

Morganite Crucible (India) Limited
CIN Number - L26920MH1986PLC038607
Registered Office: 8-11, MIDC Industrial Area, Waluj, Aurangabad 431 136
Website : www.morganmms.com | Contact Details : +91 240 6652502, 6652520, 6652523
Statement of financial results for the quarter and year ended 31 March 2021

(₹ In lakhs)

| Particulars | Quarter ended | | | Year ended | |
|---|----------------|--------------|----------------|----------------|----------------|
| | March 31, 2021 | Dec 31, 2020 | March 31, 2020 | March 31, 2021 | March 31, 2020 |
| | Unaudited | Unaudited | Unaudited | Audited | Audited |
| 1. Revenue from operations | 3,463.66 | 3,259.11 | 3,052.36 | 10,685.52 | 12,855.36 |
| 2. Other income | 0.67 | 190.60 | 171.73 | 408.79 | 664.30 |
| 3. Total income (1+2) | 3,464.33 | 3,449.71 | 3,224.09 | 11,094.31 | 13,519.66 |
| 4. Expenses | | | | | |
| (a) Cost of materials consumed (Refer note 11) | 1,056.92 | 1,917.05 | 1,432.39 | 3,931.90 | 4,778.95 |
| (b) Purchases of stock-in-trade | 164.74 | 137.41 | 84.62 | 391.31 | 379.01 |
| (c) Changes in inventories of finished goods, stock-in-trade and work-in-progress (Refer note 11) | (4.58) | (659.64) | (491.05) | 192.22 | (175.17) |
| (d) Employee benefits expense | 403.31 | 376.93 | 412.58 | 1,553.61 | 1,823.13 |
| (e) Finance cost | - | - | 0.14 | - | 0.74 |
| (f) Depreciation and amortization expense | 138.91 | 142.73 | 134.92 | 565.83 | 534.43 |
| (g) Other expenses (Refer note 11) | 1,385.51 | 1,035.99 | 972.76 | 3,405.76 | 3,731.89 |
| (h) Closure and Relocation expenses relating to Mehsana Plant (Refer note 6) | (3.66) | 20.87 | 26.49 | 160.04 | 605.58 |
| Total expenses | 3,141.15 | 2,971.34 | 2,572.85 | 10,200.67 | 11,678.56 |
| 5. Profit/(Loss) before tax (3 - 4) | 323.18 | 478.37 | 651.24 | 893.64 | 1,841.10 |
| 6. Exceptional Items (Refer note 7) | - | 310.00 | - | 310.00 | - |
| 7. Profit after exceptional items and before tax (5 - 6) | 323.18 | 168.37 | 651.24 | 583.64 | 1,841.10 |
| 8. Tax expense | | | | | |
| - Current tax (Refer note 8) | 42.61 | 247.64 | 195.95 | 310.91 | 519.99 |
| - Short provision in respect of earlier years (Refer note 8 & 9) | (85.57) | 538.49 | - | 452.92 | 30.80 |
| - Deferred tax | (1.22) | (89.07) | 29.28 | (86.73) | (21.42) |
| Total Tax Expense | (44.18) | 697.06 | 225.23 | 677.10 | 529.37 |
| 9. Profit/(Loss) for the period/year (7-8) | 367.36 | (528.69) | 426.01 | (93.46) | 1,311.73 |
| 10. Other comprehensive gain/(loss) for the period/year - Items that will not be reclassified subsequently to profit or loss (net of tax) | (44.91) | (50.21) | (25.02) | 2.82 | (44.23) |
| 11. Total comprehensive income/(loss) for the period/year (9-10) | 322.45 | (578.90) | 400.99 | (90.64) | 1,267.50 |
| 12. Paid-up equity share capital (Face value per share ₹ 5) (Refer note 3) | 280.00 | 280.00 | 280.00 | 280.00 | 280.00 |
| 13. Earnings Per Share (EPS) (₹) (Refer note 3) | | | | | |
| *(reinstated) | | | * | | * |
| (a) Basic EPS | 6.56 | (9.44) | 7.61 | (1.67) | 23.42 |
| (b) Diluted EPS | 6.56 | (9.44) | 7.61 | (1.67) | 23.42 |

