

# ANNUAL REPORT AND ACCOUNTS 2007-2008



**MORGANITE CRUCIBLE (INDIA) LTD.**



## BOARD OF DIRECTORS

James Philip Wright  
 Vijay Sabarwal (Chief Executive Officer)  
 Didier Francois Finck  
 Stuart Alan Cox  
 Baljinder Kumar Bandha

## SECRETARY

Md. Abdul Nadeem

## AUDITORS

Price Waterhouse & Co.

## SOLICITORS

Little & Co., Mumbai

## BANKER

HSBC Ltd  
 Axis Bank Ltd

Report  junction.com

## REGISTERED OFFICE

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

## Web site

www.morganmms.com  
 E-mail : investors@mciltd.co.in

**Registrars & Share Transfer Agent**  
**SHAREPRO SERVICES (INDIA) PVT LTD**  
 Satam Industrial Estate, 3rd Floor  
 Above Bank of Baroda,  
 Cardinal Gracious Road  
 Chakala, Andheri (E), Mumbai - 400 099  
 T - +9122 2834 8218 / 2832 9828

## CONTENTS

Notice	.....	3
Report of the Directors	.....	7
Auditors' Report	.....	13
Balance Sheet	.....	16
Profit and Loss Account	.....	17
Cash Flow Statement	.....	18
Schedules to the Accounts	.....	20
Consolidated Financial Statement	.....	41
Shareholder Information	.....	44

## Morganite Crucible (India) Limited

---





## NOTICE TO THE MEMBERS

NOTICE is hereby given that the Twenty Third Annual General Meeting of Morganite Crucible (India) Limited will be held on Tuesday, September 02, 2008 at 02.00 pm 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, 2008, Profit and Loss Account for the year ended on that date along with the reports of the Board of Directors and Auditors thereon.
2. Mr. Didier Francois Finck liable to retire by rotation and being eligible offers himself for re appointment.
3. Mr. Baljinder Kumar Bandha liable to retire by rotation and being eligible offers himself for re appointment.
4. To reappoint M/s. Price Waterhouse & Co. as Auditors of the Company and to fix their remuneration.

### Special Business

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

"Resolved that the Board of Directors of the Company be and is hereby authorised, pursuant to the provisions of Section 293 (1) (d) and other applicable provisions of the Companies Act 1956, to borrow money, from time to time, at its discretion either from the Company's Banker or any other bank, financial institution, foreign equity holder or any other lending institutions or persons on such terms and conditions as may be considered suitable by the Board of Directors up to a limit not exceeding in the aggregate Rs 200 million notwithstanding that the money to be borrowed together the money already borrowed by the Company (apart from temporary loans obtained from the Company's banker in the ordinary course of business) will exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say reserves not set apart for any specific purpose."

"Resolved further that the Board of Directors be authorised to create any charge by way of equitable mortgage, on the assets of the company for the purpose of such borrowings, and such creation of charge shall be binding on the company."

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

"Resolved that pursuant to the provisions of section 198, 269, 309, 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act 1956 and in partial modification of the Resolution passed at the 21st Annual General Meeting and further to the approval given by the Central Government through its letter dated October 26, 2007 bearing reference number 12/835/2007-CL VII the consent of the company be and is hereby accorded for the payment of enhanced remuneration to Mr. Vijay Sabarwal, the Whole Time Director and CEO of the Company w.e.f. 01.04.2007 as per details set out in the Explanatory Statement annexed to this notice."

By Order of the Board of Director

### Registered Office :

B - 11. MIDC Industrial Area  
Waluj - 431 136, Dist. Aurangabad  
Date : May 29, 2008

Md Abdul Nadeem  
Company Secretary

**Morganite Crucible (India) Limited**

---

**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. 4, 5 & 6 above is annexed.
- c. The register of members and the Share Transfer books of the Company will remain closed from August 27, 2008 to September 02, 2008 (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 2000-2001 and which remain unpaid or unclaimed, will be transferred to the Investor Education & Protection Fund of the Central Government on or after September 11, 2008 respectively. As such, the Members who have not en-cashed 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. 5 & 6 of the accompanying notice dated May 29, 2008.

#### Item No 5

The company announced on April 13, 2007 its intention to expand the manufacturing facility. Work is underway. To finance the same the Company will need funds at different stages of the expansion plan. The borrowing limit as vested on the Board of Directors of the Company as per the provision of Section 293 (1) (d) of the Companies Act 1956 is only up to hundred percent of the paid up capital and free reserves. The Board of Director need to be vested with the power to borrow funds in excess of the limits as prescribed in the aforesaid section. Hence this resolution will give the powers to the Board for bringing funds to meet the expenses of the new project. The Board of Directors may need to create charge on the property of the company as per the provisions of Section 293 of the Companies Act, 1956. The Board undertakes to create only equitable mortgage against the property of the Company. The members must be aware that creating equitable mortgage does not amount to sale of the undertaking.

