

**ANNUAL REPORT
AND
ACCOUNTS 2012-2013**

MORGANITE CRUCIBLE (INDIA) LTD.



MORGANITE CRUCIBLE (INDIA) LIMITED
28TH ANNUAL REPORT 2012 - 13

BOARD OF DIRECTORS	: Mr. Stuart Alan Cox	Director
	Mr. Hitesh Saiwal	Managing Director
	Mr. Didier Finck	Director (Up to 31 st Oct, 2012)
	Mr. Sadanand V. Shabde	Independent Director
	Mr. H. S. Shirsat	Independent Director (Up to 6 th June 2013)
	Mr. Subhash B. Kolapkar	Independent Director (from 14 th August, 2013)
COMPANY SECRETARY	: Mr. Anurag Geete	
AUDITORS' OF THE COMPANY	: B S R & Co., Chartered Accountants, Mumbai.	
BANKERS	: Axis Bank Ltd. The Hongkong and Shanghai Banking Corporation Ltd. State Bank of India UCO Bank	
REGISTERED OFFICE AND FACTORY	: B-11, MIDC Industrial Area, Waluj Dist - Aurangabad – 431 136 Maharashtra India.	
INTERNAL AUDITOR	: Price Waterhouse & Co. Chartered Accountants, Mumbai	

Registrar & Share Transfer Agent	CONTENTS	Page No.
Sharepro Services (India) Pvt. Ltd. Samhita Warehousing Complex, 13 AB, Gala No. 52, 2 nd Floor, Near Sakinaka Telephone Exchange, Off Kurla, Andheri Road, Sakinaka, Mumbai – 400 072 T - +91 22 67720300 Dir. +91 22 67720309	Notice	1-3
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NOTICE

NOTICE is hereby given that the 28TH ANNUAL GENERAL MEETING of the Members of MORGANITE CRUCIBLE (INDIA) LIMITED will be held on Wednesday, September 25, 2013 at 11:00 am at the Registered Office of the Company at B-11, MIDC Industrial Area, Waluj, Aurangabad – 431 136, Maharashtra, India, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2013, the Profit and Loss Account for the year ended on that date and Report of the Board of Directors and Auditors thereon.
2. To declare a Dividend for the year ended March 31, 2013.
3. To appoint a Director in place of Mr. S. V. Shabde, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Stuart Cox, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company, on such remuneration and reimbursement of out-of-pocket expenses as the Board may decide, based on the recommendation of the Audit Committee.

SPECIAL BUSINESS:

6. To consider and, if thought fit to pass with or without modification, the following resolution as an **ORDINARY RESOLUTION**:

“RESOLVED THAT Mr. Subhash B. Kolapkar, who was appointed as an Additional Director of the Company w.e.f. 14th August, 2013 and who holds office till the date of the ensuing Annual General Meeting in terms of Section 260 of the Companies Act, 1956, proposing his candidature to the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

7. To consider and, if thought fit to pass with or without modification, the following resolution as a **SPECIAL RESOLUTION**:

“RESOLVED THAT pursuant to provisions of Sections 198, 269, 309, 310, 311 and 316 read with Schedule XIII and other applicable provisions, if any, of the Companies Act 1956, (including any statutory modifications or re-enactment(s) thereof, for the time being in force), subject to approval of the members in the General Meeting, approval of the Central Government and such other consents and permission as may be necessary and such modifications, variations as may be approved and acceptable to the appointee, the consent of the members be and is hereby accorded for the appointment of Mr. Hitesh Saiwal as a Managing Director of the Company for a period of 3 (three) years from 1st February, 2013 to 31st January, 2016, on terms and conditions as mutually agreed and on payment of remuneration as set out in the Explanatory Statement annexed to this notice.

RESOLVED FURTHER THAT Board of Directors or Company Secretary, be and is hereby severally authorized to sign and file applications, forms etc. as may be prescribed to Registrar of Companies and to do all such acts, deeds and things to give effect to this Resolution.”

By Order of the Board,

Registered Office:
B-11 MIDC Industrial Area Waluj,
Dist - Aurangabad – 431 136,
Maharashtra, India
Date: August 14, 2013

Hitesh Saiwal
(Managing Director)

NOTES:

1. A member entitled to attend and vote is entitled to appoint proxy to attend and vote instead of such member, on a poll only and a proxy need not be a member of the Company. The proxy in order to be effective should be deposited at the registered office of the company not less than 48 hours before commencement of the Annual General Meeting.
2. The register of members and the share transfer books of the Company will remain closed from September 20, 2013 to September 25, 2013 (both days inclusive)
3. In term of section 205C of the Companies Act 1956, all sums transferred to unpaid dividend account towards dividend for the financial year 2005-2006 and which remain unpaid or unclaimed will be transferred to the Investor Education & Protection fund of the Central Government on or after 21 July 2013 respectively. As such, the Members who have not encashed dividend warrant(s) for the aforesaid financial year are requested to make their claim with the Company's Registrars and Transfer Agent or with the Company. The members may note that no claim shall lie in respect of such dividend, once the amount is transferred by the Company to the Investors Education and Protection Fund.

