			
Purchase of Traded Goods and Film Rights		667,994,290	1,403,906,390
Cost of Film Production		81,007,222	144,295,501
Raw Materials and Components Consumed [Includes share of Joint Venture Rs. NIL (Previous Year Rs. 14,424,796)]		12,152,484,610	12,183,885,201
Packing Material Consumed		1,808,011,252	2,230,772,931
Stores, Spares and Tools Consumed		780,983,615	827,337,979
Personnel Expenses	17	3,039,517,268	2,957,717,468
Administration and Other Expenses	18	5,436,163,110	5,408,199,594
Interest and Finance Charges	19	2,803,404,186	2,733,911,051
Depreciation/ Amortisation	20	5,645,441,864	5,304,677,879
		<u>32,415,007,417</u>	<u>33,194,703,994</u>
(Loss) before Exceptional Items, Prior Period Items and Tax		<u>(4,188,871,755)</u>	<u>(4,632,051,386)</u>
Exceptional Items Income	21	180,762,906	958,040,771
Prior Period Expense/ (Income)		(78,596)	35,604,387
(Loss) before Tax		<u>(4,008,030,253)</u>	<u>(3,709,615,002)</u>
Tax Expense: (Refer Note 13 of Schedule 22 Part-A)			
Current Tax (Current year represents excess provision of earlier years written back)		(72,343,129)	1,512,537
Fringe Benefit Tax (Current year represents amounts written back)		(3,167,794)	20,819,530
Deferred Tax (net) (Refer Note 11 of Schedule 22 Part-B)		4,061,518	(95,665,987)
Net (Loss) after Tax		<u>(3,936,580,848)</u>	<u>(3,636,281,082)</u>
Share in Loss of Associates		(2,761,526)	(1,206,860)
Net (Loss) for the year		<u>(3,939,342,374)</u>	<u>(3,637,487,942)</u>
APPROPRIATIONS:			
Proposed Dividend:			
-on Equity Shares		100,983,662	101,058,662
Corporate Tax on Proposed Dividend		16,772,124	17,174,919
Transferred to General Reserve		(3,545,987,216)	(3,755,721,523)
Balance carried to Balance Sheet		<u>(511,110,944)</u>	<u>-</u>
Earnings/ (Loss) Per Share (Face Value of Rs. 10 each)			
Basic		(23.41)	(21.61)
Diluted		(23.41)	(21.61)
(Refer Note 20 of Schedule 22 Part-A and Note 15 of Schedule 22 Part-B)			
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS	22		

This is the Consolidated Profit and Loss Account referred to in our report of even date.

The schedules referred to above form an integral part of the Consolidated Profit and Loss Account
By order of the Board
for and on behalf of MOSER BAER INDIA LIMITED

For Price Waterhouse
Firm Registration Number : 007568S
Chartered Accountants

Deepak Puri
Chairman and
Managing Director

Ratul Puri
Executive Director

Anuradha Tuli
Partner
Membership Number : F-85611

Minni Katariya
Head Legal and
Company Secretary

Yogesh Mathur
Group CFO

Place: New Delhi
Date: July 12, 2010

MOSER BAER INDIA LIMITED
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

	<u>Year ended</u> <u>31.03.2010</u>	<u>Year ended</u> <u>31.03.2009</u>
	<u>Rs.</u>	<u>Rs.</u>
Cash flow from operating activities:		
Net (Loss) before tax	(4,008,030,253)	(3,709,615,002)
Adjustments for:		
Depreciation/ Amortisation	5,645,441,864	5,304,677,879
Interest Expense	2,550,369,428	2,573,049,434
Interest Income	(279,263,928)	(547,064,470)
Income from Investment - Dividends	(191,577)	(23,395,428)
(Profit)/ Loss on sale of Fixed Assets (Net)	4,423,642	(3,283,837)
(Profit)/ Loss on sale of Current Investments	(159,813)	(16,513,528)
Debts/ Advances Written off	4,570,639	35,682,259
Provision for Bad and Doubtful Debts	32,378,733	12,003,486
Provision for Doubtful Advances	12,226,406	161,000,159
Liability no longer required written back	(172,833,134)	(57,835,040)
Provision for Staff Benefit Schemes	46,227,672	76,513,456
Stock written off	94,942,308	36,896,296
Provision for Other Probable Obligations	28,763,363	343,800,872
Reversal of provision for Other Probable Obligations	(79,602,108)	-
Provision for Warranty Expenses (net)	66,986,321	48,367,152
Unrealised foreign exchange (gain)/ loss	(258,150,780)	667,153,054
Exchange Gain on sale of Current Investments	-	(138,426,422)
Exceptional items (net)	(180,762,906)	(958,040,771)
Prior Period Expenses/ (Income) (Net)	(78,596)	35,604,387
Operating profit before working capital changes	3,507,257,281	3,840,573,936
Adjustments for changes in working capital:		
(Increase)/ Decrease in Sundry Debtors	(2,534,885,194)	(621,515,659)
(Increase)/ Decrease in Other Receivables	(533,548,533)	(1,970,836,373)
(Increase)/ Decrease in Inventories	(522,516,219)	(1,836,143,228)
Increase/ (Decrease) in Trade and Other Payables	2,172,918,246	1,968,923,194
Cash generated from operations	2,089,225,581	1,381,001,870
Taxes (Paid) / Received (Net of TDS)	(126,322,682)	(244,354,277)
Prior Period Expenses/ (Income) (Net)	78,596	(35,604,387)
Net cash from operating activities	A	1,962,981,495
Cash flow from Investing activities:		
Purchase of Fixed Assets	(1,544,327,016)	(5,604,141,120)
Proceeds from Sale of Fixed Assets	2,851,734	2,020,906
Purchase of Investment in Subsidiary Company	(735,470,090)	-
Proceeds from Sale of Current Investments	159,813	2,774,794,983
Purchase of Current Investments	(51,691,577)	(769,763,577)
Purchase of investment - Others	(1,321,646)	(92,960,886)
Interest Received	285,216,403	469,095,004
Dividend Received	191,577	23,395,428
Net cash used in investing activities	B	(2,044,390,802)
Cash flow from financing activities:		
Proceeds from issue of Share Capital (including Share Premium)	-	11,665,000
Proceeds from issue of Preference Shares by Subsidiary Companies	-	4,225,088,640
Proceeds from Long Term Loans	6,812,300,000	3,151,638,067
Repayment of Long Term Loans (excludes exchange fluctuation Gain of Rs. 372,143,606 (Previous Year loss of Rs.831,541,270) on reinstatement of foreign currency loans)	(5,945,913,456)	(6,317,989,062)
Repayment of Zero Coupon Foreign Currency Convertible Bonds	(322,677,095)	(1,029,084,103)
Repayment of Deferred Credit Liability	(76,448,400)	-
Proceeds from short term borrowings (Net)	80,062,197	4,616,613,826
Interest Paid	(2,601,484,301)	(2,875,406,122)
Dividend Paid	(100,740,954)	(168,113,616)
Dividend Tax Paid	(17,162,173)	(28,603,622)
Issue expenses of Foreign Currency Convertible Bonds	-	(966,500)
Net cash used (in)/ from financing activities	C	(2,172,064,182)

contd...

MOSER BAER INDIA LIMITED
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

	Year ended 31.03.2010	Year ended 31.03.2009
	Rs.	Rs.
Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)	(2,253,473,489)	(511,673,548)
Exchange Gain/ (Loss) on Cash and Cash Equivalents	(26,951,793)	(72,372,262)
Net Increase/ (Decrease) in Cash and Cash Equivalents	(2,280,425,282)	(584,045,810)
Cash and Cash Equivalents at beginning of the year	7,626,336,528	8,210,382,338
Add: Cash and Cash Equivalents acquired on acquisition of subsidiary company	66,145,082	-
Less: Cash and Cash Equivalents of Joint Venture not consolidated (Refer Note 1.1.2 of Schedule 22 Part B and Schedule 10)	91,780,758	-
Cash and Cash Equivalents at end of the year	<u>5,320,275,570</u>	<u>7,626,336,528</u>
Cash and Cash Equivalents comprise		
Cash, Cheques & Drafts (in hand) and Remittances in transit	109,790,919	43,407,800
Call Deposits	-	8,381,949
Fixed Deposits	3,575,916,915	6,553,196,210
Balance with Scheduled Banks	1,628,656,803	1,016,086,185
Balance with Non-scheduled Banks	5,910,933	5,264,384
	<u>5,320,275,570</u>	<u>7,626,336,528</u>

Notes :

- The above Consolidated Cash flow Statement has been prepared under the indirect method set out in AS-3 (revised) notified under sub-section 3C of Section 211 of the Companies Act, 1956.
- Figures in brackets indicate cash outgo.
- Previous year figures have been regrouped and recast wherever necessary to conform to the current year classification.
- Cash and cash equivalents includes balances in Unpaid Dividend Account amounting to Rs. 4,224,194 (Previous Year Rs. 3,981,486) and in Fixed Deposits Rs. 3,555,053,772 (Previous Year Rs. 3,481,859,741) under lien and margin money, which are not available for use by the Group. (Refer Schedule 10 in the accounts).
- These Significant Accounting Policies and Notes to Accounts (Schedule 22) form an integral part of the Consolidated Cash flow statement.

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

The schedules referred to above form an integral part of the Consolidated Cash Flow Statement

By order of the Board
for and on behalf of MOSER BAER INDIA LIMITED

For Price Waterhouse
Firm Registration Number : 007568S
Chartered Accountants

Deepak Puri
Chairman and
Managing Director

Ratul Puri
Executive Director

Anuradha Tuli
Partner
Membership Number-F-85611
Place: New Delhi
Date: July 12, 2010

Minni Katariya
Head Legal and
Company Secretary

Yogesh Mathur
Group CFO

MOSER BAER INDIA LIMITED
SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010

	<u>As at 31.03.2010</u>	<u>As at 31.03.2009</u>
	<u>Rs.</u>	<u>Rs.</u>
SCHEDULE 1 - CAPITAL:		
Authorised:		
207,500,000 (Previous Year 207,500,000) Equity Shares of Rs.10 each	2,075,000,000	2,075,000,000
750,000 (Previous Year 750,000) Preference Shares of Rs. 100 each	75,000,000	75,000,000
	<u>2,150,000,000</u>	<u>2,150,000,000</u>
Issued, Subscribed and Paid-up:		
168,306,104 (Previous Year 168,306,104) Equity Shares of Rs.10 each fully paid	1,683,061,040	1,683,061,040
TOTAL	<u>1,683,061,040</u>	<u>1,683,061,040</u>
Notes:		
1. Above includes 25,000 Equity Shares of Rs. 10 each issued in the previous year as fully paid Bonus Shares by capitalisation of General Reserve.		
2. In the year 2007-08 the Company issued fully paid bonus shares to the equity shareholders of the Company in the ratio of one bonus share for two existing fully paid shares by capitalising the sum standing to the credit of Company's General Reserve. Consequently the Company has allotted 56,077,035 equity shares which also includes 127,975 equity shares against options exercised after the record date.		
SCHEDULE 2- PREFERENCE SHARES ISSUED BY SUBSIDIARY COMPANIES:		
23,784,606 (Previous Year 23,784,606) Fully Convertible Preference shares of GBP 1 each fully paid in cash (Refer Note 3(a) of Schedule 22 Part-B)	1,965,749,931	1,965,749,931
196,450,000 (Previous Year 196,450,000) Non-Cumulative, Fully Convertible Re.1 Dividend Bearing Class-A Preference Shares of Rs 10 each fully paid in cash (Refer Note 3(b) of Schedule 22 Part-B)	1,964,500,000	1,964,500,000
65,000,000 (Previous Year 65,000,000) Non-Cumulative, Fully Convertible Re.1 Dividend Bearing Class-B Preference Shares of Rs 10 each fully paid in cash (Refer Note 3(c) of Schedule 22 Part-B)	650,000,000	650,000,000
43,360,485 (Previous Year 43,360,485) Fully Convertible Class B Preference Shares of GBP 1 each fully paid in cash (Refer Note 3(d) of Schedule 22 Part-B)	3,575,088,640	3,575,088,640
TOTAL	<u>8,155,338,571</u>	<u>8,155,338,571</u>
SCHEDULE 3 - RESERVES AND SURPLUS:		
Capital Reserve:		
As per last Balance Sheet	181,440,000	181,440,000
	<u>181,440,000</u>	<u>181,440,000</u>
Securities Premium Account:		
As per last Balance Sheet	8,334,425,901	8,618,158,209
Addition during the year (Refer Note 13(a) of Schedule 22 Part-B)	-	10,915,000
Add:- Provision for redemption of Zero Coupon Foreign Currency Convertible Bonds reversed during the year on repurchase (Refer Note 18(c) of Schedule 22 Part-B)	77,085,113	252,526,052
Less:- Provision for redemption of Zero Coupon Foreign Currency Convertible Bonds (Refer Note 18 (c) of Schedule 22 Part-B)	241,273,412	546,206,860
Less:- Issue expenses of Zero Coupon Foreign Currency Convertible Bonds	-	966,500
	<u>8,170,237,602</u>	<u>8,334,425,901</u>
Foreign Currency Translation Reserve :		
As per last Balance Sheet	(6,827,312)	87,267,403
Additions during the year	(22,644,892)	(94,094,715)
	<u>(29,472,204)</u>	<u>(6,827,312)</u>
General Reserve:		
As per last Balance Sheet	3,545,987,216	7,508,171,160
Add: Transferred from Profit and Loss Account during the year	(3,545,987,216)	(3,755,721,523)
Less: Utilised during the year Nil (Previous Year 25,000) Equity Shares of Rs. 10 each issued as fully paid Bonus Shares	-	250,000
Less: Debited during the year (Refer Note 19 of Schedule 22 Part-B)	-	206,212,421
	<u>-</u>	<u>3,545,987,216</u>
Foreign Currency Monetary Item Translation Difference Account (Refer Note 19 of Schedule 22 Part-B)	(97,246)	(730,529,217)
	<u>8,322,108,152</u>	<u>11,324,496,588</u>

MOSER BAER INDIA LIMITED
SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010

	<u>As at 31.03.2010</u>		<u>As at 31.03.2009</u>	
	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>
SCHEDULE 4- SECURED LOANS:				
(Refer Note 12 of Schedule 22 Part-A)				
Term Loans (Refer notes below):				
From Banks:				
Rupee Loans	11,403,004,233		9,646,185,497	
Interest Accrued and Due	89,817,676	11,492,821,909	66,024,932	9,712,210,429
Foreign Currency Loans	1,250,388,431		2,076,232,428	
Interest Accrued and Due	436,842	1,250,825,273	436,842	2,076,669,270
		12,743,647,182		11,788,879,699
From Others:				
Rupee Loans		461,538,462		600,000,000
Foreign Currency Loans		1,298,248,936		1,596,519,199
		14,503,434,580		13,985,398,898
Other Loans (Refer notes below):				
Short Term Loans from Banks:				
Rupee Loans	9,649,391,459		7,486,005,167	
Interest Accrued and Due	23,587,294	9,672,978,753	9,566,605	7,495,571,772
Foreign Currency Loan		2,916,124,724		305,436,754
Secured by lien on Fixed Deposits		304,661,799		570,289,721
Foreign Currency Loan Secured by Lien on Fixed Deposits		-		88,349,404
From Others:				
Secured by hypothecation of stock-in-trade and book debts		-		237,800,055
		12,893,765,276		8,697,447,706
TOTAL		27,397,199,856		22,682,846,604

Notes:

- Rupee Term Loans from State Bank of India, Indian Overseas Bank, Exim Bank, Union Bank of India, Syndicate Bank, United Bank of India, State Bank of Mysore, State Bank of Indore, Punjab National Bank, Oriental Bank of Commerce, UCO Bank, State Bank of Patiala, Bank of Baroda, Bank of Maharashtra, Jammu and Kashmir Bank, State Bank of Bikaner and Jaipur, Central Bank of India, State Bank of Hyderabad and Foreign Currency Loans from Banks/Financial Institutions, Indian Overseas and Union Bank of India, EXIM Bank and ECB Loans from International Finance Corporation and Bank of Baroda are secured by way of first mortgage and charge on all the immovable and movable fixed assets, present and future, of the relevant company (subject to prior charge on specified movables as otherwise stated, including in favour of the relevant company's bankers by way of security for the borrowing of working capital), ranking pari-passu with charges for the Term Loans.
- Short Term Rupee loans from Punjab National Bank, Vijaya Bank, The Bank of Nova Scotia, State Bank of Bikaner & Jaipur, State Bank of Patiala, State Bank of Travancore, Bank of Baroda, ING Vysya Bank, State Bank of Hyderabad, Central Bank of India, State Bank of India and Union Bank of India are secured by hypothecation of stock-in-trade and book debts and further secured by way of second charge on all the immovable properties of the relevant companies.
- Working Capital Limit from State Bank of India is secured by a first pari passu charge by way of hypothecation over the current assets of the relevant companies, (both present and future) and second pari passu charge by way of hypothecation over the entire moveable fixed assets of the relevant companies.
- Rupee Term Loans from UCO Bank are secured by way of first pari-passu charge on current assets (both present and future) of the relevant companies and further secured by way of a second charge on pari-passu basis on all the moveable fixed assets of the relevant companies.
- Rupee Term Loans from State Bank of Bikaner & Jaipur are secured by way of first pari-passu charge on current assets (both present and future) of the relevant companies.
- Short Term Rupee Loans from Oriental Bank of Commerce, UCO Bank and Bank of Baroda and Short Term Foreign Currency Loans from Oriental Bank of Commerce and UCO Bank are secured by a first charge by way of hypothecation on pari-passu basis on all the present and future current assets of the relevant companies and further secured by way of a second charge on pari-passu basis on all the moveable and immovable fixed assets of the relevant companies.
- Short Term Foreign Currency Loan from State Bank of Bikaner & Jaipur are secured by a first pari-passu charge by way of hypothecation on the entire stocks of inventory, receivables, bills and other chargeable current assets of the relevant companies both present and future.
- Short Term Foreign Currency Loan from State Bank of Patiala secured by first pari passu charge by way of hypothecation over movable fixed assets of the relevant companies (both present and future).
- Term Loans repayable within one year Rs. 4,191,235,710 (Previous year Rs. 5,689,701,937).

