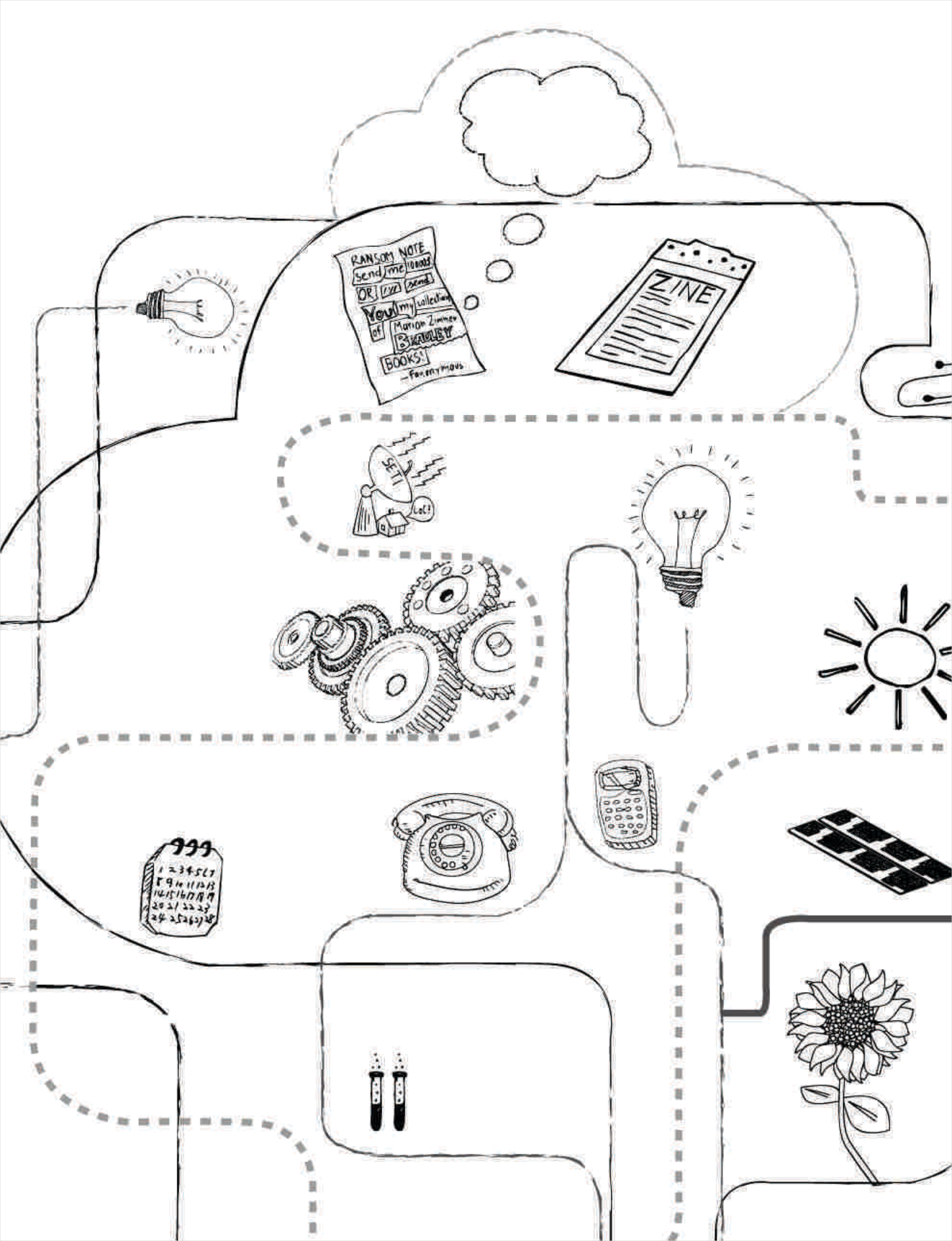
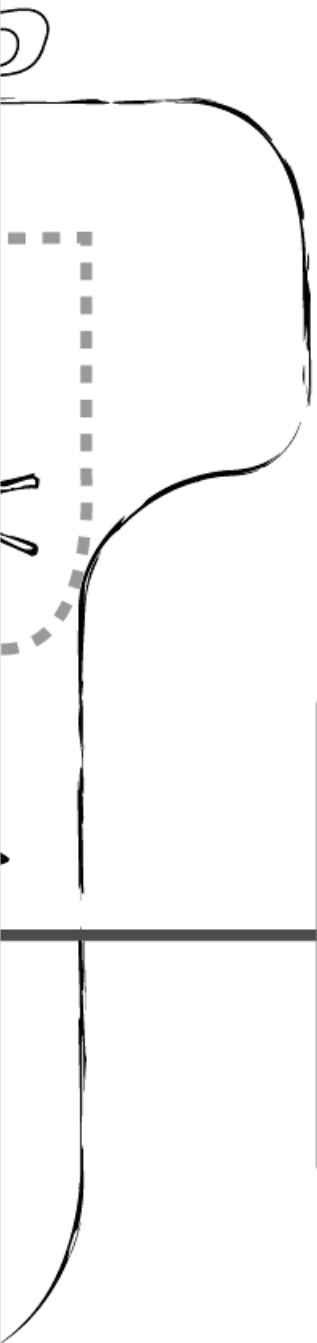




STRENGTHENING **SUSTAINABLE** PROCESSES





USING SUSTAINABLE PROCESSES ARE CRITICAL FOR BUSINESS THESE DAYS. THE COVER ILLUSTRATION CAPTURES FOUR KEY STEPS OF IDENTIFICATION; IDEATION; EXPERIMENTATION AND SOLUTION AS A MEANS TO ACHIEVE TRUE SUSTAINABILITY

The image shows a modern building facade with a grid of light-colored panels and several prominent white cylindrical columns. The 'moserbaer' logo is mounted on the wall, with 'mo' in a smaller font, 'ser' in a larger bold font, and 'baer' in a smaller font. The 'o' in 'mo' is a stylized circle with a dot.

moserbaer

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# VISION

A diagram consisting of a horizontal line extending from the left edge of the page to the word 'VISION'. From the right end of this line, a vertical line descends down to the top edge of a grey rectangular box. The box contains the text 'TOUCHING EVERY LIFE ACROSS THE GLOBE THROUGH HIGH TECHNOLOGY PRODUCTS AND SERVICES.'

TOUCHING EVERY LIFE ACROSS  
THE GLOBE THROUGH HIGH  
TECHNOLOGY PRODUCTS  
AND SERVICES.

# MISSION

WE WILL DRIVE GROWTH THROUGH OUR EXCELLENCE IN 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.

# YEAR AT A GLANCE

## SUSTAINABILITY



- o Commences production of YUKITA brand junction boxes in partnership with Yukita Electric for solar PV modules at its plant in Greater Noida
- o Sets up a PV reliability laboratory to study quality and reliability aspects of Crystalline Silicon and Thin Film PV modules
- o Commissioned a solar cell fabrication and characterization laboratory for Research and Development in PV
- o Signed an MoU with IIT Kanpur for developing advanced clean energy technologies
- o Moser Baer forayed into information and web security solutions



## SETTING NEWER BENCHMARKS

- o Moser Baer emerges as the first Indian Solar PV company to achieve installation of 100 MW under its own brand
- o Moser Baer commissions India's first 5 MW Thin Film solar farm in Tamil Nadu in December 2010
- o Moser Baer Solar Limited commissions one of the biggest rooftop installations of Japan
- o Moser Baer was awarded a grant by MNRE towards development of innovative CIGS solar cell technology
- o Moser Baer offers 'world's slimmest' USB flash drive
- o Moser Baer unveils - 'ICE' a new age LCD TV
- o Moser Baer Technologies and Universal Display Corporation announced technology and licensing agreement for energy efficient white OLED lighting



## RECOGNITIONS



- o Moser Baer Solar has been conferred with the prestigious "5 Star Rating" certificate by TÜV Rheinland for maintaining highest standards of quality in manufacturing for second consecutive year
- o Moser Baer Photo Voltaic Ltd (MBPV) was awarded the prestigious "Golden Peacock Award" in the field of Occupational Health & Safety
- o Moser Baer Photo Voltaic wins "Qimpro QualTech" Prize in the Manufacturing category
- o Moser Baer awarded Frost & Sullivan Green Excellence 2010 award in the category "South Asia and Middle East Green Excellence"
- o Moser Baer Solar was awarded quality certifications from diverse bodies such as JET (Japan), MCS (UK), CEC (Australia), ITCOL (Bangladesh) & DGS&D (India) for processes adopted in manufacturing of PV modules
- o Moser Baer signs a MoU with C-MET, Pune for R&D on "Hybrid Solar Cells based on Organic Polymers and Inorganic Nano particles".



# CHAIRMAN'S MESSAGE

Dear Shareholders:

Over a period of time my conviction for creating clean, innovative tech- solutions which are also sustainable has only strengthened further. We at Moser Baer are truly committed towards creating a sustainable profile for the company. How do we do it and what does it mean for us? It means outperforming the expectations of our customers, striving to create immense shareholder value, securing the long term commitment of our employees by offering fulfilling careers, and helping develop and transform the communities in which we operate. We are making huge efforts towards creating safe and sustainable processes and focussing on not only about what we do but also how we do it.

Today the world looks very different post economic crisis. Most of the industries are passing through difficult times since 2008. And along with it the threat of climate change has forced entities world over to relook at their business models and issues pertaining to sustainability. Today, I am happy to say that your company has taken timely steps to keep pace with the changing world.

To give you an example: by optimizing machine efficiency, your company has saved 14.52 million units of energy which amounts to saving 6243 tons of CO2 emission only in 2010-11. Additionally, by converting HFO based generators to CNG base we have successfully reduced 30542 tons of CO2 emission during the same period. Such steps have helped us reduce our carbon footprint significantly. Given that Moser Baer is not a part of the polluting industry, still we are deeply wary of our carbon footprint and to reduce it further we promote more recycling. I am proud to state that by using ingenious ways of recycling wood pallets for packaging, we have saved 10626 trees!

However, several key questions are still around. How

can we make our products and processes more sustainable? Globalisation, use of newer technologies and increasing transparency has changed the rules of the game. How can we gauge the impending risks ahead? When we have unpredictable environment, how do we forecast and analyse for better strategic planning? Answers to these complex issues point at one consistent direction – need to develop sustainable competitive advantages. I have come to believe that instead of being really good at doing few particular things, we must strive to be really good at learning how to do new things. To stay ahead in a rapidly changing environment in a sustainable way we will continue with parallel innovation and superior flexibility to enhance our adaptiveness, for, adaptive approach is the key for us.

I must compliment our dedicated pool of employees for their innovative ideas, their hard work and commitment and their full support. We treat them with dignity and respect and will continue investing in their development and providing them with a safe and healthy working environment.

Now let's see how our different businesses have performed in the year that passed by.

## SOLAR PHOTOVOLTAIC

The increasing demand for clean energy which is non-depleting and environmentally benign led to a robust growth in the global solar industry during the year 2010-11. You will be delighted to know that Moser Baer has achieved the distinction of being the first Solar PV Company from India to achieve 100 MW of installations globally 'under its own brand'. We expanded our presence in 9 more countries during the past year, thus taking our global footprint to 35 countries across the globe. Our continuous focus on Six Sigma and lean methodologies has enabled the company to increase the existing module line capacity from



80 MW to 110 MW. As a result of this, we have reached a combined module capacity of over 200 MW across technologies and have thus become one of the leading PV players in India.

We have launched a lead-free Crystalline Silicon Module which is specifically designed to reduce carbon footprint. Additionally, your company has started domestic production of India's first (YUKITA Brand) junction boxes in technology partnership with Yukita Electric Wire Co. of Japan for solar PV modules. Junction boxes are a critical component in solar PV installations and with our installed capacity of 2.5 million junction boxes a year, we are confident of catering to the entire demand for the same emanating from the phase 1 of the National Solar Mission.

Apart from manufacturing, your company has also established its leadership position in "concept to commissioning" of solar projects, thereby, showcasing its strong EPC capabilities. We have successfully executed more than 150 solar installations thus achieving the leadership status in the EPC segment. Some of the installed systems are located in the most challenging locations for Defence at an altitude of 16000 ft, in minus 5°C temperature condition, with a wind velocity of ~ 100 km/hr and at places having minimal oxygen levels. Notably, the EPC arm has already commissioned a 5 MW Thin Film plant in Sivaganga, Tamil Nadu. Among other installations across the country, there are more than 20 standalone power plants installed in Leh & Kargil – the most challenging terrain.

We are also proud to announce that your company has won several awards and recognitions for the photovoltaic business during the past year. Apart from being recognized as the only solar power company in the world to receive 5-star rating by TÜV Rheinland, we were also awarded the Qimpro Quality Award and the Golden Peacock Award. We are consistently working on bringing down the costs of manufacturing by improvement in our internal processes and through our ongoing Research & Development efforts.

## STORAGE MEDIA AND CONSUMER PRODUCTS

The storage media industry is witnessing significant changes globally which is driving a consolidation in the sector resulting in a significantly improved market position. I am happy to inform you that Moser Baer continues to be among the market leaders in the optical media segment, even in such challenging market conditions. There has been an increasing demand for external storage devices like Flash Drives, SD and Micro SD cards in the last five years, which is expected to continue in the foreseeable future too. To add to the existing manufacturing capacity of 2 million memory devices per month, your company has been investing majorly in the manufacturing capability of Memory Cards and Pen Drives in India.

We also continue to enjoy a healthy market share in the Consumer Electronics and IT peripherals segment due to a wide range of innovative products launched during 2010-2011. A robust channel distribution network and strong brand presence helps us achieve our sales targets, and our highly competent design and testing center enables us to introduce new products at regular intervals.

## ENTERTAINMENT

Following the calibrated growth approach, your company continues to dominate the home entertainment space. Our unique business model is aimed at attracting customers through original high-quality products at affordable prices. Since the market conditions were quite challenging during the past year, we acquired only those films that recovered its investment within 90-120 days of release date. We are now looking to acquire numerous big banner films in order to maximize our profitability.

Another strategy we have adopted to expand our business is utilizing the growing reach of retailers in the country. We have started partnering with retail giants



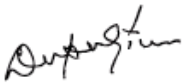
Leisure and other strong brands in retail, which have a strong presence in major cities in India.

Your company is taking sure steps in the right direction and strengthening its core businesses. We are also making conscious efforts and investments in fostering innovation and getting the right talent on board so that we can fulfill the expectations of our stakeholders. I can assure you that we will continue to save resources by being more efficient at what we do and we will continue to invest in clean sustainable processes as part of the triple bottom line approach as it is the key to our business model. This way we are certain that our efforts will incorporate all three critical dimensions: environmental, social and economic.

By employing breakthrough technologies at our manufacturing processes we hope to contribute positively to the global challenge of climate change. Needless to stress that we are developing new processes and more sustainable practices to work in partnership with our customers and suppliers as well to help them achieve their environmental goals.

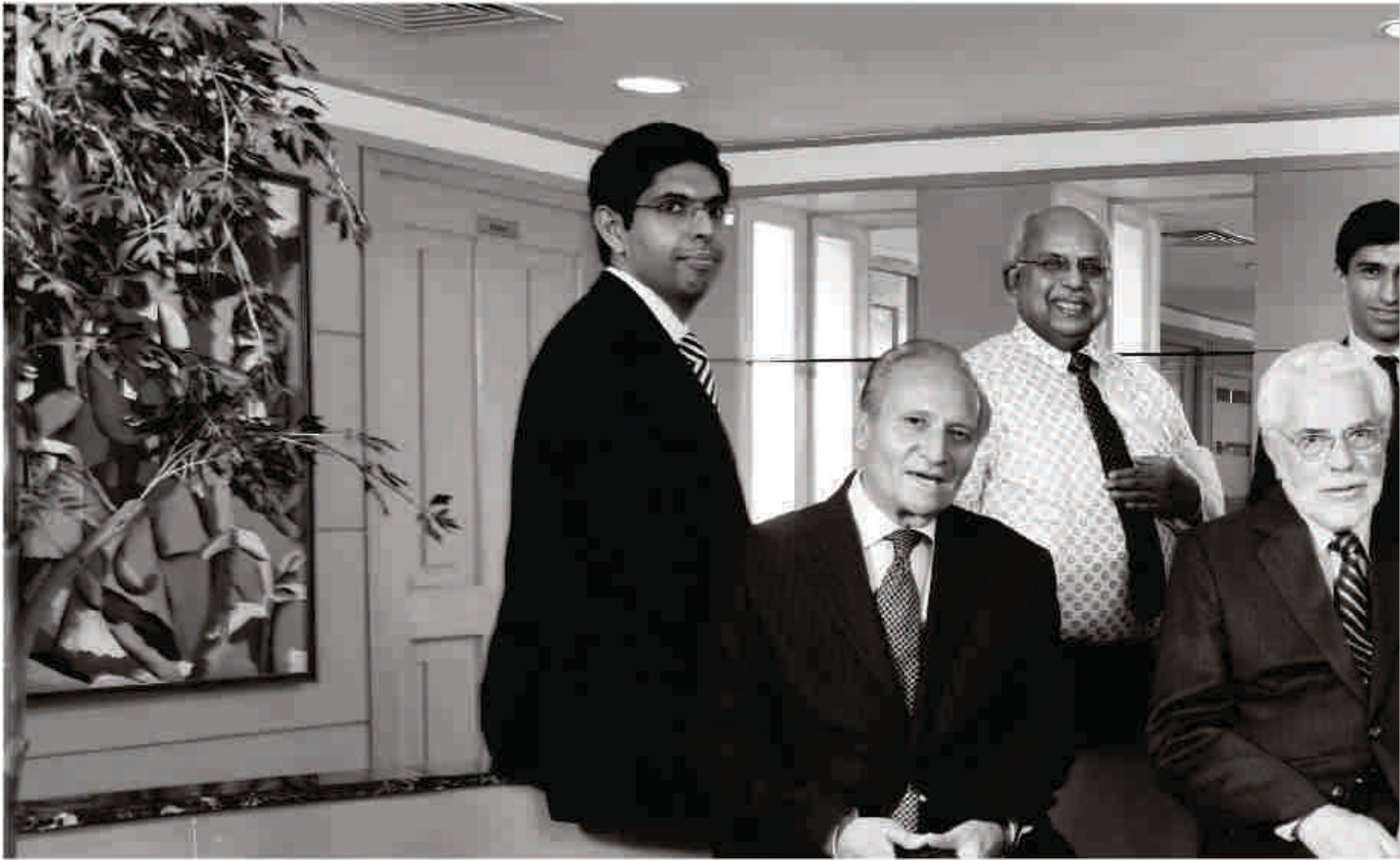
I thank all of you for being part of this exciting journey of growth and hope that you will continue supporting us in our future endeavors too. It is your support that will inspire Moser Baer to gain more recognition, profitability and prosperity in the coming years.

Best regards,

A handwritten signature in black ink, appearing to read 'Deepak Puri', written in a cursive style.

(Deepak Puri)

# BOARD OF DIRECTORS



*FROM LEFT TO RIGHT*

**VIRAJ SAWHNEY**  
(DIRECTOR-NOMINEE WARBURG PINCUS)

**VIRENDER NATH KOURA**  
(DIRECTOR)

**DR. VINAYSHIL GAUTAM**  
(DIRECTOR)

**BERNARD GALLUS**  
(DIRECTOR)

**RATUL PURI**  
(EXECUTIVE DIRECTOR)

**DEEPAK PURI**  
(MANAGING DIRECTOR)



**NITA PURI**  
(WHOLE TIME DIRECTOR)

**PRAKASH KARNIK**  
(DIRECTOR)

**FRANK E DANGEARD**  
(DIRECTOR)

**JOHN LEVACK**  
(DIRECTOR-NOMINEE ELECTRA PARTNERS)

***NOT IN PICTURE:***

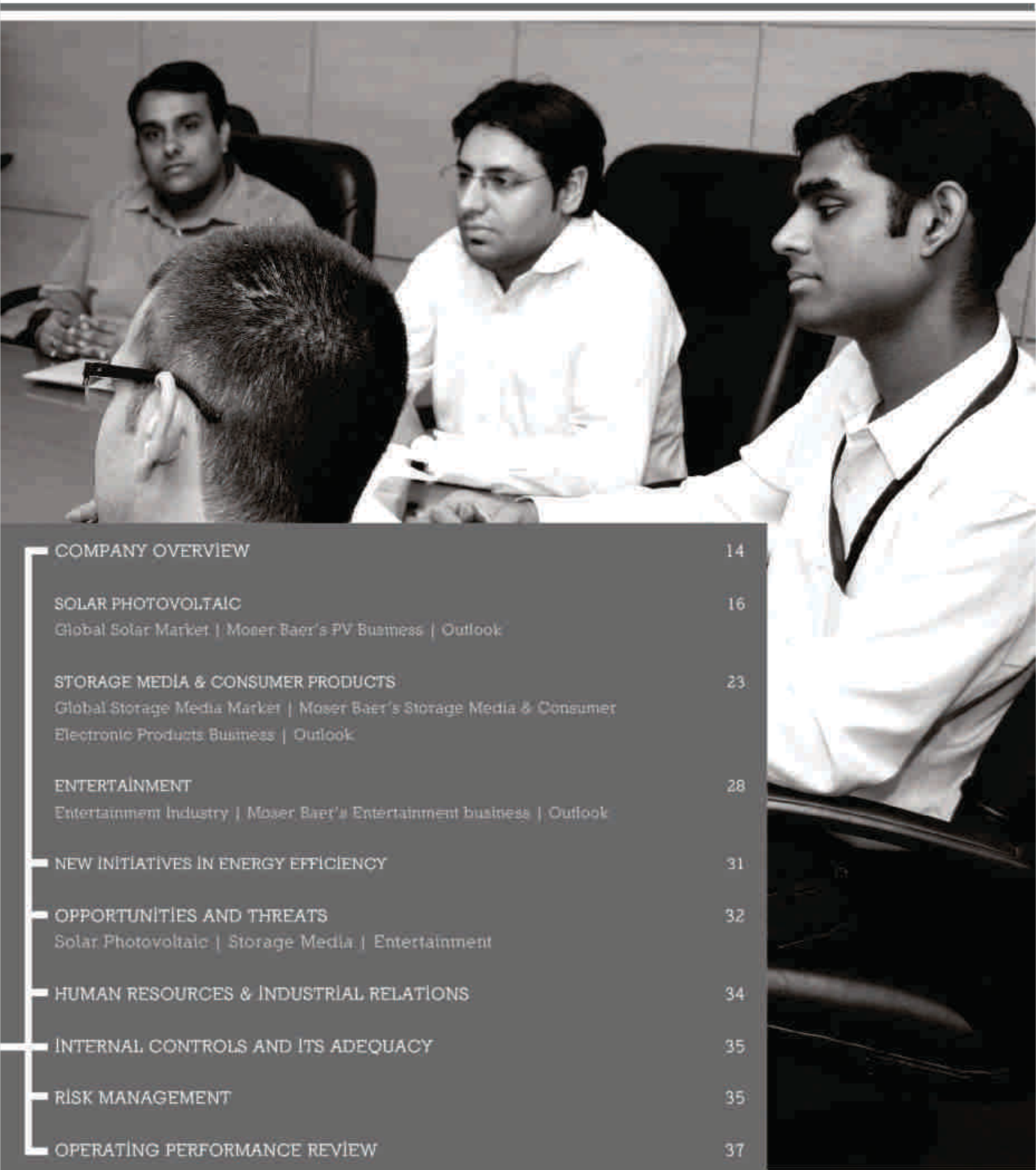
**VINEET SHARMA**  
(DIRECTOR)

**RAJESH KHANNA**  
(DIRECTOR)



MD & A





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The year 2010-11 was a critical year for Moser Baer, enhancing and strengthening our portfolio of businesses. We have been able to continuously reinforce our strengths and resolve weaknesses to weather the storm of industry imbalances. We have been successful in simultaneously managing varied business requirements and different industry & business cycles with a blend of diverse corporate strategies through our focus on technology and innovation, manufacturing excellence and quality drive to re-ignite strong, sustainable, and balanced growth.

The global economy is emerging from the worst recession in over 60 years and poised delicately. As per IMF's latest World Economic Outlook, the global economy has continued to grow at 4.3%, the rate indicated in its earlier forecast for 2011-12. The recovery is proceeding at varying speeds, with some economies growing very robustly while many advanced economies are experiencing more tepid rebounds. Policies are needed to address the downside risks globally and set the stage for a return to strong and sustained global growth.

## COMPANY OVERVIEW

The year 2010-11 ended on a distinctly positive note with signals of strong industry consolidation providing ample opportunities to Moser Baer to showcase our leadership position and capabilities across our businesses.

- Total Income: The company witnessed stable total income of INR 19,111 million during the year
  - Cash and liquidity: The company generated INR 2,807 million of cash from operations on a standalone basis in FY'11
  - Shipment volumes in the storage media business
- witnessed growth at the end of the fiscal year signaling a recovery of demand supply balance. Robust growth in higher margin advanced formats persisted during the year
- EDITDA margins were heavily impacted due to continued surge in key commodity prices such as silver, poly carbonate, heavy fuel oil (HFO) and chemicals during the year together with a lag in cost pass-through to customers, along with adverse foreign exchange movement
  - Pricing of customer contracts has been significantly renegotiated upwards in the following fiscal year to compensate the increasing costs; this trend is



expected to continue in the second quarter of the financial year 2011-12.

In the solar photovoltaic business, the industry witnessed robust growth during the year. India emerged as a strong market with various projects shaping up under the National Solar Mission and State level policies. Moser Baer's Solar Photovoltaic business has also made significant progress and has crossed numerous milestones. Our robust quality systems and cutting edge technology, backed by world class marketing helped us penetrate nine additional markets globally during the year, thereby expanding our presence to more than 35 countries. We have emerged as the first Solar PV company from India to have achieved 100 MW of installations globally under our own brand. We are happy to share with our investors that Moser Baer has emerged as the only Solar company in the world to be awarded the prestigious 5 Star rating by TÜV Rheinland for quality systems, for two consecutive years. Our sales crossed the INR 8,500 million mark and we achieved shipments of approximately 100MW across technologies, establishing our leadership position in India. We continue to focus on innovation, efficiency improvement and cost competitiveness to enable us to offer high quality value added products and service delivery to our esteemed customers in India and across the globe.

In our optical media business, we were impacted by industry imbalances and higher cost push on raw materials during the year. The industry however, is continuously moving towards consolidation, and Moser Baer being at a leadership position is poised to capture a larger global market share. Moser Baer's solid state media product line is making significant progress, as we continue to strengthen our position in the storage media market.

While 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 8,000 titles, superior quality and delightful pricing we are the market leaders and are taking structured initiatives to grow this segment.



## SOLAR PHOTOVOLTAIC

### PHOTOVOLTAIC (PV) INDUSTRY

The year 2010-11 shaped up to be a significant year for the global solar industry, experiencing robust growth in volumes and stable pricing throughout the photovoltaic value chain. The momentum built by the industry during 2009-10, was not only sustained but further accelerated during the year. According to the European Photovoltaic Industry Association (EPIA), the total annual PV installations more than doubled to 16.6GW in 2010 as compared to 7.2GW for 2009. This added up to cumulative installations of close to 40GW worldwide till 2010 end, producing 50 terawatt hours (TWh) of electrical power every year. The market was driven by accelerated growth in key geographies including Germany and Italy which achieved record number of installations. Various other markets such as USA, Japan, France, Czech, Belgium remained firm while India started to witness increasing traction post the announcement of National Solar Mission, re-instating its strong future potential.

#### EVOLUTION OF GLOBAL ANNUAL PV MARKET - 2000-2010 (FIGURES IN MW)

Year	Capacity (MW)
2000	280
2001	331
2002	471
2003	581
2004	1,119
2005	1,439
2006	1,581
2007	2,513
2008	6,168
2009	7,257
2010	1,6629

While at the macro level the industry continues to face an oversupply situation, the second half of the year saw a temporary shortage of “bankable” supply of modules. This resulted in established, high quality players with higher module wattages enjoying improved price realizations. The increase in demand for modules created a ripple effect and consequently there was an upward price trend across the value chain. The prices of silicon, wafer, cells & modules exhibited firmness and increased by 6-8%. The oversupply situation however corrected itself in the last quarter of FY 2010-11 with prices showing signs of relative stability and players with better quality and efficiency having a marked competitive edge. Going forward, we expect the industry to move towards its long-term trend of declining panel pricing and accelerating towards grid parity as several leading players ramp up capacities across all stages of the value chain.

The key long term industry fundamentals continue to be strong, with countries increasingly focusing on clean, green and sustainable forms of energy aptly supplemented with solar-friendly incentives and feed-in tariff programmes. Various industry experts are of the view that the trend towards renewable energy sources is likely to get further accentuated due to concerns emanating post the unfortunate Fukushima Nuclear plant crisis following the earthquake in Japan in early 2011. This ill-fated event has further strengthened the case for renewable energy and several nations are contemplating increasing their renewable energy commitments in general. Germany's coalition government has announced phasing out of all of the country's nuclear power plants by 2022. Solar energy is expected to generate further interest globally, given the inherent advantage that solar has over other forms of renewable energy.

Despite the robust secular growth over the last decade, solar PV electricity currently accounts for less than 1% of the global electricity generated. We believe that the long-term secular growth drivers for the solar PV market would further drive the market:

- Increasing global energy demand and depleting



- supply of traditional energy sources;
- increasing trend towards using carbon-neutral solutions to address the climate change problem;
- Improved solar energy cost economics: We continue to believe that the increased demand for renewable energy will drive solar energy costs down towards grid parity over the next couple of years in various parts of the world. The government supported programmes (Feed-in Tariffs) will continue to provide investor security in the long-term.
- Geopolitical factors such as energy security creating a positive shift in the energy policy of major governments globally.

### INDIAN SOLAR MARKET

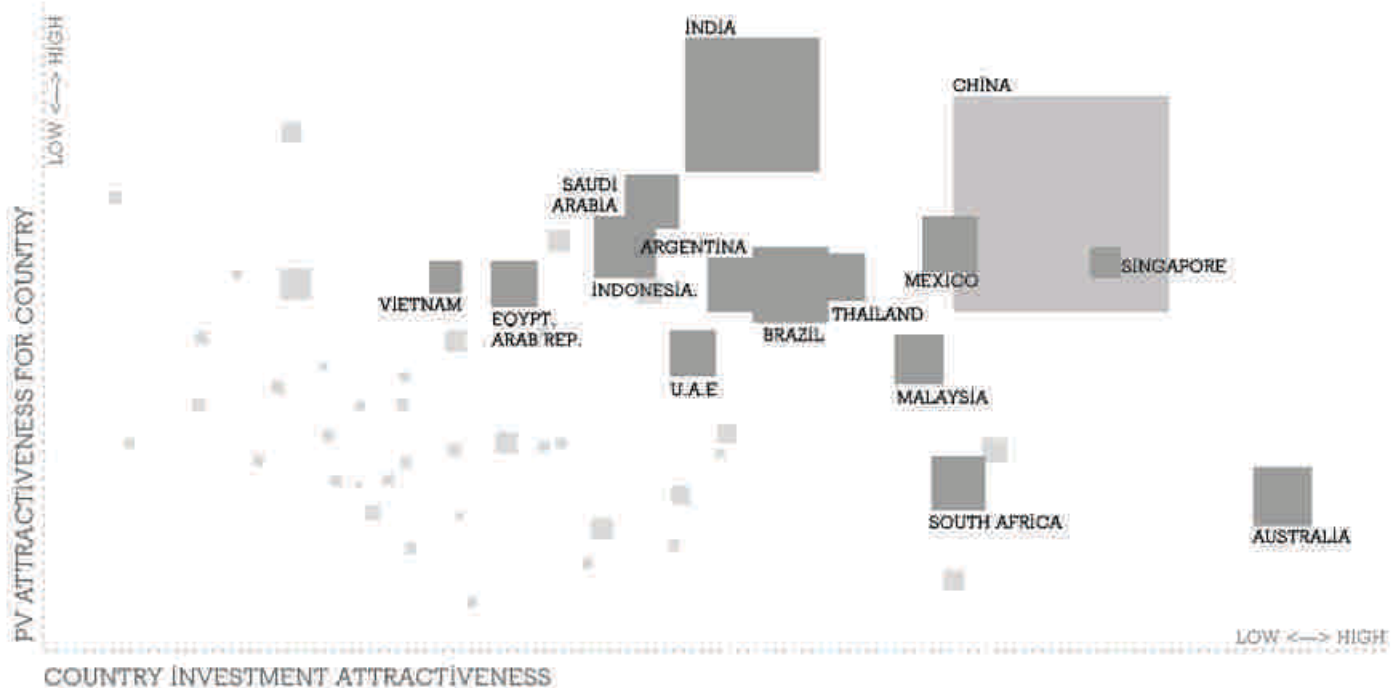
The Indian economy faces significant challenges in terms of meeting its energy requirements with rapid depletion of the conventional sources of energy on one hand and increasing energy requirements including peaking power to meet the needs of the fast growing economy, on the other hand. In this backdrop, the thrust on renewable sources of energy as a key energy

source is a step in the right direction. According to EPIA, India has an immense PV potential in the Sunbelt region. The recent experience with large size solar installations has already demonstrated the said potential. The solar energy is also an environment friendly solution for peaking power requirements, which in the absence of adequate grid capacity, is generally satisfied by liquid fossil fuel based stand-by power generation sources.

The 'National Solar Mission' which was launched in January 2010 with focus on harnessing the solar energy, is progressing well. The first phase of the program has been initiated and projects aggregating to 802 MW have already been allocated of the total 1300MW marked for the phase (1100MW Utility grid power and 200MW off-grid solar applications).

- 84MW allocated under Migration Scheme.
- 620 MW allocated in Phase I under Grid-Connected applications
- 98 MW of Rooftop Projects received allocations

### PV POTENTIAL FOR SUNBELT COUNTRIES BY 2030



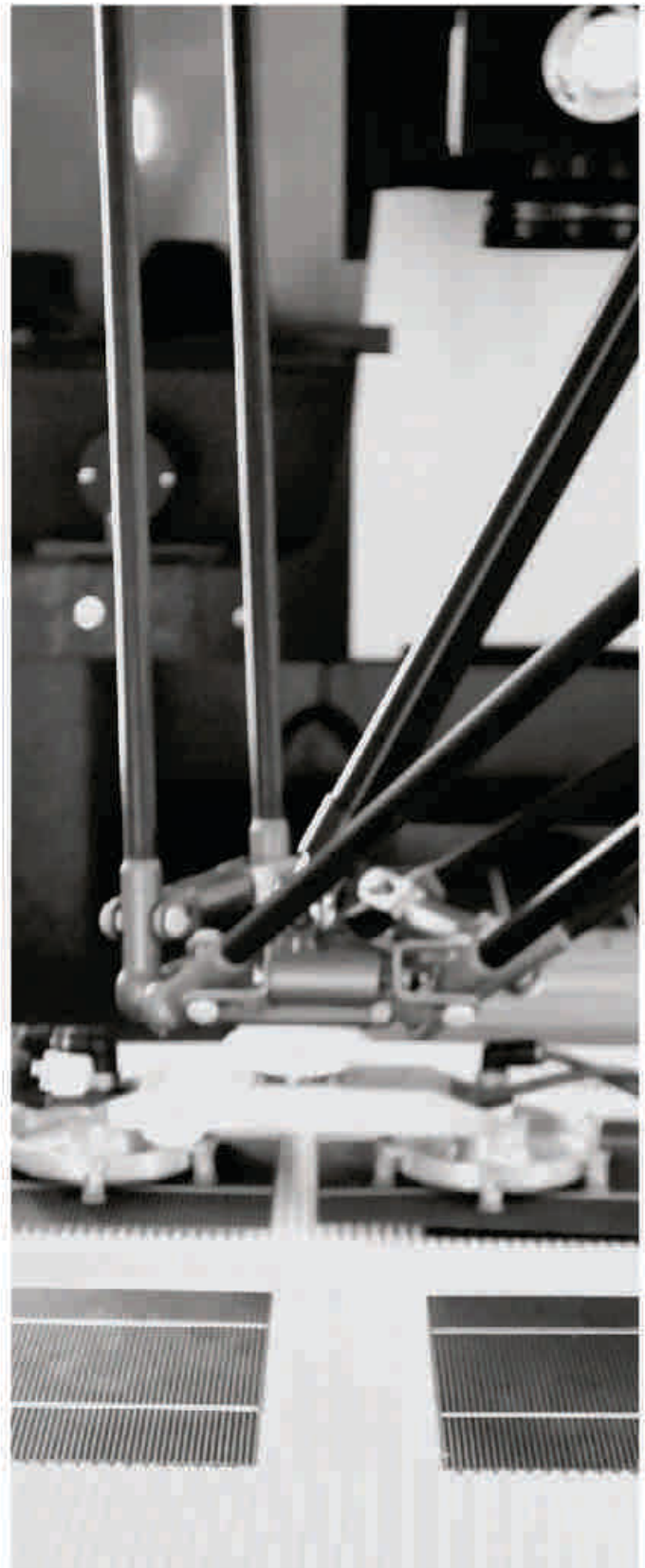


Further bidding process for 300 MW under Grid Connected applications is expected to start shortly.

The union cabinet has approved the modification of the tariff policy to include solar energy purchase obligation making it mandatory for State utilities that will require them to source around 0.25% of their electricity requirement from solar energy sources by 2013, increasing gradually to 3% by 2022. Furthermore, the Renewable Energy Certificate (REC) mechanism which is already operational can play a catalytic role in the development of the solar power market in India. Further, the domestic content guidelines ensure development & growth of domestic solar cell & module manufacturers.

In line with its clean energy programmes, the government of India has hiked the budget for the Ministry of New and Renewable Energy by more than 20% to INR 1,200 crore in FY'12 compared to INR 1,000 crore in FY'11. The government has allocated INR 664 crore for renewable power projects in both grid-interactive and distributed power generation capacity. Rural application of renewable energy has a special focus this budget with over INR 170 crore being allocated for it. Moreover, the government levied Clean Energy Cess to the extent of INR 50 per ton on all three categories namely Coal, Lignite, and Peat with effect from 1 July 2010.

In addition to the above, several States have introduced Solar Policies applicable to the respective States. Gujarat has taken a lead in developing solar power and has an aggressive Solar policy. Rajasthan has similarly taken a lead in announcing a Solar policy for the State. Other states like Punjab, Karnataka, and Maharashtra are also expected to promote solar development in the immediate future. The progress under the various schemes has been encouraging. In Gujarat, applications were received for more than 1,500 MW with PPA's already signed for more than 900 MW. The development work is already in progress with several installations expected to be completed within 2011. Under the Rajasthan Policy announcement, the State





government has plans to install 50 MW in Phase 1 and 150 MW in Phase 2.

While the solar sector in India is all set to achieve significant traction post the announcement of the National Solar Mission, certain implementation challenges have delayed the execution of projects. The reverse bidding process under the JNNSM policy, driven by declining modules and system prices, saw the applicants discounting the CERC approved tariff of INR 17.91 /kWh by 30-36%. While this is good for the industry in the long term as it accelerates the move towards grid parity, it added certain challenges from an execution standpoint. In the short-term, it made lenders re-assess project viability as the IRR's under the revised tariff scheme were significantly lower than what was previously calculated at INR 17.91 / kWh. In addition, land acquisition challenges coupled with lack of assignability of PPAs to lenders caused delays in projects attaining financial closure.

However, with the recent assurance of financial support to developers from MNRE, these challenges which once seemed overwhelming, now appear to be getting progressively addressed. MNRE has set up a group of PSU Banks, under the leadership of the State Bank of India, to explore steps that are required, such as enhancing availability of low cost funds to make solar

projects more viable. The Cabinet has recently approved a Payment Security Scheme for extending INR 486 crore Gross Budgetary Support (GBS) to MNRE in case of defaults in payment by State Utilities to NRVN. Not only this, International Development Agencies such as IFC and ADB have expressed an intention to support renewable energy projects and are looking to extend financial assistance to such projects.

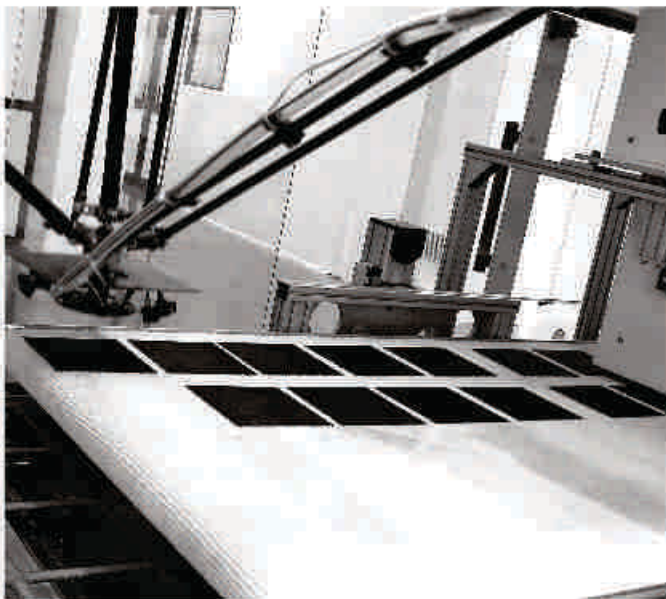
Given that India is energy starved, with more than 50% of rural households not yet electrified (375 million people have no access to electricity), and is likely to remain so for several years, India represents a significant opportunity for solar energy. Moreover, a very large proportion of population relies on DG sets & kerosene for their power needs, where Solar provides a more cost effective and cleaner solution. With its decentralized nature of generation, minimal maintenance, no moving parts, no fuel cost escalation and high reliability, Solar has the potential to be an extremely viable source of energy for years to come, to provide inclusive growth especially for a vast country like India.

#### MOSER BAER'S PV BUSINESS

2010-11 was a landmark year for Moser Baer with our photovoltaic business achieving several key milestones and strengthening our position in the global photovoltaic market. During the year, Moser Baer achieved the distinction of being the first Solar PV Company from India to achieve 100 MW of installations globally 'under its own brand' thus strengthening our position in the global photovoltaic market.

The photovoltaic business witnessed revenue growth of close to 80% and reached revenues of over INR 8,500 million in FY'11, compared to revenues of over INR 4,800 million in FY'10. Global Shipments reached approximately 100MW for the year with significant traction in both the showcase technologies of Moser Baer – Crystalline Silicon and Thin Film.

We are proud to share with our shareholders, that we



are the only Solar company in the world to be awarded the prestigious **5 Star rating by TÜV Rheinland** for quality systems, for two consecutive years

Additionally, we have received the following Awards that reflect our commitment and excellence in manufacturing and quality systems placing us in the elite league in the global photovoltaic market:

- **Qimpro Quality Award - QualTech Prize** in the 'manufacturing category' during the 22nd Qimpro Convention. The Qimpro Convention is widely regarded as the largest and most significant platform in India that recognizes excellence and innovation in the manufacturing process. The Six-Sigma Project that won Moser Baer this National accolade has significantly improved the yield of photovoltaic cells.
- **Golden Peacock Award** for Occupational Health and Safety

A focused effort saw Moser Baer increase its geographic footprint as it added nine countries taking the global footprint to 35 countries across the globe. We now have established distribution networks across regions and operate with a large posse of Distributors and Agents globally. The Company was a proud recipient of a 'Gold Certified supplier' Certification from a leading Germany based system integrator, for maintaining highest standards of quality and outstanding delivery in 2010.

This proven strength in manufacturing excellence, coupled with our brand name, further enabled us to strengthen the 'Bankability' of our modules in the international markets. As a leader in its field, the Company is currently engaged with Indian banks & financial institutions to generate awareness on Solar and the various facets of module quality to enable them to exercise due diligence as they embark on financing solar projects. The year also saw us making inroads into the massive utility scale segment by bagging prestigious orders from two leading French Utilities.

Our modules have also been installed atop several rooftops on offices of Fortune-500 companies, reflecting the increased strength of the Moser Baer Brand. We also undertook India's first Building Integrated Photovoltaic (BIPV) Thin Film Installation at Hyderabad. In line with our continuous focus on Environment & Safety, we launched a lead-free Crystalline Silicon Module complying to RoHS directive 2002/95/EC specifically designed to reduce the carbon footprint.

The company continues to maintain a strong focus on Six Sigma and Lean methodologies and has developed a large team of Six Sigma Black Belts and Green Belts to drive quality, cost and performance improvements. This has enabled a systematic process de-bottlenecking thereby enabling us to enhance the existing module line capacity from 80 MW to 110 MW

We have now reached a combined module capacity of over 200 MW across technologies, placing us as one of the leading PV players in India. The company has progressively enhanced the module wattages offered to customers, in line with market expectations of higher wattage modules. The expansion of the additional Cell Line is adding an incremental 90 MW capacity to the overall Crystalline Silicon Cell manufacturing capability. Simultaneously, the second phase of Module Line expansion would add 50 MW to the module capacity. This would further fructify our position in India and the Global market. Concurrently, we have embarked on a program for upgrading our existing Cell Line.

The company is also currently working on a program to upgrade the Thin Film facility from Amorphous Single Junction Thin Film to Micromorph Tandem Junction Thin Film Modules. This will improve the module wattage significantly at a much lower cost on a per watt basis, thereby leading to a lower levelized Cost of Electricity (LCOE).

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. The company also resolved a long term wafer contract with a European vendor which enabled it to terminate the "take or pay" eight year wafer contract and subsequent cancellation of bank guarantees issued by the company's bankers.

Within India, apart from manufacturing, we have successfully established our strong EPC capability from 'concept to commissioning', and executed over 50 solar projects already. Our in-house design strength, structural capabilities and multi technology platform provides us a unique platform to tap the thriving PV market in India. The Thin Film technology has emerged as the proven technology of choice in Indian ground mounted solar farms and initial performance indicators far exceed expected levels. Thin Films are most appropriately suited to Indian climate conditions with hot summers on account of their lower temperature coefficient and improved diffused light response, resulting in significant improvements in energy yield compared to Crystalline Silicon. The company is taking appropriate steps to tailor make a product ideally suited to Indian conditions, combined with innovative mounting and EPC design, which will result in the lowest installed cost per watt, making it an ideal choice for Developers.

