

ANNUAL REPORT AND ACCOUNTS 2011-2012



 **MorganMMS**

MORGANITE CRUCIBLE (INDIA) LTD.



MORGANITE CRUCIBLE (INDIA) LIMITED27TH ANNUAL REPORT 2011-12

BOARD OF DIRECTORS	: Mr. John A. D. Maxwell Mr. Didier Francois Finck Mr. Stuart Alan Cox Mr. Hitesh Saiwal Mr. Sadanand Vasant Shabde Mr. H. S. Shirsat	Chairman (up to 15 th June 2011) Director Director Wholetime Director / Country Manager Independent Director Independent Director
COMPANY SECRETARY	: Mr. Anurag Geete	
AUDITORS' OF THE COMPANY	: BSR & Co., Chartered Accountants, Mumbai.	
BANKERS	: Axis Bank Ltd. The Hongkong and Shanghai Banking Corporation Ltd. State Bank of India	
REGISTERED OFFICE AND FACTORY	: B-11 MIDC Industrial Area Waluj, Dist - Aurangabad – 431 136 Maharashtra. India.	
INTERNAL AUDITOR	: Price waterhouse & Co. Chartered Accountants, Mumbai	

Registrar & Share Transfer Agent

SHAREPRO SERVICES (INDIA) PVT. LTD.

Samhita Warehousing Complex,

13 AB, Gala No. 52, 2nd Floor, Near Sakinaka

Telephone Exchange, Of. Kurla, Andheri Road,

Sakinaka, Mumbai – 400 072

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NOTICE TO THE MEMBERS

NOTICE is hereby given that the 27TH ANNUAL GENERAL MEETING of the Shareholders of MORGANITE CRUCIBLE (INDIA) LIMITED will be held on Friday, August 17, 2012 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, 2012 and the Balance Sheet of the Company as on that date along with Auditor's Report.
2. To declare a Dividend for the year ended 31st March 2012.
3. To appoint a Director in place of Mr. H S Shirsat, who retires by rotation and, being eligible, offers himself for re appointment.
4. To appoint a Director in place of Mr. Didier Fink, who retires by rotation and, being eligible, offers himself for re appointment.
5. To Re-appoint Auditors and to fix their remuneration.

“RESOLVED THAT M/s. BSR & Co., Chartered Accountants, (Firm Registration No. 101248W), be and are hereby appointed as the Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company, on such remuneration as shall be fixed by the Board of Directors.”

Registered Office:
B-11 MIDC Industrial Area Waluj,
Dist - Aurangabad – 431 136,
Maharashtra. India
Date: 17th July 2012

By Order of the Board,

Hitesh Saiwal
Wholetime Director / Country Manager

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. The register of members and the share transfer books of the Company will remain closed from August 11, 2012 to August 16, 2012 (both days inclusive)
- 3- In term of section 205C of the Companies Act 1956, all sums transferred to unpaid dividend account towards dividend for the financial year 2004-2005 and which remain unpaid or unclaimed will be transferred to the Investor Education & Protection fund of the Central Government on or after 21 July 2011 respectively. As such, the Members who have not encashed dividend warrant(s) for the aforesaid financial year are requested to make their claim with the Company's Registrars and Transfer Agent or with the Company. The members may note that no claim shall lie in respect of such dividend, once the amount is transferred by the Company to the Investors Education and Protection Fund.

Registered Office:

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

By Order of the Board,

Hitesh Saiwal
Wholetime Director / Country Manager

Date: 17th July 2012

ANNXURE TO THE NOTICE

Explanatory Statement

Pursuant to Section 173(2) of the companies Act 1956 and clause 49 of the listing agreement in respect of item no. 3 & 4, following are the details.

Item No. 3 :

Mr. Didier Finck aged 52, is proposed to be reappointed as a Director, who is retiring by rotation at this AGM. Mr. Finck is having 27 years of experience and have worked on various positions within Morganmms. Mr. Finck is an Engineer-Metallurgy and Foundry.

Item No. 4 :

The Company proposes to reappointed Mr. Haushiram Shankarrao Shirsat as an Independent Director who is retiring by rotation at this AGM.

Mr. Haushiram Shankarrao Shirsat aged 62 is a retired joint Commissioner, Central Excise and Custom (IRS), having overall department experience of 37 years.

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

None of the other directors are interested in this resolution.

The Directors recommend the resolution for the approval of members.

None of the directors is interested in this resolution.

The Directors recommend the resolution for the approval of members.

Morganite Crucible (India) Limited

DIRECTORS' REPORT

The Members,

Your Directors present the 27th Annual Report together with the Audited Statement of Accounts of the Company for the period ended on March 31, 2012.

1. FINANCIAL RESULT:

(Rs. In Lacs)

<i>Particulars</i>	Year ended 31 March 2012	Year ended 31 March 2011
Profit before Interest, Depreciation and Taxation	1805.48	1364.96
Less: Interest	34.84	75.97
Less: Depreciation	347.52	346.97
Profit for the year before taxation	1423.12	942.02
Less: Provision for Taxation	514.54	447.13
Profit After Tax	908.58	494.89
Profit brought forward from the Previous Year	1914.21	1419.32
Profit carried to Balance Sheet	2822.79	1914.21

2. DIVIDEND:

Your Directors are pleased to recommend dividend on Equity shares of the Company at the rate of Rs. 1/- each share.

3. OPERATIONS :

During the financial year, the turnover was Rs. 78.96 Crores as compared to Rs. 67.13 Crores.

During the current year the Company has completed and capitalized in its books the expansion/modernisation of its plant to Rs. 173.28 Lacs. The Company has also started diversifying activities such as trading and manufacturing of Foundry Consumables and refractory materials for which company has started first phase of testing and development foundry lubricant i.e. Die lube in the previous year. For the Calendar Year 2011 total turnover of dielube business stood at 8.99 Lacs and Operating Profit was (-16.71) Lacs and for the half year from Jan 2012 to June 2012 total Turnover stood at 25.20 Lacs and Operative Profit was 64 thousand. We are expecting to accelerate this are in the coming years.

NEW INITIATIVES - Company has successfully implimented SAP Simultaneously MCIL & DCCL. The SAP implimentation is a step Towards moving on to becoming more system & process oriented company & achiving more transperancy, accountability & effective working. Company also ventured in to ferrous market & looking towards new opportunities to attain diversification. Ferrous market have very large potential wich was not explored by the company earlier.

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 2012. There is no change took place during the year under review.

6. STATUTORY DISCLOSURES :

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

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

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

7. AUDITORS:

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

8. DIRECTORS:

Two of your Directors namely Mr. H. S. Shirsat and Mr. Didier Finck retire by rotation in terms of the Articles of Association of the Company. They, being eligible, have offered themselves for reappointment.

9. FUTURE OUTLOOK :

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

10. DIRECTORS' RESPONSIBILITY STATEMENT:

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

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at 31st March, 2012 being end of the financial year 2011-12 and of the profit of the Company for the year;
- (iii) that the Directors have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors have prepared the annual accounts on a going concern basis.

11. Risk Management:

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

12. Corporate Governance :

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

13. Subsidiary Company Accounts :

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

14. ACKNOWLEDGEMENT :

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

For and on behalf of the Board,

Place: Aurangabad
Date: 17th July 2012

Hitesh Saiwal
Wholetime Director / Country Manager

Sadanand V. Shabde
Director

Morganite Crucible (India) Limited

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

A. CONSERVATION OF ENERGY :

a. Measures Taken

Electrical Energy

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

Fuel : FUEL Consumption

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

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

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

c. Impact of (a) & (b)

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

d. Total Energy Consumption

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

FORM A

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

A. Power and Fuel Consumption			B. Consumption per unit of Production		
	2011-12	2010-11		2010-11	2010-11
1. Electricity			Product		
a. Purchased			Silicon Carbide Crucibles & Accessories (MT)Units	1652475	1675780
	3281.153	3344.61			
Total Amount Rs.	9807580	9690010	Clay Graphite Crucibles & Accessories (MT)	447.80	401.45
Rate/Unit Rs	5.93	5.78	Total (MT)	3728.953	3746.06
b. Own Generation :			Electricity consumed units (including in house generation)		
Units	14532	5924	Units	1667007	1681704
Diesel Consumption (Ltrs.)	3680	1779	Ele (Kwh)/MT Prod	447.04	448.93
Diesel rate/Lit Rs	60.33	41.97	a. Silicon Carbide	393.36	400.82
Cost of Unit generation Rs.	15.27	12.60	b. Clay Graphite	53.68	48.11
2. (LPG Consumed)					
Quantity (MT)	1181.21	1275.46	LPG (KGS) prod (KG/MT)	316.77	340.48
Total Cost Rs.	59757515	51685340	a. Silicon Carbide	278.73	303.99
Rate/KG Rs.	50.59	40.52	b. Clay Graphite	38.04	36.49

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. | 0.53 |
| b. Recurring | Rs. | 18.97 |
| c. Total | Rs. | 19.50 |
| d. Total R & D expenditure as a percentage of Turnover | % | 0.23 |

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. 549,654,792
2) Foreign Exchange Outgo : Rs. 12,95,17,095

For and on behalf of the Board,

Place: Aurangabad
Date: 17th July 2012

Hitesh Saiwal
Wholtime Director / Country Manager

Sadanand V. Shabde
Director

MANAGEMENT DISCUSSION AND ANALYSIS

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

Overview: Morganite Crucible India Limited is a subsidiary Company of Morgan Crucible Company Plc, a United Kingdom based group with its headquarters in London with total revenue of £1101 Million. Morgan Crucible business fall in two divisions i) Morgan Ceramics and ii) Morgan Engineered Materials. Morganite Crucible (I) Ltd. (MCIL) has business of Crucible, Crucible accessories, foundry consumables and allied products. Below is an important discussion on the Crucible and foundry Industries which although a very niche market of Company, although, there is not too much detail available in public domain.

BUSINESS ENVIRONMENT

Industrial growth has been weak and volatile and has trended downwards for several quarters and despite RBI's recent decision to reduce reference rates by 0.5%, there are no signs that growth will recover in the near term. Meanwhile, high fiscal and current account deficits, high inflation and depreciating Rupee are major concerns for the economy. The outlook for 2012-13 is uncertain.

1. INDUSTRY STRUCTURE AND DEVELOPMENTS:

Product & Plant

Silicon Carbide and Clay Graphite Crucibles are used primarily as Consumables in the manufacture of Non ferrow alloys Industries. Crucible is manufactured at Aurangabad in Maharashtra. The Aurangabad Plant is certified under ISO 9001:2008. Crucible is also manufactured by your Company's subsidiary, Diamond Crucible Co. Ltd., at its Mehsana (Gujarat) plant. The year under review saw demand buoyancy and sustained growth in this sector of the economy. Re-stocking also contributed to the demand and volume growth in 2011-12. Looking ahead, while overall economic growth is expected to be uncertain, we may witness a slowdown in the Second half of 2012-13. The main concern is inflation and global liquidity concern, in general, and the continuous rise in input prices, in particular. The key requirements for success in the industry are quality and cost competitiveness. Entry barriers are high by way of capital investment and technology.

Development & Outlook

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

2. RISKS AND CONCERNS

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

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

3. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

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

Protection and conservation of resources
Operational efficiency
Accuracy in financial reporting
Compliance with laws and regulations

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

Morganite Crucible (India) Limited

4. FINANCIAL PERFORMANCE

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

1. Revenues

The PBIDT for the year 2011-12 was Rs.1508.47 lakhs compared to Rs. 1364.96 lakhs in the previous year.

2. Costs

During the year, the overall raw material cost as percentage of sales reduced by 4.11%. Power and Fuel expenses from last year have gone up by 13.56%.

3. Resources

During the year the Company incurred capital expenditure of Rs. 173.28 lakhs compared to Rs.284.18 lakhs in the previous year.

4. Outlook

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

5. HUMAN RESOURCE

In 2011-12, MCIL's focus continued to be on building the organisation through the induction and development of talent to meet current and future needs. The attrition levels in the company is balanced as per industry standards. This will continue in 2012-13 and efforts to retain talent and skills will be a priority. MCIL will continue to invest in training people in Environment, Health and Safety and World Class Manufacturing and to provide an environment in which employees can give their best and realize their full potential.

**To the Members of
Morganite Crucible (India) Limited**

We have examined the compliance of conditions of corporate governance by Morganite Crucible (India) Limited ("the Company") for the year ended on 31 March 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchange.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion, and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the abovementioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

17th July 2012

For **BSR & Co.**
Chartered Accountants
Firm's Registration No: 101248W
Vijay Mathur
Partner
Membership No: 046476

Morganite Crucible (India) Limited

CORPORATE GOVERNANCE REPORT

The Securities and Exchange Board of India (SEBI) ushered in a formal code of corporate governance (hereinafter “the Code”) through Clause 49 in the Listing Agreement executed by the Company with stock exchanges. Clause 49 lays down several corporate governance practices which listed companies are required to adopt. The Code has been periodically upgraded to ensure the adoption of best corporate governance practices by the corporates. This report sets out the compliance status of the Company with the requirements of corporate governance, as set out in Clause 49, for the financial year 2011-12.

Company’s Philosophy on Corporate Governance

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

1. BOARD OF DIRECTORS

The Board comprises of 5 directors of which 4 are Non-Executive Directors (80% of the total Board strength) and among these 4 Non-executive directors 2 are Independent Directors (40% of the total Board strength). The composition of the Board complies with the requirements of the Code. The Board of Directors of the Company met **Five times** during the year on 25/5/2011, 15/6/2011, 12/8/2011, 14/11/2011, 15/2/2012.

