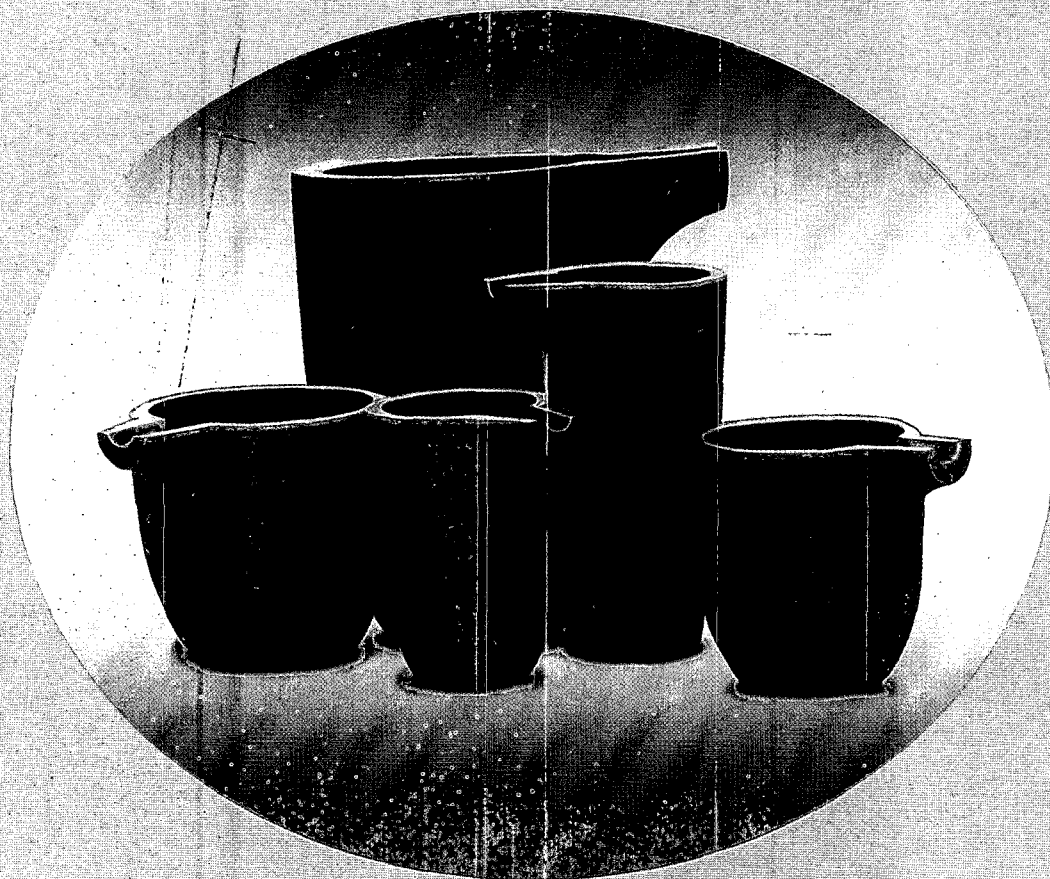


# ANNUAL REPORT AND ACCOUNTS 2008-2009



**MORGANITE CRUCIBLE (INDIA) LTD.**



## **BOARD OF DIRECTOR**

James Philip Wright (Upto December 1, 2008)  
John A D Maxwell (From January 30, 2009)  
Vijay Sabarwal (Chief Executive Officer)  
Didier Francois Finck  
Stuart Alan Cox  
Baljinder Kumar Bandha

## **SECRETARY**

Md. Abdul Nadeem (Upto May 31, 2009)

## **AUDITORS**

Price Waterhouse & Co.

## **SOLICITORS**

JSA LAW

## **BANKER**

The Hongkong and Shanghai Banking Corporation Ltd.  
Axis Bank Ltd

## **REGISTERED OFFICE**

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

Tel. : +91-240-2554405  
Fax : +91-240-2564554  
Web : www.morganmms.com  
E-mail : investors@mciltd.co.in

## **Registrars & Share Transfer Agent**

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 - 400 072  
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Dir. +91 22 67720309

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## NOTICE TO THE MEMBERS

NOTICE is hereby given that the Twenty Fourth Annual General Meeting of Morganite Crucible (India) Limited will be held on Thursday, November 19, 2009 at 11.00 am at B – 11 MIDC, Waluj, Aurangabad – 431136 to transact the following business:

### Ordinary Business

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at March 31, 2009, Profit and Loss Account for the year ended on that date along with the reports of the Board of Directors and Auditors thereon.
2. To reappoint M/s Price Waterhouse & Co as Auditors of the Company and to fix their remuneration.

### Special Business

3. To confirm appointment of John AD Maxwell who was appointed as Additional Director by the Board and being eligible offer himself for reappointment.
4. To consider and if thought fit to pass with or without modification as an ordinary resolution:  
“Resolved that the resignation of Stuart Alan Cox, who is eligible to retire by rotation at this AGM and offered his inability to be re-appointed, be and is hereby accepted.”  
“Resolved further that any one of the Director be and is hereby authorised to file form 32 with Ministry of Corporate Affairs.”
5. To consider and if thought fit to pass with or without modification as an ordinary resolution:-  
“Resolved that Sadanand Vasant Shabde be and is hereby appointed as Independent Director of the Company effective from this Annual General Meeting and shall hold his office till next Annual General Meeting unless decided otherwise.”  
“Resolved further that any one of the Director be and is hereby authorised to file form 32 with Ministry of Corporate Affairs.”
6. To consider and if thought fit to pass with or without modification as a special resolution:  
“Resolved that pursuant to the provisions of section 198, 269, 309, 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act 1956 and in accordance to the Resolution passed at the 21<sup>st</sup> and 23<sup>rd</sup> Annual General Meeting and subject to the approval given by the Central Government the members hereby adopt and approve to the re-appointment for a period of one year effective till April 09, 2010 and payment of remuneration to Vijay Sabarwal, the Whole Time Director and CEO of the Company, as set out in the Explanatory Statement annexed to this notice.”

By Order of the Board of Director

Baljinder Kumar Bandha  
Director

### Registered Office:

B – 11, MIDC Industrial Area  
Waluj – 431 136, Aurangabad  
Dated: August 30, 2009

## **Morganite Crucible (India) Limited**

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### **NOTES :**

- a. 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 members. 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.
- b. An explanatory statement pursuant to Section 173 (2) of the Companies Act 1956 in respect of the business at items No. 3 to 6 above is annexed.
- c. The register of members and the Share Transfer books of the Company will remain closed from September 20, 2009 to September 26, 2009 (both days inclusive).
- d. In terms of section 205C of the Companies Act 1956, all sums transferred to unpaid dividend account towards dividend for the financial year 2001-2002 and which remain unpaid or unclaimed, will be transferred to the Investor Education & Protection Fund of the Central Government on or after July 20, 2009 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 dividends, once the amount is transferred by the Company to the Investor Education and Protection Fund.



## ANNEXURE TO THE NOTICE

### Explanatory Statement

Pursuant to Section 173 (2) of the Companies Act 1956 in respect of item No. 3 to 6 of the accompanying notice dated August 17, 2009.

#### Item No 3

John A D Maxwell was appointed on January 30, 2009 as Additional Director. Your Director Recommend to appoint him as Director who shall be liable to retire by rotation.

None of the Directors are interested in this resolution except John A D Maxwell.

#### Item No 4

Stuart Alan Cox who was appointed on June 7, 2005 has expressed his inability to continue on the Board of the Company as he has moved to more responsible position within the group.

In view of the above it is propose, subject to confirmation from the members, to pass the resolution as an ordinary resolution.

Further the Directors also recommend the resolution for the approval of the Members of the Company.

None of the Directors are interested in this resolution except Stuart Alan Cox.

#### Item No 5

The company proposes to appoint Sadanand Vasant Shabde as an Independent Director.

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.

Sadanand Vasant Shabde has more than three decades of experience in the field of engineering.

None of the Directors are interested in this resolution.

#### Item No 6

Vijay Sabarwal, aged 43 years is BE (Mech) from IIT Rourkee and has a total experience of over 20 years in senior capacity in large corporate. During his previous employment he has acquired expertise in diverse fields such as manufacturing, marketing and administration. The general information and information about the appointee as per Schedule XIII of the Companies Act 1956 read will all relevant section therefore shall remain unchanged as set out in the explanatory statement which form the part of Notice dated April 28, 2006 for convening Twenty First Annual General Meeting, and hence not reproduced again here.

His reappointment will be valid till April 09, 2010 and subject to approval from the Central Government for which the Company has already moved an application.

The total remuneration including perquisites to be drawn by Vijay Sabarwal will be as under

*All in Rupees*

Component	Amount (INR)	Per Month / Per Year
Salary	132167	PM
Special Pay	36000	PM
House Rent Allowance	52867	PM
Car Allowance	27600	PM
Education Allowance	250	PM
House Maintenance	35000	PA
Club Fees	35000	PA
Leave Travel Allowance	58000	PA
Reimbursement of Medical Expenses not exceeding	{ At actual for self, immediate family and dependent parents	

## **Morganite Crucible (India) Limited**

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Premium for Group Personal Accident Policy covering Employee and Premium for Group Mediclaim Policy for self, spouse, children and mother. Premium not to exceed Rs 60000 per annum.

Commission payable Minimum Rs 475801 pa (30 percent of basic) subject to maximum of Rs 951602 pa (60 percent of basic) depending upon the profitability of the Company as may be determined by the Board or the Remuneration Committee.

In addition to the above the Employee will also be eligible to the following which are not to be included in the computation of the above remuneration.

Company's contribution to provident fund;

Superannuation Fund – as per the Rules of the Company (15 % of basic);

Retirement Gratuity – As per the Rules of the Company (5 % of basic);

Encashment of Leave at the end of the tenure – as per the Rules of the Company;

Provisions of chauffeur driven car for use only on Company's business;

The above remuneration is subject to six monthly reviews and may increase by upto twenty percent per annum only on fixed component in the next review.

A copy of the new Agreement entered into between the Company and Vijay Sabarwal is available for inspection by the Members at the Company's registered office from 11.00 AM to 02.00 PM on any working day up to the date of the Annual General Meeting.

Only Vijay Sabarwal is interested in this resolution

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

The Directors recommend the resolution for the approval of the members



## REPORT OF THE DIRECTORS

The Members,

Your Directors present the Twenty Fourth Annual Report and Audited Statement of Accounts for the year ended March 31, 2009

### 2. FINANCIAL RESULTS :

	Year ended March 31, 2009 INR in lacs	Year ended March 31, 2008 INR in lacs
Profit before interest, depreciation & taxes	671.18	330.94
Interest	103.82	55.20
Depreciation	184.79	114.30
<b>Profit before taxation</b>	<b>382.57</b>	<b>161.44</b>
Provisions for taxation		
- current tax	50.00	60.02
- deferred tax	59.16	12.36
- fringe benefits tax	7.00	6.50
<b>Profit After Tax</b>	<b>266.40</b>	<b>82.56</b>
Profit brought forward from previous year	470.85	388.29
Profit available for appropriation	737.25	470.85
<b>Appropriations:</b>		
Dividend	-	-
Corporate Dividend Tax	-	-
General Reserve	-	-
Profit Carried Forward to Balance Sheet	737.25	470.85

### 2. Dividend

In view of the on going investment your Directors have not recommended any dividends for the Financial Year 2008-09.

### 3. Operations

During the financial year, the turnover was Rs. 3343 lacs as compared to Rs 1947 lacs.

During the Current year the Company has completed and capitalized in its books the expansion/ modernisation of its plant aggregating to Rs. 2060.96 Lacs for increasing the total production by existing unit to 2500 MT. The project is completed during the year.



## **Morganite Crucible (India) Limited**

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

### **4. Change in Shareholding pattern**

The Morganite Crucible Ltd. UK has sold its 1% stock to general public during the year, therefore the shareholding pattern of Morganite crucible ltd. UK has reduced from 39.50% to 38.50 % and of public shareholding has increased from 24% to 25%

### **5. Statutory Disclosures**

None of the Directors of your company is disqualified as per the provisions 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 (Disclosure of Particulars in the report of the Board of Directors) Rules 1988 as amended is enclosed as Annexure 'A'

The information to be given under Section 217 (2A) of the Companies Act 1956 to be read with Companies (Particular of Employees) rules 1975 as amended, is disclosed herein below:

Name & Qualification	Age in Years	Designation	Date of Employment	Gross Remuneration	Experience	Last Employment
Vijay Sabarwal, BE (Mech) IIT	43	CEO & WTD	10/04/2006	43,65,857	20 years	Director Plant Whirlpool of India Ltd

### **6. Future outlook**

The Directors continue to invest in the company and are confident that this should improve the financial performance of the company, barring unforeseen circumstances.

