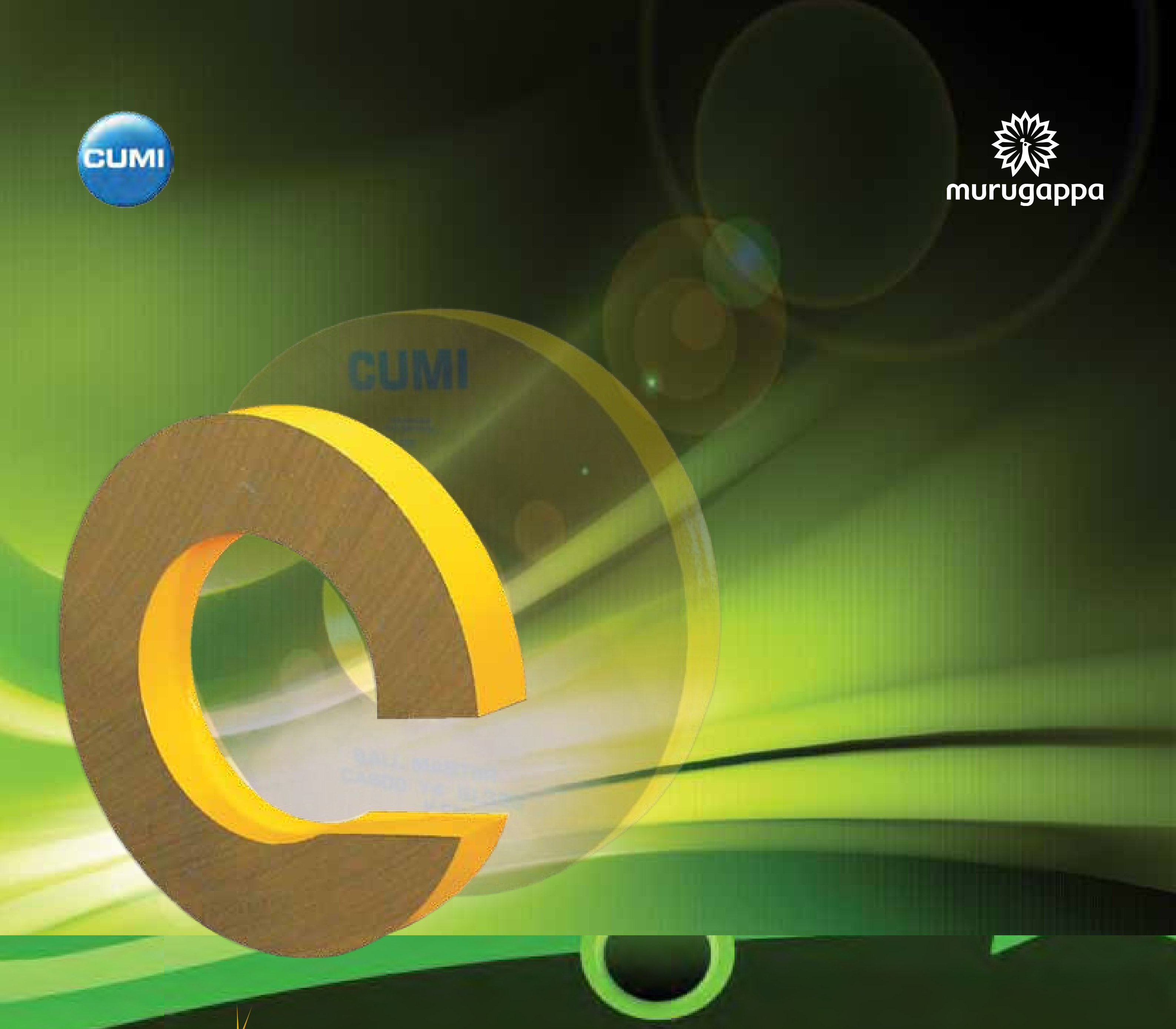


CELEBRATING SUSTAINABILITY

CARBORUNDUM UNIVERSAL LIMITED

Annual Report 2011 - 2012

Cover Picture: 'C' shaped, CUMI Ball Lapping Wheel, customised to critical specifications for a major manufacturer in Europe of high value, premium grade steel balls used in the bearing industry.

CONTENTS

CELEBRATING SUSTAINABILITY…

2011-12 - at CUMI it was yet another year of record growth. We decided that instead of just reporting our achievements for the year, we would take this moment to celebrate. Celebrate not just our success but our sustainability. Celebrate, nearly six decades of market leadership. Of creating cutting edge products. Of expansions and acquisitions, in pursuit of our vision of becoming a global company.

We felt it was time we celebrated, the satisfaction of having sustained our growth, almost every year since inception. The satisfaction of creating sustainable value for customers, suppliers, employees, shareholders and the communities and economies we operate in.

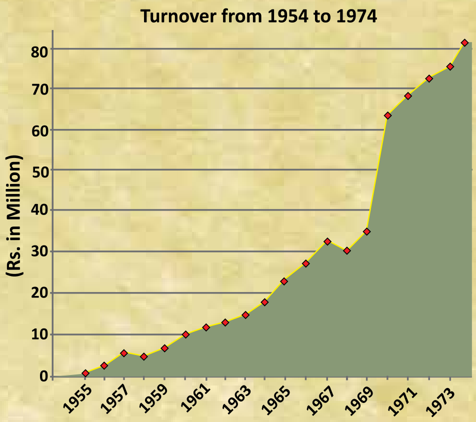
At CUMI, we celebrate the sustainability that is part of our DNA.

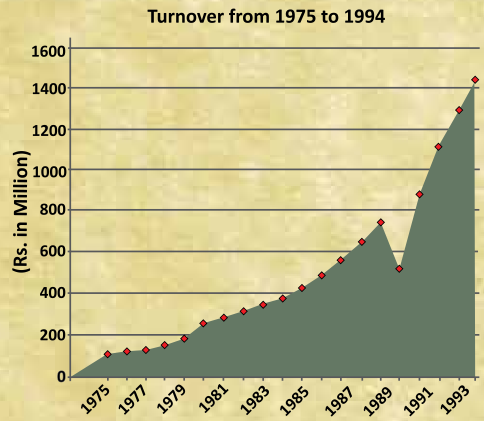
A STEADY AND UPWARD BOUND GROWTH GRAPH.

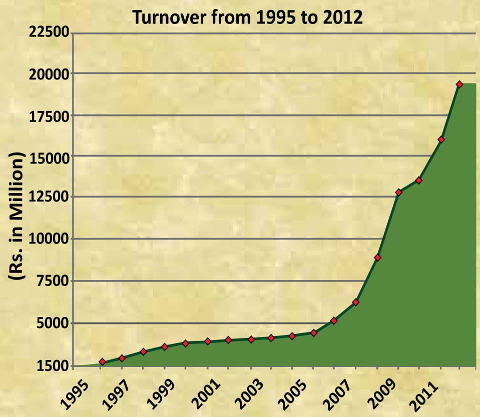
Forward looking growth strategies. Ethical and transparent business practices. Prudent fiscal management, effective risk mitigation and strong leveraging of investments. CUMI has ensured that the stakeholder's interest is protected, posting consistent growth for nearly six decades. A feat that has continued unbroken even during challenging economic downturns. Applying the Porter's Five Forces Model for industry analysis, CUMI scores high on business robustness and sustainability.

CUMI's vision and adherence to a strong value system is integral to its business and working methods. The company follows strong corporate governance standards ensuring transparency and adherence to rules and regulatory norms. Our Board of Directors comprise corporate leaders who have earned recognition for their business acumen and expertise.

While our management teams ensure seamless convergence of business integration with strategic direction, an unequivocal focus on strong values and sustainable practices drives our business.







Award for 'Excellence in Financial Reporting' by The Institute of Chartered Accountants of India

'Best CFO Award' given by Business Today - YES Bank

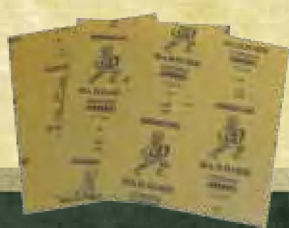
A WIDE PRODUCT RANGE MATCHED BY VERY FEW MANUFACTURERS WORLDWIDE. A PRESENCE IN MORE THAN 50 MARKETS.

CUMI's range of 20,000 varieties of abrasives, ceramic and electromineral products is matched by very few manufacturers worldwide, giving it a clear, competitive edge. An edge, it has continued to hold in each of its business, with continuous product innovation and process innovation.

With a customer profile which includes a wide and diverse spectrum of industries and a presence in more than 50 markets across the globe, CUMI is well positioned to take on any risks of geographical and sectoral downturns. A clear strength of business sustainability.

Reinforcing this strength, the abrasives business with its diverse product portfolio, showed robust growth this past fiscal. Bonded abrasives strengthened its 'total solution provider' ranking with a line of custom designed, application specific products for large OEMs. The standard range continued to grow in volumes with focused market initiatives and channel interface enhancing customer connect.

Coated abrasives and Thin Wheels expanded their presence in the global market, bagging major project orders for the DIY segment from one of the world's largest retailer of home improvement products and for the industrial segment from a Fortune 500 industrial supplies company. In the domestic market, non woven abrasives scaled up volumes, catering to the growing customer requirements.



A CUSTOMER ROSTER COMPRISING A DIVERSE SPECTRUM OF USER INDUSTRIES REDUCING THE RISK OF SECTORAL DOWNTURNS. SUSTAINABILITY IS PART OF OUR BUSINESS DNA.

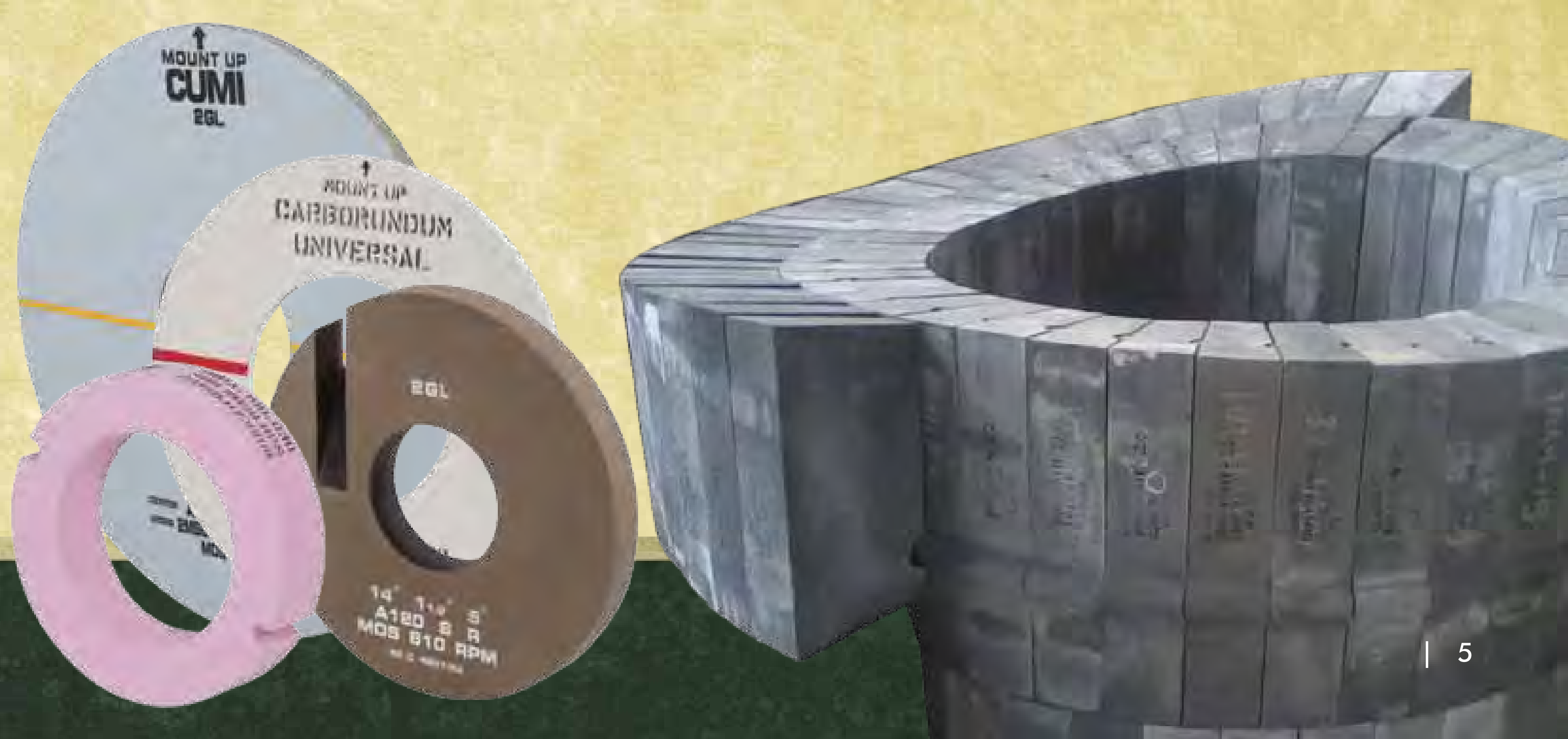
Super Refractories posted a record growth over the past year. Large installation requirements for new projects in the Glass and Iron & Steel industries contributed to an increase in sales. Special focus on new product development enabled the business to enhance value for the customer.

In ceramics, sale of wear resistant products touched a new high with increased offtake from the domestic and key markets in Australia and North America. Engineered Ceramics expanded its footprint in the US market with critical ceramic components while metallised cylinders forayed into new markets including China.

The Electrominerals business sustained its growth addressing new customer segments, with new product variants, despite a slowdown in certain user segments.

Volzhsky Abrasive Works (VAW), Russia, modified its product mix to cater to the changing market requirements. Foskor Zirconia, South Africa, increased its volumes in sales by expanding its customer base.

With a large product range, diverse markets, varied user segments - sustainability is integral to CUMI's business.



ORGANIC GROWTH AND SYNERGISTIC ACQUISITIONS HAVE BEEN THE MAIN DRIVERS OF SUSTAINABLE VALUE CREATION.

CUMI has followed a strategic roadmap for sustainable growth and value creation, with organic green field projects, automation and phased capacity additions. The company has also pursued a plan for inorganic growth with synergistic acquisitions and strategic alliances.

CUMI's strength in production lies in its strategically located plants, state-of-the-art manufacturing facilities, captive access to key inputs and a highly skilled workforce with expertise developed over several decades. Spread across continents, they reduce geographical risk and enable greater and speedier market accessibility, while creating tangible value for customers and local economies.

Reinforcing this sustainability, CUMI's Electrominerals plant at Koratty and the Anticorrosives plant at Ranipet celebrated their 50 years in business, this year.

During the year, CUMI continued to pursue its strategy of sustainable growth, forging alliances and technical tie-ups and enhancing its manufacturing capabilities.

Strategic Alliances

The company entered into an alliance with Metabowerke GmbH, Germany, for enlarging its range of Power Tools. A technical tie-up was concluded with a technology provider in Europe for setting up new furnaces at Volzhsky, Russia

New Manufacturing Facilities

A new facility for the manufacture of monoclinic and bubble zirconia is nearing commissioning at Foskor Zirconia, South Africa.

A second line for the manufacture of silicon carbide micro grits was established at the SEZ facility at Cochin, India.

CUMI Metabo-Partner in Productivity Solutions

Expansions

The ceramics plant at Hosur, India enhanced its capacity for wear resistant liners, with a modern, double layered kiln and robotic presses, equipped with fully automated control systems.

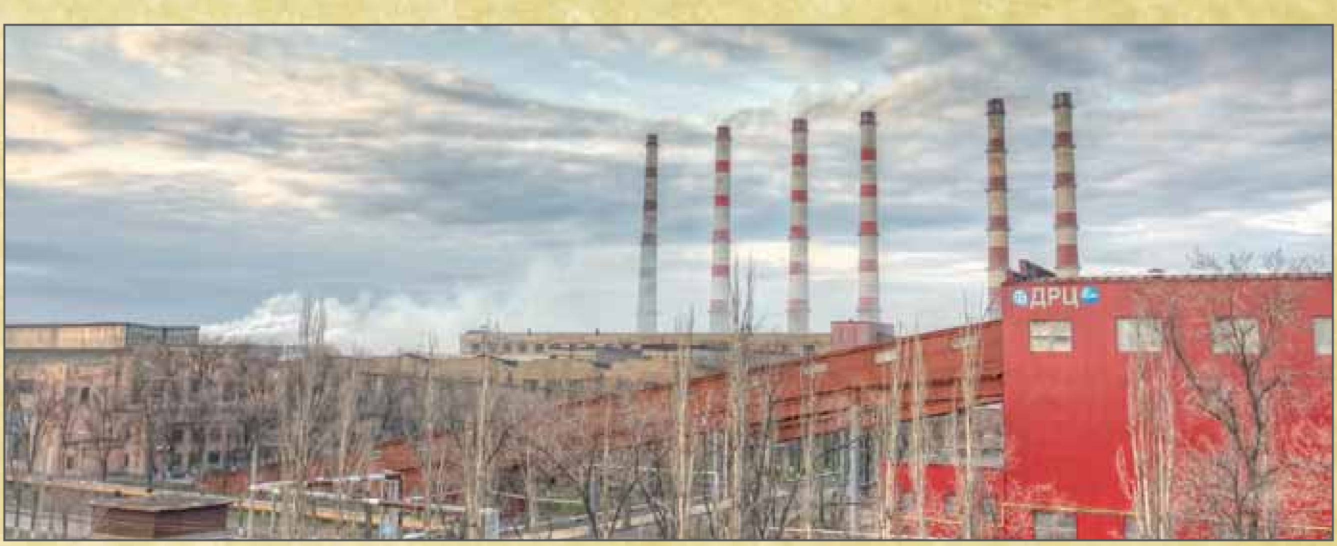
Line balancing and capacity additions were made at the metallised cylinders plant at Hosur, India, to meet the surge in demand from the power sector.

The expansion of the plant at VAW, Russia, for the manufacture of silicon carbide micro grits, begun last year, is nearing completion.

Investments were made at the Abrasives plant at Thiruvottiyur, India, in new profile grinding and testing facilities for enhancing capability to deliver high accuracy gear grinding wheels.

Sustainable Manufacturing Practices

CUMI is committed to work practices and manufacturing methodologies which reduce carbon footprints. The company's captive hydro electric plant contributes to its green energy initiatives. Most of CUMI's plants are certified for Safety, Health and Environment Standards.



CUSTOMER DRIVEN, CUTTING EDGE TECHNOLOGY.

Customer driven product innovation. Application engineering expertise honed from more than five decades of partnering with customers. CUMI is today reckoned as a total solution provider, working closely with customers for maximizing process efficiencies and contributing to technological excellence in product development.

A steadily increasing customer base spread across the globe. Expanding business segments. New and niche applications. CUMI is continuously working on new and innovative products that are cutting edge and customer driven. Another indicator of its sustainable business direction.

In line with this, the bonded abrasives division developed a range of high performance wheels for specific customer and application needs, using new grain and bond systems. Several new products were introduced with enhanced features - high performance crank wheels, solgel sandwich wheels, thread grinding wheels, gear grinding wheels, porous tiles, vitrified solgel segments, snagging wheels and nut inserted wheels.

Industrial Ceramics team with the 'Best Supplier Award'

Innovation team at work at India

In the standard range, the new products include the Hi-Cut chopsaw wheel, 'Warrior' brand paper for wet and dry applications and polyester belts with aluminium oxide and silicon carbide for industrial metal grinding applications.

Each of CUMI's businesses work closely with customers to design products that are energy, material and cost efficient and reduce environmental impact. The Industrial Ceramics Division received an award for excellence from a global manufacturer of green energy solutions, for the development and supply of critical ceramic components.

At CUMI, innovation teams work continuously to provide value added products and improve deliverables to customer. A distinct feature of sustainable and enduring business relationships.

Partnering with customers at Poland

Testing for quality at VAW Russia

PEOPLE ASSETS

Central to CUMI's strength and sustainability are its people assets. The Company's transnational people roster promotes multicultural diversity and enables development of shared competencies and knowledge skills, providing it a competitive edge as it operates in multiple geographies. In alignment with its business needs, CUMI continuously invests in capability building and leadership training programs, providing opportunities to learn and grow and enrich the talent resource of the Company. People management strategies that are long term and make the company future ready.

Transnational team working on synergies

COMMUNITY INITIATIVES

Caring for the community is integral to CUMI's business philosophy. The Company contributes a certain percentage of its profits every year to support community development activities in the areas of health and education. In addition, the Company's plants are continuously engaged in welfare initiatives involving the neighbouring community that include rural development, health care, child development and educational programmes.

Environment care and increasing the green cover with mass tree planting programmes is a part of the Company's ongoing green initiatives.

CSR initiatives at CUMI Industrial Ceramics, India and Foskor Zirconia, South Africa

FORWARD INTO THE FUTURE

CUMI is gearing for its next phase of growth and expansion. Growth that could be defining and provide a quantum leap in terms of scope and scale. Continuing its journey in sustainability, the Company has drawn up plans for expansions, acquisitions and synergistic alliances with international technology providers.

Flagging the commencement of this phase, CUMI has entered into an agreement for acquisition of a fused minerals and super refractory products manufacturing facility which will be named as Thukela Refractories, South Africa.

The ongoing expansions at Foskor Zirconia, South Africa and VAW, Russia will further bolster CUMI's capability for sustainable growth.

CUMI's vision is value driven and based on trust and enduring people relationships. Relationships that transcend transactions and celebrate sustainability as an integral part of growth.

Thukela Refractories, South Africa

CORPORATE INFORMATION

Board of Directors	Management Committee
M M Murugappan, Chairman Subodh Kumar Bhargava T L Palani Kumar Sridhar Ganesh Shobhan M Thakore M Lakshminarayan Sanjay Jayavarthanavelu K Srinivasan, Managing Director	K Srinivasan, Managing Director V Ramesh, President - Abrasives P L Deepak Dorairaj, Senior Vice President (Operations) - Abrasives Rajesh Khanna, Senior Vice President - Ceramics N Ananthaseshan, Senior Vice President - Electrominerals R Rajagopalan, Senior Vice President - Refractories & Prodorite M Muthiah, Senior Vice President - Human Resources Sridharan Rangarajan, Chief Financial Officer S Dhanvanth Kumar, Company Secretary

Auditors	Consortium Bankers
Deloitte Haskins & Sells, Chennai	State Bank of India Standard Chartered Bank Bank of America The Hongkong and Shanghai Banking Corporation Ltd. ABN Amro Bank N V BNP Paribas

Registered Office	Registrars and Share Transfer Agents
'Parry House' 43, Moore Street, Chennai - 600 001 Tel : +91-44-30006199 Fax : +91-44-30006149 Email : investorservices@cumi.murugappa.com Website : www.cumi.murugappa.com	Karvy Computershare Private Limited Plot Nos. 17-24, Vithal Rao Nagar, Madhapur, Hyderabad - 500 081. Tel : +91-40-23420815 to 23420824 Toll Free No. 1-800-3454001 Fax : +91-40 23420814 Email : einward.ris@karvy.com Website : www.karvy.com

58th Annual General Meeting	Date : 7th of August 2012
	Day : Tuesday Time : 02.30 P.M Venue : T T K Auditorium, Music Academy, T T K Road, 168 (Old No.306), Royapettah, Chennai - 600 014

CHAIRMAN'S MESSAGE

Dear Shareholders,

CUMI had yet another year of excellent all round performance. It was a year of tremendous uncertainty wherein the fragility of many economies around the world had a significant impact on businesses worldwide. CUMI and subsidiaries had their share of difficulty with economic growth in the markets served falling much below expectations. This downtrend continues and has been further accentuated by spiraling raw material prices, utility costs, foreign exchange, inflationary trends and consequent interest rates.

Despite this rather gloomy backdrop, CUMI performed well particularly in the geographies of India, Russia and Australia across Abrasives and Refractories in particular. This performance was well supported by its joint ventures with world leaders in India. Consolidated revenues increased by 24% and earnings (EBITDA) before exceptional income by 36%. Cash flows were strong and the company's debt low and thus well positioned to support growth initiatives. In these rather challenging times CUMI continues it's efforts to pursue it's strategic objectives with carefully planned growth and investment to ensure consistent performance and be in readiness for future opportunities. The Board remains confident of such progress and has announced a final dividend of Re.1/- per share which in addition to the interim dividend of Re.1/- per share aggregates to 200% on the base equity.

Conventional and Superabrasives at CUMI and subsidiaries had their best ever year amidst stiff competition. This has been possible through enhanced engagement with channel partners through effective use of information technology, reaching out to their customers through seminars, product demonstrations and providing new products, training and service support. Direct customer engagements through product development and application engineering support continues to be the hallmark of CUMI's marketing effort. Advanced Programmes on grinding, safety and product use optimisation further strengthened customer relationships. During the year strategic partnerships with machine tool and power tool manufacturers were established with a view to providing customers a more comprehensive range of offerings both directly and through distribution. Manufacturing plants across India and Russia placed greater emphasis on productivity improvement, waste reduction and energy management to off set at least partially increasing input costs. In the last quarter of the year, the China operations had positive earnings. This, hopefully will be sustained going forward.

The Ceramics vertical comprising, specialist refractories, wear resistant and metallised ceramics and corrosion resistant materials had an excellent year. Large project orders in the first half of the year and continuing partnerships through ongoing replacement and efficiency improvement programmes at customer sites in India, Australia and Africa played an important role in improving the all round performance. The division also enhanced its capability of offering customers a range of products and services often with joint venture and strategic partners covering, design, application and installation services to a wide variety of customers. This will increasingly become the approach towards greater customer engagement. Supplier relationships were strengthened to develop greater understanding of input material characteristics critical to product development and application support. Manufacturing plants focused on operational flexibility and energy management to support customer needs as also off set cost increases.

A research joint venture project to make ceramic foam refractories has commenced. This will place the company in the forefront of emerging technologies in heat resistance and insulation in the future.

The Electrominerals business had a good year overall with continued strong performance in the Russian operations manufacturing Silicon Carbide, good success in new product development in India and a resilient response to huge increases in input material costs in South Africa. A shift in the photovoltaic industry and the economic downturn in several customer markets continue to pose many challenges. However, the teams across all these locations are working towards many derisking initiatives, seeking new customers and applications while optimizing plant capacities. New facilities for making Fused Zirconia bubbles in South Africa and increasing Silicon Carbide production in Russia will be operational in 2012 and 2013 respectively.

Across CUMI operations worldwide, there were many initiatives strategic to the company's future. An important step was to strengthen Research and Product Development. Many technologists and Materials Scientists are working within and across divisions in a collaborative effort to enhance all round capabilities in material characterization, processing technology and application engineering. A fresh round of financial participation was made into the Centre for Nano Functional Materials at the Indian Institute of Technology, Chennai and a set of projects have been identified for joint research. On the manufacturing front, modernization of facilities is being done in a phased manner to improve quality, productivity and cost position. This is reflected in the capital expenditure programme that will continue into the future, despite challenging business and trading conditions.

Looking ahead towards the next year, we see these trends continuing and hence we will continue our approach of prudence and consolidation while addressing opportunities, managing costs, implementing capital expenditure programmes and building partnerships with customers and companies worldwide to further improve our competence and capability.

As I travel to the various sites of CUMI, its joint ventures and associates, visit customers, meet with academic, research institutions and regulatory authorities, I am touched and most gratified by the commitment shown by the entire CUMI team towards building enduring relationships and as a result, a sustainable institution. The team is led by a dynamic and energetic person Mr.K.Srinivasan, well supported by the leadership at various divisions, functions and companies that comprise the CUMI family. Mr. P R Ravi under whose leadership the Ceramics business was given a fresh impetus retired in October,2011. We wish him well in his retirement.

The involvement of our outstanding Board of Directors in all that we do is most commendable. They have been most generous with their time, wisdom and counsel. The Board deliberations have a good mix of encouragement, challenge and caution always ensuring sound governance, strong adherence to our core values and also a great support and emphasis on building good citizenship.

This, together with your unstinted support as shareholders, keeps us focused in our quest to build an institution that Makes Materials Work For Man.

2nd May, 2012

M M Murugappan
Chairman

BOARD OF DIRECTORS

M M Murugappan (56)
Chairman

Masters in Chemical Engineering
Past positions – Managing Director, CUMI
Currently – Chairman of Tube Investments of India Ltd.
Director of Mahindra & Mahindra Ltd.,
Infotech Enterprises Ltd., etc.

Subodh Kumar Bhargava (70)
Non-Executive Director

Graduate in Mechanical Engineering
Masters in Chemical Engineering
Past positions - Chairman and Chief Executive of the Eicher Group
Currently – Chairman of Tata Communications Ltd.,
Director - Tata Steel Ltd, Larsen & Toubro Ltd.,
GlaxoSmithKline Consumer Healthcare Ltd. SFR Ltd., etc.

T L Palani Kumar (62)
Non-Executive Director

Graduate in Chemical Engineering, Post graduate in
Business Administration
Past positions – CEO of New Holland Tractors (India) Pvt. Ltd.,
Escorts Tractors Ltd., BALCO Ltd., TI Cycles of India
Currently - Director, SBI Mutal Fund Trustee Co.Pvt. Ltd. etc.

Sridhar Ganesh (61)
Non-Executive Director

Alumni of the Indian Institute of Management, Calcutta
Past positions-Learning and Devt. Director,
Cadbury Schweppes, etc.
Currently - Director – (HR) Murugappa Group

M Lakshminarayan (65)
Non-Executive Director

Masters in Technology in Mechanical Engineering
Past positions - Joint Managing Director of Bosch Ltd.
Currently -Chairman of WABCO India Ltd., Director - Rane (Madras) Ltd. etc.

Shobhan M Thakore (64)
Non-Executive Director

Bachelor of Arts (Politics) and Bachelor of Law from Bombay University,
Currently- Partner, Talwar, Thakore & Associates
Director of Alkyl Amines Chemicals Ltd, Bharat Forge Ltd and Morarjee Textiles Ltd. etc.

Sanjay Jayavarthanavelu (43)
Non-Executive Director

Masters in Business Admin.
Currently - Managing Director, Lakshmi Machine Works Ltd, Coimbatore
Director – Fortis Malar Hospitals Ltd.
Member, Southern Regional Council, CII

K Srinivasan (54)
Managing Director

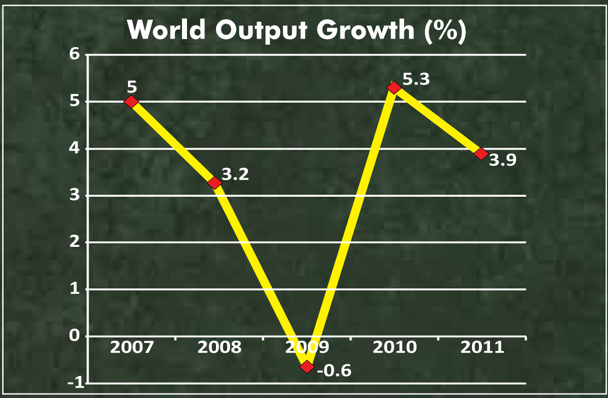
Graduate in Mechanical Engineering
Past positions – Vice President, Wendt India Ltd.

REPORT OF THE DIRECTORS

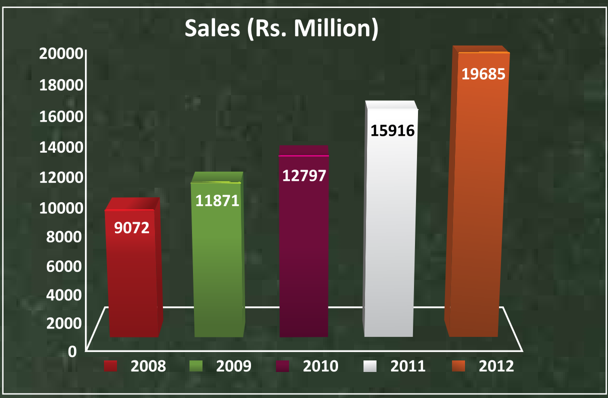
Your Directors have pleasure in presenting their 58th Annual Report together with the audited financial statements for the year ended 31st March 2012. The management discussion & analysis report, which is required to be furnished as per the requirements of stock exchanges, has been included in the Directors' Report so as to avoid duplication and overlap.

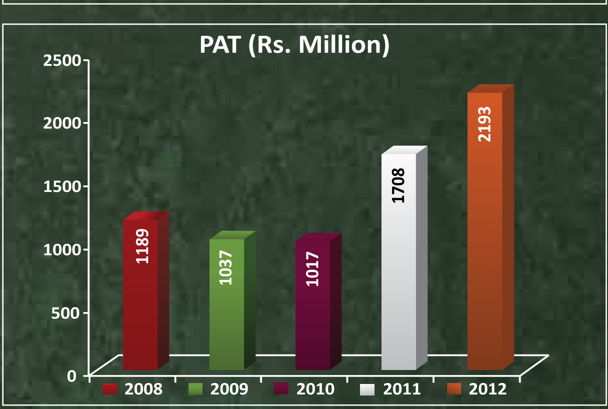
ECONOMIC OVERVIEW & COMPANY PERFORMANCE

Macro Economic Indicators



Company Performance Indicators





Economic Overview

The global economic environment, which was tenuous during major part of year 2011, turned sharply adverse during the second half. Consequently the global growth rate was only 3.9 per cent compared to 5.3 per cent in the previous year. Sovereign risk concerns, particularly in the euro area, after effects of the earthquake and tsunami in Japan, unrest in certain oil-producing countries and downgrading by rating agencies of the US economy were some of the developments which resulted in weak global activity.

In India, the economy grew by 6.9 per cent in 2011-12 (as per Advance Estimates), after having grown at the rate of 8.4 per cent in each of the two preceding years. With agriculture and services continuing to perform well, India's slowdown can be attributed almost entirely to weakening industrial growth. The index of industrial production for 9 months, grew by only 3.6 per cent compared to 8.2 per cent last fiscal year. During the year, the government found itself in the heart of managing two conflicting demands viz. managing growth and price stability. Inflation as measured by the wholesale price index was high during most part of the current fiscal year. Monetary policy was tightened by the Reserve Bank of India during the year to control inflation and curb inflationary expectations.

Company Performance

Revenues

Against the above economic background, the Company's worldwide revenues registered a strong growth of 24 per cent. While revenue from India increased by 19 per cent, that from rest of the world increased by 29 per cent.

