

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

**MORGANITE CRUCIBLE (INDIA) LIMITED**

**TERMS OF REFERENCE FOR THE AUDIT COMMITTEE**

**[ AMENDED UPTO February 14, 2022 ]**

**[ Adopted in the Board of Directors Meeting held on May 22, 2014 ]**

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## **TERMS OF REFERENCE FOR THE AUDIT COMMITTEE**

### **Objectives:**

The objective of Audit Committee of the Board to act as a catalyst in assisting the Board of Directors and the Management to fulfill its fiduciary responsibilities as per provisions of the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time. The primary role of the Audit Committee is overseeing the –

- i. the integrity, transparency and accuracy of the Company's financial statements with required disclosures as per applicable accounting standards.
- ii. compliance with legal and regulatory requirements.
- iii. qualifications and independence of the Company's auditors.
- iv. adequacy and reliability of the internal control system.

### **A. Composition of Audit Committee**

1. The audit committee shall have minimum three Directors as members. Two-thirds of the members of audit committee shall be Independent Directors. Each member of the Committee must be a member of the Board who satisfies all criteria of independence as per provisions of Companies Act, 2013 and Rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time
2. All members of audit committee shall be financially literate (which at minimum means possessing a working familiarity with the basic finance and accounting practices) and at least one member shall have accounting or related financial management expertise.
3. The Chairperson of the Audit Committee shall be an independent director;
4. The Chairperson of the Audit Committee shall be present at Annual General Meeting to answer shareholder queries;
5. If the Chairperson of Audit Committee is unable to attend an annual general meeting of the Company, he/she shall nominate another independent director who is member of the committee to attend annual general meeting on his/her behalf. Such person shall be prepared to respond to any such questions.

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6. The Audit Committee may invite such of the executives, as it considers appropriate (and particularly the head of the finance function) to be present at the meetings of the committee, but on occasions it may also meet without the presence of any executives of the company. The finance director, head of internal audit and a representative of the statutory auditor may be present as invitees for the meetings of the audit committee;
7. The Company Secretary shall act as the secretary to the committee.

#### **B. Meeting of Audit Committee**

The Audit Committee should meet at least four times in a year and not more than one hundred and twenty days shall elapse between two meetings. The quorum shall be either two members or one third of the members of the audit committee whichever is greater, but there should be a minimum two independent directors present in the meeting.

#### **C. Powers of Audit Committee**

The audit committee shall have powers, which should include the following:

- (1) To investigate any activity within its terms of reference.
- (2) To seek information from any employee.
- (3) To obtain outside legal or other professional advice.
- (4) To secure attendance of outsiders with relevant expertise, if it considers necessary.
- (5) To engage independent counsel and other advisors as it deems appropriate to perform its duties and responsibilities.

#### **D. Responsibilities and Duties of Audit Committee**

The role of the audit committee shall include the following:

- i. 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.
- ii. Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- iii. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.

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- iv. Reviewing, with the management, the annual financial statements and auditors report thereon before submission to the board for approval, with particular reference to:
  - (a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;
  - (b) Changes, if any, in accounting policies and practices and reasons for the same;
  - (c) Major accounting entries involving estimates based on the exercise of judgment by management;
  - (d) Significant adjustments made in the financial statements arising out of audit findings;
  - (e) Compliance with listing and other legal requirements relating to financial statements;
  - (f) Disclosure of any related party transactions;
  - (g) Qualifications in the draft audit report.
- v. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- vi. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- vii. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- viii. Approval or any subsequent modification of transactions of the company with related parties;

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- ix. Scrutiny of inter-corporate loans and investments;
- x. Valuation of undertakings or assets of the company, wherever it is necessary;
- xi. Evaluation of internal financial controls and risk management systems;
- xii. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- xiii. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- xiv. Discussion with internal auditors any significant findings and follow up there on.
- xv. 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.
- xvi. 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.
- xvii. 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.
- xviii. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
- xix. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
- xx. To approve policies in relation to the implementation of the Morgan Code of Conduct for Prevention of Insider Trading and Code of Corporate Disclosure Practices ('Code') and to supervise implementation of the Code.

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- xxi. The Committee shall review the whistle blower mechanism for its directors and employees to raise concerns about possible wrongdoing in financial reporting, accounting, auditing or any other related matters in the organisation. The mechanism shall provide adequate safeguards against victimization of persons from retaliation. Review of provision for direct access to the Chairperson of the Audit Committee in appropriate or exceptional cases. The Committee shall ensure that these arrangements allow independent investigation of such matters and appropriate follow up action. In case of any conflict of interest, the Committee Members would disassociate from such investigation.

#### **E. Review of information by Audit Committee**

The Audit Committee shall mandatorily review the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management. The following details shall be placed periodically before the Audit Committee to oversee the potential conflict of interest situation:
  - A statement in summary form of transactions with related parties in the ordinary course of business and at arms length basis.
  - Details of material individual transactions ('materiality' threshold to be defined by the management and reviewed by the Audit Committee) with related parties which are not in the normal course of business.
  - Details of material individual transactions ('materiality' threshold to be defined by the Audit Committee) with related parties or others, which are not on arm's length basis, together with Management's justification for the same.
  - Approval of all or any subsequent modification of transactions with related parties.
3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.

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