

WE SHAPE THE WORLD

Through efficient melting solutions
using advanced material science
and engineering



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.

CONTENTS

CORPORATE OVERVIEW

01

- 01 We Shape the World
- 02 About Us
- 03 Our Product Portfolio
- 04 Message to Shareholders
- 05 Managing Director's Review
- 06 Our Financial Scorecard
- 08 Corporate Information

STATUTORY REPORTS

09-57

- 09-16 Notice
- 17-40 Board's Report and
Management Discussion and
Analysis
- 41-57 Corporate Governance Report

FINANCIAL STATEMENTS

58-115

- 58-66 Independent Auditors' Report
- 67-68 Balance Sheet
- 69 Statement of Profit and Loss
- 70 Statement of Changes in Equity
- 71-72 Cash Flow Statement
- 73-86 Notes to Financial Statement
- 87-115 Notes on Accounts



To view this report online, please log in:
www.morganmms.com

Every day, with all our energy, we develop products by leveraging our advanced materials, science and engineering expertise. We are a trusted partner who understands the key roles that our technology, our expertise, our infrastructure, and our assets play in creating world-class products and solutions for our customers.

There is a growing realisation that we need to find new, innovative ways to achieve sustainable value creation and growth, while protecting and conserving our natural ecosystems. At Morganite, we are doing so with a focus on ensuring our customers' success and creating a thriving world - a better tomorrow than today.

By partnering and innovating with our scientists and customers, we develop products that help optimise the use of natural resources and reduce our environmental footprint. Our engineered crucible expertise combined with our strong technical capabilities enables us to do so. And, that is how we contribute towards shaping a sustainable and environment-friendly world for the benefit of all.

Our overall objective is to grow our business safely, sustainably, and responsibly for improving the quality of life of our present and future generations, while staying attuned to the demands and expectations of the rapidly changing world.



WE SHAPE THE WORLD

Through efficient melting solutions
using advanced material science
and engineering

ABOUT US

Who we are

Morganite Crucible (India) Limited is a subsidiary of Morgan Advanced Materials Plc, a UK-based group, and is a leading manufacturer of high-performance crucibles, foundry consumables, and allied refractory products.

We are part of the Molten Metal Systems (MMS) Division and specialise in providing melting solutions to foundries, die-casters, and metal melting facilities covering applications including zinc, precious metals, aluminium, copper, brass, and other non-ferrous metals.

Molten Metal Systems is recognised as a technology leader, providing crucibles and engineered consumables to the metals industry. Our extensive knowledge and applications enable Molten Metal Systems to quickly respond to customer needs worldwide.

What we do

We produce world-class silicon carbide crucibles, clay graphite crucibles, foundry and allied products for ferrous and non-ferrous metal industries. Our products use assiduously selected materials to precisely match the characteristics and operational performance to each customer's metal melting, holding or transfer application, and come in varied shapes and sizes.

Where we operate

Our state-of-the-art manufacturing units are situated in Aurangabad and Mehsana, India. In addition, we have a well-spread sales and distribution network in India and around the world, enabling us to cater to diverse customers efficiently.

Our Vision

We are committed to make the best possible use of advanced materials to drive progress and solve difficult problems for our customers and the wider world. We'll succeed because we have capability in three key areas –



Materials Science

- Leading Technologists
- Extensive Institutional Knowledge



Application Engineering

- Passion for Problem-Solving
- Culture of Knowledge Sharing & Collaboration



Customer Focus

- Customer Obsession
- Deep Market Insight

Our Core Values

In everything we do, we are guided by four core values:



Ambition

We aspire to build our business rapidly and sustainably.



Integrity

We act with honesty at all times to safeguard the trust of those that rely on us.



Innovation

We seek fresh ways of excelling in all that we do.



Collaboration

We support one another actively and contribute to each other's growth.

Our Product Portfolio

Our product basket comprises an extensive range of crucibles and foundry products available in diverse shapes and sizes. These products find application in a wide range of industries including aerospace, power generation, mining, defence, auto, industrial machinery, electrical equipment, and railways.

Our products are widely recognised for:

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

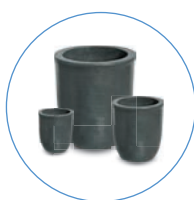
Crucibles



Syncarb Z2e2



Suprex



Sigma



Excel & Himelt



Salamander



Ladle Liners

Foundry Products



Degassing Rotors
and Mobile
Degassing Unit



Blue Lightning
Thermocouple Sheaths



Skimmer
Bowls



Nozzle



Stopper Rods and
Heads



Launderers &
Liners



Morcem Cement



Tubes & Plunger Mix



Rod, Tiles &
Stirrers

Our Strengths



Brand Recognition

Over the years, Morgan has established itself as the most respected brand with vast expertise and deep domain knowledge. Its strong brand recall has enabled the Company to garner over 35% market share in the industry.



Technology Edge

Strong technological support from the parent company enables us to drive innovation and stay ahead in the marketplace. We work in close collaboration with our customers to understand their requirements and deliver customised products and solutions for complex and demanding applications.



Quality Consciousness

Quality excellence is of utmost importance to us and form the bedrock of the corporate philosophy. We maintain a comprehensive quality management system based on ISO 9001:2015. We remain committed to delivering highest-quality products and services and achieve maximum customer satisfaction.



Marquee Clientele

Our customers include some of the most esteemed and distinguished corporates such as Tata Group, Hindustan Pencil, Indian Railways, Jindal Saw, Titan Company Limited, Sundaram Clayton Group and Aurangabad Electricals, among others.



Safety

Our ultimate goal is zero harm. We are constantly looking for ways to make our factories, systems and people safer.



Ethics

Every one of us is responsible for the culture and reputation of Morgan and the environment in which we work. If we see examples of behaviours that do not reflect our ethical stance, we show courage, stand up, call it out and stop it.

MESSAGE TO SHAREHOLDERS



“

MCIL is among the leading contributor in Molten Metal Systems business and is committed to delivering the performance - safely and ethically.

Dear Shareholders,

It gives me great pride to present to you the Annual Report of Morganite Crucible (India) Limited for the fiscal year 2019-20. I am pleased to report that your Company has been able to deliver organic growth of around 7% in the face of adverse market conditions, especially in the automotive and metals industry, for most of the year. The Company's underlying profitability, excluding the one-time restructuring costs, has also remained strong during the fiscal year 2019-20 was a transformative year for your Company, as we embarked upon changing the footprint of the Company's operations to position ourselves well for the future and investing in the technologies that will allow us to differentiate ourselves in the marketplace. I am happy to announce that the Company will continue its recent practice of issuing a final dividend of ₹ 16/- per share for the year ended March 2020.

The global Molten Metal Systems business, to which your Company is a significant contributor, saw subdued growth throughout the year 2019, mainly on account of weak new vehicle production in the automotive industries in China, India, Europe and South America. However, strong performance in the precious metals markets, driven by the ever increasing prices of gold and silver, allowed the global business to deliver a 2% growth in revenue over 2018. I fully expect weak market

conditions to continue globally throughout the year 2020, driven by the lockdowns and depressed consumer demand due to the COVID-19 pandemic. In essence, we expect the effects of the pandemic to make the already weakened industrial markets worldwide even worse.

Mr. Kadlag and his team in MCIL are repositioning the business to best face these challenges in 2020, with flexible operating patterns, focus on productive and differentiated technologies, and continuing work on sales effectiveness and operational excellence. Our team also needs to learn how to operate safely and effectively in the times of COVID-19 pandemic, which will need us to re-think our previous assumptions of conducting our business. I am confident that the team is focussed on overcoming these challenges and delivering strong performance in the coming year for our stakeholders.

I would like to thank our employees and business partners for their continued dedication, and our customers and stakeholders for their continued support. I look forward to a successful year ahead amidst all the challenges that 2020 will bring.

Dr. Aniruddha Karve

Managing Director
Molten Metal Systems (MMS)

MANAGING DIRECTOR'S REVIEW



MCIL takes pride that despite the very fluid and challenging market conditions throughout the year, we delivered strong performance.

Dear Shareholders,

I am elated to be presenting MCIL's annual report. This is my second report after taking over the responsibilities of Managing Director of MCIL.

We have finished the fiscal year 2019-20. It was a year of mixed sentiments with more of downs and less of the ups. Economic activities globally and in India continued declining, resulting in huge impact on the automotive and consumer segments. We started at the backdrop of overall market slide in single digit by end of Q1, and with a further drop of close to 30% by the end of the year. However, as a MCIL team, we take pride that despite very fluid and trying market situation throughout the year, we delivered strong performance.

At MCIL, we are committed to protecting stakeholder value; hence in the fiscal year 2019-20, we continued our efforts to make ourselves more agile with optimisation of manufacturing footprint, betterment of infrastructure including land & building, technologically advanced machines and equipment to maintain our competitive edge in the market. We do understand that this could result in short-term impact on performance figures but is the essential **foundation** for ensuring long-term consistent strong performance.

We also took necessary steps to address our weakness of product shortcomings in certain market segments. Most important among all is we completed all actions to scale production and ensure product performance consistency in our foundry segment such as Degassing Rotors & Stopper rods. Strategically, this segment has been established as machine products segment. We expect maximum growth on this segment compared to the core products division. We are prepared to maximise business opportunities towards the same.

Going forward, we are confident that our continuous efforts to enhance our operational efficiencies, agility & **our maximiser approach** on the potential business opportunities will deliver strong profitability and growth in the coming years. 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.

Vikas Kadlag

Managing Director
Morganite Crucible (India) Limited

OUR FINANCIAL SCORECARD

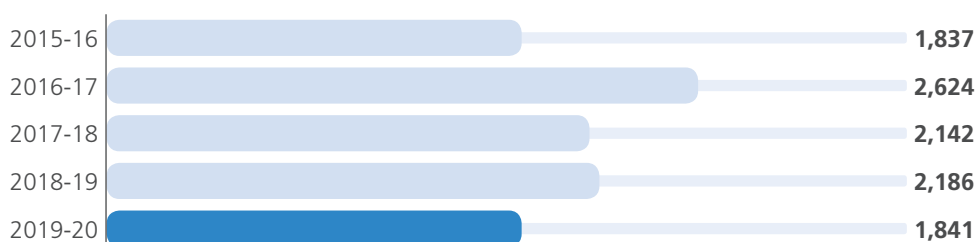
Revenue

(₹ in Lakhs)



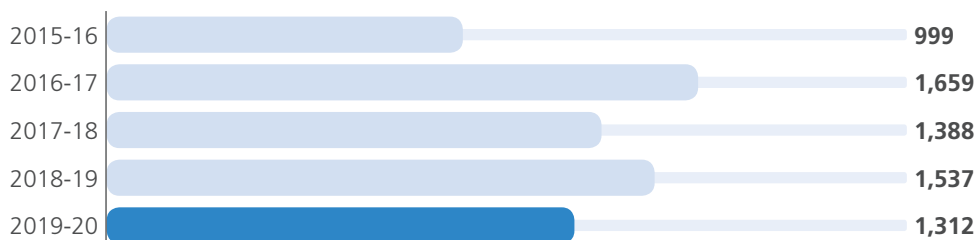
Operating Profit

(₹ in Lakhs)



Profit After Tax

(₹ in Lakhs)



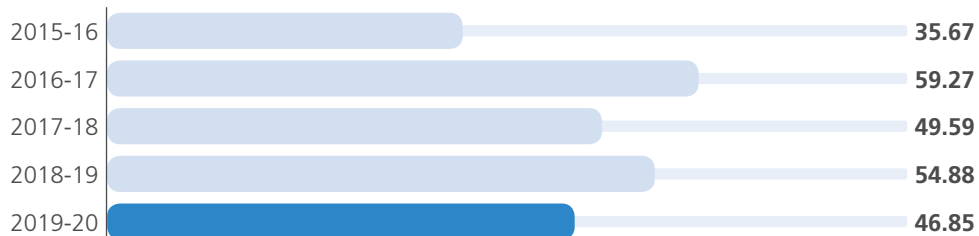
Dividend Per Share

(₹)



Earnings Per Share

(₹)



Market Capitalisation

(₹ in Lakhs)



CORPORATE INFORMATION

Board of Directors

Aniruddha Karve

Director

Vikas Kadlag

Managing Director

Martin Coll

Director

Mukund Bhogale

Independent Director

Subhash Kolapkar

Independent Director

Maithilee Tambolkar

Independent Director

Key Managerial Personnel

Vikas Kadlag

Managing Director

Atithi Majumdar

Chief Financial Officer

Rupesh Khokle

Company Secretary

Auditors

B S R & Associates LLP
Chartered Accountants
8th 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
IndusInd Bank Limited

Registrars & Share Transfer Agents

Link Intime India Private Limited

CIN: U67190MH1999PTC118368
C 101, 247 Park, L B S Marg,
Vikhroli West,
Mumbai – 400 083
Tel No: +91 22 49186000
Fax: +91 22 49186060
Email: rnt.helpdesk@linkintime.co.in
Website: 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 35th Annual General Meeting of Morganite Crucible (India) Limited will be held on Thursday, August 6, 2020 at 11:00 am IST through Video Conferencing (VC) or Other Audio Visual Means (OAVM), to transact the following business:

ORDINARY BUSINESS:

- To receive, consider and adopt the audited financial statements of the Company for the year ended March 31, 2020, including Audited Balance Sheet as at March 31, 2020, the Statement of Profit and Loss for the year ended on that date along with the reports of the Board of Directors and Auditors thereon.
- To declare a final dividend on equity shares for the financial year ended March 31, 2020.
- To re-appoint Mr Martin Coll (DIN : 08399389) as a Director of the Company who retires by rotation and being eligible offers himself for re-appointment.
- To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to Section 139, 140(4) (1), and other applicable provisions, if any, of the Companies Act, 2013 and rules framed thereunder M/s B S R & Associates LLP (116231W/W-100024), Chartered Accountants be and is hereby retiring at ensuing 35th Annual General Meeting of the Company effective from August 6, 2020.

RESOLVED FURTHER THAT pursuant to provisions of Section 139, 141, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with rules framed thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and upon recommendation of Audit Committee and Board of Directors of the Company, the consent of members be and is hereby accorded for appointment of M/s Deloitte Haskins & Sells LLP, Chartered Accountants, (117366W/W-100018) as Statutory Auditor of the Company from the conclusion of 35th Annual General Meeting until the conclusion of the 40th Annual General Meeting with respect to the 5 financial years beginning from April 01, 2020 and ending March 31, 2025 on such remuneration and reasonable out of pocket expenses as discussed and agreed between the Company and the M/s Deloitte Haskins & Sells LLP.

RESOLVED FURTHER THAT Mr Vikas Kadlag, Managing Director, Mr Atithi Majumdar, Chief Financial Officer and Mr Rupesh Khokle, Company Secretary be and is hereby severally authorised to file necessary forms to Ministry of Corporate Affairs to that effect."

SPECIAL BUSINESS:

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

1. To approve Sub-Division of Equity Shares of the Company

"RESOLVED THAT pursuant to the provisions of Sections 61(1)(d), 64 and other applicable provisions, if any, of the Companies Act, 2013 read with the rules made thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force) and the provisions of the Memorandum and Articles of Association of the Company and such other approvals and consents as may be necessary, the consent of the Members of the Company be and is hereby accorded for sub-dividing the face value of equity shares of ₹ 10/- each (Rupees Ten Only) to ₹ 5/- (Rupee Five Only) each.

RESOLVED FURTHER THAT pursuant to the sub-division of Equity Shares of the Company having face value ₹ 10/- each (Rupees Ten Only) to ₹ 5/- each (Rupees Five only), the existing Authorized and Paid up Equity Share Capital of the Company shall stand sub-divided as given below:

Particulars Pre Sub-Division of Equity Shares Post Sub-Division of Equity Shares

Particulars	Pre Sub-Division of Equity Shares			Post Sub-Division of Equity Shares		
	No. of Shares	Face Value	Total Share Capital	No. of Shares	Face Value	Total Share Capital
Authorised Capital	54,50,000	10	5,45,00,000	1,09,00,000	5	5,45,00,000
Paid-Up Capital	28,00,000	10	2,80,00,000	56,00,000	5	2,80,00,000

RESOLVED FURTHER THAT pursuant to the sub-division of the Equity Shares as aforesaid, the existing share certificate(s) in relation to the existing equity shares having face value of ₹ 10/- Each (Rupee Ten Only) held in the physical form shall be deemed to have been automatically cancelled and be of no effect on and from the record date

(as determined by the Board of Directors of the Company) and the Company may, without requiring the surrender of the existing share certificate(s), issue and dispatch the new share certificate(s) of the Company in lieu of such existing share certificate(s) subject to the provisions of the Companies (Share Capital and Debentures) Rules, 2014 amended from time to time and in the case of equity shares held in the dematerialized form, the number of sub-divided Equity Shares be credited to the respective beneficiary accounts of the Members with the depository participants, in lieu of the existing credits representing the equity shares of the Company before sub-division.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things and give such directions as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard and also to the extent permitted by law, all or any of the powers herein conferred to any Committee of Directors or any Director(s) or any other Key Managerial Personnel or any other Officer(s) of the Company."

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

2. To approve the alteration in Capital Clause V of the Memorandum of Association of the Company

"**RESOLVED THAT** pursuant to the provisions of Sections 13, 61 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force), the consent of the Members of the Company be and is hereby accorded to alter and substitute the existing Clause V of Memorandum of Associations of the Company with the following new Clause V as under:

- V. The Authorized Capital of the Company is ₹ 5,45,00,000 (Rupees Five Crores Forty Five Lakhs Only) divided into 1,09,00,000 (One Crore Nine Lakhs) Equity Shares of ₹ 5/- each capable of being increased in accordance with the Company's regulations and the legislative provisions for the time being in force in that behalf. The shares in the capital of the Company for the time being whether original or increased, may be divided into several classes, with any preferential, qualified or other special rights, privileges, conditions or restrictions attached

thereto whether in regard to dividend, voting, return of the capital or otherwise. The Company shall have power to issue redeemable preference shares and cumulative convertible preference shares. The rights of the holders of any class of shares, for the time being forming part of the capital of the Company, may be modified, affected, varied, extended or surrendered either with the consent in writing of the holders of three-fourths of the issued shares of the class or with the sanction of a Special Resolution passed at a separate meeting of the holders of those shares.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things and give such directions as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard and also to the extent permitted by law, all or any of the powers herein conferred to any Committee of Directors or any Director(s) or any other Key Managerial Personnel or any other Officer(s) of the Company."

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

3. Appointment of Ms Maithilee Tambolkar (DIN: 00694128) 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, Ms Maithilee Tambolkar (DIN: 00694128), who has submitted a declaration that she 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 her candidature for the office of Director, be and is hereby appointed as Independent Director of the Company, for a period of 5 (five) consecutive years with effect from September 22, 2020 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, Ms Maithilee

Tambolkar 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 require to give effect to this resolution."

