

MORGANITE CRUCIBLE (INDIA) LIMITED



MORGANITE CRUCIBLE (INDIA) LIMITED
32ND ANNUAL REPORT 2016- 17

BOARD OF DIRECTORS : Mukund Bhogale Chairman
 Aniruddha Karve Managing Director
 Ian Keith Arber Director
 Pauline Tan Director
 Mirco Pavoni Director
 Subhash Kolapkar Independent Director
 Maithilee Tambolkar Independent Director

CHIEF FINANCIAL OFFICER : Atithi Majumdar

COMPANY SECRETARY : Rupesh Khokle

STATUTORY AUDITORS : B S R & Co., LLP
 Chartered Accountants, Mumbai.

SECRETARIAL AUDITORS : KMP & Associates

BANKERS : Axis Bank Limited
 State Bank of India
 Industrial Development Bank of India (IDBI)
 UCO Bank

REGISTERED OFFICE AND FACTORY : B-11, MIDC Industrial Area, Waluj,
 Aurangabad – 431 36 Maharashtra India

**REGISTRAR & SHARE
 TRANSFER AGENT**

LINK INTIME INDIA PVT LTD
 C-101, 247 Park, L B S Marg,
 Vikhroli West,
 Mumbai 400 083
 Tel : 91-022-49186000
 Email : rnt.helpdesk@linkintime.co.in

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NOTICE

NOTICE is hereby given that the 32nd ANNUAL GENERAL MEETING of the Members of MORGANITE CRUCIBLE (INDIA) LIMITED will be held on Wednesday, August 9, 2017 at 11:00 am at the Registered Office of the Company at B-11, MIDC, Waluj, Aurangabad (MS) – 431 136, to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the financial statements of the Company for the year ended March 31, 2017, including audited Balance Sheet as at March 31, 2017, the Statement of Profit and Loss for the year ended on that date and the reports of the Board of Directors and Auditors thereon.
2. To declare a final dividend on equity shares for the financial year ended March 31, 2017.
3. To re-appoint Ms Pauline Tan as a Director of the Company who retires by rotation and being eligible for re-appointment.
4. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :

“RESOLVED THAT pursuant to the provisions of Section 139, 140, 141, 142 and all other applicable provisions, if any, of the Companies Act, 2013 and The Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s) or re-enactment thereof for the time being in force), M/s B S R & Associates LLP, Chartered Accountants, Pune (Firm Registration No. 116231W/W-100024) be and is hereby appointed as statutory auditors of the Company to hold office from the conclusion of this 32nd Annual General Meeting till conclusion of the 35th Annual General Meeting of the Company subject to ratification by the shareholders at every Annual General Meeting, in place of M/s B S R & Co. LLP, Chartered Accountants, (Firm Registration No. 101248W /W-100022), the existing auditors of the Company whose appointment was subject to ratification at this 32nd Annual General Meeting but who have expressed their unwillingness for re-appointment and that M/s B S R & Associates, LLP, be paid such remuneration inclusive of service tax and such other tax(es) (as may be applicable) and reimbursement of all out-of-pocket expenses in connection with the audit of the accounts of the Company (including terms of payment) as may be fixed by the Board of Directors of the Company, based on the recommendation of the Audit Committee in connection with the audit of the accounts of the Company for the year ending on March 31, 2018.

Registered Office :
B-11, MIDC, Waluj,
Aurangabad – 431 136
Date : May 25, 2017

By Order of the Board



Aniruddha Karve
(Managing Director)
DIN : 07180005

NOTES :

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** A person shall act as Proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company, carrying voting rights. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other member.

The instrument of Proxy, in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. Proxies submitted on behalf of limited companies, societies, etc., must be supported by appropriate resolutions/authority, as applicable.

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

2. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, August 3, 2017 to Wednesday, August 9, 2017 (both days inclusive)
3. The Final Dividend for the financial year ended March 31, 2017, 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 August 2, 2017.
4. The Securities Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) for participating in the securities market, deletion of name of deceased holder, transmission/transposition of shares. Members are requested to submit the PAN details to their Depository Participant in case of holdings in dematerialized form and to the Company's Registrars and Transfer Agents, mentioning your correct reference folio number in case of holdings in physical form.
5. Members desiring any information relating to the accounts are requested to write to the Company before 10 days in advance so as to enable the management to keep the information ready.
6. The Notice of AGM, Annual Report and Attendance Slip are being sent in electronic mode to Members whose e-mail IDs are registered with the Company or the Depository Participant(s) unless the Members have registered their request for a hard copy of the same. Physical copy of the Notice of AGM, Annual Report and Attendance Slip are being sent to those Members who have not registered their e-mail IDs with the Company or Depository Participant(s). Members who have received the Notice of AGM, Annual Report and Attendance Slip in electronic mode are requested to print the Attendance Slip and submit a duly filled in Attendance Slip at the registration counter to attend the AGM.
7. Pursuant to Section 108 of the Companies Act, 2013, read with the relevant Rules of the Act, the Company is pleased to provide the facility to Members to exercise their right to vote by electronic means. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on Wednesday, August 2, 2017, i.e. the date prior to the commencement of book closure date are entitled to vote on the Resolutions set forth in this Notice. Members who have acquired shares after the despatch of the Annual Report and before the book closure may approach the Company for issuance of the User ID and Password for exercising their right to vote by electronic means.

8. The Company has appointed KMP & Associates, Practising Company Secretary, to act as the Scrutinizer, for conducting the scrutiny of the votes cast. The Members desiring to vote through electronic mode may refer to the detailed procedure on e-voting given hereinafter.
9. The Company has entered into an arrangement with Central Depository Services (India) Limited (CDSL) for facilitating remote e-voting for AGM. The instructions for e-voting are as under:

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

In case of members receiving e-mail :

- (A) The voting period begins on August 6, 2017 at 09.00 am and ends on August 8, 2017 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 August 2, 2017, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
 - (i) Log on to the e-voting website www.evotingindia.com
 - (ii) Click on "Shareholders" tab.
 - (iii) Now, select the "Morganite Crucible (India) Limited" from the drop down menu and click on "SUBMIT"
 - (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
 - (v) Next enter the Image Verification as displayed and Click on Login.
 - (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
 - (vii) If you are a first time user follow the steps given below :

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

- (viii) After entering these details appropriately, click on “SUBMIT” tab.
- (ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant “Morganite Crucible (India) Limited” on which you choose to vote.
- (xii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xvii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
 - ▶ Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.com> and register themselves as Corporates.
 - ▶ They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
 - ▶ After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
 - ▶ The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - ▶ They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

In case of members receiving the physical copy :

- (B) Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote .
 - (C) The voting period begins on August 6, 2017 at 09.00 am (IST) and ends on August 8, 2017 05.00 pm (IST). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of August 2, 2017, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
 - (D) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.
10. The voting rights shall be as per the number of equity share held by the Member(s) as on Wednesday, August 2, 2017. Members are eligible to cast vote electronically only if they are holding shares as on that date.

11. The Chairman shall, during the AGM at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of Scrutinizer, by use of Poll for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
12. The members who have casted their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
13. The results shall be declared on or after the AGM. The results along with the Scrutinizer's Report, shall also be placed on the website of the Company www.morganmms.com and on the website of CDSL within two (2) days of passing of the resolutions at the AGM of the Company and communicated to the stock exchange where the Company's shares are listed viz. BSE Limited.
14. Members holding shares in demat form are hereby informed that bank particulars registered with their respective Depository Participant(s), with whom they maintain their demat accounts; will be used by the Company for payment of dividend. The Company or its Registrar cannot act on any request received directly from the Members holding shares in demat form for any change in bank particulars. Members holding shares in demat form are requested to intimate any change in their address and / or bank mandate to their Depository Participants immediately.
15. Members holding shares in physical form are requested to intimate any change of address and / or bank mandate to M/s. Link Intime Private Limited, Registrar and Transfer Agent of the Company or they can inform via E-mail at Investor Service Department of the Company at rupesh.khokle@morganplc.com immediately.
16. Members are requested to note that as per Section 124 (5) of the Companies Act, 2013 Dividends not encashed / claimed within seven years from the date of declaration will be transferred to the Investor Education and Protection Fund (IEPF). After transfer of the said amount to IEPF, no claims in this respect shall lie against IEPF or the Company.

Registered Office :
B-11, MIDC, Waluj,
Aurangabad – 431 136
Date : May 25, 2017

By Order of the Board


Aniruddha Karve
(Managing Director)
DIN : 07180005

DIRECTORS' REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS

To,
The Members,

Your Directors are pleased to present the 32nd Annual Report, together with the Audited Financial Statements of the Company for the financial year ended March 31, 2017.

FINANCIAL PERFORMANCE :

Particulars	Standalone		Consolidated	
	2017	2016	2017	2016
Revenue from Operations, net of excise	8,584.35	8,738.66	10,768.55	10,840.52
Other Operating Revenue	338.51	128.65	368.58	145.16
Other income	182.24	247.92	245.49	279.92
Total income	9,105.10	9,115.23	11,382.62	11,265.60
Operating Expenses	6,702.84	6,851.25	8,315.20	8,598.26
Profit before finance cost, depreciation and amortisation	2,402.26	2,263.98	3,067.42	2,667.34
Finance Cost	-	-	-	-
Depreciation and amortisation Expense	362.42	710.65	493.89	830.72
Profit before tax	2,039.84	1,553.33	2,573.53	1,836.62
Provision for tax	723.28	565.70	956.67	796.78
Share of minority interest	-	-	164.56	41.08
Profit after tax	1,316.56	987.63	1,452.31	998.76
Proposed equity dividend	224.00	112.00	224.00	112.00
Corporate dividend tax	45.60	22.80	45.60	22.80
Total Outflow	269.60	134.60	269.60	134.60

DIVIDEND :

Your Directors are pleased to recommend a final dividend of ₹ 8/- per equity share, amounting to ₹ 269.60 lakh (including dividend distribution tax) for the financial year 2016-17 for approval of the members in the ensuing 32nd Annual General Meeting of the Company.

OPERATIONS :

Revenue & Profits – Standalone :

The Company has achieved net revenue of ₹ 8,584.35 lakh as compared to ₹ 8,738.66 lakh in the previous year. The export sales were ₹ 5,603.19 lakh as compared to ₹ 5,946.69 lakh in the previous year. The gross profit before tax grew by 3 per cent to ₹ 2,039.83 lakh as compared to ₹ 1,553.33 lakh in the previous year. The operating expenses decreased by 2 per cent to ₹ 6,702.84 lakh as compared to ₹ 6,851.25 lakh in last year.

Revenue & Profits – Consolidated :

During the year under review, the Company has achieved net turnover of ₹ 10,768.55 lakh as compared to ₹ 10,840.52 lakh in the previous year. The gross profit before tax grew by 40 per cent to ₹ 2,573.53 lakh as compared to ₹ 1,836.62 lakh. The operating expenses decreased by 4% to ₹ 8,315.20 lakh as compared to ₹ 8,598.26 lakh in last year.

MACRO ECONOMIC SCENARIOS & BUSINESS PERFORMANCE :

The Indian economy grew by 7.1 per cent in FY 2016-17, making India the fastest growing major economy in the world as per the report of Central Statistics Organisation (CSO) and International Monetary Fund (IMF). The currency crunch that followed the demonetization of high-value notes was widely believed to have impacted consumption and driven down economic growth in Oct-Dec quarter.

Global GDP growth is projected around 3.5 per cent boosted by fiscal initiatives in the major economies. The forecast is broadly unchanged since last year, however consumption, investment, trade and productivity remain subdued. Geopolitical pressures and weak capital investment are weighing on medium-term prospects across many emerging markets and developing economies. Fiscal stimulus in major economies may boost global growth above expectations in the short term, but the likelihood of such policy remains uncertain. The risks to growth forecasts remain tilted to the downside from heightened policy uncertainty in major economies.

With a global supply chain, your company, achieved 80 % of its business (on a consolidated basis) in the crucible market and the remaining in the foundry accessories business; mainly in non-ferrous and ferrous foundries. In line with macroeconomic trends, your company saw double digit growth in the Indian subcontinent, with sales outside of the region dropping steadily as economic worries overtook our export markets.

FUTURE BUSINESS OUTLOOK

In 2017-18, we expect to see strong demand for our products and services in the Indian subcontinent and the Middle East, with flat or declining demand in the markets of Europe, Rest of Asia, North America and South Africa.

In the Indian sales region, our consistent focus on product portfolio management, end customer connections, application engineering and sales effectiveness, coupled with the positive sentiment in the Indian economy will assure us of sales growth in the coming year.

Your company will continue to focus on non-traditional growth opportunities outside the core business in the Indian and export markets.

PRODUCT QUALITY AND RECOGNITION :

Your Company always strives to provide the highest quality product to their customer ensuring consistency in performance, safety, delivering more value and innovation by continuous focus on research and development. The Company encourages employees and customers to provide regular feedback and active participation by various means to develop quality of product and continuous improvement. This commitment is rooted in our corporate values and is essential to our continued growth and success.

Your Company continued to remain ISO 9001 certified for Quality Management System Standards certified from LUCIDEON Management System for continuously demonstrating the focus on product quality and services, to meet statutory and regulatory norms and to increase customer satisfaction throughout its operations.

PUBLIC DEPOSIT :

During the year, the Company has not accepted any public deposits under the provisions of the Companies Act, 2013.

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.

RELATED PARTY TRANSACTIONS :

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

The related party transactions entered during the year were in ordinary course of the 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 into during the year by your Company. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3) (h) of the Companies Act, 2013 in Form AOC 2 is not applicable. Further, the Company has not given any loans and advances in the nature of loans to subsidiary company or to associate company or to firms/companies in which directors are interested hence disclosure as per Regulation 34(3) of SEBI LODR, Regulations, 2015 is not applicable.

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/engb/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 happened and commitments given which affects the financial position of the Company between the end of the financial year and the date of the report.

SUBSIDIARY COMPANY :

Your Company has one subsidiary company i.e. Diamond Crucible Company Limited having its manufacturing facility at Mehsana, Gujarat. As per provisions of Section 129 (3) of the Companies Act, 2013, a statement containing salient financial highlights of the subsidiary company for the year ended March 31, 2017 is annexed as part of this Annual Report in Form AOC 1 as **Annexure 1**. However, the Company has published the audited consolidated financial statements for the financial year March 31, 2017 and also forms part of this Annual Report. The Annual Accounts of the subsidiary company and related detailed information shall be made available to members of the Company seeking such information and shall be kept open for inspection at the Registered Office of the Company during office hours.

BOARD OF DIRECTORS :

In accordance with provisions of Companies Act, 2013 and the Article of Associations of the Company, Ms Pauline Tan, Director of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible have offered herself for re-appointment.

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

The members in the Annual General Meeting held on August 10, 2016, have unanimously approved appointment of Mr Mukund Bhogale as Independent Director of the Company for a period of five years, not liable to retire by rotation.

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 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 5**.

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/>

NUMBER OF MEETINGS OF THE BOARD :

The Board met five times during the financial year, the details of which are given in the Corporate Governance Report that forms part of this Annual Report. The intervening gap between any two meetings was within the period prescribed by the Companies Act, 2013.

POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION :

The company has setup the policy 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. The ratio of remuneration of Managing Director and Key Managerial Personnel (KMP) to the median's employee remuneration as per above provisions is annexed as **Annexure 2** to the Board's report.

PARTICULARS OF EMPLOYEES :

During the year under review, no employee was in receipt of remuneration of ₹ 102 lakh or more, or employed for part of the year and in receipt of ₹ 8.50 lakh 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 constituted a policy on Prevention of Sexual Harassment at Workplace in December, 2012 with periodic amendments. During the year, the Company has not received any complaint with allegations of sexual harassment.

RISK MANAGEMENT POLICY :

The Risk Management Committee was constituted as per provisions of Companies Act, 2013 and Regulation 21 of SEBI LODR having composition of executive and independent directors. The Morgan Group considers that risk management and internal control are fundamental to achieving the Group aim of creating long-term sustainable shareholder value. Your company is also committed to identify, quantify and mitigate business risks by periodic review of potential risks, inherent impact and its mitigation plan in compliance with policy and statement of Morgan Advanced Materials Plc ('the Group') on Risk Management.

During the year, the committee in its meeting held on November 10, 2016 has reviewed risk relating to competition, operations, people management and development, product quality, technological obsolescence, quality of contract, external risks of previous year and further development in current year and actions taken for mitigating such risks.

CORPORATE SOCIAL RESPONSIBILITY (CSR) :

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

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

The CSR activities as undertaken by the Company are attached as **Annexure - 3** and form part of this annual report.

NOMINATION AND REMUNERATION COMMITTEE :

The Board of Directors has constituted Nomination and Remuneration Committee with a view to determine qualification, positive attributes and independence of a director and recommend to the board and to formulate a criteria for evaluation and performance for board members. 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 once on November 10, 2017 for considering in revision in remuneration payable to Mr Aniruddha Karve for the period from October 1, 2016 to March 31, 2017 and for the financial year 2017-18 subject to approval of members.

ENVIRONMENT, HEALTH AND SAFETY :

The Morgan Group is committed for protecting the health and safety of employees and others affected by its operations. It also seeks to minimise the environmental impacts of its activities and maximise the positive effects of its products and services. The Group's environment, Health and Safety (EHS) programmes deliver real business benefits whilst ensuring its obligations to stakeholders are met.

There was no loss time accidents occurred since August-2014 in the organisation however during the year there were 7 first aid injuries occurred and immediate action has been taken on the observations on unsafe actions and unsafe conditions. Further, regular monitoring of air, water and soil pollution was being carried out throughout the year from external agencies.

During the year, the Company has made improvements in certain identified areas which summary as below –

Operational, Health and Safety Improvements :

- To manage heat stress during summer time, man-coolers were provided at shop floor
- Dust collector provided at finishing area

- Safely completed new Clay Graphite extension
- Fire alarm and smoke detection system provided in factory premises
- Procured Self Containing Breathing Apparatus in view of confined space safety
- Consent to Operate renewed for a period of five years
- LPG leak detection system provided at LPG yard
- Completed process hazard analysis wrt LPG usage in kilns, dryers and ovens
- Quantitative Risk Assessment (QRA) completed for LPG yard storage

Well-being :

- 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
- ThinkSAFE+ training has been given to relevant employees
- Briefed a five-step 'pre-task' process to ensure potential hazards are identified and controlled before work commences.
- To prevent accidents awareness program conducted on 'Slip, Trip and Falls'
- Launched 'Safety Hero' and 'Safety Champion' award scheme for staff and workers
- Conducted program on 'Bright, Clean and ThinkSAFE'
- Portal developed for capturing accident, near miss and visual safety leadership data

FINANCE AND TAXATION :

During the Financial year 2016-17, your Company has continued it's effort to liquidate the accumulated balances lying in CENVAT credit account as per provision of Excise laws. This has been a significant achievement in reducing accumulated balances in CENVAT Credit Account and bringing the cash in circulation for working capital of the company.

The Company has applied for Advance Pricing Agreement (APA) before the CBDT & Govt. of India for International Inter company related party transactions with Associated Enterprises (AE) during March, 2016. The APA is an arrangement between the taxpayer and the tax authority covering future transactions, with a view to avoid the potential transfer pricing disputes in a co-operative manner. Once APA agreement is completed, your company will have certainty with respect to tax outcome of international transactions, by agreeing in advance the arm's length pricing, or pricing methodology to be applied. Under APA specific rollback provisions enable to attain certainty in transfer prices of international transactions for up to 9 years (including 4 years rollback provisions) in total. Besides this the APA has a persuasive value on all open transfer pricing litigations of past years. During the year we have received initial questionnaire from the APA authority and have submitted our replies. We are awaiting for communication from APA authority for site visit etc.

During the year our Income Tax assessment for the FY 2011-12, FY2012-13 and FY2013-14 has been completed. For FY 2011-12 and FY2012-13 the Transfer Pricing Authority raised objection w.r.t. management cross charges and your company has filed appeal before ITAT & CIT (Appeal) respectively.

On Indirect Tax front the Central Excise & Service tax department has issued three SCN (Show Cause Notices) in light of their findings after Excise departmental Audit. Your Company is not in agreement of Departmental findings and have submitted replies for SCN before the appropriate authority.

During the year the Company has completed VAT assessment for the FY 2012-13 and received order from the Authority with refund of VAT.

Your Company has started preparation for seamless transition from existing tax regime to GST regime. We are working towards updating SAP ERP system and updating of various master data in system in line with GST requirement.

RESPONSIBILITY BUSINESS PROGRAMME (RBP) AND LEGAL GOVERNANCE :

The Responsible Business Programme (RBP) is the Group ethics and compliance programme comprise of policies, training, risk assessment, monitoring and assurance. The training content covers human rights, anti-bribery and ethics, anti-trust and contract risk management and is refreshed on an annual basis.

Raising awareness of and educating employees on Group compliance policies and the applicable laws and regulations is a fundamental part of the RBP. During the year, your Company has given Updates on RBP 2016 to all sales and marketing managers and relevant employees on the topic of Competition Laws, Ethics Policy and Contract Risk Management.

Your Company has continued vigilance on Export Compliance Policy where Company sells the product to regulated countries. Whenever the Company receives any customer enquiry from the regulated countries, the same is screened from the compliance software for any restriction on the concerned party for exporting of goods in the said country. Further, in order to capture more vigilance on third parties, distributors and sales agent, the details of the relevant parties has been recorded in the Third Party compliance software called TRACEsort and accordingly the due diligence reports are generated. The third parties falling under certain risk categories are subject to due diligence in the year 2017.