MOSER BAER INDIA LIMITED
SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010

	<u>As at 31.03.2010</u>	<u>As at 31.03.2009</u>
	<u>Rs.</u>	<u>Rs.</u>
<u>SCHEDULE 5 - UNSECURED LOANS:</u>		
(Refer Note 12 of Schedule 22 Part-A)		
<u>Short term loans from Banks:</u>		
Rupee Loan	1,100,000,000	5,501,870,393
Interest Accrued and Due	<u>9,587,672</u>	<u>50,320,356</u>
	1,109,587,672	5,552,190,749
<u>Other Loans:</u>		
Foreign Currency Convertible Bonds (Refer Note 18 of Schedule 22 Part-B)		
Zero Coupon Tranche A Convertible Bonds Due 2012 USD 45,500,000 (Previous Year USD 49,000,000)	2,043,405,000	2,485,770,000
Zero Coupon Tranche B Convertible Bonds Due 2012 USD 43,000,000 (Previous Year USD 50,000,000)	1,931,130,000	2,536,500,000
Deferred credit liability	152,896,800	-
	<u>5,237,019,472</u>	<u>10,574,460,749</u>
Share in Joint Venture	-	40,661,416
TOTAL	<u><u>5,237,019,472</u></u>	<u><u>10,615,122,165</u></u>

MOSER BAER INDIA LIMITED
SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010

SCHEDULE 6 - FIXED ASSETS:

(Refer Notes 5, 6, 9, 10, 14 and 16 of Schedule 22 Part-A)

DESCRIPTION	GROSS BLOCK			DEPRECIATION/AMORTISATION			NET BLOCK	
	As at 01.04.2009	Additions/ Acquisitions	Deductions	As at 01.04.2009	For the Year	Deductions	As at 31.03.2010	As at 31.03.2009
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Tangible Assets								
Leasehold Land (Refer Note 3 below)	273,666,570	306,851,663	-	20,339,588	6,082,372	-	26,421,960	554,096,273
Buildings (Refer Note 3 below)	4,120,874,536	626,625,474	-	639,983,983	139,940,522	-	779,924,505	3,967,575,505
Leasehold Improvements	57,341,437	558,281	-	20,195,383	8,166,961	-	28,362,344	29,537,374
Plant & Machinery, Electrical Installations and Other Equipments (Refer Notes 1, 2 and 4 below)	44,797,550,702	4,217,697,931	315,439,240	22,043,325,673	4,621,802,767	75,110,109	26,590,018,331	22,109,791,062
Furniture, Fixtures and Office Equipments (Refer Note 3 below)	304,596,171	22,020,431	1,015,661	98,520,007	16,853,189	216,655	115,156,541	210,444,400
Computers	213,163,478	14,444,670	2,187,334	116,667,633	26,634,807	477,614	142,824,826	82,595,988
Vehicles	35,194,244	-	2,995,332	12,341,179	3,442,427	2,108,147	13,675,459	18,523,453
Intangible Assets								
Software	53,141,913	47,260,879	243,677	33,169,732	12,841,737	205,167	45,806,302	54,352,813
Technical Know-How	293,747,593	-	-	135,005,619	41,636,423	-	176,642,042	117,105,551
Copyrights	2,002,469,715	369,798,243	-	667,541,515	453,171,513	-	1,120,713,028	1,251,554,930
Marketing and Distribution Rights	323,917,844	3,594,466	-	205,820,371	36,777,275	-	242,597,646	84,914,664
Share in Joint Venture	52,475,664,203	5,608,852,038	321,881,244	23,992,910,683	5,367,349,993	78,117,692	29,282,142,984	28,480,492,013
TOTAL	14,341,077	-	14,341,077	-	-	-	-	14,341,077
Capital Work in Progress:								
Capital Work in Progress, including capital advances of Rs. 386,800,601 (Previous Year Rs. 1,295,539,971)	52,490,005,280	5,608,852,038	336,222,321	23,992,910,683	5,367,349,993	78,117,692	29,282,142,984	28,480,492,013
Expenditure pending allocation (Refer Note 9 of Schedule 22 Part-B)	47,183,098,195	5,425,797,541	1,18,890,456	18,996,463,093	5,116,600,976	120,153,386	23,992,910,683	34,683,441,908
TOTAL	52,490,005,280	5,608,852,038	336,222,321	23,992,910,683	5,367,349,993	78,117,692	29,282,142,984	30,155,201,229
Grand Total	100,146,882	1,574,562,334	5,273,300,578	100,146,882	913,046,733			
Previous Year	1,674,709,216	6,186,347,311		34,683,441,908				

Notes:

- Gross block and additions to Plant and Machinery have been decreased by Rs. 442,644,869 (Previous Year increased by Rs. 886,406,501) on account of foreign exchange differences. (Refer Note 19 of Schedule 22 Part-B)
- Gross block of plant and machinery and expenditure pending allocation includes borrowing cost capitalised during the year Rs. 54,616,929 (Previous Year 650,900,674).
- Gross block of fixed assets include Rs. 3,996,247,554 (Previous Year Rs. 2,855,164,422) relating to the SEZ division of the Company.
- Gross block of Plant and Machinery includes steel crates amounting to Rs. 42,322,656 (Previous Year Rs Nil) which are provided to customers on a returnable basis for transportation of finished goods.

MOSER BAER INDIA LIMITED
SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010

	<u>As at 31.03.2010</u>		<u>As at 31.03.2009</u>	
	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>
SCHEDULE 7 - INVESTMENTS:				
(Refer Note 7 of Schedule 22 Part-A and Note 1.2, 2 and 8 of Schedule 22 Part-B)				
LONG TERM				
Investments in Others (Trade and unquoted):				
<u>CAPCO Luxembourg S.a.r.l.</u>				
1 Equity share of Euro 125 each	4,961		4,961	
63,366 (Previous Year 63,366)				
Preferred Equity Certificates of Euro 125 each	320,668,823		320,668,823	
Less: Provision for Diminution in value of Investment	<u>320,668,823</u>	4,961	<u>320,668,823</u>	4,961
<u>The Solaria Corporation</u>				
6,153,846 (Previous Year 6,153,846) Shares Series B Preferred Stock of USD 0.001 each	185,293,200		185,293,200	
3,516,606 (Previous Year 3,516,606) Shares Series C Preferred Stock of USD 0.001 each	198,454,978		198,454,978	
1,018,866 (Previous Year 1,018,866) Shares Series C 1 Preferred Stock of USD 0.001 each	<u>57,498,346</u>	441,246,524	<u>57,498,346</u>	441,246,524
<u>Stion Corporation</u>				
1,000,000 (Previous Year 1,000,000) Shares of Series A Preferred Stock of USD 0.0001 each	45,302,150		45,302,150	
82,912 (Previous Year 82,912) Shares of Series B-1 Preferred Stock of USD 0.0001 each	7,693,234		7,693,234	
82,912 (Previous Year 82,912) Shares of Series B-2 Preferred Stock of USD 0.0001 each	<u>12,241,163</u>	65,236,547	<u>12,241,163</u>	65,236,547
<u>Sol Focus, Inc.</u>				
7,000,000 (Previous Year 7,000,000) Shares of Series A Preferred Stock of USD 0.0001 each	327,047,185		327,047,185	
4,950,495 (Previous Year 4,950,495) Shares of Series B Preferred Stock of USD 0.0001 each	410,660,000		410,660,000	
2,178,649 (Previous Year 2,178,649) Shares of Series C Preferred Stock of USD 0.0001 each	<u>245,340,000</u>	983,047,185	<u>245,340,000</u>	983,047,185
<u>Skyline Solar Inc.</u>				
482,250 (Previous Year 482,250) Shares of Series A Preferred Stock of USD 0.5384 each		13,025,522		13,025,522
<u>Moser Baer Infrastructure Limited (Associate)</u>				
3,430,000 (Previous Year 3,430,000) Equity Shares of Rs. 10/- each		29,413,335		32,174,861
<u>Moser Baer Infrastructure and Developers Limited (Associate in Previous year)</u>				
Nil (Previous Year 26,00,000) Equity Shares of Rs. 10 each		-		22,174,252
<u>Moser Baer Projects Private Limited</u>				
510,000 (Previous Year 510,000) Equity Shares of Rs 10/- each		5,100,000		5,100,000
<u>Bensimon Limited</u>				
20 (Previous Year Nil) Equity Shares of Euro 1 each		1,382		-
<u>KMG Digital Limited</u>				
196 (Previous Year Nil) Class A Ordinary Shares of Euro 1 each		1,320,264		-
<u>Lumen Engineering Private Limited</u>				
102,000 (Previous Year 102,000) Equity Shares of Rs. 10/- each		1,020,000		1,020,000
SHORT TERM				
Current (Non-Trade and unquoted)				
<u>Investments in Mutual funds:</u>				
5,166,058 (Previous Year NIL) Units of SBI SHF Ultra Short Term Fund of Face Value Rs 10 each		51,691,577		-
(Refer Note 8 of Schedule 22 Part-B)				
TOTAL (aggregate value of unquoted investments)	<u>1,591,107,297</u>		<u>1,563,029,852</u>	

MOSER BAER INDIA LIMITED
SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010

	<u>As at 31.03.2010</u>		<u>As at 31.03.2009</u>	
	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>
SCHEDULE 8 - INVENTORIES:				
(Refer Note 8 of Schedule 22 Part-A)				
Stores and spare parts including in transit Rs.13,381,022 (Previous Year Rs. 27,026,672) -net of provision for non-moving stock Rs. 232,201 (Previous Year Rs. 232,201)	1,104,065,493		1,199,713,952	
Raw Materials and Components including in transit Rs. 292,030,356 (Previous Year Rs. 497,292,394) -net of provision for non-moving stock Rs. 2,233 (Previous Year Rs. 2,233)	1,702,907,353		1,774,816,216	
Packing Material including in transit Rs. 10,661,741 (Previous Year Rs. 15,181,008) net of provision for non-moving stock Rs. 8,003,673 (Previous Year Rs.8,003,246)	198,790,237		170,137,362	
Work in Progress Manufactured Finished Goods -net of provision for obsolete stock Rs. 11,694 (Previous Year Rs. 3,039,458)	2,593,091,283 3,393,359,322		2,619,231,854 2,789,856,868	
Traded Goods -including goods in transit Rs. 5,181,370 (Previous Year Rs. 3,872,072)	324,723,552		326,608,975	
Films under Production Rights of Films (Theatrical and Other Commercial Rights)	77,109,321 80,252,814		124,726,606 41,633,631	
TOTAL	<u>9,474,299,375</u>		<u>9,046,725,464</u>	
Share in Joint Venture	-		2,770,123	
Less :Diminution in Value of Investment	-	-	2,770,123	-
TOTAL	<u>9,474,299,375</u>		<u>9,046,725,464</u>	
SCHEDULE 9- SUNDRY DEBTORS:				
Debts outstanding for a period exceeding six months				
Considered Good-Secured	29,904,782		27,303,917	
Considered Good-Unsecured	1,610,480,266		126,436,986	
Considered Doubtful-Unsecured	<u>221,450,319</u>		<u>201,988,864</u>	
	1,861,835,367		355,729,767	
Less: Provision for Doubtful Debts	<u>220,835,960</u>	1,640,999,407	<u>201,988,864</u>	153,740,903
Other Debts				
Considered Good-Secured	195,951,671		33,902,782	
Considered Good-Unsecured	4,492,767,947		3,883,848,472	
Considered Doubtful-Unsecured	<u>-</u>		<u>4,960,269</u>	
	4,688,719,618		3,922,711,523	
Less: Provision for Doubtful Debts	<u>-</u>	<u>4,688,719,618</u>	<u>4,960,269</u>	<u>3,917,751,254</u>
	<u>6,329,719,025</u>		<u>4,071,492,157</u>	
Share in Joint Venture	-		250,542	
Less :Diminution in Value of Investment	-	-	250,542	-
TOTAL	<u>6,329,719,025</u>		<u>4,071,492,157</u>	

MOSER BAER INDIA LIMITED
SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010

	<u>As at 31.03.2010</u>		<u>As at 31.03.2009</u>	
	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>
SCHEDULE 10 - CASH AND BANK:				
Cash on hand including cheques, drafts and travellers' cheques		73,623,560		43,407,800
Remittance in Transit		36,167,359		-
Balances with Scheduled banks:				
Current Accounts (Refer Note 1 below)	1,624,128,488		1,011,787,115	
Fixed Deposit Accounts (Refer Note 1 below)	3,575,916,915		6,461,415,452	
Call Accounts	-		8,381,949	
Unpaid Dividend Account	4,224,194		3,981,486	
E.E.F.C Accounts	<u>304,121</u>	5,204,573,718	<u>317,584</u>	7,485,883,586
Balances with Other Banks:				
Current Account with BANQUE PRIVEE EDMOND DE ROTHSCHILD S.A. AG (Refer Notes 1 & 2 below)		4,641,767		48,716
Current Account with Tatra Banka,a.s (Refer Note 2 below)		388,818		437,846
Current Account with Uni Credit Banka Slovenija d.d. (Refer Note 2 below)		-		3,576,158
Current Accounts with Royal Bank of Scotland International (Refer Note 2 below)		880,348		1,201,664
		<u>5,320,275,570</u>		<u>7,534,555,770</u>
Share in Joint Venture		-		91,780,758
TOTAL		<u><u>5,320,275,570</u></u>		<u><u>7,626,336,528</u></u>

Notes:

- 1) Includes -
 - a) Rs. 3,494,465,772 (Previous Year Rs. 3,468,966,741) which are subject to lien with the bankers and Rs. 59,328,000 (Previous Year Rs. 12,893,000) held in margin money accounts.
 - b) Rs. 2,248,817 (Previous Year Rs. 235,607,151 in current accounts and Rs 2,277,913,517 in fixed deposits accounts) with schedule banks and Rs 4,641,767 (Previous year Rs 48,716) in current account with other bank out of proceeds of Zero Coupon Foreign Currency Convertible Bonds.
 - c) includes Rs. 1,260,000 (Previous Year Rs.1,150,000) given as margin money to sales tax authorities.
- 2) Maximum balance outstanding at any time during the year were:
 - Tatra Banka.a.s.Rs.437,846 (Previous Year Rs.437,846)
 - Uni Credit Banka Silvenija d.d. Rs.3,576,158 (Previous Year Rs.5,306,181)
 - Royal Bank of Scotland International Rs. 2,169,755 (Previous Year Rs. 14,391,005)
 - BANQUE PRIVEE EDMOND DE ROTHSCHILD S.A. Rs. 5,249,165 (Previous year Rs. 812,104,786)

SCHEDULE 11- OTHER CURRENT ASSETS:

Interest Accrued on Fixed Deposits (Refer Note below)	82,233,679	148,418,976
Fixed Assets Held for Sale	38,989,147	-
	<u><u>121,222,826</u></u>	<u><u>148,418,976</u></u>

Note:

Includes interest accrued on Fixed Deposits out of proceeds of Zero Coupon Foreign Currency Convertible Bonds of Rs. Nil (Previous Year Rs. 8,048,154).

MOSER BAER INDIA LIMITED
SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010

	<u>As at 31.03.2010</u>		<u>As at 31.03.2009</u>	
	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>
<u>SCHEDULE 12- LOANS AND ADVANCES:</u>				
(Unsecured - Considered Good, unless otherwise stated):				
Advances recoverable in cash or kind or for value to be received	4,519,272,185		3,966,208,112	
Considered Doubtful	5,264,195		169,660,018	
	<u>4,524,536,380</u>		<u>4,135,868,130</u>	
Less: Provision for Doubtful Advances	5,264,195	4,519,272,185	169,660,018	3,966,208,112
Balance with Excise and Other Authorities		193,558,805		136,069,582
Earnest Money/ Security Deposits		124,421,660		193,981,824
Advance Tax/ Tax Deducted at Source		<u>835,027,283</u>		<u>649,600,045</u>
		<u>5,672,279,933</u>		<u>4,945,859,563</u>
Share in Joint Venture	-		3,228,115	
Less :Diminution in Value of Investment	-	-	<u>3,228,115</u>	-
TOTAL		<u><u>5,672,279,933</u></u>		<u><u>4,945,859,563</u></u>

Note:

Amount due from a Director as at March 31, 2010 - Rs. Nil (Previous year Rs. Nil). Maximum balance due at any time during the year from Director and Officer of the Company was Rs. 20,000 (Previous year Rs. 35,535).

SCHEDULE 13- CURRENT LIABILITIES AND PROVISIONS:

A. Current Liabilities:

(Refer Note 22 of Schedule 22 Part-B)

Acceptances		2,319,884,092		1,643,156,294
Sundry Creditors				
- Total outstanding dues of micro enterprises and small enterprises	59,689,130		45,574,764	
- Total outstanding dues of creditors other than micro enterprises and small enterprises	<u>4,574,467,646</u>	4,634,156,776	<u>3,787,891,650</u>	3,833,466,414
Advances from Customers		224,011,175		47,721,342
Unclaimed Dividend *		4,224,194		3,981,486
Other Liabilities		204,891,727		503,755,297
Book Overdraft		12,764,441		5,108,469
Security Deposits		74,865,706		121,256,477
Interest accrued but not due on Loans		<u>39,412,004</u>		<u>26,519,905</u>
		<u>7,514,210,115</u>		<u>6,184,965,684</u>
Share in Joint Venture		-		65,460,419
Total		<u><u>7,514,210,115</u></u>		<u><u>6,250,426,103</u></u>

* The above amount will be credited to Investor Education and Protection Fund as and when due.

B. Provisions:

(Refer Notes 3,11, 13 and 19 of Schedule 22 Part-A)

For Taxation				
- Current Tax [(including Wealth Tax Rs. 205,298 (Previous Year Rs. 331,103)]	19,442,607		91,842,768	
- Fringe Benefit Tax	<u>75,813,194</u>	95,255,801	<u>79,912,343</u>	171,755,111
For Premium on Redemption of Zero Coupon		762,653,374		598,465,075
Foreign Currency Convertible Bonds (Refer Note 18(c) of Schedule 22 Part-B)				
For Warranty Expenses (Refer Note 20 of Schedule 22 Part-B)		119,073,738		52,087,417
For Other Probable Obligations		292,962,127		343,800,872
For Proposed Dividend		100,983,662		100,983,662
For Corporate tax on Proposed Dividend		16,772,124		17,162,173
For Staff Benefit Schemes		<u>221,747,640</u>		<u>175,519,968</u>
TOTAL		<u><u>1,609,448,466</u></u>		<u><u>1,459,774,278</u></u>

MOSER BAER INDIA LIMITED

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	<u>Year ended 31.03.2010</u>		<u>Year ended 31.03.2009</u>	
	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>
<u>SCHEDULE 14- EXCISE DUTY:</u>				
Excise Duty paid		521,775,017		675,658,956
Less: Excise duty on Closing Stock		28,372,841		37,864,741
Add: Excise duty on Opening Stock		37,864,741		37,407,532
TOTAL		<u>531,266,917</u>		<u>675,201,747</u>

SCHEDULE 15- OTHER INCOME:

(Refer Notes 4 and 12 of Schedule 22 Part-A)

Interest Received (Gross):				
a) On Deposits with banks	245,997,407		530,201,082	
b) On Income Tax Refunds	32,622,115		-	
c) From Customer	468,391		-	
d) On other Loan	176,015		121,872	
Tax Deducted at Source Rs. 37,571,947 (Previous Year Rs. 115,765,515)		279,263,928		530,322,954
Excess provisions and unclaimed credit balances written back		172,833,134		57,835,040
Exchange Fluctuation (Net)		402,413,996		849,988,254
Profit on cancellation of forward contracts (Net)		1,734,534,703		440,517,746
Profit on sale of Fixed Assets		-		3,283,837
Profit on sale of Current Investments (Others)		159,813		16,513,528
Dividend from Current Investments (Others)		191,577		23,395,428
Reversal of provision for Other Probable Obligations		79,602,108		-
Miscellaneous Income		415,023,440		269,921,355
		<u>3,084,022,699</u>		<u>2,191,778,142</u>
Share in Joint Venture		-		16,741,515
TOTAL		<u>3,084,022,699</u>		<u>2,208,519,657</u>

**SCHEDULE 16-INCREASE IN STOCK OF FINISHED GOODS,
WORK IN PROGRESS, TRADED GOODS AND FILM RIGHTS:**

Closing Stock:

Finished Goods	3,393,359,322		2,789,856,868	
Work in Progress	2,593,091,283		2,619,231,854	
Traded Goods and Film Rights	404,976,366	6,391,426,971	368,242,606	5,777,331,328
Less: Opening Stock:				
Finished Goods	2,789,856,868		1,952,785,748	
Work in Progress	2,619,231,854		2,044,167,868	
Traded Goods and Film Rights	368,242,606	5,777,331,328	155,776,774	4,152,730,390
Excise duty on Finished Goods		9,491,900		(457,209)
TOTAL INCREASE		<u>623,587,543</u>		<u>1,624,143,729</u>

SCHEDULE 17- PERSONNEL EXPENSES:

(Refer Note 12 and 17 of Schedule 22 Part-B and Note 11 of Schedule 22 part A)

Salaries, Allowances and Bonus		2,618,661,303		2,486,466,580
Contribution to Provident and other funds		202,244,185		186,489,867
Employee Welfare Expenses		198,799,815		218,414,934
Leave Encashment		19,811,965		33,421,023
		<u>3,039,517,268</u>		<u>2,924,792,404</u>
Share in Joint Venture		-		32,925,064
TOTAL		<u>3,039,517,268</u>		<u>2,957,717,468</u>

MOSER BAER INDIA LIMITED

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	<u>Year ended 31.03.2010</u>	<u>Year ended 31.03.2009</u>
	<u>Rs.</u>	<u>Rs.</u>
<u>SCHEDULE 18- ADMINISTRATION & OTHER EXPENSES:</u>		
(Refer Note 14 of Schedule 22 Part-A)		
Power and Fuel	1,683,281,740	1,890,283,554
Commission on Sales	13,917,918	35,381,179
Rent (Including Lease Rent) (Refer Note 7 of Schedule 22 Part-B)	130,997,211	154,727,452
Repairs and Maintenance:		
- Building	2,584,917	3,026,529
- Plant and Machinery	181,618,855	95,192,944
- Others	78,467,363	79,632,561
Freight and Forwarding (Net)	421,389,779	425,703,868
Insurance	181,283,728	138,676,095
Rates and Taxes	11,175,442	7,428,687
Director's Sitting Fees	2,654,235	2,165,509
Donation	6,900,000	7,279,600
Remuneration to Auditors	43,841,505	31,399,802
Royalty	1,045,257,574	366,479,248
Warranty Expenses	112,320,445	57,892,045
Travelling and Conveyance	165,474,690	189,389,365
Advertisement and Business Promotion	184,439,832	259,231,949
Bad debts	1,807,425	14,094,745
Advances Written Off	2,763,214	18,359,399
Provision for Doubtful Debts	32,378,733	12,003,486
Legal and Professional Expenses	390,122,448	304,450,331
Provision for Doubtful Advances	12,226,406	161,000,159
Research and Development Expenses	34,587,259	182,884,314
Provision for Other Probable Obligations	28,763,363	343,800,872
Miscellaneous Expenses	568,517,739	545,326,323
Stock Written Off	94,942,308	36,896,296
Preliminary Expenses written off	25,339	363,820
Loss on sale of Fixed Assets (Net)	4,423,642	-
	<u>5,436,163,110</u>	<u>5,363,070,132</u>
Share in Joint Venture	-	45,129,462
TOTAL	<u>5,436,163,110</u>	<u>5,408,199,594</u>

SCHEDULE 19- INTEREST AND FINANCE CHARGES:

(Refer Note 10 of Schedule 22 Part-A)

Interest:		
On Fixed Loans	1,514,031,020	1,607,884,989
On Others	1,036,338,408	957,780,433
Finance Charges	41,187,710	19,192,130
Bank Charges	211,847,048	141,669,488
	<u>2,803,404,186</u>	<u>2,726,527,040</u>
Share in Joint Venture	-	7,384,011
TOTAL	<u>2,803,404,186</u>	<u>2,733,911,051</u>

SCHEDULE 20- DEPRECIATION/ AMORTISATION:

(Refer Note 6 of Schedule 22 Part-A)

Depreciation on Fixed Assets (Previous Year including share of Joint Venture) (Refer Schedule 6)	5,367,349,993	5,116,600,976
Amortisation of Deferred Exchange Loss	278,091,871	188,076,903
Depreciation charged to Profit and Loss	<u>5,645,441,864</u>	<u>5,304,677,879</u>

SCHEDULE 21- EXCEPTIONAL ITEMS:

Profit on purchase of Foreign Currency Convertible Bonds (Refer note 18 (a) of Schedule 22 Part B)	180,762,906	1,845,864,067
Less: Provision for Diminution in Long Term Investments	-	320,668,823
Less: Amortised/ released exchange differences	-	300,228,170
Less: Impairment of Goodwill	-	266,926,303
TOTAL	<u>180,762,906</u>	<u>958,040,771</u>

MOSER BAER INDIA LIMITED

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE 22 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

Part-A SIGNIFICANT ACCOUNTING POLICIES

1 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Financial Statements (CFS) of the Group (Parent), its subsidiaries, associates and the jointly controlled enterprise (Joint Venture) (the 'Group') are prepared to comply in all material aspects with all the applicable accounting principles in India, the applicable accounting standards notified under section 211(3C) of the Companies Act, 1956 and the relevant provisions of the Companies Act, 1956.

