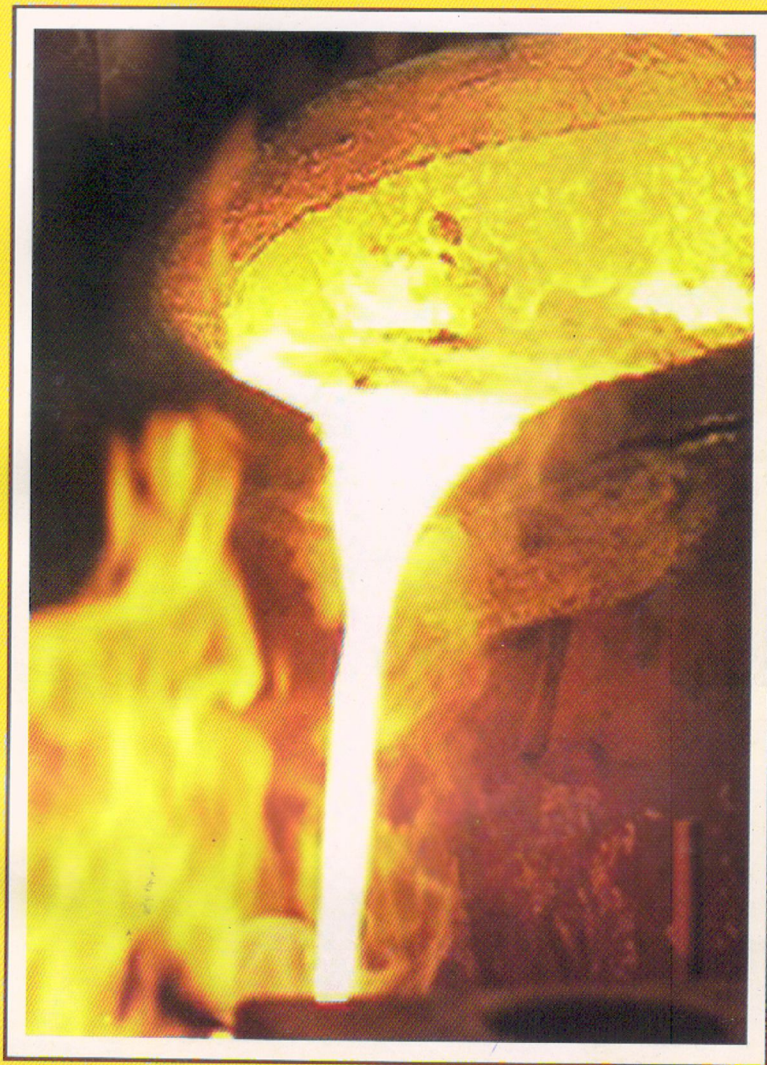


ANNUAL REPORT AND ACCOUNTS 2009-2010



MORGANITE CRUCIBLE (INDIA) LTD.





MORGANITE CRUCIBLE (INDIA) LIMITED

25TH ANNUAL REPORT 2009-10

BOARD OF DIRECTORS :

Mr. John A. D. Maxwell	Chairman
Mr. Vijay S. D. Sabarwal	CEO/ Whole time Director
Mr. Didier Francois Finck	Director
Mr. Stuart Alan Cox	Director
Mr. Baljinder Kumar Bandha	Director (Up to 3rd July 2010)
Mr. Sadanand Vasant Shabde	Independent Director

COMPANY SECRETARY :

Mr. Anurag Geete (From 16th Jan 2010)

AUDITORS' OF THE COMPANY :

Price Waterhouse & Co.,
Chartered Accountants, Mumbai.

BANKERS :

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

REGISTERED OFFICE AND FACTORY :

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

Registered & 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

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NOTICE TO THE MEMBERS

NOTICE is hereby given that the 25TH ANNUAL GENERAL MEETING of the Shareholders of MORGANITE CRUCIBLE (INDIA) LIMITED will be held on Wednesday, September 22, 2010 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, 2010 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. Didier Francois Finck who reitiers by rotation and being eligible offers himself for reappointment

SPECIAL BUSINESS :

3. To consider and, if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution for appointment of Auditors:

“RESOLVED THAT, pursuant to the provisions of Section 225 and other applicable provisions, if any of Companies Act, 1956, M/s BSR & Co. Mumbai , be and are hereby appointed as Auditors of the Company in place of the retiring Auditors to hold office from the Conclusion of ensuing Annual General Meeting until the conclusion of the next Annual General Meeting at a remuneration to be fixed by any one of the Directors of the Company in consultation

4. To consider and if thought fit to pass with or without modification as an special resolution:

“Resolved that pursuant to the provisions of section 198, 269, 309, 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act 1956 and in accordance to the Resolution passed at the 21st, 23rd and 24th Annual General Meeting and subject to the approval given by the Central Government the members hereby adopt and approve the reappointment of Mr. Vijay Sabarwal, CEO and whole time director of the Company for a period of one year effective till April 9, 2011 and payment of remuneration to Mr. Vijay Sabarwal as set out in the Explanatory Statement annexed to this notice.”

By Order of the Board,

Vijay Sabarwal
Director

Registered Office :

B-11 MIDC Industrial Area Waluj,
Dist - Aurangabad – 431 136,
Maharashtra. India
Date: Aug. 11, 2010

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. 3 to 4 above is annexed.
3. The register of members and the share transfer books of the Company will remain closed from September 19, 2010 to September 22, 2010 (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 2002-2003 and which remain unpaid or unclaimed will be transferred to the Investor Education & Protection fund of the Central Government on of after 21 July 2010 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.

By Order of the Board,

Vijay Sabarwal
Director

Registered Office :

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

Date: Aug. 11, 2010

MORGANITE CRUCIBLE (INDIA) LIMITED

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

ATTENDANCE SLIP

Twenty Fifth Annual General Meeting on September 22, 2010

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 FIFTH ANNUAL GENERAL MEETING** of the Company held on Wednesday, September 22, 2010 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 FIFTH ANNUAL GENERAL MEETING** of the Company to be held on Wednesday, September 22, 2010 at 11.00 am at B-11, MIDC, Industrial Area, Waluj - 431 136, Dist. - Aurangabad. and at any adjournment thereof.

Signed thisday of2010

Signature

Please affix
30 p.
Revenue
Stamp Here

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.



ANNXURE TO THE NOTICE

Explanatory Statement

Pursuant to Section 173 (2) of the Companies Act 1956 in respect of item no. 3 to 4 of the accompanying notice dated July 8, 2010.

Item No. 3

At present, M/s Price Waterhouse & Co., Chartered Accountants, Mumbai are the Statutory Auditors of the Company. As per the applicable provisions of the Companies Act, 1956, they are holding office till the conclusion of the next Annual General Meeting. The said Statutory Auditors of the Company have expressed their inability to be re-appointed as Statutory Auditors of the Company. Moreover, the Company has received a special notice under the provisions of Section 225(1) of the Companies Act, 1956, from some of the members signifying their intention to propose M/s BSR & Co. Mumbai Associate of KPMG as Auditors of the company in place of Price Waterhouse & Co., Chartered Accountants, Mumbai, the retiring auditors of the Company.

In view of this, an Ordinary resolution has been proposed for appointment of the said M/s BSR & Co. Mumbai as Statutory Auditors for the year 2010-11. The Company has received necessary certificate from the proposed Auditors under section 224 (1B) of the Companies Act, 1956 about their number of Auditorship.

Although appointment/re-appointment of the Statutory Auditors at an Annual General Meeting is an Ordinary business and therefore, explanatory statement is not required. However, by way of abundant caution and for better compliance of section 225 of the Companies Act, 1956, this explanatory statement has been provided to the members of the Company.

None of the Directors of the Company is in any way concerned or interested in this business.

Necessary letters received from the Auditors of the Company are available for inspection at the Registered office of the Company during normal business hours on all working days.

The Directors recommend this resolution to be passed as an Ordinary Resolution.

Item No. 4

Mr. Vijay Sabarwal aged 44 years is BE (Mech) form IIT Rourkee and has total experience of over 21 years in senior capacity in large corporate. During his previous employment he has acquired expertise in diverse fields such as manufacturing, marketing and administration. The general information about the appointee as per Schedule XIII of the Companies Act 1956 read will all relevant section therefore shall remain unchanged as set out in the explanatory statement which form part of Notice dated April 28, 2006 for convening Twenty first Annual General Meeting, and hence not reproduced again here.

Mr. Vijay Sabarwal is proposed to be reappointed as whole time director of the company for a further period of one year starting from 10th April 2010 to 9th April 2011 on following remuneration subject to approval from Central Government for which the company has already moved an application;

Component	Details	Amount (INR) PM	Per Annum	Remarks
Basic		151991	1823892	
HRA	40% OF BASIC	60796	729557	
PF	12% OF BASIC	18239	218867	
Superannuation	15% OF BASIC	22799	273584	
Gratuity	5% OF BASIC	7600	91195	
Bonus/Commission	Minimum 30% Basic – Max 60%			Min-INR 547167, Max- INR 1094335
City Allowance	Fixed mount	50000	600000	
Car Allowance		27600	331200	
Special Allowance		36000	432000	
Education allowance		250	3000	
LTA			58000	
House Maintenance			35000	
Club Reimbursement			35000	
Total			4631294	

Morganite Crucible (India) Limited

Medical & Hospitalization :

Complete reimbursements for self / Immediate family / Dependent parents at actual subject to maximum Rs. 60000/-

Life Insurance :

Under the group insurance policy for senior management

A copy of the new Agreement entered in to between the Company and Vijay Sabarwal is available for inspection by the members at the Company's registered office from 11:00 AM to 02:00 PM on any working day up to the date of Annual General Meeting.

Only Mr. Vijay Sabarwal is interested in this resolution.

This may also be treated as an abstract of the Agreement entered into between the Company and Mr. Vijay Sabarwal, pursuant to the provision of Section 302 of the Companies Act 1956.

The Directors recommended the resolution for the approval of the members.



DIRECTORS' REPORT

The Members,

Your Directors present the 25th Annual Report together with the Audited Statement of Accounts of the Company for the period ended on March 31, 2010.

1. FINANCIAL RESULT:

(Rs. In Lacs)

<i>Particulars</i>	<i>Year Ended 31st March 2010</i>	<i>Year Ended 31st March 2009</i>
Profit before Interest, Depreciation and Taxation	1408.69	671.18
Less: Interest	116.96	103.82
Less: Depreciation	317.33	184.79
Profit for the year before taxation	974.41	382.57
Less: Provision for Taxation		
- Current Tax	395.43	50.00
- Deferred Tax	(103.09)	59.16
- Fringe Benefits Tax	-	7.00
Profit for the year	682.06	266.40
Profit brought forward from the Previous Year	737.26	470.85
Profit carried to Balance Sheet	1419.32	737.25

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. 54.88 Crores as compared to Rs. 33.43 Crores.

During the current year the Company has completed and capitalized in its books the expansion/modernisation of its plant to Rs. 172.28 Lacs for increasing the production capacity and initiated the proceedings for expansion of production capacity to the tune of 6500 MT PA.

To minimize the impact of the increase in the price of raw material and to maintain the best quality the Company has decided to involve the suppliers which are the established supplier to the Company's parent company production facility at UK. This will ensure maintenance of quality standard and product performance in the market.

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 2010. There is no change took place during the year under review.

Morganite Crucible (India) Limited

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, the names and other particulars of the employees are set out in the annexure to the Directors' Report. However, as per the provisions of Section 219(1)(b)(iv) of the said Act read with the Clause 32 of the Listing Agreement as notified by Securities and Exchange Board of India, the Annual Report excluding the aforesaid information is being sent to all the members of the Company and others entitled thereto. Any member interested in obtaining such particulars may write to the Company Secretary at the registered office of the Company.

7. AUDITORS:

The notes of the Auditors and other notes on accounts are also self-explanatory. The Auditors of the Company M/s. Price Waterhouse & Co., Chartered Accountants, Mumbai, will retire at the forthcoming Annual General Meeting. However they have expressed their inability to be reappointed as Auditors. The Company has received special notice to appoint M/s BSR & Co. Mumbai as Auditors of the Company for the year 2010-11. The Directors recommend appoint of M/s BSR & Co. Mumbai as Auditors of the Company for the year 2010-11 and necessary business has been incorporated in the notice convening Annual General meeting of the members of the Company

8. DIRECTORS:

One of your Directors retire by rotation in terms of the Articles of Association of the Company. He, being eligible, have offered himself 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 are 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, 2010 being end of the financial year 2009 10 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 Mangement:

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

12. 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: Aug. 11, 2010

Vijay Sabarwal
Director

Stuart Cox
Director

Morganite Crucible (India) Limited

ANNEXURE TO DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2010 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 tonne. 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		
	2009-10	2008-09		2009-10	2008-09
1. Electricity			Product		
a. Purchased			Silicon Carbide Crucibles & Accessories (MT)		
Units	1487895	1134065		2954.62	1842.16
Total Amount Rs.	7686385	4976087	Clay Graphite Crucibles & Accessories (MT)	257.90	183.16
Rate/Unit Rs	5.16	4.39	Total (MT)	3212.52	2025.32
b. Own Generation :			Electricity consumed units (including in house generation)		
Units	23680	46308	Units	1511575	1180373
Diesel Consumption (Ltrs.)	9800	13978	Ele (Kwh)/MT Prod	470.52	582.81
Diesel rate/Lit Rs	36.89	35.64	a. Silicon Carbide	432.75	530.11
Cost of Unit generation Rs.	15.27	10.75	b. Clay Graphite	37.77	52.70
2. (LPG Consumed)					
Quantity (MT)	1176.11	795.20	LPG (KGS)/MT prod (KG/MT)	366.10	392.63
Total Cost Rs.	38831959	31188887	a. Silicon Carbide	336.71	357.12
Rate/unit(lit) Rs.	33.02	39.22	b. Clay Graphite	29.39	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. 52.36
 - b. Recurring Rs. 6.95
 - c. Total Rs. 59.31
 - d. Total R & D expenditure as a percentage of Turnover 1.08 %

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. 34,67,48194
2) Foreign Exchange Outgo : Rs. 7,15,03015

For and on behalf of the Board,

Place: Aurangabad
Date: Aug. 11, 2010

Vijay Sabarwal
Director

Stuart Cox
Director



**AUDITORS' REPORT
TO THE MEMBERS OF MORGANITE CRUCIBLE (INDIA) LIMITED**

1. We have audited the attached Balance Sheet of Morganite Crucible (India) Limited (the "Company") as at March 31, 2010, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. 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.
2. We conducted our audit in accordance with the 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.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order"), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
4. Further to our comments in the Annexure referred to in paragraph 3 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, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Profit and Loss Account and 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, as on March 31, 2010 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give, in the prescribed manner, the information required by the Act, 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 March 31, 2010;
 - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For Price Waterhouse & Co.
Firm Registration Number: 007567S
Chartered Accountants

Uday Shah
Partner
Membership Number: F-46061

Mumbai
Date : July 9, 2010

Morganite Crucible (India) Limited

ANNEXURE TO AUDITORS' REPORT

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, 2010

1. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
(b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.
(c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
2. (a) The inventory (excluding stocks with third parties) *except Work-in-Progress aggregating Rs. 16,586,278* has been physically verified by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.
(b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
3. (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. Accordingly, clauses (iii)(b) to (iii)(d) of Paragraph 4 of the Order are not applicable to the Company for the current period.
(b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, clauses (iii)(f) to (iii)(g) of paragraph 4 of the Order are not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, having regard to the explanation that certain items purchased are of special nature for which suitable alternative sources do not exist for obtaining comparative quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
5. According to the information and explanations given to us, there have been no contracts or arrangements referred to in Section 301 of the Act during the year to be entered in the register required to be maintained under that Section. Accordingly, the question of commenting on transactions made in pursuance of such contracts or arrangements does not arise.
6. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products of the Company.
9. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed Work Contract Tax and is regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities.
(b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income-tax, sales-tax, wealth-tax, service-tax, customs duty, excise duty and cess as at March 31, 2010 which have not been deposited on account of a dispute, are as follows:



ANNEXURE TO AUDITORS' REPORT

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, 2010

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

10. The Company has no accumulated losses as at March 31, 2010 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to the Company.
14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
15. In our opinion and 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 during the year.
16. In our opinion, and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.
17. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
19. The Company has not issued debentures during the year.
20. The Company has not raised any money by public issues during the year.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.

For Price Waterhouse & Co.
Firm Registration Number: 007567S
Chartered Accountants

Mumbai
Date : July 9, 2010

Uday Shah
Partner
Membership Number: F-46061

Morganite Crucible (India) Limited

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

	Schedule	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
SOURCES OF FUNDS			
Shareholders' Funds			
Capital	1	28,000,000	28,000,000
Reserves and Surplus	2	227,924,453	159,718,049
		<u>255,924,453</u>	<u>187,718,049</u>
Loan Funds			
Unsecured Loans	3	150,835,726	191,648,347
Deferred Tax Liability (Net) (Refer Notes 1 i) and 18 on Schedule 12)		7,857,535	18,166,796
		<u>414,617,714</u>	<u>397,533,192</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	4	431,015,651	415,031,469
Less: Depreciation / Amortisation		156,692,703	125,838,526
Net Block		<u>274,322,948</u>	<u>289,192,943</u>
Add: Capital Work-in-Progress		9,057,442	11,685,522
		<u>283,380,390</u>	<u>300,878,465</u>
Investments	5	49,698,740	49,698,740
Current Assets, Loans and Advances	6		
Inventories		148,177,539	136,293,460
Sundry Debtors		95,821,718	65,390,494
Cash and Bank Balances		18,657,169	7,476,252
Other Current Assets		37,447	9,064
Loans and Advances		61,650,036	62,183,596
		<u>324,343,909</u>	<u>271,352,866</u>
Less: Current Liabilities and Provisions	7		
Current Liabilities		230,292,776	222,760,704
Provisions		12,512,549	1,636,175
		<u>242,805,325</u>	<u>224,396,879</u>
Net Current Assets		81,538,584	46,955,987
		<u>414,617,714</u>	<u>397,533,192</u>
Notes to the Financial Statements	12		

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

This is the Balance Sheet referred to in our report of even date.

For Price Waterhouse & Co.
Firm Registration Number: 007567S
Chartered Accountants

For and on behalf of the Board of Directors

Uday Shah
Partner
Membership Number: F-46061

Vijay Sabarwal
Whole-time Director

Stuart Cox
Director

Anurag Geete
Company Secretary

Place : Mumbai
Date : July 09, 2010

Place : Aurangabad
Date : July 08, 2010



MORGANITE CRUCIBLE (INDIA) LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	Schedule	Year ended March 31, 2010 Rupees	Year ended March 31, 2009 Rupees
INCOME			
Sales - Gross (Refer Note 1 c) on Schedule 12)		570,782,278	315,866,112
Less: Excise Duty		39,619,685	17,436,242
Sales (Net)		531,162,593	298,429,870
Other Income	8	17,638,644	35,877,642
		548,801,237	334,307,512
EXPENDITURE			
Cost of Materials	9	202,727,074	120,204,009
Operating and Other Expenses	10	205,204,276	146,984,803
Interest	11	11,695,937	10,382,148
Depreciation / Amortisation		31,733,393	18,479,258
		451,360,680	296,050,218
Profit Before Taxation		97,440,557	38,257,294
Provision for Taxation			
- Current Tax [includes short provision for earlier years Rs. 12,043,414 (Previous Year Rs. Nil)]		39,543,414	5,000,000
- Deferred Tax		(10,309,261)	5,916,833
- Fringe Benefit Tax		-	700,000
Profit After Taxation		68,206,404	26,640,461
Profit Brought Forward from Previous Year		73,726,049	47,085,588
Profit Carried Forward to Balance Sheet		141,932,453	73,726,049
Earnings per share (Refer Note 17 on Schedule 12)			
Basic and Diluted Earnings Per Share (in Rupees)		24.36	9.51
Nominal Value Per Equity Share (in Rupees)		10	10

Notes to the Financial Statements **12**

The Schedules referred to herein above form an integral part of the Profit and Loss Account.

This is the Profit and Loss Account referred to in our report of even date.

