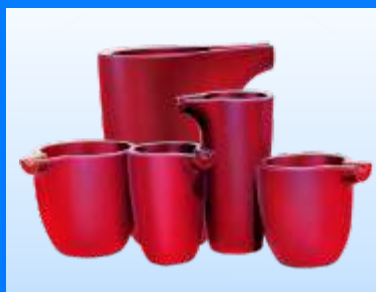




ANNUAL REPORT AND ACCOUNTS 2010-2011



MORGANITE CRUCIBLE (INDIA) LTD.



MORGANITE CRUCIBLE (INDIA) LIMITED

26TH ANNUAL REPORT 2010-11

BOARD OF DIRECTORS :

Mr. John A. D. Maxwell	Chairman (up to 15 th June 2011)
Mr. Vijay S. D. Sabarwal	CEO/ Whole time Director (up to 29 th January 2011)
Mr. Didier Francois Finck	Director
Mr. Stuart Alan Cox	Director
Mr. Hitesh Saiwal	Director / Country Manager (from 1 st Feb 2011)
Mr. Sadanand Vasant Shabde	Independent Director
Mr. H. S. Shirsat	Independent Director (from 28 th Dec 2010)

COMPANY SECRETARY :

Mr. Anurag Geete

AUDITORS' OF THE COMPANY:

BSR & Co.,
Chartered Accountants, Mumbai.

BANKERS :

Axis Bank Ltd.
The Hongkong and Shanghai Banking Corporation Ltd.

REGISTERED OFFICE AND FACTORY :

B-11 MIDC Industrial Area
Waluj,
Dist - Aurangabad – 431 136
Maharashtra. India.

INTERNAL AUDITOR :

Price waterhouse & Co. Chartered Accountants, Mumbai

Registrar & Share Transfer Agent:

SHAREPRO SERVICES (INDIA) PVT. LTD.
Samhita Warehousing Complex,
13 AB, Gala No. 52, 2nd Floor,
Near Sakinaka Telephone Exchange,
Of. Kurla, Andheri Road, Sakinaka,
Mumbai – 400 072T - +91 22 67720300
Dir. +91 22 67720309

CONTENTS

Notice	03
Report of the Directors	08
Management Discussion and Analysis	13
Corporate Governance Report	15
Auditor's Report	22
Balance Sheet	25
Profit and Loss Account	26
Cash Flow Statement	27
Schedules to the Accounts	28
Statement pursuant to section 212 (8) of the Companies Act 1956	46
Consolidated Financial Statement	48

NOTICE TO THE MEMBERS

NOTICE is hereby given that the 26TH ANNUAL GENERAL MEETING of the Shareholders of MORGANITE CRUCIBLE (INDIA) LIMITED will be held on Wednesday, September 28, 2011 at 11:00 am at the Registered Office of the Company at: B-11 MIDC Industrial Area Waluj, Dist - Aurangabad – 431 136, Maharashtra. India, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Directors' Report and the Audited Profit and Loss Account of the Company for the year ended on March 31, 2011 and the Balance Sheet of the Company as on that date along with Auditor's Report.
2. To appoint a Director in place of Mr. Sadanand Vasant Shabde, who retires by rotation and, being eligible, offers himself for re appointment.
3. To appoint a Director in place of Mr. Stuart Cox, who retires by rotation and, being eligible, offers himself for re appointment.
4. To Reappoint M/s BSR & Co. as Auditors of the Company and to fix their remuneration.

SPECIAL BUSINESS

5. To confirm appointment of Mr. H S Shirsat who was appointed as additional director by the board and being eligible offer himself for reappointment. To pass following resolution with or without modification;
RESOLVED THAT H S Shirsat be and is hereby appointed as Independent Directors of the Company effective from the date of his appointment as additional director by board on payment of sitting fees within maximum permissible limits.
6. To confirm appointment of Mr. Hitesh Saiwal who was appointed as additional director by the board and being eligible offer himself for reappointment.
RESOLVED THAT Hitesh Saiwal be and is hereby appointed as Whole Time Directors of the Company effective from the date of his appointment as additional director by board on remuneration as per below;

Basic pay	90000
HRA - 40% of Basic	36000
Conveyance 800 / month	800
Education allowance 200/month	200
Special Allownce	88175
TOTAL PM	215175
EPF (12% of basic)	10800
Superannuation (15% of basic)	13500
Reimb.of Car Exp.	10000
Driver	8000
Meal coupen	2200
Medical Reimb.	1250
LTA	11250
Variable Pay	27000
total Monthly CTC	299175
GROSS SALARY Annual	3590100
Annual Perquisiits	
meal coupen u/s 17(2)	26400
car allowance / reimbursement	216000

Above limits is within schedule XIII of the companies act 1956 and does not require central government approval.

RESOLVED FURTHER THAT Mr. Anurag Geete be and is hereby authorised to intimate wherever necessary as per legal requirements.

Registered Office:
B-11 MIDC Industrial Area Waluj,
Dist - Aurangabad – 431 136,
Maharashtra. India
Date: 12th Aug 2011

By Order of the Board,

Hitesh Saiwal
Director

Morganite Crucible (India) Limited

NOTES:

1. A member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of him/her on a poll only and such proxy need not be a member. The proxies in order to be effective should be deposited at the registered office of the company not later than 48 hours before the meeting.
2. An explanatory statement pursuant to section 173(2) of the Companies Act 1956 in respect of the business at item No. 5 to 6 above is annexed.
3. The register of members and the share transfer books of the Company will remain closed from September 26, 2011 to September 28, 2011 (both days inclusive)
4. In term of section 205C of the Companies Act 1956, all sums transferred to unpaid dividend account towards dividend for the financial year 2004-2005 and which remain unpaid or unclaimed will be transferred to the Investor Education & Protection fund of the Central Government on of after 6 June 2011 respectively. As such, the Members who have not encashed dividend warrant(s) for the aforesaid financial year are requested to make their claim with the Company's Registrars and Transfer Agent or with the Company. The members may note that no claim shall lie in respect of such dividend, once the amount is transferred by the Company to the Investors Education and Protection Fund.

Registered Office:

B-11 MIDC Industrial Area Waluj,
Dist - Aurangabad – 431 136,
Maharashtra. India

By Order of the Board,

Hitesh Saiwal
Director

Date: 12th Aug 2011

MORGANITE CRUCIBLE (INDIA) LIMITED

Registered Office : B-11, MIDC Industrial Area, Waluj - 431 136 Dist. - Aurangabad.

ATTENDANCE SLIP

Twenty Sixth Annual General Meeting on September

Regd. Folio No. / DPID / CLIENT ID

Name of Shareholder;

I Certify that I am a registered shareholder/proxy for the registered shareholder of the Company.

I hereby record my presence at the **TWENTY SIXTH ANNUAL GENERAL MEETING** of the Company held on Wednesday 28 Sept. 2011 at 11.00 am at B-11, MIDC, Industrial Area, Waluj- 431 136, Dist. - Aurangabad.

Proxy's name in Block Letters

Member's / Proxy's Signature

Notes :

1. Shareholders/Proxy holders are requested to bring the attendance slips with them when they come to the Meeting and hand them over at the entrance after affixing their signatures on them.
2. Shareholders are requested to bring their copy of the Annual Report along with them to the Annual General Meeting, as copies of the Report will NOT be distributed again at the Meeting in view of the high cost of the Annual Report.



Tear here



MORGANITE CRUCIBLE (INDIA) LIMITED

Registered Office : B-11, MIDC, Industrial Area, Waluj - 431 136 Dist. - Aurangabad.

PROXY

Reg. Folio No./DPID /CLIENT ID

No. of Shares

I/We

ofin the district of

being a member / members of the above named Company hereby appoint

.....

..... of

in the district of or failing himof

.....in the district of

as my/our proxy to vote for me/us on my /our behalf at the **TWENTY SIXTH ANNUAL GENERAL MEETING** of the Company to be held on Wednesday 28 Sept. 2011 at 11.00 am at B-11, MIDC, Industrial Area, Waluj - 431 136, Dist. - Aurangabad. and at any adjournment thereof.

Signed this2011

Please affix
30 p.
Revenue
Stamp Here

Signature

Note :

The Proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Company's Registered Office, not less than 48 hours before the time for holding the meeting. The proxy need not be a Member of the Company.

Morganite Crucible (India) Limited

To the Members of

Morganite Crucible (India) Limited

We have examined the compliance of conditions of corporate governance by Morganite Crucible (India) Limited ("the Company") for the year ended on 31 March 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchange.

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, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We 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 **B S R & Co.**
Chartered Accountants
Firm's Registration No: 101248W

Vijay Mathur
Partner
Membership No: 046476

12 August 2011

ANNXURE TO THE NOTICE

Explanatory Statement

Pursuant to Section 173 (2) of the Companies Act 1956 in respect of item no. 5 to 6 of the accompanying notice dated Aug 12, 2011.

Item No. 5

The Company proposes to appoint Mr. Haushiram Shankarrao Shirsat as an Independent Director

Mr. Haushiram Shankarrao Shirsat aged 61 is a retired joint Commissioner, Central Excise and Custom (IRS), having overall department experience of 37 years.

During his tenure he has served to various important offices of Central Excise and Custom department and having experience of handling many Indirect taxation matters. This move of the Management shows the commitment to better corporate governance in the Company and also a step towards implementation of Corporate Governance norms as issued by SEBI. Mr. Shirsat shall be paid only sitting fees within limits of The Companies Act 1956.

None of the other directors are interested in this resolution.

The Directors recommend the resolution for the approval of members.

Item No. 6

Mr. Hitesh Saiwal aged 37 is a Fellow Chartered accountant and Qualified Company Secretary having rich experience of more than 12 years in various areas such as Indian GAAP reporting, Direct and Indirect Taxation, Treasury, Business valuation, Internal control process implementation, Company Secretarial formalities and work. During his previous employment he has acquired expertise in diverse fields such as ERP implementation, Process Automation, Advance Financial Reporting, developing financial strategies and Internal Control Strategies, Project Planning and implementation, Thorough Knowledge of various Indian Laws Also having Direct experience in setting up of Die-Casting Plant from green field to commercial production and formalities related to it.

Mr. Saiwal is proposed to be appointed as whole time director of the company with effect from 1st Feb 2011 on following remuneration.

None of the directors is interested in this resolution.

The Directors recommend the resolution for the approval of members.

Morganite Crucible (India) Limited

DIRECTORS' REPORT

The Members,

Your Directors present the 26th Annual Report together with the Audited Statement of Accounts of the Company for the period ended on March 31, 2011.

1. FINANCIAL RESULT:

<i>Particulars</i>	<i>(Rs. In Lacs)</i>	
	<i>Year Ended 31st March 2011</i>	<i>Year Ended 31st March 2010</i>
Profit before Interest, Depreciation and Taxation	1364.96	1408.69
Less: Interest	75.97	116.96
Less: Depreciation	346.97	317.33
Profit for the year before taxation	942.02	974.41
Less: Provision for Taxation		
- Current Tax	384.48	395.43
- Deferred Tax	62.65	(103.09)
- Fringe Benefits Tax	-	-
Profit After Tax	494.89	682.07
Profit brought forward from the Previous Year	1419.32	737.25
Profit carried to Balance Sheet	1914.21	1419.32

2. DIVIDEND:

With a view to conserve the resources, your Directors regret their inability to recommend dividend on Equity shares of the Company.

3. OPERATIONS

During the financial year, the turnover was Rs. 69.03 Crores as compared to Rs. 54.88 Crores.

During the current year the Company has completed and capitalized in its books the expansion/modernisation of its plant to Rs. 284.18 Lacs. The Company has also started diversifying activities such as trading and manufacturing of Foundry Consumables and refractory materials for which company has started first phase of testing and development foundry lubricant i.e. Die lube. We are expecting to accelerate this are in the coming years.

4. PUBLIC DEPOSIT:

The Company has not invited deposit from the public during the year under report.

5. CAPITAL :

Company's paid up capital stood at Rs. 2.8 Crores as on 31st March 2011. There is no change took place during the year under review.

6. STATUTORY DISCLOSURES

None of the Directors of your Company is disqualified as per the provision of Section 274(1) (g) of The Companies Act 1956. Your Directors have made necessary disclosures, as required under various provisions of the Act.

The information given under Section 217(1)(e) of the Companies Act 1956 to be read with The Companies (Disclosures of Particulars in the report of the Board of Directors) Rules 1988 as amended is enclosed as Annexure 'A'

In terms of the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, None of the employees are getting salary above the specified limits hence not discloses here. However, Any member interested in obtaining such particulars may write to the Company Secretary at the registered office of the Company.

7. AUDITORS:

The Company's Auditors M/s BSR & Co. to retire at the ensuing Annual General Meeting and being eligible have offered themselves for reappointment as statutory auditor. The notes of the Auditors and other notes on accounts are also self-explanatory.

8. DIRECTORS:

Two of your Directors namely Mr. Sadanand V Shabde and Mr. Stuart Cox retire by rotation in terms of the Articles of Association of the Company. They, being eligible, have offered themselves for reappointment.

9. FUTURE OUTLOOK

With the optimistic growth of the Indian economy the demand for the Company's product is expected to pick up. Further with the agreement for providing services the company would get technical knowhow from the parent company and is therefore expected to improve the quality of the product significantly. The Directors are reasonably confident that with these changes the performance of the Company would improve barring unforeseen circumstances. Considering the same fact your company has entered into an agreement with The Morgan Crucible Company Plc UK for providing management services in the area of planning, sales, accounts, HR policies and various other commercial aspects. The benefit is seen in the year under review. Your Directors have also executed an agreement with The Morgan Crucible Company Plc UK for use of trade mark logo and GBU charges.

10. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement of Section 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) that the Directors 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 at 31st March, 2011 being end of the financial year 2010-11 and of the profit of the Company for the year;
- (iii) that the Directors have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors have prepared the annual accounts on a going concern basis.

11. Risk Management:

The Company's properties continued to be adequately insured against risks such as fires, riots etc.

12. Corporate Governance

A report on Corporate Governance has been provided as separate part of this report. Management Discussion and Analysis Report is attached and forming part of Annual Report.

13. Subsidiary Company Accounts

Ministry of Corporate Affairs vide their General Circular no. 2/2011 dated 08.02.2011 given general exemption to companies under section 212 from attaching subsidiaries accounts with holding company's balance sheet however consolidated accounts are provided with this report and 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 and also it will be available at the head office of the company and will be open for inspection on demand during office hours.

14. ACKNOWLEDGEMENT:

Your directors take this opportunity to offer their sincere thanks to various Departments of the Central and State Governments, our Bankers, Share holders, Customers, employees & consultants for their unstinted support and assistance.

For and on behalf of the Board,

Place: Aurangabad
Date: 12th Aug 2011

Hitesh Saiwal
Director

Sadanand V. Shabde
Director

Morganite Crucible (India) Limited

ANNEXURE TO DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2011 INFORMATION RELATING TO THE CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO PURSUANT TO SECTION 217(1)(E) OF THE COMPANIES ACT, 1956. READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988

A. CONSERVATION OF ENERGY :

a. Measures Taken

Electrical Energy

Your Board is committed for clean and healthy environment. In the process to achieve the same the implementation of energy saving methods done in the past continues to give benefits. Monitoring & Control of loading process of Kiln has reduced the number of firing which ultimately help in lower consumption of energy.

Fuel : FUEL Consumption

Installation of Flow meter at various points has helped in monitoring in LPG consumption which in return has resulted in lower consumption and control of wastage. Also during the year under review the production process concerning heating cycles was under review and improvements were done in the process which resulted in low LPG consumption.

b. Additional Investments and proposals if any, for reduction of consumption of energy.

No major investment has been done. Proposals are there for more quality and process check to maintain wastage to NIL and increase in capacity utilization maintaining optimum consumption of energy in terms of per tone. Special emphasis is being provided on process control and quality check to eliminate leakage of energy if any.

c. Impact of (a) & (b)

: Reduction is reflected in consumption of electricity energy and LPG considering the increase in cost of Electricity and LPG products over past year.

d. Total Energy Consumption

As per Form A in respect of industries specified in schedule.

FORM A

Form for disclosure of particulars with respect to Conservation of Energy.