Registered Office:

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

By Order of the Board,

Vikas Kadlag

(Managing Director)

DIN: 05122774

Date: June 16, 2020

NOTES:

1. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular dated May 05, 2020 read with circular dated April 08, 2020 and April 13, 2020 (collectively referred to as "MCA Circulars") permitted the holding of Annual General Meeting through VC/OAVM, without the physical presence of the members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations) and MCA Circulars, the AGM of the Company is held through VC/OAVM.
2. Pursuant to the provisions of the Companies Act, 2013, a Member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC/OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the Annual General Meeting and hence the Proxy Form and Attendance Slip are not annexed to the Notice.
3. The Institutional/Corporate Shareholders (i.e. other than individuals/HUF, NRI, etc) are required to send a scanned copy (PDF/JPEG Format) of its Board Resolution or governing body Resolution/Authorisation etc., authorising its representative to attend the Annual

General Meeting through VC/OAVM on its behalf and to vote through remote e-voting. The said Resolution/ Authorization shall be sent to the Company Secretary or authorised representative of the Company at e-mail ID Rupesh.Khokle@morganplc.com.

4. Registration of email ID and Bank Account details:

In case the shareholder's email ID is already registered with the Company/its Registrar & Share Transfer Agent "RTA"/Depositories, log in details for e-voting are being sent on the registered email address.

In case the shareholder has not registered his/her/their email address with the Company/its RTA/Depositories and or not updated the Bank Account mandate for receipt of dividend, the following instructions to be followed:

- (i) Kindly log in to the website of our RTA, Link Intime India Private Ltd., www.linkintime.co.in under Investor Services > Email/Bank detail Registration - fill in the details and upload the required documents and submit. OR
- (ii) In the case of Shares held in Demat mode:

The shareholder may please contact the Depository Participant ("DP") and register the email address and bank account details in the demat account as per the process followed and advised by the DP.

5. The Notice of the Annual General Meeting along with the Annual Report for the financial year 2019-20 is being sent only by electronic mode to those Members whose email addresses are registered with the Company/Depositories in accordance with the aforesaid MCA Circulars and circular issued by SEBI dated May 12, 2020. Members may note that the Notice of Annual General Meeting and Annual Report for the financial year 2019-20 will also be available on the Company's website www.morganmms.com and websites of the Stock Exchange i.e. Bombay Stock Exchange Limited at www.bseindia.com. Members can attend and participate in the Annual General Meeting through VC/OAVM facility only.
6. The Members attending the meeting through VC/OAVM shall be counted for the purposes of reckoning the quorum under Section 103 of the Companies Act, 2013.
7. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, July 31, 2020 to Thursday, August 6, 2020 (both days inclusive).
8. The Final Dividend for the financial year ended March 31,

2020, 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 30, 2020.

9. The balance lying in the unpaid dividend account of the Company in the respect of the dividend declared for the financial year 2012-13 will be transferred to Investor Education and Protection Fund of the Central Government by October, 2020. Members who have not encashed their dividend warrants pertaining to the said year may approach the Company or its RTA i.e. Link Intime India Private Limited for obtaining the payment thereof by end of September, 2020.
10. 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.
11. 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.
12. Pursuant to Section 108 of the Companies Act, 2013, read with the relevant Rules of the Act, the Company is pleased to provide the facility to Members to exercise their right to vote by electronic means. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on Thursday, July 30, 2020, 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.
13. The Company has appointed KMP & Associates, Practising Company Secretaries, 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.
14. The facility for voting through electronic voting system be made available at the AGM and the members attending the AGM through VC/OAVM, who have not already cast

their vote by remote e-voting, may exercise their right to vote at the AGM through E-Voting. The Company has entered into an arrangement with Link Intime India Private Limited for facilitating remote e-voting for AGM.

Instructions for Shareholders/Members to Attend the Annual General Meeting through InstaMeet:

15. Instructions for Shareholders/Members to attend the Annual General Meeting through InstaMeet (VC/OAVM) are as under:
 - 15.1 The Members are entitled to attend the Annual General Meeting through VC/OAVM provided by Link Intime by following the below mentioned process. Facility for joining the Annual General Meeting through VC/OAVM shall open 15 minutes before the time scheduled for the Annual General Meeting and will be available to the Members on first come first serve basis.
 - 15.2 The Members are requested to participate on first come first serve basis as participation through VC/OAVM is limited and will be closed on expiry of 15 (fifteen) minutes from the scheduled time of the Annual General Meeting. Shareholders/Members with >2% shareholding, Promoters, Institutional Investors, Directors, KMPs, Chairpersons of Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Auditors etc. may be allowed to the meeting without restrictions of first-come-first serve basis. Members can log in and join 15 (fifteen) minutes prior to the schedule time of the meeting and window for joining shall be kept open till the expiry of 15 (fifteen) minutes after the schedule time. Participation is restricted upto 1,000 members only.
16. The Members will be provided with InstaMeet facility wherein Member shall register their details and attend the Annual General Meeting as under:
 - 16.1 Open the internet browser and launch the URL for InstaMeet <<<https://instameet.linkintime.co.in>>> and register with your following details:
 - a. DP ID / Client ID or Beneficiary ID or Folio No.: Enter your 16 digit DP ID / Client ID or Beneficiary ID or Folio Number registered with the Company
 - b. PAN: Enter your 10 digit Permanent Account Number (PAN)
 - c. Mobile No.
 - d. Email ID

16.2 Click "Go to Meeting"

16.3 Notes:

The Members are encouraged to join the Meeting through Tablets/ Laptops connected through broadband for better experience.

The Members are required to use Internet with a good speed (preferably 2 MBPS download stream) to avoid any disturbance during the meeting.

Please note that Members connecting from Mobile Devices or Tablets or through Laptops connecting via Mobile Hotspot may experience Audio/Visual loss due to fluctuation in their network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.

In case the members have any queries or issues regarding e-voting, you can write an email to instameet@linkintime.co.in or Call us: - Tel : (022-49186175)

Instructions for Shareholders/Members to register themselves as Speakers during Annual General Meeting:

17. The Members who would like to express their views or ask questions during the meeting may register themselves as a speaker by sending their request mentioning their name, demat account number/folio number, email id, mobile number at Rupesh.Khokle@morganplc.com from August 3, 2020 from 09:00 am to August 5, 2020 until 05:00 pm.
18. The first 50 Speakers on first come basis will only be allowed to express their views/ask questions during the meeting.
19. The Members, who would like to ask questions, may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at Rupesh.Khokle@morganplc.com. The same will be replied by the company suitably.
20. Those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting. The Company reserves the right to restrict the number of speakers depending on the availability of time for the Annual General Meeting.
21. The Members should allow to use camera and are required to use Internet with a good speed (preferably 2 MBPS download stream) to avoid any disturbance during the meeting.

Instructions for Shareholders/Members to Vote during the Annual General Meeting through InstaMeet:

22. Once the electronic voting is activated by the scrutiniser during the meeting, the members who have not exercised their vote through the remote e-voting can cast the vote as under:
 - 22.1 On the Shareholders VC page, click on the link for e-Voting "Cast your vote".
 - 22.2 Enter Demat Account No. / Folio No. and OTP (received on the registered mobile number/ registered email Id) received during registration for InstaMeet and click on 'Submit'.
 - 22.3 After successful login, you will see "Resolution Description" and against the same the option "Favour/ Against" for voting.
 - 22.4 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'.
 - 22.5 After selecting the appropriate option i.e. Favour/ Against as desired and you have decided to vote, click on "Save". A confirmation box will be displayed. If you wish to confirm your vote, click on "Confirm", else to change your vote, click on "Back" and accordingly modify your vote.
 - 22.6 Once you confirm your vote on the resolution, you will not be allowed to modify or change your vote subsequently.
23. The Members, who will be present in the Annual General Meeting through InstaMeet facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting facility during the meeting.
24. The Members who have voted through Remote e-Voting prior to the Annual General Meeting will be eligible to attend/participate in the Annual General Meeting through InstaMeet. However, they will not be eligible to vote again during the meeting.
25. In case the shareholders/members have any queries or issues regarding e-voting, you can write an email to instameet@linkintime.co.in or Call us: Tel: (022-49186175)

26. The instructions for remote e-voting are as under:

The instructions for members for voting electronically are as under:-

26.1 The voting period begins on August 3, 2020 at 09.00 am and ends on August 5, 2020 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 30, 2020, may cast their vote electronically. The e-voting module shall be disabled by Link Intime for voting thereafter.

26.2 Visit the e-voting system of LIPL. Open web browser by typing the following URL: <https://instavote.linkintime.co.in>.

26.3 Click on "Login" tab, available under 'Shareholders' section.

26.4 Enter your User ID, password and image verification code (CAPTCHA) as shown on the screen and click on "SUBMIT".

26.5 Your User ID details are given below:

- Shareholders holding shares in demat account with NSDL: Your User ID is 8 Character DP ID followed by 8 Digit Client ID
- Shareholders holding shares in demat account with CDSL: Your User ID is 16 Digit Beneficiary ID
- Shareholders holding shares in Physical Form (i.e. Share Certificate): Your User ID is Event No + Folio Number registered with the Company

26.6 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).

For Shareholders holding shares in Demat Form or Physical Form

PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (applicable for both demat shareholders as well as physical shareholders).
DOB/ DOI	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.
Bank Account Number	Enter the Bank Account number as recorded in your demat account or in the company records for the said demat account or folio number. <ul style="list-style-type: none"> 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).

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".

In case 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

27. 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.

28. 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'.

29. If you wish to view the entire Resolution details, click on the 'View Resolutions' File Link.

30. 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.

31. Once you confirm your vote on the resolution, you will not be allowed to modify or change your vote subsequently.

32. 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 or Call us :- Tel : 022 - 49186000.

33. The Chairman shall at the end of discussion on the resolutions on which voting is to be held, allow voting for all those members who are present at the AGM through VC/OAVM but have not cast their votes through the remote e-voting and otherwise not barred from doing so, shall be eligible to vote through e-voting system provided during the AGM.

34. 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 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.

35. 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.

36. 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.

Explanatory statement pursuant to Section 102 (1) of the Companies Act, 2013 and /or Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Item No. 1

In order to improve the liquidity of your Company's equity shares in the Stock Markets with higher floating stock in absolute numbers and to make it more affordable for the small retail investors to invest in the Company, the Board of Directors considered it is desirable to sub-divide the face

value of the equity shares of the Company from ₹ 10/- each to ₹ 5/- each and consequent sub-division of equity shares thereof. Accordingly, the Board of Directors of the Company at their meeting held on June 16, 2020, recommended the sub-division of 54,50,000 equity shares of ₹ 10/- each in the authorized share capital of the Company into 1,09,00,000 equity shares of ₹ 5/- each, subject to approval of members and such other authorities as may be necessary.

None of the Directors, Key Managerial Personnel of the Company and any of their relatives are in any way, concerned or interested, financially or otherwise, in the resolution, except to the extent of shares in the Company that may be held by them or their relatives or any entity in which they may be deemed to be concerned or interested.

The Board recommends the resolution set out at Item No. 1 of the Notice for your approval by way of passing Ordinary Resolution.

Item No. 2

The proposed sub-division of face value of equity shares of the Company requires alteration to the Capital Clause (Clause V) of the Memorandum of Association of the Company. In view of this, Clause V of Memorandum of Association is proposed to be substituted with a new Clause V to reflect the corresponding changes in the Authorised Share Capital consequent to the said sub-division of face value of equity shares of the Company.

None of the Directors, Key Managerial Personnel of the Company and any of their relatives are in any way, concerned or interested, financially or otherwise, in the resolution, except to the extent of shares in the Company that may be held by them or their relatives or any entity in which they may be deemed to be concerned or interested.

The Board recommends the resolution set out at Item No. 2 of the Notice for your approval by way of passing an Ordinary Resolution.

Item No. 3

The Company has received a consent from Ms Maithilee Tambolkar 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 she 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 and Schedule IV 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 Ms Maithilee Tambolkar 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 22, 2020.

Ms Maithilee Tambolkar after completing Engineering in Production from College of Engineering Pune, Maithilee joined her family business in Auto component manufacturing. The Company has state of the art infrastructure for manufacturing motion control components and solutions for Automotive, commercial vehicles, Tractors and other off road applications. The business has grown multifold in last 10 years and has global presence with Export business as well as strategic expansion of the company in Europe and North America. Ms Maithilee Tambolkar also participated in Swachh Waluj Movement, contributed in the society through various CSR activities nearby industrial area. She is also paying pivotal role in various industrial associations in Aurangabad and taken various initiatives in the forums.

Therefore, considering her huge experience and contribution since last five years in the Board and Committee meetings, your Directors recommend Resolution at Item No. 3 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,

Vikas Kadlag

(Managing Director)

DIN: 05122774

Date: June 16, 2020

Boards' Report

And Management Discussion And Analysis

To,

The Members,

Your Directors are pleased to present the 35th Annual Report, together with the Audited Financial Statements of the Company for the financial year ended March 31, 2020.

FINANCIAL PERFORMANCE:

(₹ in Lakhs)

Particulars	2019-20	2018-19
Revenue from Operations	12,855	12,014
Other income	664	595
Total income	13,519	12,609
Operating Expenses	10,539	9,991
Mehsana Relocation Cost	605	-
Profit before finance cost, depreciation and amortisation	2,375	2,618
Depreciation and Amortisation Expense	534	431
Profit before tax	1,841	2,186
Provision for tax	529	649
Profit after tax	1,312	1,537
Proposed equity dividend	448	336
Corporate dividend tax	-	69
Total Outflow	448	405

PERFORMANCE REVIEW:

During the year under review, the Company has achieved net turnover of ₹ 12,855 lakhs as compared to ₹ 12,014 lakhs in the previous year. The gross profit before tax and depreciation were ₹ 2,375 lakhs as compared to ₹ 2,618 lakhs in the previous year. The operating expenses increased to ₹ 10,539 lakhs as compared to ₹ 9,991 lakhs in the previous year. During the year, upon receipt of recommendation from Board of Directors in their meeting held on October 17, 2019 and subsequent members approval on December 2, 2019, your Company discontinued the operations of Mehshana Plant w.e.f. February 1, 2020 and relocated the Mehshana Plant to Aurangabad. Estimated relocation costs of ₹ 605.58 lakhs was accounted in FY 2019-20, which includes severance pay to the employees who have opted not to relocate, provision for assets written off which have not been shifted to Aurangabad due to wear and tear of those assets, charges for assets transportation and their restoration at Aurangabad. Looking to the nature

of the transaction, the management has shown the relocation cost as a separate line item as "Mehsana Relocation Cost" in the financial results.

Your Company intends to sell the land and building of Mehshana Plant in coming year and has initiated the identification and evaluation of potential buyers for land and building of Mehshana Plant. Further, no other 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:

In view of profitability achieved by the Company and to conserve the resources for challenging situation ahead, your Directors are pleased to recommend a final dividend of ₹ 16/- per equity share, amounting to ₹ 448 lakhs for the financial year 2019-20 for approval of the members in the ensuing 35th Annual General Meeting of the Company.

ECONOMIC SCENARIO AND OUTLOOK:

All through the year 2019-20 the economic outlook in India continued to worsen with declines in exports, consumer spending and private investment. GDP growth was already moderating throughout the year, depressing demand for metal products before the COVID-19 pandemic made its presence felt at the end of the fiscal year. With the arrival of the COVID-19 driven economic shutdown in March 2020, the economic outlook for the year 2020-2021 remains extremely uncertain and weak, with our target markets expected to bear the impact of the lockdowns and the resultant unemployment driving down consumer demand. Global markets were more mixed going into the COVID-19 pandemic, which has decimated industrial production in our major markets due to a combination of lockdowns and resulting unemployment removing consumer demand from the markets. Recovery of demand globally will depend on a combination of consumer spending, supply-side restrictions driven by safe working requirements, unemployment and the penetration of government stimulus into the wider economy.

The primary end market served by our customers, the automotive industry, was already in the middle of record volume declines in India in 2019, before matters were made much worsen by the COVID-19 pandemic in March 2020. We expect a limited recovery in new vehicle sales in 2020-21 with the industry continuing to struggle with low domestic demand. Exports of vehicles will likely drive any recovery in

this industry after COVID-19 lockdown impact is absorbed. Globally we continued to see weak automotive production in China, Europe and North America which limited our ability to offset declines in Indian vehicle production. We expect that this situation will remain unchanged in the coming year as major automotive producing countries all see 30% plus drops in demand due to economic fallout of COVID-19.

The other large markets we serve through the non-ferrous and ferrous foundry customers – infrastructure, constructions, switch-gear and white goods will continue in the grip of a global drop in demand through 2020-21. The only markets we see with potential growth in the coming year are the global precious metals refining markets which will continue to benefit from soaring gold and silver prices.

In the face of these difficult economic and market challenges in 2020-21, your company will continue to focus on our strategy of offering technologically differentiated products that allow our customers to improve their efficiencies and reduce their operating costs. The economic uncertainty and ambiguity globally will likely have an adverse impact on the company's revenue going forward, but the management team remains focused on margin protection and cash generation.

EXPANSION PROJECT

Project Avatar – Phase II

During the fiscal year 2018-19, 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. Your Company has made significant progress towards completion of the project, however, due to pandemic situation, the project activity was halted from end of March, 2020. However, post relaxation approval from various regulatory authority the project activity resumed from start of May, 2020 and expect to complete the project by end of December, 2020.

Further, as part of Project Avatar Phase II and considering synergy, cost optimization and further focus on product development, the members of the Company vide its postal ballot December 02, 2019 approved transfer of Mehsana Unit business by way of shifting of plant and machineries to Aurangabad Unit, Maharashtra. The Company has also signed Memorandum of Understanding (MoU) on December 12, 2019 with Mehsana Works Committee for amicable separation of workers and staffs as they choose not to join at Aurangabad

location. The Company has paid the agreed compensation to all applicable workers who has signed the MoU.

The Company started shifting of plant and machineries from Mehsana location to Aurangabad location from last few months however it got halted because of nationwide lock-down. During the shifting of Plant & Machineries your Company has taken care of our Customer's requirements and satisfied all customer demands within timeline by maintaining enough stock levels of the finished goods & also by importing some products from our fellow subsidiary companies abroad.

Installation of Solar Roof-top

Your Company is using electricity supplied by MSEDCL for industrial consumption and incurs considerable amount of costs by way of electricity charges every month. In order to achieve savings in electricity costs, your Company has signed Power Purchase Agreement (PPA) with M/s AMPLUS Solar, for installation of solar plant on the roof of our factory and admin office building etc. with installed capacity of around 1000 KW on Op Ex model. There will be substantial cost reduction in per unit electricity costs and the benefits of PPA agreement are listed below –

- No capex involved, no investment of Company's money. No security deposits.
- Lower Electricity Unit rate vs Current MSEDCL unit rate.
- Contribution to green energy initiative.
- Technology upgradation option available.
- Free exit in case of closure .