2 CONSOLIDATION PROCEDURE

- 2.1 The CFS are prepared in accordance with Accounting Standard (AS-21) "Consolidated Financial Statements" notified under The Companies Act, 1956. The financial statements of the Parent and its subsidiaries are combined on a line by line basis by adding together sums of like nature, comprising assets, liabilities, income and expenses and after eliminating intra-group balances/transactions.
- 2.2 The Financial Statements of certain foreign subsidiaries, associate and the joint venture, are prepared by them on the basis of generally accepted accounting principles, local laws and regulations as prevalent in their respective countries and such financial statements are considered for consolidation.
- 2.3 Subsidiaries are consolidated on the date on which effective control is transferred to the Group and are no longer consolidated from the date of disposal.
- 2.4 The financial statements of the subsidiaries have been drawn for the period from 1st April, 2009 or date of incorporation/ acquisition to 31st March, 2010, as mentioned in note 1 of Schedule 22 Part - B.
- 2.5 The Parent's cost of its investment in its subsidiaries has been eliminated against the Parent's portion of equity of each subsidiary as on the date of investment in that subsidiary. The excess is recognised as 'Goodwill'. Negative goodwill is recognised as 'Capital Reserve'.
- 2.6 Investment in Joint Venture undertaking over which the group exercises joint control is accounted for using proportionate consolidation as per Accounting Standard 27 'Financial Reporting of Interests in Joint Ventures' notified under The Companies Act, 1956. The excess of the investment on the Joint Venture over its net assets on the date on which the interest in the jointly controlled entity is acquired is recognised as goodwill. Negative goodwill is recognised as 'Capital Reserve'. Use of the proportionate consolidation is discontinued when the group ceases to have joint control over the jointly controlled entity.
- 2.7 For the purpose of compilation of the CFS the foreign currency assets, liabilities, income and expenditure are translated as per Accounting Standard (AS-11) on 'Accounting for the Effects of Changes in Foreign Exchange Rates', notified under The Companies Act, 1956. Exchange differences arising are recognised in the Consolidated Profit and Loss account or in the Foreign Currency Translation Reserve classified under Reserves and Surplus as applicable, under the above mentioned Accounting Standard.
- 2.8 Investment in associates are accounted for under the Equity Method as per AS-23 "Accounting for Investments in Associates" notified under The Companies Act, 1956 based on the financial statements of the associates up to the year ended mentioned below. The different reporting date of Global Data Media FZ LLC has been consistently used from period to period. The Group discontinues recognizing the share of future losses when the share of losses in associate equals or exceeds the carrying amount of investment.

Associate	Year ended
Global Data Media FZ LLC	December 31, 2008
Moser Baer Infrastructure Ltd.	March 31, 2009
Moser Baer Infrastructure and Developers Limited#	March 31, 2009

Associate from October 1, 2008.

3 USE OF ESTIMATES

The preparation of financial statements requires the management of the Group to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Example of such estimates include provisions for doubtful debts, employee retirement benefit plans, warranty, provision for income taxes and the useful lives of fixed assets.

MOSER BAER INDIA LIMITED

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE 22 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (CONTD.)

Part-A SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

4 REVENUE RECOGNITION

Revenue from sale of goods is recognised on transfer of significant risks and rewards of ownership to the customer and when no significant uncertainty exists regarding realisation of the consideration. Sales are recorded net of sales returns, rebates, trade discounts and price differences and are inclusive of excise duty and upto the previous year countervailing duty imposed by the council of European Union.

Theatrical revenues from films are recognised as and when the films are exhibited.

Revenue from other rights such as satellite rights, music rights, overseas assignment rights etc. is recognised on the date when the rights are available for exploitation.

Service income of SEZ Division is recognised as and when services are rendered.

Interest is accounted for based on a time proportion basis taking into account the amount invested and the rate of interest.

Dividend is recognised as and when the right of the group to receive payment is established.

5 FIXED ASSETS

Tangible Fixed Assets are stated at cost less accumulated depreciation. Cost includes all expenses, direct and indirect, specifically attributable to its acquisition and bringing it to its working condition for its intended use.

Expenditure pending allocation, are allocated to productive fixed assets in the year of commencement of the related project.

Intangible assets are stated at cost less accumulated amortisation. The cost incurred to acquire "right to use and exploit" home video titles, are capitalized as copyrights/marketing and distribution rights where the right allows the group to obtain a future economic benefit from such titles.

Impairment, if any, in the carrying value of fixed assets is assessed at the end of each financial year in accordance with the accounting policy given below on "Impairment of Assets".

6 DEPRECIATION / AMORTISATION

Depreciation on tangible fixed assets is provided based on the estimated useful life of the fixed assets on a pro-rata basis under the straight-line method. The depreciation rates are not below the minimum rates as specified in Schedule XIV to the Companies Act, 1956.

In respect of assets whose useful life has been revised, the unamortised depreciable amount is charged over the revised remaining useful life.

In case the historical cost of an asset undergoes a change due to an increase or decrease in related long term liability on account of foreign exchange fluctuations, the depreciation on the revised unamortized depreciable amount is provided prospectively over the residual useful life of the asset effective from 1st April 2007.

Intangible assets other than copyrights/marketing and distribution rights are amortised on equated basis over their estimated economic life not exceeding 10 years.

Copyrights/marketing and distribution rights are amortized from the date they are available for use, at the higher of the amount calculated on a straight line basis over the period the intangible asset is available, not exceeding 10 years, and the number of units sold during the period basis.

Leasehold Land and improvement to the leased premises are amortised over the period of the lease.

7 INVESTMENTS

Long term investments are stated at cost of acquisition inclusive of expenditure incidental to acquisition. A provision for diminution is made to recognise a decline, other than temporary in the value of long term investments.

Current investments are stated at lower of cost and fair value determined on an individual basis.

MOSER BAER INDIA LIMITED

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE 22 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (CONTD.)

Part-A SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

8 INVENTORY VALUATION

Finished Goods, Work in progress, Goods held for resale, }
Raw Materials, Packing Materials and Stores and Spares } At lower of cost and net
realisable value

Cost of Raw material, goods held for resale, packing materials and stores and spares is determined on the basis of weighted average method.

Cost of Work in process and finished goods is determined by considering direct material costs, labour costs and appropriate portion of overheads.

Liability for excise duty in respect of goods manufactured by the group, other than for exports, is accounted upon completion of manufacture.

Inventories of under production films and films completed and not released are valued at cost.

The cost of released films is amortized using the individual film forecast method. The said amortization pertaining to theatrical rights, satellite rights, music rights, home video rights and others is based on management estimates of revenues from each of these rights. The inventory, thus, comprises of unamortized cost of such movie rights. These estimates are reviewed periodically and losses, if any, based on revised estimates are provided in full.

At the end of each accounting period, such unamortized cost is compared with net expected revenue. In case of net expected revenue being lower than actual unamortized costs, inventories are written down to net expected revenue.

The purchase cost of the rights acquired in released films is apportioned between satellite rights and other rights (excluding home video rights) based on management's estimates of revenue potential.

9 GOVERNMENT GRANTS

Grants in the nature of contribution towards capital cost of setting up projects are treated as Capital Reserve and grants in respect of specific fixed assets are adjusted from the cost of the related fixed assets.

10 BORROWING COSTS

Borrowing costs directly attributable to the acquisition of qualifying assets are capitalised as part of the cost of assets till the date of commencement of commercial use of the asset. All other borrowing costs are charged to the Profit and Loss Account.

11 EMPLOYEE BENEFITS

The group has Defined Contribution plans for post employment benefits namely Provident Fund which is recognized by the income tax authorities for certain of its subsidiaries. These funds are administered through Regional Provident Fund Commissioner and the group's contributions thereto are charged to revenue every year. The subsidiary Company's contributions to State plans namely Employee's State Insurance Fund and Employee's Pension Scheme 1995 are charged to revenue every year.

The Group has Defined Benefit plans for certain of its subsidiary namely Leave Encashment, Gratuity and Pension for all employees, the liability for which is determined on the basis of an actuarial valuation at the end of the year. Gratuity Fund is administered through Life Insurance Corporation of India. Pension Fund, applicable to a subsidiary, is administered through insurance company Interpolis. Short term compensated absences are recognised at the undiscounted amount of benefit for services rendered during the year.

Termination benefits are recognised as an expense immediately. Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the Profit and Loss Account as income or expense.

12 FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currency are converted at the exchange rate prevailing at the date of the transaction. Foreign Currency monetary assets and liabilities (except long term) not covered by forward exchange contracts are restated at the year end rates and the resultant gains or losses are recognized in the profit and loss account. Gain/Loss on account of exchange fluctuations arising on long term foreign currency liabilities in so far as it relates to the acquisition of depreciable capital assets

MOSER BAER INDIA LIMITED

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE 22 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (CONTD.)

Part-A SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

is added to the cost of such assets and in other cases, by transfer to "Foreign Currency Monetary Item Translation Difference Account", to be amortized over the balance period of such long term foreign currency liabilities or March 31, 2011, whichever is earlier.

Non monetary items are carried in terms of historical cost denominated in foreign currency using the exchange rate at the date of transaction.

In case of forward foreign exchange contracts where an underlying asset or liability exists at the balance sheet date, the difference between the forward rate and the exchange rate at the inception of the contract is recognised as income or expense over the life of the contract.

In case of forward foreign exchange contracts taken for highly probable/ forecast transactions, the net loss, if any, calculated on 'Mark to Market' principle as at the balance sheet date is recorded.

In respect of foreign branches, all revenues, expenses, monetary assets/liabilities and fixed assets are accounted at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities are restated at the year end rates and resultant gains or losses are recognised in the Profit and Loss Account.

Premium on foreign exchange forward contracts are recognised in the Profit and Loss Account over the life of the contract. Any profit or loss arising on cancellation of a forward contract is recognised as income or expense for the period.

13 TAXATION

Current Tax:

Provision is made for current income tax liability based on the applicable provisions of the Indian Income Tax Act, 1961 and the relevant income tax laws of other countries in which the branch/ other entities of the Group are incorporated.

Deferred Tax:

Deferred tax assets (DTA) and liabilities are computed on the timing differences at the Balance sheet date between the carrying amount of assets and liabilities and their respective tax bases. DTA is recognised based on management estimates of reasonable/ virtual certainty that sufficient future taxable income will be available against which such DTA can be realised. The deferred tax charge or credit is recognised using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

14 LEASES

Assets acquired under finance leases are recognised as an Asset and a Liability at the lower of the fair value of the leased assets at inception of the lease and the present value of minimum lease payments. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to periods during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability and charged to the profit and loss account.

Payments made under operating leases are charged to Profit and Loss Account on a straight line basis over the period of lease.

Assets given under finance leases are recognised as receivables at an amount equal to the net investment in the lease and the finance income is recognised based on a constant periodic rate of return on the outstanding net investment in respect of the finance lease.

15 STOCK OPTION PLANS

Stock options granted to the employees and to the non-executive Directors who accepted the grant under the Company's Stock Option Plan are accounted in accordance with Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999. The Group follows the intrinsic value method and accordingly, the excess, if any, of the market price of the underlying equity shares as of the date of the grant of the option over the exercise price of the option, is recognised as employee compensation cost and amortised on straight line basis over the vesting period.

MOSER BAER INDIA LIMITED

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE 22 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (CONTD.)

Part-A SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

16 IMPAIRMENT OF ASSETS

At each balance sheet date, the Group assesses whether there is any indication that an asset may be impaired. If such indication exists, the group estimates the recoverable amount and where carrying amount of the asset exceeds such recoverable amount, an impairment loss is recognised in the profit and loss account to the extent the carrying amount exceeds recoverable amount. Where there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased, the group books a reversal of the impairment loss not exceeding the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior accounting periods.

17 WARRANTY CLAIMS

The solar subsidiaries provides up to 5 year limited warranty that crystalline silicon solar photo voltaic modules (the 'Modules') are free from defects in materials and workmanship, a 12 year limited warranty of 90 percent power output and a 25 year limited warranty of 80 percent of power output of its modules.

The subsidiaries accrue warranty costs, at the time when revenue is recognised.

Actual warranty costs are accumulated and charged against the accrued warranty liability. To the extent that actual warranty costs differ from the estimates, the group will prospectively revise its accrual rate.

18 SEGMENT REPORTING

The accounting policies adopted for segment reporting are in line with the accounting policies adopted in consolidated financial statements with the following additional policies for segment reporting:

- a) Inter segment revenue have been accounted for based on the transaction price agreed between segments with reference to cost, market prices and business risks, with an overall optimisation objective for the group.
- b) Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenue and expenses, which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis, have been included under unallocated expenses/incomes.

19 PROVISIONS AND CONTINGENCIES

The Group creates a provision when there is a present obligation as a result of past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure of contingent liability is made when there is a possible obligation or a present obligation that will probably not require outflow of resources or where a reliable estimate of the obligation cannot be made.

20 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, except where results would be anti-dilutive.

21 RESEARCH AND DEVELOPMENT COSTS

Research costs are expensed as incurred. Development expenditure incurred on design for the production of new or substantially improved processes, is capitalised, if the cost can be reliably measured, the process is technically and commercially feasible and the Group has sufficient resources to complete the development and to use the asset.

Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses.

MOSER BAER INDIA LIMITED

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE 22 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (CONTD.)

Part -B NOTES TO ACCOUNTS

1 Subsidiaries, Associates and Jointly Controlled Enterprise (Joint Venture):

1.1 The CFS comprises the results of the Parent, its subsidiaries, associates and Joint Ventures:

1.1.1 Subsidiaries:

The particulars of subsidiaries considered in the CFS are as under:

<u>Name of Subsidiary</u>	<u>Country of Incorporation</u>	<u>Proportion of Ownership</u>	<u>Date of Incorporation/ Acquisition*</u>
European Optic Media Technology GmbH	Germany	100%	30th Jan. 2003
Moser Baer Photo Voltaic Ltd (MBPV)	India	100%	7th Dec. 2005
Moser Baer Solar Limited (formerly PV Technologies India Ltd)	India	100%	6th Mar. 2007
Moser Baer SEZ Developer Limited	India	100%	20th Feb. 2006
Advoferm Limited	Cyprus	100%	25th May 2006
Omega Optical Media Technologies (under liquidation)	Slovakia	100%	*13th June 2006
Peraround Limited	Cyprus	100%	3rd July 2006
Perafly Limited	Cyprus	100%	3rd July 2006
Nicofly Limited	Cyprus	100%	4th July 2006
Perasoft Limited	Cyprus	100%	6th July 2006
Dalecrest Limited	Cyprus	100%	8th Aug 2006
Moser Baer Entertainment Limited (MBEL)	India	100%	14th Sept. 2006
Moser Baer Energy Limited	India	100%	27th Sept. 2006
Solar Research Limited	India	100%	28th Sept. 2006
Crownglobe Limited	Cyprus	100%	17th Nov. 2006
OM&T B.V.	Netherlands	100%	*1st Jan. 2007
Moser Baer Investments Limited	India	100%	18th Jan. 2007
Photovoltaic Holdings Limited (formerly Photovoltaic Holdings Plc)	Isle of Man	100%	16th Feb. 2007
Cubic Technologies B.V.	Netherlands	100%	*6th Mar. 2008
Moser Baer Infrastructure and Developers Limited#	India	100%	7th Dec. 2007
Moser Baer Solar Limited (formerly Moser Baer Solar Plc)	Isle of Man	100%	16th Feb. 2007
TIFTON Limited	Isle of Man	100%	*24th Dec. 2008
Moser Baer Technologies, Inc.	USA	100%	17th Aug, 2009
Moser Baer Photovoltaic Inc.*	USA	100%	22nd Dec. 2009
Value Solar Energy Private Limited	India	100%	30th Jun 2008
Admire Energy Solutions Private limited	India	100%	7th Apr 2008
Arise Solar Energy Private Limited	India	100%	7th Apr 2008
Competent Solar Energy Private Limited	India	100%	30th Jun 2008
Pride Solar Systems Private Limited	India	100%	30th Jun 2008
Hamel Limited@	Isle of Man	100%	9th Jan. 2009
Zesa Limited@	Isle of Man	100%	9th Jan. 2009
Tucker Limited@	Isle of Man	100%	9th Jan. 2009

Subsidiary from 16th May 2009

@ Dissolved on 17th February, 2010

* Subscription amount paid in June 2010.

MOSER BAER INDIA LIMITED

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE 22 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (CONTD.)

Part -B NOTES TO ACCOUNTS (CONTD.)

1.1.2 Joint Venture:

The particulars of Joint Venture considered in the previous year CFS are as under:

<u>Name of Joint Venture</u>	<u>Country of Incorporation</u>	<u>Proportion of Ownership</u>	<u>Reporting date used for Consolidation in Previous year</u>	<u>Date of Acquisition</u>
Solarvalue Proizvodnja d.d. (Under Liquidation)	Slovenia	40%	December 31, 2008	October 10, 2007

There were no significant events or transactions that require adjustment in the previous year in respect of the different reporting date of the joint venture.

During the year the group ceased to have joint control over the entity and the liquidation proceedings have been initiated by the co-venturer. Hence the group has discontinued the use of proportionate consolidation of the joint venture.

1.1.3 Associates:

The particulars of associates considered in the CFS are as under :

<u>Name of Associate</u>	<u>Country of Incorporation</u>	<u>Proportion of Ownership</u>
Global Data Media FZ LLC	Dubai, United Arab Emirates	49%
Moser Baer Infrastructure Ltd	India	26%
Moser Baer Infrastructure and Developers Limited#	India	26%

Associate till May 15, 2009

1.2 Particulars of Investment in Associates:

S. No.	Particulars	Moser Baer Infrastructure Ltd		Moser Baer Infrastructure and Developers Ltd.		Global Data Media FZ LLC	
		As at 31.03.2010 (Rs.)	As at 31.03.2009 (Rs.)	Upto May 15, 2009 (Rs.)	As at 31.03.2009 (Rs.)	As at 31.03.2010 (Rs.)	As at 31.03.2009 (Rs.)
	Cost of investment	34,300,000	34,300,000	26,000,000	26,000,000	92,532,185	92,532,185
(a)	Carrying value of the investment at the beginning of the year/ at the date of transaction	32,174,861	8,631,086	22,174,252	21,564,887	-	-
(b)	Investment made during the year	-	25,360,000	-	-	-	-
(c)	Add: Share of post acquisition (loss)/ profits (Net)	(2,761,526)	(1,816,225)	-	609,365	-	-
(d)	Carrying value at the end of the year	29,413,335	32,174,861	-	22,174,252	-	-

Pursuant to Accounting Standard - 23 on Accounting for Investments in Associates in the Consolidated Financial Statements, investment in Global Data Media has been reported at NIL (Previous Year NIL) as the share of losses of the associate exceeds the carrying amount of investments.

