

Morganite Crucible (India) Limited
Morgan Advanced Materials
Molten Metal Systems
B-11, M.I.D.C., Waluj
Aurangabad - 431 136,
Maharashtra, (India)

**POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS AND
DEALING WITH RELATED PARTY TRANSACTIONS**

I. Purpose:

Pursuant to amendment in Clause 49 (VII)(C) of the Listing Agreement *vide* SEBI Circular CIR/CFD/POLICY CELL/2/2014 dated April 17, 2014, further amended *vide* Circular CIR/CFD/POLICY CELL/7/2014 dated September 15, 2014, relating to policy formulation on materiality of Related Party Transactions and dealing with Related Party Transactions.

II. Definition:

“Arm’s length transaction” means a transaction between two Related Parties that is conducted as if they were unrelated, so that there is no conflict of interest.

“Associate Company”, as per Section 2 (6) of the Companies Act, 2013 in relation to another company, means a Company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company.

Explanation – For the purpose of this definition, “significant influence” means control of at least twenty per cent of total share capital or of business decision under agreement.

“Audit Committee” means the audit committee constituted by the Board of Directors of the Company in accordance Clause 49 of the listing agreement and the Companies Act, 2013

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“Board” means the Board of Directors of Morganite Crucible (India) Limited

“Company” means Morganite Crucible (India) Limited

“Group” the Morgan Advanced Material Plc

“Material Related Party Transaction” means a transaction with a Related Party where the transaction/transactions to be entered into individually or taken together with previous transactions with a Related Party during a financial year, exceeds ten percent of the consolidated annual turnover of the Company as per the last audited financial statements of the Company.

“Policy” means this Policy, as amended from time to time.

“Related Party” in relation to the Company means a party related with the Company in any of the ways as are laid down in section 2(76) of the Companies Act, 2013 and clause 49 of the listing agreement as amended from time to time.

III. Material Transaction Threshold:

As per Clause 49 of the Listing Agreement, transaction with a related party shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the company.

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IV. Identification and Evaluation of Related Party Transaction:

On the basis of declarations given and having associate/fellow subsidiary relationship with group, certain associate companies have been identified for the purpose of materiality and dealing as related party(ies).

As per provisions of Section 188 of the Companies Act, 2013 and other applicable regulations or law, the 'arm's length' relationship is required to be established with related parties.

V. Procedure for Approval of Related Party Transactions:

a) Approval of the Audit Committee:

All Related Party Transactions are required prior approval of the Audit Committee. However, the Company may obtain omnibus approval from the Audit Committee for such transactions, subject to compliances with the following conditions:

The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the Policy on Related Party Transactions of the Company and such approval shall be applicable in respect of transactions which are repetitive in nature.

The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company.

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(i) the name/s of the Related Party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into;

(ii) the indicative base price / current contracted price and the formula for variation in the price, if any, and

(iii) such other conditions as the Audit Committee may deem fit.

Provided that where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs.1 crore per transaction.

Audit Committee shall review, at least on a quarterly basis, the details of RPTs entered into by the company pursuant to each of the omnibus approval given.

Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year

b) Approval of the Board of Directors:

In case Audit Committee determines that a particular Related Party Transactions are required to be brought before the Board, then the Board shall consider and approve the same upon recommendation of Audit Committee.

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The agenda of the Board Meeting at which approval for Related Party Transactions is sought shall disclose the necessary details as required under the Act and the Listing Agreement. Any Director / KMP having potential interest in any Related Party Transaction shall not participate in discussions and voting.

c) Approval of the Shareholders of the Company:

- Transactions with Related Party, which are in the ordinary course of business and at arm's length basis, do not require shareholders' approval in terms of Section 188 of the Act, however in absence of similar exemption in Clause 49 all kinds of transactions specified under Section 188 of the Act though in the ordinary course of business and at arm's length basis and exceeding the thresholds laid down under the Act and Clause 49, as amended from time to time, shall be placed before the shareholders for their approval by way of a Special Resolution.
- All kinds of transactions specified under Section 188 of the Act, which (a) are not in the ordinary course of business and / or at arm's length basis; or (b) exceed the thresholds laid down under the Act and Clause 49, as amended from time to time, shall be placed before the shareholders for their approval by way of a Special Resolution.
- Clause 49(VII)(E) of the Equity Listing Agreement provides that the requirement for seeking shareholders' approval shall not be applicable to transactions between the Company and its wholly owned subsidiaries whose accounts are consolidated with the Company. However in absence of similar

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exemption under the Act such transactions between the Company and its subsidiaries too would be placed before the shareholders of the Company for their approval provided they meet the materiality thresholds in terms of the Policy read with the Act and Clause 49, as amended.

None of the Related Parties shall be entitled to vote on a resolution relating to material Related Party Transaction in the shareholders' meeting.

VI. Disclosure Requirements:

- i) Every Related Party Transaction prescribed in Section 188(1) of the Act shall be disclosed in the Board's report along with the justification for entering into such transaction.
- ii) Details of all Related Party Transactions meeting the materiality threshold as given in the Policy shall be disclosed on a quarterly basis along with the compliance report on corporate governance to the stock exchanges.
- iii) The Company shall disclose the Policy on its website and a web link shall be provided in the Annual Report.