Composition of Board and other related matters:

Name & Designation of the Director	Category	No. of other Directorships held (2)	No. of Committee position held in other Companies	Board meetings attended	Attendance at the last AGM
Sadanand V. Shabde	INED	2	1	5	Yes
Hitesh Saiwal	WTD	2	None	5	Yes
Stuart Cox	NED	1	None	4	No
Didier Finck	NED	1	None	0	No
H S Shirsat	INED	NIL	None	5	Yes

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

1. Mr. Hitesh Saiwal appointed as additional director w.e.f. 1.2.2011, and confirmed in the last AGM held on Sep 28, 2011, and Mr. H. S. Shirsat appointed as additional director w.e.f. 28.12.2010 and confirmed in the last AGM held on Sep 28, 2011.

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

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

Mr. H. S. Shirsat and Mr. Didier Finck are liable to retire by rotation at the forthcoming Annual General Meeting and being eligible, have offered themselves for reappointment. Relevant details pertaining to them are provided in the Notice of the Annual General Meeting.

2. AUDIT COMMITTEE

During the year under review, 4 meetings of the Committee were held on 25/5/2011, 12/8/2011, 14/11/2011 and 15/2/2012. The composition of the Committee as on 31st March, 2012 as well as the particulars of attendance at the Committee during the year are given in the table below:

Name & Designation	Category of Directorship	Qualification / Competence	No. of meetings attended
Sadanand V. Shabde	Independent Non Executive Director	M. Tech	4
H S Shirsat	Independent Non Executive Director	B.A.	4
Mr. Hitesh Saiwal	Wholetime Director	C.A.	4

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

The Chairman of the Audit Committee will be available at the ensuing Annual General Meeting of the Company.

The Company Secretary acts as the Secretary to the Audit Committee. In addition to the above, the Committee meetings were also attended by the Finance Manager and other executives of the Company also attended the meeting as and when required.

The broad terms of reference of the Committee are to review and recommend the financial statements and to review the adequacy of internal control systems and internal audit function. The detailed terms of reference of the Committee as approved by the Board are given below:

1. Reviewing internal controls and internal audit function and their adequacy with the management / internal auditors.
2. Reviewing with the management, performance of statutory and internal auditors.
3. Oversight of the financial reporting process / disclosures and review of interim & annual financial statements before Board approval.
4. Appointment / reappointment / replacement / removal of statutory auditors & fixation of their audit fees & fees for other services.
5. Periodic discussions with the statutory auditors of the Company (whether before, during or after the audit) on internal control systems, nature & scope of audit, audit observations and areas of concern, if any.
6. Review the outcome of internal investigations of material fraud, irregularity & failure of internal control system.
7. To look into substantial defaults, if any, in payments to depositors, debenture-holders, creditors & shareholders.
8. Discussion with the internal auditors on any significant findings and follow up there on.
9. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - A. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act, 1956;
 - B. Changes, if any, in accounting policies and practices and reasons for the same;
 - C. Major accounting entries involving estimates based on the exercise of judgment by management;
 - D. Significant adjustments made in the financial statements arising out of audit findings;
 - E. Compliance with listing and other legal requirements relating to financial statements;
 - F. Disclosure of any related party transactions;
 - G. Qualifications in audit report, if any.
10. To review the following information:
 - A. Management Discussion and Analysis of financial conditions and results of operations;
 - B. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
 - C. Management letters / letters of internal control weaknesses issued by the statutory auditors;
 - D. Internal audit reports relating to internal control weaknesses; and
 - E. The appointment, removal and terms of remuneration of the chief internal auditor.

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

Morganite Crucible (India) Limited

3. SHAREHOLDERS COMMITTEE

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

Name & Designation	Category of Directorship	No. of meetings attended
Sadanand V. Shabde	Independent Non Executive Director	3
H S Shirsat	Independent Non Executive Director	3
Mr. Hitesh Saiwal	Executive Director	Nil

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

No transfer of equity shares is pending as at 31st March, 2012.

During the year the Company has not received complaints from the shareholders. No complaint was pending as on 31st March, 2012.

4. MANAGERIAL REMUNERATION

Remuneration Committee

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

The Composition of the Committee is as follow:

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

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

Executive vice Chairman / Whole Time Director

Board Appointed Mr. Hitesh Saiwal as Whole Time Executive Director w.e.f. 1st Feb 2011 subsequently confirmed by the shareholders in their meeting held on sep 28, 2011, the details of remuneration paid to Mr. Saiwal is given herein below;

Basic pay	102000
HRA - 40% of Basic	40800
Conveyance 800 / month	800
Education allowance 200/month	200
car allwanace	0
Special Allownce	104920
TOTAL PM	248720
EPF (12% of basic)	12240
Superannuation (15% of basic)	15300
Reimb.of Car Exp.	10000
Driver	8000
Meal coupen	2200
Medical Reimbursement	1250
LTA	12750
Variable Pay	30600
total Monthly CTC	341060
GROSS SALARY Annual	4092720

Non Executive Directors

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

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

1. Mr. Sadanand V. Shabde – Total 80,000/-

2. Mr. H. S. Shirsat - Total 80,000/-

Shareholding of Non-Executive Directors

None of the directors holds any shares in the company as on 31st March 2012.

5. GENERAL BODY MEETINGS

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

AGM	Date	Time	venue	No. of special resolutions passed
26 th AGM	28 th Sep 2011	11:00 AM	Registered	2
25 th AGM	22 nd Sep 2010	11:00 AM	Registered Office	2
24 th AGM	19 th Nov 2009	11.00 AM	Registered Office	4
23 rd AGM	2 nd Sep 2008	11.00 AM	Registered Office	2

6. DISCLOSURES

a. Legal Compliances

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

b. Code of Business Conduct

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

c. Related Party Transactions

Transactions with related parties are disclosed in detail in Note 39 annexed to the financial statements for the year. Adequate care was taken to ensure that the potential conflict of interest did not harm the interests of the Company at large.

d. Mandatory & Non-Mandatory Clauses

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

7. COMMUNICATION TO SHAREHOLDERS

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

The Company plans to send the soft copies of Annual Report 2011-12 to those members whose email ids are registered with the Depository Participants (DPs) after informing them suitably to support the "Green Initiative in the Corporate Governance", an initiative taken by the Ministry of Corporate Affairs (MCA).

Morganite Crucible (India) Limited

8. GENERAL SHAREHOLDER INFORMATION

a. 27th Annual General Meeting

Date & Time Friday, 17th Aug, 2012 at 11:00 AM
Venue B-11 MIDC Area, Waluj, Aurangabd (MH)

b. Tentative Financial Calendar for the year 2012-13

Financial year 1-April 12 to 31-March 13
First Quarter results first week of Aug 2012
Half Yearly results First week of Nov 2012
Third Quarter results First week of Feb 2013
Results for year-end Second week of May 2013

c. Date of Book Closure

11th Aug 2012 to 16th Aug, 2012 (both days inclusive)

d. Dividend payment date

On or after 20th Aug 2012.

e. Unclaimed Dividend Account

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

f. Listing on Stock Exchanges and Security Codes

Name of Stock Exchange Security Code
Bombay Stock Exchange Ltd., Mumbai (BSE) 523160
The Company has paid the annual listing fees for the year 2012-13 to the above stock exchanges.

g. Market Price Data

Month	Open	High	Low	Close
Apr 11	229.05	267.00	229.05	259.00
May 11	248.00	270.00	213.05	267.15
Jun 11	272.75	314.00	244.00	288.05
Jul 11	286.00	310.00	263.25	302.85
Aug 11	300.00	500.00	255.10	382.70
Sep 11	371.50	474.90	370.00	383.30
Oct 11	375.15	450.00	355.00	396.25
Nov 11	400.45	434.75	290.00	311.00
Dec 11	324.00	324.00	267.00	289.25
Jan 12	284.00	398.45	263.00	355.75
Feb 12	356.45	435.00	350.00	353.35
Mar 12	342.00	395.00	326.05	341.25

h. Distribution of Shareholding as at 31st March, 2012

No.	Particular	No. of Shares	% of Share Capital
1	Promoter		
	a - Morganite Crucible Limited	1078000	
	b - Morgan Terreassen BV	1022000	
	Total	2100000	75
2	Institution	600	0.02
3	Public		
	a - Body Corporates	181213	
	b - Individual	511070	
	c- Others	7117	
	Total	699400	24.98
	Grand Total	2800000	100

i. Dematerialisation of securities

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

j. Share transfer system

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

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

k. Registered Office

B-11 MIDC Waluj, Aurangabad (MH).

l. Plant Locations

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

m. Compliance Officer / Contact Person**Anurag Geete**

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

n. Investor services

E-mail: investors.mmsaurangabad@morganplc.com

o. Registrars & Transfer Agents**SHAREPRO SERVICES INDIA PVT LTD**

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

For and on behalf of board

Aurangabad
17th August 2012

Hitesh Saiwal
Wholetime Director / Country Manager

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

Date: 17.07.2012

I Certify that

a. I have reviewed the financial statements and the cash flow statement for the year 2011-12 and that to the best of our knowledge and belief:

- These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations;

b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year 2011-12 which are fraudulent, illegal or violative of the Company's code of conduct;

c. We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of the internal control, if any, of which we are aware of and the steps we have taken or propose to take to rectify these deficiencies.

d. We have indicated to the Auditors and the Audit Committee -

- Significant changes in internal control over the financial reporting during the year 2011-12;
- Significant changes in accounting policies during the year 2011-12 and that the same have been disclosed in the notes to the financial statements; and
- Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over the financial reporting.

Place: Aurangabad

(HITESH SAIWAL)
WHOLETIME DIRECTOR AND COUNTRY MANAGER

Auditors' Report

To the Members of
Morganite Crucible (India) Limited

We have audited the attached balance sheet of Morganite Crucible (India) Limited ('the Company') as at 31 March 2012 and the related statement of profit and loss and the cash flow statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

- 1 As required by the Companies (Auditor's Report) Order, 2003 ('the Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 ('the Act'), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- 2 Further to our comments in the Annexure referred to above, we report that:
 - a) we have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) the balance sheet, the statement of profit and loss and the cash flow statement dealt with by this report are in agreement with the books of account;
 - d) in our opinion, the balance sheet, the statement of profit and loss and the cash flow statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act;
 - e) on the basis of written representations received from the directors of the Company as on 31 March 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as at 31 March 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act; and
 - f) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the balance sheet, of the state of affairs of the Company as at 31 March 2012;
 - (ii) in the case of the statement of profit and loss, of the profit of the Company for the year ended on that date; and
 - (iii) in the case of the cash flow statement, of the cash flows of the Company for the year ended on that date.

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

Vijay Mathur
Partner
Membership No: 046476

Mumbai
29 May 2012

Morganite Crucible (India) Limited

ANNEXURE TO THE AUDITORS' REPORT – 31 MARCH 2012

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, 2012

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified every year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) Fixed assets disposed off during the year were not substantial, and therefore, do not affect the going concern assumption.
- (ii) (a) The inventory, except goods in transit, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable.
- (b) The procedures for the physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Consequently, clauses 4(iii)(a) to 4(iii)(d) of the Order are not applicable to the Company.
- (b) The Company has taken a loan from a company covered in the register maintained under Section 301 of the Act. The maximum amount outstanding during the year was Rs.107,821,565 and the year-end balance of such loan was Rs. 49,374,556.
- (c) In our opinion, the rate of interest and other terms and conditions on which the loan has been taken from the company listed in the register maintained under Section 301 of the Act, are not, prima facie, prejudicial to the interest of the Company.
- (d) In the case of a loan taken from a company listed in the register maintained under Section 301 of the Act, the Company has been regular in repaying the principal amount as stipulated and in the payment of interest.
- (iv) In our opinion and according to the information and explanations given to us, and having regard to the explanation that purchases of certain items of inventories are for the Company's specialised requirements and, similarly sale of certain goods, are for the buyer's specialised requirements, and suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and with regard to the sale of goods and services. We have not observed any major weakness in the internal control system during the course of the audit.
- (v) (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act, have been entered in the register required to be maintained under that Section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts and arrangements referred to in (a) above and exceeding the value of Rs.5 lakh with any party during the year have been made at prices which are reasonable having regard to the prevailing prices at the relevant time.

- (iv) The Company has not accepted any deposits from the public.
- (v) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 209(1)(d) of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Income-tax, Sales tax, Provident fund, Service tax, Customs duty, Excise duty, Value added tax, Employees State Insurance Corporation, Investor Education and Protection Fund and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Wealth tax.
- According to the information and explanations given to us, no undisputed amounts payable in respect of Income-tax, Sales tax, Provident fund, Service tax, Customs duty, Excise duty, Value added tax, Employees State Insurance Corporation, Investor Education and Protection Fund and other material statutory dues were in arrears as at 31 March 2012 for a period of more than six months from the date they became payable.
- b) According to the information and explanations given to us, there are no dues of Income-tax, Sales tax, Service tax, Customs duty, Excise duty and Value added tax which have not been deposited with the appropriate authorities on account of any dispute. According to the information and explanations given to us, the dues of Employees State Insurance Corporation, as listed below have not been deposited by the Company on account of disputes:

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

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

For **BSR & Co.**
Chartered Accountants
 Firm's Registration No: 101248W
Vijay Mathur
Partner
 Membership No: 046476

Mumbai
 29 May 2012

Morganite Crucible (India) Limited

MORGANITE CRUCIBLE (INDIA) LIMITED BALANCE SHEET AS AT MARCH 31, 2012

	Schedule	As at March 31, 2012 Rupees	As at March 31, 2011 Rupees
Equity and liabilities			
Shareholder's funds			
Share capital	3	28,000,000	28,000,000
Reserves and surplus	4	365,016,946	277,413,433
		<u>393,016,946</u>	<u>305,413,433</u>
Non-current liabilities			
Long-term borrowings	5	-	43,290,000
Deferred tax liability (net)	6	12,635,040	14,122,610
Other long term liabilities	7	442,000	370,000
Long term provisions	8	1,753,847	927,170
		<u>14,830,887</u>	<u>58,709,780</u>
Current liabilities			
Trade payables	9	198,881,001	188,526,306
Other current liabilities	10	102,287,155	101,701,247
Short-term provisions	11	17,217,962	12,428,481
		<u>318,386,118</u>	<u>302,656,034</u>
		<u>726,233,951</u>	<u>666,779,247</u>
Assets			
Non-current assets			
Fixed assets			
Tangible assets	12	230,611,760	243,556,489
Intangible assets	12	19,488,235	24,360,294
Capital work-in-progress	12	13,369,032	-
Non-current investments	13	49,698,740	49,698,740
Long term loans and advances	14	30,656,578	24,599,255
Other non-current assets	15	7,595,701	7,500,000
		<u>351,420,046</u>	<u>349,714,778</u>
Current assets			
Inventories	16	145,360,069	130,791,221
Trade receivables	17	144,074,177	95,886,865
Cash and bank balances	18	46,261,632	67,515,817
Short-term loans and advances	19	36,882,692	22,573,002
Other current assets	20	2,235,335	297,564
		<u>374,813,905</u>	<u>317,064,469</u>
		<u>726,233,951</u>	<u>666,779,247</u>
Significant accounting policies	2		

The accompanying notes 2 - 45 form an integral part of this balance sheet.
As per our report of even date attached.

