

## Morganite Crucible (India) Limited

Annual Report 2018-19



# IMPROVING QUALITY OF LIFE

Through Efficient use of World's Resources  
Using Advanced Material Science and Engineering

# Content

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Through Efficient use of  
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[www.morganmms.com](http://www.morganmms.com)

#### Forward-looking statements

In this annual report, we have disclosed forward-looking information to enable investors comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically produce/publish, may contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements would be fully realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. If known or unknown risks or uncertainties materialise, or if underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.



Climate change is one of the biggest threats to life on Earth. Given the growing urgency of tackling issues such as resource scarcity and climate change, conscious interaction with the environment is a fundamental part of responsible business practice.

Morgan Group recognises the impact its operations may have on the surrounding environment. For us, sustainability is far more than just an essential part of corporate responsibility; it's about improving people's living conditions and providing solutions to major environmental challenges. Therefore, we focus more on ethical conduct of our operations and limit waste of resources to enhance quality of life.

We see innovation as an outstanding opportunity to reinvent our products and solutions, which is buttressed by our technology capability and engineered crucible expertise. Our unique business proposition of advanced materials science and engineering emboldens us to make efficient use of natural resources and reduce our environmental footprint. And, that is how we contribute towards building a more sustainable and environment-friendly world.

***All the while...***

*... our commitment to working ethically and safely acts as constant, underpinning everything we do.*

# Company at a Glance

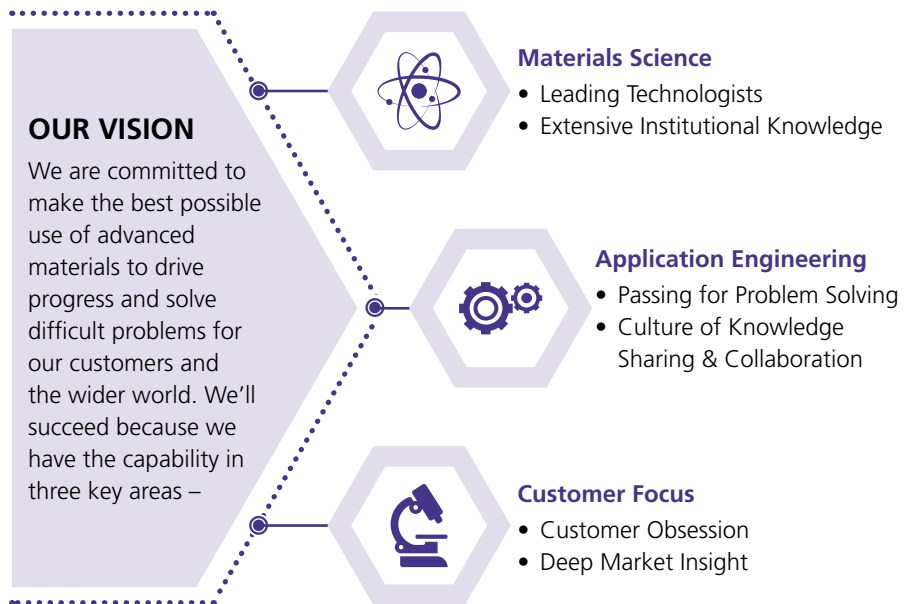
Morganite Crucible (India) Limited is a part of Molten Metal Systems (MMS) Division and manufactures an extensive range of high-performance crucibles and foundry consumables for non-ferrous metal melting applications. We provide melting facilities working with zinc, precious metals, aluminium, copper, brass and other non-ferrous metals. With our extensive applications, experience and process knowledge, Molten Metal Systems helps customers put together the optimal system for their needs. The global business unit works with customers in non-ferrous castings, refining and recycling of precious metals and production of pure aluminium for various industrial segments.

## What We Do

We produce world-class silicon carbide crucibles, clay graphite crucibles, foundry and allied products for ferrous and non-ferrous metal industries. Known for its extensive range of crucible shapes and sizes, we manufacture products that use carefully selected materials designed to precisely match the characteristics and operational performance to each customer's metal melting, holding or transfer application. Additionally, our Company specialises in providing melting solutions to foundries, die-casters and metal melting facilities.

## Where We Operate

The state-of-the-art manufacturing units of our Company are situated in Aurangabad and Mehsana, India. We have a well-entrenched sales and distribution network in India and around the world, enabling us to serve the customers worldwide efficiently and seamlessly.



## Our Product Portfolio

Our product portfolio comprises a broad range of premium-quality crucibles and foundry products available in varied sizes and shapes. These products are designed leveraging advanced technologies and in-depth knowledge of customer requirements.

Our products are widely recognised for:

- ✓ Reliability
- ✓ Energy Efficiency
- ✓ Consistency
- ✓ Performance
- ✓ Durability
- ✓ Quality

### CRUCIBLES



**Syncarb Z2e2**



**Suprex**



**Sigma**



**Excel & Himelt**



**Salamander**



**Ladle Liners**

### FOUNDRY PRODUCTS



**Degassing Rotors**



**Blue Lightning Thermocouple Sheaths**



**Skimmer Bowls**



**Nozzle**



**Stopper Rods and Head**



**Launders**

## What Differentiates Us

### ✓ Brand Image

Morgan has emerged as the most respected and preferred brand in the industry with rich business expertise and strong domain knowledge. Our Company has been able to garner over 35% of the market share due to its positive brand image.

### ✓ Huge Clientele

Our client base includes distinguished and reputed corporates such as Tata Group, Hindustan Pencil, Indian Railways, Jindal Saw, Titan Company Limited, Sundaram Clayton Group and Aurangabad Electricals, among others.

### ✓ Technical Expertise

Strong technological support from the parent company facilitates us to drive innovation and offer customised solutions that meet the challenges of the most complex and demanding applications. Our Company stays ahead of the curve by working in close collaboration with the customers to deliver most effective products and solutions.

### ✓ Quality-Focussed

Quality excellence and highest customer satisfaction form the core of our corporate philosophy. We maintain a comprehensive and thorough quality management system based on ISO 9001:2015. We are steadfast on our commitment to deliver highest-quality products and services through meticulous quality planning.

# Message to Shareholders

## *Dear Shareholders,*

It is with immense pride and pleasure that I present to you the annual report of Morganite Crucible (India) Limited for FY 2018-19. I am delighted to report another year of good performance with growth in sales and profitability, introduction of new products, efficiency improvements and steady returns to our shareholders. During the year, our Company embarked on multiple strategic initiatives including capacity expansion and business extension aimed at achieving sustainable profitable growth.

The Molten Metal Systems business delivered organic revenue growth of 7.3% globally in CY 2018 and our Company continues to remain an important contributor to the Molten Metal Systems' growth. Against a favourable market backdrop coupled with the growth strategy, our Company has delivered organic growth in sales and profitability during the year. We are happy to declare a final dividend of ₹ 12/- per equity share for the financial year ended March 31, 2019 in addition to the interim dividend of ₹ 4/- per share paid during the financial year.

Most significantly, Mr Vikas Kadlag joined our Company as Managing Director to lead the MMS business in India. Mr Kadlag is exceptionally qualified with the right skills and expertise to take on the role. I believe the business will continue to be in excellent hands under his guidance and leadership. Going forward, our Company's focus continues to remain on increasing technical differentiation in our products, driving sales effectiveness and improving operational execution in our quest to remain the global business leader in our markets.

I would like to thank all our employees and partners for their continued hard work and our customers and shareholders for their continued support. I look forward to another successful year ahead.

Sincerely,

**Dr Aniruddha Karve**

Managing Director  
Molten Metal Systems (MMS)

“Against a favourable market backdrop coupled with the growth strategy, our Company has delivered organic growth in sales and profitability during the year.”



# Managing Director's Message

## *Dear Shareholders,*

I'm elated to be presenting MCIL's annual report; my first as Managing Director. FY 2018-19 was another good year for MCIL. We reported strong growth in revenue and profit and continued to provide enhanced value for our shareholders.

India is on the cusp of tremendous opportunity for economic progress on the back of solid fundamentals such as Goods and Services Tax (GST), insolvency reform, moderate inflation, real estate regulations, emphasis on infrastructure creation and income support package for farmers. We are attractively placed to capitalise on the emerging growth opportunities led by its consistent focus on growing the product basket and scaling business. Underpinning everything we do is our technical expertise, our strong management team and our unwavering focus on sustainability and quality.

Our Company witnessed a number of important developments during the period under review, the most significant being the proposed brownfield expansion of clay graphite products at the Aurangabad site. We announced plans to invest approximately ₹ 177 million over a two-year period to implement the second phase of Project Avatar. The project envisions capacity extension, internal re-arrangement for improved plant layout, procurement and installation of higher capacity ISO press line and other plant and machinery at the site. Through the brownfield expansion, we aim to generate greater revenue from our product mix, optimise our operations with reduced manual intervention and offer better quality ISO pressed products to meet the evolving customer needs in the domestic and overseas markets.

Looking ahead, our incessant efforts to enhance operational performance and diversify our product portfolio are expected to yield strong profitability and growth in the coming year.

Finally, I would like to take this opportunity to extend my gratitude to all our stakeholders for their faith in MCIL. I would also like to thank each and every member of our team for their commendable work and look forward to working with them in the years to come.

Thank you,

### **Mr Vikas Kadlag**

Managing Director  
Morganite Crucible (India) Limited



“ We aim to generate greater revenue and offer better quality products to meet evolving customer needs.”

# Growth Story in Numbers

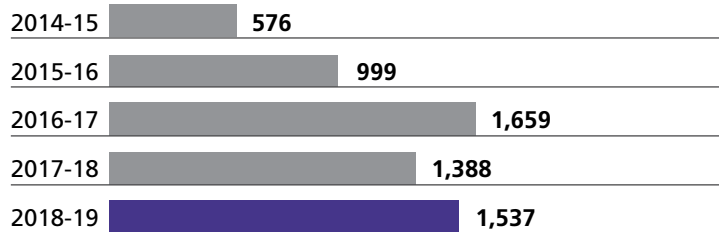
## CONSOLIDATED TURNOVER

(₹ in Lakhs)



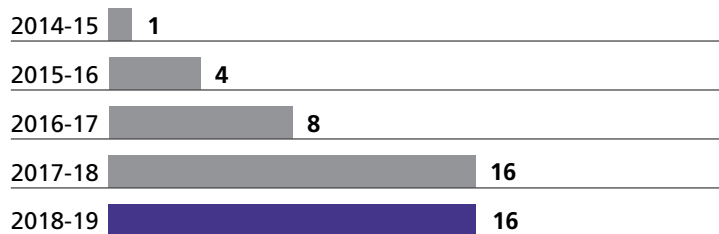
## PROFIT AFTER TAX

(₹ in Lakhs)



## DIVIDEND PER SHARE

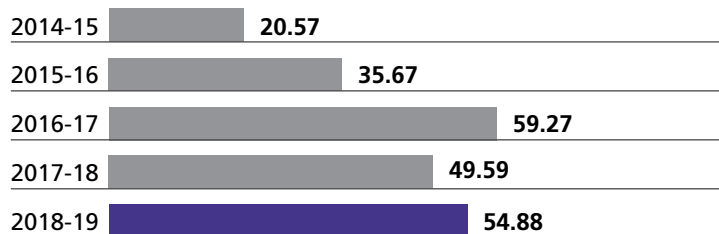
(₹)





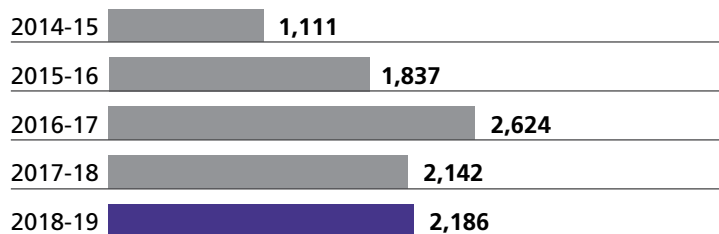
## EARNINGS PER SHARE

(₹)



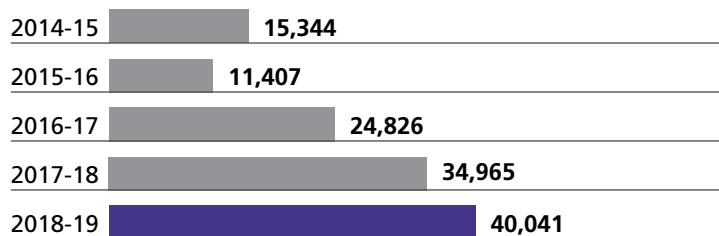
## OPERATING PROFIT

(₹ in Lakhs)



## MARKET CAPITALISATION

(₹ in Lakhs)



# Corporate Information

## Board of Directors

**Aniruddha Karve**  
Director

**Vikas Kadlag**  
Managing Director

**Pauline Tan**  
Director

**Martin Coll**  
Director

**Mukund Bhogale**  
Independent Director

**Subhash Kolapkar**  
Independent Director

**Maithilee Tambolkar**  
Independent Director

## Key Managerial Personnel

**Meereshwar Reddy**  
Manager  
(Up to December 31, 2018)

**Vikas Kadlag**  
Managing Director  
(From January 1, 2019)

**Atithi Majumdar**  
Chief Financial Officer

**Rupesh Khokle**  
Company Secretary

## Auditors

**B S R & Associates LLP**  
Chartered Accountants

8<sup>th</sup> Floor, Business Plaza,  
Westin Hotel Campus  
36/3-B Koregaon Park Annex,  
Mundhwa Road,  
Pune - 411 001  
Firm Registration No.: 116231W/W-100024

## Secretarial Auditors

**KMP & Associates**  
Company Secretaries  
7/8, Harnam Plaza,  
Opp. IDBI Bank, Osmanpura,  
Aurangabad - 431 005

## Bankers

**Axis Bank Limited**  
**State Bank of India**  
**UCO Bank Limited**  
**HSBC Bank**

## Registrar & Share Transfer Agent

**Link Intime India Private Limited**  
CIN: U67190MH1999PTC118368  
C 101, 247 Park, L B S Marg,  
Vikhroli West, Mumbai - 400 083  
Tel.: +91 22 49186000  
Fax: +91 22 49186060  
Email: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)  
Website: [www.linkintime.co.in](http://www.linkintime.co.in)

## Registered Office and Plant Location

**Morganite Crucible (India) Limited**

**Unit: Aurangabad**  
B-11, MIDC Waluj,  
Aurangabad - 431 136, Maharashtra

**Morganite Crucible (India) Limited**

**Unit: Mehsana**  
212/C, GIDC Estate,  
Mehsana - 384 002, Gujarat

**Corporate Identity Number (CIN) of the Company**

L26920MH1986PLC038607

# NOTICE

**NOTICE** is hereby given that the 34<sup>th</sup> ANNUAL GENERAL MEETING of the Members of MORGANITE CRUCIBLE (INDIA) LIMITED will be held on Wednesday, August 7, 2019 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, 2019, including audited Balance Sheet as at March 31, 2019, 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, 2019.
3. To re-appoint Mr Aniruddha Karve as a Director of the Company who retires by rotation and being eligible offer himself for re-appointment.

## SPECIAL BUSINESS:

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

1. **Appointment of Mr Subhash Kolapkar (DIN:06666368) as an Independent Director of the Company for a period of 5 years**

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (“Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) read with Schedule IV to the Act, as amended from time to time, Mr Subhash Kolapkar (DIN:06666368), 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 and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as Independent Director of the Company, for 5 (five) consecutive years with effect from September 25, 2019 and whose office shall not be liable to determination by retirement of Directors by rotation;

**RESOLVED FURTHER** that pursuant to the provisions of Section 149 and other applicable provisions, Mr Subhash Kolpkar be paid sitting fees within the limits prescribed and as approved by the Board of Directors in their earlier meeting, for attending the meeting(s) of the Board or any Committee thereof and reimbursement of any expenses for participation in the Board and other meetings.

**RESOLVED FURTHER** that any of the Directors of the Company and Key Managerial Personnel of the Company, be and is hereby severally authorised to do all such acts, deeds and things, including signing and issuing letter of appointment and to complete all other formalities as may be required in this regard.”

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

2. **Appointment of Mr Martin Coll (DIN: 0008399389) as Director of the Company**

“**RESOLVED THAT** Mr Martin Coll (DIN:0008399389), who was appointed as an Additional Director effective from May 21, 2019 on the Board of the Company in terms of Section 161 of the Companies Act, 2013 and Article of Association of the Company and who holds office up to the date of this Annual General Meeting, proposing his candidature to the office of Director, under Section 160 of the Companies Act, 2013, be and is hereby appointed as a Director of the Company, liable to retire by rotation.

**RESOLVED FURTHER THAT** Mr Vikas Kadlag, Managing Director and Mr Rupesh Khokle, Company Secretary of the Company be and is hereby severally authorised to intimate to the Registrar of Companies, Stock Exchanges or to any other Govt. bodies as may be required to give effect to this resolution and to sign and file necessary forms and returns with Registrar of the Companies.”

### Registered Office:

B-11 MIDC, Industrial Area, Waluj,  
Aurangabad (MS) – 431 136

By Order of the Board,

**Vikas Kadlag**  
(Managing Director)  
DIN: 05122774

Date: May 21, 2019

**NOTES:**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON POLL 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.

The corporate members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board resolution to the Company, authorizing their representative to attend and vote on their behalf at the meeting.

2. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, August 1, 2019 to Wednesday, August 7, 2019 (both days inclusive).
3. The Final Dividend for the financial year ended March 31, 2019, 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 July 31, 2019.
4. The Securities Exchange Board of India (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.
5. 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.
6. 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.
7. 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 Wednesday, July 31, 2019, 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.
8. The Company has appointed KMP & Associates, 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.
9. The facility for voting either through electronic voting system or poll paper, shall also be made available at the AGM and the members attending the AGM, who have to already cast their vote by remote e-voting, may exercise their right to vote at the AGM. The Company has entered into an arrangement with Link Intime India Private Limited for facilitating remote e-voting for AGM. The instructions for e-voting are as under:
  10. **The instructions for members for voting electronically are as under:-**
    1. The voting period begins on August 3, 2019 at 09.00 am and ends on August 6, 2019 at 05.00 pm. 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 July 31, 2019, may cast their vote electronically. The e-voting module shall be disabled by Link Intime for voting thereafter.

2. Visit the e-voting system of LIPL. Open web browser by typing the following URL: <https://instavote.linkintime.co.in>.
3. Click on "Login" tab, available under 'Shareholders' section.
4. Enter your User ID, password and image verification code (CAPTCHA) as shown on the screen and click on "SUBMIT".
5. Your User ID details are given below:
  - a. **Shareholders holding shares in demat account with NSDL:** Your User ID is 8 Character DP ID followed by 8 Digit Client ID
  - b. **Shareholders holding shares in demat account with CDSL:** Your User ID is 16 Digit Beneficiary ID
  - c. **Shareholders holding shares in Physical Form (i.e. Share Certificate):** Your User ID is Event No + Folio Number registered with the Company
6. Your Password details are given below:

If you are using e-Voting system of LIPL: <https://instavote.linkintime.co.in> for the first time or if you are holding shares in physical form, you need to follow the steps given below:

Click on "Sign Up" tab available under 'Shareholders' section register your details and set the password of your choice and confirm (The password should contain minimum 8 characters, at least one special character, at least one numeral, at least one alphabet and at least one capital letter).

<b>For Shareholders holding shares in Demat Form or Physical Form</b>	
<b>PAN</b>	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (applicable for both demat shareholders as well as physical shareholders).</p> <ul style="list-style-type: none"> <li>• Members who have not updated their PAN with depository Participant or in the company record are requested to use the sequence number which is printed on Ballot Form / Attendance Slip indicated in the PAN Field.</li> </ul>

<b>For Shareholders holding shares in Demat Form or Physical Form</b>	
<b>DOB/ DOI</b>	Enter the DOB (Date of Birth)/ DOI as recorded with depository participant or in the company record for the said demat account or folio number in dd/mm/yyyy format.
<b>Bank Account Number</b>	<p>Enter the Bank Account number as recorded in your demat account or in the company records for the said demat account or folio number.</p> <ul style="list-style-type: none"> <li>• Please enter the DOB/ DOI or Bank Account number in order to register. If the above mentioned details are not recorded with the depository participants or company, please enter Folio number in the Bank Account number field as mentioned in instruction (iv-c).</li> </ul>

If you are holding shares in demat form and had registered on to e-Voting system of LIPL: <https://instavote.linkintime.co.in>, and/or voted on an earlier voting of any company then you can use your existing password to login.

#### **If Shareholders holding shares in Demat Form or Physical Form have forgotten password:**

Enter User ID, select Mode and Enter Image Verification code (CAPTCHA). Click on "SUBMIT".

Incase shareholder is having valid email address, Password will be sent to the shareholders registered e-mail address. Else, shareholder can set the password of his/her choice by providing the information about the particulars of the Security Question & Answer, PAN, DOB/ DOI, Dividend Bank Details etc. and confirm. (The password should contain minimum 8 characters, at least one special character, at least one numeral, at least one alphabet and at least one capital letter)

**NOTE:** The password is to be used by demat shareholders for voting on the resolutions placed by the company in which they are a shareholder and eligible to vote, provided that the company opts for e-voting platform of LIPL.

For shareholders holding shares in physical form, the details can be used only for voting on the resolutions contained in this Notice.

It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

**Cast your vote electronically**

7. After successful login, you will be able to see the notification for e-voting on the home page of INSTA Vote. Select/ View "Event No" of the company, you choose to vote.
8. On the voting page, you will see "Resolution Description" and against the same the option "Favour/ Against" for voting.

Cast your vote by selecting appropriate option i.e. Favour/Against as desired.

Enter the number of shares (which represents no. of votes) as on the cut-off date under 'Favour/Against'. You may also choose the option 'Abstain' and the shares held will not be counted under 'Favour/ Against'.

9. If you wish to view the entire Resolution details, click on the 'View Resolutions' File Link.
10. After selecting the appropriate option i.e. Favour/ Against as desired and you have decided to vote, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "YES", else to change your vote, click on "NO" and accordingly modify your vote.
11. Once you confirm your vote on the resolution, you will not be allowed to modify or change your vote subsequently.
12. You can also take the printout of the votes cast by you by clicking on "Print" option on the Voting page.

**General Guidelines for shareholders:**

- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to e-Voting system of LIPL: <https://instavote.linkintime.co.in> and register themselves as 'Custodian / Mutual Fund / Corporate Body'.

They are also required to upload a scanned certified true copy of the board resolution /authority letter/ power of attorney etc. together with attested specimen signature of the duly authorised

representative(s) in PDF format in the 'Custodian / Mutual Fund / Corporate Body' login for the Scrutinizer to verify the same.

- During the voting period, shareholders can login any number of time till they have voted on the resolution(s) for a particular "Event".
  - Shareholders holding multiple folios/demat account shall choose the voting process separately for each of the folios/demat account.
  - In case the shareholders have any queries or issues regarding e-voting, please refer the Frequently Asked Questions ("FAQs") and Instavote e-Voting manual available at <https://instavote.linkintime.co.in>, under Help section or write an email to [enotices@linkintime.co.in](mailto:enotices@linkintime.co.in) or Call us :- Tel : 022 - 49186000.
11. The Chairman shall, during the AGM at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of Scrutinizer, by use of Poll for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
  12. The members who have casted their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
  13. 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) 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.
  14. 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.
  15. Members holding shares in physical form are requested to intimate any change of address and / or bank mandate to M/s. Link Intime Private 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 immediately.

16. Members are requested to note that as per Section 124 (5) of the Companies Act, 2013 corresponding Section 205A of the Companies Act, 1956, 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.