The consolidated top line summary is as follows:

(Rs. Million)

	31.3.2012	31.3.2011
Net Sales / Income from Contracts & Services		
- India	10060	8448
- Rest of the World	9625	7468
	19685	**15916**
Other Operating Revenue	265	159
Net Revenue from Operations	**19950**	**16075**

The major business segments registered growth rates in excess of 20 per cent contributing additional revenue of around Rs. 4 Billion to the overall revenue pie. The increase in sales resulted from a combination of higher volume growth and improved price realisation.

The Indian operations got off to a good start registering a growth of 26 per cent during the first half of the year. As the year progressed, the growth momentum slowed down due to the macro economic developments in advanced economies, which restricted the overall growth for the year to 22 per cent.

The standalone top line summary is as follows:

(Rs. Million)

	31.3.2012	31.3.2011
Net Sales / Income from Contracts & Services		
- India	8617	7159
- Rest of the World	2435	1946
	11052	**9105**
Other Operating Revenue	202	148
Net Revenue from Operations	**11254**	**9253**

The Abrasives and Ceramics business registered a strong growth of 20 per cent and 30 per cent respectively. The performance of the Electrominerals business was sedate consequent to the lower sales of Brown Fused Alumina.

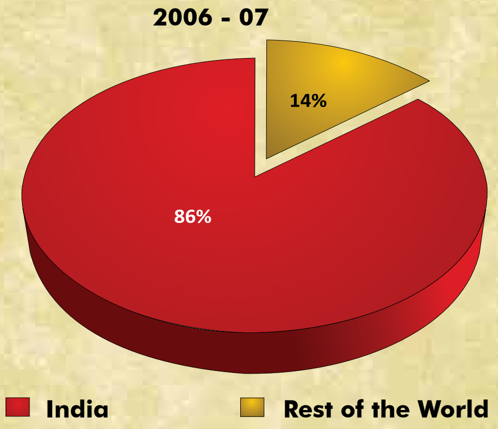
Manufacturing

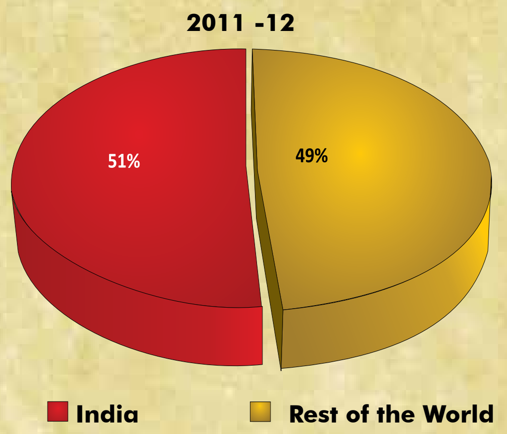
Manufacturing teams played a key role, helping the Company in the growth momentum through effective production planning and order execution. Capacity additions, through line balancing and establishment of additional lines, came in handy to cater to the increased demand from customers. Several plants operated at peak capacities.

Cost of key inputs witnessed a steep increase resulting in increased cost pressures for the Indian, Russian and South African operations. Escalation in cost of fuel impacted profit margins in certain locations. Internal efficiency improvements were undertaken to offset the cost push.

The operations of the manufacturing locations in Tamil Nadu, India, came under pressure due to the precarious power scenario in the state and the regulatory constraints imposed on use of captive power sources.

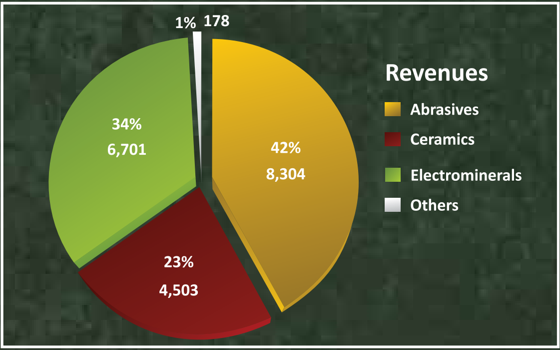
Share of International Revenue

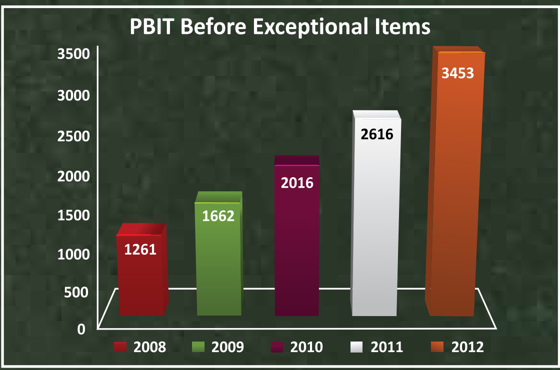




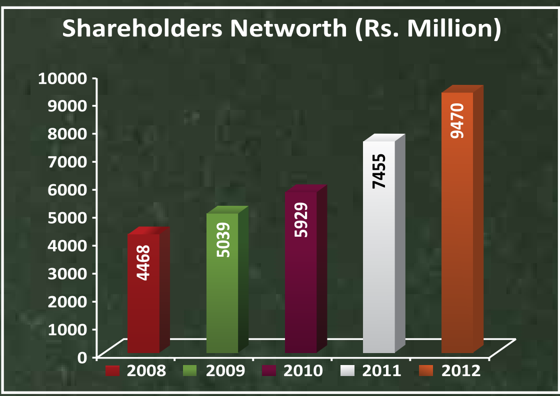
FINANCIAL REVIEW

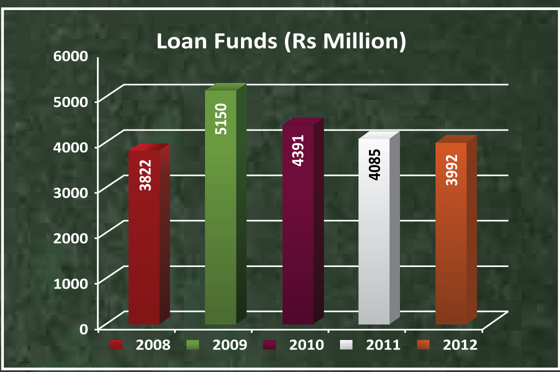
Earnings Indicators





Financial Position





Earnings

Aided by the strong growth in revenues, Earnings from operations before exceptional items, interest, tax, depreciation and amortization (EBITDA) on a consolidated basis, was Rs. 3895 million witnessing an increase of 36 per cent. Depreciation was higher by Rs. 65 million as a result of the continuing investments being made in various projects. Finance costs were lower by 8 per cent, despite tightening of the money markets, as a result of the healthy cash flows from operations.

Consolidated profit before tax was Rs. 3227 million recording an increase of 25 per cent. Profit after tax, minority interest and share of profit from associate was Rs. 2193 million recording a growth of 28 per cent.

On a standalone basis, profit before exceptional items and tax was Rs. 1744 million, recording a growth of 25 per cent. However after reckoning the exceptional items, the profit before tax for the year showed an increase of only 15 per cent since the exceptional items for the year of Rs. 150 million was lower than the sum of Rs. 245 million for the previous year.

During the year, the Company progressed further on its strategy of divesting its non-core assets, by disposing its equity holding in Laserwords Private Limited. The Company also made further progress in the exercise of simplifying its holding structure in respect of its international operations, by transferring its investment in its Chinese subsidiary viz. CUMI Abrasives and Ceramics Company Ltd., to CUMI International Ltd., Cyprus. Consequently the Chinese company is now a wholly owned subsidiary of CUMI International Ltd., Cyprus. These resulted in a net amount of Rs. 139 million as exceptional item of profit.

Profit after tax increased by 18 per cent to Rs. 1467 million.

Financial Position

On a consolidated basis, shareholders fund as on 31st March 2012 was Rs. 9470 million. Addition for the year (net of dividends) was Rs. 2015 million. Minority interest increased from Rs. 594 million to Rs. 775 million.

Non-current liabilities showed a decline from Rs. 2961 million to Rs. 2569 million as on 31st March 2012, primarily on account of repayment of borrowings. Current liabilities increased from Rs. 3883 million to Rs.4837 million on account of higher operating levels.

Non-current assets (including fixed assets, capital work-in-progress, etc.) increased from Rs. 7099 million to Rs. 7825 million primarily on account of capital expenditure incurred during the year. Current assets increased from Rs. 7794 million to Rs. 9826 million on account of higher operating levels.

Cash Flow

On a consolidated basis, cash generation from operations was Rs. 2391 million in 2011-12. Net cash outflow on account of investing activities (mainly purchase of fixed assets) was Rs. 1012 million. Net cash outflow on account of financing activities was Rs. 865 million which is attributable primarily to borrowings and dividends paid. The net increase in cash and cash equivalents was Rs. 514 million.

Share Capital

Following the approval accorded at the Extraordinary General Meeting, the equity shares of Rs. 2 each of the Company were sub divided into equity shares of Re.1 each in October 2011.

Further the paid up equity share capital increased during the year by Rs. 0.46 million, consequent to exercise of employee stock options.

Dividend and Appropriation of profits

The amounts available for appropriation and the recommended appropriations on a standalone basis are given below:

(Rs. Million)

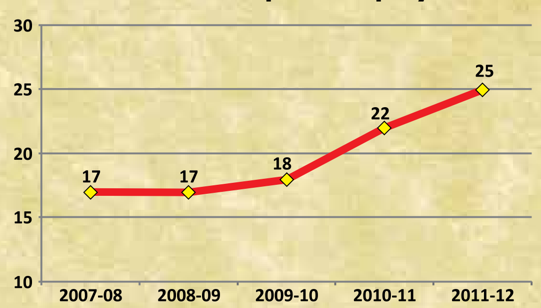
Available for appropriation	
Profit after tax	1466.71
Balance brought forward from previous year	1841.17
Total	3307.88
Recommended appropriation	
Transfer to debenture redemption reserve	31.25
Transfer to general reserve	1000.00
Dividend	
- Interim	187.37
- Final (Proposed)	187.40
Dividend Tax	51.49
Final Dividend (previous year)*	0.11
Balance carried forward	1850.26
Total	3307.88

* Final Dividend pertaining to financial year 2010-11 (including dividend tax) paid on shares allotted subsequent to the date of approval of the annual accounts by the Board and before the book closure date pursuant to exercise of employee stock options.

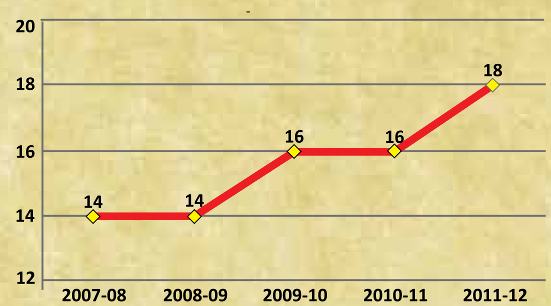
Considering the sharp increase in earnings for the year, the Board had in February 2012 declared and paid an interim dividend at the rate of Re.1 per equity share of Re. 1 each. The Board is now pleased to recommend a final dividend of Re.1 per equity share of Re.1 each for the financial year 2011-12. This would make a total dividend of Rs.2 per equity share of Re.1 each for the year (as against Rs.2.50 paid for 2010-11 on a Rs. 2 face value share).

Performance Ratios

Return on Capital Employed %



PBIT / Net Sales %



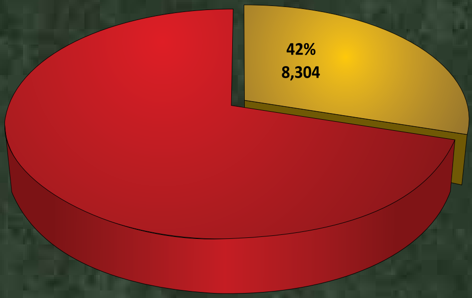
PERFORMANCE OF BUSINESS SEGMENTS

(including information required to be given in the Management Discussion and Analysis Report)

The business profile, market developments, current year performance and outlook for various business segments are elaborated in the following sections.

ABRASIVES

Share of Abrasives segment in the total revenue



Products

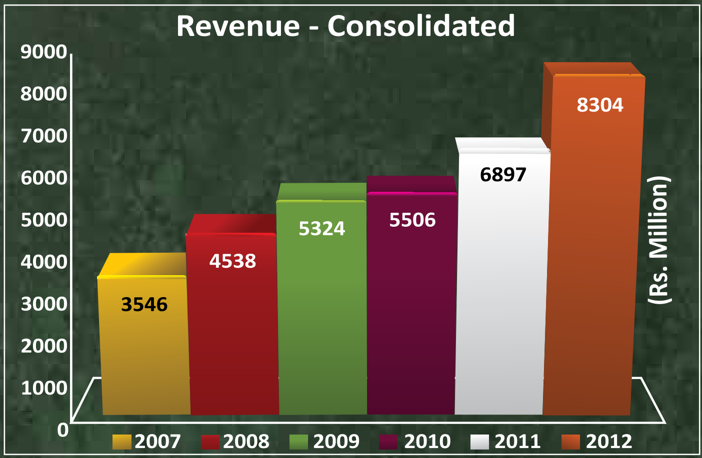



People

V Ramesh
President - Abrasives

P L Deepak Dorairaj
Sr. Vice President (Operations), Abrasives

Performance



Business Profile

As a consolidated entity, this business comprises of the following major product groups viz. bonded abrasives, coated abrasives (including non-wovens), super abrasives (through a joint venture) and power tools. The operations are carried out through thirteen manufacturing facilities located in India, Russia, China and Thailand. The marketing entities located in North America, Middle East, China and Thailand support this business in getting an extended customer reach. Abrasives are used in a wide spectrum of industries, the key among them being automobile, engineering, fabrication, wood working, home maintenance, construction and infrastructure.

The Company caters to customers located in over fifty countries through its network of manufacturing facilities and marketing establishments. It enjoys a leading position in India and Russia.

Industry scenario

The global industry continues to be led by few players who have a complete portfolio of abrasive products. There are also a large number of players specializing in specific categories of abrasives.

The Indian abrasives industry continues to be largely catered by two leading players. There are a number of players specializing in select products. The market is also catered to by imports, particularly from China. On a consolidated basis, the Company has a leadership position in the Indian markets. Due to the soft market conditions in many advanced economies, India is becoming the focus market for major global players resulting in increased competition.

In the domestic Russian market there are three major players. The Company is the market leader in vitrified bonded abrasives. Imports service a sizeable portion of the market.

Sales Overview

The Abrasives business had a good year clocking a growth of 20 per cent in revenues, both on a consolidated and standalone basis. Revenues for the year were Rs. 8304 million on a consolidated basis and Rs. 6092 million on a standalone basis. This strong performance, in a mature business, was made possible by the supportive business conditions in India and Russia, (where the Company has a significant presence) stabilization of the Chinese operations and also strong growth in sales to other parts of the world.

The bonded abrasives group recorded a smart growth in sales driven by strong off-take from the channel segment and also from the custom built segment. Coated abrasives also registered good growth in all product categories. Market response for the non woven products, which are now being manufactured in-house, has been encouraging, with products gaining increasing patronage.

In the custom-built product segment, growth was achieved through skillful retention of key customer accounts and also establishing several new relationships. A number of new products were developed to address the niche requirements of several customers which helped to foster customer intimacy.

Sales of super abrasive and other products by Wendt India Limited (the Company's joint venture) grew by 21 per cent. During the year, sale of power tools gained further momentum. The Company's products have received increased patronage across India. The product basket has been widened with addition of several new products. Supply chain improvements helped to improve product availability. In order to strengthen its position in this business and widen its product offering, the Company has entered into an arrangement with Metabowerke GmbH, Germany, which is a premium powertool player. Effective implementation of price increases and continuous review of product for maintaining a balanced portfolio helped the business to protect operating margins against spiraling input costs.

In standard products, focused steps were taken to increase visibility in the market. Customer interest was fostered through number of innovative programmes. With a view to strengthening the bonding with the distribution channel, suitable incentive schemes were devised and deployed.

Manufacturing

The manufacturing teams in India, Russia and China functioned well to cater to the increased volume requirements of the market. Total Productive Maintenance initiatives were commenced during the year in several plants. Several locations have also been recommended for OHSAS (Occupational Standards for Health and Safety) certification, after successful audits.

Additional capacities were created for manufacture of resinoid and vitrified products which will help the business improve response time in servicing customer orders and also address the requirements arising out of changing customer preferences. Investments were also selectively made for modernization of equipment.

Manufacture of certain coated abrasive products was rationalized across plants to drive efficiencies. The facility for manufacture of non-woven abrasives has fully stabilized.

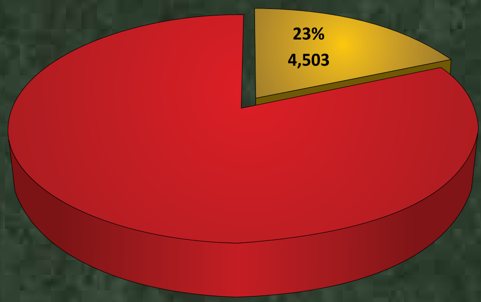
Aided by the buoyancy in revenues, the abrasives business recorded an operating profit before interest and tax of Rs. 1241 million on a consolidated basis and Rs. 1034 million on a standalone basis thereby registering a growth of 29 per cent on a consolidated basis and 33 per cent growth on a standalone basis.

(Rs. Million)

Key financial summary	Consolidated			Standalone		
	2011-12	2010-11	Growth	2011-12	2010-11	Growth
External revenue	8,304	6,897	20%	6,092	5,064	20%
Operating profits before interest & tax (PBIT)	1,241	960	29%	1,034	776	33%
Capital employed	4,606	4,460	3%	2,963	2,782	6%
Contribution of external revenue to total net sales of CUMI	42%	43%		55%	56%	
Contribution to total segment operating PBIT of CUMI	34%	35%		51%	49%	

CERAMICS

Share of Ceramics segment in the total revenue



Products

People

Rajesh Khanna
Sr. Vice President, Ceramics

R Rajagopalan
Sr. Vice President, Refractories

Performance

Business Profile

As a consolidated entity, the ceramics business has three product lines viz. industrial ceramics, super refractories and anti corrosives. Industrial ceramics business offers alumina and zirconia products of technical ceramic grades addressing wear and corrosion protection, electrical insulation, thermal protection and ballistic protection applications. The super refractories product group supplies fired and monolithic super refractories, refractory fibre and also refractory design and installation services addressing the insulation / thermal resistance requirements of industries. The refractory fibre and refractory design and installation businesses are addressed through Murugappa Morgan Thermal Ceramics Limited and Ciria India Limited. The anti-corrosives product group offers acid resistant cements, polymer concrete cells and various other products addressing the anticorrosion requirements of industries.

The key user industries for ceramics business are power generation and transmission, coal washeries, grain handling, sanitary tiles and sanitary ware, ballistic protection, cement, non ferrous metals, iron and steel industries, carbon black, insulators, furnace building, glass, petro-chemical and construction industries.

The operations are carried out through eleven manufacturing facilities located in India and Russia. The subsidiaries in Australia, Canada, Middle East, China and South Africa also support this business in getting an extended customer reach. CUMI Australia also provides installation cum service facilities.

The Company has leadership positions in India and Australia and also a key position in Russia. The Company caters to customers located in over thirty countries.

Industry scenario

There has been no material change in the ceramics industry structure in India, which is catered to by a few major players. CUMI is a market leader in certain market segments. In Australia, CUMI Australia is one of the leading players in the lined equipment and industrial ceramic tiles industry. There are about a dozen players in the industry, most of whom market products imported from China and USA.

The refractory industry in Russia is a highly fragmented market with several players of varied sizes. The Company is a minor player in the industry.

There was no major change in the industry structure during the year.

Sales overview

The ceramics business registered a record growth of nearly 30 per cent in revenues, both on a consolidated and standalone basis. Revenues for the year were Rs.4565 million on a consolidated basis and Rs. 3201 million on a standalone basis. This was made possible by favourable business conditions in India, revival in the Australian markets, good improvement in the Russian operations and also consistent good off take from customers in other parts of the world.

Off take from key user industries like power, material handling, cement, glass, ceramic and carbon black industries was buoyant.

In industrial ceramics, all key product lines viz. ceramic lined equipment, metallised cylinders and engineered ceramics, performed beyond expectations with products getting consistent patronage from key customers. Customer engagement has been increased through value added services to customers. In Australia, competition from Chinese sources was stiff particularly in project sales of standard tiles.

In refractories, demand for of fired products (driven by project orders) was strong. This helped to offset the modest performance in the monolithics segment. Services to channel partners helped the sales effort with encouraging response. Major thrust was given in the domestic market on expansion of customer base and identifying new opportunities. In the Russian operations, sales of nitride bonded refractories have gained good momentum.

Sales of anti corrosion products also registered good growth.

Manufacturing

The manufacturing facilities of the Ceramics business functioned efficiently and helped the business ride the buoyancy in demand. The manufacturing teams worked assiduously to deliver consistent and reliable products to customers and operated plants to peak capacities.

Additional investments were made to enhance the capacity for industrial ceramic products. State-of-the art hydraulic presses equipped with robots have been commissioned. Line balancing of equipment has been done in certain product lines. OSHAS-certification has been obtained for the ceramics plant in Hosur, India. With a view to optimize operating costs, the operations of the plant in Aurangabad, India was discontinued and consolidated into the Hosur plant. A line for manufacture of fibre reinforced plastic (FRP) composites has been completed and has stabilised production. This has bolstered the capability of the business to offer a diverse range of FRP products. In Russia, the facility for manufacture of nitride bonded silicon carbide has stabilised fully and capacity utilization has been increased. Manufacture of monolithic refractory products has also been taken up.

The manufacturing teams did well to maintain the pipeline of new products which touched a value of Rs.54 million.

The Company has entered into an international tie-up for manufacture of ceramic foam refractory products. The project is being implemented through CUMI Fine Materials Limited (which has since been renamed as Cellaris Refractories India Limited). The pilot plant for this project is being established at the CUMI Special Economic Zone at Edapally in Kerala, India.

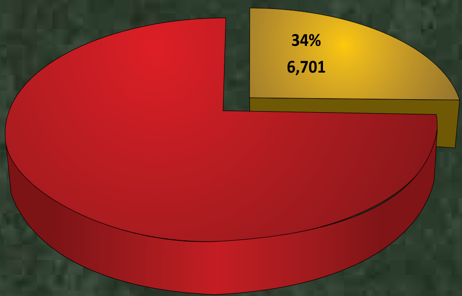
Aided by the buoyancy in revenues, the Ceramics business recorded an operating profit before interest and tax of Rs. 899 million on a consolidated basis and Rs. 547 million on a standalone basis thereby registering a growth of 47 per cent on a consolidated basis and 49 per cent growth on a standalone basis.

(Rs. Million)

Key financial summary	Consolidated			Standalone		
	2011-12	2010-11	Growth	2011-12	2010-11	Growth
External revenue	4,503	3,458	30%	3,170	2,453	29%
Operating profits before interest & tax (PBIT)	899	612	47%	547	368	49%
Capital employed	3,589	3,113	15%	2,495	2,265	10%
Contribution of external revenue to total net sales of CUMI	23%	22%		29%	27%	
Contribution to total segment operating PBIT of CUMI	25%	22%		27%	23%	

ELECTROMINERALS

Share of Electrominerals segment in the total revenue



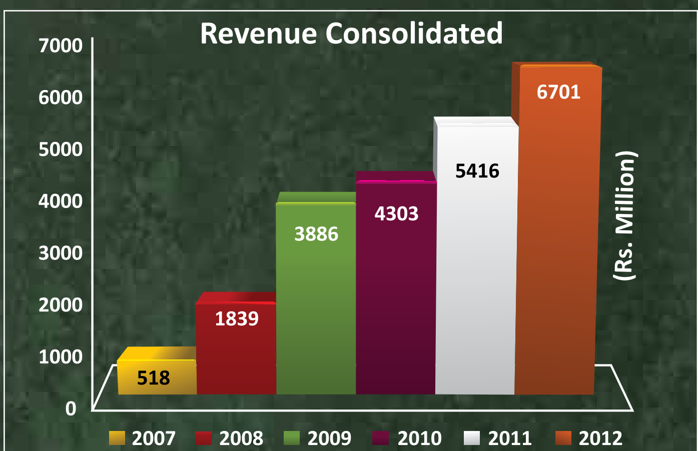
Products

People

N Ananthaseshan
Sr. Vice President, Electrominerals

Sergey Kostrov
General Director, VAW

Performance



Business Profile

As a consolidated entity, the major product groups of this business segment are fused alumina (comprising brown and white alumina), silicon carbide and fused zirconia. The company also manufactures a range of 'specialities' like semifriable, Azure-S, plasma powders, etc., for niche markets. The operations are carried out through six manufacturing facilities located in India, Russia and South Africa. Products are sold to customers located in over 40 countries. Key user industries for this business are abrasives, refractories and steel. The business also has a captive mine and a captive power plant.

Industry Scenario

The market structure in the global electrominerals business remained largely unchanged with the Company continuing as one of the leading players in silicon carbide and fused zirconia.

In fused alumina, the company is largely a national player with customers based in India. The Indian market continues to be catered by two players. Apart from the domestic players, imported products have a visible share in the market. There was no major change in the industry structure during the year.

Sales overview

The electrominerals business recorded a growth in revenue of 22 per cent on a consolidated basis and 9 per cent on a standalone basis. Revenues for the year were Rs.7273 million on a consolidated basis and Rs. 2300 million on a standalone basis.

This performance was a result of the buoyancy in the international silicon carbide market and a steep increase in revenues from zirconia operations.

Sales of silicon carbide by the Russian operations grew appreciably. Offtake from the domestic Russian markets was stronger compared to the European markets. Price realization was significantly higher both in the domestic and international markets for most part of the year. There has been a shift in product mix from crystalline products to metallurgical products based on market needs. Sales of grinding materials were at about last year's levels.

Growth of the Indian operations at 9 per cent was relatively modest as a result of the slowdown in off take of specialty products from the photovoltaic industry. However sales of conventional products did well. Growth was achieved mainly on account of the domestic demand from refractory customers for silicon carbide and white fused alumina. Market growth was moderate as it was limited to user industries from refractory sector. Raw material supply constraints impacted brown fused alumina operations.

Exports out of India were maintained at about last year's levels despite the slow down in key end user segments. Steps have been initiated to develop alternative market segments. Specialty fused alumina products have received good acceptance from the European markets and ceramic abrasive grains have evinced keen interest from potential buyers.

Sales of fused zirconia witnessed a 30 per cent growth despite a drop in volumes. Steep increase in raw material prices resulted in prices getting firmer. On account of the economic uncertainty in Europe and stock pile in China, off take from several customers were lower. To counter this, the business expanded its marketing network and widened its customer base. The initiatives taken last year to make a foray into new geographies started yielding results.

Manufacturing

In Russia, the silicon carbide fusion facilities and the crushing and grading operations worked well to maintain production levels and meet market requirements. Capital investments were done in fusion facilities and for upgrading the processing equipment.

The plants in India were operated, based on the requirements of the market to suit changes in product mix. In the micro grit plant in India, the second module was commissioned. The unit was certified for Integrated Management System by TUV-India. The unit has also successfully completed processes for qualifying its products for supply to the automotive industry for diesel particulate filters. Capability has been developed for manufacture of special grade of silicon carbide powders and other ceramic materials for niche market applications.

In South Africa, manufacture of fused zirconia was moderated in line with market requirements. The tilt furnace project is proceeding well and is expected to be completed by September 2012. Once commissioned, the project will enhance zirconia manufacturing capacity by 100 per cent and widen the Company's range of zirconia product offerings. This will also help to derisk the Company's revenue sources, by increasing the number of industry segments serviced.

Manufacturing cost of all products, particularly zirconia, came under pressure with prices of key inputs showing a spiraling trend. In silicon carbide, prices of raw petroleum coke and in zirconia, zircon sand prices witnessed a steep increase, exerting pressure on margins. While in some products, price realizations could be improved to protect profitability, in zirconia, the cost push could not be fully passed on to customers.

The electrominerals business recorded an operating profit before interest and tax of Rs. 1398 million on a consolidated basis and Rs. 440 million on a standalone basis, thereby registering a growth of 27 per cent on a consolidated basis and that on a standalone basis the profits were maintained at about last year levels.

(Rs. Million)

Key financial summary	Consolidated			Standalone		
	2011-12	2010-11	Growth	2011-12	2010-11	Growth
External revenue	6,701	5,416	24%	1,790	1,589	13%
Operating profits before interest & tax (PBIT)	1,398	1,102	27%	440	443	-1%
Capital employed	4,945	3,439	44%	1,603	1,314	22%
Contribution of external revenue to total net sales of CUMI	34%	34%		16%	17%	
Contribution to total segment operating PBIT of CUMI	39%	40%		22%	28%	

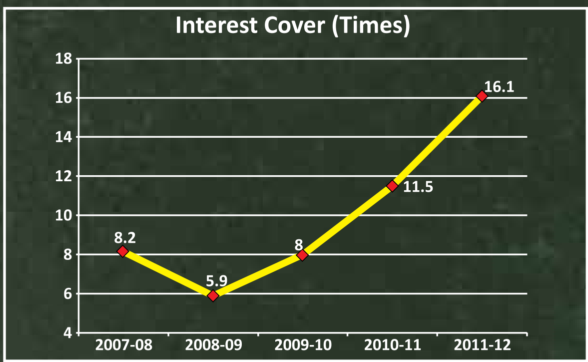
FINANCE AND HUMAN RESOURCES

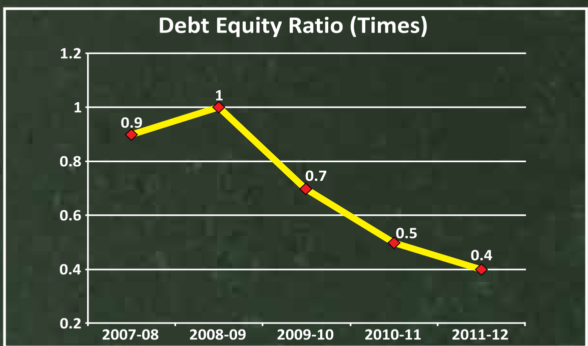
People

Sridharan Rangarajan
Chief Financial Officer

M Muthiah
Sr. Vice President, HR

Performance





Processes

Finance

In India, inflation has been one of the prime concerns for policymakers and businesses all through the year. Major part of the financial year witnessed high inflation rates, which resulted in a high interest rate regime.

During the year, the Company's cash generation was strong. Long term external commercial borrowings were repaid as per the schedule. No new long term borrowings were contracted. The Company continued to retain its strong credit ratings 'P1+' for short-term borrowings and 'AA+ Stable' for long-term borrowings - from CRISIL. In addition, Dun & Bradstreet awarded 'D&B Rating 1' which indicates highest level of credit worthiness. Healthy relationship was maintained with banks in India and abroad and all debts were serviced on time.

Capital expenditure program of the year was funded from internal accruals. The Company had mainly resorted to foreign currency six months funding to finance its working capital needs which helped it to enjoy the benefit of lower interest rates.

With the Indian entity enjoying a significant natural hedge, a cautious approach was adopted to hedging the remaining exposures.

Internal Control

CUMI has put in place a framework of internal controls to mitigate operational risks. The internal audit team periodically evaluates the adequacy and effectiveness of these internal controls, recommends improvements and also reviews adherence to policies and corrective action taken to address any gaps.

Capital and revenue expenditure are monitored and controlled with reference to approved budgets. Investment decisions are subject to formal detailed evaluation and approval according to schedule of authority in place. Review of capital expenditure undertaken with reference to benefits forecasted is done. Physical verification of assets is periodically undertaken.

The Audit Committee reviews the significant internal audit observations and overall functioning of the internal audit on a periodical basis.

Human Resources

Strong People focus continues to be the cornerstone of CUMI's long term plans.

As a strategy to build capability and a talent pipeline, a major competency mapping exercise was carried out. Feedback was given individually by trained individuals within the organization. Individual development plans, prepared based on these findings, will be a focus area in all people development initiatives.

The CUMI Leadership program continued its association with a reputed management school to groom future leaders from within. A tie-up has been entered into with a reputed engineering school to hone the technical skills of promising engineers.

With respect to the non-management staff, conducive industrial relations have generally been maintained. To enhance skills at the operator level, a variety of technical training programs were conducted using internal and external trainers. All units focussed on Total Employee Involvement schemes last year, which reflected an increase in response to Suggestion Schemes and also success of several Small Group Activities. Focus on Total Productive Maintenance and 5S activities, involving large number of workmen was a major ongoing initiative. Talent acquisition for overseas operations continued to be a challenge. A new initiative to internationalize the workforce was launched with the objective of addressing entry-level staff requirements overseas and bringing in more cultural and geographical diversity.

Commitment to increasing and fostering gender diversity continued with a dedicated forum working on several plant-level empowerment initiatives for women. Efforts to enhance plant safety were taken in many plants

The total staff on rolls, of the Company (including joint ventures and subsidiaries) was 4704 with 2552 people in India.

Awards & Accolades

The year has seen a shower of awards for CUMI and its people.

The Company was ranked amongst the 50 top performers (amongst Indian Companies) by Business World.

Mr. K Srinivasan, Managing Director was chosen as one of the 'Most Valuable CEOs of India' by Business World. Mr. V Ramesh currently President Abrasives (and earlier Chief Financial Officer), CUMI has been awarded the 'Best CFO' award at the 'Business Today Yes Bank Awards 2012' under the category Remarkable Leverage Management (Midsize Companies). The Kerala Management Association has also honored Mr. N Ananthaseshan, Senior Vice President Electrominerals as 'The Manager of the Year'.

The 2010-11 Annual Report has been adjudged as the winner of an award for 'Excellence in Financial Reporting' amongst manufacturing companies (Turnover above 500 Crores) by The Institute of Chartered Accountants of India.

'Managerial Excellence' award by Madras Management Association for the year 2010-11 was won by Abrasives team under the manufacturing sector. 'Strong Commitment to Excellence' given by Confederation of Indian Industry was also taken by the same division during the year.

CUMI, Ranipet division has received an award in First Kaizen competition conducted by National Center for quality and reliability.

The Electrominerals division in India was bestowed the 'CSR Excellence Award' for the year 2011-12 from the Kerala Management Association. Award for excellence in indigenisation and 5S were also received by this division.

