Glorious Past. Exciting Future.

CARBORUNDUM UNIVERSAL LIMITED
ANNUAL REPORT 2014-15

Contents

Business Overview

Management Reports

Financial Statements

Note: Across this report, the word ''CUMI'' refers to ''Carborundum Universal Limited.''

Cautionary Statement

This Report 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 judgements 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 judgement 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.

Electrominerals

Glorious Past.
Exciting Future.

Circa 1954: The world is still recovering from the devastation of the War. Two leading companies, Carborundum from the United States of America and Universal Grinding Wheel from the United Kingdom, decide to set up an Abrasive plant in India in association with Murugappa Group, the local partner, as a tripartite Joint Venture (JV). The overseas partners propose to christen this company as 'Carborundum Universal Ltd.' The Indian partner, despite holding equal stake, chooses not to insist on its name too forming a part. The self-effacing nature coupled with an unwavering commitment to build a Global business helped the Indian partner to navigate through all the subsequent events. In the quintessential Murugappa way!

The next 20 years proved a pioneering period in India, leading to an endless list of 'firsts'. The first Large scale Vitrified Abrasive plant, first Fused Mineral plant, first Resinoid plant and so on. CUMI, as Carborundum went on to be popularly known, became synonymous with Grinding, Consistency and Quality. The business grew, both in scale and profits. Glorious days indeed!

What followed next was a period of backward integration. A phase of securing raw material and energy assets. Here again, there were many firsts. CUMI went on to become the first Company to have its own hydroelectric power plant; the first Abrasive Company to have its own Bauxite mines and its own cloth and resin production facility and perhaps the only company to have a Fused Cast Refractory plant in Asia, outside of Japan. All this was made possible by the in-house R&D setup and a committed workforce that helped the Company reach unprecedented heights of growth and success. From having the ability to absorb 'Know-how' to develop insight to understand 'Know-why', the Company progressed over the years to build its own IPs.

The opening up of the economy brought global competition to India – imports increased and several overseas companies started setting up local operations. Many Indian companies succumbed to the test of global competitiveness but CUMI came out a winner!

Not only did it continue to grow but eventually went global. CUMI's foresightedness in building alliances, partnerships and joint ventures to address newer opportunities and to access cutting edge technologies helped.

It was the time when customer facing organisations were being set up in the US, Australia, Canada and the Middle East. CUMI acquired strategic assets to buttress its position as a comprehensive and competitive supplier of Abrasives, Ceramics and Electrominerals. As a result of the move, over 50% of the Company's revenue on a consolidated basis started coming from outside of India. CUMI had finally arrived on the global scene as a strong Material Science company.

As we look into the future, we see exciting times ahead. Today, the world is increasingly moving from metal based manufacturing towards composites, non-metals, smart materials etc. Grinding, which was predominantly a 'correction process', is evolving as a 'finishing process'. With its strong background and sound processes coupled with steely passion to excel, CUMI is well poised to thrive in the exciting future ahead.

Energy hour celebration at Sriperumbudur plant

Employees:

The cornerstone of our existence

Any organisation is as good as the people who work for it. Rightly so, CUMI has always been an employee friendly company. The trust and camaraderie among its employees is enviable. It is this trusting and caring ecosystem that allows CUMI to nurture a workforce that works passionately in building a great company. Glorious indeed.

Today, CUMI has over 5000 employees from 10 nationalities working in tandem for a single purpose. Women constitute over 20 per cent of the workforce. There are over 250 post graduates and doctorates across its various locations. CUMI offers various platforms like e-learning, in-house doctoral programmes, leadership development programmes etc. for enhancing the competency and engagement levels of its employees. An attrition rate at a low single digit best exemplifies our employee engagement process.

Clearly the CUMI-ites will not be waiting for the future to happen but will be ushering it in with unique products, solutions and processes. The young and energetic CUMI team is the Exciting Future !

CFBC Boiler - Transition Duct Monolithics lining

The Customer:

The King, The Queen & The Empire!

Being predominantly an industrial consumable supplier, CUMI continues to remain a customer focused organisation. We do not believe in merely making and selling products but in making them to suit the specific needs of our customers.

Right from the days of the closed market environment, the Company has worked closely with its customers to build import-substitute solutions and enhance their overall performance. Thus, the customer was and remains the centre of all its activities. Understanding their needs, being sensitive to their pain points as well as keeping track of the emerging trends in the industry; all these traits have been ingrained deep in the Company's DNA. It is this deep insight that allows CUMI to produce suitable products and solutions. The wide range of varied application engineering solutions that the Company offers enables its customers to enhance their efficiency. At CUMI, every day, over 150 of its finest engineers are out there working closely with customers and working hard to maximise the output from its products albeit it could reduce the Company's Sales to them. Rightly so, it is always 'Customer first' at CUMI.

Last year, in Abrasives, over 25 per cent of our products were one-offs. It was mass customisation. This laser sharp focus on Customer need ensures a trusting and enduring relationship. This is the bed-rock on which the Company seeks to build an exciting future of co-creation. The Customer and CUMI working together bring products and solutions delighting the ultimate customer.

Coating Booth for Metallized Ceramics, Hosur

Innovation:

Doing & not just dreaming

The days of past were all about finding innovative solutions to resolve various constraints such as shortage of raw Pet Coke, High Grade Bauxite etc. With every problem came the strength to resolve and come up with solutions that were not only path breaking but also functional.

Innovation in the manufacturing process helped reduction in cost of products and greatly benefitted the customers. The next phase of innovation was to create new products and applications ideally suited for specific markets and customers. Standing examples of this are the Jawan WPP, the Ball Master, Concord Flit etc. Each of these products continue to be unbeatable in their respective category. CUMI has always been the 'go-to' company for any development for our Customers – a testimony to the Company's innovation prowess.

With 3 R&D sites certified by the Department of Science and Technology and with over 100 Post Graduates and Doctorates working across various locations, CUMI is at the cutting edge of technology in its various businesses. It is assiduously working towards creation and deployment of intellectual property (IP) leading to better business opportunities and market positioning. Last year alone, it created over 20 new IPs.

With increased R&D focus, alliance with technologists, research organisations and institutions, Innovation at CUMI can only accelerate further. Exciting future ahead.

New Launches

Abrasives

- Zirconia Snagging Wheel for grinding of alloy castings
- Latex Water Proof Sheets
- A range of Thin Wheels and Ultra Thin Wheels
- Technical Products in Coated Abrasives – Discs & Belts

Industrial Ceramics

- Tough Alumina Ceramics Formulation & New Design Tile for Dry Grinding Application
- Zirconia based components for Oxygen Sensor Application
- Development of Ceramic Injection Moulding
- Development TSR Zirconia nozzles for tundish application
- Cumitherm (aluminum titanate)

Electrominerals

- Material for DPF –SiC and Mullite
- SiC for MMC
- Surface modified abrasive grains
- Structured ceramic grains – Vitrified and resinoid abrasives

Refractories

- Silicon Carbide / Nitride bonded Silicon Carbide wear resistant parts for boiler/Power Generation
- Functional refractory like Steel Refining Lance
- Consumable for Foundry specifically for Super Alloy Casting
- Tap Hole Clay for Blast Furnace
- Special Monolithic products through shotcrete application

State of the art powder processing facility

Process Driven:

Creating an enduring, scalable & global organisation

CUMI is one of the very few companies in its space, globally, that can claim to have been with the same ownership for over 60 years. Yet it has never been run by any single person.

TPM Excellence award from JIPM

Though it commenced operations with one plant and as a single SBU organisation, over the next six decades it has grown into a consolidated entity with more than 15 subsidiaries and JVs operating across 7 countries in multi-business segments selling its products in over 50 countries. Add to this, the complexity of handling over 20,000 SKU's. Real time management of such a distributed business within a dynamic environment would simply not have been possible without robust systems and processes.

CUMI operates one of the most evolved systems of Business Processes across its various units that effectively control the business. Its strong Information Technology framework connects all of its businesses leading to seamless flow of information to the respective monitoring systems. There is an ongoing process improvement across all SBU's championed under the TQM umbrella. Specific businesses have taken up implementation of Lean, six-sigma, strategic TPM etc., as a means to enhance their competitiveness.

The Company's strong internal control system and structured risk management framework enable it to address business complexities.

Indian Ambassador to Russian Federation - Mr. P S Raghavan's visit to VAW in Nov 2014

Koratty Plant, Kerala

Corporate Responsibility:

Our Commitment to the shareholders and to the society at large

CUMI has an enviable track record of 60 years of growth and profit. It has been paying dividend to its shareholders every year since 1957.

Structured quarterly earnings call and press releases have ensured that there is a transparent communication to the shareholders on the happenings in the Company.

Being socially responsible is an integral part of CUMI. Its plants are known for their environmental care. Most of them are SHE certified and are seen as Model plants with Zero discharge and Zero emission. The process for getting SA8000 certification has commenced in its various plants.

The Company is well-focused on health, education and skill development initiatives for the well-being of the neighboring communities of its facilities.

Building on a glorious past, we step into an exciting future in our journey of 'making materials work for man'.

Vellayan Chettiar Higher Secondary School, Tiruvottiyur

Practical session at CCSD, Hosur

Valliammai Achi Hospital, Kanyakumari Dist.

Financial Highlights

₹ million

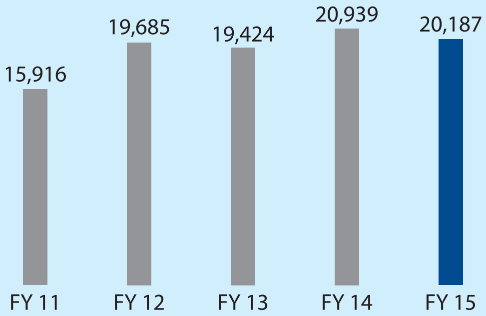
Summary information	Consolidated performance					Standalone performance				
	2015	2014	2013	2012	2011	2015	2014	2013	2012	2011
Net Sales	20,187	20,939	19,424	19,685	15,916	11,518	11,276	10,800	11,052	9,105
EBITDA *	2,896	2,735	2,502	4,022	3,121	1,800	1,645	1,712	2,354	2,002
PBIT *	1,892	1,825	1,791	3,453	2,616	1,212	1,154	1,244	1,918	1,602
PBT	2,204	1,543	1,519	3,227	2,580	1,994	1,024	1,080	1,894	1,643
PAT	1,326	915	898	2,193	1,708	1,483	728	745	1,467	1,243
Net Fixed Assets	7,204	8,260	8,273	6,500	5,525	4,070	4,283	4,286	4,126	3,874
Net Working Capital	3,790	4,491	4,324	5,023	3,911	2,939	2,593	1,662	1,755	1,165
Non Current Investments	78	81	12	12	476	2,375	1,306	1,246	1,246	1,641
Shareholders Networth	10,887	11,060	10,592	9,470	7,455	8,599	7,336	6,845	6,366	5,282
Loan Funds	3,402	4,563	4,349	3,992	4,085	835	1,188	1,322	1,596	2,288
Ratio Analysis										
Performance Ratios										
EBITDA / Net Sales %	14%	13%	13%	20%	20%	16%	15%	16%	21%	22%
PBIT / Net Sales %	9%	9%	9%	18%	16%	11%	10%	12%	17%	18%
Asset Turnover times	1.1	1.1	1.1	1.3	1.2	1.3	1.2	1.2	1.3	1.2
Return on Capital Employed %	12%	11%	12%	26%	23%	13%	14%	15%	23%	22%
Return on Equity	12%	8%	9%	26%	26%	19%	10%	11%	25%	26%
International Revenue share %	46%	50%	51%	49%	47%	20%	19%	21%	22%	21%
Leverage Ratios										
Interest Cover times	11.4	9.7	9.2	16.1	11.5	20.7	12.7	10.4	13.5	9.8
Debt Equity Ratio	0.3	0.4	0.4	0.4	0.5	0.1	0.2	0.2	0.3	0.4
Debt / Total Assets	0.2	0.2	0.2	0.2	0.3	0.1	0.1	0.1	0.2	0.2
Liquidity Ratio										
Current Ratio	1.7	1.8	1.8	2.0	2.0	2.6	2.2	1.6	1.7	1.5
Activity Ratio										
Inventory Turnover days	74	73	76	67	63	63	59	62	57	55
Receivable Turnover days	71	68	68	64	70	71	69	65	60	68
Creditors No. of days	49	46	48	44	44	43	43	45	44	47
Cash Cycle days	96	95	96	87	89	91	85	82	73	76
Investor related Ratios#										
Earning Per Share (₹)	7.1	4.9	4.8	11.7	9.1	7.9	3.9	4.0	7.8	6.7
Dividend Per Share (₹)	NA	NA	NA	NA	NA	1.2	1.2	1.3	2.0	1.2
Dividend Payout	NA	NA	NA	NA	NA	16.7%	36.2%	36.2%	29.1%	21.0%
Price to Earnings Ratio	25.4	25.3	31.0	12.8	12.3	-	-	-	-	-
Enterprise Value / EBITDA	12.7	10.1	12.8	7.9	8.0	NA	NA	NA	NA	NA
Enterprise Value / Net Sales	1.8	1.3	1.7	1.6	1.6	NA	NA	NA	NA	NA

* excluding exceptional income / (expense) (Net)

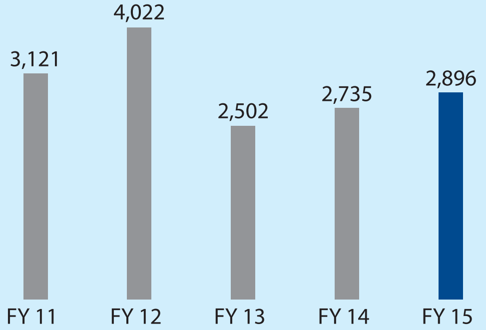
Investor related ratios for the earlier years were made comparable with the current year consequent to sub-division of the face value of equity share from ₹ 2 per equity share to ₹ 1 per equity share.

Refer page 135 for Glossary.

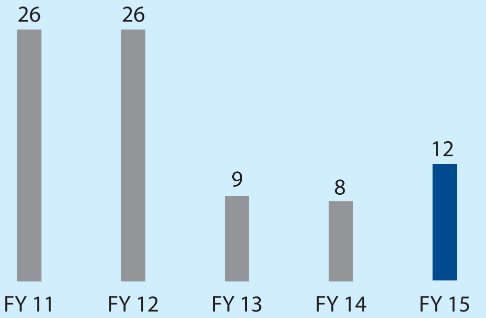
Net Sales (₹ Million)



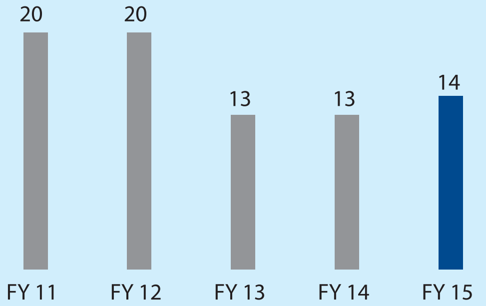
EBITDA (₹ Million)



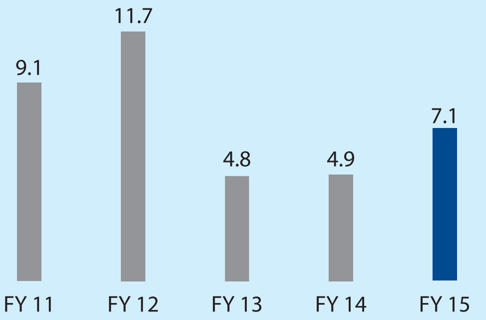
Return on Equity (%)



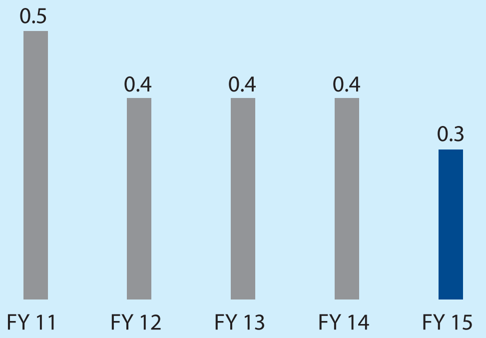
EBITDA Margin (%)



Earning per Share (₹)



Debt / Equity (x)



Chairman's
Message

While operations and cost management were areas of primary focus at the business units, investments in Research and Development, Applications Engineering and Customer Partnership programmes across CUMI were well supported.

The year 2014-15 was yet another challenging year for CUMI. While it started with an expectation of improvement in the economy globally and in India, it progressed very slowly in what can be termed at best a subdued growth. North America gained momentum largely through a supportive monetary policy in the US, while the economic revival in the Euro Zone was very slow. Falling crude oil prices had a mixed impact on countries. In India, a new majority government was elected to power with high expectations of framing policy to spur economic growth. Though the intent remains strong, such growth did not gather momentum during the year. Russia witnessed an unprecedented depreciation in its currency while the rest of the world witnessed subdued yet steady economic activity. The continuing volatility and uncertainty had a strong impact on CUMI, its associates and joint ventures in India and across the world.

Against this backdrop, CUMI, its subsidiaries, joint ventures and associate companies had a difficult year. Consolidated revenues declined by 3.6 per cent largely owing to currency translation losses caused by the depreciation of the Russian Rouble. Cost pressures in the geographies of India, Russia and South Africa, mainly on electricity, a vital input to the manufacturing process, triggered the need for a more focused efficiency drive and a relentless cost management effort across the Company. The CUMI team rose to the occasion by using alternate materials, improving plant efficiencies and careful planning and monitoring of power utilisation. The practice of Total Productive Maintenance (TPM)took firmer roots with two of the Company's Coated Abrasives units, in Sriperumbudur and Maraimalai Nagar in India being awarded the TPM award for excellence-Category A by the Japan Institute of Plant Maintenance - A commendable recognition achieved after a very rigorous evaluation. Other plants are well on their way towards similar and higher goals. These efforts have resulted in a 6 per cent growth in operating profits.

While operations and cost management were areas of primary focus at the business units, investments in Research and Development, Applications Engineering and Customer Partnership programmes across CUMI were well supported. All these have resulted in an increasing number of intellectual property filings through the year. Simultaneously, with a view to ensure strong and sustained financial strength amid such uncertain and rapidly changing economic environment, noncore land assets in India were sold. The proceeds from this were used to reduce debt obligations at the consolidated level.

As a matter of both, prudence and continued future confidence, the dividend has been maintained at ₹ 1.25 per share, thus continuing an unbroken dividend track record of 58 years.

Abrasives, CUMI's largest operating business witnessed muted sales growth in India. However, operating margins improved owing to improved efficiency across the value chain and strong distributor and customer partnerships. Abrasives sales in Russia declined owing to a significant downturn in the user industry activity. In China, the business was impacted by demand contraction and price competition, causing a relook at the business model and structure going forward. CUMI's subsidiary, Sterling Abrasives, which manufactures specialist conventional Abrasives and joint venture, Wendt India, which addresses Super Abrasives and Grinding machines had a year of profitable growth. Exports from all the operations showed a consistent uptrend.

Electrominerals in Russia, India and South Africa had a difficult year. Despite the currency depreciation in Russia, higher electricity costs and trade limiting factors, VAW had a very good year. Lower customer offtake in Europe was compensated by improved sales within Russia with realignment of the product mix. The Indian operations focused on new product development in the Semi Friable, Sol gel and Alumina-zirconia range of products. The biggest challenge was in South Africa wherein increasing input costs rendered the Thukela plant in Isithebe unviable and hence causing a closure decision. The Electrominerals and the Refractories facilities will be relocated to the Edapally and Jabalpur manufacturing sites in India. The Bubble Zirconia plant of Foskor Zirconia did not operate consistently and will in due course be moved to India as well, as we believe that with greater levels of skill and technical attention the plant operations can improve significantly.

The Ceramics businesses had a mixed year. Industrial Ceramics did well both in the wear-resistant tiles and equipment in India and Australia, as well as in Metallised Ceramics with strong support from existing customers and increased acceptance from new customers across the world. The Refractories business had a difficult year both in dense and monolithic products with many firm customer contracts being postponed owing to the decline in their customer demand. This should see improvement progressively with orders already in place. The Polymer and Glass Fibre composite business made steady progress. During the year, the stake of Cellaris Israel, the joint venture partner in Cellaris Refractories India was purchased. The facility in Kochi, India will be refurbished to produce ultralight refractory materials and products. The Refractory Ceramic Fibre joint venture, Murugappa Morgan Thermal Ceramics and the Refractory Engineering venture, both in partnership with Morgan Advanced Materials, turned in excellent business and financial performances.

To support the Electrominerals businesses across CUMI and key customers of all CUMI operations, CUMI Europe was established in the Czech Republic. This will provide a good avenue for greater customer connect in the European region.

Capital Expenditure across all CUMI businesses largely focused on new products, improving quality standards, automation and enhancing Research and Engineering capabilities. Partnerships that support the enhancement of technological expertise through academic and research institutions continued strongly with a view towards providing newer product and service offerings to customers. CUMI continues its focus on training and development across the Organisation and geographies, thus reinforcing its strong commitment to people as its most valuable resource. Safety in the work place receives the highest attention from the Board and it has been a good year on this front as well.

Prudent management of working capital has resulted in the debt equity ratio being the lowest in the last decade. Finance and Information Technology teams at the corporate office and across all units have been quick to ensure compliance with rapidly changing regulations across the world, while supporting all the businesses in fulfilling their strategic intent and directions.

It has been another year of great challenge across businesses and the entire CUMI team very ably led by our Managing Director K Srinivasan, together with leaders across units and geographies has done well to face such challenges with great commitment, conviction and courage. My sincere thanks and profound gratitude to every member, as we, at CUMI, believe that everyone's role is vital to the development and progress of the Company. Our Board has been of great support to the Company, its leadership and to me, personally, through their involvement, expertise and wise counsel. I thank them for their guidance through the year. We are very pleased to welcome to the Board Mrs. Bharati Rao, a successful banker of outstanding merit. Her joining the Board gives us a very balanced perspective borne out by great experience.

To all our stakeholders, customers, suppliers, vendors, bankers and you – our valued shareholders, I express our most grateful thanks for your unstinted support.

Over 60 years, CUMI has progressed from a small Abrasives business towards addressing opportunities in the field of material sciences. Today, teams of people, drawn from various businesses are working together alongside our leadership to craft a future path that will traverse new dimensions of materials science and technology. Hence from humble beginnings of just Making Materials Work For Man or Making Scarce Materials Go Farther, we at CUMI wish to progressively move towards "Making Materials Matter".

M M Murugappan

Board of Directors

M M Murugappan, 59 years

He holds a Masters Degree in Chemical Engineering from the University of Michigan, USA. He has held the position of Managing Director of CUMI in the past. Besides serving as the Chairman of Tube Investments of India Limited, he is on the Boards of many companies including Mahindra & Mahindra, Cholamandalam Investment and Finance, Cyient and Shanti Gears. Mr. Murugappan holds a honorary membership in Indian Ceramic Society and Memberships in American Institute of Chemical Engineers, Indian Institute of Chemical Engineers and Plastics & Rubber Institute besides being on the Board of Governors of IIT, Madras.

T L Palani Kumar, 65 years

He is a Graduate in Chemical Engineering from IIT, Madras and a Post Graduate (Diploma) in Business Administration from IIM, Ahmedabad. He has served as the Chief Executive Officer of Escorts Tractors Limited, New Holland Tractors Pvt. Limited and as the Managing Director of Bharat Aluminium Company Limited. He is also on the Board of SBI Mutual Fund Trustee Company Pvt. Limited and Fostiima Integrated Learning Resources Pvt. Limited.

M Lakshminarayan, 68 years

He holds a Masters degree in Mechanical Engineering from IIT, Mumbai and is a fellow member of the Indian Institute of Production Engineering. Besides being the current Chairman of WABCO India and Managing Director of Harman International (India) Pvt. Limited, he is also on the Boards of Rane (Madras) Limited, TVS Electronics and Kirloskar Oil Engines India Limited. He has served as the Joint Managing Director of Bosch Limited.

He has been the Chairman of Confederation of Indian Industry, Southern Region Council & Karnataka State Council besides being a member of Karnataka State Industrial Policy Board, and an Executive Council Member of Indian Machine Tool Manufacturer's Association.

Shobhan Thakore, 67 years

He holds a Bachelors degree in Arts (Politics) and Law from the Mumbai University. Is a Solicitor of High Court, Mumbai and the Supreme Court of England and Wales. Has been a partner of Bhaishankar Kanga & Girdharlal and AZB & Partners, Advocates & Solicitors and is the co-founder of Talwar Thakore & Associates. He is currently on the Boards of various companies including Alkyl Amines Chemicals Limited, Bharat Forge Limited and Morarjee Textiles Limited. Mr. Shobhan has more than 4 decades of experience as an advocate.

Sanjay Jayavarthanavelu, 46 years

He holds a Masters degree in Business Administration from Philadelphia University, USA. Currently, he is serving as the Chairman and Managing Director of Lakshmi Machine Works and Chairman of Super Sales, Lakshmi Life Sciences and Quattro Engineering India.

He is also on the Boards of The Lakshmi Mills Company and Lakshmi Technology and Engineering Industries besides being a member of the Southern Regional Council, Confederation of Indian Industry.

Aroon Raman, 55 years

He holds a Masters degree in Economics from Jawaharlal Nehru University, New Delhi and a MBA from Wharton School, USA. He was the Managing Director of Raman Boards Ltd. and then Raman Fibre Science Pvt. Limited. He served as Chairman of Confederation of Indian Industry, Karnataka, during 2010-11. He is currently the Managing Director of Telos Investments & Technologies Pvt. Limited and additionally is on the Board of various companies including Sundaram Finance Limited, Wheels India Limited, Brigade Enterprises Limited, TVS Automobile Solutions Limited and EduTech NTTF Pvt. Limited.

Bharati Rao, 66 years

She holds a Masters in Economics and is a Certified Associate of the Indian Institute of Bankers. She brings in three-decades of rich experience in Banking and Finance. Having joined State Bank of India in the year 1972, she rose to become its Deputy Managing Director, holding concurrent charge of few of its associate Banks and non-banking subsidiaries besides being an Advisor for mergers and acquisitions.

She is also on the Boards of Suzlon Energy, Tata Teleservices, Cholamandalam Investment and Finance Company, SBI Capital Markets, SBI Caps (UK) and Wheels India Limited.

K Srinivasan, 57 years

He is a Graduate in Mechanical Engineering from REC, Suratkal, Karnataka. He earlier worked with Widia India Limited, Philips India Limited and Wendt India Limited. He has been associated with the Company since 1999 and was part of the team that set up the first overseas operations in Australia. He has been serving as a Board Member of the Company since 2005 and is currently on the Boards of Wendt India, Sterling Abrasives, Southern Energy Development Corporation and Volzhsky Abrasive Works etc.

Senior Leadership

Sitting - from Left

Mr. Sridharan Rangarajan
Chief Financial Officer

Mr. Trevor Allen
Head, CUMI Australia Pty Ltd.

Mr. M M Murugappan
Chairman

Mr. Vladimir Gerasimov
Head, CUMI Europe s.r.o

Mr. Daryll Wu Feng
President, CUMI Abrasives & Ceramics Co. Ltd.

Mr. Sergey Kostrov
Director, Volzhsky Abrasive Works, Russia

Mr. Kim Hodierne
Head, Foskor Zirconia, South Africa

Mr. K Srinivasan
Managing Director

Standing first row - from Left

Mr. Deepak Dorairaj
Head China Operations

Mr. Rajiv Narayanamoorthy
Business Head, Murugappa Morgan Thermal Ceramics Ltd.

Mr. Rajesh Khanna
EVP – Ceramics

Mr. R Rajagopalan
EVP – Refractories & Prodorite

Mr. NAS Balasubramanian
VP, Manufacturing – Abrasives

Mr. Sergey Petrosian
Director, Volzhsky Abrasive Works, Russia

Mr. P S Jayan
VP, Electrominerals Division

Mr. N Ananthaseshan
President, Abrasives

Standing second row - from Left

Mr. C Srikanth
VP, Sales & Marketing, Abrasives

Dr. Shyam S Rao
VP, Industrial Ceramics Division

Mr. M Muthiah
EVP – Human Resources

Mrs. Rekha Surendhiran
Company Secretary

Mr. Ronald Smith
Head, CUMI America Inc.
(Not present in the above photo)

The Spirit of the Murugappa Group

Integrity

Responsibility

Passion

The five lights

The values, principles and beliefs that have always guided us and continue to show the way forward.

Respect

Quality

Integrity

We value professional and personal integrity above all else. We achieve our goals by being honest and straightforward with all our stakeholders. We earn trust with every action, every minute of every day.

Passion

We play to win. We have a healthy desire to stretch, to achieve personal goals and accelerate business growth. We strive constantly to improve and be energetic in everything that we do.

Quality

We take ownership of our work. We unfailingly meet high standards of quality in both what we do and the way we do it. We take pride in excellence.

Respect

We respect the dignity of every individual. We are open and transparent with each other. We inspire and enable people to achieve high standards and challenging goals. We provide everyone equal opportunities to progress and grow.

Responsibility

We are responsible corporate citizens. We believe we can help make a difference to our environment and change lives for the better. We will do this in a manner that befits our size and also reflects our humility.

murugappa

Be the energy

Corporate Information

BOARD AND COMMITTEES

The Board of Directors

M M Murugappan, Chairman (DIN 00170478)

T L Palani Kumar (DIN 00177014)

M Lakshminarayan (DIN 00064750)

Shobhan M Thakore (DIN 00031788)

Sanjay Jayavarthanavelu (DIN 00004505)

Aroon Raman (DIN 00201205)

Bharati Rao (DIN 01892516)

K Srinivasan, Managing Director (DIN 00088424)

Board Committees

Audit

T L Palani Kumar, Chairman

M Lakshminarayan

Sanjay Jayavarthanavelu

Bharati Rao

Nomination & Remuneration

M Lakshminarayan, Chairman

T L Palani Kumar

Shobhan M Thakore

Corporate Social Responsibility

Shobhan M Thakore, Chairman

Aroon Raman

K Srinivasan

Risk Management

M Lakshminarayan, Chairman

K Srinivasan

Stakeholder Relationship

M M Murugappan, Chairman

K Srinivasan

MANAGEMENT COMMITTEE

K Srinivasan, Managing Director

N Ananthaseshan, President - Abrasives

Rajesh Khanna, Executive Vice President - Ceramics

R Rajagopalan, Executive Vice President - Refractories & Prodorite

M Muthiah, Executive Vice President - Human Resources

Sridharan Rangarajan, Chief Financial Officer

P S Jayan, Vice President – Electrominerals

COMPANY SECRETARY

Rekha Surendhiran

STATUTORY AUDITOR

Deloitte Haskins & Sells, Chennai

Chartered Accountants

BANKERS

State Bank of India

Standard Chartered Bank

Bank of America

The Hongkong and Shanghai Banking Corporation Ltd

Royal Bank of Scotland

BNP Paribas

REPORT OF THE DIRECTORS

Your Directors have pleasure in presenting the 61st Annual Report together with the Audited Financial Statements for the year ended 31st March 2015. The Management Discussion & Analysis Report, which is required to be furnished as per the Listing Agreement requirements of the stock exchanges, has been included in the Directors' Report so as to avoid duplication and overlap.

ECONOMIC OVERVIEW & COMPANY PERFORMANCE

Economic Overview

The year 2014 had been very eventful as far as India is concerned, with the first ever single party majority Government formed at the centre since 1984. This is likely to provide impetus and stability to the Indian economy which registered lower Gross Domestic Product (GDP) growth in the past few consecutive years due to policy paralysis. There have been some initiatives taken by the Government to accelerate growth which are yet to yield results. The halving of global oil prices since mid-2014 allowed the new Government to raise diesel and petrol fuel taxes and cut diesel prices by 20-25 per cent – a windfall gain for households as well as businesses and dampening inflationary pressures in the economy.

As per the new GDP data released by Central Statistics Office, the country grew 6.9 per cent in 2013-14. For 2014-15, the GDP growth rate is pegged at 7.4 per cent. The Finance Minister, while presenting the full budget, indicated GDP growth to accelerate between 8 and 8.5 per cent in the fiscal year starting April 2015.

The global economy is still struggling to gain momentum as many high income countries continue to grapple with legacies of the global financial crisis and emerging economies are less dynamic than in the past. Global growth in 2014 was a modest 3.4 per cent lower than initially expected, continuing the disappointing trend over the past several years. US Economy is well on its recovery path owing to good labour market and monetary policy, but in Europe the growth remains sluggish. China, meanwhile, is undergoing a carefully managed slowdown. The growth in other developing countries reflected weak external demand, domestic policy tightening, political uncertainties and supply-side constraints. Oil prices during this year significantly came down from its highs owing to demand shift towards Shale oil. Shale oil and gas is rapidly emerging as a significant and relatively low cost unconventional resource in the US. The American domestic energy revolution has contributed to a significant decline in petroleum imports and led to an improvement in America's balance of trade and its economic outlook. With high shale oil and gas reserves estimated across the world, there is potential for shale oil and gas production to spread globally over the next couple of decades and revolutionise global energy markets. The Russian economy witnessed unprecedented challenge owing to Ukraine-Russia political standoff and the lowering of crude oil price. This led to significant devaluation in Rouble.

On the financial side, the interest rate in India continued to be constant for most part of the year. Consumer Price Index (CPI) and Wholesale Price Index (WPI) continued to fall during the course of the year which prompted RBI to reduce the Repo rate by 50 basis points in the last quarter of 2014-15. Banks in line with RBI have started easing the interest rates. The Rupee continued to move in the range of 61-63 against the US dollar for most parts of the financial year. However, against Euro there was a sharp appreciation of the Rupee. Fiscal deficit target for 14-15 at 4.1 per cent of GDP is expected to be met as detailed by the Finance Minister in the budget.

Company Performance

Revenues

The standalone business grew at 2.1 per cent on the back of growth in Abrasives and Ceramics business. Electromineral business de-grew on account of lower Fused Alumina sales.

Capex postponement, moderate customer demand from user industries, competition from low price products, power rate hike and tight liquidity in trade resulted in weak demand.

The Company's consolidated revenue from India increased by 3.9 per cent and from rest of the world dropped by 11.2 per cent resulting in the worldwide revenues dropping by 3.6 per cent from last year levels.

At a consolidated level, the sales of Ceramics business grew by 2.3 per cent whereas that of Electrominerals segment dropped by 10.2 per cent owing to translation on account of weak Rouble. Abrasives sales at a consolidated level remained flat.

The standalone top line summary is as follows: ₹ million

	31.03.2015	31.03.2014
Net Sales & Income from Contracts & Services		
India	9268	9185
Rest of the World	2250	2091
	11518	11276
Other operating revenue	169	210
Total operating revenue	**11687**	**11486**

The consolidated top line summary is as follows:

₹ million

	31.03.2015	31.03.2014
Net Sales & Income from Contracts & Services		
India	10962	10548
Rest of the World	9225	10391
	20187	20939
Other operating revenue	315	314
Total operating revenue	**20502**	**21253**

Manufacturing

Most of the plants in India operated at about 70 per cent capacity utilisation levels. The manufacturing team continued implementation of Total Productive Maintenance (TPM) at shop floors leading to improvement in efficiency of machines and the entire production process.

Notwithstanding lower fuel rates, the manufacturing cost went up owing to the hike in power cost in Russia and India and select raw material inputs. The cost pressures were contained by way of using alternate cost effective raw materials, improvement in raw material consumption and process improvements. Various value adding, cost cutting and productivity improvement projects were undertaken to minimise the impact on the operating profits despite lower plant utilisation.

Capital expenditure during the year across all geographies was in the nature of maintenance, automation, quality enhancement, line balancing and general infrastructure.

Earnings & Profitability

Aided by the growth in revenues, standalone earnings from operations before exceptional items, interest, depreciation and tax improved to ₹ 1490 million (previous year ₹ 1450 million).

Depreciation was higher at ₹ 588 million as a result of the continuing investments being made in various projects and changes in useful life of assets in line with Companies Act, 2013.

Profit before interest and tax margin expanded for Abrasives and Ceramics, but were lower for Electrominerals owing to lower topline and higher power costs.

Finance costs were lower at ₹ 87 million (previous year ₹ 129 million) owing to reduction in quantum of borrowings. Profit before tax and exceptional income increased to ₹ 1125 million (previous year ₹ 1024 million). With an exceptional income of ₹ 869 million, profit before tax for the year was at ₹ 1994 million. Profit after tax was ₹ 1483 million (previous year ₹ 728 million).

On a consolidated basis, profit before expectional item and tax was ₹ 1639 million (previous year ₹ 1543 million). Profit after tax and minority interest was ₹ 1326 million (previous year ₹ 915 million).

Segmental profitability improved for Ceramics, however it dropped for Abrasives and Electrominerals. In Electrominerals, profits dropped due to one-time closure cost of Thukela Refractories Isithebe Pty Ltd., South Africa and the weakening of Rouble.

Information required to be provided in the Management Discussion and Analysis Report as per the Listing Agreement is detailed below:

Financial Position

On a standalone basis, shareholders funds as on 31st March 2015 was ₹ 8599 million. Additions for the year (net of dividends) was ₹ 1263 million.

Non-current liabilities was ₹ 970 million. Current liabilities decreased from ₹ 2114 million to ₹ 1887 million.

Non-current assets (including fixed assets, capital work-in-progress etc.) increased from ₹ 5764 million to ₹ 6629 million primarily on account of capital expenditure incurred during the year. Current assets were higher at ₹ 4826 million.

On a consolidated basis, shareholders funds as on 31st March 2015 was ₹ 10887 million. There was a decrease (net of dividends) to the extent of ₹ 173 million, mainly due to exchange effect majorly led by Rouble depreciation. Minority interest was ₹ 578 million.