For Price Waterhouse & Co.
Firm Registration Number: 007567S
Chartered Accountants

Uday Shah
Partner
Membership Number: F-46061

Place: Mumbai
Date: July 09, 2010

For and on behalf of the Board of Directors

Vijay Sabarwal
Whole-time Director

Place: Aurangabad
Date: July 08, 2010

Stuart Cox
Director

Anurag Geete
Company Secretary

Morganite Crucible (India) Limited

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

	Year ended March 31, 2010 Rupees	Year ended March 31, 2009 Rupees
(A) CASH FLOW FROM OPERATING ACTIVITIES :		
Profit Before Taxation	97,440,557	38,257,294
<u>Adjustments for:</u>		
Depreciation / Amortisation	31,733,393	18,479,258
Interest expense	11,695,937	10,382,148
Loss / (Profit) on sale of fixed assets	89,918	(181,123)
Provision for warranties	213,100	5,065
Provision for gratuity	(341,148)	341,148
Provision for leave encashment	(648,940)	1,027,023
Interest income	(739,192)	(571,111)
Liabilities / Provisions no longer required written back	(864,550)	(1,428,195)
Unrealised exchange gain on External Commercial Borrowings	(10,758,000)	-
(Increase) in inventories	(11,884,079)	(93,789,914)
(Increase) in trade and other receivables	(35,025,751)	(75,949,807)
Increase in trade payables and other liabilities	8,503,809	161,948,506
Cash generated from operations	89,415,054	58,520,292
Direct taxes paid (Net)	(22,761,965)	(7,034,893)
(A) Net cash from operating activities	66,653,089	51,485,399
(B) CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	(14,599,836)	(153,277,206)
Sale of fixed assets	274,600	181,123
Interest earned	710,809	564,213
(B) Net cash (used in) investing activities	(13,614,427)	(152,531,870)
(C) CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from External Commercial Borrowings	-	101,042,500
Proceeds from Short Term Borrowings	-	20,000,000
Repayments of Short Term Borrowings	(20,000,000)	(20,000,000)
Interest paid	(11,793,735)	(9,632,099)
Dividend payment	(64,010)	(67,832)
(C) Net Cash (used in) / from financing activities	(31,857,745)	91,342,569
Net Increase / (Decrease) in cash and cash equivalents (A+B+C)	21,180,917	(9,703,902)
Cash and cash equivalents as at the beginning of the year	(2,523,748)	7,180,154
Cash and cash equivalents as at the end of the year	18,657,169	(2,523,748)
	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
Cash and cash equivalents comprise of:		
Cash in hand	34,455	36,940
Balances with scheduled banks on:		
- Current account	4,264,901	3,661,109
- Exchange Earners' Foreign Currency Account	13,736,536	3,093,113
- Short term deposits	314,835	314,638
- Unpaid dividend accounts	306,442	370,452
Unsecured Bank Overdrafts	-	(10,000,000)
	18,657,169	(2,523,748)

NOTES ON CASH FLOW STATEMENT :

- The above cash flow statement has been prepared under the "Indirect Method" as set out in Accounting Standard 3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.
- Cash and cash equivalents represent cash and bank balances only (including unsecured bank overdrafts).
- Purchase of fixed assets are shown inclusive of movements in capital work-in-progress.
- Cash and cash equivalents includes Rs. 518,743 (Previous Year Rs. 582,753) which are not available for use by the Company. (Refer Schedule 6 in the Financial Statements)
- Previous year's figures have been regrouped / rearranged wherever necessary to confirm to the current year's classification.

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

For Price Waterhouse & Co.
Firm Registration Number: 007567S
Chartered Accountants
Uday Shah
Partner
Membership Number: F-46061

For and on behalf of the Board of Directors

Vijay Sabarwal
Whole-time Director

Stuart Cox
Director

Anurag Geete
Company Secretary

Place: Mumbai
Date: July 09, 2010

Place: Aurangabad
Date: July 08, 2010



MORGANITE CRUCIBLE (INDIA) LIMITED
SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010

	<u>As at March 31, 2010 Rupees</u>	<u>As at March 31, 2009 Rupees</u>
Schedule 1 - Capital		
Authorised:		
5,000,000 equity shares of Rs. 10 each	50,000,000	50,000,000
Issued, subscribed and paid-up:		
2,800,000 equity shares of Rs. 10 each fully paid-up	28,000,000	28,000,000
	<u>28,000,000</u>	<u>28,000,000</u>
Note :		
Of the above, 1,078,000 equity shares are held by Morganite Crucible Limited and 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 2 - 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		
	141,932,453	73,726,049
	<u>227,924,453</u>	<u>159,718,049</u>
Schedule 3 - Unsecured Loans		
Short Term Loan from The Hongkong and Shanghai Banking Corporation Limited [Due within one year Rs. Nil (Previous Year Rs. 20,000,000)]	-	20,000,000
Bank Overdrafts	-	10,000,000
External Commercial Borrowings from Morganite Crucible Limited, U.K. [includes interest accrued and due amounting to Rs. 663,726 (Previous Year Rs. 718,347)] [GBP 2,200,000 (Previous Year GBP 2,200,000)] [Due within one year Rs. 51,195,000 (Previous Year Rs. Nil)] (Repayment of GBP 750,000 commences from May 1, 2010 in ten monthly installments) (Repayment of GBP 850,000 commences from June 1, 2011 in five monthly installments) (Repayment of GBP 600,000 commences from April 1, 2012 in four monthly installments)	150,835,726	161,648,347
	<u>150,835,726</u>	<u>191,648,347</u>

**MORGANITE CRUCIBLE (INDIA) LIMITED
SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010**

Schedule 4 - 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, 2009	Additions during the year	Deletions during the year	As at March 31, 2010	As at April 1, 2009	For the year	On deletions	As at March 31, 2010	As at March 31, 2009
Tangible									
Leasehold land	1,684,375	-	-	1,684,375	407,795	17,730	-	1,258,850	1,276,580
Buildings	48,107,500	2,366,623	-	50,474,123	10,442,961	1,701,866	-	38,329,296	37,664,539
Plant and machinery	307,731,426	14,523,464	1,243,734	321,011,156	96,401,651	24,570,077	879,216	200,918,644	211,329,775
Furniture and fixtures	5,473,790	9,550	-	5,483,340	2,758,533	226,430	-	2,498,377	2,715,257
Vehicles	388,867	328,279	-	717,146	333,933	52,739	-	330,474	54,934
Intangible									
Distribution Rights (Refer Note below)	51,645,511	-	-	51,645,511	15,493,653	5,164,551	-	30,987,307	36,151,858
Total	415,031,469	17,227,916	1,243,734	431,015,651	125,838,526	31,733,393	879,216	274,322,948	289,192,943
Previous Year	204,897,540	210,345,980	212,051	415,031,469	107,571,319	18,479,258	212,051	9,057,442	11,685,522
Add: Capital Work-in-Progress									
								283,380,390	300,878,465

Note :

The balance period over which distribution rights will be amortised as at March 31, 2010 is six years.



MORGANITE CRUCIBLE (INDIA) LIMITED
SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010

	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
Schedule 5 - Investments		
(Refer Note 1 f) on Schedule 12)		
Non-Trade, Long Term (Unquoted), at cost		
Investment in Subsidiary Company:		
17,850 fully paid Equity Shares of Diamond Crucible Company Limited of Rs. 100 each.	49,698,740	49,698,740
	49,698,740	49,698,740
Aggregate value of unquoted investments - At book value	49,698,740	49,698,740
	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
Schedule 6 - Current Assets, Loans and Advances		
Inventories		
(Refer Note 1 b) on Schedule 12)		
Raw materials	55,824,258	72,977,151
[Including goods-in-transit Rs. 10,991,925 (Previous Year Rs. 3,224,585)]		
Work-in-Progress	36,531,286	33,863,212
Finished goods	44,804,635	23,542,364
Stores and spares [including goods-in-transit Rs. 341,727 (Previous Year Rs. Nil)]	9,294,384	4,022,889
Packing materials	1,722,976	1,887,844
	148,177,539	136,293,460
Sundry Debtors		
(Unsecured and considered good)		
Debts outstanding for a period exceeding six months	225,096	110,905
Other debts	95,596,622	65,279,589
[Including due from Morganite Crucible Limited, U.K. Rs. 3,950,282 (Previous Year Rs. 2,498,733) and Diamond Crucible Company Limited Rs. 135,007 (Previous Year Rs. Nil)]		
	95,821,718	65,390,494
Cash and Bank Balances		
Cash in hand	34,455	36,940
Balances with scheduled banks on:		
- Current account	4,264,901	3,661,109
- Exchange Earners' Foreign Currency Account	13,736,536	3,093,113
[USD 13,797 (Previous Year USD 46,063), GBP 122,671 (Previous Year GBP 9,522) and Euro 79,143 (Previous Year Euro 856)]		
- Short term deposits *	314,835	314,638
- Unpaid dividend accounts	306,442	370,452
	18,657,169	7,476,252
* Includes Rs. 212,301 (Previous Year Rs. 212,301) under lien with bank towards guarantee issued by them on behalf of the Company.		
Other Current Assets		
Interest accrued but not due	37,447	9,064
	37,447	9,064
Loans and Advances		
(Unsecured and considered good)		
Advances recoverable in cash or in kind or for value to be received	20,738,473	16,511,029
Balance with Central Excise Authorities	39,815,706	39,655,623
Deposits	1,095,857	888,857
Advance tax / tax deducted at source	-	5,128,087
[Net of Provision for Taxation Rs. Nil (Previous Year Rs. 32,616,643) and Provision for Fringe Benefit Tax Rs. Nil (Previous Year Rs. 1,825,000)]		
	61,650,036	62,183,596
	324,343,909	271,352,866

Morganite Crucible (India) Limited

MORGANITE CRUCIBLE (INDIA) LIMITED SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010

	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
Schedule 7 - Current Liabilities and Provisions		
Current Liabilities		
Sundry creditors:		
a) Micro and small enterprises (Refer Note 19 i) on Schedule 12)	-	-
b) Others	228,018,140	221,325,906
Other liabilities	1,968,194	1,021,169
Interest accrued but not due	-	43,177
Unclaimed dividend *	306,442	370,452
	230,292,776	222,760,704
* There is no amount due and outstanding to be credited to Investor Education and Protection Fund.		
Provisions		
Retirement Benefits (Refer Notes 1 g) and 13 on Schedule 12)		
- Gratuity	-	341,148
- Leave encashment	441,087	1,090,027
Provision for taxation	11,653,362	-
[Net of advance tax Rs. 50,734,478 (Previous Year Rs. Nil) and advance Fringe Benefit Tax Rs. 1,875,462 (Previous Year Rs. Nil)]		
Provision for Warranties (Refer Notes 1 k) and 19 ii) on Schedule 12)	418,100	205,000
	12,512,549	1,636,175
	242,805,325	224,396,879



MORGANITE CRUCIBLE (INDIA) LIMITED
SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR
THE YEAR ENDED MARCH 31, 2010

	Year ended March 31, 2010 Rupees	Year ended March 31, 2009 Rupees
Schedule 8 - Other Income		
Sale of scrap	1,194,915	1,391,044
Interest on deposits - Gross [including tax deducted at source Rs. 2,336 (Previous year Rs. 3,897)]	30,916	18,639
Interest others	708,276	552,472
Exchange gain (Net)	11,775,766	29,934,571
Sales tax refund	19,964	94,225
Discount on prepayment of sales tax	3,044,257	2,277,373
Profit on sale of fixed assets	-	181,123
Liabilities / Provisions no longer required written back	864,550	1,428,195
	<u>17,638,644</u>	<u>35,877,642</u>
Schedule 9 - Cost of Materials		
<u>Consumption of raw materials</u>		
Opening stock	72,977,151	16,812,146
Add: Purchases	<u>206,435,919</u>	<u>209,662,921</u>
	279,413,070	226,475,067
Less: Closing stock	<u>55,824,258</u>	<u>72,977,151</u>
	223,588,812	153,497,916
<u>(Increase) in stock of finished goods and work-in-progress</u>		
Opening stock		
Finished goods	23,542,364	8,835,777
Work-in-progress	<u>33,863,212</u>	<u>13,904,582</u>
	57,405,576	22,740,359
Less: Closing stock :		
Finished goods	44,804,635	23,542,364
Work-in-progress	<u>36,531,286</u>	<u>33,863,212</u>
	81,335,921	57,405,576
	<u>(23,930,345)</u>	<u>(34,665,217)</u>
	199,658,467	118,832,699
Increase in excise duty on finished goods (Refer Note 20 on Schedule 12)	3,068,607	1,371,310
	<u>202,727,074</u>	<u>120,204,009</u>

Morganite Crucible (India) Limited

MORGANITE CRUCIBLE (INDIA) LIMITED SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	Year ended March 31, 2010 Rupees	Year ended March 31, 2009 Rupees
Schedule 10 - Operating and Other Expenses		
Salaries, wages and bonus	42,919,263	36,632,681
Contribution to Provident and other funds	3,300,226	2,898,033
Gratuity	689,128	1,013,072
Leave encashment	1,136,108	1,237,324
Staff welfare	2,823,217	2,546,089
	<u>50,867,942</u>	<u>44,327,199</u>
Stores and packing materials consumed	63,353,512	43,975,248
Godown and forwarding	3,726,773	2,900,621
Electricity and fuel	8,047,921	5,674,661
Repairs and Maintenance:		
- Building	1,877,952	1,093,238
- Plant and machinery	4,506,013	3,697,706
- Others	1,855,012	1,569,580
	<u>8,238,977</u>	<u>6,360,524</u>
Rent, rates and taxes (Refer Note 16 on Schedule 12)	1,203,574	1,821,493
Travelling and motor car expenses	4,410,991	3,119,507
Legal and Professional Fees	1,705,443	1,224,040
Insurance	1,805,386	1,020,655
Auditors' Remuneration (Refer Note 5 on Schedule 12)	1,434,730	1,621,090
Commission on export	4,680,603	3,483,635
Transportation	2,002,492	1,664,815
Directors' sitting fees	32,000	48,000
Royalty	4,415,459	1,681,190
Management charges	26,203,391	13,329,725
Warranty expenses (Refer Notes 1 k) and 19 ii) on Schedule 12)	2,475,133	2,026,521
Export freight, insurance and Other Charges	13,044,403	5,928,793
Loss on sale of fixed assets	89,918	-
Miscellaneous expenses	7,465,628	6,777,086
	<u><u>205,204,276</u></u>	<u><u>146,984,803</u></u>
Schedule 11 - Interest		
Interest on:		
- Short Term Loan	1,988,630	2,911,460
- External Commercial Borrowings	9,688,346	7,404,148
- Others	18,961	66,540
	<u><u>11,695,937</u></u>	<u><u>10,382,148</u></u>



MORGANITE CRUCIBLE (INDIA) LIMITED
ANNEXURE

Balance Sheet Abstract and Company's General Business Profile as per Schedule VI, part (IV) of the Companies Act, 1956.

(A) Registration Details

Registration No.	11-38607	State Code	11
Balance Sheet Date	31/3/2010		

(B) Capital Raised during the year (Amount in Rs.'000)

Public issue	Nil	Right issue	Nil
Bonus issue	Nil	Private placement	Nil

(C) Position of Mobilisation and Deployment of Funds (Amount in Rs.'000)

Total Liabilities	657,423	Total Assets	657,423
Sources of Funds			
Paid-up Capital	28,000	Reserves and Surplus	227,924
Secured Loans	Nil	Unsecured Loans	150,836
Deffered Tax Liability (Net)	7,858		
Application of Funds (Rs. '000)			
Net Fixed Assets	283,380	Net Current Assets	81,539
Investments	49,699		

(D) Performance of the Company (Amount in Rs.'000)

Turnover (including other income)	548,801	Total Expenditure	451,361
Profit Before Tax	97,441	Profit After Tax	68,206
Earnings per Share in Rs.	24.36	Dividend rate %	-

(E) Generic Names of Three Principal Products / Services of Company

(As per monetary terms)

Item Code No. (ITC Code)	690320.01
	690320.09
Product Description	Silicon Carbide Crucibles
	Clay Graphite Crucibles

For and on behalf of the Board of Directors

Vijay Sabarwal
Whole-time Director

Stuart Cox
Director

Anurag Geete
Company Secretary

Place: Aurangabad.
Date: Aug. 11, 2010

Morganite Crucible (India) Limited

MORGANITE CRUCIBLE (INDIA) LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE : 12

NOTES TO THE FINANCIAL STATEMENTS

1. Statement of Significant Accounting Policies

a) Basis of preparation of financial statements

The financial statements have been prepared under historical cost convention from the books of account maintained on accrual basis to comply in all material aspects with all the applicable accounting principles in India, the applicable accounting standards notified under section 211(3C) of the Companies Act, 1956, of India (the "Act") and the relevant provisions of the Act.

b) Inventories

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

- i) Cost of raw materials, stores and consumable, spares and packing materials are computed on first- in, first-out basis.
- ii) Work-in-progress includes cost of raw materials, cost of conversion and other cost incurred in bringing it to its present location and condition.
- iii) Cost of finished goods includes cost of raw materials, cost of conversion, other cost incurred in bringing it to its present location / condition and excise duty.

c) Sales

Revenue is recognised when the property and all significant risks and rewards of ownership are transferred to the buyer or 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.

d) Fixed assets and depreciation / amortisation

Fixed assets are stated at historical cost less depreciation / amortisation. Cost includes all expenses relating to acquisition and installation of the concerned assets.

Tangible Assets

Depreciation has been provided on a straight line basis at the rates prescribed in Schedule XIV to the Act, issued by the Department of Company Affairs. Depreciation on additions and deletions during the year is calculated on pro-rata basis. All assets individually costing less than Rs. 5,000 are depreciated at 100%. Leasehold land is amortised over the period of the lease.

Intangible Assets

Payments made for acquiring "Distribution Rights" are recognised as intangible assets as per the criteria specified in Accounting Standard (AS) 26 "Intangible Assets" issued by the Institute of Chartered Accountants of India. The Company has evaluated the useful life of the Distribution Rights as 10 years and accordingly, the Company amortises the same over a period of ten years from the date of acquisition.

e) Foreign currency transactions

Foreign currency transactions are accounted at the exchange rates prevailing on the date of the transactions. Gain and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the Profit and Loss Account.



MORGANITE CRUCIBLE (INDIA) LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE : 12

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

f) Investments

Long term investments are valued at cost. Provision is made to recognise a diminution, other than temporary, in the value of investments.

g) Employee Benefits

i) Short Term Employee Benefits:

The employees of the Company are entitled to leave encashment as per the leave policy of the Company. The liability in respect of leave encashment which is expected to be encashed / utilised within twelve months after the Balance Sheet date is considered to be of short term nature. The same is provided, based on an actuarial valuation carried out by an independent actuary as at the year end.

ii) Long Term Employee Benefits:

Defined Contribution Plans

The Company has Defined Contribution plans for post employment benefits namely Provident Fund and Superannuation 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 Superannuation Fund constitutes an insured benefit, which is classified as a defined contribution plan as the Company makes contributions to an insurance company and has no further obligation beyond making the payment to the insurance company.

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

Defined Benefit Plans

The Company has a Defined Benefit Plan namely Gratuity and Leave Encashment for all its employees. Gratuity Fund is in the process of being recognised by the income tax authorities. The Company has taken a Group Gratuity and Leave Encashment Policy with Life Insurance Corporation of India (LIC) and is funded. Long term leave encashment includes provision for leave which is expected to be encashed / utilised after twelve months from the Balance Sheet date.

Liability for Defined Benefit Plan is provided on the basis of valuations, as at the Balance Sheet date, carried out by an independent actuary. The actuarial valuation method used by independent actuary for measuring the liability is the Projected Unit Credit Method.

iii) Termination benefits are recognised as an expense as and when incurred.

iv) Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the Profit and Loss Account as an income or expense.

h) 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.

Morganite Crucible (India) Limited

MORGANITE CRUCIBLE (INDIA) LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE : 12

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

i) Taxes on Income

Provision for tax for the year is made on the assessable income at the tax rate applicable to the relevant assessment year.

Deferred tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

j) 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 higher of the asset's net selling price or estimated future cash flows which are discounted to their present value based on appropriate discount rates. If such recoverable amount of the asset or 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 recognised in the Profit and Loss Account. If at the Balance Sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

k) Warranty

A provision is recognised for expected warranty claims on products sold during the last one year, based on past experience of level of repairs and returns. It is expected that this cost will be incurred by the end of the next financial year. Assumptions used to calculate the provision for warranties are based on current sales level and current information available about returns.

l) Provisions for contingent liabilities

The Company recognises a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

2. Capital commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 6,176,056 (Previous Year Rs. 1,800,000).

3. Contingent liabilities

- i) Bank guarantee aggregating Rs. Nil (Previous Year Rs. 10,000) issued by the bank on behalf of the Company in favour of Maharashtra Pollution Control Board for compliance of the Supreme Court Monitoring Committee directions regarding Common Effluent Treatment Plant at Waluj MIDC.
- ii) Bank guarantee aggregating Rs. 200,000 (Previous Year 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.
- iii) Bonds aggregating Rs. 10,000,000 (Previous Year Rs. 10,000,000) in favour of the President of India endorsed through Deputy Commissioner of Customs for import of goods.
- iv) Disputed income tax demands aggregating Rs. Nil (Previous Year Rs. 431,291) against which the Company has preferred appeals.



MORGANITE CRUCIBLE (INDIA) LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (Contd.)