'Managerial Excellence Award'

'Manager of the Year Award'

SUBSIDIARIES' PERFORMANCE AND BUSINESS OUTLOOK

People

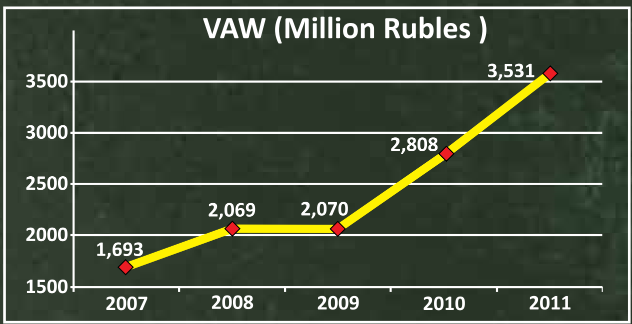
Sergey Kostrov
General Director, VAW

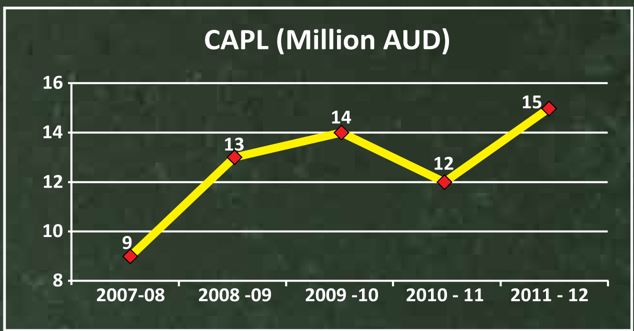
Nachi Meyyappan
CEO, Foskor Zirconia

Trevor Allen
MD, CUMI Australia

Nirav N Parikh
MD, Sterling Abrasives

Performance





Expansions

Performance of Subsidiaries

Volzhsky Abrasive Works, the Russian subsidiary reported a turnover of RUB 3.5 billion for the year ended December 2011, constituting a growth of 26% over previous year. Electrominerals did well aided by the strong growth in the silicon carbide business. The business benefited from the firm prices in the silicon carbide market. Abrasives business also did well registering a strong growth driven by increased off take from end users who benefited most from the turnaround of the economy. In refractories, growth came mainly from the encouraging performance of the nitride bonded silicon carbide refractories segment.

In South Africa, the operations of Foskor Zirconia continued to progress well on its recovery path. Revenue at ZAR 202 million constituted a growth of 27 per cent over the previous year.

CUMI Australia performed well recording a turnover of AUD 15 million. The growth of 21 per cent was made possible by the improvement in general market conditions and also strong marketing efforts

Sterling Abrasives recorded a 15 per cent growth with a turnover of Rs.482 million aided by the strong off take from user industries. The additional capacities built up in recent years helped the Company to cater to the higher requirements of the market.

In China, CUMI Abrasives and Ceramics Co. Limited closed its second full year of operations clocking a turnover of CNY 25 million for the year ended December 2011. The Company achieved EBIDTA breakeven and net positive operating cash generation towards the end of the year.

At CUMI Canada, revenues for the year were CAD 3.5 million, an increase of 11 per cent. Sale of industrial ceramics products helped the Company to post an improved performance. The sluggishness in the hardwood floor market continues as an area of concern. At CUMI America, revenues for the year were lower at USD 1.3 million. Sales of bonded abrasives grew moderately over the previous year. The Company has taken preliminary steps for making an entry into the industrial ceramics market. CUMI Middle East recorded a decline in revenues from USD 1.8 million last year to USD 1.4 million in 2011-12 due to subdued market conditions.

Cellaris Refractories India Limited commenced establishment of the project in Kerala, India. A sum of Rs.69 million has been spent on plant construction, which is expected to be completed during the 2nd quarter of 2012-13.

Southern Energy Development Corporation Limited improved power generation from its gas-based power plant and recorded a turnover of Rs.172 million, an increase of 10 per cent. Net Access India Limited, which provides IT facilities management and managed services, increased revenues by 31 per cent and achieved a turnover of Rs. 161 million. Addition of new customers and development of new applications in facilities management and mobile technology helped to enhance revenues.

CUMI International Limited, Cyprus recorded a total income of USD 5.6 million representing mainly dividend and interest inflow.

Consolidated financial statements (incorporating the financial results of the company, its subsidiaries, joint ventures and associate) have been provided in the Annual Report. A statement containing the key financial highlights of each subsidiary, based on the financial statements prepared by them under applicable local regulations for their respective financial years, is also attached.

Risks and Concerns

Amongst the risk and concerns, fuel cost is one of the major risks for the Company. Petroleum is used, either as direct raw material or as fuel for the firing process. This is a significant component of operating costs and any volatility or steep appreciation impacts profitability considerably. Price action at customer end (to the extent permitted by market dynamics), contractual arrangements with suppliers which provide stability over a period of time and improvements in firing technologies are avenues which the Company pursues for dealing with these challenges.

Price volatility and availability of raw material critical to certain businesses are also challenges which have increased in magnitude in recent times. Technology alternatives to address shortage of such items are being pursued as one of the ways of dealing with this situation. Efforts are also being made through interactions with regulatory agencies to establish long term mechanisms to address availability issues.

Given the fact that about half the consolidated revenues are from international operations in multiple countries, managing the unpredictability in the direction of the currency movement and also the magnitude of these is an ongoing challenge for the Company. The Company uses a combination of established approaches to handle these apart from periodic reviews at management and Board level.

With regard to human resources, the Company has made good progress in addressing the risks of high attrition through multiple HR intervention tools like strong learning and development programmes, skill and competency mapping exercise and career planning initiatives.

The Company also seeks to address possibilities of technology gaps through the technical teams continuously benchmarking existing manufacturing processes with developments in the industry and arrangements with technical research institutions and technology consultants. The in-house research and development teams are also being strengthened further with infusion of fresh talent with international exposure.

Business Outlook

Global growth is projected to drop from about 4 percent in 2011 to about 3½ percent in 2012 because of weak activity during the second half of 2011 and the first half of 2012. However some re-acceleration of activity is expected during the course of 2012 which is expected to return growth to about 4 percent in 2013. The euro area is expected to still remain sluggish as a result of the sovereign debt crisis and a general loss of confidence, the effects of bank de-leveraging on the real economy, and the impact of fiscal consolidation in response to market pressures. Because of the problems in Europe, activity will continue to disappoint for the advanced economies as a group, expanding by only about 1½ percent in 2012. Real GDP growth in the emerging and developing economies is projected to slow from 6¼ percent in 2011 to 5¾ percent in 2012 helped by easier macroeconomic policies and strengthening foreign demand. With the increasing integration of the Indian economy with the world, economic activity in India will also be impacted by global developments. As per government estimates the growth rate of real GDP for 2012-13 is expected to be 7.6% (+/- 0.25) per cent.

Given the above background, the Company plans to continue to pursue its growth trajectory with cautious optimism. The threats to growth and profits from the economy and market place will be suitably addressed and counter balanced through diversification of end uses, establishing new markets, opening up new customer relationships, better cost management and operating efficiencies.

S Dhanvanth Kumar
Company Secretary

Board of Directors

Mr. M M Murugappan and Mr. M Lakshminarayan retire by rotation at the forthcoming Annual General Meeting and being eligible have been proposed for reappointment.

Auditors

M/s Deloitte, Haskins & Sells, Chartered Accountants, (FR No.008072S) Chennai retire as Auditors at the forthcoming Annual General Meeting and being eligible have expressed their willingness to be reappointed.

Corporate Governance

The report on corporate governance along with a certificate from the Auditors is annexed as required by the listing agreement with stock exchanges. The Managing Director and the Chief Financial Officer have submitted a certificate to the Board regarding the financial statements and other matters as required under clause 49 V of the listing agreement.

Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors to the best of their knowledge and belief confirm that:

- in the preparation of the annual accounts for the financial year ended 31st March 2012 and the Balance Sheet as at that date ("financial statements") applicable accounting standards have been followed;
- appropriate accounting policies have been selected and applied consistently and such judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit of the company for that period;
- proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- the annual accounts have been prepared on a going concern basis.

Corporate Social Responsibility

Support to philanthropic purposes in the field of education and health-care and also for scientific research was continued as in the past. Need-based support to the community neighboring the plants with focus on education, health and sports was continued. A total sum of Rs. 41 million has been spent on community development work in India and Russia.

Energy Conservation, Technology, etc.

The particulars relating to energy conservation, technology, research and development, exports and employees' remuneration as required under the Companies Act, 1956 and the information relating to employee stock options as per the applicable regulations of the Securities and Exchange Board of India are annexed to and forms part of this report.

Acknowledgement

The Board places on record, its appreciation for the cooperation and support received from investors, customers, dealers, suppliers, employees, government authorities, banks and other business associates.

On behalf of the Board
M M Murugappan
Chairman

Chennai
2nd May, 2012

ANNEXURE TO THE REPORT OF THE DIRECTORS

Given as required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, Companies (Particulars of Employees Rules), 1975 and the Securities and Exchange Board of India (Employees Stock Option and Employees Stock Purchase Scheme) Guidelines 1999 in respect of the operations of Carborundum Universal Limited, India. All information furnished relates to Carborundum Universal Limited, India as a standalone entity.

ENERGY CONSERVATION

Initiatives

Energy conservation initiatives during the year were inter alia in the form of effective controlling of kiln pressure, installation of APFC panel, maintaining unity power factor, use of energy efficient blowers, improvements in combustion efficiency, reduction in firing time in kilns, introduction of variable frequency drives in spray dryers and use of energy efficient lamps for lighting. Savings in fuel cost for kilns was achieved by using alternate fuels and energy efficient accessories and also by optimizing loading density. Total amount expended during the year on these initiatives was Rs.4 million and these are estimated to yield an annualized cost saving of Rs.7 million.

During 2012-13 a sum of Rs.8 million is planned to be spent on energy conservation initiatives and these are expected to give annualized benefits of Rs.28 million. These will include replacement/improvement of recuperators, temperature optimization in certain kilns, installation of energy efficient compressors, various Total Productive Maintenance initiatives and optimizing the use of diesel gensets.

The energy consumption details for super refractories are as follows:

Power and fuel consumption

Description		2011-12	2010-11
A. Power and fuel consumption			
a.	Electricity		
i.	Purchased		
	Units (Kwh)	2,855,331	2,176,653
	Total amount (Rs. million)	17.93	11.45
	Rate per unit (Rs.)	6.28	5.26
ii.	Own (Through Diesel Generator)		
	Units (Kwh)	629,899	444,525
	Units per litre of diesel oil	3.26	3.03
	Cost per unit (Rs.)	13.29	13.27
b.	Furnace Oil		
	Quantity (litres)	362,751	225,666
	Total cost (Rs. million)	13.56	6.31
	Rate per unit (Rs.)	37.39	27.96
c.	Others (kiln fuels)		
	Quantity (litres)	2,863,368	3,056,332
	Total cost (Rs. Million)	114.67	103.37
	Rate per unit (Rs.)	40.04	33.82

Description		2011-12	2010-11
B. Consumption per tonne of production			
i.	Electricity (in Units)		
	Fired Products	387	399
	Monolithics (including Refractory Cement)	41	20
ii	Fuel (Litres)		
	Kiln fuels for fired products	420	551
	Furnace oil used for high grade refractory cement	191	163

RESEARCH AND DEVELOPMENT

Specific areas in which R&D was carried out

Research efforts were directed towards improvements in manufacturing processes and new varieties of raw materials for abrasives, new formulations for manufacturing industrial ceramics for specific product markets, developing customized refractory products and developing the capability to produce electrominerals with desired chemical properties and dimensional specifications.

Benefits derived

The research efforts in abrasives helped to achieve fine finishing with excellent form retention for special grinding wheels and enhanced performance of products. In refractories, the new products have helped to address the business opportunities in the glass, iron and steel industries. In technical ceramics, the new products and formulations that have been developed has given the company the capability to supply to the medical electronic industry, ballistic industry and also for heavy duty wear resistant applications. In electrominerals, the development efforts helped in customer retention, increasing customer base and entry into new markets, especially China, with improved product performance for photovoltaic grits.

Future Plans

The research initiatives planned for 2012-13 include development of chemically derived alumina lite cells used in high performance refractories, studies to increase value addition to customers in wear protection segment, ceramics for high impact applications, new product development in mullite / high alumina / zirconia based kiln furniture refractories, developing technical capability for refractory management and application engineering for iron and steel industry and channelize increased efforts towards customized products.

Expenditure on R & D

(Rs. million)

Capital	24
Recurring	40
Total	64
Total expenditure as a percentage to turnover	0.6%

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

Efforts, in brief, made towards technology absorption, adaptation and innovation

The in-house technical teams of the various businesses worked on absorbing the technologies procured recently. The teams also worked on leveraging the technical knowhow procured during earlier years and those developed in-house over the years, for new applications (either generic or specific to customers), new products, manufacturing process improvement and product improvements to match customer specifications.

Benefits derived as a result of the above efforts

In abrasives, new product entries and upgrades helped the business to notch up sales of Rs.507 million. High performance discs introduced for heavy metal application, coated abrasive rolls and sheets with a performance capability for both wet and dry use, new range of ultra thin wheels, new varieties of bonds for grinding wheels for thread grinding, OD and ID grinding, valve seat grinding, gear grinding and angular grinding. Further improved curing and line speed practices in coated jumbo manufacturing was implemented. In electrominerals, high-pressure roll milling of microgrits was developed and customer approvals received for products manufactured. Work on developing new varieties of grains and adapting existing grains to the requirements of new end user markets made good progress. New entries, upgrades in recent years and innovation projects has generated benefits of Rs.83 million. In super refractories, the technology efforts yielded significant benefits in terms of new product developments and customization which particularly helped the monolithic refractory business. New product sales was Rs.329 million. In industrial ceramics, the technology initiatives helped in development of a host of new products addressing non ferrous, coal washing, medical, defense, chemical and casting industries. Sales from new products and new applications was Rs.254 million. Alternative firing processes are being developed to handle special products.

Imported Technology

Technology imported	Year of import	Has technology been fully absorbed	If not fully absorbed, areas where this has not taken place, reasons therefore & future plans of actions
Metallized Cylinders and Ceramic Segments	2006-07	Yes	–
High performance refractories	2008-09	Yes	–
Non woven abrasives	2010-11	Yes	–
Armor Plates	2011-12	Being absorbed	The establishment of the manufacturing process has commenced, the technology will be fully absorbed in 2012-13
Metallized Devices	2011-12	Being absorbed	The manufacturing process will be stabilized and the technology will be fully absorbed in 2012-13
Ultrafine SiC powder	2011-12	Being absorbed	The equipment installation and manufacturing process are under progress.
Rubber cork bonded wheels	2011-12	Being absorbed	Technology was received only towards the end of the year. Equipments are in the process of being procured following which trial production will be taken up.

EXPORTS

Exports from India, continued to grow at a rapid pace during the year. The Company registered a 25 per cent growth, driven by strong performances in industrial ceramics and abrasives.

The abrasives business started yielding the benefits of the efforts taken in earlier years with regard to development of strategic customer relationships and also the product specific approach adopted for select geographies. As a result, exports of abrasives increased by 42 per cent to Rs.477 million. Both bonded and coated abrasives participated in the growth momentum.

International sales of industrial ceramics grew by 55 per cent, from Rs.635 million to Rs. 983 million. With the state of the art facilities and technologies built up in recent years, the business was able to make significant in roads into the global wear ceramics and metallised ceramics markets. The initiatives taken to establish presence in new markets in China, America and Europe paid rich dividends resulting in a steady stream of orders.

The refractories business also registered a 15 per cent growth in exports, aided by the spurt in export of anticorrosive products and the associated project work.

The electrominerals business, which has been enjoying a good run in exports during recent years, faced a slow down due to difficult market conditions. The difficulties in the European economy lead to cuts in subsidies for the photovoltaic industry resulting in a glut in the market and a downward spiral in prices. The business managed to retain its major customers backed by consistent quality and supportive pricing. New markets were also addressed in China to reduce the dependency of the business on European markets. As a result, the business managed to maintain exports at previous year levels of Rs.772 million.

Export development efforts across businesses was in the form of participation in leading trade shows, country specific strategies for market entry and development, cultivation of strategic relationships with large volume buyers, instilling customer confidence through plant visits and fostering customer intimacy by customizing products to meet proprietary and demanding specifications of key customers.

The various approaches adopted during the current year will continue to be pursued next year to maintain the growth momentum.

(Rs. million)

Foreign Exchange Earnings	2,505
Foreign Exchange Expenditure	
- Raw materials & other payments	2,334
- Capital Equipment	128

STATEMENT OF EMPLOYEES' REMUNERATION

The details of employees who were paid remuneration in excess of Rs.500,000 per month or Rs.6 million per annum during 2011-12 are as follows:

Name and Age	Designation / Nature of duties	Gross remuneration paid (Rs.)	Qualification and Experience	Date of commencement of employment	Previous employment
1	2	3	4	5	6
Ramesh V (55)	President - Abrasives	8,123,104	B.Com., Grad CWA, PGDM (IIM) (32)	15.11.2006	President – TVS Finance & Services Ltd.
Srinivasan K (54)	Managing Director	13,445,771	B.Tech (Mech) (32)	30.01.2002	Vice President Wendt (India) Ltd.

Notes

(a) Remuneration has been calculated in accordance with clarification given by the Department of Company Affairs in their circular No.23/76 (No.8/27)(217A/75-CLV) dated 6th August 1976. Accordingly, perquisites have been valued in terms of actual expenditure incurred by the Company in providing benefit to the employees except in cases where the actual amount of expenditure cannot be ascertained with reasonable accuracy. In such cases, a notional amount as per the applicable Income Tax Rules has been added.

(b) The above-mentioned employees are not relatives (in terms of the Companies Act, 1956) of any director of the Company.

(c) (i) The persons mentioned above are wholetime employees of the company.

(ii) Mr. K Srinivasan was reappointed as Managing Director by the shareholders from 1.2.2010 till 31.1.2015. He is subject to all service conditions as applicable to any other employee of the Company.

(iii) The nature of employment of all employees is contractual and terminable with 3 months notice.

(d) No employee of the Company is covered by the provisions of Sec.217(2A)(a)(iii) of the Companies Act, 1956.

(e) The remuneration details are for the year 2011-12 and all other particulars are as on 31.3.2012.

(f) Actuarial valuation for gratuity liability and compensated absences is done for the Company as a whole. Hence the amount attributable to compensated absences is not included in the above. In case of contribution for gratuity liability, a notional sum has been reckoned.

(g) Employee Stock Options granted to employees are accounted based on intrinsic value, as permitted by applicable SEBI Guidelines. Since options are granted at the closing market price prior to date of grant, the intrinsic value is nil.

EMPLOYEE STOCK OPTION SCHEME

Pursuant to the approval accorded by the shareholders at the fifty-third Annual General Meeting of the company held in July 2007, the Compensation and Nomination Committee had formulated the Carborundum Universal Limited Employee Stock Option Scheme 2007. As required under the SEBI Regulations, the following details of this scheme as on 31.3.2012 are being provided:-

Nature of Disclosure	Particulars
a. Details of Options granted	A total of 4,528,600 options have been granted till 31.3.2012. i) Each Option upon vesting gives the grantee a right to subscribe to one equity share of Re.1/- each of the company as per the pricing formula given in item (b) within 3 years from the date of vesting. ii) The vesting of options granted, is based on the annual performance rating for each financial year and as per the following schedule:- (a) In respect of 4,194,200 options, 20% each on expiry of 1 and 2 years from the date of grant and 30% each on expiry of 3 and 4 years from the date of grant. (b) In respect of 334,400 options, 40% on expiry of one year from the date of grant and 30% each on expiry of 2 and 3 years from the date of grant.
b. The pricing formula	The Options carry a right to subscribe to equity shares at the latest available closing price on the Stock Exchange which reports the highest trading volume, prior to the date of grant of the Options.
c. Options vested	1,280,938 (as on 31.3.2012)
d. Options exercised	687,562 (since inception of the scheme)
e. The total number of shares arising as a result of exercise of options	2,663,798 equity shares assuming all outstanding options are exercised
f. Number of Options lapsed /cancelled (upon retirement/ resignation/ based on performance rating)	1,177,240 (since inception of the scheme)
g. Variation of terms of options	Since inception of the scheme, the performance based vesting criteria has been amended.
h. Money realised by exercise of options	Rs.62.97 million (since inception of the scheme)
i. Number of options in force	2,663,798 (as on 31.3.2012)
j. Senior Employee wise details of options granted to: (i) Senior Management Personnel:	Numbers in brackets represent number of options granted K Srinivasan, Managing Director (443,800), V Ramesh, President - Abrasives (266,400), M Muthiah, Senior Vice President - HR (168,400), R Rajagopalan, Senior Vice President -

Nature of Disclosure	Particulars
	Refractories and Prodorite (201,400), P L Deepak Dorairaj, Senior Vice President – Operations (Abrasives) (200,400), N Ananthaseshan, Senior Vice President – Electrominerals (200,400), Sridharan Rangarajan, Chief Financial Officer (264,000), S Dhanvanth Kumar, Company Secretary (97,600)
(ii) Any other employee who received a grant in any one year of options amounting to 5 per cent or more of options granted during that year:	Rajeev Singhal (33500), Vipin Malik (33500), P Nandakumar Nair (33500), Shastry J H (33500), Srikanth C (17600), N A S Balasubramaniam (156000), Rajiv Pruthi (73600), Alagappan P (74800), Ranjan Dey (93400), Satheesh A R (74800), Padmanabhan P (93400), D Vijayalakshmi (74800), Ramesh K (88600), Sivakumaran M V (88600), D V Badrinath (50800), C Anil Kumar (40600), Shekar Venkat (40600)
(iii) Identified employees who were granted options, during any one year, equal to or exceeding 1 per cent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	Nil
k. Diluted Earnings per Share (EPS) pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard AS-20.	Rs. 7.81
l. (i) Difference between the compensation cost using the intrinsic value of the stock options (which is the method of accounting used by the company) and the compensation cost that would have been recognized in the accounts if the fair value of options had been used as the method of accounting. (ii) Impact of the difference mentioned in (i) above on the profits of the company (iii) Impact of the difference mentioned in (i) above on the EPS of the company	The employee compensation cost for 2011-12 would have been higher by Rs. 32.65 million had the company used the fair value of options as the method of accounting instead of the intrinsic value. The profits before tax for 2011-12 would have been lower by Rs. 32.65 million had the Company used the fair value of options as the method of accounting instead of the intrinsic value. The basic and diluted EPS would have been lower by Rs 0.12
m. (i) Weighted average exercise price of Options (ii) Weighted average fair value of Options	Rs.116.27 per equity share Rs.43.36 per equity share
n. (i) Method used to estimate the fair value of Options (ii) Significant assumptions used (weighted average information relating to all grants):-	Black-Scholes model
(a) Risk-free interest rate	7.90%
(b) Expected life of the Option	Varies from 2.5 years to 5.5 years depending on the respective date of vesting
(c) Expected volatility	41.13%
(d) Expected dividend yields	1.88%
(e) Price of the underlying share in market at the time of option grant	Rs. 116.27 per equity share

The certificate from the Statutory Auditors under the Securities and Exchange Board of India (Employees Stock Option and Employees Stock Purchase Scheme) Guidelines 1999 ("Guidelines") confirming that Carborundum Universal Limited Employees Stock Option Scheme has been implemented in accordance with the Guidelines and shareholders resolution will be placed before the shareholders at the ensuing Annual General Meeting.

On behalf of the Board

Chennai,
2nd May 2012

M M Murugappan
Chairman

FINANCIAL STATEMENTS 2011-12

Consolidated Financial Statements

AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF CARBORUNDUM UNIVERSAL LIMITED

1) We have audited the attached Consolidated Balance Sheet of **Carborundum Universal Limited** ("the Company"), its subsidiaries and jointly controlled entities (the Company, its subsidiaries and jointly controlled entities constitute ("the Group") as at 31st March, 2012, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. The Consolidated Financial Statements include jointly controlled entities accounted in accordance with Accounting Standard 27 (Financial Reporting of Interests in Joint Ventures) as notified under the Companies (Accounting Standards) Rules, 2006. These financial statements are the responsibility of the Company's Management and have been prepared on the basis of the separate financial statements and other information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.

2) We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3) We did not audit the financial statements of certain subsidiaries and joint ventures, whose financial statements reflect total assets of Rs.7,218 million, as at 31st March, 2012, total revenues of Rs.8,252 million and net cash inflows amounting to Rs.411 million for the year ended on that date as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion in so far as it relates to the amounts included in respect of these subsidiaries and joint ventures is based solely on the reports of the other auditors.

4) We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements) and Accounting Standard 27 (Financial Reporting of Interest in Joint Ventures) as notified under the Companies (Accounting Standards) Rules, 2006.

5) Based on our audit and on consideration of the separate audit reports on the individual financial statements of the Company, and the aforesaid subsidiaries and joint ventures, and to the best of our information and according to the explanations given to us, in our opinion, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

   (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March 2012;

   (b) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and

   (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Registration No. 008072S)

B. Ramaratnam
Partner
(Membership No. 21209)

Chennai,
May 02, 2012

Consolidated Balance Sheet as at March 31, 2012

(Rs. million)

	Notes	As at 31.03.2012	As at 31.03.2011
EQUITY AND LIABILITIES			
Shareholder's Funds			
Share Capital	3	187.40	186.94
Capital Reserve on Consolidation: Joint ventures		20.56	20.56
Reserves & Surplus	4	9262.25	7247.91
		9470.21	**7455.41**
Minority Interest		**774.65**	**594.27**
Non-current liabilities			
Long-term Borrowings	5	2063.19	2476.44
Deferred tax liabilities (net)	6	505.46	484.06
		2568.65	**2960.50**
Current liabilities			
Short term Borrowings	7	1300.31	966.33
Trade payables	8	1670.42	1587.85
Other current liabilities	9	1576.13	1225.34
Short-term provisions	10	290.38	103.30
		4837.24	**3882.82**
Total		**17650.75**	**14893.00**
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	11	5631.26	5243.48
Intangible assets	11	43.56	48.73
Capital work-in-progress		825.54	232.30
Goodwill on Consolidation		943.51	832.35
Deferred tax assets (net)	6	15.45	7.31
Non current investments	12	12.30	476.29
Long-term loans and advances	13	353.45	258.90
		7825.07	**7099.36**
Current assets			
Current investments	14	387.72	272.73
Inventories	15	4086.11	3107.70
Trade receivables	16	3612.32	3290.44
Cash and Bank balances	17	1104.70	697.92
Short-term loans and advances	18	634.83	424.85
		9825.68	**7793.64**
Total		**17650.75**	**14893.00**

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

On behalf of the Board

B Ramaratnam
Partner

Chennai,
2nd May 2012

M M Murugappan
Chairman

K Srinivasan
Managing Director

Sridharan Rangarajan
Chief Financial Officer

S Dhanvanth Kumar
Company Secretary

Consolidated Statement of Profit and Loss

for the year ended March 31, 2012

(Rs. million)

	Notes	2011-12	2010-11
Revenue from operations (gross)	19	20838.69	16826.39
Less: Excise duty		888.71	751.14
Revenue from operations (net)		**19949.98**	**16075.25**
Expenses:			
Cost of materials consumed		6328.67	4786.99
Purchases of stock-in-trade		766.55	585.80
Changes in inventories of finished goods, work-in-process and stock-in-trade	20	(644.91)	(436.35)
Employee benefits expense	21	2343.62	2401.44
Other expenses	22	7260.77	5867.36
Total		**16054.70**	**13205.24**
Earnings before exceptional items, interest, tax, depreciation and amortisation [EBITDA]		3895.28	2870.01
Finance costs	23	250.03	271.01
Depreciation and amortisation expense	11	570.18	505.36
Less: Transfer from Fixed assets revaluation reserve		0.90	0.90
		569.28	504.46
Other Income	24	126.71	250.85
Profit before exceptional items and tax		**3202.68**	**2345.39**
Exceptional Items:			
Profit on sale of land & buildings		10.57	234.93
Profit on sale of long term investments		13.74	-
Profit before tax		**3226.99**	**2580.32**
Tax expense:			
Current tax		894.64	714.31
Deferred tax		13.26	27.34
Profit for the year		**2319.09**	**1838.67**
Add: Share of Profit / (Loss) from Associate		11.16	(2.08)
Less: Minority Interest		137.29	128.64
Profit for the year after taxes, minority interest and share of profit from Associate		**2192.96**	**1707.95**
Earnings per equity share:	33		
Basic		11.71	9.15
Diluted		11.67	9.13

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

On behalf of the Board

B Ramaratnam
Partner

M M Murugappan
Chairman

K Srinivasan
Managing Director

Chennai,
2nd May 2012

Sridharan Rangarajan
Chief Financial Officer

S Dhanvanth Kumar
Company Secretary

Consolidated Cash Flow Statement for the year ended March 31, 2012

(Rs. million)

	2011-12		2010-11	
A. Cash flow from operating activities				
Net Profit before Tax		**3226.99**		**2580.32**
Depreciation	569.28		504.46	
Interest and finance charges	250.03		271.01	
(Profit)/Loss on sale of fixed assets (net)	(5.52)		(231.99)	
Provision for doubtful receivables and advances (net)	34.43		61.89	
(Profit)/Loss on sale of investments (net)	(21.94)		(1.44)	
Interest and dividend income	(50.76)		(31.29)	
Excess provision made in the previous years released	(31.29)		(171.92)	
Voluntary retirement scheme payments	-		0.20	
Bad debts	11.99		19.35	
(Profit) / Loss on exchange fluctuation	12.09	768.31	(40.10)	380.17
Operating profit before working capital changes		3995.30		2960.49
Adjustments for:				
Increase in Trade and other receivable	(588.32)		(296.56)	
Increase in Trade payables	861.28		561.89	
Increase in Inventories	(978.41)	(705.45)	(758.94)	(493.61)
Cash generated from operations		3289.85		2466.88
Direct taxes paid		(899.18)		(414.49)
Net Cash Flow from operating activities [A]		**2390.67**		**2052.39**
B. Cash Flow from investing activities				
Purchase of tangible fixed assets	(1712.72)		(771.47)	
Purchase of intangible assets	(13.11)		(26.90)	
Sale of Fixed assets	176.99		247.16	
Purchase of Investments	-		(479.37)	
Sale of Investments	485.92		481.86	
Loans given to third parties	-		(0.62)	
Receipt of loans given to third parties	-		0.46	
Dividend received	19.72		18.41	
Interest received	30.95	(1012.25)	12.88	(517.59)
Direct taxes paid on capital gain		-		(42.38)
Net Cash Flow from investing activities [B]		**(1012.25)**		**(559.97)**
C. Cash Flow from financing activities				
Repayments of Long term borrowings (net)	(426.52)		(299.46)	
Proceeds from other borrowings (net)	333.98		(203.19)	
Proceeds from issue of equity shares	41.64		21.07	
Interest paid	(289.22)		(271.18)	
Dividend paid	(524.55)		(529.07)	
Net cash from / (used in) financing activities [C]		(864.67)		(1281.83)
Net increase/(decrease) in cash and cash equivalents [A + B + C]		**513.75**		**210.59**
Cash and cash equivalents opening balance		960.73		750.14
Cash and cash equivalents closing balance		1474.48		960.73
Net increase/(decrease) in cash and cash equivalents		**513.75**		**210.59**
Reconciliation of cash and cash equivalents with the Balance sheet				
Cash and Bank balances as per Balance sheet		1104.70		697.92
Less: Bank balances not considered as Cash and Cash equivalents - earmarked account		(17.94)		(9.92)
Add: Current Investments considered as of Cash and Cash equivalents				
Investments in units of Mutual funds		387.72		272.73
		1474.48		**960.73**

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

On behalf of the Board

B Ramaratnam
Partner

Chennai,
2nd May 2012

M M Murugappan
Chairman

Sridharan Rangarajan
Chief Financial Officer

K Srinivasan
Managing Director

S Dhanvanth Kumar
Company Secretary

Notes forming part of the Consolidated financial statements

1) a. **Corporate information**

Carborundum Universal Limited ('CUMI') was incorporated as a Public Limited Company in 1954 and is listed in National and Mumbai Stock Exchanges in India. CUMI manufactures and sells mainly Abrasives, Ceramics (Industrial Ceramics & Refractories) and Electrominerals.

b. **Information on Consolidated financials as per Accounting Standard 21, Accounting Standard 23 and Accounting Standard 27**

A SUBSIDIARIES:

i) List of Subsidiaries included in the Consolidated financials

Name of the Subsidiary	Country of Incorporation	31.03.2012 Share in ownership and voting power	31.03.2011 Share in ownership and voting power
Direct Holdings:			
Net Access (India) Ltd	India	100%	100%
Southern Energy Development Corporation Ltd	India	84.76%	84.76%
Sterling Abrasives Ltd	India	60%	60%
CUMI Australia Pty Ltd	Australia	51.22%	51.22%
Cellaris Refractories India Limited	India	62.92%	100%
CUMI International Ltd	Cyprus	100%	100%
Holdings through Subsidiary:			
Volzhsky Abrasive Works	Volgograd, Russia	97.44%	97.44%
Foskor Zirconia (Pty) Ltd	South Africa	51%	51%
CUMI America Inc.,	USA	100%	100%
CUMI Canada Inc	Canada	100%	100%
CUMI Middle East FZE	Ras Al Khaimah,UAE	100%	100%
CUMI Abrasives & Ceramics Company Ltd	China	100%	100% *

(* including holdings through subsidiary)

ii) Consolidated financial statement are prepared based on the audited financials of the subsidiaries as on 31.03.2012. In respect of subsidiaries incorporated outside India, the audited financials were translated into Indian currency as per Accounting Standard 11 (revised) - 'Accounting for the effects of changes in Foreign exchange rates'.

iii) During the year, the shareholdings of the Parent company in the overseas entity, namely, CUMI Abrasives & Ceramics Company Limited, China was transferred to the overseas subsidiary CUMI International Limited, Cyprus based on the valuation done by approved Investment Bankers. The Loss arising out of the transfer does not have any impact on the consolidated financials since the transfer is within the Group.