Non-current liabilities was ₹ 1110 million. Current liabilities was at ₹ 5675 million.

Non-current assets (including fixed assets, capital work-in-progress, etc.) decreased from ₹ 9784 million to ₹ 8786 million due to an adverse exchange movement. Current assets decreased to ₹ 9465 million.

Cash Flow

On a standalone basis, net cash generation from operations was ₹ 1056 million in FY 2014-15. Net cash outflow on account of investing activities was ₹ 532 million. Net cash outflow on account of financing activities was ₹ 574 million which is attributable primarily to repayment of borrowings and dividends paid. The net decrease in cash and cash equivalents was ₹ 50 million against an increase of ₹ 28 million in FY 2013-14.

On a consolidated basis, net cash generation from operations was ₹ 3258 million in FY 2014-15. Net cash outflow on account of investing activities was ₹ 70 million. Net cash outflow on account of financing activities was ₹ 1615 million which is attributable primarily to repayment of borrowings and dividends paid. The net increase in cash and cash equivalents was ₹ 282 million against a decrease of ₹ 57 million in FY 2013-14.

SHARE CAPITAL

The paid up equity share capital as on 31st March 2015 is ₹ 188.18 million and increased during the year by ₹ 0.42 million, consequent to allotment of shares upon exercise of stock options by employees under the Company's ESOP Scheme, 2007.

DIVIDEND

Considering the past dividend payout ratio and the current year's operating profit, the Board has considered it appropriate to recommend a final dividend of ₹ 0.50 per equity share of ₹ 1 each. It may be recalled that in January 2015, an interim dividend at the rate of ₹ 0.75 per equity share of ₹ 1 each was declared and paid. This aggregates to a total dividend of ₹ 1.25 per equity share of ₹ 1 each for the year, which is the same as last year.

APPROPRIATIONS

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

₹ million

Available for appropriation	
Profit after tax	1483.30
Balance brought forward from previous year	2290.17
Total	**3773.47**
Recommended appropriation	
Transfer to general reserve	500.00
Depreciation on transition to Schedule II of Companies Act 2013	20.03
Dividend	
- Interim	141.13
- Final (Proposed)	94.09
Dividend Tax	
- Interim	1.39
- Final (Proposed)	10.56
Final Dividend (previous year)*	0.06
Balance carried forward	3006.21
Total	**3773.47**

* Represents dividend and dividend tax of ₹ 56454 on 96506 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.

PERFORMANCE OF BUSINESS SEGMENTS

The business profile, market developments and current year performance are elaborated in the following sections:

Abrasives

Business Profile

This business comprises the following major product groups viz. Bonded Abrasives, Coated Abrasives (including Non-Wovens), Super Abrasives, Metal working fluids 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 and Middle East 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, construction, home maintenance and infrastructure.

The Company caters to customers located in over fifty countries through its network of manufacturing facilities and marketing establishments. It is one of the major players 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 specialising in specific categories of Abrasives.

The Indian Abrasives industry continues to be catered to by a few large players, numerous smaller players specialising in select products and imports from China catering to the low end of the market. Due to the soft market conditions in many advanced economies, India is becoming a focus market for major global players resulting in intense competition. The market is getting increasingly crowded by overseas competition and low cost imports from ASEAN countries.

In the domestic Russian market there are three major players. The Company is a major player in Vitrified Bonded Abrasives. Imports service a sizeable portion of the market.

The world Abrasives market which is currently valued at ~US $36 billion is estimated to reach $51 billion by 2019 according to Transparency Market Research. North America and Europe together accounts for 50-55 per cent of the Abrasives consumption followed by China with 17-20 per cent. The Indian Abrasives market size is estimated to be in the range of ₹ 60000 million plus.

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

Sales Overview

Abrasives business on a standalone basis recorded a growth in revenue from ₹ 6399 million to ₹ 6689 million, a growth of 4.5 per cent. The growth largely came from better performance in exports, improvement in the sales of select resinoid product categories in domestic market and focused efforts on branding. Introduction of high performance grains from the Company's captive Electrominerals facility also fuelled the growth.

In Bonded Abrasives, the sales of standard products remained flat. The mass market products which are mostly sold through channels were impacted due to liquidity issues. Consequently off-take from end user segments and trade channels were moderate. However on the back of value projects initiative, despite an unfavorable macro-economic environment, the non standard business delivered better performance. Sales in Power tools business which had a good run over the last few years, corrected in this year owing to tightening of credit limits to dealers with higher outstandings.

Coated products delivered a significant growth in this year on the back of better exports and launch of technical products. All the product categories, majorly sheets & rolls and technical goods had good sales. Non-Woven products also registered a growth over last year. In Non-Woven business, the focus during the year was on increased participation in the industrial segment and development of new products.

Continued marketing activities involving various partners helped CUMI Abrasives division to remain competitive in the market ahead of its peers.

In Russia, due to the geo political situation, sales of the Abrasives business dropped during the year. CUMI China recorded a drop in sales as well.

Wendt (India) and Sterling Abrasives recorded a good growth on the back of improvement in volumes from auto & auto ancillary business and agriculture business respectively.

Manufacturing

Manufacturing supported the marketing initiatives well in terms of timely delivery. Significant number of value projects, tailored to meet cost reduction through improvement in material efficiencies, energy cost reduction, labour productivity improvements and maintenance efficiencies were undertaken and completed during the year. As a result of these value projects and other cost control initiatives, the Abrasives business recorded an increase in profit on a standalone basis.

This year, the division achieved a significant milestone in Total Productive Maintenance (TPM) journey which commenced in 2012-13. In March 2015, the Sriperumbudur and Maraimalai Nagar plants of the Company were awarded the TPM Award for Excellence – Category "A" by Japan Institute of Plant Maintenance (JIPM). The implementation has been now extended to other Abrasives facilities. TPM initiatives have helped in enhancing equipment effectiveness, debottlenecking various constraints in the production process thus releasing additional capacity and reduction in lead time of production. The Coated business has significantly benefitted from this initiative resulting in growth in profit.

The marketing and technical functions of the division worked jointly on a detailed action plan, with focus on introduction of high-performance products using captive Electromineral division's specialty grains, to maintain competitive edge in the market place.

Key Financial Summary

₹ million

Particulars	Standalone			Consolidated		
	2014-15	2013-14	Change	2014-15	2013-14	Change
Total revenue	6689	6399	4.5%	8590	8599	(0.1%)
Segment results (PBIT)	679	594	14.3%	627	596	5.2%
Capital employed	3259	3624	(10.1%)	5496	6059	(9.3%)
Share to total revenue of CUMI	58%	57%		43%	41%	
Share to segment results (PBIT) of CUMI	55%	48%		29%	30%	

Ceramics

Business Profile

The Ceramics business has three product groups viz. Industrial Ceramics, Super Refractories and Anticorrosives. Industrial Ceramics business offers Alumina and Zirconia products of technical ceramic grades addressing wear protection, electrical insulation, thermal protection and ballistic protection applications. The Super Refractories product group supplies fired, monolithic, flow control products, POW wellfiller and fibre as also refractory design and installation services addressing the insulation and thermal resistance requirements of industries. The refractory fibre, refractory design and installation businesses are addressed through our joint ventures 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, petrochemicals and construction.

The operations are carried out through twelve manufacturing / service facilities located in India, Australia, South Africa and Russia. The subsidiaries in North America, Middle East and China also support this business in getting an extended customer reach.

The Company is one of the major players in India, Australia and Russia in specific product groups.

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 globally reputed and a leading player in certain market segments.

In Australia, CUMI is one of the major players in the lined equipment and mineral processing industry.

The Refractory industry in Russia is a highly fragmented market with several players. Volzhsky Abrasives Works (VAW) caters primarily to the aluminium industry in Russia.

Sales overview

Revenues of the Ceramics business grew by 2.9 per cent, on a standalone basis from ₹ 3057 million to ₹ 3146 million.

The Industrial Ceramics division had a reasonable growth on the back of significant increase in domestic business. The division was able to execute good orders for Wear Ceramics with resumption of some of the deferred projects in 2013-14, especially in the Power sector. The business in Lined Equipments from Australian market continued to be good, with increasing complexity of sizes and shapes. The Metz device supplies to international customers of fuel cells had a correction owing to shift in demand patterns. Off – take of Metallized cylinders from European customers were lower, however the broad basing of customers initiated in the past few years ensured higher sales of Metallized cylinders. Sales of Wear Ceramics in the US and European market were marginally lower than the expectation. In 2014, the Company inaugurated a production line for making new line of Engineered Ceramics parts.

Turnover of the Refractories business in India declined due to lower off-take of fired products. The order inflow from the projects segment, particularly iron and steel, dropped sharply. Sales of Anticorrosives registered a sharp drop due to delay in execution of project orders. Sales of refractory fibre by the Company's joint venture, registered a good growth amidst a tight market. The Refractory design and installation services business, which is also addressed through a joint venture, recorded growth in sales owing to recovery in project environment in Petrochemical industries from a low base last year.

In Russia, Nitride Bonded Silicon Carbide refractories registered a drop. This business is largely tender driven and is dependent on the non-ferrous industry.

Sales of Refractories in South African subsidiary were lower than last year as the expected order inflow from select customers were postponed. The capacity utilisation remained below optimum. In view of the increasing input costs and considering future viability, it was decided to wind down the operations in Thukela Refractories Isithebe Pty Ltd.

Manufacturing

Efforts on 5S and TPM contributed towards keeping the variable costs under control. The TPM initiative has nicely been entrenched in the division. Debottlenecking projects in metallized plant led to release of capacity in the existing facility. The robust systems that has been designed in the Ceramics division is being well recognised by customers and the audit scores are the testimony of the Company's consistent, timely and cost effective supplies. This year, the new building, which will house extrusion & injection moulding facility and other Ceramics products were capitalised. The initiatives for controlling costs provided savings in fixed costs including marketing expenses. The Refractories division commissioned the alternative fuel fired tunnel kiln, which is expected to give a cost saving.

As a result of the better sales, the Ceramics business recorded an increase in operating profit before interest and tax on a standalone basis and consolidated basis.

Key Financial Summary

₹ million

Particulars	Standalone			Consolidated		
	2014-15	2013-14	Change	2014-15	2013-14	Change
Total revenue	3146	3057	2.9%	4817	4707	2.3%
Segment results (PBIT)	363	346	4.8%	678	592	14.5%
Capital employed	2587	2542	1.8%	4002	3936	1.7%
Share to total revenue of CUMI	27%	27%		24%	22%	
Share to segment results (PBIT) of CUMI	29%	28%		32%	30%	

Electrominerals

Business Profile

The major product groups of this segment are Fused Alumina (comprising brown and white Alumina), Silicon Carbide, Fused Zirconia, Alumina Zirconia and Zircon mullite. The Company also manufactures a range of 'specialities' like semifriable, Azure-S and plasma powders for niche markets. The operations are carried out through seven manufacturing facilities located in India, Russia and South Africa. Key user industries for this business are abrasives, refractories, steel, photovoltaic, brake linings, nuclear energy, wooden laminates, semiconductor and others. The business also has captive bauxite mines, sand mines and a captive power plant.

Industry Scenario

The market structure in the global Electrominerals business remained largely unchanged and the Company continues to be one of the reputed players in Silicon Carbide and Fused Zirconia.

In Fused Alumina, the Company is largely a national player with customers based in India. Apart from the domestic players, imported products have a visible share in the market. Competitive imports become favorable or unfavorable depending on FTA agreements between countries, duty structures and exchange rates.

Sales Overview

The Electrominerals business recorded revenues of ₹ 2338 million, which was 2.9 per cent lower compared to last year standalone revenues of ₹ 2408 million. The sale in India dropped marginally owing to the lower Alumina sales. At a consolidated level the drop was higher at 10.2 per cent from ₹ 8099 million to ₹ 7275 million. The drop happened majorly on account of exchange translation into Indian Rupee.

In the Fused minerals operations in South Africa, which was acquired during the second quarter of FY 2012-13, capacity utilisation continued to be lower for most parts of the year coupled with insufficient off-take from key customers and production consistency issues. Considering the decision taken to wind down operations, the fusion plant operations of Thukela Refractories, were mothballed. The two furnaces meant for fusion will be relocated to Edapally plant in India.

The Bubble Zirconia sales in Foskor Zirconia were impacted owing to continued production related challenges. Hence, the Company has decided to shift the Bubble Zirconia facility from South Africa to Edapally, India and integrate the operation with Electromineral business in India. The Fused Zirconia sales tonnage however had a reasonable growth.

Notwithstanding the Ukraine crisis and oil price turmoil, the performance of Silicon Carbide division of VAW continued to be robust. The facility ran at full capacity for almost the entire year and turnover grew by 7 per cent. However on conversion of Rouble to Indian Rupee, the cross currency rates had an adverse effect. The Company has set up a marketing subsidiary, based out of Europe, to serve the European markets better.

Manufacturing

The Indian operations had to grapple with higher power cost owing to tariff increase from Kerala State Electricity Board from August 2014. The division explored successfully the option of sourcing power from open access which provided some savings. Maniyar generation was also lower by 15 per cent considering the previous year rainfall which was one of the best in recent years. Both raw material availability and price were optimised to get savings in cost and ensure future security to meet expansion needs. The recovery improved for certain grit sizes. Semifriable grains registered a sharp growth.

In Russia, the Silicon Carbide fusion facility registered highest fusion volumes ever. The Russian entity continued to flex its manufacturing process to generate more metallurgical products to serve its domestic market. The power rates in 2014-15 went up by about 8 per cent. The cost upsurge was negated to some effect by way of effective sourcing of raw materials.

In South Africa, the Bubble Zirconia continues to have issues pertaining to stabilisation of the manufacturing process and product establishment.

As a result of lower volumes and increase in power tariff coupled with lower captive power form Hydel facility, the Electrominerals business recorded a drop in operating profit before interest and tax on a standalone basis. However, at a consolidated basis, the profits grew by 1.6 per cent owing to better performance in VAW.

Key Financial Summary

₹ million

Particulars	Standalone			Consolidated		
	2014-15	2013-14	Change	2014-15	2013-14	Change
Total revenue	2338	2408	(2.9%)	7275	8099	(10.2%)
Segment results (PBIT)	203	286	(29.1%)	797	784	1.6%
Capital employed	1607	1518	5.9%	4291	5046	(15.0%)
Share to total revenue of CUMI	20%	21 %		36%	39%	
Share to segment results (PBIT) of CUMI	16%	23 %		37%	39%	

FINANCE

During the year, the Company generated ₹ 1056 million of cash surplus from its operations on a standalone basis.

All debts have been serviced on time. The Company's long term debt position as on 31st March 2015 stands at ₹ 512 million and total debt position stands at ₹ 835 million. The capital expenditure program of ₹ 405 million was financed largely from internal accruals.

CUMI standalone had an exceptional income of ₹ 869 million due to sale of non core immovable property. The proceeds were invested in its wholly owned subsidiary, CUMI International Limited (CIL) and utilised entirely for repayment of its loans. The standalone loan funds has come down from ₹ 1188 million to ₹ 835 million. The consolidated loan funds has come down from ₹ 4563 million to ₹ 3402 million. The consolidated capital expenditure was ₹ 796 million.

The credit ratings of the Company, 'A1+' for short-term borrowings and 'AA+Stable' for long-term borrowings, were reaffirmed by CRISIL. Over the years, the Company has been resorting to a prudent mix of rupee and foreign currency borrowings to finance its operations and achieve reduction in financing cost. The finance cost at a standalone level has come down from ₹ 129 million to ₹ 87 million. At a consolidated level, the interest costs has come down from ₹ 282 million to ₹ 253 million.

With the Indian entity enjoying a significant natural hedge, a cautious approach was adopted to hedge the remaining exposures. The Company adopts prudent tax management policies.

The Company's debt equity ratio continues to be healthy and is the lowest in the last decade at 0.1 on a standalone basis and 0.3 on a consolidated basis.

There are no material changes and commitments, affecting the financial position of the Company which have occurred between 31st March 2015 and the date of this report.

INTERNAL CONTROL

The Company has an Internal Control System commensurate with the size, scale and complexity of its operations. The Controls have been designed and categorised based on the nature, type and the risk rating.

The Internal Audit team evaluates the effectiveness and adequacy of Internal Controls, compliance with operating systems, policies and procedures of the Company and recommends improvements, if any. Significant audit observations and the corrective/ preventive action taken or proposed to be taken by the process owners are presented to the Audit Committee. Annual review of the adherence to the agreed action plan is carried out. The scope of Internal Audit is annually determined by the Audit Committee considering the inputs from Statutory Auditors and management.

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 overall functioning of internal Audit on a periodical basis. The Committee also discusses with the Auditors periodically on their views on the financial statements including the financial reporting system, compliance with accounting policies & procedures and the adequacy / effectiveness of the internal control systems in the Company.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS

The adequacy of Internal Financial Controls existing in the Company to ensure orderly and efficient conduct of its business, including adherence to the Company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of accounting records and the timely preparation of reliable financial information is ensured by:

- Documentation of the risks and controls associated with the major processes;
- Validation and classification of existing controls to mitigate risks;
- Identification of improvements and upgrades to the controls;
- Improving the effectiveness of controls on residuary risks through data analytics;
- Performing testing of controls;
- Implementation of sustainable solutions to Internal Audit observations;

The Audit Committee periodically evaluates Internal Financial Controls to ensure that they are adequate and operating effectively.

HUMAN RESOURCES

When the market demanded enormous flexibility owing to the unprecedented challenges, the HR strategy offered the much needed support to business by putting tactical plans into action that were characterised by a high degree of agility to keep the focus right on long term goals. HR plans were directed by the six strategic imperatives – Building Leadership Pipeline, Scaling Up Capability across the organisation, Propelling Performance, Enhancing People Productivity, Improving Safety and Performing Social Responsibility. In addtion, an exercise has been embarked on to renew the vision of the Company.

Building Leadership Pipeline

Following the exercise of identifying high potential employees, succession and progression plan for leadership roles were conducted. During the year, many cross-functional and cross-SBU experiences and responsibilities were assigned to employees based on their potential. This workplace experience was also part of the development plan for these employees. A number of next generation managers were moved into leadership roles as part of this process. Individual development plan and discussions were conducted for most of the other employees as well. In 2015, review of the high potentials will be done to keep the talent pool relevant. The progression and succession pipeline will be revisited based on this review. In line with the methodology for identifying high potentials, the same model with dimensions of judgement, drive and influence are being used in talent acquisition across the Company. This has integrated a number of people processes that are primarily designed to acquire and nurture talent.

Propelling Performance

The performance management process is being strengthened to improve accountability of managers by establishing a compelling horizontal and vertical alignment across functions. An intensive performance planning exercise followed by rigorous reviews and feedback sessions helped the businesses to achieve this. Compensation practices were improved by establishing merit matrices to create a culture of competitiveness and pay-for-performance. There was a good amount of work in linking performance to individual rewards across the business units. To reinforce desirable behaviors, internal teams have mulled over revamping reward and recognition programs for various employee categories which is set to launch during the next year.

People remain the key of all our actions and therefore our approach remains on creating an engaged and performing team fostered in a culture that respects emotional and rational priorities of people. We strengthened this philosophy through an employee engagement survey which was carried out across the Company and its subsidiaries in the month of April 2014. The survey has provided us with insights on leveraging managers and other critical drivers to improve employee engagement levels in the Company. This was followed by action planning for business units and more than 150 teams across the Company.

The thrust on physical as well as value productivity through Long Term Settlements has helped the organisation in achieving efficiencies that could influence the whole value chain. With the changing times, the Long Settlements are giving way to annual wage increases which have become a mutually beneficial approach. A revamped communication framework, compliances and utilisation of interactive methods returned the organisation with a harmonising industrial climate.

Improving Safety, Health and Environment

Safety, Health and Environment have seen major improvement in terms of reduced incidents and consequent reduction in loss of man-hours. There was a coordinated effort on rectifying behaviours and conditions to make this happen.

Business units continued to institute behaviour based safety practices with a common dashboard in place to measure the effectiveness of their actions. Training on safe work practices, right from the induction stage, has brought in a profound improvement in making the work environment a safe place. This was further substantiated when the Company scored a very high ranking on Safety in the employee engagement survey conducted in April 2014. A Safety Award by Department of Factories and Boilers, Government of Kerala on Electrominerals division was another recognition for our efforts towards making CUMI the best-in-class on Safety.

The Company continues its commitment to employment and empowerment of women through 'MITR' forum and other initiatives. During the year, the Company has formalised its policy on prevention of Sexual Harassment at workplace in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. An Internal Complaints Committee (ICC) has been set up to redress any complaint regarding sexual harassment and the Committee did not receive any complaints during the year.

Performing Social Responsibility

The CUMI Centre for Skill Development in Hosur is continuing its successful journey of honing skills and helping lives. Plans to replicate the same in Cochin is in progress. Social responsibility remains a high priority for the Company specifically on the focus areas viz., education, health and well-being of neighbouring communities of our facilities. All these segments have seen contributions from the Company in terms of financial support as well as employee volunteering efforts. A detailed report on the CSR initiatives is provided in a separate section in this report.

Awards & Accolades

Along with the challenges, the year has brought us a series of recognition for our efforts on people processes, practices on innovation and quality systems. Teams from Abrasives (Sriperumbudur and Maraimalai Nagar) who won the TPM excellence award travelled to Kyoto, Japan in March 2015 and received the prestigious award from JIPM on behalf of the Company.

Electrominerals division was honored for Innovation Excellence by Kerala Management Association as a part of their Annual Management Excellence Awards. The Kakkanad unit won the first prize in CII 5S Excellence Award Competition under medium sector category in southern region held in December 2014.

The Industrial Ceramics Division was awarded with "ABK-AOT 5S Sustenance Award" post the 5S Sustenance Audit carried out by ABK – AOTS in January 2015. Safety awards were won by many units during the year.

Our employee engagement practices were awarded during the 11th Murugappa Group Best Practices Sharing Session. The total staff on rolls, of the Company (including joint ventures and subsidiaries) as on 31st March 2015 was 5020 with 3111 employees in India. (Previous year 4888 with 2883 employees in India)

PERFORMANCE OF SUBSIDIARIES

Volzhsky Abrasive Works, Russia recorded turnover growth over the previous year from RUB 3248 million to RUB 3464 million due to improvement in sales volumes of Silicon Carbide and higher realisation due to exports. The entity had the highest ever fusion volumes. The sales of Abrasives and Refractories however dropped owing to weak user market conditions and postponement of project orders. On the profitability front, despite hike in power rate, the entity registered an increase in profitability (after tax) on the back of price gain from exports arising due to weak Rouble from RUB 321 million to RUB 356 million.

Foskor Zirconia, South Africa recorded turnover of Rand 233 million compared to Rand 177 million last year. The entity incurred a loss of Rand 4 million at a profit after tax level versus last years loss of Rand 9 million. The Bubble Zirconia sales were impacted owing to continued production related challenges. Hence, the Company has decided to shift the Bubble Zirconia facility from South Africa to Edapally, India. The fused Zirconia sales tonnage however had a reasonable growth.

CUMI Australia had a better performance considering lower sales last year and also uptick in market demand for Lined Equipment. Turnover grew from AUD 13.2 million to AUD 16.1 million. Profit after tax improved from AUD 1.3 million to AUD 1.8 million.

With a turnover of ₹ 636 million, Sterling Abrasives registered a good growth compared to last year sales of ₹ 551 million. Profit after tax dropped from ₹ 61 million to ₹ 54 million on account of higher depreciation arising out of capacity expansion and the regulatory change in computation of the useful life of an asset. The user industry comprising majorly of agro polishing and manufacturing industry showed an improvement in demand.

CUMI Abrasives and Ceramics Company, the Chinese subsidiary had a turnover of CNY 31 million for the year, which was lower than the last year's level of CNY 41 million. The loss was CNY 15 million against a loss of CNY 10 million in the last financial year. Lower off-take from CUMI group companies pulled down the performance.

The turnover of CUMI America recorded a good growth (USD 4.4 million from USD 3.5 million), driven mainly by the increase in sales of both Bonded Abrasives and Industrial Ceramics. The losses were in the levels of USD 0.61 million as against loss levels of USD 0.5 million in FY 2013-14. Consequent to the consolidation of operations of CUMI Canada into CUMI America, CUMI Canada had no sales during the current year but incurred a loss of CAD 0.3 million (representing provision towards expected loss on disposal of land and building) which was lower than last year's loss of CAD 0.5 million.

For CUMI Middle East, turnover de-grew from USD 2.5 million to USD 2 million owing to lower Ceramics business (projects based). Profits for the year reduced to USD 0.15 million from USD 0.2 million.

In Cellaris Refractories India, the stabilisation process of the plant for manufacture of ceramic foam continued in FY 2014-15. Consequent to the acquisition of remaining shares in CRIL from Cellaris, Israel, this entity became a wholly owned subsidiary of the Company during the year. For administrative convenience, it is proposed to merge this subsidiary with the Company and necessary approvals in this regard are being sought.

Southern Energy Development Corporation Limited, the gas based power generation subsidiary, recorded turnover of ₹ 186 million from ₹ 154 million last year due to improved supply in gas from Oil and Natural Gas Corporation. Profits after tax grew from ₹ 4.5 million to ₹ 7.3 million.

Net Access India, which provides IT facilities management and other allied services increased turnover by 15 per cent and achieved a turnover of ₹ 252 million. Profits after tax grew from ₹ 12.5 million to ₹ 15.9 million.

Thukela Refractories Isithebe, South Africa, recorded a turnover of Rand 77.3 million as compared to Rand 87.3 million last year. The loss levels including the one time closure costs were higher at Rand 55.1 million compared to last years' loss of Rand 35.6 million. The reason for deciding to wind down its operations has been earlier stated in the Report.

CUMI International Limited, Cyprus recorded a turnover of USD 4.8 million representing mainly dividend income, as against last year income of USD 5.1 million. The reduction in dividend income was due to weakening of Rouble against US dollar.

During the year the Company has, through CUMI International Limited (CIL) set up a marketing subsidiary, CUMI Europe s.r.o, based out of Europe, to serve the European markets better with products and services of CUMI Group. The entity is the process of commencing its operations.

No company has ceased to be a subsidiary or joint venture or associate during the year 2014-15. Performance of joint ventures are given in note No. 42 of the standalone financials.

Consolidated financial statements (incorporating the financial results of the company, its subsidiaries and joint ventures) have been provided in the Annual Report. Other than the joint ventures, there are no associate companies within the meaning of Section 2(6) of the Companies Act, 2013. 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, CONCERNS AND THREATS

Pursuant to the requirement of Clause 49 of the Listing Agreement, and the Companies Act 2013, the Company has constituted a Risk Management Committee. The details of Committee and its terms of reference are set out in the Corporate Governance Report forming part of this Report.

The Company has a robust Business Risk Management process to identify, evaluate and mitigate risks impacting business including those which may threaten the existence of the Company. This framework seeks to create transparency, minimise adverse impact on the business objectives and enhance the Company's competitive advantage. This also defines the risk management approach across the enterprise at various levels including documentation and reporting. The framework has different risk models which help in identifying risk trends, exposure and potential impact analysis at a Company level as also separately for the business segments. Risk management forms an integral part of the Company's Business Plan.

The key business risks identified by the Company and its mitigation plans are as under:

Over the past few years the Company has acquired various technologies. Delay in successful conversion of the technology and application knowledge to profitable business model may lead to adverse impact on return on investments. Proper training of application team, collaborator's guidance, product validation at the user's end and leveraging the external expertise are some of the mitigating efforts the Company continues to pursue.

The Company operates across various technology platforms and product verticals built over the years. Relative advantages and disadvantages of such technologies are studied and advances tracked. Any new technology may impact the performance of the Company in the long run. Such new technology in the related space as also in adjacencies is continuously tracked and monitored. The Company seeks to address these technology gaps through continuously benchmarking existing manufacturing processes with developments in the industry and in this connection has made arrangements with technical research institutions and technology consultants. The in-house research and development teams which have been strengthened over the earlier years are working on various state of the art projects.

The Company manufactures various products which results in exposure to numerous raw materials. Risks associated with raw material availability, threat of substitutes and supplier concentricity could impact the quality and timely delivery of finished products. The risks are mitigated to include alternative sources after thorough testing and evaluation.

Under utilisation of capacities may affect the performance of the Company going forward. The Company is ramping up its marketing efforts towards successful product establishment and market acceptance of the products, exploring development of alternate products and establishing a range of applications.

Considering Electromineral products are produced by way of fusion process which consumes lot of electricity, power cost remains one of the key lever which can favorably or adversely affect our profitability based on the rate changes. Our manufacturing facilities are located in diverse geographies with differing power rates adopted and driven by the local laws and policies. Apart from pricing, in some locations, availability of power becomes a constraint. In order to mitigate this threat, the Company continues to liaise with the local regulatory bodies and local government. The Company also constantly strives to bring about technological changes in its manufacturing processes which leads to lower power consumption. Getting access to captive power and creating facilities for captive power generation continues to be the vital strategy of CUMI, as can be exhibited from Maniyar and SEDCO.

Fuel cost increase is another area of concern. Petroleum based products are used, either as direct raw material or as fuel for the firing process. Any increase in the cost of fuel impacts the profitability adversely. Improvements in firing technologies are avenues which the Company continues to pursue for dealing with the challenges. This year, however the Company was favorably impacted owing to the global cool off in oil prices.

The Company deals with multiple currencies and is thus exposed to translation risk on account of adverse currency movement. In the year 2014-15, CUMI consolidated financials was adversely affected on account of the Rouble weakening. The Company has taken steps to maximise exports from VAW in Russia to gain on a weak Rouble. Further to de risk and ensure continued growth in Europe region, the Company has set up CUMI Europe, a 100 per cent subsidiary marketing entity in Prague, Czech Republic.

Foreign Exchange risk on foreign denominated loans, imports and exports are mitigated by adopting a country based Forex policy, periodic monitoring and use of hedging instruments. Efforts are being taken to manage both exports and imports to ensure that at a Company level there is a natural hedging mechanism.

The Company's operations are spread across several countries. This exposes the Company to diversity in the policy approaches of governments in various countries as well as Geo political risks. In the last three years, the Company was exposed to three major country risks. First one, which impacted us significantly, was the scale back in subsidy to the photovoltaic industry in Europe in 2012-13. The second one, financial crisis in Cyprus in March 2013 alerted us but our timely actions protected us from any adverse effects. Lastly, the 2014 Ukraine crisis along with lower price of Crude oil led to weakening of Rouble which adversely impacted the consolidated Electromineral financials. The Company would be continuously scanning the environment to spot such trends early on, so that steps to mitigate the adverse effects can be initiated on time.

BUSINESS OUTLOOK AND OPPORTUNITIES

According to the World Economic Outlook – April 2015 of the International Monetary Fund (IMF), global growth is forecasted at 3.5 per cent in 2015, with uneven prospects across main countries and regions. Growth in emerging market economies is softening, reflecting an adjustment to diminished medium-term growth expectations and lower revenues from commodity exports, as well as country-specific factors. The outlook for advanced economies is showing signs of improvement, owing to the boost to disposable incomes from lower oil prices, continued support from accommodative monetary policy stances, and more moderate fiscal adjustment. The decline in oil prices could improve economic activity more than expected. Geo political tensions continue to pose threats and risks of disruptive shifts in asset prices remain relevant. In some advanced economies, protracted low inflation or deflation also pose risks.

As per the Asian Development Outlook 2015, released on 1st April 2015, the initial phase of the new Government's effort to remove structural bottlenecks is lifting investor confidence. With the support of strong external demand, India is set to expand by 7.8 per cent in 2015 (ending 31st March 2016), a sharp uptick from 7.4 per cent growth recorded in FY 2014. This momentum is expected to build to 8.2 per cent growth in FY 2016, aided by the expected easing of monetary policy in 2015 and a pickup in capital expenditure.

A revival in domestic growth would result in kick starting several postponed projects in steel, power, glass, cement, insulation and general engineering industry which would help the Company to register a good growth. The Company expects a good growth in revenue in the backdrop of positive macroeconomic factors considering favourable investment climate, perceived ability of new Government to push structural reforms like fast track clearance for infrastructure projects, GST, energy related reforms, controlled fiscal deficit and normalising of current account deficit.

However, given the uncertain outlook, the Company will pursue growth with caution. Efforts will continue to be taken to control costs. Considering that the plants are running at lower utilisation levels and the fact that facilities have been expanded over the last years, the Company would invest majorly in maintenance capex. In addition the Company would be investing in relocation of assets from South Africa. With this approach, it is expected that the Company would deliver better results in the next year.

FIXED DEPOSITS

The Company has not accepted any deposits from the public falling within the ambit of section 73 of the Companies Act 2013 read with Companies (Acceptance of Deposit) Rules 2013 and no amount of principal or interest were outstanding as on the balance sheet date.

LOANS AND INVESTMENTS

The particulars of loans, guarantees and investments covered under section 186 of the Companies Act 2013 are given below.

₹ million

Sl. No	Description	As on 01.04.2014	Additions	Deletions	As on 31.03.2015
1	Loans given by the Company	35.70	8.50	-	44.20
2	Corporate Guarantee given by the Company	4431.81	563.31	1770.46	3224.66
3	Investments made by the Company	1306.20	1068.80	-	2375.00

Related Party Transactions

The Company as per the requirements of the Companies Act, 2013 and clause 49 of the Listing Agreement with stock exchanges, has formulated a Policy for dealing with Related Parties.

In line with its stated policy, all Related Party transactions are placed before the Audit Committee for review and approval. Prior omnibus approval of the Committee is obtained on a quarterly basis for transactions which are of foreseen and repetitive nature. The statement containing the nature and value of the transactions entered into during the quarter is presented at every meeting by the Chief Financial Officer for the review and approval of the Committee. Further, transactions proposed to be entered in subsequent quarter are also presented. Additionally the details of transactions proposed to be entered into with Related Parties on an annual basis are placed before the committee at the commencement of the financial year. Besides, the Related Party transactions entered during the year are also reviewed by the Board on an annual basis.

All transactions with Related Parties entered during the financial year were in the ordinary course of business and on an arm's length basis. There are no materially significant related party transactions made by the Company with its Promoters, Directors, Key Managerial Personnel or their relatives which may have a potential conflict with the interest of the Company at large. There are no contracts or arrangements entered into with Related Parties during the year to be disclosed under sections 188 (1) and 134 (h) of the Companies Act, 2013 in form AOC-2.

The Company's policy on dealing with Related Parties as approved by the Board has been uploaded and is available on the Company's website at the following link. *http://www.cumi-murugappa.com/policies.html*. None of the Directors had any pecuniary relationship or transaction with the Company other than the remuneration received in their capacity as Non-Executive or Executive Director.

Corporate Social Responsibility

The Murugappa Group is known for its tradition of philanthropy and community service. The Group's philosophy is to reach out to the community by establishing service oriented philanthropic institutions in the field of education and healthcare as the core focus areas. The Company being a constituent of the Group has been upholding this tradition by earmarking a part of its income for carrying out its social responsibilities.

The Company continues to engage in Corporate Social Responsibility (CSR) activities directly as well as through implementation agencies.

The Company has set up a CUMI Centre for Skill Development (CCSD) in year 2012 at Hosur, to build a skill bank of a technically competent and industry ready work force. The Centre provides specialised training based on National Council Vocational Training syllabus for the rural youth drawn from socially and economically backward sections of the society. The three year training is imparted with a stipendiary payment and free boarding facilities, thus enabling the enrolled students to earn while they learn. The job oriented skill training enhances their employability and aids in uplifting their socio economic status. The technically trained students can be employed by any industrial entity once they complete the training programme. It is proposed to expand this initiative to other plant locations in a phased manner.

In addition, the Company has also been contributing to the cause of health and education by making grants to AMM Foundation, an autonomous charitable trust, engaged in philanthropic activities in the field of education and healthcare since 1953. The Company also pursues local community assistance programmes in and around its plant and office locations.

With coming into effect of the CSR provisions in the Companies Act 2013, the Company has formulated a CSR policy which is available on the Company's website at the following link *http://www.cumi-murugappa.com/policies.html.*

The Annual report on the CSR activities in the prescribed format is annexed hereto as Annexure A and forms part of this Report.

GOVERNANCE

Board of Directors and Key Managerial Personnel

The Board of the Company comprises 8 Directors of which majority (6) are independent. During the year, Mrs. Bharati Rao, was appointed as an Additional Director on 1st November 2014 and she holds office till the date of the ensuing Annual General meeting. The Company is proposing to appoint her as an Independent Director under section 149 of the Companies Act, 2013 for a term of 4 years. Mrs. Rao has offered herself for this appointment.

Mr. M M Murugappan, retires by rotation at the forthcoming Annual General Meeting and being eligible has offered himself for re-appointment.

Further, based on the recommendation of the Nomination & Remuneration Committee, the Board at its meeting held on 29th January 2015, has re-appointed Mr. K Srinivasan as the Managing Director of the Company for the period 1st February 2015 to 22nd November 2017.

Approval of the members is being sought at the ensuing Annual General Meeting for the appointment/ re-appointment of the aforesaid Directors. The requisite details in connection with their respective appointments are contained in the Notice convening the meeting.

The Company has received declarations from all its Independent Directors confirming that they meet the criteria of independence prescribed both under the Companies Act, 2013 and clause 49 of the Listing Agreement.

Mr. K Srinivasan, Managing Director, Mr. Sridharan Rangarajan, Chief Financial Officer and Mrs. Rekha Surendhiran, Company Secretary are the Key Managerial Personnel of the Company as per section 203 of the Companies Act, 2013. There were no changes in the KMP during the year.