Part 2: Statement of assets and liabilities

| Particulars | ₹ In lakhs) | |
|---|---------------------------------|---------------------------------|
| | As At 31-Mar-21 (Audited) | As At 31-Mar-20 (Audited) |
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 2,856.72 | 3,018.15 |
| Capital work-in-progress | 2,153.19 | 1,904.29 |
| Right to use asset | 10.70 | 16.15 |
| Goodwill | 137.81 | 137.81 |
| Other intangible assets | 19.17 | 20.70 |
| Financial assets | | |
| a) Other financial assets | 34.76 | 97.06 |
| Deferred tax asset (net) | 156.53 | 70.75 |
| Income tax assets (net) | 203.10 | 454.22 |
| Other non-current assets | 5.47 | 37.08 |
| Total Non-current assets (A) | 5,577.45 | 5,756.21 |
| Current assets | | |
| Inventories (Refer note 11) | 1,771.80 | 2,155.77 |
| Financial assets | | |
| a) Trade receivables | 2,229.13 | 2,319.18 |
| b) Cash and cash equivalents | 3,564.08 | 2,821.60 |
| c) Other balances with banks | 137.36 | 22.28 |
| d) Loans | 10.12 | 14.71 |
| e) Other financial assets | 34.50 | 12.23 |
| Other current assets | 491.87 | 741.35 |
| Non current assets held for sale (Refer Note 6) | 101.32 | 101.32 |
| Total Current assets (B) | 8,340.18 | 8,188.44 |
| Total assets (A+B) | 13,917.63 | 13,944.65 |
| Equity and liabilities | | |
| Equity | | |
| Equity share capital | 280.00 | 280.00 |
| Other equity | 9,963.77 | 10,502.41 |
| Total equity (C) | 10,243.77 | 10,782.41 |
| Current liabilities | | |
| Financial liabilities | | |
| a) Trade payables | | |
| (i) dues of micro enterprises and small enterprises | 192.97 | 293.52 |
| (ii) dues of creditors other than micro enterprises and small enterprises | 2,012.69 | 1,691.73 |
| b) Other financial liabilities | 493.97 | 491.17 |
| Other current liabilities | 478.36 | 270.79 |
| Provisions | 245.16 | 234.79 |
| Income tax liabilities (net) | 250.71 | 180.24 |
| Total Current liabilities (D) | 3,673.86 | 3,162.24 |
| Total liabilities (D) | 3,673.86 | 3,162.24 |
| Total - equity and liabilities (C+D) | 13,917.63 | 13,944.65 |