CHANGES IN SHARE CAPITAL

The paid-up equity share capital of the Company stood at ₹ 280 lakhs as on March 31, 2020. 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 arm's 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 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 which are in the nature of loans to any 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. During the fiscal year 2019-20, the Non-Executive Directors of the Company had no pecuniary relationship or transactions with the Company.

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 fellow subsidiaries 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 Ian Keith Arber, Non-Executive Director and Ms Pauline Tan, Non-Executive Director resigned from the Board effective from May 21, 2019 and August 7, 2019 respectively. The Board placed on record its appreciation for the services rendered by them during their tenure with the Company. Mr Martin Coll was inducted as Non-executive Director of the Company effective from May 21, 2019 and member of the Audit Committee, Risk Management Committee and Corporate Social Responsibility Committee.

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

BOARD EVALUATION

The annual evaluation process of the Board of Directors, as individual Director and Board as a whole, were conducted in the Board of Directors meeting held on February 05, 2020 in accordance with the provision of the Companies Act and the SEBI Listing Regulations.

The Board Evaluation Form was circulated to all Directors on parameters such as board composition and quality, board meetings and procedure, board development, succession plan and independent judgement etc. The Board members given their ratings and comments for overall performance of the Board and action plan is being prepared for the coming financial year. The entire Board has actively participated in every Board and Committee meeting having focused on adherence of corporate governance norms.

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 five times on May 21, 2019, August 7, 2019, October 17, 2019, November 12, 2019 and February 05, 2020. The 34th Annual General Meeting was held on August 7, 2019. 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:

The Board considers that risk management and internal control are fundamental to achieving the Morgan Group's aim of delivering long-term sustainable growth. The Risk

Framework covers business, operational and financial risks reviewed by the Committee on a periodic basis. The severity of each risk is quantified by assessing its inherent impact and mitigated probability to ensure that the residual risk exposure is understood and prioritised for control to avoid future implications.

The Morgan Group is willing to take considered risks to develop new technologies, applications, partnerships and markets for its products and to meet customer needs. The Morgan Group strives to eliminate risks to product quality and health and safety, which are essential to the success of our products and the safety of our people and contractors.

During the year, the Committee in its meeting held on February 05, 2020 has reviewed risk relating to competition, operations, people management and development, product quality, technological obsolescence, quality of contract, compliances, tax related matters, macroeconomics & political environment 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 believes, commitment towards social responsibility is key to equitable growth and upliftment of the society that can benefit us all by encouraging moral of the society at respectable position.

Your Company's CSR efforts continue to focus on education, skill development, healthcare and hygiene and all such other activities as mentioned in the Corporate Social Responsibility Policy. We have undergone various CSR programmes during the year on maintaining hygiene at schools, green belt development at nearby industrial area and providing basic amenities to orphanage home etc. In compliance with the provisions of Section 135 of the Companies Act, 2013, during FY 2019-20, your Company has spent the considerable amount, which is required to be spent under CSR. Your company is slightly behind in spending the required CSR fund however your management is in process to develop vocational training programme for the graduate trainee.

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 met two times on May 21, 2019 and August 07, 2019 to take on record appointment of Mr Martin Coll as Non-executive Director of the Company effective from May 21, 2019 and resignation of Mr Ian Keith Arber and Ms Pauline effective from May 21, 2019 and August 7, 2019 respectively.

PRODUCT QUALITY AND CERTIFICATIONS:

MCIL, Technical Services and Product Development (TSPD) team continues to sustain its commitment for providing the highest quality of products and services to our customers across the globe. Our purpose is to make more efficient use of world's resources and to improve quality of life. This purpose, guides our actions, aiding our efforts to work with our environment, informs how we treat our people and ensures we fulfil our responsibility of good corporate governance. The TSPD team has continuously focused on new product development and product enhancement by introducing process improvement changes and various re-engineering and re-designing projects. Your Company is also giving greater focus on riser tube, transfer ladle for non-ferrous application, aluminium degassing, hopper linings, anti-vortex plates, aluminium scrap melting, ductile iron flow control and induction furnace crucibles etc.

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 is framed to achieve in identification of potential environmental and safety related risks, the management and mitigation of identified risks and continuous performance monitoring. We continued to focus on 'zero harm' workplace culture and conducting all our activities in a manner that achieves high standards of health and safety for all employees and stakeholders. 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 December-2015, however during the year, there were 11 first-aid injuries and 2 significant near misses 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:

- Obtained CTE for new project in "Orange Category"
- Received 2.80 million LTA free man Hours certificate from Group Company in August 2019.
- MCIL, Aurangabad achieved 3.18 million LTA free man days and 1470 LTA free days and Morgan Group has also recognised the efforts taken by the MCIL management team.
- Focused on Method statement & JSA for all non-routine activities
- Automation of Liner pressing activity under commissioning
- Conducted CA & PHA – HAZOP study for LPG system
- Under Project Avtar phase II following EHS projects are under progress
- Fire detection and fire-fighting system (Hydrant & sprinkler)
- Public announcement system
- Installation of STP with MBR technology.
- Relocation of existing ETP & new Evaporator
- Roof Top Solar project

Well-being:

- Initiated EHS "E learning" programs in 12 subjects for all employees.
- In house conducted Machine risk assessments.
- Procured new Automatic sample cutting machine to get desired sample sizes without any ergonomic issues and hazards to employee.
- Conducted EHS L2 audit by internal group EHS team

- 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
- 6S and Behavioural Based Safety audits

FINANCE AND TAXATION:

During the Financial year 2019-20, your Company has made all statutory compliances under Goods and Service Tax Act, Income Tax Act, Foreign Trade Policy, Customs Act etc. During the year your company has not received any new show cause notices (SCN) or demand note for non-compliances. During the financial year 2019-20, your Company has liquidated accumulated IGST input credit of ₹ 550 Lakhs as per provision of GST law. Our VAT assessment till FY 2015-16 has been completed and refund order received from the 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 2019-20, we have received Duty Benefit Scripts amounted to ₹ 220 Lakhs. The process of claiming MEIS benefit is established and we are receiving MEIS duty benefit scripts on regular basis.

During the year, the company has applied for Export Promotion Capital Goods Scheme (EPCG) under Foreign trade Policy for import of KILN Machineries from China and we have received duty benefit scripts worth of ₹ 107 Lakh thus saving GST & Customs duty on imports.

MCIL Advance Pricing Agreement (APA) with the Central Board of Direct Tax (CBDT) is in the final stages and we are awaiting final approval from CBDT. Once APA will be signed, this will be an important milestone as 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 Leadership Behaviours states to always working safely, ethically inclusively of taking a long-term view, champion curiosity, innovation and have an external mind-set. The Morgan Group believes in building strong teams by inspiring and coaching our people, provide ongoing feedback and collaborate globally. The Morgan Group is also relentlessly

involved in driving performance through focus on key priorities and take ownership.

The Morgan Code (the Code)

The Morgan Code is a set of principles supported by policies that lay out how we should conduct ourselves. The 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

In compliance with Morgan Group's guidelines, 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. Apart from employees, we have also updated the various changes in the Morgan policies to workers and contractual labours. Your Company shall continue to engage in various training programmes in coming year on various topics for refreshing the knowledge.

Ethics 'speak-up' hotline

The employees, contractors or other third parties who have a question about the Code or see something that they feel is unethical or unsafe can discuss these with their managers, supporting teams, or through the ethics hotline, a confidential helpline operated by an independent company.

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. During the year, your Company has not received any complaint about frauds, misconduct etc. from anyone in the organization or outside third parties.

Further, in compliance with SEBI LODR regulations and the provisions of Companies Act, 2013, the policy is also available on the website –

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

Compliance Commitment

As stated, your Company is committed to conduct its business in safely and ethical way with abiding all applicable laws, regulations in India and abroad wherever we operate. The Compliance Officer submits quarterly compliance report to Audit Committee and Board Members on various applicable laws to the Company and its compliance status thereon. During the year, your Company has not identified any non-compliance relating to various statute applicable to the Company which affects the business operation.

HUMAN RESOURCES:

The Morgan Group values our employees and the contribution they make, and we are committed to creating an inclusive culture where everyone can fulfil their potential. Our principle of “not just what you do, but how you do it that is important” helps us to achieve our strategic aims, delivering performance and value creation for our stakeholders, whilst our Leadership Behaviours and the Morgan Code guide the actions we take to achieve them.

The effective engagement enables our employees to contribute to improving Morgan’s business performance therefore we continue to inform all employees 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 508 mandays training on 83 of various topics against 654 mandays on 111 topics as compared to previous year for nurturing existing people’s talent and motivating them to attain organisation goals. The employee turnover ratio was 19.02% as compared to 15.52% to previous year.

The principle of pay for performance underpins our compensation approach and we set compensation levels using external benchmarking and relevant commercial considerations that are both competitive in the countries in which they operate and affordable. We offer short-term performance incentives globally to managers, and technical and functional experts. 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 Sales Effectiveness, Six Sigma - Black Belt & Green Belt, Low Cost Advanced Robotics & Automation, Emergency Preparedness, Awareness & Requirements of ISO 9001:2015 standard & Internal Auditing, KANBAN Workshop, Maintaining Wellness without Medicine, Process Automation, Emotional Quotient for Success, Improving Cost & Quality Through Manufacturing Excelling, Workshop on SAFER, BETTER, EASIER & FASTER, Corona Infection & Heat Stress and other technical and functional trainings to the employees 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. As per Section 139(2) of the Companies Act, 2013 and rules framed thereunder M/s B S R & Associates LLP completing two terms of five consecutive years in ensuing 35th Annual General Meeting and shall not eligible to be re-appointed for further period.

Further, the Audit Committee and Board of Directors of the Company in their meeting held on June 16, 2020 based on the various proposals received from the Audit Firms appointed M/s Deloitte Haskins & Sells LLP, Chartered Accountants, Pune (Registration No. 117366W/W-100018) for a further period of five years from conclusion of 35th Annual General Meeting until conclusion of 40th Annual General Meeting subject to approval of members on such professional fees and charges as mutually agreed between M/s Deloitte Haskins & Sells LLP and the Company.

The report is given by the Statutory 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 Statutory Auditors in their report.

Secretarial Auditor

M/s KMP & Associates, (FCS 9710 / COP 11947) Practicing Company Secretaries, were appointed to conduct the Secretarial Audit of the Company for the financial year 2019-20, as required under Section 204 of the Companies Act, 2013 and

rules thereunder. The Secretarial Audit Report for financial year 2019-20 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 2020-21.

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

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Board has overall responsibility for establishing and maintaining a sound system of internal control to safeguard shareholders' investment and the Company's assets and for reviewing the effectiveness of this system. 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 2019-20. 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 reviewed the adequacy and effectiveness of the implementation of audit recommendations, including those relating to strengthening your company's risk management policies and systems.

In compliance with 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 consider that the internal financial control provides reasonable assurance in the area of safeguarding of Company's assets, transactions are authorised and recorded in a correct and timely manner and that such controls would prevent or detect, within a timely period, material errors or irregularities. The system is designed to mitigate and manage risk, rather than eliminate it and to address key business and financial risks.

Your Company as well as statutory, internal & secretarial auditors 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 2019-20 however have made certain recommendation for continuous improvement of the process.

EXTRACT 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, 2020, 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.

INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

Pursuant to the applicable provisions of the Companies Act, 2013 read with IEPF Authority (Accounting, Audit, Transfer and Refund) Rules 2016 (“the IEPF rules”) all unpaid or unclaimed dividends are required to be transferred by the Company to the IEPF, established by the Government of India, after the completion of seven years. Further, according to the rules, the shares on which dividend has not been paid or claimed by the shareholders for seven consecutive years or more shall also be transferred to the Demat Account of IEPF Authority.

During the year, your Company has transferred the unpaid and unclaimed dividends for the financial year 2011-12 to IEPF Authority of ₹ 48,165/-. Further 13,540 equity shares on which dividends were unclaimed for seven consecutive years were transferred as per provisions of IEPF rules.

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.

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,

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

Place: Aurangabad
Date: June 16, 2020

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 2019-20

Name of Director	Designation	Ratio of remuneration of each Director to median remuneration of Employees	Percentage increase in Remuneration
Vikas Kadlag	Managing Director	8.67	0%

Note:

- Employees for the purpose above include all employees excluding employees governed under collective bargaining.
 - There is no increase in remuneration of Mr. Vikas Kadlag (last year Mr. Vikas Kadlag joined in December - 2018 and for Comparison we have annualised his last year's salary)
 - The Salary as per Form 16 has been considered for calculating percentage increase in remuneration of Mr Vikas Kadlag.
- ii. The percentage increase in remuneration of Chief Financial Officer and Company Secretary during the financial year 2019-20 -

Name	Designation	Percentage increase in Remuneration
Atithi Majumdar	Chief Financial Officer	14.54%
Rupesh Khokle	Company Secretary	11.76%

Note:

- The Salary as per Form 16 has been considered for calculating percentage increase in remuneration of Mr Atithi Majumdar and Mr Rupesh Khokle.
- iii. The percentage increase in the median remuneration of Employee for the financial year was 8.10 per cent.
- iv. There were 94 employees staff and 62 workers on rolls of the Company as on March 31, 2020.
- v. **Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;**
- Average percentage increase made in the salaries of employees other than the managerial personnel in the financial year was 8.84 per cent. The average increase in employee remuneration shows competitive market and general market practice.
- vi. 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 CSR activities in line with CSR policy and as per approval of the Board. During the year, the Company undertook the following CSR activities –

Sr No	Activity
1	MIDC Green Belt Development The Maharashtra Industrial Development Corporation (MIDC) has allotted an open land nearby Waluj industrial area for green belt development as the said land depleted due to pollution. The Company filled the land with good quality of black soil and planning further tree plantation and development of dense forest in coming year.
2	Mahatma Phule School The Company is committed to promote better education to underprivileged students enable them to attend school regularly and get success in life. The Company has identified a school near Waluj MIDC area where the school is lacking with basic facilities. During last year, the Company has taken initiative by providing the basic facility like school desks. This year the Company has renovated washrooms of boys and girls, provided drinking water facility, developed school open land filling with good quality of soil and done further tree plantation.
3	Urmi Foundation The Urmi Foundation provides staying and education facility of orphaned children at nearby Aurangabad location. The NGO runs with minimum Govt. aids and with help of CSR funds the children/students of the Orphanage attends the school and colleges. The Company has provided beds, cupboards and other furniture during last year to the NGO and provided food grains and groceries for more than 6 months.
4	CSR Activity for Waluj Police Station The Waluj Police Station appealed the Company to contribute certain amount in development of their premises accordingly the Company contributed in upgrading their facility and also made contribution in printing annual calendar for developing awariness for woman empowerment.

ANNEXURE 3

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31.03.2020

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

SECRETARIAL AUDIT REPORT OF
M/S MORGANITE CRUCIBLE (INDIA) LIMITED

For the Financial Year ended 31st March, 2020

To,
The Members,
Morganite Crucible (India) Limited
B-11 MIDC Industrial Area,
Waluj, Aurangabad – 431136.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Morganite Crucible (India) Limited** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Due to COVID-19 Pandemic situation we have not physically verified the documents, information however based on information provided on electronic mode by the Company we have verified Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March 2020 (hereinafter called "the Audit Period") complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2020 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (Not applicable to the Company during the Audit Period);
 - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (Not applicable to the Company during the Audit Period);
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not applicable to the Company during the Audit Period);
 - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

- g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during the Audit Period); and
- h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the Company during the Audit Period);
- i. Further the management has confirmed that there are no industry specific Act Applicable to the Company.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India
- (ii) The Listing Agreements entered into by the Company with Stock Exchange.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, and Standards, where we observed that:

- (i) The Company has filed various returns and forms under the Companies Act, 2013 with the Registrar of Companies, in compliance with the provisions of the respective statutes, beyond the time specified in the Act and/or Rules, on payment of additional fees, wherever applicable.
- (ii) The Company has inadvertently printed Annual secretarial compliance report in the place of Form MR-3 in the Board report of the Company, the information given in the Annual Secretarial Compliance Report is similar to the Secretarial Audit report . Further, in order to avoid duplication, SEBI has directed that , the listed entity and its unlisted material subsidiaries shall continue to use the same Form No. MR3 as required under Companies Act, 2013 and the rules made thereunder for the purpose of compliance with Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as well.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of

the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes.

Based on the representations given by the Officers of the Company and the information provided to us regarding the compliance system followed by the Company, We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines as stated above.

Based on the representations from the Company and its officers, we further report that, during the audit period, there were no other specific events / actions in pursuance of the above referred laws, rules, regulations, guidelines, etc., having a major bearing on the Company's affairs.

**For KMP & Associates
Company Secretaries**

CS Mandar Takalkar
Partner
FCS 9710
COP 11947

Place: Aurangabad
Date: 16.06.2020

(Note: This report is to be read with our letter of even date which is annexed as **Annexure A** & forms an integral part of this report.)

ANNEXURE "A"

To,
The Members,
Morganite Crucible (India) Limited
B-11 MIDC Industrial Area,
Waluj, Aurangabad – 431136.

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company. The compliance by the Company of applicable financial laws, like direct and indirect tax laws, has not been reviewed in this Audit since the same have been subject to review by statutory financial audit and other designated professionals, and is not covered under the scope of statutory audit.
4. Where ever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For KMP & Associates
Company Secretaries

Mandar Takalkar
Partner
FCS9710
COP 11947
UDIN:F009710B000389311

Place: Aurangabad
Date: 16.06.2020

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, 2020.

Vikas Kadlag

(Managing Director)

DIN: 05122774

Date : June 16, 2020

Place : Aurangabad

ANNEXURE 5

Extract of Annual Return

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	
A. Promoters									
(1) Indian	-	-	-	-	-	-	-	-	-
(2) Foreign									
- Bodies Corporate	21,00,000	-	21,00,000	75.00	21,00,000	-	21,00,000	75.00	0.00
Total shareholding of Promoter (A)	21,00,000	-	21,00,000	75.00	21,00,000	-	21,00,000	75.00	0.00
B. Public Shareholding									
1. Institutions									
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	28,709	-	28,709	1.02	0.20
Sub-total (B) (1):-	34,188	500	34,688	1.24	28,809	500	29,309	1.04	0.20
2. Non-Institutions									
a) Bodies Corp.	14,987	-	14,987	0.54	11,960	-	11,960	0.42	0.12
i) Indian	-	-	-	-	-	-	-	-	0.00
ii) Overseas	-	-	-	-	-	-	-	-	0.00
b) Individuals	-	-	-	-	-	-	-	-	0.00
i) Individual shareholders holding nominal share capital upto Rs 2 lakhs	520,970	83,109	604,079	21.57	513,672	64,189	577,861	20.63	-0.94
ii) Individual shareholders holding nominal share capital in excess of Rs 2 lakhs	-	-	-	-	23,575	-	23,575	0.84	0.84
c) Others									

Hindu Undivided Family	27,481	-	27,481	0.98	27,912	-	27,912	0.99	0.01
Non Resident Indians (Non-rep)	5,695	200	5,895	0.21	6,814	-	6,814	0.24	0.03
Non Resident Indians (Repat)	8,874	-	8,874	0.32	8,026	-	8,026	0.28	-0.04
Clearing Members	3,946	-	3,946	0.14	953	-	953	0.03	-0.11
NBFC registered with RBI	50	-	50	0.001	50	-	50	0.001	0.001
IEPF	-	-	-	-	13,540	-	13,540	0.49	0.48
Sub-total (B) (2):-	582,003	83,309	665,312	23.76	606,502	64,189	670,691	23.95	-
Total Public Shareholding (B)=(B)(1)+ (B) (2)	616,191	83,809	700,000	25.00	635,311	64,689	700,000	25.00	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	27,16,191	83,809	28,00,000	100.00	27,35,311	64,689	28,00,000	100.00	-

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 2019-20.

