

corporate governance

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Moser Baer India Limited is committed to adhere to the code of corporate governance as it means adoption of best business practices aimed at growth of the company coupled with bringing benefits to investors, customers, creditors, employees and the society at large.

2. BOARD OF DIRECTORS

The present strength of the Board is Nine Directors. The Board comprises of three Executive Directors and six Non-Executive Independent Directors. The Non-Executive Directors bring independent judgement in the Board's deliberations and decisions.

COMPOSITION OF THE BOARD

Name of the Director	Category	Equity Investors represented
Mr. Deepak Puri*	Executive	N.A.
Mr. Harnam D. Wahi	Independent and Non-Executive	N.A.
Mr. Arun Bharat Ram	Independent and Non-Executive	N.A.
Mrs. Nita Puri	Executive	N.A.
Mr. John Levack	Independent and Non-Executive	Electra Partners Mauritius Limited.
Mr. Rajesh Khanna	Independent and Non-Executive	Bloom Investments Limited (BIL), Ealing Investments Limited (EIL), Randall Investments Limited (RIL) and Woodgreen Investment Ltd (WIL). BIL, EIL, RIL and WIL are affiliates of Warburg Pincus LLC.
Mr. Prakash Karnik	Independent and Non-Executive	N.A.
Mr. Bernard Gallus	Independent and Non-Executive	N.A.
Mr. Ratul Puri	Executive	N.A.

*During the year FY03-04, Mr. Rakesh Govil was appointed as an Alternate Director to Mr. Deepak Puri. However, he ceased to be the Alternate Director w.e.f. 16th January, 2004.

DIRECTORSHIP IN OTHER COMPANIES AND BOARD COMMITTEES:

None of the Directors of the Board serve as members of more than 10 Committees nor are they Chairman of more than 5 Committees, as per the requirements of the Listing Agreement.

Name of the Director	No. of other Directorships (excluding foreign companies and private limited companies)	No. of Committee Memberships (including MBIL's Committees)	
		Chairman	Member
Mr. Deepak Puri	1	---	2
Mr. Harnam D. Wahi*	1	3	---
Mr. Arun Bharat Ram	10	---	5
Mrs. Nita Puri	1	---	1
Mr. John Levack	4	---	5
Mr. Rajesh Khanna	2	---	2
Mr. Prakash Karnik	---	---	3
Mr. Bernard Gallus	---	---	---
Mr. Ratul Puri	---	---	1

*Mr. Harnam D. Wahi has notified the company that he has ceased to be a Director in DCM Shriram Consolidated Limited w.e.f. 18th August, 2003.

The Board met seven times on the following dates during the financial year 2003-2004 and the gap between two meetings did not exceed four months:

- | | | |
|---------------------------------------|------------------------------------|-------------------------------------|
| (i) 23 rd April, 2003 | (ii) 29 th July, 2003 | (iii) 5 th August, 2003 |
| (iv) 20 th September, 2003 | (v) 24 th October, 2003 | (vi) 11 th January, 2004 |
| (vii) 27 th January, 2004 | | |

The information as required under Annexure I to Clause 49 of the Listing Agreement is made available to the Board. Adequate information is circulated as part of the agenda papers to enable the Board to take informed decisions.

ATTENDANCE RECORD OF DIRECTORS:

Name of the Director	Board Meetings held during the year	Meetings attended		Attended last AGM held on October 21, 2003
		In Person	Through Audio Conferencing	
Mr. Deepak Puri	7	4	1	Yes
Mr. Harnam D. Wahi	7	7	---	Yes
Mr. Arun Bharat Ram	7	2	---	No
Mrs. Nita Puri	7	3	1	Yes
Mr. John Levack	7	4	---	No
Mr. Rajesh Khanna	7	4	2	No
Mr. Prakash Karnik	7	6	---	No
Mr. Bernard Gallus	7	Leave of absence	---	No
Mr. Ratul Puri	7	7	---	Yes
Mr. Rakesh Govil- Alternate Director to Mr. Deepak Puri	7	1	---	N.A.

3. AUDIT COMMITTEE

The company has a qualified and independent Audit Committee. Mr Harnam D. Wahi is the Chairman of the Audit Committee. Other members of the Committee are- Mr. Prakash Karnik, Mr. Rajesh Khanna and Mr. John Levack. The Company Secretary of the company acts as the Secretary of the Committee.