Board Meetings

During the year, seven Board Meetings were held the details of which are given in the Corporate Governance Report.

Board Evaluation

During the year, as recommended by the Nomination and Remuneration Committee, an evaluation framework was adopted by the Board. Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board carried out an annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its various Committees. Structured questionnaires were prepared, after taking into consideration the feedback of the Directors. The overall Board evaluation covered various aspects of the Board's functioning in terms of structure, governance, dynamics of functioning besides the financial reporting process, internal controls and risk management. The evaluation of the Committees were based on the terms of reference fixed by the Board.

Separate questionnaires were used to evaluate the performance of individual Directors on parameters such as level of engagement and contribution, objective judgement etc. The Chairman was also evaluated based on the key aspects of his role. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors at their separate meeting.

Policy on appointment and remuneration of Directors

Pursuant to section 178(3), the Nomination and Remuneration Committee of the Board of the Company has formulated the criteria for Board nominations as well as the policy on remuneration for Directors and employees of the Company.

The criteria for Board nominations lays down the qualification norms in terms of personal traits, experience, background and standards for independence besides the positive attributes required for a person to be inducted into the Board of CUMI. Criteria for induction into senior management positions have also been laid down.

The Remuneration policy provides the framework for remunerating the members of the Board, Key Managerial Personnel and other employees of the Company. This Policy is guided by the principles and objectives enumerated in Section 178(4) of the Companies Act, 2013 and reflects the remuneration philosophy and principles of the Murugappa Group to ensure reasonableness and sufficiency of remuneration to attract, retain and motivate competent resources, a clear relationship of remuneration to performance and a balance between rewarding short and long-term performance of the Company. The policy lays down broad guidelines for payment of remuneration to Executive and Non-Executive Directors within the limits approved by the shareholders. Further details are available in the Corporate Governance Report.

The Board Nomination criteria and Remuneration policy are available on the website of the Company at *http://www.cumi-murugappa.com/policies.html.*

Composition of Audit Committee

The Audit Committee of the Board of CUMI comprises only Independent Directors. Mr. T L Palani Kumar is the Chairman and the other members are Mr. M Lakshminarayan, Mr. Sanjay Jayavarthanavelu and Mrs. Bharati Rao, who was inducted during the year. During the year, five Audit Committee Meetings were held, the details of which are provided in the Corporate Governance Report.

Statutory Auditors

M/s. Deloitte, Haskins & Sells, Chartered Accountants, (FR No.008072S) Chennai were appointed as Auditors of the Company at the 60th Annual General Meeting to hold office upto the conclusion of the 62nd Annual General Meeting, subject to the annual ratification of the appointment by the members. The Auditors have confirmed their eligibility under section 141 of the Companies Act, 2013 and the Rules framed thereunder for the continuation of their term. Further, as required under clause 49 of the Listing Agreement, they have also confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

The Report given by the Auditors on the financial statements of the Company is provided in the financial section of the Annual Report.There are no qualifications, reservations, adverse remarks or disclaimers given by the Auditors in their report.

Cost Auditors

Pursuant to Section 148 of the Companies Act, 2013 read with Companies (Cost Records and Audit) Rules, your Company is required to maintain cost accounting records under category group 'Inorganic chemicals, organic or inorganic compounds of precious metals, rare-earth metals of radio element or isotopes, and Organic chemicals' in respect of Electrominerals for FY 2014-15, which is also required to be audited. Your Directors, on the recommendation of the Audit Committee, had appointed M/s. S Mahadevan & Co. (firm no.00007), Cost Accountants, Chennai to audit the cost accounting records maintained by the Company under the said Rules for the FY 2014-15 on a remuneration of ₹ 0.4 million p.a. Further, the said firm has also been appointed to conduct cost audit for the FY 2015-16 on the same remuneration in respect of the product categories applicable to the Company.

The Companies Act, 2013 mandates that the remuneration payable to the Cost Auditor is required to be ratified by the members and accordingly a resolution seeking the member's ratification of the remuneration payable to the Cost Auditors is included in the Notice convening the Annual General Meeting.

Secretarial Audit

M/s R Sridharan & Associates, Practicing Company Secretaries, Chennai was appointed as the Secretarial Auditor to undertake the Secretarial Audit of the Company for the FY 2014-15. The report of the Secretarial Audit is annexed to and forms part of this Report (refer Annexure F). There are no qualifications, reservations, adverse remarks or disclaimers given by the Secretarial Auditor in the Report.

Compliance Management

The Company's in house compliance management system tracks compliances across the various factories and offices of the Company.This tool has a comprehensive coverage of the various applicable laws and is constantly updated based on the regulatory changes.

Corporate Governance

As per clause 49(X)(A) of the listing agreement with the stock exchanges, a separate section on corporate governance including the certificate from the Statutory Auditors confirming compliance is annexed and forms an integral part of this Report.

CEO/CFO Certificate

The Managing Director and the Chief Financial Officer have submitted a certificate to the Board on the financial statements and other matters as required under clause 49(IX) of the listing agreement.

Directors' Responsibility Statement

Pursuant to the provisions contained in Section 134(3)(c) of the Companies Act, 2013, the Board to the best of its knowledge and belief and according to the information and explanations obtained by it confirm that:

- in the preparation of the annual accounts, for the financial year ended 31st March 2015, applicable accounting standards have been followed and no material departures have been made from the same;
- the accounting policies mentioned in Note 2 of the Notes to the financial statements have been selected and applied consistently and 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 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, 2013 for safeguarding the assets of the Company for preventing and detecting fraud and other irregularities;
- the annual accounts have been prepared on a going concern basis;
- that internal financial controls to be followed by the Company have been laid down and that such internal financial controls are adequate and operating effectively;
- proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

EXTRACT OF ANNUAL RETURN

The extract of the Annual Return in the prescribed form MGT 9 is annexed to and forms part of this Report (refer Annexure E).

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO

The information on energy conservation, technology absorption, expenditure incurred on research and development and forex earnings and outgo as required under section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 is annexed to as Annexure B and forms part of this Report.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status of the Company's operations in future.

PARTICULARS OF EMPLOYEES

The information on employees and other details required to be disclosed under Rule 5 of the Companies (Appointment & Remuneration of Managerial Personnel) Rules 2014 is annexed to and forms part of this Report (refer Annexure C).

Further, the information relating to employee stock options as per the applicable Regulations of the Securities and Exchange Board of India is also annexed and forms part of this Report (refer Annexure D).

ACKNOWLEDGEMENT

The Board gratefully acknowledges the cooperation received from various stakeholders of the Company viz., customers, investors, channel partners, suppliers, government authorities, banks and other business associates during the year.

The Board also places on record its sincere appreciation of all the employees of the Company for their commitment and continued contribution to the Company.

On behalf of the Board

1st May 2015
Chennai

M M Murugappan
Chairman

ANNEXURES TO THE REPORT OF THE DIRECTORS

Given as required under section 134 of the Companies Act, 2013 and the Companies (Accounts) Rules, 2014, Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 and the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. All information furnished relates to Carborundum Universal Limited, India as a standalone entity.

ANNEXURE A

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1.	A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects / programs	The Company's CSR objectives focus on Health, Education and Skill Development, as detailed in the CSR section of the Report. The CSR policy is uploaded in the website of the Company.
2.	Website link where the CSR policy is uploaded	*http://www.cumi-murugappa.com/policies.html*
3.	The Composition of the CSR Committee	Shobhan M Thakore, Chairman (Independent Director) Aroon Raman (Independent Director) K Srinivasan (Managing Director)
4.	Average net profit of the company for last three financial years	₹ 1192.83 million
5.	Prescribed CSR Expenditure (two per cent of the amount as in item 4 above)	₹ 23.86 million *
6.	Details of CSR spent during the financial year (a) Total amount spent for the financial year (b) Amount unspent, if any	₹ 21.83 million ₹ 2.03 million

** Reviewed by the CSR Committee at its meeting held on 1st May 2015 based on the guidance issued by ICAI on 31st March 2015 in computation of net profits for CSR purposes.*

(c) Manner in which the amount spent during the financial year is detailed below:

₹ million

Sl. no	CSR Project or activity indentified	Sector in which the project is covered	Project or Programs – location	Amount Outlay/ direct by Co.*	Amount spent on the projects or programs – 1) direct expenditure 2) overheads	Cumulative Expenditure upto reporting period*	Amount Spent Direct/ agency
1	CUMI Centre for Skill Development	Skill development	Hosur - Krishnagiri District	11.15	8.28	8.28	Direct
2	Community Assistance programs around Plant and office locations	Health & Education	All our plant/ office locations	2.46	-	-	-
	Inclusive education for differently abled children	Education	Corporate - HO, Chennai		0.41	0.41	Spastics society
	Educational sponsorship for 50 under privileged students.	Education	Kerala		0.20	0.20	Rajagiri OutReach
	Key Children Project – special assistance on education, personality development, general awareness etc., for children of working parents (entrusted with house keys) in the neighbouring area after school hours at a community centre under guidance of a facilitator for better utilisation of their time.	Education	Kerala		0.25	0.25	-do-
3	Grant to Valliammai Achi Hospital	Health	Kadayalumoodu, Kanyakumari District	5.34	5.34	5.34	AMM Foundation
4	Grant to Vellayan Chettiar Higher Secondary School (VCHSS)	Education	Thiruvottiyur, Chennai	7.35	7.35	7.35	AMM Foundation
Total				**26.30***	**21.83**	**21.83**	

**total outlay reviewed and revised to ₹ 23.86 million at the meeting held on 1st May 2015*

7. Reasons for shortfall in spend: Delay in expansion of the CUMI Centre for Skill Development to Cochin. The centre is currently being run in Hosur imparting specialised training for rural youths, drawn from socially and economically backward sections of the society to build a skill bank of technically competent and industry ready work force capable of being employed by any industrial entity. Delay in replicating the CCSD model in Cochin during the FY 2014-15 has attributed to the shortfall in spend.

8. It is confirmed that the implementation and monitoring of CSR Policy for the FY 2014-15 is in compliance with the CSR objectives and Policy of the Company.

On behalf of the Board

K Srinivasan
Managing Director

Shobhan M Thakore
Chairman – CSR Committee

1st May 2015
Chennai

ANNEXURE B

ENERGY CONSERVATION

Measures

Energy conservation measures during the year were inter alia in the form of identifying power intensive equipments and analysing the consumption patterns. Savings in fuel cost and energy for kilns was achieved by modification in kilns, reduction in firing cycle time, improved cooling systems, installation of energy efficient blowers and VFD blowers, using low cost furnace oil and bio fuel etc. Saving in energy and energy cost was also achieved through installation of capacitors, idle timers in electrical motors, automation in steam line controls, installation of energy efficient lights, LED lamps, ABT meters etc.

The Company was able to achieve a total saving of ₹ 0.13 million due to the above energy saving measures implemented across divisions. Further energy savings of about 12 per cent was achieved in power consumption and also about 6 per cent from efforts taken in lighting power conservation in the Refractories division.

Steps taken for utilising alternate source of energy

In the Refractories division, Petcoke was used as an alternate fuel for firing in Kiln. Solar energy was utilised for the drying process of Hydrogel and other raw materials which resulted in reduction of electric power demand. A 10KWp solar power plant is operational at Maniyar (for Electromineral division) from the year 2013-14. The Refractories division proposes to install a similar facility which is under initial phase of implementation. The Abrasives division has introduced the usage of Bio fuel & low cost furnace oil in kilns.

Capital Investment on energy conservation equipment

The capital investment in Refractories mainly pertaining to Kiln Recuperator, LED Lightings and installation of APFC panel aggregated to ₹ 1.99 million.

RESEARCH AND DEVELOPMENT

Specific areas in which R & D was carried out

Research and developments efforts during the year focused on new product development, new formulations for specific product markets and developing customised products.

The R & D centres of the Company at Tiruvottiyur and Hosur (IC) are approved by the Department of Science and Technology. The Company is in the process of getting its other centres at Ranipet, Cochin and Hosur approved. Across the CUMI group of companies, there was continuous focus on technology innovations including creation of over 20 IPs in form of patent/ design/ trademark registrations, peer review paper presentations in international forums and journals.

During the year, the Electrominerals division has developed new improved variants in Ceramic Abrasives, an alternate to brown Fused Alumina with improved performance, chemically coated and treated variants for Abrasive applications etc. The division also worked on development of alternate applications for fine powders, synthetic graphite, high purity Alumina and agglomerated grains for Abrasives. The division plans to focus on high performance Abrasive grains and alternate application for fine powders including synthetic graphite.

Expenditure on R & D

₹ million

Capital	16.82
Recurring	85.33
Total	102.15
Total expenditure as a percentage to net sales	0.89%

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

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

During the year, technical teams made efforts to absorb the technologies procured recently and during the year. The teams also worked on adapting the technical Knowhow which were available within the Company for new applications, new products, manufacturing process improvement and product improvements to meet the specific requirements of customers.

Significant progress was achieved by the Electrominerals division towards development of synthetic graphite. The division has established Alumina Zirconia in two applications through in-house developed process and composition. Eco-friendly odor treatment process was implemented in the silicon carbide operations and eco friendly grain beneficiation process was established in fine powders.

Benefits derived as a result of the above efforts

The efforts put in by the technical teams resulted in process improvement and cost reduction. The Electrominerals division was able to produce Alumina Zirconia in bulk and commercialise the Silicon Carbide process by incorporating odor control. In Refractories division, product development and customisation helped in the growth of Monolithic Refractories business. All businesses worked on absorbing the technology procured from third party sources which enhanced the range and reach of 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
Armor Plates	2011-12	Yes	-
Metallized Devices	2011-12	Yes	-
Ultrafine SiC powder	2011-12	Yes	-
Rubber cork bonded wheels	2011-12	Yes	-
Special fired refractories for high end applications	2012-13	Yes	-
Special monolithic refractories for specific industries	2012-13	Yes	-
Rubber Fine Grits	2012-13	Yes	-
Fabrication technology for certain range of Coated Abrasives	2013-14	Yes	-
Technology for composite fittings for abrasion & corrosion resistant applications in chemical processing and power generation plants.	2014-15	No	This is in developmental stage and likely to be commercialised in 2015-16
Product development for Mullite kiln furniture for application in technical ceramics	2014-15	No	This is in trial development stage. Will be established through customer trials and absorbed during 2015-16

FOREIGN EXCHANGE EARNINGS AND OUTGO

₹ million

Particulars	2014-15	2013-14
Foreign Exchange Earnings	2434	2177
Foreign Exchange Outgo		
- Revenue	2472	2453
- Capital	42	137

ANNEXURE C

STATEMENT OF EMPLOYEES REMUNERATION

A. The details of employees who were paid remuneration in excess of ₹ 500000 per month or ₹ 6 million per annum during 2014-15 as per Rule 5(2) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules 2014 are as follows:

Name and Age	Designation / Nature of duties	Gross remuneration paid (₹)	Qualification and Experience (years)	Date of commencement of employment	Previous employment
M Muthiah (55)	Executive Vice President, Human Resources	6259919	M.A (SW) and PG Dip. In Management (31)	15.10.2003	Plant HR Head, Hyundai Motor India Ltd.
N Ananthaseshan (52)	President, Abrasives	7692769	M.Sc (Applied Science), M.Tech Material Science (29)	19.02.1986 (f)	-
Sridharan Rangarajan (49)	Chief Financial Officer	6738822	B.Com, ACA, Grad CWA (29)	22.06.2011	CFO, Indian Operations - TIMKEN
R Rajagopalan (56)	Executive Vice President, Refractories & Prodorite	6999706	B.E. (Mech), MBA (Oubs), (35)	01.10.1980 (f)	-
K Srinivasan (57)	Managing Director	15493865	B.Tech (Mech) (35)	30.01.2002	Vice President Wendt (India) Ltd
P L Deepak Dorairaj (58)	Senior Vice President, International Business & Exports, Abrasives	3265108	B.Tech, Chemical (35)	22.08.1979 (f)	-

Notes:

a) Remuneration shown above includes salary, allowances, Company's contribution to provident, superannuation and gratuity funds, medical facilities and perquisites valued as per Income-tax rules. During the year, no options were granted under the Employees stock option scheme, 2007. The Stock Options granted to employees in the earlier period are accounted based on intrinsic value, as permitted by applicable SEBI Regulations. Since options are granted at the closing market price prior to date of grant, the intrinsic value is nil.

b) The employment of the above persons is whole time and contractual in nature terminable with 3 months' notice on either side;

c) Mr. Deepak Dorairaj has superannuated w.e.f 30th June 2014. The remuneration stated above does not include his retiral benefits being gratuity and leave encashment.

d) Mr. K Srinivasan was reappointed as Managing Director by the Board from 1st February 2015 till 22nd November 2017 subject to the approval of shareholders at the 61st Annual General Meeting. He is subject to the service conditions of the Company.

e) The above mentioned employees are not relatives (in terms of the Companies Act, 2013) of any Director of the Company. Further no employee of the Company is covered by the Rule 5(2)(iii) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 i.e. Employee holding by himself or with his family shares of 2 per cent or more in the Company and drawing remuneration in excess of the Managing Director. Hence, the details required under Rule 5(3)(viii) is in applicable.

f) Date of joining as graduate engineer trainee.

g) The remuneration details are for the year 2014-15 and all other particulars are as on 31st March 2015.

B. The details of remuneration during the year 2014-15 as per Rule 5(1) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules 2014 are as follows:

(i) Ratio of remuneration of each Director to the median remuneration of the employees of the Company for the financial year:

Name	Designation	Ratio
M M Murugappan	Chairman	20.20
T L Palani Kumar	Independent Director	2.79
Shobhan M Thakore	Independent Director	2.43
M Lakshminarayan	Independent Director	2.87
Sanjay Jayavarthanavelu	Independent Director	2.45
Aroon Raman	Independent Director	2.46
Bharati Rao	Independent Director	1.21
K Srinivasan	Managing Director	40.78

(ii) Percentage increase in the remuneration of each director, Chief Executive Officer, Chief Financial Officer, Company Secretary in the financial year:

Name	Designation	% increase
M M Murugappan	Chairman	0.92
T L Palani Kumar	Independent Director	55.88
Shobhan M Thakore	Independent Director	52.89
M Lakshminarayan	Independent Director	67.69
Sanjay Jayavarthanavelu	Independent Director	57.63
Aroon Raman*	Independent Director	NA
Bharati Rao**	Independent Director	NA
K Srinivasan	Managing Director	(5.60)
Sridharan Rangarajan	Chief Financial Officer	10.21
Rekha Surendhiran*	Company Secretary	NA

* Joined during 2013-14 hence not comparable
** Joined during 2014-15 hence not comparable

Note: During the year 2014-15, the limits of sitting fees for attending the meetings of the Board and its Committees and the commission payable to Non-Executive Directors were enhanced and is reflected in the percentage above with respect to Directors remuneration.

Mr. Srinivasan voluntarily did not take increments for the FY 2012-13 and 2013-14 & hence no increase in remuneration. The difference between the incentive eligibility as per the terms of his appointment and the actual incentive paid which is in relation to the Company performance, reflect the decrease in his remuneration.

(iii) Percentage increase in the median remuneration of employees in the financial year : 5.58 per cent. (employees who were in employment for the whole of FY 2013-14 & whole of FY 2014-15 considerd for this purpose.)

(iv) Number of permanent employees on the rolls of the Company as on 31st March 2015 : 1950.

(v) Explanation on relationship between average increase in remuneration & Company performance (standalone):

Annual increase in employees remuneration is based on Company and individual performance. The individual performance parameters varies based on employee cadres. For management cadre employees, the performance is based on parameters such as financial performance, customer perspective, internal process improvements and learning & development. For non management cadre and others the performance is based on operational performance of SBUs / locations / branches and long term settlements.

The average increase in employee remuneration effected during the year 2014-15 was 6.68 per cent. This increase is based on the Company's performance in the preceeding financial year, their individual performance as well as other external factors such as inflation, industry standards etc., The Company's performance for the year 2014-15 increased by 1.75 per cent in terms of revenue from operations, the profits before tax and exceptional income increased by 9.83 per cent and the market capitalisation increased by 29 per cent as compared to the previous year.

(vi) Comparison of the remuneration of the Key Managerial Personnel and each Key Managerial Personnel against the performance of the Company:

Aggregate remuneration of Key Managerial Personnel (KMP) in FY 2014-15 (₹ million)	24.88
Revenue from operations for the year 2014-15 (₹ million)	11686.84
Remuneration of KMPs (as a % of revenue)	0.21%
Profit before tax and exceptional income for the year 2014-15 (PBT - ₹ million)	1124.80
Remuneration of KMPs (as a % of PBT)	2.21%

	K Srinivasan Managing Director	**Sridharan Rangarajan** Chief Financial Officer	**Rekha Surendhiran** Company Secretary
Remuneration in FY 2015 (₹ million)	15.49	6.74	2.65
Revenue from operations for the year 2014-15 (₹ million)		11686.84	
Remuneration as a % of revenue	0.13%	0.06%	0.02%
PBT for the year 2014-15 (₹ million)		1124.80	
Remuneration as a % of PBT	0.78%	0.34%	0.13%

(vii) Variations in the market capitalisation of the Company and price earnings ratio as at the closing date of the current financial year and previous financial year:

	31.03.2015	**31.03.2014**
Market Capitalization of the Company (in ₹ million)	35443.5	27450.0
Closing Price at the Bombay Stock Exchange Ltd. (in ₹)	188.35	146.20
Price Earnings Ratio as at the closing date	23.87	37.68

(viii) Percentage increase over decrease in market quotations of the shares of the Company in comparison with the last public offer : The last public offer was made in 1994 and the data is incomparable.

(ix) The average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year is 6.87 per cent and the average percentage increase in the managerial remuneration is 6.67 per cent. (Employees who were in employment for whole of FY 2013-14 and whole of FY 2014-15 considered for this purpose.)

The increase in employees remuneration is based on the parameters referred in earlier para. The increase in Managerial remuneration (other than MD) is on account of increase in sitting fees paid and commission payable to the Non-executive Directors during the FY 2014-15. Mr. Srinivasan voluntarily did not take increments for the FY 2012-13 and 2013-14 & hence there is no increase in his remuneration. The difference between the incentive eligibility as per the terms of his appointment and the actual incentive paid which is in relation to the Company performance, reflects the decrease in his remuneration.

The Managerial remuneration is subject to regulatory ceiling limits. Other than Managing Director, the remuneration of Directors comprises only sitting fees and commission.

There are no exceptional circumstances for increase in Managerial remuneration other than the fact that the sitting fee and commission limits fixed in year 2011 were reviewed and revised in this financial year.

(x) Key parameters for variable component of remuneration of Directors:

Managing Director: The Remuneration of Managing Director includes annual incentive component at 100 per cent levels. The actual payment in the year is linked to the Company's performance in the previous financial year based on qualitative and quantitative factors and is paid as determined by the Nomination and Remuneration Committee.

Other Directors: The remuneration of Non-Executive Directors comprises sitting fees and commission. Sitting fees is paid based on the attendance at Board/Committe meetings. Differential fee structure exists for Board and its Committees. Also, based on the terms of reference of the Committee, different fee structure exists among the Committees.

Commission to non-executive Directors is subject to a maximum of 1% of net profits of the Company. 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.

(xi) Ratio of remuneration of the highest paid director of that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year: Not Applicable.

(xii) Affirmation that the remuneration is as per the Remuneration policy of the Company: The Company is in compliance with its Remuneration policy.

ANNEXURE D

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 Nomination and Remuneration Committee (earlier Compensation and Nomination Committee) had formulated the Carborundum Universal Limited Employee Stock Option Scheme 2007. While no fresh options were granted during the year (the last grant being made in February 2012) as required under the SEBI Regulations, the following details of this scheme as on 31st March 2015 are being provided:

Nature of Disclosure	Particulars
a. Details of Options granted	
(i) Total number of options granted	4528600 options have been granted till 31.03.2015. No options granted during the year 2014-15.
(ii) Vesting Schedule	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 4194200 options, 20 per cent each on expiry of 1 and 2 years from the date of grant and 30 per cent each on expiry of 3 and 4 years from the date of grant. (b) In respect of 334400 options, 40 per cent on expiry of one year from the date of grant and 30 per cent each on expiry of 2 and 3 years from the date of grant.
(iii) Entitlement to equity shares	Each Option, upon vesting gives the grantee a right to subscribe to one equity share of ₹ 1/ – each of the company as per the pricing formula given in item (b). 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.
(iv) Exercise Period	(a) In respect of 4194200 options, the grantee has a right to subscribe within 3 years from the date of vesting for the first tranche and 6 years from the date of vesting for the subsequent tranches (b) In respect of 334400 options, the grantee has a right to subscribe within 3 years from the date of vesting, for 50 per cent of the first tranche, and 6 years from the date of vesting for the remaining 50 per cent of the first tranche and all subsequent tranches.
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	1365511 (as on 31.3.2015).
d. Options exercised	1471042 (since inception of the scheme).
e. The total number of shares arising as a result of exercise of options	1549021 equity shares assuming all outstanding options are exercised.
f. Number of Options lapsed / cancelled (upon retirement / resignation/ based on performance rating)	1508537 (since inception of the scheme).
g. Variation of terms of options	Since inception of the scheme, the performance based vesting criteria has been amended. Further the exercise period for the options have been extended from 3 years to 6 years for the 2nd, 3rd and 4th vests. In respect of the 1st vest, the exercise period continues to be 3 years except in respect of the 334400 option mentioned above for which 50 per cent is exercisable within 3 years and balance 50 percent within 6 years.

Nature of Disclosure	Particulars
h. Money realised by exercise of options	₹ 143.65 million (since inception of the scheme)
i. Number of options in force	1549021 (as on 31.03.2015)
j. Senior Employee wise details of options granted to: i. Senior Management Personnel	Numbers in brackets represent number of options granted earlier. No options were granted during the year. K Srinivasan, Managing Director (443,800), V Ramesh, President – (Abrasives) (266,400)*, N Ananthaseshan, President Abrasives (200,400) M Muthiah, Executive President – HR (168,400), R Rajagopalan, Executive Vice President – Refractories and Prodorite (201,400), P L Deepak Dorairaj, Senior Vice President – International Business & Exports – Abrasives (200,400)***, Sridharan Rangarajan, Chief Financial Officer (264,000), S Dhanvanth Kumar, Vice President & Company Secretary (97,600)** *Resigned effective 30th Jan 2014 **Resigned effective 14th August 2013 *** Superannuated effective 30th June 2014
(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:	Shekar Venkat (40,600), G Anil Kumar (40,600), D V Badrinath (50,800), Satheesh A R (74,800), Alagappan P (74,800), D Vijayalakshmi (74,800), Ramesh K (88,600), Sivakumaran M V (88,600), Ranjan Dey (93,400), Padmanabhan P (93,400), Rajiv Pruthi (73,600), NAS Balasubramaniam (156,000), P Nandakumar Nair (33,500), Rajeev Singhal (33, 500), Vipin Malik (33, 500), Shastry J H (33,500) The above represents the options granted earlier. No fresh options were granted during the year.
(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.	₹ 7.87#
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.	The employee compensation cost for 2014-15 would have been higher by ₹ 8.19 million had the company used the fair value of options as the method of accounting instead of the intrinsic value.
(ii) Impact of the difference mentioned in (i) above on the profits of the company	The profits before tax for 2014-15 would have been lower by ₹ 8.19 million had the Company used the fair value of options as the method of accounting instead of the intrinsic value.
(iii) Impact of the difference mentioned in (i) above on the EPS of the company	The basic and diluted EPS would have been lower by ₹ 0.03*

On a standalone basis

Nature of Disclosure	Particulars					
m. Weighted-average exercise prices and Weighted-average fair values of options separately for the options whose exercise price is either equal to or exceeds or is less than the market price.						
	Above Market Price*		At Market Price*		Less than Market Price*	
	No. of Options	Price	No. of Options	Price	No. of Options	Price
Weighted Average Exercise Price	-	-	-	-	1549021	121.00
Weighted Average Fair Value	-	-	-	-	1549021	54.36
*Market Price as on 31.03.2015 – ₹ 190.20 i.e. closing price on the National Stock Exchange of India Ltd.						
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	7.93%					
(b) Expected life of the Option	Varies from 2.5 years to 7 years depending on the respective date of vesting					
(c) Expected volatility	39.16%					
(d) Expected dividend yields	1.72%					
(e) Price of the underlying share in market at the time of option grant	₹ 121 per equity share (weighted average exercise price)					

The certificate from the Statutory Auditors under the Securities and Exchange Board of India Securities And Exchange Board Of India (Share Based Employee Benefits) Regulations, 2014 ("Regulations") confirming that Carborundum Universal Limited Employees Stock Option Scheme has been implemented in accordance with the Regulations and shareholders resolution will be placed before the shareholders at the ensuing Annual General Meeting.

On behalf of the Board

1st May 2015
Chennai

M M Murugappan
Chairman

ANNEXURE E

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
for the Financial Year Ended 31st March 2015

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I	**REGISTRATION AND OTHER DETAILS**	
	i) CIN	L29224TN1954PLC000318
	ii) Registration Date	21.04.1954
	iii) Name of the Company	Carborundum Universal Limited
	iv) Category / Sub-Category of the Company	Company Limited by Shares / Indian Non-government Company
	v) Address of the Registered office and contact details	Parry House, 43, Moore Street, Chennai-600001, Tel: +91-44-30006142, Fax: +91-44-30006149 e-mail: investorservices@cumi.murugappa.com
	vi) Whether listed company Yes / No	Yes
	vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	Karvy Computershare Pvt. Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli Financial District, Nanakramguda, Hyderabad 500032 (As on 31st March 2015 the address was Plot No 17 to 24, Vithalrao nagar, Madhapur, Hyderabad - 500081) Tel: +91-40-67162222, Fax: +91-40-23001153, e-mail: einward.ris@karvy.com

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 per cent or more of the total turnover of the company shall be stated:-

Sl. No.	Name and description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Abrasives	23993	58.08
2	Ceramics	23939	27.16
3	Electrominerals	00729	14.76

EXTRACT OF ANNUAL RETURN (CONTINUED)

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. no	Name and address of the Company	CIN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
Direct holding					
1	Net Access India Limited Parry house, 43 Moore Street, Chennai-600001	U74999TN199 7PLC039545	Subsidiary	100.00	2(87)(ii)
2	Southern Energy Development Corporation Limited, Parry house VI floor, 43 Moore Street, Chennai-600001	U40100TN198 5PLC012425	Subsidiary	84.76	2(87)(ii)
3	Sterling Abrasives Limited Plot No 45/46 G I D C Industrial Estate, Odhva Road, Ahmedabad- 382415	U29259GJ19 79PLC003467	Subsidiary	60.00	2(87)(ii)
4	Cellaris Refractories India Limited Parry house, 43 moore street, Chennai-600001	U26990TN200 8PLC069898	Subsidiary	100.00	2(87)(ii)
5	CUMI International Limited 284 Arch. Makarou III Ave. Fortuna Court, 2nd Floor, 3105 Limassol, Cyprus	Company Incorporated outside India	Subsidiary	100.00	2(87)(ii)
6	CUMI(Australia) Pty Limited Level 1, 56 Hudson Street, Hamilton NSW 2303	Company Incorporated outside India	Subsidiary	51.22	2(87)(ii)
Holding through CUMI International Limited (a wholly owned subsidiary)					
7	Volzhsky Abrasives Works 404130 Volzhsky, Volgograd Region, Autodoroge 6, Russia	Company Incorporated outside India	Subsidiary	98.07	2(87)(ii)
8	Foskor Zirconia (Pty)Limited. PO Box.1, Phalaborwa, South Africa,1390	Company Incorporated outside India	Subsidiary	51.00	2(87)(ii)
9	CUMI America Inc 7310 Turfway Road, Ste 550, Florence Kentucky 41018 USA	Company Incorporated outside India	Subsidiary	100.00	2(87)(ii)
10	CUMI Middle East FZE RAK Free Trade Zone, P O Box. 10559, Ras Al Khaimah, United Arab Emirates	Company Incorporated outside India	Subsidiary	100.00	2(87)(ii)
11	CUMI Canada Inc, 149, Industrial Creescent, Summerside, PE C1N 5P8, Canada	Company Incorporated outside India	Subsidiary	100.00	2(87)(ii)
12	CUMI Abrasives & Ceramics Company Limited, Ring Road, No.9, Yanjiao, Sanhe, Hebei, P.R, China,065201	Company Incorporated outside India	Subsidiary	100.00	2(87)(ii)
13	Thukela Refractories Isithebe Pty Ltd. No.1 Yellow Street, Isithebe, South Africa.	Company Incorporated outside India	Subsidiary	100.00	2(87)(ii)
14	CUMI Europe s.r.o, Bucharova 2657/12 bld. c 15800 Prague, Czech Republic.	Company Incorporated outside India	Subsidiary	100.00	2(87)(ii)
Joint Ventures					
15	Murugappa Morgan Thermal Ceramics Limited PBNO 1570, Dare House Complex 5th Floor EXTN, 2, NSC Bose Road, Chennai-600 001	U26919TN198 2PLC009622	Joint Venture	49.00	2(6)
16	Ciria India Limited P-11 Pandav Nagar, Mayur Viha Phase-1, New Delhi - 110 001	U74899DL199 7PLC091417	Joint Venture	30.00	2(6)
17	Wendt (India) Limited 105, 1st floor, Cauvery Block, National Games, Housing Complex, Koramangala, Bangalore - 560 047	L85110KA198 0PLC003913	Joint Venture	39.87	2(6)

EXTRACT OF ANNUAL RETURN (CONTINUED)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (1st April 2014)				No. of Shares held at the end of the year (31st March 2015)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	7599638	-	7599638	4.05	7611638	-	7611638	4.04	(0.00)
b) Central Govt	-	-	-	-	-		-	-	
c) State Govt (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	58946944	-	58946944	31.40	58946944	-	58946944	31.32	(0.07)
e) Banks / FI	-	-	-	-	-		-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A) (1):-	66546582	-	66546582	35.44	66558582	-	66558582	35.37	(0.07)
(2) Foreign									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals									
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other….	-	-	-	-	-	-	-	-	-
Sub-total (A) (2):-	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	66546582	-	66546582	35.44	66558582	-	66558582	35.37	(0.07)
AA. Promoter Group									
Individuals/HUF	3343818	-	3343818	1.78	6314554	-	6314554	3.36	1.57
Body Corporates	9285620	-	9285620	4.95	9287320	-	9287320	4.94	(0.01)
Total shareholding of Promoter Group	12629438	-	12629438	6.73	15601874	-	15601874	8.29	1.56
Total shareholding of Promoter& Promoter Group (A)+(AA) =	79176020	-	79176020	42.17	82160456	-	82160456	43.66	1.49
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	13600515	-	13600515	7.24	20347722	-	20347722	10.81	3.57
b) Banks / FI	23100	-	23100	0.01	55220	-	55220	0.03	0.02
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	7510268	-	7510268	4.00	6832723	-	6832723	3.63	(0.37)

EXTRACT OF ANNUAL RETURN (CONTINUED)

Category of Shareholders	No. of Shares held at the beginning of the year (1st April 2014)				No. of Shares held at the end of the year (31st March 2015)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
f) Insurance Companies	42299527	3000	42302527	22.53	38431139	3000	38434139	20.42	(2.11)
g) FIIs	-	-	-	-	-		-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-		-	-	-
i) Others (specify)	-	-	-	-	-		-	-	-
Sub-total (B)(1):-	63433410	3000	63436410	33.79	65666804	3000	65669804	34.90	1.11
2. Non-Institutions									
a) Bodies Corp.	6482916	141530	6624446	3.53	5790010	141130	5931140	3.15	(0.38)
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual	-	-	-	-	-	-	-	-	-
shareholders holding nominal share capital upto ₹ 1 lakh	21831951	4207482	26039433	13.87	20971392	3784550	24755942	13.16	(0.71)
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	11169957	140460	11310417	6.02	7458538	140460	7598998	4.04	(1.99)
c) Others (specify)	-	-	-	-	-	-	-	-	-
Non Resident Indians	915297	41660	956957	0.51	18559	-	18559	0.01	(0.50)
Clearing Members	203875	-	203875	0.11	2000573	41660	2042233	1.09	0.98
Trusts	8660	-	8660	0.00	1910	-	1910	0.00	(0.00)
Sub-total (B)(2):-	40612656	4531132	45143788	24.04	36240982	4107800	40348782	21.44	(2.60)
Total Public Shareholding (B)=(B)(1)+ (B)(2)	104046066	4534132	108580198	57.83	101907786	4110800	106018586	56.34	(1.49)
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**183222086**	**4534132**	**187756218**	**100**	**184068242**	**4110800**	**188179042**	**100**	-

* The decrease in shareholding % is due to increase in share capital arising on account of allotment of equity shares to employees who have exercised their options during the year under the Company's ESOP Scheme, 2007.

** The change in promoter / promoter group shareholding reflects the change arising due to re-classification of holdings into promoter / promoter group as at 31st March 2015.

