



**ANNUAL REPORT AND ACCOUNTS 2013-14**

**MORGANITE CRUCIBLE (INDIA) LTD.**

**MORGANITE CRUCIBLE (INDIA) LIMITED**
**29<sup>TH</sup> ANNUAL REPORT 2013 -14**

<b>BOARD OF DIRECTORS</b>	:	Mr. Sadanand V. Shabde Mr. Hitesh Saiwal Mr. Stuart Alan Cox Mr. H. S. Shirsat Mr. Subhash B. Kolapkar	Chairman Managing Director Director Independent Director (Up to June 6, 2013) Independent Director (From August 14, 2013)
<b>COMPANY SECRETARY</b>	:	Mr. Rupesh Khokle	
<b>AUDITORS' OF THE COMPANY</b>	:	B S R & Co., LLP Chartered Accountants, Mumbai.	
<b>BANKERS</b>	:	Axis Bank Ltd. The Hongkong and Shanghai Banking Corporation Ltd. State Bank of India UCO Bank	
<b>REGISTERED OFFICE AND FACTORY</b>	:	B-11, MIDC Industrial Area, Waluj, Aurangabad – 431 136 Maharashtra. India.	
<b>INTERNAL AUDITOR</b>	:	Price Waterhouse & Co. Chartered Accountants, Mumbai	

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**NOTICE**

**NOTICE** is hereby given that the 29<sup>th</sup> ANNUAL GENERAL MEETING of the Members of MORGANITE CRUCIBLE (INDIA) LIMITED will be held on Thursday, September 25, 2014 at 11:00 am at the Registered Office of the Company at B-11, MIDC, Waluj, Aurangabad (MS) – 431 136, to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the financial statements of the Company for the year ended March 31, 2014 including audited Balance Sheet as at March 31, 2014, the Statement of Profit and Loss for the year ended on that date and the reports of the Board of Directors and Auditors thereon.
2. To declare a final dividend on equity shares for the financial year ended March 31, 2014.
3. To appoint a Director in place of Mr. Stuart Cox, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint M/s BSR & Co LLP, Chartered Accountants, (Registration No. 101248W/W-100022) as Statutory Auditors of the Company for the financial year 2014-15, to hold office from conclusion of this Meeting, until the conclusion of next Annual General Meeting of the Company at such remuneration and reimbursement of out-of-pocket expenses as may be mutually agreed between the Board of Directors of the Company and the Auditors.

**SPECIAL BUSINESS:**

**5. Appointment of Mr Sadanand Shabde as an Independent Director**

To consider and if thought fit, to pass with or without modification, if any, the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (“Act”) and the Rules framed thereunder as read with Schedule IV to the Act, as amended from time to time, Mr Sadanand Shabde (DIN:00848189), a non-executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company, with effect from September 25, 2014 upto September 24, 2019, not liable to retire by rotation.

**6. Appointment of Mr Subhash Kolapkar as an Independent Director**

To consider and if thought fit, to pass with or without modification, if any, the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (“Act”) and the Rules framed thereunder as read with Schedule IV to the Act, as amended from time to time, Mr Subhash Kolapkar (DIN:06666368), a non-executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company, with effect from September 25, 2014 upto September 24, 2019, not liable to retire by rotation.

Registered Office:  
B-11, MIDC, Waluj,  
Aurangabad – 431 136  
Date: August 12, 2014

By Order of the Board,

Hitesh Saiwal  
(Managing Director)

**NOTES:**

1. An Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013 relating to the Special Businesses to be transacted at the Annual General Meeting (AGM) is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** A person shall act as Proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company, carrying voting rights. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other member.  
The instrument of Proxy, in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. Proxies submitted on behalf of limited companies, societies, etc., must be supported by appropriate resolutions/authority, as applicable.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, September 19, 2014 to Thursday, September 25, 2014 (both days inclusive)
4. The Final Dividend for the financial year ended March 31, 2014, as recommended by the Board, if approved by the Members, shall be paid within 30 days from the date of declaration to those Members whose names appear in the Register of Members of the Company as on September 18, 2014.
5. SEBI has mandated the submission of Permanent Account Number (PAN) for participating in the securities market, deletion of name of deceased holder, transmission/transposition of shares. Members are requested to submit the PAN details to their Depository Participant in case of holdings in dematerialized form and to the Company's Registrars and Transfer Agents, mentioning your correct reference folio number in case of holdings in physical form.
6. Members desiring any information relating to the accounts are requested to write to the Company before 10 days in advance so as to enable the management to keep the information ready.
7. The Notice of AGM, Annual Report and Attendance Slip are being sent in electronic mode to Members whose e-mail IDs are registered with the Company or the Depository Participant(s) unless the Members have registered their request for a hard copy of the same. Physical copy of the Notice of AGM, Annual Report and Attendance Slip are being sent to those Members who have not registered their e-mail IDs with the Company or Depository Participant(s). Members who have received the Notice of AGM, Annual Report and Attendance Slip in electronic mode are requested to print the Attendance Slip and submit a duly filled in Attendance Slip at the registration counter to attend the AGM.
8. Pursuant to Section 108 of the Companies Act, 2013, read with the relevant Rules of the Act, the Company is pleased to provide the facility to Members to exercise their right to vote by electronic means. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on Thursday, September 18, 2014, i.e. the date prior to the commencement of book closure date are entitled to vote on the Resolutions set forth in this Notice. Members who have acquired shares after the despatch of the Annual Report and before the book closure may approach the Company for issuance of the User ID and Password for exercising their right to vote by electronic means.
9. The Company has appointed Mr Devendra Ringangaonkar, Practising Company Secretary, to act as the Scrutinizer, for conducting the scrutiny of the votes cast. The Members desiring to vote through electronic mode may refer to the detailed procedure on e-voting given hereinafter.
10. The Company has entered into an arrangement with Central Depository Services (India) Limited (CDSL) for facilitating e-voting for AGM. The instructions for e-voting are as under:

**The instructions for members for voting electronically are as under:-****In case of members receiving e-mail:**

- (i) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- (ii) Click on "Shareholders" tab.
- (iii) Now, select the "Morganite Crucible (India) Limited" from the drop down menu and click on "SUBMIT"
- (iv) Now Enter your User ID

- a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

<b>For Members holding shares in Demat Form and Physical Form</b>	
PAN*	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <p>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field.</p> <p>In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.</p>
DOB	<p>Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.</p>
Dividend Bank Details	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <p>Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter <b>the number of shares held by you as on the cut off date</b> in the <b>Dividend Bank details field</b>.</p>

- (viii) After entering these details appropriately, click on “SUBMIT” tab.
- (ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant “Morganite Crucible (India) Limited” on which you choose to vote.
- (xii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.

- (xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xvii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
  - ▶ Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.cdslindia.com> and register themselves as Corporates.
  - ▶ They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - ▶ After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
  - ▶ The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - ▶ They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

**In case of members receiving the physical copy:**

- (A) Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.
  - (B) The voting period begins on September 19, 2014 at 09.00 am (IST) and ends on September 20, 2014 05.00 pm (IST). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of September 18, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
  - (C) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
11. The voting rights shall be as per the number of equity share held by the Member(s) as on Thursday, September 18, 2014. Members are eligible to cast vote electronically only if they are holding shares as on that date.
  12. The results shall be declared on or after the AGM. The results along with the Scrutinizer's Report, shall also be placed on the website of the Company [www.morganmms.com](http://www.morganmms.com) and on the website of CDSL within two (2) days of passing of the resolutions at the AGM of the Company and communicated to the stock exchange where the Company's shares are listed viz. BSE Limited.
  13. Members holding shares in demat form are hereby informed that bank particulars registered with their respective Depository Participant(s), with whom they maintain their demat accounts; will be used by the Company for payment of dividend. The Company or its Registrar cannot act on any request received directly from the Members holding shares in demat form for any change in bank particulars. Members holding shares in demat form are requested to intimate any change in their address and / or bank mandate to their Depository Participants immediately.
  14. Members holding shares in physical form are requested to intimate any change of address and / or bank mandate to M/s. Sharepro Services (India) Limited, Registrar and Transfer Agent of the Company or they can inform via E-mail at Investor Service Department of the Company at [rupesh.khokle@morganplc.com](mailto:rupesh.khokle@morganplc.com) immediately.
  15. Members are requested to note that as per Section 124 of the Companies Act, 2013, Dividends not encashed / claimed within seven years from the date of declaration will be transferred to the Investor Education and Protection Fund (IEPF). After transfer of the said amount to IEPF, no claims in this respect shall lie against IEPF or the Company.

**ANNEXURE TO NOTICE**

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 (1) OF THE COMPANIES ACT, 2013**

The following Statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice:

**Item No. 5**

The Board of Directors of the Company had appointed Mr. Sadanand Shabde as Independent Director of the Company effective from November 19, 2009. As per Section 149 and Section 152 of the Companies Act, 2013, an independent director can hold office for a term upto 5 (five) consecutive years on the Board of a Company and he shall not be included in the total number of directors for retirement by rotation.

Mr. Sadanand Shabde is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director. The Company has received a declaration from Mr. Sadanand Shabde that he meets the criteria of independence as prescribed both under sub-section(6) of Section 149 of the Act and under Clause 49 of the Listing Agreement.

In view of his vast experience the Board has proposed to appoint Mr. Sadanand Shabde for a term of five years effective from September 25, 2014 subject to approval of the members in the annual general meeting of the Company.

The Board recommends the Ordinary Resolution set out at Item No.5 of the Notice for approval by the Members

**Item No. 6**

As per Section 149 and Section 152 of the Companies Act, 2013, an independent director can hold office for a term upto 5 (five) consecutive years on the Board of a Company and he shall not be included in the total number of directors for retirement by rotation.

Mr. Subhash Kolapkar is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director. The Company has received a declaration from Mr. Subhash Kolapkar that he meets the criteria of independence as prescribed both under sub-section(6) of Section 149 of the Act and under Clause 49 of the Listing Agreement.

In view of his vast experience the Board has proposed to appoint Mr. Subhash Kolapkar for a term of five years effective from September 25, 2014 subject to approval of the members in the annual general meeting of the Company.

The Board recommends the Ordinary Resolution set out at Item No.5 of the Notice for approval by the Members.

Registered Office:

B-11 MIDC, Industrial Area, Waluj,

Dist.:- Aurangabad (MS) – 431 136,

By Order of the Board,

Hitesh Saiwal  
(Managing Director)

Date: August 12, 2014

## DIRECTORS' REPORT

To,  
The Members,

Your Directors have pleasure in presenting the 29<sup>th</sup> Annual Report, together with the Audited Financial Statements of the Company for the financial year ended March 31, 2014.

### FINANCIAL PERFORMANCE:

*(Rs. in Lacs)*

Particulars	Standalone		Consolidated	
	2014	2013	2014	2013
Revenue from Operations, net of excise	7937.03	7897.92	9967.11	9907.21
Other Operating Revenue	120.32	93.45	131.83	96.24
Other income	198.26	73.99	232.15	133.06
<b>Total income</b>	<b>8255.61</b>	<b>8065.36</b>	<b>10331.09</b>	<b>10136.51</b>
Operating Expenses	6415.99	6226.65	8310.79	7841.53
<b>Profit before finance cost, depreciation and amortisation</b>	<b>1839.62</b>	<b>1838.71</b>	<b>2020.30</b>	<b>2294.98</b>
Finance Cost	34.39	4.03	34.39	4.03
Depreciation and Amortisation Expense	465.67	410.21	559.18	469.33
<b>Profit before tax</b>	<b>1339.56</b>	<b>1424.47</b>	<b>1426.73</b>	<b>1821.62</b>
Provision for tax	497.27	569.26	553.59	729.85
<b>Share of minority interest</b>	<b>-</b>	<b>-</b>	<b>28.64</b>	<b>129.42</b>
<b>Profit after tax</b>	<b>842.29</b>	<b>855.21</b>	<b>844.50</b>	<b>962.35</b>
Add: Balance brought forward from previous year	3612.70	2790.25	3975.20	3045.60
<b>Amount available for appropriation</b>	<b>4454.99</b>	<b>3645.46</b>	<b>4819.70</b>	<b>4007.95</b>
Less: Appropriation/transfer				
Proposed equity dividend	28.00	28.00	28.00	28.00
Corporate dividend tax	4.76	4.76	4.76	4.76
<b>Balance carried to Balance Sheet</b>	<b>4422.23</b>	<b>3612.70</b>	<b>4786.94</b>	<b>3975.19</b>

### DIVIDEND :

Your Directors are pleased to recommend a final dividend of Re. 1 per equity share of face value of Rs. 10 each of the Company for the financial year 2013-14 for approval of the members.

### OPERATIONS AND FUTURE OUTLOOK :

During the year under review, the Company has achieved net turnover of Rs. 7937.03 lacs as compared to Rs. 7897.92 lacs in last year in spite of slow economic growth, downward trend especially in the automotive sector. The Profit after Tax was slightly down to Rs. 842.29 lacs as compared to Rs. 855.21 lacs from the last year. In spite of sluggish demand across the larger economy, your Company managed to achieve export sale of Rs. 5269.41 lacs to as compared to Rs. 5298.80 during the last year.



The year witnessed marginal GDP growth, general slowdown in global economy impacting the demand of export and weak domestic demand due to downswing in automobile sector. The increase in cost of raw material prices, LPG and high interest rate impacted the business during the year.

As per the Economic Survey 2014-15 the Indian Economy is likely to grow in the range of 5.1 to 5.5 percent, moderation in inflation and economic growth coupled with the new government's policies is likely to drive volumes and revive the Indian automobile sector thus creating an environment for growth of the industry. However, the growth may remain moderate in view of steps taken for reviving of investment cycle and benign growth in Asian economy.

**RECOGNITION :**

Your Company continued to remain ISO 9001:2008 certified for Quality Management System Standards.

**PUBLIC DEPOSIT :**

During the year, the Company has not accepted any fixed deposits under Section 58A of the Companies Act, 1956.

**SUBSIDIARY COMPANY :**

Your Company has one subsidiary company *viz.* Diamond Crucible Company Limited having its manufacturing facility at Mehsana, Gujarat. A statement containing summary of financial details of the subsidiary company for the year ended March 31, 2014 is annexed as part of this Annual Report. In terms of general exemption granted under Section 212 (8) of the Companies Act, 1956 by Ministry of Corporate Affairs *vide* its General Circular no. 02/2011 dated February 8, 2011, the Audited Statement of Accounts, Auditors' Report thereon for the financial year ending March 31, 2014 of subsidiary company have not been annexed. However the Company has published the audited consolidated financial statements for the financial year March 31, 2014 and also forms part of this Annual Report. The Annual Accounts of the subsidiary company and related detailed information shall be made available to members of the Company seeking such information and shall be kept open for inspection at the Registered Office of the Company during office hours.

**DIRECTORS :**

The Company has Mr Sadanand Shabde and Mr Subhash Kolapkar as Independent Directors on Board satisfying criteria of Clause 49 of the Listing Agreement. As per Section 149 of the Companies Act, 2013 an Independent Director shall hold office for term up to five consecutive years on the Board of a Company and shall be eligible for re-appointment on passing of special resolution by the Company.

In view of above, the Board of Directors in its meeting held on August 12, 2014 recommended for appointment of Mr Sadanand Shabde and Mr Subhash Kolapkar as an Independent Director for a period of five years from the date of 29<sup>th</sup> Annual General Meeting subject to approval of Members. The Company has received declarations from the said Independent Directors confirming that they meet the criteria of independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013.

Mr Stuart Cox, Director retires by rotation at the ensuing Annual General Meeting of the Company and being eligible, has offered himself for re-appointment. The Board recommends the approval of the same.

**CORPORATE SOCIAL RESPONSIBILITY :**

The Company has constituted Corporate Social Responsibility (CSR) Committee in the meeting of Board of Directors of the Company held on May 22, 2014. The terms of reference of the CSR Committee are in line with provisions of Companies Act, 2013 and rules made thereunder.

**ENVIRONMENT, SAFETY AND HEALTH :**

The Morgan Group has set up EHS Policy which applies to all Morgan facilities worldwide having a key focus on health and safety of employees, risk assessment, risk management and mitigation of identified risks. The Morgan Group and the Company are always committed to make its manufacturing facility injury free, safe and healthy organisation.

As a commitment towards safety and health environment, the Company has made improvements in certain identified areas and also carried out the well-being programs during the year under review as follows :

**Operational :**

- Existing Fire Hydrant Systems has been completely replaced with new
- Emphasis on reduction of dust level in the factory
- Machine guarding and LOTO for maintenance safety.

**Well-being :**

- Installed defibrillator
- RO plant installation for better drinking water to all employees.
- Internal training programs to develop awareness of health and safety environment for employees and contractual labour
- Annual medical check-ups and corrective actions thereon for monitoring health of employees
- Most Mile March' initiative for encouraging employees to walk more, your Company ranked in top five as compared to other Morgan facilities worldwide.

**AUDITORS :**

The Company's Auditors M/s BSR & Co. LLP (Registration No. 101248W/W-100022) hold office until ensuing Annual General Meeting (AGM) of the Company. Pursuant to the provisions of Section 139 of the Companies Act, 2013 read with the Rules framed thereunder and upon recommendation of Audit Committee, it is proposed to appoint BSR & Co. LLP as Statutory Auditors of the Company from the conclusion of the forthcoming Annual General Meeting till the conclusion of the 30<sup>th</sup> Annual General Meeting to be held in the year 2015 subject to ratification by the Members.

**COST AUDIT :**

As per the requirement of the Central Government and pursuant to Section 233B of the Companies Act, 1956, the audit of the cost accounts pertains to crucibles and other relevant product group is carried out during the year. Pursuant to the approval of Ministry of Corporate Affairs, Bhaskar Deb, Practising Cost Accountant having membership no. 29769 was appointed as the Cost Auditors for auditing the Company's cost accounts relating to the Company's products for the year ended March 31, 2014. The Cost Audit Report for the financial year ending March 31, 2013 was duly filed by the Company with Ministry of Corporate Affairs.

**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 as on March 31, 2014 and 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.

**CORPORATE GOVERNANCE :**

As required under Clause 49 of the Listing Agreement with the Stock Exchanges, the report on Management Discussion and Analysis, Corporate Governance as well as the Statutory Auditors' Certificate regarding compliance of conditions of Corporate Governance forms part of the Annual Report.

**ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO :**

As required under Section 217(1)(e) of the Companies Act, 1956 and the Rules made therein, the concerned particulars relating to Energy Conservation, Technology Absorption, Foreign Exchange Earnings and Outgo are given in Annexure, which is attached hereto and forms part of the Directors' Report.

**ACKNOWLEDGEMENTS :**

Your Directors take this opportunity to offer their sincere thanks to various Departments of the Central and State Governments, our Bankers, Shareholders, Customers & Consultants for their unstinted support and assistance. Your Directors also place their deep appreciation to employees at all levels for their hard work, solidarity, dedication and commitment.

For and on behalf of the Board,

**Sadanand V. Shabde**  
(Chairman)

**Hitesh Saiwal**  
(Managing Director)

Place: Aurangabad  
Date: August 12, 2014

### ANNEXURE TO DIRECTORS' REPORT

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                      During the year, the Company has introduced few projects for energy conservations such as:
- Installation of LED lights
  - Automatic timer for all plant and admin office
  - Change in using of traditional roof sheets to save electricity consumption and use of more natural sunlight.
  - Upgradation and utilization of kilns
- b. Additional Investments and proposals if any, for reduction of consumption of energy.                      No major investment has been made during the year.
- c. Impact of (a) & (b)                      ➤ Consumption of less electricity energy and LPG  
     ➤ Better utilization of the available resources, cost reduction and better overall efficiency.
- d. Total Energy                              As per Form A in respect of industries specified in Consumption schedule.