Terms of reference:-

The Audit Committee performs the following functions:-

- a) Overseeing the company's financial reporting process and the disclosure of financial information to ensure that the financial statement is correct, sufficient and credible.
- b) Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other service.
- c) Reviewing with management the annual financial statements before submission to the Board, focusing primarily on;
 - Any changes in accounting policies and practices.
 - Major accounting entries based on exercise of judgement by management.
 - Qualifications in draft audit report.
 - Significant adjustments arising out of audit.
 - The going concern assumption.
 - Compliance with accounting standards.
 - Compliance with stock exchange and legal requirements concerning financial statements.
 - Any related party transactions i.e. transactions of the company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of company at large.
- d) Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
- e) Reviewing the adequacy of internal audit function, 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.
- f) Discussing with internal auditors any significant findings and follow up thereon.
- g) 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.
- h) Discussing with external auditors before the audit commences- nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.
- i) Reviewing the company's financial and risk management policies.
- j) Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors, if any.

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

- | | | |
|--------------------------------------|--------------------------------------|-------------------------------------|
| (i) 23 rd April, 2003 | (ii) 29 th July, 2003 | (iii) 30 th July, 2003 |
| (iv) 5 th August, 2003 | (v) 20 th September, 2003 | (vi) 24 th October, 2003 |
| (vii) 27 th January, 2004 | | |

Following are the details regarding the Committee meetings attended by the members:-

Member Director	Committee Meetings held during the year	Meetings Attended	
		In Person	Through Audio Conferencing
Mr. Harnam D. Wahi (Chairman)	7	7	---
Mr. Prakash Karnik	7	7	---
Mr. Rajesh Khanna	7	5	2
Mr. John Levack	7	4	
Mr. Ratul Puri *	7	7	---

* Mr. Ratul Puri resigned from the membership of the Audit Committee with effect from 25th March, 2004.

4. COMPENSATION COMMITTEE

Mr Harnam D. Wahi is the Chairman of the Compensation Committee. Other members of the Committee are - Mr. Prakash Karnik, Mr. John Levack and Mr. Rajesh Khanna. The Company Secretary of the company acts as the Secretary of the committee.

Terms of reference:-

The company's compensation policy is based on the principles of responsibility, performance and potential. The company's Compensation Committee has been constituted to administer the Employees Stock Option Plan and to decide about the remuneration package of all the Executive Directors of the company.

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

- (i) 23rd April, 2003
- (ii) 29th July, 2003
- (iii) 24th October, 2003
- (iv) 11th January, 2004

Following are the details regarding the Committee meetings attended by the members:-

Member Director	Committee Meetings held during the year	No. of Meetings Attended
Mr. Harnam D. Wahi (Chairman)	4	4
Mr. Prakash Karnik	4	2
Mr. Rajesh Khanna	4	3
Mr. John Levack	4	2
Mr. Deepak Puri *	4	3
Mr. Rakesh Govil- Alternate Director to Mr. Deepak Puri	4	1

* Mr. Deepak Puri resigned from the membership of the Compensation Committee with effect from 25th March, 2004.

REMUNERATION POLICY

(i) Executive Directors:-

The details of the remuneration paid to Mr. Deepak Puri, Managing Director, Mrs. Nita Puri, Whole Time Director and Mr. Ratul Puri, Executive Director during the year FY03-04 are as follows:

Particulars	Managing Director	Whole Time Director	Executive Director
Salaries, Allowances	1,725,600	454,800	2,910,000
PF Contribution	115,200	36,000	180,000
Perquisites	95,054	103,400	107,990
TOTAL	1,935,854	594,200	3,197,990

Service Contracts, Notice Period, Severance Fees

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

The company has executed a Service Contract each with Mr. Deepak Puri, Managing Director, Mrs. Nita Puri, Whole Time Director and Mr. Ratul Puri, Executive Director whereby each of them has been appointed for a period of five years w.e.f. 1st September, 2001, 1st December, 2001 and 1st October, 2001 respectively. Each of them is entitled to resign from his/her office at any time upon giving to the company at least three calendar months' written notice. No severance fees shall be payable to either of them.