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	DANESH BOMAN IRANI				
	At the beginning of the year	13,174	0.47	13,174	0.47
	Bought during the year	10,401	0.37	23,575	0.84
	Sold during the year	-	-	23,575	0.84
	At the end of the year	23,575	0.84	23,575	0.84
2	HMG FINANCE A/C HMG GLOBETROTTER				
	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	22,628	0.80	22,628	0.80
3	KASHMIRA ASPANDIAR IRANI				
	At the beginning of the year	7,158	0.26	7,158	0.26
	Bought during the year	12,544	0.45	19,702	0.71
	Sold during the year	-	-	19,702	0.71
	At the end of the year	19,702	0.71	19,702	0.71
4	SHIRIN GUSTARD HORMUZDI				
	At the beginning of the year	6,875	0.25	6,875	0.25
	Bought during the year	12,811	0.45	19,686	0.95
	Sold during the year	-	-	19,686	0.95
	At the end of the year	19,686	0.70	19,686	0.95
5	VIJAY PRAKASH GUPTA				
	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	14,394	0.51	14,394	0.51
6	BOMAN BURJOR IRANI				
	At the beginning of the year	2,607	0.09	2,607	0.09
	Bought during the year	9,075	0.32	11,682	0.41
	Sold during the year	-	-	11,682	0.41
	At the end of the year	11,682	0.41	11,682	0.41

7	NEETA H. MEHTA				
	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	11,578	0.41	11,578	0.41
8	VIPULKUMAR SHAH				
	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	10,000	-	10,000	0.36
9	VASUDEO RAJENDRA DESHPRABHU				
	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	9,692	0.35	9,692	0.35
10	GAURANG NAVIN CHANDRA SHAH				
	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	9,670	0.35	9,670	0.35

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	
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	60.74	60.74
	(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	-	-
Total (A)		60.74	60.74
Ceiling as per the Act*		-	97.04

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

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	1.00	1.00	2.80
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	Total (1)	0.80	1.00	1.00	2.80
2	Other Non-Executive Directors				
	Fee for attending board committee meetings	-	-	-	-
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	Total (2)	-	-	-	-
	Total (B)=(1+2)	0.80	1.00	1.00	2.80
Total Managerial Remuneration (A)+(B)					63.54
Overall Ceiling as per the Act					97.04

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

(₹ in Lakhs)

SN	Particulars of Remuneration	Key Managerial Personnel		Total
		Chief Financial Officer	Company Secretary	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	35.95	14.56	50.51
	(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	-	-	-
5	Others – Performance Incentive	-	-	-
	Total	35.95	14.56	50.51

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 2019, as amended through addendum letter dated 11 June 2020.
2. The report contains details of compliance of conditions of Corporate Governance by Morganite Crucible (India) Limited ("the Company"), for the year ended 31 March 2020, as per 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 terms and conditions contained in the Corporate Governance is the responsibility of the management of the Company including the preparation and maintenance of all relevant supporting records and documents.
4. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of corporate governance stipulated in the Listing Regulations.

Auditor's responsibility

5. 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.
6. 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 2020.
7. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes, (Revised 2016) and 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.

8. 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

9. 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.
10. 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

11. 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: 116231W/W-100024

Raajnish Desai

Partner

Membership number: 101190

UDIN: 20101190AAAAAU6471

Place: Pune

Date: 16 June 2020

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:

- Planned solar installation for reduction in electricity bills
- Waste heat recovery from Kilns
- Upgradation in Ovens for energy saving
- Total capital investment planned during the year for above activities was around ₹ 4.32 lakhs.

B. Technology Absorption, Adaptation & Innovation:

The efforts made towards technology absorption –

- Initiative taken for IP protection
- Focusing on the new materials development for next generation products.
- New binder development for high temperature application
- Non-wetting and erosion resistance coating development
- Developing additives and new mix to reduce firing temperature which will reduce the energy consumption.
- R&D investment is planned to develop internal testing capability for material analysis to enhance the speed of new material development.
- 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 hopper bricks etc.

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

- IPR protection
- Better customer service and reliability of product performance
- 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 2019-20 for reporting purpose.

Foreign Exchange Earnings and Outgo:

	(₹ in Lakhs)
Foreign Exchange Earnings	7474.76
Foreign Exchange Outgo	3647.82

For and on behalf of the Board,

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

Place : Aurangabad
Date : June 16, 2020

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 emphasizing 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 organization 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, 2020 the Board comprises of 6 Directors out of which 5 are Non-Executive Directors (more than 80% of the total Board strength) and among these 5 Non-Executive Directors, 3 are Independent Directors. The composition of the Board is in conformity with the requirements of Regulation 17 of Securities Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) (LODR) Regulations, 2015 with optimum combination of Executive, Non-Executive and Independent Directors with at least one Woman Director and not less than fifty percent of the Board comprising of Non-Executive Directors. The Chairman of the Board of Director is Non-Executive Independent Director with fifty percent of Board comprises of Independent Director. During the year, the Board of Directors met on 5 (five) occasions on May 21, 2019, August 7, 2019, October 17, 2019, November 12, 2019 and February 05, 2020. 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. Mukund Bhogale (Chairman)	Non-Executive Independent	-	-	4	Yes
Mr. Vikas Kadlag (Managing Director)	Executive	-	-	5	Yes
Mr. Aniruddha Karve (Director)	Non-Executive	-	-	5	Yes

Mr. Ian Keith Arber ⁽¹⁾ (Director)	Non-Executive	-	-	1	No
Ms. Pauline Tan ⁽²⁾ (Director)	Non-Executive	-	-	1	No
Mr. Subhash Kolapkar (Independent Director)	Non-Executive Independent	-	-	5	Yes
Ms. Maithilee Tambolkar (Independent Director)	Non-Executive Independent	-	-	5	Yes
Mr. Martin Coll ⁽³⁾ (Director)	Non-Executive	-	-	5	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 on date of this report, none of Non-Executive Director has attended the age of seventy five years.
- As per Regulation 17A, none of the Director held directorship in more than 8 listed entities and none of the Independent Director (ID) is serving as ID in more than 7 listed Companies.
- Mr. Vikas Kadlag, Managing Director of the Company is not serving as Independent Director in more than 3 listed entities.
- None of the Director occupies any position in other listed entities
- During the year, Mr. Martin Coll has attended 3 Board of Directors Meeting through video conferencing.

(1) Mr. Ian Keith Arber resigned from the Board effective from May 21, 2019.

(2) Ms. Pauline Tan resigned from the Board effective from August 7, 2019.

(3) Mr. Martin Coll appointed as Non-Executive Director of the Company effective from May 21, 2019.

Mr. Martin Coll 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.

Mr Martin Coll 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.

b. Board Evaluation

Pursuant to provisions of Regulation 17(10) of the SEBI LODR Regulations and the provisions of the Companies Act, 2013 an annual Board evaluation was carried out for financial year 2019-20 in the Board of Directors Meeting held on February 05, 2020, involving the following:

- i. Evaluation of Independent Directors, in their absence, by the entire Board was undertaken, based on their performance and fulfillment of the independence criteria prescribed under SEBI LODR regulations and Companies Act, 2013; and
- ii. Evaluation of the Board of Directors, its Committees and individual Directors, including the role of the Board Chairman.

The Board Evaluation Form was circulated to all Directors on parameters such as board composition and quality, board meetings and procedure, board development, succession plan and independent judgement etc. The Board members given their ratings and comments for overall performance of the Board and action plan is being prepared for the coming financial year. 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, 2020 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, reviewed the performance of non-independent directors and Board as a whole as well as reviewed the performance of the chairperson of the listed entity, taking into account the views

of executive directors and non-executive director and assessed the quality, quantity and timeliness of flow of information between the management of the listed entity and the board of directors that is necessary for the board of directors to effectively and reasonably perform their duties. Further, the independent directors of the Company apart from receiving sitting fees, have no material pecuniary relationship with promoter or any subsidiary company.

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 responsibilities 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.

d. Familiarization Program for Independent 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. 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/>

f. Membership in Board Committees

As per Regulation 26 of the SEBI Listing Regulations none of the Directors are members in more than 10 committees or act as chairperson of more than 5 committees [the committees being, Audit Committee and Stakeholders' Relationship Committee] across all public limited companies in which he/she is a Director. All Non-Executive Non-Independent Directors are liable to retire by rotation.

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. The Board periodically reviews the composition and terms of reference of its Committees in order to comply with any amendments/modifications to the provisions relating to composition of Committees under the SEBI LODR, Companies Act, 2013 and the Rules issued thereunder. The Company currently has 5 (five) Committees of the Board, namely 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
(Till May 21, 2019) | - Non-executive Director |
| 5. Mr Martin Coll
(From May 21, 2019) | - 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 terms of reference of the Audit Committee are very wide and are in line with the regulatory requirements mandated by SEBI LODR and 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 5 (five) times during the year under review. The Committee meetings were held on May 21, 2019, August 7, 2019, October 17, 2019, November 12, 2019 and February 05, 2020. 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 were 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	5
Ms. Maithilee Tambolkar	5
Ms. Pauline Tan (Upto May 21, 2019)	1
Mr. Martin Coll (From May 21, 2019)	4

During the Board of Directors in their meeting held on May 21, 2019 reconstituted Audit Committee by inducting Mr. Martin Coll, Non-executive Director

The Chairman of the Audit Committee was present at the 34th Annual General Meeting of the Company held on August 7, 2019 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 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
(Till May 21, 2019)
4. Aniruddha Karve - Non-executive Director
(From May 21, 2019)

During the year, the Board of Directors in their meeting held on May 21, 2019, reconstituted the Nomination and Remuneration Committee replacing Mr. Ian Keith Arber with Mr. Aniruddha Karve, Non-Executive Director of the Company.

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 Company pays remuneration by way of salary, benefits, perquisites and allowances (fixed component) and incentive remuneration (variable component) to its Managing Director as per recommendation of Nomination and Remuneration Committee and approved by Board of Directors and Members of the Company.

The Chairman of the Nomination and Remuneration Committee i.e. Mr. Subhash Kolapkar was present at the 34th Annual General Meeting held on August 7, 2019 to answer the shareholders queries.

During the year under review, 2 (two) meetings were held on May 21, 2019 and August 07, 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, 2020 –

Mr Vikas Kadlag - Managing Director

(From April 1, 2019 to March 31, 2020)

Particulars	Amount in ₹ in Lakhs
Salary & Allowances	54.00
Performance Bonus	8.86
Total	62.86

Notes:

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

- The performance bonus payable to the Managing Director is based on revenue & EBIT target, cash generation and personal objective achieved during the financial year.

Sitting fees paid to Independent Directors during the financial year 2019-20 are given below:

Particulars	Amount in ₹ in Lakhs
Mr. Mukund Bhogale	0.80
Mr. Subhash Kolapkar	1.00
Ms. Maithilee Tambolkar	1.00
Total	2.80

Independent directors receive twenty thousand as sitting fee for each board meeting attended. 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 authorized to approve transmission of shares and issue of duplicate share certificate.

The Committee met 4 times during the year i.e on May 21, 2019, August 7, 2019, November 12, 2019 and February 05, 2020. 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, 2020, 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 34th 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	No. of meeting 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
(Till May 21, 2019) | - Non-executive Director |
| 4. Mr. Martin Coll
(From May 21, 2019) | - 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 2 times on May 21, 2019 and February 05, 2020.

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

Sr No	Institution	CSR Activity	Amount in ₹ Lakhs
1	Urmi Foundation	Provided grocery items/food to the Orphanage students for a period of six months	0.85
2	MIDC	Developed Green Belt at open plot at Waluj MIDC	19.46
3	Mahatma Phule School	Renovation of washrooms facility of school boys and girls. Provided clean drinking water facility	9.09
4	Commissioner of Police, Aurangabad	Contributed in upgrading facility at Waluj Police Station Contributed in annual calendar for woman empowerment	0.63
TOTAL			30.03

e. Risk Management Committee

The Committee is constituted and functions as per Regulation 21 of the SEBI Listing Regulations to frame, implement and monitor the risk management plan for the Company. 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 prioritized 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
(Upto May 21, 2019) | - | Non-executive Director |
| 4. Ms. Pauline Tan
(Upto May 21, 2019) | | Non-executive Director |
| 5. Mr. Martin Coll
(From May 21, 2019) | - | Non-executive Director |

During the year under review, the Committee met once on February 05,2020.

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, 2017	Registered Office of the Company: B-11, MIDC Industrial Area, Waluj, Aurangabad-431136, Maharashtra, India	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
March 31, 2019		AGM	August 7, 2019	11.00 AM	Yes

b. Postal Ballot

During the year the Company has passed 1 (one) special resolution through postal ballot process as mentioned below –

TRANSFER OF BUSINESS BY WAY OF SHIFTING OF PLANT AND MACHINERIES FROM MEHSANA, GUJARAT PLANT TO AURANGABAD, MAHARASHTRA PLANT

In terms of Section 110 of the Companies Act 2013 read with Rule 22 of the Companies (Management and Administration) Rules, 2014 ("Rules"), members approval was sought for the resolution appended to the Postal Ballot Notice dated October 17, 2019. 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 October 31, 2019 and the last date for receipt of postal ballot forms duly completed, from the shareholders was November 30, 2019. 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	26	21,15,048	
Electronic mode	01	1	99.996%
Total	27	21,15,049	

(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	-	-	
Electronic mode	-	-	-
Total	-	-	

(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	04	80	
Electronic mode	-	-	0.004%
Total	04	80	

Accordingly, the Chairman as on December 02, 2019 declared that the above resolution, as set out in the Notice dated October 17, 2019, have been passed with requisite majority by the Members of the Company.

5. DISCLOSURES:

a. Related Party Transactions

In Compliance with Regulation 23 of SEBI LODR Regulations, 2015, during the year, the Company has taken omnibus approval from the Audit Committee in their meeting held on May 21, 2019 for the transactions entered with the related parties during the year. All contracts/ arrangements/ transactions entered by the Company during the FY 2019-20 with related parties were on an arm's length basis and in the ordinary course of business. There were no material related party transactions (RPTs) undertaken by the Company during the year that require shareholders' approval under Regulation 23(4) of the SEBI Listing Regulations or Section 188 of the Act. The approval of the Audit Committee was sought for all RPTs. All the transactions were in compliance with the applicable provisions of the Act and SEBI Listing Regulations. The transactions with related parties were also being reviewed on quarterly basis at every Audit Committee meeting and ensured that the same were at arm's 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

Pursuant to Regulation 48 of SEBI LODR Regulations 2015, the Company is in compliance with all applicable and notified Accounting Standards as amended from time to time. 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. 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.

d. Statutory Compliance

Pursuant to Regulation 27(2) of the SEBI Listing Regulations, the Company has submitted a quarterly compliance report on Corporate Governance to the Bombay Stock Exchange within 15 days from the close of every quarter. The Audit Committee and the Board of Directors has reviewed quarterly compliance reports pertaining to all laws applicable of the Company. 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

- The management discussions and analysis report shall form part the Annual Report.
- 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 Company strives to maintain an appropriate balance of skills and experience, within the organization and the Board, in an endeavor to introduce new perspectives, whilst maintaining experience and continuity. In this connection, the Nomination and Remuneration Committee works with the Board on succession of Board members and Senior Management on periodical basis.

g. Shareholders' Information

Mr Martin Coll, Non-executive Director of the Company was proposed to be re-appointed in the ensuing 35th Annual General Meeting (AGM) of the Company.

h. 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.

i. 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 –

(₹ in Lakhs)		
Type of Service	Financial Year 2019-20	Financial Year 2018-19
Statutory Audit	17.55	18.79
Tax Audit	2.06	1.98
Limited review of quarterly results	7.54	7.81
Certification fees	1.13	1.10
Audit of group reporting package	2.82	2.72
Reimbursement of expenses	1.33	1.98
Total	32.43	34.38

j. 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, 2020.

k. 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.

l. 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.

m. 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/>

n. 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 Unpublished Price Sensitive Information.

o. 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.

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

- a. number of complaints filed during the financial year -Nil
- b. number of complaints disposed of during the financial year -Nil
- c. number of complaints pending as on end of the financial year -Nil

q. Dividend Distribution Policy

Pursuant of Regulation 43A of SEBI LODR Regulations, the Company has voluntarily adopted Dividend Distribution Policy mainly covering –

- i. the circumstances under which the shareholders of the listed entities may or may not expect dividend;
- ii. the financial parameters that shall be considered while declaring dividend;

- iii. internal and external factors that shall be considered for declaration of dividend;
- iv. policy as to how the retained earnings shall be utilized; and
- v. parameters that shall be adopted with regard to various classes of shares:

The said Dividend Distribution Policy is also disclosed on the Company's website and can be found with below link –

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

r. Payment of Dividend:

Pursuant to Regulation 12 of the SEBI LODR Regulations, 2015, the Company has transferred the dividend by way of electronic mode as approved by the Reserve Bank of India and also issued warrants to physical shareholders. The requisite dividend warrants were dispatched through speed post to the shareholders at their address registered with Registrar and Transfer Agent.