Registered Office:
B-11 MIDC Industrial Area Waluj,
Dist - Aurangabad – 431 136,
Maharashtra India
Date: August 14, 2013

By Order of the Board,

Hitesh Saiwal
(Managing Director)

ANNEXURE TO THE NOTICE

Explanatory Statement pursuant to Section 173 (2) of The Companies Act, 1956

Item No.6:-

Mr. Subhash B. Kolapkar was appointed as an Additional Director of the Company w.e.f. 14th August, 2013 consequent upon resignation of Mr. H.S. Shirsat. In accordance with the provisions of Section 260 of the Companies Act, 1956 and Article 116 of Articles of Association of the Company, he holds office upto the date of this Annual General Meeting.

The Board recommends the appointment of Mr. Subhash B. Kolapkar as a Director of the Company for the approval of the members.

None of the Directors except Mr. Subhash B. Kolapkar is concerned or interested in this resolution.

Item No.7:-

Mr. Hitesh Saiwal aged 39 is a Fellow Chartered accountant and Qualified Company Secretary having rich experience of more than 14 years in various areas such as Indian GAAP reporting, Direct and Indirect Taxation, Treasury, Business valuation, Internal control process implementation, Company Secretarial work. During his career, he has acquired expertise in diverse fields such as ERP implementation, Process Automation, Advance Financial Reporting, developing financial strategies, Internal Control Strategies, Project Planning and implementation etc. Further, he has gained thorough knowledge on various Indian Laws and also his contribution was remarkable towards the consistent growth of MMS Indian business.

Mr. Hitesh Saiwal is proposed to be appointed as Managing Director of the company with effect from 1st February, 2013 on the following remuneration:

(Amt. in Rupees)			
Particulars	Details	Per Month	Per Annum
(A) Monthly Payout			
Basic Salary	30% of CTC	1 33,595	1,603,140
HRA	40% of Basic	53,438	6 41,256
Conveyance		800	9,600
Educational Allowance		200	2,400
Special Allowance		116,268	1,395,216
Total (A)		304,301	3,651,612
(B) Monthly Reimbursement			
Car / Petrol Reimbursement		10,000	1 20,000
Driver Salary		8,000	96,000
Meal Coupon		2,200	26,400
Medical Reimbursement		1,250	15,000
Total (B)		21,450	2 57,400
(C) Retirement Benefits			
PF	12% of Basic	16,031	1 92,372
Superannuation	15% of Basic	20,039	2 40,468
Total (C)		36,070	4 32,840
(D) Annual Payouts			
LTA		16,699	2 00,388
Morgan Bonus	50% of Basic	66,797	8 01,570
Total (D)		83,496	1,001,958
Total (A+B+C+D)		445,317	5,343,810

Life Insurance :- In addition to the above Mr. Saiwal is eligible for group health insurance policy for the management as renewed from time to time.

The Remuneration Committee and Board of Directors recommends to appoint Mr. Hitesh Saiwal as Managing Director of the Company for a period of 3 (three) years w.e.f. 1st February, 2013 for the approval of members by way of a Special Resolution.

None of the directors except Mr. Hitesh Saiwal is concerned or interested in this resolution.

Registered Office:
B-11 MIDC Industrial Area Waluj,
Dist - Aurangabad – 431 136,
Maharashtra India

By Order of the Board,

Hitesh Saiwal
(Managing Director)

Date: August 14, 2013

DIRECTORS' REPORT

To,
The Members,

Your Directors have pleasure in presenting the 28th Annual Report, together with the Audited Financial Statements of the Company for the year ended on March 31, 2013.

