MOSER BAER INDIA LTD. ***43B Okhla Industrial Estate, New Delhi 110020. India Phone 91-11-40594444 Fax 91-11-51635211/ 26911860 www.moserbaer.in***

Moser Baer Q1 FY ’08: Profitability up by 49%

New Delhi – 27 July 2007

Highlights

Quarter Ended 30 June 2007

- Gross revenue in Q1 of FY ’08 at INR 4,922 million, an increase of 3.5% over Q1 of FY ’07.
- EBITDA at INR 1,532 million grew 26.8% over Q1 of FY ’07.
- EBITDA margin during the quarter at 30.6%, a substantial increase over Q1 of FY07 at 24.8%.
- Profit before tax of INR 121 million compared to INR 67 million in Q1 for FY ’07, representing a sharp growth of 80% in profits. This has been possible due to aggressive cost reductions and increasing production efficiencies.
- Profit after tax of INR 96 million significantly up by 49% over Q1 of FY ’07.
- The Company’s home entertainment business is the largest content owner in the country and is the only company with a pan India presence across all major language.
- Commenced commercial shipment of solar photovoltaic cells.

According to Ratul Puri, Executive Director, Moser Baer India, “Despite the sharp negative influence of the rupee appreciation during the traditional summer slowdown, the optical media business performance remains satisfactory. The entertainment business is growing ahead of expectations and is a highly scalable business. The other key positive during the quarter is the commencement of shipments by the photovoltaic business.”

Yogesh Mathur, Group CFO, Moser Baer India added, “Despite the traditional weak summer season, we have maintained profitability margins. The optical media business cycle will only improve from here as we enter the traditionally strong second half. We should continue growing this business at 25% plus CAGR over the next 3 years, while improving asset turnover and healthy margins should ensure that this business will also remain highly free cash accretive.”

Results at a Glance

S.No.	Particulars	Quarter Ended 30.06.2007 (Reviewed)	Quarter Ended 30.06.2006 (Reviewed)	Year Ended Previous Year ended on 31.03.2007 (Audited)
1	Gross Sales	4,921.94	4,756.41	20,740.30
	Less: Duties	239.04	211.20	921.22
2	Net Sales	4,682.90	4,545.21	19,819.08
3	Service Income	10.03	-	5.65
4	**Total (2+3)**	**4,692.93**	**4,545.21**	**19,824.73**
5	Other Income	309.84	335.70	787.71
	Total Income (4+5)	**5,002.77**	**4,880.91**	**20,612.44**
6	**Total Expenditure**			
	a. (Increase)/Decrease in stock in trade	(255.75)	(78.70)	(626.32)
	b. Purchase/ Consumption of finished goods/ raw materials, stores and packing material	2,546.72	2,695.93	10,748.62
	c. Staff cost	457.49	338.49	1,439.27
	d. Other expenditure	721.95	716.83	3,028.81
	Total Expenditure	**3,470.41**	**3,672.55**	**14,590.38**
7	**Profit before interest , Depreciation/ Amortisation, prior period items and taxes**	1,532.36	1,208.36	6,022.06
8	Interest	407.79	289.08	1,244.85
9	Depreciation/ Amortisation	992.30	852.09	3,578.70
10	**Profit before prior period items and tax (7-8-9)**	**132.27**	**67.19**	**1,198.51**
11	Prior period expenses (net)	11.52	0.24	-
12	**Profit before tax and after prior period items(10-11)**	**120.75**	**66.95**	**1,198.51**
13	**Provision for tax**			
	- current tax (including wealth tax)	-	-	0.18
	- fringe benefit tax	2.93	2.23	11.76
	- deferred tax (net)	21.40	-	88.70
14	**Net profit after taxes (12-13)**	**96.42**	**64.72**	**1,097.87**
15	**Paid-up equity share capital** (Face value:Rs.10/- per share)	1,118.64	1,115.13	1,116.01
16	**Reserves excluding revaluation reserves**			19,852.17
17	**Earnings Per Share:**			
	- Basic (Rs.)	0.86	0.58	9.84
	- Diluted (Rs.)	0.85	0.58	9.78
18	**Aggregate of non promoter shareholding**			
	- No. of shares	93,584,161	93,232,850	93,321,090
	- percentage of shareholding	83.66	83.61	83.62

Notes:

1. As required under the revised AS 11 'The Effects of Changes in Foreign Exchange Rate', issued by the Institute of Chartered Accountants of India, exchange differences on foreign currency liabilities incurred on fixed assets acquired outside of India has been charged to the profit and loss account instead of being adjusted in the carrying value of the respective fixed assets. This change in accounting has resulted in an additional income of Rs 96.47 million during the quarter and is included in 'Other Income' above.