HUMAN RESOURCES :

Your Company is consistently striving to raise the bar of excellence in people, policies, practices, systems and organisation. We believe that Morgan employees are critical to its success and the workforce comprises people with highly unique skills and abilities.

During the year, your company has organised nearly 76 functional and leadership training programs for nurturing existing people's talent and motivating them to attain organisation goals. The employee turnover was around 10.21 as at end of March 31, 2017 as compared to 12.36 in the previous year.

As per initiatives of Morgan's Global Graduate Training Programme, your Company has recruited three graduate trainees in quality and operation excellence functions. This training programme will build current and future capability, and will give access to international assignments and opportunities.

Further, as a commitment towards customer focus and diversification of business, during the year various training program has been given to sales and marketing personnel such as 'Corporate Etiquettes & Professional Presence', 'Customer Orientation' etc.

AUDITORS :

Statutory Auditors

Pursuant to provisions of Section 139, 140, 141 & 142 of the Companies Act, 2013, M/s B S R & Co LLP, (Registration No. 101248W/W-100022) was appointed as Statutory Auditor of the Company for a period of 5 years from 30th Annual General Meeting until the conclusion of 35th Annual General Meeting of the Company subject to ratification in every Annual

General Meeting. M/s B S R & Co LLP has expressed their unwillingness to be re-appointed on 32nd Annual General Meeting.

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

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

Secretarial Auditor :

M/s KMP & Associates, (ACS 32369 / COP 11947) Practicing Company Secretaries, was appointed to conduct the Secretarial Audit of the Company for the financial year 2016-17, as required under Section 204 of the Companies Act, 2013 and rules thereunder. The Secretarial Audit Report for financial year 2016-17 forms part of the Annual Report as **Annexure 4**. The Board has continued appointment of M/s KMP & Associates, Practicing Company Secretaries, as Secretarial Auditor of the Company for the financial year 2017-18.

There has been no qualification, reservation, adverse remark or disclaimer given by Secretarial Auditor in their report. The report of Statutory Auditors on the financial statements and report of Secretarial Auditors are made part of this Annual Report.

INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY

Pursuant to 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. Further, pursuant 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.

The Company has been making periodical tests for storage and issue of materials, payments for goods, services and expenses, maintenance of books and records, insurance coverages, banking transactions, financial reporting as per statutory/regulatory requirements and other operations and reviewing legal compliances pertains to various statute, rules, guidelines issued by State Government and Central Government etc..

Further, the Company is in process to formalise Standard Operating Procedures (SoP) for the respective departments and to collate the respective policies in the consolidated document. The internal auditor and statutory auditor during their audit have not found any significant gaps for the financial year 2016-17 and made certain recommendation for improving the process.

EXTRACT OF ANNUAL RETURN

In accordance with Section 134(3)(a) of the Companies Act, 2013, an extract of the annual return in the prescribed format is appended as **Annexure 6** to the Board's report.

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, 2017, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and profit of the Company for the year;
- (iii) The Directors have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) The Directors have prepared the annual accounts on a 'going concern' basis;
- (v) The directors have laid down internal financial controls, which are adequate and are operating effectively;
- (vi) The directors have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

CORPORATE GOVERNANCE :

As required under Securities Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015, the auditors' certificate regarding compliance of conditions of Corporate Governance is appended as **Annexure 7** to the Board's Report.

CONSERVATION OF ENERGY, 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 8** to the Board's report.

VIGIL MECHANISM / WHISTLE BLOWER POLICY :

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

http://www.morganmms.com/en_gb/investors/

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,



Aniruddha Karve
(Managing Director)
DIN: 07180005



Ian Keith Arber
(Director)
DIN: 07080539

Place: Aurangabad
Date: May 25, 2017

ANNEXURE 1

Statement containing the salient features of the financial statements of subsidiaries / associate companies / joint ventures

[Pursuant to first proviso to Sub-section (3) of Section 129 of the Companies Act, 2013, read with Rule 5 of the Companies (Accounts) Rules, 2014 – AOC-1]

(Amt in ₹)

Name of Subsidiary	Diamond Crucible Company Limited
Reporting period for the subsidiary concerned	March 31, 2017
Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Not Applicable
Share capital - Equity (Issued, Subscribed and Paid-up)	3,500,000
Reserve & surplus	169,667,130
Total Assets	234,059,325
Total Liabilities (excluding share capital and reserve & surplus)	60,892,195
Investments	-
Turnover	292,335,374
Profit before taxation	56,921,849
Provision for taxation	23,338,234
Profit after taxation	33,583,615
Proposed Dividend	Nil
% of shareholding	51

Notes : The following information shall be furnished at the end of the statement :

1. Names of subsidiaries which are yet to commence operations – **Not Applicable**
2. Names of subsidiaries which have been liquidated or sold during the year – **Not Applicable**

Part “B”: Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures
- **Not Applicable** -

ANNEXURE 2

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 2016-17

Name of Director	Designation	Ratio of remuneration of each Director to median remuneration of Employees	Percentage increase in Remuneration
Aniruddha Karve	Managing Director	11.85	6 %

Note :

- Employees for the purpose above include all employees excluding employees governed under collective bargaining.
- ii. The percentage increase in remuneration of Chief Financial Officer and Company Secretary during the financial year 2016-17

Name	Designation	Percentage increase in Remuneration
Atithi Majumdar	Chief Financial Officer	8%
Rupesh Khokle	Company Secretary	10%

- iii. The percentage increase in the median remuneration of Employee for the financial year was 10.1 percent.
- iv. There were 74 employees on rolls of the Company as on March 31, 2017.
- v. **Relationship between average increase in remuneration and Company performance**
The yearly increment in the remuneration is being given based on the KRA performance, market trend and general practice in same industry.
- vi. **Comparison of the remuneration of the Key Managerial Personnel against the performance of the company**

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

- vii. The Market Capitalisation of the Company as on March 31, 2017 was ₹ 248.26 crores as compared to ₹ 114.07 crores as on March 31, 2016. The price earnings ratio of the Company was 18.77 as at March 31, 2017 and was 11.55 as at March 31, 2016. The closing share price of the Company at BSE Limited on March 31, 2017 was ₹ 886.65/- per equity share of face value of ₹ 10/- each as compared to share price of ₹ 407.4/- per equity share as on March 31, 2016.
- viii. Average percentage increase made in the salaries of Employees other than the managerial personnel in the financial year was 11 per cent. The average increase in employee remuneration shows competitive market and general market practice.
- ix. **Key parameters for any variable component of remuneration availed by the directors -** Variable component is integral part of the remuneration of all employees including Directors. Every year, the key targets are assigned to each employee including Directors over the period of one year and the rating has been given based on the performance of each individual.
- x. **The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year** – Not Applicable
- xi. It is hereby affirmed that the remuneration paid during the year is as per the Remuneration Policy of the Company.

ANNEXURE 3

During the year the Company has undertaken CSR activities in line with CSR policy and as per approval of the Board. The Company was required to spent ₹ 26.42 lakh being 2 per cent of average net profits made during the three immediately preceding financial years, however the Company has spent ₹ 13.24 lakh on the following activities -

Summary of CSR Activity		
Particulars	Activities	Amt in ₹
Anand Aashram	Distribution of Mattress	171,669
Matroshri Vradha Aashram	Solor Power Grid	491,335
Iskon	Meal Delivery Container	350,000
Sant Gadge Maharaj Mission	Solor Power Grid or upgradation of washroom	160,000
Late Shri Ranglal Ramratan Baheti Industrial Vocational Training & Rehabilitation Centre for the Blind	Raw material through our vendors so that approximately 8,000 files will be prepared	51,000
Dwarikalal Sushishit Berojgar Seva Sahkari Sanatha Maryadit	Seed distribution to farmers in drought affected area	100,000
TOTAL		1,324,004

Annexure 4

Secretarial audit report for the financial year ended March 31, 2017

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

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.

Based on our verification of the 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 2017 (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, 2017, 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) 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);

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.

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 other than those reported hereunder:

- (i) The Company has applied to Central Government under Section 196, 197 & Schedule V of Companies Act, 2013 reads with Rule 3 of Companies (Appointment and Remuneration Personnel) Rules, 2014 for managerial remuneration paid to Late Mr. Hitesh Saiwal upto 30th April, 2015, however the Central Government has directed Company to file application for waiver of recovery of excess remuneration paid to Late Mr. Hitesh Saiwal Managing Director of the Company (upto April 30, 2015). The Company had filed form CG-1 with central government for condonation of delay for filing of abovementioned application and the same has been approved by the Central Government. The Company has obtained approval from Board, Nomination Remuneration committee and members of the Company and accordingly application submitted with Central Government.

For KMP & Associates
Company Secretaries

Sd/-

CS Mandar Takalkar
Partner

Place : Aurangabad
Date : 25.05.2017

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.
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
Sd/-

Mandar Takalkar (Partner)
Date: 25.05.2017
Place: Aurangabad

Annexure 5

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 Aniruddha Ajit Karve, 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, 2017.

Aniruddha Karve
(Managing Director)
DIN: 07180005

Date : May 2, 2017
Place : Aurangabad

Annexure 6

Extract of Annual Return

Form No. MGT-9					
EXTRACT OF ANNUAL RETURN					
As on the financial year ended on March 31, 2017					
[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 [DDMMYY]	13 th January, 1986			
iii)	Name of Company	Morganite Crucible (India) Limited			
iv)	Category of the Company	Public Company limited by shares			
v)	Sub Category of the Company	NA			
vi)	Address of the Registered Office	B-11, Waluj, MIDC, Aurangabad – 431 136, Maharashtra			
	Telephone	+91 240-6652514			
	Email Address	Rupesh.Khokle@morganplc.com			
vii)	Whether listed company	Yes			
viii)	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 [As on 31-March-2016]				No. of Shares held at the end of the year [As on 31-March-2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian	-	-	-	-	-	-	-	-	-
(2) Foreign									
- Bodies Corporate	10,78,000	10,22,000	21,00,000	75.00	10,78,000	10,22,000	21,00,000	75.00	0.00
Total shareholding of Promoter (A)	10,78,000	10,22,000	21,00,000	75.00	10,78,000	10,22,000	21,00,000	75.00	0.00
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	1,395	-	1,395	0.05	-	-	-	-	- 0.05
b) Banks / FI	100	500	600	0.02	100	500	600	0.02	0.00
c) FIIs	23,309	-	23,309	0.83	26,617	-	26,617	0.95	0.12
Sub-total (B)(1):-	24,804	500	25,304	0.90	26,717	500	27,217	0.97	0.07
2. Non-Institutions									
a) Bodies Corp.	35,054	200	35,254	1.25	25,799	-	25,799	0.92	-0.33
i) Indian	-	-	-	-	-	-	-	-	0.00
ii) Overseas	-	-	-	-	-	-	-	-	0.00
b) Individuals	-	-	-	-	-	-	-	-	0.00
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	5,30,723	94,309	6,25,032	22.32	508,826	92,509	601,335	21.48	-0.84
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	1,000	-	1,000	0.04	31,227	-	31,227	1.11	1.07
Non Resident Indians	13,210	200	13,410	0.49	14,222	200	14,422	0.52	0.05
Sub-total (B)(2):-	5,79,987	94,709	6,74,696	24.10	580,074	92,709	672,783	24.03	-0.07
Total Public Shareholding (B)=(B)(1)+ (B)(2)	6,04,791	95,209	700,000	25.00	606,791	93,209	700,000	25.00	3.00
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	16,82,791	11,17,209	28,00,000	100	16,84,791	11,15,209	28,00,000	100	-

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 2016-17.								
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	HMG FINANCE A/C HMG GLOBETROTTER				
	At the beginning of the year	23,309	0.832	22,628	0.808
	Bought during the year	-	-	-	-
	Sold during the year	681	0.024	-	-
	At the end of the year	22,628	0.808	22,628	0.808
2	MUSTAFA MAZAHIR KHEDWALA				
	At the beginning of the year	12,000	0.429	15,527	0.555
	Bought during the year	3,527	0.126	-	-
	Sold during the year	-	-	-	-
	At the end of the year	15,527	0.555	15,527	0.555
3	VIJAY PRAKASH GUPTA				
	At the beginning of the year	11,342	0.405	14,394	0.514
	Bought during the year	3,052	0.109	-	-
	Sold during the year	-	-	-	-
	At the end of the year	14,394	0.514	14,394	0.514
4	NEETA H. MEHTA				
	At the beginning of the year	11,678	0.4171	11,678	0.4171
	Bought during the year	-	-	-	-
	Sold during the year	-	-	-	-
	At the end of the year	11,678	0.4171	11,678	0.4171
5	VIPULKUMAR ANOPCHAND SHAH				
	At the beginning of the year	10,000	0.3571	10,000	0.3571
	Bought during the year	-	-	-	-
	Sold during the year	-	-	-	-
	At the end of the year	10,000	0.3571	10,000	0.3571

6	APARNA RAJENDRA DESHPRABHU				
	At the beginning of the year	9,692	0.3461	9,692	0.3461
	Bought during the year	-	-	-	-
	Sold during the year	-	-	-	-
	At the end of the year	9,692	0.3461	9,692	0.3461
7	PAN EMAMI COSMED LTD				
	At the beginning of the year	-	-	9,200	0.323
	Bought during the year	9,200	0.323	-	-
	Sold during the year	-	-	-	-
	At the end of the year	9,200	0.323	9,200	0.323
8	RAJENDRA JAGJIVANDAS SHAH				
	At the beginning of the year	7,713	0.276	7,713	0.276
	Bought during the year	-	-	-	-
	Sold during the year	-	-	-	-
	At the end of the year	7,713	0.276	7,713	0.276
9	VIJAY GUPTA (HUF)				
	At the beginning of the year	7,551	0.269	7,551	0.269
	Bought during the year	-	-	-	-
	Sold during the year	-	-	-	-
	At the end of the year	7,551	0.269	7,551	0.269
10	RAJENDRA JAGJIVANDAS SHAH				
	At the beginning of the year	6,600	0.236	6,600	0.236
	Bought during the year	-	-	-	-
	Sold during the year	-	-	-	-
	At the end of the year	6,600	0.236	6,600	0.236
v) Shareholding of Directors and Key Managerial Personnel:					
No Directors or Key Managerial Person holds any shares in the Company.					
V. INDEBTEDNESS -					
Indebtedness of the Company including interest outstanding/accrued but not due for payment					
The Company had no indebtedness with respect to Secured or Unsecured Loans or Deposits during the Financial Year 2016-17					

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-					
A. Remuneration to Managing Director, Whole-time Directors and/or Manager:					
(₹ in Lakh)					
Sr. No	Particulars of Remuneration	Name of Managing Director	Total Amount		
		Aniruddha Karve			
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	59.30	59.30		
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	2.05	2.05		
	(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	20.00	20.00		
	Total (A)	81.35	81.35		
	Ceiling as per the Act*	61.75	61.75		
B. Remuneration to other directors					
(₹ in Lakh)					
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	1.00	1.00	0.80	2.80
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	Total (1)	1.00	1.00	0.80	2.80
2	Other Non-Executive Directors				
	Fee for attending board committee	-	-	-	-

	meetings				
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	Total (2)	-	-	-	-
	Total (B)=(1+2)	1.00	1.00	0.80	2.80
	Total Managerial Remuneration (A)+(B)				84.15
	Overall Ceiling as per the Act**				233.33

*Limits has been pro-rated based on the period served during the year and in accordance with the limits prescribed under section 197 read with Schedule V of the Act.

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

(₹ in Lakh)

SN	Particulars of Remuneration	Key Managerial Personnel			
		CFO	CS	Total	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	25.56	8.73	34.29	
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	2.20	0.98	3.18	
	(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	2.98	1.35	4.33	
	Variable Pay	0.98	0.50	1.48	
	Total	31.72	11.56	43.28	

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 7

Auditors Certificate on Corporate Governance

To the Members of
Morganite Crucible (India) Limited

We have examined the compliance of conditions of Corporate Governance by Morganite Crucible (India) Limited ('the Company') for the year ended 31 March 2017, as per Regulations 17-27, 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').

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

We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the code of ethics issued by the Institute of Chartered Accountants of India. 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.

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 specified 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.

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

Restrictions on use

This Certificate is issued solely for the purpose of complying with the aforesaid Regulations and may not be suitable for any other purpose.

For B S R & Co. LLP
Chartered Accountants
Firm Registration No: 101248W/ W-1000022

Place : Mumbai
Date : 25 May 2017

Swapnil Dakshindas
Partner
Membership No: 113896

Annexure 8

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 :

- Replaced conventional lights with LED for entire factory premises
- Upgradation of Kiln with regenerative burner system to achieve LPG saving
- Variable Frequency Drive (VFD) installed for electrical energy saving
- Recovery of waste heat in clay graphite production process
- Automatic voltage controller system for regulating fluctuation of voltage in factory premises
- Multi cavity tooling installed in clay graphite production
- Total capital investment made during the year for above activities was ₹ 4.25 crores.

B. Technology Absorption, Adaptation & Innovation :

The efforts made towards technology absorption -

- Upgradation of mix making to suit for Ultramelt products
- Particle Size Distribution (PSD) Analyzer system installed
- Introduced degassing rotor for aluminum degassing
- Applied coatings for increase in life of products
- Introduced new product for heat treatment application

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

- Penetrating new market segments
- By introducing heat treatment container, process waste can be recycled
- Improvement in quality and life of the product

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

- The Company has neither imported any technology from last three years nor during the financial year ending 2016-17 for reporting purpose.

Foreign Exchange Earnings and Outgo : (₹ in Lakh)

Foreign Exchange Earnings : 5,603.19

Foreign Exchange Outgo : 1,669.84

For and on behalf of the Board,



Aniruddha Karve
(Managing Director)
DIN: 07180005



Ian Keith Arber
(Director)
DIN: 07080539

Place: Aurangabad
Date: May 25, 2017

CORPORATE GOVERNANCE REPORT

1. Morgan's Philosophy on Code of Governance

The Board of Directors of Morganite Crucible (India) Limited (“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's business practices are strictly aligned with the Morgan Group's core value i.e Innovation, Collaboration, Integrity and Ambition. The Company is emphasising on effecting Morgan's vision towards Material Science, Application Engineer and Customer & Market Focus. The Company believes in sustainable and profitable growth over the years which emanates from the top leadership down through the organisation to the various stakeholders and reflected in its sound financial system, enhanced market reputation and improved efficiency.

2. BOARD OF DIRECTORS :

a. Composition and size of the Board

The Company's Board, at present, comprises of diverse and highly experienced professionals with expertise in industry, management and law, providing timely directions for deploying well defined governance structures that establishes adoption of best practices and oversight of compliance of various legal and other requirements.

As on March 31, 2017 the Board comprises of 7 Directors out of which 6 are Non-Executive Directors (more than 75% of the total Board strength) and among these 6 Non-Executive Directors, 3 are Independent Directors. During the year, the Board of Directors met on five occasions on May 25, 2016, May 30, 2016, August 11, 2016, November 10, 2016 and February 7, 2017. The details of composition of the Directors on the Board, 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 of Committees of other Companies	Attendance	
				Board Meetings	AGM
Mr Mukund Bhogale (Chairman)	Non-Executive Independent	1	-	5	Yes
Mr Aniruddha Karve (Managing Director)	Executive	1	-	5	Yes
Mr Ian Keith Arber (Director)	Non-Executive	1	-	5 *	Yes
Ms Pauline Tan (Director)	Non-Executive	-	-	5 ^	No
Mr Mirco Pavoni (Director)	Non-Executive	-	-	5 ~	Yes
Mr Subhash Kolapkar (Independent Director)	Non-Executive Independent	-	-	5	Yes
Ms Maithilee Tambolkar (Independent Director)	Non-Executive Independent	-	-	4	Yes

- # excludes directorship in private limited companies, alternate directorship and companies incorporated outside India
- * Mr. Ian Keith Arber has participated 1 Board Meeting through videoconferencing
- ^ Ms. Pauline Tan has participated 4 Board Meetings through videoconferencing
- ~ Mr. Mirco Pavoni has participated 3 Board Meeting through videoconferencing
- There are no Nominee Directors on the Board
- There are no inter-se relationship between Board members

b. Board Evaluation

During the year, the evaluation of Board and Committee members was completed as per provisions of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR). The entire Board has actively participated in every Board and Committee meeting having focused on adherence of corporate governance norms.

The performance evaluation was carried out of individual Directors on parameters such as attendance, contribution and independent judgement. The results of the Evaluation were shared with the Board, Chairman of respective Committees and individual Directors. The Board is looking forward to develop evaluation process over the period for effective functioning of Board as well as each Director.

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, 2017 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 Morgan directors and reviewed the performance of non-independent directors as well as receipt of timeliness of information of Board and Committee meetings. Further the independent directors of the Company apart from receiving sitting fees, have no any material pecuniary relationship with promoter or any subsidiary company.

d. Familiarisation Program for Directors

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 and Morgan policy and procedures.

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

e. Membership in Board Committees

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

3. AUDIT COMMITTEE :

The Composition of the Audit Committee is in alignment with the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of SEBI LODR.

The Audit Committee comprises of the following Directors :

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

The Company Secretary act as the Secretary of the committee.