#### OUR EPC TEAM:

- Commissioned a 5MW Thin Film plant in Sivaganga, Tamil Nadu, India's largest free field Solar Farm.
- In the process of setting up 5MW Solar farm in Rajasthan, under the migration scheme of the National Solar Mission.
- Installed solar systems on temples, schools, telecom towers, commercial rooftops, residential rooftops, highways, utilities, community centers among others.
- Installed systems in most challenging locations (Altitude at 16000 ft, -5°C, wind speed of ~ 100 km/hr, minimal oxygen levels)
- More than 20 standalone power plants installed in

Leh & Kargil – the most challenging terrain

- Developed and deployed charging stations in rural locations

The EPC team is also executing large sized solar farms for a Group affiliate which has bagged multiple solar farm projects in various states in India. Given a strong track record of timely execution of solar installations by our EPC team, we are also taking up the installation of solar farms as well as small solar installations for other developers in the country. Our EPC team already has significant cumulative experience of commissioning solar installations in the country.

In its bid to create a robust solar PV eco-system in India, Moser Baer has expanded downstream in the PV value chain, and started domestic production of India's first (YUKITA Brand) junction boxes in technology partnership with Yukita Electric for solar PV modules. Junction boxes are a critical component in solar PV installations. With an installed capacity of 2.5mn junction boxes every year, this dedicated Moser Baer India facility can cater to the entire demand emanating from Phase 1 of the National Solar Mission. The junction boxes manufactured at Moser Baer's India plant meet the exacting, high reliability requirements of the PV module industry. The strategic partnership would be utilizing Moser Baer's existing state-of-the-art facilities with existing high-tech manufacturing capabilities,





skilled manpower experienced in high-tech manufacturing of PV and core competencies in plastic injection moulding and handling of metals and plastic combination. Yukita Electric Wire Co, which is a global leading manufacturer of junction boxes based in Japan, would provide the technical know-how and global marketing and sales network.

Moser Baer continuously focuses on Research & Development to stay at the forefront of the industry. In the same spirit, we have been awarded a grant by the Ministry of New and Renewable Energy to engage in the developmental activity of Copper Indium Gallium Selenide (CIGS) solar cells. We would conduct the development work from our world class Corporate R&D facility at Greater Noida in Uttar Pradesh. Owing to its high efficiency and cost effectiveness, CIGS based thin film solar cell technology is likely to emerge as one of the most promising solar cells. The focus of this R&D project is to develop a differentiated, indigenous, commercially viable technology based on core competencies of Moser Baer.

#### GLOBAL CERTIFICATIONS

Several new Product Certifications re-enforced the quality of products manufactured by Moser Baer.

- JET Certified (Japan), MCS Certified (U.K.), CEC Listed (Australia), ITCOL (Bangladesh), DGS&D (India)
- IEC 61701 Certified - Salt Mist Corrosion test - This special TUV Intercert test certifies that these modules are more appropriate for installations in high salt laden conditions/regions like Kutch in Gujarat and other coastal areas which have high level of rain, fog and acidity for most part of the year.
- Ammonia Resistance Test – Certifies that Moser Baer modules maintain their high performance level even when continuously exposed to aggressive substances in the air in agricultural applications.

All the modules manufactured by the Company including Thin Film modules now additionally conform to NSM guidelines and are fitted with RFID tags.

#### OUTLOOK

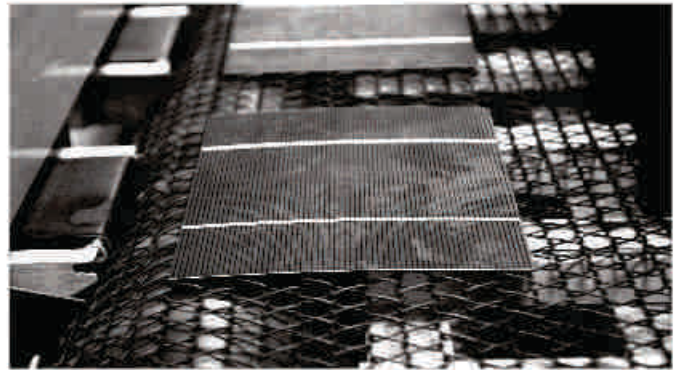
“NEARLY 80% OF THE WORLD'S POWER COULD GO GREEN RUN ON RENEWABLE SOURCES BY THE END OF 2050. THIS IS THE CONCLUSION OF THE FIRST EVER COMPREHENSIVE REPORT ON THE FUTURE OF RENEWABLE ENERGY BY THE UN INTERGOVERNMENTAL PANEL ON CLIMATE CHANGE (IPCC)”

Energy security today ranks amongst the top priorities for nations across the world. As awareness of climate change and its harmful impact gains traction and as price of oil continues to show firmness, we believe that the long-term outlook for the renewable sector in general and the solar sector in particular is strong.

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 2011 and beyond. Installations are now expected to be in the range of 18-22 GW in 2011. Although Feed-in-Tariff cuts have been announced by several European countries, these are in line with cost and price reductions and broadly maintain the attractiveness of Solar as a safe and viable asset class. The German market is expected to continue its positive traction in 2011. Italy as the second largest market has revised its solar targets from the earlier 8000 MW to 23000 MW by 2017. Despite reducing feed-in-tariffs in several countries, the demand is expected to increase on account of reducing overall solar system pricing (including modules) thereby ensuring that IRR's continue to remain attractive. Beyond Europe, other markets expected to witness growth are United States, Asian markets like Japan, China and especially India which is poised to become one of the leading markets globally in the foreseeable future.

In the long term, the PV market is expected to grow rapidly in future years with installations expected to reach 44GW by 2015 as per EPIA (policy driven scenario). PV has proven itself to be a reliable and safe

energy source in all regions of the world. Specifically the India market, which is a key growth driver of Moser Baer, is on the verge of exponential growth. As per KPMG estimates, the Indian market has huge potential and is estimated to reach cumulative installations of 68GW by 2021-22, which is significantly in excess of the targets set under the National Solar Mission. Solar power can play an important role in securing the energy future for India. Moreover, solar power has the potential to drive economic growth in a sustainable manner.



## STORAGE MEDIA & CONSUMER PRODUCTS

### STORAGE MEDIA & CONSUMER ELECTRONIC PRODUCTS INDUSTRY

Storage Media Industry has undergone significant changes through last year especially in the second half of FY 10-11. In the optical media segment, there were significant pressures on account of decline in demand of first generation



products coupled with high input costs. This eventually led to worldwide consolidation in the market with many small players closing operations towards start of calendar year 2011, leading to rebalanced market position. The cumulative supply moving out of the market is estimated as much as 25% of available capacity of 2010. In the medium term, this is expected to create a positive demand-supply gap that would help correct media prices to reasonable levels; thus being a harbinger of good times for optical media industry.

Globally, while mature markets like Europe & USA are declining, certain emerging markets continue to grow with their informal channels. We are witnessing a clear shift from VCDs to DVDs in developing markets and from DVDs to high definition format – Blu-Ray in developed markets. While DVD-R is clearly the current dominant format in the market, premium CD-R products continue to remain the key format in niche high end professional segment. Overall, the industry is moving towards high value formats thereby leading to the revenue growth in the industry despite the downtrend in the volumes on a long term basis.

With fall in the hardware costs, an increasing drive penetration and increasing content roll-out on Blu-Ray leading to better customer experience, the growth of this format is inexorable. Blu Ray continues to grow at a strong pace in Japan and is poised to emerge as a main stream optical media in developed countries. Moreover, from 2012 onwards, strong demand for High Definition content is expected to fuel additional growth for the format. OEM customers are increasingly migrating their Blu-Ray disc sourcing from internal production to external OEM suppliers like Moser Baer.

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 overwhelming popularity over last 5 years due to its higher data transfer speeds, mobility and ease of use. The medium includes products like Flash Drives, SD and Micro SD Cards. With the growing amount of digital data and increased need for mobility in our daily lives, the flash drive market is one of the fastest growing segments especially in emerging markets like India. With the rise in mobile phone adoption in India, use of multimedia applications like music, video, pictures, games, the market for flash memory cards has also been witnessing exponential growth.

India has an advantage of affluent middle class

population that has made the country's consumer electronics industry highly dynamic. The industry has been witnessing significant growth for past few years and is projected to grow at a CAGR of around 15% during 2010-2013.

## **MOSER BAER'S STORAGE MEDIA & CONSUMER ELECTRONIC PRODUCTS BUSINESS**

With our inherent strengths and resilient approach, Moser Baer has sustained itself successfully in difficult market conditions. 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. Our resilience has been a result of our thorough planning, strong management team, technology inheritance and flexibility in operations.

Moser Baer continues to work closely with its OEM partners and is poised to garner a larger share of the overall market pie through its various strategic initiatives and long term arrangements. Simultaneously, we are aggressively pursuing our strategy to boost private label sales and expand our global foot print in the Non-OEM segment and as a result have increased our share of Non-OEM sales. We continue to aggressively grow in the emerging markets like Latin America and Mid-East Africa. Within India, which is a key market for Moser Baer, Optical Media Product is now eligible for 2% incentive under Focused Product Scheme of Government of India wef 1st April 2010.

With proliferation of High Definition digital transmission across the globe and hopefully BD hardware becoming cheaper, the BD media should become a much more significant optical media format in near future. Moser Baer witnessed strong growth in shipments of advanced formats during the year, which have emerged as a growth driver for the optical media business and poised to make significant contribution to the business. We are rigorously working with the BD format







originators on technology transfers/ qualifications of our Blu-Ray products, with a clear intent to take a leadership position in this format. We are also realigning & optimizing our current production resources to move towards ramping up capacity on BD formats, at low incremental costs, leading to a threefold capacity expansion to produce higher value formats according to market demand. Given the complexity and capital intensive 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. This would only increase the differentiation between the technology innovators/ developers like Moser Baer and the tier-II companies over the long term. Moser Baer will supply to all major global brands by Q3 2011. We are successfully consolidating and restructuring our domestic distribution system. As part of the restructuring, we are leveraging the extensive market distribution network of our Home entertainment business in order to extract cost effective synergies and improve the distribution platform of storage media products.

EBITDA margin for the business remained under pressure during the year. This was largely driven by substantial increase in input costs during the year, unfavorable foreign exchange movement and lag in passing the increased costs to customers. However, Moser Baer continued with its cost reduction initiatives to remain one of the lowest costs producers in the industry. We continuously undertake process and product improvement initiatives and have converted a significant portion of our fuel source from DG generation to dual fuel mode which includes natural gas.

In lieu of the vast potential in the solid state memory segment, Moser Baer has invested in Memory Cards and Pen Drives manufacturing in India. With a capacity of 24mn Memory devices per year, this is one of its kind manufacturing facility in India. Our company witnessed strong growth in sales of solid state memory products (USB drives and Micro SD) during the year.

Innovation has always been at the core of Moser Baer.

We launched a slew of pioneering products and models under our own brand in domestic market and the response has been encouraging. We offer a range of Flash products in capacity from 2GB to 32GB and micro SD cards from 2GB to 8GB capacity. We launched the world's slimmest Micro USB flash drive with embedded LED and USB Drives pre-loaded with Blockbuster Bollywood movies. Moser Baer also launched 'Knight' USB Flash Drives embedded with an innovative MyZone feature which enables user to demarcate his personal and public storage space with a password, making it ideal for enterprise users. We have also recently launched SD cards for the camera market. We are focusing on expanding the product portfolio of our existing OEMs by providing them with these innovative offerings. Moser Baer brand has been able to garner a market share of over 13% in 2010-11.

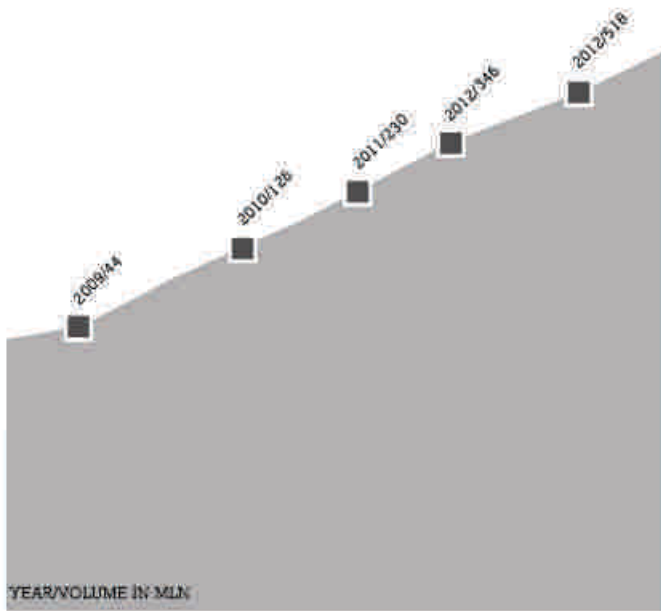
In the Consumer Electronic Products segment, Moser Baer has launched a slew of new models to cater to the younger generation. The company is being recognized as a player providing 'Excellent products at the Right price'. The Company has a strong brand presence and channel distribution which would augur well for it to capture significant portion of the market and reach a wider spectrum of audience across India. The consumer electronics product range includes LCD TVs, including Full HD models, stylish MP3 Players, portable DVD Players, DVD Players, Digital Photo Frames and Home Theatre Systems.

## OUTLOOK

The overall Demand-Supply balance is now returning back to normalcy in the Optical Media market after capacity reductions. We are witnessing volume and pricing traction especially in the OEM markets and expect the Non-OEM markets to follow suit.

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. FutureSource has predicted that global production of

## BDR/RE TREND



Blu-ray discs will increase to 2 billion discs per year by 2014. Reports expect Blu-Ray sales to reach 346 million discs by 2012 and ~520 million by 2013.

A large part of this growth is expected to come from new technologies such as Blu-ray 3D. Many hardware manufacturers such as Panasonic and Samsung have begun bundling Blu-ray movies with hardware such as televisions and players in order to attract new customers. Blu-ray discs are an excellent platform for content delivery because of their large storage capacity and low cost.

The Memory market is growing at a healthy 30-40% per annum. For Micro SD Cards the major application is mobile phones and with the total wireless subscriber base in India reaching 791 million (as on 06 April 2011 as per Telecom Regulatory Authority of India), this presents a significant opportunity to your company in this segment. Further, with multimedia applications like





music, video, pictures, games gaining ground as default in all mobile handsets, the consumption of Micro SD cards are growing tremendously. For USB devices, it is 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. Further mini USB (also known as Chip on Board) with its smaller form factor is becoming a style statement. While the demand for 2GB is reducing drastically, the demand for 8/16GB Pen Drives is gaining traction.

## ENTERTAINMENT

### ENTERTAINMENT INDUSTRY

2010 was a challenging year for the home video market given the reduction in time gap between the release of movies in theaters and their premier on television, increased level of piracy and high cost of content purchase. The home video market was estimated at INR 2.3bn in 2010. The high cost of movie acquisition coupled with declining unit sale put pressure on recovery and profitability. As a result, in 2010, the rights of 30-40% of the movies rights available were not bought. This led to rationalization in film acquisition costs towards end of calendar year 2010.

With the rise in disposable incomes and increased affordability of DVD players, the market for home video is expected to show exponential growth.

### MOSER BAER'S ENTERTAINMENT BUSINESS

Moser Baer's Entertainment business continues to dominate the home entertainment space with over 8,000 live titles in most Indian languages and a unique business model of high quality and large variety content, priced reasonably for Indian consumer. The company has a strong distribution set-up created on the lines of FMCG industry which further solidifies its presence. Moser Baer products are widely available pan India at consumer friendly prices, hence encouraging the growth of legitimate consumption. Moser Baer has

done acquisition in all major regional languages apart from Hindi and English to maintain its leadership in the segment. The company is also focusing exclusively on mythological content as it has significant market consumption.

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Moser Baer has adopted unique strategies for developing two distinct markets to cater to the differing needs of the people across income groups.

- Offering premium content at premium prices at selected key outlets across the country, in order to maximize realization per unit sold.
- Driving mass consumption at affordable prices and 'everywhere' distribution for 3-in-1 film formats, called Super DVDs and Nice. The goal is to attract consumers, who are currently buying pirated products in a similar format and make them buy original products that have the hallmark of quality and affordability. These DVDs are sold close to the price point of pirates and offer better value proposition to consumers.

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Moser Baer is releasing video content in the DVD, VCD and Super DVD / Nice (DVD with multiple films) formats using Moser Baer's proprietary and patented technology that ensures the highest quality standards while providing affordable prices.

During the year, Moser Baer adopted a cautious approach on new films acquisitions due to high content cost and stretched recoverability. Our strategy on new films is to acquire only if the film is able to recover the investment with 90~120 days of launch. We successfully executed the strategy and recovered our acquisition cost in the first 90-120 days for films acquired during the year like Khichdi, Action Replay, Knock Out, Turning 30 etc in Hindi language. Similar strategy is followed for regional acquisition. Acquisition prices are now looking viable and we will be able to acquire bigger and more number of films in the coming financial years.

### RETAIL FOCUS

With the growth of malls in metro and semi metro cities, organized retailing is growing. Big retailers in entertainment space like Planet M, Music World, Landmark and Reliance Leisure are expanding their reach to serve consumer. Consumer spend is increasing.

Moser Baer's retail strategy is to focus on creating a partnership between two strengths, content owner and retailer, having a large presence in key large towns. The key is ensuring the right content availability at right places keeping in mind the language & store size. This is important for us as these stores help to generate Blu ray / DVD volumes at higher realization prices.

While the mass marketing drive to penetrate more villages and towns with Super DVD & Nice formats will continue, with a view to increase the penetration of our catalogues and new films in urban areas, a special retail team has been appointed to focus on National Large Format Outlets. This team is aimed to map, manage and service a minimum of 500 key retail outlets, who 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.

#### KEY INITIATIVES IN HOME ENTERTAINMENT

- **Joining hands with unorganized distribution channels:** Moser Baer has launched a product named 'Nice' in the month of December 2010 to tap the unorganized distribution channel by providing our products at a slightly higher price compared to the pirated products. Initially it has been done in limited markets of Uttar Pradesh as a pilot and the response to the same has been encouraging and we have witnessed a 9X volume growth. Similar pilots would be conducted with limited repertoire across the country and also with a few regional languages. This is expected to provide us a competitive edge and get in-roads the unorganized market.





- **Focus on Mythological content:** Moser Baer has taken various content combinations, more than 50 different packs, on mythological content like Ramayana, Mahabharata, Sri Krishna, Vishnupuran, Om Namah Shiva etc. to exploit in mass market which received tremendous response. This has also helped in terms of reaching smaller markets and improved realizations.
- **Packaging & Premium Pricing:** In 2010 we continued to revamp our premium DVD catalogue to cater to the large format retail outlets. We increased the price of the entire DVD range by about 30% and also improved the packaging to give a premium look. This resulted in a much better realisation for us and also increased our brand share in the retail outlets.
- **Piracy Control:** Movie piracy has become rampant across the country. Moser Baer is a founder member of The Alliance against Copyright Theft (AACT), an alliance jointly formed by Moser Baer, Reliance Big, Eros, UTV and Motion Picture Association of America. In this pan India operation the following activities were conducted:
  - Raids on piracy stalls
  - Large raids on manufacturing units
  - Toll free number
  - Participation in "Cyber Safety Week" in Mumbai
  - Participation in collage youth festival
  - Distribution of comic on Anti Piracy to school children
  - On line piracy control

## OUTLOOK

The year 2010 is a year of learning and reflection for the Indian film industry. While movies with superstars and big budget managed strong opening week collections, most did not succeed in sustaining footfall across cinema halls in the weeks that followed. The year proved that there was a market for movies beyond "stars" and one could also bank on new talent to deliver success. These factors created an opportunity for the

industry to focus towards providing platform for unique scripts and content.

The Indian film industry is estimated to be INR 83.3 bn in 2010 and projected to grow by 9.6% CAGR to touch INR 133.5 bn in revenues by 2015. The 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. At the current price point the activity on sale of home video is expected to gain momentum. Moser Baer is looking at acquiring movies once again and the trend is expected to continue in the near future. Moser Baer expects a major share of this market by the year 2014.

Moser Baer is looking forward to a bright future in Home Entertainment business through the following new initiatives and innovations to sustain and improve our performance in 2011-12:

- Aggressive acquisition of new films in all key languages at right price
- Better exploitation of catalogue content through premium packaging and premium pricing
- Focus on non-film content like TV serials, sports, health, devotional to increase the range
- Expanding and servicing directly key retail outlets across the country
- Tapping the semi-urban markets with Super DVD format
- Tapping the rural/Piracy market with Nice format
- Reduced release window for new films across all languages

## NEW INITIATIVES IN ENERGY EFFICIENCY

Moser Baer Technologies Inc., a U.S. subsidiary of



Moser Baer India Ltd. has tied up with Universal Display Corporation, for technology licensing, material supply and technology assistance to support its initiatives in white OLED lighting. This agreement follows a program that the two companies announced last year in which the companies received a grant of \$4,000,000 from the U.S. Department of Energy to design and build the first white OLED lighting pilot manufacturing facility in the United States. Under the agreement, Moser Baer Technologies will license Universal Display's proprietary PHOLED and other OLED technologies and purchase Universal Display's highly energy-efficient Universal PHOLED materials for white OLED panel manufacturing. Moser Baer Technologies and Universal Display will also work together in a five-year program to support Moser Baer's manufacture of white PHOLED lighting products. This would accelerate the development and manufacturing of phosphorescent OLED lighting panels leading to energy savings, environmental benefits and cost effectiveness.

The Moser Baer Group brings several years of experience in light management and substrate manufacturing technologies and a strong asset base which are suitable for OLED lighting devices. We have extensive capabilities in low cost/high throughput manufacturing that will enable us to industrialize this technology at competitive cost points. The company is in discussions with various potential strategic partners for appropriate capital infusion and expansion of capacity as per plans.

## OPPORTUNITIES AND 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 amongst the most suited forms for energy generation

- Increasing adoption of subsidy programs around the world with newer markets joining the foray: 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 emerging 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. This is fuelled by the rapidly improving economics of Solar PV power as a cost effective substitute to relatively expensive peaking energy sources in an energy starved growth economy. Presence of a group affiliate in the business of development of solar farms will further provide leverage to establish and maintain leadership position in the industry.
- Multi-technology platform to offer differentiated/customised solutions to customers
- Thin Film as a choice of technology with its superior energy yield offers the best value as a ground mounted, utility scale application for a tropical country such as India – with a promise of grid parity in the foreseeable future.

#### THREATS

- A significant reduction or elimination of government subsidies and economic incentives or change in government policies
- Increasing competition and overcapacities
- Technology obsolescence
- High manufacturing and input costs (especially commodities)



# STORAGE MEDIA & CONSUMER ELECTRONICS PRODUCTS

## OPPORTUNITIES

- The industry has undergone consolidation given declining product prices in the last year coupled with abnormally high input costs. Moser Baer being a leader in the industry is expected to leverage this consolidation of supplies and resultant demand supply balance and capture a larger market share. The company has also taken steps to leverage distribution network opportunities in both the European and Domestic markets.
- 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.
- 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.
- Moser Baer began international sales of solid state media (SSM) products (USB Flash drives/ Micro SD cards) in 2009, offering the entire storage media solutions to world-wide customers. This is expected to provide a boost to our sales as some customers are interested in buying their entire storage media requirement from a common vendor. In domestic market, the company is expected to increase its market share significantly for SSM products leveraging the strong brand presence as well as utilizing the distribution network opportunities.
- Japanese OEMs are increasingly displaying high interest in sourcing from Moser Baer to diversify their risks from Taiwan.
- Increasing household income, rising middle class and double income population and expanding consumerism in rural markets is leading to higher penetration of consumer electronics and IT

peripheral products

## 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 and demand-supply balance. Any sharp increase in its price or demand-supply imbalances 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 technology manufacturing company, thereby, mitigating this threat.
- 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.
- Increasing competition in the industry and difficulty in product differentiation could pose as threats to the consumer electronics and IT peripheral industry

# ENTERTAINMENT

## OPPORTUNITIES

- Strong growth in film industry and declining content costs
- Ancillary revenue streams: Ancillary revenue streams accounted for 5% of the total Indian film industry in 2010. With the rapid digitalization, roll out of 3G networks and rapid broadband penetration, the industry is expected to leverage these technological innovations to monetize film on alternate screen. Moser Baer now acquires various ancillary rights along with home video rights to monetize at appropriate time.
- Availability of home video rights on Royalty terms: Because of high cost of movies acquisition coupled with declining unit sold, most of the content for home video rights would be available on royalty terms. This will help the company to grow revenues without blocking its capital.
- Unorganized shops universe: Total unorganized market comprises of 600mn DVDs per annum. Moser Baer is setting a road map to tap these unorganized markets through its attractive proposition.

## THREATS

- Piracy: Piracy of content continues to impact the legitimate home video movie title market. The piracy market in India is estimated to account for 600-700mn unit sales for DVD each year. While 5 movies are sold on one DVD and costing INR 50 until 2 years ago, this is available for less than INR 20 today.
- Revenue Pie: With movies being premiered on television within four weeks of their release in theaters, the home video market is estimated to have witnessed a steep decline. Its contribution to overall revenue of the film industry reduced from 5% in 2009 to 3% in 2010. This trend is now expected to get reversed on account of film rights available at affordable rates, thereby boosting the launch of home video titles across different

categories

- Non availability of Home Video Rights: Among the recent movies released on home video, some of them belong to studios who released the DVDs and VCDs under the parent company's home video label. As a result the number of movies available for purchase of home video rights are limited

# HUMAN RESOURCES & INDUSTRIAL RELATIONS

Last year can be termed as a unique year from human resources / industrial relations point of view. With the economy on recovery / rebound path, it was important to find the right balance between optimism and caution. HR at Moser Baer, as always, played an integral role in driving the organization's competitive edge, with our business aligned HR practices, focusing on employee development, engagement and enabling higher performance.

In keeping with the Moser Baer philosophy that it is our people who provide us the competitive edge, we continued with our investment in "Associate Development" initiatives, delivering more than 15000 man-days of development inputs. These trainings / capability development initiatives were aligned to our business needs and imperatives. Management Development Programs and Individual Development Plans formed the core for enhancing Organizational Capability by building a talent pool of high performers. Our approach has helped us provide career enhancement and growth opportunities to our Associates and enabled organization to fill close to 50% of the available opportunities with internal talent, through our policies on Job Rotation and Internal Job Postings. We have, therefore, been able to position ourselves as the "Employer of Choice" and managed retention of key talent within the organization.

We continued with our efforts on developing and implementing progressive HR policies / practices, like a

robust performance management system, 360 feedback mechanisms, employee assimilation programs, training & development interventions. Further we continued to ensure an enabling environment for our women employees, by establishing / strengthening existing mechanisms like women's forum, ombudsman to promote diversity at workplace, paternity & adoption leave etc. We continued with our Reward & Recognition mechanisms, which drive productivity and motivation and create a healthy ongoing competition amongst our people, enabling continuous enhancement of performance standards.

Industrial relations at all our manufacturing units have continued to remain cordial. Our continued focus on proactive involvement, promoting associate-ownership, employee friendly policies & two way communication mechanisms have helped us manage associates needs in an objective and transparent manner. Teams constituted at various levels continued to drive the action plans drawn from the employee engagement survey, resulting in increased partnership between direct, indirect and cross functional stakeholders and strengthening employee engagement further in the organization. We continued to encourage employee involvement in decision making process through various committees and initiatives like cost reduction initiatives and Six Sigma programs as well as various rewards and recognitions. Employee communication forums like, open houses, town-halls, HR help desk, grievance resolution system etc continued to provide opportunities for exchanges on the various issues that impact the employee directly or indirectly. Voluntary involvement of associates in activities like sport events, family visits, health related initiatives, CSR activities, associate get togethers etc ensured we do not miss out on the fun aspect of our work life and maintenance of work life balance which is so important for effective, efficient & productive working.

The company ended FY 2010-11 with 5595 employees as compared to 6146 employees at the end of last

financial year.

## INTERNAL CONTROLS AND ITS ADEQUACY

"The mandate of internal audit in the company is to add value and improve the operations and processes of the company. This is done by independently and objectively evaluating and reporting of company's financial reporting integrity, effectiveness of risk management and internal control systems and adherence to company's compliance policies in a systematic and disciplined manner . Moser Baer has outsourced the internal audit function to a reputed firm of Chartered Accountants.

The Internal Audit Department develops an audit plan using an appropriate risk based methodology. This audit plan is submitted to the Audit Committee of the Board for review and concurrence at the beginning of the financial year. The Internal Audit Reports are presented and discussed with Audit Committee on a quarterly basis."

## RISK MANAGEMENT

Your company has a comprehensive risk management policy. The risk management policy inter alia provides for risk identification, assessment, reporting and mitigation procedure. The risk management framework actively supports the Board in its strategic decision making. Company reviews the risk management activities on a regular basis in addition to scanning for any new risks that may arise due to changes in the business environment. While the possibility of a negative impact due to one or more such risks cannot be totally precluded, the company proactively takes reasonable steps and makes efforts to mitigate significant risks that may affect it.



## KEY BUSINESS RISKS AND MITIGANTS ARE:

- **Technology risk:** Company operates in an ever evolving and dynamic technology environment and it is of utmost importance that the Company continuously reviews and upgrades its technology, resources and processes otherwise it faces technology obsolescence. Company keeps itself abreast and updated on the contemporary developments in technology landscape through participation in key technology forums, in-house training and development initiatives, its intensive focus on core research and development activities, long standing partnerships with key technology providers and OEMs, regularly tracking & reviewing technology road map. We are involved in regular upgrades in line with the market through our internal expertise and efforts as well as external technical support.
- **Business concentration risk:** The company has taken significant steps to ensure that it does not become too dependent on few customers or any particular geography. This has ensured adequate de-risking of the business model and protects company from any adverse development in any geography or customer. 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 as well as expansion in the domestic market. In the solar business as well, we have de-risked our business to over 35 countries now.
- **Input cost and falling sale price risk:** Your Company is exposed to the risk of price fluctuation on raw materials, energy sources as well as finished goods. Whilst the Company continues to pursue cost reduction initiatives, increase in price of input materials could severely impact the Company's profitability to the extent that the same are not absorbed by the market through price increases and/or could have a negative impact on the demand. Cost reduction and optimization is achieved through identification of Continuous Improvement Projects, Engineering initiatives to improve productivity, Business plan targets with Balanced Scorecard targets measured and monitored, aggressive cost optimisation on Blu-ray discs, etc. Share of special products and Blu-ray discs and non- OEMs has been constantly rising to arrest fall in sale price of regular products. In the solar market, falling selling prices is linked to a fall in the key input costs. We also undertake various cost reduction initiatives, alternate sourcing, alternate material usage initiatives to reduce our conversion costs.
- **Exchange fluctuation risk:** Our operations are subject to risk arising from fluctuations in exchange rates with reference to countries in which we operate. We import raw materials, components and capital equipment and sell our finished goods in various countries. These transactions are denominated in foreign currencies, primarily the U.S. dollar. Moreover, we have outstanding foreign currency denominated debt and hence we are sensitive to fluctuations in foreign currency exchange rates. We engage in currency hedging as per our policy in order to decrease our foreign exchange exposure. The treasury department of the Company continues to track the 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, annual plan for operations and expansion is aligned with Treasury and Capital Market plan. There is regular evaluation and deployment of alternative funding, continuous communication with customers and vendors backed by Legal inputs, highly intensive

continuous interaction with lenders and concerned investors to ensure ability to raise funds in sync with expansion plans. There is strict monitoring and control of financial parameters, judicious mix of forex and domestic debt and consortium of banks, which ensures best rates.

- **Employee Related Risks – Managing Talent:** Global economy is recovering from the bottoms of one of the deepest recession era which means more and more opportunities are available to the skilled manpower. However, due to cost cutting measures already in places, organizations are finding it difficult to increase the monetary incentives. Your Company continuously benchmarks HR policies and practices with the best in the industry and carries out the necessary improvements to attract and retain the best talent. Various initiatives taken by the Company such as Annual Employee Engagement Survey, identification and retention of key resources, transparent Performance Management System wherein measurable KRAs are set and monitored, have helped to continuously improve HR policies and practices. Due to our strong brand and market position we attract highly experienced technical and managerial talent.

## OPERATING PERFORMANCE REVIEW

### FINANCIAL ANALYSIS

#### REVENUE ANALYSIS

For us at Moser Baer, this has been a year of building on our core strengths to sustain the business and combat industry imbalances. The gross revenues in fiscal year 2010-11 decreased by 12.81% over the previous year to INR 17,889.2 million and declining margins resulted in loss after tax of INR 4,007 million. The Company EBITDA (including other income and after exceptional items) decreased to INR 1,868.3 million from INR

6,348.6 million in FY 10.

Fully diluted earnings per share for FY 2010-11 were INR (23.81) against INR (2.15) in FY 10. The Company generated INR 2,806.5 million cash from operations in FY 2010-11.

### CAPITAL STRUCTURE

There is no change in the capital structure of the Company and paid up equity capital remained at INR 1,683.1 million as on 31st March, 2011.

### RESERVES

The Company's reserves stood at INR 10,928.4 million in FY 11 against INR 15,237.2 million in FY 10. As on 31st March, 2011, securities premium account comprised 72.0% of the total reserves. There are no re-valuation reserves as on 31st March, 2011.

### LOANS

Over the years, the Company has part funded its ongoing expansions and investment programs through loans raised from financial institutions. The Company has also built a prudent basket of currency cover within its highly probable net revenue to hedge against currency risks and assures revenues. The company's net total debt on equity ratio increased during the year from 1.3 to 1.8.

### 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 2,806.5 million of cash from operations. 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.



## **INTEREST**

Despite significant increase in interest rates by various banks, the company had marginal impact on the interest cost as a percentage of the average debt at 8.6% per cent. The outflow on account of interest and finance charges(including bank charges) increased to INR 2,019.6 Million in FY 11 from INR 1,868.3 Million in FY 10.

## **CAPITAL EXPENDITURE**

Gross block of the Company increased by INR 1,037 million during FY 11 to reach INR 44.8 billion, mainly to raise our capacity to produce media that supports the emerging High Definition format.

## **DEPRECIATION**

Depreciation decreased significantly by 22% in FY 11 (from INR 4,918.9 million to INR 3,855.8 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 11, loans and advances decreased to INR 2,179.6 million against INR 3,287.4 million in FY 10.

## **CAPITAL EMPLOYED**

The capital employed stood at INR 34,826 million as compared to INR 38,755 million in FY 10

## **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.

Corresponding figures for the previous year have been regrouped / rearranged, wherever necessary to conform to current year classification.



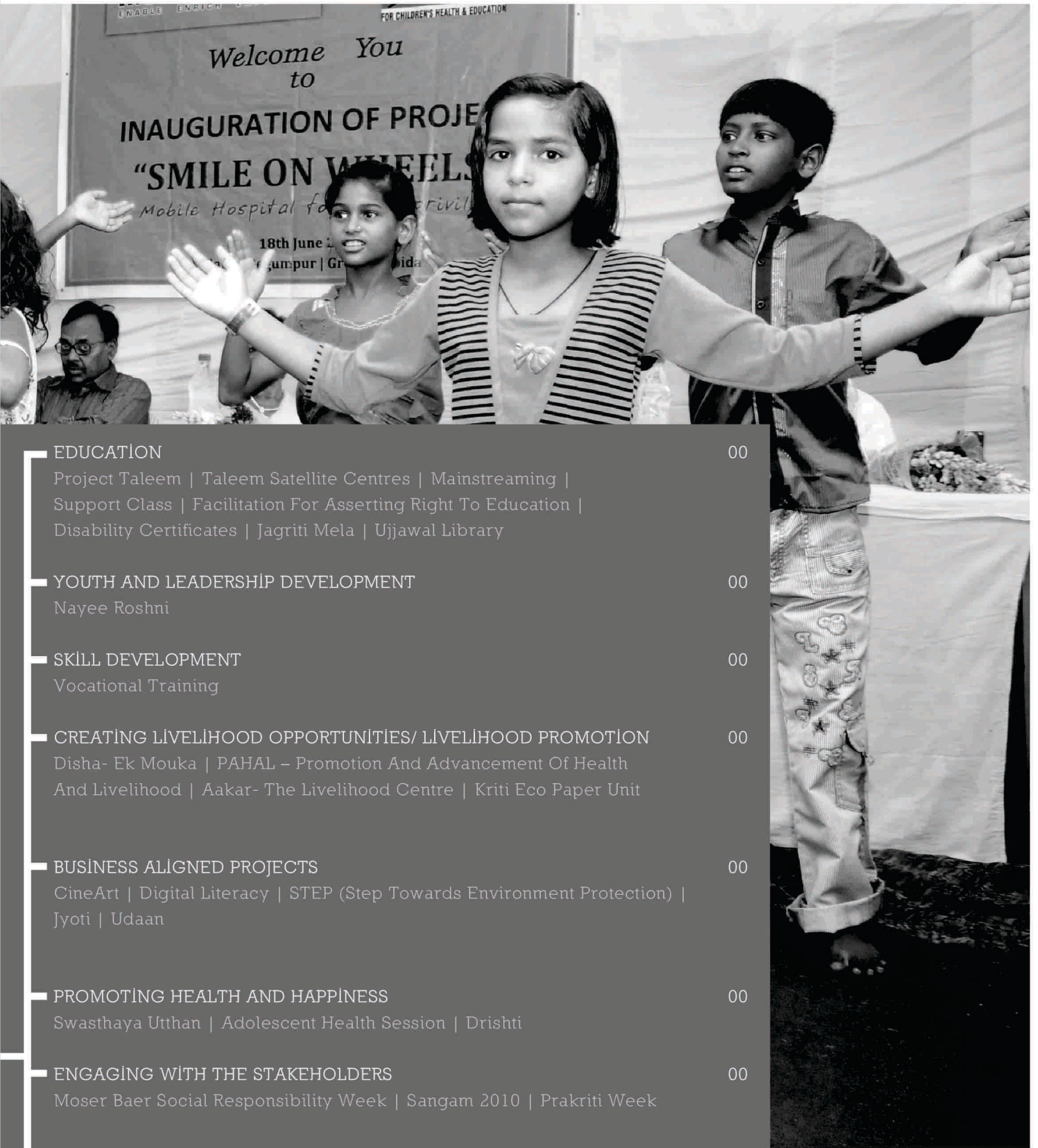






# CORPORATE SOCIAL RESPONSIBILITY





**EDUCATION**

00

Project Taleem | Taleem Satellite Centres | Mainstreaming | Support Class | Facilitation For Asserting Right To Education | Disability Certificates | Jagriti Mela | Ujjawal Library

**YOUTH AND LEADERSHIP DEVELOPMENT**

00

Nayee Roshni

**SKILL DEVELOPMENT**

00

Vocational Training

**CREATING LIVELIHOOD OPPORTUNITIES/ LIVELIHOOD PROMOTION**

00

Disha- Ek Mouka | PAHAL – Promotion And Advancement Of Health And Livelihood | Aakar- The Livelihood Centre | Kriti Eco Paper Unit

**BUSINESS ALIGNED PROJECTS**

00

CineArt | Digital Literacy | STEP (Step Towards Environment Protection) | Jyoti | Udaan

**PROMOTING HEALTH AND HAPPINESS**

00

Swasthaya Utthan | Adolescent Health Session | Drishti

**ENGAGING WITH THE STAKEHOLDERS**

00

Moser Baer Social Responsibility Week | Sangam 2010 | Prakriti Week



Under its Corporate Social Responsibility(CSR) policy, Moser Baer affirms its commitment to seamless integration of market place, environment and community concerns with business operations. The overall business and growth strategy is developed taking social, economic, ethical issues into focus. CSR is the foundation that ensures Moser Baer is doing well on the triple bottom line.

Moser Baer through CSR aims to conduct business that achieves integration of economic, environmental, and social imperatives while addressing stakeholder expectations.

Moser Baer continues to work towards empowering and enriching the lives of its stakeholders. Over the past few years it has truly moved from dialogue to stakeholder engagement and partnerships. Moser Baer Trust(MBT) today facilitates a process for change... development and empowerment of all... for all and by all... in the marginalized and backward areas where it operates. Mose Baer has been assigned a level 4 rating by Karmayog, a leading independent body.

## EDUCATION

### PROJECT TALEEM

**Objective:**

A robust system to facilitate easy access of quality education among the rural youth.

**Actions:**

- o Providing education to the rural youth and helping in their educational mainstreaming;
- o Identifying and promoting self-reliance among the locals through education and
- o Sustain the initiative by making the locals as the programme ambassadors.

**Story...**

Project Taleem has grown consistently over last three years in terms of its approach, strategic inputs,

geographical outreach and beneficiaries. During the last year, Taleem has expanded its ambit from one village to three villages with an integrated approach to ensure "Education for All". What began as a literacy programme for girls has evolved as an inclusive programme covering various target groups through a variety of educational activities like literacy classes, satellite centre for small children to prepare them for the mainstream education, support classes to strengthen the foundation of the weak students and adult literacy classes for those who had been unable to pursue education. The programme has not been confined to impart education, rather it has also been successfully focusing on building capacities of parents to assert and demand their rights and also liaison with district authority to ensure the provision of quality

education to all.

PROJECT TALEEM continued to empower the rural youth, especially young women with the power of 'knowledge based education'. The centre that was started was started in village Kakrala in 2008 expanded its outreach to other nearby villages in the subsequent years. During 2010-11, Taleem centre has covered 95 girls from Kakrala, Aagar and Nagla. The major achievement of project Taleem is the closure of centre in village Kakrala last year after the girls were mainstreamed in the formal schools and others completed their NFE curriculum.

Two satellite centres were started during the year and facilitated in the process of mainstreaming of 40 children. Both centres functions in the Village Aagar where a large number of children from migrant families have not been able to acquire basic education. Interestingly, these satellite centres are run and managed by our young community leaders who are being trained and mentored under the leadership development project "Nayee Roshni" to finally takeover our community based initiatives.

Every year, as part of its strategy to promote education, MBT focuses on mainstreaming of the out of school children into the formal education system. During 2010-11 also, MBT also facilitated the mainstreaming of 115 students in primary and secondary level in the nearby public school. In the absence of higher secondary school in the vicinity, MBT collaborated with another organization to start the classes for 10th standard wherein 15 girls have enrolled themselves.

To provide thrust to the mainstreaming process, support Classes were started in August 2010 to complement formal schooling and fulfill the demand for quality education which has been a major cause of dropout. These support classes provide qualitative inputs to the students and experimented with activity based teaching procedures to facilitate maximum learning among the students. The initial response to the support class was phenomenal with 65 students being enrolled for classes 2, 3 and 5 and 10.

## OTHER MAJOR ACCOMPLISHMENTS

**Facilitation for Asserting Right to Education:** MBT was able to mobilize and facilitate a women's group from Kakrala and Aagar Villages to visit the District Magistrate's office to discuss the problems faced by villagers in admitting thirty children to school. The women highlighted denial of admission to the students and demand for admission fees by the school principal. The women also highlighted irresponsible behavior of school teachers that led to the neglect of children. The DM made a note of these reports and ordered an immediate enquiry into the matter. This led to a surprise visit to the school which has resulted in better functioning of school since the teachers were given orders to ensure effective teaching and care of students during school hours.

**Disability Certificates:** An initiative of volunteers in Project Taleem, who brought to fore a large number of children with physical disabilities being unable to exploit provisions and facilities available for their social and economic leverage. Meetings with families revealed lack of awareness and indifference towards the issue. 10 such needy youth were then identified with the aid of Village Pradhan and examined in the district hospital, and six of them were found eligible and issued Disability certificates. This has allowed these youth to avail supportive facilities like wheelchairs, free transport pass, relaxation in education institutes and employment opportunities.

**Jagriti Mela,** the annual community fair which is organized in the villages where new projects are initiated is aimed at mobilizing community support through sharing of information , awareness building and engagement activities.

**Ujjawal library:** The Ujjawal Pustakalaya was started as a measure to provide qualitative support for improving education status and inculcating reading habit among the community youth. The Ujjawal Library is a repository of interesting stories books, magazines, refresher textbooks, and indoor and outdoor games. Within two years, the library has made 161 members from Kakrala,

Aagar and Nagla in two libraries.

The Ujjawal Pustakalaya engages its members in creative pursuits for assessing whether members are able to learn new things from the library. Art competitions like Draw My Favorite Character and Draw my favorite book have mirrored the deep attachment of students with books, and how they have developed a liking for stories.

## SKILL DEVELOPMENT

### VOCATIONAL TRAINING

**Objective:** To develop skill building courses that help the girl in becoming self reliance and aware of their talent

**Actions:**

- o Setting up a training centre
- o Organizing various skill building and hobby courses

**Story...**

The Vocational Training programme is an offshoot of Project Taleem. It was initiated to cater the demand for hobby courses by girls. With the passage of time, its effectiveness compounded and has proved an effort towards self-reliance and entrepreneurship among these girls who have shown visible change in their confidence and personality. A total of 63 girls from two villages have passed out this year . While some of them have opted to work from home and stitch clothes for local women and children, two of the girls even secured jobs in nearby companies even before their course was completed.

Vocational Training programme is now striving to initiate courses for boys also who can avail such opportunity of learning new skills that can aid them in the long run. MBT has also plans to increase the number of centres in order to maximize the outreach of Vocational Training services.

## EMPLOYABILITY AND LIVELIHOOD PROMOTION

### DISHA- EK MOUKA

**Objective:** To provide equal job opportunity to the rural

and marginalised youth by building skill

**Actions:**

- o Organising training in specialized trades
- o Establishing contact between these youth and various organization for job opportunities

**Story...**

Disha-“Ek Mouka” programme reached its completion in October 2010. The programme aimed to provide equal opportunity to the rural youth, both boys and girls from the villages of Noida and Greater Noida, from diverse social backgrounds, in an inclusive manner. In the first phase, it placed 1138 students in jobs. In the second phase, 822 students graduated (which includes 676 males and 146 female students) and 533 placed in jobs. A total of 2149 students in its two phases, were trained in specialized trades and 1671 students were placed in various company outlets like McDonald’s, Pizza Hut, Reliance, ICICI, HDFC, and Lifestyle etc. The average income at which the students were placed in different companies’ outlets was ₹ 4500/-per month a major proportion of the placed students are now earning a decent salary of over ₹ 8000-9000/-, with a few also earning a remuneration of ₹ 7500-9000/- per month. The companies like Aditya Birla, Sunlife and More for You are the major employers of the trained students in their respective branches across the city.

### PAHAL – PROMOTION AND ADVANCEMENT OF HEALTH AND LIVELIHOOD

**Objective:** To promote hygiene and health amongst the women in their reproductive age while providing livelihood/opportunities

**Actions:**

- o Setting up manufacturing facility of low cost sanitary napkins
- o Providing training on manufacturing and marketing of low cost sanitary napkins

**Story..**

Moser Baer Trust recently launched project PAHAL (Promotion and Advancement of Health and Livelihood). Project PAHAL, a partnership project with NABARD (National Bank for Rural and Agricultural Development) under its Rural Innovation Fund scheme, aims to promote hygiene and health amongst the women in their reproductive age by providing low cost sanitary



napkins and at the same time, engaging the rural women for production and marketing of sanitary napkins for their economic enhancement and empowerment.