### FORM A

(See Rule 2)

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

	For the year ended March 31, 2014	For the year ended March 31, 2013
<b><u>A. Power and Fuel Consumption:</u></b>		
1. Electricity		
a) Purchased		
Unit (KWH)	1,355,160	1,525,480
Total Amount (Rs.)	8,538,194	9,527,221
Rate/Unit (Rs.)	6.30	6.24
b) Own Generation		
i) Through Diesel Generator		
Units (KWH)	4,286	3,748
Units per ltr of Diesel oil	3.39	3.98
Cost per Unit (Rs.)	57.55	56.73
ii) Through Steam Turbine/generator	N.A.	N.A.
2. Coal (Specify quality and where used)	N.A.	N.A.
3. Furnace Oil	N.A.	N.A.
4. Other Internal Generation		
a) LPG		
Quantity (KG)	1,023,720	968,650
Total Amount (Rs.)	73,425,949	63,323,546
Average Rate (Rs./KG)	85.26	65.37
<b><u>B. Consumption per unit of Production:</u></b>		
<b><u>Refractories</u></b>		
i) Electricity	0.43	0.48
ii) Diesel	0.001	0.001
iii) LPG	0.33	0.31

**FORM B***(See Rule 2)***Form for Disclosure of Particulars with respect to Absorption****Research and Development (R&D) :**

- |                  |  |
|------------------|--|
| Specific Area    | <ul style="list-style-type: none"> <li>➤ Focus on new product development in CG</li> <li>➤ Usage of better raw material for improving the product quality</li> </ul>     |
| Benefits Derived | <ul style="list-style-type: none"> <li>➤ Diversification of product</li> <li>➤ Control on raw material procurement</li> <li>➤ Quality control and improvement</li> </ul> |

Expenditure on R &amp; D

	(Rs. in lacs)
Capital	-
Recurring	10.50
<b>TOTAL</b>	<b>10.50</b>
Total R & D expenditure as a percentage of Turnover	0.13%

**Technology Absorption, Adaptation & Innovation:**

- Efforts made :
- a) Flexibility in using of Kiln
  - b) Efforts made for improvement in On Time Delivery
  - c) Suggestions scheme for improvement in productivity and quality.

Benefits Derived : In view of efforts made and various measures undertaken during the year, the Company was able to improve the quality of product, reduction in overtime and process improvements etc.

**Foreign Exchange Earnings and Outgo:**

	<i>(Rs. in lacs)</i>
Foreign Exchange Earnings	5269.41
Foreign Exchange Outgo	1874.28

For and on behalf of the Board,

Place: Aurangabad  
Date : August 12, 2014

Sadanand V. Shabde  
(Chairman)

Hitesh Saiwal  
(Managing Director)

## MANAGEMENT DISCUSSION AND ANALYSIS

### **INDUSTRY STRUCTURE AND DEVELOPMENTS :**

The Company is engaged in manufacture and sale of Silicon Carbide Crucibles, Clay Graphite Crucibles and other allied accessories. The Company has its manufacturing facility at Aurangabad, Maharashtra and the other manufacturing facility of its subsidiary company viz. Diamond Crucible Company Limited at Mehsana, Gujarat.

The Company's products are mainly used in non-ferrous industries. The India industry contributes about five percent or less of global consumption in the sector like aluminum, copper and zinc. During the year, the industry has experienced limited influence on global demand-supply position due to international prices and currency movement. The industry also expects muted demand growth in a near future.

### **Development & Outlook**

The India's GDP growth continuous to remain stagnant during the year due to diminishing value of rupees in the market, interest rates, liquidity etc. which is hampering growth of the industry especially in auto and allied industry which may cause impact on the business of the Company as well. The Company is a leading market supplier of Crucible product in overseas market, and therefore it was able to maintain the business during last year under review. However, the margins were clasped on account of increase in the prices of raw material, LPG, electricity and other overheads.

In spite of global economic scenario, the Company is committed to deliver the best quality of its product and continuous improvement which surely help the Company to enhance its customer base in domestic and overseas markets and hopeful to grow its business in the coming year 2014-15.

### **PRODUCT- WISE PERFORMANCE :**

#### **CRUCIBLES AND DIE-LUBE :**

The Company has achieved net turnover of Rs.7937.03 lacs comprising of Rs. 7810.15 lacs towards sale of crucibles and Rs. 126.88 lacs towards sale of Die-lube during the year. The Profit before finance cost, depreciation and amortisation for the year 2013-14 was Rs. 1839.62 lacs compared to Rs. 1838.71 lacs in the previous year 2012-13.

#### **FINANCIAL REVIEW :**

- During the year, the finance cost was at higher side of Rs. 34.39 lacs as compared to Rs. 4.03 lacs during the previous year on account of interest expense on VAT assessment.
- The capital structure of the Company remained same during the year. The Reserve and Surplus stood at Rs. 5282.14 lacs as compared to Rs. 4472.62 lacs during the previous year.
- The Power and Fuel expense has gone up by 12.61 per cent during the year.
- The capital expenditure was Rs. 243.90 lacs as compared to Rs. 388.48 lacs during the last year.
- Trade receivable was down by 3.79 per cent to Rs. 1345.24 lacs as compared to Rs. 1398.23 lacs in the previous year.
- The detailed standalone and consolidated financial summary can be referred in the financial statements of the Company.

**OPPORTUNITIES, THREATS & BUSINESS OUTLOOK :**

- The global automotive market is expected to grow by 5 per cent in current financial year. The IIP was negative during the year and the industry has experienced slow growth almost in all sectors.
- The expectation of reform in policies may push to increase in GDP about 5.7 per cent in the year 2014-15. The WPI (Wholesale Price Index) and CPI (Consumer Price Index) are also expected to come down in the year 2014-15.
- The Company is looking forward potential growth in the non-ferrous and ferrous industry and also ready to diversify its product base as per the industry demand and technological change.

**RISKS AND CONCERNS :**

- Economic uncertainty
- Increase in price of raw materials and fuel
- Forex fluctuations
- Competitive market conditions
- Geopolitical risks leading to compliance issues

**INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY :**

The Directors and senior management of the Company has committed towards achieving efficiency in operations, compliance with applicable laws, optimum utilisation of resources and effective monitoring thereof. The periodical audit has been conducted by the senior management internally to check the compliance level and to take corrective actions thereon. During the year, the PwC has concluded its internal audit and submitted its report to the Audit Committee of the Board and the Audit Committee has also reviewed the said report and no major instance of non-compliance has been observed.

**HUMAN RESOURCE :**

The Company always focuses on attracting talent with high standards & retaining as well as developing it. The Company has been investing, developing & enhancing the technical skills as well as soft skills of the employees through various initiatives like team building, team handling, managerial development skills & value selling etc. along with this the Company is also keen on employee recognition & motivation by introducing various engagement activities, thus creating an healthy environment for employees to explore their full potential & give their best performance. The Company employed total 133 numbers of employees on its roll as on March, 31, 2014.

To the Members of

**Morganite Crucible (India) Limited**

We have examined the compliance of conditions of corporate governance by **Morganite Crucible (India) Limited** (“the Company”) for the year ended on **31 March, 2014**, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange.

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

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

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

**For B S R & Co. LLP**

**Chartered Accountants**

Firm Registration Number: 101248W / W-100022

**JuzerMiyajiwala**

**Partner**

Membership number: 047483

Place: Pune

Date : August 11, 2014



## CORPORATE GOVERNANCE

The transparency, control and accountability are important pillars of Corporate Governance. It is an application of best management practices, compliance of law, ethical business, integrity and honesty while meeting the stakeholder's expectations. The Morganite Crucible (India) Limited (“the Company”) and the Morgan Advanced Material Plc, ultimate holding Company are always committed to adhere best corporate governance practices throughout its Morgan Group worldwide.

The Securities Exchange Board of India (SEBI) has introduced several amended norms in the Corporate Governance effective from October 1, 2014 compatible with new provisions of Companies Act, 2013 to make framework of Corporate Governance more effective and encourage the companies to adopt best practices.

As good governance practice, the Board of Directors of your Company has also adopted the several amended provisions in line with applicable regulations and guidelines such as mechanism for whistle blower, amendment in terms of reference of Audit Committee, Corporate Social Responsibility Committee, Risk Management Committee and amendment in insider trading code. This report sets out the compliance status of the Company in line with the requirements of Clause 49 of the Listing Agreement, for the financial year 2013-14 as below:

### **BOARD OF DIRECTORS:**

The Board comprises of four Directors out of which three are Non-Executive Directors (75% of the total Board strength) and among these three Non-Executive Directors two are Independent Directors (50% of the total Board strength). The present composition of Board of Directors epitomizes ideal mix of wide experience in diverse field and professionalism. During the year, five Board meetings of were held on April 10, 2013, June 6, 2013, August 14, 2013 November 12, 2013 and February 10, 2014.

The details of composition and category of the Directors on the Board, their attendance at the Board Meetings during the year and at the last Annual General Meeting, as also the number of Directorships and Committee Memberships/Chairmanships held by them in other companies are as follows:-

Name	Category	Other Directorships Held#	Membership of Committees of other Companies	Attendance	
				Board Meetings	AGM
Sadanand Shabde (Chairman)	Non-Executive Independent	1	-	5	No
Hitesh Saiwal (Managing Director)	Executive	2	-	5	Yes
Stuart Cox	Non-Executive	1	-	5	No
H. S. Shirsat (Upto 06-06-2013)	Non-Executive Independent	-	-	2	NA
Subhash Kolapkar (From 14-08-2013)	Non-Executive Independent	-	-	2	Yes

# excludes directorship in private limited companies, alternate directorship and companies incorporated outside India

None of the Directors on the Board is a member in more than 10 committees or acts as chairman of more than 5 committees. The necessary disclosures regarding Committee memberships/chairmanships have been made by the Directors.

None of the executive and Independent Non-Executive Directors hold any shares in the Company.

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

There are no Nominee Director on the Board.

Relevant details of the Directors who are proposed to appoint in this Annual General Meeting (AGM) are provided below:

#### **Mr. Stuart Cox**

He is a Chartered Accountant by Profession having vast experience of working with manufacturing company and expertise in the matters of Financial Control, Treasury, Business accounting, Taxation and Internal Control. He has been associated with the Morgan group since long and he has worked on various positions within the Morgan group.

#### **Mr. Sadanand V. Shabde**

He is post graduate in Mechanical & Chemical Engineering from UDCT Mumbai having over 37 years of experience in the field of Manufacturing and technology. He has worked with various reputed companies at senior management level and then out of his entrepreneurship urge he started a manufacturing Company in the field of thermo plastic Compounds which has made its mark already.

He is associated with Company since 2008-09 as Independent director and since then he has been instrumental in various technical and non-technical initiatives in the Company. The Company proposes to reappoint him as an Independent Director for a term of five years from this AGM.

#### **Mr. Subhash Kolapkar**

He has served as Deputy and Joint Director in Industrial Health and Safety Department in Government of Maharashtra. He was retired from the services in June 2010. He has rich expertise in the field of Disaster Management, Chemical industries Audit and Hazard Operating Study, Risk and consequence Analysis, Preparation of emergency management plans etc.

He was appointed as Independent Director in current year and proposed to re-appoint as an Independent Director for a term of five years from this AGM.

#### **CODE OF CONDUCT :**

The Company has established code of conduct for its Board Members and Senior Management personnel. The code of conduct for the Board Members and Senior Management personnel is posted on the Company's website, [www.morganmms.com](http://www.morganmms.com). All the Board members and senior management personnel have complied with the code of conduct.

#### **SUBSIDIARY COMPANY :**

1. Mr. Sadanand Shabde, Independent Director of the Company is a Director in the subsidiary company i.e. Diamond Crucible Company Limited (DCCL).
2. The Audit Committee of the Company has reviewed the financial statements of the DCCL during the year under review.
3. The minutes of the DCCL was placed in the every Board meeting of the Company and the Board has reviewed and approved the same. The Board has also reviewed all significant transactions and arrangements entered between the Company and the DCCL.

#### **BOARD COMMITTEES :**

In compliance with the Clause 49 and other statutory requirements, the Board has constituted number of committees like Audit Committee, Nomination & Remuneration Committee, Stakeholder Relationship Committee, Risk Management Committee and Corporate Social Responsibility Committee. All committees comprise combination of executive and non-executive members for better supervision and control.

### AUDIT COMMITTEE :

The Audit Committee comprises of the following Directors :

- |   |   |                                   |
|---|---|-----------------------------------|
| 1. Mr. Sadanand Shabde                    | – | Chairman and Independent Director |
| 2. Mr. Hitesh Saiwal                      | – | Managing Director                 |
| 3. Mr. H.S. Shirsat (Upto 06-06-2013)     | – | Independent Director              |
| 4. Mr. Subhash Kolapkar (From 14-08-2013) | – | Independent Director              |

The company secretary act as the secretary of the committee.

All the Members of the Audit Committee are financially literate with some having accounting or related financial management expertise.

During the year under review, four meetings of the Committee were held on June 6, 2013, August 14, 2013, November 12, 2013 and February 10, 2014. The details of attendance of the meeting are as follows:

Name	No. of meetings held	No. of meetings attended
Sadanand Shabde	4	4
Hitesh Saiwal	4	4
H. S. Shirsat (Upto 06-06-2013)	4	1
Subhash Kolapkar (From 14-08-2013)	4	2

The Chairman of the Audit Committee will be available at the ensuing Annual General Meeting of the Company. In addition to the above, the Committee meetings were also attended by the Finance Manager and other executives of the Company as and when required.

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

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing, with the management, quarterly and annual financial statements and auditors report thereon before submission to the board for approval;
- Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- Approval or any subsequent modification of transactions of the company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- Reviewing the adequacy of internal audit function and discussion with internal auditors for any significant findings and follow up there on.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- Discussion with statutory auditors before the audit commences about nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To review the functioning of the Whistle Blower mechanism.
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

### NOMINATION AND REMUNERATION COMMITTEE :

The nomination and remuneration committee comprises of the following Directors:

- |                                       |   |                                   |
|---------------------------------------|---|-----------------------------------|
| 1. Sadanand Shabde                    | – | Chairman and Independent Director |
| 2. Stuart Cox                         | – | Director                          |
| 3. H S Shirsat (Upto 06.06.2013)      | – | Independent Director              |
| 4. Subhash Kolapkar (From 14.08.2013) | – | Independent Director              |

The Company does not have not any Remuneration Policy, however, the remuneration paid to Executive Director of the Company is based on performance and annual appraisal. During the year under review, only one meeting was held on April 10, 2013, attended by Mr. Sadanand Shabde, Mr. Stuart Cox and Mr. H S Shirsat.

**Details of Remuneration paid to Executive Director is as follows :**

The Board has appointed Mr. Hitesh Saiwal as Managing Director of the Company w.e.f.1<sup>st</sup> February, 2013 as approved by the shareholders in the Annual General Meeting held on September 25, 2013.

The details of remuneration paid to Mr. Hitesh Saiwal during the financial year 2013-14 as follows:

(Amount in Rs.)

Salary & Perquisites	3,666,624
Variable Pay	310,068
<b>Total</b>	<b>3,976,692</b>

Notes :

- The agreement with Mr. Hitesh Saiwal, Managing Director is for a period of 3 years. Further, either party is entitled to terminate the contract by giving not less than three months notice in writing to the other party.
- The Company does not have a Stock Options scheme for the Directors or its senior management.
- Non-Executive Director is not holding any shares of the Company.

Sitting fees paid to Non-executive Directors during the financial year 2013-14 are given below:

(Amount in Rs.)

<b>Independent Director</b>	<b>Sitting Fees</b>
Sadanand Shabde	80,000
H. S. Shirsat	20,000
Subhash Kolapkar	20,000

Apart from the above Non-Executive Independent Director, the Company do not pay any sitting fees or commission to other Non-executive Director of the Company and they have waived their right of getting sitting fees for attending the Board and Committee meeting.

**STAKEHOLDERS RELATIONSHIP COMMITTEE:**

As per the Companies Act, 2013, the erstwhile Investors' Grievance Committee is renamed to Stakeholders Relationship Committee effective from May 22, 2014. The Committee is set up to monitor the process of share transfer, issue of fresh Share Certificates as well as review of redressal of investors/shareholders grievances.

The committee comprises of the following Directors:

- Sadanand Shabde – Chairman and Independent Director
- Hitesh Saiwal – Managing Director
- Subhash Kolapkar – Independent Director

The Committee met six times during the year. During the year under review, the Company has not received any complaint from the shareholders of the Company.

<b>Name</b>	<b>Attended</b>
Sadanand Shabde	6
Hitesh Saiwal	5
Subhash Kolapkar	6

### **CORPORATE SOCIAL RESPONSIBILITY COMMITTEE :**

Pursuant to provisions of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014, every company having its net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more, or a net profit of rupees five crore or more during any financial year shall spend, in every financial year, at least two per cent of average net profits of the company made during the three immediately preceding financial years and constitute a Corporate Social Responsibility (CSR) committee consisting of three or more Directors out of which at least one should be independent director.

In light of the above provisions, the Board of Directors in its meeting held on May 22, 2014 has constituted the Corporate Social Responsibility (“CSR”) Committee comprises of following Directors:

- |                         |   |                                 |
|-------------------------|---|---------------------------------|
| 1. Mr. Sadananad Shabde | - | Chairman & Independent Director |
| 2. Mr. Hitesh Saiwal    | - | Managing Director               |
| 3. Mr. Stuart Cox       | - | Director                        |
| 4. Mr. Rupesh Khokle    | - | Secretary                       |

### **Role and Function of CSR Committee :**

The role and function of CSR committee shall include the following:

1. The Committee shall be overall responsible for identification, selection, approval, execution, planning, supervision, co-ordination and monitoring of various CSR projects, programmes and activities in line with CSR policy;
2. To consider and recommend various Schemes/Projects for financial assistance for approval of Board of Directors of the Company;
3. To keep updated the Board on execution of the desired CSR activities at periodical intervals and to submit the necessary reports to the Board for their consideration twice in a year;
4. To interact with the Govt. Officials, NGOs/Social Organisation for the selection of areas in line Schedule VII of the Companies Act, 2013 and finalization and implementation of Schemes; &
5. To ensure receipt of statement of expenditure duly certified by an authorized auditor of such organizations/institutions to whom CSR Fund is allocated.

### **RISK MANAGEMENT COMMITTEE :**

The Risk Management Committee of the Board comprises of following members:

- |                         |   |                                 |
|-------------------------|---|---------------------------------|
| a. Mr. Sadananad Shabde | - | Chairman & Independent Director |
| b. Mr. Hitesh Saiwal    | - | Director                        |
| c. Mr. Stuart Cox       | - | Director                        |
| d. Mr. Rupesh Khokle    | - | Secretary                       |

The responsibility of the committee includes maintaining of sound system of risk oversight, management, and internal control and to assess, manage and monitor the operational and environmental risk.

### **GENERAL BODY MEETINGS :**

The details of the General Body meetings held in the last three years are given below:

Financial Year	Venue	Type of Meeting	Date	Time	Special Resolution Passed
2010 -11	Registered Office of the Company:	AGM	September 28, 2011	11.00 AM	Yes
2011 -12	B-11,MIDC Industrial Area	AGM	August 17, 2012	11.00 AM	None
2012 -13	Waluj, Aurangabad 431136, Maharashtra, India	AGM	September 25, 2013	11.00 AM	Yes

- (a) Whether any Special Resolution passed through Postal Ballot during last year: No
- (b) Details of Voting Pattern: Not Applicable
- (c) Person who conducted the Postal Ballot exercise: Not Applicable
- (d) Whether any Special Resolution proposed to be conducted through Postal Ballot: No
- (e) Procedure for Postal Ballot: Not Applicable

### CEO/CFO CERTIFICATION:

A certificate from the Chief Financial Officer (Managing Director) & Chief Financial Officer of the Company, on the financial statements and other matters of the Company for the financial year ended March 31, 2014, was placed before the Board at its meeting held on May 22, 2014.