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

During the year under review, five meetings of the Committee were held on May 25, 2016, May 30, 2016, August 11, 2016, November 10, 2016 and February 7, 2017. The audit committee has also invited Directors, Chief Financial Officer and other executives as may be deemed fit during the meeting. The details of attendance of the meeting are as follows :

Name	No. of meetings held	No. of meetings attended
Mr Mukund Bhogale	5	5
Mr Subhash Kolapkar	5	5
Ms Maithilee Tambolkar	5	4
Ms Pauline Tan	5	5

The Chairman of the Audit Committee was present at the Annual General Meeting of the Company held on August 10, 2016. In addition to the above, the Committee meetings were also attended by the Chief Financial Officer and Statutory Auditor of the Company.

Power of Audit Committee

The Audit Committee shall have powers, which include the following :

- To investigate any activity within its terms of reference
- To seek information from any employee
- To obtain outside legal or other professional advice
- To 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 function. The detailed terms of reference of the Committee as approved by the Board are given below :

1. 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;

2. Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, quarterly and annual financial statements and auditors report thereon before submission to the board for approval;
5. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
6. Approval or any subsequent modification of transactions of the company with related parties;
7. Scrutiny of inter-corporate loans and investments;
8. Valuation of undertakings or assets of the company, wherever it is necessary;
9. Evaluation of internal financial controls and risk management systems;
10. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
11. Reviewing the adequacy of internal audit function and discussion with internal auditors for any significant findings and follow up thereon.
12. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
13. 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.
14. 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.
15. To review the functioning of the Whistle Blower mechanism.
16. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

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/>

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

The role of the Committee shall, inter-alia, include the following :

1. 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;
2. Formulation of criteria for evaluation of Independent Directors and the Board;
3. Devising a policy on Board diversity;
4. 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.

5. Decision to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors .

The Chairman of the Nomination and Remuneration Committee i.e. Mr Mukund Bhogale was present at the 31st Annual General Meeting held on August 10, 2016 to answer the shareholders queries. During the year under review, one meeting was held on November 10, 2016.

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

Mr Aniruddha Karve was appointed as Managing Director of the Company for a period of 3 years effective from July 1, 2015. The Company had submitted an application to Central Government for approval of payment of remuneration to Mr Aniruddha Karve for a period of 3 years and received an approval from Central Government in the month of June, 2016. Since the Company has not received the approval from Central Government and for sake of brevity until August 31, 2016, remuneration to Mr. Aniruddha Karve was paid by Morgan Advanced Material India Private Limited. Further, the Nomination and Remuneration Committee in their meeting held on November 10, 2016 reviewed the roles and responsibilities being carried out by Mr Aniruddha Karve for the Company and has decided to revise the remuneration subject to applicable conditions as mentioned in the revised notification S.O.2922 (E) dated September 12, 2016, read with Schedule V of the Companies Act, 2013 including any statutory modification(s) or re-enactment thereof for the time being in force and subject to any other approval as may require from Central Government or any other statutory bodies for the period October 1, 2016 to March 31, 2017 and for the financial year 2017-18 subject to approval of the members. The members through postal ballot resolution on December 26, 2016 has given unanimously approval for revision in the payment of remuneration to Mr Aniruddha Karve for abovementioned period. During the year 2016-17 (From September 1, 2016 to March 31, 2017) and in view of the approval of Central Government and the members, Mr Aniruddha Karve has drawn the following remuneration –

Particulars	Amount in ₹
Salary & Allowances	6,135,515
Performance Bonus	2,000,000
Total	8,135,515

Notes :

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

Sitting fees paid to Independent Directors during the financial year 2016-17 are given below :

Particulars	Amount in ₹
Mr Mukund Bhogale	100,000
Mr Subhash Kolapkar	100,000
Ms Maithilee Tambolkar	80,000
TOTAL	280,000

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

5. STAKEHOLDERS RELATIONSHIP COMMITTEE :

The Stakeholders Relationship Committee is primarily responsible to review all matters connected with the Company's transfer of securities and redressal of shareholders' / investors' / security holders' complaints. The Stakeholders Relationship Committee comprises of the following Directors :

1. Mr Mukund Bhogale – Chairman and Independent Director
2. Mr Subhash Kolapkar – Independent Director
3. Mr Aniruddha Karve – Managing Director

Mr Rupesh Khokle, Company Secretary acting as Compliance Officer of the Committee.

The Committee met once during the year. The Company has not received any complaint from any shareholder regarding transfer or transmission of shares during the year however the company has successfully addressed the queries raised by shareholders regarding financial performance of the company during Annual General Meeting and any other requests from time to time. The details of attendance of meeting are as per below -

Name	Attended
Mr Mukund Bhogale	1
Mr Aniruddha Karve	1
Mr Subhash Kolapkar	1

6. 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 – Managing Director
3. Mr Ian Keith Arber – Non-executive Director

During the year under review, the committee met once on November 10, 2016.

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

Particulars	Activity
Anand Aashram	Distribution of Mattress to the children.
Matroshri Vradha Aashram	Provided Solor Power Grid to save in energy cost.
Iskon	Provided Meal Delivery Container to the Iskon so that Govt. school children will get hot meal.
Sant Gadge Maharaj Mission	Provided Solor Power Grid to save in energy cost.
Late Shri Ranglal Ramratan Baheti Industrial Vocational Training & Rehabilitation Centre for the Blind	Funded for purchasing raw material through our vendors so that approximately 8,000 files will be prepared.
Dwarikalal Sushishit Berojgar Seva Sahkari Sanatha Maryadit	Seed distribution to farmers in drought affected area

Role and Function of CSR Committee

The brief roles and functions of CSR committee shall include the following :

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

7. RISK MANAGEMENT COMMITTEE :

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

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

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.

8. 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, 2014	<u>Registered office of the Company:</u>	AGM	September 25, 2014	11.00 AM	Yes
March 31, 2015	B-11,MIDC Industrial Area, Waluj,	AGM	September 22, 2015	11.00 AM	Yes
March 31, 2016	Aurangabad- 431136, Maharashtra, India	AGM	August 10, 2016	11.00 AM	Yes

b. Postal Ballot

During the year the Company has passed two special resolutions through postal ballot process as per follows –

1. Waiver of recovery of excess remuneration paid to Late Mr Hitesh Saiwal for the financial year 2015-16

The Postal Ballot Notice containing Special Resolution together with the statement to the Postal Ballot Notice was sent to all the Shareholders on August 24, 2016 and the last date for receipt of postal ballot forms duly completed, from the shareholders was September 24, 2016. 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.

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

Total Number of Votes casted through Physical and Electronic Mode	Number of votes casted in favour of resolution	Number of shares in favour of resolution	Number of votes casted against resolution	Number of shares against the resolution
14	11	21,02,556	3	3,317

The Scrutinizer has submitted their result for the votes cast through remote e-voting and postal ballots forms to the Chairman of the Board and accordingly the Chairman as on September 27, 2016 declared that the above resolution, as set out in the Notice dated August 11, 2016, have been passed with requisite majority by the Members of the Company.

2. Approval for revision in payment of managerial remuneration to Mr Aniruddha Karve, Managing Director

The Postal Ballot Notice containing Special Resolution together with the statement annexed to the Postal Ballot Notice was sent to all the Shareholders on November 24, 2016 and the last date for receipt of postal ballot forms duly completed, from the shareholders was December 24, 2016. 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.

Total Number of Votes casted through Physical and Electronic Mode	Number of votes casted in favour of resolution	Number of shares in favour of resolution	Number of votes casted against resolution	Number of shares against the resolution
21	19	21,08,823	2	300

The Scrutinizer has submitted their result for the votes cast through remote e-voting and postal ballots forms to the Chairman of the Board and accordingly the Chairman as on December 26, 2016 declared that the above resolution, as set out in the Notice dated November 10, 2016, have been passed with requisite majority by the Members of the Company.

9. DISCLOSURES :

a. Related Party Transactions :

During the year, the Company has taken omnibus approval from the Audit Committee in their meeting held on May 25, 2016 for the transactions entered with the related parties during the year. The transactions with related parties were also being reviewed on quarterly basis at every Audit Committee meeting and ensured that the same were at arms' length basis.

As per Regulation 46 of SEBI LODR Regulations, 2015, the Policy on Materiality of Related Party Transactions and dealing with Related Party Transactions which is available on Company's website at

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

b. Materially Significant Related Party Transactions

During the year under review, there have been no materially significant transactions between the Company and executive, non-executive, independent directors, relatives of directors or subsidiary company taken place. None of the executive, non-executive or independent directors hold any shares in the Company.

c. Disclosure of Accounting Treatment :

During the year under review, the Company has prepared financial statements in accordance with the generally accepted accounting principles in India under historical cost convention on accrual basis. The Company has prepared these financial

statements to comply in all material respects with the applicable accounting standards notified pursuant to Companies (Accounting Standards) Rules, 2006 which continue to apply under Section 133 of the Companies Act, 2013, read together with rule 7 of the Companies (Accounts) Rules 2014.

d. Statutory Compliance :

There has been no instance of non-compliance by the Company on any matter related to capital markets during last three years and no penalties or strictures have been imposed on the Company by Stock Exchanges or SEBI. The Company has complied with all mandatory requirements laid down by Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

e. Management :

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

f. Succession Planning

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

g. Shareholders' Information :

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

Ms Pauline Tan

Ms Pauline Tan who joined as Non-executive Director of the Company effective from August 13, 2015 is liable to retire by rotation in ensuing Annual General Meeting pursuant to provisions of Section 152 (6) of the Companies Act, 2013 and offer herself for reappointment.

Ms Pauline Tan joined Morgan in January, 2014 and she took over charge of Morgan Molten System (MMS) as Finance Director effective from February 1, 2015. Ms. Pauline Tan has strong track-record of more than 15 years in financial planning, reporting, analysis and control. She was associated with reputed businesses like Digicel, NCS Group and IFF etc. Since taking over charge as MMS Finance Director, she has been instrumental in various financial reporting and internal control.

- b) The Board promptly publishes quarterly results after end of every Board Meeting on their website as well as be sent to Bombay Stock Exchange after end of the Board Meeting.

h. Disclosure of formal letter of appointment :

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

i. CEO/CFO CERTIFICATION :

A certificate from the Chief Executive Officer (Managing Director) & Chief Financial Officer of the Company, on the financial statements and other matters of the Company for the financial year ended March 31, 2017, was placed before the Board at its meeting held on May 25, 2017.

j. MEANS OF COMMUNICATION :

During the year under review, un-audited quarterly & half-yearly results on standalone basis and audited financial results on standalone and consolidated basis of the Company were submitted to the stock exchanges soon after the Board meeting approved these financial results and were published in two leading newspapers –Business Standard (English) & Sakal (Marathi). These were also promptly put on the Company's website www.morganmms.com. No presentations have been made to institutional investors or analysts.

k. GREEN INITIATIVE :

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

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

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 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. SUBSIDIARY COMPANY :

Morganite Crucible (India) Limited (MCIL) holds 51 per cent stake in the Diamond Crucible Company Limited (DCCL) having its manufacturing facility at Mehsana, Gujarat. Mr Mukund Bhogale, Chairman of the Board, was nominated as Non-executive Director of DCCL.

Pursuant to Regulation 24 of LODR, the Audit Committee of the Company has reviewed the financial statements of DCCL and Board minutes held during the year. It was also noted that DCCL has not entered into any significant transactions and arrangements in the financial year 2016-17.

The Company has not disposed of shares in its material subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 50% or cease the exercise of control over the subsidiary without passing a special resolution in its General Meeting.

10. GENERAL INFORMATION FOR SHAREHOLDERS :**a. Date, Time and Venue of 32nd Annual General Meeting :**

Date & Time	: Wednesday, August 9, 2017 at 11:00 AM
Venue	: B-11, MIDC Area, Waluj, Aurangabad – 431 136, Maharashtra

b. Tentative Financial Calendar for the year 2017-18 :

Financial year	: April 1, 2017 to March 31, 2018
First Quarter results	: August 10, 2017
Half Yearly results	: Second week of November, 2017
Third Quarter results	: Second week of February, 2017
Results for year-end	: Second week of May, 2018

c. Date of Book Closure : August 3, 2017, Thursday to August 9, 2017, Wednesday (both days inclusive)
d. Dividend : The Board of Directors in its Board meeting held on May 25, 2017 has recommended a dividend ₹ 8/- per equity share for the financial year 2016-17 subject to approval of shareholders which shall be paid on or before of September 8, 2017.
e. Unclaimed Dividend Account :

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

Year	Dividend per share in ₹	Date of Declaration	Due Date	Unclaimed Amount in ₹
2015-16	4	10/08/2016	09/09/2016	317,724
2014-15	1	22/09/2015	21/10/2015	51,325
2013-14	1	25/09/2014	24/10/2014	4,068
2012-13	1	25/09/2013	24/10/ 2013	49,138
2011-12	1	17/08/2012	16/09/ 2012	2,029

f. Listing Details :

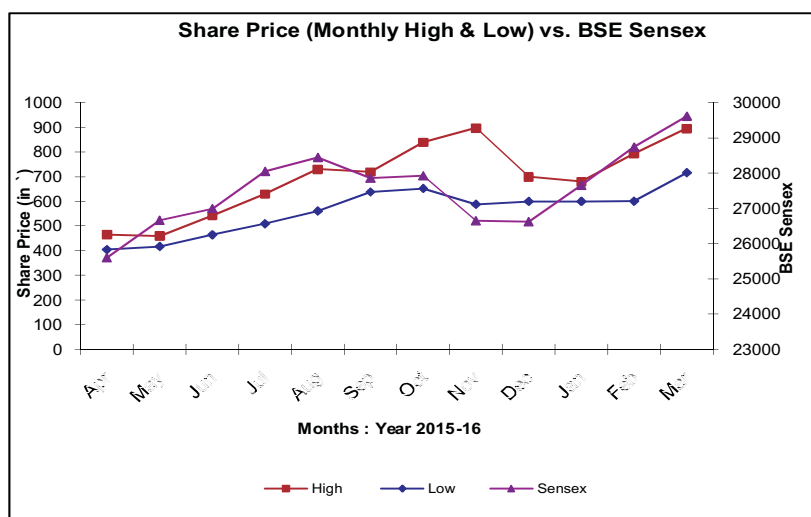
Name of Stock Exchange	: Bombay Stock Exchange Ltd.
Security Code	: 523160
ISIN Number	: INE599F01012

The annual listing fee for the financial year 2017-18 has been duly paid to the above stock exchange.

g. Market Price Data :

(Amount in ₹)

Month	High	Low
Apr-16	464.70	405.60
May-16	459.00	418.00
Jun-16	541.80	465.05
Jul-16	630.00	510.00
Aug-16	730.00	561.00
Sep-16	719.00	638.00
Oct-16	840.00	652.20
Nov-16	897.90	588.00
Dec-16	698.90	600.00
Jan-17	680.00	600.00
Feb-17	793.90	601.00
Mar-17	896.00	715.60



h. Distribution of Shareholding as at March 31, 2017 :

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	27,217	4	0.97
3	Individual	601,335	2,517	21.48
4	HUF	28,151	108	1.00
5	NRI Non Rep / Rep	14,422	37	0.51
6	Clearing Members	3,076	37	0.11
7	Bodies Corporate	25,799	50	0.93
	TOTAL	28,00,000	2,755	100.00

i. Dematerialisation of securities :

The Equity shares of the Company are traded compulsorily in the dematerialized segment of Bombay Stock Exchange (BSE) and are under rolling settlement. Presently, 1,684,791 Equity Shares representing 60% of the total Equity Capital of the Company were held in dematerialized as on March 31, 2017.

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

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

k. Share transfer system :

The share transfers 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.

l. Registered and Plant Location : B-11, MIDC Waluj, Aurangabad – 431 136 (MS)

m. 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)

n. Investor services E-mail : rupesh.khokle@morganplc.com

o. 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	rnt.helpdesk@linkintime.co.in
Registry	bonds.helpdesk@linkintime.co.in

For and on behalf of the Board,


 Aniruddha Karve
 (Managing Director)
 DIN: 07180005


 Ian Keith Arber
 (Director)
 DIN: 07080539

Place: Aurangabad
 Date: May 25, 2017

CEO(MD)/CFO CERTIFICATION

The Board of Directors

Morganite Crucible (India) Limited

- A. We have reviewed financial statements and the cash flow statement for the year ended March 31, 2017 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.



Aniruddha Karve
(Managing Director)



Atithi Majumdar
(Chief Financial Officer)

Date : May 21, 2017

Place : Aurangabad

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

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Morganite Crucible (India) Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2017, and its profit and its cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to Note 37 to the standalone financial statements, which more fully explains that during the previous year, the Company had paid managerial remuneration to Late Hitesh Saiwal - Managing Director amounting to Rs. 10,207,067 which was in excess of the limits specified in section 197 read with Schedule V of the Act by Rs. 7,300,563. The Company had made an application to the Central Government for approval of excess remuneration paid. The Central Government had directed the Company to file an application for waiver of such excess remuneration paid along with the approval from the Board, Nomination and Remuneration Committee and members of the Company. The Company has obtained the approval from the Board, Nomination and Remuneration Committee and members of the Company and accordingly application has been made to the Central Government. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. 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 and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 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 over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B"; and
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us :

- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 26 to the standalone financial statements.
- ii. The Company did not have any material foreseeable losses on long-term contracts including derivative contracts.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- iv. The Company has provided requisite disclosures in the standalone financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management - Refer note 45 to the standalone financial statements.

For B S R & Co. LLP
Chartered Accountants
Firm Registration No: 101248W/ W-100022

Place : Mumbai
Date : 25 May 2017

Swapnil Dakshindas
Partner
Membership No:113896

Annexure A to the Independent Auditors' Report – 31 March 2017

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 standalone financial statements for the year ended 31 March 2017, 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 carries out physical verification of its fixed assets every year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its fixed assets. Accordingly, all 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 goods-in-transit, has been physically verified 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) The Company has not accepted any deposits in accordance with the provisions of sections 73 to 76 of the Act and the rules made there under.
- (vi) 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.
- (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, sales tax, service tax, value added tax, duty of customs, duty of excise 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, service tax, sales tax, value added tax, duty of customs, duty of excise and other statutory dues were in arrears as at 31 March 2017, 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, and duty of excise 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	Amount*	Amount paid under protest	Period to which amount relates	Forum where dispute is pending
Central Excise Act, 1944	Excise duty	1,896,472	-	2005-06 to 2009-10	Commissioner of Central Excise and Service Tax
Central Excise Act, 1944	Excise duty	412,331	-	April 2013 to September 2015	Commissioner of Central Excise and Service Tax (Appeal)#
Finance Act, 1994	Service tax	346,039	-	April 2012 to August 2014	Assistant Commissioner of Central Excise and Service Tax audit
Finance Act, 1994	Service tax	956,090	-	April 2013 to August 2015	Assistant Commissioner of Central Excise and Service Tax audit
Income Tax Act, 1961	Income tax	15,342,967	1,000,000	2011-12	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income tax	11,046,142	7,834,070 **	2012-13	Commissioner of Income Tax (Appeals)

(*excluding interest and penalty)

(**includes amount of advance tax of Rs. 7,247,070 adjusted against demand order)

Company is in process of filing the appeal

- (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 debentures during the year.
- (ix) 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.
- (x) According to the information and explanations given to us, no fraud by or 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. However, during the previous year the Company had paid managerial remuneration to Late Hitesh Saiwal- Managing Director amounting to Rs. 10,207,067 which was in excess of the limits specified in section 197 read with Schedule V of the Act by Rs. 7,300,563. The Company had made an application to the Central Government for waiver of excess remuneration paid and pending approval has treated the excess remuneration paid as a recoverable. Refer note 37 to the standalone financial statements.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company as per the Act.
- (xiii) In our opinion and according to the information and explanations given to us, all transactions with related parties are in compliance with section 177 and 188 of the Act and the details, as required by the applicable accounting

standards have been disclosed in the financial statements.

- (xiv) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partially convertible debentures during the year.
- (xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with them during the year.
- (xvi) In our opinion and according to the information and explanations given to us, the Company is not required to register under section 45-IA of the Reserve Bank of India, 1934.

For B S R & Co. LLP
Chartered Accountants
Firm Registration No: 101248W/ W-100022

Place : Mumbai
Date : 25 May 2017

Swapnil Dakshindas
Partner
Membership No:113896

Annexure B to the Independent Auditors' Report

Referred to in paragraph 2(f) in Report on Other Legal and Regulatory Requirements of the Independent Auditors' Report to the members of the Morganite Crucible (India) Limited on the standalone financial statements for the year ended 31 March 2017.

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

We have audited the internal financial controls over financial reporting of Morganite Crucible (India) Limited ("the Company") as of 31 March 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting 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. 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 over financial reporting was established and maintained and if 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 system over financial reporting.

Meaning of Internal Financial Control Over Financial Reporting

A company's internal financial control over financial reporting 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 control over financial reporting includes 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 Control Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting 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.