### **Explanatory statement pursuant to Section 102 (1) of the Companies Act, 2013**

#### **Item No.1**

The Company has received a consent from Mr Subhash Kolapkar in writing to act as Independent Director in form DIR-2 pursuant to Rule 8 of Companies (Appointment and Qualification of Directors) Rules, 2014 and intimation in Form DIR-8 in terms of Companies (Appointment and Qualification of Directors) Rules, 2014 to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013. Further, the provisions of the Companies Act, 2013 with respect to appointment and tenure of the Independent Directors have come into effect from April 1, 2014 which requires every public company fulfilling the prescribed criteria as laid down in Rule 4 of Companies (Appointment and Qualification of Directors) Rules, 2014 to appoint an Independent Director on its Board and the Independent Director shall not be included in the total number of directors for retirement by rotation. Accordingly, in terms of provisions of Section 149, 150, 152 Schedule V of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014, the Board of Directors of the Company has proposed appointment of Mr Subhash Kolapkar as an Independent Director of the Company within the meaning of Section 2(47) read with Section 149(6) of the Companies act, 2013 for a term of 5 consecutive years commencing from September 25, 2019.

Mr Subhash Kolapkar served as Dy. Director and Joint Director Government of Maharashtra at various locations such as Mumbai, Pune, Nasik, and Vitharbha Region & Aurangabad Region. Having rich experience of more than 30 years in Industrial Safety and Health Department. After his retirement he started consulting to various industry by conducting safety

audits and various awareness programs for improvement in health and safety of the employees.

Your Directors recommend Resolution at Item No. 1 as a Special Resolution for approval of the members.

#### **Item No.2**

The Company has received from Mr Martin Coll, a consent in writing to act as Director in form DIR-2 pursuant to Rule 8 of Companies (Appointment and Qualification of Directors) Rules, 2014 and intimation in Form DIR-8 in terms of Companies (Appointment and Qualification of Directors) Rules, 2014 to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013. The Board of Directors in their meeting held on May 21, 2019 has appointed Mr Martin Coll as an Additional Director of the Company who holds office until ensuing annual general meeting. He has proposed candidature as a Director of the Company and has also given deposit of rupees one lakh to the Company until gets elected in ensuing annual general meeting.

Martin joined Morgan in 2016 as Finance Manager in the Specialty Ceramics and Electrical Carbon business. In 2017, he was appointed Finance Director of Composites & Defence Systems, where he took a lead role in two restructuring programs and most recently, the disposal of the business.

Martin is an ACA qualified Chartered Accountant (Institute of Chartered Accountants in England & Wales) and has extensive international finance experience working for Moneygram and Honeywell Process Solutions in the Middle East and Asia, in roles where he contributed significantly to business growth, developing strategy and leading the finance function.

Your Directors recommend Resolution at Item No. 2 as an Ordinary Resolution for approval of the members.

#### **Registered Office:**

B-11 MIDC, Industrial Area, Waluj,  
Aurangabad (MS) – 431 136

By Order of the Board,

Date: May 21, 2019

**Vikas Kadlag**  
(Managing Director)  
DIN: 05122774

# DIRECTORS' REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS

To,  
The Members,

Your Directors are pleased to present the 34<sup>th</sup> Annual Report, together with the Audited Financial Statements of the Company for the financial year ended March 31, 2019.

## FINANCIAL PERFORMANCE:

(₹ in Lakhs)

	2018-19	2017-18
<b>Particulars</b>		
Revenue from Operations	12,014	10,915
Other income	595	318
<b>Total income</b>	<b>12,609</b>	<b>11,233</b>
Operating Expenses	9,991	8,668
<b>Profit before finance cost, depreciation and amortisation</b>	<b>2,618</b>	<b>2,565</b>
Depreciation and Amortisation Expense	431	423
<b>Profit before tax</b>	<b>2,186</b>	<b>2,142</b>
Provision for tax	649	754
<b>Profit after tax</b>	<b>1,537</b>	<b>1,388</b>
Proposed equity dividend	336	448
Corporate dividend tax	69	92
<b>Total Outflow</b>	<b>405</b>	<b>540</b>

## PERFORMANCE REVIEW:

During the year under review, the Company has achieved net turnover of ₹ 12,014 lakhs as compared to ₹ 10,915 lakhs in the previous year. The gross profit before tax and depreciation were ₹ 2,618 lakhs as compared to ₹ 2,565 lakhs in the previous year. The operating expenses increased to ₹ 9,991 lakhs as compared to ₹ 8,668 lakhs in the previous year. Further, no material changes or commitments have occurred between the end of the financial year and the date of this Report which affect the financial statements of the Company in respect of the reporting year.

## DIVIDEND:

The Board of Directors in their meeting held on November 13, 2018 declared interim dividend of ₹ 4/- per share for the

financial year 2018-19 based on half yearly profit and as per the Dividend Distribution Policy voluntarily adopted by the Company.

Further, on the basis of higher turnover achieved and profitability, your Directors are pleased to recommend a final dividend of ₹ 12/- per equity share, amounting to ₹ 405.08 lakhs (including dividend distribution tax) for the financial year 2018-19 for approval of the members in the ensuing 34<sup>th</sup> Annual General Meeting of the Company. In view of need of funds for future expansion, your company maintains dividend payout ₹ 16/- per share (including interim dividend ₹ 4/- per share).

## ECONOMIC SCENARIO AND OUTLOOK:

During the fiscal year 2018-19, the Indian economy has delivered steady growth between 6 and 7 per cent amid rising global volatility driven by political uncertainty around Brexit, elections in various countries, threats from trade disputes, and possible debt bubbles. Crude oil prices rose through the year, impacting raw materials prices and fuel costs.

Globally, the outlook was much less encouraging, with European economies continuing to show little or no growth, as well as the increasing possibility of a trade war between the USA and China depressing industrial and automotive production in China. The slow-down in Chinese automotive production also impacted the manufacturing economies in the South East Asian region.

Looking to 2019-20, the economic uncertainties cloud the outlook. Trade disputes will continue to introduce volatility in manufacturing output in China. Indian elections have resulted in a stable government for the next term, and is expected to improve industrial output that has flagged over the last two quarters of 2018-19. The North American economies continue to show steady performance currently, while European economies are not expected to improve in the near term.

## Foundry Industry - Outlook and Opportunities

The foundry industry represents the major end user of your Company's productions and continues to remain a feeder industry to the major manufacturing and infrastructure sectors in India and globally. Most of the developed and emerging world economies depend on stability of the foundry sector to further growth. India's foundry industry now ranks second in the world behind China in the production of ferrous and



non-ferrous castings, producing just over 10% of the world's casting tonnage.

Further, India's automobile industry, a major user of non-ferrous castings, is set to change significantly with the implementation of BS VI emission norms and proliferation of electric vehicles (EVs). On April 1, 2020, India has planned to transition from the BS IV emission standard straight to BS VI emission norms, skipping the BS V stage. These norms are expected to impact the entire automobile industry barring the tractor segment. The changes in powertrain designs to match the BS VI standard should increase the consumption of non-ferrous castings.

Aluminium is gradually finding greater usage in the automobile industry fuelled by demand growth, the share of the automobile industry in domestic aluminium consumption has steadily grown. Vehicular weight reduction is a focus of the Indian automobile manufacturers to improve fuel efficiency and will result in a higher per unit usage of aluminium going forward. Consequently, aluminium demand growth from the automobile industry is likely to outpace the overall volume growth in the country, driven by an increase in per unit aluminium consumption.

In view of above developments, your Company expects to leverage successfully implementing new solutions, optimizing processes, improving efficiency, environmental compatibility and 'Time to Market' to continue its growth in the coming years.

### Expansion Projects

#### Project Avatar – Phase II

During the year, the Board of Directors of your Company has approved expansion of clay graphite products at Aurangabad site considering market demand for bigger size ISO pressed crucibles and accessories and strategic focus on non-core business in foundry products, the existing cold isostatic press (CIP) machine at Mehsana site may not be able to meet the increased volume and size. Therefore, your Company look forward to establish Isostatic press line at Aurangabad site, which will enable us to offer bigger size ISO pressed crucibles alongwith increasing the overall capacity of ISO pressed machine products and other foundry products diversification.

### CHANGES IN SHARE CAPITAL

The paid-up equity share capital of the Company stood at ₹ 280 lakhs as on March 31, 2019. During the year, the Company has not issued any shares or convertible securities and does not have any Scheme for issue of shares including sweat equity to the employees or Directors of the Company.

### PUBLIC DEPOSIT:

The Company has not accepted any deposits from the public/members under Section 73 of the Act read with Companies (Acceptance of Deposits) Rules, 2014 during the financial year under review.

### RELATED PARTY TRANSACTIONS:

During the year under review, all related party transactions entered during the year were in the ordinary course of business and on arms-length basis. No material related party transactions, i.e. transactions exceeding ten percent of the annual consolidated turnover as per the last audited financial statements, were into entered during the year by your Company. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3) (h) of the Companies Act, 2013 in Form AOC 2 is not applicable. Further, the Company has not given any loans and advances in the nature of loans to subsidiary company or to associate company or to firms/companies in which directors are interested hence disclosure as per Regulation 34(3) of SEBI LODR, Regulations, 2015 is not applicable.

In compliance with the provisions of Section 188 of Companies Act, 2013 and Regulation 23 of Securities Exchange Board of India ('SEBI') (Listing Obligations and Disclosure Requirements), ('LODR') Regulations, 2015, the Audit Committee had given omnibus approval for related party transactions which were of repetitive in nature and entered with associates companies for sale, purchase of goods and services for a period of one year. In every Audit Committee meeting during the year, the schedule of related party transactions for each quarter end were placed before the Committee to ensure transactions were within limit of the approval.

As per Regulation 46 of SEBI LODR Regulations, 2015, the Policy on Materiality of Related Party Transactions and dealing with Related Party Transactions is available on Company's website at <http://www.morganmms.com/en-gb/investors/>

### MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION BETWEEN THE END OF THE FINANCIAL YEAR AND DATE OF REPORT:

During the year under review, there have been no other material changes or commitments given which affects the financial position of the Company between the end of the financial year and the date of the report.

### PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:

During the year under review, the Company has not provided any loans, given guarantees and made investments covered under Section 186 of the Companies Act, 2013.

**BOARD OF DIRECTORS:**

During the year, Mr Mirco Pavoni, Non-Executive Director and Mr David Kowal Non-Executive Director resigned from the Board effective from February 12, 2019. The Board placed on record its appreciation for the services rendered by them during their tenure with the Company.

In accordance with provisions of Companies Act, 2013 and the Article of Associations of the Company, Mr. Aniruddha Karve, Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for re-appointment.

Further, 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 was appointed as Independent Director of the Company in the 29<sup>th</sup> Annual General Meeting for a period of 5 years until September 24, 2019. Mr Subhash Kolapkar has submitted declaration confirming that he continues to meet the criteria of independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013 and offered himself for re-appointment for further period of 5 years. Accordingly, the Board of Directors in its meeting held on May 21, 2019 recommended for appointment of Mr Subhash Kolapkar as an Independent Director for a period of five years from the date of 34<sup>th</sup> Annual General Meeting subject to approval of Members.

The evaluation of Board including independent directors was carried out based on parameters of attendance in every Board and Committee meeting, participation in discussions and independent judgement. The Board carried out annual performance evaluation of the Board Committees and Individual Directors, internally. The performance of each Committee was evaluated by the Board, based on report on evaluation received from respective Board Committees.

During the year under review, the independent directors has submitted certificate of independence under Section 149 (6) (d) of the Companies Act, 2013. The policy on the familiarisation program for Independent Directors including details of Nomination Remuneration Committee and their roles and responsibility are provided in the Corporate Governance Report. The evaluation of Board including independent directors was carried out based on parameters of attendance in every Board and Committee meeting, participation in discussions and independent judgement.

The Board of Directors and Senior Management Personnel has confirmed compliance to the Code of Conduct of the Company and submitted the required annual compliance declaration to the Company Secretary. The Managing Director

Certificate on affirmation to the Code of Conduct is attached as **Annexure - 4**.

The details of the familiarization program for Independent Directors are posted on the website of the Company and can be accessed at -  
<http://www.morganmms.com/en-gb/investors/>

**BOARD MEETINGS AND ANNUAL GENERAL MEETING:**

During the year the Board met four times on May 24, 2018, August 9, 2018, November 11, 2018 and February 12, 2019. The 33<sup>rd</sup> Annual General Meeting was held on August 8, 2018. The intervening gap between any two meetings was within the period prescribed by the Companies Act, 2013.

**POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION:**

The policy of the Company on directors' appointment and remuneration, including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under Section 178 (3) and Section 197 (12) of the Companies Act, 2013, read with Rule 5 of Companies (Appointment And Remuneration of Managerial Personnel) Rules, 2014 is annexed as **Annexure - 1** to the Board's report.

**PARTICULARS OF EMPLOYEES:**

During the year under review, no employee was in receipt of remuneration of ₹ 102 lakhs or more, or employed for part of the year and in receipt of ₹ 8.50 lakhs or more a month, under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

**PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE:**

As per the requirement of The Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 ('Act') and Rules made thereunder, your Company has adopted a policy on Prevention of Sexual Harassment at Workplace. During the year, the Company has not received any complaint with allegations of sexual harassment.

**RISK MANAGEMENT POLICY:**

Morgan Group has established a risk management methodology which seeks to identify, prioritise and mitigate risks, underpinned by a 'three lines of defence' model comprising an internal control framework, internal monitoring and independent assurance processes. The Morgan Group considers risk management and internal control are fundamental to achieving and delivering long-term sustainable growth in shareholder value. The Risk Framework covers business, operational and financial risks reviewed by the Committee on a periodic basis.

During the year, the Committee in its meeting held on February 12, 2019 has reviewed risk relating to competition, operations, people management and development, product quality, technological obsolescence, quality of contract, external risks of previous year and development of action plan as prepared by the management for mitigating such risks relating to above risks in the future.

#### **CORPORATE SOCIAL RESPONSIBILITY (CSR):**

Your Company's CSR efforts are focused on supporting physically challenged students, youth and girls by through various assistance programs in the domains of education, health and environment. Your Company has spent less CSR fund as compared to applicable CSR funds for the financial year 2018-19 on improvement in health and safety of students at nearby village school and orphanage however as a commitment towards building a better society, the Company is identifying more CSR spend in improving quality of education and to undertake such other selected projects as mentioned in the CSR policy.

The Company has formulated a Corporate Social Responsibility Policy indicating the activities to be undertaken by the Company as recommended by the Corporate Social Responsibility Committee and approved by the Board of Directors.

The Corporate Social Responsibility policy formulated by the Company is available on the website of the Company at - <http://www.morganmms.com/en-gb/investors/>

The CSR activities as undertaken by the Company are attached as **Annexure - 2** and form part of this annual report.

#### **NOMINATION AND REMUNERATION COMMITTEE:**

The Nomination and Remuneration Committee has been vested with the authority to, inter alia, recommend nominations for Board Membership and senior management position of the Company and establishing criteria for selection to the Board with respect to the competencies, qualifications, experience, integrity and succession plans. The committee comprises of independent and non-executive directors of Board which details are given in Corporate Governance Report.

During the year, the Nomination and Remuneration Committee has reviewed appointment of Mr Vikas Kadlag as Managing Director of the Company effective from January 1, 2019. The Committee met three times on August 9, 2018, November 13, 2018 and February 12, 2019 during the financial year 2018-19.

#### **PRODUCT QUALITY AND CERTIFICATIONS:**

The Technical Services and Product Development (TSPD) team continues to strive to achieve Morgan's vision of becoming a

world class material science company with required application engineering and reliable problem solving capabilities, delivered ethically and safely to the customers we serve. The TSPD team have continuous focus on new product development and product enhancement by introducing process changes, re-engineering and re-designing projects. Your Company is also focusing on product applications for aluminium degassing, hopper linings, anti-vortex plates, aluminium scrap melting, ductile iron flow control and induction furnace crucibles.

Your Company continues to remain ISO 9001:2015 certified for Quality Management System Standards certified by LUCIDEON Management Systems for continuously demonstrating focus on customer satisfaction through product quality and services delivery, and on meeting statutory and regulatory norms.

#### **ENVIRONMENT, HEALTH AND SAFETY (EHS):**

The Morgan Group's EHS Policy sets out the Group's commitment to protect and enhance the environment and to the health and safety of all those affected by our operations. The governance of Morgan's EHS Policy is achieved through performance monitoring, risk assessment and the management and mitigation of identified risks to help provide continuous improvement in EHS performance in support of the Company's and Group's strategic priorities. With the long-term aim of a 'zero harm' workplace, Morgan is committed to its health and safety core values and to conducting all its activities in a manner that achieves high standards of health and safety for all employees and stakeholders. The Morgan Group's long-term objective is 'zero harm'. We aim to deliver year-on-year improvements in performance as we progress towards this objective. Your Company is committed to providing an injury-free and environment-friendly workplace and improved wellbeing of employees and contract workforce by regularly organising occupational health examinations, consultation and counselling.

There were no lost time accidents in your Company's sites since August, 2014, however during the year there were 12 first aid injuries reported and immediate action has been taken on the observations of unsafe actions and unsafe conditions. Further, regular monitoring of air, water and soil pollution was being carried out throughout the year through external agencies.

#### **Operational, Health and Safety Improvements:**

- Replacement of Rotary Dryer
- Secondary mixer installed to reduce handling of Sigma Granules
- Replacement of CIP roller machines
- Initiated Project Avatar Phase II activities at Aurangabad

**Well-being:**

- Procured new fork lift with pull & push type arrangement to eliminate the risk associated with container loading activity.
- Procured and commissioned auto strapping machine at CG packing section.
- Procured Planetary mixture to eliminate the manual putty mixture preparation which also improves the related quality issues.
- Installation of Biometric access control system and other adverse features to existing fork lifts.
- Statutory Safety Audit as per IS 14489 conducted by DISH approved Auditors.
- Regular internal training/programs for developing awareness on health, safety and environment of employees and contractual labour
- Annual medical check-ups was completed and suggestions has been given for monitoring health of employees and contractual labour
- Behavioural Based Safety audits

Your Company continue to develop and track environmental improvement programmes, develop benchmarking with similar production technologies and focus on robust monitoring and validation of reported metrics to drive ownership.

**FINANCE AND TAXATION:**

During the Financial year 2018-19, your Company has made all statutory compliances like, Goods and Service Tax, Income Tax, Foreign Trade Policy, Customs etc. with respect to both the units at Aurangabad & Mehsana. There were no non-compliances and your company has not received any new show cause notices (SCN) or demand note for non-compliances. During the financial year 2018-19, your Company has made significant improvement in liquidating accumulated IGST input credit balances as per provision of GST law. During the financial year we have liquidated ₹ 585 lakh amount of Integrated Goods and Service Tax credit (IGST). Our VAT assessment for the FY 2014-15 has been completed and received refund order from Department.

Your Company has continued to apply for Export Incentives under Merchandise Exports from India Scheme (MEIS) as part of the Foreign Trade Policy 2015-20. During the year 2018-19, we have actually received Duty Benefit Scripts amounted to ₹ 252 Lakh. The process of applying and claiming MEIS benefit on our export sales has been stabilised during the last year and throughout the year we have been receiving MEIS duty benefit scripts on regular basis.

Regarding our application for Advance Pricing Agreement (APA) with the Central Board of Direct Tax & Govt. of India for international intercompany related party transactions with Associated Enterprises (AE), the APA Commissioner, Mumbai has completed Factory visit during February 2019. This was an important milestone in our effort of successful execution of the APA. We are now in the final stage and currently preparing for final negotiation with the APA authority. Once APA is signed with CBDT, it will give certainty in tax treatment on transactions with our parent company as well as other Morgan group companies.

**RESPONSIBILITY BUSINESS PROGRAMME (RBP) AND LEGAL GOVERNANCE:**

The Morgan Group's Ethics and Compliance Programme is in place for providing a framework underpinning the Group's Commitment to doing business in the right way. The core elements of the programme are 'ton-from-the-top', policies, training, control process, monitoring and assurance.

**Morgan Code Launch**

During 2018, the emphasis on ethical behaviour was enhanced by the launch of the Morgan Code, a set of principles supported by policies and guidelines that lay out how we should conduct ourselves. The Morgan Code applies to all employees and to the extent appropriate, to Morgan's business partners including agents, joint venture partners and third-party representatives.

The principles of the Morgan Code fall under four areas:

- »»Working safely.
- »»Working ethically.
- »»Treating our people fairly.
- »»Protecting our business.

**Ethics and Compliance Training Programme**

Your Company has given e-learning training programme to all employees on various topic of anti-bribery and corruption, conflict of interest and anti-competitive practice. Going forward, your Company is committed to provide the required training as directed by the Group from time to time.

**Ethics 'speak-up' hotline**

The ethics hotline, operated by the independent third-party company Expolink, enables employees and others who are aware of, or suspect, misconduct, illegal activities, fraud, abuse of Company's assets or violations of any Group policy to report these confidentially without fear of retribution should they feel they cannot use a local channel. The hotline includes local free-phone numbers in each of the countries in which the Group operates, with real-time translators available as necessary.

Issues raised through the hotline, or via other channels, and which may be anonymous, are followed up by the internal audit, Group compliance, and human resources functions, or members of senior management teams as appropriate. Further investigation may be conducted through internal audit.

### Compliance Commitment

Your Company is committed to conduct its business in compliance with a range of national and international laws and regulations relating with bribery and corruption, human rights, trade/export compliance and competition/anti-trust activities. The Export Compliance Policy and dedicated in-house review mechanism helps the Company to screen and identify the restricted parties in regulated countries where your Company operates.

### HUMAN RESOURCES:

Morgan Group appreciates and value of our employees and the contribution they make. We are committed to creating an inclusive culture where everyone can fulfil their potential. This is essential if we are to attract and retain talented people, and drive creativity and innovation to solve our customers' demanding materials challenges.

Our Company strategy and execution priorities put people at the centre of what we do. We do not unfairly discriminate and we respect human rights. Our Employee Policies are set to comply with local law. The ethics hotline enables employees who are aware of, or suspect, issues under our Human Rights Policy to report these confidentially.

Further, in order to motivate the employees, the Group launched various reward schemes to recognise the accomplishments of our people individually and as teams, and make awards to acknowledge achievement, loyalty and innovation. For senior management, awards are also linked to business performance.

Effective engagement enables our employees to contribute to improving Morgan's business performance. The Morgan group introduced a new global employee engagement survey to help us gauge our success in creating an environment in which everyone can fulfil their potential.

We keep employees informed about what is happening across the business, including Company results, major business decisions, and other matters which affect them. We are using a variety of media for this purpose, including our intranet, email, newsletters, peer-to-peer social media, and also local team briefings – where we also seek to listen to employees' views and opinions. We seek to maintain constructive relationships with all trade unions and labour unions across the geographies in which we work.

During the year, your company has organised nearly 654 mandays training on 111 of various topics against 548 mandays on 83 topics as compared to previous year for nurturing existing people's talent and motivating them to attain organisation goals. The employee turnover ratio was down to 15.52% as compared to 17.65% as compared to previous year.

During the year, your Company has signed an updated Memorandum of Settlement with the MCIL Works Committee at Mehsana site for a period of 3 years with moderate increase in 26 permanent workers wages every year without affecting its continuous business operation.

The Morgan Group recognises the accomplishments of its people individually and as teams, and makes awards to acknowledge achievement, loyalty, and innovation. Recognition awards continue to be made across local businesses as well as to senior management, with awards linked to business performance.

Your Company has conducted various training programme such as Management Development, The Fundamentals of Foundry Crucibles & Foundry Products Technology, Impact of Customer Complaints on the Business, Physico Chemical Analysis of Ceramic Raw Material, The Emergency Preparedness and Response Plan, Communication & Presentation Skills, Principles and best practices of Lean, Rapid & Profitable NPD, Better You Better Life and other technical and functional trainings to the employee and workmen of the Company.

### AUDITORS:

#### Statutory Auditors

M/s B S R & Associates LLP, Chartered Accountants, Pune (Registration No. 116231W/W-100024) were appointed as Statutory Auditors of the Company from conclusion of 32nd Annual General Meeting until conclusion of 35th Annual General Meeting subject to ratification by members in every annual general meeting.

