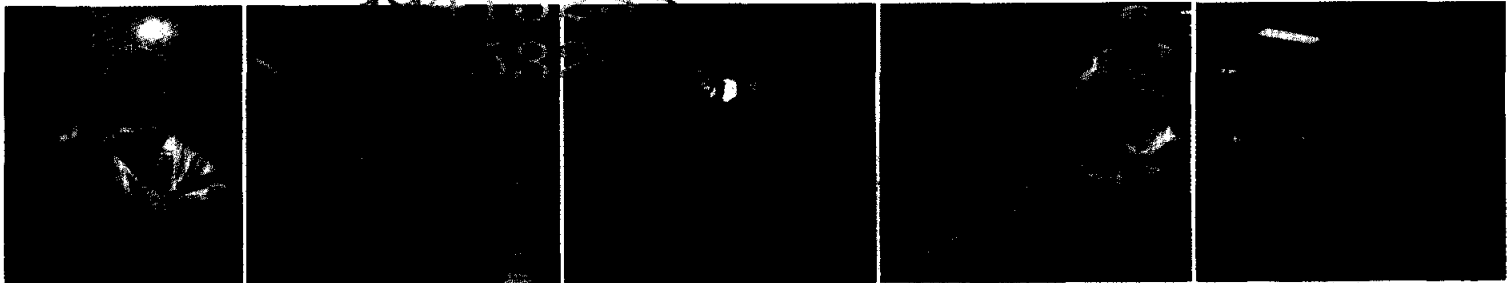


MBI MOSER BAER

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Annual Report 2002



...the most important. A key factor has
personal leadership in storage
media with single-minded
dedication. Moving from
magnetic to optical storage
media arrived in step with the
world. And then surging ahead
with pioneering R&D to explore
new frontiers in the field.

Library. More than that, it is among the
world's leading manufacturers of
optical storage media. But more
importantly, it is on the forefront
of the digital revolution that is
reshaping the future. Chapter
after glorious chapter.