- v) 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.
- vi) A suit has been filed by a past employee of the Company, on account of his disputed resignation from the Company. The amount of liability that may arise in future on account of reinstatement with back wages is approximately Rs. 880,000.
- vii) Disputed employees' state insurance demand aggregating Rs. 52,498 against which the Company has preferred appeals.

4. (a) Directors' Remuneration

[Refer Notes i) and ii) below]

Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009
	Rupees	Rupees
Salaries and Allowances	3,172,911	3,286,636
Contribution to Provident and Other Funds	428,221	428,221
Commission (Refer Note (b) below)	927,809	651,000
	4,528,941*	4,365,857*

* Provision for leave encashment and gratuity, which are based on actuarial valuations done on an overall company basis, are excluded above.

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

Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009
	Rupees	Rupees
Net profit before tax	97,440,557	38,257,294
Add: Depreciation provided in the Profit and Loss Account	31,733,393	18,479,258
Add: Directors' sitting fees	32,000	48,000
Add: Directors' remuneration	4,528,941	4,365,857
(Less)/ Add: (Loss) / Profit on sale of fixed assets as per Section 350	(89,918)	181,123
Total	133,644,973	61,331,532
Less: Depreciation under Section 350 of the Companies Act, 1956	31,733,393	18,479,258
Add / (Less) : Loss / (Profit) on sale of fixed assets as per Section 350	89,918	(181,123)
Net Profit for the purpose of Directors commission	102,001,498	42,671,151
Maximum commission payable @ 1%	1,020,015	426,712
Commission paid to director [Refer Notes i) and ii) below]	927,809	651,000

Morganite Crucible (India) Limited

MORGANITE CRUCIBLE (INDIA) LIMITED

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SCHEDULE : 12

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

Notes :

- i) Directors' remuneration (including commission) for the year ended March 31, 2010 has been approved by the Central Government of India, Ministry of Corporate Affairs vide their letter No. A66821745-CL.VII dated February 4, 2010).
- ii) Directors' remuneration (including commission) for the year ended March 31, 2009 has been approved by the Central Government of India, Ministry of Corporate Affairs vide their letter No. 12/835/2007-CL.VII dated October 26, 2007 as amended by letter dated November 19, 2007.

5. Remuneration to auditors

Particulars	For the year ended March 31, 2010 Rupees	For the year ended March 31, 2009 Rupees
Audit fees	900,000	850,000
Tax audit fees	200,000	200,000
Other services	300,000	525,000
Out-of-pocket expenses	34,730	46,090
	1,434,730	1,621,090

6. Capacities

Particulars	As at March 31, 2010 (M.T.)	As at March 31, 2009 (M.T.)
Silicon carbide crucibles		
Annual licensed capacity [Refer Note a) below]	3,600	3,600
Annual installed capacity[Refer Note c) below]	3,600	3,600
Clay graphite crucibles		
Annual licensed capacity [Refer Note b) below]	1,000	1,000
Annual installed capacity[Refer Note c) below]	1,000	1,000
Crucible accessories		
Annual licensed capacity [Refer Note a) below]	400	400
Annual installed capacity[Refer Note c) below]	400	400

- a) Vide letter No. 4097/SIA/IMO/96 dated October 24, 1996 received from Government of India, Ministry of Industry – Secretariat for Industrial Approvals Entrepreneurial Assistance Unit. In June 2010, the Company has filed an application for submission to the Central Government in the Secretariat for Industrial Assistance to increase the annual licensed capacity from 3,600 M.T. to 5,100 M.T for silicon carbide crucibles for which approval is awaited.
- b) Vide letter No. CIL 54(2000) dated August 31, 2000 received from Government of India, Ministry of Commerce & Industry – Department of Industrial Policy & Promotion, Secretariat for Industrial Assistance (PAB – IL Section).
- c) Installed capacity is as certified by the Management on which auditors have placed reliance without verification, this being a technical matter.



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NOTES TO THE FINANCIAL STATEMENTS (Contd.)

7. Information in respect of opening stock, production, turnover and closing stock

Particulars	For the year ended March 31, 2010		For the year ended March 31, 2009	
	Quantity M.T.	Value Rupees	Quantity M.T.	Value Rupees
<u>Silicon carbide crucibles</u>				
i) Opening stock*	128.84	20,426,555	41.54	7,899,617
ii) Production	2,823.15	-	1,651.97	-
iii) Turnover	2,678.39	442,509,386	1,564.67	243,512,250
iv) Closing stock*	273.60	40,999,269	128.84	20,426,555
<u>Clay graphite crucibles</u>				
i) Opening stock*	15.73	2,284,441	4.93	781,565
ii) Production	257.90	-	183.16	-
iii) Turnover	253.56	75,085,225	172.36	44,450,493
iv) Closing stock*	20.07	2,843,429	15.73	2,284,441
<u>Crucibles accessories</u>				
i) Opening stock*	5.83	831,368	1.49	154,595
ii) Production	131.47	-	190.19	-
iii) Turnover	128.81	13,567,982	185.85	10,467,127
iv) Closing stock*	8.49	961,937	5.83	831,368

* After adjustments for shortage / excess and the effects of reduction of stock items to realisable value and net of inventory write down.

8. Components and spare parts referred to in paragraph 4D(a) and (c) of part II of Schedule VI to the Companies Act, 1956, are assumed to be those incorporated in the goods purchased and not those used for maintenance of plant and machinery.

9. Quantitative and value analysis of raw materials consumed *

Particulars	For the year ended March 31, 2010		For the year ended March 31, 2009	
	Quantity Kgs.	Value Rupees	Quantity Kgs.	Value Rupees
Silicon carbide	1,132,419	81,088,097	706,021	56,022,361
Resin	333,972	30,744,665	232,919	22,089,156
Ferro silicon	226,314	15,425,734	172,088	14,058,089
Graphite	860,094	44,801,781	735,077	30,055,807
Others	-	51,528,535	-	31,272,503
		223,588,812		153,497,916

* The value of consumption of raw materials has been arrived at on the basis of opening stock plus purchases less closing stock. The consumption, therefore, includes adjustments for raw materials write-off, shortage / excess, etc.

Morganite Crucible (India) Limited

MORGANITE CRUCIBLE (INDIA) LIMITED

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SCHEDULE : 12

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

10. Value of imported and indigenous raw materials consumed

Particulars	For the year ended March 31, 2010		For the year ended March 31, 2009	
	Value Rupees	%	Value Rupees	%
Indigenous	141,003,980	63.00	83,685,727	55.00
Imported	82,584,832	37.00	69,812,189	45.00
	<u>223,588,812</u>	<u>100.00</u>	<u>153,497,916</u>	<u>100.00</u>

11. C.I.F. value of imports

	For the year ended March 31, 2010 Rupees	For the year ended March 31, 2009 Rupees
Capital goods	4,603,889	85,371,389
Raw Materials and consumables	73,704,111	99,642,830

12. Expenditure and earnings in foreign currency

	For the year ended March 31, 2010 Rupees	For the year ended March 31, 2009 Rupees
(a) Expenditure in foreign currency		
Travelling	161,341	30,656
Commission	4,680,603	3,483,635
Management charges	26,203,391	13,329,725
Royalty	4,415,459	1,681,190
Testing charges	114,313	Nil
(b) Earnings in foreign exchange		
Export of goods calculated on F.O.B. basis	346,748,194	165,515,659

13. The Company has classified the various benefits provided to employee's as under :-

I. Defined Contribution Plans

- a. Provident Fund
- b. Superannuation Fund
- c. State Defined Contribution Plans
 - i) Employers' Contribution to Employee's State Insurance
 - ii) Employers' Contribution to Employee's Pension Scheme 1995.



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NOTES TO THE FINANCIAL STATEMENTS (Contd.)

During the year, the Company has recognised the following amounts in the Profit and Loss Account:

	For the year ended March 31, 2010	For the year ended March 31, 2009
	Rupees	Rupees
Employers' Contribution to Provident Fund*	1,310,358	1,094,052
Employers' Contribution to Superannuation Fund*	1,030,132	956,465
Employers' Contribution to Employee's State Insurance*	77,319	356,131
Employers' Contribution to Employee's Pension Scheme 1995*	661,625	595,944
	3,079,434	3,002,592

* Included in Contribution to Provident and other funds (Refer Schedule 10)

II 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:

	As at March 31, 2010	As at March 31, 2009
Discount Rate (per annum)	8%	7.75%
Rate of increase in compensation levels	7%	6%
Rate of Return on Plan Assets	8%	8%
Expected Average remaining working lives of employees (years)	18	18

A. Changes in the Present Value of Obligation

	As at March 31, 2010	As at March 31, 2009
	Rupees	Rupees
Present Value of Obligation at the beginning of the year	4,649,065	3,761,488
Interest Cost	399,590	315,794
Past Service Cost	Nil	Nil
Current Service Cost	532,826	430,750
Curtailement Cost / (Credit)	Nil	Nil
Settlement Cost / (Credit)	Nil	Nil
Benefits Paid	(51,793)	(489,624)
Actuarial loss on obligations	202,107	630,657
Present Value of Obligation as at year end	5,731,795	4,649,065

Morganite Crucible (India) Limited

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SCHEDULE : 12

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

B. Changes in the Fair value of Plan Assets

	<u>As at March 31, 2010</u> <u>Rupees</u>	<u>As at March 31, 2009</u> <u>Rupees</u>
Fair Value of Plan Assets at the beginning of the year	4,307,917	4,076,610
Expected Return on Plan Assets	441,611	335,088
Actuarial gain on Plan Assets	3,784	29,041
Contributions	1,238,111	356,802
Benefits Paid	(51,793)	(489,624)
Fair Value of Plan Assets at year end	<u>5,939,630</u>	<u>4,307,917</u>

C. Reconciliation of Present Value of Defined Benefit Obligation and the Fair value of Assets

	<u>As at March 31, 2010</u> <u>Rupees</u>	<u>As at March 31, 2009</u> <u>Rupees</u>
Present Value of obligation as at the year end	(5,731,795)	(4,649,065)
Fair Value of Plan Assets as at the end of the year	5,939,630	4,307,917
Funded Status	207,835	(341,148)
Present Value of unfunded Obligation as at the year end	Nil	(341,148)
Unrecognised Actuarial (gains) / losses	Nil	Nil
Net Asset / (Liability) Recognised in Balance Sheet	<u>*207,835</u>	<u>** (341,148)</u>

* Included in Loans and Advances (Refer Schedule 6).

** Included in Provisions (Refer Schedule 7).

D. Amount recognised in the Balance Sheet

	<u>As at March 31, 2010</u> <u>Rupees</u>	<u>As at March 31, 2009</u> <u>Rupees</u>
Present Value of Obligation at the end of the year	(5,731,795)	(4,649,065)
Fair Value of Plan Assets as at the end of the year	5,939,630	4,307,917
Net Asset / (Liability) Recognised in Balance Sheet	<u>*207,835</u>	<u>** (341,148)</u>

* Included in Loans and Advances (Refer Schedule 6).

** Included in Provisions (Refer Schedule 7).



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NOTES TO THE FINANCIAL STATEMENTS (Contd.)

E. Amount recognised in the Profit and Loss Account

	<u>As at</u> <u>March 31, 2010</u> <u>Rupees</u>	<u>As at</u> <u>March 31, 2009</u> <u>Rupees</u>
Current service cost	532,826	430,750
Past service cost	Nil	Nil
Interest cost	399,590	315,794
Expected return on Plan Assets	(441,611)	(335,088)
Curtailement cost / (credit)	Nil	Nil
Settlement cost / (credit)	Nil	Nil
Net actuarial loss recognised in the year	198,323	601,616
Total expense recognised	<u>689,128</u>	<u>1,013,072</u>

F. Experience Adjustment

	<u>For the year</u> <u>ended March</u> <u>31, 2010</u> <u>Rupees</u>	<u>For the year</u> <u>ended March</u> <u>31, 2009</u> <u>Rupees</u>	<u>For the year</u> <u>ended March</u> <u>31, 2008</u> <u>Rupees</u>
Defined Benefit Obligation	5,731,795	4,649,065	3,761,488
Plan Assets	5,939,630	4,307,917	4,076,610
(Surplus) / Deficit	(207,835)	341,148	(315,122)
Experience Adjustment on plan liabilities (gain)/ loss	(400,046)	(197,585)	1,520,170
Experience Adjustment on plan assets (gain)/ loss	(3,784)	(29,041)	10,466

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 March 31, 2010.

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.

H. Expected gratuity contribution for the next year is aggregating Rs. 588,966 (Previous Year Rs. 612,526).

III The liability for leave encashment (Net) as at the year end is Rs. 441,087 (Previous Year Rs. 1,090,027).

Morganite Crucible (India) Limited

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NOTES TO THE FINANCIAL STATEMENTS (Contd.)

14. 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 March 31, 2010 and as on that date.

Secondary segments (By geography):

Particulars	For the year ended March 31, 2010			For the year ended March 31, 2009		
	India Rupees	Others Rupees	Total Rupees	India Rupees	Others Rupees	Total Rupees
Revenue from external customers	184,414,399	346,748,194	531,162,593	132,914,211	165,515,659	298,429,870
Carrying amount of Segment Assets	595,373,034	62,050,005	657,423,039	574,752,879	47,177,192	621,930,071
Addition to Fixed Assets during the Year	14,599,836	-	14,599,836	153,277,206	-	153,277,206

15. Related party disclosure

Related party disclosure as required by Accounting Standard - 18, “Related Party Disclosures” issued by the Institute of Chartered Accountants of India is given below:

i. Shareholders in the company

Morganite Crucible Limited holds 38.50% and Morgan Terreassen BV holds 36.50% equity shares of the Company.

ii. Other related Parties where common control exists and transactions have taken place during the year

Subsidiary Company

- Diamond Crucible Company Limited

Fellow subsidiary Companies

- Morganite Crucible Inc., USA
- Carl Nolte Sohne GmbH, Germany
- Morgan Thermic SAS, France
- Morgan Molten Metal System (Suzhou) Co. Ltd., China
- Mkgs. Morgan Carbon, Turkey
- Thermal Ceramics South Africa (PTY) Ltd.
- Morganite Brazil LtdA

Ultimate Holding Company

- The Morgan Crucible Company Plc, U.K.



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NOTES TO THE FINANCIAL STATEMENTS (Contd.)

iii. Key Management Personnel

- Mr. Vijay Sabarwal (Executive Director)
- Mr. Ashish Mehrotra
- Mr. Basant Agrawal
- Mr. Vinod Mhalsekar (with effect from January 15, 2009)
- Mr. Md. Abdul Nadeem (upto May 31, 2009)
- Mr. O. S. Joshi (upto September 6, 2008)
- Mr. H. K. Bajpayee (upto April 6, 2008)
- Mr. Ghanshyam Rathi (with effect from April 1, 2009)
- Mr. Laxmi Ganesh (with effect from April 1, 2009)
- Mr. Sonalsing Gujar (with effect from April 1, 2009)

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NOTES TO THE FINANCIAL STATEMENTS (Contd.)

iv. Transactions with related parties

(Rupees)

PARTICULARS	Parties referred to in (i) above		Parties referred to in (ii) above	
	For the year ended March 31, 2010	For the year ended March 31, 2009	For the year ended March 31, 2010	For the year ended March 31, 2009
"Sale of finished goods"				
Morganite Crucible Limited	26,970,896	24,808,090	-	-
Diamond Crucible Company Limited	-	-	316,845	422,450
Morganite Crucible Inc.	-	-	23,091,865	3,930,475
Carl Nolte Sohne Gmbh	-	-	54,360,797	30,790,512
Morgan Thermic SAS	-	-	11,071,020	10,559,156
Morgan Molten Metal System (Suzhou) Co. Ltd.	-	-	1,572,592	63,306
Mkgs. Morgan Carbon	-	-	254,029	100,160
Thermal Ceramics South Africa (PTY) Ltd.	-	-	30,662,693	10,901,175
Morganite Brazil LtdA	-	-	65,800	-
Purchase of raw materials (including goods in transit)				
Morganite Crucible Limited	2,251,157	36,191,925	-	-
Diamond Crucible Company Limited	-	-	1,498,023	21,231
Carl Nolte Sohne Gmbh	-	-	87,012	1,319,122
Morganite Brazil LtdA	-	-	99,944	21,502,508
Purchased of spares / consumables (including goods-in-transit)				
Morganite Crucible Limited	4,820,744	-	-	-
Diamond Crucible Company Limited	-	-	16,782	138,037
Carl Nolte Sohne Gmbh	-	-	131,239	78,894
Commission on export				
Morganite Crucible Limited	872,323	31,379	-	-
Reimbursement of expenses				
Carl Nolte Sohne Gmbh	-	-	114,313	-
Management charges				
The Morgan Crucible Company Plc	-	-	26,203,391	13,329,725
Royalty				
The Morgan Crucible Company Plc	-	-	4,415,459	1,681,190
Interest on External Commercial Borrowings				
Morganite Crucible Limited	9,688,346	7,404,148	-	-
Advance received				
Morganite Crucible Limited	-	41,259,382	-	-
Purchase of capital goods				
Morganite Crucible Limited	4,473,208	70,672,361	-	-
External Commercial Borrowings obtained				
Morganite Crucible Limited	-	113,179,980	-	-
Balance receivable as at the end of the year				
Morganite Crucible Limited	3,950,282	2,498,733	-	-
Diamond Crucible Company Limited	-	-	135,007	-
Morganite Crucible Inc.	-	-	6,444,988	19,972
Carl Nolte Sohne Gmbh	-	-	10,946,637	12,200,372
Morgan Thermic SAS	-	-	-	6,975,683
Morgan Molten Metal System (Suzhou) Co. Ltd.	-	-	1,093,131	26,302
Mkgs. Morgan Carbon	-	-	-	107,936
Thermal Ceramics South Africa (PTY) Ltd.	-	-	7,447,067	5,923,748
Balance payable as at the end of the year				
Morganite Crucible Limited	95,007,190	105,463,300	-	-
Carl Nolte Sohne Gmbh	-	-	14,557	25,384
Mkgs. Morgan Carbon	-	-	36,393	-
Morganite Brazil LtdA	-	-	-	10,269,868
The Morgan Crucible Company Plc	-	-	49,040,223	22,443,816
External Commercial Borrowing payable				
Morganite Crucible Limited	150,172,000	160,930,000	-	-
Advance Outstanding - Payable				
Morganite Crucible Limited	-	15,361,321	-	-



MORGANITE CRUCIBLE (INDIA) LIMITED
SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31,
2010 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE : 12

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

v. Details relating to persons referred to in item 15 (iii) above

Name of Person	For the year ended March 31, 2010 Rupees	For the year ended March 31, 2009 Rupees
Mr. Vijay Sabarwal	4,528,941	4,365,857
Mr. Ashish Mehrotra	2,484,161	1,845,470
Mr. Basant Agrawal	2,024,280	1,985,620
Mr. Vinod Mhalsekar	1,924,666	393,277
Mr. Md. Abdul Nadeem	113,238	428,860
Mr. O. S. Joshi	Nil	286,566
Mr. Ghanshyam Rathi	700,440	Nil
Mr. Laxmi Ganesh	1,108,327	Nil
Mr. Sonalsing Gujar	1,091,640	Nil
	13,975,693	9,305,650

16. Leases

1. The Company has entered into operating leases for plant and machinery for primary period of 3 years. Total future minimum lease payments in respect for the above mentioned fixed assets of Rs. 175,000 on lease being:

Particulars	For the year ended March 31, 2010 Rupees	For the year ended March 31, 2009 Rupees
Not later than one year	50,000	50,000
Later than one year and not later than five years	29,578	79,578
Later than five years	Nil	Nil

Total lease payments for non-cancellable leases recognised in books for the year being Rs. 56,252 (Previous Year Rs. 56,252).

2. The details of cancellable operating lease is as follows:

The Company has entered into cancellable leasing arrangements for vehicles. The lease rentals aggregating Rs. 247,462 (Previous Year Rs. 784,624) have been included in 'Rent, rates and taxes' under Schedule 10 annexed to and forming part of the Profit and Loss Account.

Morganite Crucible (India) Limited

MORGANITE CRUCIBLE (INDIA) LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE : 12

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

17. Earnings Per Share

Earnings per share is calculated by dividing the profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. The numbers used in calculating basic and diluted earnings are stated below:

Particulars	As at	As at
	March 31, 2010	March 31, 2009
	Rupees	Rupees
Profits after taxation for the year	68,206,404	26,640,461
Weighted average number of shares outstanding during the year (Nos.)	2,800,000	2,800,000
Earnings Per Share (Basic and Diluted)	24.36	9.51
Nominal value of an equity share	10	10

18. Deferred tax liabilities

The Company accounts for deferred tax in accordance with Accounting Standard 22 – “Accounting for Taxes on Income” issued by the Council of the Institute of Chartered Accountants of India.

The deferred tax balances are set out below.