Final Dividend

The Board of Directors in its Board meeting held on June 16, 2020 has recommended a dividend ₹ 16/- per equity share for the financial year 2019-20 subject to approval of shareholders which shall be paid on or before of September 5, 2020.

s. 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 as on March 31, 2020 given as below:

Year	Dividend per share	Date of Declaration	Due Date	Unclaimed Amount in INR Lakhs
2018-19 (Final)	₹ 12	07/08/2019	06/09/2019	5.13
2018-19 (Interim)	₹ 4	13/11/2018	12/12/2018	1.79
2017-18	₹ 16	08/08/2018	07/09/2018	6.42
2016-17	₹ 8	09/08/2017	08/09/2017	4.07
2015-16	₹ 4	10/08/2016	09/09/2016	3.10
2014-15	₹ 1	22/09/2015	21/10/2015	0.48
2013-14	₹ 1	25/09/2014	24/10/2014	0.46
2012-13	₹ 1	25/09/2013	24/10/2013	0.49

t. Transfer of Unclaimed Shares to Investor Education and Protection Fund (IEPF)

The Company had declared final dividend of ₹ 1/- per share for the financial year ending March 31, 2012 in the 27th Annual General Meeting of members held on August 17, 2012 and as per Section 125 (2) of the Companies Act, 2013 and Investor Education and Protection Fund (IEPF) Authority (Accounting, Audit, Transfer And Refund) Rules, 2016 as amended from time to time, the amount laying in the Unpaid Dividend Account needs to be transferred to the IEPF after period of seven years including shares.

As of March 31, 2019, the unpaid dividend amount of ₹ 48,165/- was laying in the Unpaid Dividend Account holding with Axis bank Ltd, Aurangabad branch was duly transferred to IEPF account including shares of 13,540 to Investor Education and Protection Fund (IEPF).

u. Grievance Redressal Mechanism

As per Regulation 13 of SEBI LODR Regulations, 2015, the Company has adopted adequate steps for expeditious redressal of investor complaints.

During the year under review, the Company has filed with the recognized stock exchange on a quarterly basis, within twenty one days from the end of each quarter, a statement giving the number of investor complaints pending at the beginning of the quarter, those received during the quarter, disposed of during the quarter and those remaining unresolved at the end of the quarter. The statement as specified in sub-regulation (3) was placed, on quarterly basis, before the Board of Directors of the Company.

6. GENERAL INFORMATION FOR SHAREHOLDERS:

a Date, Time and Venue of 35th Annual General Meeting:

Date & Time : Thursday, August 6, 2020 at 11:00 AM

Venue : Through Video Conferencing (VC) or Other Audio Visual Means (OAVM).

b. Tentative Financial Calendar for the year 2020-21:

Financial year: April 1, 2020 to March 31, 2021

First Quarter results: Second week of August, 2020

Half Yearly results: Second week of November, 2020
 Third Quarter results: Second week of February, 2021
 Results for year-end: Third week of May, 2021

c. Date of Book Closure:

July 31, 2020, Friday to August 6, 2020, Thursday (both days inclusive)

d. 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

e. Corporate Identity Number (CIN) of the Company :

L26920MH1986PLC038607

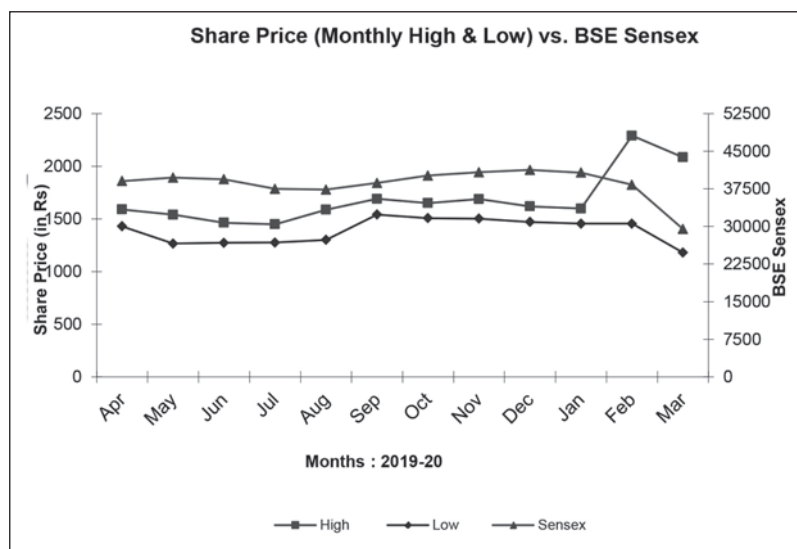
The annual listing fee for the financial year 2019-20 has been duly paid to the above stock exchange.

f. Market Price Data:

High, Low and number of equity shares traded during each month in the year 2019-20 on BSE :

Month	High	Low	Volume	BSE Sensex
Apr-19	1,589.90	1,430.00	3,144	39,031
May-19	1,540.00	1,265.25	10,248	39,714
Jun-19	1,464.00	1,272.70	7,657	39,395
Jul-19	1,449.00	1,275.55	13,143	37,481
Aug-19	1,587.00	1,301.00	16,495	37,332
Sep-19	1,690.00	1,541.25	12,714	38,667
Oct-19	1,649.95	1,506.60	9,146	40,129
Nov-19	1,688.00	1,502.00	12,516	40,793
Dec-19	1,619.00	1,471.10	9,583	41,253
Jan-20	1,598.00	1,455.00	8,831	40,723
Feb-20	2,290.00	1,455.20	29,230	38,297
Mar-20	2,085.00	1,180.00	20,549	29,468

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



g. Distribution of Shareholding as at March 31, 2020:

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	6,01,436	3,275	21.48
4	HUF	27,912	140	0.99
5	NRI Non Rep / Rep	14,840	85	00.53
6	Clearing Members	953	20	00.03
7	Bodies Corporate	11,960	44	00.43
8	Foreign Portfolio Investor	28,709	2	01.02
9	NBFC registered with RBI	50	1	0.00
10	IEPF	13,540	1	0.48
	TOTAL	28,00,000	3,572	100.00

h. Dematerialization 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, 2,735,111 Equity Shares representing 98% of the total Equity Capital of the Company were held in dematerialized as on March 31, 2020.

i. 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

j. 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.

k. 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

(The plant was shifted from Mehsana to Aurangabad on February 01, 2020)

l. 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)

m. Investor services

E-mail: rupesh.khokle@morganplc.com

n. 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 : June 16, 2020

CEO(MD)/CFO CERTIFICATION TO THE BOARD

- A. We have reviewed financial statements and the cash flow statement for the year ended March 31, 2020 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)

Date : June 16, 2020
Place : Aurangabad

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 2020, 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 2020, 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 on the financial statements.

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
Closure and relocation expenses relating to Mehsana Plant <p>During the year, subsequent to the receipt of the approval from the Board of Directors and Shareholders, the Company shut down the operations of Mehsana Plant and relocated it to Aurangabad. The management has estimated and accounted for the total closure and relocation expenses of INR 605.58 lakhs.</p> <p>The closure and relocation expenses involves severance pay of employees who have opted not to relocate, provision for assets written off which have not been shifted to Aurangabad due to wear and tear of those assets, charges for assets transportation and their restoration in Aurangabad.</p>	Our audit procedures included: <ul style="list-style-type: none"> Reviewed the relocation plan and approvals from the Board of Directors and Shareholders for closure and relocation of Mehsana Plant from the minutes of meeting of the Board of Directors and Shareholders. Obtained severance agreements entered with employees and verified the accuracy of the amounts recorded in the books of accounts towards severance pay.

The key audit matter	How the matter was addressed in our audit
<p>Subsequent to the year end, the management intends to sell off the land and building at Mehsana. The above assets have been disclosed as Non-current assets held for sale in the financial statements.</p> <p>Refer note 3(p) and 40 to the financial statements.</p>	<ul style="list-style-type: none"> Obtained and reviewed the internal assessment of management for discarding the assets based on the actual wear and tear and cost involved for shifting those assets to Aurangabad. Obtained and verified the supporting documents i.e. Purchase Orders and Invoices from vendors for asset relocation and restoration expenses. Obtained management's assessment of recoverable amount of Land and Building at Mehsana. Evaluated the competence, objectivity of Management's expert and assessed the valuation methodology used by them. Reviewed the related disclosures in the financial statements and that Land and Building has been disclosed at the lower of cost and recoverable amount (sale value less cost to sell).
<p>Evaluation of exposure on income tax litigations and uncertain tax positions</p> <p>Determination of tax provisions and assessment of contingent liabilities involves judgment with respect to various tax positions on deductibility of transactions and interpretation of laws and regulations etc.</p> <p>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)(ii), 3(i) and 31 to the financial statements.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> Obtained an understanding of the pending income tax litigations. Evaluated the key assumptions in estimating current tax provisions. Obtained 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 tax opinions and consultations made by the Company for key uncertain tax positions. Involved our tax experts to test the current tax provisions, inspect key correspondences and considered legal precedence and other tax rulings in evaluating the management's assessment of uncertain tax positions. Assessed the Company's estimates of the possible outcome of the income tax litigations to examine that tax provisions have been established/ disclosure of contingent liability has been done where the outflow of taxes was probable/ possible respectively. Reviewed the disclosures in the financial statements.

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 and Board of Directors' 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 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, the 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 the Board of Directors 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 in the financial statements made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors 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.
- 2 (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 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 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 Auditors' 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 2020 on its financial position in its financial statements - Refer Note 31 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 has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company; and
 - 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 2020.

(C) With respect to the matter to be included in the Auditors' 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 Registration No: 116231W/ W-100024

Raajnish Desai

Partner

Membership No. 101190

UDIN : 20101190AAAAAS3825

Place: Pune

Date: 16 June 2020

Annexure A

to the Independent Auditors' Report - 31 March 2020

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 2020, 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) In our opinion and according to information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act, for any of the goods manufactured by the Company. Accordingly, paragraph 3 (vi) of the Order is not applicable to the Company.
- (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 service 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 service tax and any other statutory dues were in arrears as at 31 March 2020, 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 service tax which have not been deposited with the appropriate authorities on account of any dispute except as disclosed below.

Name of the Statute	Nature of dues	Gross amount (INR lakhs)	Amount paid under protest (INR lakhs)	Period to which amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income tax	203.11	170.06	2008-09 and 2010-11 to 2011-12	Income Tax Assessing Officer
Income Tax Act, 1961	Income tax	509.19	255.69	2010-11, 2012-13 to 2014-15 and 2016-17	Commissioner of Income Tax (Appeals)
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 Registration No: 116231W/ W-100024

Raajnish Desai

Partner

Membership No. 101190

UDIN : 20101190AAAAAS3825

Place: Pune
Date: 16 June 2020

Annexure B

to the Independent Auditors' report on the financial statements of Morganite Crucible (India) Limited for the year ended 31 March 2020

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 2 (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 2020 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 2020, 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").

Auditors' 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 auditor's 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 Registration No: 116231W/ W-100024

Raajnish Desai

Partner

Membership No. 101190

UDIN : 20101190AAAAAS3825

Place: Pune

Date: 16 June 2020

Balance Sheet

as at March 31, 2020

(₹ in Lakhs)

Particulars	Note	31-Mar-20	31-Mar-19
ASSETS			
Non-current assets			
Property, plant and equipment	5	3,018.15	2,913.65
Capital work-in-progress		1,904.29	359.97
Right-of-Use Asset	6	16.15	-
Goodwill	43	137.81	137.81
Other intangible assets	7	20.70	21.06
Financial assets			
Other financial assets	8	97.06	46.36
Deferred tax assets (net)	9	70.75	34.44
Income tax assets (net)		454.22	412.20
Other non-current assets	10	37.08	74.77
Total non-current assets		5,756.21	4,000.26
Current assets			
Inventories	11	2,155.77	2,062.90
Financial assets			
(i) Trade receivables	12	2,319.18	1,703.74
(ii) Cash and cash equivalents	13	2,821.60	2,088.03
(iii) Other balances with banks	14	22.28	2,389.01
(iv) Loans	15	14.71	12.39
(v) Other financial assets	16	12.23	24.75
Other current assets	17	741.35	434.27
Non current assets held for sale	40	101.32	-
Total current assets		8,188.44	8,715.09
Total assets		13,944.65	12,715.35

Balance Sheet

as at March 31, 2020

		(₹ in Lakhs)	
Particulars	Note	31-Mar-20	31-Mar-19
EQUITY AND LIABILITIES			
Equity			
Equity share capital	18	280.00	280.00
Other equity	19	10,502.41	9,639.98
Total equity		10,782.41	9,919.98
Liabilities			
Non-current liabilities			
Provisions	20	-	17.15
Total non-current liabilities		-	17.15
Current liabilities			
Financial liabilities			
(i) Trade payables			
a. dues of micro enterprises and small enterprises (refer note 34)	21	293.52	272.52
b. dues of creditors other than micro enterprises and small enterprises	21	1,691.73	1,822.09
(ii) Other financial liabilities	22	491.17	415.69
Other current liabilities	23	270.79	39.50
Provisions	24	234.79	129.79
Income tax liabilities (net)		180.24	98.63
Total current liabilities		3,162.24	2,778.22
Total liabilities		3,162.24	2,795.37
Total equity and liabilities		13,944.65	12,715.35
Significant accounting policies	3		
Notes to the financial statements	4-45		

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

Raajnish Desai

Partner

Membership No.: 101190

Place: Pune

Date: 16 June 2020

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: 16 June 2020

Atithi Majumdar

Chief Financial Officer

Place: Aurangabad

Date: 16 June 2020

Aniruddha Karve

Director

DIN: 07180005

Place: Aurangabad

Date: 16 June 2020

Rupesh Khokle

Company Secretary

Place: Aurangabad

Date: 16 June 2020

Statement of Profit and Loss

for the year ended March 31, 2020

(₹ in Lakhs)

Particulars	Note	For the year ended 31-Mar-20	For the year ended 31-Mar-19
INCOME			
Revenue from operations	25	12,855.36	12,013.66
Other income	26	664.30	595.12
Total income		13,519.66	12,608.78
EXPENSES			
Cost of materials consumed	27	4,615.88	4,928.89
Purchases of stock-in-trade		379.01	-
Changes in inventory of finished goods and work-in-progress	28	187.50	(180.46)
Employee benefit expenses	29	1,823.13	1,826.03
Finance Cost		0.74	-
Depreciation and amortization expense	5,6 & 7	534.43	431.42
Other expenses	30	3,532.29	3,416.91
Closure and relocation expenses relating to Mehsana Plant	40	605.58	-
Total expenses		11,678.56	10,422.79
PROFIT BEFORE TAX		1,841.10	2,185.99
Tax expense			
Current tax	9	550.79	614.85
Deferred tax	9	(21.42)	34.38
Total tax expense		529.37	649.23
Profit for the year		1,311.73	1,536.76
Other comprehensive income/(loss)			
Item that will not be reclassified subsequently to profit or loss			
Remeasurements gains/(losses) on defined benefit plans		(59.11)	(47.98)
Income tax relating to item that will not be reclassified to profit or loss		14.88	13.97
Other comprehensive loss for the year, net of tax		(44.23)	(34.01)
Total comprehensive income for the year		1,267.50	1,502.75
EARNINGS PER SHARE: (Face value of ₹ 10 per share)			
Basic (₹)		46.85	54.88
Diluted (₹)		46.85	54.88
Significant accounting policies	3		
Notes to the financial statements	4-45		

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

Raajnish Desai

Partner

Membership No.: 101190

Place: Pune

Date: 16 June 2020

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: 16 June 2020

Atithi Majumdar

Chief Financial Officer

Place: Aurangabad

Date: 16 June 2020

Aniruddha Karve

Director

DIN: 07180005

Place: Aurangabad

Date: 16 June 2020

Rupesh Khokle

Company Secretary

Place: Aurangabad

Date: 16 June 2020

Statement of changes in equity

for the year ended March 31, 2020

(₹ in Lakhs)

Particulars	Equity	Reserves and Surplus				Statutory Reserve	Retained earnings	Items of OCI Remeasurement losses on defined benefit plans	Total equity
		General reserves	Capital reserve	Securities premium	Capital Profit on Forfeited shares				
Balance as at 1 April 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)
Dividend	-	-	-	-	-	-	(560.00)	-	(560.00)
Dividend distribution tax	-	-	-	-	-	-	(115.11)	-	(115.11)
Balance as at 31 March 2019	280.00	525.49	67.65	350.00	0.04	8.70	8,727.84	(39.74)	9,919.98
Balance as at 1 April 2019	280.00	525.49	67.65	350.00	0.04	8.70	8,727.84	(39.74)	9,919.98
Profit for the year	-	-	-	-	-	-	1,311.73	-	1,311.73
Other comprehensive income (net of tax)	-	-	-	-	-	-	-	(44.23)	(44.23)
Transactions with the owners in their capacity as the owners recorded directly in equity									
Dividend	-	-	-	-	-	-	(336.00)	-	(336.00)
Dividend distribution tax	-	-	-	-	-	-	(69.07)	-	(69.07)
Balance as at 31 March 2020	280.00	525.49	67.65	350.00	0.04	8.70	9,634.50	(83.97)	10,782.41
Significant accounting policies	3								
Notes to the financial statements	4-45								

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

Raajnish Desai

Partner

Membership No.: 101190

Place: Pune

Date: 16 June 2020

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: 16 June 2020

Atithi Majumdar

Chief Financial Officer

Place: Aurangabad

Date: 16 June 2020

Aniruddha Karve

Director

DIN: 07180005

Place: Aurangabad

Date: 16 June 2020

Rupesh Khokle

Company Secretary

Place: Aurangabad

Date: 16 June 2020

Cashflow Statement

for the year ended March 31, 2020

(₹ in Lakhs)

Particulars	For the year ended 31-Mar-20	For the year ended 31-Mar-19
A) CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	1,841.10	2,185.99
Adjustments for :		
Interest income	(110.66)	(106.90)
Finance Cost	0.74	-
(Gain)/ Loss on account of foreign currency transactions and translation	(6.56)	32.42
Depreciation and amortization expense	534.43	431.42
Property, plant and equipment written off	86.94	-
Gain on sale of property, plant and equipment	(3.23)	(3.36)
Provision / (Reversal) for inventory obsolescence	15.25	(27.08)
Provision for doubtful receivables	29.61	3.91
	546.52	330.41
Changes in working capital :		
Inventories	(108.12)	(251.87)
Trade receivables	(623.02)	(35.89)
Loans, other financial assets and other assets (current and non current)	(279.17)	250.13
Trade payables, other financial liabilities, other liabilities and provisions (current and non current)	226.61	354.56
Cash generated from operating activities	1,603.92	2,833.33
Income taxes paid (net)	(511.20)	(781.45)
Net cash flows generated from operating activities (A)	1,092.72	2,051.88
B) CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and intangible assets (including movement in capital work in progress and capital advances)	(2,412.01)	(1,057.59)
Proceeds from sale of property, plant and equipment	6.33	6.39
Investment in bank deposits	(763.41)	(3,437.43)
Maturity of bank deposits	3,079.41	1,516.06
Interest received	133.71	82.15
Net cash generated / (used) in investing activities (B)	44.03	(2,890.42)

Cashflow Statement

for the year ended March 31, 2020

(₹ in Lakhs)		
Particulars	For the year ended 31-Mar-20	For the year ended 31-Mar-19
C) CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of Lease Liability including interest	(5.76)	-
Payment of dividend (including Dividend Distribution Tax thereon)	(405.07)	(666.39)
Net cash used in financing activities (C)	(410.83)	(666.39)
Net (decrease) / increase in cash and cash equivalents (A+B+C)	725.92	(1,504.93)
Effect of exchange differences on cash and cash equivalents held in foreign currency	7.65	(7.25)
Cash and cash equivalents at the beginning of the year	2,088.03	3,600.21
Cash and cash equivalents at the end of the year	2,821.60	2,088.03
Components of cash and cash equivalents		
Cash and cash equivalents comprises of:		
Cash on hand	0.35	0.27
Bank balances		
- in current accounts	1,823.16	1,639.38
- Export Earner's Foreign Currency account	291.60	392.54
- in deposits accounts (with original maturity of 3 months or less)	706.49	55.84
Total cash and cash equivalents (refer note 13)	2,821.60	2,088.03
Significant accounting policies	3	
Notes to the financial statements	4-45	

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

Raajnish Desai

Partner

Membership No.: 101190

Place: Pune

Date: 16 June 2020

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: 16 June 2020

Atithi Majumdar

Chief Financial Officer

Place: Aurangabad

Date: 16 June 2020

Aniruddha Karve

Director

DIN: 07180005

Place: Aurangabad

Date: 16 June 2020

Rupesh Khokle

Company Secretary

Place: Aurangabad

Date: 16 June 2020

Notes to financial statements

for the year ended March 31, 2020

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 2020 were approved by the Board of Directors and authorised for issue on 16 June 2020.