A. Power and Fuel Consumption			B. Consumption per unit of Production		
	2010-11	2009-10		2010-11	2009-10
1. Electricity			Product		
a. Purchased			Silicon Carbide Crucibles &		
Units	1675780	1487895	Accessories (MT)	3344.61	2954.62
Total Amount Rs.	9690010	7686385	Clay Graphite Crucibles &	401.45	257.90
Rate/Unit Rs	5.78	5.16	Accessories (MT)		
b. Own Generation :			Total (MT)	3746.06	3212.52
Units	5924	23680	Electricity consumed units		
Diesel Consumption (Ltrs.)	1779	9800	(including in house generation)		
Diesel rate/Lit Rs	41.97	36.89	Units	1681704	1511575
Cost of Unit generation Rs.	12.60	15.27	Ele (Kwh)/MT Prod	448.93	470.52
2. (LPG Consumed)			a. Silicon Carbide	400.82	432.75
Quantity (MT)	1275.46	1176.11	b. Clay Graphite	48.11	37.77
Total Cost Rs.	51685340	38831959	LPG (KGS)/MT prod (KG/MT)	340.48	392.63
Rate/unit(lit) Rs.	40.52	33.02	a. Silicon Carbide	303.99	357.12
			b. Clay Graphite	36.49	35.51

Morganite Crucible (India) Limited

FORM B

B. RESEARCH AND DEVELOPMENT :

1. Specific Areas : High Quality Laboratory Equipments
Equipments for process control viz data loggers
Up gradation activity
2. Benefits derived : The above steps has resulted in reduction of wastage during process, control on raw material procurement, better quality and meeting international standards. The upgrading of two major machines through development activity has resulted in quality control and reduction of rejections.
3. Benefits to be derived : While the procurement of additional equipments at the laboratory will result in better quality check and further reduction in production cost.
4. Expenditure on R & D : (Rs in lacs)
- | | |
|--|-----------|
| a. Capital | Rs. 5.09 |
| b. Recurring | Rs. 12.65 |
| c. Total | Rs. 17.74 |
| d. Total R & D expenditure as a percentage of Turnover | % 0.25 |

B. TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION

- Effort made - New Equipments were installed at different levels and machine were upgraded.
- Benefits derived - Improved quality & consistency products, better controlled production process, reduction in time waste and raw material absorption improved.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

1. Earnings and outgo 1) Foreign Exchange Earnings: Rs. 508,718,955
2) Foreign Exchange Outgo : Rs. 8,71,47413

For and on behalf of the Board,

Place: Aurangabad
Date: 12/8/2011

Hitesh Saiwal
Director

Sadanand V. Shabde
Director

MANAGEMENT DISCUSSION AND ANALYSIS

(Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges)

Overview: *Morganite Crucible India Limited is today focusing on Crucible, Crucible accessories, foundry consumables and allied products.. Below is an important discussion on the Crucible and foundry Industries which although a very niche market of Company, although, there is not too much detail available in public domain.*

1. INDUSTRY STRUCTURE AND DEVELOPMENTS:

Product & Plant

Silicon Carbide and Clay Graphite Crucibles are used primarily as Consumables in the manufacture of Non ferrow alloys Industries. Crucible is manufactured at Aurangabad in Maharashtra. The Aurangabad Plant is certified under ISO 9001:2008. Crucible is also manufactured by your Company's subsidiary, Diamond Crucible Co. Ltd., at its Mehsana (Gujarat) plant. The year under review saw demand buoyancy and sustained growth in this sector of the economy. Re-stocking also contributed to the demand and volume growth in 2010-11. Recent months have seen a moderation of growth in certain sectors; this is partly due to the high base effect. Looking ahead, while overall economic growth is expected to be sustained, we may witness a slowdown in the Second half of 2011-12. The main concern is inflation and global liquidity concern, in general, and the continuous rise in input prices, in particular. The key requirements for success in the industry are quality and cost competitiveness. Entry barriers are high by way of capital investment and technology.

Development & Outlook

The Crucible business had a good year with strong growth in volumes. Margins, however, were squeezed on account of a significant increase in the prices of raw material, LPG and electricity. Looking ahead, the business is expected to see improved demand conditions driven by increased growth in the Metal and Auto parts Industry. With the demand picking up in the global market – driven primarily by the high growth of foundry industries. With input prices continuing to rise, improving price realization will be a priority for the business.

2. RISKS AND CONCERNS

(i) **Industry & Market** : Crucible products cater mainly to Aluminum, copper, zink, gold and silver foundries segments. Each of these segments contains several different customers. In Aluminum segment, Automobile industries are also major consumers. With the growth in the Automobile sector, the requirements of Crucibles are expected to grow and this will be a good opportunity to accelerate Company's growth. the overall sectorial portfolio is very balanced. In addition, many smaller customers are serviced through distribution channels.

(ii) **Technology** : The technology of manufacturing Crucible has had very little change worldwide, since the present process was started. As for the increased use of Silicon Carbide and clay Graphite Crucibles in India, the technological changes needed at some of the user industry segments is still coming in, but gradually. MCIL has full access to information on the global developments in these areas through Morgan's global presence and also has access to all the research and technology developments undertaken by MCIL in this regard. This helps MCIL to be better prepared to influence these changes in India than any of its competitors.

3. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

An Apex Committee of Senior Management has been formed to discuss the various issues that directly influence the business and to take strategic decisions. The steering committee has been empowered to take decisions to ensure financial health and protect shareholders' interest. The company's systems and internal controls address;

Protection and conservation of resources

Operational efficiency

Accuracy in financial reporting

Compliance with laws and regulations

The Internal Audit Department carries out the Audit in the above areas and also Post Audit checks and ensures the adequacy of internal controls through reviews.

4. FINANCIAL PERFORMANCE

MCIL's financial management has always been governed by prudent policies, based on conservative principles. Currently, MCIL is a debt-free Company. MCIL's foreign currency exposure on account of imports and exports has been appropriately covered. MCIL has well defined and structured treasury operations, with the emphasis on security.

Morganite Crucible (India) Limited

A. Revenues

The PBIDT for the year 2010-11 was Rs.1364.96 lakhs compared to Rs.1408.69 lakhs in the previous year.

B. Costs

During the year, the overall raw material cost was 41.15 % as compared to 36.58 % of last year. Power and Fuel expenses were 1.47 % as compared to 1.43 % of the last year.

C. Resources

During the year the Company incurred capital expenditure of Rs.284.18 lakhs compared to Rs.172.28 lakhs in the previous year.

D. Outlook

Outlook for the year is bright. The Company is taking effective steps to expand customer base including export markets and to increase production and sales volumes during the year.

5. HUMAN RESOURCE

In 2010-11, MCIL's focus continued to be on building the organisation through the induction and development of talent to meet current and future needs. The economic revival witnessed in 2010 has led to a rise in attrition levels. This will continue in 2011 and efforts to retain talent and skills will be a priority. MCIL will continue to invest in training people in Environment, Health and Safety and World Class Manufacturing and to provide an environment in which employees can give their best and realize their full potential.

CORPORATE GOVERNANCE REPORT

The Securities and Exchange Board of India (SEBI) ushered in a formal code of corporate governance (hereinafter “the Code”) through Clause 49 in the Listing Agreement executed by the Company with stock exchanges. Clause 49 lays down several corporate governance practices which listed companies are required to adopt. The Code has been periodically upgraded to ensure the adoption of best corporate governance practices by the corporates. This report sets out the compliance status of the Company with the requirements of corporate governance, as set out in Clause 49, for the financial year 2010-11.

Company’s Philosophy on Corporate Governance

The Company believes that the Code prescribes only a minimum framework for governance of a business in corporate frame work. The Company’s philosophy is to develop this desired minimum framework and institutionalise the spirit it entails. This will lay the foundation for further development of superior governance practices which are vital for growing a successful business. The Company recognises that transparency, disclosure, financial controls and accountability are the pillars of any good system of corporate governance. It is the Company’s endeavour to attain highest level of governance to enhance the stakeholder’s value.

1. BOARD OF DIRECTORS

The Board comprises of 5 directors of which 4 are Non-Executive Directors (80% of the Board strength) and 2 are Independent Directors (40% of the Board strength). The composition of the Board complies with the requirements of the Code. The Board of Directors of the Company met **eleven times** during the year on 28/4/2010, 8/7/2010, 28/7/2010, 11/8/2010, 30/11/2010, 28/12/2010, 13/1/2011, 17/1/2011, 30/1/2011, 14/2/2011, 30/3/2011.

Composition of Board and other related matters:

Name & Designation of the Director	Category	No. of other Directorships held (2)	No. of Directorship/ Committee position held in other Companies	Board meetings attended	Attendance at the last AGM
Sadanand V. Shabde	INED	1	1	6	Yes
John Maxwell	NED	NIL	None	—	No
Vijay Sabarwal	WTD	NIL	None	5	Yes
Hitesh Saiwal	WTD	NIL	1	1	Yes
Stuart Cox	NED	NIL	1	5	Yes
Didier Finck	NED	NIL	1	3	No
H S Shirsat	INED	NIL	None	1	No

NED – Non-Executive Director; INED – Independent Non-Executive Director; WTD – Whole Time Director.

1. Mr. John Maxwell resigned w.e.f. 15.6.2011, Mr. Vijay Sabarwal Resigned w.e.f. 29.1.2011, Mr. Hitesh Saiwal appointed as additional director w.e.f. 1.2.2011, Mr. H. S. Shirsat appointed as additional director w.e.f. 28.12.2010.

2. This number excludes the Directorships / Committee memberships held in foreign companies, companies registered under Section 25 of the Companies Act, 1956 and that of the Company. Also it includes the Chairmanship / Membership only in the Audit Committee and Shareholders’ Grievance Committee, Remuneration Committee and Share transfer Committee. The details in respect of directors, who ceased to be as such, are as on the date of cessation.

3. None of the Directors have any inter se relationship.

Stuart Cox and Sadanand V. Shabde are liable to retire by rotation at the forthcoming Annual General Meeting and being eligible, have offered themselves for reappointment. Relevant details pertaining to them are provided in the Notice of the Annual General Meeting.

2. AUDIT COMMITTEE

During the year under review, 1 meetings of the Committee was held on 14th Feb 2011, and another meeting was held on 25th May 2011, since before quarter ended on 30th Sep 2010, Clause 49 was not applicable to company.

The composition of the Committee as on 31st March, 2011 as well as the particulars of attendance at the Committee during the year are given in the table below:

Morganite Crucible (India) Limited

Name & Designation	Category of Directorship	Qualification / Competence	No. of meetings attended
Sadanand V. Shabde	Independent Non Executive Director	M. Tech	1
H S Shirsat	Independent Non Executive Director	B.A.	1
Mr. Hitesh Saiwal	Executive Director	C.A.	1

The composition of the Committee complied with the requirements of Clause 49 of Listing Agreement and Section 292A of the Companies Act, 1956.

The Chairman of the Audit Committee will be available at the ensuing Annual General Meeting of the Company. The Company Secretary acts as the Secretary to the Audit Committee. In addition to the above, the Committee meetings were also attended by the Finance Manager and other executives of the Company also attended the meeting as and when required. The broad terms of reference of the Committee are to review and recommend the financial statements and to review the adequacy of internal control systems and internal audit function. The detailed terms of reference of the Committee as approved by the Board are given below:

1. Reviewing internal controls and internal audit function and their adequacy with the management / internal auditors.
2. Reviewing with the management, performance of statutory and internal auditors.
3. Oversight of the financial reporting process / disclosures and review of interim & annual financial statements before Board approval.
4. Appointment / reappointment / replacement / removal of statutory auditors & fixation of their audit fees & fees for other services.
5. Periodic discussions with the statutory auditors of the Company (whether before, during or after the audit) on internal control systems, nature & scope of audit, audit observations and areas of concern, if any.
6. Review the outcome of internal investigations of material fraud, irregularity & failure of internal control system.
7. To look into substantial defaults, if any, in payments to depositors, debenture-holders, creditors & shareholders.
8. Discussion with the internal auditors on any significant findings and follow up there on.
9. Reviewing, with the management, the annual financial statements 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 clause (2AA) of Section 217 of the Companies Act, 1956;
 - 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 audit report, if any.
10. To review the following information:
 - A. Management Discussion and Analysis of financial conditions and results of operations;
 - B. Statement of significant related party transactions (as defined by the audit committee), 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; and
 - E. The appointment, removal and terms of remuneration of the chief internal auditor.

In addition to the above, the Committee also reviews the financial statements of all Subsidiaries of the Company and shall have such functions / role / powers as may be specified in the Companies Act, Listing Agreement with stock exchanges or any other applicable laws.

3. SHAREHOLDERS COMMITTEE

The Securities Transfer & Investors' Grievance Committee, as a sub-committee of the Board, inter alia, reviews shareholder / investor grievances. The Committee met Four times during the year. The constitution and functioning of the Committee is as given below:

Name & Designation	Category of Directorship	No. of meetings attended
Sadanand V. Shabde	Independent Non Executive Director	4
H S Shirsat	Independent Non Executive Director	4
Mr. Hitesh Saiwal	Executive Director	2

Anoorag Geete, Company Secretary, provided secretarial support to the Committee and was also the designated Compliance Officer for such matters.

No transfer of equity shares is pending as at 31st March, 2011.

During the year the Company received 4 complaints from the shareholders and the same were attended within a reasonable period of time. No complaint was pending as on 31st March, 2011.

4. MANAGERIAL REMUNERATION

Remuneration Committee

This is a non-mandatory requirement of Clause 49 of the Listing Agreement. The Board in its meeting has constituted a 'Remuneration Committee' of Directors for the purpose of recommending remuneration of Executive Directors and senior management of the Company. The terms of reference of the Committee are as follows:

The Composition of the Committee is as follow:

Sr. No.	Name of Member	Category
1	Sadanand V. Shabde	INED
2	Stuart Cox	NED / Chairman
3	H S. Shirsat	INED

No meeting of the Remuneration Committee was held during the year.

Executive vice Chairman / Whole Time Director

The appointment and remuneration of Mr. Vijay Sabarwal was fixed by the Board and approved by the shareholders at the Annual Geeral Meeting held on 22nd Sep, 2010, however Mr. Sabarwal Resigned w.e.f. 29th Jan 2011. Board Appointed Mr. Hitesh Saiwal as whole time executive director w.e.f. 1st Feb 2011 subject to shareholders approval in forthcoming Annual General Meeting the details of Mr. Saiwal is given in the Notice and reproduced herein below;

Basic pay	90000
HRA - 40% of Basic	36000
Conveyance 800 / month	800
Education allowance 200/month	200
Special Allownce	88175
TOTAL PM	215175
EPF (12% of basic)	10800
Superannuation (15% of basic)	13500
Reimb.of Car Exp.	10000
Driver	8000
Meal coupon	2200
Medical Reimb.	1250
LTA	11250
Variable Pay	27000
total Monthly CTC	299175
GROSS SALARY Annual	3590100
Annual Perquisiits	
meal coupon u/s 17(2)	26400
car allowance / reimbursement	216000

Morganite Crucible (India) Limited

Non Executive Directors

1. The Board has decided payment of sitting fees to the Independent Directors of the Company, in accordance with and up to the limit laid down under the provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof), or such other limit as may be approved by the Central Government or the relevant authority, Other Non executive directors have forego their right to receive sitting fees by giving their consent letter.

3. Total sitting fees was paid to Independent directors during the year is as follows;

1. Mr. Sadanand V. Shabde – Total 60,000/-
2. Mr. H. S. Shirsat - Total 20,000/-

Shareholding of Non-Executive Directors

None of the directors holds any shares in the company as on 31st March 2011.

5. GENERAL BODY MEETINGS

Details of the Annual General Meetings (AGM) held during last three years are as under:

AGM	Date	Time	venue	No. of special resolutions passed
25 th AGM	22 nd Sep 2010	11:00 AM	Registered Office	2
24 th AGM	19 th Nov 2009	11.00 AM	Registered Office	4
23 rd AGM	2 nd Sep 2008	11.00 AM	Registered Office	2

6. DISCLOSURES

a. Legal Compliances

The Company follows a formal management policy and system of legal compliance & reporting to facilitate periodical review by the Board of compliance status of laws applicable to the Company and steps taken to rectify non-compliances, if any. There were no instances of material non-compliance and no strictures or penalties were imposed on the Company either by SEBI, Stock Exchanges or any statutory authorities on any matter related to capital markets during the last three years.

b. Code of Business Conduct

The Code of Business Conduct adopted by the Company has been posted on the web site of the Company. The members of the Board and senior management of the Company have submitted their affirmation on compliance with the Code of Business Conduct for the effective period.

c. Related Party Transactions

Transactions with related parties are disclosed in detail in Note 25 of Schedule 21 annexed to the financial statements for the year. Adequate care was taken to ensure that the potential conflict of interest did not harm the interests of the Company at large.

d. Mandatory & Non-Mandatory Clauses

The Company has complied with all mandatory requirements laid down by the Clause 49. The non mandatory requirements complied with have been disclosed at the relevant places.

7. COMMUNICATION TO SHAREHOLDERS

During the year, un-audited quarterly, half-yearly and audited annual financial results on the standalone basis and audited annual financial results on the consolidated basis of the Company were submitted to the stock exchanges soon after the Board meeting approved these and un-audited quarterly and half-yearly and audited annual financial results on the consolidated basis were published in two leading newspapers - The Financial Express (English) & Loksatta (Marathi). These were also promptly put on the Company's website www.morganitecrucibleindia.com. All official news release of relevance to the investors are also made available on the website for a reasonable period of time.

The Company plans to send the soft copies of Annual Report 2010-11 to those members whose email ids are registered with the Depository Participants (DPs) after informing them suitably to support the "Green Initiative in the Corporate Governance", an initiative taken by the Ministry of Corporate Affairs (MCA).