Under the project, a low cost sanitary napkin manufacturing unit has been established in Aagar village of Gautam Budh Nagar (U.P.). Through this initiative, MBT has already trained rural women to manufacture and package low cost sanitary napkins and also to run and manage the unit. The unit members have decided to sell the product under the brand "Umang". As of now, this unit will be manned by seven full time staffers. Additionally, it will create opportunities for thousands of SHG members in their villages of Gautam Budh Nagar to be directly involved in awareness building, marketing and sales of the sanitary pads. Apart from this, Napkin vending machines will be installed in girls schools.

#### **AAKAR- THE LIVELIHOOD CENTRE**

**Objective:** to provide sustainable livelihood to women, as per their capacities and need of the area, all together promoting them towards economic empowerment and self-reliance

**Action:** MBT established direct link with the export houses and now acts as a link between them and the workers, thereby, creating conducive work environment by minimizing the involvement of contractors and promoting fair trade.

#### **Story...**

The Aakar Centre within a year has been able to develop strong ties with export companies from where a large variety of work is continually provided to the unit. Most of the work requires limited skills in order to suit the requirements of the members. On an average, the centre observes the presence of 20-25 women who are engaged at the unit in various unskilled work, earning an average of ₹ 1500/- to 1800/- per month depending on the time they are devoting in the unit.

It is planned to have more Aakar centres with specialized work that caters to the demand of market and provides a competitive wage to the labour. To

facilitate this, specialized trainings will also be provided to the women during the FY 2011-12.

#### **KRITI ECO PAPER UNIT**

**Objective:** To promote clean and green environment by recycling paper while providing livelihood/opportunities

#### **Action:**

An all women run entity, a manufacturing unit for handmade recycled paper was set up

Engaging with Kriti, an NGO as implementing partner

Providing training to the women

#### **Story..**

18 rural women, who are now running this project, were also trained for making paper products to enhance the profit margins. Today the women have gained from this initiative in terms of self esteem, confidence, skills, and leadership, apart from gainful livelihood.

## **BUSINESS ALIGNED PROJECTS**

#### **CINEART**

**Objective:** To use cinema as a means to educate people about themes like water conservation, reducing carbon footprints, increasing the green cover, recycling wastes, preserving our monuments, the strength of unity, patriotism

#### **Action:**

Providing training to school children on finer aspect of documentary filmmaking

Specialists from the field of theatre, acting, dance, film production, etc conducted workshops with these children to enhance their capacities and develop sensitivity towards the cause of nature.

#### **Story...**

CineArt is convergence of cinema and art for social change. A joint venture of Moser Baer Trust and PVR Nest, "Cine Art" intended to bring younger minds closer to their city and heritage by providing creative expressions to their dreams, ideas, feelings and imaginations. The programme was implemented in two phases and completed in November 2011. In its two phases, it has worked with 20,200 children from 34 schools and NGOs, from where 280 cine artists have

been trained in filmmaking. By providing an inclusive learning platform, Cine Art has also achieved a common space where children from public schools have worked with underprivileged children. Specialists from the field of theatre, acting, dance, film production, etc conducted workshops with these children to enhance their capacities and develop sensitivity towards the cause of nature.

These children have made 24 short films on various themes like water conservation, reducing carbon footprints, increasing the green cover, recycling wastes, preserving our monuments, the strength of unity, patriotism etc.

### **DIGITAL LITERACY**

**Objective:** To provide digital literacy among the rural mass

**Action:**

- o Tie-up with Nasscom foundation
- o Establishing knowledge process for providing computer education to the rural masses

**Story...**

Digital Literacy is an initiative in collaboration with Nasscom Foundation to expand computer literacy among school students of under-privileged backgrounds. The programme has been implemented in schools in order to equip them for effective teaching. The digital literacy centres known as Nasscom Foundation – Moser Baer Trust Knowledge Centres run in four schools of NOIDA and Greater Noida and are perfect examples of resource sharing for developing self-sustainable models. During the year 2010-11, 644 children including 406 boys and 269 girls have been trained under this programme, while 750 were under training in March 11.

### **FIRST SOLAR POWERED DIGITAL LITERACY CENTRE**

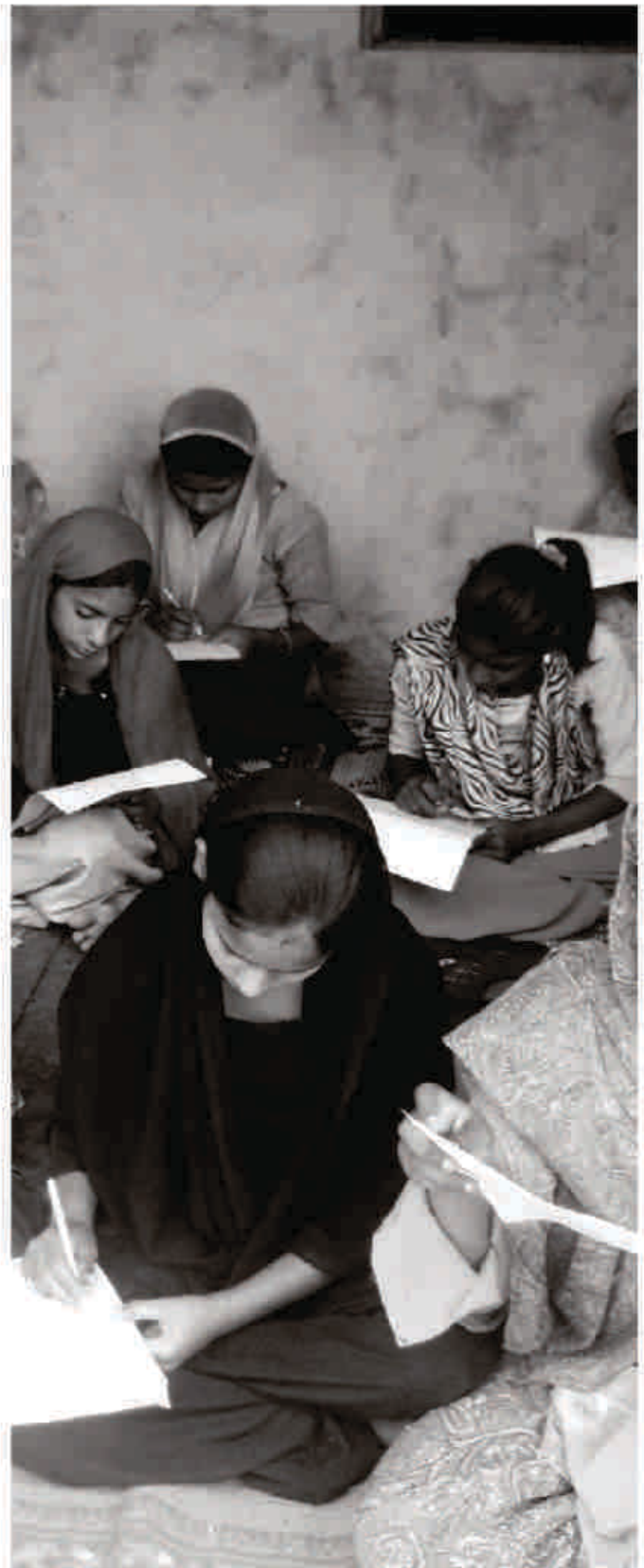
**Need:** To ensure continued computer literacy even in absence of regular power supply

**Action:**

Commissioning of solar rooftop system to power the computer lab

**Story...**

On 22nd September 2010, Moser Baer Trust achieved





yet another milestone in reaffirming its strong commitment as a responsible corporate by setting up a solar powered computer centre in village Surajpur, Greater Noida. This solar powered digital literacy centre was inaugurated by Ms. Nita Puri, Director HR & Admin, MBIL and Trustee of Moser Baer Trust, in Shaheed Bhagat Singh Inter college, Surajpur, Greater Noida, Uttar Pradesh. It is important to share here that this village does not have day time electricity supply and therefore, we were bound to run this centre on diesel generator earlier.

Being a responsible organization in the business of renewable/green energy, this move is perhaps one of first of its kind in this region.

#### **STEP (STEP TOWARDS ENVIRONMENT PROTECTION)**

Moser Baer India, with a vision to be the dominant player in the global storage media by providing cutting edge technologies, has pioneered and integrated the concept of green environment in its production process. STEP, campaign for safe disposal and recycling of CDs, DVDs and VCDs to protect the environment from hazards of e-waste was initiated in December 2010. The main aim of the campaign is to map the myriad technology users like schools/colleges, RWAs (Residence Welfare Associations), IT companies, Media houses and office buildings etc. that generate maximum waste of CDs/VCDs/DVDs and spread awareness about the safe disposal of CDs/DVDs among the people.

With this view, MBT approached various public schools of Noida, Greater Noida and Delhi. A total of five schools have been covered during the first few months, whereby children were given theoretical inputs on CD composition, the natural resources being used and about the safe disposal of CDs/DVDs. The collection bins have been placed in the premises of these schools for collecting waste CDs for reinforcing the cause amongst the students.

#### **JYOTI**

Jyoti, an initiative for providing light to the unelectrified remote villages on affordable prices, was initiated by Moser Baer in January 2011. The first project under this

programme in a tribal village Hirapura, of Sheopur district, Madhya Pradesh is being implemented by Samrakshan Trust, a grassroots level organization. A total of 57 families have been provided with solar lantern at subsidized rates. A central charging station has been setup which is taken care by one of the locals, Ramgir. Ramgir is diversifying his basket by providing charging facilities for mobile and other electronic gadgets' resulting in the enhancement of his income. He has also been provided with a desktop computer that will further enhance his income and establish him firmly in the market.

#### **UDAAN**

Udaan, is our very special way of supporting the cause of visually challenged. With a firm belief in service for the cause and not charity, we regularly support National Blind Association and SCORE foundation with specially branded Udaan CDs for their talking book libraries. These CDs, in the form of talking books, are being used in seven states across the country by approximately 30,000 visually impaired people.

MBIL also replicated educational content for Nasscom Foundation on its product and supported Nasscom Knowledge network with 30,000 CDs for further use by their 117 grassroots level organizations. 3,500 copies of the short film developed by CineArtists under CineArt programme are also being replicated and disseminated.

## **PROMOTING HEALTH AND HAPPINESS**

#### **SWASTHAYA UTTHAN**

Swasthya Utthan is an ongoing health care programme of Moser Baer Trust that caters to, on an average 11000 – 12000 people per year by providing health care services at doorstep in five villages in Noida and Greater Noida. The project has facilitated early detection and treatment of highly prevalent skin and other infections in the project locations. In addition, the project has also been successful in providing maternal and child care services through effective linkages with health care department.





### **ADOLESCENT HEALTH SESSION**

During the course of our interaction with the adolescents in the community, the need for adolescent health education was identified. To equip the adolescent girls, with requisite knowledge about adolescent age, a comprehensive module on adolescent health was administered by the expert. A total of 10 sessions ranging from body changes during adolescent age, sex and sexuality to adolescence pregnancy and necessary diet during adolescence etc. were conducted. The basic information about Women's Rights (Pre-conception and Pre-natal Diagnostic Technique (PC&PNDT) Act, Domestic Violence Act, Dowry Act, Marriage Act (Hindu and Muslim) was also provided to them.

In addition, 80 adolescent girls were assessed for Anemia and given suitable services and counselling.

### **PROJECT DRISHTI**

Drishti works on the control and management of preventable blindness in the project areas. Drishti is a partnership project with ICare Hospital that provides the technical support and operative care in its premises.

Through Project Drishti, MBT has reached over 4337 elderly people who have been screened for cataract and 1107 have undergone cataract corrective surgery covering almost 186 villages.

During the current year the project aims at cataract corrective surgery to 400 elderly people in the project areas.

## **EVENTS**

### **MOSER BAER SOCIAL RESPONSIBILITY WEEK**

Moser Baer Trust organized a week-long campaign for

sensitizing its associates towards social and environmental issues and concerns, on the occasion of International Volunteer Day. To strengthen and recognize the spirit of volunteerism and to reinforce Moser Baer's commitment towards society, Mr. Deepak Puri, our Chairman & Managing Director, announced that the week starting from 29th November to 5th December will be celebrated as Moser Baer Social Responsibility Week every year henceforth. The campaign was launched with release and sharing of various thematic posters on CSR and community development with the associates by Mr. Deepak Puri. The entire week was full of employee centric and community based activities related to environment and social issues. The activities includes organization of World AIDS Day, an online quiz on CSR for MBIL associates, wherein 4004 associates participated and skit performance by employees of the manufacturing facility at A-164, Noida on importance of education in the nearby intervention area as reflection of the volunteerism spirit beyond their work sphere.

### **SANGAM 2010**

An confluence of stakeholders. "Sangam" has further been institutionalized in 2010 when it was decided to merge it with the MoserBaer Social Responsibility Week. The event indeed became a congregation of all the stakeholders including villagers, pradhans, corporate representatives, NGO partners, government representatives, donor organizations etc.

Friends of MBT were felicitated for their valuable contribution in the growth of MBT. The events also observed the launch of three new projects of MBT, namely, STEP (Step towards Environment Protection), PAHAL (Promotion and Advancement of Health and Livelihood) and YUVA (Youth Unfolding to Various Avenues).

### **PRAKRITI WEEK**

Moser Baer has also supported an event called "Prakriti Week", organized by Lady Shri Ram College, New Delhi. The event was marked with various environment awareness related activities and environment friendly practices, including the use of renewable and green

energy.

Apart from this, the Non governmental organizations like Protsahan, Himjoli, Earthy Goods and Kriti were also facilitated to showcase their products at MBIL head office for sale prepared by their project beneficiaries. We strongly believe that such kind of interface would bridge the gap between civil society organizations and corporates. At the same, it will also increase the sensitivity of our employees towards social issues and to be a responsible corporate citizen.

## ENVIRONMENT, HEALTH & SAFETY: A WAY OF LIFE

EHS is an integrated function like wise production and quality of the Moser Baer at every level of the organization. Management focus is essential, as is the involvement of employees at every level. Moser Baer seeks to develop a strong EHS culture by promoting correct human behaviour and positive attitudes. We, still face some challenges in its efforts to prevent accidents and injuries. Safety measures that focus on behaviour are a key aspect of Moser Baer's improvement efforts, and are designed to enable each employee to do his or her job correctly and safely right from the start.

Our goal at Moser Baer is to develop people, and the issue of health-promoting workplaces was high on our agenda in 2010. We will continue to follow up these efforts in 2011. This is not just a question of helping people who have been sick return to their jobs more quickly, but first and foremost of having a good, healthy working environment that promotes the long-term health of employees.

For Moser Baer's businesses, improving energy efficiency is perhaps one of the most important ways of reducing greenhouse gas emissions in the short term. Moser Baer has sought to reduce its energy consumption and minimize greenhouse gas emissions throughout the value chain for many years. Our businesses engage in continuous efficiency and

investment projects aimed at lowering energy consumption and using renewable energy whenever possible. Moser Baer is committed to sound, long-term, sustainable operations that reflect the Group's awareness of its responsibility to its employees, society and the environment. Only in that way can we achieve our primary goal: developing people – creating value.

Moser Baer's Integrated Management system (Comprising of ISO 9001:2008, OHSAS 18001;2007 & ISO 14001:2004) ,certified by leading and well reputed certification bodies show the commitment towards EH&S inline with other important function i.e. Quality. A robust EHS audit, both internal and external, is carried out at all our locations periodically to ensure continual improvement in our environment, health and safety standards. Driven by our commitment to conserve the natural environment, we have taken certain concrete steps. Some of which are:

- Energy conservation more than 14 million units in 2010-11.
- 16 Rain water harvesting system in operation
- Regular vital environmental parameter like Work Zone / Ambient air monitoring, Stack monitoring, wet gas scrubber monitoring.
- Annual environmental statements as per requirement of Central Pollution Control Board
- Green partner Audits by Sony Japan.
- IEC Product Certification, RoHS and REACH compliances and 5-Star rating from TUV Rheinland
- Permanent life time membership from UP Waste Management Project (CHW- TSDF) to ensure Safe waste disposal (Waste lime from ETP).
- ISPM-15 Compliances (Heat treatment of wooden pallet, First time in India),
- Won Golden Peacock Award for Occupational Health and Safety. National Safety Awards by National Safety.
- Through our various initiatives of Energy conservation like optimization of machines efficiency, we have saved 14.52 million units of energy hence 6243 tons of CO2 emission 2010-11.
- Conversion of HFO based Generators to CNG base to reduce carbon foot print - 30542 ton of CO2 emission reduced 2010-11.
- In-house recycling/reusing of wood pallets for



packaging. Saving 10626 trees (148765 CFT wood recycled)

- In house thermal pest control through hot air recognized by Govt. of India, as per ISPM – 15, introduced for Pest Control in Wood, thus eliminating the use of Methyl Bromide which is an OZONE depleting chemical. 183696 wooden pallets heat treated last year resulted emission of 14292Kg Methyl Bromide.

Moser Baer, with a belief that behavioral part of the safety is very vital to improve safety culture of the organization, emphasizes and promotes the following factors to develop have a good safety culture.

1. Commitment at all levels
2. Safety and health are treated as an investment not a cost
3. Safety and health is part of continuous improvement
4. Training and information is provided for everyone
5. A system for workplace analysis and hazard prevention and control is in place
6. The environment in which people work is blame free
7. The organization celebrates successes

We have commitment from senior management reflected in policy to establish where we are at as an organization and plan to move forward from there. People are both products and producers of their environment. Trying to change people's attitudes without looking at the environment they work in and the systems they work with is doomed to failure.

Moser Baer has been successful in using this waste lime in Ceramic Industries and for this we have also received the Golden Peacock Award for "Eco-Innovation".

**Bio Gas Plant:** We have successfully commissioned the kitchen waste based Biogas Plant which produces biogas by using the thermophilic micro-organisms that flourish in extreme environment. It produced biogas equivalent of two cylinders of LPG from kitchen waste on a daily basis. The gas is a mixture of methane (70-75%), carbon dioxide (10-15%) and water vapours (5-10%).









# FINANCIALS

The logo for Moserbaer Ultra Life is displayed on a dark, curved surface. The word "moserbaer" is in a bold, lowercase, sans-serif font, with "moser" in white and "baer" in a lighter shade. Below it, "ultra life" is written in a smaller, lowercase, sans-serif font, also in white.

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## DIRECTORS' REPORT

Dear Shareholder,

Your Directors take pleasure in presenting their 28th Annual Report on the business and operations of the Company together with the Audited Accounts for the financial year ended 31st March, 2011.

### Financial Results

Particulars	(Rupees in Million)	
	Year ended March 31, 2011	Year ended March 31, 2010
Gross Sales, Service Income and Other Income	19675.4	23403.1
Profit before Depreciation, Interest and Tax but after prior period items	1902.6	6260.4
Depreciation / Amortization	3855.8	4918.9
Interest and Finance Charges	2019.6	1868.3
Profit before Exceptional Items and Tax	-3972.8	-526.8
Exceptional Gain	-34.3	88.2
Profit Before Tax	-4007.1	-438.6
Tax Expenses	Nil	-76.5
Profit after Tax	-4007.1	-362.1
Profit carried forward from Last year	Nil	Nil
Profit available for appropriation	-4007.1	-362.1
Appropriations:		
Dividend (Proposed)	Nil	100.9
Provision for Tax on Proposed Dividend	Nil	16.8
Transfer to General Reserve Account	-4007.1	-479.8

### Operations

Revenues for Financial Year 2011 stood at INR 19111.3 million with a profit before depreciation, interest, exceptional items and tax at INR 1902.6 million. During the year, operating margins were affected by increases in raw material costs and have recovered significantly following improvement in market equilibrium and increase in growth especially in advanced formats.

### 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.

In our optical media business, over supply of products along with higher input cost of raw materials during the year had impacted the margins. The industry however, is continuously moving towards consolidation; and Moser Baer being at a leadership position is poised to capture a larger global market share. Moser Baer's solid state media and consumer electronics businesses are making significant progress, as we continue to launch new products and consolidate our brand.

Moreover, the momentum towards advanced media formats will intensify as prices of BluRay drive declined 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.

Moser Baer is rigorously working with its OEM customers on technology transfers/ qualifications of its Blu Ray 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. In addition the Company expects to gain from leveraging domestic distribution synergies.

### **Photo Voltaic Business**

In the solar photovoltaic business, the industry witnessed robust growth during the year. India emerged as a strong market with various projects shaping up under the National Solar Mission and State Level Policies. Moser Baer's Solar Photovoltaic business has also made significant progress and has crossed numerous milestones. Our robust 'quality systems' and cutting edge technology, backed by focussed marketing helped us penetrate nine additional markets globally during the year, thereby expanding our presence to more than 35 countries. We have emerged as the first Solar PV Company from India to have achieved 100 MW of installations globally under our own brand.

Your directors are happy to share that Moser Baer's Subsidiary Moser Baer Solar Ltd. has emerged as the only Solar Company in the world to be awarded the prestigious 5 Star rating by TÜV Rheinland for quality systems, for two consecutive years. The sales for the business crossed the Rs. 8,500 million mark and shipments of approximately 100MW across technologies were recorded, establishing our leadership position in India. The entity continues to focus on innovation, efficiency improvement and cost competitiveness to offer high quality value added products and service delivery to esteemed customers in India and across the globe.

The business group has successfully commissioned India's first - 5 MW solar farm in Sivaganga, Tamil Nadu. This solar farm is a significant landmark not only for the Company but also the Nation as this demonstrates strong EPC capabilities and quality manufacturing available domestically. We installed India's first Building Integrated PV (BIPV) Thin Film Installation (BIPV) at in Hyderabad showcasing our innovativeness in finding solutions to our customer requirements. The PV business is working on plans to build both scale and efficiency which include:

- Commissioning the high efficiency SE line with a capacity of 100 MW of modules along with 90 MW of cells;
- Upgrading the existing thin film facility from single junction to tandem junction resulting in cost competitiveness and capacity upgradation; and
- Upgrading the existing crystalline silicon cell line to higher efficiency to reap the benefits of higher module wattage.

Also, the PV system business is poised for significant growth with a strong project pipeline covering both EPC and Project services.

### **Home Entertainment Business**

The year 2010 was a challenging one for the home video market given the reduction in time gap between release of movies in theaters and their premier on television, increased level of piracy and high cost of content purchase. The home video market was estimated at Rs. 2.3 bn in 2010. The high cost of movie acquisition coupled with declining unit sale put pressure on recovery and profitability. As a result, in 2010, 30-40% of the movies rights available were not bought. This led to rationalization in film acquisition costs towards end of calendar year 2010.

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 8,000 titles, superior quality and delightful pricing we have become the market leaders and are taking initiatives to grow this segment.

Moser Baer is releasing video content in the DVD, VCD and Super DVD/Nice (DVD with multiple films) formats using Moser Baer's proprietary technology that ensures the highest quality standards while providing affordable prices.

With the rise in disposable incomes, increased affordability of DVD players the market for home video is expected to show exponential growth.

### **Subsidiary Companies**

As per section 212 of the Companies Act, 1956, the Company is required to attach the Directors' Report, Balance Sheet and Profit & Loss Account of its subsidiaries. The Ministry of Corporate Affairs, Government of India vide its circular no. 2/2011 dated February 8, 2011 has provided an exemption to companies from complying with Section 212, provided such

companies publish the audited consolidated financial statements in Annual Report. Accordingly, the Annual Report 2010-11 does not contain the financial statements of our subsidiaries. The annual audited accounts and related information of our subsidiaries, where applicable, will be made available upon request.

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**

Having regard to the operating performance for the year 2010-11, your Directors do not recommended any dividend for the year.

### **Directors**

Mr. Vineet Sharma, was co-opted as Additional Director w.e.f. 31st March, 2011 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. Vineet Sharma as Director of the Company.

In terms of the provisions of Section 255 and 256 of the Companies Act, 1956, Mr. Frank E. Dangeard and Mr. V.N. Koura and Mr. Prakash Karnik, Directors, retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

### **Auditors**

M/s Price Waterhouse are the Statutory Auditor of the Company since F.Y 2004-05. The Audit Committee and the Board of Directors in order to adhere to the best Corporate Governance Practices the Statutory Auditor should be changed periodically on rotational basis. The Company has received a special notice pursuant to Section 225 of the Companies Act, 1956, from a member proposing to move a resolution for the appointment of Walker, Chandio & Co., Chartered Accountants, as Statutory Auditors of the Company in place of the retiring Auditors, M/s Price Waterhouse at the ensuing Annual General Meeting.

Your Directors proposed the appointment of Walker, Chandio & Co., Chartered Accountants, as Statutory Auditors of the Company at the ensuing Annual General Meeting.

Walker, Chandio & Co., have access to large international network through member firms of Grant Thornton International all over the world and would be helpful and useful to the Company in managing its international operations. they have representations on various Accounting Boards & Committees in India and cater to leading Companies.

### **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.

The Company has further introduced Stock Options plan for its employees ("ESOP - 2009") by the resolution passed in the meeting of the Board of Directors 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 29th day of January 2010, being the date of first offer of ESOPs to the employees under ESOP Plan 2009.

During the year under review, the Compensation Committee of the Board of Directors granted new options to employees of the Company in terms of its ESOP Scheme - 2009. The particulars of options issued under the said Plan 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 in 2007 Foreign Currency Convertible Bonds in Tranche A being US\$ 75 million and in Tranche B being US\$ 75 million with tenure of five years.

During the financial year ended 31st March, 2011, your Company has not bought back any Foreign Currency Convertible Bond.



## **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 the 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 as Annexure 1.

The Group Chief Financial Officer (CFO) and Chairman Managing Director have certified to the Board in regards 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 as Annexure 2.

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 2010-11. 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 and National Stock Exchange. The annual listing fees for the year 2011-2012 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 2011 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 leader 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 the customer and stakeholders 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 & Managing Director

Place : New Delhi  
Date :September 03, 2011

## 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 31<sup>st</sup> MARCH, 2011)\*

S.No.	Particulars	ESOP-2004	DSOP-2005	ESOP-2009
1	Number of Stock Options granted	6,429,650	800,000	3,033,410
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	686,283	525,000	430708
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	4900,090	50,000	444,670
7	Variation of terms of options			
8	Money realized by exercise of options	Rs. 135,403,076	Rs. 17,122,500	0
9	Number of options in force	913,435	675,000	2,588,740
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.	N.A.	N.A.	Mr. Alok Malviya - 24000 Mr. Abhinav Kanchan - 8000 Mr. Ajay Sehgal - 8000 Mr. Rajeev Jindal - 8000 Mr. Ashok K Sharma - 8000 Mr. Yogesh Kumar - 8000  N.A.
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. (23.81)		
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. (35,009,489)		
15	The impact of this difference on profits & on EPS of the Company	Impact on profit- Rs. (35,009,489) Impact on EPS (Basic)- Rs. (24.02) Impact on EPS (Diluted)- Rs. (24.02)		
16	Weighted-average exercise prices and weighted-average fair values of options granted during the year	NA	NA	a. Weighted average Exercise Price- Rs. 63.26  b. Weighted average fair value of the Options- Rs. 34.11



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 <sup>st</sup> Grant on 11 <sup>th</sup> August, 2005	2.5 years
2 <sup>nd</sup> Grant on 12 <sup>th</sup> December, 2006	2.5 years
3 <sup>rd</sup> Grant on 25 <sup>th</sup> January, 2007	2.5 years
4 <sup>th</sup> Grant on 19 <sup>th</sup> June, 2007	2.5 years
5 <sup>th</sup> Grant on 29 <sup>th</sup> 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 <sup>st</sup> Grant on 9 <sup>th</sup> January 2004	3 years
2 <sup>nd</sup> Grant on 29 <sup>th</sup> November 2004	2.5 years
3 <sup>rd</sup> Grant on 27 <sup>th</sup> January 2005	2.5 years
4 <sup>th</sup> Grant on 24 <sup>th</sup> June, 2005	2.5 years
5 <sup>th</sup> Grant on 17 <sup>th</sup> August, 2005	2.5 years
6 <sup>th</sup> Grant on 27 <sup>th</sup> October, 2005	2.5 years
7 <sup>th</sup> Grant on 24 <sup>th</sup> January, 2006	2.5 years
8 <sup>th</sup> Grant on 26 <sup>th</sup> April, 2006	2.5 years
9 <sup>th</sup> Grant on 7 <sup>th</sup> June, 2006	2.5 years
10 <sup>th</sup> Grant on 27 <sup>th</sup> October, 2006	2.5 years
11 <sup>th</sup> Grant on 24 <sup>th</sup> January, 2007	2.5 years
12 <sup>th</sup> Grant on 30 <sup>th</sup> April, 2007	2.5 years
13 <sup>th</sup> Grant on 11 <sup>th</sup> July, 2007	2.5 years
14 <sup>th</sup> Grant on 25 <sup>th</sup> October, 2007	2.5 years
15 <sup>th</sup> Grant on 30 <sup>th</sup> January, 2008	2.5 years
16 <sup>th</sup> Grant on 17 <sup>th</sup> April, 2008	2.5 years
17 <sup>th</sup> Grant on 29 <sup>th</sup> April, 2008	2.5 years
18 <sup>th</sup> Grant on 30 <sup>th</sup> July, 2008	2.5 years
19 <sup>th</sup> Grant on 22 <sup>nd</sup> October, 2008	2.5 years
20 <sup>th</sup> Grant on 23 <sup>rd</sup> October, 2008	2.5 years
21 <sup>st</sup> Grant on 30 <sup>th</sup> January, 2009	2.5 years
22 <sup>nd</sup> Grant on 28 <sup>th</sup> April, 2009	2.5 years
23 <sup>rd</sup> Grant on 29 <sup>th</sup> 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 <sup>st</sup> Grant on 28 <sup>th</sup> January, 2010	2.15 years
2 <sup>nd</sup> Grant on 12 <sup>th</sup> March, 2010	2.15 years
3 <sup>rd</sup> Grant on 12 <sup>th</sup> August, 2010	2.15 years
4 <sup>th</sup> Grant on 29 <sup>th</sup> October, 2010	2.15 years
5 <sup>th</sup> Grant on 09 <sup>th</sup> February, 2011	2.15 years

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

Assump-tions:-	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 <sup>th</sup> Jan 2004)	6.79% (for 4 years source-NSE/ Reuters as on 29 <sup>th</sup> Nov 2004)	6.55% (for 5 years, source-NSE/ Reuters as on 27 <sup>th</sup> Jan 2005)	6.67% (for 5 years, source-NSE/ Reuters as on 23 <sup>rd</sup> Jun 2005)	6.74% (for 5 years, source-NSE/ Reuters as on 16 <sup>th</sup> Aug 2005)	6.80% (for 5 years, source-NSE/ Reuters as on 27 <sup>th</sup> Oct 2005)	6.77% (for 5 years, source-NSE/ Reuters as on 23 <sup>rd</sup> 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- 11/07/2007	Grant Date- 25/10/2007	Grant Date- 30/01/2008
6.96% (for 5 years, source-NSE/ Reuters as on 25 <sup>th</sup> Apr 2006)	7.37% (for 4.56 years, source-NSE/ Reuters as on 6 <sup>th</sup> June 2006)	7.54% (for 4.28 years, source-NSE/ Reuters as on 27 <sup>th</sup> Oct 2006)	7.73% (for 4.28 years, source-NSE/ Reuters as on 23 <sup>rd</sup> Jan 2007)	8.07% (for 4.25 years, source-NSE/ Reuters as on 27 <sup>th</sup> April, 2007)	7.52% (for 4.26 years, source-NSE/ Reuters as on 10 <sup>th</sup> July, 2007)	7.91% (for 4.31 years, source-NSE/ Reuters as on 24 <sup>th</sup> Oct, 2007)	7.42% (for 4.28 years, source-NSE/ Reuters as on 29 <sup>th</sup> 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**

Assump-tions:-	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 <sup>th</sup> April 2008)	7.96 % (for 4.27 years, source-NSE/ Reuters as on 29 <sup>th</sup> Apr 2008)	9.28% (for 4.57 years, source-NSE/ Reuters as on 30 <sup>th</sup> July 2008)	7.44% (for 4.57 years, source-NSE/ Reuters as on 22 <sup>nd</sup> October 2008)	7.41% (for 5 years, source-NSE/ Reuters as on 22 <sup>nd</sup> October, 2008)	6.17% (for 5.08 years, source-NSE/ Reuters as on 29 <sup>th</sup> January, 2009)	5.95% (for 4.98 years, source-NSE/ Reuters as on 27 <sup>th</sup> April, 2009)	6.32% (for 4.71 years, source-NSE/ Reuters as on 28 <sup>th</sup> 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 <sup>th</sup> Aug, 2005)	7.56% (for 4.58 years, source -NSE/ Reuters as on 12 <sup>th</sup> Dec, 2006)	7.68% (for 4.58 years, source -NSE/ Reuters as on 25 <sup>th</sup> Jan, 2007)	7.87% (for 4.32 years, source NSE/Reuters as on 19 <sup>th</sup> June, 2007)	6.11% (for 5.68 years, source NSE/Reuters as on 29 <sup>th</sup> 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 18<sup>th</sup> 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 (Options subsequently cancelled)	Grant Date -12/03/2010	Grant Date -12/08/2010	Grant Date- 29/10/2010	Grant Date- 08/02/2011
Risk-free interest rate	7.39% (for 5 years, source-NSE/ Reuters as on 27 <sup>th</sup> Jan, 2010)	7.44% (for 5 years, source -NSE/ Reuters as on 12 <sup>th</sup> March, 2010)	7.48% (For zero coupon interest rate on Government Securities derived from zero coupon yield curve as in 11 <sup>th</sup> August, 2010)	7.72% (For zero coupon interest rate on Government Securities derived from zero coupon yield curve as in 28 <sup>th</sup> October, 2010)	8.03% (For zero coupon interest rate on Government Securities derived from zero coupon yield curve as in 8 <sup>th</sup> February, 2010)
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	71.52% (based on 5 years stock data from NSE)	72.19% (based on 5 years stock data from NSE)	58.21% (based on 5 years stock data from NSE)	58.17% (based on 5 years stock data from NSE)	58.73% (based on 5 years stock data from NSE)
Expected dividends	0.97% (wighted average dividend yield for last 5 financial years)	0.97% (wighted average dividend yield for last 5 financial years)	0.58% (wighted average dividend yield for last 5 financial years)	0.58% (wighted average dividend yield for last 5 financial years)	0.58% (wighted 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	62.80	66.40	46.30

## 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, 2011.

### 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 this included, through internal development and efforts on energy saving we could achieving cumulative saving of 185 KW with an additional investment of Rs 3 million. This was mainly achieved by synchronizing the number of DGs at optimum capacity, putting additional softener and reducing RD water consumption, 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 bigger role in our ability to offer a complete basket of products to our customers, our Company thus, has entered into various agreements at national and international level with leading research and academic institutes and world 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 our technology development program. 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.

The Group CTO function was further strengthened by hiring some fresh PhD's, M.Tech.'s to conduct research and development projects in next generation optical media, Photovoltaic and other areas that maximize Moser Baer's core competencies in order to ensure competitiveness and future growth. Our Company is a part of many international Forums and R&D initiatives that are dedicated to the development of future formats like Blue-ray. Such participative activities have significantly enhanced the image of our Company as an individual entity and our country as a whole in the mind of the International community.

## 1. Efforts, in brief, made towards technology absorption, adaptation and innovation

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

### Engineering and R&D

Our Company has been identified by some R&D institutes for collaboration and also in the process of approaching Govt. funding agencies through our own innovative R&D projects. The Company received a major grant from Ministry of New & Renewable Energy, India on project entitled "Development of CIGS Solar Cell pilot plant to achieve grid parity solar cell".

## 2. Benefits derived as a result of the above efforts

BDR / BDRE Cost Reduction due to mass production at GN plant.

## 3. Technology imported during last 5 years:

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 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) Specific areas in which R&D carried out by the Company:

##### 1.1) Blu-Ray Development-

- 1.1.1 Moser Baer continued to develop BDR/RE format and successfully assimilated this technology from OM&T.
- 1.1.2 The development of the BDR dual layer technology has been undertaken.
- 1.1.3. MBI with active collaboration of Mitsubishi Chemical (MKM) has developed BDR 1x - 6x (L to H) media with MBI code based on organic dye, which will act as active recording material. Samples have been submitted for format verification and drive makers.

##### 1.2) BDR/RE, DVDR / RW, DL, CDRW new customers qualification

Your Company has been successful in obtaining the qualification of BDRE2X, BDR 1X-6X MBI MID 'White Thermal Surface', copy protected DVD-R, Picture CDR and Picture DVDR, CDRW and DVD+RW 4X from various OEM customers.

##### 1.3) Printable Surface

- 1.3.1 Developed BDRE White Inkjet printable product.
- 1.3.2 Smooth finish inkjet printable CDR qualified by a major OEM.
- 1.3.3 Developed smooth finish inkjet printable / white thermal printable CDR & DVDR product for key customer.

##### 1.4) Mastering & Stampering unit

- 1.4.1 Stamper designed and product development done for DVDR-DL - Light Scribe Ver 1.2 color background / Monochrome.
- 1.4.2 DVDR-DL-Light Scribe Ver 1.2 hybrid: - Stamper designed and product development done.
- 1.4.3 Blu Ray - Re-writable in-house stamper development.
- 1.4.4 Contributed towards greener environment - Company initiated to recycle 15% of scrap nickel at stamper manufacturing.



1.5) Grant of patents Patents granted include the following:

1.5.1 India:- The Company was granted a patent that offers a unique eco-friendly packaging made with 100% recyclable materials helping in reducing carbon footprints. This patent is under green initiative being driven at MBI.

1.5.2 Europe:- MBI has been granted its first overseas patent titled "Method of Printing on a disc". This patent was filed and granted in Europe and valid in major European countries

## 2) Alternative use of existing assets:

2.1 Line Inter-changeability

2.1.1 Successfully converting CDRW/DVDRW lines to BDR/RE lines with in house design & development.

2.1.2 Launched 4 state-of-the-art R & D programs to develop value added products using existing assets capabilities.

2.2 Development of CIGS Solar Cell pilot plant to achieve grid parity solar cell.

2.3 Design and Development of Organic Solar Cell Sub-Modules.

2.4 Development of Si Thin Film Solar Cells using sputtering methods at Tokyo University of Agriculture and Technology, Japan.

2.5 OLED program launched at OM&T, Netherlands and MBT, USA.

## 3) New Initiatives:

3.1 Creation of state of art in-house material development lab for development of energy efficient lighting products.

3.2 Creation of state of art Lighting Lab to launch the new business on LED lighting

3.3 Initiated a Nano-particle development and formulation activities under materials development program for application in novel devices.

## 4) New Business Initiatives:

4.1 Junction Box: - Successfully commercialized the low cost Junction Box technology with Yukita Electric Wire Co. Ltd., Japan for the PV modules. All the critical components are being manufactured in existing assets of optical media.

4.2 Developed next generation lighting i.e. LED lighting with an aim to diversify and work towards potential use of existing assets to further strengthen this business.

4.3 Successfully developed and launched an unique "Solar Lantern" using in-house technology. Its all-critical components are being manufactured in existing moldings of optical media.

## 5) Research Grants:

5.1 Received a major grant from Ministry of New & Renewable Energy, India on project entitled "Development of CIGS Solar Cell pilot plant to achieve grid parity solar cell".

5.2 Awarded a joint project along with IIT, Delhi on "Innovative Light Technology for white OLED".

5.3 Awarded a joint project along with C-MET, Pune on "Hybrid Solar Cells based on Organic Polymers and Inorganic Nano particles".

5.4 Awarded the joint project along with IIT, Kanpur on "Design and Development of Organic Solar Cell Sub - Modules".

## 6) Collaborations:

6.1 Moser Baer Signs MoU with IIT, Kanpur for R&D on materials, devices and processes related to future renewable energy generation and energy efficient systems.

6.2 Moser Baer Signs MoU with C-MET, Pune for R&D on "Hybrid Solar Cells based on Organic Polymers and Inorganic Nano particles".

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

7.1 Blu-Ray 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. Blu-Ray discs offer 1920x1080p HD master quality for high definition audio and video applications.

7.2 Design & development of BDR/RE lines from conversion of DVDRW lines with in-house effort is an alternative use of existing assets and to reduce CAPEX cost for BDR/RE.

7.3 New projects to develop value added products using existing assets capabilities could potentially be a game changer and reduce the depreciation of equipments on optical media significantly. This includes the key initiatives undertaken by MBI's subsidiary in the US, Moser Baer Technology Inc in pilot development on OLED manufacturing which are also supported by US government agencies.

7.4 Development of CIGS Solar Cell pilot plant to achieve grid parity solar cell is an R&D program towards cost reduction of PV modules.

7.5 Fact that MBI has been granted these state-of-the-art research projects in collaboration with leading research groups of India shows that our efforts are getting due recognition and that we are moving in the right direction.

**8) Future plan of action:**

- 8.1 Planning to develop BDR DL which will have the capacity of 50 GB and preliminary samples prepared are under evaluation with drive makers.
- 8.2 MBI will mainly focus to develop 1x-6x Dye based Organic BDR through in-house effort.
- 8.3 To strengthen the new established business to make them self sufficient.
- 8.4 To launch or establish at least one more product line using existing assets.

**Expenditure on R & D**

Capital expenditure of Rs 51.3 million and recurring expenses of Rs.5.97 million were incurred during the year towards R & D expenses, which is 0.3% 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 10919.3 million, where as total foreign exchange used (comprising of CIF value of imports, dividend and other outgoings) was Rs 9084.4 million.

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

Sd/-

Place : New Delhi  
Date : September 03, 2011

Deepak Puri  
Chairman &  
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 the 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 includes 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 to enhance the trust and confidence of the 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 the 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 twelve. 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;
  - 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; and
- is not less than 21 years of age.

#### COMPOSITION OF BOARD AS ON 31<sup>ST</sup> MARCH, 2011

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.
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	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. Arun Bharat Ram*	Independent and Non-Executive	N.A.	Nil
Mr. Frank E. Dangeard	Independent and Non-Executive	N.A.	Nil
Mr. Vineet Sharma**	Independent and Non-Executive	N.A.	Nil

\* Mr. Arun Bharat Ram resigned from the Directorship of the Company with effect from 10th February, 2011.

\*\* Mr. Vineet Sharma was co-opted as an Additional Director on the Board with effect from 31st March, 2011.

## 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	13	5	1
Mrs. Nita Puri	13	0	6
Mr. John Levack	1	1	0
Mr. Rajesh Khanna	2	0	1
Mr. Prakash Karnik	0	0	3
Mr. Bernard Gallus	3	0	2
Mr. Ratul Puri	15	0	6
Mr. V. N Koura	3	1	0
Dr. Vinayshil Gautam	5	2	0
Mr. Viraj Shawhney	0	0	2
Mr. Frank E. Dangeard	0	0	2
Mr. Vineet Sharma*	1	0	1

\*Mr. Vineet Sharma was co-opted as an Additional Director on the Board w.e.f 31<sup>st</sup> March, 2011.

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 eight times on the following dates during the financial year 2010-2011 and the gap between two meetings did not exceed four months:

- (i) 29<sup>th</sup> April, 2010
- (ii) 30<sup>th</sup> April, 2010
- (iii) 12<sup>th</sup> July, 2010
- (iv) 12<sup>th</sup> August, 2010
- (v) 29<sup>th</sup> October, 2010
- (vi) 8<sup>th</sup> December, 2010
- (vii) 7<sup>th</sup> January, 2011
- (viii) 10<sup>th</sup> February, 2011

## ATTENDANCE RECORD OF DIRECTORS

Directors	Board meetings held during the year	Meetings Attended		Attended last AGM held on Thursday, 30 <sup>th</sup> September, 2010
		Present in person	Attended through Audio conferencing	
Mr. Deepak Puri	8	8	0	No
Mrs. Nita Puri	8	8	0	No
Mr. Prakash Karnik	8	5	0	No
Mr. John Levack	8	5	2	No
Mr. Bernard Gallus	8	6	1	No
Mr. Ratul Puri	8	7	0	Yes
Mr. Arun Bharat Ram	8	6	0	No
Mr. V.N Koura	8	5	1	Yes
Dr. Vinayshil Gautam	8	6	1	No
Mr. Rajesh Khanna	8	3	0	No
Mr. Viraj Shawney	8	7	1	No
Mr. Frank E. Dangeard	8	6	2	No

### 3. BOARD COMMITTEES

Your Company has the following Board Committees: Audit Committee, Compensation Committee, Investors' Grievance Committee, Corporate Governance Committee, Capex/ Restructuring Committee, Banking and Finance Committee, Project Dezire 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. Frank E. Dangeard, 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.
- m) 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.
- n) Approval of appointment of CFO (i.e. the whole-time Finance Director or any other person heading the finance or discharging function) after assessing the qualifications, experience & background, etc. of the candidate.
- o) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
- 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:

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

#### **Meetings**

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

- (i) 29<sup>th</sup> April, 2010
- (ii) 12<sup>th</sup> July, 2010
- (iii) 11<sup>th</sup> August, 2010
- (iv) 28<sup>th</sup> October, 2010
- (v) 27<sup>th</sup> January, 2011
- (vi) 9<sup>th</sup> February, 2011

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)	6	4+1**
Mr. Prakash Karnik	6	4+1**
Mr. Viraj Sawhney	6	5
Mr. Bernard Gallus	6	5+1**
Mr. Frank E. Dangeard*	6	4

\*Mr. Frank E. Dangeard was co-opted as a member of the committee with effect 29th April, 2010.

\*\*Meeting attended through audio conferencing.

## **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. V.N Koura. The Company Secretary acts as the Secretary of the Committee.

#### **Terms of reference**

- a) The Compensation Committee discharges the Board's responsibilities relating to compensation of the Company's Executive Directors.
- b) The Compensation Committee has the overall responsibility for approving and evaluating the Executive Directors' compensation plans, policies and programmes of the Company.
- c) 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**

- a) 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.
- b) The Compensation Committee shall evaluate, and if necessary, amend performance parameters of the Executive Directors;
- c) The Compensation Committee may make recommendations to the Board in relation to incentive plans for the Executive Directors; and
- d) Administer the ESOP and DSOP schemes of the Company.