Part 3: Cashflow statement

| Particulars | (₹ In lakhs) | |
|---|------------------------|------------------------|
| | Year ended | |
| | 31-Mar-21 (Audited) | 31-Mar-20 (Audited) |
| A) Cash flow from operating activities | | |
| Profit before tax | 583.64 | 1,841.10 |
| Adjustments for : | | |
| Interest income | (11.47) | (110.66) |
| Finance cost | - | 0.74 |
| (Gain)/ Loss on account of foreign currency transactions and translation | (25.71) | (6.56) |
| Depreciation and amortization expense | 565.83 | 534.43 |
| Property, plant and equipment written off | - | 86.94 |
| Gain on sale of property, plant and equipment | (3.13) | (3.23) |
| Provision for/ (reversal of) inventory obsolescence | - | 15.25 |
| Provision for doubtful receivables | 24.61 | 29.61 |
| | 550.13 | 546.52 |
| Changes in working capital : | | |
| Inventories | 383.97 | (108.12) |
| Trade receivables | 87.79 | (623.02) |
| Loans, other financial assets and other assets | 264.03 | (279.17) |
| Trade payables, other financial liabilities, other liabilities and provisions | 494.26 | 226.61 |
| Cash generated from operating activities | 2,363.82 | 1,603.92 |
| Income taxes paid (net) | (442.24) | (511.20) |
| Net cash flows generated from operating activities (A) | 1,921.58 | 1,092.72 |
| B) Cash flows from investing activities | | |
| Purchase of property, plant and equipment and intangible assets (including movement in capital work in progress and capital advances) | (690.11) | (2,412.01) |
| Proceeds from sale of property, plant and equipment | 46.92 | 6.33 |
| Investment in bank deposits | (1,029.01) | (763.41) |
| Maturity of bank deposits | 913.93 | 3,079.41 |
| Interest received | 11.47 | 133.71 |
| Net cash generated from / (used in) investing activities (B) | (746.80) | 44.03 |
| C) Cash flows from financing activities | | |
| Repayment of Lease Liability including interest | - | (5.76) |
| Payment of dividend (including Dividend Distribution Tax thereon) | (444.57) | (405.07) |
| Net cash (used in) financing activities (C) | (444.57) | (410.83) |
| Net increase / (decrease) in cash and cash equivalents (A+B+C) | 730.21 | 725.92 |
| Effect of exchange differences on cash and cash equivalents held in foreign currency | 12.27 | 7.65 |
| Cash and cash equivalents at the beginning of the year | 2,821.60 | 2,088.03 |
| Cash and cash equivalents at the end of the year | 3,564.08 | 2,821.60 |
| Components of cash and cash equivalents | | |
| Cash and cash equivalents comprises of: | | |
| Cash on hand | 0.28 | 0.35 |
| Bank balances | | |
| - in current accounts | 3,202.71 | 1,823.16 |
| - Export Earner's Foreign Currency account | 302.92 | 291.60 |
| - in deposits accounts (with original maturity of 3 months or less) | 58.17 | 706.49 |
| Total cash and cash equivalents at the end of the year | 3,564.08 | 2,821.60 |