Particulars	As at	As at
	March 31, 2010	March 31, 2009
	Rupees	Rupees
Deferred tax assets		
Provision for leave encashment	146,529	370,500
Provision for Gratuity	Nil	115,956
	146,529	486,456
Deferred tax liability		
Depreciation / Amortisation	8,004,064	18,653,252
	8,004,064	18,653,252
Deferred tax liability (Net)	7,857,535	18,166,796

19. Sundry Creditors

- i) Disclosure has been made as per the definition given in the Micro, Small and Medium Enterprises Development Act, 2006.

The Company has not received any information from the “suppliers” regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to the amounts as at year end together with interest paid / payable as required under the said Act have not been given.



MORGANITE CRUCIBLE (INDIA) LIMITED
SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31,
2010 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE : 12
NOTES TO THE FINANCIAL STATEMENTS (Contd.)

ii) Provision for Warranty :

A provision is recognised for expected warranty claims on products sold during the last one year, based on past experience of level of repairs and returns. It is expected that this cost will be incurred by end of next financial year. Assumptions used to calculate the provision for warranties were based on sales level and information available about returns.

Rupees

Particulars	Balance as at April 1, 2009	Additions during the Year	Amounts utilized during the Year	Write-back during the Year	Balance as at March 31, 2010
Provision for	205,000	2,475,133	2,262,033	Nil	418,100
Warranties	(199,935)	(2,026,521)	(2,021,456)	(Nil)	(205,000)

Note : Figures in brackets represent figures for the previous year.

- 20.** The amount of excise duty disclosed as deduction from turnover is the total excise duty for the year except the excise duty related to the difference between the closing stock and opening stock and excise duty paid but not recovered, which has been disclosed as excise duty expense in "Cost of materials - Increase / (Decrease) in excise duty on finished goods" under Schedule 9 forming part of the Profit and Loss Account.
- 21.** As at the year end the Company –
- has no loans and advances in the nature of loans to associates.
 - has no loans and advances in the nature of loans, wherein there is no repayment schedule or repayment is beyond seven years and
 - has no loans and advances in the nature of loans to firms / companies in which directors are interested.

Morganite Crucible (India) Limited

MORGANITE CRUCIBLE (INDIA) LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE : 12

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

22. Derivative Instruments

Disclosure in accordance with announcement dated December 2, 2005 issued by the Council of the Institute Chartered Accountants of India (ICAI) with respect to details of foreign currency balances not hedged:

Particulars	Foreign Currency Denomination	Foreign Currency Amount	Amount Rupees
Assets (Sundry Debtors)	EURO	413,603	24,989,873
		(392,493)	(26,477,556)
	GBP	283,040	19,229,752
		(154,484)	(11,251,045)
Liabilities (Trade Payables)	USD	396,495	17,830,380
		(185,850)	(9,448,591)
	EURO	88,920	5,392,972
		(83,705)	(5,665,991)
GBP	1,486,150	101,444,573	
	(1,696,613)	(124,107,231)	
Liabilities (External Commercial Borrowings)	USD	211,751	9,592,341
		(241,119)	(12,352,541)
		2,200,000	150,172,000
	GBP	(2,200,000)	(160,930,000)

Note : Figures in brackets represent figures for the previous year.

The foreign currency outstanding has been translated at the rates of exchange prevailing on the Balance Sheet date in accordance with Accounting Standard 11 - 'The Effects of Changes in Foreign Exchange Rates (Revised 2003)'.

23. Previous year's figures have been regrouped / rearranged wherever necessary to confirm to the current year's classification.

Signatures to Schedules 1 to 12 forming part of the Balance Sheet and Profit and Loss Account.

For Price Waterhouse & Co.
Firm Registration Number: 007567S
Chartered Accountants

For and on behalf of the Board of Directors

Uday Shah
Partner
Membership Number: F-46061

Vijay Sabarwal
Whole-time Director

Stuart Cox
Director

Anurag Geete
Company Secretary

Place: Mumbai
Date: July 09, 2010

Place: Aurangabad
Date: July 08, 2010



DIRECTORS' REPORT

The Members,
DIAMOND CRUCIBLE COMPANY LIMITED
Ahmedabad

Your Directors present the 29th Annual Report together with the Audited Statement of Accounts of the Company for the period ended on March 31, 2010.

1. FINANCIAL RESULT:

<i>Particulars</i>	<i>2009-10</i> <i>(Rs.)</i>	<i>2008-09</i> <i>(Rs.)</i>
Profit before Interest, Depreciation and Taxation	2,40,03,542	2,15,12,505
Less: Interest	11,87,689	16,51,965
Profit before Depreciation and Taxation	2,28,15,854	1,98,60,540
<i>Less: Depreciation</i>	<i>26,56,717</i>	<i>20,49,986</i>
Profit for the year before taxation	2,01,59,137	1,78,10,554
Less: Provision for Taxation	85,97,569	65,00,000
Less: Deferred Tax	(16,79,088)	(26,302)
Less: Fringe Benefits Tax	6,985	1,01,771
Profit for the year	1,32,33,671	1,12,35,085
Profit brought forward from the Previous Year	2,81,21,008	1,68,85,923
Profit carried to Balance Sheet	4,13,54,679	2,81,21,008

2. DIVIDEND :

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

3. PUBLIC DEPOSIT :

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

4. CAPITAL :

Company's paid up capital stood at Rs. 35 Lakh as on 31st March 2010. There is no change took place during the year under review.

5. PARTICULARS OF EMPLOYEES :

There was no employee drawing remuneration requiring disclosure under the Companies (Particulars of Employees) Rules, 1975. The employee employer relation remained cordial during the year.

6. AUDITORS:

The notes of the Auditors and other notes on accounts are also self-explanatory. The Auditors of the Company M/s. Price Waterhouse & Co., Chartered Accountants, Mumbai, will retire at the forthcoming Annual General Meeting. However they have expressed their inability to be reappointed as Auditors. The Company has received special notice to appoint M/s BSR & Co. Mumbai as Auditors of the Company for the year 2010-11. The Directors recommend appoint of M/s BSR & Co. Mumbai as Auditors of the Company for the year 2010-11 and necessary business has been incorporated in the notice convening Annual General meeting of the members of the Company.

Morganite Crucible (India) Limited

7. DIRECTORS:

7.1 Two of your Directors retire by rotation in terms of the Articles of Association of the Company. They, being eligible, have offered themselves for reappointment.

8. CHANGE IN SHAREHOLDING PATTERN:

During the year under review there was no change in the shareholding pattern

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 Morgan Crucible Ltd, 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 are also executed an agreement with Morganite Crucible Ltd, 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, 2010 being end of the financial year 2009-10 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. INSURANCE:

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

12. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

The statement pursuant to Section 217(1)(e) of the companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, is given in Annexure forming part of this Report.

13. ACKNOWLEDGEMENT:

Your Directors express their gratitude for the continued support, co operation, assistance received by the Company from various Central and State Government Departments, bankers and valued customers of the Company.

For and on behalf of the Board,

Place: Aurangabad
Date: Aug. 11, 2010

Vijay Sabarwal
Director

Stuart Cox
Director



ANNEXURE TO DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2010 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**

N.A.

Fuel : FUEL Consumption

N.A.

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

c. Impact of (a) & (b) : N.A.

d. Total Energy Consumption As per Form A in respect of industries specified in schedule.

Morganite Crucible (India) Limited

FORM A

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

A. Power and Fuel Consumption			B. Consumption per unit of Production		
	<u>2009-10</u>	<u>2008-09</u>		<u>2009-10</u>	<u>2008-09</u>
1. Electricity			Product		
a. Purchased			Carbon & Graphite Product (Accessories of Crucibles)		
Units	373736	378360		59824	72196
Total Amount Rs.	2152751	2123639	Graphite Crucibles	313912	306164
Rate/Unit Rs	5.76	5.61	Total	373736	378360
b. <u>Own Generation</u> :			Electricity consumed units (including in house generation)		
Units	12400	25740	Ele (Kwh)/MT Prod.	347.24	356.98
Diesel Consumption (Ltrs.)	3953	6450			
Diesel rate/Lit Rs	39.69	38.80			
Cost of Unit generation Rs.	144581	250298			
2. <u>Others (diesel/kerosin)</u>			<u>Others (diesel/kerosin Consumed)</u>		
Quantity (ltr)	500	323290	a. Carbon & Graphite Product (Accessories of Crucibles)	51318	65190
Total Cost Rs.	12305	12143097	b. Graphite Crucibles	269280	276456
Rate/unit(lit) Rs.	24.61	37.56	Diesel/kerosin(ltr)/Natural Gas (M3)/MT Production		
Quantity (M ³) Natural Gas	320098	18356	a. Carbon & Graphite Product (Accessories of Crucibles)	288.30	301.80
Total Cost Rs.	4759139	305288	b. . Graphite Crucibles	288.30	301.80
Rate/unit(lit) Rs.	14.86	16.63			



FORM B

B. RESEARCH AND DEVELOPMENT :

1. Specific Areas : 1) N. A.
2. Benefits to be derived : 1) N. A.
3. Future plan of action : 1) Vacuum impregnation machine to be installed.
To improve quality in aluminums foundry
4. Expenditure on R & D : (Rs in lacs)
 - a. Capital Rs. 0.00
 - b. Recurring Rs. 0.87
 - c. Total Rs. 0.87
 - d. Total R & D expenditure as a percentage of Turnover % 0.06

B. TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION

Effort made - N. A.

Benefits derived - N. A.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

1. Earnings and outgo
 - 1) Foreign Exchange Earnings: Rs. 2,13,77,712/-
 - 2) Foreign Exchange Outgo : Rs. 1,42,343/-

For and on behalf of the Board,

Place: Aurangabad
Date: Aug. 11, 2010

Vijay Sabarwal
Director

Stuart Cox
Director

Morganite Crucible (India) Limited

AUDITORS' REPORT TO THE MEMBERS OF DIAMOND CRUCIBLE COMPANY LIMITED

1. We have audited the attached Balance Sheet of Diamond Crucible Company Limited (the Company), as at March 31, 2010, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date, annexed thereto, which we have signed under reference to this report. 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.
2. We conducted our audit in accordance with the 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.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by Companies (Auditor's Report) (Amendment) Order, 2004, (together the 'Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 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, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Profit and Loss Account and 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 March 31, 2010, and taken on record by the Board of Directors of the Company, none of the Directors of the Company is disqualified as on March 31, 2010 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act 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 March 31, 2010;
 - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For Price Waterhouse & Co.
Firm Registration No. 007567S
Chartered Accountants

Uday Shah
Partner
Membership No. F-46061

Place: Mumbai
Date: July 9, 2010



ANNEXURE TO AUDITORS' REPORT

(REFERRED TO IN PARAGRAPH 3 OF AUDITORS' REPORT OF EVEN DATE TO THE MEMBERS OF DIAMOND CRUCIBLE COMPANY LIMITED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2010)

1.
 - (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) The fixed assets of the Company have been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.
 - (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
2.
 - (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
 - (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. As informed by the management no discrepancies were noticed on physical verification of inventory as compared to book records.
3.
 - (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. Accordingly, clauses (iii)(b) to (iii)(d) of paragraph 4 of the Order are not applicable to the Company for the current year.
 - (b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, clauses (iii) (f) and (iii) (g) of paragraph 4 of the Order are not applicable to the Company for the current year.
4. In our opinion and according to the information and explanations given to us, having regard to the explanation that certain items purchased are of special nature for which suitable alternative sources do not exist for obtaining comparative quotations, there is an adequate internal control system commensurate with the size of the company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods. Further, on the basis of our examination of the books and records of the company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
5. According to the information and explanations given to us, there have been no contracts or arrangements referred to in Section 301 of the Act during the year to be entered in the register required to be maintained under that Section. Accordingly, the question of commenting on transactions made in pursuance of such contracts or arrangements does not arise.
6. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. The matters specified in clause (viii) of paragraph 4 of the Order regarding maintenance of cost records under clause (d) sub-section (1) of Section 209 of the Act is not applicable to the Company.

Morganite Crucible (India) Limited

ANNEXURE TO AUDITORS' REPORT

(REFERRED TO IN PARAGRAPH 3 OF AUDITORS' REPORT OF EVEN DATE TO THE MEMBERS OF DIAMOND CRUCIBLE COMPAY LIMITED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2010)

9. (a) According to the books of accounts and the records as produced and examined by us in accordance with the generally accepted auditing practices in India, in our opinion, the Company is regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues, as applicable with the appropriate authorities in India .
- (b) According to the information and explanations given to us and the records of the Company examined by us, as at March 31, 2010, there are no dues of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.
10. The Company has no accumulated losses as at March 31, 2010 and has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. According to the books of account and records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders during the year.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to the Company.
14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
15. 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 during the year.
16. The Company has not obtained any term loans during the year.
17. Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, in our opinion, there are no funds raised on short term basis which have been used for long term investment.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money by public issues during the year.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

For Price Waterhouse & Co.
Firm Registration No. 007567S
Chartered Accountants

Uday Shah
Partner
Membership No. F-46061

Place: Mumbai
Date: July 9, 2010



DIAMOND CRUCIBLE COMPANY LIMITED
BALANCE SHEET AS AT MARCH 31, 2010

SOURCES OF FUNDS

	Schedule	Rupees	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
Shareholders' Funds				
Capital	1	3,500,000		3,500,000
Reserves and Surplus	2	<u>47,050,672</u>	50,550,672	<u>33,817,001</u>
				37,317,001
Loan Funds				
Unsecured Loans	3		-	12,500,000
Deferred Tax Liabilities (Net) [Refer Notes 1 h) and 5 on Schedule 12]			-	535,212
			<u>50,550,672</u>	<u>50,352,213</u>
APPLICATION OF FUNDS				
Fixed Assets	4			
Gross Block		50,886,097		49,137,181
Less : Depreciation/Amortisation		<u>30,845,134</u>		<u>29,795,585</u>
Net Block		20,040,963		19,341,596
Capital Work-in-Progress		<u>240,000</u>		-
			20,280,963	19,341,596
Investments	5		60,200	60,200
Deferred Tax Assets (Net) [Refer Notes 1 h) and 5 on Schedule 12]			1,143,876	-
Current Assets, Loans and Advances	6			
(a) Inventories		17,642,008		22,439,181
(b) Sundry Debtors		23,017,840		24,513,943
(c) Cash and Bank Balances		23,047,000		8,310,836
(d) Other Current Assets		104,037		8,857
(e) Loans and Advances		<u>2,954,917</u>		<u>2,569,197</u>
		66,765,802		57,842,014
Less : Current Liabilities and Provisions	7			
(a) Current Liabilities		35,903,921		23,775,669
(b) Provisions		<u>1,796,248</u>		<u>3,115,928</u>
		37,700,169		26,891,597
Net Current Assets			<u>29,065,633</u>	<u>30,950,417</u>
			<u>50,550,672</u>	<u>50,352,213</u>
Notes to the financial statements	12			

The Schedules referred to herein above form an integral part of the Balance Sheet.
This is the Balance Sheet referred to in our report of even date.

For Price Waterhouse & Co.
Firm Registration No.007567S
Chartered Accountants

For and on behalf of the Board of Directors

Uday Shah
Partner
Membership No. F-46061

Stuart Alan Cox
Director

Vijay Sabarwal
Director

Place: Mumbai
Date: July 9, 2010

Place: Aurangabad
Date: July 8, 2010

Place: Aurangabad
Date: July 8, 2010

Morganite Crucible (India) Limited

DIAMOND CRUCIBLE COMPANY LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	Schedule	Year ended March 31, 2010 Rupees	Year ended March 31, 2009 Rupees
INCOME			
Sales - Gross [Refer Note 1 b) on Schedule 12]		139,197,043	126,594,654
Less: Excise Duty		9,194,706	10,303,356
Sales (Net)		130,002,337	116,291,298
Other Income	8	521,956	2,954,825
		130,524,293	119,246,123
EXPENDITURE			
Cost of Materials	9	52,670,369	43,519,141
Operating and Other Expenses	10	53,850,381	54,214,477
Interest	11	1,187,689	1,651,965
Depreciation/ Amortisation		2,656,717	2,049,986
		110,365,156	101,435,569
Profit Before Taxation		20,159,137	17,810,554
<u>Provision for Taxation</u> [Refer Notes 1 h) and 5 on Schedule 12]			
- Current Tax		8,597,569	6,500,000
- Deferred Tax		(1,679,088)	(26,302)
- Fringe Benefits Tax [includes short provision of the prior period Rs. 6,985 (Previous Year: Rs. Nil)]		6,985	101,771
Profit After Taxation		13,233,671	11,235,085
Profit Brought Forward from Previous Year		28,121,008	16,885,923
Balance Carried Forward to Balance Sheet		41,354,679	28,121,008
Earnings per share (Refer Note 6 on Schedule 12)			
Basic and Diluted Earnings Per Share (in Rupees)		378.10	321.00
Nominal Value Per Equity Share (in Rupees)		100	100
Notes to the financial statements	12		

The Schedules referred to herein above form an integral part of the Profit and Loss Account.
This is the Profit and Loss Account referred to in our report of even date.

For Price Waterhouse & Co.

Firm Registration No.007567S

Chartered Accountants

Uday Shah

Partner

Membership No. F-46061

Place: Mumbai

Date: July 9, 2010

For and on behalf of the Board of Directors

Stuart Alan Cox

Director

Place: Aurangabad

Date: July 8, 2010

Vijay Sabarwal

Director

Place: Aurangabad

Date: July 8, 2010



DIAMOND CRUCIBLE COMPANY LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

	Year ended March 31, 2010 Rupees	Year ended March 31, 2009 Rupees
A) CASH FLOW FROM OPERATING ACTIVITIES :		
Net profit before tax	20,159,137	17,810,554
<u>Adjustments for:</u>		
Depreciation	2,656,717	2,049,986
Interest expense	1,187,689	1,651,965
Provision for Gratuity	395,288	426,368
Provision for Leave Encashment	195,128	193,658
Loss on discarded Fixed Asset	683,054	-
Loss / (Profit) on sale of fixed assets	-	(69,206)
Liabilities / Provisions no longer required written back	-	(116,801)
Operating Profit Before Working Capital Changes	25,277,013	21,946,524
<u>Adjustments For Changes In Working Capital:</u>		
(Increase) in Inventories	4,797,173	(4,254,407)
(Increase) in Trade and Other Receivables	1,119,241	(5,351,041)
Increase in Trade Payables and Other Liabilities	11,300,137	4,903,596
Cash generated from operations	42,493,564	17,244,672
Direct taxes paid (Net)	(9,785,052)	(4,528,081)
(A) Net cash used in operating activities	32,708,512	12,716,591
B) CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	(4,279,138)	(7,546,975)
Sale of fixed assets	-	171,428
(B) Net cash (used in) / from investing activities	(4,279,138)	(7,375,547)
C) CASH FLOW FROM FINANCING ACTIVITIES :		
Payment Short Term Borrowings (Net)	(12,500,000)	(5,000,000)
Interest Paid	(1,193,210)	(1,788,481)
(C) Net Cash used in financing activities	(13,693,210)	(6,788,481)
Net (Decrease) /Increase in cash and cash equivalents (A+B+C)	14,736,164	(1,447,437)
Cash and cash equivalents as at the beginning of the year	8,310,836	9,758,273
Cash and cash equivalents as at the end of the year	23,047,000	8,310,836
	Year ended March 31, 2010 Rupees	Year ended March 31, 2009 Rupees
Cash and Cash equivalents comprise of:		
Cash in hand	34,303	30,763
Balances with scheduled banks:		
- On current account	16,653,301	7,045,073
- Fixed deposit account	6,359,396	1,235,000
	23,047,000	8,310,836

NOTES ON CASH FLOW STATEMENT :

- The above Cash Flow Statement has been prepared under the 'Indirect Method ' set out in Accounting Standard 3- Cash Flow Statement referred to in The Companies Accounting Standard Rules, 2006.
- Cash and cash equivalents represent cash and bank balances only.
- Cash and cash equivalents includes Rs. 1,235,000 (Previous Year - Rs. 1,235,000) which are not available for use by the Company. (Refer Schedule 6 in the financial statements)

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

For Price Waterhouse & Co.
 Firm Registration No.007567S
 Chartered Accountants

Uday Shah
 Partner
 Membership No. F-46061

Place: Mumbai
 Date: July 9, 2010

For and on behalf of the Board of Directors

Stuart Alan Cox
 Director

Place: Aurangabad
 Date: July 8, 2010

Vijay Sabarwal
 Director

Place: Aurangabad
 Date: July 8, 2010

Morganite Crucible (India) Limited

DIAMOND CRUCIBLE COMPANY LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010