Moser Baer is a leading

Indian transnational

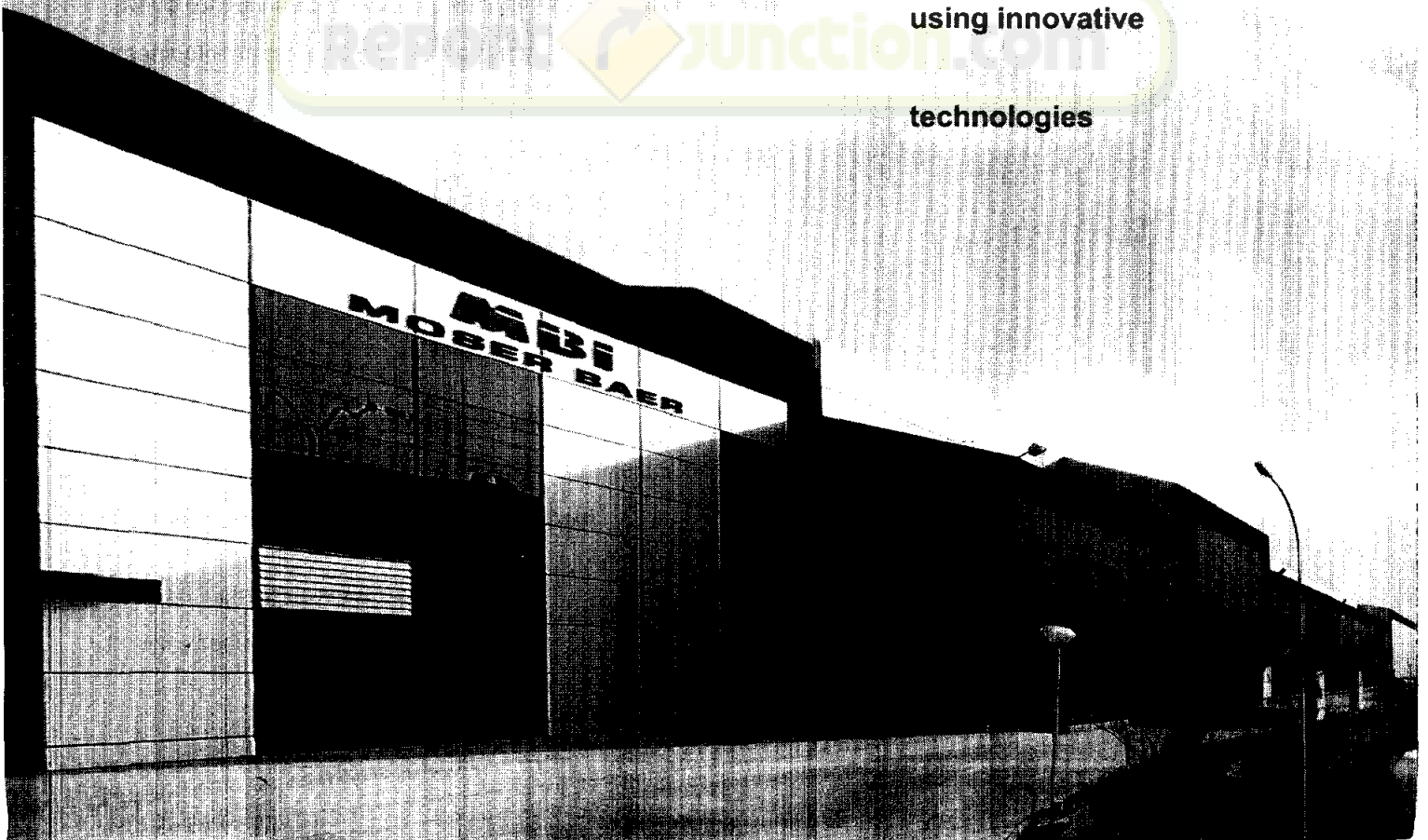
providing high quality

data storage products to

its global customers

using innovative

technologies



Chairman's Message

In today's knowledge driven, customer focussed, competitive global economy, there is no time to bask in the glory of past successes.

The end of a successful year brings with it a moment of satisfaction. With Moser Baer India (MBI) having proven once again that High Quality can carve out its own opportunities despite the ebbs in business cycles, it is with pride that I share with you today, some ingredients in our success.

Officially, the 'I' in MBI stands for India. Yet, for the MBI family, this letter I has a much deeper meaning.

To us, *I* stands for Integrity

Integrity that spells high quality with no compromises. It means the need to focus on quality every day, in everything we do. When I talk of quality, I mean continuous concentration on process and product development.

However, I am also referring to the quality of our relationships, the quality of our communications and the quality of our promises to our customers and investors. And so, we look at quality as an affirmation of integrity.

***I* indicates Innovation**

Innovation in our technology being a given, this also indicates innovation in our thinking, innovation in our methods and processes of doing business.

These are the fundamentals on which we have grown our business. We do



realise that the road ahead has challenges as we try to maintain our record of success in times when countries across the globe are battling difficult economic conditions. We understand as well that in today's knowledge driven, customer focussed, competitive global economy, there is no time to bask in the glory of past successes.

Therefore, we also realise that

I stands for Intelligence

An ability to foresee and forecast market trends, an ability to make the necessary changes in anticipation of these changes, and an ability to lead from the front.

And I finally stands for Improvement.

Standing on the threshold of a digital revolution, at Moser Baer, we are constantly seeking to improve with an organisational quest for better products, processes and technology, to cherish and uphold the trust that you have reposed in us.

