Carborundum Universal Limited
Regd. off: 'Parry House', 43, Moore Street,
Chennai – 600 001, India.
Tel.: +91-44-3000 6161 Fax : +91-44-3000 6149
Email : cumigeneral@cumi.murugappa.com
Website : www.cumi.murugappa.com
CIN No.: L29224TN1954PLC000318

7th July 2020

BSE Limited
1st Floor, New Trading Ring
Rotunda Building, P J Towers
Dalal Street, Fort
Mumbai 400 001

Stock Code: 513375

National Stock Exchange of India Ltd.
Plot No. C/1, G Block
Bandra - Kurla Complex, Bandra (E)
Mumbai 400 051

Stock Code: CARBORUNIV

Dear Sir/Madam,

Sub: Annual Report for the financial year ended 31st March 2020 and Annual General Meeting updates

Further to our intimation dated 6th June 2020 regarding the convening of the 66th Annual General Meeting (AGM) of the Company on Wednesday, 29th July 2020 at 3.00 P.M. IST through Video Conferencing (VC), in compliance with the various General Circulars issued by the Ministry of Corporate Affairs, the applicable provisions of the Companies Act 2013 (the Act) and the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (SEBI Listing Regulations), we submit an electronic copy of the Annual Report of the Company comprising the audited financial statements – standalone and consolidated, Directors' report and Auditors' report thereon for the financial year ended 31st March 2020 and the Notice convening the 66th AGM.

The electronic copies of the Annual Report and the AGM notice have been yesterday to all the Members holding shares in dematerialised form whose e-mail addresses are available with their Depository Participants (DP) as well as to the Members holding shares in physical form whose e-mail addresses are registered with the Company/Registrar Share Transfer Agent for communication purposes. The documents have also been uploaded on the website of the Company at www.cumi-murugappa.com and that of the RTA at https://www.evoting.karvy.com and this submission will enable them to be available on the website of the stock exchanges for access by any Member. In view of the exemptions provided, no physical or hard copies of the Notice and the Annual Report are being sent to the shareholders.

Members of the Company who have not registered their e-mail addresses with the Company or M/s. KFin Technologies Private Limited, RTA have been vide a publication dated 3rd July 2020 as well as by a communication uploaded in the website of the Company been informed about the process for registration of their e-mail addresses to receive the Annual Report, Notice and the login credentials for participating in the AGM through VC/OAVM facility. Detailed instructions are also available in the Notice convening the AGM.

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Pursuant to the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended from time to time and the provisions of Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Members have been provided with the facility to cast their votes electronically through the e-voting services provided by M/s. KFin Technologies Private Limited (KFin) on all Resolutions set forth in the Notice. The facility for voting will also be made available during the AGM and Members attending the Meeting who have not cast their vote(s) by remote e-voting will be able to vote during the AGM through Instapoll.

The remote e-voting period commences on Saturday, 25th July 2020 (9.00 a.m. IST) and ends on Tuesday, 28th July 2020 (5.00 p.m. IST). During this period, Members of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date i.e. 22nd July 2020 may cast their votes electronically. The voting rights of the Members shall be in proportion to their shareholding in the Company as on 22nd July 2020 (cut-off date). The AGM Notice inter alia includes the detailed procedure for remote e-voting and voting through Instapoll.

Members are being provided with a facility to attend the AGM through the video conferencing platform provided by the Company's Registrar and Transfer Agent viz. KFin Technologies Private Limited ('KFin'). Members can access the facility at https://emeetings.kfintech.com by using their remote e-voting credentials itself. Members who do not have the credentials for e-voting or have forgotten the Password can retrieve the same by following the remote e-voting instructions stated in the Notice convening the AGM.

For any further information or clarification, Members can write to investorservices@cumi.murugappa.com or to our RTA at einward.ris@kfintech.com.

Thanking you.

Yours faithfully,
For **Carborundum Universal Limited**

Rekha Surendhiran
Company Secretary

True Grit

CARBORUNDUM UNIVERSAL LIMITED

ANNUAL REPORT 2019-20

CONTENTS

An Ode to the Grit

Look at this small grit, this tiny grain, so small one must rub hundreds of them between finger and thumb to feel their sharpness. Insignificant little grits and easily slighted in our sophisticated technological world, but without this small fragment of abrasive, transformed when viewed under a microscope, into jagged heroic blocks - without these small grits ours might still largely be an agricultural society and the conquest of space merely a dream. With these grits are grinding wheels made.