8. GENERAL SHAREHOLDER INFORMATION
a. 26th Annual General Meeting

Date & Time Wednesday, 28th Sep, 2011 at 11:00 AM
Venue B-11 MIDC Area, Waluj, Aurangabd (MH)

b. Tentative Financial Calendar for the year 2011-12

Financial year 1-April 11 to 31-March 12
First Quarter results first week of Aug 2011
Half Yearly results First week of Nov 2011
Third Quarter results First week of Feb 2012
Results for year-end Second week of May 2012

c. Date of Book Closure

26th Sep 2011 to 28th Sep, 2011 (both days inclusive)

d. Dividend payment date

There is no dividend pay out for period under review.

e. Unclaimed Dividend Account

In light of SEBI's notification No. CIR/CFD/DIL/10/2010 dated 16th December, 2010, the Company is in process of taking the requisite actions and shall transfer the unclaimed shares to "Unclaimed Suspense Account" in due course. All corporate benefits in terms of securities accruing on such shares shall be credited to such suspense account and voting rights on such shares shall remain frozen till the rightful owner claims such shares.

f. Listing on Stock Exchanges and Security Codes

Name of Stock Exchange Security Code
Bombay Stock Exchange Ltd., Mumbai (BSE) 523160
The Company has paid the annual listing fees for the year 2011-12 to the above stock exchanges.

g. Market Price Data

Month	Open Price	High Price	Low Price	Close Price
Apr-10	118.95	185.1	113.5	168.7
May-10	169.95	265.25	168	219.4
Jun-10	215.1	301.5	208	273.45
Jul-10	268.45	350.8	259.05	319.45
Aug-10	329	342.5	298.65	316
Sep-10	319	379	305	324.2
Oct-10	326.5	335	276.15	286.75
Nov-10	292	340	260.25	268
Dec-10	285	288	200	263.3
Jan-11	263.75	284.95	216	234.45
Feb-11	239.5	255	197.75	199.95
Mar-11	198	245	196	225

h. Distribution of Shareholding as at 31st March, 2011

No.	Particular	No. of Shares	% of Share Capital
1	Promoter		
	a - Morganite Crucible Limited	1078000	
	b - Morgan Terreassen BV	1022000	
	Total	2100000	75
2	Institution	600	0.02
3	Public		
	a - Body Corporates	86629	
	b - Individual	606438	
	c- Others	6333	
	Total	699400	24.98
	Grand Total	2800000	100

Morganite Crucible (India) Limited

i. Dematerialisation of securities

The Equity shares of the Company are traded compulsorily in the dematerialized segment of all the stock exchanges and are under rolling settlement..

j. Share transfer system

To expedite the transfer of shares held in physical mode the powers to authorise transfers have been delegated to specified officials of the Company. The transfers which are complete in all respects are taken up for approval generally every ten days and the transferred securities dispatched to the transferor within 21 days. The details of transfers / transmission approved by the delegates are noted by the Securities Transfer & Investors' Grievance Committee at its next meeting.

The Company has signed necessary agreements with the depositories currently functional in India. The transfer of shares in depository mode need not be approved by the Company.

k. Registered Office

B-11 MIDC Waluj, Aurangabad (MH).

l. Plant Locations

1. B-11 MIDC Waluj, Aurangabad (MH).
2. K256 MIDC Waluj, Aurangabad (MH)

m. Compliance Officer / Contact Person

Anurag Geete

Compliance office & Company Secretary
E-mail: anurag.geete@morganplc.com

n. Investor services

E-mail: investors.mmsaurangabad@morganplc.com

o. Registrars & Transfer Agents

SHAREPRO SERVICES INDIA PVT LTD

Samhita Warehousing Complex
13 AB, Gala No. 52, 2nd Floor,
Near Sakinaka Telephone Exchange,
Off Kurla, Andheri Road, Sakinaka,
Mumbai – 400072 Phone 022 67720300

For and on behalf of board

Aurangabad
12th Aug 2011

Hitesh Saiwal
Director

**CEO/CFO CERTIFICATION TO THE BOARD
(Under Clause 49(V) of Listing Agreement)**

Date: 7.08.2011

I Certify that

- a. I have reviewed the financial statements and the cash flow statement for the year 2010-11 and that to the best of our knowledge and belief:
- These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - 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 2010-11 which are fraudulent, illegal or violative of the Company's code of conduct;
- c. We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of the internal control, if any, of which we are aware of and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the Auditors and the Audit Committee -
- Significant changes in internal control over the financial reporting during the year 2010-11;
 - Significant changes in accounting policies during the year 2010-11 and that the same have been disclosed in the notes to the financial statements; and
 - Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over the financial reporting.

(HITESH SAIWAL)
EXECUTIVE DIRECTOR AND COUNTRY MANAGER

Place: Aurangabad

Morganite Crucible (India) Limited

Auditors' Report

To the Members of
Morganite Crucible (India) Limited

We have audited the attached balance sheet of Morganite Crucible (India) Limited ('the Company') as at 31 March 2011 and the related profit and loss account and the cash flow statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

- 1 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 Companies Act, 1956 ('the Act'), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- 2 Further to our comments in the Annexure referred to above, 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 purposes 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 balance sheet, the profit and loss account and the cash flow statement dealt with by this report are in agreement with the books of account;
 - d) in our opinion, the balance sheet, the profit and loss account and the cash flow statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act;
 - e) on the basis of written representations received from the directors of the Company as on 31 March 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as at 31 March 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act; and
 - f) in our opinion and to the best of our information and according to the explanations given to us, the said accounts 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 March 2011;
 - (ii) in the case of the profit and loss account, of the profit of the Company for the year ended on that date; and
 - (iii) in the case of the cash flow statement, of the cash flows of the Company for the year ended on that date.

For **BSR & Co.**
Chartered Accountants
Firm's Registration No: 101248W

Vijay Mathur
Partner
Membership No: 046476

Mumbai
25 May 2011

**ANNEXURE TO THE AUDITORS' REPORT – 31 MARCH 2011
REFERRED TO IN PARAGRAPH 3 OF AUDITORS' REPORT OF EVEN DATE TO THE MEMBERS OF MORGANITE
CRUCIBLE (INDIA) LIMITED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011**

- (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 programme of physical verification of its fixed assets by which all fixed assets are verified every year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) Fixed assets disposed off during the year were not substantial, and therefore, do not affect the going concern assumption.
- (ii) (a) The inventory, except goods in transit, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable.
- (b) The procedures for the physical verification of inventories 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. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Consequently, clauses 4(iii)(a) to 4(iii)(d) of the Order are not applicable to the Company.
- (b) The Company has taken loan from a company covered in the register maintained under Section 301 of the Act. The maximum amount outstanding during the year was Rs.150,835,726 and the year-end balance of such loan was Rs.105,050,334.
- (c) In our opinion, the rate of interest and other terms and conditions on which loan has been taken from the company listed in the register maintained under Section 301 of the Act, are not, prima facie, prejudicial to the interest of the company.
- (d) In the case of loan taken from company listed in the register maintained under Section 301 of the Act, the company has been regular in repaying the principal amount as stipulated and in the payment of interest.
- (iv) In our opinion and according to the information and explanations given to us, and having regard to the explanation that purchases of certain items of inventories are for the Company's specialised requirements and, similarly sale of certain goods, are for the buyer's specialised requirements, and suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and with regard to the sale of goods and services. We have not observed any major weakness in the internal control system during the course of the audit.
- (v) (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act, have been entered in the register required to be maintained under that Section.
- (b) In our opinion and according to the information and explanations given to us, except for purchases of certain items of inventories which are for the Company's specialized requirements and sale of certain goods which are for the buyer's specialised requirements, for which suitable alternative sources are not available, the transactions made in pursuance of contracts and arrangements referred to in (a) above and exceeding the value of Rs.5 lakh with any party during the year have been made at prices which are reasonable having regard to the prevailing prices at the relevant time. However, on the basis of information and explanation provided, the same appear to be reasonable.

Morganite Crucible (India) Limited

- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) The Central Government has not prescribed the maintenance of cost records under Section 209(1)(d) of the Act for any of the products manufactured by the Company.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Income-tax, Sales tax, Provident fund, Service tax, Customs duty, Excise duty, Value added tax, Employees State Insurance Corporation, Investor Education and Protection Fund and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Wealth tax.
There were no dues on account of Cess under Section 441A of the Act, since the date from which the aforesaid Section comes into force has not yet been notified by the Central Government.
According to the information and explanations given to us, no undisputed amounts payable in respect of Income-tax, Sales tax, Provident fund, Service tax, Customs duty, Excise duty, Value added tax, Employees State Insurance Corporation, Investor Education and Protection Fund and other material statutory dues were in arrears as at 31 March 2011 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of Income-tax, Sales tax, Service tax, Customs duty, Excise duty, Value added tax and Cess which have not been deposited with the appropriate authorities on account of any dispute. According to the information and explanations given to us, the dues of Employees State Insurance Corporation, as listed below have not been deposited by the Company on account of disputes:

Name of the statute	Nature of the dues	Amount (Rs)	Period to which the amount relates	Forum where dispute is pending
Employees' State Insurance Act, 1948	Employees' state insurance	52,498	October 2004 to March 2005	Assistant Director, Employees State Insurance Corporation, Aurangabad

- (x) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company did not have any outstanding dues to any financial institution, banks or debentureholders during the year.
- (xii) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion and according to information and explanations given to us, the Company is not a chit fund or a nidhi / mutual benefit fund / society.
- (xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) In our opinion and according to the information and explanations given to us, the term loans taken by the company have been applied for the purpose for which they were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we are of the opinion that the funds raised on short-term basis have not been used for long-term investment.
- (xviii) In our opinion and according to the information and explanations given to us, the Company has not made any preferential allotment of shares to companies/firms/parties covered in the register maintained under Section 301 of the Act.
- (xix) In our opinion and according to the information and explanations given to us, the Company did not have any outstanding debentures during the year.
- (xx) In our opinion and according to the information and explanations given to us, the Company has not raised any money by public issues.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For **B S R & Co.**
Chartered Accountants
Firm's Registration No: 101248W

Vijay Mathur
Partner

Mumbai

25 May 2011

Membership No: 046476

MORGANITE CRUCIBLE (INDIA) LIMITED
BALANCE SHEET AS AT MARCH 31, 2010

	Schedule	As at March 31, 2011 Rupees	As at March 31, 2010 Rupees
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	3	28,000,000	28,000,000
Reserves and surplus	4	277,413,434	227,924,453
		<u>305,413,434</u>	<u>255,924,453</u>
Loan funds			
Unsecured loans	5	105,050,334	150,835,726
Deferred tax liability (net)			
	30	14,122,610	7,857,535
		<u>424,586,378</u>	<u>414,617,714</u>
APPLICATION OF FUNDS			
Fixed assets			
Gross block	6	458,904,125	431,015,651
Less: Accumulated depreciation / amortisation		190,987,342	156,692,703
Net block		<u>267,916,783</u>	<u>274,322,948</u>
Capital work-in-progress		-	9,057,442
		267,916,783	283,380,390
Investments			
	7	49,698,740	49,698,740
Current assets, loans and advances			
Inventories	8	130,791,221	148,177,539
Sundry debtors	9	95,886,866	95,821,718
Cash and bank balances	10	75,015,817	18,657,169
Loans and advances	11	47,469,821	61,761,005
		<u>349,163,725</u>	<u>324,417,431</u>
Less: Current liabilities and provisions			
Current liabilities	12	228,837,219	230,710,876
Provisions	13	13,355,651	12,167,971
		<u>242,192,870</u>	<u>242,878,847</u>
Net current assets			
		<u>106,970,855</u>	<u>81,538,584</u>
		<u>424,586,378</u>	<u>414,617,714</u>
Significant accounting policies			
Schedules to the financial statements			
	2		
	3 - 35		

The Schedules referred to herein above form an integral part of the Balance Sheet.

The schedules referred to above are an integral part of this balance sheet As per our report attached

For **B S R & Co.**
Chartered Accountants
Firm Registration No: 101248W

For and on behalf of the Board of Directors

Vijay Mathur
Partner
Membership No: 046476

Hitesh Saiwal
Director

Stuart Cox
Director

Place : Mumbai
Date : 25 May 2011

Place : Aurangabad
Date : 25 May 2011

Anurag Geete
Company Secretary

Morganite Crucible (India) Limited

MORGANITE CRUCIBLE (INDIA) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

(Currency: Indian Rupees)

Income	<i>Schedules</i>	Year ended March 31, 2011 <i>Rupess</i>	Year ended March 31, 2010 <i>Rupess</i>
Gross sales		724,386,371	570,782,278
Less : Excise duty recovered		53,071,341	42,688,292
Net sales		<u>671,315,030</u>	<u>528,093,986</u>
Other income	14	<u>18,959,560</u>	<u>17,638,644</u>
		<u>690,274,590</u>	<u>545,732,630</u>
Expenditure			
Cost of materials	15	284,080,973	199,658,467
Personnel expenses	16	65,842,981	50,867,942
Operating, administrative and selling expenses	17	203,854,195	154,336,334
Interest	18	7,596,742	11,695,937
Depreciation / amortisation	6	34,697,279	31,733,393
		<u>596,072,170</u>	<u>448,292,073</u>
Profit before tax		94,202,420	97,440,557
Provision for taxation			
- Current tax [includes short provision for earlier years Rs.116,687 (2010 : Rs.12,043,414)]earlier years Rs. Nil (Previous Year Rs.)]		38,448,364	39,543,414
- Deferred tax charge / (release)		<u>6,265,075</u>	<u>(10,309,261)</u>
Profit after tax		<u>49,488,981</u>	<u>68,206,404</u>
Balance in profit and loss account brought forward		141,932,453	73,726,049
Balance carried forward to Balance sheet		<u>191,421,434</u>	<u>141,932,453</u>
Basic and diluted earnings per share (face value of Rs 10 per share) Rs.	29	17.67	24.36
Significant accounting policies	2		
Schedules to the financial statements	3 - 35		

The schedules referred to above are an integral part of this profit and loss account

As per our report attached

For **B S R & Co.**

Chartered Accountants

Firm Registration No: 101248W

Vijay Mathur

Partner

Membership No: 046476

Place : Mumbai

Date : 25 May 2011

For and on behalf of the Board of Directors

Hitesh Saiwal

Director

Place : Aurangabad

Date : 25 May 2011

Stuart Cox

Director

Anurag Geete

Company Secretary

MORGANITE CRUCIBLE (INDIA) LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

	Year ended March 31, 2011 Rupees	Year ended March 31, 2010 Rupees
Cash flow from operating activities		
Net Profit before tax	94,202,420	97,440,557
Adjusted for		
Depreciation / amortisation	34,697,279	31,733,393
Interest expense	7,596,742	11,695,937
Loss / (profit) on sale of fixed assets	(282,523)	89,918
Interest income	(1,105,704)	(739,192)
Fixed assets written off	9,057,442	-
Unrealised foreign exchange loss / (gain)	5,023,764	(10,758,000)
	54,987,000	32,022,056
Operating cash flow before changes in working capital	149,189,419	129,462,613
Changes in working capital		
Decrease / (increase) in inventories	17,386,318	(11,884,079)
Decrease / (increase) in trade and other receivables	13,460,447	(35,025,751)
Increase in Current liabilities and provisions	(7,506,933)	6,862,271
	23,339,832	(40,047,559)
Cash generated from operations	172,529,251	89,415,054
Taxes paid	(28,528,013)	(22,761,965)
Net cash flow from operating activities	144,001,238	66,653,089
Cash flow from investing activities		
Purchase of fixed assets	(28,418,091)	(14,599,836)
Proceeds from sale of fixed assets	409,500	274,600
Interest received	845,587	710,809
Net cash (used in) investing activities	(27,163,004)	(13,614,427)
Cash flow from financing activities		
Repayment of external commercial borrowings	(52,651,952)	-
Repayments of short term borrowings	-	(20,000,000)
Interest paid	(7,827,634)	(11,793,735)
Dividend paid	-	(64,010)
Net cash (used in) financing activities	(60,479,586)	(31,857,745)
Net increase in cash and cash equivalents	56,358,648	21,180,917
Cash and cash equivalents at the beginning of the year	18,657,169	(2,523,748)
Cash and cash equivalents at the end of the year* (refer schedule 10)	75,015,817	18,657,169

*includes Rs.200,000 (2010: 200,000) which are not available for use by the Company.

Note:
The Cash flow statement has been prepared under the indirect method as set out in Accounting Standard - 3 ('AS 3') on Cash Flow Statement prescribed in Companies (Accounting Standards) Rules, 2006.

The schedules referred to above are an integral part of this cash flow statement
As per our report attached

This is the Cash Flow Statement referred to in our report of even date.