(ii) Non-Executive Directors:-

The Non-Executive Directors have not drawn any remuneration from the company for the year ended March 31, 2004. However, they were paid a sitting fee of Rs.5,000 for each Board/Committee meeting attended till 21st October, 2003 and Rs.20,000 for each Board Meeting and Rs.10,000 for each Committee meeting attended thereafter. Mr. Rajesh Khanna, nominee Director of BIL, EIL, RIL and WIL does not charge any Sitting Fees for attending any meeting of the Board or Committees thereof.

Service Contracts, Notice Period, Severance Fees

Mr. Harnam D. Wahi, Mr. Arun Bharat Ram, Mr. Bernard Gallus and Mr. Prakash Karnik are liable to retire by rotation. No severance fees will become payable to them if they desire not to continue as Directors of the company.

Mr. John Levack non-rotational nominee Director- representative of Electra Partners Mauritius Ltd.: - No severance fees will become payable to him if Electra Partners Mauritius Ltd. withdraws his nomination as a Director of the company.

Mr. Rajesh Khanna non-rotational nominee Director-representative of BIL, EIL, RIL and WIL - affiliates of Warburg Pincus LLC.: - No severance fees will become payable to him if BIL, EIL, RIL and WIL withdraw his nomination as a Director of the company.

5. INVESTORS' GRIEVANCE COMMITTEE

The Chairman of the committee, Mr. Harnam D. Wahi, is a Non-Executive Independent Director. Other members of the Committee are- Mr.Prakash Karnik, Mr. John Levack, Mr. Deepak Puri and Mrs. Nita Puri. The Company Secretary of the company acts as the Secretary of the Committee.

Terms of reference:-

The Investors' Grievance Committee looks into redressal of shareholders' and investors' complaints like - transfer of shares, non-receipt of Annual Reports, non-receipt of dividend and allied matters.

During the year, the committee met four times on the following dates:

- (i) 23rd April, 2003
- (ii) 29th July, 2003
- (iii) 24th October, 2003
- (iv) 27th January, 2004

Following are the details regarding the Committee meetings attended by the members:-

Names of members	Committee Meetings held during the year	No. of Meetings Attended
Mr. Harnam D. Wahi (Chairman)	4	4
Mr. Prakash Karnik	4	3
Mr. John Levack	4	3
Mr. Deepak Puri	4	3
Mrs. Nita Puri	4	2

Name and designation of the Compliance Officer: - Mrs. Minni Katariya, Company Secretary.

The transfer / transmission of physical share certificates is approved by the Company Secretary generally on a weekly basis 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@moserbaer.net or contact the Compliance Officer at the following numbers: -

Telephone numbers : 51635201-5, 26911570-74

Fax number : 51635211, 26911860

Information regarding complaints received from the shareholders

Complaints received and processed by M/s. MCS Limited and the Company from 1st April, 2003 to 31st March, 2004

Nature of complaints	Received	Disposed off	Pending
Relating to transfer, transmission, etc.	19	19	---
Relating to dematerialization	1	1	---
Relating to dividend	3	3	---
Relating to miscellaneous matters	15	15	---
Relating to bonus	17	17	---
TOTAL	55	55	---

SEBI/DSE/BSE Complaints status from 1st April, 2003 to 31st March, 2004

Nature of complaints	Received	Disposed off	Pending
Relating to transfer, transmission, etc.	28	28	---
Relating to dematerialization	---	---	---
Relating to dividend	18	18	---
Relating to miscellaneous matters	---	---	---
Relating to bonus	12	12	---
TOTAL	58	58	---

6. CORPORATE GOVERNANCE COMMITTEE

Terms of reference:-

Guided by the principles of good corporate governance, the company has constituted a Committee on Corporate Governance during the year 2003-04:-

- (a) to advise the company on the best practices being followed on corporate governance issues worldwide and to implement them in the company appropriately;
- (b) to appoint any outside agency to report on corporate governance matters; and
- (c) to appoint consultants in this regard.

The Chairman of the committee, Mr. Rajesh Khanna, is a Non-Executive Independent Director. Other members of the Committee are:- Mr. Prakash Karnik, Director; Mr. John Levack, Director; and Mr. Deepak Puri, Managing Director. The Company Secretary of the company acts as the Secretary of the Committee.