B ASSOCIATE:

i) Associate included in the Consolidated financials

Name of the Associate	Country of Incorporation	31.03.2012 Share in ownership and voting power	31.03.2011 Share in ownership and voting power
Laserwords Pvt Ltd	India	-	44.53%

ii) During the year, the Company sold its stake in its Associate M/s.Laserwords Pvt Ltd. The profits earned from that entity till the date of disposal is accounted for in the financials using equity method of accounting and the profit on disposal of this investment is adjusted accordingly.

Notes forming part of the Consolidated financial statements

C JOINT VENTURES:

i) List of Joint ventures included in the Consolidated financials

Name of the Joint Venture	Country of Incorporation	31.03.2012 Share in ownership and voting power	31.03.2011 Share in ownership and voting power
Murugappa Morgan Thermal Ceramics Ltd	India	49.00%	49.00%
Wendt (India) Ltd	India	39.87%	39.87%
Ciria India Ltd	India	30.00%	30.00%

ii) Proportionate consolidation is done based on audited financials of the Joint ventures as on 31.03.2012 and as approved by the Board of Directors of that company. In respect of Wendt, the consolidated financials of the company with its subsidiary Wendt Grinding Technologies Ltd, Thailand and Wendt Middle East FZE, Sharjah were considered for consolidation.

2) Significant accounting policies:

i. Basis of preparation

The consolidated financial statement of Carborundum Universal Limited with its subsidiaries, interest in Joint ventures and associate have been prepared under historical cost convention with the exception of Land and Buildings (which were revalued) on accrual basis and in accordance with Generally Accepted Accounting Principles in India (Indian GAAP). The said financial statements comply with the relevant provisions of the Companies Act, 1956 (the Act) and the mandatory Accounting Standards notified by the Central Government of India under Companies (Accounting Standards) Rules, 2006

ii. Basis of Consolidation

(a) The financial statements of the Parent Company and its Subsidiaries have been consolidated in accordance with the principles and procedures for the preparation and presentation of consolidated financial statements as laid down under Accounting Standards – 21, on a line-by-line basis by adding together the book values of the like items of assets, liabilities, income and expenses, after eliminating intra-group balances and the unrealized profits/losses on intra-group transactions, and are presented to the extent possible, in the same manner as the Company's independent financial statements.

(b) Investments in associate companies have been accounted for as per Accounting Standard – 23, by using equity method whereby investment is initially recorded at cost and the carrying amount is adjusted thereafter for post - acquisition change in the Company's share of net assets of the associate.

(c) The Company's interest in Jointly Controlled Entities are consolidated as per Accounting Standard – 27, on a line-by-line basis by adding together the book values of assets, liabilities, income and expenses, after eliminating the unrealized profits/losses on intra group transactions. Joint venture interests accounted as above are included in the segments to which they relate.

(d) Consolidated financial statements are prepared using uniform accounting policies except as stated in (iv)(f), (vii)(b) & (c) and (xii)(b) & (d) of this Schedule, the adjustments arising out of the same are not considered material.

(e) The overseas subsidiaries viz., CUMI Australia Pty Ltd, CUMI International Limited and its subsidiaries Volzhsky Abrasive Works, Foskor Zirconia Pty Ltd, CUMI America Inc, CUMI Middle East FZE, CUMI Canada Inc and CUMI Abrasives & Ceramics Company Limited, are classified as Non-Integral foreign operation. The financials were translated into Indian Currency as per the Accounting Standard AS 11 (Revised) and the exchange gains / (losses) arising on conversion are accumulated under "Foreign Currency Translation Reserve".

iii. Use of Estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Differences, if any, between the actual results and estimates are recognised in the period in which the results are known / materialised.

iv. Fixed assets and depreciation/ amortisation

a. Fixed assets are stated at historical cost less accumulated depreciation except land and buildings added up to 31st August 1984 which are shown as per the revaluation done in that year; and land and buildings of Sterling Abrasives Limited which are shown as per the revaluation done on 31st December 1993.

b. Cost comprises of direct cost, related taxes, duties, freight and attributable finance costs (Refer (vi) below) till such assets are ready for its intended use and net of CENVAT/VAT wherever applicable. Subsidy received from State Government towards specific assets is reduced from the cost of fixed assets. Fixed Assets taken on finance lease are capitalised.

c. Capital work in progress is stated at the amount expended up to the Balance sheet date.

Notes forming part of the Consolidated financial statements

d. Machinery spares used in connection with a particular item of fixed asset and the use of which is irregular, are capitalized at cost net of CENVAT / VAT, as applicable.

e. Expenditure directly relating to new projects prior to commencement of commercial production is capitalised. Indirect expenditure (net of income) attributable to the new projects or which are incidental thereto are also capitalised.

f. Depreciation on fixed assets has been provided on straight-line method at rates specified in Schedule XIV of the Companies Act 1956, except that:

   i. Leased vehicles which are depreciated over four years and Lease hold improvements are depreciated over six years, are higher than Schedule XIV rates.

   ii. In respect of Assets held by Indian Subsidiaries & Overseas Subsidiaries, Joint Ventures and Associate, depreciation is provided based on the estimated useful life of those assets as estimated by the respective Companies.

   iii. Assets held by Ciria India Ltd (joint venture) are depreciated at Schedule XIV rates on Written Down Value basis.

   iv. The difference between the depreciation for the year on the revalued assets and depreciation calculated on the original cost is recouped from the fixed assets revaluation reserve.

g. Intangible assets are amortised over the estimated useful life of the assets on straight line basis.

v. Impairment of assets

At each Balance Sheet date, the carrying values of the tangible and intangible assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Where there is an indication that there is a likely impairment loss for a group of assets, the company estimates the recoverable amount of the group of assets as a whole and the impairment loss is recognised.

vi. Borrowing costs

Borrowing costs are capitalised as part of qualifying fixed assets when it is possible that they will result in future economic benefits. Other borrowing costs are expensed.

vii. Inventories

a. Inventories are valued at lower of cost and net realisable value. Cost includes all direct costs and applicable production overheads to bring the goods to the present location and condition. Excise duty on the finished goods is added to the cost.

b. In respect of Raw materials, accessories and stores and spares cost is determined on weighted average basis which includes freight, taxes and duties net of CENVAT credit wherever applicable, except Ciria India Ltd (joint venture) where cost is determined on First in First out method. Customs duty payable on material in bond is added to cost.

c. In respect of Parent company, Trading stocks are valued at weighted average basis and in respect of others, Trading stocks are valued in First in First out method.

d. Work-in-process relating to construction contracts are valued at cost. Direct expenses identifiable to a specific job are debited to that job. Indirect expenses are not allocated but charged as period cost in the year it is incurred.

viii. Investments

Long term investments are stated at cost/valuation and provision for diminution is made if such diminution is other than temporary in nature.

Short term investments are stated at lower of cost and market value.

ix. Revenue recognition

i. Domestic sales are accounted on despatch of products to customers and export sales are accounted on the basis of Bill of Lading. Sales are accounted net of Sales Tax / VAT, Discounts and Returns as applicable

ii. Service income is recognised on the basis of percentage of completion. Revenue for divisible contracts is recognised in respect of supplies as and when the supplies are completed and in respect of construction on the percentage completion method.

   Revenue from indivisible contracts is recognised on a percentage completion method based on the billing schedules agreed with customers. The relevant cost is recognised in Accounts in the year of recognition of revenue. Profit so recognised is adjusted to ensure that it does not exceed the estimated overall contract margin. The total costs of the contracts are estimated based on technical and other estimates. Foreseeable loss, if any, is recognized when it becomes probable and could be estimated.

iii. Benefits on account of entitlement to import goods free of duty under Duty Entitlement Pass Book Scheme, are accounted in the year of export

iv. Dividend income on investments is accounted for when the right to receive the payment is established.

x. Research and Development

All revenue expenditure related to research and development are charged to the respective heads on the Profit and Loss Account. Capital expenditure incurred on research and development is capitalised as fixed assets and depreciated in accordance with the depreciation policy of the Company.

xi. Voluntary Retirement Compensation

In the parent company, compensation to employees who have retired under voluntary retirement scheme is written off to revenue.

xii. Employee Benefits

a. Defined Contribution Plan:

Fixed contributions to the Superannuation Fund and recognized Provident Fund are absorbed in the accounts.

b. Defined Benefit Plan:

The liability for Gratuity to employees of the Parent and its domestic subsidiaries and domestic joint ventures, as at Balance Sheet date is determined

Notes forming part of the Consolidated financial statements

on the basis of actuarial valuation using Projected Unit Credit Method and is funded to a Gratuity fund administered by the trustees and managed by Life Insurance Corporation of India & SBI Life Insurance Ltd and the contribution there of paid / payable is absorbed in the accounts. The actuarial gains / losses are recognised in the Profit and Loss account.

The Parent Company and its employees make monthly fixed contributions to Carborundum Universal Limited Employee's Provident Fund Trust, equal to a specified percentage of the covered employee's salary. In respect of domestic subsidiaries, the contribution is made to the Recognised Provident Fund. The interest rate payable by the Trust to the beneficiaries is being notified by the Government every year. The parent company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate.

c. Long term Compensated absences

In respect of long term portion of compensated absences [Leave benefits], the liability is determined on the basis of actuarial valuation and is provided for.

d. Short term employee benefits

Short term employee benefits determined as per company's policy/scheme are recognised as expense based on expected obligation on undiscounted basis in the case of parent company and other Indian subsidiaries and joint ventures except in the case of Southern Energy Development Corporation Limited, an Indian subsidiary, where leave encashment benefit on retirement to eligible employees is ascertained on actual basis and provided for.

With respect to overseas subsidiaries & joint ventures the Company has provided for employee benefits as per the local regulations.

e. Employee Stock Option Scheme

Stock options granted to the employees under the stock option scheme by Parent company are evaluated as per the accounting treatment prescribed by the Employee Stock Option Scheme and Employee Stock Purchase Scheme Guidelines, 1999 issued by Securities Exchange Board of India. The Parent Company follows the intrinsic value method of accounting for the options and accordingly, the excess of market value of the stock options as on date of grant, if any, over the exercise price of the options is recognized as deferred employee compensation and is charged to the Profit and Loss Account on graded vesting basis over the vesting period of the options

xiii. Foreign Currency Transaction

a. Foreign currency transactions are recorded at the rates of exchange prevailing on the date of transactions. Monetary assets & liabilities outstanding at the year-end are translated at the rate of exchange prevailing at the year-end and profit or loss is recognised in the profit and loss account.

b. Exchange differences arising on actual payments/ realisations and year end restatements are dealt with in the Profit & Loss Account.

c. The premium or discount arising at the inception of forward exchange contracts (other than those relating to a firm commitment or a highly probable forecast) are amortized as expense or income over the life of the contract.

xiv. Government Grants

Lump sum capital subsidies, not relating to any specific fixed asset, received from State Governments for setting up new projects are accounted as capital reserve.

xv. Excise Duty / Service Tax

CENVAT credit on materials purchased/ services availed for production/input services are taken into account at the time of purchase and CENVAT credit on purchase of capital items wherever applicable are taken into account as and when the assets are acquired. The CENVAT credits so taken are utilised for payment of excise duty on goods manufactured / service tax on output services. The unutilised CENVAT credit is carried forward in the books.

xvi. Segment reporting

a. The accounting policies adopted for Segment reporting are in line with the accounting policies of the Group with the following additional policies.

b. Inter-segment revenues have been accounted on the basis of prices charged to external customers.

c. Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the Segment. Revenue and expenses, which relate to the enterprise as a whole and are not allocable to Segments on a reasonable basis have been included under "Un-allocated Corporate expenses".

xvii. Income Tax

i. Current Tax is determined on income for the year chargeable to tax in accordance with the Tax laws in force in the country of incorporation of the respective companies into consolidation.

ii. Deferred tax is recognised for all the timing differences. Deferred Tax assets in respect of unabsorbed depreciation and carry forward of losses are recognized if there is virtual certainty that there will be sufficient future taxable income available to realize such losses. Other deferred tax assets are recognized if there is reasonable certainty that there will be sufficient future taxable income available to realise such assets.

xviii. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised only when there is a present obligation as a result of past events and when a reliable estimate of the amount of obligation can be made. Contingent liability is disclosed for (i) Possible obligation which will be confirmed only by future events not wholly within the control of the Company or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Contingent assets are not recognised in the financial statements.

Notes forming part of the Consolidated financial statements

3) Share Capital

(Rs. million)

	As at 31.03.2012	As at 31.03.2011
Authorised		
250,000,000 equity shares of Re.1 each	250.00	250.00
Issued, Subscribed and Paid-up		
187,395,562 shares of Re. 1 each fully paid (Previous year 93,470,993 of Rs.2 each fully paid)	**187.40**	**186.94**

3. a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Particulars	As at 31.03.2012		As at 31.03.2011	
Equity shares with voting rights	No. of Shares	Value of Shares	No. of Shares	Value of Shares
Number of shares at the beginning of the year	93470993	186.94	93356232	186.71
Add: Shares issued against ESOP scheme during the year before "Share-split"	156022	0.32	114761	0.23
Total number of shares before "Share-split"	**93627015**	**187.26**		
Number of shares consequent to "Share-split" (Refer Note 3 (b))	187254030	187.26		
Add: Shares issued against ESOP scheme during the year after "Share-split"	141532	0.14		
Total number of shares outstanding at the end of the year	**187395562**	**187.40**	**93470993**	**186.94**

b) The shareholders, at the Extra-Ordinary General meeting of the Company held on 20th September 2011, approved subdivision of one equity share of Rs.2/- each into two equity share of Re.1/- each.

c) Terms / Rights attached to Equity Shares

The Company has only one class of Equity shares having a par value of Re 1/- per share.

Each holder of equity shares is entitled to one vote per share.

For the year ended March 31,2012, Final dividend of Re.1 per share has been proposed by the Board of Directors (Previous year Re.1 per share). An interim dividend of Re.1 per share was declared at the meeting of the Board of Directors held on February 4, 2012 and the same has been paid (Previous year Rs.1.50 per share).

The dividends proposed by the Board of Directors is subject to approval of the shareholders in the Annual General Meeting.

Repayment of capital in the event of liquidation will be in proportion to the number of equity shares held.

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

Name of Shareholder	As at 31.03.2012		As at 31.03.2011	
	No.of Shares held	% of holding	No. of Shares held	% of holding
Murugappa Holdings Limited	55432284	29.58%	-	-
Nalanda India Fund Limited	16793362	8.96%	8396681	8.98%
Parry Agro Industries Limited	-	-	27716142	29.65%
Face value per share	Re.1		Rs.2	

Notes forming part of the Consolidated financial statements

4) Reserves and Surplus

(Rs. million)

	As at 31.03.2011	Additions	Deductions / Adjustments	As at 31.03.2012
Capital Reserve				
Fixed assets revaluation reserve	26.46	-	0.68	25.78
Capital subsidy	3.00	-	-	3.00
Profit on Forfeiture of Shares / Warrants	6.03	-	-	6.03
Capital redemption reserve	27.68	-	-	27.68
Securities premium	21.10	41.18*	-	62.28
Other Reserves				
General reserve	3063.84	1000.00	-	4063.84
Debenture redemption reserve	93.75	31.25	-	125.00
Hedging reserve	-	2.40	-	2.40
Foreign currency translation reserve	110.95	283.44$	110.95	283.44
	3352.81	**1358.27**	**111.63**	**4599.45**
Less: Adjustment arising on merger of a Subsidiary	(30.81)	-	-	(30.81)
Less: Buyback of shares by a Subsidiary	(21.42)	-	-	(21.42)
Less: Adjustment arising on derecognition of Subsidiaries / Joint ventures / Associate	(141.78)	30.11	-	(111.67)
Total	**3158.80**	**1388.38**	**111.63**	**4435.55**
Surplus in Statement of Profit and Loss				
Opening Balance	3435.12			4089.11
Add: Profits for the current year	1707.95			2192.96
Less: Transfer to General reserve	(750.00)			(1000.00)
Less: Transfer to Debenture redemption reserve	(31.25)			(31.25)
Less: Final dividend including tax on dividend #	-			(0.11)
Less: Interim dividend	(140.05)			(187.37)
Less: Dividend tax on interim dividend	(17.10)			(27.25)
Less: Proposed final dividend	(93.47)			(187.40)
Less: Dividend tax on proposed final dividend	(9.83)			(24.24)
Less: Dividend tax paid by Subsidiaries & Joint ventures during previous year	8.37			20.63
Less: Dividend tax paid by Subsidiaries & Joint ventures during current year	(20.63)			(18.38)
Total	**4089.11**			**4826.70**
Grand Total	**7247.91**			**9262.25**

* Premium of Rs.41.18 million received on allotment of 4,53,576 equity shares under Employee Stock Option Scheme 2007.

$ Represents Foreign currency translation reserve adjustment arising on account of Translation in accordance with AS 11.

Represents dividend and dividend tax of Rs.112,394 on 96,706 equity shares allotted under the ESOP Scheme 2007 to the employees, subsequent to the date of approval of the annual accounts by the Board and before the book closure date.

Notes forming part of the Consolidated financial statements

(Rs. million)

	As at 31.03.2012	As at 31.03.2011
5) Long-term Borrowings		
Secured		
Debentures		
11.70% Secured Non-Convertible Redeemable debentures 500 debentures of Rs.1 million each issued for cash at par redeemable in 2 equal annual installments commencing from 1st January 2013	250.00	500.00
- Secured by a pari-passu first charge on movable fixed assets of the Company, both present and future, and also a pari-passu first charge on the immovable properties, both present and future, relating to various manufacturing locations		
Term Loan from banks		
External commercial borrowings	291.61	653.55
- Secured by a pari-passu first charge on movable fixed assets, both present and future		
Long term maturities of Finance lease obligation	16.90	10.43
- Secured against the assets purchased under the arrangement		
Unsecured		
Loan from Banks	1504.68	1312.46
- Includes loan of a subsidiary covered by a guarantee from Parent Company		
	2063.19	**2476.44**
Refer Note.9 for short term maturities of the above Long term borrowings		

	As at 31.03.2012	As at 31.03.2011
6) Information relating to Deferred tax:		
A. Deferred Tax Liability (Net)		
a. Deferred Tax Assets arising out of timing difference relating to:		
Provision for doubtful receivables and advances	22.31	21.03
Provision for compensated absences	13.36	14.56
Expenses allowed on payment basis	17.25	29.07
Voluntary retirement scheme payments	0.68	3.13
Restatement losses on foreign currency borrowings relating to acquisition of fixed assets	6.28	1.88
Leased assets	0.56	0.68
Others	13.54	2.29
	73.98	72.64
b. Deferred Tax Liability arising out of timing difference relating to:		
Depreciation	579.44	556.70
Deferred Tax Liability (Net)	**(505.46)**	**(484.06)**
B. Deferred Tax Asset (Net)		
a. Deferred Tax Assets arising out of timing difference relating to:		
Provision for compensated absences	0.44	0.36
Expenses allowed on payment basis	0.22	0.16
Restatement losses on foreign currency borrowings relating to acquisition of fixed assets	-	0.45
Others	14.91	6.42
	15.57	7.39
b. Deferred Tax Liability arising out of timing difference relating to:		
Depreciation	0.12	0.08
Deferred Tax Asset (Net)	**15.45**	**7.31**

Notes forming part of the Consolidated financial statements

(Rs. million)

	As at 31.03.2012	As at 31.03.2011
7) Short-term borrowings		
Secured loans from Banks		
Cash Credit (repayable on demand)	268.52	395.28
Other Borrowings	311.17	311.07
- the above borrowings are secured by a pari-passu first charge on the current assets, both present and future and a pari-passu second charge on immovable properties, both present and future, relating to various manufacturing locations		
Unsecured loans from Banks	720.62	259.98
	1300.31	**966.33**
8) Trade payables		
- Acceptances	42.30	45.09
- Other than Acceptances	1628.12	1542.76
	1670.42	**1587.85**
9) Other Current liabilities		
Secured:		
Current Maturities of Debentures	250.00	-
Current Maturities of External commerical borrowing	372.19	637.13
Current Maturities of Finance lease obligations	6.39	4.72
(Refer Note 5 for the terms and securities given in respect of the above borrowings)		
Interest accrued but not due on loans	2.05	41.24
Unsecured:		
Unpaid dividend	25.60	9.92
Advance from Customers	77.75	28.55
Remuneration payable to Directors	16.20	5.70
Other Liabilities		
- Statutory Liabilities	73.55	61.01
- Deposits	30.79	24.41
- Payables for purchase of Fixed Assets	126.84	96.12
- Excise duty Liability on Finished goods	60.78	39.12
- Accrued expenses	251.19	82.28
- Other Payables	282.80	195.14
	1576.13	**1225.34**
10) Short-term provisions		
Provision for Employee benefits	78.74	-
Proposed dividend	187.40	93.47
Dividend tax (Note no. 34)	24.24	9.83
	290.38	**103.30**

Notes forming part of the Consolidated financial statements

11) FIXED ASSETS

(Rs. million)

Particulars	Gross Block			Depreciation / Amortisation			Net Block	
	As at 01.04.2011	Additions (Deletions)	**As at 31.03.2012**	As at 01.04.2011	Additions (Deletions)	**As at 31.03.2012**	**As at 31.03.2012**	As at 31.03.2011
Tangible Assets								
Land								
- Freehold	108.57 (a)	8.78 -	117.35	-	- -	-	117.35	108.57
- Leasehold	161.82	9.42 -	171.24	6.37	5.01 (2.37)	9.01	162.23	155.45
Buildings	2041.44 (a)	201.84 (2.54)	2240.74 (b)	558.65	77.57 11.57	647.79	1592.95	1482.79
Plant & Equipments	6270.49 (c)	760.56 (d) (57.56)	6973.49 (c)	2946.51	447.87 22.44	3416.82	3556.67	3323.98
Furniture & Fixtures	193.56	20.81 (1.78)	212.59	85.69	12.89 3.67	102.25	110.34	107.87
Vehicles	104.22	33.87 (2.87)	135.22	51.91	6.97 4.65	63.53	71.69	52.31
Vehicles taken on lease	20.11	14.34 (2.58)	31.87	7.60	6.76 (2.52)	11.84	20.03	12.51
Total	**8900.21**	**1049.62** **(67.33)**	**9882.50**	**3656.73**	**557.07** **37.44**	**4251.24**	**5631.26**	
Previous Year	8004.16	933.67 (37.62)	8900.21	3205.52	496.01 (44.80)	3656.73		5243.48
Intangible Assets								
Goodwill	5.10	- -	5.10	5.10	- -	5.10	-	-
Trade Mark	1.61	- -	1.61	1.61	- -	1.61	-	-
Technical know-how	77.48	13.32 -	90.80	28.75	13.11 5.38	47.24	43.56	48.73
Total	**84.19**	**13.32** -	**97.51**	**35.46**	**13.11** 5.38	**53.95**	**43.56**	
Previous Year	104.09	36.16 (56.06)	84.19	26.47	9.34 (0.35)	35.46		48.73
GRAND TOTAL	**8984.40**	**1062.94** **(67.33)**	**9980.01**	**3692.19**	**570.18** **42.82**	**4305.19**	**5674.82**	
Previous Year	8108.25	969.83 (93.68)	8984.40	3231.99	505.36 (45.16)	3692.19		5292.21

(a) Land & Building includes those added upto 31st August 1984 which are stated at revalued amounts based on the valuation done in that year by an independent valuer. The value added on revaluation was Rs. 58.41 million

(b) Includes Rs.657.57 million (Previous year Rs. 615.11 million) being cost of building on lease hold land.

(c) Net of subsidy received Rs.0.77 million (Previous year Rs. 0.77 million).

(d) Includes Equipments acquired for Research & Development Rs.2.00 million (Previous year Rs. 26.74 million)

(e) Movement for the current year includes impact on foreign currency translation.

Notes forming part of the Consolidated financial statements

(Rs. million)

	As at 31.03.2012	As at 31.03.2011
12) Non-Current Investments (at cost)		
Quoted		
- Equity shares - fully paid	0.45	0.45
Unquoted		
- Equity shares - fully paid	11.85	15.23
Investment in Associates *	-	460.61
* Includes Goodwill of Rs.Nil (Previous year Rs.208.34 million)		
Total	**12.30**	**476.29**
Cost of Quoted Investments	0.45	0.45
Cost of Unquoted Investments	11.85	475.84
Total	**12.30**	**476.29**
Market value of Quoted investments	**8.92**	**11.26**
13) Long term loans & advances - Unsecured and considered good		
Advance towards investment in Equity shares	56.05	45.63
Capital advances	111.05	11.08
Disputed Sales tax, Central excise and Service tax amounts deposited under protest	10.80	16.26
Taxation (net of provisions)	107.84	103.28
Security Deposits	67.71	82.65
	353.45	**258.90**
14) Current Investments (at lower of cost and market value)		
Investments in Mutual funds - short term	**387.72**	**272.73**
15) Inventories (at lower of cost and net realisable value)		
Raw materials	1466.97	1139.92
Work-in-process	1011.48	581.91
Stock in Trade	344.63	313.63
Finished stock	1062.23	877.89
Stores and spare parts	194.54	90.50
Raw Materials-in-transit	6.26	103.85
	4086.11	**3107.70**
16) Trade receivables (Unsecured)		
Outstanding over a period exceeding six months from the date they were due for payment		
Considered good	74.42	51.19
Considered doubtful	69.17	64.90
	143.59	116.09
Other Receivables		
Considered good	3537.90	3239.25
	3681.49	3355.34
Less: Provision for doubtful receivables	69.17	64.90
	3612.32	**3290.44**

Notes forming part of the Consolidated financial statements

(Rs. million)

	As at 31.03.2012	As at 31.03.2011
17) Cash and Bank balances		
Cash on hand	4.23	2.91
Balances with banks :		
- Current account	875.80	676.24
- In earmarked accounts : Unclaimed dividend account	17.94	9.92
- Deposit account with original maturity within three months	206.73	8.85
	1104.70	**697.92**
18) Short-term loans & advances (Unsecured and considered good, unless otherwise stated)		
Deposits	1.73	-
Loans and Advance to Employees	11.44	10.54
Prepaid Expenses	19.45	13.89
Trade Advances	170.52	78.08
Claims recoverable	5.93	1.87
Other Loans & Advances		
Considered good	268.94	198.34
Considered doubtful	0.33	0.22
	269.27	198.56
Less: Provision for doubtful advances	0.33	0.22
	268.94	198.34
Balances with statutory authorities	156.82	122.13
	634.83	**424.85**

Notes forming part of the Consolidated financial statements

(Rs. million)

	2011-12	2010-11
19) Revenue from Operations:		
Sale of Products (Refer Segment Disclosure for Breakup of Sales)	20285.24	16191.13
Sale of Services / Income from Contracts	288.78	475.64
Other Operating Revenue		
Service Income	71.43	28.41
Commission Income	1.88	3.20
Scrap Sales	144.37	60.42
Miscellaneous Income	46.99	67.59
	20838.69	16826.39
Less : Excise duty	888.71	751.14
	19949.98	**16075.25**
20) Changes in inventories of finished goods, work-in-process and stock-in-trade		
Opening stock		
Work-in-process	581.91	508.57
Stock in Trade	313.63	217.08
Finished stock	877.89	611.43
	1773.43	**1337.08**
Less: Closing stock		
Work-in-process	1011.48	581.91
Stock in Trade	344.63	313.63
Finished stock	1062.23	877.89
	2418.34	**1773.43**
Accretion to stock	**(644.91)**	**(436.35)**
21) Employee benefits expenses		
Salaries, wages and bonus	1753.17	1858.23
Contribution to provident and other funds	151.62	120.87
Voluntary retirement compensation	-	0.20
Remuneration to Managing director	12.49	10.07
Welfare expenses	426.34	412.07
	2343.62	**2401.44**

Notes forming part of the Consolidated financial statements

(Rs. million)

	2011-12	2010-11
22) Other Costs		
Consumption of stores and spares	673.07	651.19
Power and fuel (a)	2604.79	2231.24
Rent	82.32	51.90
Excise duty on stock differential (c)	20.08	5.97
Rates and taxes	144.75	93.60
Insurance	70.88	31.02
Repairs to: (b)		
- Buildings	185.21	99.57
- Machinery	792.85	507.69
- Others	17.36	62.99
Data Processing Charges	20.61	19.28
Technical Fee / Royalty	87.47	65.62
Directors' sitting fees	1.06	0.95
Commission to non-wholetime directors	13.00	3.50
Auditors' remuneration	10.30	10.27
Travel and conveyance	218.39	179.55
Freight, delivery and shipping charges	691.93	655.51
Selling commission	62.33	62.78
Rebates and allowances	67.13	60.62
Advertisement and publicity	104.71	51.58
Printing, stationery and communication	64.09	61.79
Contribution to research institution	8.55	7.08
Bad debts and advances written off	16.57	33.45
Less : Provision adjusted	(4.58)	(14.10)
	11.99	19.35
Provision for doubtful debts, advances and deposits	34.43	61.89
Professional fees	219.62	118.02
Management Fee	6.85	45.80
General Services	771.67	479.26
Loss on sale of fixed Assets	8.27	6.35
Loss on Exchange fluctuation (net)	12.09	-
Miscellaneous expenses	254.97	222.99
	7260.77	**5867.36**
(a) Net of own power generation, which includes energy banked with KSEB - Rs.17.5 million (Previous year Rs.NIL)	117.60	129.03
(b) Includes stores and spare parts	207.77	150.32
(c) Represents excise duty relating to difference between the opening and closing stock of finished goods. The excise duty shown as deduction from sales in the profit and loss account represents excise duty on sales during the year.		
23) Finance Cost		
Interest and finance charges		
- On Debentures and fixed loans	171.24	183.22
- On others	78.79	87.79
	250.03	**271.01**

Notes forming part of the Consolidated financial statements

(Rs. million)

	2011-12	2010-11
24) Other Income		
Dividend Income from Long term Investments		
Trade		
Dividend from others	0.11	9.50
Non-Trade		
Dividend from others	9.73	6.86
Dividend Income from Current Investments		
Dividend from others	9.88	2.05
Interest Income		
From banks	1.96	7.88
From others	29.08	5.00
Other Income		
Profit on sale of Fixed Assets	3.22	3.41
Profit on sale of investments (net)	8.20	1.44
Profit on exchange fluctuation (net)	-	40.10
Provision for expenses no longer required writtenback	5.82	128.31
Provision for doubtful receivables/advances no longer required written back	25.47	43.61
Rental Income	4.11	2.65
Miscellaneous income	29.13	0.04
	126.71	**250.85**
Tax deducted at source from interest	0.09	0.15

	31.03.2012	31.03.2011
25) Pending approval of the proposed dividends in the annual general meetings of the respective subsidiaries and joint ventures, the same are not considered in the consolidated accounts as proposed dividends and are included under surplus carried to balance sheet under Reserves and Surplus.		
26) Contingent Liabilities and Commitments in respect of which no provision is considered necessary :		
Contingent Liabilities:		
a) Outstanding Bills discounted	4.02	6.07
b) Outstanding letters of credit	175.28	111.53
c) No provision is considered necessary for disputed income tax, sales tax, excise duty, service tax and customs duty demands which are under various stages of appeal proceedings.	153.62	159.51
d) Claims against the company not acknowledged as debts		
i. Disputed demands by Kerala State Electricity Board / TamilNadu Electricity Board	47.64	47.64
ii. Contested Provident fund and ESI demands	0.60	0.60
iii. Others	63.20	7.50
	111.44	**55.74**
e) Employees demands pending before Labour Courts - quantum not ascertainable at present		
Commitments :		
Estimated amount of contracts remaining to be executed and not provided for :		
a. Towards capital account	209.87	122.95
b. Towards others	1173.65	1650.00

Notes forming part of the Consolidated financial statements

27) a. The Parent Company has adopted the revised Accounting Standard 15 (Revised) on Employee Benefits effective from 1st April 2006. The domestic subsidiaries and domestic joint ventures has adopted the standard from the date it became mandatory.

b. The details of actuarial valuation in respect of Gratuity liability in respect of Parent Company and its domestic subsidiaries and joint ventures as at 31st March 2012 are given below:

(Rs. million)

		31.03.2012	31.03.2011
i	**Projected benefit obligation as at beginning of the year**	**158.22**	**124.77**
	Service cost	10.47	8.77
	Interest cost	12.66	9.99
	Actuarial (Gains) / Losses	23.03	28.09
	Benefits paid	(16.23)	(13.40)
	Projected benefit obligation as at end of the year	**188.15**	**158.22**
ii	**Fair value of plan assets as at beginning of the year**	**124.95**	**120.38**
	Expected return on plan assets	12.60	10.82
	Contributions	39.21	7.30
	Benefits paid	(16.23)	(13.40)
	Actuarial (loss)/Gain on plan assets	(0.05)	(0.15)
	Fair value of plan assets as at end of the year	**160.48**	**124.95**
iii	**Amount recognised in the balance sheet :**		
	Projected benefit obligation at the end of the year	188.15	158.22
	Fair value of the plan assets at the end of the year	160.48	124.95
	(Liability) / Asset recognised in the Balance sheet	**(27.67)**	**(33.27)**
iv	**Cost of the defined plan for the year :**		
	Current service cost	10.47	8.77
	Interest on obligation	12.66	9.99
	Expected return on plan assets	(12.60)	(10.81)
	Net actuarial (gains) / losses recognised in the year	23.08	28.24
	Net cost recognised in the Profit and Loss account	**33.61**	**36.19**
v	**Assumptions :**		
	Discount rate	8 - 9%	8%
	Expected rate of return	8 - 9%	8%

Estimates of future salary increase take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

In the absence of the relevant information from the actuary, the above details do not include the composition of plan assets.

c. With respect to the Provident Fund Trust administered by the Parent Company, the Parent Company shall make good the deficiency, if any, in the interest rate declared by Trust below statutory limit. Having regard to the assets of the Fund and the return on the investments, the Parent Company does not expect any deficiency in the foreseeable future.

28) a. Pursuant to the approval accorded by shareholders at their Annual General Meeting held on 27th July 2007, the Compensation and Nomination Committee of the Company formulated 'Carborundum Universal Limited Employee Stock Option Scheme 2007' (ESOP 2007 or the Scheme).

b. Under the Scheme, options not exceeding 9335400 have been reserved to be issued to the eligible employees, with each option conferring a right upon the employee to apply for one equity share. The options granted under the Scheme would vest as per the following schedule (except Grant V B):

20% on expiry of one year from the date of grant;

20% on expiry of two years from the date of grant;

30% on expiry of three years from the date of grant; and

30% on expiry of four years from the date of grant.