Further, Section 40 of the Companies (Amendment) Act, 2017 and Section 139 of the Companies Act, 2013 as notified by the Central Government on May 7, 2018, the ratification of statutory auditor at every general meeting is no longer required however M/s B S R & Associates LLP, Chartered Accountants, has submitted their eligibility to continue as Statutory Auditor of the Company for the financial year 2018-19 on such remuneration and out-of-pocket expenses as agreed between the Board or Committee and the Statutory Auditors in the Board of Directors meeting held on May 24, 2018.

The report is given by the Auditors on the financial statements of the Company forms part of this Annual Report. There has been no qualification, reservation, adverse remark or disclaimer given by the Auditors in their report.

### Secretarial Auditor

M/s KMP & Associates, (ACS 32369 / COP 11947) Practicing Company Secretaries, were appointed to conduct the Secretarial Audit of the Company for the financial year 2018-19, as required under Section 204 of the Companies Act, 2013 and rules thereunder. The Secretarial Audit Report for financial year 2018-19 forms part of the Board's Report as **Annexure 3**. The Board has continued appointment of M/s KMP & Associates, Practicing Company Secretaries, as Secretarial Auditor of the Company for the financial year 2019-20.

There has been no qualification, reservation, adverse remark or disclaimer given by Secretarial Auditor in their report.

### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company conducts its business operations with integrity and high standards of ethical behaviour and in compliance with the laws and regulations that govern its business. Your Company has a well-established framework of internal controls in operation, supported by Morgan Group's policies and guidelines, including periodic monitoring, assessment and internal audit. M/s R D Jaiswal & Co., Chartered Accountant, was appointed as internal auditors of the company to conduct internal audits for the financial year 2018-19. M/s R D Jaiswal & Co. has conducted internal audit on half yearly basis and detailed report was submitted to Audit Committee. Further, the Audit Committee reviews the adequacy and effectiveness of the implementation of audit recommendations, including those relating to strengthening your company's risk management policies and systems.

Your Company has implemented Internal Financial Controls (IFC) with required policies and procedures in its business operation. Further as required under Section 177(4)(vii) of the Companies Act, 2013, ("Act") the Audit Committee needs to evaluate internal financial control system of the Company and make further reporting to the Board and as per Section 143(3) (i) of the Companies Act, 2013 the Statutory Auditor of the Company is required to make representation in their Auditor Report that the Company has adequate internal financial control system in place and operating effectively.

During the year, your Company as well as internal auditor has made periodic checks relating to prevention and detection of frauds and errors, accuracy and completeness of accounting records, timely preparation of financial statements and applicable statutory compliances to the Company's business. The internal auditor and statutory auditor during their audit have not found any significant gaps for the financial year 2018-19 however have made certain recommendation for continuous improvement of the process.

### ANNUAL RETURN

In accordance with Section 134(3)(a) of the Companies Act, 2013, an extract of Annual Return in the prescribed format is appended as **Annexure 5**.

### DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement of Section 134 (3) (c) of the Companies Act, 2013, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- (i) In the preparation of the annual accounts for the financials year ended March 31, 2019, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and profit of the Company for the year;
- (iii) The Directors have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) The Directors have prepared the annual accounts on a 'going concern' basis;
- (v) The directors have laid down internal financial controls, which are adequate and are operating effectively;
- (vi) The directors have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

### CORPORATE GOVERNANCE:

As required under Securities Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015, the auditors' certificate regarding compliance of conditions of Corporate Governance is appended as **Annexure 6** to the Board's Report.

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

The particulars as prescribed under Sub-section (3)(m) of Section 134 of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014, are enclosed as **Annexure 7** to the Board's report.

**VIGIL MECHANISM / WHISTLE BLOWER POLICY:**

The Company has set up a Whistle Blower Policy with a view to provide a mechanism for directors and employees of the Company to raise concerns of any violations of legal or regulatory requirements, incorrect or misrepresentation of any financial statements and reports, etc. The policy is also available on the website –

<http://www.morganmms.com/en-gb/investors/>

**COST RECORDS:**

As per Section 148 of the Companies Act, 2013 the maintenance of Cost Records for the Financial Year ending March 31, 2019 is not applicable to the Company.

**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, and look forward to their continued support in the future.

For and on behalf of the Board,

<b>Vikas Kadlag</b>	<b>Aniruddha Karve</b>
(Managing Director)	(Director)
DIN: 05122774	DIN: 07180005

Place: Aurangabad  
Date: May 21, 2019

# ANNEXURE 1

## Statement of Disclosure of Remuneration Under Section 197 of the Companies Act, 2013 and Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- i. Ratio of the remuneration of each Executive Director to the median remuneration of the Employees of the Company for the financial year 2018-19

Name of Director	Designation	Ratio of remuneration of each Director to median remuneration of Employees	Percentage increase in Remuneration
Vikas Kadlag (From January 1, 2019)	Managing Director	2.26	Not Applicable

Note:

- Employees for the purpose above include all employees excluding employees governed under collective bargaining.
- ii. The percentage increase in remuneration of Chief Financial Officer and Company Secretary during the financial year 2018-19 -

Name	Designation	Percentage increase in Remuneration
Atithi Majumdar	Chief Financial Officer	10.1%
Rupesh Khokle	Company Secretary	10.1%

- iii. The percentage increase in the median remuneration of Employee for the financial year was 8.10 per cent.
- iv. There were 100 employees staff and 90 workers on rolls of the Company as on March 31, 2019.
- v. **Relationship between average increase in remuneration and Company performance**

The yearly increment in the remuneration is given based

on employee performance, market trends and general practice in same industry.

- vi. **Comparison of the remuneration of the Key Managerial Personnel against the performance of the company**

The increase in remuneration and variable bonus payout are based on the performance rating and market trend which was duly reviewed by Nomination and Remuneration Committee for Managing Director.

- vii. The Market Capitalisation of the Company as on March 31, 2019 was ₹ 40,041 Lakhs as compared to ₹ 34,965 Lakhs as on March 31, 2018. The price earnings ratio of the Company was 26.05 as at March 31, 2019 and was 25.18 as at March 31, 2018. The closing share price of the Company at BSE Limited on March 31, 2019 was ₹ 1,430.05/- per equity share of face value of ₹ 10/- each as compared to share price of ₹ 1,248.75/- per equity share as on March 31, 2018.
- viii. Average percentage increase made in the salaries of employees other than the managerial personnel in the financial year was 9 per cent. The average increase in employee remuneration shows competitive market and general market practice.
- ix. **Key parameters for any variable component of remuneration availed by the directors -**
- Variable component is integral part of the remuneration of all employees including directors. Every year, the key targets are assigned to each employee including directors over the period of one year and the rating has been given based on the performance of each individual.
- x. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year – Not Applicable
- xi. It is hereby affirmed that the remuneration paid during the year is as per the Remuneration Policy of the Company.



## ANNEXURE 2

During the year the Company has undertaken below CSR activities in line with CSR policy and as per approval of the Board.

Summary of CSR Activity	
Mahatma Fule School	Distribution of school desks
Urmi Foundation	Distribution of mattress, cupboards and other book storage furniture

# ANNEXURE 3

## Secretarial audit report for the financial year ended March 31, 2019

I, Mandar Ganesh Takalkar Partner of KMP & Associates Company secretaries have examined:

- (a) all the documents and records made available to us and explanation provided by Morganite Crucible (India) Limited ("the listed entity"),
- (b) the filings/ submissions made by the listed entity to the stock exchanges,
- (c) website of the listed entity,
- (d) any other document/ filing, as may be relevant, which has been relied upon to make this certification,

For the year ended 31st March 2019 ("Review Period") in respect of compliance with the provisions of:

- (a) the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued there under; and
- (b) the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made there under and the Regulations, circulars, guidelines issued there under by the Securities and Exchange Board of India ("SEBI");

The specific Regulations, whose provisions and the circulars/ guidelines issued there under, have been examined, include:-

- (a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; **(Not Applicable)**
- (c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **(Not Applicable)**
- (d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; **(Not Applicable)**
- (e) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **(Not Applicable)**

- (f) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not Applicable)**
- (g) Securities and Exchange Board of India (Issue and Listing of Non Convertible and Redeemable Preference Shares) Regulations, 2013; **(Not Applicable)**
- (h) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; (Not Applicable) and based on the above examination,

I/We hereby report that, during the Review Period:

- (a) The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued there under, except in respect of matters specified below:-

Sr. No.	Compliance Requirement (Regulations/circulars/ guidelines/including specific clause	Deviations	Observation / Remarks of the practicing company secretary
1.	NIL	NIL	NIL

- (b) The listed entity has maintained proper records under the provisions of the above Regulations and circulars/ guidelines issued there under insofar as it appears from my/our examination of those records.
- (c) The following are the details of actions taken against the listed entity/ its promoters/ directors/ material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/ Regulations and circulars/ guidelines issued there under:

Sr. No.	Action Taken by	Details of violation	Details of action taken	Observations remarks of PCS
1.	NIL	NIL	NIL	NIL

- (d) The listed entity has taken the following actions to comply with the observations made in previous reports:

Sr. No.	Observations of the practicing company secretary in the previous reports	Observations made in the secretarial compliance report for the year ended 31st March 2019	Action Taken by listed entity	Comments of the Practicing Company Secretary on the actions taken by the listed entity
1.	The Company had applied to Central Government under Section 196,197 & Schedule V of Companies Act, 2013 reads with Rule 3 of Companies (Appointment and Remuneration Personnel) Rules, 2014 for waiver of excess remuneration paid to Late Mr Hitesh Saiwal upto 30th April, 2015 and the Central Government vide its Order dated 11th August, 2017 has rejected the said application and asked the Company to recover the excess amount paid to earlier Managing Director. Based on Order, the Company sent recovery notice to legal heirs of Late Mr Hitesh Saiwal for recovery of such excess remuneration and in response to the reply received from legal heirs of Late Mr Hitesh Saiwal, the Company has filed the application with the Central Government to reconsider its aforesaid Order.	NIL	The Company took Shareholders Approval through postal ballot for waiver of recovery of the Excess Remuneration Paid to Late Mr. Hitesh Saiwal Managing Director (Upto April,30 2015).	In our opinion the Company has complied with the provisions of the Companies Act.

Place: Aurangabad  
Date: 10 May 2019

Signature:  
For **KMP & Associates**  
Company Secretaries

**Mandar Takalkar**  
Partner  
F9710  
COP11947

## ANNEXURE 4

### **Annual Compliance Certificate pursuant to Regulation 34(3) read with part D of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

I, Vikas Kadlag, Managing Director hereby declare that all members of Board of Directors of the Company and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the financial year ending March 31, 2019.

**Vikas Kadlag**

(Managing Director)

DIN: 05122774

Date : May 7, 2019

Place : Aurangabad

# ANNEXURE 5

## Extract of Annual Return

### Form No. MGT-9

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

#### I. REGISTRATION AND OTHER DETAILS:

i)	CIN:	L26920MH1986PLC038607
ii)	Registration Date	January 13, 1986
iii)	Name of Company	Morganite Crucible (India) Limited
iv)	Category / Sub Category of the Company	Company limited by shares Public non-government company
v)	Address of the Registered Office	B-11, Waluj, MIDC, Aurangabad – 431 136, Maharashtra Telephone : +91 240-6652514 Email Address : Rupesh.Khokle@morganplc.com
vi)	Whether listed company	Yes
vii)	Name, Address and Contact Number of RTA, if any	Link Intime India Private Limited C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai – 400 083 Tel No: +91 22 49186000 Fax: +91 22 49186060

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

Sr No	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Crucibles	99889	100%

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary / Associate	% of Shares Held	Applicable Section
1	Morganite Crucible Limited Add: Quadrant, 55-57, High Street, Windsor, Berkshire, United Kingdom SL 4 LP	N.A.	Holding	38.50	Section 2 (46)
2	Morgan Terrassen B V Add: Kernweg 32, 1627LH, Hoorn	N.A.	Holding	36.50	Section 2 (46)

#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

##### i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) Indian	–	–	–	–	–	–	–	–	–
(2) Foreign									
- Bodies Corporate	10,78,000	10,22,000	21,00,000	75.00	21,00,000	–	21,00,000	75.00	0.00
<b>Total shareholding of Promoter (A)</b>	<b>10,78,000</b>	<b>10,22,000</b>	<b>21,00,000</b>	<b>75.00</b>	<b>21,00,000</b>	<b>–</b>	<b>21,00,000</b>	<b>75.00</b>	<b>0.00</b>

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks / FI	100	500	600	0.02	100	500	600	0.02	0.00
c) FIs / FPI	34,088	–	34,088	1.22	34,088	–	34,088	1.22	0.26
<b>Sub-total (B)(1):-</b>	<b>34,188</b>	<b>500</b>	<b>34,688</b>	<b>1.24</b>	<b>34,188</b>	<b>500</b>	<b>34,688</b>	<b>1.24</b>	<b>0.26</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.	16,656	–	16,656	0.59	14,987	–	14,987	0.54	0.05
i) Indian	–	–	–	–	–	–	–	–	0.00
ii) Overseas	–	–	–	–	–	–	–	–	0.00
b) Individuals	–	–	–	–	–	–	–	–	0.00
i) Individual shareholders holding nominal share capital upto ₹ 2 lakhs	512,534	86,809	599,343	21.40	520,970	83,109	604,079	21.57	0.17
ii) Individual shareholders holding nominal share capital in excess of ₹ 2 lakhs	–	–	–	–	–	–	–	–	–
c) Others									
Hindu Undivided Family	27,092	–	27,092	0.97	27,481	–	27,481	0.98	0.01
Non Resident Indians (Non-rep)	4,091	200	4,291	0.15	5,695	200	5,895	0.21	0.03
Non Resident Indians (Repat)	7,423	–	7,423	0.27	8,874	–	8,874	0.32	–0.13
Clearing Members	10,507	–	10,507	0.38	3,946	–	3,946	0.14	0.26
NBFC registered with RBI	–	–	–	–	50	–	50	0.001	0.001
<b>Sub-total (B)(2):-</b>	<b>578,303</b>	<b>87,009</b>	<b>665,312</b>	<b>23.76</b>	<b>582,003</b>	<b>83,309</b>	<b>665,312</b>	<b>23.76</b>	<b>–</b>
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>612,491</b>	<b>87,509</b>	<b>700,000</b>	<b>25.00</b>	<b>616,191</b>	<b>83,809</b>	<b>700,000</b>	<b>25.00</b>	<b>–</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	–	–	–	–	–	–	–	–	–
<b>Grand Total (A+B+C)</b>	<b>16,90,491</b>	<b>11,09,509</b>	<b>28,00,000</b>	<b>100.00</b>	<b>27,16,191</b>	<b>83,809</b>	<b>28,00,000</b>	<b>100.00</b>	<b>–</b>

ii) Shareholding of Promoter-

Sr No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	MORGANITE CRUCIBLE LIMITED	10,78,000	38.50	–	10,78,000	38.50	–	–
2	MORGAN TERRASSEN BV	10,22,000	36.50	–	10,22,000	36.50	–	–

iii) Change in Promoters' Shareholding (please specify, if there is no change)

There are no changes in the Promoter's shareholding during the Financial Year 2018-19.

iv) Shareholding Pattern of top ten Shareholders:  
(other than Directors, Promoters and Holders of GDRs and ADRs):

Sr No	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	<b>HMG FINANCE A/C HMG GLOBETROTTER</b>				
	At the beginning of the year	22,628	0.80	22,628	0.80
	Bought during the year	–	–	22,628	0.80
	Sold during the year	–	–	22,628	0.80
	At the end of the year	<b>22,628</b>	<b>0.80</b>	<b>22,628</b>	<b>0.80</b>
2	<b>VIJAY PRAKASH GUPTA</b>				
	At the beginning of the year	14,394	0.51	14,394	0.51
	Bought during the year	–	–	14,394	0.51
	Sold during the year	–	–	14,394	0.51
	At the end of the year	<b>14,394</b>	<b>0.51</b>	<b>14,394</b>	<b>0.51</b>
3	<b>DANESH BOMAN IRANI</b>				
	At the beginning of the year	11,566	0.41	11,566	0.41
	Bought during the year	1,608	0.06	13,174	0.47
	Sold during the year	–	–	13,174	0.47
	At the end of the year	<b>13,174</b>	<b>0.47</b>	<b>13,174</b>	<b>0.47</b>
4	<b>NEETA H. MEHTA</b>				
	At the beginning of the year	11,578	0.41	11,578	0.41
	Bought during the year	–	–	11,578	0.41
	Sold during the year	–	–	11,578	0.41
	At the end of the year	<b>11,578</b>	<b>0.41</b>	<b>11,578</b>	<b>0.41</b>
5	<b>GYMKHANA PARTNERS L.P.</b>				
	At the beginning of the year	11,460	0.41	11,460	0.41
	Bought during the year	–	–	11,460	0.41
	Sold during the year	–	–	11,460	0.41
	At the end of the year	<b>11,460</b>	<b>0.41</b>	<b>11,460</b>	<b>0.41</b>
6	<b>VIPULKUMAR SHAH</b>				
	At the beginning of the year	10,000	–	10,000	0.36
	Bought during the year	–	–	10,000	0.36
	Sold during the year	–	–	10,000	0.36
	At the end of the year	<b>10,000</b>	<b>–</b>	<b>10,000</b>	<b>0.36</b>
7	<b>VASUDEO RAJENDRA DESHPRABHU</b>				
	At the beginning of the year	9,692	0.35	9,692	0.35
	Bought during the year	–	–	9,692	0.35
	Sold during the year	–	–	9,692	0.35
	At the end of the year	<b>9,692</b>	<b>0.35</b>	<b>9,692</b>	<b>0.35</b>
8	<b>GAURANG N SHAH</b>				
	At the beginning of the year	9,670	0.35	9,670	0.35
	Bought during the year	–	–	9,670	0.35
	Sold during the year	–	–	9,670	0.35
	At the end of the year	<b>9,670</b>	<b>0.35</b>	<b>9,670</b>	<b>0.35</b>

Sr No	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
9	<b>Vijay Gupta (HUF)</b>				
	At the beginning of the year	7,551	0.27	7,551	0.27
	Bought during the year	–	–	7,551	0.27
	Sold during the year	–	–	7,551	0.27
	At the end of the year	<b>7,551</b>	<b>0.27</b>	<b>7,551</b>	<b>0.27</b>
10	<b>Kashmira Aspandiar Irani</b>				
	At the beginning of the year	7,158	0.26	7,158	0.26
	Bought during the year	–	–	7,158	0.26
	Sold during the year	–	–	7,158	0.26
	At the end of the year	<b>7,158</b>	<b>0.26</b>	<b>7,158</b>	<b>0.26</b>

v) **Shareholding of Directors and Key Managerial Personnel:**

No Directors or Key Managerial Person holds any shares in the Company.

**V. INDEBTEDNESS -**

**Indebtedness of the Company including interest outstanding/accrued but not due for payment -**

The Company had no indebtedness with respect to secured or Unsecured Loans or Deposits during the Financial Year 2018-19

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-**

**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

(₹ in Lakhs)

Sr. No	Particulars of Remuneration	Name of Managing Director		Total Amount
		Vikas Kadlag** (w.e.f 01 January 2019)	Meereshawar Reddy (From Apr 2018 to Dec-2018)	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	16.28	29.40	45.68
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	–	–	–
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	–	–	–
2	Stock Option	–	–	–
3	Sweat Equity	–	–	–
4	Commission	–	–	–
	- as % of profit	–	–	–
	others, specify...	–	–	–
5	Performance Bonus	–	4.57	4.57
	<b>Total (A)</b>	<b>16.28</b>	<b>33.97</b>	<b>50.25</b>
	<b>Ceiling as per the Act*</b>	–	–	<b>111.81</b>

\*(Being 5% of Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013)

\*\* Includes salary for the month of December-2018 in the capacity as General Manager



**B. Remuneration to other directors**

(₹ in Lakhs)

Sr. No	Particulars of Remuneration	Name of Directors			Total Amount
		Mukund Bhogale	Subhash Kolapkar	Maithilee Tambolkar	
1	Independent Directors				
	Fee for attending board committee meetings	0.80	0.80	0.80	2.40
	Commission	–	–	–	–
	Others, please specify	–	–	–	–
	<b>Total (1)</b>	<b>0.80</b>	<b>0.80</b>	<b>0.80</b>	<b>2.40</b>
2	Other Non-Executive Directors				
	Fee for attending board committee meetings	–	–	–	–
	Commission	–	–	–	–
	Others, please specify	–	–	–	–
	<b>Total (2)</b>	–	–	–	–
	<b>Total (B)=(1+2)</b>	<b>0.80</b>	<b>0.80</b>	<b>0.80</b>	<b>2.40</b>
	<b>Total Managerial Remuneration (A)+(B)</b>				<b>52.65</b>
	<b>Overall Ceiling as per the Act</b>				<b>111.81</b>

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD**

(₹ in Lakhs)

SN	Particulars of Remuneration	Key Managerial Personnel		
		Chief Financial Officer	Company Secretary	Total
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	28.77	11.57	40.34
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.62	0.38	1.00
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	–	–	–
2	Stock Option	–	–	–
3	Sweat Equity	–	–	–
4	Commission	–	–	–
5	Others – Performance Incentive	–	–	–
	<b>Total</b>	<b>29.39</b>	<b>11.95</b>	<b>41.34</b>

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

There were no penalties / punishment / compounding of offences for breach of any section of Companies Act against the Company or its Directors or other officers in default, if any, during the year.

# ANNEXURE 6

## Independent Auditors' Certificate on Compliance with the Corporate Governance requirements under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

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

1. This certificate is issued in accordance with the terms of our engagement letter dated 10 April 2018.
2. This report contains details of compliance of conditions of Corporate Governance by Morganite Crucible (India) Limited ('the Company'), for the year ended 31 March 2019, as stipulated in regulations 17 to 27, clauses (b) to (i) of regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') pursuant to the Listing Agreement of the Company with Stock exchanges.

### Management's responsibility

3. The compliance with the conditions of the Corporate Governance requirements as stipulated under Listing Regulations is the responsibility of the management of the Company. This responsibility includes the preparation and maintenance of all relevant supporting records and documents, the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in the Listing Regulations.

### Auditor's responsibility

4. Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. Pursuant to the requirements of the Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as stipulated in Listing Regulations for the year ended 31 March 2019.
6. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes, Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ('ICAI') and the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013, in so far as applicable for

the purpose of this certificate. The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Service Engagements.

### Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27, clauses (b) to (i) of regulation 46(2) and paragraphs C, D and E of Schedule V of the Listing Regulations, as applicable.
9. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

### Restrictions on Use

10. The certificate is provided solely for the purpose to enable the Company to comply with the requirement of the Listing Regulations, and it should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

### For B S R & Associates LLP

Chartered Accountants

Firm Registration No: 116231WW-100024

### Shiraz Vastani

Partner

Membership number: 103334

ICAI UDIN: 19103334AAAAAI9854

Place: Pune

Date: 19 June 2019

# ANNEXURE 7

## Particulars of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo pursuant to Section 134 (m) of the Companies Act, 2013 and the Companies (Accounts) Rules, 2014

### A. Conservation of Energy:

- Continuous optimisation and procedural change in operation of Kilns
- Completion of recovery of waste heat in clay graphite production process
- Total capital investment made during the year for above activities was around ₹ 50 lakhs.

### B. Technology Absorption, Adaptation & Innovation:

The efforts made towards technology absorption –

- Heat Treatment Container for pencil lead heating
- Improvement in crucible coating for high purity aluminium, erosion resistance and non-sticking of metal to the crucible
- Foundry products for ferrous application such as stopper rod for SG Iron, ladle liner and hoper bricks etc.
- Introduction of de-gassing machine for aluminium de-gassing

The benefits derived like product improvement, cost reduction, product development or import substitution –

- Penetrating new market segments

- By introducing heat treatment container, process waste can be recycled

- Improvement in quality and life of the product

In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) –

- The Company has neither imported any technology from last three years nor during the financial year ending 2018-19 for reporting purpose.

