

moser**baer**

Annual Report | Jan-Dec 14

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CHAIRMAN'S MESSAGE

The current generation is indeed privileged to have not only experienced multiple technology transitions but also to be part of a movement – “Make in India”, which is focussed towards projecting manufacturing strengths and leveraging the market potential of the country. A country that has 800 million of its population under the age bracket of 35 years and is bustling with aspirations, presents a huge opportunity. Hence, the “Make in India” campaign could not have come at a better time. The good part in this, my friends, is the fact that your company will be at centre stage in the “Make in India” campaign and the drive to create an identity for India. This movement, driving the already burgeoning aspirations in high growth areas such as Solar manufacturing and Solid State Lighting, I believe, will be the deciding factor for the company as well as the country in the next few years.

The global economy had continued to grow albeit at a moderate and uneven pace during 2014. The road to recovery was strewn with unfinished post-crisis adjustments, some geo-political conflicts and most importantly, identification of new markets. As per the

United Nations, ‘Growth of World Gross Product (WGP) is estimated to be 2.6% in 2014, marginally better than the growth of 2.5% registered in 2013, but lower than the 2.9% projected in World economic situation and prospects as of mid-2014.’ Which means, global recovery had started but is yet to catch speed! One common aspect during 2014 noticed amongst the major developed countries has been their erratic quarterly GDP growth rates. For example, the economy of the United States of America oscillated from a decline of 2.1% in the first quarter of 2014 to an increase of 4.6% in the second quarter, while at the same time the economy of Japan swung from growth of 6.7% to a contraction by 7.3%.

Closer to home, developments have been multi-fold. There is a very strong positive sentiment about the country as an investment destination and as an economy that will grow steadily over the next few years. This sentiment along with the opportunities in the country forms the backbone of the country’s quest to fulfil the aspirations of its young population.

The year 2014 threw up many consolidation pains led by financial constraints. However, your company with its flair for identifying future businesses, had entered into energy efficient Solid State Lighting segment a couple of years ago, on a pilot basis. Hence, today when energy efficient lighting is becoming a buzz word, your company is appropriately poised to make good the opportunity.

Make no mistake, this journey will not be easy in spite of the opportunities without your conviction and belief in the team.

Our businesses experienced the pains of consolidation during the year gone by, but the initiatives taken will pay dividends in the coming years. With the support of our key stakeholders like customers, strategic suppliers, multiple bank consortia and Moser Baer employees, we continue with our march towards sustainable technology manufacturing operations.

From a business standpoint, the period 01st January 2014 to 31st December 2014 was about consolidation and implementing rejuvenation plans. Your company

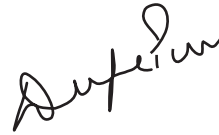
continues to enjoy leadership position in the global storage industry and not surprisingly is the No.1 Solar EPC player in the country. We believe that with the Hon'ble PM's clarion call for "Make in India", domestic manufacturing will thrive once again and this should augur well for your company in the Solid State Media segment (Flash Drives, SD and Micro SD cards) and Solar Photo-voltaic manufacturing businesses. A combination of these businesses along with energy efficient Solid State Lighting provides the roadmap for the future of your company.

As the country goes about revitalizing itself and trying to fulfil the aspirations, energy will play an important role. Not only will the focus fall on energy generation but also on energy efficient technologies. Our foray into energy efficient Solid State Lighting will get to play an important role in our nation's goal for energy conservation.

The time ahead will be defined by the people who do not lose the focus on intention and aspirations. Our existence is not complete without assuming the responsibility of the communities and the people with whom we work. Hence, protecting their interests and ensuring rounded development has been the hallmark of our existence.

I have always appreciated the commitment, support and above all the belief extended by all of you towards the organization and would look forward towards the same in the years ahead.

Best Regards,

A handwritten signature in black ink, appearing to read "Deepak Puri". The signature is fluid and cursive, with the first name "Deepak" being more prominent than the last name "Puri".

(Deepak Puri)

BOARD OF DIRECTORS

MR. DEEPAK PURI

Chairman & Managing Director

MRS. NITA PURI

Whole Time Director

MR. JOHN LEVACK

Non-Executive and Nominee Director

MR. VINEET SHARMA

Independent and Non-Executive Director

MR. SANJAY JAIN

Independent and Non-Executive Director

MANAGEMENT DISCUSSION & ANALYSIS

INTRODUCTION

The year ending December 31, 2014 continued to be a challenging year for Moser Baer which sustained through rationalization of business portfolio, transition of technology and continued belief in the 'Make in India' strategy. Strong impetus was given to consolidation measures and restructuring of operations as we continued to focus on our core competencies in the Storage Media market and build on strengths in emerging businesses for sustainable development, encouraging and supporting value creation for our stakeholders in the long term. After a protracted period of consolidation and transition, we have identified key areas of growth and moved forward to re-align our focus, priorities and resources accordingly.

As per IMF's World Economic Outlook (April 2015) report, global growth remains moderate, with uneven prospects across the major countries and regions. Global growth in 2014 was a modest 3.4%, reflecting a pickup in growth in advanced economies relative to the previous year and a slowdown in emerging market and developing economies. In 2014, emerging markets and developing economies grew at 4.6%, at a rate lower than the previous year while still accounting for three-fourths of global growth. The outlook for 2015 for advanced economies is improving, while growth in emerging market and developing economies is projected to be lower, primarily reflecting weaker prospects for some large emerging market economies and oil-exporting countries.

Company overview

For the year ended December 31, 2014, Moser Baer continued to witness financial constraints that impacted its operating performance. Given the need to transition in the Storage Media industry, the Company's priority continued to be on refocusing product lines accompanied by rationalization of operating costs in manufacturing and consolidation of operations.

For the year ended December 31, 2014:

- ✍ Total Revenue: The company's total revenue including other income stood at INR 10,106 million on a standalone basis;
- ✍ Cash and Liquidity: Net cash flows from operating activities stood at INR 631 million
- ✍ Net Loss: The company made a net loss of INR 7,083 million, inclusive of exceptional items amounting to INR 2,449 million

During the year, revenues were impacted primarily by lower production volumes on account of tight liquidity situation. While Average Selling Prices(ASPs) were impacted as compared to the previous year, the company witnessed marginal improvement in ASPs during the last two quarters of the year.

While the overall global storage media industry remained largely stable, there were variations in the geographic and product mix compared to previous years. Moser Baer's Storage Media business undertook several steps that were aimed at lowering the operating costs and aligning manpower, cash flows and other resources to the current levels of operations.

Moser Baer continues to focus on its key strengths - wide geographic presence across the world, broad product portfolio across all formats, strong focus on quality and a strong distributor network. In a period spanning three decades, the Company has globally developed itself as a preferred OEM partner through its high quality and credible products, supplied across the globe and is thus well placed to leverage the current and emerging market opportunities. Concurrent with this, the Company continues to retain its presence in the Domestic pre-recorded segment and leverage its strength in terms of brand franchise as well as distribution.

The Company has also forayed into the LED segment of the burgeoning lighting market by leveraging existing capabilities, brand presence and distribution network. With energy efficiency being a critical driver for the Indian economy, the LED lighting segment is expected to grow significantly over the medium to long term, and Moser Baer is poised to play a key role in this market.

In the solar PV segment, during 2014 the global industry grew at a slower pace than originally envisaged. The estimates for 2014 installations range from 40-45 GW with China, Japan and USA being the leading markets.

In India, 2014 was a landmark year for the solar sector, with the revision of the 2022 solar target from 20 GW to 100 GW. However, the market is still to take off. During CY 2014, the Indian market achieved 883MW of solar PV installations compared to 1,004 MW in CY 2013 (Mercom Capital). Given the government's focus on renewable energy and 'Make in India' initiative, the medium to long term outlook for the Indian market is very strong. However, it is important that the Government continues to make timely and favourable policy announcements for sustainable growth in the Solar PV sector along with support for domestic manufacturing.

During the year, liquidity pressures continued to persist and have been critically impacting our ability to enhance manufacturing operations and capacity utilization levels. However, the positive global macro environment along with a high potential domestic market provides opportunity to us to benefit from these segments, given that we are the largest integrated PV manufacturer in India. We have been focusing on high margin markets such as Japan and are poised to tap the emerging opportunities in the domestic and other export markets. Moser Baer commenced operations of its upgraded solar PV crystalline silicon cell line in January 2015 to cater to the Domestic Content Requirement market.

Moser Baer's PV Business continues to maintain its leadership position in the Indian solar EPC market with

over 310 MW of projects installed till date. With an 11.5% market share on cumulative basis, Moser Baer Solar was adjudged as India's largest solar EPC player for the second consecutive year by Bridge to India.

STORAGE MEDIA

STORAGE MEDIA INDUSTRY

During the year ended December 31, 2014, the ongoing re-alignment and transition in the global Optical Media industry continued to impact the demand for all the top tier players. The Storage Media business includes Solid State Media segment (Flash Drives, SD and Micro SD cards) which however continued to witness healthy growth in India, though demand was seen stabilizing globally. The consolidation of players also led to stable ASPs and improvement in margins. The developed world has continued to witness a downtrend in traditional formats like DVD and CD. Emerging markets (including the home market), on the other hand, remained stable for DVD and Blu-ray products, while Latin America continued to show overall growth. Blu-ray formats have seen a stable market in Japan, which is the largest Blu-ray consumer.

The drive towards mandatory digital signature spurred the market for e-tokens, as a consequence of which, volumes in India for this segment have shown a significant upswing.

MOSER BAER'S STORAGE MEDIA BUSINESS

The company continues to supply its products across all regions and maintains its position as one of the leading players in the global Storage Media industry. Its strength, both in terms of low cost mass manufacturing and in offering a wide range of high quality products spread across all formats, has ensured that even with global consolidation and challenges, the company has maintained its standing in the industry.

Given the need to transition in the Optical Media industry, our focus continued to be on rationalization of operating costs in manufacturing and consolidation of operations to generate cost efficiencies. Its high quality standards and strong service offering continued to help maintain business alliances with leading OEMs across the world.

The thrust to pursue new geographies in order to capture incremental markets and acquire new customers to increase our market share in the medium term has found signs of acceptance. Going forward, this is expected to ensure better capacity utilization and growth while demanding near term liquidity support.

In the home market, we have been maintaining our leadership position in the CD segment and have increased our market share in DVD segment. The Blu-ray disc adoption has also been slowly increasing in the country.

Given the liquidity constrained manufacturing environment and the need to become more working

capital efficient, we further optimized raw material as well as finished goods inventory levels and set new reference levels in this important area.

However, constrained by liquidity, the Solid State Media (SSM) operations was not able to realise its full potential in the growing market. While Moser Baer as a brand has been strong in this segment, and SSM operations continue to be profitable, we expect an upswing in the segment with improvement in liquidity.

During the period under consideration, we continued to expand our product offerings with a range of innovative product offerings. Moser Baer's collaboration with Giesecke & Devrient (G & D), which is amongst the world's Top 3 players in smart cards/ SIM solutions, to manufacture and supply security tokens is yielding results. With secure digital signatures being an integral way of life for all e-governance activities as well as Income Tax filings, this segment is witnessing strong growth. Moser Baer is also one of the chosen suppliers to government customers through National Informatics Centre (NIC). The company is also targeting the security tokens business in public sector banks under the domestic manufacturing preference policy of the Government.

During the year, following the expiry (and only selective renewal) of existing film and non-film rights, and as a part of further integration of sales and distribution network, the company integrated its 'Pre-recorded' based content sales with the existing domestic distribution organisation to optimise costs. However, the disc replication business for third parties continued to show steady growth and profitability.

OUTLOOK

In the medium term, the Optical Media industry is expected to continue to witness overall volume decline globally. The trend is more accelerated in the developed economies. However, emerging markets such as Africa, Eastern Europe and parts of Asia would continue to remain stable with pockets of growth in DVD and Blu-ray formats. Select markets like Latin America are expected to continue to see overall albeit marginal growth in this sector. It may however be noted that while CD as a format has declined over time, the existing demand supply balance and economies of scale ensure that it remains cash accretive for Moser Baer.

Furthermore, with potential improvement in liquidity as well as cost rationalization, we plan to target a higher market share in select markets, both through OEM and non-OEM channels.

In the near future, the Solid State Media segment will continue to show healthy growth, given the market demand and strong brand equity of Moser Baer in India and is limited only by liquidity constraints. In the Security Token business, the government has taken steps to have increased security for e-governance and has advised the

use of USB security tokens even in Class II in addition to Class III Digital Signatures. This is expected to multiply the market in the medium term. Steady growth in capacity utilization driven by liquidity support would be a key success factor.

The Company continues to focus on product innovation, upholding of its high quality standards, increase in its cost competitiveness and widening of its distribution network.

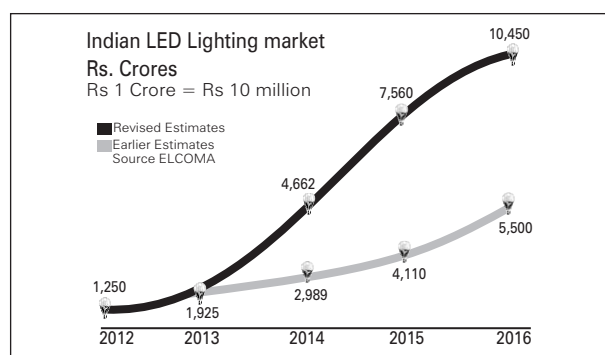
Within the storage media business, both content replication as well as Solid State Media product lines continue to represent opportunities for profitable growth. However, blank optical media will continue to dominate volumes and turnover in the near term.

SOLID STATE LIGHTING

LED LIGHTING INDUSTRY

According to Digitimes Research, the global LED (Light Emitting Diode) lighting market (the current mainstay of Solid State Lighting) for 2014 is estimated at US\$ 25.8 billion accounting for 23% of the global market for all lighting products.

The market comprises of a broad range of lighting products that use LED (packaged silicon chip diodes with high energy efficiency) as light source. Using imported LED source, the domestic LED market has emerged as one of the fastest growing industries in India. According to Electric Lamp and Component Manufacturers Association of India (ELCOMA), the LED lighting market in India achieved an impressive CAGR of 46% over 2010 to 2013. ELCOMA estimates 2014 revenues to be approximately Rs 45 billion. The growth in the sector has resulted in ELCOMA revising its earlier projections for the LED lighting market from Rs 55 billion by 2016 to Rs 104.6 billion. Further ELCOMA estimates LED Lighting market to reach Rs 216 billion by 2020.



LEDs' outstanding energy efficiency (40-60% more than conventional lighting technologies), longer lifespan, and eco friendliness have popularized them among both outdoor and indoor lighting applications. LEDs produce less heat compared to conventional counter parts and dissipate it more efficiently, making them one of the greenest and coolest light sources available.

Key growth drivers for LED lighting in India include Government initiatives to promote LED light adoption,

increasing efficiencies and declining prices, all of which have reduced pay back periods and improved overall economics considerably.

Strong Government Focus

Recognizing the energy demand supply gap and the key role that energy efficiency can play in addressing this gap, the Government is keenly promoting the use of LED. The Government has made it mandatory for deployment of LED lighting in all new street light installations. In 2014, the Ministry of Power issued a directive to all Central Government departments and Ministry offices to switch to LED lights.

All existing government schemes to distribute CFL are being modified with LED lamp distribution. Under the Rajiv Gandhi Grameen Vidyuthikaran Yojana (RGGVY), an estimated 3.4 million LED bulbs are expected to be distributed in rural areas.

In May 2014, Ministry of Communications & Information Technology notified its policy for giving preference to domestically manufactured LED lights in Government procurement. The policy is applicable to all Ministries / Departments (except Ministry of Defence) and their agencies for LED lighting products purchased for Government purposes.

Additionally, in the 2015-16 budget, Finance Minister Arun Jaitley announced a reduction in excise duty on the LED manufacturing inputs from 12% to 6%. Also, Special Additional Duty has been reduced from 4% to Nil on inputs used in the manufacturing of LED driver and MCPCB for LED lights, fixture and LED lamps.

Declining Prices

The increasing penetration of LEDs in the lighting market is driven significantly by the decline in the price of LEDs in recent years. In its findings, IHS technology reported that the average global LED bulbs retail price fell by 19% during September 2013 to September 2014. Since most of the LED components are primarily imported into India, the component prices and hence the market prices in India are also following the global trend.

Increasing efficiency

According to the U.S. Energy Information Administration (EIA), LED efficiency jumped from just over 60 lumens per watt to nearly 100 lumens per watt between 2012 and 2014, and the target is to hit 150 lumens per watt by 2020. In comparison, efficiency of compact fluorescent lights (CFLs) is 55-70 lumens per watt and of traditional incandescent bulbs is 13-18 lumens per watt.

Chinese Imports

China, Taiwan and Korea have emerged as the dominant LED chip manufacturing base for the world. The Chinese Government has been incentivizing the growth of the LED Chip industry through various initiatives including capital

subsidy, tax breaks, land subsidies, etc. In addition to approximately 4,000 local companies, all major lighting companies in the world also own or outsource to LED manufacturing facilities in China. As a consequence of the economies of scale and access to the complete LED supply chain, Chinese manufacturers have managed to reduce product pricing quite significantly. Chinese Companies are exporting LED lighting products and components to all major countries in the world including India. Unfortunately, some low quality Chinese imports have failed to deliver and have consequently been hurting the perception of LED products in the Indian market. However, this issue is likely to be addressed with the introduction of BIS certification (ISI marking) for selling LED Bulbs and Tube lights in India with effect from May 2015.

MOSER BAER'S SOLID STATE LIGHTING (LED LIGHTING) BUSINESS

In the recent past, Moser Baer has been operating in the Solid State Lighting (SSL) segment in pilot phase, targeting mainly the professional segment and is now in the process of ramping it up as a full scale business. We believe that Moser Baer is well positioned to tap this opportunity in India on account of the strong Brand recall and key capabilities including:

- ✍ Precision Moldings Assets and capabilities (from our Optical Media Business)
- ✍ Surface Mount Technology (SMT) Assets and capabilities (from our Solid State Media Business)
- ✍ Relevant experience and knowhow relating to Product Quality and Reliability, Design, Product Development, Testing and Optics
- ✍ Global Sourcing strengths and
- ✍ Strengths in Indian Sales, Marketing and Distribution which can be synergistically exploited

Moser Baer's LED business model does not require any immediate capital expenditure since the company utilizes its existing assets and manufacturing knowhow. However it incorporates adequate value addition to qualify as domestic LED manufacturer for preferential purchases by Government Departments and Ministries.

SSL lighting business strategy focuses on product innovation, providing comprehensive lighting solutions to customers with strong after sales support. The R&D team has product development, product testing and product qualification capabilities. The current focus areas of our R&D team include better light management, energy efficient optics development, improvement in moulding, material sciences, etc.

We have commenced production of LED lighting products in our manufacturing facility leveraging our

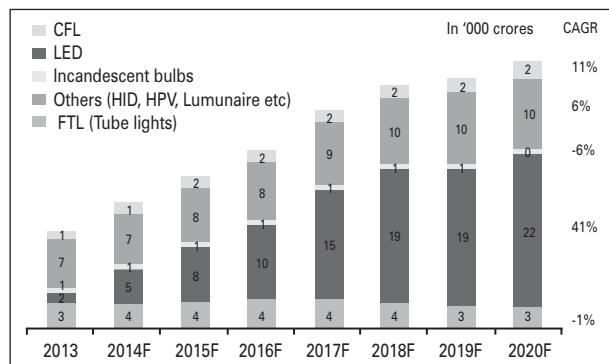
existing asset and skill base (with imported LED Chips and some other components).

We are currently active in four business segments:

- ✍ B to B (Institutional and project sales): We offer innovative lighting solutions to customers based on their unique requirements. We have achieved successful installations in more than 250 establishments.
- ✍ B to G (Government business): The focus is on Government business through strategic partnerships or through bidding process depending upon the nature of the project. We are ensuring that our products are empanelled with various Government agencies including Indian Railways, Indian Oil Corporation, West Bengal State Electricity Distribution Company, Gujarat State Electricity Corporation, Power Finance Corporation etc. Moreover, Moser Baer LED lights have been approved by Rural Electrification Corporation (REC) for use in their projects under the scheme RGGVY (Rajeev Gandhi Grameen Vidyut Vikas Yojana).
- ✍ B to C (Consumer sales): We are in the process of expanding our existing Sales and Distribution network across the country to further penetrate the Electrical Distribution segment of the market. This would also be accompanied by suitable brand promotional activity
- ✍ OEM for large brands: We have already developed a few OEM customers, but expect to prioritize efforts for building sales under the Moser Baer brand.

OUTLOOK

- ✍ McKinsey in a 2012 LED lighting report had projected the global LED lighting market to reach US\$ 74 billion by 2020, with a 62% share of the overall lighting market. ELCOMA projects that India LED lighting market will become Rs 216.3 billion industry in 2020 and would account for ~60% of the overall lighting industry in 2020.



Source: ELCOMA Vision 2020

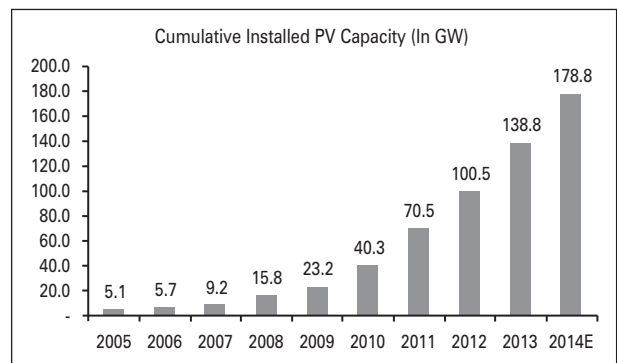
- The company has successfully entered the professional segment of the LED lighting industry with a marquee list of customers/ installation across segments and established Moser Baer as a competitive player in this product category
- The company recently commenced implementation of plans to scale up operations in LED lighting products, leverage its brand strength and expand its distribution network nationally

SOLAR PHOTOVOLTAIC

PHOTOVOLTAIC (PV) INDUSTRY

In CY 2014, the global solar PV industry grew at a slower pace than originally envisaged. Various research firms have provided differing estimates for installations of 2014 ranging from 40GW to 45GW. According to EPIA, approximately 40 GW of solar installations were completed in CY'14, an 8% increase over installations of 37 GW in CY 2013. According to IHS, global solar PV installations in 2014 reached 44.2 GW. China, Japan and the USA continued to lead the world's solar market for the second year in a row.

Evolution of Global Cumulative Installed PV Capacity - 2005-2014 (Figures in GW)



Source: EPIA

Key Solar Markets of 2013 continue to dominate – China, Japan and USA

The Government in China indicated its focus on distributed generation/ rooftop PV in the early part of 2014. The National Energy Administration announced a 14.05 GW target to be installed in 2014, divided into 8.0 GW (distributed generation) and 6.05 GW (utility-scale, ground-mounted). However, the country fell short of its target, and 2014 installations in China are estimated to be in the range of 10.5 GW to 12 GW. Japan was the second largest market in the world with 9.7 GW of installations reported. In the US, GTM Research and the Solar Energy Industries Association (SEIA) estimated that installed solar photovoltaic (PV) capacity for 2014 achieved a level of 6.2 GW, growing 30% over the previous year. An additional 767 MW of concentrating solar power (CSP) came on-line in the same period.

The overall increase in the Global market has happened despite the 36% decline in the European market, where

EPIA has indicated that installations declined from 11GW installed in 2013 to just 7GW in 2014. The only European country to show improvement from 2013 to 2014 was the UK, which increased its installed capacity from 1.5GW to 2.3GW.

Solar Power Inches Closer to Grid Parity

Given the declining costs of Solar Energy, Deutsche Bank has reported that a wide range of countries across the world are at grid parity today, particularly in high electricity price and/or high sunlight regions, including large parts of Europe (Belgium, Denmark, France, Germany, Hungary, Ireland, Italy, Netherlands, Portugal, Spain and Sweden, amongst others) and Asia Pacific (Australia, Singapore, New Zealand, Japan, etc.). In a number of other regions, including India, China, South Africa and United States, solar power is cost effective vis-à-vis the more expensive forms of energy being utilized.

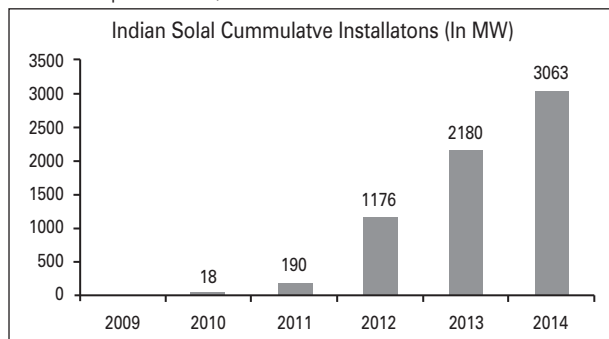
Indian Solar Market

India has long been considered one of the highest potential solar markets but developments have been slow due to the uncertain regulatory environment. The Indian Solar market is now in a very exciting phase and recent initiatives by the Government of India are putting in place the framework for India to realize its true solar energy potential.

Some of the key drivers for India's attractiveness for Solar Energy include:

- ✍ India's dependence on imported fossil fuel has increased significantly and presents significant risk to India's Energy and Economic Security;
- ✍ A significant number of India's population is not yet connected to the Grid, while the country already suffers from a deficit in electricity supply;
- ✍ India's coal and gas based generating capacity remains under-utilized on account of shortages;
- ✍ High Solar insolation helps reduce the overall cost of solar energy in India. Cost of solar electricity in some regions is below parity with thermal power plants using imported coal, and is expected to achieve parity with power from domestic coal in the coming few years.

According to Mercom Capital Group, Indian solar installations in calendar year 2014 totaled 883 MW, down 12% compared to 1,004 MW installed in 2013.



As per the data released by the Ministry of New and Renewable Energy (MNRE), Government of India, at the end of March 2015, India had 3,744 MW of installed grid-connected solar capacity and 234 MW of off-grid solar capacity.

Though the growth was muted during the year and below expectations, recent developments in the Solar PV industry have been very positive. With the new Government taking charge in mid 2014, it took a number of steps to promote the sector. In the Union Budget 2015, Government of India revised the current National Solar Mission (JNNSM) target of 20 GW by 2022 to 100GW. As part of its stated vision under JNNSM, and consistent with the 'Make in India' initiative announced by the Prime Minister, the Government is keen to support manufacturing of Solar PV Cells and Modules in India. Though Anti Dumping Duties were not implemented in the sector, various other measures are being taken that give a priority to domestic manufacturing. As the Government is focusing on growing the PV Installed base in India to 100 GW over a seven year period, it plans to use this as an opportunity to promote domestic manufacturing and has provided assurances at various points of time to the domestic manufacturers regarding utilization of existing capacities.

While the formal policy announcement for Renewable Energy is yet to be made, the statements and actions of the Government indicate the following for the sector:

- ✍ Amendments proposed to Electricity Act including open access reforms and enhancement of Renewable Purchase Obligations;
- ✍ Rationalization of the Renewable Energy Certificate regime;
- ✍ Low cost financing support from bilateral and multilateral agencies;
- ✍ A certain percentage of projects will be implemented using Cells and Modules manufactured in India (Domestic Content Requirement – DCR). The Central Public Sector Units are likely to play a significant role in these projects.
- ✍ Setting up of 25 Solar Parks across the country to house up to 20 GW of capacity, aimed at addressing the land acquisition and transmission connectivity challenges faced by many developers.
- ✍ In the Union Budget 2015, the Clean Energy cess has been increased from Rs.100 to Rs.200 per metric tonne of coal to help finance clean environment initiatives.
- ✍ The Government has also included solar based power generators, non-conventional energy based public utilities viz. street lighting systems and remote village electrification as

eligible for priority sector funding from Banks up to a level of Rs 150 Mn. .

The 100GW target is expected to be divided amongst the following categories:

- 1) 40GW through large scale solar parks
- 2) 40GW through rooftop solar projects
- 3) 20GW through Pradhan Mantri Surya Udhayami Yojana or the Prime Minister Solar Entrepreneur Scheme,

The status of the flagship Jawaharlal Nehru National Solar Mission (JNNSM) of the Government of India is as follows:

Phase-I: 1000 MW Capacity Solar Projects under Bundling Scheme implemented through NVVN:

Solar PV as well as Solar Thermal power projects with an aggregate capacity of 970 MW (besides 84 MW selected under migration scheme) were selected in two batches (Batch I during 2010-11 and Batch II during 2011-12) through a process of tariff based reverse bidding. A total capacity of 718 MW has been commissioned so far under Phase-1.

Phase-II Batch-I: 750 MW Viability Gap Funding (VGF) Scheme:

Bids for the same (reverse bidding on the Viability Gap Funding) were invited by Solar Energy Corporation of India (SECI) in October 2013 in two Categories: 375MW Capacity under DCR (Domestic Content Requirement) and 375 MW Capacity under Open Category. Power Purchase Agreements (PPAs) with the successful bidders have since been signed in March 2014. The projects have a schedule of commissioning of 13 Months from the date of signing of PPA.

Phase-II Batch-II Scheme: 15,000 MW

MNRE then proposed to add a total Solar PV capacity of 15,000 MW in three tranches to be implemented through NVVN as part of Phase-II Batch-II. MNRE released revised draft guidelines for Phase II Batch II Tranche I for 3,000 MW of PV projects.

Phase-II Batch-III Scheme: 7,000 MW

Under the Phase-II Batch-III of JNNSM, it is envisaged to add further a total solar PV capacity of 7,000 MW in various tranches. MNRE issued draft guidelines to set up 2,000 MW of grid-connected solar PV power projects under NSM Phase II Batch III.

MOSER BAER'S PV BUSINESS

Despite odds, Moser Baer continues to maintain its position as one of the largest solar PV manufacturers in India that is present across the solar value chain. Our annual cell and module manufacturing capacity currently stands at approximately 200 MW.

During the year, liquidity pressures continued to persist and have been critically impacting our ability to enhance manufacturing operations and capacity utilization levels. However, despite these constraints, our manufacturing

unit continued to service select customers in the highly quality conscious Japanese Market and the India Market. The Japanese market itself is going through a transition phase finalising its nuclear and renewable power strategy, and witnessing intense competition, resulting in downward pressure on module prices.

Given the new Government's strong emphasis on solar power generation and Domestic Content Requirement (DCR), Moser Baer commenced operations of its upgraded solar PV crystalline silicon cell line in January 2015 to cater to the DCR market. The performance of the cell line has been heartening and it is currently operating at significantly enhanced efficiency levels.

Moser Baer's PV Business continues to maintain its leadership position in the Indian solar EPC market with over 310 MW of projects installed till date. The EPC Business enjoys strong presence in the off-grid market as well with over 4 MW of projects commissioned. The business has been able to establish new benchmarks in project execution times and significant reduction in project costs on the back of its' strong expertise in the EPC business.

With an 11.5% market share on cumulative basis, Moser Baer Solar continued to be adjudged as India's largest solar EPC player for the second consecutive year by Bridge to India.

The PV systems business etched a new landmark by commissioning a 32.2MW solar farm in a record period of 39 days with the generation efficiencies recorded at an optimum level from commencement of its operations. A 5MW solar plant that was commissioned for a prestigious PSU in January 2014, enabling it to achieve its annual green power target, was well appreciated by the customer due to its performance. The plant performed at the net minimum guaranteed generation level much ahead of its schedule. The PV Systems business also successfully commissioned a 1MW solar project for a leading multi-national client.

Our focus on cost reduction continues, with particular emphasis on rightsizing of the organization, power costs and other operating costs, duly aligned to its current/anticipated level of operations.

We plan to ramp up our operations in line with the emerging opportunities in the Indian market and announcement of key Government policy initiatives, and increase the utilization of our existing infrastructure. Our strong presence in the Indian solar PV market, integrated operations, high quality profile and strong brand value position us to benefit from the high potential Indian market in both the off-grid and utility scale markets in the years to come.

Moser Baer's solar subsidiaries also qualified under the Special Incentive Package Scheme notified by the Government in 2007 to boost the semiconductor manufacturing sector. The Government's detailed diligence process for technical and financial validation has been completed and definitive feedback from the Government was recently received by the applicant entity

regarding approval and the Government conditions for its utilisation. Following this, pre-disbursement diligence is in progress and the company expects disbursement in the near future.

OUTLOOK

PV Technology today has become a major source in the energy mix across several countries. Globally, at least 200 billion kWh will be produced by PV systems installed and commissioned until January 2015. This represents about 1% of the electricity demand of the planet.

While solar energy is now competitive with conventional electricity generation in many global markets, and dependence on subsidies has decreased significantly, there is still an element of policy uncertainty that impedes its unfettered growth. However, it is expected that economic rationale shall prevail and the policy outlook will become even more favourable over the coming years. The growth to date in the solar PV sector reflects only a very small part of the enormous market potential.

China has confirmed its installation target of 17.8 GW for 2015. In the next few months, the Japanese government is widely expected to finally clarify its long-delayed energy installation targets, ahead of the UN climate talks in Paris in December 2015. If it pledges a strong share for renewables in its long-term plans, it may inject a measure of certainty into the market.

Traditional developed markets like Europe have played a key role thus far, as these markets transition from a financially supported market to a more competitive market with the advent of grid parity.

With declining prices in the last few years, policy makers in several countries from high solar radiation regions such as Africa, the Middle East, Southeast Asia and Latin America, have increased their plans for PV deployment in these geographies.

According to IHS research, global PV market demand is set to increase by 30% in 2015 to 57.3 GW, doubling growth of 14% in 2014. In the longer term, PV installations are forecast to increase at a compound annual growth rate of 10.5% over the next five years to reach 73 GW in 2019.

IHS had recently raised its demand forecast for China in 2015 to 17.3 GW. Japan is projected to retain its position as the second largest solar market in 2015 with installations reaching 10.4GW. The third largest market is expected to be the US with installations exceeding 9GW in 2015. UK is expected to become the fourth largest market in 2015 with 3.5 GW of installations. With regard to the European market, IHS indicated that a rebound in demand was expected in 2015 with installations forecasted at 9.4 GW.

In India, 2014 has seen a further boost in the revival prospects of PV manufacturing companies, backed by the government's recent visible acceleration of various measures relevant to restoring demand and competitiveness in solar manufacturing.

However, in order for the sector revival to be sustainable, we believe that it would be critical for emerging policy to address the following issues:

- ✍ Early timing of Policy Announcements;
- ✍ Ease of implementation, particularly addressing concerns relating to enforceability of solar purchase obligations and bankability of Power Purchase Agreements from distribution utilities;
- ✍ Stable long term perspective which will allow for appropriate investment decisions;
- ✍ High cost of financing, and risk of currency fluctuations need to be addressed from the perspective of attracting international capital as well as reducing the overall cost of solar energy; and
- ✍ Visibility for support to Domestic Manufacturing over a period of time in the context of anti dumping duties which were not imposed

We plan to ramp up our operations in line with the emerging opportunities in the Indian market and announcement of key Government policy initiatives, and increase the utilization of our existing infrastructure. Our strong presence in the Indian solar PV market, integrated operations, high quality profile and strong brand value position us to benefit from the high potential Indian market in both the off-grid and utility scale markets in the years to come.

Financial Restructuring

The Corporate Debt Restructuring (CDR) scheme of the Company as well as of its subsidiary PV companies were earlier approved in FY 2012-13 and were under implementation. A debt of INR 23,700 million for the company, INR 8,650 million for Helios Photo Voltaic Ltd. and of INR 9,560 million for Moser Baer Solar Ltd. was conclusively restructured, additional funds provided and interest funded.

After execution of the Master Restructuring Agreement and other key documentation, the respective schemes have been under implementation. The company has made significant progress on perfection of security and is also ensuring compliance with other CDR conditions.

The implementation of the Scheme however faced challenges with regard to the release of sanctioned working capital by select lenders; thereby resulting in adverse impact to other lenders apart from depriving the company of cash generation opportunities. Consequentially, the constrained liquidity forced the company to operate at sub optimal levels of production and sales despite having a healthy order book. After repeated discussion, lenders took cognisance of the issues being faced by the company and provided holding on operations. The fresh restructuring envisages generation of funds through sale of surplus assets, promoters contribution and reduction in redundant fixed costs, accompanied by deferment of debt and funding of

interest. The company expects to achieve better utilisation of its manufacturing facilities as well as capture business opportunities in Solid State Lighting and Solid State Media to generate positive operating cash flows.

Furthermore, the respective consortium of banks of Helios Photo Voltaic Limited (HPVL) & Moser Baer Solar Limited (MBSL), the subsidiaries of the company, continue to implement their respective CDR Schemes in the current financial period. However, implementation of these Schemes was impacted by factors such as delays in receipt of Capital Subsidy from the Govt. against eligible investment in fixed assets, non assessment/non release of working capital limits by lenders and the slow pace of implementation relating to Domestic Content Regulations and other related measures. Also, certain banks initiated enforcement actions against the PV subsidiaries to which the subsidiaries have suitably responded. Furthermore, the PV subsidiaries have submitted revised debt restructuring proposals to their respective lenders consortiums and these are under discussion.

Fortunately, the domestic industry environment in Solar has turned extremely positive in the recent past following the thrust on 'Make in India' and the announcement of a slew of initiatives supporting solar manufacturing. These companies have been operating at sub optimal levels despite the improved market environment, due to working capital constraints. Release of funds under the Special Incentive Package Scheme (SIPS), continuation of government measures supporting manufacturing, additional promoters' contribution, sale of surplus assets and reduction in redundant fixed costs are expected to provide improved liquidity, better utilisation of its manufacturing facilities and positive operating cash flows.

The business plans of the company and its subsidiaries are subject to third party validation and the requisite approval process of banks. However, the management believes that with the implementation of measures envisaged for improvement in liquidity accompanied by the updated business plans and the improved operating environment it will be able to work amicably with its lenders for approval and implementation of its plans.

The outstanding foreign currency convertible bonds (FCCBs) aggregating to a principal value of US \$ 88.5 million which matured in June 2012, were claimed by the trustee on behalf of bondholders. In 2012, the Trustee on behalf of these bondholders had filed a petition under section 434 of the Companies Act 1956, which was thereafter admitted. During the last financial year, this petition was disposed off by the Hon'ble High Court.

The company has received approval from the RBI for extension of redemption of these bonds and intends to continue discussion with bondholders to restructure these bonds.

Erosion of Net Worth

Pursuant to the erosion of its net worth as at the end of the previous financial period ended on 31st December

2013, the company had filed the requisite reference and was subsequently registered under the Sick Industrial Companies (Special Provisions) Act (SICA). Also as a result of erosion of their net worth, the solar subsidiaries (HPVL and MBSL) respectively filed the requisite references under SICA; registration was obtained in respect of HPVL while the reference in respect of MBSL is under consideration.

However, management continues to ensure that financial restructuring continues to be led by constructive discussions with the respective CDR lenders.

OPPORTUNITIES AND THREATS

STORAGE MEDIA

OPPORTUNITIES

Firmness in pricing in optical media market and sustained contribution margin

Ongoing consolidation in the industry is throwing open newer customer opportunities for remaining players

Growing Solid State Media market in India

Scope for increasing non-OEM business in geographies where Moser Baer presence was earlier limited

THREATS

Gradual decline in the optical media industry globally

Delay in imposition of anti dumping duty on imports of Solid State Media products

Competition from Taiwanese Players in Optical Media and Global Leaders in Solid State Media products and possible circumvention of the same.

Competition from Taiwanese Players in Optical Media and Global Leaders in Solid State Media products

Progressive growth in alternative data storage technologies including online and digital storage

Regulatory developments in debt/capital markets that could adversely effect the company's interest costs and debt restructuring

(SSL) LED LIGHTING

OPPORTUNITIES

Improving economics of LED Lighting given improvements in efficiency, reduction in costs and overall environment friendliness

Strong Growth potential in Global and Local Market

Government Support to LED given the role of energy efficiency in India's Energy Scenario

Preferential Purchases by Government Organizations for Products Made in India

Availability of Large and competitive supply chain from China

THREATS

Strong Established Players in the Lighting Industry who have a strong presence in India also

Imports from China

Competition from small Indian players importing poor quality products from China

Technology obsolescence and emergence of disruptive technologies

Sudden increase in input costs of key components, in particular, LED Chips

Strong IP position of key players in LED Chips and Products

SOLAR PHOTOVOLTAIC

OPPORTUNITIES

Improving economics of solar power globally along with strong focus on sustainable clean energy sources worldwide provides strong growth opportunity for solar power

Strong growth potential in key markets such as US, China and Japan that have taken centre stage as the next growth drivers in the global solar industry

Strong thrust on solar power in the domestic market and preference / incentive for domestically manufactured cells and modules

Advancement of grid parity globally and in India on account of improvement in cost competitiveness of solar energy vis-à-vis conventional energy;

THREATS

Withdrawal or reduction of State support in key markets through reduction of subsidies and other incentives or change in government policies,

Continuation of challenged economic environment in Europe, a key market for solar-PV products is likely to affect demand for solar power in the region

Slowdown in demand from the current growth drivers such as China, Japan and the US

Lack of enforcement of the Solar Purchase Obligations in the Indian Solar market

Delay in implementation of JNNSM or State Solar Policies and other measures for revival of domestic solar manufacturing

Sudden increase in capacity in the global PV market amid an improving industry environment

Technology obsolescence & emergence of disruptive technologies

Continuation or prolonging of the high interest rate scenario in the domestic market

Steep fall in the module prices in the uncertain market conditions.

Withdrawal of continued support from the company's secured lenders

HUMAN RESOURCES & INDUSTRIAL RELATIONS (HR & IR)

In an era where businesses must do more with less, it is critical that HR is performing at its highest level, now more than ever. Preparedness of HR and re-aligning the focus of company strategy during such periods of turbulence involve enormous efforts on the part of HR.

The role of HR in Moser Baer became crucial in implementing sound business strategies to sustain business challenges and drive the organization's competitive edge and at the same time maintaining harmonious Industrial relations. The financial constraints lead to the imperative need to optimize costs and right size the organisation while maintaining employee engagement and commitment

Regardless of challenges all around on various fronts, we kept Moser Baer philosophy of investing in our people as a priority and continued with our efforts to provide an enabling environment to our people and focus on their development. Efficient communication measures and well-constructed HR strategy for driving employee commitment helped us in sustaining the ongoing challenges.

Our continued focus on proactive involvement, employee-friendly practices and policies, two way communications and grievance redressal mechanism, and interface with families of employees helped us to enhance engagement level of our employees and build strong bonding with the organization. Voluntary participation of employees in activities like family visits, sports & recreation, health related initiatives – blood donation camps, CSR activities etc. enabled us to make maximum use for fun aspect of work-life, which in turn, is very important for efficient & productive working. Initiatives like cost reduction & system improvement programs like Kaizen, 5S provide opportunities for exchanges on the various aspects related to employee and organizational development.

We continued to encourage Associates Involvement in decision making process through various committees' like the Cafeteria Committee, Transport Committee, and Sports Committee etc. At the same time, Employee Communication Forums like Open Houses, Communication Meetings, Town-Halls, HR Help Desk, etc. provide all possible opportunities for employees to express and exchange views on the various issues that impact them.

Despite the financial constraints during the period, we drove our Training capabilities towards development of people in alignment with our business needs and imperatives, and accordingly, drove development initiatives across the organization.

While the Industrial Relations environment at the manufacturing locations were largely peaceful and cordial during the year, the factory operations at the company and its PV subsidiaries were affected towards end February, 2015 when the workers at the Greater Noida Plant went on unjustified stoppage of work with

unreasonable demands relating to wage settlement. However, with the support of the concerned government and administrative authorities, the Company reached an amicable three year wage settlement with the workers and all operations were restored to normalcy by early April 2015. The settlement with workers has now added stability to the Company's and its subsidiaries' manufacturing operations.

To drive meritocracy, excellence and model behaviour at the workplace, we stretched our Reward & Recognition framework and involved associates in activities like OTS, Employee of Month etc thereby ensuring effective, efficient and productive working.

Through all these activities and interventions, the Human Resource function continued to play a pivotal role in improving the competitive edge of the business.

Moser Baer concluded the year ending Dec 2014 with 3441 employees as compared to 3793 employees at the end of previous financial period.

Internal Controls and its adequacy

The Company has an internal control mechanism which is commensurate with the size and complexity of business and aligned with evolving business needs. These controls have been designed to provide a reasonable assurance with regard to maintaining of proper controls for ensuring reliability of financial reporting, monitoring of operations, protecting assets from unauthorized use or losses and compliances with regulations. Internal control system is routinely tested and evaluated by Internal auditors as well as Statutory auditors.

The Audit Committee regularly reviews adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations.

RISK MANAGEMENT

Risk Management is an important business aspect in today's economic environment. The aim of risk management is to identify, assess and take mitigation measures in respect of the events that may pose risks for the businesses. The Company's risk management is embedded in the business processes.

Key business risks and mitigations are:

- ✍ **Technology risk:** A key challenge of your Company is to ensure that it is equipped with updated technologies in order to serve market and customers, secure cost competitiveness and maintain R&D leadership. To this effect, Company has built a position as the leading manufacturer and technology owner through strong in-house R&D capabilities, successful collaboration with key technology providers and leading OEMs for transfer and absorption of technological capability, regularly tracking and reviewing technology road map.
- ✍ **Business concentration risk:** We strive to diversify our customer and geographic base to

avoid dependence on a particular geography/set of customers. Continuous actions taken by Company in this direction are increasing sales to non-OEMs and domestic market, initiation of direct marketing efforts to ensure coverage of new geographies and customers, developing leading retail private label players and support brands to de-risk dependence on few customers or any particular geography. During the year, the Company has also entered into the Solid State Lighting business. Our rich technology heritage, moulding capabilities, strong brand recognition in the Indian market and a broad distribution network should help us establish a leadership position in the SSL business also.

- ✍ **Input cost and falling sale price risk:** Prices of key input items used in manufacturing of storage media products remained stable and fuel costs witnessed reduction. Consolidation of manufacturing operations, as well as internal restructuring is aimed at reducing costs. The ongoing realignment in the global Optical Media industry impacted the demand and ASPs for all players. We anticipate future growth in the business driven by increase in sales of Solid State Media and Solid State Lighting segment. Your Company will continue to focus on cost re-engineering, alternate sourcing, alternate material usage initiatives, to minimize the impact of input cost increase. Higher share of value added products should lower the impact of price fluctuation in finished goods.

- ✍ **Exchange fluctuation risk:** Through its global operations, the Company operates in several currency areas. Volatility in the currency markets can adversely affect the outcome of commercial transactions and cause trading uncertainties. Moreover, we have outstanding foreign currency denominated debt and hence we are sensitive to fluctuations in foreign currency exchange rates. These transactions are denominated in foreign currencies, primarily the U.S. Dollar and Euro. The Treasury department of the Company continually tracks the foreign exchange movements and underlying currency exposures on real time basis and takes advice from financial experts to decide its hedging strategy from time to time in accordance with approved foreign exchange risk management policy. This is however, currently restricted by the availability of renewed hedging limits. Your Company's policy envisages suitably hedging the differential foreign exchange exposures.

- ✍ **Liquidity and interest rate risk:** The Company has been operating its manufacturing facility at suboptimal levels due to working capital constraints which has resulted in negative cash

flow from operations in the current year as well as some of the earlier years. Due to continued liquidity issues, the Company has been unable to comply with repayment terms of its borrowing arrangement with secured lenders as agreed in the Corporate Debt Restructuring package approved earlier. The Company has now approached these lenders for a revised debt restructuring plan. The management has submitted its proposal which is under review at this stage. The revised debt restructuring plan submitted by the Company includes deferment of debt and interest funding, disposal of surplus assets and infusion of fresh capital by the promoters. The Company also has outstanding foreign currency convertible bonds (FCCBs) with principal value of USD 88,500,000 (equivalent to Rs 5,579 million) which were due for redemption on 21 June 2012 alongwith redemption premium. As at 31 December 2014, such accrual for premium on FCCB aggregates Rs 3,879 million. The Company intends to continue the process of negotiation with the bondholders to conclude the restructuring of these bonds. Support of lenders in respect of restructuring of both secured debt and FCCBs is fundamental to the revival and growth of the company

✎ **Employee Related Risks:** We strive to align our business interests with the interests of our workforce and focus on various employee engagement and development initiatives to retain and motivate our workforce. Besides, we are also looking at manpower alignment, with the aim of creating a leaner and frugal organisation. The three year wage settlement signed in April 2015 with the company's workers representatives is expected to stand the company in good stead in ensuring industrial harmony.

On account of the prolonged financial and liquidity stress, the company faced higher levels of attrition relating to critical resources, which it endeavours to address through proactive HR measures.

OPERATING PERFORMANCE REVIEW

Financial Analysis

Revenue & Profits

The Revenue from operations for the year ended December 31, 2014 was INR 9,846 million compared to INR 9,443 million during nine months ended December 31, 2013. Loss after tax for the period is INR 7,083 million as against INR 4,467 million in the nine month period ended December 31, 2013.

Fully diluted earnings per share for the year ended December 31, 2014 was INR (34.26) against INR (24.07) in the previous nine month period ending December 31, 2013. The company generated INR 631 million cash from operations during the year.

Capital Structure

The paid up equity capital was INR 1,983 million as on December 31, 2013. During the year under review, equity capital of INR 100 million was allotted to promoters on preferential allotment basis as per CDR restructuring and approval of shareholders and it increased to INR 2,083 million as on December 31, 2014.

Reserves

The Company's reserves stood at INR (11,222) million at the end of December 31, 2014 against INR (3,436) million at the end of December 31, 2013. There are no re-valuation reserves as of December 31, 2014.

Loans

The Company's total net debt increased by 3.5% over the previous period.

Financial objectives, initiatives and achievements

Your company is taking proactive measures to ensure that all financial costs are effectively reduced to positively impact the bottom line. The Company continued to focus on more efficient working capital management to release cash in to the system, generating INR 631 million of cash from operations. Foreign Exchange has been particularly volatile during this 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

The amount on account of interest and finance charges for the year ended December 2014 increased to INR 2,123 million as against INR 1,575 million in the nine month period ending December 31, 2013.

Capital Expenditure

Gross block of the Company stood at INR 45,514 million as on December 31, 2014 against INR 45,336 million in the previous period.

Depreciation

Depreciation for year was INR 1,809 million compared to INR 1,543 million for the nine month period ended December 31, 2013. 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

As on December 31, 2014, both long term and short term loans and advances put together, decreased to INR 877 million against INR 1,742 million as on December 31, 2013.

Capital employed

The capital employed stood at INR 1,262 million as on December 31, 2014 as compared to INR 10,373 million as on December 31, 2013.

CORPORATE SOCIAL RESPONSIBILITY

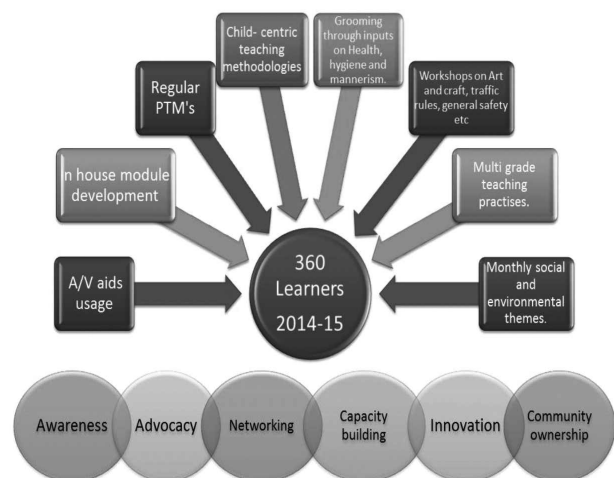
MBIL's Corporate Social responsibility is implemented by the Moser Baer Trust (MBT). Since it came into existence in July 2005, the Trust has been at the forefront of addressing challenges of contiguous communities. The Trust is committed to achieve the Country Development Goals as well as the Millenium Development Goals (MDGs) wherever it operates.

Moser Baer continues to be responsible in its business practices and remains committed to the society, as reflected by a host of CSR initiatives. Despite the business slowdown resulting in stressed financial support, the Trust was able to sustain its social initiatives due to community partnerships through which its services were imparted.

EDUCATION

For providing quality and continued learning support, under its Taleem initiative

- ✍ Facilitated and mainstreamed over 343 students of 8 villages in primary and middle schools.
- ✍ 146 out-of-school children in the age group of 7 to 13 years were given academic support through Non Formal Education classes.
- ✍ Support classes in government school for 214 children in 6 villages of Greater Noida to fill up the huge learning gap. The pre-test and the post-test results showed 90 % improvement among children.
- ✍ Capacity building of facilitators through 50 hours of extensive training of teachers on multi-grade teaching, types of learners and activity based lesson planning.



Digital Literacy Programme (DLP)

DLP aims at providing quality digital literacy at an affordable price to the underserved. With the passage of time, this programme has widened its basket and offers various market oriented courses in addition to basic computer literacy courses. A lot of efforts have been invested in curriculum customization which matches the existing demand of the nearby industries. Considering the increasing demand from the contiguous communities, DLP centers also adopted flexible timings so that the aspirants could avail the opportunity and upgrade their skills for better employment. **During the reporting period, the DLP was able to cater to 542 students.**

CONNECT

CONNECT, is a part of the pilot program of the Global Libraries Program of the Bill and Melinda Gates Foundation. Moser Baer Trust was given the responsibility of helping create one model for the libraries where the community could be engaged and services provided for all members of the community through the library.

The Trust was able to drive up the membership of the library from 424 to 797 in a period of 12 months through incremental services like

- ✍ Free computer literacy to enable the population around the library to use the ICT services
- ✍ Free internet usage facility which was used by youth for applying for government jobs, by community members to access email and create email accounts, by children looking for audio visual learning aids etc.
- ✍ Digitization of the library catalogues for quick access to books and periodicals
- ✍ Monthly events that addressed the various community groups like women, children, youth etc.
- ✍ A capacity building workshop for community

Youth Development – yUDAI

Moser Baer Trust has been proactively working with adolescents and youth for developing their skills for their positive and responsible community involvement. yUDAI intervention(earlier called Nayee Roshni) was initiated with 150 youth in the age group between 10 to 18 years of NOIDA clusters with a large migrant under served

population. Apart from weekly guided interactions organized with a trained professional who hand held the youth in this process of self-discovery and awareness, regular exposure visits were held to different places and platforms. Several participatory opportunities helped these youngsters to develop an understanding of the world around them, to express, analyze situations and to deal with issues related to relationships and social issues in a responsible social manner. Gradually, the youth were also involved in the process of social change whereby they held rallies, street plays on social issues, classes for younger children etc.

Livelihood- Aakar

Giving shapes to dreams is what defines Aakar. The programme was started as a link between nearby industries and the beneficiaries with a view to provide them additional source of income. Initially it was getting work order from nearby industries. This year it has also moved from working for garment manufacturing companies to brightening up homes during the festive season of Diwali. They manufactured a staggering 3,000 gel candles, with each candle showcasing the creative skills of the women.

I for Change ; Employee Volunteers

Employees are one of the very important stakeholders for an organisation. To develop the employees- community connect many important annual calendar events like International Youth Day, WORLD AIDS Day etc are commemorated. This year more than 128 employees from MBIL volunteered for MBT. Workshops on art and craft, road safety in the rag picker colonies, personality development sessions for computer trainees were taken up by the employees. Apart from sharing their skills, they have also mobilized logistical and financial support for MBT centres. Another significant contribution of the employees was providing Solar Lanterns for Taleem centres resulting in extended learning hours during winters.

As a part of our institutionalized efforts towards recognizing the employees who have contributed in the growth of the MBT, Star Volunteers were felicitated with "I for Change" recognition during Sangam, our annual confluence of stakeholders.

Partnership Initiatives

In its tenth year of operation, Moser Baer Trust has endeavoured to reach out from its earlier restricted geography and reach out to more areas to scale up its

projects and also take the learning that it had for the last 9 years into newer projects. Partnership explorations were made by co hosting the Partnership hubs with the Global Hunt Foundation. With this in mind, MBT agreed to financial partnerships with various corporates, government bodies and like minded organisations to take its thematic interventions forward.

NIIT Yuvajyoti

NIIT Yuvajyoti and MBT came into a partnership in January 2014 to operationalize courses certified by NSDC in the project areas of Moser Baer Trust. The project took off with a batch of 20 students for Retail Trainee Associates and 14 students cleared the subsequent exams at the end of the course. Seven beneficiaries have been placed through this initiative.

DS Group

MBT has been working with youth (NayeeRoshni) to make them better citizens in their project area since 2009. However, there was a need to expand and take it to the next level with a time bound capsule program which has peer learning at its core. So the concept of yUDAI, a wider approach towards youth development was developed. MBT found an able partner in DS Group to do a medium scale pilot with around 120 youngsters in newer areas of Noida. DS Group gave part of the financial support for its program.

USHA International & Nehru YuvaKendra :A program and module on advanced dress designing and tailoring along with another course on craft making was developed by Moser Baer Trust and 200 rural women and girls from 6 villages of Greater Noida passed out successfully during the reporting period. The courses are certified by the USHA international. Government of India's Nehru Yuva Kendra Sangathan (NYKS) also partnered with us for this initiative for some of the batches.

CSR Week and Sangam

As in preceding years, this year too we celebrated the first week of December (29th November to 5th December) as the CSR week. This whole week was aimed at enhancing employee voluntarism by organizing various drives and campaigns as well as designed interactive and creative sessions. The CSR week is a major event and is organized at our business locations. The whole CSR week culminates into the annual stakeholder meet called SANGAM. SANGAM is the annual event of MBT which celebrates the spirit of partnership every year. SANGAM observed the presence of all significant stakeholders and partners of MBT.