MOSER BAER INDIA LIMITED

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE 22 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (CONTD.)

Part-B NOTES TO ACCOUNTS (CONTD.)

2 The goodwill has been arrived at as follows:

		31.03.10	31.03.09
		Amount (Rs.)	Amount (Rs.)
a)	<u>On Acquisition of 7,400,000 ordinary shares of Moser Baer Infrastructure and Developers Limited Rs 10 each acquired from Tokatio Enterprises Company Limited:</u>		
	Consideration paid for acquisition of 74% of the equity shares in 2009-10	735,470,090	-
	Less: Shares in Equity on the date of investment:		
	Share Capital	74,000,000	
	Accumulated Losses	-	-
	Goodwill (A)	661,470,090	-
b)	<u>On Transfer of 180 ordinary shares of Euro 100 each of OM&T B.V. to Cubic Technologies B.V. :</u>		
	Consideration paid for transfer of the equity shares in 2008-09	161,856,067	161,856,067
	Less: Shares in Equity on the date of investment:		
	Share Capital	1,002,083	
	Reserves	79,176,547	80,178,630
	Goodwill (B)	81,677,437	81,677,437
c)	<u>On Acquisition of 50,000 ordinary shares of Rs.10 each of Moser Baer Infrastructure and Developers Ltd.:</u>		
	Consideration paid for acquisition of 100% of the equity shares on December 7, 2007	500,000	500,000
	Less: Shares in Equity on the date of investment:		
	Share Capital	500,000	
	Accumulated Losses	21,946	478,054
	Goodwill (C)	21,946	21,946
	Total Goodwill (A+B+C)	743,169,473	81,699,383

3 The subsidiary companies have allotted the following Fully Convertible Preference Shares:

- (a) During the year 2007-08, the subsidiary company Moser Baer Solar Limited (formerly Moser Baer Solar Plc) allotted 23,784,606, fully convertible Class-A Preference shares of GBP 1 each to Indvest Pte Limited and CDC Group Plc. The shares are compulsorily convertible into Equity Shares of Moser Baer Solar Limited (formerly Moser Baer Solar Plc) or, subject to receipt of regulatory approvals, to be swapped with Equity Shares of Moser Baer Solar Limited on November 11, 2011.
- (b) During the year 2007-08, the subsidiary company PV Technologies India Limited allotted 196,450,000 non-cumulative, fully convertible Re. 1 dividend bearing Class A Preference Shares of Rs. 10 each to IDFC Private Equity Fund II and Infrastructure Development Finance Company Limited. The shares are compulsorily convertible into Equity Shares of the Company or, subject to receipt of regulatory approvals, to be swapped with Equity Shares of Moser Baer Solar Limited (formerly known as Moser Baer Solar Plc) on November 11, 2011.
- (c) During the year 2008-09, the subsidiary company PV Technologies India Limited allotted 65,000,000 non-cumulative, fully convertible Re. 1 dividend bearing Class B Preference Shares of Rs. 10 each to IDFC Private Equity Fund II and Infrastructure Development Finance Company Limited. Immediately prior to the Initial Public Offering (IPO) date of Moser Baer Solar Limited (formerly known as Moser Baer Solar Plc) but after receipt of regulatory approvals, these shares shall get converted into Equity Shares of Moser Baer Solar Limited (formerly known as Moser Baer Solar Plc), simultaneously with conversion of Class A Preference Shares, or in the event IPO is not completed prior to the Long Stop IPO Date, i.e., November 11, 2011, be swapped with Equity Shares of Moser Baer Solar Limited (formerly known as Moser Baer Solar Plc).

MOSER BAER INDIA LIMITED

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- (d) During the year 2008-09, the subsidiary company Moser Baer Solar Limited (formerly Moser Baer Solar Plc) allotted 43,360,485 , fully convertible Class B Preference Shares of GBP 1 each to Morgan Stanley & Co., CDC Group Plc., Nomura Asia MB (Cayman) Limited, CSIM Real Estate infrastructure Fund L.P and Credit Suisse NYSTRS Cleantech Fund LP. Immediately prior to the Initial Public Offering (IPO) date but after receipt of regulatory approvals, these shares shall get converted into Equity Shares of Moser Baer Solar Limited (formerly Moser Baer Solar Plc), simultaneously with conversion of Class A Preference Shares, or in the event IPO is not completed prior to the Long Stop IPO Date, i.e., November 11, 2011, be swapped with Equity Shares of Moser Baer Solar Limited (formerly Moser Baer Solar Plc).

4 Contingent Liabilities :

In respect of:-

- 4.1 Corporate guarantees given on behalf of the subsidiary companies: Rs.17,383,425,000 (Previous Year Rs. 22,405,393,000). Against these guarantees, loan amounts of Rs.16,042,958,865 (Previous Year Rs.16,119,391,787) have been availed by the subsidiary companies.
- 4.2 Bank Guarantees Rs.3,827,305,928 (Previous year Rs. 6,012,989,820).

4.3 Disputed demands (Gross) in respect of:-	2009-10 Rs.	2008-09 Rs.
Entry Tax [Amount paid under protest Rs. 1,688,086 (Previous Year Rs. 1,372,586) ; paid through bank guarantee Rs. 1,882,668 (Previous Year Rs. NIL)]	126,302,825	125,320,785
Service Tax[Amount paid under protest Rs. 2,953,470 (Previous Year Rs. 2,953,470)]	148,498,311	148,498,311
Sales Tax [Amount paid under protest Rs. 7,003,604 (Previous Year Rs. 4,597,150) ; paid through bank guarantee Rs. 24,987,468 (Previous Year Rs. 26,596,226)]	101,925,563	79,030,621
Custom duty and Excise duty (including penalties)[Amount paid under protest Rs. 594,598 (Previous Year Rs. 500,000) ;paid through bank guarantee Rs. 12,000,000 (Previous Year Rs. 12,000,000)]	317,114,020	594,842,880
Income Tax[Amount paid under protest Rs. 34,500,000 (Previous Year Rs. 34,500,000)]	101,117,134	97,231,147
Total	794,957,853	1,044,923,744

- 4.4 Claims against the group not acknowledged as debts: Rs. 53,882,663 (Previous Year Rs. 59,434,962).

The amount shown in 4.1 and 4.2 above represent guarantees given in the normal course of the Group's operations and are not expected to result in any loss to the Group on the basis of the beneficiary fulfilling its ordinary commercial obligations.

The amounts shown in 4.3 and 4.4 above represent the best possible estimates arrived at on the basis of available information. The uncertainties and possible reimbursements are dependent on the outcome of the different legal processes which have been invoked by the Group or the claimants as the case may be and therefore cannot be predicted accurately. The Group engages reputed professional advisors to protect its interests and has been advised that it has strong legal positions against such disputes.

- 5 5.1 In February 2003, Moser Baer India Limited (Moser Baer), the holding company, and Imation Corporation Inc., USA (Imation), formed an associate company called Global Data Media FZ LLC (GDM). GDM is owned 51% by Imation, and 49% by Moser Baer. On October 27, 2006, Imation filed a suit in Minnesota, USA against Koninklijke Philips Electronics NV (Philips) seeking a Declaratory Judgement on the validity of the Cross License Agreement (CLA) entered into with Minnesota Mining and Manufacturing Co. (3M) and its assignment to Imation and its subsidiaries (including GDM). Moser Baer supplies recordable media to GDM and Imation under the ambit of CLA.

Philips filed a suit against Moser Baer in The Hague, Netherlands challenging the status and validity of the CLA under which supplies of recordable media have been made to Imation and its subsidiaries. With a view to reinforce its stand on the CLA, Imation joined the proceedings in the Netherlands as a party, to contest the suit.

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Part-B NOTES TO ACCOUNTS (CONTD.)

In order to protect the rights arising out of various patent license agreements executed between Moser Baer and Phillips, Moser Baer filed a suit against Philips challenging the default notices issued by Philips thereby pre-empting any possibility of termination of the aforementioned license agreements.

The holding company has during the year entered into a "Settlement Agreement" with Philips and Imation thus bringing an end to all the disputes.

5.2 The holding company has also entered into a Capacity based Licensing Agreement with Philips for payment of license fees on recordable media for a period of four years, financial impact of which has been considered in these financial statements.

6 6.1 Estimated value of contracts remaining to be executed on capital account and not provided for (net of advances): Rs. 8,258,366,869 (Previous Year Rs. 9,280,388,690).

6.2 Letters of Credit opened by banks on behalf of the Group: Rs. 1,654,570,937 (Previous Year Rs. 622,608,282).

7 Lease Obligations

The Group has entered into operating leases for its offices, guest houses and employee's residences that are renewable on a periodic basis and cancellable at company's option. Total lease payments recognized in the statement of Profit and Loss Account: Rs.102,778,935 (Previous year Rs. 57,421,770). The total rent recovered on sub lease during the year is Rs. 141,924 (Previous year Rs.478,341).

8 Movements in Other Investments

Current Investments (Unquoted)

(Cash and Money Market Instrument)

Acquired and sold during the year

ABN 2 Year Delta One Certificate Coupon Guarantee

28Q ICICI Prudential-Flexible Income Plan

Dividend-Daily-Reinvest Dividend

TFLD TATA Floater Fund-Daily Dividend

TFLD TATA Floater Fund - Growth

DWS Credit Opportunities Cash Fund-Weekly

Dividend Plan

Total

Sold during the year

Rabobank Note (USD 15 Million)

28Q ICICI Prudential-Flexible Income Plan

Dividend-Daily-Reinvest Dividend

TFLD TATA Floater Fund-Daily Dividend

DWS Credit Opportunities Cash Fund-Weekly

Dividend Plan

27 ICICI Prudential Flexible Income Plan-Growth

Total

Acquired during the year and outstanding as at year end

SBI SHF Ultra Term Fund of face value of Rs. 10 each

Total

	2009-10		2008-09	
	No.	Cost (Rs.)	No.	Cost (Rs.)
			160	769,763,577
	-	-	505,283	5,342,612
	-	-	218,629	2,194,078
	-	-	17,251,719	210,000,000
	-	-	1,576,706	15,858,738
Total	-	-	19,552,497	1,003,159,005
	-	-	1	589,500,000
	-	-	27,243,462	288,058,745
	-	-	25,415,118	255,055,962
	-	-	50,289,071	505,476,747
	-	-	13,517,075	200,000,000
Total	-	-	116,464,727	1,838,091,454
	5,166,058	51,691,577	-	-
Total	5,166,058	51,691,577	-	-

MOSER BAER INDIA LIMITED

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SCHEDULE 22 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (CONTD.)

Part -B NOTES TO ACCOUNTS (CONTD.)

9 Expenditure pending allocation:

Details of expenditure pending allocation are as follows:

	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
Salaries and Wages	8,354,976	67,566,342
Travelling Expenses	96,695	4,218,187
Freight and Cartage	4,469,266	46,203,713
Interest and Bank Charges	25,191,857	336,431,477
Difference in exchange rate *	8,107,501	25,273,911
Raw Material Cost- Trial run	11,334,831	11,159,834
Power and Fuel	-	15,414,262
Stores, Spares & Consumables	32,828,696	1,187,718
Legal and Professional	11,012,073	11,012,073
LC Charges	19,134	19,134
Loss on cancellation of Forward Contract *	-	3,535,914
Miscellaneous Expenditure	-	456,632
Machines and Equipment Movement Charges	-	7,294,057
Insurance	-	8,317,016
Exchange Fluctuation	(2,482,437)	215,262,721
Installation & Commissioning Charges	1,214,290	161,990,290
Sample and Testing Charges	-	1,809,791
Less: Sales During Trial Run	-	(4,106,339)
Total	100,146,882	913,046,733

* These amounts pertain to foreign exchange fluctuations capitalised as part of expenditure pending allocation as of the respective year ends.

10 Prior Period Expenses:

Details of prior period (income) / expenses are as follows:

	2009-10 Rs.	2008-09 Rs
Legal and Professional expenses	-	28,578,486
Audit fees	-	646,276
Bank charges	-	3,733,029
Salary and wages	-	2,421,045
Sample and Testing charges	-	1,568,286
Miscellaneous Expenses	-	793,172
Less : Marketing Expenses	-	(1,996,253)
Less : Miscellaneous Income	(78,596)	(139,654)
Total	(78,596)	35,604,387

MOSER BAER INDIA LIMITED

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SCHEDULE 22 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (CONTD.)

Part-B NOTES TO ACCOUNTS (CONTD.)

11 Taxation:

Provision for taxation has been made based on the relevant provisions of the Income Tax Act, 1961.

Deferred tax in respect of timing differences for undertakings enjoying tax holiday period under section 10A and section 10B of the Income Tax Act, 1961 have been recognised in the year in which they originate, to the extent that such differences reverse after the tax holiday period.

Accordingly, the Break up of net deferred tax liability is as under:

(Amount in Rupees)

Particulars of Timing Differences	As at March 31, 2009	Movement during the year	As at March 31, 2010
Deferred tax Liability			
Depreciation	1,271,084,801	(1,094,048,078)	177,036,723
Foreign Currency Monetary Item Translation Difference Account	248,306,880	(248,274,575)	32,305
Total	1,519,391,681	(1,342,322,653)	177,069,028
Deferred tax Assets			
Unabsorbed Depreciation	1,404,186,957	(1,227,117,929)	177,069,028
Brought Forward Losses	4,313,870	(4,313,870)	-
Tax impact of expenses (net) charged in the financial statements but allowable as deduction in future years under the Income Tax Act, 1961	114,952,372	(114,952,372)	-
Total	1,523,453,199	(1,346,384,171)	177,069,028
Net deferred tax liability / (Assets)	(4,061,518)	4,061,518	-
Previous year	91,604,469	(95,665,987)	(4,061,518)

Notes: 1) The tax impact for the above purpose has been arrived at by applying a tax rate of 33.99% (previous year 33.99%) being the prevailing tax rate for Indian Companies under the Income Tax Act, 1961

2) Deferred tax asset has been recognised only to the extent of the Deferred Tax liability.

12 Managerial Remuneration:

(figures in bracket are for the previous year)

12.1

(Amount in Rupees)

	DEEPAK PURI Chairman and Managing director	NITA PURI Whole time director	RATUL PURI Whole time director	Total
Salaries, allowances and bonus	22,156,244 (28,156,250)	4,615,176 (4,615,180)	13,241,960 (16,941,960)	40,013,380 (49,713,390)
Contribution to provident Fund	1,698,756 (1,698,750)	439,824 (439,820)	1,013,040 (1,013,040)	3,151,620 (3,151,610)
Perquisites	145,000 (145,000)	145,000 (145,000)	145,000 (145,000)	435,000 (435,000)
Total	24,000,000 (30,000,000)	5,200,000 (5,200,000)	14,400,000 (18,100,000)	43,600,000 (53,300,000)

Notes:

1. In terms of order nos. 12/180/2008-CL.VII, dated 13.03.2008, 12/160/2008-CL.VII dated 03.03.2008, 12/179/2008-CL.VII dated 03.03.2008 issued by the Ministry of Corporate affairs under Section 310, 198/309(3) and 637AA of the Companies Act, 1956, the Company has paid managerial remuneration as shown above.

2. Provision for leave encashment: Rs. 4,715,890 (Previous year Rs. 4,726,294) and Gratuity: Rs. 2,518,760 (Previous year Rs.883,035) made during the year have not been included above.

12.2 Pursuant to a resolution passed at the Annual General Meeting held on 8th September 2009 an amount of Rs.1,814,175 (Gross of TDS) payable to a firm in which one of the director is interested has been accrued in these financial statements for which the approval from Central Government is awaited.

MOSER BAER INDIA LIMITED

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SCHEDULE 22 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (CONTD.)

Part -B NOTES TO ACCOUNTS (CONTD.)

13 Employees Stock Option Plan (ESOP) and Directors' Stock Option Plan (DSOP)

a) Employee Stock Option Plan-2004 and Director's Stock Option Plan-2005:

The holding company has granted options to its non-executive directors and employees of the Company and its subsidiaries, to be settled through issue of equity shares, at exercise prices that are equal to the market price of the share on the date of the grant. The Options granted vest over a period of maximum of four years from the date of grant.

Two options granted before the record date under the above plans entitles the holder to three equity shares of the Company.

Number of options granted, exercised and cancelled/lapsed during the year:

	2009-10		2008-09	
	Number	Weighted Average Price (Rs.)	Number	Weighted Average Price (Rs.)
Options outstanding at beginning of year	3,537,350	251.31	3,728,375	280.95
Add: Options Granted	626,350	134.04	1,127,000	142.19
Less: Options Exercised	-	-	50,000	228.30
Options Cancelled	2,145,965	225.59	1,147,950	239.01
Options Lapsed	221,950	238.01	120,075	244.53
Options outstanding at the end of year	1,795,785	242.78	3,537,350	251.31
Option exercisable at the end of year	1,105,585	255.58	1,606,950	252.22

The options outstanding at the end of year had exercise prices in the range of Rs. 125 to Rs. 491.90 (Previous Year Rs. 125.00 to Rs. 491.90) and a weighted average remaining contractual life of 2.24 years (Previous Year 2.97 years).

During the year NIL (Previous Year 50,000) options were exercised resulting in a premium of Rs. NIL (Previous Year Rs. 10,915,000) which is the excess of exercise price of the options and nominal value of shares allotted.

b) Employee Stock Option Plan-2009

During the year the holding company established a stock option plan called "Moser Baer India Limited Stock Option Plan 2009". The plan was established on September 8, 2009. The plan was setup to offer and grant stock options, in one or more tranches, to employees and directors of the company as the compensation committee of the Company determine. The exercise price of such options shall be market price on the date of grant. All options, whether vested or unvested, granted to grantee shall in any case expire after a period of seven years from the offer date.

During the current year, the Company under the 2009 plan has issued 2,535,810 options to eligible employees. No options have been cancelled, forfeited or exercised during the year. The vesting period for the option granted varies from 12 to 48 months from the date of the grant.

Number of options granted, exercised and cancelled/lapsed during the year:

	2009-10		2008-09	
	Number of Options	Exercise price (Rs.)	Number of Options	Exercise price (Rs.)
Options outstanding at beginning of year	-	-	-	-
Add: Options Granted	2,535,810	79.63	-	-
Less: Options Exercised	-	-	-	-
Options Cancelled	9,600	79.40	-	-
Options Lapsed	-	-	-	-
Options outstanding at the end of the year	2,526,210	79.63	-	-

The options outstanding at the end of year had exercise prices in the range of Rs. 75.95 to Rs. 170.00 and a weighted average remaining contractual life of 3.94 years.

MOSER BAER INDIA LIMITED

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- c) During the previous year, Moser Baer Solar Limited (MB Solar) (formerly Moser Baer Solar Plc), a subsidiary Company established a stock option plan called "Moser Baer Solar Plc Stock Option Plan 2008". The plan was established on December 18, 2008. The plan was set up so as to offer and grant stock options, in one or more tranches, to employees of MB Solar, its subsidiaries and its holding companies, as the remuneration committee of MB Solar may determine. The exercise price of such options shall be Rs.1,228 initially for a period of three months from the date of the Plan and thereafter till listing of the shares, as determined by remuneration committee. Subsequent to the listing of the shares on a stock exchange, the exercise price shall be the latest available closing price, prior to the date of Grant, as quoted on the stock exchange on which the shares of MB Solar are listed. All Options, whether vested or unvested, granted to a grantee shall in any case expire after a period of seven years from the offer date.

During the previous year, the Company under the 2008 plan has issued 449,220 options to eligible employees. No options have been cancelled, forfeited or exercised during the year. The vesting period for the option granted varies from 12 to 48 months from the date of the grant. During the year the exercise price of each option has been reduced to Rs. 500.

Number of options granted during the year and outstanding at the end of the year (Previous Year Nil)

	2009-10 Number of Options	2008-09 Number of Options
Options outstanding at beginning of year	449,220	-
Add: Options Granted	-	449,220
Options outstanding at the end of the year	449,220	449,220

The options outstanding at the end of the year have an exercise price of Rs. 500 (Previous year Rs.1228) and a weighted average remaining contractual life of 6.94 years (Previous Year 6.75 Years).

- d) The impact on the loss of the group for the year ended March 31, 2010 and the basic and diluted earnings per share had the company followed the fair value method of accounting for stock options is set out below:

Particulars

	2009-10 Rs.	2008-09 Rs.
(Loss) after tax as per Profit and Loss Account (a)	(3,939,342,374)	(3,637,487,942)
Less: Employee Stock Compensation Expenses as per Fair Value method	89,593,053	31,312,263
(Loss) after tax recomputed for recognition of employee stock compensation expenses under fair value method	(4,028,935,427)	(3,668,800,205)
Earnings (Loss) Per Share based on earning as per (a) above: (Refer Note 15 below)		
- Basic	(23.41)	(21.61)
- Diluted	(23.41)	(21.61)
Earning / (Loss) Per Share had fair value method been employed for accounting of employee Stock options:		
- Basic	(23.94)	(21.80)
- Diluted	(23.94)	(21.80)

Fair values used for above computations have been calculated by taking into account the weighted average vesting period of the options.