The options granted to the employees would be capable of being exercised within a period of three years from the date of vesting.

In respect of Grant V B, the above percentages should be read as : 40%, 30% and 30%.

Notes forming part of the Consolidated financial statements

c. The exercise price of the option is equal to the latest available closing market price of the shares on the stock exchange where there is highest trading volume as on the date prior to the date of the Compensation and Nomination Committee resolution approving the grant.

d. The vesting of options is linked to continued association with the Company and the employee achieving performance rating parameters. The details of the grants under the aforesaid scheme are as follows :

	Grant	I	II	III	IV	V A	V B	VI	VII	VIII
	Date of Grant	29.09.2007	28.01.2008	30.04.2008	24.07.2008	27.01.2011	27.01.2011	30.04.2011	05.08.2011	04.02.2012
	Exercise Price [Rs.]	91.80	75.225	59.025	61.40	125.08	125.08	124.15	146.00	155.00
	Vesting commences on	29.09.2008	28.01.2009	30.04.2009	24.07.2009	27.01.2012	27.01.2012	30.04.2012	05.08.2012	04.02.2013
(i)	Options granted	2671400	60000	24800	139600	653200	334400	73600	420000	151600
(ii)	Options outstanding as on 1.4.2011	1603820	-	-	44496	653200	334400	-	-	-
(iii)	Options granted during the year	-	-	-	-	-	-	73600	420000	151600
(iv)	Options cancelled during the year	119616	-	-	1674	16332	16520	-	-	-
(v)	Total options vested during the year	440904	-	-	12786	114308	117240	-	-	-
(vi)	Options exercised during the year	453576	-	-	-	-	-	-	-	-
(vii)	Options lapsed during the year	9600	-	-	-	-	-	-	-	-
(viii)	Options outstanding as on 31.03.2012	1021028	-	-	42822	636868	317880	73600	420000	151600

(viii) = (ii) + (iii) - (iv) - (vi) - (vii)

(ix)	Options vested but not exercised as at 01.04.2011	1043300	-	-	15576	-	-	-	-	-
(x)	Options vested but not exercised as at 31.03.2012	1021208	-	-	28362	114308	117240	-	-	-

(x) = (ix) + (v) - (vi) - (vii)

e.	Contractual life	The ESOP 2007 is established with effect from 29th September 2007 and shall continue to be in force until (i) its termination by the Board/Compensation and Nomination Committee or (ii) the date on which all of the options available for issuance under the ESOP 2007 have been issued and exercised.

Notes forming part of the Consolidated financial statements

f. The fair value of options based on the valuation of the independent valuer as of the respective dates of grant are given below.

Grant	Fair value as per Black Scholes options pricing formula [Rs.]	Exercise Price [Rs.]
I	33.56	91.80
II	27.76	75.23
III	22.78	59.03
IV	24.61	61.40
V A	49.59	125.08
V B	44.27	125.08
VI	45.80	124.15
VII	54.13	146.00
VIII	55.62	155.00

g. Had the Company adopted the fair value method in respect of options granted, the total amount that would have been amortised over the vesting period is Rs. 177.04 million and the impact on the financial statements would be :

	For the year ended 31.03.2012	For the year ended 31.03.2011
Increase in employee costs (Rs. million)	32.65	11.31
Decrease in Profit after Tax (Rs. million)	22.06	7.55
Decrease in Basic & Diluted Earnings per share (Rs.)	0.12	0.08

h. Fair value has been calculated using the Black Scholes Options Pricing Formula and the significant assumptions in this regard are as follows : (weighted average basis)

Grant	I & II	III & IV	V A	V B	VI-VIII
Risk free Interest rate	7.51%	9.06%	7.98%	7.98%	8.33%
Expected Life (years)	2.5 to 5.5	2.5 to 5.5	2.5 to 5.5	2.5 to 4.5	2.5 to 5.5
Expected volatility	43.22%	44.83%	40.94%	40.94%	37.85%
Expected dividend yield	2.53%	2.27%	1.31%	1.31%	1.68%

Notes forming part of the Consolidated financial statements

(Rs. million)

		31.03.2012	31.03.2011
Notes to Profit and Loss Account			
29)	Donation given to Political parties during the year :		
	Bharatiya Janata Party	4.01	-
	Communist Party of India (Marxist)	0.13	-
	Indian National Congress	0.05	-
		4.19	**-**

30) Related Party Disclosures

a) (i) List of related parties where control exists - None

(ii) List of related parties with whom transactions have taken place during the year

Associate :
Laserwords Pvt Ltd (Ceased since November 2011) [Laserwords]

Joint ventures :
Murugappa Morgan Thermal Ceramics Ltd [MMTCL]
Ciria India Ltd [Ciria]
Wendt India Ltd [Wendt]

Key management personnel :
Mr. K Srinivasan, Managing Director

30 b) Transactions with Related party

(Rs. million)

	Particulars	Associate		Joint Ventures		Key Management Personnel		Total	
		2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
1	Income from sales and services	-	-	72.57	105.97			72.57	105.97
2	Purchase of goods	-	-	28.86	26.47			28.86	26.47
3	Lease/rental income	-	-	-	0.08			-	0.08
4	Dividend income	5.28	8.80	60.89	44.74			66.17	53.54
5	Reimbursement of employee cost	-	-	0.12	0.12			0.12	0.12
6	Purchase of fixed assets	-	-	4.38	1.07			4.38	1.07
7	Trade and Other Receivables	-	-	27.64	12.82			27.64	12.82
8	Payables	-	-	4.34	3.35			4.34	3.35
9	Managerial remuneration					14.63	11.49	14.63	11.49

Notes forming part of the Consolidated financial statements

30 c) Details of Transactions with Related Parties during the year ended 31.03.2012

(Rs. million)

	Particulars	Associate	Joint Ventures				Key Management Personnel
		Laserwords	Wendt	MMTCL	Ciria	Total	
1	Income from sales and services	-	21.51	20.47	30.59	72.57	-
2	Purchase of goods	-	17.45	11.41	-	28.86	-
3	Dividend income	5.28	19.93	21.46	19.50	60.89	-
4	Reimbursement of employee cost	-	0.12	-	-	0.12	-
5	Purchase of fixed assets	-	4.38	-	-	4.38	-
6	Trade and Other Receivables	-	12.37	9.86	5.41	27.64	-
7	Payables	-	4.19	0.15	-	4.34	-
8	Managerial remuneration	-	-	-	-	-	14.63

30 d) Details of Transactions with Related Parties during the year ended 31.03.2011

(Rs. million)

	Particulars	Associate	Joint Ventures				Key Management Personnel
		Laserwords	Wendt	MMTCL	Ciria	Total	
1	Income from sales and services	-	17.35	21.27	67.34	105.97	-
2	Purchase of goods	-	25.22	1.25	-	26.47	-
3	Lease/rental income	-	0.08	-	-	0.08	-
4	Dividend income	8.80	19.93	14.31	10.50	44.74	-
5	Reimbursement of employee cost	-	0.12	-	-	0.12	-
6	Purchase of fixed assets	-	-	1.07	-	1.07	-
7	Trade and Other Receivables	-	1.17	1.24	10.41	12.82	-
8	Payables	-	2.97	0.38	-	3.35	-
9	Managerial remuneration	-	-	-	-	-	11.49

Notes forming part of the Consolidated financial statements

31 (A) Notes to Segmental Reporting

a. Business Segments

The Company has considered business segment as the primary segment for disclosure. The business segments are : Abrasives, Ceramics, Electro-minerals, IT services and Power. Abrasive segment comprise of Bonded, Coated, Processed cloth, Polymers, Power tools and Coolants.

Ceramics comprise of Super Refractories, Industrial Ceramics, Bio ceramics, Ceramic Fibre products, Anti-corrosives and Calcia Stabilised Zirconia.

Electrominerals include abrasive / refractory grains, micro grits for the photovoltaic industry and captive power generation from hydel power plant.

IT services include web enabling services and digitised data capture. Power denote the generation of power from Natural Gas.

The above segments have been identified taking into account the organisation structure as well as the differing risks and returns of these segments.

b. Geographical Segments

The geographical segments considered for disclosure are : India and Rest of the world. All the manufacturing facilities and Sales offices are located in India, USA, Australia, Canada, Middle East (RAK), Russia, South Africa and China.

Geographical revenues are segregated based on the location of the customer who is invoiced or in relation to which the revenue is otherwise recognised.

c. Segmental assets includes all operating assets used by respective segment and consists principally of operating cash, debtors, inventories and fixed assets net of allowances and provisions. Segmental liabilities include all operating liabilities and consist primarily of creditors and accrued liabilities. Segment assets and liabilities do not include income tax assets and liabilities

Notes forming part of the Consolidated financial statements

31 (B) Segment Disclosure

a. Primary Segment Information (Rs. million)

Particulars	Abrasives		Ceramics		Electrominerals		IT Services		Power		Eliminations		Total	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
1. REVENUE														
Revenue from Operations	8843.39	7354.09	4589.05	3520.68	6806.10	5267.69	12.14	10.43	34.56	38.24			20285.24	16191.13
Less : Excise Duty	551.83	473.38	231.48	197.17	105.40	80.59	-		-				888.71	751.14
Net External Sales	**8291.56**	**6880.71**	**4357.57**	**3323.51**	**6700.70**	**5187.10**	**12.14**	**10.43**	**34.56**	**38.24**	**-**	**-**	**19396.53**	**15439.99**
Sale of Services / Income from Contracts	12.16	16.70	145.48	134.43		228.54	131.14	95.97					288.78	475.64
Inter segment Revenue	0.48	0.98	61.68	18.17	572.11	563.17	16.06	15.27	122.16	106.43	(772.49)	(704.02)	-	-
Total Revenue	**8304.20**	**6898.39**	**4564.73**	**3476.11**	**7272.81**	**5978.81**	**159.34**	**121.67**	**156.72**	**144.67**	**(772.49)**	**(704.02)**	**19685.31**	**15915.63**
2. RESULT														
Segment result	1241.21	960.36	899.38	612.26	1398.01	1101.55	18.00	16.98	52.20	34.86			3608.80	2726.01
Proportionate share of Result in Associate													11.16	(2.08)
Unallocated corporate expenses													(210.74)	(139.03)
Interest expense													(250.03)	(271.01)
Interest and dividend income													50.76	31.29
Profit on sale of Fixed Assets (Net)	(3.37)	(2.52)	(1.56)	(0.83)	0.62	0.04							(4.31)	(3.31)
Profit on sale of Immovable Property	10.57												10.57	234.93
Profit / (Loss) on sale of investments													21.94	1.44
Income taxes													(907.90)	(741.65)
Minority interest													(137.29)	(128.64)
Net profit after tax	**1248.41**	**957.84**	**897.82**	**611.43**	**1398.63**	**1101.59**	**18.00**	**16.98**	**52.20**	**34.86**			**2192.96**	**1707.95**
3. OTHER INFORMATION														
Segment assets	5605.79	5235.89	4096.66	3551.48	5976.09	4126.04	68.35	56.39	21.86	16.03			15768.75	12985.83
Unallocated corporate assets *													1882.00	1907.17
Total assets	**5605.79**	**5235.89**	**4096.66**	**3551.48**	**5976.09**	**4126.04**	**68.35**	**56.39**	**21.86**	**16.03**			**17650.75**	**14893.00**
Segment liabilities	999.69	775.53	508.10	438.01	1030.74	687.30	25.00	18.14	9.35	5.26			2572.88	1924.24
Unallocated corporate liabilities @													5607.66	5513.35
Total liabilities	**999.69**	**775.53**	**508.10**	**438.01**	**1030.74**	**687.30**	**25.00**	**18.14**	**9.35**	**5.26**			**8180.54**	**7437.59**
Capital expenditure	448.66	255.69	578.17	322.04	841.09	159.63	4.34	15.63	0.43	0.47				
Depreciation & Amortisation	207.00	186.65	215.77	189.13	131.60	116.77	3.96	2.85	0.08	0.03				
Non-Cash expenses other than Depreciation & Amortisation	15.95	20.01	12.31	18.93	38.81	25.67	0.46	0.07	-	-				
b. Secondary Segment Information														
													31.03.2012	**31.03.2011**
1. Revenue by Geographical market														
India													10060.14	8447.76
Rest of the world													9625.17	7467.87
Total													**19685.31**	**15915.63**
2. Carrying amount of Segment Assets														
India													9201.55	8006.79
Rest of the world													6567.20	4979.04
Total													**15768.75**	**12985.83**
3. Additions to Fixed Assets and Intangible Assets														
India													773.07	585.24
Rest of the world													1099.62	168.21
Total													**1872.69**	**753.45**

* Includes Goodwill of Rs 943.51 million (Previous Year Rs 832.35 million)

@ Includes Minority Interest of Rs 774.72 million (Previous Year Rs 594.27 million)

Notes forming part of the Consolidated financial statements

(Rs. million)

		31.03.2012	31.03.2011
32	**Notes relating to Leases**		
	a) Cost of Leased Assets		
	Vehicles / Data processing Equipments	36.11	24.34
	b) Net Carrying amount	21.57	14.73
	c) Reconciliation between Total Minimum Lease payments and their Present value :		
	Total Minimum Lease Payments	29.46	18.97
	Less : Future Liability on Interest account	(6.17)	(3.82)
	Present value of Lease payments	23.30	15.15
	d) Yearwise Future Minimum lease rental payments :		

	Total Minimum Lease payments as on 31.03.2012	Present value of Lease payments as on 31.03.2012	Total Minimum Lease payments as on 31.03.2011	Present value of Lease payments as on 31.03.2011
(i) Not later than one year	9.29	6.39	6.54	4.73
(ii) Later than one year and not later than five years	20.17	16.92	12.43	10.42
(iii) Later than five years	Nil	Nil	Nil	Nil

e) The Company has taken certain premises under operating leases cancellable at mutual option. Hence no disclosure in this regard has been made.

		31.03.2012	31.03.2011
33	**Information relevant for Accounting Standard 20 - Earnings per share**		
	The calculation of the Basic and Diluted Earning per share is based on the following data:		
	Net Profit for the year	2192.96	1707.95
	Weighted average number of equity shares outstanding during the year		
	- Basic		
	- Pre Split		93379390
	- Post Split	187232091	186758780
	- Dilutive		
	- Pre Split		93588262
	- Post Split	187869492	187176524
	Earnings per Share - Basic		
	- Pre Split		18.29
	- Post Split	11.71	9.15
	Earnings per Share - Diluted		
	- Pre Split		18.25
	- Post Split	11.67	9.13

34 Provision for Dividend Tax has been made considering the credit amounting to Rs.6.16 million (Previous year Rs.5.34 million) available for set off in respect of dividend tax payable on dividends to be distributed by three subsidiary companies, based on the provision under newly inserted subsection (1A) of Section 115 O of the Income Tax Act.

Dividend Tax on the Interim Dividend has been paid after availing the credit amounting to Rs.3.16 million (Previous year Rs.6.15 million) in respect of the Dividend Tax paid on the interim dividends received from a subsidiary.

35 The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

☆☆☆☆☆

Subsidiaries' Key Financial information

(a) Summary financial information of Subsidiary Companies

(Rs. million)

	Volzhsky Abrasive Works		Foskor Zirconia Pty. Ltd.		CUMI Australia Pty. Ltd.		Sterling Abrasives Ltd.	
Financial year ended	**31.12.2011**	**31.12. 2010**	**31.3.2012**	**31.3.2011**	**31.3.2012**	**31.3.2011**	**31.3.2012**	**31.3.2011**
1. Share capital	5.94	5.94	0.01	0.01	27.10	27.10	9.00	9.00
2. Reserves & Surplus	2697.57	2230.32	525.96	464.03	424.74	389.38	246.82	203.85
3. Total Liabilities [a]	289.43	323.69	1073.77	392.01	237.44	148.29	95.15	87.81
4. Total Assets [b]	2992.94	2559.95	1599.74	856.05	689.28	564.77	350.97	300.66
5. Turnover	5825.89	4633.60	1344.23	1061.21	794.14	655.68	481.61	417.91
6. Profit before Tax	988.14	704.67	88.76	84.04	202.43	158.73	102.03	96.83
7. Provision for Taxation	241.28	154.59	26.83	23.64	60.97	47.77	32.69	32.62
8. Profit after Tax	746.86	550.08	61.93	60.40	141.46	110.96	69.34	64.21
9. Proposed dividend [c]	294.69	269.66	-	-	106.10	55.45	26.15	23.54

	CUMI International Ltd.		CUMI Abrasives & Ceramics Co. Ltd.		CUMI Canada Inc.		Southern Energy Development Corporation Ltd.	
Financial year ended	**31.12.2011**	**31.12.2010**	**31.12.2011**	**31.12.2010**	**31.3.2012**	**31.3.2011**	**31.3.2012**	**31.3.2011**
1. Share capital	1278.47	1278.47	438.74	438.74	176.95	176.95	4.60	4.60
2. Reserves & Surplus	335.81	93.68	(327.31)	(214.87)	(201.28)	(172.93)	113.58	117.97
3. Total Liabilities [a]	1483.95	1485.03	428.86	313.55	225.87	222.52	36.08	29.32
4. Total Assets [b]	3098.23	2857.18	540.29	537.42	201.54	226.54	154.26	151.89
5. Turnover	299.61	119.78	216.71	156.57	178.96	160.70	172.36	156.13
6. Profit before Tax	257.37	74.95	(112.43)	(101.70)	(28.35)	(31.96)	63.38	46.02
7. Provision for Taxation	15.24	6.25	-	-	-	-	14.30	10.20
8. Profit after Tax	242.13	68.70	(112.43)	(101.70)	(28.35)	(31.96)	49.08	35.82
9. Proposed dividend [c]	-	-	-	-	-	-	53.46	75.02

	Net Access (India) Ltd.		CUMI Middle East FZE.		CUMI America Inc.		Cellaris Refractories India Ltd.	
Financial year ended	**31.3.2012**	**31.3.2011**	**31.3.2012**	**31.3.2011**	**31.3.2012**	**31.3.2011**	**31.3.2012**	**31.3.2011**
1. Share capital	16.00	16.00	1.38	1.38	2.56	2.56	110.45	0.50
2. Reserves & Surplus	24.01	17.88	1.19	8.58	6.81	9.81	(1.19)	(0.68)
3. Total Liabilities [a]	30.98	23.51	53.77	54.23	46.16	26.21	1.78	1.76
4. Total Assets [b]	70.99	57.39	56.34	64.19	55.53	38.58	111.04	1.58
5. Turnover	160.79	122.39	73.84	93.80	67.98	69.25	0.00	-
6. Profit before Tax	19.12	17.12	(7.38)	0.22	(4.02)	1.51	(0.52)	(0.68)
7. Provision for Taxation	6.13	5.59	-	-	(1.02)	0.99	-	-
8. Profit after Tax	12.99	11.53	(7.38)	0.22	(3.00)	0.52	(0.52)	(0.68)
9. Proposed dividend [c]	5.81	3.72	-	-	-	-	-	-

a. Total Liabilities include : Current Liabilities, Non Current Liabilities

b. Total Assets include : Current Assets, Non Current Assets

c. Including interim dividend and dividend tax.

d. The above information has been furnished in accordance with the Circular No. 2/2011 dated 8.2.2011 issued by the Ministry of Corporate Affairs under Section 212 of the Companies Act, 1956. The above statement has been prepared based on the financial statements of the respective subsidiary company prepared in accordance with regulatory requirements as applicable in the country of incorporation. In case of foreign subsidiaries, the figures given in foreign currency have been translated into Indian Rupees based on the exchange rate as on 31.3.2012 / 31.12.2011, as applicable.

e. The annual accounts of the subsidiary companies and the related detailed information will be made available to the shareholders of the Company and its subsidiary companies seeking such information at any point of time. The annual accounts of the subsidiary company will also be kept for inspection by any shareholder, in the head office of the Company and that of its respective subsidiary companies.

(b) Details of Investments held (other than in subsidiaries)

(Rs. million)

	Nature	31.3.2012	31.3.2011
a. Southern Energy Development Corporation Limited			
Carborundum Universal Limited	Long term - quoted equity shares	18.49	18.49
Sundaram Fixed Term Plan	Short term - quoted units	0.00	5.00
Sundaram Money Fund	Short term - liquid units	5.31	0.00
UTI Mutual fund	Short term - quoted units	102.37	98.62
Laserwords Pvt Ltd.	Long term - unquoted	0.00	3.39
Total		**126.17**	**125.50**
		31.12.2011	**31.12.2010**
b. Volzhsky Abrasive Works			
OGK	Long term - unquoted equity shares	0.22	0.33
Ross Stanco Instruments	Long term - unquoted equity shares	0.01	0.01
Rus Hydro	Long term - quoted equity shares	0.01	0.02
TGK	Long term - quoted equity shares	0.00	0.01
FSK UEC	Long term - quoted equity shares	0.01	0.01
Others	Long term - quoted equity shares	0.02	0.03
Total		**0.27**	**0.41**
		31.3.2012	**31.3.2011**
c. Net Access (India) Limited			
Ciria India Ltd	Long term - unquoted equity shares	0.00	0.00
UTI Mutual fund	Short term - quoted units	2.61	0.19
Total		**2.61**	**0.19**
		31.3.2012	**31.3.2011**
d. Sterling Abrasives Limited			
HDFC Mutual funds	Short term - quoted units	10.06	10.15
SBI - Mutual Funds	Short term - quoted units	8.79	10.05
Birla Sun Life Cash Manager units	Short term - quoted units	11.13	2.01
LIC Nomura MF Income Plan Fund	Short term - quoted units	7.50	2.01
Reliance Money Manager Funds	Short term - quoted units	9.58	0.00
UTI Treasury Advantage funds	Short term - quoted units	5.50	0.00
Total		**52.56**	**24.22**
		31.12.2011	**31.12.2010**
e. CUMI International Limited			
CUMI Abrasives and Ceramics Co. Ltd.	Long term - unquoted equity shares	95.04	95.04
CUMI Canada Inc.	Long term - unquoted Class A shares	0.00	26.71
CUMI Canada Inc.	Long term - unquoted Class B shares	0.00	25.19
Total		**95.04**	**146.94**

On behalf of the Board

M M Murugappan
Chairman

K Srinivasan
Managing Director

Chennai
2nd May 2012

Sridharan Rangarajan
Chief Financial Officer

S Dhanvanth Kumar
Company Secretary

Standalone Financial Statements

AUDITORS' REPORT

TO THE MEMBERS OF CARBORUNDUM UNIVERSAL LIMITED

1. We have audited the attached Balance Sheet of **CARBORUNDUM UNIVERSAL LIMITED** ("the Company") as at 31st March, 2012, the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:
   (a) we have 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 Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
   (e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
      (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
      (ii) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date and
      (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

5. On the basis of the written representations received from the Directors as on 31st March 2012 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of Section 274(1) (g) of the Companies Act, 1956.

For Deloitte Haskins & Sells
Chartered Accountants
(Registration No. 008072S)

B. Ramaratnam
Partner
(Membership No. 21209)

Chennai,
May 2, 2012

Annexure Referred to in paragraph 3 of the auditor's report to the members of Carborundum Universal Limited on the accounts for the year ended March 31, 2012

(i) Having regard to the nature of the Company's business / activities / results, clauses (vi), (x), (xii), (xiii), (xiv), (xviii), (xix) and (xx) of CARO are not applicable to the Company in the current year.

(ii) In respect of its fixed assets:

a. The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.

b. The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

c. The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.

(iii) In respect of its inventory:

a. As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.

b. In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.

c. In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.

(iv) The Company has neither granted nor taken any loans, secured or unsecured, to / from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.

(v) In our opinion and according to the information and explanations given to us, having regard to the explanations that purchases include specialised engineering and / or proprietary items, for which suitable alternate sources are not readily available for obtaining comparative quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.

(vi) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us, the particulars of contracts or arrangements referred to Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.

(vii) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.

(viii) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determining whether they are accurate or complete.

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

a. The Company has been generally regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.

b. There were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2012 for a period of more than six months from the date they became payable.

c. Details of dues of Income-tax, Sales Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited as on 31st March, 2012 on account of disputes are given below:

Statute	Nature of the dues	Amount (Rs. million)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax & Interest	2.76	2007-10	Commissioner of Income Tax (Appeals)
Central Sales Tax Act, 1956 & Local Sales Tax laws of various States	Sales Tax	2.08	1996-1997, 2000-2001, 2002-2004, 2005-2006	Commissioner of Sales Tax (Appeals)
		1.87	1995-1996, 2001-2003	Sales Tax Appellate Tribunal
		0.47	1989-1990	High Court
Central Excise Act, 1944	Excise Duty	1.23	1998-2003, 2006-2009	Commissioner of Central Excise (Appeals)
		0.58	1991-1993, 1995-1996, 2005-2006	The Customs, Excise & Service Tax Appellate Tribunal
		0.95	1986-1987	High Court
Service Tax, 1994	Service Tax	2.31	2004-2009	The Customs, Excise & Service Tax Appellate Tribunal
Customs Act, 1962	Customs Duty	1.66	2010-2011	Commissioner of Customs (Appeals)
Total		**13.91**		

(x) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks and debenture holders.

(xi) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks are not prima facie prejudicial to the interests of the Company.

(xii) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.

(xiii) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long term investment.

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

For **Deloitte Haskins & Sells**
Chartered Accountants
(Registration No.008072S)

B Ramaratnam
Partner
(Membership No. 21209)

Chennai,
May 2, 2012

Balance Sheet as at March 31, 2012

(Rs. million)

	Note	As at 31.03.2012	As at 31.03.2011
EQUITY AND LIABILITIES			
Shareholder's Funds			
Share Capital	3	187.40	186.94
Reserves and Surplus	4	6178.54	5095.30
		6365.94	**5282.24**
Non current liabilities			
Long-term Borrowings	5	558.48	1163.78
Deferred tax liabilities (Net)	6	425.30	420.58
		983.78	**1584.36**
Current liabilities			
Short-term Borrowings	7	409.34	482.72
Trade payables	8	791.30	834.59
Other current liabilities	9	1206.58	1110.42
Short-term provisions	10	246.62	138.89
		2653.84	**2566.62**
Total		**10003.56**	**9433.22**
ASSETS			
Non current assets			
Fixed assets			
Tangible assets	11	3822.35	3690.44
Intangible assets	11	30.94	41.68
Capital work-in-progress		272.54	142.16
Non-current investments	12	1245.68	1640.56
Long-term loans and advances	13	257.96	186.86
		5629.47	**5701.70**
Current assets			
Current investments	14	100.00	–
Inventories	15	1876.88	1548.04
Trade receivables	16	1847.16	1772.18
Cash and Bank balances	17	104.23	78.16
Short-term loans and advances	18	445.82	333.14
		4374.09	**3731.52**
Total		**10003.56**	**9433.22**

See accompanying notes forming part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

B Ramaratnam
Partner

Chennai,
2nd May, 2012

On behalf of the Board

M M Murugappan
Chairman

K Srinivasan
Managing Director

Sridharan Rangarajan
Chief Financial Officer

S Dhanvanth Kumar
Company Secretary

Statement of Profit and Loss

for the year ended March 31, 2012

(Rs. million)

	Note	2011-12	2010-11
Revenue from operations (gross)	19	12032.20	9902.15
Less : Excise duty		778.47	649.27
Revenue from operations (net)		**11253.73**	**9252.88**
Expenses:			
Cost of materials consumed		4283.01	3645.81
Purchases of stock-in-trade		462.54	353.24
Changes in inventories of finished goods, work-in-process and stock-in-trade	20	(165.38)	(219.43)
Employee benefits expense	21	1076.00	946.59
Other expenses	22	3398.66	2714.58
Total		**9054.83**	**7440.79**
Earnings before exceptional items, interest, tax, depreciation and amortisation (EBITDA)		**2198.90**	**1812.09**
Finance costs	23	174.20	203.38
Depreciation and amortisation expense	11	436.21	400.56
Less: Transfer from Fixed assets revaluation reserve		0.68	0.68
		435.53	**399.88**
Other Income	24	154.88	189.87
Profit before exceptional items and tax		**1744.05**	**1398.70**
Exceptional Items :	40		
– Profit on sale of Land & Buildings		10.57	234.93
– Profit on sale of Long term Investments (net)		139.31	9.73
Profit before tax		**1893.93**	**1643.36**
Tax expense:			
– Current tax		422.50	395.50
– Deferred tax		4.72	5.28
Profit for the year		**1466.71**	**1242.58**
Earnings per equity share:	37		
– Basic		7.83	6.65
– Diluted		7.81	6.64

See accompanying notes forming part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

B Ramaratnam
Partner

Chennai,
2nd May 2012

On behalf of the Board

M M Murugappan
Chairman

K Srinivasan
Managing Director

Sridharan Rangarajan
Chief Financial Officer

S Dhanvanth Kumar
Company Secretary

Cash Flow Statement for the year ended March 31, 2012

(Rs. million)

	2011–12		2010–11	
A. Cash flow from operating activities				
Net profit before tax		**1893.93**		**1643.36**
Depreciation	435.53		399.88	
Finance Costs	174.20		203.38	
(Profit) on sale of fixed assets (net)	(4.97)		(231.63)	
Provision for doubtful receivables and advances (net)	14.81		25.86	
Provision for dimunition in value of investment	-		(12.00)	
(Profit) on sale of investments (net)	(139.31)		(9.73)	
Interest and dividend income	(147.72)		(166.17)	
Excess provisions of earlier years reversed	(3.39)		(3.91)	
Unrealised exchange (gain)/loss - net	3.17		(2.05)	
		332.32		203.63
Operating profit before working capital changes		2226.25		1846.99
Changes in working capital:				
Adjustments for (increase)/decrease in operating assets:				
Increase in Inventories	(328.83)		(356.50)	
Increase in Trade and Others receivables	(196.50)		(337.58)	
Increase in Trade Payables	57.69		294.61	
		(467.64)		(399.47)
Cash generated from operations		1758.61		1447.52
Direct taxes paid		(401.30)		(292.00)
Net cash flow from operating activities (A)		**1357.31**		**1155.52**
B. Cash flow from investing activities				
Purchase of tangible fixed assets	(791.14)		(481.65)	
Purchase of intangible assets	(1.02)		(26.90)	
Proceeds from sale of fixed assets	17.15		242.12	
Purchase of long term investments				
– Subsidiaries	(69.00)		-	
Proceeds from sale of long term investments				
– Subsidiaries	117.68		99.53	
– Associates	485.51		-	
Dividends received				
– Subsidiaries	77.29		109.57	
– Joint ventures	60.89		44.74	
– Associates	5.28		8.80	
– Others	2.04		2.05	
Interest received	2.13		0.86	
		(93.19)		(0.88)
Direct tax paid on capital gains		-		(42.38)
Net cash from / (used in) investing activities (B)		**(93.19)**		**(43.26)**
C. Cash flow from financing activities				
Repayment of Long term borrowings	(628.32)		(346.20)	
Proceeds from other borrowings (net)	(73.38)		(203.18)	
Proceeds from issue of equity shares	41.64		21.07	
Interest paid	(175.78)		(204.34)	
Dividend paid (inclusive of dividend tax)	(310.11)		(365.45)	
Net cash from / (used in) financing activities (C)		**(1145.95)**		**(1098.10)**
Net increase/(decrease) in cash and cash equivalents(A+B+C)		**118.17**		**14.16**
Cash and cash equivalents opening balance		69.09		54.93
Cash and cash equivalents closing balance		187.26		69.09
Net increase/(decrease) in cash and cash equivalents		**118.17**		**14.16**
Reconciliation of cash and cash equivalents with the Balance sheet				
Cash and Bank balances as per balance sheet		104.23		78.16
Less : Bank balances not considered as Cash and Cash equivalents - earmarked account		(16.97)		(9.07)
Add : Current Investments considered as part of Cash and Cash equivalents				
Investments in units of Mutual funds		100.00		–
		187.26		**69.09**

See accompanying notes forming part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

B Ramaratnam
Partner

Chennai,
2nd May 2012

On behalf of the Board

M M Murugappan
Chairman

K Srinivasan
Managing Director

Sridharan Rangarajan
Chief Financial Officer

S Dhanvanth Kumar
Company Secretary

Notes forming part of the Standalone financial statements

1 CORPORATE INFORMATION

Carborundum Universal Limited (CUMI) was incorporated as a Public Limited Company in 1954 and the shares of the Company are listed in National and Bombay Stock Exchanges in India. CUMI manufactures and sells mainly Abrasives, Ceramics (Industrial Ceramics, Refractories) and Electrominerals.

2 SIGNIFICANT ACCOUNTING POLICIES :

2.1 Accounting Convention

The financial statements have been prepared under the historical cost convention, with the exception of Land and Buildings (which were revalued), on accrual basis and in accordance with Generally Accepted Accounting Principles in India (Indian GAAP). The said financial statements comply with the relevant provisions of the Companies Act, 1956 (the Act) and the Accounting Standards notified by the Central Government of India under Companies (Accounting Standards) Rules, 2006, as applicable.

2.2 Use of estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities (including contingent liabilities) on the date of the financial statements and the reported amount of revenues and expenses during the reporting year. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Future results could differ due to these estimates and differences between the actual results and estimates are recognized in the year in which the results are known / materialized.

2.3 Inventories

Inventories are valued at lower of cost and net realizable value. Cost includes freight, taxes and duties net of CENVAT / VAT credit wherever applicable. Customs duty payable on material in bond is added to the cost.

In respect of raw materials, stores and spare parts, cost is determined on weighted average basis. In respect of Work in Process and Finished goods, cost includes all direct costs and applicable production overheads, to bring the goods to the present location and condition.

2.4 Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.5 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.6 Depreciation and amortisation

Depreciation on fixed assets has been provided on straight-line method at rates and in the manner specified in Schedule XIV to the Companies Act 1956, except for the following assets which are depreciated at higher rates :

- leased vehicles are depreciated over four years,
- lease hold improvements are depreciated over six years,
- Building and other assets on lease hold land are depreciated over the lease period,
- Individual assets costing less than Rs. 5,000 are depreciated in full in the year of acquisition.

The difference between the depreciation for the year on the revalued assets and depreciation calculated on the original cost is recouped from the fixed assets revaluation reserve.

Depreciation on additions to fixed assets is provided on a pro-rata basis from the date of commissioning of the individual asset.

Premium on Lease hold Land is amortised over the tenure of the lease.