### Foreign Exchange Earnings and Outgo:

(₹ in Lakhs)

Foreign Exchange Earnings	6,454.57
Foreign Exchange Outgo	2,802.42

For and on behalf of the Board,

**Vikas Kadlag**      **Aniruddha Karve**  
 (Managing Director)      (Director)  
 DIN: 05122774      DIN: 07180005

Place: Aurangabad  
 Date: May 21, 2019

# CORPORATE GOVERNANCE REPORT

## 1. MORGAN GROUP'S PHILOSOPHY ON CODE OF GOVERNANCE

Corporate responsibility is integral to the Morgan Group; it means a commitment to behaving with integrity and having a positive impact on employees, stakeholders and the communities in which it works. Morganite Crucible (India) Limited ("the Company") business practices are strictly aligned with the Morgan Group's core value i.e Innovation, Collaboration, Integrity and Ambition. The Company is continuously emphasising on effecting Morgan's vision towards Material Science, Application Engineer and Customer & Market Focus. The Company's philosophy of Corporate Governance is aimed at assisting the management of the Company in the efficient conduct of its business and in meeting its obligations to stakeholders, and is guided by a strong emphasis on transparency, accountability and integrity.

The Corporate Governance Code as introduced by Morgan seeks to protect, recognize and facilitate shareholders rights and ensure timely and accurate disclosure to them as well as statutory bodies. The Board of Directors of the Company and the Morgan Advanced Materials Plc, ultimate holding Company are committed to adhere sound Corporate Governance practices including but not limited to setting-up of clear objectives and appropriate ethical framework, establishing due processes, providing for transparency and clear enunciation of responsibility and accountability, implementing sound business planning, encouraging business risk assessment and evaluating performance and sufficiently recognizing individual and group contribution.

The Company believes in sustainable and profitable growth over the years which emanates from the top leadership down through the organisation to the various stakeholders and reflected in its sound financial system, enhanced market reputation and improved efficiency.

## 2. BOARD OF DIRECTORS

### a. Composition of Board

As on March 31, 2019 the Board comprises of 7 Directors out of which 6 are Non-Executive Directors (more than 75% of the total Board strength) and among these 6 Non-Executive Directors, 3 are Independent Directors. The composition of the Board is in conformity with the Listing Regulations with combination of Executive and Non-Executive Directors with at least one Woman Director and not less than fifty percent of the Board comprising of Non-Executive Directors and at least one-third of the Board comprising of Independent Directors for a Board chaired by Non-Executive Independent Director. During the year, the Board of Directors met on 4 (four) occasions on May 24, 2018, August 9, 2018, November 13, 2018 and February 12, 2019. The details of composition of the Board of Directors, their attendance at the Board Meetings during the year and at the last Annual General Meeting, as well as the number of Directorships and Committee Memberships/Chairmanships held by them in other companies are as follows:-

Name	Category	Other Directorships Held#	Membership/ Chairmanship of Committees of other Public Companies	Attendance	
				Board Meetings	Last AGM
Mr Vikas Kadlag (Managing Director) (From January 1, 2019)	Executive	–	–	1	NA
Mr Mukund Bhogale (Chairman)	Non-Executive Independent	–	–	4	No
Mr Aniruddha Karve (Director)	Non-Executive	–	–	4	Yes
Mr Ian Keith Arber (Director)	Non-Executive	–	–	4	Yes
Ms Pauline Tan (Director)	Non-Executive	–	–	4	No
Mr Subhash Kolapkar (Independent Director)	Non-Executive Independent	–	–	4	Yes
Ms Maithilee Tambolkar (Independent Director)	Non-Executive Independent	–	–	4	Yes
Mr Mirco Pavoni (Director) (Upto February 12, 2019)	Non-Executive	–	–	3	Yes

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

- There are no Nominee Directors on the Board
- There are no inter-se relationship between Board members

As per the requirements of Regulation 17 of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company's Board has an optimum combination of Executive, Non-Executive and Independent Directors with one woman Director. The Board meets the requirements of SEBI (LODR) Regulations, 2015 and the applicable provisions of the Companies Act, 2013.

#### **b. Board Evaluation**

During the year, the evaluation of Board and Committee members was carried out as per provisions of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR) on parameters such as attendance, contribution and independent judgement. The results of the Evaluation were shared with the Board, Chairman of respective Committees and individual Directors. The entire Board has actively participated in every Board and Committee meeting having focused on adherence of corporate governance norms.

#### **c. Independent Directors**

As per Regulation 25 of SEBI LODR and Section 149 (6) of the Companies Act, 2013, the independent directors of the Company had duly contributed and shared their views and opinions in the Board and Committee meetings held during the year.

The Company has 3 independent directors on board as on March 31, 2019 and none of director is serving more than seven listed entities as an independent director.

During the year, the independent directors have held one meeting without presence of any non independent directors and reviewed the performance of non-independent directors as well as receipt of timeliness of information of Board and Committee meetings. Further the independent directors of the Company apart from receiving sitting fees, have no any material pecuniary relationship with promoter or any subsidiary company.

#### **d. Familiarisation Program for Directors**

The Company conducts Familiarization Programme for the Independent Directors to provide them an opportunity to familiarize with the Company,

its Management and operations enabling them on clear understanding of their roles, rights and responsibilities and contribute significantly towards the growth of the Company. In compliance to Regulation 25 (7) of SEBI LODR, the Directors including Independent Directors of the Company provided with insights on various aspects on company performance, compliance status, detailed information on regulatory amendment, mandatory information as per listing regulations, financial performance of subsidiary company, capex information, regulatory updates at Board and Audit Committee meeting, Internal Controls and Morgan policy and procedures etc.

The details of such familiarization program for Independent Directors are posted on the website of the Company and can be accessed at –

<http://www.morganmms.com/en-gb/investors/>

#### **e. Membership in Board Committees**

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.

### **3. BOARD COMMITTEES:**

The Company has constituted various committees in compliance with SEBI LODR Regulations and as per the applicable provisions of Companies Act, 2013, such as Audit Committee, Nomination and Remuneration Committee, Stakeholder Relationship Committee, Risk Management Committee and Corporate Social Responsibility Committee. All committees comprise combination of non-executive and executive members for better supervision and control.

#### **a. AUDIT COMMITTEE**

The Audit Committee comprises of the following Directors:

1. Mr Mukund Bhogale – Chairman and Independent Director
2. Mr Subhash Kolapkar – Independent Director
3. Ms Maithilee Tambolkar – Independent Director
4. Ms Pauline Tan – Non-executive Director

All the Members of the Audit Committee possess strong accounting and financial management knowledge. The Company Secretary act as the Secretary to the Committee.

The Chairman of the Audit Committee unable to present at the Annual General Meeting of the Company held on August 8, 2018 and nominated Mr Subhash Kolpakar to act on his behalf to address the shareholders queries. In addition to the above, the Committee meetings were also attended by the Chief Financial Officer and Statutory Auditor of the Company.

The terms of reference of the Audit Committee are very wide and are in line with the regulatory requirements mandated by the Companies Act, 2013. Besides having the required information from the Company, the Committee can investigate any activity within its terms of reference, also can seek information from any employee, to obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary

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 functions. This includes having 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; recommending 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 financial results including auditor's review report and annual financial statements and auditor's 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 over financial reporting and risk management systems; reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

Further, the Committee continues to review the adequacy of internal audit function and discussion with internal auditors for any significant findings and follow up thereon; review of 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; to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors, 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; 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.

The Committee met 4 (four) times during the year under review. The Committee meetings were held on May 24, 2018, August 9, 2018, November 13, 2018 and February 12, 2019. The audit committee has also invited Directors, Finance Head and other executives as may be deemed fit during the meeting. The gap between two meetings not exceeded one hundred and twenty days. The details of attendance of the meeting are as follows:

Name	No. of meetings attended
Mr Mukund Bhogale	4
Mr Subhash Kolapkar	4
Ms Maithilee Tambolkar	4
Ms Pauline Tan	4

The brief terms of reference of Audit Committee is also available on Company's website at following weblink –

<http://www.morganmms.com/en-gb/investors/>

#### **B. Nomination And Remuneration Committee**

In terms of Regulation 19 of SEBI LODR and Section 178 (1) of the Companies Act, 2013, the Nomination and Remuneration Committee should comprise of at least 3 directors all of whom shall be non-executive directors and at least half shall be independent and Chairman of the Committee shall be an independent director.

In compliance with the above provisions, the Nomination and Remuneration Committee comprises of the following Directors:

1. Mr Subhash Kolapkar – Chairman and Independent Director
2. Mr Mukund Bhogale – Independent Director
3. Mr Ian Keith Arber – Non-Executive Director

The Nomination and Remuneration Committee has been vested with the authority to, inter-alia, recommend nominations for Board membership, develop and recommend policies with respect to composition of the Board, formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees.

The scope of committee also includes formulation of criteria for evaluation of Independent Directors and the Board, devising a policy on Board diversity, identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal. The company shall disclose the remuneration policy and the evaluation criteria in its Annual Report.

The Chairman of the Nomination and Remuneration Committee i.e. Mr Subhash Kolapkar was present at the 33rd Annual General Meeting held on August 8, 2018 to answer the shareholders queries. During the year under review, 3 (three) meetings were held on August 9, 2018, November 13, 2018 and February 12, 2019.

#### Details of Remuneration paid to Executive and Non-Executive Director are as follows:

During the year under review, the following managerial personnel has drawn the remuneration for financial year ended March 31, 2019 –

Mr Meereshwar Reddy - Manager  
(From April 1, 2018 to December 31, 2018)

Particulars	Amount in ₹ in Lakhs
Salary & Allowances	29.40
Performance Bonus	4.57
Total	33.97

Mr Vikas Kadlag - Managing Director  
(From January 1, 2019 to March 31, 2019)

Particulars	Amount in Lakhs ₹
Salary & Allowances	16.28
Performance Bonus	–
Total	16.28

\* Includes salary for the month of December-2018 in the capacity as General Manager

#### Notes:

- (a) The Company does not have a Stock Options scheme for the Directors or its senior management.
- (b) Non-Executive Director are not holding any shares of the Company.

Sitting fees paid to Independent Directors during the financial year 2018-19 are given below:

Particulars	Amount in ₹
Mr Mukund Bhogale	80,000
Mr Subhash Kolapkar	80,000
Ms Maithilee Tambolkar	80,000
Total	240,000

Apart from the above, the Company is not paying any sitting fees or commission to other Non-executive Directors of the Company and they have waived their right of getting sitting fees for attending the Board and Committee meeting.

#### c. STAKEHOLDERS RELATIONSHIP COMMITTEE

The Stakeholder Relationship Committee functions under the Chairmanship of Mr Mukund Bhogale, Independent Director, Mr Subhash Kolapkar, Independent Director and Mr Aniruddha Karve were member of the Committee. Mr Rupesh Khokle, Company Secretary acts as a Compliance Officer of the Committee.

The Stakeholders Relationship Committee meets on periodically basis as and when required for the matter of transfer/transmission of securities, issue of duplicate share certificates and monitor redressal

of the grievances of the security holders of the Company, non-receipt of annual report, non-receipt of dividend etc. In view of expediting the process to resolve the investor requests/grievances, the Committee has delegated the authority to certain officials of the Company to approve transfer/transmission of not more than 10,000 ordinary equity shares per transfer provided that transferee does not hold 1,00,000 or more equity in the Company. The committee also authorised to approve transmission of shares and issue of duplicate share certificate.

The Committee met 4 times during the year i.e on May 24, 2018, August 9, 2018, February 12, 2019 and March 25, 2019. During the year, the Company has received 2 (two) complaints from the shareholder which was satisfactorily resolved within duration. As on financial year ending March 31, 2019, no complaints were pending with the Company. Further, the company has successfully addressed the queries raised by shareholders regarding financial performance of the company during 33rd Annual General Meeting of the Company and any other requests from time to time. The details of attendance of meeting are as per below -

Name	Attended
Mr Mukund Bhogale	4
Mr Aniruddha Karve	4
Mr Subhash Kolapkar	4

#### d. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Board of Directors has constituted the Corporate Social Responsibility ("CSR") Committee comprises of following Directors:

1. Mr Mukund Bhogale – Chairman and Independent Director
2. Mr Aniruddha Karve – Non-Executive Director
3. Mr Ian Keith Arber – Non-Executive Director

The role of this committee includes being 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, consider and recommend various schemes/projects for financial

assistance for approval of Board of Directors of the Company, 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, also 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 & ensure receipt of statement of expenditure duly certified by an authorized auditor of such organizations/institutions to whom CSR Fund is allocated.

During the year under review, the committee met once on August 9, 2018.

During the year, the Company has undertaken the following CSR activity –

Summary of CSR Activity	
Mahatma Fule School	Distribution of school desks
Urmi Foundation	Distribution of mattress, cupboards and other book storage furniture

#### e. RISK MANAGEMENT COMMITTEE

The Board considers that risk management and internal control are fundamental to achieve aim of delivering long-term sustainable growth to shareholder's value. Risks are identified by assessing their inherent impact and mitigated probability to ensure that residual risk exposures are understood and prioritised for control throughout the Company. 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.

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

1. Mr Mukund Bhogale – Chairman and Independent Director
2. Mr Aniruddha Karve – Non-Executive Director
3. Mr Ian Keith Arber – Non-Executive Director
4. Ms Pauline Tan – Non-Executive Director

During the year under review, the Committee met once on February 12, 2019



#### 4. GENERAL BODY MEETINGS

a. 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
March 31, 2016	<b>Registered Office of the Company:</b> B-11, MIDC Industrial Area, Waluj, Aurangabad- 431136, Maharashtra, India	AGM	August 10, 2016	11.00 AM	Yes
March 31, 2017		AGM	August 9, 2017	11.00 AM	No
March 31, 2018		EGM	November 2, 2017	11.00 AM	Yes
March 31, 2018		AGM	August 8, 2018	11.00 AM	No

#### b. Postal Ballot

During the year the Company has passed 2 (two) special resolutions through postal ballot process as mentioned below –

##### 1. Appointment of Mr Vikas Kadlag (DIN: 05122774) as Managing Director(MD)

The Postal Ballot Notice containing Special Resolution together with the statement to be annexed to the Postal Ballot Notice was sent to all the Shareholders on November 28, 2018 and the last date for receipt of postal ballot forms duly completed, from the shareholders was December 28, 2018. Mr. Prasad Takalkar (FCS: 8514), Practicing Company Secretary, Partner of M/s. KMP & Associates, Company Secretaries was appointed as Scrutinizer for conducting the Postal Ballot process in a fair and transparent manner. The Scrutinizer has submitted his result for the votes cast through remote e-voting and postal ballots forms received are as follows:

A summary of Postal Ballot Form (PBF) received/ Votes Cast through e-Voting is as under:

(i) Voted **in favour** of the resolution:

Mode of Voting	Number of members voted	Number of votes cast by them	% of total number of valid votes cast
Postal Ballot	14	21,00,331	99.989%
Electronic mode	07	3,774	
Total	21	21,04,105	

(ii) Voted **against** the resolution:

Mode of Voting	Number of members voted	Number of votes cast by them	% of total number of valid votes cast
Postal Ballot	--	--	0.001%
Electronic mode	01	14	
Total	01	14	

(iii) Invalid votes:

Mode of Voting	Number of members voted	Number of votes cast by them	% of total number of valid votes cast
Postal Ballot	02	225	0.011%
Electronic mode	--	--	
Total	02	225	

## 2. Waiver of recovery of excess remuneration paid to Late Mr Hitesh Saiwal, earlier Managing Director (Upto April 30, 2015) (DIN 03437768)

A summary of Postal Ballot Form (PBF) received/ Votes Cast through e-Voting is as under:

(i) Voted **in favour** of the resolution:

Mode of Voting	Number of members voted	Number of votes cast by them	% of total number of valid votes cast
Postal Ballot	14	21,00,331	99.989%
Electronic mode	07	3,774	
Total	21	21,04,105	

(ii) Voted **against** the resolution:

Mode of Voting	Number of members voted	Number of votes cast by them	% of total number of valid votes cast
Postal Ballot	--	--	0.001%
Electronic mode	01	14	
Total	01	14	

(iii) **Invalid** votes:

Mode of Voting	Number of members voted	Number of votes cast by them	% of total number of valid votes cast
Postal Ballot	02	225	0.011%
Electronic mode	--	--	
Total	02	225	

Accordingly, the Chairman of the Board as on December 29, 2018 declared that the above resolution, as set out in the Notice dated November 13, 2018, have been passed with requisite majority by the Members of the Company and Mr Rupesh Khokle, Company Secretary to intimate the outcome of the Postal Ballot Results to the Bombay Stock Exchange and to follow necessary compliances for giving effect to this resolution.

## 5. DISCLOSURES:

### a. Related Party Transactions

During the year, the Company has taken omnibus approval from the Audit Committee in their meeting held on May 24, 2018 for the transactions entered with the related parties during the year. The transactions with related parties were also being reviewed on quarterly basis at every Audit Committee meeting and ensured that the same were at arms' length basis.

As per Regulation 46 of SEBI LODR Regulations, 2015, the Policy on Materiality of Related Party Transactions and dealing with Related Party Transactions which is available on Company's website at - <http://www.morganmms.com/en-gb/investors/>

### b. Materially Significant Related Party Transactions

During the year under review, there have been no materially significant transactions between the Company and executive, non-executive, independent directors, relatives of directors taken place. None of the executive, non-executive

or independent directors hold any shares in the Company.

**c. Disclosure of Accounting Treatment in Preparation of Financial Statements**

The quarterly financial results and annual financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) as prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

**d. Statutory Compliance**

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 Company complies with all the mandatory requirements of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 with regard to Corporate Governance. A certificate from the Statutory Auditors of the Company to this effect has been included in this Report.

**e. Management**

- a) The management discussions and analysis report shall form part the Annual Report.
- b) None of the senior management of the Company has any financial or commercial dealings which had potential conflict of the interest with the Company.

**f. Succession Planning**

The Nomination and Remuneration Committee works with the Board on succession of Board members and Senior Management on periodical basis.

**g. Shareholders' Information**

- a) Details of the Directors who are proposed to be appointed / re-appointed in this Annual General Meeting (AGM) are provided below:

Mr Aniruddha Karve

Mr Aniruddha Karve was re-designated as Non-Executive Director of the Company effective from April 1, 2018 is liable to retire by rotation in ensuing Annual General Meeting

pursuant to provisions of Section 152 (6) of the Companies Act, 2013 and offer himself for reappointment.

Mr Aniruddha Karve is presently acting as Managing Director of Morgan Molten System (MMS) and earlier he was associated as Managing Director of Morganite Crucible (India) Limited for a period almost 3 years. During his tenure with MMS, he has been actively involved in diversifying the product portfolio and market research of crucibles and foundry products etc. The Board believes with his great excellence, immense knowledge and experience, the Company will be benefitted in achieving operational excellence, entrant of new products and better customer reach.

- b) The Board promptly publishes quarterly results after end of every Board Meeting on their website as well as be sent to Bombay Stock Exchange after end of the Board Meeting.
- c) During the year under review, the independent directors has submitted certificate of independence under Section 149 (6) (d) of the Companies Act, 2013. The policy on the familiarisation program for Independent Directors including details of Nomination Remuneration committee and their roles and responsibility are provided in this report. The evaluation of Board including independent directors was carried out based on parameters of attendance in every Board and Committee meeting, participation in discussions and independent judgement.

**h. Disclosure of Formal Letter of Appointment:**

The draft letter of appointment of the independent director has been disclosed on the Company's website which link is accessible at - <http://www.morganmms.com/en-gb/investors/>

**i. Certification from Company Secretary in practice**

A certificate has been received from KMP & Associates , Practising Company Secretaries, that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such statutory authority.

**j. Details of total fees paid to statutory auditors**

The details of total fees for all services paid by the Company to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part, are as follows –

₹ lakhs

Type of Service	Financial Year 2018-19	Financial Year 2017-18
Statutory Audit	18.79	16.35
Tax Audit	1.98	1.91
Limited review of quarterly results	7.81	7.02
Certification fees	1.10	2.58
Audit of group reporting package	2.72	2.63
Reimbursement of expenses	1.98	2.14
Total	34.38	32.63

**k. CEO (MD)/CFO Certification:**

As required under Regulation 17(8) of the Listing Regulations, the Chief Executive Officer (Managing Director) & Chief Financial Officer of the Company have jointly certified to the Board regarding the financial statements for the year ended March 31, 2019.

**l. Means of Communication:**

The Company regularly communicates with stakeholders through various means such as dissemination of information on the Company's website, stock exchange, press releases, the Annual Reports and uploading relevant information on the Company's website.

The unaudited quarterly, half-yearly and audited yearly financial results of the Company were submitted to the stock exchange and published on Company's website immediately after the Board meeting and these financial results were also published in two leading newspapers – Business Standard (English) & Sakal (Marathi). No presentations have been made to institutional investors or analysts.

**m. 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 <http://www.morganmms.com/en-gb/investors/>. All the Board members and senior management personnel have complied with the code of conduct.

**n. Whistle Blower Policy and Vigil Mechanism:**

In compliance with SEBI LODR, the Company has set up a Whistle Blower Policy with a view to provide a mechanism for directors and employees of the Company to raise concerns of any violations of legal or regulatory requirements, incorrect or misrepresentation of any financial statements and reports, etc. The ethics policy poster having dedicated e-mail address and toll free number are placed in various places of company's premises and no personnel has been denied access to the audit committee for reporting purpose as well as the said policy is also posted on the company's website which can be accessible on the following weblink-<http://www.morganmms.com/en-gb/investors/>

**o. Prevention of Insider Trading**

In line with SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018 the Company has amended the policy which includes policy, procedure on handling of Undisclosed Price Sensitive Information.

**p. Confirmation to Corporate Governance**

The Company has complied with requisite Regulation 17 to 27 and Clause (b) to (i) of sub-regulation (2) of Regulation 46 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 as may applicable.

**q. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:**

- number of complaints filed during the financial year -Nil
- number of complaints disposed of during the financial year -Nil
- number of complaints pending as on end of the financial year -Nil

**6. GENERAL INFORMATION FOR SHAREHOLDERS:****a. Date, Time and Venue of 34th Annual General Meeting:**

Date & Time: Wednesday, August 7, 2019 at 11:00 AM  
 Venue: B-11, MIDC Area, Waluj, Aurangabad – 431 136, Maharashtra

**b. Tentative Financial Calendar for the year 2019-20:**

Financial year: April 1, 2019 to March 31, 2020  
 First Quarter results: August 7, 2019  
 Half Yearly results: Second week of November, 2019  
 Third Quarter results: Second week of February, 2020  
 Results for year-end: Third week of May, 2020

**c. Date of Book Closure:**

August 1, 2019, Thursday to August 7, 2019, Wednesday (both days inclusive)

**d. Dividend:****Interim Dividend**

The Board of Directors in their meeting held on November 13, 2018 declared and paid Interim Dividend at the rate of ₹ 4/- per equity share of the Company to all the shareholders whose names were appeared in the Registrar of Members as on November 16, 2018.

**Final Dividend**

The Board of Directors in its Board meeting held on May 21, 2019 has recommended a dividend ₹ 12/- per equity share for the financial year 2018-19 subject to approval of shareholders which shall be paid on or before of September 6, 2019.

