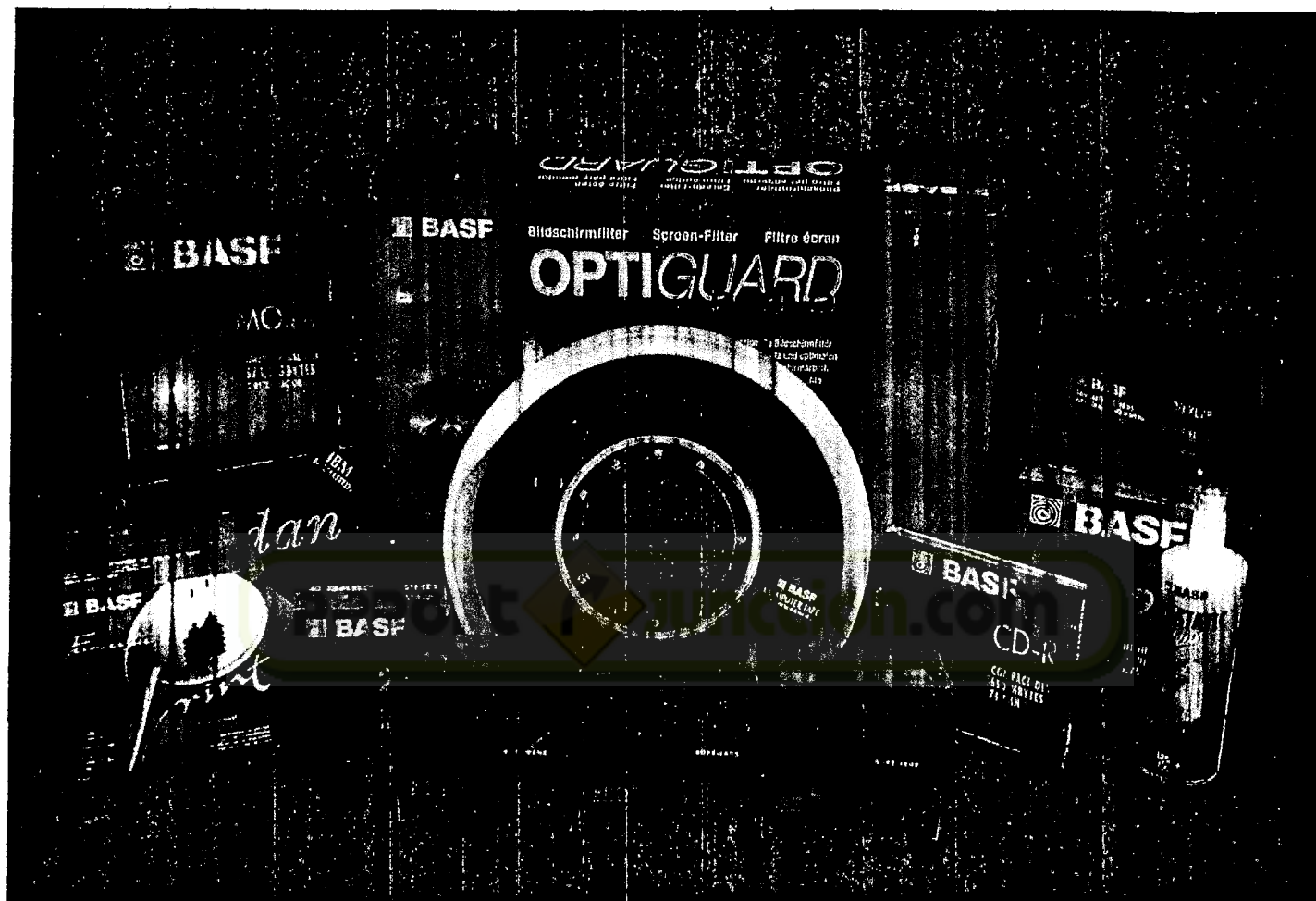




TEAM
MOSER BAER

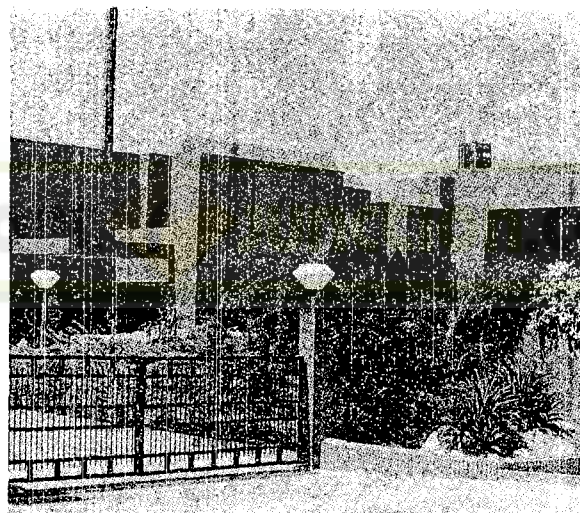
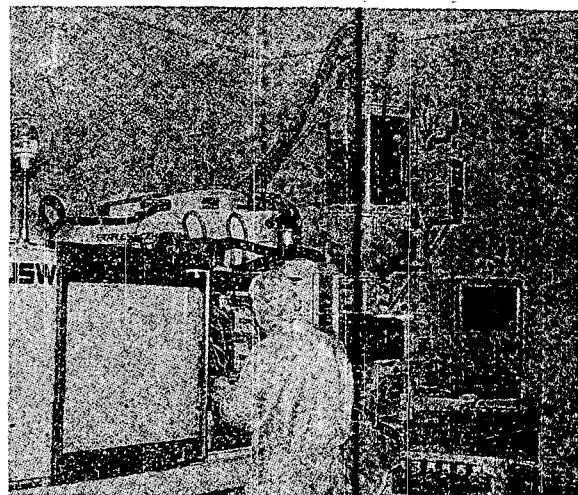
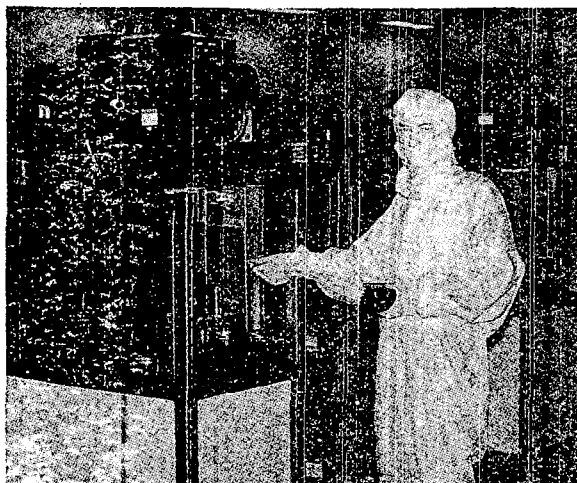
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Moser-Baer India Ltd.
*Confidence behind
Perfection*

FOURTEENTH ANNUAL REPORT — 1996-97

MOSER BAER INDIA LIMITED




MOSER BAER INDIA LIMITED
MOSER BAER INDIA LIMITED
**14TH ANNUAL REPORT
1996-97**
BOARD OF DIRECTORS

Mr. Deepak Puri
Mrs. Nita Puri
Mr. A.K. Choudhary
Mr. Harnam D.Wahi
Mr. Bernard Gallus
Mr. Robert O'Donnell

Managing Director
Whole Time Director
Director (Nominee-IFCI)
Director
Director
Director

MD	<input checked="" type="checkbox"/>	BKC	<input checked="" type="checkbox"/>
CS	<input checked="" type="checkbox"/>	DPY	<input checked="" type="checkbox"/>
RO	<input checked="" type="checkbox"/>	DEV	<input checked="" type="checkbox"/>
TRA	<input checked="" type="checkbox"/>	AC	<input checked="" type="checkbox"/>
AGM	<input checked="" type="checkbox"/>	SHI	<input checked="" type="checkbox"/>
YE	<input checked="" type="checkbox"/>		

SENIOR EXECUTIVES

Mrs. Minni Katariya
Company Secretary

Mr. D.P. Nanda
Mr. P.Sanat Kumar
Mr. S. Rajalingam
Mr. Satish Garg
Mr. Ratul Puri
Mr. K.K. Khosla
Col.R.K. Luthra
Mr. B.B. Arora
Mr. D.V.S.G. Sarma

General Manager (Exports)
General Manager (Sales & Coordination)
General Manager (Projects)
Asst.General Manager (Finance)
Business Development Manager
Manager (Accounts)
Manager (HRD)
Works Manager
Manager (Quality Control)