To facilitate such borrowing and creation of charges by way of equitable mortgage, the resolution seeks the approval of the members for empowering the Board of Directors of the Company to borrow funds and create charge thereof.

The Directors recommend the resolution for the approval of the members

None of the Directors are interested in the said resolution.

#### Item no 6

Mr. Vijay Sabarwal, aged 43 years is BE (Mech) from IIT Rourkee and has a total experience of over 15 years in senior capacity in large corporates. 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.

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

*All in Rupees*

Salary	: 1,16,000 pm
Special Pay	: 31,256 pm
House Rent	: 46,400 pm
Education Allowance	: 200 pm
Club Fees	: 2,500 pm
LTA*	: 50,000 pa
Medical Expenses Reimbursement*	: 60,000 pa
Car Allowance	: 24,000 pm
House Maintenance	: 2,500

Premium for Group Personal Accident Policy covering employee as per the rule of the Company.\*

Premium for a Group Medi-claim Policy for self, spouse, child and mother. Premium not to exceed\*  
: 40,000 PA

Commission Payable : 69,600 Maximum & 34,800 Minimum (both per month) at Boards discretion

\* - Actual or the above which ever is lower. Variable components

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

---

Mr. Vijay Sabarwal will also be eligible to the following which are not to be included in the Computation of the above ceiling on remuneration:

Company's Contribution towards Provident Fund as per rules of the Company

Superannuation fund - as per the Rules of the Company.

Retirement Gratuity - as per the Rules of the Company.

Encashment of the accumulated leave at the end of the tenure - As per Company's Rules

Telephone / Fax at residence for personal use.

Provisions for Chauffeur driven car for business purpose only.

In terms of Central Government Approval dated October 26, 2007 bearing reference number 12/835/2007-CL.VII further amended by letter dated November 19, 2007 bearing reference number 12/835/2007-CL.VII Mr. Vijay Sabarwal is eligible for increase in remuneration of upto 25% on the total remuneration as above.

A copy of Central Government approval as indicated above 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 upto the date of the Annual General Meeting

A copy of the new Agreement entered into between the Company and Mr. 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 upto the date of the Annual General Meeting.

Only Mr. Vijay Sabarwal is interested in this resolution

This may also be treated as an abstract of the Agreement entered into between the Company and Mr. Vijay Sabarwal, pursuant to the 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 Third Annual Report and Audited Statement of Accounts for the year ended March 31, 2008

### 2. FINANCIAL RESULTS :

	Year ended March 31, 2008 INR in lacs	Year ended March 31, 2007 INR in lacs
Profit before interest, depreciation & Taxes	330.94	339.84
Interest	55.20	52.26
Depreciation	114.30	111.96
<b>Profit before taxation</b>	<b>161.44</b>	<b>175.02</b>
Provisions for taxation		
- Current tax	60.02	25.30
- Deferred tax	12.36	34.56
- Fringe benefits tax	6.50	3.00
<b>Profit After Tax</b>	<b>82.56</b>	<b>112.76</b>
Profit brought forward from previous year	388.29	275.53
Profit available for appropriation	470.85	388.29
<b>Appropriations :</b>		
Dividend	-	-
Corporate Dividend Tax	-	-
General Reserve	-	-
<b>Profit Carried Forward to Balance Sheet</b>	<b>470.85</b>	<b>388.29</b>

### 3. DIVIDEND

In view of the ongoing investment your Directors have not recommended any dividends for the Financial Year 2007-08.

### 4. OPERATIONS

During the financial year, the turnover was Rs 1947 lacs as compared to Rs 1890 lacs.

A capital expenditure of Rs 6 crore for erection and commissioning of expansion of existing plant for increasing the total production to 2500 MT is under implementation. The Company will further require fund for the import of capital goods. The project is expected to be commissioned by October 2008.

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 better product performance in the market.



## Morganite Crucible (India) Limited

### 5. CHANGE IN SHAREHOLDING PATTERN

There is no major change in the shareholding pattern during the year under review.

### 6. 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	41,63,736	15	Director Plant Whirlpool of India Ltd

### 7. 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.

### 8. 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.

### 9. 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

**10. DIRECTORATE**

There is no change in constitution of the Board. The directors who are liable for retirement by rotation as per Article 112 being eligible offered themselves for reappointment.

**11. 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.

**12. AUDITORS & AUDIT REPORT**

The Company's Auditors M/s Price Waterhouse & Co retires at the ensuing Annual General Meeting and being eligible have offered themselves for reappointment. The Auditors Report, point 9 (a) contains certain remark which needs clarification by Board of Directors. Both the due were not paid due to oversight and your company is generally regular is paying them. Both dues were paid before the Annual Report is sent out to shareholders.

**13. ACKNOWLEDGEMENT**

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

By Order of the Board of Directors.

Aurangabad  
May 30, 2008

**Md. Abdul Nadeem**  
Company Secretary