Place : Mumbai
Date : 25 May 2017

For B S R & Co. LLP
Chartered Accountants
Firm Registration No: 101248W/ W-100022

Swapnil Dakshindas
Partner
Membership No:113896

Balance Sheet
as at 31 March 2017

(Currency : Indian rupees)

	Notes	31 March 2017	31 March 2016
Equity and liabilities			
Shareholders' funds			
Share capital	3	28,000,000	28,000,000
Reserves and surplus	4	800,533,921	668,877,982
		828,533,921	696,877,982
Current liabilities			
Trade payables			
-total outstanding dues of micro enterprises and small enterprises	5	9,598,078	2,889,340
-total outstanding dues of creditors other than micro enterprises and small enterprises	5	98,214,060	90,980,313
Other current liabilities	6	39,327,181	48,637,605
Short-term provisions	7	17,946,956	40,181,728
		165,086,275	182,688,986
		993,620,196	879,566,968
Assets			
Non-current assets			
Fixed assets			
Tangible assets	8	157,231,813	147,548,503
Intangible assets	8	1,028,669	4,856,794
Capital work-in-progress	8	24,399,843	26,257,696
Non-current investments	9	49,698,740	49,698,740
Deferred tax asset (net)	10	13,475,251	13,410,054
Long-term loans and advances	11	38,726,736	38,320,490
Other non-current assets	12	500,000	-
		285,061,052	280,092,277
Current assets			
Inventories	13	116,290,865	117,272,068
Trade receivables	14	147,434,957	144,278,065
Cash and bank balances	15	399,185,904	254,624,286
Short-term loans and advances	16	27,962,691	80,373,094
Other current assets	17	17,684,727	2,927,178
		708,559,144	599,474,691
		993,620,196	879,566,968
Significant accounting policies	2		
Notes to the financial statements	3-46		

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 & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W / W-100022

Swapnil Dakshindas

Partner

Membership No : 113896

Place : Mumbai

Date : 25 May 2017

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

CIN: L26920MH1986PLC038607

Aniruddha Karve

Managing Director

DIN : 07180005

Place : Aurangabad

Date : 25 May 2017

Ian Keith Arber

Director

DIN : 07080539

Place : Aurangabad

Date : 25 May 2017

Atithi Majumdar

Chief Financial Officer

Place : Aurangabad

Date : 25 May 2017

Rupesh Khokle

Company Secretary

Place : Aurangabad

Date : 25 May 2017

Statement of Profit and Loss
for the year ended 31 March 2017

(Currency : Indian rupees)

	Notes	31 March 2017	31 March 2016
Revenue from operations			
Sale of products (gross)	18	894,073,984	907,043,642
Less: Excise duty		35,638,987	33,177,840
Sale of products (net)		858,434,997	873,865,802
Other operating revenues	19	33,850,852	12,865,029
		892,285,849	886,730,831
Other income	20	18,224,072	24,792,180
Total revenue		910,509,921	911,523,011
Expenses			
Cost of materials consumed	21	305,304,863	307,691,290
Changes in inventories of finished goods and work-in-progress	22	(4,242,093)	8,349,504
Employee benefits expense	23	146,037,781	122,769,991
Depreciation and amortisation expense	24	36,242,153	71,065,042
Other expenses	25	223,183,446	246,313,697
		706,526,150	756,189,524
Profit before tax		203,983,771	155,333,487
Tax expense:			
Current tax		72,245,000	70,689,400
Deferred tax (credit)		(65,197)	(14,819,767)
Short provision of earlier years		148,029	700,730
Profit for the year		131,655,939	98,763,124
Earnings Per Share: (face value of Rs 10 per share)	39		
Basic (Rs.)		47.02	35.27
Diluted (Rs.)		47.02	35.27
Significant accounting policies	2		
Notes to the financial statements	3-46		

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 & Co. LLP
Chartered Accountants

Firm's Registration No: 101248W / W-100022

For and on behalf of the Board of Directors of
Morganite Crucible (India) Limited
CIN: L26920MH1986PLC038607
Swapnil Dakshindas
Partner

Membership No : 113896

Place : Mumbai

Date : 25 May 2017

Aniruddha Karve
Managing Director

DIN : 07180005

Place : Aurangabad

Date : 25 May 2017

Ian Keith Arber
Director

DIN : 07080539

Place : Aurangabad

Date : 25 May 2017

Atithi Majumdar
Chief Financial Officer

Place : Aurangabad

Date : 25 May 2017

Rupesh Khokle
Company Secretary

Place : Aurangabad

Date : 25 May 2017

Cash Flow Statement
for the year ended 31 March 2017

(Currency: Indian rupees)

	31 March 2017	31 March 2016
Cash flow from operating activities		
Profit before tax	203,983,771	155,333,487
Adjustments for :		
Depreciation and amortisation expense	36,242,153	71,065,042
Loss on sale / write off of fixed assets	1,921,823	-
Liabilities no longer written back	(2,061,276)	-
Unrealised foreign exchange loss (net)	438,850	1,221,085
Provision for doubtful debt written back	(328,336)	-
Bad debt written off	193,071	-
Interest income	(10,121,087)	(4,528,069)
	26,285,198	67,758,058
Operating cash flow before changes in working capital	230,268,969	223,091,545
Changes in working capital		
Decrease in inventories	981,203	6,385,388
Increase in trade receivables	(3,021,627)	(23,878,707)
Decrease / (Increase) in short-term loans & advances	52,410,403	(26,822,734)
Increase in long-term loans & advances	639,447	47,385,709
Increase in other current assets	(11,954,074)	5,180,259
Increase in other current liabilities	11,507,172	7,366,538
Increase / (Decrease) in trade payable	13,942,485	(7,512,674)
Increase in short term provision	909,193	2,420,619
	65,414,202	10,524,398
Cash generated from operations	295,683,171	233,615,943
Income Taxes paid	(83,102,591)	(57,540,854)
Net cash from operating activities (A)	212,580,580	176,075,089
Cash flow from investing activities		
Purchase of fixed assets, including expenditure on capital work in progress	(61,910,471)	(42,055,913)
Proceeds from sale of fixed assets	722,645	-
Movement in fixed deposits (net)	9,247,938	(110,001,005)
Interest received	9,268,347	3,780,874
Net cash (used in) investing activities (B)	(42,671,541)	(148,276,044)
Cash flow from financing activities		
Dividend paid	(10,929,802)	(2,800,000)
Dividend tax paid	(2,280,096)	(570,024)
Net cash (used in) financing activities (C)	(13,209,898)	(3,370,024)
Net increase in cash and cash equivalents (A+B+C)	156,699,141	24,429,021
Effect of exchange differences on cash and cash equivalents held in foreign currency	(2,389,585)	(1,221,085)
Cash and cash equivalents at the beginning of the year	144,453,347	121,245,411
Cash and cash equivalents at the end of the year (refer schedule 15)	298,762,903	144,453,347

(Currency: Indian rupees)

Notes

	31 March 2017	31 March 2016	31 March 2015
Components of Cash and Cash Equivalents			
Cash and cash equivalents comprises of:			
Cash on hand	819	6,837	949
Bank balances			
- In current accounts	180,653,552	112,385,801	58,159,375
- Export Earner's Foreign Currency account (EEFC)	58,108,532	32,060,709	63,085,087
- Deposit accounts (deposits having original maturity of 3 months or less)	60,000,000	-	-
Total Cash and Cash Equivalents	298,762,903	144,453,347	121,245,411

As per our report of even date attached.

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

Chartered Accountants

Firm's Registration No: 101248W / W-100022

For and on behalf of the Board of Directors

of **Morganite Crucible (India) Limited**

CIN: L26920MH1986PLC038607

Swapnil Dakshindas

Partner

Membership No : 113896

Place : Mumbai

Date : 25 May 2017

Aniruddha Karve

Managing Director

DIN : 07180005

Place : Aurangabad

Date : 25 May 2017

Ian Keith Arber

Director

DIN : 07080539

Place : Aurangabad

Date : 25 May 2017

Atithi Majumdar

Chief Financial Officer

Place : Aurangabad

Date : 25 May 2017

Rupesh Khokle

Company Secretary

Place : Aurangabad

Date : 25 May 2017

Notes to the standalone financial statements

for the year ended 31 March 2017

(Currency: Indian Rupees)

1. Background

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

2. Significant accounting policies

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

2.1 Basis of preparation of financial statements

These financial statements have been prepared and presented on the accrual basis of accounting and comply in all material respects with the applicable accounting standards specified under section 133 of the Companies Act, 2013 ('the Act'), read with Rule 7 of the Companies (Accounts) Rules, 2014 and other accounting principles generally accepted in India, to the extent applicable. The financial statements are presented in Indian rupees.

2.2 Use of estimates

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

2.3 Current–non-current classification

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

Assets

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

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

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

All other assets are classified as non-current.

Liabilities

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

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

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

All other liabilities are classified as non-current.

Operating cycle

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

2.4 Revenue recognition

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

Interest income is recognized using the time proportion method, based on the underlying interest rates.

Dividend income is recognized when the right to receive dividend is established.

Export entitlements (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.

2.5 Fixed assets and depreciation/amortisation**(a) (i) Tangible fixed assets**

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

(ii) Depreciation on tangible fixed assets

Leasehold land is amortised on a straight line basis over the primary period of lease, i.e. 99 years. In respect of other assets, depreciation is provided on straight line method based on useful life prescribed in Schedule II to the Act as given below :

Gross block	Sub-asset	Useful lives (years)
Building	Office building	60 years
	Factory building	30 years
Plant and equipments	Plant and machinery	15 years
	Relining of Kiln*	6 years
	Computers	3 years
Vehicles	Vehicles	8 years
Office equipment	Office equipment	5 years
Furniture and fixtures	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.

(b) Intangible fixed assets

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

2.6 Impairment of assets

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

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

2.7 Investments

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

2.8 Employee benefits

(a) Short term employee benefits :

All employee benefits payable wholly within twelve months of rendering the service are classified as short

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

(b) Long term employee benefits :

(i) Defined contribution plans

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

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

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

The Company's contributions to the above funds are charged to the Statement of Profit and Loss every year.

(ii) Defined benefit plans

Post-employment benefits :

The Company's gratuity scheme with Life Insurance Corporation of India is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted. The present value of the obligation under such defined benefit plan is determined based on independent actuarial valuation at the Balance Sheet date using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan are based on the market yields on Government securities as at the Balance Sheet date. Actuarial gains and losses are recognized immediately in the Statement of Profit and Loss.

Other long-term employment benefits :

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

2.9 Inventories

Inventories which comprises of raw materials, work-in-progress, finished goods, stores and spares are valued at lower of cost and net realisable value. Cost is determined under the moving average price method and includes all costs incurred in bringing the inventories to their present location and condition. Finished goods and Work-in progress include appropriate proportion of costs of conversion. Fixed production overheads are allocated on the

basis of normal capacity of production facilities. Valuation of work-in-progress is based on stage of completion. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

2.10 Foreign currency

i) Foreign currency transactions

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

2.11 Operating leases

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

2.12 Taxes on Income

Income-tax

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

Deferred tax

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

2.13 Earnings per share ('EPS')

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

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

2.14 Provisions and contingencies

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

2.15 Cash and cash equivalents

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

(Currency : Indian rupees)

	31 March 2017	31 March 2016
3 Share capital		
Authorised capital :		
5,000,000 (2016 : 5,000,000) equity shares of Rs. 10 each	<u>50,000,000</u>	<u>50,000,000</u>
Issued, subscribed and full paid up		
2,800,000 (2016: 2,800,000) equity shares of Rs 10 each, fully paid-up	<u>28,000,000</u>	<u>28,000,000</u>

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

	31 March 2017		31 March 2016	
	Number	Amount	Number	Amount
Number of shares outstanding at the beginning and at the end of the year	2,800,000	28,000,000	2,800,000	28,000,000

Rights, preferences and restrictions attached to equity shares

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

During the year ended 31 March 2016, the Company had recognised dividend of Rs. 4 per equity share amounted to Rs. 13,480,096, including dividend distribution tax of Rs 2,280,096 as appropriation towards distribution to equity shareholders.

The Board of Directors at their meeting held on 25 May 2017 has recommended payment of a final dividend of Rs. 8 per equity share for the financial year ended 31 March 2017 amounting to Rs. 26,986,326 including dividend distribution tax Rs. 4,586,326, subject to the Shareholders' approval at the forthcoming Annual General Meeting. However, the liability of proposed dividend of Rs. 26,986,326 is not recorded in these financial statement as appropriation towards distribution to equity shareholders since the Central Government in consultation with National Advisory Committee on Accounting Standards, has amended the Companies (Accounting Standards) Rules, 2006, through a notification issued by the Ministry of Corporate Affairs dated 30 March 2016. The Companies (Accounting Standards) Rules, 2016 is effective from financial year 2016-17 onwards (Refer to para 8.5 of AS-4 - Contingencies and Events occurring after the Balance Sheet date).

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

Shares held by subsidiaries of the ultimate holding company

	31 March 2017		31 March 2016	
	Number of shares	% holding in the class	Number of shares	% holding in the class
Shares of the Company held by -				
Morganite Crucible Limited, subsidiary of the ultimate holding company	1,078,000	38.50 %	1,078,000	38.50%
Morgan Terreassen BV, subsidiary of the ultimate holding company	1,022,000	36.50 %	1,022,000	36.50%

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

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

4 Reserves and surplus

Capital reserve

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

Securities premium account

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

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

Investment allowance reserve under the Income tax Act, 1961

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

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

At the commencement of the year	582,885,982	497,602,954
Add: Profit for the year	131,655,939	98,763,124
Amount available for appropriation	714,541,921	596,366,078
Less : Appropriations (refer note 3)		
Proposed equity dividend	-	(11,200,000)
Dividend distribution tax	-	(2,280,096)
Net surplus in statement of profit and loss	714,541,921	582,885,982
	<u>800,533,921</u>	<u>668,877,982</u>

5 Trade payables

- total outstanding dues of micro enterprises and small enterprises (<i>refer note 40</i>)	9,598,078	2,889,340
- total outstanding dues of creditors other than micro enterprises and small enterprises	98,214,060	90,980,313

107,812,138	93,869,653
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6 Other current liabilities

Unclaimed dividend (<i>refer note below</i>)	424,285	154,087
Advances received from customers	6,876,613	2,456,895
Deposits	276,658	276,658
Employee benefits payable	15,698,298	9,821,524
Statutory dues to:		
- Provident and other funds	923,102	759,867
- Others:		
Service tax	-	2,486,023
Customs duty	-	611,634
Professional tax	31,975	-
Excise duty on closing stock of finished goods	4,217,400	3,860,819
Tax deducted at source	4,936,402	3,241,132
Creditors for capital goods	5,942,448	24,968,966

39,327,181	48,637,605
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Note - There are no amounts due to the Investor Education and Protection Fund.

7 Short-term provisions

Provision for employee benefits:		
Compensated absences	2,662,336	3,341,724
Gratuity	645,357	-
Other provisions		
Warranties (<i>refer note 43</i>)	8,198,002	8,969,778
Proposed dividend	-	11,200,000
Dividend distribution tax	-	2,280,096
Income-tax (<i>net of advance taxes paid</i>)	4,726,261	14,390,130
Litigation for excise duty (<i>refer note 43</i>)	1,715,000	-
	17,946,956	40,181,728

Morganite Crucible (India) Limited

Notes to the standalone financial statements (Continued) as at 31 March 2017

(Currency : Indian rupees)

8 Fixed assets

	Tangible Assets							Intangible Assets			Total Fixed Assets		
	Leasehold Land	Building	Plant and equipments	Computers	Vehicles	Office equipments	Furniture and fixtures	Total tangible assets	Software	Non-competition agreement		Distribution Rights	Total intangible assets
Gross Block													
Balance as at 1 April 2015	1,684,375	66,580,266	405,538,156	5,942,759	629,716	4,836,550	5,199,895	490,411,717	19,140,627	2,924,924	48,720,587	70,786,138	561,197,855
Additions	-	4,939,971	34,772,843	1,635,918	-	460,060	3,563,063	45,371,855	-	-	-	-	45,371,855
Deletions	-	-	-	54,684	-	-	-	54,684	-	-	-	-	54,684
Balance as at 31 March 2016	1,684,375	71,520,237	440,310,999	7,523,993	629,716	5,296,610	8,762,958	535,728,888	19,140,627	2,924,924	48,720,587	70,786,138	606,515,026
Additions	-	-	43,501,040	758,800	90,477	322,989	68,500	44,741,806	-	-	-	-	44,741,806
Deletions	-	2,352,302	4,619,128	-	-	-	280,778	7,252,208	-	-	-	-	7,252,208
Balance as at 31 March 2017	1,684,375	69,167,935	479,192,911	8,282,793	720,193	5,338,821	8,831,458	573,218,486	19,140,627	2,924,924	48,720,587	70,786,138	644,004,624
Depreciation													
Balance as at 1 April 2015	512,067	22,537,567	293,909,917	4,643,143	301,634	1,668,218	2,292,103	325,864,649	10,455,707	2,924,924	43,854,091	57,234,722	383,099,371
Depreciation for the year	17,014	3,498,426	55,871,383	1,102,876	98,973	1,009,071	772,677	62,370,420	3,828,126	-	4,866,496	8,694,622	71,065,042
Accumulated depreciation on disposals	-	-	-	54,684	-	-	-	54,684	-	-	-	-	54,684
Balance as at 31 March 2016	529,081	26,035,993	349,781,300	5,691,335	400,607	2,677,289	3,064,780	388,180,385	14,283,833	2,924,924	48,720,587	65,929,344	454,109,729
Depreciation for the year	17,014	3,531,775	25,828,371	940,951	99,934	1,059,408	936,575	32,414,028	3,828,125	-	-	3,828,125	36,242,153
Accumulated depreciation on disposals	-	113,165	4,297,556	-	-	197,019	-	4,607,740	-	-	-	-	4,607,740
Balance as at 31 March 2017	546,095	29,454,603	371,312,115	6,632,286	500,541	3,539,678	4,001,355	415,986,673	18,111,958	2,924,924	48,720,587	69,757,469	485,744,142
Net Block													
As at 31 March 2016	1,155,294	45,484,244	90,529,699	1,832,658	229,109	2,619,321	5,698,178	147,548,503	4,856,794	-	-	4,856,794	152,405,297
As at 31 March 2017	1,138,280	39,713,332	107,880,796	1,650,507	219,652	1,799,143	4,830,103	157,231,813	1,028,669	-	-	1,028,669	158,260,482
Capital work-in-progress													
Balance as at 1 April 2015	-	-	10,157,015	-	-	-	-	10,157,015	-	-	-	-	10,157,015
Additions	-	-	26,257,696	-	-	-	-	26,257,696	-	-	-	-	26,257,696
Assets capitalised during the year	-	-	10,157,015	-	-	-	-	10,157,015	-	-	-	-	10,157,015
Balance as at 31 March 2016	-	-	26,257,696	-	-	-	-	26,257,696	-	-	-	-	26,257,696
Additions	-	18,111,718	6,288,125	-	-	-	-	24,399,843	-	-	-	-	24,399,843
Assets capitalised during the year	-	-	26,257,696	-	-	-	-	26,257,696	-	-	-	-	26,257,696
Balance as at 31 March 2017	-	18,111,718	6,288,125	-	-	-	-	24,399,843	-	-	-	-	24,399,843

9 Non-current investments (Valued at cost unless stated otherwise)		
Unquoted trade investment		
Investment in equity instruments in subsidiary company		
17,850 (2016 : 17,850) fully paid equity shares of Diamond Crucible Company Limited of Rs. 100 each.	49,698,740	49,698,740
	<u>49,698,740</u>	<u>49,698,740</u>
Aggregate amount of unquoted investments	49,698,740	49,698,740
10 Deferred tax assets		
<i>Deferred tax liabilities</i>		
Mark to market gain on forward contract	675,110	-
<i>Deferred tax assets</i>		
Excess of depreciation/ amortisation on fixed assets provided in accounts over depreciation/amortisation under income-tax law	9,979,320	9,113,605
Provision for Employee benefits	1,144,726	1,156,504
Provision for doubtful advances	2,526,579	2,526,579
Provision for doubtful debts	499,736	613,366
	<u>14,150,361</u>	<u>13,410,054</u>
Net deferred tax assets	<u>13,475,251</u>	<u>13,410,054</u>
11 Long-term loans and advances (Unsecured, considered good)		
Security deposits	1,581,617	1,501,757
Value added tax receivable	21,619,451	22,338,758
Advance taxes paid (net of provisions)	15,525,668	14,479,975
	<u>38,726,736</u>	<u>38,320,490</u>
12 Other non current assets		
Bank deposits (due to mature after 12 months from the reporting date) (refer note 15)	500,000	-
	<u>500,000</u>	<u>-</u>
13 Inventories (At lower of cost and net realisable value)		
Raw materials and packing materials (refer note 33)	45,161,018	54,736,250
[Including goods-in-transit Rs.6,723,277 (2016 : Rs.8,786,623)]		
Work-in-progress (refer note 22)	23,222,518	25,549,138
Finished goods (refer note 22)	38,473,070	31,904,357
[Including goods-in-transit Rs. 2,562,079 (2016 : Rs.9,896,952)]		
Stores and spares	9,434,259	5,082,323
	<u>116,290,865</u>	<u>117,272,068</u>
14 Trade receivables (Unsecured, considered good unless stated otherwise)		
Receivables outstanding for a period exceeding six months from the date they are due for payment		
Considered doubtful	1,443,990	1,772,326
Less: Provision for doubtful debts	(1,443,990)	(1,772,326)
Others receivables (A)	-	-
Considered good (B)	147,434,957	144,278,065
(A) + (B)	<u>147,434,957</u>	<u>144,278,065</u>
15 Cash and bank balances		
Cash and cash equivalents		
- Cash on hand	819	6,837
- Bank balances		
- In current accounts	180,653,552	112,385,801
- Export Earner's Foreign Currency account (EEFC)	58,108,532	32,060,709
- Deposit accounts (deposits having original maturity of 3 months or less)	60,000,000	-
	<u>298,762,903</u>	<u>144,453,347</u>
Other bank balances		
- Unpaid dividend accounts	424,285	154,087
- Fixed deposits with maturity more than three months from deposit date but less than twelve months from the balance sheet date.	99,998,716	110,016,852
	<u>399,185,904</u>	<u>254,624,286</u>
Details of bank balances / deposits		
Bank balances available on demand/deposits with original maturity of three months or less included under 'Cash and cash equivalents'	298,762,084	144,446,510
Bank deposits due to mature within twelve months of reporting date included under 'Other bank balances'	100,423,001	110,170,939
Bank deposits due to mature after 12 months of the reporting date included under 'Other non-current assets' (refer note 12)	500,000	-
	<u>399,685,085</u>	<u>254,617,449</u>