#### **Meetings**

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

- (i) 29<sup>th</sup> April, 2010
- (ii) 12<sup>th</sup> July, 2010
- (iii) 12<sup>th</sup> August, 2010

(iv) 29<sup>th</sup> October, 2010

(v) 9<sup>th</sup> February, 2011

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)	5	4
Mr. Viraj Sawhney	5	5
Mr. John Levack	5	4
Mr. Bernard Gallus	5	5
Mr. V.N Koura	5	4

## 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 2010-2011 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	1,41,56,244	36,65,176	84,41,960
Contribution to Provident Fund	16,98,756	4,39,824	10,13,040
Perquisites	1,45,000	1,45,000	1,45,000
<b>TOTAL</b>	<b>1,60,00,000</b>	<b>42,50,000</b>	<b>96,00,000</b>

Note:

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. 4,656,185 and Gratuity: Rs. 2,515,021 made during the year have not been included above.

### 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 1<sup>st</sup> September, 2006, 1<sup>st</sup> December, 2006 and 1<sup>st</sup> 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.

Managing Director, Whole Time Director and Executive Director are entitled for the performance bonus which is based on performance of the company and their individual performance during the year, as approved by the Compensation Committee and considered by the Board. However, all these Directors have waived their performance bonus for the year under review. No stock option were granted to the Executive Directors of the Company.

#### 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. 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	-

## COMMISSION

Non-Executive Directors are not entitled to any commission during the year under review.

## SITTING FEES

During the year 2010-11, 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. Bernard Gallus, Mr. Prakash Karnik, Mr. V.N Koura, Dr. Vinayshil Gautam, Mr. Rajesh Khanna 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. Vineet Sharma, Additional Director, retires at the ensuing Annual General Meeting. A notice has been received in terms of the provisions of Section 257 of the Companies Act, 1956 proposing their 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) 30<sup>th</sup> April, 2010
- (ii) 12<sup>th</sup> August, 2010
- (iii) 29<sup>th</sup> October, 2010
- (iv) 9<sup>th</sup> February, 2011

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	2
Mr. Prakash Karnik	4	3
Mr. Deepak Puri	4	4
Mrs. Nita Puri	4	4
Mr. Bernard Gallus	4	4

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](mailto: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 1<sup>st</sup> April, 2010 to 31<sup>st</sup> March, 2011.

Nature of the complaints	Received	Replied satisfactorily	Pending
Relating to transfer, transmission, etc.	3	3	-
Relating to dematerialization	0	0	-
Relating to dividend	6	6	-
Relating to bonus	0	0	-
Relating to Annual Report	32	32	-
Relating to miscellaneous matters	2	2	-
<b>TOTAL</b>	<b>43</b>	<b>43</b>	<b>-</b>

No share was pending for transfer as on 31<sup>st</sup> March, 2011.

**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/ RESTRUCTURING 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/Restructuring 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 marketing & 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. 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.

## I. MATERIAL NON-LISTED INDIAN SUBSIDIARY COMPANIES

Clause 49 defines a "material non-listed Indian subsidiary" as an unlisted subsidiary, incorporated in India whose turnover or net worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated turnover or net worth respectively, of the Listed Holding Company and its subsidiaries in the immediately preceding accounting year.

Moser Baer Photo Voltaic Ltd. and Moser Baer Solar Ltd. are the two, material non listed Indian Subsidiaries of the Company. The Company has complied with the requirement of appointing one of its Independent Director, Mr. Vineet Sharma and Mr. Bernard Gallus on the Board of Moser Baer Photo Voltaic Ltd. and Moser Baer Solar Ltd. respectively.

Minutes of the Board Meetings of the unlisted subsidiary companies are placed periodically before the Board of the Company. The management also periodically reviews the statement of all significant transactions and arrangements entered into by the unlisted subsidiary Companies.

## 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)
Thursday, 15 <sup>th</sup> April, 2010 to Saturday, 1 <sup>st</sup> May, 2010	Consideration of un-audited financial results for the quarter ended on 31 <sup>st</sup> March, 2010.	Thursday, 30 <sup>th</sup> April, 2010
Thursday, 27 <sup>th</sup> June, 2010 to Saturday, 13 <sup>th</sup> July, 2010	Consideration of the audited financial results for the year ended on 31 <sup>st</sup> March 2010.	Monday, 12 <sup>th</sup> July, 2010
Wednesday, 28 <sup>th</sup> July, 2010 to Friday, 13 <sup>th</sup> August, 2010	Consideration of un-audited financial results for the quarter ended on 30 <sup>th</sup> June 2010.	Thursday, 12 <sup>th</sup> August, 2010
Thursday, 14 <sup>th</sup> October, 2010 to Saturday, 30 <sup>th</sup> October, 2010	Consideration of un-audited financial results for the quarter ended on 30 <sup>th</sup> September, 2010.	Friday, 29 <sup>th</sup> October, 2010
Wednesday, 26 <sup>th</sup> January, 2011 to Friday, 11 <sup>th</sup> February, 2011	Consideration of un-audited financial results for the quarter ended on 31 <sup>st</sup> December, 2010.	Thursday, 10 <sup>th</sup> February, 2011

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

General Meeting	Date	Time	Venue	Special Resolutions
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>
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>

General Meeting	Date	Time	Venue	Special Resolutions passed
Annual General Meeting	30/09/2010	9:30 A.M.	FICCI Golden Jubilee Auditorium, Federation House, Tansen Marg, New Delhi- 110 001	a) To consider the matter relating to the alteration of the existing Clause 5 of the Articles of Association of the Company.

During the financial year 2010-11, no resolution was passed through Postal Ballot.

## 6. DISCLOSURES

- a) The Company has no material significant transaction with its related parties that may have a potential conflict with the interest of the Company. The details of transactions between the Company and the related parties are given for information under note 11 of schedule 22 Part B of the Balance Sheet as at 31st March, 2011. Only consultancy services from Harcourt, an entity where Mr. Frank E Dangeard, a non executive independent director is interested, has been taken amounting to Rs. 3,477,971 during year.
- 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 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) Jan Satta

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, 2010	14 <sup>th</sup> day of July, 2010
Unaudited financial results for the first quarter ended on June 30, 2010	14 <sup>th</sup> day of August, 2010
Unaudited financial results for the second quarter ended on September 30, 2010	31 <sup>st</sup> day of October, 2010
Unaudited financial results for the third quarter ended on December 31, 2010	12 <sup>th</sup> day of February, 2011
Unaudited financial results for the fourth quarter ended on March 31, 2011	14 <sup>th</sup> day of May, 2011

- b) The Company also ensures that these results are promptly and prominently displayed on the Company's website:- [www.moserbaer.in](http://www.moserbaer.in)
- c) The Company also complies with SEBI regulations regarding filing of its financial results.
- 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 2010-11.

## 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) 28<sup>th</sup> ANNUAL GENERAL MEETING

Date : 29<sup>th</sup> September, 2011

Time : 9.30 A.M.

Venue : NCUI Auditorium, NCUI Convention Centre 3, Khel Gaon Marg, New Delhi - 110016



b) FINANCIAL CALENDAR:  
1<sup>st</sup> April to 31<sup>st</sup> March

For the year ending March 31, 2012, results will be announced by

First quarter- on or before August 15, 2011  
Half yearly- on or before November 15, 2011  
Third quarter- on or before February 15, 2012  
Fourth quarter and annual- May 30, 2012

c) BOOK CLOSURE:

28<sup>th</sup> September, 2011 to 29<sup>th</sup> September, 2011

d) 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 2011-12 to Bombay Stock Exchange Limited and to National Stock Exchange of India Limited.

e) STOCK CODE

i) Bombay Stock Exchange is: 517140

ii) National Stock Exchange is: MOSERBAER

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

Top Ten/ Shareholder holding more than 1% and more shares as on 31st March, 2011

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

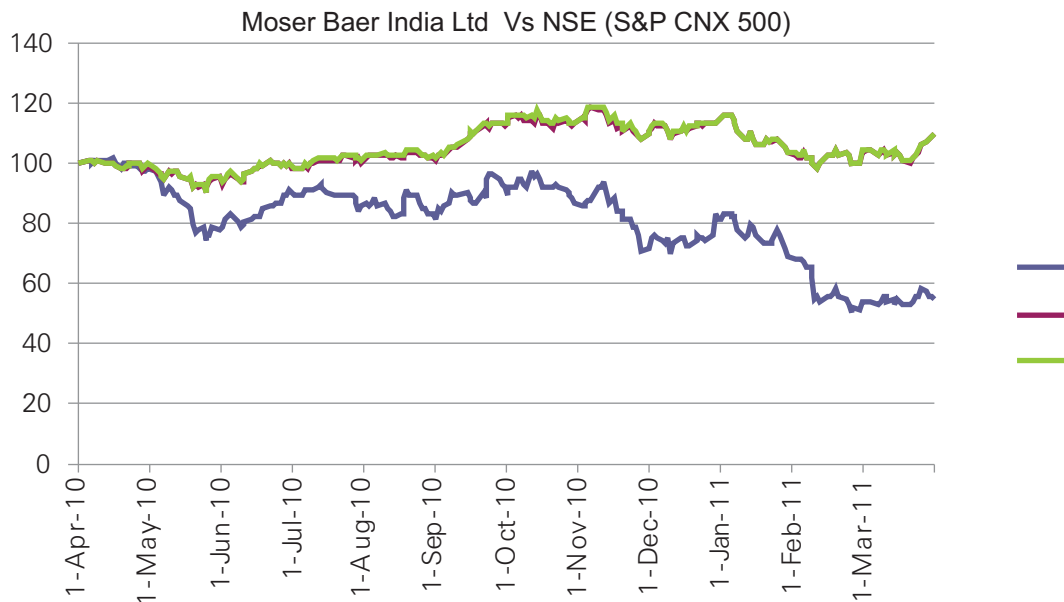
g) STOCK PRICE DATA

Stock Market Data at BSE and NSE for the period 1<sup>st</sup> April, 2010 to 31<sup>st</sup> March, 2011.

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, 2010	78.3	72.3	78.9	72.6
May, 2010	74.1	51.95	74.15	54.55
June, 2010	69.3	58.05	69.25	58.05
July, 2010	70.9	63.15	71.9	63.2
August, 2010	70.35	61.05	70.3	60.5
September, 2010	74.35	61	74.4	61.7
October, 2010	74.8	64.1	74.8	64
November, 2010	71.4	50	71.35	50.25
December, 2010	64.45	51.25	64.5	51
January, 2011	63.9	50.1	63.95	50.05
February, 2011	53.25	37.35	53.2	36.95
March, 2011	45.9	38.25	45.1	37.8

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



i) DISTRIBUTION OF SHAREHOLDING AS ON 31<sup>ST</sup> MARCH, 2011

No. of Equity Shares held	No. of shareholders	%age of shareholders	No. of shares	%age of shares
Upto 5,000	113,278	99.41%	27,208,476	16.17%
5,001 to 10,000	351	0.31%	2,547,273	1.51%
10,001 to 20,001	143	0.13%	2,070,434	1.23%
20,001 to 30,000	50	0.04%	1,231,568	0.73%
30,001 to 40,000	27	0.02%	9,48,237	0.56%
40,001 to 50,000	19	0.02%	847,304	0.50%
50,001 to 100,000	17	0.01%	1,137,703	0.68%
100,001 & above	61	0.06%	132,315,109	78.62%
<b>Total</b>	<b>113,946</b>	<b>100%</b>	<b>168,306,104</b>	<b>100%</b>

j) 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

k) 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.

l) DEMATERIALISATION OF SHARES AND LIQUIDITY

The Equity Shares of the Company are actively traded at major Stock Exchanges in dematerialized mode. As on 31<sup>st</sup> March 2011, 93.30% of the shares were held in dematerialized mode by 97.60% of the total shareholders of the Company.



m) 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.

n) As on 31<sup>st</sup> March, 2011, no convertible securities including Global Depository Receipts were outstanding for conversion into an equal number of Equity Shares.

o) 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 - 110 020.

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, 1998-99, 1999-2000, 2000-2001, 2001-02 and 2002-03 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 2003-2004 to the Investor Education and Protection Fund by Saturday, 24th September, 2011.
- c. A brief resume as required under this clause of the Directors seeking re-appointment has been provided in the Notice calling the Annual General Meeting

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 19<sup>th</sup> 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 required 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. However, during the period under review, no resolution was passed through Postal Ballot.

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. Further, the Company has formulated and implemented a formal Whistle Blower Policy to report to management instances of any unethical behavior, moral turpitude, financial misappropriation, actual/suspected/anticipated fraud or violation of Company's Code of Conduct.

**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 behavior 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:

**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 31<sup>st</sup> March, 2011, all the Board Members and Senior Management Personnel have affirmed compliance with the code of ethics for Directors and Senior Management respectively.

Sd/-

Date: September 02, 2011

Place: New Delhi

Deepak Puri

Chairman and Managing Director

## 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 31<sup>st</sup> March, 2011, 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 we 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 31<sup>st</sup> March, 2011, 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 31<sup>st</sup> March, 2011, 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 31<sup>st</sup> March, 2011, there were no instances of the above nature.

Date : August 25, 2011  
Place : New Delhi

Sd/-  
Deepak Puri  
Chairman & Managing Director

Sd/-  
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, 2011, 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: September 02, 2011

For Price Waterhouse  
Firm Registration No.012754N  
Chartered Accountants

**Anuradha Tuli**  
Partner  
Membership No: F-085611



## 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, 2011, 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 after the year end 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 granted/ taken any loans, secured or unsecured, to/ from companies, firms or other parties covered in the register maintained under Section 301 of the Act and accordingly clauses (iii)(b), (iii)(c), (iii)(d), (iii)(f) and (iii)(g) of paragraph 4 of the Order 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. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- ix. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, except some delays in the deposit of dues of service tax, sales tax, professional tax and income tax, the Company is 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. The extent of the arrears of statutory dues outstanding as at March 31, 2011 for a period of more than six months from the date they became payable are as follows:

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Due Date
Income Tax Act, 1961	Interest on delay of TDS	64,052	June'10	04.08.2010
Central Sales Tax Act, 1956	Central Sales Tax	239,248	2008-09, 2009-10	Various (20th of the next month)
Professional Tax Act, 1975	Professional Tax	21,067	2008-09	Various (last day of next month)

- (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, 2011 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
Central Excise Act, 1944	Excise duty	9,749,862	2008-09	High Court, Allahabad
	Excise duty	1,650,802	2006-07	Additional Commissioner, Noida
Customs Act, 1962	Customs duty	290,248,356	2006-07, 2007-08	Commissioner, Customs & Central Excise, Noida
Customs Act, 1962	Customs duty and penalty thereon	2,747,885 (4,500,696)	2001-02, 2010-11	CESTAT, New Delhi
	Customs duty	13,924,896	2007-08	CESTAT, Chennai
	Customs duty	59,124	2009-10	Assistant Commissioner, CE Noida
	Customs duty	35,183	2008-09	Commissioner, Appeals
Finance Act, 1994	Service tax and penalty thereon	824,004	2000-02	Commissioner (Appeals), Customs & Central Excise, Noida
	Service tax	72,043,193 (2,953,470)	2000-02, 2003-04 2008-09	Commissioner Customs & Central Excise, Noida
	Service tax	5,440,788	1999-00	Deputy 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
	Service tax and penalty thereon	3,920,092	2000-02	High Court, New Delhi
	Service tax and penalty thereon	63,316,764	2005-06	CESTAT, New Delhi
	Service tax	6,061,032	2008-09, 2009-10 2010-11	Additional Commissioner, Noida
Central Sales Tax Act, 1956	Sales tax	10,601,742 (4,543,604)	2006-07	Joint Commissioner (Appeals), Noida
	Sales tax	441,000	2007-08	Additional Commissioner (Appeals)
UP Trade Tax Act, 1948	Sales tax	212,375	2004-05	Joint Commissioner (Appeals), Noida
	Sales tax	195,050	2007-08	Commercial Tax Tribunal, Noida Bench
	Sales tax	735,146	2007-08	Additional Commissioner (Appeals)
Income Tax Act, 1961	Income tax	50,794,174 (34,500,000)	2004-05, 2005-06 2006-07, 2007-08	Commissioner of Income Tax (Appeals)

Notes:

1. The above details exclude appeals made by the Department to higher appellate authorities as there is no stay on the order passed by lower appellate authorities in favour of 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, 2011 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 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. The Company has not issued any debentures and accordingly clause (xix) of paragraph 4 of the Order 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 money raised by a public issue in an 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, 2011 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2011 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, 2011;
    - (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: 012754N  
Chartered Accountants

Place: New Delhi  
Date: August 25, 2011

**Anuradha Tuli**  
Partner  
Membership No: F-085611



**MOSER BAER INDIA LIMITED**  
**BALANCE SHEET AS AT MARCH 31, 2011**

	<u>Schedule</u>	<u>As at</u> <u>31.03.2011</u> Rs	<u>As at</u> <u>31.03.2010</u> Rs
<b>SOURCES OF FUNDS:</b>			
<b>SHAREHOLDERS' FUNDS:</b>			
Capital	1	1,683,061,040	1,683,061,040
Reserves and Surplus	2	<u>10,928,375,364</u>	<u>15,237,200,680</u>
		12,611,436,404	16,920,261,720
Government Grant (Refer Notes 7 of Schedule 22 Part-A and Note 19 of Schedule 22 Part-B)		35,000,000	-
<b>LOAN FUNDS:</b>			
Secured Loans	3	18,199,431,827	16,750,167,465
Unsecured Loans	4	3,947,542,500	5,084,122,672
Foreign Currency Monetary Item Translation Difference Account (Refer Note 17 of Schedule 22 Part-B)		32,392,554	-
<b>TOTAL</b>		<u><u>34,825,803,285</u></u>	<u><u>38,754,551,857</u></u>
<b>APPLICATION OF FUNDS:</b>			
<b>FIXED ASSETS:</b>			
Gross Block	5	44,842,316,995	43,805,196,089
Less: Depreciation/ Amortisation		<u>29,837,985,519</u>	<u>26,095,380,376</u>
Net Block		15,004,331,476	17,709,815,713
Capital Work-in-Progress	5	<u>548,038,182</u>	<u>558,661,008</u>
		15,552,369,658	18,268,476,721
<b>INVESTMENTS</b>	6	7,008,748,108	5,993,089,505
Foreign Currency Monetary Item Translation Difference Account (Refer Note 17 of Schedule 22 Part-B)		-	97,246
<b>CURRENT ASSETS, LOANS AND ADVANCES:</b>			
Inventories	7	6,498,335,677	6,140,673,352
Sundry Debtors	8	9,626,835,506	10,578,757,578
Cash and Bank Balances	9	1,831,018,524	2,328,944,021
Other Current Assets	10	214,448,473	160,407,731
Loans and Advances	11	<u>2,179,557,768</u>	<u>3,287,405,509</u>
		20,350,195,948	22,496,188,191
Less: <b>CURRENT LIABILITIES AND PROVISIONS:</b>	12		
Current Liabilities		6,415,965,907	6,555,294,667
Provisions		<u>1,669,544,522</u>	<u>1,448,005,139</u>
		8,085,510,429	8,003,299,806
Net Current Assets		12,264,685,519	14,492,888,385
<b>TOTAL</b>		<u><u>34,825,803,285</u></u>	<u><u>38,754,551,857</u></u>
<b>SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS</b>	22		

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

The schedules referred to above from 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 : 012754N  
Chartered Accountants

Deepak Puri  
Chairman and  
Managing Director

Ratul Puri  
Executive Director

Anuradha Tuli  
Partner  
Membership Number : F-085611

Yogesh Mathur  
Group CFO

Minini Katariya  
Head Legal and  
Company Secretary

Place: New Delhi  
Date: August 25, 2011

**MOSER BAER INDIA LIMITED**  
**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011**

	Schedule	Year ended 31.03.2011	Year ended 31.03.2010
<b>INCOME:</b>		<b>Rs.</b>	<b>Rs.</b>
Gross Sales (Refer Note 2 of Schedule 22 Part-A and Note 22 of Schedule 22 Part-B)		17,889,218,579	20,517,645,864
Less: Excise Duty	13	<u>564,050,191</u>	<u>531,266,917</u>
Net Sales		17,325,168,388	19,986,378,947
Services	14	<u>876,190,436</u>	<u>588,530,336</u>
		18,201,358,824	20,574,909,283
Other Income	15	<u>909,951,201</u>	<u>2,296,943,741</u>
		<u><b>19,111,310,025</b></u>	<u><b>22,871,853,024</b></u>
<b>EXPENDITURE:</b>			
(Increase)/ Decrease in stock of Finished Goods, Work in Progress, Traded Goods and Film Rights	16	(286,965,870)	(130,556,647)
Purchase of Traded Goods and Film Rights		323,166,422	867,068,776
Cost of Film Production		-	81,007,222
Raw Materials and Components Consumed		8,426,692,320	7,087,770,059
Packing Materials Consumed		1,622,235,631	1,726,462,812
Stores, Spares and Tools Consumed		560,784,058	662,940,049
Personnel Expenses	17	1,893,380,770	2,028,021,136
Administration and Other Expenses	18	4,669,450,788	4,288,754,144
Interest and Finance Charges	19	2,019,572,460	1,868,342,080
Depreciation/ Amortisation	20	<u>3,855,840,515</u>	<u>4,918,859,810</u>
		<u><b>23,084,157,094</b></u>	<u><b>23,398,669,441</b></u>
<b>(Loss) before Exceptional Items and Tax</b>		<u><b>(3,972,847,069)</b></u>	<u><b>(526,816,417)</b></u>
Exceptional Items Income/(Expense)	21	<u>(34,300,000)</u>	<u>88,230,721</u>
<b>(Loss) before Tax</b>		<u><b>(4,007,147,069)</b></u>	<u><b>(438,585,696)</b></u>
<b>Tax Expense:</b> (Refer Note 11 of Schedule 22 Part-A and Note 7 of Schedule 22 Part-B)			
Current Tax (Previous Year represents excess provisions of earlier years no longer required written back)		-	(74,243,928)
Fringe Benefits Tax (Previous Year represents provision of earlier years no longer required written back)		-	(2,275,022)
Deferred Tax (net) (Refer Note 8 of Schedule 22 Part-B)		-	-
<b>Net (Loss) after Tax</b>		<u><b>(4,007,147,069)</b></u>	<u><b>(362,066,746)</b></u>
<b>APPROPRIATIONS:</b>			
Proposed Dividend:			
-on Equity Shares		-	100,983,662
Dividend Distribution Tax on Proposed Dividend		-	16,772,124
Transferred to General Reserve		(4,007,147,069)	(479,822,532)
Balance carried to Balance Sheet			
<b>Total</b>		<u><b>(4,007,147,069)</b></u>	<u><b>(362,066,746)</b></u>
<b>Earnings/(Loss) Per Share (Face Value of Rs. 10 each)</b>			
Basic		(23.81)	(2.15)
Diluted		(23.81)	(2.15)
(Refer Note 16 of Schedule 22 Part-A and Note 12 of Schedule 22 Part-B)			
<b>SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS</b>	<b>22</b>		

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

The schedules referred to above from an intergral 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 : 012754N  
Chartered Accountants

Deepak Puri  
Chairman and  
Managing Director

Ratul Puri  
Executive Director

Anuradha Tuli  
Partner  
Membership Number : F-085611

Yogesh Mathur  
Group CFO

Minini Katariya  
Head Legal and  
Company Secretary

Place: New Delhi  
Date: August 25, 2011

**MOSER BAER INDIA LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011**

	<u>Schedule</u>	<u>Year ended</u> <u>31.03.2011</u>	<u>Year ended</u> <u>31.03.2010</u>
		Rs	Rs
<b>Cash flow from operating activities:</b>			
Net (Loss) before tax		(4,007,147,069)	(438,585,696)
<b>Adjustments for:</b>			
Depreciation/Amortisation		3,855,80,515	4,918,859,810
Interest Expense		1,899,794,894	1,715,483,289
Interest Income		(289,068,998)	(200,872,052)
(Profit)/ Loss on sale of entertainment business		-	(64,041,243)
(Profit)/ Loss on sale of Fixed Assets		(72,373,119)	4,512,669
Debts/ Advances Written off		61,779	2,370,278
Provision for Bad and Doubtful Debts		108,589,804	1,738,604
Provision for Doubtful Advances		-	8,690,140
Provisions/Liabilities no longer required written back		(92,282,509)	(85,479,771)
Provision for Gratuity and Leave Encashment		12,431,665	31,507,834
Provision for Slow Moving Stock		9,633,974	-
Provision for Warranty		(22,922,495)	23,045,155
Provision for Other Probable Obligations		48,642,050	28,763,363
Reversal of provision for Other Probable Obligations		-	(79,602,108)
Unrealised foreign exchange (gain)/ loss		(61,761,503)	98,922,543
Exceptional Items (net)		34,300,000	(88,230,721)
<b>Operating Profit before working capital changes</b>		<b>1,423,738,988</b>	<b>5,877,082,094</b>
<b>Adjustments for changes in working capital:</b>			
(Increase)/ Decrease in Sundry Debtors		830,130,608	(3,338,102,941)
(Increase)/ Decrease in Loans and Advances and Other Current Assets		559,789,210	(194,761,151)
(Increase)/ Decrease in Inventories		(367,296,300)	21,310,786
Increase/ (Decrease) in Current Liabilities		(80,127,907)	1,445,502,200
<b>Cash generated from operations</b>		<b>2,366,234,599</b>	<b>3,811,030,988</b>
Income Tax (Paid) / Refund (Net of Tax Deducted at Source)		440,265,685	(58,045,651)
<b>Net cash from operating activities</b>	<b>A</b>	<b>2,806,500,284</b>	<b>3,752,985,337</b>
<b>Cash flow from Investing activities:</b>			
Purchase of fixed assets/additions to capital work in progress		(1,158,867,186)	(759,563,108)
Proceeds from Sale of fixed assets		144,215,294	2,132,123
Receipt of Government Grant for Renewable Energy		35,000,000	-
Proceeds from sale of entertainment business (net of cash & cash equivalents transferred)		-	1,398,881,717
Proceeds from redemption of Investment in a Subsidiary Company		581,267,997	-
Loans and advances given to Subsidiary Companies		(1,875,300,000)	(1,011,137,221)
Loans and advances received from Subsidiary Companies		2,065,761,749	208,219,716
Investment in Subsidiary Companies		(1,631,226,600)	(3,315,500,000)
Interest Received		196,039,110	163,144,861
<b>Net cash used in investing activities</b>	<b>B</b>	<b>(1,643,109,636)</b>	<b>(3,313,821,912)</b>
<b>Cash flow from financing activities:</b>			
Receipts of Long Term Loans		5,749,900,000	5,000,000,000
Repayment of Long Term Loans		(3,342,482,926)	(5,245,643,642)
Payment of Zero Coupon Foreign Currency Convertible Bonds		-	(322,677,095)
Proceeds from short term loans (net)		(2,064,185,608)	(51,864,107)
Interest Paid		(1,886,992,542)	(1,713,678,490)
Dividend Paid		(100,782,945)	(100,740,954)
Dividend Distribution Tax Paid		(16,772,124)	(17,162,173)
<b>Net cash used in financing activities</b>	<b>C</b>	<b>(1,661,316,145)</b>	<b>(2,451,766,461)</b>
<b>Net (Decrease) in Cash and Cash Equivalents</b>	<b>(A+B+C)</b>	<b>(497,925,497)</b>	<b>(2,012,603,036)</b>
Cash and cash equivalents at beginning of the year		2,328,944,021	4,341,547,057
Cash and cash equivalents at end of the year		1,831,018,524	2,328,944,021

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**MOSER BAER INDIA LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011**

	Year ended <u>31.03.2011</u> Rs.	Year ended <u>31.03.2010</u> Rs.
<b>Cash and cash equivalents comprise:</b>		
Cash, Cheques and Drafts in hand	172,219,722	49,443,617
Remittances in transit	62,741,000	5,367,922
Fixed Deposits	1,230,389,975	1,736,340,633
Balance with Scheduled Banks	361,080,407	533,150,082
Balance with a Non-Scheduled Bank	4,587,420	4,641,767
	<u>1,831,018,524</u>	<u>2,328,944,021</u>

Notes :

1. The above Cash Flow Statement has been prepared under the indirect method set out in AS-3 notified under sub-section 3C of Section 211 of the Companies Act, 1956.
2. Figures in brackets indicate cash outgo.
3. Corresponding figures for the Previous Year have been regrouped and recast wherever necessary to conform to the current year's classification.
4. Cash and cash equivalents includes balances in Unpaid Dividend Account amounting to Rs. 4,424,912 (Previous Year Rs 4,224,195) and in Fixed Deposit under lien amounting to Rs. 1,047,741,384 (Previous Year Rs. 1,735,692,040), which are not available for use by the Company (Refer Schedule 9).
5. 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 : 012754N  
Chartered Accountants

**Deepak Puri**  
Chairman and  
Managing Director

**Ratul Puri**  
Executive Director

**Anuradha Tuli**  
Partner  
Membership Number : F-085611

**Yogesh Mathur**  
Group CFO

**Minini Katariya**  
Head Legal and  
Company Secretary

Place: New Delhi  
Date: August 25, 2011



**MOSER BAER INDIA LIMITED**  
**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011**

	<u>As at 31.03.2011</u>	<u>As at 31.03.2010</u>
	<u>Rs.</u>	<u>Rs.</u>
<b>SCHEDULE 1 - CAPITAL:</b>		
<b>(Refer Note 13 of Schedule 22 Part A)</b>		
<b>Authorised:</b>		
262,500,000 (Previous Year 207,500,000) Equity Shares of Rs.10 each	2,625,000,000	2,075,000,000
750,000 (Previous Year 750,000) Preference Shares of Rs.100 each	<u>75,000,000</u>	<u>75,000,000</u>
	<u><u>2,700,000,000</u></u>	<u><u>2,150,000,000</u></u>
<b>Issued, Subscribed and Paid-up:</b>		
168,306,104 (Previous Year 168,306,104) Equity Shares of Rs.10 each fully paid (Refer Notes below)	<u>1,683,061,040</u>	<u>1,683,061,040</u>
<b>TOTAL</b>	<u><u>1,683,061,040</u></u>	<u><u>1,683,061,040</u></u>
<b>Notes:</b>		
1 Above includes 25,000 Equity Shares of Rs. 10 each issued in the year 2008-09 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 had allotted 56,077,035 Equity shares which also includes 127,975 Equity shares against options exercised after the record date.		
<b>SCHEDULE 2 - RESERVES AND SURPLUS:</b>		
<b>(Refer Note 7 of Schedule 22 Part A)</b>		
<b>Capital Reserve:</b>		
As per last Balance Sheet	<u>181,440,000</u>	<u>181,440,000</u>
	<u>181,440,000</u>	<u>181,440,000</u>
<b>Securities Premium Account: (Refer Note 16(c) of Schedule 22 Part-B)</b>		
As per last Balance Sheet	8,170,237,602	8,334,425,901
Add:- Provision for redemption of Zero Coupon Foreign Currency Convertible Bonds reversed during the year on repurchase	-	77,085,113
Less:- Provision for redemption of Zero Coupon Foreign Currency Convertible Bonds	<u>301,678,247</u>	<u>241,273,412</u>
	<u>7,868,559,355</u>	<u>8,170,237,602</u>
<b>General Reserve:</b>		
As per last Balance Sheet	6,885,523,078	7,365,345,610
Add: Transferred from Profit and Loss Account during the year	<u>(4,007,147,069)</u>	<u>(479,822,532)</u>
	<u>2,878,376,009</u>	<u>6,885,523,078</u>
<b>TOTAL</b>	<u><u>10,928,375,364</u></u>	<u><u>15,237,200,680</u></u>

**MOSER BAER INDIA LIMITED**  
**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011**

	<u>As at 31.03.2011</u>	<u>As at 31.03.2010</u>
	<u>Rs.</u>	<u>Rs.</u>
<b><u>SCHEDULE 3- SECURED LOANS:</u></b>		
(Refer Notes 8 and 10 of Schedule 22 Part-A)		
<b><u>Term Loans (Refer Notes below):</u></b>		
<b>From Banks:</b>		
Rupee Loans	10,833,850,753	8,125,218,269
Interest Accrued and Due on Rupee Loans	86,693,870	53,139,692
	<u>10,920,544,623</u>	<u>8,178,357,961</u>
<b>From Others:</b>		
Rupee Loans	276,923,078	461,538,462
Interest Accrued and Due	2,086,056	4,840,465
Foreign Currency Loans	171,491,737	287,773,936
	<u>11,371,045,494</u>	<u>8,932,510,824</u>
<b><u>Other Loans:</u></b>		
Short Term Loans from Banks: (Refer notes below)	5,900,388,851	7,716,713,476
Interest Accrued and Due thereon	10,012,672	23,587,294
Secured by lien on Fixed Deposits	917,984,810	77,355,871
	<u>6,828,386,333</u>	<u>7,817,656,641</u>
<b>TOTAL</b>	<u><u>18,199,431,827</u></u>	<u><u>16,750,167,465</u></u>

**Notes:**

1. Loans from Union Bank of India, Syndicate Bank, United Bank of India, State Bank of Indore, Punjab National Bank, Oriental Bank of Commerce, UCO Bank, State Bank of Patiala, Bank of Maharashtra, Bank of Baroda, Jammu and Kashmir Bank, State Bank of Bikaner and Jaipur, State Bank of Hyderabad, Central Bank of India 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, Central Bank of India, and UCO Bank 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 company.
3. Term Loans repayable within one year Rs. 4,357,896,019 (Previous Year Rs. 3,203,891,304).

**SCHEDULE 4 - UNSECURED LOANS**

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

**Short term loans from Banks**

Rupee Loan	-	1,100,000,000
Interest Accrued and Due	-	9,587,672
	<u>-</u>	<u>1,109,587,672</u>

**Other Loans**

<b>Foreign Currency Convertible Bonds (Refer Note 16 of Schedule 22 Part-B)</b>		
Zero Coupon Tranche A Convertible Bonds Due 2012 USD 45,500,000 (Previous Year USD 45,500,000)	2,024,797,500	2,043,405,000
Zero Coupon Tranche B Convertible Bonds Due 2012 USD 43,000,000 (Previous Year USD 43,000,000)	1,922,745,000	1,931,130,000
<b>TOTAL</b>	<u><u>3,947,542,500</u></u>	<u><u>5,084,122,672</u></u>

**MOSER BAER INDIA LIMITED**  
**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011**

**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 01.04.2010	Additions	Deletions/ Adjustments	As at 01.04.2010	For the Year	Deletions/ Adjustments	As at 31.03.2011	As at 31.03.2010	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
<b>Tangible Assets</b>									
Leasehold Land(Refer Note 2 below)	273,666,570	-	-	23,305,891	2,966,302	-	26,272,193	247,394,377	250,360,679
Buildings (Refer Note 2 below and Note 5(C) of Schedule 22 Part-B)	3,220,088,673	15,942,045	-	707,801,125	110,125,391	-	817,926,516	2,418,104,202	2,512,287,548
Leasehold Improvements	37,183,913	-	-	26,411,207	4,500,570	-	30,911,777	6,272,136	10,772,706
Plant and Machinery, Electrical Installations and Other Equipments (Refer Notes below and Refer Note 5(C) of Schedule 22 Part B)	39,409,433,085	1,167,334,729	164,440,685	24,870,135,947	3,604,174,398	94,220,169	28,380,090,176	12,032,236,953	14,539,297,138
Furniture and Fixtures (Refer Note 2 below)	180,482,666	3,390,634	690,582	72,515,442	10,168,810	199,458	82,484,794	100,697,924	107,967,224
Office Equipments (Refer Note 2 below)	101,550,318	3,613,133	942,057	33,194,433	4,734,460	191,252	37,737,641	66,483,753	68,355,885
Computers (Refer Note 2 below)	199,726,513	7,288,048	802,297	133,424,276	18,807,130	626,007	151,605,399	54,606,865	66,302,237
Vehicles	25,110,566	-	1,291,431	12,108,413	1,979,544	1,128,863	12,959,094	10,860,041	13,002,153
<b>Intangible Assets</b>									
Software	64,206,192	7,985,572	266,203	39,841,601	8,474,891	225,331	48,091,161	23,834,400	24,364,591
Technical Know How	293,747,593	-	-	176,642,041	73,264,727	-	249,906,768	43,840,825	117,105,552
<b>TOTAL</b>	<b>43,805,196,089</b>	<b>1,205,554,161</b>	<b>168,433,255</b>	<b>26,095,380,376</b>	<b>3,839,196,223</b>	<b>96,591,080</b>	<b>29,837,985,519</b>	<b>15,004,331,476</b>	<b>17,709,815,713</b>
<b>Capital Work in Progress:</b>									
Capital Work in Progress, including Capital Advances Rs. 123,515,383 (Previous Year Rs. 78,020,513) and Capital Goods in transit Rs. 24,443,642 (Previous Year 26,096,358)								548,038,182	494,697,182
Expenditure pending allocation (Refer Note 6 of Schedule 22 Part-B)								-	63,963,826
<b>TOTAL</b>								<b>548,038,182</b>	<b>558,661,008</b>
<b>Grand Total</b>	<b>43,805,196,089</b>	<b>1,205,554,161</b>	<b>168,433,255</b>	<b>26,095,380,376</b>	<b>3,839,196,223</b>	<b>96,591,080</b>	<b>29,837,985,519</b>	<b>15,552,369,658</b>	<b>18,268,476,721</b>
Previous Year	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	

**Notes:**

- Gross Block and additions to Plant and Machinery are net off exchange loss of Rs. 5,229,982 (Previous Year exchange gain of Rs. 173,389,688).
- Gross Block of fixed assets include Rs. 296,108,784 (Previous Year Rs. 81,276,824) relating to the SEZ division of the Company.

**MOSER BAER INDIA LIMITED**  
**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011**

	As at 31.03.2011		As at 31.03.2010	
	Rs.	Rs.	Rs.	Rs.
<b>SCHEDULE 6 - INVESTMENTS</b>				
(Refer Note 5 of Schedule 22 Part-A)				
<b>Long Term Unquoted (Non Trade):</b>				
<b>Investment in Subsidiaries</b>				
<b>European Optic Media Technology GMBH</b>				
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)				
<b>Peraround Limited</b>				
1,524,761 (Previous Year 1,524,761) Ordinary Shares of €1.71 each.		154,618,741		154,618,741
1,833 (Previous Year 15,866) Zero Coupon Redeemable Preference Shares of € 100 each at a premium of € 990 each.	299,156,000		880,423,997	
Less:- Provision for Diminution in value of Investment	<u>223,624,000</u>	75,532,000	<u>223,624,000</u>	656,799,997
<b>Moser Baer Photo Voltaic Ltd</b>				
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
<b>Moser Baer Solar Limited (formerly PV Technologies India Ltd.)</b>				
105,000,000 (Previous Year 105,000,000) Class C Redeemable Preference Shares of Rs.10/-each.	1,050,000,000		1,050,000,000	
41,000,000 (Previous Year 41,000,000) Series C Redeemable Preference Shares of Rs.10/-each	410,000,000		410,000,000	
One (Previous Year Nil) 13.25% Non Convertible Debenture of Rs. 60,000,000/-each	60,000,000		-	
One (Previous Year Nil) 13.25% Non Convertible Debenture of Rs. 65,000,000/-each	65,000,000		-	
One (Previous Year Nil) 13.25% Non Convertible Debenture of Rs. 375,000,000/-each	<u>375,000,000</u>	1,960,000,000	<u>-</u>	1,460,000,000
<b>Photovoltaic Holdings Ltd</b>				
7,086,860 (Previous Year Nil) Equity Shares of GBP 1/- each		498,080,000		-
<b>Moser Baer SEZ Developer Ltd</b>				
3,000,000 (Previous Year 3,000,000) Equity Shares of Rs 10/- each		30,000,000		30,000,000
7,500,000 (Previous Year 7,500,000) 9% Compulsorily Cumulative Convertible Preference Shares of Rs. 10/- each at the premium of Rs 90/-each (Refer Note 11.3(a) of Schedule 22 Part-B)		750,000,000		750,000,000
<b>Moser Baer Entertainment Ltd</b>				
270,000 (Previous Year 270,000) Equity Shares of Rs 10/- each. Includes Share Application money Rs. Nil (Previous Year Rs. 1,100,000,000)		2,700,000		1,102,700,000
6,000,000 (Previous Year Nil) Equity Shares of Rs 10/- each at premium of Rs. 90/- each.		600,000,000		-
50,000,000 (Previous Year Nil) 10% p.a Cumulative, Redeemable Preference Shares of Rs 10/- each.		500,000,000		-
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
<b>Moser Baer Investments Ltd</b>				
1,350,000 (Previous Year 750,000 ) Equity Shares of Rs 10/- each (Previous Year Share Application Money Rs. 4,000,000)	13,500,000		11,500,000	
63,114,660 (Previous Year Nil) Compulsorily Convertible Preference Shares of Rs. 10 each (Refer Note 11.3(b) of Schedule 22 Part-B)	<u>631,146,600</u>	644,646,600	<u>-</u>	11,500,000
<b>Lumen Engineering Pvt Ltd.</b>				
102,000 (Previous Year 102,000) Equity Shares of Rs. 10/- each		1,020,000		1,020,000
<b>Moser Baer Projects Pvt. Ltd</b>				
510,000 (Previous Year 510,000) Equity Shares of Rs 10/- each		5,100,000		5,100,000



**MOSER BAER INDIA LIMITED**  
**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011**

	As at 31.03.2011		As at 31.03.2010	
	Rs.	Rs.	Rs.	Rs.
<b>Investments in Others</b> (Refer Schedule 21)				
<b>CAPCO LUXEMBOURG S.a.r.l.</b>				
1 (Previous Year 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	
<b>Less:</b> Provision for Diminution in value of Investment	<u>320,668,823</u>	4,961	<u>320,668,823</u>	4,961
<b>Global Data Media FZ-LLC (Associate)</b>				
7,194 Shares (Previous Year 7,194) of AED 1,000 each	92,532,185		92,532,185	
<b>Less:</b> Provision for Diminution in value of Investment	<u>92,532,185</u>	-	<u>92,532,185</u>	-
<b>Moser Baer Infrastructure Ltd (Associate)</b>				
3,430,000 (Previous Year 3,430,000) Equity Shares of Rs. 10/- each	34,300,000		34,300,000	
<b>Less:</b> Provision for Diminution in value of Investment	<u>34,300,000</u>	-	<u>-</u>	34,300,000
<b>TOTAL (aggregate value of unquoted investments)</b>		<b><u>7,008,748,108</u></b>		<b><u>5,993,089,505</u></b>

**SCHEDULE 7 - INVENTORIES:**

(Refer Note 6 of Schedule 22 Part-A)

Stores and spare parts including in transit Rs. 5,421,077 (Previous Year Rs. 2,286,851) -net of provision for non-moving stock Rs. 5,231,249 (Previous Year Rs. 232,201)	1,015,315,402		951,002,163	
Raw Materials and Components including in transit Rs.140,409,292 (Previous Year Rs. 128,480,331) -net of provision for non-moving stock Rs 562,289 (Previous Year Rs. 2,233)	842,502,663		843,940,619	
Packing Material including in transit Rs. 1,784,951 (Previous Year Rs. 5,967,699) -net of provision for non-moving stock Rs. 12,078,542 (Previous Year Rs.8,003,673)	179,272,426		168,172,868	
Work in Progress -net of provision for non-moving stock Rs. 1,186,784 (Previous Year Rs.Nil)	2,683,634,437		2,386,758,828	
Manufactured Finished Goods -net of provision for non-moving stock Rs. 1,548,122 (Previous Year Rs.11,694)	1,737,480,094		1,769,083,811	
Traded Goods & Film Rights	40,130,655		21,715,063	
<b>TOTAL</b>	<b><u>6,498,335,677</u></b>		<b><u>6,140,673,352</u></b>	

**SCHEDULE 8- SUNDRY DEBTORS:**

(Refer Note 22 of Schedule 22 Part-B)

(Unsecured - Considered Good, unless otherwise stated):

<b>Debts outstanding for a period exceeding six months</b>				
Considered Good	2,482,848,366		1,793,207,989	
Considered Doubtful	279,978,318		171,388,514	
	<u>2,762,826,684</u>		<u>1,964,596,503</u>	
<b>Less:</b> Provision for Doubtful Debts	<u>279,978,318</u>	2,482,848,366	<u>171,388,514</u>	1,793,207,989
<b>Other Debts*</b>				
Considered good - in respect of which the Company is fully secured		1,715,000,000		1,715,000,000
Considered Good		5,428,987,140		7,070,549,589
<b>TOTAL</b>		<b><u>9,626,835,506</u></b>		<b><u>10,578,757,578</u></b>

\* Includes finance lease receivable Rs. 3,138,177,044 (Previous Year Rs. 3,140,124,828) from Moser Baer Solar Limited (Formerly PV Technologies India Limited) and Rs. 363,382,262 (Previous Year Rs. 363,214,505) from Moser Baer Photo Voltaic Limited, being subsidiary companies.