Notes

1. The above results for the quarter and year ended 31 March 2021 have been reviewed by the Audit Committee and thereafter approved by the Board of Directors at their respective meetings held on 31 May 2021. These financial results have been prepared in accordance with the recognition and measurement principles laid down in the Companies (Indian Accounting Standards) Rules, 2015 specified under section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India and in compliance with Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations").
2. The Statutory Auditors of the Company have conducted audit of the annual financial results and review of quarterly financial results of the Company for the year/quarter ended 31 March 2021.
3. In the Annual General Meeting of shareholders of the Company held on 06 August 2020, shareholders had approved sub-dividing the face value of equity shares of ₹ 10/- each to ₹ 5/- each, pursuant to the provisions of the Companies Act, 2013. After the sub-division of equity shares, the authorized share capital and paid up share capital of the Company stands sub-divided to 1,09,00,000 equity shares of ₹ 5 each aggregating to ₹ 545 lakhs and 56,00,000 equity shares of ₹ 5 each aggregating ₹ 280 lakhs, respectively. The record date was 1 September 2020 after which the sub-division of share capital was effective. Hence the effect has been given to Earnings Per Share in the financial results for the quarter ended 31 March 2020 and year ended 31 March 2020.
4. The comparative financial information included in the above Statement for the quarter and year ended 31 March 2020 have been reviewed/audited by the predecessor auditor.
5. The Company recognizes its sale of crucibles activity as its only primary business segment since its operations predominantly consist of manufacture and sale of crucibles to its customers. The 'Chief Operating Decision Maker' monitors the operating results of the Company's business as single segment. Accordingly in context of Ind AS 108 "Operating Segments" the principle business of the Company constitute a single reportable segment.
6. During the previous financial year 2019-20, subsequent to the receipt of the approval from Board of Directors on 17 October 2019 and Shareholders on 2 December 2019, the Company had shut down the operations of Mehsana Plant with effect from 1 February 2020 in a phased manner. The Land and Building amounting to ₹ 101.32 lakhs was reclassified under "Non current assets held for sale". The management incurred expenditure of ₹ 605.58 lakhs during the financial year 2019-20. Further, during the year ended 31 March 2021 the Company has incurred an additional expense of ₹ 160.04 lakhs which mainly includes charges for assets transportation and their restoration at Aurangabad. During the year the management has identified a potential buyer for sale of Land and Building of Mehsana Plant. The management has entered into an "Memorandum of Understanding" (MOU) dated 12 February 2021 for completion of the sale by June 2021.
7. During the year ended 31 March 2021 the Company has initiated the discussions with the workers for the voluntary retirement scheme (VRS) and the Company has considered a provision of ₹ 310 lakhs as exceptional item in the financial results. The Board of Directors in their meeting held on 10 February 2021 has approved the Voluntary Retirement Scheme-2021 ("Scheme").
8. During the financial year 2016-17, the management had applied for Advance Pricing Agreement ("APA") for the period of nine years i.e. From FY 2012-13 to FY 2020-21. Subsequently, the Management has submitted application to Principal Chief Commissioner of Income Tax (International taxation) on 31 July 2020 for withdrawal of APA for the rollback periods (i.e. from FY 2012-13 to FY 2015-16 (four years)) to avail the benefit of Vivad se Vishwas Scheme ("the VsV") which was announced by the Government of India in 2020 budget. During the current year the Company has assessed and provided for additional tax liability of ₹ 373.99 lakhs (which includes ₹ 312.43 lakhs for short provision in respect of earlier years) based on the in-principle approval received from the APA commissioner.
9. Union Budget, 2020 announced Vivad se Vishwas Scheme ("the VsV"), to provide for dispute resolution in respect of pending income tax litigation. Management has filed the application for the VsV scheme for the financial years 2011-12 and 2012-13 for the unit located at Aurangabad and for the financial years 2008-09, 2010-11 to 2014-15 and 2016-17 for the unit located at Mehsana. The Company has received the acknowledgement for the acceptance of VsV application in the month of December 2020. During the year ended 31 March 2021, the Company has accounted the provision for tax towards VsV scheme amounting to ₹ 140.46 lakhs as short provision in respect of earlier years.
10. The Company's operations and financial results for the year have been impacted due to the lockdown by the central and state government authorities to contain the spread of COVID-19 outbreak. The operations gradually resumed with requisite precautions during the year. The Company has assessed the impact of pandemic on its financial results/position based on the internal and external information available up to the date of approval of these financial results and expects to recover the carrying value of its assets. However, the actual impact may be different from that estimated as at the date of approval of these financial results.
11. Raw materials and packing materials, work in progress, finished goods, and stores and spare parts as at 31 March 2020 have been reclassified. On account of reclassification, the amount of closing stock of raw material and packing material has decreased by ₹ 163.07 lakhs, work in progress has decreased by ₹ 39.64 lakhs, finished goods has increased by ₹ 402.32 lakhs and stores and spares has decreased by ₹ 199.60 lakhs (with consequential impact of increase in consumption of raw materials by ₹ 163.07 lakhs, stores and spare by ₹ 199.60 lakhs and decrease in change in inventory of finished goods and work in progress by ₹ 362.67 lakhs, increase in other expenses by ₹ 199.60 lakhs) to reflect appropriate classification. This has no impact on profit before tax and earnings per share for the quarter and year ended as at that date.

Pursuant to above reclassification as at/for the year ended 31 March 2020, the published amounts reported of cost of material consumed has decreased by ₹ 163.07 lakhs, changes in inventory of finished goods and work in progress has increased by ₹ 362.67 lakhs and Other expenses has decreased by ₹ 199.60 lakhs in the results for the three months ended 30 June 2020, for the six months ended 30 September 2020 and for the nine months ended 31 December 2020. This has no impact on profit before tax and earnings per shares reported in the respective period results.
12. The Code on Social Security, 2020 ("Code") relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the rules are yet to be framed. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective and the related rules are published.
13. The Financial Results have been made available to the Stock Exchange where the Company's securities are listed and are posted on the Company's website (www.morganmms.com).