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 ("Rs."), 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 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.

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

Notes on Accounts

for the year ended March 31, 2020

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 are disclosed in note 39.

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.

v) Impairment testing

Goodwill is tested for impairment on an annual basis and whenever there is an indication that the recoverable amount of a cash generating unit is less than its carrying amount based on a number of factors including operating results, business plans, future cash flows and economic conditions. The recoverable amount of cash generating units is determined based on higher of value-in-use and fair value less cost to sell. The goodwill impairment test is performed at the level of the cash-generating unit. Market related information and estimates are used to determine the recoverable amount. Key assumptions on which management has based its determination of recoverable amount include estimated long term growth rates, weighted average cost of capital and estimated operating margins. Cash flow projections take into account past experience and represent management's best estimate about future developments.

vi) Non-current assets held for sale

Assets held for sale are measured at the lower of carrying amount or fair value less costs to sell. The determination of fair value less costs to sell includes use of the Management's estimates and assumptions. The fair value of the assets held for sale has been estimated using valuation techniques (including -market approach) which include unobservable inputs.

vii) Estimation uncertainties relating to the COVID 19 pandemic

The Company has considered the possible effects that may result from COVID-19, a global pandemic, on the carrying amount of receivables, unbilled revenue, intangible assets and investments. In developing the assumptions relating to the possible future uncertainties in global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used an internal and external source of information including economic forecasts. The Company based on current estimates expects the carrying amount of the above assets will be recovered, net of provisions established.

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:

- it is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is expected to be realized within 12 months after the reporting date; or
- 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

Notes on Accounts *(Continued)*

for the year ended March 31, 2020

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.

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.

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.

Notes on Accounts *(Continued)*

for the year ended March 31, 2020

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 life, 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

* 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.

Notes on Accounts *(Continued)*

for the year ended March 31, 2020

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).

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

Notes on Accounts *(Continued)*

for the year ended March 31, 2020

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 unit 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.

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.

Notes on Accounts *(Continued)*

for the year ended March 31, 2020

f) Revenue recognition

Sale of goods

Revenue is recognised upon transfer of control of goods to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those goods.

Revenue from the sale of goods is recognised at the point in time when control is transferred to the customer which is usually on dispatch / delivery of goods, based on contracts with the customers. Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, price concessions, and returns, if any, as specified in the contracts with the customers. Revenue excludes taxes collected from customers on behalf of the government. Accruals for discounts and returns are estimated (using the most likely method) based on accumulated experience and underlying schemes and agreements with customers. Due to the short nature of credit period given to customers, there is no financing component in the contract.

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.

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.

Notes on Accounts *(Continued)*

for the year ended March 31, 2020

h) Leases

The Company has adopted Ind AS 116 effective from 1 April 2019 using modified retrospective approach. For the purpose of preparation of financial statements, management has evaluated the impact of change in accounting policies required due to adoption of Ind AS 116 for year ended 31 March 2020. Accordingly, the Company has not restated comparative Information. On the date of transition, 1 April 2019, ROU Asset has been recognized equivalent to Lease Liability. There is no impact on the opening balance of retained earnings as on 1 April 2019.

The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a define period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified assets, the Company assesses whether:

- (i) the contract involves the use of an identified asset
- (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease; and
- (iii) the Company has the right to direct the use of the asset.

As a lessee, the Company recognises a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The estimated useful lives of right of use assets are determined on the same basis as those of property and equipment. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. Lease payments included in the measurement of the lease liability comprise the fixed payments, including in-substance fixed payments and lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option;

The lease liability is measured at amortized cost using the effective interest method. The Company has elected not to recognise right of use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term. The Company applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date. Refer note 3 (h) Significant accounting policies – Operating Leases in the Annual report of the Company for the year ended 31 March 2019, for the policy as per Ind AS 17.

i) Taxes on income

Tax expense for the year comprises current and deferred tax. The tax currently payable is based on taxable profit for the

Notes on Accounts *(Continued)*

for the year ended March 31, 2020

year. Taxable profit differs from net profit as reported in the Statement of Profit and Loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to realise the asset or to settle the liability on a net basis. Deferred tax is the tax expected to be payable or recoverable on differences between the carrying values of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the Balance Sheet method. Deferred tax liabilities are generally recognised for all taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction. In contrast, deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. The carrying value of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on the tax rates and tax laws that have been enacted or substantially enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to cover or settle the carrying value of its assets and liabilities. Deferred tax assets and liabilities are offset to the extent that they relate to taxes levied by the same tax authority and there are legally enforceable rights to set off current tax assets and current tax liabilities within that jurisdiction.

Current and deferred tax are recognised as an expense or income in the Statement of Profit and Loss, except when they relate to items credited or debited either in other comprehensive income (OCI) or directly in equity, in which case the tax is also recognised in OCI or directly in equity.

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 recognised 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 on Accounts *(Continued)*

for the year ended March 31, 2020

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.

Remeasurements 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 recognised in profit or loss.

Compensated absences:

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a liability. The cost of providing benefits is actuarially determined using the projected unit credit method, with actuarial valuations being carried out at each Balance Sheet date. All gains/losses due to actuarial valuations are immediately recognised in the Statement of Profit and Loss.

iii) Employee separation cost

Compensation paid / payable to employees who have opted for retirement under a Voluntary Retirement Scheme including ex-gratia is charged to the Statement of Profit and Loss in the year of separation.

k) Provisions, contingent liabilities and contingent assets

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.

Notes on Accounts *(Continued)*

for the year ended March 31, 2020

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.

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

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash, that are subject to an insignificant risk of change in value with an original maturity within three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

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;

Notes on Accounts *(Continued)*

for the year ended March 31, 2020

- 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.

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

Notes on Accounts *(Continued)*

for the year ended March 31, 2020

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 realised within 12 months after the balance sheet date.

iii) 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 Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

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.

iv) 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-

Notes on Accounts *(Continued)*

for the year ended March 31, 2020

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.

p) Non-current Assets Held for Sale

Non-current assets and disposal group are classified under 'Held for Sale' if their carrying amount is intended to be recovered principally through sale rather than through continuing use. The condition for classification of 'Held for Sale' is met when the non-current assets is available for immediate sale and the same is highly probable of being completed within one year from the date of classification under 'Held for Sale'. Non-current assets held for sale are measured at the lower of carrying amount and fair value less cost to sell. Non-current assets those ceases to be classified under 'Held for Sale' shall be measured at the lower of carrying amount before the non-current asset and disposal group was classified under 'Held for Sale' adjusted for any depreciation / amortization and its recoverable amount at the date when the disposal group no longer meets the 'Held for Sale' criteria.

q) Dividend

Final dividend on shares is recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

NOTE - 4 RECENT INDIAN ACCOUNTING STANDARDS (IND AS):

The Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There are no such notifications that are applicable for the Company from 1 April 2020.

Notes on Accounts *(Continued)*

for the year ended March 31, 2020

NOTE - 5 PROPERTY, PLANT AND EQUIPMENT (Reconciliation of carrying amount)

(₹ in Lakhs)

Particulars	Land - Leasehold	Building	Plant and equipment	Vehicles	Computers	Office equipment	Furniture and fixtures	Total
Gross Block								
Balance as 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 as at 31 March 2019	13.12	766.11	3,171.75	0.90	95.00	40.71	71.91	4,159.50
Balance as at 1 April 2019	13.12	766.11	3,171.75	0.90	95.00	40.71	71.91	4,159.50
Additions during the year	-	-	781.61	-	37.02	10.42	1.37	830.42
Asset reclassified as held for sale (Refer Note 40)	-	(111.76)	-	-	-	-	-	(111.76)
Asset classified as Right to use asset (Refer Note 41)	(13.12)	-	-	-	-	-	-	(13.12)
Assets written off (Refer Note 40)	-	-	(174.33)	-	-	-	-	(174.33)
Disposals during the year	-	-	(7.42)	-	-	-	-	(7.42)
Balance as at 31 March 2020	-	654.35	3,771.61	0.90	132.02	51.13	73.28	4,683.29
Accumulated depreciation								
Balance as 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
Depreciation on disposals during the year	-	-	(1.39)	(5.79)	-	(2.64)	-	(9.82)
Balance as at 31 March 2019	0.57	110.62	1,039.44	0.24	37.96	28.07	28.95	1,245.85
Balance as at 1 April 2019	0.57	110.62	1,039.44	0.24	37.96	28.07	28.95	1,245.85
Depreciation for the year	-	34.32	447.51	0.10	26.77	8.29	6.50	523.49
Depreciation on disposals during the year	-	-	(4.32)	-	-	-	-	(4.32)
Asset classified as held for sale (Refer Note 40)	-	(11.91)	-	-	-	-	-	(11.91)
Asset classified as Right to use asset (Refer Note 41)	(0.57)	-	-	-	-	-	-	(0.57)
Assets written off (Refer Note 40)	-	-	(87.40)	-	-	-	-	(87.40)
Balance as at 31 March 2020	-	133.03	1,395.23	0.34	64.73	36.36	35.45	1,665.14
Carrying amounts (net)								
Balance as at 31 March 2019	12.55	655.49	2,132.31	0.66	57.04	12.64	42.96	2,913.65
Balance as at 31 March 2020	-	521.32	2,376.38	0.56	67.29	14.77	37.83	3,018.15

NOTE - 6 RIGHT-OF-USE ASSETS (Reconciliation of carrying amount)

(₹ in Lakhs)

Particulars	Leasehold land	Building	Total
Gross Block			
Transition impact of Ind AS 116 (Refer Note 41)	13.12	11.05	24.17
Asset classified as held for sale (Refer Note 40)	(1.57)	-	(1.57)
Balance as at 31 March 2020	11.55	11.05	22.60

Notes on Accounts *(Continued)*

for the year ended March 31, 2020

Accumulated Depreciation			
Transition impact of Ind AS 116	0.57	-	0.57
Depreciation for the year	0.19	5.79	5.98
Asset classified as held for sale (Refer Note 40)	(0.10)	-	(0.10)
Balance as at 31 March 2020	0.66	5.79	6.45

Carrying amounts (net)			
Balance as at 31 March 2020	10.89	5.26	16.15

NOTE - 7 OTHER INTANGIBLE ASSETS (Reconciliation of carrying amount)

	(₹ in Lakhs)	
Particulars	Software	Total
Gross Block		
Balance as 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
Balance as at 1 April 2019	70.57	70.57
Additions during the year	4.60	4.60
Balance as at 31 March 2020	75.17	75.17
Accumulated amortization		
Balance as at 1 April 2018	46.56	46.56
Amortization for the year	2.95	2.95
Balance as at 31 March 2019	49.51	49.51
Balance as at 1 April 2019	49.51	49.51
Amortization for the year	4.96	4.96
Balance as at 31 March 2020	54.47	54.47
Carrying amounts (net)		
Balance as at 31 March 2019	21.06	21.06
Balance as at 31 March 2020	20.70	20.70

NOTE - 8 OTHER FINANCIAL ASSETS - NON CURRENT

	(₹ in Lakhs)	
Particulars	As at 31-Mar-20	As at 31-Mar-19
Other financial assets (Unsecured, considered good)		
Security deposits	37.56	37.59
Bank deposits (due to mature after 12 months from reporting date)*	59.50	8.77
	97.06	46.36

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

NOTE - 9 INCOME TAX (including deferred tax)

(₹ in Lakhs)

Particulars	For the year ended 31-Mar-20	For the year ended 31-Mar-19
A Amounts recognised in profit and loss		
(a) Income tax expense		
Current tax		
Current tax on the profit for the year	519.99	579.07
Adjustment of current tax of prior periods	30.80	35.78
Total current tax expense	550.79	614.85
(b) Deferred tax		
Attributable to -		
Origination and reversal of temporary differences	(21.42)	34.38
	(21.42)	34.38
Tax expense (a+b)	529.37	649.23

B Amounts recognised in other comprehensive income	For the year ended 31 March 2020		
	Before tax	Tax (expense)/ credit	Net of tax
Items that will not be reclassified to profit or loss			
Remeasurements of the defined benefit plans (₹ Lakhs)	(59.11)	14.88	(44.23)
	For the year ended 31 March 2019		
	Before tax	Tax (expense)/ credit	Net of tax
Items that will not be reclassified to profit or loss			
Remeasurements of the defined benefit plans (₹ Lakhs)	(47.98)	13.97	(34.01)

(₹ in Lakhs)

Particulars	As at 31-Mar-20	As at 31-Mar-19
C Reconciliation of effective tax rate		
Profit before tax	1,841.10	2,185.99
Enacted tax rate	25.17%	29.12%
Income tax expense calculated at 25.17% (2019: 29.12%)	463.40	636.56
Effect of expenses disallowed for tax purpose and others	30.49	(22.51)
	493.89	614.05
Effect of income taxes related to earlier periods	30.80	35.78
Effect of differential tax rate	4.67	(0.60)
	498.57	649.23
Income tax expense recognised in statement of profit and loss	529.37	649.23

(₹ in Lakhs)

Particulars	As at 31-Mar-20	As at 31-Mar-19
D Recognised deferred tax assets and liabilities		
Deferred tax assets/(liabilities)		
Provision for doubtful debts	21.72	16.36
Provision for doubtful advances	20.94	24.00
Provision for employee benefits	23.91	31.03
Disallowances under the Income Tax Act, 1961	21.41	7.62
Property, plant and equipment	(17.23)	(44.57)
	70.75	34.44

(₹ in Lakhs)

Particulars	Net balance 1 April 2019	Recognised in profit or loss	Recognised in OCI	31 March 2020 Net
E Movement in deferred tax balances				
Deferred tax assets / (liabilities)				
Provision for doubtful debts	16.36	5.36	-	21.72
Provision for doubtful advances	24.00	(3.06)	-	20.94
Provision for employee benefits	31.03	(22.01)	14.88	23.91
Disallowances under the Income Tax Act, 1961	7.62	13.79	-	21.41
Property, plant and equipment	(44.57)	27.34	-	(17.23)
Net Deferred tax assets	34.44	21.42	14.88	70.75

(₹ in Lakhs)

Particulars	Net balance 1 April 2018	Recognised in profit or loss	Recognised in OCI	31 March 2019 Net
Deferred tax assets / (liabilities)				
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
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)
Net Deferred tax assets	54.85	(34.38)	13.97	34.44

NOTE - 10 OTHER NON CURRENT ASSETS

(₹ in Lakhs)

Particulars	As at 31-Mar-20	As at 31-Mar-19
Capital advances (Unsecured, Considered good)	3.18	0.14
Balances with Government Authorities [#]	33.90	74.63
	37.08	74.77

[#] Includes balances receivable for Value added Tax (VAT)

NOTE - 11 INVENTORIES (At lower of cost and net realisable value)

(₹ in Lakhs)

Particulars	As at 31-Mar-20	As at 31-Mar-19
Raw materials and packing materials [including goods in transit ₹134.47 lakhs (2019: ₹ 269.11 lakhs)]	931.46	831.82
Finished goods [including goods in transit ₹ Nil (2019: ₹ 164.40 lakhs)]	279.97	498.13
Work-in-progress	650.77	620.11
Stores and spares	293.57	112.84
	2,155.77	2,062.90

NOTE - 12 TRADE RECEIVABLES

(₹ in Lakhs)

Particulars	As at 31-Mar-20	As at 31-Mar-19
Trade receivables (unsecured)		
Considered good	2,319.18	1,703.74
Credit Impaired	86.31	56.70
	2,405.49	1,760.44
Allowance for expected credit loss	(86.31)	(56.70)
Net trade receivables	2,319.18	1,703.74

Notes on Accounts *(Continued)*

for the year ended March 31, 2020

NOTE - 13 CASH AND CASH EQUIVALENTS

(₹ in Lakhs)

Particulars	As at 31-Mar-20	As at 31-Mar-19
Cash on hand	0.35	0.27
Bank balances		
- in current accounts	1,823.16	1,639.38
- Fixed deposits (upto 3 months original maturity from deposit date)	706.49	55.84
- Export Earner's Foreign Currency account (EEFC)	291.60	392.54
	2,821.60	2,088.03

NOTE - 14 OTHER BALANCES WITH BANKS

(₹ in Lakhs)

Particulars	As at 31-Mar-20	As at 31-Mar-19
- Unpaid dividend accounts	21.95	17.96
- Fixed deposits with original maturity more than three months from deposit date but less than twelve months from the Balance Sheet date	0.33	2,371.05
	22.28	2,389.01

NOTE - 15 LOANS

(₹ in Lakhs)

Particulars	As at 31-Mar-20	As at 31-Mar-19
Loans to employees (Unsecured, considered good)	14.71	12.39
	14.71	12.39

NOTE - 16 OTHER FINANCIAL ASSETS - CURRENT

(₹ in Lakhs)

Particulars	As at 31-Mar-20	As at 31-Mar-19
Other financial assets (Unsecured, considered good)		
Security deposits	10.53	-
Interest accrued on bank deposits	1.70	24.75
	12.23	24.75

NOTE - 17 OTHER CURRENT ASSETS

(₹ in Lakhs)

Particulars	As at 31-Mar-20	As at 31-Mar-19
Advances to suppliers		
Considered good	31.00	21.19
Credit Impaired	10.20	10.20
	41.20	31.39
Allowance for expected credit loss	(10.20)	(10.20)
	31.00	21.19
Prepayments	59.28	46.94
Balances with Government Authorities#	443.65	199.05
Export benefits receivable	144.36	157.88
Others (refer note 38)	63.06	9.21
	710.35	413.08
	741.35	434.27

Includes balances receivable for Goods and Service Tax (GST) and Value added Tax (VAT)

Notes on Accounts *(Continued)*

for the year ended March 31, 2020

NOTE - 18 EQUITY SHARE CAPITAL

(₹ in Lakhs, except share data)		
Particulars	As at 31-Mar-20	As at 31-Mar-19
Authorised capital :		
5,450,000 (31 March 2019 : 5,450,000) equity shares of ₹ 10 each	545.00	545.00
Issued, subscribed and paid-up		
2,800,000 (31 March 2019 : 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 7 August 2019 approved dividend of ₹ 12 per equity share for year ended 31 March 2019 which was subsequently paid during the quarter ended 30 September 2019. The amount was recognised as distributions to equity shareholders during the year ended 31 March 2020 and the total appropriation was ₹ 405.07 lakhs including corporate dividend tax of ₹ 69.07 lakhs.