**MOSER BAER INDIA LIMITED**  
**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011**

	As at 31.03.2011		As at 31.03.2010	
	Rs.	Rs.	Rs.	Rs.
<b>SCHEDULE 9 - CASH AND BANK:</b>				
Cash on hand including cheques/drafts		172,219,722		49,443,617
Remittance in Transit		62,741,000		5,367,922
<b>Balances with Scheduled Banks:</b>				
Current Accounts(Refer Note 1 below)	356,643,124		528,895,521	
Fixed Deposit Accounts (Refer Note 1 below)	1,230,389,975		1,736,340,633	
Unpaid Dividend Account	4,424,912		4,224,195	
E.E.F.C Accounts	<u>12,371</u>	1,591,470,382	<u>30,366</u>	2,269,490,715
<b>Balance with a Non Scheduled Bank:</b>				
Current Account with BANQUE PRIVEE EDMOND DE ROTHSCHILD S.A. AG (Refer Notes 1 & 2 below)		4,587,420		4,641,767
<b>TOTAL</b>		<u><u>1,831,018,524</u></u>		<u><u>2,328,944,021</u></u>

**Notes:**

- 1) Includes -
  - a) Rs. 1,047,741,384 (Previous Year Rs. 1,735,692,040) which is subject to lien with the bankers.
  - b) Rs. 2,232,221 (Previous Year Rs. 2,248,817) in current accounts with Scheduled Banks and Rs. 4,587,420 (Previous Year Rs. 4,641,767) in current account with other banks out of proceeds of Zero Coupon Foreign Currency Convertible Bonds.
- 2) BANQUE PRIVEE EDMOND DE ROTHSCHILD S.A. AG Maximum balance outstanding at any time during the year Rs. 4,796,189 (Previous Year Rs. 5,249,165)

**SCHEDULE 10- OTHER CURRENT ASSETS:**

Interest Accrued on Fixed Deposits	33,518,226	26,443,647
Interest Accrued on Investments	11,524,779	-
Interest Accrued on loans to subsidiaries	169,405,468	94,974,937
Fixed Assets held for sale	-	38,989,147
	<u><u>214,448,473</u></u>	<u><u>160,407,731</u></u>

**SCHEDULE 11- LOANS AND ADVANCES:**

(Unsecured - Considered Good, unless otherwise stated):

Advances and Loans to Subsidiaries (Refer Note 2 below)	1,249,589,535	1,395,775,452
Advances recoverable in cash or kind or for value to be received (Refer Note 1 below)	262,102,063	933,840,495
Considered Doubtful	<u>449,294</u>	<u>449,294</u>
	262,551,357	934,289,789
Less: Provision for Doubtful Advances	<u>449,294</u>	<u>449,294</u>
Advance to Suppliers	262,102,063	933,840,495
Balance with Government Authorities	104,181,598	132,122,436
Earnest Money/ Security Deposits	291,181,573	148,174,896
Advance Tax/ Tax Deducted at Source	75,801,793	39,991,041
	196,701,206	637,501,189
<b>TOTAL</b>	<u><u>2,179,557,768</u></u>	<u><u>3,287,405,509</u></u>

**Notes:**

- 1) Amount due from a Director and an Officer as at March 31, 2011 - Rs. 71,574 (Previous Year Rs. Nil). Maximum balance due at any time during the year from Director and an Officer of the Company Rs. 272,406 (Previous Year Rs. 20,000).
- 2) Maximum balance due at any time during the year from subsidiary companies was Rs. 2,586,673,733 (Previous Year Rs. 2,083,751,199).

**MOSER BAER INDIA LIMITED**  
**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011**

	As at 31.03.2011		As at 31.03.2010	
	Rs.	Rs.	Rs.	Rs.
<b><u>SCHEDULE 12- CURRENT LIABILITIES AND PROVISIONS:</u></b>				
<b><u>A. Current Liabilities:</u></b>				
Acceptances		1,098,504,823		1,173,237,510
Sundry Creditors				
- Total outstanding dues of micro and small enterprises (Refer Note 20 of Schedule 22 Part-B)	79,564,291		43,997,302	
- Total outstanding dues of creditors other than micro and small enterprises	<u>2,166,221,419</u>	2,245,785,710	<u>2,714,694,806</u>	2,758,692,108
Due to Subsidiary Companies		1,116,782,448		633,055,211
Advances from Customers		38,715,547		53,255,664
Unclaimed Dividend *		4,424,912		4,224,195
Other Liabilities		127,628,986		135,705,029
Book Overdrafts		-		10,056,381
Security Deposits **		1,780,466,025		1,785,894,101
Interest accrued but not due on Loans		3,657,456		1,174,468
<b>Total</b>		<u><b>6,415,965,907</b></u>		<u><b>6,555,294,667</b></u>
* The above amount shall be credited to Investor Education and Protection Fund as and when due.				
**The above amount includes Rs. 1,715,000,000 (Previous Year Rs. 1,715,000,000) received from subsidiaries.				
<b><u>B. Provisions:</u></b>				
(Refer Notes 9,11 and 15 of Schedule 22 Part-A)				
For Taxation				
- Current Tax [(including Wealth Tax Rs.271,600 (Previous Year Rs.201,172))	15,229,397		15,763,694	
- Fringe Benefits Tax	<u>69,312,775</u>	84,542,172	<u>69,312,775</u>	85,076,469
For Premium on Redemption of Zero Coupon Foreign Currency Convertible Bonds(Refer Note 16(c) of Schedule 22 Part-B)		1,064,331,621		762,653,374
For Proposed Dividend		-		100,983,662
For Dividend Distribution tax on Proposed Dividend		-		16,772,124
For Warranty (Refer Note 18 of Schedule 22 Part-B)		15,146,521		38,069,017
For Other Probable Obligations(Refer Note 18 of Schedule 22 Part-B)		341,604,177		292,962,127
Employee Benefit Schemes (Refer Note 15 of Schedule 22 Part-B)		163,920,031		151,488,366
<b>TOTAL</b>		<u><b>1,669,544,522</b></u>		<u><b>1,448,005,139</b></u>

**MOSER BAER INDIA LIMITED**

**SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31,2011**

	Year ended 31.03.2011		Year ended 31.03.2010	
	Rs.	Rs.	Rs.	Rs.
<b>SCHEDULE 13- EXCISE DUTY:</b>				
Excise Duty paid		560,771,805		521,775,017
Less: Excise duty on Closing Stock		25,094,455		28,372,841
Add: Excise duty on Opening Stock		<u>28,372,841</u>		<u>37,864,741</u>
<b>TOTAL</b>		<b><u>564,050,191</u></b>		<b><u>531,266,917</u></b>

**SCHEDULE 14- SERVICES:**

(Refer Note 2 of Schedule 22 Part-A and Note 14 of Schedule 22 Part-B)

Lease Rent		313,157,026		42,381,346
Service Charges		<u>563,033,410</u>		<u>546,148,990</u>
<b>TOTAL</b>		<b><u>876,190,436</u></b>		<b><u>588,530,336</u></b>

**SCHEDULE 15- OTHER INCOME:**

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

Interest Received (Gross):

a) On Deposits with banks	107,502,082	124,452,080		
b) On loans to Subsidiaries	123,403,942	43,621,842		
c) On Income Tax Refunds	45,357,666	32,622,115		
d) On unquoted Long term Investments	12,805,308	-		
e) On Loan to CAPCO LUXEMBOURG S.a.r.l.	<u>-</u>	<u>176,015</u>		
Tax Deducted at Source Rs. 10,792,627 (Previous Year Rs. 10,151,288)		289,068,998		200,872,052
Provisions/ Liabilities no longer required written back		92,282,509		85,479,771
Exchange Fluctuation (net)		96,298,326		-
Profit on cancellation of forward contracts (net)		13,368,504		1,518,531,162
Profit on sale of Fixed Assets (net)		72,373,119		-
Reversal of provision for Other Probable Obligations		-		79,602,108
FPS Incentive		182,894,305		-
Miscellaneous Income (Refer Note below)		<u>163,665,440</u>		<u>412,458,648</u>
<b>TOTAL</b>		<b><u>909,951,201</u></b>		<b><u>2,296,943,741</u></b>

**Note:**

Miscellaneous Income includes profit on transfer of Entertainment Business amounting to Rs. Nil (Previous Year Rs. 64,041,243). (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	1,737,480,094		1,769,083,811	
Work in Progress	2,683,634,437		2,386,758,828	
Traded Goods	<u>40,130,655</u>	4,461,245,186	<u>21,715,063</u>	4,177,557,702

Less: Opening 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*	<u>21,715,063</u>	4,177,557,702	<u>6,504,867</u>	4,056,492,955

Excise duty on Finished Goods		3,278,386		9,491,900
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<b>TOTAL</b>		<b><u>286,965,870</u></b>		<b><u>130,556,647</u></b>
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\* Previous Year Opening Stock of Film Rights is net of Rs. 34,688,764 transferred under a 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, 2011**

	<u>Year ended 31.03.2011</u>	<u>Year ended 31.03.2010</u>
	<u>Rs.</u>	<u>Rs.</u>
<b>SCHEDULE 17- PERSONNEL EXPENSES</b>		
(Refer Note 9 of Schedule 22 Part-A)		
Salaries, Allowances and Bonus	1,615,197,428	1,703,502,478
Contribution to Provident and other funds	114,220,655	133,320,062
Employee Welfare Expenses	155,625,738	174,431,125
Leave Encashment	8,336,949	16,767,471
<b>Total</b>	<b><u>1,893,380,770</u></b>	<b><u>2,028,021,136</u></b>
<b>SCHEDULE 18- ADMINISTRATION &amp; OTHER EXPENSES</b>		
(Refer Notes 10 and 12 of Schedule 22 Part-A)		
Power and Fuel	1,728,830,295	1,656,607,647
Commission on Sales	5,184,828	8,042,777
Rent (Including Lease Rent)	626,251,658	79,049,032
(Refer Note 5 of Schedule 22 Part-B)		
Repairs & Maintenance:		
- Building	2,347,352	2,530,962
- Plant & Machinery	96,940,193	74,750,234
- Others	37,523,430	42,308,764
Freight and Forwarding (net)	350,506,631	287,668,856
Insurance	127,674,722	135,974,579
Service Charges	277,301,562	236,743,462
Rates and Taxes	2,984,725	3,344,396
Director's Sitting Fees	1,530,000	1,749,999
Donation	-	6,900,000
Remuneration to Auditors (Refer Note 10.7 of Schedule 22 Part-B)	19,488,178	17,885,500
Royalty	693,216,026	1,044,514,309
(Refer Note 2 of Schedule 22 Part-B)		
Travelling and Conveyance	100,863,768	98,772,359
Bad Debts	-	1,245,935
Advances Written Off	61,779	1,124,344
Legal and Professional Charges	148,645,906	216,920,757
Provision for Other Probable Obligations	48,642,050	28,763,363
Warranty	27,311,897	68,379,279
Provision for doubtful debts	108,589,804	1,738,604
Provision for doubtful advances	-	8,690,140
Provision for Slow Moving Stock	9,633,974	-
Research and Development Expenses	5,969,764	3,302,430
Miscellaneous Expenses	249,952,246	236,911,841
Exchange Fluctuation (net)	-	20,321,906
Loss on sale of Fixed Assets (net)	-	4,512,669
<b>Total</b>	<b><u>4,669,450,788</u></b>	<b><u>4,288,754,144</u></b>
<b>SCHEDULE 19- INTEREST &amp; FINANCE CHARGES</b>		
(Refer Note 8 of Schedule 22 Part-A)		
Interest:		
On Fixed Loans	1,188,216,979	1,003,333,081
Others	711,577,914	712,150,208
Finance Charges	36,014,441	41,187,710
Bank Charges	83,763,126	111,671,081
<b>TOTAL</b>	<b><u>2,019,572,460</u></b>	<b><u>1,868,342,080</u></b>
<b>SCHEDULE 20- DEPRECIATION/ AMORTISATION</b>		
Depreciation on Fixed Assets (Refer Schedule 5)	3,839,196,223	4,640,767,939
Amortisation of Deferred Exchange Loss	16,644,292	278,091,871
<b>Depreciation charged to Profit and Loss</b>	<b><u>3,855,840,515</u></b>	<b><u>4,918,859,810</u></b>
<b>SCHEDULE 21- EXCEPTIONAL ITEMS</b>		
Profit on purchase of Foreign Currency Convertible Bonds (Refer Note 16(a) of Schedule 22 Part-B)	-	180,762,906
Less: Provision for Diminution in Long Term Investments (Refer Schedule 6)	34,300,000	92,532,185
<b>TOTAL</b>	<b><u>(34,300,000)</u></b>	<b><u>88,230,721</u></b>

## MOSER BAER INDIA LIMITED

### SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011

#### 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/ advances, employee retirement benefit plans, warranty, provision for income taxes, useful life of fixed assets, diminution in value of investments, other probable obligations and inventory write down.

###### 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.

FPS incentive is recognised as income based on the export of manufactured goods as per the revenue recognition policy of the company.

###### 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.

Incidental expenditure pending allocation and attributable to the acquisition of fixed assets is allocated/ capitalized with the related fixed assets.

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".

Fixed assets held for sale are recorded at lower of book value or estimated net realisable value.

###### 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.

## MOSER BAER INDIA LIMITED

### SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011

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

##### Part-A SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

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.

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, Traded Goods and Film Rights	}	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 lower of cost and net realisable value.

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.

Provision for Slow moving inventory is made below cost based on Management's best estimates of net realisable value.

##### 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 or construction 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.

## MOSER BAER INDIA LIMITED

### SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011

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

##### Part-A SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

#### 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. 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, 2012, 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



## MOSER BAER INDIA LIMITED

### SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011

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

##### Part-A SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

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.

#### 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.

Payments 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 CONTINGENT LIABILITIES

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, 2011**

**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.21,253,587,500 (Previous Year Rs. 17,383,425,000). Against these guarantees, loans aggregating Rs.18,083,789,271 (Previous Year Rs. 16,042,958,865) have been availed by the subsidiary companies. (Refer Note 11.4 below)

1.2 Disputed demands (Gross) in respect of:-

Entry Tax

[Amount paid under protest Rs. 1,863,606 (Previous Year Rs. 1,688,086); bank guarantees furnished Rs. 2,058,688 (Previous Year Rs. 1,882,668)]

Service Tax

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

Sales Tax

[Amount paid under protest Rs. 4,543,604 (Previous Year Rs. 7,003,604); bank guarantees furnished Rs. 11,408,640 (Previous Year Rs. 24,987,468)]

Custom duty and Excise duty

[Amount paid under protest Rs. 4,500,696 (Previous Year Rs. 594,598) ; bank guarantees furnished 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**

2010-11 (Rs.)	2009-10 (Rs.)
127,297,833	126,302,825
154,559,343	148,498,311
16,728,917	101,925,563
32,668,448	26,865,664
85,294,174	85,294,174
<b>416,548,715</b>	<b>488,886,537</b>

1.3 Claims against the Company not acknowledged as debts: Rs. 2,317,645 (Previous Year Rs. 2,317,645).

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 estimated 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 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.

**MOSER BAER INDIA LIMITED**

**SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011**

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

**Part -B NOTES TO ACCOUNTS (CONTD.)**

During the previous year, the company had entered into a "Settlement Agreement" with Phillips and Imation thus bringing an end to all disputes and also entered into a Capacity based Licencing Agreement with Philips for payment of licence fees on recordable media for a period of four year, the final impact of which has been considered in these financial statement.

- 3 During the Previous Year 2009-10, the Company had 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 were 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 (Rs.) 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)
<b>Net Profit</b>	<b>(64,041,243)</b>

- 4 4.1 Estimated value of contracts remaining to be executed on capital account and not provided for (net of advances):  
Rs. 447,328,684 (Previous Year Rs. 382,458,388).

4.2 Letters of Credit opened by banks on behalf of the Company: Rs. 859,758,073 (Previous Year Rs. 906,671,619).

**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. 61,856,036 (Previous Year Rs. 62,084,330). The total rent recovered on sub lease during the year is Rs. 21,001,680 (Previous Year Rs. 141,924).

**(B) Assets given on operating lease**

The company has taken buildings on operating lease. Future lease payments & receivables for the non cancellable lease are given as under:

S.No.	Particulars	2010-11	2009-10
1	<b>Total of future minimum lease payments under non cancellable operating lease for a period</b>		
	a. Not later than one Year	184,223,100	-
	b. Later than one Year & not later than five years	61,043,925	-
	c. Later than five years	123,179,175	-
		-	-
2	<b>Total of future minimum sub-lease rental receivable for a period of three years:</b>	<b>191,640,330</b>	<b>-</b>

**MOSER BAER INDIA LIMITED**

**SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011**

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

**Part-B NOTES TO ACCOUNTS (CONTD.)**

**(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:

	2010-11 (Rs.)	2009-10 (Rs.)
1 Gross investments in the lease as on 31-03-2011		
- Total gross investments in the lease for a period:		
a. Not later than one Year	445,740,000	445,740,000
b. Later than one Year and not later than five years	1,782,960,000	1,782,960,000
c. Later than five years	1,656,335,100	2,102,075,100
<b>Total</b>	<b>3,885,035,100</b>	<b>4,330,775,100</b>
2 Present value of minimum lease payments receivable as on 31-03-2011		
- Present value of minimum lease payment receivable:		
a. Not later than one Year	355,394,099	392,894,009
b. Later than one Year and not later than five years	1,057,436,075	1,186,826,431
c. Later than five years	343,799,509	564,337,418
<b>Total</b>	<b>1,756,629,683</b>	<b>2,144,057,858</b>
3 Unearned Finance Income	2,011,422,471	2,069,734,296
4 The present value of unguaranteed residual value	116,982,946	116,982,946

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 1,605,000,000) from the lessees which is refundable at the end of the lease term.

6 Expenditure pending allocation

Details of expenditure pending allocation are as follows:

	<u>As at 31.03.2011</u> Rs.	<u>As at 31.03.2010</u> Rs.
Stores spares and consumables	-	32,828,696
Raw Material cost- Trial run	-	11,334,831
Difference in exchange rate *	-	8,107,501
Interest Expenses	-	7,374,449
Freight and Cartage	-	2,988,230
Installation and Commissioning Charges	-	1,214,290
Travelling and Conveyance Expenses	-	96,695
LC Charges	-	19,134
Salaries and Wages	-	-
<b>Total</b>	<b>-</b>	<b>63,963,826</b>

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



**MOSER BAER INDIA LIMITED**

**SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011**

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

**Part -B NOTES TO ACCOUNTS (CONTD.)**

**7 Taxation**

Provision for taxation has not been made in the absence of assessable taxable profits as per 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 asset/liability is as under: (Rs.)

Particulars of Timing Differences	As at March 31, 2010	Movement during the year	As at March 31, 2011
<b>Deferred tax Liability</b>			
Foreign Currency Monetary Item Translation Difference Account	32,305	(32,305)	-
Provision for Lease Rent Equilisation	-	6,813,995	6,813,995
<b>Total</b>	<b>32,305</b>	<b>6,781,690</b>	<b>6,813,995</b>
<b>Deferred tax Assets</b>			
Unabsorbed Depreciation	32,305	-	32,305
Foreign Currency Monetary Item Translation Difference Account	-	6,781,690	6,781,690
<b>Total</b>	<b>32,305</b>	<b>6,781,690</b>	<b>6,813,995</b>
<b>Net deferred tax liability</b>	-	-	-
Previous Year	-	-	-

**Notes:**

- 1) The tax impact for the above purpose has been arrived at by applying a tax rate of 32.45% (Previous Year 33.22%) 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.

**8 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, The options granted vest over period of maximum of four years from the date of grant.

In case Employee Stock Option Plan -2004, The Exercise Price shall be as follows:-

- (I) Normal allocation- Rs125 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.

In case of Director's Stock Option Plan, the Exercise Price shall be Rs. 170 per Option or prevailing Market Price, whichever is higher.

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

	2010-11		2009-10	
	Number	Weighted Average Price (Rs.)	Number	Weighted Average Price (Rs.)
Options outstanding at beginning of year	1,795,785	242.78	3,537,350	251.31
Add: Options Granted	-	-	626,350	134.04
Less: Options Exercised	-	-	-	-
Options Cancelled	54,900	134.05	2,145,965	225.59
Options Lapsed	152,450	239.64	221,950	238.01
Options Forfeited	-	-	-	-
Options outstanding at the end of year	1,588,435	246.22	1,795,785	242.78
Option exercisable at the end of year	1,211,283	256.61	1,105,585	255.58

MOSER BAER INDIA LIMITED

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

Part -B NOTES TO ACCOUNTS (CONTD.)

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 to Rs. 491.90) and a weighted average remaining contractual life of 1.39 years (Previous Year 2.24 years).

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

**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 granted options shall be settled through issue of equity shares. The exercise price shall be as follows:-

(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.

All Options, whether vested or unvested, granted to grantee shall in any case expire after a period of 7 years from the offer date.

During the current year, the Company under the 2009 plan has issued 497,600 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

	2010-11		2009-10	
	Number	Weighted Average Price (Rs.)	Number	Weighted Average Price (Rs.)
Options outstanding at beginning of year	2,526,210	79.63	-	-
Add: Options Granted	497,600	63.26	2,535,810	79.63
Less: Options Exercised	-	-	-	-
Options Cancelled	435,070	77.39	9,600	79.40
Options Lapsed	-	-	-	-
Options Forfeited	-	-	-	-
Options outstanding at the end of year	2,588,740	76.86	2,526,210	79.63
Option exercisable at the end of year	430,708	79.77	-	-

The options outstanding at the end of year had exercise prices in the range of Rs. 46.30 to Rs. 170.00 (Previous Year Rs. 75.95 to Rs. 170.00) and a weighted average remaining contractual life of 3.04 years (Previous Year 3.94 years).

- b) The impact on the loss of the Company for the year ended March 31, 2011 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:

	2010-11	2009-10
	Rs.	Rs.
(Loss) after tax as per Profit and Loss Account (a)	(4,007,147,069)	(362,066,746)
Less: Employee Stock Compensation Expenses as per Fair Value method	35,009,489	16,586,107
(Loss) after tax recomputed for recognition of employee stock compensation expenses under fair value method	(4,042,156,558)	(378,652,853)
Earnings/(Loss) Per Share based on earning as per (a) above: (Refer Note 12 below)		
- Basic	(23.81)	(2.15)
- Diluted	(23.81)	(2.15)
Earnings/(Loss) Per Share had fair value method been employed for accounting of employee Stock options:		
- Basic	(24.02)	(2.25)
- Diluted	(24.02)	(2.25)

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, 2011**

**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	31.03.2011*	31.03.2010
Dividend Yield (%)	-	0.44
Expected Volatility (%)	-	57.63 to 58.71
Risk-free interest rate (%)	-	6.11 to 6.47
Expected term (in years)	-	4.71 to 5.68
Fair value of options as at the grant date	-	Rs.11.50 to Rs.71.11

\* No Options granted during the year.

1.2 Moser Baer India Limited Stock Option Plan 2009

Options	31.03.2011	31.03.2010
Dividend Yield (%)	0.58	0.97
Expected Volatility (%)	56.35 to 63.20	71.52 to 72.19
Risk-free interest rate (%)	7.48 to 8.12	7.39 to 7.44
Expected term (in years)	4.00 to 5.50	4.27 to 5.08
Fair value of options as at the grant date	Rs. 24.61 to Rs.38.02	Rs. 71.11 to Rs.73.86

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.

**9 DERIVATIVE INSTRUMENTS**

The Company uses forward exchange contracts to hedge against its foreign currency exposures relating to the underlying transactions and firm commitments. The Company does not enter into any derivative instruments for trading or speculative purposes. The forward exchange contracts outstanding as at 31st March 2011 are as under:

Currency Exchange	USD/INR	EUR/USD
a) Number of 'buy' contracts	4 (1)	- ( 1 )
b) Aggregate currency amount	34,000,000 (7,600,000)	- (1,000,000)
c) Number of 'sell' contracts	1 (6)	1 (4)
d) Aggregate currency amount	2,868,736 (96,000,000)	5,000,000 (19,000,000)

The foreign currency exposures not hedged as at year end as at 31st March 2011 are as under:

Currency Exchange	USD	EUR	GBP	CHF	JPY	SGD	SEK
Net Unhedged exposure	52,030,967	3,871,454	30,258	536,596	217,121,812	157,301	12,633
in currency	(57,130,471)	(2,127,732)	(15,440)	(289,611)	(308,867,178)	(153,516)	(12,633)

Mark-to-market losses related to derivatives are Rs. 2,328,426 (Previous Year Nil)

*Figures in bracket are Previous Year figures.*

MOSER BAER INDIA LIMITED

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011

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

Part-B NOTES TO ACCOUNTS (CONTD.)

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	
	2010-11	2009-10	2010-11	2009-10
Storage Media ( Nos.) #	4,913,987,200	4,838,630,156	3,270,205,909	4,003,776,118
LCD TV ( Nos.)	175,200	182,500	19,216	2,005
Solar Lantern	36,500	-	7,402	-
Junction Box	2,425,846	-	40,410	-
<b>Total</b>	<b>4,916,624,746</b>	<b>4,838,812,656</b>	<b>3,270,272,937</b>	<b>4,003,778,123</b>

# (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 The Ministry of Corporate Affairs, Government of India vide its General Notification No. S.O.301(E) dated 8th February 2011 issued under Section 211(3) of the Companies Act, 1956 has exempted certain classes of companies from disclosing certain information in their Notes to Accounts. The Company being an 'export oriented company' is entitled to the exemption. Accordingly, disclosures mandated by paragraphs 3(i)(a) and 3(ii)(d) of Part II, Schedule VI to Companies Act, 1956 has not been disclosed.

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

	Raw Material and Packing Material		Stores, Spares and Tools	
	2010-11	2009-10	2010-11	2009-10
<b>Imported</b>				
Percentage	85.39	81.10	57.69	56.28
Value (Rs.)	8,580,327,448	7,148,116,633	323,507,600	373,116,511
<b>Indigenous</b>				
Percentage	14.61	18.90	42.31	43.72
Value (Rs.)	1,468,600,504	1,666,116,238	237,276,458	289,823,538
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
	10,048,927,952	8,814,232,871	560,784,058	662,940,049

10.5 Foreign Currency Transactions:

10.5.1 Value of Imports on CIF Basis:

	2010-11 Rs.	2009-10 Rs.
Purchase of Finished Goods	80,669,788	565,681,532
Raw Material, including in transit Rs. 139,713,646 (Previous Year Rs. 134,652,246)	6,107,439,059	5,426,256,769
Capital Goods, including in transit Rs. 24,443,642 (Previous Year Rs. 26,104,145)	816,470,010	373,110,565
Stores, Spares and Consumables, including in transit Rs 6,033,805 (Previous Year Rs. 2,418,851)	457,446,388	563,560,073
Packing Material, including in transit Rs. 1,577,564 (Previous Year Rs. 6,281,763)	547,859,450	631,756,516
<b>Total</b>	<b>8,009,884,695</b>	<b>7,560,365,455</b>



MOSER BAER INDIA LIMITED

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011

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

Part -B NOTES TO ACCOUNTS (CONTD.)

10.5.2 Expenditure in foreign currency (on payment basis) :

	2010-11	2009-10
	Rs.	Rs.
Travel	20,181,615	9,646,628
Interest	15,423,898	26,146,380
Royalty/Technical Know-how Fees	690,533,999	190,764,133
Directors Sitting Fees	750,000	436,048
Legal and Professional	86,460,183	595,739,076
Other expenditure	172,800,258	124,585,693
<b>Expenditure of Foreign Branch/Liaison Office:</b>		
Staff Welfare	163,527	275,150
Rent/Lease Rent	8,896,096	8,240,462
Legal and Professional Expenses	2,499,044	3,621,348
Miscellaneous Expenses	37,867,087	36,951,079
Insurance	4,825,671	3,435,715
Salaries and Wages	32,972,748	32,928,288
Repairs and Maintenance	1,045,730	2,073,896
<b>Total</b>	<b>1,074,419,856</b>	<b>1,034,843,896</b>

10.5.3 Earnings in Foreign Exchange (accrual basis) :

	2010-11	2009-10
	Rs.	Rs.
Value of Exports on FOB basis	10,777,267,880	12,729,286,769
Interest	41,757,535	44,463,059
<b>Others:</b>		
- Insurance Claim Received	1,140,800	176,427
- Profit on FCCB Buyback (Gross)	-	189,765,225
- Other Miscellaneous Income	99,113,965	91,988,774

10.5.4 Amount remitted in Foreign Currencies for Dividend :

	2010-11	2009-10
Dividend remitted on fully paid - up equity shares of Rs.10 each		
Number of Non Resident Shareholders	1	1
Number of Shares held	202,500	202,500
Year to which it relates	2009-10	2008-09
Dividend remitted in (Rs.)	121,500	121,500

10.6 Managerial Remuneration :

(figures in bracket are for the previous year)

(Amount in Rupees)

	DEEPAK PURI	NITA PURI	RATUL PURI	Total
10.6.1	Managing Director	Whole time Director	Executive Director	
Salaries, allowances and bonus	14,156,244 (22,156,244)	3,665,176 (4,615,176)	8,441,960 (13,241,960)	26,263,380 (40,013,380)
Contribution to Provident Fund	1,698,756 (1,698,756)	439,824 (439,824)	1,013,040 (1,013,040)	3,151,620 (3,151,620)
Perquisites	145,000 (145,000)	145,000 (145,000)	145,000 (145,000)	435,000 (435,000)
Total	16,000,000 (24,000,000)	4,250,000 (5,200,000)	9,600,000 (14,400,000)	29,850,000 (43,600,000)

**MOSER BAER INDIA LIMITED**

**SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011**

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

**Part -B NOTES TO ACCOUNTS (CONTD.)**

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. 4,656,185 (Previous Year Rs. 4,715,890) and Gratuity: Rs. 2,515,021 (Previous Year Rs.2,518,760) made during the year have not been included above.

**10.7 Remuneration To Auditors:**

**As Auditor**

Statutory Audit

Consolidation Audit

Certification

Out of Pocket expenses

**Total excluding Service Tax**

Service Tax

**Total**

<b>2010-11</b>	<b>2009-10</b>
<b>Rs.</b>	<b>Rs.</b>
15,750,000	15,000,000
1,600,000	1,500,000
850,000	500,000
1,288,178	885,500
<b>19,488,178</b>	<b>17,885,500</b>
2,007,282	1,842,207
<b>21,495,460</b>	<b>19,727,707</b>

**MOSER BAER INDIA LIMITED**

**SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011**

**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 Laboratories Limited (formerly Moser Baer Energy Limited)	100%
Subsidiary	Moser Baer Entertainment Limited	100%
Subsidiary	Moser Baer Investments Limited	100%
Subsidiary	Photovoltaic Holdings Limited (formerly Photovoltaic Holdings PLC)	100%
Subsidiary	MB Solar Holdings 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	Hemal Limited*	100%
Subsidiary	Zesa Limited*	100%
Subsidiary	Tucker 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	Moser Baer Solar Systems Private Limited (formerly Arise Solar Energy Private Limited)	100%
Subsidiary	Competent Solar Energy Private Limited	100%
Subsidiary	OM&T B.V.	100%
Subsidiary	Moser Baer Technologies USA	100%
Subsidiary	Moser Baer Infrastructure and Developers Limited	100%
Subsidiary	Moser Baer Photovoltaic Inc. USA	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	-
Enterprises over which Key Management Personnel exercise significant influence	Moser Baer Engineering and Construction Limited	-
Enterprises over which Key Management Personnel exercise significant influence	Moser Baer Projects Private Limited.	-

\* Entities dissolved during the Previous Year

\*\* Entity dissolved during the year

**Key Management Personnel**

Chairman & Managing Director	Mr. Deepak Puri
Whole Time Director	Mrs. Nita Puri
Executive Director	Mr. Ratul Puri

**MOSER BAER INDIA LIMITED**

**SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011**

**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	Entities on which Key Management Personnel have significant influence	Total
<b>Sales of Finished goods</b>						
Global Data Media FZ LLC	(707,441)	-	-	-	-	
	(1,712,633,198)	(-)	(-)	(-)	(-)	
European Optic Media Technology GmbH	-	(1,520,702)	-	-	-	
	(-)	(1,267,761,320)	(-)	(-)	(-)	
O M & T BV	-	(5,442,781)	-	-	-	
	(-)	(55,680)	(-)	(-)	(-)	
Moser Baer Photovoltaic Limited	-	193,085,743	-	-	-	
	(-)	(172,057,841)	(-)	(-)	(-)	
Moser Baer Entertainment Limited	-	306,584,724	-	-	-	491,999,543
	(-)	(676,430,532)	(-)	(-)	(-)	(3,828,938,571)
<b>Services Charges (included in Services)</b>						
Moser Baer Photovoltaic Limited	-	192,681,203	-	-	-	
	(-)	(251,279,395)	(-)	(-)	(-)	
Moser Baer Solar Limited (formerly PV Technologies India Limited)	-	369,449,414	-	-	-	562,130,617
	(-)	(310,013,671)	(-)	(-)	(-)	(561,293,066)
<b>Lease rent (included in Services)</b>						
Moser Baer Photovoltaic Limited	-	16,802,502	-	-	-	
	(-)	(16,560,000)	(-)	(-)	(-)	
Moser Baer Solar Limited (formerly PV Technologies India Limited)	-	296,354,659	-	-	-	
	(-)	(25,140,000)	(-)	(-)	(-)	
Moser Baer Engineering and Construction Limited	-	-	-	-	21,001,680	334,158,841
	(-)	(-)	(-)	(-)	(-)	(41,700,000)
<b>Advance Rent Received</b>						
Moser Baer Engineering and Construction Limited	-	-	-	-	4,739,175	4,739,175
	(-)	(-)	(-)	(-)	(-)	(-)
<b>Expenses incurred on behalf of other companies</b>						
Global Data Media FZ LLC	134,850	-	-	-	-	
	(1,177,648)	(-)	(-)	(-)	(-)	
Moser Baer Photovoltaic Limited	-	14,551,318	-	-	-	
	(-)	(28,633,778)	(-)	(-)	(-)	
Moser Baer Infrastructure Limited	-	-	-	-	-	
	(-)	(-)	(-)	(-)	(-)	
Moser Baer Infrastructure & Developers Limited	-	-	-	-	-	
	(-)	(-)	(-)	(-)	(-)	
O M & T BV	-	-	-	-	-	
	(-)	(-)	(-)	(-)	(-)	
Moser Baer Solar Limited (formerly PV Technologies India Limited)	-	3,266,755	-	-	-	
	(-)	(8,883,845)	(-)	(-)	(-)	
Moser Baer Projects Pvt Limited	-	-	-	-	100,573	
	(-)	(-)	(-)	(-)	(-)	
Moser Baer Entertainment Limited	-	-	-	-	-	
	(-)	(25,427,863)	(-)	(-)	(-)	
Moser Baer Engineering and Construction Limited	-	-	-	-	1,710,000	
	(-)	(-)	(-)	(-)	(-)	
Others	-	14,436	-	-	-	19,777,932
	(-)	(18,054)	(-)	(-)	(-)	(64,141,188)



**MOSER BAER INDIA LIMITED**

**SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011**

**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	Entities on which Key Management Personnel have significant influence	Total
<b>Reimbursement / Recovery against Sales</b>						
European Optic Media Technology GmbH	-	73,948,104	-	-	-	
	(-)	(-)	(-)	(-)	(-)	
Moser Baer Entertainment Limited	-	184,255,092	-	-	-	
	(-)	(95,000,000)	(-)	(-)	(-)	
Moser Baer Photovoltaic Limited	-	154,042,792	-	-	-	412,245,988
	(-)	(-)	(-)	(-)	(-)	(95,000,000)
<b>Reimbursement/ Recovery of expenses/ services</b>						
Global Data Media FZ LLC	-	-	-	-	-	
	(24,339,486)	(-)	(-)	(-)	(-)	
Moser Baer Infrastructure & Developers Limited	-	-	-	-	-	
	(-)	(-)	(-)	(-)	(-)	
Moser Baer Photovoltaic Limited	-	499,457,208	-	-	-	
	(-)	(4,400,000)	(-)	(-)	(-)	
Moser Baer Solar Limited (formerly PV Technologies India Limited)	-	299,673,741	-	-	-	
	(-)	(-)	(-)	(-)	(-)	
Moser Baer Projects Pvt Limited	-	-	-	-	100,573	
	(-)	(-)	(-)	(-)	(-)	
Moser Baer Engineering and Construction Limited	-	-	-	-	1,710,000	
	(-)	(-)	(-)	(-)	(-)	
Moser Baer Entertainment Limited	-	-	-	-	-	
	(-)	(120,000,000)	(-)	(-)	(-)	
Others	-	12,702	-	-	-	800,954,224
	(-)	(18,054)	(-)	(-)	(-)	(148,757,540)
<b>Provision for doubtful debts</b>						
Global Data Media FZ LLC	108,589,804	-	-	-	-	108,589,804
	(-)	(-)	(-)	(-)	(-)	(-)
<b>Security Deposit received against lease</b>						
Moser Baer Photovoltaic Limited	-	-	-	-	-	
	(-)	(-)	(-)	(-)	(-)	
Moser Baer Engineering and Construction Limited	-	-	-	-	12,000,000	
	(-)	(-)	(-)	(-)	(-)	
Moser Baer Solar Limited (formerly PV Technologies India Limited)	-	-	-	-	-	12,000,000
	(-)	(840,000,000)	(-)	(-)	(-)	(840,000,000)
<b>Purchase of Semi Finished goods/ Raw Material</b>						
Moser Baer Entertainment Limited	-	742,020	-	-	-	
	(-)	(23,113,963)	(-)	(-)	(-)	
Moser Baer Photovoltaic Limited	-	6,774,936	-	-	-	
	(-)	(124,051,773)	(-)	(-)	(-)	
Moser Baer Solar Limited (formerly PV Technologies India Limited)	-	74,550	-	-	-	
	(-)	(4,218,915)	(-)	(-)	(-)	
O M & T BV	-	19,674,546	-	-	-	27,266,052
	(-)	(146,159,905)	(-)	(-)	(-)	(297,544,556)

**MOSER BAER INDIA LIMITED**

**SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011**

**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	Entities on which Key Management Personnel have significant influence	Total
<b>Purchase of Fixed Assets</b>						
Moser Baer Solar Limited (formerly PV Technologies India Limited)	- (-)	4,665,455 (-)	- (-)	- (-)	- (-)	
Cubic Technologies B.V	- (-)	141,375,491 (149,923,422)	- (-)	- (-)	- (-)	
O M & T BV	- (-)	1,703,101 (2,757,076)	- (-)	- (-)	- (-)	147,744,047 (152,680,498)
<b>Expenses charged by Related Party</b>						
Global Data Media FZ LLC	- (3,268,731)	- (-)	- (-)	- (-)	- (-)	
Moser Baer Photovoltaic Limited	- (-)	- (-)	- (-)	- (-)	- (-)	
Moser Baer Entertainment Limited	- (-)	467,011 (6,811,822)	- (-)	- (-)	- (-)	
Moser Baer Solar Limited (formerly PV Technologies India Limited)	- (-)	549,543,997 (-)	- (-)	- (-)	- (-)	550,011,008 (10,080,553)
<b>Amount paid against Purchases</b>						
Moser Baer Photovoltaic Limited	- (-)	- (643,720)	- (-)	- (-)	- (-)	
Cubic Technologies B.V	- (-)	183,816,237 (-)	- (-)	- (-)	- (-)	
Moser Baer Entertainment Limited	- (-)	87,832 (-)	- (-)	- (-)	- (-)	
O M & T BV	- (-)	32,076,376 (138,237,311)	- (-)	- (-)	- (-)	215,980,445 (138,881,031)
<b>Consideration Recd towards Sales of HE Div</b>						
Moser Baer Entertainment Limited	- (-)	- (1,400,000,000)	- (-)	- (-)	- (-)	- (1,400,000,000)
<b>Loans &amp; Advances granted</b>						
Peraround Limited	- (-)	- (400,087,221)	- (-)	- (-)	- (-)	
Moser Baer Solar Limited (formerly PV Technologies India Limited)	- (-)	1,592,300,000 (8,000,000)	- (-)	- (-)	- (-)	
Moser Baer Infrastructure & Developers Limited	- (-)	3,500,000 (86,000,000)	- (-)	- (-)	- (-)	
Moser Baer Entertainment Limited	- (-)	- (300,000,000)	- (-)	- (-)	- (-)	
Moser Baer Photovoltaic Limited	- (-)	279,500,000 (217,000,000)	- (-)	- (-)	- (-)	1,875,300,000 (1,011,087,221)
<b>Repayment of Loans &amp; Advances granted</b>						
Moser Baer Photo Voltaic Limited	- (-)	496,500,000 (-)	- (-)	- (-)	- (-)	
Moser Baer Entertainment Limited	- (-)	- (26,255,000)	- (-)	- (-)	- (-)	
Moser Baer Solar Limited (formerly PV Technologies India Limited)	- (-)	1,584,800,000 (209,950,000)	- (-)	- (-)	- (-)	2,081,300,000 (236,205,000)

MOSER BAER INDIA LIMITED

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011

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	Entities on which Key Management Personnel have significant influence	Total
<b>Interest Charges in respect of loans/ Investments</b>						
Peraround Limited	- (-)	41,757,535 (40,493,815)	- (-)	- (-)	- (-)	
Moser Baer Infrastructure & Developers Limited	- (-)	8,408,185 (1,923,761)	- (-)	- (-)	- (-)	
Moser Baer Photo Voltaic Limited	- (-)	18,776,558 (-)	- (-)	- (-)	- (-)	
Moser Baer Solar Limited (formerly PV Technologies India Limited)	- (-)	36,491,904 (-)	- (-)	- (-)	- (-)	
Moser Baer Entertainment Limited	- (-)	30,775,068 (1,195,993)	- (-)	- (-)	- (-)	136,209,250 (43,613,569)
<b>Interest Received against loan</b>						
Moser Baer Entertainment Limited	- (-)	29,167,649 (1,829,659)	- (-)	- (-)	- (-)	29,167,649 (1,829,659)
<b>Share/ Debenture Application Money</b>						
Moser Baer Investments Limited	- (-)	- (4,000,000)	- (-)	- (-)	- (-)	
Moser Baer Entertainment Limited	- (-)	- (1,100,000,000)	- (-)	- (-)	- (-)	- (1,104,000,000)
<b>Investments</b>						
Moser Baer Photovoltaic Limited	- (-)	- (-)	- (-)	- (-)	- (-)	
Peraround Limited	- (-)	- (8,674,538)	- (-)	- (-)	- (-)	
Moser Baer Solar Limited (formerly PV Technologies India Limited)	- (-)	500,000,000 (1,460,000,000)	- (-)	- (-)	- (-)	
Moser Baer Entertainment Limited	- (-)	1,100,000,000 (-)	- (-)	- (-)	- (-)	
Moser Baer Investments Limited	- (-)	633,146,600 (1,500,000)	- (-)	- (-)	- (-)	
Photovoltaic Holdings Limited	- (-)	498,080,000 (-)	- (-)	- (-)	- (-)	
Moser Baer SEZ Developers Limited	- (-)	- (750,000,000)	- (-)	- (-)	- (-)	2,731,226,600 (2,220,174,538)
<b>Redemption of Investment in Preference Shares</b>						
Peraround Limited	- (-)	581,267,997 (-)	- (-)	- (-)	- (-)	581,267,997 (-)
<b>Provision for diminution in the value of Long Term Investments</b>						
Global Data Media FZ LLC	- (92,532,185)	- (-)	- (-)	- (-)	- (-)	
Moser Baer Infrastructure Limited	34,300,000 (-)	- (-)	- (-)	- (-)	- (-)	34,300,000 (92,532,185)
<b>Directors Remuneration</b> (Refer Note 10.6.1 above)	- (-)	- (-)	29,850,000 (43,600,000)	- (-)	- (-)	29,850,000 (43,600,000)





**MOSER BAER INDIA LIMITED**

**SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011**

**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	Entities on which Key Management Personnel have significant influence	Total
<b>In respect of Interest accrued on Loans/ Investment</b>						
Peraround Limited	-	121,510,337	-	-	-	
	(-)	(93,243,552)	(-)	(-)	(-)	
Moser Baer Infrastructure & Developers Limited	-	9,678,292	-	-	-	
	(-)	(1,731,385)	(-)	(-)	(-)	
Moser Baer Entertainment Limited	-	-	-	-	-	
	(-)	(-)	(-)	(-)	(-)	
Moser Baer Photo Voltaic Limited	-	16,898,902	-	-	-	
	(-)	(-)	(-)	(-)	(-)	
Moser Baer Solar Limited (formerly PV Technologies India Limited)	-	32,842,716	-	-	-	180,930,247
	(-)	(-)	(-)	(-)	(-)	(94,974,937)
<b>Outstanding payable</b>						
<b>In respect of expenses/purchases (included in Due to Subsidiaries)</b>						
O M & T BV	-	4,286,437	-	-	-	
	(-)	(15,004,756)	(-)	(-)	(-)	
Moser Baer Solar Limited (formerly PV Technologies India Limited)	-	833,422,581	-	-	-	
	(-)	(294,348,370)	(-)	(-)	(-)	
Cubic Technologies B.V	-	110,360,374	-	-	-	
	(-)	(149,923,422)	(-)	(-)	(-)	
Moser Baer Photo Voltaic Limited	-	117,688,262	-	-	-	
	(-)	(123,408,053)	(-)	(-)	(-)	
Moser Baer Entertainment Limited	-	51,024,796	-	-	-	1,116,782,450
	(-)	(50,370,609)	(-)	(-)	(-)	(633,055,210)
<b>In respect of other advances</b>						
Moser Baer Engineering and Construction Limited	-	-	-	-	4,739,175	4,739,175
	(-)	(-)	(-)	(-)	(-)	(-)
<b>In respect of Security Deposit received for lease</b>						
Moser Baer Photovoltaic Limited	-	380,000,000	-	-	-	
	(-)	(380,000,000)	(-)	(-)	(-)	
Moser Baer Solar Limited (formerly PV Technologies India Limited)	-	1,335,000,000	-	-	-	
	(-)	(1,335,000,000)	(-)	(-)	(-)	
Moser Baer Engineering and Construction Limited	-	-	-	-	12,000,000	1,727,000,000
	(-)	(-)	(-)	(-)	(-)	(1,715,000,000)
<b>In respect of Managerial Remuneration</b>						
Deepak Puri	-	-	1,280,934	-	-	
	(-)	(-)	(9,280,934)	(-)	(-)	
Ratul Puri	-	-	804,743	-	-	
	(-)	(-)	(5,615,293)	(-)	(-)	
Nita Puri	-	-	406,678	-	-	2,492,355
	(-)	(-)	(1,364,436)	(-)	(-)	(16,260,663)

**MOSER BAER INDIA LIMITED**

**SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011**

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

**Part-B NOTES TO ACCOUNTS (CONTD.)**

11.2 (a) During the year, the terms of the existing investment of 7,500,000, 9% Redeemable Preference Shares of Rs 10 each (optionally redeemable at the option of the issuer at premium of Rs 90/- per share subject to compulsory redemption within 20 years from the date of allotment), invested in MB SEZ Developer Limited, the subsidiary company have been altered (with retrospective effect from 1st April 2009) to 7,500,000 9% Compulsorily Cumulative Convertible Preference Shares of Rs 10 each fully paid up into Equity Shares with in a period of 10 years from the original date of allotment i.e. 1st April, 2009 at the option of the Company. The ratio of conversion would be decided at the time of conversion.