**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 in ₹
2018-19 (Interim)	₹ 4	13/11/2018	13/12/2018	177,852
2017-18	₹ 16	08/08/2018	07/09/2018	656,433
2016-17	₹ 8	09/08/2017	08/09/2017	447,504
2015-16	₹ 4	10/08/2016	09/09/2016	316,944
2014-15	₹ 1	22/09/2015	21/10/2015	53,543
2013-14	₹ 1	25/09/2014	24/10/2014	45,949
2012-13	₹ 1	25/09/2013	24/10/ 2013	49,565
2011-12	₹ 1	17/08/2012	16/09/ 2012	48,165

**f. Listing Details:**

Name of Stock Exchange:	Bombay Stock Exchange Limited
Address:	Phiroze Jeejeebhoy Towers Dalal Street Mumbai- 400001
Security Code:	523160
Stock Symbol :	MORGANITE
ISIN Number:	INE599F01012

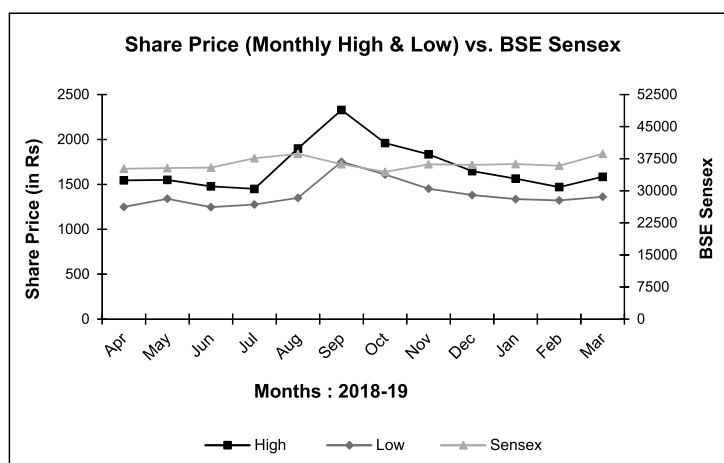
**g. Corporate Identity Number (CIN) of the Company :** L26920MH1986PLC038607

The annual listing fee for the financial year 2019-20 has been duly paid to the above stock exchange.

**h. Market Price Data:**

High, Low and number of equity shares traded during each month in the year 2018-19 on BSE :

Month	High	Low	Volume	BSE Sensex
Apr-18	1,545.00	1,248.70	37,527	35,160
May-18	1,550.00	1,340.00	9,654	35,322
Jun-18	1,477.85	1,247.00	5,357	35,423
Jul-18	1,450.00	1,276.00	8,256	37,607
Aug-18	1,900.00	1,350.00	27,442	38,645
Sep-18	2,329.00	1,752.00	43,749	36,227
Oct-18	1,961.00	1,610.00	13,484	34,442
Nov-18	1,835.00	1,452.00	16,355	36,194
Dec-18	1,648.00	1,381.10	9,940	36,068
Jan-19	1,565.00	1,336.00	10,245	36,257
Feb-19	1,470.00	1,322.00	4,952	35,867
Mar-19	1,585.00	1,362.00	6,026	38,673

**Performance of the share price of the Company in comparison to the BSE Sensex:**


**i. Distribution of Shareholding as at March 31, 2019:**

Sr No	Particulars	No. of Shares	No. of Shareholders	% of Share Capital
1	Promoter			
	a. Morganite Crucible Limited	10,78,000	1	38.50
	b. Morgan Terrassen B V	10,22,000	1	36.50
2	Institutions	600	2	00.02
3	Individual	6,04,079	3,488	21.57
3	HUF	27,481	142	0.98
4	NRI Non Rep / Rep	14,769	90	00.53
5	Clearing Members	3,946	22	00.14
6	Bodies Corporate	14,987	50	00.54
7	Foreign Portfolio Investor (Corporate)	34,088	2	01.22
8	NBFC registered with RBI	50	1	0.00
	Total	28,00,000	3,799	100.00

**j. Dematerialisation of securities:**

The Equity shares of the Company are traded compulsorily in the dematerialized segment of Bombay Stock Exchange (BSE) and are under rolling settlement. Presently, 2,716,191 Equity Shares representing 97% of the total Equity Capital of the Company were held in dematerialized as on March 31, 2019.

**k. 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

**l. Share transfer system:**

The share transfers received in physical form are processed by the Registrar and Transfer Agent and approved by the Stakeholders' Relationship 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.

**m. Registered Office and Plant Locations:****Registered Office and plant location :**

Morganite Crucible (India) Limited Unit: Aurangabad

B-11, MIDC Waluj, Aurangabad – 431 136 (MS)

**Other Plant Location :** Morganite Crucible (India) Limited Unit: Mehsana

212/C, GIDC Estate, Mehsana – 384 002, Gujarat

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

Mr. Rupesh Khokle

Company Secretary & Compliance officer

E-mail: rupesh.khokle@morganplc.com

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

**o. Investor services**

E-mail: rupesh.khokle@morganplc.com

**p. Registrars & Transfer Agents**

Link Intime India Private Limited

C 101, 247 Park, L B S Marg, Vikhroli West,

Mumbai – 400 083

Tel No: +91 22 49186000 Fax: +91 22 49186060

**Investor contact details will be as follows :**

Share / Bond Registry	rnt.helpdesk@linkintime.co.in	+91 22 49186270
	bonds.helpdesk@linkintime.co.in	

For and on behalf of the Board,

**Vikas Kadlag**  
(Managing Director)  
DIN: 05122774

**Aniruddha Karve**  
(Director)  
DIN: 07180005

Place: Aurangabad  
Date: May 21, 2019



# CEO(MD)/CFO CERTIFICATION TO THE BOARD

- A. We have reviewed financial statements and the cash flow statement for the year ended March 31, 2019 and that to the best of their knowledge and belief:
- i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii) These statements together present a true and fair view of the listed entity'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 which are fraudulent, illegal or violate of the Company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of 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 such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the auditors and the Audit Committee -
- i) Significant change in internal control over financial reporting during the year;
  - ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii) Instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's internal control system over financial reporting.

**Vikas Kadlag**  
(Managing Director)

**Atithi Majumdar**  
(Chief Financial Officer)

Place: Aurangabad  
Date: May 10, 2019

# Independent Auditors' Report

To the Members of  
Morganite Crucible (India) Limited

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of **Morganite Crucible (India) Limited** ("the Company"), which comprise the balance sheet as at 31 March 2019, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter	How the matter was addressed in our audit
<p><b>Revenue Recognition</b></p> <p>The Company's revenue is derived from the sale of crucibles and related products. The Company recognises revenue when the control is transferred to the customer.</p> <p>The terms set out in the Company's sales contracts relating to goods acceptance by customers are varied. Accordingly, the terms and conditions of sales contracts may affect the timing of recognition of sales to customers as each sales contract could have different terms.</p> <p>The Company has also adopted Ind AS 115 - Revenue from Contracts with Customers (Ind AS 115) which is the new revenue accounting standard. Accordingly, we have identified the recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Company and is, therefore, subject to an inherent risk of misstatement to meet targets or expectations and because errors in the recognition of revenue could have a material impact on the Company.</p> <p>(Refer notes 3 (f), 24 and 38 to the financial statements)</p>	<p>Our audit procedures to assess the recognition of revenue included the following:</p> <ul style="list-style-type: none"> <li>• evaluating the design, implementation and operating effectiveness of key internal controls over the completeness, accuracy and timing of revenue recognition;</li> <li>• performing substantive test of details over revenue recognized throughout the period by selecting a sample of transactions to ensure that the samples selected meet the revenue recognition criteria and are appropriately recorded;</li> <li>• testing sample transactions around the year end to ensure they were recorded in the correct period; and</li> <li>• testing journal entries posted to revenue accounts focusing on unusual or irregular items, if any.</li> </ul>

The key audit matter	How the matter was addressed in our audit
<p><b>Evaluation of exposure on income tax litigation and uncertain tax positions</b></p> <p>Determination of tax provisions and assessment of contingent liabilities involves judgment with respect to various tax positions on deductibility of transactions, tax incentives/ exemptions, interpretation of laws and regulations etc. Judgment is also required in assessing the range of possible outcomes for some of these matters.</p> <p>Management makes an assessment of possible outcome of these matters and consequently has an impact on related accounting and disclosures in the financial statements.</p> <p>Accordingly, income tax liability and contingent liability are key areas of focus.</p> <p>(Refer notes 2 (d), and 30 to the financial statements)</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>• Obtain an understanding of the pending income tax litigations;</li> <li>• Evaluate the key assumptions in estimating current tax provisions and deferred taxes.</li> <li>• Obtain a list of updates to tax assessments and tax litigations during the year, including management's assessment of the impact of these updates on the uncertain tax positions and assessment of possible outcomes. As a part of this procedure, we also considered external legal opinions and consultations made by the Company for key uncertain tax positions;</li> <li>• Involve our tax experts to test the current tax provisions, inspect key correspondence and considered legal precedence and other tax rulings in evaluating the management's assessment of uncertain tax positions;</li> <li>• Assess the Company's estimates of the possible outcome of the disputed cases</li> </ul>

### Information other than the Financial Statements and Auditors' Report Thereon (other information)

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Management's Responsibility for the Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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.

In preparing the financial statements, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
  - (A) As required by Section 143(3) of the Act, we report that:
    - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
    - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
    - c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.
    - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under section 133 of the Act.
    - e) On the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act.
    - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
  - (B) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations as at 31 March 2019 on its financial position in its financial statements - Refer Note 30 to the financial statements;
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company ;
    - iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2019- Refer Note 39 to the financial statements
  - (C) With respect to the matter to be included in the Auditor's Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

**For B S R & Associates LLP**

Chartered Accountants

Firm's registration No: 116231W/W-100024

**Shiraz Vastani**

Partner

Membership No. 103334

Place: Pune

Date: 21 May 2019

## Annexure A to the Independent Auditors' Report – 31 March 2019

With reference to the Annexure referred to in paragraph 1 in "Report on Other Legal and Regulatory Requirements" of the Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31 March 2019, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular program of physical verification of its fixed assets by which its fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its fixed assets. In accordance with this program, certain fixed assets were physically verified by the management during the year and no material discrepancies were noticed on such verification.
- (c) The title deeds of the immovable properties are held in the name of the Company.
- (ii) The inventory, except good-in-transit, has been physically verified periodically by the management during the year. In our opinion, the frequency of such verification is reasonable and adequate in relation to the size of the Company and the nature of its business. The discrepancies noticed on verification between physical stocks and book records were not material.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, paragraph 3(iii) of the Order is not applicable to the Company.
- (iv) According to the information and explanations given to us, the Company has not granted any loans, made any investments or provided any guarantees or security to which the provisions of section 185 and 186 of the Act apply. Accordingly, paragraph 3(iv) of the Order is not applicable to the Company.
- (v) As per the information and explanations given to us, the Company has not accepted any deposits from the public in accordance with the provisions of Sections 73 to 76 of the Act and the rules made thereunder. Accordingly, the provisions of paragraph 3(v) of the Order are not applicable to the Company.
- (vi) The Central Government has not prescribed the maintenance of cost records under Section 148 of the Act, for any of the services rendered by the Company. Accordingly paragraph 3(vi) of the order is not applicable.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employees' state insurance, Income tax, Duty of customs, Cess, Goods and services tax and any other statutory dues have generally been 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, Income tax, Duty of customs, Cess, Goods and services tax and any other statutory dues were in arrears as at 31 March 2019, 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, Service tax, Duty of Customs, Duty of Excise and Goods and services tax which have not been deposited with the appropriate authorities on account of any dispute except as disclosed below.

(₹ in Lakhs)

Name of the Statute	Nature of dues	Gross amount	Amount paid under protest	Period to which amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income tax	64.79	64.79	2008-09 and 2010-11 to 2011-12	Income Tax Assessing Officer
Income Tax Act, 1961	Income tax	7.20	1.08	2010-11	Commissioner of Income Tax (Appeal)
Income Tax Act, 1961	Income tax	33.05	-	2011-12	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income tax	231.82	200.58	2012-13 to 2014-15	Commissioner of Income Tax (Appeal)
Central Excise Act, 1944	Excise duty	64.42	4.58	2005-06 to 2009-10	Central Excise and Service Tax Appellate Tribunal
Finance Act, 1994	Service Tax	26.04	1.30	April 2013 to August 2015	Central Excise and Service Tax Appellate Tribunal

- (viii) 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, government or any debenture holders during the year.
- (ix) In our opinion and according to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) or term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable to the Company.
- (x) According to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V of the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, all transactions with related parties are in compliance with Sections 177 and 188 of the Act, where applicable, and the details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partially convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them during the year. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.
- (xvi) In our opinion and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India, 1934.

**For B S R & Associates LLP**

Chartered Accountants

Firm's registration No: 116231W/W-100024

**Shiraz Vastani**

Partner

Membership No. 103334

Place: Pune

Date: 21 May 2019

## Annexure B to the Independent Auditors' Report – 31 March 2019

**Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

(Referred to in paragraph 1 A(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

### **Opinion**

We have audited the internal financial controls with reference to financial statements of Morganite Crucible (India) Limited ("the Company") as of 31 March 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

### **Management's Responsibility for Internal Financial Controls**

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

### **Meaning of Internal Financial controls with Reference to Financial Statements**

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded



as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial controls with Reference to Financial Statements**

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**For B S R & Associates LLP**

Chartered Accountants

Firm's registration No: 116231W/W-100024

**Shiraz Vastani**

Partner

Membership No. 103334

Place: Pune

Date: 21 May 2019

# Balance Sheet

as at March 31, 2019

(₹ in Lakhs)

Particulars	Note	31-Mar-19	31-Mar-18
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	2,913.65	2,590.31
Capital work-in-progress		359.97	15.56
Goodwill		137.81	137.81
Other intangible assets	6	21.06	2.01
Financial assets			
i. Other financial assets	7	46.36	58.22
Deferred tax assets (net)	8	34.44	54.85
Income tax assets (net)		412.20	245.63
Other non-current assets	9	74.77	149.62
<b>Total non-current assets</b>		<b>4,000.26</b>	<b>3,254.01</b>
<b>Current assets</b>			
Inventories	10	2,062.90	1,783.96
Financial assets			
i. Trade receivables	12	1,703.74	1,696.51
ii. Cash and cash equivalents	13	2,088.03	3,600.21
iii. Other balances with banks	14	2,389.01	438.18
iv. Loans	11	12.39	11.46
v. Other financial assets	15	24.75	7.30
Other current assets	16	434.27	625.15
<b>Total current assets</b>		<b>8,715.09</b>	<b>8,162.77</b>
<b>Total assets</b>		<b>12,715.35</b>	<b>11,416.78</b>

# Balance Sheet

as at March 31, 2019

(₹ in Lakhs)

Particulars	Note	31-Mar-19	31-Mar-18
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	17	280.00	280.00
Other equity	18	9,639.98	8,812.34
<b>Total equity</b>		<b>9,919.98</b>	<b>9,092.34</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Provisions	19	17.15	-
<b>Total non-current liabilities</b>		<b>17.15</b>	<b>-</b>
<b>Current liabilities</b>			
Financial liabilities			
i. Trade payables			
(a) dues of micro enterprises and small enterprises (refer note 33)	20	272.52	265.42
(b) dues of creditors other than micro enterprises and small enterprises	20	1,822.09	1,486.88
ii. Other financial liabilities	21	415.69	209.62
Other current liabilities	22	39.50	143.11
Provisions	23	129.79	120.75
Income tax liabilities (net)		98.63	98.66
<b>Total current liabilities</b>		<b>2,778.22</b>	<b>2,324.44</b>
<b>Total liabilities</b>		<b>2,795.37</b>	<b>2,324.44</b>
<b>Total equity and liabilities</b>		<b>12,715.35</b>	<b>11,416.78</b>
Significant accounting policies	3	-	-
Notes to the financial statements	4-41	-	-

The notes referred to above form an integral part of the Balance Sheet  
As per our report of even date attached.

**For B S R & Associates LLP**

Chartered Accountants

Firm's Registration No: 116231W / W-100024

**Shiraz Vastani**

Partner

Membership No : 103334

Place : Pune

Date : 21 May 2019

For and on behalf of the Board of Directors of

**Morganite Crucible (India) Limited**

CIN: L26920MH1986PLC038607

**Vikas Kadlag**

Managing Director

DIN : 05122774

Place : Aurangabad

Date : 21 May 2019

**Aniruddha Karve**

Director

DIN : 07180005

Place : Aurangabad

Date : 21 May 2019

**Atithi Majumdar**

Chief Financial Officer

Place : Aurangabad

Date : 21 May 2019

**Rupesh Khokle**

Company Secretary

Place : Aurangabad

Date : 21 May 2019

# Statement of Profit and Loss

for the Year Ended March 31, 2019

(₹ in Lakhs)

Particulars	Note	31-Mar-19	31-Mar-18
<b>Income</b>			
Revenue from operations	24	12,013.66	10,914.94
Other income	25	595.12	318.37
<b>Total income</b>		<b>12,608.78</b>	<b>11,233.31</b>
<b>Expenses</b>			
Cost of materials consumed	26	4,567.97	3,484.11
Changes in inventory of finished goods and work-in-progress	27	180.46	155.06
Employee benefit expenses	28	1,826.03	1,687.73
Depreciation and amortization expense		431.42	422.65
Other expenses	29	3,416.91	3,341.31
<b>Total expenses</b>		<b>10,422.79</b>	<b>9,090.86</b>
<b>Profit before tax</b>		<b>2,185.99</b>	<b>2,142.45</b>
<b>Tax expense</b>			
Current tax	8	614.85	714.05
Deferred tax	8	34.38	39.96
<b>Total tax expense</b>		<b>649.23</b>	<b>754.01</b>
<b>Profit for the year</b>		<b>1,536.76</b>	<b>1,388.44</b>
<b>Other comprehensive income/(loss)</b>			
Item that will not be reclassified subsequently to profit or loss			
Remeasurements gains/(losses) on defined benefit plans		(47.98)	4.18
Income tax relating to item that will not be reclassified to profit or loss		13.97	(1.45)
<b>Other comprehensive income / (loss) for the year, net of tax</b>		<b>(34.01)</b>	<b>2.73</b>
<b>Total comprehensive income for the year</b>		<b>1,502.75</b>	<b>1,391.17</b>
<b>Earnings Per Share: (Face value of ₹ 10 per share)</b>			
Basic (₹)		54.88	49.59
Diluted (₹)		54.88	49.59
Significant accounting policies	3		
Notes to the financial statements	4-41		

The notes referred to above form an integral part of the Statement of Profit and Loss  
As per our report of even date attached.

**For B S R & Associates LLP**

Chartered Accountants

Firm's Registration No: 116231W / W-100024

**Shiraz Vastani**

Partner

Membership No : 103334

Place : Pune

Date : 21 May 2019

For and on behalf of the Board of Directors of

**Morganite Crucible (India) Limited**

CIN: L26920MH1986PLC038607

**Vikas Kadlag**

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DIN : 05122774

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**Atithi Majumdar**

Chief Financial Officer

Place : Aurangabad

Date : 21 May 2019

**Rupesh Khokle**

Company Secretary

Place : Aurangabad

Date : 21 May 2019

# Cashflow Statement

for the year ended 31 March 2019

(₹ in Lakhs)

Particulars	31-Mar-19	31-Mar-18
<b>A) Cash flow from operating activities</b>		
Profit before tax	2,185.99	2,142.45
<b>Adjustments for :</b>		
Interest income	(106.90)	(117.18)
(Gain)/ Loss on account of foreign currency transactions and translation	32.42	(10.09)
Depreciation and amortization expense	431.42	422.65
(Gain)/loss on sale of property, plant and equipment	(3.36)	11.19
Bad debt written off	3.91	0.48
	<b>357.49</b>	<b>307.05</b>
<b>Working capital adjustments :</b>		
Increase in inventories	(278.94)	(203.25)
Increase/(Decrease) in trade receivables	(35.89)	157.31
Decrease / (Increase) in loans, other financial assets and other assets	197.06	(158.75)
Increase in non current financial assets and other non current assets	53.07	75.98
Decrease in derivative contract assets	–	19.51
Increase in trade payables	343.29	450.99
Increase / (Decrease) in other financial liabilities and other liabilities	33.05	(108.59)
Decrease in provisions	(21.79)	(37.46)
<b>Cash generated from operating activities</b>	<b>2,833.33</b>	<b>2,645.24</b>
Income taxes paid (net)	(781.45)	(925.67)
<b>Net cash flows generated from operating activities</b>	<b>(A) 2,051.88</b>	<b>1,719.57</b>
<b>B) Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(1,057.59)	(500.28)
Proceeds from sale of property, plant and equipment	6.39	34.42
Investment in (maturity of) bank deposits (net)	(1,921.37)	946.28
Investment in subsidiary (merged w.e.f. 1 October 2017)	–	(1,675.00)
Interest received	82.15	146.10
<b>Net cash used in investing activities</b>	<b>(B) (2,890.42)</b>	<b>(1,048.48)</b>

# Cashflow Statement

for the year ended 31 March 2019

(₹ in Lakhs)

Particulars	31-Mar-19	31-Mar-18
<b>C) Cash flows from financing activities</b>	-	-
Dividends paid	(551.28)	(219.00)
Taxes on dividend paid	(115.11)	(45.60)
<b>Net cash used in financing activities (C)</b>	<b>(666.39)</b>	<b>(264.60)</b>
<b>Net (decrease) / increase in cash and cash equivalents (A+B+C)</b>	<b>(1,504.93)</b>	<b>406.49</b>
Effect of exchange differences on cash and cash equivalents held in foreign currency	(7.25)	6.58
<b>Cash and cash equivalents at the beginning of the year</b>	<b>3,600.21</b>	<b>3,187.14</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>2,088.03</b>	<b>3,600.21</b>
<b>Components of cash and cash equivalents</b>		
Cash and cash equivalents comprises of:		
Cash on hand	0.27	0.17
Bank balances		
- in current accounts	1,639.38	1,770.27
- Export Earner's Foreign Currency account	392.54	153.81
- in deposits accounts (with original maturity of 3 months or less)	55.84	1,675.96
<b>Total cash and cash equivalents (refer note 13)</b>	<b>2,088.03</b>	<b>3,600.21</b>
Significant accounting policies	3	
Notes to the financial statements	4-41	

The notes referred to above form an integral part of the Cash Flow Statement  
As per our report of even date attached.

**For B S R & Associates LLP**

Chartered Accountants

Firm's Registration No: 116231W / W-100024

**Shiraz Vastani**

Partner

Membership No : 103334

Place : Pune

Date : 21 May 2019

For and on behalf of the Board of Directors of

**Morganite Crucible (India) Limited**

CIN: L26920MH1986PLC038607

**Vikas Kadlag**

Managing Director

DIN : 05122774

Place : Aurangabad

Date : 21 May 2019

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Place : Aurangabad

Date : 21 May 2019

**Atithi Majumdar**

Chief Financial Officer

Place : Aurangabad

Date : 21 May 2019

**Rupesh Khokle**

Company Secretary

Place : Aurangabad

Date : 21 May 2019

# Statement of changes in equity

for the year ended 31 March 2019

(₹ in Lakhs)

Particulars	Equity	Reserves and Surplus					Retained earnings	Items of OCI Remeasurement gains / (losses) on defined benefit plans	Total equity
		General reserves	Capital reserve	Securities premium	Capital Profit on Forfeited shares	Statutory Reserve			
Balance as at 1 April 2017	280.00	525.49	67.65	350.00	0.04	8.70	6,747.35	(8.46)	7,970.77
Profit for the year	-	-	-	-	-	-	1,388.44	-	1,388.44
Other comprehensive income (net of tax)	-	-	-	-	-	-	-	2.73	2.73
<b>Transactions with the owners in their capacity as the owners recorded directly in equity</b>									
Dividend	-	-	-	-	-	-	(224.00)	-	(224.00)
Dividend distribution tax	-	-	-	-	-	-	(45.60)	-	(45.60)
Balance as on 31 March 2018	280.00	525.49	67.65	350.00	0.04	8.70	7,866.19	(5.73)	9,092.34
Profit for the year	-	-	-	-	-	-	1,536.76	-	1,536.76
Other comprehensive income (net of tax)	-	-	-	-	-	-	-	(34.01)	(34.01)
<b>Transactions with the owners in their capacity as the owners recorded directly in equity</b>									
Dividend	-	-	-	-	-	-	(560.00)	-	(560.00)
Dividend distribution tax	-	-	-	-	-	-	(115.11)	-	(115.11)
Balance as on 31 March 2019	280.00	525.49	67.65	350.00	0.04	8.70	8,727.84	(39.74)	9,919.98
Significant accounting policies	3								
Notes to the financial statements	4-41								

The notes referred to above form an integral part of the Financial Statements  
As per our report of even date attached.