Intangible assets are amortised over their estimated useful life of 5 years on straight line basis.

2.7 Revenue recognition

Sale of goods

Domestic sales are accounted on despatch of products to customers and export sales are accounted on the basis of Bill of Lading. Sales are accounted net of Sales Tax / VAT, Discounts and Returns as applicable.

Income from Contracts

The revenues from divisible contracts are recognized on the percentage completion method in respect of works contracts and from supplies on despatch. In respect of indivisible contracts, the revenues are recognized on a percentage completion method, synchronized to the billing schedules agreed by the customers.

2.8 Other income

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive is established.

2.9 Tangible fixed assets

Fixed assets are stated at historical cost except land and buildings added up to 31st August 1984 which are shown as per the revaluation done in that year, less accumulated depreciation / amortisation.

Notes forming part of the Standalone financial statements

Cost comprises of direct cost, related taxes, duties, freight and attributable finance costs (Refer 2.16 below) till such assets are ready for its intended use and net of CENVAT/VAT wherever applicable. Subsidy received from State Government towards specific assets is reduced from the cost of fixed assets. Fixed assets taken on finance lease are capitalised.

Machinery spares used in connection with a particular item of fixed asset and the use of which is irregular, are capitalized at cost net of CENVAT / VAT, as applicable.

Expenditure directly relating to new projects prior to commencement of commercial production is capitalised. Indirect expenditure (net of income) attributable to the new projects or which are incidental thereto are also capitalised.

Capital work-in-progress:

Capital work in progress is stated at the amount expended up to the Balance sheet date.

2.10 Intangible assets

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Subsequent expenditure on an intangible asset after its purchase / completion is recognised as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

Refer note 2.21 for accounting for Research and Development Expenses.

2.11 Foreign currency transactions and translations

Foreign currency transactions are recorded at the rates of exchange prevailing on the date of the transactions. Monetary assets & liabilities outstanding at the year-end are translated at the rate of exchange prevailing at the year-end and the gain or loss, is recognised in the statement of profit and loss.

Exchange differences arising on actual payments/ realisations and year-end restatements are dealt with in the statement of profit and loss.

The premium or discount arising at the inception of forward exchange contracts (other than those relating to a firm commitment or a highly probable forecast) are amortized as expense or income over the life of the contract.

2.12 Government grants, subsidies and export incentives

Lump-sum capital subsidies, not relating to any specific fixed asset, received from State Governments for setting up new projects are accounted as capital reserve.

Export Benefits on account of entitlement to import goods free of duty under Duty Entitlement Pass Book Scheme and Status Holders Incentive Scrip are accounted in the year of exports based on eligibility and when there is no uncertainty in receiving the same.

2.13 Investments

Long term investments that are intended to be held for more than a year, from the date of acquisition, are classified as long term investments and are carried at cost. However, provision for diminution is made in the value of investments if such diminution is other than of temporary in nature.

Current investments are stated at lower of cost and fair value.

2.14 Employee benefits

a. Defined contribution plan

Fixed contributions to the Superannuation Fund which is administered by Company nominated trustees and managed by Life Insurance Corporation of India and to Employee State Insurance Corporation [ESI] are charged to the Statement of profit and loss.

Company also contributes to a government administered Pension fund on behalf of its employees, which are charged to the Statement of profit and loss.

b. Defined benefit plan

The liability for Gratuity to employees as at Balance Sheet date is determined on the basis of actuarial valuation using Projected Unit Credit method and is funded to a Gratuity fund administered by the trustees and managed by Life Insurance Corporation of India and SBI Life Insurance Company Limited. The liability there of paid / payable is absorbed in the accounts. The actuarial gains / losses are recognised in the Statement of Profit and Loss.

The employees and the Company make monthly fixed contributions to the Carborundum Universal Limited Employee's Provident Fund Trust, equal to a specified percentage of the covered employee's salary. The interest rate payable by the Trust to the beneficiaries is being notified by the Government every year. The Company obtains an independent actuarial valuation of the Interest Guarantees as at the Balance sheet date and provides for the shortfall, if any, in the present value of obligation of interest over the fair value of the surplus in the Fund.

Notes forming part of the Standalone financial statements

c. **Long term compensated absences**

In respect of long term portion of compensated absences [Leave benefits], the liability is determined on the basis of actuarial valuation and is provided for.

d. **Short term employee benefits**

Short term employee benefits including accumulated compensated absences determined as per Company's policy/scheme are recognized as expense based on expected obligation on undiscounted basis.

e. **Voluntary retirement compensation**

Compensation to employees who have retired under voluntary retirement scheme is charged off to revenue.

2.15 Employee share based payments

Stock options granted to the employees under the stock option scheme are evaluated as per the accounting treatment prescribed by the Employee Stock Option Scheme and Employee Stock Purchase Scheme Guidelines, 1999 issued by Securities Exchange Board of India. The Company follows the intrinsic value method of accounting for the options and accordingly, the excess of market value of the stock options as on date of grant, if any, over the exercise price of the options is recognized as deferred employee compensation and is charged to the Statement of Profit and Loss on graded vesting basis over the vesting period of the options.

2.16 Borrowing costs

Borrowing costs, if any, are capitalised as part of qualifying fixed assets when it is probable that they will result in future economic benefits. Other borrowing costs are expensed.

2.17 Segment reporting

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company with the following additional policies :

a. Inter-segment revenues have been accounted on the basis of prices charged to external customers.

b. Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenue and expenses, which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis have been included under "Unallocated Corporate Expenses"

2.18 Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

2.19 CENVAT / Service Tax / VAT

CENVAT/VAT credit on materials purchased / services availed for production / Input services are taken into account at the time of purchase. Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainity in availing/ utilising the credits. CENVAT/VAT credit on purchase of capital items wherever applicable are taken into account as and when the assets are acquired. The CENVAT credits so taken are utilised for payment of excise duty on goods manufactured / Service tax on Output services. The unutilised CENVAT/VAT credit is carried forward in the books.

2.20 Taxes on income

Current tax is determined on income for the year chargeable to tax in accordance with the Income Tax Act, 1961.

Deferred tax is recognised for all the timing differences. Deferred Tax assets in respect of unabsorbed depreciation and carry forward of losses are recognized if there is virtual certainty that there will be sufficient future taxable income available to realize such losses. Other deferred tax assets are recognized if there is reasonable certainty that there will be sufficient future taxable income available to realise such assets.

2.21 Research and development expenses

All revenue expenditure related to research and development are charged to the respective heads in the Statement of profit and loss. Capital expenditure incurred on research and development is capitalised

Notes forming part of the Standalone financial statements

as fixed assets and depreciated in accordance with the depreciation policy of the Company.

2.22 Impairment of assets

At each balance sheet date, the carrying values of the tangible and intangible assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where there is an indication that there is a likely impairment loss for a group of assets, the Company estimates the recoverable amount of the group of assets as a whole, and the impairment loss is recognized.

2.23 Provisions and contingencies

Provisions are recognised only when there is a present obligation as a result of past events and when a reliable estimate of the amount of obligation can be made. Contingent liability is disclosed for (i) Possible obligation which will be confirmed only by future events not wholly within the control of the Company or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Contingent assets are not recognised in the financial statements.

2.24 Hedge accounting

The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to highly probable forecast transactions. The Company designates such forward contracts in a cash flow hedging relationship by applying the hedge accounting principles set out in "Accounting Standard 30 Financial Instruments: Recognition and Measurement". These forward contracts are stated at fair value at each reporting date. Changes in the fair value of these forward contracts that are designated and effective as hedges of future cash flows are recognised directly in "Hedging reserve account" under Reserves and surplus, net of applicable deferred income taxes and the ineffective portion is recognised immediately in the Statement of Profit and Loss. Amounts accumulated in the "Hedging reserve account" are reclassified to the Statement of Profit and Loss in the same periods during which the forecasted transaction affects profit and loss. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. For forecasted transactions, any cumulative gain or loss on the hedging instrument recognised in "Hedging reserve account" is retained until the forecasted transaction occurs. If the forecasted transaction is no longer expected to occur, the net cumulative gain or loss recognised in "Hedging reserve account" is immediately transferred to the Statement of Profit and Loss.

2.25 Derivative contracts

The Company enters into derivative contracts in the nature of foreign currency swaps, currency options, forward contracts with an intention to hedge its existing assets and liabilities, firm commitments and highly probable transactions. Derivative contracts which are closely linked to the existing assets and liabilities are accounted as per the policy stated for Foreign Currency Transactions and Translations.

Derivative contracts designated as a hedging instrument for highly probable forecast transactions are accounted as per the policy stated for Hedge Accounting.

Notes forming part of the Standalone financial statements

3. Share Capital (Rs. million)

	As at 31.03.2012	As at 31.03.2011
Authorised		
250,000,000 equity shares of Re.1 each	250.00	250.00
Issued, Subscribed and Paid-up		
187,395,562 shares of Re. 1 each fully paid (Previous year 93,470,993 of Rs.2 each fully paid)	**187.40**	**186.94**

3. a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Particulars	As at 31.03.2012		As at 31.03.2011	
Equity shares with voting rights	**No. of Shares**	**Value of Shares**	**No. of Shares**	**Value of Shares**
Number of shares at the beginning of the year	93470993	186.94	93356232	186.71
Add : Shares issued against ESOP scheme during the year before "Share-split"	156022	0.32	114761	0.23
Total number of shares before "Share-split"	**93627015**	**187.26**		
Number of shares consequent to "Share-split" (Refer Note 3 (b))	187254030	187.26		
Add : Shares issued against ESOP scheme during the year after "Share-split"	141532	0.14		
Total number of shares outstanding at the end of the year	**187395562**	**187.40**	**93470993**	**186.94**

b) The shareholders, at the Extra-Ordinary General meeting of the Company held on 20th September 2011, approved subdivision of one equity share of Rs.2/- each into two equity shares of Re.1/- each.

c) Terms / Rights attached to Equity Shares

The Company has only one class of equity shares having a par value of Re 1/- per share.

Each holder of equity shares is entitled to one vote per share.

For the year ended March 31, 2012, final dividend of Re.1 per share has been proposed by the Board of Directors (Previous year Re.1 per share). An interim dividend of Re.1 per share was declared at the meeting of the Board of Directors held on February 4, 2012 and the same has been paid (Previous year Rs.1.50 per share).

The dividends proposed by the Board of Directors is subject to approval of the shareholders in the Annual General Meeting.

Repayment of capital in the event of liquidation will be in proportion to the number of equity shares held.

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

Name of Shareholder	As at 31.03.2012		As at 31.03.2011	
	No.of Shares held	**% of holding**	**No.of Shares held**	**% of holding**
Murugappa Holdings Limited	55432284	29.58%	–	–
Nalanda India Fund Limited	16793362	8.96%	8396681	8.98%
Parry Agro Industries Limited	–	–	27716142	29.65%
Face value per share	Re.1		Rs.2	

Notes forming part of the Standalone financial statements

4. Reserves and Surplus

(Rs. million)

	As at 31.03.2011	Additions	Deductions/ Adjustments	As at 31.03.2012
Capital Reserve				
Fixed assets revaluation reserve	26.46	-	0.68	25.78
Capital subsidy	3.00	-	-	3.00
Profit on forfeiture of shares / warrants	6.03	-	-	6.03
Capital redemption reserve	27.68	-	-	27.68
Securities Premium	21.10	41.18*	-	62.28
Other Reserves				
General reserve	3076.11	1000.00	-	4076.11
Debenture redemption reserve	93.75	31.25	-	125.00
Hedging reserve	-	2.40	-	2.40
	3254.13	**1074.83**	**0.68**	**4328.28**
Surplus in Statement of Profit and Loss				
Opening balance	1640.29			1841.17
Add : Profit for the current year	1242.58			1466.71
Less : Transfer to General Reserve	(750.00)			(1000.00)
Less : Transfer to Debenture Redemption Reserve	(31.25)			(31.25)
Less : Final dividend including tax on dividend **	-			(0.11)
Less : Interim Dividend	(140.05)			(187.37)
Less : Dividend Tax on Interim Dividend	(17.10)			(27.25)
Less : Proposed Final Dividend	(93.47)			(187.40)
Less : Dividend Tax on Proposed Final Dividend	(9.83)			(24.24)
Total	**1841.17**			**1850.26**
Grand Total	**5095.30**			**6178.54**

* Premium of Rs.41.18 million received on allotment of 453,576 equity shares under Employee Stock Option Scheme 2007

** Represents dividend and dividend tax of Rs.112,394 on 96,706 equity shares allotted under the ESOP Scheme 2007 to the employees, subsequent to the date of approval of the annual accounts by the Board and before the book closure date.

(Rs. million)

	As at 31.03.2012	As at 31.03.2011
5. Long-Term Borrowings - Secured		
(a) Debentures		
11.70% Secured Non-Convertible Redeemable debentures		
500 debentures of Rs. 1 million each issued for cash at par redeemable in 2 equal annual installments commencing from 1st January 2013	250.00	500.00
– Secured by a pari-passu first charge on movable fixed assets of the Company, both present and future, and also a pari-passu first charge on the immovable properties, both present and future, relating to various manufacturing locations		
(b) Term Loan from banks		
External commercial borrowings (ECB)	291.61	653.54
– Secured by a pari-passu first charge on movable fixed assets, both present and future		
(c) Long term maturities of Finance lease obligations	16.87	10.24
– Secured against assets purchased under the arrangement		
	558.48	**1163.78**

Notes forming part of the Standalone financial statements

5 (i) Refer Note 9 for short term maturities of the above long term borrowings

(ii) Details of External Commercial borrowings

(Rs. million)

Sl.No	Currency	As at 31.03.2012	As at 31.03.2011	Interest rate	Repayment terms
1	USD	273.27	409.90	6 months LIBOR plus 0.65%	Repayable in 2 equal instalments - Aug 2012 & 2013
2	JPY	309.96	464.94	6 months LIBOR plus 1.8%	Repayable in 2 equal instalments - Sep 2012 & 2013
3	JPY	80.57	140.65	6 months LIBOR plus 0.57%	Repayable in Nov 12
4	JPY	–	275.18	6 months LIBOR plus 0.4%	Repaid in full in 2011-12
	Total ECBs	**663.80**	**1290.67**		
		291.61	653.54	Classified as Long term	
		372.19	637.13	Classified as Short term and grouped under Note no:9	

6. Components of Deferred tax liability (Net) :

(Rs. million)

	As at 31.03.2012	As at 31.03.2011
Deferred tax asset arising out of Timing difference relating to:		
Provision for doubtful receivables and advances	20.12	16.70
Voluntary retirement scheme payments	0.68	3.13
Expenses allowed on payment basis	26.67	40.49
Restatement losses on Foreign currency borrowings relating to acquisition of fixed assets	6.28	1.88
Leased assets	1.10	0.68
	54.85	62.88
Deferred tax liability arising out of Timing difference relating to :		
Depreciation	480.15	483.46
Deferred tax liability (Net)	**425.30**	**420.58**
7. Short-term Borrowings		
From Banks		
Secured		
Cash Credit (repayable on demand)	0.67	82.81
Other Borrowings	311.17	311.07
(Secured by a pari-passu first charge on the current assets of the Company, both present and future and a pari-passu second charge on immovable properties, both present and future, relating to various manufacturing locations)		
Unsecured		
Other loans	97.50	88.84
	409.34	**482.72**
8. Trade payables		
– Acceptances	42.30	45.09
– Other than Acceptances	749.00	789.50
	791.30	**834.59**

Notes forming part of the Standalone financial statements

9. Other Current Liabilities (Rs. million)

	As at 31-03-2012	As at 31-03-2011
Secured :		
Current maturities of Debentures	250.00	-
Current maturities of External commercial borrowings	372.19	637.13
Current maturities of Finance lease obligations	6.25	4.01
(Refer Note no:5 for the terms and securities given in respect of the above borrowings)		
Interest accrued but not due on loans	2.05	3.63
Unsecured :		
Unclaimed Dividend	16.97	9.07
Advances from Customers	32.46	17.58
Remuneration payable to Directors	16.20	5.70
Other Liabilities		
- Statutory Liabilities	60.50	61.01
- Deposits	27.40	24.41
- Payables for purchase of fixed assets	124.90	96.12
- Excise duty Liability on Finished Goods	57.80	39.12
- Accrued expenses	239.86	212.64
	1206.58	**1110.42**

10. Short-term provisions

	As at 31-03-2012	As at 31-03-2011
Provision for Employee benefits - Compensated absences	34.98	35.59
Proposed dividends	187.40	93.47
Tax on Proposed dividends (Note no. 38)	24.24	9.83
	246.62	**138.89**

Notes forming part of the Standalone financial statements

11. Fixed Assets

(Rs. million)

Particulars	Gross Block				Depreciation / Amortisation				Net Block	
	As at 01.04.2011	Additions	Deletions	As at 31.03.2012	As at 01.04.2011	For the year	Deletions	As at 31.03.2012	As at 31.03.2012	As at 31.03.2011
Tangible Assets										
Land										
- Freehold	37.81 (a)	-	-	37.81	-	-	-	-	37.81	37.81
- Leasehold	103.37	-	-	103.37	3.82	1.02	-	4.84	98.53	99.55
Buildings	1178.66 (a)	82.32	2.55	1258.43 (b)	271.31	41.11	0.84	311.58	946.85	907.35
Plant & Equipments	4751.43 (c)	459.03 (d)	49.92	5160.54	2181.84	367.36	40.17	2509.03	2651.51	2569.59
Furniture & Fixtures	102.80	7.36	1.30	108.86	43.57	7.25	1.22	49.60	59.26	59.23
Vehicles	14.63	5.51	2.58	17.56	9.88	0.99	1.96	8.91	8.65	4.75
Vehicles taken on lease	19.60	14.34	2.57	31.37	7.44	6.72	2.53	11.63	19.74	12.16
Total	**6208.30**	**568.56**	**58.92**	**6717.94**	**2517.86**	**424.45**	**46.72**	**2895.59**	**3822.35**	
Previous Year	5636.65	659.05	87.40	6208.30	2201.25	393.52	76.91	2517.86		3690.44
Intangible Assets										
Goodwill	0.20	-	-	0.20	0.20	-	-	0.20	-	-
Trade Mark	1.61	-	-	1.61	1.61	-	-	1.61	-	-
Technical Knowhow	62.66	1.02	-	63.68	22.65	11.29	-	33.94	29.74	40.01
Software	2.32	-	-	2.32	0.65	0.47	-	1.12	1.20	1.67
Total	**66.79**	**1.02**	**-**	**67.81**	**25.11**	**11.76**	**-**	**36.87**	**30.94**	
Previous Year	39.89	26.90	-	66.79	18.07	7.04	-	25.11		41.68
Grand total	**6275.09**	**569.58**	**58.92**	**6785.75**	**2542.97**	**436.21**	**46.72**	**2932.46**	**3853.29**	
Previous Year	5676.54	685.95	87.40	6275.09	2219.32	400.56	76.91	2542.97		3732.12

(a) Land & Building includes those added upto 31st August 1984 which are stated at revalued amounts based on the valuation done in that year by an independent valuer. The value added on revaluation was Rs. 58.41 million

(b) Includes Rs.657.57 million (Previous year Rs. 615.11 million) being cost of building on leasehold land.

(c) Net of subsidy received Rs.0.77 million (Previous year Rs. 0.77 Million).

(d) Includes Equipments acquired for Research & Development Rs.2.00 million (Previous Year Rs. 26.74 million)

Notes forming part of the Standalone financial statements

12. Non Current Investments (at cost)

(Rs. million)

Sl. No.		Description	Quantity in Nos. As at 31.03.2012	Quantity in Nos. As at 31.03.2011	Nominal Value Rs.	Value As at 31.03.2012	Value As at 31.03.2011
I		**Quoted (Trade)**					
	a	Equity Shares (fully paid) : Joint Ventures					
		Wendt (India) Ltd.	797352	797352	10	10.36	10.36
	b	Equity Shares (fully paid) : Others					
		Coromandel Engineering Co. Ltd.	42900	42900	10	0.43	0.43
II		**Quoted (Non-Trade)**					
	a	Equity Shares (fully paid) : Others					
		Grindwell Norton Ltd.	400	400	5	0.01	0.01
		Orient Abrasives Ltd. (Rs. 1533 only)	10000	10000	1 (a)	0.00	0.00
		Orient Refractories Ltd. (Rs. 713 only)	10000	–	1 (a)	0.00	–
		EID Parry (India) Ltd.	1000	1000	1	0.01	0.01
		Cholamandalam Investment and Finance Co. Ltd. (Rs. 2700 only)	100	100	10	0.00	0.00
		Tube Investments of India Ltd.	1000	1000	2	0.01	0.01
		Coromandel International Ltd. (Rs.330 only)	330	330	1	0.00	0.00
III		**Unquoted (Trade)**					
	a	Equity Shares (fully paid): Subsidiaries					
		Sterling Abrasives Ltd.	54000	54000	100	37.10	37.10
		Net Access (India) Ltd.	1600000	1600000	10	16.00	16.00
		CUMI Australia Pty Ltd., Australia	1050	1050	AUD 1	14.79	14.79
		Southern Energy Development Corpn. Ltd.	389908	389908	10	54.65	54.65
		CUMI International Ltd., Cyprus	13999787	13999787	USD 1	575.72	575.72
		Cellaris Refractories India Limited	6950000	50000	10	69.50	0.50
		CUMI Abrasives and Ceramics Co Ltd., China			(b)	–	231.39
	b	Equity Shares (fully paid) : Joint ventures					
		Murugappa Morgan Thermal Ceramics Ltd.	1430793	1430793	10	44.04	44.04
		Ciria India Ltd.	59998	59998	10	1.68	1.68
	c	Equity Shares (fully paid) : Others					
		Murugappa Management Services Ltd.	44704	44704	100	11.30	11.30
	d	Redeemable Preference Shares (fully paid) - Subsidiaries					
		CUMI International Ltd., Cyprus	10000000	10000000	USD 1 (c)	409.90	409.90
IV		**Unquoted (Non-Trade)**					
	a	Equity Shares (fully paid) – Associates					
		Laserwords Pvt. Ltd.	–	1759080	1	–	232.49
	b	Equity Shares (fully paid) – Others					
		Chennai Willingdon Corporate Foundation(Rs.50 only)	5	5	10 (d)	0.00	0.00
		John Oakey Mohan Ltd.	1900	1900	10	0.05	0.05
		CUMI Employees Co-operative Society/Stores				0.03	0.03
		Kerala Enviro Infrastructure Ltd.	10000	10000	10	0.10	0.10
	c	Others					
		7 Years National Savings Certificate (Rs.2000 only)			(e)	0.00	0.00
		Total				**1245.68**	**1640.56**

		As at 31.03.2012	As at 31.03.2011
a.	Quoted Investments		
	- Cost	10.82	10.82
	- Market Value	1318.93	846.43
b.	Unquoted Investments - Cost	1234.86	1629.74

Notes forming part of the Standalone financial statements

(a) During the year, Orient Abrasives Limited under Scheme of arrangement demerged into Orient Abrasives Limited and Orient Refractories Limited.
(b) Investment in common stock of the company
(c) These Preference shares carry 7.25% dividends and are redeemable at any time before year 2015.
(d) Shares allotted against earlier year's corporate membership contribution.
(e) Deposit with the Government.

Statement of additions / deletions to non-current investments

Sl. No.	Description	Nos	Nominal Value (Rs.)	Rs.million
a.	**Additions during the year**			
i.	Cellaris Refractories India Limited	6900000	10.00	69.00
b.	**Deletions during the year**			
i.	Laserwords Pvt. Ltd.	1759080	1.00	232.49
ii.	CUMI Abrasives and Ceramics Co Ltd, China		(a)	231.39
Net increase / (decrease) in investments				**(394.88)**

(a) Investment in common stock of the company

13. Long-term loans & advances - Unsecured and considered good (Rs. million)

Particulars	As at 31.03.2012	As at 31.03.2011
Capital advances	103.29	11.09
Disputed Sales tax, Central excise and Service tax amounts deposited under protest	10.81	16.27
Taxation (net of provisions)	83.91	105.11
Security Deposits	59.95	54.39
	257.96	**186.86**

14. Current investments (at lower of cost and market value) (Rs. million)

Description	Quantity in Nos.	Nominal Value (Rs.)	As at 31.03.2012	As at 31.03.2011
Quoted (Non-Trade)				
Mutual Funds				
LIC Mutual Fund - Dividend Plan	4553693	11	50.00	–
UTI Mutual Fund - Liquid Fund Cash Plan	49046	1019	50.00	–
			100.00	**–**

14.a. Statement of additions / deletions to current investments

	Description	Nos	Nominal Value (Rs.)	Rs.million
Additions during the year				
i	LIC Mutual Fund - Income Plus Fund Daily Dividend Plan	51814040	10.02	519.00
ii	LIC Mutual Fund - Dividend Plan	11384231	10.98	125.00
iii	UTI Mutual Fund - Liquid Fund Cash Plan	304087	1019.45	310.00
iv	UTI Treasury Advantage Fund	899807	1000.21	900.00
v	HDFC Mutual Fund	8971739	10.03	90.00
Deletions during the year				
i	LIC Mutual Fund - Income Plus Fund Daily Dividend Plan	51814040	10.02	519.00
ii	LIC Mutual Fund - Dividend Plan	6830539	10.98	75.00
iii	UTI Mutual Fund - Liquid Fund Cash Plan	255041	1019.45	260.00
iv	UTI Treasury Advantage Fund	899807	1000.21	900.00
v	HDFC Mutual Fund	8971739	10.03	90.00
Net increase/(Decrease) in investments				**100.00**

Notes forming part of the Standalone financial statements

(Rs. million)

		As at 31.03.2012		As at 31.03.2011
15. Inventories (at lower of cost and net realisable value)				
Raw materials (Goods in Transit - Rs. Nil, Previous year - Rs.87.67 million)		747.08		612.37
Work-in-process		380.26		342.43
Stock in Trade		85.57		56.92
Finished stock		567.16		468.26
Stores and spare parts		96.81		68.06
		1876.88		**1548.04**
Details of Inventory of Work-in-process per Business Segment :				
- Abrasives		160.50		170.55
- Ceramics		63.52		78.31
- Electrominerals		156.24		93.57
		380.26		**342.43**
16. Trade receivables (Unsecured)				
Outstanding over a period exceeding six months from the date they were due for payment				
- Considered good		27.99		25.28
- Considered doubtful		61.76		51.32
		89.75		**76.60**
Other receivables				
- Considered good		1819.17		1746.90
		1908.92		1823.50
Less: Provision for doubtful receivables		61.76		51.32
		1847.16		**1772.18**
17. Cash and Bank balances :				
Cash on Hand		0.96		0.69
Balances with banks :				
- Current account		86.30		68.40
- In earmarked accounts : Unclaimed dividend account		16.97		9.07
		104.23		**78.16**
18 Short-term loans & advances				
(Unsecured and considered good, unless otherwise stated)				
Loans and advances to employees		10.11		9.63
Prepaid expenses		13.45		13.89
Trade advances		162.54		70.67
Receivable from related parties		46.37		61.32
Claims recoverable		5.93		1.86
Other Loans & Advances				
Considered good	64.96		67.73	
Considered doubtful	0.26		0.15	
Less: Provision for doubtful advances	0.26		0.15	
		64.96		67.73
Balances with statutory authorities				
- CENVAT credit receivable	46.06		33.64	
- VAT input credit receivable	16.03		8.77	
- Customs duty refunds receivable	66.28		59.57	
- Service tax input credit receivable	14.09		6.06	
		142.46		108.04
		445.82		**333.14**

Notes forming part of the Standalone financial statements

(Rs. million)

	2011-12		2010-11	
19. Revenue from Operations:				
Sale of Products (Refer Segment Disclosure for Breakup of Sales)		11764.69		9683.17
Income from Contracts		65.89		71.49
Other Operating Revenue				
Service Income	80.26		64.96	
Scrap Sales	76.62		45.22	
Miscellaneous Income				
- Export benefits	31.16		29.94	
- Others	13.58		7.37	
		201.62		147.49
		12032.20		**9902.15**
Less : Excise duty		778.47		649.27
		11253.73		**9252.88**
Sale of product comprises :				
- Bonded		4516.15		3747.52
- Coated		1861.27		1609.58
- Industrial Ceramics		1609.16		1173.59
- Refractories		1680.04		1356.96
- Grains		1895.67		1669.98
- Others		202.40		125.54
		11764.69		**9683.17**
20. Changes in inventories of finished goods, work-in-progress and stock-in-trade				
Opening stock				
Work-in-process		342.43		313.50
Stock in trade		56.92		48.35
Finished stock		468.26		286.33
		867.61		**648.18**
Less: Closing stock				
Work-in-process		380.26		342.43
Stock in trade		85.57		56.92
Finished stock		567.16		468.26
		1032.99		**867.61**
Accretion to stock		**(165.38)**		**(219.43)**

Notes forming part of the Standalone financial statements

(Rs. million)

		2011-12		2010-11
21. Employee benefits expense				
Salaries, wages and bonus		778.71		713.50
Contribution to provident and other funds		103.23		83.13
Remuneration to Managing Director		12.49		10.07
Welfare expenses		181.57		139.89
		1076.00		**946.59**
Remuneration to Managing Director includes :				
Salaries & Allowances		8.00		7.18
Incentive		3.54		2.20
Contribution to provident and other funds		0.95		0.69
(excludes Gratuity and Compensated absences since employee-wise valuation is not available)		**12.49**		**10.07**
Value of perquisites (included under appropriate heads of accounts)		2.14		1.42
22. Other Expenses				
Consumption of stores and spares		449.18		372.84
Power and fuel (a)		1049.38		856.96
Rent		25.81		20.27
Excise duty on stock differential (c)		18.69		5.60
Rates and taxes		68.91		55.84
Insurance		14.48		12.70
Repairs to: (b)				
- Buildings		12.05		12.84
- Machinery		318.36		228.88
Directors' sitting fees		0.87		0.75
Commission to non-wholetime directors		13.00		3.50
Auditors' remuneration (Note 33)		4.22		3.93
Travel and conveyance		129.90		110.36
Freight, delivery and shipping charges		290.86		280.45
Selling commission		38.79		46.57
Rebates and allowances		61.57		55.74
Advertisement and publicity		60.80		36.50
Printing, stationery and communication		42.04		40.59
Contribution to research institution		7.20		7.00
Bad receivables and advances written off	2.39		11.53	
Less : Provision adjusted	2.39		11.53	
		-		-
Provision for doubtful receivables, advances and deposits		14.81		25.86
Professional fees		51.38		29.22
Loss on exchange fluctuation (Net)		24.36		-
Services outsourced		600.59		424.25
Loss on sale of fixed Assets		7.88		5.79
Miscellaneous expenses		93.53		78.14
		3398.66		**2714.58**
(a) Net of own power generation, which includes energy banked with KSEB - Rs.17.5 Million (Previous year Rs.Nil)		117.60		129.03
(b) Includes stores and spare parts		207.77		150.32

(c) Represents excise duty relating to difference between the opening and closing stock of finished goods. The excise duty shown as deduction from sales in Revenue from operations - Note 19 represents excise duty on sales during the year.

Notes forming part of the Standalone financial statements

(Rs. million)

	2011-12	2010-11
23. Finance Costs		
Interest		
- On Debentures and fixed loans	146.21	176.47
- On others	3.10	10.03
Net Loss on Foreign currency transactions and translations considered as Finance cost	24.89	16.88
	174.20	**203.38**
24. Other Income		
Dividend Income from Long term Investments		
Trade		
Dividend from Subsidiaries	77.29	109.57
Dividend from Joint ventures	60.89	44.74
Dividend from Others	0.11	-
Non-trade		
Dividend from Associate	5.28	8.80
Dividend Income from Current Investments		
Dividend from others	1.94	2.05
Interest Income		
- from banks	0.00	-
- from inter corporate deposits	0.22	0.00
- from others	1.99	1.01
Other Income		
Profit on sale of fixed assets	2.28	2.49
Profit on exchange fluctuation (Net)	-	16.49
Provision for expenses no longer required written back	1.53	0.87
Provision for doubtful receivables / advances no longer required written back	1.86	3.04
Rental Income	1.49	0.81
	154.88	**189.87**
Tax deducted at source from interest	0.09	0.15

Notes forming part of the Standalone financial statements

Additional information to the financial statements

(Rs. million)

	31.03.2012	31.03.2011
25. Contingent Liabilities and commitments: (in respect of which no provision is considered necessary)		
Contingent Liabilities		
a. No provision is considered necessary for disputed income tax, sales tax, service tax, excise duty and customs duty demands which are under various stages of appeal proceedings as given below :		
i. Income Tax Act, 1961	119.02	108.96
ii. Central Sales Tax Act,1956 & Local Sales Tax laws of various states	12.99	29.74
iii. Central Excise Act,1944	4.39	4.91
iv. Service Tax, 1994	2.86	2.86
v. Customs Act, 1962	1.66	1.66
b. Outstanding letters of comfort / guarantee given on behalf of subsidiaries	2046.61	1549.80
c. Outstanding letters of credit	175.28	111.53
d. Outstanding bills discounted	2.15	2.45
e. Claims against the Company not acknowledged as debts :		
i. Urban Land Tax	3.50	3.20
ii. Stamp duty	1.90	1.90
iii. Electricity charges	12.60	12.60
iv. Claim filed by ship liner towards damages	14.00	14.00
v. Claim filed before Consumer Dispute Redressal Forum	1.00	1.00
vi. Mining Royalty	42.80	-
	75.80	**32.70**
f. Employees demands pending before Labour Courts - quantum not ascertainable at present		
Commitments:		
Estimated amount of contracts remaining to be executed and not provided for:		
a. Towards capital account	175.54	109.02
b. Towards others	1162.43	1650.00

Notes forming part of the Standalone financial statements

(Rs. million)

	31.03.2012	31.03.2011
26. The following pre-commissioning expenses incurred during the year on various projects have been included in Fixed Assets/Capital Work in Progress:		
Account Head :		
Raw material Consumption	3.30	0.06
Consumption of Stores & Spares	0.43	0.78
Salary, Wages & Bonus	-	3.22
Contribution to Provident & Other funds	-	0.04
Welfare Expenses	-	0.15
Power & Fuel	1.40	2.08
Insurance	0.02	0.44
Travel & Conveyance	1.70	3.06
Freight	0.61	0.26
General Services	0.29	1.27
Repairs to Building	-	0.01
Repairs to Machinery	0.01	0.62
Printing, Stationery & Communication	0.01	-
Rates & Taxes	0.19	0.31
Professional Fees	3.19	0.03
Miscellaneous Expenses	1.29	0.08
Less : Other Income	-	(0.20)
	12.44	**12.21**
27. Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006		
There are no overdue amounts / interest payable to Micro and Small Enterprises as per Micro, Small and Medium Enterprises Development Act, 2006 at the Balance Sheet date. This is on the basis of such parties identified by the management and relied upon by the auditors.		
Total outstanding dues to Micro enterprises and small enterprises	12.74	17.01
28. The details of actuarial valuation in respect of Gratuity liability are given below :		
i. **Projected benefit obligation as at beginning of the year**	**138.75**	**108.84**
Service cost	8.20	6.10
Interest cost	11.10	8.71
Actuarial Losses / (Gains)	21.06	27.40
Benefits paid	(15.59)	(12.30)
Projected benefit obligation as at end of the year	**163.52**	**138.75**
ii. Fair value of plan assets as at beginning of the year	**106.70**	**104.70**
Expected return on plan assets	10.76	9.31
Contributions	35.00	4.99
Benefits paid	(15.59)	(12.30)
Actuarial Gain /(losses) on plan assets	0.08	–
Fair value of plan assets as at end of the year	**136.95**	**106.70**

Notes forming part of the Standalone financial statements

(Rs. million)

	31.03.2012	31.03.2011
iii. Amount recognised in the balance sheet :		
Projected benefit obligation at the end of the year	163.52	138.75
Fair value of the plan assets at the end of the year	136.95	106.70
(Liability) / Asset recognised in the Balance sheet	**(26.57)**	**(32.05)**
iv. Cost of the defined benefit plan for the year :		
Current service cost	8.20	6.10
Interest on obligation	11.10	8.71
Expected return on plan assets	(10.76)	(9.31)
Net actuarial losses recognised in the year	20.98	27.40
Net cost recognised in the Profit and Loss account	**29.52**	**32.90**
v. Assumptions :		
Discount rate	8.00%	8.00%
Expected rate of return	8.00%	8.00%

Estimates of future salary increase take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

In the absence of the relevant information from the actuary, the above details do not include the composition of plan assets / experience adjustment in respect of actuarial losses / gains.**:**

29. a. Pursuant to the approval accorded by shareholders at their Annual General Meeting held on 27th July 2007, the Compensation and Nomination Committee of the Company formulated 'Carborundum Universal Limited Employee Stock Option Scheme 2007' (ESOP 2007 or the Scheme).

b. Under the Scheme, options not exceeding 9335400 have been reserved to be issued to the eligible employees, with each option conferring a right upon the employee to apply for one equity share. The options granted under the Scheme would vest as per the following schedule (except Grant V B):

20% on expiry of one year from the date of grant;

20% on expiry of two years from the date of grant;

30% on expiry of three years from the date of grant; and

30% on expiry of four years from the date of grant.