11.2 (b) The terms of the existing 63,114,660, Redeemable Preference Shares of Rs 10 each invested in Moser Baer Investments Limited, the subsidiary company, during the year, have been altered to Compulsorily Convertible Preference Shares into Equity Shares with in a period of 10 years from the original date of allotment i.e. 4th May, 2010 at the option of the Company. The ratio of conversation shall be 1:1

**11.3 Other Arrangement**

Details of corporate guarantees provided on behalf of subsidiary companies

Particulars	Rs.	Total
Moser Baer Photovoltaic Limited	13,145,037,500 (14,177,825,000)	
Moser Baer Solar Limited (formerly PV Technologies India Limited)	8,108,550,000 (3,205,600,000)	21,253,587,500 (17,383,425,000)

**12 Earnings/(Loss) 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

	2010-11	2009-10
No. of Shares at the beginning of the year	168,306,104	168,306,104
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	168,306,104
Weighted Average number of equity shares outstanding during the year as computed above	168,306,104	168,306,104
Weighted Average number of equity shares outstanding during the year for Diluted EPS	168,306,104	168,306,104
Net (loss) after tax available for equity shareholders	(4,007,147,069)	(362,066,746)
<b>Earnings / (Loss) per share (face value per share Rs. 10 each)</b>		
Basic	(23.81)	(2.15)
Diluted	(23.81)	(2.15)

b) Net (loss) after tax available for equity shareholders

**Earnings / (Loss) per share (face value per share Rs. 10 each)**

Basic

Diluted

**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 operations and maintenance of sector specific Special Economic Zone for non-conventional energy.

As the single financial report contains both consolidated financial statements and the seperate financial statements of Moser Baer India Limited(the parent), segment information has been presented only on the basis of consolidated financial statements of the year ended 31st March 2011. For details, refer Note no. 17 of consolidated financial statement.

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.

MOSER BAER INDIA LIMITED

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011

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

Part-B NOTES TO ACCOUNTS (CONTD.)

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	2010-11	2009-10
Employers' Contribution to Provident Fund*	48,986,104	48,517,355

**II State Plans**

- Employers' Contribution to Employee's State Insurance Act, 1948
- 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	2010-11	2009-10
Employers' Contribution to Employee's State Insurance Act, 1948 *	13,699,822	7,050,987
Employers' Contribution to Employee's Pension Scheme, 1995 *	27,685,653	29,039,967

\* Included in Contribution to Provident and Other Funds under Personnel Expenses (Refer Schedule 17)

**III Defined Benefit Plans**

- Contribution to Gratuity Funds – Life Insurance Corporation of India
- Leave Encashment

In accordance with Accounting Standard 15 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	
	2010-11	2009-10	2010-11	2009-10
Discount Rate (per annum)	8.25%	8.00%	8.25%	8.00%
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)	11.51	12.09	11.51	12.09

**Changes in the Present Value of Obligation**

Particulars	Leave Encashment (Unfunded)		Employee's Gratuity Fund	
	2010-11	2009-10	2010-11	2009-10
Present Value of obligation as at April 1, 2010	83,452,256	71,570,155	182,439,484	135,012,098
Interest Cost	7,100,835	6,723,175	15,113,511	12,080,653
Current Service Cost	18,354,516	18,664,418	27,915,115	23,724,290
Past service cost	-	-	-	17,538,357
Benefits paid	(7,738,155)	(6,967,846)	(14,956,309)	(5,713,994)
Actuarial (gain)/loss on obligations	(19,637,544)	(7,784,764)	(13,897,015)	(2,145,358)
Amalgamations	-	1,247,118	-	1,943,438
Curtailments	-	-	-	-
Settlements	-	-	-	-
Present Value of obligation as at March 31, 2011	81,531,908	83,452,256	196,614,786	182,439,484

**MOSER BAER INDIA LIMITED**

**SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011**

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

**Part-B NOTES TO ACCOUNTS (CONTD.)**

**Changes in the Fair value of Plan Assets**

**Particulars**

Fair Value of plan Assets as at April 1, 2010  
 Expected Return on plan assets  
 Contributions  
 Benefits Paid  
 Fair Value of Plan Assets as at March 31, 2011

Employee's Gratuity Fund	
2010-11	2009-10
133,153,245	106,201,636
11,917,094	10,444,333
820,240	22,221,270
(14,956,309)	(5,713,994)
<b>130,934,270</b>	<b>133,153,245</b>

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**

Present value of defined benefit obligation  
 Fair Value of Plan Assets  
 Surplus or (deficit) in the plan assets

Employee's Gratuity Fund				
2010-11	2009-10	2008-09	2007-08	2006-07
196,614,786	182,439,484	135,012,098	103,287,623	73,150,011
130,934,270	133,153,245	106,201,636	102,709,562	32,671,570
(65,680,516)	(49,286,239)	(28,810,462)	(578,061)	(40,478,441)

This is the fifth year of adoption of Accounting Standard 15 accordingly, five year figures have been disclosed as required by Para 120(n) of AS-15.

The expected Contribution on account of Gratuity for the year ending 31st March 2012 can't be ascertained at this stage.

**Particulars**

Present value of defined benefit obligation  
 Fair Value of Plan Assets  
 Surplus or (deficit) in the plan assets

Leave Encashment (Unfunded)				
2010-11	2009-10	2008-09	2007-08	2006-07
81,531,908	83,452,256	71,570,155	60,028,896	31,789,100
-	-	-	-	-
(81,531,908)	(83,452,256)	(71,570,155)	(60,028,896)	(31,789,100)

This is the fifth year of adoption of Accounting Standard 15 accordingly, five year figures have been disclosed as required by Para 120(n) of AS-15.

**Expenses recognised in the Profit and Loss Account**

**Particulars**

Current Service Cost  
 Interest Cost  
 Expected Return on Plan Assets  
 Net actuarial (gain)/loss recognized in the year  
 Effect of Curtailments  
 Past service cost  
**Total Expenses recognized in the Profit & Loss Account**

Leave Encashment (Unfunded)	Employee's Gratuity Fund		
2010-11	2009-10	2010-11	2009-10
18,354,516	18,664,418	27,915,115	23,724,290
7,100,835	6,723,175	15,113,511	12,080,653
-	-	(11,917,094)	(10,444,333)
(19,637,544)	(7,784,764)	(13,897,015)	(2,145,358)
-	-	-	-
-	-	-	17,538,357
<b>**5,817,807</b>	<b>**17,602,829</b>	<b>*17,214,517</b>	<b>*40,753,609</b>

\* 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.



**MOSER BAER INDIA LIMITED**

**SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011**

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

**Part-B NOTES TO ACCOUNTS (CONTD.)**

**16 Foreign Currency Convertible Bonds**

- (a) The Company has bought back and cancelled Nil (Previous Year 35) Zero Coupon Tranche A Convertible Bonds and Nil (Previous Year 70) 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. Nil (Previous Year Rs. 180,762,906) 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	31.03.2011		31.03.2010	
	USD	Rs.*	USD	Rs.*
Funds available at the beginning of the year	153,465	6,890,584	50,445,899	2,513,569,384
Less: Capital Equipment	-	-	86,028	4,183,086
Investment in overseas subsidiary companies through loans/capital	-	-	6,075,639	294,287,722
Miscellaneous Expenses	541	24,418	38,079,108	1,870,470,357
FCCB Buy Back	-	-	6,535,000	313,674,775
	541	24,418	50,775,775	2,482,615,940
Add: Interest received	-	-	483,341	23,851,192
Profit on Trading on investment	-	-	-	-
Unutilized Issue Proceeds #	152,924	6,819,641	153,465	6,890,584

# Reinstated as at year end rate

\* Net off foreign exchange loss of Rs. 46,525 for the year ended 31.03.2011 and loss of Rs. 47,914,052 for the year ended 31.03.2010.

- (c) Premium on redemption of FCCB

Particulars	31.03.2011	31.03.2010
Opening Balance	762,653,374	598,465,075
Add Provision for the year	301,678,247	241,273,412
Amount Utilised During the year	-	-
Utilized Amount reversed during the year	-	77,085,113
Closing Balance	1,064,331,621	762,653,374

Premium payable on redemption of FCCB accrued up to March, 31, 2011 calculated on prorata basis Rs. 1,064,331,621 (Previous Year Rs. 762,653,374) 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 shall be written back to Security Premium Account.

- 17 Pursuant to the notification issued by The Ministry of Corporate Affairs dated May 11, 2011 read with the notification issued on March 31, 2009, the company has chosen to avail the option to accumulate exchange differences arising on long term foreign currency monetary items in the "Foreign Currency Monetary Item Translation Difference Account". Amount remaining to be amortised in this account is as under:

Particulars	31.03.2011	31.03.2010
	Rs.	Rs.
Amortisation charged to Profit and Loss A/c	16,644,292	278,091,871
Un-amortised Exchange Differences	32,392,554	(97,246)

MOSER BAER INDIA LIMITED

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011

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

Part-B NOTES TO ACCOUNTS (CONTD.)

18 The Company has the following provisions in the books of account as on 31.03.2011:

	2010-11		2009-10	
	Rs.	Rs.	Rs.	Rs.
	Warranty	Other Probable Obligations	Warranty	Other Probable Obligations
Balance as at the beginning of the year	38,069,017	292,962,127	15,023,862	343,800,872
Additions during the year	27,311,897	48,642,050	68,379,279	28,763,363
Utilised/Written back during the year	(50,234,393)	-	45,334,124	79,602,108
Balance as at the end of the year	15,146,521	341,604,177	38,069,017	292,962,127

Warranty provision 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 Government Grant:

Ministry of New and Renewable Energy of the Government of India, as part of its Jawaharlal Nehru Nation Solar Mission 2010 sanctioned a Research and Development ('R&D') grant to the company for its project 'Development of CIGS solar cell pilot plant to achieve grid parity solar cells'. One of the objectives of the grant is to develop low cost solar cell module with an aim to meet grid parity by using Cu(InGa)Se<sub>2</sub> solar cells. During the year, the company has received R&D grant of Rs 35,000,000 out of the total grant of Rs 71,050,000 being 50 % of the total project equipment cost of Rs 14.21 crores.

Pending acquisition of the equipment, the grant received has been disclosed in the financial statements as 'Government Grant' which shall be adjusted to the cost of the specific fixed assets.

20 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 has been disclosed separately under "Current Liabilities and Provisions" (Refer Schedule 12).

(a) Amount remaining unpaid to Micro and Small Enterprises at the end of year

Principal Amount

Interest thereon

**Total**

(b) Amount of Payments made to Micro and Small Enterprises beyond the appointed date during the year

Principal Amount

Interest Actually Paid u/s 16 of the Act.

**Total**

(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.

Interest payable during the year as per agreed terms.

(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.

Interest remaining unpaid during the year.

	2010-11	2009-10
	Rs.	Rs.
	73,982,577	41,929,371
	5,581,714	2,067,931
	<b>79,564,291</b>	<b>43,997,302</b>
	282,140,052	275,329,736
	-	-
	<b>282,140,052</b>	<b>275,329,736</b>
	Nil	Nil
	Nil	Nil
	2,681,887	2,067,931
	2,681,887	2,067,931

21 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, Punjab National bank, Vijaya Bank, ING Vysya Bank Limited, Bank of Baroda, Exim Bank, State Bank of Hyderabad and HDFC Bank aggregating to Rs. 3,669,168,311 (Previous Year Rs. 4,483,200,000) 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.

**MOSER BAER INDIA LIMITED**

**SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011**

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

**Part-B NOTES TO ACCOUNTS (CONTD.)**

**22 Disclosures pursuant to Accounting Standard ( AS ) 7 "Construction Contracts" :**

S. No.	Particulars	Year ended March 31, 2011	Year ended March 31, 2010
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	43,982,074	-

**23** Corresponding figures for the previous year have been regrouped/recast, 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 : 012754N  
Chartered Accountants

**Deepak Puri**  
Chairman and  
Managing Director

**Ratul Puri**  
Executive Director

**Anuradha Tuli**  
Partner  
Membership Number : F-085611

**Minni Katariya**  
Head Legal and  
Company Secretary

**Yogesh Mathur**  
Group CFO

Place: New Delhi  
Date: August 25, 2011

**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:	31.03.2011		

**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:	34,825,803	Total Assets:	34,825,803
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**SOURCE OF FUNDS:**

Paid up Capital:	1,683,061	Reserves & Surplus :	10,906,767
Share Warrant	-	Unsecured Loans :	3,947,543
Secured Loans :	18,199,432	Government Grant	35,000

**APPLICATION OF FUNDS:**

Net Fixed Assets :	15,552,370	Investments :	7,008,748
Net Current Assets :	12,264,685	Misc.Expenditure :	-
Accumulated Losses:	-		

**IV Performance of Company (Amount in Rs.Thousands)**

Turnover :	19,675,360	Total Expenditure :	23,682,507
Profit Before Tax :	(4,007,147)	Profit/(Loss) After Tax	:(4,007,147)
Earning per share in Rs:	(23.81)	Dividend Rate :	NIL

**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 : August 25, 2011



# 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 Part A to the attached consolidated financial statements) as at March 31, 2011, 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) twenty three subsidiaries and one jointly controlled entity included in the consolidated financial statements, which constitute total assets of Rs.957,303,980 and net assets of Rs.352,059,255 as at March 31,2011, total revenue of Rs.68,392,111, net loss of Rs.762,838,798 and net cash flows amounting to Rs.52,292,010 for the year then ended; and (ii) one associate company which constitutes net loss of Rs.1,392,460 for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports 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 Interests 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, 2011.
  - (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 consolidated Cash Flow statement, of the cash flows of the Group for the year ended on that date.

For Price Waterhouse  
Firm Registration Number: 012754N  
Chartered Accountants

Place: New Delhi  
Date : August 25, 2011

Anuradha Tuli  
Partner  
Membership Number - F-085611

**MOSER BAER INDIA LIMITED**  
**CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011**

	Schedule	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
<b>SOURCES OF FUNDS:</b>			
<b>SHAREHOLDERS' FUNDS:</b>			
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	8,020,527,151	8,322,205,398
		<u>17,858,926,762</u>	<u>18,160,605,009</u>
Government Grants (Refer Note 9 of Schedule 22 Part-A and Note 26 of Schedule 22 Part-B)		35,000,000	-
<b>LOAN FUNDS:</b>			
Secured Loans	4	32,146,313,269	27,397,199,856
Unsecured Loans	5	4,125,309,870	5,237,019,472
Foreign Currency Monetary Item Translation Difference Account (Refer Note 20 of Schedule 22 Part-B)		32,392,554	-
<b>TOTAL</b>		<u><b>54,197,942,455</b></u>	<u><b>50,794,824,337</b></u>
<b>APPLICATION OF FUNDS:</b>			
<b>FIXED ASSETS:</b>			
Gross Block	6	59,255,337,466	57,762,634,997
Less: Impairment		33,436,648	-
Less: Depreciation/ Amortisation		<u>34,484,588,787</u>	<u>29,282,142,984</u>
Net Block		24,737,312,031	28,480,492,013
Capital Work-in Progress		<u>4,487,906,277</u>	<u>1,674,709,216</u>
		29,225,218,308	30,155,201,229
Goodwill on Consolidation (Refer Note 2.5 of Schedule 22 Part-A and Note 2 of Schedule 22 Part-B)		743,169,473	743,169,473
<b>INVESTMENTS</b>	7	555,846,920	1,591,107,297
Foreign Currency Monetary Item Translation Difference Account (Refer Note 20 of Schedule 22 Part-B)		-	97,246
<b>CURRENT ASSETS, LOANS AND ADVANCES:</b>			
Inventories	8	10,223,962,635	9,474,299,375
Sundry Debtors	9	6,191,406,826	6,329,719,025
Cash and Bank Balances	10	4,603,927,597	5,320,275,570
Other Current Assets	11	84,787,672	121,222,826
Loans and Advances	12	<u>4,157,372,966</u>	<u>5,672,279,933</u>
		25,261,457,696	26,917,796,729
<b>Less: CURRENT LIABILITIES AND PROVISIONS:</b>			
Current Liabilities	13	8,704,522,159	7,514,210,115
Provisions		<u>1,881,895,885</u>	<u>1,609,448,466</u>
		10,586,418,044	9,123,658,581
Net Current Assets		14,675,039,652	17,794,138,148
<b>PROFIT AND LOSS ACCOUNT</b>		8,998,668,102	511,110,944
<b>TOTAL</b>		<u><b>54,197,942,455</b></u>	<u><b>50,794,824,337</b></u>
<b>SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS</b>	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 : 012754N  
Chartered Accountants

Deepak Puri  
Chairman and  
Managing Director

Ratul Puri  
Executive Director

Anuradha Tuli  
Partner  
Membership Number : F-085611

Minni Katariya  
Head Legal and  
Company Secretary

Yogesh Mathur  
Group CFO

Place: New Delhi  
Date: August 25, 2011

**MOSER BAER INDIA LIMITED**  
**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011**

	Schedule	Year ended 31.03.2011 Rs.	Year ended 31.03.2010 Rs.
<b>INCOME:</b>			
Gross Sales (Refer Note 4 of Schedule 22 Part-A and Note 23 of Schedule 22 Part-B)		26,672,304,847	25,049,792,337
Less: Excise Duty	14	564,050,191	531,266,917
Net Sales		<u>26,108,254,656</u>	<u>24,518,525,420</u>
Other Income	15	1,072,500,664	3,084,022,699
		<u>27,180,755,320</u>	<u>27,602,548,119</u>
<b>EXPENDITURE:</b>			
(Increase)/Decrease in stock of Finished Goods, Work in Progress, Traded Goods and Film Rights	16	(696,280,617)	(623,587,543)
Purchase of Traded Goods and Film Rights		534,598,895	667,994,290
Cost of Film Production		-	81,007,222
Raw Materials and Components Consumed		15,971,053,491	12,152,484,610
Packing Material Consumed		1,785,549,932	1,808,011,252
Stores, Spares and Tools Consumed		711,194,682	780,983,615
Personnel Expenses	17	2,518,830,443	2,785,706,969
Administration and Other Expenses	18	5,978,105,311	5,689,973,409
Interest and Finance Charges	19	2,888,807,152	2,803,404,186
Depreciation/ Amortisation/ Impairment	20	5,353,575,527	5,645,441,864
		<u>35,045,434,816</u>	<u>31,791,419,874</u>
(Loss) before Exceptional Items, Prior Period Items and Tax		<u>(7,864,679,496)</u>	<u>(4,188,871,755)</u>
Exceptional Items Income/ (Expense)	21	(924,223,134)	180,762,906
Prior Period Expense/ (Income)		302,822,297	(78,596)
(Loss) before Tax		<u>(8,486,080,333)</u>	<u>(4,008,030,253)</u>
<b>Tax Expense:</b> (Refer Note 13 of Schedule 22 Part-A and Note 11 of Schedule 22 Part -B)			
Current Tax (Previous year represents excess provisions of earlier years no longer required written back)		84,365	(72,343,129)
Fringe Benefits Tax (Previous Year represents provision of earlier years no longer required written back)		-	(3,167,794)
Deferred Tax (net) (Refer Note 11 of Schedule 22 Part-B)		-	4,061,518
<b>Net (Loss) after Tax</b>		<u>(8,486,164,698)</u>	<u>(3,936,580,848)</u>
Share in Loss of Associates		(1,392,460)	(2,761,526)
<b>Net (Loss) for the year</b>		<u>(8,487,557,158)</u>	<u>(3,939,342,374)</u>
Add: Loss carried forward from last year		(511,110,944)	-
(Loss) available for appropriation		<u>(8,998,668,102)</u>	<u>(3,939,342,374)</u>
<b>APPROPRIATIONS:</b>			
Proposed Dividend:			
-on Equity Shares		-	100,983,662
Dividend Distribution Tax on Proposed Dividend		-	16,772,124
Transferred to General Reserve		-	(3,545,987,216)
Balance carried to Balance Sheet		<u>(8,998,668,102)</u>	<u>(511,110,944)</u>
<b>Earnings/ (Loss) Per Share (Face Value of Rs. 10 each)</b>			
<b>Basic</b>		(50.43)	(23.41)
<b>Diluted</b>		(50.43)	(23.41)
(Refer Note 20 of Schedule 22 Part-A and Note 16 of Schedule 22 Part-B)			
<b>SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS</b>	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 : 012754N  
Chartered Accountants

**Deepak Puri**  
Chairman and  
Managing Director

**Ratul Puri**  
Executive Director

**Anuradha Tuli**  
Partner  
Membership Number : F-085611

**Minni Katariya**  
Head Legal and  
Company Secretary

**Yogesh Mathur**  
Group CFO

Place: New Delhi  
Date: August 25, 2011

**MOSER BAER INDIA LIMITED**  
**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011**

	<u>Year ended</u> <u>31.03.2011</u>	<u>Year ended</u> <u>31.03.2010</u>
	<u>Rs.</u>	<u>Rs.</u>
<b>Cash flow from operating activities:</b>		
Net (Loss) before tax	(8,486,080,333)	(4,008,030,253)
Adjustments for:		
Depreciation/ Amortisation	5,353,575,527	5,645,441,864
Interest Expense	2,666,765,938	2,550,369,428
Interest Income	(261,456,125)	(279,263,928)
Income from Investment - Dividends	(177,373)	(191,577)
(Profit)/ Loss on sale of Fixed Assets (Net)	(71,785,423)	4,423,642
(Profit)/ Loss on sale of Current Investments	(7,979)	(159,813)
Debts/ Advances Written off	13,657,662	4,570,639
Provision for Bad and Doubtful Debts	111,919,576	32,378,733
Provision for Doubtful Advances	74,990,507	12,226,406
Provisions/ Liabilities no longer required written back	(254,558,422)	(172,833,134)
Provision for Gratuity and Leave Encashment	(21,089,603)	46,227,672
Stock written off	34,256,081	94,942,308
Provision for Slow Moving Stock	42,837,825	-
Provision for Other Probable Obligations	48,642,050	28,763,363
Reversal of provision for Other Probable Obligations	-	(79,602,108)
Provision for Warranty	61,680,156	66,986,321
Unrealised foreign exchange (gain)/ loss	(61,083,697)	(258,150,780)
Exceptional items (Net)	924,223,134	(180,762,906)
Prior Period Expenses/ (Income) (Net)	(302,822,297)	(78,596)
<b>Operating profit before working capital changes</b>	<b>(126,512,796)</b>	<b>3,507,257,281</b>
<b>Adjustments for changes in working capital:</b>		
(Increase)/ Decrease in Sundry Debtors	20,877,674	(2,534,885,194)
(Increase)/ Decrease in Loans and Advances and Other Current Assets	1,074,961,646	(533,548,533)
(Increase)/ Decrease in Inventories	(826,757,166)	(522,516,219)
Increase/ (Decrease) in Current Liabilities	1,857,874,977	2,172,918,246
<b>Cash generated from operations</b>	<b>2,000,444,335</b>	<b>2,089,225,581</b>
Income Tax (Paid) / Refund (Net of Tax Deducted at Source)	391,899,253	(126,322,682)
Prior Period Expenses/ (Income) (Net)	20,067,739	78,596
<b>Net cash from operating activities</b>	<b>A</b>	<b>1,962,981,495</b>
<b>Cash flow from Investing activities:</b>		
Purchase of fixed assets/additions to capital work in progress	(4,552,133,942)	(1,544,327,016)
Proceeds from Sale of Fixed Assets	275,605,438	2,851,734
Receipts of Government Grant for Renewable Energy	35,000,000	-
Purchase of Investment in Subsidiary Company	-	(735,470,090)
Proceeds from Sale of Current Investments	51,699,556	159,813
Purchase of Current Investments	-	(51,691,577)
Purchase of investment - Others	-	(1,321,646)
Interest Received	263,028,865	285,216,403
Dividend Received	177,373	191,577
<b>Net cash used in investing activities</b>	<b>B</b>	<b>(2,044,390,802)</b>
<b>Cash flow from financing activities:</b>		
Receipts of Long Term Loans	8,672,168,488	6,812,300,000
Repayment of Long Term Loans	(4,276,381,380)	(5,945,913,456)
Payment of Zero Coupon Foreign Currency Convertible Bonds	-	(322,677,095)
Repayment of Deferred Credit Liability	(4,829,430)	(76,448,400)
Proceeds from short term loans (net)	(699,173,205)	80,062,197
Interest Paid	(2,758,476,682)	(2,601,484,301)
Dividend Paid	(100,782,945)	(100,740,954)
Dividend Distribution Tax Paid	(16,772,124)	(17,162,173)
<b>Net cash used in financing activities</b>	<b>C</b>	<b>(2,172,064,182)</b>

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**MOSER BAER INDIA LIMITED**  
**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011**

		<u>Year ended</u> <u>31.03.2011</u> <u>Rs.</u>	<u>Year ended</u> <u>31.03.2010</u> <u>Rs.</u>
<b>Net Increase/ (Decrease) in Cash and Cash Equivalents</b>	<b>(A+B+C)</b>	<b>(698,458,661)</b>	<b>(2,253,473,489)</b>
Exchange Gain/ (Loss) on Cash and Cash Equivalents		(17,889,312)	(26,951,793)
<b>Net Increase/ (Decrease) in Cash and Cash Equivalents</b>		<b>(716,347,973)</b>	<b>(2,280,425,282)</b>
<b>Cash and Cash Equivalents at beginning of the year</b>		<b>5,320,275,570</b>	<b>7,626,336,528</b>
Add: Cash and Cash Equivalents acquired on acquisition of subsidiary company		-	66,145,082
Less: Cash and Cash Equivalents of Joint Venture not considered for consolidation (Refer Note 1.1.2 of Schedule 22 Part B)		-	91,780,758
<b>Cash and Cash Equivalents at end of the year</b>		<b>4,603,927,597</b>	<b>5,320,275,570</b>
<b>Cash and Cash Equivalents comprise</b>			
Cash, Cheques and Drafts in hand		196,250,222	73,623,560
Remittances in transit		62,741,000	36,167,359
Fixed Deposits		3,251,554,133	3,575,916,915
Balance with Scheduled Banks		1,082,077,432	1,628,656,803
Balance with Non-scheduled Banks		11,304,810	5,910,933
		<u><b>4,603,927,597</b></u>	<u><b>5,320,275,570</b></u>

**Notes :**

- The above Cash Flow Statement has been prepared under the indirect method set out in AS-3 notified under sub-section 3C of Section 211 of the Companies Act, 1956.
- Figures in brackets indicate cash outgo.
- Corresponding figures for the Previous Year have been regrouped and recast wherever necessary to conform to the current year's classification.
- Cash and cash equivalents includes balances in Unpaid Dividend Account amounting to Rs. 4,424,912 (Previous Year Rs. 4,224,194) and in Fixed Deposits amounting to Rs. 2,661,881,960 (Previous Year Rs. 3,555,053,772) under lien and margin money, which are not available for use by the Group. (Refer schedule 10 in the accounts).
- The 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

**For Price Waterhouse**  
Firm Registration Number : 012754N  
Chartered Accountants

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

**Deepak Puri**  
Chairman and  
Managing Director

**Ratul Puri**  
Executive Director

**Anuradha Tuli**  
Partner  
Membership Number-F-085611  
Place: New Delhi  
Date: August 25, 2011

**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, 2011**

	<u>As at 31.03.2011</u>	<u>As at 31.03.2010</u>
	<u>Rs.</u>	<u>Rs.</u>
<b>SCHEDULE 1 - CAPITAL:</b>		
(Refer Note 15 of Schedule 22 Part A)		
<b>Authorised:</b>		
262,500,000 (Previous Year 207,500,000) Equity Shares of Rs.10 each	2,625,000,000	2,075,000,000
750,000 (Previous Year 750,000) Preference Shares of Rs. 100 each	75,000,000	75,000,000
	<u>2,700,000,000</u>	<u>2,150,000,000</u>
<b>Issued, Subscribed and Paid-up:</b>		
168,306,104 (Previous Year 168,306,104) Equity Shares of Rs.10 each fully paid	1,683,061,040	1,683,061,040
<b>Total</b>	<u>1,683,061,040</u>	<u>1,683,061,040</u>
<b>SCHEDULE 2- PREFERENCE SHARES ISSUED BY SUBSIDIARY COMPANIES:</b>		
23,784,606 (Previous Year 23,784,606) Fully Convertible Preference shares of GBP 1 each fully paid in cash	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	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	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	3,575,088,640	3,575,088,640
<b>TOTAL</b>	<u>8,155,338,571</u>	<u>8,155,338,571</u>
<b>SCHEDULE 3 - RESERVES AND SURPLUS:</b>		
<b>Capital Reserve:</b>		
As per last Balance Sheet	181,440,000	181,440,000
	<u>181,440,000</u>	<u>181,440,000</u>
<b>Securities Premium Account:</b> (Refer Note 19(c) of Schedule 22 Part-B)		
As per last Balance Sheet	8,170,237,602	8,334,425,901
Add:- Provision for redemption of Zero Coupon Foreign Currency Convertible Bonds reversed during the year on repurchase	-	77,085,113
Less:- Provision for redemption of Zero Coupon Foreign Currency Convertible Bonds	301,678,247	241,273,412
	<u>7,868,559,355</u>	<u>8,170,237,602</u>
<b>Foreign Currency Translation Reserve :</b>		
As per last Balance Sheet	(29,472,204)	(6,827,312)
Additions during the year	-	(22,644,892)
	<u>(29,472,204)</u>	<u>(29,472,204)</u>
<b>General Reserve:</b>		
As per last Balance Sheet	-	3,545,987,216
Add: Transferred from Profit and Loss Account during the year	-	(3,545,987,216)
	<u>-</u>	<u>-</u>
	<u>8,020,527,151</u>	<u>8,322,205,398</u>

**MOSER BAER INDIA LIMITED**

**SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011**

	Rs.	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.	Rs.
<b>SCHEDULE 4- SECURED LOANS:</b>				
(Refer Notes 10 and 12 of Schedule 22 Part-A)				
<b>Term Loans (Refer notes below):</b>				
<b>From Banks:</b>				
Rupee Loans	16,147,337,416		11,403,004,233	
Interest Accrued and Due	153,055,305	16,300,392,721	89,817,676	11,492,821,909
Foreign Currency Loans	1,284,126,234		1,250,388,431	
Interest Accrued and Due	436,842	1,284,563,076	436,842	1,250,825,273
		<u>17,584,955,797</u>		<u>12,743,647,182</u>
<b>From Others:</b>				
Rupee Loans	276,923,078		461,538,462	
Interest Accrued and Due	2,086,056	279,009,134	-	461,538,462
Foreign Currency Loans		1,085,894,237		1,298,248,936
		<u>18,949,859,168</u>		<u>14,503,434,580</u>
<b>Other Loans:</b>				
Short Term Loans from Banks: (Refer notes below)	8,805,015,907		9,649,391,459	
Interest Accrued and Due	12,566,078	8,817,581,985	23,587,294	9,672,978,753
Foreign Currency Loan		2,946,554,659		2,916,124,724
Secured by lien on Fixed Deposits		1,432,317,457		304,661,799
		<u>13,196,454,101</u>		<u>12,893,765,276</u>
<b>TOTAL</b>		<u><u>32,146,313,269</u></u>		<u><u>27,397,199,856</u></u>

**Notes:**

- Loans from Union Bank of India, Union Bank of India, Syndicate Bank, United Bank of India, 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 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.
- Loans from Oriental Bank of Commerce and Punjab National Bank and Foreign Currency Term Loan from International Finance Corporation are secured by first pari-passu charge by way of mortgage on the immovable properties of the Company comprising of 19,736 sq. mtrs. of land at plot no. 66B, Udyog Vihar, Greater Noida Industrial Development Area, Distt. Gautam Budh Nagar (U.P) together with all buildings and structures thereon and all plant and machinery attached to the earth or permanently fastened by anything attached to the earth ( both present and future) of the Company.
- Loans from Indian Overseas Bank and EXIM Bank and Foreign Currency Term Loans from Indian Overseas Bank, Union Bank of India, EXIM Bank and ECB Loan from Bank of Baroda are secured by first pari passu charge by way of hypothecation over the entire immoveable fixed assets (present and future) of the Company and 21000 square meter of Land situated at Plot 66B, Udyog Vihar, Greater NOIDA together with building & structure constructed/ to be constructed including all fixed plants & machinery.
- Loans from State Bank of Patiala, Punjab National Bank, EXIM Bank and Foreign Currency Term Loan from EXIM Bank are secured by first pari passu charge by way of hypothecation on movable fixed assets (present and future) on the Company.
- Loans from Central Bank of India is secured by first pari-passu charge on fixed assets and second pari passu charge by way of hypothecation on current assets of the Company.
- Loans from UCO Bank are secured by way of first pari passu charge on current assets (both present and future) of the Company and further secured by way of a second charge on pari-passu basis on all the moveable fixed assets of the Company.
- Loans from State Bank of Bikaner & Jaipur are secured by way of first pari passu charge by way of hypothecation over current assets (both present and future) of the Company.
- Working Capital Limit from State Bank of India and Central Bank of India are secured by a first pari passu charge by way of hypothecation over the current assets of the Company, (both present and future) and second pari passu charge by way of hypothecation over the entire moveable fixed assets of the Company.
- Working Capital Facility from Punjab National Bank is secured by a first pari passu charge by way of hypothecation over the current assets of the Company, (both present and future).
- Short Term Rupee Loans from Oriental Bank of Commerce and UCO Bank and Short Term Foreign Currency Loans from Oriental Bank of Commerce, Bank of Baroda 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 Company and further secured by second pari passu charge facilities by way of mortgage on the movable and immovable properties of the Company comprising of 19,736 sq. mtrs. of land at plot no. 66B, Udyog Vihar, Greater Noida Industrial Development Area, Distt. Gautam Budh Nagar (U.P) together with all buildings and structures thereon and all plant and machinery attached to the earth or permanently fastened by anything attached to the earth, both present and future.
- Short Term Foreign Currency Loan and working capital facility in Rupee 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 Company both present and future.
- Short Term Foreign Currency Loan from State Bank of Patiala is secured by first pari passu charge by way of hypothecation over movable fixed assets of the Company (both present and future).
- Short Term loans from Punjab National Bank, Vijaya Bank, State Bank of India, State Bank of Bikaner and Jaipur, State Bank of Patiala, State of Travancore, Bank of Baroda, Central Bank of India, and UCO Bank 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 Company.
- Term Loans repayable within one year Rs. 5,415,499,767 (Previous Year Rs. 4,191,235,710).

MOSER BAER INDIA LIMITED

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011

	As at 31.03.2011	As at 31.03.2010
	Rs.	Rs.
<b>SCHEDULE 5 - UNSECURED LOANS:</b>		
(Refer Notes 10 and 12 of Schedule 22 Part-A)		
<b>Short term loans:</b>		
<b>From Banks</b>		
Rupee Loan	-	1,100,000,000
Interest Accrued and Due	-	9,587,672
	-	1,109,587,672
<b>Deferred credit liability</b>	148,067,370	152,896,800
From others	29,700,000	-
 <b>Other Loans:</b>		
<b>Foreign Currency Convertible Bonds</b>		
(Refer Note 19 of Schedule 22 Part-B)		
Zero Coupon Tranche A Convertible Bonds Due 2012 USD 45,500,000 (Previous Year USD 45,500,000)	2,024,797,500	2,043,405,000
Zero Coupon Tranche B Convertible Bonds Due 2012 USD 43,000,000 (Previous Year USD 43,000,000)	1,922,745,000	1,931,130,000
<b>TOTAL</b>	<b>4,125,309,870</b>	<b>5,237,019,472</b>

**MOSER BAER INDIA LIMITED**  
**SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011**

**SCHEDULE 6 - FIXED ASSETS:**

(Refer Notes 5, 6, 9, 10, 14 and 16 of Schedule 22 Part-A and Notes 10, 27 and 29 of Schedule 22 Part-B)

DESCRIPTION	GROSS BLOCK			IMPAIRMENT For the year Rs.	DEPRECIATION/AMORTISATION			NET BLOCK		
	As at 01.04.2010 Rs.	Additions/ Adjustments Rs.	Deletions/ Adjustments Rs.		As at 01.04.2010 Rs.	For the Year Rs.	Deletions/ Adjustments Rs.	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.	
<b>Tangible Assets</b>										
Leasehold Land (Refer Note 2 below)	580,518,233	1,279,725	-	-	26,421,960	6,125,148	-	32,547,108	549,250,850	554,096,273
Buildings (Refer Note 2 below)	4,747,500,010	15,942,046	-	-	779,924,505	161,030,206	-	940,954,711	3,822,487,345	3,967,575,505
Leasehold Improvements	57,899,718	132,701	1,276,919	-	28,362,344	6,412,489	25,693	34,749,140	22,006,360	29,537,374
Plant & Machinery, Electrical Installations and Other Equipments (Refer Notes below)	48,699,809,393	1,512,598,060	261,169,805	9,672,380	26,590,018,331	4,517,284,177	93,762,703	31,013,539,805	18,928,025,463	22,109,791,062
Furniture and Fixtures (Refer Note 2 below)	204,330,703	5,631,780	2,066,473	261,345	78,506,960	11,501,609	392,320	89,616,249	118,018,416	125,823,743
Office Equipments (Refer Note 2 below)	121,270,238	8,095,145	1,788,914	810,178	36,649,581	6,731,245	259,790	43,121,036	63,645,255	84,620,657
Computers (Refer Note 2 below)	225,420,814	12,648,030	3,633,022	69,387	142,824,826	22,873,187	1,450,294	164,247,719	70,118,716	82,595,988
Vehicles	32,198,912	-	4,633,728	-	13,675,459	2,634,873	2,099,232	14,211,100	13,364,064	18,523,453
<b>Intangible Assets</b>										
Software	100,159,115	9,093,102	6,979,938	-	45,806,302	15,891,043	3,058,752	58,638,593	43,633,686	54,362,813
Technical Know-How	293,747,593	-	-	-	176,642,042	73,264,727	-	249,906,769	43,840,824	117,105,551
Copyrights	2,372,267,958	232,150,679	23,320,000	22,623,358	1,120,713,028	455,301,243	-	1,576,014,271	982,461,008	1,251,554,930
Marketing and Distribution Rights	327,512,310	-	-	327,512,310	242,597,646	24,444,640	-	267,042,286	60,470,024	84,914,664
<b>TOTAL</b>	<b>57,762,634,997</b>	<b>1,797,571,268</b>	<b>304,868,799</b>	<b>33,436,648</b>	<b>29,282,142,984</b>	<b>5,303,494,587</b>	<b>101,048,784</b>	<b>34,484,588,787</b>	<b>24,737,312,031</b>	<b>28,480,492,013</b>
<b>Capital Work in Progress:</b>										
Capital Work in Progress, including capital advances of Rs. 358,583,499 (Previous Year Rs. 386,800,601) and Capital Goods in transit Rs. 24,443,642 (Previous Year 26,096,358) - net of provisions for doubtful advances Rs.51,448,378 (Previous Year Rs. 43,687,266)										
Expenditure pending allocation (Refer Note 9 of Schedule 22 Part-B)										
Intangible assets under development										
<b>TOTAL</b>	<b>57,762,634,997</b>	<b>1,797,571,268</b>	<b>304,868,799</b>	<b>33,436,648</b>	<b>29,282,142,984</b>	<b>5,303,494,587</b>	<b>101,048,784</b>	<b>34,484,588,787</b>	<b>4,045,197,595</b>	<b>1,479,703,492</b>
<b>Grand Total</b>	<b>52,490,005,280</b>	<b>5,608,852,038</b>	<b>336,222,321</b>	<b>-</b>	<b>29,282,142,984</b>	<b>5,367,349,993</b>	<b>78,117,692</b>	<b>29,282,142,984</b>	<b>29,225,218,308</b>	<b>30,155,201,229</b>
Previous Year										

**Notes:**

- Gross block of Plant and Machinery and expenditure pending allocation includes borrowing cost capitalized during the year Rs. 140,582,958 (Previous Year Rs.54,616,929) and net gain on foreign exchange differences arising on long term foreign currency monetary liabilities amounting to Rs. 4,231,733 (Previous Year Rs. 580,950,050). (Refer Note 19 of Schedule 22 Part- B)
- Gross Block of fixed assets include Rs. 4,150,572,467 (Previous Year Rs. 3,996,247,554) relating to the SEZ division of the Company
- Gross Block of Plant and Machinery includes steel crates amounting to Rs. 218,047,592 (Previous Year Rs.42,322,656) which are provided to customers on a returnable basis for transportation of finished goods. (Refer Note 29 of Schedule 22 Part-B)

**MOSER BAER INDIA LIMITED**  
**SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011**

	<u>As at 31.03.2011</u>		<u>As at 31.03.2010</u>	
	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>
<b>SCHEDULE 7 - INVESTMENTS:</b>				
(Refer Note 7 of Schedule 21 Part-A and Note 1.1.4, 1.2, 2, and 8 of Schedule 22 Part-B)				
<b>LONG TERM (Trade and unquoted)</b>				
<b>Investment in Subsidiaries:</b>				
<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>Lumen Engineering Private Limited</u>				
102,000 (Previous Year 102,000) Equity Shares of Rs. 10/- each		1,020,000		1,020,000
<b>Investments in Others:</b>				
<u>CAPCO Luxembourg S.a.r.l.</u>				
1 (Previous Year 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>				
1,230,769 (Previous Year 6,153,846) Shares Series B Preferred Stock of USD 0.001 each	37,058,640		185,293,200	
703,321 (Previous Year 3,516,606) Shares Series C Preferred Stock of USD 0.001 each	39,690,996		198,454,978	
203,773 (Previous Year 1,018,866) Shares Series C 1 Preferred Stock of USD 0.001 each	11,499,669		57,498,346	
7,736,360 (Previous Year Nil) Common Stock of USD 0.001 each	306,998,542		-	
815,092 (Previous Year Nil) Class B Common Stock of USD 0.001 each	<u>45,998,677</u>		<u>-</u>	
	441,246,524		441,246,524	
Less: Provision for Diminution in value of Investment	<u>308,877,891</u>	132,368,633	<u>-</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>		<u>245,340,000</u>	
	983,047,185		983,047,185	
Less: Exchange Fluctuation arising on consolidation	57,953,206		-	
Less: Provision for Diminution in value of Investment	<u>587,324,368</u>	337,769,611	<u>-</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>Global Data Media FZ-LLC (Associate)</u>				
7,194 (Previous Year 7,194) Shares of AED 1,000 each		-		-
<u>Moser Baer Infrastructure Limited (Associate)</u>				
3,430,000 (Previous Year 3,430,000) Equity Shares of Rs. 10/- each net of provision of Rs 28,020,875 (Previous Year Rs. Nil) for Diminution in value of investment		-		29,413,335
<u>Bensimon Limited</u>				
20 (Previous Year 20) Equity Shares of Euro 1 each		1,382		1,382
<u>KMG Digital Limited</u>				
196 (Previous Year 196) Class A Ordinary Shares of Euro 1 each		1,320,264		1,320,264
<b>SHORT TERM</b>				
<b>Current (Non-Trade and unquoted)</b>				
<b>Investments in Mutual funds:</b>				
Nil (Previous Year 5,166,058) Units of SBI SHF Ultra Short Term Fund of Face Value Rs 10 each		-		51,691,577
<b>TOTAL (aggregate value of unquoted investments)</b>		<u><u>555,846,920</u></u>		<u><u>1,591,107,297</u></u>



**MOSER BAER INDIA LIMITED**  
**SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011**

	<u>As at 31.03.2011</u>		<u>As at 31.03.2010</u>	
	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>
<b>SCHEDULE 8 - INVENTORIES:</b>				
(Refer Note 8 of Schedule 22 Part-A and Note 24 of Schedule 22 Part-B)				
Stores and Spare Parts including in transit Rs. 11,926,527 (Previous Year Rs. 13,381,022) -net of provision for non-moving stock Rs. 5,231,249 (Previous Year Rs. 232,201)		1,177,802,140		1,104,065,493
Raw Materials and Components including in transit Rs. 359,449,338 (Previous Year Rs. 292,030,356) -net of provision for non-moving stock Rs. 13,542,793 (Previous Year Rs. 2,233)		1,961,323,981		1,702,907,353
Packing Material including in transit Rs. 5,829,728 (Previous Year Rs. 10,661,741) -net of provision for non-moving stock Rs. 12,078,542 (Previous Year Rs.8,003,673)		,202,207,101		198,790,237
Work in Progress -net of provision for non-moving stock Rs. 1,186,784 (Previous Year Rs.Nil)		2,800,538,814		2,593,091,283
Manufactured Finished Goods -net of provision for non-moving stock Rs. 1,548,122 (Previous Year Rs.11,694)		3,618,591,085		3,393,359,322
Traded Goods including goods in transit Rs. 3,976,477 (Previous Year Rs. 5,181,370) -net of provisions Rs. 175,537,961 (Previous Year Rs. 89,581,080)		324,051,371		324,723,552
Films under Production -net of provisions Rs. 45,546 (Previous Year Rs. NIL)		54,722,025		77,109,321
Film Rights (Theatrical and Other Commercial Rights) -net of provisions Rs. 33,158,305 (Previous Year Rs. NIL)		84,726,118		80,252,814
<b>TOTAL</b>		<b><u>10,223,962,635</u></b>		<b><u>9,474,299,375</u></b>
<b>SCHEDULE 9- SUNDRY DEBTORS:</b>				
(Refer Note 24 of Schedule 22 Part-B)				
<b>Debts outstanding for a period exceeding six months</b>				
Considered Good-Secured	692,737		29,904,782	
Considered Good-Unsecured	2,945,671,248		1,610,480,266	
Considered Doubtful-Unsecured	<u>353,214,147</u>		<u>221,450,319</u>	
	3,299,578,132		1,861,835,367	
Less: Provision for Doubtful Debts	<u>353,214,147</u>	2,946,363,985	<u>220,835,960</u>	1,640,999,407
<b>Other Debts</b>				
Considered Good-Secured	36,056,238		195,951,671	
Considered Good-Unsecured	<u>3,208,986,603</u>	3,245,042,841	<u>4,492,767,947</u>	4,688,719,618
<b>TOTAL</b>		<b><u>6,191,406,826</u></b>		<b><u>6,329,719,025</u></b>

**MOSER BAER INDIA LIMITED**  
**SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011**

	<u>As at 31.03.2011</u>		<u>As at 31.03.2010</u>	
	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>
<b>SCHEDULE 10 - CASH AND BANK:</b>				
Cash on hand including cheques/drafts		196,250,222		73,623,560
Remittance in Transit		62,741,000		36,167,359
<b>Balances with Scheduled Banks:</b>				
Current Accounts (Refer Note 1 below)	1,073,687,215		1,624,128,488	
Fixed Deposit Accounts (Refer Note 1 below)	3,251,554,133		3,575,916,915	
Unpaid Dividend Account	4,424,912		4,224,194	
E.E.F.C Accounts	<u>3,965,305</u>	4,333,631,565	<u>304,121</u>	5,204,573,718
<b>Balances with Other Banks:</b>				
Current Account with Banque Privee Edmond De Rothchild S.A. AG (Refer Notes 1 & 2 below)	4,587,420		4,641,767	
Current Account with Tatra Banka,a.s (Refer Note 2 below)	407,664		388,818	
Current Account with Genesee Regional Bank	3,468,461		-	
Current Accounts with Royal Bank of Scotland International (Refer Note 2 below)	<u>2,841,265</u>	11,304,810	<u>880,348</u>	5,910,933
<b>TOTAL</b>		<u><b>4,603,927,597</b></u>		<u><b>5,320,275,570</b></u>

**Notes:**

- 1) Includes-
  - a) Rs. 2,661,844,718 (Previous Year Rs. 3,494,465,772) which are subject to lien with the bankers and Rs. 23,000,000 (Previous Year Rs. 5,9328,000) held in margin money accounts.
  - b) Rs. 2,232,221 (Previous Year Rs. 2,248,817) in current accounts with Scheduled Banks and Rs. 4,587,420 (Previous Year Rs. 4,641,767) in current account with other banks out of proceeds of Zero Coupon Foreign Currency Convertible Bonds.
  - c) includes Rs. 1,816,632 (Previous Year Rs. 1,260,000) given as margin money to sales tax authorities.
- 2) Maximum balance outstanding at any time during the year were:
  - Tatra Banka.a.s.Rs. 407,664 (Previous Year Rs.437,846)
  - Royal Bank of Scotland International Rs. 630,438,251 (Previous Year Rs. 2,169,755)
  - Banque Privee Edmond De Rothchild S.A. AG Rs.4,796,189 (Previous year Rs. 5,249,165)

**SCHEDULE 11- OTHER CURRENT ASSETS:**

Interest Accrued on Fixed Deposits	80,660,939	82,233,679
Interest Accrued on Loan	4,126,733	-
Fixed Assets held for sale	-	38,989,147
	<u><b>84,787,672</b></u>	<u><b>121,222,826</b></u>

**MOSER BAER INDIA LIMITED**  
**SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011**

	<u>As at 31.03.2011</u>		<u>As at 31.03.2010</u>	
	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>
<b>SCHEDULE 12- LOANS AND ADVANCES:</b>				
(Unsecured - Considered Good, unless otherwise stated):				
Loans to Others		62,504,103		-
Advances recoverable in cash or kind or for value to be received (Refer note below)	390,945,749		1,512,195,528	
Considered Doubtful	<u>25,036,198</u>		<u>5,264,195</u>	
	415,981,947		1,517,459,723	
Less: Provision for Doubtful Advances	<u>25,036,198</u>	390,945,749	<u>5,264,195</u>	1,512,195,528
Advances to Suppliers		2,735,226,289		3,007,076,657
Balance with Government Authorities		385,220,978		193,558,805
Earnest Money/ Security Deposits		141,139,826		124,421,660
Advance Tax/ Tax Deducted at Source		442,336,021		835,027,283
<b>TOTAL</b>		<u><u>4,157,372,966</u></u>		<u><u>5,672,279,933</u></u>

**Note:**

Amount due from a Director and Officer as at March 31, 2011 Rs. 71,574 (Previous year Rs. Nil). Maximum balance due at any time during the year from Director and Officer of the Company was Rs. 272,406 (Previous year Rs. 20,000).