For **B S R & Co.**
Chartered Accountants
Firm Registration No: 101248W

Vijay Mathur
Partner
Membership No: 046476

Place : Mumbai
Date : 25 May 2011

For and on behalf of the Board of Directors

Hitesh Saiwal
Director

Stuart Cox
Director

Place : Aurangabad
Date : 25 May 2011

Anurag Geete
Company Secretary

Morganite Crucible (India) Limited

MORGANITE CRUCIBLE (INDIA) LIMITED SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011

	As at March 31, 2011 Rupees	As at March 31, 2010 Rupees
Schedule 3 - Share capital		
Authorised capital		
5,000,000 (2010 : 5,000,000) equity shares of Rs.10 each	<u>50,000,000</u>	<u>50,000,000</u>
Issued, subscribed and paidup		
2,800,000 (2010 : 2,800,000) equity shares of Rs.10 each, fully paid up	<u>28,000,000</u>	<u>28,000,000</u>
	<u>28,000,000</u>	<u>28,000,000</u>
Note:		
Of the above, 1,078,000 (2010 : 1,078,000) equity shares are held by Morganite Crucible Limited and 1,022,000 (2010 : 1,022,000) equity shares are held by Morgan Terreassen BV both of which are subsidiaries of The Morgan Crucible Company Plc., the ultimate holding company.		
Schedule 4 - Reserves and surplus		
Capital reserve		
Central investment subsidy	1,500,000	1,500,000
State subsidy	500,000	500,000
Forfeited shares		
Capital profit on re-issue of forfeited shares	4,000	4,000
Investment allowance reserve		
	405,000	405,000
Securities premium account		
	35,000,000	35,000,000
General reserve		
	48,583,000	48,583,000
Profit and loss account		
	<u>191,421,434</u>	<u>141,932,453</u>
	<u>277,413,434</u>	<u>227,924,453</u>
Schedule 5 - Unsecured loans		
External commercial borrowings from Morganite Crucible Limited, U.K. [includes interest accrued and due amounting to Rs.432,834 (2010 : Rs. 663,726)]	<u>105,050,334</u>	<u>150,835,726</u>
[Due within one year Rs.61,327,500 (2010 : Rs.51,195,000)]	<u>105,050,334</u>	<u>150,835,726</u>

**MORGANITE CRUCIBLE (INDIA) LIMITED
SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011**

Schedule 6 - Fixed Assets

(Refer Notes 1 d), 1 h), 1 j) and 2 on Schedule 12)

Particulars	Gross Block (at Cost)			Depreciation / Amortisation			Net Block		
	As at April 1, 2010	Additions during the year	Deletions during the year	As at March 31, 2011	As at April 1, 2010	For the year	On deletions	As at March 31, 2011	As at March 31, 2010
Tangible assets									
Leasehold land	1,684,375	-	-	1,684,375	425,525	17,730	-	1,241,120	1,258,850
Buildings	50,474,123	1,422,081	-	51,896,204	12,144,827	1,657,663	-	38,093,714	38,329,296
Plant and machinery	321,011,156	26,321,109	37,128	347,295,137	120,092,512	26,106,256	11,680	201,108,049	200,918,644
Furniture and fixtures	5,483,340	308,486	-	5,791,826	2,984,963	231,649	-	2,575,214	2,498,377
Vehicles	717,146	366,415	492,489	591,072	386,672	56,968	390,960	538,392	330,474
Intangible assets									
Non-competition agreement	2,924,924	-	-	2,924,924	1,169,970	1,754,954	-	-	1,754,954
Distribution rights	48,720,587	-	-	48,720,587	19,488,234	4,872,059	-	24,360,294	29,232,353
Total	431,015,651	28,418,091	529,617	458,904,125	156,692,703	34,697,279	402,640	267,916,783	274,322,948
2010	415,031,469	17,227,916	1,243,734	431,015,651	125,638,526	31,733,393	879,216	274,322,948	156,692,703

Note :

The balance period over which distribution rights will be amortised as at March 31, 2011 is six years.

Morganite Crucible (India) Limited

MORGANITE CRUCIBLE (INDIA) LIMITED SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011

	As at March 31, 2011 Rupees	As at March 31, 2010 Rupees
Schedules to the financial statements (Continued)		
<i>as at 31 March 2011</i>		
7 Investments		
<i>Non-trade, Long term (Unquoted), at cost</i>		
Investment in subsidiary company:		
17,850 (2010 : 17,850) fully paid equity shares of Diamond Crucible Company Limited of Rs.100 each.	49,698,740	49,698,740
	<u>49,698,740</u>	<u>49,698,740</u>
Aggregate book value of unquoted investments	49,698,740	49,698,740
8 Inventories		
Raw materials [Including goods-in-transit Rs.11,907,013 (2010 : Rs.10,991,925)]	36,178,109	55,824,258
Work-in-progress	26,749,669	36,531,286
Finished goods	58,183,561	44,804,635
Stores and spares [Including goods-in-transit Rs.493,805 (2010 : Rs.341,727)]	7,255,803	9,294,384
Packing materials [Including goods-in-transit Rs.743,453 (2010 : Rs.Nil)]	2,424,079	1,722,976
	<u>130,791,221</u>	<u>148,177,539</u>
9 Sundry debtors		
<i>(Unsecured, considered good)</i>		
Debts outstanding for a period exceeding six months	170,343	225,096
Other debts*	95,716,523	95,596,622
	<u>95,886,866</u>	<u>95,821,718</u>
*includes due from Morganite Crucible Limited, U.K. Rs.Nil (2010 : Rs.3,950,292) and Diamond Crucible Company Limited Rs.257,075 (2010 : Rs.135,007)		
10 Cash and Bank Balances		
Cash on hand	16,414	34,455
Balances with scheduled banks in:		
- Current account	9,413,527	4,264,901
- Exchange earners' foreign currency account	44,602,422	13,736,536
- Short term deposits**	20,829,266	314,835
- Unpaid dividend accounts	154,188	306,442
	<u>75,015,817</u>	<u>18,657,169</u>
**Includes Rs.200,000 (2010 : Rs.200,000) under lien with bank towards guarantee issued by the bank on behalf of the Company.		

MORGANITE CRUCIBLE (INDIA) LIMITED
SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011

	As at March 31, 2011 Rupees	As at March 31, 2010 Rupees
11	Loans and advances	
	<i>Unsecured, considered good</i>	
	Advances recoverable in cash or in kind or for value to be received	20,775,920
	Balance with excise authorities	39,815,706
	Deposits	1,095,857
	Advance tax and tax deducted at source	-
	[Net of provision for tax Rs.7,182,506 (2010 : Nil)]	
	Advance fringe benefit tax	73,522
	[Net of provision for fringe benefit tax Rs.1,350,000 (2010 : 1,350,000)]	
	47,469,821	61,761,005
12	Current liabilities	
	Sundry creditors - Micro, small and medium enterprises (refer schedule 31)	-
	Sundry creditors - Others	228,436,240
	Other liabilities	1,968,194
	Unclaimed dividend	306,442
	228,837,219	230,710,876
13	Provisions	
	Employee benefits (Refer schedule 26)	
	- Gratuity	-
	- Leave encashment	441,087
	Provision for income tax	11,726,884
	(Net of advance tax and tax deducted at source Rs.55,115,094 (2010 : Rs.50,734,478))	
	13,355,651	12,167,971

Morganite Crucible (India) Limited

MORGANITE CRUCIBLE (INDIA) LIMITED SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

	Year ended March 31, 2011 Rupees	Year ended March 31, 2010 Rupees
14 Other income		
Sale of scrap	914,888	1,194,915
Interest on deposits [tax deducted at source Rs.33,760 (2010 : Rs.2,336)]	293,604	30,916
Interest others	812,100	708,276
Duty drawback on exports	3,791,691	-
Foreign exchange gain (net)	-	11,775,766
Sales tax refund		19,964
Discount on prepayment of sales tax	1,106,136	3,044,257
Profit on sale of fixed assets	282,523	-
Liabilities/provisions no longer required written back	1,495,601	864,550
Management charges written back	10,263,017	-
	18,959,560	17,638,644
15 Cost of materials		
Consumption of raw materials		
Opening stock	55,824,258	72,977,151
Add: Purchases	268,032,133	206,435,919
	323,856,391	279,413,070
Less: Closing stock	36,178,109	55,824,258
	287,678,282	223,588,812
(Increase) in stock of finished goods and work-in-progress		
Opening stock:		
Finished goods	44,804,635	23,542,364
Work-in-progress	36,531,286	33,863,212
	81,335,921	57,405,576
Less: Closing stock:		
Finished goods	58,183,561	44,804,635
Work-in-progress	26,749,669	36,531,286
	84,933,230	81,335,921
	(3,597,309)	(23,930,345)
	284,080,973	199,658,467

MORGANITE CRUCIBLE (INDIA) LIMITED
SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR
THE YEAR ENDED MARCH 31, 2011

	Year ended March 31, 2011 Rupees	Year ended March 31, 2010 Rupees
16 Personnel expenses		
Salaries, wages and bonus	55,891,893	42,919,263
Contribution to provident and other funds	3,358,541	3,300,226
Gratuity	1,850,089	689,128
Leave encashment	1,500,254	1,136,108
Staff welfare	3,242,204	2,823,217
	<u>65,842,981</u>	<u>50,867,942</u>
17 Operating, administrative and selling expenses		
Stores and packing materials consumed	89,510,038	63,353,512
Godown and forwarding expenses	5,014,288	3,726,773
Export freight, insurance and other Charges	16,018,761	13,044,403
Electricity and fuel	9,899,472	8,047,921
Repairs and Maintenance:		
- Building	1,141,474	1,877,952
- Plant and machinery	8,778,075	4,506,013
- Others	2,109,804	1,855,012
Rent, rates and taxes	2,395,275	1,203,574
Travelling and motor car expenses	8,360,107	4,410,991
Legal and professional Fees	3,052,281	1,705,443
Insurance	2,171,368	1,805,386
Auditors' remuneration (Refer schedule 22)	1,642,039	1,434,730
Commission on export	3,499,638	4,680,603
Transportation	2,342,580	2,002,492
Training expenses	2,419,971	-
Directors' sitting fees	84,980	32,000
Foreign exchange loss (net)	9,661,822	-
Royalty	4,501,044	4,415,459
Management charges	9,724,518	26,203,391
No claim compensation	2,896,674	2,475,133
Fixed assets / capital work in progress written off	9,057,442	89,918
Miscellaneous expenses	9,572,544	7,465,628
	<u>203,854,195</u>	<u>154,336,334</u>
18 Interest		
Short term loan	-	1,988,630
External commercial borrowings	7,461,426	9,688,346
Others	135,316	18,961
	<u>7,596,742</u>	<u>11,695,937</u>

Morganite Crucible (India) Limited

Balance sheet abstract and the Company's general business profile

I Registration details

Registration No.	11-38607	State code	11
Balance sheet date	3/31/2011		

II Capital raised during the year (amount in Rupee thousands)

Public issue	Nil	Rights issue	Nil
Bonus issue	Nil	Private placement	-

III Position of mobilisation and deployment of funds (amount in Rupee Thousands)

Total liabilities	666,779	Total assets	666,779
Source of funds			
Paid-up capital	28,000	Reserves and surplus	277,413
Secured loans	Nil	Unsecured loans	105,050
Deferred tax liability (net)	14,123		
Application of funds			
Net fixed assets	267,917	Investments	49,699
Net current assets	106,971		

IV Performance of Company (amount in Rupee thousands)

Turnover (including miscellaneous income)	690,275	Total expenditure	596,072
Profit before tax	94,202	Profit after tax	49,489
Earning per share (Rs.)	17.67	Dividend rate %	-

V Generic names of three principal products/services of Company

(As per monetary terms)

Item code no (ITC code)	690320.01
Product description	Silicon Carbide Crucibles
Item code no (ITC code)	690320.09
Product description	Clay Graphite Crucibles
Item code no (ITC code)	Not applicable
Product description	Not applicable

For and on behalf of the Board of Directors

Hitesh Saiwal
Director

Stuart Cox
Director

Anurag Geete
Company Secretary

Aurangabad
25 May 2011

MORGANITE CRUCIBLE (INDIA) LIMITED
SCHEDULE TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH 2011
(CURRENCY - INDIAN RUPEES)

1. Background

Morganite Crucible (India) Limited ('the Company') was incorporated on 13 January 1986. The Company is engaged in the business of manufacturing and selling of silicon carbide and clay graphite crucibles and its accessories.

2. Significant accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting and in accordance with the provisions of the Companies Act, 1956 ('the Act') and the accounting principles generally accepted in India and comply with the accounting standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government, in consultation with the National Advisory Committee on Accounting Standards, to the extent applicable.

2.2 Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles ('GAAP') in India requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of financial statements which in management's opinion are prudent and reasonable. Actual results may differ from the estimates used in preparing the accompanying financial statements. Any revision to accounting estimates is recognised prospectively in current and future periods.

2.3 Revenue recognition

Revenue is recognised when the property and all significant risks and rewards of ownership are transferred to the buyer and no significant uncertainty exists regarding the amount of consideration that is derived from the sale of goods. Sales are accounted net of excise duty, sales tax and trade discounts, if any.

Interest income is recognized using the time proportion method, based on the underlying interest rates.

Dividend income is recognized when the right to receive dividend is established.

2.4 Fixed assets and depreciation/amortisation

(a) Tangible assets

Tangible assets are carried at cost of acquisition or construction less accumulated depreciation and impairment loss, if any. Cost includes inward freight, duties, taxes (to the extent not recoverable from tax authorities) and expenses incidental to acquisition and installation of the fixed assets up to the time the assets are ready for intended use. Capital work-in-progress comprises of advances paid to acquire fixed assets and the cost of fixed assets that are not yet ready for their intended use at the balance sheet date.

Depreciation on fixed assets, except leasehold land, is provided under the straight-line method at the rates prescribed in Schedule XIV to the Act, which in the opinion of management reflects the economic useful lives of assets. Depreciation on sale of assets is provided up to the date of sale of the asset.

Assets costing up to Rupees five thousand are fully depreciated in the year of purchase.

Leasehold land is amortised over the primary period of lease.

(b) Intangible assets

Intangible assets comprises of Non-competition agreement and Distribution Rights and are carried at cost of acquisition less accumulated amortisation and impairment loss, if any. Non-competition agreement is amortised over its contractual period of 5 years and Distribution Rights are amortised on a straight-line basis over a period of ten years, which in management's opinion represents the period during which economic benefits will be derived from their use.

2.5 Impairment of assets

In accordance with AS 28 on '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

Morganite Crucible (India) Limited

MORGANITE CRUCIBLE (INDIA) LIMITED SCHEDULE TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH 2011 (CURRENCY - INDIAN RUPEES)

amount of the asset. The recoverable amount is the greater of the net selling price and value in use. Value in use is the present value of the estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. In assessing the value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor. 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. The reduction is treated as an impairment loss and is recognized in the profit and loss account.

If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

2.6 Investments

Long term investments are stated at cost. Provision for diminution in value is made only when in the opinion of the management there is a decline other than temporary in the carrying value of such investments. Current investments are valued at lower of cost and market value.

2.7 Employee benefits

(a) Short term employee benefits:

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. These benefits include salary, wages and bonus, compensated absences such as paid annual leave and sickness leave. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognized during the period of rendering of service by the employee.

(b) Long term employee benefits:

(i) Defined contribution plans

The Company has defined contribution plans for post employment benefits namely Provident Fund which is recognised by the income tax authorities.

Under the provident fund plan, the Company contributes to a Government administered provident fund on behalf of its employees and has no further obligation beyond making its contribution.

The Company makes contributions to state plans namely Employee's State Insurance Fund and Employee's Pension Scheme 1995 and has no further obligation beyond making the payment to them.

The Company's contributions to the above funds are charged to profit and loss account every year.

(ii) Defined benefit plans

Post-employment benefits:

The Company's gratuity scheme with Life Insurance Corporation of India is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted. The present value of the obligation under such defined benefit plan is determined based on independent actuarial valuation at the balance sheet date using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan are based on the market yields on Government securities as at the Balance Sheet date. When the calculation results in a benefit to the Company, the recognised asset is limited to the net total of any unrecognised actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan. Actuarial gains and losses are recognized immediately in the Profit and Loss Account.

(ii) Defined benefit plans (Continued)

Other long-term employment benefits:

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as a liability at the present value of the defined benefit obligation at the Balance Sheet date. The discount rates used for determining the present value of the obligation under defined benefit plan are based on the market yields on Government securities as at the Balance Sheet date.

MORGANITE CRUCIBLE (INDIA) LIMITED
SCHEDULE TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH 2011
(CURRENCY - INDIAN RUPEES)

2.8 Borrowing costs

Borrowing costs that are attributable to acquisition, construction or production of qualifying assets are capitalised as part of such assets. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are recognised as an expense in the period in which they are incurred.

2.9 Inventories

Inventories are valued at lower of cost and net realisable value. Cost is determined under the first in first out method and includes all costs incurred in bringing the inventories to their present location and condition. Finished goods and Work-in-progress include appropriate proportion of costs of conversion. Fixed production overheads are allocated on the basis of normal capacity of production facilities. Valuation of work-in-progress is based on stage of completion as certified by the management.