The options granted to the employees would be capable of being exercised within a period of three years from the date of vesting.

In respect of Grant V B, the above percentages should be read as : 40%, 30% and 30%.

c. The exercise price of the option is equal to the latest available closing market price of the shares on the stock exchange where there is highest trading volume as on the date prior to the date of the Compensation and Nomination Committee resolution approving the grant.

Notes forming part of the Standalone financial statements

d The vesting of options is linked to continued association with the Company and the employee achieving performance rating parameters. The details of the grants under the aforesaid scheme are as follows:

Grant		I	II	III	IV	V A	V B	VI	VII	VIII
Date of Grant		29.09.2007	28.01.2008	30.04.2008	24.07.2008	27.01.2011	27.01.2011	30.04.2011	05.08.2011	04.02.2012
Exercise Price [Rs.]		91.80	75.225	59.025	61.40	125.08	125.08	124.15	146.00	155.00
Vesting commences on		29.09.2008	28.01.2009	30.04.2009	24.07.2009	27.01.2012	27.01.2012	30.04.2012	05.08.2012	04.02.2013
(i)	Options granted	2,671,400	60,000	24,800	139,600	653,200	334,400	73,600	420,000	151,600
(ii)	Options outstanding as on 1.4.2011	1,603,820	-	-	44,496	653,200	334,400	-	-	-
(iii)	Options granted during the year	-	-	-	-	-	-	73,600	420,000	151,600
(iv)	Options cancelled during the year	119,616	-	-	1,674	16,332	16,520	-	-	-
(v)	Total options vested during the year	440,904	-	-	12,786	114,308	117,240	-	-	-
(vi)	Options exercised during the year	453,576	-	-	-	-	-	-	-	-
(vii)	Options lapsed during the year	9,600	-	-	-	-	-	-	-	-
(viii)	Options outstanding as on 31.03.2012	1,021,028	-	-	42,822	636,868	317,880	73,600	420,000	151,600

(viii) = (ii) + (iii) - (iv) - (vi) - (vii)
Grant II & III fully cancelled

(ix)	Options vested but not exercised as at 01.04.2011	1,043,300	-	-	15,576	-	-	-	-	-
(x)	Options vested but not exercised as at 31.03.2012	1,021,028	-	-	28,362	114,308	117,240	-	-	-

(x) = (ix) + (v) - (vi) - (vii)

e. Contractual Life The ESOP 2007 is established with effect from 29th September 2007 and shall continue to be in force until (i) its termination by the Board/Compensation and Nomination Committee or (ii) the date on which all of the options available for issuance under the ESOP 2007 have been issued and exercised.

f. The fair value of options based on the valuation of the independent valuer as of the respective dates of grant are given below.

Grant	Fair value as per Black Scholes options pricing formula (Rs.)	Exercise Price (Rs.)
I	33.56	91.80
II	27.76	75.23
III	22.78	59.03
IV	24.61	61.40
V A	49.59	125.08
V B	44.27	125.08
VI	45.80	124.15
VII	54.13	146.00
VIII	55.62	155.00

Notes forming part of the Standalone financial statements

g. Had the Company adopted the fair value method in respect of options granted, the total amount that would have been amortised over the vesting period is Rs. 177.04 million and the impact on the financial statements would be :

	For the Year ended 31.03.2012	For the Year ended 31.03.2011
Increase in employee costs - (Rs. million)	32.65	11.31
Decrease in Profit after Tax - (Rs. million)	22.06	7.55
Decrease in Basic & Diluted Earnings per share - Rs.	0.12	0.08

h. Fair value has been calculated using the Black Scholes Options Pricing Formula and the significant assumptions in this regard are as follows : (weighted average basis)

Grant	I & II	III & IV	V A	V B	VI-VIII
Risk free Interest rate	7.51%	9.06%	7.98%	7.98%	8.33%
Expected Life (years)	2.5 to 5.5	2.5 to 5.5	2.5 to 5.5	2.5 to 4.5	2.5 to 5.5
Expected volatality	43.22%	44.83%	40.94%	40.94%	37.85%
Expected dividend yield	2.53%	2.27%	1.31%	1.31%	1.68%

Notes to Profit Loss Account

(Rs. million)

	31.03.2012	31.03.2011
30 Donation given to Political parties during the year :		
Bharatiya Janata Party	4.01	-
Communist Party of India (Marxist)	0.13	-
Indian National Congress	0.05	-
	4.19	**-**
31 a. Value of Imports on CIF basis		
Raw materials	2156.37	1869.92
Components & Spare parts	49.95	19.22
Capital goods	128.15	171.98
b. Expenditure in foreign currency (on cash basis):		
Professional / Consultancy fees	43.66	19.97
Commission	13.93	18.21
Interest	30.20	36.05
Travel and other matters	40.82	19.96
32 Earnings in foreign exchange on account of :		
Value of exports on FOB basis	2414.03	1941.80
Royalty	3.89	2.51
Dividend	24.89	30.08
Management fees	40.87	29.78
33 Auditors' Remuneration		
Statutory audit	1.80	1.50
Tax Audit	0.35	0.35
Other services	2.03	1.92
Out of pocket expenses	0.04	0.16
	4.22	**3.93**

Notes forming part of the Standalone financial statements

34 Related Party Disclosures

a) List of Related Parties

Related party relationships are as identified by the management and relied upon by the auditors.

I) **Parties where control exists - Subsidiaries**

Direct Holding :

Net Access (India) Ltd	[Net Access]
Southern Energy Development Corporation Ltd	[Sedco]
Sterling Abrasives Ltd	[Sterling]
CUMI (Australia) Pty Ltd	[CAPL]
Cellaris Refractories India Limited	[CRIL]
CUMI International Limited	[CIL]

Holding through Subsidiary:

Volzhsky Abrasives Works	[VAW]
Foskor Zirconia (Pty) Ltd	[Foskor]
CUMI America Inc	[CAI]
CUMI Middleeast FZE	[CME]
CUMI Canada Inc	[CCI]
CUMI Abrasives & Ceramics Company Limited	[CACCL]

II) **Other related parties with whom transactions have taken place during the year**

Joint Ventures

Murugappa Morgan Thermal Ceramics Ltd	[MMTCL]
Ciria India Ltd	[Ciria]
Wendt (India) Ltd	[Wendt]

Associate

Laserwords Pvt Ltd [Ceased to be an associate w.e.f November 2011]	[Laserwords]

Key Management Personnel

Mr. K Srinivasan, Managing Director

34 b) Transactions with Related party

(Rs. million)

		Subsidiaries		Associates		Joint Ventures		Key Management Personnel		Total	
		2011-12	**2010-11**	**2011-12**	**2010-11**	**2011-12**	**2010-11**	**2011-12**	**2010-11**	**2011-12**	**2010-11**
1	Income from sales and services	660.30	513.93	-	-	72.57	105.97			732.87	619.90
2	Purchase of goods	727.22	523.74	-	-	28.86	26.47			756.08	550.21
3	Lease/Rental/ Royalty income	3.89	2.51	-	-	-	0.08			3.89	2.59
4	Purchase of power	122.16	106.43	-	-	-	-			122.16	106.43
5	Expenditure on other services	16.06	15.27	-	-	-	-			16.06	15.27
6	Dividend income	77.29	109.57	5.28	8.80	60.89	44.74			143.46	163.11
7	Interest received	0.22	-	-	-	-	-			0.22	-
8	Reimbursement of employee cost	1.34	0.88	-	-	0.12	0.12			1.46	1.00
9	Purchase of fixed assets	-	1.05	-	-	4.38	1.07			4.38	2.12
10	Trade and Other Receivables	186.80	134.88	-	-	27.64	12.82			214.44	147.70
11	Payables	(36.82)	88.94	-	-	4.34	3.35			(32.48)	92.29
12	Managerial remuneration							14.63	11.49	14.63	11.49
13	Letters of Comfort/ Guarantee issued	2046.61	1549.80							2046.61	1549.80

Notes forming part of the Standalone financial statements

34 (c) Details of Transactions with Related Parties during the year ended 31.03.2012

(Rs million)

	Subsidiaries													Associate	Joint Ventures				Key Management Personnel
Particulars	CAI	Net Access	Sterling	Sedco	CAPL	CME	CCI	Foskor	CRIL	CIL	CACCL	VAW	Total	Laser Words	Wendt	MMTCL	Ciria	Total	
Income from sales and services	85.95	-	73.48	2.40	274.77	51.12	84.34	50.42	-	-	22.77	15.05	660.30	-	21.51	20.47	30.59	72.57	-
Purchase of goods	-	-	-	-	-	-	-	0.59	-	-	87.93	638.70	727.22	-	17.45	11.41	-	28.86	-
Lease/Rental/ Royalty income	-	-	-	-	3.89	-	-	-	-	-	-	-	3.89	-	-	-	-	-	-
Purchase of Power	-	-	-	122.16	-	-	-	-	-	-	-	-	122.16	-	-	-	-	-	-
Expenditure on other services	-	16.06	-	-	-	-	-	-	-	-	-	-	16.06	-	-	-	-	-	-
Dividend Income	-	3.20	12.15	37.04	24.90	-	-	-	-	-	-	-	77.29	5.28	19.93	21.46	19.50	60.89	-
Interest received	-	-	-	-	-	-	-	-	0.22	-	-	-	0.22	-	-	-	-	-	-
Reimbursement of employee cost	-	1.34	-	-	-	-	-	-	-	-	-	-	1.34	-	0.12	-	-	0.12	-
Purchase of Fixed assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4.38	-	-	4.38	-
Trade and Other Receivables	62.62	-	14.27	-	34.88	20.52	25.56	9.59	-	-	19.36	-	186.80	-	12.37	9.86	5.41	27.64	-
Payables	-	0.04	-	6.23	-	-	-	3.00	-	-	(46.09)	-	(36.82)	-	4.19	0.15	-	4.34	-
Managerial Remuneration	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14.63

Notes forming part of the Standalone financial statements

34 (d) Details of Transactions with Related Parties during the year ended 31.03.2011

(Rs. million)

	Subsidiaries													Associate	Joint Ventures				Key Management Personnel
Particulars	CAI	Net Access	Sterling	Sedco	CAPL	CME	CCI	Foskor	CRIL	CIL	CACCL	VAW	Total	Laser Words	Wendt	MMTCL	Ciria	Total	
Income from sales and services	50.04	-	64.19	2.40	205.24	56.69	60.68	58.29	-	-	3.32	13.08	513.93	-	17.35	21.28	67.34	105.97	-
Purchase of goods	-	-	0.06	-	-	-	13.66	1.12	-	-	-	508.90	523.74	-	25.22	1.25	-	26.47	-
Lease/Rental/ Royalty income	-	-	-	-	2.51	-	-	-	-	-	-	-	2.51	-	0.08	-	-	0.08	-
Purchase of Power	-	-	-	106.43	-	-	-	-	-	-	-	-	106.43	-	-	-	-	-	-
Expenditure on other services	-	15.27	-	-	-	-	-	-	-	-	-	-	15.27	-	-	-	-	-	-
Dividend Income	-	2.40	10.80	66.29	28.20	1.88	-	-	-	-	-	-	109.57	8.80	19.93	14.31	10.50	44.74	-
Interest received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reimbursement of employee cost	-	0.58	0.30	-	-	-	-	-	-	-	-	-	0.88	-	0.12	-	-	0.12	-
Purchase of Fixed assets	-	-	-	1.05	-	-	-	-	-	-	-	-	1.05	-	-	1.07	-	1.07	-
Trade and Other Receivables	20.60	-	0.40	-	26.70	22.83	25.44	28.74	1.75	4.58	3.84	-	134.88	-	1.17	1.24	10.41	12.82	-
Payables	-	0.81	0.10	10.18	-	-	13.65	-	-	-	-	64.20	88.94	-	2.97	0.38	-	3.35	-
Managerial Remuneration	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11.49

Notes forming part of the Standalone financial statements

35 (a) Notes to Segmental Reporting

i) Business Segments

The Company has considered business segment as the primary segment for disclosure. The business segments are : abrasives, ceramics and electrominerals.

Abrasive segment comprise of bonded, coated, processed cloth, polymers, powertools and coolants.

Ceramics comprise of super refractories, industrial ceramics, anti-corrosives and bioceramics.

Electrominerals include abrasive / refractory grains, micro grits for the photovoltaic industry and captive power generation from hydel power plant.

The above segments have been identified taking into account the organisation structure as well as the differing risks and returns of these segments.

ii) Geographical Segments

The geographical segments considered for disclosure are : India and Rest of the world. All the manufacturing facilities and sales offices are located in India.

Sales to the rest of the world are also serviced by Indian sales offices.

Geographical revenues are segregated based on the location of the customer who is invoiced or in relation to which the revenue is otherwise recognised.

iii) Segmental assets includes all operating assets used by respective segment and consists principally of operating cash, debtors, inventories and fixed assets, net of allowances and provisions. Segmental liabilities include all operating liabilities and consist primarily of creditors and accrued liabilities. Segment assets and liabilities do not include income tax assets and liabilities.

36 Notes relating to Leases

(Rs. million)

		31.03.2012	31.03.2011
	The Company has acquired vehicles under finance lease with respective asset as security:		
a.	Cost of Leased Assets	31.37	19.60
b.	Net carrying amount	19.72	12.16
c.	Reconciliation between Total minimum lease payments and their present value :		
	Total minimum lease payments	29.27	17.99
	Less: Future liability on interest account	(6.15)	(3.74)
	Present value of lease payments	23.12	14.25

d. Yearwise Future Minimum lease rental payments :

	Total Minimum Lease payments as on 31.03.2012	Present value of Lease payments as on 31.03.2012	Total Minimum Lease payments as on 31.03.2011	Present value of Lease payments as on 31.03.2011
(i) Not later than one year	9.14	6.25	5.75	4.01
(ii) Later than one year and not later than five years	20.13	16.87	12.24	10.24
(iii) Later than five years	Nil	Nil	Nil	Nil

e. The Company has taken certain premises under operating leases cancellable at mutual option. Hence no disclosure in this regard has been made.

Notes forming part of the Standalone financial statements

35 (b) SEGMENT DISCLOSURE

A. PRIMARY SEGMENT INFORMATION

(Rs. million)

Particulars	Abrasives		Ceramics		Electrominerals		Eliminations		Total	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
1. REVENUE										
Gross Sales	**6575.28**	**5477.46**	**3293.74**	**2535.73**	**1895.67**	**1669.98**			**11764.69**	**9683.17**
Less : Excise Duty	483.04	413.96	190.03	154.72	105.40	80.59			778.47	649.27
Net External Sales	**6092.24**	**5063.50**	**3103.71**	**2381.01**	**1790.27**	**1589.39**	**-**	**-**	**10986.22**	**9033.90**
Income from work bills and services			65.89	71.49					65.89	71.49
Inter segment Sales			31.00	16.57	509.39	512.24	(540.39)	(528.81)	-	-
Total Revenue	**6092.24**	**5063.50**	**3200.60**	**2469.07**	**2299.66**	**2101.63**	**(540.39)**	**(528.81)**	**11052.11**	**9105.39**
2. RESULT										
Segment result	1033.70	775.55	546.96	368.04	440.19	442.77			2020.85	1586.36
Unallocated corporate expenses									(244.99)	(146.22)
Finance costs									(174.20)	(203.38)
Interest and dividend income									147.60	166.17
Profit on sale of fixed assets (Net)	(3.40)	(2.76)	(1.56)	(0.83)	(0.25)	(0.64)			(5.21)	(4.23)
Profit on sale of immovable property	10.57								10.57	234.93
Profit on sale of investments									139.31	9.73
Income taxes									(427.22)	(400.78)
Net profit	**1040.87**	**772.79**	**545.40**	**367.21**	**439.94**	**442.13**	**-**	**-**	**1466.71**	**1242.58**
3. OTHER INFORMATION										
Segment assets	3552.84	3341.02	2829.39	2563.09	1882.12	1621.10			8264.35	7525.21
Unallocated corporate assets									1739.21	1908.01
Total assets	**3552.84**	**3341.02**	**2829.39**	**2563.09**	**1882.12**	**1621.10**	**-**	**-**	**10003.56**	**9433.22**
Segment liabilities	589.62	558.53	334.68	298.31	278.81	307.47			1203.11	1164.31
Unallocated corporate liabilities									2434.51	2986.67
Total liabilities	**589.62**	**558.53**	**334.68**	**298.31**	**278.81**	**307.47**	**-**	**-**	**3637.62**	**4150.98**
Capital expenditure	222.29	184.55	337.47	261.20	213.31	53.48				
Depreciation & Amortization	148.33	137.96	184.39	164.46	91.94	87.83				
Non cash Item other than Depreciation & amortization	3.49	5.14	10.80	16.68	0.36	4.02				
B. SECONDARY SEGMENT INFORMATION										
									31.03.2012	**31.03.2011**
1. Revenue by Geographical market										
India									8616.95	7159.01
Rest of the world									2435.16	1946.38
Total									**11052.11**	**9105.39**
2. Carrying amount of Segment Assets										
India									7789.48	7049.87
Rest of the world									474.87	475.34
Total									**8264.35**	**7525.21**
3. Additions to Fixed Assets and Intangible Assets										
India									550.15	676.97
Rest of the world									-	-
Total									**550.15**	**676.97**

Notes forming part of the Standalone financial statements

37 Notes to Earnings Per Share (EPS)

The calculation of the Basic and Diluted Earning per share is based on the following data:

	31.03.2012	31.03.2011
Net Profit for the year (Rs. million)	1466.71	1242.58
Weighted average number of equity shares outstanding during the year		
– Basic		
– Pre Split	–	93379390
– Post Split	187232091	186758780
– Dilutive		
– Pre Split	–	93588262
– Post Split	187869492	187176524
Earnings per Share - Basic (Rs.)		
– Pre Split	–	13.29
– Post Split	7.83	6.65
Earnings per Share - Diluted (Rs.)		
– Pre Split	–	13.29
– Post Split	7.81	6.64

38 Provision for Dividend Tax has been made considering the credit amounting to Rs.6.16 million (Previous year - Rs.5.34 million) available for set off in respect of dividend tax payable on dividends to be distributed by three subsidiary companies, based on provisions under subsection (1A) of Section 115 O of the Income Tax Act. Dividend Tax on the Interim Dividend has been paid after availing the credit amounting to Rs.3.16 million (Previous year - Rs.6.15 million) in respect of the dividend tax paid on the interim dividends received from a subsidiary.

39 Disclosures in respect of Derivatives

a. The Company has entered into forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecast transactions. The company designates them as effective cash flow hedges. The company does not use derivative financial instruments for speculative purposes.

The company has adopted the measurement principles as laid down in the AS 30- Financial Instruments : Recognition and Measurement with respect to above mentioned effective cash flow hedges.

Pursuant to the application of the said measurement principles, the exchange differences arising on these transactions when marked to market as on 31st March 2012 aggregating to Rs. 2.40 million [Previous year Rs.Nil million] has been credited to Hedging Reserve.

(Rs. million)

	31.03.2012	31.03.2011
b. i) Quantum of derivatives (all of which identified as hedges) outstanding as at the end of the year (notional principal amount) on :		
Forward exchange contracts	486.01	538.76
ii) Foreign currency exposure not hedged by a derivative instrument or otherwise	80.57	140.65

Notes forming part of the Standalone financial statements

40 Exceptional Items

Profit on Sale of Long term investments (net)

During the year, the Company sold its investments in the Equity shares of CUMI Abrasives & Ceramics Company Limited amounting to Rs.231.39 million. The loss amounting to Rs.113.71 million has been charged to revenue under Exceptional items.

The equity shares held by the Company in Laserwords Pvt. Ltd were also sold during the year. The profit on sale amounting to Rs. 253.02 million has been credited to Statement of Profit and Loss under Exceptional items.

Profit on Sale of Land and Buildings

During the year, a portion of land and Building was acquired by the Government under compulsory acquisition for infrastructure development and the profit on sale has been credited to Statement of Profit and Loss under Exceptional items.

41 Information on Joint Ventures as per AS 27

a. List of Joint Ventures as on 31st March, 2012 :

Name of the Joint Venture	Country of Incorporation	Share in ownership and voting power
Murugappa Morgan Thermal Ceramics Ltd (MMTCL)	India	49.00%
Wendt (India) Ltd (Wendt)	India	39.87%
Ciria India Ltd (Ciria)	India	30.00%

b. Contingent Liabilities in respect of Joint Ventures : (Rs. million)

	MMTCL	Wendt	Ciria	Total
i) Directly incurred by the company	Nil	Nil	Nil	Nil
(Previous year)	Nil	Nil	Nil	Nil
ii) Share of the company in contingent liabilities which have been incurred jointly with other venturers	Nil	Nil	Nil	Nil
(Previous year)	Nil	Nil	Nil	Nil
iii) Share of the company in contingent liabilities incurred by Jointly controlled entity	1.15	4.24	0.65	6.04
(Previous year)	2.88	8.97	0.65	12.50
iv) Share of Other venturers in contingent liabilities incurred by Jointly controlled entity	1.19	6.39	1.53	9.11
(Previous year)	2.99	13.53	1.53	18.05
c Capital commitments in respect of Joint Ventures :				
i) Direct capital commitments by the company	Nil	Nil	Nil	Nil
(Previous year)	Nil	Nil	Nil	Nil
ii) Share of the company in capital commitments which have been incurred jointly with other venturers	Nil	Nil	Nil	Nil
(Previous year)	Nil	Nil	Nil	Nil
iii) Share of the company in capital commitments of the Jointly controlled entity	0.88	10.08	Nil	10.96
(Previous year)	2.37	0.91	Nil	3.28

d. Disclosure of Financial data as per AS 27 is based on the audited financials of the Jointly Controlled Entities.

Notes forming part of the Standalone financial statements

e. Share of the Company in the income and expenses of the Jointly controlled entities are given below: (Rs. million)

	MMTCL		Ciria		Wendt		Total	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
i. Proportionate share of Income in Joint Ventures								
I. Revenue from operations	600.62	529.68	206.57	162.00	475.21	390.69	1282.40	1082.37
Less: Excise Duty	(41.45)	(42.44)	-	-	(31.32)	(26.74)	(72.77)	(69.18)
	559.17	487.24	206.57	162.00	443.89	363.95	1209.63	1013.19
II. Other Income	5.97	8.47	2.63	15.90	4.75	7.84	13.35	32.21
III. Total Revenue (I +II)	**565.14**	**495.71**	**209.20**	**177.90**	**448.64**	**371.79**	**1222.98**	**1045.40**
ii. Proportionate share of Expense in Joint Ventures								
Cost of materials consumed	108.10	85.54	102.71	100.11	124.57	100.97	335.38	286.62
Purchase of stock in Trade	25.65	33.52	-	-	25.68	18.00	51.33	51.52
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	(6.98)	3.54	0.97	(0.67)	(7.27)	(5.92)	(13.28)	(3.05)
Employee benefits expense	59.18	49.24	13.81	11.13	63.85	49.61	136.84	109.98
Finance cost	0.84	0.86	-	-	0.57	0.03	1.41	0.89
Depreciation and amortization expense	22.80	19.61	1.13	0.95	15.91	14.24	39.84	34.80
Other expenses	227.25	213.53	45.69	26.60	111.74	93.16	384.68	333.29
Total Expenses	**436.84**	**405.84**	**164.31**	**138.12**	**335.05**	**270.09**	**936.20**	**814.05**

f. Share of Company in the assets and liabilities of the Jointly controlled entities are given below: (Rs. million)

	MMTCL		Ciria		Wendt		Total	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
iii. Proportionate share of Liabilities in Joint Ventures								
Non current liabilities								
Long term Borrowings	4.18	6.90	-	-	-	-	4.18	6.90
Deferred tax liabilities (Net)	12.32	9.90	-	-	12.08	9.51	24.40	19.41
Total Non current Liabilities	**16.50**	**16.80**	**-**	**-**	**12.08**	**9.51**	**28.58**	**26.31**
Current liabilities								
Short term Borrowings	11.87	1.40	-	-	-	2.67	11.87	4.07
Trade payables	57.99	23.72	34.44	33.67	74.31	51.70	166.74	109.09
Other current liabilities	25.49	42.19	8.98	14.37	13.72	19.61	48.19	76.17
Short- term provisions	1.16	9.87	1.71	1.13	3.66	15.08	6.53	26.08
Total Current Liabilities	**96.51**	**77.18**	**45.13**	**49.17**	**91.69**	**89.06**	**233.33**	**215.41**
Total Liabilities	**113.01**	**93.98**	**45.13**	**49.17**	**103.77**	**98.57**	**261.91**	**241.72**

Notes forming part of the Standalone financial statements

(Rs. million)

	MMTCL		Ciria		Wendt		Total	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
iv. Proportionate share of Assets in Joint Ventures								
Non current assets								
Fixed assets	221.30	168.60	6.55	5.00	186.02	142.80	413.87	316.40
Deferred Tax Assets (net)	-	-	1.25	0.68	-	-	1.25	0.68
Non current investments	-	-	-	9.00	-	-	-	9.00
Long-term loans and advances	4.17	11.42	0.47	0.69	6.29	8.28	10.93	20.39
Total Non current assets	**225.47**	**180.02**	**8.27**	**15.37**	**192.31**	**151.08**	**426.05**	**346.47**
Current assets								
Current Investments	63.28	43.46	13.50	16.80	48.09	76.49	124.87	136.75
Inventories	62.53	51.30	-	0.97	58.38	43.64	120.91	95.91
Trade receivables	96.91	90.76	57.97	47.71	81.25	63.11	236.13	201.58
Cash and Bank balances	2.08	3.36	30.50	27.28	36.07	22.93	68.65	53.57
Short-term loans and advances	18.43	18.76	4.55	3.18	12.62	7.95	35.60	29.89
Total Current assets	**243.23**	**207.64**	**106.52**	**95.94**	**236.41**	**214.12**	**586.16**	**517.70**
Total Assets	**468.70**	**387.66**	**114.79**	**111.31**	**428.72**	**365.20**	**1012.21**	**864.17**

42. Research and Development expenditure incurred during the year aggregates to Rs.63.86 million (Previous year - Rs.73.21 million) as detailed below :

(Rs. million)

	2011-12	2010-11
- Revenue expenditure	39.99	45.37
- Capital expenditure including capital work in progress	23.87	27.84
Total	**63.86**	**73.21**

43. The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current years's classification / disclosure.

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FINANCIAL TRACK RECORD

(Rs. million)

	Consolidated performance					Standalone performance				
31st March	2008	2009	2010	2011#	2012#	2008	2009	2010	2011#	2012#
Summary information										
a Net Sales	9072	11871	12797	15916	**19685**	5868	6578	7381	9105	**11052**
b EBITDA *	1587	2043	2460	3121	**4022**	1121	1143	1439	2002	**2354**
c PBIT *	1261	1662	2016	2616	**3453**	869	845	1085	1602	**1918**
[* excluding exceptional income/(expense (net)]										
d PBT	1740	1601	1714	2580	**3227**	1372	861	842	1643	**1894**
e PAT	1189	1037	1017	1708	**2193**	972	597	580	1243	**1467**
f Net Fixed Assets	4349	5173	5316	5525	**6500**	3246	3710	3788	3874	**4126**
g Net Working Capital	3262	4267	4315	3911	**4988**	1868	2325	2036	1165	**1720**
h Non Current Investments	564	610	779	476	**12**	1698	1722	1718	1641	**1246**
i Shareholders Networth	4468	5039	5929	7455	**9470**	3519	3909	4289	5282	**6366**
j Loan Funds	3822	5150	4391	4085	**3992**	3010	3480	2838	2288	**1596**
Ratio Analysis										
A Performance Ratios										
1 EBITDA / Net Sales %	17%	17%	19%	20%	**20%**	19%	17%	19%	22%	**21%**
2 PBIT / Net Sales %	14%	14%	16%	16%	**18%**	15%	13%	15%	18%	**17%**
3 Asset Turnover times	1.3	1.2	1.2	1.5	**1.7**	1.3	1.2	1.2	1.7	**2.0**
4 Return on Capital Employed %	17%	17%	18%	22%	**25%**	15%	12%	14%	21%	**23%**
5 Return on Equity	30%	22%	19%	26%	**26%**	31%	16%	14%	26%	**25%**
6 International Revenue share %	33%	47%	45%	47%	**49%**	15%	21%	18%	21%	**22%**
B Leverage Ratios										
1 Interest Cover times	8.2	5.9	8.0	11.5	**16.1**	6.6	4.2	6.0	9.8	**13.5**
2 Debt Equity Ratio	0.9	1.0	0.7	0.5	**0.4**	0.9	0.9	0.7	0.4	**0.3**
3 Debt / Total Assets	0.4	0.5	0.4	0.4	**0.3**	0.4	0.4	0.4	0.3	**0.2**
C Liquidity Ratio										
1 Current Ratio	2.9	3.1	3.3	2.0	**2.0**	2.8	3.1	2.6	1.5	**1.6**
D Activity Ratio										
1 Inventory Turnover days	55	64	68	63	**67**	52	59	58	55	**57**
2 Receivable Turnover days	72	76	78	70	**64**	70	79	77	68	**60**
3 Creditors No of days	52	52	51	44	**44**	47	47	48	47	**44**
4 Cash Cycle days	76	89	96	88	**86**	76	90	88	76	**72**
E Investor related Ratios $										
1 Earning Per Share (Rs.)-Basic	6.4	5.6	5.5	9.1	**11.7**	5.2	3.2	3.1	6.7	**7.8**
2 Dividend Per Share (Rs.)	NA	NA	NA	NA	**NA**	1.0	1.0	1.0	1.3	**2.0**
3 Dividend Payout	NA	NA	NA	NA	**NA**	22.1%	35.8%	36.3%	21.0%	**29.1%**
4 Price to Earnings Ratio	12.7	9.3	13.2	12.3	**12.8**	-	-	-	-	**-**
5 Enterprise Value / EBITDA	11.8	7.2	7.2	8.0	**7.9**	NA	NA	NA	NA	**NA**
6 Enterprise Value / Net Sales	2.1	1.2	1.4	1.6	**1.6**	NA	NA	NA	NA	**NA**

Glossary

A	Performance Ratios	
	EBITDA/Net Sales %	EBITDA = PBT + Interest + Depreciation - Exceptional Items
	PBIT/Net Sales %	PBIT = PBT + Interest - Exceptional Items
	Asset Turnover times (excluding Investments)	Net Sales/Average Capital Employed excluding Investments
	Return on Capital Employed %	PBIT/Average Capital Employed
	Return on Equity	PAT/Average of Shareholder's Funds
B	Leverage Ratios	
	Interest Cover times	EBITDA/Interest Cost
	Debt Equity Ratio	Total Debt/Shareholdrs Funds
	Debt/Total Assets	Total Debt/Total Assets
C	Liquidity Ratio	
	Current Ratio	Current Assets/Current Liabilities
D	Activity Ratio *	
	Inventory Turnover days	Average Inventory/(Turnover/365)
	Receivable Turnover days	Average Receivables/(Turnover/365)
	Creditors No of days	Average Payables/(Turnover/365)
	Cash Cycle days	Inventory Turnover + Receivables Turnover - Creditors No of Days

* - based on Turnover and average of opening/closing parameters

E	Investor related Ratios	
	Price to Earnings Ratio	Average share price of monthly high low/EPS
	Enterprise Value/EBITDA	Total Enterprise Value ^ /EBITDA
	Enterprise Value/Net Sales	Total Enterprise Value ^ /Net Sales
^	Enterprise Value	Market Capitalisation + Loan Funds + Minority Interest - Cash & Cash Equivalents

Based on Revised Schedule VI Format

$ Investor related ratios for the earlier years were made comparable with the current year consequent to sub-division of the face value of equity share from Rs.2 per equity share to Re.1 per equity share.