	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
Schedule 1 - Capital		
Authorised :		
35,000 Equity Shares of Rs. 100 each	3,500,000	3,500,000
10,000 12% Cumulative Redeemable Preference Shares of Rs. 100 each	1,000,000	1,000,000
	<u>4,500,000</u>	<u>4,500,000</u>
Issued, subscribed and paid-up:		
35,000 Equity Shares of Rs. 100 each	3,500,000	3,500,000
	<u>3,500,000</u>	<u>3,500,000</u>
Note:		
17,850 equity shares are held by Morganite Crucible (India) Limited, the holding company and 17,150 equity shares are held by Terreassen Holding Limited both of which are subsidiaries of The Morgan Crucible Company Plc, the ultimate Holding Company.		
Schedule 2 - Reserves and Surplus		
Investment Allowance Reserve	465,273	465,273
Cash Subsidy	664,842	664,842
Capital Redemption Reserve	600,000	600,000
General Reserve	3,965,878	3,965,878
Profit and Loss Account	41,354,679	28,121,008
	<u>47,050,672</u>	<u>33,817,001</u>
Schedule 3 - Unsecured Loans		
Short Term Loan from The Hongkong and Shanghai Banking Corporation Limited [Due within one year Rs. Nil (Previous Year: Rs. 12,500,000)]	-	12,500,000
	<u>-</u>	<u>12,500,000</u>

**DIAMOND CRUCIBLE COMPANY LIMITED
SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010**

Schedule 4 - Fixed Assets

[Refer Notes 1 c), 1 i) and 1 k) on Schedule 12]

Description of Assets	Gross Block (at cost)			Depreciation / Amortisation			Net Block			
	As at April 1, 2009	Additions during the year	Deductions during the year	As at March 31, 2010	Upto April 1, 2009	For the year	Deduction during the year	Upto March 31, 2010	As at March 31, 2010	As at March 31, 2010
Tangible										
Leasehold land	235,075	-	-	235,075	61,335	2,374	-	63,709	171,366	173,740
Buildings	8,071,364	-	-	8,071,364	4,681,497	232,907	-	4,914,404	3,156,960	3,389,867
Plant and machinery	35,549,606	4,030,347	2,290,222	37,289,731	20,625,903	2,264,808	1,607,168	21,283,543	16,006,188	14,923,703
Furniture and fixtures	2,844,088	8,791	-	2,852,879	2,034,812	111,618	-	2,146,430	706,449	809,276
Vehicles	937,048	-	-	937,048	892,038	45,010	-	937,048	-	45,010
Intangible										
Technical Know-how	1,500,000	-	-	1,500,000	1,500,000	-	-	1,500,000	-	-
Total	49,137,181	4,039,138	2,290,222	50,886,097	29,795,585	2,656,717	1,607,168	30,845,134	20,040,963	19,341,596
Previous Year	41,399,482	7,877,639	139,940	49,137,181	27,783,317	2,049,986	37,718	29,795,585		
Add: Capital work-in-progress									240,000	-
[including capital advances Rs. 240,000 (Previous Year Rs. Nil)]									20,280,963	19,341,596



Morganite Crucible (India) Limited

DIAMOND CRUCIBLE COMPANY LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010

	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
Schedule 5 - Investments		
[Refer Note 1 d) on Schedule 12]		
Non -Trade (At cost, unquoted and long-term)		
2,408 shares of Shrinath Co-operative Bank of Rs. 25 each	60,200	60,200
	60,200	60,200
Aggregate value of unquoted investments - At book value	60,200	60,200

Note:

"In the previous year, of the above, 100 shares of Rs. 25 each are in the name of Utikaben Rajalbhair Dalal, 100 shares of Rs. 25 each in the name of Rajalbhair Rashmikant Dalal and 200 shares of Rs. 25 each are in the name of Rasmikant Lalbhair Dalal, erstwhile Directors of the company.

"During the current year the entire shares are transferred in the name of Company from the above mentioned parties on July 20, 2009."

**DIAMOND CRUCIBLE COMPANY LIMITED****SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010**

	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
Schedule 6 - Current Assets, Loans and Advances		
Inventories		
[Refer Note 1 e) on Schedule 12]		
Raw materials	6,545,169	6,635,728
Work-in-progress	5,222,609	4,562,068
Finished goods	4,442,687	9,891,119
Stores and spares	1,015,800	860,720
Packing materials	415,743	489,546
	<u>17,642,008</u>	<u>22,439,181</u>
Sundry Debtors		
(Unsecured)		
Debts outstanding for a period exceeding six months:		
- Considered good	-	1,846,838
- Considered doubtful	5,731,614	2,250,000
Less: Provision for doubtful debts	<u>(5,731,614)</u>	<u>(2,250,000)</u>
	-	1,846,838
Other debts:		
- Considered good	<u>23,017,840</u>	<u>22,667,105</u>
	<u>23,017,840</u>	<u>22,667,105</u>
	<u>23,017,840</u>	<u>24,513,943</u>
Cash and Bank Balances		
Cash in hand	34,303	30,763
Balances with scheduled banks:		
- On current account	16,653,301	7,045,073
- On fixed deposit account*	6,359,396	1,235,000
	<u>23,047,000</u>	<u>8,310,836</u>
	<u>23,047,000</u>	<u>8,310,836</u>
Note :		
* Includes Rs. 1,235,000 (Previous Year Rs. 1,235,000) under lien towards Bank Guarantee		
Other Current Assets		
Interest accrued but not due	<u>104,037</u>	<u>8,857</u>
	<u>104,037</u>	<u>8,857</u>
Loans and Advances		
(Unsecured and Considered Good)		
Advances recoverable in cash or in kind or for value to be received	1,981,875	1,225,734
Balances With Central Excise Authorities	686,748	1,127,303
Deposits	286,294	216,160
	<u>2,954,917</u>	<u>2,569,197</u>
	<u>66,765,802</u>	<u>57,842,014</u>

Morganite Crucible (India) Limited

DIAMOND CRUCIBLE COMPANY LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010

	As at March 31, 2010 <u>Rupees</u>	As at March 31, 2009 <u>Rupees</u>
Schedule 7 - Current Liabilities and Provisions		
Current Liabilities		
Sundry creditors		
a) Micro and Small enterprises (Refer Note 15 on Schedule 12)	135,390	-
b) Others [There are no amounts due and outstanding to be credited to Investor Education and Protection Fund]	33,788,185	22,467,803
Other liabilities	557,780	860,384
Advance from Customers	1,422,566	441,961
Interest accrued but not due	-	5,521
	<u>35,903,921</u>	<u>23,775,669</u>
Provisions		
Retirement Benefits		
- Gratuity (Refer Notes 1 f) and 2 on Schedule 12)	-	240,794
- Leave encashment (Refer Notes 1 f) and 2 on Schedule 12)	694,361	592,750
Provision for Taxation [Net of Advance Tax / Tax Deducted At Source Rs. 21,618,697 (Previous Year Rs. 11,837,406) and Net of Advance Fringe Benefit Tax Rs. 434,530 (Previous Year Rs. 430,770)]	1,101,887	2,282,384
	<u>1,796,248</u>	<u>3,115,928</u>
	<u>37,700,169</u>	<u>26,891,597</u>



DIAMOND CRUCIBLE COMPANY LIMITED
SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE
YEAR ENDED MARCH 31, 2010

	Year ended March 31, 2010 Rupees	Year ended March 31, 2009 Rupees
Schedule 8 - Other Income		
Interest from Bank -Gross [including tax deducted at source Rs. 24,398 (Previous Year: Rs. 2,298)]	243,974	11,155
Interest Others - Gross [including tax deducted at source Rs. 33,693 (Previous Year: Rs. Nil)]	140,080	441,653
Exchange gain (Net)	-	22,40,643
Profit on sale of fixed assets (Net)	-	69,206
Liabilities / Provisions no longer required written back	-	116,801
Miscellaneous Income	137,902	75,367
	<u>521,956</u>	<u>2,954,825</u>
Schedule 9 - Cost of Materials		
Consumption of raw materials		
Opening stock	6,635,728	3,173,124
Add: Purchases	<u>49,808,150</u>	<u>48,378,276</u>
	56,443,878	51,551,400
Less: Sales	1,514,805	159,268
Less: Closing stock	<u>6,545,169</u>	<u>6,635,728</u>
Consumption of raw materials	48,383,904	44,756,404
(Increase)/decrease in stock of finished goods and work-in-progress		
Opening stock:		
Finished goods	9,891,119	8,479,862
Work-in-progress	<u>4,562,068</u>	<u>5,179,332</u>
	14,453,187	13,659,194
Less: Closing stock:		
Finished goods	4,442,687	9,891,119
Work-in-progress	<u>5,222,609</u>	<u>4,562,068</u>
	9,665,296	14,453,187
Net (Increase)/decrease in stock of finished goods and work-in-progress	<u>4,787,891</u>	<u>(793,993)</u>
	<u>53,171,795</u>	<u>43,962,411</u>
(Decrease) in excise duty on finished goods (Refer note 18 on Schedule 12)	(501,426)	(443,270)
	<u>52,670,369</u>	<u>43,519,141</u>

Morganite Crucible (India) Limited

DIAMOND CRUCIBLE COMPANY LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	Year ended March 31, 2010 Rupees	Year ended March 31, 2009 Rupees
Schedule 10 - Operating and Other Expenses		
Salaries, wages and bonus	11,838,016	10,429,044
Contribution to Provident and other funds	933,824	846,902
Gratuity	395,288	426,368
Leave encashment	195,128	193,658
Staff welfare	896,138	669,159
	<u>14,258,394</u>	<u>12,565,131</u>
Stores and packing materials consumed	8,722,897	7,407,236
Electricity and fuel	7,068,778	14,822,323
	<u>15,791,675</u>	<u>22,229,559</u>
Repairs and Maintenance:		
- Building	130,065	99,686
- Plant and machinery	715,779	810,989
- Others	32,024	39,387
	<u>877,868</u>	<u>950,062</u>
Rates and taxes	50,337	59,355
Travelling and motor car expenses	711,522	812,904
Legal and professional fees	581,029	440,601
Insurance	242,118	280,255
Auditors' remuneration [Refer Note 7 on Schedule 12]	356,741	354,667
Exchange Loss (Net)	961,972	-
Transportation	675,336	1,664,011
Directors' sitting fees	-	70,000
Royalty	1,467,619	880,623
Management charges	8,325,351	6,436,639
Export freight, insurance and Other Charges	880,859	1,686,650
Warranty Expenses	1,332,323	1,113,257
Provision for doubtful debts	3,481,614	2,000,000
Loss on discarded Fixed Asset	683,054	-
Miscellaneous expenses	3,172,569	2,670,763
	<u>22,922,444</u>	<u>18,469,725</u>
	<u>53,850,381</u>	<u>54,214,477</u>
Schedule 11 - Interest		
Interest on:		
- Short Term Loan	826,301	1,527,442
- Others	361,388	124,523
	<u>1,187,689</u>	<u>1,651,965</u>



DIAMOND CRUCIBLE COMPANY LIMITED

Additional information as required under Part IV to Schedule VI to the Companies Act, 1956

Balance Sheet abstract and the Company's general business profile

I. Registration Details:	
Registration No.	4450 of 1981-82
State code :	4
Balance Sheet Date:	March 31, 2010
II. Capital Raised during the year	(Amount in Rupees Thousands)
Public issue	Nil
Rights issue	Nil
Preferential issue	Nil
Bonus issue	Nil
Private placement	Nil
III. Position of Mobilisation and Deployment of Funds	(Amount in Rupees Thousands)
Total Liabilities	88,251
Total Assets	88,251
Sources of Funds :	
Paid-up Capital	3,500
Reserves and Surplus	47,051
Secured Loans	Nil
Unsecured Loans	Nil
Deferred Tax Liability	Nil
Application of Funds :	
Net Fixed Assets	20,281
Investments	60
Net Current Assets	29,066
Deferred Tax Assets	1,144
Miscellaneous Expenditure	Nil
IV. Performance of the Company	(Amount in Rupees Thousands)
Turnover (including other income)	130,524
Total Expenditure	110,365
Profit before Tax	20,159
Profit after Tax	13,234
Earning per share in Rupees	378.10
Dividend %	Nil
V. Generic Names of Principal Products / Services of the Company (as per monetary terms)	
Item Code No. (ITC Code)	32390404
Product Description	Graphite Crucible, Carbon and graphite Products

For and on behalf of the Board of Directors

Stuart Alan Cox
Director

Vijay Sabarwal
Director

Place: Aurangabad
Date : July 8, 2010

Place: Aurangabad
Date : July 8, 2010

Morganite Crucible (India) Limited

DIAMOND CRUCIBLE COMPANY LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE 12

NOTES TO THE FINANCIAL STATEMENTS

1. Statement of Significant Accounting Policies

a) Basis of Preparation of Financial Statements

The financial statements have been prepared under historical cost convention from the books of account maintained on accrual basis to comply in all material aspects with all the applicable accounting principles in India, the applicable accounting standards notified under section 211(3C) of the Companies Act, 1956, of India (the "Act") and the relevant provisions of the Act.

b) Sales

Revenue is recognised when the property and all significant risks and rewards of ownership are transferred to the buyer or 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.

c) Fixed Assets and Depreciation

Fixed Assets are stated at historical cost less depreciation. Cost includes all expenses relating to acquisition and installation of the concerned assets.

Tangible Assets

Depreciation has been provided on straight line method at rates prescribed in Schedule XIV to the Companies Act, 1956, issued by the Department of Company Affairs on all tangible assets except Kiln.

Hitherto, depreciation on Kiln was provided on Straight Line Method, pro-rata to the period of use, at the rates specified in Schedule XIV of the Act. From this year onwards, depreciation on Kiln has been provided on a straight line method (pro-rata from the date of additions) over the useful life of the assets estimated by the management which is higher than Schedule XIV of the Act. The rate of depreciation used during the year for depreciation of Kiln is 20% p.a.

Depreciation on additions and deletions during the year is calculated on pro-rata basis. All assets costing less than Rs. 5,000 are depreciated at 100 % in the year of acquisition. Leasehold land is amortised over the period of the lease.

d) Investments

Long term Investments are stated at cost. Provision is made to recognise a diminution, other than temporary, in the value of investments.

e) Inventories

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

- i) Cost of raw materials, stores and consumable spares and packing materials are computed on first-in, first-out basis.
- ii) Work-in-progress includes cost of raw materials, cost of conversion and other cost incurred in bringing it to its present location and condition.
- iii) Cost of finished goods includes cost of raw materials, cost of conversion, other cost incurred in bringing it to its present location / condition and excise duty.



DIAMOND CRUCIBLE COMPANY LIMITED

**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010
AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010**

SCHEDULE 12

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

f) Employee benefits

(i) Short Term Employee Benefits:

The employees of the Company are entitled to leave encashment as per the leave policy of the Company. The liability in respect of leave encashment of short term nature is provided, based on an actuarial valuation carried out by an independent actuary as at the year end.

(ii) Long Term Employee Benefits:

Defined Contribution Plans

The Company has Defined Contribution plans for post employment benefits namely Provident Fund which are 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 contributes to State plans namely Employee's State Insurance Fund and Employee's Pension Scheme 1995 and has no further obligation beyond making its contribution.

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

Defined Benefit Plans

The Company has a Defined Benefit plan namely Gratuity and Leave Encashment for all its employees. Gratuity Fund is in the process of being recognised by the income tax authorities. The Company has taken a group gratuity policy with Life Insurance Corporation of India ('LIC') and is funded. Long term Leave Encashment includes provision for leave which is expected to be encashed/utilized after twelve months from the Balance Sheet date.

Liability for Defined Benefit Plan is provided on the basis of valuations, as at the Balance Sheet Date, carried out by an independent actuary. The actuarial valuation method used by independent actuary for measuring the liability is the Projected Unit Credit Method.

(iii) Termination benefits are recognised as an expense as and when incurred.

(iv) Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the Profit and Loss Account as income or expense.

g) Foreign currency transactions

Foreign currency transactions are accounted at the exchange rates prevailing on the date of the transaction. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the Profit and Loss Account.

h) Taxes on Income

Provision for tax for the year is made on the assessable income at the tax rate applicable to the relevant assessment year.

Deferred tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Provision for Fringe Benefit Tax has been made in accordance with the Income Tax Laws prevailing for the relevant assessment years.

Morganite Crucible (India) Limited

DIAMOND CRUCIBLE COMPANY LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE 12

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

i) Borrowing Costs

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost 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 expense in the period in which they are incurred.

j) Provision for contingent liabilities

The Company recognises a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resource is remote, no provision or disclosure is made.

k) 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 higher of the asset's net selling price or estimated future cash flows which are discounted to their present value based on appropriate discount rates. If such recoverable amount of the assets or recoverable amount of 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 if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

2. The Disclosures envisaged in Accounting Standard - Employee Benefits (AS-15) as issued by the Companies Accounting Standard Rules, 2006 is as given below:

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

I Defined Contribution Plans

a. Provident Fund

b. State Defined Contribution Plans

1. Employers' Contribution to Employee's State Insurance

ii) Employers' Contribution to Employee's Pension Scheme 1995.

During the year, the Company has recognised the following amounts in the Profit and Loss Account -

	Year Ended March 31, 2010	Year Ended March 31, 2009
	Rupees	Rupees
- Employers' Contribution to Provident Fund*	332,585	276,006
- Employers' Contribution to Employee's State Insurance*	196,868	188,313
- Employers' Contribution to Employee's Pension Scheme 1995.*	341,614	326,431

* Included in Contribution to provident and other funds (Refer Schedule 10)



DIAMOND CRUCIBLE COMPANY LIMITED

**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010
AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010**

SCHEDULE 12

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

II 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:

	Year Ended March 31, 2010	Year Ended March 31, 2009
	Rupees	Rupees
Discount Rate (per annum)	8.25%	7.57%
Rate of increase in Compensation levels	6.50%	6.50%
Rate of Return on Plan Assets	9.00%	9.00%
Expected Average remaining working lives of employees (years)	11	12

A) Changes in the Present Value of Obligation

	As at March 31, 2010	As at March 31, 2009
	Rupees	Rupees
Present Value of Obligation at the beginning of the year	2,894,932	2,365,988
Interest Cost	238,832	179,105
Past Service Cost	-	-
Current Service Cost	250,202	224,502
Curtailement Cost / (Credit)	-	-
Settlement Cost / (Credit)	-	-
Benefits Paid	(29,481)	(101,914)
Actuarial (gain) / loss on obligations	29,165	227,251
Present Value of Obligation as at year end.	3,383,650	2,894,932

B) Changes in the Fair value of Plan Assets

	As at March 31, 2010	As at March 31, 2009
	Rupees	Rupees
Fair Value of Plan Assets at the beginning of the year	2,654,138	2,280,582
Expected Return on Plan Assets	287,408	222,062
Actuarial Gains / (Loss) on Plan Assets	(12,865)	(17,572)
Contributions	1,108,060	270,980
Benefits Paid	(29,481)	(101,914)
Fair Value of Plan Assets at year end	4,007,260	2,654,138

Morganite Crucible (India) Limited

DIAMOND CRUCIBLE COMPANY LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE 12

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

C) Reconciliation of Present Value of Defined Benefit Obligation and the Fair value of Assets

	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
Present Value of funded obligation as at the year end	(3,383,650)	(2,894,932)
Fair Value of Plan Assets as at the end of the year	4,007,260	2,654,138
Funded Status	-	(240,794)
Unfunded/ Surplus Net (Liability)/ Asset Recognised in Balance Sheet	*623,610	** (240,794)

* Included in Loans and Advances (Refer Schedule 6)

** Included in Provisions (Refer Schedule 7)

D) Amount recognised in the Balance Sheet

	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
Present Value of Obligation at the end of the year	(3,383,650)	(2,894,932)
Fair Value of Plan Assets as at the end of the year	4,007,260	2,654,138
Asset/ (Liability) recognised in the Balance Sheet	*623,610	** (240,794)

* Included in Loans and Advances (Refer Schedule 6)

** Included in Provisions (Refer Schedule 7)

E) Expenses recognised in the Profit and Loss Account

	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
Current Service Cost	250,202	224,502
Past Service Cost	-	-
Interest Cost	238,832	179,105
Expected Return on Plan Assets	(287,408)	(222,062)
Curtailement Cost / (Credit)	-	-
Settlement Cost / (Credit)	-	-
Adjustments of earlier years	151,632	-
Net actuarial (gain) / loss recognised in the Year	42,030	244,823
Total Expenses recognised in the Profit and Loss Account***	395,288	426,368

*** Included in Contribution to Provident and Other Funds (Refer Schedule 10)



DIAMOND CRUCIBLE COMPANY LIMITED**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010****SCHEDULE 12****NOTES TO THE FINANCIAL STATEMENTS (Contd.)****F) Experience Adjustment**

	Year ended March 31, 2010	Year ended March 31, 2009	Year ended March 31, 2008
	Rupees	Rupees	Rupees
Present Value of Obligation	3,383,650	2,894,932	2,365,988
Fair Value of Plan Assets	4,007,260	2,654,138	2,280,582
Surplus/ (Deficit)	623,610	(240,794)	(85,406)
Experience adjustments on :			
(Gain) / loss on Plan liabilities	29,165	227,251	84,763
Gains / (Loss) on Plan Assets Plan assets	(12,865)	(17,572)	4,973

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 March 31, 2010

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 Regulatory and Development Authority regulations.