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e) The following assumptions were used for calculation of fair value of grants of the Company:

1.1 Moser Baer Employees Stock Option Plan (ESOP) and Directors' Stock Option Plan (DSOP)

Options	2009-10	2008-09
Dividend Yield (%)	0.44	0.44 to 0.54
Expected Volatility (%)	57.63 to 58.71	57.59 to 63.45
Risk-free interest rate (%)	6.11 to 6.47	6.17 to 9.28
Expected term (in years)	4.71 to 5.68	4.27 to 5.08
Fair value of options as at the grant date	Rs.11.50 to Rs.71.11	Rs.12.32 to Rs.60.95
1.2 Moser Baer India Limited Stock Option Plan 2009		
Options		
Dividend yield (%)	0.97	NIL
Expected volatility (%)	71.52 to 72.19	NIL
Risk-free interest rate (%)	7.39 to 7.44	NIL
Expected term (in years)	4.27 to 5.08	NIL
Fair value of options as at the grant date	Rs.71.11 to Rs.73.86	NIL
1.3 Moser Baer Solar Plc Stock Option Plan 2008		
Options		
Dividend yield (%)	0%	0%
Expected volatility (%)	77.62	71.42
Risk-free interest rate (%)	7.41 to 7.68	7.17
Expected term (in years)	4.5 to 7.5	4.5 to 7.5 years
Weighted average Fair value of options as at the grant date	Rs.129.88	Rs.485.61
Weighted average share price	Nil	Nil

The fair value of each stock option granted under Employees Stock Option Plan 2004, Directors Stock Option Plan 2005, Moser Baer India Limited Stock Option Plan 2009 and Moser Baer Solar Stock Option Plan 2008 as on the date of grant has been computed using Black- Scholes Option Pricing Formula.

14 Related Party Transactions:

As required by Accounting Standard 18 - 'Related Party Disclosures' notified under the Companies Act, 1956 since the CFS presents information about the Parent and its subsidiary as a single reporting enterprise, it is not necessary to disclose intra-group transactions.

In accordance with the requirements of Accounting Standard - 18 'Related Party Disclosures' the names of the related party where control/ability to exercise significant influence exists, along with the aggregate amount of transactions and year end balances with them as identified and certified by the management are given below:

14.1 Nature of relationship	Name of the related party	Share Holding 31 March 2010
Associate Company	Global Data Media FZ LLC	49%
Associate Company	Moser Baer Infrastructure Limited	26%
Associate Company (till 15 May 2009)	Moser Baer Infrastructure and Developers Limited	26%
Joint Venture	Solar Value Proizvodjna d.d.	40%
Trust	Moser Baer Trust	-

Enterprises over which Key Management Personnel exercise significant influence:

- Moser Baer Engineering and Construction Limited

Key Management Personnel

Chairman and Managing Director	Mr. Deepak Puri
Whole Time Directors	Mrs. Nita Puri, Mr.Ratul Puri

MOSER BAER INDIA LIMITED

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SCHEDULE 22 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (CONTD.)

Part -B NOTES TO ACCOUNTS (CONTD.)

14.2 Details of Transactions with the Related Parties in the ordinary course of business:
(figures in brackets represent previous year figures)

(Amount in Rupees)

Particulars	Global Data Media FZ LLC (Associate)	Moser Baer Infrastructure Ltd. (Associate)	Moser Baer Infrastructure & Developers Ltd. (Associate)**	Key Management Personnel and their Relatives	Moser Baer Trust	Moser Baer Engineering and Construction Limited	Total
Sales of Finished goods	1,712,633,198 (5,687,319,588)	- (-)	- (-)	- (-)	- (-)	6,593,280 (-)	1,719,226,478 (5,687,319,588)
Expenses incurred on behalf of other companies	1,177,648 (2,193,206)	- (2,000)	- (6,674)	- (-)	- (-)	- (-)	1,177,648 (2,201,880)
Expenses charged by other companies	3,268,731 (15,244,400)	- (-)	- (-)	- (-)	- (-)	- (-)	3,268,731 (15,244,400)
Reimbursement/ Recovery of expenses/ service charges	24,339,486 (-)	- (-)	- (6,674)	- (-)	- (-)	- (-)	24,339,486 (6,674)
Investment	- (-)	- (25,360,000)	- (-)	- (-)	- (-)	- (-)	- (25,360,000)
Directors Remuneration	- (-)	- (-)	- (-)	43,600,000 (53,300,000)	- (-)	- (-)	43,600,000 (53,300,000)
Donation	- (-)	- (-)	- (-)	- (-)	6,900,000 (6,469,000)	- (-)	6,900,000 (6,469,000)
Outstanding receivables							
-In respect of Sales	363,438,516 (1,028,977,166)	- (-)	- (-)	- (-)	- (-)	- (-)	363,438,516 (1,028,977,166)
-In respect of expenses/ service charges	- (24,339,486)	- (-)	- (-)	- (-)	- (-)	- (-)	- (24,339,486)
Outstanding payable							
-In respect of expenses	- (-)	- (3,589,611)	- (-)	- (-)	- (-)	- (-)	- (3,589,611)
-In respect of Managerial Remuneration							
Deepak Puri	- (-)	- (-)	- (-)	9,280,934 (15,321,251)	- (-)	- (-)	9,280,934 (15,321,251)
Ratul Puri	- (-)	- (-)	- (-)	5,615,293 (9,287,917)	- (-)	- (-)	5,615,293 (9,287,917)
Nita Puri	- (-)	- (-)	- (-)	1,364,436 (1,292,084)	- (-)	- (-)	1,364,436 (1,292,084)

**Associate till May 15, 2009

MOSER BAER INDIA LIMITED

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Part -B NOTES TO ACCOUNTS (CONTD.)

15 Earnings / (Loss) per share:

a)	2009-10	2008-09
Calculation of weighted average number of equity shares		
1. For Basic EPS		
No. of Shares at the beginning of the year	168,306,104	168,231,104
Total number of equity shares outstanding at the end of the year	168,306,104	168,306,104
Weighted Average number of equity shares outstanding during the year	168,306,104	168,294,392
2. For Diluted EPS		
Weighted Average number of equity shares outstanding during the year as computed above	168,306,104	168,294,392
Weighted Average number of equity shares outstanding during the year for Diluted EPS	168,306,104	168,294,392
b) Net (loss) after tax available for equity shareholders	(3,939,342,374)	(3,637,487,942)
Earnings / (Loss) per share (face value per share Rs. 10 each)		
Basic	(23.41)	(21.61)
Diluted	(23.41)	(21.61)

16 Segment information

The Group is organized into following business segments, namely:

Storage Media Products : Compact disk, Magnetic disk and Storage units

Solar Products : Photovoltaic Cells and Modules

Information about Primary Business Segments

a) Financial information about business segments for the year ended 31 March 2010 is as follows: (Amount in Rupees)

	Storage Media Products	Solar Products	Other Operations	Eliminations	Total
Revenue:					
External	16,651,750,404	4,549,257,451	3,317,517,565	-	24,518,525,420
Inter-segment	1,968,535,516	128,249,788	1,063,334,514	(3,160,119,818)	-
Total Revenue	18,620,285,920	4,677,507,239	4,380,852,079	(3,160,119,818)	24,518,525,420
Result:					
Segment Result	(462,984,942)	(2,249,166,075)	(312,946,617)	-	(3,025,097,634)
Interest expense (net of interest income)					2,524,140,258
Unallocated corporate expenses (net)/ (Income)					(1,541,207,639)
(Loss) before tax					(4,008,030,253)
Provision for Taxation					(71,449,405)
(Loss) after Tax					(3,936,580,848)
Share in Loss of Associates					(2,761,526)
Net (Loss) for the year					(3,939,342,374)
Other Information:					
Segment Assets	30,095,058,020	22,898,223,960	6,254,307,315	(15,004,697,782)	44,242,891,513
Unallocated corporate assets					15,164,383,214
Total assets					59,407,274,727
Segment Liabilities	1,865,507,032	4,114,431,322	1,997,231,832	(6,369,069,329)	1,608,100,857
Unallocated corporate liabilities					40,149,777,052
Total liabilities					41,757,877,909
Capital Expenditure	541,105,149	6,281,099,799	1,209,524,705	(2,427,012,111)	5,604,717,542
Unallocated capital expenditure					4,134,495
Total Capital expenditure					5,608,852,037
Depreciation/ Amortisation	4,001,813,423	625,255,222	783,185,008	(60,717,669)	5,349,535,984
Unallocated Depreciation/ Amortisation					295,905,880
Total Depreciation/ Amortisation					5,645,441,864

MOSER BAER INDIA LIMITED

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE 22 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (CONTD.)

Part-B NOTES TO ACCOUNTS (CONTD.)

b) Financial information about business segments for the year ended 31 March 2009 is as follows: (Amount in Rupees)

	Storage Media Products	Solar Products	Other Operations	Eliminations	Total
Revenue:					
External	17,011,463,572	3,412,971,159	4,305,554,491	-	24,729,989,222
Inter-segment	1,360,287,806	-	406,618,102	(1,766,905,908)	-
Total Revenue	18,371,751,378	3,412,971,159	4,712,172,593	(1,766,905,908)	24,729,989,222
Result:					
Segment Result	(1,127,729,292)	(1,264,340,751)	(647,029,247)	-	(3,039,099,290)
Interest expense (net of interest income)					2,186,846,583
Unallocated corporate expenses (net of other income)					(1,516,330,871)
(Loss)/ Profit before tax					(3,709,615,002)
Provision for Taxation					(73,333,920)
(Loss)/ Profit after Tax					(3,636,281,082)
Share in Loss / (Profit) of Associate					1,206,860
Net (Loss)/ Profit for the year					(3,637,487,942)
Other Information:					
Segment Assets	31,902,742,550	15,392,245,765	7,474,049,302	(1,636,853,546)	53,132,184,071
Unallocated corporate assets					9,038,881,278
Total assets					62,171,065,349
Segment Liabilities	4,019,484,789	1,626,238,264	2,539,923,446	(1,636,853,546)	6,548,792,953
Unallocated corporate liabilities					34,459,376,197
Total liabilities					41,008,169,150
Capital Expenditure	1,141,172,260	2,646,142,335	2,464,002,381	(861,798,189)	5,389,518,787
Unallocated capital expenditure					36,278,754
Total Capital expenditure					5,425,797,541
Depreciation/ Amortisation	4,268,170,802	203,350,461	823,259,106	-	5,294,717,369
Unallocated Depreciation/ Amortisation					9,960,510
Total Depreciation/ Amortisation					5,304,677,879

Information about Secondary Geographical Segments:-

a) Sales Revenue by Geographical Market	Current Year Rs.	Previous Year Rs.
India	7,480,027,304	8,098,091,179
Outside India	17,038,498,116	16,631,898,043
Total	24,518,525,420	24,729,989,222

b) Assets and addition to tangible and intangible fixed assets by geographical area	Addition to Fixed assets and Intangible Assets		Carrying amount of Segment Assets	
	Current Year	Previous Year	Current Year	Previous Year
	Rs.	Rs.	Rs.	Rs.
India	5,602,098,826	5,359,966,662	50,558,274,912	51,694,532,323
Outside India	6,753,211	65,830,879	8,848,999,815	10,476,533,026
Total	5,608,852,037	5,425,797,541	59,407,274,727	62,171,065,349

MOSER BAER INDIA LIMITED

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE 22 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (CONTD.)

Part -B NOTES TO ACCOUNTS (CONTD.)

17 Retirement Benefits

The Group has classified the various benefits provided to employees as under -

I Defined Contribution Plans

Provident Fund:

During the year, the Group has recognised the following amounts in the Profit and Loss Account -

	2009-10	2008-09
Employers' Contribution to Provident Fund *	65,973,879	40,729,552

During the year, in the CFS of the Group the following amounts which have been capitalised and included in 'Expenditure pending allocation' (Refer Schedule 6)

	2009-10	2008-09
Employers' Contribution to Provident Fund	-	2,099,264

II State Plans

- a. Employers' Contribution to Employee's State Insurance Act, 1948
- b. Employers' Contribution to Employee's Pension Plan, 1995

During the year, the Group has recognised the following amounts in the Profit and Loss Account

	2009-10	2008-09
Employers' Contribution to Employee's State Insurance Act, 1948 *	7,692,811	10,039,923
Employers' Contribution to Employee's Pension Plan, 1995 *	33,547,257	48,865,449

* Included in Contribution to Provident and Other Funds under Personnel Expenses (Refer Schedule 17)

During the year, the Group has recognised the following amounts which have been capitalised and included in 'Expenditure pending allocation' (Refer Schedule 6)

	2009-10	2008-09
Employers' Contribution to Employee's State Insurance Act, 1948	-	261,977
Employers' Contribution to Employee's Pension Plan, 1995	-	301,488

III Defined Benefit Plans

- a) Contribution to Gratuity Funds – Life Insurance Corporation of India
- b) Leave Encashment
- c) Pension Provisions

In accordance with Accounting Standard 15 (revised 2005), actuarial valuation was done in respect of the aforesaid defined benefit plans based on the following assumptions:-

Particulars	Leave Encashment (Unfunded)		Employee's Gratuity Fund		Pension Fund	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Discount Rate (per annum)	8.00%	7.75%	8.00%	7.75%	6.22%	6.22%
Rate of increase in Compensation levels	9.00%	9.00%	9.00%	9.00%	2.00%	2.00%
Rate of Return on Plan Assets	Nil	Nil	9% to 9.4%	9% to 9.4%	4.87%	4.87%
Expected Average remaining working lives of employees (years)	12.00 to 12.09	12.46 to 14.53	12.00 to 12.09	12.46 to 14.53	15.70	15.70

MOSER BAER INDIA LIMITED

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE 22 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (CONTD.)

Part -B NOTES TO ACCOUNTS (CONTD.)

Changes in the Present Value of Obligation

Particulars	Leave Encashment (Unfunded)		Employee's Gratuity Fund		Pension Fund	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Present Value of obligation (Opening)	85,209,822	70,913,344	151,371,192	110,232,853	52,686,260	24,684,968
Interest Cost	8,132,784	6,490,385	13,822,938	10,479,173	-	3,103,160
Current Service Cost	24,826,212	19,325,647	30,122,868	25,484,250	-	23,341,160
Past service cost	-	-	22,541,006	-	-	-
Benefits paid	(9,136,099)	(5,634,251)	(6,267,158)	(5,858,383)	-	-
Actuarial (gain)/loss on obligations	(12,151,979)	(388,856)	(3,235,094)	14,211,730	(5,457,238)	1,556,972
Amalgamations	1,247,118	-	1,943,438	21,488	-	-
Curtailments	-	(1,274,516)	-	(653,334)	-	-
Settlements	-	(4,221,931)	-	(2,546,585)	-	-
Present Value of obligation (Closing)	98,127,858	85,209,822	210,299,190	151,371,192	47,229,022	52,686,260

Changes in the Fair value of Plan Assets

Particulars	Employee's Gratuity Fund		Pension Fund	
	2009-10	2008-09	2009-10	2008-09
Fair Value of plan Assets (Opening)	118,839,945	102,709,562	28,130,820	10,787,774
Expected Return on plan assets	11,647,875	9,718,736	-	1,619,040
Actuarial Gains and Losses	-	-	(555,360)	680,426
Contributions	27,120,803	12,270,030	-	17,674,520
Benefits Paid	(6,267,158)	(5,858,383)	(2,358,428)	-
Additional Charge	-	-	-	(2,630,940)
Fair Value of Plan Assets (Closing)	151,341,465	118,839,945	25,217,032	28,130,820

Reconciliation of present value of defined benefit obligation and the fair value of assets

Particulars	Employee's Gratuity Fund		Pension Fund	
	2009-10	2008-09	2009-10	2008-09
Present value of funded obligation (Closing)	210,299,190	151,371,192	47,229,022	52,686,260
Fair Value of Plan Assets as at the end of the period funded status	151,341,465	118,839,945	25,217,032	28,130,820
Present value of unfunded obligation (Closing)	58,957,725	32,531,247	22,011,990	24,555,440
Unfunded net liability recognized in Balance Sheet*	58,957,725	32,531,247	22,011,990	24,555,440

* Included in Staff Benefit Plans (Refer Schedule 13 B)

MOSER BAER INDIA LIMITED

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE 22 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (CONTD.)

Part -B NOTES TO ACCOUNTS (CONTD.)

Expenses recognised in the Profit and Loss Account

Particulars	Leave Encashment (Unfunded)		Employee's Gratuity Fund		Pension Fund	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Current Service Cost	24,826,212	19,325,647	30,122,868	25,484,250	-	23,341,160
Past Service Cost	-	-	22,541,006	-	-	-
Interest Cost	8,132,784	6,490,385	13,822,938	10,479,173	-	3,103,160
Expected Return on Plan Assets	-	-	(11,647,875)	(9,718,736)	-	(1,619,040)
Net actuarial (gain)/loss recognized	(12,151,979)	(388,856)	(3,235,094)	14,211,730	-	2,630,940
Effect of Curtailments	-	(1,274,516)	-	(653,334)	-	-
Total Expenses recognized in the Profit & Loss Account	**20,807,017	**24,152,660	*50,857,721	*39,803,083	*-	*27,456,220

* Included in Contribution to Provident and other funds (Refer Schedule 17)

** Included in Personnel Expenses (Refer Schedule 17)

The present value of the defined benefit obligation, the fair value of the plan assets and the surplus or deficit in the plan; and experience adjustments arising on the plan liabilities and the plan assets.

Particulars	Employee's Gratuity Fund			
	Funded 31.03.10	Funded 31.03.09	Funded 31.03.08	Funded 31.03.07
The present value of the defined benefit obligation	210,299,190	151,371,192	107,686,268	73,799,452
The fair value of the plan assets	151,341,465	118,839,945	102,709,562	32,671,570
Surplus or (deficit) in the plan assets	(58,957,725)	(32,531,247)	(4,976,706)	(41,127,882)
Experience adjustments on plan liabilities	(194,530)	5,037,345	-	-

Particulars	Leave Encashment			
	Funded 31.03.10	Funded 31.03.09	Funded 31.03.08	Funded 31.03.07
The present value of the defined benefit obligation	98,127,858	85,209,822	63,927,827	32,268,520
The fair value of the plan assets	-	-	-	-
Surplus or (deficit) in the plan assets	(98,127,858)	(85,209,822)	(63,927,827)	(32,268,520)
Experience adjustments on plan liabilities	(596,472)	54,094	-	-

This is the fourth year of adoption of Accounting Standard 15 (revised), therefore, four years figures have been disclosed as required by Para 120(n) of AS-15(Revised).

In respect of the Employee's Gratuity Fund and Pension Fund administered by Life Insurance Corporation of India and Interpolis respectively, constitution of Plan Assets is not readily available.

18 Foreign Currency Convertible Bonds

- (a) During the year, the Company has bought back and cancelled 35 (Previous Year 260) Zero Coupon Tranche A Convertible Bonds and 70 (Previous Year 250) Zero Coupon Tranche B Convertible Bonds (FCCBs) of the face value of USD 100,000 each, the purchase being made with the approval of the Reserve Bank of India, at a discount to the face value. This has resulted in a saving of Rs. 180,762,906 (Previous Year Rs. 1,845,864,067) which has been reflected as part of Exceptional items. Consequent upon such buy back and cancellation, the Company's obligation to convert the said Bonds into shares, if so claimed by the Bond Holder and/or to redeem the same in foreign currency, has come to an end vis-à-vis the cancelled bonds.

MOSER BAER INDIA LIMITED

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE 22 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (CONTD.)

Part -B NOTES TO ACCOUNTS (CONTD.)

- (b) The utilisation of the proceeds of USD 150,000,000 Zero Coupon Foreign Currency Convertible Bonds issued up to 31 March, 2010 is as under:

Particulars	up to 31.03.2010		up to 31.03.2009	
	USD	Rs.*	USD	Rs.*
Funds available	50,445,899	2,513,569,384	83,263,957	3,338,884,676
Less: Capital Equipment	86,028	4,183,086	9,625,339	427,671,132
Investment in overseas subsidiary companies through loans/capital	6,075,639	294,287,722	4,097,284	178,207,113
Miscellaneous Expenses	38,079,108	1,870,470,357	8,860,285	442,340,340
FCCB Buy Back	6,535,000	313,674,775	12,662,546	633,625,684
	50,775,775	2,482,615,940	35,245,454	1,681,844,269
Add : Interest received	483,341	23,851,192	2,394,847	109,552,711
Profit on Trading on investment	-	-	32,549	3,146,761
Unutilized Issue Proceeds #	153,465	6,890,584	50,445,899	2,513,569,384

Reinstated as at year end rate

* Excludes foreign exchange loss of Rs. 47,914,052 for the year ended 31.03.2010 and gain of Rs. 743,829,505 for the year ended 31.03.2009.