During the year, the committee met three times on the following dates:

- (i) 20th September, 2003
- (ii) 24th October, 2003
- (iii) 27th January, 2004

Following are the details regarding the Committee meetings attended by the members:-

Names of members	Committee Meetings held during the year	No. of Meetings Attended
Mr. Rajesh Khanna (Chairman)	3	2
Mr. Prakash Karnik	3	2
Mr. John Levack	3	2
Mr. Deepak Puri	3	1

7. 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. 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
Tuesday, 01/04/2003 to Thursday, 24/04/2003	Consideration of un-audited financial results for the quarter ended 31 st March, 2003.
Wednesday, 09/07/2003 to Wednesday, 30/07/2003	Consideration of un-audited financial results for the quarter ended 30 th June, 2003.
Wednesday, 17/09/2003 to Monday, 22/09/2003	Consideration of audited annual accounts of the Company for the year 2002-03.
Tuesday, 07/10/2003 to Saturday, 25/10/2003	Consideration of un-audited financial results for the quarter ended 30 th September, 2003.
Thursday, 01/01/2004 to Saturday, 31/01/2004	Consideration of un-audited financial results for the quarter ended 31 st December, 2003.
Thursday, 01/04/2004 to Friday, 30/04/2004	Consideration of un-audited financial results for the quarter ended 31 st March, 2003.

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

General Meeting	Date	Time	Venue	Special Resolutions passed
Annual General Meeting	28/09/2001	9:30 A.M.	Centaur Hotel, New Delhi- 110 037	For shifting of statutory registers, records, documents, etc of the company from its registered office to its corporate office.
Annual General Meeting	27/09/2002	9:30 A.M.	Centaur Hotel, New Delhi- 110 037	Nil
Extraordinary General Meeting	29/08/2003	9.30 A.M.	Centaur Hotel, New Delhi- 110 037	<p>(a) For getting the Equity Shares of the company de-listed from the Stock Exchanges located at Delhi, Kolkata, Ahmedabad and Kanpur.</p> <p>(b) For alteration of the Article 6 of the Articles of Association of the company.</p> <p>(c) For alteration of the Article 5(a) of the Articles of Association of the company.</p> <p>(d) For shifting of statutory registers, records, documents, books of accounts, etc of the company from its corporate office to its registered office.</p> <p>(e) For issue of Equity Shares under SEBI (ESOS and ESPS) Guidelines, 1999 to the employees of the company.</p> <p>(f) For issue of Equity Shares under SEBI (ESOS and ESPS) Guidelines, 1999 to the employees of subsidiary companies of the company.</p>
Annual General Meeting	21/10/2003	9.30 A.M.	FICCI Golden Jubilee Auditorium, Federation House, Tansen Marg, New Delhi- 110 001	<p>(a) For alteration of the Article 94 of the Articles of Association of the company.</p> <p>(b) For capitalisation of reserves of the company for issuing Bonus Shares.</p>
Extraordinary General Meeting	05/02/2004	10.00 A.M.	Centaur Hotel, New Delhi- 110 037	<p>(a) For alteration of the Article 5(a) of the Articles of Association of the company.</p> <p>(b) For increasing the number of Equity Shares to be issued under SEBI (ESOS and ESPS) Guidelines, 1999 to the employees of the company.</p>

- (c) For increasing the number of Equity Shares to be issued under SEBI (ESOS and ESPS) Guidelines, 1999 to the employees of subsidiary Companies of the Company.
- (d) For issue and allotment of ADRs/GDRs on a preferential basis to various Institutional Investors.
- (e) For issue and allotment of Equity Shares on a preferential basis to Woodgreen Investment Ltd or any other affiliates of Warburg Pincus LLC.
- (f) For issue and allotment of Warrants convertible into Equity Shares on a preferential basis to Woodgreen Investment Ltd or any other affiliates of Warburg Pincus LLC.
- (g) For increasing the shareholding limit for FIIs in the Company to 74%.

Further, no resolution was required to be put through postal ballot at the last Annual General Meeting. No resolution is proposed to be passed through postal ballot at the forthcoming Annual General Meeting.