2.10 Foreign currency transactions

Foreign currency transactions are recorded at the exchange rates prevailing on the dates of the transactions. Exchange differences arising on foreign currency transactions settled during the year are recognized in the profit and loss account of that year. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the closing exchange rates. The resultant exchange differences are recognized in the profit and loss account.

The premium or discount on forward exchange contracts not relating to firm commitments or highly probable forecast transactions and not intended for trading or speculation purpose is amortised as expense or income over the life of the contract.

Forward exchange contracts relating to firm commitments or highly probable forecast transactions are marked to market and the resultant net exchange loss is recorded in accordance with the concept of prudence.

2.11 Operating leases

Lease arrangements, where the risks and rewards incidental to ownership of an asset substantially vests with the lessor, are recognised as operating leases. Lease payments under operating lease are recognised as an expense in the profit and loss account on a straight line basis.

2.12 Taxes on Income

Income tax

Income tax expense comprises current tax and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). Current tax provision is made based on the tax liability computed after considering tax allowances and exemptions, in accordance with the Income tax Act, 1961.

Deferred tax

Deferred tax charge or credit and the corresponding deferred tax liability or asset is recognized for timing differences between the profits/losses offered for income taxes and profits/ losses as per the financial statements. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/ virtually certain (as the case may be) to be realised.

2.13 Earnings per share ('EPS')

Basic EPS is computed by dividing the net profit attributable to shareholders by the weighted average number of equity shares outstanding during the year.

Diluted EPS is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year-end, except where the results would be anti dilutive.

2.14 Provisions and contingencies

Provision is recognised in the balance sheet when the Company has a present obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and reliable estimation can be made of the amount required to settle the obligation. Contingent liabilities arising from claims, litigation, assessment, fines, penalties etc. are disclosed when there is a possible obligation or a present obligation as a result of a past event where it is not probable that an outflow of economic benefits will

Morganite Crucible (India) Limited

MORGANITE CRUCIBLE (INDIA) LIMITED SCHEDULE TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH 2011 (CURRENCY - INDIAN RUPEES)

be required to settle the obligation, and the amount can be reasonably estimated. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosures is made.

19. Capital commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for Rs.4,025,000 (2010: Rs.6,176,056).

20. Contingent liabilities

- i) Bank guarantee aggregating Rs. Nil (2010:Rs. 200,000) issued by the bank on behalf of the Company in favour of the Panalpina World Transport Private Limited for purchase of Material from Thermal Ceramic U.K. Limited.
- ii) Bonds aggregating Rs.10,000,000 (2010: Rs.10,000,000) in favour of the President of India endorsed through Deputy Commissioner of Customs for import of goods.
- iii) A suit has been filed by Mr. Suresh Borade, past employee of the Company, on account of his disputed resignation from the Company. The Honourable Gujarat High Court has ordered to pay Rs.540 per month till the final disposal of appeal pending for reinstatement with back wages. The Company is presently paying the above mentioned Rs.540 per month to the said employee. The amount of liability that may arise in future on account of reinstatement with back wages is not ascertainable.
- iv) Claims by employees towards unfair labour practices under Section 28 read with items 1(a), (b), (c), 2 (b), 3, 4(a), (e) and (f) of Schedule II and items 5, 6, 9 and 10 of Schedule IV of the Maharashtra Recognition of Trade Unions and Prevention of Unfair Labour Practices Act, 1971 for which amounts are not ascertainable.
- v) Disputed employees' state insurance demand aggregating Rs. 52,498 against which the Company has preferred appeals.

21. Managerial remuneration

Particulars	For the year ended March 31 2011	For the year ended March 31 2010
Salaries and allowances	4,502,843	3,172,911
Contribution to provident and other funds	506,851	428,221
Commission	-	927,809
	5,009,694	4,528,941

Provision for leave encashment and gratuity, which are based on actuarial valuations done on an overall company basis, are not included in above figures.

Particulars	For the year ended March 31 2011	For the year ended March 31 2010
Net profit before tax	94,202,421	97,440,557
Add: Depreciation provided in the Profit and Loss Account	34,697,278	31,733,393
Add: Directors' sitting fees	84,980	32,000
Add: Directors' remuneration	5,009,694	4,528,941
(Less)/ Add: (Loss) / Profit on sale of fixed assets as per Section 350	282,523	(89,918)
Total	134,276,896	133,644,973
Less: Depreciation under Section 350 of the Companies Act, 1956	34,697,278	31,733,393
Add / (Less) : Loss / (Profit) on sale of fixed assets as per Section 350	(282,523)	89,918
Net Profit for the purpose of Directors commission	99,297,095	102,001,498
Maximum commission payable @ 1%	992,970	1,020,015
Commission paid to director	-	927,809

Computation of net profit in accordance with Section 198 of the Companies Act, 1956 for commission paid to Director:

22. Auditors' remuneration (excluding service tax)

Particulars	For the year ended March 31 2011	For the year ended March 31 2010
Audit fees	1,000,000	900,000
Tax audit fees	200,000	200,000
Other services	300,000	300,000
Out-of-pocket expenses	142,039	34,730
	*1,642,039	1,434,730

*Out of above Rs.125,675 have been paid to the erstwhile statutory auditors of the Company

MORGANITE CRUCIBLE (INDIA) LIMITED
SCHEDULE TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH 2011
(CURRENCY - INDIAN RUPEES)

23. Information with regards to items of licensed and installed capacities		
Particulars	2011(M.T.)	2010(M.T.)
Silicon carbide crucibles		
Annual licensed capacity	5,100	3,600
Annual installed capacity	5,100	3,600
Clay graphite crucibles		
Annual licensed capacity	1,000	1,000
Annual installed capacity	1,000	1,000
Crucible accessories		
Annual licensed capacity	400	400
Annual installed capacity	400	400
Installed capacity is as certified by the management and has been accepted by the auditors without verification, being a technical matter.		
24. C.I.F. value of imports		
Particulars	For the year ended March 31 2011	For the year ended March 31 2010
Capital goods	1,498,600	4,603,889
Raw Materials and consumables	81,779,824	73,704,111
25. Expenditure and earnings in foreign currency (on accrual basis)		
Particulars	For the year ended March 31 2011	For the year ended March 31 2010
Expenditure in foreign currency		
Travelling	244,184	161,341
Commission	3,499,638	4,680,603
Management charges	9,724,518	26,203,391
Royalty	4,501,044	4,415,459
Testing charges	-	114,313
Certification charges	125,167	-
Interest on External commercial borrowings	7,461,426	9,688,346
Earnings in foreign exchange		
Export of goods calculated on F.O.B. basis	508,718,955	346,748,194
26. Employee benefits		
Defined benefit plans		

Valuations in respect of gratuity have been carried out by an independent actuary, as at the balance sheet date, based on the following assumptions:

Particulars	For the year ended March 31 2011	For the year ended March 31 2010
Discount rate (per annum)	8%	8%
Rate of increase in compensation levels	7%	7%
Rate of return on plan assets	8%	8%
A. Changes in the present value of obligation		

Particulars	For the year ended March 31 2011	For the year ended March 31 2010
Present value of obligation at the beginning of the year	5,731,795	4,649,065
Interest Cost	496,945	399,590
Current Service Cost	631,495	532,826
Benefits paid	(302,948)	(51,793)
Actuarial loss on obligations	1,294,848	202,107
Present value of obligation as at year end	7,852,135	5,731,795

Morganite Crucible (India) Limited

MORGANITE CRUCIBLE (INDIA) LIMITED SCHEDULE TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH 2011 (CURRENCY - INDIAN RUPEES)

B.Changes in the fair value of plan assets

Particulars	For the year ended March 31 2011	For the year ended March 31 2010
Fair value of plan assets at the beginning of the year	5,939,630	4,307,917
Expected return on plan assets	538,615	441,611
Actuarial gain on plan assets	34,584	3,784
Contributions	944,527	1,238,111
Benefits paid	(302,948)	(51,793)
Fair value of plan assets at year end	7,154,408	5,939,630

C.Reconciliation of present value of defined benefit obligation and the fair value of assets

Particulars	For the year ended March 31 2011	For the year ended March 31 2010
Present value of obligation as at the year end	(7,852,135)	(5,731,795)
Fair value of plan assets as at the end of the year	7,154,408	5,939,630
Funded status	-	207,835
Present value of unfunded obligation as at the year end	(697,727)	-
Net (liability) / asset recognised in balance sheet	(697,727)	207,835

D.Amount recognised in the balance sheet

Particulars	For the year ended March 31 2011	For the year ended March 31 2010
Present value of obligation at the end of the year	(7,852,135)	(5,731,795)
Fair value of plan assets as at the end of the year	7,154,408	5,939,630
Net (liability) / asset recognised in balance sheet	(697,727)	207,835

E. Amount recognised in the profit and loss account

Particulars	For the year ended March 31 2011	For the year ended March 31 2010
Current service cost	631,495	532,826
Interest cost	496,945	399,590
Expected return on plan assets	(538,615)	(441,611)
Net actuarial loss recognised in the year	1,260,264	198,323
Total expense recognised	1,850,089	689,128

F. Experience adjustment

Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010	For the year ended March 31, 2009
Defined benefit obligation	7,852,135	5,731,795	4,649,065
Plan assets	7,154,408	5,939,630	4,307,917
(Surplus) / deficit	697,727	(207,835)	341,148
Experience adjustment on plan liabilities (gain)/loss	(1,588,480)	(400,046)	(197,585)
Experience adjustment on plan assets (gain)/loss	(34,584)	(3,784)	(29,041)

MORGANITE CRUCIBLE (INDIA) LIMITED
SCHEDULE TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH 2011
(CURRENCY - INDIAN RUPEES)

Experience adjustment is on account of attrition in the number of employees as compared to the previous year and change in actuarial assumptions.

The estimates of future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors, such as supply and demand and the employment market.

G Percentage of each category of Plan Assets to total Fair Value of Plan Assets as at 31 March 2011.

The Plan Assets are administered by Life Insurance Corporation of India ("LIC") as per Investment Pattern stipulated for Pension and Group Schemes Fund by Insurance and Regulatory Development Authority regulations.

The discount rate is based on the prevailing market yields on Indian government securities as at the balance sheet date for the estimated term of obligation.

27. Segment reporting

Primary segment:

In accordance with the requirements of Accounting Standard 17 – "Segment Reporting", the Company has determined its business segment as crucibles. Since 100% of the Company's business is from crucibles, there are no other primary reportable segments. Thus the segment revenue, segment result, total carrying amount of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segments assets, the total amount of charge for depreciation and amortisation during the year are all as reflected in the financial statements for the year ended 31 March 2011 and as on that date.

Secondary segments (By geography):

Particulars	For the year ended March 31, 2011			For the year ended March 31, 2010		
	India	Others	Total	India	Others	Total
Revenue from external customers	162,596,075	508,718,955	671,315,030	181,345,792	346,748,194	528,093,986
Carrying amount of Segment Assets	598,729,618	68,049,633	666,779,251	595,446,556	62,050,005	657,496,561
Addition to Fixed Assets during the Year	28,418,091	-	28,418,091	17,227,916	-	17,227,916

28. Related party disclosure

List of related parties

i. Parties (where control exists)

The Morgan Crucible Company Plc, U.K. – Ultimate holding company

ii. Investing associates

· Morganite Crucible Limited (holds 38.50% of issued, subscribed and paid up capital)

· Morgan Terreassen BV (holds 36.50% of issued, subscribed and paid up capital)

iii. Other related Parties where transactions have taken place during the year

Subsidiary company

· Diamond Crucible Company Limited

Fellow subsidiary companies

· Morganite Crucible Inc., USA

· Morgan Molten Metal Systems GMBG Germany

· Morgan Thermic SAS, France

· Morgan Molten Metal System (Suzhou) Co. Ltd., China

· Morgan Karbon Grafit Sanayi AS Turkey

· Thermal Ceramics UK

· Morganite Brazil LtdA

· Morgan Thermal Ceramics - Shanghai

Morganite Crucible (India) Limited

MORGANITE CRUCIBLE (INDIA) LIMITED SCHEDULE TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH 2011 (CURRENCY - INDIAN RUPEES)

iv. Key Management Personnel

- Mr. Vijay Sabarwal – CEO and Wholetime director (upto 29 January 2011)
- Mr. Ashish Mehrotra – Director sales and marketing
- Mr. Vinod Mhalsekar – Director operations
- Mr. Hitesh Saiwal – Country head and Wholetime director (from 17 May 2010)

Details of remuneration paid to above mentioned Key Managerial Personnel

Name of Person	For the year ended March 31, 2011	For the year ended March 31, 2010
Mr. Vijay Sabarwal	4,631,294	4,528,941
Mr. Ashish Mehrotra	2,349,600	2,484,161
Mr. Vinod Mhalsekar	2,016,204	1,924,666
Mr. Hitesh Saiwal	2,241,758	-

29. Earnings Per Share			
Particulars		For the year ended March 31, 2011	For the year ended March 31, 2010
Net profit after tax attributable to equity shareholders		49,488,982	68,206,404
Weighted average number of shares outstanding during the year (Nos.)		2,800,000	2,800,000
Earnings Per Share (Basic and Diluted)		17.67	24.36
Nominal value of an equity share		10	10
30. Deferred tax liabilities (net)			
Particulars		2011	2010
Deferred tax assets			
Provision for leave encashment		644,913	146,529
Provision for gratuity		231,785	-
Unrealised exchange loss on external commercial borrowings loan		2,357,774	-
		3,234,472	146,529
Deferred tax liability			
Difference between book depreciation and depreciation under the Income-tax Act, 1961		17,357,082	8,004,064
		17,357,082	8,004,064
Deferred tax liability (net)		14,122,610	7,857,535
31. Dues to Micro, Small and Medium Enterprises			

Under Micro, Small, and Medium Enterprises Development Act, 2006 (MSMED) which came in to force from 2 October, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises.

On the basis of the information and records available with the management, the following disclosures are made for the amounts due to the Micro, small and medium enterprises:

Particulars	2011		2010	
	Principal	Interest	Principal	Interest
Principal amount and interest due thereon remaining unpaid to any supplier as at year end	-	-	-	-
Amount of interest paid by the Company in terms of section 16 of the MSMED, along with the amount of payment made to the supplier beyond the appointed day during the accounting year	-	-	-	-
Amount of interest due and payable for the delay in making payment (which have been paid but beyond the appointed day during the year) but without adding interest specified under MSMED	-	-	-	-
Amount of interest accrued and remaining unpaid at the end of the accounting year	-	-	-	-

Schedules to the financial statements (Continued)
for the year ended 31 March, 2011
24 Related party disclosure (Continued)
v. Transactions with related parties

PARTICULARS	Investing associate (I)				Fellow subsidiaries (II)					Ultimate holding company (III)
	Morganite Crucible Limited	Morganite Crucible Inc., USA	Morgan Molten Metal Systems GMBG Germany	Morgan Thermic South Africa	Morgan Molten Metal System (Suzhou) Co. Ltd., China	Karbon Grafit Sanayi AS Turkey	Thermal Ceramics UK	Morganite Brazil Ltd A	Morgan Thermal Ceramics - Shanghai	
Income										
Sale of finished goods	-	42,640,970	71,799,532	-	514,709	437,536	-	-	240,464	-
Sale of Raw Materials	-	-	430,146	-	472,791	-	-	-	-	-
Reimbursement of various expenses	-	-	168,353	-	-	-	-	-	-	-
Management charges written back	-	-	-	-	-	-	-	-	-	12,594,173
Expenditure										
Purchase of raw materials (including goods in transit)	-	-	244,228	-	-	-	233,528	-	-	-
Purchased of spares / consumables	149,314	-	9,430	-	-	-	-	-	-	-
Commission on Export	-	-	-	-	-	-	-	-	-	-
Reimbursement of various expenses	-	-	-	-	-	-	-	-	-	-
Management charges	-	-	-	-	-	-	-	-	-	13,545,722
Royalty	-	-	-	-	-	-	-	-	-	5,843,494
Interest on External Commercial Borrowings	7,461,426	-	-	-	-	-	-	-	-	-
Other										
Dividend paid	-	-	-	-	-	-	-	-	-	-
Purchase of capital goods	1,498,600	-	-	-	-	-	-	-	-	-
External Commercial Borrowings obtained/ (repaid)	(52,651,952)	-	-	-	-	-	-	-	-	-
Outstanding Balances:										
Receivables	-	5,336,324	8,479,062	-	258,689	436,202	-	-	-	-
Payables	80,946,041	-	185,887	-	-	-	-	-	-	66,073,971
External Commercial Borrowings payable	105,050,334	-	-	-	-	-	-	-	-	-

Morganite Crucible (India) Limited

Schedules to the financial statements (Continued)
for the year ended 31 March, 2011
24 Related party disclosure (Continued)
v. Transactions with related parties