Excerpt from the book 'The Grinding Wheel' by Kenneth Lewis, published in I95I.

Note: Across this Report, the word "CUMI" refers to "Carborundum Universal Limited."

True Grit

2019-20 tested the reserves - in performance, perseverance and resilience. Something in our six decades and more of experience we have constantly demonstrated. Upheavals, downturns, economic crisis- at CUMI, we have witnessed the different cycles and managed to ride the tide, stay passionate and pioneer new paths.

It was an unprecedented year which started with an economic slowdown and ended with the 'Great Lockdown' - the global shuttering of business and the economy grinding to a halt. At CUMI, the impact was felt, but we continued to remain resilient.

Our long term strategic initiatives, our capacity enhancement projects, our focus on innovation and new product development, our capability building programmes, were on track as per the roadmap we had drawn for the year.

The pandemic crisis has given us yet another lesson in the importance of prudence, of self reliance and the ability to navigate turbulent times by staying strong. As we engineer Material Science Solutions for an Enduring Planet, we understand that whatever be the cycles, that which endures, sustains and forges ahead is always True Grit.

We believe **true grit** lies in building new **capabilities** to accelerate growth.

At CUMI, we have always believed that agility and adaptability to a changing environment is what makes a company resilient and stand the test of time. Just as important is the need to build new capabilities, new competencies, to accelerate the momentum of growth.

Despite the market slowdown, our capability building projects, our capacity expansions, our new product manufacturing facilities, our line balancing and general infrastructure building went as planned during the year. Optimising operational efficiencies, a continued focus on Total Productive Maintenance (TPM), quality enhancement to meet benchmark standards with zero defect products and prudent cost management, provided a resilient buffer to counter the slowdown.

Abrasives

We expanded our Coated Maker plant at Sriperumbudur, one of the largest and state-of-the-art, fully automated plants in Asia, with a new Maker and Converter, doubling our capacity to 30 million sq meters per annum. The new Coated Maker is designed with the most advanced heating technology in the curing racks, thereby ensuring consistent and optimum drying, with the lowest consumption of energy. The advanced PLC controls on each of the surface coating heads, provide a uniform and consistent coating of any thickness while the unique coating technology helps to improve product yield on par with the best in the world.

The new Maker comes with IoT enabled capabilities facilitating easy monitoring and control of process and machine parameters while the online add-on measurement and control devices provide superior process capabilities. The process parameter monitoring through IoT helps to control the process in line with global benchmark standards, thereby ensuring high quality product output. This new facility provides the Abrasives Business the leverage to manufacture new product lines such as Sand Master Next Rolls, Concord Flap Discs, Stearated Paper Discs, Zirconia Flap Discs, Zirconia belts, etc., for new and emerging customer segments in the global market.

In alignment with the investment in the New Maker, the conversion capacity was also expanded at the Sriperumbudur Plant. Investments were done in Flap disc, Flap wheel and Rolls modules for enhancing the capabilities to the best-in-class conversion facility with faster deliveries. The new Laser technology was also introduced in the conversion for making niche products for specific markets.

In Bonded Abrasives, a pilot facility for manufacturing Vitrified Super Abrasives and Hybrid wheels for meeting high-end precision applications in Automotive and Bearing segments was also commissioned at Tiruvottiyur during the year.

Building new capabilities with state-of-the-art manufacturing Plants, benchmark quality standards and cutting edge technologies provides CUMI the edge to forge ahead into future with true grit.

The Coated Maker Plant at Sriperumbudur

True grit demands
agility,
change **adaptability,**
and the speed
for **strategic variables.**

An agility to adapt to a constantly changing global business environment, with tectonic disruptions in technologies, processes and market trends, demands resilience and grit. At CUMI, our ability to anticipate and evolve, in sync with emerging market needs has been our inherent strength. A strength, that has enabled us to shift course, recraft business models with strategic variables, build and upgrade facilities, spearhead transformational technologies and provide value driven solutions for customers.