### **7. Risk Management**

The risk at various stages has been properly identified. Several risk based environment scanning process have been identified and formulated counter measures during the year. Such counter measures were incorporated in the strategic planning process of the Company. However considering the ongoing expansion activity the company will again scan the whole risk management process once the expansion gets completed.

### **8. Human Resource Management and Industrial Relations**

Yours Company's HR focus is reflected in the vision and HR policy, which are directed on the following:

- Keeping work systems updated, to encompass new horizons of growth
- Identifying future leaders for growth and developing their capabilities
- Enabling employees to realize their full potential through learning, sharing and innovation, which shall successfully meet the business requirements of growth.



The human resource initiative that have been undertaken by the company, to achieve a sustainable competitive advantage, and employee perception understanding, establishment of key performance areas, extension of multi-skilling for workers and implementation of several recognition schemes for workers and employees and performance linked bonus system.

The Company conducts periodic health check ups of workers at the plant who work under challenging conditions. There is not major accident in the factory involving any workers.

Industrial relations during the year remained cordial

#### **9. Directorate**

James Philip Wright, retires from the Board on December 1, 2008 and John A.D. Maxwell was appointed as Additional Director on January 30, 2009. There was no other change in constitution of Board. The directors who are liable for retirement by rotation as per Article 112 being eligible offered themselves for reappointment.

#### **10. Directors Responsibility statement**

The Directors confirm that

1. In the preparation of the Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
2. They 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 the end of the financial year and of the profit for the period.
3. They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. They have prepared the Annual Accounts on going concern basis.

#### **11. Auditors & Audit Report**

The Company's Auditors M/s. Price Waterhouse & Co to retires at the ensuing Annual General Meeting and being eligible have offered themselves for reappointment as statutory auditors. The audit report is self explanatory and does not require any comment from directors.

#### **12. Acknowledgement**

Your Directors record their appreciation for the support received from all stakeholders and the staff.

By Order of the Board of Directors

Aurangabad  
June 13, 2009

Baljinder K Bandha  
Director

**ANNEXURE A TO DIRECTORS REPORT FOR THE YEAR ENDED MARCH 31, 2009  
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: LPG 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 Investment:**

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

**c. Impact of (a) & (b)**

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

**d. Total Energy  
Consumption**

As per Form A in respect of industries specified in  
Schedule



## FORM A

Form for disclosure of particulars with respect to Conservation of Energy

### A Power and Fuel Consumption

2008-09      2007-08

#### 1. Electricity

##### a. Purchased

Units      1134065      791981

Total Amount Rs.      4976087      3630352

Rate/Unit Rs      4.39      4.55

##### b. Own Generation :

Units      46308      16916

Diesel Consumption (Ltr.)      13978      8740

Diesel rate/Ltr. Rs.      35.64      37.68

Cost of Unit Rs.      10.75      13.39

Generation Rs.

#### 2. (LPG Consumed)

Qty (MT)      795.20      446.72

Total Cost Rs.      31188887      15089385

Rate/Unit(kg) Rs.      39.22      33.78

### B. Consumption per unit of production

2008-09      2007-08

#### Product

Silicon Carbide

Crucibles &      1842.16      1366.07

Accessories (MT)

Clay Graphite

Crucibles &      183.16      49.47

Accessories (MT)

Total (MT)      2025.32      1415.57

Electricity consumed (including house

generation) units      1180373      808897

Ele (Kwh)/MT Prod

582.81      571.44 / MT

a. Silicon Carbide      530.11      551.4 MT

b. Clay Graphite      52.70      19.9 MT

LPG (KGS) / MT prod [KG/MT]

a. Silicon Carbide      357.12      327.01

b. Clay Graphite      35.51      1579.50

## **Morganite Crucible (India) Limited**

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### **FORM B**

#### **A. 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. 0.07
  - b. Recurring Rs. 6.98
  - c. Total Rs. 7.05
  - d. % of Turnover 0.21

#### **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 productions process, reduction in time waste and raw material absorption improved.

#### **C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

1. Earnings and Outgo :
  - 1) Foreign Exchange Earning : Rs. 165515659
  - 2) Foreign Exchange Outgo : Rs. 118168036



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

1. We have audited the attached Balance Sheet of Morganite Crucible (India) Limited (the "Company") as at March 31, 2009 and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date, annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with 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 the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by Companies (Auditor's Report) (Amendment) Order, 2004 (together the 'Order'), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
  - (e) On the basis of written representations received from the directors of the Company as on March 31, 2009, and taken on record by the Board of Directors of the Company, none of the directors of the Company is disqualified as on March 31, 2009 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
  - (f) In our opinion, and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon attached thereto, give in the prescribed manner the information required by the Act and give, a true and fair view in conformity with the accounting principles generally accepted in India:
    - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2009;
    - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
    - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Uday Shah  
Partner  
Membership No: F-46061  
For and on behalf of  
Price Waterhouse & Co.  
Chartered Accountants

Place : Mumbai  
Date : June 13, 2009.

## **Morganite Crucible (India) Limited**

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### **ANNEXURE TO AUDITORS' REPORT**

**(REFERRED TO IN PARAGRAPH 3 OF AUDITORS' REPORT OF EVEN DATE TO THE MEMBERS OF MORGANITE CRUCIBLE (INDIA) LIMITED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2009)**

1. (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.  
(b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.  
(c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
2. (a) The inventory (excluding stocks with third parties) has been physically verified by the management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.  
(b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.  
(c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
3. (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, clauses (iii)(b) to (iii)(d) of paragraph 4 of the Order are not applicable to the Company for the current year.  
(b) The Company has taken an unsecured loan, from a company covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year and the year-end balance of such loan aggregates to Rs. 174,036,980 and Rs. 160,930,000, respectively.  
(c) In our opinion, the rate of interest and other terms and conditions of such loan is not prima facie prejudicial to the interest of the Company.  
(d) The repayment schedule of the unsecured loan, from a company covered in the register maintained under Section 301 of the Act commences from May 1, 2010. Accordingly, commenting on payment of principal dues does not arise. The Company is regular in payment of interest.
4. In our opinion and according to the information and explanations given to us, having regard to the explanation that certain items purchased are of special nature for which suitable alternative sources do not exist for obtaining comparative quotations, there is an adequate internal control system commensurate with the size of the company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods. Further, on the basis of our examination of the books and records of the company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
5. (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 such contracts or arrangements and exceeding the value of Rs. Five Lakhs in respect of any party during the year are of specialised nature for which alternate quotations are not available and therefore comparison with prevalent market prices is not possible.
6. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.



## ANNEXURE TO AUDITORS' REPORT

(REFERRED TO IN PARAGRAPH 3 OF AUDITORS' REPORT OF EVEN DATE TO THE MEMBERS OF MORGANITE CRUCIBLE (INDIA) LIMITED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2009)

8. The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products of the company.
9. (a) According to the books of account and the records as produced and examined by us, in our opinion, the Company is *generally* regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities.  
(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.
10. The Company has no accumulated losses as at March 31, 2009 and has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the Balance Sheet date.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to the Company.
14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
16. In our opinion, and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.
17. On the basis of an overall examination of the Balance Sheet of the company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
19. The Company has not issued debentures during the year.
20. The Company has not raised any money by public issues during the year.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.

Uday Shah  
Partner  
Membership No: F-46061  
For and on behalf of  
Price Waterhouse & Co.  
Chartered Accountants

Place : Mumbai  
Date : June 13, 2009.



# Morganite Crucible (India) Limited

## MORGANITE CRUCIBLE (INDIA) LIMITED BALANCE SHEET AS AT MARCH 31, 2009

	Schedule	As at March 31, 2009 Rupees	As at March 31, 2008 Rupees
<b><u>SOURCES OF FUNDS</u></b>			
<b>Shareholders' Funds</b>			
Capital	1	28,000,000	28,000,000
Reserves and Surplus	2	159,718,049	133,077,588
		<u>187,718,049</u>	<u>161,077,588</u>
<b>Loan Funds</b>			
Unsecured Loans	3	190,930,000	79,887,500
<b>Deferred Tax Liability (Net)</b>		18,166,796	12,249,963
(Refer Notes 1 h) and 5 on Schedule 12)		<u>396,814,845</u>	<u>253,215,051</u>
<b><u>APPLICATION OF FUNDS</u></b>			
<b>Fixed Assets</b>			
Gross Block	4	415,031,469	204,897,540
Less: Depreciation / Amortisation		<u>125,838,526</u>	<u>107,571,319</u>
Net Block		289,192,943	97,326,221
Add: Capital Work-in-Progress		<u>11,685,522</u>	<u>68,754,296</u>
		<u>300,878,465</u>	<u>166,080,517</u>
<b>Investments</b>			
	5	49,698,740	49,698,740
<b>Current Assets, Loans and Advances</b>			
	6		
Inventories		136,293,460	42,503,546
Sundry Debtors		65,390,494	38,131,088
Cash and Bank Balances		7,476,252	7,180,154
Other Current Assets		9,064	2,166
Loans and Advances		<u>62,183,596</u>	<u>12,158,302</u>
		<u>271,352,866</u>	<u>99,975,256</u>
<b>Less: Current Liabilities and Provisions</b>	7		
Current Liabilities		223,479,051	62,261,533
Provisions		<u>1,636,175</u>	<u>277,929</u>
		<u>225,115,226</u>	<u>62,539,462</u>
<b>Net Current Assets</b>		<u>46,237,640</u>	<u>37,435,794</u>
		<u>396,814,845</u>	<u>253,215,051</u>
<b>Notes to the financial statements</b>	12		

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

### For and on behalf of the Board of Directors

Uday Shah  
Partner  
Membership No. F-46061  
For and on behalf of  
Price Waterhouse & Co.  
Chartered Accountants

John A D Maxwell  
Director

Baljinder K Bandha  
Director

Vijay Sabarwal  
Whole time Director

Place: Mumbai  
Date: June 13, 2009

Place: Aurangabad  
Date: June 13, 2009

**MORGANITE CRUCIBLE (INDIA) LIMITED****PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009**

	Schedule	Year ended March 31, 2009 Rupees	Year ended March 31, 2008 Rupees
<b><u>INCOME</u></b>			
Sales - Gross (Refer Note 1 b) on Schedule 12)		315,866,112	213,475,982
Less: Excise Duty		17,436,242	23,247,853
Sales (Net)		298,429,870	190,228,129
Other Income	8	35,877,642	4,526,232
		<b>334,307,512</b>	<b>194,754,361</b>
<b><u>EXPENDITURE</u></b>			
Cost of Materials	9	120,204,009	67,787,216
Operating and Other Expenses	10	146,984,803	93,873,230
Interest	11	10,382,148	5,520,472
Depreciation / Amortisation		18,479,258	11,429,701
		<b>296,050,218</b>	<b>178,610,619</b>
<b>Profit Before Taxation</b>		<b>38,257,294</b>	<b>16,143,742</b>
<b><u>Provision for Taxation</u></b>			
- Current Tax [net of provision for earlier years written back Rs. Nil (Previous Year Rs. 197,625) and short provision for earlier years Rs. Nil (Previous Year Rs. 1,200,000)]		5,000,000	6,002,375
- Deferred Tax		5,916,833	1,235,449
- Fringe Benefit Tax		700,000	650,000
<b>Profit After Taxation</b>		<b>26,640,461</b>	<b>8,255,918</b>
Profit Brought Forward from Previous Year		47,085,588	38,829,670
<b>Profit Carried Forward to Balance Sheet</b>		<b>73,726,049</b>	<b>47,085,588</b>
<b>Earnings per share (Refer Note 22 on Schedule 12)</b>			
Basic and Diluted Earnings Per Share (in Rupees)		9.51	2.95
Nominal Value Per Equity Share (in Rupees)		10	10
<b>Notes to the financial statements</b>	12		

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

**For and on behalf of the Board of Directors**

Uday Shah  
Partner  
Membership No. F-46061  
For and on behalf of  
Price Waterhouse & Co.  
Chartered Accountants