### DISCLOSURES:

- Details of related party transactions disclosed in detail of note no.35 to accounts annexed to the financial statements for the year. Adequate care was taken to ensure that the potential conflict of interest did not harm the interests of the Company at large. All transactions with related parties entered into by the Company were placed and reviewed by the Audit Committee and the same were entered at arms' length basis.
- There has been no instance of non-compliance by the Company on any matter related to capital markets during last three years and no penalties or strictures have been imposed on the Company by Stock Exchanges or SEBI.
- The Board has established its revised Whistle Blower Policy at its meeting held on May 22, 2014 which provides mechanism for the Directors and officers of the Company to address its concern, if any to the Company or the Audit Committee. The Whistle Blower Policy which has been published on the Company's website.
- The Company has in place a mechanism to inform the Board about the risk assessment and minimization procedures and periodical review to ensure that management controls risk through means of a properly defined framework.
- The Company has complied with all mandatory requirements laid down by the Clause 49.
- The Company may train its Board Members in the business model of the Company as well as the risk profile of the business parameters of the Company, their responsibilities as directors, and the best ways to discharge them. The Independent Directors of the Company are individuals having long years of experience, knowledge and skill

as well as being leaders in their respective fields. Similarly, the Managing Director & other Director's of the Board have long years of experience in their respective fields. The Managing Director undergo training from time to time, both internal and external *interalia*, in the business model of the Company, the risk profile of the business of the Company and responsibilities as Directors of the Company.

- g. During the year under review, the Company has followed the applicable Accounting Standard as issued by the Institute of Chartered Accountants of India as notified under the Companies Act, 1956 read with the General Circular dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India, to the extent applicable for maintaining the books of accounts of the Company.

#### MEANS OF COMMUNICATION :

During the year under review, un-audited quarterly & half-yearly results on standalone basis and audited financial results on the standalone and consolidated basis of the Company were submitted to the Bombay Stock Exchange soon after the Board meeting and were published in two leading newspapers - The Financial Express (English) & Loksatta (Marathi). These were also promptly put on the Company's website [www.morganmms.com](http://www.morganmms.com). All official news release of relevance to the investors are also made available on the website for a reasonable period of time. No presentations have been made to institutional investors or analysts.

#### GREEN INITIATIVE :

As an initiative taken by the Ministry of Corporate Affairs (MCA) "Green Initiative in the Corporate Governance", the Company is also committed to undertake the same in its business communication. During the year under review, the Company has sent the Annual Reports, intimation of dividend and other communications via e-mail to those shareholders whose e-mail address were registered with Registrar and Transfer Agent.

#### GENERAL INFORMATION FOR SHAREHOLDERS :

**a. Date, Time and Venue of 29<sup>th</sup> Annual General Meeting:**

Date & Time : September 25, 2014 at 11:00 AM

Venue : B-11, MIDC Area, Waluj, Aurangabad – 431 136, Maharashtra

**b. Tentative Financial Calendar for the year 2014-15 :**

Financial year : April 1, 2014 to March 31, 2015

First Quarter results : August 12, 2014

Half Yearly results : Second week of November, 2014

Third Quarter results : Second week of February, 2014

Results for year-end : Second week of May, 2015

**c. Date of Book Closure :**

September 19, 2014, Friday to September 25, 2014, Thursday (both days inclusive)

**d. Dividend:**

The Board of Directors in its Board meeting held on May 22, 2014 has recommended a dividend Re. 1/- per equity share for the financial year 2013-14 subject to approval of shareholders which shall be paid on or after of October 24, 2014

**e. Unclaimed Dividend Account :**

As per Section 124 of the Companies Act, 2013 any dividend amount unpaid or unclaimed for a period of seven years to be transferred to Investor Education and Protection Fund. The details of unpaid dividend given as below;

Year	Dividend per share	Date of Declaration	Due Date	Unclaimed Amount
2012 -13	Re. 1	25 /09/ 2013	24 /10/2013	64,688
2011 -12	Re. 1	17 /08/ 2012	16 /09/2012	2,029

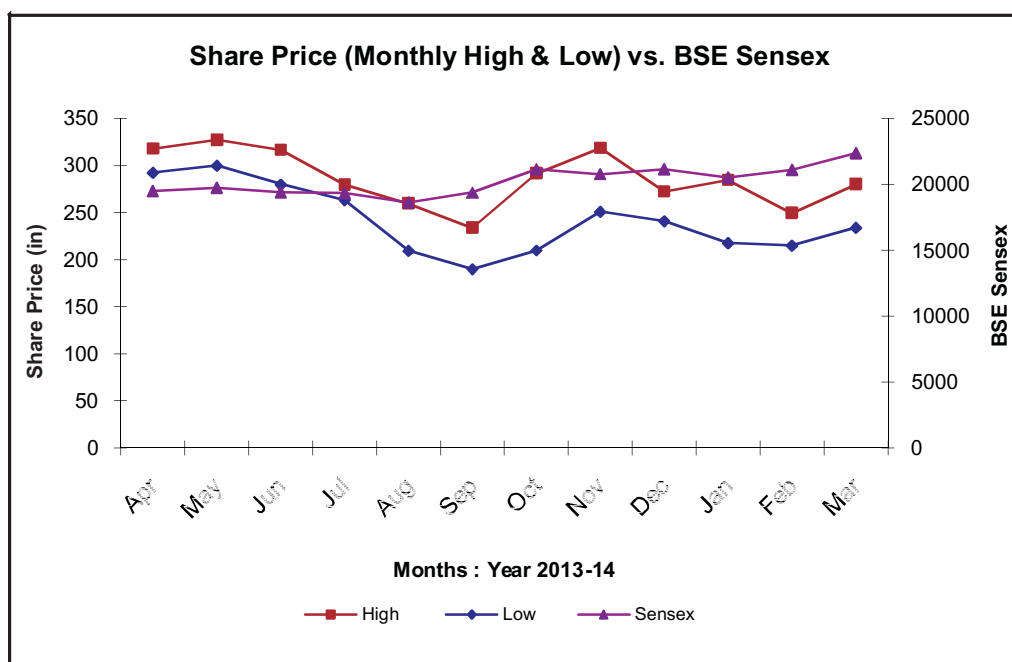
**f. Listing Details:**

Name of Stock Exchange : Bombay Stock Exchange Ltd.  
 Security Code : 523160  
 ISIN Number : INE599F01012

The annual listing fees for the year 2013-14 has been duly paid to the above stock exchange.

**g. Market Price Data:**

Month	Open	High	Low	Close
Apr - 13	306.00	318.40	292.65	315.00
May - 13	315.00	327.75	300.00	312.00
Jun - 13	300.25	316.90	280.00	280.00
Jul - 13	280.00	280.00	263.50	264.00
Aug - 13	260.00	260.00	209.50	209.50
Sep - 13	209.00	234.00	190.05	234.00
Oct - 13	245.00	292.00	209.95	290.00
Nov - 13	304.00	319.20	251.00	255.00
Dec - 13	260.00	272.80	241.00	272.00
Jan - 14	272.10	284.90	217.70	225.00
Feb - 14	219.00	249.90	215.00	239.90
Mar - 14	249.50	280.40	234.00	273.55





**h. Distribution of Shareholding as at March 31, 2014 :**

Sr. No.	Particular	No. of Shares	No. of Share Holders	% of Share Capital
1	Promoter a – Morganite Crucible Limited b – Morgan Terreassen BV	10,78,000 10,22,000		
	Total	21,00,000	2	75.00
2	Institutions	11,100	6	0.40
3	Public a – Body Corporates b – Individual c – Others	114,698 565,522 8,680	74 2,147 15	
	Total	688,900	2,175	24.60
	<b>Grand Total</b>	<b>28,00,000</b>	<b>2,244</b>	<b>100.00</b>

**i. Dematerialisation of securities :**

The Equity shares of the Company are traded compulsorily in the dematerialized segment of the Bombay Stock Exchange and are under rolling settlement. Presently, 1,283,441 Equity Shares representing 45.84% of the total Equity Capital of the Company were held in dematerialized as on March 31, 2014.

**j. Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity :**

The Company has not issued any GDRs /ADRs / Warrants or any convertible instruments.

**k. Share transfer system :**

The share transfers request received in physical form are processed by the Registrar and Transfer Agent and approved by the Share Transfer cum Investors' Grievance Committee. The share certificates are returned to the member/s within the stipulated period, subject to the documents being valid and complete in all respects. A summary of transfer/ transmission of shares of the Company so approved are placed at Board Meeting.

**l. Registered Office :**

B-11, MIDC Waluj, Aurangabad – 431 136, Maharashtra.

**m. Plant Locations :**

1. B-11, MIDC Waluj, Aurangabad – 431 136, Maharashtra.
2. K-256, MIDC Waluj, Aurangabad – 431 136, Maharashtra.

**n. Compliance Officer / Contact Person & Address for Correspondence :**

Mr. Rupesh Khokle

Company Secretary & Compliance officer

E-mail: [rupesh.khokle@morganplc.com](mailto:rupesh.khokle@morganplc.com)

Regd. Office: B-11, MIDC Waluj, Aurangabad – 431 136 (MS)

**o. Investor services**

E-mail: [rupesh.khokle@morganplc.com](mailto:rupesh.khokle@morganplc.com)

**p. Registrar & Transfer Agents**

**SHAREPRO SERVICES INDIA PVT LTD**

Samhita Warehousing Complex

13 AB, Gala No. 52, 2<sup>nd</sup> Floor,

Near Sakinaka Telephone Exchange,

Off Kurla, Andheri Road, Sakinaka,

Mumbai – 400072 Phone (022) 67720300

For and on behalf of board

Aurangabad

August 12, 2014

Hitesh Saiwal  
(Managing Director)

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

**May 21, 2014**

**I Certify that :**

- a.** I have reviewed the financial statements and the cash flow statement for the year 2013-14 and that to the best of our knowledge and belief :
- ▶ These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
  - ▶ These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b.** There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year 2013-14 which are fraudulent, illegal or violate of the Company's code of conduct.
- c.** We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware of and the steps we have taken or propose to take to rectify these deficiencies.
- d.** We have disclosed wherever applicable to the Auditors and the Audit Committee –
- ▶ Significant changes in internal control over the financial reporting during the year 2013-14.
  - ▶ Significant changes in accounting policies during the year 2013-14, if any and that the same have been disclosed in the notes to the financial statements. and
  - ▶ Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over the financial reporting.

**Hitesh Saiwal**  
*(Managing Director)*

**Atithi Majumdar**  
*(Chief Financial Officer)*

**Place: Aurangabad**

**Independent Auditors' Report  
To the Members of  
Morganite Crucible (India) Limited**

**Report on the Financial Statements**

We have audited the accompanying financial statements of Morganite Crucible (India) Limited ("the Company") which comprise the Balance Sheet as at 31 March 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13<sup>th</sup> September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2014;
- (ii) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, 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 purpose of our audit;

- b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c. the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
- d. in our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Act read with the General Circular 15/2013 dated 13<sup>th</sup> September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013; and
- e. on the basis of written representations received from the Directors as on 31 March 2014, and taken on record by the Board of Directors, none of the directors of the Company is disqualified as on 31 March 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

Mumbai  
22 May 2014

For **B S R & Co. LLP**  
*Chartered Accountants*  
**Firm Registration No: 101248W**  
**Aniruddha Godbole**  
*Partner*  
Membership No: 105149

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**Annexure to the Independent Auditors' Report – 31 March 2014**  
**(Referred to in our report of even date)**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified every year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, all fixed assets were physically verified by the management during the year and no material discrepancies were noticed on such verification.
- (c) Fixed assets disposed off during the year were not substantial and therefore do not affect the going concern assumption.
- (ii) (a) The inventory, except good-in-transit, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures for physical verification of inventory followed by management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company has maintained proper records of inventory. The discrepancies noticed on verification between physical stocks and book records were not material.
- (iii) (a) The Company has not granted or taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register required to be maintained under Section 301 of the Act. Consequently, clauses 4(iii)(a) to 4(iii)(f) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, and having regard to the explanation that purchases of certain items of inventories are for the Company's specialized requirements and, similarly, sale of certain goods, are for the buyers' specialized requirements, and suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and with regard to sale of goods. The Company does not render any services. We have not observed any major weakness in the internal control system during the course of the audit.

- (v) (a) In our opinion and according to the information and explanation given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements referred to in (a) above and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- (viii) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules prescribed by the Central Government for the maintenance of cost records under Section 209 (1) (d) of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employees' State Insurance, Investor Education and Protection Fund, Income-tax, Wealth Tax, Sales tax/ Value added tax, Service tax, Customs duty, Excise duty and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities.
- According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' State Insurance, Investor Education and Protection Fund, Income-tax, Wealth Tax, Sales tax/ Value added tax, Service tax, Customs duty, Excise duty and other material statutory dues were in arrears as at 31 March 2014 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of Income-tax, Sales tax/Value added tax, Wealth tax, Service tax, Customs duty, and Excise duty which have not been deposited with the appropriate authorities on account of any dispute.
- (x) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the current financial year and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company did not have any outstanding dues to any financial institution, banks or debenture holders during the year.
- (xii) According to the information and explanations given to us, the Company has not granted loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, and according to the information and explanations given to us, the Company is not a chit fund or a nidhi / mutual benefit fund / society.
- (xiv) According to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) The Company did not have any term loans outstanding during the period.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we are of the opinion that the funds raised on short-term basis have not been used for long-term investment.
- (xviii) In our opinion and according to the information and explanations given to us, the Company has not made any preferential allotment of shares to companies / firms / other parties covered in the register maintained under Section 301 of the Act during the year.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money by public issues during the year.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

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

Mumbai  
22 May 2014

**Aniruddha Godbole**  
Partner  
Membership No: 105149

**Balance sheet**

as at 31 March 2014

(Currency : Indian rupees)

	<i>Notes</i>	<b>31 March 2014</b>	31 March 2013
<b>Equity and liabilities</b>			
<b>Shareholders' funds</b>			
Share capital	3	28,000,000	28,000,000
Reserves and surplus	4	<u>528,214,463</u>	<u>447,261,708</u>
		<b>556,214,463</b>	475,261,708
<b>Non-current liabilities</b>			
Deferred tax liability (net)	5	<u>20,616,402</u>	<u>17,537,518</u>
		<b>20,616,402</b>	17,537,518
<b>Current liabilities</b>			
Trade payables	6	197,077,318	218,354,495
Other current liabilities	7	42,581,765	37,928,567
Short-term provisions	8	<u>5,216,615</u>	<u>6,294,138</u>
		<b>244,875,698</b>	262,577,200
		<u><b>821,706,563</b></u>	<u>755,376,426</u>
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	9	208,892,475	222,418,993
Intangible assets	9	21,925,093	27,955,326
Capital work-in-progress		1,239,975	-
Non-current investments	10	49,698,740	49,698,740
Long-term loans and advances	11	<u>74,057,689</u>	<u>48,101,942</u>
		<b>355,813,972</b>	348,175,001
<b>Current assets</b>			
Inventories	12	142,752,747	131,535,430
Trade receivables	13	134,524,442	139,822,873
Cash and bank balances	14	129,734,919	93,598,461
Short-term loans and advances	15	52,963,708	38,515,156
Other current assets	16	<u>5,916,775</u>	<u>3,729,505</u>
		<b>465,892,591</b>	407,201,425
		<u><b>821,706,563</b></u>	<u>755,376,426</u>

**Significant accounting policies**

2

The accompanying notes to financial statements 2 - 42 form an integral part of the financial statements.

As per our report of even date attached.

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

For and on behalf of the Board of Directors of  
**Morganite Crucible (India) Limited**

**Aniruddha Godbole**  
Partner  
Membership No: 105149

**Hitesh Saiwal**  
Managing Director  
Aurangabad

**Stuart Cox**  
Director  
Windsor, United Kingdom

Mumbai  
22 May 2014

Date  
22 May 2014

**Rupesh Khokle**  
Company Secretary  
Aurangabad

**Statement of profit and loss**
*for the year ended 31 March 2014*

(Currency : Indian rupees)

	<i>Notes</i>	31 March 2014	31 March 2013
<b>Income</b>			
Revenue from operations			
- Sale of Products (Gross)		<b>823,688,839</b>	837,300,502
Less: Excise duty		<b>29,985,312</b>	47,508,546
Sale of Products (Net)	17	<b>793,703,527</b>	789,791,956
- Other operating revenues	18	<b>12,031,657</b>	9,345,725
		<b>805,735,184</b>	799,137,681
Other income	19	<b>19,825,704</b>	7,399,023
		<b>825,560,888</b>	806,536,704
<b>Expenses</b>			
Cost of materials consumed	20	<b>336,830,204</b>	327,244,101
Changes in stocks of finished goods and work in progress	21	<b>(3,153,243)</b>	23,557,336
Employee benefits expense	22	<b>92,611,084</b>	85,101,364
Finance costs	23	<b>3,438,536</b>	403,226
Depreciation and amortisation expense	9	<b>46,567,407</b>	41,021,715
Other expenses	24	<b>215,311,784</b>	186,762,306
		<b>691,605,772</b>	664,090,047
<b>Profit before tax</b>		<b>133,955,116</b>	142,446,656
<b>Tax expense:</b>			
Current tax		<b>41,998,524</b>	46,523,556
Deferred tax charge / (credit)		<b>3,078,884</b>	4,902,478
Short provision of earlier years		<b>4,649,093</b>	5,500,000
<b>Profit for the year</b>		<b>84,228,615</b>	85,520,622
<b>Earnings Per Share: (face value of Rs 10 per share)</b>			
Basic (Rs.)	37	<b>30.08</b>	30.54
Diluted (Rs.)		<b>30.08</b>	30.54
<b>Significant accounting policies</b>			
	2		

The accompanying notes to the financial statements 2 - 42 form an integral part of the financial statements.

As per our report of even date attached.

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

For and on behalf of the Board of Directors of  
**Morganite Crucible (India) Limited**

**Aniruddha Godbole**  
*Partner*  
Membership No: 105149

**Hitesh Saiwal**  
*Managing Director*  
Aurangabad

**Stuart Cox**  
*Director*  
Windsor, United Kingdom

Mumbai  
22 May 2014

Date  
22 May 2014

**Rupesh Khokle**  
*Company Secretary*  
Aurangabad



**Cash flow statement**

for the year ended 31 March 2014

(Currency: Indian rupees)

	31 March 2014	31 March 2013
<b>Cash flow from operating activities</b>		
<b>Net Profit before tax</b>	<b>133,955,116</b>	142,446,656
<b>Non-cash adjustment to reconcile profit before tax to net cash flows:</b>		
Depreciation and amortisation expense	46,567,407	41,021,715
Loss on sale / write off of fixed assets	1,435,943	582,207
Excess provisions written back	-	(502,742)
Unrealised foreign exchange loss	429,877	3,358,225
Finance costs	-	403,226
Interest income	(4,765,186)	(1,624,759)
	<u>43,668,041</u>	<u>43,237,872</u>
<b>Operating cash flow before changes in working capital</b>	<u>177,623,157</u>	<u>185,684,528</u>
<b>Changes in working capital</b>		
(Increase)/Decrease in inventories	(11,217,317)	13,824,639
Decrease in trade receivables	5,298,431	3,208,920
(Increase) in short-term loans & advances	(14,448,552)	(1,632,464)
(Increase) in long-term loans & advances	(21,301,557)	(6,413,877)
(Increase) in other current assets	(2,203,980)	(1,619,939)
Increase / (Decrease) in other current liabilities	80,224	(15,123,356)
(Decrease) / Increase trade payable	(21,277,177)	19,363,767
(Decrease) / Increase short term provision	(1,077,523)	747,036
	<u>(66,147,451)</u>	<u>12,354,726</u>
<b>Cash generated from operations</b>	<u>111,475,706</u>	198,039,254
Taxes paid	(53,420,270)	(74,140,367)
<b>Net cash from operating activities (A)</b>	<u>58,055,436</u>	123,898,887
<b>Cash flow from investing activities</b>		
Purchase of fixed assets, including expenditure on capital work in progress	(23,124,685)	(30,609,428)
Proceeds from sale of fixed assets	-	34,034
Movement in fixed deposits (net)	(1,463,264)	(10,730,457)
Interest received	4,781,896	1,750,528
<b>Net cash (used in) investing activities (B)</b>	<u>(19,806,053)</u>	<u>(39,555,323)</u>
<b>Cash flow from financing activities</b>		
Finance costs paid	-	(547,782)
Dividend paid	(2,735,141)	(2,800,000)
Dividend tax paid	(475,860)	(454,230)
Repayment of External Commercial Borrowings	-	(49,230,000)
<b>Net cash (used in) financing activities (C)</b>	<u>(3,211,001)</u>	<u>(53,032,012)</u>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<u>35,038,382</u>	<u>31,311,552</u>
<b>Effect of exchange differences on cash and cash equivalents held in foreign currency</b>	(429,877)	(2,206,114)
<b>Cash and cash equivalents at the beginning of the year</b>	<u>75,130,810</u>	46,025,372
<b>Cash and cash equivalents at the end of the year (refer schedule 14)</b>	<u>109,739,315</u>	<u>75,130,810</u>

**Notes**

1 The Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard-3 ('AS') on Cash Flow Statement.

<b>2 Components of Cash and Cash Equivalents</b>	<b>31 March 2014</b>	31 March 2013	31 March 2012
Cash on hand	23,830	3,356	56,921
Cheques on hand	578,857	-	-
<b>Bank balances</b>			
- In current accounts	85,810,962	43,819,445	6,377,902
- Fixed deposits (upto 3 months maturity from deposit date)	-	-	7,841,378
- Export Earner's Foreign Currency account (EEFC)	23,325,666	31,308,009	31,749,171
<b>Total Cash and Cash Equivalents</b>	<u>109,739,315</u>	<u>75,130,810</u>	<u>46,025,372</u>

The accompanying notes to the financial statements 2 - 42 form an integral part of the financial statements.