Electrominerals

The Electrominerals Business demonstrated agility, converting the Zirconia Bubble facility to a modern, mechanised White Fused Alumina Fusion facility, deftly realigning its product range to address market demand. The White Fused Alumina expansion and process mechanization helped the Business to register growth from Refractory customers.

In addition, two of the furnaces for Brown Fused Alumina were upgraded with automated control systems to enhance productivity. The TPM focus across all Plants of the Business, prudent cost management, effective utilisation of power and raw material rationalisation helped to counter balance the market slowdown.

Ceramics

The Ceramics Business is consolidating its capabilities and gearing up to meet the increasing global demand with expansions, greenfield plants and new product lines, for addressing new customer segments and emerging markets.

The work on the Lined Equipment (LE) 2.0 project was initiated during the year. This strategic project would provide the Ceramics business with enhanced capabilities to address the growing market needs of a wide spectrum of industries like Mineral Processing, Steel, Cement, Coal and Bulk Material Handling, in Wear Protection applications.

The Business has laid the foundation for building a facility for the manufacture of sintered Silicon Carbide products, which would enlarge opportunities in Fluid Handling, Armour and other applications.

In the Metallized Cylinders segment, a capacity expansion project with a continuous metallization furnace was undertaken and will be commissioned in FY 2020-21.

Refractories & Composites

As part of the strategy for growth of the Refractory Business and to address the global demand, the Company expanded capacity of the Nitride Bonded Silicon Carbide facility at VAW, Russia.

In addition, capacity expansion has been planned at the Ranipet Plant in India, for the next year, to meet the burgeoning demand in Composites.

The challenges of a global slowdown has only invoked our CUMI spirit of pioneering and our grit for treading the unbeaten path. Our strategic roadmap for the future will be aligned with this undaunting spirit of resilience and staying ahead of the curve.

Modernisation of the White Fused Alumina Facility.

A relentless pursuit
of **innovation,**
of **new paths**
to us denotes
true grit.

A Material Science Company providing solutions for an enduring planet, CUMI has always been in the forefront of new and emerging technologies. 7 DSIR Certified Labs engaged in future driven research, patent protected products and processes, domain expertise in cutting edge technology platforms - CUMI has built an ecosystem of innovation and a passion for new paths.

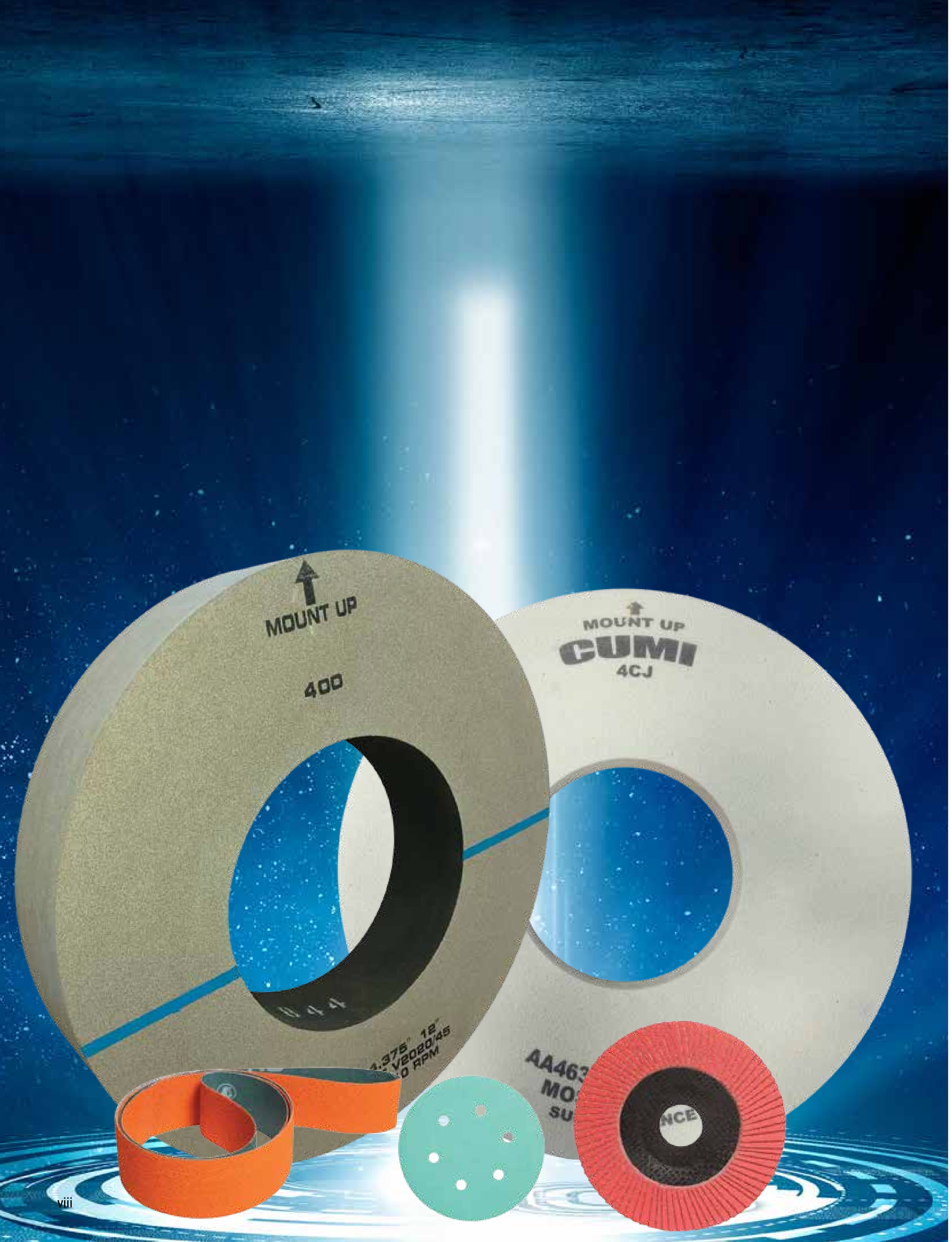
Taking this forward, CUMI's Ceramics business demonstrated true grit with open-source innovation, market leadership and partnering with customers to develop path breaking products. The only manufacturer of Metallized Cylinders in India and among the select few in the world for vacuum interrupters for medium voltage switchgears, the Ceramics business caters to leading global customers in the Power Sector. Several platform technologies have been developed for niche applications and emerging markets.