John A D Maxwell  
Director

Baljinder K Bandha  
Director

Vijay Sabarwal  
Whole time Director

Place: Mumbai  
Date: June 13, 2009

Place: Aurangabad  
Date: June 13, 2009

# Morganite Crucible (India) Limited

## MORGANITE CRUCIBLE (INDIA) LIMITED

### CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2009

	Year ended March 31, 2009 Rupees	Year ended March 31, 2008 Rupees
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Profit Before Taxation	38,257,294	16,143,742
Adjustments for:		
Depreciation / Amortisation	18,479,258	11,429,701
Interest expense	10,382,148	5,520,472
Profit on sale of fixed assets	(181,123)	-
Liabilities / Provisions no longer required written back	(1,428,195)	(1,170,367)
(Increase) in inventories	(93,789,914)	(14,135,470)
(Increase) in trade and other receivables	(75,956,705)	(10,870,313)
Increase in trade payables and other liabilities	163,321,742	30,602,223
<b>Cash generated from operations</b>	<b>59,084,505</b>	<b>37,519,988</b>
Direct Taxes paid (Net)	(7,034,893)	(5,458,369)
<b>(A) Net cash from operating activities</b>	<b>52,049,612</b>	<b>32,061,619</b>
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of fixed assets	(153,277,206)	(66,956,842)
Sale of fixed assets	181,123	-
<b>(B) Net cash (used in) investing activities</b>	<b>(153,096,083)</b>	<b>(66,956,842)</b>
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from External Commercial Borrowings	101,042,500	59,887,500
Proceeds from Short Term Borrowings	20,000,000	-
Repayments of Short Term Borrowings	(20,000,000)	(35,000,000)
Interest paid	(9,632,099)	(5,924,134)
Dividend payment	(67,832)	(54,764)
<b>(C) Net Cash from financing activities</b>	<b>91,342,569</b>	<b>18,908,602</b>
<b>Net (Decrease) in cash and cash equivalents (A+B+C)</b>	<b>(9,703,902)</b>	<b>(15,986,621)</b>
<b>Cash and cash equivalents as at the beginning of the year</b>	<b>7,180,154</b>	<b>23,166,775</b>
<b>Cash and cash equivalents as at the end of the year</b>	<b>(2,523,748)</b>	<b>7,180,154</b>
	<b>Year ended March 31, 2009 Rupees</b>	<b>Year ended March 31, 2008 Rupees</b>
<b>Cash and cash equivalents comprise of:</b>		
Cash in hand	36,940	73,370
Balances with scheduled banks on:		
- Current account	3,661,109	6,054,868
- Exchange Earners' Foreign Currency Account	3,093,113	507,115
- Short term deposits	314,638	106,517
- Unpaid dividend accounts	370,452	438,284
Unsecured Bank Overdrafts	(10,000,000)	-
	<b>(2,523,748)</b>	<b>7,180,154</b>

#### NOTES ON CASH FLOW STATEMENT :

1. The above cash flow statement has been prepared under the "Indirect Method" as set out in Accounting Standard 3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.
2. Cash and cash equivalents represent cash and bank balances only (including unsecured overdrafts).
3. Purchase of fixed assets are shown inclusive of movements in capital work-in-progress (including advances).
4. Cash and cash equivalents includes Rs. 580,452 (Previous Year - Rs. 543,284) which are not available for use by the company. (Refer Schedule 6 in the Financial Statements)
5. Previous year's figures have been regrouped / rearranged wherever necessary to confirm to the current year's classification.

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

#### For and on behalf of the Board of Directors

Uday Shah  
Partner  
Membership No. F-46061  
For and on behalf of  
Price Waterhouse & Co.  
Chartered Accountants  
Place: Mumbai  
Date: June 13, 2009

John A D Maxwell  
Director

Baljinder K Bandha  
Director

Vijay Sabarwal  
Whole time Director  
Place: Aurangabad  
Date: June 13, 2009



**MORGANITE CRUCIBLE (INDIA) LIMITED**

**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2009**

	As at March 31, 2009 Rupees	As at March 31, 2008 Rupees
<b>Schedule 1 - Capital</b>		
<b>Authorised :</b>		
5,000,000 equity shares of Rs. 10 each	50,000,000	50,000,000
<b>Issued, subscribed and paid-up:</b>		
2,800,000 equity shares of Rs. 10 each fully paid-up	28,000,000	28,000,000
	<b>28,000,000</b>	<b>28,000,000</b>
<b>Note:</b>		
Of the above, 1,078,000 (Previous Year 1,106,000) equity shares are held by Morganite Crucible Limited and 1,022,000 equity shares are held by Morgan Terreassen BV both of which are subsidiaries of The Morgan Crucible Company Plc, the ultimate Holding Company.		
<b>Schedule 2 - Reserves and Surplus</b>		
<b>Capital Reserve</b>		
Central investment subsidy	1,500,000	1,500,000
State subsidy	500,000	500,000
<b>Forfeited Shares</b>		
Capital profit on re-issue of forfeited shares	4,000	4,000
<b>Investment Allowance Reserve</b>	405,000	405,000
<b>Securities Premium Account</b>	35,000,000	35,000,000
<b>General Reserve</b>	48,583,000	48,583,000
<b>Profit and Loss Account</b>	73,726,049	47,085,588
	<b>159,718,049</b>	<b>133,077,588</b>
<b>Schedule 3 - Unsecured Loans</b>		
Short Term Loan from The Hongkong and Shanghai Banking Corporation Limited	20,000,000	20,000,000
[Due within one year Rs. 20,000,000 (Previous Year Rs. 20,000,000)]		
Bank Overdrafts	10,000,000	-
External Commercial Borrowings from Morganite Crucible Limited, U.K.	160,930,000	59,887,500
[GBP 2,200,000 (Previous Year GBP 750,000)]		
[Due within one year Rs. Nil (Previous Year Rs. Nil)]		
(Repayment of GBP 750,000 commences from May 1, 2010 in ten installments)		
(Repayment of GBP 850,000 commences from June 1, 2011 in five installments)		
(Repayment of GBP 600,000 commences from April 1, 2012 in four installments)		
	<b>190,930,000</b>	<b>79,887,500</b>

## Morganite Crucible (India) Limited

### MORGANITE CRUCIBLE (INDIA) LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2009

#### Schedule 4 - Fixed assets

(Refer Note 1 c), 1 i), 1 l) and 3 on Schedule 12)

(Rupees)

Particulars	Gross Block (at Cost)			Depreciation / Amortisation					Net Block	
	As at April 1, 2008	Additions during the year	Deletions during the year	As at March 31, 2009	Upto April 1, 2008	For the year	On deletions	Upto March 31, 2009	As at Mar 31, 2009	As at March 31, 2008
<b>Tangible</b>										
Leasehold land	1,684,375	-	-	1,684,375	390,065	17,730	-	407,795	1,276,580	1,294,310
Buildings	26,512,893	21,594,607	-	48,107,500	8,886,434	1,556,527	-	10,442,961	37,664,539	17,626,459
Plant and machinery	120,444,509	187,498,968	212,051	307,731,426	85,070,388	11,543,314	212,051	96,401,651	211,329,775	35,374,121
Furniture and fixtures	4,221,385	1,252,405	-	5,473,790	2,597,389	161,144	-	2,758,533	2,715,257	1,623,996
Vehicles	388,867	-	-	388,867	297,941	35,992	-	333,933	54,934	90,926
<b>Intangible</b>										
Distribution Rights (Refer Note below)	51,645,511	-	-	51,645,511	10,329,102	5,164,551	-	15,493,653	36,151,858	41,316,409
<b>Total</b>	<b>204,897,540</b>	<b>210,345,980</b>	<b>212,051</b>	<b>415,031,469</b>	<b>107,571,319</b>	<b>18,479,258</b>	<b>212,051</b>	<b>125,838,526</b>	<b>289,192,943</b>	<b>97,326,221</b>
Previous Year	200,528,687	4,368,853	-	204,897,540	96,141,618	11,429,701	-	107,571,319		
Add: Capital Work-in-Progress [including advances Rs. Nil (Previous Year Rs. 3,926,284)]									11,685,522	68,754,296
									<b>300,878,465</b>	<b>166,080,517</b>

#### Note:

The balance period over which distribution rights will be amortised as at March 31, 2009 is seven years.

As at March 31, 2009 Rupees	As at March 31, 2008 Rupees
-----------------------------------	-----------------------------------

#### Schedule 5 - Investments

[Refer Notes 1 d) on Schedule 12]

#### Non-Trade, Long Term (Unquoted) at cost

Investment in Subsidiary Company:

[Refer Note 8 on Schedule 12]

17,850 fully paid Equity shares  
of Diamond Crucible Company Limited  
of Rs. 100 each.

49,698,740	49,698,740
<b>49,698,740</b>	<b>49,698,740</b>



# **MORGANITE CRUCIBLE (INDIA) LIMITED**

## **SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2009**

	<b>As at March 31, 2009 Rupees</b>	<b>As at March 31, 2008 Rupees</b>
<b>Schedule 6 - Current Assets, Loans and Advances</b>		
<b>Inventories</b>		
(Refer Note 1 e) on Schedule 12)		
Raw materials	72,977,151	16,812,146
[Including goods-in-transit Rs. 3,224,585 (Previous Year Rs. 2,239,547)]		
Work-in-progress	33,863,212	13,904,582
Finished goods	23,542,364	8,835,777
Stores and spares	4,022,889	2,553,951
Packing materials	1,887,844	397,090
	<b>136,293,460</b>	<b>42,503,546</b>
<b>Sundry Debtors</b>		
(Unsecured and considered good)		
Debts outstanding for a period exceeding six months	110,905	74,984
Other debts	65,279,589	38,056,104
[Including due from Morganite Crucible Limited, U.K. Rs. 2,498,733 (Previous Year Rs. 3,707,813)]		
	<b>65,390,494</b>	<b>38,131,088</b>
<b>Cash and Bank Balances</b>		
Cash in hand	36,940	73,370
Balances with scheduled banks on:		
- Current account	3,661,109	6,054,868
- Exchange Earners' Foreign Currency Account	3,093,113	507,115
[USD 46,063 (Previous Year USD 11,078), GBP 9,522 (Previous Year GBP 679) and Euro 856 (Previous Year Euro 200)]		
- Short term deposits *	314,638	106,517
- Unpaid dividend accounts	370,452	438,284
	<b>7,476,252</b>	<b>7,180,154</b>
* Includes Rs. 210,000 (Previous Year Rs. 105,000) under lien with bank towards guarantee issued by them on behalf of the Company.		
<b>Other Current Assets</b>		
Interest accrued but not due	9,064	2,166
	<b>9,064</b>	<b>2,166</b>
<b>Loans and Advances</b>		
(Unsecured and considered good)		
Advances recoverable in cash or in kind or for value to be received	16,511,029	4,747,087
Balance with Central Excise Authorities	39,655,623	3,060,964
Deposits	888,857	557,057
Advance tax / tax deducted at source	5,128,087	3,793,194
[Net of Provision for Taxation Rs. 32,616,643 (Previous Year Rs. 27,616,643) and Fringe Benefit Tax Rs. 1,825,000 (Previous Year Rs. 1,125,000)]		
	<b>62,183,596</b>	<b>12,158,302</b>
	<b>271,352,866</b>	<b>99,975,256</b>

# Morganite Crucible (India) Limited

## MORGANITE CRUCIBLE (INDIA) LIMITED

### SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2009

	As at March 31, 2009 Rupees	As at March 31, 2008 Rupees
<b>Schedule 7 - Current Liabilities and Provisions</b>		
<b>Current Liabilities</b>		
Sundry creditors:		
a) Micro and small enterprises (Refer Note 16 i) on Schedule 12)	-	
b) Others	221,325,906	60,845,183
Other liabilities	1,021,169	966,591
Interest accrued but not due	761,524	11,475
Unclaimed dividend*	370,452	438,284
	<b>223,479,051</b>	<b>62,261,533</b>
* There is no amount due and outstanding to be credited to Investor Education and Protection Fund.		
<b>Provisions</b>		
Retirements Benefits [Refer Notes 1 f) and 2 on Schedule 12]		
- Gratuity	341,148	
- Leave encashment	1,090,027	63,004
- Superannuation	-	14,990
Provision for Warranties	205,000	199,935
[Refer Notes 1 j) and 16-ii) on Schedule 12]		
	<b>1,636,175</b>	<b>277,929</b>
	<b>225,115,226</b>	<b>62,539,462</b>



**MORGANITE CRUCIBLE (INDIA) LIMITED**

**SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009**

	Year ended March 31, 2009 Rupees	Year ended March 31, 2008 Rupees
<b>Schedule 8 - Other income</b>		
Sale of scrap	1,391,044	119,355
Interest on deposits - Gross [including tax deducted at source Rs. 3,897 (Previous year Rs. Nil)]	18,639	3,956
Interest others - Gross [including tax deducted at Rs. Nil (Previous year Rs. 3,547)]	552,472	15,805
Exchange gain (Net)	29,934,571	18,441
Sales tax refund	94,225	-
Sales tax discount	2,277,373	3,097,623
Profit on sale of fixed assets	181,123	-
Liabilities / Provisions no longer required written back	1,428,195	1,170,367
Miscellaneous	-	100,685
	<b>35,877,642</b>	<b>4,526,232</b>