9. DISCLOSURES

- a) Disclosures on materially significant related party transactions, i.e. transactions of the company of material nature, with its Promoters, the Directors or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interest of the company at large - NIL.
- b) 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

10. MEANS OF COMMUNICATION

- a) The company ensures that its 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 and published in the following newspapers:-
 - (i) The Economic Times.
 - (ii) The Times of India.
 - (iii) The Hindustan Times.
 - (iv) The Pioneer.
 - (v) Navbharat Times.
 - (vi) Business Standard.
 - (vii) Financial Express.
- 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 under the EDIFAR system.
- d) The company's official news releases are also displayed on the company's web site.
- e) Management Discussion and Analysis Report is a part of the Annual Report of the company for the year FY03-04.

11. GENERAL SHAREHOLDER INFORMATION

a) 21st ANNUAL GENERAL MEETING

Date : Monday, 26th July, 2004 :
 Time : 9:30 AM
 Venue : FICCI Golden Jubilee Auditorium,
 Federation House, Tansen Marg, New Delhi 110 001

b) FINANCIAL CALENDAR

: 1st April to 31st March

c) BOOK CLOSURE

: Thursday, 22nd July, 2004 to Monday, 26th July, 2004

d) DIVIDEND PAYMENT DATE

: The dividend for the year 2003-04, as recommended by the Directors and if declared at the forthcoming Annual General Meeting, will be paid on or before Tuesday, 24th August, 2004 to those members whose names appear:-

- (i) as beneficial owners as at the closure of the business hours on Monday, 26th July, 2004 as per the list being furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of the shares held in electronic form; and
- (ii) as members in the Register of Members of the company as at the closure of business hours on Monday, 26th July, 2004

e) LISTING

The Equity Shares of the company are listed at the following Stock Exchanges*

- i) The Stock Exchange, Mumbai.
- ii) National Stock Exchange of India Limited.
- iii) The Calcutta Stock Exchange Association Limited.

* During the year 2003-04, the equity shares of the company were voluntarily delisted by the company from The Ahmedabad Stock Exchange, The Delhi Stock Exchange and The Uttar Pradesh Stock Exchange. Further, the company has filed an application with The Calcutta Stock Exchange for voluntary delisting. Application for the same is under process and approval is pending.

f) STOCK CODE

The Stock Code at: -

- i) Mumbai Stock Exchange is : 517140
- ii) National Stock Exchange is : MOSERBAER
- iii) Calcutta Stock Exchange is : 23164 and 10023164

g) STOCK PRICE DATA

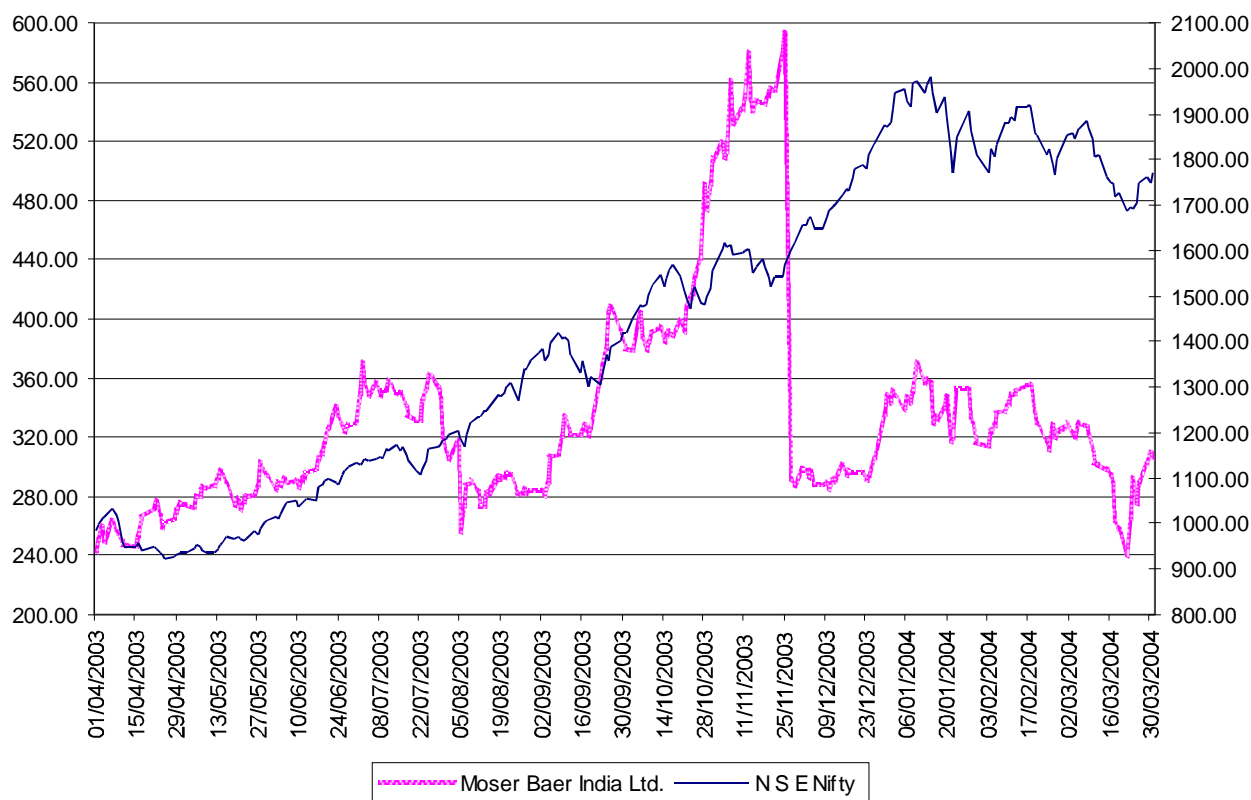
Stock Market Data at BSE and NSE for the period 1st April, 2003 to 31st March, 2004