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

For and on behalf of the Board of Directors

Vijay Mathur
Partner
Membership No: 046476

Hitesh Saiwal
Wholetime Director / Country Manager

Stuart Cox
Director

Place : Mumbai
Date : 29 May 2012

Place : Aurangabad
Date : 29 May 2012

Anurag Geete
Company Secretary

MORGANITE CRUCIBLE (INDIA) LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2012
(Currency: Indian Rupees)

Income	Schedules	Year ended March 31, 2012 Rupees	Year ended March 31, 2011 Rupees
Revenue from operations			
- Sale of products		816,392,955	724,386,371
Less: Excise duty		<u>26,783,192</u>	<u>53,071,341</u>
Net sales		789,609,763	671,315,030
- Other operating revenues	21	<u>7,115,611</u>	<u>5,812,715</u>
		796,725,374	677,127,745
Other income	22	<u>7,987,315</u>	<u>13,146,845</u>
		<u>804,712,689</u>	<u>690,274,589</u>
Expenses			
Cost of materials consumed	23	342,109,330	324,306,428
(Increase) in stocks of finished goods and work in progress	24	(1,365,067)	(3,597,309)
Employee benefit expense	25	77,115,185	65,842,981
Finance costs	26	3,484,385	7,596,742
Depreciation and amortization expense	12	34,751,576	34,697,279
Other expenses	27	<u>206,305,277</u>	<u>167,226,050</u>
		<u>662,400,686</u>	<u>596,072,170</u>
Profit before tax		<u>142,312,003</u>	<u>94,202,419</u>
Tax expense:			
Current tax		52,000,000	38,331,677
Deferred tax (credit) / charge		(1,487,570)	6,265,075
Short provision of earlier years		941,830	116,687
Profit for the year		<u>90,857,743</u>	<u>49,488,980</u>
Basic and Diluted Earnings Per Share			
(face value of Rs 10 per share) Rs.	41	<u>32.45</u>	<u>17.67</u>
Significant accounting policies	2		

The accompanying notes 2 - 45 form an integral part of this statement of profit and loss

As per our report of even date attached.

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

Vijay Mathur
Partner
Membership No: 046476

Place : Mumbai
Date : 29 May 2012

For and on behalf of the Board of Directors

Hitesh Saiwal
Wholetime Director / Country Manager

Stuart Cox
Director

Place : Aurangabad
Date : 29 May 2012

Anurag Geete
Company Secretary

Morganite Crucible (India) Limited

MORGANITE CRUCIBLE (INDIA) LIMITED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

	Year ended March 31, 2012 Rupees	Year ended March 31, 2011 Rupees
Cash flow from operating activities:		
Profit before tax	142,312,003	94,202,419
Adjustments for:		
Depreciation and amortization expense	34,751,576	34,697,279
Loss / (profit) on sale / write off of fixed assets	12,241	8,774,919
Excess provisions written back	(6,074,191)	(1,495,601)
Management charges written back	-	(10,263,017)
Interest income	(1,913,124)	(1,105,704)
Finance costs	3,484,385	7,596,742
Unrealised foreign exchange loss	12,425,323	5,023,764
Operating profit before working capital changes	184,998,213	137,430,802
Changes in working capital		
(Increase)/decrease in inventories	(14,568,848)	17,386,318
(Increase)/decrease in trade receivables and loans and advances	(69,908,919)	13,460,447
Increase/(decrease) in Current liabilities and provisions	23,001,393	4,251,684
Net changes in working capital	(61,476,374)	35,098,449
Cash generated from operations	123,521,840	172,529,252
Income taxes paid	(49,177,121)	(28,528,013)
Net cash flows from operating activities	74,344,719	144,001,239
B Cash flow from investing activities		
Purchase of fixed assets, including expenditure on capital work in progress	(30,697,061)	(28,418,091)
Proceeds from sale of fixed assets	473,214	409,500
Decrease/(Increase) in investments in fixed deposits	5,394,101	(13,129,266)
Interest received	1,329,948	845,587
Net cash (used in) investing activities	(23,499,798)	(40,292,270)
C Cash flow from financing activities		
Finance costs paid	(3,772,663)	(7,827,634)
Repayment of External commercial borrowings	(62,836,641)	(52,651,952)
Net cash (used in) financing activities	(66,609,304)	(60,479,586)
Net (decrease)/increase in cash and cash equivalents (A+B+C)	(15,764,383)	43,229,383
Cash and cash equivalents at the beginning of the year	61,886,551	18,657,168
Cash and cash equivalents at the end of the year*	46,122,168	61,886,551

*includes Rs.96,796 (2011: Rs.154,188) which are not available for use by the Company.

Notes :

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

2 Components of cash and cash equivalents

Cash and cash equivalents comprises of:

Cash on hand	56,921	16,414
Bank balances		
- In current accounts	6,377,902	9,413,527
- In unpaid dividend accounts	96,796	154,188
- Fixed deposits (upto 3 months maturity from deposit date)	7,841,378	7,700,000
- Export Earner's Foreign Currency account (EEFC)	31,749,171	44,602,422
Total	46,122,168	61,886,551

As per our report of even date attached.

For **B S R & Co.**

Chartered Accountants

Firm Registration No: 101248W

Vijay Mathur

Partner

Membership No: 046476

Place : Mumbai

Date : 29 May 2012

For and on behalf of the Board of Directors

Hitesh Saiwal

Wholtime Director / Country Manager

Place : Aurangabad

Date : 29 May 2012

Stuart Cox

Director

Anurag Geete

Company Secretary

MORGANITE CRUCIBLE (INDIA) LIMITED
SCHEDULE TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH 2012
(CURRENCY - INDIAN RUPEES)

1. Background

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

2. Significant accounting policies

2.1 Basis of preparation of financial statements

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

During the year ended 31 March 2012 (effective 1 April 2011), the revised Schedule VI notified under the Act has become applicable to the Company for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements but impacts the disclosure and presentation of various items in the financial statements. All assets /liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in revised Schedule VI.

2.2 Use of estimates

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

2.3 Revenue recognition

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

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

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

2. Significant accounting policies (Continued)

2.4 Fixed assets and depreciation/amortisation

(a) Tangible assets

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

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

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

Leasehold land is amortised over the primary period of lease.

(b) Intangible assets

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

2.5 Impairment of assets

In accordance with AS 28 on 'Impairment of assets', the Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. The recoverable amount is the greater of the net selling price and value in use. Value in use is the present value of the estimated future cash flows expected to arise from the continuing use of the asset and from its present value based on an appropriate discount factor. If such recoverable amount of the asset or the recoverable amount

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of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the statement of profit and loss.

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

2.6 Investments

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

2.7 Employee benefits

(a) Short term employee benefits:

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

(b) Long term employee benefits:

(i) Defined contribution plans

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

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

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

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

(ii) Defined benefit plans

Post-employment benefits:

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

2. Significant accounting policies

2.7 Employee benefits

(ii) Defined benefit plans

Other long-term employment benefits:

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

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2.8 Borrowing costs

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

2.9 Inventories

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

2.10 Foreign currency transactions

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

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

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

2. Significant accounting policies (*Continued*)

2.11 Operating leases

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

2.12 Taxes on Income

Income tax

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

Deferred tax

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

2.13 Earnings per share ('EPS')

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

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

2.14 Provisions and contingencies

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

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	Year ended March 31, 2012 Rupees	Year ended March 31, 2011 Rupees
3 Share capital		
Authorised capital : 5,000,000 (2011 : 5,000,000) equity shares of Rs. 10 each	<u>50,000,000</u>	<u>50,000,000</u>
Issued		
28,00,000 (Previous year: 28,00,000) equity shares of Rs 10 each, fully paid-up	28,000,000	28,000,000
Subscribed and paid-up		
28,00,000 (Previous year: 28,00,000) equity shares of Rs 10 each, fully paid-up	28,000,000	28,000,000
Reconciliation of the number of equity shares outstanding at the beginning and at the end of the reporting year:		
Number of shares outstanding at the beginning of the year	2,800,000	2,800,000
Shares issued during the year	-	-
Shares forfeited / bought back during the year	-	-
Number of shares outstanding at the end of the year	<u>2,800,000</u>	<u>2,800,000</u>

Terms / rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

The Company has proposed per share dividend of Re.1 (2011: Rs.Nil) for distribution to equity shareholders.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Shares held by holding company and subsidiary of holding company

	31 March 2012		31 March 2011	
	Number of shares	% holding in the class	Number of shares	"% holding in the class"
Shares of the Company held by -				
Morganite Crucible Limited, fellow subsidiary	1,078,000	38.50%	1,078,000	38.50%
Morgan Terreassen BV, fellow subsidiary	1,022,000	36.50%	1,022,000	36.50%

Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company.

The only shareholders holding more than 5 percent shares as on the date of the balance sheet are Morganite Crucible Limited and Morgan Terreassen BV (as disclosed above), both of which are subsidiaries of The Morgan C r u c i b l e Company Plc.

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	<u>Year ended</u> <u>31 March 2012</u>	<u>Year ended</u> <u>31 March 2011</u>
4 Reserves and surplus		
General reserve		
Balance as per the last financial statements	48,583,000	48,583,000
Add: Amount transferred from surplus balance in statement of profit and loss	-	-
Closing balance	48,583,000	48,583,000
Surplus in the statement of profit and loss		
Balance as per last financial statements	191,421,433	141,932,453
Add: Profit after tax for the year	90,857,743	49,488,980
Amount available for appropriation	282,279,176	191,421,433
Less : Appropriations		
Proposed equity dividend	(2,800,000)	-
Corporate dividend tax	(454,230)	-
Transfer to general reserve	-	-
Net surplus in statement of profit and loss account	279,024,946	191,421,433
Capital reserve		
Central government investment subsidy under '1993 package scheme of incentives'	1,500,000	1,500,000
State government investment subsidy under '1983 package scheme of incentives'	500,000	500,000
Forfeited shares		
Capital profit on re-issue of forfeited shares	4,000	4,000
Investment allowance reserve under the Income tax Act, 1961	405,000	405,000
Securities premium account	35,000,000	35,000,000
Total reserves and surplus	<u>365,016,946</u>	<u>277,413,433</u>
5 Long-term borrowings		
(Unsecured)		
External commercial borrowings from Morganite Crucible Limited, U.K. [GBP Nil (2011 : GBP 600,000)] [Rate of interest : 4% p.a.] (Repayment of GBP 600,000 commences from 1 April 2012 in four equal monthly installments)	-	43,290,000
	-	43,290,000
6. Deferred tax liability - net		
The components of deferred tax balances are as follows :		
Deferred tax liability		
Difference between book depreciation and depreciation under the Income-tax Act, 1961	17,037,630	17,357,082
Deferred tax assets		
Employee benefits	(371,194)	(876,698)
Unrealised foreign exchange loss in ECB and forward contracts	(4,031,396)	(2,357,774)
Net deferred tax liability	12,635,040	14,122,610
7 Other long term liabilities		
Deposits	442,000	370,000
	42,000	370,000
8 Long term provisions		
Provision for income tax	1,753,847	927,170
(Net of advance tax and tax deducted at source Rs.63,972,830 (2011 : Rs.26,572,830))	1,753,847	927,170
9 Trade payables (current)		
Trade payables towards goods purchased and services received (refer note 42 for details of dues to micro and small enterprises)	198,881,001	188,526,306
	198,881,001	188,526,306

Morganite Crucible (India) Limited

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	Year ended 31 March 2012	Year ended 31 March 2011
10 Other current liabilities		
Advances received from customers	8,314,747	7,049,420
Current maturity of External commercial borrowings [GBP 600,000 (2011: GBP 850,000)]	49,230,000	61,327,500
Interest accrued but not due on External commercial borrowings	144,556	432,834
Provision for contingent liability on forward contracts	4,976,182	107,000
Employee benefits payable	10,473,009	8,847,378
Statutory dues to:		
- Provident and other funds	568,626	558,549
- Others:		
Professional tax	23,450	57,635
Excise duty on closing stock of finished goods	7,335,180	6,101,675
Tax deducted at source	766,386	969,216
Unclaimed dividend	96,796	154,188
Expenses payable*	20,358,223	16,095,852
	<u>102,287,155</u>	<u>101,701,247</u>
*includes operating, administrative and marketing expenses.		
11 Short-term provisions		
Provision for employee benefits:		
- Gratuity	-	697,727
- Leave encashment	1,144,072	1,941,341
Provision for proposed dividend and tax thereon	3,254,230	-
Provision for taxation:		
- Income-tax and fringe benefits tax	12,819,660	9,789,413
(Net of advance tax and tax deducted at source Rs.39,180,340 (2011 : Rs.28,542,264))	<u>17,217,962</u>	<u>12,428,481</u>