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

Advance to suppliers	1,818,795	8,865,153
Prepaid expenses	4,965,677	1,920,295
Value added tax receivable	3,210,239	6,226,626
Cenvat credit receivable	16,932,955	62,238,128
Security deposits	730,200	-
Gratuity fund with Life Insurance Corporation of India (refer note 34)	-	891,840
Loans to employees	304,825	231,052

To related parties

Recoverable from related party (refer note 37)		
Considered doubtful	7,300,563	7,300,563

Less: Provision for doubtful advances

	7,300,563	7,300,563
	(7,300,563)	(7,300,563)
	-	-
	<u>27,962,691</u>	<u>80,373,094</u>

17 Other current assets

Interest accrued on :

- deposits with banks	852,740	-
- VAT refund	385,228	747,195

Export benefits receivable	14,244,998	1,989,813
Mark to market gain on forward contract	1,950,735	-
Insurance claim receivable	251,026	190,170

	<u>17,684,727</u>	<u>2,927,178</u>
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18 Revenue from operations

Sale of products (gross)	894,073,984	907,043,642
Less: Excise duty	35,638,987	33,177,840
Sale of products (net)	<u>858,434,997</u>	<u>873,865,802</u>

Break-up of revenue from sale of products

Crucibles	858,434,997	873,865,802
	<u>858,434,997</u>	<u>873,865,802</u>

19 Other operating revenues

Sale of scrap	1,154,919	944,992
Duty drawback on exports	11,018,396	11,920,037
Export benefits	21,677,537	-
	<u>33,850,852</u>	<u>12,865,029</u>

20 Other income

Interest income on:		
- Deposits with banks	10,121,087	4,528,069
- VAT refund	385,228	747,195
- Delayed payment by customers	938,312	633,135
Net gain on account of foreign exchange fluctuations	3,987,097	14,626,694
Liabilities no longer required written back	2,061,276	4,257,087
Provision for doubtful debts written back	328,336	-
Commission received	402,736	-
	<u>18,224,072</u>	<u>24,792,180</u>

21 Cost of materials consumed

Inventory of materials at the beginning of the year	54,736,250	53,187,569
Purchases	295,729,631	309,239,971
Inventory of materials at the end of the year	45,161,018	54,736,250
(refer note 33)		
	<u>305,304,863</u>	<u>307,691,290</u>

22	Changes in stocks of finished goods and work in progress		
	Inventory at the end of the year		
	Finished goods - Crucibles	38,473,070	31,904,357
	Work in progress - Crucibles	23,222,518	25,549,138
	Inventory at the beginning of the year		
	Finished goods - Crucibles	31,904,357	39,897,669
	Work in progress - Crucibles	25,549,138	25,905,331
		<u>(4,242,093)</u>	<u>8,349,504</u>
23	Employee benefits expense		
	Salaries, wages and bonus	130,357,942	108,155,779
	Contribution to provident and other funds (<i>refer note 34</i>)	6,296,990	5,572,702
	Gratuity (<i>refer note 34</i>)	3,445,639	1,604,335
	Staff welfare expenses	5,937,210	7,437,175
		<u>146,037,781</u>	<u>122,769,991</u>
24	Depreciation and amortisation		
	Depreciation of tangible fixed assets	32,414,028	62,370,420
	Amortisation of intangible fixed assets	3,828,125	8,694,622
		<u>36,242,153</u>	<u>71,065,042</u>
25	Other expenses		
	Consumption of stores and spares	7,501,532	7,013,919
	Decrease in excise duty on inventory of finished goods	356,581	(553,284)
	Power and fuel	43,054,102	49,786,408
	Repairs to buildings	6,084,405	4,933,213
	Repairs to machinery	21,598,622	16,495,826
	Repairs others	4,861,523	4,655,348
	Rent	3,208,753	3,630,337
	Rates and taxes	1,595,004	6,295,413
	Travelling and motor car expenses	12,190,422	11,445,187
	Legal and professional fees	6,262,635	10,908,089
	Insurance	2,452,893	2,673,438
	Payment to auditor (<i>refer note 27</i>)	3,217,876	2,180,117
	Sales commission	1,975,840	2,371,414
	Directors' sitting fees	280,500	240,000
	Royalty/Trademark charges	6,930,118	6,273,952
	Management charges (includes prior period expenses of Rs. Nil (2016: Rs. 1,370,183))	50,507,517	52,973,843
	No claim compensation	249,960	924,382
	Business development and promotional expenses	4,237,127	9,213,730
	SAP training and maintenance expenses	8,450,693	11,545,029
	Loss on sale / retirement of fixed assets	1,921,823	-
	Provision for doubtful debts	-	1,772,326
	Provision for doubtful recoverables	-	7,300,563
	Bad debt written off	193,071	-
	Freight outward	12,888,022	13,023,712
	Bank charges	947,251	887,398
	Watch and ward	2,981,608	2,979,004
	Corporate Social Responsibility expenses	1,324,004	434,205
	Miscellaneous expenses	17,911,564	16,910,128
		<u>223,183,446</u>	<u>246,313,697</u>

(Currency : Indian rupees)

26 Contingent liabilities and commitments
Contingent Liabilities:
31 March 2017 31 March 2016

a. Dispute raised by tax authorities for disallowance of certain expenses for FY 2011-12 u/s 92CA (3) of Income Tax Act 1961. The Company has filed an appeal before Income Tax Appellate Tribunal for the same (excluding interest and penalty).	15,342,967	15,342,967
b. Dispute raised by tax authorities for disallowance of certain expenses for FY 2012-13 u/s 92CA (3) and 40(a)(ia) of Income Tax Act 1961. The Company has filed an appeal before Commissioner of Income Tax (Appeals) for the same (excluding interest and penalty).	11,046,142	-
c. Demand for excise duty liability raised by tax authorities for the payment of excise duty on sales tax discount availed by the Company on pre-mature payment of sales tax during the period 2005-06 to 2009-10 under sales tax discount scheme. Department contends that the amount of discount received should be included in the transaction value for calculation of excise duty. The Company has filed an appeal to the Commissioner of Central Excise and Service Tax (excluding interest and penalty).	1,896,472	1,896,472
d. Liabilities in respect of employee related matters	568,311	2,421,007
e. Disputed employees' state insurance demand against which the Company has preferred appeals	52,498	52,498

Commitments:

a. Estimated amount of contracts remaining to be executed on capital account and not provided for	16,076,065	-
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27 Payment to auditors (excluding service tax)
Particulars
As auditor

Statutory audit	1,101,689	1,037,000
Tax audit	112,000	106,000
Limited review of quarterly results	1,375,000	636,000
Certification fees	56,000	53,000

In other capacity

Audit of group reporting package	301,803	113,000
Transfer pricing services	-	75,000

Reimbursement of expenses
271,384 160,117

3,217,876 **2,180,117**
28 C.I.F. value of imports

Raw materials	99,936,225	118,490,143
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99,936,225 **118,490,143**
29 Expenditure in foreign currency

Management charges	50,507,517	52,973,843
Trademark charges	6,930,118	6,273,952
Legal and professional fees	234,379	296,771
Miscellaneous expenses	131,591	453,926
Sales commission	830,101	1,819,539
Travelling and motor car expenses	-	533,607
Repairs to Machinery	13,968	180,104

58,647,674 **62,531,742**

30 Earnings in foreign currency

FOB value of exports	560,319,163	594,669,648
	560,319,163	594,669,648

31 Imported and indigenous raw material and packing material consumed

Particulars	31 March 2017		31 March 2016	
	Value	% of total consumption	Value	% of total consumption
Imported	109,829,136	36%	127,602,879	41%
Indigenous	195,475,727	64%	180,088,411	59%
	305,304,863	100%	307,691,290	100%

32 Imported and indigenous stores and spares consumed

Particulars	31 March 2017		31 March 2016	
	Value	% of total consumption	Value	% of total consumption
Imported	201,133	3%	-	0%
Indigenous	7,300,399	97%	7,013,919	100%
	7,501,532	100%	7,013,919	100%

33 Break up of cost of materials consumed**

Particulars	31 March 2017	31 March 2016
Silicon carbide	69,330,206	76,847,265
Graphite	64,753,914	77,896,873
Resin	27,398,617	27,745,656
Packing material	29,514,471	28,357,634
Ferro Silicon	22,045,953	27,115,968
Others	92,261,702	69,727,894
	305,304,863	307,691,290

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

Break up of inventory of raw materials

Particulars		
Silicon carbide	5,997,182	4,243,806
Graphite	9,495,029	18,183,896
Ferro Silicon	2,778,781	6,243,729
Resin	1,881,667	2,143,267
Packing material	2,863,694	3,112,577
Others	22,144,665	20,808,975
	45,161,018	54,736,250

34 Employee benefits
Defined contributions plans

The Company makes contributions, determined as specified percentage of employee salaries, in respect of qualifying employees towards Provident Fund, Labour welfare fund and Superannuation Scheme, which is a defined contribution plan. The Company has no obligations other than to make the specified contributions. The contributions are charged to the Statement of Profit and Loss as they accrue. The amount as an expense towards contribution to Provident Fund and Superannuation Scheme for the year aggregated to Rs.6,296,990 (2016: Rs.5,572,702).

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.

Particulars	31 March 2017	31 March 2016
Fair value of plan assets	20,708,864	18,604,565
Present value of obligation	(21,354,220)	(17,712,725)
Net (provision) / asset recognized in balance sheet	(645,356)	891,840
Particulars	31 March 2017	31 March 2016
Insurer Managed Funds	20,708,864	18,604,565

Movement in present values of defined benefit obligations
31 March 2017
31 March 2016
Particulars

Defined benefit obligation at the beginning of the year	17,712,725	16,178,550
Interest cost	1,431,188	1,287,813
Current service cost	1,385,048	1,323,945
Benefits paid	(1,146,135)	(1,597,317)
Liability transferred in acquisition	-	153,000
Actuarial loss on obligations	1,971,394	366,734
Present value of obligation as at the end of the year	21,354,220	17,712,725

Movement in fair value of plan assets

Fair value of plan assets at the beginning of the year	18,604,565	17,528,533
Expected return on plan assets	1,503,249	1,395,271
Actuarial loss on plan assets	(161,258)	(21,114)
Contributions	1,908,443	1,146,192
Assets Transferred In	-	153,000
Benefits paid	(1,146,135)	(1,597,317)
Fair value of plan assets as at the end of the year	20,708,864	18,604,565

Expense recognized in the Statement of Profit and Loss
Particulars

Current service cost	1,385,048	1,323,945
Interest cost	1,431,188	1,287,813
Expected return on plan assets	(1,503,249)	(1,395,271)
Net actuarial loss recognized in the year	2,132,652	387,848
Total included in 'employee benefits expense'	3,445,639	1,604,335

Actual return on plan assets
Particulars

Expected return on plan assets	1,503,249	1,395,271
Actuarial loss on plan assets	(161,258)	(21,114)
Actual return on plan assets	1,341,991	1,374,157

Principal actuarial assumptions

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

Actuarial assumptions
31 March 2017
31 March 2016

Discount rate	7.34%	8.08%
Salary escalation	7.00%	7.00%
Expected rate of return on plan assets	7.34%	8.08%
Attrition rate	2.00%	2.00%

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

Five-year information

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

Particulars	2017	2016	2015	2014	2013
Defined benefit obligation	21,354,220	17,712,725	16,178,550	11,296,409	10,917,052
Fair value of plan assets	20,708,864	18,604,565	17,528,533	16,525,719	11,970,033
Surplus in the plan	645,356	(891,840)	(1,349,983)	(5,229,310)	(1,052,981)
Experience adjustment on plan liabilities	316,000	594,900	1,111,298	233,102	1,337,063
Experience adjustment on plan assets	(161,258)	(21,114)	(138,555)	(106,920)	(144,194)

for the year ended 31 March 2017
(Currency: Indian Rupees)

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. Accordingly, income from sale of crucibles comprises the primary basis of segmental information set out in these financial statements.

b) Geographical segments:

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

Particulars	31 March 2017					31 March 2016				
	India	Outside India			Total	India	Outside India			Total
		Asia and Far East	Europe	North America and Middle East			Asia and Far East	Europe	North America and Middle East	
Revenue from external customers	286,225,755	134,781,204	184,111,656	155,601,886	83,300,073	14,115,123	858,434,997	204,146,246	145,628,687	873,865,802
Carrying amount of segment assets (Trade receivables only)	65,062,132	18,420,527	26,854,499	23,072,037	10,086,097	3,939,665	147,434,957	23,583,115	51,855,415	144,278,065
Addition to fixed assets during the year	42,883,953	-	-	-	-	-	42,883,953	-	-	61,472,536

36 Related party disclosures

A. Names of related parties

a. Parties (where controls exists)

Morgan Advanced Materials Plc - Ultimate Holding Company

b. Investing Associates

Morganite Crucible Limited (holds 38.50% of issues, subscribed and paid up capital)
Morgan Terreassen BV (holds 36.50% of issues, subscribed and paid up capital)

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

i. Subsidiary company

ii. Fellow subsidiary companies

Diamond Crucible Company Limited
Morganite Crucible Inc.
Morgan Molten Metal System GMBH
Morgan Molten Metal System (Suzhou) Company Limited
Morgan Karbon Grafit Sanayi A.S.
Thermal Ceramics
Munigrip Morgan Thermal Ceramics Limited
Morganite South Africa Pty Limited (previously Thermal Ceramics South Africa Pty Ltd)
Morganite Brasil LTDA
Grupo Industrial Morgan, S.A. de C.
Morganite Carbon Kabushiki Kaisha
Furnace Industries
Morgan Ceramics Asia Pte Ltd
Dalian Morgan Refractories Ltd Dalian
Morgan Ceramics Middle East FZE
Morgan Advanced Material India Private Limited

d. Key Management Person

Aniruddha Karve – Managing Director (appointed on 1 July 2015)
Late Hitesh Saiwal – Managing Director (upto 30 April 2015)
Atithi Majumdar - Chief Financial Officer
Rupesh Kholke - Company Secretary

Details of Remuneration paid and amount outstanding as at 31 March 2017 to above mentioned Key Managerial Personnel

Name of the person	Remuneration		Outstanding payables		Outstanding receivable	
	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
Aniruddha Karve*	8,135,515	-	2,000,000	-	-	-
Late Hitesh Saiwal (Also refer note 37) **	-	10,207,067	-	-	-	7,300,563
Atithi Majumdar	3,172,272	2,241,825	396,144	404,450	-	-
Rupesh Kholke	1,156,139	978,521	184,676	29,258	-	-

* During the previous year, the remuneration was paid by Morgan Advanced Materials India Private Limited (Group Company) for which the Company had taken the approval of its shareholders in general meeting. Also, till 31 August 2016, the remuneration is paid by Morgan Advanced Materials India Private Limited. However, from September 2016, the remuneration is paid by Morganite Crucible (India) Limited.

** Remuneration paid for the year ended 31 March 16 includes superannuation fund, gratuity and leave encashment aggregating Rs. 2,206,504 and is inclusive of Rs. 7,300,563 which is subject to approval of the Central Government and is shown as a recoverable.

for the year ended 31 March 2017
(Currency: Indian Rupees)

36 Related party disclosures (Continued)

Related party transactions for the year ended 31 March 2017

Particulars	Ultimate Holding Company	Investing Associates		Subsidiary	Fellow Subsidiaries														
	Morgan Advanced Materials Plc	Morganite Crucible Limited	Morgan Terrason BV	Diamond Crucible Company Limited	Morganite Brasil LTDA	Grupo Industrial Morgan, S.A. de C.	Morganite Carbon Kabushiki Kaisha	Furnace Industries	Morganite Crucible Inc.	Morgan Molten Metal System GmbH	Morgan Molten Metal System (Shenzhen) Company Limited	Morgan Karbon Grafik Sanayi A.S.	Thermal Ceramics Ltd	Dalun Morgan Refractories Ltd	Morgan Ceramics Middle East FZE	Morgan Advanced Materials India Private Limited	Morgan Ceramics Asia Pte Ltd	Murugappa Morgan Thermal Ceramics Limited	Morganite South Africa Pty Limited
Income	-	-	-	6,956,616	2,125,700	3,442,845	10,082,610	-	74,532,515	89,845,909	799,703	2,435,062	-	409,101	19,778	-	-	-	-
Sale of finished goods	-	-	-	39,1062	-	-	-	-	-	34,041	1,224,457	-	-	-	-	727,439	-	-	-
Reimbursement of various expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Expenditure	-	-	-	39,821,343	-	-	-	13,968	-	707,261	750,035	-	138,009	-	-	-	-	245,073	-
Purchase of raw materials (including goods in transit)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,985,812	-
Purchased of spares / consumables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Goods purchase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Management charges	59,507,517	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trademark charges	6,930,118	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reimbursement of expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Back charging of expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	77,725	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend paid	-	4,312,000	4,088,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Outstanding Balances as at 31 March 2017	-	-	-	1,280,305	-	-	319,431	-	5,471,054	16,581,620	1,454,314	-	-	-	-	727,439	-	-	-
Receivables	-	-	-	6,219,508	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payables	22,634,004	-	-	-	-	-	-	-	-	-	-	-	47,469	-	-	-	-	-	-

Related party transactions for the year ended 31 March 2016

Particulars	Ultimate Holding Company	Investing Associates	Subsidiary	Fellow Subsidiaries															
	Morgan Advanced Materials Plc	Morganite Crucible Limited	Morgan Terrason BV	Diamond Crucible Company Limited	Morganite Brasil LTDA	Grupo Industrial Morgan, S.A. de C.	Morganite Carbon Kabushiki Kaisha	Furnace Industries	Morganite Crucible Inc.	Morgan Molten Metal System GMBH	Morgan Molten Metal System (Shaoao) Company Limited	Morgan Karbon Grafik Sanay A.S.	Thermal Ceramics	Dalun Morgan Refractories Ltd	Morgan Ceramics Middle East FZE	Morgan Advanced Materials India Private Limited	Morgan Ceramics Asia Pvt Ltd	Murugappa Morgan Thermal Ceramics Limited	Morganite South Africa Pty Limited
Income																			
Sale of finished goods	-	-	-	4,718,025	102,646	1,573,385	6,466,077	-	104,867,440	83,879,862	4,073,253	2,652,936	-	-	-	-	-	-	-
Reimbursement of various expenses	-	-	-	472,332	-	-	-	-	-	1,391,405	1,475,510	-	-	-	-	-	-	-	-
Expenditure																			
Purchase of raw materials (including goods in transit)	-	-	-	14,027,920	-	-	-	902,140	-	837,093	575,614	-	128,876	-	-	-	-	-	-
Purchased of spares / consumables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,040,524	-
Capital Goods purchase	-	-	-	242,250	-	-	-	44,498	-	-	-	-	-	-	-	-	-	2,710,969	-
Management charges	52,973,843	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trademark charges	6,273,852	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reimbursement of expenses	-	-	-	-	-	-	-	24,429	-	533,606	-	-	-	-	-	-	255,173	1,179,317	-
Others																			
Dividend paid	-	1,078,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Outstanding Balances as at 31 March 2016	-	-	-	471,771	-	-	1,364,971	-	5,883,053	25,283,682	1,557,768	1,026,757	-	-	-	-	-	-	-
Receivables	-	-	-	387,776	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payables	77,476,751	-	-	-	-	-	-	44,498	-	-	-	-	-	-	-	-	759,748	200,407	3,669,771

37 Managerial Remuneration

During the previous year, the Company had paid managerial remuneration to Late Hitesh Saiwal- Managing Director amounting to Rs. 10,207,067 which was in excess of the limits specified in section 197 read with Schedule V of the Companies Act 2013 by Rs. 7,300,563. The Company had made an application to the Central Government for approval of excess remuneration paid. The Central Government had directed the Company to file an application for waiver of such excess remuneration paid along with the approval from the Board, Nomination and Remuneration Committee and members of the Company. The Company has obtained the approval from the Board, Nomination and Remuneration Committee and members of the Company and accordingly application has been made to the Central Government.