As per our report of even date attached.

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

-  
For and on behalf of the Board of Directors  
of Morganite Crucible (India) Limited

0

**Aniruddha Godbole**  
Partner  
Membership No: 105149

**Hitesh Saiwal**  
Managing Director  
Aurangabad

**Stuart Cox**  
Director  
Windsor, United Kingdom

Mumbai  
22 May 2014

22 May 2014

**Rupesh Khokle**  
Company Secretary  
Aurangabad

**Notes to the financial statements**  
*for the year ended 31 March 2014*

**(Currency : Indian Rupees)**

**1. Background**

Morganite Crucible (India) Limited ('the Company') was incorporated on 13 January 1986 under the Companies Act, 1956 and its shares are listed on the Bombay Stock Exchange (BSE). The Company is engaged in the business of manufacturing and selling of silicon carbide and clay graphite crucibles, its accessories and die lubes.

**2. Significant accounting policies**

The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

**2.1 Basis of preparation of financial statements**

The financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting and comply with the Accounting Standards notified under the Companies Act, 1956 ('the Act') read with the General Circular dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India, to the extent applicable.

**2.2 Use of estimates**

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

**2.3 Current–non-current classification**

All assets and liabilities are classified into current and non-current

*Assets*

An asset is classified as current when it satisfies any of the following criteria :

- (a) it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;
- (b) it is held primarily for the purpose of being traded;
- (c) it is expected to be realised within 12 months after the reporting date; or
- (d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets.

All other assets are classified as non-current.

### *Liabilities*

A liability is classified as current when it satisfies any of the following criteria:

- (a) it is expected to be settled in the company's normal operating cycle;
- (b) it is held primarily for the purpose of being traded;
- (c) it is due to be settled within 12 months after the reporting date; or
- (d) the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counter party, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities.

All other liabilities are classified as non-current.

### Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. Based on the nature of operations and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as a period within 12 months for the purpose of current – non-current classification of assets and liabilities.

## **2.4 Revenue recognition**

Revenue is recognised when the property and all significant risks and rewards of ownership are transferred to the buyer and no significant uncertainty exists regarding the amount of consideration that will be derived from the sale of goods. Sales are accounted net of value added tax and trade and volume discounts, if any. Interest income is recognized using the time proportion method, based on the underlying interest rates. Dividend income is recognized when the right to receive dividend is established.

Export entitlements are recognised in the statement of profit and loss in the year of exports provided that there is no significant uncertainty regarding the entitlement to the credit and the amount thereof and when there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

## **2.5 Fixed assets and depreciation/amortisation**

### **(a) Tangible assets**

Tangible assets are carried at cost of acquisition or construction less accumulated depreciation and impairment loss, if any. Cost includes inward freight, duties, taxes (to the extent not recoverable from tax authorities) and expenses incidental to acquisition and installation of the fixed assets up to the time the assets are ready for intended use. Capital work-in-progress comprises of the cost of fixed assets that are not yet ready for their intended use at the balance sheet date. Depreciation on tangible fixed assets, except leasehold land, is provided under the straight-line method at the rates prescribed in Schedule XIV to the Act, which in the opinion of management reflects the economic useful lives of assets. Depreciation on sale of assets is provided up to the date of sale of the asset.

Assets costing up to Rupees five thousand are fully depreciated in the year of purchase. Leasehold land is amortised over the primary period of lease.

### **(b) Intangible assets**

Intangible assets comprising of Non-competition agreement, Distribution Rights and Software cost are carried at cost of acquisition less accumulated amortisation and impairment loss, if any. Non-

competition agreement is amortised over its contractual period of 5 years. Distribution Rights are amortised on a straight-line basis over a period of ten years and Software cost is amortised on a straight line basis over a period of 5 years, which in management's opinion represents the period during which economic benefits will be derived from their use.

## 2.6 *Impairment of assets*

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

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

## 2.7 *Investments*

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

## 2.8 *Employee benefits*

### (a) *Short term employee benefits:*

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

### (b) *Long term employee benefits:*

#### (i) *Defined contribution plans*

The Company has defined contribution plans for post employment benefits namely Provident Fund and Superannuation Scheme which are recognised by the income tax authorities. The Company contributes to a Government administered provident fund and superannuation fund on behalf of its employees and has no further obligation beyond making its contribution.

The Company makes contributions to state plans namely Employee's State Insurance Fund and Employee's Pension Scheme 1995 and has no further obligation beyond making the payment to them. The Company's contributions to the above funds are charged to the statement of profit and loss every year.

#### (ii) *Defined benefit plans*

##### *Post-employment benefits:*

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

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

***Other long-term employment benefits :***

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

**2.9 *Borrowing costs***

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

**2.10 *Inventories***

Inventories which comprises of raw materials, work-in-progress, finished goods, stores and spares are valued at lower of cost and net realisable value. Cost is determined under the moving average price method and includes all costs incurred in bringing the inventories to their present location and condition. Finished goods and Work-in-progress include appropriate proportion of costs of conversion. Fixed production overheads are allocated on the basis of normal capacity of production facilities. Valuation of work-in-progress is based on stage of completion. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

**2.11 *Foreign currency transactions***

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

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

**2.12 *Operating leases***

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

### **2.13 Taxes on Income**

#### *Income-tax*

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

#### *Deferred tax*

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

### **2.14 Earnings per share ('EPS')**

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

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

### **2.15 Provisions and contingencies**

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

**Notes to the financial statements (Continued)**

as at 31 March 2014

(Currency : Indian rupees)

<b>3 Share capital</b>	<b>31 March 2014</b>	<b>31 March 2013</b>
<b>Authorised capital :</b>		
5,000,000 (2013 : 5,000,000) equity shares of Rs. 10 each	<u>50,000,000</u>	<u>50,000,000</u>
<b>Issued</b>		
2,800,000 (2013: 2,800,000) equity shares of Rs 10 each, fully paid-up	<u>28,000,000</u>	<u>28,000,000</u>
<b>Subscribed and paid-up</b>		
2,800,000 (2013: 2,800,000) equity shares of Rs 10 each, fully paid-up	<u>28,000,000</u>	<u>28,000,000</u>

**Reconciliation of the number of equity shares outstanding at the beginning and at the end of the reporting year:**

	2014		2013	
	Number	Amount	Number	Amount
Number of shares outstanding at the beginning and at the end of the year	2,800,000	28,000,000	2,800,000	28,000,000

**Rights, preferences and restrictions attached to equity shares**

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

The Company has proposed dividend per share of Re. 1 (2013: Re.1) for distribution to equity shareholders.

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

**Shares held by holding company and subsidiaries of the ultimate holding company**

	31 March 2014		31 March 2013	
	Number of shares	% holding in the class	Number of shares	% holding in the class
<b>Shares of the Company held by -</b>				
Morganite Crucible Limited, subsidiary of the ultimate Holding Company.	1,078,000	38.50%	1,078,000	38.50%
Morgan Terreassen BV, subsidiary of the ultimate Holding Company.	1,022,000	36.50%	1,022,000	36.50%

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

The only shareholders holding more than 5 percent shares as on the date of the balance sheet are Morganite Crucible Limited and Morgan Terreassen BV (as disclosed above), both of which are subsidiaries of the ultimate holding company, The Morgan Advanced Materials Plc.

**4 Reserves and surplus**

**Capital reserve**

At the commencement and at the end of the year		
Central government investment subsidy under '1993 package scheme of incentives'	1,500,000	1,500,000
State government investment subsidy under '1983 package scheme of incentives'	500,000	500,000

**Securities premium account**

At the commencement and at the end of the year	35,000,000	35,000,000
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**Forfeited shares**

At the commencement and at the end of the year		
Capital profit on re-issue of forfeited shares	4,000	4,000

**Investment allowance reserve under the Income tax Act, 1961**

At the commencement and at the end of the year	405,000	405,000
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**General reserve**

At the commencement and at the end of the year	48,583,000	48,583,000
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**Surplus in the statement of profit and loss**

At the commencement of the year	361,269,708	279,024,946
Add: Profit after tax for the year	<u>84,228,615</u>	<u>85,520,622</u>
Amount available for appropriation	445,498,323	364,545,568
Less : Appropriations		
Proposed equity dividend	(2,800,000)	(2,800,000)
Corporate dividend tax	<u>(475,860)</u>	<u>(475,860)</u>
Net surplus in statement of profit and loss	<u>442,222,463</u>	<u>361,269,708</u>

**Total reserves and surplus**

	<u>528,214,463</u>	<u>447,261,708</u>
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(Currency : Indian rupees)

**31 March 2014**

31 March 2013

**5 Deferred tax liability - net**

The components of deferred tax balances are as follows :

*Deferred tax liability*

Difference between book depreciation and depreciation under the Income-tax Act, 1961	19,183,720	17,809,448
Employee benefits	1,432,682	-
<i>Deferred tax assets</i>		
Employee benefits	-	(271,930)
<b>Net deferred tax liability</b>	<b><u>20,616,402</u></b>	<b><u>17,537,518</u></b>

**6 Trade payables**

- Dues to micro, small and medium enterprises (refer note 38)	1,582,693	244,442
- Dues to others	195,494,625	218,110,053
	<b><u>197,077,318</u></b>	<b><u>218,354,495</u></b>

**7 Other current liabilities**

Unclaimed dividend	66,718	2,029
Other payables		
Advances received from customers	776,620	3,731,647
Deposits	442,000	442,000
Employee benefits payable	8,881,476	8,437,383
Statutory dues to:		
- Provident and other funds	674,848	619,038
- Others:		
Customs duty	528,113	-
Professional tax	31,075	28,775
Excise duty on closing stock of finished goods	4,624,143	5,012,672
Tax deducted at source	810,388	830,014
Creditors for capital goods	4,738,259	294,833
Expenses payable*	21,008,125	18,530,176
	<b><u>42,581,765</u></b>	<b><u>37,928,567</u></b>

\*includes operating, administrative and marketing expenses.

**8 Short-term provisions**

Provision for employee benefits:		
- Leave encashment	813,585	1,891,108
Provision for proposed dividend	2,800,000	2,800,000
Provision for proposed dividend tax	475,860	475,860
Provision for taxation:		
- Income-tax and fringe benefits tax	1,127,170	1,127,170
(Net of advance tax and tax deducted at source)		
	<b><u>5,216,615</u></b>	<b><u>6,294,138</u></b>



**Notes to the financial statements (Continued)**

as at 31 March 2014

(Currency : Indian rupees)

**9 Fixed assets**

	Tangible Assets				Intangible Assets			Total Fixed Assets				
	Land - Leasehold	Building	Plant and equipments	Vehicles	Office equipments	Furniture and fixtures	Total tangible assets		Software	Non-competition agreement	Distribution Rights	Total Intangible assets
<b>Gross Block</b>												
Balance as at 1 April 2012	1,684,375	54,559,738	358,363,948	581,072	586,029	3,395,411	419,170,573	-	2,924,924	48,720,587	51,645,511	470,816,084
Additions	-	4,726,052	19,723,386	-	990,917	126,893	25,567,248	16,345,032	-	-	16,345,032	41,912,280
Deletions / adjustments	-	-	3,064,631	-	-	-	3,064,631	-	-	-	-	3,064,631
<b>Balance as at 31st Mar 2013</b>	<b>1,684,375</b>	<b>59,285,790</b>	<b>375,022,703</b>	<b>581,072</b>	<b>1,576,946</b>	<b>3,522,304</b>	<b>441,673,190</b>	<b>16,345,032</b>	<b>2,924,924</b>	<b>48,720,587</b>	<b>67,990,543</b>	<b>509,663,733</b>
Additions	-	4,721,964	18,939,915	-	2,048,127	251,998	25,962,004	2,484,595	-	-	2,484,595	28,446,599
Deletions / adjustments	-	-	4,056,966	-	-	-	4,056,966	-	-	-	-	4,056,966
<b>Balance as at 31st Mar 2014</b>	<b>1,684,375</b>	<b>64,007,754</b>	<b>389,905,652</b>	<b>581,072</b>	<b>3,625,073</b>	<b>3,774,302</b>	<b>463,578,228</b>	<b>18,829,627</b>	<b>2,924,924</b>	<b>48,720,587</b>	<b>70,475,138</b>	<b>534,053,366</b>
<b>Depreciation</b>												
Balance as at 1 April 2012	460,985	15,504,224	171,168,802	97,882	163,450	1,163,470	188,558,813	-	2,924,924	29,232,352	32,157,276	220,716,089
Depreciation for the year	17,054	1,822,977	30,951,431	55,265	78,656	218,391	33,143,774	3,000,321	-	4,877,620	7,877,941	41,021,715
Accumulated depreciation on disposals	-	-	2,448,390	-	-	-	2,448,390	-	-	-	-	2,448,390
<b>Balance as at 31st Mar 2013</b>	<b>478,039</b>	<b>17,327,201</b>	<b>199,671,843</b>	<b>153,147</b>	<b>242,106</b>	<b>1,381,861</b>	<b>219,254,197</b>	<b>3,000,321</b>	<b>2,924,924</b>	<b>34,109,972</b>	<b>40,035,217</b>	<b>259,289,414</b>
Depreciation for the year	17,014	2,781,719	34,759,948	55,202	204,534	234,162	38,052,579	3,642,768	-	4,872,060	8,514,828	46,567,407
Accumulated depreciation on disposals	-	-	2,621,023	-	-	-	2,621,023	-	-	-	-	2,621,023
<b>Balance as at 31st Mar 2014</b>	<b>495,053</b>	<b>20,108,920</b>	<b>231,810,768</b>	<b>208,349</b>	<b>446,640</b>	<b>1,616,023</b>	<b>254,685,753</b>	<b>6,643,089</b>	<b>2,924,924</b>	<b>38,982,032</b>	<b>48,550,045</b>	<b>303,235,798</b>
<b>Net Block</b>												
As at 31 March 2013	1,206,336	41,958,589	175,350,860	427,925	1,334,840	2,140,443	222,418,993	13,344,711	-	14,610,615	27,955,326	250,374,319
As at 31 March 2014	<b>1,189,322</b>	<b>43,898,834</b>	<b>158,094,884</b>	<b>372,723</b>	<b>3,178,433</b>	<b>2,158,279</b>	<b>208,892,475</b>	<b>12,186,538</b>	<b>-</b>	<b>9,738,555</b>	<b>21,925,093</b>	<b>230,817,568</b>
<b>Capital work-in-progress</b>												
Balance as at 1 April 2012	-	-	13,369,032	-	-	-	13,369,032	-	-	-	-	13,369,032
Additions	-	-	-	-	-	-	-	-	-	-	-	-
Assets capitalised during the year	-	-	13,369,032	-	-	-	13,369,032	-	-	-	-	13,369,032
<b>Balance as at 31st Mar 2013</b>	<b>-</b>	<b>-</b>	<b>13,369,032</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,369,032</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Additions	-	-	-	-	-	-	-	-	-	-	-	-
Assets capitalised during the year	-	-	1,239,975	-	-	-	1,239,975	-	-	-	-	1,239,975
<b>Balance as at 31st Mar 2014</b>	<b>-</b>	<b>-</b>	<b>1,239,975</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,239,975</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,239,975</b>

(Currency : Indian rupees)

	31 March 2014	31 March 2013
<b>10 Non-current investments</b>		
<i>(Long term, trade, at cost, unquoted)</i>		
17,850 (2013 : 17,850) fully paid equity Shares of Diamond Crucible Company Limited of Rs.100 each.	49,698,740	49,698,740
	<u>49,698,740</u>	<u>49,698,740</u>
Aggregate amount of unquoted investments	49,698,740	49,698,740
<b>11 Long-term loans and advances</b>		
<i>(Unsecured, considered good)</i>		
Capital advances	242,550	2,361,013
Security deposits	2,033,401	1,925,400
Value Added Tax receivables	36,232,291	34,941,880
Interest receivable on VAT refund	1,853,190	-
Cenvat credit	18,049,955	-
Advance tax and tax deducted at source (Net of provision of tax)	15,646,302	8,873,649
	<u>74,057,689</u>	<u>48,101,942</u>
<b>12 Inventories</b>		
<i>(At lower of cost and net realisable value - also Refer Note 2.10)</i>		
Raw materials and packing materials (Refer note 32) [Including goods-in-transit Rs.6,108,127 (2013 : Rs.6,488,090)]	68,064,507	61,555,910
Work-in-progress (Refer note 21)	27,689,749	19,337,570
Finished goods (Refer note 21) [Including goods-in-transit Rs. 13,182,627 (2013 : Rs.6,191,357)]	38,204,455	43,403,391
Stores and spares [Including goods-in-transit Rs. Nil (2013 : Rs.Nil)]	8,794,036	7,238,559
	<u>142,752,747</u>	<u>131,535,430</u>
<b>13 Trade receivables</b>		
<i>(Unsecured, considered good)</i>		
Outstanding for a period exceeding 6 months from the date they are due for payment	3,905,862	1,290,111
Others	130,618,580	138,532,762
	<u>134,524,442</u>	<u>139,822,873</u>
<b>14 Cash and bank balances</b>		
Cash and cash equivalents		
- Cash on hand	23,830	3,356
- Cheques on hand	578,857	-
- Bank balances		
- In current accounts	85,810,962	43,819,445
- Export Earner's Foreign Currency account (EEFC)	23,325,666	31,308,009
	<u>109,739,315</u>	<u>75,130,810</u>
Other bank balances		
- Unpaid dividend accounts	66,718	2,029
- Fixed deposits with maturity more than 3 months from deposit date but less than 12 months from the balance sheet date.	19,928,886	18,465,622
	<u>129,734,919</u>	<u>93,598,461</u>
<b>Details of bank balances / deposits</b>		
Bank balances available on demand/deposits with original maturity of 3 months or less included under 'Cash and cash equivalents	109,136,628	75,127,454
Bank deposits due to mature within 12 months of reporting date included under 'Other bank balances	19,995,604	18,467,651
	<u>129,132,232</u>	<u>93,595,105</u>

(Currency : Indian rupees)

31 March 2014

31 March 2013

**15 Short-term loans and advances**
*(Unsecured, considered good)*
*To parties other than related parties*

Advance to suppliers	8,949,759	3,847,903
Prepaid expenses	3,748,696	3,058,780
Cenvat credit	34,608,000	29,699,003
Gratuity fund with Life Insurance Corporation of India (refer note 33)	5,229,310	1,052,981
Loans to employees	427,943	704,610
Other advances	-	151,879
	<u>52,963,708</u>	<u>38,515,156</u>