INDEPENDENT AUDITOR'S REPORT

To THE MEMBERS OF MORGANITE CRUCIBLE (INDIA) LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Morganite Crucible (India) Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement, and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and its loss total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

Information Other than the Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board Report including its annexures but does not include the financial statements and our auditor's report thereon.
- Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.



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

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. 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 judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.



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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
- e) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.

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g) On the basis of the written representations received from the directors as on 31 March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2021 from being appointed as a director in terms of Section 164(2) of the Act.

h) 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 A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

i) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

j) 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, as amended 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 financial statements - refer note 30 to the financial statements;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

(Firm's Registration No. 117366W/W-100018)



Jayesh Parmar

Partner

(Membership No. 106388)

UDIN: 21106388AAAAACE1898

Mumbai, May 31, 2021



ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

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

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of Morganite Crucible (India) Limited (“the Company”) as of March 31, 2021 in conjunction with our audit of the Ind AS 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 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 of the Company 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 Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 Controls 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

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records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls 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, to the best of our information and according to the explanations given to us, 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 March 31, 2021, based on the criteria for internal financial control over financial reporting 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 **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

(Firm's Registration No. 117366W/W-100018)

Jayesh Parmar

Partner

(Membership No. 106388)

UDIN: 21106388AAAAACE1898

Mumbai, May 31, 2021

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i)(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

(i)(b) The Company has a program of verification of property, plant and equipment to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain property, plant and equipment were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(i)(c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed documents provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. In respect of immovable properties of land and buildings that have been taken on lease and disclosed as fixed asset in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.

(ii) As explained to us, the inventories excluding goods in transit were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification. In respect of stock lying at third party location the management has obtained the confirmation.

(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 Companies Act, 2013.

(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) According to the information and explanations given to us, the Company has not accepted any deposit during the year. In respect of unclaimed deposits, the Company has complied with the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013.

(vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(vii)(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Goods and Services tax, cess and other material statutory dues applicable to it to the appropriate authorities.

(vii)(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, goods and services tax, cess and other material statutory dues in arrears as at March 31, 2021 for a period of more than six months from the date they became payable.

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(vii)(c) Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, and Value Added Tax which have not been deposited as on March 31, 2021 on account of disputes are given below:

| Name of Statute | Nature of Dues | Form where Dispute is Pending | Period to which the Amount Relates | Amount of Dispute (₹ in lakhs) | Amount paid under protest (₹ in lakhs) |
|----------------------------------|-----------------|---|------------------------------------|--------------------------------|--|
| Income Tax Act, 1961 | Income tax | Commissioner of Income Tax (Appeals) | 2015-16 to 2020-21 | 373.98 | -- |
| Finance Act, 1994 | Service Tax | Central Excise and Service Tax Appellate Tribunal | April 2013 to August 2015 | 26.04 | -- |
| Gujrat Value Added Tax Act, 2003 | Value Added Tax | Assistant Commissioner of Sales Tax | 2001-02 to 2005-06 | 17.62 | -- |

(viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause (viii) of CARO 2016 is not applicable to the Company.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 Order is not applicable.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiary or associate company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

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(xvi) The Company is not required to be registered under section 45-I of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)



Jayesh Parmar
Partner
(Membership No. 106388)
UDIN: 21106388AAAAACE1898

Mumbai, May 31, 2021



INDEPENDENT AUDITOR'S REPORT ON AUDIT OF ANNUAL FINANCIAL RESULTS AND REVIEW OF QUARTERLY FINANCIAL RESULTS

**TO THE BOARD OF DIRECTORS OF
MORGANITE CRUCIBLE (INDIA) LIMITED**

Opinion and Conclusion

We have (a) audited the Financial Results for the year ended March 31, 2021 and (b) reviewed the Financial Results for the quarter ended March 31, 2021 (refer 'Other Matters' section below), which were subject to limited review by us, both included in the accompanying "Statement of Financial Results for the Quarter and Year Ended March 31, 2021" of **MORGANITE CRUCIBLE (INDIA) LIMITED** ("the Company"), ("the Statement"), being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations").