BANKERS

1. STATE BANK OF BIKANER & JAIPUR
G-72, Connaught Circus,
New Delhi - 110 001

2. STATE BANK OF TRAVANCORE
Travancore House, K.G. Marg
New Delhi - 110 001

3. STATE BANK OF SAURASHTRA
C-37, Connaught Circus
New Delhi - 110 001

4. INDIAN BANK
P-45/90, Connaught Circus,
New Delhi - 110 001

PRINCIPAL AUDITORS

K.C.KHANNA & CO.
H-96, Connaught Circus,
New Delhi - 110 001

CALCUTTA BRANCH AUDITORS

B.M. CHATRATH & CO.
21, Old Court House Street,
Calcutta - 700 001

REGISTERED & HEAD OFFICE

63, Ring Road, Lajpat Nagar - III,
New Delhi - 110 024

MOSER BAER INDIA LIMITED

BRANCH OFFICES

MUMBAI

Union Co-operative
Insurance Building, 1st Floor,
23, Sir P.M. Road,
Mumbai - 400 001

CALCUTTA

16, British India Street,
Calcutta - 700 001

BANGALORE

224, 1st Block,
4A Cross Hall III Stage,
Thippasandra,
Bangalore - 560 075

WORKS

FLOPPY DISKETTES

WORKS I

DOMESTIC

B-17, Sector 9, Noida,
Distt. Gautam Buddha Nagar (U.P.)

WORKS II

EXPORTS

B-4, Noida Export Processing Zone,
Noida, Distt. Gautam Buddha Nagar (U.P.)

WORKS III

EXPORTS

66, Noida Export Processing Zone,
Noida, Distt. Gautam Buddha Nagar (U.P.)

TIME RECORDERS

63, Ring Road, Lajpat Nagar - III
New Delhi - 110 024

ACSR/AAC CONDUCTOR

- (i) 82/1, Sarsuna Main Road,
Calcutta - 700 034
- (ii) 166, Jessore Road,
Calcutta - 700 055



MOSER BAER INDIA LIMITED

NOTICE

Notice is hereby given that the 14th Annual General Meeting of the Company will be held on Monday, 29th September, 1997 at 10:00 A.M. at Centaur Hotel, New Delhi - 110037 to transact the following business :-

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 1997, Profit and Loss Account for the year ended on that date and the Reports of Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Mr. Harnam D. Wahi, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Robert O' Donnell, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting.

SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without modifications, the following resolution :-

6. AS A SPECIAL RESOLUTION :

"RESOLVED that pursuant to Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956, consent of the members of the Company be and is hereby accorded to the Board of Directors to issue and allot upto a maximum of 1578778 Equity Shares of Rs.10/- each at a premium of Rs.12.88 each, i.e., 9.9% of the post-Issue Equity Capital of the Company, to International Finance Corporation, Washington on Preferential basis subject to the guidelines laid down by Securities And Exchange Board of India and permission of Reserve Bank of India.

FURTHER RESOLVED the equity shares shall rank pari-passu in all respects with the then existing equity shares of the Company except that they shall be entitled to dividend, if any, which may declared or paid by the Company which will be in proportion to the amount paid - up on these equity shares on pro-rata basis for the period commencing from date of allotment till the end of the financial year of the Company.

FURTHER RESOLVED that the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds and things as may be thought fit for issue and allotment of shares."

7. AS A SPECIAL RESOLUTION :

" RESOLVED that pursuant to Section 314 and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to increase the remuneration of Mr. Ratul Puri, Manager (Business Development) from Rs. 9,800 per month to Rs.19,900 per month with effect from 1st December,1996."

By order of the Board
for MOSER BAER INDIA LTD.

Regd. Office : 63, Ring Road,
Lajpat Nagar-III
New Delhi 110 024.

Date : 03.09.1997

MINNI KATARIYA
Company Secretary

MOSER BAER INDIA LIMITED

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS BEHALF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PROXY, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A BLANK PROXY FORM IS ENCLOSED.
2. The Explanatory Statement under Section 173 (2) of the Companies Act, 1956 is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, 16th September, 1997 to Monday, 29th September, 1997 (both days inclusive).
4. The dividend for the year 1996-97 as recommended by the Directors, if approved, at the Annual General Meeting will be paid on or before 8th November, 1997 to those members whose names stand on the Register of Members of the Company on 29th September, 1997.
5. Members are requested to communicate their change of address/ residential status, if any, quoting respective folio nos. to the Company at its registered office on or before 25th September, 1997.
6. Members / Proxies should bring the Attendance Slips duly filled in for attending the meeting.
7. Members desirous of getting any information about the Accounts and operations of the Company are requested to submit their queries addressed to the Company Secretary at least 7 days in advance of the meeting so that the information called for can be made available at the meeting.
8. Please bring your copies of the Annual Report to the meeting.