EHS Performance

At Moser Baer, our objective is Zero accidents and Environment sustainability. In order to help us to reach this objective, we have a fully integrated EHS Management system as one our core company values and are continuing to implement our "Journey to Zero" initiative. We are fully committed to this value and are striving to enhance leadership in EHS within the Organization by creating a desire to work safely and to achieve the target of zero accidents. Our "Journey to Zero" begins with the development of leadership actions that will deliver safety performance excellence, while leveraging learning from shared best practices across the entire organisation.

Moser Baer as an organization has achieved many milestones in regard to EHS (Environment, Health & Safety); a few of them are listed below :

1. Recycling of materials, energy efficiency and renewable energy are said to be the pillars of sustainable policy. Recycling turns materials that would otherwise become waste into valuable resources. Initiatives taken for conservation of resources during the year included the following :
 - ✍ Saved 10500 Keekar trees through in-house recycling/reusing 67315 wooden pallets for product packing.
 - ✍ Recycled 2880 Tons of polycarbonate during this period
 - ✍ Recycled 223Tons of solvent
 - ✍ Reduced HFO consumption with clean fuel CNG & Grid power from NPCL to reduce Co₂ emission.
 - ✍ Reduced kitchen waste by installing Biogas plant & producing biogas equivalent of one cylinder of LPG from kitchen waste on a daily basis.
2. Achieved accident rate 1.20 against the previous achievement of 1.64
3. Covered more that 76% of associates in EHS Training. Achieved Training rate (Training /man/ year) more than 3.7 against 3.00 in the Annual Performance Plan.
4. Designed and developed inhouse Behavioral Based Safety (BBS) Training as per DuPont sustainable Management system and covered more than 1000 associates in the workshop.
5. Successful re-certification under the Integrated Management System of ISO 9001:2008, ISO 14001:2004, OHSAS 18001:2007 and SA 8000:2008 Standards for Environment, Health & Safety Management and Social accountability respectively, audited by various certifying agencies like DNV & TUV Rhineland.
6. Designed, developed and implemented over 20 EHS Training modules like Lock out Tag out, defensive driving for drivers, Industrial Hygiene and personal grooming for cafeteria employees, Electrical Safety, Hazards communications, Effective use of Personal Protective Equipments, RoHS Directives, Legal aspects of Industrial Safety, Machine Guarding and Material Handling etc.
7. Nominated as leader by District Administration for Off-Site Emergency Planning.
8. Elimination of PVC Pouches as per EEEEC Directives. Strict implementation of RoHS , REACH Directives and E-waste management system.
9. Substantial amount of material recycling (polycarbonate, dye, silver, etc) to reduce input cost of the product.
10. Non-use of Banned Substances in product inputs.
11. Benchmarking process with nearby industries to improve EHS systems.
12. Active participation in more than 15 Emergency preparedness (Mock Drills) in neighbourhood industries organized by Director of Factories and Chief Fire Officer
13. Moser Baer was nominated as member of Safety Advisory Committee by State Govt and DGFASALI (Ministry of Labour).

financials

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DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting their 32nd Annual Report on the business and operations of the Company together with the Audited Financial Statement for the financial year ended 31st December, 2014.

Financial Results (Standalone Operations)

| Particulars | (Rupees in Million) | |
|--|--|--|
| | Year ended December 31, 2014 (Twelve Months) | Period ended December 31, 2013 (Nine months) |
| Gross Sales, Service Income and other Income | 10,106 | 10,058 |
| Profit/(Loss) before Depreciation, Interest and Tax but after Prior Period Items | (702) | 706 |
| Depreciation / Amortization | 1,809 | 1,543 |
| Interest and Finance Charges | 2,123 | 1,575 |
| Profit/(Loss) before Exceptional Items and Tax | (4,634) | (2,412) |
| Exceptional Gain/(Loss) | (2,449) | (2,055) |
| Profit/(Loss) before Tax | (7,083) | (4,467) |
| Tax Expenses | - | - |
| Profit/(Loss) after Tax | (7,083) | (4,467) |
| Profit/(Loss) Carried Forward from Last Year | (9,374) | (4,907) |
| Profit/(Loss) Carried to Balance Sheet | (16,457) | (9,374) |

Operations

Total Revenues for financial year ended 31st December 2014 stood at INR 10,106 million, profit/(Loss) before depreciation, interest, exceptional items and tax stood at INR (702) million.

Market environment and outlook

Storage Media Business

During the financial year ended 31st December, 2014, demand for Optical Media products declined in the developed markets, while the Asia Pacific, Africa, Middle East and Latin America regions continued to be relatively stable demand centers. The supply rationalization in the Optical Media industry continued during the period, however, supply demand mismatch is still not resolved. It is expected that more manufacturers will exit and curtail manufacturing capacities in the near future.

Demand for new generation Optical Media products like Blu-ray in mature markets such as Japan, USA and Europe has been stable. Emerging Markets on the other hand continued to show higher preference for DVDs and also witnessed marginal increase in demand for Blu-ray products.

In India, the Storage Media business, which includes optical and Solid State Media segment (Flash Drives, SD and Micro SD cards) has witnessed growth and continues to witness an increase in popularity globally due to ease of use and declining per unit costs. Demand is shifting to higher memory capacity.

Moser Baer continues to remain one of the leading players in the global Storage Media industry both in terms of low cost mass manufacturing and in offering a wide range of high quality products. Our strong focus on quality and service has resulted in continued business alliances with leading OEMs across the world. The company supplies products in over 95 countries globally.

During the year, the Company undertook several steps aimed at lowering the overheads and aligning resources with current levels of operations. After the company consolidated all its manufacturing facilities to cut down on overheads and to extract supply chain synergies last year, this year the focus has been to ramp-up capacity utilization at Greater Noida. Further consolidation in Greater Noida facility is being executed which will result in lower power consumption and lower fixed overheads. The company continued to right size its employee base to current level of operations. These steps are expected to positively impact the company's operations in the near to medium term.

We are aggressively pursuing new geographies like Africa and several countries in Latin America for incremental markets and customer acquisition and expect our Non-OEM market share to increase in the coming quarters.

In the medium term, the Optical Media industry within the developed markets is expected to witness decline in demand for the first generation products like CDs/DVDs. The company's strategy is to gain higher market share to offset decline in demand. In this regard, significant progress has been made in Europe, USA and Mexico markets.

Operations within our Solid State Media (SSM) segment were affected due to financial constraints during the year. However, the demand for company's products remains robust and we expect an upswing in the coming years

In the near future, the Solid State Media segment is expected to be a key growth driver for the business on account of rapid penetration of personal computing devices in the developing markets and robust increase in demand for smart phones globally.

The Company continues to focus on product innovation, upholding of its high quality standards, increase in its cost competitiveness and on widening of its distribution network.

Solid State Lighting

The company had chosen the Solid State Lighting business some time ago as a strategic area to build a potential new growth business by leveraging its existing manufacturing facilities and capabilities. Following extensive pilot trial work and successful penetration of the professional segment in LED lighting, the company has finalized and is now pursuing the implementation of strategic plans to ramp up business in the LED lighting segment with the accompanying scaling up of distribution channels nationally. This involves both B to B and B to G business models, using both direct and channel partner sales and distribution and also includes plans to leverage the company's brand strength in technology based products.

The company has successfully entered the professional segment of the LED lighting industry with a marquee list of customers/installation across segments and established Moser Baer as a competitive player in this product category. We have commenced production of LED lighting products in our manufacturing facility, leveraging our existing asset and skill base (with imported LED Chips and some other components). The company recently commenced implementation of plans to scale up operations in LED lighting products, leverage its brand strength and expand its distribution network nationally.

Photo Voltaic Business

In the solar PV segment, during 2014 the global industry grew at a slower pace than originally envisaged. The estimates for 2014 installations range from 40-45 GW with China, Japan and USA leading the space.

Moreover, 2014 was a landmark year for the solar sector in India, with the revision of the solar target to 100 GW from 20 GW by 2022. However, the market is still to take off. During CY 2014, the Indian market achieved 883MW of solar PV installations compared to 1,004 MW in CY 2013 (according to Mercom Capital). Given the government's focus on renewable energy and 'Make in India' initiative, the medium to long term outlook of the Indian market is very strong. However, it is important that the government makes timely and favourable policy announcements for sustainable growth in the sector and continues to support domestic manufacturing.

During the year, liquidity pressures continued to persist and have been critically impacting our ability to enhance manufacturing operations and capacity utilization levels. However, the positive global macro environment along with a high potential domestic market provides opportunity to us to benefit from these segments, given that we are the largest integrated PV manufacturer in India. We are currently focusing on high margin markets such as Japan and are poised to tap the emerging opportunities in the domestic and other export markets. Moser Baer commenced operations of its upgraded solar PV crystalline silicon Cell line in January 2015 to cater to the Domestic Content Requirement market.

Moser Baer's PV Business continues to maintain its leadership position in the Indian solar EPC market with over 310 MW of projects installed till date. With an 11.5% market share on cumulative basis, Moser Baer Solar continued to be adjudged as India's largest solar EPC player for the second consecutive year by Bridge to India

Dividend

Considering the operating performance for the financial year ended on 31st December, 2014, your Directors do not recommend any dividend for the year.

Reserves

During the year, considering the operating performance of the Company, the Company has not transferred any amount in General Reserve.

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/Section 73 of the Companies Act, 2013 and rules made there under.

Share Capital

The Company has issued and allotted Equity Shares pursuant to Corporate Debt Restructuring on preferential basis to the promoter/promoter group as per following details:

- ✍ 10,000,000 Equity Shares of Rs 10 each on 28th February,2014.
- ✍ 13,450,000 Equity Shares of Rs. 10 each on 31st March,2015

These shares have been/are being listed at National Stock Exchange of India Limited and Bombay Stock Exchange Limited.

Financial Year

The Company closed its financial year on 31st December, 2014 for a period of 12 months to facilitate restructuring of FCCBs. The next financial year i.e. 2015-16 shall commence on 1st January, 2015 and end on 31st March, 2016 for a period of 15 months to align with the requirements of Companies Act, 2013. As the Financial year of the company commenced before 1st April, 2014, as required, the disclosures have been made in compliance with provisions of Companies Act, 1956. However, the reference to relevant provisions in the report have either been made to Companies Act, 1956 or to Companies Act, 2013.

Board of Directors

During the year under review, Mr. Bernhard Gallus, the Independent Non-Executive Director of the Company, passed away on August 10, 2014 after a brief illness. He was associated with the Company since 1987. Mr. Franck E. Dangeard ceased to be Director w.e.f. April 01, 2014 and EXIM Bank withdrew its nominee director Mr. K Ajit Kumar w.e.f. November 28, 2014. The Board places on record its appreciation for their contribution during their tenure as Directors of the Company.

In terms of the provisions of Section 152 of the Companies Act, 2013, Mr. Deepak Puri, Director, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Further, Mr. Deepak Puri has been re-appointed as a Managing Director for a further period of 3 years w.e.f. September 01, 2014 and Mrs. Nita Puri re-appointed as Whole Time Director for a further period of 3 years w.e.f. December 01, 2014.

The Company has received a declaration of independence from Mr. Sanjay Jain and Mr. Vineet Sharma, Independent Directors under Section 149(6) of Companies Act, 2013 and rules made there under. This is also in compliance of Clause 49 of the Listing Agreement.

During the year under review, the Company conducted six Board Meetings i.e. February 28, 2014, May 14, 2014, May 22, 2014, August 14, 2014, September 24, 2014 and November 13, 2014.

The details of Directors being recommended for appointment or re-appointment pursuant to Clause 49 of the Listing Agreement are contained in the accompanying Notice of the ensuing Annual General Meeting.

Subsidiary Companies

As per section 212 of the Companies Act, 1956, the Company is required to attach the Directors' Report, Balance Sheet and Statement of Profit & loss 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 for the financial year ended on December 31, 2014 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. The same will also be published on our website, www.moserbaer.com.

Abridged Financial Statements

In terms of the provisions of section 136 of the Companies Act, 2013, the Board of Directors have decided to circulate the abridged Annual Report containing salient features of the Balance Sheet and statement of Profit & Loss to the shareholders for the financial year ended on 31st December, 2014. Full version of the Annual Report will be available on Company's website www.moserbaer.com and will also be made available to shareholders upon request.

In support of the green initiative of the Ministry of Corporate Affairs, the Company has also decided to send the Annual Report through email to those shareholders who have registered their email id with their Depository Participant/Company's Registrar & Share Transfer Agent. In case a shareholder wishes to receive a printed copy, he/she may please send a request to the company, which will send the Annual Report to the shareholder.

Auditors

Your Company's Statutory Auditors, M/s. Walker, Chandio & Co. LLP (formerly Walker Chandio & Co.) (Firm Regn.No. 001076N/N500013), Chartered Accountants, holds office until the conclusion of ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment. Your Company has received a letter from them to the effect that their re-appointment, if made, will be in accordance with the provisions of Section 139 of the Companies Act, 2013

Auditors' Report

The observations made in the Auditors' Report are self-explanatory and therefore, do not call for any further comments. However attention is drawn to the "Emphasis of Matter" stated in para 7 & 8 of the Auditors' Report.

Directors' Responsibility Statement

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

- 1) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

- 2) 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 on 31st December, 2014 and of the loss for the year ended on that date;
- 3) 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;
- 4) We have prepared the annual accounts on a going concern basis.

Related Party Transactions

All contracts/arrangements/transactions entered into by the Company during the financial year with the related parties were in the ordinary course of business and on an arm's length basis. The policy on Related Party Transactions as approved by the Board is available on the Company's website : www.moserbaer.com Related Party Transactions have been circulated as note no. 39/41 to the Standalone /Consolidated financial statements respectively.

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 Nomination and Remuneration Committee of the Board of Directors has not granted any new options to employees/directors of the Company under any of ESOP/DSOP Schemes. 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.

The existing ESOP plan is under review pursuant to changes in regulatory provisions as well as prevailing market conditions and for achieving flexibility in implementation.

Restructuring of Outstanding Foreign Currency Convertible Bonds (FCCB)

Reasons for Non Redemption of FCCB

Your Company had issued US\$ 75mn Zero Coupon Tranche A Convertible Bonds and US\$ 75mn Zero Coupon Tranche B Convertible Bonds (the "Bonds") in June 2007 with a tenure of 5 years. Since then, your Company bought back outstanding Bonds with a face value amounting to US\$ 61.5mn. The conversion price of these Bonds has been significantly higher than the market price of the Equity Shares of the Company at the relevant times and the Bonds were not converted into equity shares.

The Company's foreign currency convertible bonds (FCCBs) were due for redemption on 21 June 2012. The financial statements for the year ending December 31, 2014 reflect outstanding FCCBs at their face value of \$ 88.5 mn (equivalent to Rs 5,579 million), along with premium on redemption. As at 31 December 2014, such accrual for premium on FCCB aggregates Rs 3,879.4 million. The Company has received approval from RBI for extension of redemption date of bonds and is in the process of discussions with the bondholders to re-structure the terms of these bonds.

Pursuant to registration of the reference filed by the Company under SICA, the petition under section 434 of the Companies Act, 1956, filed by the trustee on behalf of certain bondholders with the Hon'ble High Court of Delhi, has been disposed off by the Hon'ble High Court of Delhi giving liberty to the petitioner to revive the petition upon termination of proceedings under SICA.

Debt Restructuring

The Corporate Debt Restructuring (CDR)scheme of the Company as well as of its subsidiary PV companies were earlier approved in FY 2012-13 and were under implementation. A debt of INR 23,700 million for the company, INR 8,650 million for Helios Photo Voltaic Ltd. and of INR 9,560 million for Moser Baer Solar Ltd. was conclusively restructured, additional funds provided and interest funded.

After execution of the Master Restructuring Agreement and other key documentation, the respective schemes have been under implementation. The company has made significant progress on perfection of security and is also ensuring compliance with other CDR conditions.

The implementation of the Scheme however faced challenges with regard to the release of sanctioned working capital by select lenders; thereby resulting in adverse impact to other lenders apart from depriving the company of cash generation opportunities. Consequentially, the constrained liquidity forced the company to operate at sub optimal levels of production and sales despite having a healthy order book. After repeated discussion, lenders took cognisance of the issues being faced by the company and provided holding on operations. The fresh restructuring envisages generation of funds through

sale of surplus assets, promoters contribution and reduction in redundant fixed costs, accompanied by deferment of debt and funding of interest. The company expects to achieve better utilisation of its manufacturing facilities as well as capture business opportunities in Solid State Lighting and Solid State Media to generate positive operating cash flows.

Furthermore, the respective consortium of banks of Helios Photo Voltaic Limited (HPVL) & Moser Baer Solar Limited (MBSL), the subsidiaries of the company, continue to implement their respective CDR Schemes in the current financial period. However, implementation of these Schemes was impacted by factors such as delays in receipt of Capital Subsidy from the Govt. against eligible investment in fixed assets, non assessment/non release of working capital limits by lenders and the slow pace of implementation relating to Domestic Content Regulations and other related measures. Also, certain banks initiated enforcement actions against the PV subsidiaries to which the subsidiaries have suitably responded. Furthermore, the PV subsidiaries have submitted revised debt restructuring proposals to their respective lenders consortiums and these are under discussion.

Fortunately, the domestic industry environment in Solar has turned extremely positive in the recent past following the thrust on 'Make in India' and the announcement of a slew of initiatives supporting solar manufacturing. These companies have been operating at sub optimal levels despite the improved market environment, due to working capital constraints. Release of funds under the Special Incentive Package Scheme (SIPS), continuation of government measures supporting manufacturing, additional promoters' contribution, sale of surplus assets and reduction in redundant fixed costs are expected to provide improved liquidity, better utilisation of its manufacturing facilities and positive operating cash flows.

The business plans of the company and its subsidiaries are subject to third party validation and the requisite approval process of banks. However, the management believes that with the implementation of measures envisaged for improvement in liquidity accompanied by the updated business plans and the improved operating environment it will be able to work amicably with its lenders for approval and implementation of its plans.

The outstanding foreign currency convertible bonds (FCCBs) aggregating to a principal value of US \$ 88.5 million which matured in June 2012, were claimed by the trustee on behalf of bondholders. In 2012, the Trustee on behalf of these bondholders had filed a petition under section 434 of the Companies Act 1956, which was thereafter admitted. During the last financial year, this petition was disposed off by the Hon'ble High Court.

The company has received approval from the RBI for extension of redemption of these bonds and intends to continue discussion with bondholders to restructure these bonds.

Material and significant order passed by the Regulators or Tribunals or Courts impacting the going concern status and Company's operation in future.

Pursuant to the erosion of its net worth as at the end of the previous financial period ended on 31st December 2013, the company had filed the requisite reference and was subsequently registered under the Sick Industrial Companies (Special Provisions) Act (SICA). Also as a result of erosion of their net worth, the solar subsidiaries (HPVL and MBSL) respectively filed the requisite references under SICA; registration was obtained in respect of HPVL while the reference in respect of MBSL is under consideration.

However, management continues to ensure that financial restructuring continues to be lead by constructive discussions with the respective CDR lenders.

Human Resources and Industrial Relations

The recent times have been witness to major challenges, both at the global and domestic levels. Industries across sectors are fighting recession to stay afloat. Realigning the focus of the company strategy during such periods of turbulence involved enormous efforts.

Employees are typically aware of the uncertainties and ambiguities that arise due to global business challenges. However, efficient communication measures and well-constructed HR strategies for driving employee commitments when anxieties are high, helped us to overcome challenges from time to time.

While the Industrial Relations environment at the manufacturing locations were largely peaceful and cordial during the year, the factory operations at the company and its PV subsidiaries were affected towards end February, 2015 when the workers at the Greater Noida Plant went on unjustified stoppage of work with unreasonable demands relating to wage settlement. However, with the support of the concerned government and administrative authorities, the Company reached an amicable three year wage settlement with the workers and all operations were restored to normalcy by early April 2015. The settlement with workers has now added stability to the Company's and its subsidiaries' manufacturing operations.

Particulars of employees

As per Rule 13.5.2 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, any members interested in obtaining such information may write to the Company Secretary at the Registered Office. The said information is also available for inspection at the Registered Office during working hours up to the date of the Annual General Meeting. Annual Report excluding the aforesaid information is being sent to all shareholders of the Company.

Reconciliation of Share Capital Audit

As directed by Securities and Exchange Board of India (SEBI), Reconciliation of Share Capital Audit is being carried out at the specified periodicity by M/s. SGS Associates, Company Secretaries, 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 134 of the Companies Act, 2013 and the rules made there under is given as per Annexure 'B' and forms part of this Report.

Secretarial Report

As required under Section 204 of the Companies Act, 2013 and the rules made there under, the Company has appointed M/s. SGS Associates, Company Secretaries as the Secretarial Auditors of the Company.

The Secretarial report is annexed as Annexure - C and the observations made in the report are self-explanatory and therefore, do not call for any further comments.

Formal Annual Evaluation

The company has devised a policy for performance evaluation of independent Directors, Board, Committees and other Directors. Accordingly, the process of evaluation will be followed by the board for its own performance and that of its committees and individual directors periodically.

Corporate governance

Moser Baer believes that "Corporate Governance" refers to the processes and structure by which the business and affairs of the Company are directed and managed, in order to enhance long term shareholder value through enhancing corporate performance and accountability, whilst taking into account the interests of all stakeholders.

A separate section on Corporate Governance forming a part of the Directors' Report and the certificate from M/s. Walker Chandio & Co LLP, Chartered Accountants, Statutory Auditors of the Company confirming compliance of conditions on Corporate Governance as stipulated in Clause 49 of the Listing Agreement is included in this Report. The Managing Director and Group Chief Financial Officer of the Company have issued necessary certificate to the Board in terms of Clause 49(IX) of Listing Agreement with Stock Exchanges for the financial year ended on December 31, 2014. However, in terms of the provision of Section 136 (1) of the Companies Act, 2013, the abridged Annual Report has been sent to the members of the Company excluding this report.

Management Discussion and Analysis Report

Management's Discussion and Analysis Report (MD&A) for the year under review, as stipulated under Clause 49 of the Listing Agreement with stock exchanges in India, is presented in a separate section forming part of the Report.

Listing at Stock Exchanges

The Shares of the Company continue to be listed on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited. The annual listing fees for the year 2015-2016 has been paid to the Stock Exchanges.

Conclusion

Your Company continues to maintain its leadership position in its various businesses by providing innovative differentiated products and services in high growth technology manufacturing markets to its customers globally.

Your Company has always focused on creating new values to increase customer and stakeholder delight. We continue to meet leading international quality benchmarks through our strong focus on Internal Quality Management processes. This, indeed, is how your Directors propose to drive the business endeavors, as we face the future with optimism and confidence.

Your Directors place on record their appreciation for the continued 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

Place: New Delhi
Date: May 11, 2015

Deepak Puri
Chairman & Managing Director

ANNEXURE- A

INFORMATION REGARDING EMPLOYEES STOCK OPTION PLAN, 2004 (ESOP) DIRECTORS' STOCK OPTION PLAN, 2005 (DSOP) AND EMPLOYEES STOCK OPTION PLAN, 2009 (ESOP) (AS ON 31st DECEMBER, 2014)*

| 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 | 92,000 | 0 | 947,452 |
| 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 | 5,721,525 | 725,000 | 2,085,958 |
| 7 | Variation of terms of options | N.A. | N.A. | N.A. |
| 8 | Money realized by exercise of options | Rs 135,403,076 | Rs 17,122,500 | 0 |
| 9 | Number of options in force | 92,000 | 0 | 947,452 |
| 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 | 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. 34.26) | | |
| 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. | | |

| S. No. | Particulars | ESOP-2004 | DSOP-2005 | ESOP-2009 |
|--------|---|-----------|---|-----------|
| 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 | | Loss Rs. Nil | |
| 15 | The impact of this difference on profits & on EPS of the Company | | Impact on Loss- Rs. Nil Impact on EPS (basic)-Rs. Nil Impact on EPS (Diluted) - Rs. Nil | |
| 16 | Weighted-average exercise prices and weighted-average fair values of options granted during the year | N.A. | N.A. | N.A. |

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

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

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

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

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

| Grants | Weighted Average of Vesting Period |
|--|------------------------------------|
| 1 st Grant on 28 th January 2010 | 2.15 years |
| 2 nd Grant on 12 th March, 2010 | 2.15 years |
| 3 rd Grant on 12 th August, 2010 | 2.15 years |
| 4 th Grant on 29 th October, 2010 | 2.15 years |
| 5 th Grant on 09 th February, 2011 | 2.15 years |

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

| Assumptions: | Grant Date-9/1/04 (Options subsequently cancelled) | Grant Date-29/11/04 | Grant Date-27/1/05 | Grant Date-24/6/05 | Grant Date-17/8/05 | Grant Date-27/10/05 | Grant Date-24/1/06 | Grant Date-26/4/06 | Grant Date-7/6/06 | Grant Date-27/10/06 | Grant Date-24/1/07 | Grant Date-30/04/07 | Grant Date-11/07/07 | Grant Date-25/10/07 | Grant Date-30/01/08 |
|--|---|---|--|---|--|--|--|--|--|--|--|--|--|--|--|
| Risk-free interest rate | 4.21% (for 6 years, source-Reuters as on 9th Jan 2004) | 6.79% (for 4 years, source-NSE/Reuters as on 29th Nov 2004) | 6.55% (for 5 years, source-NSE/Reuters as on 27th Jan 2005) | 6.67% (for 5 years, source-NSE/Reuters as on 23rd Jun 2005) | 6.74% (for 5 years, source-NSE/Reuters as on 16th Aug 2005) | 6.80% (for 5 years, source-NSE/Reuters as on 27th Oct 2005) | 6.77% (for 5 years, source-NSE/Reuters as on 23rd Jan 2006) | 6.96% (for 5 years, source-NSE/Reuters as on 25th Apr 2006) | 7.37% (for 4.56 years, source-NSE/Reuters as on 6th June 2006) | 7.54% (for 4.28 years, source-NSE/Reuters as on 27th Oct 2006) | 7.73% (for 4.28 years, source-NSE/Reuters as on 23rd Jan 2007) | 8.07% (for 4.25 years, source-NSE/Reuters as on 27th April 2007) | 7.52% (for 4.26 years, source-NSE/Reuters as on 10th July 2007) | 7.91% (for 4.31 years, source-NSE/Reuters as on 24th Oct 2007) | 7.42% (for 4.28 years, source-NSE/Reuters as on 29th Jan 2008) |
| Expected life | 7 yrs. | 7 yrs. | 7 yrs. | 7 yrs. | 7 yrs. | 7 yrs. | 7 yrs. | 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 | 1.25 x | 1.25 x | 1.25 x | 1.25x | 1.25x | 1.25x | 1.25x |
| 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) | 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) |
| 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 year) | 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) | 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) |
| 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 | 229.40 | 201.10 | 238.80 | 315.30 | 342.50 | 491.90 | 301.10 | 221.95 |

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

| Assumptions: | Grant Date-17/04/2008 | Grant Date-29/04/2008 | Grant Date-30/07/2008 | Grant Date-22/10/2008 | Grant Date-23/10/2008 | Grant Date-30/01/2009 | Grant Date-28/04/2009 | Grant Date-29/07/2009 |
|-------------------------|--|---|---|--|--|---|---|--|
| Risk-free interest rate | 7.93% (for 4.26 years, source-NSE/Reuters as on 17th April 2008) | 7.96 % (for 4.27 years, source-NSE as on 29th Apr 2008) | 9.28% (for 4.57 years, source-NSE/Reuters as on 30th July 2008) | 7.44% (for 4.57 years, source-NSE/Reuters as on 22nd October 2008) | 7.41% (for 5 years, source-NSE/Reuters as on 22nd October, 2008) | 6.17% (for 5.08 years, source-NSE/Reuters as on 29th January, 2009) | 5.95% (for 4.98 years, source-NSE/Reuters as on 27th April, 2009) | 6.32% (for 4.71 years, source-NSE/Reuters as on 28th 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 years) | 0.44%(based on weighted average of the dividend history of past 3 financial years) | 0.44% (Weighted average dividend yield for last 3 financial years) | 0.44% (Weighted average dividend yield for last 3 financial years) | 0.44%(based on weighted average of the dividend history of past 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.) | 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-11/08/05 | Grant Date -12/12/06 | Grant Date -25/01/07 | Grant Date- 19/06/07 | Grant Date-29/04/2009 |
|--|---|---|---|--|--|
| Risk-free interest rate | 6.56%(for 5 years, source-NSE/ Reuters as on 11 th Aug 2005) | 7.56% (for 4.58 years, source-NSE/ Reuters as on 12 th Dec 2006) | 7.68% (for 4.58 years, source-NSE/ Reuters as on 25 th Jan 2007) | 7.87% (for 4.32 years, source NSE/Reuters as on 19 th June, 2007) | 6.11% (for 5.68 years, source- NSE/Reuters as on 29 th April, 2009) |
| Expected life | 7 yrs | 7 yrs | 7 yrs | 7 yrs | 7 years |
| 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 year stock data from NSE) | 57.63% (based on 5 years stock data from NSE) |
| Expected dividends | 0.58%(Weighted average dividend yield for last 3 financial years) | 0.46%(Weighted average dividend yield for last 3 financial years) | 0.46%(Weighted average dividend yield for last 3 financial years) | 0.54% (Weighted average dividend yield for last 3 financial years) | 0.44% (weighted average dividend yield for last 3 financial years) |
| Price of the underlying share in market at the time of option grant (in Rs.) | 228.30 | 242.60 | 319.25 | 425.25 | 65.30 |

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

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

| Assumptions:- | Grant Date-28/1/10 (Options subsequently cancelled) | Grant Date-12/03/10 | 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 th Jan 2010) | 7.44% (for 5 years, source-NSE/ Reuters as on 12 th March 2010) | 7.48% (for zero coupon interest rate on Government Securities derived from zero coupon yield curve as on 11 th August, 2010) | 7.72% (For zero coupon interest rate on Government Securities derived from zero coupon yield curve as on 28 th October, 2010) | 8.03% (For zero coupon interest rate on Government Securities derived from zero coupon yield curve as on 8 th February, 2011) |
| Expected life | 7 yrs. | 7 yrs. | 7 years | 7 years | 7 years |
| Expected Multiple | 1.25 x | 1.25 x | 1.25x | 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%(Weighted average dividend yield for last 5 financial years) | 0.97% (Weighted average dividend yield for last 5 financial years) | 0.58% (weighted average of the dividend history of past 5 financial years) | 0.58% (weighted average of the dividend history of past 5 financial years) | 0.58% (weighted average of the dividend history of past 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 |

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

Place: New Delhi
Date: May 11, 2015

Deepak Puri
Chairman & Managing Director

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 December, 2014.

A. Conservation of energy

In order to promote conservation of energy, conventional lighting in the plant was replaced with LED lighting, and use of solar power was promoted. The company achieved a cumulative saving of 550KW with an additional investment of Rs 55 million.

- i) LED lighting was implemented to reduce the overall plant load. Centralized machine vacuum system was installed for Blank Optical Media. We further expect to reduce direct power consumption by 350 KW in the year 2015-16.
- ii) Generation of captive power was reduced in order to cut down buying of Fuel oil. During the year, 438 KW Solar power was made operational and approx 1.2 MW is further in the pipeline.
- iii) Implementation of small power cost reduction projects is ongoing

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

Moser Baer continued to innovate on BDR/RE format and successfully mastered this technology. An alternate stack design and new cover layer have been developed and implemented to make BDR products more cost competitive with enhanced reliability and life time without compromising on the other performance parameters.

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

MBIL has expanded its market share due to its cost competitiveness and enhanced features in BDR and BDRE in Japan market as well as other world markets where these formats are getting popular.

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 BDRE (ODM Process) from Panasonic | 2010 | Yes | NA |
| Technology for BDR (ODM Process) from Panasonic | 2011 | Yes | NA |

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

Optical data storage is now well into the third decade of ongoing market and technology development. Media removability, which is the main attribute of this technology, presented the optical recording industry with unmatched opportunities but also with new challenges. Due to the continuous decline in global market demand, the new developments have considerably slowed down. After introduction of multilayer high definition format in year 2009-10, there have been no significant new products developed for retail customers.

As a result, the company is mainly focusing on the innovation related to the cost optimization activities on optical media to ensure that the business remains sustainable. During the year, a number of such projects were completed through design and process innovation. These innovations have been successfully incorporated into some of the company's products and ongoing efforts are in process to improve the benefits of this innovation and produce newer innovative products with enhanced features.

C. Research & 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. Innovative low thickness dummy substrate for DVDR to reduce the weight of the disc with better mechanical stability
- 1.2. Development of printing inks as a cheaper import substitute.
- 1.3. Optimized dye formulation to achieve improved sensitivity of media and wide range compatibility with older drives
- 1.4. Development of efficient heat sink for LED lighting through in-house thermal simulation.
- 1.5. Development of OTG type Flash memory compatible with Mobile phones.

2. New Initiatives

- 2.1 Initiated development of low cost alternate thermoplastic to replace polycarbonate
- 2.2 Initiated conversion of DVDR DL lines in BDR DL lines.
- 2.3 Initiated development of USB3.0 compatible, High speed, flash memory
- 2.4 Initiated development of LED products with multiple features
- 2.5 Initiated development of reliable drivers for LED products

3 New Equipment added in R & D Lab

No major equipment in R&D was acquired during 2014.

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

- 3.1 The development of low thickness dummy substrate helps to reduce the Polycarbonate consumption per disc.
- 3.2 The company has developed UV printing ink as import substitute.
- 3.3 It also developed alternate cover layer which substantially reduced the product cost.
- 3.4 The company developed LED tubelight with high lumens per watt.

5. Future plan of actions:

1. Development for alternative low cost thermoplastic to replace Polycarbonate.
2. Enhanced focus on development of value added features in LED
3. Development of reliable drivers for LED lighting.
4. Development of high capacity Flash memory with enhanced features and compatibility.

Expenditure on R&D

Recurring expenses of Rs 1.80 million was incurred during the year towards R&D expenses. These expenses are part of expenses incurred under various revenue heads.

Foreign exchange earnings and outgo

Total foreign exchange earned comprising of FOB value of exports, interest, insurance claims and dividend received was Rs 5,444 million, where as total foreign exchange used (comprising of CIF value of imports, dividend and other outgoings) was Rs. 2,113 million.

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

Place: New Delhi
Date: May 11, 2015

Deepak Puri
Chairman & Managing Director

ANNEXURE C

SECRETARIAL AUDIT REPORT

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31st DECEMBER 2014

To
The Members
Moser Baer India Limited
43-B Okhla Industrial Estate
New Delhi-110020
India

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **MOSER BAER INDIA LIMITED** (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

We have verified the relevant records and documents provided to us by the management and as per the representation provided to us by the management and based on our verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on **31st December 2014** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial period ended on 31st December 2014 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

We have also examined compliance with the applicable clauses of the following:

- (e) The Listing Agreements entered into by the Company with National Stock Exchange, Bombay Stock Exchange.

We report that during the period under review the Company has complied with the provisions of the Act, Regulations, Guidelines, Standards etc. mentioned above except that the company has not complied with the provisions of clause 49 (II)(A)(2) for the period 1 October 2014 to 31 December 2014 wherein the total number of independent directors were less than the minimum number of independent directors as specified under the aforesaid clause.

We further report that

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

For **SGS ASSOCIATES**
Company Secretaries

D.P Gupta
Proprietor
M. N. FCS 2411
C. P.No. 1509

Place: New Delhi
Date: May 11, 2015

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE

Corporate Governance involves a set of relationships between a company's management, its board, its shareholders and other stakeholders. It also provides the structure through which the objectives of the Company are set and the means of attaining those objectives and monitoring performance are determined. It also refers to the way a corporation is governed. It is the technique by which companies are directed and managed. It means carrying the business as per the stakeholder's desires. It is actually conducted by the Board of Directors and concerned committees for the Company's stakeholder's benefit.

Corporate Governance is concerned with holding the balance between economic and social goals as well as between individual and communal goals. The governance framework is there to encourage the efficient use of resources and equally to require accountability for the stewardship of those resources. The aim is to align as nearly as possible the interests of individuals, corporations and society.

The Company through Corporate Governance encourages more transparency of the business, thereby attaining the trust of its stakeholders. Corporate Governance mechanisms and controls are designed to reduce the inefficiencies that arise from moral hazard and adverse selection. Internal Corporate Governance controls monitor activities and then take corrective action to accomplish organizational goals.

As the Financial year of the company commenced before 1st April, 2014, as required, the disclosures have been made in compliance with provisions of Companies Act, 1956. However, the reference to relevant provisions in the report have either been made to Companies Act, 1956 or to Companies Act, 2013.

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 application of best management practices, compliance of law in true letter and spirit and adherence to ethical standards for effective management and distribution of wealth and discharge of social responsibility for sustainable development of all stakeholders.

Moser Baer believes that "Corporate Governance" refers to the processes and structure by which the business and affairs of the Company are directed and managed, in order to enhance long term shareholder value through enhancing corporate performance and accountability, whilst taking into account the interests of all stakeholders.

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

The Board of the Company constantly endeavors to set goals and targets aligned to the Company's Vision and Mission.

Moser Baer adheres to good Corporate Governance through clear identification of powers, roles, responsibilities and accountability of the Board. 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.

Independent Board is essential for sound corporate governance. Moser Baer believes in appropriate mix of executive and independent directors on the Board to maintain independence of the Board and separate management functions from it.

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

'Independent Director' shall mean a Non-Executive Director, other than a nominee director of the company:

- a) who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;
- b)
 - (i) who is or was not a promoter of the company or its holding, subsidiary or associate company;
 - (ii) who is not related to promoters or directors in the company, its holding, subsidiary or associate company;
- c) apart from receiving director's remuneration, has or had no material pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
- d) none of whose relatives has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent. or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
- e) who, neither himself nor any of his relatives —
 - (i) holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;
 - (ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of —
 - a. a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
 - b. any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm;
 - (iii) holds together with his relatives two per cent or more of the total voting power of the company; or
 - (iv) is a Chief Executive or director, by whatever name called, of any non-profit organisation that receives twenty-five per cent or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the company;
 - (v) is a material supplier, service provider or customer or a lessor or lessee of the company;
- f) who is not less than 21 years of age.

Terms and Conditions of appointment of Independent Director

The terms and conditions of appointment of Independent Directors are available on the website of the Company: www.moserbaer.com

Separate meeting of Independent Directors

A separate meeting of Independent Directors without the attendance of non-independent director was held on May 11, 2015. It reviews the performance of non-independent directors, the Board as a whole and chairperson of the Company, and assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

COMPOSITION AND CATEGORY OF BOARD

The composition of the Board of Directors of the Company is in conformity with the requirements of Clause 49 of the Listing Agreement except that due to sad demise of Mr. Bernhard Gallus, the Company needs to appoint one more independent director to fill the vacancy and the Company is in the process to find the suitable candidate. The Board has an optimum combination of Executive, Non Executive and Independent Directors. As on December 31, 2014, the Board of Moser Baer India Limited comprises of 5 (Five) Directors, out of which 2 (Two) are Executive Directors, 1 (One) Nominee Director and 2 (Two) are Independent Directors. The Board represents an optimal mix of professionalism, knowledge and experience.

The details relating to Composition & Category of Directors, Directorships held by them in other companies and their membership and chairmanship on various Committees of Board of other companies, as on December 31, 2014 is as follows:

| Name of the Director | Category | Equity Investors/ Lenders represented | Designation | No. of other Directorships in Public Companies Including Private Companies which is a subsidiary of Public Company | No. of Committee membership (including MBL's Committees) | |
|----------------------|-------------------------------|---------------------------------------|--------------------------------|--|--|--------|
| | | | | | Chairman | Member |
| Mr. Deepak Puri | Promoter and Executive | N.A. | Chairman and Managing Director | 13 | 2 | 4 |
| Mrs. Nita Puri | Executive | N.A. | Whole Time Director | 12 | 2 | 3 |
| Mr. John Levack | Non-Executive and Nominee | Electra Partners Mauritius Limited | Nominee Director | 1 | 1 | 0 |
| Mr. Vineet Sharma | Independent and Non-Executive | N.A. | Director | 1 | 0 | 2 |
| Mr. Sanjay Jain | Independent and Non-Executive | N.A. | Director | 1 | 1 | 1 |

Mr. K Ajit Kumar has resigned from the Board w.e.f. November 28, 2014.

Mr. Bernhard Gallus has expired on August 10, 2014.

Mr. Franck E. Dangeard ceased to be Director w.e.f. April 01, 2014

Notes:

- In compliance with the provisions of Companies Act, 2013, as on March 31, 2015, Mr. Deepak Puri and Mrs. Nita Puri are holding Directorships in 10 public companies and private companies which is a subsidiary of public companies.
- The directorships held by the Directors, as mentioned above do not include the Alternate directorships, directorships held in Private Limited Companies, Foreign Companies and Companies under Section 8 of the Companies Act, 2013.
- The committees considered for the purpose are those prescribed under Clause 49(II)(D)(2) of the Listing Agreement(s) viz. audit committee and stakeholders' relationship committee of Indian Public Limited Companies and Private Limited Companies which are Public Limited Companies in terms of Section 2(71) of the Companies Act, 2013.
- None of the Directors on the Board is a Member of more than 10 Committees or Chairman of more than 5 Committees (as specified in Clause 49 of the Listing Agreement) across all the public companies in which the person is a Director. Necessary disclosures regarding Committee positions in other public limited companies as on December 31, 2014 have been made by the Directors.
- The non-executive directors do not hold any equity shares and warrants of the Company.

BOARD MEETINGS & ATTENDANCE

Dates of Board Meetings are fixed in advance and agenda papers are circulated to Directors generally one week before the meeting. All material information is incorporated in the agenda papers for facilitating meaningful and focused discussions at the meeting.

Details of attendance of Directors at various Board Meetings and at the Annual General Meeting held during the financial year ended on 31.12.2014 is as under:

ATTENDANCE RECORD OF DIRECTORS

| Name of the Director | Board meetings held during the year | Meetings Attended | | Attended last AGM held on Friday, July 4, 2014 |
|--------------------------|-------------------------------------|-------------------|---|--|
| | | Present in Person | Attended through Audio/Video conferencing | |
| Mr. Deepak Puri | 6 | 5 | - | Yes |
| Mrs. Nita Puri | 6 | 4 | - | No |
| Mr. John Levack | 6 | 4 | 1 | No |
| Mr. Bernhard Gallus* | 6 | - | 3 | No |
| Mr. Franck E. Dangeard** | 6 | - | 1 | No |
| Mr. Sanjay Jain | 6 | 6 | - | Yes |
| Mr. Vineet Sharma | 6 | 3 | - | Yes |
| Mr. K Ajit Kumar*** | 6 | 1 | - | No |

*Mr. Franck E. Dangeard ceased to be Director w.e.f. April 01, 2014

**Mr. Bernhard Gallus has expired on August 10, 2014

***Mr. K Ajit Kumar has resigned from the Board w.e.f. November 28, 2014.

Other provisions as to Board and Committees

The Board meets at regular intervals to discuss and decide on Company/business policy and strategy apart from other Board business. Apart from placing the statutory required information before the Board Members, it is the policy of the Company to regularly place the information / matter involving major decisions like Annual Budget, Technology Collaboration, Investments, Quarterly Results, Quarterly Compliance Reports on all laws applicable to the Company and other material information. All the information relevant to the Company as required under Clause 49 of the listing agreement is also made available to the Board.

The Board/ Committee meetings are pre-scheduled and a tentative annual calendar of Board and Committee meetings is circulated to the Directors well in advance to facilitate them to plan their schedules and to ensure meaningful participation in the meetings. Where it is not practicable to circulate any document or the agenda is of confidential nature, the same is tabled with the approval of Chairman.

During the financial year ended December 31, 2014, six Board Meetings were held as per the minimum requirement prescribed in Clause 49 of the Listing Agreement. The intervening period between the Board Meetings were within the maximum time gap prescribed under Companies Act, 1956/2013 and Clause 49 of the Listing Agreement.

The details of the Board Meetings held during the financial year ended on 31.12.2014 are as under:

| Sl. No. | Date of Board Meeting held | Board Strength | No. of Directors present |
|---------|----------------------------|----------------|--------------------------|
| 1 | February 28, 2014 | 7 | 6 |
| 2 | May 14, 2014 | 7 | 5 |
| 3 | May 22, 2014 | 7 | 3 |
| 4 | August 14, 2014 | 6 | 4 |
| 5 | September 24, 2014 | 6 | 4 |
| 6 | November 13, 2014 | 6 | 5 |

Information available to the Board

During the financial year ended December 31, 2014, information as mentioned in Annexure 1A to Clause 49 of the Listing Agreement has been placed before the Board for its consideration.

The aforesaid information is generally provided as a part of the agenda of the Board meeting and/ or is placed at the table during the course of the meeting. The CFO and other senior management staff are also invited to the Board Meetings to present reports on the Company's operations and internal control systems. The Company Secretary, in consultation with the Chairman, prepares the agenda. The detailed agenda is sent to the Members a week before the Board Meeting date. In special and exceptional circumstances, additional or supplementary item(s) on the agenda are permitted to be taken up as 'any other item'. Sensitive subject matters are being discussed at the meeting without written material being circulated in advance. All Board Members are at liberty to suggest agenda items for inclusion. Further, the Board periodically reviews Compliance Reports in respect of laws and regulations applicable to the Company.

Code of Conduct

The Board of Directors has implemented a Code of Conduct applicable to all Board Members and Senior Level Management of the Company.

The copy of the Code has been put on the Company's website www.moserbaer.com

3. BOARD COMMITTEES

The Board Committees play a crucial role in the governance structure of the Company and have been constituted to deal with specific areas / activities which concern the Company and need a closer review. The Board Committees are set up under the formal approval of the Board, to carry out clearly defined roles which are considered to be performed by Members of the Board, as a part of good governance practice. The Board supervises the execution of its responsibilities by the Committees and is responsible for their action. The Minutes of the meetings of all the Committees are placed before the Board for review.

The Board currently has following committees:

- A. Audit Committee;
- B. Nomination and Remuneration Committee;
- C. Stakeholders' Relationship Committee;
- D. Corporate Governance Committee;
- E. Banking and Finance Committee;
- F. Project Dezire Committee;
- G. Allotment Committee
- H. Corporate Social Responsibility Committee
- I. FCCB Committee and
- J. Risk Management Committee

A. AUDIT COMMITTEE

a) Terms of Reference

The composition of audit committee meets the requirements of Section 177 of the Companies Act, 2013 and revised Clause 49 of the Listing Agreement. The terms of reference of this Committee covers the matters specified for Audit Committee under Clause 49(III)(C) & (D) of the Listing Agreement read with Section 177 of the Companies Act, 2013. The terms of reference of the Audit Committee inter- alia includes the following:

Powers of the Audit Committee

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

Role of the Committee

- 1. Overseeing 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;
- 2. Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- 3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- 4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:

- a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of the Companies Act.
 - b. Changes, if any, in accounting policies and practices and reasons for the same
 - c. Major accounting entries involving estimates based on the exercise of judgment by management
 - d. Significant adjustments made in the financial statements arising out of audit findings
 - e. Compliance with listing and other legal requirements relating to financial statements
 - f. Disclosure of any related party transactions
 - g. Qualifications in the draft audit report
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
 6. 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;
 7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
 8. Approval or any subsequent modification of transactions of the company with related parties;
 9. Scrutiny of inter-corporate loans and investments;
 10. Valuation of undertakings or assets of the company, wherever it is necessary;
 11. Evaluation of internal financial controls and risk management systems;
 12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
 13. 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;
 14. Discussion with internal auditors of any significant findings and follow up there on;
 15. 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;
 16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
 17. To look 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;
 18. To review the functioning of the Whistle Blower mechanism;
 19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
 20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Audit Committee shall also have following powers w.r.t the Moser Baer Distribution Limited (formerly known as 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 Distribution Limited (formerly known as Moser Baer SEZ Developers Limited) and quarterly 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 Distribution Limited (formerly known as Moser Bear SEZ Developer Limited) and Moser Baer Entertainment Limited, if any

- vi) Reviewing with 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 Distribution Limited (formerly known as 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, if any.

COMPOSITION, MEETINGS & ATTENDANCE OF THE COMMITTEE

As at December 31, 2014 the Audit Committee comprised of Mr. Sanjay Jain as Chairman, Mr. Deepak Puri and Mr. Vineet Sharma as members of the committee. The roles and responsibilities of the Audit Committee were re-defined as per Companies Act, 2013 and Listing Agreement.

During the year, the Committee met Five times, i.e. on February 28, 2014, May 14, 2014, August 14, 2014, September 24, 2014 and November 13, 2014.

The particulars of meetings and attendance by the Members of the Committee during the year under review are given in the table below:

| Members | Committee Meetings held during the period | Meetings attended | |
|----------------------------|---|-------------------|--|
| | | Present in Person | Attended through Audio /Video conferencing |
| Mr. Sanjay Jain (Chairman) | 5 | 5 | - |
| Mr. Deepak Puri | 5 | 3 | - |
| Mr. Vineet Sharma | 5 | 3 | - |
| Mr. Bernhard Gallus* | 5 | - | 2 |

*Mr. Bernhard Gallus has expired on August 10, 2014.

In addition to the Members of the Audit Committee, these meetings are attended by the CFO and other respective functional heads and Auditors of the Company, wherever necessary, and those executives of the Company who are considered necessary for providing inputs to the Committee.

The Company Secretary acts as the Secretary to the Audit Committee. Mr. John Levack is the permanent invitee to the meetings of the Committee.

The Chairman of the Committee was present at the Annual General Meeting held on Friday, July 04, 2014. The gap between two meetings did not exceed four months.

B. NOMINATION AND REMUNERATION COMMITTEE

(i) Constitution and Composition of the Committee

The Nomination and remuneration committee was also re-constituted on 26.02.2015 and the present composition of the Committee is as follows:

| Name of the Member | Status | Category |
|--------------------|----------|----------------------|
| Mr. Sanjay Jain | Chairman | Independent Director |
| Mr. John Levack | Member | Nominee Director |
| Mr. Vineet Sharma | Member | Independent Director |

The committee meeting was held on May 14, 2014 during the financial year ended on December 31, 2014. The Company Secretary acts as the Secretary to the Committee.

(ii) Terms of reference

- a) Formulation of criteria for determining qualifications, positive attributes, and independence of a director and recommend to the Board a policy, relating to the remuneration of a director, key managerial personnel and other employees
- b) Formulation of criteria for evaluation of Independent Directors and the Board
- c) Devising a policy on Board Diversity
- d) Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
- e) To administer the Employees Stock Option (ESOP) and the Directors' Stock Option Plan (DSOP) of the Company

(iii) Responsibilities and authorities of the Nomination and remuneration Committee

- a) The Nomination and Remuneration 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 Nomination and Remuneration Committee shall evaluate, and if necessary, amend performance parameters of the Executive Directors;
- c) The Nomination and Remuneration 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.

(iv) Remuneration Policy

The Company has formulated a policy relating to the remuneration for the directors, key managerial personnel and other employees which was effective from October 01, 2014.

NOMINATION AND REMUNERATION POLICY

1. Introduction

The Board of Directors of Moser Baer India Limited ("the Company") renamed and reconstituted the 'Compensation committee' to "Nomination and Remuneration Committee" w.e.f May 14, 2014. The main purpose of the Nomination and Remuneration Committee is to evaluate and approve the Remuneration plans, policies and programmes of the executive directors and senior management and to administer various stock option plans of our Company.

This policy is applicable to the Company effective October 1, 2014

2. Objective

The Nomination and Remuneration Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Clause 49 of the Listing Agreement. The key objectives of the Committee would be:

- i. To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- ii. To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation by the Board.
- iii. To recommend to the Board on remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- iv. To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance and achievement relating to the Company's operations.
- v. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial personnel and create competitive advantage.
- vi. To devise a policy on Board diversity
- vii. To administer the Employees Stock Option (ESOP) and the Directors' Stock Option Plan (DSOP) of the Company.

3. Definitions

“Act” means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.

“Board” means Board of Directors of the Company.

“Directors” means Directors of the Company.

“Key Managerial Personnel” means

- i. Managing Director or Chief Executive Officer or Manager and in their absence Whole-time director;
- ii. Chief Financial Officer;
- iii. Company Secretary; and

“Senior Management” means personnel of the company who are members of its core management team excluding the Board of Directors including Functional Heads.

4. Role of Committee

4.1 Matters to be dealt with, perused and recommended to the Board by the Nomination and Remuneration Committee

The Committee shall:

- i. Formulate the criteria for determining qualifications, positive attributes and independence of a director.
- ii. Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy.
- iii. Recommend to the Board, appointment and removal of Director, Key Managerial Personnel (KMP) and Senior Management Personnel.

4.2 Policy for appointment and removal of Director, KMP and Senior Management

I Appointment criteria and qualifications

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
- b) A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
- c) The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

II Term/Tenure

- a) Managing Director/Whole-time Director:

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

- b) Independent Director:

- An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.
- No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.
- At the time of appointment of Independent Director, it should be ensured that number of Boards on which such person serves is restricted to seven listed companies as an Independent Director; and in case such

person is serving as a Whole-time Director in any listed company the number of boards on which such person serves as Independent Director is restricted to three listed companies.

III Evaluation

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval.

IV Removal

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations thereunder, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

V Retirement

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

4.3 Policy relating to the Remuneration for the Whole-time Director, KMP and Senior Management Personnel

I General:

- a) The remuneration / compensation / commission etc. to the Whole-time Director, KMP and Senior Management Personnel will be determined by the Nomination and Remuneration Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.
- b) The remuneration and commission to be paid to the Whole-time Director shall be in accordance with the percentage / slabs / conditions laid down in the Articles of Association of the Company and as per the provisions of the Act.
- c) Increments to the existing remuneration/ compensation structure may be recommended by the Nomination and Remuneration Committee to the Board which should be within the slabs approved by the Shareholders in the case of Whole-time Director.
- d) Where any insurance is taken by the Company on behalf of its Whole-time Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

II Remuneration to Whole-time / Executive / Managing Director, KMP and Senior Management Personnel:

a) Fixed pay:

The Whole-time Director/ KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including, employer's contribution to Provident Fund, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board/ the Person authorized by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

b) Minimum Remuneration:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Directors in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.

c) Provisions for excess remuneration:

If any Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

III Remuneration to Non- Executive / Independent Director:

a) Remuneration / Commission:

The remuneration / commission shall be fixed as per the slabs and conditions mentioned in the Articles of Association of the Company and the Act.

b) Sitting Fees:

The Non - Executive and Independent Director may receive remuneration by way of fees for attending meetings of Board or Committees thereof.

c) Commission:

Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Act.

d) Stock Options:

An Independent Director shall not be entitled to any stock option of the Company.

Notes:

The total managerial remuneration payable by a public company to its directors, including managing director and whole time director in respect of any financial year shall not exceed 11% of the net profits of the company. Any payment exceeding 11% would require Central Government approval.

The remuneration payable to any one managing director; or whole time director shall not exceed 5% of the net profits of the company and if there is more than one such director remuneration shall not exceed 10% of the net profits to all such directors taken together. Any payment exceeding the said 5% or 10% limits would require the approval of the shareholders.

The remuneration payable to all the non-executive directors shall not exceed 1% of the net profits of the Company, if there is a managing or whole time Director. As there is a Managing Director and an Executive Chairman in the Company, the applicable limit is 1% of the net profit. Any payment exceeding 1%, would require the approval of the shareholders subject to the overall limit of 11%.

However, the Company in general meeting may, with the approval of the Central Government, authorise the payment of remuneration exceeding 11% of the net profits of the company, subject to the provisions of Schedule V.

5. Charter of the Nomination and Remuneration Committee:

5.1 Composition:

Three or more non-executive directors out of which not less than one-half shall be independent directors.

Chairperson of the Company (whether executive or non -executive) may be appointed as a member of the Nomination and Remuneration Committee but shall not chair the Committee.

5.2 Meetings:

The Committee will meet periodically as necessary to act upon any matter within its jurisdiction. All Committee members are expected to attend each meeting, in person or via tele or video-conference. A majority of the Committee will comprise a quorum when all Committee members are unable to attend a meeting. The Committee may request that other Board members, or officers, or other employees of the company, or any other persons whose advice and counsel are sought by the Committee, to attend any meeting of the Committee to provide pertinent information. Periodically, the Committee may meet in executive session separately without management and with its chosen independent consultants. Minutes will be kept of each meeting of the Committee.

5.3 Authority:

The Committee will have the authority:

1. To retain search firms to be used to identify appropriate director candidates or to retain other advisers, as deemed necessary and appropriate, to discharge the Committees' duties and obligations.
2. To approve appropriate compensation at the company's expense for any search firms or other advisors engaged by the Committee for the purpose of carrying out its duties, and ordinary administrative expenses of the Committee.