**MORGANITE CRUCIBLE (INDIA) LIMITED
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(CURRENCY - INDIAN RUPEES)**

12. Fixed Assets

Sr. No.	Particulars	Gross block		Accumulated depreciation/amortisation		Net block			
		As at 1 April 2011	As at 31 March 2012	Upto 1 April 2011	Charge for the year	As at 31 March 2012	As at 31 March 2011		
		Additions during the year	Deletions / adjustments	As at 31 March 2012 during the year	Upto 1 April 2011	Charge for the year	On deletions / adjustments	As at 31 March 2012	As at 31 March 2011
	TANGIBLE ASSETS								
1	Land - Leasehold	1,684,375	-	1,684,375	443,255	17,730	-	460,985	1,223,390
2	Building	51,896,204	2,663,534	54,559,738	13,802,490	1,701,734	-	15,504,224	39,055,514
3	Plant and machinery	346,454,060	14,465,781	358,363,948	145,845,334	27,810,128	2,486,660	171,168,802	187,195,146
4	Vehicles	591,072	-	581,072	52,680	55,202	10,000	97,882	483,190
5	Office equipments	841,077	49,661	586,029	341,754	39,268	217,572	163,450	422,579
5	Furniture and fixtures	5,791,826	149,053	3,395,411	3,216,612	255,455	2,308,597	1,163,470	2,231,941
	Total	407,258,614	17,328,029	419,170,573	163,702,125	29,879,517	5,022,829	188,558,813	230,611,760
	INTANGIBLE ASSETS								
1	Non-competition agreement	2,924,924	-	2,924,924	2,924,924	-	-	2,924,924	-
2	Distribution	48,720,587	-	48,720,587	24,360,293	4,872,059	-	29,232,352	19,488,235
	Total	51,645,511	-	51,645,511	27,285,217	4,872,059	-	32,157,276	19,488,235
	Grand total	458,904,125	17,328,029	470,816,084	190,987,342	34,751,576	5,022,829	220,716,089	250,099,995
	31 March 2011								
	TANGIBLE ASSETS	379,370,140	28,414,091	407,258,614	136,034,499	28,070,266	402,640	163,702,125	243,556,489
	INTANGIBLE ASSETS	51,645,511	-	51,645,511	20,668,204	6,627,013	-	27,285,217	24,360,294
	Total	431,015,651	28,414,091	458,904,125	156,692,703	34,697,279	402,640	190,987,342	267,916,783
	Capital work in progress							13,369,032	267,916,783
								263,469,027	

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	Year ended 31 March 2012	Year ended 31 March 2011
13 Non-current investments		
Non-Trade, Long Term (Unquoted), at cost		
Investment in Subsidiary Company:		
17,850 (2011 : 17,850) fully paid Equity Shares of Diamond Crucible Company Limited of Rs.100 each.	49,698,740	49,698,740
	<u>49,698,740</u>	<u>49,698,740</u>
Aggregate amount of unquoted investments	<u>49,698,740</u>	<u>49,698,740</u>
14 Long term loans and advances		
(Unsecured, considered good)		
Security deposits	1,464,657	1,146,257
VAT receivables	28,988,746	23,249,823
Advance tax and tax deducted at source (including fringe benefits tax)	203,175	203,175
[Net of provision for tax Rs.8,532,506 (2011 : Rs.8,532,506)]	<u>30,656,578</u>	<u>24,599,255</u>
15 Other non-current assets		
(Unsecured, considered good)		
Other bank balances		
Long term fixed deposits with banks with more than 12 months maturity	7,595,701	7,500,000
	<u>7,595,701</u>	<u>7,500,000</u>
16 Inventories		
(At lower of cost and net realisable value - also Refer Note 2.9)		
Raw materials and packing materials	50,997,817	38,602,188
[Including goods-in-transit Rs.7,635,118 (2011 : Rs.12,650,466)]		
Work-in-progress	24,466,713	26,749,669
Finished goods	61,831,584	58,183,561
Stores and spares	8,063,955	7,255,803
[Including goods-in-transit Rs.1,102,086 (2011 : Rs.493,805)]	145,360,069	130,791,221
17 Trade receivables		
(Unsecured, considered good)		
Considered good		
Outstanding for a period exceeding 6 months from the date they are due for payment	515,957	170,342
Others	143,558,220	95,716,523
	<u>144,074,177</u>	<u>95,886,865</u>
18 Cash and bank balances		
Cash and cash equivalents		
Cash on hand	56,921	16,414
Bank balances		
- In current accounts	6,377,902	9,413,527
- Fixed deposits (upto 3 months maturity from deposit date)	7,841,378	7,700,000
- In unpaid dividend accounts	96,796	154,188
- Export Earner's Foreign Currency account (EEFC)	<u>31,749,171</u>	<u>44,602,422</u>
Other bank balances		
Fixed deposits with maturity more than 3 months but less than 12 months from deposit date	139,464	5,629,266
	<u>46,261,632</u>	<u>67,515,817</u>

"Long term fixed deposits with banks with more than 12 months maturity has been classified under other non-current assets. "(Refer note 15) "

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	Year ended 31 March 2012	Year ended 31 March 2011
19 Short-term loans and advances (Unsecured, considered good)		
Advance to suppliers	6,480,121	4,502,670
Prepaid expenses	3,310,528	1,412,624
Balances with excise authorities	26,704,600	16,419,737
Gratuity Fund with Life Insurance Corporation of India	145,443	-
Loans to employees	160,000	61,500
Other advances	82,000	176,471
	<u>36,882,692</u>	<u>22,573,002</u>
20 Other current assets		
Interest receivable on fixed deposits with banks	880,740	297,564
Duty drawback receivable	959,118	-
Insurance claim receivable	395,477	-
	<u>2,235,335</u>	<u>297,564</u>
21 Other operating revenues		
Sale of scrap	877,899	914,888
Duty drawback on exports	5,621,478	3,791,691
Commission on sales	616,234	-
Count on prepayment of sales tax	-	1,106,136
	<u>7,115,611</u>	<u>5,812,715</u>
22 Other income		
Interest income on:		
- Fixed deposits	1,470,864	293,604
- Delayed payment by customers	442,260	812,100
Excess provisions written back	6,074,191	1,495,601
Profit on sale of fixed assets	-	282,523
Management charges written back	-	10,263,017
	<u>7,987,315</u>	<u>13,146,845</u>
23 Cost of materials consumed		
Raw and packing materials consumed		
Raw material Consumed	308,100,788	292,692,570
Packing materials consumed	34,008,542	31,613,858
	<u>342,109,330</u>	<u>324,306,428</u>
24 Increase in stocks of finished goods and work in progress		
Inventory at the end of the period / year		
Closing stock - Finished goods	61,831,584	58,183,561
Closing stock - Work in progress	24,466,713	26,749,669
Inventory at the beginning of the period / year		
Opening stock - Finished goods	58,183,561	44,804,635
Opening stock - Work in progress	26,749,669	36,531,286
	<u>1,365,067</u>	<u>3,597,309</u>
25 Employee benefits expense		
Salaries, wages and bonus	68,983,712	59,242,236
Contribution to provident and other funds	3,528,387	3,358,541
Staff welfare expenses	4,603,086	3,242,204
	<u>77,115,185</u>	<u>65,842,981</u>

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	Year ended 31 March 2012	Year ended 31 March 2011
26 Finance costs		
Interest expense on External commercial borrowings	3,482,173	7,461,426
Interest expense on delayed payments	<u>2,212</u>	<u>135,316</u>
	<u>3,484,385</u>	<u>7,596,742</u>
27 Other expenses		
Consumption of stores and spares	6,594,974	6,505,832
Power and fuel	69,609,585	61,293,955
Repairs to buildings	325,245	1,141,474
Repairs to machinery	10,219,795	8,778,075
Rent, rates and taxes	3,496,379	2,395,275
Travelling and motor car expenses	10,173,104	8,360,107
Repairs others	2,883,959	2,109,804
Legal and Professional Fees	3,547,899	3,052,281
Insurance	1,148,830	2,171,368
Auditors' Remuneration (refer note 30)	1,541,331	1,642,039
Sales Commission	4,559,913	3,499,638
Transportation	2,023,505	2,342,580
Training expenses	434,049	2,419,971
Directors' sitting fees	160,000	84,980
Net loss on foreign exchange currency	7,876,189	9,661,822
Royalty	6,597,408	4,501,044
Management charges*	44,331,023	9,724,518
No claim compensation	2,440,791	2,896,674
Promotional expenses	2,515,095	1,406,430
Loss on sale / write off of fixed assets	12,241	9,057,442
Freight, insurance and Other Charges	14,472,219	16,399,080
Bank charges	1,473,688	830,115
Watch and ward	1,715,944	985,654
Car lease rentals (refer note 40)	1,447,836	747,799
Miscellaneous expenses	<u>6,704,275</u>	<u>5,218,093</u>
	<u>206,305,277</u>	<u>167,226,050</u>

*Management charges for the current year includes charges pertaining to previous year amounting to Rs.15,185,332.

28. Capital commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for Rs.9,712,297 (2011: Rs. 4,025,000).

29. Contingent liabilities

- i) Bonds aggregating Rs.10,000,000 (2011: Rs.10,000,000) in favour of the President of India endorsed through Deputy Commissioner of Customs for import of goods.
- ii) 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.
- iii) Disputed employees' state insurance demand aggregating Rs.52,498 (2011: Rs.52,498) against which the Company has preferred appeals.

MORGANITE CRUCIBLE (INDIA) LIMITED
SCHEDULE TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH 2012
(CURRENCY - INDIAN RUPEES)

Year ended
31 March 2012 Year ended
31 March 2011

30. Auditors' remuneration (excluding service tax)

Particulars	2012	2011
Audit fees	1,075,000	1,000,000
Tax audit fees	100,000	200,000
Other services	300,000	300,000
Out-of-pocket expenses	66,331	142,039
	1,541,331	*1,642,039

Out of above Rs.125,675 was paid to the erstwhile statutory auditors of the Company.

31. C.I.F. value of imports

Particulars	2012	2011
Capital goods	176,808	1,498,600
Raw Materials and consumables	124,316,587	81,779,824

32. Expenditure and earnings in foreign currency (on accrual basis)

Particulars	2012	2011
Expenditure in foreign currency		
Travelling	306,209	244,184
Commission	4,559,913	3,499,638
Management charges	44,331,023	9,724,518
Royalty	6,597,408	4,501,044
Certification charges	157,578	125,167
Interest on External commercial borrowings	3,482,173	7,461,426
Earnings in foreign exchange		
Export of goods calculated on F.O.B. basis	549,654,792	508,718,955

33. The Company's operations consist of manufacturing and selling of crucibles and hence the information with regards to sales effected by the Company and the information with regard to opening and closing stock of finished goods as disclosed in the financial statements pertains to crucibles only.

34. Imported and indigenous raw material and packing material consumed

Particulars	2012		2011	
	Value	% of total	Value consumption	% of total consumption
imported	129,639,220	38%	101,864,769	31%
Indigenous	212,470,110	62%	222,441,659	69%

35. Imported and indigenous stores and spares consumed

Particulars	2012		2011	
	Value	% of total consumption	Value	% of total consumption
Imported	-	-	-	-
Indigenous	6,594,974	100%	6,505,832	100%
Total	6,594,974	100%	6,505,832	100%

Morganite Crucible (India) Limited

MORGANITE CRUCIBLE (INDIA) LIMITED SCHEDULE TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH 2012 (CURRENCY - INDIAN RUPEES)

Year ended
31 March 2012 Year ended
31 March 2011

36. Information with regards to raw materials consumed**

Particulars	2012	2011
Silicon carbide	107,178,789	90,241,187
Graphite	64,733,622	59,100,923
Resin	41,892,632	42,650,974
Others	94,295,745	100,699,486
Total	308,100,788	292,692,570

**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.

37. Employee benefits

I. Effective 1 January 2007, the Company adopted Accounting Standard 15 (revised 2005) on "Employee Benefits".

II. Contribution to Provident fund

Amount of Rs.3,167,663 (2011: Rs.2,638,039) is recognised as an expense and included in "Employee costs" in the statement of profit and loss.

III. Leave encashment

Amount of Rs.2,237,647 (2011: Rs.1,500,254) is recognised as an expense and included in "Employee costs" in the statement of profit and loss.

Actuarial assumptions	2012	2011
Discount rate (per annum)	8.75%	8.25%
Rate of increase in compensation levels	7.00%	7.00%
Rate of return on plan assets	8.60%	8.00%

IV. Gratuity

Actuarial assumptions	2012	2011
Discount rate (per annum)	8.75%	8.25%
Rate of increase in compensation levels	7.00%	7.00%
Rate of return on plan assets	8.60%	8.00%

A. Changes in the present value of obligation

Particulars	2012	2011
Present value of obligation at the beginning of the year	7,852,135	5,731,795
Interest Cost	647,801	496,945
Current Service Cost	793,027	631,495
Benefits paid	(588,631)	(302,948)
Actuarial (gain)/loss on obligations	(716,140)	1,294,848
Present value of obligation as at year end	7,988,192	7,852,135

B. Changes in the fair value of plan assets

Particulars	2012	2011
Fair value of plan assets at the beginning of the year	7,154,408	5,939,630
Expected return on plan assets	572,353	538,615
Actuarial gain on plan assets	85,251	34,584
Contributions	910,254	944,527
Benefits paid	(588,631)	(302,948)
Fair value of plan assets at year end	8,133,635	7,154,408

MORGANITE CRUCIBLE (INDIA) LIMITED
SCHEDULE TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH 2012
(CURRENCY - INDIAN RUPEES)

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

Particulars	2012	2011
Present value of obligation as at the year end	(7,988,192)	(7,852,135)
Fair value of plan assets as at the end of the year	8,133,635	7,154,408
Funded status	145,443	-
Present value of unfunded obligation as at the year end	-	(697,727)
Net (liability)/asset recognised in balance sheet	145,443	(697,727)

D. Amount recognised in the balance sheet

Particulars	2012	2011
Present value of obligation at the end of the year	(7,988,192)	(7,852,135)
Fair value of plan assets as at the end of the year	8,133,635	7,154,408
Net (liability)/asset recognised in balance sheet	145,443	(697,727)

E. Amount recognised in the statement profit and loss

Particulars	2012	2011
Current service cost	793,027	631,495
Interest cost	647,801	496,945
Expected return on plan assets	(572,353)	(538,615)
Net actuarial (gain)/loss recognised in the year	(801,391)	1,260,264
Total expense recognised	67,084	1,850,089

F. Experience adjustment

Particulars	2012	2011	2010	2009	2008
Defined benefit obligation	7,988,192	7,852,135	5,731,795	4,649,065	3,761,488
Plan assets	8,133,635	7,154,408	5,939,630	4,307,917	4,076,610
(Surplus)/deficit	(145,443)	697,727	(207,835)	341,148	(315,122)
Experience adjustment on plan liabilities (gain)/loss	(237,462)	(1,588,480)	(400,046)	(197,585)	1,520,170
Experience adjustment on plan assets (gain)/loss	(85,251)	(34,584)	(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 31 March 2012.

