

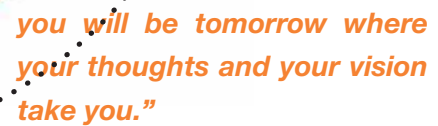
moserbaer™

25
years 1983 - 2008



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Long years ago, Moser Baer made a tryst with destiny. We wanted to be at the forefront of the technological revolution that we knew would sweep India in the years to come. Twenty-five years on, it is gratifying to see that the organisation has redeemed that pledge in substantial measure. We started humbly with manufacturing time devices, but even those long years back our unifying vision was to catapult India into the forefront of technological innovation and excellence.

Today, we can say that we are among a handful of Indian companies that have contributed to the establishment of new global technology standards. We have successfully developed cutting edge technologies to become the world's second largest manufacturer of optical media. Riding on our technology strengths, we have now transformed ourselves from a single business into a multi-business and technology organization. Diversifications have come in several exciting new areas: solar energy, home entertainment, IT peripherals and consumer electronics.

We have a presence in as many as 82 countries and have strong relationships with almost all global technology brands. More than 7,500 full-time employees are working to ensure that Moser Baer goes from strength to strength. It is they who have helped the sapling grow into a sturdy tree, which in years to come will blossom into a giant oak.

Proud as we can justifiably feel over what we have achieved over this quarter century, in truth we have only just begun. The next 25 years of Moser Baer beckon. Our best years lie ahead.

"Touching every life across the globe through high technology products and services" is our vision. Let's strive relentlessly towards realizing that vision. For vision without action is merely a dream. Action without vision just passes the time. Vision with action, however, can change the world.



vision

“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.



dear shareholders,

I am delighted to inform you that your Company has completed 25 years in business. In the past 25 years, your Company has made significant progress and has several achievements including diversification to new businesses. I thank each one of the stake holders for standing by the Company during this eventful 25 years. It gives me great satisfaction to share with you that many of the events and milestones your Company achieved during this period are taking us closer to our vision.

With your continued support, I am confident that your Company will scale new heights through its improved performance in the existing business and through next generation products and services.

Despite the difficult market conditions for optical media, the Company was able to generate INR 3,193.2 million of cash from operations. Our revenues declined by 5.6% to INR 19,582 million and profit after tax stood at INR (789.1) million. Further, your Company also made notable progress in all the new business.

BUSINESS OVERVIEW

Optical Storage Media

The year however was difficult for the optical media business. The supply of Optical media products was far in excess of demand causing severe price pressures. Added to appreciation of the Indian Rupee and increasing prices of inputs in the petrochemical value chain impacted financial performance. I can assure you that this temporary phenomenon will soon be overcome by aggressive initiatives your Company is pursuing to enhance competitiveness. These initiatives include new products and cost reduction in existing products.

On the technology front, your Company continues its efforts for staying ahead of competition by leveraging its recent acquisition of OM &T, B.V, for launching the Blu-ray disc. We are confident that your Company is prepared to lead the next generation evolution in the Blue laser based products.

The information explosion continues without any respite and so does the demand for cost efficient storage. On the back of the R&D efforts, Moser Baer's optical media products continue to be one of the lowest cost per megabyte storage products, a milestone, which we believe, will drive robust demand for our products over the foreseeable future

Photovoltaics (PV)

The Photovoltaic domain commenced its commercial operations during the second quarter of this year. In the very first year of commercial production your company generated US\$ 42 million revenues in the fast growing PV business.

We are leveraging our core competencies in R & D and manufacturing to emerge as a significant player in the global PV industry. The second phase of the crystalline silicon project will be ready for commissioning in the next quarter. The objective, in the near future, clearly is to bring down PV electricity costs to match conventional energy price points. In line with this strategy,

we have already commissioned one of the world's largest form factor thin film solar fab. This plant is under trial production and will soon start commercial operations.

Home Entertainment

Our initiative in this business aims to bring about a paradigm change in the home video market – a market characterized by high fragmentation and rampant piracy. With superior quality, unbeatable price points and a rich library, we are confident of redefining the home video market in India. Additionally, this business will allow us to move up the value chain and we are optimistic of emerging as a leader in this highly exciting segment.

So far we have launched about 50% of our library and it gives me great pride to state that the response to this new business has been overwhelmingly positive. This is just the beginning. In the home entertainment segment, your Company has commenced film production in multiple languages. We are confident that this new business will create significant shareholder value.

Our People

Today, after 25 years, Moser Baer is an organization of strong leaders and exceptionally talented and dedicated individuals. People have been central to our success and it is through their unyielding contribution that Moser Baer will continue to make a difference to the lives of more people than before. I take this opportunity to thank all our employees for their dedication and hard work.

Finally, I want to thank all our Shareholders, Bankers, Suppliers and Customers for their continued support as we enter into what we believe to be an even more exciting new era for Moser Baer.

I assure you we will all continue to work hard to get there.

Best Regards
Deepak Puri
Chairman & Managing Director

better storage solutions