Reaction Bonded Silicon Carbide Sleeves for Mechanical Pumps.

Highlights for the FY 2019 - 20

- Several IPs have been filed for products, process and design, and a research paper on 'Thin Film Chromium coating on Glass substrate optimized by Taguchi method', has been submitted to NNOA based on the research work conducted in the sputtering project.
- The Tape casting process has been standardized for Alumina substrate formulation and product / business development initiatives has been undertaken with potential substrate customers.
- The laser micro-machining process for manufacturing complex profiles of tape cast substrate products for both green and fired components was developed.
- Developed ceramic substrate product for double side polishing used in the manufacturing of semi-conductors and sensors
- Obtained clearance from SAC - ISRO for Thin film on Alumina substrates for metallized sensors with quality characteristics of the Cr-Cu metallization on Alumina substrate.
- The High Temperature co-fired Ceramics (HTCC) processing facility has been qualified by SAC-ISRO for processing of HTCC stacks.
- Developed and commissioned an in-house pilot scale equipment for ceramic mini-media production by drip casting process technology.
- The Armor business also saw good traction. Both body and vehicle armor products have been qualified under ballistic tests for threat levels IV. This includes both Alumina based and Reaction Bonded Silicon Carbide (RBSiC) products.
- The RbSiC platform technology-based products achieved good traction for both Wear and Engineered Ceramics applications. Some of the major products and applications developed include RbSiC WRL grade products for applications in coal washeries and mineral handling, new variants for Kiln furniture application, RbSiC reinforced with coated Graphene material with superior PV value for pump sealing applications, RbSiC composites for ballistic applications and RbSiC plates for the glass industry.
- Zirconia based developments include Thermal Grade of Zirconia for niche products like atomization nozzles and casting nozzles for the Steel industry
- Zirconia Toughened Alumina (ZTA) technology based products for both Wear and Engineered Ceramics applications and ZTA based profiled rubber backed ceramic (RBC) chute pads ink-cup products, thrust bearing and armor products.
- Products based on hydrothermal grade, co-stabilized zirconia formulation for magnetic pump applications were developed.
- A trans-SBU project with the Electrominerals division was undertaken to develop standardized eco grade 3YPSZ powder for structural applications.
- The year also saw the development and standardization of the process for making silver coated tubes with CUMITUFF 996 formulation for high dielectric applications.
- CUMITHERM platform technology-based products achieved good sales.
- Nano Crystalline Diamond coated RbSiC products were developed in partnership with IIT, Madras, under the Nanomaterials Project.
- New flame synthesis equipment was established and commissioned at IIT- Madras for making alumina, zirconia, Titania and other mixed oxide nano-powders.