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

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

Morganite Crucible (India) Limited

MORGANITE CRUCIBLE (INDIA) LIMITED SCHEDULE TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH 2012 (CURRENCY - INDIAN RUPEES)

38. Segment reporting

The Company recognizes its sale of crucibles activity as its only primary business segment since its operations predominantly consist of manufacture and sale of crucibles to its customers. Accordingly, income from sale of crucibles comprises the primary basis of segmental information set out in these financial statements. Geographical segment will be the secondary segment for the purpose of AS-17 (Segment reporting). All the assets of the Company are located in India except for Trade receivables aggregating Rs.104,807,237 (2011: Rs.68,049,633). The Company caters to the needs of the domestic and foreign market.

Geographical segments	2012			2011		
	India	Outside India	Total	India	Outside India	Total
Revenue from external customers	239,954,971	549,654,792	789,609,763	162,596,075	508,718,955	671,315,030
Carrying amount of Segment Assets	621,426,714	104,807,237	726,233,951	598,729,614	68,049,633	666,779,247
Addition to Fixed Assets during the Year	17,328,029	-	17,328,029	28,418,091	-	28,418,091

39. Related party disclosure

List of related parties

i. Parties (where control exists)

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

ii. Investing associates

- Morganite Crucible Limited (holds 38.50% of issued, subscribed and paid up capital)
- Morgan Terreassen BV (holds 36.50% of issued, subscribed and paid up capital)

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

Subsidiary company

- Diamond Crucible Company Limited

Fellow subsidiary companies

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

iv. Key Management Personnel

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

Details of remuneration paid to above mentioned Key Managerial Personnel

Name of Person	2012	2011
Mr. Vijay Sabarwal	-	4,631,294
Mr. Ashish Mehrotra	2,702,040	2,349,600
Mr. Vinod Mhalsekar	2,701,704	2,016,204
Mr. Hitesh Saiwal	3,727,500	2,241,758

MORGANITE CRUCIBLE (INDIA) LIMITED
Notes to the accounts (Continued)
for the year ended 31 March 2012

(Currency: Indian Rupees)

39 Related party disclosure (Continued)

v. Transactions with related parties

PARTICULARS	2012										
	Fellow subsidiaries (ii)										
	Investing associate (i)	Morganite Crucible Limited	Diamond Crucible Company Limited	Morganite Crucible USA	Morgan Metal Systems GmbH Germany	Moliametal System (Suzhou) Co. Limited, China	Morgan Metal System Sanayi, A. S. Turkey	Thermal Ceramics UK	Murugappa Morganite Ceramic Limited	Morgan Ceramics Shanghai	Ultimate holding company (iii)
Income											
Sale of finished goods	-	1,466,966	53,430,552	82,087,632	456,636	684,569	-	-	-	-	-
Sale of Raw Materials	-	648,334	-	-	-	-	-	-	-	-	-
Reimbursement of various expenses	-	-	-	10,797	-	-	-	-	-	-	-
Management charges written back	-	-	-	-	-	-	-	-	-	-	-
Expenditure											
Purchase of raw materials (including goods in transit)	-	1,192,614	-	120,272	-	-	783,710	-	-	-	-
Purchased of spares / consumables	-	11,992	-	48,750	-	-	-	424,292	-	-	-
Management charges	-	-	-	-	-	-	-	-	-	-	44,331,023
Royalty	-	-	-	-	-	-	-	-	-	-	6,597,408
Interest on External Commercial Borrowings	3,482,173	-	-	-	-	-	-	-	-	-	-
Other											
Purchase of capital goods	-	-	-	-	-	-	-	-	-	-	-
External Commercial Borrowings repaid	62,836,641	-	-	-	-	-	-	-	-	-	-
Proposed dividend	-	-	-	-	-	-	-	-	-	-	-
Outstanding Balances:											
Receivables	-	240,987	3,322,889	10,690,880	-	-	-	-	-	-	-
Payables	64,663,184	-	-	-	-	-	-	-	73,354	-	90,859,168
External Commercial Borrowings payable (including interest)	49,374,556	-	-	-	-	-	-	-	-	-	-

MORGANITE CRUCIBLE (INDIA) LIMITED
Notes to the accounts (Continued)
 for the year ended 31 March 2012

(Currency: Indian Rupees)

39 Related party disclosure (Continued)

v. Transactions with related parties

PARTICULARS	2011										
	Investing associate (i)		Fellow subsidiaries (ii)						Ultimate holding company (iii)		
	Morganite Crucible Limited	Morgan Terreassen Bv	Diamond Crucible Company Limited	Morganite Crucible USA	Morgan Molten Metal Systems GmbH Germany	Morgan Molan Metal System (Suzhou) Co. Limited, China	Karbon Graf Sanayi A. S. Turkey	Thermal Ceramics UK	Murugappa Morganite Ceramic Limited	Morgan Ceramics Shanghai	The Morgan Crucible Company Plc.
Income											
Sale of finished goods	-	-	416,676	42,640,970	71,279,974	541,709	64,917	-	-	240,464	-
Sale of Raw Materials	-	-	399,562	-	430,146	472,791	-	-	-	-	-
Reimbursement of various expenses	-	-	-	-	168,353	-	-	-	-	-	-
Management charges written back	-	-	-	-	-	-	-	-	-	-	10,263,017
Expenditure											
Purchase of raw materials (including goods in transit)	-	-	11,341	-	244,228	-	-	233,528	-	-	-
Purchased of spares / consumables	149,314	-	27,907	-	9,430	-	-	-	107,925	-	-
Commission on Export	-	-	-	-	-	-	-	-	-	-	-
Reimbursement of various expenses	-	-	-	-	-	-	-	-	-	-	-
Management charges	-	-	-	-	-	-	-	-	-	-	9,724,518
Royalty	-	-	-	-	-	-	-	-	-	-	4,501,044
Interest on External Commercial Borrowings	7,461,426	-	-	-	-	-	-	-	-	-	-
Other											
Purchase of capital goods	1,498,600	-	-	-	-	-	-	-	1,649,089	-	-
External Commercial Borrowings repaid	52,651,952	-	-	-	-	-	-	-	-	-	-
Proposed dividend	-	-	-	-	-	-	-	-	-	-	-
Outstanding Balances:											
Receivables	-	-	257,075	5,336,324	8,479,062	258,689	64,917	-	-	-	-
Payables	80,946,041	-	7,590	-	185,887	-	-	-	-	-	49,237,513
External Commercial Borrowings payable (including interest)	105,050,334	-	-	-	-	-	-	-	-	-	-

MORGANITE CRUCIBLE (INDIA) LIMITED
SCHEDULE TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH 2012
(CURRENCY - INDIAN RUPEES)

40. The Company has entered into operating leases for cars for a period of 3 years. Total lease payments for non-cancellable leases recognised in books for the year is Rs.1,447,836 (2011: Rs.747,799).

Total future minimum lease payments in respect for the above are as under:

Particulars	2012	2011
Not later than one year	1,471,148	1,447,836
Later than one year and not later than five years	818,003	2,289,151
Later than five years	Nil	Nil

41. **Earnings Per Share**

Particulars	2012	2011
Net profit after tax attributable to equity shareholders	90,857,743	49,488,980
Weighted average number of shares outstanding during the year (Nos.)	2,800,000	2,800,000
Earnings Per Share (Basic and Diluted)	32.45	17.67
Nominal value of an equity share	10	10

42. **Dues to Micro, Small and Medium Enterprises**

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

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

Particulars	2012		2011	
	Principal	Interest	Principal	Interest
Principal amount and interest due thereon remaining unpaid to any supplier as at year end	-	-	-	-
Amount of interest paid by the Company in terms of section 16 of the MSMED, along with the amount of payment made to the supplier beyond the appointed day during the accounting year	-	-	-	-
Amount of interest due and payable for the delay in making payment (which have been paid but beyond the appointed day during the year) but without adding interest specified under MSMED	-	-	-	-
Amount of interest accrued and remaining unpaid at the end of the accounting year	-	-	-	-

43. **Receivables and payables denominated in foreign currency**

The Company has entered into derivative contracts to hedge its risk associated with foreign currency fluctuations. However, none of these contracts can be co-related on one to one basis against the underlying exposure. As at the year end, the Company has outstanding foreign exchange forward contracts of GBP 725,000, EURO 825,000 and USD 639,073 (2011: GBP 500,000) equivalent to Rs.148,226,427 (2011: Rs.36,075,000). The Company has revalued these forward contracts as at the year end by marking the same to market and recognised a loss of Rs.4,976,182 (2011: Rs.107,000) by debiting the statement of profit and loss in compliance with the announcement dated 29 March 2008 made by the Institute of Chartered Accountants of India ('ICAI') regarding accounting for derivatives.

Morganite Crucible (India) Limited

MORGANITE CRUCIBLE (INDIA) LIMITED SCHEDULE TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH 2012 (CURRENCY - INDIAN RUPEES)

Particulars of unhedged foreign currency exposures as at 31 March 2012 are as under:

Particulars	Foreign Currency Denomination	Foreign Currency Amount	Rupees
Assets (Trade Receivables)	EURO	425,173	29,039,297
		(346,119)	(21,843,548)
	GBP	612,151	50,031,136
		(285,304)	(20,493,406)
	USD	591,341	30,187,973
		(384,355)	(17,119,153)
Liabilities (Trade Payables)	EURO	88,555	6,072,224
		(15,088)	(955,692)
	GBP	807,508	66,256,074
		(1,177,240)	(84,937,862)
	USD	37,093	1,907,341
		(125,314)	(5,622,854)
External Commercial Borrowings	GBP	600,000	49,230,000
		(1,450,000)	(104,617,500)

Figures in brackets represent figures for the previous year

44. Transfer Pricing

Transactions with overseas related parties are governed by transfer pricing regulations of the Indian Income tax Act, 1961. The Company's international transactions with associated enterprises are at arm's length as per the independent accountants' report for the year ended 31 March 2011. Management believes that the Company's international transactions with related parties post 31 March 2011 continue to be at arm's length and that the transfer pricing legislation will not have any impact on the financial statements particularly on the amount of the tax expense for the year and the amount of the provision for taxation at the year end.

45. Previous year figures

The financial statements for the year ended 31 March 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Act. Consequent to the notification of Revised Schedule VI under the Act, the financial statements for the year ended 31 March 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year classification. The adoption of Revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of financial statements.

As per our report of even date.

For **BSR & Co.**

Chartered Accountants
Firm's Registration No: 101248W

Vijay Mathur
Partner
Membership No: 046476
Mumbai
29 May 2012

For and on behalf of the Board of Directors

Hitesh Saiwal
Wholetime Director / Country Manager

Stuart Cox
Director

Anurag Geete
Company Secretary

29 May 2012
Aurangabad

Auditors' Report

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

1. We have audited the attached consolidated balance sheet of Morganite Crucible (India) Limited ('the Company' or 'the Parent Company' or 'MCIL') and its subsidiary (refer Note 1 to the consolidated financial statements) [collectively referred to as the 'Group'] as at 31 March 2012, and the related consolidated statement of profit and loss and consolidated cash flow statement for the year ended on that date, annexed thereto. These consolidated financial statements are the responsibility of the Group's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We report that the consolidated financial statements have been prepared by the Group's management in accordance with the requirements of Accounting Standard (AS) 21 - 'Consolidated Financial Statements', as prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government, in consultation with the National Advisory Committee on Accounting Standards.
4. In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i in the case of the consolidated balance sheet, of the consolidated state of affairs of the Group as at 31 March 2012;
 - ii in the case of the consolidated statement of profit and loss, of the consolidated results of operations of the Group for the year ended on that date; and
 - iii in the case of the consolidated cash flow statement, of the cash flows of the Group for the year ended on that date.