2. There were no outstanding complaints from the shareholders at the beginning of the quarter and all the 19 complaints received from the shareholders during the quarter have been replied to satisfactorily.

3. The company is primarily in the business of manufacture and sale of Optical Storage Media. The other activities of the company comprise replication and distribution of content, operation and maintenance of sector specific Special Economic Zone for non-conventional energy. These activities are in the 'start up' phase and are yet to generate significant revenues and acquire significant assets. Accordingly, there are no reportable segments requiring disclosure.

4. During the quarter ended June 30, 2007, 263,071 equity shares of Rs. 10 each fully paid up were issued and allotted pursuant to the exercise of stock options under the Moser Baer India Limited Employees Stock Option Scheme (2004).

5. The Shareholders approved the issue of bonus shares in the proportion of one new equity share for every two existing equity shares at their AGM held on June 15, 2007. Accordingly, a sum of Rs. 559.49 million will be transferred to share capital account on allotment of fully paid bonus shares to the holder of equity shares on the record date of July 18, 2007 by utilization of reserves and surplus. Subsequent to this issue the EPS will be adjusted accordingly.

6. Fringe Benefit Tax in respect of the options exercised by the employees during the quarter has not been provided as the Central Board of Direct Taxes has not prescribed the rules to determine the 'fair market value' on the date of exercise of such options.

7. No provision has been made for income tax other than fringe benefit tax as the Company expects to fall under the MAT provision of section 115 JB of Income Tax Act, 1961 and would be entitled to MAT credit.

8. During the quarter, the Company issued US dollar denominated zero coupon fully convertible bonds in two tranches, A and B, amounting to US $75 million each. The bonds are convertible at any time on and after July 31, 2007 upto June 11, 2012 by holders into fully paid equity shares of the Company with a par value of Rs 10 each at an initial Tranche A conversion price of Rs 545.94 per share and an initial Tranche B conversion price of Rs 611.45 per share. Both tranches are convertible at a fixed rate of exchange of Rs 40.27 to US $1.

9. During the quarter, the Company established a step down subsidiary - PV Technologies India Limited.

10. Figures of the previous period/ year have been regrouped and rearranged wherever necessary.

11. The above results were reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on July 27, 2007.

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

Place: New Delhi
Date: July 27, 2007

DEEPAK PURI
Managing Director

Storage Business

The optical business saw the traditional summer slackness in demand translating into reduced shipments and consequential buildup of inventories. The strengthening of the Indian Rupee during the quarter further added to the negative influences by subduing revenues of the company. The detrimental impact on account of currency movement on realizations as well as the manufacturing cycle on the company during the quarter is almost 7% of revenues.

However, despite the weak quarter, EBITDA, at INR 1,532 million, grew by 26.8% compared to INR 1,208 million in Q1 of '07. Also significant improvement in production efficiencies resulting from aggressive cost reduction programs along with a stable polycarbonate pricing scenario has helped the company to grow its EBIDTA.

Polycarbonate prices, a key raw material for the optical business, continue to be stable and well within forecast levels of +/- 3%.

The Entertainment business continues to grow ahead of expectations. However, as it is still in a startup phase, the associated startup costs and significant non cash content amortization negatively impacted net margins during the quarter. However, as the Entertainment business achieves scale (by Q4 of FY '08), it should significantly contribute to the profitability of the Company.

The company's EBITDA margin during the quarter at 30.6% has shown a significant improvement over Q1 of FY07 margins of 24.8%.