EXTRACT OF ANNUAL RETURN (CONTINUED)

(ii) Shareholding of Promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year (1st April 2014)			Share holding at the end of the year (31st March 2015)			% change in share holding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1	Murugappa Holding Limited	55432284	29.52	-	55432284	29.46	-	(0.07)
2	Ambadi Investments Private Limited	3121960	1.66	-	3121960	1.66	-	-
3	M A M Arunachalam	1100600	0.58	0.03	1100600	0.58	0.03	-
4	M A Alagappan	1274400	0.68	0.22	1274400	0.68	0.22	-
5	S Vellayan	694544	0.37	-	694544	0.37	-	-
6	A Venkatachalam	592900	0.32	0.03	598900	0.32	0.03	-
7	Arun Alagappan	471400	0.25	-	471400	0.25	-	-
8	M M Venkatachalam	449400	0.24	0.24	449400	0.24	0.24	-
9	Ambadi Enterprises Ltd	384700	0.20	-	384700	0.20	-	-
10	M M Murugappan	696340	0.37	-	696340	0.37	-	-
11	A Vellayan	297260	0.16	0.03	303260	0.16	0.03	-
12	M V Subbiah	514294	0.27	-	514294	0.27	-	-
13	M M Veerappan	234000	0.12	-	234000	0.12	-	-
14	M M Muthiah	234000	0.12	-	234000	0.12	-	-
15	M V Murugappan	420280	0.22	0.11	420280	0.22	0.11	-
16	V Narayanan	205900	0.11	-	205900	0.11	-	-
17	Arun Venkatachalam	186840	0.10	-	186840	0.10	-	-
18	V Arunachalam	183740	0.10	-	183740	0.10	-	-
19	M V Subramanian	24320	0.01	-	24320	0.01	-	-
20	M V Muthiah	19420	0.01	-	19420	0.01	-	-
21	Tube Investment of India Ltd	6000	0.00	-	6000	0.00	-	-
22	E.I.D.Parry (India) Ltd.	2000	0.00	-	2000	0.00	-	-
23	New Ambadi Estates Pvt. Ltd.	-	-	-	-	-	-	-
24	Coromandel International Ltd	-	-	-	-	-	-	-
25	Murugappa & Sons	-	-	-	-	-	-	-
Total		**66546582**	**35.44**	**0.65**	**66558582**	**35.37**	**0.65**	**(0.07)**

The above table does not include the holdings of promoter group aggregating to 15601874 shares (8.29%) as at 31st March 2015.

EXTRACT OF ANNUAL RETURN (CONTINUED)

(iii) Change in Promoters' Shareholding

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	66546582	35.44		
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	NIL			
	At the End of the year	66558582	35.37		
	No fresh acquisition or disposal of shares were made by Promoters during the year. The change is arising on account of re-grouping of promoter / promoter group shareholding as at 31st March 2015 and the increase in Share Capital consequent to allotment of shares to employees under the Company's ESOP scheme, 2007.				

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For each of the top 10 Shareholders	Shareholding at the beginning of the year (1st April 2014)		Cumulative Shareholding during the year (31st March 2015)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Nalanda India Fund Limited				
	At the beginning of the year	16793362	8.94		
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	Nil	Nil		
	At the end of the year	16793362	8.92	16793362	8.92
2	Smallcap World Fund, Inc				
	At the beginning of the year	7985000	4.25		
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer / bonus / sweat equity etc): NIL	Nil	Nil		
	At the end of the year	7985000	4.24	7985000	4.24
3	American Funds Insurance Series Global Small Capital				
	At the beginning of the year	5090000	2.71		
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer / bonus / sweat equity etc): NIL	Nil	Nil		
	At the end of the year	5090000	2.70	5090000.00	2.70
4	Amansa Capital PTE Limited A/C Amansa Holding Private Ltd.				
	At the beginning of the year	4950116	2.64		
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer / bonus / sweat equity etc):				
	Transfer-8/29/2014 (Sale)	(2385019)		2565097	1.36
	Transfer-9/5/2014 (Sale)	(2565097)		-	-
	At the end of the year	-	-		
5	Sudarshan Securities Private Limited				
	At the beginning of the year	4619986	2.46		
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):				
	Transfer-8/22/2014 (Sale)	(267504)		4352482	2.31
	Transfer-8/29/2014(Sale)	(80000)		4272482	2.27
	Transfer-9/5/2014 (Sale)	(1814320)		2458162	1.31
	Transfer-9/12/2014 (Sale)	(33121)		2425041	1.29
	Transfer-9/30/2014 (Sale)	(425041)		2000000	1.06
	At the end of the year	2000000	1.06		
6	Nalanda India Equity Fund Limited				
	At the beginning of the year	4478619	2.39		
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc): NIL	Nil	Nil		
	At the end of the year	4478619	2.38		

EXTRACT OF ANNUAL RETURN (CONTINUED)

Sl. No.	For each of the top 10 Shareholders	Shareholding at the beginning of the year (1st April 2014)		Cumulative Shareholding during the year (31st March 2015)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
7	HDFC Trustee Company Ltd - A/C HDFC MID - Cap opportunities Fund				
	At the beginning of the year	4471841	2.38		
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):				
	Transfer-8/29/2014 (Purchase)	1257159		5729000	3.04
	Transfer-9/5/2014 (Purchase)	1874500		7603500	4.04
	Transfer-9/12/2014 (Purchase)	16200		7619700	4.05
	Transfer-9/30/2014 (Purchase)	1180300		8800000	4.68
	Transfer-10/17/2014 (Purchase)	100000		8900000	4.73
	Transfer-10/31/2014 (Purchase)	110000		9010000	4.79
	Transfer-11/14/2014 (Purchase)	58000		9068000	4.82
	At the end of the year	9068000	4.82		
8	HDFC Trustee Company Limited - HDFC Tax Saverfund				
	At the beginning of the year	3188632	1.70		
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc): NIL	Nil	Nil		
	At the end of the year	3188632	1.69		
9	General Insurance Corporation of India				
	At the beginning of the year	3000000	1.60		
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc): NIL	Nil	Nil		
	At the end of the year	3000000	1.59		
10	The New India Assurance Company Limited				
	At the beginning of the year	2831661	1.51		
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):				
	Transfer-5/23/2014 (sale)	(31537)		2800124	1.49
	Transfer-5/30/2014 (sale)	(24486)		2775638	1.47
	Transfer-6/6/2014 (sale)	(14456)		2761182	1.47
	Transfer-6/13/2014 (sale)	(73557)		2687625	1.43
	Transfer-6/20/2014 (sale)	(55964)		2631661	1.40
	Transfer-8/22/2014 (sale)	(50000)		2581661	1.37
	Transfer-8/29/2014 (sale)	(60486)		2521175	1.34
	Transfer-9/5/2014 (sale)	(26169)		2495006	1.33
	Transfer-9/12/2014 (sale)	(71648)		2423358	1.29
	Transfer-9/19/2014 (sale)	(66699)		2356659	1.25
	Transfer-9/30/2014 (sale)	(51260)		2305399	1.23
	Transfer-10/3/2014 (sale)	(15083)		2290316	1.22
	At the end of the year	2290316	1.22		
11	Kotak Mahindra (International) Limited				
	At the beginning of the year	Nil	Nil		
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):				
	Transfer- 7/11/2014 Purchase	897468	0.48	897468	0.48
	Transfer- 7/25/2014 Purchase	708298	0.38	1605766	0.85
	Transfer- 7/25/2014 Purchase	400000	0.21	2005766	1.07
	At the end of the year	2005766	1.07		

Notes:
1. As the Company is listed, its shares are traded on a daily basis and hence the above dates refer to the respective benpose dates.
2. The above list comprises top 10 shareholders as on 1st April 2014 and as on 31st March 2015.
3. The % change in holding despite nil changes during the year is on account of increase in share capital upon allotment of equity shares to employees who have exercised their options under the Company's ESOP Scheme, 2007.

EXTRACT OF ANNUAL RETURN (CONTINUED)

(v) Shareholding of Directors and Key Managerial Personnel:

	Shareholding at the beginning of the year (1st April 2014)		Cumulative Shareholding during the year (31st March 2015)	
For each of the Directors and KMP	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
M M Murugappan				
At the beginning of the year	696340	0.36		
Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): NIL				
At the end of the year	696340	0.36		
K Srinivasan				
At the beginning of the year	200704	0.11		
Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
ESOP Allotment-11.08.2014	25000	0.01	225704	0.12
ESOP Allotment-04.12.2014	30000	0.02	255704	0.14
At the end of the year	255704	0.14		

No other Directors / KMP hold shares in the Company

(vi) Indebtedness of the Company including interest outstanding/accrued but not due for payment

₹ million

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	629.33	558.44	-	
ii) Interest due but not paid	-	-	-	
iii) Interest accrued but not due	-	0.18	-	
Total (i+ii+iii)	629.33	558.62	-	1187.95
Change in Indebtedness during the financial year				
▪ Addition	3086.57	198.27	-	
▪ Reduction	3499.81	137.10	-	
Net Change	(413.24)	61.17	-	(352.07)
Indebtedness at the end of the financial year				
i) Principal Amount	215.98	619.39	-	
ii) Interest due but not paid	0.11	-	-	
iii) Interest accrued but not due	-	0.40	-	
Total (i+ii+iii)	**216.09**	**619.79**	**-**	**835.88**

EXTRACT OF ANNUAL RETURN (CONTINUED)

vii. Remuneration of Directors and Key Managerial Personnel

A. Remuneration of Managing Director: K. Srinivasan

₹ million

Sl. no.	Particulars	Amount
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	14.91
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.58
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	
2	Stock Option*	
3	Sweat Equity	
4	Commission – as % of profit – others, specify…	NA
5	Others, please specify	
	Total (A)	**15.49**
	Ceiling as per the Act	**58.00**

* The deemed benefit on exercise of options under the Company's ESOP scheme has not been considered as there is no cost to the Company.

B. Remuneration of other Directors:

₹ million

Particulars	Amount
1. Non-Executive Director	
M M Murugappan	
▪ Fee for attending Board / Committee meetings	0.18
▪ Commission	7.50
▪ Others, please specify	
Total (1)	**7.68**
2. Independent Directors	
T L Palani Kumar	
▪ Fee for attending Board / Committee meetings	0.31
▪ Commission	0.75
▪ Others, please specify	-
Total	**1.06**
M Lakshminarayan	
▪ Fee for attending Board / Committee meetings	0.34
▪ Commission	0.75
▪ Others, please specify	-
Total	**1.09**
Shobhan M Thakore	
▪ Fee for attending Board / Committee meetings	0.18
▪ Commission	0.75
▪ Others, please specify	-
Total	**0.93**

EXTRACT OF ANNUAL RETURN (CONTINUED)

₹ million

Particulars	Amount
Sanjay Jayavarthanavelu	
▪ Fee for attending Board / Committee meetings	0.18
▪ Commission	0.75
▪ Others, please specify	-
Total	**0.93**
Aroon Raman	
▪ Fee for attending Board / Committee meetings	0.18
▪ Commission	0.75
▪ Others, please specify	-
Total	**0.94**
Bharati Rao	
▪ Fee for attending Board / Committee meetings	0.15
▪ Commission	0.31
▪ Others, please specify	-
Total	**0.46**
Total (2)	**5.40**
Total managerial remuneration (B)=(1+2)	13.08
Total managerial remuneration (excluding sitting fee)	11.56
Overall ceiling as per the Act	11.60

* commission is payable for FY 2014-15 after adoption of accounts by the shareholders at the Annual General Meeting

C. Remuneration of Key Managerial Personnel other than MD/Manager/WTD

₹ million

<table>
<tr><th rowspan="2">Sl. no.</th><th rowspan="2">Particulars</th><th colspan="4">Key Managerial Personnel</th></tr>
<tr><th>CEO</th><th>Company Secretary</th><th>CFO</th><th>Total</th></tr>
<tr><td>1</td><td>Gross salary
(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961</td><td></td><td>2.63</td><td>6.71</td><td>9.34</td></tr>
<tr><td></td><td>(b) Value of perquisites u/s 17(2) Income-tax Act, 1961</td><td rowspan="6">NA</td><td>0.02</td><td>0.03</td><td>0.05</td></tr>
<tr><td></td><td>(c) Profits in lieu of salary under section 17(3) Incometax Act, 1961</td><td colspan="3"></td></tr>
<tr><td>2</td><td>Stock Option</td><td rowspan="4">NA</td><td rowspan="4">NA</td><td rowspan="4">NA</td></tr>
<tr><td>3</td><td>Sweat Equity</td></tr>
<tr><td>4</td><td>Commission
-as % of profit
- others, specify…</td></tr>
<tr><td>5</td><td>Others, please specify</td></tr>
<tr><td>Total</td><td></td><td></td><td>2.65</td><td>6.74</td><td>9.39</td></tr>
</table>

viii Penalties / Punishment/ Compounding of offences:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. Company					
Penalty					
Punishment		NIL			
Compounding					
B. Directors					
Penalty					
Punishment		NIL			
Compounding					
C. Other Officers in Default					
Penalty					
Punishment		NIL			
Compounding					

ANNEXURE F

SECRETARIAL AUDIT REPORT

For the financial year ended 31st March 2015

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Carborundum Universal Limited
Parry House, 43 Moore Street
Chennai 600001.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Carborundum Universal Limited** [Corporate Identity No. L29224TN1954PLC000318] **(here in after called "the Company")**. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of Carborundum Universal Limited's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2015 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made there under and the Companies Act, 1956 to the extent applicable;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

(iv) During the year under review the Company has complied with the provisions of Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment and Overseas Direct Investment. There was no External Commercial Borrowings during the year under review;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  (c) During the year under review the Company has not issued any new securities mandating compliance of the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 to the extent applicable. ,
  (e) During the period under review, the Company has neither issued any debentures nor has any outstanding debentures to be redeemed and hence the compliance of the provisions of the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 is not applicable;
  (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  (g) During the year under review, the Company has not delisted its Securities from any of the Stock Exchanges in which it is listed and hence the compliance of the provisions of the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 is not applicable; and
  (h) The Company has not bought back any shares during the period under review and hence the provisions of compliance of the Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 is not applicable;

(vi) We have reviewed the systems and mechanisms established by the Company for ensuring compliances under the other applicable Acts, Rules, Regulations and Guidelines prescribed under various laws which are applicable to the Company and categorized under the following major heads/groups:

(1) Factories Act, 1948;
(2) Labour laws and other incidental laws related to labour and employees appointed by the Company including those on contractual basis as relating to wages, gratuity, prevention of sexual harassment, dispute resolution welfare, provident fund, insurance, compensation etc.;
(3) Industries (Development & Regulation) Act, 1991;
(4) Acts relating to consumer protection including The Competition Act, 2002;
(5) Acts and Rules prescribed under prevention and control of pollution;
(6) Acts and Rules relating to Environmental protection and energy conservation;
(7) Acts and Rules relating to hazardous substances and chemicals;
(8) Acts and Rules relating to Electricity, motor vehicles, explosives, Boilers etc.;
(9) Acts prescribed relating to mining activities;
(10) Acts relating to protection of IPR;
(11) The Information Technology Act, 2000;
(12) Land revenue laws and
(13) Other local laws as applicable to various plants and offices.

With respect to Fiscal laws such as Income Tax, Wealth Tax, Professional Tax, Central Sales Tax & Local Sales Tax, based on the information and explanation provided to us by the management and officers of the Company, we report that adequate systems are in place to monitor and ensure compliance of fiscal laws as mentioned above.

We have also examined compliance with the applicable clauses of the following:

(i) The Secretarial Standards on General and Board Meetings specified by the Institute of Company Secretaries of India (ICSI) as prescribed under Section 118 (10) of the Act are applicable with effect from 1st July 2015. However, the Secretarial Standards 1 and 2 relating to Board Meeting and General Meeting which were issued by the ICSI as recommendatory in nature have been complied with.

(ii) The Listing Agreements entered into by the Company with BSE Limited and the National Stock Exchange of India Limited.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors before schedule of the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Based on the verification of the records and minutes, the decisions were carried out with the consent of majority of the Board of Directors / Committee Members and there were no dissenting members views recorded in the minutes. Further, in the minutes of the General Meeting, the members who voted against the resolution(s) have been properly recorded.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, the Company has with the approval of the Board acquired shares held by M/s Cellaris, Israel in M/s Cellaris Refractories India Limited (CRIL) aggregating to 6725000 equity shares of ₹ 10/- by virtue of which CRIL became a wholly owned subsidiary of the Company. Further, approval of the Board has been obtained at their meeting held on 1st November 2014 for the scheme of amalgamation of CRIL with the Company.

For **R.Sridharan & Assocates**
Company Secretaries

CS R.Sridharan
CP No. 3239
FCS No. 4775

Date : 1st May, 2015
Place : Chennai

CORPORATE GOVERNANCE REPORT

(PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT)

Corporate Governance refers to the system of rules, practices and processes by which a Company is directed and controlled. It provides the structure through which a Company sets its objectives and the framework within which these objectives are pursued in the context of the social, regulatory and market environment.

Governance essentially involves aligning the interests of the various stakeholders in a company and encompasses practically every sphere of management, from action plans, internal controls to performance measurement and corporate disclosures.

1. CUMI'S CORPORATE GOVERNANCE PHILOSOPHY

Carborundum Universal Limited ("CUMI"), a constituent of the Murugappa Group, is committed to highest standards of Corporate Governance in all its activities and processes. Key elements in Corporate Governance are transparency, internal controls, risk management, internal/ external communications and good standards of safety and health. The Board recognises that governance expectations are constantly evolving and is committed to keeping its governance standards under review to meet both letter and spirit of the law and its own demanding levels of business ethics. CUMI considers Corporate Governance as the cornerstone for sustained superior performance and for serving all its stakeholders. The Company's continuing contribution to the society through meaningful Corporate Social Responsibility initiatives, be it directly through the CUMI Centre for Skill Development or indirectly through contributions to eligible implementing agencies in the choosen sectors of health & education, plays a significant role in its governance standards. 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.

The Corporate Governance philosophy of the Company is driven by the fundamental principles of:

- Adhering to the governance standards beyond the letter of law;
- Maintaining transparency and high degree of disclosure levels;
- Maintaining clear distinction between personal and corporate interest;
- Having a transparent corporate structure driven by business needs and
- Ensuring compliance with applicable laws.

2. BOARD OF DIRECTORS

The Board being aware of its fiduciary responsibilities, recognises its responsibilities towards all stakeholders to uphold highest standards in all matters concerning the Company and has empowered responsible persons to implement its broad policies and guidelines and has set up adequate review processes.

The Board provides strategic guidance on affairs of the Company. The Independent Directors provide an objective judgment on matters placed before them.

The Company's day to day affairs are managed by the Managing Director, assisted by a competent management team under the overall supervision of the Board. The Company's commitment to ethical and lawful business conduct is a fundamental shared value of the Board, senior management and all its employees.

Consistent with its Values and Beliefs represented by the Five Lights - spirit of the Murugappa Group, the Company has formulated a Code of Conduct applicable to the Board and senior management which is posted in the website of the Company at *http://www.cumi-murugappa.com/policies.html*. An annual declaration is obtained from every person covered by the Code of Conduct. A declaration to this effect signed by the Managing Director is annexed to this Report. During the year, this Code was revised duly incorporating the duties of the Independent Directors as laid down in the Companies Act, 2013.

The Board is committed to representing the long term interests of the stakeholders and in providing effective governance over the Company's affairs and exercise reasonable business judgment on the affairs of the Company.

2.1 Composition

The Board has been constituted in an appropriate manner, to preserve its independence and to separate the Board functions of governance and management. The Board members are eminent persons and have collective experience in diverse fields of technology, engineering, banking, management, legal and compliance. The Directors are elected based on their qualification and experience in varied fields.

As at 31st March 2015, the Board comprises of 8 members with majority of them being Independent Directors. The posts of Chairman and the Managing Director are held by seperate persons.

2.2 Board Meetings

The Board has a formal schedule of matters reserved for its consideration and decision to ensure that it exercises full control over significant, strategic, financial, operational and compliance matters. These include

- setting performance targets, reviewing operations and financial performance against set targets;
- evolving and guiding corporate strategy;
- overseeing major capital expenditure / acquisition / investments;
- monitoring the effectiveness of governance practices;
- appointment of KMPs and overseeing succession planning;
- ensuring integrity of accounts / financial reporting and ensuring adequacy of internal control systems besides overseeing risk management;
- overseeing prompt disclosure / communication / reporting to shareholders;

Besides, information on statutory compliance of applicable laws, minutes of meetings of the sub- committees of the Board, summary of decisions taken at the Board meetings of the subsidiary companies and information required under the listing agreement are provided to the Board on a quarterly basis. The Board periodically reviews the compliance of applicable laws and gives appropriate directions wherever necessary.

Timely and relevant information is provided by the Company to the Directors to facilitate effective participation and contribution during the meeting(s). The agenda and notes thereon are circulated in advance for facilitating meaningful discussions at the meetings. The Chairman and Company Secretary in consultation with other concerned members of senior management finalise the agenda. The agenda papers are posted on an exclusive online portal equipped with adequate security features to enable instant access by Directors to the Board papers of the Company.

During the year ended 31st March 2015, there was no Indian subsidiary company which was eligible to be classified as material non-listed Indian subsidiary as per the terms of the Listing Agreement. The Board reviews the significant transactions and arrangements of unlisted subsidiary companies besides being apprised of their business plan and performance. During the year, the Company has formulated a policy for determining 'material' subsidiaries. A copy of the policy is available on the website of the Company and the link is *http://www.cumi-murugappa.com/policies.html*.

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

The dates of the Board meeting are fixed in advance for the full calendar year. During the year ended 31st March 2015, seven Board meetings were held on 30th April 2014, 1st August 2014, 1st November 2014, 19th December 2014, 28th January 2015, 29th January 2015 and 21st March 2015. Besides the formal Board meetings, the Independent Directors hold meetings without the presence of the Non-Independent Directors and members of the management. Three such meetings were held on 1st November 2014, 28th January 2015 and 21st March 2015 during the year. In the meetings, the Independent Directors inter alia reviewed the performance of Non-Independent Directors and the Board as a whole, reviewed the performance of the Chairman taking into account views of the Executive and Non-Executive Directors and also assessed the quality, quantity and timeliness of flow of information between the management and the Board.

2.3 Details of the Board Members as on 31st March 2015

Name	Category	No. of Directorships / (Chairmanships) in companies including CUMI [(a)]	No. of Committee memberships / (Chairmanships) in companies including CUMI [(b)]	No. of Board meetings attended	Attendance at last AGM	Shares held in CUMI
M M Murugappan DIN – 00170478	Promoter & Non-Executive Director	14(5)	8(4)	5	Yes	696340
T L Palani Kumar DIN – 00177014	Non-Executive & Independent Director	3	2(1)	6	Yes	Nil
Shobhan M Thakore DIN – 00031788	Non-Executive & Independent Director	10	5(2)	4	Yes	Nil
M Lakshminarayan DIN – 00064750	Non-Executive & Independent Director	7(1)	3(1)	6	Yes	Nil
Sanjay Jayavarthanavelu DIN – 00004505	Non-Executive & Independent Director	11(4)	2	4	Yes	Nil
Aroon Raman DIN - 00201205	Non-Executive & Independent Director	8	2	6	Yes	Nil
Bharati Rao# DIN – 01892516	Non-Executive & Independent Director	9	8	4	NA	Nil
K Srinivasan DIN - 00088424	Managing Director	5	2	7	Yes	255704

a) Excludes Directorships in Foreign companies.

b) Includes only Audit & Stakeholders Relationship Committee.

Appointed as an Additional Director w.e.f. 1st November 2014.

2.4 Changes in Board composition during the financial year 2014-15

Name	Category	Nature of change	Remarks
Bharati Rao	Independent Director	Appointed as an Additional Director	Shareholders approval for appointment as an Independent Director u/s 149 of the Companies Act, 2013 is being sought at the 61st AGM.
K Srinivasan	Managing Director	Re-appointed as Managing Director	Shareholders approval for the re-appointment as Managing Director for the term 1st February 2015 to 22nd November 2017 is being sought at the 61st AGM.

During the year, the other following Directors were appointed as Independent Directors under Companies Act, 2013

Name	Category	Nature of change
T L Palani Kumar	Independent Director	Appointed as an Independent Director u/s 149 of the Companies Act, 2013 for a term of 5 years from 1st August 2014.
Shobhan M Thakore		Appointed as an Independent Director u/s 149 of the Companies Act, 2013 for a term of 3 years from 1st August 2014.
M Lakshminarayan		Appointed as an Independent Director u/s 149 of the Companies Act, 2013 for a term of 3 years from 1st August 2014.
Sanjay Jayavarthanavelu		Appointed as an Independent Director u/s 149 of the Companies Act, 2013 for a term of 5 years from 1st August 2014.
Aroon Raman		Appointed as an Independent Director u/s 149 of the Companies Act, 2013 for a term of 5 years from 1st August 2014.

As and when an appointment is made by the shareholders u/s 149 of the Companies Act, 2013, a formal letter of appointment is given to the Independent Director. The format of the letter containing the general terms and conditions is available at *www.cumi.murugappa.com/pdf/2014/oct/Terms-of-reference.pdf.*

2.5 Board Familiarisation Process

The Members of the Board are provided with many opportunities to familiarise themselves with the Company, its management and its operations. At the time of appointing a Director, a formal letter of appointment is given to him/her, along with a Directors handbook which inter alia explains the role, function, duties and responsibilities expected of him/her as a Director of the Company. The Handbook also enumerates the list of compliance obligations and other disclosures required from the Director under the Companies Act, Clause 49 of the Listing Agreement and other relevant regulations.

By way of an introduction to the Company, the newly inducted Director is presented with the corporate dossier which traces the Company's history over 60 years of its existence and gives a glimpse of value chain of its products. The Managing Director at the first Board meeting in which the Director participates makes a detailed presentation on the Company, its various business segment, profile, geographic spread, organisation structure and other market related information. Exclusive plant visits are also organised for the new Director. With a view to familiarise the existing Directors with the Company's operations, on an ongoing basis, plant visits are periodically organised for them. During the year, a visit of the facilities at Hosur was arranged in January 2015.

The familiarisation programme enables the Directors to understand more about the Company, its businesses and processes in the dynamic regulatory framework thus enabling him / her to effectively fulfill their role as a Director of the Company. The details of the familiarisation programme is available on the Company's website at the following link *http://www.cumi-murugappa.com/policies.html*.

2.6 Board Evaluation

During the year, the Board conducted an evaluation of its own performance, individual directors as well as the working of the Committees in the manner as stated in the Directors' Report.

3. BOARD COMMITTEES

The Board has constituted various committees to support it in discharging its responsibilities. There are five committees constituted by Board - Audit Committee, Nomination & Remuneration Committee, Risk Management Committee, Stakeholders Relationship Committee and Corporate Social Responsibility Committee.

The Board at the time of constitution of each Committee determines the terms of reference and also delegates further powers from time to time. Various recommendations of the Committees are submitted to the Board for approval and the minutes of meetings of all Committees are circulated to the Board for information.

3.1 Audit Committee

Terms of Reference

The role of the Audit Committee includes overseeing the financial reporting process and disclosure of financial information, review of financial statements before submission to the Board, review of adequacy of internal control system, findings of internal audit, related party transactions, scrutiny of inter-corporate loans & investments, approval of related party transactions, valuation of assets / undertakings of the Company, appointment of registered valuers etc., besides recommending the appointment of statutory auditors and their remuneration to the Board and approval of payments to statutory auditors for non-audit services. The Audit Committee also reviews the financial statements of unlisted subsidiary companies, in particular, the investments made by them. During the year, the terms of reference of the Committee were amended to include the requirements as per the Companies Act, 2013 and the revised clause 49 of the Listing Agreement with the stock exchanges.

Composition & Meetings

The Audit Committee comprises entirely Independent Directors and all its members are financially literate. The Chairman of the Board, the Statutory Auditor, the Cost Auditor, Internal Auditor and members of the Management Committee are invited to attend all meetings. Further, as a good corporate governance practice, a separate discussion of the Committee with the Statutory Auditors and the Internal Auditors without the presence of the management and other Directors is held periodically.

During the year, the Committee had five meetings for reviewing the financial statements and considering the internal audit reports and audit plan. Mrs. Bharati Rao has been inducted as a member. Composition and attendance of the Committee members at the meetings held during the year are given below:

Name of member	No. of meetings attended (No. of meetings held)
T L Palani Kumar (Chairman)	5 (5)
M Lakshminarayan	5 (5)
Sanjay Jayavarthanavelu	4 (5)
Bharati Rao (Member from 1st November 2014)	2 (2)

The Chairman of the Audit Committee was present in the last Annual General Meeting held on 1st August 2014.

3.2 Nomination & Remuneration Committee

Terms of Reference

The Role of the Committee is to (a) recommend to the Board the appointment of Directors (b) recommend re-election of Directors retiring by rotation (c) recommend the remuneration including pension rights and periodic increments of the Managing/ Whole-time Director(s) (d) determine the annual incentive of the Managing / Whole time Director(s) (e) recommend to the Board, the Commission payable annually to each of the non-Whole-time Directors, within the limits fixed by shareholders (f) formulate, implement, administer and superintend the Employee Stock Option plan/Scheme(s) of the Company (g) formulating criteria for appointment of Directors and senior management and identification of persons who may be qualified to be appointed in these positions (h) devise policy on Board diversity (i) formulate criteria for evaluation of Board (j) recommend remuneration policy to the Board (k) Ensuring Board Diversity etc.

During the year, the Committee has formulated the criteria for determining the qualifications, positive attributes and independence of a Director and the criteria for senior management positions in terms of section 178(3) of the Companies Act, 2013 besides laying down the criteria for Board evaluation. The Committee also recommended to the Board a policy on remuneration for Directors, Key Managerial Personnel and other employees. The policy is available on the Company's website at the following link *http://www.cumi-murugappa.com/policies.html.*

This Committee was earlier designated as the Compensation and Nomination Committee and effective 30th April 2014 has been re-designated and its terms of reference were amended to include the requirements as per the Companies Act, 2013 and the revised clause 49 of the Listing Agreement with the stock exchanges.

Board Diversity Policy

The Company recognises and embraces the benefits of having a diverse Board. The Board diversity policy has been formulated to ensure an optimum composition of the Board such that the talent of all members of the Board blends together to be effective. The Board diversity policy sets out the approach in this regard. A truly diverse Board comprising of appropriately qualified people with a broad range of experience relevant to the business of the Company, is integral to its success and is also an essential element in maintaining a competitive advantage on a sustainable basis.

In line with the policy, the Board is balanced by members having complementary knowledge, expertise and skills in areas such as business strategy, finance, legal, marketing, engineering, technology and such other areas that the Board considers desirable.

Composition & Meetings

The Committee comprises of three members with all of them being Independent Directors. The Committee met on four occasions during the year. The composition and attendance of Committee members are given below:

Name of Member	No. of meetings attended (No. of meetings held)
M Lakshminarayan (Chairman)	4(4)
T L Palani Kumar	4(4)
Shobhan M Thakore	2(4)

3.3 Risk Management Committee

Terms of Reference

The Board has constituted a Risk Management Committee for overseeing the risk management in the Company.

The role of this Committee is to periodically review the Risk Management Policy and the annual risk management framework and ensure that they are comprehensive and well developed, to periodically review the process for systematic identification and assessment of the business risks, to assess the critical risk exposures by specialised analysis and quality reviews and report to the Board the details of any significant developments relating to these and the steps taken to manage the exposures, to identify and make recommendations to the Board, to the extent necessary on the resources and staffing required for effective risk management.

Composition & Meeting

The Committee comprises of an Independent Director who is the Chairman of the Committee and the Managing Director. The Management Committee members are invited to the meetings.

The Committee met on two occasions during the year. The composition and attendance of Committee members are given below:

Name of Member	No. of meetings attended (No. of meetings held)
M Lakshminarayan (Chairman)	2 (2)
K Srinivasan	2 (2)

3.4. Stakeholders Relationship Committee

Terms of Reference

The terms of reference of this Committee includes formulation of investors' servicing policies, review the redressal of investors complaints and approval / overseeing of transfers, transmissions, transpositions, splitting, consolidation of securities, demat / remat requests, finalise terms of issue of debt instruments including debentures and approve their allotment, administering the unclaimed shares suspense account and authorising the 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. This Committee was earlier designated as the Share Transfer Finance and Investor Grievance committee and effective 30th April 2014 has been re-designated as Stakeholders Relationship Committee and the terms of reference were amended to include the requirements as per the Companies Act, 2013 and the revised clause 49 of the listing agreement with the stock exchanges.

Composition & Meetings

The Committee met on four occasions during the year. The composition and attendance of Committee members are given below:

Name of Member	No of meetings attended (No. of meetings held)
M M Murugappan (Chairman)	4 (4)
K Srinivasan	4 (4)

During the year, there were two investor service complaints pertaining to non-receipt of dividend warrant and non rematerialisation of shares each. Both have been resolved to the satisfaction of the shareholders. There were no investor service complaints pending as at 31st March 2015.

The Board has appointed Ms. Rekha Surendhiran, Company Secretary as the compliance officer for the purpose of compliance with the requirements of the Listing Agreement.

Karvy Computershare Private Limited, Hyderabad, is the Company's Registrar and Share Transfer Agents (RTA). The contact details are available in the General Shareholder Information section of the Report.

3.5 Corporate Social Responsibility Committee

Terms of Reference

The Board has constituted a Corporate Social Responsibility (CSR) Committee in line with the requirements of the Companies Act, 2013 for assisting the Board in discharging its corporate social responsibility. The Board has approved a CSR policy formulated and recommended by the Committee which is uploaded and available on the Company's website at the following link *http://www.cumi-murugappa.com/policies.html*. The functions of the Committee includes recommending the amount of expenditure to be incurred on the CSR activities, monitor the implementation CSR activities of the Company as per the CSR Policy from time to time and instituting a transparent monitoring mechanism for implementing the CSR activities.

Composition & meeting

The Committee comprises of two Independent Directors and the Managing Director as its members. The Management Committee members are invited to the meetings.

The Committee met on three occasions during the year. The composition and attendance of Committee members are given below:

Name of Member	No. of meetings attended (No. of meetings held)
Shobhan M Thakore (Chairman)	3 (3)
Aroon Raman	3 (3)
K Srinivasan	3 (3)

4. DIRECTORS' REMUNERATION

4.1 Policy

The compensation of the Managing Director comprises a fixed component and a performance incentive based on certain pre-agreed parameters. The compensation is determined based on levels 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 Managing Director has been granted options under the Employee Stock option scheme, 2007. However, during the year 2014-15 no fresh grants were made.

The compensation to the Non-Executive Directors takes the form of commission on profit. Though shareholders have approved payment of commission upto 1 per cent of net profit of the Company for each year, the actual commission paid to the Directors is restricted to a fixed sum. 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.

During the year, the commission and sitting fees payable to the Board members were reviewed and appropriately increased within the limits prescribed under the Companies Act, 2013.

4.2 Remuneration for 2014-15

Non-Executive Directors

₹ million

Name	Sitting Fees	Commission @
M M Murugappan	0.18	7.50
T L Palani Kumar	0.31	0.75
M Lakshminarayan	0.34	0.75
Shobhan M Thakore	0.18	0.75
Sanjay Jayavarthanavelu	0.18	0.75
Aroon Raman	0.19	0.75
Bharati Rao *	0.15	0.31
Total	1.52	11.56

@ Will be paid after adoption of accounts by shareholders at the sixty first Annual General Meeting

* Appointed as an Additional Director w.e.f. 1st November 2014

Managing Director

₹ million

Name	K Srinivasan [(a)]	
Fixed Component	Salary & Allowances	10.52
	Retirement benefits	1.53
	Perquisites	0.58
Variable Component	Incentive[(b)]	2.86

(a) Mr. K Srinivasan was re-appointed as Managing Director by the Board from 1.2.2015 till 22.11.2017 subject to the shareholders' approval at the 61st annual general meeting. 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 2014-15 in respect of the financial year 2013-14.

(c) As per the terms of his remuneration, the Managing Director is eligible for an annual incentive based on a balanced scorecard which comprises of company financials, company scorecard and personal objectives. For 2014-15 a sum of ₹ 3.5 million has been provided in the accounts for this purpose. The actual amount will be decided by the Nomination and Remuneration Committee in August 2015.

(d) With respect to the Employee Stock Options granted to the employees under the Employees Stock Option Scheme, 2007 the options are accounted based on the intrinsic value, as permitted by applicable SEBI Guidelines. Since options are granted at the closing market price prior to the date of the grant, the intrinsic value of the options is Nil. During the year, no fresh options were granted. As required under clause 49 of the Listing Agreement, the details of the options granted earlier to Mr. K Srinivasan are available in the Employees Stock Option scheme details annexed to the Directors Report.

5. GENERAL BODY MEETINGS

5.1 Last Three Annual General Meetings

Financial Year	Date	Time	Venue
2011-2012	07.08.2012	2.30 pm	TTK Auditorium, Music Academy, New No.168, TTK Road, Royapettah, Chennai 600 014
2012-2013	30.07.2013	2.30 pm	
2013-2014	01.08.2014	3.00 pm	Tamil Isai Sangam, Rajah Annamalai Mandram, 5, Esplanade Road, Chennai 600 108

5.2 Special Resolutions passed during the last three Annual General Meetings

Sl No.	Item of business	Passed on
1	Amendment in the Carborundum Universal Limited Employee Stock Option scheme 2007.	07.08.2012
2	Constitution of CUMI Employee Stock Option Plan 2012.	07.08.2012
3	Payment of Commission to non executive Directors not exceeding 1 per cent of the Net Profit.	30.07.2013
4	Authorising the Board to borrow a sum of ₹ 5000 million over above the paid–up-capital and free reserves either by way of term loans, inter-corporate deposits, external commercial borrowings or by issue of debentures etc. as and when required.	01.08.2014
5	Authorising the Board to create a mortgage / charge on the movable and immovable properties of the Company in favour of the lenders / Trustees of the debentures, whenever the Company in the ordinary course of business resorts to borrowings.	01.08.2014

Postal Ballot: During the year, there were no resolutions passed through postal ballot and as at the year end there are no proposals to pass special resolutions through postal ballots except those requiring to be passed pursuant to the Companies Act, 2013 which will be done after providing adequate notice to the shareholders.