**SCHEDULE 13- CURRENT LIABILITIES AND PROVISIONS:**

**A. Current Liabilities:**

(Refer Note 24 of Schedule 22 Part-B)

Acceptances		1,496,819,507		2,319,884,092
Sundry Creditors				
- Total outstanding dues of micro and small enterprises	103,198,814		59,689,130	
- Total outstanding dues of creditors other than micro and small enterprises	<u>6,644,671,191</u>	6,747,870,005	<u>4,574,467,646</u>	4,634,156,776
Advances from Customers		132,458,649		224,011,175
Unclaimed Dividend *		4,424,912		4,224,194
Other Liabilities		200,664,033		204,891,727
Book Overdrafts		10,758,624		12,764,441
Security Deposits		70,638,896		74,865,706
Interest accrued but not due on Loans		40,887,533		39,412,004
<b>TOTAL</b>		<u><u>8,704,522,159</u></u>		<u><u>7,514,210,115</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, 17 and 19 of Schedule 22 Part-A)

For Taxation				
- Current Tax [including Wealth Tax Rs. 271,600 (Previous Year Rs. 205,298)]	18,734,962		19,442,607	
- Fringe Benefits Tax	<u>75,813,194</u>	94,548,156	<u>75,813,194</u>	95,255,801
For Premium on Redemption of Zero Coupon Foreign Currency Convertible Bonds (Refer Note 19 (c) of Schedule 22 Part-B)		1,064,331,621		762,653,374
For Warranty (Refer Note 21 of Schedule 22 Part-B)		180,753,894		119,073,738
For Other Probable Obligations (Refer Note 21 of Schedule 22 Part-B)		341,604,177		292,962,127
For Proposed Dividend		-		100,983,662
For Dividend Distribution tax on Proposed Dividend		-		16,772,124
Employee Benefit Schemes (Refer Note 18 of Schedule 22 Part-B)		200,658,037		221,747,640
<b>TOTAL</b>		<u><u>1,881,895,885</u></u>		<u><u>1,609,448,466</u></u>

**MOSER BAER INDIA LIMITED**

**SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011**

	<u>Year ended 31.03.2011</u>		<u>Year ended 31.03.2010</u>	
	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>
<b><u>SCHEDULE 14- EXCISE DUTY:</u></b>				
Excise Duty paid		560,771,805		521,775,017
Less: Excise duty on Closing Stock		25,094,455		28,372,841
Add: Excise duty on Opening Stock		28,372,841		37,864,741
<b>TOTAL</b>		<b>564,050,191</b>		<b>531,266,917</b>
<b><u>SCHEDULE 15- OTHER INCOME:</u></b>				
(Refer Notes 4 and 12 of Schedule 22 Part-A)				
Interest Received (Gross):				
a) On Deposits with banks	212,521,278		245,997,407	
b) On Income Tax Refunds	46,018,938		32,622,115	
c) From Customer	-		468,391	
d) On other Loan	2,915,909		176,015	
Tax Deducted at Source Rs. 19,464,398 (Previous Year Rs. 37,571,947)		261,456,125		279,263,928
Grants Received		18,107,184		-
Provisions/ Liabilities no longer required written back		254,558,422		172,833,134
Exchange Fluctuation (net)		-		402,413,996
Profit on cancellation of forward contracts (net)		-		1,734,534,703
Profit on sale of Fixed Assets (net)		71,785,423		-
FPS Incentive		182,894,305		-
Profit on sale of Current Investments (Others)		7,979		159,813
Dividend from Current Investments (Others)		177,373		191,577
Reversal of provision for Other Probable Obligations		-		79,602,108
Miscellaneous Income		283,513,853		415,023,440
<b>TOTAL</b>		<b>1,072,500,664</b>		<b>3,084,022,699</b>
<b><u>SCHEDULE 16-INCREASE IN STOCK OF FINISHED GOODS, WORK IN PROGRESS, TRADED GOODS AND FILM RIGHTS:</u></b>				
<b><u>Closing Stock:</u></b>				
Finished Goods	3,586,576,319		3,393,359,322	
Work in Progress	2,800,538,814		2,593,091,283	
Traded Goods and Film Rights	408,777,489	6,795,892,622	404,976,366	6,391,426,971
<b><u>Less: Opening Stock:</u></b>				
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
Excise duty on Finished Goods		3,278,386		9,491,900
Finished Goods Capitalised		288,536,580		-
<b>TOTAL</b>		<b>696,280,617</b>		<b>623,587,543</b>

**MOSER BAER INDIA LIMITED**

**SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011**

	Year Ended 31.03.2011	Year Ended 31.03.2010
	Rs.	Rs.
<b>SCHEDULE 17- PERSONNEL EXPENSES:</b>		
(Refer Note 11 of Schedule 22 Part-A and Notes 12 and 18 of Schedule 22 Part-B)		
Salaries, Allowances and Bonus	2,177,916,889	2,364,851,004
Contribution to Provident and other funds	142,638,220	202,244,185
Employee Welfare Expenses	185,103,743	198,799,815
Leave Encashment	13,171,591	19,811,965
<b>TOTAL</b>	<b><u>2,518,830,443</u></b>	<b><u>2,785,706,969</u></b>
<b>SCHEDULE 18- ADMINISTRATION AND OTHER EXPENSES:</b>		
(Refer Notes 14, 17 and 21 of Schedule 22 Part-A and Note 7 of Schedule 22 Part-B)		
Power and Fuel	1,725,263,913	1,683,281,740
Commission on Sales	15,494,787	13,917,918
Rent (Including Lease Rent)	143,286,143	130,997,211
Repairs and Maintenance:		
- Building	4,355,103	2,584,917
- Plant and Machinery	308,442,651	181,618,855
- Others	62,603,953	78,467,363
Freight and Forwarding (net)	546,220,976	421,389,779
Insurance	177,171,038	181,283,728
Service Charges	298,424,588	253,810,299
Rates and Taxes	19,126,529	11,175,442
Director's Sitting Fees	2,254,438	2,654,235
Donation	-	6,900,000
Remuneration to Auditors	39,561,928	43,841,505
Royalty (Refer Note 5 of Schedule 22 Part-B)	700,066,339	1,045,257,574
Warranty	128,679,970	112,320,445
Travelling and Conveyance	164,643,496	165,474,690
Advertisement and Business Promotion	165,732,498	184,439,832
Bad debts	6,531,698	1,807,425
Advances Written off	7,125,964	2,763,214
Provision for Doubtful Debts	111,919,576	32,378,733
Legal and Professional Expenses	570,426,745	390,122,448
Provision for Doubtful Advances	74,990,507	12,226,406
Research and Development Expenses	50,485,222	34,587,259
Provision for Other Probable Obligations	48,642,050	28,763,363
Miscellaneous Expenses	471,518,123	568,517,739
Loss on cancellation of forward contracts (net)	16,277,068	-
Stock Written Off	34,256,081	94,942,308
Provision for Slow Moving Stock	42,837,825	-
Preliminary Expenses written off	-	25,339
Exchange Fluctuation (net, includes exchange loss of Rs. 57,953,206 arising on consolidation)	41,766,102	-
Loss on sale of Fixed Assets (net)	-	4,423,642
<b>TOTAL</b>	<b><u>5,978,105,311</u></b>	<b><u>5,689,973,409</u></b>
<b>SCHEDULE 19- INTEREST AND FINANCE CHARGES:</b>		
(Refer Note 10 of Schedule 22 Part-A)		
Interest:		
On Fixed Loans	1,697,187,114	1,514,031,020
On Others	969,578,823	1,036,338,408
Finance Charges	36,014,441	41,187,710
Bank Charges	186,026,774	211,847,048
<b>TOTAL</b>	<b><u>2,888,807,152</u></b>	<b><u>2,803,404,186</u></b>
<b>SCHEDULE 20- DEPRECIATION/ AMORTISATION:</b>		
(Refer Note 6 of Schedule 22 Part-A)		
Depreciation on Fixed Assets (Refer Schedule 6)	5,303,494,587	5,367,349,993
Amortisation of Deferred Exchange Loss	16,644,292	278,091,871
Impairment of Fixed Assets	33,436,648	-
<b>Depreciation charged to Profit and Loss</b>	<b><u>5,353,575,527</u></b>	<b><u>5,645,441,864</u></b>
<b>SCHEDULE 21- EXCEPTIONAL ITEMS:</b>		
(Refer Note 19 (a) of Schedule 22 Part-B)		
Profit on purchase of Foreign Currency Convertible Bonds (Refer Note 19 (a) of Schedule 22 Part-B)	-	180,762,906
Less: Provision for Diminution in Long Term Investments (Refer Schedule 7)	924,223,134	-
<b>TOTAL</b>	<b><u>(924,223,134)</u></b>	<b><u>180,762,906</u></b>



## MOSER BAER INDIA LIMITED

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011

### 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, 2010 or date of incorporation/ acquisition, whichever is later, to 31st March, 2011.
- 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 Group discontinues recognizing the share of future losses when the share of losses in associate equals or exceeds the carrying amount of investment.

##### 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/advances, employee retirement benefit plans, warranty, provision for income taxes and the useful lives of fixed assets, diminution of value of investments, other probable obligations and inventory write down.

## MOSER BAER INDIA LIMITED

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011

### 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.

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 Group to receive payment is established.

FPS incentive is recognised as income based on the export of manufactured goods as per the revenue recognition policy of the Group.

#### 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.

Incidental expenditure pending allocation and attributable to acquisition of fixed assets is allocated/capitalised with the related fixed asset.

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".

Fixed assets held for sale are recorded at lower of book value or estimated net realisable value.

#### 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, 2011

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

#### Part -A SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

##### 8 INVENTORY VALUATION

Finished Goods, Work in progress, Traded Goods & Film Rights } At lower of cost and net  
Raw Materials, Packing Materials and Stores and Spares } 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.

Provision for Slow moving inventory is made below cost based on Management's best estimates of net realisable value.

##### 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 or construction 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.

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 Group's previous accounting policy has been adjusted against the opening revenue reserves of that year in accordance with Accounting Standard 15 'Employee Benefits'.

## MOSER BAER INDIA LIMITED

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011

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

#### Part -A SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

#### 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 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, 2012, 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.

#### 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

Payments made under operating leases are charged to Profit and Loss Account on a straight line basis over the period of 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, 2011

### 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.

Goodwill arising on consolidation is tested for impairment at every balance sheet date.

##### 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/revenue.

##### 19 PROVISIONS AND CONTINGENT LIABILITIES

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 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.

##### 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, 2011

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 comprise the results of the Parent, Moser Baer India Limited (MBIL), 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>
European Optic Media Technology GmbH	Germany	100%
Moser Baer Photo Voltaic Ltd (MBPV)	India	100%
Moser Baer Solar Limited (MBSL) (formerly PV Technologies India Ltd)	India	100%
Moser Baer SEZ Developer Limited	India	100%
Advoferm Limited	Cyprus	100%
Omega Optical Media Technologies #	Slovakia	100%
Peraround Limited	Cyprus	100%
Perafly Limited	Cyprus	100%
Nicofly Limited	Cyprus	100%
Perasoft Limited	Cyprus	100%
Dalecrest Limited	Cyprus	100%
Moser Baer Entertainment Limited (MBEL)	India	100%
Moser Baer Laboratories Limited (formerly known as Moser Baer Energy Limited)	India	100%
Solar Research Limited	India	100%
Crownglobe Limited	Cyprus	100%
OM&T B.V.	Netherlands	100%
Moser Baer Investments Limited	India	100%
Photovoltaic Holdings Limited (formerly Photovoltaic Holdings Plc)	Isle of Man	100%
Cubic Technologies B.V.	Netherlands	100%
Moser Baer Infrastructure and Developers Limited (MBIDL)**	India	100%
MB Solar Holdings Limited (MBSHL) (formerly Moser Baer Solar Limited)	Isle of Man	100%
Tifton Limited	Isle of Man	100%
Moser Baer Technologies Inc.	USA	100%
Moser Baer Photovoltaic Inc.*	USA	100%
Value Solar Energy Private Limited	India	100%
Admire Energy Solutions Private limited	India	100%
Moser Baer Solar Systems Private Limited (formerly Arise Solar Energy Private Limited)	India	100%
Competent Solar Energy Private Limited	India	100%
Pride Solar Systems Private Limited	India	100%
Hamel Limited@	Isle of Man	100%
Zesa Limited@	Isle of Man	100%
Tucker Limited@	Isle of Man	100%

# Dissolved in December 2010

\* Subscription amount paid in June 2010

\*\* Subsidiary from 16th May, 2009

@ Dissolved on 17th February, 2010

**MOSER BAER INDIA LIMITED**

**SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011**  
**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

During the year 2009 - 2010, 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 and the interest in joint venture is accounted for in accordance with Accounting Standard (AS) 23, "Accounting for Investments in Associates in Consolidated Financial Statements."

There were no significant events or transactions that would have required adjustment in the previous year in respect of the different reporting date 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%

1.1.4 The following subsidiary companies have not been consolidated in preparation of these consolidated financial statements as the Holding Company neither controls nor exercises significant influence over these Companies.

- Moser Baer Projects Private Limited
- Lumen Engineering Private Limited

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 31.03.2011 (Rs.)	As at 31.03.2010 (Rs.)	As at 31.03.2011 (Rs.)	Upto May 15, 2009 (Rs.)	As at 31.03.2011 (Rs.)	As at 31.03.2010 (Rs.)
	Cost of investment	34,300,000	34,300,000	NA	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	29,413,335	32,174,861	NA	22,174,252	-	-
(b)	Investment made during the year	-	-	NA	-	-	-
(c)	Add: Share of post acquisition (loss)/ profits (Net)	(1,392,460)	(2,761,526)	NA	-	-	-
(d)	Less: Value of Investments impaired	28,020,875	-	NA	-	-	-
(e)	Carrying value at the end of the year	-	29,413,335	NA	-	-	-

Pursuant to Accounting Standard - 23 on Accounting for Investments in Associates in the Consolidated Financial Statements, investment in Global Data Media FZ LLC has been reported at NIL (Previous Year NIL) as the share of losses of the associate exceeds the carrying amount of investments as at the balance sheet date.

\* Ceased to be an associate w.e.f. May 16, 2009

**MOSER BAER INDIA LIMITED**

**SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011**  
**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:**

		31.03.11		31.03.10
		Amount (Rs.)		Amount (Rs.)
a)	<b><u>On Acquisition of 7,400,000 ordinary shares of MBIDL Rs 10 each acquired from Tokatio Enterprises Company Limited:</u></b>			
	Consideration paid for acquisition of 74% of the equity shares in 2009-10		735,470,090	735,470,090
	Less: Shares in Equity on the date of investment:			
	Share Capital	74,000,000		
	Accumulated Losses	-	74,000,000	74,000,000
	Goodwill (A)		<b>661,470,090</b>	<b>661,470,090</b>
b)	<b><u>On Transfer of 180 ordinary shares of Euro 100 each of OM&amp;T B.V. to Cubic Technologies B.V. :</u></b>			
	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	80,178,630
	Goodwill (B)		<b>81,677,437</b>	<b>81,677,437</b>
c)	<b><u>On Acquisition of 50,000 ordinary shares of Rs.10 each of MBIDL:</u></b>			
	Consideration paid for acquisition of 100% of the equity shares in 2007 - 08		500,000	500,000
	Less: Shares in Equity on the date of investment:			
	Share Capital	500,000		
	Accumulated Losses	21,946	478,054	478,054
	Goodwill (C)		<b>21,946</b>	<b>21,946</b>
	<b>Total Goodwill (A+B+C)</b>		<b>743,169,473</b>	<b>743,169,473</b>

**3 The subsidiary companies have allotted the following Fully Convertible Preference Shares:**

- (a) During the year 2007-08, MBSHL 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 MBSHL or, subject to receipt of regulatory approvals, to be swapped with Equity Shares of MBSHL on November 11, 2011.
- (b) During the year 2007-08, MBSL 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 MBSL on November 11, 2011.
- (c) During the year 2008-09, MBSL 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 MBSHL but after receipt of regulatory approvals, these shares shall get converted into Equity Shares of MBSHL, 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 MBSHL.
- (d) During the year 2008-09, MBSHL 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 MBSHL, 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 MBSHL.

**MOSER BAER INDIA LIMITED**

**SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011**  
**SCHEDULE 22- SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (CONTD.)**

**Part-B NOTES TO ACCOUNTS (CONTD.)**

**4 Contingent Liabilities :**

In respect of:-

4.1 Corporate guarantees given on behalf of the Subsidiary Companies: Rs.21,253,587,500 (Previous Year Rs. 17,383,425,000). Against these guarantees, loans aggregating Rs.18,083,789,271 (Previous Year Rs. 16,042,958,865) have been availed by the subsidiary companies.

4.2 Bank Guarantees Rs.3,835,574,552 (Previous year Rs. 3,827,305,928).

4.3 Disputed demands (Gross) in respect of:-	2010-11 Rs.	2009-10 Rs.
Entry Tax [Amount paid under protest Rs. 1,863,606 (Previous Year Rs. 1,688,086) ; paid through bank guarantees Rs. 2,058,688 (Previous Year Rs. 1,882,668)]	127,297,833	126,302,825
Service Tax [Amount paid under protest Rs. 2,953,470 (Previous Year Rs. 2,953,470)]	154,559,343	148,498,311
Sales Tax [Amount paid under protest Rs. 4,543,604 (Previous Year Rs. 7,003,604) ; paid through bank guarantees Rs. 11,408,640 (Previous Year Rs. 24,987,468)]	16,728,917	101,925,563
Custom duty and Excise duty (including penalties)[Amount paid under protest Rs. 4,500,696 (Previous Year Rs. 594,598) ;paid through bank guarantees Rs. 12,000,000 (Previous Year Rs. 12,000,000)]	32,668,448	26,865,664
Income Tax [Amount paid under protest Rs. 34,500,000 (Previous Year Rs. 34,500,000)]	85,294,174	85,294,174
<b>Total</b>	<b>416,548,715</b>	<b>488,886,537</b>

4.4 Claims against the Group not acknowledged as debts: Rs. 2,317,645 (Previous Year Rs. 34,457,240).

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 estimated 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 In February 2003, MBIL 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 MBIL. 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). MBIL supplies recordable media to GDM and Imation under the ambit of CLA.

Philips filed a suit against MBIL 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 MBIL and Phillips, MBIL filed a suit against Philips challenging the default notices issued by Philips thereby pre-empting any possibility of termination of the aforementioned license agreements.

In the Previous Year, MBIL had entered into a "Settlement Agreement" with Philips and Imation thus bringing an end to all the disputes.

During the Previous Year, MBIL had 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 CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011**  
**SCHEDULE 22 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (CONTD.)**

**Part -B NOTES TO ACCOUNTS (CONTD.)**

- 6 6.1 Estimated value of contracts remaining to be executed on capital account and not provided for (net of advances): Rs. 6,745,575,501 (Previous Year Rs. 8,258,366,869).
- 6.2 Letters of Credit opened by banks on behalf of the Group: Rs. 1,299,027,870 (Previous Year Rs. 1,654,570,937).

**7 Lease Obligations:**

- 7.1 The Group 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 Group's option. Total lease payments recognized in the consolidated statement of Profit and Loss Account: Rs.104,047,245 (Previous year Rs. 102,778,935). The total rent recovered on sub lease during the year is Rs. 21,001,680 (Previous year Rs. 141,924).

7.2 Assets taken on Operating Lease

The MBIL has taken buildings on operating lease. Future lease payments & receivables for the non cancellable lease are given as under:

S.No.	Particulars	2010-11	2009-10
1	Total of future minimum lease payments under non cancellable operating lease for a period	184,223,100	-
	a. Not later than one Year	61,043,925	-
	b. Later than one Year & not later than five years	123,179,175	-
	c. Later than five years	-	-
2	Total of future minimum sub-lease rental receivable for non cancellable period of three years	191,640,330	-

**8 Movements in Other Investments:**

**Current Investments (Unquoted)**

**Outstanding at the beginning of the year**

SBI SHF Ultra Term Fund of face value of Rs. 10 each

**Acquired during the year**

SBI SHF Ultra Term Fund of face value of Rs. 10 each

**Sold during the year**

SBI SHF Ultra Term Fund of face value of Rs. 10 each

**Total**

2010-11		2009-10	
No.	Cost (Rs.)	No.	Cost (Rs.)
5,166,058	51,691,577		
-	-	5,166,058	51,691,577
5,166,058	51,691,577	-	-
-	-	5,166,058	51,691,577



**MOSER BAER INDIA LIMITED**

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011

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 31.03.2011 Rs.	As at 31.03.2010 Rs.
Salaries and Wages	20,531,134	8,354,976
Travelling Expenses	-	96,695
Freight and Cartage	7,157,790	4,469,266
Interest Expense	197,913,240	25,191,857
Difference in exchange rate *	-	8,107,501
Raw Material Cost- Trial run	-	11,334,831
Power and Fuel	10,253,525	-
Stores, Spares & Consumables	-	32,828,696
Legal and Professional	11,012,073	11,012,073
LC Charges	-	19,134
Miscellaneous Expenditure	5,088,261	-
Insurance	6,681,539	-
Exchange Fluctuation	(3,586,644)	(2,482,437)
Installation & Commissioning Charges	-	1,214,290
<b>Total</b>	<b>255,050,918</b>	<b>100,146,882</b>

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

**10 Prior Period Expenses/ (Income):**

Details of prior period (income) / expenses are as follows:

	2010-11 Rs.	2009-10 Rs
a) Inter company capital cost eliminated:		
2007 - 08	(4,856,212)	-
2008 - 09	(117,152,013)	-
2009 - 10	(160,746,333)	-
	<b>(282,754,558)</b>	<b>-</b>
b) Other items:		
Repair and Maintenance - Others	1,686,782	-
Commission on Sale	5,901,926	-
Sample and Testing charges	4,358,210	-
Cost of Goods Sold	(32,014,657)	-
Miscellaneous Income	-	(78,596)
	<b>(20,067,739)</b>	<b>(78,596)</b>
<b>Total</b>	<b>(302,822,297)</b>	<b>(78,596)</b>

**MOSER BAER INDIA LIMITED**

**SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011**  
**SCHEDULE 22 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (CONTD.)**

**Part-B NOTES TO ACCOUNTS (CONTD.)**

**11 Taxation:**

Provision for taxation has not been made in the absence of assessable taxable profits as per 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 assets/ liability is as under:

(Amount in Rupees)

Particulars of Timing Differences	As at March 31, 2010	Movement during the year	As at March 31, 2011
<b>Deferred tax Liability</b>			
Depreciation	177,036,723	(24,697,601)	152,339,122
Provision for Lease Rent Equilisation	-	6,813,995	6,813,995
Foreign Currency Monetary Item Translation Difference Account	32,305	(32,305)	-
<b>Total</b>	<b>177,069,028</b>	<b>(17,915,911)</b>	<b>159,153,117</b>
<b>Deferred tax Assets</b>			
Unabsorbed Depreciation	177,069,028	(24,697,601)	152,371,427
Foreign Currency Monetary Item Translation Difference Account	-	6,781,690	6,781,690
<b>Total</b>	<b>177,069,028</b>	<b>(17,915,911)</b>	<b>159,153,117</b>
Net deferred tax liability / (Assets)	-	-	-
Previous year	-	-	-

Notes: 1) The tax impact for the above purpose has been arrived at by applying a tax rate of 32.45% (previous year 33.22%) 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)

(Amount in Rupees)

	DEEPAK PURI	NITA PURI	RATUL PURI	Total
	Chairman and Managing director	Whole time director	Executive director	
Salaries, allowances and bonus	14,156,244 (22,156,244)	3,665,176 (4,615,176)	8,441,960 (13,241,960)	26,263,380 (40,013,380)
Contribution to provident Fund	1,698,756 (1,698,756)	439,824 (439,824)	1,013,040 (1,013,040)	3,151,620 (3,151,620)
Perquisites	145,000 (145,000)	145,000 (145,000)	145,000 (145,000)	435,000 (435,000)
<b>Total</b>	<b>16,000,000</b> (24,000,000)	<b>4,250,000</b> (5,200,000)	<b>9,600,000</b> (14,400,000)	<b>29,850,000</b> (43,600,000)

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. 4,656,185 (Previous year Rs. 4,715,890) and Gratuity: Rs. 2,515,021 (Previous year Rs.2,518,760) made during the year have not been included above.

**MOSER BAER INDIA LIMITED**

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011

**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 MBIL 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.

In case of Employee Stock Option Plan-2004, the Exercise Price shall be as follows:-

(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.

In case of Directors' Stock Option Plan, the Exercise Price shall be Rs. 170 per Option or prevailing Market Price, whichever is higher.

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

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

	2010-11		2009-10	
	Number	Weighted Average Price (Rs.)	Number	Weighted Average Price (Rs.)
Options outstanding at beginning of year	1,795,785	242.78	3,537,350	251.31
Add: Options Granted	-	-	626,350	134.04
Less: Options Exercised	-	-	-	-
Options Cancelled	54,900	134.05	2,145,965	225.59
Options Lapsed	152,450	239.64	221,950	238.01
Options outstanding at the end of year	1,588,435	246.22	1,795,785	242.78
Option exercisable at the end of year	1,211,283	256.61	1,105,585	255.58

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 to Rs. 491.90) and a weighted average remaining contractual life of 1.39 years (Previous Year 2.24 years).

During the year NIL (Previous Year NIL Nos. ) options were exercised resulting in a premium of NIL (Previous Year Rs. NIL) 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, MBIL 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 granted options shall be settled through issue of equity shares. The Exercise Price shall be as follows:-

(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.

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, MBIL under the 2009 plan has issued 497,600 (Previous year 2,535,810) options to eligible employees. 435,070 (Previous year 9,600) options have been cancelled. 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:**

	2010-11		2009-10	
	Number of Options	Exercise price (Rs.)	Number of Options	Exercise price (Rs.)
Options outstanding at beginning of year	2,526,210	79.63	-	-
Add: Options Granted	497,600	63.26	2,535,810	79.63
Less: Options Exercised	-	-	-	-
Options Cancelled	435,070	77.39	9,600	79.40
Options Lapsed	-	-	-	-
Options outstanding at the end of the year	2,588,740	76.86	2,526,210	79.63
Options exercisable at the end of the year	430,708	79.77	-	-

**MOSER BAER INDIA LIMITED**

**SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011**  
**SCHEDULE 22 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (CONTD.)**

**Part -B NOTES TO ACCOUNTS (CONTD.)**

The options outstanding at the end of year had exercise prices in the range of Rs. 46.30 to Rs. 170.00 (Previous Year Rs. 75.95 to Rs. 170.00) and a weighted average remaining contractual life of 3.04 years (Previous Year 3.94 years).

- c) During the previous year, MBSHL 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 MBSHL, its subsidiaries and its holding companies, as the remuneration committee of MBSHL 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 MBSHL 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 year, MBSHL under the 2008 plan has issued 24,200 (Previous year 449,220) 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. During the previous 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)

	2010-11 Number of Options	2009-10 Number of Options
Options outstanding at beginning of year	449,220	449,220
Add: Options Granted	24,200	-
Less: Options Cancelled	89,742	-
Options outstanding at the end of the year	<b>383,678</b>	<b>449,220</b>

The options outstanding at the end of the year have an exercise price of Rs. 500 (Previous year Rs.500) and a weighted average remaining contractual life of 5.94 years (Previous Year 6.94 Years).

- d) The impact on the loss of the Group for the year ended March 31, 2011 and the basic and diluted earnings per share had the Group followed the fair value method of accounting for stock options is set out below:

	2010-11 Rs.	2009-10 Rs.
(Loss) after tax as per Profit and Loss Account (a)	(8,487,557,158)	(3,939,342,374)
Less: Employee Stock Compensation Expenses as per Fair Value method	75,535,753	89,593,053
(Loss) after tax recomputed for recognition of employee stock compensation expenses under fair value method	(8,563,092,911)	(4,028,935,427)
Earnings (Loss) Per Share based on earning as per (a) above: (Refer Note 16 below)		
- Basic	(50.43)	(23.41)
- Diluted	(50.43)	(23.41)
Earning / (Loss) Per Share had fair value method been employed for accounting of employee Stock options:		
- Basic	(50.88)	(23.94)
- Diluted	(50.88)	(23.94)

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 CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011

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

**Part-B NOTES TO ACCOUNTS (CONTD.)**

e) The following assumptions were used for calculation of fair value of grants of the Group:

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

**Options**

	2010-11*	2009-10
Dividend Yield (%)	-	0.44
Expected Volatility (%)	-	57.63 to 58.71
Risk-free interest rate (%)	-	6.11 to 6.47
Expected term (in years)	-	4.71 to 5.68
Fair value of options as at the grant date	-	Rs.11.50 to Rs.71.11

\* No Options granted during the year.

1.2 Moser Baer India Limited Stock Option Plan 2009

**Options**

Dividend yield (%)	0.58	0.97
Expected volatility (%)	56.35 to 63.20	71.52 to 72.19
Risk-free interest rate (%)	7.48 to 8.12	7.39 to 7.44
Expected term (in years)	4.27 to 5.08	4.27 to 5.08
Fair value of options as at the grant date	Rs. 24.61 to Rs.38.02	Rs.71.11 to Rs.73.86

1.3 Moser Baer Solar Plc Stock Option Plan 2008

**Options**

Dividend yield (%)	0%	0%
Expected volatility (%)	77.62	77.62
Risk-free interest rate (%)	7.41 to 7.68	7.41 to 7.68
Expected term (in years)	4.5 to 7.5	4.5 to 7.5
Weighted average Fair value of options as at the grant date	Rs.129.88	Rs.129.88
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 is computed using Black- Scholes Option Pricing Formula.

**14 Derivative Instruments:**

The Group uses forward exchange contracts to hedge against its foreign currency exposures relating to the underlying transactions and firm commitments. The Group does not enter into any derivative instruments for trading or speculative purposes. The forward exchange contracts outstanding as at 31 March, 2011 are as under :

Currency Exchange	USD/INR	EUR/USD	EUR/INR
a) Number of 'buy' contracts	9 (2)	- ( 1 )	- (1)
b) Aggregate currency amount	\$84,321,023 (\$11,766,664)	- (€1,000,000)	- (€11,000,000)
c) Number of 'sell' contracts	1 (9)	10 (10)	- (-)
d) Aggregate currency amount	\$2,868,736 (\$166,000,000)	€45,000,000 (€54,000,000)	- (-)

The foreign currency exposures not hedged as at 31 March, 2011 are as under:

Currency Exchange	USD	EUR	GBP	CHF	JPY	SGD
Net Unhedged exposure in currency	163,741,358 (233,529,360)	23,909,011 (10,139,979)	425,980 (276,380)	556,545 (343,216)	266,539,571 (453,987,685)	157,451 (153,666)
Currency Exchange	SEK	CNY	AED	NOK	HKD	
Net Unhedged exposure in currency	12,633 (12,633)	178,069 (13,600)	900 (900)	39,400 (11,600)	2,150 (2,100)	

Mark-to-market losses related to derivatives are Rs. 2,328,426 (Previous Year Nil)

*Figures in brackets represents Previous Year figures.*



## MOSER BAER INDIA LIMITED

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011

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

#### Part -B NOTES TO ACCOUNTS (CONTD.)

#### 15 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:

15.1	Nature of relationship	Name of the related party	Share Holding as at 31 March 2011
	Associate Company	Global Data Media FZ LLC	49%
	Associate Company	Moser Baer Infrastructure 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 (MBECL)
- Moser Baer Projects Private Limited (MBPPL)
- Sapphire Industrial Infrastructure Private Limited

#### Key Management Personnel

Chairman and Managing Director	Mr. Deepak Puri
Whole Time Director	Mrs. Nita Puri
Executive Director	Mr.Ratul Puri

**MOSER BAER INDIA LIMITED**

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011

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

**Part-B NOTES TO ACCOUNTS (CONTD.)**

15.2 Details of Transactions with the Related Parties in the ordinary course of business:  
(figures in brackets represent Previous Year figures)

(Amount in Rupees)

Particulars	Associates	Key Management Personnel	Moser Baer Trust	Enterprises over which Key Management Personnel exercise significant influence	Total
<b>Sales of Finished goods</b>	-	-	986,779	-	
-Global Data Media FZ LLC	(707,441)	(-)	(-)	(-)	
-Moser Baer Engineering & Construction Limited	(1,712,633,198)	(-)	(-)	(-)	1,144,691,749 (1,719,226,478)
<b>Purchase of Trading Goods from related party</b>					
-Sapphire Industrial Infrastructure Private Limited	-	-	-	4,544,314	4,544,314 (-)
<b>Sales of Fixed assets</b>					
-Moser Baer Engineering & Construction Limited	-	-	-	5,959,233	5,959,233 (-)
<b>Expenses incurred on behalf of related parties</b>					
-Global Data Media FZ LLC	134,850	-	-	-	
-Sapphire Industrial Infrastructure Private Limited	(1,177,648)	(-)	(-)	(-)	
-Moser Baer Projects Private Limited	-	-	-	2,375,000	
-Moser Baer Engineering & Construction Limited	-	-	-	(-)	
	(-)	(-)	(-)	100,573	
	-	-	-	(-)	
	-	-	-	15,004,975	17,615,398 (1,177,648)
	(-)	(-)	(-)	(-)	
<b>Expenses charged by related parties</b>					
Global Data Media FZ LLC	-	-	-	-	-
	(3,268,731)	(-)	(-)	(-)	(3,268,731)
<b>Reimbursement/Recovery of expenses/services</b>					
-Global Data Media FZ LLC	-	-	-	-	
-Moser Baer Projects Private Limited	(24,339,486)	(-)	(-)	(-)	
-Moser Baer Engineering & Construction Limited	-	-	-	100,573	
	-	-	-	(-)	
	(-)	(-)	(-)	(-)	
	-	-	-	1,710,000	1,810,573 (24,339,486)
	(-)	(-)	(-)	(-)	
<b>Provision for Amount outstanding in Debtors</b>					
-Global Data Media FZ LLC	108,589,804	-	-	-	108,589,804 (-)
	(-)	(-)	(-)	(-)	
<b>Security Deposit received</b>					
-Moser Baer Engineering & Construction Limited	-	-	-	12,000,000	12,000,000 (-)
	(-)	(-)	(-)	(-)	
<b>Lease rent charged to related party</b>					
-Moser Baer Engineering & Construction Limited	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)
	-	-	-	21,001,680	21,001,680 (-)
	(-)	(-)	(-)	(-)	
<b>Advance Rent Received</b>					
-Moser Baer Engineering & Construction Limited	-	-	-	4,739,175	4,739,175 (-)
	(-)	(-)	(-)	(-)	
<b>Advance Received from Related Party</b>					
-Moser Baer Engineering & Construction Limited	-	-	-	800,000,000	800,000,000 (-)
	(-)	(-)	(-)	(-)	

**MOSER BAER INDIA LIMITED**

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011

**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 represent Previous Year figures)

(Amount in Rupees)

Particulars	Associates	Key Management Personnel	Moser Baer Trust	Enterprises over which Key Management Personnel exercise significant influence	Total
Provision for Diminution in the value of long term investment					
Moser Baer Infrastructure Limited	28,020,875 (-)	- (-)	- (-)	- (-)	28,020,875 (-)
Directors Remuneration	- (-)	29,850,000 (43,600,000)	- (-)	- (-)	29,850,000 (43,600,000)
Dividend paid to Key Management Personnel (2009-10)					
Mr. Deepak Puri	- (-)	3,457,784 (3,457,784)	- (-)	- (-)	
Mr. Ratul Puri	- (-)	9,686,252 (9,686,252)	- (-)	- (-)	
Mrs. Neeta Puri	- (-)	2,060,779 (2,060,779)	- (-)	- (-)	15,204,815 (15,204,815)
Donation	- (-)	- (-)	- (6,900,000)	- (-)	- (6,900,000)
<b>Outstanding receivables</b>					
In respect of Sales or Services	- (-)	- (-)	878,932 (-)	- (-)	
-Global Data Media FZ LLC	86,732,200 (204,060,680)	- (-)	- (-)	- (-)	
-Moser Baer Projects Private Limited	- (-)	- (-)	- (-)	8,550 (8,550)	
-Moser Baer Engineering & Construction Limited	- (-)	- (-)	- (-)	648,551,077 (6,593,280)	736,170,759 (210,662,510)
In Respect of Sale of Fixed Assets					
-Moser Baer Engineering & Construction Limited	- (-)	- (-)	- (-)	5,959,233 (-)	5,959,233 (-)
In respect of expenses/service charges					
-Sapphire Industrial Infrastructure Private Limited	- (-)	- (-)	- (-)	2,375,000 (-)	2,375,000 (-)
<b>Outstanding payable</b>					
In respect of other advances					
-Moser Baer Engineering & Construction Limited	- (-)	- (-)	- (-)	4,739,175 (-)	4,739,175 (-)
In respect of Purchase of Goods					
-Sapphire Industrial Infrastructure Private Limited	- (-)	- (-)	- (-)	4,544,314 (-)	4,544,314 (-)
In respect of advance received					
-Moser Baer Engineering & Construction Limited	- (-)	- (-)	- (-)	800,000,000 (-)	800,000,000 (-)
In respect of Security Deposit received					
-Moser Baer Engineering & Construction Limited	- (-)	- (-)	- (-)	12,000,000 (-)	12,000,000 (-)
In respect of Managerial Remuneration					
Deepak Puri	- (-)	1,280,934 (9,280,934)	- (-)	- (-)	
Ratul Puri	- (-)	804,743 (5,615,293)	- (-)	- (-)	
Nita Puri	- (-)	406,678 (1,364,436)	- (-)	- (-)	2,492,355 (16,260,663)

**MOSER BAER INDIA LIMITED**

**SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011**  
**SCHEDULE 22- SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (CONTD.)**

**Part-B NOTES TO ACCOUNTS (CONTD.)**

**16 Earnings / (Loss) per share (EPS):**

a)	2010-11	2009-10
Calculation of Weighted Average number of equity shares		
1. For Basic EPS		
No. of Shares at the beginning of the year	168,306,104	168,306,104
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	168,306,104
2. For Diluted EPS		
Weighted Average number of equity shares outstanding during the year as computed above	168,306,104	168,306,104
Weighted Average number of equity shares outstanding during the year for Diluted EPS	168,306,104	168,306,104
b) Net (loss) after tax available for equity shareholders	(8,487,557,158)	(3,939,342,374)
Earnings / (Loss) per share (face value per share Rs. 10 each)		
<b>Basic</b>	<b>(50.43)</b>	<b>(23.41)</b>
<b>Diluted</b>	<b>(50.43)</b>	<b>(23.41)</b>

**17 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  
 Home Entertainment : Pre-Recorded Disk

**Information about Primary Business Segments**

a) Financial information about business segments for the year ended March 31, 2011 is as follows: (Amount in Rupees)

	Storage Media Products	Solar Products	Home Entertainment	Other Operations	Eliminations	Total
<b>Revenue:</b>						
External	15,834,851,069	8,515,184,044	732,249,694	1,025,969,850	-	26,108,254,657
Inter-segment	496,091,239	5,749,815	742,020	1,100,791,734	(1,603,374,808)	-
<b>Total Revenue</b>	<b>16,330,942,308</b>	<b>8,520,933,859</b>	<b>732,991,714</b>	<b>2,126,761,584</b>	<b>(1,603,374,808)</b>	<b>26,108,254,657</b>
<b>Result:</b>						
Segment Result	(2,288,572,534)	(1,903,513,491)	(591,713,827)	9,696,901	-	(4,774,102,951)
Interest expense (net of interest income)						2,627,351,029
Unallocated corporate expenses (net)/ (Income)						1,084,626,353
<b>(Loss) before Tax</b>						<b>(8,486,080,333)</b>
Provision for Taxation						84,365
<b>(Loss) after Tax</b>						<b>(8,486,164,698)</b>
Share in Loss of Associates						(1,392,460)
<b>Net (Loss) for the year</b>						<b>(8,487,557,158)</b>
<b>Other Information:</b>						
Segment Assets	26,100,010,227	25,854,302,041	1,514,733,370	10,248,251,991	(9,753,618,586)	53,963,679,043
Unallocated corporate assets						1,822,013,353
Total assets						55,785,692,396
Segment Liabilities	2,811,119,407	5,901,909,647	1,477,126,159	3,469,241,803	(3,135,134,571)	10,524,262,445
Unallocated corporate liabilities						36,366,171,292
Total liabilities						46,890,433,737
Capital Expenditure	960,927,870	269,224,495	221,817,567	243,771,787	96,942,872	1,792,684,591
Unallocated capital expenditure						4,886,679
Total Capital expenditure						1,797,571,270
Depreciation/ Amortisation	3,775,087,212	1,007,908,135	498,099,477	48,062,709	(87,643,166)	5,241,514,367
Unallocated Depreciation/ Amortisation						112,061,160
Total Depreciation/ Amortisation						5,353,575,527

**MOSER BAER INDIA LIMITED**

**SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011**  
**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 March 31, 2010 is as follows: (Amount in Rupees)

	Storage Media Products	Solar Products	Home Entertainment	Other Operations	Eliminations	Total
<b>Revenue:</b>						
External	16,651,750,404	4,549,257,451	844,606,903	2,472,910,662	-	24,518,525,420
Inter-segment	1,968,535,516	128,249,788	14,599,685	1,048,734,829	(3,160,119,818)	-
<b>Total Revenue</b>	<b>18,620,285,920</b>	<b>4,677,507,239</b>	<b>859,206,588</b>	<b>3,521,645,491</b>	<b>(3,160,119,818)</b>	<b>24,518,525,420</b>
<b>Result:</b>						
Segment Result	(462,984,942)	(2,249,166,075)	(413,334,342)	100,387,725	-	3,025,097,634)
Interest expense (net of interest income)						2,524,140,258
Unallocated corporate expenses (net)/ (Income)						(1,541,207,639)
<b>(Loss) before Tax</b>						<b>(4,008,030,253)</b>
Provision for Taxation						(71,449,405)
<b>(Loss) after Tax</b>						<b>(3,936,580,848)</b>
Share in Loss of Associates						(2,761,526)
<b>Net (Loss) for the year</b>						<b>(3,939,342,374)</b>
<b>Other Information:</b>						
Segment Assets	30,095,058,020	22,898,223,960	2,063,811,911	4,190,495,404	(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	1,398,406,390	598,825,442	(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	470,609,314	738,915,391	(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	94,666,435	688,518,573	(60,717,669)	5,349,535,984
Unallocated Depreciation/ Amortisation						295,905,880
Total Depreciation/ Amortisation						5,645,441,864

**Information about Secondary Geographical Segments:-**

a) Sales Revenue by Geographical Market	Current Year Rs.	Previous Year Rs.
India	7,943,558,942	7,480,027,304
Outside India	18,164,695,714	17,038,498,116
<b>Total</b>	<b>26,108,254,656</b>	<b>24,518,525,420</b>

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	1,795,508,624	5,602,098,826	46,030,985,908	50,558,274,912
Outside India	2,062,643	6,753,211	9,754,706,484	8,848,999,815
<b>Total</b>	<b>1,797,571,267</b>	<b>5,608,852,037</b>	<b>55,785,692,392</b>	<b>59,407,274,727</b>



**MOSER BAER INDIA LIMITED**

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011

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

**Part-B NOTES TO ACCOUNTS (CONTD.)**

**18 Employees' 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 -

	2010-11	2009-10
Employers' Contribution to Provident Fund *	67,271,494	65,973,879

**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

	2010-11	2009-10
Employers' Contribution to Employee's State Insurance Act, 1948 *	14,880,600	7,692,811
Employers' Contribution to Employee's Pension Plan, 1995 *	32,143,554	33,547,257

\* Included in Contribution to Provident and Other Funds under Personnel Expenses (Refer Schedule 17)

**III Defined Benefit Plans and Other Long Term Employee Benefits**

- 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	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Discount Rate (per annum)	8.25%	8.00%	8.25%	8.00%	5.10%	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	9.40%	9% to 9.4%	5.10%	4.87%
Expected Average remaining working lives of employees (years)	11.51	12.00 to 12.09	11.51	12.00 to 12.09	14.60	15.70

MOSER BAER INDIA LIMITED

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011  
SCHEDULE 22 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (CONTD.)