H) Expected gratuity contribution for the next year is aggregating Rs.100,000 (Previous Year Rs. 456,037)

(III) The Liability for leave encashment and compensated absences as at year end is Rs. 694,361 (Previous Year Rs. 592,750)

3. Capital commitments

Estimated amount of contracts [net of advances of Rs. 240,000 (Previous Year Rs. Nil)] remaining to be executed on capital account and not provided for Rs. 600,000 (Previous Year Rs. 350,000).

4. Contingent liabilities

1) A suit has been filed by Mr. N. K. Oza, past employee of the Company, 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.

2) The Company has entered into 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.

Morganite Crucible (India) Limited

DIAMOND CRUCIBLE COMPANY LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE 12

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

5. Deferred tax balances

The components of deferred tax liabilities and assets arising on account of timing differences between taxable income and accounting income are as follows:

The deferred tax balances are set out below.

	As at March 31, 2009	Additions/ (Deletions) during the year	Rupees As at March 31, 2010
Deferred tax assets			
Provision for leave encashment	201,476	29,173	230,649
Provision for Doubtful Debts	764,775	1,139,124	1,903,899
Provision for Bonus	-	431,998	431,998
Provision for Global Business Unit charges	271,919	60,256	332,175
	<u>1,238,170</u>	<u>1,660,551</u>	<u>2,898,721</u>
Deferred tax liability			
Depreciation / Amortisation	1,773,382	(18,537)	1,754,845
	<u>1,773,382</u>	<u>(18,537)</u>	<u>1,754,845</u>
Deferred tax liabilities/(Assets)(Net)	<u>535,212</u>	<u>(1,679,088)</u>	<u>(1,143,876)</u>

6. Earnings per share

Earnings per share is calculated by dividing the profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. The numbers used in calculating basic and diluted earnings are stated below:

	Year ended March 31, 2010 Rupees	Year ended March 31, 2009 Rupees
Profits after taxation for the year	13,233,671	11,235,085
Weighted average number of shares outstanding during the year (Nos.)	35,000	35,000
Earnings Per Share (Basic and Diluted)	378.10	321.00
Nominal value of an equity share	100	100

7. Remuneration to auditors

	Year ended March 31, 2010 Rupees	Year ended March 31, 2009 Rupees
Audit fees	350,000	350,000
Out-of-pocket expenses	6,741	4,667
	<u>356,741</u>	<u>354,667</u>



DIAMOND CRUCIBLE COMPANY LIMITED

**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010
AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010**

SCHEDULE 12

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

8. Capacities

	Year ended March 31, 2010 Rupees (MT)	Year ended March 31, 2009 Rupees (MT)
i) Carbon & Graphite Product (Accessories of Crucibles)		
* Annual installed capacity (on single shift basis)	960.00	960.00
ii) Graphite Crucible		
* Annual installed capacity	960.00	960.00

* Vide consent order No. 1766 dated February 17, 2004 received from Gujarat Pollution Control Board.

9. Information in respect of opening stock, production, turnover and closing stock

	Quantity M.T.	Year ended March 31, 2010 Value Rupees	Quantity M.T.	Year ended March 31, 2009 Value Rupees
Clay graphite crucibles				
i) Opening stock*	109.61	8,212,132	93.44	7,610,937
ii) Production	934.49		916.09	
iii) Turnover	1,004.52	110,712,717	899.92	93,234,273
iv) Closing stock*	39.58	3,023,485	109.61	8,212,132
Crucibles accessories				
i) Opening stock*	30.16	1,678,987	32.73	868,925
ii) Production	177.58		216.10	
iii) Turnover	185.05	19,289,620	218.67	23,057,025
iv) Closing stock*	22.69	1,419,202	30.16	1,678,987

* After adjustments for shortage / excess and the effects of reduction of stock items to realisable value.

10. Components and spare parts referred to in paragraph 4D(a) and (c) of part II of Schedule VI to the Companies Act, 1956, are assumed to be those incorporated in the goods purchased and not those used for maintenance of plant and machinery.

Morganite Crucible (India) Limited

DIAMOND CRUCIBLE COMPANY LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010
AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE 12

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

11. Quantitative and value analysis of raw materials consumed*

	Year ended March 31, 2010		Year ended March 31, 2009	
	Quantity	Value	Quantity	Value
	M.T.	Rupees	M.T.	Rupees
Clay	267.11	2,715,487	270.55	2,828,297
Graphite Powder	397.45	16,983,912	382.05	13,861,108
Silicon Carbide	254.20	16,121,387	238.70	12,901,440
Silicon Metal	115.59	9,833,672	127.18	12,415,887
Other	-	2,729,446	-	2,749,672
Total		48,383,904		44,756,404

* The value of consumption of raw materials has been arrived at on the basis of opening stock plus purchases less closing stock. The consumption, therefore, includes adjustments for raw materials write-off, shortage / excess, etc.

12. Value of imported and indigenous raw materials consumed

	Year ended March 31, 2010		Year ended March 31, 2009	
	Value	%	Value	%
	Rupees		Rupees	
Indigenous	44,255,062	91.00	40,051,837	89.49
Imported	4,128,842	9.00	4,704,567	10.51
Total	48,383,904	100.00	44,756,404	100.00

13. C.I.F. value of imports :

	Year ended March 31, 2010	Year ended March 31, 2009
	Rupees	Rupees
Raw Materials	2,198,936	7,002,685
Components and Spare Parts	84,973	35,519
Capital goods	-	147,363

14. Expenditure and earnings in foreign currency:

	Year ended March 31, 2010	Year ended March 31, 2009
	Rupees	Rupees
(a) Expenditure in foreign currency		
Legal and Professional fees	106,906	51,979
Travelling Expenditure	35,437	60,267
Management Charges	-	510,115
(b) Earnings in foreign exchange		
Export of goods calculated on F.O.B. basis	21,377,712	32,562,808



DIAMOND CRUCIBLE COMPANY LIMITED

**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010
AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010**

SCHEDULE 12

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

15. Sundry Creditors

The Company initiated the process of identifying Micro, Small and Medium Enterprises (MSME), as defined under the Micro, Small and Medium Enterprises Development Act, 2006, by requesting vendor confirmation to the letters circularised by it. The Company has received responses from 5 parties confirming their status as SME and the amount payable to them as on March 31, 2010 aggregates to Rs. 135,390. There are no delays in payments, interest on delayed payments, interest payable on principal accounts, interest accrued but not due and total interest due but not paid to Micro and Small Enterprises as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006.

The above information and that given in Schedule 7 - " Current Liabilities" regarding Micro and Small enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

16. Related party disclosure:

Related party disclosure as required by AS-18, "Related Party Disclosure" as issued by the Companies Accounting Standard Rules, 2006 is as given below:

- (i) Enterprises where control exists:
 - (a) The Morgan Crucible Company Plc - Ultimate Holding Company
 - (b) Morganite Crucible (India) Limited - Holding Company
 - (c) Terreasen Holding Limited- Company having substantial interest

- (ii) Related party relationships where transactions have taken place during the year
 - 1. The Morgan Crucible Company Plc - Ultimate Holding Company
 - 2. Morganite Crucible (India) Limited - Holding Company
 - 3. Morganite Crucible Limited (U.K) - Fellow Subsidiary
 - 4. Carl Nolte Sohne , GmbH - Fellow Subsidiary
 - 5. Murugappa Morgan Thermal Ceramics Limited- Fellow Subsidiary

- (iii) Key Management Personnel
 - 1. Mr. V. Sabarwal - CEO & Director
 - 2. Mr. Pradeep Singh - Plant Manager
 - 3. Mr. Bipin Mukul - Marketing Manager
 - 4. Mr. N. S. Patel - Finance Manager
 - 5. G.K.Vaidya- General Manager (Resigned w.e.f June 30, 2008)

**DIAMOND CRUCIBLE COMPANY LIMITED
SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEETS AT MARCH 31, 2010 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR
ENDED MARCH 31, 2010.**

SCHEDULE: 12 (Contd.)

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

iv) Transactions with related parties

PARTICULARS	Year ended March 31, 2010					Year ended March 31, 2009								
	Share-holders		Common control			Share-holders		Common control						
	(i)	(ii)	(i)	(ii)	(i)	(ii)	(i)	(ii)	(i)	(ii)				
	Morganite Crucible (India) Limited	Morganite Crucible Limited (U.K.)	Carl Noite Sohne, GmbH	Morganite Brazil Ltda.	Morganite Crucible Inc, USA	The Morgan Crucible Company Plc	Murugappa Morgan Thermal Ceramics Limited	Morganite Crucible (India) Limited	Morganite Crucible Limited (U.K.)	Carl Noite Sohne, GmbH	Morganite Brazil Ltda.	Morganite Crucible Inc, USA	The Morgan Crucible Company P/c	Murugappa Morgan Thermal Ceramics Limited
Income	-	-	-	-	-	-	-	-	13,032	-	-	(2,812)	-	-
Sale of finished goods	-	-	342,896	1,070,980	-	-	-	-	-	1,551,682	-	-	-	-
Sale of Raw Material	1,514,805	-	-	-	-	-	-	159,268	-	-	-	-	-	-
Other Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Expenditure	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of raw materials	304,159	-	55,737	-	-	-	-	422,450	-	546,245	-	-	-	-
Purchased of spares / consumables	12,686	-	56,577	-	-	-	-	-	-	25,300	-	-	-	-
Royalty charges	-	-	-	-	-	1,467,619	-	-	-	-	-	-	880,623	-
Management charges	-	-	-	-	-	8,125,351	-	-	-	-	-	-	6,436,639	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of capital goods	-	-	-	-	-	-	851,473	-	-	-	-	-	-	-
Outstanding Balances:	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Receivables	-	-	165,853	1,053,873	-	-	-	-	-	269,503	-	-	-	-
Payables	135,007	-	35,402	-	-	19,423,117	-	-	-	-	-	-	12,880,732	-

**DIAMOND CRUCIBLE COMPANY LIMITED****SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010****SCHEDULE 12****NOTES TO THE FINANCIAL STATEMENTS (Contd.)**

(v) Details relating to persons referred to in item 16 (iii) above

	Year ended March 31, 2010	Year ended March 31, 2009
	Rupees	Rupees
Mr. Pradeep Singh - Plant Manager	767,375	463,128
Mr. Bipin Mukul - Marketing Manager	337,118	309,094
Mr. N. S. Patel - Finance Manager	347,258	308,062
G.K.Vaidya	-	199,500

17. Segment reporting:

Primary segment : In accordance with the requirements of Accounting Standard 17 - "Segment Reporting" issued by the Companies Accounting Standard Rules, 2006, the Company has determined its business segment as crucibles. Since 100% of the 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 acquired 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 March 31, 2010 and as on that date.

Secondary segments (By geography):

Particulars	Year ended March 31, 2010			Year ended March 31, 2009		
	India	Outside India	Total	India	Outside India	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Revenue from external customers	10,8056,300	21,946,037	130,002,337	82,504,431	33,786,867	116,291,298
Carrying amount of Segment Assets	84,662,209	2,444,757	87,106,966	69,746,499	7,497,311	77,243,810
Addition to Fixed Assets during the Year	4,279,138	-	4,279,138	7,546,975	-	7,546,975

18. The amount of excise duty disclosed as deduction from turnover is the total excise duty for the year except the excise duty related to the difference between the closing stock and opening stock and excise duty paid but not recovered, which has been disclosed as excise duty expense in "Cost of materials - Increase / (Decrease) in excise duty on finished goods" under Schedule 9 forming part of the Profit and Loss Account.

Morganite Crucible (India) Limited

DIAMOND CRUCIBLE COMPANY LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE 12

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

19. Derivative Instruments

Disclosure in accordance with announcement dated December 2, 2005 issued by the Council of the Institute Chartered Accountants of India (ICAI) with respect to details of foreign currency balances not hedged:

Particulars	Foreign Currency Denomination	Foreign Currency Amount	Amount Rupees
Assets (Sundry Debtors)	EURO	2,745	165,853
		(3,995)	(269,503)
	USD	117,593	5,288,177
		(142,238)	(7,227,808)
Assets (Loans and Advances)	USD	10,643	493,303
Liabilities (Trade Payables)		(-)	(-)
		584	35,431
	EURO	(-)	(-)
		6,488	442,893
	GBP	(187,023)	(13,680,732)
	USD	18,449	824,435
		(-)	(-)

Note : Figures in brackets represent figures for the previous year.

The foreign currency outstanding has been translated at the rates of exchange prevailing on the Balance Sheet date in accordance with Accounting Standard 11 - 'The Effects of Changes in Foreign Exchange Rates (Revised 2003)'.

20. Previous year's figure have been regrouped and rearranged wherever necessary to confirm to the current year's classification.

For Price Waterhouse & Co.
Firm Registration No.007567S
Chartered Accountants

For and on behalf of the Board of Directors

Uday Shah
Partner
Membership No. F-46061

Stuart Alan Cox
Director

Vijay Sabarwal
Director

Place: Mumbai
Date: July 9, 2010

Place: Aurangabad
Date: July 8, 2010

Place: Aurangabad
Date: July 8, 2010



AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF MORGANITE CRUCIBLE (INDIA) LIMITED

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") and its subsidiary, hereinafter referred to as the "Group" as at March 31, 2010, the related consolidated Profit and Loss Account and the consolidated Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These consolidated financial statements are the responsibility of the Company'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 the 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.
3. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21 - Consolidated Financial Statements notified under Section 211(3C) of the Companies Act, 1956.
4. In our opinion and to the best of our information and according to the explanations given to us, the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a. in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2010;
 - b. in the case of the consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date; and
 - c. in the case of the consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For Price Waterhouse & Co.
Firm Registration Number: 007567S
Chartered Accountants

Uday Shah
Partner
Membership Number: F-46061

Mumbai
Date : July 9, 2010

Morganite Crucible (India) Limited

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

SOURCES OF FUNDS

	Schedule	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
Shareholders' Funds			
Capital	1	28,000,000	28,000,000
Reserves and Surplus	2	234,324,528	161,996,168
		262,324,528	189,996,168
Minority Interest		24,769,828	18,414,291
Loan Funds			
Unsecured Loans	3	150,835,726	204,148,347
Deferred Tax Liability (Net) (Refer Notes 1 j) and 9 on Schedule 12)		6,713,659	18,702,008
		444,643,741	431,260,814
APPLICATION OF FUNDS			
Fixed Assets	4		
Gross Block		523,244,431	505,511,333
Less: Depreciation / Amortisation		198,562,549	163,902,645
Net Block		324,681,882	341,608,688
Add: Capital Work-in-Progress		9,297,442	11,685,522
		333,979,324	353,294,210
Investments	5	60,200	60,200
Current Assets, Loans and Advances	6		
Inventories		165,819,547	158,732,641
Sundry Debtors		118,704,551	89,904,437
Cash and Bank Balances		41,704,169	15,787,088
Other Current Assets		141,484	17,921
Loans and Advances		64,604,953	62,470,409
		390,974,704	326,912,496
Less: Current Liabilities and Provisions	7		
Current Liabilities		266,061,690	246,536,373
Provisions		14,308,797	2,469,719
		280,370,487	249,006,092
Net Current Assets		110,604,217	77,906,404
		444,643,741	431,260,814
Notes to the Financial Statements	12		

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

This is the Consolidated Balance Sheet referred to in our report of even date.

For Price Waterhouse & Co.
Firm Registration Number: 007567S
Chartered Accountants

Uday Shah
Partner
Membership Number: F-46061

Place: Mumbai
Date: July 09, 2010

For and on behalf of the Board of Directors

Vijay Sabarwal
Whole-time Director

Stuart Cox
Director

Anurag Geete
Company Secretary

Place: Aurangabad
Date: July 08, 2010



MORGANITE CRUCIBLE (INDIA) LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	Schedule	Year ended March 31, 2010 Rupees	Year ended March 31, 2009 Rupees
INCOME			
Sales - Gross (Refer Note 1 d) on Schedule 12)		708,147,671	441,879,048
Less: Excise Duty		48,814,391	27,739,598
Sales (Net)		659,333,280	414,139,450
Other Income	8	17,198,628	38,832,467
		676,531,908	452,971,917
EXPENDITURE			
Cost of Materials	9	253,595,824	163,141,432
Operating and Other Expenses	10	258,062,654	201,199,280
Interest	11	12,883,626	12,034,113
Depreciation / Amortisation		37,146,288	23,285,422
		561,688,392	399,660,247
Profit Before Taxation		114,843,516	53,311,670
Provision for Taxation			
- Current Tax [includes short provision for earlier years Rs. 12,043,414 (Previous Year Rs. Nil)]		48,140,983	11,500,000
- Deferred Tax		(11,988,349)	5,890,531
- Fringe Benefit Tax [includes short provision for earlier year Rs. 6,985 (Previous Year Rs. Nil)]		6,985	801,771
		78,683,897	35,119,368
Less: Minority Interest for the year		6,355,537	5,634,152
		72,328,360	29,485,216
Profit Brought Forward from Previous Year		76,004,168	46,518,952
Profit Carried Forward to Balance Sheet		148,332,528	76,004,168
Earnings per share (Refer Note 8 on Schedule 12)			
Basic and Diluted Earnings Per Share (in Rupees)		25.83	10.53
Nominal Value Per Equity Share (in Rupees)		10	10

Notes to the Financial Statements 12

The Schedules referred to herein above form an integral part of the Consolidated Profit and Loss Account.

This is the Consolidated Profit and Loss Account referred to in our report of even date.

For Price Waterhouse & Co.
Firm Registration Number: 007567S
Chartered Accountants

Uday Shah
Partner
Membership Number: F-46061

Place: Mumbai
Date: July 09, 2010

For and on behalf of the Board of Directors

Vijay Sabarwal
Whole-time Director

Place: Aurangabad
Date: July 08, 2010

Stuart Cox
Director

Anurag Geete
Company Secretary

Morganite Crucible (India) Limited

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

	Year ended March 31, 2010 Rupees	Year ended March 31, 2010 Rupees
(A) CASH FLOW FROM OPERATING ACTIVITIES:		
Profit Before Taxation	114,843,516	53,311,670
Adjustments for:		
Depreciation / Amortisation	37,146,288	23,285,422
Interest expense	12,883,626	12,034,113
Provision for doubtful debts	3,481,614	2,000,000
Loss / (Profit) on sale of fixed assets	772,972	(250,329)
Provision for warranties	213,100	(693,639)
Provision for gratuity	(581,942)	496,536
Provision for leave encashment	(547,329)	1,039,548
Interest income	(1,123,246)	(1,023,919)
Liabilities / Provisions no longer required written back	(864,550)	(1,544,996)
Unrealised exchange gain on External Commercial Borrowings	(10,758,000)	-
(Increase) in inventories	(7,086,906)	(98,044,321)
(Increase) in trade and other receivables	(37,261,975)	(83,291,989)
Increase in trade payables and other liabilities	20,502,575	168,002,917
Cash generated from operations	131,619,743	75,321,013
Direct taxes paid (Net)	(32,547,016)	(11,562,974)
(A) Net cash from operating activities	99,072,727	63,758,039
(B) CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of fixed assets	(18,878,974)	(160,824,181)
Sale of fixed assets	274,600	352,551
Interest earned	999,683	1,008,164
(B) Net cash (used in) investing activities	(17,604,691)	(159,463,466)
(C) CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from External Commercial Borrowings	-	101,042,500
Proceeds from Short Term Borrowings	-	20,000,000
Repayments of Short Term Borrowings	(32,500,000)	(25,000,000)
Interest paid	(12,986,945)	(11,420,580)
Dividend payment	(64,010)	(67,832)
(C) Net Cash (used in) / from financing activities	(45,550,955)	84,554,088
Net Increase / (Decrease) in cash and cash equivalents (A+B+C)	35,917,081	(11,151,339)
Cash and cash equivalents as at the beginning of the year	5,787,088	16,938,427
Cash and cash equivalents as at the end of the year	41,704,169	5,787,088
	Year ended March 31, 2010 Rupees	Year ended March 31, 2010 Rupees
Cash and cash equivalents comprise of:		
Cash in hand	68,758	67,703
Balances with scheduled banks on:		
- Current account	20,918,202	10,706,182
- Exchange Earners' Foreign Currency Account	13,736,536	3,093,113
- Short term deposits	6,674,231	1,549,638
- Unpaid dividend accounts	306,442	370,452
Unsecured Bank Overdrafts	-	(10,000,000)
	41,704,169	5,787,088

NOTES ON CASH FLOW STATEMENT :

- The above cash flow statement has been prepared under the "Indirect Method" as set out in Accounting Standard 3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.
- Cash and cash equivalents represent cash and bank balances only (including unsecured bank overdrafts).
- Purchase of fixed assets are shown inclusive of movements in capital work-in-progress.
- Cash and cash equivalents includes Rs. 1,753,743 (Previous Year Rs. 1,817,753) which are not available for use by the Company. (Refer Schedule 6 in the Consolidated Financial Statements)
- Previous year's figures have been regrouped / rearranged wherever necessary to confirm to the current year's classification.