PARTICULARS	Investing associate (I)				Fellow subsidiaries (II)					Ultimate holding company (III)
	Morganite Crucible Limited	Morganite Crucible Inc., USA	Morgan Molten Metal Systems GMBG Germany	Morgan Thermic South Africa	Morgan Molten Metal System (Suzhou) Co. Ltd., China	Karbon Grafit Sanayi AS Turkey	Thermal Ceramics UK	Morganite Brazil Ltd A	Morgan Thermal Ceramics - Shanghai	
Income	26,970,896	23,091,865	54,703,693	11,071,020	1,572,592	254,029	30,662,693	136,780	-	-
Sale of finished goods	-	-	-	-	-	-	-	-	-	-
Sale of Raw Materials	-	-	-	-	-	-	-	-	-	-
Reimbursement of various expenses	-	-	-	-	-	-	-	-	-	-
Management charges written back	-	-	-	-	-	-	-	-	-	-
Expenditure	2,251,157	-	148,887	-	-	-	-	99,944	-	-
Purchase of raw materials (including goods in transit)	4,820,744	-	63,180	-	-	-	-	-	-	-
Purchased of spares / consumables	872,323	-	108,175	-	-	-	-	-	-	-
Commission on Export	-	-	-	-	-	-	-	-	-	-
Reimbursement of various expenses	-	-	-	-	-	-	-	-	-	-
Management charges	-	-	-	-	-	-	-	-	-	-
Royalty	-	-	-	-	-	-	-	-	-	34,528,742
Interest on External Commercial Borrowings	9,688,346	-	-	-	-	-	-	-	-	5,883,078
Other	-	-	-	-	-	-	-	-	-	-
Dividend paid	4,473,208	-	-	-	-	-	851,473	-	-	-
Purchase of capital goods	113,179,980	-	-	-	-	-	-	-	-	-
External Commercial Borrowings obtained/ (repaid)	-	-	-	-	-	-	-	-	-	-
Outstanding Balances:										
Receivables	4,182,048	6,549,599	11,626,356	-	1,085,432	-	8,000,852	1,053,873	-	-
Payables	104,526,079	-	51,306	-	-	-	-	-	-	69,089,051
External Commercial Borrowings payable	150,172,000	-	-	-	-	-	-	-	-	-

MORGANITE CRUCIBLE (INDIA) LIMITED
SCHEDULE TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH 2011
(CURRENCY - INDIAN RUPEES)

32. Receivables and payables denominated in foreign currency

The Company has entered into derivative contracts to hedge its risk associated with foreign currency fluctuations. However, none of these contracts can be co-related on one to one basis against the underlying exposure. The Company has outstanding foreign exchange forward contracts of GBP 500,000 equivalent to Rs.36,075,000 as at 31 March 2011. The Company has revalued these forward contracts as at the year end by marking the same to market and recognised a loss of Rs.107,000 by debiting profit and loss account in compliance with the announcement dated 29 March 2008 made by the Institute of Chartered Accountants of India ('ICAI') regarding accounting for derivatives.

Particulars of unhedged foreign currency exposures as at 31 March 2011 are as under:

Particulars	Foreign Currency Denomination	Foreign Currency Amount	Amount Rupees
Assets (Sundry Debtors)	EURO	346,119 (413,603)	21,843,548 (24,989,873)
	GBP	285,304 (283,040)	20,493,406 (19,229,752)
	USD	384,355 (396,495)	17,119,153 (17,830,380)
Liabilities (Trade Payables)	EURO	15,088 (88,920)	955,692 (5,392,972)
	GBP	1,177,240 (1,486,150)	84,937,862 (101,444,573)
	USD	125,314 (211,751)	562,2854 (9,592,341)
External Commercial Borrowings	GBP	1,450,000 (2,200,000)	104,617,500 (150,172,000)

Figures in brackets represent figures for the previous year

33. Transfer Pricing

The Company's management is of the opinion that its international transactions with related parties are at arms length and that the Company is in compliance with the transfer pricing legislation. Based on the above, the Company's management believes that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of the provision for taxation.

34. The Company has availed exemption as applicable to Export Oriented companies, granted by notification no. S.O. 301 (E) dated 8 February 2011 issued by Ministry of Corporate Affairs, Government of India. The Board of Directors have given their consent to avail the said exemption in their meeting held on 30 March 2011. Hence, the disclosures required by paragraphs 3(i)(a), 3(ii)(a), 3(ii)(b) and 3(ii)(d) of Part-II of Schedule VI to the Companies Act, 1956 have not been made.

35. Prior year figures which were audited by a firm of Chartered Accountants other than B S R & Co. have been regrouped / rearranged wherever necessary to conform to current year's presentation.

For **B S R & Co.**
Chartered Accountants
 Firm's Registration No: 101248W

Vijay Mathur
Partner
 Membership No: 046476
 Mumbai
 25 May 2011

For and on behalf of the Board of Directors

Stuart Cox
Director

Hitesh Saiwal
Director

Anurag Geete
Company Secretary

25 May 2011
 Aurangabad

Morganite Crucible (India) Limited

STATEMENT PURSUANT TO REQUIREMENT OF DEPARTMENT OF CORPORATE AFFAIRS FOR GRANTIGN APPROVAL UNDER SECTION 212 (8) OF THE COMPANIES ACT 1956 RELATED TO SUBSIDIARY COMPANIES

Name of the Subsidiary	DIAMOND CRUCIBLE CO. LTD.
Financial Year ended	31 st March 2011
Country of Incorporation	India
Equity holding percentage of Morganite Crucible India Ltd. (Parent Company)	100%
Issued, Subscribed and Paid up Capital	35,00,000
Reserves	6,75,14,185
Total Assets	84234758
Total Liabilities	35683065
Investments	60200
Turnover	153377675
Profit before taxation	31330484
Provision for taxation Current	10500000
Deferred	366971
Profit/Loss after tax	20463513
Proposed Dividend	—
Retained Earnings	100%

For and on behalf of
Morganite Crucible India Ltd.

Hitesh Saiwal
Director

Stuart Cox
Director

Auditors' Report

To the Board of Directors of
Morganite Crucible (India) Limited

1. We have audited the attached Consolidated Balance Sheet of Morganite Crucible (India) Limited ('the Company' or 'the Parent Company' or 'MCIL') and its subsidiary (refer Schedule 1 to the consolidated financial statements) [collectively referred to as the 'Group'] as at 31 March 2011, and the related Consolidated Profit and Loss Account and Consolidated Cash Flow Statement for the year ended on that date, annexed thereto. These consolidated financial statements are the responsibility of the Group's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We report that the consolidated financial statements have been prepared by the Group's management in accordance with the requirements of Accounting Standard (AS) 21 - 'Consolidated Financial Statements', as prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government, in consultation with the National Advisory Committee on Accounting Standards.
4. In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a 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 consolidated state of affairs of the Group as at 31 March 2011;
 - ii in the case of the Consolidated Profit and Loss Account, of the consolidated results of operations of the Group for the year ended on that date; and
 - iii in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For **BSR & Co.**
Chartered Accountants
Firm's Registration No: 101248W

Mumbai
25 May 2011

Vijay Mathur
Partner
Membership No: 046476

Morganite Crucible (India) Limited

Consolidated balance sheet

as at 31 March 2011

SOURCES OF FUNDS

	<i>Schedules</i>	<i>Year Ended 31st March 2011</i>	<i>Year Ended 31st March 2010</i>
Shareholders' funds			
Share capital	3	28,000,000	28,000,000
Reserves and surplus	4	291,493,722	234,324,528
		<u>319,493,722</u>	<u>262,324,528</u>
Minority interest		34,796,949	24,769,828
Loan funds			
Unsecured loans	5	105,050,334	150,835,726
Deferred tax liability (net)	26	13,345,705	6,713,659
		<u>472,686,710</u>	<u>444,643,741</u>
APPLICATION OF FUNDS			
Fixed assets			
Gross block	6	553,063,183	523,244,431
Less: Accumulated depreciation / amortisation		235,959,221	198,562,549
Net block		<u>317,103,962</u>	<u>324,681,882</u>
Capital work-in-progress		-	9,297,442
		<u>317,103,962</u>	<u>333,979,324</u>
Investments	7	60,200	60,200
Current assets, loans and advances			
Inventories	8	150,910,423	165,819,547
Sundry debtors	9	118,624,086	118,704,551
Cash and bank balances	10	113,684,221	41,704,169
Loans and advances	11	49,915,088	64,826,765
		<u>433,133,818</u>	<u>391,055,032</u>
Less: Current liabilities and provisions			
Current liabilities	12	262,734,640	266,479,790
Provisions	13	14,876,630	13,971,025
		<u>277,611,270</u>	<u>280,450,815</u>
Net current assets		<u>155,522,548</u>	<u>110,604,217</u>
		<u>472,686,710</u>	<u>444,643,741</u>

Significant accounting policies

2

Schedules to the financial statements

3 - 30

The schedules referred to above are an integral part of this balance sheet

As per our report attached

For **B S R & Co.**

Chartered Accountants

Firm's Registration No: 101248W

For and on behalf of the Board of Directors

Vijay Mathur

Partner Company

Membership No: 046476

Mumbai

25 May 2011

Anurag Geete

Secretary

Aurangabad

25 May 2011

Hitesh Saiwal

Director

Stuart Cox

Director

Consolidated profit and loss account
for the year ended 31 March 2011

(Currency: Indian Rupees)

	<i>Schedules</i>	Year Ended 31st March 2011	Year Ended 31st March 2010
Income			
Gross sales		885,661,936	708,147,671
Less : Excise duty recovered		65,809,036	51,381,572
Net sales		819,852,900	656,766,099
Other income	14	22,947,657	17,198,628
		842,800,557	673,964,727
Expenditure			
Cost of materials	15	344,734,763	251,028,643
Personnel expenses	16	83,315,769	65,126,336
Operating, administrative and selling expenses	17	244,141,515	192,936,318
Interest	18	7,610,967	12,883,626
Depreciation / amortisation	6	40,220,818	37,146,288
		720,023,832	559,121,211
Profit before tax		122,776,725	114,843,516
Provision for taxation			
- Current tax [includes short provision for earlier years Rs.116,687 (2010 : Rs.12,043,414)]		48,948,364	48,140,983
- Deferred tax charge / (release)		6,632,046	(11,988,349)
- Fringe benefit tax		-	6,985
Profit after tax		67,196,315	78,683,897
Less: Minority interest for the year		10,027,121	6,355,537
		57,169,194	72,328,360
Balance in profit and loss account brought forward		148,332,528	76,004,168
Balance carried forward to Balance sheet		205,501,722	148,332,528
Basic and diluted earnings per share			
(face value of Rs 10 per share) Rs.	25	20.42	25.83
Significant accounting policies	2		
Schedules to the financial statements	3 - 30		

The schedules referred to above are an integral part of this profit and loss account As per our report attached

For **B S R & Co.**
Chartered Accountants
Firm's Registration No: 101248W

For and on behalf of the Board of Directors

Vijay Mathur
Partner
Membership No: 046476

Anurag Geete
Company Secretary

Hitesh Saiwal
Director

Stuart Cox
Director

Mumbai
25 May 2011

Aurangabad
25 May 2011

Morganite Crucible (India) Limited

Consolidated cash flow statement for the year ended 31 March 2011

A Cash flow from operating activities

	<i>Year Ended</i> <i>31st March 2011</i>	<i>Year Ended</i> <i>31st March 2010</i>
Net profit before tax	122,776,725	114,843,516
Adjusted for		
Depreciation / amortisation	40,220,818	37,146,288
Interest expense	7,610,967	12,883,626
Provision for doubtful debts	195,913	3,481,614
Loss / (profit) on sale of fixed assets	(658,293)	772,972
Interest income	(2,220,356)	(1,123,246)
Fixed assets written off	9,057,442	-
Unrealised foreign exchange loss / (gain)	5,023,764	(10,758,000)
	59,230,255	42,403,254
Operating cash flow before changes in working capital	182,006,980	157,246,770
Changes in working capital		
Decrease / (increase) in inventories	14,909,124	(7,086,906)
Decrease / (increase) in trade and other receivables	14,021,378	(37,261,975)
Increase in Current liabilities and provisions	(9,075,026)	18,721,854
	19,855,476	(25,627,027)
Cash generated from operations	201,862,456	131,619,743
Taxes paid	(39,604,227)	(32,547,016)
Net cash flow from operating activities	162,258,229	99,072,727

B Cash flow from investing activities

Purchase of fixed assets	(32,572,161)	(18,878,974)
Proceeds from sale of fixed assets	827,556	274,600
Interest received	1,960,239	999,683
Net cash (used in) investing activities	(29,784,366)	(17,604,691)

C Cash flow from financing activities

Repayment of external commercial borrowings	(52,651,952)	-
Repayments of short term borrowings	-	(32,500,000)
Interest paid	(7,841,859)	(12,986,945)
Dividend paid	-	(64,010)
Net cash (used in) financing activities	(60,493,811)	(45,550,955)

Net increase in cash and cash equivalents	71,980,052	35,917,081
Cash and cash equivalents at the beginning of the year	41,704,169	5,787,088

Cash and cash equivalents at the end of the year* (refer schedule 10)	113,684,221	41,704,169
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*includes Rs.1,435,000 (2010: 1,435,000) which are not available for use by the Company

Note:

The Cash flow statement has been prepared under the indirect method as set out in Accounting Standard - 3 ('AS 3') on Cash Flow Statement prescribed in Companies (Accounting Standards) Rules, 2006.

The schedules referred to above are an integral part of this cash flow statement As per our report attached

For **BSR & Co.**

Chartered Accountants

Firm's Registration No: 101248W

Vijay Mathur

Partner

Membership No: 046476

Mumbai

25 May 2011

For and on behalf of the Board of Directors

Anurag Geete

Company Secretary

Aurangabad

25 May 2011

Hitesh Saiwal

Director

Stuart Cox

Director

MORGANITE CRUCIBLE (INDIA) LIMITED
CONSOLIDATED SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011

	<i>Year Ended</i> <u>31st March 2011</u>	<i>Year Ended</i> <u>31st March 2010</u>
Schedule 3 - Share capital		
Authorised capital		
5,000,000 (2010 : 5,000,000) equity shares of Rs.10 each	<u>50,000,000</u>	<u>50,000,000</u>
Issued, subscribed and paidup		
2,800,000 (2010 : 2,800,000) equity shares of Rs.10 each, fully paid up	<u>28,000,000</u>	<u>28,000,000</u>
	<u>28,000,000</u>	<u>28,000,000</u>
Note:		
Of the above, 1,078,000 (2010 : 1,078,000) equity shares are held by Morganite Crucible Limited and 1,022,000 (2010 : 1,022,000) equity shares are held by Morgan Terreassen BV both of which are subsidiaries of The Morgan Crucible Company Plc.		
Schedule 4 - Reserves and surplus		
Capital reserve		
Central investment subsidy	1,500,000	1,500,000
State subsidy	500,000	500,000
Forfeited shares		
Capital profit on re-issue of forfeited shares	4,000	4,000
Investment allowance reserve	405,000	405,000
Securities premium account	35,000,000	35,000,000
General reserve	48,583,000	48,583,000
Profit and loss account	205,501,722	148,332,528
	<u>291,493,722</u>	<u>234,324,528</u>
Schedule 5 - Unsecured loans		
External commercial borrowings from Morganite Crucible Limited, U.K. [includes interest accrued and due amounting to Rs.432,834 (2010 : Rs. 663,726)]	105,050,334	150,835,726
[Due within one year Rs.61,327,500 (2010 : Rs.51,195,000)]		
	<u>105,050,334</u>	<u>150,835,726</u>

MORGANITE CRUCIBLE (INDIA) LIMITED
SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011

Schedule 6 - Fixed Assets
(Refer Notes 1 d), 1 h), 1 i) and 2 on Schedule 12)

Particulars	Gross Block (at Cost)			Depreciation / Amortisation				Net Block	
	As at April 1, 2010	Additions during the year	Deletions during the year	As at March 31, 2011	As at April 1, 2010	For the year	On deletions	As at March 31, 2011	As at March 31, 2010
Tangible assets									
Leasehold land	1,919,450	-	-	1,919,450	489,234	20,104	-	509,338	1,410,112
Buildings	58,545,487	2,407,601	-	60,953,088	17,059,231	1,833,005	-	18,892,236	42,060,852
Plant and machinery	358,300,887	28,223,807	1,009,632	385,515,062	141,376,055	28,554,013	943,902	168,986,166	216,528,896
Furniture and fixtures	8,336,219	790,171	597,994	8,528,396	5,131,393	322,089	595,990	4,857,492	3,670,904
Vehicles	1,654,194	1,390,582	1,385,783	1,658,993	1,323,720	108,415	1,284,254	147,881	1,511,112
Intangible assets									
Goodwill on consolidation	41,342,683	-	-	41,342,683	11,024,712	2,756,179	-	13,780,891	27,561,792
Non-competition agreement	2,924,924	-	-	2,924,924	1,169,970	1,754,954	-	2,924,924	-
Distribution rights	48,720,587	-	-	48,720,587	19,488,234	4,872,059	-	24,360,293	24,360,294
Technical Know-how	1,500,000	-	-	1,500,000	1,500,000	-	-	1,500,000	-
Total	523,244,431	32,812,161	2,993,409	553,063,183	198,562,549	40,220,818	2,824,146	235,959,221	317,103,962
2010	505,511,333	21,267,054	3,533,956	523,244,431	163,902,645	37,146,288	2,486,384	198,562,549	324,681,882

Schedules to the consolidated financial Statements (Continued)
as at 31 March 2011

	<i>Year Ended</i> <u>31st March 2011</u>	<i>Year Ended</i> <u>31st March 2010</u>
7 Investments		
<i>Non-trade, Long term (Unquoted), at cost</i>		
2,408 (2010 : 2,408) shares of Shrinath Co-operative Bank of Rs.25 each	60,200	60,200
	60,200	60,200
Aggregate book value of unquoted investments	<u>60,200</u>	<u>60,200</u>
8 Inventories		
Raw materials [Including goods-in-transit Rs.14,073,241 (2010 : Rs.10,991,925)]	43,435,420	62,369,427
Work-in-progress	31,538,221	41,753,895
Finished goods	64,538,995	49,247,322
Stores and spares [Including goods-in-transit Rs.493,805 (2010 : Rs.341,727)]	8,492,112	10,310,184
Packing materials [Including goods-in-transit Rs.743,453 (2010 : Rs.Nil)]	2,905,675	2,138,719
	<u>150,910,423</u>	<u>165,819,547</u>
9 Sundry debtors (Unsecured)		
Debts outstanding for a period exceeding six months		
- Considered good	170,343	225,096
- Considered doubtful	5,835,255	5,731,614
	<u>6,005,598</u>	<u>5,956,710</u>
Other debts		
- Considered good*	118,453,743	118,479,455
	124,459,341	124,436,165
Less: Provision for doubtful debts	5,835,255	5,731,614
	<u>118,624,086</u>	<u>118,704,551</u>

*includes due from Morganite Crucible Limited, U.K. Rs.Nil (2010 : Rs.3,950,292)

10 Cash and Bank Balances

Cash on hand	27,281	68,758
Balances with scheduled banks in:		
- Current account	23,023,599	20,918,202
- Exchange earners' foreign currency account 13,736,536	46,890,766	
- Short term deposits**	43,588,387	6,674,231
- Unpaid dividend accounts	154,188	306,442
	<u>113,684,221</u>	<u>41,704,169</u>

**Includes Rs.1,435,000 (2010 : Rs.1,435,000) under lien with bank towards guarantee issued by the bank on behalf of the Company.