EXPLANATORY STATEMENT UNDER SECTION 173 (2) OF THE COMPANIES ACT, 1956.

ITEM NO.6

International Finance Corporation, Washington (hereinafter referred to as IFC/W) is a member of The World Bank Group. Its business is to provide finance for the private sector in the form of Equity and Debt. It has now expressed its desire to invest in the Equity Share Capital of the Company. The Company proposes to utilise the funds raised from such issue of Shares for completing the expansion programme undertaken by the Company. The Board of Directors has given its approval to issue Equity Shares to IFC/W on a preferential basis subject to approval of the shareholders and permission of the Reserve Bank of India.

Consequent to the issue of Preferential Shares, there will not be any change in the constitution of Board of Directors of the Company. The shareholding pattern:-

Categories	Pre-Preferential Issue	Post-Preferential Issue
1. Individuals	91.7%	82.62%
2. Financial Institutions, Banks & Mutual Funds	5.53%	4.99%
3. Corporate Bodies	2.74%	2.46%
4. Foreign Institutional Investor/Foreign Development Corporation	0.03%	9.93%
	<u>100.00%</u>	<u>100.00%</u>



MOSER BAER INDIA LIMITED

The Board recommends the resolution for approval.

None of the Directors is concerned or interested in the said resolution.

ITEM NO. 7

Mr. Ratul Puri, Manager (Business Development) is a relative of Mr. Deepak Puri, Managing Director and Mrs. Nita Puri, Whole Time Director, as per the provisions of the Companies Act, 1956. As per Section 314 of the Act, approval of the shareholders is required by means of a Special Resolution if a relative of a Director holds an office or place of profit which entitles him to receive a salary exceeding Rs. 10,000 per month.

Regd. Office : 63, Ring Road,
Lajpat Nagar III,
New Delhi - 110 024.
Date : September 3, 1997

By Order of the Board
for MOSER BAER INDIA LTD.

MINNI KATARIYA
Company Secretary

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MOSER BAER INDIA LIMITED

DIRECTORS' REPORT

To
The Members

The Directors are pleased to present the 14th Annual Report and audited Accounts for the year ended 31st March, 1997.

OPERATIONAL RESULTS

	(Rs. in Lacs)	
	<u>1996-97</u>	<u>1995-96</u>
Sales & Other Income	6107.53	4340.91
Gross Profit before Interest, Depreciation & Misc. Expenditure	1661.88	1180.39
Interest	286.52	190.45
Depreciation	299.03	174.96
Misc. Expenditure Written off	13.88	9.81
Net Profit	1062.45	805.17

From the sales and other income of Rs. 4340.91 Lacs during the year 1995-96, the sales and other income have increased to Rs. 6107.53 Lacs resulting in an increase of 41% and from Net Profit of Rs.805.17 Lacs, Net Profit has increased to Rs.1062.45 lacs i.e. an increase of 32% for the year.

The Company has performed creditably and is bound to progress further keeping in view the demand of the product globally.

PROJECTED PERFORMANCE V/S ACTUAL PERFORMANCE DURING THE YEAR 1996-97

	Projected Performance	Actual Performance
NET SALES	Rs.2749 lacs	Rs. 5601.97 lacs
PROFIT AFTER TAX	Rs. 426 lacs	Rs. 1062.45 lacs
EARNINGS PER SHARE	Rs.2.98	Rs. 7.39

EXPANSION AND VERTICAL INTEGRATION

In the current year the Company embarked upon an ambitious expansion and vertical integration programme with the object of meeting the enhanced demand for the Company's products in the international and domestic markets. Manufacturing capacity of micro floppy diskettes (MFD) was expanded to 84 million units per annum at a cost of Rs.70.00 Crores approximately. Additionally, the Company embarked upon a vertical integration programme to manufacture the base components that are used in the MFD.

The expansion programme has been completed on time and within cost. With this expansion, the Company's combined manufacturing capacity of floppy and micro diskettes has increased to 93.6 million units per annum. This makes it one of the largest manufacturers of disks in the world.

MOSER BAER INDIA LIMITED

FUTURE PROSPECTS :

With the increase in global demand for recordable and erasable compact disk (CD) and digital versatile discs (DVD), the Company has decided to implement an expansion programme to manufacture CD/DVD recordable products. This is being set up with the total capital outlay of Rs.154 Crores. With the completion of this project, your Company will become one of the largest integrated providers of data storage products in the world market.