**16 Other current assets**

Interest receivable on fixed deposits with banks	738,261	754,971
Duty drawback receivable	4,962,333	2,698,480
Insurance claim receivable	216,181	276,054
	<u>5,916,775</u>	<u>3,729,505</u>

**17 Sale of manufactured products (net)**

Crucibles	781,015,257	782,356,196
Die-Lube	12,688,270	7,435,760
	<u>793,703,527</u>	<u>789,791,956</u>

**18 Other operating revenues**

Sale of scrap	1,279,396	1,687,841
Duty drawback on exports	10,752,261	7,657,884
	<u>12,031,657</u>	<u>9,345,725</u>

**19 Other income**

Interest income on:		
- Fixed deposits	4,765,186	1,624,759
- VAT Refund	1,853,190	-
- Delayed payment by customers	703,137	906,643
Excess provisions written back	-	502,742
Gain from foreign exchange rate fluctuations (net)	11,855,940	3,661,041
Commission on sales	-	703,838
Miscellaneous income	648,251	-
	<u>19,825,704</u>	<u>7,399,023</u>

**20 Cost of materials consumed**

Raw and packing materials consumed		
Raw material Consumed	308,302,664	296,884,456
Packing materials consumed	28,527,540	30,359,645
(refer note 32)	<u>336,830,204</u>	<u>327,244,101</u>

(Currency : Indian rupees)

	31 March 2014	31 March 2013
<b>21 Changes in stocks of finished goods and work in progress</b>		
Inventory at the end of the year		
Closing stock - Finished goods	38,204,455	43,403,391
Closing stock - Work in progress	27,689,749	19,337,570
Inventory at the beginning of the year		
Opening stock - Finished goods	43,403,391	61,831,584
Opening stock - Work in progress	19,337,570	24,466,713
	<u>(3,153,243)</u>	<u>23,557,336</u>
<b>Note:</b>		
<b>Break-up of Inventory of finished goods and work in progress</b>	<b>As at</b>	<b>As at</b>
	<b>31 March 2014</b>	<b>31 March 2013</b>
<b>a.Finished goods-</b>		
Crucible	38,204,455	43,270,578
Die Lube	-	132,813
<b>Total</b>	<u>38,204,455</u>	<u>43,403,391</u>
<b>b.Work in progress-</b>		
Crucible	27,689,749	18,734,247
Die Lube	-	603,323
<b>Total</b>	<u>27,689,749</u>	<u>19,337,570</u>
<b>22 Employee benefits expense</b>		
Salaries, wages and bonus	83,376,368	72,518,538
Contribution to provident and other funds	4,964,801	4,775,021
Gratuity	-	2,563,359
Staff welfare expenses	4,269,915	5,244,446
	<u>92,611,084</u>	<u>85,101,364</u>
<b>23 Finance costs</b>		
Interest expense on External commercial borrowings	-	403,226
Interest expense on VAT assessments	3,438,536	-
	<u>3,438,536</u>	<u>403,226</u>
<b>24 Other expenses</b>		
Consumption of stores and spares	6,431,088	6,169,355
Decrease in excise duty on inventory of finished goods	(388,529)	(2,322,508)
Power and fuel	81,964,143	72,787,121
Repairs to buildings	1,841,307	221,579
Repairs to machinery	13,513,429	13,372,347
Repairs others	3,613,960	3,508,562
Rent	786,422	1,299,650
Rates and taxes	6,670,166	3,949,332
Travelling and motor car expenses	9,731,686	8,354,724
Legal and professional fees	3,737,860	3,659,647
Insurance	1,446,698	2,144,038
Payment to Auditor (refer note 26)	1,517,340	1,546,551
Sales commission	3,865,717	2,946,406
Directors' sitting fees	120,000	140,000
Royalty / Trade mark charge	5,048,638	7,235,990
Management charges	40,983,691	30,273,888
No claim compensation	1,015,042	1,643,998
Promotional expenses	1,020,990	3,027,000
SAP training and maintenance expenses	2,104,865	3,271,373
Loss on sale / retirement of fixed assets	1,435,943	582,207
Freight, insurance and other charges	12,395,667	12,556,592
Bank charges	1,161,036	929,782
Watch and ward	3,106,265	2,185,760
Miscellaneous expenses	12,188,360	7,278,912
	<u>215,311,784</u>	<u>186,762,306</u>

## 25 Contingent liabilities and commitments

<b>Contingent Liabilities:</b>	<b>31 March 2014</b>	31 March 2013
<b>a.</b> Bonds in favour of the President of India endorsed through Deputy Commissioner of Customs for import of goods.	<b>10,000,000</b>	10,000,000
<b>b.</b> Claims by employees towards unfair labour practices under Section 28 read with items 1(a), (b), (c), 2 (b), 3, 4(a), (e) and (f) of Schedule II and items 5, 6, 9 and 10 of Schedule IV of the Maharashtra Recognition of Trade Unions and Prevention of Unfair Labour Practices Act, 1971 for which amounts are not ascertainable.	-	-
<b>c.</b> Disputed employees' state insurance demand aggregating Rs.52,498 (2013: Rs.52,498) against which the Company has preferred appeals.	<b>52,498</b>	52,498
<b>Commitments:</b>		
<b>a.</b> Estimated amount of contracts remaining to be executed on capital account and not provided for	<b>558,701</b>	3,791,851

## 26 Payment to auditors (excluding service tax)

<b>Particulars</b>		
<b>As auditor</b>		
Statutory Audit	<b>425,000</b>	425,000
Tax Audit	<b>100,000</b>	100,000
Limited review of quarterly results	<b>600,000</b>	600,000
Certification fees	<b>50,000</b>	50,000
<b>In other capacity</b>		
Audit of Group Reporting Package	<b>300,000</b>	300,000
<b>Reimbursement of expenses</b>	<b>42,340</b>	71,551
	<b><u>1,517,340</u></b>	<b><u>1,546,551</u></b>

## 27 C.I.F. value of imports

<b>Particulars</b>		
Raw materials	<b>138,273,310</b>	129,926,529
	<b><u>138,273,310</u></b>	<b><u>129,926,529</u></b>

## 28 Expenditure in foreign currency

<b>Particulars</b>		
Royalty / Trade mark charge	<b>5,048,638</b>	7,235,990
Professional and consultancy fees	<b>237,094</b>	190,740
Interest expense on External commercial borrowings	-	403,226
<b>Others :</b>		
Management charges	<b>40,983,691</b>	30,273,888
Commission	<b>2,206,653</b>	1,519,937
Travelling	<b>597,098</b>	629,618
Repairs to machinery	<b>81,809</b>	-
<b>Total</b>	<b><u>49,154,983</u></b>	<b><u>40,253,399</u></b>

(Currency : Indian rupees)

	31 March 2014	31 March 2013
<b>29 Earnings in foreign currency</b>		
<b>Particulars</b>		
Export of goods	526,941,281	529,879,838
	<u>526,941,281</u>	<u>529,879,838</u>

**30 Imported and indigenous raw material and packing material consumed**

Particulars	31 March 2014		31 March 2013	
	Value	% of total consumption	Value	% of total consumption
Imported	152,711,343	45%	129,346,662	40%
Indigenous	184,118,861	55%	197,897,439	60%
<b>Total</b>	<u>336,830,204</u>	<u>100%</u>	<u>327,244,101</u>	<u>100%</u>

**31 Imported and indigenous stores and spares consumed**

Particulars	31 March 2014		31 March 2013	
	Value	% of total consumption	Value	% of total consumption
Imported	-	0%	-	0%
Indigenous	6,431,088	100%	6,169,355	100%
<b>Total</b>	<u>6,431,088</u>	<u>100%</u>	<u>6,169,355</u>	<u>100%</u>

**32 Break up of cost of materials consumed\*\***

Particulars	31 March 2014	31 March 2013
Silicon carbide	80,531,352	90,345,634
Graphite	96,500,463	89,858,891
Resin	38,251,976	38,931,572
Others	121,546,413	108,108,004
<b>Total</b>	<u>336,830,204</u>	<u>327,244,101</u>

\*\* The consumption includes adjustments for raw materials write-off, shortage / excess, etc.

**Break up of inventory of raw materials**

Particulars		
Silicon carbide	4,619,903	3,027,334
Graphite	29,749,697	21,501,106
Resin	2,760,572	3,531,957
Others	30,934,335	33,495,513
<b>Total</b>	<u>68,064,507</u>	<u>61,555,910</u>

(Currency : Indian rupees)

### 33 Employee benefits – Post employment benefit plans

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

#### Defined contributions plans

The Company makes contributions, determined as specified percentage of employee salaries, in respect of qualifying employees towards Provident Fund and Superannuation Scheme, which is a defined contribution plan. The Company has no obligations other than to make the specified contributions. The contributions are charged to the statement of profit and loss as they accrue. The amount as an expense towards contribution to Provident Fund and Superannuation Scheme for the year aggregated to Rs. 4,964,801 (2013: Rs. 4,775,021).

#### Defined benefit plans

##### Leave encashment

Amount of Rs. 835,756 (2013: Rs. 2,766,334) is recognised as an expense and included in “Employee costs” in the statement of profit and loss.

##### Gratuity

The Company operates post employment defined benefit plans that provide gratuity benefit. The gratuity plan entitles an employee, who has rendered at least five years of continuous service, to receive 15 days salary for each year of completed service at the time of retirement / exit. The scheme is funded by plan assets.

The following table summarises the position of assets and obligations relating to the plan.

Particulars	31 March 2014	31 March 2013
Fair value of plan assets	16,525,719	11,970,033
Present value of obligation	(11,296,409)	(10,917,052)
Net asset recognised in balance sheet	5,229,310	1,052,981

#### Classification into current / non-current

The asset / (liability) in respect of the gratuity plan comprises of the following non-current and current portions

Particulars	Non-Current		Current	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
Gratuity	-	-	5,229,310	1,052,981
<b>Total</b>	<b>-</b>	<b>-</b>	<b>5,229,310</b>	<b>1,052,981</b>

#### Composition of plan assets

Particulars	31 March 2014	31 March 2013
Insurer Managed Funds	16,525,719	11,970,033

#### Movement in present values of defined benefit obligations

Particulars	31 March 2014	31 March 2013
Defined benefit obligation at 1 April 2013	10,917,052	7,988,192
Interest cost	900,657	698,967
Current service cost	1,036,027	780,241
Benefits paid	(431,712)	(478,186)
Actuarial (gain)/loss on obligations	(1,125,615)	1,927,838
Present value of obligation as at 31 March 2014	11,296,409	10,917,052

(Currency : Indian rupees)

<b>Movement in fair value of plan assets</b>	<b>31 March 2014</b>	31 March 2013
Fair value of plan assets at 1 April 2013	<b>11,970,033</b>	8,133,635
Expected return on plan assets	<b>1,041,393</b>	699,493
Actuarial gain on plan assets	<b>106,920</b>	144,194
Contributions	<b>3,839,085</b>	3,470,897
Benefits paid	<b>(431,712)</b>	(478,186)
Fair value of plan assets as at 31 March 2014	<b>16,525,719</b>	11,970,033

**Expense recognized in the statement of Profit and Loss**
**Particulars**

Current service cost	<b>1,036,027</b>	780,241
Interest cost	<b>900,657</b>	698,967
Expected return on plan assets	<b>(1,041,393)</b>	(699,493)
Net actuarial (gain)/loss recognised in the year	<b>(1,232,535)</b>	1,783,644
Total included in '(miscellaneous income)' / 'employee benefits expense'	<b>(337,244)</b>	2,563,359

**Actual return on plan assets**
**Particulars**

Expected return on plan assets	<b>1,041,393</b>	699,493
Actuarial gains on plan assets	<b>106,920</b>	144,194
Actual return on plan assets	<b>1,148,313</b>	843,687

**Principal actuarial assumptions**

The following are the principal actuarial assumptions for leave encashment and gratuity at the reporting date (expressed as weighted averages):

<b>Actuarial assumptions</b>	<b>31 March 2014</b>	31 March 2013
Discount rate as at 31 March	<b>9.31%</b>	8.25%
Salary escalation	<b>7.00%</b>	7.00%
Rate of return on plan assets	<b>8.70%</b>	8.70%
Attrition rate	<b>2.00%</b>	2.00%

- Gratuity is payable to all eligible employees of the Company on superannuation, death, and permanent disablement, in terms of the provisions of the Payment of Gratuity Act, 1972.
- The discount rate is based on the prevailing market yields Indian Government securities as at the balance sheet date for the estimated term of the obligations.
- Estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.
- The Company's gratuity fund is managed by Life Insurance Corporation of India. The plan assets under the fund are invested under approved securities.

**Five year information**

The amounts for the current and the previous four periods are as follows

<b>Particulars</b>	<b>2014</b>	2013	2012	2011	2010
Defined benefit obligation	<b>11,296,409</b>	10,917,052	7,988,192	7,852,135	5,731,795
Fair value of plan assets	<b>16,525,719</b>	11,970,033	8,133,635	7,154,408	5,939,630
(Surplus)/deficit in the plan	<b>(5,229,310)</b>	(1,052,981)	(145,443)	697,727	(207,835)
Experience adjustment on plan liabilities	<b>233,102</b>	1,337,063	(237,462)	(1,588,480)	(400,046)
Experience adjustment on plan assets	<b>(106,920)</b>	(144,194)	(85,251)	(34,584)	(3,784)



**Morganite Crucible (India) Limited**

Notes to financial statements for the year ended 31 March 2014 (Continued)

(Currency: Indian Rupees)

**34. Segment reporting**

**a) Business Segments:**

The Company recognizes its sale of crucibles activity as its only primary business segment since its operations predominantly consist of manufacture and sale of crucibles to its customers. Accordingly, income from sale of crucibles comprises the primary basis of segmental information set out in these financial statements.

**b) Geographical segments:**

Geographical segment will be the secondary segment for the purpose of AS-17 (Segment reporting). Geographical revenues are allocated based on the location of customers to whom goods are sold.

Particulars	2014				2013							
	India	Outside India			India	Outside India			Total			
		Asia and Far East	Europe	Africa and Middle East		Other	Asia and Far East	Europe		Africa and Middle East	Other	
Revenue from external customers	235,136,554	135,599,195	199,507,470	148,421,128	75,039,180	793,703,527	267,920,790	136,562,233	189,676,226	127,204,397	68,428,310	789,791,956
Carrying amount of segment assets (Trade receivables only)	53,411,413	16,738,224	36,332,597	19,537,765	8,504,443	134,524,442	52,677,351	18,920,954	38,174,103	12,650,740	17,399,725	139,822,873
Addition to fixed assets during the year	28,446,599	-	-	-	-	28,446,599	41,912,280	-	-	-	-	41,912,280

**35 Related party disclosures**

**A. Names of related parties**

**a. Parties (where controls exists)**

Morgan Advanced Materials Plc (formerly known as The Morgan Crucible Company Plc UK) - Ultimate Holding Company

**b. Investing Associates**

Morganite Crucible Limited (holds 38.50% of issues, subscribed and paid up capital)

Morgan Terreassen BV (holds 36.50% of issues, subscribed and paid up capital)

**c. Other related parties with whom transactions have taken place during the year**

i. Subsidiary company

Diamond Crucible Company Limited

ii. Fellow subsidiary companies

Morganite Crucible Inc., USA  
 Morgan Molten Metal System GMBH Germany  
 Morgan Molten Metal System (Suzhou) Co Ltd., China  
 Morgan Karbon Grafit Sanayi Turkey  
 Thermal Ceramics UK  
 Murugappa Morganite Thermal Ceramics Ltd.  
 Thermal Ceramics South Africa

**d. Key Management Person**

Mr. Hitesh Saiwal – Managing Director

Morganite Crucible (India) Limited

Notes to financial statements for the year ended 31 March 2014 (Continued)

(Currency: Indian Rupees)

**35. Related party disclosures**

Related party transactions for the year ended 31 March 2014

Particulars	Ultimate Holding Company	Investing Associates		Subsidiary	Fellow Subsidiaries						Key Management Personnel		
		Morganite Crucible Limited	Morgan Terrassen BV		Morganite Crucible Inc., USA	Morgan Molten Metal Sys GMBH Germany	Morgan Molten Metal System (Suzhou) Co Ltd., China	Morgan Karbon Grafit Sanayi Turkey	Thermal Ceramics UK	Murugappa Morganite Thermal Ceramics Ltd. India		Thermal Ceramics South Africa	
<b>Income</b>													
Sale of finished goods	Morgan Advanced Materials Plc	-	-	978,225	78,347,260	508,513	1,023,320	-	-	-	-	-	-
Reimbursement of various expenses		-	-	399,662	10,797,531	-	-	-	-	-	-	-	-
<b>Expenditure</b>													
Purchase of raw materials (including goods in		-	-	6,547,217	16,386	-	-	-	-	-	-	-	-
Purchased of spares / consumables		-	-	-	-	-	-	-	-	-	-	-	-
Capital Goods purchase		-	-	280,500	-	-	-	-	-	-	-	-	-
Management charges	40,983,691	-	-	-	-	-	-	-	-	-	-	-	-
Royalty	5,048,638	-	-	-	-	-	-	-	-	-	-	-	-
Interest on External Commercial Borrowings		-	-	-	-	-	-	-	-	-	-	-	-
Managerial remuneration		-	-	-	-	-	-	-	-	-	-	-	3,976,692
<b>Others</b>													
Dividend paid		-	-	-	-	-	-	-	-	-	-	-	-
Repayment of External Commercial Borrowings		-	1,078,000	-	-	-	-	-	-	-	-	-	-
<b>Outstanding Balances as at 31 March 2014</b>													
Receivables		-	-	663,175	17,054,830	30,328	682,453	-	-	-	-	-	-
Payables		162,506,415	-	1,559,201	-	-	-	-	-	-	-	-	17,392,215

Morganite Crucible (India) Limited

Notes to financial statements for the year ended 31 March 2014 (Continued)

(Currency: Indian Rupees)

**35. Related party disclosures**

Related party transactions for the year ended 31 March 2013

Particulars	Ultimate Holding Company	Investing Associates		Subsidiary	Fellow Subsidiaries						Key Management Personnel		
		Morganite Crucible Limited	Morgan Terrassen BV		Morganite Crucible Inc., USA	Morgan Molten Metal Sys GMBH Germany	Morgan Molten Metal System (Suzhou) Co Ltd., China	Morgan Karbon Grafit Sanayi Turkey	Thermal Ceramics UK	Murugappa Morganite Thermal Ceramics Ltd. India		Thermal Ceramics South Africa	
<b>Income</b>													
Sale of finished goods	-	-	-	Diamond Crucible Company Limited	53,069,531	68,549,975	1,701,012	1,810,367	-	-	-	57,414,742	-
<b>Expenditure</b>													
Purchase of raw materials (including goods in	-	-	-	Diamond Crucible Company Limited	-	-	-	-	-	-	-	-	-
Purchased of spares / consumables	-	-	-	Morganite Crucible Limited	-	189,232	-	-	763,458	-	-	-	-
Capital Goods purchase	-	-	-	Morganite Crucible Limited	-	-	-	-	-	-	-	-	-
Management charges	30,273,888	-	-	Morganite Crucible Limited	-	-	-	-	-	-	-	-	-
Royalty	7,235,990	-	-	Morganite Crucible Limited	-	-	-	-	-	-	-	-	-
Interest on external commercial borrowings	-	403,226	-	Morganite Crucible Limited	-	-	-	-	-	-	-	-	-
Managerial remuneration	-	-	-	Morganite Crucible Limited	-	-	-	-	-	-	-	-	3,850,802
<b>Other</b>													
Dividend paid	-	1,078,000	-	Morgan Terrassen BV	-	-	-	-	-	-	-	-	-
Repayment of external commercial borrowings	-	49,230,000	-	Morgan Terrassen BV	-	-	-	-	-	-	-	-	-
<b>Outstanding Balances as at 31 March 2013</b>													
Receivables	-	-	-	Diamond Crucible Company Limited	3,482,993	14,513,727	262,941	-	-	-	-	12,298,239	-
Payables	128,502,230	28,122,726	-	Diamond Crucible Company Limited	-	-	-	-	-	-	-	-	-

Notes to financial statements for the year ended 31 March 2014

(Currency: Indian Rupees)

### 36 Operating lease as lessee

The Company has entered into leases for cars for a period of 3 years. Total lease payments for non-cancellable leases recognised in the books for the year is Rs. 786,422 (2013 : Rs. 1,299,650)

Non-cancellable operating lease rentals payable (minimum lease payments) under the lease are as follows :

Particulars	31 March 2014	31 March 2013
Payable within one year	649,196	645,708
Payable between one and five year	2,966,467	-
Payable after five years	-	-

### 37 Earnings per share

Particulars	31 March 2014	31 March 2013
Net profit after tax attributable to equity shareholders	84,228,615	85,520,622
Weighted average number of shares outstanding during the year (Nos.)	2,800,000	2,800,000
Earnings Per Share (Basic and Diluted)	30.08	30.54
Nominal value of an equity share	10	10

### 38 Dues to Micro and Small Enterprises

Under Micro, Small, and Medium Enterprises Development Act, 2006 (MSMED) which came in to force from 2 October, 2006, certain disclosures are required to be made relating to micro and small enterprises. On the basis of the information and records available with the management, the following disclosures are made for the amounts due to the Micro, small and medium enterprises:

Particulars	31 March 2014	31 March 2013
Amnts remaining unpaid to micro and small suppliers as at the end of the year		
- Principal	1,559,201	212,640
- Interest	23,492	31,802
The amount of interest paid by the buyer as per the Micro, Small and Medium Enterprise Development Act, 2006 (MSMED Act, 2006)	-	-
The amounts of payments made to micro and small suppliers beyond the appointed day during each accounting year	4,147,244	2,072,063
Amounts of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	23,492	31,802
The amounts of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006	55,294	31,802

On the basis of information and records available with the Company, the above disclosures are made in respect of amounts due to the micro, small and medium enterprises, who have registered with the relevant competent authorities. This has been relied upon by the auditors.