38 Operating lease as lessee

The Company has entered into leases for cars for a period of 3 years. Total lease payments for non-cancellable leases recognized in the books for the year is Rs. 283,752 (2016 : Rs. 640,800)

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

Particulars	31 March 2017	31 March 2016
Payable within one year	-	459,872
Payable between one and five year	-	-
Payable after five years	-	-

39 Earnings per share

Particulars		
Net profit after tax attributable to equity shareholders	131,655,939	98,763,124
Weighted average number of shares outstanding during the year (Nos.)	2,800,000	2,800,000
Earnings Per Share		
- Basic	47.02	35.27
- Diluted	47.02	35.27
Nominal value of an equity share	10	10

40 Dues to Micro and Small Enterprises

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

Particulars	31 March 2017	31 March 2016
the principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year;		
- Principal	9,598,078	2,889,340
- Interest	-	-
The amount of interest paid by the buyer as per the Micro, Small and Medium Enterprise Development Act, 2006 (MSMED Act, 2006)	-	-
the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-
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 Micro, Small and Medium Enterprises Development Act, 2006;	383,015	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	542,634	-
the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	542,634	159,619

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

41 Unhedged foreign currency exposures

The Company has entered into derivative contracts to hedge its risk associated with foreign currency fluctuations. However, none of these contracts can be co-related on one to one basis against the underlying exposure. The forward sell contract which are outstanding as on 31 March 2017: USD 550,000, EUR 150,000 and GBP 693,164 (31 March 2016: Nil)

Particulars	Foreign Currency Denomination	Foreign Currency Amount	Amount (Rs.)
Assets (Trade Receivables)	EURO	309,398	20,822,930
		(580,574)	(42,799,909)
	GBP	490,623	38,730,358
		(254,001)	(23,726,226)
Liabilities (Trade Payables)	USD	335,643	21,418,515
		(514,186)	(33,632,921)
	EURO	6,680	523,049
		(16,400)	(1,251,976)
	GBP	575	99,025
		-	-
	USD	-	-
		(45,744)	(3,075,369)
	AUD	-	-
		(850)	(44,013)

42 Dividends remitted in foreign currency

	31 March 2017	31 March 2016
Dividend paid during the year	8,400,000	2,100,000
Number of non - resident shareholders	2	2
Number of equity shares held by such non resident - shareholders	2,100,000	2,100,000
Year to which the dividend relates	2015-16	2014-15

43 In accordance with AS-29 (Provisions, Contingent Liabilities and Contingent Assets), the movement in provision for warranty is as follows:

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. It is expected that most of this cost will be incurred over the next 12 months as per management estimate.

Particulars	31 March 2017	31 March 2016
At the commencement of the year	8,969,778	7,231,557
Provisions made during the year	8,442,072	7,380,000
Provisions written back during the year	662,216	-
Provision utilised during the year	8,551,632	5,641,779
At the end of the year	8,198,002	8,969,778

In accordance with AS-29 (Provisions, Contingent Liabilities and Contingent Assets), the movement in provision for litigation of excise duty is as follows:

Particulars	31 March 2017	31 March 2016
At the commencement of the year	-	-
Amount reclassified during the year	1,715,000	-
Provisions written back during the year	-	-
Provision utilised during the year	-	-
At the end of the year	1,715,000	-

44 Corporate social responsibility (CSR)

As per provisions of section 135 of Companies Act 2013, the Company was required to spend Rs. 2,642,432 (2016: Rs 2,556,520) 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 Rs. 1,324,004 (2016: 434,205) 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.

a) Gross amount required to be spent by the Company during the year - Rs. 2,642,432

b) Amount spent during the year on :

		In cash	Yet to be paid in cash	Total
(i)	Construction / acquisition of any asset	-	-	-
(ii)	On purposes other than (i) above	1,324,004	-	1,324,004
		(434,205)	-	(434,205)

Amount in brackets pertains to previous year

45 Details of specified Bank Notes held (SBN) and transacted during the period 08 November 2016 to 30 December 2016:

Particulars	Specified Bank Notes	Other denomination notes	Total
Closing cash in hand as on 08 November 2016	4,000	87	4,087
Add : Permitted receipts	-	11,898	11,898
Less : Permitted payments	-	11,709	11,709
Less : Amount deposited in Banks	4,000	-	4,000
Closing cash in hand as on 30 December 2016	-	276	276

46 Transfer Pricing

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

During the previous year the Company has applied for Advance Pricing Agreement (APA) before the Central Board of Direct Tax (CBDT) and Government of India for International Inter-company related party transactions with associated Enterprises (AE). The APA is an arrangement between the taxpayer and the tax authority covering future transactions, with a view to avoid the potential transfer pricing disputes in a cooperative manner. 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. Under APA specific rollback provisions enable to attain certainty in transfer prices of international transactions for up to 9 years (including 4 years rollback provisions) in total. The company has applied for Advanced Pricing Agreement (APA) in FY 2015-16, the period covered under rollback is from FY 2012-13 to FY 2015-16 and five year down the line i.e. from FY 2016-17 to 2020-21. Besides this the APA has a persuasive value on all open Transfer pricing litigations of past years. During the year, the Company received questionnaire from the CBDT and the Company has replied to the questionnaire.

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

As per our report of even date attached

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W / W-100022

Swapnil Dakshindas

Partner

Membership No : 113896

Place : Mumbai

Date : 25 May 2017

**For and on behalf of the Board of Directors
of Morganite Crucible (India) Limited
CIN: L26920MH1986PLC038607**

Aniruddha Karve

Managing Director

DIN : 07180005

Place : Aurangabad

Date : 25 May 2017

Ian Keith Arber

Director

DIN : 07080539

Place : Aurangabad

Date : 25 May 2017

Atithi Majumdar

Chief Financial Officer

Place : Aurangabad

Date : 25 May 2017

Rupesh Khokle

Company Secretary

Place : Aurangabad

Date : 25 May 2017

Independent Auditors' Report

To the Members of Morganite Crucible (India) Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Morganite Crucible (India) Limited (hereinafter referred to as 'the Holding Company' or 'the Company') and its subsidiary (together referred to as 'the Group'), comprising of the Consolidated Balance Sheet as at 31 March 2017, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (together referred to as 'the consolidated financial statements').

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2017, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to Note 33 to the consolidated financial statements, which more fully explains that during the previous year, the Company had paid managerial remuneration to Late Hitesh Saiwal- Managing Director amounting to

Rs.10,207,067 which was in excess of the limits specified in section 197 read with Schedule V of the Act by Rs. 7,300,563. The Company had made an application to the Central Government for approval of excess remuneration paid. The Central Government had directed the Company to file an application for waiver of such excess remuneration paid along with the approval from the Board, Nomination and Remuneration Committee and members of the Company. The Company has obtained the approval from the Board, Nomination and Remuneration Committee and members of the Company and accordingly application has been made to the Central Government. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report, to the extent applicable 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 of the aforesaid consolidated financial statements.
 - b) In our opinion, proper books of account as required by law relating to the preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
 - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31 March 2017 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 over financial reporting and the operating effectiveness of such controls, based on the comments in the auditors' reports of the Holding Company and the subsidiary company incorporated in India, refer to our separate Report in "Annexure A".
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us :
 - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group– Refer Note 27 to the consolidated financial statements.
 - ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company. There were no amounts which were required to be transferred to the Investor Education and Protection fund by the subsidiary.
 - iv. The Company has provided requisite disclosure in its consolidated financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management. The Subsidiary did not have any holdings or dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. Refer note 37 to the consolidated financial statements.

For B S R & Co. LLP
Chartered Accountants
Firm Registration No: 101248W/ W-100022

Place : Mumbai
Date : 25 May, 2017

Swapnil Dakshindas
Partner
Membership No.: 113896

Annexure A to the Independent Auditors' Report

Referred to in paragraph 1(f) in Report on Other Legal and Regulatory Requirements of the Independent Auditors' Report to the members of Morganite Crucible (India) Limited on the consolidated financial statements for the year ended 31 March 2017.

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2017, we have audited the internal financial controls over financial reporting of Morganite Crucible (India) Limited (hereinafter referred to as “the Holding Company”) and its subsidiary company, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company and its subsidiary company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting 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 (ICAI). 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 the respective 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. 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 over financial reporting was established and maintained and if 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor's in terms of their reports is sufficient and appropriate to provide a basis for our audit opinion on the Group's internal financial controls system over financial reporting.

Meaning of Internal Financial Control Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes 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 Control Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company and its subsidiary company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting 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.

For B S R & Co. LLP
Chartered Accountants
Firm Registration No: 101248W/ W-100022

Place : Mumbai
Date : 25 May, 2017

Swapnil Dakshindas
Partner
Membership No.: 113896

Consolidated Balance sheet
as at 31 March 2017

(Currency : Indian rupees)

	Notes	31 March 2017	31 March 2016
Equity and liabilities			
Shareholders' funds			
Share capital	3	28,000,000	28,000,000
Reserves and surplus	4	848,969,147	703,738,533
		876,969,147	731,738,533
Minority interest		84,851,894	68,395,923
Non-current liabilities			
Deferred tax liabilities (net)	5	3,849,431	3,569,387
Long term provisions	6	1,624,297	8,204,248
		5,473,728	11,773,635
Current liabilities			
Trade payables			
- total outstanding dues of micro enterprises and small enterprises	7	9,598,078	1,535,306
-total outstanding dues of creditors other than micro enterprises and small enterprises	7	120,056,498	124,201,433
Other current liabilities	8	46,728,896	60,493,575
Short-term provisions	9	36,685,813	42,955,297
		213,069,285	229,185,611
		1,180,364,054	1,041,093,702
Assets			
Non-current assets			
Fixed assets			
Tangible fixed assets	10	233,577,941	219,177,369
Intangible fixed assets	10	12,053,387	18,637,691
Capital work-in-progress	10	24,989,551	26,620,813
Deferred tax asset (net)	11	13,475,251	13,410,054
Long-term loans and advances	12	39,733,637	39,996,331
Other non-current assets	13	2,786,384	4,086,374
		326,616,151	321,928,632
Current assets			
Inventories	14	158,071,001	167,489,020
Trade receivables	15	184,151,669	177,251,376
Cash and bank balances	16	458,621,169	285,995,387
Short-term loans and advances	17	31,654,889	84,750,820
Other current assets	18	21,249,175	3,678,467
		853,747,903	719,165,070
		1,180,364,054	1,041,093,702

Significant accounting policies

Notes to the consolidated financial statements

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3-41

The notes referred to above form an integral part of the Consolidated Balance Sheet

As per our report of even date attached.

For B S R & Co. LLP
Chartered Accountants

Firm's registration no: 101248W / W-100022

Swapnil Dakshindas
Partner

Membership No : 113896

Place : Mumbai

Date : 25 May 2017

For and on behalf of the Board of Directors of
Morganite Crucible (India) Limited
CIN: L26920MH1986PLC038607
Aniruddha Karve
Managing Director

DIN : 07180005

Place : Aurangabad

Date : 25 May 2017

Ian Keith Arber
Director

DIN : 07080539

Place : Aurangabad

Date : 25 May 2017

Atithi Majumdar
Chief Financial Officer

Place : Aurangabad

Date : 25 May 2017

Rupesh Khokle
Company Secretary

Place : Aurangabad

Date : 25 May 2017

Consolidated Statement of Profit and Loss
as at 31 March 2017

(Currency : Indian rupees)

	Notes	31 March 2017	31 March 2016
Revenue from operations			
Sale of products (gross)	19	1,134,005,998	1,136,800,980
Less: Excise duty		57,150,992	52,749,344
Sale of products (net)		1,076,855,006	1,084,051,636
Other operating revenues	20	36,857,689	14,515,949
Total		1,113,712,695	1,098,567,585
Other income	21	24,549,435	27,992,330
Total revenue		1,138,262,130	1,126,559,915
Expenses			
Cost of materials consumed	22	367,925,720	388,817,360
Changes in inventories of finished goods and work in progress	23	(2,257,413)	3,662,163
Employee benefits expense	24	178,837,807	157,588,781
Depreciation and amortisation expense	25	49,389,403	83,071,810
Other expenses	26	287,013,962	309,757,535
		880,909,479	942,897,649
Profit before tax		257,352,651	183,662,266
Tax expense:			
Current tax		93,945,000	83,689,400
Deferred tax charge / (credit)		214,847	(14,013,500)
Short provision of earlier years		1,506,219	10,001,717
Profit for the year before minority interest		161,686,585	103,984,649
Less: Minority interest for the year		16,455,971	4,107,793
Profit for the year		145,230,614	99,876,856
Earnings Per Share: (face value of Rs 10 per share)	35		
Basic (Rs.)		51.87	35.67
Diluted (Rs.)		51.87	35.67

Significant accounting policies

2

Notes to the consolidated financial statements

3-41

The notes referred to above form an integral part of the Consolidated Statement of Profit and Loss

As per our report of even date attached.

For B S R & Co. LLP
Chartered Accountants

Firm's registration no: 101248W / W-100022

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

CIN: L26920MH1986PLC038607

Swapnil Dakshindas
Partner

Membership No : 113896

Place : Mumbai

Date : 25 May 2017

Aniruddha Karve
Managing Director

DIN : 07180005

Place : Aurangabad

Date : 25 May 2017

Ian Keith Arber
Director

DIN : 07080539

Place : Aurangabad

Date : 25 May 2017

Atithi Majumdar
Chief Financial Officer

Place : Aurangabad

Date : 25 May 2017

Rupesh Khokle
Company Secretary

Place : Aurangabad

Date : 25 May 2017

Consolidated Cash Flow Statement
as at 31 March 2017

(Currency : Indian rupees)

		31 March 2017	31 March 2016	
A	Cash flow from operating activities			
	Profit before tax	257,352,651	183,662,266	
	Adjustments for:			
	Depreciation and amortisation expense	49,389,403	83,071,810	
	Loss on sale / write off of fixed assets - net	2,099,277	277,835	
	Liabilities no longer required written back	(4,433,590)	-	
	Unrealised foreign exchange loss (net)	231,048	1,221,085	
	Provision for doubtful debt written back	(328,336)	-	
	Provision for doubtful receivables	387,557	-	
	Provision for warranty expenses	980,000	-	
	Bad debt written off	193,071	-	
	Interest income	(12,788,070)	(5,816,305)	
	Operating cash flow before changes in working capital	293,083,011	262,416,691	
	Changes in working capital			
	Decrease in inventories	9,418,019	2,528,156	
	Increase in trade receivables	(7,091,878)	(19,356,807)	
	(Decrease) / Increase in short-term loans & advances	53,222,040	(23,355,319)	
	Decrease in long-term loans & advances	878,691	47,096,625	
	(Increase) / Decrease in other current assets	(13,726,524)	4,144,126	
	Increase in other current liabilities	6,114,249	14,626,059	
	Increase / (Decrease) in trade payable	5,661,138	(34,381,566)	
	Increase / (Decrease) in long term provision	229,527	(94,954)	
	Increase in short term provision	1,200,904	2,386,870	
	Net changes in working capital	55,906,166	(6,406,810)	
	Cash generated from operations	348,989,177	256,009,881	
	Income taxes paid	(98,276,682)	(63,142,059)	
	Net cash from operating activities (A)	250,712,495	192,867,822	
B	Cash flow from investing activities			
	Purchase of fixed assets, including expenditure on capital work in progress	(75,733,580)	(57,564,275)	
	Movement in fixed deposits (net)	(11,980,267)	(112,704,101)	
	Proceeds from sale of fixed assets	1,051,739	307,534	
	Interest received	10,818,195	5,956,874	
	Net cash (used in) investing activities (B)	(75,843,913)	(164,003,968)	
C	Cash flow from financing activities			
	Dividend paid	(10,929,802)	(2,800,000)	
	Dividend tax paid	(2,280,096)	(570,024)	
	Interest received on delayed payment by customers	-	-	
	Net cash (used in) financing activities (C)	(13,209,898)	(3,370,024)	
	Net increase in cash and cash equivalents (A+B+C)	161,658,684	25,493,830	
	Effect of exchange differences on cash and cash equivalents held in foreign currency	(2,389,585)	(1,221,085)	
	Cash and cash equivalents at the beginning of the year	159,444,950	135,172,205	
	Cash and cash equivalents at the end of the year (refer schedule 16)	318,714,049	159,444,950	
	Components of cash and cash equivalents	31 March 2017	31-Mar-16	31-Mar-15
	Cash and cash equivalents comprises of:			
	Cash on hand	21,909	28,712	30,031
	Bank balances			
	- In current accounts	195,583,608	127,355,529	72,057,087
	- Export Earner's Foreign Currency account (EEFC)	58,108,532	32,060,709	63,085,087
	- Deposit accounts (deposits having original maturity of 3 months or less)	65,000,000	-	-
	Total	318,714,049	159,444,950	135,172,205

As per our report of even date attached.

For B S R & Co. LLP

Chartered Accountants

Firm's registration no: 101248W / W-100022

Swapnil Dakshindas

Partner

Membership No : 113896

Place : Mumbai

Date : 25 May 2017

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

CIN: L26920MH1986PLC038607

Aniruddha Karve

Managing Director

DIN : 07180005

Place : Aurangabad

Date : 25 May 2017

Ian Keith Arber

Director

DIN : 07080539

Place : Aurangabad

Date : 25 May 2017

Atithi Majumdar

Chief Financial Officer

Place : Aurangabad

Date : 25 May 2017

Rupesh Khokle

Company Secretary

Place : Aurangabad

Date : 25 May 2017

1. Background

Morganite Crucible (India) Limited ('the Company' or 'the Holding Company') was incorporated on 13 January 1986 and its shares are listed on the Bombay Stock Exchange (BSE). The Group is engaged in the business of manufacturing and selling of silicon carbide and clay graphite crucibles and its accessories.

The subsidiary considered in the consolidated financial statements is :

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

2. Significant accounting policies

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

2.1 Basis of preparation of financial statements

The consolidated financial statements have been prepared in accordance with the generally accepted accounting principles in India under historical cost convention on accrual basis. The Company has prepared these financial statements to comply in all material respects with the applicable accounting standards specified under section 133 of the Companies Act, 2013, read together with rule 7 of the Companies (Accounts) Rules 2014.

2.2 Basis of consolidation

The consolidated financial statements are prepared in accordance with the principles and procedures prescribed by AS 21-'Consolidated Financial Statements', prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government, in consultation with the National Advisory Committee on Accounting Standards which continue to apply under section 133 of the Companies Act, 2013, read together with rule 7 of the Companies (Accounts) Rules 2014.

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

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

2.3 Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles ('GAAP') in India requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the

relevant facts and circumstances as of the date of financial statements which in management's opinion are prudent and reasonable. Actual results may differ from the estimates used in preparing the accompanying financial statements. Any revision to accounting estimates is recognised prospectively in current and future periods.

2.4 Current–non-current classification

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

Assets

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

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

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

All other assets are classified as non-current.

Liabilities

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

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

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

All other liabilities are classified as non-current.

Operating cycle

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

2.5 Revenue recognition

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

Dividend income is recognized when the right to receive dividend is established.

Export entitlements (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.

2.6 Fixed assets and depreciation/amortisation

(a) (i) Tangible fixed assets

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

(ii) Depreciation on tangible fixed assets

Leasehold land is amortised on a straight line basis over the primary period of lease, i.e. 99 years. In respect of other assets, depreciation is provided on straight line method based on useful life prescribed in Schedule II to the Companies Act 2013 as given below :

Gross block	Sub-asset	Useful lives (years)
Building	Office building	60 years
	Factory building	30 years
Plant and equipments	Plant and machinery	15 years
	Relining of Kiln*	6 years
	Computers	3 years
Vehicles	Vehicles	8 years
Office equipment	Office equipment	5 years
Furniture and fixtures	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.

(b) Intangible fixed assets

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

2.7 Goodwill on consolidation

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

2.8 Impairment of assets

In accordance with AS 28 on 'Impairment of assets', the Group assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. The recoverable amount is the greater of the net selling price and value in use. Value in use is

the present value of the estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. In assessing the value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Statement of Profit and Loss.

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

2.9 Employee benefits

(a) Short term employee benefits :

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

(b) Long term employee benefits :

(i) Defined contribution plans

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

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

The Group's contributions to the above funds are charged to the Statement of Profit and Loss every year.

(ii) Defined benefit plans

Post-employment benefits:

The Group's gratuity scheme with Life Insurance Corporation of India is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted. The present value of the obligation under such defined benefit plan is determined based on independent actuarial valuation at the Balance Sheet date using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan are based on the market yields on Government securities as at the Balance Sheet date. Actuarial gains and losses are recognized immediately in the Statement of Profit and Loss.

Other long-term employment benefits :

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

2.10 Inventories

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

2.11 Foreign currency

i) Foreign currency transactions

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

2.12 Operating leases

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

2.13 Taxes on Income

Income-tax

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

Deferred tax

Deferred tax charge or credit and the corresponding deferred tax liability or asset is recognized for timing differences between the profits/losses offered for income taxes and profits/ losses as per the financial statements. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognised only to the extent there is

reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each Balance Sheet date and written down or written-up to reflect the amount that is reasonably/ virtually certain (as the case may be) to be realised.

2.14 Earnings per share ('EPS')

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

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

2.15 Provisions and contingencies

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

2.16 Cash and cash equivalents

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

Notes to the consolidated financial statements (Continued)

as at 31 March 2017

(Currency : Indian rupees)

3 Share capital

31 March 2017 31 March 2016

Authorised capital :

5,000,000 (2016 : 5,000,000) equity shares of Rs. 10 each

50,000,000 50,000,000

Issued, subscribed and full paid up

2,800,000 (2016: 2,800,000) equity shares of Rs 10 each, fully paid-up

28,000,000 28,000,000

Rights, preferences and restrictions attached to equity shares

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

During the year ended 31 March 2016, the Company had recognised dividend of Rs.4 per equity share amounted to Rs.13,480,096, including dividend distribution tax of Rs 2,280,096 as appropriation towards distribution to equity shareholders.

The Board of Directors at their meeting held on 25 May 2017 has recommended payment of a final dividend of Rs. 8 per equity share for the financial year ended 31 March 2017 amounting to Rs. 26,986,326 including dividend distribution tax Rs. 4,586,326, subject to the Shareholders' approval at the forthcoming Annual General Meeting. However, the liability of proposed dividend of Rs. 26,986,326 is not recorded in these financial statement as appropriation towards distribution to equity shareholders since the Central Government in consultation with National Advisory Committee on Accounting Standards, has amended the Companies (Accounting Standards) Rules, 2006, through a notification issued by the Ministry of Corporate Affairs dated 30 March 2016. The Companies (Accounting Standards) Rules, 2016 is effective from financial year 2016-17 onwards (Refer to para 8.5 of AS-4 - Contingencies and Events occurring after the Balance Sheet date).