With continued focus on improving cost and production efficiencies, proprietary technology and "first to market" position in next generation blue laser based formats (HD DVD and Blu-ray disc); the company continues to increase market share and consolidate its global leadership position in the industry. The company was the first company in the world to develop 8x Blu-ray recordable discs and continues to enjoy a leadership position in the Blu-ray disk formats.

While the current volumes are small, the demand for blue laser based formats is expected to grow sharply by Q4 of FY '08 and estimated to cross over 1 billion units in the next few years. The pricing of the blue formats remains firm at US$6-7 per disk.

Future Trend

The trend of intra year seasonality with a stronger second half should help improve demand and pricing as the industry head towards the second half of the current fiscal. As per Strategic Marketing & Decisions (SMD) forecasts, the global optical media shipments are expected to grow from 17 billion units in 2006 to 27 billion units by 2008, a growth of 60% over the period.

While the CDR/RW formats continue to decline marginally on a global basis, the key driver for this growth will be DVDR/RW and blue laser based formats.

DVDR/RW demand grew over 60% in 2006 and is expected to grow by over 40% in the current year. The DVDR/RW pricing should continue to track its manufacturing cost curve in the near future.

The easing of hardware supply imbalance should lead to expanding penetration and demand for the next generation formats during the last year. As per SMD estimates, shipments of blue laser based formats is estimated to grow from 15 million units in 2007 to over 1.3 billion discs in 2009. The pricing of blue laser based formats is expected to remain firm in the near future.

Guidance

The Company continues to expect a three year CAGR of 25-35% in its revenues while EBIDTA margins are expected to be in excess of 30%.

Photovoltaic Business

During the quarter, Moser Baer Photo Voltaic (MBPV), a wholly owned subsidiary of Moser Baer India (MBI) commenced commercial shipments of solar photovoltaic cells to its various customers for their approval and has received very encouraging feedback.

MBPV has already received firm customer orders/MoUs exceeding US$100 million. Additionally, the company has already started testing the 20MW module line production facility. MBPV has also started the certification process with various certifying agencies for its production and expects to receive certifications starting from August 2007.

The company just signed a large contract with REC of Norway (REC is the world's largest silicon wafer manufacturer) for supply of high quality multi-crystalline silicon wafers over an eight-year period beginning from 2008. The contract contains features which allow flexibility to either party in case of any adverse event. This contract is amongst the largest sourcing deals entered into in the PV industry, and is valued at US$ 880 million.

With this contract, the company has fully implemented its three pronged strategy for securing raw material for long term requirements. The contract follows MBPV's strategic sourcing initiative with Deutsche Solar and its acquisition of a 40% strategic equity stake in the Slovenia-based Solarvalue Proizvodnja d.d. which is setting up a capacity of 4,400 tonnes of solar grade silicon by end 2008. We expect shipments from this project in the middle of 2008, which will significantly enhance competitive strengths given its attractive price points.

Globally, given the rapid growth of the photovoltaic industry, there is a severe shortage of silicon wafers, a key raw material for the photovoltaic industry. Due to the substantial forecasted growth in demand, supply is expected to remain tight in the near to medium term. With assured long term supply of silicon wafers through a broad based sourcing strategy, the raw material risk is mitigated and MBPV is at a significant competitive advantage.

According to Ravi Khanna, CEO, Moser Baer Photo Voltaic, "This quarter is significant for us as we commenced commercial shipments to our customers and also started the certification process. We are also on schedule on setting up the additional 40 MW crystalline silicon capacity. We are confident that that the PV business will positively contribute to profitability by the 3rd quarter of the current fiscal year."

Key Appointments

In line with the strategy to emerge as a global technology manufacturing company having a multi faceted growth strategy, the MBPV has inducted Dr. G Rajeswaran as President and CTO.

Future Trend

While the global PV business is estimated to grow five-fold to a US$ 40 billion opportunity by 2010, the thin film segment is expected to grow ten-fold from 250 MW currently to 2GW with a market size of US$ 5 billion by 2010 - thereby presenting the company with an exciting growth opportunity. While the company is on track to commission the next 40MW line and expected to commence trial production by 4Q of '08. The company has also commenced freezing of technical specification for the next generation 100MW silicon based capacity planned for FY '09. The construction of the thin film facility has started and will be completed by November 2007 and the project will start contributing to operation performance from FY '09.