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

Mumbai
29 May 2012

Vijay Mathur
Partner
Membership No: 046476

Morganite Crucible (India) Limited

Consolidated balance sheet

as at 31 March 2012

SOURCES OF FUNDS

	<i>Schedules</i>	<i>Year Ended 31st March 2012</i>	<i>Year Ended 31st March 2011</i>
Equity and liabilities			
Shareholder's funds			
Share capital	3	28,000,000	28,000,000
Reserves and surplus	4	<u>390,552,232</u>	<u>291,493,722</u>
		418,552,232	319,493,722
Minority interest		48,450,824	34,796,949
Non-current liabilities			
Long-term borrowings	5	-	43,290,000
Deferred tax liability (net)	6	11,831,316	13,345,705
Other long term liabilities	7	442,000	370,000
Long term provisions	8	<u>2,981,242</u>	<u>2,285,037</u>
		<u>15,254,558</u>	<u>59,290,742</u>
Current liabilities			
Trade payables	9	230,517,837	217,037,082
Other current liabilities	10	111,870,314	107,087,892
Short-term provisions	11	17,965,546	12,591,593
		<u>360,353,697</u>	<u>336,716,567</u>
		<u>842,611,311</u>	<u>750,297,980</u>
Assets			
Non-current assets			
Fixed assets			
Tangible assets	12	253,767,610	265,181,876
Intangible assets	12	44,293,848	51,922,086
Capital work-in-progress	12	13,369,032	-
Non-current investments	13	60,200	60,200
Long term loans and advances	14	39,475,248	25,014,752
Other non-current assets	15	<u>20,824,986</u>	<u>9,976,315</u>
		<u>371,790,924</u>	<u>352,155,229</u>
Current assets			
Inventories	16	177,260,997	150,910,423
Trade receivables	17	173,657,077	118,624,085
Cash and bank balances	18	77,214,452	103,707,906
Short-term loans and advances	19	40,452,526	24,602,773
Other current assets	20	2,235,335	297,564
		<u>470,820,387</u>	<u>398,142,751</u>
		<u>842,611,311</u>	<u>750,297,980</u>
Significant accounting policies	2		

The accompanying notes 2 - 39 form an integral part of this consolidated balance sheet.

As per our report of even date attached.

For **B S R & Co.**

Chartered Accountants

Firm's Registration No: 101248W

For and on behalf of the Board of Directors

Vijay Mathur

Partner Company

Membership No: 046476

Mumbai

29 May 2012

Anurag Geete

Secretary

Aurangabad

29 May 2012

Hitesh Saiwal

Wholtime Director / Country Manager

Stuart Cox

Director

Consolidated profit and loss account
for the year ended 31 March 2012

(Currency: Indian Rupees)

	<i>Schedules</i>	<i>Year Ended 31st March 2012</i>	<i>Year Ended 31st March 2011</i>
Income			
Revenue from operations			
- Sale of products		1,029,927,855	885,661,936
Less: Excise duty		43,879,858	65,809,036
Net sales		986,047,997	819,852,900
- Other operating revenues	21	7,197,644	5,812,715
		993,245,641	825,665,615
Other income	22	11,478,336	17,089,855
		<u>1,004,723,977</u>	<u>842,755,470</u>
Expenses			
Cost of materials consumed	23	437,270,746	394,039,371
Purchase of traded goods		1,615,900	17,864
(Increase) in stocks of finished goods and work in progress	24	(8,623,795)	(5,075,999)
Employee benefit expense	25	96,569,782	
83,315,769 Finance costs	26	3,500,400	7,610,967
Depreciation and amortization expense	12	40,236,943	40,220,818
Other expenses	27	252,308,945	199,849,955
		<u>822,878,921</u>	<u>719,978,745</u>
Profit before tax		181,845,056	122,776,725
Tax expense:			
Current tax		66,451,000	48,831,677
Deferred tax (credit) / charge		(1,514,389)	6,632,046
Short provision of earlier years		941,830	116,687
Profit for the year		115,966,615	67,196,315
Less: Minority interest for the year		13,653,875	10,027,121
Balance carried forward to reserves		102,312,740	57,169,194
Basic and Diluted Earnings Per Share (face value of Rs 10 per share) Rs.35		36.54	20.42

Significant accounting policies 2

The accompanying notes 2 - 39 form an integral part of this consolidated statement of profit and loss.

As per our report of even date attached.

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

For and on behalf of the Board of Directors

Vijay Mathur
Partner
Membership No: 046476

Anurag Geete
Company Secretary

Hitesh Saiwal
Wholetime Director / Country Manager

Stuart Cox
Director

Mumbai
29 May 2012

Aurangabad
29 May 2012

Morganite Crucible (India) Limited

Consolidated cash flow statement for the year ended 31 March 2012

	Year ended 31 March 2012	Year ended 31 March 2011
A Cash flow from operating activities		
Profit before tax	181,845,056	122,776,725
Adjustments for:		
Depreciation and amortization expense	40,236,943	40,220,818
Loss / (profit) on sale / write off of fixed assets	(52,472)	8,399,149
Excess provisions written back	(6,074,191)	(1,495,601)
Management charges written back	-	(12,594,173)
Interest income	(4,758,784)	(2,220,356)
Finance costs	3,500,400	7,6195,913
Unrealised foreign exchange loss	12,425,323	5,023,764
Operating profit before working capital changes	227,163,606	167,917,207
Changes in working capital		
(Increase)/decrease in inventories	(26,350,574)	14,909,124
(Increase)/decrease in trade receivables and loans and advances	(86,390,405)	14,021,378
Increase/(decrease) in Current liabilities and provisions	30,446,640	5,014,747
Net changes in working capital	(82,294,340)	33,945,249
Cash generated from operations	144,869,267	201,862,456
Income taxes paid	(63,645,554)	(39,604,227)
Net cash flows from operating activities	81,223,713	162,258,229
B Cash flow from investing activities		
Purchase of fixed assets, including expenditure on capital work in progress	(34,988,729)	(32,572,161)
Proceeds from sale of fixed assets	569,944	827,556
(Increase)/decrease in investments in fixed deposits	(11,663,839)	(35,888,387)
Interest received	4,175,608	1,960,239
Net cash (used in) investing activities	(41,907,016)	(65,672,753)
C Cash flow from financing activities		
Finance costs paid	(3,788,678)	(7,841,859)
Repayment of External commercial borrowings	(62,836,641)	(52,651,952)
Net cash (used in) financing activities	(66,625,319)	(60,493,811)
Net (decrease)/increase in cash and cash equivalents	(27,308,622)	36,091,665
Cash and cash equivalents at the beginning of the year	77,795,834	41,704,169
Cash and cash equivalents at the end of the year*	50,487,212	77,795,834
*includes Rs.96,796 (2011: Rs.154,188) which are not available for use by the Company.		
Total	50,487,212	77,795,834

Notes :

1The Cash flow statement has been prepared under the indirect method as set out in Accounting Standard - 3 ('AS 3') on Cash Flow Statement prescribed in Companies (Accounting Standard) Rules, 2006.

2 Components of cash and cash equivalents

Cash and cash equivalents comprises of:

Cash on hand	98,001	27,281
Bank balances		
- In current accounts	10,620,343	23,023,599
- In unpaid dividend accounts	96,796	154,188
- Fixed deposits (upto 3 months maturity from deposit date)	7,841,378	7,700,000
- Export Earner's Foreign Currency account (EEFC)	31,830,694	46,890,766
Total	50,487,212	77,795,834

As per our report of even date attached.

For **BSR & Co.**

Chartered Accountants

Firm's Registration No: 101248W

For and on behalf of the Board of Directors

Vijay Mathur

Partner

Membership No: 046476

Anurag Geete

Company Secretary

Hitesh Saiwal

Wholetime Director / Country Manager

Stuart Cox

Director

Mumbai
29 May 2012

Aurangabad
29 May 2012

MORGANITE CRUCIBLE (INDIA) LIMITED**CONSOLIDATED SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2012****1. Background**

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

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

2. Significant accounting policies**2.1 Basis of preparation of consolidated financial statements**

The consolidated financial statements of the Company and its subsidiary (as listed in schedule 1 above), collectively referred to as the 'MCIL Group' or 'Group' have been prepared and presented under the historical cost convention, on the accrual basis of accounting and the accounting principles generally accepted in India and comply with the accounting standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government, in consultation with the National Advisory Committee on Accounting Standards, to the extent applicable.

During the year ended 31 March 2012 (effective 1 April 2011), the revised Schedule VI notified under the Act has become applicable to the Company for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements but impacts the disclosure and presentation of various items in the financial statements. All assets /liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in revised Schedule VI.

2.2 Basis of consolidation

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

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

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

2.3 Use of estimates

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

2.4 Revenue recognition

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

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

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

2.5 Fixed assets and depreciation/amortisation**(a) Tangible assets**

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

Morganite Crucible (India) Limited

date.

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

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

Leasehold land is amortised over the period of lease.

(b) Intangible assets

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

2. Significant accounting policies (Continued)

2.6 Goodwill on consolidation

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

2.7 Impairment of assets

In accordance with AS 28 on 'Impairment of assets', the Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. The recoverable amount is the greater of the net selling price and value in use. Value in use is the present value of the estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. In assessing the value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the consolidated statement of profit and loss.

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

2.8 Investments

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

2.9 Employee benefits

(a) Short term employee benefits:

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

b) Long term employee benefits:

(i) Defined contribution plans

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

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

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

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

(ii) Defined Benefit Plans

Post-employment benefits:

The Company's gratuity scheme with Life Insurance Corporation of India is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit

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

2.9 Employee benefits (Continued)

(b) Long term employee benefits (Continued):

(ii) Defined benefit plans (Continued)

Other long-term employment benefits:

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

2.10 Borrowing costs

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

2.11 Inventories

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

2.12 Foreign currency transactions

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

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

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

2. Significant accounting policies (Continued)

2.13 Operating leases

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

2.14 Taxes on Income

Income tax

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

Deferred tax

Deferred tax charge or credit and the corresponding deferred tax liability or asset is recognized for timing differences between the profits/losses offered for income taxes and profits/ losses as per the consolidated financial statements.

Morganite Crucible (India) Limited

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

2.15 Earnings per share ('EPS')

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

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

2.16 Provisions and contingencies

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

MORGANITE CRUCIBLE (INDIA) LIMITED
CONSOLIDATED SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2012.

	<u>Year ended</u> <u>31 March 2012</u>	<u>Year ended</u> <u>31 March 2011</u>
3 Share capital		
Authorised capital :		
5,000,000 (2011 : 5,000,000) equity shares of Rs. 10 each	50,000,000	50,000,000
issued		
28,00,000 (Previous year: 28,00,000) equity shares of Rs 10 each, fully paid-up	28,000,000	28,000,000
Subscribed and paid-up	28,000,000	28,000,000
28,00,000 (Previous year: 28,00,000) equity shares of Rs 10 each, fully paid-up	28,000,000	28,000,000
Reconciliation of the number of equity shares outstanding at the beginning and at the end of the reporting year:		
Number of shares outstanding at the beginning of the year	2,800,000	2,800,000
Shares issued during the year	-	-
Shares forfeited / bought back during the year	-	-
Number of shares outstanding at the end of the year	2,800,000	2,800,000
Terms / rights attached to equity shares		
The Company has only one class of equity shares having a par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.		
The Company has proposed per share dividend of Re.1 (2011: Rs.Nil) for distribution to equity shareholders. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.		
Shares held by holding company and subsidiary of holding company		
31 March 2012		
31 March 2011		
Number of shares	%	holding in the class
% holding in the class	Number of shares	
Shares of the Company held by -		
Morganite Crucible Limited, fellow subsidiary	1,078,000	38.50%
	1,078,000	38.50%
Morgan Terreassen BV, fellow subsidiary	1,022,000	36.50%
	1,022,000	36.50%
Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company.		
The only shareholders holding more than 5 percent shares as on the date of the consolidated balance sheet are Morganite Crucible Limited and Morgan Terreassen BV (as disclosed above), both of which are subsidiaries of The Morgan Crucible Company Plc.		
4 Reserves and surplus		
General reserve		
Balance as per the last financial statements	48,583,000	48,583,000
"Add: Amount transferred from surplus balance in consolidated consolidated statement "of profit and loss"	-	-
Closing balance	48,583,000	48,583,000
Surplus in the consolidated statement of profit and loss		
Balance as per last financial statements	205,501,722	148,332,528
Add: Profit after tax for the year	102,312,740	57,169,194
Amount available for appropriation	307,814,462	205,501,722
Less : Appropriations		
Proposed equity dividend	(2,800,000)	-
Corporate dividend tax	(454,230)	-
Transfer to general reserve	-	-
Net surplus in consolidated statement of profit and loss	304,560,232	205,501,722
Capital reserve		
Central government investment subsidy under '1993 package scheme of incentives'	1,500,000	1,500,000
State government investment subsidy under '1983 package scheme of incentives'	500,000	500,000
Forfeited shares		
Capital profit on re-issue of forfeited shares	4,000	4,000

Morganite Crucible (India) Limited

CONSOLIDATED SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2012. (Continued).

	Year ended 31 March 2012	Year ended 31 March 2011
Investment allowance reserve under the Income tax Act, 1961	405,000	405,000
Securities premium account	35,000,000	35,000,000
Total reserves and surplus	<u>390,552,232</u>	<u>291,493,722</u>
5 Long-term borrowings (Unsecured)		
External Commercial Borrowings (ECB) from Morganite Crucible Limited, U.K [GBP Nil (2011 : GBP 600,000)] [Rate of interest : 4% p.a.]	-	43,290,000
(Repayment of GBP 600,000 commences from 1 April 2012 in four equal monthly installments)	-	43,290,000
6 Deferred tax liability - net The components of deferred tax balances are as follows :		
Deferred tax liability		
Difference between book depreciation and depreciation under the Income-tax Act, 1961	18,989,800	19,294,658
Deferred tax assets		
Provision for doubtful debts	(1,811,375)	(1,938,326)
Employee benefits	(692,651)	(1,165,060)
Unrealised foreign exchange loss in ECB and forward contracts	(4,031,396)	(2,357,774)
Expenses disallowed under Section 43B of Income-tax Act, 1961	<u>(623,062)</u>	<u>(487,793)</u>
Net deferred tax liability	<u>11,831,316</u>	<u>13,345,705</u>
7 Other long term liabilities		
Deposits	442,000	370,000
8 Long term provisions		
Provision for employee benefits:		
- Leave encashment	925,758	704,991
Provision for income tax	<u>2,055,484</u>	<u>1,580,046</u>
(Net of advance tax and tax deducted at source Rs.70,317,112 (2011 : Rs.39,065,873))	<u>2,981,242</u>	<u>2,285,037</u>
9 Trade payables (current)		
Trade payables towards goods purchased and services received (refer note 36 for details of dues to micro and small enterprises)	230,517,837	217,037,082
	230,517,837	217,037,082
10 Other current liabilities		
Advances received from customers	10,347,973	8,073,793
Current maturity of External commercial borrowings [GBP 600,000 (2011: GBP 850,000)]	49,230,000	61,327,500
Interest accrued but not due on External commercial borrowings	144,556	432,834
Derivative liability on forward contracts	4,976,182	107,000
Creditors for fixed assets	40,010	43,247
Employee benefits payable	12,425,852	10,662,177
Statutory dues to:		
- Provident and other funds	749,261	740,616
- Others:		
Professional tax	32,730	66,965
Excise duty on closing stock of finished goods	8,829,012	6,675,550
Tax deducted at source	898,224	1,114,399
Sales tax	168,465	245,187
Service tax	1,348	1,430
Unclaimed dividend	96,796	154,188
Expenses payable*	<u>23,929,905</u>	<u>7,443,006</u>
	<u>111,870,314</u>	<u>107,087,892</u>
*includes operating, administrative and marketing expenses.		
11 Short-term provisions		
Provision for employee benefits:		
- Gratuity	-	697,727
- Leave encashment	1,209,089	2,104,453
Provision for proposed dividend and tax thereon	3,254,230	-
Provision for taxation:		
- Income-tax and fringe benefits tax	<u>13,502,227</u>	<u>9,789,413</u>
(Net of advance tax and tax deducted at source Rs.52,948,773 (2011 : Rs.28,542,264))	<u>17,965,546</u>	<u>12,591,593</u>

CONSOLIDATED SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2012. (Continued).