**Schedule 9 - Cost of Materials**

**Consumption of raw materials**

Opening stock	16,812,146	7,871,913
Add: Purchases	209,662,921	82,386,599
	<b>226,475,067</b>	<b>90,258,512</b>
Less: Closing stock	72,977,151	16,812,146
	<b>153,497,916</b>	<b>73,446,366</b>
<b>Decrease in stock of finished goods and work-in-progress</b>		
Opening stock:		
Finished goods	8,835,777	11,307,720
Work-in-progress	13,904,582	6,739,676
	<b>22,740,359</b>	<b>18,047,396</b>
Less: Closing stock:		
Finished goods	23,542,364	8,835,777
Work-in-progress	33,863,212	13,904,582
	<b>57,405,576</b>	<b>22,740,359</b>
	<b>(34,665,217)</b>	<b>(4,692,963)</b>
	<b>118,832,699</b>	<b>68,753,403</b>
Increase / (Decrease) in excise duty on finished goods (Refer Note 20 on Schedule 12)	1,371,310	(966,187)
	<b>120,204,009</b>	<b>67,787,216</b>



## Morganite Crucible (India) Limited

### MORGANITE CRUCIBLE (INDIA) LIMITED

#### SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

	Year ended March 31, 2009 Rupees	Year ended March 31, 2008 Rupees
<b>Schedule 10 - Operating and Other Expenses</b>		
Salaries, wages and bonus	36,561,536	24,659,524
Contribution to Provident and other funds	5,474,508	4,952,857
Staff welfare	2,291,155	1,677,594
	<u>44,327,199</u>	<u>31,289,975</u>
Stores and packing materials consumed	43,975,248	22,255,017
Godown and forwarding	2,900,621	2,382,397
Electricity and fuel	5,674,661	3,788,205
Repairs and Maintenance:		
- Building	1,093,238	18,564
- Plant and machinery	3,697,706	2,802,963
- Others	1,569,580	924,793
	<u>6,360,524</u>	<u>3,746,320</u>
Rent, rates and taxes (Refer Note 17 on Schedule 12)	1,821,493	1,309,243
Travelling and motor car expenses	3,119,507	3,381,358
Legal and Professional Fees	1,224,040	1,208,391
Insurance	1,020,655	1,059,004
Auditors' Remuneration (Refer Note 7 on Schedule 12)	1,621,090	1,103,808
Commission on export	3,483,635	1,034,670
Transportation	1,664,815	891,500
Directors' sitting fees	48,000	26,000
Royalty	1,681,190	1,650,000
Management charges	13,329,725	8,434,847
Warranty expenses (Refer Notes 1 j) and 16 ii) on Schedule 12)	2,026,521	2,475,277
Export freight, insurance and Other Charges	5,928,793	1,858,988
Miscellaneous expenses	6,777,086	5,978,230
	<u><u>146,984,803</u></u>	<u><u>93,873,230</u></u>

### Schedule 11 - Interest

Interest on:		
- Short Term Loan / Bank Overdrafts	2,911,460	3,336,208
- External Commercial Borrowings	7,404,148	2,155,259
- Others	66,540	29,005
	<u><u>10,382,148</u></u>	<u><u>5,520,472</u></u>



## **BOARD OF DIRECTOR**

James Philip Wright (Upto December 1, 2008)  
John A D Maxwell (From January 30, 2009)  
Vijay Sabarwal (Chief Executive Officer)  
Didier Francois Finck  
Stuart Alan Cox  
Baljinder Kumar Bandha

## **SECRETARY**

Md. Abdul Nadeem (Upto May 31, 2009)

## **AUDITORS**

Price Waterhouse & Co.

## **SOLICITORS**

JSA LAW

## **BANKER**

The Hongkong and Shanghai Banking Corporation Ltd.  
Axis Bank Ltd

## **REGISTERED OFFICE**

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

Tel. : +91-240-2554405  
Fax : +91-240-2564554  
Web : www.morganmms.com  
E-mail : investors@mciltd.co.in

## **Registrars & Share Transfer Agent**

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 - 400 072  
T - +91 22 67720300  
Dir. +91 22 67720309

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## NOTICE TO THE MEMBERS

NOTICE is hereby given that the Twenty Fourth Annual General Meeting of Morganite Crucible (India) Limited will be held on Thursday, November 19, 2009 at 11.00 am at B – 11 MIDC, Waluj, Aurangabad – 431136 to transact the following business:

### Ordinary Business

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at March 31, 2009, Profit and Loss Account for the year ended on that date along with the reports of the Board of Directors and Auditors thereon.
2. To reappoint M/s Price Waterhouse & Co as Auditors of the Company and to fix their remuneration.

### Special Business

3. To confirm appointment of John AD Maxwell who was appointed as Additional Director by the Board and being eligible offer himself for reappointment.
4. To consider and if thought fit to pass with or without modification as an ordinary resolution:  
“Resolved that the resignation of Stuart Alan Cox, who is eligible to retire by rotation at this AGM and offered his inability to be re-appointed, be and is hereby accepted.”  
“Resolved further that any one of the Director be and is hereby authorised to file form 32 with Ministry of Corporate Affairs.”
5. To consider and if thought fit to pass with or without modification as an ordinary resolution:-  
“Resolved that Sadanand Vasant Shabde be and is hereby appointed as Independent Director of the Company effective from this Annual General Meeting and shall hold his office till next Annual General Meeting unless decided otherwise.”  
“Resolved further that any one of the Director be and is hereby authorised to file form 32 with Ministry of Corporate Affairs.”
6. To consider and if thought fit to pass with or without modification as a special resolution:  
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By Order of the Board of Director

Baljinder Kumar Bandha  
Director

### Registered Office:

B – 11, MIDC Industrial Area  
Waluj – 431 136, Aurangabad  
Dated: August 30, 2009

## **Morganite Crucible (India) Limited**

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John A D Maxwell (From January 30, 2009)  
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Didier Francois Finck  
Stuart Alan Cox  
Baljinder Kumar Bandha

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Md. Abdul Nadeem (Upto May 31, 2009)

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## **SOLICITORS**

JSA LAW

## **BANKER**

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By Order of the Board of Director

Baljinder Kumar Bandha  
Director

### Registered Office:

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By Order of the Board of Director

Baljinder Kumar Bandha  
Director

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By Order of the Board of Director

Baljinder Kumar Bandha  
Director

### Registered Office:

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Baljinder Kumar Bandha  
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## Morganite Crucible (India) Limited

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1. Name of the Company: Morganite Crucible (India) Limited  
2. Address of the Company: [Faint text]  
3. [Faint text]



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**DIAMOND CRUCIBLE COMPANY LIMITED****PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009**

	Schedule	Year ended March 31, 2009 Rupees	Year ended March 31, 2008 Rupees
<b><u>INCOME</u></b>			
Sales - Gross [Refer Note 1 b) on Schedule 12]		126,594,654	101,605,302
Less: Excise Duty		10,303,356	11,132,391
Sales (Net)		116,291,298	90,472,911
Other Income	8	2,954,825	251,103
		<b>119,246,123</b>	<b>90,724,014</b>
<b><u>EXPENDITURE</u></b>			
Cost of Materials	9	43,519,141	33,518,258
Operating and Other Expenses	10	54,214,477	43,240,702
Interest	11	1,651,965	2,082,859
Depreciation/ Amortisation		2,049,986	2,459,568
		<b>101,435,569</b>	<b>81,301,387</b>
<b>Profit Before Taxation</b>		<b>17,810,554</b>	<b>9,422,627</b>
<b><u>Provision for Taxation</u></b> [Refer Notes 1 h) and 5 on Schedule 12]			
- Current Tax		6,500,000	4,000,000
- Deferred Tax		(26,302)	(598,773)
- Fringe Benefits Tax		101,771	80,000
<b>Profit After Taxation</b>		<b>11,235,085</b>	<b>5,941,400</b>
Profit Brought Forward from Previous Year		16,885,923	10,944,523
<b>Balance Carried Forward to Balance Sheet</b>		<b>28,121,008</b>	<b>16,885,923</b>
Earnings per share (Refer Note 19 on Schedule 12)			
Basic and Diluted Earnings Per Share (in Rupees)		321.00	169.75
Nominal Value Per Equity Share (in Rupees)		100	100
<b>Notes to the financial statements</b>	<b>12</b>		

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

**For and on behalf of the Board of Directors**

Uday Shah  
Partner  
Membership No. F-46061  
For and on behalf of  
Price Waterhouse & Co.  
Chartered Accountants  
Place: Mumbai  
Date: June 13, 2009

Baljinder K Bandha  
Director

Place: Aurangabad  
Date: June 13, 2009

Vijay Sabarwal  
Director

Place: Aurangabad  
Date: June 13, 2009

# Morganite Crucible (India) Limited

## DIAMOND CRUCIBLE COMPANY LIMITED

### CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2009

	Year ended March 31, 2009 Rupees	Year ended March 31, 2008 Rupees
<b>A) CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net profit before tax	17,810,554	9,422,627
<u>Adjustments for:</u>		
Depreciation	2,049,986	2,459,568
Interest	1,651,965	2,082,859
Profit on sale of fixed assets	(69,206)	-
Liabilities / Provisions no longer required written back	(116,801)	(50,000)
<b>Operating Profit Before Working Capital Changes</b>	<b>21,326,498</b>	<b>13,915,053</b>
<u>Adjustments For Changes In Working Capital:</u>		
(Increase) in Inventories	(4,254,407)	(2,568,761)
(Increase) in Trade and Other Receivables	(5,351,041)	(3,674,079)
Increase in Trade Payables and Other Liabilities	5,523,622	8,771,567
<b>Cash generated from operations</b>	<b>17,244,672</b>	<b>16,443,781</b>
Taxes Paid including Fringe Benefit Tax and Wealth Tax	(4,528,081)	(3,484,329)
<b>(A) Net cash used in operating activities</b>	<b>12,716,591</b>	<b>12,959,452</b>
<b>B) CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of fixed assets	(7,546,975)	(4,644,458)
Sale of fixed assets	171,428	-
<b>(B) Net cash (used in) / from investing activities</b>	<b>(7,375,547)</b>	<b>(4,644,458)</b>
<b>C) CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Proceeds / (Payment) from / of Short Term Borrowings (Net)	(5,000,000)	(7,500,000)
Interest Paid	(1,788,481)	(2,103,492)
<b>(C) Net Cash used in financing activities</b>	<b>(6,788,481)</b>	<b>(9,603,492)</b>
<b>Net (Decrease) /Increase in cash and cash equivalents (A+B+C)</b>	<b>(1,447,437)</b>	<b>(1,288,498)</b>
<b>Cash and cash equivalents as at the beginning of the year</b>	<b>9,758,273</b>	<b>11,046,771</b>
<b>Cash and cash equivalents as at the end of the year</b>	<b>8,310,836</b>	<b>9,758,273</b>
	<b>Year ended March 31, 2009 Rupees</b>	<b>Year ended March 31, 2008 Rupees</b>
<b>Cash and cash equivalents comprise of:</b>		
Cash in hand	30,763	29,848
Balances with scheduled banks:		
- On current account	7,045,073	9,728,425
- Fixed deposit account	1,235,000	-
	<b>8,310,836</b>	<b>9,758,273</b>

#### NOTES ON CASH FLOW STATEMENT :

- The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard on Cash Flow Statements (AS 3) notified under Companies (Accounting Standard) Rules 2006.
- Cash and cash equivalents represent cash and bank balances only.
- Purchase of fixed assets are shown inclusive of movements in capital work-in-progress.
- Cash and cash equivalents includes Rs. 1,235,000 (Previous Year - Rs. Nil) which are not available for use by the Company. (Refer Schedule 6 in the financial statements)
- Previous year's figure have been regrouped and rearranged wherever necessary to confirm to the current year's classification.