Part-B NOTES TO ACCOUNTS (CONTD.)

Changes in the Present Value of Obligation

(Amount in Rupees)

Particulars	Leave Encashment (Unfunded)		Employee's Gratuity Fund		Pension Fund	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Present Value of obligation as at April 1, 2010	98,127,858	85,209,822	210,299,190	151,371,192	47,229,022	52,686,260
Interest Cost	8,486,681	8,132,784	17,682,863	13,822,938	9,272,971	-
Current Service Cost	24,896,136	24,826,212	34,732,165	30,122,868	13,186,888	-
Past service cost	-	-	-	22,541,006	131,496,785	-
Benefits paid	(11,814,287)	(9,136,099)	(16,511,829)	(6,267,158)	(126,805)	-
Actuarial (gain)/loss on obligations	(23,080,001)	(12,151,979)	(16,406,417)	(3,235,094)	3,477,603	(5,457,238)
Amalgamations	-	1,247,118	-	1,943,438	-	-
Curtailments	-	-	-	-	-	-
Settlements	-	-	-	-	-	-
<b>Present Value of obligation as at March 31, 2011 (Closing)</b>	<b>96,616,387</b>	<b>98,127,858</b>	<b>229,795,972</b>	<b>210,299,190</b>	<b>204,536,464</b>	<b>47,229,022</b>

Changes in the Fair value of Plan Assets

Particulars	Employee's Gratuity Fund		Pension Fund	
	2010-11	2009-10	2010-11	2009-10
Fair Value of plan Assets as at April 1, 2010	151,341,465	118,839,945	25,217,032	28,130,820
Expected Return on plan assets	13,427,106	11,647,875	30,528,549	-
Actuarial Gains and Losses	-	-	2,838,329	(555,360)
Contributions	820,240	27,120,803	-	-
Benefits Paid	(16,511,829)	(6,267,158)	(126,805)	(2,358,428)
Additional Charge	-	-	141,007,160	-
<b>Fair Value of Plan Assets as at March 31, 2011</b>	<b>149,076,982</b>	<b>151,341,465</b>	<b>199,464,265</b>	<b>25,217,032</b>

Expenses recognised in the Profit and Loss Account

Particulars	Leave Encashment (Unfunded)		Employee's Gratuity Fund		Pension Fund	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Current Service Cost	24,896,136	24,826,212	34,732,165	30,122,868	13,186,888	-
Past Service Cost	-	-	-	22,541,006	-	-
Interest Cost	8,486,681	8,132,784	17,682,863	13,822,938	9,272,971	-
Expected Return on Plan Assets	-	-	(13,427,106)	(11,647,875)	(30,528,549)	-
Additional Charges	-	-	-	-	3,853,702	-
Net actuarial (gain)/loss recognized	(23,080,001)	(12,151,979)	(16,406,417)	(3,235,094)	6,382,695	-
Effect of Curtailments	-	-	-	-	(33,298,397)	-
<b>Total Expenses recognized in the Profit &amp; Loss Account</b>	<b>**10,302,816</b>	<b>**20,807,017</b>	<b>*22,581,505</b>	<b>*51,603,843</b>	<b>*-31,130,690</b>	<b>*-</b>

\* Included in Contribution to Provident and other funds (Refer Schedule 17)

\*\* Included in Personnel Expenses (Refer Schedule 17)

MOSER BAER INDIA LIMITED

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011  
 SCHEDULE 22 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (CONTD.)

Part-B NOTES TO ACCOUNTS (CONTD.)

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 31.03.11	Funded 31.03.10	Funded 31.03.09	Funded 31.03.08	Funded 31.03.07
The present value of the defined benefit obligation	229,795,971	210,299,190	151,371,192	107,686,268	73,799,452
The fair value of the plan assets	149,076,982	151,341,465	118,839,945	102,709,562	32,671,570
Surplus or (deficit) in the plan assets	(80,718,989)	(58,957,725)	(32,531,247)	(4,976,706)	(41,127,882)
Experience adjustments on plan liabilities	(270,416)	(194,530)	5,037,345	-	-

Particulars	Leave Encashment				
	Unfunded 31.03.11	Unfunded 31.03.10	Unfunded 31.03.09	Unfunded 31.03.08	Unfunded 31.03.07
The present value of the defined benefit obligation	96,616,387	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	(96,616,387)	(98,127,858)	(85,209,822)	(63,927,827)	(32,268,520)
Experience adjustments on plan liabilities	(1,082,185)	(596,472)	54,094	-	-

This is the fifth year of adoption of Accounting Standard 15 and accordingly five years figures have been disclosed as required by Para 120(n) of AS-15.

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.

The expected contribution on account of Gratuity for the year ending March 31, 2012 can't be ascertained.

**19 Foreign Currency Convertible Bonds**

- (a) MBIL has bought back and cancelled Nil (Previous Year 35) Zero Coupon Tranche A Convertible Bonds and Nil (Previous Year 70) 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. Nil (Previous Year Rs. 180,762,906) 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 up to 31 March, 2011 is as under:

Particulars	31.03.2011		31.03.2010	
	USD	Rs.*	USD	Rs.*
Funds available at the beginning of the year	153,465	6,890,584	50,445,899	2,513,569,384
Less: Capital Equipment	-	-	86,028	4,183,086
Investment in overseas subsidiary companies through loans/capital	-	-	6,075,639	294,287,722
Miscellaneous Expenses	541	24,418	38,079,108	1,870,470,357
FCCB Buy Back	-	-	6,535,000	313,674,775
Total	541	24,418	50,775,775	2,482,615,940
Add : Interest received	-	-	483,341	23,851,192
Unutilized Issue Proceeds #	152,924	6,819,641	153,465	6,890,584

# Reinstated as at year end rate

\* Net off foreign exchange loss of Rs. 46,525 (Previous Year Rs. 47,914,052).

**MOSER BAER INDIA LIMITED**

**SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011**  
**SCHEDULE 22 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (CONTD.)**

**Part-B NOTES TO ACCOUNTS (CONTD.)**

**c) Premium on redemption of FCCB :**

Particulars	31.03.2011	31.03.2010
Opening Balance	762,653,374	598,465,075
Add Provision for the year	301,678,247	241,273,412
Amount Utilised During the year	-	-
Utilized Amount reversed during the year	-	77,085,113
Closing Balance	1,064,331,621	762,653,374

Premium payable on redemption of FCCB accrued up to March, 31, 2011 calculated on prorata basis Rs. 1,064,331,621 (Previous Year Rs. 762,653,374) 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.

- 20 Pursuant to the notification issued by the ministry of Corporate Affairs dated May 11, 2011 read with notification issued on March 31, 2009, The MBIL has chosen to avail the option to accumulate exchange difference arising on long term foreign currency monetary items in the "Foreign Currency Monetary Item Translation Difference Account". Amount remaining to be amortised in this account is as under:

Particulars	31.03.2011 Rs.	31.03.2010 Rs.
Amortisation charged to Profit and Loss Account	16,644,292	278,091,871
Un-amortised Exchange Differences	32,392,554	(97,246)

- 21 The Group has the following provisions in the books of account as on 31.03.2011

Particulars	2010-11		2009-10	
	Rs.	Rs.	Rs.	Rs.
	Warranty	Other Probable Obligations	Warranty	Other Probable Obligations
Balance as at the beginning of the year	119,073,738	292,962,127	52,087,417	343,800,872
Additions during the year	128,679,970	48,642,050	112,320,445	28,763,363
Utilised / written back during the year	(66,999,814)	-	(45,334,124)	(79,602,108)
Balance as at the end of the year	180,753,894	341,604,177	119,073,738	292,962,127

Warranty provision 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.

- 22 During the previous year, MBSL 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.

- 23 Disclosures pursuant to Accounting Standard (AS) 7 "Construction Contracts" :

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
i) Contract Revenue recognised during the year	212,099,235	361,951,552
ii) Aggregate amount of contract costs incurred for all contracts in progress as at year end	51,709,341	132,992,021
iii) Recognized profits (less recognized losses) for all contracts in progress as at the year end	(1,940,965)	15,242,052
iv) Amount of advances received for contracts in progress as at year end	808,312	19,745,009
v) Amount of retentions for contracts in progress as at year end	43,982,074	-

## MOSER BAER INDIA LIMITED

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011

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

#### Part -B NOTES TO ACCOUNTS (CONTD.)

- 24 Considering the shortage of high-purity poly-silicon wafers, the most important raw material in the crystalline-silicon segment of the photovoltaic solar-industry, MBPV entered into long-term fixed-price contracts in 2007 and 2008 for their purchase from three wafer suppliers. 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. Consequently:
- In the case of one wafer supplier, an amendment was finalized wherein purchase has now been linked to prevailing market prices with no long term commitments.
  - In the case of another wafer supplier, considering the revised economics of the solar industry, as done by other companies in this industry, the subsidiary has made efforts to re-negotiate the contract. After a number of such attempts, the subsidiary has terminated the contract and has called on a bank guarantee which has been challenged by the vendor; the matter is sub-judice in international courts. The vendor has meanwhile raised a claim amounting to Rs. 876,844,275 (Previous Year Rs. 836,011,749) on the subsidiary which has not been acknowledged by the subsidiary as a debt. Based on legal advice and facts stated above, the subsidiary believes that no provision is necessary in the financial statements as at March 31, 2011.
  - The subsidiary company has entered into a long term supply agreement for silicon wafer with a vendor on July 25, 2007 against stand by bank guarantees issued by the subsidiary. Against the vendor's repeated attempts to supply non specified quality wafers invoiced at USD 36,609,408 and encash bank guarantees aggregating to USD 17,969,655 out of USD 85,000,000 bank guarantees issued, the subsidiary obtained an interim stay from the Allahabad High Court. This lead to litigation in Indian as well as UK Courts and termination of the contract and commencement of arbitration proceedings in London. Further certain cases were filed by certain shareholders in courts in India. Even as all these matters remained sub-judice, the vendor and the subsidiary entered into a Deed of Settlement subsequent to the year end, which involves take over of the disputed wafers at a negotiated value, settlement of the price within 80 days and cancellation of the long term supply agreement as well as the USD 85,000,000 stand by bank guarantees. Against this, the subsidiary is expected to pay an agreed sum of USD 18,000,000 out of which USD 1,500,000 has already been paid according to the terms mentioned in the Deed of Settlement.

The subsidiary has since put in place the requisite arrangements for execution of the Deed of Settlement along with the payment of the balance amount due of USD 16,500,000 within the stipulated period and the management is accordingly confident that settlement will be duly executed. Accordingly the wafers have been accounted as inventory as of March 31, 2011 and the balance amount is shown under the current liabilities.

- 25 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, Punjab National Bank, Vijaya Bank, ING Vysya Bank Limited, Bank of Baroda, 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. 10,230,593,311 (Previous Year Rs.10,800,550,000) 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.

#### 26 **Government Grant:**

Ministry of New and Renewable Energy of the Government of India, as part of its Jawaharlal Nehru Nation Solar Mission 2010 sanctioned a Research and Development ('R&D') grant to MBIL for its project 'Development of CIGS solar cell pilot plant to achieve grid parity solar cells'. One of the objective of the grant is to develop low cost solar cell module with an aim to meet grid parity by using Cu(InGa)Se<sub>2</sub> solar cells. During the year, MBIL has received R&D grant of Rs 35,000,000 out of the total grant of Rs 71,050,000 being 50 % of the total project equipment cost of Rs 14.21 crores. Pending acquisition of the equipment the grant received is separately disclosed in the financial statements as 'Government Grant' which will be adjusted to the cost of the specific fixed assets.

#### 27 **Impairment of Fixed Assets:**

- As required by Accounting Standard 28 notified u/s 211(3c) of the Companies Act, 1956, MBEL has tested for impairment of Intangible assets related to copyrights/marketing & distribution rights as on March 31, 2011 and has determined that the recoverable amount of intangible assets is less than their carrying cost. Accordingly, an impairment provision amounting to Rs. 22,623,358 (Previous Year Rs. Nil) has been recorded in these accounts.

The recoverable amount was determined at the cash generating unit level and is based on the value in use determined by working out the future cash flow projections as certified by the management. The principal assumption is the Weighted Average Cost of Capital rate of 18% being used for discounting the cash flows.



## MOSER BAER INDIA LIMITED

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011

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

#### Part-B NOTES TO ACCOUNTS (CONTD.)

- b) During the year, certain blocks of fixed assets forming part of plant and machinery Rs. 9,672,380 and other equipments Rs. 1,140,911 relating to high concentrator technology used by MBPV were impaired by Rs. 10,813,290 on account of obsolescence of technology due to high cost of production of concentrator modules. The recoverable amount for assets impaired during the year has been determined on the basis of Management's best estimate of net selling price.
- 28 MBEL has incurred losses in the current year and previous years which has resulted in substantial erosion of its net worth. In view of MBEL's current financial position and the uncertainties related to the future outcome, MBEL's ability to continue as a going concern is dependent on the success of its future business plans and the continued financial support of MBIL. The Board of Directors of MBIL have resolved to provide appropriate support to MBEL such that it is able to implement its business plans and accordingly, the financial statements of MBEL are prepared on a going concern basis.
- 29 Based on further experience gained from usage, returns from customers and repair expenses incurred for steel crates, Management of MBSL has revised the accounting estimate of useful life of steel crates during the current year from the earlier estimate of 3 years to 10 years. Consequent to this change in accounting estimate of useful life, depreciation expenses and loss before tax for the year are lower by Rs 34,685,164.
- 30 **Exceptional Items include:**
- a) Provision for diminution, other than temporary, in the value of investment of Rs. 28,020,875 in Moser Baer Infrastructure Limited, an associate company, and
- b) Provision for diminution of Rs. 896,202,259 of investment in two technology companies based on valuation done by an independent valuer as at March 31, 2011 which in the view of the Management represents other than temporary diminution in the value of investments.
- 31 **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.
- 32 Corresponding figures for the previous year have been regrouped / rearranged, wherever necessary to conform to current year classification.

For Price Waterhouse  
Firm Registration Number : 012754N  
Chartered Accountants

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

**Anuradha Tuli**  
Partner  
Membership Number-F-085611

**Deepak Puri**  
Chairman and  
Managing Director

**Ratul Puri**  
Executive Director

Place : New Delhi  
Date : August 25, 2011

**Yogesh Mathur**  
Group CFO

**Minni Katariya**  
Head Legal and Company  
Secretary

**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 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	
				For the financial year of the subsidiary since it became a subsidiary	For the previous financial year of the subsidiary	For the financial year of the subsidiary	For the previous financial year of the subsidiary since it became a subsidiary
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
European Optic Media Technology GmbH	31st March 2011	Moser Baer India Limited	100	9,003,363	15,309,613	-	-
Omega Optical Media Technologies Slovakia@	31st March 2011	European Optic Media Technology GmbH	100	18,292	1,344,648	-	-
Moser Baer Photo Voltaic Limited	31st March 2011	Moser Baer Solar Limited (formerly PV Technologies India Limited)	100	(2,011,935,381)	(1,760,584,124)	-	-
Admire Energy Solutions Private Limited	31st March 2011	Moser Baer Solar Limited (formerly PV Technologies India Limited)	100	(57,761)	(23,826)	-	-
Moser Baer Solar System Private Limited (Formerly known as Arise Solar Energy Private Limited)	31st March 2011	Moser Baer Photo Voltaic Limited	100	(57,005)	(43,188)	-	-
Competent Solar Energy Private Limited	31st March 2011	Moser Baer Photo Voltaic Limited	100	(892,730)	(23,771)	-	-
Pride Solar Systems Private Limited	31st March 2011	Moser Baer Solar Limited (formerly PV Technologies India Limited)	100	(57,761)	(25,306)	-	-
Value Solar Energy Private Limited	31st March 2011	MB Solar Holdings Limited (Formerly known as Moser Baer Solar Limited)	100	(1,560,911)	(23,771)	-	-
Moser Baer Solar Limited (Formerly known as PV Technologies India Limited)	31st March 2011	MB Solar Holdings Limited (Formerly known as Moser Baer Solar Limited)	100	(942,543,381)	(1,052,912,079)	-	-
Perafly Limited	31st March 2011	Moser Baer Photo Voltaic Limited known as Moser Baer Solar Limited	100	49,715,517	(2,968,347)	-	-
Dalecrest Limited	31st March 2011	Perafly Limited	100	(169,139,940)	(1,448,162)	-	-
Nicofly Limited	31st March 2011	MB Solar Holdings Limited (Formerly known as Moser Baer Solar Limited)	100	(310,516,665)	(1,582,899)	-	-
Perasoft Limited	31st March 2011	Perafly Limited	100	(1,417,991)	(1,440,160)	-	-
Crownglobe Limited	31st March 2011	Perafly Limited	100	(1,545,530)	(2,005,388)	-	-
Moser Baer SEZ Developer Limited	31st March 2011	Moser Baer India Limited	100	(473,739)	(1,303,800)	-	-
Solar Research Limited	31st March 2011	Moser Baer SEZ Developer Limited	100	(52,640)	(1,340,702)	-	-
Moser Baer Entertainment Limited	31st March 2011	Moser Baer India Limited	100	(623,323,581)	(418,829,311)	-	-
Moser Baer Laboratories Limited (Formerly known as Moser Baer Energy Limited)	31st March 2011	Moser Baer SEZ Developer Limited	100	(26,546)	(13,297)	-	-
Moser Baer Investments Limited	31st March 2011	Moser Baer India Limited	100	(1,446,448)	(6,157,218)	-	-
Photovoltaic Holdings Limited (Formerly known as Photovoltaic Holdings Pvt) as Moser Baer Solar Limited)	31st March 2011	Moser Baer India Limited	100	(2,942,706)	(4,259,096)	-	-
Peraround Limited	31st March 2011	Photovoltaic Holdings Limited (Formerly known as Photovoltaic Holdings Pvt) as Moser Baer Solar Limited)	100	(483,783,617)	(24,459,225)	-	-
Advoferm Limited, Cyprus	31st March 2011	Peraround Limited	100	(39,355,093)	(4,296,540)	-	-
OM&T B.V.	31st March 2011	Cubic Technologies B.V.	100	6,472,476	115,215,601	-	-
Cubic Technologies B.V.	31st March 2011	Advoferm Limited	100	(79,269,081)	28,277,052	-	-
Tifton Limited	31st March 2011	MB Solar Holdings Limited (Formerly known as Moser Baer Solar Limited)	100	(852,443)	(2,173,900)	-	-
Hamel Limited @	17th February 2010	Peraround Limited	100	-	(695,195)	-	-
Zesa Limited @	17th February 2010	Peraround Limited	100	-	(671,128)	-	-
Tucker Limited @	17th February 2010	Peraround Limited	100	-	(670,857)	-	-
Moser Baer Infrastructure and Developers Limited #	31st March 2011	Solar Research Limited (74%) Moser Baer SEZ Developer Limited (26%)	100	(8,741,455)	(14,828,839)	-	-

**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 Technologies, Inc.	31st March 2011	Peraround Limited	100	(138,035,988)	(18,621)	-	-
Moser Baer Photovoltaic Inc., USA **	31st March 2011	Perafly Limited	100	(149,414)	-	-	-
MB Power (Madhya Pradesh) Limited	31st March 2011	Moser Baer Power & Infrastructures Ltd.	100	(87,331,708)	1,716,983	-	-
MB Power Projects Ltd.(Formerly known as MB Power (Jharkhand) Limited)	31st March 2011	Moser Baer Clean Energy Limited	100	(54,704)	(60,217)	-	-
Moser Baer Projects Private Limited	31st March 2011	Moser Baer India Limited	51	20,619,514	14,947,987	-	-
Moser Baer Power and Infrastructures Limited	31st March 2011	Moser Baer Projects Private Limited	100	12,064,230	(1,474,856)	-	-
Victor Thermal Power Private Limited	31st March 2011	Moser Baer Power & Infrastructures Ltd.	100	(32,119)	(89,349)	-	-
Swift Thermal Power Private Limited	31st March 2011	Victor Thermal Power Private Limited	100	(167,452)	(89,289)	-	-
Sunrise Hydro Power Private Limited	31st March 2011	Moser Baer Projects Private Limited	100	(36,837)	(85,856)	-	-
Subinay Engineering & Construction Private Limited	31st March 2011	Moser Baer Electric Power Ltd.	100	(51,801)	-	-	-
Omega Power Private Limited	31st March 2011	Moser Baer Projects Private Limited	100	(29,436)	(97,530)	-	-
Moser Baer Constructions Private Limited	31st March 2011	Moser Baer Projects Private Limited	100	(29,002)	-	-	-
Moser Baer Electric Power Limited	31st March 2011	Moser Baer Projects Private Limited	100	(109,773)	(40,193,448)	-	-
Bahumanya Engineering & Construction Private Limited	31st March 2011	Moser Baer Electric Power Limited	100	(53,801)	-	-	-
MB Power (Chhatisgarh) Ltd.	31st March 2011	Moser Baer Power & Infrastructures Ltd.	100	(57,652)	(111,343)	-	-
MB Active Power Limited(Formerly known as MB Power (Andhra Pradesh) Ltd.)	31st March 2011	Moser Baer Clean Energy Limited	100	(47,102)	(60,217)	-	-
MB Power and Energy Limited( Formerly known as MB Power (Orissa) Ltd.)	31st March 2011	Moser Baer Projects Private Limited	100	(28,595)	(80,177)	-	-
MB Ultra Power Limited( Formerly known as MB Power (Uttar Pradesh) Ltd.)	31st March 2011	Moser Baer Projects Private Limited	100	(494,454)	(81,969)	-	-
Nagaland Energy Ltd.	31st March 2011	Moser Baer Power & Infrastructures Ltd.	100	(36,346)	(80,616)	-	-
Moser Baer Industrial Development Ltd.	31st March 2011	Moser Baer Clean Energy Limited	100	(371,638)	(88,573)	-	-
Moser Baer Powertech Limited(Formerly known as Moser Baer Hydrotech Limited)	31st March 2011	Moser Baer Electric Power Ltd.	76	(31,638)	(2,085,311)	-	-
Moser Baer Industrial Infrastructure Ltd.	31st March 2011	Moser Baer Power & Infrastructures Ltd.	100	(29,530)	(85,090)	-	-
Moser Baer Engineering & Construction Ltd.	31st March 2011	Moser Baer Projects Private Limited	100	27,188,472	(294,542)	-	-
Moser Baer Clean Energy Limited	31st March 2011	Moser Baer Projects Private Limited	100	9,182,269	-	-	-
Moser Baer Services Ltd. (Formerly known as Moser Baer Mining and Allied Services Ltd.)	31st March 2011	Moser Baer Projects Private Limited	100	(26,053)	(59,810)	-	-
Sapphire Industrial Infrastructures Private Limited	31st March 2011	Moser Baer Clean Energy Limited	100	1,655,071	(212,148)	-	-
Moser Baer Energy & Research Limited	31st March 2011	Moser Baer Clean Energy Limited	100	(2,307,415)	(91,608)	-	-
Moser Baer Energy & Development Limited	31st March 2011	Moser Baer Clean Energy Limited	100	1,921,691	(36,627)	-	-
Moser Baer Energy & Infrastructure Limited	31st March 2011	Moser Baer Clean Energy Limited	100	(1,109,882)	(90,715)	-	-
Moser Baer Energy & Projects Limited	31st March 2011	Moser Baer Clean Energy Limited	100	(398,383)	(113,628)	-	-
Moser Baer Energy Systems Limited	31st March 2011	Moser Baer Clean Energy Limited	100	(46,490)	(113,085)	-	-
Deligenta Energy and Infrastructures Private Limited	31st March 2011	Moser Baer Clean Energy Limited	100	(136,027)	(17,798)	-	-

**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 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	
				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)
Solitaire Industrial Infrastructure Private Limited	31st March 2011	Moser Baer Clean Energy Limited	100	(710,034)	(91,327)	-	-
Kindle Engineering and Construction Private Limited	31st March 2011	Moser Baer Clean Energy Limited	100	(66,518)	-	-	-
Solitaire Energies Private Limited	31st March 2011	Moser Baer Clean Energy Limited	100	21,402	(36,351)	-	-
Solitaire Powertech Private Limited	31st March 2011	Moser Baer Clean Energy Limited	100	(290,027)	(81,964)	-	-
Precious Energy Services Private Limited	31st March 2011	Moser Baer Clean Energy Limited	100	1,972,900	(12,980)	-	-
Moser Baer Projects & Infrastructures Limited (Formerly known as Moser Baer Hydro Projects & Infrastructures Limited)	31st March 2011	Moser Baer Clean Energy Limited	100	(54,242)	(65,204)	-	-
Moser Baer Infrastructures & Power Limited (Formerly known as Moser Baer Hydro Power & Infrastructures Ltd.)	31st March 2011	Moser Baer Clean Energy Limited	100	(54,794)	(63,379)	-	-
Seli Hydro Electric Power Co. Ltd. (Formerly known as Gondhala Electric Power Company Limited)	31st March 2011	Moser Baer Projects Private Limited	100	(55,416)	(219,910)	-	-
Moser Baer Powerventures Limited (Formerly known as Moser Baer Reolli Dugli Hydro Power Limited)	31st March 2011	Moser Baer Power & Infrastructures Ltd.	100	(53,717)	(96,022)	-	-
Moser Baer Powerstructures Limited (Formerly known as Moser Baer Sach Khas Hydro Power Limited)	31st March 2011	Moser Baer Clean Energy Limited	100	(51,225)	(90,022)	-	-
Moser Baer Powergen Limited (Formerly known as Moser Baer Seli Hydro Power Limited)	31st March 2011	Moser Baer Clean Energy Limited	100	(109,760)	(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 2011	Moser Baer Projects Private Limited	100	(69,347)	(155,728)	-	-
Sunnyday Green Energy Pvt Ltd	31st March 2011	Moser Baer Clean Energy Limited	100	(301,315)	-	-	-
Goldenbeam Power Pvt Ltd	31st March 2011	Moser Baer Clean Energy Limited	100	(316,540)	-	-	-
Sterovest Ltd	31st March 2011	Softenco Ltd	100	(249,424)	(174,466)	-	-
Stalamer Ltd	31st March 2011	Softenco Ltd	100	(252,948)	(174,466)	-	-
Castenco Ltd	31st March 2011	Softenco Ltd	100	(269,502)	(173,375)	-	-
Basilian Ltd	31st March 2011	Softenco Ltd	100	(55,827)	(173,375)	-	-
Indus Solar GmbH & Co KG ****	31st Dec 2010	Moser Baer Clean Energy Europe Limited	100	(179,054)	(40,974)	-	-
Indus Energy GmbH & Co KG Frankfurt ****	31st Dec 2010	Moser Baer Clean Energy Europe Limited	100	(203,039)	(41,267)	-	-
KRSW Soilar 2 GmbH & Co. KG ****	31st Dec 2010	Atharv Cleantech Limited	100	(21,464,504)	-	-	-
NE Green Energy - Meilben GmbH & Co. KH	31st March 2011	Atharv Cleantech Limited	100	(85,231)	-	-	-
West Asia Trading FZE	31st March 2011	Atharv Cleantech Limited	100	1,177,245,282	-	-	-
Twelve Energy ****	31st Dec 2010	Ralsen Limited	100	(8,063,118)	(44,853,442)	-	-
Celavetco Ltd	31st March 2011	Moser Baer Services Ltd.	100	(85,131)	(189,751)	-	-
Marianco Ltd	31st March 2011	Celavetco Ltd	100	(62,041)	(173,309)	-	-
Fersanet Ltd	31st March 2011	Celavetco Ltd	100	(62,041)	(173,309)	-	-

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**MOSER BAER INDIA LIMITED**

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				For the financial year of the subsidiary since it became a subsidiary	For the previous financial year of the subsidiary since it became a subsidiary	For the financial year of the subsidiary	For the previous financial year of the subsidiary since it became a subsidiary
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sofretano Limited	31st March 2011	Moser Baer Clean Energy Limited	100	(143,077)	(154,690)	-	-
Laytham Limited	31st March 2011	Moser Baer Clean Energy Limited	100	(2,741,599)	(16,021,772)	-	-
Atharv Cleantech Limited	31st March 2011	Moser Baer Clean Energy Limited	100	39,754,007	(22,254,791)	-	-
Hygrove Limited	31st March 2011	Bharat Cleantech Limited	100	(356,583)	(9,727,478)	-	-
Indus Energy 1 GmbH & Co KG	31st March 2011	Atharv Cleantech Limited	100	(93,834)	-	-	-
Indus Energy 2 GmbH & Co KG	31st March 2011	Atharv Cleantech Limited	100	(93,695)	-	-	-
Indus Energy 3 GmbH & Co KG	31st March 2011	Atharv Cleantech Limited	100	(93,694)	-	-	-
Indus Energy 4 GmbH & Co KG	31st March 2011	Atharv Cleantech Limited	100	(93,694)	-	-	-
Indus Energy 5 GmbH & Co KG	31st March 2011	Atharv Cleantech Limited	100	(93,694)	-	-	-
Indus Energy 6 GmbH & Co KG	31st March 2011	Atharv Cleantech Limited	100	(93,694)	-	-	-
Indus Energy 7 GmbH & Co KG	31st March 2011	Atharv Cleantech Limited	100	(93,694)	-	-	-
Indus Energy 8 GmbH & Co KG	31st March 2011	Atharv Cleantech Limited	100	(93,694)	-	-	-
Indus Energy 9 GmbH & Co KG	31st March 2011	Atharv Cleantech Limited	100	(93,694)	-	-	-
Indus Energy 10 GmbH & Co KG	31st March 2011	Atharv Cleantech Limited	100	(93,694)	-	-	-
Ralsen Limited	31st March 2011	Bharat Cleantech Limited	100	(35,363,379)	(1,178,233)	-	-
Bharat Cleantech Limited	31st March 2011	Moser Baer Clean Energy Limited	100	59,867,306	(1,379,242)	-	-
Tranlexom Limited	31st March 2011	Laytham Limited	100	(163,172)	(257,416)	-	-
Moser Baer Clean Energy Italia s.r.l	31st March 2011	Ralsen Limited & Hygrove Limited	50/50	(573,258)	(173,104)	-	-
Moser Baer Clean Energy Europe Limited	31st March 2011	Moser Baer Clean Energy Limited	100	(194,044)	-	-	-
Canversus Limited	31st March 2011	Moser Baer Clean Energy Europe Limited	100	(131,793)	(272,581)	-	-
Softenco Ltd	31st March 2011	Moser Baer Projects Private Limited	100	(263,502)	(187,805)	-	-
Indus Clean Energy GmbH, Berlin	31st March 2011	Atharv Cleantech Limited	100	(238,430)	-	-	-
Gatus 537, GmbH, Berlin	31st March 2011	Moser Baer Clean Energy Europe Limited	100	(480,391)	-	-	-
Prime Energy Entwicklungs.und ****	31st Dec 2010	Atharv Cleantech Limited	100	(46,755,856)	(26,003)	-	-
Lumen Engineering Private Limited	31st March 2011	Moser Baer India Limited	51	(17,931,773)	-	-	-
MBCEL Inc	31st March 2011	Bharat Cleantech Limited	100	-	-	-	-
Solar Farm Project I, LLC	31st March 2011	MBCEL Inc	100	-	-	-	-
Solar Farm Project II, LLC	31st March 2011	MBCEL Inc	100	-	-	-	-
Solar Farm Project III, LLC	31st March 2011	MBCEL Inc	100	-	-	-	-
Solar Farm Project IV, LLC	31st March 2011	MBCEL Inc	100	-	-	-	-

# Subsidiary from 16th May, 2009.  
 @ Dissolved on 17th February, 2010.  
 @@ Dissolved in December 2010.  
 \*\* Subscription amount paid in June 2010.  
 \*\*\*\* Financial Result/Exchange rate as on 31st December,2010.

Date: August 25, 2011  
 Place: New Delhi

For and on behalf of the board  
 Deepak Puri  
 Chairman and Managing Director





**MOSER BAER INDIA LIMITED  
FINANCIAL DETAILS OF THE SUBSIDIARY COMPANIES**

Name of the Subsidiary Company	Closing exchange rate against Indian Rupee March 31, 2011	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.
MB Ultra Power Limited( Formerly known as MB Power (Uttar Pradesh) Ltd.)	-	500,000	(576,423)	1,158,913	1,235,336	-	-	(494,454)	-	(494,454)	-
Nagaland Energy Ltd.	-	500,000	(116,962)	416,867	33,829	-	-	(36,346)	-	(36,346)	-
Moser Baer Industrial Development Ltd.	-	500,000	(460,211)	525,138	485,349	-	-	(371,638)	-	(371,638)	-
Moser Baer Powertech Limited(Formerly known as Moser Baer Hydrotech Limited)	-	500,000	(2,116,949)	36,880	1,653,829	-	-	(31,638)	-	(31,638)	-
Moser Baer Industrial Infrastructure Ltd.	-	500,000	(114,620)	473,716	88,336	-	-	(29,530)	-	(29,530)	-
Moser Baer Engineering & Construction Ltd.	-	1,295,000	126,600,610	5,869,032,955	5,741,137,345	-	2,916,945,514	39,998,940	12,810,468	27,188,472	-
Moser Baer Services Ltd. (Formerly known as Moser Baer Mining and Allied Services Ltd.)	-	500,000	(65,863)	433,473	19,336	-	-	(26,053)	-	(26,053)	-
Sapphire Industrial Infrastructures Private Limited	-	329,800,000	197,870,001	1,064,305,787	536,635,786	-	41,258,867	1,878,620	223,549	1,655,071	-
Moser Baer Energy & Research Limited	-	500,000	(2,399,023)	19,086	1,918,109	-	-	(2,307,415)	-	(2,307,415)	-
Moser Baer Energy & Development Limited	-	70,210,000	627,997,959	831,588,338	133,350,379	-	4,487,757	2,858,407	936,716	1,921,691	-
Moser Baer Energy & Infrastructure Limited	-	500,000	(1,200,597)	406,947	1,107,544	-	-	(1,109,882)	-	(1,109,882)	-
Moser Baer Energy & Projects Limited	-	500,000	(512,011)	158,193	170,204	-	12,507	(394,518)	3,865	(398,383)	-
Moser Baer Energy Systems Limited	-	500,000	(159,575)	406,093	66,668	-	-	(46,490)	-	(46,490)	-
Deligenta Energy and Infrastructures Private Limited	-	100,000	(153,825)	75,409	129,234	-	-	(136,027)	-	(136,027)	-
Sollaire Industrial Infrastructure Private Limited	-	100,000	(801,361)	11,347,560	12,048,921	-	-	(710,034)	-	(710,034)	-
Kindle Engineering and Construction Private Limited	-	100,000	(66,518)	33,533,585	33,500,103	-	-	(66,518)	-	(66,518)	-
Sollaire Powertech Private Limited	-	69,850,000	626,532,535	1,172,157,926	475,775,391	-	4,487,673	958,092	936,690	(290,027)	-
Precious Energy Services Private Limited	-	100,000	(371,991)	50,114,435	50,386,426	-	-	(290,027)	-	(290,027)	-
Moser Baer Projects & Infrastructures Limited (Formerly known as Moser Baer Hydro Projects & Infrastructures Limited)	-	69,850,000	628,974,205	1,592,459,336	893,635,131	-	4,487,984	2,909,686	936,786	1,972,900	-
Moser Baer Infrastructures & Power Limited (Formerly known as Moser Baer Hydro Power & Infrastructures Ltd.)	-	500,000	(118,173)	429,463	47,636	-	-	(54,794)	-	(54,794)	-
Self Hydro Electric Power Co. Ltd. (Formerly known as Gondhala Electric Power Company Limited)	-	500,000	(275,326)	725,314,381	725,089,707	-	-	(55,416)	-	(55,416)	-
Moser Baer Powerventures Limited( Formerly known as Moser Baer Reoli Dugli Hydro Power Limited)	-	500,000	(149,739)	395,597	35,336	-	-	(53,717)	-	(53,717)	-
Moser Baer Powerstructures Limited (Formerly known as Moser Baer Sach Khas Hydro Power Limited)	-	500,000	(141,247)	3,406,354	3,047,601	-	12,507	(47,360)	3,865	(51,225)	-
Moser Baer Powergen Limited (Formerly known as Moser Baer Sell Hydro Power Limited)	-	500,000	(203,782)	3,860,190	3,563,972	-	-	(109,760)	-	(109,760)	-
Miyar Hydro Electric Power Company Limited (Formerly known as Moser Baer New Power Limited)	-	500,000	(225,075)	303,595,161	303,320,236	-	-	(69,347)	-	(69,347)	-
Sunnyday Green Energy Pvt Ltd	-	100,000	(301,315)	158,538,629	158,739,944	-	3,288	(301,315)	-	(301,315)	-
Goldenbeam Power Pvt Ltd	-	100,000	(316,540)	158,523,404	158,739,944	-	3,288	(316,540)	-	(316,540)	-
Sterovest Ltd	-	46,473	(419,580)	46,473	419,580	-	-	(249,424)	-	(249,424)	-
Stalamer Ltd	-	46,473	(423,078)	46,473	423,078	-	-	(252,948)	-	(252,948)	-
Castenco Ltd	-	46,136	(439,505)	46,136	439,505	-	-	(269,502)	-	(269,502)	-
Basilian Ltd	-	46,136	(225,983)	108,345	288,192	-	-	(56,827)	-	(56,827)	-
Indus Solar GmbH & Co KG ****	59.76	29,880	(202,755)	7,521	180,396	-	6,171	(179,054)	-	(179,054)	-
Indus Energy 1 GmbH & Co KG	63.39	31,696	(93,834)	32,759	94,896	-	-	(93,834)	-	(93,834)	-
Indus Energy 2 GmbH & Co KG	63.39	31,696	(93,695)	32,732	94,731	-	-	(93,695)	-	(93,695)	-
Indus Energy 3 GmbH & Co KG	63.39	31,696	(93,694)	32,732	94,730	-	-	(93,694)	-	(93,694)	-
Indus Energy 4 GmbH & Co KG	63.39	31,696	(93,694)	32,732	94,730	-	-	(93,694)	-	(93,694)	-
Indus Energy 5 GmbH & Co KG	63.39	31,696	(93,694)	32,732	94,730	-	-	(93,694)	-	(93,694)	-
Indus Energy 6 GmbH & Co KG	63.39	31,696	(93,694)	32,732	94,730	-	-	(93,694)	-	(93,694)	-
Indus Energy 7 GmbH & Co KG	63.39	31,696	(93,694)	32,732	94,730	-	-	(93,694)	-	(93,694)	-
Indus Energy 8 GmbH & Co KG	63.39	31,696	(93,694)	32,732	94,730	-	-	(93,694)	-	(93,694)	-

**MOSER BAER INDIA LIMITED**  
**FINANCIAL DETAILS OF THE SUBSIDIARY COMPANIES**

Name of the Subsidiary Company	Closing exchange rate against Indian Rupee March 31, 2011	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.
Indus Energy 9 GmbH & Co KG	63.39	31,696	(93,694)	32,732	94,730	-	-	(93,694)	-	(93,694)	-
Indus Energy 10 GmbH & Co KG	63.39	31,696	(93,694)	32,732	94,730	-	-	(93,694)	-	(93,694)	-
Indus Energy GmbH & Co KG Frankfurt ****	59.76	29,880	(203,039)	7,521	180,681	-	-	(203,039)	-	(203,039)	-
KRSW Solar 2 GmbH & Co. KG ****	59.76	59,760	97,640,001	862,348,690	764,648,929	-	-	(21,464,504)	-	(21,464,504)	-
NE Green Energy - Meiblen GmbH & Co. KH	63.39	63,393	(85,231)	53,915	75,754	-	-	(85,231)	-	(85,231)	-
West Asia Trading FZE	12.16	1,216,980	1,177,245,282	4,080,919,739	2,902,457,477	-	2,317,212,273	1,177,245,282	-	1,177,245,282	-
Twelve Energy ****	59.76	5,976,000	173,073,625	192,738,729	13,689,104	-	-	(8,063,118)	-	(8,063,118)	-
Celavetco Ltd	-	45,619	(272,749)	136,857	363,987	-	-	(85,131)	-	(85,131)	-
Marianco Ltd	-	45,619	(232,903)	45,619	232,903	-	-	(62,041)	-	(62,041)	-
Fersanet Ltd	-	45,619	(232,903)	45,619	232,903	-	-	(62,041)	-	(62,041)	-
Sofretano Limited	44.60	44,600	(296,412)	44,600	296,412	-	-	(143,077)	-	(143,077)	-
Laytham Limited	63.39	126,785	(12,638,182)	120,487,399	132,998,796	-	-	(2,741,599)	-	(2,741,599)	-
Atharv Cleantech Limited	63.39	3,169,625	18,246,453	652,483,662	631,067,583	-	215,882,731	47,370,299	7,616,292	39,754,007	-
Hygrove Limited	63.39	126,785	(9,784,866)	921,410	10,579,511	-	-	(357,977)	(1,395)	(356,583)	-
Ralsen Limited	63.39	126,785	89,897,285	465,324,912	376,300,843	-	-	(35,364,901)	(1,521)	(35,363,379)	-
Bharat Cleantech Limited	63.39	4,120,513	58,262,399	570,742,963	508,360,052	-	94,260,337	66,907,741	7,040,434	59,867,306	-
Tranlexom Limited	63.39	63,393	(409,769)	310,623	657,000	-	-	(163,172)	-	(163,172)	-
Moser Baer Clean Energy Italia s.r.l	63.39	633,925	(176,738)	829,301	372,114	-	-	(573,258)	-	(573,258)	-
Moser Baer Clean Energy Europe Limited	63.39	6,466,035	56,553,527	63,132,591	113,029	-	-	(194,044)	-	(194,044)	-
Canversus Limited	63.39	63,393	(391,322)	4,632,027	4,959,956	-	-	(131,793)	-	(131,793)	-
Softenco Ltd	-	46,473	(446,791)	92,609	492,927	-	-	(263,502)	-	(263,502)	-
Indus Clean Energy GmbH, Berlin	63.39	1,584,813	(364,580)	1,647,877	427,644	-	-	(238,430)	-	(238,430)	-
Gatus 537. GmbH, Berlin	63.39	1,584,813	(57,678)	42,996,191	41,988,166	-	-	(480,391)	-	(480,391)	-
Prime Energy Entwicklungs.und ****	59.76	1,494,000	(61,269,977)	69,128,004	128,903,981	-	-	(46,755,856)	-	(46,755,856)	-
Lumen Engineering Private Limited		2,000,000	(24,789,017)	528,550,422	551,339,439	4,900,000	-	(17,931,773)	-	(17,931,773)	-
MBCEL Inc	44.60	45	-	13,469	13,425	-	-	-	-	-	-
Solar Farm Project I, LLC	44.60	45	-	45	-	-	-	-	-	-	-
Solar Farm Project II, LLC	44.60	4,460	-	4,460	-	-	-	-	-	-	-
Solar Farm Project III, LLC	44.60	4,460	-	4,460	-	-	-	-	-	-	-
Solar Farm Project IV, LLC	44.60	4,460	-	4,460	-	-	-	-	-	-	-

**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***	Series B Preferred Stock Series C Preferred Stock Series C1 Preferred Stock Common Stock Class B Common Stock	32,531,017 34,742,567 10,065,955 49,783,929 5,245,165
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	159,297,800
MB Solar Holdings Limited	Sol Focus, Inc.*** KMG Digital Limited	Shares Series B Preferred Stock Shares Series C Preferred Stock Class A Ordinary Shares	227,544,881 8,880,136 1,320,264
Tifton Limited	Skyline Solar Inc.	Shares Series A Preferred Stock	13,025,522
Advoferm Limited	Bensimon Limited	Equity Shares	1,382
MB Power (Madhya Pradesh) Ltd.	State Bank of India	Mutual Fund	350,000,000
Moser Baer Projects Private Limited		Investment in Painting	2,986,875
Moser Baer Clean Energy Limited	Responsive Sutip Limited Ganges Green Energy Pvt Limited Sandland Real Estate Private Ltd Ganeshvani Merchandise Private Limited Chhatel Constructions Private Ltd Ujjawala Power Private Limited Hiraco Renewable Energy Pvt Ltd	12% optionally cummulative convertible debentures 12% optionally cummulative convertible debentures 12% optionally cummulative convertible debentures Equity Shares Equity Shares Equity Shares Equity Shares	56,663,640 82,500,000 56,663,640 100,000 100,000 100,000 100,000
Lumen Engineering Private Limited	Chhattisgarh Sondiha Coal Company Limited	Equity Shares	4,900,000

# Subsidiary from 16th May, 2009.

@@ Dissolved on December 2010.

\*\* Subscription amount paid in June 2010.

\*\*\* Value of Investment is post adjustment of Provision for diminution in the value of investments.

\*\*\*\* Financial Result/ Exchange rate as on 31st December, 2010.

**Notes:**

In terms of general exemption granted vide General Circular No. 2/2011 dated 8th Feb, 2011 issued by Ministry of Corporate Affairs, Government of India under Section 212(8) of the Companies Act, 1956, a copies of the Balance Sheet, Profit & Loss Account, Reports of the Board of Directors' and the Reports of the Auditors' of the Subsidiary Companies have not been attached with Annual Report of the Company. The Company hereby undertakes that annual accounts of the subsidiary companies and the related detailed information shall be made available to shareholders of the holding and subsidiary companies seeking such information at any point of time. The annual accounts of the subsidiary companies shall also be kept for inspection by any shareholder in the Head office of the Company located at 43B, Okhla Industrial Estate, New Delhi-110020 and of the subsidiaries concerned.

The Company shall furnish a hardcopy of details of accounts of subsidiaries to any shareholder on demand.

Date: August 25, 2011

Place: New Delhi

For and on behalf of the board

Deepak Puri  
Chairman and Managing Director

**moserbaer**<sup>™</sup>

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