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

Shares held by subsidiaries of the ultimate holding company

	31 March 2017		31 March 2016	
	Number of shares	% holding in the class	Number of shares	% holding in the class
Shares of the Company held by -				
Morganite Crucible Limited, subsidiary of the ultimate holding company.	1,078,000	38.50%	1,078,000	38.50%
Morgan Terreassen BV, subsidiary of the ultimate holding company.	1,022,000	36.50%	1,022,000	36.50%

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

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

4 Reserves and surplus
Capital reserve

At the commencement and at the end of the year

Central government investment subsidy under '1993 package scheme of incentives'

1,500,000 1,500,000

State government investment subsidy under '1983 package scheme of incentives'

500,000 500,000

Securities premium account

At the commencement and at the end of the year

35,000,000 35,000,000

Forfeited shares

At the commencement and at the end of the year

Capital profit on re-issue of forfeited shares

4,000 4,000

Investment allowance reserve under the Income tax Act, 1961

At the commencement and at the end of the year

405,000 405,000

General reserve

At the commencement and at the end of the year

48,583,000 48,583,000

Surplus in the Consolidated Statement of Profit and Loss

At the commencement of the year

617,746,533 531,349,773

Add: Profit after tax for the year

145,230,614 99,876,856

Amount available for appropriation

762,977,147 631,226,629

Less : Appropriations (refer note 3)

Proposed equity dividend

- (11,200,000)

Corporate dividend tax

- (2,280,096)

762,977,147 617,746,533

848,969,147 703,738,533

5 Deferred tax liabilities (net)

Deferred tax liabilities

Excess of depreciation/ amortisation on fixed assets under income-tax law over depreciation/amortisation provided in accounts	6,934,698	6,777,723
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Deferred tax assets

Arising out of timing differences in		
Provision for doubtful debts	(1,281,335)	(1,845,878)
Provision for doubtful advances	(337,243)	(337,242)
Provision for employee benefits	(531,509)	(297,328)
Provision for warranty expenses	(372,168)	-
Provision for non-receipt of C-Form liabilities	(47,035)	-
Disallowances under the Income Tax Act, 1961	(515,977)	(727,888)

Net deferred tax liabilities

3,849,431	3,569,387
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6 Long term provisions

Provision for employee benefits:		
Compensated absences	1,624,297	1,394,770
Others		
Income tax (<i>net of advance taxes paid</i>)	-	6,809,478
	1,624,297	8,204,248

7 Trade payables

- total outstanding dues of micro enterprises and small enterprises	9,598,078	1,535,306
- total outstanding dues of creditors other than micro enterprises and small enterprises	120,056,498	124,201,433
	129,654,576	125,736,739

8 Other current liabilities

Unclaimed dividend (<i>refer note below</i>)	424,285	154,087
Advances received from customers	6,924,107	4,989,663
Deposits	276,658	276,658
Employee benefits payable	19,340,410	15,889,448
Statutory dues to:		
Provident and other funds	1,163,830	1,112,649
Others:		
Customs duty	-	611,634
Professional tax	42,305	10,530
Excise duty on closing stock of finished goods	4,877,001	4,773,856
Tax deducted at source	5,726,611	4,022,913
Sales tax	422,313	466,335
Service tax	261	3,216,836
Creditors for capital goods	7,531,115	24,968,966
	46,728,896	60,493,575

Note - There are no amounts due to the Investor Education and Protection Fund.

9 Short-term provisions

Provision for employee benefits:		
Compensated absences	2,933,735	3,463,671
Gratuity	645,357	-
Other provisions		
Warranties (<i>refer note 39</i>)	9,178,002	8,969,778
Proposed dividend	-	11,200,000
Dividend distribution tax	-	2,280,096
Provision for non-receipt of C-Form liabilities	142,259	-
Income tax (<i>net of advance taxes paid</i>)	22,071,460	17,041,752
Litigation for excise duty (<i>refer note 39</i>)	1,715,000	-
	36,685,813	42,955,297

Morganite Crucible (India) Limited
Notes to the consolidated financial statements (Continued)
for the year ended 31 March 2017

(Currency : Indian rupees)

10 Fixed assets

	Tangible Assets					Intangible Assets					Total Fixed Assets				
	Land - Leasehold	Building	Plant and equipments	Computers	Vehicles	Office equipments	Furniture and fixtures	Total tangible assets	Goodwill on consolidation	Software	Non-competition agreement	Distribution Rights	Technical Know-how	Total intangible assets	Total Fixed Assets
Gross Block															
Balance as at 1 April 2015	1,919,450	78,297,808	496,888,264	9,308,430	1,697,637	5,699,024	6,791,559	600,602,172	41,342,683	19,140,627	2,924,924	48,720,587	1,500,000	113,628,821	714,230,993
Additions during the year	-	5,490,232	52,192,656	2,071,553	-	639,060	3,622,563	64,016,064	-	-	-	-	-	-	64,016,064
Deletions during the year	-	-	4,042,441	54,684	-	-	25,152	4,122,277	-	-	-	-	-	-	4,122,277
Balance as at 31 March 2016	1,919,450	83,788,040	545,038,479	11,325,299	1,697,637	6,338,084	10,388,970	660,495,959	41,342,683	19,140,627	2,924,924	48,720,587	1,500,000	113,628,821	774,124,780
Additions during the year	-	-	58,772,181	862,780	90,477	384,489	246,760	60,356,687	-	-	-	-	-	-	60,356,687
Deletions during the year	-	2,352,302	6,795,389	692,057	-	354,268	129,510	10,323,526	-	-	-	-	-	-	10,323,526
Balance as at 31 March 2017	1,919,450	81,433,738	597,015,271	11,496,022	1,788,114	6,368,305	10,506,220	710,529,120	41,342,683	19,140,627	2,924,924	48,720,587	1,500,000	113,628,821	824,157,941
Depreciation															
Balance as at 1 April 2015	587,678	28,477,774	330,497,676	7,248,730	841,292	2,094,322	3,487,017	373,234,489	24,805,607	10,455,707	2,924,924	43,854,091	1,500,000	83,540,329	456,774,818
Depreciation for the year	19,403	3,721,266	64,026,523	1,568,276	251,276	1,202,119	832,146	71,621,009	2,756,179	3,828,126	-	4,866,496	-	11,450,801	83,071,810
Accumulated depreciation on disposals	-	-	3,457,072	54,684	-	-	25,152	3,536,908	-	-	-	-	-	-	3,536,908
Balance as at 31 March 2016	607,081	32,199,040	391,067,127	8,762,322	1,092,568	3,296,441	4,294,011	441,318,590	27,561,786	14,283,833	2,924,924	48,720,587	1,500,000	94,991,130	556,109,720
Depreciation for the year	19,403	3,766,085	35,161,150	1,401,141	252,237	1,207,011	998,072	42,805,099	2,756,179	3,828,125	-	-	-	6,584,304	49,389,403
Accumulated depreciation on disposals	-	113,167	6,029,072	692,057	-	258,156	80,058	7,172,510	-	-	-	-	-	-	7,172,510
Balance as at 31 March 2017	626,484	35,851,958	420,199,205	9,471,406	1,344,805	4,245,296	5,212,025	476,951,179	30,317,965	18,111,958	2,924,924	48,720,587	1,500,000	101,575,434	592,871,633
Net Block															
As at 31 March 2016	1,312,369	51,589,000	153,971,352	2,562,977	605,069	3,041,643	6,094,959	219,177,369	13,780,897	4,856,794	-	-	-	18,637,691	237,815,060
As at 31 March 2017	1,292,966	45,583,780	176,816,066	2,024,616	443,309	2,123,009	5,294,195	233,577,941	11,024,718	1,028,669	-	-	-	12,053,387	245,631,328
Capital work-in-progress															
Balance as at 1 April 2015	-	-	13,826,466	-	-	-	-	13,826,466	-	-	-	-	-	-	13,826,466
Additions	-	-	26,620,813	-	-	-	-	26,620,813	-	-	-	-	-	-	26,620,813
Assets capitalised during the year	-	-	13,826,466	-	-	-	-	13,826,466	-	-	-	-	-	-	13,826,466
Balance as at 31 March 2016	-	-	26,620,813	-	-	-	-	26,620,813	-	-	-	-	-	-	26,620,813
Additions	-	18,111,718	6,877,833	-	-	-	-	24,989,551	-	-	-	-	-	-	24,989,551
Assets capitalised during the year	-	-	26,620,813	-	-	-	-	26,620,813	-	-	-	-	-	-	26,620,813
Balance as at 31 March 2017	-	18,111,718	6,877,833	-	-	-	-	24,989,551	-	-	-	-	-	-	24,989,551

(Currency : Indian rupees)

31 March 2017 31 March 2016

11 Deferred tax assets (net)

Deferred tax liabilities		
Mark to market gain on forward contract	675,110	-
Deferred tax Assets		
Excess of depreciation/ amortisation on fixed assets provided in accounts over depreciation/amortisation under income-tax law	9,979,320	9,113,605
Provision for employee benefits	1,144,726	1,156,504
Provision for doubtful advances	2,526,579	2,526,579
Provision for doubtful debts	499,736	613,366
	<u>14,150,361</u>	<u>13,410,054</u>
Net deferred tax Assets	<u>13,475,251</u>	<u>13,410,054</u>

12 Long-term loans and advances

(Unsecured, considered good)

Capital advances	-	429,696
Security deposits	2,507,982	2,424,525
Value added tax receivable	21,619,451	22,338,758
Gratuity Fund with Life Insurance Corporation of India (refer note 30)	-	242,841
Advance taxes paid (net of provision)	15,606,204	14,560,511
	<u>39,733,637</u>	<u>39,996,331</u>

13 Other non-current assets

(Unsecured, considered good)

Bank deposits (due to mature after twelve months from the reporting date)	2,360,594	3,737,010
Interest accrued on deposits with banks	425,790	349,364
	<u>2,786,384</u>	<u>4,086,374</u>

*Includes fixed deposits aggregating Rs. 2,360,594 (2016 : Rs. 3,737,010) which are under lien with bank towards guarantees issued by the bank on behalf of the Company.

14 Inventories

(At lower of cost and net realisable value)

Raw materials and packing materials (refer note 29)	63,947,514	80,501,554
[Including goods-in-transit Rs. 12,937,092 (2016 : Rs.17,363,262)]		
Work-in-progress (refer note 23)	41,284,024	44,412,082
Finished goods (refer note 23)	39,244,971	33,859,500
[Including goods-in-transit Rs.2,562,079 (2016 : Rs.3,494,070)]		
Stores and spares	13,594,492	8,715,884
	<u>158,071,001</u>	<u>167,489,020</u>

15 Trade receivables

(Unsecured, considered good unless otherwise stated)

Receivables outstanding for a period exceeding six months from the date they are due for payment

Considered good	-	547,128
Considered doubtful	5,319,425	7,355,237
	<u>5,319,425</u>	<u>7,902,365</u>
Less: Provision for doubtful debts	(5,319,425)	(7,355,237)
	<u>-</u>	<u>547,128</u>
(A)		
Other receivable		
Considered good	184,151,669	176,704,248
(B)		
(A) + (B)	<u>184,151,669</u>	<u>177,251,376</u>

(Currency : Indian rupees)

31 March 2017 31 March 2016

16 Cash and bank balances

Cash and cash equivalents		
- Cash on hand	21,909	28,712
Balances with banks		
- In current accounts	195,583,608	127,355,529
- Export Earner's Foreign Currency account (EEFC)	58,108,532	32,060,709
- Deposit accounts (deposits having originally maturity of 3 months or less)	65,000,000	-
	318,714,049	159,444,950
Other bank balances		
- Unpaid dividend accounts	424,285	154,087
- Fixed deposits with maturity more than three months from deposit date but less than twelve months from the Balance Sheet date.	139,482,835	126,396,350
	458,621,169	285,995,387

Details of bank balances / deposits

Bank balances available on demand/deposits with original maturity of three months or less included under 'Cash and cash equivalents'	318,692,140	159,416,238
Bank deposits due to mature within twelve months of reporting date included under 'Other bank balances'	139,907,120	126,550,437
Bank deposits due to mature after twelve months of the reporting date included under 'Other non-current assets' (refer note 13)	2,360,594	3,737,010

460,959,854	289,703,685
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17 Short-term loans and advances

(Unsecured, considered good unless otherwise stated)

To parties other than related parties

Advance to suppliers		
Considered good	2,226,549	10,472,341
Considered doubtful	1,020,000	1,020,000
Less: Provision for doubtful advances	(1,020,000)	(1,020,000)
Prepaid expenses	6,865,435	2,892,809
Security deposits	730,200	-
Value added tax receivable	3,210,239	6,226,626
Cenvat credit receivable	17,810,447	63,501,724
Gratuity fund with Life Insurance Corporation of India (refer note 30)	288,133	1,266,439
Loans to employees	523,886	390,881

To related parties

Recoverable from related party (refer note 32)		
Considered doubtful	7,300,563	7,300,563
	7,300,563	7,300,563
Less: Provision for doubtful advances	(7,300,563)	(7,300,563)
	-	-
	31,654,889	84,750,820

18 Other current assets

Interest accrued on :		
- deposits with banks	2,467,845	574,396
- VAT refund	385,228	747,195
Export benefits receivable	16,194,341	2,132,602
Mark to market gain on forward contract	1,950,735	-
Insurance claim receivable	251,026	224,274
	21,249,175	3,678,467

(Currency : Indian rupees)

	31 March 2017	31 March 2016
19 Revenue from operations		
Sale of products (gross)	1,134,005,998	1,136,800,980
Less: Excise duty	57,150,992	52,749,344
Sale of products (net)	<u>1,076,855,006</u>	<u>1,084,051,636</u>
Break-up of revenue from sale of products		
Crucibles	1,076,322,421	1,082,964,610
Others	532,585	1,087,026
	<u>1,076,855,006</u>	<u>1,084,051,636</u>
20 Other operating revenues		
Sale of scrap	1,587,246	1,654,649
Duty drawback on exports	11,770,116	12,861,300
Export benefits	23,500,327	-
	<u>36,857,689</u>	<u>14,515,949</u>
21 Other income		
Interest income on:		
Deposits with banks	12,788,070	5,816,305
VAT / Income tax refund	385,228	1,470,843
Delayed payment by customers	1,200,974	976,291
Net gain on account of foreign exchange fluctuations	4,991,892	15,029,802
Liabilities no longer required written back	4,433,590	4,257,087
Provision for doubtful debts written back	328,336	-
Commission received	402,736	-
Miscellaneous income	18,609	442,002
	<u>24,549,435</u>	<u>27,992,330</u>
22 Cost of materials consumed		
Inventory of materials at the beginning of the year	80,501,554	79,555,142
Purchases	351,371,680	390,169,321
Inventory of materials at the end of the year (also refer note 29)	63,947,514	80,907,103
	<u>367,925,720</u>	<u>388,817,360</u>
23 Changes in inventory of finished goods and work in progress		
Inventory at the end of the year		
Finished goods - Crucibles	39,244,971	33,859,500
Work in progress - Crucibles	41,284,024	44,412,082
Inventory at the beginning of the year		
Finished goods - Crucibles	33,859,500	40,482,173
Work in progress - Crucibles	44,412,082	41,451,572
	<u>(2,257,413)</u>	<u>3,662,163</u>

31 March 2017 **31 March 2016**
24 Employee benefits expense

Salaries, wages and bonus	158,755,325	139,254,323
Contribution to provident and other funds (<i>refer note 30</i>)	7,694,955	6,910,336
Gratuity (<i>refer note 30</i>)	3,935,713	1,629,865
Staff welfare expenses	8,451,814	9,794,257
	178,837,807	157,588,781

25 Depreciation and amortization expenses

Depreciation of tangible fixed assets	42,805,099	71,621,009
Amortization of intangible fixed assets	3,828,125	11,450,801
	46,633,224	83,071,810

26 Other expenses

Consumption of stores and spares	15,483,207	14,452,500
Decrease in excise duty on inventory of finished goods	356,581	(553,284)
Power and fuel	60,489,764	68,313,710
Repairs to buildings	7,625,681	5,195,478
Repairs to machinery	24,190,782	20,024,988
Repairs others	4,951,442	4,734,403
Rent	3,208,753	3,630,337
Rates and taxes	2,850,459	7,606,014
Travelling and motor car expenses	12,919,198	12,047,617
Legal and professional fees	7,446,891	13,108,337
Insurance	2,805,828	3,007,801
Payment to auditor (<i>refer note 28</i>)	3,694,659	2,635,009
Sales commission	4,722,068	5,222,125
Transportation	-	1,245,445
Directors' sitting fees	280,500	240,000
Net loss on account of foreign exchange fluctuations	-	33,551
Royalty / Trade Mark Charges	9,055,821	8,440,762
Management charges (<i>includes prior period expense of Rs. Nil (2016 : Rs. 1,370,183)</i>)	63,398,411	67,292,265
No claim compensation	2,493,651	1,387,086
Provision for warranty expenses	980,000	-
Business development and promotional expenses	4,472,839	9,372,883
SAP training & maintenance expenses	8,841,755	11,931,768
Loss on sale / retirement of fixed assets	2,099,277	277,835
Freight outward	16,587,377	15,473,806
Bank charges	1,252,444	1,238,163
Watch and ward	2,981,608	4,239,651
Provision for doubtful receivables	387,557	1,772,326
Provision for doubtful advances	-	7,300,563
Bad debt written off	193,071	-
Corporate Social Responsibility expenses	1,324,004	434,205
Miscellaneous expenses	21,920,334	19,652,191
	287,013,962	309,757,535

27 Contingent liabilities and commitments
Contingent Liabilities:
31 March 2017 **31 March 2016**

a. Disputed employees' state insurance demand against which the Company has preferred appeals.	52,498	52,498
b. Demand for excise duty liability raised by tax authorities for the payment of excise duty on sales tax discount availed by the Company on pre-mature payment of sales tax during the period 2005-06 to 2009-10 under sales tax discount scheme. Department contends that the amount of discount received should be included in the transaction value for calculation of excise duty. The Company has filed an appeal to the Commissioner of Central Excise and Service Tax (excluding interest and penalty)	1,896,472	1,896,472
c. Dispute raised by tax authorities for disallowance of certain expenses for FY 2011-12 u/s 92CA (3) of Income Tax Act 1961. The Company has filed an appeal before Income Tax Appellate Tribunal for the same (excluding interest and penalty)	15,342,967	15,342,967
d. Claims against the Subsidiary company in respect of Income tax, not acknowledge as debt*	-	719,870
e. Liabilities in respect of employee related matters of the Company and Subsidiary Company.	568,311	3,651,007
f. Dispute raised by tax authorities for disallowance of certain expenses for FY 2012-13 u/s 92CA (3) and 40(a)(ia) of Income Tax Act 1961. The Company has filed an appeal before Commissioner of Income Tax (Appeals) for the same (excluding interest and penalty).	11,046,142	-

* The amount has been provided during the year.

Commitments:
31 March 2017 **31 March 2016**

a. Estimated amount of contracts remaining to be executed on capital account and not provided for	17,144,755	1,558,891
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28 Payment to auditors (excluding service tax)
Particulars
As auditor

Audit Fees (including tax audit fees)	1,686,689	1,593,000
Limited review of quarterly results	1,375,000	636,000
Certification fees	56,000	53,000

In other capacity

Audit of group reporting package	301,803	113,000
Transfer pricing services	-	75,000

Reimbursement of expenses
275,167 165,009

3,694,659 **2,635,009**
29 Break up of cost of materials consumed**
Particulars

Silicon carbide	98,426,221	94,280,574
Graphite	65,042,366	112,279,263
Resin	27,398,617	27,745,656
Packing material	29,514,471	28,357,634
Ferro Silicon	35,222,571	39,724,477
Others	113,925,016	86,429,755

369,529,262 **388,817,360**

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

Break up of inventory of raw materials and packing materials
Particulars

Silicon carbide	8,926,282	6,125,380
Graphite	16,901,895	24,557,507
Ferro Silicon	6,187,276	11,154,648
Resin	1,881,667	2,143,267
Packing material	2,863,694	3,112,577
Others	27,186,700	33,408,175

63,947,514 **80,501,554**

30 Employee benefits
Defined contributions plans

The Group makes contributions, determined as specified percentage of employee salaries, in respect of qualifying employees towards Provident Fund, ESIC, Labour Welfare Fund and Superannuation Scheme, which is a defined contribution plan. The Group has no obligations other than to make the specified contributions. The contributions are charged to the Statement of Profit and Loss as they accrue. The amount as an expense towards contribution to Provident Fund, Superannuation Scheme and Labour welfare fund for the year aggregated to Rs. 8,185,029 (2016: Rs. 6,910,336).

Defined benefit plans
Gratuity

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

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

Particulars	31 March 2017		31 March 2016	
	Morganite (Holding Company)	Diamond (Subsidiary Company)	Morganite (Holding Company)	Diamond (Subsidiary Company)
Discount rate (per annum)	7.34%	7.00%	8.08%	7.90%
Rate of increase in compensation levels	7.00%	6.50%	7.00%	6.50%
Rate of return on plan assets	7.34%	7.00%	8.08%	7.90%
Attrition rate	2.00%	7.00%	2.00%	7.00%

- Gratuity is payable to all eligible employees of the Group on superannuation, death, and permanent disablement, in terms of the provisions of the Payment of Gratuity Act, 1972.
- The discount rate is based on the prevailing market yields Indian Government securities as at the balance sheet date for the estimated term of the obligations.
- Estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.
- The Group's gratuity fund is managed by Life Insurance Corporation of India. The plan assets under the fund are invested under approved securities.
- The Plan Assets are administered by Life Insurance Corporation of India ("LIC") as per Investment Pattern stipulated for Pension and Group Schemes Fund by Insurance and Regulatory Development Authority regulations.