5.4 Terms of Reference:

1. Committee shall identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance.
2. The Committee will make recommendations to the Board regarding the size and composition of the Board and develop and recommend to the Board the Criteria (such as independence, experience relevant to the needs of the company, leadership qualities, diversity and ability to represent the shareholders) for the selection of the individuals to be considered as candidates for election to the Board.
3. The Committee will establish, monitor and recommend the purpose, structure and operations of the various Committees of the Board, and qualifications and criteria on membership on each Committee of the Board, and, as circumstances dictate, make any recommendations regarding periodic rotation of directors among the Committees.
4. Committee shall formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees (referred as 'Nomination and Remuneration Policy').
5. Committee shall, while formulating the 'Nomination and Remuneration Policy, ensure that—
 - a) Formulation of criteria for determining qualifications, positive attributes, and independence of a director and recommend to the Board a policy, relating to the remuneration of a director, key managerial personnel and other employees
 - b) Formulation of criteria for evaluation of Independent Directors and the Board
 - c) Devising a policy on Board Diversity
 - d) Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
 - e) To administer the Employees Stock Option (ESOP) and the Directors' Stock Option Plan (DSOP) of the Company
 - f) Nomination and remuneration policy shall be disclosed in the Board's report.
6. Annual review of the salary, bonus and other compensation plans of the CEO, CFO and Senior Management team of the Company.
7. Review and approve the salary, bonus and compensation plans for all the executive directors of the Company.
8. Framing suitable policies and systems to ensure that there is no violation, by an employee or Company of any applicable laws in India or overseas, including:
 - o The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; or
 - o The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities market) Regulations, 2003.
9. Administer the implementation and award of stock options under the stock option plans of the Company.
10. Perform such functions as are required to be performed by the Nomination & Remuneration Committee under Clause 5 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.
11. Recommend to the Board of Directors of the Company on any other employment incentives as the committee deems it appropriate in the best interests of the Company.
12. Chairperson of the Committee or, in his/her absence, any other member of the committee authorized by him/her in this behalf shall attend the general meetings of the Company.
13. The Committee will also undertake such additional activities as the Committee may from time to time determine or as may otherwise be required by law, the company's articles of association, or directive of the Board.
14. The Committee will make regular reports to the Board and will recommend any proposed actions to the Board for approval as necessary. The Committee will review and reassess the adequacy of these terms of reference at least annually and recommend any proposed changes to the Board for approval.

15. The Committee will at least annually evaluate its own performance to determine whether it is functioning effectively.

This Policy will be communicated to all concerned persons of the Company and shall be placed on the website of the Company.

a) Executive Directors

The details of the remuneration paid and payable to Mr. Deepak Puri (Managing Director), Mrs. Nita Puri (Whole Time Director) during the financial year ended on December 31, 2014 are as follows:

| Particulars | (Amount in ₹) | |
|--------------------------------|---------------------------------------|--|
| | Mr. Deepak Puri, Managing Director | Mrs. Nita Puri, Whole Time Director |
| Salaries, allowances and bonus | 1,19,11,330 | 36,65,180 |
| Contribution to Provident Fund | 14,29,360 | 4,39,820 |
| Perquisites | 1,45,000 | 1,45,000 |
| TOTAL | 1,34,85,690 | 42,50,000 |

Notes

1. The remuneration has been accrued in the books subject to the limits specified in schedule XIII / schedule V of the Companies Act, 1956 / 2013 and/or as approved by the Central Government.
2. As the future liability for gratuity and leave encashment is provided on actuarial valuation basis for the company as a whole, the amount pertaining to the directors is not ascertainable and therefore not included above.

Service Contracts, Notice Period, Severance Fees

Mr. Deepak Puri has been reappointed as Managing Director w.e.f. September 01, 2014 for a period of three years. Mrs. Nita Puri has been reappointed as Whole-Time Director w.e.f. December 01, 2014 for a period of three years.

The tenure of Executive Directors can be terminated by either party by giving three month's notice in writing. There is no separate provision for payment of severance fees.

Both of them are 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.

No stock options were granted to the Executive Directors of the Company.

b) Non-Executive Directors

All pecuniary relationships or transactions of the Non-Executive Directors with the Company: There is no transaction with the associates or relatives of the Non-Executive Directors during the financial year under review except in so far mentioned hereinafter:

(i) 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 was entitled to receive up to a maximum of 1,00,000 stock options. No stock options are vested or exercisable as on 31st December, 2014 to Independent Non-Executive Directors.

(ii) Commission

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

(iii) Sitting Fees

During the financial year ended on December 31, 2014, the non-executive Directors were paid sitting fees of Rs. 20,000 for each Board Meeting and Rs. 10,000 for each Committee meeting attended by them.

(iv) Service Contracts, Notice Period, Severance Fees

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.

C. STAKEHOLDERS' RELATIONSHIP COMMITTEE (FORMERLY KNOWN AS INVESTORS' GRIEVANCE COMMITTEE)

(i) Composition

During the year under review, the stakeholder's remuneration committee was reconstituted on August 14, 2014. The present composition of the Committee and the details of meetings attended by the Directors are given below:

| Members | No. of meetings attended | | Date of Meetings |
|----------------------------|--------------------------|--|-------------------|
| | Present in Person | Attended through Audio /Video conferencing | |
| Mr. John Leveck (Chairman) | 4 | - | February 28, 2014 |
| Mr. Deepak Puri | 3 | - | May 14, 2014 |
| Mrs. Nita Puri | 3 | - | August 14, 2014 |
| Mr. Bernhard Gallus* | - | 2 | November 13, 2014 |
| Mr. Sanjay Jain | 2 | - | |

*Mr. Bernhard Gallus has expired on August 10, 2014.

The Company Secretary acts as the Secretary of the Committee.

(ii) Terms of reference

The functioning and terms of reference of the Committee are to oversee various matters relating to redressal of Shareholders' and investors' Grievances as given below:-

- i. To consider and resolve the grievances of security holders of the Company;
- ii. Non- Receipt of transfer of shares;
- iii. Matters relating to dematerialization/rematerialization of shares;
- iv. Non-receipt of Annual Reports;
- v. Non-receipt of Dividend;
- vi. All other allied matters.

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 Registrars and Share Transfer Agent-M/s. MCS Limited.

The investors may lodge their grievances through e-mail at shares@moseerbaer.in 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 through SEBI, NSE and BSE during the period January 01, 2014 to December 31, 2014

| Nature of the complaints | Received | Replied satisfactorily | Pending |
|--|----------|------------------------|----------|
| Relating to transfer, transmission, etc. | 0 | 0 | 0 |
| Relating to dematerialization | 0 | 0 | 0 |
| Relating to dividend | 0 | 0 | 0 |
| Relating to bonus | 0 | 0 | 0 |
| Relating to Annual Report | 1 | 1 | 0 |
| Relating to miscellaneous matters | 0 | 0 | 0 |
| TOTAL | 1 | 1 | 0 |

No share was pending for transfer as on December 31, 2014.

D. CORPORATE GOVERNANCE COMMITTEE

(i) Composition

The Committee was re-constituted on May 11, 2015 and comprises of three members i.e. Mr. John Levack, Mr. Deepak Puri and Mr. Vineet Sharma. The Company Secretary acts as the Secretary of the Committee.

(ii) 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. BANKING AND FINANCE COMMITTEE

(i) Composition

Mr. Deepak Puri is the Chairman of the Committee. Other member of the Committee is Mrs. Nita Puri. The Company Secretary acts as the Secretary of the Committee.

(ii) 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

F. PROJECT DEZIRE COMMITTEE

(i) Composition

The present composition of Project Dezire Committee constitutes Mr. Deepak Puri and Mr. John Levack. Mr. Deepak Puri is the Chairman of the Committee. The Company Secretary acts as the Secretary of the Committee.

(ii) 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, upto 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, upto USD 165 million.
- 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.

G. Allotment Committee

The committee was re-constituted on March 30, 2015 and comprises Mr. Deepak Puri as chairman of the committee, Mrs. Nita Puri, Mr. Sanjay Jain and Mr. Vineet Sharma as members of the committee. The company Secretary shall act as Secretary of the committee. Following are the roles and powers of Allotment committee:

- ✍ Issue and Allotment of securities as defined in Section 2(h) of the Securities Contracts (Regulation) Act, 1956.
- ✍ Issue of Letter of Allotment / new Certificate on Allotment etc.
- ✍ To do all such acts, deeds and things as may necessary for the allotment of securities.”

H. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

(i) Composition

The committee was re-constituted on May 11, 2015. Mr. Deepak Puri is the Chairman of this Committee. The other members of the Committee are Mrs. Nita Puri and Mr. Sanjay Jain. During the year, one meeting was held on May 14, 2014.

(ii) *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. FCCB COMMITTEE

The committee comprises of Mr. Deepak Puri as Chirman and Mr. John Levack as member of the committee. The roles and responsibilities of the committee are to handle, resolve and execute the issues relating to or emerging out of the restructuring/refinancing process of Foreign Currency Convertible Bonds. The Company Secretary acts as Secretary to the Committee.

The Committee is authorized to do the following acts:

- a. To consider and finalise various options for restructuring/refinancing of the Outstanding Bonds in accordance with applicable law, including but not limited to extending the maturity period of the Outstanding Bonds, amending the terms of the Outstanding Bonds, changing the face value of the Outstanding Bonds, repurchase/redemption of the Outstanding Bonds and their cancellation and /or exchanging the Outstanding Bonds with one or more tranches of New Bonds (the terms of which will be decided by the committee);
- b. To undertake all such actions and make all such payments as may be deemed necessary to give effect to such restructuring options agreed to by the FCCB Committee, subject to applicable law;
- c. To finalise and send notices to the Trustee and/or the Outstanding Bondholders;
- d. To make application to the Reserve Bank of India and such other authorities as may be required for the restructuring/refinancing of the Outstanding Bonds;
- e. To appoint and to ratify the appointment of, if required, the Lead Managers, Underwriters, Guarantors, Depositories, Custodians, Registrars, Trustees, Bankers, Lawyers, Advisors and all such Agencies as may be involved or concerned in such restructuring/refinancing and to remunerate them by way of commission, brokerage, fees or the like and also to enter into and execute all such arrangements, agreements, memorandum, documents, etc., with such agencies and also to seek the listing of such Securities on one or more National and/or International Stock Exchange(s);
- f. To finalise and circulate to the Outstanding Bondholders or new investors an offering circular, memorandum, or any other relevant documents as may be required for the proposed restructuring/refinancing of the Outstanding Bonds;
- g. To issue and allot such number of Equity Shares and other securities including FCCBs as may be required to be issued and allotted upon conversion/exchange, in accordance with the terms of the offering. All such Equity Shares shall rank *pari passu* with the existing Equity Shares of the Company in all respects, except the right as to dividend which shall be as provided under the terms of the issue and in the offering documents;
- h. To determine the form, terms and timing of the restructuring/refinancing, including but not limited to the number of new bonds to be allotted, issue price, face value, premium amount, rate of interest, conversion price and period, listings on one or more stock exchanges in India and / or abroad as the Board in its absolute discretion deems fit and to make and accept any modifications in the proposal as may be required by the authorities involved in such issues in India and/or abroad, to do all acts, deeds, matters and things and to settle any questions or difficulties that may arise in regard to the Issue(s);
- i. To finalize the allotment of new bonds in respect of the subscriptions received, basis of allotment in case of over-subscription, accept and appropriate the proceeds of the issue;

J. Risk Management Committee

The committee was constituted on November 13, 2014. Mr. Deepak Puri, Managing Director is the Chairman of the Committee. Mrs. Nita Puri, Director and Mr. Yogesh B. Mathur, Group CFO are members of the committee. The Company Secretary acts as Secretary of the Committee. The terms of reference of the committee are:

1. The committee shall ensure that the Company is taking the appropriate measures to achieve prudent balance between risk and reward in both ongoing and new business activities.
2. The Committee shall evaluate significant risk exposures of the Company and assess management's actions to mitigate the exposures in a timely manner.
3. The committee will coordinate its activities with the Audit Committee in instances where there is any overlap with audit activities.
4. The committee may form and delegate authority to subcommittees when appropriate
5. The committee shall review and reassess the adequacy of this charter annually and recommend any proposed changes to the Board for approval.
6. The Board shall review the performance of the committee annually.
7. The committee shall have access to any information necessary to fulfill its oversight role. The committee shall also have authority to obtain advice and assistance from internal or external legal, accounting or other advisors.

K. MATERIAL NON LISTED INDIAN SUBSIDIARY COMPANIES

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

Moser Baer Solar Limited is the material non-listed Indian subsidiary of the Company. The Company has complied with the requirement of appointing of one of its independent directors Mr. Sanjay Jain, on the Board of the above mentioned material non-listed Indian subsidiary. 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.

The Company also formulates a policy for determining 'material' subsidiaries and such policy are disclosed on company's website and a web link of the same is www.moserbaer.com.

4. SECRETARIAL AUDIT

As stipulated by SEBI, secretarial audit is carried out on a quarterly basis to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital.

5. 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 |
|---|---|---|
| Thursday, 12 th February, 2014 till Saturday, 01 st March, 2014 | Consideration of audited financial results for the quarter / year ended December 31, 2013. | Friday, February 28, 2014 |
| Wednesday, 30 th April, 2014 till Thursday, 15 th May, 2014 | Consideration of the un-audited financial results for the quarter ended on March 31, 2014. | Wednesday, May 14, 2014 |
| Thursday, 31 st July, 2014 till Saturday, 16 th August, 2014 | Consideration of the Un-audited financial result for the quarter/ half year ended on June 30, 2014. | Thursday, August 14, 2014 |
| Friday, 31 st October, 2014 till Friday, 14 th November, 2014 | Consideration of the Un-audited financial result for the quarter ended on September 30, 2014. | Thursday, November 13, 2014 |

6. GENERAL BODY MEETINGS:

A. ANNUAL GENERAL MEETING

a) Location and time, where last 3 (Three) Annual General Meetings were held:

| AGM | Financial year ended on | Venue | Date | Time |
|------------------|-------------------------|---|--------------------|-----------|
| 31 st | 31.12.2013 | FICCI Golden Jubilee Auditorium, Federation House, Tansen Marg, New Delhi- 110001 | July 04, 2014 | 9.30 A.M. |
| 30 th | 31.03.2013 | FICCI Golden Jubilee Auditorium, Federation House, Tansen Marg, New Delhi- 110001 | September 30, 2013 | 9.30 A.M. |
| 29 th | 31.03.2012 | NCUI Convention Centre 3, Khel Gaon Marg, New Delhi – 110016 | December 14, 2012 | 9.30 A.M. |

b) Special Resolutions passed in the previous 3 (three) Annual General Meeting were held:

| Date of AGM | Special Resolutions |
|--------------------|--|
| July 04, 2014 | <p>a) Re-appointment of Mr. Deepak Puri as managing director of the company for a period of three years with effect from September 01, 2014</p> <p>b) Re-appointment of Mrs. Nita Puri as whole time director of the company for a period of three years with effect from December 01, 2014</p> <p>c) Authorization to the Board of Directors for borrowings up to an amount of Rs. 3000 crores as per section 180(1)(c) of the Companies Act, 2013</p> <p>d) Authorization to the Board of Directors to mortgage / charges / hypothecate up to an amount of Rs. 3000 crores as per section 180(1)(a) of the Companies Act, 2013</p> |
| September 30, 2013 | 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. |
| December 14, 2012 | 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. |

B. POSTAL BALLOT

a) Whether special resolutions were put through postal ballot this year, details of voting pattern:

The company has conducted postal ballot and also extended e-voting facility to all the members in compliance of Clause 35B of the Listing Agreement, to cast their vote electronically and passed 4 (four) special resolutions, the voting pattern for the same are as follows:

| Resolution No. | Resolution details | Total Votes | Total valid votes cast | Total valid votes cast in favor of the resolution | Total valid votes cast against the resolution |
|----------------|---|-------------|------------------------|---|---|
| 1 | Approve and confirm the Corporate Debt Restructuring scheme in relation to the Company's Debt | 67569336 | 67569336 | 67565638 | 3698 |
| 2 | Issue of Equity Shares on Preferential Basis to the promoters | 67569336 | 67569336 | 67545133 | 24203 |
| 3 | Authorization to the Board of Directors to create Mortgage / Charge / Hypothecate as per Section 180(1)(a) of the Companies Act, 2013 | 67569336 | 67569336 | 67553063 | 16273 |
| 4 | Authorisation to the Board of Directors to make investments, Loans and Guarantee or Security | 67569336 | 67569036 | 67555237 | 13799 |

- b) Person who conducted the postal ballot process: Mr. Kundan Agrawal, Practising Company Secretary.
- c) Procedure for Postal Ballot:

| Sl. No | Particulars | Dates |
|--------|--|---|
| A. | Date on which consent is given by the Scrutinizer. | 21st February, 2015 |
| B. | Date of Board Resolution severally authorizing the Managing Director, the Company Secretary and Sr. Manager-Secretarial for supervising the entire postal ballot process. | 21st February, 2015 |
| C. | Date of appointment of the Scrutinizer by the Board of Directors. | 21st February, 2015 |
| D. | Date of completion of dispatch of Notice along with Postal Ballot Forms. | 22 nd February, 2015 |
| E. | Date of commencing of e-voting | 27 th February, 2015 |
| F. | Date of end of e-voting | 29 th March, 2015 |
| G. | Last date for receiving back the Postal Ballot Forms by the Scrutinizer. | 29 th March, 2015 |
| H. | Date for submission of report by the Scrutinizer | On or before 30 th March, 2015 |
| I. | Date of declaration of result by the Chairman or Company Secretary | On or before 30 th March, 2015 |
| J. | Last date for signing of Minutes by the Chairman (within 30 days from the date of declaration of result) | 29 th April, 2015 |
| K. | Date of returning the Ballot papers, register required to be maintained by the Scrutinizer under Prescribed Rules and other related papers to the Chairman by the Scrutinizer. | 29 th April, 2015 |

7. 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 39 of the Balance Sheet as at December 31, 2014. Mr. Deepak Puri, Managing Director and Mrs. Nita Puri, Whole Time Director are related to each other. Mrs. Nita Puri, Whole Time Director is wife of Mr. Deepak Puri, Managing Director.
- Further, the Board has formulated a policy on Related Party Transactions and disclosed the same on its website www.moserbaer.com.
- 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) As per Companies Act, 2013, Whistle Blower Policy now termed as Vigil Mechanism for directors and employees to report genuine concerns and to allow access of any personnel to approach the Management or the Audit Committee on any issue.
- e) The Company has complied with the mandatory requirements of Clause 49 of the Listing Agreement.

8. 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) Hindu Business Line
- (viii) Veer Arjun
- (ix) Navbharat Times
- (x) 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 quarter and year ended on December 31, 2013 | March 02, 2014 |
| Un-audited financial results for the quarter ended March 31, 2014 | May 16, 2014 |
| Un-audited financial results for the quarter / half year ended on June 30, 2014 | August 16, 2014 |
| Un-audited financial results for the quarter ended on September 30, 2014 | November 15, 2014 |
| Audited financial results for the quarter/year ended on December 31, 2014 | February 28, 2015 |

- b) The Company also ensures that these results are promptly and prominently displayed on the Company's website:- www.moserbaer.com
- 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 ending on December 31, 2014.

9. GENERAL SHAREHOLDER INFORMATION

a) 32nd ANNUAL GENERAL MEETING

Date : June 30, 2015
 Time : 09:30 A.M
 Venue : Sri Sathya Sai International Center, Pragati Vihar, Lodhi Road,
 New Delhi 110003

b) FINANCIAL CALENDAR : 2015-16

For the financial period 2015-16, results will be announced by

| | |
|--|-------------------|
| First Quarter Results | May 11, 2015 |
| Second Quarter and Half yearly Results | August 14, 2015 |
| Third Quarter Results | November 14, 2015 |
| Fourth Quarter and Full Year Results | February 14, 2016 |
| Fifth Quarter/Full Year Results | May 30, 2016 |

c) BOOK CLOSURE : 25th June, 2015 to 30th June, 2015 (both days inclusive)

d) LISTING

The Equity Shares of the Company are listed at the following Stock Exchanges:

| Sl. No. | Name & Address of the Stock Exchange | Stock Code |
|---------|---|--------------|
| 1 | Mumbai Stock Exchange Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400 001 | 517140 |
| 2 | National Stock Exchange of India Limited Exchange Plaza', Bandra – Kurla Complex, Bandra (East), Mumbai- 400 051 | MOSERBAER |
| 3 | ISIN allotted by Depositories (Company ID Number) | INE739A01015 |

The Annual Listing Fees for the listed equity shares of the Company, pertaining to the year 2015-16 has been paid to the concerned Stock Exchanges on demand. The Company will be making payment of the Annual Custodian Fees to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), for the financial year 2015-16, based on the folio/ISIN positions as on 31.03.2015 in due course.

e) DETAILS OF SHAREHOLDING

Details of shareholding as on December 31, 2014

Top Ten Shareholder as on 31st December, 2014 are as follows:-

| S. No | Name of the Shareholder | No. of Shares | Percentage of Shares |
|-------|--|---------------|----------------------|
| 1. | Mr. Deepak Puri | 63013857 | 30.251 |
| 2. | M/s. Electra Partners Mauritius Ltd. | 9960345 | 4.782 |
| 3. | M/s. Deepak Puri (HUF) | 4406284 | 2.12 |
| 4. | Ms. Mario Oscar Francis Lobo | 2525999 | 1.213 |
| 5. | Ms. Reena Deepak Partani | 1110000 | 0.533 |
| 6. | Ms. Vandana Bhargava | 800000 | 0.384 |
| 7. | Mr. Abhinav Bhargava | 800000 | 0.384 |
| 8. | M/s. Sunflower Broking Private Limited | 754844 | 0.362 |
| 9. | M/s. Karvy Stock Broking Ltd. (BSE) | 500000 | 0.240 |
| 10. | M/s. Talma Chemical Industries Pvt. Ltd. | 498931 | 0.240 |

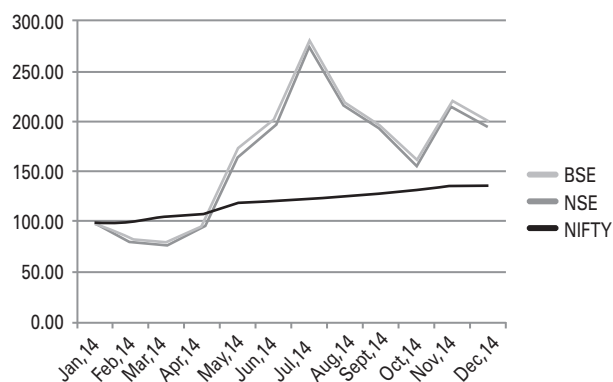
f) STOCK PRICE DATA

Stock Market Data at BSE and NSE for the period January 1, 2014 to December 31, 2014

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

| Months | NSE | | BSE | |
|-----------------|---------|--------|---------|--------|
| | Highest | Lowest | Highest | Lowest |
| January, 2014 | 4.70 | 3.35 | 4.59 | 3.35 |
| February, 2014 | 3.80 | 3.25 | 3.82 | 3.22 |
| March, 2014 | 3.65 | 3.10 | 3.68 | 3.05 |
| April, 2014 | 4.40 | 3.60 | 4.38 | 3.61 |
| May, 2014 | 7.90 | 3.70 | 7.98 | 3.70 |
| June, 2014 | 9.10 | 5.80 | 9.25 | 5.81 |
| July, 2014 | 12.85 | 9.30 | 12.88 | 9.27 |
| August, 2014 | 9.95 | 7.40 | 9.94 | 7.37 |
| September, 2014 | 9.00 | 6.60 | 8.98 | 6.62 |
| October, 2014 | 7.30 | 6.35 | 7.40 | 6.37 |
| November, 2014 | 10.05 | 6.95 | 10.09 | 6.95 |
| December, 2014 | 9.20 | 7.00 | 9.20 | 7.01 |

g) STOCK PERFORMANCE IN COMPARISON TO NSE INDEX (CNX NIFTY):



h) DISTRIBUTION OF SHAREHOLDING AS ON DECEMBER 31, 2014

| No. of Equity Shares held | No. of shareholders | %age of shareholders | No. of shares | %age of shares |
|---------------------------|---------------------|----------------------|------------------|----------------|
| 1-500 | 92247 | 76.32 | 12947305 | 6.22 |
| 501-1000 | 12554 | 10.39 | 10511401 | 5.05 |
| 1001-2000 | 7065 | 5.85 | 11086242 | 5.32 |
| 2001-3000 | 2687 | 2.22 | 7007722 | 3.36 |
| 3001-4000 | 1343 | 1.11 | 4887703 | 2.35 |
| 4001-5000 | 1280 | 1.06 | 6165727 | 2.96 |
| 5001 to 10000 | 1990 | 1.65 | 15176105 | 7.29 |
| 10001 to 50000 | 1461 | 1.21 | 30954544 | 14.86 |
| 50001 to 100000 | 152 | 0.13 | 11218597 | 5.39 |
| 100001 & above | 86 | 0.07 | 98350758 | 47.21 |
| Total | 120865 | 100.00 | 208306104 | 100.00 |

i) REGISTRAR AND SHARE TRANSFER AGENTS

The share transfer requests received in physical form by the Company or the Company's Registrar and Transfer Agent are registered within a period of 15 days from the date of receipt. Requests for dematerialization received from the shareholders are effected within an average period of 7 days.

M/s. 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: admin@mcsdel.com

j) 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.

k) DEMATERIALISATION OF SHARES AND LIQUIDITY

The Equity Shares of the Company are actively traded at major Stock Exchanges in dematerialized mode. As on December 31, 2014, 99.57% of the shares were held in dematerialized mode and 93.24% of the total shareholders of the Company are holding shares in dematerialized mode.

l) Public issue, right issue, preferential issue and GDR/ADR etc.:

Pursuant to Corporate Debt Restructuring Scheme, the Company allotted 1,00,00,000 Equity Shares of Rs. 10/- each on preferential basis to Mr. Deepak Puri during the year under review and 1,34,50,000 equity shares were issued on March 31, 2015 to Promoter Group.

Further, the funds raised through preferential allotment have been utilized for working capital / operations of the Company.

The Company has not issued any Global Depository Receipt / American Depository Receipt / Warrant or any convertible instrument, which is likely to have an impact on the Company's equity.

m) LOCATION OF PLANTS

- i) 66, Udyog Vihar Industrial Area, Greater Noida, U.P.-201306
- ii) 66-B, Udyog Vihar Industrial Area, Greater Noida, U.P.-201306
- iii) A-164, Sector 80 Noida- II, Distt. Gautam Budh Nagar U.P.-201305
- iv) A-119, Sector 80 Noida- II, Distt. Gautam Budh Nagar U.P.-201305

Operations at the factory situated at 66, NEPZ, Noida, District- Gautam Budh Nagar U.P.-201305 are suspended.

n) CONVERTIBLE SECURITIES

As on December 31, 2014, no convertible securities including Global Depository Receipts were outstanding for conversion into an equal number of Equity Shares.

o) ADDRESS FOR INVESTOR CORRESPONDENCE

| | | |
|------|--|---|
| (i) | Registrar and Share Transfer Agent <i>(All correspondence regarding transfer and dematerialization of share certificates)</i> | MCS Limited F- 65, 1st Floor, Okhla Industrial Area, Phase-I, New Delhi – 110 020 Phone No.: 011-41406149/41406151/ 41406152/41709885/ Fax No.: 011-41709881 E-mail: admin@mcsdel.com |
| (ii) | Company (For any other information) | Company Secretary Moser Baer India Limited 43-B, Okhla Industrial Estate, New Delhi 110020 Phone No.: 011-40594444 Fax No.: 011-41635211/26911860 E-mail: shares@moserbaer.in |

11. OTHER INFORMATION

- a. In terms of the provisions of Section 205C of the Companies Act, 1956, unclaimed equity dividend for the year 1997-98, 1998-99, 1999-2000, 2000-01, 2001-02, 2002-03, 2003-04, 2004-05, 2005-06 and 2006-07 has been transferred to the Investor Education and Protection Fund.
- b. The Company shall transfer the amount remaining unpaid in its dividend account for the year 2007-08 to the Investor Education and Protection Fund on/before September 30, 2015.

- c. A brief resume as required under this clause of the Directors seeking reappointment 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 endeavor, 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. Training of Board Members

The Company endeavors to organize training programme for its Board members.

3. Reporting of Internal Auditor

The Internal Auditor report directly to the Audit Committee

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 certify that, to the best of my knowledge and belief, for the financial year ended on December 31, 2014, all the Board members and Senior Management Personnel have affirmed compliance with the code of ethics for Directors and Senior Management respectively.

Date: May 11, 2015
Place: New Delhi

Deepak Puri
Chairman and Managing Director

MANAGING DIRECTOR AND 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 December 31, 2014 and that to the best of our knowledge and belief:
 - 1. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - 2. 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 that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have not come across any reportable deficiencies in the designed or operation of such internal controls.
- D. We have indicated to the auditors and the Audit committee:
 - 1. that there are no significant changes in internal control over financial reporting during the year;
 - 2. that there are no significant changes in accounting policies during the year; and
 - 3. that there are no instances of significant fraud of which we have become aware.

Date: February 26, 2015
Place: New Delhi

Deepak Puri
Chairman &
Managing Director

Yogesh Mathur
Group CFO

Auditor's certificate on compliance with the conditions of Corporate Governance under Clause 49 of the Listing Agreement

To the Members of Moser Baer India Limited

We have examined the compliance of conditions of Corporate Governance by Moser Baer India Limited ("the Company"), for the year ended on 31 December 2014, as stipulated in Clause 49 of the Listing Agreement of the Company with the stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of Corporate Governance as stipulated in said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We report that the Company has not complied with the provisions of clause 49 (II)(A)(2) for the period 1 October 2014 to 31 December 2014 wherein the total number of independent directors were less than the minimum number of independent directors as specified under the aforesaid clause.

Except for the matter as referred above, 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.

We further 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.

For **Walker Chandiok & Co LLP**
(formerly Walker, Chandiok & Co)
Chartered Accountants
Firm Registration No: 001076N/N500013

per **Neeraj Goel**
Partner
Membership No. 099514

Place: New Delhi
Date : May 11, 2015

Independent Auditors' Report

To the Board of Directors of Moser Baer India Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of **Moser Baer India Limited**, ("the Company"), which comprise the Balance Sheet as at 31 December 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation of these financial statements, that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required 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 31 December 2014;
 - ii) in the case of Statement of Profit and Loss, 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.

Emphasis of Matter

7. We draw attention to note 48 to the financial statements. The Company has incurred a net loss of Rs. 7,083,003,303 during the year ended 31 December 2014, and as of that date, the Company's accumulated losses aggregate to Rs. 16,457,149,952 resulting in complete erosion of its net worth. Further, as of that date, the Company's current liabilities exceeded its current assets by Rs. 14,877,708,565. These conditions, along with matters set forth in note 48, indicate the existence of uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

8. We draw attention to note 47 to the financial statements with respect to management's assessment of 'other than temporary' diminution in value of investments in and recoverability advances/receivables from three subsidiaries namely Helios Photo Voltaic Limited (HPVL), Moser Baer Solar Limited (MBSL) and Moser Baer Entertainment Limited (MBEL) aggregating to Rs. 1,585,585,317, Rs. 5,942,363,718 and Rs. 1,630,452,857 respectively (net of payables and provisions thereon). Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
10. As required by Section 227(3) of the Act, 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 purpose 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 financial statements dealt with by this report are in agreement with the books of account;
 - d. in our opinion, the financial statements comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013; and
 - e. on the basis of written representations received from the directors, as on 31 December 2014 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 December 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

For **Walker, Chandio & Co LLP**
(formerly Walker, Chandio & Co)
Chartered Accountants
Firm Registration No.: 001076N/N500013

per **Neeraj Goel**
Partner
Membership No.: 099514

Place: New Delhi
Date: 26 February 2015

Annexure to the Independent Auditors' Report of even date to the members of Moser Baer India Limited, on the financial statements for the year ended 31 December 2014

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular program of physical verification of its fixed assets, except goods in transit and stocks lying with third parties, under which fixed assets are verified in a phased manner over a period of three financial years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification. For stocks lying with third parties at the year-end, written confirmations have been obtained by the management.
- (c) In our opinion, a substantial part of fixed assets has not been disposed off during the year.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) 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) The Company is maintaining proper records of inventory and no material discrepancies between physical inventory and book records were noticed on physical verification.
- (iii) (a) The Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of clauses 4(iii)(b) to 4(iii)(d) of the Order are not applicable.
- (b) The Company has taken unsecured loans from one party covered in the register maintained under Section 301 of the Act. The maximum amount outstanding during the year is Rs. 127,000,000 and the year-end balance is Rs. 127,000,000.
- (c) In respect of interest free loan taken, there is no repayment schedule, hence, *we are unable to comment as to whether the terms and conditions are prejudicial to the interest of the Company.*
- (d) In respect of interest free loans taken, there is no repayment schedule; hence, *we are unable to comment as to whether payment of the principal amount is regular.*
- (iv) In our opinion, 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 and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- (v) (a) In our opinion, the particulars of all contracts or arrangements that need to be entered into the register maintained under Section 301 of the Act have been so entered.
- (b) In our opinion, 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 Companies (Acceptance of Deposits) Rules, 1975. Accordingly, the provisions of clause 4(vi) of the Order are not applicable.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act in respect of Company's products and are of the opinion that, *prima facie*, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues, as applicable, *have not been regularly deposited with the appropriate authorities and there have been significant delays in a large number of cases.* Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

Annexure to the Independent Auditors' Report of even date to the members of Moser Baer India Limited, on the financial statements for the year ended 31 December 2014

(b) The dues outstanding in respect of income-tax, sales-tax, wealth tax, service tax, custom duty, excise duty, cess on account of any dispute, are as follows:

| Name of the statute | Nature of dues | Amount (Rs.) | Amount Paid under protest (Rs.) | Period to which the amount relates | Forum where dispute is pending |
|-----------------------------|----------------|--------------|---------------------------------|---|--|
| Custom Duty Act, 1962 | Customs duty | 13,924,896 | - | FY 2007-08 | CESTAT, Chennai |
| | Custom duty | 9,749,862 | - | FY 2008-09 | High Court of Allahabad |
| | Custom duty | 4,823,292 | 4,823,292 | FY 2009-10 to 2011-12 | CESTAT, New Delhi |
| Excise Duty Act, 1948 | Excise duty | 423,476,625 | 594,307 | FY 2006-07 FY 2011-12 | CESTAT, New Delhi |
| | Excise duty | 774,864 | 7,220 | FY 2011-12 to 2013-14 | Assistant Commissioner Custom and Central Excise, Noida |
| | Excise duty | 602,343,323 | 24,470 | FY 2007-08 to FY 2013-14 | Commissioner Custom and Central Excise, Noida |
| | Excise duty | 9,601,232 | 356,530 | FY 2006-07 FY 2011-12 FY 2012-13 | Additional Commissioner Custom and Central Excise, Noida |
| Finance Act, 1994 | Service tax | 288,254,463 | 2,953,470 | FY 2003-04 to 2004-05, FY 2006-07 to 2012-13 | Commissioner Custom and Central Excise, Noida |
| | Service tax | 5,440,788 | - | FY 1999-00 | Deputy Commissioner Customs and Central Excise, Noida |
| | Service tax | 10,316,085 | - | FY 2008-09 to 2010-11 | Additional Commissioner Custom and Central Excise, Noida |
| | Service tax | 331,702,787 | - | FY 2008-09 to FY 2011-13 | Commissioner Service Tax, Delhi. |
| | Service tax | 16,855 | - | FY 2008-09 FY 2009-10 to 2010-11 | Assistant Commissioner, Noida |
| Entry Tax Act, 2009 | Entry tax | 120,161,327 | 7,050,841 | FY 1999-00 to 2001-02 | Supreme Court of India |
| | Entry tax | 2,930,424 | 1,465,308 | FY 2003-04 to 2007-08 | High Court, Allahabad |
| | Entry tax | 4,241,834 | 1,838,272 | FY 2004-05 FY 2005-06 FY 2008-09 | Commercial Tax Tribunal, Noida |
| | Entry Tax | 276,135 | 27,650 | FY 2007-08 | Deputy Commissioner, Raipur (Appeals) |
| Central Sales Tax Act, 1956 | Sales tax | 48,749,842 | 4,208,830 | FY 2004-05 to 2006-07 | Commercial Tax Tribunal, Noida |
| | Sales tax | 9,629,197 | 3,860,012 | FY 2006-07 to 2007-08 | Additional Commissioner, (Appeals) |
| | Sales Tax | 134,440,208 | - | FY 2004-07 | FY 2004-05- Deputy. Commissioner Noida and FY 2005-2007- Joint Comissioner. Corporate Circle Noida |

Annexure to the Independent Auditors' Report of even date to the members of Moser Baer India Limited, on the financial statements for the year ended 31 December 2014

| Name of the statute | Nature of dues | Amount (Rs.) | Amount Paid under protest (Rs.) | Period to which the amount relates | Forum where dispute is pending |
|--------------------------------|-----------------|--------------|---------------------------------|------------------------------------|---|
| U.P. Trade Tax Act, 1948 | Value added tax | 5,364,113 | 3,094,774 | FY 2006-07 to 2007-08 | Commercial Tax Tribunal, Noida |
| U.P. Value Added Tax Act, 2008 | Value added tax | 22,738,383 | 5,420,335 | FY 2007-08 to 2008-09 | Additional Commissioner, (Appeals) |
| | Value added tax | 62,743,734 | 650,581 | FY 2008-09 | Commercial Tax Tribunal Noida |
| | Value added tax | 169,806,826 | - | FY 2004-07 | FY 2004-05- Deputy Commissioner Noida and FY 2005-2007- Joint Commissioner Corporate Circle Noida |
| Kerala VAT Act, 2005 | Value added tax | 4,689,127 | 1,216,662 | FY 2007-08 | Commercial Tax Assistant Commissioner, Ernakulam |
| | Value added tax | 516,998 | - | FY 2008-09 | Deputy Commissioner (Appeals) |
| Chhattisgarh VAT Act, 2005 | Value added tax | 32,697 | 3,300 | FY 2007-08 | Deputy Commissioner Raipur (Appeals) |
| West Bengal VAT Act 2003 | Value added tax | 1,038,907 | - | FY 2009-10 | Joint Commissioner, West Bengal |
| Income Tax Act, 1961 | Income tax | 119,575,567 | 34,500,000 | AY 2004-05 to 2007-08 | Income Tax Appellate Tribunal |

Notes:

- (i) FY - Financial year
 - (ii) AY – Assessment year
- (x) *In our opinion, the Company's accumulated losses at the end of the year are more than fifty percent of its net worth. The Company has incurred cash losses in the current year and the immediately preceding financial year.*
- (xi) *There are no dues payable to debenture-holders. The Company has defaulted in repayment of dues to banks and a financial institution as summarised below:*

| | Due date | Amount of default | Default in days |
|-------|-----------|-------------------|-----------------|
| Banks | 31-May-13 | 2,717,758 | 273-294 |
| | 30-Jun-13 | 3,175,432 | 243-334 |
| | 31-Jul-13 | 4,454,621 | 176-303 |
| | 31-Aug-13 | 16,204,862 | 145-395 |
| | 30-Sep-13 | 53,924,167 | 103-457 |
| | 31-Oct-13 | 57,824,771 | 84-426 |
| | 30-Nov-13 | 73,168,491 | 39-396 |
| | 31-Dec-13 | 299,737,682 | 1-365 |
| | 31-Jan-14 | 100,533,948 | 1-334 |
| | 28-Feb-14 | 284,628,292 | 3-306 |
| | 31-Mar-14 | 363,062,392 | 5-275 |

Annexure to the Independent Auditors' Report of even date to the members of Moser Baer India Limited, on the financial statements for the year ended 31 December 2014

| | Due date | Amount of default | Default in days |
|-----------------------|-----------|-------------------|-----------------|
| | 30-Apr-14 | 112,604,104 | 2-245 |
| | 31-May-14 | 243,972,299 | 5-214 |
| | 30-Jun-14 | 356,544,149 | 8-184 |
| | 31-Jul-14 | 93,458,653 | 27-153 |
| | 31-Aug-14 | 322,086,156 | 8-122 |
| | 30-Sep-14 | 203,427,186 | 1-92 |
| | 31-Oct-14 | 82,668,006 | 3-61 |
| | 30-Nov-14 | 429,332,892 | 1-31 |
| Financial Institution | 31-Mar-13 | 185,491 | 427 |
| | 30-Apr-13 | 1,258,371 | 397 |
| | 31-May-13 | 1,560,150 | 237-366 |
| | 30-Jun-13 | 2,843,718 | 207-396 |
| | 31-Jul-13 | 4,625,358 | 176-365 |
| | 31-Aug-13 | 4,344,271 | 145-334 |
| | 30-Sep-13 | 4,476,154 | 244-304 |
| | 31-Oct-13 | 6,380,441 | 213-426 |
| | 30-Nov-13 | 6,306,421 | 183-396 |
| | 31-Dec-13 | 13,823,208 | 152-365 |
| | 31-Jan-14 | 4,662,753 | 121-181 |
| | 28-Feb-14 | 13,277,501 | 93-153 |
| | 31-Mar-14 | 15,768,272 | 62-122 |
| | 30-Apr-14 | 3,635,112 | 92-245 |
| | 31-May-14 | 21,899,149 | 1-214 |
| | 30-Jun-14 | 14,151,717 | 31-184 |
| | 31-Jul-14 | 2,768,897 | 153 |
| | 31-Aug-14 | 13,008,600 | 122 |
| | 30-Sep-14 | 8,930,113 | 92 |
| | 31-Oct-14 | 4,408,920 | 61 |
| | 30-Nov-14 | 22,812,627 | 31 |

- (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. Accordingly, the provisions of clause 4(xii) of the Order are not applicable.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Accordingly, provisions of clause 4(xiii) of the Order are not applicable.
- (xiv) In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable.
- (xv) The Company has given a guarantee in respect of loans taken by subsidiaries from banks, in respect of which no commission is charged from the subsidiaries. In our opinion, having regard to the long term involvement with the subsidiary companies and considering the explanations given to us in this regard, the terms and conditions of the above are not, prima facie, prejudicial to the interests of the Company.

Annexure to the Independent Auditors' Report of even date to the members of Moser Baer India Limited, on the financial statements for the year ended 31 December 2014

- (xvi) In our opinion, the Company has applied the term loans for the purpose for which these loans were obtained.
- (xvii) *According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that funds amounting to approximately Rs. 14,877,708,565 raised on short term basis in the form of excess of current liabilities over current assets have been used for funding the operating losses of the Company.*
- (xviii) The Company has made preferential allotment of shares to parties covered in the register maintained under Section 301 of the Act. In our opinion, the price at which shares have been issued is not, *prima facie*, prejudicial to the interest of the Company.
- (xix) The Company has neither issued nor had any outstanding debentures during the year.
- (xx) The Company has not raised any money by public issues during the year. Accordingly, the provisions of clause 4(xx) of the Order are not applicable.
- (xxi) No fraud on or by the Company has been noticed or reported during the year covered by our audit.

For **Walker, Chandio & Co LLP**
(formerly Walker, Chandio & Co)
Chartered Accountants
Firm Registration No.: 001076N/N500013

per **Neeraj Goel**
Partner
Membership No.: 099514

Place: New Delhi
Date: 26 February 2015

MOSER BAER INDIA LIMITED

Balance sheet as at December 31, 2014

(All amounts in rupees, unless otherwise stated)

| | Notes | As at December 31, 2014 | As at December 31, 2013 |
|---|-------|----------------------------|----------------------------|
| EQUITY AND LIABILITIES | | | |
| Shareholders' funds | | | |
| Share capital | 4 | 2,083,061,040 | 1,983,061,040 |
| Reserves and surplus | 5 | (11,222,237,629) | (3,436,395,371) |
| | | <u>(9,139,176,589)</u> | <u>(1,453,334,331)</u> |
| Share application money pending allotment | | - | 63,000,000 |
| Non current liabilities | | | |
| Long term borrowings | 6 | 8,382,388,508 | 9,720,286,387 |
| Other long term liabilities | 7 | 1,763,947,647 | 1,808,815,939 |
| Long term provisions | 8 | 254,355,985 | 233,649,333 |
| | | <u>10,400,692,140</u> | <u>11,762,751,659</u> |
| Current liabilities | | | |
| Short term borrowings | 9 | 8,206,545,118 | 6,810,427,520 |
| Trade payables | 10 | 2,894,161,730 | 3,084,054,403 |
| Other current liabilities | 11 | 11,311,145,522 | 10,798,026,379 |
| Short term provisions | 12 | 2,340,113,350 | 1,622,862,659 |
| | | <u>24,751,965,720</u> | <u>22,315,370,961</u> |
| | | <u>26,013,481,271</u> | <u>32,687,788,289</u> |
| ASSETS | | | |
| Non current assets | | | |
| Fixed assets | | | |
| (a) Tangible assets | 13 | 6,430,007,507 | 8,018,569,204 |
| (b) Intangible assets | 13 | 108,974,451 | 150,843,517 |
| (c) Capital work in progress | 13 | 17,090,384 | - |
| Non current investments | 14 | 5,851,294,066 | 6,728,885,732 |
| Long term loans and advances | 15 | 269,239,088 | 1,111,928,529 |
| Other non current assets | 16 | 3,462,618,620 | 4,033,273,587 |
| | | <u>16,139,224,116</u> | <u>20,043,500,569</u> |
| Current assets | | | |
| Inventories | 17 | 3,009,047,381 | 5,012,109,948 |
| Trade receivables | 18 | 4,980,327,947 | 4,964,832,222 |
| Cash and bank balances | 19 | 313,082,092 | 715,471,540 |
| Short term loans and advances | 20 | 607,299,640 | 630,453,400 |
| Other current assets | 21 | 964,500,095 | 1,321,420,610 |
| Total current assets | | <u>9,874,257,155</u> | <u>12,644,287,720</u> |
| | | <u>26,013,481,271</u> | <u>32,687,788,289</u> |

The accompanying notes from 1 to 50 are an integral part of these financial statements.

This is the balance sheet referred to in our report of even date.

For Walker Chandio & Co LLP
(formerly Walker, Chandio & Co)
Chartered Accountants

per Neeraj Goel
Partner

Place: New Delhi
Date: February 26, 2015

For and on behalf of the board of directors of
MOSER BAER INDIA LIMITED

Deepak Puri
Chairman and
Managing Director

Yogesh Mathur
Group CFO

Nita Puri
Director

Neeraj Parmar
GM Legal and
Company Secretary

MOSER BAER INDIA LIMITED

Statement of profit and loss for the year ended December 31, 2014

(All amounts in rupees, unless otherwise stated)

| | Notes | Year ended December 31, 2014 | Period ended December 31, 2013 |
|---|-------|---------------------------------|-----------------------------------|
| Revenue | | | |
| Revenue from operations (gross) | 22 | 10,274,337,807 | 9,842,351,602 |
| Less: Excise duty | | 428,017,992 | 398,830,877 |
| Revenue from operations (net) | | 9,846,319,815 | 9,443,520,725 |
| Other income | 23 | 259,653,059 | 557,425,467 |
| Total revenue | | 10,105,972,874 | 10,000,946,192 |
| Expenses | | | |
| Cost of materials consumed | 24 | 4,983,129,867 | 5,018,362,166 |
| Purchases of stock in trade | 25 | 14,440,310 | 13,688,348 |
| Change in stock of finished goods, stock in trade and work in progress | 26 | 1,124,934,253 | 2,939,911 |
| Employee benefits expense | 27 | 1,486,093,517 | 1,136,344,408 |
| Depreciation and amortisation | 28 | 1,808,840,677 | 1,542,746,510 |
| Finance cost | 29 | 2,123,154,867 | 1,575,222,422 |
| Other expenses | 30 | 3,199,051,073 | 3,123,546,204 |
| Total expenses | | 14,739,644,564 | 12,412,849,969 |
| Loss before exceptional items and tax | | (4,633,671,690) | (2,411,903,777) |
| Exceptional items | 31 | (2,449,331,613) | (2,054,723,253) |
| Loss for the year/period | | (7,083,003,303) | (4,466,627,030) |
| Loss per equity share (refer note 40): | | | |
| -Basic | | (34.26) | (24.07) |
| -Diluted | | (34.26) | (24.07) |

The accompanying notes from 1 to 50 are an integral part of these financial statements.

This is the statement of profit and loss referred to in our report of even date.

For Walker Chandio & Co LLP
(formerly Walker, Chandio & Co)
Chartered Accountants

per Neeraj Goel
Partner

Place: New Delhi
Date: February 26, 2015

For and on behalf of the board of directors of
MOSER BAER INDIA LIMITED

Deepak Puri
Chairman and
Managing Director

Yogesh Mathur
Group CFO

Nita Puri
Director

Neeraj Parmar
GM Legal and
Company Secretary

MOSER BAER INDIA LIMITED

Cash flow statement for the year ended December 31, 2014

(All amounts in rupees, unless otherwise stated)

| | Year ended December 31, 2014 | Period ended December 31, 2013 |
|--|---------------------------------|-----------------------------------|
| Cash flow from operating activities: | | |
| Net loss before income tax | (7,083,003,303) | (4,466,627,030) |
| Adjustments to reconcile net loss to net cash provided by / (used in) operating activities: | | |
| Depreciation and amortisation | 1,808,840,677 | 1,542,746,510 |
| (Profit)/Loss on sale/deletion of fixed assets | 32,135 | (164) |
| Unrealised foreign exchange (gain)/loss | 74,138,710 | 335,033,162 |
| Finance cost | 2,123,154,867 | 1,575,222,422 |
| Interest Income | (114,965,256) | (173,093,680) |
| Old liabilities and provisions no longer required written back | (41,564,119) | (42,704,706) |
| Provision for warranty | (17,051,108) | 830,766 |
| Debts/Advances written off | 789,617,076 | 1,271,160,283 |
| Provision for diminution in long term investments | 877,591,666 | 111,510,000 |
| Provision for doubtful debts/ advances | 393,988,803 | 36,167,900 |
| Provision for slow moving stock | 290,889,003 | 5,762,367 |
| Operating profit before working capital changes | (898,330,849) | 196,007,830 |
| Changes in working capital | | |
| (Increase)/decrease in inventories | 1,545,639,341 | 259,481,002 |
| (Increase)/decrease in trade receivables | (79,571,832) | 1,203,623,996 |
| (Increase)/decrease in loans and advances and other assets | 272,444,007 | (1,349,874,896) |
| Increase/(decrease) in trade payables | (191,425,478) | 11,272,785 |
| Cash generated from operating activities | 648,755,189 | 320,510,717 |
| Income tax (paid)/refund (net of tax deducted at source) | (17,714,022) | (7,348,160) |
| Net cash generated from operating activities | A 631,041,167 | 313,162,557 |
| Cash flow from investing activities: | | |
| Purchase of fixed assets/additions to capital work in progress | (28,524,152) | 21,437,499 |
| Proceeds from sale of fixed assets | - | 401,228 |
| Investment in fixed deposit | (1,052,294,331) | (1,262,064,759) |
| Net Proceeds from fixed deposits | 1,436,461,280 | 1,349,751,291 |
| Interest received | 57,635,093 | 42,455,368 |
| Net cash generated from investing activities | B 413,277,890 | 151,980,627 |

MOSER BAER INDIA LIMITED

Cash flow statement for the year ended December 31, 2014

(All amounts in rupees, unless otherwise stated)

| | Year ended December 31, 2014 | Period ended December 31, 2013 |
|--|---------------------------------|-----------------------------------|
| Cash flow from financing activities: | | |
| Net Repayment of long term borrowings | (1,182,513,070) | (344,173,142) |
| Proceeds from long term borrowings | 127,000,000 | 255,430,762 |
| Net proceeds from short term borrowings | 1,395,695,520 | 142,743,089 |
| Finance costs paid | (1,529,756,250) | (1,086,931,582) |
| Dividend paid for earlier years | (557,381) | (362,050) |
| Promoters contribution received | 37,000,000 | 163,000,000 |
| Net cash used in financing activities | C | |
| | (1,153,131,182) | (870,292,923) |
| Net decrease in cash and cash equivalents | A + B + C | |
| | (108,812,125) | (405,149,739) |
| Cash and cash equivalents at beginning of the year | 191,903,757 | 597,053,496 |
| Cash and cash equivalents at end of the year | 83,091,633 | 191,903,757 |
| Component of cash and cash equivalents | | |
| Cash in hand | 2,263,081 | 1,029,812 |
| Funds in transit | 500,000 | 500,000 |
| Cheques in hand | 83,246 | 6,975 |
| Bank balances in | | |
| -Current accounts | 80,245,306 | 190,366,970 |
| Total cash and cash equivalents (refer note 19) | 83,091,633 | 191,903,757 |

The accompanying notes from 1 to 50 are an integral part of these financial statements.

This is the cash flow Statement referred to in our report of even date.

For **Walker Chandiok & Co LLP**
(formerly *Walker, Chandiok & Co*)
Chartered Accountants

per **Neeraj Goel**
Partner

Place: New Delhi
Date: February 26, 2015

For and on behalf of the board of directors of
MOSER BAER INDIA LIMITED

Deepak Puri
Chairman and
Managing Director

Yogesh Mathur
Group CFO

Nita Puri
Director

Neeraj Parmar
GM Legal and
Company Secretary

MOSER BAER INDIA LIMITED

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended December 31, 2014

(All amounts in rupees, unless otherwise stated)

1 Basis of accounting

The financial statements are prepared under historical cost convention on an accrual basis, in accordance with the generally accepted accounting principles in India and to comply with the Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government in exercise of the power conferred under sub-section (l) (a) of section 642 and the relevant provisions of the Companies Act, 1956 (the 'Act') read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. All assets and liabilities have been classified as current or non-current, wherever applicable as per the operating cycle of the Company as per the guidance as set out in the Revised Schedule VI to the Companies Act, 1956.

2 Use of estimates

The preparation of financial statements in conformity with the principles generally accepted in India requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent liabilities on the date of financial statements and the reported amounts of revenues and expenses during the reporting 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. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods.

3 Significant accounting policies

(a) Revenue recognition

(i) Revenue from sale of goods

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

(ii) Revenue from sale of services

Service income comprises of revenue from assets given on lease and other services rendered.

(a) Revenue from assets given on lease is recorded in accordance with the accounting policy given below on 'Leases'.

(b) Income from other services is recognised as and when services are rendered.

(iii) Other income

Interest is accounted for based on a time proportion basis taking into account the amount invested and the underlying rate of interest. when no significant uncertainty exists regarding realisation of the sale consideration.

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

Export benefit entitlements under the Focused Product Scheme are recognised in the statement of profit and loss when the right to receive credit as per the terms of the scheme is established in respect of the exports made.

(b) Fixed assets

(i) Tangible assets

Tangible 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/ capitalised with the related fixed assets.

Capital expenditure incurred on rented properties is recorded as leasehold improvements under fixed assets to the extent such expenditure is of a permanent nature. Expenditure on assets which are of removable nature are recorded in the respective category of assets.

(ii) Intangible assets

Intangible assets are stated at cost less accumulated amortisation. The cost incurred to acquire technical know-how with "right to use and exploit" are capitalised where the right allows the Company to obtain a future economic benefit from use of such know-how.

MOSER BAER INDIA LIMITED

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended December 31, 2014

(All amounts in rupees, unless otherwise stated)

Further, expenditure incurred on know-how yielding future economic benefits is recognised as internally generated intangible asset at cost less accumulated amortisation and impairment losses, if any.

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".

(c) Depreciation and amortisation

(i) Tangible assets

Depreciation on tangible fixed assets is provided under straight-line method at rates specified in Schedule XIV to the Companies Act, 1956, being representative of the useful lives of tangible fixed assets.

Leasehold improvements are being amortised over the primary lease period or useful lives of related fixed assets whichever is shorter.

Depreciation on additions is being provided on pro-rata basis from the date of such additions. Similarly, depreciation on assets sold/ disposed off during the period is being provided up to the date on which such assets are sold/ disposed off. All assets costing Rs. 5,000 or less are fully depreciated in the year of purchase.

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 on such long term liabilities, the depreciation on the revised unamortised depreciable amount is provided prospectively over the residual useful life of the asset.

(ii) Intangible assets

Intangible assets are being amortised on a straight line basis over the useful life, not exceeding 10 years, as estimated by management to be the economic life of the asset over which economic benefits are expected to flow.

(d) Research and development costs

Revenue expenditure on research is expensed off under the respective heads of account in the year in which it is incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised, if the cost can be reliably measured, the product or process is technically and commercially feasible and the Company has sufficient resources to complete the development and to use and sell the asset. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in the statement of profit and loss as an expense as incurred.

Capitalised development expenditure is stated at cost less accumulated amortisation. Fixed assets used for research and development are depreciated in accordance with the Company's policy on fixed assets as stated above.

(e) 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.

(f) Inventories

(i) Inventories are valued as under:

Inventories are stated at lower of cost and net realisable value.

(ii) Cost of inventories is ascertained on the following basis:

- Cost of raw materials, 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 and non-recoverable duties.

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

MOSER BAER INDIA LIMITED

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended December 31, 2014

(All amounts in rupees, unless otherwise stated)

Net realisable value is the estimated selling price in the ordinary course of business, less estimated cost to effect the sale.

(iii) Provision for obsolescence and slow moving inventory is made based on management's best estimates of net realisable value of such inventories.

(g) 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.

(h) Borrowing costs

Borrowing costs directly attributable to acquisition, construction or erection of fixed assets, which necessarily take a substantial period of time (generally 12 months or more) to be ready for the intended use, are capitalised. Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying assets for their intended use are complete.

Other borrowing costs are recognised as an expense in the statement of profit and loss in the year in which they are incurred.

(i) Employee benefits

(i) Provident fund and Employees' state insurance

The Company makes contribution to statutory provident fund which is recognised by the income tax authorities in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952 which is a defined contribution plan. These funds are administered through Regional Provident Fund Commissioner and contribution paid or payable is recognised as an expense in the period in which the services are rendered by the employee. The Company has no legal or constructive obligations to pay further contributions after payment of the fixed contribution.

The Company's contribution to state plans namely Employee's State Insurance Fund and Employee's Pension Scheme 1995 is recognised as an expense in the period in which the services are rendered by the employee.

(ii) Gratuity

Gratuity is a post employment benefit and is in the nature of defined benefit plan. The liability recognised in the balance sheet in respect of gratuity is the present value of the defined benefit obligation as at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses. Gratuity Fund is administered through Life Insurance Corporation of India. The defined benefit obligation is calculated at the balance sheet date on the basis of actuarial valuation by an independent actuary using projected unit credit method. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recorded in the statement of profit and loss in the year in which such gains or losses arise.