**For B S R & Associates LLP**

Chartered Accountants

Firm's Registration No: 116231W / W-100024

**Shiraz Vastani**

Partner

Membership No : 103334

Place : Pune

Date : 21 May 2019

For and on behalf of the Board of Directors of

**Morganite Crucible (India) Limited**

CIN: L26920MH1986PLC038607

**Vikas Kadlag**

Managing Director

DIN : 05122774

Place : Aurangabad

Date : 21 May 2019

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**Atithi Majumdar**

Chief Financial Officer

Place : Aurangabad

Date : 21 May 2019

**Rupesh Khokle**

Company Secretary

Place : Aurangabad

Date : 21 May 2019

# Notes to financial statements

## for the year ended 31 March 2019

### NOTE - 1 Reporting Entity

Morganite Crucible India Limited ('the Company') is a company domiciled in India, incorporated under the provisions of the erstwhile Companies Act, 1956 and its shares are listed on the Bombay Stock Exchange (BSE). The Company is primarily engaged in the manufacture and selling of silicon carbide and clay graphite crucibles and its accessories.

The financial statements for the year ended 31 March 2019 were approved by the Board of Directors and authorised for issue on 21 May 2019.

### NOTE - 2 Basis of preparation

#### a. Statement of compliance

The financial statements have been prepared in accordance with the Indian Accounting Standards ("Ind-AS") as per the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 notified under Section 133 of the Companies Act, 2013 ("the Act") and other relevant provisions of the Act.

Details of the Company's significant accounting policies are included in Note 3.

#### b. Functional and presentation currency

These financial statements are presented in Indian Rupees (₹), which is also the Company's functional currency. All amounts included in the financial statements are rounded-off to the nearest lakh to two decimal points, except share and per share data, unless otherwise stated.

#### c. Basis of measurement

The financial statements have been prepared on the historical cost basis except for share based payments, defined benefit obligations and certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

#### d. Use of estimates and judgment

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and disclosures relating to the contingent liabilities as at the date of the financial statements. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

### Critical Accounting Estimates/ Assumptions and estimation uncertainties-

#### i. Warranty Provision

A provision is estimated for expected warranty claims in respect of products sold during the year on the basis of past experience regarding failure trends of products and costs of rectification or replacement.

#### ii. Income tax

Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid/ recovered for uncertain tax positions.



# Notes to financial statements *(continued)*

## for the year ended 31 March 2019

### iii. Provision for defined benefit obligations

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. Information about assumptions and estimation uncertainties in respect of defined benefit obligation in note 37.

### iv. Trade Receivables

Expected credit loss model is used to arrive at the loss allowances. Expected loss rates are based on average computed default rate based on historical analysis of trade receivables.

### e. Current and 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 realized 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 realized 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 liability that could, at the option of the counterparty, result in its settlement by the issue of equity instrument do not affect its classification.

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

All other liabilities are classified as non-current.

### f. Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalent. The operating cycle for the Company is less than 12 months.

# Notes to financial statements *(continued)*

## for the year ended 31 March 2019

### NOTE - 3 Significant Accounting Policies

#### a. Property, plant and equipment

##### i. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labor, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss

Capital work-in-progress comprises of the cost of fixed assets that are not yet ready for their intended use as at the balance sheet date.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

##### ii. Subsequent expenditure

Subsequent expenditure related to an item of tangible fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the year during which such expenses are incurred.

#### b. Depreciation of tangible assets

Leasehold land is amortised on a straight line basis over the primary period of lease, i.e. 99 years.

Depreciation on tangible fixed assets is provided on straight line method at estimated useful live, which in certain categories of assets is different than the estimated useful life as specified in Schedule II of the Companies Act, 2013 ('Schedule II'). The useful life of assets adopted by the Company are as under:

Asset head	Useful life applied by the company
Office building	60 years
Factory building	30 years
Plant and machinery	15 years
Relining of Kiln*	6 years
Computers	3 years
Vehicles	8 years
Office equipments	5 years
Furniture and fixtures	10 years

# Notes to financial statements *(continued)*

## for the year ended 31 March 2019

\* For these class of assets, based on internal technical assessment, the useful lives as given above are believed to best represent the period over which the assets are expected to be used. Hence, the useful life of these assets are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.

Subsequent expenditures related to an item of fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Tangible fixed assets under construction are disclosed as capital work-in progress. Capital work-in-progress includes the cost of fixed assets that are not ready to use at the Balance Sheet date.

Tangible fixed asset is eliminated from the financial statements on disposal or when no further benefit is expected from its use and disposal.

Losses arising from retirement and gains or losses arising from disposal of fixed assets which are carried at cost are recognised in the Statement of Profit and Loss. In case of disposal of revalued asset, the difference between net disposal proceeds and the net book value is charged or credited to the Statement of Profit and Loss except that to the extent that such loss is related to an existing surplus on that asset recognised in revaluation reserve, it is charged directly to that reserve.

### c. Intangible Assets

Intangible assets comprising of Software cost are carried at cost of acquisition less accumulated amortisation and impairment loss, if any. 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.

### d. Impairment

#### i. Impairment of financial instruments

The Company recognises loss allowances for expected credit losses on:

- financial assets measured at amortised cost

At each reporting date, the Company assesses whether financial assets carried at amortised cost and are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being past due for a period exceeding credit term offered to the customer; and
- bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

# Notes to financial statements *(continued)*

## for the year ended 31 March 2019

In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward looking information.

### Measurement of expected credit losses

Expected credit losses are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

### Presentation of allowance for expected credit losses in balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

### Write off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

## ii. Impairment of non-financial assets

The Company's non-financial assets, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest Company of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss.

In respect of assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

# Notes to financial statements *(continued)*

## for the year ended 31 March 2019

### e. 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.

### f. Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

The Company has adopted Ind AS 115 Revenue from Contracts with Customers (which replaces earlier revenue recognition standard) using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 April 2018).

Revenue is measured based on the consideration specified in a contract with a customer. Consideration is allocated to each performance obligation specified in the contract. The Company recognise revenue pertaining to each performance obligation when it transfers control over a product to a customer, which is adjusted for expected refunds, which are estimated based on the historical data, adjusted as necessary.

In the comparative period, revenue was measured at the fair value of the consideration received or receivable. Revenue from the sale of goods was recognised when the significant risks and rewards of ownership had been transferred to the customer, recovery of the consideration was probable, the associated costs and possible return of goods could be estimated reliably, there was no continuing management involvement with the goods and the amount of revenue could be measured reliably.

### Interest income

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

### Export benefit

Export entitlements (such as Duty draw back, Focus Market Scheme) are recognized 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.

### g. Foreign currency transactions

#### i. Initial recognition

Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are restated into the functional currency using exchange rates prevailing on the date of Balance Sheet. Gains and losses arising on settlement and restatement of foreign currency denominated monetary assets and liabilities are recognized in the profit or loss.

#### ii. Derivative financial instruments

The Company holds derivative financial instruments to hedge its foreign currency exposure. Derivatives are measured at fair value and changes therein are recognised in Statement of Profit and Loss.

# Notes to financial statements *(continued)*

## for the year ended 31 March 2019

### iii. Conversion

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognized in profit or loss.

### h. Operating Lease

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.

### i. Taxes on income

Income tax comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination or to an item recognized directly in equity or in other comprehensive income.

#### Current 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 certain to be realised.

### j. Employee benefits

#### i. 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.

#### ii. Post-employment benefits

##### 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 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.

# Notes to financial statements *(continued)*

## for the year ended 31 March 2019

### Defined benefit plans

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.

Re measurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

### Compensated absences:

The employees can carry-forward a portion of the unutilized accrued compensated absences and utilize it as per company policy in future service periods or receive cash compensation. Compensated absences which are 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.

### k. Provisions, contingent liabilities and contingent assets (continued)

The Company recognizes provisions only when it has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate of the amount of the obligation can be made.

Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost. Expected future operating losses are not provided for.

### Warranty provisions

Provisions for warranty related costs are recognized when the underlying product is sold. Provision is based on historical experience. The estimate of such warranty related costs is reviewed annually.

### Contingent liabilities

A contingent liability exists when there is a possible but not probable obligation, or present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably or a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or recognised as finance cost. Expected future operating losses are not provided for. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote.

# Notes to financial statements *(continued)*

## for the year ended 31 March 2019

### Contingent assets

Contingent assets are neither recognised nor disclosed in the financial statements.

### l. Earnings per share

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.

### m. Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short term investments with an original maturity of three months or less.

### n. Financial instruments

#### i. Recognition and Measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

#### ii. Classification and subsequent measurement

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

### Non-Derivative Financial Instruments

#### Financial Assets

On initial recognition, a financial asset is classified as measured at

- Amortised cost;
- Fair Value through Other Comprehensive Income (FVOCI) or;
- Fair Value through Profit and Loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

#### Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.



# Notes to financial statements *(continued)*

## for the year ended 31 March 2019

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows
- terms that may adjust the contractual coupon rate, including variable interest rate features
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features)

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount Substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition

### Financial Liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

### Derivative Financial Instruments-

The Company holds derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met. The Company does not use derivative financial instruments for speculative purposes. The counter-party to the Company's foreign currency forward contracts is generally a bank.

Derivatives not designated as hedges are recognized initially at fair value and attributable transaction costs are recognized in the statement of profit and loss, when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through profit or loss and the resulting exchange gains or losses are included in other income. Assets/ liabilities in this category are presented as derivative contract assets/derivative contract liabilities if they are either held for trading or are expected to be realized within 12 months after the balance sheet date.

## ii. Derecognition

### Financials assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

# Notes to financial statements *(continued)*

## for the year ended 31 March 2019

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognized.

### Financial liabilities

The company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

### iii. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

### o. Measurement of fair value

The number of accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The company has an established control framework with respect to measurement of fair values.

Fair values are categorized into different levels in fair value hierarchy based on inputs used in the valuation techniques as follow

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

## **NOTE - 4** Recent accounting pronouncements

### Standards issued but not yet effective

#### 4.1 New Accounting Standards yet to be adopted

Ministry of Corporate Affairs ("MCA"), through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new and amendments to Ind ASs which the Company has not applied as they are effective from 01 April 2019:

# Notes to financial statements *(continued)*

## for the year ended 31 March 2019

### Ind AS - 116 Leases

The Company is required to adopt Ind AS 116, Leases from 1 April 2019. Ind AS 116 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. It replaces existing leases guidance, Ind AS 17, Leases.

The Company has completed an initial assessment of the potential impact on its financial statements but has not yet completed its detailed assessment. The quantitative impact of adoption of Ind AS 116 on the financial statements in the period of initial application is not reasonably estimable at present. The Company is in the process of evaluating the impact of this amendment on the financial statements.

### Transition

The Company plans to apply Ind AS 116 initially on 1 April 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting Ind AS 116 will be recognised as an adjustment to the opening balance of retained earnings at 1 April 2019, with no restatement of comparative information.

The Company plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that it will apply Ind AS 116 to all contracts entered into before 1 April 2019 and identified as leases in accordance with Ind AS 17.

### Ind AS 12 Income taxes (amendments relating to uncertainty over income tax treatments)

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Company does not expect any significant impact of the amendment on its financial statements.

### Ind AS 19 – Plan Amendment, Curtailment or Settlement

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Company does not expect this amendment to have any significant impact on its financial statements.

# Notes on Accounts

for the period ended 31<sup>st</sup> March 2019

**NOTE - 5 Property, plant and equipment** (Reconciliation of carrying amount)

(₹ in Lakhs)

Particulars	Land - Leasehold	Building	Plant and equipments	Vehicles	Computers	Office equipments and fixtures	Furniture	Total
<b>Gross Block</b>								
Balance at 1 April 2017	13.12	492.54	2,118.18	6.95	34.26	32.35	62.90	2,760.30
Additions during the year	–	217.81	481.05	–	6.29	6.27	3.09	714.51
Disposals during the year	–	–	(55.88)	–	(0.50)	(0.92)	–	(57.30)
Balance at 31 March 2018	13.12	710.35	2,543.35	6.95	40.05	37.70	65.99	3,417.51
Balance at 1 April 2018	13.12	710.35	2,543.35	6.95	40.05	37.70	65.99	3,417.51
Additions during the year	–	55.76	632.32	–	54.95	5.89	5.92	754.84
Disposals during the year	–	–	(3.92)	(6.05)	–	(2.88)	–	(12.85)
Balance at 31 March 2019	13.12	766.11	3,171.75	0.90	95.00	40.71	71.91	4,159.50
<b>Accumulated depreciation</b>								
Balance as at 1 April 2017	0.19	36.70	350.02	2.52	14.01	11.12	9.96	424.52
Depreciation for the year	0.19	39.61	340.05	2.35	10.36	10.97	10.84	414.37
Disposals during the year	–	–	(11.15)	–	(0.19)	(0.35)	–	(11.69)
Balance at 31 March 2018	0.38	76.31	678.92	4.87	24.18	21.74	20.80	827.20
Balance at 1 April 2018	0.38	76.31	678.92	4.87	24.18	21.74	20.80	827.20
Depreciation for the year	0.19	34.31	361.91	1.16	13.78	8.97	8.15	428.47
Disposals during the year	–	–	(1.39)	(5.79)	–	(2.64)	–	(9.82)
Balance at 31 March 2019	0.57	110.62	1,039.44	0.24	37.96	28.07	28.95	1,245.85
<b>Carrying amounts (net)</b>								
Balance as at 31 March 2018	12.74	634.04	1,864.43	2.08	15.87	15.96	45.19	2,590.31
Balance as at 31 March 2019	12.55	655.49	2,132.31	0.66	57.04	12.64	42.96	2,913.65

**NOTE - 6 Other Intangible Assets** (Reconciliation of carrying amount)

(₹ in Lakhs)

Particulars	Software	Total
<b>Gross Block</b>		
Balance as at 1 April 2017	48.57	48.57
Additions during the year	–	–
Balance at 31 March 2018	48.57	48.57
Balance at 1 April 2018	48.57	48.57
Additions during the year	22.00	22.00
Balance at 31 March 2019	70.57	70.57
<b>Accumulated amortization</b>		
Balance at 1 April 2017	38.28	38.28
Amortization for the year	8.28	8.28
Balance at 31 March 2018	46.56	46.56
Balance at 1 April 2018	46.56	46.56
Amortization for the year	2.95	2.95
Balance at 31 March 2019	49.51	49.51
<b>Carrying amounts (net)</b>		
Balance as at 31 March 2018	2.01	2.01
Balance as at 31 March 2019	21.06	21.06

# Notes on Accounts *(continued)*

for the period ended 31<sup>st</sup> March 2019

## NOTE - 7 Other Intangible Assets (Reconciliation of carrying amount) (₹ in Lakhs)

Particulars	As at 31-Mar-19	As at 31-Mar-18
<b>Other financial assets - Non Current</b>		
Other financial assets (Unsecured, considered good)	-	-
Security deposits	37.59	19.99
Bank deposits (due to mature after 12 months from reporting date)*	8.77	38.23
<b>TOTAL</b>	<b>46.36</b>	<b>58.22</b>

\* includes INR 5 lakhs which is pledged against the guarantee given by Axis Bank to Maharashtra Pollution Control Board

## NOTE - 8 Income tax (including deferred tax) (₹ in Lakhs)

Particulars	As at 31-Mar-19	As at 31-Mar-18
<b>A Amounts recognised in profit and loss</b>		
<b>(a) Income tax expense</b>		
Current tax	-	-
Current tax on the profit for the year	579.07	719.96
Adjustment of current tax of prior periods	35.78	(5.91)
<b>Total current tax expense</b>	<b>614.85</b>	<b>714.05</b>
<b>(b) Deferred tax</b>		
Attributable to -	-	-
Origination and reversal of temporary differences	34.38	39.96
	<b>34.38</b>	<b>39.96</b>
<b>Tax expense (a+b)</b>	<b>649.23</b>	<b>754.01</b>

## B Amounts recognised in other comprehensive income

Items that will not be reclassified to profit or loss  
Remeasurements of the defined benefit plans (₹ Lakhs)

For the year ended 31 March 2019		
Before tax	Tax (expense)/credit	Net of tax
(47.98)	13.97	(34.01)

**For the year ended 31 March 2018**

Items that will not be reclassified to profit or loss  
Remeasurements of the defined benefit plans (₹ Lakhs)

Before tax	Tax (expense)/credit	Net of tax
4.18	(1.45)	2.73

## Notes on Accounts *(continued)*

for the period ended 31<sup>st</sup> March 2019

Particulars	(₹ in Lakhs)	
	As at 31-Mar-19	As at 31-Mar-18
<b>C Reconciliation of effective tax rate</b>		
Profit before tax	2,185.99	2,142.45
Enacted tax rate	29.12%	34.61%
Income tax expense calculated at 29.12% (2018: 34.61%)	636.56	741.46
Effect of expenses disallowed for tax purpose	(22.51)	7.49
	<b>614.05</b>	<b>748.95</b>
Effect of income taxes related to earlier periods	35.78	(5.91)
Effect of differential tax rate	(0.60)	10.97
<b>Income tax expense recognised in statement of profit and loss</b>	<b>649.23</b>	<b>754.01</b>

Particulars	(₹ in Lakhs)	
	As at 31-Mar-19	As at 31-Mar-18
<b>D Recognised deferred tax assets and liabilities</b>		
<b>Deferred tax assets/(liabilities)</b>		
Provision for doubtful debts	16.36	15.22
Provision for doubtful advances	24.00	24.00
Provision for employee benefits	31.03	16.76
Disallowances under the Income Tax Act, 1961	7.62	–
MTM gain/loss on forward contract	–	(0.12)
Property, plant and equipment	(44.57)	(1.01)
	<b>34.44</b>	<b>54.85</b>

Particulars	(₹ in Lakhs)			
	Net balance 1 April 2018	Recognised in profit or loss	Recognised in OCI	31 March 2019 Net
<b>E Movement in deferred tax balances</b>				
<b>Deferred tax assets / (liabilities)</b>				
Provision for doubtful debts	15.22	1.14	–	16.36
Provision for doubtful advances	24.00	–	–	24.00
Provision for employee benefits	16.76	0.30	13.97	31.03
Provision for warranty expenses	–	–	–	–
Provision for others	–	–	–	–
Disallowances under the Income Tax Act, 1961	–	7.62	–	7.62
MTM gain/(loss) on forward contract	(0.12)	0.12	–	–
Property, plant and equipment	(1.01)	(43.56)	–	(44.57)
<b>Net Deferred tax assets</b>	<b>54.85</b>	<b>(34.38)</b>	<b>13.97</b>	<b>34.44</b>

# Notes on Accounts *(continued)*

for the period ended 31<sup>st</sup> March 2019

(₹ in Lakhs)

Particulars	Net balance 1 April 2017	Recognised in profit or loss	Recognised in OCI	31 March 2018 Net
<b>Deferred tax assets / (liabilities)</b>				
Provision for doubtful debts	17.81	(2.59)	–	15.22
Provision for doubtful advances	28.64	(4.64)	–	24.00
Provision for employee benefits	16.76	1.45	(1.45)	16.76
Provision for warranty expenses	3.72	(3.72)	–	–
Provision for others	0.47	(0.47)	–	–
Disallowances under the Income Tax Act, 1961	5.16	(5.16)	–	–
MTM gain/loss on forward contract	(6.75)	6.63	–	(0.12)
Property, plant and equipment	30.45	(31.46)	–	(1.01)
<b>Net Deferred tax assets</b>	<b>96.26</b>	<b>(39.97)</b>	<b>(1.45)</b>	<b>54.85</b>

**NOTE - 9 Other non current assets**

(₹ in Lakhs)

Particulars	As at 31-Mar-19	As at 31-Mar-18
<b>Capital advances</b>	0.14	4.31
Balances with Government Authorities#	74.63	145.31
<b>TOTAL</b>	<b>74.77</b>	<b>149.62</b>
# Includes balances receivable for Value added Tax (VAT)	-	-

**NOTE - 10 Inventories** (At lower of cost and net realisable value)

(₹ in Lakhs)

Particulars	As at 31-Mar-19	As at 31-Mar-18
Raw materials and packing materials [including goods in transit ₹269.11 lakhs (2018: ₹ 222.81 lakhs)]	831.82	739.40
Finished goods [including goods in transit ₹ 164.40 lakhs (2018: ₹ 181.62 lakhs)]	498.13	472.45
Work-in-progress	620.11	465.33
Stores and spares	112.84	106.78
<b>TOTAL</b>	<b>2,062.90</b>	<b>1,783.96</b>

**NOTE - 11 Loans**

(₹ in Lakhs)

Particulars	As at 31-Mar-19	As at 31-Mar-18
Loans to employees (Unsecured, considered good)	12.39	11.46
<b>TOTAL</b>	<b>12.39</b>	<b>11.46</b>

# Notes on Accounts *(continued)*

for the period ended 31<sup>st</sup> March 2019

**NOTE - 12 Trade receivables**

(₹ in Lakhs)

Particulars	As at 31-Mar-19	As at 31-Mar-18
<b>Trade receivables (unsecured)</b>		
Considered good	1,703.74	1,696.51
Credit Impaired	56.70	52.79
	<b>1,760.44</b>	<b>1,749.30</b>
Allowance for expected credit loss	(56.70)	(52.79)
<b>Net trade receivables</b>	<b>1,703.74</b>	<b>1,696.51</b>

**NOTE - 13 Cash and cash equivalents**

(₹ in Lakhs)

Particulars	As at 31-Mar-19	As at 31-Mar-18
Cash on hand	0.27	0.17
Bank balances		
– in current accounts	1,639.38	1,770.27
– Fixed deposits (upto 3 months maturity from deposit date)	55.84	1,675.96
– Export Earner's Foreign Currency account (EEFC)	392.54	153.81
<b>TOTAL</b>	<b>2,088.03</b>	<b>3,600.21</b>

**NOTE - 14 Other balances with banks**

(₹ in Lakhs)

Particulars	As at 31-Mar-19	As at 31-Mar-18
– Unpaid dividend accounts	17.96	9.24
– Fixed deposits with maturity more than three months from deposit date but less than twelve months from the Balance Sheet date	2,371.05	428.94
<b>TOTAL</b>	<b>2,389.01</b>	<b>438.18</b>

**NOTE - 15 Other financial assets - Current**

(₹ in Lakhs)

Particulars	As at 31-Mar-19	As at 31-Mar-18
<b>Other financial assets (Unsecured, considered good)</b>	-	-
Security deposits	-	7.30
Interest accrued on bank deposits	24.75	-
<b>TOTAL</b>	<b>24.75</b>	<b>7.30</b>



# Notes on Accounts *(continued)*

for the period ended 31<sup>st</sup> March 2019

## NOTE - 16 Other current assets

(₹ in Lakhs)

Particulars	As at 31-Mar-19	As at 31-Mar-18
Advances to suppliers	-	-
Considered good	21.19	63.50
Credit Impaired	10.20	10.20
	31.39	73.70
Allowance for expected credit loss	(10.20)	(10.20)
	21.19	63.50
Prepayments	46.94	50.52
Balances with Government Authorities#	199.05	310.71
Export benefits receivable	157.88	185.19
Others (refer note 37)	9.21	15.23
	413.08	561.65
<b>TOTAL</b>	<b>434.27</b>	<b>625.15</b>
# Includes balances receivable for Goods and Service Tax (GST) and Value added Tax (VAT)		

## NOTE - 17 Equity share capital

(₹ in Lakhs, except share data)

Particulars	As at 31-Mar-19	As at 31-Mar-18
Authorised capital :		
5,450,000 (31 March 2018 : 5,450,000) equity shares of ₹ 10 each	545.00	545.00
Issued, subscribed and paid-up		
2,800,000 (31 March 2018 : 2,800,000) equity shares of ₹ 10 each, fully paid-up	280.00	280.00

### (a) Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares having a par value of ₹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 shareholders at the Annual General Meeting held on 9 August 2018 approved dividend of ₹ 16 per equity share for year ended 31 March 2018 which was subsequently paid during the year ended 31 March 2019. The amount was recognized as distributions to equity shareholders during the year ended 31 March 2019 and the total appropriation was ₹ 540.09 lakhs including corporate dividend tax of ₹ 92.09 lakhs.