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

MONTHS	BSE		NSE	
	Highest	Lowest	Highest	Lowest
April, 2003	284.50	227.50	284.90	225.25
May, 2003	306.90	266.05	330.00	230.00
June, 2003	345.00	284.00	345.00	248.00
July, 2003	375.00	305.00	380.00	305.00
August, 2003	333.00	244.95	321.50	253.20
September, 2003	418.75	277.30	417.45	271.60
October, 2003	512.80	372.50	513.00	351.15
November, 2003	598.00	281.00	598.00	281.50
December, 2003	362.70	278.25	362.20	242.00
January, 2004	421.00	311.15	419.00	311.00
February, 2004	360.00	306.00	360.00	306.00
March, 2004	332.90	234.00	333.00	233.20

g) i) STOCK PERFORMANCE IN COMPARISON TO NSE INDEX:-

Moser Baer vs Nifty

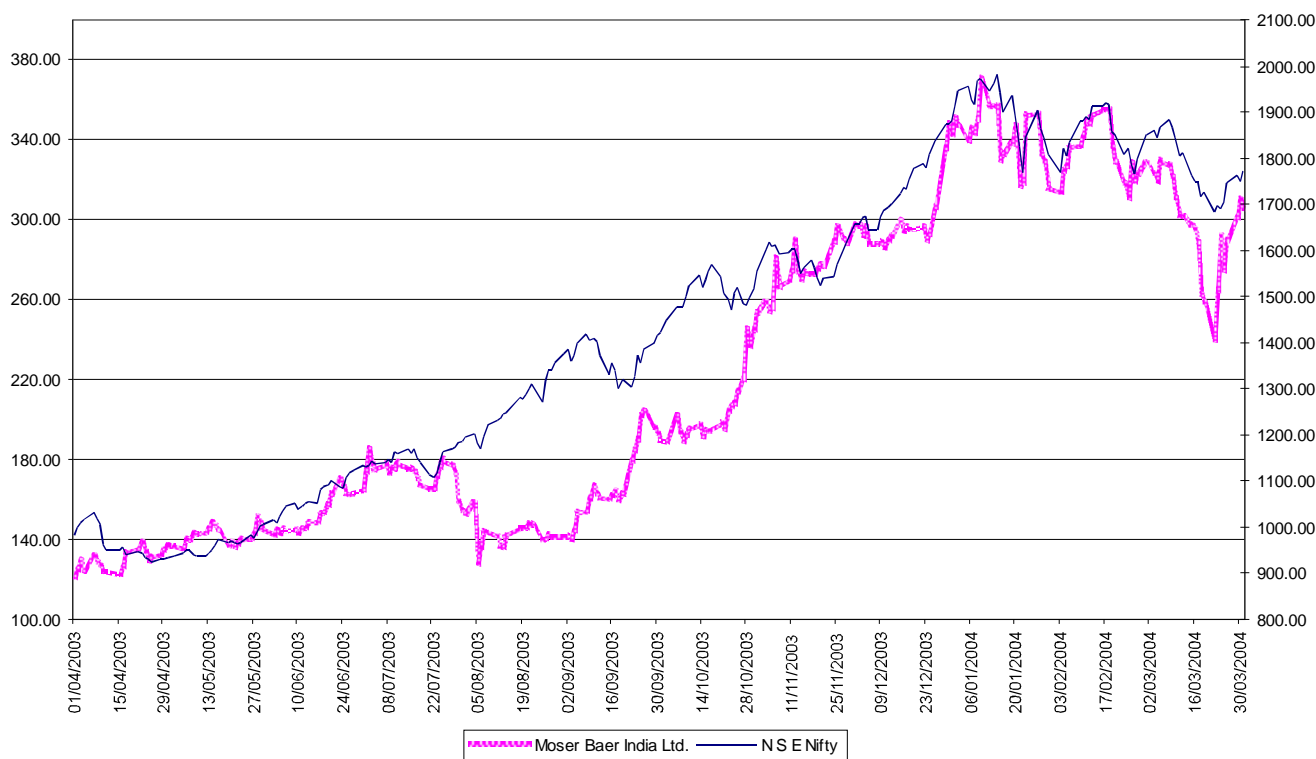


h) ADJUSTED STOCK PRICE DATA:- Calculated after taking into consideration the issue of Bonus Shares in the ratio of 1:1 (the record date being - 28th November, 2003 and the date of allotment being - 18th December, 2003).

MONTHS	BSE		NSE	
	Highest	Lowest	Highest	Lowest
April, 2003	142.25	113.75	142.45	112.63
May, 2003	153.45	133.03	165.00	115.00
June, 2003	172.50	142.00	172.50	124.00
July, 2003	187.50	152.50	190.00	152.50
August, 2003	166.50	122.48	160.75	126.60
September, 2003	209.38	138.65	208.73	135.80
October, 2003	256.40	186.25	256.50	175.58
November, 2003	299.00	140.50	299.00	140.75
December, 2003	362.70	278.25	362.20	242.00
January, 2004	421.00	311.15	419.00	311.00
February, 2004	360.00	306.00	360.00	306.00
March, 2004	332.90	234.00	333.00	233.20

h) i) STOCK PERFORMANCE IN COMPARISON TO NSE INDEX:-

Moser Baer vs Nifty



i) DISTRIBUTION OF SHAREHOLDING AS ON 31st MARCH, 2004

No. of Equity Shares	No. of shareholders	Per cent	No. of shares	Per cent
Upto 5,000	32,988	89.07	4294987	3.85
5,001 to 10,000	2,469	6.67	1923210	1.72