12. Fixed assets

Sr. No.	Particulars	Gross block		Accumulated depreciation/amortisation		Net block		
		As at 1 April 2011	Deletions / adjustments during the year	As at 31 March 2012	Upto 1 April 2011	Charge for the year	As at 31 March 2012	As at 31 March 2011
TANGIBLE ASSETS								
1	Land - Leasehold	1,919,450	-	1,919,450	509,338	20,111	529,449	1,390,001
2	Building	60,953,088	4,062,925	65,016,013	18,892,236	1,903,459	20,795,695	44,220,318
3	Plant and machinery	384,422,753	16,778,827	398,358,679	168,487,211	30,113,446	195,838,249	202,520,430
4	Vehicles	1,658,993	-	1,648,993	147,881	152,764	290,645	1,358,348
5	Office equipments	1,092,309	228,617	972,053	498,955	56,156	300,017	672,036
5	Furniture and fixtures	8,528,396	549,328	6,462,092	4,857,492	362,769	2,855,615	3,606,477
	Total	458,574,989	21,619,697	474,377,280	193,393,113	32,608,705	220,609,670	253,767,610
INTANGIBLE ASSETS								
1	Goodwill on consolidation	41,342,683	-	41,342,683	13,780,891	2,756,179	16,537,070	24,805,613
2	Non-competition agreement	2,924,924	-	2,924,924	2,924,924	-	2,924,924	-
3	Distribution Rights	48,720,587	-	48,720,587	24,360,293	4,872,059	29,232,352	19,488,235
4	Technical Know-how	1,500,000	-	1,500,000	1,500,000	-	1,500,000	-
	Total	94,488,194	-	94,488,194	42,566,108	7,628,238	50,194,346	44,293,848
	Grand total	553,063,183	21,619,697	568,865,474	235,959,221	40,236,943	270,804,016	298,061,458
31 March 2011								
	TANGIBLE ASSETS	428,756,237	32,812,161	458,574,989	165,379,633	30,837,626	193,393,113	265,181,876
	INTANGIBLE ASSETS	94,488,194	-	94,488,194	33,182,916	9,383,192	42,566,108	51,922,086
	Total	523,244,431	32,812,161	553,063,183	198,562,549	40,220,818	235,959,221	317,103,962
	Capital work in progress	-	-	-	-	-	-	13,369,032
								311,430,490
								317,103,962

Morganite Crucible (India) Limited

CONSOLIDATED SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2012. (Continued).

	Year ended 31 March 2012	Year ended 31 March 2011
13 Non-current investments		
Non-Trade, Long Term (Unquoted), at cost		
Investments in equity shares		
2,408 (2011 : 2,408) shares of Shrinath Co-operative Bank of Rs.25 each	60,200	60,200
	60,200	60,200
Aggregate amount of unquoted investments	60,200	60,200
14 Long term loans and advances		
(Unsecured, considered good)		
Capital advances	7,807,912	-
Security deposits	1,999,451	1,434,551
VAT receivables	28,988,746	23,249,823
Advance tax and tax deducted at source (including fringe benefits tax)	679,139	330,378
[Net of provision for tax Rs.34,310,407 (2011 : Rs.27,810,407)]	<u>39,475,248</u>	<u>25,014,752</u>
15 Other non-current assets		
(Unsecured, considered good)		
Other bank balances		
Long term fixed deposits with banks with more than 12 months maturity*	20,824,986	9,976,315
	20,824,986	9,976,315
*Includes fixed deposits aggregating Rs.3,180,414 (2011: Rs.2,476,315) which are under lien with bank towards guarantees issued by the bank on behalf of the Company.		
16 Inventories		
(At lower of cost and net realisable value - also Refer Note 2.11)		
Raw materials and packing materials	63,409,403	46,341,095
[Including goods-in-transit Rs.7,635,118 (2011 : Rs.14,816,694)]		
Work-in-progress	32,515,917	31,538,221
Finished goods	71,900,746	64,538,995
Stock-in-trade (Traded goods)	284,348	-
Stores and spares	9,150,583	8,492,112
[Including goods-in-transit Rs.1,102,086 (2011 : Rs.493,805)]	<u>177,260,997</u>	<u>150,910,423</u>
17 Trade receivables		
(Unsecured)		
Considered good		
Outstanding for a period exceeding 6 months from the date they are due for payment	515,958	170,342
Others	173,141,119	118,453,743
	<u>173,657,077</u>	<u>118,624,085</u>
Considered doubtful		
Outstanding for a period exceeding 6 months from the date they are due for payment	5,582,911	5,835,255
Others	-	-
	5,582,911	5,835,255
Less: Provision for doubtful debts	(5,582,911)	(5,835,255)
	-	-
	<u>173,657,077</u>	<u>118,624,085</u>
18 Cash and bank balances		
Cash and cash equivalents		
Cash on hand	98,001	27,281
Bank balances		
- In current accounts	10,620,343	23,023,599
- Fixed deposits (upto 3 months maturity from deposit date)	7,841,378	7,700,000
	96,796	154,188
- In unpaid dividend accounts	96,796	154,188
- Export Earner's Foreign Currency account (EEFC)	<u>31,830,694</u>	<u>46,890,766</u>

CONSOLIDATED SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2012. (Continued).

	<u>Year ended</u> <u>31 March 2012</u>	<u>Year ended</u> <u>31 March 2011</u>
Other bank balances		
Fixed deposits with maturity more than 3 months but less than 12 months	26,727,240	25,912,072
	77,214,452	103,707,906
Long term fixed deposits with banks with more than 12 months maturity has been classified under other non-current assets. (Refer note 15)		
19 Short-term loans and advances (Unsecured, considered good)		
Advance to suppliers	7,510,954	4,932,685
Prepaid expenses	4,077,833	1,722,892
Balances with excise authorities	27,218,719	16,760,374
Gratuity Fund with Life Insurance Corporation of India	1,172,318	617,890
Loans to employees	390,702	318,586
Other advances	82,000	250,346
	<u>40,452,526</u>	<u>24,602,773</u>
20 Other current assets		
Interest receivable on fixed deposits with banks	880,740	297,564
Duty drawback receivable	959,118	-
Insurance claim receivable	395,477	-
	<u>2,235,335</u>	<u>297,564</u>
21 Other operating revenues		
Sale of scrap	959,932	914,888
Duty drawback on exports	5,621,478	3,791,691
Commission on sales	616,234	-
Discount on prepayment of sales tax	-	1,106,136
	<u>7,197,644</u>	<u>5,812,715</u>
22 Other income		
Interest income on:		
- Fixed deposits	4,138,347	1,322,833
- Delayed payment by customers	620,437	897,523
Excess provisions written back	6,074,191	1,495,601
Profit on sale of fixed assets	64,713	658,293
Management charges written back	-	12,594,173
Miscellaneous income	580,648	121,432
	<u>11,478,336</u>	<u>17,089,855</u>
23 Cost of materials consumed		
Raw and packing materials consumed		
Raw material Consumed	393,165,934	354,825,050
Packing materials consumed	44,104,812	39,214,321
	<u>437,270,746</u>	<u>394,039,371</u>
24 Increase in stocks of finished goods and work in progress		
Inventory at the end of the year		
Closing stock - Finished goods (including trading stock)	72,185,094	64,538,995
Closing stock - Work in progress	32,515,917	31,538,221
Inventory at the beginning of the year		
Opening stock - Finished goods	64,538,995	49,247,322
Opening stock - Work in progress	31,538,221	41,753,895
	<u>8,623,795</u>	<u>5,075,999</u>
25 Employee benefits expense		
Salaries, wages and bonus	86,193,111	72,846,188
Contribution to provident and other funds	4,759,033	6,374,405
Staff welfare expenses	5,617,638	4,095,176
	<u>96,569,782</u>	<u>83,315,769</u>

Morganite Crucible (India) Limited

CONSOLIDATED SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2012. (Continued).

	Year ended 31 March 2012	Year ended 31 March 2011
26 Finance costs		
Interest expense on External commercial borrowings	3,482,173	7,461,426
Interest expense on delayed payments	18,227	149,541
	<u>3,500,400</u>	<u>7,610,967</u>
27 Other expenses		
Consumption of stores and spares	10,874,982	10,477,002
Power and fuel	83,839,556	70,583,311
Repairs to buildings	717,990	1,443,275
Repairs to machinery	11,811,759	9,591,897
Factory and material insurance	97,396	94,667
Rent, rates and taxes	3,578,777	2,506,334
Travelling and motor car expenses	11,010,071	9,454,447
Repairs others	2,937,296	2,177,412
Legal and Professional Fees	4,442,565	3,645,122
Insurance	1,286,841	2,290,429
Auditors' Remuneration (refer note 30)	1,974,595	2,070,265
Sales Commission	6,769,232	5,231,045
Transportation	3,751,799	3,547,375
Training expenses	434,049	2,419,971
Directors' sitting fees	160,000	84,980
Net loss on foreign exchange currency	6,872,624	9,616,735
Royalty	8,283,885	5,843,494
Management charges*	56,399,854	13,545,722
No claim compensation	3,857,379	6,560,002
Promotional expenses	2,835,543	1,713,781
Loss on sale / write off of fixed assets	12,241	9,057,442
Freight, insurance and Other Charges	16,014,884	17,986,514
Bank charges	1,800,479	1,092,746
Watch and ward	2,199,948	1,427,639
Provision for doubtful debts	41,331	195,913
Car lease rentals (refer note 34)	1,447,836	747,799
Miscellaneous expenses	8,856,033	6,444,636
	<u>252,308,945</u>	<u>199,849,955</u>
28. Capital commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for Rs.38,092,242 (2011: Rs. 4,025,000).		
29. Contingent liabilities		
i) Bonds aggregating Rs.10,000,000 (2011: Rs.10,000,000) in favour of the President of India endorsed through Deputy Commissioner of Customs for import of goods.		
ii) 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.		
iii) Disputed employees' state insurance demand aggregating Rs. 52,498 against which the Group has preferred appeals.		
iv) A suit has been filed by Mr. N. K. Oza, past employee of the Group, on account of his suspension from the Company in 1984 for negligence in duties. The Honourable Gujarat High Court has ordered to pay Rs.540 per month till the final disposal of appeal pending for reinstatement with back wages. The Company is presently paying the above mentioned Rs. 540 per month to the said employee. The amount of liability that may arise in future on account of reinstatement with back wages is not ascertainable.		
v) The Company has an agreement with Sabarmati Gas Limited for supply of natural gas, against which the Company has furnished bank guarantee (Axis Bank Limited, Mehsana) of Rs.1,235,000 for tenure of five years beginning from 21 February 2009. The company has further enhanced the bank guarantee (Axis Bank Limited, Mehsana) for Rs.500,000 from July 2011 for a period of 3 years and 4 months.		

CONSOLIDATED SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2012. (Continued).

vi) The Company has received a notice of demand under section 156 of the Income-tax Act, 1961 demanding an amount of Rs.1,591,900 pertaining to the Assessment Year 2009-2010. Against which the Company has paid an amount of Rs.700,000 under protest and filed an appeal with the Commissioner of Income Tax (Appeals).

30. Auditors' remuneration (excluding service tax)

Particulars	2012	2011
Audit fees	1,425,000	1,350,000
Tax audit fees	100,000	200,000
Other services	370,000	370,000
Out-of-pocket expenses	79,595	150,265
	1,974,595	*2,070,265

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

31. Employee benefits

I. Effective 1 January 2007, the Company adopted Accounting Standard 15 (revised 2005) on "Employee Benefits".

II. Contribution to Provident fund

Amount of Rs.3,997,784 (2011: Rs.3,407,586) is recognised as an expense and included in "Employee costs" in the statement of profit and loss.

III. Leave encashment

Amount of Rs.2,523,431 (2011: Rs.1,794,625) is recognised as an expense and included in "Employee costs" in the statement of profit and loss.