6. WHISTLE BLOWER POLICY / VIGIL MECHANISM

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 victimisation 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.

This policy was amended effective 30th April 2014 to include the requirements as per the Companies Act, 2013 viz., extending the coverage of the policy to the Directors of the Company. The Ombudsman for dealing with any referrals made by Board members is the Chairman of the Audit Committee. The Whistle blower policy is available on the Company's website at the following link *http://www.cumi-murugappa.com/policies.html*. It is affirmed that during the year, no employee has been denied access to the Audit Committee.

7. PREVENTION OF INSIDER TRADING

The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company in line with SEBI (Prohibition of Insider Trading) Regulations. The code governs the procedures relating to trading in securities of the Company, trading window closure norms and other disclosure requirements. The Company Secretary is responsible for implementation of the Code. All Board Directors and the designated employees have confirmed compliance with the Code.

8. DISCLOSURES

During the year, there were no material transactions entered into with Related Parties. The Company has devised a policy on dealing with Related Party Transactions and the same is available in the website of the Company in the link *http://www.cumi-murugappa.com/policies.html*

Further, there were no instances of non-compliance by the Company nor were there any penalties or strictures imposed on the Company by the stock exchange and SEBI or any statutory authority on any matter related to capital markets in the preceding three years.

9. MEANS OF COMMUNICATION

Your Company recognises the significance of dissemination of timely and relevant information to shareholders. In order to enable the stakeholders to understand the financial results in a meaningful manner, the Company gives a press release along with the publication of quarterly / annual financial results.

The quarterly unaudited financial results and the annual audited financial results are published in Business Line (in English) and Makkal Kural (in Tamil). 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*.

10. MANAGEMENT DISCUSSION & ANALYSIS REPORT

In order to avoid duplication and overlap between the Directors' Report and a separate Management Discussion & Analysis (MD&A) Report, the information required to be provided in the MD&A has been given in the Directors Report itself as permitted by the Listing Agreement.

11. NON MANDATORY REQUIREMENTS

The quarterly financial results are published in leading financial newspapers, uploaded on the Company's website and any major developments are conveyed in the press releases issued by the Company which is also posted in the Company's website. The Company, has therefore not sent the half yearly performance update individually to the shareholders of the Company. The expenses incurred by the Chairman in performance of his duties are reimbursed. Other non-mandatory requirements have not been adopted at present.

12. CEO/CFO CERTIFICATION

Mr. K Srinivasan, Managing Director and Mr. Sridharan Rangarajan, Chief Financial officer have given a certificate of the Board on matters relating to financial reporting, compliance with relevant statutes and adequacy of internal control systems as contemplated in clause 49 of the listing agreement.

13. AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

The Auditor's certificate on Corporate Governance is annexed.

14. GENERAL SHAREHOLDER INFORMATION

A separate section in this regard is annexed and forms part of this Report.

15. SHAREHOLDERS SATISFACTION SURVEY

During the year, the Company has carried out a shareholders satisfaction survey. Besides sending the physical forms to shareholders who have not registered their e-mail ID with the Company, the forms were also electronically mailed and made available at the Company's website on the following link *http://www.cumi-murugappa.com/survey/index.php*. Any shareholder who has not yet submitted the survey can go to the above link and take part in the survey and provide us their valuable feedback.

16. INSTRUCTIONS TO SHAREHOLDERS

Shareholders holding shares in physical form are requested to address their communications regarding change in address / contact details by quoting their folio number to the Company's RTA or to the Company by emailing to *investorservices@cumi.murugappa.com*. Shareholders holding shares in electronic form may send their communications regarding above to their respective Depository Participants.

Shareholders are encouraged to avail nomination facility and approach RTA or their Depository Participants in this regard. Nomination is only optional and can be cancelled / varied by the shareholder at anytime.

Shareholders are requested to register their e-mail IDs with the RTA/Depository Participants to enable the Company to send communications electronically.

On behalf of the Board

1st May 2015 **M M Murugappan**
Chennai *Chairman*

GENERAL SHAREHOLDER INFORMATION

A. Corporate Information

1. Registered Office

"Parry House", 43, Moore Street,
Chennai 600 001
Tel: +91-44-30006199, Fax: +91-44-30006149
e-mail: cumigeneral@cumi.murugappa.com
website: www.cumi.murugappa.com

2. Corporate Identity Number

L29224TN1954PLC000318

3. Board of Directors

M M Murugappan, Chairman
T L Palani Kumar
Shobhan M Thakore
M Lakshminarayan
Sanjay Jayavarthanavelu
Aroon Raman
Bharati Rao
K Srinivasan, Managing Director

4. Auditors

Statutory Auditor
Deloitte Haskins & Sells, Chennai
Chartered Accountants
No: 52, ASV N Ramana Towers
Venkatanarayana Road, T Nagar
Chennai 600 017

Cost Auditor
S Mahadevan & Co., Chennai
Cost Accountants
No.1 'Lakshmi Nivas', K.V. Colony, Third Street
West Mambalam
Chennai 600 033

Internal Auditor
Ernst & Young Private Ltd
Chartered Accountants
6th & 7th Floor, A Block, Tidel Park,
4, Rajiv Gandhi Salai, Taramani,
Chennai 600 113

Secretarial Auditor
(for the FY 2014-15)
R Sridharan & Associates
Company Secretaries
New No.5, (Old No.12)
Sivasailam Street, T Nagar
Chennai 600 017

5. Address for correspondence

Compliance officer
Rekha Surendhiran
Company Secretary
Carborundum Universal Limited
Parry House, 43, Moore Street,
Chennai 600 001
Tel: +91-44-30006141, Fax: +91-44-30006149
e-mail: rekhas@cumi.murugappa.com

Investor 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
e-mail: investorservices@cumi.murugappa.com

6. Registrars and Share Transfer Agents

Members may kindly note that the Registrar and share transfer agents have shifted their office effective 20.04.2015 to the below mentioned address:

Karvy Computershare Private Limited
Unit: Carborundum Universal Limited
Karvy Selenium Tower B, Plot 31-32, Gachibowli,
Financial District, Nanakramguda,
Hyderabad – 500 032.
Tel: +91-40-67162222
Tel: 1800-345-4001
Fax: +91-40-23001153
e-mail: einward.ris@karvy.com
website: www.karvy.com
Contact Person: Mrs. Varalakshmi P - Sr. Manager

7. Consortium Bankers

State Bank of India
Standard Chartered Bank
Bank of America
The Hongkong and Shanghai Banking Corporation Ltd
Royal Bank of Scotland
BNP Paribas

8. Financial Year

1st April to 31st March

9. Cost Audit Report

The Cost Audit report for financial year 2013-14 was duly filed on 1st September 2014 through XBRL mode as mandated by the Ministry of Corporate Affairs within the due date. The due date for filing the Cost Audit Report for the financial year ended 31st March 2015 is 30th September 2015.

10. Plant Locations

i. Plant locations of Carborundum Universal Limited

(a) 655, Thiruvottiyur High Road, P B No.2272, Tiruvottiyur, Chennai 600019 Tamil Nadu.
(b) Plot No.48, SIPCOT Industrial Complex, Hosur 635126, Krishnagiri District, Tamil Nadu.
(c) Gopalpur Chandigarh, P.O. Ganga Nagar, Kolkata 700132, West Bengal
(d) C-4 & C-5, Kamarajar Salai, MMDA Industrial Complex, Maraimalai Nagar 603209 Kancheepuram District, Tamil Nadu
(e) F-1/2, F2 - F5, SIPCOT Industrial Park, Pondur "A" Village, Sriperumbudur - 602105.Kanchipuram District, Tamil Nadu.
(f) K3, ASAHI Industrial Estate, Latherdeva Hoon, Mangalore Jhabrera Road, PO Jhabrera Tehsil Roorkee, Hardwar District, Uttarkhand – 247667.
(g) PB No.1 Kalamassery, Development Plot P.O, Kalamassery 683109, Ernakulam District, Kerala.
(h) PB No. 3 Nalukettu, Koratty 680308, Trichur District, Kerala.
(i) Bhatia Mines, Bhatia Western Railway, Jamnagar District, Gujarat 361315.
(j) P.B No.2 Okha Port P.O., Jamnagar District, Gujarat 361350
(k) Plot No.7 & 18, Cochin Special Economic Zone (CSEZ), Kakkanad 682037, Kochi, Kerala.
(l) Maniyar Hydroelectric Works, Maniyar P.O. Vadasserikara, Pathanamthitta District, Kerala 689662.
(m) Plot No.47, SIPCOT Industrial Complex, Hosur 635126 Krishnagiri District, Tamil Nadu.
(n) Super Refractories Division, Plot No.102 & 103, SIPCOT Industrial Complex (Phase II), Ranipet 632403, Tamil Nadu.
(o) Super Refractories Division – Plant 2, Serkaddu Village, Vinnampalli Post, Katpadi Taluk, Vellore District - 632516, Tamil Nadu.
(p) Plot Nos. 35, 37, 48-51, Adhartal Industrial Estate, Jabalpur 482004, Madhya Pradesh.

ii. Plant locations of Subsidiaries / Joint Ventures

(a) Sterling Abrasives Ltd., Plot No.45/46 & Plot No.501, G I D C Estate, Oadhav Road, Ahmedabad - 382415, Gujarat, India.
(b) Southern Energy Development Corporation Ltd., 29, Nallur PO, Aadichapuram, (Via) Mannargudi Taluk, Tiruvarur District - 614717,Tamilnadu, India.
(c) Murugappa Morgan Thermal Ceramics Ltd., Plot No.26 & 27, SIPCOT Industrial Complex, Ranipet - 632403, Tamilnadu, India.
(d) Murugappa Morgan Thermal Ceramics Ltd., Plot No.681, Moti Bhoyan Village, Sanand-Kalol Highway, Kalol Taluk, Gandhinagar, Dist., Gujarat - 382721, India.
(e) Wendt (India) Ltd., 69/70, SIPCOT Industrial Complex, Hosur - 635126, Krishnagiri District, Tamil Nadu, India.
(f) Volzhsky Abrasive Works, 404130 Volzhsky, Volgograd Region, Autodoroge 6, 18, Russia.
(g) Foskor Zirconia (Pty.) Ltd., PO Box.1, Phalaborwa, South Africa, 1390.
(h) CUMI Abrasives & Ceramics Company Ltd., East Ring Road, No.9, Yanjiao, Sanhe, Hebei, P.R., China, 065201.
(i) CUMI Australia Pty Ltd., 29 Gipps St, Carrington, NSW, 2294, Postal Address: PO Box 142, Carrington, NSW, 2294.
(j) CUMI Australia Pty Ltd. 1/253 Beringarra Ave, Malaga, WA 6944, Postal Address: PO Box 2538, Malaga, WA 6944.
(k) CUMI Australia Pty Ltd. 20, Waurn St, North Rockhampton, QLD 4701, Postal Address: PO Box 6494, Central QLD Mail Centre, Rockhampton, QLD 4702.
(l) CUMI Canada Inc., 149, Industrial Crescent Summerside, PE C1N 5P8, Canada.
(m) Wendt Grinding Technologies Ltd. 109/21 Moo 4, Eastern Seaboard Industrial Estate (Rayong), Tambol Pluakdaeng, Amphur Pluakdaeng, Rayong 21140, Thailand.
(n) Thukela Refractories Isithebe Pty Ltd., No.1 Yellow Street, Isithebe, South Africa.

B. Stock Market Information

1. 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.

2. Depositories Connectivity

The Company has signed agreements with the following depositories to provide the facility of holding equity shares in dematerialised form: -

National Securities Depository Ltd. (NSDL)	www.nsdl.co.in
Central Depository Services (India) Ltd. (CDSL)	www.cdslindia.com

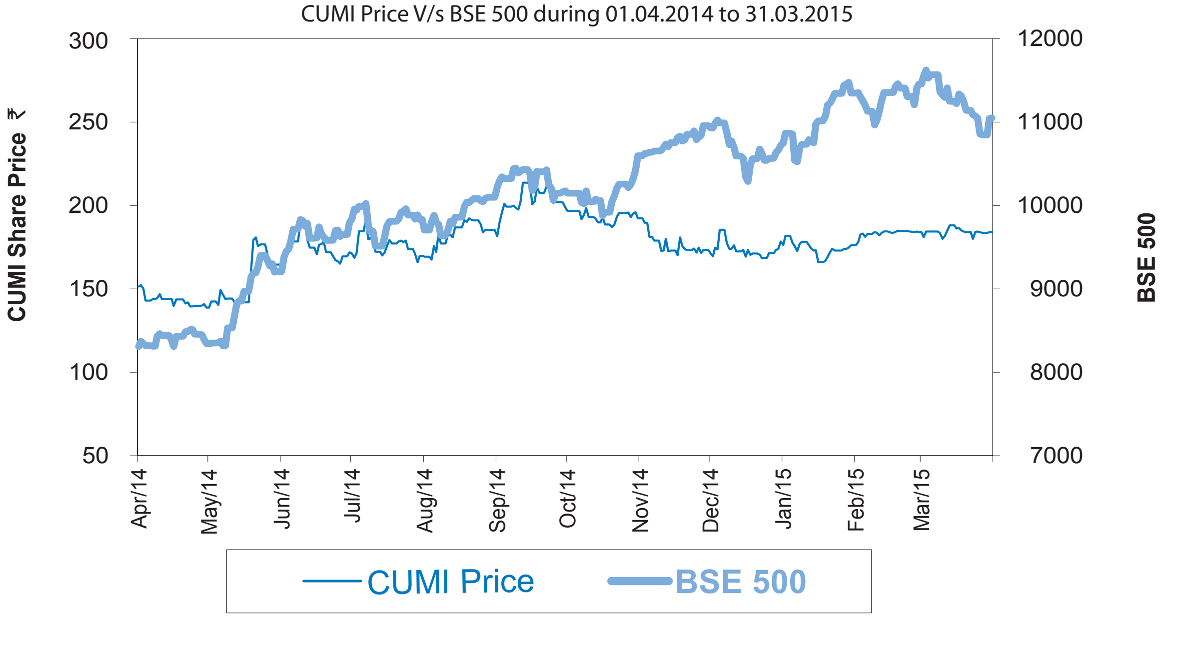
The International Securities Identification Number (ISIN): INE120A01034

3. Market price data and performance in comparison with BSE 500

a) Market price data

Month	Bombay Stock Exchange			National Stock Exchange		
	High ₹	Low ₹	Traded Volume (No. of shares)	High ₹	Low ₹	Traded Volume (No. of shares)
April 2014	155.00	135.00	147313	153.90	135.15	993520
May 2014	185.95	137.55	252252	187.00	138.05	909633
June 2014	192.90	163.50	228668	193.00	162.00	918149
July 2014	200.75	165.10	231345	201.00	165.00	1944557
August 2014	200.00	164.00	336888	200.05	165.00	2520935
September 2014	220.50	180.00	3673961	221.00	178.10	10008550
October 2014	202.25	184.40	365156	202.35	185.00	819328
November 2014	192.30	166.40	469205	191.50	165.25	2334700
December 2014	189.30	162.00	413828	189.60	162.00	3277354
January 2015	186.90	165.85	254396	186.40	165.75	1908069
February 2015	193.00	177.95	340082	193.00	178.20	1524076
March 2015	201.00	180.00	159629	200.10	180.50	1028547

b) Performance in comparison with BSE 500



C. Share Capital Details

a) Outstanding shares

The total number of outstanding shares as on 31st March 2015 is 188,179,042. All the shares have been fully paid up. As on 31st March 2015, 184068242 equity shares constituting 97.82 per cent of the total paid up capital of the company have been dematerialised. Share holders who are holding shares in physical mode may consider dematerialising their shares as it is safer and easier to hold and transact.

b) Shareholding Pattern/ Distribution as on 31st March 2015.

i) Shareholding Pattern

Category	% to total paid up Capital
Promoter/Promoter Group	43.66
Financial Institutions including insurance companies	3.64
Non-resident (NRI's / OCBs / FIIs)	21.52
Mutual Funds	10.81
Banks	0.01
Bodies Corporate	3.15
Resident Individuals - Public	16.51
Others	0.70
Total	100.00

ii) Distribution of Shareholding

Category	No. of Holders	% to total	No. of Shares	% to total
1-100	8125	40.99	342862	0.18
101-200	2209	11.14	396685	0.21
201-500	2828	14.27	1073589	0.57
501-1000	2138	10.79	1747684	0.93
1001-5000	3432	17.31	8835022	4.70
5001-10000	577	2.91	4186575	2.22
10001 and above	512	2.58	171596625	91.19
TOTAL	19821	100.00	188179042	100.00

4. Outstanding GDRs / ADRs / Warrants etc.

Under the CUMI Employees Stock Option Scheme, 2007, the following stock options are outstanding as on 31st March 2015:

Sl. No.	Grant Date	Exercise Price (₹)	Net Outstanding Options (a)	Likely impact on full exercise	
				Share Capital ₹ million	Share Premium ₹ million
1	29-Sep-07	91.80	482858	0.48	43.84
2	24-Jul-08	61.40	5244	0.01	0.32
3	27-Jan-11	125.08	378650	0.38	46.98
4	27-Jan-11	125.08	177888	0.18	22.07
5	30-Apr-11	124.15	64768	0.06	7.98
6	05-Aug-11	146.00	334680	0.33	48.53
7	04-Feb-12	155.00	104933	0.10	16.16
	Total		**1549021**	**1.55**	**185.88**

Note

a) In respect of the Options referred in serial number 4 above, each Option gives a right to the holder to subscribe to one equity share of ₹ 1/- each, within 3 years from the date of vesting, in respect of 50 per cent of the first tranche and 6 years from the date of vesting in respect of the remaining 50 per cent of the first tranche and all subsequent tranches. The vesting of Options granted, is based on the annual performance rating and as per the following schedule - 40 per cent on expiry of the first year from the date of grant and 30 per cent each on expiry of the second and third years from the date of grant.

b) In respect of all other Options, each Option gives a right to the holder to subscribe to one equity share of ₹ 1/- each, within 3 years from the date of vesting in respect of the first tranche and 6 years from the date of vesting in respect of subsequent tranches. The vesting of Options, is based on the annual performance rating and as per the following schedule - 20 per cent each on expiry of the first and second year from the date of grant and 30 per cent each on expiry of third and fourth year from the date of grant. Other than the above, there are no outstanding GDRs or ADRs or convertible instruments.

5. 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 Company's Registrar and Share transfer Agents.

The Board has delegated the power to approve transfers to the Stakeholders Relationship Committee and also to the members of the Committee and the Company Secretary. The transfers, if any, are approved at least twice a month. All other requests for transmission, split of certificate(s), consolidation of certificates, remat of shares, issue of duplicate share certificates are approved by the Stakeholders Relationship Committee as and when there are requests after following the due process.

6. Unclaimed Shares

Particulars	No. of Shareholders	No. of Shares
Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the beginning of the year	570	862970
Number of Shareholders who approached the Company for transfer of shares from the Unclaimed Suspense Account during the year in response to the Company's reminders	21	40670
Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year	20*	37770
Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the end of the year	550	825200

*Out of the total claims received during the year one claim is pending for want of submission of requiste documentation by the claimant. Shareholders are entitled to claim these shares after complying with laid down procedures. On receipt of a claim, the Company will after verification, either credit the shares to the Shareholder's Demat account or deliver the physical certificate after re-materialising the same, as opted by the shareholder.

All corporate benefits in terms of securities accruing on these shares like bonus shares, sub-division, etc. will also be credited to the Unclaimed Suspense Account and the voting rights on these shares will remain frozen until the claim is made by the rightful owner.

7. AGM & Dividend details

a. Forthcoming Annual General Meeting

Monday, the 3rd August 2015 at 3.00 p.m. IST at T T K Auditorium, Music Academy, New No. 168, T T K Road, Royapettah, Chennai 600 014. Proxies, to be valid, must be lodged at the registered office of the Company not later than 48 hours before commencement of the meeting.

b. Book Closure Dates

Thursday, 23rd July 2015 to Monday, 3rd August 2015 (both days inclusive).

c. Dividend

An interim dividend of ₹ 0.75 per equity share was paid in February 2015. The Board of Directors have recommended a final dividend of ₹ 0.50 (per equity share of ₹ 1/- each) and the same will be paid after approval at the Annual General Meeting. The warrants will be posted by 7th August 2015. In case of shareholders opting for NECS/ ECS, the dividend would in the normal course be credited to their accounts by 7th August 2015. Shareholders interested to use this direct remittance facilities may write to the RTA / DPs as relevant by providing their bank account details.

d. Unclaimed Dividend

Dividends remaining unclaimed / unpaid for a period of 7 years shall be transferred to the Investor Education Protection Fund as per the applicable provisions of the Companies Act, 2013. The Company has transferred unclaimed / unencashed dividends upto FY 2006-07 to the Investor Education Protection Fund during the year ended 31st March 2015. The Company has uploaded the details relating to unclaimed dividends transferred and pending to be transferred to IEPF on its website for the benefit of its Shareholders. Shareholders will be entitled to refund from the IEPF in the manner as may be prescribed by the Ministry of Corporate Affairs.

On behalf of the Board

1st May 2015
Chennai

M M Murugappan
Chairman

DECLARATION ON CODE OF CONDUCT

To

The Members of Carborundum Universal Limited. This is to confirm that that the Board has laid down a Code of Conduct for all Board members and senior management of 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 2015, as envisaged in clause 49 of the listing Agreement with the stock exchanges.

1st May 2015
Chennai

K Srinivasan
Managing Director

AUDITORS' CERTIFICATION ON CORPORATE GOVERNANCE

1. We, Deloitte Haskins & Sells, Chartered Accountants (Firm's Registration No.: 008072S), as Statutory Auditors of **Carborundum Universal Limited** ("the Company"), having its Registered Office at "Parry House", 6th Floor, 43, Moore Street, Chennai – 600001, have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on 31st March 2015 as stipulated in Clause 49 of the Listing Agreement, as amended from time to time, of the Company with the stock exchanges.
2. We have been requested by the Management of the Company to provide a certificate on compliance of conditions of Corporate Governance under Clause 49 of the Listing Agreement, as amended from time to time.
3. The Management is responsible for the compliance of conditions of Corporate Governance. Our examination was limited to a review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of 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.
4. In our opinion and to the best of our information and according to the explanations given to us 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, as amended from time to time.
5. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

Geetha Suryanarayanan
Partner
(Membership No. 29519)

1st May 2015
Chennai

INDEPENDENT AUDITORS' REPORT

To

The Members of Carborundum Universal limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **CARBORUNDUM UNIVERSAL LIMITED** (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its jointly controlled entities comprising of the Consolidated Balance Sheet as at 31st March, 2015, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its Jointly controlled entities in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group and of its jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its jointly controlled entities as at 31st March, 2015, their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matters

(a) We did not audit the financial statements of 13 subsidiaries and 2 jointly controlled entities, whose financial statements reflect total assets of ₹ 8892 million as at 31st March, 2015, total revenues of ₹ 9299 million and net cash flows amounting to ₹ 323 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 by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and jointly controlled entities, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries and jointly controlled entities, is based solely on the reports of the other auditors.

(b) We did not audit the financial statements of 1 subsidiary, whose financial statements reflect total assets of ₹ 17 million as at 31st March, 2015, total revenues of ₹ Nil and net cash flows amounting to ₹ 16 million for the year ended on that date, as considered in the consolidated financial statements. These financial statements are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, insofar as it relates to the amounts and disclosures included in respect of the subsidiary and our report in terms of sub-sections (3) of Section 143 of the Act insofar as it relates to the aforesaid subsidiary, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements/financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

(1) As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditors' reports of the Holding company, subsidiary companies and jointly controlled companies incorporated in India, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

(2) As required by Section 143(3) of the Act, we report, to the extent applicable, that

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

(d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2015 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and jointly controlled companies incorporated in India, none of the directors of the Group companies and jointly controlled companies incorporated in India is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

(i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its jointly controlled entities – Refer Note 27 to the consolidated financial statements.

(ii) The Group and its jointly controlled entities did not have any long-term contracts and there were no losses on the derivative contracts.

(iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies and jointly controlled companies incorporated in India.

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

Geetha Suryanarayanan
Partner
(Membership No 29519)

Chennai, May 1, 2015

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to under 'Report on Other Legal and Regulatory Requirements' section of our report to the members of Carborundum Universal Limited on the consolidated financial statements for the year ended 31st March 2015)

Our reporting on the Order includes 4 subsidiary companies, 2 jointly controlled companies incorporated in India, to which the Order is applicable, which have been audited by other auditors and our report in respect of these entities is based solely on the reports of the other auditors, to the extent considered applicable for reporting under the Order in the case of the consolidated financial statements.

i. In respect of its fixed assets of the holding company, subsidiary companies and jointly controlled companies incorporated in India:

(a) The respective entities have 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 of the respective entities in accordance with a regular programme of verification which, in our opinion and the opinion of the other auditors, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us and the other auditors, no material discrepancies were noticed on such verification.

(ii) In respect of its inventory of the holding company, subsidiary companies and jointly controlled companies incorporated in India:

(a) As explained to us and the other auditors, the inventories were physically verified during the year by the Management of the respective entities at reasonable intervals.

(b) In our opinion and the opinion of the other auditors and according to the information and explanation given to us and the other auditors, the procedures of physical verification of inventories followed by the Management of the respective entities were reasonable and adequate in relation to the size of the respective entities and the nature of their business.

(c) In our opinion and the opinion of the other auditors and according to the information and explanations given to us and the other auditors, the respective entities have maintained proper records of their inventories and no material discrepancies were noticed on physical verification.

(iii) The holding company, subsidiary companies and jointly controlled companies incorporated in India have not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013 by the respective entities.

(iv) In our opinion and the opinion of the other auditors and according to the information and explanations given to us and the other auditors, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system in the Holding Company, subsidiary companies and jointly controlled companies incorporated in India commensurate with the size of the respective entities and the nature of their business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our and the other auditors audit, no major weakness in such internal control system has been observed.

(v) According to the information and explanations given to us, the Holding Company, subsidiary companies and jointly controlled companies incorporated in India have not accepted any deposit during the year.

(vi) According to the information and explanations given to us and the other auditors, in our opinion and the opinion of the other auditors, the Holding Company, subsidiary companies and jointly controlled companies incorporated in India have, *prima facie*, made and maintained the prescribed cost records pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under subsection (1) of Section 148 of the Companies Act, 2013. Neither we nor the other auditors have, however, made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) According to the information and explanations given to us in respect of statutory dues of the Holding Company, subsidiary companies and jointly controlled companies incorporated in India:

(a) The respective entities have generally been regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to the respective entities with the appropriate authorities.

(b) There were no undisputed amounts payable by the respective entities in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues in arrears as at March 31, 2015 for a period of more than six months from the date they became payable. In respect of one subsidiary, provident fund of ₹ 0.32 million could not be remitted due to non-allotment of registration number by the appropriate authority.

(c) Details of dues of Employees' State Insurance, Income tax, Sales Tax, Service tax, Customs Duty and Excise Duty which have not been deposited as on March 31, 2015 on account of disputes by the aforesaid entities are given below:

Name of Statute	Nature of the dues	Forum where dispute is pending	Period to which the amount relates	Aggregate Amount involved (₹ in million)
Income Tax Act,1961	Income Tax	Commissioner of Income Tax	2009-2010	0.15
		Commissioner of Income Tax (Appeals)	2011-2012 2010-2011	1.38
		Assistant Commissioner (Appeals)	2011-2012	0.48
		Income Tax Appellate Tribunal	1985-1986 1998-1999	0.16
Central Sales Tax Act, 1956 & Local Sales Tax Laws of various States	Sales Tax	Commissioner of Sales Tax (Appeals)	2003-2009 2010-2012 1986-1987 1991-1992	20.61
		Deputy Commissioner of Sales Tax	2010-2011	67.77
		Sales Tax Appellate Tribunal	1995-1996 2001-2003	0.14
		Madras High Court	1989-1990	0.47
	TNGST	Assistant Additional Commissioner	2005-2006	0.16
Central Excise Act, 1944	Excise Duty	Commissioner of Central Excise (Appeals)	2010 - 2011 2012- 2013	0.61
		Deputy Commissioner of Central Excise (Appeals)	1995-1996	0.02
		The Customs, Excise & Service Tax Appellate Tribunal	1991-1992 1993-1994 1995-1996 1998-2003 2002-2003	1.70
		Kerala High Court	1986-1987	0.95
		Assistant Commissioner of Central Excise(Appeals)	2010-2011	0.15
The Customs Act,1962	Customs Duty	The Customs, Excise & Service Tax Appellate Tribunal, Mumbai	2003-2004	0.65

Name of Statute	Nature of the dues	Forum where dispute is pending	Period to which the amount relates	Aggregate Amount involved (₹ in million)
Service Tax, 1994	Service Tax	Commissioner of Central Excise	Jan 2010 to Dec 2010	0.34
		Commissioner of Central Excise (Appeals)	2010-2013	0.33
		Assistant Commissioner of Central Excise (Appeals)	Jan 2002 to Dec 2002 Jun 2007 to Mar 2013 May 2013 to Mar 2014	3.38
		The Customs, Excise & Service Tax Appellate Tribunal	2004-2009	4.53
		Deputy Commissioner of Central Excise (Appeals)	Oct 2008 to Jan 2014	0.27
Employee State Insurance(ESI) Act	ESI	ESI Court	Jan 2001 to Dec 2001 Jan 2006 to Dec 2006	0.12
Total				**104.37**

(d) The aforesaid entities have been regular in transferring amounts to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder within time.

(viii) The Group and its jointly controlled entities does not have consolidated accumulated losses at the end of the financial year and the Group and jointly controlled entities have not incurred cash losses on a consolidated basis during the financial year covered by our audit and in the immediately preceding financial year.

(ix) In our opinion and the opinion of the other auditors and according to the information and explanations given to us and the other auditors, the Holding Company, subsidiary companies, and jointly controlled companies incorporated in India have not defaulted in the repayment of dues to financial institutions, banks and debenture holders.

(x) According to the information and explanations given to us, the Holding Company, subsidiary companies and jointly controlled companies incorporated in India have not given guarantees for loans taken by others from banks and financial institutions.

(xi) In our opinion and the opinion of the other auditors and according to the information and explanations given to us and the other auditors, the term loans have been applied by the Holding Company, subsidiary companies and jointly controlled companies incorporated in India during the year for the purposes for which they were obtained.

(xii) To the best of our knowledge and according to the information and explanations given to us and the other auditors, no fraud by the holding company, its subsidiary companies and jointly controlled companies incorporated in India and no material fraud on the holding company and its subsidiary companies and jointly controlled companies incorporated in India has been noticed or reported during the year.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No.: 008072S)

Geetha Suryanarayanan
Partner
(Membership No.: 29519)

Chennai, May 1, 2015

CONSOLIDATED BALANCE SHEET

AS AT MARCH 31, 2015

₹ million

Particulars	Note	As at 31.03.2015	As at 31.03.2014
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	3	188.18	187.76
Reserves & Surplus	4	10698.92	10872.05
		10887.10	**11059.81**
Minority Interest		578.03	699.26
Non-current liabilities			
Long-term Borrowings	5	566.75	1872.69
Deferred tax liabilities (net)	6	493.43	590.63
Long term provision	7	50.31	52.74
		1110.49	**2516.06**
Current liabilities			
Short term Borrowings	8	2201.05	2051.42
Trade payables	9	1708.29	2005.90
Other current liabilities	10	1532.88	1418.96
Short- term provisions	11	232.49	195.92
		5674.71	**5672.20**
Total		**18250.33**	**19947.33**
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	12	6657.73	7722.90
Intangible assets	12	113.44	139.96
Capital work-in-progress		433.17	396.99
Goodwill on Consolidation		1156.02	1104.69
Non current investments	13	78.01	81.07
Deferred tax assets (net)	6	93.77	91.12
Long-term loans and advances	14	253.56	247.47
		8785.70	**9784.20**
Current assets			
Current investments	15	333.25	292.15
Inventories	16	3883.31	4340.02
Trade receivables	17	3702.88	4166.50
Cash and Bank balances	18	991.65	754.09
Short-term loans and advances	19	553.54	610.37
		9464.63	**10163.13**
Total		**18250.33**	**19947.33**

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached

On behalf of the Board

For **Deloitte Haskins & Sells**
Chartered Accountants

M M Murugappan
Chairman

K Srinivasan
Managing Director

Geetha Suryanarayanan
Partner
Chennai
May 01, 2015

Sridharan Rangarajan
Chief Financial Officer

Rekha Surendhiran
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2015

₹ million

Particulars	Note	2014-15	2013-14
Revenue from operation (gross)	20	21625.93	22371.64
Less : Excise Duty		1124.22	1118.21
Revenue from operations (net)		**20501.71**	**21253.43**
Expenses :			
Cost of materials consumed		6119.38	6777.42
Purchases of stock-in-trade		945.04	884.86
Changes in inventories of finished goods, work-in-process and stock in trade	21	111.85	(211.55)
Employee benefit expense	22	2754.36	2899.64
Other expenses	23	7936.74	8387.77
Total		**17867.37**	**18738.14**
Earnings before exceptional items, interest, tax, depreciation and amortisation (EBITDA)		**2634.34**	**2515.29**
Finance costs	24	253.42	281.75
Depreciation and amortisation expense	12	1003.72	911.64
Less : Transfer from fixed asset revaluation reserve		-	0.90
		1003.72	910.74
Other income	25	261.85	220.17
Profit before exceptional items and tax		**1639.05**	**1542.97**
Exceptional Items (Refer note no: 37)		565.00	-
Profit before tax		**2204.05**	**1542.97**
Tax expense :			
Current tax		890.97	595.16
Deferred tax		(69.42)	(3.26)
Profit for the year		**1382.50**	**951.07**
Less : Minority interest		56.49	36.04
Profit for the year after taxes and minority interest		**1326.01**	**915.03**
Earnings per equity share :	34		
Basic		7.06	4.88
Diluted		7.04	4.87

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

Geetha Suryanarayanan
Partner
Chennai
May 01, 2015

On behalf of the Board

M M Murugappan
Chairman

K Srinivasan
Managing Director

Sridharan Rangarajan
Chief Financial Officer

Rekha Surendhiran
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2015

₹ million

Particulars	2014-15		2013-14	
A. Cash flow from operating activities				
Net Profit before Tax		**2204.05**		**1542.97**
Depreciation	1003.72		910.74	
Interest and finance charges	253.42		281.75	
(Profit)/Loss on sale of fixed assets (net)	(22.01)		(18.28)	
(Profit)/Loss on sale of Immovable property	(869.20)		-	
Provision for doubtful debts and advances (net)	86.30		41.86	
(Profit)/Loss on sale of investments (net)	(5.00)		(2.91)	
Provision for impairment of fixed assets	329.75		-	
Gain on restructuring of business (net)	(25.55)		-	
Interest and dividend income	(54.90)		(45.75)	
Excess provision made in the previous years released	(59.71)		(23.60)	
Voluntary retirement scheme payments	0.36		10.56	
Bad debts	0.99		3.42	
(Profit) / Loss on exchange fluctuation - net	(90.96)	547.21	(53.66)	1104.13
Operating profit before working capital changes		**2751.26**		**2647.10**
Adjustments for :				
- Inventories	456.71		(314.10)	
- Long term loans & advances	0.19		18.11	
- Trade receivable	517.80		(586.91)	
- Short term loans & advances	(64.40)		158.30	
- Trade payables	(289.61)		245.66	
- Other current liabilities & Provision	599.40	1220.09	(22.90)	(501.84)
Cash generated from operations		3971.35		2145.26
Direct taxes paid		(713.76)		(612.01)
Net Cash Flow from operating activities [A]		**3257.59**		**1533.25**
B. Cash Flow from investing activities				
Purchase of tangible fixed assets	(776.54)		(774.99)	
Purchase of intangible assets	(69.79)		(210.04)	
Proceeds from sale of Fixed assets	910.73		60.94	
Sale of Investments	8.06		(66.02)	
Dividends received	19.79		17.12	
Interest received	35.11	127.36	27.04	(945.95)
Direct taxes paid on capital gain		(196.90)		-
Net cash (used in) investing activities [B]		**(69.54)**		**(945.95)**
C. Cash Flow from financing activities				
Proceeds from issue of equity shares including premium	47.39		26.43	
Proceeds/(Repayments) of Long term borrowings (net)	(1310.67)		(235.24)	
Proceeds/(Repayment) from other borrowings (net)	149.63		448.66	
Interest paid	(252.60)		(283.85)	
Paid to Investor Education and Protection Fund	(0.67)		(1.72)	
Dividends paid including Tax on Dividend	(248.13)		(326.12)	
Net cash (used in) financing activities [C]		**(1615.05)**		**(371.84)**
D. Translation adjustment [D]		**(1291.21)**		**(272.09)**
Net increase/(decrease) in cash and cash equivalents [A + B + C + D]		**281.79**		**(56.63)**
Cash and cash equivalents opening balance		1030.75		1087.38
Cash and cash equivalents closing balance		1312.54		1030.75
Net increase/(decrease) in cash and cash equivalents		**281.79**		**(56.63)**
Reconcilation of cash and cash equivalents with the Balance sheet				
Cash and Bank balances as per Balance sheet		991.65		754.09
Less : Bank balances not considered as Cash and Cash equivalents - earmarked account		(12.36)		(15.49)
Add : Current Investments considered as Cash and Cash equivalents				
- Investments in units of Mutual funds		333.25		292.15
		1312.54		**1030.75**

See accompanying notes forming part of the consolidated financial statements
In terms of our report attached

On behalf of the board

For **Deloitte Haskins & Sells**
Chartered Accountants

Geetha Suryanarayanan
Partner

M M Murugappan
Chairman

Sridharan Rangarajan
Chief Financial Officer

K Srinivasan
Managing Director

Rekha Surendhiran
Company Secretary

Chennai
May 01, 2015

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

1a) 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.