10,001 to 20,000	915	2.47	1428582	1.28
20,001 to 30,000	243	0.66	631579	0.57
30,001 to 40,000	116	0.31	423028	0.38
40,001 to 50,000	53	0.14	245782	0.22
50,001 to 100,000	101	0.27	702701	0.63
100,001 & above	153	0.41	101863075	91.35
Total	37,038	100.00	111512944	100.00

j) REGISTRARS AND SHARE TRANSFER AGENTS

MCS Limited is the Registrar & Share Transfer Agent of the company and its office is located at W-40, Okhla Industrial Area, Phase-II, New Delhi 110 020. Contact Person: - Mr. K.R.Menon. Contact numbers are as follows:

Phone numbers : 26384909-11 and 51609386

Fax number : 26384907

E-mail address : mcsdel@vsnl.com

k) SHARE TRANSFER SYSTEM

The application for transfer, transmission and transposition of shares are received by the company at its registered office or at the office of Registrars and Share Transfer Agent- M/s. MCS Limited.

Following is the procedure of transfer of physical share certificates:-

- i) Entry of share certificates 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 and invalid 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.

Upon completion of the share transfer process, an offer letter is sent to the transferee with an option to receive credit of the transferred shares in electronic form, if so desired, under the "Transfer-cum-Demat" facility extended by the company. In terms of SEBI's letter number D&CC/NSDL-CDSL/3524/2003 dated 12th February, 2003, this facility is available for transfer upto 500 shares. Shareholders who opt for this facility by submitting the offer letter along with Dematerialisation Request Form (DRF) duly authenticated by Depository Participant (DP), receive electronic credit of their shares in their Demat Account maintained with DP.