Continuing on its path of innovation, CUMI's Ceramics business has mapped out aggressive growth plans in line with the Long Term Strategy 2025.



A continuous desire to **improve,** to **enhance**, is imperative for **true grit.**

CUMI has one of widest range of Bonded and Coated Abrasive products in the world. The Company's application engineering expertise and domain knowledege gained from more than six decades of cross industry experience, has positioned it among the key global abrasive manufacturers, providing total solutions to customers across a wide spectrum of industries.

Taking this forward, the Abrasives Business focused on creating high performance products that added value and enhanced productivity for the customer.

Some of the new products developed and upgraded during the last year:

Bonded Abrasives

- High performance Vitrified Centerless Grinding Wheel for Valve Stem grinding of specially alloyed steel for one of the largest global valve manufacturers. These wheels meet very stringent quality standards with superior dressing frequency while reducing grinding costs.

- High porous and high precision Creep-feed Grinding Wheels for Inconel Turbine blades of Aircraft engines in newage machines for critical applications.

- Upgraded Alumina-Zirconia based Hot Pressed Wheels for Swing frame grinders. The improved product design provides superior cutting action with longer life and less thermal damage on the component.

Coated Abrasives

- New improved Abrasives with cotton cloth backing for Flap wheels in stainless steel applications. A superior processing technique enables consistent flap thickness that ensures even and consistent cutting action with superior finish on components.

- High performance, Zirconia Fiber backing Abrasives for stainless steel grinding, maintaining edge sharpness with long life and reduced disc wear. The self-sharpening characteristics of the Zirconia grains generate consistent cutting without any thermal or mechanical damage to the components.

- Ceramic Polyester based Abrasives for Hardwood floor sanding applications which incorporate a heavy stiff polyester backing with very sharp ceramic grains supported by a strong phenolic bond. The product can be extended to metal working applications with grinding aid coating as super sizer coat.

- Paper based discs for a wide range of applications that include Auto aftermarket, wood, metal and composite material. Designed with non loading characteristics, these discs offer superior cutting ability while maintaining good and consistent finish during the sanding process.

Non woven Abrasives

- A high performance, hand scrub pad was developed, combining flexibility with strong cleaning abilities, without leaving scratches on the substrate.

The Abrasives Business demonstrated grit by staying attuned to changing markets, reinventing and upgrading products and process methods and co-partnering with customers to create total solutions that added value and enabled business growth.

Leveraging challenges to **break boundaries,** venture into **white spaces** demands **true grit**.

Refractories

CUMI's Refractory business exhibited true grit, countering the downturn by developing new products, co-partnering with customers, expanding into new geographies and mapping future-bound growth strategies.

During the year, the Business filed patents for its breakthrough products and process methods. The product range for the Glass industry was enlarged with a newly developed, high strength insulation bottom block, complemented with a full range of precision ground six-face blocks and superior grade corrosion resistant monolithics addressing all container and float glass tank furnace requirements.

The Refractory business manufactures Flow Control products which are extensively used in medium scale steel plants for making billets through CCM. The newly developed slide gate plates, compatible for new generation process equipment, have been designed to optimise efficiency and increase productivity for the customer.

The new capacity addition in Russia will address the increasing requirement of Nitride Bonded Refractories for Non Ferrous and Waste-to-Energy applications.

The business expanded its global footprint with new, value added products for the Glass industry in Europe, Africa and Mexico.

Anti Corrosives & Composites

The business focused on the growth in composites with a range of new products for a wide spectrum of industries and user segments CUMI is among the select few manufacturers in the world with the capability to manufacture abrasion and corrosion resistant Composites for critical applications in Mineral processing and flue gas de-sulphurisation. The Business established its presence in the Thermal Power sector with a uniquely designed, flue gas desulphurisation spray header, meeting benchmark global standards in quality and performance. With the Global Regulations on reducing emissions gaining ground, this sector provides immense possibilities for future growth.