1b) Information on Consolidated financials as per Accounting Standard 21 and Accounting Standard 27

A) SUBSIDIARIES:

i) List of Subsidiaries included in the Consolidated financial Statements

₹ million

Name of the Subsidiary	Country of Incorporation	31.03.2015 Share in ownership and voting power	31.03.2014 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	100%	51.00%
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%
Thukela Refractories Isithebe Pty Limited	South Africa	100%	100%
CUMI Europe s.r.o	Czech Republic	100%	-

ii) During the current year the Company incorporated M/s CUMI Europe s.r.o, Czech Republic through its subsidiary CUMI International Limited, Cyprus.

iii) Consolidated financial statements are prepared based on the audited financials of the subsidiaries as on 31.03.2015, except that of CUMI Europe where in the financials adopted by its Board is considered.

B) JOINT VENTURES

i) List of Joint ventures included in the Consolidated financial Statements

Name of the Joint Venture	Country of Incorporation	31.03.2015 Share in ownership and voting power	31.03.2014 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 31.03.2015 and as approved by the Board of Directors of those companies.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

In respect of Wendt (India) Ltd, the consolidated financials of the company with its subsidiaries Wendt Grinding Technologies Ltd, Thailand and Wendt Middle East FZE, Sharjah are considered for consolidation.

1c) Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013

₹ million

Name of the entity	Net assets ie., total asset minus total liabilities		Share in profit or loss	
	As % of consolidated net assets	Amount (₹ million)	As % of consolidated Profit	Amount (₹ million)
I. Parent				
Carborundum Universal Limited	78.98%	8598.89	111.86%	1483.30
II. Subsidiaries (including Step down subsidiaries)				
a) Indian				
1. Net Access India Ltd	0.65%	70.25	1.20%	15.90
2. Southern Energy Development Corporation Ltd	1.71%	186.17	0.55%	7.26
3. Sterling Abrasives Ltd	3.47%	377.42	4.04%	53.51
4. Cellaris Refractories India Limited	0.97%	105.27	(2.01%)	(26.59)
b) Foreign				
1. CUMI (Australia) Pty Ltd	5.13%	558.42	7.34%	97.28
2. CUMI International Limited	24.86%	2706.81	(40.73%)	(540.07)
3. Volzhsky Abrasives Works	22.37%	2435.89	44.43%	589.20
4. Foskor Zirconia (Pty) Ltd	1.33%	144.97	(3.41%)	(45.16)
5. CUMI America Inc	0.28%	30.31	(2.81%)	(37.30)
6. CUMI Canada Inc	0.20%	21.83	(1.19%)	(15.82)
7. CUMI Middle East FZE	0.21%	23.20	0.68%	9.01
8. CUMI Abrasives & Ceramics Company Limited	0.55%	59.37	(9.47%)	(125.64)
9. Thukela Refractories Isithebe Pty Limited	0.61%	66.00	(22.74%)	(301.51)
10. CUMI Europe s.r.o	0.15%	16.85	(0.28%)	(3.70)
Minority interest in all subsidiaries	(5.31%)	(578.03)	(4.26%)	(56.49)
III. Joint ventures (as per proportionate consolidation)				
Indian				
1. Murugappa Morgan Thermal Ceramics Ltd	4.96%	540.49	8.26%	109.59
2. Wendt (India) Ltd	3.78%	411.38	4.07%	53.98
3. Ciria India Ltd.	0.62%	67.22	2.48%	32.83
Inter-company Elimination & Consolidation Adjustments	(45.52%)	(4955.61)	1.99%	26.43
Total	**100.00%**	**10,887.10**	**100.00%**	**1,326.01**

Investment in foreign subsidiaries from b (3) to b (10) is held through a subsidiary

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Significant accounting policies

i. Basis of preparation

The consolidated financial statements of the Company and its subsidiaries and jointly controlled entities (together the 'Group') have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 Act"), as applicable. The consolidated financial statements have been prepared on accrual basis under the historical cost convention except for categories of fixed assets acquired before 31st August 1984, that are carried at revalued amounts. The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the previous year.

ii. Principles of Consolidation

(a) The financial statements of the 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 Standard 21 Consolidated Financial Statements, on a line-by-line basis by adding together the like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra group transactions and resulting unrealized profits/losses, unless cost cannot be recovered.

(b) The Company's interest in Joint ventures are consolidated as per Accounting Standard 27 Financial Reporting of Interests in Joint Ventures, on a line-by-line basis by adding together the book values of assets, liabilities, income and expenses on a proportionate basis to the extent of the groups interest in such entity, after eliminating the group's share of unrealized profits/losses on intra group transactions. Interests of Jointly controlled entities are included in the segments to which they relate.

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

(d) The excess of cost to the Group of its investments in the subsidiary companies / jointly controlled entities over its share of equity of the subsidiary companies / jointly controlled entities, at the dates on which the investments in the subsidiary companies / jointly controlled entities were made, is recognised as 'Goodwill' being an asset in the consolidated financial statements and is tested for impairment on annual basis. Alternatively, where the share of equity in the subsidiary companies / jointly controlled entities as on the date of investment is in excess of cost of investments of the Group, it is recognised as 'Capital Reserve' and shown under the head 'Reserves & Surplus', in the consolidated financial statements.

(e) Minority Interest in the net assets of the consolidated subsidiaries consist of the amount of equity attributable to the minority shareholders at the date on which investments in the subsidiary companies were made and further movements in their share in the equity, subsequent to the dates of investments. Net profit / loss for the year of the subsidiaries attributable to minority interest is identified and adjusted against the profit after tax of the Group in order to arrive at the income attributable to shareholders of the Company.

(f) Goodwill arising on consolidation is not amortised but tested for impairment.

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 result are known / materialised.

iv. 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.

v. 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 Group are segregated based on the available information.

vi. Fixed assets (Tangible/Intangible) 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 (viii) 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.

(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 tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except that:

(i) Leased vehicles which are depreciated over four years.

(ii) In respect of Assets held by Indian Subsidiaries & Overseas Subsidiaries, Jointly controlled entities, depreciation is provided based on the useful life of those assets as estimated by the respective Companies.

(iii) Assets held by CUMI (Australia) Pty Limited are depreciated using diminishing value method and that of Ciria India Ltd (joint venture) are depreciated as per the useful life prescribed in Schedule II on Written Down Value basis.

(iv) The difference between the depreciation for the year on the revalued assets and the depreciation calculated on the original cost is transferred directly to the General Reserve from the Fixed Assets Revaluation Reserve.

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

vii. 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.

viii. Borrowing costs

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such assets are added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

ix. 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 the Company, Trading stocks are valued at weighted average cost and in respect of others, Trading stocks are valued using First in First out method.

x. Investments

Long term investments are carried individually at cost less provision for diminution, other than temporary,in the value of such investments.

Current investments are carried individually at lower of cost and fair value.

xi. Revenue recognition

(a) Domestic sales are accounted on transfer of significant risks and rewards of ownership to the buyer which generally coincides with despatch of products to customers in the case of domestic sales and on the date of bill of lading in the case of export sales, except in the case of CUMI (Australia) Pty Limited where revenue is recognised on delivery of goods. Sales are accounted net of Sales Tax / VAT, Discounts and Returns as applicable

(b) Revenue from contracts priced on a time and material basis are recognised when services are rendered and related expenses incurred/on the basis of percentage of completion. In respect of indivisible contracts and Service contracts, the revenues are recognized on percentage completion method, synchronized to the billing schedules agreed by the 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.

(c) Benefits on account of entitlement to import goods free of duty under various 'Exports Benefits Schemes', are accounted based on eligibility and when there is no uncertainty in receiving the same.

(d) Interest income is accounted on accrual basis.

(e) Dividend income on investments is accounted for when the right to receive the payment is established.

xii. Research and Development

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

xiii. Voluntary Retirement Compensation

The compensation to employees who have retired under voluntary retirement scheme is written off to revenue.

xiv. Employee Benefits

Employee benefits include provident fund, superannuation fund, employee state insurance scheme, gratuity fund, compensated absences, long service awards and post-employment medical 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, based on the amount of contribution required to be made. Company also contributes to a government administered Pension fund on behalf of its employees, which are charged to the Statement of profit and loss, as and when services are rendered by the employees.

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.

(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 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 Statement of profit and loss.

(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 jointly controlled entities 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 entities, the Company has provided for employee benefits as per the local regulations.

(e) **Voluntary Retirement Compensation**
Compensation to employees who have retired under voluntary retirement scheme is charged off to revenue.

(f) **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 Statement of profit and loss on graded vesting basis over the vesting period of the options

xv. Foreign currency transactions and translations

(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 Statement of profit and loss.

(b) Exchange differences arising on settlement / restatement of short-term foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss.

(c) Premium / discount on forward exchange contracts, which are not intended for trading or speculation purposes, are amortised over the period of the contracts if such contracts

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

relate to monetary items as at the balance sheet date. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognised as income or as expense in the period in which such cancellation or renewal is made.

(a) All overseas subsidiaries are classified as Non-Integral foreign operations. Transactions are translated at average exchange rates and assets and liabilities are translated at closing exchange rates. The resultant exchange difference are accounted in Foreign Currency Translation Reserve.

xvi. Government grants, subsidies and export incentives

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

Export Benefits on account of entitlement to import goods free of duty under ' Exports Benefits Scheme' are accounted based on eligibility and when there is no uncertainty in receiving the same.

xvii. 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 and CENVAT / VAT credit on purchase of capital items wherever applicable are taken into account as and when the assets are acquired. The CENVAT / VAT 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.

xviii. 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 revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors

(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".

xix. Income Tax

(a) 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.

(b) Deferred tax is recognised for all the timing differences and is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. 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.

(c) Current and deferred tax relating to items directly recognised in reserves are recognised in reserves and not in the Statement of Profit and Loss.

xx. 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.

xxi. 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" 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 " 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" 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" is immediately transferred to the Statement of Profit and Loss.

xxii. Operating cycle

Based on the nature of the products/activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non -current.

3. Share Capital

₹ million

	As at 31.03.2015	As at 31.03.2014
Authorised		
250,000,000 equity shares of ₹ 1 each	250.00	250.00
Issued, Subscribed and Paid-up		
188,179,042 shares of ₹ 1 each fully paid (Previous year 187,756,218 shares of ₹ 1 each fully paid)	**188.18**	**187.76**

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

Particulars	As at 31.03.2015		As at 31.03.2014	
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	187756218	187.76	187468344	187.47
Add : Shares issued against ESOP scheme	422824	0.42	287874	0.29
Total number of shares outstanding at the end of the year	**188179042**	**188.18**	**187756218**	**187.76**

3. b) Terms / Rights attached to Equity Shares

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

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

For the year ended March 31, 2015, Final dividend of ₹ 0.50 per share has been proposed by the Board of Directors (previous year ₹ 0.50 per share). An interim dividend of ₹ 0.75 per share was declared at the meeting of the Board of Directors held on January 29, 2015 and the same has been paid (previous year ₹ 0.75 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 will be in proportion to the number of equity shares held.

3. c) Details of shares held by shareholders holding more than 5 per cent of the aggregate shares in the Company

Name of Shareholder	As at 31.03.2015		As at 31.03.2014	
	No.of Shares held	**% of holding**	**No.of Shares held**	**% of holding**
Murugappa Holdings Limited	55432284	29.46%	55432284	29.52%
Nalanda India Fund Limited	16793362	8.92%	16793362	8.94%
Face value per share	**₹ 1**		**₹ 1**	

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

₹ million

Particulars	As at 31.03.2014	Additions		Deductions / Adjustments		As at 31.03.2015
4) Reserves and Surplus						
Capital Reserve						
Fixed assets revaluation reserve	24.20	-		0.68		23.52
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	95.21	46.97	(a)	-		142.18
On Consolidation	654.50	26.27	(b)			680.77
Other Reserves						
General reserve	4688.84	500.68	(c)	-		5189.52
Hedging reserve	2.86	1.75		2.86		1.75
Foreign currency translation reserve	(75.43)	-		1291.21	(d)	(1366.64)
	5426.89	**575.67**		**1294.75**		**4707.81**
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 de-recognition of subsidiaries / jointventure / associate	(111.67)					(111.67)
Total	**5262.99**	**575.67**		**1294.75**		**4543.91**
Surplus in Statement of Profit and Loss						
Opening Balance (e)	5206.57					5609.06
Add : Profits for the current year	915.03					1326.01
Less : Transfer to General reserve	(250.00)					(500.00)
Less : Depreciation on transition to schedule II of Companies Act 2013(net of deferred tax ₹ 16.04 million) - Refer Note no: 28	-					(31.50)
Less : Final dividend including tax on dividend	(0.02)				(f)	(0.06)
Less : Interim dividend	(140.69)					(141.13)
Less : Dividend tax on interim dividend	(23.03)					(1.39)
Less : Proposed final dividend	(93.88)					(94.09)
Less : Dividend tax on proposed final dividend	(5.99)				(g)	(10.56)
Less : Dividend tax paid by subsidiaries & JV during previous year	16.62					15.55
Less : Dividend tax paid by subsidiaries & JV during current year	(15.55)					(16.88)
Total	**5609.06**					**6155.01**
Grand Total	**10872.05**					**10698.92**

(a) Premium of ₹ 46.97 million received on allotment of 422824 equity shares under Employee Stock Option Scheme 2007

(b) Exchange difference during the year on translation of capital reserve on consolidation of foreign subsidiary

(c) Represents ₹ 0.68 million transfer from revaluation reserve and ₹ 500 million transfer from current year profit.

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

(e) includes reserves other than disclosed above relating to subsidiaries and joint ventures which are required under the local laws of respective countries.

(f) Represents dividend and dividend tax of ₹ 56454 on 96506 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.

(g) includes ₹ 4.83 million in repect of credit availed on the dividend received from an oversesas subsidiary.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

₹ million

Particulars	As at 31.03.2015	As at 31.03.2014
5. Long - term Borrowings		
Secured		
Term Loan from banks		
Others	52.80	642.22
- Secured by a pari-passu first charge on movable fixed assets, both present and future		
Long term maturities of Finance lease obligation		
- Secured against the assets purchased under the arrangement	12.63	9.27
Unsecured		
Loans from Banks		
- Includes loan of a subsidiary covered by a guarantee from Parent Company	501.32	1221.20
Refer Note 10 for Short term maturities of the above Long term borrowings	**566.75**	**1872.69**
6. Information relating to Deferred Tax		
A. Deferred Tax liability (Net)		
a. Deferred Tax asset arising out of timing difference relating to :		
Provision for doubtful receivables and advances	34.80	30.21
Expenses allowed on payment basis	3.53	46.21
Voluntary retirement scheme payments	48.20	1.05
Leased assets	1.36	1.33
Others	13.39	3.12
	101.28	**81.92**
b. Deferred Tax Liability arising out of timing difference relating to :		
Depreciation	570.50	641.98
Others	24.21	30.57
	594.71	672.55
Deferred Tax Liability (Net)	**493.43**	**590.63**
B. Deferred Tax Asset (Net)		
a. Deferred Tax asset arising out of timing difference relating to :		
Provision for compensated absences	4.83	5.30
Expenses allowed on payment basis	1.80	1.71
Others	87.19	84.53
	93.82	**91.54**
b. Deferred Tax Liability arising out of timing difference relating to :		
Depreciation	0.05	0.42
	0.05	0.42
Deferred Tax Asset (Net)	**93.77**	**91.12**
Deferred tax asset/liability (Net)	**399.66**	**499.51**
Movement during the year	**(99.85)**	
Routed through Profit & loss	(69.42)	
Transition impact on account of Fixed asset useful life as per Companies act 2013	(16.90)	
Translation adjustment impact	(13.53)	
Total	**(99.85)**	

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

₹ million

Particulars	As at 31.03.2015	As at 31.03.2014
7. Long-term provisions		
Provison for Employee benefits - Compensated absenses	50.31	52.74
	50.31	**52.74**
8. Short - term borrowings		
Secured loans from Banks		
Cash Credit (repayable on demand)	293.11	346.57
Other Borrowings	1788.15	481.53
the above borrowings are secured by a pari-passu first charge on the current assets, both present and future and pari-passu second charge on immovable properties, both present and future, relating to various manufacturing locations		
Unsecured borrowings from Banks	119.79	1223.32
	2201.05	**2051.42**
9. Trade payables		
Acceptances	35.52	35.30
Other than Acceptances	1672.77	1970.60
	1708.29	**2005.90**
10. Other Current liabilities		
Secured :		
Current Maturities of Term loans	2.72	73.32
Current Maturities of Finance lease obligations	7.18	6.72
-Secured against the asset purchased under the arrangement		
Interest accured but not due on loans	1.65	0.84
Unsecured:		
Current Maturities of term loans from Banks	623.95	558.54
Unclaimed dividend	17.15	20.60
Remuneration payable to Directors	15.65	13.69
Other Liabilities		
Statutory liabilities	166.39	150.70
Advance from Customers	89.63	81.35
Deposits	36.90	36.23
Payables for purchase of Fixed Assets	61.31	60.45
Other Payables	510.35	416.52
	1532.88	**1418.96**
11. Short-term provisions		
Provision for Employee benefits	123.01	88.31
Proposed dividend	94.09	93.88
Dividend tax	15.39	13.73
	232.49	**195.92**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. Fixed Assets

₹ million

Particulars	Gross Block					Depreciation / Amortisation						Net Block
	As on 1.4.2014	Additions	Deletion	Translation Adjustment	As on 31.3.2015	As on 1.4.2014	For the year	Delet-ion	Transfer to reserves	Translation Adjustment	As on 31.3.2015	As on 31.3.2015
Tangible Assets												
Land												
Freehold	119.26 (a)	0.83	0.12	(8.04)	111.93	-	-	-	-	-	-	111.93
Leasehold	234.32	1.83	-	3.67	239.82	15.65	3.67	-	-	0.33	19.65	220.17
Buildings	2924.04 (a)	175.25	5.19	(270.25)	2823.85 (b)	798.84	92.66	3.40	4.96	(103.57)	789.49	2034.36
Plant & Machinery	9854.87 (c)	535.91 (d)	57.82	(544.11)	9788.85	4819.23	808.57	54.76	34.94	(270.20)	5,337.78	4451.07
Plant & Machinery taken on lease	4.04	-	-	-	4.04	3.75	0.24	-	0.05	-	4.04	-
Furniture & Fixtures	251.90	14.36	20.35	(10.31)	235.60	127.22	33.45	10.61	10.15	(7.37)	152.84	82.76
Vehicles	185.89	5.24	9.47	(35.24)	146.42	98.06	10.91	5.09	0.13	(22.14)	81.87	64.55
Vehicles taken on lease	19.80	21.18	8.36	-	32.62	8.47	16.01	7.93	-	-	16.55	16.07
Total	**13594.12**	**754.60**	**101.31**	**(864.28)**	**13383.13**	**5871.22**	**965.51**	**81.79**	**50.23**	**(402.95)**	**6402.22**	**6980.91**
Less: Impairment of tangible assets												(323.18)
Net book value of tangible assets												6657.73
Intangible Assets												
Goodwill	5.10	-	-	-	5.10	5.10	-	-	-	-	5.10	-
Trade Mark	32.40	-	-	-	32.40	2.62	6.15	-	-	-	8.77	23.63
Software	27.37	17.51	-	(0.40)	44.48	11.03	12.12	-	-	(0.37)	22.78	21.70
Technical know-how fee	170.33	0.95	-	(0.55)	170.73	76.49	19.94	-	-	(0.38)	96.05	74.68
Total	**235.20**	**18.46**	**-**	**(0.95)**	**252.71**	**95.24**	**38.21**	**-**	**-**	**(0.75)**	**132.70**	**120.01**
Less: Impairment of intangible assets												(6.57)
Net book value of intangible assets												113.44
GRAND TOTAL	**13829.32**	**773.06**	**101.31**	**(865.23)**	**13635.84**	**5966.46**	**1003.72**	**81.79**	**50.23**	**(403.70)**	**6534.92**	**7100.92**
Less: Impairment of fixed assets												(329.75)
Net book value of fixed assets												6771.17

(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 ₹ 58.41 million.

(b) Includes ₹ 871.71 million (Previous year ₹ 779.22 million) being cost of building on leasehold land.

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

(d) Includes Equipments acquired for Research & Development 13.32 million (Previous Year ₹ 0.74 million)

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. Fixed Assets - Previous year

₹ million

Particulars	Gross Block					Depreciation / Amortisation					Net Block
	As on 1.4.2013	Additions	Deletion	Translation Adjustment	As on 31.3.2014	As on 1.4.2013	For the year	Deleion	Translation Adjustment	As on 31.3.2014	As on 31.3.2014
Tangible Assets											
Land											
Freehold	120.94	-	-	(1.68)	119.26	-	-	-	-	-	119.26
Leasehold	225.46	-	-	8.86	234.32	11.77	3.35	-	0.53	15.65	218.67
Buildings	2662.01	278.99	2.77	(14.19)	2924.04	721.05	87.34	1.01	(8.54)	798.84	2125.20
Plant & Machinery	9033.07	986.86	74.33	(90.73)	9854.87	4147.84	752.42	40.67	(40.36)	4819.23	5035.64
Plant & Machinery taken on lease	4.04	-	-	-	4.04	3.24	0.51	-	-	3.75	0.29
Furniture & Fixtures	230.62	28.02	5.94	(0.80)	251.90	114.12	17.97	4.39	(0.48)	127.22	124.68
Vehicles	182.32	19.93	12.04	(4.32)	185.89	85.67	22.03	7.15	(2.49)	98.06	87.83
Vehicles taken on lease	30.83	3.97	15.15	0.15	19.80	15.41	7.26	14.35	0.15	8.47	11.33
Total	**12489.29**	**1317.77**	**110.23**	**(102.71)**	**13594.12**	**5099.10**	**890.88**	**67.57**	**(51.19)**	**5871.22**	**7722.90**
Intangible Assets											
Goodwill	5.10	-	-	-	5.10	5.10	-	-	-	5.10	-
Trade Mark	1.61	30.79	-	-	32.40	1.61	1.01	-	-	2.62	29.78
Software	-	12.67	-	14.70	27.37	-	4.41	-	6.62	11.03	16.34
Technical know-how fee	105.76	63.51	-	1.06	170.33	60.90	15.34	-	0.25	76.49	93.84
Total	**112.47**	**106.97**	**-**	**15.76**	**235.20**	**67.61**	**20.76**	**-**	**6.87**	**95.24**	**139.96**
GRAND TOTAL	**12601.76**	**1424.74**	**110.23**	**(86.95)**	**13829.32**	**5166.71**	**911.64**	**67.57**	**(44.32)**	**5966.46**	**7862.86**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

₹ million

Particulars	As at 31.03.2015	As at 31.03.2014
13. Non- Current Investments (at cost)		
Quoted		
Equity shares - fully paid	60.50	60.45
Others	6.02	9.00
Unquoted		
Equity shares - fully paid	11.49	11.62
	78.01	**81.07**
14. Long term loans & advances - Unsecured and considered good		
Capital advances	29.27	42.68
Disputed Sales tax, Central excise and Service tax amounts deposited under protest	19.34	16.16
Taxation (net of provisions)	108.87	89.18
Security deposit	96.08	99.45
	253.56	**247.47**
15. Current Investment (at lower of cost and fair value)		
Investment in Mutual fund - Short term	**333.25**	**292.15**
16. Inventories (at lower of cost and net realisable value)		
Raw materials (In transit - ₹ 108.94 million ; Previous year : ₹ 47.29 million)	1095.49	1369.22
Work-in-process	749.83	866.49
Stock in Trade (In transit - ₹ 7.38 million: Previous year: ₹ 32.80 million)	661.42	569.25
Finished stock	1043.41	1130.77
Stores and spare parts (In transit - ₹ 0.39 million; Previous year: Nil)	333.16	404.29
	3883.31	**4340.02**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

₹ million

Particulars		As at 31.03.2015		As at 31.03.2014
17. Trade receivables (Unsecured)				
Outstanding over a period exceeding six months from the date they were due for payment				
Considered good		277.27		323.32
Considered doubtful		97.97		94.34
		375.24		417.66
Other Receivables				
Considered good		3425.61		3843.18
		3800.85		4260.84
Less : Provision for doubtful receivables		97.97		94.34
		3702.88		**4166.50**
18. Cash and Bank balances				
Cash on hand		15.15		3.64
Balances with banks :				
Current account		962.51		691.62
Deposit account with original maturity within three months		1.63		43.34
In earmarked account : Unclaimed dividend account		12.36		15.49
		991.65		**754.09**
19. Short-term loans & advances				
(Unsecured and considered good, unless otherwise stated)				
Deposits		24.90		1.52
Loans and Advance to Employees		15.34		14.53
Prepaid Expenses		84.97		99.25
Trade Advances		182.91		186.11
Claims recoverable		0.04		1.23
Other loans & Advances				
Considered good	51.47		94.32	
Considered doubtful	26.32		0.46	
	77.79		94.78	
Less : Provision for doubtful advances	26.32		0.46	
		51.47		94.32
Balances with statutory authorities		193.91		213.41
		553.54		**610.37**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

₹ million

Particulars	2014-15	2013-14
20. Revenue from Operations :		
Sale of Products (Refer Note no: 32 (B) Segment Disclosure for breakup of Sales)	20944.85	21696.29
Sale of Services / Income from Contracts	366.14	360.71
Other Operating Revenue		
Service income	87.41	78.64
Commission Income	1.11	1.59
Scrap Sales	96.99	116.44
Miscellaneous income	129.43	117.97
	21625.93	22371.64
Less : Excise duty	1124.22	1118.21
	20501.71	**21253.43**
21. Changes in inventories of finished goods, work-in-process and stock-in-trade		
a) Opening stock		
Work-in-process	866.49	790.35
Stock in Trade	569.25	519.88
Finished stock	1130.77	1044.73
	2566.51	**2354.96**
b) Closing stock		
Work-in-process	749.83	866.49
Stock in Trade	661.42	569.25
Finished stock	1043.41	1,130.77
	2454.66	**2566.51**
(Accretion)/Decretion to stock	**111.85**	**(211.55)**
22. Employee benefits expense		
Salaries, wages and bonus	2186.06	2306.09
Contribution to providend and other funds	152.64	175.14
Voluntary retirement compensation	0.36	10.56
Remuneration to Managing director	15.32	15.04
Welfare expenses	399.98	392.81
	2754.36	**2899.64**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

₹ million

Particulars	2014-15		2013-14	
23. Other expenses				
Consumption of stores and spares		738.83		728.69
Power and fuel[(a)]		3035.56		3,362.20
Rent		113.74		100.14
Excise duty on stock differential[(c)]		16.18		4.43
Rates and taxes		232.03		187.43
Insurance		58.51		62.89
Repairs to :[(b)]				
Buildings		80.63		85.12
Machinery		732.30		829.90
Others		15.22		23.58
Data Processing Charges		92.82		75.86
Technical Fee/Royalty		49.73		49.94
Directors' sitting fees		1.77		0.96
Commission to non-wholetime Directors		11.56		10.29
Auditors' remuneration		17.44		19.04
Travel and Conveyance		243.46		250.24
Freight, delivery and shipping charges		655.00		710.02
Selling commission		65.11		72.99
Rebates and allowances		78.70		75.05
Advertisement and publicity		77.11		95.05
Printing, stationery and communication		63.02		63.03
Contribution to research institution		4.88		3.16
Bad receivables and advances written off	7.30		4.92	
Less : Provision adjusted	(6.31)		(1.50)	
		0.99		3.42
Provision for doubtful receivables, advances and deposits		86.30		41.86
Professional fees		169.13		209.67
Service outsourced		974.04		984.36
Loss on sale of Fixed assets		13.67		44.64
Miscellaneous expenses		309.01		293.81
		7936.74		**8387.77**
(a) Net of own power generation, which include energy banked with KSEB - Nil (Previous year - ₹ 14.8 million)		172.87		176.57
(b) Include stores and spare parts		201.62		209.83
(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				

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

₹ million

Particulars	2014-15	2013-14
24. Finance Costs		
Interest		
On Debentures and fixed loans	178.58	104.44
On others	70.58	172.90
Other borrowing costs	4.26	4.41
	253.42	**281.75**
25. Other income		
Dividend Income from Long term Investments	4.11	3.67
Dividend Income from Current Investments	15.68	13.44
Interest Income		
from banks	28.92	22.38
from others	6.19	6.26
Other Income		
Profit on sale of Fixed Assets	35.68	62.92
Profit on sale of Investments (net)	5.00	2.91
Profit on exchange fluctuation (net)	90.96	53.66
Provision for expenses no longer required written back	9.21	3.21
Provision for doubtful receivables/advances no longer required written back	50.50	20.39
Rental Income	2.42	2.54
Miscellaneous income	13.18	28.79
	261.85	**220.17**
Tax deducted at source from interest	0.51	1.60

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

₹ million

Particulars		31.03.2015	31.03.2014
26	Pending approval of the proposed final 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 in Statement of Profit and loss under Reserves and Surplus.		
27	**Contingent Liabilities and Commitments in respect of which no provision is considered necessary :**		
	Contingent Liabilities:		
	a) Outstanding Bills discounted	7.17	0.88
	b) Outstanding letters of credit	90.06	100.83
	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.	247.78	165.69
	d) Claims against the company not acknowledged as debts		
	i. Disputed demands by Electricity Board	48.27	59.95
	ii. Contested Provident fund and ESI demands	0.21	0.21
	iii. Others	67.23	66.12
		115.71	**126.28**
	e) Employees demands pending before Labour Courts - quantum not ascertainable at present In respect of the above demands disputed by the Company, appeals filed are pending before respective appellate authorities. Outflows, if any, arising out of these claims would depend on the outcome of the decision of the appellate authorities and the Company's rights for future appeals. No reimbursements are expected.		
	Commitments :		
	Estimated amount of contracts remaining to be executed and not provided for:		
	Towards capital account	**105.90**	**181.63**
28	In accordance with requirements of Companies Act 2013, pursuant to the transition provisions prescribed in Schedule II to the Companies Act 2013, the Company, its subsidiaries and its jointly controlled entities incorporated in India has fully depreciated the carrying value of assets, net of residual value, where the remaining useful life of the asset was determined to be nil as on April 1, 2014, and has adjusted an amount of ₹ 31.50 million (net of deferred tax of ₹ 16.04 million) against the opening balance of "Surplus in Statement of Profit and Loss" in Note No.4: Reserves and Surplus.		
	The depreciation expense in the Statement of Profit and Loss for the year is higher by ₹ 92.80 million consequent to the change in the useful life of the assets.		

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

₹ million

Particulars	31.03.2015	31.03.2014
29. Disclosure relating to Contracts:		
Contract revenue recognised during the year	75.06	73.39
Retentions	4.48	0.94
Receivables (net of retention)	15.06	22.96
30 a. The 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. Employee benefits pertaining to overseas subsidiaries have been accrued based on their respective labour laws		
b. The details of actuarial valuation in respect of Gratuity liability in respect of the Company and its domestic subsidiaries and joint ventures as at 31st March 2015 are given below :		
i. **Projected benefit obligation as at beginning of the year**	242.98	199.43
Service cost	22.22	21.24
Interest cost	18.59	15.05
Actuarial (Gains) / Losses	(0.57)	27.03
Benefits paid	(23.81)	(19.77)
Projected benefit obligation as at end of the year	**259.41**	**242.98**
ii. **Fair value of plan assets as at beginning of the year**	196.45	192.99
Expected return on plan assets	17.30	15.49
Contributions	45.26	8.16
Benefits paid	(23.21)	(19.77)
Actuarial (loss)/Gain on plan assets	1.25	(0.42)
Fair value of plan assets as at end of the year	**237.05**	**196.45**
iii. **Amount recognised in the balance sheet :**		
Projected benefit obligation at the end of the year	259.41	242.98
Fair value of the plan assets at the end of the year	237.05	196.45
(Liability) / Asset recognised in the Balance sheet	**(22.36)**	**(46.53)**
iv. **Cost of the defined plan for the year :**		
Current service cost	22.22	21.24
Interest on obligation	18.59	15.05
Expected return on plan assets	(17.30)	(15.49)
Net actuarial (gains) / losses recognised in the year	(1.82)	25.08
Net cost recognised in the Profit and Loss Statement	**21.69**	**45.88**
v. **Assumptions :**		
Discount rate	8%	8 - 9%
Expected rate of return	8%	8 - 9%
Mortality table used	Indian assured lives mortality (2006-08) Ultimate	Indian assured lives mortality (2006-08) Ultimate

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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 and expected return on each category of plan assets.

₹ million

vi. **Experience Adjustment**	**31.03.2015**	**31.03.2014**	**31.03.2013**	**31.03.2012**	**31.03.2011**
Present value of defined benefit obligation	259.41	242.98	199.43	188.15	158.22
Fair value of plan assets	237.05	196.45	192.99	160.48	124.95
Balance sheet (Liability)/ Asset	(22.36)	(46.53)	(6.44)	(27.67)	(33.27)
P & L (Income) / expenses	21.69	45.88	9.72	33.61	36.19
Experience adjustment on plan liabilities (gain) / loss *	(2.27)	24.90	(9.15)	21.06	27.40
Experience adjustment on plan assets gain / (loss) *	1.12	(0.27)	1.22	0.08	0.00

* Parent only

c With respect to the Provident Fund Trust administered by the Company, the 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 Company does not expect any deficiency in the foreseeable future.

31 Related Party Disclosures

a) List of Related parties

Jointly controlled entities

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

Key management personnel

Mr. K Srinivasan, Managing Director	[MD]

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

b) Details of transactions with Related parties during the period ended 31st March 2015

₹ million

Particulars		Jointly Controlled Entities		Key Management Personnel		Total	
		2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
1	Income from Sales and services	89.47	61.38	-	-	89.47	61.38
2	Purchase of goods	46.12	24.31	-	-	46.12	24.31
3	Dividend Income	75.57	68.05	-	-	75.57	68.05
4	Reimbursement of employee cost	0.12	0.55	-	-	0.12	0.55
5	Rental expenses	1.48	1.10	-	-	1.48	1.10
6	Trade and other receivables	34.76	43.99	-	-	34.76	43.99
7	Payables	2.89	1.82	-	-	2.89	1.82
8	Deposit made	-	1.00	-	-	-	1.00
9	Deposit Outstanding	1.00	1.00	-	-	1.00	1.00
10	Managerial Remuneration	-	-	15.90	17.10	15.90	17.10

c) Details of transactions with Related parties during the period ended 31st March 2015

₹ million

Particulars		Jointly Controlled Entities				Key Management Personnel	Total
		Wendt	MMTCL	Ciria	Total		
1	Income from Sales and services	21.37	16.50	51.60	89.47	-	89.47
2	Purchase of goods	25.04	21.08	-	46.12	-	46.12
3	Dividend Income	19.93	34.34	21.30	75.57	-	75.57
4	Reimbursement of employee cost	0.12	-	-	0.12	-	0.12
5	Rental expenses	1.48	-	-	1.48	-	1.48
6	Trade and other receivables	15.55	8.08	11.13	34.76	-	34.76
7	Payables	2.62	0.27	-	2.89	-	2.89
8	Deposit Outstanding	1.00	-	-	1.00	-	1.00
9	Managerial Remuneration	-	-	-	-	15.90	15.90

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

d) Details of transactions with Related parties during the period ended 31st March 2014.

₹ million

Particulars		Joint Ventures				Key Management Personnel	Total
		Wendt	MMTCL	Ciria	Total		
1	Income from sales / services	19.27	20.44	21.67	61.38	-	61.38
2	Purchase of goods / services	16.23	6.91	1.17	24.31	-	24.31
3	Dividend Income	19.93	28.62	19.50	68.05	-	68.05
4	Reimbursement of employee cost	0.55	-	-	0.55	-	0.55
5	Rental expenses	1.10	-	-	1.10	-	1.10
6	Trade and other receivables	19.84	14.58	9.57	43.99	-	43.99
7	Payables	0.63	1.19	-	1.82	-	1.82
8	Deposit made	1.00	-	-	1.00	-	1.00
9	Deposit Outstanding	1.00	-	-	1.00	-	1.00
10	Managerial Remuneration	-	-	-	-	17.10	17.10

32 (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 denotes 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 : of the group and Rest of the world. The manufacturing facilities and Sales offices are located in India, USA, Australia, Canada, Middleeast (RAK), Russia, South Africa,China and Czech Republic.

Geographical revenues are segregated based on the location of the customer.