On 21 May 2019, the Board of Directors have proposed a final dividend of ₹ 12 per equity share for the financial year ended 31 March 2019. The proposal is subject to the approval of shareholders at the Annual General Meeting. If approved, the dividend would result in a cash outflow of ₹ 405.08 lakhs inclusive of dividend distribution tax of ₹ 69.08 lakhs.

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.

### (b) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Particulars	As at 31-Mar-19	As at 31-Mar-18
<b>Equity shares</b>	-	-
At the commencement and at the end of the year	28,00,000	28,00,000

# Notes on Accounts *(continued)*

for the period ended 31<sup>st</sup> March 2019

## (c) Shares held by holding/ultimate holding company and/or their subsidiaries

Name of the shareholder	(₹ in Lakhs)	
	As at 31-Mar-19	As at 31-Mar-18
Morganite Crucible Limited, subsidiary of the ultimate holding company.	10,78,000	10,78,000
Morgan Terreassen BV, subsidiary of the ultimate holding company.	10,22,000	10,22,000

## (d) Details of shareholders holding more than 5% shares in the company

Name of the shareholder	As at 31-Mar-19		As at 31-Mar-18	
	Number of shares	% holding in the class	Number of shares	% holding in the class
Morganite Crucible Limited	10,78,000	38.50%	10,78,000	38.50%
Morgan Terreassen BV	10,22,000	36.50%	10,22,000	36.50%

## NOTE - 18 Other equity

(₹ in Lakhs)

Particulars	For the year ended 31-Mar-19	For the year ended 31-Mar-18
<b>a. Retained earnings</b>		
Items of other comprehensive income		
At the commencement of the year	(5.73)	(8.46)
Remeasurement of employee benefit obligations during the period (net of tax)	(34.01)	2.73
At the end of the year	(39.74)	(5.73)
<b>Items other than other comprehensive income</b>		
At the commencement of the year	7,866.19	6,747.35
Profit attributable to shareholders	1,536.76	1,388.44
Dividend paid	(560.00)	(224.00)
Dividend distribution tax on above	(115.11)	(45.60)
At the end of the year	8,727.84	7,866.19
<b>Total retained earning at the end of the year</b>	8,688.10	7,860.46
<b>b. General reserve</b>	-	-
At the commencement and end of the year	525.49	525.49
<b>c. Securities premium</b>	-	-
At the commencement and end of the year	350.00	350.00
<b>d. Capital reserves</b>	-	-
At the commencement and end of the year	67.65	67.65
<b>e. Capital profit on forfeited shares</b>	-	-
At the commencement and end of the year	0.04	0.04
<b>f. Statutory reserve</b>	-	-
At the commencement and end of the year	8.70	8.70
<b>Total other equity</b>	9,639.98	8,812.34

# Notes on Accounts *(continued)*

for the period ended 31<sup>st</sup> March 2019

## Nature of Reserves -

- General reserve** : The General reserve comprises of transfer of profits from retained earnings for appropriation purposes. The reserve can be distributed/utilised by the Company in accordance with the Companies Act, 2013.
- Securities premium** : The Securities premium is created on issue of shares at a premium.
- Capital reserve** : Capital reserve comprises of receipt of Central Government investment subsidy under '1993 package scheme of incentives', State government investment subsidy under '1983 package scheme of incentives and capital reserve arising on amalgamation of DCCL .
- Capital profit on forfeited shares** - The capital profit on forfeited shares comprises of profit on re-issue of forfeited shares.
- Statutory Reserve** : The statutory reserves comprises of the Investment allowance reserve created under the Income tax Act, 1961.

## NOTE - 19 Non current provisions

(₹ in Lakhs)

Particulars	As at 31-Mar-19	As at 31-Mar-18
Provision for employee benefits	-	-
Compensated absences	17.15	-
<b>Total provisions for employee benefits</b>	<b>17.15</b>	<b>-</b>

## NOTE - 20 Trade payables

(₹ in Lakhs)

Particulars	As at 31-Mar-19	As at 31-Mar-18
<b>Trade payable</b>	<b>-</b>	<b>-</b>
- dues of micro enterprises and small enterprises (refer note 33)	272.52	265.42
- dues of creditors other than micro enterprises and small enterprises	1,822.09	1,486.88
<b>TOTAL</b>	<b>2,094.61</b>	<b>1,752.30</b>

## NOTE - 21 Other financial liabilities

(₹ in Lakhs)

Particulars	As at 31-Mar-19	As at 31-Mar-18
Capital creditors	118.99	59.51
Deposits	2.77	2.77
Accrued employee liabilities	275.97	137.70
Unpaid dividend	17.96	9.24
Others	-	0.40
<b>TOTAL</b>	<b>415.69</b>	<b>209.62</b>

## NOTE - 22 Other Current Liabilities

(₹ in Lakhs)

Particulars	As at 31-Mar-19	As at 31-Mar-18
Advances from customers	22.07	88.73
Statutory dues #	17.43	54.38
<b>TOTAL</b>	<b>39.50</b>	<b>143.11</b>
# Statutory dues includes payable on account of Provident Fund, Pension, TDS, etc.	-	-

# Notes on Accounts *(continued)*

for the period ended 31<sup>st</sup> March 2019

**NOTE - 23 Current Provisions**

(₹ in Lakhs)

Particulars	As at 31-Mar-19	As at 31-Mar-18
<b>Provision for employee benefits</b>		
Compensated absences	5.11	24.70
<b>Total provisions for employee benefits (A)</b>	<b>5.11</b>	<b>24.70</b>
<b>Other provisions</b>		
Provision for warranties	93.09	64.46
Provisions for indirect tax matters	30.17	30.17
Provision for others	1.42	1.42
<b>Total other provisions (B)</b>	<b>124.68</b>	<b>96.05</b>
<b>Total provision (A+B)</b>	<b>129.79</b>	<b>120.75</b>
	<b>Provision for warranties</b>	<b>Provision for indirect tax</b>
Movement in other provisions during the period		
Balance at 1 April 2017	91.78	17.15
Provisions made during the year	114.16	13.02
Provisions utilized during the year	(141.48)	–
Provisions reversed during the period	–	–
<b>Balance at 31 March 2018</b>	<b>64.46</b>	<b>30.17</b>
<b>Balance at 1 April 2018</b>	<b>64.46</b>	<b>30.17</b>
Provisions made during the year	213.38	–
Provisions utilized during the year	(176.12)	–
Provisions reversed during the period	(8.63)	–
<b>Balance at 31 March 2019</b>	<b>93.09</b>	<b>30.17</b>

A Provision for warranties represents expected warranty claims in respect of products sold during the year on the basis of past experience regarding failure trends of products and costs of rectification or replacement. It is expected that most of this cost will be incurred over the next 12 months as per management estimate.

B Provision for indirect tax represents estimated litigation claims in respect of indirect tax matters and it is expected that most of this cost will be incurred over the next 12 months as per management estimate.

**NOTE - 24 Revenue from operations**

(₹ in Lakhs)

Particulars	31-Mar-19	31-Mar-18
Sales of products (including excise duty)*	11,992.09	10,655.15
<b>Total sale of products (A)</b>	<b>11,992.09</b>	<b>10,655.15</b>
Other operating revenue		
Sale of scrap	21.57	15.15
Duty drawback on exports	–	87.01
Export benefits	–	157.63
<b>Total other operating revenue (B)</b>	<b>21.57</b>	<b>259.79</b>
<b>Total revenue from operations (A+B)</b>	<b>12,013.66</b>	<b>10,914.94</b>

\*Revenue from sale of products for the year ended 31 March 2018 was inclusive of excise duty of ₹ 178.30 lakhs upto 30 June 2017. Post GST implementation w.e.f 1 July 2017, revenue from sales of products is not inclusive of excise duty.

# Notes on Accounts *(continued)*

for the period ended 31<sup>st</sup> March 2019

## NOTE - 25 Other income

(₹ in Lakhs)

Particulars	31-Mar-19	31-Mar-18
Duty drawback on exports	100.27	–
Export benefits	298.02	–
Interest income on		
– deposits with bank	83.85	117.18
– overdue trade receivables	23.05	3.35
– VAT / Income tax refund	2.92	1.58
Gain on account of foreign currency transactions (net)*	74.19	195.12
Gain on sale of fixed assets	3.36	–
Liabilities written back to the extent no longer required	9.03	–
Other non-operating income	0.43	1.14
<b>TOTAL</b>	<b>595.12</b>	<b>318.37</b>

(\* includes marked to market loss of ₹ Nil (2018: loss of ₹ 0.40 lakhs))

## NOTE - 26 Cost of materials consumed

(₹ in Lakhs)

Particulars	31-Mar-19	31-Mar-18
Inventory of materials at the beginning of the year	739.40	639.48
Purchases	2,996.75	3,584.03
Inventory of materials at the end of the year	(831.82)	(739.40)
<b>TOTAL</b>	<b>4,567.97</b>	<b>3,484.11</b>

## NOTE - 27 Changes in inventory of finished goods and work in progress

(₹ in Lakhs)

Particulars	31-Mar-19	31-Mar-18
<b>Inventory at the beginning of the year</b>		
Finished goods - Crucibles	472.45	338.60
Work-in-progress - Crucibles	465.33	444.12
<b>Inventory at the end of the year</b>		
Finished goods - Crucibles	498.13	472.45
Work-in-progress - Crucibles	620.11	465.33
<b>Increase in Inventory</b>	<b>180.46</b>	<b>155.06</b>

## NOTE - 28 Employee benefit expenses

(₹ in Lakhs)

Particulars	31-Mar-19	31-Mar-18
Salaries, wages and bonus	1,605.60	1,474.15
Contribution to provident and other funds	87.74	85.87
Gratuity expenses	22.33	23.52
Staff welfare expenses	110.36	104.19
<b>TOTAL</b>	<b>1,826.03</b>	<b>1,687.73</b>

# Notes on Accounts *(continued)*

for the period ended 31<sup>st</sup> March 2019

**NOTE - 29 Other expenses**

(₹ in Lakhs)

Particulars	31-Mar-19	31-Mar-18
Consumption of stores and spares	875.96	733.04
Power and fuel	191.62	127.34
Contract labour charges	466.62	316.99
Repairs to buildings	16.79	26.81
Repairs to machinery	216.03	256.01
Repairs others	40.75	46.72
Rent	17.06	19.73
Rates and taxes	18.59	29.10
Travelling and motor car expenses	161.92	136.53
Legal and professional fees	137.35	175.60
Insurance	39.56	41.30
Payment to auditor (refer note (i) below)	34.38	32.63
Sales commission	45.54	59.60
Directors' sitting fees	2.40	3.03
Trade Mark Charges	101.96	85.87
Management charges	446.18	490.56
Warranty Expense	25.10	32.58
Business development and promotional expenses	75.46	65.65
SAP training & maintenance expenses	58.99	41.37
Loss on sale / retirement of fixed assets	-	11.19
Freight outward	207.27	189.15
Bank charges	12.94	12.28
Security charges	42.95	42.73
Provision for doubtful receivables (net off bad debts written off INR 1.86 lakhs (31 March 2018 : INR 0.40 lakhs )	3.91	0.48
Corporate Social Responsibility expenses (refer note (ii) below)	5.32	6.93
Miscellaneous expenses	172.26	358.09
<b>TOTAL</b>	<b>3,416.91</b>	<b>3,341.31</b>

**i) Payment to auditors (excluding taxes)**

(₹ in Lakhs)

	31-Mar-19	31-Mar-18
<b>As auditor</b>		
Statutory Audit	18.79	16.35
Tax Audit	1.98	1.91
Limited review of quarterly results	7.81	7.02
Certification fees	1.10	2.58
<b>In other capacity</b>		
Audit of group reporting package	2.72	2.63
<b>Reimbursement of expenses</b>	<b>1.98</b>	<b>2.14</b>
<b>TOTAL</b>	<b>34.38</b>	<b>32.63</b>

**ii) Corporate social responsibility**

As per provisions of section 135 of Companies Act 2013, the Company was required to spend ₹44.02 lakhs (2018: ₹31.09 lakhs) being 2% of average net profits made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy on the activities specified in Schedule VII of the Act. However, the Company has spent

# Notes on Accounts *(continued)*

## for the period ended 31<sup>st</sup> March 2019

₹ 5.32 lakhs (2018: ₹ 6.93 lakhs) towards Corporate Social Responsibility activities. The Company is in process of exploring various options specified in Schedule VII on which it could do its spending of CSR for the benefit of society.

- Gross amount required to be spent by the Company during the year - ₹ 44.02 lakhs
- Amount spent during the year on :

### The breakup of expenditure incurred on CSR activities -

Particulars	(₹ in Lakhs)	
	For the year ended 31-Mar-19	For the year ended 31-Mar-18
(i) Construction / acquisition of any asset	-	-
(ii) On purposes other than (i) above	5.32	6.93
<b>TOTAL</b>	<b>5.32</b>	<b>6.93</b>

### NOTE - 30 Contingent liabilities

(₹ in Lakhs)

Contingent Liabilities	31-Mar-19	31-Mar-18
- Matters relating to income tax	144.60	263.89
- Matters relating to excise duty and service tax	54.58	18.96
- Matters relating to employees' state insurance demand	0.52	0.52

Note 1 - The Company is subject to legal proceedings and claims, which have arisen in the ordinary course of business. The Company's management does not reasonably expect that these legal actions, when ultimately concluded and determined, will have a material and adverse effect on the Company's results of operations or financial condition.

Note 2 - Pursuant to the Supreme Court (SC) judgement dated 28 February 2019 on application of Employee Provident Fund (PF), the Company has been legally advised that there are challenges on the application of the judgement retrospectively. Consequently, the Company does not expect an incremental liability pursuant to the aforesaid judgement. However, the Company has made the provision for incremental liability from the date of the judgement.

### NOTE - 31 Commitments:

(₹ in Lakhs)

Particulars	31-Mar-19	31-Mar-18
Estimated amount of contracts remaining to be executed on capital account and not provided for	709.19	101.21

### NOTE - 32 Earnings per share

(₹ in Lakhs, except share data)

Particulars	Year ended 31-Mar-19	Year ended 31-Mar-18
Profit before tax	2,185.99	2,142.45
Less : Tax expenses	649.23	754.01
Profit after tax (a)	1,536.76	1,388.44
Weighted average number of equity shares outstanding during the period for calculation of basic and diluted EPS (b)	28,00,000	28,00,000
Earnings per share, net of tax		
Basic (a/b)	54.88	49.59
Diluted (a/b)	54.88	49.59

# Notes on Accounts *(continued)*

for the period ended 31<sup>st</sup> March 2019

## NOTE - 33 Disclosures as per Micro, Small and Medium Enterprises Development Act, 2006 (the 'MSMED Act')

(₹ in Lakhs)

Description	Year ended 31-Mar-19	Year ended 31-Mar-18
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	-	-
a) Principal amount due to micro, small and medium enterprises	262.98	265.42
b) Interest due on above	9.54	1.70
ii) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
iii) The amount 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 the MSMED Act, 2006	8.49	6.52
iv) The amount of interest accrued and remaining unpaid at the end of each accounting year	9.53	13.65
v) The amount 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 section 23 of the MSMED Act, 2006	-	13.65

The information has been given in respect of such vendors to the extent they could be identified as micro and small enterprises as per the MSMED Act on the basis of information available with the Company.

## NOTE - 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. The 'Chief Operating Decision Maker' monitors the operating results of the Company's business as single segment. Accordingly in context of Ind AS "Operating Segments" the principle business of the Company constitute a single reportable segment. Accordingly, income from sale of crucibles comprises the primary basis of segmental information set out in these financial statements.

### b) Geographical segments:

The geographical information analyses the Company's revenues and assets by the Company's country of domicile (i.e. India) and outside India presenting geographical information, segment revenue has been on the geographic location of customers and segment assets which have been based on the geographical location of the assets.

(₹ in Lakhs)

Particulars	31 March 2019						Total
	India	Outside India					
		Asia and Far East	Europe	Africa and Middle East	North America	Other	
Revenue from external customers	5,442.23	1,278.04	2,128.17	1,811.36	992.56	339.73	11,992.09
Details of non current assets*	3,919.46	-	-	-	-	-	3,919.46



# Notes on Accounts *(continued)*

for the period ended 31<sup>st</sup> March 2019

(₹ in Lakhs)

Particulars	31 March 2018						Total
	India	Outside India					
		Asia and Far East	Europe	Africa and Middle East	North America	Other	
Revenue from external customers	4,842.27	1,160.99	1,869.03	1,648.12	898.20	236.54	10,655.15
Details of non current assets*	3,140.94	–	–	–	–	–	3,140.94

\* The non current assets in the above table excludes financial assets, deferred tax assets and post-employment benefits assets.

## NOTE - 35 Related party disclosures

### A. Names of related parties

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

Morgan Advanced Materials Plc - Ultimate Holding Company

#### b. Enterprise exercising significant influence

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 Fellow subsidiary companies
  - Morganite Crucible Inc.
  - Mkgs. Morgan Karbon Grafit
  - Morgan Molten Metal System (Suzhou) Company Limited
  - Morgan Molten Metal System GMBH
  - Morganite Brasil Ltda.
  - Grupo Industrial Morgan, S.A. De C.
  - Morganite Carbon Kabushiki Kaisha
  - Dalian Morgan Refractories Ltd
  - Morgan Am&T Hong Kong Co., Ltd.
  - Morgan Advanced Materials Furnace Indust
  - Morgan Advanced Materials (Taiwan) Co.
  - Murgappa Morgan Thermal Ceramics Limited, Chennai
  - Thermal Ceramics Limited, Uk
  - Molten Ceramics Asia Pte.Ltd.
  - Morgan Ceramics Middle East FZE
- ii Key Management Personnel
  - Mr. Vikas Kadlag – Managing Director (w.e.f 1 January 2019)
  - Mr. Aniruddha Karve – Managing Director (upto 31 March 2018)
  - Mr. Meereshwar Reddy - Manager (from 01 April 2018 to 31 December 2018)
  - Mr. Atithi Majumdar - Chief Financial Officer
  - Mr. Rupesh Khokle - Company Secretary
  - Mr. Mukund Bhogale -Non-Executive Independent Director \*\*
  - Mr. Subhash Kolakpar -Non-Executive Independent Director\*\*
  - Ms. Maithilee Tambolkar -Non-Executive Independent Director\*\*

# Notes on Accounts (continued)

for the period ended 31<sup>st</sup> March 2019

## Details of Remuneration paid and amount outstanding as at 31 March 2019 to above mentioned Key Managerial Personnel

Name of the person	Remuneration paid*		Outstanding payables		Outstanding receivable	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
Mr. Vikas Kadlag	16.28	-	10.98	-	-	-
Mr. Aniruddha Karve	-	118.94	-	-	-	-
Mr. Meereswar Reddy	33.97	-	4.57	-	-	-
Mr Atithi Majumdar	29.39	26.29	5.08	1.99	-	-
Mr. Rupesh Khokle	11.95	12.39	1.94	1.08	-	-

\*Remuneration excludes provision for employee benefits as separate actuarial valuation for the directors, key management personnel and their relatives is not available.

\*\*The Company has paid sitting fees amounting to ₹ 2.40 lakhs (2018: ₹ 3 lakhs) to non executive independent directors.

## Related party transactions for the year ended 31 March 2019

(₹ in Lakhs)

Particulars	Ultimate Holding Company		Enterprise exercising significant influence		Fellow Subsidiaries														
	Morgan Advanced Materials Plc	Morganite Crucible Limited	Morganite Crucible Inc.	Morganite Crucible BV	Morganite Crucible Limited	Morgan Molten Metal System GmbH	Morgan Molten Metal System (Suzhou) Company Limited	Morganite Brasil Ltda.	Mkgs. Morgan Karbon Grafit	Thermal Ceramics Limited	Grupo industrial Morgan, S.A. de C.	Murgappa Morgan Thermal Ceramics Limited	Morganite Carbon Kabushiki Kaisha Ltd.	Molten Ceramics Asia Pte. Ltd.	Morgan Ceramics Middle East FZE	Dalian Morgan Refractories Ltd	Morgan Am&T Hong Kong Co., Ltd.	Morgan Advanced Materials Furnace Indust	Morgan Advanced Materials (Taiwan) Co.
Income	-	-	-	-	-	-	-	25.95	3.90	-	-	-	117.89	-	-	9.16	-	-	6.92
Sale of finished goods ,raw materials	-	-	929.32	-	866.34	81.13	-	-	-	-	31.75	-	-	-	-	-	-	-	-
Reimbursement of expenses	-	-	28.70	-	26.51	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Expenditure	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of raw materials (including goods in transit)	-	-	0.37	-	4.17	10.02	-	-	-	1.46	-	7.85	-	-	-	-	-	-	-
Purchased of spares / consumables	-	-	-	-	0.24	-	-	-	-	-	-	35.24	-	-	-	-	-	-	-
Management charges	446.18	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trademark Charges	101.96	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	215.60	-	204.40	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Outstanding Balances:	-	-	-	-	-	26.67	-	-	-	-	5.08	-	2.85	-	-	-	-	-	1.28
Receivables	-	-	57.53	-	190.02	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payables	326.66	-	-	-	-	-	0.78	-	-	0.57	-	10.21	-	-	-	-	-	-	-

# Notes on Accounts (continued)

for the period ended 31<sup>st</sup> March 2019

## Related party transactions for the year ended 31 March 2018

(₹ in Lakhs)

Particulars	Ultimate Holding Company	Fellow Subsidiaries																
		Morgan Crucible Limited	Morgan Crucible Terrasen BV	Morgan Crucible Inc.	Morgan Molten Metal System GMBH	Morgan Metal System (Suzhou) Company Limited	Morganite Brasil LTDA	Morganite Sanayi A.S.	Thermal Ceramics	Grupo Industrial Morgan, S.A. de C.	Murugappa Morgan Thermal Ceramics Limited	Morganite Carbon Kaisha	Morgan Ceramics Asia Pte Ltd	Morgan Ceramics Middle East FZE	Dalian Morgan Refractories Ltd	Morgan Am&T Hong Kong Co., Ltd.	Morgan Advanced Materials Furnace Indust Co.	Morgan Advanced Materials (Taiwan) Co.
Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale of finished goods, raw materials (including sale in transit)	-	-	847.32	794.73	38.80	12.96	22.20	-	30.50	-	-	115.66	-	0.02	4.06	0.14	4.36	12.04
Expenditure																		
Purchase of raw materials (including goods in transit)	-	-	-	1.58	0.66	-	-	1.98	-	-	-	2.41	-	-	-	-	-	-
Purchased of spares / consumables	-	-	-	0.83	-	-	-	-	-	2.38	-	-	-	-	-	-	-	-
Capital Goods purchase	-	-	-	-	-	-	-	-	-	11.39	-	-	-	-	-	-	-	-
Management charges	472.07	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trademark Charges	85.87	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	33.76	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	3.83	-	-	-	-	-	-	-	-
Dividend paid	-	86.24	81.76	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payment towards contractual liability	-	-	1,675.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Outstanding Balances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Receivables	-	-	99.80	167.85	12.49	12.96	11.55	-	0.51	-	-	-	-	0.08	-	0.14	-	6.64
Payables	88.32	-	-	-	-	-	-	-	-	-	-	-	-	-	3.17	-	-	-

# Notes on Accounts *(continued)*

for the period ended 31<sup>st</sup> March 2019

## NOTE - 36 Financial instrument - Fair values and risk management

### A. Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

31 March 2019

(₹ in Lakhs)

	Note	Amortized Cost	Financial assets/ liabilities at fair value through profit and loss	Financial assets/ liabilities at fair value through OCI	Total carrying value	Level 1	Level 2	Level 3	Total fair value
<b>Financial assets not measured at fair value*</b>									
Trade receivables	12	1,703.74	–	–	1,703.74	–	–	–	1,703.74
Cash and cash equivalents	13	2,088.03	–	–	2,088.03	–	–	–	2,088.03
Other bank balances	14	2,389.01	–	–	2,389.01	–	–	–	2,389.01
Loans	11	12.39	–	–	12.39	–	–	–	12.39
Other current financial assets	15	24.75	–	–	24.75	–	–	–	24.75
Other non current financial assets	7	46.36	–	–	46.36	–	–	–	46.36
		<b>6,264.28</b>	–	–	<b>6,264.28</b>	–	–	–	<b>6,264.28</b>
<b>Financial liabilities not measured at fair value*</b>									
Trade payables	20	2,094.61	–	–	2,094.61	–	–	–	2,094.61
Other current financial liabilities	21	415.69	–	–	415.69	–	–	–	415.69
		<b>2,510.30</b>	–	–	<b>2,510.30</b>	–	–	–	<b>2,510.30</b>

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

31 March 2018

(₹ in Lakhs)

	Note	Amortized Cost	Financial assets/ liabilities at fair value through profit or loss	Financial assets/ liabilities at fair value through OCI	Total carrying value	Level 1	Level 2	Level 3	Total fair value
<b>Financial assets not measured at fair value*</b>									
Trade receivables	12	1,696.51	–	–	1,696.51	–	–	–	1,696.51
Cash and cash equivalents	13	3,600.21	–	–	3,600.21	–	–	–	3,600.21
Other bank balances	14	438.18	–	–	438.18	–	–	–	438.18
Loans	11	11.46	–	–	11.46	–	–	–	11.46
Other current financial assets	15	7.30	–	–	7.30	–	–	–	7.30
Other non current financial assets	7	58.22	–	–	58.22	–	–	–	58.22
		<b>5,811.88</b>	–	–	<b>5,811.88</b>	–	–	–	<b>5,811.88</b>
Financial liabilities measured at fair value									
Others		–	0.40	–	0.40	–	0.40	–	0.40
<b>Financial liabilities not measured at fair value*</b>									
Trade payables	20	1,752.30	–	–	1,752.30	–	–	–	1,752.30
Other current financial liabilities	21	209.62	–	–	209.62	–	–	–	209.62
		<b>1,961.92</b>	<b>0.40</b>	–	<b>1,962.32</b>	–	<b>0.40</b>	–	<b>1,962.32</b>

# Notes on Accounts *(continued)*

## for the period ended 31<sup>st</sup> March 2019

\*Financial assets and liabilities include cash and cash equivalents, other balances with banks, trade receivables, other financial assets, trade payables and other financial liabilities whose fair values approximate their carrying amounts largely due to the short term nature of such assets and liabilities.