Guidance

MBPV revenues are expected to be in the range of US$ 80 to 100 million during FY '08.

Entertainment Business

The Entertainment business continues to grow much ahead of expectations and the business model is highly scalable. We are confident of achieving US$ 50-60 million of revenues in the current fiscal itself.

During the quarter, the company continued its pan-India rollout and launched its products in Andhra Pradesh and completed the national rollout with the launch in West Bengal. With copyrights/exclusive licenses of over 7,500 titles, the company is the largest content owner in the home entertainment business and the only company with a pan India presence across all major language.

As part of its business strategy of building a three-tiered channel, the company has lined up 21 C&FAs, 450 distributors across the entire country and its products are now available in over 100,000 outlets, including stationery shops, telecom shops and regular audio and video outlets. The company plans to aggressively acquire more titles in the coming quarters.

The content distribution will continue to act as a lever to de-commoditize the blank optical media business given its higher value addition and high returns on invested capital.

According to Harish Dayani, Chief Executive, Entertainment Business, "We have recently successfully completed the pan-India launch of our business. The success of the business model is becoming evident as we continue to see demand far higher than anticipated. While the business has started contributing to revenues, we are very confident that the business will start significantly contributing to the Company's profitability by the end of the fiscal year."

Future Trend
Currently the Indian home video accounts for a mere 8% of the total film revenues of INR 8,450 crore, which is low compared to global standards. The US home video market is almost double the size of the theatrical market with revenues of over US$ 16.7 billion. According to the FICCI-PWC report on the Indian Entertainment and Media industry, the home video market shows the maximum potential in terms of growth rates among the various segments. The home video market grew a whopping 63% from 2005 to touch the INR 6.5 billion mark. This segment is expected to make a continually increasing contribution to the total revenues earned by the Indian film industry and expected to grow at a CAGR of 31% to INR 25 billion by 2011.

The entertainment division is also looking at various selective opportunities in areas like content creation including non-film content, content distribution in other than physical forms like digital distribution and content aggregation and syndication, and explore possibilities to launch home video products in the overseas markets.

Guidance
The entertainment business is expected to generate revenues in the range of US$ 50 to 60 million during FY '08. The company is to spend US$ 100 million in capex over the next three years. The company is confident that it will aggressively acquire content to take its total catalogue to over 12,000 titles including over 150 new titles across all languages to remain the largest player in the Indian home video market.

About the Company
Moser Baer India Ltd, headquartered in New Delhi, was established in 1983 and is a leading manufacturer of optical media disc in the world. It continues to develop cutting-edge technologies for recordable optical media, constantly innovating and introducing new products and processes. An emphasis on high-quality products and services has enabled Moser Baer to emerge as one of India's leading technology companies. The company has extended the synergies between existing core manufacturing and technology competencies into the fast growing global photovoltaic market. The company and its subsidiaries plan to manufacture solar energy systems by straddling multiple technologies including crystalline silicon, concentration, nano technology and thin film. Additionally, the company has a very strong presence in the Indian home entertainment segment and is the largest home entertainment content owner in India. It offers high quality original content with a robust country wide distribution at affordable price points.

Disclaimer
Certain statements in this release concerning future growth prospects involve risks and uncertainties, especially those relating to future industry outlook and our ability to manage growth and intense competition within the Industry. Actual market conditions and our performance may differ from our guidance. This estimate is based on current market trends. Among other factors, a sharp and sustained

strengthening of the Indian Rupee and a significant weakening in global demand could adversely impact the company's earnings.

For further information, please contact:

Yograj Varma
Corporate Communications,
Moser Baer India Ltd.
Tel: 91-11 41635201, ext 334
E-mail: yograj.varma@moserbaer.in

Issued on behalf of Moser Baer by:

Varun Chopra / Rakesh Kr. Jha
Sampark Public Relations
Tel: 91-11 41731526 / 7 / 8
Mob: 9811241427 / 9873904595
E-mail: varun@sampark.com/ rakesh@sampark.com