Actuarial assumptions	2012		2011	
	Morganite	Diamond	Morganite	Diamond
Discount rate (per annum)	8.75%	9.00%	8.00%	8.00%
Rate of increase in compensation levels	7.00%	6.50%	7.00%	6.50%
Rate of return on plan assets	8.60%	8.50%	8.00%	9.00%

IV. Gratuity

Actuarial assumptions	2012		2011	
	Morganite	Diamond	Morganite	Diamond
Discount rate (per annum)	8.75%	9.00%	8.00%	8.00%
Rate of increase in compensation levels	7.00%	6.50%	7.00%	6.50%
Rate of return on plan assets	8.60%	8.50%	8.00%	9.00%

A. Changes in the present value of obligation

Particulars	2012	2011
Present value of obligation at the beginning of the year	11,880,231	9,115,445
Interest Cost	970,049	776,096
Current Service Cost	1,089,211	919,482
Benefits paid	(588,631)	(562,505)
Actuarial loss on obligations	(825,898)	1,631,713
Present value of obligation as at year end	12,524,961	11,880,231

B. Changes in the fair value of plan assets

Particulars	2012	2011
Fair value of plan assets at the beginning of the year	11,800,394	9,946,890
Expected return on plan assets	1,012,002	911,767
Actuarial gain on plan assets	85,251	22,419
Contributions	1,388,263	1,481,824
Benefits paid	(588,631)	(562,506)
Fair value of plan assets at year end	13,697,279	11,800,394

Morganite Crucible (India) Limited

CONSOLIDATED SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2012. (Continued).

31. Employee benefits

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

Particulars	2012	2011
Present value of obligation as at the year end	(12,524,961)	(11,880,231)
Fair value of plan assets as at the end of the year	13,697,279	11,800,394
Funded status	1,172,318	-
Present value of unfunded obligation as at the year end	-	(79,837)
Net (liability) / asset recognised in balance sheet	1,172,318	*(79,837)

D. Amount recognised in the balance sheet

Particulars	2012	2011
Present value of obligation at the end of the year	(12,524,961)	(11,880,231)
Fair value of plan assets as at the end of the year	13,697,279	11,800,394
Net (liability) / asset recognised in balance sheet	1,172,318	(79,837)

E. Amount recognised in the consolidated statement of profit and loss

Particulars	2012	2011
Current service cost	1,089,211	919,482
Interest cost	970,049	776,096
Expected return on plan assets	(1,012,002)	(911,767)
Net actuarial loss recognised in the year	(911,149)	1,609,294
Total expense recognised	136,108	2,393,105

F. Experience adjustment

Particulars	2012	2011	2010	2009	2008
Defined benefit obligation	12,524,961	11,880,231	9,115,445	7,543,997	6,127,476
Plan assets	13,697,279	11,800,394	9,946,890	6,962,055	6,357,192
(Surplus) / deficit	(1,172,318)	1,315,617	(831,445)	581,942	(229,716)
Experience adjustment on plan liabilities (gain)/loss	(347,220)	(1,251,615)	(370,881)	29,666	1,604,933
Experience adjustment on plan assets (gain)/loss	(85,251)	(46,749)	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 31 March 2012.

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

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

32. Segment reporting

The Group recognizes its sale of crucibles activity as its only primary business segment since its operations predominantly consist of manufacture and sale of crucibles to its customers. Accordingly, income from sale of crucibles comprises the primary basis of segmental information set out in these financial statements. Geographical segment will be the secondary segment for the purpose of AS-17 (Segment reporting). All the assets of the Group are located in India except for Trade receivables aggregating Rs.113,370,292 (2011: Rs. 69,546,784). The Company caters to the needs of the domestic and foreign market.

CONSOLIDATED SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2012. (Continued).

Geographical segments	2012			2011		
	India	Outside India	Total	India	Outside India	Total
Revenue from external customers	391,094,120	595,018,590	986,112,710	285,893,484	534,013,416	819,852,900
Carrying amount of Segment Assets	729,241,019	113,370,292	842,611,311	680,751,196	69,546,784	750,297,980
Addition to Fixed Assets during the Year	21,619,697	-	32,812,161	32,812,161	-	32,812,161

33. Related party disclosure

List of related parties

i. Parties (where control exists)

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

ii. Investing associates

- Morganite Crucible Limited (holds 38.50% of issued, subscribed and paid up capital)
- Morgan Terreassen BV (holds 36.50% of issued, subscribed and paid up capital)

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

Fellow subsidiary Companies

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

iv. Key Management Personnel

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

Details of remuneration paid to above mentioned Key Managerial Personnel

Name of Person	2012	2011
Mr. Vijay Sabarwal	-	4,631,294
Mr. Ashish Mehrotra	2,702,040	2,349,600
Mr. Vinod Mhalsekar	2,701,704	2,016,204
Mr. Hitesh Saiwal	3,727,500	2,241,758
Mr. Pradeep Singh	1,005,623	865,800
Mr. Bipin Mukul	368,790	365,248

33 Related party disclosure (Continued)
v. Transactions with related parties

PARTICULARS	2012									
	Investing associate (i)	Fellow subsidiaries (ii)						Ultimate holding company (iii)		
	Morganite Crucible Limited	Morgan Terreassen Bv	Morganite Crucible Inc. USA	Morgan Molten Metal Systems GMBG Germany	Morgan Molten Metal Systems (Suzhou) Co. Limited, China	Morgan Karbon Grift Sanayi A. S. Turkey	Thermal Ceramics UK	Murugappa Morganite Thermal Ceramic Limited	Morgan Thermal Ceramics Shanghai	The Morgan Crucible Company Plc.
Income										
Sale of finished goods	-	-	53,490,975	82,335,964	456,636	3,610,028	-	-	-	-
Sale of Raw Materials	-	-	-	-	-	-	-	-	-	-
Reimbursement of various expenses	-	-	-	10,797	-	-	-	-	-	-
Management charges written back	-	-	-	-	-	-	-	-	-	-
Expenditure										
Purchase of raw materials (including goods in transit)	-	-	-	120,272	-	-	783,710	-	-	-
Purchased of spares / consumables	-	-	-	48,750	-	-	-	424,292	-	-
Management charges	-	-	-	-	-	-	-	-	-	56,399,854
Royalty	-	-	-	-	-	-	-	-	-	8,283,885
Interest on External Commercial Borrowings	3,482,173	-	-	-	-	-	-	-	-	-
Other										
Purchase of capital goods	-	-	-	-	-	-	-	-	-	-
External Commercial Borrowings repaid	62,836,641	-	-	-	-	-	-	-	-	-
Proposed dividend	1,078,000	1,022,000	-	-	-	-	-	-	-	-
Outstanding Balances:										
Receivables	-	-	3,322,889	10,690,880	-	227,172	-	-	-	-
Payables	64,663,184	-	-	-	-	-	-	73,354	-	113,026,138
External Commercial Borrowings payable (including interest)	49,374,556	-	-	-	-	-	-	-	-	-

33 Related party disclosure (Continued)

v. Transactions with related parties

PARTICULARS	2011									
	Investing associate (i)	Fellow subsidiaries (ii)					Ultimate holding company (iii)			
	Morganite Crucible Limited	Morgan Terreassen Bv	Morganite Crucible Inc. USA	Morgan Molten Metal Systems GMBG Germany	Moltan/Metal System (Suzhou) Co. Limited, China	Karbon Gratt Sanayi A. S. Turkey	Thermal Ceramics UK	Murugappa Morganite Thermal Ceramic Limited	Morgan Thermal Ceramics Shanghai	The Morgan Crucible Company Plc.
Income										
Sale of finished goods	-	-	42,640,970	71,799,532	541,709	437,536	-	-	240,464	-
Sale of Raw Materials	-	-	-	430,146	472,791	-	-	-	-	-
Reimbursement of various expenses	-	-	-	168,353	-	-	-	-	-	-
Management charges written back	-	-	-	-	-	-	-	-	-	12,594,173
Expenditure										
Purchase of raw materials (including goods in transit)	-	-	-	244,228	-	-	233,528	-	-	-
Purchased of spares / consumables	149,314	-	-	9,430	-	-	-	107,925	-	-
Management charges	-	-	-	-	-	-	-	-	-	13,545,722
Royalty	-	-	-	-	-	-	-	-	-	5,843,494
Interest on External Commercial Borrowings	7,461,426	-	-	-	-	-	-	-	-	-
Other										
Purchase of capital goods	-	-	-	-	-	-	-	-	-	-
External Commercial Borrowings repaid	1,498,600	-	-	-	-	-	-	1,649,089	-	-
Proposed dividend	52,651,952	-	-	-	-	-	-	-	-	-
Outstanding Balances:										
Receivables	-	-	5,336,324	8,479,062	258,689	436,202	-	-	-	-
Payables	80,946,041	-	-	185,887	-	-	-	-	-	66,073,971
External Commercial Borrowings payable (including interest)	105,050,334	-	-	-	-	-	-	-	-	-

Morganite Crucible (India) Limited

CONSOLIDATED SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2012. (Continued).

34. The Company has entered into operating leases for cars for a period of 3 years. Total lease payments for non-cancellable leases recognised in books for the year is Rs.1,447,836 (2011: Rs.747,799).

Total future minimum lease payments in respect for the above are as under :

Particulars	2012	2011
Not later than one year	1,471,148	1,447,836
Later than one year and not later than five years	818,003	2,289,151
Later than five years	Nil	Nil

35. **Earnings Per Share**

Particulars	2011	2011
Net profit after tax attributable to equity shareholders	102,312,740	57,169,194
Weighted average number of shares outstanding during the year (Nos.)	2,800,000	2,800,000
Earnings Per Share (Basic and Diluted)	36.54	20.42
Nominal value of an equity share	10	10

36. **Dues to Micro, Small and Medium Enterprises**

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

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

Particulars	2012		2011	
	Principal	Interest	Principal	Interest
Principal amount and interest due thereon remaining unpaid to any supplier as at year end	60,224	-	88,482	-
Amount of interest paid by the Company in terms of section 16 of the MSMED, along with the amount of payment made to the supplier beyond the appointed day during the accounting year	-	-	-	-
Amount of interest due and payable for the delay in making payment (which have been paid but beyond the appointed day during the year) but without adding interest specified under MSMED	-	-	-	-
Amount of interest accrued and remaining unpaid at the end of the accounting year	-	-	-	-

37. **Receivables and payables denominated in foreign currency**

The Company has entered into derivative contracts to hedge its risk associated with foreign currency fluctuations. However, none of these contracts can be co-related on one to one basis against the underlying exposure. As at the year end, the Company has outstanding foreign exchange forward contracts of GBP 725,000, EURO 825,000 and USD 639,073 (2011: GBP 500,000) equivalent to Rs.148,226,427 (2011: Rs.36,075,000). The Company has revalued these forward contracts as at the year end by marking the same to market and recognised a loss of Rs.4,976,182 (2011: Rs.107,000) by debiting the consolidated statement of profit and loss in compliance with the announcement dated 29 March 2008 made by the Institute of Chartered Accountants of India ('ICAI') regarding accounting for derivatives.

Particulars of unhedged foreign currency exposures as at 31 March 2012 are as under:

Particulars	Foreign Currency Denomination	Foreign Currency Amount	Rupees
Assets (Trade Receivables)	EURO	425,173	29,039,297
		(347,502)	(21,930,822)
	GBP	612,151	50,031,136
Assets (Loans and Advances)	USD	(286,137)	(20,553,240)
		622,224	31,763,968
	USD	(414,417)	(18,458,114)
Liabilities (Trade Payables)	EURO	-	-
		(177)	(11,082)
	GBP	88,555	6,072,224
External Commercial Borrowings	GBP	(15,088)	(955,692)
		813,996	66,788,441
	USD	(1,183,728)	(85,405,980)
External Commercial Borrowings	GBP	51,307	2,638,246
		(135,265)	(6,071,108)
		600,000	49,230,000
		(1,450,000)	(104,617,500)

Figures in brackets represent figures for the previous year.

38. Transfer Pricing

Transactions with overseas related parties are governed by transfer pricing regulations of the Indian Income tax Act, 1961. The Group's international transactions with associated enterprises are at arm's length as per the independent accountants' report for the year ended 31 March 2011. Management believes that the Group's international transactions with related parties post 31 March 2011 continue to be at arm's length and that the transfer pricing legislation will not have any impact on the financial statements particularly on the amount of the tax expense for the year and the amount of the provision for taxation at the year end.

39. Previous year figures

The consolidated financial statements for the year ended 31 March 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Act. Consequent to the notification of Revised Schedule VI under the Act, the consolidated financial statements for the year ended 31 March 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year classification. The adoption of Revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of financial statements.

As per our report of even date.

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

For and on behalf of the Board of Directors

Vijay Mathur
Partner
Membership No: 046476

Anurag Geete
Company Secretary

Hitesh Saiwal
Wholtime Director / Country Manager

Stuart Cox
Director

Mumbai
29 May 2012

Aurangabad
29 May 2012

Morganite Crucible (India) Limited

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

Name of the Subsidiary	DIAMOND CRUCIBLE CO. LTD.
Financial Year ended	31 st March 2012
Country of Incorporation	India
Equity holding percentage of Morganite Crucible India Ltd. (Parent Company)	100%
Issued, Subscribed and Paid up Capital	35,00,000
Reserves	95379235
Total Assets	142315196
Total Liabilities	43435961
Investments	60200
Turnover	204334758
Profit before taxation	42289231
Provision for taxation Current	14451000
Deferred	-26819
Proft/Loss after tax	27865050
Proposed Dividend	—
Retained Earnings	100%

For and on behalf of
Morganite Crucible India Ltd.

Hitesh Saiwal
Wholetime Director / Country Manager

Stuart Cox
Director

MORGANITE CRUCIBLE (INDIA) LIMITED

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

ATTENDANCE SLIP

Twenty Seventh Annual General Meeting on August

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 SEVENTH ANNUAL GENERAL MEETING** of the Company held on Friday 17 August 2012 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.



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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 SEVENTH ANNUAL GENERAL MEETING** of the Company to be held on Friday 17 August 2012 at 11.00 am at B-11, MIDC, Industrial Area, Waluj - 431 136, Dist. - Aurangabad. and at any adjournment thereof.

Signed this2012

Please affix
30 p.
Revenue
Stamp Here

Signature

Note :

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



Not to Scale

Morganite Crucible (India) Ltd.
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Maharashtra, INDIA.
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Fax : +91 240 2564554
E-mail : sales.india@morganplc.com
Web : www.morganmms.com
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