Morganite Crucible (India) Limited

11 Loans and advances

	<i>Year Ended</i> <i>31st March 2011</i>	<i>Year Ended</i> <i>31st March 2010</i>
<i>Unsecured, considered good</i>		
Advances recoverable in cash or in kind or for value to be received	31,539,324	22,861,832
Balance with excise authorities	16,610,835	40,502,454
Deposits	1,434,551	1,382,151
Advance tax and tax deducted at source [Net of provision for tax Rs.26,280,075 (2010 : Nil)]	250,050	-
Advance fringe benefit tax [Net of provision for fringe benefit tax Rs.1,530,332 (2010 : 1,530,332)]	80,328	80,328
	49,915,088	64,826,765
12 Current liabilities		
Sundry creditors - Micro, small and medium enterprises (refer schedule 27)	88,482	135,390
Sundry creditors - Others	260,679,821	263,511,984
Other liabilities	1,812,149	2,525,974
Unclaimed dividend	154,188	306,442
	262,734,640	266,479,790
13 Provisions		
Employee benefits (Refer schedule 22)		
- Gratuity	697,727	-
- Leave encashment	2,809,444	1,135,448
Provision for income tax (Net of advance tax and tax deducted at source Rs.67,476,425 (2010 : Rs.71,230,637))	11,355,252	12,828,294
Provision for fringe benefit tax [Net of advance tax Rs.131,712 (2010 : Rs.138,636)]	14,207	7,283
	14,876,630	13,971,025

Schedules to the consolidated financial Statements (Continued)
as at 31 March 2011

	<i>Year Ended</i> <i>31st March 2011</i>	<i>Year Ended</i> <i>31st March 2010</i>
14 Other income		
Sale of scrap	914,888	1,194,915
Interest on deposits [tax deducted at source Rs.136,683 (2010 : Rs.26,734)]	1,322,833	274,890
Interest others	897,523	848,356
Duty drawback on exports	3,791,691	-
Foreign exchange gain (net)	-	10,813,794
Sales tax refund	-	19,964
Discount on prepayment of sales tax	1,106,136	3,044,257
Profit on sale of fixed assets	658,293	-
Liabilities/provisions no longer required written back	1,495,601	864,550
Management charges written back	12,594,173	-
Miscellaneous income	166,519	137,902
	22,947,657	17,198,628
15 Cost of materials		
Consumption of raw materials		
Opening stock	62,369,427	79,612,879
Add: Purchases	330,876,755	252,927,645
	393,246,182	332,540,524
Less: Closing stock	43,435,420	62,369,427
	349,810,762	270,171,097
(Increase) in stock of finished goods and work-in-progress		
Opening stock:		
Finished goods	49,247,322	33,433,483
Work-in-progress	41,753,895	38,425,280
	91,001,217	71,858,763
Less: Closing stock:		
Finished goods	64,538,995	49,247,322
Work-in-progress	31,538,221	41,753,895
	96,077,216	91,001,217
	(5,075,999)	(19,142,454)
	344,734,763	251,028,643
16 Personnel expenses		
Salaries, wages and bonus	70,453,083	54,757,279
Contribution to provident and other funds	4,579,780	4,234,050
Gratuity	2,393,105	1,084,416
Leave encashment	1,794,625	1,331,236
Staff welfare	4,095,176	3,719,355
	83,315,769	65,126,336

Morganite Crucible (India) Limited

17 Operating, administrative and selling expenses

	<i>Year Ended</i> <i>31st March 2011</i>	<i>Year Ended</i> <i>31st March 2010</i>
Stores and packing materials consumed	101,099,535	72,046,378
Godown and forwarding expenses	5,014,288	3,726,773
Export freight, insurance and other charges	17,606,195	13,925,262
Electricity and fuel	19,188,828	15,116,699
Repairs and Maintenance:		
- Building	1,443,275	2,008,017
- Plant and machinery	9,591,897	5,221,792
- Others	2,177,412	1,887,036
Rent, rates and taxes	2,506,334	1,253,911
Travelling and motor car expenses	9,454,447	5,122,513
Legal and professional Fees	3,645,122	2,286,472
Insurance	2,385,096	2,047,504
Auditors' remuneration (Refer schedule 21)	2,070,265	1,791,471
Commission on export	3,499,638	4,680,603
Transportation	3,547,375	2,677,828
Training expenses	2,419,971	-
Directors' sitting fees	84,980	32,000
Foreign exchange loss (net)	9,661,822	-
Royalty	5,843,494	5,883,078
Management charges	13,545,722	34,528,742
No claim compensation	6,560,002	3,807,456
Fixed assets / capital work in progress written off	9,057,442	772,972
Provision for doubtful debts	195,913	3,481,614
Miscellaneous expenses	13,542,462	10,638,197
	<u>244,141,515</u>	<u>192,936,318</u>

18 Interest

Short term loan	-	2,814,931
External commercial borrowings	7,461,426	9,688,346
Others	149,541	380,349
	<u>7,610,967</u>	<u>12,883,626</u>

MORGANITE CRUCIBLE (INDIA) LIMITED
SCHEDULE TO THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH 2011
(CURRENCY - INDIAN RUPEES)

1. Background

Morganite Crucible (India) Limited ('the Company' or 'the Parent Company') was incorporated on 13 January 1986. The Group is engaged in the business of manufacturing and selling of silicon carbide and clay graphite crucibles and its accessories.

The subsidiary considered in the consolidated financial statements is:

Name of the Company	Country of incorporation	% of holding
Diamond Crucible Company Limited	India	51

2. Significant accounting policies

2.1 Basis of preparation of consolidated financial statements

The consolidated financial statements of the Company and its subsidiary (as listed in schedule 1 above), collectively referred to as the 'MCIL Group' or 'Group' have been prepared and presented under the historical cost convention, on the accrual basis of accounting and the accounting principles generally accepted in India and comply with the accounting standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government, in consultation with the National Advisory Committee on Accounting Standards, to the extent applicable. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision in accounting standard requires change in accounting policy hitherto in use. The management evaluates all recently issued and revised accounting standards on an ongoing basis.

2.2 Basis of consolidation

The consolidated financial statements are prepared in accordance with the principles and procedures prescribed by AS 21-'Consolidated Financial Statements', prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government, in consultation with the National Advisory Committee on Accounting Standards.

The financial statements of the Parent Company and the subsidiary have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances/ transactions and resulting unrealised profits in full. Unrealised losses resulting from intra-group transactions have also been eliminated unless cost cannot be recovered. Minority interest's share of profits or losses of the subsidiary is adjusted against income of the Group to arrive at the net income attributable to the owners of the parent company. Minority interest's share in the net assets of the subsidiary is disclosed separately in the balance sheet.

The consolidated financial statements are prepared using uniform accounting policies for transactions and other similar events in similar circumstances across the Group.

2. Significant accounting policies (Continued)

2.3 Use of estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles ('GAAP') in India requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of financial statements which in management's opinion are prudent and reasonable. Actual results may differ from the estimates used in preparing the accompanying financial statements. Any revision to accounting estimates is recognised prospectively in current and future periods.

2.4 Revenue recognition

Revenue is recognised when the property and all significant risks and rewards of ownership are transferred to the buyer and no significant uncertainty exists regarding the amount of consideration that is derived from the sale of goods. Sales are accounted net of excise duty, sales tax and trade discounts, if any.

Interest income is recognized using the time proportion method, based on the underlying interest rates.

Dividend income is recognized when the right to receive dividend is established.

Morganite Crucible (India) Limited

MORGANITE CRUCIBLE (INDIA) LIMITED SCHEDULE TO THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH 2011 (CURRENCY - INDIAN RUPEES)

2.5 Fixed assets and depreciation/amortisation

(a) Tangible assets

Tangible assets are carried at cost of acquisition or construction less accumulated depreciation and impairment loss, if any. Cost includes inward freight, duties, taxes (to the extent not recoverable from tax authorities) and expenses incidental to acquisition and installation of the fixed assets up to the time the assets are ready for intended use. Capital work-in-progress comprises of advances paid to acquire fixed assets and the cost of fixed assets that are not yet ready for their intended use at the balance sheet date.

Depreciation on fixed assets, other than leasehold land, is provided under the straight-line method at the rates prescribed in Schedule XIV to the Act, which in the opinion of management reflects the economic useful lives of assets. Depreciation on sale of assets is provided up to the date of sale of the asset.

Assets costing up to Rupees five thousand are fully depreciated in the year of purchase.

Leasehold land is amortised over the period of lease.

(b) Intangible assets

Intangible assets comprises of Non-competition agreement, Distribution Rights and Technical know-how and are carried at cost of acquisition less accumulated amortisation and impairment loss, if any. Non-competition agreement is amortised over its contractual period of 5 years. Distribution Rights and Technical know-how are amortised on a straight-line basis over a period of ten years, which in management's opinion represents the period during which economic benefits will be derived from their use.

2.6 Goodwill on consolidation

The excess of cost to the Parent Company of its investment in the subsidiary over its portion of equity of the subsidiary, as at the date on which the investment was made, is recognized as goodwill in the consolidated financial statements. The Parent Company's portion of equity in the subsidiaries is determined on the basis of the book value of assets and liabilities as per the consolidated financial statements of the subsidiaries as on the date of investment. Goodwill on consolidation is amortised on a straight line basis over a period of 15 years.

2.7 Impairment of assets

In accordance with AS 28 on '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. The recoverable amount is the greater of the net selling price and value in use. Value in use is the present value of the estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. In assessing the value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor. 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. The reduction is treated as an impairment loss and is recognized in the profit and loss account.

If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

2.8 Investments

Long term investments are stated at cost. Provision for diminution in value is made only when in the opinion of the management there is a decline other than temporary in the carrying value of such investments. Current investments are valued at lower of cost and market value.

2. Significant accounting policies (Continued)

2.9 Employee benefits

(a) Short term employee benefits:

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. These benefits include salary, wages and bonus, compensated absences such as paid annual leave and sickness leave. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognized during the period of rendering of service by the employee.

MORGANITE CRUCIBLE (INDIA) LIMITED
SCHEDULE TO THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH 2011
(CURRENCY - INDIAN RUPEES)

(b) Long term employee benefits:

(i) Defined contribution plans

The Company has defined contribution plans for post employment benefits namely provident fund which is recognised by the income tax authorities.

Under the Provident Fund Plan, the Company contributes to a Government administered provident fund on behalf of its employees and has no further obligation beyond making its contribution.

The Company makes contributions to state plans namely Employee's State Insurance Fund and Employee's Pension Scheme 1995 and has no further obligation beyond making the payment to them.

The Company's contributions to the above funds are charged to revenue every year.

(ii) Defined Benefit Plans

Post-employment benefits:

The Company's gratuity scheme with Life Insurance Corporation of India is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted. The present value of the obligation under such defined benefit plan is determined based on independent actuarial valuation at the balance sheet date using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan are based on the market yields on Government securities as at the Balance Sheet date. When the calculation results in a benefit to the Company, the recognised asset is limited to the net total of any unrecognised actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan. Actuarial gains and losses are recognized immediately in the Profit and Loss Account.

Other long-term employment benefits:

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as a liability at the present value of the defined benefit obligation at the Balance Sheet date. The discount rates used for determining the present value of the obligation under defined benefit plan are based on the market yields on Government securities as at the Balance Sheet date.

2.10 Borrowing costs

Borrowing costs that are attributable to acquisition, construction or production of qualifying assets are capitalised as part of such assets. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are recognised as an expense in the period in which they are incurred.

2.11 Inventories

Inventories are valued at lower of cost and net realisable value. Cost is determined under the first in first out method and includes all costs incurred in bringing the inventories to their present location and condition. Finished goods and Work-in-progress include appropriate proportion of costs of conversion. Fixed production overheads are allocated on the basis of normal capacity of production facilities. Valuation of work-in-progress is based on stage of completion as certified by the management.

2.12 Foreign currency transactions

Foreign currency transactions are recorded at the exchange rates prevailing on the dates of the transactions. Exchange differences arising on foreign currency transactions settled during the year are recognized in the profit and loss account of that year. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the closing exchange rates. The resultant exchange differences are recognized in the profit and loss account.

Morganite Crucible (India) Limited

MORGANITE CRUCIBLE (INDIA) LIMITED SCHEDULE TO THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH 2011 (CURRENCY - INDIAN RUPEES)

The premium or discount on forward exchange contracts not relating to firm commitments or highly probable forecast transactions and not intended for trading or speculation purpose is amortised as expense or income over the life of the contract.

Forward exchange contracts relating to firm commitments or highly probable forecast transactions are marked to market and the resultant net exchange loss is recorded in accordance with the concept of prudence.

2. Significant accounting policies (*Continued*)

2.13 Operating leases

Lease arrangements, where the risks and rewards incidental to ownership of an asset substantially vests with the lessor, are recognised as operating leases. Lease payments under operating lease are recognised as an expense in the profit and loss account on a straight line basis.

2.14 Taxes on Income

Income tax

Income tax expense comprises current tax and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). Current tax provision is made based on the tax liability computed after considering tax allowances and exemptions, in accordance with the Income tax Act, 1961.

Deferred tax

Deferred tax charge or credit and the corresponding deferred tax liability or asset is recognized for timing differences between the profits/losses offered for income taxes and profits/ losses as per the consolidated financial statements. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/ virtually certain (as the case may be) to be realised.

2.15 Earnings per share ('EPS')

Basic EPS is computed by dividing the net profit attributable to shareholders by the weighted average number of equity shares outstanding during the year.

Diluted EPS is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year-end, except where the results would be anti dilutive.

2.16 Provisions and contingencies

Provision is recognised in the balance sheet when the Company has a present obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and reliable estimation can be made of the amount required to settle the obligation. Contingent liabilities arising from claims, litigation, assessment, fines, penalties etc. are disclosed when there is a possible obligation or a present obligation as a result of a past event where it is not probable that an outflow of economic benefits will be required to settle the obligation, and the amount can be reasonably estimated. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosures is made.

19. Capital commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for Rs.4,025,000 (2010: Rs.6,776,056).

20. Contingent liabilities

- i) Bank guarantee aggregating Rs. Nil (2010:Rs. 200,000) issued by the bank on behalf of the Company in favour of the Panalpina World Transport Private Limited for purchase of Material from Thermal Ceramic U.K. Limited.
- ii) Bonds aggregating Rs.10,000,000 (2010: Rs.10,000,000) in favour of the President of India endorsed through Deputy Commissioner of Customs for import of goods.