(iii) Unavailed leaves

The Company also provides benefit of compensated absences to its employees which are in the nature of long term benefit plan. The compensated absences comprises of vesting as well as non vesting benefit. Liability in respect of compensated absences becoming due and expected to be availed within one year from the balance sheet date is recognised on the basis of undiscounted value of estimated amount required to be paid or estimated value of benefits expected to be availed by the employees. Liability in respect of compensated absences becoming due and expected to be availed more than one year after the balance sheet date is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method as on the reporting date. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recorded in the statement of profit and loss in the year in which such gains or losses arise.

(iv) Other benefits

Liability for long term employee retention schemes is determined on the basis of actuarial valuation at the year end. Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the statement of profit and loss as income or expense.

Expense in respect of other short term benefits is recognised on the basis of amount paid or payable for the period during which services are rendered by the employees.

MOSER BAER INDIA LIMITED

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended December 31, 2014

(All amounts in rupees, unless otherwise stated)

(j) Foreign currency transactions

(i) Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount, the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Subsequent recognition

Foreign currency monetary assets and liabilities are reported using the closing rate as at the reporting date.

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

(iii) Exchange differences

Exchange differences arising on the settlement of monetary items at rates different from those at which they were initially recorded during the year or reported in previous financial statements, are recognised as income or expense in the year in which they arise, except for exchange differences arising on foreign currency monetary items.

Exchange differences arising on long term foreign currency monetary items in so far as it relates to the acquisition of depreciable capital assets are 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 monetary items or 31 March 2020, whichever is earlier.

(iv) Foreign branches

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 statement of profit and loss.

(k) Derivative instruments

The Company uses foreign exchange forward contracts to hedge its exposure towards underlying assets or liability or for highly probable and forecasted transactions. These foreign exchange forward contracts are not used for trading or speculation purposes.

(i) Forward contracts where an underlying asset or liability exists

In such case, 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.

(ii) Forward contracts taken for highly probable/ forecast transactions

Such forward exchange contracts are marked to market at the balance sheet date if such mark to market results in exchange loss such exchange loss is recognised in the statement of profit and loss immediately. Any gain is ignored and not recognised in the financial statements in accordance with the principles of prudence enunciated in Accounting Standard 1- Disclosure of Accounting Policies notified under the Companies Act, 1956.

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.

(l) Taxation

Tax expense comprises current tax and deferred tax.

(i) 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 a foreign branch.

(ii) Deferred tax

Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which

MOSER BAER INDIA LIMITED

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended December 31, 2014

(All amounts in rupees, unless otherwise stated)

such deferred tax assets can be realised. In respect of carry forward losses and unabsorbed depreciation, deferred tax assets are recognised only to the extent there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such losses can be set off.

(m) Leases

(i) Finance 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.

(ii) Operating lease

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets, are classified as 'Operating Leases'. Lease rentals in respect of assets taken under operating leases are charged to the statement of profit and loss on a straight line basis over the term of lease.

(n) 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 Plans 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 a straight line basis over the vesting period.

(o) Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and is recognised in the statement of profit and loss. 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.

(p) Provisions and contingent liabilities

The Company creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation.

A disclosure is made for a contingent liability when there is a:

- possible obligation, the existence of which will be confirmed by the occurrence/non-occurrence of one or more uncertain events, not fully within the control of the Company;
- present obligation, where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
- present obligation, where a reliable estimate cannot be made.

Where there is a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

(q) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares, except where results would be anti-dilutive.

MOSER BAER INDIA LIMITED

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended December 31, 2014

(All amounts in rupees, unless otherwise stated)

4 Share capital

| Particulars | As at December 31, 2014 | | As at December 31, 2013 | |
|--|-------------------------|----------------------|-------------------------|----------------------|
| | Number | Amount | Number | Amount |
| Authorised | | | | |
| Equity shares of Rs. 10 each | 1,250,000,000 | 12,500,000,000 | 1,250,000,000 | 12,500,000,000 |
| Issued | | | | |
| Equity shares of Rs. 10 each | 208,306,104 | 2,083,061,040 | 198,306,104 | 1,983,061,040 |
| Subscribed and fully paid up | | | | |
| Equity shares of Rs. 10 each fully paid up | 208,306,104 | 2,083,061,040 | 198,306,104 | 1,983,061,040 |
| Total | 208,306,104 | 2,083,061,040 | 198,306,104 | 1,983,061,040 |

(A) Terms and rights attached to equity shares :

The Company has one class of equity shares having par value of Rs. 10 each. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors, if any is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(B) The Company has not issued any bonus shares during the current year and five years immediately preceding current year.

(C) Reconciliation of the number of shares outstanding at beginning and end of reporting period :

| Particulars | As at December 31, 2014 | | As at December 31, 2013 | |
|--|-------------------------|---------------|-------------------------|---------------|
| | Number | Amount | Number | Amount |
| Shares outstanding at the beginning of the year/period | 198,306,104 | 1,983,061,040 | 168,306,104 | 1,683,061,040 |
| Add : Shares issued during the year/period | 10,000,000 | 100,000,000 | 30,000,000 | 300,000,000 |
| Shares outstanding at the end of the year/period | 208,306,104 | 2,083,061,040 | 198,306,104 | 1,983,061,040 |

(D) Shareholders holding more than 5 % of equity share capital :

| Name of shareholder | As at December 31, 2014 | | As at December 31, 2013 | |
|--------------------------------|-------------------------|--------------|-------------------------|--------------|
| | Number of shares held | % of holding | Number of shares held | % of holding |
| Deepak Puri and HUF | 67,420,141 | 32.37 | 57,420,141 | 28.95 |
| Electra Partners Maritius Ltd. | 9,960,345 | 4.78 | 9,960,345 | 5.02 |

(E) Stock option plans :

The Company has two Stock Option Plans:

(a) Employee Stock Option Plan 2004 and 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 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:-

- Normal allocation:- Rs. 125 per option or prevailing market price, whichever is higher.
- 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 the Company.

MOSER BAER INDIA LIMITED

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended December 31, 2014

(All amounts in rupees, unless otherwise stated)

Reconciliation of number of options granted, exercised and cancelled/lapsed during the year/period :

| Particulars | For the year ended December 31, 2014 | | For the period ended December 31, 2013 | |
|--|---|------------------------------------|---|------------------------------------|
| | Number | Weighted average price (Rs.) | Number | Weighted average price (Rs.) |
| Options outstanding at beginning of year/period | 319,650 | 254.57 | 654,450 | 313.02 |
| Add: Options granted | - | - | - | - |
| Less: Options exercised | - | - | - | - |
| Less: Options cancelled | 204,800 | 293.58 | 326,400 | 254.98 |
| Less: Options lapsed | 22,850 | 317.72 | 8,400 | 208.87 |
| Less: Options forfeited | - | - | - | - |
| Options outstanding at the end of year/period | 92,000 | 152.06 | 319,650 | 254.57 |
| Option exercisable at the end of year/period | 92,000 | 152.06 | 319,650 | 254.57 |

The options outstanding at the end of year had exercise price in the range of Rs. 125 to Rs. 221.95 (previous period Rs. 125 to Rs. 491.90) and a weighted average remaining contractual life of 0.49 years (previous period 1.56 years).

(b) Employee Stock Option Plan-2009

The Company established a stock option plan called " Moser Baer India Limited Stock Option Plan 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 may determine. The granted options shall be settled through issue of equity shares. The exercise price shall be as follows:-

- (i) Normal allocation:- Market price at 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.

During the current year, the Company has issued Nil (previous year Nil) options to eligible employees. The vesting period for the option granted varies from 12 to 48 months from the date of the grant. No options have been exercised during the year.

Reconciliation of number of options granted, exercised and cancelled/lapsed during the year/period :

| Particulars | For the year ended December 31, 2014 | | For the period ended December 31, 2013 | |
|--|---|------------------------------------|---|------------------------------------|
| | Number | Weighted average price (Rs.) | Number | Weighted average price (Rs.) |
| Options outstanding at beginning of year/period | 1,265,041 | 77.00 | 1,532,237 | 76.77 |
| Add: Options granted | - | - | - | - |
| Less: Options exercised | - | - | - | - |
| Less: Options cancelled | 317,589 | 75.67 | 267,196 | 75.68 |
| Less: Options lapsed | - | - | - | - |
| Less: Options forfeited | - | - | - | - |
| Options outstanding at the end of year/period | 947,452 | 77.44 | 1,265,041 | 77.00 |
| Option exercisable at the end of year/period | 947,452 | 77.44 | 837,395 | 77.25 |

The options outstanding at the end of year had exercise price in the range of Rs. 62.80 to Rs. 170.00 (previous period Rs. 46.30 to Rs. 170.00) and a weighted average remaining contractual life of 2.62 years (previous period 3.62 years).

MOSER BAER INDIA LIMITED

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended December 31, 2014

(All amounts in rupees, unless otherwise stated)

5 Reserves and surplus

| Particulars | As at December 31, 2014 | As at December 31, 2013 |
|---|----------------------------|----------------------------|
| (a) Capital reserve | | |
| Opening balance | 181,440,000 | 181,440,000 |
| Add: Additions during the year/period | - | - |
| Less: Written back in current year/period | - | - |
| Closing balance | 181,440,000 | 181,440,000 |
| (b) Securities premium account | | |
| Opening balance | 5,756,311,278 | 6,533,172,317 |
| Less: Premium on redemption of foreign currency convertible bonds | 702,838,955 | 776,861,039 |
| Closing balance | 5,053,472,323 | 5,756,311,278 |
| (c) Deficit as per statement of profit and loss | | |
| Opening balance | (9,374,146,649) | (4,907,519,619) |
| Add: Net loss for the year/period | (7,083,003,303) | (4,466,627,030) |
| Closing balance | (16,457,149,952) | (9,374,146,649) |
| Total | (11,222,237,629) | (3,436,395,371) |

6 Long term borrowings

| Particulars | As at December 31, 2014 | As at December 31, 2013 |
|---|----------------------------|----------------------------|
| Secured (refer note (i)(a) and (i)(b)) | | |
| Term loans | | |
| (a) Rupee loan from banks | | |
| Term loans | 7,267,059,000 | 8,146,512,000 |
| Working capital term loans | 636,098,000 | 966,743,000 |
| Funded interest term loans | - | 209,468,454 |
| (b) Rupee loan from others | | |
| Term loans | 268,753,008 | 284,942,949 |
| Working capital term loans | 83,478,500 | 107,680,250 |
| Funded interest term loans | - | 4,939,734 |
| | 8,255,388,508 | 9,720,286,387 |
| Unsecured | | |
| Others | 127,000,000 | - |
| Total | 8,382,388,508 | 9,720,286,387 |

MOSER BAER INDIA LIMITED

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended December 31, 2014

(All amounts in rupees, unless otherwise stated)

Note:

(i) Secured loans

(a) Nature of security and terms of repayment for secured borrowings as at December 31, 2014 and December 31, 2013:

| Particulars | As at December 31, 2014 | As at December 31, 2013 | Security | Terms of repayment |
|---|----------------------------|----------------------------|---|--|
| Term loans under corporate debt restructuring | 8,972,342,615 | 9,581,198,805 | (i) First pari passu charge on fixed assets. (ii) Second pari passu charge on current assets of the Company. (iii) Pledge of 100% shareholding of the promoters of the Company. (iv) Personal guarantee of Mr. Deepak Puri and Mrs. Nita Puri. | Repayable in 32 quarterly installments after moratorium of 2 years from cut off date i.e. November 30, 2011 commencing from February 2014 |
| Working capital term loans | 1,252,236,988 | 1,399,900,000 | (v) Negative lien on land of Moser Baer Infrastructure and Developer Limited at Chennai on pari passu basis. (vi) Corporate guarantee of Moser Baer Infrastructure and Developers Limited. (subsidiary of the Company that owns the rights to the Chennai land). | Repayable in 16 quarterly installments after moratorium of 2 years from cut off date i.e. November 30, 2011, commencing from February 2014 |
| Funded interest term loans | 622,027,597 | 1,231,469,623 | (vii) Pledge of shares of Moser Baer Infrastructure and Developers Limited. | Repayable in 7 quarterly installments commencing from September 30, 2013 |
| Total | 10,846,607,200 | 12,212,568,428 | | |
| Less : Current portion of long term debts | 2,591,218,692 | 2,492,282,041 | | |
| Net long term borrowings | 8,255,388,508 | 9,720,286,387 | | |

(b) Interest rates

-Interest rate on long term borrowings varies from 10.25% to 11% p.a (previous period 10.25% to 11% p.a).

7 Other long term liabilities

| Particulars | As at December 31, 2014 | As at December 31, 2013 |
|--|----------------------------|----------------------------|
| Deferred government grant (refer note below) | 35,000,000 | 35,000,000 |
| Security deposits from | | |
| -Subsidiaries | 1,715,000,000 | 1,715,000,000 |
| -Others | 200,000 | 12,200,000 |
| Retention money | 1,970,730 | 2,080,731 |
| Lease equalisation reserve | 11,776,917 | 44,535,208 |
| Total | 1,763,947,647 | 1,808,815,939 |

Note :

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)Se₂ solar cells. During the year ended 31 March 2011, the Company received RandD 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 142,100,000. 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 specific fixed assets.

8 Long term provisions

| Particulars | As at December 31, 2014 | As at December 31, 2013 |
|---|----------------------------|----------------------------|
| Provision for employee benefits | | |
| Gratuity (refer note 42) | 177,780,020 | 158,678,697 |
| Unavailed leave (refer note 42) | 76,418,766 | 74,784,777 |
| Key resource bonus and deferred salary (refer note below) | 157,199 | 185,859 |
| Total | 254,355,985 | 233,649,333 |

MOSER BAER INDIA LIMITED

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended December 31, 2014

(All amounts in rupees, unless otherwise stated)

Note:

The following is the movement in provisions above from the beginning to the close of the reporting year/period:

| Particulars | Key resource bonus and deferred salary | |
|---|--|--|
| | For the year ended December 31, 2014 | For the period ended December 31, 2013 |
| Balance as at the beginning of the year/period | 1,350,189 | 17,786,327 |
| Add: Provision made during the year/period | 3,244,510 | 19,876,362 |
| Less: Paid during the year/period | (4,437,500) | (36,312,500) |
| Balance as at the end of the year/period | 157,199 | 1,350,189 |
| Less: Amount classified under short term provisions | - | 1,164,330 |
| Balance as at the end of the year/period | 157,199 | 185,859 |

9 Short term borrowings

| Particulars | As at December 31, 2014 | As at December 31, 2013 |
|---|-------------------------|-------------------------|
| Short term loans (secured) | | |
| (a) From banks | | |
| - Secured by first pari passu charge on all current assets of the Company and further by way of second charge on all fixed assets of the Company (refer note below) | 7,771,762,344 | 6,363,927,520 |
| (b) From others | | |
| - Secured by first pari passu charge on all current assets of the Company and further by way of second charge on all fixed assets of the Company (refer note below) | 434,782,774 | 446,500,000 |
| Total | 8,206,545,118 | 6,810,427,520 |

Note :

Short term loans outstanding as at 31 December 2014 are further secured by as per below :

- (i) Pledge of 100% shareholding of the promoters of the Company.
- (ii) Personal guarantee of Mr. Deepak Puri and Mrs. Nita Puri.
- (iii) Negative lien on land of Moser Baer Infrastructure and Developers Limited at Chennai on pari passu basis.
- (iv) Corporate guarantee of Moser Baer Infrastructure and Developers Limited (subsidiary of the company that owns the rights to the Chennai land).
- (v) Pledge of shares of Moser Baer Infrastructure and Developers Limited.

10 Trade payables

| Particulars | As at December 31, 2014 | As at December 31, 2013 |
|--|-------------------------|-------------------------|
| Acceptances | 309,251,055 | 854,745,146 |
| Trade creditors | | |
| - Dues to micro small and medium enterprises (refer note 44) | 50,439,026 | 70,647,794 |
| - Dues to others | 2,534,471,649 | 2,158,661,463 |
| Total | 2,894,161,730 | 3,084,054,403 |

MOSER BAER INDIA LIMITED

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended December 31, 2014

(All amounts in rupees, unless otherwise stated)

11 Other current liabilities

| Particulars | As at December 31, 2014 | As at December 31, 2013 |
|--|----------------------------|----------------------------|
| Current maturities of long term loans | 2,591,218,692 | 2,492,282,041 |
| Current maturities of foreign currency convertible bonds (refer note 43(c)) | 5,579,040,000 | 5,471,955,000 |
| Current maturities of premium on redemption on foreign currency convertible bonds (refer note 43(b)) | 2,034,913,177 | 2,032,527,592 |
| Interest accrued but not due on borrowings | 31,557 | 228,379 |
| Interest accrued and due on borrowings | 686,433,577 | 363,645,200 |
| Income received in advance | 29,830,924 | 17,855,039 |
| Unpaid dividends | 2,383,192 | 2,940,573 |
| Others | | |
| -Creditors for capital goods | 80,964,830 | 80,770,556 |
| -Employee benefits payable | 130,426,825 | 128,589,688 |
| -Statutory dues | 65,830,475 | 82,693,185 |
| -Security deposits received | 2,658,951 | 2,882,951 |
| -Retention money | 45,139,931 | 45,139,930 |
| -Book overdraft | 23,168,254 | 45,932,358 |
| -Other accrued liabilities | 39,105,137 | 30,583,887 |
| Total | 11,311,145,522 | 10,798,026,379 |

12 Short term provisions

| Particulars | As at December 31, 2014 | As at December 31, 2013 |
|---|----------------------------|----------------------------|
| (a) Provision for employee benefits | | |
| Unavailed leaves (refer note 42) | 13,381,476 | 13,818,545 |
| Key resource bonus and deferred salary (refer note 8) | - | 1,164,330 |
| (b) Others | | |
| Provision for warranty (refer note below) | 7,563,959 | 24,615,067 |
| Provision for other probable obligations (refer note below) | 474,662,439 | 439,212,610 |
| Provision for redemption of foreign currency convertible bonds (refer note 43(b)) | 1,844,505,476 | 1,144,052,107 |
| Total | 2,340,113,350 | 1,622,862,659 |

Note :

The following is the movement in provisions above from the beginning to the close of the reporting period:

| Particulars | Warranty* | | Probable obligations** | |
|---|---|---|---|---|
| | For the year ended December 31, 2014 | For the period ended December 31, 2013 | For the year ended December 31, 2014 | For the period ended December 31, 2013 |
| Balance as at the beginning of the year/period | 24,615,067 | 23,784,301 | 439,212,610 | 412,503,835 |
| Add: Provision made during the year/period | 1,277,968 | 3,515,669 | 35,449,829 | 26,708,775 |
| Less: Utilised during the year/period | (1,477,076) | (1,416,720) | - | - |
| Less: written back during the year/period | (16,852,000) | (1,268,183) | - | - |
| Balance as at the end of the year/period | 7,563,959 | 24,615,067 | 474,662,439 | 439,212,610 |

MOSER BAER INDIA LIMITED

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended December 31, 2014

(All amounts in rupees, unless otherwise stated)

* Warranty provision relate to the estimated outflow in respect of warranty for products sold by the Company. 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

** Probable obligations provision relates to the estimated outflow in respect of possible liabilities expected to arise in future. As per notification no. 22/2006 of Central Excise, the Company has to pay additional custom duty on its local sales, if the goods sold are exempted from payment of sales tax or value added tax. One of the units of the Company is exempt from payment of local sales tax and hence the department has disputed the same and demanded the duty on the sale of such goods. The Company has recorded the liability for the amount demanded and is accruing the interest on the same quarterly. 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, hence considered as short term in nature.

MOSER BAER INDIA LIMITED

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended December 31, 2014

(All amounts in rupees, unless otherwise stated)

13 Fixed assets

| Particulars | Gross block | | Accumulated depreciation and amortisation | | | | Net block | |
|---------------------------------|-------------------------------|--------------------|---|---------------------------------|----------------------|---------------------------|---------------------------------|---------------------------------|
| | Balance as at January 1, 2014 | Additions | Deletions | Balance as at December 31, 2014 | Charge for the year | Adjustment upon deletions | Balance as at December 31, 2014 | Balance as at December 31, 2013 |
| Tangible assets | | | | | | | | |
| Leasehold land | 273,666,570 | - | - | 273,666,570 | 2,966,303 | - | 236,260,583 | 239,226,886 |
| Buildings | 3,302,066,844 | - | - | 3,302,066,844 | 108,936,676 | - | 2,048,589,298 | 2,157,525,974 |
| Plant and equipments | 40,717,861,863 | 178,442,049 | - | 40,896,303,912 | 1,630,419,282 | - | 4,017,546,588 | 5,469,523,821 |
| Furniture and fixtures | 175,339,860 | - | - | 175,339,860 | 9,443,315 | - | 63,020,936 | 72,464,251 |
| Vehicles | 19,566,675 | - | - | 19,566,675 | 1,425,798 | - | 3,563,306 | 4,989,104 |
| Office equipments | 102,079,491 | - | - | 102,079,491 | 4,565,582 | - | 48,912,266 | 53,477,848 |
| Computer equipments | 213,369,524 | - | 642,700 | 212,726,824 | 9,214,655 | 610,565 | 12,114,530 | 21,361,320 |
| Total | 44,803,950,827 | 178,442,049 | 642,700 | 44,981,750,176 | 1,766,971,611 | 610,565 | 6,430,007,507 | 8,018,569,204 |
| Previous period | 44,807,761,523 | 4,996,449 | 8,807,145 | 44,803,950,827 | 1,509,998,148 | 8,406,081 | 8,018,569,204 | |
| Intangible assets | | | | | | | | |
| Computer software | 76,788,649 | - | - | 76,788,649 | 5,411,848 | - | 7,614,456 | 13,026,304 |
| Technical know how | 438,380,208 | - | - | 438,380,208 | 36,457,218 | - | 101,359,995 | 137,817,213 |
| Total | 515,168,857 | - | - | 515,168,857 | 41,869,066 | - | 108,974,451 | 150,843,517 |
| Previous period | 508,682,892 | 6,485,965 | - | 515,168,857 | 32,748,362 | - | 150,843,517 | - |
| Capital Work In Progress | - | 17,090,384 | - | 17,090,384 | - | - | 17,090,384 | - |

Notes:

1. Additions to plant and machinery include exchange loss of Rs. Nil (previous period exchange loss of Rs. Nil).

MOSER BAER INDIA LIMITED

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended December 31, 2014

(All amounts in rupees, unless otherwise stated)

14 Non current investments

| Particulars | As at December 31, 2014 | | As at December 31, 2013 | |
|--|----------------------------|----------------------|----------------------------|----------------------|
| Trade Investments | | | | |
| (1) Investment in Equity shares | | | | |
| (a) Subsidiaries | | | | |
| European Optic Media Technology GMBH | | | | |
| Share Capital of € 2,025,000 (previous year € 2,025,000) Includes reserve capital of Rs. 111,689,796 (previous year Rs. 111,689,796) | 222,953,546 | | 222,953,546 | |
| Less: Provision for diminution | (168,852,376) | 54,101,170 | (168,852,376) | 54,101,170 |
| Peraround Limited | | | | |
| 1,524,761 (previous year 1,524,761) shares of €1.71 each. | 154,618,741 | | 154,618,741 | |
| Less: Provision for diminution | (13,868,000) | 140,750,741 | - | 154,618,741 |
| Photovoltaic Holdings Ltd | | | | |
| 7,086,860 (previous year 7,086,860) equity shares of GBP 1 each | | 498,080,000 | | 498,080,000 |
| Moser Baer SEZ Developer Ltd | | | | |
| 3,000,000 (previous year 3,000,000) equity shares of Rs 10 each | | 30,000,000 | | 30,000,000 |
| Moser Baer Entertainment Ltd | | | | |
| 270,000 (previous year 270,000) equity shares of Rs 10 each | 2,700,000 | | 2,700,000 | |
| 6,000,000 (previous year 6,000,000) equity shares of Rs 10 each issued at premium of Rs. 90 each. | 600,000,000 | | 600,000,000 | |
| Less: Provision for diminution | (188,191,666) | 414,508,334 | - | 602,700,000 |
| Moser Baer Investments Ltd | | | | |
| 1,400,000 (previous year 1,400,000) equity shares of Rs 10 each. | | 14,000,000 | | 14,000,000 |
| (b) Associates | | | | |
| Global Data Media FZ-LLC | | | | |
| 7,194 (previous year 7,194) shares of AED 1,000 each | 92,532,185 | | 92,532,185 | |
| Less: Provision for diminution | (92,532,185) | - | (92,532,185) | - |
| Moser Baer Infrastructure Limited | | | | |
| 3,430,000 (previous year 3,430,000) equity shares of Rs. 10 each | 34,300,000 | | 34,300,000 | |
| Less: Provision for diminution | (34,300,000) | - | (34,300,000) | - |
| (c) Others | | | | |
| Lumen Engineering Private Limited | | | | |
| 102,000 (previous year 102,000) equity shares of Rs. 10 each | | 1,020,000 | | 1,020,000 |
| Moser Baer Projects Private Limited | | | | |
| 510,000 (previous year 510,000) equity shares of Rs 10 each | | 5,100,000 | | 5,100,000 |
| Capco Luxembourg S.A.R.L. | | | | |
| 1 (previous year 1) equity share of Euro 125 each | | 4,961 | | 4,961 |
| | | 1,157,565,206 | | 1,359,624,872 |

MOSER BAER INDIA LIMITED

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended December 31, 2014

(All amounts in rupees, unless otherwise stated)

| Particulars | As at December 31, 2014 | | As at December 31, 2013 | |
|--|----------------------------|----------------------|----------------------------|----------------------|
| (2) Investments in Preference shares | | | | |
| (a) Subsidiaries | | | | |
| Peraround Limited | | | | |
| 1,833 (previous year 1,833) zero coupon redeemable preference shares of € 100 each at a premium of € 900 each. | 299,156,000 | | 299,156,000 | |
| Less: Provision for diminution | (299,156,000) | - | (223,624,000) | 75,532,000 |
| Heilos Photo Voltaic Limited | | | | |
| 86,500,000 (previous year 86,500,000) 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) 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) 9% cumulative, redeemable series B2 preference shares of Rs. 10 each | 338,877,600 | | 338,877,600 | |
| Less: Provision for diminution | (111,510,000) | 1,352,582,260 | (111,510,000) | 1,352,582,260 |
| Moser Baer Solar Limited | | | | |
| 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 | 1,460,000,000 | 410,000,000 | 1,460,000,000 |
| Moser Baer SEZ Developer Limited | | | | |
| 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 | | 750,000,000 | | 750,000,000 |
| Moser Baer Entertainment Limited | | | | |
| 50,000,000 (previous year 50,000,000) 10% cumulative, redeemable preference shares of Rs 10 each. | 500,000,000 | | 500,000,000 | |
| 10,000,000 (previous year 10,000,000) 15% cumulative, redeemable series B preference shares of Rs. 10 each | 100,000,000 | | 100,000,000 | |
| Less: Provision for diminution | (600,000,000) | - | - | 600,000,000 |
| Moser Baer Investments Limited | | | | |
| 63,114,660 (previous year 63,114,660) compulsorily B convertible preference shares of Rs. 10 each | | 631,146,600 | | 631,146,600 |
| (b) Others | | | | |
| Capco Luxembourg S.A.R.L. | | | | |
| 63,366 (previous year 63,366) preferred equity certificates of Euro 125 each | 320,668,823 | | 320,668,823 | |
| Less: Provision for diminution | (320,668,823) | - | (320,668,823) | - |
| | | 4,193,728,860 | | 4,869,260,860 |
| (3) Investments in Debentures | | | | |
| Moser Baer Solar Limited | | | | |
| 1 (previous year 1) 13.25% non convertible debentures of Rs. 60,000,000 each | 60,000,000 | | 60,000,000 | |
| 1 (previous year 1) 13.25% non convertible debentures of Rs. 65,000,000 each | 65,000,000 | | 65,000,000 | |
| 1 (previous year 1) 13.25% non convertible debentures of Rs. 375,000,000 each | 375,000,000 | 500,000,000 | 375,000,000 | 500,000,000 |
| | | 500,000,000 | | 500,000,000 |
| Total | | 5,851,294,066 | | 6,728,885,732 |

MOSER BAER INDIA LIMITED

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended December 31, 2014

(All amounts in rupees, unless otherwise stated)

| Particulars | As at December 31, 2014 | As at December 31, 2013 |
|--|----------------------------|----------------------------|
| Aggregate amount of unquoted investments | 7,680,373,116 | 7,680,373,116 |
| Aggregate amount of provision for diminution | 1,829,079,050 | 951,487,384 |

15 Long term loans and advances

| Particulars | As at December 31, 2014 | As at December 31, 2013 |
|---|----------------------------|----------------------------|
| <i>Unsecured, considered good unless otherwise stated</i> | | |
| Advances for capital goods | 26,109,822 | 26,389,604 |
| Security deposits | 31,851,939 | 72,914,331 |
| Loan to subsidiaries | - | 809,849,259 |
| Prepaid expenses | 57,059 | 428,180 |
| Prepaid taxes (net of provision for tax Rs.14,957,797 (previous year Rs.14,957,797)) | 90,538,773 | 72,824,751 |
| Balances with government authorities | 120,681,495 | 129,522,404 |
| | 269,239,088 | 1,111,928,529 |

16 Other non current assets

| Particulars | As at December 31, 2014 | As at December 31, 2013 |
|-----------------------------|----------------------------|----------------------------|
| (a) Lease rent receivable | | |
| -Secured, considered good | 1,715,000,000 | 1,715,000,000 |
| -Unsecured, considered good | 537,690,020 | 816,961,580 |
| | 2,252,690,020 | 2,531,961,580 |
| (b) Others | | |
| -Margin money | 42,678,600 | 133,825,607 |
| -Lease equalisation account | - | 39,236,400 |
| -Long term trade receivable | 1,167,250,000 | 1,328,250,000 |
| | 1,209,928,600 | 1,501,312,007 |
| Total | 3,462,618,620 | 4,033,273,587 |

17 Inventories

| Particulars | As at December 31, 2014 | As at December 31, 2013 |
|----------------------------------|----------------------------|----------------------------|
| (a) Raw materials and components | 280,093,041 | 444,407,284 |
| Goods-in transit | 19,950,278 | 89,097,583 |
| | 300,043,319 | 533,504,867 |
| (b) Work-in-progress | 1,323,112,460 | 2,133,694,448 |
| | 1,323,112,460 | 2,133,694,448 |
| (c) Finished goods | 722,052,756 | 1,326,394,382 |
| | 722,052,756 | 1,326,394,382 |
| (d) Stock-in-trade | 8,786,905 | 18,792,828 |
| | 8,786,905 | 18,792,828 |
| (e) Stores and spares | 560,809,908 | 834,007,770 |
| Goods-in transit | 692,559 | 322,590 |
| | 561,502,467 | 834,330,360 |
| (f) Loose tools | 3,417,509 | 3,778,441 |
| | 3,417,509 | 3,778,441 |
| (g) Packing material | 88,220,668 | 113,254,275 |
| Goods-in transit | 1,911,297 | 48,360,347 |
| | 90,131,965 | 161,614,622 |
| Total | 3,009,047,381 | 5,012,109,948 |

MOSER BAER INDIA LIMITED

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended December 31, 2014

(All amounts in rupees, unless otherwise stated)

18 Trade receivables

| Particulars | As at December 31, 2014 | As at December 31, 2013 |
|---|----------------------------|----------------------------|
| Trade receivables outstanding for a period exceeding six months from the date they are due for payment | | |
| -Unsecured, considered good | 1,794,389,455 | 863,100,289 |
| -Unsecured, considered doubtful | 511,067,563 | 115,201,563 |
| -Less: Provision for doubtful debts* | (511,067,563) | (115,201,563) |
| | 1,794,389,455 | 863,100,289 |
| Others | | |
| -Unsecured, considered good | 3,185,938,492 | 4,101,731,933 |
| | 3,185,938,492 | 4,101,731,933 |
| Total | 4,980,327,947 | 4,964,832,222 |

* The following is the movement in provisions above from the beginning to the close of the reporting period:

| Particulars | Provision for debtors | |
|--|----------------------------|----------------------------|
| | As at December 31, 2014 | As at December 31, 2013 |
| Balance as at the beginning of the year/period | 115,201,563 | 259,145,074 |
| Add: Provision made during the year/period | 398,841,569 | 36,167,900 |
| Less: Utilised/written back during the year/period | (2,975,569) | (180,111,411) |
| Balance as at the end of the year/period | 511,067,563 | 115,201,563 |

19 Cash and bank balances

| Particulars | As at December 31, 2014 | As at December 31, 2013 |
|---|----------------------------|----------------------------|
| Cash and cash equivalents | | |
| Cash in hand | 2,263,081 | 1,029,812 |
| Funds in transit | 500,000 | 500,000 |
| Cheques in hand | 83,246 | 6,975 |
| Bank balances in | | |
| -Current accounts | 80,245,306 | 190,366,970 |
| | 83,091,633 | 191,903,757 |
| Other bank balances | | |
| Fixed deposits with maturity more than 3 months but less than 12 months | 31,621,850 | 38,197,884 |
| Margin money with maturity less than 12 months | 195,985,417 | 482,429,325 |
| Unpaid dividend accounts | 2,383,192 | 2,940,574 |
| | 229,990,459 | 523,567,783 |
| Total | 313,082,092 | 715,471,540 |

MOSER BAER INDIA LIMITED

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended December 31, 2014

(All amounts in rupees, unless otherwise stated)

20 Short term loans and advances

| Particulars | As at December 31, 2014 | As at December 31, 2013 |
|---|----------------------------|----------------------------|
| (a) Loans and advances to related parties | | |
| Unsecured, considered good | 157,213,847 | 151,380,152 |
| (b) Others | | |
| Unsecured, considered good | | |
| - Advances to suppliers | 122,458,712 | 92,435,746 |
| - Prepaid expenses | 45,962,432 | 68,923,797 |
| - Security deposits | 23,575,781 | 11,436,660 |
| - Balance with government authorities | 248,340,243 | 288,362,754 |
| - Advances to employees | 3,256,820 | 3,341,533 |
| - Amount due from directors | 445,339 | 827,579 |
| - Others | 6,046,466 | 13,745,179 |
| Unsecured, considered doubtful | | |
| - Taxes recoverable | 449,294 | 449,294 |
| - Less: Provision | (449,294) | (449,294) |
| Total | 607,299,640 | 630,453,400 |

21 Other current assets

| Particulars | As at December 31, 2014 | As at December 31, 2013 |
|--|----------------------------|----------------------------|
| Interest accrued on fixed deposits | 12,728,187 | 23,041,270 |
| Interest accrued on investments | 213,974,150 | 152,878,944 |
| Interest accrued and due on loan to subsidiaries | 43,255,333 | 36,707,293 |
| Lease rent receivable | 281,688,547 | 251,484,836 |
| Recoverable from banks under corporate debt restructuring scheme | 412,853,878 | 855,841,627 |
| Lease equalisation account | - | 1,466,640 |
| Total | 964,500,095 | 1,321,420,610 |

22 Revenue from operations

| Particulars | For the year ended December 31, 2014 | For the period ended December 31, 2013 |
|--|---|---|
| Sale of products (refer note (i) below): | | |
| - Finished goods | 9,664,022,337 | 9,184,382,584 |
| - Traded goods | 1,421,714 | 34,132,011 |
| | 9,665,444,051 | 9,218,514,595 |
| Sale of services (refer note (ii) below) | 382,014,451 | 340,492,272 |
| Other operating revenues: | | |
| - Scrap sales | 47,392,920 | 43,627,044 |
| - Old liabilities and provisions no longer required written back | 41,564,119 | 42,704,706 |
| - Export benefits - focused product scheme | 100,056,762 | 102,474,729 |
| - Others | 37,865,504 | 94,538,256 |
| | 226,879,305 | 283,344,735 |
| Total | 10,274,337,807 | 9,842,351,602 |

MOSER BAER INDIA LIMITED

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended December 31, 2014

(All amounts in rupees, unless otherwise stated)

Notes:

(i) Detail of sales for major products are as follows:

| Particulars | For the year ended December 31, 2014 | For the period ended December 31, 2013 |
|-------------------------|---|---|
| Finished goods | | |
| -Optical media products | 8,787,706,604 | 8,447,904,078 |
| -Pen drives and cards | 583,104,463 | 500,204,251 |
| -Solid state lighting | 104,528,304 | 30,800,980 |
| -Others | 188,682,966 | 205,473,275 |
| (A) | 9,664,022,337 | 9,184,382,584 |
| Traded goods | | |
| -LED and other products | 1,421,714 | 34,132,011 |
| (B) | 1,421,714 | 34,132,011 |
| Total | 9,665,444,051 | 9,218,514,595 |
| (A) + (B) | | |

(ii) Sale of services 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.

23 Other income

| Particulars | For the year ended December 31, 2014 | For the period ended December 31, 2013 |
|---|---|---|
| Interest income on | | |
| - Deposits with banks | 40,030,977 | 42,605,164 |
| - Loans to subsidiaries | 8,684,280 | 76,717,783 |
| - Income tax refunds | - | 3,856,352 |
| - Unquoted long term investments | 66,249,999 | 49,914,381 |
| - Others | 22,869,830 | - |
| Other non-operating income | | |
| Profit on sale of fixed assets (net) | - | 164 |
| Lease rent | 29,730,645 | 47,253,780 |
| Gain on foreign currency transactions (net) | 92,087,328 | 333,724,781 |
| Prior period income (refer note 46) | - | 3,353,062 |
| Total | 259,653,059 | 557,425,467 |

24 Cost of materials consumed

| Particulars | For the year ended December 31, 2014 | For the period ended December 31, 2013 |
|----------------------------------|---|---|
| Raw materials (refer note below) | 4,120,917,022 | 4,202,170,091 |
| Packing materials | 862,212,845 | 816,192,075 |
| Total | 4,983,129,867 | 5,018,362,166 |

Note:

Details of major components of raw material consumption are as follows:

| Particulars | For the year ended December 31, 2014 | For the period ended December 31, 2013 |
|---------------|---|---|
| Polycarbonate | 2,643,389,428 | 2,661,092,042 |
| Silver | 289,176,005 | 426,669,945 |
| Others | 1,188,351,589 | 1,114,408,104 |
| Total | 4,120,917,022 | 4,202,170,091 |

MOSER BAER INDIA LIMITED

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended December 31, 2014

(All amounts in rupees, unless otherwise stated)

25 Purchase of stock in trade

| Particulars | For the year ended December 31, 2014 | For the period ended December 31, 2013 |
|---------------------------|---|---|
| Purchase of LED products | 7,458,672 | 5,459,328 |
| Purchase of compact discs | 6,350,316 | 3,958,416 |
| Others | 631,322 | 4,270,604 |
| Total | 14,440,310 | 13,688,348 |

26 Change in stock of finished goods, work-in-progress and traded goods

| Particulars | For the year ended December 31, 2014 | For the period ended December 31, 2013 |
|----------------------------------|---|---|
| Closing stock: | | |
| -Finished goods | 722,052,756 | 1,326,394,382 |
| -Work in progress | 1,323,112,460 | 2,133,694,448 |
| -Traded goods | 8,786,905 | 18,792,828 |
| | 2,053,952,121 | 3,478,881,658 |
| Less: Opening stock: | | |
| -Finished goods | 1,326,394,382 | 1,336,100,278 |
| -Work in progress | 2,133,694,448 | 2,112,003,373 |
| -Traded goods | 18,792,828 | 25,709,530 |
| | 3,478,881,658 | 3,473,813,181 |
| Excise duty on finished goods | 10,272,902 | (8,008,388) |
| | 1,414,656,635 | 2,939,911 |
| Exceptional item (refer note 31) | 289,722,382 | - |
| Total | 1,124,934,253 | 2,939,911 |

27 Employee benefits expense

| Particulars | For the year ended December 31, 2014 | For the period ended December 31, 2013 |
|--|---|---|
| Salaries wages and bonuses | 1,252,485,986 | 953,370,448 |
| Contributions to- | | |
| -Provident fund | 65,756,146 | 50,996,032 |
| -Employee's state insurance | 2,979,907 | 2,895,404 |
| -Gratuity fund (refer note 42) | 30,943,137 | 20,633,700 |
| Social security and other benefit plans for overseas employees | 4,870,012 | 2,338,784 |
| Staff welfare | 129,058,329 | 106,110,040 |
| Total | 1,486,093,517 | 1,136,344,408 |

28 Depreciation and amortisation

| Particulars | For the year ended December 31, 2014 | For the period ended December 31, 2013 |
|-------------------------------|---|---|
| Depreciation and amortisation | 1,808,840,677 | 1,542,746,510 |
| Total | 1,808,840,677 | 1,542,746,510 |

29 Finance cost

| Particulars | For the year ended December 31, 2014 | For the period ended December 31, 2013 |
|------------------|---|---|
| Interest expense | 2,123,154,867 | 1,575,222,422 |
| Total | 2,123,154,867 | 1,575,222,422 |

MOSER BAER INDIA LIMITED

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended December 31, 2014

(All amounts in rupees, unless otherwise stated)

30 Other expenses

| Particulars | For the year ended December 31, 2014 | For the period ended December 31, 2013 |
|---|---|---|
| Consumption of stores and spares | 298,884,401 | 273,600,708 |
| Power and fuel | 1,355,886,166 | 1,372,037,744 |
| Freight and forwarding | 180,413,902 | 153,858,800 |
| Royalty | 224,371,629 | 184,319,489 |
| Commission on sales | 1,317,625 | 2,630,966 |
| Rent | 527,422,277 | 444,168,254 |
| Repairs | | |
| -Buildings | - | 445,357 |
| -Machinery | 11,722,050 | 19,425,683 |
| -Others | 18,963,094 | 17,835,289 |
| Insurance | 60,294,096 | 72,002,756 |
| Outsourced staff cost | 187,759,010 | 152,008,320 |
| Rates and taxes | 4,420,564 | 2,318,218 |
| Remuneration to auditors (refer note below) | 15,256,485 | 15,698,846 |
| Travelling and conveyance | 51,829,001 | 45,775,333 |
| Legal and professional | 62,004,929 | 115,587,842 |
| Warranty expenses | 1,277,968 | 3,515,669 |
| Loss on sale of fixed assets (net) | 32,135 | - |
| Provision for doubtful debtors | 5,428,717 | 36,167,900 |
| Research and development expenses | 1,801,341 | 40,595,116 |
| Prior period items (refer note 46) | 20,772,760 | - |
| Bank and LC charges | 62,309,649 | 55,906,065 |
| Others | 106,883,274 | 115,647,849 |
| Total | 3,199,051,073 | 3,123,546,204 |

Note:

Payment to auditors include the following:

| Particulars | For the year ended December 31, 2014 | For the period ended December 31, 2013 |
|---|---|---|
| Statutory audit (including limited reviews) | 13,850,000 | 10,700,000 |
| Certification | 350,000 | 4,060,000 |
| Out of pocket expenses | 1,056,485 | 938,846 |
| Total | 15,256,485 | 15,698,846 |

31 Exceptional items

| Particulars | For the year ended December 31, 2014 | For the period ended December 31, 2013 |
|--|---|---|
| Exchange differences on foreign currency convertible bonds | (107,085,000) | (666,847,500) |
| Advances and other receivables written off | (786,372,479) | (1,276,365,753) |
| Provision for net realisable value of inventory | (289,722,382) | - |
| Provision for doubtful debtors | (388,560,086) | - |
| Provision for diminution in long term investments* | (877,591,666) | (111,510,000) |
| Total | (2,449,331,613) | (2,054,723,253) |

*Provision for diminution, other than temporary, in the value of non-current investment in Moserbaer Entertainment Limited and Pararound limited, subsidiary companies (previous year Helios Photo Voltaic Limited (formerly Moser Baer Photo Voltaic Limited)).

MOSER BAER INDIA LIMITED

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended December 31, 2014

(All amounts in rupees, unless otherwise stated)

32 Contingent liabilities

(a) Corporate guarantees given on behalf of the subsidiary companies: Rs. 20,518,700,000 (previous period Rs. 20,430,975,000). Against these guarantees, loans aggregating Rs.17,192,809,905 (previous period Rs. 15,867,946,862) have been availed by the subsidiary companies.

(b) Disputed demands (gross) in respect of:

| Particulars | As at December 31, 2014 | As at December 31, 2013 |
|---|----------------------------|----------------------------|
| Entry tax [Amount paid under protest Rs. 10,382,071 (previous period Rs. 11,928,443) and bank guarantees furnished Rs.10,919,501(previous period Rs. 15,558,616)] | 127,609,720 | 133,795,207 |
| Service tax [Amount paid under protest Rs. 2,953,470 (previous period Rs. 2,953,470)] | 635,730,978 | 695,928,194 |
| Sales tax [Amount paid under protest Rs. 17,960,040 (previous period Rs. 18,454,494) and bank and other guarantees furnished Rs. 100,989,626 (previous period Rs. 104,723,040)] | 425,029,622 | 159,974,070 |
| Custom duty and excise duty [Amount paid under protest Rs. 5,805,819 (previous period Rs. 5,805,819)] | 564,132,236 | 543,349,313 |
| Income tax [Amount paid under protest Rs. 34,500,000 (previous period Rs. 34,500,000)] | 119,575,567 | 115,689,581 |
| Total | 1,872,078,123 | 1,648,736,365 |

(c) Claims against the Company not acknowledged as debts: Rs. 345,900 (previous period Rs. 345,900).

(d) Letters of credit opened by banks on behalf of the Company: Rs. 37,247,363 (previous period Rs. 244,331,479).

(e) Recompense amount payable in lieu of bank sacrifice (mandarory disclosure as per RBI): Rs. 1,581,305,158 (previous period Rs. 1,194,220,949).

The amount shown in (a) 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 (b) and (c) 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.

(f) In respect of the outstanding foreign currency convertible bonds (FCCBs), bondholders have claimed interest for the period beyond the original date of redemption. As explained in more detail in Note 43 (c), the company is in the process of negotiating restructuring of these bonds. Management expects to restructure these bonds by extension of the redemption date as prescribed by the Reserve Bank of India. Contingent liability in respect thereof can't be estimated reliably.

33. Capital commitments

Estimated value of contracts remaining to be executed on capital account and not provided for (net of advances): Rs. 177,722,251 (previous period Rs. 173,433,150).

34. (a) Lease obligations

The Company has entered into operating leases for its offices, guest houses, employee's residences and utilities 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 with respect to aforementioned premises is Rs. 527,422,277 (previous period Rs. 444,168,254). The total rent recovered on sub lease during the year is Rs. 29,730,645 (previous period Rs. 47,253,780).

MOSER BAER INDIA LIMITED

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended December 31, 2014

(All amounts in rupees, unless otherwise stated)

(b) Assets taken on operating lease

The future minimum lease payments and sub lease rentals are as follows:

| Particulars | As at December 31, 2014 | As at December 31, 2013 |
|---|----------------------------|----------------------------|
| Total of future minimum lease payments under non cancellable operating lease for period | - | 17,501,400 |
| a. Not later than one year | - | 17,501,400 |
| b. Later than one year but not later than five years | - | - |
| c. Later than five years | - | - |
| Total of future minimum sub-lease rental receivable for a period of three years | - | 18,376,470 |

(c) Assets given on finance lease

The Company has given buildings and utilities on financial lease to units operating in its SEZ division.

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

Gross investments and present value of minimum lease payments receivable under the lease as under:

| Particulars | As at December 31, 2014 | As at December 31, 2013 |
|--|----------------------------|----------------------------|
| Gross investments in the lease | | |
| Not later than one year | 445,740,000 | 445,740,000 |
| Later than one year but not later than five years | 1,154,571,106 | 1,500,813,661 |
| Later than five years | 613,198,994 | 712,696,439 |
| Total | 2,213,510,100 | 2,659,250,100 |
| Present value of minimum lease payments receivable | | |
| Not later than one year | 209,526,792 | 238,498,889 |
| Later than one year but not later than five years | 419,971,954 | 603,157,255 |
| Later than five years | (75,340,328) | (48,998,837) |
| Total | 554,158,418 | 792,657,307 |
| Unearned finance income | 1,542,367,357 | 1,749,608,468 |
| The present value of unguaranteed residual value | 116,984,325 | 116,984,325 |

35 Taxation

Provision for taxation has not been made in the absence of assessable taxable income as per the Income Tax Act, 1961.

The break up of net deferred asset/ tax liability is as under:

| Particulars of timing differences | As at December 31, 2013 | Movement during the year | As at December 31, 2014 |
|---|----------------------------|-----------------------------|----------------------------|
| Deferred tax liability | | | |
| Provision for lease rent equalisation | 1,534,253 | (1,534,253) | - |
| Total | 1,534,253 | (1,534,253) | - |
| Deferred tax assets | | | |
| Provision for leave encashment and gratuity | 1,534,253 | (1,534,253) | - |
| Total | 1,534,253 | (1,534,253) | - |
| Net deferred tax liability | - | - | - |

Note:

- The tax impact for the above purpose has been arrived at by applying a tax rate of 33.99% (previous period 32.445%) being the prevailing tax rate for Indian Companies under the Income Tax Act, 1961
- Deferred tax asset has been recognised only to the extent of the deferred tax liability.

MOSER BAER INDIA LIMITED

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended December 31, 2014

(All amounts in rupees, unless otherwise stated)

36. 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.