In case transferee opts to receive transferred share certificate(s) in physical form or does not submit the offer letter within the stipulated time, share certificate(s) is/are sent to the transferee.

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 transfer deeds.
- v) Generation of checklist.
- vi) Change of shares from physical to demat mode.
- vii) Send confirmation to NSDL and CDS(I)L.

l) DEMATERIALISATION OF SHARES AND LIQUIDITY

The Equity Shares of the company are actively traded at major Stock Exchanges in demat mode. As on 31st March, 2004, 69.34% of the shares were held in dematerialized mode by 90.86% of the total shareholders of the Company.

m) CONVERSION OF INSTRUMENTS

On 29th March, 2004, the company has allotted, on a private placement basis, 14,700,000 Equity Shares of Rs. 10/- each at a premium of Rs. 326 per share to Deutsche Bank Trust Company Americas, which has issued 147,000 Global Depository Receipts (GDRs) of the face value of Rs. 336 per GDR to Woodgreen Investment Ltd.

On 29th March, 2004, the company has also allotted 5,400,000 Warrants convertible into 5,400,000 Equity Shares of Rs. 10/- each at a premium of Rs. 326 per Share to Woodgreen Investment Ltd., on a private placement basis and on receipt of a consideration which is 10% of the face value of the Warrants. These Warrants are convertible, at the option of the Warrant- holder, within a period of 18 months from the date of allotment and on payment of the balance consideration of 90% of the face value of the Warrants, into an equivalent number of Equity Shares.

As on date, Woodgreen Investment Ltd has neither exchanged its GDRs with Equity Shares nor has it converted the Warrants into Equity Shares.

n) PLANT LOCATIONS

- i) 66, NSEZ, Noida, District- Gautam Budh Nagar U.P.
- ii) A-164, Sector 80 Noida- II, Distt. Gautam Budh Nagar U.P.
- iii) B-4, NSEZ, Noida, District- Gautam Budh Nagar U.P.
- iv) B-17, Sector 9, Noida, District- Gautam Budh Nagar U.P.
- v) A-33, Sector-57, Noida, U.P.
- vi) 66, Udyog Vihar Industrial Area, Greater Noida, U.P.

o) ADDRESS FOR CORRESPONDENCE

- i) All correspondence regarding transfer and dematerialization of share certificates should be addressed to our Registrar and Share Transfer Agent - MCS Limited located at W-40, Okhla Industrial Area, Phase-II, New Delhi - 110 020. Following are the contact numbers: -

Telephone numbers : 26384909-11 and 51609386
Fax number : 26384907
E-mail address : mcsdel@vsnl.com

ii) For any other information, the shareholders may contact the Company Secretary at the Registered Office of the company located at 43- A, Okhla Industrial Estate, New Delhi - 110020. Following are the contact numbers:-

Telephone numbers : 51635201 to 51635205, 26911570-74
Fax numbers : 51635211, 26911860
E-mail address : shares@moserbaer.net

12. OTHER INFORMATION

- (a) In terms of the provisions of Section 205C of the Companies Act, 1956, unclaimed equity dividend for the year 1995-96 has been transferred to the Investor Education and Protection Fund.
- (b) The company will transfer the amount remaining unpaid in its dividend account for the year 1996-97 to the Investor Education and Protection Fund by Friday, 10th December, 2004. Those members who have not yet encashed their dividend warrants for the said year may refer the matter along with relevant details to the Company Secretary at the Registered Office of the company located at 43-A, Okhla Industrial Estate, New Delhi-110020 latest by Monday, 15th November, 2004 to claim their unpaid dividend.

Certificate

To the members of
Moser Baer India Limited

We have examined the compliance of conditions of Corporate Governance by Moser Baer India Limited, for the year ended on March 31, 2004, as stipulated in Clause 49 of the Listing Agreement of the said company with 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 of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us :-

1. We certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.
2. As per the records maintained by the Investors' Grievance Committee, no investor grievances against the company are pending for a period exceeding one month.
3. 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 K. C. Khanna & Co.,
Chartered Accountants
(Nitin K. Jain)
Partner

Membership No. 83084

H-96, Connaught Circus,
New Delhi 110001
Date : June 18, 2004