MORGANITE CRUCIBLE (INDIA) LIMITED
SCHEDULE TO THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH 2011
(CURRENCY - INDIAN RUPEES)

- iii) A suit has been filed by Mr. Suresh Borade, past employee of the Group, on account of his disputed resignation from the Company. The Honourable Gujarat High Court has ordered to pay Rs.540 per month till the final disposal of appeal pending for reinstatement with back wages. The Company is presently paying the above mentioned Rs.540 per month to the said employee. The amount of liability that may arise in future on account of reinstatement with back wages is not ascertainable.
- iv) Claims by employees towards unfair labour practices under Section 28 read with items 1(a), (b), (c), 2 (b), 3, 4(a), (e) and (f) of Schedule II and items 5, 6, 9 and 10 of Schedule IV of the Maharashtra Recognition of Trade Unions and Prevention of Unfair Labour Practices Act, 1971 for which amounts are not ascertainable.
- v) Disputed employees' state insurance demand aggregating Rs. 52,498 against which the Group has preferred appeals.
- vi) A suit has been filed by Mr. N. K. Oza, past employee of the Group, on account of his suspension from the Company in 1984 for negligence in duties. The Honourable Gujarat High Court has ordered to pay Rs.540 per month till the final disposal of appeal pending for reinstatement with back wages. The Company is presently paying the above mentioned Rs. 540 per month to the said employee. The amount of liability that may arise in future on account of reinstatement with back wages is not ascertainable.
- vii) The Group has an agreement with Sabarmati Gas Limited for supply of natural gas, against which the Company has furnished bank guarantee (Axis Bank Limited, Mehsana) of Rs.1,235,000 for tenure of five years beginning from February 21, 2009.

21. Auditors' remuneration (excluding service tax)

Particulars	2011	2010
Audit fees	1,350,000	1,250,000
Tax audit fees	200,000	200,000
Other services	370,000	300,000
Out-of-pocket expenses	150,265	41,471
	*2,070,265	1,791,471

*Out of above Rs.125,675 have been paid to the erstwhile statutory auditors of the Company

22. Employee benefits

Defined Benefit Plans

Valuations in respect of Gratuity have been carried out by an independent actuary, as at the Balance Sheet date, based on the following assumptions:

Particulars	2011	2010		
Discount rate (per annum)	8%	8%	8%	8.25%
Rate of increase in compensation levels	7%	6.5%	7%	6.5%
Rate of return on plan assets	8%	9%	8%	9%

A. Changes in the present value of obligation

Particulars	2011	2010
Present value of obligation at the beginning of the year	9,115,445	7,543,997
Interest Cost	776,096	638,422
Current Service Cost	919,482	783,028
Benefits paid	(562,505)	(81,274)
Actuarial loss on obligations	1,631,713	231,272
Present value of obligation as at year end	11,880,231	9,115,445

Morganite Crucible (India) Limited

MORGANITE CRUCIBLE (INDIA) LIMITED SCHEDULE TO THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH 2011 (CURRENCY - INDIAN RUPEES)

B. Changes in the fair value of plan assets

Particulars	<u>2011</u>	<u>2010</u>
Fair value of plan assets at the beginning of the year	9,946,890	6,962,055
Expected return on plan assets	911,767	729,019
Actuarial gain on plan assets	22,419	(9,081)
Contributions	1,481,824	2,346,171
Benefits paid	(562,506)	(81,274)
Fair value of plan assets at year end	11,800,394	9,946,890

C. Reconciliation of present value of defined benefit obligation and the fair value of assets

Particulars	<u>2011</u>	<u>2010</u>
Present value of obligation as at the year end	(11,880,231)	(9,115,445)
Fair value of plan assets as at the end of the year	11,800,394	9,946,890
Funded status	-	831,445
Present value of unfunded obligation as at the year end	(79,837)	-
Net (liability) / asset recognised in balance sheet	(79,837)	831,445

D. Amount recognised in the balance sheet

Particulars	<u>2011</u>	<u>2010</u>
Present value of obligation at the end of the year	(11,880,231)	(9,115,445)
Fair value of plan assets as at the end of the year	11,800,394	9,946,890
Net (liability) / asset recognised in balance sheet	*(79,837)	831,445

*comprises of assets of Rs.617,890 and liability of Rs.697,727

22. Employee benefits (Continued)

E. Amount recognised in the profit and loss account

Particulars	<u>2011</u>	<u>2010</u>
Current service cost	919,482	783,028
Interest cost	776,096	638,422
Expected return on plan assets	(911,767)	(729,019)
Net actuarial loss recognised in the year	1,609,294	151,632
Total expense recognised	2,393,105	240,353

F. Experience adjustment

Particulars	<u>2011</u>	<u>2010</u>	<u>2009</u>
Defined benefit obligation	11,880,231	9,115,445	7,543,997
Plan assets	11,800,394	9,946,890	6,962,055
(Surplus) / deficit	1,315,617	(831,445)	581,942
Experience adjustment on plan liabilities (gain)/loss	(1,251,615)	(370,881)	29,666
Experience adjustment on plan assets (gain)/loss	(46,749)	9,081	(11,469)

Experience adjustment is on account of attrition in the number of employees as compared to the previous year and change in actuarial assumptions.

The estimates of future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors, such as supply and demand and the employment market.

MORGANITE CRUCIBLE (INDIA) LIMITED
SCHEDULE TO THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH 2011
(CURRENCY - INDIAN RUPEES)

G. Percentage of each category of Plan Assets to total Fair Value of Plan Assets as at 31 March 2011.

The Plan Assets are administered by Life Insurance Corporation of India ("LIC") as per Investment Pattern stipulated for Pension and Group Schemes Fund by Insurance and Regulatory Development Authority regulations.

The discount rate is based on the prevailing market yields on Indian government securities as at the balance sheet date for the estimated term of obligation.

23. Segment reporting

Primary segment:

In accordance with the requirements of Accounting Standard 17 – "Segment Reporting" issued by the Institute of Chartered Accountants of India, the Company has determined its business segment as crucibles. Since 100% of the Company's business is from crucibles, there are no other primary reportable segments. Thus the segment revenue, segment result, total carrying amount of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segments assets, the total amount of charge for depreciation and amortisation during the year are all as reflected in the financial statements for the year ended 31 March 2011 and as on that date.

23. Segment reporting (Continued)

Secondary segments (By geography):

Particulars	2011			2010		
	India	Others	Total	India	Others	Total
Revenue from external customers	285,893,484	534,013,416	819,852,900	290,639,049	368,694,231	659,333,280
Carrying amount of Segment Assets	680,751,197	69,546,784	750,297,981	660,519,466	64,494,762	725,014,228
Addition to Fixed Assets during the Year	32,812,161	-	32,812,161	18,878,974	-	18,878,974

24. Related party disclosure

List of related parties

i. Parties (where control exists)

The Morgan Crucible Company Plc, U.K. – Ultimate holding company

ii. Investing associates

Morganite Crucible Limited (holds 38.50% of issued, subscribed and paid up capital)

Morgan Terreassen BV (holds 36.50% of issued, subscribed and paid up capital)

iii. Other related Parties where transactions have taken place during the year

Fellow subsidiary Companies

- Morganite Crucible Inc., USA
- Morgan Molten Metal Systems GMBG Germany
- Morgan Molten Metal System (Suzhou) Co. Ltd., China
- Morgan Karbon Grafit Sanayi AS Turkey
- Thermal Ceramics UK
- Morganite Brazil LtdA
- Morgan Thermal Ceramics - Shanghai

Morganite Crucible (India) Limited

MORGANITE CRUCIBLE (INDIA) LIMITED SCHEDULE TO THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH 2011 (CURRENCY - INDIAN RUPEES)

24. Related party disclosure (*Continued*)

iv. Key Management Personnel

- Mr. Vijay Sabarwal – CEO and Wholetime director (upto 29 January 2011)
- Mr. Ashish Mehrotra – Director sales and marketing
- Mr. Vinod Mhalsekar – Director operations
- Mr. Hitesh Saiwal – Country head and Wholetime director (from 17 May 2010)
- Mr. Pradeep Singh – Plant manager
- Mr. Bipin Mukul – Marketing manager

Details relating to persons referred to above

Name of Person	2011	2010
Mr. Vijay Sabarwal	4,631,294	4,528,941
Mr. Ashish Mehrotra	2,349,600	2,484,161
Mr. Vinod Mhalsekar	2,016,204	1,924,666
Mr. Hitesh Saiwal	2,241,758	-
Mr. Pradeep Singh	865,800	767,375
Mr. Bipin Mukul	365,248	337,118

25. Earnings Per Share

Particulars	2011	2010
Net profit after tax attributable to equity shareholders	57,169,194	72,328,360
Weighted average number of shares outstanding during the year (Nos.)	2,800,000	2,800,000
Earnings Per Share (Basic and Diluted)	20.42	25.83
Nominal value of an equity share	10	10

26. Deferred tax liabilities (net)

Particulars	2011	2010
Deferred tax assets		
Provision for leave encashment	933,275	377,178
Provision for Gratuity	231,785	-
Unrealised exchange loss on external commercial borrowings loan	2,357,774	-
Provision for Doubtful debts	1,938,326	1,903,899
Provision for bonus	487,793	431,998
Provision for global business unit charges	-	332,175
	5,948,953	146,529
Deferred tax liability		
Difference between book depreciation and depreciation under the Income-tax Act, 1961	19,294,658	9,758,909
	19,294,658	9,758,909
Deferred tax liability (net)	13,345,705	6,713,659

MORGANITE CRUCIBLE (INDIA) LIMITED
SCHEDULE TO THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH 2011
(CURRENCY - INDIAN RUPEES)

27. Dues to Micro, Small and Medium Enterprises

Under Micro, Small, and Medium Enterprises Development Act, 2006 (MSMED) which came in to force from 2 October, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises.

On the basis of the information and records available with the management, the following disclosures are made for the amounts due to the Micro, small and medium enterprises:

Particulars	2011		2010	
	Principal	Interest	Principal	Interest
Principal amount and interest due thereon remaining unpaid to any supplier as at year end	88,482	-	135,390	-
Amount of interest paid by the Company in terms of section 16 of the MSMED, along with the amount of payment made to the supplier beyond the appointed day during the accounting year	-	-	-	-
Amount of interest due and payable for the delay in making payment (which have been paid but beyond the appointed day during the year) but without adding interest specified under MSMED	-	-	-	-
Amount of interest accrued and remaining unpaid at the end of the accounting year	-	-	-	-

28. Receivables and payables denominated in foreign currency

The Company has entered into derivative contracts to hedge its risk associated with foreign currency fluctuations. However, none of these contracts can be co-related on one to one basis against the underlying exposure. The Group has outstanding foreign exchange forward contracts of GBP 500,000 equivalent to Rs.36,075,000 as at 31 March 2011. The Company has revalued these forward contracts as at the year end by marking the same to market and recognised a loss of Rs.107,000 by debiting profit and loss account in compliance with the announcement dated 29 March 2008 made by the Institute of Chartered Accountants of India ('ICAI') regarding accounting for derivatives.

Particulars of unhedged foreign currency exposures as at 31 March 2011 are as under:

Particulars	Foreign Currency Denomination	Foreign Currency	Amount
		Amount	Rupees
Assets (Sundry Debtors)	EURO	347,502	21,930,822
		(419,093)	(25,321,579)
		286,137	20,553,240
	GBP	(283,040)	(19,229,752)
		414,417	18,458,114
		(631,681)	(28,406,734)
Assets (Loans and Advances)	USD	177	11,082
		(21,286)	(986,606)
Liabilities (Trade Payables)	EURO	15,088	955,692
		(90,088)	(5,463,834)
		1,183,728	85,405,980
	GBP	(1,499,126)	(102,330,359)
		135,265	6,071,108
		(248,649)	(11,241,211)
External Commercial Borrowings	GBP	1,450,000	104,617,500
		(2,200,000)	(150,172,000)

Figures in brackets represent figures for the previous year

Morganite Crucible (India) Limited

MORGANITE CRUCIBLE (INDIA) LIMITED SCHEDULE TO THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH 2011 (CURRENCY - INDIAN RUPEES.)

29. Transfer Pricing

The Group's management is of the opinion that its international transactions with related parties are at arms length and that the Company is in compliance with the transfer pricing legislation. Based on the above, the Company's management believes that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of the provision for taxation.

30. Prior year figures which were audited by a firm of Chartered Accountants other than B S R & Co. have been regrouped / rearranged wherever necessary to conform to current year's presentation.

For **B S R & Co.**
Chartered Accountants
Firm's Registration No: 101248W

For and on behalf of the Board of Directors

Vijay Mathur
Partner Company
Membership No: 046476

Anurag Geete
Secretary

Hitesh Saiwal
Director

Stuart Cox
Director

Mumbai
25 May 2011

Aurangabad
25 May 2011

Schedules to the consolidated financial statements (Continued)
for the year ended 31 March, 2011
24 Related party disclosure (Continued)
v. Transactions with related parties

PARTICULARS	Investing associate (I)			Fellow subsidiaries (II)					Ultimate holding company (III)	
	Morganite Crucible Limited	Morganite Crucible Inc., USA	Morgan Molten Metal Systems GMBG Germany	Morgan Thermic South Africa	Morgan Molten Metal System (Suzhou) Co. Ltd., China	Morgan Karbon Grafit Sanayi AS Turkey	Thermal Ceramics UK	Morganite Brazil LtdA		Morgan Thermal Ceramics - Shanghai
Income										
Sale of finished goods	-	42,640,970	71,799,532	-	541,709	437,536	-	-	240,464	-
Sale of Raw Materials	-	-	430,146	-	472,791	-	-	-	-	-
Reimbursement of various expenses	-	-	168,353	-	-	-	-	-	-	-
Management charges written back	-	-	-	-	-	-	-	-	-	12,594,173
Expenditure										
Purchase of raw materials (including goods in transit)	-	-	244,228	-	-	-	233,528	-	-	-
Purchased of spares / consumables	149,314	-	9,430	-	-	-	-	-	-	-
Commission on Export	-	-	-	-	-	-	-	-	-	-
Reimbursement of various expenses	-	-	-	-	-	-	-	-	-	-
Management charges	-	-	-	-	-	-	-	-	-	13,545,722
Royalty	-	-	-	-	-	-	-	-	-	5,843,494
Interest on External Commercial Borrowings	7,461,426	-	-	-	-	-	-	-	-	-
Other										
Dividend paid	-	-	-	-	-	-	-	-	-	-
Purchase of capital goods	1,498,600	-	-	-	-	-	-	-	-	-
External Commercial Borrowings obtained/ (repaid)	(52,651,952)	-	-	-	-	-	-	-	-	-
Outstanding Balances:										
Receivables	-	5,336,324	8,479,062	-	258,689	436,202	-	-	-	-
Payables	80,946,041	-	185,887	-	-	-	-	-	-	-
External Commercial Borrowings payable	105,050,334	-	-	-	-	-	-	-	-	-

Morganite Crucible (India) Limited

Schedules to the consolidated financial statements (Continued)
for the year ended 31 March, 2011
24 Related party disclosure (Continued)
v. Transactions with related parties

PARTICULARS	Investing associate (I)				Fellow subsidiaries (II)					Ultimate holding company (III)
	Morganite Crucible Limited	Morganite Crucible Inc., USA	Morgan Molten Metal Systems GMBG Germany	Morgan Thermic South Africa	Morgan Molten Metal System (Suzhou) Co. Ltd., China	Morgan Karbon Grafit Sanayi AS Turkey	Thermal Ceramics UK	Morganite Brazil LtdA	Morgan Thermal Ceramics - Shanghai	
Income										
Sale of finished goods	26,970,896	23,091,865	54,703,693	11,071,020	1,572,592	254,029	30,662,693	1,136,780	-	-
Sale of Raw Materials	-	-	-	-	-	-	-	-	-	-
Reimbursement of - various expenses	-	-	-	-	-	-	-	-	-	-
Management charges written back	-	-	-	-	-	-	-	-	-	-
Expenditure										
Purchase of raw materials (including goods in transit)	2,251,157-	148,887-	-	-	-	99,944	-	-	-	-
Purchased of spares / consumables	4,820,744-	63,180	-	-	-	-	-	-	-	-
Commission on Export	872,323	-	-	-	-	-	-	-	-	-
Reimbursement of various expenses	-	-	108,175	-	-	-	-	-	-	-
Management charges	-	-	-	-	-	-	-	-	-	34,528,742
Royalty	-	-	-	-	-	-	-	-	-	5,883,078
Interest on External Commercial Borrowings	9,688,346-	-	-	-	-	-	-	-	-	-
Other										
Dividend paid	-	-	-	-	-	-	-	-	-	-
Purchase of capital goods	4,473,208	-	-	-	-	-	851,473	-	-	-
External Commercial Borrowings obtained/ (repaid)	113,179,980	--	-	-	-	-	-	-	-	-
Outstanding Balances:										
Receivables	4,182,048	6,549,599	11,626,356	-	1,085,432	-	8,000,852	1,053,873	-	-
Payables	104,526,079	-	51,306	-	-	-	-	-	-	69,089,051
External Commercial Borrowings payable	150,172,000	-	-	-	-	-	-	-	-	-



Not to Scale

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