### 39 Unhedged foreign currency exposures

The Company has entered into derivative contracts to hedge its risk associated with foreign currency fluctuations. However, none of these contracts can be co-related on one to one basis against the underlying exposure. As at the year end, the Company has outstanding foreign exchange forward contracts of GBP 210,000, EURO 150,000 and USD Nil (2013: GBP Nil), (2013: EURO 900,000), (2013: USD 900,000) equivalent to Rs.33,932,436 (2013: Rs. 111,501,000). The Company has revalued these forward contracts as at the year end by marking the same to market and recognised a loss of Rs.NIL (2013: Nil) by debiting the statement of profit and loss in compliance with the announcement dated 29 March 2008 made by the Institute of Chartered Accountants of India ('ICAI') regarding accounting for derivatives.

Particulars	Foreign Currency Denomination	Foreign Currency Amount	Amount (Rs.)
Assets (Trade Receivables)	EURO	<b>318,426</b> (380,486)	<b>26,308,383</b> (27,052,314)
	GBP	<b>420,243</b> (452,504)	<b>41,969,672</b> (37,938,098)
	USD	<b>214,023</b> (402,264)	<b>12,834,974</b> (21,623,086)
Short term loans and advances	GBP	- (1,575)	- (133,050)
	USD	- (7,364)	- (398,975)
Liabilities (Trade Payables)	EURO	<b>20,900</b> (180,280)	<b>1,733,864</b> (12,952,132)
	GBP	<b>77</b> (371,911)	<b>7,753</b> (30,337,372)
	USD	<b>97,840</b> (180,697)	<b>5,910,514</b> (9,849,873)
Other current liabilities	EURO	<b>18,254</b> (30,114)	<b>1,514,350</b> (2,117,976)
	GBP	- (1,798)	- (152,846)
	USD	<b>38,991</b> (37,502)	<b>2,355,437</b> (2,854,515)

Figures in brackets represent figures for the previous year

#### 40 Details of Dividend remitted during the year, to two ( 2013: two ) non-resident shareholders are as follows:

Dividend in respect of year ended	No. of shares	2014 (Rs.)	2013 (Rs.)
31 March 2013	2,100,000	<b>2,100,000</b>	-
31 March 2012	2,100,000	-	2,100,000

#### 41 Transfer Pricing

The Company has developed a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under section 92-92F of the Income Tax Act, 1961. The management is of the opinion that its international transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

The Domestic Transfer Pricing Regulations as prescribed under section 92BA of the Income Tax Act, 1961 was introduced from April 1, 2012. The Company has been consistently transacting with related parties on an Arm's Length basis in accordance with Group Transfer Pricing Policy. The Company is of the opinion that there will be no significant changes to Arm's length price under determination in order to comply with the requirement of section 92BA of Income Tax Act. Hence, there will no material impact on the financial statements.

#### 42 Previous year comparatives

Previous year figures have been regrouped/reclassified to confirm to current year presentation.

As per our report of even date attached

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

**Aniruddha Godbole**  
Partner  
Membership No: 105149

Mumbai  
22 May 2014

**For and on behalf of the Board of Directors  
of Morganite Crucible (India) Limited**

**Hitesh Saiwal**  
Managing Director  
Aurangabad

Aurangabad  
22 May 2014

**Stuart Cox**  
Director  
Windsor, United Kingdom

**Rupesh Khokle**  
Company Secretary  
Aurangabad

**Independent Auditors' Report**  
**To the Board of Directors of Morganite Crucible (India) Limited**

**Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Morganite Crucible (India) Limited ('the Company') and its subsidiary (refer note 1 to consolidated financial statements annexed hereto) (collectively referred to as the 'Group'), which comprise of the consolidated balance sheet as at 31 March 2014, the consolidated statement of profit and loss and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

The consolidated financial statements have been prepared by the Group in accordance with the requirements of Accounting Standard (AS 21) on Consolidated Financial Statements as prescribed by the Companies (Accounting Standard's) Rules, 2006 issued by the Central Government, in consultation with the National Advisory Committee on Accounting Standards.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the accompanying consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- i. in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31 March 2014;
- ii. in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
- iii. in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

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

Mumbai  
22 May 2014

**Aniruddha Godbole**  
*Partner*  
Membership No: 105149

**Consolidated Balance sheet**

as at 31 March 2014

(Currency : Indian rupees)

	<i>Notes</i>	<b>2014</b>	2013
<b>Equity and liabilities</b>			
<b>Shareholders' funds</b>			
Share capital	3	<b>28,000,000</b>	28,000,000
Reserves and surplus	4	<b>564,685,825</b>	483,511,508
		<b>592,685,825</b>	511,511,508
<b>Minority interest</b>		<b>64,257,729</b>	61,393,251
<b>Non-current liabilities</b>			
Deferred tax liability (net)	5	<b>23,251,239</b>	16,700,799
Long term provisions	6	<b>1,353,381</b>	951,153
		<b>24,604,620</b>	17,651,952
<b>Current liabilities</b>			
Trade payables	7	<b>252,856,284</b>	266,816,541
Other current liabilities	8	<b>52,928,539</b>	49,454,606
Short-term provisions	9	<b>5,318,387</b>	7,988,753
		<b>311,103,210</b>	324,259,900
		<b>992,651,384</b>	914,816,611
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	10	<b>269,248,307</b>	244,177,241
Intangible assets	10	<b>41,218,348</b>	50,004,760
Capital work-in-progress		<b>1,361,775</b>	-
Non-current investments	11	-	60,200
Long-term loans and advances	12	<b>83,458,757</b>	63,455,315
Other non-current assets	13	<b>1,257,574</b>	14,909,361
		<b>396,544,761</b>	372,606,877
<b>Current assets</b>			
Inventories	14	<b>182,533,204</b>	183,234,261
Trade receivables	15	<b>167,631,368</b>	169,289,505
Cash and bank balances	16	<b>176,800,723</b>	142,349,121
Short-term loans and advances	17	<b>61,192,909</b>	42,092,097
Other current assets	18	<b>7,948,419</b>	5,244,750
		<b>596,106,623</b>	542,209,734
		<b>992,651,384</b>	914,816,611
<b>Significant accounting policies</b>	2		

The accompanying notes 2 - 38 form an integral part of this consolidated balance sheet.

As per our report of even date attached.

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

For and on behalf of the Board of Directors of  
**Morganite Crucible (India) Limited**

**Aniruddha Godbole**  
Partner  
Membership No: 105149

**Hitesh Saiwal**  
Managing Director  
Aurangabad

**Stuart Cox**  
Director  
Windsor, United Kingdom

Mumbai  
22 May 2014

Date  
22 May 2014

**Rupesh Khokle**  
Company Secretary  
Aurangabad

**Consolidated statement of profit and loss**

for the year ended 31 March 2014

(Currency : Indian rupees)

	<i>Notes</i>	2014	2013
<b>Income</b>			
Revenue from operations			
- Sale of Products (Gross)		1,046,229,246	1,058,924,530
Less: Excise duty		49,518,339	68,203,213
Sale of Products (Net)	19	<u>996,710,907</u>	990,721,317
- Other operating revenues	20	<u>13,182,943</u>	9,624,144
		<u>1,009,893,850</u>	1,000,345,461
Other income	21	23,214,631	13,306,044
		<u><u>1,033,108,481</u></u>	<u><u>1,013,651,505</u></u>
<b>Expenses</b>			
Cost of materials consumed	22	423,108,487	435,067,603
Changes in stocks of finished goods and work in progress	23	15,916,338	4,856,475
Employee benefits expense	24	117,580,902	107,233,633
Finance costs	25	3,438,536	403,226
Depreciation and amortisation expense	10	55,917,907	46,932,868
Other expenses	26	274,472,820	236,995,197
		<u><u>890,434,990</u></u>	<u><u>831,489,002</u></u>
<b>Profit before tax</b>		142,673,491	182,162,503
<b>Tax expense:</b>			
Current tax		44,541,524	61,023,557
Deferred tax charge		2,696,664	4,869,483
Short provision of earlier years		8,120,648	7,091,900
		<u>87,314,655</u>	109,177,563
<b>Profit for the year before minority interest</b>		<u>2,864,478</u>	12,942,428
Less: Minority interest for the year			
<b>Profit for the year</b>		<u><u>84,450,177</u></u>	<u><u>96,235,135</u></u>
<b>Earnings Per Share: (face value of Rs 10 per share)</b>			
Basic (Rs.)	34	<u>30.16</u>	<u>34.37</u>
Diluted (Rs.)		<u>30.16</u>	<u>34.37</u>
<b>Significant accounting policies</b>			
	2		

The accompanying notes 2 - 38 form an integral part of this consolidated statement of profit and loss.

As per our report of even date attached.

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

For and on behalf of the Board of Directors of  
**Morganite Crucible (India) Limited**

**Aniruddha Godbole**  
Partner  
Membership No: 105149

**Hitesh Saiwal**  
Managing Director  
Aurangabad

**Stuart Cox**  
Director  
Windsor, United Kingdom

Mumbai  
22 May 2014

Date  
22 May 2014

**Rupesh Khokle**  
Company Secretary  
Aurangabad



**Consolidated cash flow statement**

for the year ended 31 March 2014

(Currency : Indian rupees)

	2014	2013
<b>A Cash flow from operating activities</b>		
Profit before tax	142,673,491	182,162,503
<b>Adjustments for:</b>		
Depreciation and amortisation expense	55,921,562	46,932,868
Loss on sale / write off of fixed assets - net	1,299,452	486,807
Excess provisions written back	-	(502,742)
Interest income	(7,736,867)	(7,219,148)
Finance costs	-	403,226
Provision for doubtful advances	1,020,000	-
Unrealised foreign exchange loss	608,545	1,133,138
<b>Operating profit before working capital changes</b>	<u>193,786,183</u>	<u>223,396,652</u>
<b>Changes in working capital</b>		
(Increase)/Decrease in inventories	701,057	(5,973,264)
Decrease in trade receivables	(132,080)	3,134,014
(Increase) in short-term loans & advances	(20,299,480)	(1,639,571)
(Increase) in long-term loans & advances	(21,316,412)	(6,687,773)
(Increase) in other current assets	(2,661,417)	(1,619,939)
Increase / (Decrease) in other current liabilities	(1,099,042)	(13,180,475)
(Decrease) / Increase trade payable	(12,170,038)	36,439,131
(Decrease) / Increase long term provision	237,104	25,395
(Decrease) / Increase short term provision	(1,086,096)	792,364
<b>Net changes in working capital</b>	<u>(57,826,404)</u>	<u>11,289,882</u>
<b>Cash generated from operations</b>	<u>135,959,779</u>	<u>234,686,534</u>
Income taxes paid	(65,268,789)	(89,465,168)
<b>Net cash flows from operating activities</b>	<u>70,690,990</u>	<u>145,221,366</u>
<b>B Cash flow from investing activities</b>		
Purchase of fixed assets, including expenditure on capital work in progress	(54,207,600)	(30,045,797)
Movement in capital advances	-	(8,788,851)
Proceeds from sale of fixed assets	137,800	129,432
Movement in fixed deposits	2,950,368	(17,437,481)
Proceeds from sale of investment	60,200	-
Interest received	7,962,358	5,475,701
<b>Net cash (used in) investing activities</b>	<u>(43,096,874)</u>	<u>(50,666,996)</u>
<b>C Cash flow from financing activities</b>		
Finance costs	-	(547,782)
Repayment of external commercial borrowings	-	(49,230,000)
Dividend paid (inclusive of corporate dividend tax thereon)	(3,211,001)	(3,254,230)
<b>Net cash (used in) financing activities</b>	<u>(3,211,001)</u>	<u>(53,032,012)</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<u>24,383,115</u>	<u>41,522,358</u>
<b>Effect of exchange differences on cash and cash equivalents held in foreign currency</b>	<u>(429,877)</u>	<u>-</u>
Cash and cash equivalents at the beginning of the year	<u>91,912,774</u>	<u>50,390,416</u>
Cash and cash equivalents at the end of the year	<u><u>115,866,012</u></u>	<u><u>91,912,774</u></u>

**Notes :**

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

	2014	2013	2012
<b>2 Components of cash and cash equivalents</b>			
Cash and cash equivalents comprises of:			
Cash on hand	73,121	52,120	98,001
Cheques on hand	578,857	-	-
Bank balances			
- In current accounts	91,888,368	52,729,136	10,620,343
- Fixed deposits (upto 3 months maturity from deposit date)	-	7,823,509	7,841,378
- Export Earner's Foreign Currency account (EEFC)	23,325,666	31,308,009	31,830,694
<b>Total</b>	<u><u>115,866,012</u></u>	<u><u>91,912,774</u></u>	<u><u>50,390,416</u></u>

As per our report of even date attached.

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

**Aniruddha Godbole**  
Partner  
Membership No: 105149

Mumbai  
22 May 2014

For and on behalf of the Board of Directors of  
**Morganite Crucible (India) Limited**

**Hitesh Saiwal**  
Managing Director  
Aurangabad

Aurangabad  
22 May 2014

**Stuart Cox**  
Director  
Windsor, United Kingdom

**Rupesh Khokle**  
Company Secretary  
Aurangabad

## 1. Background

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

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

## 2. Significant accounting policies

### 2.1 Basis of preparation of consolidated financial statements

The consolidated financial statements of the Company and its subsidiary (as listed in schedule 1 above), collectively referred to as the 'MCIL Group' or 'Group' have been prepared and presented under the historical cost convention, on the accrual basis of accounting and comply with the Accounting Standards notified under the Companies Act, 1956 ('the Act') read with the General Circular dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India, to the extent applicable.

### 2.2 Basis of consolidation

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

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

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

### 2.3 Use of estimates

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

## **2.4 Current–non-current classification**

All assets and liabilities are classified into current and non-current

### **Assets**

An asset is classified as current when it satisfies any of the following criteria :

- (a) it is expected to be realised in, or is intended for sale or consumption in, the company's normal operating cycle;
- (b) it is held primarily for the purpose of being traded;
- (c) it is expected to be realised within 12 months after the reporting date; or
- (d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets.

All other assets are classified as non-current.

### **Liabilities**

A liability is classified as current when it satisfies any of the following criteria:

- (a) it is expected to be settled in the company's normal operating cycle;
- (b) it is held primarily for the purpose of being traded;
- (c) it is due to be settled within 12 months after the reporting date; or
- (d) the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counter party, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities.

All other liabilities are classified as non-current.

### **Operating cycle**

Operating cycle is the time between the acquisition of assets for processing and the irrealisation in cash or cash equivalents. Based on the nature of operations and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as a period within 12 months for the purpose of current – non-current classification of assets and liabilities.

## **2.5 Revenue recognition**

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

Interest income is recognized using the time proportion method, based on the underlying interest rates. Dividend income is recognized when the right to receive dividend is established.

Export entitlements are recognised in the consolidated statement of profit and loss in the year of exports

provided that there is no significant uncertainty regarding the entitlement to the credit and the amount there of and when there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

## 2.6 *Fixed assets and depreciation/amortisation*

### (a) *Tangible assets*

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

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

Assets costing up to Rupees five thousand are fully depreciated in the year of purchase. Leasehold land is amortised over the period of lease.

### (b) *Intangible assets*

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

## 2.7 *Goodwill on consolidation*

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

## 2.8 *Impairment of assets*

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

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

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

## 2.9 *Investments*

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

## 2.10 *Employee benefits*

### (a) *Short term employee benefits:*

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

### (b) *Long term employee benefits :*

#### (i) *Defined contribution plans*

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

The Company contributes to a Government administered provident fund and superannuation fund on behalf of its employees and has no further obligation beyond making its contribution.

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

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

#### (ii) *Defined Benefit Plans*

##### *Post-employment benefits:*

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

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

*Other long-term employment benefits:*

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

### **2.11 *Borrowing costs***

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

### **2.12 *Inventories***

Inventories are valued at lower of cost and net realisable value. Cost is determined under the moving average price method and includes all costs incurred in bringing the inventories to their present location and condition. Finished goods and Work-in-progress include appropriate proportion of costs of conversion. Fixed production overheads are allocated on the basis of normal capacity of production facilities. Valuation of work-in-progress is based on stage of completion. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

### **2.13 *Foreign currency transactions***

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

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

## 2.14 *Operating leases*

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

## 2.15 *Taxes on Income*

### *Income tax*

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

### *Deferred tax*

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

## 2.16 *Earnings per share ('EPS')*

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

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

## 2.17 *Provisions and contingencies*

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

**Notes to the consolidated financial statements**
*as at 31 March 2014*

(Currency : Indian rupees)

	2014	2013
<b>3 Share capital</b>		
<b>Authorised capital :</b>		
5,000,000 (2013 : 5,000,000) equity shares of Rs. 10 each	<u>50,000,000</u>	<u>50,000,000</u>
<b>Issued</b>		
2,800,000 (2013: 2,800,000) equity shares of Rs 10 each, fully paid-up	<u>28,000,000</u>	<u>28,000,000</u>
<b>Subscribed and paid-up</b>		
2,800,000 (2013: 2,800,000) equity shares of Rs 10 each, fully paid-up	<u>28,000,000</u>	<u>28,000,000</u>

**Rights, preferences and restrictions attached to equity shares**

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

The Company has proposed dividend per share of Re. 1 (2013: Re.1) for distribution to equity shareholders.

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

**Shares held by holding company and subsidiaries of the ultimate holding company**

	2014		2013	
	Number of shares	% holding in the class	Number of shares	% holding in the class
<b>Shares of the Company held by -</b>				
Morganite Crucible Limited, subsidiary of the ultimate Holding Company.	1,078,000	38.50%	1,078,000	38.50%
Morgan Terreassen BV, subsidiary of the ultimate Holding Company.	1,022,000	36.50%	1,022,000	36.50%

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

The only shareholders holding more than 5 percent shares as on the date of the balance sheet are Morganite Crucible Limited and Morgan Terreassen BV (as disclosed above), both of which are subsidiaries of the ultimate holding company, The Morgan Advanced Materials Plc.