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

For Price Waterhouse & Co.
Firm Registration Number: 007567S
Chartered Accountants

For and on behalf of the Board of Directors

Uday Shah
Partner
Membership Number: F-46061

Vijay Sabarwal
Whole-time Director

Stuart Cox
Director

Anurag Geete
Company Secretary

Place: Mumbai
Date: July 09, 2010

Place: Aurangabad
Date: July 08, 2010

**MORGANITE CRUCIBLE (INDIA) LIMITED****CONSOLIDATED SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010**

	Year ended March 31, 2010 Rupees	Year ended March 31, 2010 Rupees
Schedule 1 - Capital		
Authorised :		
5,000,000 equity shares of Rs. 10 each	50,000,000	50,000,000
Issued, subscribed and paid-up:		
2,800,000 equity shares of Rs. 10 each fully paid-up	28,000,000	28,000,000
	28,000,000	28,000,000
Note :		
Of the above, 1,078,000 equity shares are held by Morganite Crucible Limited and 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 2 - 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	148,332,528	76,004,168
	234,324,528	161,996,168
Schedule 3 - Unsecured Loans		
Short Term Loan from The Hongkong and Shanghai Banking Corporation Limited [Due within one year Rs. Nil (Previous Year Rs. 32,500,000)]	-	32,500,000
Bank Overdrafts	-	10,000,000
External Commercial Borrowings from Morganite Crucible Limited, U.K. [includes interest accrued and due amounting to Rs. 663,726 (Previous Year Rs. 718,347)] [GBP 2,200,000 (Previous Year GBP 2,200,000)] [Due within one year Rs. 51,195,000 (Previous Year Rs. Nil)] (Repayment of GBP 750,000 commences from May 1, 2010 in ten monthly installments) (Repayment of GBP 850,000 commences from June 1, 2011 in five monthly installments) (Repayment of GBP 600,000 commences from April 1, 2012 in four monthly installments)	150,835,726	161,648,347
	150,835,726	204,148,347

MORGANITE CRUCIBLE (INDIA) LIMITED
CONSOLIDATED SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010

Schedule 4 - Fixed Assets

(Refer Notes 1 e), 1 i), 1 k) and 2 on Schedule 12)

Particulars	Gross Block (at Cost)		Depreciation / Amortisation			Net Block		
	As at April 1, 2009	Additions during the year	Deletion during the year	As at March 31, 2010	For the Year	On deletions	As at March 31, 2010	As at March 31, 2009
Tangible								
Leasehold land	1,919,450	-	-	1,919,450	20,104	-	1,430,216	1,450,320
Buildings	56,178,864	2,366,623	-	58,545,487	1,934,773	-	41,486,256	41,054,406
Plant and machinery	343,281,032	18,553,811	3,533,956	358,300,887	26,834,885	2,486,384	216,924,832	226,253,478
Furniture and fixtures	8,317,878	18,341	-	8,336,219	338,048	-	3,204,826	3,524,533
Vehicles	1,325,915	328,279	-	1,654,194	97,749	-	330,474	99,944
Intangible								
Goodwill on consolidation	41,342,683	-	-	41,342,683	2,756,178	-	30,317,971	33,074,149
Distribution Rights	51,645,511	-	-	51,645,511	5,164,551	-	30,987,307	36,151,858
(Refer Note below)								
Technical Know-how	1,500,000	-	-	1,500,000	-	-	-	-
Total	505,511,333	21,267,054	3,533,956	523,244,431	37,146,288	2,486,384	324,681,882	341,608,688
Previous Year	287,639,705	218,223,619	351,991	505,511,333	23,285,422	249,769	163,902,645	
Add: Capital Work-in-Progress [including capital advances Rs. 240,000 (Previous Year Rs. Nil)]							9,297,442	11,685,522
							333,979,324	353,294,210

Note :

The balance period over which distribution rights will be amortised as at March 31, 2010 is six years.



MORGANITE CRUCIBLE (INDIA) LIMITED

CONSOLIDATED SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010

	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
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Schedule 5 - Investments

(Refer Note 1 g) on Schedule 12)

Non -Trade (At cost, unquoted and long-term)

2,408 shares of Shrinath Co-Operative Bank of Rs. 25 each [Refernote below]	60,200	60,200
	<u>60,200</u>	<u>60,200</u>
Aggregate value of unquoted investments - At book value	60,200	60,200

Note :

Of the above, 100 shares of Rs. 25 each are in the name of Utikaben Rajalbhai Dalal, 100 shares of Rs. 25 each are in the name of Rajalbhai Rashmikant Dalal and 200 shares of Rs. 25 each are in the name of Rasmikant Lalbhai Dalal, erstwhile Directors of the subsidiary company. During the current year i.e. on July 20, 2009, all the above mentioned shares have been transferred in the name of the Company from the above mentioned parties.

Morganite Crucible (India) Limited

MORGANITE CRUCIBLE (INDIA) LIMITED CONSOLIDATED SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010

	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
Schedule 6 - Current Assets, Loans and Advances		
Inventories (Refer Note 1 c) on Schedule 12)		
Raw materials	62,369,427	79,612,879
[Including goods-in-transit Rs. 10,991,925 (Previous Year Rs. 3,224,585)]		
Work-in-Progress	41,753,895	38,425,280
Finished goods	49,247,322	33,433,483
Stores and spares [including goods-in-transit Rs. 341,727 (Previous Year Rs. Nil)]	10,310,184	4,883,609
Packing materials	2,138,719	2,377,390
	165,819,547	158,732,641
Sundry Debtors (Unsecured)		
Debts outstanding for a period exceeding six months		
- Considered good	225,096	1,957,743
- Considered doubtful	5,731,614	2,250,000
	5,956,710	4,207,743
Other debts		
- Considered good	118,479,455	87,946,694
[Including due from Morganite Crucible Limited, U.K. Rs. 3,950,282 (Previous Year Rs. 2,498,733) and Diamond Crucible Company Limited Rs. 135,007 (Previous Year Rs. Nil)]		
	124,436,165	92,154,437
Less : Provision for doubtful debts	5,731,614	2,250,000
	118,704,551	89,904,437
Cash and Bank Balances		
Cash in hand	68,758	67,703
Balances with scheduled banks on:		
- Current account	20,918,202	10,706,182
- Exchange Earners' Foreign Currency Account [USD 13,797 (Previous Year USD 46,063), GBP 122,671 (Previous Year GBP 9,522) and Euro 79,143 (Previous Year Euro 856)]	13,736,536	3,093,113
- Short term deposits *	6,674,231	1,549,638
- Unpaid dividend accounts	306,442	370,452
	41,704,169	15,787,088
* Includes Rs. 1,447,301 (Previous Year Rs. 1,447,301) under lien with bank towards guarantee issued by them on behalf of the Company.		
Other Current Assets		
Interest accrued but not due	141,484	17,921
	141,484	17,921
Loans and Advances (Unsecured and considered good)		
Advances recoverable in cash or in kind or for value to be received	22,720,348	17,736,763
Balance with Central Excise Authorities	40,502,454	40,782,926
Deposits	1,382,151	1,105,017
Advance tax / tax deducted at source [Net of Provision for Taxation Rs. Nil (Previous Year Rs. 46,739,181) and Provision for Fringe Benefit Tax Rs. Nil (Previous Year Rs. 2,253,022)]	2,845,703	2,845,703
	64,604,953	62,470,409
	390,974,704	326,912,496

**MORGANITE CRUCIBLE (INDIA) LIMITED****CONSOLIDATED SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010**

	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
Schedule 7 - Current Liabilities and Provisions		
Current Liabilities		
Sundry creditors:		
a) Micro and small enterprises	135,390	-
b) Others	261,671,318	243,793,709
Other liabilities	2,525,974	1,881,553
Advance from Customers	1,422,566	441,961
Interest accrued but not due	-	48,698
Unclaimed dividend *	306,442	370,452
	<u>266,061,690</u>	<u>246,536,373</u>
* There is no amount due and outstanding to be credited to Investor Education and Protection Fund.		
Provisions		
Retirement Benefits (Refer Notes 1 h) and 4 on Schedule 12)		
- Gratuity	-	581,942
- Leave encashment	1,135,448	1,682,777
Provision for taxation [Net of advance tax Rs. 72,353,175 (Previous Year Rs. Nil) and advance Fringe Benefit Tax Rs. 2,309,992 (Previous Year Rs. Nil)]	12,755,249	-
Provision for Warranties (Refer Notes 1 l) and 10 on Schedule 12)	418,100	205,000
	<u>14,308,797</u>	<u>2,469,719</u>
	<u>280,370,487</u>	<u>249,006,092</u>

Morganite Crucible (India) Limited

MORGANITE CRUCIBLE (INDIA) LIMITED

CONSOLIDATED SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	Year ended March 31, 2010 Rupees	Year ended March 31, 2009 Rupees
Schedule 8 - Other Income		
Sale of scrap	1,194,915	1,391,044
Interest on deposits - Gross [including tax deducted at source Rs. 26,734 (Previous year Rs. 6,195)]	274,890	29,794
Interest others [including tax deducted at source Rs. 33,693 (Previous year Rs. Nil)]	848,356	994,125
Exchange gain (Net)	10,813,794	32,175,214
Sales tax refund	19,964	94,225
Discount on prepayment of sales tax	3,044,257	2,277,373
Profit on sale of fixed assets (Net)	-	250,329
Liabilities / Provisions no longer required written back	864,550	1,544,996
Miscellaneous Income	137,902	75,367
	<u>17,198,628</u>	<u>38,832,467</u>
Schedule 9 - Cost of Materials		
Consumption of raw materials		
Opening stock	79,612,879	19,985,270
Add: Purchases	<u>252,927,645</u>	<u>257,300,211</u>
	332,540,524	277,285,481
Less: Closing stock	<u>62,369,427</u>	<u>79,612,879</u>
	270,171,097	197,672,602
(Increase) in stock of finished goods and work-in-progress		
Opening stock:		
Finished goods	33,433,483	17,315,639
Work-in-progress	<u>38,425,280</u>	<u>19,083,914</u>
	71,858,763	36,399,553
Less: Closing stock:		
Finished goods	49,247,322	33,433,483
Work-in-progress	<u>41,753,895</u>	<u>38,425,280</u>
	91,001,217	71,858,763
	<u>(19,142,454)</u>	<u>(35,459,210)</u>
	251,028,643	162,213,392
Increase in excise duty on finished goods (Refer Note 11 on Schedule 12)	2,567,181	928,040
	<u>253,595,824</u>	<u>163,141,432</u>



MORGANITE CRUCIBLE (INDIA) LIMITED

CONSOLIDATED SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	Year ended March 31, 2010 Rupees	Year ended March 31, 2009 Rupees
Schedule 10 - Operating and Other Expenses		
Salaries, wages and bonus	54,757,279	45,753,256
Contribution to Provident and other funds	4,234,050	5,053,404
Gratuity	1,084,416	1,439,440
Leave encashment	1,331,236	1,430,982
Staff welfare	<u>3,719,355</u>	<u>3,215,248</u>
	65,126,336	56,892,330
Stores and packing materials consumed	72,046,378	51,382,484
Godown and forwarding	3,726,773	2,900,621
Electricity and fuel	15,116,699	20,496,984
Repairs and Maintenance:		
- Building	2,008,017	1,192,924
- Plant and machinery	5,221,792	4,508,695
- Others	<u>1,887,036</u>	<u>1,608,967</u>
	9,116,845	7,310,586
Rent, rates and taxes (Refer Note 7 on Schedule 12)	1,253,911	1,880,848
Travelling and motor car expenses	5,122,513	3,932,411
Legal and Professional Fees	2,286,472	1,664,641
Insurance	2,047,504	1,300,910
Auditors' Remuneration	1,791,471	1,971,090
Commission on export	4,680,603	3,483,635
Transportation	2,677,828	3,328,826
Directors' sitting fees	32,000	118,000
Royalty	5,883,078	2,561,813
Management charges	34,528,742	19,766,364
Warranty expenses (Refer Notes 11) and 10 on Schedule 12)	3,807,456	3,139,778
Export freight, insurance and Other Charges	13,925,262	7,615,443
Loss on sale of fixed assets	772,972	-
Provision for doubtful debts	3,481,614	2,000,000
Miscellaneous expenses	10,638,197	9,452,516
	<u>258,062,654</u>	<u>201,199,280</u>

Schedule 11 - Interest

Interest on:		
- Short Term Loan	2,814,931	4,438,902
- External Commercial Borrowings	9,688,346	7,404,148
- Others	380,349	191,063
	<u>12,883,626</u>	<u>12,034,113</u>

Morganite Crucible (India) Limited

MORGANITE CRUCIBLE (INDIA) LIMITED

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010 AND CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE: 12

NOTES TO THE FINANCIAL STATEMENTS

1. Statement of Significant Accounting Policies

a) Basis of preparation of financial statements

The financial statements have been prepared under historical cost convention from the books of account maintained on accrual basis to comply in all material aspects with all the applicable accounting principles in India, the applicable accounting standards notified under section 211(3C) of the Companies Act, 1956, of India (the "Act") and the relevant provisions of the Act.

b) Principles of Consolidation

i) The consolidated financial statements have been prepared on the following basis:

- The financial statements of the Company and its Subsidiary Company have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses.
- Intra-group balances and intra-group transactions and resulting profits are eliminated in full.
- The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statements.

ii) The subsidiary considered in the consolidated financial statements is:

Name of the Company	Country of Incorporation	% voting power
Diamond Crucible Company Limited	India	51

c) Inventories

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

- i) Cost of raw materials, stores and consumable, spares and packing materials are computed on first- in, first-out basis.
- ii) Work-in-progress includes cost of raw materials, cost of conversion and other cost incurred in bringing it to its present location and condition.
- iii) Cost of finished goods includes cost of raw materials, cost of conversion, other cost incurred in bringing it to its present location / condition and excise duty.

d) Sales

Revenue is recognised when the property and all significant risks and rewards of ownership are transferred to the buyer or 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.

e) Fixed assets and depreciation / amortisation

Fixed assets are stated at historical cost less depreciation / amortisation. Cost includes all expenses relating to acquisition and installation of the concerned assets.

Tangible Assets

Depreciation has been provided on a straight line basis at the rates prescribed in Schedule XIV to the Act, issued by the Department of Company Affairs on all tangible assets except Kiln. Hitherto, depreciation on Kiln was provided



MORGANITE CRUCIBLE (INDIA) LIMITED

**SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010
AND CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010**

SCHEDULE: 12

NOTES TO THE FINANCIAL STATEMENTS (Continued...)

on Straight Line Method, pro-rata to the period of use, at the rates specified in Schedule XIV of the Act. From this year onwards, depreciation on Kiln has been provided on a straight line method (pro-rata from the date of additions) over the useful life of the assets estimated by the management which is higher than Schedule XIV of the Act. The rate of depreciation used during the year for depreciation of Kiln is 20% p.a. Depreciation on additions and deletions during the year is calculated on pro-rata basis. All assets individually costing less than Rs. 5,000 are depreciated at 100%. Leasehold land is amortised over the period of the lease.

Intangible Assets

Payments made for acquiring "Distribution Rights" are recognised as intangible assets as per the criteria specified in Accounting Standard (AS) 26 "Intangible Assets" issued by the Institute of Chartered Accountants of India. The Company has evaluated the useful life of the Distribution Rights as 10 years and accordingly, the Company amortises the same over a period of ten years from the date of acquisition.

Goodwill arising on consolidation is accounted in accordance with Accounting Standard 21 "Consolidated Financial Statements". Goodwill arising on consolidation is being amortised over a period of fifteen years.

f) Foreign currency transactions

Foreign currency transactions are accounted at the exchange rates prevailing on the date of the transactions. Gain and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the Profit and Loss Account.

g) Investments

Long term investments are valued at cost. Provision is made to recognise a diminution, other than temporary, in the value of investments.

h) Employee Benefits

i) Short Term Employee Benefits :

The employees of the Company are entitled to leave encashment as per the leave policy of the Company. The liability in respect of leave encashment which is expected to be encashed / utilised within twelve months after the Balance Sheet date is considered to be of short term nature. The same is provided, based on an actuarial valuation carried out by an independent actuary as at the year end.

ii) Long Term Employee Benefits:

Defined Contribution Plans

The Company has Defined Contribution plans for post employment benefits namely Provident Fund and Superannuation 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 Superannuation Fund constitutes an insured benefit, which is classified as a defined contribution plan as the Company makes contributions to an insurance company and has no further obligation beyond making the payment to the insurance company.

Morganite Crucible (India) Limited

MORGANITE CRUCIBLE (INDIA) LIMITED

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010 AND CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE: 12

NOTES TO THE FINANCIAL STATEMENTS (Continued...)

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

Defined Benefit Plans

The Company has a Defined Benefit Plan namely Gratuity and Leave Encashment for all its employees. Gratuity Fund is in the process of being recognised by the income tax authorities. The Company has taken a Group Gratuity and Leave Encashment Policy with Life Insurance Corporation of India (LIC) and is funded. Long term leave encashment includes provision for leave which is expected to be encashed / utilised after twelve months from the Balance Sheet date.

Liability for Defined Benefit Plan is provided on the basis of valuations, as at the Balance Sheet date, carried out by an independent actuary. The actuarial valuation method used by independent actuary for measuring the liability is the Projected Unit Credit Method.

- iii) Termination benefits are recognised as an expense as and when incurred.
- iv) Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the Profit and Loss Account as an income or expense.

i) 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.

j) Taxes on Income

Provision for tax for the year is made on the assessable income at the tax rate applicable to the relevant assessment year.

Deferred tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

k) 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 higher of the asset's net selling price or estimated future cash flows which are discounted to their present value based on appropriate discount rates. If such recoverable amount of the asset or 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 recognised in the Profit and Loss Account. If at the Balance Sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

l) Warranty

A provision is recognised for expected warranty claims on products sold during the last one year, based on past experience of level of repairs and returns. It is expected that this cost will be incurred by the end of the next financial year. Assumptions used to calculate the provision for warranties are based on current sales level and current information available about returns.



MORGANITE CRUCIBLE (INDIA) LIMITED

**SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010
AND CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010**

SCHEDULE: 12

NOTES TO THE FINANCIAL STATEMENTS (Continued...)

m) Provisions for contingent liabilities

The Company recognises a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

2. Capital commitments

Estimated amount of contracts [net of advance of Rs. 240,000 (Previous Year Rs. Nil)] remaining to be executed on capital account and not provided for Rs. 6,776,056 (Previous Year Rs. 2,150,000).

3. Contingent liabilities

- i) Bank guarantee aggregating Rs. Nil (Previous Year Rs. 10,000) issued by the bank on behalf of the Company in favour of Maharashtra Pollution Control Board for compliance of the Supreme Court Monitoring Committee directions regarding Common Effluent Treatment Plant at Waluj MIDC.
- ii) Bank guarantee aggregating Rs. 200,000 (Previous Year 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.
- iii) Bonds aggregating Rs. 10,000,000 (Previous Year Rs. 10,000,000) in favour of the President of India endorsed through Deputy Commissioner of Customs for import of goods.
- iv) Disputed income tax demands aggregating Rs. Nil (Previous Year Rs. 431,291) against which the Company has preferred appeals.
- v) 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.
- vi) A suit has been filed by a past employee of the Company, on account of his disputed resignation from the Company. The amount of liability that may arise in future on account of reinstatement with back wages is approximately Rs. 880,000.
- vii) Disputed employees' state insurance demand aggregating Rs. 52,498 against which the Company has preferred appeals.
- viii) A suit has been filed by Mr. N. K. Oza, past employee of the Company, 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.
- ix) The Company has entered into 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.

Morganite Crucible (India) Limited

MORGANITE CRUCIBLE (INDIA) LIMITED

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010 AND CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE: 12

NOTES TO THE FINANCIAL STATEMENTS (Continued...)

4. The Company has classified the various benefits provided to employee's as under:-

I Defined Contribution Plans

- a. Provident Fund
- b. Superannuation Fund
- c. State Defined Contribution Plans
- i) Employers' Contribution to Employee's State Insurance
- ii) Employers' Contribution to Employee's Pension Scheme 1995.