- (c) Premium on redemption of FCCB:

Particulars	31.03.2010	31.03.2009
Opening Balance	598,465,075	304,784,267
Add Provision for the year	241,273,412	546,206,860
Amount Utilised During the year	-	-
Utilized Amount reversed during the year	77,085,113	252,526,052
Closing Balance	762,653,374	598,465,075

Premium payable on redemption of FCCB accrued up to March, 31, 2010 calculated on prorata basis Rs. 762,653,374 (Previous Year Rs. 598,465,075) has been fully provided for and charged to Securities Premium Account. In the event that the conversion option is exercised by the holders of FCCB in the future, the amount of premium charged to the Securities Premium Account will be written back to Security Premium Account.

- 19 Pursuant to the notification issued by the Ministry of Corporate Affairs dated March 31, 2009 in the previous year, the Group had changed its accounting policy relating to 'Foreign currency transaction' as mentioned in accounting policy 12 Schedule 22 Part-A and exercised the option available under the newly inserted paragraph 46 to the Accounting Standard AS-11 "The Effect of Changes in Foreign Exchange Rates. As a result of this change the Group has, during the previous year,
- i) in respect of exchange differences relating to long term liabilities in foreign currency amounting to Rs. 206,212,421 (net of depreciation and amortisation of Rs. 48,408,473) recognised in the Profit & Loss Account for the year ended March 31, 2008 have been adjusted against opening revenue reserves as provided in the rules.
 - ii) capitalised exchange differences arising during the year ended March 31, 2009 amounting to Rs 1,056,082,720 and charged additional depreciation for the previous year amounting to Rs 18,697,054 in respect of the same.
 - iii) in respect of other cases, debited exchange differences arising during the year ended March 31, 2009 amounting to Rs. 1,298,612,986, to "Foreign Currency Monetary Item Translation Difference Account" and amortised/ released exchange differences for the previous year amounting to Rs 488,305,074.

Had the accounting treatment as per Accounting Standard - AS 11 (Revised) been continued to be followed by the Group in the previous year, the net loss after tax for the previous year would have been higher by Rs. 1,847,693,582.

MOSER BAER INDIA LIMITED

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE 22 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (CONTD.)

Part -B NOTES TO ACCOUNTS (CONTD.)

The accumulation in the "Foreign Currency Monetary Item Translation Difference Account" remaining to be amortised are as under:

Particulars	31.03.2010 Rs	30.03.2009 Rs.
Un-amortised Exchange Differences	97,246	730,529,217

20 The Group has the following provisions in the books of account as on 31.03.2010 :

	2009-10		2008-09	
	Rs.	Rs.	Rs.	Rs.
	Warranty	Other Probable Obligations	Warranty	Other Probable Obligations
Balance as at the beginning of the year	52,087,417	343,800,872	3,720,265	-
Additions during the year	112,320,445	28,763,363	57,892,045	343,800,872
Utilised / written back during the year	45,334,124	79,602,108	9,524,893	-
Balance as at the end of the year	119,073,738	292,962,127	52,087,417	343,800,872

Warranty provisions relate to the estimated outflow in respect of warranty for products sold by the Group and other probable obligations provision relate to the estimated outflow in respect of possible liabilities expected to arise in future. Due to very nature of such costs, it is not possible to estimate the timing/uncertainties relating to their outflows as well as expense from such estimates.

21 During the previous year, investment in Solfocus Europe through the subsidiary company Peraround Limited were exchanged for preferred stock of Solfocus Inc. USA in the ratio of one share for every two share of Solfocus Europe. Consequently 2,178,649 shares were acquired by Solfocus Inc. USA in lieu of 4,357,298 shares of Solfocus Europe.

22 Based on the information available with the group, the group has identified 64 vendors as Micro, Small & Medium enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006. The balance due to such vendors as at 31.03.2010 has been disclosed separately under "Current Liabilities and Provisions" (Refer Schedule 13).

Disclosure relating to dues Outstanding to Micro, Small and Medium Enterprises as defined in Micro, Small & Medium Enterprises Act 2006.

Particulars	2009-10 Rs.	2008-09 Rs.
(a) Amount remaining unpaid to Micro & Small Enterprises at the end of year		
Principal Amount	57,528,701	43,933,083
Interest thereon	2,160,429	1,641,681
Total	59,689,130	45,574,764
(b) Amount of Payments made to Micro, Small & Medium Enterprises beyond the appointed date during the year		
Principal Amount	299,150,669	286,639,593
Interest Actually Paid u/s 16 of the Act.	Nil	Nil
Total	299,150,669	286,639,593
(c) Interest due & Payable (excluding interest u/s 16 of the Act) to Micro, Small & Medium Enterprises for delayed payments		
Interest accrued during the year as per agreed terms.	91,406	3,416
Interest payable during the year as per agreed terms.	91,406	3,416
(d) Interest accrued (including interest u/s 16 of the Act) and remaining unpaid at the end of the year		
Interest accrued during the year.	2,069,023	1,638,264
Interest remaining unpaid during the year.	2,069,023	1,638,264

MOSER BAER INDIA LIMITED

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE 22 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (CONTD.)

Part-B NOTES TO ACCOUNTS (CONTD.)

23 During the previous year, the subsidiary company Moser Baer Solar Limited (formerly PV Technologies India Limited) had made an application under "Special Incentive Package Plan (SIPS)" issued by the Ministry of Communication and Information Technology to encourage investments for setting up semiconductor fabrication and other micro and nano technology manufacturing industries in India - Solar Photovoltaic's and its subsidiary may be eligible for grant of financial incentives equivalent to 20% of the eligible current and future capital expenditure as and when approved by the Ministry.

24 Disclosures pursuant to Accounting Standard (AS) 7 (Revised) "Construction Contracts" :

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
i) Contract Revenue recognised during the year	361,951,552	-
ii) Aggregate amount of contract costs incurred for all contracts in progress as at year end	132,992,021	-
iii) Recognized profits (less recognized losses) for all contracts in progress as at the year end	15,242,052	-
iv) Amount of advances received for contracts in progress as at year end	19,745,009	-
v) Amount of retentions for contracts in progress as at year end	-	-

25 a) The Subsidiary Company Moser Baer Photo Voltaic Ltd. (MBPV) had entered into long term supply agreement for silicon wafers with a vendor on July 25, 2007 whereby the vendor had to supply the wafers to the subsidiary from 2008 to 2015 (8 years) against bank guarantees issued by the subsidiary. The vendor repeatedly supplied non-specified wafers for which the concerns were raised with the vendor. However, the vendor continued to make further shipments and invoked the bank guarantee aggregating to Rs 807,017,202. The subsidiary filed a petition with the District Judge Gautam Budh Nagar, Uttar Pradesh wherein relief was not granted to the subsidiary. The subsidiary filed an appeal against the order received from District Judge Gautam Budh Nagar, Uttar Pradesh with the Allahabad High Court. The Court passed an interim order restraining the vendor from en-cashing the bank guarantee and further restrained it from making future shipments. The subsidiary has also moved a request for arbitration with International Chamber of Commerce. Based on legal advice received relating to merits of the case, the subsidiary believes that no provision is necessary in the financial statements as on March 31, 2010.

b) Considering the shortage of high-purity Polysilicon wafers, the most important raw material in the solar-industry, MBPV entered into long term contracts in 2007 and 2008 for purchase from various wafer suppliers. The current market trend, which started at the end of 2008 was characterized by marked improvement in the availability of high-purity silicon and wafers because of substantial expansion in production capacities combined with a sharp fall in market growth leading to a collapse in the price of high-purity silicon and wafers in the course of 2009. This affected not only the spot market in which suppliers and purchasers negotiate limited volumes at short notice, but also the price mechanisms negotiated in long-term supply agreements. Considering the revised economics of the solar industry, as done by other companies in this industry, MBPV also has been in negotiations with such wafer suppliers with regard to its quantity, price and delivery commitments to the current market situation. Given the experience so far MBPV expects a favorable outcome of such discussions. However, one of the vendors has raised a claim of Rs 836,011,749 on the MBPV against its commitment under a long term wafer supply contract. Based on legal advice and facts stated above, MBPV believes that no provision is necessary in the financial statements as on March 31, 2010.

26 The Group has availed non-fund based limits from State Bank of India, State Bank of Patiala, State Bank of Bikaner and Jaipur, Union Bank of India, State Bank of Travancore, The Bank of Nova Scotia, Punjab National bank, Vijaya Bank, ING Vysya Bank Limited, Bank of Baroda, Exim Bank, State Bank of Hyderabad, Canara Bank, UCO Bank, Oriental Bank of Commerce, State Bank of Saurashtra, Deutsche Bank, Yes Bank, Exim Bank and HDFC Bank aggregating to Rs. 10,800,550,000 (Previous Year Rs. 13,309,698,000) which are secured by a first pari-passu charge on the current assets of the group and further secured by a second pari - passu charge on fixed assets of the group.

MOSER BAER INDIA LIMITED

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE 22 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (CONTD.)

Part -B NOTES TO ACCOUNTS (CONTD.)

27 Other Disclosures:

In terms of Accounting Standard - 21 'Consolidated Financial Statements' notified under the Companies Act, 1956 additional information pursuant to requirements of Part II of Schedule VI to The Companies Act, 1956, have not been disclosed in these notes to the CFS.

28 Corresponding figures for the previous year have been regrouped / rearranged, wherever necessary to conform to current year classification.

For Price Waterhouse
Firm Registration Number : 007568S
Chartered Accountants

By order of the Board
for and on behalf of MOSER BAER INDIA LIMITED

Anuradha Tuli
Partner
Membership Number-F-85611

Deepak Puri
Chairman and
Managing Director

Ratul Puri
Executive Director

Place : New Delhi
Date : July 12, 2010

Minni Katariya
Head Legal and
Company Secretary

Yogesh Mathur
Group CFO

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

MOSER BAER INDIA LIMITED

Name of the Subsidiary Company	Financial Year of the Company ended on	Holding Company	Extent of Holding Company's Interest (%)	Net aggregate amounts of profits/(losses) of the subsidiary so far as it concerns the members of the holding company and is not dealt within accounts of holding company		Net aggregate amounts of the profits/(losses) of the subsidiary so far as it concerns the members of the holding company and is dealt within accounts of holding company	
				(5)	(6)	(7)	(8)
	(2)	(3)	(4)	(5)	(6)	(7)	(8)
European Optic Media Technology GmbH	31st March 2010	Moser Baer India Limited	100	15,309,613	(2,768,052)	-	-
Omega Optical Media Technologies s.r.o.	31st March 2010	European Optic Media Technology GmbH	100	1,344,648	(589,247)	-	-
Moser Baer Photo Voltaic Limited	31st March 2010	Moser Baer Solar Limited (Formerly known as PV Technologies India Limited)	100	(1,760,584,124)	(1,676,608,737)	-	-
Admire Energy Solutions Private Limited	31st March 2010	Moser Baer Photo Voltaic Limited	100	(23,826)	(17,788)	-	-
Arise Solar Energy Private Limited	31st March 2010	Moser Baer Photo Voltaic Limited	100	(43,188)	(17,900)	-	-
Comperent Solar Energy Private Limited	31st March 2010	Moser Baer Photo Voltaic Limited	100	(23,771)	(17,507)	-	-
Pride Solar Systems Private Limited	31st March 2010	Moser Baer Solar Limited (Formerly known as PV Technologies India Limited)	100	(25,306)	(17,507)	-	-
Value Solar Energy Private Limited	31st March 2010	Moser Baer Photo Voltaic Limited	100	(23,771)	(17,507)	-	-
Moser Baer Solar Limited (Formerly known as PV Technologies India Limited)	31st March 2010	Moser Baer Solar Limited (Formerly known as Moser Baer Solar Plc)	100	(1,052,912,079)	(53,562,608)	-	-
Perafly Limited	31st March 2010	Moser Baer Photo Voltaic Limited	100	(2,968,347)	1,420,356	-	-
Dalecrest Limited	31st March 2010	Perafly Limited	100	(1,448,162)	(1,685,157)	-	-
Nicoftly Limited	31st March 2010	Perafly Limited	100	(1,582,899)	(1,536,776)	-	-
Parasoft Limited	31st March 2010	Perafly Limited	100	(1,440,160)	(1,689,010)	-	-
Crowninglobe Limited	31st March 2010	Perafly Limited	100	(2,005,388)	(1,655,807)	-	-
Moser Baer SEZ Developer Limited	31st March 2010	Moser Baer India Limited	100	(1,303,800)	(317,693)	-	-
Solar Research Limited	31st March 2010	Moser Baer SEZ Developer Limited	100	(1,340,702)	(18,092)	-	-
Moser Baer Entertainment Limited (Formerly known as Moser Baer Media Limited)	31st March 2010	Moser Baer India Limited	100	(418,829,311)	(115,630,871)	-	-
Moser Baer Energy Limited	31st March 2010	Moser Baer SEZ Developer Limited	100	(13,297)	(18,092)	-	-
Moser Baer Investments Limited	31st March 2010	Moser Baer India Limited	100	(6,157,218)	(45,335)	-	-
Photovoltaic Holdings Limited (Formerly known as Moser Baer Solar Plc)	31st March 2010	Moser Baer Investments Limited	100	(4,259,096)	(2,954,104)	-	-
Moser Baer Solar Limited (Formerly known as Moser Baer Solar Plc)	31st March 2010	Photovoltaic Holdings Limited (Formerly known as Photovoltaic Holdings Plc)	100	(24,459,225)	31,412,392	-	-
Peraround Limited	31st March 2010	Moser Baer India Limited	100	(4,296,540)	(226,279,861)	-	-
OM&T B.V.	31st March 2010	Peraround Limited	100	497,998	(1,641,251)	-	-
Cubic Technologies B.V.	31st March 2010	Cubic Technologies B.V.	100	115,215,601	(195,630,118)	-	-
Tifton Limited	31st March 2010	Advoferm Limited	100	28,277,052	(6,013,514)	-	-
Hamel Limited @	17th February 2010	Moser Baer Solar Limited (Formerly known as Moser Baer Solar Plc)	100	(2,173,900)	(1,034,385)	-	-
Zesa Limited @	17th February 2010	Peraround Limited	100	(695,195)	(172,032)	-	-
Tucker Limited @	17th February 2010	Peraround Limited	100	(671,128)	(172,032)	-	-
Moser Baer Infrastructure and Developers limited #	31st March 2010	Solar Research Limited (74%)	100	(14,828,839)	-	-	-
Moser Baer Technologies, Inc.	31st March 2010	Moser Baer SEZ Developer Limited (26%)	100	(18,621)	-	-	-
MB Power (Madhya Pradesh) Ltd.	31st March 2010	Perafly Limited	100	-	-	-	-
MB Power Projects Ltd.(Formerly known as	31st March 2010	Moser Baer Power & Infrastructures Ltd.	100	1,716,983	-	-	-
		Moser Baer Projects Private Limited	100	(60,217)	-	-	-

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES
MOSER BAER INDIA LIMITED
RELATING TO SUBSIDIARY COMPANIES

Name of the Subsidiary Company	Financial Year of the Subsidiary Company ended on	Holding Company	Extent of Holding Company's Interest (%)	Net aggregate amounts of the profits/(losses) of the subsidiary so far as it concerns the members of the holding company and is not dealt within accounts of holding company		Net aggregate amounts of the profits/(losses) of the subsidiary so far as it concerns the members of the holding company and is dealt within accounts of holding company		
				(5)	(6)	(7)	(8)	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
MB Power (Jharkhand) Ltd.)	31st March 2010	Moser Baer Power & Infrastructures Ltd.	100		(111,343)	-	-	-
MB Power (Chhatisgam) Ltd.	31st March 2010	Moser Baer Projects Private Limited	100		(60,779)	-	-	-
MB Active Power Limited(Formerly known as MB Power (Andhra Pradesh) Ltd.)	31st March 2010	Moser Baer Projects Private Limited	100		(80,177)	-	-	-
MB Power and Energy Limited(Formerly known as MB Power (Orissa) Ltd.)	31st March 2010	Moser Baer Projects Private Limited	100		(81,369)	-	-	-
MB Ultra Power Limited(Formerly known as MB Power (Uttar Pradesh) Ltd.)	31st March 2010	Moser Baer Power & Infrastructures Ltd.	100		(80,616)	-	-	-
Nagaland Energy Ltd.	31st March 2010	Moser Baer Projects Private Limited	100		(88,573)	-	-	-
Moser Baer Industrial Development Ltd.	31st March 2010	Moser Baer Electric Power Ltd.	74		(1,543,130)	-	-	-
Moser Baer Powertech Limited(Formerly known as Moser Baer Hydrotech Limited)	31st March 2010	Moser Baer Power & Infrastructures Ltd.	100		(85,090)	-	-	-
Moser Baer Industrial Infrastructure Ltd.	31st March 2010	Moser Baer Projects Private Limited	100		(294,542)	-	-	-
Moser Baer Engineering & Construction Ltd.	31st March 2010	Moser Baer Projects Private Limited	100		(59,810)	-	-	-
Moser Baer Services Ltd. (Formerly known as Moser Baer Mining and Allied Services Ltd.)	31st March 2010	Moser Baer Clean Energy Limited	100		(210,148)	-	-	-
Sapphire Industrial Infrastructures Private Limited	31st March 2010	Moser Baer Clean Energy Limited	100		(91,608)	-	-	-
Moser Baer Energy & Research Limited	31st March 2010	Moser Baer Clean Energy Limited	100		(36,627)	-	-	-
Moser Baer Energy & Development Limited	31st March 2010	Moser Baer Clean Energy Limited	100		(90,715)	-	-	-
Moser Baer Energy & Infrastructure Limited	31st March 2010	Moser Baer Clean Energy Limited	100		(113,628)	-	-	-
Moser Baer Energy & Projects Limited	31st March 2010	Moser Baer Clean Energy Limited	100		(113,085)	-	-	-
Moser Baer Energy Systems Limited	31st March 2010	Moser Baer Clean Energy Limited	100		(91,327)	-	-	-
Solitaire Industrial Infrastructure Private Limited	31st March 2010	Moser Baer Clean Energy Limited	100		(36,351)	-	-	-
Solitaire Energies Private Limited	31st March 2010	Moser Baer Clean Energy Limited	100		(81,364)	-	-	-
Solitaire Powertech Private Limited	31st March 2010	Moser Baer Clean Energy Limited	100		(12,980)	-	-	-
Precious Energy Services Private Limited	31st March 2010	Moser Baer Clean Energy Limited	100		(65,204)	-	-	-
Moser Baer Projects & Infrastructures Limited (Formerly known as Moser Baer Hydro Projects & Infrastructures Limited)	31st March 2010	Moser Baer Clean Energy Limited	100		(63,379)	-	-	-
Moser Baer Infrastructures & Power Limited (Formerly known as Moser Baer Hydro Power & Infrastructures Ltd.)	31st March 2010	Moser Baer Projects Private Limited	100		(219,311)	-	-	-
Seli Hydro Electric Power Co. Ltd. (Formerly known as Gondhala Electric Power Company Limited)	31st March 2010	Moser Baer Power & Infrastructures Ltd.	100		(96,022)	-	-	-
Moser Baer Powerventures Limited(Formerly known as Moser Baer Reolli Dugli Hydro Power Limited)	31st March 2010		100			-	-	-