**4 Reserves and surplus**
**Capital reserve**

At the commencement and at the end of the year		
Central government investment subsidy under '1993 package scheme of incentives'	1,500,000	1,500,000
State government investment subsidy under '1983 package scheme of	500,000	500,000

**Securities premium account**

At the commencement and at the end of the year	35,000,000	35,000,000
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**Forfeited shares**

At the commencement and at the end of the year		
Capital profit on re-issue of forfeited shares	4,000	4,000

**Investment allowance reserve under the Income tax Act, 1961**

At the commencement and at the end of the year	405,000	405,000
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**General reserve**

At the commencement and at the end of the year	48,583,000	48,583,000
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**Surplus in the consolidated statement of profit and loss**

At the commencement of the year	397,519,508	304,560,233
Add: Profit after tax for the year	<u>84,450,177</u>	<u>96,235,135</u>
Amount available for appropriation	481,969,685	400,795,368
Less : Appropriations		
Proposed equity dividend	(2,800,000)	(2,800,000)
Corporate dividend tax	<u>(475,860)</u>	<u>(475,860)</u>
Net surplus in consolidated statement of profit and loss	<u>478,693,825</u>	<u>397,519,508</u>

**Total reserves and surplus**

	<u>564,685,825</u>	<u>483,511,508</u>
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(Currency : Indian rupees)

	2014	2013
<b>5 Deferred tax liability - net</b>		
The components of deferred tax balances are as follows :		
<i>Deferred tax liability</i>		
Difference between book depreciation and depreciation under the Income-tax Act, 1961	24,438,542	19,783,481
Employee benefits	1,539,603	-
<i>Deferred tax assets</i>		
Provision for doubtful debts	(1,725,119)	(1,811,375)
Provision for doubtful advances	(315,180)	-
Employee benefits	-	(294,554)
Expenses disallowed under Section 43B & 40(a) of Income-tax Act, 1961	(686,607)	(976,753)
<b>Net deferred tax liability</b>	<u><u>23,251,239</u></u>	<u><u>16,700,799</u></u>
<b>6 Long term provisions</b>		
Provision for leave encashment	1,188,257	951,153
Provision for taxation: - Income-tax and fringe benefits tax	165,124	-
	<u><u>1,353,381</u></u>	<u><u>951,153</u></u>
<b>7 Trade payables</b>		
- Dues to micro, small and medium enterprises (refer note 35)	115,242	244,443
- Dues to others	252,741,042	266,572,098
	<u><u>252,856,284</u></u>	<u><u>266,816,541</u></u>
<b>8 Other current liabilities</b>		
Unclaimed dividend	66,718	2,029
Other payables		
- Advances received from customers	1,858,498	6,154,785
- Deposits	442,000	442,000
- Employee benefits payable	11,339,379	10,812,052
Statutory dues to:	-	-
- Provident and other funds	883,454	810,235
- Others:	-	-
Customs duty	528,113	-
Professional tax	42,045	38,145
Excise duty on closing stock of finished goods	5,161,569	5,852,912
Tax deducted at source	937,403	987,694
Sales tax	493,916	289,387
Service tax	7,076	60,155
Creditors For capital goods	4,738,259	294,833
Expenses payable*	26,430,109	23,710,379
	<u><u>52,928,539</u></u>	<u><u>49,454,606</u></u>
*includes operating, administrative and marketing expenses.		
<b>9 Short-term provisions</b>		
Provision for employee benefits:		
- Leave encashment	915,357	2,001,453
Provision for proposed dividend	2,800,000	3,275,860
Provision for proposed dividend tax	475,860	-
Provision for taxation:		
- Income-tax and fringe benefits tax	1,127,170	2,711,440
(Net of advance tax and tax deducted at source)	<u><u>5,318,387</u></u>	<u><u>7,988,753</u></u>

Morganite Crucible (India) Limited

Notes to the consolidated financial statements (Continued)

as at 31 March 2014

(Currency : Indian rupees)

10 Fixed assets

	Tangible Assets				Intangible Assets				Total Fixed Assets			
	Land - Leasehold	Building	Plant and equipments	Vehicles	Office equipments	Furniture and fixtures	Total tangible assets	Goodwill on consolidation	Software	Non-competition agreement	Technical Know-how	Total intangible assets
<b>Gross Block</b>												
Balance as at 1 April 2012	1,919,450	65,016,013	398,358,679	1,648,993	972,053	6,462,092	474,377,280	41,342,683	-	2,924,924	1,500,000	568,865,474
Additions	-	4,726,052	20,422,596	-	1,107,717	1,068,255	27,324,620	-	16,345,032	-	-	43,669,652
Deletions / adjustments	-	-	3,977,073	-	-	-	3,977,073	-	-	-	-	3,977,073
<b>Balance as at 31st Mar 2013</b>	<b>1,919,450</b>	<b>69,742,065</b>	<b>414,804,202</b>	<b>1,648,993</b>	<b>2,079,770</b>	<b>7,530,347</b>	<b>497,724,827</b>	<b>41,342,683</b>	<b>16,345,032</b>	<b>2,924,924</b>	<b>1,500,000</b>	<b>608,558,053</b>
Additions	-	4,721,964	63,289,804	-	2,654,547	483,398	71,149,713	-	2,484,595	-	-	73,634,308
Deletions / adjustments	-	-	4,395,165	-	412,940	-	4,808,105	-	-	-	-	4,808,105
<b>Balance as at 31st Mar 2014</b>	<b>1,919,450</b>	<b>74,464,029</b>	<b>473,698,841</b>	<b>1,648,993</b>	<b>4,321,377</b>	<b>8,013,745</b>	<b>564,066,435</b>	<b>41,342,683</b>	<b>18,829,627</b>	<b>2,924,924</b>	<b>1,500,000</b>	<b>677,384,256</b>
<b>Depreciation</b>												
Balance as at 1 April 2012	529,449	20,795,695	195,830,249	290,645	300,017	2,855,615	220,609,670	16,537,070	-	2,924,924	1,500,000	270,804,016
Depreciation for the year	19,438	2,057,198	33,375,248	152,559	108,938	585,367	36,298,748	2,756,179	3,000,321	-	-	46,932,868
Accumulated depreciation on disposals	-	-	3,360,832	-	-	-	3,360,832	-	-	-	-	3,360,832
<b>Balance as at 31st Mar 2013</b>	<b>548,887</b>	<b>22,852,893</b>	<b>225,852,665</b>	<b>443,204</b>	<b>408,955</b>	<b>3,440,982</b>	<b>253,547,586</b>	<b>19,293,249</b>	<b>3,000,321</b>	<b>2,924,924</b>	<b>1,500,000</b>	<b>314,376,052</b>
Depreciation for the year	19,388	3,015,949	40,646,855	152,500	524,946	287,262	44,646,900	2,756,179	3,642,768	-	-	55,917,907
Accumulated depreciation on disposals	-	-	2,963,418	-	412,940	-	3,376,358	-	-	-	-	3,376,358
<b>Balance as at 31st Mar 2014</b>	<b>568,275</b>	<b>25,868,842</b>	<b>263,536,102</b>	<b>595,704</b>	<b>520,961</b>	<b>3,728,244</b>	<b>294,818,128</b>	<b>22,049,428</b>	<b>6,643,089</b>	<b>2,924,924</b>	<b>1,500,000</b>	<b>366,917,601</b>
<b>Net Block</b>												
As at 31 March 2013	1,370,563	46,889,172	188,951,537	1,205,789	1,670,815	4,089,365	244,177,241	22,049,434	13,344,711	-	-	294,182,001
As at 31 March 2014	<b>1,351,175</b>	<b>48,595,187</b>	<b>210,162,739</b>	<b>1,053,289</b>	<b>3,800,416</b>	<b>4,285,501</b>	<b>269,248,307</b>	<b>19,293,255</b>	<b>12,186,538</b>	<b>-</b>	<b>9,738,555</b>	<b>310,466,655</b>
<b>Capital work-in-progress</b>												
Balance as at 1 April 2012	-	-	13,369,032	-	-	-	13,369,032	-	-	-	-	13,369,032
Additions	-	-	-	-	-	-	-	-	-	-	-	-
Assets capitalised during the year	-	-	13,369,032	-	-	-	13,369,032	-	-	-	-	13,369,032
<b>Balance as at 31st Mar 2013</b>	<b>-</b>	<b>-</b>	<b>13,369,032</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,369,032</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Additions	-	-	1,361,775	-	-	-	1,361,775	-	-	-	-	1,361,775
Assets capitalised during the year	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance as at 31st Mar 2014</b>	<b>-</b>	<b>-</b>	<b>1,361,775</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,361,775</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,361,775</b>

(Currency : Indian rupees)

	2014	2013
<b>11 Non-current investments</b>		
<i>Non-Trade, Long Term (Unquoted), at cost</i>		
<b>Investments in equity shares</b>		
Nil ( 2013 : 2408) shares of Srinath Co-operative Bank of Rs. 25 each	-	60,200
	<u>-</u>	<u>60,200</u>
Aggregate amount of unquoted investments	-	60,200
<b>12 Long-term loans and advances</b>		
<i>(Unsecured, considered good)</i>		
Capital advances	242,550	16,596,763
Security deposits	2,856,946	2,734,092
Value Added Tax receivables	36,232,291	34,941,880
Interest receivable on VAT refund	1,853,190	-
Cenvat credit	18,049,955	-
Advance tax and tax deducted at source (Net of provision of tax)	24,223,825	9,182,580
	<u>83,458,757</u>	<u>63,455,315</u>
<b>13 Other non-current assets</b>		
<i>(Unsecured, considered good)</i>		
<b>Other bank balances</b>		
Long term fixed deposits with banks with more than 12 months maturity*	1,171,346	14,555,389
Interest accrued but not due on fixed deposits with banks with more than 12 months maturity	86,228	353,972
	<u>1,257,574</u>	<u>14,909,361</u>
*Includes fixed deposits aggregating Rs.1,171,346 (2013 : Rs. 3,412,030) which are under lien with bank towards guarantees issued by the bank on behalf of the Company.		
<b>14 Inventories</b>		
<i>(At lower of cost and net realisable value)</i>		
Raw materials and packing materials	85,776,207	74,581,668
[Including goods-in-transit Rs. 7,692,578 (2013 : Rs.6,488,090)]		
Work-in-progress ( Refer note 23)	42,384,772	48,304,884
Finished goods ( Refer note 23)	41,543,425	51,539,652
[Including goods-in-transit Rs. 13,182,627 (2013 : Rs.6,191,357)]		
Stores and spares	12,828,800	8,808,057
	<u>182,533,204</u>	<u>183,234,261</u>
<b>15 Trade receivables</b>		
<i>(Unsecured)</i>		
<b>Considered good</b>		
Outstanding for a period exceeding 6 months from the date they are due for payment	4,755,766	1,290,111
Others	162,875,602	167,999,394
	<u>167,631,368</u>	<u>169,289,505</u>
<b>Considered doubtful</b>		
Outstanding for a period exceeding 6 months from the date they are due for	5,582,911	5,582,911
Others	-	-
	<u>5,582,911</u>	<u>5,582,911</u>
Less: Provision for doubtful debts	(5,582,911)	(5,582,911)
	<u>167,631,368</u>	<u>169,289,505</u>

(Currency : Indian rupees)

	2014	2013
<b>16 Cash and bank balances</b>		
Cash and cash equivalents		
- Cash on hand	73,121	52,120
- Cheques on hand	578,857	-
- Bank balances		
- In current accounts	91,888,368	52,729,136
- Fixed deposits (upto 3 months maturity from deposit date)	-	7,823,509
- Export Earner's Foreign Currency account (EEFC)	23,325,666	31,308,009
	<u>115,866,012</u>	<u>91,912,774</u>
Other bank balances		
- Unpaid dividend accounts	66,718	2,029
- Fixed deposits with maturity more than 3 months from deposit date but less than 12 months from the balance sheet date.	60,867,993	50,434,318
	<u>176,800,723</u>	<u>142,349,121</u>
Long term fixed deposits with banks with more than 12 months maturity has been classified under other non-current assets. (Refer note		
<b>Details of bank balances / deposits</b>		
Bank balances available on demand/deposits with original maturity of 3 months or less included under 'Cash and cash equivalents	115,214,034	91,860,654
Bank deposits due to mature within 12 months of reporting date included under 'Other bank balances'	60,934,711	50,436,347
Bank deposits due to mature after 12 months of the reporting date included under 'Other non-current assets' (refer note 13)	1,171,346	14,555,389
	<u>177,320,091</u>	<u>156,852,390</u>
<b>17 Short-term loans and advances</b> <i>(Unsecured)</i>		
<i>Considered doubtful</i>		
<i>To parties other than related parties</i>		
Advance to supplier	1,020,000	-
Less: Provision for doubtful advances	(1,020,000)	-
<i>Considered good</i>		
<i>To parties other than related parties</i>		
Advance to suppliers	9,987,601	5,347,192
Prepaid expenses	4,414,628	3,376,565
Cenvat credit	39,511,885	30,326,081
Gratuity Fund with Life Insurance Corporation of India	6,693,957	2,044,299
Loans to employees	584,838	846,081
Other advances	-	151,879
	<u>61,192,909</u>	<u>42,092,097</u>
<b>18 Other current assets</b>		
Interest receivable on fixed deposits with banks	2,312,468	2,270,215
Duty drawback receivable	5,419,770	2,698,481
Insurance claim receivable	216,181	276,054
	<u>7,948,419</u>	<u>5,244,750</u>
<b>19 Sale of manufactured products (net)</b>		
Crucibles	984,022,637	983,285,557
Die-Lube	12,688,270	7,435,760
	<u>996,710,907</u>	<u>990,721,317</u>
<b>20 Other operating revenues</b>		
Sale of scrap	1,502,856	1,966,260
Duty drawback on exports	11,680,087	7,657,884
	<u>13,182,943</u>	<u>9,624,144</u>

(Currency : Indian rupees)

	2014	2013
<b>21 Other income</b>		
Interest income on:		
- Fixed deposits	7,736,867	5,987,021
-VAT Refund	1,853,190	-
-Delayed payment by customers	1,091,441	1,232,127
Excess provisions written back	-	502,742
Gain from foreign exchange rate fluctuations (net)	11,712,962	3,886,723
Commission on sales	-	703,838
Miscellaneous income	820,171	993,593
	<u>23,214,631</u>	<u>13,306,044</u>
<b>22 Cost of materials consumed</b>		
Raw and packing materials consumed		
Raw material Consumed	385,491,171	395,402,128
Packing materials consumed	37,617,316	39,665,475
	<u>423,108,487</u>	<u>435,067,603</u>
<b>23 Changes in stocks of finished goods and work in progress</b>		
Inventory at the end of the year		
Closing stock - Finished goods	41,543,425	51,539,652
Closing stock - Work in progress	42,384,772	48,304,884
Inventory at the beginning of the year		
Opening stock - Finished goods	51,539,651	72,185,094
Opening stock - Work in progress	48,304,884	32,515,917
	<u>15,916,338</u>	<u>4,856,475</u>
<b>Note:</b>		
<b>Break-up of Inventory of finished goods and work in progress</b>		
<b>a.Finished goods-</b>		
Crucible	41,543,425	51,406,839
Die Lube	-	132,813
<b>Total</b>	<u>41,543,425</u>	<u>51,539,652</u>
<b>b.Work in progress-</b>		
Crucible	42,384,772	47,701,561
Die Lube	-	603,323
<b>Total</b>	<u>42,384,772</u>	<u>48,304,884</u>
<b>24 Employee benefits expense</b>		
Salaries, wages and bonus	105,664,113	92,409,660
Contribution to provident and other funds	6,294,510	5,440,138
Gratuity	-	3,117,882
Staff welfare expenses	5,622,279	6,265,953
	<u>117,580,902</u>	<u>107,233,633</u>
<b>25 Finance costs</b>		
Interest expense on External commercial borrowings	-	403,226
Interest expense on VAT assessments	3,438,536	-
	<u>3,438,536</u>	<u>403,226</u>

(Currency : Indian rupees)

<b>26 Other expenses</b>	<b>2014</b>	<b>2013</b>
Consumption of stores and spares	12,681,849	10,725,236
Decrease in excise duty on inventory of finished goods	(388,529)	(2,976,100)
Power and fuel	103,694,409	91,025,320
Repairs to buildings	1,950,756	323,854
Repairs to machinery	15,431,460	14,479,969
Repairs others	3,787,461	3,617,655
Rent	786,422	5,325,455
Rates and taxes	6,804,268	-
Travelling and motor car expenses	10,555,765	8,858,784
Legal and Professional Fees	4,282,282	4,502,997
Insurance	1,705,161	2,443,335
Payment to Auditor (refer note 29)	1,880,954	1,946,415
Sales commission	6,594,031	5,130,194
Transportation	1,007,435	817,766
Directors' sitting fees	120,000	140,000
Royalty / Trade Mark Charge	7,257,453	9,522,960
Management charges	53,523,968	43,135,452
No claim compensation	2,068,590	3,265,447
Promotional expenses	1,395,899	3,217,664
SAP training & maintenance expenses	2,282,192	3,450,600
Loss on sale / retirement of fixed assets	1,299,452	486,807
Freight, insurance and other charges	14,912,186	14,336,942
Bank charges	1,487,908	1,166,969
Watch and ward	3,984,191	2,705,826
Provision for doubtful advance	1,020,000	-
Miscellaneous expenses	14,347,257	9,345,650
	<u>274,472,820</u>	<u>236,995,197</u>
<b>27 Capital commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 1,554,971 (2012: Rs. 25,255,771).		
<b>28 Contingent liabilities</b>		
i) Bonds aggregating Rs.10,000,000 (2013: Rs.10,000,000) in favour of the President of India endorsed through Deputy Commissioner of Customs for import of goods.		
ii) Claims by employees towards unfair labour practices under Section 28 read with items 1 (a), (b), (c), 2 (b), 3, 4(a), (e) and (f) of Schedule II and items 5, 6, 9 and 10 of Schedule IV of the Maharashtra Recognition of Trade Unions and Prevention of Unfair Labour Practices Act, 1971 for which amounts are not ascertainable.		
iii) Disputed employees' state insurance demand aggregating Rs. 52,498 (2012: Rs.52,498) against which the Group has preferred appeals.		
iv) A suit has been filed by Mr. N. K. Oza, past employee of the subsidiary, on account of his suspension from the subsidiary 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 subsidiary 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.		

**29 Payment to auditors (excluding service tax)**

<b>Particulars</b>	<b>2014</b>	<b>2013</b>
<b>As auditor</b>		
Statutory Audit	775,000	775,000
Tax Audit	100,000	100,000
Limited review of quarterly results	600,000	600,000
Certification fees	50,000	50,000
<b>In other capacity</b>		
Audit of Group Reporting Package	300,000	300,000
<b>Reimbursement of expenses</b>	<b>55,954</b>	<b>121,415</b>
	<u>1,880,954</u>	<u>1,946,415</u>

### 30 Employee benefits – Post employment benefit plans

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

#### Defined contributions plans

The Company makes contributions, determined as specified percentage of employee salaries, in respect of qualifying employees towards Provident Fund and Superannuation Scheme, which is a defined contribution plan. The Company has no obligations other than to make the specified contributions. The contributions are charged to the statement of profit and loss as they accrue. The amount as an expense towards contribution to Provident Fund and Superannuation Scheme for the year aggregated to Rs. 6,294,510 (2013: Rs. 5,440,138).

#### Defined benefit plans

##### Leave encashment

Amount of Rs. 1,154,477 (2013: Rs. 3,055,327) is recognised as an expense and included in “Employee costs” in the statement of profit and loss.

##### Gratuity

The Company operates post employment defined benefit plans that provide gratuity benefit. The gratuity plan entitles an employee, who has rendered at least five years of continuous service, to receive 15 days salary for each year of completed service at the time of retirement / exit. The scheme is funded by plan assets.

