

# **MARATHWADA REFRACTORIES LIMITED**

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## **39<sup>th</sup> Annual Report**

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**2017 - 2018**

## **MARATHWADA REFRACTORIES LIMITED**

### **BOARD OF DIRECTORS**

Mr. Shao Xing Max Yang  
Mr. Jayant Goel  
Ms. Aparna Goel  
Mr. Ntasha Berry

### **COMPANY SECRETARY & COMPLIANCE OFFICER**

Mrs. Sneha Khandelwal

### **BANKERS**

Punjab National Bank, Bangalore

### **AUDITORS**

**M/s.Guru & Jana,**  
Chartered Accountants,  
No.41, Patalamma Temple Street,  
Basavanagudi, Bangalore- 560004

### **REGISTERED OFFICE**

Office No. 312/313, Third Floor, Barton Centre,  
Mahatma Gandhi Road,  
Bangalore – 560001.  
Ph:+91 80 4277 7800

### **REGISTRAR AND SHARE TRANSFER AGENT:**

**Link Intime India Private Limited**  
44, Community Centre,  
2<sup>nd</sup> Floor, Naraina Industrial Area Phase-I,  
New Delhi – 110028.

## **INDEPENDENT AUDITOR'S REPORT**

**To**  
**The Members,**  
**Marathwada Refractories Limited**

### **Report on the Standalone Financial Statements**

We have audited the accompanying financial statements of Marathwada Refractories Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2018 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 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 financial statements that give a true and fair view of the financial position, financial performance, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian 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 of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditors Responsibility**

Our responsibility is to express an opinion on these 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 Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS 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 Ind AS 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 Ind AS financial statements.

## **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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 including the Ind AS, of the state of affairs of the Company as at 31st March 2018, and its loss, its cash flows and the changes in equity for the year ended on that date.

## **Report on Other Legal and Regulatory Requirements**

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section 11 of section 143 of the Act, we give in the "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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 purpose of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and statement of changes in Equity dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid Ind AS 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<sup>st</sup> March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2018 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 Statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**"

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 financial statements. Refer Note 23 to the financial statements.
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **Guru & Jana,**

Chartered Accountants

**Firm Registration No: 006826S**

Sd/-

**M. Surendra Reddy**

Partner

**Membership No: 215205**

Place: Bangalore

Date: 30 - 05 - 2018

## **“Annexure A” to Auditor’s Report**

The annexure referred to in our report to the members of **Marathwada Refractories Limited** for the year ended on 31<sup>st</sup> March 2018. We report that:

- (i) According to the information and explanations given to us, the company does not hold fixed assets and immovable properties at the end of the year. Hence the provisions of Clause 3 (i) (a) to (c) of the Order are not applicable.
- (ii) According to the information and explanations given by the management, the company does not have any inventory. Accordingly, provisions of Clause 3 (ii) of the order is not applicable.
- (iii) According to the information and explanation given by the management, 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, the provisions of Clauses 3 (iii) of the Order are not applicable to the Company.
- (iv) According to the information and explanation given by the management, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 In respect of loans, investments, guarantees, and security.
- (v) The Company has not accepted any deposits from the public. Accordingly, the provisions of Clauses 3 (v) of the Order are not applicable to the Company.
- (vi) As informed to us, the maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the company.
- (vii)
  - a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2018 for a period of more than six months from the date on when they become payable.
  - b) According to the information and explanation given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax outstanding on account of any dispute.
- (viii) According to the information and explanation given by the management, the Company has not borrowed any amount from any financial institutions, banks or debenture holders during the year. Accordingly, provisions of clause (viii) are not applicable.

- (ix) According to the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of Clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.
- (x) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company 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 by the management, the company has not paid or provided for any managerial remuneration during the year. Hence, the provisions of Clause 3 (xi) of the Order is not applicable.
- (xii) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 3 (xii) of the Order are not applicable to the Company.
- (xiii) In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company and hence not commented upon.
- (xv) According to the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.
- (xvi) In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

For **Guru & Jana,**

Chartered Accountants

**Firm Registration No: 006826S**

Sd/-

**M.Surendra Reddy**

Partner

**Membership No: 215205**

Place: Bangalore

Date: 30 - 05 - 2018

## **“ANNEXURE B” TO THE INDEPENDENT AUDITOR’S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF MARATHWADA REFRACTORIES LIMITED**

### **Report on the Internal Financial Controls 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 **Marathwada Refractories Limited** as of March 31, 2018 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 the 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 as specified 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 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 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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, 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 2018, 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 **Guru & Jana,**

Chartered Accountants

**Firm Registration No: 006826S**

Sd/-

**M. Surendra Reddy**

Partner

**Membership No: 215205**

Place: Bangalore

Date: 30 - 05 - 2018

**Marathwada Refractories Limited**  
**Balance Sheet as at 31st March 2018**

(All Amounts are in Rs'000)

Particulars	Notes	31-Mar-18	31-Mar-17	01-Apr-16
<b>ASSETS</b>				
<b>Non-current assets</b>				
Financial Assets				
Long-term loans and advances		-	-	-
Other Non Current Assets	5	95,000.00	95,000.00	95,000.00
Deferred Tax Asset	6	4.54	5.49	6.26
		<b>95,004.54</b>	<b>95,005.49</b>	<b>95,006.26</b>
<b>Current assets</b>				
Financial Assets				
Cash and Cash Equivalents	7	2,440.02	4,685.14	14,003.24
Trade Receivables	8	1,313.73	1,238.73	971.23
Loans and advances	9	10,470.35	5,988.36	-
Other Current Assets	10	108.83	3,086.24	119.09
		<b>14,332.93</b>	<b>14,998.46</b>	<b>15,093.56</b>
		<b>1,09,337.47</b>	<b>1,10,003.96</b>	<b>1,10,099.82</b>
<b>EQUITIES AND LIABILITIES</b>				
<b>Equity</b>				
Equity Share Capital	11	7,000.00	7,000.00	7,000.00
Other Equity				
Retained Earnings	12	95,775.55	96,809.28	96,719.89
Capital Reserve	12	3,023.81	3,023.81	3,023.81
General Reserve	12	3,000.00	3,000.00	3,000.00
		<b>1,08,799.36</b>	<b>1,09,833.09</b>	<b>1,09,743.71</b>
<b>Current liabilities</b>				
Financial liabilities				
Other Financial Liabilities	13	498.95	157.30	322.55
Other Current Liabilities	14	38.89	13.56	33.57
		<b>537.83</b>	<b>170.86</b>	<b>356.11</b>
		<b>1,09,337.19</b>	<b>1,10,003.96</b>	<b>1,10,099.82</b>

Summary of significant accounting policies 3

The accompanying notes are an integral part of the financial statements

**For Guru & Jana**  
Chartered Accountants  
**Firm Registration No:006826S**

**For and on behalf of the board**

**Sd/-**  
**M.Surendra Reddy**  
Partner  
**Membership No:215205**

**Sd/-** **Sd/-**  
**H.S Girish Gupta** **Aparna Goel**  
Managing Director Director  
DIN: 01683190 DIN: 00142961

**Place: Bangalore**  
**Date: May 30, 2018**

**Sd/-**  
**Sneha Khandelwal**  
Company Secretary  
**M. No : 55597**