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

#### For and on behalf of the Board of Directors

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Partner  
Membership No. F-46061  
For and on behalf of  
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Chartered Accountants  
Place: Mumbai  
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Director  
Place: Aurangabad  
Date: June 13, 2009

Vijay Sabarwal  
Director  
Place: Aurangabad  
Date: June 13, 2009

**DIAMOND CRUCIBLE COMPANY LIMITED****SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2009**

	As at March 31, 2009 Rupees	As at March 31, 2008 Rupees
<b>Schedule 1 - Capital</b>		
<b>Authorised :</b>		
35,000 Equity Shares of Rs. 100 each	3,500,000	3,500,000
10,000 12% Cumulative Redeemable Preference Shares of Rs. 100 each	1,000,000	1,000,000
	<u>4,500,000</u>	<u>4,500,000</u>
<b>Issued, subscribed and paid-up:</b>		
35,000 Equity Shares of Rs. 100 each	3,500,000	3,500,000
	<u>3,500,000</u>	<u>3,500,000</u>
<b>Note:</b>		
17,850 equity shares are held by Morganite Crucible (India) Limited, the holding company and 17,150 equity shares are held by Terreassen Holding Limited both of which are subsidiaries of The Morgan Crucible Company Plc, the ultimate Holding Company.		
<b>Schedule 2 - Reserves and Surplus</b>		
Investment Allowance Reserve	465,273	465,273
Cash Subsidy	664,842	664,842
Capital Redemption Reserve	600,000	600,000
General Reserve	3,965,878	3,965,878
Profit and Loss Account	28,121,008	16,885,923
	<u>33,817,001</u>	<u>22,581,916</u>
<b>Schedule 3 - Unsecured Loans</b>		
Short Term Loan from The Hongkong and Shanghai Banking Corporation Limited	12,500,000	17,500,000
[Due within one year Rs. 12,500,000 (Previous Year: Rs. 17,500,000)]	<u>12,500,000</u>	<u>17,500,000</u>

## Morganite Crucible (India) Limited

### DIAMOND CRUCIBLE COMPANY LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2009

#### Schedule 4 - Fixed assets

(Refer Note 1 c), 1 i), 1 l) and 3 on Schedule 12)

(Rupees)

Description of Assets	Gross Block (at cost)				Depreciation / Amortisation				Net Block	
	As at April 1, 2008	Additions during the year	Deductions during the year	As at March 31, 2009	Upto April 1, 2008	For the year	On deletions	Upto March 31, 2009	As at March 31, 2009	As at March 31, 2008
<b>Tangible</b>										
Leasehold land	235,075	-	-	235,075	58,961	2,374	-	61,335	173,740	176,114
Buildings	7,793,536	277,828	-	8,071,364	4,450,295	231,202	-	4,681,497	3,389,867	3,343,241
Plant and machinery	28,074,795	7,599,811	125,000	35,549,606	19,050,162	1,599,408	23,667	20,625,903	14,923,703	9,024,633
Furniture and fixtures	2,859,028	-	14,940	2,844,088	1,914,893	133,970	14,051	2,034,812	809,276	944,135
Vehicles	937,048	-	-	937,048	809,006	83,032	-	892,038	45,010	128,042
<b>Intangible</b>										
Technical Know-how	1,500,000	-	-	1,500,000	1,500,000	-	-	1,500,000	-	-
<b>Total</b>	<b>41,399,482</b>	<b>7,877,639</b>	<b>139,940</b>	<b>49,137,181</b>	<b>27,783,317</b>	<b>2,049,986</b>	<b>37,718</b>	<b>29,795,585</b>	<b>19,341,596</b>	<b>13,616,165</b>
Previous Year	37,085,688	4,313,794	-	41,399,482	25,323,749	2,459,568	-	27,783,317	-	330,664
Add: Capital work-in-progress (including capital advances Rs. Nil (Previous Year Rs. 330,664))									<b>19,341,596</b>	<b>13,946,829</b>

As at March 31, 2009 Rupees	As at March 31, 2008 Rupees
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#### Schedule 5 - Investments

[Refer Note 1(d) on Schedule 12]

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

2,408 shares of Shrinath Co-operative Bank of Rs. 25 each

[Refer Note below]

60,200	60,200
<b>60,200</b>	<b>60,200</b>

Note:

Of the above, 100 shares of Rs. 25 each are in the name of Utikaben Rajalbhai Dalal, 100 shares of Rs. 25 each are in the name of Rajalbhai Rashmikant Dalal and 200 shares of Rs. 25 each are in the name of Rasmikant Lalbhai Dalal, erstwhile Directors of the company.

8. Monthly high and low quotations of Equity Shares traded on the BSE during 2008-09\*

Month	High (INR)	Low (INR)
April 2008	84.95	70.00
May 2008	82.00	68.65
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October 2008	69.50	47.05
November 2008	49.05	43.50
December 2008	50.75	39.05
January 2009	48.60	40.05
February 2009	50.40	44.00
March 2009	51.30	40.00

\* source [www.bseindia.com](http://www.bseindia.com)

9. Distribution of shareholding as on March 31, 2009

SHAREHOLDING	SHAREHOLDERS		EQUITY SHARES	
Range of shares	Number	% of Total	No. of shares	% of Total
Upto 500	1718	89.479	238865	8.531
501 - 1000	098	5.104	80448	2.873
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4001 - 5000	05	0.260	23254	0.831
5001 - 10000	014	0.729	113106	4.040
10001 & Above	007	0.365	2189712	78.204
Total	<u>1920</u>	<u>100.00</u>	<u>2800000</u>	<u>100.00</u>

## **Morganite Crucible (India) Limited**

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  - (v) **Dividend** : Dividend declared for the year ended March 31, 2002 remaining unclaimed will be transferred to the 'Investor Education and Protection Fund' on or after July 20, 2009 Members who have not claimed the dividend are advised to write to the Company and forward Dividend Warrant for revalidation or for issue of duplicate warrant subject to completion of necessary formality.
12. **Shares in Electronic mode** : The Company has entered into an Agreement in this regard with National Securities Depository Limited (NSDL) & Central Depository Services Limited (CDSL) to provide Demat facility to the Members. Members are requested to make use of this facility.

# MORGANITE CRUCIBLE (INDIA) LIMITED

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

## ATTENDANCE SLIP

Twenty Fourth Annual General Meeting on November 19, 2009

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 FOURTH ANNUAL GENERAL MEETING** of the Company held Thursday, November 19, 2009 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.
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## PROXY

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No. of Shares .....

I/We .....

of .....in the district of .....

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

..... of .....

in the district of ..... or failing him .....of

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as my/our proxy to vote for me/us on my /our behalf at the **TWENTY FOURTH ANNUAL GENERAL MEETING** of the Company to be held on Thursday, November 19, 2009 at 11.00 am at B-11, MIDC, Industrial Area, Waluj - 431 136, Dist. - Aurangabad. and at any adjournment thereof.

Signed this .....day of .....2009

Signature .....

Please affix  
30 p.  
Revenue  
Stamp Here

Note :

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## **Morganite Crucible (India) Limited**

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  - (v) **Dividend** : Dividend declared for the year ended March 31, 2002 remaining unclaimed will be transferred to the 'Investor Education and Protection Fund' on or after July 20, 2009 Members who have not claimed the dividend are advised to write to the Company and forward Dividend Warrant for revalidation or for issue of duplicate warrant subject to completion of necessary formality.
12. **Shares in Electronic mode** : The Company has entered into an Agreement in this regard with National Securities Depository Limited (NSDL) & Central Depository Services Limited (CDSL) to provide Demat facility to the Members. Members are requested to make use of this facility.



# MORGANITE CRUCIBLE (INDIA) LIMITED

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

## ATTENDANCE SLIP

Twenty Fourth Annual General Meeting on November 19, 2009

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 FOURTH ANNUAL GENERAL MEETING** of the Company held Thursday, November 19, 2009 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.
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of .....in the district of .....

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Signed this .....day of .....2009

Signature .....

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Revenue  
Stamp Here

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8. Monthly high and low quotations of Equity Shares traded on the BSE during 2008-09\*

Month	High (INR)	Low (INR)
April 2008	84.95	70.00
May 2008	82.00	68.65
June 2008	90.90	65.30
July 2008	76.95	66.65
August 2008	79.95	68.20
September 2008	74.95	63.00
October 2008	69.50	47.05
November 2008	49.05	43.50
December 2008	50.75	39.05
January 2009	48.60	40.05
February 2009	50.40	44.00
March 2009	51.30	40.00

\* source [www.bseindia.com](http://www.bseindia.com)

9. Distribution of shareholding as on March 31, 2009

SHAREHOLDING	SHAREHOLDERS		EQUITY SHARES	
Range of shares	Number	% of Total	No. of shares	% of Total
Upto 500	1718	89.479	238865	8.531
501 - 1000	098	5.104	80448	2.873
1001-2000	048	2.50	70171	2.506
2001 - 3000	021	1.094	52315	1.868
3001 - 4000	009	0.469	32129	1.147
4001 - 5000	05	0.260	23254	0.831
5001 – 10000	014	0.729	113106	4.040
10001 & Above	007	0.365	2189712	78.204
Total	<u>1920</u>	<u>100.00</u>	<u>2800000</u>	<u>100.00</u>

## **Morganite Crucible (India) Limited**

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10. Facility for making nomination is now available for shareholders in respect of the Shares held by them.
11. In an effort to improve our services and minimize scope for investor grievance, we seek co-operation of shareholders in the following matters:
  - (i) **Folio Number** : Members, should mention Folio number DPID/CLIENT ID in all their correspondence pertaining to their shareholding of the company.
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## **Morganite Crucible (India) Limited**

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**MORGANITE CRUCIBLE (INDIA) LIMITED**  
**SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE**  
**SHEET AS AT MARCH 31, 2009**

	As at March 31, 2009 Rupees	As at March 31, 2008 Rupees
<b>Schedule 7 - Current Liabilities and Provisions</b>		
<b>Current Liabilities</b>		
Sundry creditors:		
a) Micro and small enterprises	-	-
b) Others	243,793,709	77,695,767
Other liabilities	1,881,553	1,601,189
Interest accrued but not due	767,045	153,512
Advance from Customers	441,961	347,355
Unclaimed dividend *	370,452	438,284
	<u>247,254,720</u>	<u>80,236,107</u>
* There is no amount due and outstanding to be credited to Investor Education and Protection Fund.		
<b>Provisions</b>		
Employee Benefits [Refer Notes 1 g) and 2 on Schedule 12]		
- Gratuity	581,942	85,406
- Leave encashment	1,682,777	643,229
- Superannuation	-	14,990
Provision for Warranties (Refer Notes 1 k) and 8 on Schedule 12)	205,000	898,639
	<u>2,469,719</u>	<u>1,642,264</u>
	<u>249,724,439</u>	<u>81,878,371</u>



# Morganite Crucible (India) Limited

## MORGANITE CRUCIBLE (INDIA) LIMITED

### SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

	Year ended March 31, 2009 Rupees	Year ended March 31, 2008 Rupees
<b>Schedule 8 - Other income</b>		
Sale of scrap	1,391,044	119,355
Interest on deposits - Gross [including tax deducted at source Rs. 6,195 (Previous year Rs. Nil)]	29,794	3,956
Interest others - Gross [including tax deducted at Rs. Nil (Previous year Rs. 3,547)]	994,125	186,992
Exchange gain (Net)	32,175,214	-
Sales tax refund	94,225	-
Sales tax discount	2,277,373	3,097,623
Profit on sale of fixed assets	250,329	-
Liabilities / Provisions no longer required written back	1,544,996	1,220,367
Miscellaneous	75,367	130,601
	<b>38,832,467</b>	<b>4,758,894</b>

## Schedule 9 - Cost of Materials

### Consumption of raw materials

Opening stock	19,985,270	12,034,696
Add: Purchases	257,300,211	118,384,036
	<b>277,285,481</b>	<b>130,418,732</b>
Less: Closing stock	79,612,879	19,985,270
	<b>197,672,602</b>	<b>110,433,462</b>

### Decrease in stock of finished goods and work-in-progress

Opening stock:		
Finished goods	17,315,639	18,791,686
Work-in-progress	19,083,914	9,461,066
	<b>36,399,553</b>	<b>28,252,752</b>
Less: Closing stock:		
Finished goods	33,433,483	17,315,639
Work-in-progress	38,425,280	19,083,914
	<b>71,858,763</b>	<b>36,399,553</b>
	<b>(35,459,210)</b>	<b>(8,146,801)</b>
	<b>162,213,392</b>	<b>102,286,661</b>
Increase / (Decrease) in excise duty on finished goods (Refer Note 10 on Schedule 12)	928,040	(1,054,899)
	<b>163,141,432</b>	<b>101,231,762</b>



**MORGANITE CRUCIBLE (INDIA) LIMITED**

**SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2009 AND CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009**

	Year ended March 31, 2009 Rupees	Year ended March 31, 2008 Rupees
<b>Schedule 10 - Operating and Other Expenses</b>		
Salaries, wages and bonus	47,184,238	34,040,856
Provident and other funds	6,747,778	6,041,073
Staff welfare	2,960,314	2,224,427
	<u>56,892,330</u>	<u>42,306,356</u>
Stores and packing materials consumed	51,382,484	28,426,351
Godown and forwarding	2,900,621	2,382,397
Electricity and fuel	20,496,984	15,058,501
Repairs and Maintenance		
- Building	1,192,924	195,360
- Plant and machinery	4,508,695	3,288,568
- Others	1,608,967	940,257
	<u>7,310,586</u>	<u>4,424,185</u>
Rent, rates and taxes (Refer Note 7 on Schedule 12)	1,880,848	1,394,905
Travelling and motor car expenses	3,932,411	3,788,881
Legal and Professional Fees	1,664,641	1,716,007
Insurance	1,300,910	1,365,387
Auditors' remuneration	1,971,090	1,510,458
Commission on export	3,483,635	1,034,670
Transportation	3,328,826	1,965,279
Provision for doubtful debts	2,000,000	100,000
Directors' sitting fees	118,000	96,000
Exchange Loss	-	199,475
Export Freight	7,615,443	3,525,391
Royalty	2,561,813	2,530,000
Management charges	19,766,364	13,305,952
Warranty expenses (Refer Notes 1 k) and 8 on Schedule 12)	3,139,778	4,140,453
Miscellaneous expenses	9,452,516	7,824,844
	<u><u>201,199,280</u></u>	<u><u>137,095,492</u></u>
<b>Schedule 11 - Interest</b>		
Interest on:		
- Short Term Loan / Bank Overdraft	4,438,902	5,418,555
- External Commercial Borrowing	7,404,148	2,155,259
- Others	191,063	29,517
	<u><u>12,034,113</u></u>	<u><u>7,603,331</u></u>

## Morganite Crucible (India) Limited

### MORGANITE CRUCIBLE (INDIA) LIMITED

#### SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2009 AND CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

#### SCHEDULE: 12

#### NOTES TO THE FINANCIAL STATEMENTS

##### 1. Statement of Significant Accounting Policies

##### a) Basis of preparation of financial statements

The financial statements have been prepared under historical cost convention from the books of account maintained on accrual basis to comply in all material aspects with all the applicable accounting principles in India and the applicable accounting standards issued by the Institute of Chartered Accountants of India.