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 (CONTINUED)

32 (B) SEGMENT DISCLOSURE

A. PRIMARY SEGMENT INFORMATION

₹ million

Particulars	Abrasives		Ceramics		Electrominerals		IT Services		Power		Eliminations		Total	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
1. REVENUE														
Revenue from Operations	9294.20	9302.46	4895.19	4761.23	6698.39	7592.17	22.12	21.04	34.95	19.39	-	-	20944.85	21696.29
Less : Excise Duty	726.33	723.90	243.23	250.00	154.66	144.31	-	-	-	-	-	-	1124.22	1118.21
Net External Sales	**8567.87**	**8578.56**	**4651.96**	**4511.23**	**6543.73**	**7447.86**	**22.12**	**21.04**	**34.95**	**19.39**	**-**	**-**	**19820.63**	**20578.08**
Sale of Services / Income from Contracts	15.36	15.48	141.04	166.01	-	-	209.74	179.22	-	-	-	-	366.14	360.71
Inter segment Revenue	6.40	4.59	23.96	29.65	731.19	650.71	19.91	17.73	145.44	126.99	(926.90)	(829.67)	-	-
Total Revenue	**8589.63**	**8598.63**	**4816.96**	**4706.89**	**7274.92**	**8098.57**	**251.77**	**217.99**	**180.39**	**146.38**	**(926.90)**	**(829.67)**	**20186.77**	**20938.79**
2. RESULT														
Segment result	627.02	596.26	677.59	591.89	797.09	784.21	23.37	19.36	12.58	9.79			2137.65	2001.51
Unallocated corporate exp													(325.25)	(249.35)
Interest expense													(253.42)	(281.75)
Interest and dividend income													54.90	45.75
Profit on sale of Fixed Assets (Net)	(5.51)	4.80	29.44	(3.35)	(3.76)	22.45							20.17	23.90
Exceptional items	(192.21)	-	(7.20)	-	(104.80)	-							565.00	-
Profit / (Loss) on sale of investments													5.00	2.91
Income taxes													(821.55)	(591.90)
Minority interest													(56.49)	(36.04)
Net profit after tax	**429.30**	**601.06**	**699.83**	**588.54**	**688.53**	**806.66**	**23.37**	**19.36**	**12.58**	**9.79**			**1326.01**	**915.03**
3. OTHER INFORMATION														
Segment assets	6525.43	7074.54	4540.51	4481.37	5204.45	6211.95	89.01	84.75	230.16	235.65			16589.56	18088.26
Unallocated corporate assets *													1660.77	1859.07
Total assets	**6525.43**	**7074.54**	**4540.51**	**4481.37**	**5204.45**	**6211.95**	**89.01**	**84.75**	**230.16**	**235.65**			**18250.33**	**19947.33**
Segment liabilities	1029.54	1015.35	538.70	545.35	913.49	1166.45	14.72	45.71	41.55	12.92			2538.00	2785.78
Unallocated corporate liabilities @													4825.23	6101.74
Total liabilities	**1029.54**	**1015.35**	**538.70**	**545.35**	**913.49**	**1166.45**	**14.72**	**45.71**	**41.55**	**12.92**			**7363.23**	**8887.52**
Capital expenditure	275.37	386.75	223.84	238.82	261.05	279.04	4.32	7.19	11.66	9.18				
Depreciation & Amortization	328.70	258.71	285.80	266.65	322.72	274.52	10.46	8.13	40.22	37.65				
Non-Cash expenses other than Depreciation	24.50	9.02	35.96	29.51	4.29	2.00	0.46	0.05	-	-				

B. SECONDARY SEGMENT INFORMATION

1. Revenue by Geographical market	**31.03.2015**	**31.03.2014**
India	10962.01	10548.30
Rest of the world	9224.76	10390.49
Total	**20186.77**	**20938.79**
2. Carrying amount of Segment Assets		
India	10512.94	10254.19
Rest of the world	6076.62	7834.07
Total	**16589.56**	**18088.26**
3. Additions to Fixed Assets and Intangible Assets		
India	494.32	786.33
Rest of the world	259.65	618.83
Total	**753.97**	**1405.16**

* Includes Goodwill of ₹ 1156.02million (Previous Year ₹ 1104.69 million)

@ Includes Minority Interest of ₹ 578.03 million (Previous Year ₹ 699.26 million)

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

₹ million

Particulars		31.03.2015	31.03.2014
33	**Notes relating to Leases**		
	a. Cost of Leased Assets		
	Vehicles / Data processing Equipments	36.66	23.84
	b. Net Carrying amount	16.07	11.62
	c. Reconciliation between Total Minimum Lease payments and their Present value :		
	Total Minimum Lease Payments	25.08	19.22
	Less: Future Liability on Interest account	(5.27)	(3.23)
	Present value of Lease payments	19.81	15.99

d. Yearwise Future Minimum lease rental payments :	Total Minimum Lease Payments as on 31.03.2015	Present value of Lease payments as on 31.03.2015	Total Minimum Lease Payments as on 31.03.2014	Present value of Lease payments as on 31.03.2014
(I) Not later than one year	9.59	7.18	8.60	6.72
(ii) Later than one year and not later than five years	15.49	12.63	10.62	9.27
(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.

Particulars		2014-15	2013-14
34	**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 after tax and Minority interest	1326.01	915.03
	Weighted average number of equity shares outstanding during the year		
	Basic	187942989	187556483
	Dilutive	188446811	187808494
	Earnings per Share - Basic	7.06	4.88
	Earnings per Share - Diluted	7.04	4.87

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

₹ million

	Particulars	31.03.2015	31.03.2014
35	Provision for Dividend Tax has been made considering the credit amounting to ₹ 3.77 million (Previous year - ₹ 2.23 million) available for set off in respect of dividend tax payable on dividends to be distributed by two 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 ₹ 26.83 million (Previous year - ₹ 2.30 million) in respect of the tax paid on the dividends received from an overseas subsidiary. Dividend tax paid on the final dividend approved during last AGM amounting to ₹ 8.91 million (previous year ₹ 12.35 million) is after considering an amount of ₹ 4.83 million (previous year ₹ 7.74 million) relating to the dividends received from an overseas subsidiary and ₹ 2.23 million (previous year ₹ 3.81 million) relating to dividends received from two (previous year three) domestic subsidiaries.		
36	**Goodwill on consolidation**		
	Opening Balance	1104.69	1001.61
	Add : Exchange difference during the year on translation of Goodwill of foreign subsidiaries	51.33	103.08
	Total	**1156.02**	**1104.69**
37	**Exceptional item :**		
	Profit on sale of land and building by Parent company	869.20	-
	Restructuring / Impairment (net) *	(304.20)	-
	Total Exceptional Income / (Expense) (Net)	**565.00**	**-**
	* Due to challenging business conditions in the Company's overseas step down subsidiaries in South Africa and China, the Company has formalised a restructuring programme. Further, the step down subsidiary in USA has started covering Canadian business and the Canadian subsidiary is in the process of closure. The consequential impact of the above has been recognised.		
38	**Research and Development expenditure incurred during the year is given below:**		
	- Revenue expenditure	85.33	71.52
	- Capital expenditure (including capital work in progress)	16.82	1.36
		102.15	**72.88**
39	**Previous years figures have been regrouped wherever necessary to conform to current year's grouping**		

SUMMARY FINANCIAL INFORMATION OF SUBSIDIARY COMPANIES

(a) Summary financial information of Subsidiary Companies

₹ million

Reporting currency	RUB		Rand		AUD		INR		USD	
Exchange rate	1.11	1.11	5.17	5.17	48.21	48.21			63.33	63.33
Particulars	Volzhsky Abrasive Works		Foskor Zirconia Pty Ltd		CUMI (Australia) Pty. Ltd		Sterling Abrasives Limited		CUMI International Ltd	
Financial year ended	2014	2013	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014	2013
1. Share capital	4.00	4.00	0.01	0.01	24.14	24.14	9.00	9.00	1519.91	1519.91
2. Reserves & Surplus	2343.93	2128.89	144.89	168.41	446.66	446.66	341.34	320.85	1128.47	905.68
3. Total Liabilities [(a)]	252.29	226.21	1057.26	1232.58	219.81	137.97	291.69	160.41	1882.53	1800.12
4. Total Assets [(b)]	2600.22	2359.10	1202.16	1401.00	690.61	608.77	642.03	490.26	4530.91	4225.71
5. Investments	84.36	112.11	-	-	-	-	-	-	4347.06	4183.80
6. Turnover	3845.04	3605.39	1205.62	915.85	776.32	636.07	635.87	555.60	302.80	324.17
7. Profit before Tax	502.76	462.48	(29.12)	(61.83)	125.60	90.63	82.23	90.31	237.75	266.74
8. Provision for Taxation	108.14	106.41	(8.15)	(15.52)	37.99	27.48	28.72	29.44	14.95	15.31
9. Profit after Tax	394.62	356.07	(20.97)	(46.31)	87.61	63.15	53.51	60.87	222.80	251.43
10. Proposed dividend [(c)]	181.45	181.45	-	-	87.61	47.36	27.08	26.32	-	-
11. % of Shareholding	98.07	98.07	51.00	51.00	51.22	51.22	60.00	60.00	100.00	100.00

SUMMARY FINANCIAL INFORMATION OF SUBSIDIARY COMPANIES (CONTINUED)

₹ million

Reporting currency	RMB		CAD		INR		INR		USD	
Exchange Rate	10.29	10.29	49.5	49.5					62.59	62.59
Particulars	CUMI Abrasives & Ceramics Co Ltd		CUMI Canada Inc		Southern Energy Development Corporation Limited		Net Access India Limited		CUMI Middle East FZE.	
Financial year ended	2014	2013	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
1. Share capital	835.02	835.02	291.65	291.65	4.60	4.60	16.00	16.00	1.71	1.71
2. Reserves & Surplus	(759.03)	(603.09)	(269.90)	(255.30)	181.57	174.38	48.23	39.93	21.49	18.53
3. Total Liabilities [(a)]	631.22	429.64	0.10	3.20	89.56	165.31	53.65	62.56	36.47	48.54
4. Total Assets [(b)]	707.21	661.57	21.85	39.55	275.73	344.29	117.88	118.49	59.67	68.78
5. Investments	-	-	-	-	29.48	86.03	13.79	8.31	-	-
6. Turnover	314.36	423.73	3.59	133.02	186.44	154.17	252.48	219.69	127.43	159.08
7. Profit before Tax	(155.94)	(102.96)	(14.60)	(25.43)	8.00	4.52	23.25	18.75	9.22	12.77
8. Provision for Taxation	-	-	-	-	0.74	0.03	7.35	6.23	-	-
9. Profit after Tax	(155.94)	(102.96)	(14.60)	(25.43)	7.26	4.49	15.90	12.52	9.22	12.77
10. Proposed dividend [(c)]	-	-	-	-	-	-	6.06	5.81	6.26	18.78
11. % of Shareholding	100.00	100.00	100.00	100.00	84.76	84.76	100.00	100.00	100.00	100.00

SUMMARY FINANCIAL INFORMATION OF SUBSIDIARY COMPANIES (CONTINUED)

(b) Associates and Joint Ventures:

₹ million

Reporting currency	USD		INR		RAND		CZK	
Exchange Rate	62.59	62.59			5.17	5.17	2.77	
Particulars	CUMI America Inc		Cellaris Refractories India Limited		Thukela Refractories Isithebe Pty. Ltd.		CUMI Europe s.r.o	
Financial year ended	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014	2013
1. Share capital	115.79	115.79	137.25	137.25	0.01	0.01	22.94	-
2. Reserves & Surplus	(85.48)	(47.30)	(31.98)	(5.39)	65.95	346.85	-	-
3. Total Liabilities [(a)]	387.17	295.10	63.52	49.02	54.83	242.03	-	-
4. Total Assets [(b)]	417.48	363.59	168.79	180.88	120.79	588.89	22.94	-
5. Investments	-	-	-	-	-	-	-	-
6. Turnover	274.55	219.49	0.01	0.21	399.77	451.57	-	-
7. Profit before Tax	(49.38)	(43.80)	(26.59)	(4.05)	(284.91)	(184.27)	-	-
8. Provision for Taxation	(11.20)	(12.77)	-	-	-	-	-	-
9. Profit after Tax	(38.18)	(31.03)	(26.59)	(4.05)	(284.91)	(184.27)	-	-
10. Proposed dividend [(c)]	-	-	-	-	-	-	-	-
11. % of Shareholding	100.00	100.00	100.00	51.00	100.00	100.00	100.00	-

(a) Total Liabilities include : Current Liabilities, Non Current Liabilities

(b) Total Assets include : Current Assets, Non Current Assets

(c) Including interim dividend and dividend distribution tax as applicable. For Volshky Abrasive Works, Russia, dividend for 2014 is due for consideration by the Board in May 2015.

(d) The above information has been furnished in accordance with Section 129(3) of the Companies Act 2013. The above statement is based on the financial statements of the respective subsidiary company which have been 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 31.3.2015 / 31.12.2014, as applicable.

SUMMARY FINANCIAL INFORMATION OF SUBSIDIARY COMPANIES (CONTINUED)

₹ million

	Name of Associates/Joint Ventures	Wendt India Limited	Ciria India Limited	Murugappa Morgan Thermal Ceramics Limited
1	Latest audited Balance Sheet Date	31.03.2015	31.03.2015	31.03.2015
2	Shares of Associate/Joint Ventures held by the company on the year end			
	No. of shares	797352	59998	1430793
	Amount of Investment in Associates/Joint Venture ₹ In million	10.36	1.68	44.04
	Extent of Holding %	39.87	30	49
3	Description of how there is significant influence	Through shareholding	Through shareholding	Through shareholding
4	Reason why the associate / joint venture is not consolidated	Not applicable as the financials of this joint venture is consolidated in the Companies Consolidated Financials	Not applicable as the financials of this joint venture is consolidated in the Companies Consolidated Financials	Not applicable as the financials of this joint venture is consolidated in the Companies Consolidated Financials
5	Networth attributable to Shareholding as per latest audited Balance Sheet	379.95	67.22	539.03
6	Profit / Loss for the year	135.40	109.44	223.65
	Considered in Consolidation	53.98	32.83	109.59
	Not Considered in Consolidation	81.41	76.61	114.06

INDEPENDENT AUDITORS' REPORT

To

The Members of Carborundum Universal limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Carborundum Universal Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015, its profit and its cash flows for the year ended on that date.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of Section 143 (11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.

As required by Section 143 (3) of the Act, we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit & Auditors) Rule, 2014, in our opinion and to the best of our information and according to the explanation given to us:

  (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements. Refer note 25 to the financial statements.

  (ii) The Company did not have any long term contracts and there were no losses on the derivative contracts. Refer Note 41A to the financial statements.

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

For **Deloitte Haskins & Sells.**
Chartered Accountants
(Firm's Registration No.: 008072S)

Geetha Suryanarayanan
Partner
(Membership No.: 29519)

Chennai, May 1, 2015

INDEPENDENT AUDITORS' REPORT (CONTINUED)

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to under 'Report on Other Legal and Regulatory Requirements' section of our report to the members of Carborundum Universal Limited on the standalone financial statements for the year ended 31st March 2015)

(i) 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.

(ii) 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.

(iii) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act.

(iv) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable 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.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year.

(vi) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

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

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, 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, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues in arrears as at March 31, 2015 for a period of more than six months from the date they became payable.

(c) Details of dues of Sales Tax, Excise Duty and Service Tax which have not been deposited as on March 31, 2015 on account of disputes are given below:

INDEPENDENT AUDITORS' REPORT (CONTINUED)

(₹ million)

Name of the Statute	Nature of the dues	Forum where dispute is pending	Period to which the amount relates	Amount
Central Sales Tax Act, 1956 & Local Sales Tax laws of various States	Sales Tax	Commissioner of Sales Tax (Appeals)	2003-2009 2010-2012	19.34
		Sales Tax Appellate Tribunal	1995-1996 2001-2003	0.14
		Madras High Court	1989-1990	0.47
Central Excise Act, 1944	Excise Duty	Commissioner of Central Excise (Appeals)	2010 - 2011 2012 - 2013	0.61
		The Customs, Excise & Service Tax Appellate Tribunal	1991-1992 1993-1994 1995-1996 1998-2003	1.66
		Kerala High Court	1986-1987	0.95
Service Tax, 1994	Service Tax	The Customs, Excise & Service Tax Appellate Tribunal	2004-2009	2.31
		Commissioner of Central Excise (Appeals)	2010-2013	0.33
Total				**25.81**

(d) The Company has been regular in transferring amounts to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder within time.

(viii) The Company does not have accumulated losses at the end of the financial year and the Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.

(ix) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to financial institutions and banks. The company has not issued any debentures.

(x) 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 and financial institutions are not, prima facie, prejudicial to the interests of the Company.

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

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

For **Deloitte Haskins & Sells.**
Chartered Accountants
(Firm's Registration No. 008072S)
Geetha Suryanarayanan
Partner
Chennai, May 1, 2015 (Membership No 29519)

BALANCE SHEET
AS AT MARCH 31, 2015

₹ million

Particulars	Note	As at 31.03.2015	As at 31.03.2014
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	3	188.18	187.76
Reserves and Surplus	4	8410.72	7147.94
		8598.90	**7335.70**
Non current liabilities			
Long-term Borrowings	5	512.21	508.64
Deferred tax liabilities (Net)	6	412.51	473.12
Long term Provisions	7	44.87	39.40
		969.59	**1021.16**
Current liabilities			
Short-term Borrowings	8	316.19	672.60
Trade payables	9	933.69	845.92
Other current liabilities	10	501.83	469.39
Short – term provisions	11	135.70	126.26
		1887.41	**2114.17**
Total		**11455.90**	**10471.03**
ASSETS			
Non current assets			
Fixed assets			
Tangible assets	12	3817.15	4055.20
Intangible assets	12	76.15	91.34
Capital work-in-progress		176.39	136.60
Non-current investments	13	2375.00	1306.18
Long-term loans and advances	14	184.78	174.75
		6629.47	**5764.07**
Current assets			
Inventories	15	2084.23	1861.35
Trade receivables	16	2242.85	2266.20
Cash and Bank balances	17	66.63	116.28
Short-term loans and advances	18	432.72	463.13
		4826.43	**4706.96**
Total		**11455.90**	**10471.03**

See accompanying notes forming part of the financial statements

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

Geetha Suryanarayanan
Partner

Chennai
May 01, 2015

On behalf of the Board

M M Murugappan
Chairman

K Srinivasan
Managing Director

Sridharan Rangarajan
Chief Financial Officer

Rekha Surendhiran
Company Secretary

STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED MARCH 31, 2015

₹ million

Particulars	Note	2014-15	2013-14
Revenue from operations (gross)	19	12679.47	12477.33
Less : Excise duty		992.63	991.35
Revenue from operations (net)		**11686.84**	**11485.98**
Expenses:			
Cost of materials consumed		4528.36	4590.85
Purchases of stock-in-trade		621.22	625.12
Changes in inventories of finished goods, work-in-process and stock-in-trade	20	(161.38)	(84.97)
Employee benefits expense	21	1295.88	1258.48
Other expenses	22	3912.26	3646.09
Total		**10196.34**	**10035.57**
Earnings before exceptional items, interest, tax, depreciation and amortisation (EBITDA)		**1490.50**	**1450.41**
Finance costs	23	86.98	129.38
Depreciation and amortization expense	12	588.33	492.07
Less: Transfer from Fixed assets revaluation reserve		-	0.68
		588.33	491.39
Other Income	24	309.61	194.50
Profit before exceptional items and tax		**1124.80**	**1024.14**
Exceptional Items :			
Profit on sale of Land & Buildings	43	869.20	-
Profit before tax		**1994.00**	**1024.14**
Tax expense:			
Current tax		561.00	313.50
Deferred tax		(50.30)	(17.20)
Profit for the year		**1483.30**	**727.84**
Earnings per equity share (of ₹ 1 each)	39		
Basic		7.89	3.88
Diluted		7.87	3.88

See accompanying notes forming part of the financial statements

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

Geetha Suryanarayanan
Partner

On behalf of the Board

M M Murugappan
Chairman

K Srinivasan
Managing Director

Sridharan Rangarajan
Chief Financial Officer

Rekha Surendhiran
Company Secretary

Chennai
May 01, 2015

CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2015

₹ million

Particulars	2014-15		2013-14	
A. Cash flow from operating activities				
Net profit before tax		**1994.00**		**1024.14**
Depreciation and amortization expenses	588.33		491.39	
Finance Costs	86.98		129.38	
Profit on sale of Land & Building	(869.20)		–	
Loss on sale of fixed assets (net)	6.84		0.75	
Provision for doubtful receivables and advances (net)	61.69		31.40	
Interest and dividend income	(262.80)		(152.09)	
Excess provision of earlier years reversed	(41.66)		(15.30)	
Unrealised exchange (gain)/loss – net	(10.08)		7.79	
		(439.90)		493.32
Operating profit before working capital changes		1554.10		1517.46
Changes in working capital:				
Adjustments for (increase)/decrease in operating assets/liabilities:				
– Inventories	(222.88)		(61.79)	
– Long term loans & advances	(23.98)		(30.43)	
– Trade receivables	11.09		(268.66)	
– Short term loans & advances	38.58		113.69	
– Trade payables	27.58		(65.70)	
– Other Current liabilities & Provision	45.17		86.95	
		(124.44)		(225.94)
Cash generated from operations		1429.66		1291.52
Direct taxes paid		(374.10)		(310.70)
Net cash flow from operating activities (A)		**1055.56**		**980.82**
B. Cash flow from investing activities				
Purchase of tangible fixed assets	(385.84)		(404.15)	
Purchase of intangible assets	(10.61)		(68.54)	
Proceeds from sale of fixed assets	876.04		4.80	
Intercorporate deposit	(8.50)		(19.45)	
Purchase of long term investments				
– Subsidiaries	(1,068.82)		–	
– Others	–		(60.00)	
Dividends received				
– Subsidiaries	175.70		73.34	
– Joint ventures	75.57		68.05	
– Others	1.80		0.29	
Interest received	9.23		8.80	
		(335.43)		(396.86)
Direct tax paid on capital gains		(196.90)		–
Net cash (used in) investing activities (B)		**(532.33)**		**(396.86)**
C. Cash flow from financing activities				
Proceeds from issue of equity shares including premium	47.39		26.43	
Repayment of Long term borrowings	–		(545.07)	
Proceeds from Long term borrowings	4.02		500.00	
Proceeds/(Repayment) from other borrowings (net)	(293.91)		(89.20)	
Interest paid	(86.65)		(131.14)	
Paid to Investor Education and Protection Fund	(0.67)		(1.72)	
Dividend paid	(233.58)		(279.96)	
Tax on Dividend	(10.29)		(35.38)	
Net cash (used in) financing activities (C)		**(573.69)**		**(556.04)**
Net increase/(decrease) in cash and cash equivalents(A+B+C)		**(50.46)**		**27.92**
Cash and cash equivalents opening balance		105.93		78.01
Cash and cash equivalents closing balance		55.47		105.93
Net (decrease) / increase in cash and cash equivalents		**(50.46)**		**27.92**
Reconciliation of cash and cash equivalents with the Balance sheet				
Cash and Bank balances as per balance sheet		66.63		116.28
Less : Bank balances not considered as Cash and Cash equivalents – earmarked accounts		(11.16)		(10.35)
		55.47		**105.93**

See accompanying notes forming part of the financial statements

On behalf of the Board

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

Geetha Suryanarayanan
Partner

M M Murugappan
Chairman

Sridharan Rangarajan
Chief Financial Officer

K Srinivasan
Managing Director

Rekha Surendhiran
Company Secretary

Chennai
May 01, 2015

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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 Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 Act"), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention except for categories of fixed assets acquired before 31st August, 1984, that are carried at revalued amounts. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

2.2 Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

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

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.:

- leased vehicles are depreciated over four years,
- Building and other assets on lease hold land are depreciated over the lease period,
- Individual assets costing less than ₹ 5000 are depreciated in full in the year of acquisition.

The difference between the depreciation for the year on the revalued assets and the depreciation calculated on the original cost is transferred directly to the General Reserve 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.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS (CONTINUED)

Intangible assets are amortised over their estimated useful life upto a maximum of 5 years on a straight line basis. The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern, if any.

2.7 Revenue recognition

Sale of goods:

Domestic sales are accounted on transfer of significant risks and rewards of ownership to the buyer which generally coincides with despatch of products to customers in case of domestic sales and on the basis of bill of lading in the case of export sales . Sales are accounted net of Sales Tax / VAT, Discounts and Returns as applicable.

Income from Contracts:

In respect of indivisible contracts and service contracts, the revenues are recognized on 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 Fixed Assets (Tangible / Intangible)

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.

Cost comprises of direct cost, related taxes, duties, freight and attributable finance costs (Refer 2.15 below) till such assets are ready for its intended use and net of CENVAT/VAT wherever applicable. Subsidy received from 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.

Fixed assets retired from active use and held for sale are stated at the lower of their net book value and net realisable value and are disclosed separately.

Capital work-in-progress:

Projects under which fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

2.10 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.

Foreign currency monetary items (other than derivative contracts) of the Company, outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items of the Company are carried at historical cost.

Exchange differences arising on settlement / restatement of short-term foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss.

Premium / discount on forward exchange contracts, which are not intended for trading or speculation purposes, are amortised over the period of the contracts if such contracts relate to monetary items as at the balance sheet date. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognised as income or as expense in the period in which such cancellation or renewal is made.

Refer Notes 2.24 and 2.25 for accounting for forward exchange contracts relating to firm commitments and highly probable forecast transactions.

2.11 Government grants, subsidies and export incentives

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

Export Benefits on account of entitlement to import goods free of duty under ' Exports Benefits Scheme' are accounted based on eligibility and when there is no uncertainty in receiving the same.

2.12 Investments

Long-term investments are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

2.13 Employee benefits

Employee benefits include provident fund, superannuation fund, employee state insurance scheme, gratuity fund, compensated absences, long service awards and post-employment medical benefits.

(i) 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, based on the amount of contribution required to be made and when services are rendered by the employees.

Company also contributes to a government administered Pension fund on behalf of its employees, which are charged to 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.

(ii) Defined benefit plan

The liability for Gratuity to employees as at the Balance Sheet date is determined on the basis of actuarial valuation using Projected Unit Credit method. The liability 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.

(iii) 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.

(iv) 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.

(v) Voluntary retirement compensation

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

2.14 Employee share based payments

The Company has formulated Employee Stock Option Schemes (ESOP) in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. The Schemes provide for grant of options to employees of the Company and its subsidiaries to acquire equity shares of the Company that vest in a graded manner and that are to be exercised within a specified period. In accordance with the SEBI Guidelines; the excess, if any, of the closing market price on the day prior to the grant of the options under ESOP over the exercise price is amortised on a straight-line basis over the vesting period.

2.15 Borrowing costs

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset is added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

2.16 Segment reporting

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

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS (CONTINUED)

(i) Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors

(ii) 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"

2.17 Leases

Assets leased by the Company in its capacity as a lessee, where substantially all the risks and rewards of ownership vest in the Company are classified as finance leases. Such leases are capitalised at the inception of the lease at the lower of the fair value and the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

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 and other applicable tax laws.

Deferred tax is recognised for all the timing differences and is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. 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.

Current and deferred tax relating to items directly recognised in reserves are recognised in reserves and not in the Statement of Profit and Loss.

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

2.22 Impairment of assets

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. The following intangible assets are tested for impairment each financial year even if there is no indication that the asset is impaired:

(a) an intangible asset that is not yet available for use; and (b) an intangible asset that is amortised over a period exceeding ten years from the date when the asset is available for use. If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognised.

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.

2.26 Insurance claims

Insurance claims are accounted for on the basis of claims admitted/ expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

2.27 Operating cycle

Based on the nature of the products/activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non – current.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS (CONTINUED)

3. Share Capital

₹ million

Particulars	As at 31.03.2015	As at 31.03.2014
Authorised		
250,000,000 equity shares of ₹ 1 each	250.00	250.00
Issued, Subscribed and Paid-up		
188,179,042 shares of ₹ 1 each fully paid (Previous year 187,756,218 shares of ₹ 1 each fully paid)	**188.18**	**187.76**

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

₹ million

Particulars	As at 31.03.2015		As at 31.03.2014	
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	187756218	187.76	187468344	187.47
Add : Shares issued against ESOP scheme	422824	0.42	287874	0.29
Total number of shares outstanding at the end of the year	**188179042**	**188.18**	**187756218**	**187.76**

3. b) Terms / Rights attached to Equity Shares

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

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

For the year ended March 31, 2015, Final dividend of ₹ 0.50 per share has been proposed by the Board of Directors (previous year ₹ 0.50 per share). An interim dividend of ₹ 0.75 per share was declared at the meeting of the Board of Directors held on January 29, 2015 and the same has been paid (previous year ₹ 0.75 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 will be in proportion to the number of equity shares held.

3. c) Details of shares held by shareholders holding more than 5 per cent of the aggregate shares in the Company

Name of Shareholder	As at 31.03.2015		As at 31.03.2014	
	No.of Shares held	**% of holding**	**No.of Shares held**	**% of holding**
Murugappa Holdings Limited	55432284	29.46%	55432284	29.52%
Nalanda India Fund Limited	16793362	8.92%	16793362	8.94%
Face value per share	₹ 1		₹ 1	

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS (CONTINUED)

4. Reserves and Surplus

₹ million

Particulars	As at 31.03.2014	Additions		Deductions / Adjustments	As at 31.03.2015
Capital Reserve					
Fixed assets revaluation reserve	24.42	–		0.68	23.74
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	95.21	46.97	(a)	–	142.18
Other Reserves					
General reserve	4701.11	500.68	(b)		5201.79
Hedging reserve	0.32	0.09		0.32	0.09
Total	**4857.77**	**547.74**		**1.00**	**5404.51**
Surplus in Statement of Profit and Loss					
Opening balance	2075.94				2290.17
Add: Profit for the current year	727.84				1483.30
Less: Transfer to General Reserve	(250.00)				(500.00)
Less: Depreciation on transition to Schedule II of Companies Act 2013 (net of defered tax ₹ 10.31 million) – Refer Note no: 30	–				(20.03)
Less: Final dividend including tax on dividend	(0.02)			(c)	(0.06)
Less: Interim Dividend	(140.69)				(141.13)
Less : Dividend Tax on Interim Dividend	(23.03)				(1.39)
Less : Proposed Final Dividend	(93.88)				(94.09)
Less : Dividend Tax on Proposed Final Dividend	(5.99)			(d)	(10.56)
Total	**2290.17**				**3006.21**
Grand Total	**7147.94**				**8410.72**

(a) Premium of ₹ 46.97 million received on allotment of 422824 equity shares under Employee Stock Option Scheme 2007

(b) Represents ₹ 0.68 million transfer from revaluation reserve and ₹ 500 million transfer from current year profit.

(c) Represents dividend and dividend tax of ₹ 56454 on 96506 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.

(d) Includes ₹ 4.83 million in repect of credit availed on the dividend received from an overseas subsidiary

5. Long-Term Borrowings

Particulars	As at 31.03.2015	As at 31.03.2014
Secured:		
Long term maturities of finance lease obligations	12.21	8.64
– Secured against assets purchased under the arrangement		
Unsecured:		
Term loan from bank	500.00	500.00
(@ 9.8% per annum, repayable in October 2016)		
	512.21	**508.64**

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS (CONTINUED)

6. Components of Deferred tax liability (Net)

₹ million

Particulars	As at 31.03.2014	Debit/(Credit) to Profit & Loss	(Credit) to Reserve	As at 31.03.2015
Deferred tax asset arising out of timing difference relating to :				
Provision for doubtful receivables and advances	25.13	5.87	–	31.00
Voluntary retirement scheme payments	0.67	(0.26)	–	0.41
Expenses allowed on payment basis	36.83	3.39	–	40.22
Leased assets	1.49	(0.13)	–	1.36
	64.12	**8.87**	**–**	**72.99**
Deferred tax liability arising out of timing difference relating to :				
Depreciation	537.24	(41.43)	(10.31)	485.50
	537.24	**(41.43)**	**(10.31)**	**485.50**
Deferred tax liability (Net)	**473.12**	**(50.30)**	**(10.31)**	**412.51**

Particulars	As at 31.03.2015	As at 31.03.2014
7. Long term Provisions		
Provision for Employee benefits – Compensated absences	44.87	39.40
	44.87	**39.40**
8. Short-Term Borrowings		
From Banks		
Secured		
Cash Credit (repayable on demand)	70.12	132.63
Other Borrowings	126.68	481.53
(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	119.39	58.44
	316.19	**672.60**

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS (CONTINUED)

₹ million

Particulars	As at 31.03.2015	As at 31.03.2014
9. Trade payables		
Acceptances	35.52	35.29
Other than Acceptances	898.17	810.63
	933.69	**845.92**
10. Other Current Liabilities		
Current maturities of finance lease obligations	6.97	6.53
Secured against assets purchased under the arrangement		
Interest accrued but not due on loans	0.51	0.18
Unclaimed Dividend *	11.16	10.35
Remuneration payable to Directors	15.60	13.69
Other Liabilities		
Statutory Liabilities	85.20	67.57
Advance from Customers	40.37	37.52
Deposits	28.40	28.60
Payables for purchase of fixed assets	47.21	38.72
Other payables	266.41	266.23
	501.83	**469.39**
* There is no amount which has fallen due as at Balance sheet date to be credited to Investor Education and Protection Fund		
11. Short-term provisions		
Provision for Employee benefits – Compensated absences	26.22	18.65
Proposed dividend	94.09	93.88
Tax on Proposed dividend	15.39	13.73
	135.70	**126.26**

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS (CONTINUED)

12. Fixed Assets

₹ million

Particulars	Gross Block				Depreciation / Amortisation					Net Block
	As at 01.04.2014	Additions	Deletions	As at 31.03.2015	As at 01.04.2014	For the year	Deletions	Transfer to reserve	As at 31.03.2015	As at 31.03.2015
Tangible Assets										
Land										
- Freehold	37.81 (a)	–	0.12	37.69	–	–	–	–	–	37.69
- Leasehold	87.98	–	–	87.98	5.94	0.87	–	–	6.81	81.17
Buildings	1432.56 (a)	107.94	5.02	1535.48 (b)	402.80	54.31	3.36	4.96	458.71	1076.77
Plant & Equipment	6076.64 (c)	239.36 (d)	56.27	6259.73	3250.10	482.06	48.12	18.31	3702.35	2557.38
Furniture & Fixtures	118.71	6.14	4.53	120.32	61.13	16.28	3.49	6.95	80.87	39.45
Vehicles	21.00	2.99	3.39	20.60	10.29	1.79	1.10	0.12	11.10	9.50
Vehicles taken on lease	27.77	12.07	8.35	31.49	17.01	7.22	7.93	-	16.30	15.19
Total	**7802.47**	**368.50**	**77.68**	**8093.29**	**3747.27**	**562.53**	**64.00**	**30.34**	**4276.14**	**3817.15**
Intangible Assets										
Goodwill	0.20	–	–	0.20	0.20	–	–	–	0.20	–
Trade Mark	1.61	–	–	1.61	1.61	–	–	–	1.61	–
Software	16.13	4.75	–	20.88	5.39	3.65	–	–	9.04	11.84
Technical Knowhow	136.89	5.86	–	142.75	56.29	22.15	–	–	78.44	64.31
Total	**154.83**	**10.61**	–	**165.44**	**63.49**	**25.80**	–	–	**89.29**	**76.15**
Grand total	**7957.30**	**379.11**	**77.68**	**8258.73**	**3810.76**	**588.33**	**64.00**	**30.34**	**4365.43**	**3893.30**

(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 ₹ 58.41 million

(b) Includes ₹ 871.71 million (Previous year ₹ 779.22 million) being cost of building on leasehold land.

(c) Net of subsidy received ₹ 0.77 million.

(d) Includes Equipments acquired for Research & Development ₹ 13.32 million (Previous Year ₹ 0.74 million)

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS (CONTINUED)

12. Fixed Assets – Previous year

₹ million

Particulars	Gross Block				Depreciation/Amortisation				Net Block
	As at 01.04.2013	Additions	Deletions	As at 31.03.2014	As at 01.04.2013	For the year	Deletions	As at 31.03.2014	As at 31.03.2014
Tangible Assets									
Land									
– Freehold	37.81	–	–	37.81	–	–	–	–	37.81
– Leasehold	87.98	–	–	87.98	5.08	0.86	–	5.94	82.04
Buildings	1386.56	46.46	0.46	1432.56	355.27	47.99	0.46	402.80	1029.76
Plant & Equipment	5721.23	375.53	20.12	6076.64	2853.63	411.94	15.47	3250.10	2826.54
Furniture & Fixtures	116.03	3.35	0.67	118.71	54.49	7.19	0.55	61.13	57.58
Vehicles	17.02	4.97	0.99	21.00	9.56	1.25	0.52	10.29	10.71
Vehicles taken on lease	29.69	3.97	5.89	27.77	15.39	7.21	5.59	17.01	10.76
Total	**7396.32**	**434.28**	**28.13**	**7802.47**	**3293.42**	**476.44**	**22.59**	**3747.27**	**4055.20**
Intangible Assets									
Goodwill	0.20	–	–	0.20	0.20	–	–	0.20	-
Trade Mark	1.61	–	–	1.61	1.61	–	–	1.61	-
Software	7.33	8.80	–	16.13	1.97	3.42	–	5.39	10.74
Technical Knowhow	77.15	59.74	–	136.89	44.08	12.21	–	56.29	80.60
Total	**86.29**	**68.54**	**–**	**154.83**	**47.86**	**15.63**	**–**	**63.49**	**91.34**
Grand total	**7482.61**	**502.82**	**28.13**	**7957.30**	**3341.28**	**492.07**	**22.59**	**3810.76**	**4146.54**

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS (CONTINUED)

13. Non-current investments (at cost)

₹ million

Sl. No.	Description	Quantity in Nos.		Nominal Value		Value	
		As at 31.03.2015	As at 31.03.2014	(₹)		As at 31.03.2015	As at 31.03.2014
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.	3042900	3042900	10		60.43	60.43
II	**Quoted (Non-Trade)**						
a	**Equity Shares (fully paid) : Others**						
	Grindwell Norton Ltd.	400	400	5		0.01	0.01
	Orient Abrasives Ltd. (₹ 1533 only)	10000	10000	1		0.00	0.00
	Orient Refractories Ltd. (₹ 713 only)	10000	10000	1		0.00	0.00
	EID Parry (India) Ltd.	1000	1000	1		0.01	0.01
	Cholamandalam Investment and Finance Co Ltd (₹ 2700 only)	100	100	10		0.00	0.00
	Tube Investments of India Ltd.	1000	1000	2		0.01	0.01
	Coromandel International Ltd. (₹ 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	24456573	13999787	USD 1	(a)	1989.81	575.72
	Cellaris Refractories India Limited	13725000	7000000	10	(b)	134.63	70.00
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	USD 1	(a)	0.00	409.90

₹ million

Sl. No.	Description	Quantity in Nos.		Nominal Value		Value	
		As at 31.03.2015	As at 31.03.2014	(₹)		As at 31.03.2015	As at 31.03.2014
IV	**Unquoted (Non-Trade)**						
a	**Equity Shares (fully paid) – Others**						
	Chennai Willingdon Corporate Foundation (₹ 50 only)	5	5	10	(c)	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
b	**Others**						
	7 Years National Savings Certificate (₹ 2000 only)				(d)	0.00	0.00
						2375.00	1306.18

I & II	Quoted Investments		
	Cost	70.82	70.82
	Market Value	1497.11	1023.96
III & IV	Unquoted Investments – Cost	2304.18	1235.36

(a) During the year, the company invested in 6456786 equity shares of USD 1 each at the premium of USD 1.5 per share.