On 16 June 2020, the Board of Directors have proposed a final dividend of ₹ 16 per equity share for the financial year ended 31 March 2020. 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 ₹ 448 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.

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimisation of the equity balance. The Company is not subject to any externally imposed capital requirements.

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

Particulars	As at 31-Mar-20	As at 31-Mar-19
Equity shares		
At the commencement and at the end of the year	2,800,000	2,800,000

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

Name of the shareholder	As at 31-Mar-20	As at 31-Mar-19
Morganite Crucible Limited, subsidiary of the ultimate holding company.	1,078,000	1,078,000
Morgan Terreassen BV, subsidiary of the ultimate holding company.	1,022,000	1,022,000

Notes on Accounts *(Continued)*

for the year ended March 31, 2020

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

Name of the shareholder	As at 31-Mar-20		As at 31-Mar-19	
	Number of shares	% holding in the class	Number of shares	% holding in the class
Morganite Crucible Limited	1,078,000	38.50%	1,078,000	38.50%
Morgan Terreassen BV	1,022,000	36.50%	1,022,000	36.50%

NOTE - 19 OTHER EQUITY

(₹ in Lakhs)

Particulars	For the year ended 31-Mar-20	For the year ended 31-Mar-19
a. Retained earnings		
Items of other comprehensive income		
At the commencement of the year	(39.74)	(5.73)
Remeasurement of employee benefit obligations during the period (net of tax)	(44.23)	(34.01)
At the end of the year	(83.97)	(39.74)
Items other than other comprehensive income		
At the commencement of the year	8,727.84	7,866.19
Profit attributable to shareholders	1,311.73	1,536.76
Dividend paid	(336.00)	(560.00)
Dividend distribution tax on above	(69.07)	(115.11)
At the end of the year	9,634.50	8,727.84
Total retained earning at the end of the year	9,550.53	8,688.10
b. General reserve		
At the commencement and end of the year	525.49	525.49
c. Securities premium		
At the commencement and end of the year	350.00	350.00
d. Capital reserves		
At the commencement and end of the year	67.65	67.65
e. Capital profit on forfeited shares		
At the commencement and end of the year	0.04	0.04
f. Statutory reserve		
At the commencement and end of the year	8.70	8.70
Total other equity	10,502.41	9,639.98

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 Diamond Crucible Company Limited .
- 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.

Notes on Accounts *(Continued)*

for the year ended March 31, 2020

NOTE - 20 NON CURRENT PROVISIONS

(₹ in Lakhs)		
Particulars	As at 31-Mar-20	As at 31-Mar-19
Provision for employee benefits		
Compensated absences	-	17.15
Total provisions for employee benefits	-	17.15

NOTE - 21 TRADE PAYABLES

(₹ in Lakhs)		
Particulars	As at 31-Mar-20	As at 31-Mar-19
Trade payable		
- dues of micro enterprises and small enterprises (refer note 34)	293.52	272.52
- dues of creditors other than micro enterprises and small enterprises	1,691.73	1,822.09
	1,985.25	2,094.61

NOTE - 22 OTHER FINANCIAL LIABILITIES

(₹ in Lakhs)		
Particulars	As at 31-Mar-20	As at 31-Mar-19
Capital creditors	100.42	118.99
Deposits	11.17	2.77
Accrued employee liabilities	245.29	275.97
Unpaid dividend	21.95	17.96
Liabilities for Closure and Relocation expenses relating to Mehsana Plant	95.40	-
Lease Liability (refer note 41)	6.03	-
Others*	10.91	-
	491.17	415.69

(* includes derivative liability of ₹ 10.91 lakhs (2019: ₹ Nil))

NOTE - 23 OTHER CURRENT LIABILITIES

(₹ in Lakhs)		
Particulars	As at 31-Mar-20	As at 31-Mar-19
Advances from customers	141.75	22.07
Statutory dues #	129.04	17.43
	270.79	39.50

Statutory dues includes payable on account of Provident Fund, Pension, TDS, etc.

NOTE - 24 CURRENT PROVISIONS

(₹ in Lakhs)		
Particulars	As at 31-Mar-20	As at 31-Mar-19
Provision for employee benefits		
Compensated absences	24.08	5.11
Total provisions for employee benefits (A)	24.08	5.11
Other provisions		
Provision for warranties	179.12	93.09
Provisions for indirect tax matters	30.17	30.17
Provision for others	1.42	1.42

Notes on Accounts *(Continued)*

for the year ended March 31, 2020

Total other provisions (B)	210.71	124.68
Total provision (A+B)	234.79	129.79
Movement in other provisions during the period	Provision for warranties	Provision for indirect tax
Balance at 1 April 2018	64.46	30.17
Provisions made during the year	213.38	-
Provisions utilized during the year	(176.12)	-
Provisions reversed during the year	(8.63)	-
Balance at 31 March 2019	93.09	30.17
Balance at 1 April 2019	93.09	30.17
Provisions made during the year	217.81	-
Provisions utilized during the year	(131.78)	-
Provisions reversed during the year	-	-
Balance at 31 March 2020	179.12	30.17

- 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. During the year, out of the total net movement of warranty of INR 86.03 lakhs (31 March 2019 : ₹ 28.63 lakhs) , amount of ₹ 24.08 lakhs (31 March 2019 : ₹ 25.10 lakhs) is shown under "Note 30: Other Expenses" and ₹ 61.95 lakhs (31 March 2019 ₹3.53 lakhs) is netted off against "Sales of products" in Note 25 "Revenue from Operations".
- 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 - 25 REVENUE FROM OPERATIONS

(₹ in Lakhs)		
Particulars	As at 31-Mar-20	As at 31-Mar-19
Sales of products	12,838.16	11,992.09
Total sale of products (A)	12,838.16	11,992.09
Other operating revenue		
Sale of scrap	17.20	21.57
Total other operating revenue (B)	17.20	21.57
Total revenue from operations (A+B)	12,855.36	12,013.66

NOTE - 26 OTHER INCOME

(₹ in Lakhs)		
Particulars	As at 31-Mar-20	As at 31-Mar-19
Duty drawback on exports	104.38	100.27
Export benefits	211.24	298.02
Interest income on		
- deposits with bank	101.69	83.85
- overdue trade receivables	8.97	23.05
- VAT / Income tax refund	-	2.92
Gain on account of foreign currency transactions (net)	216.30	74.19
Gain on sale of fixed assets	3.23	3.36
Liabilities written back to the extent no longer required	-	9.03

Notes on Accounts *(Continued)*

for the year ended March 31, 2020

Other non-operating income	18.49	0.43
	664.30	595.12

NOTE - 27 COST OF MATERIALS CONSUMED

	(₹ in Lakhs)	
Particulars	As at 31-Mar-20	As at 31-Mar-19
Inventory of materials at the beginning of the year	831.82	739.40
Purchases	4,715.52	5,021.31
Inventory of materials at the end of the year	(931.46)	(831.82)
	4,615.88	4,928.89

NOTE - 28 CHANGES IN INVENTORY OF FINISHED GOODS AND WORK IN PROGRESS

	(₹ in Lakhs)	
Particulars	As at 31-Mar-20	As at 31-Mar-19
Inventory at the beginning of the year		
Finished goods - Crucibles	498.13	472.45
Work-in-progress - Crucibles	620.11	465.33
Inventory at the end of the year		
Finished goods - Crucibles	279.97	498.13
Work-in-progress - Crucibles	650.77	620.11
Decrease/(Increase) in Inventory	187.50	(180.46)

NOTE - 29 EMPLOYEE BENEFIT EXPENSES

	(₹ in Lakhs)	
Particulars	As at 31-Mar-20	As at 31-Mar-19
Salaries, wages and bonus	1,544.38	1,605.60
Contribution to provident and other funds	96.37	87.74
Gratuity expenses	20.43	22.33
Staff welfare expenses	161.95	110.36
	1,823.13	1,826.03

NOTE - 30 OTHER EXPENSES

	(₹ in Lakhs)	
Particulars	As at 31-Mar-20	As at 31-Mar-19
Consumption of stores and spares	793.18	875.96
Power and fuel	210.18	191.62
Contract labour charges	506.01	466.62
Repairs to buildings	10.81	16.79
Repairs to machinery	287.26	216.03
Repairs others	38.70	40.75
Rent	44.65	17.06
Rates and taxes	7.87	18.59
Travelling and motor car expenses	146.87	161.92
Legal and professional fees	109.11	137.35
Insurance	43.25	39.56
Payment to auditors (refer note (i) below)	32.43	34.38
Sales commission	66.46	45.54

Notes on Accounts *(Continued)*

for the year ended March 31, 2020

Trade Mark Charges	109.24	101.96
Management charges	391.76	446.18
Warranty Expense	24.08	25.10
Business development and promotional expenses	58.23	75.46
SAP training & maintenance expenses	80.73	58.99
Freight outward	214.35	207.27
Security charges	54.45	42.95
Provision for doubtful receivables (net off bad debts written off ₹ 5.07 lakhs) (31 March 2019 : INR 1.86 lakhs)	29.61	3.91
Corporate Social Responsibility expenses (refer note (ii) below)	30.03	5.32
Miscellaneous expenses	243.03	187.60
	3,532.29	3,416.91

i) Payment to auditors (excluding taxes)

	(₹ in Lakhs)	
Particulars	As at 31-Mar-20	As at 31-Mar-19
As auditor		
Statutory Audit	17.55	18.79
Tax Audit	2.06	1.98
Limited review of quarterly results	7.54	7.81
Certification fees	1.13	1.10
In other capacity		
Audit of group reporting package	2.82	2.72
Reimbursement of expenses	1.33	1.98
	32.43	34.38

(ii) Corporate social responsibility

As per provisions of section 135 of Companies Act 2013, the Company was required to spend ₹ 46.46 lakhs (2019: ₹ 44.02 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 ₹ 30.03 lakhs (2019: ₹ 5.32 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 - ₹ 46.46 lakhs
- Amount spent during the year on :

The breakup of expenditure incurred on CSR activities -

	(₹ in Lakhs)	
Particulars	For the year ended 31-Mar-20	For the year ended 31-Mar-19
i) Construction / acquisition of any asset	-	-
ii) On purposes other than (i) above	30.03	5.32
	30.03	5.32

NOTE - 31 CONTINGENT LIABILITIES

Notes on Accounts *(Continued)*

for the year ended March 31, 2020

(₹ in Lakhs)

Contingent Liabilities:	As at 31-Mar-20	As at 31-Mar-19
- Matters relating to income tax (Refer Note 2)	409.66	144.60
- Matters relating to excise duty and service tax	60.30	54.58

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 - The Vivad se Vishwas (VsV) Scheme was announced during the Union Budget, 2020, to provide for dispute resolution in respect of pending income tax litigation. The objective of Vivad se Vishwas is to inter alia reduce pending income tax litigation and benefit taxpayers by providing them peace of mind, certainty and savings on account of time and resources that would otherwise be spent on the long-drawn and vexatious litigation process. The company is currently assessing whether to opt for Vivad se Vishwas scheme for its pending Income Tax case pertaining AY 2013-14 to AY 2015-16. In case the company opts for VsV scheme, additional tax liability of INR 120.28 lakhs will be recognised when the application is filed.

NOTE - 32 COMMITMENTS:

(₹ in Lakhs)

Particulars	As at 31-Mar-20	As at 31-Mar-19
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances)	313.50	709.19

NOTE - 33 EARNINGS PER SHARE

(₹ in Lakhs, except share data)

Particulars	For the year ended 31-Mar-20	For the year ended 31-Mar-19
Profit before tax	1,841.10	2,185.99
Less : Tax expenses	529.37	649.23
Profit after tax (a)	1,311.73	1,536.76
Weighted average number of equity shares outstanding during the period for calculation of basic and diluted EPS (b)	2,800,000	2,800,000
Earnings per share, net of tax		
Basic (a/b)	46.85	54.88
Diluted (a/b)	46.85	54.88

NOTE - 34 DISCLOSURES AS PER MICRO AND SMALL ENTERPRISES DEVELOPMENT ACT, 2006 (THE 'MSMED ACT')

(₹ in Lakhs)

Description	For the year ended 31-Mar-20	For the year ended 31-Mar-19
i) 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 and small enterprises	267.06	262.98
b) Interest due on above	26.46	9.54
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	-	-

Notes on Accounts *(Continued)*

for the year ended March 31, 2020

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	5.13	8.49
iv)	The amount of interest accrued and remaining unpaid at the end of each accounting year	26.46	9.54
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	-	-

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 - 35 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	As at 31-Mar-20						
	India	Asia and Far East	Europe	Africa and Middle East	North America	Others	Total
Revenue from external customers	5,726.80	1,311.39	2,213.08	1,867.88	1,172.27	546.74	12,838.16
Details of non current assets*	5,572.25	-	-	-	-	-	5,572.25

(₹ in Lakhs)

Particulars	As at 31-Mar-19						
	India	Asia and Far East	Europe	Africa and Middle East	North America	Others	Total
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

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

NOTE - 36 RELATED PARTY DISCLOSURES

A. Names of related parties

a. Parties (where controls exists)

Morgan Advanced Materials Plc - Ultimate Holding Company

Notes on Accounts *(Continued)*

for the year ended March 31, 2020

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 Advanced Materials (Taiwan) Co.
Murgappa Morgan Thermal Ceramics Limited
Thermal Ceramics Limited (UK)
Morgan Ceramics Middle East FZE
Thermal Ceramics USA
Ciria India limited

ii Key Management Personnel

Mr. Vikas Kadlag - Managing Director (w.e.f 1 January 2019)
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**

Details of Remuneration paid and amount outstanding as at 31 March 2020 to above mentioned Key Managerial Personnel

Name of the person	Remuneration paid*		Outstanding payables		Outstanding receivable	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
Mr. Vikas Kadlag	62.86	16.28	13.15	10.98	-	-
Mr. Meereshwar Reddy	-	33.97	-	4.57	0.84	-
Mr Atithi Majumdar	37.27	31.38	5.85	5.08	-	-
Mr. Rupesh Khokle	15.69	13.03	2.50	1.94	-	-

*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 ₹ 2.80 LAKHS (2019: ₹ 2.80 LAKHS) TO NON EXECUTIVE INDEPENDENT DIRECTORS.

Notes on Accounts *(Continued)*

for the year ended March 31, 2020

Related party transactions for the year ended 31 March 2020

(₹ in Lakh)

Particulars	Fellow Subsidiaries												
	Ultimate Holding Company	Enterprise exercising significant influence	Morgan Crucible Limited	Morgan Terrassen BV	Morganite Crucible Inc.	Morgan Molten Metal System GMBH	Morgan Molten Metal System Limited	Morganite Brasil Ltda.	Mkgs. Morgan Kaibon Grafit	Thermal Ceramics Limited	Grupo industrial Morgan, S.A. de C	Murgappa Morgan Thermal Ceramics Limited	Morganite Carbon Kaisha Co.
Income													
Sale of finished goods / raw materials	-	-	-	-	1,192.67	844.45	65.86	48.14	5.74	-	36.75	-	125.12
												2.58	-
													3.96
Reimbursement of expenses	-	-	-	-	0.16	14.36	14.01	0.33	-	-	-	4.73	0.16
												0.90	-
													-
Sale of fixed asset	-	-	-	-	-	-	1.89	-	-	-	-	-	-
Expenditure													
Purchase of raw materials (including goods in transit)	-	-	-	-	-	-	99.82	-	-	3.55	-	2.63	-
													-
Purchase of stock in trade							339.16						
Purchased of spares / consumables	-	-	-	-	-	-	-	-	-	-	-	7.38	-
Capital Goods purchase (including taxes)	-	-	-	-	-	-	-	-	-	-	-	128.92	-
Management charges	391.76	-	-	-	-	-	-	-	-	-	-	-	-
Trademark Charges	109.24	-	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	-	-	-	-	-	1.26	-	-	-	-	-	12.93	-
Other													
Dividend paid	-	172.48	163.52	-	-	-	-	-	-	-	-	-	-
Outstanding Balances:													
Receivables	-	-	-	-	92.17	214.91	35.42	27.11	(0.48)	-	9.26	-	21.85
Payables	233.58	-	-	-	-	-	81.58	-	-	0.63	-	11.82	-

Notes on Accounts *(Continued)*

for the year ended March 31, 2020

RELATED PARTY TRANSACTIONS FOR THE YEAR ENDED 31 MARCH 2019

(₹ in Lakh)

Particulars	Fellow Subsidiaries									
	Ultimate Holding Company	Enterprise exercising significant influence	Morgan Advanced Materials Plc	Morganite Crucible Limited	Morgan Terrassen BV	Morganite Crucible Inc.	Morgan Molten Metal System GmbH (Suzhou) Company Limited	Morgan Molten Metal System Limited	Morganite Brasil Ltda.	Mkgs. Morgan Karbon Grafit
Income										
Sale of finished goods / raw materials	-	-	-	-	-	929.32	866.34	81.13	25.95	3.90
Reimbursement of expenses			28.70	26.51						
Expenditure										
Purchase of raw materials (including goods in transit)	-	-	0.37	4.17	-	10.02	-	-	-	-
Purchased of spares / consumables	-	-	-	0.24	-	-	-	-	-	-
Capital Goods purchase	-	-	-	-	-	-	-	-	-	-
Management charges	446.18	-	-	-	-	-	-	-	-	-
Trademark Charges	101.96	-	-	-	-	-	-	-	-	-
Other Expenses	-	-	-	-	-	-	-	-	-	-
Other										
Dividend paid	-	215.60	204.40	-	-	-	-	-	-	-
Outstanding Balances:										
Receivables	-	-	-	57.53	190.02	26.67	-	-	-	2.85
Payables	326.66	-	-	-	-	-	0.78	-	-	10.21

Notes on Accounts *(Continued)*

for the year ended March 31, 2020

NOTE - 37. FINANCIAL INSTRUMENT - FAIR VALUES AND RISK MANAGEMENT

A. Accounting classification and fair values

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

31 MARCH 2020									
(₹ 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
Financial assets not measured at fair value*									
Trade receivables	12	2,319.18	-	-	2,319.18	-	-	-	2,319.18
Cash and cash equivalents	13	2,821.60	-	-	2,821.60	-	-	-	2,821.60
Other bank balances	14	22.28	-	-	22.28	-	-	-	22.28
Loans	15	14.71	-	-	14.71	-	-	-	14.71
Other current financial assets	16	12.23	-	-	12.23	-	-	-	12.23
Other non current financial assets	8	97.06	-	-	97.06	-	-	-	97.06
		5,287.06	-	-	5,287.06	-	-	-	5,287.06
Financial liabilities measured at fair value									
Others		-	10.91	-	10.91	-	10.91	-	10.91
Financial liabilities not measured at fair value*									
Trade payables	21	1,985.25	-	-	1,985.25	-	-	-	1,985.25
Other current financial liabilities	22	480.26	-	-	480.26	-	-	-	480.26
		2,465.51	10.91	-	2,476.42	-	10.91	-	2,476.42

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
Financial assets not measured at fair value*									
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	15	12.39	-	-	12.39	-	-	-	12.39
Other current financial assets	16	24.75	-	-	24.75	-	-	-	24.75
Other non current financial assets	8	46.36	-	-	46.36	-	-	-	46.36
		6,264.28	-	-	6,264.28	-	-	-	6,264.28
Financial liabilities measured at fair value									
Others		-	-	-	-	-	-	-	-
Financial liabilities not measured at fair value*									
Trade payables	21	2,094.61	-	-	2,094.61	-	-	-	2,094.61
Other current financial liabilities	22	415.69	-	-	415.69	-	-	-	415.69
		2,510.30	-	-	2,510.30	-	-	-	2,510.30

Notes on Accounts *(Continued)*

for the year ended March 31, 2020

*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.