##### b) Principles of Consolidation

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

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

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

Name of the Company	Country of Incorporation	% voting power as at March 31, 2009
Diamond Crucible Company Limited	India	51

##### c) Sales

Revenue is recognised when the property and all significant risks and rewards of ownership are transferred to the buyer or no significant uncertainty exists regarding the amount of consideration that is derived from the sale of goods.

Sales are accounted net of excise duty, sales tax and trade discounts, if any.

##### d) Fixed assets and depreciation / amortisation

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

##### Tangible Assets

Depreciation has been provided on a straight line basis at rates prescribed in Schedule XIV to the Companies Act 1956, of India, issued by the Department of Company Affairs. Depreciation on additions and deletions during the year is calculated on pro-rata basis. All assets costing less than Rs. 5,000 are depreciated at 100%. Leasehold land is amortised over the period of the lease.

##### Intangible Assets

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



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**MORGANITE CRUCIBLE (INDIA) LIMITED**

**SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2009 AND CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009**

**SCHEDULE: 12**

**NOTES TO THE FINANCIAL STATEMENTS (Continued...)**

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

**e) Investments**

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

**f) Inventories**

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

i) Cost of raw materials, stores and consumable, spares and packing materials are computed on first-in, first-out basis.

ii) Work-in-progress includes cost of raw materials, cost of conversion and other cost incurred in bringing it to its present location and condition.

iii) Cost of finished goods includes cost of raw materials, cost of conversion, other cost incurred in bringing it to its present location / condition and excise duty.

**g) Employee Benefits**

**i) Short Term Employee Benefits:**

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

**ii) Long Term Employee Benefits:**

**Defined Contribution Plans**

The Company has Defined Contribution plans for post employment benefits namely Provident Fund and Superannuation Fund which is recognised by the income tax authorities.

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

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

The Superannuation Fund constitutes an insured benefit, which is classified as a defined contribution plan as the Company makes contributions to an insurance company and has no further obligation beyond making the payment to the insurance company.

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

**Defined Benefit Plans**

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

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

## **Morganite Crucible (India) Limited**

### **MORGANITE CRUCIBLE (INDIA) LIMITED**

**SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2009 AND CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009**

#### **SCHEDULE: 12**

#### **NOTES TO THE FINANCIAL STATEMENTS (Continued...)**

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

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

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

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

Deferred tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.
- j) 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 expense in the period in which they are incurred.
- k) Warranty**

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

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

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. The recoverable amount is higher of the asset's net selling price or estimated future cash flows which are discounted to their present value based on appropriate discount rates. If such recoverable amount of the asset or recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Profit and Loss Account. If at the Balance Sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.



**MORGANITE CRUCIBLE (INDIA) LIMITED**

**SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2009 AND CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009**

**SCHEDULE: 12**

**NOTES TO THE FINANCIAL STATEMENTS (Continued...)**

2. The Company has classified the various benefits provided to employees' as under:

I Defined Contribution Plans

- a. Provident Fund
- b. Superannuation Fund
- c. State Defined Contribution Plans

i) Employers' Contribution to Employee's State Insurance

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

During the year ended March 31, 2009, the Company has recognised the following amounts in the Profit and Loss Account:

Particulars	Morganite Crucible (India) Limited Rupees	Diamond Crucible Company Limited Rupees	Consolidated Rupees
Employers Contribution to Provident Fund *	1,094,052	276,006	1,370,058
Employers Contribution to Superannuation Fund *	956,465	Nil	956,465
Employers' Contribution to Employee's State Insurance*	356,131	188,313	544,444
Employers Contribution to Pension Scheme 1995 *	595,944	326,431	922,375
	<b>3,002,592</b>	<b>790,750</b>	<b>3,793,342</b>

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

During the year ended March 31, 2008, the Company has recognised the following amounts in the Profit and Loss Account:

Particulars	Morganite Crucible (India) Limited Rupees	Diamond Crucible Company Limited Rupees	Consolidated Rupees
Employers Contribution to Provident Fund *	908,089	279,590	1,187,679
Employers Contribution to Superannuation Fund *	569,043	Nil	569,043
Employers' Contribution to Employee's State Insurance*	294,279	174,229	468,508
Employers Contribution to Pension Scheme 1995 *	520,693	306,998	827,691
	<b>2,292,104</b>	<b>760,817</b>	<b>3,052,921</b>

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

## Morganite Crucible (India) Limited

### MORGANITE CRUCIBLE (INDIA) LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2009 AND CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

#### SCHEDULE: 12

#### NOTES TO THE FINANCIAL STATEMENTS (Continued...)

##### II Defined Benefit Plans

Valuations in respect of Gratuity have been carried out by independent actuary, as at March 31, 2009, based on the following assumptions:

Particulars	Morganite Crucible (India) Limited Rupees	Diamond Crucible Company Limited Rupees
Discount Rate (per annum)	7.75%	7.57%
Rate of increase in compensation levels	6%	6.5%
Rate of Return on Plan Assets	8%	9%
Expected Average remaining working lives of employees (years)	18	12

Valuations in respect of Gratuity have been carried out by independent actuary, as at March 31, 2008, based on the following assumptions:

Particulars	Morganite Crucible (India) Limited Rupees	Diamond Crucible Company Limited Rupees
Discount Rate (per annum)	8%	8.5%
Rate of increase in compensation levels	6%	6.5%
Rate of Return on Plan Assets	8%	8.5%
Expected Average remaining working lives of employees (years)	18	12

##### A. Changes in the Present Value of Obligation as at March 31, 2009

Particulars	Morganite Crucible (India) Limited Rupees	Diamond Crucible Company Limited Rupees	Consolidated Rupees
Present Value of Obligation at the beginning of the year	3,761,488	2,365,988	6,127,476
Interest Cost	315,794	179,105	494,899
Past Service Cost	Nil	Nil	Nil
Current Service Cost	430,750	224,502	655,252
Curtailement Cost/ (Credit)	Nil	Nil	Nil
Settlement Cost/ (Credit)	Nil	Nil	Nil
Benefits Paid	(489,624)	(101,914)	(591,538)
Actuarial (gain)/ loss on obligations	630,657	227,251	857,908
Present Value of Obligation as at year end	4,649,065	2,894,932	7,543,997



**MORGANITE CRUCIBLE (INDIA) LIMITED**

**SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2009 AND CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009**

**SCHEDULE: 12**

**NOTES TO THE FINANCIAL STATEMENTS (Continued...)**

Changes in the Present Value of Obligation as at March 31, 2008

<b>Particulars</b>	<b>Morganite Crucible (India) Limited Rupees</b>	<b>Diamond Crucible Company Limited Rupees</b>	<b>Consolidated Rupees</b>
Present Value of Obligation at the beginning of the year	2,614,534	1,932,851	4,547,385
Interest Cost	196,848	164,292	361,140
Past Service Cost	Nil	Nil	Nil
Current Service Cost	192,043	200,005	392,048
Curtailment Cost/ (Credit)	Nil	Nil	Nil
Settlement Cost/ (Credit)	Nil	Nil	Nil
Benefits Paid	(363,866)	(15,923)	(379,789)
Actuarial (gain)/ loss on obligations	1,121,929	84,763	1,206,692
Present Value of Obligation as at year end	<b>3,761,488</b>	<b>2,365,988</b>	<b>6,127,476</b>

**B. Changes in the Fair value of Plan Assets as at March 31, 2009**

<b>Particulars</b>	<b>Morganite Crucible (India) Limited Rupees</b>	<b>Diamond Crucible Company Limited Rupees</b>	<b>Consolidated Rupees</b>
Fair Value of Plan Assets at the beginning of the year	4,076,610	2,280,582	6,357,192
Expected Return on Plan Assets	335,088	222,062	557,150
Actuarial Gains / (Loss) on Plan Assets	29,041	(17,572)	11,469
Contributions	356,802	270,980	627,782
Benefits Paid	(489,624)	(101,914)	(591,538)
Fair Value of Plan Assets at year end	<b>4,307,917</b>	<b>2,654,138</b>	<b>6,962,055</b>

Changes in the Fair value of Plan Assets as at March 31, 2008

<b>Particulars</b>	<b>Morganite Crucible (India) Limited Rupees</b>	<b>Diamond Crucible Company Limited Rupees</b>	<b>Consolidated Rupees</b>
Fair Value of Plan Assets at the beginning of the year	3,006,487	1,932,963	4,939,450
Expected Return on Plan Assets	316,223	171,573	487,796
Actuarial Gains / (Loss) on Plan Assets	(10,466)	4,973	(5,493)
Contributions	1,128,232	186,996	1,315,228
Benefits Paid	(363,866)	(15,923)	(379,789)
Fair Value of Plan Assets at year end	<b>4,076,610</b>	<b>2,280,582</b>	<b>6,357,192</b>



# Morganite Crucible (India) Limited

## MORGANITE CRUCIBLE (INDIA) LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2009 AND CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009  
SCHEDULE: 12

### NOTES TO THE FINANCIAL STATEMENTS (Continued...)

C. Reconciliation of Present Value of Defined Benefit Obligation and the Fair value of Assets as at March 31, 2009

Particulars	Morganite Crucible (India) Limited <u>Rupees</u>	Diamond Crucible Company Limited <u>Rupees</u>	Consolidated <u>Rupees</u>
Present Value of funded as at the year end	(4,649,065)	(2,894,932)	(7,543,997)
Fair Value of Plan Assets as at the end of the year	4,307,917	2,654,138	6,962,055
Funded Status	(341,148)	(240,794)	(581,942)
Present Value of unfunded Obligation as at the year end	(341,148)	(240,794)	(581,942)
Unrecognised Actuarial (gains)/ losses	Nil	Nil	Nil
Unfunded Net (Liability) Recognised in Balance Sheet **	(341,148)	(240,794)	(581,942)

\*\* Included in Provisions (Refer Schedule 7)

Reconciliation of Present Value of Defined Benefit Obligation and the Fair value of Assets as at March 31, 2008

Particulars	Morganite Crucible (India) Limited <u>Rupees</u>	Diamond Crucible Company Limited <u>Rupees</u>	Consolidated <u>Rupees</u>
Present Value of obligation as at the year end	(3,761,488)	(2,365,988)	(6,127,476)
Fair Value of Plan Assets as at the end of the year	4,076,610	2,280,582	6,357,192
Funded Status	@ 315,122	(85,406)	(85,406)
Present Value of unfunded Obligation as at the year end	@ 315,122	(85,406)	(85,406)
Unrecognised Actuarial (gains)/ losses	Nil	Nil	Nil
Unfunded Net (Liability) Recognised in Balance Sheet **	@ 315,122	(85,406)	(85,406)

\*\* Included in Provisions (Refer Schedule 7)

@ The same has not been recognised as an asset in the balance sheet.

D. Amount recognised in the Balance Sheet as at March 31, 2009

Particulars	Morganite Crucible (India) Limited <u>Rupees</u>	Diamond Crucible Company Limited <u>Rupees</u>	Consolidated <u>Rupees</u>
Present Value of Obligation at the end of the year	(4,649,065)	(2,894,932)	(7,543,997)
Fair Value of Plan Assets as at the end of the year	4,307,917	2,654,138	6,962,055
Liability recognised in the Balance Sheet***	(341,148)	(240,794)	(581,942)

\*\*\* Included in Provisions (Refer Schedule 7)



# **MORGANITE CRUCIBLE (INDIA) LIMITED**

**SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2009 AND CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009**

## **SCHEDULE: 12**

### **NOTES TO THE FINANCIAL STATEMENTS (Continued...)**

Amount recognised in the Balance Sheet as at March 31, 2008

<b>Particulars</b>	<b>Morganite Crucible (India) Limited <u>Rupees</u></b>	<b>Diamond Crucible Company Limited <u>Rupees</u></b>	<b>Consolidated  <u>Rupees</u></b>
Present Value of Obligation at the end of the year	(3,761,488)	(2,365,988)	(6,127,476)
Fair Value of Plan Assets as at the end of the year	4,076,610	2,280,582	6,357,192
<b>Liability recognised in the Balance Sheet***</b>	<b>@ 315,122</b>	<b>(85,406)</b>	<b>(85,406)</b>

\*\*\* Included in Provisions (Refer Schedule 7)

@ The same has not been recognised as an asset in the balance sheet.