In addition, the preference shares of 10 million were converted into 4000000 equity shares of USD 1 each at a premium of USD 1.5 per share.

(b) The Company has become a wholly owned subsidiary consequent to acquisition of balance 49 per cent stake in equity shares from the co-venturer.

The Company has also filed an application on 28th April 2015 before Madras High Court towards merger.

(c) Shares allotted against corporate membership contribution

(d) Deposit with the Government.

14. Long-term loans and advances – Unsecured and considered good

Particulars	As at 31.03.2015	As at 31.03.2014
Capital advances	24.07	38.02
Disputed Sales tax, Central excise and Service tax amounts deposited under protest	14.77	15.75
Taxation (net of provisions)	61.12	37.48
Security Deposits	84.82	83.50
	184.78	**174.75**

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS (CONTINUED)

₹ million

Particulars	As at 31.03.2015	As at 31.03.2014
15. Inventories (at lower of cost and net realisable value)		
Raw materials (Goods in Transit : ₹ 74.45 millions; Previous year – ₹ 47.07 millions)	661.13	618.60
Work-in-process	503.57	409.78
Stock in Trade	163.68	165.94
Finished stock	621.99	552.14
Stores and spare parts	133.86	114.89
	2084.23	**1861.35**
Details of Inventory of Work-in-process per Business Segment		
– Abrasives	170.25	179.32
– Ceramics	124.56	95.00
– Electrominerals	208.76	135.46
	503.57	**409.78**
16. Trade receivables (Unsecured)		
Outstanding over a period exceeding six months from the date they were due for payment		
Considered good	83.04	55.65
Considered doubtful	65.02	73.74
	148.06	**129.39**
Other receivables		
Considered good	2159.81	2210.55
	2307.87	2339.94
Less: Provision for doubtful receivables	65.02	73.74
	2242.85	**2266.20**
17. Cash and Bank balances		
Cash on hand	0.97	1.39
Balances with banks :		
Current account	54.50	104.54
In earmarked accounts : Unclaimed dividend account	11.16	10.35
	66.63	**116.28**

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS (CONTINUED)

₹ million

Particulars	As at 31.03.2015		As at 31.03.2014	
18. Short-term loans & advances				
(Unsecured and considered good, unless otherwise stated)				
Loans and advances to employees		10.64		11.78
Prepaid expenses		21.77		18.68
Trade advances		142.25		145.31
Intercorporate deposit to related party *		44.20		35.70
Claims recoverable		0.04		1.23
Other Loans & Advances #				
Considered good	53.35		80.59	
Considered doubtful	26.22		0.19	
Less: Provision for doubtful advances	26.22		0.19	
		53.35		**80.59**
Balances with statutory authorities				
CENVAT credit receivable	45.05		29.40	
VAT input credit receivable	14.10		19.46	
Customs duty refunds receivable	85.60		109.14	
Service tax input credit receivable	15.72		11.84	
		160.47		169.84
		432.72		**463.13**
* Maximum amount outstanding during the year		44.20		35.70
# includes related party receivable		39.86		36.67
19. Revenue from Operations:				
Sale of Products (Refer Note no: 37 (b)Segment Disclosure for breakup of Sales)		12435.46		12194.30
Income from Contracts		75.06		73.39
Other Operating Revenue				
Service Income	59.08		58.50	
Scrap Sales	68.23		81.92	
Miscellaneous Income				
Export benefits	31.40		57.38	
Others	10.24		11.84	
		168.95		209.64
		12679.47		12477.33
Less : Excise duty		992.63		991.35
		11686.84		**11485.98**

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS (CONTINUED)

₹ million

Particulars	2014-15	2013-14
20. Changes in inventories of finished goods, work-in-process and stock-in-trade		
Opening stock		
Work-in-process	409.78	420.92
Stock in trade	165.94	151.60
Finished stock	552.14	470.37
	1127.86	**1042.89**
Less: Closing stock		
Work-in-process	503.57	409.78
Stock in trade	163.68	165.94
Finished stock	621.99	552.14
	1289.24	**1127.86**
Accretion to stock	**(161.38)**	**(84.97)**
21. Employee benefits expense		
Salaries, wages and bonus	946.07	893.09
Contribution to provident and other funds	93.97	119.93
Voluntary retirement compensation	0.35	0.76
Remuneration to Managing Director	15.32	15.04
Welfare expenses	240.17	229.66
	1295.88	**1258.48**
Remuneration to Managing Director includes :		
Salaries & Allowances	10.52	10.34
Incentive *	3.50	3.40
Contribution to provident and other funds	1.30	1.30
(excludes Gratuity and Compensated absences since		
employee-wise valuation is not available)	**15.32**	**15.04**
Value of perquisites (included under appropriate heads of accounts)	**0.58**	**2.06**
* Incentive to Managing Director is provisional and subject to determination by the Nomination and Remuneration Committee and will be paid during 2015-16		
Incentive payments against the provision is detailed below :	**For FY 2013-14**	**For FY 2012-13**
Incentive – Provided for the year	3.40	3.00
Incentive – Paid against the provision in subsequent year	2.86	2.49

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS (CONTINUED)

22. Other Expenses

₹ million

Particulars	2014-15		2013-14	
Consumption of stores and spares		497.77		454.75
Power and fuel (a)		1223.88		1181.46
Rent		37.10		34.06
Excise duty on stock differential (c)		14.87		3.82
Rates and taxes		105.08		81.07
Insurance		24.71		21.74
Repairs to: (b)				
Buildings		18.19		14.26
Machinery		342.39		332.62
Directors' sitting fees		1.52		0.82
Commission to non-wholetime directors		11.56		10.29
Auditors' remuneration (Note 35)		5.75		6.27
Travel and conveyance		148.82		160.54
Freight, delivery and shipping charges		349.52		307.53
Selling commission		27.52		37.94
Rebates and allowances		73.26		69.12
Advertisement and publicity		42.77		53.04
Printing, stationery and communication		45.20		40.71
Contribution to research institution		–		2.00
Bad receivables and advances written off	6.18		0.84	
Less : Provision adjusted	6.18		0.84	
		–		–
Provision for doubtful receivables, advances and deposits		61.69		31.40
Professional fees		47.50		44.94
Loss on exchange fluctuation (Net)		15.95		–
Services outsourced		685.93		650.29
Loss on sale of fixed Assets		9.45		3.59
Miscellaneous expenses		121.83		103.83
		3912.26		**3646.09**
(a) Net of own power generation, which includes energy banked with KSEB – Nil (previous year ₹ 14.8 million)		172.87		176.57
(b) Includes stores and spare parts		201.62		203.76
(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 no: 19 represents excise duty on sales during the year.				

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS (CONTINUED)

₹ million

Particulars	2014-15	2013-14
23. Finance Costs		
Interest		
On Debentures and fixed loans	79.85	104.32
Others	2.87	20.65
Other borrowing costs	4.26	4.41
	86.98	**129.38**
24. Other Income		
Dividend Income from Long term Investments		
Trade		
Dividend from Subsidiaries	175.70	73.34
Dividend from Joint ventures	75.57	68.05
Non-trade		
Dividend from others	0.03	0.03
Dividend Income from Current Investments		
Dividend from others	1.77	0.26
Interest Income		
from banks	1.03	2.31
from inter corporate deposits	4.04	3.23
from others	4.67	4.86
Other Income		
Profit on sale of fixed assets	2.61	2.84
Gain on exchange fluctuation (Net)	–	21.88
Provision for expenses no longer required written back	3.47	0.54
Provision for doubtful receivables / advances no longer required written back	38.20	14.76
Rental Income	2.52	2.40
	309.61	**194.50**
Tax deducted at source from interest	0.51	1.60

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS (CONTINUED)

Additional information to the financial statements

₹ million

	Particulars	As at 31.03.2015	As at 31.03.2014
25	**Contingent Liabilities and commitments:**		
	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	127.15	127.15
	ii. Central Sales Tax Act,1956 & Local Sales Tax laws of various states	11.14	9.30
	iii. Central Excise Act,1944	5.65	6.20
	iv. Service Tax, 1994	3.20	3.00
	b. Outstanding letters of comfort / guarantee given on behalf of subsidiaries	3224.66	4431.81
	c. Outstanding letters of credit	90.06	100.83
	d. Outstanding bills discounted	7.17	0.88
	e. Claims against the company not acknowledged as debts		
	i. Urban Land Tax	4.20	3.09
	ii. Stamp duty	1.90	1.90
	iii. Claim filed by ship liner towards damages	14.00	14.00
	iv. Claim filed before Consumer Dispute Redressal Forum	1.00	1.00
	v. Mining Royalty	42.80	42.80
		63.90	**62.79**
	f. Employees demands pending before Labour Courts - quantum not ascertainable at present In respect of the above demands disputed by the company, appeals filed are pending before respective appellate authorities. Outflows, if any, arising out of these claims would depend on the outcome of the decision of the appellate authorities and the company's rights for future appeals. No reimbursements are expected.		
	Commitments:		
	Estimated amount of contracts remaining to be executed and not provided for:		
	Towards capital account	76.57	90.20
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	0.74	-
	Consumption of Stores & Spares	0.06	-
	Excise Duty	0.69	-
	Power & Fuel	1.87	-
	Rent	0.12	-
	Travel & Conveyance	2.50	-
	Freight	1.39	-
	General Services	0.10	-
	Rates & Taxes	0.13	-
	Professional Fees	0.90	-
	Miscellaneous Expenses	0.03	-
		8.53	-

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS (CONTINUED)

₹ million

Particulars			As at 31.03.2015	As at 31.03.2014
27	**Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006**			
	(i)	Principal amount remaining unpaid to any supplier as at the end of the accounting year (included under Trade payables in Note no : 9)	21.49	12.17
		Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.		
28	**The details of actuarial valuation in respect of gratuity liability are given below**			
	i.	**Projected benefit obligation as at beginning of the year**	207.17	168.88
		Service cost	18.60	17.91
		Interest cost	15.69	12.82
		Actuarial Losses / (Gains)	(2.27)	24.90
		Benefits paid	(22.05)	(17.34)
		Projected benefit obligation as at end of the year	**217.14**	**207.17**
	ii.	**Fair value of plan assets as at beginning of the year**	165.05	163.52
		Expected return on plan assets	14.64	13.14
		Contributions	42.10	6.00
		Benefits paid	(22.05)	(17.34)
		Actuarial Gain /(losses) on plan assets	1.12	(0.27)
		Fair value of plan assets as at end of the year	**200.86**	**165.05**
	iii.	**Amount recognised in the balance sheet :**		
		Projected benefit obligation at the end of the year	217.14	207.17
		Fair value of the plan assets at the end of the year	200.86	165.05
		(Liability) / Asset recognised in the Balance sheet	**(16.28)**	**(42.12)**
	iv.	**Cost of the defined benefit plan for the year :**		
		Current service cost	18.60	17.91
		Interest on obligation	15.69	12.82
		Expected return on plan assets	(14.64)	(13.14)
		Net actuarial losses recognised in the year	(3.39)	25.17
		Net cost recognised in the Profit and Loss account	**16.26**	**42.76**
		(included in Note no 21 : Contribution to Provident and other funds)		
	v.	**Assumptions (including long term compensated absences)**		
		Discount rate	8.00%	8.00%
		Expected rate of return	8.00%	8.00%

Mortality table used: Indian Assured Lives Mortality (2006-08) Ultimate

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 and expected return on each category of plan assets.

₹ million

vi Experience Adjustment	31-Mar-2015	31-Mar-2014	31-Mar-2013	31-Mar-2012	31-Mar-2011
Present value of defined benefit obligation	217.14	207.17	168.88	163.52	138.75
Fair value of plan assets	200.86	165.05	163.52	136.95	106.70
Balance sheet (Liability)/ Asset	(16.28)	(42.12)	(5.36)	(26.57)	(32.05)
P & L (Income) / expenses	16.26	42.76	5.80	29.52	32.90
Experience adjustment on plan liabilities (gain) / loss	(2.27)	24.90	(9.15)	21.06	27.40
Experience adjustment on plan assets gain / (loss)	1.12	(0.27)	1.22	0.08	-

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 4667700 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 the first vesting and six years from the date of the second,third and fourth 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 (curently designated as Nomination and Remuneration Committee) resolution approving the grant.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS (CONTINUED)

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 [₹]	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 1.4.2014	668188	-	-	32446	510082	284142	69184	391680	111014
(iii)	Options granted during the year	-	-	-	-	-	-	-	-	-
(iv)	Options cancelled during the year	-	-	-	27202	31992	-	4416	25200	6081
(v)	Total options vested during the year	-	-	-	-	139188	-	17664	100800	29349
(vi)	Options exercised during the year	185330	-	-	-	99440	106254	-	31800	-
(vii)	Options lapsed during the year	-	-	-	-	-	-	-	-	-
(viii)	Options outstanding as on 31.03.2015	482858	-	-	5244	378650	177888	64768	334680	104933
	(viii) = (ii) + (iii) - (iv) - (vi) - (vii)									
	Grant II & III fully cancelled									
(ix)	Options vested but not exercised as at 01.04.2014	668188	-	-	32446	338902	284142	25024	139680	40154
(x)	Options vested but not exercised as at 31.03.2015	482858	-	-	5244	378650	177888	42688	208680	69503
	(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/Nomination and Remuneration 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 STANDALONE FINANCIAL STATEMENTS (CONTINUED)

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

Grant	Fair value as per Black scholes options pricing formula [₹]	Incremental Fair Value due to the modification of Exercise Period	Exercise Price [₹]
I	33.56	6.09	91.80
II	27.76	-	75.23
III	22.78	-	59.03
IV	24.61	3.00	61.40
VA	49.59	10.20	125.08
VB	44.27	11.75	125.08
VI	45.80	10.09	124.15
VII	54.13	11.07	146.00
VIII	55.62	9.86	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 ₹ 211.20 million and the impact on the financial statements would be :

	Year ended 31-Mar-2015	Year ended 31-Mar-2014
Increase in employee costs - (₹ million)	8.19	17.22
Decrease in Profit after Tax - (₹ million)	5.40	11.37
Decrease in Basic & Diluted Earnings per share - ₹	0.03	0.06

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 & IV	Grant II & III	Grant V (A&B)	Grant VI, VII & VIII
Risk free Interest rate	7.38%	-	8.04%	8.35%
Expected Life (years)	2.5 to 7.0	-	2.5 to 7.0	2.5 to 7.0
Expected volatality	39.93	-	39.81	37.69
Expected dividend yield	2.32%	-	1.29%	1.60%

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS (CONTINUED)

30 During the year, pursuant to the notification of Schedule II to the Companies Act, 2013 with effect from April 1, 2014, the Company revised the estimated useful life of some of its assets to align the useful life with those specified in Schedule II. Assets individually costing ₹ 5,000/- or less are depreciated fully in the year of purchase. The details of previously applied depreciation method, rates / useful life ware as follows:

Asset	Method employed	Previous depreciation rate as per Schedule XIV to the Companies Act, 1956 / useful life	Revised useful life as per Schedule II to the Companies Act, 2013
Factory Buildings	Straight Line Method	3.34%/ ~30 years	30 years
Computers and Data Processing Equipment		16.21% / ~6 years	3 years
Servers / Network Equipment		16.21% / ~6 years	6 years
General Plant and Machinery		4.75% / ~21 years	15 years
Furniture and Fixtures		6.33% / ~15 years	10 years
Vehicles		9.5% / ~10 years	8 years

Pursuant to the transition provisions prescribed in Schedule II to the Companies Act, 2013, the Company has fully depreciated the carrying value of assets, net of residual value, where the remaining useful life of the asset was determined to be nil as on April 1, 2014, and has adjusted an amount of ₹ 20.03 million (Net of deferred tax of ₹ 10.31 million) against the opening balance of "Surplus in Statement of Profit and Loss" in Note No.4 : Reserves and Surplus.

The depreciation expense in the Statement of Profit and Loss for the year is higher by ₹ 63.93 million consequent to the change in the useful life of the assets.

₹ million

	31.03.2015	31.03.2014
31 Disclosure relating to Contracts:		
Contract revenue recognised during the year	75.06	73.39
Retentions	4.48	0.94
Receivables (net of retention)	15.06	22.96
32 Donations given to political parties during the year :		
Triumph Electoral Trust	5.29	-
33 a. Value of Imports on CIF basis:		
Raw materials	2310.78	2287.04
Components & Spare parts	83.91	68.05
Capital goods	41.58	136.96
b. Expenditure in foreign currency (on cash basis):		
Professional / Consultancy fees	22.75	38.50
Commission	4.58	6.53
Interest	2.23	12.43
Travel and other matters	47.55	40.85
34 Earnings in foreign exchange on account of :		
Value of exports on FOB basis	2206.78	2049.28
Royalty	3.18	3.62
Dividend	162.60	45.54
Management fees	18.71	37.09

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS (CONTINUED)

₹ million

35 Auditors' Remuneration	31.03.2015	31.03.2014
Statutory audit	2.25	2.25
Tax Audit	0.60	0.60
Other services	2.85	3.38
Out of pocket expenses	0.05	0.04
	5.75	**6.27**

36 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]
Thukela Refractories Isithebe Pty Limited	[TRIL]
CUMI Europe s.r.o	[CE]

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]

Key Management Personnel

Mr. K Srinivasan, Managing Director	[MD]

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS (CONTINUED)

b). Transactions with Related parties

₹ million

	Particulars	Subsidiaries		Joint Ventures		Key Management Personnel		Total	
		2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
1	Income from sales and services	742.68	673.08	89.47	61.38	-	-	832.15	734.46
2	Purchase of goods	466.41	476.51	46.12	24.31	-	-	512.53	500.82
3	Lease/Rental/Royalty income	4.05	4.49	-	-	-	-	4.05	4.49
4	Purchase of power	145.44	126.99	-	-	-	-	145.44	126.99
5	Expenditure on other services	19.19	17.73	-	-	-	-	19.19	17.73
6	Dividend income	175.70	73.34	75.57	68.05	-	-	251.27	141.39
7	Interest received	4.04	3.23	-	-	-	-	4.04	3.23
8	Reimbursement of employee cost	0.85	2.11	0.12	0.55	-	-	0.97	2.66
9	Rental expenses	-	-	1.48	1.10	-	-	1.48	1.10
10	Purchase of fixed assets	8.67	-	-	-	-	-	8.67	-
11	Investments made	1068.82	-	-	-	-	-	1068.82	-
12	Inter-corporate deposits placed	8.50	19.45	-	-	-	-	8.50	19.45
13	Deposits made	-	-	-	1.00	-	-	-	1.00
14	Trade and Other Receivables	296.78	223.38	34.76	43.99	-	-	331.54	267.37
15	Payables	110.07	63.15	2.89	1.82	-	-	112.96	64.97
16	Inter-corporate deposits outstanding	44.20	35.70	-	-	-	-	44.20	35.70
17	Deposit Outstanding	-	-	1.00	1.00	-	-	1.00	1.00
18	Managerial remuneration	-	-	-	-	15.90	17.10	15.90	17.10
19	Letters of Comfort/Guarantee issued	3224.66	4431.81	-	-	-	-	3224.66	4431.81

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS (CONTINUED)

c. Details of transactions with related parties during the period ended 31st March, 2015

₹ million

Particulars	Subsidiaries														Joint Ventures				KMP	Total
	CAI	Net Access	Sterling	Sedco	CAPL	CME	CCI	Foskor	CRIL	CIL	CACCL	VAW	TRIL	Total	Wendt	MMTCL	Ciria	Total		
Income from Sales and services	200.32	1.46	114.53	-	298.16	55.22	-	-	-	-	45.84	27.15	-	742.68	21.37	16.50	51.60	89.47	-	832.15
Reimbursement of employee cost	-	0.16	-	0.69	-	-	-	-	-	-	-	-	-	0.85	0.12	-	-	0.12	-	0.97
Purchase of goods	-	-	0.78	-	-	-	-	34.13	-	-	177.97	246.60	6.93	466.41	25.04	21.08	-	46.12	-	512.53
Lease rental / royalty income	-	-	-	-	3.18	-	-	-	0.87	-	-	-	-	4.05	-	-	-	-	-	4.05
Purchase of Fixed Assets	-	-	-	-	-	-	-	-	-	-	-	-	8.67	8.67	-	-	-	-	-	8.67
Expenditure on other services	-	19.19	-	-	-	-	-	-	-	-	-	-	-	19.19	-	-	-	-	-	19.19
ICD Given	-	-	-	-	-	-	-	-	8.50	-	-	-	-	8.50	-	-	-	-	-	8.50
Interest received	-	-	-	-	-	-	-	-	4.04	-	-	-	-	4.04	-	-	-	-	-	4.04
Purchase of power	-	-	-	145.44	-	-	-	-	-	-	-	-	-	145.44	-	-	-	-	-	145.44
Rental expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.48	-	-	1.48	-	1.48
Trade and other receivables	152.83	0.55	12.79	0.08	54.88	14.49	-	25.81	18.67	-	16.68	-	-	296.78	15.55	8.08	11.13	34.76	-	331.54
Payables	-	1.07	-	13.58	-	-	-	-	-	-	36.56	56.26	2.60	110.07	2.62	0.27	-	2.89	-	112.96
Dividend Income	-	5.00	8.10	-	28.40	-	-	-	-	134.20	-	-	-	175.70	19.93	34.34	21.30	75.57	-	251.27
Investments made	-	-	-	-	-	-	-	-	64.63	1004.19	-	-	-	1068.82	-	-	-	-	-	1068.82
ICD Outstanding	-	-	-	-	-	-	-	-	44.20	-	-	-	-	44.20	-	-	-	-	-	44.20
Deposit Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.00	-	-	1.00	-	1.00
Managerial Renumeration																			15.90	15.90

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS (CONTINUED)

d. Details of transactions with related parties during the period ended 31st March, 2014

₹ million

Particulars	Subsidiaries														Joint Ventures				KMP	Total
	CAI	Net Access	Sterling	Sedco	CAPL	CME	CCI	Foskor	CRIL	CIL	CACCL	VAW	TRIL	Total	Wendt	MMTCL	Ciria	Total		
Income from Sales and services	163.41	1.46	101.49	2.40	243.22	60.81	5.74	8.14	-	-	47.94	22.06	16.41	673.08	19.27	20.44	21.67	61.38	-	734.46
Reimbursement of employee cost	-	1.15	0.43	0.53	-	-	-	-	-	-	-	-	-	2.11	0.55	-	-	0.55	-	2.66
Purchase of goods	-	-	0.82	-	-	-	-	90.68	-	-	217.48	130.08	37.45	476.51	16.23	6.91	1.17	24.31	-	500.82
Lease rental / royalty income	-	-	-	-	3.62	-	-	-	0.87	-	-	-	-	4.49	-	-	-	-	-	4.49
Expenditure on other services	-	17.73	-	-	-	-	-	-	-	-	-	-	-	17.73	-	-	-	-	-	17.73
ICD Given	-	-	-	-	-	-	-	-	19.45	-	-	-	-	19.45	-	-	-	-	-	19.45
Interest received	-	-	-	-	-	-	-	-	3.23	-	-	-	-	3.23	-	-	-	-	-	3.23
Purchase of power	-	-	-	126.99	-	-	-	-	-	-	-	-	-	126.99	-	-	-	-	-	126.99
Rental expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.10	-	-	1.10	-	1.10
Trade and other receivables	79.58	0.94	19.25	0.49	38.29	7.58	-	28.29	11.93	-	35.91	-	1.12	223.38	19.84	14.58	9.57	43.99	-	267.37
Payables	-	1.90	0.14	10.15	-	-	0.67	3.01	-	-	0.74	45.16	1.38	63.15	0.63	1.19	-	1.82	-	64.97
Dividend Income	-	5.00	18.90	3.90	45.54	-	-	-	-	-	-	-	-	73.34	19.93	28.62	19.50	68.05	-	141.39
Deposit made	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.00	-	-	1.00	-	1.00
ICD Outstanding	-	-	-	-	-	-	-	-	35.70	-	-	-	-	35.70	-	-	-	-	-	35.70
Deposit Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.00	-	-	1.00	-	1.00
Managerial Remuneration																			17.10	17.10

37 (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.

37 (b) SEGMENT DISCLOSURE

A. PRIMARY SEGMENT INFORMATION

₹ million

Particulars	Abrasives		Ceramics		Electrominerals		Eliminations		Total	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
1. REVENUE										
Gross Sales	**7330.96**	**7045.05**	**3249.38**	**3167.34**	**1855.12**	**1981.91**			**12435.46**	**12194.30**
Less : Excise Duty	641.80	645.79	196.17	201.25	154.66	144.31			992.63	991.35
Net External Sales	**6689.16**	**6399.26**	**3053.21**	**2966.09**	**1700.46**	**1837.60**	-	-	**11442.83**	**11202.95**
Income from Contracts	-	-	75.06	73.39	-	-	-	-	75.06	73.39
Inter segment Sales	-	-	18.22	17.94	637.27	570.09	(655.49)	(588.03)	-	-
Total Revenue	**6689.16**	**6399.26**	**3146.49**	**3057.42**	**2337.73**	**2407.69**	**(655.49)**	**(588.03)**	**11517.89**	**11276.34**
2. RESULT										
Segment result	678.73	594.01	362.73	346.14	202.84	285.95			1244.30	1226.10
Unallocated corporate expenses									(286.99)	(223.23)
Finance costs									(86.98)	(129.38)
Interest and dividend income									262.81	152.08
Profit on sale of fixed assets (Net)	(5.49)	1.35	(2.26)	(3.37)	(0.59)	0.59			(8.34)	(1.43)
Profit on sale of immovable property									869.20	-
Income taxes									(510.70)	(296.30)
Net profit	**673.24**	**595.36**	**360.47**	**342.77**	**202.25**	**286.54**	-	-	**1483.30**	**727.84**
3. OTHER INFORMATION										
Segment assets	3893.69	4202.40	2938.92	2861.27	1990.58	1861.09			8823.19	8924.76
Unallocated corporate assets									2632.71	1546.27
Total assets	**3893.69**	**4202.40**	**2938.92**	**2861.27**	**1990.58**	**1861.09**	-	-	**11455.90**	**10471.03**
Segment liabilities	634.36	577.98	352.31	319.72	383.71	343.24			1370.38	1240.94
Unallocated corporate liabilities									1486.62	1894.39
Total liabilities	**634.36**	**577.98**	**352.31**	**319.72**	**383.71**	**343.24**	-	-	**2857.00**	**3135.33**
Capital expenditure	72.33	230.56	161.67	150.97	151.92	59.89				
Depreciation & Amortization	230.41	181.48	225.24	201.53	116.87	96.47				
Non cash Item other than Depreciation & amortization	2.10	5.27	32.76	24.57	1.01	1.55				

B. SECONDARY SEGMENT INFORMATION

1. Revenue by Geographical market	**31.03.2015**	**31.03.2014**
India	9267.96	9185.31
Rest of the world	2249.93	2091.03
Total	**11517.89**	**11276.34**
2. Carrying amount of Segment Assets		
India	8246.81	8404.78
Rest of the world	576.38	519.98
Total	**8823.19**	**8924.76**
3. Additions to Fixed Assets and Intangible Assets		
India	360.59	492.60
Rest of the world	-	-
Total	**360.59**	**492.60**

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS (CONTINUED)

₹ million

Particulars	31.03.2015	31.03.2014
38 Notes relating to Leases		
The Company has acquired vehicles under finance lease with		
respective asset as security :		
a. Cost of Leased Assets	31.49	27.77
b. Net carrying amount	15.19	10.76
c. Reconciliation between total minimum lease payments and their present value :		
Total minimum lease payments	24.32	18.16
Less: Future liability on interest account	(5.14)	(2.99)
Present value of lease payments	**19.18**	**15.17**

d. Yearwise future minimum lease rental payments :	Total Minimum Lease Payments as on 31.03.2015	Present value of Lease payments as on 31.03.2015	Total Minimum Lease Payments as on 31.03.2014	Present value of Lease payments as on 31.03.2014
(i) Not later than one year	9.30	6.97	8.30	6.53
(ii) Later than one year and not later than five years	15.02	12.21	9.86	8.64
(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 is required.

Particulars	31.03.2015	31.03.2014
39 Notes to Earnings Per Share (EPS)		
The calculation of the Basic and Diluted Earning per share is based on the following data:		
Net Profit for the year	1483.30	727.84
Weighted average number of equity shares outstanding during the year		
Basic	187942989	187556483
Dilutive	188446811	187808494
Earnings per Share - Basic (₹)	7.89	3.88
Earnings per Share - Diluted (₹)	7.87	3.88

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS (CONTINUED)

40 Provision for Dividend Tax has been made considering the credit amounting to ₹ 3.77 million (Previous year - ₹ 2.23 million) available for set off in respect of dividend tax payable on dividends to be distributed by two 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 ₹ 26.83 million (Previous year - ₹ 2.30 million) in respect of the tax paid on the dividends received from an overseas subsidiary. Dividend tax paid on the final dividend approved during last AGM amounting to ₹ 8.91 million (previous year ₹ 12.35 million) is after considering an amount of ₹ 4.83 million (previous year ₹ 7.74 million) relating to the dividends received from an overseas subsidiary and ₹ 2.23 million (previous year ₹ 3.81 million) relating to dividends received from two (previous year three) domestic subsidiaries.

41 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 2015 aggregating to ₹ 0.09 million has been credited to Hedging Reserve.

B. a) Quantum of derivatives (all of which identified as hedges) outstanding as at the end of the year (notional principal amount) on :

Type of Derivatives	Contracts Booked for	Currency	31.03.2015		31.03.2014	
			Number of Contracts	Value (₹ million)	Number of Contracts	Value (₹ million)
Forward Contract	Loan	USD	4	239.69	3	175.23
Forward Contract	Export receivable	Euro	2	6.75	3	12.39
Forward Contract	Export receivable	USD	3	9.39	-	-
Forward Contract	Import payment	USD	1	3.13	1	3.00

b) Details of Unhedged foreign currency exposure are as under :

Currency	31.03.2015		31.03.2014	
	Exports	Imports	Exports	Imports
USD	7.40	1.28	6.45	1.14
EUR	0.84	0.26	1.14	0.13
GBP	0.12	-	0.02	-
AUD	-	-	-	0.00

c) Rupee Equivalent of above unhedged exposure is given below :

	31.03.2015		31.03.2014	
	Exports	Imports	Exports	Imports
Equivalent INR	530.43	98.07	483.64	79.05

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS (CONTINUED)

42 Information on Joint Ventures as per AS 27

a. List of Joint Ventures as on 31st March, 2015 :

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 : ₹ million

Particulars	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	4.14	2.37	0.65	7.16
(Previous year)	1.37	2.37	0.65	4.39
iv) Share of Other venturers in				
contingent liabilities incurred by				
Jointly controlled entity	4.31	3.57	1.53	9.40
(Previous year)	1.43	3.57	1.53	6.53

c. Capital commitments in respect of Joint Ventures :

Particulars	MMTCL	Wendt	Ciria	Total
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	6.64	12.75	Nil	19.40
(Previous year)	13.39	17.44	Nil	30.83

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 (CONTINUED)

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

₹ million

Particulars	MMTCL		Ciria		Wendt		Total	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
i. Proportionate share of Income in Joint Ventures								
I. Revenue from operations	707.46	660.43	214.59	85.16	528.79	470.59	1450.84	1216.18
Less : Excise Duty	(47.05)	(48.75)	-	-	(34.19)	(31.66)	(81.24)	(80.41)
	660.41	611.68	214.59	85.16	494.60	438.93	1369.60	1135.77
II. Other Income	27.85	8.36	4.54	3.48	7.68	7.37	40.07	19.21
III. Total Revenue (I +II)	**688.26**	**620.04**	**219.13**	**88.64**	**502.28**	**446.30**	**1409.67**	**1154.98**
ii. Proportionate share of Expense in Joint Ventures								
Cost of materials consumed	102.20	93.15	142.22	36.22	134.58	129.30	379.00	258.67
Purchase of stock in Trade	21.94	26.82	-	-	47.41	37.92	69.35	64.74
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	(9.76)	9.19	-	(0.03)	(4.33)	(2.24)	(14.09)	6.92
Employee benefits expense	81.29	68.48	12.35	13.37	79.29	77.36	172.93	159.21
Finance cost	0.03	0.05	0.33	-	0.30	0.13	0.66	0.18
Depreciation and amortization expense	33.17	28.70	2.45	1.11	33.09	20.67	68.71	50.48
Other expenses	294.31	259.11	12.84	23.87	144.73	116.38	451.88	399.36
Total Expenses	**523.18**	**485.50**	**170.19**	**74.54**	**435.07**	**379.52**	**1128.44**	**939.56**

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS (CONTINUED)

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

₹ million

Particulars	MMTCL		Ciria		Wendt		Total	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
iii. Proportionate share of Liabilities in Joint Ventures								
Non current liabilities								
Deferred tax liabilities (Net)	4.86	7.89	-	-	21.18	19.41	26.04	27.30
Long term provision	-	-	1.87	1.99	3.51	7.07	5.38	9.06
Total Non current Liabilities	**4.86**	**7.89**	**1.87**	**1.99**	**24.69**	**26.48**	**31.42**	**36.36**
Current liabilities								
Trade payables	74.56	64.94	38.36	16.36	70.30	75.22	183.22	156.52
Other current liabilities	28.75	34.10	15.35	7.68	20.48	21.63	64.58	63.41
Short- term provisions	5.45	1.41	0.15	0.23	2.76	0.86	8.36	2.50
Total Current Liabilities	**108.76**	**100.45**	**53.86**	**24.27**	**93.54**	**97.71**	**256.16**	**222.43**
Total Liabilities	**113.62**	**108.34**	**55.73**	**26.26**	**118.23**	**124.19**	**287.58**	**258.79**
iv. Proportionate share of Assets in Joint Ventures								
Non current assets								
Fixed Assets	238.13	232.80	8.71	6.07	235.80	230.04	482.64	468.91
Deferred Tax Assets (net)	-	-	2.48	2.02	-	-	2.48	2.02
Non current investments	-	-	6.00	9.00	-	-	6.00	9.00
Long -term loans and advances	4.05	9.00	1.57	1.45	10.42	6.72	16.04	17.17
Total Non current assets	**242.18**	**241.80**	**18.76**	**18.54**	**246.22**	**236.76**	**507.16**	**497.10**
Current assets								
Current Investments	206.31	125.28	19.36	16.36	82.80	74.66	308.47	216.30
Inventories	65.83	54.22	0.40	0.03	74.78	70.29	141.01	124.54
Trade receivables	111.97	132.62	59.98	26.76	92.34	86.43	264.29	245.81
Cash and cash equivalents.	6.86	3.31	15.80	23.09	17.39	23.99	40.05	50.39
Short- term loans and advances	20.98	25.23	8.64	1.60	16.09	13.34	45.71	40.17
Total Current assets	**411.95**	**340.66**	**104.18**	**67.84**	**283.40**	**268.71**	**799.53**	**677.21**
Total Assets	**654.13**	**582.46**	**122.94**	**86.38**	**529.62**	**505.47**	**1306.69**	**1174.31**

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS (CONTINUED)

43 Exceptional Items:

During the year the Company has sold its immovable property in Chennai for a total consideration of ₹ 870 million. The profit arising out of the said transaction is shown as an exceptional item since it does not fall under the normal business activities of the Company.

44 Research and Development expenditure incurred during the year is given below:

₹ million

	2014-15	2013-14
Revenue expenditure	85.33	71.52
Capital expenditure (including capital work in progress)	16.82	1.36
Total	**102.15**	**72.88**

45 Corporate Social Responsibility :

During the year, the Company incurred an aggregate amount of ₹ 21.83 million towards corporate social responsibility in compliance of Section 135 of the Companies Act 2013 read with relevant schedule and rules made thereunder.

The details of the CSR spend is given below :

₹ million

	2014-15	
A. Expenditure incurred directly by the Company		
a. Skill Centre Development		
Revenue	8.09	
Capital	0.19	
		8.28
b. Local area development		0.45
B. Expenditure incurred through Agencies		**8.73**
a. AMM Foundation	12.69	
b. The Spastic Soceity of Tamil Nadu	0.41	
		13.10
TOTAL		**21.83**

46. Previous years figures have been regrouped, wherever necessary, to conform to current year's grouping.

Glossary		
A	**Performance Ratios**	
	EBITDA/Net Sales %	EBITDA = PBT + Interest + Depreciation - Exceptional items
	PBIT/Net Sales %	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/Shareholders 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 Trade Creditors / (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
	$ 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 ₹ 2 per equity share to ₹ 1 per equity share.	

Notes

Abrasives


Ceramics


Refractories

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