PROPOSED PREFERENTIAL ISSUE OF SHARES

International Finance Corporation, Washington (hereinafter referred to as IFC / W) is a premier foreign financial institution engaged in equity and debt financing in very selected companies. It has now decided to participate in the equity share capital of your company. The Board proposes to issue equity shares to IFC / W on a Preferential basis.

DIVIDEND

Your Directors are pleased to recommend dividend @ 10% on the paid up equity share capital of the Company for the year ended 31st March, 1997 absorbing Rs.1.58 crores inclusive of 10% dividend tax, as per the recent amendment to the Income Tax Act, 1961. Unlike in the past, the dividend will be free of tax in the hands of the Shareholders.

DIRECTORS

In terms of the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. Robert O' Donnell and Mr. Harnam D. Wahi, Directors of the Company, retire at the ensuing Annual General Meeting and, being eligible, offer themselves for reappointment.

The Industrial Finance Corporation of India Ltd. has replaced its Nominee Director - Mr. Ravindra Loonkar with Mr. A.K. Choudhary with effect from 30th May, 1997.

AUDITORS

M/s. K.C. Khanna & Co. Chartered Accountants, New Delhi, Auditors of the Company, retire at the conclusion of the ensuing Annual General Meeting and being eligible, have offered themselves for reappointment. A Certificate has been received from Auditors to the effect that the reappointment, if made, would be within the limits prescribed under Section 224 (1B) of the Companies Act 1956.

AUDITORS' REPORT

Auditors' report on the Accounts has been considered by the Board and clarified wherever necessary in the Schedule "NOTES FORMING PART OF ACCOUNTS."

PARTICULARS OF EMPLOYEES

The information regarding the employees drawing remuneration above the limits prescribed under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 is given as per an Annexure and forms part of the Directors' Report.

ACKNOWLEDGEMENT

Your Directors place on record their appreciation of the assistance and support extended by the Company's bankers, Financial Institutions, NEPZ Authorities, Department of Electronics and many vendors/suppliers. Your Directors express their appreciation for the dedicated and sincere services rendered by employees of the Company.

For And On Behalf of the Board of Directors

Date : 3rd September, 1997

Place : New Delhi

DEEPAK PURI

Chairman

MOSER BAER INDIA LIMITED

ANNEXURE TO THE DIRECTORS' REPORT

Information as per Section 217(1)(e), read with the Company's (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, 1997.

DISCLOSURES

(A) CONSERVATION OF ENERGY

The Company has made a marked improvement in conservation of energy and plant load factors have remained above 95%. The company has installed monitoring equipment and has developed a Power Management System which has helped in achieving this goal. This is well evidenced by the fact that although production has increased by more than 50% the energy cost has only increased by 5% approx.

(B) TECHNOLOGY ABSORPTION, RESEARCH AND DEVELOPMENT

Last year the Company set up a Research and Development department whose objectives were to develop new products, improve existing processes and technologies, engineer better materials, reduce costs and improve quality. In the current year, the Company spent approx. Rs.65 Lacs (1.1% of sales) on Research and Development activities. The main achievements of this department include development of the "Super Clean Process". This is a proprietary technology and has been indigenously developed. This has resulted in substantially improving the quality of our products. Raw material costs were reduced by 12% through better engineering of components, newer and better processes and materials.

(C) Foreign Exchange Earnings and outgo

	US Dollars	Japanese Yen	British Pounds	Singapore Dollars	Rupees Equivalent
Earnings					
(a) FOB value of exports	12433253.31	Nil	Nil	Nil	447003558.00
(b) Other Earnings	86662.14	Nil	Nil	Nil	3094705.00
Total Earning	12519915.45	Nil	Nil	Nil	450098263.00
Outgo					
(a) CIF value of imports	16043980.41	9870618	11192	1625	572808199.00
(b) Other outgoings	334993.93	Nil	Nil	Nil	12164325.00
Total Outgo	16378974.34	9870618	11192	1625	584972524.00

Statement of Particulars under Section 217 (2) (a) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975 forming part of the Report of the Directors for the year ended 31st March, 1997.

- Employed throughout the Financial year under review and were in receipt of remuneration for the financial year in aggregate of not less than Rs.3,00,000/-.

There was no employee during the year receiving such remuneration.

- Employed for part of the financial year under review and were in receipt of remuneration not less than Rs.25,000/- per month.

There was no employee during the year receiving such remuneration