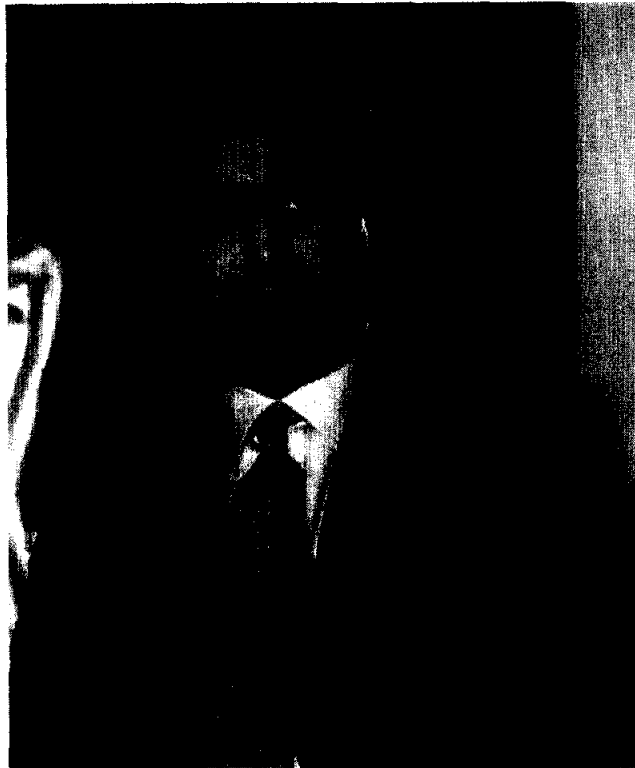
Thanking you for your support,

Best regards,

Deepak Puri



From the Desk of the Executive Director



September 11 was a day that changed the world perceptually. Globally, economies found themselves hanging precariously between stagnant markets and recessionary conditions. The optical media market too had to take a break from its explosive growth chart.

It was, however, a short break and soon, the

onward journey resumed. That the impact was peripheral and the recovery swift was a blessing as prices had already fallen sharply at the close of the century due to over capacity and reduced manufacturing cost. The first three quarters of 2001 did witness a consolidation with a price increase of about by 10-15 %, only to cave back in with the collapse of the Twin Towers.

Yet the sun is shining again today on the magnetic and optical media data storage industry with prices having stabilised in the first quarter of 2002. In fact, the market is ready to explode again as demand catches up with supply despite large capacity expansions.

With our emphasis on high quality and innovative technology, Moser Baer India (MBI) is quickly on its way to claiming global leadership. We are today the 3rd largest optical media manufacturer with 11 per cent market share. In India, MBI has captured 45 per cent market share in a

There is only one principle that drives markets worldwide: 'What helps people, helps business.'

MBI



market that is expected to grow 5 times over next three years.

MBI is ideally positioned to capitalise on growth. As much as 85 per cent of our sale comes from export which feed 92 countries in 6 continents. We have an enviable Fortune 500 customer base with strong brands and

global distribution.

We do have a sustainable competitive advantage vis-à-vis other manufacturers, but we compete on quality, innovation and strategy, and absorb potential fluctuations with a geographically diversified revenue basket.

There is only one principle that drives markets worldwide: 'What helps people, helps business.' At MBI, we know that authentic marketing is the art of identifying and understanding customer needs and creating solutions that deliver satisfaction to the customers and benefits for the stakeholders.

As we set benchmarks in the industry, we deliver our promise - to our customer, investor and our people. I'd like to take this opportunity to reinforce our commitment,

Ratul Puri

Executive Director



The President speaks



As we enter the 20th year of our operations in India, Moser Baer India has made its mark as one of the largest optical and magnetic media production companies in the world.

The journey has been exciting and challenging as we meticulously built a firm structure on the triple foundation of state-of-the-art technology, tough quality standards and low manufacturing cost.

This was possible only through an unstinting focus on research and efficiency. In a business that recognises no geographical boundaries in markets or competition, only the best can succeed.

MBI is staking claim to global leadership in magnetic and optical media data storage production.

Moser Baer India has therefore diligently followed the twin routes. With an 80 member in-house research and engineering team striving for continuous enhancement of machine design, process design and product innovation, MBI has ploughed back 2.0 to 2.5 per cent of annual revenues into R&D. The in-house proprietary process PC12D XT is a tribute to this investment.

While a large part of the R&D effort is in-house, we are also collaborating on technological development with some of the most reputable names in the field. In





addition, we invite international consultants on quality to train our people so as to create a resource bank of intellectual capital.

More significantly, the expertise developed with research is swiftly brought to the shop floor at MBI to derive competitive advantage. It is little wonder then that our manufacturing costs continue to be amongst the lowest in the world. Beyond new process design, this has been sustainable due to ongoing cost reduction programs, economies of scale and vertical integration.

Taking enormous strides in each of these directions as the digital world fires market imagination, MBI is staking claim to global leadership in magnetic and optical media data storage production.

We are repainting the image of India as the land of low cost labour advantage with the added glitter of technological expertise, state-of-the-art manufacturing and stringent quality.



For we do believe at MBI that 'The real problem is not whether machines think but whether men do.'

P.M. Pai

President



Mr. Rajesh Khanna
Director



Mr. Arun Bhargava
Additional Director



Mr. Prakash Galius
Director



Mrs. Jina Suri
Whole Time Director



Mr. Rajesh Khanna
Director



Mr. Arun Bhargava
Additional Director



Mr. Prakash Karnik
Director



Mrs. Jina Suri
Whole Time Director