During the year, the Company has recognised the following amounts in the Profit and Loss Account:

Particulars	For the year ended March 31, 2010 <u>Rupees</u>	For the year ended March 31, 2009 <u>Rupees</u>
Employers' Contribution to Provident Fund*	1,642,943	1,370,058
Employers' Contribution to Superannuation Fund*	1,030,132	956,465
Employers' Contribution to Employee's State Insurance*	274,187	544,444
Employers' Contribution to Employee's Pension Scheme 1995*	1,003,239	922,375
	3,950,501	3,793,342

* Included in Contribution to Provident and other funds (Refer Schedule 10)

II 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	As at March 31, 2010	As at March 31, 2009
Discount Rate (per annum)	8% / 8.25%	7.75% / 7.57%
Rate of increase in compensation levels	7% / 6.50%	6% / 6.50%
Rate of Return on Plan Assets	8% / 9%	8% / 9%
Expected Average remaining working lives of employees (years)	18 / 11	18 / 12

A. Changes in the Present Value of Obligation

Particulars	As at March 31, 2010 <u>Rupees</u>	As at March 31, 2009 <u>Rupees</u>
Present Value of Obligation at the beginning of the year	7,543,997	6,127,476
Interest Cost	638,422	494,899
Past Service Cost	Nil	Nil
Current Service Cost	783,028	655,252
Curtailement Cost / (Credit)	Nil	Nil
Settlement Cost / (Credit)	Nil	Nil
Benefits Paid	(81,274)	(591,538)
Actuarial loss on obligations	231,272	857,908
Present Value of Obligation as at year end	9,115,445	7,543,997



MORGANITE CRUCIBLE (INDIA) LIMITED
SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010
AND CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE: 12

NOTES TO THE FINANCIAL STATEMENTS (Continued...)

B. Changes in the Fair value of Plan Assets

Particulars	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
Fair Value of Plan Assets at the beginning of the year	6,962,055	6,357,192
Expected Return on Plan Assets	729,019	557,150
Actuarial (loss) / gain on Plan Assets	(9,081)	11,469
Contributions	2,346,171	627,782
Benefits Paid	(81,274)	(591,538)
Fair Value of Plan Assets at year end	9,946,890	6,962,055

C. Reconciliation of Present Value of Defined Benefit Obligation and the Fair value of Assets

Particulars	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
Present Value of obligation as at the year end	(9,115,445)	(7,543,997)
Fair Value of Plan Assets as at the end of the year	9,946,890	6,962,055
Funded / (Unfunded) Status	831,445	(581,942)
Present Value of unfunded Obligation as at the year end	Nil	(581,942)
Unrecognised Actuarial (gains) / losses	Nil	Nil
Net Asset / (Liability) Recognised in Balance Sheet	*831,445	** (581,942)

* Included in Loans and Advances (Refer Schedule 6).

** Included in Provisions (Refer Schedule 7).

D. Amount recognised in the Balance Sheet

Particulars	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
Present Value of Obligation at the end of the year	(9,115,445)	(7,543,997)
Fair Value of Plan Assets as at the end of the year	9,946,890	6,962,055
Net Asset / (Liability) Recognised in Balance Sheet	*831,445	** (581,942)

* Included in Loans and Advances (Refer Schedule 6).

** Included in Provisions (Refer Schedule 7).

Morganite Crucible (India) Limited

MORGANITE CRUCIBLE (INDIA) LIMITED

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010 AND CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE: 12

NOTES TO THE FINANCIAL STATEMENTS (Continued...)

E. Amount recognised in the Profit and Loss Account

Particulars	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
Current service cost	783,028	655,252
Past service cost	Nil	Nil
Interest cost	638,422	494,899
Expected return on Plan Assets	(729,019)	(557,150)
Curtailement cost / (credit)	Nil	Nil
Settlement cost / (credit)	Nil	Nil
Adjustment for earlier years	151,632	Nil
Net actuarial loss recognised in the year	240,353	846,439
Total expense recognised	1,084,416	1,439,440

F. Experience Adjustment

Particulars	For the year ended March 31, 2010 Rupees	For the year ended March 31, 2009 Rupees	For the year ended March 31, 2008 Rupees
Defined Benefit Obligation	9,115,445	7,543,997	6,127,476
Plan Assets	9,946,890	6,962,055	6,357,192
(Surplus) / Deficit	(831,445)	581,942	(229,716)
Experience Adjustment on plan liabilities (gain)/ loss	(370,881)	29,666	1,604,933
Experience Adjustment on plan assets (gain)/ loss	9,081	(11,469)	5,493

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 March 31, 2010.

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.

H. Expected gratuity contribution for the next year is aggregating Rs. 688,966 (Previous Year Rs. 1,068,563).

III The liability for leave encashment (Net) as at the year end is Rs. 1,135,448 (Previous Year Rs. 1,682,777).



MORGANITE CRUCIBLE (INDIA) LIMITED

**SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010
AND CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010**

SCHEDULE: 12

NOTES TO THE FINANCIAL STATEMENTS (Continued...)

5. 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 March 31, 2010 and as on that date.

Secondary segments (By geography):

Particulars	For the year ended March 31, 2010			For the year ended March 31, 2009		
	India Rupees	Others Rupees	Total Rupees	India Rupees	Others Rupees	Total Rupees
Revenue from external customers	290,639,049	368,694,231	659,333,280	214,836,924	199,302,526	414,139,450
Carrying amount of Segment Assets	60,519,466	64,494,762	725,014,228	625,592,403	54,674,503	680,266,906
Addition to Fixed Assets during the Year	18,878,974	-	18,878,974	160,824,181	-	160,824,181

6. Related party disclosure

Related party disclosure as required by Accounting Standard - 18, "Related Party Disclosures" issued by the Institute of Chartered Accountants of India is given below:

i. Shareholders in the company

Morganite Crucible Limited holds 38.50% and Morgan Terreassen BV holds 36.50% equity shares of the Company.

ii. Other related Parties where common control exists and transactions have taken place during the year

Fellow subsidiary Companies

- ◆ Morganite Crucible Inc., USA
- ◆ Carl Nolte Sohne GmbH, Germany
- ◆ Morgan Thermic SAS, France
- ◆ Morgan Molten Metal System (Suzhou) Co. Ltd., China
- ◆ Mkgs. Morgan Carbon, Turkey
- ◆ Thermal Ceramics South Africa (PTY) Ltd.
- ◆ Morganite Brazil LtdA
- ◆ Murugappa Morgan Thermal Ceramics Limited

Ultimate Holding Company

- ◆ The Morgan Crucible Company Plc, U.K.

Morganite Crucible (India) Limited

MORGANITE CRUCIBLE (INDIA) LIMITED

**SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010
AND CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010**

SCHEDULE: 12

NOTES TO THE FINANCIAL STATEMENTS (Continued...)

iii. Key Management Personnel

- ◆ Mr. Vijay Sabarwal (Executive Director)
- ◆ Mr. Ashish Mehrotra
- ◆ Mr. Basant Agrawal
- ◆ Mr. Vinod Mhalsekar (with effect from January 15, 2009)
- ◆ Mr. Md. Abdul Nadeem (upto May 31, 2009)
- ◆ Mr. O. S. Joshi (upto September 6, 2008)
- ◆ Mr. H. K. Bajpayee (upto April 6, 2008)
- ◆ Mr. Ghanshyam Rathi (with effect from April 1, 2009)
- ◆ Mr. Laxmi Ganesh (with effect from April 1, 2009)
- ◆ Mr. Sonalsing Gujar (with effect from April 1, 2009)
- ◆ Mr. Pradeep Singh
- ◆ Mr. G. K. Vaidya (upto June 30, 2008)
- ◆ Mr. Bipin Mukul
- ◆ Mr. N. S. Patel



MORGANITE CRUCIBLE (INDIA) LIMITED
SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010 AND PROFIT AND LOSS
ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE: 12

NOTES TO THE FINANCIAL STATEMENTS (Continued...)

iv. Transactions with related parties

(Rupees)

PARTICULARS	Parties referred to in (i) above		Parties referred to in (ii) above	
	For the year ended March 31, 2010	For the year ended March 31, 2009	For the year ended March 31, 2010	For the year ended March 31, 2009
"Sale of finished goods ""				
Morganite Crucible Limited	26,970,896	24,821,122	-	-
Morganite Crucible Inc.	-	-	23,091,865	3,927,663
Carl Nolte Sohne Gmbh	-	-	54,703,693	32,342,194
Morgan Thermic SAS	-	-	11,071,020	10,559,156
Morgan Molten Metal System (Suzhou) Co. Ltd.	-	-	1,572,592	63,306
Mkgs. Morgan Carbon	-	-	254,029	100,160
Thermal Ceramics South Africa (PTY) Ltd.	-	-	30,662,693	10,901,175
Morganite Brazil LtdA	-	-	1,136,780	-
Purchase of raw materials (including goods in transit)				
Morganite Crucible Limited	2,251,157	36,191,925	-	-
Carl Nolte Sohne Gmbh	-	-	142,749	1,865,367
Morganite Brazil LtdA	-	-	99,944	21,502,508
Purchased of spares / consumables (including goods-in-transit)				
Morganite Crucible Limited	4,820,744	-	-	-
Carl Nolte Sohne Gmbh	-	-	187,816	104,194
Commission on export				
Morganite Crucible Limited	872,323	31,379	-	-
Reimbursement of expenses				
Carl Nolte Sohne Gmbh	-	-	114,313	-
Management charges				
The Morgan Crucible Company Plc	-	-	34,328,742	19,766,364
Royalty				
The Morgan Crucible Company Plc	-	-	5,883,078	2,561,813
Interest on External Commercial Borrowings				
Morganite Crucible Limited	9,688,346	7,404,148	-	-
Advance received				
Morganite Crucible Limited	-	41,259,382	-	-
Purchase of capital goods				
Morganite Crucible Limited	4,473,208	70,672,361	-	-
Murugappa Morgan Thermal Ceramics Limited	-	-	851,473	-
External Commercial Borrowings obtained				
Morganite Crucible Limited	-	113,179,980	-	-
Balance receivable as at the end of the year				
Morganite Crucible Limited	3,950,282	2,498,733	-	-
Morganite Crucible Inc.	-	-	6,444,988	19,972
Carl Nolte Sohne Gmbh	-	-	10,946,637	12,469,875
Morgan Thermic SAS	-	-	-	6,975,683
Morgan Molten Metal System (Suzhou) Co. Ltd.	-	-	1,093,131	26,302
Mkgs. Morgan Carbon	-	-	-	107,936
Thermal Ceramics South Africa (PTY) Ltd.	-	-	7,447,067	5,923,748
Morganite Brazil LtdA	-	-	1,053,873	-
Balance payable as at the end of the year				
Morganite Crucible Limited	95,007,190	105,463,300	-	-
Carl Nolte Sohne Gmbh	-	-	49,959	25,384
Mkgs. Morgan Carbon	-	-	36,393	-
Morganite Brazil LtdA	-	-	-	10,269,868
The Morgan Crucible Company Plc	-	-	68,463,340	35,324,548
External Commercial Borrowing payable				
Morganite Crucible Limited	150,172,000	160,930,000	-	-
Advance Outstanding - Payable				
Morganite Crucible Limited	-	15,361,321	-	-

Morganite Crucible (India) Limited

MORGANITE CRUCIBLE (INDIA) LIMITED

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010 AND CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE: 12

NOTES TO THE FINANCIAL STATEMENTS (Continued...)

v. Details relating to persons referred to in item 6 (iii) above

Name of Person	For the year ended March 31, 2010 Rupees	For the year ended March 31, 2009 Rupees
Mr. Vijay Sabarwal	4,528,941	4,365,857
Mr. Ashish Mehrotra	2,484,161	1,845,470
Mr. Basant Agrawal	2,024,280	1,985,620
Mr. Vinod Mhalsekar	1,924,666	393,277
Mr. Md. Abdul Nadeem	113,238	428,860
Mr. O. S. Joshi	Nil	286,566
Mr. Ghanshyam Rathi	700,440	Nil
Mr. Laxmi Ganesh	1,108,327	Nil
Mr. Sonalsing Gujar	1,091,640	Nil
Mr. Pradeep Singh	767,375	463,128
Mr. G. K. Vaidya	Nil	199,500
Mr. Bipin Mukul	337,118	309,094
Mr. N. S. Patel	347,258	308,062
	15,427,444	10,585,434

7. Leases

1. The Company has entered into operating leases for plant and machinery for primary period of 3 years. Total future minimum lease payments in respect for the above mentioned fixed assets of Rs. 175,000 on lease being:

Particular	For the year ended March 31, 2010 Rupees	For the year ended March 31, 2009 Rupees
Not later than one year	50,000	50,000
Later than one year and not later than five years	29,578	79,578
Later than five years	Nil	Nil

Total lease payments for non-cancellable leases recognised in books for the year being Rs. 56,252 (Previous Year Rs. 56,252).

2. The details of cancellable operating lease is as follows :

The Company has entered into cancellable leasing arrangements for vehicles. The lease rentals aggregating Rs. 247,462 (Previous Year Rs. 784,624) have been included in 'Rent, rates and taxes' under Schedule 10 annexed to and forming part of the Profit and Loss Account.



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AND CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE: 12

NOTES TO THE FINANCIAL STATEMENTS (Continued...)

8. Earnings Per Share

Earnings per share is calculated by dividing the profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. The numbers used in calculating basic and diluted earnings are stated below:

Particular	For the year ended March 31, 2010 Rupees	For the year ended March 31, 2009 Rupees
Profits after taxation for the year	72,328,360	29,485,216
Weighted average number of shares outstanding during the year (Nos.)	2,800,000	2,800,000
Earnings Per Share (Basic and Diluted)	25.83	10.53
Nominal value of an equity share	10	10

9. Deferred tax liabilities

The Company accounts for deferred tax in accordance with Accounting Standard 22 - "Accounting for Taxes on Income" issued by the Council of the Institute of Chartered Accountants of India.

The deferred tax balances are set out below.

Particular	For the year ended March 31, 2010 Rupees	For the year ended March 31, 2009 Rupees
Deferred tax assets		
Provision for leave encashment	377,178	571,976
Provision for Gratuity	Nil	115,956
Provision for Doubtful Debts	1,903,899	764,775
Provision for Bonus	431,998	Nil
Provision for Global Business Unit charges	332,175	271,919
	3,045,250	1,724,626
Deferred tax liability		
Depreciation / Amortisation	9,758,909	20,426,634
	9,758,909	20,426,634
Deferred tax liability (Net)	6,713,659	18,702,008

Morganite Crucible (India) Limited

MORGANITE CRUCIBLE (INDIA) LIMITED

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010 AND CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE: 12

NOTES TO THE FINANCIAL STATEMENTS (Continued...)

10. Provision for Warranty

A provision is recognised for expected warranty claims on products sold during the last one year, based on past experience of level of repairs and returns. It is expected that this cost will be incurred by end of next financial year. Assumptions used to calculate the provision for warranties were based on sales level and information available about returns.

Particulars	Balance as at April 1, 2009	Additions during the year	Amounts utilized during the year	Write-back during the year	Balance as at Marh 31, 2010
Provision for	205,000	3,807,456	3,594,356	Nil	418,100
Warranties	(898,639)	(3,139,778)	(3,833,417)	(Nil)	(205,000)

Note : Figures in brackets represent figures for the previous year.

11. The amount of excise duty disclosed as deduction from turnover is the total excise duty for the year except the excise duty related to the difference between the closing stock and opening stock and excise duty paid but not recovered, which has been disclosed as excise duty expense in "Cost of materials - Increase / (Decrease) in excise duty on finished goods" under Schedule 9 forming part of the Profit and Loss Account.

12. As at the year end the Company -

- i) has no loans and advances in the nature of loans to associates.
- ii) has no loans and advances in the nature of loans, wherein there is no repayment schedule or repayment is beyond seven years and
- iii) has no loans and advances in the nature of loans to firms / companies in which directors are interested.



MORGANITE CRUCIBLE (INDIA) LIMITED

**SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010
AND CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010**

SCHEDULE: 12

13. Derivative Instruments

Disclosure in accordance with announcement dated December 2, 2005 issued by the Council of the Institute Chartered Accountants of India (ICAI) with respect to details of foreign currency balances not hedged:

Particulars	Foreign Currency Denomination	Foreign Currency Amount	Amount Rupees
Assets (Sundry Debtors)	EURO	416,348	25,155,726
		(396,488)	(26,747,059)
	GBP	283,040	19,229,752
		(154,484)	(11,251,045)
	USD	514,088	23,118,557
		(328,088)	(16,676,399)
Assets (Loans and Advances)	USD	10,643	493,303
		(Nil)	(Nil)
Liabilities (Trade Payables)	EURO	89,504	5,428,403
		(83,705)	(5,665,991)
	GBP	1,492,638	101,887,466
		(1,883,636)	(137,787,963)
	USD	230,200	10,416,776
		(241,119)	(12,352,541)
Liabilities (External Commercial Borrowings)	GBP	2,200,000	150,172,000
		(2,200,000)	(160,930,000)

Note : Figures in brackets represent figures for the previous year.

The foreign currency outstanding has been translated at the rates of exchange prevailing on the Balance Sheet date in accordance with Accounting Standard 11 - 'The Effects of Changes in Foreign Exchange Rates (Revised 2003)'.

14. Previous year's figures have been regrouped / rearranged wherever necessary to confirm to the current year's classification.

Signatures to Schedules 1 to 12 forming part of the Consolidated Balance Sheet and Profit and Loss Account.

For Price Waterhouse & Co.
Firm Registration Number: 007567S
Chartered Accountants

For and on behalf of the Board of Directors

Uday Shah
Partner
Membership Number: F-46061

Vijay Sabarwal
Director

Stuart Cox
Director

Anurag Geete
Company Secretary

Place: Mumbai
Date: July 09, 2010

Place: Aurangabad
Date: July 08, 2010

SHAREHOLDER INFORMATION

1. REGISTERED OFFICE AND FACTORY : B-11 MIDC Industrial Area
Waluj,
Dist - Aurangabad - 431 136
Maharashtra, India.
T - +91240-2554405/2554406
F - +91240-2564554
2. Annual General Meeting : Wednesday 22nd September, 2010 at registered office
3. Dates of Book Closure : September 19, 2010 to September 22, 2010 (Both days inclusive)
4. Listing on Stock Exchange : Bombay Stock Exchange
Corporate Relationship Department
Phiroz jeejeebhoy Towers, Dalal Street
Mumbai 400 001
Scrip Code 523160
5. Listing Fees : Paid for the year 2010-11
6. 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 - 400 072
T - +91 22 67720300
Dir. +91 22 67720309
7. Investors E-mail id : investors.mmsaurangabad@morganplc.com



8. Monthly high and low quotation of Equity Shares traded on the BSE during the 2009-10*

Month	High (INR)	Low (INR)
Apr-09	53.95	43.05
May-09	72.6	41.15
Jun-09	71.4	56.1
Jul-09	71.3	54.05
Aug-09	89.95	58.05
Sep-09	88.9	59
Oct-09	82	67
Nov-09	168	79.95
Dec-09	161	112.3
Jan-10	159.9	107
Feb-10	125	102
Mar-10	133.1	102.15

* source www.bseindia.com

9. Distribution of shareholding as on March 31, 2010.

Share Holding	Share holders		Equity Shares	
	Number	% of Total	No. of Shares	% of total
Up to 500	1735	89.249	239645	8.559
501 - 1000	102	5.247	83906	2.997
1001 - 2000	44	2.263	64117	2.290
2001 - 3000	23	1.183	59129	2.112
3001 - 4000	11	0.566	40429	1.444
4001 - 5000	4	0.206	18244	0.652
5001 - 10000	18	0.926	134883	4.817
10001 & Abvoe	7	0.360	2159647	77.130
Total	1944	100	2800000	100.00

Morganite Crucible (India) Limited

10. Facility for making nomination is now available for shareholders in respect of the Shares held by them.
11. In an effort to improve our services and minimize scope for investor grievance, we seek co-operation of shareholders in the following matters :
- i) **Folio Numbers :** Members, should mention Folio number DPID/CLIENT ID/ in all their correspondence pertaining to their shareholding of the Company.
 - ii) **Bank Account :** Members who has not forwarded the details of their Bank accounts so far are requested to furnish the same quoting their folio number to enable the Company to print such details on the outstanding warrants and thus avoid fraudulent enactments of warrants.
 - iii) **Consolidation of Holdings :** Members, who have multiple accounts in identical names of joint accounts in the same order, are requested to send their share certificate(s) to the Company for consolidation of all such shareholding in to one account to facilitate better services.
 - iv) **Change of Address :** Whenever Members change their address or find that the address mentioned in our correspondence is incomplete / incorrect; they are requested to intimate correct postal address (Including PIN Code Number). Such intimation should bear the signature of the Shareholder and in case of joint holdings, the signature of the first shareholders.
 - v) **Dividend :** Dividend declared for the year ended March 31, 2003 remaining unclaimed will be transferred to the Investor Education and Protection Fund' on or after July 21, 2010 Members who have not claimed the dividend are advised to write to the Company and forward Dividend warrant for revalidation or for issue of duplicate warrant subject to completion of necessary formalities.
12. **Shares in Electronics mode :** The Company has entered into an Agreement in this regard with National Securities Depository Limited (NSDL) & Central Depository Services Limited (CDSL) to provide Demat Facility to the members. Members are requested to make use of this facility.