(a) The forward exchange contracts outstanding as at 31 December 2014 are as under :

| Currency exchange | USD/INR |
|--|---------------|
| (i) Number of 'buy' contracts | - |
| (ii) Aggregate foreign currency amount | - |
| Rs. Value | - |
| Aggregate foreign currency amount | - |
| Rs. Value | - |
| (iii) Number of 'sell' contracts | - |
| | (2) |
| (iv) Aggregate foreign currency amount | - |
| Rs. Value | - |
| Aggregate foreign currency amount | (1,500,000) |
| Rs. Value | (104,700,000) |

(b) The foreign currency exposures not hedged as at year end as at 31 December 2014 are as under:

| Currency exchange | USD | EUR | GBP | CHF | JPY | SGD | AUD |
|---------------------------------|-----------------|-----------------|-------------|--------------|--------------|-------------|-----------|
| Receivables in foreign currency | 38,179,827 | 2,974,200 | 106 | 5,710 | 1,176,843 | 315 | 57,600 |
| Rs. Value | 2,406,474,472 | 226,773,817 | 10,446 | 361,928 | 619,608 | 14,959 | 2,965,421 |
| Receivables in foreign currency | (36,318,782) | (24,341,696) | (1) | - | (725,337) | (165) | - |
| Rs. Value | (2,244,863,902) | (2,067,827,098) | (145) | - | (425,555) | (8,053) | - |
| Payables in foreign currency | 103,368,725 | 478,121 | 22,988 | 147,655 | 27,932,475 | 121,849 | - |
| Rs. Value | 6,516,364,404 | 36,470,079 | 2,257,380 | 9,363,409 | 14,712,035 | 5,795,497 | - |
| Payables in foreign currency | (110,099,132) | (626,901) | (13,635) | (146,560) | (28,821,583) | (126,644) | - |
| Rs. Value | (6,807,429,359) | (53,267,747) | (1,395,148) | (10,141,952) | (16,915,387) | (6,195,434) | - |

(Figures in bracket are previous period figures)

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

| Particulars | Raw material and packing material | | Stores, spares and tools | |
|-------------------|--------------------------------------|--|--------------------------------------|--|
| | For the year ended December 31, 2014 | For the period ended December 31, 2013 | For the year ended December 31, 2014 | For the period ended December 31, 2013 |
| Imported | | | | |
| Value (Rs.) | 4,146,879,745 | 4,266,125,657 | 146,353,746 | 145,526,718 |
| Percentage | 83.22 | 85.01 | 48.97 | 53.19 |
| Indigenous | | | | |
| Value (Rs.) | 836,250,122 | 752,236,509 | 152,530,655 | 128,073,990 |
| Percentage | 16.78 | 14.99 | 51.03 | 46.81 |
| Total | 4,983,129,867 | 5,018,362,166 | 298,884,401 | 273,600,708 |
| Percentage | 100 | 100 | 100 | 100 |

MOSER BAER INDIA LIMITED

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended December 31, 2014

(All amounts in rupees, unless otherwise stated)

38 Foreign currency transactions:

| Particulars | For the year ended December 31, 2014 | For the period ended December 31, 2013 |
|---|---|---|
| (A) Value of imports on CIF basis: | | |
| Purchase of finished goods | 1,865 | 344,102 |
| Raw material, including material in transit Rs. 19,950,278 (previous period Rs. 89,097,583) | 1,423,525,142 | 2,119,254,188 |
| Capital goods | 1,628,412 | 1,375,303 |
| Stores, spares and consumables, including material in transit Rs 692,559 (previous period Rs. 322,590) | 97,836,491 | 114,828,187 |
| Packing material, including material in transit Rs. 1,911,297 (previous period Rs. 48,360,347) | 233,335,465 | 361,225,083 |
| Total | 1,756,327,375 | 2,597,026,863 |
| (B) Expenditure in foreign currency (on accrual basis) : | | |
| Travel | 1,580,228 | 2,296,099 |
| Royalty/technical know-how fees | 224,371,627 | 184,319,465 |
| Directors sitting fees | 270,000 | 230,000 |
| Legal and professional | 21,292,852 | 72,663,022 |
| Other expenditure | 40,626,449 | 149,443,417 |
| Expenditure of foreign branch/liaison office: | | |
| -Staff welfare | 65,325 | 42,254 |
| -Rent/Lease rent | 2,591,155 | 5,539,763 |
| -Legal and professional expenses | 514,722 | 668,533 |
| -Freight | 15,203,146 | 9,662,938 |
| -Miscellaneous expenses | 27,494,676 | 17,537,452 |
| -Insurance | 3,909,942 | 3,372,077 |
| -Salaries and wages | 19,140,597 | 15,857,994 |
| -Repairs and maintenance | 400,067 | 101,917 |
| Total | 357,460,786 | 461,734,931 |
| (C) Earnings in foreign exchange (on accrual basis) : | | |
| Value of exports on FOB basis | 5,436,252,374 | 5,414,171,174 |
| Interest | - | 46,004,354 |
| Other miscellaneous income | 7,563,862 | 31,768,873 |
| Total | 5,443,816,236 | 5,491,944,401 |

MOSER BAER INDIA LIMITED

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended December 31, 2014

(All amounts in rupees, unless otherwise stated)

39 Related party 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:

(a) Names of related parties

| Nature of relationship | Name of the related party | Share Holding |
|--|--|---------------|
| Subsidiary | European Optic Media Technology GmbH | 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 | 100% |
| Subsidiary | Helios Photo Voltaic Limited | 100% |
| Subsidiary | Perafly Limited | 100% |
| Subsidiary | Dalecrest Limited* | 100% |
| Subsidiary | Nicofly Limited | 100% |
| Subsidiary | Perasoft Limited* | 100% |
| Subsidiary | Crownglobe Limited* | 100% |
| Subsidiary | Peraround Limited | 100% |
| Subsidiary | Advoferm Limited | 100% |
| Subsidiary | Cubic Technologies BV | 100% |
| Subsidiary | TIFTON Limited | 100% |
| Subsidiary | Value Solar Energy Private Limited | 100% |
| Subsidiary | Pride Solar Systems Private Limited | 100% |
| Subsidiary | Admire Energy Solutions Private Limited | 100% |
| Subsidiary | 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 Inc.*** | 100% |
| Subsidiary | Moser Baer Infrastructure and Developers Limited | 100% |
| Subsidiary | Helios Photo Voltaic Inc. USA (formerly known as Moser Baer Photovoltaic Inc. USA)**** | 100% |
| Associate | Global Data Media FZ LLC | 49% |
| Associate | Moser Baer Infrastructure Limited | 26% |
| Associate | 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. | - |

* Dissolved on 15.09.2014

** Declared as insolvent from October 1,2013

*** Applied to U.S. Bankruptcy court for insolvency vide application dated 23rd December 2014

**** Applied for dissolution in U.S. Bankruptcy court

Key management personnel

| | |
|------------------------------|-----------------|
| Chairman & managing director | Mr. Deepak Puri |
| Whole time director | Mrs. Nita Puri |

MOSER BAER INDIA LIMITED

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended December 31, 2014

(All amounts in rupees, unless otherwise stated)

(b) Details of transactions with the related parties in the ordinary course of business:

(Figures in brackets are for the previous Period)

| Particulars | Associates | Subsidiaries | Key management personnel and their relatives | Entities on which key management personnel have significant influence | Total |
|---|------------|----------------------------------|--|---|----------------------------------|
| Sales of finished goods | | | | | |
| Helios Photo Voltaic Limited | - (-) | 8,193,834 (27,108,822) | - (-) | - (-) | |
| Moser Baer Solar Limited | - (-) | 15,495,510 (25,133,514) | - (-) | - (-) | |
| Moser Baer Entertainment Limited | - (-) | 1,047,309,128 (1,204,696,225) | - (-) | - (-) | 1,070,998,472 (1,256,938,561) |
| Services rendered to related party | | | | | |
| Moser Baer Engineering and Construction Limited | - (-) | - (-) | - (-) | 31,865,060 (47,781,090) | 31,865,060 (47,781,090) |
| Services charges (included in services) | | | | | |
| Helios Photo Voltaic Limited | - (-) | 110,504,835 (81,081,958) | - (-) | - (-) | |
| Moser Baer Solar Limited | - (-) | 465,175,934 (210,032,047) | - (-) | - (-) | 575,680,769 (291,114,005) |
| Lease rent (included in services) | | | | | |
| Helios Photo Voltaic Limited | - (-) | 16,941,818 (12,656,153) | - (-) | - (-) | |
| Moser Baer Solar Limited | - (-) | 38,682,159 (33,422,371) | - (-) | - (-) | |
| Moser Baer Engineering and Construction Limited | - (-) | - (-) | - (-) | 1,380,645 (4,728,780) | 57,004,622 (50,807,304) |
| Expenses incurred on behalf of other companies | | | | | |
| Helios Photo Voltaic Limited | - (-) | 2,929,132 (4,985,456) | - (-) | - (-) | |
| Moser Baer Solar System Private Limited | - (-) | 6,544 (305) | - (-) | - (-) | |
| Moser Baer Solar Limited | - (-) | 1,836,648 (3,993,174) | - (-) | - (-) | |
| Moser Baer Entertainment Limited | - (-) | 63,324 (4,112) | - (-) | - (-) | |
| Others | - (-) | 67,248 (65,557) | - (-) | - (-) | 4,902,896 (9,048,604) |
| Reimbursement / Recovery against sales | | | | | |
| Moser Baer Entertainment Limited | - (-) | 1,310,473,665 (1,090,337,775) | - (-) | - (-) | |
| Moser Baer Solar Limited | - (-) | 99,561,745 (24,511,564) | - (-) | - (-) | |
| Helios Photo Voltaic Limited | - (-) | 23,401,920 (11,332,294) | - (-) | - (-) | 1,433,437,330 (1,126,181,633) |

MOSER BAER INDIA LIMITED

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended December 31, 2014

(All amounts in rupees, unless otherwise stated)

| Particulars | Associates | Subsidiaries | Key management personnel and their relatives | Entities on which key management personnel have significant influence | Total |
|---|--------------|---------------|--|---|-----------------|
| Reimbursement/ Recovery of expenses | | | | | |
| Helios Photo Voltaic Limited | - | 2,270,657 | - | - | |
| | (-) | (246,388) | (-) | (-) | |
| Moser Baer Solar Limited | - | 2,523,899 | - | - | |
| | (-) | (412,679) | (-) | (-) | |
| Moser Baer Entertainment Limited | - | - | - | - | |
| | (-) | (2,895) | (-) | (-) | |
| Moser Baer Engineering and Construction Limited | - | - | - | 39,472,931 | |
| | (-) | (-) | (-) | (36,595,597) | |
| Others | - | 62,340 | - | - | 44,329,827 |
| | (-) | (69,854) | (-) | (-) | (37,327,413) |
| Payment by related party of our behalf | | | | | |
| Helios Photo Voltaic Limited | - | - | - | - | |
| | (-) | (939,750) | (-) | (-) | |
| Moser Baer Entertainment Limited | - | 3,603,347 | - | - | 3,603,347 |
| | (-) | (-) | (-) | (-) | (939,750) |
| Provision made/balances written off | | | | | |
| O M & T BV | - | - | - | - | |
| | (-) | (243,578,096) | (-) | (-) | |
| Peraround Limited | - | 786,372,479 | - | - | |
| | (-) | (632,787,612) | (-) | (-) | |
| Global Data Media FZ LLC | 111,394,363 | - | - | - | |
| | (30,438,813) | (-) | (-) | (-) | |
| Moser Baer Entertainment Limited | - | 277,165,722 | - | - | 1,174,932,564 |
| | (-) | (400,000,000) | (-) | (-) | (1,306,804,521) |
| Balances written back | | | | | |
| European Optic Media Technology GmbH | - | 1,027,109 | - | - | 1,027,109 |
| | (-) | (-) | (-) | (-) | (-) |
| Reversal of Lease Equalization reserve account | | | | | |
| Moser Baer Engineering and Construction Limited | - | - | - | 42,083,685 | 42,083,685 |
| | (-) | (-) | (-) | (-) | (-) |
| Security deposit received against lease | | | | | |
| Moser Baer Engineering and Construction Limited | - | - | - | 12,000,000 | 12,000,000 |
| | (-) | (-) | (-) | (-) | (-) |
| Purchase of semi finished goods/ raw material/services | | | | | |
| Moser Baer Entertainment Limited | - | 55,276,873 | - | - | |
| | (-) | (231,336) | (-) | (-) | |
| Helios Photo Voltaic Limited | - | 79,719 | - | - | |
| | (-) | (2,768,651) | (-) | (-) | |
| Moser Baer Solar Limited | - | 16,881,785 | - | - | 72,238,377 |
| | (-) | (9,345,107) | (-) | (-) | (12,345,094) |

MOSER BAER INDIA LIMITED

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended December 31, 2014

(All amounts in rupees, unless otherwise stated)

| Particulars | Associates | Subsidiaries | Key management personnel and their relatives | Entities on which key management personnel have significant influence | Total |
|--|------------|------------------------------|--|---|------------------------------|
| Expenses charged by related party | | | | | |
| Helios Photo Voltaic Limited | - (-) | - (1,996) | - (-) | - (-) | |
| Peraround Limited | - (-) | - (8,497,000) | - (-) | - (-) | |
| Moser Baer Technologies Inc. | - (-) | - (41,134,232) | - (-) | - (-) | |
| Moser Baer Solar Limited | - (-) | 454,171,200 (358,932,971) | - (-) | - (-) | 454,171,200 (408,566,199) |
| Payment made against expenses/services | | | | | |
| Moser Baer Solar Limited | - (-) | 28,767,000 (2,649,682) | - (-) | - (-) | |
| Peraround Limited | - (-) | 8,529,000 (-) | - (-) | - (-) | |
| Moser Baer Technologies Inc. | - (-) | 6,640,096 (34,780,580) | - (-) | - (-) | 43,936,096 (37,430,262) |
| Payment made on behalf of related party | | | | | |
| Moser Baer Solar Limited | - (-) | 4,042,622 (-) | - (-) | - (-) | |
| Moser Baer Entertainment Limited | - (-) | - (168,102) | - (-) | - (-) | 4,042,622 (168,102) |
| Fund received by Related Party on our behalf | | | | | |
| Moser Baer Entertainment Limited | - (-) | 471,851 (-) | - (-) | - (-) | 471,851 (-) |
| Loans and advances from Associates | | | | | |
| Microgreen Electronics Private Limited | - (-) | - (-) | - (-) | 127,000,000 (-) | 127,000,000 (-) |
| Interest charges in respect of loans/ investments | | | | | |
| Peraround Limited | - (-) | - (42,148,002) | - (-) | - (-) | |
| Moser Baer Infrastructure & Developers Limited | - (-) | 9,417,000 (9,038,835) | - (-) | - (-) | |
| Moser Baer Solar Limited | - (-) | 66,249,999 (49,914,381) | - (-) | - (-) | |
| Moser Baer Entertainment Limited | - (-) | - (25,880,137) | - (-) | - (-) | 75,666,999 (126,981,355) |

MOSER BAER INDIA LIMITED

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended December 31, 2014

(All amounts in rupees, unless otherwise stated)

| Particulars | Associates | Subsidiaries | Key management personnel and their relatives | Entities on which key management personnel have significant influence | Total |
|---|--------------------|----------------------------------|--|---|----------------------------------|
| Provision for diminution in the value of long term investments | | | | | |
| Helios Photo Voltaic Limited | - (-) | - (111,151,000) | - (-) | - (-) | |
| Peraround Limited | - (-) | 89,400,000 (-) | - (-) | - (-) | |
| Moser Baer Entertainment Limited | - (-) | 788,191,666 (-) | - (-) | - (-) | 877,591,666 (111,151,000) |
| Equity Share allotted during the year | | | | | |
| Mr. Deepak Puri | - (-) | - (-) | 100,000,000 (300,000,000) | - (-) | 100,000,000 (300,000,000) |
| Share Application money received during the current period | | | | | |
| Mr. Deepak Puri | - (-) | - (-) | - (163,000,000) | - (-) | - (163,000,000) |
| Directors remuneration | | | | | |
| Mr. Deepak Puri | - (-) | - (-) | 13,485,690 (25,185,077) | - (-) | |
| Mrs. Nita Puri | - (-) | - (-) | 4,250,000 (3,187,503) | - (-) | 17,735,690 (28,372,580) |
| Outstanding receivables | | | | | |
| In respect of sales or services | | | | | |
| Global Data Media FZ LLC | - (110,494,136) | - (-) | - (-) | - (-) | |
| Helios Photo Voltaic Limited | - (-) | 620,420,200 (506,090,238) | - (-) | - (-) | |
| Moser Baer Solar Limited | - (-) | 5,049,742,024 (4,874,397,574) | - (-) | - (-) | |
| Moser Baer Solar System Private Limited | - (-) | 1,998,948 (1,992,404) | - (-) | - (-) | |
| Moser Baer Entertainment Limited | - (-) | 1,254,541,736 (1,651,931,829) | - (-) | - (-) | |
| Moser Baer Engineering and construction Limited | - (-) | - (-) | - (-) | 5,925,075 (66,235,986) | |
| Others | - (-) | 5,722 (814) | - (-) | - (-) | 6,932,633,705 (7,211,142,981) |
| In respect of loans & advances | | | | | |
| in respect of loans to subsidiary:- | | | | | |
| Peraround Limited | - (-) | - (809,849,259) | - (-) | - (-) | |
| Moser Baer Infrastructure & Developers Limited | - (-) | 86,000,000 (86,000,000) | - (-) | - (-) | 86,000,000 (895,849,259) |

MOSER BAER INDIA LIMITED

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended December 31, 2014

(All amounts in rupees, unless otherwise stated)

| Particulars | Associates | Subsidiaries | Key management personnel and their relatives | Entities on which key management personnel have significant influence | Total |
|---|------------|--------------------------------|--|---|--------------------------------|
| In respect of advance to subsidiary:- | | | | | |
| Moser Baer Entertainment Limited | - (-) | 17,000,000 (17,000,000) | - (-) | - (-) | 17,000,000 (17,000,000) |
| In respect of Interest accrued on loans/ investment | | | | | |
| Moser Baer Infrastructure & Developers Limited | - (-) | 45,391,573 (36,707,293) | - (-) | - (-) | |
| Moser Baer Solar Limited | - (-) | 213,974,150 (152,878,944) | - (-) | - (-) | 259,365,723 (189,586,237) |
| In respect of debentures | | | | | |
| Moser Baer Solar Limited | - (-) | 500,000,000 (500,000,000) | - (-) | - (-) | 500,000,000 (500,000,000) |
| In respect of managerial remuneration | | | | | |
| Mr. Deepak Puri | - (-) | - (-) | - (966) | - (-) | |
| Mr. Ratul Puri | - (-) | - (-) | 1,147,902 (1,147,902) | - (-) | 1,147,902 (1,148,868) |
| Outstanding payable | | | | | |
| In respect of expenses/purchases (included in due to subsidiaries) | | | | | |
| Moser Baer Solar Limited | - (-) | 1,089,579,056 (654,091,208) | - (-) | - (-) | |
| Cubic Technologies B.V | - (-) | 9,074,946 (10,119,966) | - (-) | - (-) | |
| Moser Baer Technology | - (-) | 3,385,021 (9,960,145) | - (-) | - (-) | |
| Helios Photo Voltaic Limited | - (-) | 7,417,142 (7,337,423) | - (-) | - (-) | |
| Moser Baer Entertainment Limited | - (-) | 55,597,213 - | - (-) | - (-) | |
| Peraround Limited | - (-) | - (8,497,000) | - (-) | - (-) | 1,165,053,378 (690,005,742) |
| In respect of loans from Associates:- | | | | | |
| Microgreen Electronics Private Limited | - (-) | - (-) | - (-) | 127,000,000 (-) | 127,000,000 (-) |
| In respect of other advances | | | | | |
| European Optic Media Technology GmbH | - (-) | - (1,380,841) | - (-) | - (-) | - (1,380,841) |

MOSER BAER INDIA LIMITED

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended December 31, 2014

(All amounts in rupees, unless otherwise stated)

| Particulars | Associates | Subsidiaries | Key management personnel and their relatives | Entities on which key management personnel have significant influence | Total |
|--|------------|----------------------------------|--|---|----------------------------------|
| In respect of security deposit received for lease | | | | | |
| Helios Photo Voltaic Limited | - (-) | 380,000,000 (380,000,000) | - (-) | - (-) | |
| Moser Baer Solar Limited | - (-) | 1,335,000,000 (1,335,000,000) | - (-) | - (-) | |
| Moser Baer Engineering and Construction Limited | - (-) | - (-) | - (-) | - (12,000,000) | 1,715,000,000 (1,727,000,000) |
| In respect of managerial remuneration | | | | | |
| Mr. Deepak Puri | - (-) | - (-) | 651,328 (-) | - (-) | |
| Mrs. Nita Puri | - (-) | - (-) | 414,182 (414,182) | - (-) | 1,065,510 (414,182) |

(c) **Other arrangements**

(Figures in brackets are for the previous period)

(i) Details of corporate guarantees provided on behalf of subsidiary companies

| Particulars | As at December 31, 2014 | As at December 31, 2013 |
|------------------------------|-------------------------|-------------------------|
| Helios Photo Voltaic Limited | 10,018,400,000 | 9,991,175,000 |
| Moser Baer Solar Limited | 10,500,300,000 | 10,439,800,000 |
| | 20,518,700,000 | 20,430,975,000 |

(ii) Details of corporate guarantees provided by subsidiary companies on behalf of the Company

| Particulars | As at December 31, 2014 | As at December 31, 2013 |
|--|-------------------------|-------------------------|
| Moser Baer Entertainment Limited | 12,343,836 | 12,343,836 |
| Jointly by Moser Baer Entertainment Limited and Moser Baer Solar Limited | 62,743,734 | 62,743,734 |
| | 75,087,570 | 75,087,570 |

MOSER BAER INDIA LIMITED

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended December 31, 2014

(All amounts in rupees, unless otherwise stated)

40 Loss per share

| Particulars | For the year ended December 31, 2014 | For the period ended December 31, 2013 |
|---|---|---|
| (a) Calculation of weighted average number of equity shares | | |
| 1. For Basic EPS | | |
| No. of shares at the beginning of the year/period | 198,306,104 | 168,306,104 |
| Total number of equity shares outstanding at the end of the year/period | 208,306,104 | 198,306,104 |
| Weighted average number of equity shares outstanding during the year/period | 206,717,063 | 185,578,831 |
| 2. For Diluted EPS | | |
| Weighted average number of equity shares outstanding during the year/period as computed above | 206,717,063 | 185,578,831 |
| Weighted average number of stock options outstanding during the year/period | - | - |
| Weighted average number of equity shares outstanding during the year/period for diluted EPS | 206,717,063 | 185,578,831 |
| (b) Net loss after tax available for equity shareholders | (7,083,003,303) | (4,466,627,030) |
| Loss per share (face value per share Rs. 10 each) | | |
| Basic | (34.26) | (24.07) |
| Diluted | (34.26) | (24.07) |

41 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 separate 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 31 December 2014.

42 Employee benefits

The Company has classified the various benefits provided to employees as under :

A Defined contribution plans

During the year, the Company has recognised the following amounts in the statement of profit and loss:

(i) Provident fund

| Particulars | For the year ended December 31, 2014 | For the period ended December 31, 2013 |
|--|---|---|
| Employers' contribution to provident fund* | 44,372,098 | 34,189,886 |

(ii) State plans

| Particulars | For the year ended December 31, 2014 | For the period ended December 31, 2013 |
|---|---|---|
| Employers' contribution to Employee's State Insurance Act, 1948 | 2,979,907 | 2,895,404 |
| Employers' contribution to Employee's Pension Scheme, 1995 | 21,384,048 | 16,806,146 |

* Included in contribution to provident and other funds under personnel expenses (refer note 27)

MOSER BAER INDIA LIMITED

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended December 31, 2014

(All amounts in rupees, unless otherwise stated)

B Defined benefit plans

(i) In accordance with Accounting Standard 15, the liability in respect of defined benefit plans, namely gratuity and unavailed earned leaves has been determined based on actuarial valuation based on the following assumptions:

| Particulars | Unavailed leaves (unfunded) | | Employee's gratuity fund | |
|---|--------------------------------------|--|--------------------------------------|--|
| | For the year ended December 31, 2014 | For the period ended December 31, 2013 | For the year ended December 31, 2014 | For the period ended December 31, 2013 |
| Discount rate (per annum) | 7.98% | 8.95% | 7.98% | 8.95% |
| Rate of increase in compensation levels | 10.00% | 10.00% | 10.00% | 10.00% |
| Rate of return on plan assets | - | - | 8.85% | 9.40% |
| Expected average remaining working lives of employees (years) | 6.06 | 4.96 | 6.06 | 4.96 |

(ii) Changes in the present value of obligation:

| Particulars | Unavailed leaves (unfunded) | | Employee's gratuity fund | |
|--|--------------------------------------|--|--------------------------------------|--|
| | For the year ended December 31, 2014 | For the period ended December 31, 2013 | For the year ended December 31, 2014 | For the period ended December 31, 2013 |
| Present value of obligation as at the beginning of the year/period | 79,152,436 | 80,875,157 | 235,881,333 | 246,239,750 |
| Interest cost | 7,084,143 | 5,149,126 | 21,111,379 | 14,969,937 |
| Current service cost | 8,644,751 | 9,107,032 | 22,028,911 | 19,114,930 |
| Benefits paid | (9,912,999) | (9,107,987) | (26,568,380) | (33,979,629) |
| Equitable Interest transferred | - | - | (4,465,977) | (3,353,062) |
| Actuarial (gain)/loss on obligations | (4,379,941) | (6,870,892) | (5,426,066) | (7,110,593) |
| Present value of obligation as at the end of the year/period | 80,588,390 | 79,152,436 | 242,561,200 | 235,881,333 |

(iii) Changes in the fair value of plan assets

| Particulars | Employee's gratuity fund | |
|--|--------------------------------------|--|
| | For the year ended December 31, 2014 | For the period ended December 31, 2013 |
| Fair value of plan assets as at the beginning of the year/period | 77,202,636 | 108,194,753 |
| Expected return on plan assets | 5,911,347 | 6,340,574 |
| Actuarial gains and losses | 859,740 | - |
| Contributions | 11,841,814 | - |
| Benefits paid | (26,568,380) | (33,979,629) |
| Equitable Interest transferred | (4,465,977) | (3,353,062) |
| Fair value of plan assets as at the end of the year/period | 64,781,180 | 77,202,636 |

(iv) 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 | | | | |
|---|--------------------------------------|--|----------------------------------|----------------------------------|----------------------------------|
| | For the year ended December 31, 2014 | For the period ended December 31, 2013 | For the year ended 31 March 2013 | For the year ended 31 March 2012 | For the year ended 31 March 2011 |
| Present value of defined benefit obligation | 242,561,200 | 235,881,333 | 246,239,750 | 224,540,108 | 196,614,786 |
| Fair value of plan assets | 64,781,180 | 77,202,636 | 108,194,753 | 123,143,341 | 130,934,270 |
| Deficit in the plan assets | (177,780,020) | (158,678,697) | (138,044,997) | (101,396,767) | (65,680,516) |

The expected contribution on account of gratuity for the year ending 31 December 2014 cannot be ascertained at this stage.

MOSER BAER INDIA LIMITED

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended December 31, 2014

(All amounts in rupees, unless otherwise stated)

| Particulars | Unavailed leaves (unfunded) | | | | |
|---|--------------------------------------|--|----------------------------------|----------------------------------|----------------------------------|
| | For the year ended December 31, 2014 | For the period ended December 31, 2013 | For the year ended 31 March 2013 | For the year ended 31 March 2012 | For the year ended 31 March 2011 |
| Present value of defined benefit obligation | 80,588,390 | 79,152,436 | 80,875,157 | 87,447,743 | 81,531,908 |
| Fair value of plan assets | - | - | - | - | - |
| Deficit in the plan assets | (80,588,390) | (79,152,436) | (80,875,157) | (87,447,743) | (81,531,908) |

(v) Expenses recognised in the statement of profit and loss

| Particulars | Unavailed leaves (unfunded) | | Employee's gratuity fund | |
|--|--------------------------------------|--|--------------------------------------|--|
| | For the year ended December 31, 2014 | For the period ended December 31, 2013 | For the year ended December 31, 2014 | For the period ended December 31, 2013 |
| Current service cost | 8,644,751 | 9,107,032 | 22,028,911 | 19,114,930 |
| Interest cost | 7,084,143 | 5,149,126 | 21,111,379 | 14,969,937 |
| Expected return on plan assets | - | - | (5,911,347) | (6,340,574) |
| Net actuarial gain recognized in the year/period | (4,379,941) | (6,870,892) | (6,285,806) | (7,110,593) |
| Total expenses recognized in statement of profit and loss | *11,348,953 | *7,385,266 | 30,943,137 | 20,633,700 |

* Included in salaries, wages and bonus expenses (refer note 27)

In respect of the employee's gratuity fund, constitution of plan assets is not readily available from Life Insurance Corporation of India.

43 Foreign currency convertible bonds

(a) The utilisation of the proceeds of USD 150,000,000 zero coupon foreign currency convertible bonds issued is as under:

| Particulars | As at December 31, 2014 | | As at December 31, 2013 | |
|---|-------------------------|-----------|-------------------------|------------------|
| | USD | Rs.* | USD | Rs.* |
| Funds available at the beginning of the year/period | 139,101 | 8,597,861 | 142,709 | 7,746,966 |
| Less: Bank charges | 3,585 | 217,327 | 3,608 | 221,025 |
| Less: Miscellaneous Expenses | 135,516 | 8,373,224 | - | - |
| Unutilized issue proceeds # | - | - | 139,101 | 8,597,861 |

Restated as at year/period end.

* Net of foreign exchange loss of Rs. 7,309 for the year ended 31 December 2014 and gain of Rs. 1,071,920 for the year ended 31 December 2013.

(b) Premium on redemption of foreign currency convertible bonds : Movement from beginning to end of reporting period as follows:

| Particulars | As at December 31, 2014 | As at December 31, 2013 |
|---|-------------------------|-------------------------|
| Opening balance | 3,176,579,699 | 2,399,718,660 |
| Add provision for the year/period | 702,838,954 | 776,861,039 |
| | 3,879,418,653 | 3,176,579,699 |
| Less: Current maturities transferred to other current liabilities (refer note 11) | 2,034,913,177 | 2,032,527,592 |
| Closing balance (refer note 12) | 1,844,505,476 | 1,144,052,107 |

Premium payable on redemption of FCCB accrued up to 31 December 2014 calculated on prorata basis Rs. 3,879,418,653 (previous period Rs. 3,176,579,698) 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.

(c) The outstanding foreign currency convertible bonds (FCCBs) aggregating to principal value of USD 88,500,000 (equivalent to Rs 5,579,040,000) matured for redemption on 21 June 2012, which have since been claimed by the trustee of the bondholders. The Company has received approval from the Reserve Bank of India to extend the redemption date of bonds

MOSER BAER INDIA LIMITED

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended December 31, 2014

(All amounts in rupees, unless otherwise stated)

and is in discussions with the bondholders, through the Trustee, to re-structure the terms of these bonds. In view of the ongoing negotiations with bondholders, financial obligations of the Company, other than the premium on redemption, have not been provided for in books.

- 44 Based on the information available with the Company, the Company has identified 32 vendors as micro, small and medium enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006. The balance due to such vendors has been disclosed separately under trade payables. (refer note 10)

Disclosure relating to dues outstanding to micro ,small and medium enterprises as defined in Micro Small and Medium Enterprises Act 2006

| Particulars | As at | |
|--|--------------------|--------------------|
| | December 31, 2014 | December 31, 2013 |
| (a) Amount remaining unpaid to micro ,small and medium enterprises at the end of year | | |
| Principal amount | 50,439,026 | 70,647,794 |
| Interest thereon | 38,976,875 | 27,709,404 |
| Total | 89,415,901 | 98,357,198 |
| (b) Amount of payments made to micro, small and medium enterprises beyond the appointed date during the year | | |
| Principal amount | 228,636,035 | 176,733,645 |
| Interest actually paid u/s 16 of the act. | - | - |
| Total | 228,636,035 | 176,733,645 |
| (c) Interest accrued (including interest u/s 16 of the act) and remaining unpaid at the end of the year | | |
| Interest accrued during the year. | 11,267,471 | 9,411,214 |
| Interest remaining unpaid during the year. | 38,976,875 | 27,709,404 |

- 45 Details of defaults in repayment of dues to the bank:

| Particulars | Due date | Amount | Delay in days |
|-------------|-------------|-------------|---------------|
| Banks | 30-Sep-13 | 410,220 | 457 |
| | 31-Oct-13 | 2,802,740 | 426 |
| | 30-Nov-13 | 2,718,071 | 396 |
| | 31-Dec-13 | 3,003,252 | 365 |
| | 31-Jan-14 | 7,219,821 | 334 |
| | 28-Feb-14 | 23,111,939 | 306 |
| | 31-Mar-14 | 42,135,388 | 275 |
| | 30-Apr-14 | 29,710,403 | 245 |
| | 31-May-14 | 76,299,659 | 214 |
| | 30-Jun-14 | 141,787,531 | 184 |
| | 31-Jul-14 | 52,627,286 | 153 |
| | 31-Aug-14 | 212,290,865 | 122 |
| | 30-Sep-14 | 157,850,431 | 92 |
| | 31-Oct-14 | 77,482,031 | 61 |
| 30-Nov-14 | 411,066,863 | 31 | |

MOSER BAER INDIA LIMITED

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended December 31, 2014

(All amounts in rupees, unless otherwise stated)

| Particulars | Due date | Amount | Delay in days |
|------------------------|-----------|------------|---------------|
| Financial institutions | 31-Oct-13 | 1,637,867 | 426 |
| | 30-Nov-13 | 1,669,126 | 396 |
| | 31-Dec-13 | 1,724,763 | 365 |
| | 30-Apr-14 | 1,415,804 | 245 |
| | 31-May-14 | 1,724,763 | 214 |
| | 30-Jun-14 | 12,719,750 | 184 |
| | 31-Jul-14 | 2,768,897 | 153 |
| | 31-Aug-14 | 13,008,600 | 122 |
| | 30-Sep-14 | 8,930,113 | 92 |
| | 31-Oct-14 | 4,408,920 | 61 |
| | 30-Nov-14 | 22,812,627 | 31 |

(* Refer note 6 for long term borrowing)

46 Prior period income/(Expenses)

| Particulars | For the year ended December 31, 2014 | For the period ended December 31, 2013 |
|--|---|---|
| Excess employee benefits expense of previous period reversed | - | 3,353,062 |
| Reversal of focus product scheme recoverable | (25,126,237) | - |
| LIC Refund | 4,353,477 | - |
| Total | (20,772,760) | 3,353,062 |

47 Impairment of investments

The management performed a detailed impairment assessment by engaging an independent valuer for its investments in and advances/other receivables from certain subsidiaries, viz. Helios Photo Voltaic Limited (HPVL), Moser Baer Solar Limited (MBSL), Photovoltaic Holdings Limited* and Moser Baer Investments Limited* and Moser Baer Entertainment Limited as at 31 December 2014. Estimates and judgments used in such assessment are related to future business projections which, amongst other factors, are dependent on acceptance of revised restructuring with lender banks, external market conditions of solar market and regulatory benefits. The developments since the last detailed assessment carried out by the Company indicate changes in liquidity position and an improved industry and regulatory environment. Basis such assessment, the management has recorded a provision for other than temporary diminution in investment of Rs. 788,191,666 and provision for doubtful receivables of Rs. 277,165,723 in respect of one of the subsidiary. Accordingly, net carrying values of investment, advances, trade and other receivables from these subsidiaries as at 31 December 2014 aggregates to Rs. 9,158,401,892 (previous period 10,484,295,746).

(Figures in bracket are for the previous period)

| Entity | Investment | Loans and advances | Trade and other receivables | Trade creditors and other liabilities | Net balance as at December 31, 2014 |
|---|------------------------|----------------------|-----------------------------|---------------------------------------|-------------------------------------|
| Helios Photo Voltaic Limited (HPVL) | 1,352,582,260 | 12,660,048 | 607,760,151 | 387,417,142 | 1,585,585,317 |
| | (1,352,582,260) | (7,535,597) | (498,471,570) | (387,337,423) | (1,471,252,004) |
| Moser Baer Solar Limited (MBSL)* | 3,103,226,600 | 272,513,842 | 4,991,202,332 | 2,424,579,056 | 5,942,363,718 |
| | (3,103,226,600) | (212,030,585) | (4,815,245,933) | (1,989,091,208) | (6,141,411,910) |
| Moser Baer Entertainment Limited (MBEL) | 414,508,334 | 17,000,000 | 1,254,541,736 | 55,597,213 | 1,630,452,857 |
| | (1,202,700,000) | (17,000,000) | (1,651,931,829) | - | (2,871,631,829) |
| | 4,870,317,194 | 302,173,890 | 6,853,504,219 | 2,867,593,411 | 9,158,401,892 |
| Total | (5,658,508,860) | (236,566,182) | (6,965,649,332) | (2,376,428,631) | (10,484,295,743) |

* includes investments held through Photovoltaic Holdings Limited and Moser Baer Investments Limited amounting to Rs. 498,080,000 and Rs. 645,146,600 respectively.

MOSER BAER INDIA LIMITED

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended December 31, 2014

(All amounts in rupees, unless otherwise stated)

48 Going concern

The Company has incurred a loss of Rs 7,083,003,303 during the year ended 31 December 2014 (previous period Rs 4,466,627,030), and, as of that date, the Company's accumulated losses amounts to Rs. 16,457,149,952 (previous period Rs. 9,374,146,649) and it has negative net worth of Rs. 9,139,176,589 (previous period Rs. 1,453,334,331). Further, as of 31 December 2014, the Company's current liabilities exceeded its current assets by Rs. 14,877,708,565 (previous period Rs. 9,671,083,241)

Due to continued liquidity issues, the Company has been unable to comply with repayment terms of its borrowing arrangement with secured lenders as agreed in the Corporate Debt Restructuring package approved in 31 March 2013. The Company has now approached these lenders for a revised debt restructuring plan. The management has submitted its proposal which is under review at this stage. The revised debt restructuring plan submitted by the Company includes deferment of debt and interest repayment, disposal of surplus assets and infusion of fresh capital by the promoters. The management is hopeful of finalizing the restructuring package soon.

The Company also has outstanding foreign currency convertible bonds (FCCBs) with principal value of USD 88,500,000 (equivalent to Rs 5,579,040,000) which were due for redemption on 21 June 2012. As at 31 December 2014, such accrual for premium on FCCB aggregates Rs 3,879,418,653. The Company is in the process of negotiation with the bondholders to restructure the terms of these bonds.

The Company has been operating at suboptimal levels due to working capital constraints, resulting in adverse impact on cash flow from operations in the current year as well as earlier years. With generation of funds through sale of surplus assets and promoter contribution, accompanied by restructuring of debt from banks and FCCB holders, the Company expects to achieve better utilization of its manufacturing facilities and consequently, generate positive cash flow from operations.

Conditions explained above, indicate existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern due to which the Company may not be able to realize its assets and discharge its liabilities in the normal course of business. However, considering management plans relating to restructuring of debt, infusion of capital and generation of funds through sale of surplus assets and expected improvement in the operating activities, these financial statements have been prepared on a going concern basis.

49 Under the Income Tax Act, 1961, for domestic Transfer Pricing transaction the Company is required to use specified methods for computing arm's length price in relation to domestic transactions with its associated enterprises. Further, Company is required to maintain prescribed information and documents in relating to such transactions. The appropriate method to be adopted will depend on the nature of transactions/class of transactions, class of associated persons, functions performed and other factors, which have been prescribed. The management confirms that all transactions with associated enterprises are undertaken at negotiated contracted prices on usual commercial terms, and adjustments if any, arising from the transfer pricing study shall be accounted for as and when the study is completed. The Company is in the process of conducting a transfer pricing study for the current financial year, however, management is of the view that the same would not have a material impact on the financial statements. Accordingly, these financial statements do not include any adjustments for the transfer pricing implications, if any.

50 During the previous period the Company had changed its financial year from 31 March to 31 December, hence previous financial year consisted of 9 months period from April 2013 to December 2013. Accordingly current financial year figures are not comparable with those of the previous period.

For Walker Chandio & Co LLP
(formerly Walker, Chandio & Co)
Chartered Accountants

per Neeraj Goel
Partner

Place: New Delhi
Date: February 26, 2015

For and on behalf of the board of directors of
MOSER BAER INDIA LIMITED

Deepak Puri
Chairman and
Managing Director

Yogesh Mathur
Group CFO

Nita Puri
Director

Neeraj Parmar
GM Legal and
Company Secretary

Independent Auditors' Report

To the Board of Directors of Moser Baer India Limited

1. We have audited the accompanying consolidated financial statements of **Moser Baer India Limited**, ("the Company") and its subsidiaries and associates (herein collectively referred to as the "Group"), which comprise the consolidated Balance Sheet as at December 31, 2014, and the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us and based on the considerations of the reports of the other auditors on the financial statements of the subsidiaries and associates as noted below, the consolidated financial statements give the true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at December 31, 2014;
 - ii) in the case of consolidated Statement of Profit and Loss, of the loss for the year ended on that date; and
 - iii) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

7. We draw attention to note 48 to the consolidated financial statements. The Group has incurred a net loss of Rs. 9,395,397,457 during the year ended December 31, 2014, and as of that date, the Group's accumulated losses aggregate to Rs. 42,198,662,488 resulting in complete erosion of its net worth. Further, as of that date, the Group's current liabilities exceeded its current assets by Rs. 21,293,453,887. These conditions, along with matters set forth in note 48, indicate the existence of uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

8. We draw attention to Note 36 (b) to the consolidated financial statements which describes uncertainty related to outcome of arbitration/litigation proceedings against a vendor for recovery of advances aggregating Rs. 1,972,746,073 (net of provision amounting to Rs 208,993,592), as at 31 December 2014. Pending the ultimate outcome of the matter, which is presently uncertain, no further adjustment has been recorded in the financial statements. Our opinion is not qualified in respect of this matter

Other Matter

9. We did not audit the financials statements of certain subsidiaries included in the consolidated financial statements, whose financials statements reflect total assets (after eliminating intra-group transactions) of Rs. 226,512,970 as at December 31, 2014; total revenues (after eliminating intra-group transactions) of Rs 5,129,341 and net cash outflows aggregating of Rs. 77,114,289 for the year then ended. These financials statements have been audited by other auditors whose audit report have ben furnished to us by the management, and our audit opinion on the consolidated financial statements of the Group for the year then ended to the extent they relate to the financial statements not audited by us as stated in this paragraph is based solely on the audit reports of the other auditor. Our opinion is not qualified in respect of this matter.
10. The consolidated financial statements also include the unaudited financials statements of certain subsidiaries, whose financials statements reflect total assets (after eliminating intra-group transactions) of Rs 400,568,196 as at December 31, 2014 and the total revenue (after eliminating intra-group transactions) of Rs 5,781,872 and the net cash outflows aggregating to Rs 3,692,306 for the year then ended. These financial statements have been certified by the management. Our opinion is not qualified in respect of this matter.

For **Walker, Chandio & Co LLP**
Chartered Accountants
Firm Registration No.: 001076N/N500013

per **Neeraj Goel**
Partner
Membership No.: 099514

Place: New Delhi
Date: February 26, 2015

MOSER BAER INDIA LIMITED

Consolidated balance sheet as at December 31, 2014

(All amounts in rupees, unless otherwise stated)

| | Note | As at December 31, 2014 | As at December 31, 2013 |
|--|------|----------------------------|----------------------------|
| EQUITY AND LIABILITIES | | | |
| Shareholders' funds | | | |
| Share capital | 5 | 2,083,061,040 | 1,983,061,040 |
| Preference shares issued by subsidiary companies | 6 | 8,297,838,571 | 8,255,338,571 |
| Reserves and surplus | 7 | (36,993,222,371) | (26,894,985,959) |
| | | <u>(26,612,322,760)</u> | <u>(16,656,586,348)</u> |
| Share application money pending allotment | | - | 82,500,000 |
| Non-current liabilities | | | |
| Long-term borrowings | 8 | 22,504,495,662 | 24,232,190,512 |
| Other long-term liabilities | 9 | 50,067,839 | 102,033,931 |
| Long-term provisions | 10 | 530,207,993 | 503,238,068 |
| | | <u>23,084,771,494</u> | <u>24,837,462,511</u> |
| Current liabilities | | | |
| Short-term borrowings | 11 | 10,766,485,933 | 8,852,760,470 |
| Trade payables | 12 | 2,872,610,991 | 2,105,631,737 |
| Other current liabilities | 13 | 15,803,240,818 | 13,611,566,982 |
| Short-term provisions | 14 | 2,346,072,395 | 1,633,967,348 |
| | | <u>31,788,410,137</u> | <u>26,203,926,537</u> |
| | | <u>28,260,858,871</u> | <u>34,467,302,700</u> |
| ASSETS | | | |
| Non-current assets | | | |
| Fixed assets | | | |
| Tangible assets | 15 | 16,294,488,055 | 18,779,060,218 |
| Intangible assets | 15 | 751,079,394 | 1,141,138,688 |
| Capital work-in-progress | | 74,355,023 | 57,264,641 |
| Intangible assets under development | | - | 40,617,142 |
| Non-current investments | 16 | 8,074,951 | 8,074,951 |
| Long-term loans and advances | 17 | 579,335,894 | 581,841,613 |
| Other non-current assets | 18 | 58,569,304 | 230,020,978 |
| | | <u>17,765,902,621</u> | <u>20,838,018,231</u> |
| Current assets | | | |
| Inventories | 19 | 3,644,571,251 | 6,099,591,102 |
| Trade receivables | 20 | 3,294,924,495 | 2,504,069,701 |
| Cash and bank balances | 21 | 581,934,951 | 1,096,736,051 |
| Short-term loans and advances | 22 | 2,236,814,439 | 2,683,344,445 |
| Other current assets | 23 | 736,711,114 | 1,245,543,170 |
| | | <u>10,494,956,250</u> | <u>13,629,284,469</u> |
| | | <u>28,260,858,871</u> | <u>34,467,302,700</u> |

The accompanying notes from 1 to 50 form an integral part of the consolidated financial statements.

This is the consolidated balance sheet referred to in our report of even date.

For Walker Chandiook & Co LLP
(formerly Walker, Chandiook & Co)
Chartered Accountants

per Neeraj Goel
Partner

Place: New Delhi
Date: February 26, 2015

For and on behalf of the board of directors of
MOSER BAER INDIA LIMITED

Deepak Puri
Chairman and
Managing Director

Yogesh Mathur
Group CFO

Nita Puri
Director

Neeraj Parmar
GM Legal and
Company Secretary

MOSER BAER INDIA LIMITED

Consolidated statement of profit and loss for the year ended December 31, 2014

(All amounts in rupees, unless otherwise stated)

| | Notes | Year ended December 31, 2014 | Period ended December 31, 2013 |
|---|-------|---------------------------------|-----------------------------------|
| REVENUE | | | |
| Revenue from operations (gross) | 24 | 12,112,357,295 | 11,841,824,904 |
| Less: Excise duty | | (428,017,993) | (398,830,879) |
| Revenue from operations (net) | | 11,684,339,302 | 11,442,994,025 |
| Other income | 25 | 258,553,608 | 525,039,361 |
| | | 11,942,892,910 | 11,968,033,386 |
| EXPENSES | | | |
| Cost of materials consumed | 26 | 5,631,438,417 | 6,103,943,691 |
| Purchases of stock-in-trade | 27 | 642,330,882 | 573,025,029 |
| Changes in inventories of finished goods, stock-in-trade and work-in-progress | 28 | 1,430,820,530 | (158,580,525) |
| Employee benefit expenses | 29 | 1,842,776,466 | 1,578,698,235 |
| Finance costs | 30 | 4,191,455,202 | 3,197,156,593 |
| Depreciation, amortisation and impairment | 31 | 3,161,911,212 | 3,829,553,999 |
| Other expenses | 32 | 3,928,323,763 | 3,847,414,685 |
| | | 20,829,056,472 | 18,971,211,707 |
| Loss before exceptional items and tax | | (8,886,163,562) | (7,003,178,321) |
| Exceptional items | 33 | (508,201,745) | 47,656,587 |
| Loss before tax | | (9,394,365,307) | (6,955,521,734) |
| Tax expense: | | | |
| - Current tax | | 1,032,150 | 122,424 |
| Net loss for the year /period | | (9,395,397,457) | (6,955,644,158) |
| Loss per equity share (equity share of par value of Rs. 10 each) - basic and diluted | 42 | (45.45) | (37.48) |

The accompanying notes from 1 to 50 form an integral part of the consolidated financial statements.

This is the consolidated statement of profit and loss referred to in our report of even date.

For Walker Chandio & Co LLP
(formerly Walker, Chandio & Co)
Chartered Accountants

per Neeraj Goel
Partner

Place: New Delhi
Date: February 26, 2015

For and on behalf of the board of directors of
MOSER BAER INDIA LIMITED

Deepak Puri
Chairman and
Managing Director

Yogesh Mathur
Group CFO

Nita Puri
Director

Neeraj Parmar
GM Legal and
Company Secretary

MOSER BAER INDIA LIMITED

Consolidated cash flow statement for the year ended December 31, 2014

(All amounts in rupees, unless otherwise stated)

| | Year ended December 31, 2014 | Period ended December 31, 2013 |
|--|---------------------------------|-----------------------------------|
| Cash flow from operating activities: | | |
| Loss before tax | (9,394,365,307) | (6,955,521,734) |
| Adjustments for: | | |
| Depreciation, amortisation and impairment | 3,161,911,212 | 3,829,553,999 |
| Interest expense | 4,191,455,202 | 3,197,156,593 |
| Interest income | (58,516,132) | (66,087,185) |
| Loss on sale of fixed assets (net) | 2,107,307 | 1,128,935 |
| Debts/advances written off | 812,897,979 | 620,851,229 |
| Old liabilities and provisions no longer required written back | (56,430,869) | (149,774,564) |
| Inventory written off | 316,566,461 | 170,223,847 |
| Provision for warranty written back | (7,009,543) | 20,362,640 |
| Provision for films under production | - | 27,954,978 |
| Unrealised foreign exchange loss | 103,839,067 | 52,786,597 |
| Reversal of interest expense for previous year under corporate debt restructuring scheme | - | (331,510,604) |
| Operating profit/(loss) before working capital changes | (927,544,623) | 417,124,731 |
| Adjustments for changes in working capital: | | |
| Decrease in trade receivables | (1,149,029,159) | 93,763,307 |
| Decrease/ (increase) in loans and advances and other assets | 741,308,254 | 878,156,455 |
| Decrease in inventories | 2,138,453,391 | 41,212,017 |
| (Decrease)/ increase in trade payable and other liabilities | 795,091,656 | (1,885,274,093) |
| Cash (used in)/ generated from operations | 1,598,279,519 | (455,017,583) |
| Income tax (paid)/refunds (net of tax deducted at source) | (35,986,649) | 45,407,765 |
| Net cash (used in)/ generated from operating activities | A | (409,609,818) |
| Cash flow from investing activities: | | |
| Purchase of fixed assets/ additions to capital work-in-progress | (188,189,018) | (64,148,893) |
| Proceeds from sale of fixed assets | - | 10,336,213 |
| Net movement from fixed bank deposits, unpaid dividend | 365,961,197 | 169,480,840 |
| Interest received | 69,038,555 | 63,400,688 |
| Net cash generated from investing activities | B | 179,068,848 |

MOSER BAER INDIA LIMITED

Consolidated cash flow statement for the year ended December 31, 2014

(All amounts in rupees, unless otherwise stated)

| | Year ended December 31, 2014 | Period ended December 31, 2013 | |
|---|---------------------------------|-----------------------------------|----------------------|
| Cash flow from financing activities: | | | |
| Proceeds from share application money | - | 82,500,000 | |
| Proceeds from issue of preference shares by subsidiary | 42,500,000 | - | |
| Proceeds from issue of equity shares | 17,500,000 | 100,000,000 | |
| Proceeds from long term borrowings | 257,400,000 | 3,114,173,335 | |
| Repayment in long-term borrowings | (1,284,059,379) | - | |
| Net movement in short-term borrowings | 1,859,352,728 | (596,665,625) | |
| Interest paid | (2,850,079,475) | (2,970,183,381) | |
| Dividend paid for earlier years | (557,381) | (362,050) | |
| Net cash used in financing activities | C | | |
| | (1,957,943,507) | (270,537,721) | |
| Net (decrease)/ increase in cash and cash equivalents | (A+B+C) | (148,839,903) | (501,078,691) |
| Cash and cash equivalents at the beginning of the year /period | 399,122,840 | 900,201,531 | |
| Cash and cash equivalents at the end of the year /period | 250,282,937 | 399,122,840 | |
| Components of cash and cash equivalents | | | |
| Cash, cheques and drafts in hand | 3,467,891 | 6,370,750 | |
| Remittances in transit | 500,000 | 1,131,582 | |
| Balance with banks | 243,325,679 | 311,417,228 | |
| Deposits with less than 3 months maturity | 2,989,367 | 80,203,280 | |
| | 250,282,937 | 399,122,840 | |

Notes from 1 to 50 form an integral part of the consolidated financial statements.

This is the consolidated cash flow statement referred to in our report of even date.

For **Walker Chandiook & Co LLP**
(formerly *Walker, Chandiook & Co*)
Chartered Accountants

per **Neeraj Goel**
Partner

Place: New Delhi
Date: February 26, 2015

For and on behalf of the board of directors of
MOSER BAER INDIA LIMITED

Deepak Puri
Chairman and
Managing Director

Yogesh Mathur
Group CFO

Nita Puri
Director

Neeraj Parmar
GM Legal and
Company Secretary

MOSER BAER INDIA LIMITED

Summary of significant accounting policies and other explanatory informations to the consolidated financial statements for the year ended December 31, 2014

(All amounts in rupees, unless otherwise stated)

1 Basis of preparation of consolidated financial statements

Consolidated Financial Statements (CFS) of Moser Baer India Limited ("the Company or Parent"), its subsidiaries and associates (referred to as "Group") are prepared under historical cost convention on an accrual basis, in accordance with the generally accepted accounting principles in India and to comply with the Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government in exercise of the power conferred under sub-section (l) (a) of section 642 and the relevant provisions of the Companies Act, 1956 (the 'Act') read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.

2 Consolidation procedure

- (a) The CFS are prepared in accordance with Accounting Standard (AS-21) "Consolidated Financial Statements" notified under The Companies Act, 1956 ("the Act"). 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.
- (b) The Financial Statements of certain foreign subsidiaries and associates, 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.
- (c) 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.
- (d) The financial statements of the subsidiaries have been drawn for the period from January 1, 2014 or date of incorporation/ acquisition, whichever is later, to December 31, 2014.
- (e) 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'.
- (f) 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 Act. 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.
- (g) Investment in associates are accounted for under the Equity Method as per AS-23 "Accounting for Investments in Associates in Consolidated Financial Statements" notified under the Act based on the financial statements of the associates drawn up to the period ended mentioned in note 34 (b). The Group discontinues recognising 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 consolidated financial statements in conformity with the principles generally accepted in India requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent liabilities on the date of financial statements and the reported amounts of revenues and expenses during the reporting 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 and fixed assets, other probable obligations and inventory write down. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods.

4 Significant accounting policies

(a) Revenue Recognition

(i) Revenue from sale of goods

Revenue from sale of goods is recognised on transfer of significant risks and rewards incident to ownership 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.

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

Revenue from sale of other rights such as satellite rights, music rights, overseas assignment rights etc. is recognised as and when the rights for exploitation are transferred to the customer and no significant uncertainty exists regarding realisation of the consideration.

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(All amounts in rupees, unless otherwise stated)

(ii) Revenue from sale of services

Service income comprises of revenue from assets given on lease and other services rendered.

(a) Revenue from construction contracts

(a) Revenue in respect of construction 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.

Provision for foreseeable losses on contracts is made, based on the estimates of the management.

(b) Revenue from assets given on lease is recorded in accordance with the accounting policy given below on 'Leases'.

(c) Income from other services is recognised as and when services are rendered.

(d) Export benefit entitlements under the Focused Product Scheme are recognised in the statement of profit and loss when the right to receive credit as per the terms of the scheme is established in respect of the exports made.

(iii) Other income

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 as at the balance sheet date.

(b) Fixed assets

(i) Tangible 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/capitalised with the related cost of fixed assets.

Capital expenditure incurred on rented properties is recorded as leasehold improvements under fixed assets to the extent such expenditure is of permanent nature. Expenditure on assets which are of removable nature are recorded in the respective category of assets.

(ii) Intangible assets

Intangible assets are stated at cost less accumulated amortisation. The cost incurred to acquire technical know how with "right to use and exploit" are capitalised where the right allows the Company to obtain a future economic benefit from use of such know how.

The cost incurred to acquire "right to use and exploit" home video titles, are capitalised as copyrights/marketing and distribution rights where the right allows the Company to obtain a future economic benefit from such titles.

Further, expenditure incurred on knowhow yielding future economic benefits is recognised as internally generated intangible asset at cost less accumulated amortisation and impairment losses, if any.

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.

(c) Depreciation and amortisation

(i) Tangible assets

Depreciation on tangible fixed assets is provided under straight-line method at rates specified in Schedule XIV to the Companies Act, 1956, being representative of the useful lives of tangible fixed assets.

Leasehold improvements are being amortised over the primary lease period or useful lives of related fixed assets whichever is shorter.

Depreciation on additions is being provided on pro-rata basis from the date of such additions. Similarly, depreciation on assets sold/disposed off during the period is being provided up to the date on which such assets are sold/disposed off. All assets costing Rs. 5,000 or less are fully depreciated in the year of purchase.

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 on such long-term liabilities, the depreciation on the revised unamortised depreciable amount is provided prospectively over the residual useful life of the asset.

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(ii) Intangible assets

Intangible assets are being amortised on a straight line basis over the useful life, not exceeding 10 years, as estimated by management to be the economic life of the asset over which economic benefits are expected to flow.

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

(d) 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.

(e) Inventory valuation

(i) Inventories are valued as under:

| | | |
|--|---|--|
| 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 | | |

(ii) Cost of inventories is ascertained on the following basis:

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.

(iii) Traded goods:

Traded goods held for resale are stated at lower of cost and net realisable value. Cost of traded goods is determined on weighted average cost basis.

(iv) Films under production:

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

The cost of released films is amortised using the individual film forecast method. The said amortisation 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 unamortised 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 unamortised cost is compared with net expected revenue. In case of net expected revenue being lower than actual unamortised costs, inventories are written down to net expected revenue.

(v) Cost of rights:

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.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated cost to affect the sale.

(vi) Provision for obsolescence and slow moving inventory is made below cost based on management's best estimates of net realisable value.

(f) 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.

(g) Borrowing costs

Borrowing costs directly attributable to acquisition, construction or erection of fixed assets, which necessarily take a substantial period of time to be ready for their intended use, are capitalised. Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying assets for their intended uses are complete. Other borrowing costs are recognised as an expense in the statement of profit and loss in the period in which they are incurred.

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(h) Employee benefits

(i) *Provident fund and Employees' state insurance*

The entities within the Group makes contribution to statutory provident fund which is recognised by the income tax authorities in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952 which is a defined contribution plan, as applicable. These funds are administered through Regional Provident Fund Commissioner and contribution paid or payable is recognised as an expense in the period in which the services are rendered by employees of the contributing entities. These entities have no legal or constructive obligation to pay further contribution after payment of the fixed contribution.

Contribution to state plans namely Employee's State Insurance Fund and Employee's Pension Scheme 1995, as applicable is recognised as an expense in the period in which the services are rendered by employees of the contributing entities.

(ii) *Gratuity*

Gratuity is a post employment benefit and is in the nature of defined benefit plan. The liability recognised in the balance sheet in respect of gratuity is the present value of the defined benefit obligation as at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses. Gratuity fund is administered through Life Insurance Corporation of India. The defined benefit obligation is calculated at the balance sheet date on the basis of actuarial valuation by an independent actuary using projected unit credit method. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recorded in the statement of profit and loss in the period in which such gains or losses arise.

(iii) *Compensated absences*

The Group also provides benefit of compensated absences to its employees which are in the nature of long-term benefit plan. The compensated absences comprises of vesting as well as non vesting benefit. Liability in respect of compensated absences becoming due and expected to be availed within one year from the balance sheet date is recognised on the basis of undiscounted value of estimated amount required to be paid or estimated value of benefits expected to be availed by the employees. Liability in respect of compensated absences becoming due and expected to be availed more than one year after the balance sheet date is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method as on the reporting date.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recorded in the statement of profit and loss in the period in which such gains or losses arise.

(iv) *Other benefits*

Liability for long-term employee retention schemes is determined on the basis of actuarial valuation at the period end. Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the statement of profit and loss as income or expense. Expense in respect of other short-term benefits is recognised on the basis of amount paid or payable for the period during which services are rendered by the employees.

(i) Foreign currency transactions

(i) *Initial recognition*

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount, the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) *Subsequent recognition*

Foreign currency monetary assets and liabilities are reported using the closing rate as at the reporting date.

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

(iii) *Exchange differences*

Exchange differences arising on the settlement of monetary items at rates different from those at which they were initially recorded during the period or reported in previous financial statements, are recognised as income or expense in the period in which they arise, except for exchange differences arising on foreign currency monetary items.

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 amortised over the balance period of such long-term foreign currency liabilities or March 31, 2020, whichever is earlier.

(iv) *Foreign operations*

In respect of integral foreign branches, all revenues, expenses, monetary assets/ liabilities and fixed assets are

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accounted at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities are restated at the period end rates and resultant gains or losses are recognised in the statement of profit and loss and non-monetary items are carried at historical rates. Exchange differences arising in case of integral foreign operations are recognised in the statement of profit and loss and exchange differences arising in case of non integral foreign operations are recognised in the foreign currency translation reserve classified reserves and surplus.

(j) Taxation

(i) *Current tax:*

Provision is made for current income tax liability based on the applicable provisions of the Indian Income Tax Act, 1961 for the income chargeable under the aforementioned Income Tax Act and the relevant income tax laws of other countries in which the branch/ other entities of the Group are incorporated.

(ii) *Deferred tax:*

Deferred income taxes reflects the impact of current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In respect of carry forward losses and unabsorbed depreciation, deferred tax assets are recognised only to the extent there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such losses can be set off.

Further, deferred tax asset appearing in books is reviewed at each reporting date and is written down to the extent it is not certain that the Company will pay taxes on future incomes against which such deferred tax asset may be adjusted.

(k) Leases

(i) *Finance lease*

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 in the statement of profit and loss.

(ii) *Operating lease where group is lessee*

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets, are classified as 'Operating Leases'. Lease rentals in respect of assets taken under operating leases are charged to the statement of profit and loss on straight line basis over the term of lease.

(iii) *Operating lease where group is lessor*

Lease rentals in respect of assets given under operating leases are credited to the statement of profit and loss on straight line basis over the term of lease.

(l) 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.

(m) 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 statement of profit and loss 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.

(n) Warranty claims

The solar subsidiaries in the business of manufacturing of crystalline silicon solar photovoltaic modules provides up to

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5 year limited warranty that 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.

(o) 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:

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.

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.

(p) Provisions and contingent liabilities

The Group creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation.

A disclosure is made for a contingent liability when there is a:

- possible obligation, the existence of which will be confirmed by the occurrence/non-occurrence of one or more uncertain events, not fully within the control of the Company;
- present obligation, where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation;

Where there is a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

(q) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares, except where results would be anti-dilutive.

(r) Research and development costs

Revenue expenditure on research is expensed off under the respective heads of account in the period in which it is incurred. Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised, if the cost can be reliably measured, the product or process is technically and commercially feasible and the relevant entity within the group has sufficient resources to complete the development and to use and sell the asset. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in the statement of profit and loss as an expense as incurred.

Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses.

(s) Derivative instruments

The Group uses foreign exchange forward contracts to hedge its exposure towards highly probable and forecasted transactions. These foreign exchange forward contracts are not used for trading or speculation purposes.

(i) *Forward contracts where an underlying asset or liability exists*

In such case, 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.

(ii) *Forward contracts taken for highly probable/forecast transactions*

Such forward exchange contracts are marked to market at the balance sheet date if such mark to market results in exchange loss such exchange loss is recognised in the statement of profit and loss immediately. Any gain is ignored and not recognised in the financial statements in accordance with the principles of prudence enunciated in Accounting Standard 1 - 'Disclosure of Accounting Policies' notified under the Act.

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

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5 Share capital

| Particulars | As at December 31, 2014 | | As at December 31, 2013 | |
|---|-------------------------|----------------------|-------------------------|----------------------|
| | Number | Amount | Number | Amount |
| Authorised | | | | |
| Equity shares of Rs. 10 each | 1,250,000,000 | 12,500,000,000 | 1,250,000,000 | 12,500,000,000 |
| | 1,250,000,000 | 12,500,000,000 | 1,250,000,000 | 12,500,000,000 |
| Issued | | | | |
| Equity shares of Rs. 10 each | 208,306,104 | 2,083,061,040 | 198,306,104 | 1,983,061,040 |
| Subscribed and fully paid up | | | | |
| Equity shares of Rs. 10 each fully paid | 208,306,104 | 2,083,061,040 | 198,306,104 | 1,983,061,040 |
| Total | 208,306,104 | 2,083,061,040 | 198,306,104 | 1,983,061,040 |

(A) Terms and rights attached to equity shares

The Company has one class of equity shares with a par value of Rs. 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(B) The Company has not issued any bonus shares during current year and five immediately preceding years.

(c) Reconciliation of the number of shares outstanding at the beginning and end of the reporting period:

| Particulars | As at December 31, 2014 | | As at December 31, 2013 | |
|---|-------------------------|----------------------|-------------------------|----------------------|
| | Number | Amount | Number | Amount |
| Shares outstanding at the beginning of the year/period | 198,306,104 | 1,983,061,040 | 168,306,104 | 1,683,061,040 |
| Add: Shares issued during the year/period | 10,000,000 | 100,000,000 | 30,000,000 | 300,000,000 |
| Shares outstanding at the end of the year/period | 208,306,104 | 2,083,061,040 | 198,306,104 | 1,983,061,040 |

(D) Shareholders holding more than 5 % of share capital:

| Name of shareholder | As at December 31, 2014 | | As at December 31, 2013 | |
|------------------------------------|-------------------------|--------------|-------------------------|--------------|
| | Number of shares held | % of holding | Number of shares held | % of holding |
| Deepak Puri | 67,420,141 | 32.37 | 57,420,141 | 28.95 |
| Electra Partners Mauritius Limited | 9,960,345 | 4.78 | 9,960,345 | 5.02 |

(E) Stock option plans :

The Company has three stock option plans.