E. Amount recognised in the Profit and Loss Account for the year ended March 31, 2009

<b>Particulars</b>	<b>Morganite Crucible (India) Limited <u>Rupees</u></b>	<b>Diamond Crucible Company Limited <u>Rupees</u></b>	<b>Consolidated  <u>Rupees</u></b>
Current service cost	430,750	224,502	655,252
Past service cost	Nil	Nil	Nil
Interest cost	315,794	179,105	494,899
Expected return on plan assets	(335,088)	(222,062)	(557,150)
Curtailment cost/ (credit)	Nil	Nil	Nil
Settlement cost/ (credit)	Nil	Nil	Nil
Net actuarial (gain)/ loss recognised in the year	601,616	244,823	846,439
<b>Total expenses recognised in the Profit and Loss Account ****</b>	<b>1,013,072</b>	<b>426,368</b>	<b>1,439,440</b>

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

Amount recognised in the Profit and Loss Account for the year ended March 31, 2008

<b>Particulars</b>	<b>Morganite Crucible (India) Limited <u>Rupees</u></b>	<b>Diamond Crucible Company Limited <u>Rupees</u></b>	<b>Consolidated  <u>Rupees</u></b>
Current service cost	192,043	200,005	392,048
Past service cost	Nil	Nil	Nil
Interest cost	196,848	164,292	361,140
Expected return on plan assets	(316,223)	(171,573)	(487,796)
Curtailment cost/ (credit)	Nil	Nil	Nil
Settlement cost/ (credit)	Nil	Nil	Nil
Net actuarial (gain)/ loss recognised in the year	1,132,395	79,790	1,212,185
<b>Total expenses recognised in the Profit and Loss Account ****</b>	<b>1,205,063</b>	<b>272,514</b>	<b>1,477,577</b>

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

## **Morganite Crucible (India) Limited**

### **MORGANITE CRUCIBLE (INDIA) LIMITED**

**SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2009 AND CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009**

#### **SCHEDULE: 12**

#### **NOTES TO THE FINANCIAL STATEMENTS (Continued...)**

F. Percentage of each category of Plan Assets to total Fair Value of Plan Assets as at March 31, 2009

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

G. Expected gratuity contribution for the next year is aggregating Rs. 1,068,563 (Previous Year Rs. 805,900).

III The liability for leave encashment and compensated absences as at the year-end is Rs. 1,682,777 (Previous Year Rs. 643,259).

#### **3. Capital commitments**

Estimated amount of contracts [net of advances of Rs. Nil (Previous Year Rs. 3,926,284)] remaining to be executed on capital account and not provided for Rs. 2,150,000 (Previous Year Rs. 9,376,614).

#### **4. Contingent liabilities**

- i) Bank guarantee aggregating Rs. 10,000 (Previous Year Rs. 10,000) issued by the bank on behalf of the Company in favour of Maharashtra Pollution Control Board for compliance of the Supreme Court Monitoring Committee directions regarding Common Effluent Treatment Plant at Waluj MIDC.
- ii) Bank guarantee aggregating Rs. Nil (Previous Year Rs. 95,000) issued by the bank on behalf of the Company in favour of the President of India endorsed through the Commissioner of Customs for import of goods.
- iii) Bank guarantee aggregating Rs. 200,000 (Previous Year Rs. Nil) issued by the bank on behalf of the Company in favour of the Panalpina World Transport Private Limited for purchase of Material from Thermal Ceramic U.K. Limited.
- iv) Bonds aggregating Rs. 10,000,000 (Previous Year Rs. 10,000,000) in favour of the President of India endorsed through Deputy Commissioner of Customs for import of goods.
- v) Disputed income tax demands aggregating Rs. 431,291 (Previous Year Rs. Nil) against which the Company has preferred appeals.
- vi) A suit has been filed by Mr. N. K. Oza, past employee of the Company, on account of his suspension from the Company in 1984 for negligence in duties. The Honourable Gujarat High Court has ordered to pay Rs. 540 per month till the final disposal of appeal pending for reinstatement with back wages. The Company is presently paying the above mentioned Rs. 540 per month to the said employee. The amount of liability that may arise in future on account of reinstatement with back wages is not ascertainable.
- vii) During the year, the Company has entered into an agreement with Sabarmati Gas Limited for supply of natural gas, against which the Company has furnished bank guarantee (Axis Bank Ltd. Mehsana) of Rs. 1,235,000 for a tenure of five years.



**MORGANITE CRUCIBLE (INDIA) LIMITED**

**SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2009 AND CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009**

**SCHEDULE: 12**

**NOTES TO THE FINANCIAL STATEMENTS (Continued...)**

**5. Deferred tax liabilities**

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

The deferred tax balances are set out below.

Particulars	As at March 31, 2009 <u>Rupees</u>	As at March 31, 2008 <u>Rupees</u>
<b>Deferred tax assets</b>		
Provision for Leave Encashment	571,976	218,633
Provision for Gratuity	115,956	29,029
Provision for Doubtful Debts	764,775	84,975
Provision for Royalty	Nil	299,112
Provision for Global Business Unit charges	271,919	169,950
	<b>1,724,626</b>	<b>801,699</b>
<b>Deferred tax liability</b>		
Depreciation / Amortisation	20,426,634	13,613,176
	<b>20,426,634</b>	<b>13,613,176</b>
<b>Deferred tax liability (Net)</b>	<b>18,702,008</b>	<b>12,811,477</b>

**6. Segment reporting**

**Primary segment:**

In accordance with the requirements of Accounting Standard 17 – “Segment Reporting” the Company has determined its business segment as crucibles. Since 100% of the Company’s business is from crucibles, there are no other primary reportable segments. Thus the segment revenue, segment result, total carrying amount of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, the total amount of charge for depreciation and amortisation during the year are all as reflected in the financial statements for the year ended March 31, 2009 and as on that date.

**Secondary segments (By geography):**

Particulars	For the year ended March 31, 2009			For the year ended March 31, 2008		
	India <u>Rupees</u>	Others <u>Rupees</u>	Total <u>Rupees</u>	India <u>Rupees</u>	Others <u>Rupees</u>	Total <u>Rupees</u>
Revenue from external customers	214,836,924	199,302,526	414,139,450	211,851,897	68,775,431	280,627,328
Carrying amount of Segment Assets	625,592,403	54,674,503	680,266,906	347,553,982	17,814,457	365,368,439
Addition to Fixed Assets during the Year	218,223,619	-	218,223,619	8,682,647	-	8,682,647

## Morganite Crucible (India) Limited

### MORGANITE CRUCIBLE (INDIA) LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2009 AND CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

#### SCHEDULE: 12

#### NOTES TO THE FINANCIAL STATEMENTS (Continued...)

##### 7. Leases

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

Particulars	For the year	For the year
	ended	ended
	March 31, 2009	March 31, 2008
	<u>Rupees</u>	<u>Rupees</u>
Not later than one year	50,000	50,000
later than one year and not later than five years	79,578	129,578
later than five years	Nil	Nil

Total lease payments for non-cancellable leases recognised in books for the year being Rs. 56,252 (Previous Year Rs. 79,662).

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

The Company has entered into cancellable leasing arrangements for vehicles. The lease rentals aggregating Rs. 784,624 (Previous Year Rs. 761,608) have been included under the head Operating and other expenses Schedule 10 under 'Rent, rates and taxes' of the Profit and Loss Account.

##### 8. Provision for Warranty

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

Rupees

Particulars	Balance as at April 1, 2008	Additions during the Year	Amounts utilised during the Year	Write-back during the Year	Balances as at March 31, 2009
Provision for Warranties	898,639	3,139,778	3,833,417	Nil	205,000
<b>Total</b>	<b>898,639</b>	<b>3,139,778</b>	<b>3,833,417</b>	<b>Nil</b>	<b>205,000</b>



## **MORGANITE CRUCIBLE (INDIA) LIMITED**

**SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2009 AND CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009**

### **SCHEDULE: 12**

#### **NOTES TO THE FINANCIAL STATEMENTS (Continued...)**

#### **9. Related party disclosure**

Related party disclosure as required by AS-18, "Related Party Disclosure", is given below:

##### **i. Shareholders in the company**

Morganite Crucible Limited holds 38.50 % (Previous Year 39.50%) and Morgan Terreassen BV holds 36.50% equity shares of the Company.

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

#### Fellow subsidiary Companies

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

#### Ultimate Holding Company

- The Morgan Crucible Company Plc, U.K.

##### **iii. Key Management Personnel**

- Mr. V. Sabarwal (Executive Director)
- Mr. Ashish Mehrotra
- Mr. Basant Agrawal
- Mr. Vinod Mhalsekar (with effect from January 15, 2009)
- Mr. Md. Abdul Nadeem
- Mr. O. S. Joshi (upto September 6, 2008)
- Mr. H. K. Bajpayee (upto April 6, 2008)
- Mr. D. G. Kokardekar (upto July 5, 2007)
- Mr. Pradeep Singh
- Mr. G. K. Vaidya
- Mr. Bipin Mukul
- Mr. N. S. Patel

# MORGANITE CRUCIBLE (INDIA) LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2009 AND CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

## SCHEDULE: 12

### NOTES TO THE FINANCIAL STATEMENTS (Contd.)

#### iv. Transactions with related parties

**Rupees**

PARTICULARS	For the Year ended March 31, 2009									For the Year ended March 31, 2008								
	Shareholders	Common control								Shareholders	Common control							
	(i)	(ii)								(i)	(ii)							
	Morganite Crucible Limited	Morganite Crucible Inc.	Carl Nolte Sohne GmbH, Germany	Morgan Thermic SAS	Morgan Molten Metal System (Suzhou) Co. Ltd.	Mks. Morgan Carbon	Thermal Ceramics South Africa (PTY) Ltd.	Morganite Brazil LtdA	The Morgan Crucible Company Plc	Morganite Crucible Limited	Morganite Crucible Inc.	Carl Nolte Sohne GmbH, Germany	Morgan Thermic SAS	Morgan Molten Metal System (Suzhou) Co. Ltd.	Mks. Morgan Carbon	Thermal Ceramics South Africa (PTY) Ltd.	Morganite Brazil LtdA	The Morgan Crucible Company Plc
<b>Income:</b>																		
Sale of finished goods	24,821,122	3,927,663	32,342,194	10,559,156	63,306	100,160	10,901,175	-	-	11,841,975	1,544,183	310,622	53,470	-	-	-	-	-
Other Income	-	-	-	-	-	-	-	-	-	1,125	-	-	-	-	-	-	-	-
<b>Expenditure:</b>																		
Purchase of raw materials (including goods in transit)	36,191,925	-	1,865,367	-	-	-	-	21,502,508	-	8,306,354	-	393,424	-	-	-	-	-	-
Purchased of spares / consumables	-	-	104,194	-	-	-	-	-	-	74,161	-	27,156	-	-	-	-	-	-
Commission on Export	31,379	-	-	-	-	-	-	-	-	523,865	-	-	-	-	-	-	-	-
Reimbursement of various expenses	-	-	-	-	-	-	-	-	-	42,950	-	12,879	-	-	-	-	-	-
Management charges	-	-	-	-	-	-	-	-	19,766,364	-	-	-	-	-	-	-	-	13,305,952
Royalty	-	-	-	-	-	-	-	-	2,561,813	-	-	-	-	-	-	-	-	2,530,000
Interest on External Commercial Borrowings	7,404,148	-	-	-	-	-	-	-	-	2,155,259	-	-	-	-	-	-	-	-
Advances received	41,259,382	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Others:</b>																		
Purchase of capital goods	70,672,361	-	-	-	-	-	-	-	-	10,835,331	-	33,038	-	-	-	-	-	-
External Commercial Borrowings obtained	113,179,980	-	-	-	-	-	-	-	-	60,856,500	-	-	-	-	-	-	-	-
<b>Outstanding Balances:</b>																		
Receivables	2,498,733	19,972	12,469,875	6,975,683	26,302	107,936	5,923,748	-	-	3,707,813	238,612	300,147	-	-	-	-	-	-
Payables	105,463,300	-	25,384	-	-	-	-	10,269,868	35,324,548	13,689,516	-	280,159	-	-	-	-	-	18,975,348
External Commercial Borrowings	160,930,000	-	-	-	-	-	-	-	-	59,887,500	-	-	-	-	-	-	-	-
Advance Outstanding - Payable	15,361,321	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-



**MORGANITE CRUCIBLE (INDIA) LIMITED**

**SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2009 AND CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009**

**SCHEDULE: 12**

**NOTES TO THE FINANCIAL STATEMENTS (Continued...)**

**V. Details relating to persons referred to in item 9 (iii) above**

Name of Person	For the year	For the year
	ended	ended
	March 31, 2009	March 31, 2008
	<u>Rupees</u>	<u>Rupees</u>
Mr. V. Sabarwal	4,365,857	4,178,736
Mr. Ashish Mehrotra	1,845,470	Nil
Mr. Basant Agrawal	1,985,620	Nil
Mr. Vinod Mhalsekar	393,277	Nil
Mr. Md. Abdul Nadeem	428,860	353,053
Mr. O. S. Joshi	286,566	460,808
Mr. H. K. Bajpayee	Nil	196,591
Mr. D. G. Kokardekar	Nil	453,863
Mr. Pradeep Singh	463,128	Nil
Mr. G. K. Vaidya	199,500	541,128
Mr. Bipin Mukul	309,094	279,360
Mr. N. S. Patel	308,062	300,636
	<b>10,585,434</b>	<b>6,764,175</b>

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

11. As at the year-end the Company –

1. has no loans and advances in the nature of loans to associates.
2. has no loans and advances in the nature of loans, wherein there is no repayment schedule or repayment is beyond seven years and
3. has no loans and advances in the nature of loans to firms / companies in which directors are interested.