CORPORATE GOVERNANCE

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members of Carborundum Universal Limited.

We have examined the compliance of conditions of Corporate Governance by **Carborundum Universal Limited** ("the Company") for the year ended on 31st March 2012, as stipulated in Clause 49 of the Listing Agreement of the Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the Company, for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

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

For Deloitte Haskins & Sells
Chartered Accountants
(Registration No. 008072S)

B. Ramaratnam
Partner
Membership No. 21209

Place: Chennai
Date : May 2, 2012

CORPORATE GOVERNANCE REPORT

(Pursuant to Clause 49 of the Listing Agreement)

The Directors have pleasure in presenting the Corporate Governance Report for the year ended 31st March 2012.

1. The Company's Corporate Governance Philosophy

Carborundum Universal Limited ("CUMI"), as a constituent of the Murugappa Group, is committed to high standards of corporate governance in all its activities and processes. CUMI looks at corporate governance as the cornerstone for sustained superior financial performance and for serving all its stakeholders. Apart from drawing from the various legal provisions, the group practices are continuously benchmarked with industry practices. The entire process begins with the functioning of the Board of Directors, with leading professionals and experts serving as independent directors and represented in various Board Committees. Systematic attempt is made to ensure symmetry of information.

Key elements in corporate governance are transparency, internal controls, risk management, internal/external communications and good standards of safety and health. The Board has empowered responsible persons to its broad policies and guidelines and has set up adequate review processes.

2. Board of Directors

a) Composition

The Board comprises of 8 members as on 31st March 2012. The Board has been constituted in a manner, which will result in an appropriate mix of executive and independent directors. This has been done to preserve the independence of the Board and to separate the Board functions of governance and management.

b) Board Meetings

The Board has a formal schedule of matters reserved for its consideration and decision. These include setting performance targets, reviewing performance, approving investments, ensuring adequate availability of financial resources overseeing risk management and reporting to the shareholders.

The Board periodically reviews the compliance of all applicable laws and gives appropriate directions wherever necessary.

The Board has laid-down a "Code of Conduct" for all the board members and the senior management of the company. Annual declaration is obtained from every person covered by the Code of Conduct. A declaration to this effect signed by the Managing Director is attached to this report.

The Company has laid down procedures to inform Board members about the risk assessment and minimization procedures. The Board reviews the significant business risks identified by the management and the mitigation process being taken up.

The Board also reviews the board meeting minutes and financial statements of subsidiary companies, and also their significant transactions.

Five Board Meetings were held during the year on 30th April 2011, 5th August 2011, 5th November 2011, 4th February 2012, and 29th March 2012.

c) Details of the Board members as on 31st March 2012

Name	Category	No. of Directorships / (Chairmanships) in Companies excluding CUMI[a]	No. of Committee memberships / (Chairmanships) in Companies excluding CUMI [b]	No. of board meetings attended	Attendance at last AGM	Shares held in CUMI
Mr. M M Murugappan Chairman	Promoter & Non Executive Director	10 (of which 6 as Chairman)	4 (of which 3 as Chairman)	5	Yes	696340
Mr. Subodh Kumar Bhargava	Non-Executive & Independent Director	8 (of which 2 as Chairman)	5 (of which 1 as Chairman)	5	Yes	Nil
Mr. T L Palani Kumar	Non-Executive & Independent Director	1	1	5	Yes	Nil
Mr. Sridhar Ganesh	Non Executive Director	5	Nil	4	Yes	13536
Mr. Shobhan M Thakore	Non-Executive & Independent Director	5	4 (of which 2 as Chairman)	3	Yes	Nil
Mr. M Lakshminarayan	Non-Executive & Independent Director	3 (of which 1 as Chairman)	1	4	Yes	Nil
Mr. Sanjay Jayavarthanavelu	Non-Executive & Independent Director	10	2	4	No	Nil
Mr. K Srinivasan Managing Director	Executive Director	5	1	5	Yes	116308

a Excluding Alternate Directorships and directorships in foreign companies, private companies (which are not subsidiary or holding company of a public company) and Section 25 companies.

b Only audit & investors' grievance committee.

3. Board Committees

The Board has set up the following Committees as per the applicable regulations:

a. Audit Committee

This committee has been formed to monitor and provide effective supervision of the financial control and reporting process. The terms of reference of the committee are in line with the requirements of the Companies Act, 1956 and the Listing Agreement. This inter alia includes review of the financial reporting process (including related party transactions), internal audit process, adequacy of internal control systems and also to recommend the appointment of the statutory / internal auditors and their remuneration. This committee is entirely composed of independent directors and all members of the committee are financially literate.

The committee met on five occasions during the year. The Chairman of the Board, the statutory auditor, internal auditor and members of the senior management are permanent invitees to the committee meetings. The names and attendance of the committee members are given below:

Name of member	Meetings attended
Mr. Subodh Kumar Bhargava (Chairman)	5
Mr. T L Palani Kumar	5
Mr. M Lakshminarayan	4

b. Compensation & Nomination Committee

The main functions of this committee are to (a) recommend to the Board the appointment/reappointment of the executive and non-executive director and the induction of Board members into various committees (b) approve the remuneration package of the executive director(s), annual incentive and periodic increments in salary (c) to formulate, implement, administer and superintend the Employee Stock Option Scheme(s). This committee comprises entirely of independent directors.

The committee met four times during the year. The names and attendance of committee members are given below:

Name of member	Meetings attended
Mr. Subodh Kumar Bhargava (Chairman)	4
Mr. T L Palani Kumar	4
Mr. Shobhan M Thakore	2

c. Risk Management Committee

This committee has been constituted to monitor the risk management process.

The functions of this committee inter alia are to periodically review the Risk Management Policy, to review the progress of implementation of the actions planned in the annual risk framework, to periodically review the process for systematic identification and assessment of the business risks, to assess the critical risk exposures and report to the Board the details of any significant developments relating to these and the action taken to manage the exposures.

The committee comprises of one independent Director and the Managing Director and the senior management are permanent invitees to the committee meetings.

The committee met once during the year. The names and attendance of committee members are given below:

Name of member	Meetings attended
Mr. M Lakshminarayan (Chairman)	1
Mr. K Srinivasan	1

d. Share Transfer, Finance and Investors' Grievance Committee

The terms of reference of this committee encompasses formulation of investors' servicing policies, looking into redressal of investors complaints and approval / overseeing of transfers, transmissions, transpositions, splitting, consolidation of shares and debentures, demat/remat requests, allotment of debentures, over viewing the unclaimed shares suspense account and authorizing terms of various borrowings and creating security in respect thereof, allotment of shares on exercise of options by employees under the Employees Stock Option Scheme and performing other functions as delegated to it by the Board from time to time.

The committee also monitors investor servicing on a continuous basis by receiving monthly reports from the Company Secretary on investor services. The Committee met on five occasions during the year. The names and attendance of Committee members are given below:

Name of member	Meetings attended
Mr. M M Murugappan (Chairman)	5
Mr. Sridhar Ganesh	5
Mr. K Srinivasan	5

14 investor service complaints mainly non-receipt of annual report / dividend have been received from shareholders during the year. All of them have been resolved to the satisfaction of the shareholders. There were no investor service complaints pending as on 31.3.2012.

The Board has appointed Mr. S Dhanvanth Kumar, Company Secretary as the Compliance Officer for the purpose of compliance with the requirements of the Listing Agreement.

4. Directors' Remuneration

a. Policy

The compensation of the managing director comprises of a fixed component and a performance incentive based on certain pre-agreed parameters. The compensation is determined based on level of responsibility and scales prevailing in the industry. The managing director is not paid sitting fees for any Board / Committee meetings attended by him.

The compensation of the non-executive directors takes the form of commission on profits. The shareholders have approved payment of commission upto 1% of net profits of the Company for each year calculated as per the provisions of the Companies Act, 1956. The actual commission paid to the directors is restricted to a fixed sum the aggregate of which is within the aforementioned limit of 1%. This sum is reviewed periodically taking into consideration various factors such as performance of the Company, time spent by the directors for attending to the affairs and business of the company and extent of responsibilities cast on directors under general law and other relevant factors. In keeping with evolving trends in industry, the practice of paying differential commission to Directors based on time spent by them has also been adopted. The non-executive directors are also paid sitting fees within the limits set by government regulations for every Board / Committee meeting attended by them.

b. Remuneration for 2011-12

Non-Executive Directors (Rs. in 000's)

Name	Sitting fees	Commission@
Mr. M M Murugappan	125	10,000
Mr. Subodh Kumar Bhargava	190	500
Mr. T L Palani Kumar	190	500
Mr. Sridhar Ganesh	110	500
Mr. Shobhan M Thakore	65	500
Mr. M Lakshminarayan	130	500
Mr. Sanjay Jayavarthanavelu	60	500
Total	**870**	**13,000**

@ Will be paid after adoption of accounts by shareholders at the fifty eighth Annual General Meeting

Managing Director (Rs. in 000's)

Name	Fixed Component			Variable Component
	Salary & Allowances	Retirement benefits	Other benefits	Incentive [(b)]
Mr K Srinivasan [(a)]	8472	1125	1678	2171

(a) Mr. K Srinivasan was re-appointed as Managing Director by the Shareholders from 1.2.2010 till 31.01.2015. He is subject to all other service conditions as applicable to any other employee of the Company including termination with 3 months notice.

(b) Represents incentive paid in 2011-12 in respect of the financial year 2010-11.

(c) As per the terms of his remuneration, he is eligible for an annual incentive based on a balanced scorecard which comprises of company financials, company scorecard and personal objectives. For 2011-12 a sum of Rs.3.54 million has been provided in the accounts for this purpose. The actual amount will be decided by the Compensation and Nomination Committee in August 2012.

(d) Employee Stock Options granted to employees are accounted based on intrinsic value, as permitted by applicable SEBI Guidelines. Since options are granted at the closing market price prior to the date of grant, the intrinsic value is nil.

(e) The details of options granted to Mr. K Srinivasan under the "Carborundum Universal Limited Employees Stock Option Scheme 2007" are as follows:

No. of options granted	4,43,800 options were granted on 29th September 2007 (Each option is exercisable into one equity share of Re. 1/- each)
Exercise Price	Rs. 91.80 being the market price prior to date of grant
Vesting Schedule	The number of options that would vest is based on the annual performance rating for each financial year and as per the following schedule:- 20%, 20%, 30%, 30% on expiry of 1, 2, 3 and 4 years respectively from the date of grant
Exercise period	Within 3 years from the date of vesting of the respective option

5. General Body Meetings

a. Last 3 Annual General Meetings

Financial Year	Date	Time	Venue
2008-2009	31.7.2009	3.00 PM	T T K Auditorium, Music Academy, 168 (Old No.306) T T K Road, Royapettah, Chennai 600 014
2009-2010	30.7.2010	2.30 PM	T T K Auditorium, Music Academy, 168 (Old No.306) T T K Road, Royapettah, Chennai 600 014
2010-2011	05.08.2011	2.30 PM	T T K Auditorium, Music Academy, 168 (Old No.306) T T K Road, Royapettah, Chennai 600 014

b. Special Resolutions passed during the last three Annual General Meetings

Sl.No.	Item of business	Passed on
1	Amendment of Articles of Association	31.7.2009

6. Disclosures

a. There were no materially significant related party transactions during the year having conflict with the interests of the Company.

b. There have been no non-compliance by the Company or penalty or stricture imposed on the Company by the Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last 3 years.

c. The Company has established a whistle blower mechanism to provide an avenue to raise concerns, in line with the Company's commitment to the high standards of ethical, moral and legal conduct of business. The mechanism also provides for adequate safeguards against victimization of employees who avail of the mechanism and also for appointment of an Ombudsperson who will deal with the complaints received. The policy also lays down the process to be followed for dealing with complaints and in exceptional cases, also provides for direct appeal to the Chairperson of the Audit Committee. It is affirmed that during the year, no employee has been denied access to the audit committee.

7. Means of Communication

The quarterly unaudited financial results and the annual audited financial results are normally published in Business Standard and Makkal Kural. Press releases are given to all important dailies. The financial results, press releases and presentations made to institutional investors/ analysts are posted on the Company's website i.e. www.cumi.murugappa.com.

8. Management's Discussion & Analysis Report

In order to avoid duplication and overlap between the Directors Report and a separate Management Discussion & Analysis Report, the information required to be provided has been given in the Directors Report itself as permitted by the listing agreement.

9. Non Mandatory Requirements

(i) The Board has constituted a Compensation and Nomination Committee. The terms of reference of this Committee is given in para 3 (b) above.

(ii) Financial results for the six months ended 30th September 2011 were sent to the individual households of shareholders. In cases where email addresses were available, the same were sent by electronic mail.

(iii) The Company has put in place a Whistle Blower mechanism.

(iv) The Company's financial statements do not carry any qualifications by the Auditors.

(v) The expenses incurred by the Chairman in performance of his duties are reimbursed.

(vi) The Board has constituted a Risk Management Committee the terms of reference of the committee is given in para 3 (c) above.

Other non-mandatory requirements have not been adopted at present.

10. General Shareholder Information

This is annexed.

11. Corporate Governance Voluntary Guidelines

The Ministry of Corporate Affairs announced a set of voluntary guidelines on Corporate Governance in December 2009. In line with its stated policy of being committed to the principles and practices of good corporate governance, the Company is in compliance with a number of these guidelines, as reported in the earlier paragraphs. Given the government's proposal to re enact the Companies Act, a view on implementation of the remaining guidelines will be taken once the new legislation is passed.

On behalf of the Board

Chennai
2nd May 2012

M M Murugappan
Chairman

DECLARATION ON CODE OF CONDUCT

To

The Members of Carborundum Universal Limited

This is to confirm that the Board has laid down a code of conduct for all Board members and senior management of the Company.

It is further confirmed that all directors and senior management personnel of the company have affirmed compliance with the Code of Conduct of the company as at 31st March 2012, as envisaged in clause 49 of the listing Agreement with stock exchanges.

Chennai
2nd May 2012

K Srinivasan
Managing Director

GENERAL SHAREHOLDER INFORMATION

1. Registered Office of the Company

"Parry House", 43 Moore Street, Chennai 600 001

2. Forthcoming Annual General Meeting

Tuesday, the 7th August 2012 at 2.30 p.m. at T T K Auditorium, Music Academy, T T K Road, 168 (Old No.306) Royapettah, Chennai 600 014.

3. Financial Year

1st April to 31st March

4. Book Closure Dates

Saturday, the 28th July 2012 to Tuesday, the 7th August 2012 (both days inclusive).

5. Share Capital

The paid up capital of the Company was Rs.187,395,562 comprising 187,395,562 equity shares of Re.1/- each.

6. Dividend

The Board of Directors have recommended a final dividend of Re.1/- (per equity share of Re.1/- each) and the same will be paid after approval at the Annual General Meeting. The warrants will be posted by 10th August 2012. In case of shareholders opting for NECS/ECS, the dividend would in the normal course be credited to their accounts by 10th August 2012.

An interim dividend of Re.1/- per equity share was paid in February 2012.

Instructions to shareholders

a) Change of address

Shareholders holding shares in physical form are requested to submit the change of address requests to the Company's registrar M/s Karvy Computershare Private Limited (Karvy), not later than 21st July 2012. In case of shares held in demat form, shareholders are requested to ensure that their Depository Participant updates the change of address in the NSDL / CDSL system latest by 26th July 2012.

b) Electronic Remittance of Dividend

i) National Electronic Clearance System (NECS)

In case of shareholders having accounts with banks using Core Banking Solutions, full details of their bank accounts including their bank account number (having not less than 10 digit) allotted by banks post implementation of the core Banking Solutions (CBS) and the 9 digit MICR Code, may be registered with Karvy for physical shares and with the Depository Participants by 26th July 2012 for electronic shares.

In case of such shareholders, dividend will be directly credited to their bank account through NECS, if their branch participates through NECS clearing.

ii) Electronic Clearing Service (ECS) / Dividend

In case of those shareholders who do not have a NECS compliant bank account, full details of their bank account (including the 9 digit MICR Code) may be registered either with Karvy (in case physical shares on or before 21st July 2012) or with their depository participants (in case of demat shares) on or before 26th July 2012.

The bank account details will be used to remit the dividend by ECS in case of shareholders residing in those designated ECS centers as finalized in consultation with the Company's bankers. In case of shareholders not residing in designated ECS centers, the bank account particulars will be incorporated in the dividend warrant to avoid fraudulent encasement of warrants.

7. Listing on stock exchanges and stock code

Stock Exchange	Stock Code
National Stock Exchange of India Ltd. Exchange Plaza, Bandra-Kurla Complex Bandra (E) Mumbai 400 051	CARBORUNIV
Bombay Stock Exchange Ltd. Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001	513375

Annual listing fees has been paid to the above stock exchanges.

The Board of Directors had in March 2010 decided to delist the Company's equity shares from the Madras Stock Exchange as there was virtually no trading for several years. The application was made in October 2010 in accordance with the SEBI (Delisting of Equity Shares) Regulations 2009, after complying with the formalities. Pursuant to this the Madras Stock Exchange has confirmed delisting of the Company's equity shares, with effect from 4th April 2012.

8. Depositories Connectivity

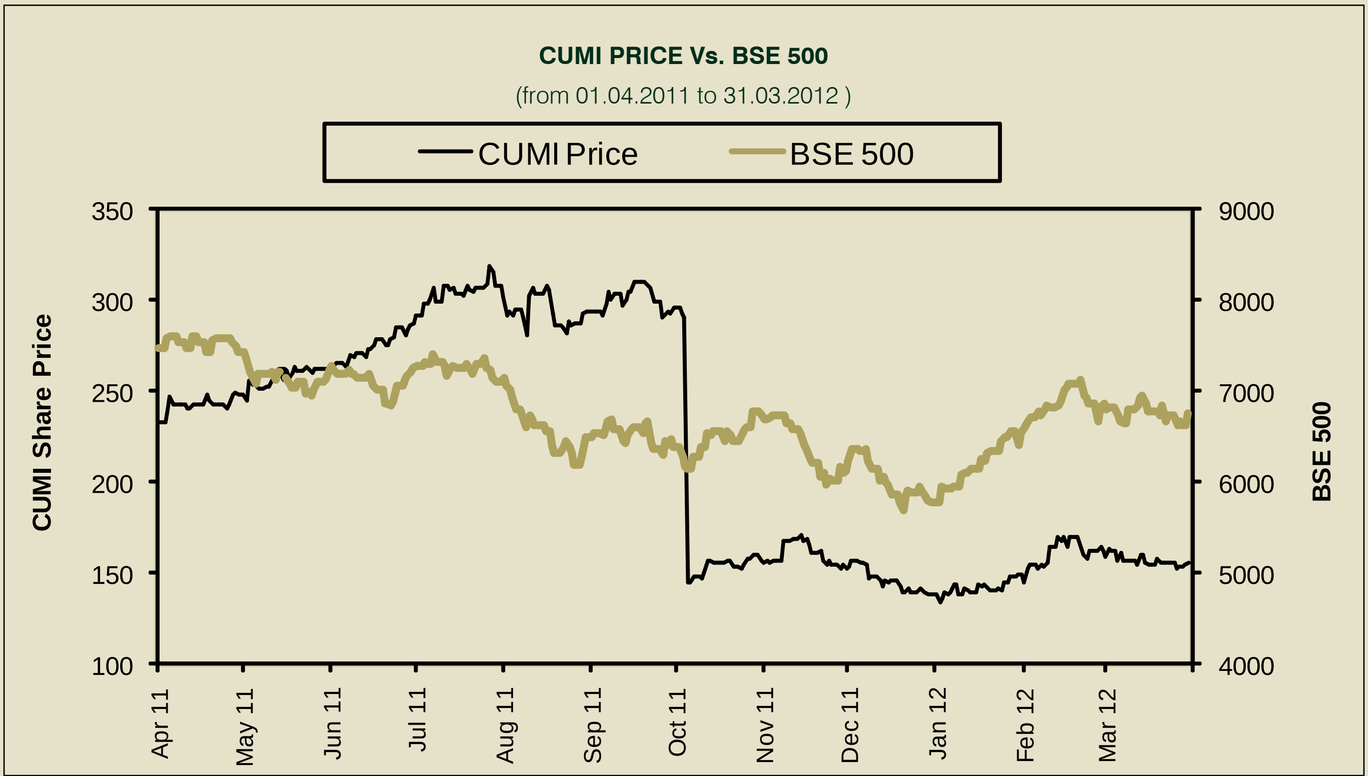
National Securities Depository Ltd. (NSDL)
Central Depository Services (India) Ltd. (CDSL)
ISIN: INE120A01034

9. Market price data & performance in comparison with BSE 500

a. Market price data

Month	Bombay Stock Exchange			National Stock Exchange		
	High Rs.	Low Rs.	Traded Volume (No. of shares)	High Rs.	Low Rs.	Traded Volume (No. of shares)
April 2011	254.00	230.00	294,535	253.00	225.20	8,64,432
May 2011	275.00	240.05	350,382	274.90	244.40	7,59,143
June 2011	288.65	262.00	119,832	288.00	260.00	10,86,223
July 2011	329.50	288.00	133,312	330.00	273.35	2,91,064
August 2011	312.00	266.00	190,253	314.95	255.15	4,01,437
September 2011	316.70	290.00	101,523	315.00	281.00	3,04,945
October 2011	299.35	142.95	49,513	297.50	136.30	1,31,848
November 2011	174.90	151.10	226,581	175.00	136.60	9,76,745
December 2011	157.90	132.00	139,284	157.90	133.00	4,12,815
January 2012	153.50	133.55	215,195	158.00	128.20	9,14,455
February 2012	173.00	141.05	354,419	180.00	135.60	7,45,931
March 2012	167.00	151.05	827,092	167.60	147.10	15,61,603

b. Performance in comparison with BSE 500



Company's equity shares were subdivided from face value of Rs.2/- per share into face value of Re.1/- per share on 7th October 2011

10. Share Transfer Process

The applications for transfer of shares and other requests from shareholders holding shares in physical form are processed by Karvy Computershare Private Ltd.

The Board has delegated the power to approve transfers to the Share Transfer, Finance & Investors' Grievance Committee and also to the members of the Committee and the Company Secretary. The transfers are approved atleast twice a month.

11. Shareholding Pattern/ Distribution

a) Shareholding Pattern as on 31.3.2012

Category	% to total paid up Capital
Promoter Group	42.10
Financial Institutions	5.27
Non-resident (NRI's / FIIs)	14.51
Mutual Funds	10.88
Banks	0.01
Others	27.23
Total	**100.00**

b) Distribution of Shareholding as on 31.3.2012

Category	No. of Holders	% to total	No. of Shares	% to total
1-100	5,190	29.16	248,008	0.13
101-200	2,370	13.32	415,071	0.22
201-500	2,933	16.48	1,093,488	0.58
501-1000	2,193	12.32	1,796,585	0.96
1001-5000	3,865	21.72	10,092,354	5.39
5001-10000	639	3.59	4,640,328	2.48
Above 10000	607	3.41	169,109,728	90.24
Total	**17,797**	**100.00**	**187,395,562**	**100.00**

12. Dematerialisation of shares

The Company has signed agreements with both National Securities Depository Limited (NSDL) and with Central Depository Services (India) Ltd. (CDSL) to provide the facility of holding equity shares in dematerialised form.

As per SEBI's instructions, the Company's shares can be sold through stock exchanges only in dematerialised form.

As on 31st March 2012, 182,226,954 equity shares constituting 97.24% of the total paid up capital of the company have been dematerialised.

13. Outstanding GDRs / ADRs / Warrants etc.

The outstanding position of Employee Stock options as on 31st March 2012 and their likely impact on the equity share capital is as under:

Sl. No.	Grant Date	Exercise Price (Rs.)	Net Outstanding Options [a]	Likely impact on full exercise	
				Share Capital Rs. million	Share Premium Rs. million
1	29-Sep-07	91.80	1,021,028	1.02	92.71
2	24-Jul-08	61.40	42,822	0.04	2.59
3	27-Jan-11	125.08	636,868	0.64	79.02
4	27-Jan-11	125.08	317,880	0.32	39.44
5	30-Apr-11	124.15	73,600	0.07	9.06
6	05-Aug-11	146.00	420,000	0.42	60.90
7	04-Feb-12	155.00	151,600	0.15	23.35
	Total		**2,663,798**	**2.66**	**307.07**

Notes:

a. Net of Options cancelled on resignation / retirement of employees and conditional vesting

b. Each Option gives the holder a right to subscribe to one equity share of Re.1/-

c. The vesting of options granted, is based on the annual performance rating for each financial year and as per the following schedule:-

(i) In respect of 4,194,200 options, 20% each on expiry of 1 and 2 years from the date of grant and 30% each on expiry of 3 and 4 years from the date of grant.

(ii) In respect of 334,400 options, 40% on expiry of one year from the date of grant and 30% each on expiry of 2 and 3 years from the date of grant.

Other than the above, there are no outstanding GDRs/ADRs/Warrants or any other convertible instruments.

14. Unclaimed Shares

As per the amendment to Clause 5A of the Equity listing agreement in December 2010 by Securities and Exchange Board of India, all physical shares, which remains unclaimed by shareholders, need to be demated by the company and kept in an "Unclaimed Suspense Account" to be opened by the Company for this purpose. As per the requirements of the amended clause, the Company had sent three reminders to the respective shareholders. The shares in respect of which no valid response has been received have been transferred to the "Unclaimed Suspense Account" on 29th March 2012.

Shareholders are entitled to claim these shares after complying with laid down procedures. As and when the shareholder approaches the Company, after proper verification, the Company shall either credit the shares to the Shareholder's Demat account or deliver the physical certificates after re-materialising the same, depending on the option of the shareholder.

All the corporate benefits accruing on these shares like bonus shares, subdivision etc. will also be credited to the Unclaimed Suspense Account and the voting rights on these shares shall remain frozen until the claim is made by the shareholder and the shares are restored in the shareholders name.

		No. of Shareholders	No. of shares
(i)	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the beginning of the year	There are no particulars to be furnished, since the shares were transferred to unclaimed suspense account only on 29th March 2012	
(ii)	Number of Shareholders who approached the issuer for transfer of shares from the Unclaimed Suspense Account during the year		
(iii)	Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year		
(iv)	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the end of the year	600	974,230

15. Address for correspondence

a. Investors Services Officer

M C Gokul
Asst Company Secretary
Carborundum Universal Limited
Parry House, 43 Moore Street,
Chennai 600 001.
Tel: +91-44-30006142
Fax: +91-44-30006149
Email : investorservices@cumi.murugappa.com

b. Registrars and Share Transfer Agents

Karvy Computershare Private Limited
Plot Nos. 17-24, Vithal Rao Nagar,
Madhapur, Hyderabad - 500 081.
Tel: (040) 23420815 to 23420824
Toll Free No. 1-800-3454001
Fax: (040) 23420814
email: einward.ris@karvy.com
website: www.karvy.com

16. Plant Locations

1. Plant Locations of Carborundum Universal Limited, India

a) 655, Thiruvottiyur High Road, P B No.2272, Tiruvottiyur, Chennai 600 019 Tamil Nadu. Tel : +91-44-3924 9000 / 9001, Fax : +91-44-2573 0717

b) Plot No.48, SIPCOT Industrial Complex, Hosur 635 126, Dharmapuri District, Tamil Nadu. Tel: +91-4344-304000/304067/304068, Fax: +91-4344-277060

c) Gopalpur Chandigarh, P.O. Ganga Nagar, Kolkata 700 132, West Bengal Tel : +91-33-32023243, Fax : +91-33-25386331

d) C-4 & C-5, Kamarajar Salai, MMDA Industrial Complex, Maraimalai Nagar 603209 Kancheepuram District, Tamil Nadu Tel : +91-44-30006301 / 6302 Fax : +91-44-27453097

e) F-1/2, F2 - F5, SIPCOT Industrial Park, Pondur "A" Village, Sriperumbudur - 602105. Kanchipuram District, Tamil Nadu. Tel: +91-44-30006400/6401, Fax : +91-44-30006410

f) K3, ASAHI Industrial Estate, Latherdeva Hoon, Mangalore Jhabrera Road, PO Jhabrera Tehsil Roorkee, Hardwar District, Uttranchal – 247667. Tel: +91-1332-398335, Fax +91-1332-398325

g) Plot No.77, Bommasandra, Jigani Link Road, Jigani Industrial Area, Jigani, Bengaluru 526 106, Karnataka. Tel : +91-80-27839041/42/43/44, Fax : +91-80-27839040

h) PB No.1 Kalamassery, Development Plot P.O, Kalamassery 683 109, Ernakulam District, Kerala. Tel : +91-484-3023600, Fax : +91-484-2532019

i) PB No. 3 Nalukettu, Koratty 680 308, Trichur District, Kerala. Tel : +91-480-3023017, Fax : +91-480-2732821

j) Bhatia Mines, Bhatia Western Railway, Jamnagar District, Gujarat 361 315 Tel : +91-2891-233464

k) P.B No.2 Okha Port P.O., Jamnagar District, Gujarat 361 350 Tel : +91-2892-262063, Fax : +91-2892-262928

l) Plot No.7 & 18, Cochin Special Economic Zone (CSEZ), Kakkanad 682037, Kochi, Kerala, Tel : +91-484 – 3023735, Fax +91-484 – 2413376

m) Plot No.47, SIPCOT Industrial Complex, Hosur 635 126 Dharmapuri District, Tamil Nadu, Tel : +91-4344-304200/ 304286, Fax : +91-4344-276028

n) Super Refractories Division, Plot No.102 & 103, SIPCOT Industrial Complex (Phase II), Ranipet 632 403, Tamil Nadu, Tel : +91-4172-306700, Fax : +91-4172-244982

o) Super Refractories Division – Plant 2, Serkaddu Village, Vinnampalli Post, Katpadi Taluk, Vellore District – 632 516, Tamil Nadu, Tel : +91- 4172 – 306800/6802, Fax :+91- 4172 – 306830

p) Plot Nos. 35,37, 48-51, Adhartal Industrial Estate, Jabalpur - 482 004, Madhya Pradesh, Tel : +91-761-3265004 / 5005, Fax: +91-761-2680678

q) Maniyar Hydroelectric Works, Maniyar P.O., Vadasserikara, Pathanamthitta District, Kerala 689 662, Tel : +91-4735-274223, Fax : +91-4735-274223

r) 29- Jigani Ind Area, Jigani – Anekal Taluk, Bengaluru 560 105, Karnataka, Tel : +91-80-27825805

2. Plant locations of Subsidiaries / Joint Ventures

a) Sterling Abrasives Ltd., Plot No.45/46 G I D C Estate, Oadhav Road, Ahmedabad - 382 415, Gujarat, India. Tel : +91-79-22870905/907, Fax : +91-79-22974102

b) Southern Energy Development Corporation Ltd., 29, Nallur PO, Aadichapuram, (Via) Mannargudi Taluk, Tiruvarur District - 614 717, Tamilnadu, India. Tel : +91-4367-277536/277572, Fax : +91-4367-277575

c) Murugappa Morgan Thermal Ceramics Ltd., Plot No.26 & 27, SIPCOT Industrial Complex, Ranipet - 632 403, Tamilnadu, India. Tel : +91-4172-244313/247097, Fax +91-4172-246140

d) Murugappa Morgan Thermal Ceramics Ltd., Plot No.681, Moti Bhoyan Village, Sanand-Kalol Highway, Kalol Taluk, Gandhinagar Dist., Gujarat - 382 721, India. Tel : +99252 34062

e) Wendt (India) Ltd., 69/70, SIPCOT Industrial Complex, Hosur - 635 126, Dharmapuri District, Tamil Nadu, India. Tel : +91-4344-276851/276852, Fax : +91-4344-276853/276253

f) Volzhsky Abrasive Works, 404130 Volzhsky, Volgograd Region, Autodoroge 6, 18, Russia, Tel : +007-495-6842532, Fax: +007-495-684 2545

g) Foskor Zirconia Pty. Ltd., PO Box 1, Phalaborwa, South Africa, 1390. Tel: + 27-15-789 2346, Fax: + 27-15-789 2463

h) CUMI Abrasives & Ceramics Co. Ltd., East Ring Road, No.9, Yanjiao, Sanhe, Hebei, P.R., China, 065201. Tel: +86-316-5856089, Fax: +86-316-5856081

i) CUMI Australia Pty. Ltd., 29 Gipps St, Carrington, NSW, 2294, Postal Address: PO Box 142, Carrington, NSW, 2294. Tel : +61-2-49400035, +61-2-49400362, +61-8-92484248, Fax: +61-2-49400037

j) CUMI Australia Pty. Ltd., 1/253 Beringarra Ave, Malaga, WA 6944, Postal Address: PO Box 2538, Malaga, WA 6944. Tel +61-8-9248 4248, Fax: +61-8-9248 4246

k) CUMI Australia Pty. Ltd., 20, Waurn St, North Rockhampton, QLD 4701, Postal Address: PO Box 6494, Central QLD Mail Centre, Rockhampton, QLD 4702. Tel: +61 7 4927 4417, +61 7 4921 2646, Fax: +61 7 4927 4418

l) CUMI Canada Inc., 149, Industrial Crescent Summerside, PE C1N 5P8, Canada. Tel: +902-436 6500, Fax : +902-888 2972

m) Wendt Grinding Technologies Limited, 109/21 Moo 4, Eastern Seaboard Industrial Estate (Rayong), Tambol Pluakdaeng, Amphur Pluakdaeng, Rayong 21140, Thailand. Ph : +66-3895-5490 / +66-3895-5491-2 Ext. 10, Fax : +66-3895-5493

On behalf of the Board

Chennai
2nd May 2012

M M Murugappan
Chairman

Cautionary Statement

This communication contains statements relating to future business developments and economic performance that could constitute 'forward looking statements'. While these forward looking statements represent the company's judgments and future expectations, a number of factors could cause actual developments and results to differ materially from expectations. The Company undertakes no obligation to publicly revise any forward-looking statements to reflect future events or circumstances. Further investors are requested to exercise their own judgment in assessing various risks associated with the Company and also the effectiveness of the measures being taken by the Company in tackling them as those enumerated in this report are only as perceived by the management.

Concept & Design

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