(i) Employee Stock Option Plan 2004 and Director's Stock Option Plan 2005:

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

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 the Company.

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Reconciliation of number of options granted, exercised and cancelled/lapsed during the year/ period is as follows:

| Particulars | As at December 31, 2014 | | As at December 31, 2013 | |
|--|----------------------------|---------------------------|----------------------------|---------------------------|
| | Number | Weighted average price | Number | Weighted average price |
| Options outstanding at beginning of year/period | 319,650 | 254.57 | 654,450 | 313.02 |
| Add: Options granted | - | - | - | - |
| Less: Options exercised | - | - | - | - |
| Less: Options cancelled | 204,800 | 293.58 | 326,400 | 254.98 |
| Less: Options lapsed | 22,850 | 317.72 | 8,400 | 208.87 |
| Options outstanding at the end of year/period | 92,000 | 152.06 | 319,650 | 254.57 |
| Option exercisable at the end of year/period | 92,000 | 152.06 | 319,650 | 254.57 |

The options outstanding at the end of year had exercise price in the range of Rs. 125 to Rs. 221.95 (previous period Rs. 125 to Rs. 491.90) and a weighted average remaining contractual life of Nil years (previous period 1.56 years).

(ii) Employee Stock Option Plan 2009

The Company has established a stock option plan called "Moser Baer India Limited Stock Option Plan 2009" on September 8, 2009. The plan was set up to offer and grant stock options, in one or more tranches, to employees and directors of the Company as determined by the 'Compensation Committee' of the Company. 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.

Reconciliation of number of options granted, exercised and cancelled/ lapsed during the year/ period:

| Particulars | As at December 31, 2014 | | As at December 31, 2013 | |
|--|----------------------------|---------------------------|----------------------------|---------------------------|
| | Number | Weighted average price | Number | Weighted average price |
| Options outstanding at beginning of year | 1,265,041 | 77.00 | 1,532,237 | 76.77 |
| Add: Options granted | - | - | - | - |
| Less: Options exercised | - | - | - | - |
| Less: Options cancelled | 10,300 | 75.67 | 267,196 | 75.68 |
| Less: Options lapsed | - | - | - | - |
| Options outstanding at the end of year/period | 1,254,741 | 77.44 | 1,265,041 | 77.00 |
| Option exercisable at the end of year/period | 947,452 | 77.44 | 837,395 | 77.25 |

The options outstanding at the end of year had exercise price in the range of Rs. 62.80 to Rs. 170.00 (previous period Rs. 46.30 to Rs. 170.00) and a weighted average remaining contractual life of 2.62 years (previous period 3.62 years).

(iii) Moser Baer Solar Plc Stock Option Plan 2008:

Moser Baer Solar Holdings Limited has 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 Moser Baer Solar Holdings Limited, its subsidiaries and its holding companies, as the remuneration committee of Moser Baer Solar Holdings Limited 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

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the date of grant, as quoted on the stock exchange on which the shares of Moser Baer Solar Holdings Limited 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, Moser Baer Solar Holdings Limited under the 2008 plan has issued nil (previous period nil) 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 period, the exercise price of each option has been reduced to Rs. 500.

Reconciliation of number of options granted during the year/period and outstanding at the end of the year/period:

| Particulars | As at December 31, 2014 | | As at December 31, 2013 | |
|--|----------------------------|---------------------------|----------------------------|---------------------------|
| | Number | Weighted average price | Number | Weighted average price |
| Options outstanding at beginning of year/period | 92,497 | 129.88 | 96,006 | 129.88 |
| Add: Options granted | - | - | - | - |
| Less: Options cancelled | 10,300 | 129.88 | 3,509 | 129.88 |
| Options outstanding at the end of the year/period | 82,197 | 129.88 | 92,497 | 129.88 |
| Options exercisable at the end of the year/period | 62,470 | 129.88 | 67,862 | 129.88 |

The options outstanding at the end of the period have an exercise price of Rs. 500 (previous period Rs. 500) and a weighted average remaining contractual life of 1.33 years (previous period 2.94 years).

6 Preference shares issued by subsidiary companies:

| Particulars | As at December 31, 2014 | | As at December 31, 2013 | |
|--|----------------------------|----------------------|----------------------------|----------------------|
| | Number | Amount | Number | Amount |
| Fully convertible preference shares of GBP 1 each fully paid up | 23,784,606 | 1,965,749,931 | 23,784,606 | 1,965,749,931 |
| Non- cumulative, fully convertible Re 1 dividend bearing class A preference shares of Rs.10 each fully paid up | 196,450,000 | 1,964,500,000 | 196,450,000 | 1,964,500,000 |
| Re. 1 dividend bearing non-cumulative redeemable series A preference shares of Rs. 10 each | 100,000 | 1,000,000 | - | - |
| Non- cumulative, fully convertible Re 1 dividend bearing class B preference shares of Rs.10 each fully paid up | 65,000,000 | 650,000,000 | 65,000,000 | 650,000,000 |
| Fully convertible class B preference shares of GBP 1 each fully paid up | 43,360,485 | 3,575,088,640 | 43,360,485 | 3,575,088,640 |
| Re. 1 dividend bearing non-cumulative redeemable series D preference shares of Rs. 10 each | 10,000,000 | 100,000,000 | 10,000,000 | 100,000,000 |
| Re. 1 dividend bearing non-cumulative redeemable series E preference shares of Rs. 10 each | 1,950,000 | 19,500,000 | - | - |
| Re. 1 dividend bearing non-cumulative redeemable series F preference shares of Rs. 10 each | 2,200,000 | 22,000,000 | - | - |
| Total | 342,845,091 | 8,297,838,571 | 338,595,091 | 8,255,338,571 |

Terms and rights attached to preference shares:

- (i) During the year 2007-08, Moser Baer Solar Holdings Limited allotted 23,784,606, fully convertible Class-A preference shares of GBP 1 each to Invest Pte Limited and CDC Group Plc. The shares are compulsorily convertible into equity shares of Moser Baer Solar Holdings Limited or, subject to receipt of regulatory approvals, to be swapped with equity shares of Moser Baer Solar Holdings Limited on November 11, 2011.
- (ii) During the year 2007-08, Moser Baer Solar Limited allotted 196,450,000 non-cumulative, fully convertible Re. 1 dividend bearing class A preference shares of Rs. 10 each to IDFC Private Equity Fund II and Infrastructure Development Finance Company Limited. The shares are compulsorily convertible into equity shares of the Company or, subject to receipt of regulatory approvals, to be swapped with equity shares of Moser Baer Solar Limited on November 11, 2011.

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(All amounts in rupees, unless otherwise stated)

- (iii) During the year 2013-14, the Company allotted 100,000 non cumulative, 9% dividend bearing Class A preference shares of Rs 10 each, which are subject to compulsory redemption after 7 years from the date of allotment thereof. These shares are held by Microgreen Electronics Private Limited.
- (iv) During the year 2008-09, Moser Baer Solar Limited allotted 65,000,000 non-cumulative, fully convertible Re. 1 dividend bearing class B preference shares of Rs. 10 each to IDFC Private Equity Fund II and Infrastructure Development Finance Company Limited. Immediately prior to the Initial Public Offering (IPO) date of Moser Baer Solar Holdings Limited but after receipt of regulatory approvals, these shares shall get converted into equity shares of Moser Baer Solar Holding Limited, simultaneously with conversion of class A preference shares, or in the event IPO is not completed prior to the Long Stop IPO Date, i.e., November 11, 2011, be swapped with equity shares of Moser Baer Solar Holding Limited.
- The above preference shares (referred in (ii) and (iv)) became due for conversion on November 11, 2011 as initial public offer had not been completed by long stop date. The Company is in negotiations with preference shareholders for proposed conversion of such preference shares into equity shares as per the shareholders agreement. Pending finalisation of such revised arrangement between Moser Baer Solar Limited and the preference shareholders as well as receipt of regulatory approvals, no equity shares have been issued by December 31, 2014.
- (v) During the year 2008-09, Moser Baer Solar Holdings Limited allotted 43,360,485, fully convertible class B preference shares of GBP 1 each to Morgan Stanley & Co., CDC Group Plc., Nomura Asia MB (Cayman) Limited, CSIM Real Estate infrastructure Fund L.P and Credit Suisse NYSTRS Cleantech Fund LP. Immediately prior to the Initial Public Offering (IPO) date but after receipt of regulatory approvals, these shares shall get converted into equity shares of Moser Baer Solar Holding Limited, simultaneously with conversion of class A preference shares, or in the event IPO is not completed prior to the Long Stop IPO Date, i.e., November 11, 2011, be swapped with equity shares of Moser Baer Solar Holdings Limited.
- (vi) Series D preference shares are subject to compulsory redemption within 20 years from the date of allotment thereof (March 19, 2033 for 10,000,000 shares). These shares are held by Mr. Deepak Puri.
- (vii) During the year 2013-14, the Company allotted Re. 1 dividend bearing Class E preference shares of Rs 10 each, which are subject to optional redemption within 20 years from the date of allotment thereof. These shares are held by Mrs Nita Puri (950,000 shares) and Mr. Deepak Puri (1,000,000 shares).
- (viii) During the year 2013-14, the Company allotted Re. 1 dividend bearing Class F preference shares of Rs 10 each, which are subject to optional redemption within 20 years from the date of allotment thereof. These shares are held by Mrs Nita Puri (1,500,000 shares), Mr. Deepak Puri (7,00,000 shares).

7 Reserves and surplus

| Particulars | As at December 31, 2014 | As at December 31, 2013 |
|--|----------------------------|----------------------------|
| Capital reserve | | |
| Opening balance | 181,440,000 | 181,440,000 |
| Closing balance | 181,440,000 | 181,440,000 |
| Securities premium account | | |
| Opening balance | 5,756,311,276 | 6,533,172,315 |
| Less: Premium on redemption of foreign currency convertible bonds (refer note 45(c)) | (702,838,955) | (776,861,039) |
| Closing balance | 5,053,472,321 | 5,756,311,276 |
| Foreign currency translation reserve | | |
| Opening balance | (29,472,204) | (29,472,204) |
| Closing balance | (29,472,204) | (29,472,204) |
| Deficit as per statement of profit and loss | | |
| Opening balance | (32,803,265,031) | (25,847,620,873) |
| Add: Net loss for the year/period | (9,395,397,457) | (6,955,644,158) |
| Closing balance | (42,198,662,488) | (32,803,265,031) |
| Total | (36,993,222,371) | (26,894,985,959) |

MOSER BAER INDIA LIMITED

Summary of significant accounting policies and other explanatory informations to the consolidated financial statements for the year ended December 31, 2014

(All amounts in rupees, unless otherwise stated)

8 Long term borrowings

| Particulars | As at December 31, 2014 | As at December 31, 2013 |
|---|----------------------------|----------------------------|
| Secured | | |
| Rupee loans | | |
| - From banks | | |
| - Term loans | 14,554,347,880 | 14,663,729,628 |
| - Working capital term loans | 6,332,302,964 | 6,596,597,476 |
| - Funded interest term loans | 3,326,648,231 | 3,863,181,843 |
| - From others | | |
| - Term loans | 654,139,058 | 738,632,086 |
| - Working capital term loans | 83,478,500 | 140,300,000 |
| - Funded interest term loans | - | 44,397,677 |
| | 24,950,916,633 | 26,046,838,710 |
| Less: Current maturities of long-term debts (refer note 13) | 3,852,683,598 | 2,905,108,403 |
| | 21,098,233,035 | 23,141,730,307 |
| Foreign currency loans | | |
| - From banks | 433,018,033 | 592,162,411 |
| - From others | 1,951,507,309 | 1,914,049,761 |
| | 2,384,525,342 | 2,506,212,172 |
| Less: Current maturities of long-term debts (refer note 13) | 1,235,662,715 | 1,415,751,967 |
| | 1,148,862,627 | 1,090,460,205 |
| Unsecured | | |
| - From others | 257,400,000 | - |
| Total | 22,504,495,662 | 24,232,190,512 |

8 Additional disclosures:

Secured borrowings:

(i) Nature of security and terms of repayment for secured borrowings as at December 31, 2014 (rupee loans):

| Particulars | As at December 31, 2014 | Nature of security | Terms of repayment |
|---|----------------------------|--|---|
| Term loans under corporate debt restructuring | 8,972,342,615 | (i) First pari passu charge on fixed assets (ii) Second pari passu charge on current assets of the Company (iii) Pledge of 100% shareholding of the promoters of the Company (iv) Personal guarantee of Mr. Deepak Puri and Mrs. Nita Puri (v) Negative lien on land of Moser Baer Infrastructure and Developer Limited at Chennai on pari passu basis (vi) Corporate guarantee of Moser Baer Infrastructure and Developers Limited. (subsidiary of the Company that owns the rights to the Chennai land) (vii) Pledge of shares of Moser Baer Infrastructure and Developers Limited | Repayable in 32 quarterly installments after moratorium of 2 years from cut off date i.e. November 30, 2011 commencing from February 2014 |

MOSER BAER INDIA LIMITED

Summary of significant accounting policies and other explanatory informations to the consolidated financial statements for the year ended December 31, 2014

(All amounts in rupees, unless otherwise stated)

| Particulars | As at December 31, 2014 | Nature of security | Terms of repayment |
|------------------|----------------------------|---|--|
| Rupee term loans | 270,826,000 | <ul style="list-style-type: none"> (i) First pari-passu charge by way of mortgage on the immoveable properties acquired on sublease from MBIL comprising of 19,736 square meters of land at plot 66B, Udyog Vihar, Greater Noida, Uttar Pradesh, 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 and hypothecation on entire movable fixed assets. (ii) Personal guarantee of Mr. Deepak Puri (iii) Corporate guarantee of Moser Baer India Limited. (iv) First pari-passu charge by way of equitable mortgage of plot admeasuring 566.05 bighas along with superstructure thereon, situated at village Tinwari , District Jodhpur, Rajasthan. (pending receipt of no objection certificate(NOC) from Jodhpur Land Authority) | <p>Repayable in 30 unequal installment from end of moratorium period i.e. 31 March 2014. First installment commenced from 30 June, 2014.</p> |
| Rupee term loans | 225,000,270 | <ul style="list-style-type: none"> (i) First pari-passu charge by way of mortgage on the immoveable properties acquired on sublease from MBIL comprising of 19,736 square meters of land at plot 66B, Udyog Vihar, Greater Noida, Uttar Pradesh, 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 and hypothecation on entire movable fixed assets. (ii) Personal guarantee of Mr. Deepak Puri (iii) Corporate guarantee of Moser Baer India Limited. (iv) First pari-passu charge by way of equitable mortgage of plot admeasuring 566.05 bighas along with superstructure thereon, situated at village Tinwari , District Jodhpur, Rajasthan. (pending receipt of no objection certificate(NOC) from Jodhpur Land Authority) | <p>Repayable in 30 unequal quarterly installment from the end of moratorium period i.e March 31, 2014. First installment commencing from June 30, 2014</p> |
| Rupee term loans | 458,396,000 | <ul style="list-style-type: none"> (i) First pari-passu charge by way of mortgage on the immoveable properties acquired on sublease from MBIL comprising of 19,736 square meters of land at plot 66B, Udyog Vihar, Greater Noida, Uttar Pradesh, 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 and hypothecation on entire movable fixed assets. (ii) Personal guarantee of Mr. Deepak Puri (iii) Corporate guarantee of Moser Baer India Limited. (iv) First pari-passu charge by way of equitable mortgage of plot admeasuring 566.05 bighas along with superstructure thereon, situated at village Tinwari , District Jodhpur, Rajasthan. (pending receipt of no objection certificate(NOC) from Jodhpur Land Authority) | <p>Repayable in 30 unequal quarterly installment from the end of moratorium period i.e March 31, 2014. First installment commencing from June 30, 2014</p> |

MOSER BAER INDIA LIMITED

Summary of significant accounting policies and other explanatory informations to the consolidated financial statements for the year ended December 31, 2014

(All amounts in rupees, unless otherwise stated)

| Particulars | As at December 31, 2014 | Nature of security | Terms of repayment |
|----------------------------|----------------------------|--|---|
| Rupee term loans | 520,146,000 | <ul style="list-style-type: none"> (i) First pari-passu charge by way of mortgage on the immovable properties acquired on sublease from MBIL comprising of 19,736 square meters of land at plot 66B, Udyog Vihar, Greater Noida, Uttar Pradesh, 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 and hypothecation on entire movable fixed assets. (ii) Personal guarantee of Mr. Deepak Puri (iii) Corporate guarantee of Moser Baer India Limited. (iv) First pari-passu charge by way of equitable mortgage of plot admeasuring 566.05 bighas along with superstructure thereon, situated at village Tinwari , District Jodhpur, Rajasthan. (pending receipt of no objection certificate(NOC) from Jodhpur Land Authority) | Repayable in 30 unequal quarterly installment from the end of moratorium period i.e March 31, 2014. First installment commencing from June 30, 2014 |
| Rupee term loans | 119,400,000 | <ul style="list-style-type: none"> (i) First pari-passu charge by way of hypothecation of the existing and future current assets of the Company and second pari-passu charge by way of hypothecation on movable fixed assets of the Company. (ii) Personal guarantee of Mr. Deepak Puri (iii) Corporate guarantee of Moser Baer India Limited. (iv) Second pari-passu charge by way of equitable mortgage of plot admeasuring 566.05 big has along with superstructure thereon, situated at village Tinwari , District Jodhpur, Rajasthan (pending receipt of no objection certificate(NOC) from Jodhpur Land Authority). | Repayable in 30 unequal installment from end of moratorium period i.e. 31 March 2014. First installment commenced from 30 June, 2014. |
| Rupee term loans | 130,000,000 | | |
| Rupee term loans | 4,512,376,053 | <ul style="list-style-type: none"> (i) First pari-passu charge by way of mortgage on entire fixed assets, immovable properties plot no 66 B Udyog Vihar, Greater Noida comprising of 21000 sq mtr of land together with building and structures constructed/to be constructed with fixed plant and machinery and hypothecation on movable fixed assets. (ii) Second pari passu charge on entire current assets, both present and future, of the company (subject to no objection certificate (NOC) from Bank of Baroda). (iii) Personal guarantee of Mr. Deepak Puri & Nita Puri. (iv) Corporate Guarantee of M/s Moser Baer India Ltd. | Repayable in 31 unequal installment from end of moratorium period i.e. 31 March 2014. First installment commenced from June, 2014. |
| Working capital term loans | 3,854,977,476 | <ul style="list-style-type: none"> (i) First pari-passu charge by way of hypothecation on entire movable fixed assets of the Company.(pending approval from IFC-Washington) and second pari-passu charge on current assets of the Company (ii) Corporate guarantee of Moser Baer India Limited. (iii) Personal guarantee of Mr. Deepak Puri. (iv) First pari-passu charge by way of equitable mortgage of plot admeasuring 566.05 bighas along with superstructure thereon, | Repayable in 30 unequal quarterly installment from the end of moratorium period i.e 31 March 2014. First installment commencing from 30 June 2014. |

MOSER BAER INDIA LIMITED

Summary of significant accounting policies and other explanatory informations to the consolidated financial statements for the year ended December 31, 2014

(All amounts in rupees, unless otherwise stated)

| Particulars | As at December 31, 2014 | Nature of security | Terms of repayment |
|--|----------------------------|--|--|
| | | situated at village Tinwari , District Jodhpur, Rajasthan (pending receipt of no objection certificate(NOC) from Jodhpur Land Authority). | |
| Funded interest term loans | 1,571,209,184 | <ul style="list-style-type: none"> i) First pari-passu charge by way of hypothecation on entire movable fixed assets of the Company.(pending approval from IFC- Washington) and second pari-passu charge on current assets of the Company (ii) Personal guarantee of Mr. Deepak Puri. (iii) First pari-passu charge by way of equitable mortgage of plot admeasuring 566.05 bighas along with superstructure thereon, situated at village Tinwari , District Jodhpur, Rajasthan (pending receipt of no objection certificate(NOC) from Jodhpur Land Authority). | Repayable in 20 unequal quarterly installment from the end of moratorium period i.e 31 March 2014. First installment commencing from 30 June 2014. |
| Working capital term loans | 1,252,236,988 | <ul style="list-style-type: none"> (i) First pari passu charge on fixed assets (ii) Second pari passu charge on current assets of the Company (iii) Pledge of 100% shareholding of the promoters of the Company (iv) Personal guarantee of Mr. Deepak Puri and Mrs. Nita Puri | Repayable in 16 quarterly installments after moratorium of 2 years from cut off date i.e. November 30, 2011, commencing from February 2014 |
| Funded interest term loans | 622,027,598 | <ul style="list-style-type: none"> (v) Negative lien on land of Moser Baer Infrastructure and Developer Limited at Chennai on pari passu basis (vi) Corporate guarantee of Moser Baer Infrastructure and Developers Limited. (subsidiary of the Company that owns the rights to the Chennai land) (vii) Pledge of shares of Moser Baer Infrastructure and Developers Limited | Repayable in 7 quarterly installments commencing from September 30, 2013 |
| Working capital term loans | 1,308,567,000 | <ul style="list-style-type: none"> (i) First pari-passu charge by way of hypothecation on movable fixed assets of the company. (ii) Second pari passu charge on entire current assets, both present and future, of the company (subject to no objection certificate (NOC) from Bank of Baroda). (iii) Personal guarantee of Mr. Deepak Puri & Nita Puri. (iv) Corporate Guarantee of M/s Moser Baer India Ltd. | Repayable in 31 unequal installment from end of moratorium period i.e. 31 March 2014. First installment commenced from June, 2014. |
| Funded interest term loans | 1,133,411,449 | <ul style="list-style-type: none"> (i) First pari-passu charge by way of hypothecation on movable fixed assets of he company. (ii) Second pari passu charge on entire current assets, both present and future, of the company (subject to no objection certificate (NOC) from Bank of Baroda). iii) Personal guarantee of Mr. Deepak Puri & Nita Puri. | |
| Total | 24,950,916,633 | | |
| Less: Current portion of long-term debts (refer note 13) | 3,852,683,598 | | |
| Net long-term borrowings | 21,098,233,035 | | |

MOSER BAER INDIA LIMITED

Summary of significant accounting policies and other explanatory informations to the consolidated financial statements for the year ended December 31, 2014

(All amounts in rupees, unless otherwise stated)

Nature of security and terms of repayment for secured borrowings as at December 31, 2013 (rupee loans):

| Particulars | As at December 31, 2013 | Nature of security | Terms of repayment |
|------------------|----------------------------|---|---|
| Rupee term loans | 9,581,198,806 | <ul style="list-style-type: none"> (i) First pari-passu charge on the fixed assets. (ii) Second pari-passu charge on the current assets of the Company. (iii) Pledge of 100% shareholding of the promoters of the Company. (iv) Personal guarantee of Mr. Deepak Puri and Mrs. Nita Puri. (v) Negative lien on land of Moser Baer Infrastructure and Developer Limited at Chennai on pari-passu basis. (vi) Corporate guarantee of Moser Baer Infrastructure and Developers Limited (subsidiary of the Company that owns the rights to the Chennai land). (vii) Pledge of shares of Moser Baer Infrastructure and Developers Limited. | Repayable in 32 quarterly installments after moratorium of 2 years from cut off date i.e. November 30, 2011 commencing from February 2014 |
| Rupee term loans | 270,826,000 | <ul style="list-style-type: none"> (i) First pari-passu charge by way of mortgage (vide approval of concerned land authority) on the immovable properties acquired on sub-lease from MBIL comprising of 19,736 square metres of land at plot 66 B, Udyog Vihar, Greater Noida, Uttar Pradesh, 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. (ii) Personal guarantee of Mr. Deepak Puri. (iii) Corporate guarantee of Moser Baer India Limited. (iv) Pari-passu charge by way of equitable mortgage of plot admeasuring 566.05 bighas along with superstructure thereon, situated at village Tinwari, District Jodhpur, Rajasthan (pending receipt of no objection certificate (NOC) from Jodhpur Land Authority). | Repayable in 30 unequal quarterly installment from the end of moratorium period i.e March 31, 2014. First installment commencing from June 30, 2014 |
| Rupee term loans | 225,000,270 | <ul style="list-style-type: none"> (i) First pari-passu charge by way of mortgage on the immoveable properties acquired on sublease form MBIL comprising of 19,736 square meters of land at plot 66 B, Udyog Vihar, Greater Noida, Uttar Pradesh, 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 and hypothecation on entire movable fixed assets. (ii) Personal guarantee of Mr. Deepak Puri. (iii) Corporate guarantee of Moser Baer India Limited. (iv) First pari-passu charge by way of equitable mortgage of plot admeasuring 566.05 bighas along with superstructure thereon, situated at village Tinwari, District Jodhpur, Rajasthan. (pending receipt of no objection certificate(NOC) from Jodhpur Land Authority). | Repayable in 30 unequal quarterly installment from the end of moratorium period i.e March 31, 2014. First installment commencing from June 30, 2014 |

MOSER BAER INDIA LIMITED

Summary of significant accounting policies and other explanatory informations to the consolidated financial statements for the year ended December 31, 2014

(All amounts in rupees, unless otherwise stated)

| Particulars | As at December 31, 2013 | Nature of security | Terms of repayment |
|------------------|----------------------------|--|--|
| Rupee term loans | 460,700,000 | <ul style="list-style-type: none"> (i) First pari-passu charge by way of hypothecation of the existing and future current assets of the Company and second pari-passu charge by way of hypothecation of all or part of machinery, accessories, equipments, stores and spares etc including electric equipments, DG set and other related items installed or to be installed at premises at plot 66 B or anywhere else. (ii) Personal guarantee of Mr. Deepak Puri. (iii) First pari-passu charge on entire fixed assets and second pari-passu charge on all current assets. (iv) Corporate guarantee of Moser Baer India Limited. (v) Pari-passu charge by way of equitable mortgage of plot admeasuring 566.05 bighas along with superstructure thereon, situated at village Tinwari , District Jodhpur, Rajasthan (pending receipt of no objection certificate (NOC) from Jodhpur Land Authority). (vi) The said loan is additionally secured by assignment of bank guarantee. | Repayable in 30 unequal quarterly installment from the end of moratorium period i.e March 31, 2014. First installment commencing from June 30, 2014 |
| Rupee term loans | 525,400,000 | <ul style="list-style-type: none"> (i) First pari-passu charge by way of hypothecation over current assets (both present and future) of the Company. (ii) Personal guarantee of Mr. Deepak Puri. (iii) Corporate guarantee of Moser Baer India Limited. (iv) Pari-passu charge by way of equitable mortgage of plot admeasuring 566.05 bighas along with superstructure thereon, situated at village Tinwari , District Jodhpur, Rajasthan (pending receipt of no objection certificate (NOC) from Jodhpur Land Authority). (v) The said loan is additionally secured by assignment of bank guarantee. | Repayable in 30 unequal quarterly installment from the end of moratorium period i.e March 31, 2014. First installment commencing from June 30, 2014. |
| Rupee term loans | 120,000,000 | <ul style="list-style-type: none"> (i) First pari-passu charge by way of hypothecation of the existing and future current assets of the Company and second pari-passu charge on fixed assets of the Company. (ii) Personal guarantee of Mr. Deepak Puri. (iii) Corporate guarantee of Moser Baer India Limited. (iv) Pari-passu charge by way of equitable mortgage of plot admeasuring 566.05 bighas along with superstructure thereon, situated at village Tinwari, District Jodhpur, Rajasthan (pending receipt of no objection certificate (NOC) from Jodhpur Land Authority). | Repayable in 30 unequal quarterly installment from the end of moratorium period i.e March 31, 2014. First installment commencing from June 30, 2014 |
| Rupee term loans | 130,000,000 | <ul style="list-style-type: none"> (i) First pari-passu charge by way of mortgage on entire fixed assets, immovable properties plot no 66 B Udyog Vihar, Greater Noida comprising of 21,000 square metres of land together with building and structures constructed/to be constructed with fixed plant and machinery and hypothecation on movable fixed assets. | Repayable in 31 unequal installment from end of moratorium period i.e. March 31, 2014. First installment commencing from June, 2014. |
| Rupee term loans | 4,089,236,638 | <ul style="list-style-type: none"> (i) First pari-passu charge by way of mortgage on entire fixed assets, immovable properties plot no 66 B Udyog Vihar, Greater Noida comprising of 21,000 square metres of land together with building and structures constructed/to be constructed with fixed plant and machinery and hypothecation on movable fixed assets. | Repayable in 31 unequal installment from end of moratorium period i.e. March 31, 2014. First installment commencing from June, 2014. |

MOSER BAER INDIA LIMITED

Summary of significant accounting policies and other explanatory informations to the consolidated financial statements for the year ended December 31, 2014

(All amounts in rupees, unless otherwise stated)

| Particulars | As at December 31, 2013 | Nature of security | Terms of repayment |
|----------------------------|----------------------------|--|--|
| | | <ul style="list-style-type: none"> (ii) Second pari passu charge on entire current assets, both present and future, of the Company (subject to no objection certificate (NOC) from Bank of Baroda). (iii) Personal guarantee of Mr. Deepak Puri and Nita Puri. (iv) Corporate guarantee of Moser Baer India Limited. | |
| Working capital term loans | 1,470,300,000 | <ul style="list-style-type: none"> (i) First pari-passu charge by way of hypothecation on movable fixed assets of the company. (ii) Second pari passu charge on entire current assets, both present and future, of the company (subject to no objection certificate (NOC) from Bank of Baroda). (iii) Personal guarantee of Mr. Deepak Puri and Nita Puri. (iv) Corporate guarantee of Moser Baer India Limited. | Repayable in 31 unequal installment from end of moratorium period i.e. March 31, 2014. First installment commencing from June, 2014. |
| Funded interest term loans | 1,275,971,450 | <ul style="list-style-type: none"> (i) First pari-passu charge by way of hypothecation on movable fixed assets of the company. (ii) Second pari passu charge on entire current assets, both present and future, of the company (subject to no objection certificate (NOC) from Bank of Baroda). (iii) Personal guarantee of Mr. Deepak Puri and Mrs. Nita Puri. | |
| Working capital term loans | 1,399,900,000 | <ul style="list-style-type: none"> (i) First pari-passu charge on the fixed assets. (ii) Second pari-passu charge on the current assets of the Company. (iii) Pledge of 100% shareholding of the promoters of the Company. (iv) Personal guarantee of Mr. Deepak Puri and Mrs. Nita Puri. | Repayable in 16 quarterly installments after moratorium of 2 years from cut off date i.e. November 30, 2011, commencing from February 2014. |
| Funded interest term loans | 1,231,469,623 | <ul style="list-style-type: none"> (v) Negative lien on land of Moser Baer Infrastructure and Developer Limited at Chennai on pari-passu basis. (vi) Corporate guarantee of Moser Baer Infrastructure and Developers Limited (subsidiary of the Company that owns the rights to the Chennai land). (vii) Pledge of shares of Moser Baer Infrastructure and Developers Limited. | Repayable in 7 quarterly installments commencing from September 30, 2013. |
| Working capital term loans | 3,866,697,476 | <ul style="list-style-type: none"> (i) First pari-passu charge by way of hypothecation on entire movable fixed assets of the Company (pending approval from IFC-Washington) and second pari-passu charge on current assets of the Company. (ii) Corporate guarantee of Moser Baer India Limited. (iii) Personal guarantee of Mr. Deepak Puri. (iv) First pari-passu charge by way of equitable mortgage of plot admeasuring 566.05 bighas along with superstructure thereon, situated at village Tinwari, District Jodhpur, Rajasthan (pending receipt of no objection certificate (NOC) from Jodhpur Land Authority). | Repayable in 30 unequal quarterly installment from the end of moratorium period i.e March 31, 2014. First installment commencing from June 30, 2014. |

MOSER BAER INDIA LIMITED

Summary of significant accounting policies and other explanatory informations to the consolidated financial statements for the year ended December 31, 2014

(All amounts in rupees, unless otherwise stated)

| Particulars | As at December 31, 2013 | Nature of security | Terms of repayment |
|--|----------------------------|--|--|
| Funded interest term loans | 1,400,138,447 | (i) First pari-passu charge by way of hypothecation on entire movable fixed assets of the Company (pending approval from IFC- Washington) and second pari-passu charge on current assets of the Company. (ii) Personal guarantee of Mr. Deepak Puri. (iii) First pari-passu charge by way of equitable mortgage of plot admeasuring 566.05 bighas along with superstructure thereon, situated at village Tinwari, District Jodhpur, Rajasthan (pending receipt of no objection certificate (NOC) from Jodhpur Land Authority). | Repayable in 20 unequal quarterly installment from the end of moratorium period i.e March 31, 2014. First installment commencing from June 30, 2014. |
| Total | 26,046,838,710 | | |
| Less: Current portion of long-term debts (refer note 13) | 2,905,108,403 | | |
| Net long-term borrowings | 23,141,730,307 | | |

(ii) Nature of security and terms of repayment for secured borrowings (foreign currency loans):

| Particulars | As at December 31, 2014 | As at December 31, 2013 | Nature of security | Terms of repayment |
|-----------------------------|----------------------------|----------------------------|--|---|
| From banks | | | | |
| Foreign currency term loans | - | 167,455,797 | (i) First pari-passu charge by way of mortgage on entire fixed assets, immovable properties plot no 66 B Udyog Vihar, Greater Noida comprising of 21,000 sq mtr of land together with building and structures constructed/to be constructed with fixed plant and machinery and hypothecation on movable fixed assets. (ii) Second pari passu charge on entire current assets, both present and future, of the company (subject to no objection certificate (NOC) from Bank of Baroda). (iii) Personal guarantee of Mr. Deepak Puri & Nita Puri. (iv) Corporate Guarantee of M/s Moser Baer India Ltd. | Repayable in 31 unequal installments from end of moratorium period i.e. March 31, 2014. |
| Foreign currency term loans | 433,018,032 | 424,706,614 | (i) First pari-passu charge by way of mortgage on the immoveable properties of the company comprising of 21,000 sq mtr of land together with building and structures constructed/to be constructed with fixed plant and machinery and hypothecation on movable fixed assets. (ii) Corporate Guarantee of M/s Moser Baer India Ltd. | Repayable in 20 equal installments of \$ 490,639 each |

MOSER BAER INDIA LIMITED

Summary of significant accounting policies and other explanatory informations to the consolidated financial statements for the year ended December 31, 2014

(All amounts in rupees, unless otherwise stated)

| Particulars | As at December 31, 2014 | As at December 31, 2013 | Nature of security | Terms of repayment |
|--|----------------------------|----------------------------|--|---|
| From others | | | | |
| Foreign currency term loans | 1,103,200,000 | 1,082,025,000 | <p>(i) First pari-passu charge by way of mortgage (vide approval of concerned land authority) on the immoveable properties acquired on sublease form MBIL comprising of 19,736 square metres of land at plot 66B, Udyog Vihar, Greater Noida, Uttar Pradesh, 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.</p> <p>(ii) Pari-passu charge by way of equitable mortgage of plot admeasuring 566.05 bighas along with superstructure thereon, situated at village Tinwari, District Jodhpur, Rajasthan. (pending receipt of no objection certificate(NOC) from Jodhpur Land Authority)</p> <p>(iii) Corporate guarantee of Moser Baer India Limited.</p> | \$2,500,000 on May 15 2012, \$3,000,000 on November 15 2012, \$4,000,000 each on May 15, 2013, November 15, 2013 and May 15, 2014, |
| Foreign currency term loans | 848,307,310 | 832,024,761 | <p>(i) First pari-passu charge by way of mortgage on entire fixed assets, immovable properties plot no 66B Udyog Vihar, Greater Noida comprising of 21,000 sq mtr of land together with building and structures constructed/to be constructed with fixed plant and machinery and hypothecation on movable fixed assets.</p> <p>(ii) Second pari passu charge on entire current assets, both present and future, of the company (subject to no objection certificate (NOC) from Bank of Baroda).</p> <p>(iii) Personal guarantee of Mr. Deepak Puri & Nita Puri.</p> <p>(iv) Corporate Guarantee of M/s Moser Baer India Ltd.</p> | Repayable in 31 unequal installment from end of moratorium period i.e. 31 March 2014. First installment commencing from 30 June 2014. |
| Total | 2,384,525,342 | 2,506,212,172 | | |
| Less: Current portion of long-term debts (refer note 13) | 1,235,662,715 | 1,415,751,967 | | |
| Net long-term borrowings | 1,148,862,627 | 1,090,460,205 | | |

MOSER BAER INDIA LIMITED

Summary of significant accounting policies and other explanatory informations to the consolidated financial statements for the year ended December 31, 2014

(All amounts in rupees, unless otherwise stated)

- (iii) Interest rate on long-term borrowings varies from 10.25 to 15.25 % p.a. (previous period 10.25 to 15.25 % p.a.)
- (iv) Details of default in repayment of loans and interest of Moser Baer India Limited and its subsidiaries namely - Helios Photo Voltaic Limited (formerly known as Moser Baer Photo Voltaic Limited) and Moser Baer Solar Limited are summarised below:

The details of continuing defaults of principal and interest in each case as at December 31, 2014 are as follows:

| Particulars | Due date | Amount | Period of default in days |
|-----------------------|-------------|-------------|---------------------------|
| Banks | 14-Jul-12 | 6,297,732 | 900 |
| | 14-Oct-12 | 5,948,585 | 808 |
| | 14-Jan-13 | 5,581,542 | 716 |
| | 31-Mar-13 | 3,163,907 | 640 |
| | 14-Apr-13 | 5,192,867 | 626 |
| | 30-Jun-13 | 39,735,888 | 549 |
| | 14-Jul-13 | 5,189,413 | 535 |
| | 30-Sep-13 | 489,651 | 457 |
| | 14-Oct-13 | 5,208,678 | 443 |
| | 31-Oct-13 | 2,890,816 | 426 |
| | 30-Nov-13 | 2,803,391 | 396 |
| | 31-Dec-13 | 11,691,126 | 365 |
| | 14-Jan-14 | 10,818,667 | 351 |
| | 31-Jan-14 | 16,275,824 | 334 |
| | 28-Feb-14 | 31,371,456 | 306 |
| | 31-Mar-14 | 51,289,339 | 275 |
| | 14-Apr-14 | 5,629,650 | 261 |
| | 30-Apr-14 | 78,484,577 | 245 |
| | 31-May-14 | 135,605,564 | 214 |
| | 30-Jun-14 | 287,474,363 | 184 |
| | 14-Jul-14 | 11,612,000 | 170 |
| | 31-Jul-14 | 193,695,136 | 153 |
| | 31-Aug-14 | 363,988,372 | 122 |
| | 30-Sep-14 | 405,936,385 | 92 |
| | 14-Oct-14 | 11,855,489 | 78 |
| | 31-Oct-14 | 216,624,416 | 61 |
| 30-Nov-14 | 547,234,606 | 31 | |
| Financial institution | 15-May-12 | 171,021,539 | 960 |
| | 15-Nov-12 | 204,794,263 | 776 |
| | 15-May-13 | 270,402,572 | 595 |
| | 31-Oct-13 | 1,637,867 | 426 |
| | 15-Nov-13 | 267,895,179 | 595 |
| | 30-Nov-13 | 2,986,235 | 396 |
| | 31-Dec-13 | 3,218,187 | 365 |
| | 31-Jan-14 | 4,586,964 | 334 |
| | 28-Feb-14 | 7,515,590 | 306 |
| | 31-Mar-14 | 8,496,471 | 275 |
| | 30-Apr-14 | 9,916,502 | 245 |
| | 15-May-14 | 279,624,035 | 230 |
| | 31-May-14 | 10,520,712 | 214 |
| | 30-Jun-14 | 36,283,571 | 184 |
| | 31-Jul-14 | 11,703,138 | 153 |
| | 31-Aug-14 | 22,384,366 | 122 |
| | 30-Sep-14 | 33,425,275 | 92 |
| | 31-Oct-14 | 13,824,040 | 61 |
| | 15-Nov-14 | 19,168,864 | 46 |
| | 30-Nov-14 | 31,965,467 | 31 |
| 31-Oct-14 | 9,415,120 | 61 | |
| 30-Nov-14 | 9,152,840 | 31 | |

MOSER BAER INDIA LIMITED

Summary of significant accounting policies and other explanatory informations to the consolidated financial statements for the year ended December 31, 2014

(All amounts in rupees, unless otherwise stated)

9 Other long-term liabilities

| Particulars | As at December 31, 2014 | As at December 31, 2013 |
|--|----------------------------|----------------------------|
| Deferred government grant (refer note below) | 35,000,000 | 35,000,000 |
| Security deposits | 540,000 | 12,605,250 |
| Retention money | 1,970,731 | 9,113,282 |
| Lease equalisation reserve | 11,776,917 | 44,535,208 |
| VAT and CST payable | 780,191 | 780,191 |
| Total | 50,067,839 | 102,033,931 |

Note:

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)Se₂ solar cells. During the year ended 31 March 2011, the Company received RandD 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 142,100,000. 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 specific fixed assets.

10 Long-term provisions

| Particulars | As at December 31, 2014 | As at December 31, 2013 |
|---|----------------------------|----------------------------|
| Provision for employee benefits | | |
| - Gratuity (refer note 44) | 199,885,309 | 181,858,592 |
| - Compensated absences (refer note 44) | 86,174,953 | 86,815,210 |
| - Key resource bonus and deferred salary | 157,199 | 185,859 |
| Others | | |
| - Provision for warranty (refer note below) | 243,990,532 | 234,378,407 |
| Total | 530,207,993 | 503,238,068 |

Note:

The movement in provision for warranty from beginning to end of the reporting period is as follows:

| Particulars | Year ended December 31, 2014 | Period ended December 31, 2013 |
|--|---------------------------------|-----------------------------------|
| Balance at the beginning of the year/period | 234,378,407 | 214,846,533 |
| Add: Accruals during the year/period | 14,870,213 | 19,908,407 |
| Less: Utilised during the year/period | (5,258,088) | (376,533) |
| Balance at the end of the year/period | 243,990,532 | 234,378,407 |

Warranty provision relate to the estimated outflow in respect of warranty for products sold by the subsidiaries. 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.

MOSER BAER INDIA LIMITED

Summary of significant accounting policies and other explanatory informations to the consolidated financial statements for the year ended December 31, 2014

(All amounts in rupees, unless otherwise stated)

11 Short-term borrowings

| Particulars | As at December 31, 2014 | As at December 31, 2013 |
|---|----------------------------|----------------------------|
| Secured | | |
| (a) Short-term loans from banks | | |
| - Secured by first pari passu charge on all current assets of the Company and further by way of second charge on all fixed assets of the Company (refer note below) | 10,209,343,652 | 8,405,646,670 |
| - Secured by lien on fixed deposits from banks | - | 613,800 |
| (b) Short-term loans from others | | |
| - Secured by first pari passu charge on all current assets of the Company and further by way of second charge on all fixed assets of the Company (refer note below) | 434,782,774 | 446,500,000 |
| Unsecured | | |
| Others | 122,359,507 | - |
| Total | 10,766,485,933 | 8,852,760,470 |

Notes:

Short term loans outstanding as at 31 December 2014 are further secured by as per below :

- (i) Pledge of 100% shareholding of the promoters of the Company.
- (ii) Personal guarantee of Mr. Deepak Puri and Mrs. Nita Puri.
- (iii) Negative lien on land of Moser Baer Infrastructure and Developers Limited at Chennai on pari passu basis.
- (iv) Corporate guarantee of Moser Baer Infrastructure and Developers Limited (subsidiary of the company that owns the rights to the Chennai land).
- (v) Pledge of shares of Moser Baer Infrastructure and Developers Limited.

12 Trade payables

| Particulars | As at December 31, 2014 | As at December 31, 2013 |
|--|----------------------------|----------------------------|
| Acceptances | 309,251,055 | 854,745,146 |
| Trade creditors | | |
| - Total outstanding dues of micro, small and medium enterprises | 51,431,626 | 72,777,339 |
| - Total outstanding dues of creditors other than micro, small and medium enterprises | 2,511,928,310 | 1,178,109,252 |
| Total | 2,872,610,991 | 2,105,631,737 |

MOSER BAER INDIA LIMITED

Summary of significant accounting policies and other explanatory informations to the consolidated financial statements for the year ended December 31, 2014

(All amounts in rupees, unless otherwise stated)

13 Other current liabilities

| Particulars | As at December 31, 2014 | As at December 31, 2013 |
|--|----------------------------|----------------------------|
| Current maturities of: | | |
| - Long-term debt (refer note 8) | 5,088,346,313 | 4,320,860,370 |
| - Foreign currency convertible bonds (refer note 45 (a)) | 5,579,040,000 | 5,471,955,000 |
| - Premium on redemption of foreign currency convertible bonds (refer note 45(c)) | 2,034,913,177 | 2,032,527,592 |
| Interest accrued but not due on borrowings | 8,951,080 | 7,917,679 |
| Interest accrued and due on borrowings | 2,006,108,798 | 665,766,472 |
| Income received in advance | 191,949,291 | 191,199,630 |
| Unpaid dividend | 2,383,192 | 2,940,573 |
| Others: | | |
| - Capital creditors | 279,971,644 | 294,687,049 |
| - Employee dues | 165,092,968 | 156,753,511 |
| - Security deposits | 2,658,951 | 2,882,951 |
| - Statutory dues | 93,829,357 | 115,673,579 |
| - Retention money | 48,871,409 | 45,139,930 |
| - Deferred payment liabilities | 152,896,800 | 152,896,800 |
| - Book overdraft | 106,061,027 | 121,591,990 |
| - Others payables | 42,166,811 | 28,773,856 |
| Total | 15,803,240,818 | 13,611,566,982 |

14 Short-term provisions

| Particulars | As at December 31, 2014 | As at December 31, 2013 |
|---|----------------------------|----------------------------|
| Provision for employee benefits | | |
| - Gratuity | 472,160 | 755,920 |
| - Compensated absences | 15,421,568 | 16,216,774 |
| - Key resource bonus and deferred salary (refer note (I) below) | 2,505,955 | 8,417,852 |
| Others | | |
| - Provision for taxation | 511,398 | 697,019 |
| - Provision for warranty (refer note (ii) below) | 7,993,399 | 24,615,067 |
| - Provision for other probable obligations (refer note (iii) below) | 474,662,439 | 439,212,610 |
| - Provision for redemption of foreign currency convertible bonds (refer note 45(c)) | 1,844,505,476 | 1,144,052,106 |
| Total | 2,346,072,395 | 1,633,967,348 |

The following is the movement in provisions from beginning to the end of the reporting period:

(i) Provision for key resource bonus and deferred salary

| Particulars | Year ended December 31, 2014 | Period ended December 31, 2013 |
|---|---------------------------------|-----------------------------------|
| Balance at the beginning of the year/period | 8,603,711 | 36,519,056 |
| Add: Accruals for the year/period | 3,504,076 | 20,924,050 |
| Less: Paid during the year/period | (9,444,633) | 48,839,395 |
| Balance at the end of the year/period | 2,663,154 | 8,603,711 |
| Disclosed under long-term provisions (refer note 10) | 157,199 | 185,859 |
| Disclosed under short-term provisions (refer note 14) | 2,505,955 | 8,417,852 |
| | 2,663,154 | 8,603,711 |

MOSER BAER INDIA LIMITED

Summary of significant accounting policies and other explanatory informations to the consolidated financial statements for the year ended December 31, 2014

(All amounts in rupees, unless otherwise stated)

(ii) Provision for Warranty

| Particulars | Year ended December 31, 2014 | Period ended December 31, 2013 |
|--|---------------------------------|-----------------------------------|
| Balance at the beginning of the year/period | 24,615,067 | 23,784,301 |
| Add: Accruals for the year/period | 1,707,408 | 3,515,669 |
| Less: Utilised during the year/period | (1,477,076) | (1,416,720) |
| Less: Written back during the year/period | (16,852,000) | (1,268,183) |
| Balance at the end of the year/period | 7,993,399 | 24,615,067 |

Warranty provision relate to the estimated outflow in respect of warranty for products sold by the Company. Due to the nature of such costs, it is not possible to estimate the timing/uncertainties relating to their outflows as well as expense from such estimates.

(iii) Other probable obligations

| Particulars | Year ended December 31, 2014 | Period ended December 31, 2013 |
|--|---------------------------------|-----------------------------------|
| Balance at the beginning of the year/period | 439,212,610 | 412,503,835 |
| Add: Accruals for the year/period | 35,449,829 | 26,708,775 |
| Balance at the end of the year/period | 474,662,439 | 439,212,610 |

Probable obligations provision relates to the estimated outflow in respect of possible liabilities expected to arise in future. As per notification no. 22/2006 of Central Excise, the Company has to pay additional custom duty on its local sales, if the goods sold are exempted from payment of sales tax or value added tax. One of the units of the Company is exempt from payment of local sales tax and hence the department has disputed the same and demanded the duty on the sale of such goods. The Company has recorded the liability for the amount demanded and is accruing the interest on the same quarterly. 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, hence considered as short-term in nature.

MOSER BAER INDIA LIMITED

Summary of significant accounting policies and other explanatory informations to the consolidated financial statements for the year ended December 31, 2014
(All amounts in rupees, unless otherwise stated)

15 Fixed assets

| Particulars | Gross block | | Accumulated depreciation and amortisation | | | | Accumulated Impairment | | | Net block | |
|---|-------------------------------|--------------------|---|---------------------------------|-----------------------|---------------------------|---------------------------------|------------------------|---------------------------------|---------------------------------|---------------------------------|
| | Balance as at January 1, 2014 | Additions | Deletions | Balance as at December 31, 2014 | Charge for the period | Adjustment upon deletions | Balance as at December 31, 2014 | Charges for the period | Balance as at December 31, 2014 | Balance as at December 31, 2014 | Balance as at December 31, 2013 |
| Tangible assets | | | | | | | | | | | |
| Leasehold land | 581,797,958 | - | - | 49,401,423 | 6,125,147 | - | 55,526,570 | - | - | 526,271,388 | 532,396,535 |
| Building | 4,854,057,435 | - | - | 1,409,475,574 | 158,757,816 | - | 1,568,233,390 | - | - | 3,285,824,045 | 3,444,561,861 |
| Leasehold improvements | 16,992,324 | 1,062,135 | 1,062,135 | 4,736,679 | 2,761,811 | 694,808 | 6,803,682 | 1,989,880 | 1,989,880 | 7,136,627 | 10,266,765 |
| Plant and equipments | 55,836,938,841 | 2,46,368,214 | 133,738 | 40,083,209,351 | 2,494,000,841 | 91,109 | 42,587,119,083 | 1,143,504,954 | 1,181,581,655 | 12,314,472,579 | 14,600,224,536 |
| Furniture and fixtures | 201,592,559 | - | 1,071,552 | 113,960,320 | 10,758,093 | 496,446 | 124,221,967 | 1,109,175 | 1,109,175 | 75,189,865 | 86,523,064 |
| Office equipments | 128,870,232 | - | 1,061,840 | 57,095,990 | 5,466,478 | 871,302 | 61,691,166 | 1,896,300 | 1,896,300 | 64,220,926 | 69,877,942 |
| Computers | 244,403,837 | - | 2,731,055 | 216,034,281 | 11,514,253 | 2,282,821 | 225,265,713 | 214,478 | 214,478 | 16,192,591 | 28,155,078 |
| Vehicles | 24,088,844 | - | - | 17,010,853 | 1,855,403 | - | 18,866,256 | 42,554 | 42,554 | 5,180,034 | 7,035,437 |
| Sub total | 61,888,742,030 | 246,368,214 | 6,060,320 | 41,960,924,471 | 2,691,239,842 | 4,436,486 | 44,647,727,827 | 1,148,757,341 | 38,076,701 | 16,294,488,055 | 18,779,060,218 |
| Previous period | (61,600,470,659) | (331,122,823) | (42,851,452) | (39,776,740,755) | (2,215,556,101) | (31,372,385) | (41,960,924,471) | (10,813,290) | (1,137,944,051) | (18,779,060,218) | |
| Intangible assets | | | | | | | | | | | |
| Computer software | 118,798,921 | - | 235,654 | 100,095,595 | 9,319,127 | 153,888 | 109,260,834 | 815,949 | 815,949 | 8,466,484 | 17,887,377 |
| Copyrights, and patents and other intellectual property rights, services and operating rights | 3,438,826,189 | 2,000,000 | - | 2,932,443,556 | 194,230,157 | - | 3,126,673,713 | 44,623,358 | 233,051,602 | 81,100,874 | 461,759,275 |
| Goodwill on consolidation | 743,169,473 | - | - | 743,169,473 | - | - | - | 81,677,437 | 81,677,437 | 661,492,036 | 661,492,036 |
| Sub total | 4,300,794,583 | 2,000,000 | 235,654 | 3,032,539,151 | 203,549,284 | 153,888 | 3,235,934,547 | 127,116,744 | 188,428,244 | 315,544,988 | 1,141,138,688 |
| Previous period | (4,293,202,881) | (7,597,902) | (6,200) | (4,300,794,583) | (205,902,699) | (20,119) | (3,032,539,151) | (44,623,358) | (127,116,744) | (1,141,138,688) | |

Notes:

Additions to plant and machinery include exchange loss of Rs. 66,450,472 (previous period Rs. 200,577,645).