(a) Opinion on Annual Financial Results

In our opinion and to the best of our information and according to the explanations given to us, the Financial Results for the year ended March 31, 2021:

- i. is presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended; and
- ii. gives a true and fair view in conformity with the recognition and measurement principles laid down in the Indian Accounting Standards and other accounting principles generally accepted in India of the net profit/loss and total comprehensive income / loss and other financial information of the Company for the year then ended.

(b) Conclusion on Unaudited Financial Results for the quarter ended March 31, 2021

With respect to the Financial Results for the quarter ended March 31, 2021, based on our review conducted as stated in paragraph (b) of Auditor's Responsibilities section below, nothing has come to our attention that causes us to believe that the Financial Results for the quarter ended March 31, 2021, prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standards and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.



Basis for Opinion on the Audited Financial Results for the year ended March 31, 2021

We conducted our audit in accordance with the Standards on Auditing (“SAs”) specified under Section 143(10) of the Companies Act, 2013 (“the Act”). Our responsibilities under those Standards are further described in paragraph (a) of Auditor’s Responsibilities section below. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (“the ICAI”) together with the ethical requirements that are relevant to our audit of the Financial Results for the year ended March 31, 2021 under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI’s Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion.

Management’s Responsibilities for the Statement

This Statement which includes the Financial Results is the responsibility of the Company’s Board of Directors and has been approved by them for the issuance. The Financial Results for the year ended March 31, 2021 has been compiled from the related audited financial statements. This responsibility includes the preparation and presentation of the Financial Results for the quarter and year ended March 31, 2021 that give a true and fair view of the net loss and other comprehensive income and other financial information in accordance with the recognition and measurement principles laid down in the Indian Accounting Standards prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. 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 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 Results that give a true and fair view and is free from material misstatement, whether due to fraud or error.

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

The Board of Directors are also responsible for overseeing the financial reporting process of the Company.

Auditor’s Responsibilities

(a) Audit of the Financial Results for the year ended March 31, 2021

Our objectives are to obtain reasonable assurance about whether the Financial Results for the year ended March 31, 2021 as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Results.

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



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- Identify and assess the risks of material misstatement of the Annual Financial Results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors.
- Evaluate the appropriateness and reasonableness of disclosures made by the Board of Directors in terms of the requirements specified under Regulation 33 of the Listing Regulations.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Annual Financial Results, including the disclosures, and whether the Annual Financial Results represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the Annual Financial Results of the Company to express an opinion on the Annual Financial Results.

Materiality is the magnitude of misstatements in the Annual Financial Results that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Annual Financial Results may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Annual Financial Results.

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

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



(b) Review of the Financial Results for the quarter ended March 31, 2021

We conducted our review of the Financial Results for the quarter ended March 31, 2021 in accordance with the Standard on Review Engagements ("SRE") 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the ICAI. A review of interim financial information consists of making inquiries, primarily of the Company's personnel responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with SAs specified under section 143(10) of the Act and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Other Matters

The Statement includes the results for the Quarter ended March 31, 2021 being the balancing figure between audited figures in respect of the full financial year and the published year to date figures up to the third quarter of the current financial year which were subject to limited review by us. Our report on the Statement is not modified in respect of this matter.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)



Jayesh Parmar
Partner
(Membership No. 106388)
UDIN: 21106388AAAAACD3941

Mumbai, May 31, 2021