### B. Measurement of fair values

#### (i) Valuation techniques and significant unobservable inputs.

**Level 1:** Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments that have quoted price. The fair value of all equity instruments which are traded in stock exchanges is valued using the closing price at the reporting period.

**Level 2:** The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. Accordingly, unquoted equity shares have been considered as Level 3 financial instrument. The carrying amount of unquoted equity shares is not considered material and hence it has not been fair valued and carrying amount for the same has been considered as the fair value.

#### (ii) Valuation techniques used to determine fair value

Specific valuation techniques used to value the financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

#### (iii) Valuation processes

The finance team performs the valuation of financial assets and liabilities required for financial reporting purposes.

### C. Risk Management Framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate limits and controls and to monitor risks and adherence to limits. The Company, through its training and established procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The nature of the Company's business exposes it to a range of financial risks. These risks include:

- (i) credit risk;
- (ii) liquidity risk; and
- (iii) market risk.

#### (i) Credit risk:

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹ 1,703.74 lakhs and ₹ 1,696.51 lakhs as of 31 March 2019 and 31 March 2018, respectively. Trade receivables are typically unsecured and are derived from revenue earned from customers located in India and outside India. The management has established accounts receivable policy under which customer accounts are regularly monitored. The Company has a dedicated sales team which is responsible for collecting dues from the customer within stipulated period. The management reviews status of critical accounts on a regular basis.

## Notes on Accounts *(continued)*

for the period ended 31<sup>st</sup> March 2019

On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss of trade receivables.

**a) Expected credit loss assessment for trade receivables as at 31 March 2019 and 31 March 2018 :**

The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. Expected loss rates are based on average computed default rate based on historical analysis of trade receivables.

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows:

Particulars	(₹ in Lakhs)	
	31-Mar-19	31-Mar-18
Balance at beginning of the year	52.79	53.19
Less: Amount written off during the year	(1.85)	(0.40)
Add: Additional provision created during the year	5.76	–
<b>Balance at the end of the year</b>	<b>56.70</b>	<b>52.79</b>

**b. Cash and bank balance**

The Company's maximum exposure to credit risk on account of deposits with banks is as mentioned below -

Particulars	(₹ in Lakhs)	
	31-Mar-19	31-Mar-18
Balances with banks in the form of Current Accounts	1,639.38	1,770.27
EEFC Accounts	392.54	153.81
Fixed Deposits	2,435.66	2,104.90
<b>Total</b>	<b>4,467.58</b>	<b>4,028.98</b>

**(ii) Liquidity risk:**

The Company's principal sources of liquidity are cash and cash equivalents and cash flow that is generated from operations. The Company has no outstanding bank borrowings. The Company believes that the current working capital is sufficient to meet its current obligatory requirements. Accordingly, no liquidity risk is perceived.

As on 31 March 2019, the Company had a working capital of ₹ 5,936.87 lakhs (as on 31 March 2018 ₹ 5,838.33 lakhs) including cash and cash equivalents and other bank balance of ₹ 4,458.81 lakhs (as on 31 March 2018 ₹ 4,038.39 lakhs). The working capital of the Company for this purpose has been derived as follows:

Particulars	(₹ in Lakhs)	
	31-Mar-19	31-Mar-18
Total current assets (A)	8,715.09	8,162.77
Total current liabilities (B)	2,778.22	2,324.44
<b>Working capital (A-B)</b>	<b>5,936.87</b>	<b>5,838.33</b>

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments -

Particulars	(₹ in Lakhs)				
	Less than 1 year	1-2 years	2-5 years	more than 5 years	Total
Trade payables	–	–	–	–	–
Other financial liabilities	415.69	–	–	–	415.69

# Notes on Accounts *(continued)*

## for the period ended 31<sup>st</sup> March 2019

The table below provides details regarding the contractual maturities of significant financial liabilities as of 31 March 2018 -

Particulars	(₹ in Lakhs)				Total
	Less than 1 year	1-2 years	2-5 years	more than 5 years	
Trade payables	–	–	–	–	–
Other financial liabilities	209.62	–	–	–	209.62

### (iii) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices- such as foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Market risk comprises of:

- a. Interest rate risk
- b. Foreign currency risk

Financial instruments affected by market risk include other financial assets, trade receivables and trade payables.

#### a. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Since the Company does not have any financial instrument with variable interest rates, it is not exposed to interest rate risk.

#### b. Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency). The foreign currency to which the Company is majorly exposed to are US Dollars and GBP.

The Company had entered into derivative contracts to hedge its risk associated with foreign currency fluctuations in the previous year ,however there are no outstanding forward contracts as at the year end . However, none of these contracts could be co-related on one to one basis against the underlying exposure. The forward sell contracts which are outstanding as at end of the year is as follows:

Currency	Amount in lakhs	
	31-Mar-19	31-Mar-18
US Dollars (USD)	–	3.00

The following tables demonstrate the sensitivity to a reasonably possible change in USD, EURO and GBP exchange rates, with all other variables held constant -

#### Exposure to Currency Risk

The following is the Company's exposure to currency risk from financial instruments as of 31 March 2019:

Particulars	(₹ in Lakhs)			
	EURO	GBP	US Dollars	Total
Cash and cash equivalents	96.83	61.09	234.62	392.54
Trade receivables	260.80	239.74	483.12	983.66
Trade payables	(22.61)	(0.57)	(80.49)	(103.67)
Other current liabilities	(1.07)	(0.13)	(8.85)	(10.04)
Net assets	333.95	300.14	628.40	1,262.49

# Notes on Accounts *(continued)*

for the period ended 31<sup>st</sup> March 2019

The following is the Company's exposure to currency risk from financial instruments as of 31 March 2018:

(₹ in Lakhs)

Particulars	EURO	GBP	US Dollars	Total
Cash and cash equivalents	33.93	2.90	116.98	153.81
Trade receivables	275.94	253.38	396.02	925.34
Trade payables	(42.80)	(51.55)	(115.93)	(210.28)
Other current liabilities	(3.91)	(5.94)	(58.67)	(68.52)
Net assets	263.16	198.79	338.40	800.35

### Sensitivity Analysis

A reasonable possible strengthening / (weakening) of the major currencies US Dollar, EURO or GBP against all other currencies as at 31 March 2019 would have affected the measurement of financial instruments (including derivatives) denominated in a foreign currency and affected equity and profit by the amounts shown below. This analysis assumed that all other variables, in particular interest rates, remain constant and ignores any impact of the forecast sales and purchases.

(₹ in Lakhs)

Year ended on	Currency	Change in foreign exchange rate	Impact on profit before tax gain / (loss)
<b>31 March 2019</b>			
	EURO	+ 5%	16.70
		- 5%	(16.70)
	GBP	+ 5%	15.01
		- 5%	(15.01)
	USD	+ 5%	31.42
		- 5%	(31.42)
<b>31 March 2018</b>			
	EURO	+ 5%	13.16
		- 5%	(13.16)
	GBP	+ 5%	9.94
		- 5%	(9.94)
	USD	+ 5%	16.92
		- 5%	(16.92)

### NOTE - 37 Employee benefits

#### Defined contributions plans

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Provident Fund, Labour Welfare Fund and Superannuation Scheme, which are the defined contribution plans. 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 recognized as an expense towards defined contribution plans for the year for provident fund and superannuation scheme aggregated to ₹ 87.74 Lakhs (31 March 2018: ₹ 85.87 Lakhs).



# Notes on Accounts *(continued)*

for the period ended 31<sup>st</sup> March 2019

## Defined benefit plans

### 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 summarizes the position of assets and obligations relating to the plan.

### Assets and Liabilities related to employee benefits:

(₹ in Lakhs)

Particulars	Gratuity (Funded)	
	31-Mar-19	31-Mar-18
Defined benefit obligation	(382.15)	(314.89)
Fair value of planned assets	391.36	330.12
<b>(Liability) / assets recognized in balance sheet</b>	<b>9.21</b>	<b>15.23</b>
Current	9.21	15.23
Non current	–	–
<b>Total employee benefit liabilities</b>	<b>9.21</b>	<b>15.23</b>

- 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.
- The Company's gratuity fund is managed by Life Insurance Corporation of India. The plan assets under the fund are invested under approved securities.

### Changes in present value of defined benefit obligation are as follows -

(₹ in Lakhs)

Particulars	Gratuity (Funded)	
	31-Mar-19	31-Mar-18
Opening defined benefit obligation	314.88	285.94
Interest cost	24.66	20.48
Current service cost	23.52	23.16
Past Service Cost	–	0.25
Benefits paid from plan	(25.24)	(10.47)
Benefits paid by employer	–	–
Remeasurements - Actuarial (Gains)/Losses on Obligations	–	–
Due to Change in Demographic Assumptions	–	(0.06)
Due to Change in Financial Assumptions	2.71	(13.75)
Due to Experience	41.63	9.34
<b>Closing defined benefit obligation</b>	<b>382.15</b>	<b>314.89</b>

# Notes on Accounts *(continued)*

for the period ended 31<sup>st</sup> March 2019

## Changes in fair value of plan assets are as follows

Particulars	(₹ in Lakhs)	
	Gratuity (Funded)	
	31-Mar-19	31-Mar-18
Opening fair value of planned assets	330.11	282.37
Transfer in/(out) plan assets	-	-
Expenses deducted from the fund	-	-
Interest income	25.85	20.36
Employer's contribution	64.29	38.15
Employer direct benefit payments	-	-
Benefits paid from plan assets	(25.24)	(10.47)
Remeasurements	-	-
Return on plan assets (excluding interest income)	(3.65)	(0.29)
<b>Closing fair value of planned assets</b>	<b>391.36</b>	<b>330.12</b>

## Net employee benefit expense recognized in employee cost

Particulars	(₹ in Lakhs)	
	Gratuity (Funded)	
	31-Mar-19	31-Mar-18
Current service cost	23.52	23.16
Past service cost	-	0.25
Interest cost on benefit obligation	24.66	20.48
Interest income on plan assets	(25.85)	(20.37)
Total employee benefit expense recognized in profit and loss account	22.33	23.52
Remeasurements -	-	-
Actuarial (Gains)/Losses on Obligations - Due to Change in Demographic Assumptions	-	(0.06)
Actuarial (Gains)/Losses on Obligations -Due to Change in Financial Assumptions	2.71	(13.75)
Actuarial (Gains)/Losses on Obligations -Due to Experience	41.63	9.34
Return on plan assets (excluding interest income)	3.65	0.29
Changes in asset ceiling	-	-
Total remeasurements included in OCI	47.98	(4.18)
<b>Net employee benefit expense</b>	<b>70.30</b>	<b>19.34</b>

The following table provides details of the cash flows of employee benefit plans

Particulars	(₹ in Lakhs)	
	Gratuity (Funded)	
	31-Mar-19	31-Mar-18
Expected cash flows for following year		
Expected total benefit payments		
Year 1	19.30	16.17
Year 2	21.92	19.72
Year 3	37.26	23.94
Year 4	27.21	22.86
Year 5	14.76	12.62
Next 5 years	242.24	167.00

# Notes on Accounts *(continued)*

for the period ended 31<sup>st</sup> March 2019

The major category of plan assets as a percentage of the fair value of total plan assets are as follows

Particulars	Gratuity (Funded)	
	As at 31-Mar-19	As at 31-Mar-18
Investment with insurer	100%	100%

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

(i) Actuarial assumptions

	31-Mar-19	31-Mar-18
Expected rate of return on plan assets #	7.47% - 7.79%	7.83%
Discount rate current year	7.47% - 7.79%	7.83%
Discount rate previous year	7.83%	7.34%
Age of retirement	58- 60 years	60 years
Attrition rate	2.00%	2.00%
Future salary increase #	7.00%	7.00%
<b>Mortality</b>	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate

# The 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.

(ii) Sensitivity Analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

Name of Shareholder	31-Mar-19		31-Mar-18	
	Increase	Decrease	Increase	Decrease
Gratuity (funded):				
Discount rate (1% movement)	60.27	113.14	60.27	113.14
Future Salary growth (1% movement)	113.00	105.46	113.00	105.46
Attrition (1% movement)	86.25	83.22	86.25	83.22

Although, the analysis does not take account of full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

# Notes on Accounts *(continued)*

for the period ended 31<sup>st</sup> March 2019

**NOTE - 38 Disclosure for revenue from contracts with customers**

(₹ in Lakhs)

Particulars	Year ended 31-Mar-19
Revenue recognised from contracts with customers	
Disaggregation of revenue	
Based on type of goods	
- Sale of crucible	11,992.09
- Sale of scrap	21.57
Based on market/type of customer	
- Domestic	5,363.83
- Export	6,649.83

**Performance obligations**

The Company satisfies its performance obligations pertaining to the sale of crucibles at point in time when the control of goods is actually transferred to the customers. No significant judgment is involved in evaluating when a customer obtains control of promised goods. The payment is generally due within 45-60 days.

The Company is obliged for refunds due to shortages during the mode of transportation. There are no other significant obligations attached in the contract with customer.

**Transaction price**

There is no remaining performance obligation for any contract for which revenue has been recognised till period end. Further, the Company has not applied the practical expedient as specified in para 121 of Ind AS 115 as the Company do not have any performance obligations that has an original expected duration of one year or less or any revenue stream in which consideration from a customer corresponds directly with the value to the customer of the entity's performance completed to date.

**Determining the timing of satisfaction of performance obligations**

There is no significant judgements involved in ascertaining the timing of satisfaction of performance obligations, in evaluating when a customer obtains control of promised goods, transaction price and allocation of it to the performance obligations.

**Determining the transaction price and the amounts allocated to performance obligations**

The transaction price ascertained for the only performance obligation of the Company (i.e. Sale of goods) is agreed in the contract with the customer. There is no variable consideration involved in the transaction price except for refund due to shortages which is adjusted with revenue.

**NOTE - 39**

The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made in these financial statements since the requirement does not pertain to financial year ended.

# Notes on Accounts *(continued)*

## for the period ended 31<sup>st</sup> March 2019

### NOTE - 40 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.

During the previous year the Company has applied for Advance Pricing Agreement (APA) before the Central Board of Direct Tax (CBDT) and Government of India for International Inter-company related party transactions with Associated Enterprises (AE). Once APA agreement is completed, the Company will have certainty with respect to tax outcome of international transactions, by agreeing in advance the arm's length pricing, or pricing methodology which is to be applied. The Company has applied for APA in FY 2015-16.

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 the 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."

### NOTE - 41

Previous period figures have been regrouped wherever necessary, to correspond with the current period's classification / disclosure.

#### For **B S R & Associates LLP**

Chartered Accountants

Firm's Registration No: 116231W / W-100024

#### **Shiraz Vastani**

Partner

Membership No : 103334

Place : Pune

Date : 21 May 2019

For and on behalf of the Board of Directors of

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

CIN: L26920MH1986PLC038607

#### **Vikas Kadlag**

Managing Director

DIN : 05122774

Place : Aurangabad

Date : 21 May 2019

#### **Aniruddha Karve**

Director

DIN : 07180005

Place : Aurangabad

Date : 21 May 2019

#### **Atithi Majumdar**

Chief Financial Officer

Place : Aurangabad

Date : 21 May 2019

#### **Rupesh Khokle**

Company Secretary

Place : Aurangabad

Date : 21 May 2019

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**MORGANITE CRUCIBLE (INDIA) LIMITED**

CIN: L26920MH1986PLC038607

Registered Office: B-11, MIDC, Industrial Area, Waluj - 431 136 Dist. - Aurangabad.  
 Website: [www.morganmms.com](http://www.morganmms.com) E-mail: [rupesh.khokle@morganplc.com](mailto:rupesh.khokle@morganplc.com)

**34<sup>TH</sup> ANNUAL GENERAL MEETING – AUGUST 7, 2019**

**PROXY FORM**

[Pursuant to Section 105 (6) of the Companies Act, 2013 and rule 19 (3) of the Companies (Management and Administration) Rules, 2014 – Form No. MGT-11]

Name of Member(s)	
Registered Address	
E-mail ID	
Reg. Folio No./DPID/Client ID	
No. of Shares	

I/We being the member(s) 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 34<sup>th</sup> Annual General Meeting of the Company, to be held on Wednesday, August 7, 2019 at 11.00 am (IST) at B-11, MIDC, Industrial Area, Waluj Aurangabad - 431 136 and at any adjournment thereof in respect of the following resolutions:

Resolution No.	Resolution	For	Against
	<b>Ordinary Business</b>		
1.	Adoption of Audited Balance Sheet, Statement of Profit and Loss, Report of Board Directors and Auditors for the financial year ended March 31, 2019		
2.	Approval of final dividend for the financial year ended March 31, 2019 on Equity Shares		
3.	Re-appointment of Mr Aniruddha Karve as a Director of the Company		
	<b>Special Business</b>		
4.	Appointment of Mr Subhash Kolapkar (DIN:06666368) as an Independent Director of the Company for a period of 5 years		
5.	Appointment of Mr Martin Coll (DIN: 0008399389) as Director of the Company		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2019

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

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

<b>Affix Revenue Stamp</b>
------------------------------------

**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 - 431 136 Dist. - Aurangabad.

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

**ATTENDANCE SLIP**

**34<sup>TH</sup> ANNUAL GENERAL MEETING – AUGUST 7, 2019**

Regd. Folio No. / 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 34<sup>th</sup> Annual General Meeting of the Company held on Wednesday, August 7, 2019 at 11.00 am (IST) at B-11, MIDC, Industrial Area, Waluj, Aurangabad - 431 136.

.....  
Proxy's name  
(in BLOCK Letters)

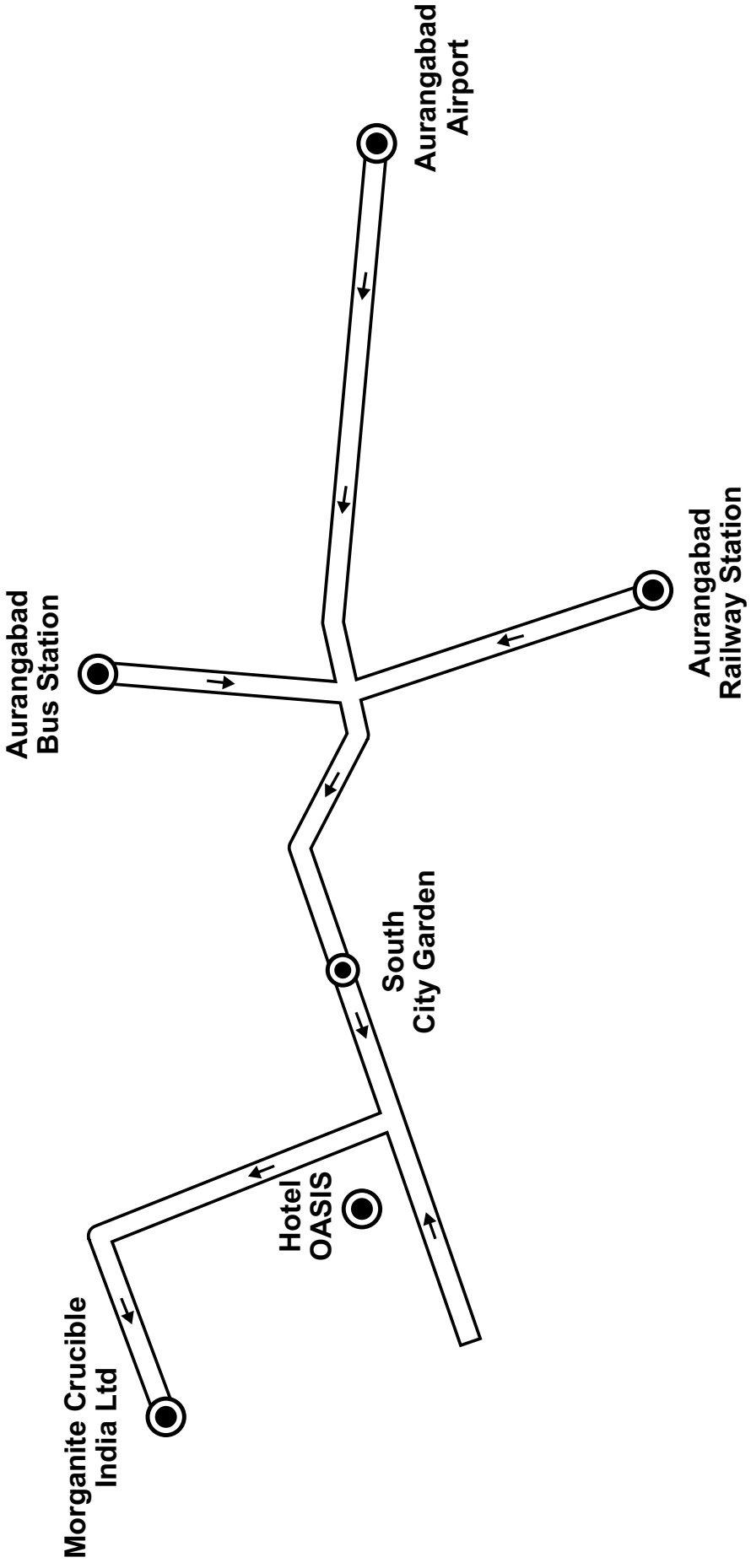
.....  
Member's / Proxy's Signature

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

.....







## Morganite Crucible (India) Limited

CIN : L26920MH1986PLC038607  
B - 11, MIDC, Waluj, Aurangabad - 431 136. Maharashtra, INDIA  
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