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES
MOSER BAER INDIA LIMITED

Name of the Subsidiary Company	Financial Year of the Subsidiary Company ended on	Holding Company	Extent of Holding Company's Interest (%)	Net aggregate amounts of profits/(losses) of the subsidiary so far as it concerns the members of the holding company and is not dealt within accounts of holding company		Net aggregate amounts of the profits/(losses) of the subsidiary so far as it concerns the members of the holding company and is dealt within accounts of holding company	
				For the financial year of the subsidiary	For the previous financial year since it became a subsidiary	For the financial year of the subsidiary	For the previous financial year since it became a subsidiary
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Moser Baer Powerstructures Limited (Formerly known as Moser Baer Sach Khas Hydro Power Limited)	31st March 2010	Moser Baer Clean Energy Limited	100	(90,022)	-	-	-
Moser Baer Powergen Limited (Formerly known as Moser Baer Seili Hydro Power Limited)	31st March 2010	Moser Baer Clean Energy Limited	100	(94,022)	-	-	-
Miyar Hydro Electric Power Company Limited (Formerly known as Moser Baer New Power Limited; Formerly known as Moser Baer Duggar Hydro Power Limited)	31st March 2010	Moser Baer Projects Private Limited	100	(155,728)	-	-	-
Lurnen Engineering Private Ltd.	31st March 2010	Moser Baer India Limited	51	(26,003)	(3,472,396)	-	-
Sterovest Ltd (BVI)	31st March 2010	Softenco Ltd (BVI)	100	(174,466)	-	-	-
Stalamer Ltd (BVI)	31st March 2010	Softenco Ltd (BVI)	100	(174,466)	-	-	-
Castenco Ltd (BVI)	31st March 2010	Softenco Ltd (BVI)	100	(173,375)	-	-	-
Basilian Ltd (BVI)	31st March 2010	Softenco Ltd (BVI)	100	(173,375)	-	-	-
Indus Solar GmbH & Co KG	31st March 2010	Desirmatics Limited	100	(40,974)	-	-	-
Indus Energy GmbH & CoKG	31st March 2010	Desirmatics Limited	100	(41,267)	-	-	-
Twelve Energy	31st March 2010	Ralsen Limited	100	(44,853,442)	-	-	-
Celavetco Ltd	31st March 2010	Moser Baer Services Ltd.	100	(189,751)	-	-	-
Marianco Ltd	31st March 2010	Celavetco Ltd	100	(173,309)	-	-	-
Fersanet Ltd	31st March 2010	Celavetco Ltd	100	(173,309)	-	-	-
Gatus 537 GmbH	31st March 2010	Atharv Cleantech Limited	100	(16,348)	-	-	-
Sofretano Limited	31st March 2010	Moser Baer Clean Energy Limited	100	(154,990)	-	-	-
Laytham Limited	31st March 2010	Moser Baer Clean Energy Limited	100	(16,021,772)	(654,598)	-	-
Hygrove Limited	31st March 2010	Moser Baer Clean Energy Limited	100	(22,254,791)	(625,308)	-	-
Ralsen Limited	31st March 2010	Moser Baer Clean Energy Limited	100	(9,727,478)	(290,958)	-	-
Bharat Cleantech Limited	31st March 2010	Bharat Cleantech Limited	100	(1,178,233)	(289,217)	-	-
Indus Clean Energy GmbH	31st March 2010	Moser Baer Clean Energy Limited	100	(1,379,242)	(340,095)	-	-
Tranlexom Limited	31st March 2010	Atharv Cleantech Limited	100	(65,903)	-	-	-
Desirmatics Limited	31st March 2010	Laytham Limited	100	(257,416)	-	-	-
Moser Baer Clean Energy Italia s.r.l	31st Dec. 2009	Moser Baer Clean Energy Limited	100	(323,680)	-	-	-
Canversus Limited	31st March 2010	Bharat Cleantech Limited	100	(173,104)	-	-	-
Softenco Ltd (BVI)	31st March 2010	Desirmatics Limited	100	(272,581)	-	-	-
		Moser Baer Projects Private Limited	100	187,805	-	-	-

Subsidiary from 16th May 2009
 @ Dissolved on 17th February, 2010
 *** Subscription amount paid in June 2010

For and on behalf of the board
 Deepak Puri
 Chairman and Managing Director

Date : July 12, 2010
 Place : New Delhi

**MOSER BAER INDIA LIMITED
FINANCIAL DETAILS OF THE SUBSIDIARY COMPANIES**

Name of the Subsidiary Company	Closing exchange rate against Indian Rupee March 31, 2010	Capital	Reserves (including balance in profit and loss account)	Total Assets	Total Liabilities	Investments (except in case of investment in subsidiary)*	Turnover (including other income)	Profit / (loss) before taxation	Provision for taxation	Profit / (loss) after taxation	Proposed dividend
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Moser Baer Photo Voltaic Limited	-	8,803,331,100	(4,116,370,440)	16,116,550,986	11,429,590,326	-	5,272,436,932	(1,769,508,330)	1,075,794	(1,760,584,124)	-
Moser Baer Solar Limited (Formerly known as PV Technologies India Limited)	-	9,594,504,060	(1,254,827,926)	17,267,760,782	8,928,064,648	-	692,447,440	(1,053,080,577)	(168,498)	1,052,912,079	-
Moser Baer SEZ Developer Limited	-	105,000,000	655,634,895	778,163,500	17,528,605	-	-	(1,303,800)	-	(1,303,800)	-
Moser Baer Entertainment Limited (Formerly known as Moser Baer Media Limited)	-	1,202,700,000	(631,174,178)	2,415,707,248	1,744,181,426	-	888,389,961	(414,694,566)	4,134,755	(418,829,311)	-
Moser Baer Energy Limited	-	500,000	(126,083)	437,203	63,296	-	-	(13,297)	-	(13,297)	-
Solar Research Limited	-	74,250,000	633,110,287	736,610,398	29,250,111	-	-	(1,340,702)	-	(1,340,702)	-
Moser Baer Investments Limited	-	11,500,000	(6,814,977)	5,581,913	896,890	-	-	(6,157,218)	-	(6,157,218)	-
Photovoltaic Holdings Limited, Isle of Man (Formerly known as Photovoltaic Holdings Pte)	-	5,100,000	(8,291,048)	2,378,674	5,568,721	-	-	(4,259,096)	-	(4,259,096)	-
Moser Baer Solar Limited, Isle of Man (Formerly known as Moser Baer Solar Pte)	-	5,543,047,026	31,488,740	5,579,273,880	4,738,113	-	886,533	(24,459,225)	-	(24,459,225)	-
Advoform Limited, Cyprus	-	875,859	135,876,621	931,388,136	794,635,656	1,382	38,836,422	497,988	-	497,988	-
Peraround Limited, Cyprus	-	242,946,511	556,398,215	1,671,758,705	872,413,979	657,320,264	41,032,200	(4,296,540)	-	(4,296,540)	-
Perafly Limited, Cyprus	-	1,210,256,852	(12,557,719)	1,199,275,615	1,576,482	-	-	(2,968,347)	-	(2,968,347)	-
Nicofly Limited, Cyprus	-	495,067	439,557,744	441,166,996	1,114,184	441,246,524	-	(1,582,889)	-	(1,582,889)	-
Perasoft Limited, Cyprus	-	602,803	63,711,775	65,316,607	1,002,229	65,236,547	-	(1,440,160)	-	(1,440,160)	-
Dalecrest Limited, Cyprus	-	498,940	324,202,322	325,713,678	1,012,416	327,047,185	1,266	(1,448,162)	-	(1,448,162)	-
Crownglobe Limited, Cyprus	-	467,594	334,347,126	335,909,042	1,094,322	-	-	(2,005,388)	-	(2,005,388)	-
Admirer Energy Solutions Private Limited	-	100,000	(41,614)	198,234	139,848	-	-	(23,826)	-	(23,826)	-
Arise Solar Energy Private Limited	-	100,000	(61,089)	178,759	139,848	-	-	(43,188)	-	(43,188)	-
Competent Solar Energy Private Limited	-	100,000	(41,278)	98,289	39,567	-	-	(23,771)	-	(23,771)	-
Pride Solar Systems Private Limited	-	100,000	(42,813)	97,030	39,843	-	-	(25,306)	-	(25,306)	-
Value Solar Energy Private Limited	-	100,000	(41,278)	98,289	39,567	-	-	(23,771)	-	(23,771)	-
Tifron Limited	-	14,559,634	(3,208,285)	13,170,634	2,359,295	13,025,522	-	(2,173,900)	-	(2,173,900)	-
Hamel Limited @	-	295,834	(838,665)	542,831	542,831	-	-	(695,195)	-	(695,195)	-
Zesa Limited @	-	295,834	(817,852)	522,019	522,019	-	-	(671,128)	-	(671,128)	-
Tucker Limited @	-	295,834	(812,607)	516,773	516,773	-	-	(670,857)	-	(670,857)	-
OM&T B.V., Netherlands	60.46	1,002,083	(270,734,061)	285,470,326	555,202,304	-	334,986,252	115,215,601	-	115,215,601	-
Cubic Technologies B.V., Netherlands	60.46	1,214,280	(87,970,470)	599,096,976	409,912,226	-	71,760,548	28,277,052	-	28,277,052	-
European Optic Media Technology GmbH, Germany	60.46	111,263,750	(63,264,088)	129,007,597	81,007,935	-	1,300,849,667	15,309,613	-	15,309,613	-
Omega Optical Media Technologies, Slovakia	60.46	447,852	(70,459)	388,868	11,475	-	1,455,510	1,344,648	-	1,344,648	-
Moser Baer Infrastructure and Developers Limited #	-	100,000,000	(16,963,752)	337,955,057	254,918,809	-	6,008,330	(14,814,048)	14,791	(14,828,839)	-
Moser Baer Technologies, Inc., USA	44.91	49,885	(22,604)	27,281	-	-	-	(18,621)	-	(18,621)	-
Moser Baer Photovoltaic Inc., USA **	-	-	-	-	-	-	-	-	-	-	-
MB Power (Madhya Pradesh) Ltd.	-	128,100,000	1,148,545,983	2,163,171,220	886,525,237	-	2,971,573	2,686,252	949,269	1,716,983	-
MB Power Projects Ltd.(Formerly known as MB Power (Jharkhand) Ltd.)	-	500,000	(60,217)	478,060	38,277	-	-	(60,217)	-	(60,217)	-
MB Power (Chhatisgarh) Ltd	-	500,000	(111,943)	62,851,242	62,262,585	-	-	(111,343)	-	(111,343)	-
MB Active Power Limited(Formerly known as MB Power (Andhra Pradesh) Ltd.)	-	500,000	(60,779)	478,060	38,839	-	-	(60,779)	-	(60,779)	-
MB Power and Energy Limited(Formerly known as MB Power (Orissa) Ltd.)	-	500,000	(80,177)	452,615	32,792	-	-	(80,177)	-	(80,177)	-
MB Ultra Power Limited(Formerly known as MB Power (Uttar Pradesh) Ltd.)	-	500,000	(81,969)	452,823	34,792	-	-	(81,969)	-	(81,969)	-
Nagaland Energy Ltd.	-	500,000	(80,616)	455,507	36,123	-	-	(80,616)	-	(80,616)	-
Moser Baer Industrial Development Ltd.	-	500,000	(88,573)	545,172	133,745	-	-	(88,573)	-	(88,573)	-
Moser Baer Powertech Limited(Formerly known as Moser Baer Hydrotech Limited)	-	500,000	(2,086,311)	56,212	1,641,523	-	-	(2,086,311)	-	(2,086,311)	-
Moser Baer Industrial Infrastructure Ltd.	-	500,000	(85,090)	455,608	40,698	-	-	(85,090)	-	(85,090)	-
Moser Baer Engineering & Construction Ltd.	-	500,000	(294,542)	711,003,971	710,798,513	702,500,000	-	(294,542)	-	(294,542)	-

**MOSER BAER INDIA LIMITED
FINANCIAL DETAILS OF THE SUBSIDIARY COMPANIES**

Name of the Subsidiary Company	Closing exchange rate against Indian Rupee March 31, 2010	Capital	Reserves (including balance in profit and loss account)	Total Assets	Total Liabilities	Investments (except in case of investment in subsidiary)*	Turnover (including other income)	Profit / (loss) before taxation	Provision for taxation	Profit / (loss) after taxation	Proposed dividend
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Moser Baer Services Ltd. (Formerly known as Moser Baer Mining and Allied Services Ltd.)	-	500,000	(59,810)	1,456,032	1,015,842	-	-	(59,810)	-	(59,810)	-
Sapphire Industrial Infrastructures Private Limited	-	300,100,000	(210,148)	550,351,578	250,461,726	-	-	(210,148)	-	(210,148)	-
Moser Baer Energy & Research Limited	-	500,000	(91,608)	2,212,932	1,804,540	-	-	(91,608)	-	(91,608)	-
Moser Baer Energy & Development Limited	-	13,978,100	120,686,273	137,362,959	2,688,586	-	86,301	(9,980)	26,667	(36,627)	-
Moser Baer Energy & Infrastructure Limited	-	500,000	(90,715)	1,601,370	1,192,085	-	-	(90,715)	-	(90,715)	-
Moser Baer Energy & Projects Limited	-	500,000	(113,628)	440,636	54,264	-	-	(113,628)	-	(113,628)	-
Moser Baer Energy Systems Limited	-	500,000	(113,085)	440,508	53,593	-	-	(113,085)	-	(113,085)	-
Solitair Industrial Infrastructure Private Limited	-	100,000	(91,327)	12,567,429	12,558,756	-	-	(91,327)	-	(91,327)	-
Solitair Energies Private Limited	-	61,351,000	550,632,649	624,033,308	12,049,659	500,000,000	86,301	(9,684)	26,667	(36,351)	-
Solitair Powertech Private Limited	-	100,000	(81,964)	13,399,741	13,381,705	-	-	(81,964)	-	(81,964)	-
Precious Energy Services Private Limited	-	14,671,000	130,536,020	149,813,874	4,606,854	-	86,301	(12,980)	26,667	(12,980)	-
Moser Baer Projects & Infrastructures Limited (Formerly known as Moser Baer Hydro Projects & Infrastructures Limited)	-	500,000	(65,204)	450,732	15,936	-	-	(65,204)	-	(65,204)	-
Moser Baer Infrastructures & Power Limited (Formerly known as Moser Baer Hydro Power & Infrastructures Ltd.)	-	500,000	(63,379)	497,060	60,439	-	-	(63,379)	-	(63,379)	-
Sell Hydro Electric Power Co. Ltd. (Formerly known as Gondhala Electric Power Company Limited)	-	500,000	(219,911)	41,372,780	41,092,691	-	-	(219,911)	-	(219,911)	-
Moser Baer Powerventures Limited (Formerly known as Moser Baer Reoli Dugli Hydro Power Limited)	-	500,000	(96,022)	433,926	29,948	-	-	(96,022)	-	(96,022)	-
Moser Baer Powerstructures Limited (Formerly known as Moser Baer Sach Khas Hydro Power Limited)	-	500,000	(90,022)	3,723,765	3,313,787	-	-	(90,022)	-	(90,022)	-
Moser Baer Powergen Limited (Formerly known as Moser Baer Sell Hydro Power Limited)	-	500,000	(94,022)	3,721,764	3,315,786	-	-	(94,022)	-	(94,022)	-
Mivar Hydro Electric Power Company Limited (Formerly known as Moser Baer New Power Limited; Formerly known as Moser Baer Duggar Hydro Power Limited)	-	500,000	(155,728)	21,658,686	21,314,414	-	-	(155,728)	-	(155,728)	-
Lumen Engineering Private Limited	-	2,000,000	(6,857,244)	503,719,751	508,576,995	27,900,000	-	(50,986)	-	(50,986)	-
Sterovest Ltd (BVI)	-	46,473	(174,466)	46,473	174,466	-	-	(174,466)	-	(174,466)	-
Stalmer Ltd (BVI)	-	46,136	(173,375)	46,136	173,375	-	-	(173,375)	-	(173,375)	-
Castenco Ltd (BVI)	-	46,136	(173,375)	46,136	173,375	-	-	(173,375)	-	(173,375)	-
Basilian Ltd (BVI)	-	46,136	(173,375)	46,136	173,375	-	-	(173,375)	-	(173,375)	-
Indus Solar GmbH & Co KG	60.46	30,231	(64,954)	11,239	45,962	-	-	(40,974)	-	(40,974)	-
Indus Energy GmbH & CoKG	60.46	30,231	(65,241)	11,239	46,250	-	-	(41,267)	-	(41,267)	-
Twelve Energy	60.46	6,046,250	24,750,988	34,594,670	3,797,433	-	-	(44,853,442)	-	(44,853,442)	-
Celavetco Ltd	-	45,619	(189,751)	136,957	290,989	-	-	(189,751)	-	(189,751)	-
Marianco Ltd	-	45,619	(173,309)	45,619	173,309	-	-	(173,309)	-	(173,309)	-
Fersanet Ltd	-	45,619	(173,309)	45,619	173,309	-	-	(173,309)	-	(173,309)	-
Gatus 537 GmbH	60.46	1,511,563	(16,348)	1,511,563	16,348	-	-	(16,348)	-	(16,348)	-
Sorifetano Limited	-	46,658	(154,690)	46,658	154,690	-	-	(154,690)	-	(154,690)	-
Laytham Limited	-	137,819	(14,716,368)	113,104,748	127,663,298	-	-	(16,021,772)	-	(16,021,772)	-
Atharv Cleantech Limited	-	3,445,485	(20,514,847)	221,776,764	238,846,126	-	-	(22,254,791)	-	(22,254,791)	-
Hygrove Limited	-	137,819	(9,025,358)	220,208	9,107,747	-	-	(9,727,478)	-	(9,727,478)	-
Ralsen Limited	60.46	120,925	119,473,960	122,991,125	3,396,239	-	-	(1,178,233)	-	(1,178,233)	-
Bharat Cleantech Limited	60.46	4,479,131	(2,041,461)	221,749,502	219,311,832	-	-	(1,379,242)	-	(1,379,242)	-
Indus Clean Energy GmbH	-	1,511,563	(65,903)	1,507,713	62,053	-	-	(65,903)	-	(65,903)	-
Tranlexom Limited	-	60,589	(235,693)	-	175,104	-	-	(257,416)	-	(257,416)	-
Desimatrics Limited	-	60,589	(291,944)	479,085	710,440	-	-	(323,680)	-	(323,680)	-
Moser Baer Clean Energy Italia s.r.l	60.46	604,625	(173,104)	859,837	428,316	-	-	(173,104)	-	(173,104)	-
Canversus Limited	-	60,589	(248,023)	60,589	248,023	-	-	(272,581)	-	(272,581)	-
Softecco Ltd (BVI)	-	46,473	(187,905)	231,691	373,023	-	-	187,905	-	187,905	-

Subsidiary from 16th May 2009 @ Dissolved on 17th February, 2010 ** Subscription amount paid in June 2010

MOSER BAER INDIA LIMITED
FINANCIAL DETAILS OF THE SUBSIDIARY COMPANIES

* Details of Investments

Name of the Subsidiary Company	Particulars of Investments	Nature of Investment	Amount in Rs.
Nicofly Limited	The Solaria Corporation	Shares Series B Preferred Stock Shares Series C Preferred Stock Shares Series C1 Preferred Stock	185,293,200 198,454,978 57,498,346
Perasoft Limited	Stion Corporation	Shares Series A Preferred Stock Shares Series B1 Preferred Stock Shares Series B2 Preferred Stock	45,302,150 7,693,234 12,241,163
Dalecrest Limited	Sol Focus, Inc.	Shares Series A Preferred Stock	327,047,185
Peraround Limited	Sol Focus, Inc. Sol Focus, Inc. KMG Digital Limited	Shares Series B Preferred Stock Shares Series C Preferred Stock Class A Ordinary Shares	410,660,000 245,340,000 1,320,264
Tifton Limited	Skyline Solar Inc.	Shares Series A Preferred Stock	13,025,522
Advoferm Limited	Bensimon Limited	Equity Shares	1,382
Moser Baer Engineering & Construction Ltd.	Unocon Infradevelopers Pvt. Ltd.	Share Application Money	702,500,000
Solitaire Energies Private Limited	Unocon Infradevelopers Pvt. Ltd.	Share Application Money	500,000,000
Lumen Engineering Private Limited	Chhattisgarh Sondilha Coal Company Limited Chhattisgarh Sondilha Coal Company Limited	Equity Shares Share Application Money	4,900,000 23,000,000

Notes:

- a) The above disclosure under section 212 of the Companies Act 1956, relating to the subsidiary companies does not include disclosure in respect of its 4 subsidiary companies namely 1) Moser Baer Projects Pvt. Ltd., 2) Moser Baer Power & Infrastructures Ltd., 3) Moser Baer Clean Energy Limited, 4) Moser Baer Electric Power Ltd., as these companies are extending their Financial Year (current Financial Year ending on 31st March 2010.)
- b) In terms of approval by the Central Government under Section 212(8) of the Companies Act, 1956, a copy of the Balance Sheet, Profit & Loss Account, Report of the Board of Directors and the Report of the Auditors of the Subsidiary Companies have not been attached with Annual Report of the Company. The Company will make available these document and the related details upon request by any investor of the Company and of its Subsidiaries. These documents will also be available for inspection by any investor at the Head Office of the Company at 43B, Okhla Industrial Estate, New Delhi 110020, and that of the Subsidiary Companies concerned.

For and on behalf of the board

Date : July 12, 2010
Place : New Delhi

Deepak Puri
Chairman and Managing Director

NOTICE

Notice is hereby given that the 27th Annual General Meeting of the Company will be held on Thursday, 30th September, 2010 at 9.30 A.M. at FICCI Golden Jubilee Auditorium, Federation House, Tansen Marg, New Delhi-110001 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2010, Profit and Loss Account for the year ended on that date and the Auditors' Report thereon and the Directors' Report thereto.
2. To declare dividend on equity shares of the Company.
3. To appoint a Director in place of Mr. Ratul Puri, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Dr. Vinayshil Gautam, who retires by rotation and being eligible, offers himself for re-appointment.
5. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT consent of the Company be and is hereby accorded to appoint M/s Price Waterhouse (FRN No. 012754N), Chartered Accountants, as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting in place of retiring auditors M/s Price Waterhouse (FRN No. 007568S), Chartered Accountants who have not offered themselves for re-appointment as Auditors of the Company.