MOSER BAER INDIA LIMITED

Summary of significant accounting policies and other explanatory informations to the consolidated financial statements for the year ended December 31, 2014

(All amounts in rupees, unless otherwise stated)

16 Non current investments

| Particulars | As at December 31, 2014 | As at December 31, 2013 |
|--|----------------------------|----------------------------|
| Trade investments | | |
| (a) Investment in equity instruments | 575,525,316 | 575,525,316 |
| (b) Investment in preference shares | 1,381,978,077 | 1,381,978,077 |
| | 1,957,503,393 | 1,957,503,393 |
| Less: Share of loss in associate | (98,811,310) | (98,811,310) |
| Less: Provision for diminution in the value of investments | (1,850,617,132) | (1,850,617,132) |
| Total | 8,074,951 | 8,074,951 |

Details of trade investments (valued at cost)

| Particulars | As at December 31, 2014 | | As at December 31, 2013 | |
|--|-------------------------|------------------|-------------------------|------------------|
| (a) Investment in unquoted equity instruments | | | | |
| Investment in associates: | | | | |
| Moser Baer Infrastructure Limited 3,430,000 (previous period 3,430,000) equity shares of Rs. 10 each | 34,300,000 | | 34,300,000 | |
| Less: Share of loss in associate | (6,279,125) | | (6,279,125) | |
| Less: Provision for diminution in the value of investment | (28,020,875) | - | (28,020,875) | - |
| Global Data Media FZ-LLC 7,194 (previous period 7,194) equity shares of AED 1000 each | 92,532,185 | | 92,532,185 | |
| Less: Share of loss in associate | (92,532,185) | - | (92,532,185) | - |
| Others: | | | | |
| Moser Baer Projects Private Limited 510,000 (previous period 510,000) equity shares of Rs. 10 each | | 5,100,000 | | 5,100,000 |
| Lumen Engineering Private Limited 102,000 (previous period 102,000) equity shares of Rs. 10 each | | 1,020,000 | | 1,020,000 |
| CAPCO Luxemburg S.A.R.L 1 (previous period 1) equity share of Euro 125 each | | 4,961 | | 4,961 |
| Bensimon Limited 20 (previous period 20) equity shares of Euro 1 each | | 1,382 | | 1,382 |
| KMG Digital Limited 196 (previous period 196) class A ordinary shares of Euro 1 each | | 1,320,264 | | 1,320,264 |
| Solaria Corporation 7,779,117 (previous period 7,779,117) common stock of USD 0.001 each | 395,247,847 | | 395,247,847 | |
| Less: Provision for diminution in the value of investment | (395,247,847) | - | (395,247,847) | - |
| Solaria Corporation 815,092 (previous period 815,092) Class B common stock of USD 0.001 each | 45,998,677 | | 45,998,677 | |
| Less: Provision for diminution in the value of investment | (45,998,677) | - | (45,998,677) | - |
| Total (A) | | 7,446,607 | | 7,446,607 |

MOSER BAER INDIA LIMITED

Summary of significant accounting policies and other explanatory informations to the consolidated financial statements for the year ended December 31, 2014

(All amounts in rupees, unless otherwise stated)

| Particulars | As at December 31, 2014 | | As at December 31, 2013 | |
|---|-------------------------|------------------|-------------------------|------------------|
| (b) Investments in unquoted preferred stock | | | | |
| CAPCO Luxemburg S.A.R.L | | | | |
| 63,366 (previous period 63,366) preferred equity certificates of Euro 125 each | 320,668,823 | | 320,668,823 | |
| Less: Provision for diminution in the value of investment | (320,668,823) | - | (320,668,823) | - |
| Stion Corporation | | | | |
| 1,000,000 (previous period 1,000,000) shares of series A preferred stock of USD 0.0001 each | 45,302,150 | | 45,302,150 | |
| Stion Corporation | | | | |
| 82,912 (previous period 82,912) shares of series B-2 preferred stock of USD 0.0001 each | 7,693,234 | | 7,693,234 | |
| Stion Corporation | | | | |
| 82,912 (previous period 82,912) shares of series B-1 preferred stock of USD 0.0001 each | 12,241,163 | | 12,241,163 | |
| | 65,236,547 | | 65,236,547 | |
| Less: Provision for diminution in the value of investment | (65,236,547) | - | (65,236,547) | - |
| Solfocus Inc | | | | |
| 7,000,000 (previous period 7,000,000) shares of series A preferred stock of USD 0.0001 each | 327,047,185 | | 327,047,185 | |
| Less: Provision for diminution in the value of investment | (327,047,185) | - | (327,047,185) | - |
| Solfocus Inc | | | | |
| 4,950,495 (previous period 4,950,495) shares of series B preferred stock of USD 0.0001 each | 410,660,000 | | 410,660,000 | |
| Less: Provision for diminution in the value of investment | (410,660,000) | - | (410,660,000) | - |
| Solfocus Inc | | | | |
| 2,178,649 (previous period 2,178,649) shares of series C preferred stock of USD 0.0001 each | 245,340,000 | | 245,340,000 | |
| Less: Provision for diminution in the value of investment | (245,340,000) | - | (245,340,000) | - |
| Skyline Solar Inc. | | | | |
| 482,250 (previous period 482,250) shares of series A preferred stock of USD 0.5384 each | 13,025,522 | | 13,025,522 | |
| Less: Provision for diminution in the value of investment | (12,397,178) | 628,344 | (12,397,178) | 628,344 |
| Total (B) | | 628,344 | | 628,344 |
| Total (A+B) | | 8,074,951 | | 8,074,951 |

MOSER BAER INDIA LIMITED

Summary of significant accounting policies and other explanatory informations to the consolidated financial statements for the year ended December 31, 2014

(All amounts in rupees, unless otherwise stated)

17 Long term loans and advances

| Particulars | As at December 31, 2014 | As at December 31, 2013 |
|---------------------------------------|----------------------------|----------------------------|
| Capital advances | | |
| - unsecured considered good | 118,000,617 | 129,221,430 |
| - unsecured considered doubtful | 61,124,676 | 62,601,559 |
| Less: Allowance for doubtful advances | (61,124,676) | (62,601,559) |
| | 118,000,617 | 129,221,430 |
| Security deposits | 36,941,165 | 105,622,436 |
| Prepaid expenses | 57,059 | 428,180 |
| Prepaid taxes | 162,840,309 | 108,177,669 |
| Loans to others | 94,638,097 | 101,560,931 |
| Balance with government authorities | 160,356,124 | 129,522,404 |
| Others | | |
| - unsecured considered good | 6,502,523 | 7,308,563 |
| - unsecured considered doubtful | 1,631,509 | 1,631,509 |
| Less: Allowance for doubtful advances | (1,631,509) | (1,631,509) |
| | 6,502,523 | 7,308,563 |
| Total | 579,335,894 | 581,841,613 |

18 Other non-current assets

| Particulars | As at December 31, 2014 | As at December 31, 2013 |
|---------------------------------|----------------------------|----------------------------|
| Long-term trade receivables | | |
| - Unsecured and considered good | - | 15,952,563 |
| Fixed deposits under lien | 58,569,304 | 174,832,015 |
| Lease equalisation account | - | 39,236,400 |
| Total | 58,569,304 | 230,020,978 |

19 Inventories

| Particulars | As at December 31, 2014 | As at December 31, 2013 |
|------------------------------|----------------------------|----------------------------|
| Raw materials and components | 379,266,692 | 659,749,555 |
| Goods-in transit | 37,611,515 | 122,260,284 |
| | 416,878,207 | 782,009,839 |
| Work-in-progress | 1,349,269,910 | 2,133,713,469 |
| | 1,349,269,910 | 2,133,713,469 |
| Finished goods | 1,048,968,750 | 1,946,921,044 |
| | 1,048,968,750 | 1,946,921,044 |
| Stock-in-trade | 2,180,681 | 26,560,847 |
| Goods-in transit | 8,569,653 | 26,348,586 |
| | 10,750,334 | 52,909,433 |
| Stores and spares | 709,094,721 | 1,000,695,670 |
| Goods-in transit | 692,559 | 322,590 |
| | 709,787,280 | 1,001,018,260 |
| Loose tools | 5,381,277 | 5,663,928 |
| | 5,381,277 | 5,663,928 |
| Others | | |
| Packing material | 101,624,197 | 122,719,138 |
| Goods-in transit | 1,911,296 | 48,360,347 |
| | 103,535,493 | 171,079,485 |
| Rights of films | - | 6,275,644 |
| | - | 6,275,644 |
| Total | 3,644,571,251 | 6,099,591,102 |

MOSER BAER INDIA LIMITED

Summary of significant accounting policies and other explanatory informations to the consolidated financial statements for the year ended December 31, 2014

(All amounts in rupees, unless otherwise stated)

20 Trade receivables

| Particulars | As at December 31, 2014 | As at December 31, 2013 |
|---|----------------------------|----------------------------|
| Trade receivables outstanding for a period exceeding six months from the date they are due for payment | | |
| Secured, considered good | 9,036,259 | 17,283,431 |
| Unsecured, considered good | 520,840,693 | 1,946,949,225 |
| Unsecured, considered doubtful | 659,901,525 | 248,047,392 |
| Less: Provision for doubtful debts | (659,901,525) | (248,047,392) |
| | 529,876,952 | 1,964,232,656 |
| Other debts | | |
| Unsecured, considered good | 2,765,047,543 | 539,837,045 |
| | 2,765,047,543 | 539,837,045 |
| Total | 3,294,924,495 | 2,504,069,701 |

21 Cash and bank balances

| Particulars | As at December 31, 2014 | As at December 31, 2013 |
|--|----------------------------|----------------------------|
| Cash and cash equivalents | | |
| Cheques and drafts on hand | 83,245 | 3,958,743 |
| Cash on hand | 3,384,647 | 2,412,007 |
| Money in transit | 500,000 | 1,131,582 |
| Bank balances in: | | |
| - Current accounts | 243,325,679 | 311,417,228 |
| Deposits with less than 3 months maturity | 2,989,367 | 80,203,280 |
| | 250,282,938 | 399,122,840 |
| Other bank balances | | |
| Unpaid dividend accounts | 2,383,192 | 2,940,574 |
| Bank deposits with more than 3 months but less than 12 months maturity | 32,986,116 | 39,660,093 |
| Margin money | 296,282,705 | 655,012,544 |
| | 331,652,013 | 697,613,211 |
| Total | 581,934,951 | 1,096,736,051 |

MOSER BAER INDIA LIMITED

Summary of significant accounting policies and other explanatory informations to the consolidated financial statements for the year ended December 31, 2014

(All amounts in rupees, unless otherwise stated)

22 Short-term loans and advances

| Particulars | As at December 31, 2014 | As at December 31, 2013 |
|--|----------------------------|----------------------------|
| Loans and advances to related parties | | |
| Unsecured, considered good | 8,552 | 5,971,413 |
| Others | | |
| - Advances to suppliers | | |
| - Considered good | 1,764,914,232 | 2,147,378,119 |
| - Considered doubtful | 18,379,426 | 18,379,426 |
| Less: Provision for doubtful advances | (18,379,426) | (18,379,426) |
| - Security deposits | 49,377,467 | 25,578,328 |
| - Prepaid expenses | 99,322,708 | 81,530,305 |
| - Balance with government authorities | 269,374,973 | 343,226,941 |
| - Advances to employees | 15,626,195 | 16,678,903 |
| - Amount due from a director | 445,339 | 827,579 |
| -Prepaid taxes | 5,462,074 | 25,355,835 |
| - Others | 32,282,899 | 36,797,022 |
| Unsecured, considered doubtful | | |
| - Other recoverables | 668,447,878 | 269,178,746 |
| Less: Provision for doubtful recoverables | (668,447,878) | (269,178,746) |
| | 2,236,805,887 | 2,677,373,032 |
| Total | 2,236,814,439 | 2,683,344,445 |

23 Other current assets

| Particulars | As at December 31, 2014 | As at December 31, 2013 |
|--|----------------------------|----------------------------|
| Interest accrued on fixed deposits | 17,468,351 | 27,990,774 |
| Lease rent equalisation | - | 1,466,640 |
| Recoverable from banks under corporate debt restructuring scheme | 697,202,463 | 1,196,742,992 |
| Others | 22,584,250 | 19,342,764 |
| Total | 736,711,114 | 1,245,543,170 |

MOSER BAER INDIA LIMITED

Summary of significant accounting policies and other explanatory informations to the consolidated financial statements for the year ended December 31, 2014

(All amounts in rupees, unless otherwise stated)

24 Revenue from operations

| Particulars | Year ended December 31, 2014 | Period ended December 31, 2013 |
|--|---------------------------------|-----------------------------------|
| Sale of products (refer note below) | | |
| -Finished goods | 11,620,928,892 | 11,375,092,877 |
| -Traded goods | 1,421,714 | 34,132,011 |
| | 11,622,350,606 | 11,409,224,888 |
| Sale of services | 226,575,311 | 21,544,203 |
| Other operating revenues: | | |
| Scrap sales | 63,059,588 | 54,180,621 |
| Old liabilities and provisions no longer required written back | 56,430,869 | 149,774,564 |
| Export benefits - focused product scheme | 100,056,762 | 102,474,729 |
| Others | 43,884,159 | 104,625,899 |
| | 263,431,378 | 411,055,813 |
| Total | 12,112,357,295 | 11,841,824,904 |

Note:

| (i) Details of sales | Year ended December 31, 2014 | Period ended December 31, 2013 |
|-----------------------------------|---------------------------------|-----------------------------------|
| Finished goods | | |
| Optical media products | 9,052,358,711 | 8,566,235,002 |
| Pen drives and cards | 583,104,463 | 499,972,915 |
| Solar cell | 115,672,700 | 21,341,975 |
| Module | 1,095,947,156 | 1,736,340,843 |
| Thin Film | 26,604,212 | 23,318,577 |
| Wafer | - | - |
| Content aggregation & syndication | - | 5,817,928 |
| Electricity | - | 123,005,650 |
| Others | 747,241,650 | 399,059,987 |
| | 11,620,928,892 | 11,375,092,877 |
| Traded goods | | |
| Sale of LED and other products | 1,421,714 | 34,132,011 |
| Total | 11,622,350,606 | 11,409,224,888 |

25 Other income

| Particulars | Year ended December 31, 2014 | Period ended December 31, 2013 |
|---|---------------------------------|-----------------------------------|
| Interest income | | |
| On deposits with banks | 58,516,132 | 66,087,185 |
| On income tax refunds | - | 2,321,704 |
| Others | 22,929,745 | - |
| Other non-operating income | | |
| Gain on foreign currency transactions (net) | 118,406,092 | 393,181,832 |
| Lease rent | 29,730,645 | 47,253,780 |
| Profit on cancellation of forward contracts (net) | 15,096,189 | - |
| Prior period income (refer note 38) | 12,706,856 | 13,010,061 |
| Other miscellaneous income | 1,167,949 | 3,184,799 |
| Total | 258,553,608 | 525,039,361 |

MOSER BAER INDIA LIMITED

Summary of significant accounting policies and other explanatory informations to the consolidated financial statements for the year ended December 31, 2014

(All amounts in rupees, unless otherwise stated)

26 Cost of materials consumed

| Particulars | Year ended December 31, 2014 | Period ended December 31, 2013 |
|---|---------------------------------|-----------------------------------|
| Raw materials consumed (refer note below) | 4,747,711,428 | 5,250,309,835 |
| Packing materials consumed | 883,726,989 | 853,633,856 |
| Total | 5,631,438,417 | 6,103,943,691 |

Note:

Details of major components of raw materials consumed is as follows:

| Particulars | Year ended December 31, 2014 | Period ended December 31, 2013 |
|--------------------------------|---------------------------------|-----------------------------------|
| (i) For storage media products | | |
| Polycarbonate | 2,643,389,428 | 2,661,092,042 |
| Silver | 272,214,501 | 414,556,187 |
| Others | 1,189,082,935 | 1,118,579,341 |
| (ii) For cells | | |
| Silicon wafers | - | 3,271,594 |
| Metallic pastes | - | 635,444 |
| Others | - | 10,866 |
| (iii) For modules | | |
| Multi cells | 545,818,843 | 770,927,762 |
| Back sheet | 12,073,883 | 73,679,216 |
| Aluminium frames | 45,760,097 | 82,937,570 |
| Glass | 12,439,061 | 22,703,736 |
| Others | 18,881,014 | 101,424,522 |
| (iv) For thin films | | |
| Others | 8,051,666 | 491,555 |
| Total | 4,747,711,428 | 5,250,309,835 |

27 Purchase of stock-in-trade

| Particulars | Year ended December 31, 2014 | Period ended December 31, 2013 |
|-------------------------------------|---------------------------------|-----------------------------------|
| Purchase of LED products | 7,458,672 | 5,459,328 |
| Purchase of compact disc recordable | 6,350,316 | 3,958,416 |
| Wafer | - | 480,000 |
| Balance of systems | 121,778,361 | 90,712,192 |
| Modules | 350,515,314 | 424,566,432 |
| Solar cells | 488,152 | 24,122,554 |
| Thin film | 6,688,235 | - |
| Discs | 149,051,832 | 23,726,107 |
| Total | 642,330,882 | 573,025,029 |

MOSER BAER INDIA LIMITED

Summary of significant accounting policies and other explanatory informations to the consolidated financial statements for the year ended December 31, 2014

(All amounts in rupees, unless otherwise stated)

28 Changes in inventories of finished goods, stock-in-trade and work-in-progress

| Particulars | Year ended December 31, 2014 | Period ended December 31, 2013 |
|--|---------------------------------|-----------------------------------|
| Closing stock | | |
| Finished goods | 1,048,968,750 | 1,946,921,044 |
| Traded goods (including rights of films) | 10,750,334 | 59,185,077 |
| Work-in-progress | 1,349,269,910 | 2,133,713,469 |
| | 2,408,988,994 | 4,139,819,590 |
| Less: Opening stock | | |
| Finished goods | 1,946,921,044 | 1,649,170,373 |
| Traded goods (including rights of films) | 59,185,077 | 212,056,929 |
| Work-in-progress | 2,133,713,469 | 2,112,003,374 |
| | 4,139,819,590 | 3,973,230,676 |
| Add: Excise duty on finished goods | 10,287,684 | (8,008,389) |
| Add: Provision for obsolete inventory | 289,722,382 | - |
| Total | 1,430,820,530 | (158,580,525) |

29 Employee benefit expenses

| Particulars | Year ended December 31, 2014 | Period ended December 31, 2013 |
|--|---------------------------------|-----------------------------------|
| Salaries, wages and bonus | 1,574,900,914 | 1,347,376,441 |
| Contributions to: | | |
| - Provident fund & employees state insurance | 85,309,861 | 70,988,118 |
| - Gratuity fund | 39,146,821 | 21,096,250 |
| - Pension scheme in overseas subsidiaries | - | 16,807,177 |
| Social security and other benefit plans for overseas employees | 4,870,012 | 4,877,555 |
| Staff welfare | 138,548,858 | 117,552,694 |
| Total | 1,842,776,466 | 1,578,698,235 |

30 Finance costs

| Particulars | Year ended December 31, 2014 | Period ended December 31, 2013 |
|------------------|---------------------------------|-----------------------------------|
| Interest expense | 4,191,455,202 | 3,197,156,593 |
| Total | 4,191,455,202 | 3,197,156,593 |

31 Depreciation, amortisation and impairment

| Particulars | Year ended December 31, 2014 | Period ended December 31, 2013 |
|---|---------------------------------|-----------------------------------|
| Depreciation on tangible assets | 2,691,239,842 | 2,215,556,101 |
| Amortisation on intangible assets | 203,549,284 | 205,902,699 |
| Impairment of intangible assets and intangible assets under development | 229,045,385 | 188,473,711 |
| Impairment of tangible assets | 38,076,701 | 1,137,944,051 |
| Impairment of goodwill | - | 81,677,437 |
| Total | 3,161,911,212 | 3,829,553,999 |

MOSER BAER INDIA LIMITED

Summary of significant accounting policies and other explanatory informations to the consolidated financial statements for the year ended December 31, 2014

(All amounts in rupees, unless otherwise stated)

32 Other expenses

| Particulars | Year ended December 31, 2014 | Period ended December 31, 2013 |
|---|---------------------------------|-----------------------------------|
| Consumption of stores and spare parts | 316,964,529 | 287,907,885 |
| Power and fuel | 1,383,810,563 | 1,397,681,497 |
| Freight and forwarding | 247,260,320 | 223,128,022 |
| Royalty | 229,098,647 | 190,041,208 |
| Commission on sales | 23,765,469 | 51,642,389 |
| Rent | 78,511,124 | 148,028,223 |
| Repair and maintenance | | |
| - Buildings | 58,000 | 1,037,732 |
| - Machinery | 13,672,997 | 20,005,397 |
| - Others | 26,922,597 | 26,649,618 |
| Insurance | 87,966,720 | 89,155,001 |
| Director's sitting fees | 1,718,431 | 1,776,591 |
| Rates and taxes | 6,970,972 | 3,659,396 |
| Provision for doubtful debtors | 411,854,133 | 106,037,211 |
| Travelling and conveyance | 76,787,379 | 74,279,528 |
| Legal and professional | 172,623,977 | 166,755,644 |
| Warranty expenses | 16,577,621 | 23,557,977 |
| Provision for doubtful advances | 286,397,886 | 9,349,527 |
| Loss on cancellation of forward contracts (net) | - | 55,255,129 |
| Bad debts | 7,001 | 256,867,980 |
| Advances written off | 3,244,597 | 1,843,891 |
| Research and development expenses | 1,802,740 | 44,280,465 |
| Advertisement and business promotion | 15,160,809 | 27,977,194 |
| Outsourced staff cost | 196,581,843 | 163,250,322 |
| Provision for films under production | - | 27,954,978 |
| Provision for slow moving stock | 26,844,078 | 170,223,847 |
| Loss on sale of fixed assets (net) | 2,107,307 | 1,128,935 |
| Bank charges | 77,103,621 | 73,050,583 |
| Others | 224,510,402 | 204,888,515 |
| Total | 3,928,323,763 | 3,847,414,685 |

33 Exceptional items [income/(expense)]

| Particulars | Year ended December 31, 2014 | Period ended December 31, 2013 |
|---|---------------------------------|-----------------------------------|
| Exchange differences on foreign currency convertible bonds/ advance to suppliers | (107,085,000) | (37,101,397) |
| Advances and other receivables written off | - | (41,804,279) |
| Provision for doubtful advances | (111,394,363) | (204,948,341) |
| Provision for net realisable value of inventory | (289,722,382) | - |
| Refund of interest of prior period under corporate debt restructuring | - | 331,510,604 |
| Total | (508,201,745) | 47,656,587 |

MOSER BAER INDIA LIMITED

Summary of significant accounting policies and other explanatory informations to the consolidated financial statements for the year ended December 31, 2014

(All amounts in rupees, unless otherwise stated)

34 Subsidiaries and Associates:

The Consolidated Financial Statements comprise the results of the parent, Moser Baer India Limited (MBIL), its subsidiaries and associates.

(a) Subsidiaries:

The particulars of subsidiaries considered in the consolidated financial statements are as under :

| Names of the related party | Country of incorporation | Share Holding |
|---|--------------------------|---------------|
| European Optic Media Technology GmbH | Germany | 100% |
| Moser Baer Distribution Limited (formerly Moser Baer SEZ Developer Limited) | India | 100% |
| Solar Research Limited | India | 100% |
| Moser Baer Laboratories Limited | India | 100% |
| Moser Baer Entertainment Limited | India | 100% |
| Moser Baer Investments Limited | India | 100% |
| Photovoltaic Holdings Limited | Isle of Man | 100% |
| MB Solar Holdings Limited | Isle of Man | 100% |
| Moser Baer Solar Limited | India | 100% |
| Helios Photovoltaic Limited (formerly known as Moser Baer Photovoltaic Limited) | India | 100% |
| Perafly Limited | Cyprus | 100% |
| Dalecrest Limited# | Cyprus | 100% |
| Nicofly Limited | Cyprus | 100% |
| Perasoft Limited# | Cyprus | 100% |
| Crownglobe Limited# | Cyprus | 100% |
| Peraround Limited | Cyprus | 100% |
| Advoferm Limited | Cyprus | 100% |
| Cubic Technologies BV | Netherlands | 100% |
| TIFTON Limited | Isle of Man | 100% |
| Value Solar Energy Private Limited | India | 100% |
| Pride Solar Systems Private Limited | India | 100% |
| Admire Energy Solutions Private Limited | India | 100% |
| Moser Baer Solar Systems Private Limited | India | 100% |
| Competent Solar Energy Private Limited | India | 100% |
| OM&T B.V.* | Netherlands | 100% |
| Moser Baer Technologies USA** | USA | 100% |
| Moser Baer Infrastructure and Developers Limited | India | 100% |
| Moser Baer Photovoltaic Inc. USA | USA | 100% |

Dissolved on September 15, 2014.

* Declared as insolvent from October 1, 2013.

** An application has been filed to United States Bankruptcy Court dated December 23, 2014.

(b) Associates:

The particulars of associates considered in the CFS are as under :

| Names of associates | Country of incorporation | % of ownership |
|---|-----------------------------|----------------|
| Global Data Media FZ LLC | Dubai, United Arab Emirates | 49% |
| Moser Baer Infrastructure Ltd | India | 26% |
| Solarvalue Proizvodnja d.d. (under liquidation) | Slovenia | 40% |

MOSER BAER INDIA LIMITED

Summary of significant accounting policies and other explanatory informations to the consolidated financial statements for the year ended December 31, 2014

(All amounts in rupees, unless otherwise stated)

(c) Particulars of investment in associates:

| Particulars | Moser Baer Infrastructure Limited | | Global Data Media FZ LLC | |
|--------------------|-----------------------------------|----------------------------|----------------------------|----------------------------|
| | As at December 31, 2014 | As at December 31, 2013 | As at December 31, 2014 | As at December 31, 2013 |
| Cost of investment | 34,300,000 | 34,300,000 | 92,532,185 | 92,532,185 |

Pursuant to Accounting Standard - 23 on Accounting for Investments in associates in the Consolidated Financial Statements, investment in Moser Baer Infrastructure Limited and Global Data Media FZ LLC has been reported at Rs. Nil (previous period Nil) as the share of losses of the associate exceeds the carrying amount of investments as at the balance sheet date.

35 Contingent liabilities

| (a) Particulars | As at December 31, 2014 | As at December 31, 2013 |
|--------------------------|----------------------------|----------------------------|
| Bank guarantees issued*: | 42,922,622 | 76,380,523 |

*The amount shown 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.

| (b) Disputed demands (gross) in respect of: | As at December 31, 2014 | As at December 31, 2013 |
|---|----------------------------|----------------------------|
| Entry tax [Amount paid under protest Rs. 10,382,071 (previous period Rs. 11,928,443) and bank guarantees furnished Rs. 10,919,501 (previous period Rs. 15,558,616)] | 131,909,881 | 137,531,606 |
| Service tax [Amount paid under protest Rs. 2,953,470 (previous period Rs. 2,953,470)] | 635,730,978 | 695,928,194 |
| Sales tax [Amount paid under protest Rs. 17,960,040 (previous period Rs. 18,454,494) and bank and other guarantees furnished Rs. 100,989,626 (previous period Rs. 104,723,040)] | 491,527,405 | 170,281,883 |
| Custom duty and Excise duty (including penalties) [Amount paid under protest Rs. 5,805,819 (previous period Rs. 5,805,819)] | 564,132,236 | 543,349,313 |
| Income tax [Amount paid under protest Rs. 34,500,000 (previous period Rs. 34,500,000)] | 119,575,567 | 115,689,581 |
| Total | 1,942,876,067 | 1,662,780,577 |

(c) Claims against the group not acknowledged as debt Rs. 345,900 (previous period Rs. 345,900)

(d) The letter of credit opened by banks on behalf of the Group: Rs. 37,247,363 (previous period Rs. 244,331,479).

The amounts shown in (b) and (c) 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.

(e) Recompense amount payable in lieu of bank sacrifice (mandatory disclosure as per RBI): Rs. 2,560,001,748 (previous period Rs. 1,918,595,862).

(f) In respect of the outstanding foreign currency convertible bonds (FCCBs), bondholders have claimed interest for the period beyond the original date of redemption. As explained in more detail in Note 45 (a), the company is in the process of negotiating restructuring of these bonds. Management expects to restructure these bonds by extension of the redemption date as prescribed by the Reserve Bank of India. Contingent liability in respect thereof can't be estimated reliably.

MOSER BAER INDIA LIMITED

Summary of significant accounting policies and other explanatory informations to the consolidated financial statements for the year ended December 31, 2014

(All amounts in rupees, unless otherwise stated)

36 Capital Commitments:-

- (a) Estimated value of contracts remaining to be executed on capital account and not provided for (net of advances): Rs.190,174,443 (previous period Rs. 193,385,342).
- (b) As per the terms of agreement dated January 10, 2011, between subsidiary- Helios Photo Voltaic Limited and LDK Solar Hi-Tech, an advance of USD 34.6 million (equivalent to Rs. 2,181,739,665 (previous period Rs. 2,139,510,212) (which was secured through a bank guarantee) was to be adjusted against future purchases by the subsidiary at an agreed market driven price and the balance, if any, was to be refunded back to the subsidiary after five years from the date of such agreement subject to a deduction of 5%. In terms with the provisions of an "Amendment Agreement" entered into between both the parties, the vendor was to provide an amended bank guarantee which has not been provided, causing therefore, a breach of such terms.

The vendor sought to cancel the bank guarantee which it furnished in 2008 whereas the subsidiary, in terms with the provisions of the amended contract has terminated it and a notice invoking the bank guarantee was served on the vendor. However, the vendor obtained a preventive order from the local court (Xin Yu Court) in China against such invocation notice. Upon rejection of group's application for jurisdiction objection, subsidiary has filed the appeal against the Xin Yu Court's decision.

Simultaneously, during the current year, the subsidiary has also initiated arbitration proceedings against the vendor in Hong Kong international Arbitration Center.

Based on an opinion of an external legal council, the management has made the provision for 5% of the unexecuted contract value and believe that the balance amount is recoverable.

37 Lease obligations

- a) 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 recognised in the consolidated statement of profit and loss Rs.78,511,124 (previous period Rs 148,028,223) . The total rent recovered on sub lease Rs. 29,730,645 (previous period Rs. 47,253,780).
- b) The Company and its subsidiary -Moser Baer Entertainment Limited has taken buildings on operating lease. Future lease payments & receivables for the non cancellable lease are given as under:-

| Particulars | As at December 31, 2014 | As at December 31, 2013 |
|--|----------------------------|----------------------------|
| Total of future minimum lease payments under non cancellable operating lease for a period | - | 21,015,919 |
| a. Not later than one year | - | 21,015,919 |
| b. Later than one year but not later than five years | - | - |
| c. Later than five years | - | - |
| Total of future minimum sub-lease rental receivable for non cancellable period of three years: | - | 18,376,470 |

38 Prior period income

| Particulars | Year ended December 31, 2014 | Period ended December 31, 2013 |
|--|---------------------------------|-----------------------------------|
| Excess consumption of previous period reversed | - | 2,857,577 |
| Excess employee benefits expense of previous period reversed | - | 3,353,062 |
| Sale of product/services | - | 6,383,334 |
| Other Expenses | - | (220,242) |
| Miscellaneous income | 12,706,856 | 636,330 |
| Total | 12,706,856 | 13,010,061 |

MOSER BAER INDIA LIMITED

Summary of significant accounting policies and other explanatory informations to the consolidated financial statements for the year ended December 31, 2014

(All amounts in rupees, unless otherwise stated)

39 Taxation

Provision for taxation has not been made in the absence of assessable taxable profits as per the Income Tax Act, 1961 as on December 31, 2014.

The break up of deferred tax asset/liability is as under:

| Particulars of timing differences | As at December 31, 2013 | Movement during the period | As at December 31, 2013 |
|---|----------------------------|-------------------------------|----------------------------|
| Deferred tax liability | | | |
| Depreciation | 327,689,528 | (224,172,783) | 103,516,745 |
| Provision for lease rent equalisation | 1,534,253 | (1,534,253) | - |
| Total | 329,223,781 | (225,707,036) | 103,516,745 |
| Deferred tax assets | | | |
| Finance lease | 133,089,690 | (63,010,122) | 70,079,568 |
| Unabsorbed depreciation | 194,599,838 | (161,162,661) | 33,437,177 |
| Provision for unavailed leaves and gratuity | 1,534,253 | (1,534,253) | - |
| Total | 329,223,781 | (225,707,036) | 103,516,745 |
| Net deferred tax liability /(Assets) | - | - | - |
| Previous period | - | - | - |

Notes:

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

40 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.

(a) The forward exchange contracts outstanding as at December 31, 2014 are as under :

| Currency exchange | As at December 31, 2014 | As at December 31, 2013 |
|---|----------------------------|----------------------------|
| | USD/INR | USD/INR |
| i) Number of 'buy' contracts | - | 1 |
| ii) Aggregate amount (foreign currency) | - | 2,499,992 |
| Aggregate amount(Rs.) | - | 163,336,977 |
| iii) Number of 'sell' contracts | - | 2 |
| iv) Aggregate amount (foreign currency) | - | 1,500,000 |
| Aggregate amount(Rs.) | - | 104,700,000 |

(b) The foreign currency exposures not hedged as at year end as at December 31, 2014 are as under:

(i) Receivables

| Type of currency | As at December 31, 2014 | | As at December 31, 2013 | |
|------------------|-------------------------|---------------|-------------------------|---------------|
| | Foreign currency | Rs. value | Foreign currency | Rs. value |
| USD | 56,991,858 | 3,490,646,856 | 88,385,057 | 5,176,219,983 |
| EUR | 37,322,515 | 2,196,214,093 | 31,836,519 | 2,497,024,972 |
| GBP | 106 | 10,446 | 1 | 145 |
| NOK | 23,234 | 179,831 | - | - |
| JPY | 130,186,421 | 68,728,178 | 725,337 | 425,555 |
| SGD | 465 | 22,068 | 165 | 8,053 |
| CHF | 11,326 | 719,905 | - | - |
| HKD | 6,870 | 53,252 | - | - |
| AED | 900 | 12,645 | - | - |
| NRK | 5,647 | 51,755 | - | - |
| AUD | 57,600 | 2,965,421 | - | - |

MOSER BAER INDIA LIMITED

Summary of significant accounting policies and other explanatory informations to the consolidated financial statements for the year ended December 31, 2014

(All amounts in rupees, unless otherwise stated)

(ii) Payables

| Type of currency | As at December 31, 2014 | | As at December 31, 2013 | |
|------------------|-------------------------|---------------|-------------------------|---------------|
| | Foreign currency | Rs. value | Foreign currency | Rs. value |
| USD | 147,101,058 | 9,142,958,429 | 157,345,962 | 9,549,713,198 |
| EUR | 18,274,017 | 1,224,469,768 | 18,821,936 | 1,266,417,829 |
| GBP | 30,763 | 2,842,003 | 33,455 | 3,180,039 |
| CHF | 147,655 | 9,363,409 | 160,428 | 10,827,621 |
| JPY | 33,911,546 | 17,987,987 | 48,442,176 | 27,776,555 |
| SGD | 121,849 | 5,795,497 | 126,644 | 6,195,434 |
| CNY | 20,471 | 250,202 | 8,922 | 69,210 |
| NOK | 23,234 | 179,831 | 23,234 | 179,831 |

41 Related party transactions

As required by Accounting Standard 18 - 'Related Party Disclosures' notified under the Companies Act, 1956 since the Consolidated financial statements 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:

(a) Names of related parties

| Name of the company | Nature of relationship | % of holding |
|-----------------------------------|------------------------|--------------|
| Global Data Media FZ LLC | Associate | 49% |
| Moser Baer Infrastructure Limited | Associate | 26% |
| Solar Value Proizvodjna d.d. | Associate | 40% |
| Moser Baer Trust | Trust | - |

Enterprises over which key management personnel exercise significant influence:

| |
|---|
| - Moser Baer Engineering and Construction Limited (MBECL) |
| - Moser Baer Clean Energy Limited |
| - Sapphire Industrial Infrastructure Private Limited |
| -Microgreen Electronics Private Limited |
| -Moser Baer Energy & Development Limited |

Key management personnel

| | |
|--------------------------------|-----------------|
| Chairman and Managing Director | Mr. Deepak Puri |
| Whole Time Director | Mrs. Nita Puri |

MOSER BAER INDIA LIMITED

Summary of significant accounting policies and other explanatory informations to the consolidated financial statements for the year ended December 31, 2014

(All amounts in rupees, unless otherwise stated)

(b) Details of transactions with the related parties along with year/period end balances in the ordinary course of business:

(Figures in brackets are for previous period figures)

| Particulars | Associates | Key management personnel and their relatives | Moser Baer Trust | Enterprises over which key management personnel exercise significant influence | Total |
|---|-----------------------------|--|------------------|--|------------------------------|
| Service rendered to related party | | | | | |
| -Moser Baer Engineering and Construction Limited | - (-) | - (-) | - (-) | 31,865,060 (47,781,090) | 31,865,060 (47,781,090) |
| Reimbursement/recovery of expenses | | | | | |
| -Moser Baer Engineering and Construction Limited | - (-) | - (-) | - (-) | 39,472,931 (36,595,597) | 39,472,931 (36,595,597) |
| Provision made for doubtful debts | | | | | |
| -Global Data Media FZ LLC | 111,394,363 (30,438,813) | - (-) | - (-) | - (-) | 111,394,363 (30,438,813) |
| Reversal of Lease Equalization reserve account | | | | | |
| -Moser Baer Engineering and Construction Limited | (-) (-) | (-) (-) | (-) (-) | 42,083,685 (-) | 42,083,685 (-) |
| Security deposit repaid against lease | | | | | |
| -Moser Baer Engineering and Construction Limited | - (-) | - (-) | - (-) | 12,000,000 (-) | 12,000,000 (-) |
| Lease rent charged to related party | | | | | |
| -Moser Baer Engineering and Construction Limited | - (-) | - (-) | - (-) | 1,380,645 (4,728,780) | 1,380,645 (4,728,780) |
| Loan received | | | | | |
| -Microgreen Electronics Private Limited | - (-) | - (-) | - (-) | 257,400,000 (-) | 257,400,000 (-) |
| Issue of Equity shares | | | | | |
| Deepak Puri | - (-) | 100,000,000 (300,000,000) | - (-) | - (-) | 100,000,000 (300,000,000) |
| Issue of preference shares by subsidiary | | | | | |
| Deepak Puri | - (-) | 17,000,000 (-) | - (-) | - (-) | - (-) |
| Nita Puri | - (-) | 24,500,000 (-) | - (-) | - (-) | - (-) |
| -Microgreen Electronics Private Limited | - (-) | - (-) | - (-) | 1,000,000 (-) | 42,500,000 (-) |
| Directors remuneration | | | | | |
| Deepak Puri | - (-) | 13,485,690 (25,185,077) | - (-) | - (-) | - (-) |
| Nita Puri | - (-) | 4,250,000 (3,187,503) | - (-) | - (-) | 17,735,690 (28,372,580) |

MOSER BAER INDIA LIMITED

Summary of significant accounting policies and other explanatory informations to the consolidated financial statements for the year ended December 31, 2014

(All amounts in rupees, unless otherwise stated)

| Particulars | Associates | Key management personnel and their relatives | Moser Baer Trust | Enterprises over which key management personnel exercise significant influence | Total |
|--|--------------------|--|------------------|--|------------------------------|
| Outstanding receivables | | | | | |
| In respect of sales of goods or services rendered | | | | | |
| -Global Data Media FZ LLC | - (110,494,136) | - (-) | - (-) | - (-) | |
| -Moser Baer Engineering and Construction Limited | - (-) | - (-) | - (-) | 5,925,075 (929,687,509) | 5,925,075 (1,040,181,645) |
| In respect of managerial remuneration | | | | | |
| Deepak Puri | - (-) | - (966) | - (-) | - (-) | |
| Ratul Puri (relative of KMP) | - (-) | 1,147,902 (1,147,902) | - (-) | - (-) | 1,147,902 (1,148,868) |
| Outstanding payables | | | | | |
| In respect of purchase of goods | | | | | |
| -Sapphire Industrial Infrastructure Private Limited | - (-) | - (-) | - (-) | 4,397,434 (4,397,434) | |
| -Moser Baer Energy & Development Limited | - (-) | - (-) | - (-) | - (39,477,368) | |
| Advance received from customer | - (-) | - (-) | - (9,927) | - (-) | 4,397,434 (43,884,729) |
| In respect of loans | | | | | |
| Microgreen Electronics Private Limited | - (-) | - (-) | - (-) | 257,400,000 (-) | 257,400,000 (-) |
| In respect of security deposit received for lease | | | | | |
| -Moser Baer Engineering and Construction Limited | - (-) | - (-) | - (-) | - (12,000,000) | - (12,000,000) |
| In respect of managerial remuneration | | | | | |
| Deepak Puri | | 651,328 (-) | | | |
| Nita Puri | - (-) | 414,182 (414,182) | - (-) | - (-) | 1,065,510 (414,182) |

42 Loss per share

| Particulars | Year ended December 31, 2014 | Period ended December 31, 2013 |
|--|------------------------------|--------------------------------|
| (a) Weighted average number of equity shares for basic and diluted earning per share | 206,717,063 | 185,578,831 |
| (b) Loss after tax available for equity shareholders | (9,395,397,457) | (6,955,644,158) |
| Loss per share (face value per share Rs. 10 each) | | |
| Basic | (45.45) | (37.48) |
| Diluted | (45.45) | (37.48) |

MOSER BAER INDIA LIMITED

Summary of significant accounting policies and other explanatory informations to the consolidated financial statements for the year ended December 31, 2014

(All amounts in rupees, unless otherwise stated)

43 Segmental information

Identification of segments

Primary segments

The Group has considered business segments as the primary segment for disclosure according to the nature of the products sold, with each segment representing a strategic business unit. The Group has accordingly identified two primary business segments, i.e. 'storage media products' (compact discs, magnetic discs and other storage media products) and 'Solar products' (photovoltaic cells, modules and thin films). Other activities of the Group not falling into these two segments are presented on an aggregate basis under 'Other operations'.

Secondary segments

The activities of the Group are also geographically spread over the Indian territories and exports to other countries, primarily in Europe and USA.

The accounting principles consistently used in preparation of the financial statements are also consistently applied to record income and expenditure for individual segments. These are stated in the note on significant accounting policies.

Unallocated items

Certain expenses such as depreciation (other than depreciation on plant and machinery) and corporate expenses, which form a significant component of total expenses, are not specifically allocable to specific segments as the underlying services are used interchangeably. The Group believes that it is not practical to provide segment disclosure relating to those costs and expenses and accordingly these expenses are separately disclosed as "unallocated" and directly charged against total income.

Fixed assets used in the Group's business and liabilities accounted for, which are not directly associated to any reportable segment are separately disclosed as 'unallocated'.

(a) Information about primary business segments

-Financial information about business segments for the year ended December 31, 2014 is as follows:

| Particulars | Storage media products | Solar products | Other operations | Inter segment eliminations | Total |
|--|------------------------|----------------------|--------------------|----------------------------|------------------------|
| Revenue: | | | | | |
| External | 9,434,640,347 | 1,937,652,586 | 312,046,369 | - | 11,684,339,302 |
| Inter-segment | 1,110,052,026 | 453,966,825 | 413,077,743 | (1,977,096,594) | - |
| Total revenue | 10,544,692,373 | 2,391,619,411 | 725,124,112 | (1,977,096,594) | 11,684,339,302 |
| Result: | | | | | |
| Segment results | (2,962,734,005) | (1,306,251,814) | (534,971,464) | - | (4,803,957,283) |
| Interest expense (net of interest income) | | | | | 4,110,009,324 |
| Unallocated corporate expenses (net of other income) | | | | | (27,803,045) |
| Loss before tax and exceptional items | | | | | (8,886,163,562) |
| Exceptional items | | | | | (508,201,745) |
| Loss before tax | | | | | (9,394,365,307) |
| Provision for taxation | | | | | 1,032,150 |
| Loss for the year | | | | | (9,395,397,457) |
| Other information: | | | | | |
| Segment assets | 12,700,533,096 | 17,041,081,665 | 9,582,078,503 | (13,089,288,175) | 26,234,405,089 |
| Unallocated corporate assets | | | | | 2,026,453,782 |
| Total assets | | | | | 28,260,858,871 |
| Segment liabilities | 4,172,742,540 | 4,659,345,606 | 9,291,896,883 | (13,086,544,429) | 5,037,440,600 |
| Unallocated corporate liabilities | | | | | 49,835,741,031 |
| Total liabilities | | | | | 54,873,181,631 |
| Capital expenditure | 178,442,044 | 67,926,170 | - | - | 246,368,214 |
| Unallocated capital expenditure | | | | | - |
| Total capital expenditure | | | | | 246,368,214 |
| Depreciation, amortisation and impairment | 1,710,491,758 | 1,059,457,060 | 446,524,482 | (60,122,811) | 3,156,350,489 |
| Unallocated depreciation, amortisation and impairment | | | | | 5,560,723 |
| Total depreciation, amortisation and impairment | | | | | 3,161,911,212 |

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Summary of significant accounting policies and other explanatory informations to the consolidated financial statements for the year ended December 31, 2014

(All amounts in rupees, unless otherwise stated)

Financial information about business segments for the period ended December 31, 2013 is as follows:

| Particulars | Storage media products | Solar products | Other operations | Inter segment eliminations | Total |
|--|------------------------|----------------------|----------------------|----------------------------|------------------------|
| Revenue: | | | | | |
| External | 8,567,678,644 | 2,258,626,641 | 616,688,740 | - | 11,442,994,025 |
| Inter-segment | 1,256,938,561 | 357,759,820 | 401,551,867 | (2,016,250,248) | - |
| Total revenue | 9,824,617,205 | 2,616,386,461 | 1,018,240,607 | (2,016,250,248) | 11,442,994,025 |
| Result: | | | | | |
| Segment results | (1,697,051,445) | (2,016,229,567) | (174,404,515) | - | (3,887,685,527) |
| Interest expense (net of interest income) | | | | | 3,128,747,704 |
| Unallocated corporate expenses (net of other income) | | | | | (13,254,910) |
| Loss before tax and exceptional items | | | | | (7,003,178,321) |
| Exceptional items | | | | | 47,656,587 |
| Loss before tax | | | | | (6,955,521,734) |
| Provision for taxation | | | | | 122,424 |
| Loss for the year | | | | | (6,955,644,158) |
| Other information: | | | | | |
| Segment assets | 18,106,113,427 | 18,563,825,802 | 9,876,162,232 | (15,060,321,848) | 31,485,779,613 |
| Unallocated corporate assets | | | | | 2,981,523,087 |
| Total assets | | | | | 34,467,302,700 |
| Segment liabilities | 4,202,774,872 | 4,782,765,542 | 8,191,519,410 | (15,051,423,170) | 2,125,636,654 |
| Unallocated corporate liabilities | | | | | 48,915,752,393 |
| Total liabilities | | | | | 51,041,389,047 |
| Capital expenditure | 4,596,392 | 323,062,922 | 5,580,876 | - | 333,240,190 |
| Unallocated capital expenditure | | | | | 5,480,535 |
| Total capital expenditure | | | | | 338,720,725 |
| Depreciation, amortisation and impairment | 1,469,985,630 | 2,076,843,620 | 242,763,006 | (45,790,186) | 3,743,802,070 |
| Unallocated depreciation, amortisation and impairment | | | | | 85,751,929 |
| Total depreciation, amortisation and impairment | | | | | 3,829,553,999 |

(b) Information about secondary geographical segments:

| Sales revenue by geographical market | Year ended December 31, 2014 | Period ended December 31, 2013 |
|--------------------------------------|------------------------------|--------------------------------|
| India | 4,783,894,722 | 4,316,165,663 |
| Outside India | 6,900,444,580 | 7,126,828,362 |
| Total | 11,684,339,302 | 11,442,994,025 |

| Assets and additions to tangible and intangible fixed assets by geographical area | Addition to fixed assets and intangible assets | | Carrying amount of segment assets | |
|---|--|--------------------------------|-----------------------------------|--------------------------------|
| | Year ended December 31, 2014 | Period ended December 31, 2013 | Year ended December 31, 2014 | Period ended December 31, 2013 |
| India | 246,368,214 | 335,792,277 | 27,474,010,629 | 33,145,390,479 |
| Outside India | - | 2,928,448 | 786,848,242 | 1,321,912,221 |
| Total segment assets | 246,368,214 | 338,720,725 | 28,260,858,871 | 34,467,302,700 |

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Summary of significant accounting policies and other explanatory informations to the consolidated financial statements for the year ended December 31, 2014

(All amounts in rupees, unless otherwise stated)

44 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 statement of profit and loss -

| Particulars | Year ended December 31, 2014 | Period ended December 31, 2013 |
|---|---------------------------------|-----------------------------------|
| (i) Employers' contribution to provident fund * | 54,766,865 | 44,962,583 |
| Employers' Contribution to Employee's State Insurance Act, 1948 * | 4,203,507 | 8,374,615 |
| Employers' Contribution to Employee's Pension Plan, 1995 * | 26,339,489 | 34,458,097 |

* Included in Contribution to Provident and Other Funds under Employee benefit expenses (refer note 29)

(II) Defined benefit plans and other long term employee benefits

a) Contribution to gratuity - Life Insurance Corporation of India

b) Unavailed leaves

c) Pension scheme for overseas subsidiaries

(i) In accordance with Accounting Standard 15 (revised 2005)-'Employee Benefits' (AS - 15), actuarial valuation was done in respect of the aforesaid defined benefit plans based on the following assumptions:-

| Particulars | Unavailed leaves (unfunded) | | Employee's gratuity fund | |
|---|---------------------------------|-----------------------------------|---------------------------------|-----------------------------------|
| | Year ended December 31, 2014 | Period ended December 31, 2013 | Year ended December 31, 2014 | Period ended December 31, 2013 |
| Discount rate (per annum) | 7.98% | 8.95% | 7.98% | 8.95% |
| Rate of increase in compensation levels | 10.00% | 10.00% | 10.00% | 10.00% |
| Rate of return on plan assets | - | - | 8.85% | 9.40% |
| Expected average remaining working lives of employees (years) | 6.06 | 4.96 | 6.06 | 4.96 |

(ii) Changes in the present value of defined benefit obligation

| Particulars | Unavailed leaves (unfunded) | | Employee's gratuity fund | |
|---|---------------------------------|-----------------------------------|---------------------------------|-----------------------------------|
| | Year ended December 31, 2014 | Period ended December 31, 2013 | Year ended December 31, 2014 | Period ended December 31, 2013 |
| Present value of obligation as at January 1, 2014 | 92,298,922 | 95,739,990 | 276,358,775 | 296,034,011 |
| Interest cost | 8,839,139 | 6,095,718 | 24,706,478 | 17,976,883 |
| Current service cost | 10,000,782 | 11,844,676 | 27,882,973 | 23,472,500 |
| Benefits paid/transferred | (14,492,955) | (13,030,252) | (40,823,484) | (42,507,360) |
| Equitable interest transferred | - | (528,832) | (4,465,977) | (3,353,062) |
| Acquisition/business combination/ divestiture | - | - | 4,465,977 | (18,762) |
| Actuarial gain on obligations | (4,470,217) | (7,822,378) | (5,786,574) | (15,245,435) |
| Present Value of obligation as at December 31, 2014 | 92,175,671 | 92,298,922 | 282,338,168 | 276,358,775 |

Changes in the present value of defined benefit obligation

| Particulars | Pension fund | |
|---|---------------------------------|---------------------------------|
| | Year ended December 31, 2014 | Year ended December 31, 2013 |
| Present value of obligation as at January 1, 2014 | - | 359,232,112 |
| Current service cost | - | 16,807,177 |
| Benefits paid | - | (376,039,289) |
| Present Value of obligation as at December 31, 2014 | - | - |

MOSER BAER INDIA LIMITED

Summary of significant accounting policies and other explanatory informations to the consolidated financial statements for the year ended December 31, 2014

(All amounts in rupees, unless otherwise stated)

(iii) Changes in the fair value of plan assets

| Particulars | Employee's Gratuity Fund | | Pension fund | |
|--|---------------------------------|-----------------------------------|---------------------------------|-----------------------------------|
| | Year ended December 31, 2014 | Period ended December 31, 2013 | Year ended December 31, 2014 | Period ended December 31, 2013 |
| Fair value of plan assets as at January 1, 2014 | 93,379,468 | 120,497,355 | - | 337,688,261 |
| Expected return on plan assets | 7,656,056 | 7,254,265 | - | - |
| Actuarial gains and losses | 912,615 | - | - | 38,351,028 |
| Contributions | 15,214,226 | 12,871,824 | - | - |
| Benefits paid | (35,336,395) | (43,872,152) | - | (376,039,289) |
| Additional charge/acquisition/ business combination | 154,729 | (3,371,824) | - | - |
| Fair value of plan assets as at December 31, 2014 | 81,980,699 | 93,379,468 | - | - |

(iv) Expenses recognised in the statement of profit and loss

| Particulars | Unavailed leaves (unfunded) | |
|---|---------------------------------|-----------------------------------|
| | Year ended December 31, 2014 | Period ended December 31, 2013 |
| Current service cost | 10,588,168 | 11,844,676 |
| Interest cost | 8,251,753 | 6,095,718 |
| Net actuarial (gain)/loss recognised | (4,470,217) | (7,822,378) |
| Total expenses recognised in the statement of profit and loss* | 14,369,704 | 10,118,016 |

| Particulars | Gratuity (funded) | |
|--|---------------------------------|-----------------------------------|
| | Year ended December 31, 2014 | Period ended December 31, 2013 |
| Current service cost | 27,882,973 | 22,964,320 |
| Interest cost | 24,706,478 | 17,664,926 |
| Expected return on plan assets | (7,656,056) | (7,089,842) |
| Net actuarial (gain)/loss recognised | (5,786,574) | (15,245,435) |
| Total expenses recognised in the statement of profit and loss** | 39,146,821 | 18,293,969 |

* Included in personnel expenses

** Included in contribution to provident and other funds

| Particulars | Pension fund | |
|--|---------------------------------|-----------------------------------|
| | Year ended December 31, 2014 | Period ended December 31, 2013 |
| Current service cost | - | 16,807,177 |
| Past service cost | - | - |
| Interest cost | - | - |
| Expected return on plan assets | - | - |
| Total expenses recognised in the statement of profit and loss | - | 16,807,177 |

MOSER BAER INDIA LIMITED

Summary of significant accounting policies and other explanatory informations to the consolidated financial statements for the year ended December 31, 2014

(All amounts in rupees, unless otherwise stated)

- (v) 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 in respect of gratuity for 5 years is as follows:-

| Particulars | Employee's Gratuity Fund (Funded) | | | | |
|---|-----------------------------------|-----------------------------------|------------------------------|------------------------------|------------------------------|
| | Year ended December 31, 2014 | Period ended December 31, 2013 | Year ended March 31, 2013 | Year ended March 31, 2012 | Year ended March 31, 2011 |
| Present value of defined benefit obligation | 282,338,168 | 276,358,774 | 296,034,011 | 249,105,439 | 229,795,971 |
| Fair value of plan assets | 81,980,699 | 93,379,468 | 119,497,355 | 140,760,881 | 149,076,982 |
| Deficit in the plan assets | (200,357,469) | (178,683,928) | (174,079,049) | (108,344,558) | (80,718,989) |
| Experience adjustments on plan liabilities | (11,971,845) | (6,543,053) | 27,980,085 | (16,291,944) | (270,416) |

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 period ended December 31, 2014 can't be ascertained.

45 Foreign currency convertible bonds

(a) Restructuring

The outstanding foreign currency convertible bonds (FCCBs) aggregating to principal value of USD 88,500,000 (equivalent to Rs 5,579,040,000) matured for redemption on June 21, 2012, which have since been claimed by the trustee of the bondholders. The Company has received approval from the Reserve Bank of India to extend the redemption date of bonds and is in discussions with the bondholders, through the Trustee, to re-structure the terms of these bonds. In view of the ongoing negotiations with the bondholders, financial obligations of the Company, other than the premium on redemption, have not been provided for in books.

(b) The utilisation of the balance proceeds of zero coupon foreign currency convertible bonds is as under:

| Particulars | As at December 31, 2014 | | As at December 31, 2013 | |
|--|-------------------------|-----------|-------------------------|------------------|
| | USD | Rs. * | USD | Rs. * |
| Funds available at the beginning of the year | 139,101 | 8,597,861 | 142,709 | 7,746,966 |
| Less: Bank charges | 3,585 | 217,327 | 3,608 | 221,025 |
| Less: Miscellaneous Expenses | 135,516 | 8,373,224 | - | - |
| Unutilized issue proceeds # | - | - | 139,101 | 8,597,861 |

Reinstated as at year end rate

* Net of foreign exchange loss of Rs. 7,309 for the year ended December 31, 2014 and gain of Rs. 1,071,920 for the period ended December 31, 2013.

(c) Movement in provision for premium on redemption of foreign currency convertible bonds :

| Particulars | Year ended December 31, 2014 | Period ended December 31, 2013 |
|---|---------------------------------|-----------------------------------|
| Opening balance | 3,176,579,698 | 2,399,718,659 |
| Add:- Provision for the year/period | 702,838,955 | 776,861,039 |
| | 3,879,418,653 | 3,176,579,698 |
| Less: Current maturities transferred to other current liabilities | 2,034,913,177 | 2,032,527,592 |
| Closing balance | 1,844,505,476 | 1,144,052,106 |

Premium payable on redemption of FCCB accrued up to December 31, 2014 calculated on prorata basis Rs. 3,879,418,653 (previous period Rs. 3,176,579,698) 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.

MOSER BAER INDIA LIMITED

Summary of significant accounting policies and other explanatory informations to the consolidated financial statements for the year ended December 31, 2014

(All amounts in rupees, unless otherwise stated)

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

| Particulars | Year ended December 31, 2014 | Period ended December 31, 2013 |
|--|---------------------------------|-----------------------------------|
| Contract revenue recognised during the year/period | 334,249,544 | 347,317,518 |
| Aggregate amount of contract costs incurred for all contracts in progress at year end/period | - | 319,693,886 |
| Recognised profits (less recognised losses) for all contracts in progress at the year end/period | - | 27,623,631 |
| Amount of advances received for contracts in progress at year end/period | - | 5,118,560 |
| Amount of retentions for contracts in progress at year end/period | - | 88,824,259 |

47 Disclosure relating to dues outstanding to micro, small and medium enterprises as defined in Micro Small and Medium Enterprises Act 2006

| Particulars | Year ended December 31, 2014 | Period ended December 31, 2013 |
|--|---------------------------------|-----------------------------------|
| (a) Amount remaining unpaid to Micro,small and medium enterprises at the end of year/period | | |
| Principal amount | 51,431,626 | 72,777,339 |
| Interest thereon | 39,481,242 | 38,287,822 |
| Total | 90,912,868 | 111,065,161 |
| (b) Amount of payments made to Micro,small and medium enterprises beyond the appointed date during the year/period | | |
| Principal amount | 228,636,035 | 180,969,764 |
| Interest actually paid u/s 16 of the Act. | - | - |
| Total | 228,636,035 | 180,969,764 |
| (c) Interest accrued (including interest u/s 16 of the Act) and remaining unpaid at the end of the year/period | | |
| Interest accrued during the year/period | 11,372,082 | 10,367,997 |
| Interest remaining unpaid during the year/period | 39,481,242 | 38,287,822 |

48 Going concern

The Group has incurred a loss of Rs 9,395,397,457 during the year ended 31 December 2014 (previous period Rs 6,955,644,158), and, as of that date, the Group's accumulated losses amounts to Rs. 42,198,662,488 (previous period Rs. 32,803,265,031) and it has negative net worth of Rs. 26,612,322,760 (previous period Rs. 16,656,586,348). Further, as of 31 December 2014, the Group's current liabilities exceeded its current assets by Rs. 21,293,453,887 (previous period Rs. 12,574,642,068).

Due to continued liquidity issues, the Company and its two subsidiaries (**Moser Baer Solar Limited (MBSL)** and **Helios Photo Voltaic Limited (HPVL)**) are unable to comply with repayment terms of its borrowing arrangement with secured lenders as agreed in the Corporate Debt Restructuring package approved during the year ended 31 March 2013. The Company along with MBSL and HPVL has now approached these lenders for a revised debt restructuring plan. The management has submitted its proposal which is under review at this stage. The revised debt restructuring plan submitted by the Group includes deferment of debt and interest repayment, disposal of surplus assets and infusion of fresh capital by the promoters. The management is hopeful of finalizing the restructuring package soon.

The Company also has outstanding foreign currency convertible bonds (FCCBs) with principal value of USD 88,500,000 (equivalent to Rs 5,579,040,000) which were due for redemption on 21 June 2012. As at 31 December 2014, accrual for premium on FCCB aggregates Rs 3,879,418,653. The Company is in the process of negotiation with the bondholders to re-structure the terms of these bonds.

The Group has been operating its manufacturing facilities at suboptimal levels due to working capital constraints, resulting in negative cash flow from operations in the current year as well as earlier years. With generation of funds through sale of surplus assets, promoter contribution and reduction in redundant fixed costs, accompanied with restructuring of debt from banks and FCCB holders, the Group expects to achieve better utilization of its manufacturing facilities and consequently, generate positive cash flow from operations. Further, the Group also expects release of capital subsidies under Special Incentive Package Scheme in MBSL and HPVL and also expects significant supportive measures by government for Solar energy sector in solar business in India.

MOSER BAER INDIA LIMITED

Summary of significant accounting policies and other explanatory informations to the consolidated financial statements for the year ended December 31, 2014

(All amounts in rupees, unless otherwise stated)

Conditions explained above, indicate existence of a uncertainty that may cast significant doubt on the Group's ability to continue as a going concern due to which the Group may not be able to realize its assets and discharge its liabilities in the normal course of business. However, considering management plans relating to restructuring of debt, infusion of capital, generation of funds through sale of surplus assets and expected improvement in the operating activities, these consolidated financial statements have been prepared on a going concern basis.