30 Employee benefits
Defined benefit plans - Gratuity (Continued)
A. Movement in present values of defined benefit obligations

	31 March 2017	31 March 2016
Present value of obligation at the beginning of the year	23,904,716	22,296,055
Interest Cost	1,901,479	1,753,598
Current Service Cost	1,759,647	1,691,554
Benefits paid	(1,146,135)	(2,127,705)
Liability transferred in acquisition	-	153,000
Actuarial loss on obligations	2,173,048	138,214
Present value of obligation as at year end	28,592,755	23,904,716

B. Movement in fair value of plan assets

Fair value of plan assets at the beginning of the year	25,413,996	24,303,254
Expenses deducted from the fund	(60,866)	(59,246)
Expected return on plan assets	2,037,114	2,019,553
Actuarial loss on plan assets	(138,653)	(66,052)
Contributions	2,130,076	1,191,192
Assets Transferred In	-	153,000
Benefits paid	(1,146,135)	(2,127,705)
Fair value of plan assets at year end	28,235,532	25,413,996

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

Present value of obligation as at the year end	(28,592,755)	(23,904,716)
Fair value of plan assets as at the end of the year	28,235,532	25,413,996
Funded status	(357,223)	1,509,280
Net asset recognized in Balance Sheet	(714,446)	1,509,280

D. Amount recognized in the Consolidated Balance Sheet

Present value of obligation at the end of the year	(28,592,755)	(23,904,716)
Fair value of plan assets as at the end of the year	28,235,532	25,413,996
Net asset recognized in balance sheet	(357,223)	1,509,280

E. Expense recognized in the statement of Profit and Loss

Particulars		
Current service cost	1,759,647	1,691,554
Interest cost	1,901,479	1,753,598
Expected return on plan assets	(2,037,114)	(2,019,553)
Net actuarial loss recognized in the year	2,311,701	204,266
Total expense recognized in employee benefit expense	3,935,713	1,629,865

F. Experience adjustment

Particulars	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-13
Defined benefit obligation	28,592,755	23,904,716	22,296,054	16,689,765	16,198,882
Fair value of plan assets	28,235,532	25,413,996	24,303,254	23,383,722	18,243,181
Surplus in the plan	357,223	(1,509,280)	(2,007,200)	(6,693,957)	(2,044,299)
Experience adjustment on plan liabilities	177,251	390,533	1,158,045	470,218	1,714,897
Experience adjustment on plan assets	(183,863)	23,824	(58,500)	(87,430)	(133,085)

Morganite Crucible (India) Limited
Notes to the consolidated financial statements (Continued)
for the year ended 31 March 2017
(Currency: Indian Rupees)

32 Related party disclosures (Continued)

Related party transactions for the year ended 31 March 2017

Particulars	Ultimate Holding Company	Investing Associates		Fellow Subsidiaries																
		Morganite Crucible Limited	Morgan Terrasens BV	Morganite Crucible Inc.	Morgan Molten Metal System GmbH	Morgan Molten Metal System (Suzhou) Company Limited	Morganite Brasil LTDA	Morgan Karbon Grafit Sanayi A.S.	Thermal Ceramites UK	Morganite South Africa Pty Limited	Morganite Crucible Inc. Morgan, S.A. de Wallingford C.	Grupo Industrial Murugappa	Morgan Thermal Ceramites Limited	Morganite Carbon Kabushiki Kaisha	Furnace Industries	Ceramis Asia Pte Ltd	Morgan Advanced Materials India Private Limited FZE	Morgan Ceramics Middle East	Dalian Morgan Refractories Ltd	
Income	-	-	-	74,532,515	89,845,909	799,703	2,125,700	2,435,062	-	-	-	3,442,845	-	10,082,610	-	-	-	-	19,778	401,101
Sale of finished goods	-	-	-	-	34,041	1,224,457	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reimbursement of various expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Expenditure	-	-	-	-	1,464,582	750,035	-	-	138,009	-	-	-	245,073	-	13,968	-	-	-	-	-
Purchase of raw materials (including goods in transit)	-	-	-	-	13,021	-	-	-	-	-	-	-	2,985,812	-	-	-	-	-	-	-
Purchased of spares / consumables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Goods purchase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Management charges	63,398,411	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trademark charges	9,055,821	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reimbursement of Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	77,725	-	-	-	-
IT Support services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	4,312,000	4,088,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Outstanding Balances as at 31 March 2017	-	1,280,305	-	5,471,054	16,581,620	1,454,314	-	-	-	-	-	-	-	319,431	-	-	727,439	-	-	-
Receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payables	27,770,736	-	-	-	15,243	-	-	-	47,469	-	-	-	-	-	-	-	-	-	-	-

Related party transactions for the year ended 31 March 2016

Particulars	Ultimate Holding Company		Investing Associates		Fellow Subsidiaries															
	Morgan Advanced Materials Plc	Morganite Crucible Limited	Morgan Terrasens BV	Morganite Crucible Inc.	Morgan Molten Metal System GMBH	Morgan Molten Metal System (Suzhou) Company Limited	Morganite Brasil LTDA	Morgan Karbon Grafte Saarij A.S.	Thermal Ceramics UK	Morganite South Africa Pty Limited	Morganite Crucible Inc. Wallingford	Grupo Industrial Morgan, S.A. de C.	Murugappa Morgan Thermal Ceramics Limited	Morganite Carbon Kabushiki Kaisha	Furnace Industries	Morgan Ceramics Asia Pte Ltd	Morgan Advanced Materials India Private Limited	Morgan Ceramics Middle East FZE	Dalian Morgan Refractories Ltd	
Income																				
Sale of finished goods	-	-	-	-	83,939,543	4,892,199	149,704	2,652,956	-	-	49,011,807	219,263	1,573,385	-	-	-	-	-	-	
Reimbursement of various expenses	-	-	-	-	1,391,405	1,475,510	-	-	-	-	-	-	-	-	-	-	-	-	-	
Expenditure																				
Purchase of raw materials (including goods in transit)	-	-	-	-	837,093	575,614	-	-	128,876	-	-	-	-	-	-	902,140	-	-	-	
Purchased of spares / consumables	-	-	-	-	67,034	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Capital Goods purchase	-	-	-	-	-	-	-	-	-	-	-	-	1,074,908	-	-	44,498	-	-	-	
Management charges	67,292,265	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Trademark charges	8,440,762	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Reimbursement of Expenses	-	-	-	-	533,606	-	-	-	-	-	-	-	-	-	-	24,429	255,173	-	-	
IT Support Services	992,770	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Others																				
Dividend paid	-	1,078,000	1,022,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Outstanding Balances as at 31 March 2016																				
Receivables	-	-	-	5,083,053	25,300,698	1,557,768	-	1,026,757	-	3,686,793	-	-	-	1,364,971	-	-	-	-	-	
Payables	35,724,574	-	-	-	88,222	-	-	-	-	-	-	-	-	-	44,498	259,748	-	-	-	

33 Managerial Remuneration

During the previous year, the Company had paid managerial remuneration to Late Hitesh Saiwal- Managing Director amounting to Rs. 10,207,067 which was in excess of the limits specified in section 197 read with Schedule V of the Companies Act 2013 by Rs. 7,300,563. The Company had made an application to the Central Government for approval of excess remuneration paid. The Central Government had directed the Company to file an application for waiver of such excess remuneration paid along with the approval from the Board, Nomination and Remuneration Committee and members of the Company. The Company has obtained the approval from the Board, Nomination and Remuneration Committee and members of the Company and accordingly application has been made to the Central Government.

34 Operating lease as lessee

The Company has entered into leases for cars for a period of 3 years. Total lease payments for non-cancellable leases recognized in the books for the year is Rs. 283,752 (2016 :Rs. 640,800)

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

Particulars	31 March 2017	31 March 2016
Payable within one year	-	459,872
Payable between one and five year	-	-
Payable after five years	-	-

35 Earnings per share

Particulars	2017	2016
Net profit after tax attributable to equity shareholders	145,230,614	99,876,856
Weighted average number of shares outstanding during the year (Nos.)	2,800,000	2,800,000
Earnings Per Share		
- Basic	51.87	35.67
- Diluted	51.87	35.67
Nominal value of an equity share	10	10

36 Additional Information Required As Per Schedule III is as follows:

Name Of the Entity	Net Assets		Share in Profit	
	As a % of consolidated net assets	Amount	As a % of consolidated net profit	Amount
Morganite Crucible (India) Limited- Holding Company	83%	828,533,921	80%	131,655,939
	83%	(696,877,982)	92%	(98,763,124)
Diamond Crucible Company Limited- Subsidiary Company	17%	173,167,130	20%	33,583,615
	17%	(139,583,515)	8%	(8,383,252)
Subtotal	100%	1,001,701,051	100%	165,239,554
	100%	(836,461,497)	100%	(107,146,376)
Adjustments arising out of Consolidation		39,880,010		3,552,969
		(36,327,041)		(3,161,727)
Minority Interest in Subsidiaries		84,851,894		16,455,971
		(68,395,923)		(4,107,793)
Total		876,969,147		145,230,614
Total		(731,738,533)		(99,876,856)

(Figures in brackets indicate previous year numbers)

37 Details of specified Bank Notes held (SBN) and transacted during the period 08 November 2016 to 30 December 2016:
Morganite Crucible (India) Limited- Holding Company

Particulars	Specified Bank Notes	Other denomination notes	Total
Closing cash in hand as on 08 November 2016	4,000	87	4,087
Add : Permitted receipts	-	11,898	11,898
Less : Permitted payments	-	11,709	11,709
Less : Amount deposited in Banks	4,000	-	4,000
Closing cash in hand as on 30 December 2016	-	276	276

Diamond Crucible Company Limited - Subsidiary Company

Particulars	Specified Bank Notes	Other denomination notes	Total
Closing cash in hand as on 08 November 2016	-	10,571	10,571
Add : Permitted receipts	-	99,575	99,575
Less : Permitted payments	-	(92,825)	(92,825)
Less : Amount deposited in Banks	-	-	-
Closing cash in hand as on 30 December 2016	-	17,321	17,321

38 Unhedged foreign currency exposures

The Group has entered into derivative contracts to hedge its risk associated with foreign currency fluctuations. However, none of these contracts can be co-related on one to one basis against the underlying exposure. The forward sell contract which are outstanding as on 31 March 2017: USD 550,000, EUR 150,000 and GBP 693,164. (31 March 2016 : Nil)

Particulars	Foreign Currency Denomination	Foreign Currency Amount	Amount (R.)
Assets (Trade Receivables)	EURO	309,398	20,822,930
		(600,162)	(43,540,266)
	GBP	490,623	38,730,358
		(254,171)	(23,743,248)
Liabilities (Trade Payables)	USD	426,053	25,731,949
		(627,890)	(39,518,101)
	EURO	8,297	788,429
		(19,969)	(1,517,356)
	GBP	575	99,025
		-	-
	USD	-	-
		(77,740)	(5,169,179)
	AUD	-	-
		(850)	(44,013)

Figures in brackets represent figures for the previous year

39 In accordance with AS-29 (Provisions, Contingent Liabilities and Contingent Assets), the movement in provision for warranty is as follows:

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. It is expected that most of this cost will be incurred over the next 12 months as per management estimate.

Particulars	31 March 2017	31 March 2016
At the commencement of the year	8,969,778	7,231,557
Provisions made during the year	9,422,072	7,380,000
Provision utilized during the year	8,551,632	5,641,779
At the end of the year	9,840,218	8,969,778

In accordance with AS-29 (Provisions, Contingent Liabilities and Contingent Assets), the movement in provision for litigation of excise duty is as follows:

Particulars	31 March 2017	31 March 2016
At the commencement of the year	-	-
Amount reclassified during the year	1,715,000	-
Provisions written back during the year	-	-
Provision utilised during the year	-	-
At the end of the year	1,715,000	-

40 Corporate social responsibility

As per provisions of section 135 of Companies Act 2013, the Holding Company was required to spend Rs. 2,642,432 (2016: Rs 2,556,520) 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 Holding Company has spent Rs. 1,324,004 (2016: 434,205) towards Corporate Social Responsibility activities. The Holding 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.

a) Gross amount required to be spent by the Holding Company during the year - Rs. 2,642,432 (2016 : 2,556,520)

b) Amount spent during the year on :

		In cash	Yet to be paid in cash	Total
(i)	Construction / acquisition of any asset	-	-	-
(ii)	On purposes other than (i) above	1,324,004 (434,205)	-	1,324,004 (434,205)

Figures in brackets pertain to the previous year.

41 Transfer Pricing

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

During the previous year the Company has applied for Advance Pricing Agreement (APA) before the Central Board of Direct Tax (CBDT) and Government of India for International Inter-company related party transactions with associated Enterprises (AE). The APA is an arrangement between the taxpayer and the tax authority covering future transactions, with a view to avoid the potential transfer pricing disputes in a cooperative manner. 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. Under APA specific rollback provisions enable to attain certainty in transfer prices of international transactions for up to 9 years (including 4 years rollback provisions) in total. The company has applied for Advanced Pricing Agreement (APA) in FY 2015-16, the period covered under rollback is from FY 2012-13 to FY 2015-16 and five year down the line i.e. from FY 2016-17 to 2020-21. Besides this the APA has a persuasive value on all open Transfer pricing litigations of past years. During the year, the Company received questionnaire from the CBDT and the Company has replied to the questionnaire.

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

As per our report of even date attached

For B S R & Co. LLP

Chartered Accountants

Firm's registration no: 101248W / W-100022

Swapnil Dakshindas

Partner

Membership No : 113896

Place : Mumbai

Date : 25 May 2017

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

Managing Director

DIN : 07180005

Place : Aurangabad

Date : 25 May 2017

Ian Keith Arber

Director

DIN : 07080539

Place : Aurangabad

Date : 25 May 2017

Atithi Majumdar

Chief Financial Officer

Place : Aurangabad

Date : 25 May 2017

Rupesh Khokle

Company Secretary

Place : Aurangabad

Date : 25 May 2017

MORGANITE CRUCIBLE (INDIA) LIMITED
CIN: L26920MH1986PLC038607
Registered Office : B-11, MIDC, Industrial Area, Waluj, Aurangabad - 431136
Website: www.morganmms.com E-mail: rupesh.khokle@morganplc.com
32nd Annual General Meeting - August 9, 2017
Proxy form

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

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

I/We being the member(s) of shares of the above named Company,
here by appoint

Name: E-mail.....

Address:.....

Signature:

or failing him/ her

Name: E-mail.....

Address:.....

Signature:

or failing him/ her

Name: E-mail.....

Address:.....

Signature:.....

as my/our proxy to vote (on poll) for me/us on my/our behalf at the 32nd Annual General Meeting of the Company, to be held on Wednesday, August 9, 2017 at 11.00 am (IST) at B-11, MIDC, Industrial Area, Waluj, Aurangabad - 431136 and at any adjournment thereof in respect of the following resolutions :

Resolution No.	Resolution
	Ordinary Business
1.	Adoption of Audited Balance Sheet, Statement of Profit and Loss, Report of Board Directors and Auditors for the financial year ended March 31, 2017
2.	Approval of final dividend for the financial year ended March 31, 2017 on Equity Shares
3.	Re-appointment of Ms Pauline Tan as a Director of the Company
4.	Appointment of M/s B S R & Associates LLP, Chartered Accountants, Pune (Firm Registration No. 116231W/W-100024) in place of retiring Auditor M/s B S R & Co LLP as Statutory Auditor of the Company

Signed this _____ day of _____ 2017

Signature of Share holder : _____

Signature of Proxy holder(s): _____

Affix
Revenue Stamp
of not less
than Re. 1/-

Note:

The Proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Company's Registered Office, not less than 48 hours before the time for holding the meeting. The proxy need not be a Member of the Company.

MORGANITE CRUCIBLE (INDIA) LIMITED**CIN: L26920MH1986PLC038607****Registered Office :** B-11, MIDC, Industrial Area, Waluj, Aurangabad - 431136Website: www.morganmms.com E-mail: rupesh.khokle@morganplc.com**Attendance slip****32nd Annual General Meeting - August 9, 2017**Regd. Folio No./DPID/Client
ID:

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Name of Shareholder:

--

No. of Shares held:

--	--	--	--	--	--	--	--	--	--

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

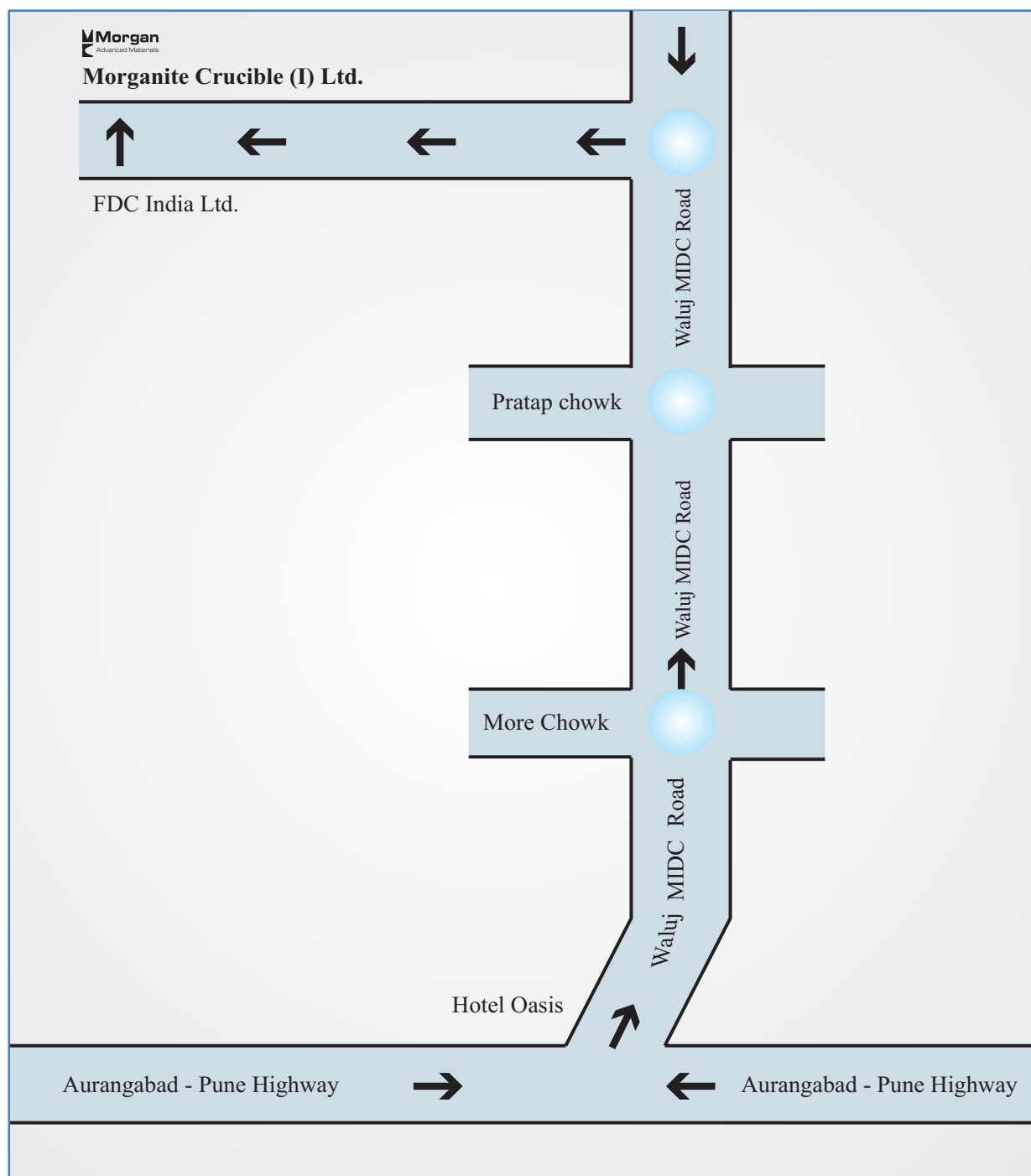
I here by record my presence at the 32nd Annual General Meeting of the Company held on Wednesday, August 9, 2017 at 11.00 am (IST) at B-11, MIDC, Industrial Area, Waluj, Aurangabad -431136......
Proxy's name
(in BLOCK Letters).....
Member's/Proxy's Signature**Notes:**

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

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

.....											
Electronic Voting Sequence Number (EVSN)						User ID			Password		
170706001											

NOTE: For e-voting, please read the instructions printed under the Note No.9 to the Notice dated May 25, 2017 of the 32nd Annual General Meeting. The e-voting period begins on August 6, 2017 at 09.00 am and ends on August 8, 2017 at 05.00 pm. The e-voting module shall be disabled by CDSL for voting thereafter.



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

Diamond Crucible Company Limited

CIN : U27100MH1981PLC269185

212-C, GIDC Estate, Mehsana - 384 002.

Gujarat, INDIA

Tel : +91 2762 250503

Email : Admin.India@morganplc.com

Web : www.morganmms.com