FURTHER RESOLVED THAT they may be paid the remuneration which may be decided by the Board of Directors/ a Committee of the Board of Directors of the Company."

SPECIAL BUSINESS

6. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:
- "RESOLVED THAT Mr. Rajesh Khanna, was appointed as Additional Director by the Board of Directors of the Company and ceases to hold office under Section 260 of the Companies Act, 1956 on the date of this Annual General Meeting of the Company and in respect of whom the Company has received a notice under Section 257 in writing proposing his candidature for the office of director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.
7. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 293 (1) (e) of the Companies Act, 1956 and other provisions, if any of the Companies Act, 1956 or rules made there-under, consent of the members of the Company be and is hereby granted to the Board of Directors to contribute, donate, subscribe or otherwise provide assistance from time to time to any charitable, public, social, benevolent or general fund, society, association, Institutions, trust, organization, not directly relating to the business of the Company or the welfare of its employees, for taking up any programme, activities of social, cultural, educational, economic, rural development of people at large and/or incur any expenditure on their behalf, upto an amount not exceeding Rs 8,310,000 for the financial year 2010-11, notwithstanding the fact that said amount may exceed Rs. 50,000 or 5% of the Company's average net profit as determined in accordance with the provisions of Section 349 and 350 of the Companies Act, 1956 during the three financial years immediately preceding the current Financial Year, which ever is greater."

8. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 94 of the Companies Act, 1956 consent of the members be and is hereby accorded to increase the Authorised Share Capital of the Company from Rs. 2,150,000,000 (Rupees Two

Thousand One Hundred and Fifty Million) divided into 207,500,000 (Two Hundred Seven Million and Five Hundred Thousand) Equity Shares of Rs.10 each and 750,000 (Seven Hundred Fifty Thousand) Preference shares of Rs. 100/- each to Rs. 2,700,000,000 (Rupees Two Thousand Seven Hundred Million) divided into 262,500,000 (Two Hundred Sixty two Million and Five Hundred Thousand) Equity Shares of Rs.10 each and 750,000 (Seven Hundred Fifty Thousand) Preference shares of Rs. 100/- each.”

9. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 16 read with Section 94 of the Companies Act, 1956 consent of the members be and is hereby accorded to substitute the existing Clause V of the Memorandum of Association of the Company with the following Clause:-

- V. Authorised Share Capital of the Company is Rs. 2,700,000,000 (Rupees Two Thousand Seven Hundred Million) divided into 262,500,000 (Two Hundred Sixty two Million and Five Hundred Thousand) Equity Shares of Rs.10 each and 750,000 (Seven Hundred Fifty Thousand) Preference shares of Rs. 100/- each.”

10. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions of Companies Act, 1956, existing Clause 5 of the Articles of Association of the Company be and is hereby altered by substituting the existing Clause with the following clause :

5. Authorised Share Capital of the Company is Rs. 2,700,000,000 (Rupees Two Thousand Seven Hundred Million) divided into 262,500,000 (Two Hundred Sixty two Million and Five Hundred Thousand) Equity Shares of Rs.10 each and 750,000 (Seven Hundred Fifty Thousand) Preference shares of Rs. 100/- each, capable of being increased or decreased, subdivided, consolidated in accordance with the Company's regulations and legislative provisions for the time being in force in that behalf.

In respect of terms of issue of shares, Article 49, 50 and 51 shall apply.”

Regd. Office:
43-B, Okhla Indl. Estate,
New Delhi - 110 020

By order of the Board of Directors
for MOSER BAER INDIA LTD

Date: 12.07.2010

Sd/-
Head Legal & Company Secretary

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON POLL ON HIS BEHALF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PROXY, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE OFFICE OF THE COMPANY'S REGISTRAR AND SHARE TRANSFER AGENT- MCS LIMITED LOCATED AT F-65, 1ST FLOOR, OKHLA INDUSTRIAL AREA, PHASE - I, NEW DELHI – 110 020 NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A BLANK PROXY FORM IS ENCLOSED.
2. The Explanatory Statement under Section 173(2) of the Companies Act, 1956 is annexed hereto.
3. M/s Price Waterhouse (FRN No. 007568S) Chartered Accountants, who are the Statutory Auditors of the Company, hold office, in accordance with the provisions of the Companies Act, 1956 (the Act), upto the conclusion of the forthcoming Annual General Meeting (AGM). They have not offered themselves for re-appointment as Auditors of the Company for the financial year 2010-11. Pursuant to Section 225 and other applicable provision of the Companies Act, 1956, a special notice has been received from a member proposing the appointment of M/s Price Waterhouse (FRN No. 012754N), Chartered Accountants, as the Statutory Auditors of the Company to hold office from the conclusion of the ensuing AGM until the conclusion of the next AGM, in place of M/s Price Waterhouse (FRN No. 007568S), the retiring Auditors of the Company.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 29th September, 2010 (Wednesday) to 30th September, 2010 (Thursday) (both days inclusive).

5. The dividend for the year 2009-2010 as recommended by the Board of Directors and if declared at the Annual General Meeting will be paid on or before 29th October, 2010 (Friday) to those members whose names appear:
 - a) as beneficial owners as at the closure of business hours on 30th September, 2010 as per the list being furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of the shares held in electronic form, and
 - b) as members in the Register of Members of the Company as at the closure of business hours on 30th September, 2010
6. The SEBI vide Circular No. MRD/DoP/Cir-05/2009 dated May 20, 2009 has made it mandatory to furnish copy of PAN card to the Company/RTAs for registration of transfer of shares, for securities market transactions and off-market/private transactions involving transfer of shares in physical form. In this connection, the transferees of the Company's shares are requested to submit a copy of their PAN Card along with the Transfer Deed.
7. Members are requested to notify any change of address:
 - a. To their depository participants (DP) in respect of shares held in dematerialized form, and
 - b. To Registrar and Share Transfer Agent of the Company- MCS Limited, whose office is located at F-65, 1st Floor, Okhla Industrial Area, Phase -I, New Delhi – 110 020, in respect of shares in physical form, to notify their change of address / residential status, if any, under their signatures and quoting respective folio number, latest by 28th September, 2010.
8. The Company will transfer the amount remaining unpaid in its dividend account for the year 2002-2003 to the Investor Education and Protection Fund by 24th December, 2010 (Friday). Those members who have not yet encashed their dividend warrants for the said year may refer the matter along with relevant details to the Company Secretary at the Registered Office of the Company located at 43-B, Okhla Industrial Estate, New Delhi-110020 latest by 26th day of November, 2010 (Friday) to claim their unpaid dividend.
9. Members are requested to bring their Client ID and DP ID or Folio Numbers, as may be applicable, for easy identification of attendance at the meeting.
10. Members / Proxies should bring the Attendance Slips duly filled - in for attending the meeting.
11. Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send a certified copy of Board resolution authorizing their representative to attend and vote on their behalf at the Meeting.
12. Members desirous of getting any information about the accounts and operations of the Company are requested to submit their queries addressed to the Company Secretary at least 7 days in advance of the meeting so that the information called for can be made available at the meeting.
13. Particulars of Directors to be appointed / re-appointed at the 27th Annual General Meeting:

(I) Mr. Ratul Puri

Mr. Ratul Puri, aged 37 years, is Executive Director of the Company. He has a degree in Computer Engineering from Carnegie Mellon University, Pittsburg PA, USA and did his schooling from St. Colombus, New Delhi.

Mr. Ratul Puri was instrumental in setting up plants for manufacturing Compact Disc- Recordable, the first to come up in India. He has helped transforming the company from single business into a multi-technology organization, diversifying into exciting areas of Solar Energy, Entertainment and IT peripherals and Consumer Electronics. The information regarding his other Directorships and memberships of the Board Committee is as under:

Directorships

S. No. Name of the Company

1. Moser Baer Photo Voltaic Limited
2. Moser Baer SEZ Developer Limited

3. Moser Baer Investments Limited
4. Moser Baer Entertainment Limited
5. Moser Baer Solar Limited (formerly PV Technologies India Ltd.)
6. Moser Baer Infrastructure and Developers Limited
7. Induco Infradevelopers Limited
8. Moser Baer Projects Private Limited
9. MB Power (Madhya Pradesh) Limited
10. Pulsar Solar Power Pvt. Limited
11. Value Solar Energy Pvt. Limited
12. Pride Solar Systems Pvt Limited
13. Admire Energy Solutions Pvt. Limited
14. Arise Solar Energy Pvt. limited
15. Competent Solar Energy Pvt. Limited
16. Cobol Technologies Pvt. Limited
17. Sapphire Hydro Power Private Limited
18. Cobol Electronics & Solutions Private Limited
19. Emery Infrastructure & Developers Private Limited
20. Emery Electronics & Solutions Private Limited
21. Cobol Infrastructure & Developers Private Limited
22. Cobol Power & Technologies Private Limited
23. Swift Powertech Private Limited
24. Ellencon Power Project Pvt. Limited
25. Moser Baer Solar Limited (formerly Moser Baer Solar Plc, Isle of Man)
26. Photovoltaic Holdings Plc

B. Committee Membership

S. No.	Name of the Company	Name of the Committee	Chairman / Member
1	Moser Baer Solar Limited (formerly PV Technologies India Ltd.)	Audit Committee	Member
2	Moser Baer Entertainment Limited	Audit Committee	Member
3	Moser Baer Infrastructure and Developers Limited	Audit Committee	Member
4.	Moser Baer SEZ Developer Limited	Audit Committee	Member

Mr. Ratul Puri, Executive Director retires by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment. The Board of Directors recommends his re-appointment.

Except for Mr. Deepak Puri, Mrs. Nita Puri and Mr. Ratul Puri, none of the other Directors are concerned or interested in this resolution.

Mr. Deepak Puri is the father of Mr. Ratul Puri and Mrs. Nita Puri is the mother of Mr. Ratul Puri.

(II) Dr. Vinayshil Gautam

Dr. Vinayshil Gautam, aged about 64 years, is Independent Director of the Company. He has done Ph.D., FRAS (London) and was the first Director of Indian Institute of Management (Khozikode) and the first Head of the Management Department of the Indian Institute of Technology (IIT), Delhi and also the Founder Coordinator of the Entrepreneurship Programme at IIT(D). He was the first Chair Professor of Comparative Management at IIT(D) and also the Founder Coordinator of Industry Sponsored Research Programme on Comparative Management Practices in Asia. He was the Team Leader of the Consulting team for setting up of the 7th IIM in Shillong.

He was a member of various significant committees of Government of India including the Ministries of Science and Technology; MHRD; Industries; Personnel and Administrative Reforms etc. He has earlier been a Visitor to University of Cambridge; Universities of Brunel; Manchester ;Hull; Imperial College; Duke; Penn State; School of Oriental & African Studies, London; Dominican University, Chicago; China campus of Victoria University, Switzerland. He does not hold any shares in the Company.

The information regarding his other directorships and memberships of the Board Committee is as under:

A. Directorships

S. No.	Name of the Company
1.	S. Kumars Nationwide Limited
2.	Shivam Autotech Limited
3.	GAIL (India) Limited
4.	Ginni International Limited
5.	Lake Palace Hotels & Motels Pvt. Limited

B. Committee Membership

S. No.	Name of the Company	Name of the Committee	Chairman / Member
1.	Shivam Autotech Limited	Audit Committee	Member
2.	Shivam Autotech Limited	Remuneration Committee	Chairman

He retires by rotation at this Annual General Meeting and being eligible, offers himself for reappointment. The Board of Directors recommends his reappointment. Except for Dr. Vinayshil Gautam himself, none of the other Director is concerned or interested in this resolution.

(III) Mr. Rajesh Khanna

Mr. Rajesh Khanna is establishing an independent private equity firm focused on investment opportunities in India. Until recently, Mr. Khanna was Managing Director, Warburg Pincus, a leading global private equity investing firm. He was responsible for overseeing the firm's investment activities in the country. Warburg Pincus has been investing in India for about 15 years and is amongst the largest international private equity investors in the country. Prior to working with Warburg Pincus, Mr. Khanna was with Citibank and Arthur Andersen & Co. Mr. Khanna is a Chartered Accountant and a PGDM (equivalent to an M.B.A.) from the Indian Institute of Management, Ahmedabad (IIMA). He does not hold any shares in the Company.

The information regarding his other directorships and memberships of the Board Committee is as under:

A. Directorships

S. No.	Name of the Company
1.	Max India Limited
2.	Spank Hotels Private Limited
3.	Surya Advisory Services Pvt. Limited
4.	Ashu Khanna Consultancy Pvt. Limited (formerly known as Ashu Khanna Image Consultancy Pvt. Ltd.)
5.	Krizm Hotels Private Limited

B. Committee Membership

S. No.	Name of the Company	Name of the Committee	Chairman / Member
1.	Max India Limited	Remuneration Committee	Chairman

14. Kindly bring your copies of the Annual Report to the meeting.
15. All the statutory records and registers required to be kept open for inspection in terms of the provisions of the Companies Act, 1956 and the rules made there under, are available for inspection by the members of the Company at its Registered Office between 11.00 A.M. and 1.00 P.M. on each working day upto the meeting date and also at the place of the meeting on the meeting day.
16. The investors may contact the Company Secretary for redressal of their grievances/queries. For this purpose, they may either write to her at the following address:

Moser Baer India Ltd
43-B, Okhla Industrial Estate, New Delhi -110020.

Tel. Nos. 011-40594444, 2691 1570-74

Fax Nos. 011-41635211, 26911860

Or e-mail their grievances / queries to the Company Secretary at the following e-mail address:

shares@moserbaer.net

Regd. Office:
43-B, Okhla Indl Estate,
New Delhi - 110 020.

By order of the Board of Directors
for MOSER BAER INDIA LTD

Sd/-

Date: 12.07.2010

Head Legal & Company Secretary

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO. 6:

Mr. Rajesh Khanna was appointed as an Additional Director on the Board of the Company on 31st day of March 2010 by the Board of Directors of the Company. According to the provisions of Section 260 of the Companies Act, 1956, he hold office as director only upto the date of the ensuing Annual General Meeting. As required by Section 257 of the Act, a notice has been received from a member signifying his intention to propose appointment of Mr. Rajesh Khanna as the Director of the Company.

Thus, the Board of Directors proposes to appoint Mr. Rajesh Khanna as Director of the Company.

Except Mr. Rajesh Khanna, no other directors of the company are concerned or interested in the proposed resolution.

ITEM NO. 7:

With the view to conduct business that achieves a balance or integration of economic, environmental and social imperatives while at the same time addressing stakeholders' expectations. Moser Baer has evolved the Corporate Social Responsibility (CSR) policy under which the company affirms its commitment of seamless integration of marketplace, workplace, and environment and community concerns with business operations. Moser Baer uses CSR as an integral business process in order to support sustainable development and constantly endeavors to be a good corporate citizen and enhance its performance on the triple bottom line.

It is therefore proposed to obtain the approval of members of the Company authorizing Board of Directors to contribute an amount upto Rs 8,310,000 for the financial year 2010-11, to any charitable, public, social, benevolent or general fund, society, association, Institutions, trust, organization, not directly relating to the business of the Company or the welfare of its employees, for taking up any programme, activities of social, cultural, educational, economic, rural development of people at large notwithstanding the fact the said amount may exceed Rs. 50,000 or 5% of the Company's average net profit as determined in accordance with the provisions of Section 349 and 350 of the Companies Act, 1956 during the three financial years immediately preceding the current Financial Year, whichever is greater.

The Directors recommend the resolution for approval of the shareholders as an Ordinary Resolution.

None of the Directors of the Company is deemed to be concerned or interested in the above said resolution.

ITEM NO. 8, 9 & 10:

Pursuant to a special resolution approved by postal ballot on 12th March, 2010, the shareholders of the Company have, inter alia, approved the issue of Foreign Currency Convertible Bonds which are convertible into equity shares, American Depository Receipts and Global Depository Receipts reflected by underlying equity shares of the company or other financial instruments convertible into equity shares of the company, upto a limit of USD 165 million, in compliance with the applicable laws. In terms of the aforesaid special resolution, the Company is in the process of raising funds through one or more means mentioned therein to meet the long term business requirements of the Company, to fund the growth of the Company and also to improve the financial leveraging strength of the Company. In order to accommodate the number of equity shares required to be issued upon fresh issue of FCCB (upon their conversion into equity shares)/ ADR/ GDR or other financial instruments, it is proposed to increase the authorised share capital of the Company.

The present authorized share capital of the Company is Rs. 2,150,000,000 (Rupees Two Thousand One Hundred and Fifty Million) divided into 207,500,000 (Two Hundred Seven Million and Five Hundred Thousand) Equity Shares of Rs.10 each and 750,000 (Seven Hundred Fifty Thousand) Preference shares of Rs. 100/- each. It is proposed to increase the authorized Share Capital of the Company to Rs. 2,700,000,000 (Rupees Two Thousand Seven Hundred Million) divided into 262,500,000 (Two Hundred Sixty two Million and Five Hundred Thousand) Equity Shares of Rs.10 each and 750,000 (Seven Hundred Fifty Thousand) Preference shares of Rs. 100/- each.

As per the provisions of Section 94 of the Companies Act, 1956, the increase in Authorized Share Capital and consequent alterations in Memorandum of Association of the Company require prior consent of the shareholders.

As per the provisions of Section 31, the alteration of the existing Clause 5 of the Articles of Association of the Company pertaining to the share capital of the company also requires approval of the Shareholders of the company by way of Special resolution.

A draft copy of the duly altered Memorandum and Articles of Association of the Company as stated above is available for the inspection of the Members of the Company at the Registered Office of the Company during business hours on any working day till the date of the Annual General Meeting of the Company, and at the meeting.

The Directors recommend the resolution in Item No. 8 & 9 of the Notice for approval of the shareholders as an Ordinary Resolution.

The Directors recommend the resolution in Item No. 10 of the Notice for approval of the shareholders as a Special Resolution.

None of the Director of the Company is concerned or interested in this resolution.

Regd. Office:
43-B, Okhla Indl Estate,
New Delhi - 110 020.

Date: 12.07.2010

By order of the Board of Directors
for MOSER BAER INDIA LTD.

Sd/-
Head Legal & Company Secretary

moserbaer™

Moser Baer India Limited

Regd. Office : 43-B, Okhla Industrial Estate, New Delhi - 110 020.

ATTENDANCE SLIP

DP Id _____ Folio No. _____

Client Id _____ No. of Shares held _____

I hereby record my presence at the 27th Annual General Meeting of the Company to be held at FICCI Golden Jubilee Auditorium, Federation House, Tanesn Marg, New Delhi - 110 001 on Thursday, 30th September, 2010 at 9.30 A.M. (All particulars should tally with the Company's records.)

Member's Name (Sole Applicant) _____

(1st Joint holder) _____(2nd Joint holder) _____

Father's Name _____

Complete Address _____

Proxy's Name _____

I certify that I am a registered shareholder/proxy for the registered shareholder of the Company.

NOTES :

- Attendance slip which is not complete in all respects shall not be accepted.
- Attendance slip shall be produced at the registration counter for verification.

Member's/Proxy's Signature

moserbaer™

Moser Baer India Limited

Regd. Office : 43-B, Okhla Industrial Estate, New Delhi - 110 020.

PROXY FORM

DP Id _____ Folio No. _____

Client Id _____ No. of Shares held _____

I/We _____

of _____

being a Member/Members of Moser Baer India Limited hereby appoint Mr./Ms. _____

of _____

or failing him/her _____

of _____

or failing him/her _____

of _____

as my/our proxy to attend and vote for me/us and on my/our behalf at the 27th Annual General Meeting of the Company to be held at FICCI Golden Jubilee Auditorium, Federation House, Tansen Marg, New Delhi - 110001 on Thursday, 30th September, 2010 at 9.30 A.M. and at any adjournment thereof.

Signed this _____ day of _____ 2010.

Signature _____

Revenue Stamp

NOTE : THE FORM IN ORDER TO BE EFFECTIVE MUST BE DULY STAMPED, COMPLETED AND SIGNED AND MUST BE DEPOSITED AT THE OFFICE OF THE COMPANY'S REGISTRAR & SHARE TRANSFER AGENT - MCS LIMITED AT F-65, 1ST FLOOR, OKHLA INDUSTRIAL AREA, PHASE-I, NEW DELHI - 110 020 NOT LESS THAN 48 HOURS BEFORE THE MEETING.

moserbaerTM

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