- 49 One subsidiary company was earlier known as "Moser Baer SEZ Developer Limited". Its name has been changed to "Moser Baer Distribution Limited" on December 04, 2014 and a fresh certificate of Incorporation Consequent upon Change of Name was issued by Registrar of Companies, National Capital Territory of Delhi and Haryana.
- 50 During the previous period, the Company had changed its financial year from 31 March to 31 December, hence previous financial year consisted of 9 months period from April 2013 to December 2013. Accordingly current financial year figures are not comparable with those of the previous period.

For **Walker Chandio & Co LLP**
(formerly Walker, Chandio & Co)
Chartered Accountants

per **Neeraj Goel**
Partner

Place: New Delhi
Date: February 26, 2015

For and on behalf of the board of directors of
MOSER BAER INDIA LIMITED

Deepak Puri
Chairman and
Managing Director

Yogesh Mathur
Group CFO

Nita Puri
Director

Neeraj Parmar
GM Legal and
Company Secretary

MOSER BAER INDIA LIMITED
FINANCIAL DETAILS OF THE SUBSIDIARY COMPANIES

(All amounts in rupees, unless otherwise stated)

| Name of the Subsidiary Company | 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 |
|---|---------------|---|----------------|-------------------|---|-----------------------------------|---------------------------------|------------------------|--------------------------------|-------------------|
| Heliost Photovoltaic Limited (formerly Moser Baer Photo Voltaic Limited) | 8,903,330,900 | (12,115,458,835) | 9,056,532,160 | 12,268,660,095 | - | 1,034,991,572 | (1,896,943,348) | - | (1,896,943,348) | - |
| Moser Baer Solar Limited | 9,825,004,060 | (10,694,196,519) | 18,457,907,415 | 19,327,099,876 | - | 2,343,984,563 | (1,668,510,369) | - | (1,668,510,369) | - |
| Moser Baer Distribution Limited (formerly Moser Baer SEZ Developer Limited) | 105,000,000 | 673,489,442 | 779,057,582 | 568,140 | - | - | (112,221) | 54,391 | (166,612) | - |
| Moser Baer Entertainment Limited | 662,700,000 | (2,309,750,016) | 514,542,977 | 2,161,592,994 | - | 1,419,401,052 | (399,723,263) | - | (399,723,263) | - |
| Moser Baer Laboratories Limited | 500,000 | (228,233) | 317,577 | 45,810 | - | - | (20,969) | - | (20,969) | - |
| Solar Research Limited | 74,250,000 | 661,701,178 | 735,969,506 | 18,328 | - | 30,000 | (69,829) | - | (69,829) | - |
| Moser Baer Investments Limited | 646,146,600 | (9,503,337) | 636,794,634 | 151,371 | - | - | (245,046) | - | (245,046) | - |
| Photovoltaic Holdings Limited, Isle of Man | 1,141,360,033 | (14,437,559) | 1,135,655,579 | 8,733,104 | - | 353,674 | (963,294) | - | (963,294) | - |
| MB Solar Holdings Limited | 6,676,504,172 | (466,844,204) | 6,294,996,085 | 105,336,117 | - | - | (6,173,212) | - | (6,173,212) | - |
| Advoform Limited, Cyprus | 989,552 | (410,614,596) | 697,850,268 | 1,107,475,312 | 1,382 | 83,688,658 | 35,838,636 | 977,758 | 34,860,878 | - |
| Peraround Limited, Cyprus | 171,784,239 | 248,652,747 | 1,716,250,682 | 1,295,813,696 | 1,320,264 | 57,872,797 | 56,724,822 | - | 56,724,822 | - |
| Perally Limited, Cyprus | 1,210,772,690 | (60,242,044) | 1,189,251,746 | 38,721,100 | - | - | 1,446,257 | - | 1,446,257 | - |
| Admirer Energy Solutions Private Limited | 100,000 | (296,567) | 1,444 | 198,011 | - | - | (26,550) | - | (26,550) | - |
| Moser Baer Solar Systems Private Limited | 255,000 | 29,921,636 | 49,504,316 | 19,327,680 | - | 29,516,596 | (970,843) | - | (970,843) | - |
| Competent Solar Energy Private Limited | 100,000 | (1,142,847) | 60,150 | 1,102,997 | - | - | (24,636) | - | (24,636) | - |
| Pride Solar Systems Private Limited | 100,000 | (311,080) | 2,100 | 213,180 | - | - | (29,540) | - | (29,540) | - |
| Value Solar Energy Private Limited | 100,000 | (296,203,967) | 300,638,403 | 596,742,370 | - | - | (4,692,070) | - | (4,692,070) | - |
| Tifton Limited | 16,173,750 | (19,223,194) | 628,380 | 3,677,824 | 628,344 | - | (36,295) | - | (36,295) | - |
| Cubic Technologies B.V., Netherlands | 1,214,280 | (226,289,372) | 204,613,909 | 429,689,001 | - | 49,919,016 | 28,058,405 | - | 28,058,405 | - |
| European Optic Media Technology GmbH, Germany | 111,263,750 | (54,102,959) | 65,927,079 | 8,766,288 | - | 236,782 | (7,945,311) | - | (7,945,311) | - |
| Moser Baer Infrastructure and Developers Limited | 110,000,000 | (164,453,325) | 204,021,134 | 258,474,459 | - | 21,000 | (36,432,972) | - | (36,432,972) | - |
| Moser Baer Technologies, Inc., USA | 592,962,368 | (619,347,023) | 81,295,146 | 107,679,802 | - | - | (30,086,683) | - | (30,086,683) | - |
| Moser Baer Photovoltaic Inc., USA | 2,320,166 | (742,384) | 1,577,802 | - | - | - | 26,655 | - | 26,655 | - |

MOSER BAER INDIA LIMITED
FINANCIAL DETAILS OF THE SUBSIDIARY COMPANIES

(All amounts in rupees, unless otherwise stated)

| Name of the Subsidiary Company | Particulars of Investments | Nature of Investment | Amount in Rs. |
|--------------------------------|----------------------------|---------------------------------|---------------|
| Peraround Limited | KMG Digital Limited | Class A Ordinary Shares | 1,320,264 |
| Tifton Limited | Skyline Solar Inc. | Shares Series A Preferred Stock | 628,344 |
| Advoferm Limited | Bensimon Limited | Equity Shares | 1,382 |

Notes:

In terms of general exemption granted vide General Circular No. 2/2011 dated Feb 8, 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, Statement of profit and loss account, Report of the Board of Directors' and the Report of the Auditors' of the subsidiary Companies have not been attached with Annual Report of the Company. The Company 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 Subsidiary Companies concerned.

The company shall furnish a hard copy of details of accounts of subsidiaries to any shareholder on demand.

For and on behalf of board of directors of
MOSER BAER INDIA LIMITED

Date: February 26, 2015
Place: New Delhi

Chairman and Managing Director
Deepak Puri

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moserbaer

Regd. Office: 43-B, Okhla Industrial Estate, Phase-III, New Delhi-110020

Tel: 011-40594444 **Fax:** 011-41635211, 26911860

www.moserbaer.com, **E-mail:** shares@moserbaer.in

CIN No.: L51909DL1983PLC015418

Form A

Format of covering letter of the annual audit report to be filled with the stock exchanges

| | | |
|----|---|--|
| 1. | Name of the Company | Moser Baer India Limited |
| 2. | Annual Financial Statements for the year ended | Year ended 31 December 2014 |
| 3. | Type of Audit Observation | <p>A. Emphasis of Matter in the Independent Auditors' Report dated 26 February 2015 on the standalone financial statements:</p> <p>The report of Statutory Auditors contains the following observations on the financial statement:</p> <p>(a) We draw attention to note 48 to the financial statements. The Company has incurred a net loss of Rs. 7,083,003,303 during the year ended 31 December 2014, and as of that date, the Company's accumulated losses aggregate to Rs. 16,457,149,952 resulting in complete erosion of its net worth. Further, as of that date, the Company's current liabilities exceeded its current assets by Rs. 14,877,708,565. These conditions, along with matters set forth in note 48, indicate the existence of uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.</p> <p>(b) We draw attention to note 47 to the financial statements with respect to management's assessment of 'other than</p> |

| | | |
|--|--|--|
| | | <p>temporary' diminution in value of investments in and recoverability advances/receivables from three subsidiaries namely Helios Photo Voltaic Limited (HPVL), Moser Baer Solar Limited (MBSL) and Moser Baer Entertainment Limited (MBEL) aggregating to Rs. 1,585,585,317, Rs. 5,942,363,718 and Rs. 1,630,452,857 respectively (net of payables and provisions thereon). Our opinion is not qualified in respect of this matter.</p> |
| | | <p>(c) Observation in CARO statement as per clause (x) of the annexure:</p> <p>In our opinion, the Company's accumulated losses at the end of the year are more than fifty percent of its net worth. The Company has incurred cash losses in the current year and the immediately preceding financial year.</p> |
| | | <p>B. Emphasis of Matter in the Independent Auditors' Report dated 26 February 2015 on the Consolidated financial statements:</p> <p>The report of Statutory Auditors contains the following observations on the financial statement:</p> <p>(a) We draw attention to note 48 to the consolidated financial statements. The Group has incurred a net loss of Rs. 9,395,397,457 during the year ended December 31, 2014, and as</p> |

| | | |
|----|--------------------------|--|
| | | <p>of that date, the Group's accumulated losses aggregate to Rs. 42,198,662,488 resulting in complete erosion of its net worth. Further, as of that date, the Group's current liabilities exceeded its current assets by Rs. 21,293,453,887. These conditions, along with matters set forth in note 48, indicate the existence of uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.</p> <p>(b) We draw attention to Note 36 (b) to the consolidated financial statements which describes uncertainty related to outcome of arbitration/litigation proceedings against a vendor for recovery of advances aggregating Rs. 1,972,746,073 (net of provision amounting to Rs 208,993,592), as at 31 December 2014. Pending the ultimate outcome of the matter, which is presently uncertain, no further adjustment has been recorded in the financial statements. Our opinion is not qualified in respect of this matter.</p> |
| 4. | Frequency of Observation | <p>Observation in Standalone financial statements</p> <p>(a)hasbeen appearing since year ended 31 March 2013. However, in audit report on the financial statements for year ended 31 March 2013, the auditors had given emphasis of</p> |

matter only on the uncertainties related to ongoing dispute with the bond holders and accounting for the bonds.

(b) has been appearing since year ended 31 March 2012.

In audit report on the financial statements for the years ended 31 March 2012 and 31 March 2013, the auditors had given emphasis of matter on recoverability of investments and advances from only 2 subsidiaries namely Moser Baer Solar Limited and Helios Photo Voltaic Limited (formerly known as Moser Baer Photo Voltaic Limited).

Observation in CARO statement

(a) has been appearing since year ended 31 March 2013

Observation in Consolidated financial statement

(a) has been appearing since year ended 31 March 2013.

However, in audit report on the consolidated financial statements for year ended 31 March 2013, the auditors had given emphasis of matter on the uncertainties related to ongoing dispute with the bond holders and accounting for the same.

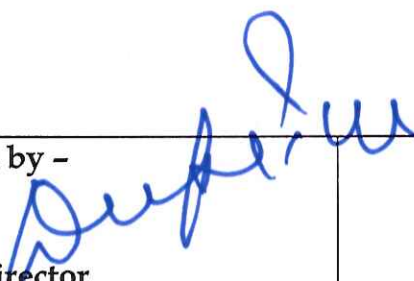
(b) has been appearing since nine months period ended 31 December 2013.

However, in audit report on the consolidated financial statements for nine months period ended 31 December 2013, the auditors had given emphasis of matter on the recoverability of advances and settlement of claims for two vendors.

5.

To be signed by -

×


Managing Director

Mr. Deepak Puri


CFO

Mr. Yogesh Mathur

Auditor of the Company

For Walker Chandiok & Co LLP

(formerly Walker, Chandiok & Co)

Chartered Accountants

Firm Registration No.:

001076N/N500013


Per Neeraj Goel

Partner

Membership No. 099514

Place: New Delhi

Date: 26 February 2015

Audit Committee Chairman

Mr. Sanjay Jain





MOSER BAER INDIA LIMITED

Regd. Office: 43-B, Okhla Industrial Estate, Phase-III, New Delhi-110020

Tel: 011-40594444 Fax: 011-41635211, 26911860

www.moserbaer.com, E-mail: shares@moserbaer.in

CIN No.: L51909DL1983PLC015418

NOTICE

Notice is hereby given that the 32nd Annual General Meeting of the Company will be held on Tuesday, June 30, 2015 at 9.30 a.m. at Sri Sathya Sai International Centre, Pragati Vihar, Bhisham Pitamah Marg, Lodhi Road, New Delhi 110003 to transact the following business:

AS ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at December 31, 2014, Statement of Profit and Loss, Cash Flow Statement for the year ended on that date and the Auditor's Report thereon and the Directors' Report thereto.
2. To appoint a Director in place of Mr. Deepak Puri (DIN No. 00002189), who retires by rotation and, being eligible, offers himself for re-appointment.
3. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT consent of the Company be and is hereby accorded to re-appoint M/s. Walker, Chandio & Co. LLP, Chartered Accountants (Firm Regn. No. 001076N/N500013) as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting.

FURTHER RESOLVED THAT they may be paid the remuneration which may be decided by the Board of Directors of the Company or committee thereof."

AS SPECIAL BUSINESS:

4. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 149, 152 and any other applicable provisions of the Companies Act, 2013 and rules made thereunder read with Schedule IV to the Companies Act, 2013, Mr. Vineet Sharma (DIN No. 03363062), Director of the Company who retires by rotation at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing the candidature for the office of the Director of the Company, be and is hereby appointed as an Independent Non-Executive Director of the Company, to hold office for a term up to March 31, 2019, not liable to retire by rotation."

5. To consider and, if thought fit to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 181 and other provisions, if any, of the Companies Act, 2013 or rules made there-under, consent of the members of the Company be and is hereby granted to the Board of Directors to contribute, donate, subscribe or otherwise provide assistance from time to time to any charitable, public, social, benevolent or general fund, society, association, Institutions, trust, organization, not directly relating to the business of the Company or the welfare of its employees, for taking up any programme, activities of social, cultural, educational, economic, rural development of people at large and/or incur any expenditure on their behalf, up to an amount not exceeding Rs. 20,00,000/- (Rupees Twenty Lacs only) for the financial year 2015-16 notwithstanding the fact that said amount may exceed 5% of the Company's average net profit as determined in accordance with the provisions of section 198 of the Companies Act, 2013 during the three immediately preceding Financial Years."

6. To consider and if though fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT in complete supersession of the special resolution passed through postal ballot on August 06, 2012 and pursuant to the provisions of Section 62 and other applicable provisions and rules, if any, of the Companies Act, 2013 (including any amendments thereto or re-enactment thereof), the Securities and Exchange Board of India

(Issue of Capital and Disclosure Requirements) Regulations, 2009 (ICDR Regulations) and subject to such approvals, permissions, consents and sanctions as may be necessary from the Government of India (GOI), the Reserve Bank of India (RBI), the provisions of the Foreign Exchange Management Act, 1999 (FEMA) and other applicable regulations, schemes and subject to the approval, consent, permission and / or sanction of the Ministry of Finance (Department of Economic Affairs) and Ministry of Industry (Foreign Investment Promotion Board / Secretariat for Industrial Assistance) and all other Ministries / Departments of the Government of India, the RBI and the Securities and Exchange Board of India (SEBI) and / or any other competent authorities and the enabling provisions of the Memorandum and Articles of Association of the Company, the Listing Agreements entered into by the Company with the Stock Exchanges where the Company's shares are listed and in accordance with the regulations and guidelines issued by the GOI, RBI, SEBI and any competent authorities and clarifications issued thereon from time to time and subject to all other necessary approvals, permissions, consents and sanctions of concerned statutory and other authorities and subject to relevant approvals from the CDR Lenders and subject to such conditions and modifications as may be prescribed by any of them while granting such approvals, permissions, consents and sanctions and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as 'the Board', which term shall include any Committee thereof) consent of the shareholders of the Company be and is hereby accorded to create, offer, issue and allot in one or more tranches, whether rupee denominated or denominated in foreign currency, in the course of international and / or domestic offering(s), in one or more Indian/foreign markets, for a value (including premium, if any) of up to USD 125 Million, such number of Equity Shares weather through Depository Receipt Mechanism or otherwise Global Depository Receipts (GDRs), American Depository Receipts (ADRs), Foreign Currency Convertible Bonds (FCCBs), and / or any Other Financial Instruments (OFIs) convertible into or linked to Equity Shares or with or without detachable warrants with a right exercisable by the warrant holders to convert or subscribe to the Equity Shares or otherwise, in registered or bearer form (hereinafter collectively referred to as 'the Securities') or any combination of Securities to any person including foreign / resident investors (whether institutions, incorporated bodies, mutual funds and / or individuals or otherwise), Foreign Institutional Investors, Promoters, Indian and/or Multilateral Financial Institutions, Mutual Funds, Non- Resident Indians, Employees of the Company and / or any other categories of investors, whether they be holders of shares of the Company or not (collectively called the 'Investors') including allotment in exercise of a green shoe option, if any, by the Company, through private placement(s) at such time or times, at such price or prices, at a discount or premium to the market price or prices, in such manner and on such terms and conditions including security, rate of interest, etc., as may be decided by and deemed appropriate by the Board in its absolute discretion including the discretion to determine the categories of Investors to whom the offer, issue and allotment shall be made to the exclusion of all other categories of Investors at the time of such issue and allotment considering the prevailing market conditions and other relevant factors wherever necessary in consultation with the Lead Managers, as the Board in its absolute discretion may deem fit and appropriate.

RESOLVED FURTHER THAT, in accordance with all applicable laws and in accordance with all relevant provisions of the Memorandum and Articles of Association of the Company and the listing agreements entered into by the Company with the stock exchanges where the Company's shares are listed and subject to any necessary approval, consent, permission and/ or sanction of the Central Government, Reserve Bank of India and/ or any other appropriate regulatory authorities, and subject to such conditions as may be prescribed by any of them while granting any such approval, consent, permission, or sanction, and which may be agreed to by the Board or any committee thereof, the Company be and is hereby authorized to restructure the USD 88.5 million outstanding foreign currency convertible bonds of the Company ("Outstanding FCCBs") by various methods, including but not limited to, amending the terms and conditions of the Outstanding FCCBs and/or issuance of new foreign currency convertible bonds to replace the Outstanding FCCBs pursuant to an extraordinary resolution to be passed by the holders of the Outstanding FCCBs in accordance with the terms of the trust deed governing the Outstanding FCCBs and in accordance with a mechanism deemed appropriate by the Board, considering the prevailing market conditions and other relevant factors, wherever necessary in consultation with lead managers and / or other advisors, on such terms and conditions as may be decided and deemed appropriate by the Board or any committee thereof."

RESOLVED FURTHER THAT pursuant to the provisions of Section 62 and other applicable provisions and rules, if any, of the Companies Act, 2013 (including any amendments thereto or re-enactment thereof), and the provisions of the Securities and Exchange Board of India Regulations and the provisions of the Foreign Exchange Management Act, 1999 (FEMA) and regulations made there under, the Board of Directors may at their absolute discretion, issue, offer and allot Equity Shares or Warrants convertible into Equity Shares simultaneously with non convertible debentures upto the amount of USD 125 Million inclusive of such premium, as specified above, to Qualified Institutional Buyers (as defined by the ICDR Regulations) pursuant to a qualified institutional placement, as provided under Chapter VIII of the ICDR Regulations.

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

RESOLVED FURTHER THAT in the event that Equity Shares are issued to Qualified Institutional Buyers under Chapter VIII of the ICDR Regulations, the relevant date for the purpose of pricing of the Equity Shares shall be the date of the meeting in which the Board decides to open the proposed issue of Equity Shares (which expression includes any Committee thereof constituted or to be constituted to exercise its powers) at a price being not less than the price determined in accordance with the pricing formula provided under Chapter VIII of the ICDR Regulations subsequent to the receipt of shareholders' approval in terms of Section 62 and other applicable provisions and rules, if any, of the Companies Act and other applicable laws, regulations and guidelines.

RESOLVED FURTHER THAT in the event that Warrants which are convertible into Equity Shares of the Company are issued simultaneously with non convertible debentures to Qualified Institutional Buyers under Chapter VIII of the ICDR Regulations, the relevant date for the purpose of pricing of such securities, shall be the date of the meeting in which the Board decides to open the issue of such Warrants simultaneously with non convertible debentures subsequent to the receipt of shareholders' approval in terms of Section 62 and other applicable provisions and rules, if any, of the Companies Act, 2013 and other applicable laws, regulations and guidelines OR the date on which the holder of such Warrants, which are convertible into or exchangeable with the Equity Shares, becomes entitled to apply for the Equity Shares against such Warrants.

RESOLVED FURTHER THAT in the event the Securities are proposed to be issued as FCCBs, ADRs or GDRs, the relevant date for the purpose of pricing the Securities shall be the date of the meeting in which the Board decides to open the issue of such Securities subsequent to the receipt of shareholders' approval in terms of Section 62 and other applicable provisions and rules, if any, of the Companies Act and other applicable laws, regulations and guidelines and in accordance with the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through the Depository Receipt Mechanism) Scheme 1993 (including any amendments thereto or re enactment thereof) and other applicable pricing provisions issued by the Ministry of Finance.

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

RESOLVED FURTHER THAT:

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

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

- a) in the event of the Company making a bonus issue by way of capitalization of its profits or reserves prior to the allotment of the Equity Shares, the number of shares to be allotted shall stand augmented in the same proportion in which the Equity Share capital increases as a consequence of such bonus issue and the premium, if any, shall stand reduced pro rata;
- b) in the event of the Company making a rights offer by issue of Equity Shares prior to the allotment of the Equity Shares, the entitlement to the Equity Shares shall stand increased in the same proportion as that of the rights

offer and such additional Equity Shares shall be offered to the holders of the Securities or the Eligible Securities at the same price at which the same are offered to the existing shareholders; and

- c) in the event of any merger, amalgamation, takeover or any other re-organization, the number of shares, the price and the time period as aforesaid shall be suitably adjusted.

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

RESOLVED FURTHER THAT the Board be and is hereby authorised to issue and allot such number of Equity Shares as may be required to be issued and allotted upon conversion of any Securities or the Eligible Securities or as may be necessary in accordance with the terms of the offering, all such Equity Shares shall rank pari passu with the existing Equity Shares of the Company in all respects, except the right as to dividend which shall be as provided under the terms of the issue and in the offering documents.

RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board be and is hereby authorized to determine the form, terms and timing of the Issue(s), including the class of investors to whom the Securities or the Eligible Securities are to be allotted, number of Securities or the Eligible Securities to be allotted in each tranche, issue price, face value, premium amount on issue / conversion of Securities / exercise of warrants / redemption of Securities, rate of interest, redemption period, listings on one or more stock exchanges in India and /or abroad as the Board in its absolute discretion deems fit and to make and accept any modifications in the proposal as may be required by the authorities involved in such issues in India and/or abroad, to do all acts, deeds, matters and things and to settle any questions or difficulties that may arise in regard to the Issue(s).

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolutions, the Board be and is hereby authorized to do all such acts, deeds, matters and things including but not limited to finalization and approval of the preliminary as well as final offer document(s), execution of various transaction documents, creation of mortgage / charge (subject to approval of CDR Lenders) in accordance with Section 180(1)(a) of the Companies Act, 2013, in respect of any Securities or the Eligible Securities as may be required either on pari-passu basis or otherwise as it may in its absolute discretion deem fit and to settle all questions, difficulties or doubts that may arise in regard to the issue, offer or allotment of Securities and utilization of the issue proceeds as it may in its absolute discretion deem fit without being required to seek further consent or approval of the members or otherwise to the end and intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution."

7. To consider and if though fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**
"RESOLVED THAT in terms of the Clause 27.2 of the Moser Baer India Limited Directors' Stock Option Plan 2005 (DSOP), the DSOP be and is hereby terminated and the options which are lying unvested under the Scheme shall stand cancelled and extinguished.

RESOLVED FURTHER THAT the Managing Director and the Company Secretary be and are hereby authorized severally to do all such acts, deeds and things as may be required in this behalf."

8. To consider and if though fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**
"RESOLVED THAT in terms of the Clause 27.2 of the Moser Baer India Limited Stock Option Plan 2004 (ESOP 2004) and Moser Baer India Limited Stock Option Plan 2009 (ESOP 2009), the ESOP 2004 and ESOP 2009 be and are hereby terminated and the options which are lying unvested under the Scheme shall stand cancelled and extinguished.

RESOLVED FURTHER THAT the Managing Director and the Company Secretary be and are hereby authorized severally to do all such acts, deeds and things as may be required in this behalf."

9. To consider and if though fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**
"RESOLVED THAT in accordance with the provisions contained in the Memorandum and Articles of Association and pursuant to the provisions of Section 62, and all other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the rules made thereunder and the provisions contained in the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("the Regulations") and such other applicable laws (including any

statutory modification(s) or re-enactment of the Act or the Regulations, for the time being in force) and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any committees thereof, including the Nomination and Remuneration Committee which the Board might constitute (hereinafter referred to as "the Committee") to exercise its powers, including the powers conferred by this resolution), consent of the members of the Company be and is hereby accorded to the Board to offer, issue, and allot 4,650,413 equity shares of face value Rs. 10 each under Moser Baer India Limited Stock Option Plan 2015 (the "Plan") to or to the benefit of employees who are in permanent employment of the Company, whether working in India or out of India, as may from time to time be allowed to be eligible for the benefit under the provisions of applicable laws and Regulations prevailing from time to time (all such persons are hereinafter collectively referred to as "Employees") in one or more tranches on such terms and conditions as may be fixed or determined by the Nomination and Remuneration Committee in accordance with the provisions of the law or Regulations issued by the relevant authority.

RESOLVED FURTHER THAT the Board be and is hereby authorized to make any modification(s), change(s), variation(s), alteration(s) or revision(s) in the terms and conditions of the Plan from time to time including, but not limited to, amendment(s) with respect to vesting period and schedule, exercise price, exercise period, eligibility criteria or to suspend, withdraw, terminate or revise the Plan.

RESOLVED FURTHER THAT in case of any corporate action(s) such as rights issues, bonus issues, merger and sale of division of the Company and others, the Board / Nomination and Remuneration Committee is authorized to do all such acts, deeds, matters and things as it may deem fit in its absolute discretion and as permitted under applicable laws, so as to ensure that fair and equitable benefits under the Scheme are passed on to the Employees.

RESOLVED FURTHER THAT the Board be and is hereby authorized to take necessary steps for listing of the Securities allotted under the Plan on the Stock Exchanges as per the provisions of the Listing Agreements with the Stock Exchanges concerned, the Guidelines and other applicable laws and regulations.

RESOLVED FURTHER THAT in case the Equity Shares of the Company are either sub-divided or consolidated, then the number of Shares to be allotted and the exercise price payable by the Option grantees under the Plan shall automatically stand reduced or augmented, as the case may be, in the same proportion as the present face value of Rs. 10 per Equity Share shall bear to the revised face value of the Equity Shares of the Company after such sub-division or consolidation, without affecting any other rights or obligations of the said allottees.

RESOLVED FURTHER THAT the Board be and is hereby authorized to issue and allot equity shares upon exercise of Options from time to time in accordance with the Scheme and such equity shares shall rank pari passu in all respects with the existing equity shares of the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to any creation, offer, issue, allotment of securities, the Board be and is hereby authorized on behalf of the Company to evolve, decide upon and bring in to effect the Scheme and make any modifications, changes, variations, alterations or revisions in the said Scheme from time to time in its sole discretion in conformity with the provisions of the Act, the Memorandum and Articles of Association of the Company and any other applicable laws or to suspend, withdraw or revive the Scheme from time to time as may be specified by any statutory authority and to do all such acts, deeds, matters and things as it may in its absolute discretion deem fit or necessary or desirable for such purpose and with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the members of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any powers conferred herein to Nomination and Remuneration Committee or such other Committee, with power to further delegate to any Executives/Officers of the Company to do all such acts, deeds, matters and things as also to execute such documents, writings etc., as may be necessary in this regard".

10. To consider and if though fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**

"RESOLVED THAT in accordance with the provisions contained in the Memorandum and Articles of Association and pursuant to the provisions of Section 62, and all other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the rules made thereunder and the provisions contained in the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("the Regulations") and such other applicable laws (including any statutory modification(s) or re-enactment of the Act or the Regulations, for the time being in force) and subject to such

other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any committees thereof, including the Nomination and Remuneration Committee which the Board might constitute (hereinafter referred to as "the Committee") to exercise its powers, including the powers conferred by this resolution), consent of the members of the Company be and is hereby accorded to the Board to offer, issue, and allot 4,650,413 equity shares of face value Rs. 10 each under Moser Baer India Limited Stock Option Plan 2015 (the "Plan") to or to the benefit of employees who are in permanent employment of the subsidiaries, present or future of Moser Baer India Limited, whether working in India or out of India, as may from time to time be allowed to be eligible for the benefit under the provisions of applicable laws and Regulations prevailing from time to time (all such persons are hereinafter collectively referred to as "Employees") in one or more tranches on such terms and conditions as may be fixed or determined by the Nomination and Remuneration Committee in accordance with the provisions of the law or Regulations issued by the relevant authority.

RESOLVED FURTHER THAT the Board be and is hereby authorized to make any modification(s), change(s), variation(s), alteration(s) or revision(s) in the terms and conditions of the Plan from time to time including, but not limited to, amendment(s) with respect to vesting period and schedule, exercise price, exercise period, eligibility criteria or to suspend, withdraw, terminate or revise the Plan.

RESOLVED FURTHER THAT in case of any corporate action(s) such as rights issues, bonus issues, merger and sale of division of the Company and others, the Board / Nomination and Remuneration Committee is authorized to do all such acts, deeds, matters and things as it may deem fit in its absolute discretion and as permitted under applicable laws, so as to ensure that fair and equitable benefits under the Scheme are passed on to the Employees.

RESOLVED FURTHER THAT the Board be and is hereby authorized to take necessary steps for listing of the Securities allotted under the Plan on the Stock Exchanges as per the provisions of the Listing Agreements with the Stock Exchanges concerned, the Guidelines and other applicable laws and regulations.

RESOLVED FURTHER THAT in case the Equity Shares of the Company are either sub-divided or consolidated, then the number of Shares to be allotted and the exercise price payable by the Option grantees under the Plan shall automatically stand reduced or augmented, as the case may be, in the same proportion as the present face value of Rs. 10 per Equity Share shall bear to the revised face value of the Equity Shares of the Company after such sub-division or consolidation, without affecting any other rights or obligations of the said allottees.

RESOLVED FURTHER THAT the Board be and is hereby authorized to issue and allot equity shares upon exercise of Options from time to time in accordance with the Scheme and such equity shares shall rank pari passu in all respects with the existing equity shares of the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to any creation, offer, issue, allotment of securities, the Board be and is hereby authorized on behalf of the Company to evolve, decide upon and bring in to effect the Scheme and make any modifications, changes, variations, alterations or revisions in the said Scheme from time to time in its sole discretion in conformity with the provisions of the Act, the Memorandum and Articles of Association of the Company and any other applicable laws or to suspend, withdraw or revive the Scheme from time to time as may be specified by any statutory authority and to do all such acts, deeds, matters and things as it may in its absolute discretion deem fit or necessary or desirable for such purpose and with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the members of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any powers conferred herein to Nomination and Remuneration Committee or such other Committee, with power to further delegate to any Executives/Officers of the Company to do all such acts, deeds, matters and things as also to execute such documents, writings etc., as may be necessary in this regard".

Regd. Office:
43-B, Okhla Industrial Estate Phase-III
New Delhi - 110 020

By order of the Board of Directors
for **MOSER BAER INDIA LTD**

Date: 02nd June, 2015

Neeraj Parmar
General Manager - Legal & Company Secretary

NOTES

1. ***A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON POLL ON HIS BEHALF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY.***

A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company.

A proxy, in order to be effective, must be received at the office of the Company or it's Registrar and Share Transfer Agent- MCS Limited located at F-65, 1st Floor, Okhla Industrial Area, Phase - I, New Delhi – 110 020 not less than 48 hours before the commencement of the meeting. A blank proxy form is enclosed and can also be downloaded from the website of the company.

2. An explanatory statement pursuant to Section 102 of the Companies Act, 2013, relating to the Special Business to be transacted at the meeting is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 25th June, 2015 (Thursday) to 30th June, 2015 (Tuesday) (both days inclusive).
4. Members are requested to notify any change of address:
 - a. To their depository participants (DP) in respect of shares held in dematerialized form, and
 - b. To Registrar and Share Transfer Agent of the Company- MCS Limited, whose office is located at F-65, 1st Floor, Okhla Industrial Area, Phase - I, New Delhi – 110 020, in respect of shares in physical form, to notify their change of address/residential status/email-id, bank details etc., if any, under their signatures and quoting respective folio number.
5. Pursuant to Section 123 of the Companies Act, 2013 dividend which remain unpaid or unclaimed for a period of seven years from the date they become first due will be transferred to Investor Education & Protection Fund of the Central Government (IEPF).
6. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.
7. Members are requested to bring their Client ID and DP ID or Folio Numbers, as may be applicable, for easy identification of attendance at the meeting.
8. Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send a certified copy of Board resolution authorizing their representative to attend and vote on their behalf at the Meeting.
9. 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 10 days in advance of the meeting so that the information called for can be made available at the meeting.
10. Kindly bring your copies of the Annual Report to the meeting.
11. Electronic copy of the Annual Report for the financial year ended 31.12.2014 is being sent to all the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report is being sent in the permitted mode.
12. Electronic copy of the Notice of the 32nd Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 32nd Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.
13. Members may also note that the Notice of the 32nd Annual General Meeting and the Annual Report for the financial year ended on 31.12.2014 will also be available on the Company's website www.moserbaer.com for their download.

The physical copies of the aforesaid documents will also be available at the Company's Registered Office in New Delhi for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: shares@moserbaer.in.

14. Voting through electronic means

- I. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members:
 - (i) the facility to exercise their right to vote at the 32nd Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited (CDSL)
 - (ii) the facility for voting, either through electronic voting system or ballot or polling paper shall also be made available at the meeting and members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right at the meeting
 - (iii) the members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again

The instructions for e-voting are as under:

(A) In case of members receiving e-mail:

- (i) Log on to the e-voting website www.evotingindia.com.
- (ii) Click on "Shareholders" tab to cast your votes.
- (iii) Now Enter your User ID
 - a) For CDSL: 16 digits beneficiary ID,
 - b) For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c) Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (iv) Next enter the Image Verification as displayed and Click on Login.
- (v) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vi) If you are a first time user follow the steps given below:

| | For Members holding shares in Demat Form and Physical Form |
|-----------------------|--|
| PAN | <p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <p>✍ Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</p> <p>✍ In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</p> |
| DOB | <p>Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.</p> |
| Dividend Bank Details | <p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <p>✍ Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iii).</p> |

- (vii) After entering these details appropriately, click on "SUBMIT" tab.
- (viii) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (x) Click on the EVSN for the relevant <Moser Baer India Limited> on which you choose to vote.
- (xi) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvi) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xvii) Note for Non – Individual Shareholders and Custodians

- ✍ Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- ✍ A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- ✍ After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
- ✍ The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.

A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

- (B) In case of members receiving the physical copy of Notice of AGM [for members whose e-mail IDs are not registered with the company/ depository participant(s) or requesting physical copy]:**

Please follow all steps from sl. no. (i) to sl. no. (xvii) above, to cast vote.

- (C) The voting period begins on 26th June, 2015 (9.30 am) and ends on 29th June, 2015 (5.00 pm). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 24th June, 2015, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.**

- (D) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.
- II. a. Mr. Kundan Agrawal, FCS, Practicing Company Secretary (CP No. 8325) has been appointed as Scrutinizer to scrutinize voting process in a fair and transparent manner.
- b. The Scrutinizer shall, immediately after the conclusion of voting at the General Meeting, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make, not later than three days of conclusion of the meeting, a consolidated Scrutinizer's report of the total votes cast in favor or against, if any, to the Chairman or a person authorized by him in writing who shall countersign the same.
- c. The Results shall be declared on or after the AGM of the Company. The Results declared along with the Scrutinizer's Report shall be available for inspection and also placed on the website of the Company within prescribed period.
15. Documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (10.00 am to 5.00 pm) on all working days except Saturdays, up to and including the date of the Annual General Meeting of the Company.
16. As per the provision of clause 49 of the Listing Agreement, particulars of Directors to be appointed / re-appointed at the 32nd Annual General Meeting are given separately in the notice.
17. Notice of Annual General Meeting will be sent to those shareholders/beneficial owners whose name will appear in the register of members/list of beneficiaries received from the depositories as on 22nd May, 2015.
18. The investors may contact the Company Secretary for redressal of their grievances/queries. For this purpose, they may either write to him at the Registered office address or e-mail their grievances/queries to the Company Secretary at the following e-mail address: shares@moserbaer.in

Regd. Office:
43-B, Okhla Industrial Estate Phase-III
New Delhi - 110 020

By order of the Board of Directors
for **MOSER BAER INDIA LTD**

Date: 02nd June, 2015

Neeraj Parmar
General Manager - Legal & Company Secretary

EXPLANATORY STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 102 OF THE COMPANIES ACT, 2013

ITEM NO. 4:

Mr. Vineet Sharma has graduated from Delhi University and is an MBA from IMT, Ghaziabad. He is also Heading National Sales Team for Business Development and having an experience for about 14 years as a Marketing Director. He holds Expertise in pricing strategies, client relations, marketing, financial management, purchasing, administration and staff training, supervision and motivation and liasoning with Government Departments. He is an experienced and goal-oriented professional with a track record of consistently meeting established goals and objectives related to sales, marketing, business development and client relations.

He is presently holding position of a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in March, 2011.

It is proposed to appoint Mr. Vineet Sharma as Independent Director under Section 149 of the Companies Act, 2013 and Clause 49 of the Listing Agreement to hold office for a term upto March 31, 2019. A notice has been received from a member proposing Mr. Sharma as a candidate for the office of Director of the Company under Section 160 of the Companies Act, 2013. In the opinion of the Board, Mr. Sharma fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder and also under the Listing Agreement for his appointment as an Independent Director of the Company and is independent of the management.

The Company has received declaration from Mr. Vineet Sharma that he meets the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013 and under the Clause 49 of the Listing Agreement.

The Board considers that his continued association would be of immense benefit to the Company and is desirable to continuously avail the services of Mr. Vineet Sharma as an independent Director. Accordingly the Board, recommends the passing of the Ordinary Resolution as set out in the Item no. 4 of the Notice.

Except Mr. Vineet Sharma, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution except and to the extent they are member of the Company.

ITEM NO. 5:

With the view to conduct business that achieves a balance or integration of economic, environmental and social imperatives while at the same time addressing stakeholders' expectations, Moser Baer has evolved the Corporate Social Responsibility (CSR) policy under which the company affirms its commitment of seamless integration of marketplace, workplace, and environment and community concerns with business operations. Moser Baer uses CSR as an integral business process in order to support sustainable development and constantly endeavors to be a good corporate citizen and enhance its performance on the triple bottom line.

It is therefore proposed to obtain the approval of members of the Company authorizing Board of Directors to contribute an amount up to Rs. 20,00,000/- for the financial year 2015-16, to any charitable, public, social, benevolent or general fund, society, association, institutions, trust, organization, not directly relating to the business of the Company or the welfare of its employees, for taking up any programme, activities of social, cultural, educational, economic, rural development of people at large notwithstanding the fact that the said amount may exceed 5% of the Company's average net profit as determined in accordance with the provisions of Section 198 of the Companies Act, 2013 during the three immediately preceding financial years.

The Directors recommend the resolution for approval of the shareholders as an Ordinary Resolution.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution except and to the extent they are member of the Company.

ITEM NO. 6

Given the Company's current financial position and future plans, the Board considers it necessary to augment the long term resources of the Company and strengthen its balance sheet by way of (i) issuing further capital to eligible investors, and (ii) restructuring the USD 88.5 million outstanding foreign currency convertible bonds of the Company ("Outstanding FCCBs") in accordance with a mechanism deemed appropriate by the Board, considering the prevailing market conditions and other relevant factors, wherever necessary in consultation with the financial advisors and/or other advisors, on such terms and conditions as may be decided and deemed appropriate by the Board or any committee including, but not limited to extending the maturity date of the outstanding FCCBs, amending the terms and conditions of the Outstanding FCCBs, and issuing new foreign currency convertible bonds to replace the Outstanding FCCBs pursuant to an extraordinary resolution to be passed by the holders of the Outstanding FCCBs in accordance with the terms of the trust deed governing the Outstanding FCCBs.

The resolution at item no. 6 of the Notice relates to a proposal by the Company to issue Equity Shares, Warrants, Foreign Currency Convertible Bonds which are convertible into equity shares, American Depository Receipts and Global Depository Receipts reflected by underlying equity shares of the Company or other securities convertible into equity shares of the Company (the "Securities") in compliance with applicable law or such other proposal on the advise of the company's financial advisor that may be appropriate for the company's requirements having regard to the company's business strategy and prevailing market conditions, including but not limited to creating, offering, issuing and allotting equity shares and warrants simultaneously with non-convertible debentures (the "Eligible Securities") to qualified institutional buyers as defined under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009.

In relation to the above, the Company intends to issue the Eligible Securities or the Securities for a value of upto USD 125 million (which limit applies also to the value of securities to be issued upon conversion of any Security).

The Company has entered into a Master Restructuring Agreement ("MRA") with its lenders and Central Bank of India, pursuant to the Corporate Debt Restructuring Mechanism, to restructure its current loan facility. In terms of MRA, Company is required to take prior approval of the CDR Lenders (as per MRA) before issuing equity or preference shares or any convertible instrument.

Objects of the issue:

The object of such issue(s) is to meet the long term business requirements of the Company, to meet the working capital requirements of the Company, to fund the growth of the Company, to restructure the liabilities of the Company, to reduce debt and/ or to improve the financial leveraging strength of the Company. The Directors intend to deploy the net proceeds from any issue of further capital for funding any one or more of, (i) capital expenditure, (ii) general corporate purpose, (iii) strategic acquisitions and (iv) reduction of debt.

The detailed terms and conditions for the offer(s) will be determined in consultation with the Financial Advisors, Lead Managers, Underwriters and such other advisors, authority or authorities as may be required to be consulted by the Company considering the prevailing market conditions and other relevant factors.

Pricing:

The pricing of FCCBs, ADRs and GDRs shall be freely determined subject to such price not being less than the applicable pricing provisions issued by the Ministry of Finance and the Reserve Bank of India. If the Board of Directors decides to undertake a qualified institutional placement under Chapter VIII of the ICDR Regulations, the pricing shall be freely determined subject to such prices not being less than the price as calculated in accordance with the ICDR Regulations.

As the pricing of the offering cannot be decided except at a later stage, it is not possible to state the price or the exact number of shares to be issued. For reasons aforesaid, an enabling resolution is therefore proposed to be passed to give adequate flexibility and discretion to the Board to finalize the terms of the issue. The equity shares issued pursuant to the offering(s) would be listed on the Indian stock exchanges and / or internationally recognized stock exchange and may be represented by securities or other Financial Instruments outside India.

The Special Resolution seeks to give the Board powers to issue the Eligible Securities or Securities in one or more tranche or tranches, at such time or times, at such price or prices and to such person(s) including institutions, incorporated bodies and / or individuals or otherwise as the Board may in its absolute discretion deem fit. The consent of the shareholders is being sought pursuant to the provisions of Section 62 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder and in terms of the provisions of the Listing Agreement executed by the Company with the Stock Exchanges where the Equity Shares of the Company are listed.

Section 62 and the rules made thereunder of the Companies Act, 2013 and the relevant clause of the Listing Agreement with the Stock Exchanges where the Equity Shares of the Company are listed provides, inter alia, that when it is proposed to increase the issued capital of a company by allotment of further shares, such further shares shall be offered to the existing shareholders of such company in the manner laid down in Section 62 (1)(a) and the rules made thereunder of the Companies Act, 2013 unless the shareholders in a general meeting decide otherwise. Since the Special Resolution proposed in the business of the Notice results in the issue of shares of the Company otherwise than to the members of the Company, consent of the shareholders is being sought pursuant to the provisions of Section 62 (1)(c) and other applicable provisions and rules of the Companies Act, 2013 and the Listing Agreement.

The Special Resolution, if passed, will have the effect of allowing the Board to issue and allot Eligible Securities or Securities to the investors who may or may not be the existing shareholders of the Company. This resolution is in complete supersession of the special resolution passed through postal ballot on August 06, 2012. The Board believes that the issue of Eligible Securities or Securities to investors who are not shareholders of the Company is in the interest of the Company and, therefore, recommends the resolution for your approval.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution except and to the extent they are member of the Company.

ITEM NO. 7 to 10

Human Resources play a vital role in the growth and success of an organization. It is necessary for a Company to adopt effective measures to attract and retain talent and remain competitive in the challenging global market. In addition to being a useful instrument to attract and retain talent, stock options are also recognized as effective instruments to encourage and reward the performance of its Employees who are the drivers of Company's growth and to retain them for ensuring stable growth by providing opportunities to such executives to own equity shares of the Company. The Company has current ESOP Schemes under which only a very limited number of options have been exercised. Further, pursuant to changes in Regulatory provisions, prevailing market conditions, pricing and in order to improve flexibility in implementation, it is proposed to terminate all the existing ESOP/DSOP Schemes and adopt a new ESOP Scheme 2015 subject to the approval of the Shareholders in the General Meeting.

In view of the above, the Board has proposed to formulate Moser Baer India Limited Stock Option Plan, 2015 in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("the Regulations") under which the maximum number of equity shares of the Company that could be created, offered, issued and allotted under the Plan should not exceed 4,650,413 equity shares / securities linked to equity shares convertible into equivalent number of equity shares of Rs. 10/- each of the Company, as on the date(s) of the grant of option(s) under the Plan. The Board has accordingly decided to seek the approval of the Members for the same.

The salient features of the Scheme are detailed below:

(a) Total number of options to be granted:

4,650,413 options (convertible into equivalent number of equity shares of Rs. 10/- each), from time to time to Eligible Employees [being employee of the Company and its subsidiary companies, if any].

The options which lapse / expire or are forfeited will be available for re-granting to Eligible Employee(s).

(b) Identification of Classes of Employees entitled to participate in ESOP

Eligibility for grant of options:

Permanent employees of the Company or its subsidiary companies as may be identified by the "Nomination and Remuneration Committee" (NARC) based on the individual performance of the employees.

Employees not eligible for grant of options:

- ✍ An employee who is a promoter or belongs to the promoter group
- ✍ A Director of the Company or any of its Subsidiaries

(c) Requirement of Vesting and Period of Vesting:

The continuation of the employee in the service of the Company shall be a primary requirement of the vesting. The minimum vesting period shall be 1 (one) year from the date of grant and may extend upto 4 (four) years as may be determined by the Board / Nomination and Remuneration Committee.

If the services of the employee is terminated, by resignation or otherwise, the options, to the extent not vested, shall lapse / expire and be forfeited forthwith and for the vested options, such employees will have to exercise their option within 30 days from the date of termination of employment.

In the event of death of an employee or if he suffers permanent incapacity while in employment, all the options granted to him till the date of death or permanent incapacity, as the case may be, shall vest with his legal heirs / in him on that date.

(d) Maximum period within which the options shall be vested:

The maximum period within which the options shall be vested would be 4 years from the date of grant.

(e) Exercise Price or Pricing Formula:

The Options granted to the Employees under this Plan shall carry an Exercise Price, which shall be the Market Price or at such discount to the Market Price, not exceeding 25%, as may be determined by the Board. However the Exercise Price shall not be less than the par value of the Equity Shares of the Company.

(f) Exercise Period and Process of Exercise:

The exercise period shall be a period commencing from the date of completion of vesting and shall continue upto completion of 7 years from the date of grant of such Options for which exercise has to be made.

The options would be exercisable by submitting the requisite application form / exercise notice to the Company or such other person as the Company may prescribe, subject to conditions for payment of Exercise Price in the manner prescribed by the Board / Committee. The Board / Committee may grant an extension upon a specific request made by the employee concerned to this effect. All the participants in the Scheme shall deliver a written notice of exercise, in the prescribed form, to the Nomination and Remuneration Committee on or before the expiry of the exercise period.

(g) Appraisal Process for determining the eligibility of employees for the Scheme:

The Board / Committee shall determine the criteria for the eligible employees under the Plan based on the performance of the employee for the last three financial years (or for his period of service), position and responsibilities of the concerned Employee, the nature of the Employee's services to the Company and its Subsidiaries, the period for which the Employee has rendered his services to the Company or its Subsidiaries, the Employee's present and potential contribution to the success of the Company and its Subsidiaries and such other factors as the NARC shall deem relevant for accomplishing the purpose of the Plan.

(h) Maximum number of Options to be issued per employee:

The maximum number of options granted to any one employee in a year will be less than 1% of the issued Equity Share capital of the Company at the time of granting of an option (including outstanding warrants and conversions).

(i) Confirmation with the Accounting Policies:

The Company shall confirm to the Accounting Policies specified under the Regulations.

(j) The method the Company shall use to value the options:

The company shall follow the intrinsic value method to value the options.

(k) The difference between the employee compensation cost computed based on intrinsic value and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed in the Director's Report and also the impact of this difference on profit and on EPS of the Company shall also be disclosed in the Director's Report.

The equity shares allotted pursuant to the exercise of the Options shall be listed on the Stock Exchanges where the Company's Equity Shares are listed and necessary applications will be made to those Stock Exchange(s) in this behalf.

As per Regulation 6(1) of the Regulations, any Employees Stock Option Scheme must be approved by way of a special resolution. Further as the Scheme will entail further shares to be offered to persons other than existing members of the Company, consent of the Members is required for issue of the equity shares and / or instruments entitling the holder to subscribe to or purchase equity shares, in terms of the provisions of Section 62(1)(b) of the Companies Act, 2013.

Regulation 6(3)(c) of the Regulations requires that a separate resolution is required to be passed if the benefits of the Scheme are to be extended to eligible employees of the subsidiary companies. Accordingly the resolution set out at item no. 10 is being placed for approval of the members.

The options to be granted / shares to be issued under the Scheme shall not be treated as an offer or invitation made to public for subscription in the securities of the Company.

None of the Directors or Key Managerial Personnel of the Company is, in any way, concerned or interested in the resolutions, except to the extent of their shareholding in the Company or the options which may be granted to them pursuant to the Plan.

The Board accordingly recommends the resolutions as set out in Item no. 7 to 10 of the Notice for approval of members.

Regd. Office:
43-B, Okhla Industrial Estate Phase-III
New Delhi - 110 020

By order of the Board of Directors
for **MOSER BAER INDIA LTD**

Neeraj Parmar
General Manager - Legal & Company Secretary

Date: 02nd June, 2015

Annexure pursuant to Clause 49 of the Listing agreement with the Stock Exchanges Particulars of Directors proposed to be appointed / re-appointed at the 32nd Annual General Meeting

| | | |
|--|--|---|
| Name of Director | Mr. Deepak Puri | Mr. Vineet Sharma |
| Date of Birth | 28.07.1941 | 17.11.1959 |
| Date of Appointment | 21.03.1983 | 31.03.2011 |
| Qualifications | Mechanical Engineering from Imperial College, London | 1. Graduate from Delhi University 2. MBA from IMT, Ghaziabad |
| Experience | Having over 38 years of industry experience in the field of manufacturing Magnetic and Optical Media products and management | He is also Heading National Sales Team for Business Development and having an experience of about 14 years as a Marketing Director. He holds Expertise in pricing strategies, client relations, marketing, financial management, purchasing, administration and staff training, supervision and motivation and liasoning with Government Departments. He is an experienced and goal-oriented professional with a track record of consistently meeting established goals and objectives related to sales, marketing, business development and client relations. |
| Chairman/ Director of other Companies | 1. Helios Photo Voltaic Limited 2. Moser Baer Entertainment Limited 3. Moser Baer Investments Limited 4. Moser Baer Solar Limited 5. Moser Baer Solar System Pvt. Limited 6. Pride Solar Systems Pvt. Limited 7. Value Solar Energy Pvt. Ltd. 8. Induco Infradevelopers Limited 9. Competent Solar Energy Private Limited 10. Ellencon Power Projects Pvt. Limited 11. Moser Baer Software Limited | 1. Helios Photo Voltaic Limited 2. HC Power Projects Private Limited 3. Ojjus Medical & Research Institute (Jaipur) Private Limited 4. Conquer Power Projects Pvt. Ltd. |
| Chairman/ Member of Committees of Board of Companies of which he is a Director | Moser Baer India Limited (Member): 1. Audit Committee 2. Stakeholder's Relationship Committee Moser Baer Solar Limited (Member): 1. Audit Committee Moser Baer Entertainment Limited (Chairman): 1. Audit Committee Helios Photo Voltaic Limited (Chairman): 1. Audit Committee Moser Baer Investments Limited (Member): 1. Audit Committee | Moser Baer India Limited (Member): 1. Audit Committee Helios Photo Voltaic Limited (Member): 1. Audit Committee |
| No. of Shares held | 6,30,13,857 | NIL |

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[Pursuant to Section 105 (6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

MOSER BAER INDIA LIMITED

Regd. Office: 43-B, Okhla Industrial Estate, Phase-III, New Delhi-110020

Tel: 011-40594444 Fax: 011-41635211, 26911860

www.moserbaer.com, E-mail: shares@moserbaer.in

CIN No.: L51909DL1983PLC015418

| |
|---|
| 32nd Annual General Meeting – June 30, 2015 |
| Name of member(s) : |
| Registered address : |
| E Mail Id: |
| Folio No. / DP ID - Client ID: |

I / We, being the member(s) of _____ shares of the above named Company, hereby appoint:

- 1) Name: _____ E Mail: _____
 Address: _____
 _____ Signature _____ Or failing him / her
- 2) Name: _____ E Mail: _____
 Address: _____
 _____ Signature _____

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 32nd Annual General Meeting of the Company to be held on Tuesday, June 30, 2015 at 9.30 a.m. at Sri Sathya Sai International Centre, Pragati Vihar, Bhisham Pitamah Marg, Lodhi Road, New Delhi 110003 and at any adjournment thereof in respect of such resolutions as are indicated below:

| Resolution No. | Resolutions | Optional* | |
|--------------------------|--|-----------|---------|
| | | For | Against |
| Ordinary Business | | | |
| 1 | Adoption of Audited Balance Sheet as at December 31, 2014, Statement of Profit and Loss, Cash Flow Statement for the year ended on that date and the Reports of Auditors' thereon and the Board of Directors thereto for the financial year ended on December 31, 2014 | | |
| 2 | Appoint a Director in place of Mr. Deepak Puri, who retires by rotation and being eligible offers himself for re-appointment | | |
| 3 | Re-appointment of Auditors and fixation of their remuneration | | |
| Special Business | | | |
| 4 | Appointment of Mr. Vineet Sharma, Director for a term upto March 31, 2019 | | |
| 5 | Authorisation to Board of Directors to contribute, donate, subscribe to any charitable trust up to an amount not exceeding Rs. 20,00,000/- | | |
| 6 | Authorisation for issue and Allotment of Equity Shares ADR / GDR / FCCB etc. for a value up to USD 125 Million | | |
| 7 | Approval to terminate Directors' Stock Options Plan 2005 | | |
| 8 | Approval to terminate ESOP 2004 and ESOP 2009 | | |
| 9 | Consider and approve scheme of ESOP Plan 2015 for the employees of the Company | | |
| 10 | Consider and approve scheme of ESOP Plan 2015 for the employees of the Subsidiaries | | |

Signed this day of June, 2015.

Affix Revenue stamp not less than ₹ 0.15

Signature of the member

Signature of the Proxy Holder(s)

NOTE:

- This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
- For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the 32nd Annual General Meeting.
- *3. It is optional to put a 'X' in the appropriate column against the Resolution indicated in the Box. If you leave the 'For' and 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he / she think appropriate.
- Please complete all details including detail of member(s) in above box before submission.



MOSER BAER INDIA LIMITED

Regd. Office: 43-B, Okhla Industrial Estate, Phase-III, New Delhi-110020

Tel: 011-40594444 Fax: 011-41635211, 26911860

www.moserbaer.com, E-mail: shares@moserbaer.in

CIN No.: L51909DL1983PLC015418

Folio No./ DP ID / Client ID:

Number of shares held

I certify that I am a member / proxy for the member of the Company.

I hereby record my presence at the 32nd Annual General Meeting of the Company at the Sri Sathya Sai International Centre, Pragati Vihar, Bhisham Pitamah Marg, Lodhi Road, New Delhi 110003 on Tuesday, June 30, 2015 at 9.30 a.m.

.....
Name of the Member / Proxy
(in BLOCK letters)

.....
Signature of the Member / Proxy

Note:

1. Please complete the Folio/DP ID-Client ID No. and name, sign the Attendance Slip and hand it over at the Attendance Verification counter at the entrance of the Meeting Hall.
2. Electronic copy of the Annual Report for the financial year ended on 31.12.2014 and Notice of the Annual General Meeting (AGM) alongwith Attendance Slip and Proxy Form is being sent to all the members whose e-mail address is registered with the Company / Depository Participant unless any member has requested for a hard copy of the same. Members receiving electronic copy and attending the AGM can print copy of this Attendance Slip.
3. Physical copy of Annual Report for the financial year ended on 31.12.2014 and Notice of Annual General Meeting alongwith Attendance Slip and Proxy Form is sent in the permitted mode(s) to all members whose email is not registered or have requested for a hard copy.