(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.

(ii) 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.

a) Trade and other receivables

The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹ 2,319.18 lakhs and ₹ 1,703.74 lakhs as of 31 March 2020 and 31 March 2019, respectively. Trade and other receivables of the Company are typically unsecured and derived from sales made to a large number of independent customers. Customer credit risk is managed subject to established policies, procedures and control relating to customer credit risk

Notes on Accounts *(Continued)*

for the year ended March 31, 2020

management. Before accepting new customer, the Company has appropriate level of control procedures to assess the potential customer's credit quality. The credit-worthiness of its customers are reviewed based on their financial position, past experience and other relevant factors. The credit period provided by the Company to its customers generally ranges from 45-60 days. Outstanding customer receivables are reviewed periodically. Provision is made based on expected credit loss method or specific identification method.

The credit risk related to the trade receivables is mitigated by taking advances/ letter of credit as and where considered necessary, setting appropriate credit terms and by setting and monitoring internal limits on exposure to individual customers.

There is no substantial concentration of credit risk as the revenue and trade receivables from any of the single customer do not exceed 10% of Company revenue and trade receivables. Also refer Note 1 below.

(a) Expected credit loss assessment for trade receivables as at 31 March 2020 and 31 March 2019 :

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:

(₹ in Lakhs)		
Particulars	As at 31-Mar-20	As at 31-Mar-19
Balance at beginning of the year	56.70	52.79
Less: Amount written off during the year	-	(1.85)
Add: Additional provision created during the year	29.61	5.76
Balance at the end of the year	86.31	56.70

(b) Cash and bank balance

Credit risk from balances/ fixed deposits banks is managed in accordance with the Company's risk management policy. Investments of surplus funds are made only with approved counterparties and within limits assigned to each counterparty. The limits are assigned based on corpus of investable surplus and corpus of the investment avenue. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments. The Company's maximum exposure to credit risk on account of deposits with banks is as mentioned below

(₹ in Lakhs)		
Particulars	As at 31-Mar-20	As at 31-Mar-19
Balances with banks in the form of-		
Current Accounts	1,823.16	1,639.38
EEFC Accounts	291.60	392.54
Fixed Deposits	766.32	2,435.66
Total	2,881.08	4,467.58

(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.

Notes on Accounts *(Continued)*

for the year ended March 31, 2020

As on 31 March 2020, the Company had a working capital of ₹ 5,026.20 lakhs (as on 31 March 2019 ₹ 5,936.87 lakhs) including cash and cash equivalents and other bank balance of ₹ 2,843.88 lakhs (as on 31 March 2019 ₹ 4,458.81 lakhs). The working capital of the Company for this purpose has been derived as follows:

(₹ in Lakhs)

Particulars	As at 31-Mar-20	As at 31-Mar-19
Total current assets (A)	8,188.44	8,715.09
Total current liabilities (B)	3,162.24	2,778.22
Working capital (A-B)	5,026.20	5,936.87

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 -

(₹ in Lakhs)

Particulars	Less than 1 year	1-2 years	2-5 years	more than 5 years	Total
Trade payables	1,985.25	-	-	-	1,985.25
Other financial liabilities	491.17	-	-	-	491.17

The table below provides details regarding the contractual maturities of significant financial liabilities as of 31 March 2019 -

(₹ in Lakhs)

Particulars	Less than 1 year	1-2 years	2-5 years	more than 5 years	Total
Trade payables	2,094.61	-	-	-	2,094.61
Other financial liabilities	415.69	-	-	-	415.69

(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:

- Interest rate risk
- 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 were no outstanding forward contracts as at 31 March 2019. However, none of

Notes on Accounts *(Continued)*

for the year ended March 31, 2020

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:

(Amount in foreign currency lakhs)		
Currency	As at 31-Mar-20	As at 31-Mar-19
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 2020:

All Amount in ₹ Lakhs (₹ equivalent of foreign currencies)					
Particulars	EURO	GBP	US Dollars	AED	Total
Cash and cash equivalents	70.01	34.46	179.49	-	283.96
Trade receivables	322.81	292.09	420.55	-	1,035.45
Trade payables	(1.13)	(5.35)	(197.77)	-	(204.25)
Other current assets	5.50	0.92	1.87	-	8.29
Other current liabilities	(1.97)	(0.83)	(96.63)	(46.22)	(145.65)
Net assets	395.23	321.29	307.51	(46.22)	977.80

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

All Amount in ₹ Lakhs (₹ equivalent of foreign currencies)				
Particulars	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

Sensitivity Analysis

A reasonable possible strengthening / (weakening) of the major currencies US Dollar, EURO or GBP against all other currencies as at 31 March 2020 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)
31 March 2020			
	EURO	+ 5%	19.76
		- 5%	(19.76)
	GBP	+ 5%	16.06
		- 5%	(16.06)
	USD	+ 5%	15.38
		- 5%	(15.38)
31 March 2019			

Notes on Accounts *(Continued)*

for the year ended March 31, 2020

EURO	+ 5%	16.70
	- 5%	(16.70)
GBP	+ 5%	15.01
	- 5%	(15.01)
USD	+ 5%	31.42
	- 5%	(31.42)

Note 1

Financial assets carried at fair value as at 31 March 2020 is ₹ Nil and financial assets carried at amortised cost as at 31 March 2020 is ₹ 5,287.06 lakhs. The Company has assessed the counterparty credit risk in connection with Cash and cash equivalents, bank deposits and earmarked balances with banks amount to ₹ 2,881.08 lakhs as at 31 March 2020 where the Company has assessed the counterparty credit risk.

Trade receivables amounting to ₹ 2,319.18 lakhs as at 31 March 2020 is valued at considering provision for allowance under the expected credit loss method. In addition to the historical pattern of credit loss, the Company has considered the likelihood of increased credit risk considering emerging situations due to the COVID-19 pandemic. This assessment is based on the likelihood of the recoveries from the customers in the present situation. The Company closely monitors its customers who are going through financial stress and assesses actions such as change in payment terms, recognition of revenue on collection basis etc., depending on severity of each case.

Basis this assessment, the allowance for doubtful trade receivables is considered adequate.

NOTE - 38. 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 ₹ 96.37 Lakhs (31 March 2019: ₹ 87.74 Lakhs).

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:

Notes on Accounts *(Continued)*

for the year ended March 31, 2020

Assets and Liabilities related to employee benefits:

(₹ in Lakhs)

Particulars	Gratuity (Funded)	
	As at 31-Mar-20	As at 31-Mar-19
Defined benefit obligation	(363.78)	(382.15)
Fair value of plan assets	426.83	391.36
Assets recognized in balance sheet	63.06	9.21
Current	63.06	9.21
Non current	-	-
Total employee benefit (liabilities) / assets	63.06	9.21

- 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)	
	As at 31-Mar-20	As at 31-Mar-19
Opening defined benefit obligation	382.15	314.88
Adjustment for closure of Mehsana Plant	(103.83)	
Interest cost	21.68	24.66
Current service cost	21.25	23.52
Benefits paid from plan	(15.43)	(25.24)
Remeasurements - Actuarial (Gains)/Losses on Obligations		
Due to Change in Financial Assumptions	29.06	2.71
Due to Experience	28.89	41.63
Closing defined benefit obligation	363.78	382.15

Notes on Accounts *(Continued)*

for the year ended March 31, 2020

Changes in fair value of plan assets are as follows

(₹ in Lakhs)

Particulars	Gratuity (Funded)	
	As at 31-Mar-20	As at 31-Mar-19
Opening fair value of plan assets	391.36	330.11
Adjustment for closure of Mehsana Plant	(102.41)	
Transfer in/(out) plan assets	93.20	-
Interest income	22.51	25.85
Employer's contribution	38.76	64.29
Benefits paid from plan assets	(15.43)	(25.24)
Return on plan assets (excluding interest income)	(1.16)	(3.65)
Closing fair value of plan assets	426.83	391.36

Net employee benefit expense recognized in employee cost

(₹ in Lakhs)

Particulars	Gratuity (Funded)	
	As at 31-Mar-20	As at 31-Mar-19
Current service cost	21.25	23.52
Interest cost on benefit obligation	21.68	24.65
Interest income on plan assets	(22.51)	(25.85)
Total employee benefit expense recognized in profit and loss account	20.43	22.32
Remeasurements -		
Actuarial (Gains)/Losses on Obligations -Due to Change in Financial Assumptions	29.06	2.71
Actuarial (Gains)/Losses on Obligations -Due to Experience	28.89	41.63
Return on plan assets (excluding interest income)	1.16	3.65
Total remeasurements included in OCI	59.11	47.98
Net employee benefit expense	79.53	70.29

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

(₹ in Lakhs)

Particulars	Gratuity (Funded)	
	As at 31-Mar-20	As at 31-Mar-19
Expected cash flows for following year		
Expected total benefit payments		
Year 1	16.26	19.30
Year 2	22.48	21.92
Year 3	14.44	37.26
Year 4	9.56	27.21
Year 5	24.71	14.76
Next 5 years	227.89	242.24

Notes on Accounts *(Continued)*

for the year ended March 31, 2020

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-20	As at 31-Mar-19
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

	As at 31-Mar-20	As at 31-Mar-19
Expected rate of return on plan assets #	6.84%	7.47%-7.79%
Discount rate current year	6.84%	7.47%-7.79%
Discount rate previous year	7.79%	7.83%
Age of retirement	58-60 years	58-60 years
Attrition rate	2.00%	2.00%
Future salary increase #	7.00%	7.00%
Mortality	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:

	As at 31-Mar-20		As at 31-Mar-19	
	Increase	Decrease	Increase	Decrease
Gratuity (funded):				
Discount rate (1% movement)	30.48	35.23	60.27	113.14
Future Salary growth (1% movement)	33.87	30.41	113.00	105.46
Attrition (1% movement)	0.60	0.65	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.

NOTE - 39. DISCLOSURE FOR REVENUE FROM CONTRACTS WITH CUSTOMERS

Particulars	For the year ended 31-Mar-20		For the year ended 31-Mar-19	
Revenue recognised from contracts with customers				
Disaggregation of revenue				
Based on type of goods				
- Sale of crucible		12,838.16		11,992.09
- Sale of scrap		17.20		21.57
Based on market/type of customer				
- Domestic		5,744.00		5,363.83
- Export		7,111.36		6,649.83

Notes on Accounts *(Continued)*

for the year ended March 31, 2020

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.

Impact of COVID 19

The Company has evaluated the impact of the COVID-19 pandemic, amongst other matters, resulting from (i) termination or deferment of contracts by customers and (ii) customer disputes. The Company has concluded that the impact of the COVID-19 pandemic is not material based on these estimates.

NOTE - 40. CLOSURE AND RELOCATION EXPENSES RELATING TO MEHSANA PLANT

During the year, subsequent to the receipt of the approval from Board of Directors on 17 October 2019 and Shareholders on 2 December 2019, the Company has shut down and relocated the operations of Mehsana Plant w.e.f. 1 February 2020 to Aurangabad. The management has estimated and accounted for the total closure and relocation cost relating to Mehsana of INR 605.58 lakhs.

The relocation cost involves severance pay of the employees who have opted not to relocate, provision for assets written off which have not been shifted to Aurangabad due to wear and tear of those assets, charges for assets transportation and their restoration at Aurangabad.

Looking to the nature of the transaction, the management has shown the relocation cost as a separate line item as "Closure and Relocation expenses relating to Mehsana Plant" in the financial statements.

Subsequent to the year end, the management intends to sell off the Land and Building of Mehsana Plant. The management has initiated the identification and evaluation of potential buyers for Land and Building of Mehsana Plant. The management anticipates the completion of the sale by March 2021 and accordingly, the Land and Building amounting to INR 101.32 lakhs have been reclassified under "Non current assets held for sale".

Notes on Accounts *(Continued)*

for the year ended March 31, 2020

NOTE - 41. LEASES

Transition to Ind AS 116

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases, and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The Company has adopted Ind AS 116, effective annual reporting period beginning 1 April 2019 and applied the standard to its leases, using the modified retrospective method and has taken the practical expedient of showing Right to Use Asset equal to Lease Liability on 1 April 2019 on the date of initial application (1 April 2019). Accordingly, the Company has not restated comparative information.

For transition, the Company has elected not to apply the requirements of Ind AS 116 to leases which are expiring within 12 months from the date of transition by class of asset and leases for which the underlying asset is of low value on a lease-by-lease basis. The Company has also used the practical expedient provided by the standard when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17 and therefore, has not reassessed whether a contract, is or contains a lease, at the date of initial application, relied on its assessment of whether leases are onerous, applying Ind AS 37 immediately before the date of initial application as an alternative to performing an impairment review, excluded initial direct costs from measuring the right of use asset at the date of initial application and used hindsight when determining the lease term if the contract contains options to extend or terminate the lease. The Company has used a single discount rate to a portfolio of leases with similar characteristics.

On transition, the Company recognised a lease liability measured at the present value of the remaining lease payments discounted using the lessee's incremental borrowing rate as at 1 April 2019. The right-of-use asset is recognised equal to the lease liability on 1 April 2019 on the date of initial application. Accordingly, a right-of-use asset of ₹ 11.05 lakhs and a corresponding lease liability of ₹ 11.05 lakhs has been recognized. The principle portion of the lease payments have been disclosed under cash flow from financing activities. The lease payments for operating leases as per Ind AS 17 - Leases, were earlier reported under cash flow from operating activities. The weighted average incremental borrowing rate of 8.50% has been applied to lease liabilities recognised in the balance sheet at the date of initial application.

On application of Ind AS 116, the nature of expenses have changed from lease rent in previous periods to depreciation cost for the right-to-use asset, and finance cost for interest accrued on lease liability. The difference between the future minimum lease rental commitments towards non-cancellable operating leases and finance leases reported as at 31 March 2019 compared to the lease liability as accounted as at 1 April 2019 is primarily due to reduction due to discounting of the lease liabilities as per the requirement of Ind AS 116 and exclusion of the commitments for the leases to which the Company has chosen to apply the practical expedient as per the standard.

Finance Lease

The Company has leases that were classified as finance leases applying Ind AS 17. For such leases, the carrying amount of the right-of-use asset and the lease liability at the date of initial application of Ind AS 116 is the carrying amount of the lease asset and lease liability on the transition date as measured applying Ind AS 17. Accordingly, an amount of ₹ 12.54 lakhs has been reclassified from property, plant and equipment to right-of-use assets.

As a lessor:

The Company is not required to make any adjustments on transition to Ind AS 116 for leases in which it acts as a lessor, except for a sub-lease. The Company accounted for its leases in accordance with Ind AS 116 from the date of initial application.

The total cash outflow for leases is ₹ 41.69 lakhs for the year ended 31 March 2020, including cash outflow for short term and low value leases.

Notes on Accounts *(Continued)*

for the year ended March 31, 2020

The table below provides details regarding the contractual maturities of lease liabilities as of 31 March 2020 on an undiscounted basis:

(₹ in Lakhs)			
Particulars	Not later than 1 year	Later than 1 year not later than 5 years	Later than 5 years
Minimum Lease rentals payables	6.00	-	-

NOTE - 42. 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 earlier years 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 - 43. GOODWILL

Following is the summary of changes in carrying amount of goodwill:

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Balance at the beginning of the year	137.81	137.81
Impairment	-	-
Balance at the end of the year	137.81	137.81

The Company tests goodwill for impairment atleast annually, or more frequently if events or changes in circumstances indicate that it might be impaired. The Company has identified a single cash generating unit ("CGU") based on the business. The recoverable amount of CGU is determined based on higher of value-in-use and fair value less cost to sell. The recoverable value was determined by value in use in cases where there is no basis for making a reliable estimate of the price at which an orderly transaction to sell the asset would take place between market participants at the measurement date under current market conditions. In determining the value in use, cash flow projections from financial budgets approved by senior management have been considered.

Market related information and estimates are used to determine the recoverable amount. Key assumptions on which management has based its determination of recoverable amount include estimated long-term growth rates, weighted average cost of capital and estimated operating margins. Cash flow projections are considered for next 5 years and consider past experience and represent management's best estimate about future developments. Cash flows beyond the five-year period are extrapolated using a 3% growth rate. The pre-tax discount rate applied to cash flow projections for impairment testing during the current year is 14%.

An analysis of the sensitivity of the computation of recoverable amount to a change in key parameters, based on reasonable assumptions, did not identify any probable scenario in which the recoverable amount of the CGU would decrease below its carrying amount other than the amount.

NOTE - 44. 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 the financial year ended 31 March 2020.

NOTE - 45. 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

Raajnish Desai

Partner

Membership No.: 101190

Place: Pune

Date: 16 June 2020

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: 16 June 2020

Aniruddha Karve

Director

DIN: 07180005

Place: Aurangabad

Date: 16 June 2020

Atithi Majumdar

Chief Financial Officer

Place: Aurangabad

Date: 16 June 2020

Rupesh Khokle

Company Secretary

Place: Aurangabad

Date: 16 June 2020

Notes

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.



Morganite Crucible (India) Limited

CIN : L26920MH1986PLC038607

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

Tel : +91 240 6652523, 6652520

Email : Sales.India@morganplc.com

Web : www.morganmms.com