The following are the principal actuarial assumptions for leave encashment and gratuity at the reporting date (expressed as weighted averages) :

Particulars	2014		2013	
	Morganite	Diamond	Morganite	Diamond
Discount rate (per annum)	9.31%	9.10%	8.25%	8.00%
Rate of increase in compensation levels	7.00%	6.50%	7.00%	6.50%
Rate of return on plan assets	8.70%	9.15%	8.70%	9.15%
Attrition rate	2.00%	7.00%	2.00%	8.00%

- Gratuity is payable to all eligible employees of the Company on superannuation, death, and permanent disablement, in terms of the provisions of the Payment of Gratuity Act, 1972.
- The discount rate is based on the prevailing market yields Indian Government securities as at the balance sheet date for the estimated term of the obligations.
- Estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.
- The Company’s gratuity fund is managed by Life Insurance Corporation of India. The plan assets under the fund are invested under approved securities.
- Percentage of each category of Plan Assets to total Fair Value of Plan Assets as at 31 March 2014.

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

**A. Changes in present values of defined benefit obligations**

	2014	2013
Present value of obligation at the beginning of the year	16,198,882	12,524,961
Interest Cost	1,306,555	1,071,114
Current Service Cost	1,336,617	1,092,002
Benefits paid	(847,033)	(795,317)
Actuarial (gain)/loss on obligations	(1,305,256)	2,306,122
Present value of obligation as at year end	<u>16,689,765</u>	<u>16,198,882</u>

**B. Movement in fair value of plan assets**

Fair value of plan assets at the beginning of the year	18,243,181	13,697,279
Adjustment to the fund	-	(7,237)
Expected return on plan assets	1,616,714	1,217,821
Actuarial gain on plan assets	87,430	133,085
Contributions	4,283,430	3,997,550
Benefits paid	(847,033)	(795,317)
Fair value of plan assets at year end	<u>23,383,722</u>	<u>18,243,181</u>

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

Present value of obligation as at the year end	(16,689,765)	(16,198,882)
Fair value of plan assets as at the end of the year	23,383,722	18,243,181
Funded status	6,693,957	2,044,299
Present value of unfunded obligation as at the year end	-	-
Net (liability) / asset recognised in balance sheet	<u>6,693,957</u>	<u>2,044,299</u>

**D. Amount recognised in the consolidated balance sheet**

Present value of obligation at the end of the year	(16,689,765)	(16,198,882)
Fair value of plan assets as at the end of the year	23,383,722	18,243,181
Net (liability) / asset recognised in balance sheet	<u>6,693,957</u>	<u>2,044,299</u>

**E. Expense recognized in the statement of Profit and Loss**

Particulars	2014	2013
Current service cost	1,336,617	1,092,002
Interest cost	1,306,555	1,071,114
Expected return on plan assets	(1,616,714)	(1,217,821)
Net actuarial (gain)/loss recognised in the year	(1,392,236)	2,172,587
Total expense recognised in miscellaneous income / employee benefit expense	<u>(365,778)</u>	<u>3,117,882</u>

**F. Experience adjustment**

Particulars	2014	2013	2012	2011	2010
Defined benefit obligation	16,689,765	16,198,882	12,524,961	11,880,231	9,115,445
Fair value of plan assets	23,383,722	18,243,181	13,697,279	11,800,394	9,946,890
(Surplus)/deficit in the plan	(6,693,957)	(2,044,299)	(1,172,318)	1,315,617	(831,445)
Experience adjustment on plan liabilities	470,218	1,714,897	(347,220)	(1,251,615)	(370,881)
Experience adjustment on plan assets	(87,430)	(133,085)	(85,251)	(46,749)	9,081



Notes to the consolidated financial statements for the year ended 31 March 2014 (Continued)

(Currency: Indian Rupees)

**31 Segment reporting**

**a) Business Segments:**

The Company recognizes its sale of crucibles activity as its only primary business segment since its operations predominantly consist of manufacture and sale of crucibles to its customers. Accordingly, income from sale of crucibles comprises the primary basis of segmental information set out in these financial statements.

**b) Geographical segments:**

Geographical segment will be the secondary segment for the purpose of AS-17 (Segment Reporting). Geographical revenues are allocated based on the location of customers to whom goods are sold.

Particulars	2014				2013				Total			
	India	Outside India			India	Outside India						
		Asia and Far East	Europe	Africa and Middle East		Other	Asia and Far East	Europe		Africa and Middle East	Other	
Revenue from external customers	386,397,128	137,889,713	207,256,994	181,523,327	83,643,745	996,710,907	429,255,627	138,461,971	199,903,315	149,673,078	73,427,326	990,721,317
Carrying amount of segment assets (Trade receivables only)	85,693,685	16,738,224	36,793,949	19,865,995	8,539,516	167,631,368	81,060,679	19,297,707	38,562,867	12,968,527	17,399,725	169,289,505
Addition to fixed assets during the year	73,634,308	-	-	-	-	-	43,669,652	-	-	-	-	-

**32 Related party disclosures**

**A. Names of related parties**

**a. Parties (where controls exists)**

Morgan Advanced Materials Plc (formerly known as The Morgan Crucible Company Plc, U.K) – Ultimate Holding Company

**b. Investing Associates**

Morganite Crucible Limited (holds 38.50% of issued, subscribed and paid up capital)

Morgan Terreassen BV (holds 36.50% of issued, subscribed and paid up capital)

**c. Other related parties with whom transactions have taken place during the year**

**i. Fellow subsidiary companies**

- Morganite Crucible Inc., USA
- Morgan Molten Metal System GMBH Germany
- Morgan Molten Metal System (Suzhou) Co Ltd., China
- Morgan Karbon Grafit Sanayi.A.S. Turkey
- Thermal Ceramics UK
- Murugappa Morganite Thermal Ceramics Ltd.
- Thermal Ceramics, South Africa
- Morganite Brazil Ltda. Brazil

**d. Key Management Person**

- Mr. Hitesh Saiwal – Managing Director
- Mr. Pradeep Singh - Plant Manager ( Upto 31 December 2013)

**Details of Remuneration paid to above mentioned Key Managerial Personnel**

**Name of the person**

- Mr. Hitesh Saiwal
- Mr. Pradeep Singh

	2014	2013
	3,976,692	3,850,802
	-	1,113,360

Morganite Crucible (India) Limited

Notes to the consolidated financial statements for the year ended 31 March 2014 (Continued)

(Currency: Indian Rupees)

32 Related party disclosures (Continued)

Related party transactions for the year ended 31 March 2014

Particulars	Ultimate Holding Company	Investing Associates		Fellow Subsidiaries									
		Morganite Crucible Limited	Morgan Terrassen BV	Morganite Crucible Inc., USA	Morgan Molten Metal Sys GmbH Germany	Morgan Molten Metal Sys China	Morganite Brazil Ltda Brazil	Morgan Krabon Grafit Turkey	Thermal Ceramics UK	Murugappa Morganite Thermal Ceramics Ltd. India	Thermal Ceramics South Africa		
<b>Income</b>													
Sale of finished goods	-	-	-	71,736,694	78,605,642	508,513	-	1,023,320	-	-	-	-	49,644,959
Reimbursement of various expenses	-	-	-	183,183	10,797,531	-	-	-	-	-	-	-	-
<b>Expenditure</b>													
Purchase of raw materials (including goods in transit)	-	-	-	-	40,466	787,840	-	-	229,543	-	-	-	-
Purchased of spares / consumables	-	-	-	-	20,943	-	-	-	-	-	-	-	-
Capital Goods purchase	-	-	-	-	442,540	-	-	-	-	-	-	2,342,790	-
Management charges	53,523,968	-	-	-	-	-	-	-	-	-	-	-	-
Royalty	7,257,453	-	-	-	-	-	-	-	-	-	-	-	-
Professional fees	-	-	-	-	136,860	-	-	-	-	-	-	-	-
Interest on External Commercial Borrowings	-	-	-	-	-	-	-	-	-	-	-	-	-
Managerial remuneration	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Others</b>													
Dividend paid	-	1,078,000	1,022,000	-	-	-	-	-	-	-	-	-	-
Repayment of External Commercial Borrowings	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Outstanding Balances as at 31 March 2014</b>													
Receivables	-	-	-	11,327,452	17,365,131	30,328	-	682,453	-	-	-	-	17,392,215
Payables	210,224,008	-	-	-	24,080	-	-	-	-	-	-	-	-

## Morganite Crucible (India) Limited

Notes to the consolidated financial statements for the year ended 31 March 2014 (Continued)

(Currency: Indian Rupees)

**32 Related party disclosures (Continued)**

Related party transactions for the year ended 31 March 2013

Particulars	Ultimate Holding Company	Investing Associates		Fellow Subsidiaries									
		Morganite Crucible Limited	Morgan Terrassen BV	Morganite Crucible Inc., USA	Morgan Molten Metal Sys GmbH Germany	Morgan Molten Metal System (Suzhou) Co. Limited	Morganite Brazil Ltda Brazil	Morgan Krabon Grafit Turkey	Thermal Ceramics UK	Murugappa Morganite Thermal Ceramics Ltd. India	Thermal Ceramics South Africa		
<b>Income</b>													
Sale of finished goods	-	-	-	54,863,020	69,132,214	1,701,012	1,083,326	3,207,378	-	-	-	-	57,414,742
<b>Expenditure</b>													
Purchase of raw materials (including goods in transit)	-	-	-	-	-	-	-	-	763,458	-	-	-	-
Purchased of spares / consumables	-	-	-	-	237,366	-	-	-	-	-	119,200	-	-
Capital Goods purchase	-	-	-	-	-	-	-	-	-	-	5,380,000	-	-
Management charges	43,135,452	-	-	-	-	-	-	-	-	-	-	-	-
Royalty	9,522,960	-	-	-	-	-	-	-	-	-	-	-	-
Interest on External Commercial Borrowings	-	403,226	-	-	-	-	-	-	-	-	-	-	-
<b>Other</b>													
Dividend paid	-	1,078,000	1,022,000	-	-	-	-	-	-	-	-	-	-
Repayment of External Commercial Borrowings	-	49,230,000	-	-	-	-	-	-	-	-	-	-	-
<b>Outstanding Balances as at 31 March 2013</b>													
Receivables	-	-	-	3,482,993	14,715,425	262,941	-	-	-	-	-	-	12,298,239
Payables	164,024,441	28,122,726	-	-	48,134	-	-	-	-	-	-	-	-

**Notes to the consolidated financial statements for the year ended 31 March 2014 (Continued)**

(Currency: Indian Rupees)

**33 Operating lease as lessee**

The Company has entered into leases for cars for a period of 3 years. Total lease payments for non-cancellable leases recognised in the books for the year is Rs. 786,421 (2013 : Rs. 1,299,650)

Non-cancellable operating lease rentals payable (minimum lease payments) under the lease are as follows :

<b>Particulars</b>	<b>2014</b>	<b>2013</b>
Payable within one year	<b>649,196</b>	645,708
Payable between one and five year	<b>2,966,467</b>	-
Payable after five years	-	-

**34 Earnings per share**

<b>Particulars</b>	<b>2014</b>	<b>2013</b>
Net profit after tax attributable to equity shareholders	<b>84,450,177</b>	96,235,135
Weighted average number of shares outstanding during the year (Nos.)	<b>2,800,000</b>	2,800,000
Earnings Per Share (Basic and Diluted)	<b>30.16</b>	34.37
Nominal value of an equity share	<b>10</b>	10

**35 Dues to Micro and Small Enterprises**

Under Micro, Small, and Medium Enterprises Development Act, 2006 (MSMED) which came in to force from 2 October, 2006, certain disclosures are required to be made relating to micro and small enterprises. On the basis of the information and records available with the management, the following disclosures are made for the amounts due to the Micro, small and medium enterprises:

<b>Particulars</b>	<b>2014</b>	<b>2013</b>
Amounts remaining unpaid to micro and small suppliers as at the end of the year		
- Principal	<b>115,242</b>	212,640
- Interest	-	31,803
The amount of interest paid by the buyer as per the Micro, Small and Medium Enterprise Development Act, 2006 (MSMED Act, 2006)	-	-
The amounts of payments made to micro and small suppliers beyond the appointed day during each accounting year	-	2,072,063
Amounts of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	-	-

The amount of interest accrued and remaining unpaid at the end of each accounting year - 31,803

The amounts of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMSED Act, 2006 **31,803** 31,803

On the basis of information and records available with the Company, the above disclosures are made in respect of amounts due to the micro, small and medium enterprises, who have registered with the relevant competent authorities. This has been relied upon by the auditors.

### 36 Unhedged foreign currency exposures

The Company has entered into derivative contracts to hedge its risk associated with foreign currency fluctuations. However, none of these contracts can be co-related on one to one basis against the underlying exposure. As at the year end, the Company has outstanding foreign exchange forward contracts of GBP 210,000, EURO 150,000 and USD Nil (2013: GBP Nil), (2013: EURO 900,000), (2013: USD 900,000) equivalent to Rs.33,932,436 (2013: Rs.111,501,000). The Company has revalued these forward contracts as at the year end by marking the same to market and recognised a loss of Rs.NIL (2013: Nil) by debiting the statement of profit and loss in compliance with the announcement dated 29 March 2008 made by the Institute of Chartered Accountants of India ('ICAI') regarding accounting for derivatives.

Particulars	Foreign Currency Denomination	Foreign Currency Amount	Amount (Rs.)
Assets (Trade Receivables)	EURO	<b>322,272</b> (383,349)	<b>26,626,140</b> (27,252,381)
	GBP	<b>420,243</b> (452,504)	<b>41,969,672</b> (37,938,098)
	USD	<b>301,401</b> (426,018)	<b>18,075,043</b> (22,915,068)
Short term loans and advances	GBP	- (1,575)	- (133,050)
	USD	- (7,364)	- (398,975)
	EURO	- (205,200)	- (14,235,750)
Liabilities (Trade Payables)	EURO	<b>21,180</b> (180,934)	<b>1,757,093</b> (13,000,266)
	GBP	<b>7,323</b> (380,241)	<b>734,515</b> (31,020,603)
	USD	<b>125,026</b> (187,553)	<b>7,552,823</b> (10,219,295)
Other current liabilities	EURO	<b>18,254</b> (30,114)	<b>1,514,350</b> (2,117,976)
	GBP	- (1,798)	- (152,846)
	USD	<b>38,991</b> (37,502)	<b>2,355,437</b> (2,854,515)

Figures in brackets represent figures for the previous year

### 37 Transfer Pricing

The Company has developed a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under section 92-92F of the Income Tax Act, 1961. The management is of the opinion that its international transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

The Domestic Transfer Pricing Regulations as prescribed under section 92BA of the Income Tax Act, 1961 was introduced from April 1, 2012. The Company has been consistently transacting with related parties on an Arm's Length basis in accordance with Group Transfer Pricing Policy. The Company is of the opinion that there will be no significant changes to Arm's length price under determination in order to comply with the requirement of section 92BA of Income Tax Act. Hence, there will no material impact on the financial statements.

### 38 Previous year comparatives

Previous year figures have been regrouped/reclassified to confirm to current year presentation.

As per our report of even date attached

**For B S R & Co. LLP**

Chartered Accountants

*Firm's Registration No: 101248W*

**For and on behalf of the Board of Directors  
of Morganite Crucible (India) Limited**

**Aniruddha Godbole**

*Partner*

Membership No: 105149

**Hitesh Saiwal**

*Managing Director*

Aurangabad

**Stuart Cox**

*Director*

Windsor, United Kingdom

Mumbai

22 May 2014

Date

22 May 2014

**Rupesh Khokle**

*Company Secretary*

Aurangabad

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

Name of the Subsidiary	Diamond Crucible Company Limited
Financial Year ended	March 31, 2014
Country of Incorporation	India
Equity holding percentage of Morganite Crucible (India) Ltd. (Parent Company)	100%
Issued, Subscribed and Paid-up Capital	3,500,000
Reserves and Surplus	127,638,227
Total Assets	203,576,333
Total Liabilities	72,438,106
Investment	-
Turnover	214,537,713
Profit Before Taxation	11,478,209
Provision for Taxation Current	2,543,000
Deferred	3,471,555
Profit after tax	5,845,874
Proposed Dividend	Nil
Retained Earnings	100%

**MORGANITE CRUCIBLE (INDIA) LIMITED**

**CIN: L26920MH1986PLC038607**

*Registered Office:* B-11, MIDC, Industrial Area, Waluj-431136 Dist.-Aurangabad.

Website: [www.morganmms.com](http://www.morganmms.com) E-mail: [Secrt.India@morganplc.com](mailto:Secrt.India@morganplc.com)

**Proxy form**

Name of Member(s)	
E-mail ID	
Reg.FolioNo./DPID/ClientID	
No.ofShares	

I/We being the member of..... shares of the above named Company, hereby appoint

Name: ..... E-mail .....

Address: .....

Signature: .....

or failing him/ her

Name: ..... E-mail .....

Address: .....

Signature: .....

or failing him/ her

Name: ..... E-mail .....

Address: .....

Signature: .....

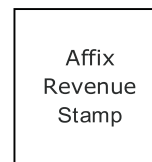
As my / our proxy to vote (on poll) for me / us on my / our behalf at the **29<sup>th</sup> Annual General Meeting** of the Company, to be held on Thursday, September 25, 2014 at 11.00 am (IST) at B-11, MIDC, Industrial Area, Waluj Aurangabad-431136 and at any adjournment thereof in respect of the following resolutions:

<b>Resolution No.</b>	<b>Resolution</b>
	<b><i>Ordinary Business</i></b>
1.	Adoption of Audited Financial Statements, Directors' and Auditors' Report for the year ended March 31, 2014
2.	Declaration of Dividend for the year 2013-14 on Equity Shares
3.	Re-appointment of Mr Stuart Cox as a Director, who retires by rotation
4.	Appointment of Auditors and fix their remuneration
	<b><i>Special Business</i></b>
5.	Appointment of Mr Sadanand Shabde as an Independent Director
6.	Appointment of Mr Subhash Kolapkar as an Independent Director

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2014

Signature of Shareholder : \_\_\_\_\_

Signature of Proxy holder(s): \_\_\_\_\_



**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.**



**MORGANITE CRUCIBLE (INDIA) LIMITED**

**CIN: L26920MH1986PLC038607**

*Registered Office:* B-11, MIDC Industrial Area, Waluj-431136 Dist.-Aurangabad.

Website: [www.morganmms.com](http://www.morganmms.com) E-mail: [Secrt.India@morganplc.com](mailto:Secrt.India@morganplc.com)

**Attendance slip**

**Twenty Ninth Annual General Meeting**

Regd.FolioNo./DPID/Client ID:

Name of Shareholder:

No. of Shares held:

I certify that I am a member / proxy for the member of the Company.

I hereby record my presence at the 29<sup>th</sup> Annual General Meeting of the Company held on Thursday, September 25, 2014 at 11.00 am (IST) at B-11, MIDC, Industrial Area, Waluj, Aurangabad -431136.

Proxy's name  
(in BLOCK Letters)

Member's/Proxy's Signature

**Notes:**

1. Shareholders/Proxy holders are requested to bring the attendance to the Meeting and hand them over at the entrance after affixing their signature.
2. Shareholders are requested to bring their copy of the Annual Report at the Annual General Meeting.

**Note: Please cut here and bring the above attendance slip to the meeting**

.....

Electronic Voting Sequence Number (EVSN)	User ID	Password

*NOTE: For e-voting, please read the instructions printed under the Note No.10 to the Notice dated August 12, 2014 of the 29<sup>th</sup> Annual General Meeting. The Voting period begins on September 19, 2014 and ends on September 20, 2014. The e-voting module shall be disabled by CDSL for voting thereafter.*



**Morganite Crucible (India) Limited**

B - 11, MIDC, Waluj,  
Aurangabad - 431 136  
Maharashtra, INDIA

Tel : + 91 240 6652523, 6652520  
E-mail : [Sales.India@morganplc.com](mailto:Sales.India@morganplc.com)  
Web : [www.morganmms.com](http://www.morganmms.com)

**Diamond Crucible Company Limited**

212-C, GIDC Estate,  
Mehsana - 348 002.  
Gujarat, INDIA

Tel. : + 91 2762 250503  
E-mail : [Admin.India@morganplc.com](mailto:Admin.India@morganplc.com)  
Web : [www.morganmms.com](http://www.morganmms.com)