1. FINANCIAL RESULTS:

	(Rs. in lacs)	
Particulars	2012-13	2011-12
Profit before Interest, Depreciation and Taxation	1838.71	1805.46
Less: Interest	4.03	34.82
Less: Depreciation	410.21	347.52
Profit for the year before taxation	1424.47	1423.12
Less: Provision for Taxation	569.26	514.54
Profit After Tax	855.21	908.58
Profit brought forward from the Previous Year	2822.79	1914.21
Profit carried to Balance Sheet	3612.70	2822.79

2. DIVIDEND:

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

3. OPERATIONS AND FUTURE OUTLOOK:

During the year under review, the net turnover of the Company was Rs. 7897.92 lacs as compared to Rs. 7908.35 lacs in last year. During the current year the Company has completed and capitalized in its books the expansion/modernisation of its plant to Rs. 388.48 lacs. The Profit after Tax was slightly down to Rs. 855.22 lacs as compared to Rs. 908.58 lacs from the last year. The Company has made export of Rs. 529.88 Lacs as compared to Rs. 549.65 Lacs from the last year.

The Indian economy has witnessed downward trend especially in the automotive and other sectors which largely affects the business of the Company. Further, financial deficit, continuous diminishing value of rupee, increase in cost of raw material, overheads and interest rates leads to become market uncertain which may impact the business in the year 2013-14.

However, despite of above backdrop, the Company is looking forward secular growth trend for coming years and ready to deliver best quality of product with competitive price which will help to grow the demand of the product in a near future. The Company has refined its business strategy and looking forward to enhance its customer base in domestic and overseas markets.

4. PUBLIC DEPOSIT:

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

5. CAPITAL:

Company's paid up capital stood at Rs. 2.80 Crores as on March 31, 2013. There is no change took place during the year under review.

6. STATUTORY DISCLOSURES:

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

The information given under Section 217(1) (e) of the Companies Act 1956 read with The Companies (Disclosures of Particulars in the report of the Board of Directors) Rules 1988 as amended is annexed with this report.

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

7. AUDITORS:

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

8. DIRECTORS:

Mr. Didier Finck ceased to be Director on the Board w.e.f. 31st October 2012, the Board places on record its appreciation of the valuable services rendered by him during his tenure. In accordance with provisions of The Companies Act, 1956 and the Articles of Association of the Company, Mr. Sadanand V. Shabde and Mr. Stuart A. Cox, Directors retires by rotation at the ensuing Annual General Meeting of the Company and being eligible, have offered themselves for re-appointment.

9. DIRECTORS' RESPONSIBILITY STATEMENT:

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

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at 31st March, 2013 being end of the financial year 2012-13 and of the profit of the Company for the year;
- (iii) that the Directors have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors have prepared the annual accounts on a 'going concern' basis.

10. RISK MANAGEMENT:

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

11. CORPORATE GOVERNANCE:

The Corporate Governance Report and the Management Discussion and Analysis Report are attached and forming part of this Annual Report.

12. SUBSIDIARY COMPANY ACCOUNTS:

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

13. ACKNOWLEDGMENT:

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

For and on behalf of the Board,

Sadanand V. Shabde
(Chairman)

Hitesh Saiwal
(Managing Director)

Place: Aurangabad

Date: August 14, 2013

ANNEXURE TO DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2013 INFORMATION RELATING TO THE CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO PURSUANT TO SECTION 217(1)(E) OF THE COMPANIES ACT, 1956. READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988

A. CONSERVATION OF ENERGY :

a. Measures Taken

Electrical Energy

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

Fuel: FUEL Consumption

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

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

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

c. Impact of (a) & (b)

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

d. Total Energy Consumption

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

FORM A : Form for disclosure of particulars with respect to Conservation of Energy.

<u>A. Power and Fuel Consumption</u>			<u>B. Consumption per unit of Production</u>		
	2012-13	2011-12		2012-13	2011-12
1. Electricity			Product		
a. Purchased			Silicon Carbide Crucibles & Accessories (MT)		
Units	1525480	1653890		2620	3281.15
Total Amount Rs.	9527221	9807580	Clay Graphite Crucibles & Accessories (MT)	279.4	447.80
Rate/Unit Rs	6.24	5.93	Total (MT)	2899.40	3728.95
b. Own Generation :			Electricity consumed units (including in house generation)		
Units	3748	14532	Units	1529228	1667007
Diesel Consumption (Ltrs.)	940	3680	Ele (Kwh)/MT Prod	527.43	447.04
Diesel rate/Lit Rs	49.17	60.33	a. Silicon Carbide	476.60	393.36
Cost of Unit generation Rs.	12.33	15.27	b. Clay Graphite	50.83	53.68
2. LPG Consumed					
Quantity (MT)	968.65	1181.21	LPG (KGS) prod (KG/MT)	299.32	316.77
Total Cost Rs.	63323546	59757515	a. Silicon Carbide	270.48	278.73
Rate/KG Rs.	65.37	50.59	b. Clay Graphite	28.84	38.04