## **Morganite Crucible (India) Limited**

### **MORGANITE CRUCIBLE (INDIA) LIMITED**

**SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2009 AND CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009**

#### **SCHEDULE: 12**

#### **NOTES TO THE FINANCIAL STATEMENTS (Continued...)**

### **12. Derivative Instruments**

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

<b>Particulars</b>	<b>Foreign Currency Denomination</b>	<b>Foreign Currency Amount</b>	<b>Amount Rupees</b>
Assets (Sundry Debtors)	EURO	396,488	26,747,059
		(4,765)	(300,147)
	GBP	154,484	11,251,045
		(40,666)	(3,234,138)
	USD	328,088	16,676,399
		(359,069)	(14,280,172)
Liabilities (Trade Payables)	EURO	83,705	5,665,991
		(6,300)	(398,286)
	GBP	1,883,636	137,787,963
		(245,632)	(19,271,444)
	USD	241,119	12,352,541
		(109,432)	(4,487,509)
External Commercial Borrowing	GBP	2,200,000	160,930,000
		(750,000)	(59,887,500)

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

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



**MORGANITE CRUCIBLE (INDIA) LIMITED**

**SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2009 AND CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009**

**SCHEDULE: 12**

**NOTES TO THE FINANCIAL STATEMENTS (Continued...)**

**13. Earnings per share**

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

	<b>For the year ended March 31, 2009 <u>Rupees</u></b>	<b>For the year ended March 31, 2008 <u>Rupees</u></b>
Profits after taxation for the year	35,119,368	11,441,142
Weighted average number of shares outstanding during the year (Nos.)	2,800,000	2,800,000
Earnings Per Share (Basic and Diluted)	12.54	4.09
Nominal value of an equity share	10	10

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

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

**For and on behalf of the Board of Directors**

Uday Shah  
Partner  
Membership No. F-46061  
For and on behalf of  
Price Waterhouse & Co.,  
Chartered Accountants  
Place: Mumbai  
Date: June 13, 2009

John A D Maxwell  
Director

Baljinder K. Bandha  
Director

Vijay Sabarwal  
Whole time Director

Place: Aurangabad  
Date: June 13, 2009

**SHAREHOLDER INFORMATION :**

1. Registered Office : B- 11, MIDC Industrial Area, Waluj 431136  
Dist: Aurangabad, Maharastra  
T - +91240 2554405 / 2554406 / 2554835  
F - +91240 2564554
2. Annual General Meeting : Thrusday, November 19, 2009  
at B - 11, MID C, Industrial Area,  
Waluj - 431136, Dist - Aurangabad
3. Dates of Book Closure : Tuesday, September 20, 2009 to  
Saturday September 26, 2009 (Both days inclusive)
4. Listing on Stock Exchange : **Bombay Stock Exchange**  
Corporate Relationship Department  
1st Floor, New Trading Ring,  
Rotunda Building  
Phiroze Jeejeebhoy Towers, Dalal Street  
Mumbai 400 001  
**Scrip Code 523160**
5. Listing Fees : Paid for the year 2009-10
6. Registrars & Share Transfer Agent : **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 - 400 072.  
T - +9122 67720300  
Dir. +9122 67720309
7. Investors E-mail id : **investors@mciltd.co.in**



8. Monthly high and low quotations of Equity Shares traded on the BSE during 2008-09\*

Month	High (INR)	Low (INR)
April 2008	84.95	70.00
May 2008	82.00	68.65
June 2008	90.90	65.30
July 2008	76.95	66.65
August 2008	79.95	68.20
September 2008	74.95	63.00
October 2008	69.50	47.05
November 2008	49.05	43.50
December 2008	50.75	39.05
January 2009	48.60	40.05
February 2009	50.40	44.00
March 2009	51.30	40.00

\* source [www.bseindia.com](http://www.bseindia.com)

9. Distribution of shareholding as on March 31, 2009

SHAREHOLDING	SHAREHOLDERS		EQUITY SHARES	
Range of shares	Number	% of Total	No. of shares	% of Total
Upto 500	1718	89.479	238865	8.531
501 - 1000	098	5.104	80448	2.873
1001-2000	048	2.50	70171	2.506
2001 - 3000	021	1.094	52315	1.868
3001 - 4000	009	0.469	32129	1.147
4001 - 5000	05	0.260	23254	0.831
5001 - 10000	014	0.729	113106	4.040
10001 & Above	007	0.365	2189712	78.204
Total	<u>1920</u>	<u>100.00</u>	<u>2800000</u>	<u>100.00</u>

## **Morganite Crucible (India) Limited**

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10. Facility for making nomination is now available for shareholders in respect of the Shares held by them.
11. In an effort to improve our services and minimize scope for investor grievance, we seek co-operation of shareholders in the following matters:
  - (i) **Folio Number** : Members, should mention Folio number DPID/CLIENT ID in all their correspondence pertaining to their shareholding of the company.
  - (ii) **Bank Accounts** : Members who has not forwarded the details of their Bank Accounts so far, are requested to furnish the same quoting their Folio Number to enable the company to print such details on the outstanding warrants and thus avoid fraudulent enactments of warrants.
  - (iii) **Consolidation of Holdings** : Members, who have multiple accounts in identical names of joint accounts in the same order, are requested to send their share certificate(s) to the Company for consolidation of all such shareholding into one account to facilitate better services.
  - (iv) **Change of Address** : Whenever Members change their address or find that the address mentioned in our correspondence is incomplete / incorrect; they are requested to intimate correct postal address (including PIN Code Number). Such intimation should bear the signature of the Shareholder and in case of joint holdings, the signature of the first shareholders.
  - (v) **Dividend** : Dividend declared for the year ended March 31, 2002 remaining unclaimed will be transferred to the 'Investor Education and Protection Fund' on or after July 20, 2009 Members who have not claimed the dividend are advised to write to the Company and forward Dividend Warrant for revalidation or for issue of duplicate warrant subject to completion of necessary formality.
12. **Shares in Electronic mode** : The Company has entered into an Agreement in this regard with National Securities Depository Limited (NSDL) & Central Depository Services Limited (CDSL) to provide Demat facility to the Members. Members are requested to make use of this facility.

# MORGANITE CRUCIBLE (INDIA) LIMITED

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

## ATTENDANCE SLIP

Twenty Fourth Annual General Meeting on November 19, 2009

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 FOURTH ANNUAL GENERAL MEETING** of the Company held Thursday, November 19, 2009 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 .....

of .....in the district of .....

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

..... of .....

in the district of ..... or failing him .....of .....

.....in the district of .....

as my/our proxy to vote for me/us on my /our behalf at the **TWENTY FOURTH ANNUAL GENERAL MEETING** of the Company to be held on Thursday, November 19, 2009 at 11.00 am at B-11, MIDC, Industrial Area, Waluj - 431 136, Dist. - Aurangabad. and at any adjournment thereof.

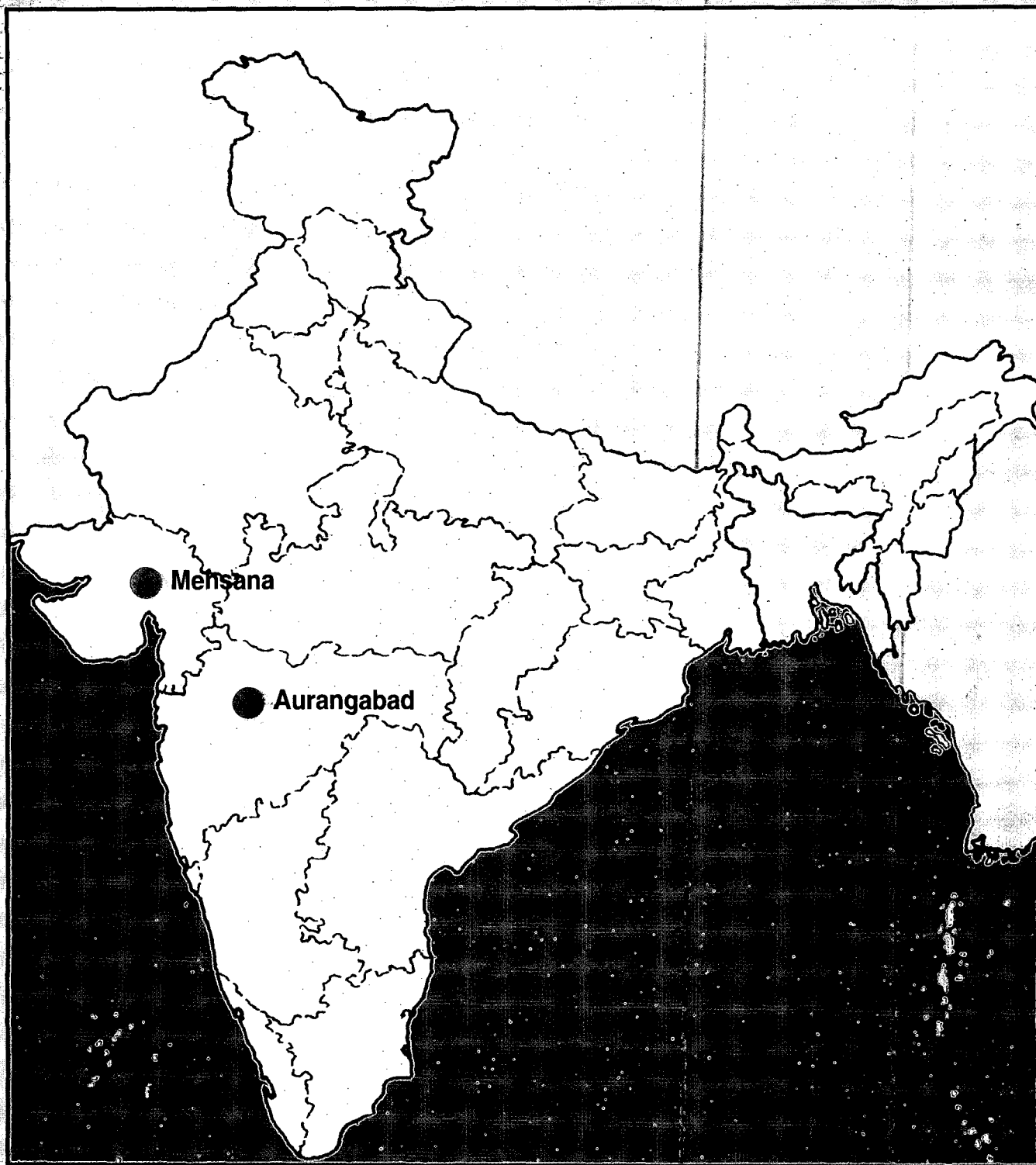
Signed this .....day of .....2009

Signature .....

Please affix  
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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.  
B-11 MIDC, Waluj,- 431 136  
Dist. Aurangabad,  
Maharashtra, INDIA  
Tel: +91 240 2554405, 2554406  
Fax: +91 240 2564554  
Email: [sales@mciltd.co.in](mailto:sales@mciltd.co.in)  
Web: [www.morganmms.com](http://www.morganmms.com)

Diamond Crucible Co. Ltd.  
212-C, GIDC Estate  
Mehsana - 384 002  
Gujrat, India  
Tel: +91 2762 250503  
Fax: +91 2762 252692  
Email: [admin@dcconline.net](mailto:admin@dcconline.net)  
Web: [www.morganmms.com](http://www.morganmms.com)