Nacelle covers for wind turbines saw significant growth during the year, with the business establishing its presence in the wind power generation segment.

The Business expanded its retail footprint in the Construction Chemical business with a range of application specific products like heat reflective roof coating, water proofing products, marble and tile adhesives, grouting, etc.

Performance adhesives launched in the past year, gained ground in the Coated Abrasives industry. Market expansion with a standard range of composite products like cable trays, gratings, roof sheets, pallets, louvers, pipes and anti corrosive and wear resistant out-fittings are part of the Division's strategy for building resilience and future growth.

Electrominerals

The Electrominerals business demonstrated its true grit with a continued focus on innovation and expansion of its product range to address new market segments. The business secured a number of patents during the year in the fields of materials for Abrasive, LI battery and High purity Zirconia.

New product development initiatives during the year include the trial and establishment of Graphene for Composites and new grade of Alumina for Abrasive applications. The performance enhancement of grains through treatments enabled the business to expand the range of its application specific usage, providing an edge for future opportunities.

In addition to its range of Alumina Zirconia products for composite applications, the business moved up the value chain by establishing a high-performance grade of material for Abrasive applications. The indigenously developed specialty Alumina has proved an effective import substitute and would lend an advantage to the business in high end Abrasive grains.

White Fused Alumina products registered a growth in volume and value with demand from Refractory customers. Focused market development initiatives for Semiconductor, DPF, Laminates, Thermal Spray, Battery and Friction applications have resulted in securing long term contracts from customers and building business resilience.

Spray Header used in flue gas de-sulphurisation units in Thermal Power Plants

We understand that **strong** and **sustainable** business **partnerships** are built on **trust** and **true grit.**

At CUMI, we invest in strong customer partnerships, co-creating products and solutions that add value to customers and build their business resilience.

Our customer roster includes major Global OEMs, across a wide spectrum of industries, with whom we have earned the ‘preferred supplier’ ranking undergoing stringent Quality and Process Audits and collaborating with them on joint development projects.

Our collaborative channel partnerships has enabled a strong market presence and a network of dedicated Dealers who have continued to remain with us for more than 3 generations. Our IT enabled processes and customer interface ensure a seamless, transparent and speedier, multi-channel transaction platforms, providing convenience and ease of operations.

During the year, the Company continued to expand its channel presence and supply chain structure in India and overseas, with a concerted thrust on new and under-represented markets.

Our equation with our suppliers is built equally on trust and cooperation, based on the unequivocal adherence to the principle outlined in the ‘Arthashastra’, an ancient Indian treatise that mandates ‘no man you transact with shall lose, then you shall not’.

During the year we continued to expand our customer roster, participated in Technical Forums and Exhibitions, collaborated with customers on the development of new cutting edge products, cleared the various audits for new projects for pipeline conversion, engaged continuously with our suppliers and focused with true grit on building deep and valuable business partnerships.


Signing of five year Long term supply contract by Mr.Didier Cassimiro of Rosneft and Mr.Sergey Kostrov of VAW in the presence of Mr.MM Murugappan,Chairman.

Senior Management team from Ceramics division at Schneider Electric, France.

Customer audit at the Ceramics Plant, Hosur.

Engaging with customer at the International Foundry Trade Fair, at Dusseldorf, Germany.

CUMI- VAW participation at the Coal Mining Exhibition at Novokuznetzk, Siberia.

‘Smart Manufacturing India’ Summit, Chennai.

Channel Partners during their visit to the Bonded Abrasives Plant at Uttarakhand.

An empowered, **vision driven** team, passionate to **challenge limits**, has always **exemplified** the spirit of **true grit.**

At CUMI, we believe, our people are our greatest asset and a key strength in our nearly seven decades long journey. This strength was evident as teams across the Company worked in tandem to stretch limits and invent new methods to overcome challenges. It was the same drive that propelled teams to innovate, design new products, improve process efficiencies, reduce cost, connect with the customer and build a robust and resilient organisation.

To keep pace with the rapidly changing business dynamics, the HR focus was on building new capabilities, honing competencies and transforming the 8,000 + diverse people force by fostering innovation and creating a result-oriented, high performance work culture.

By 'Re-imagining HR', several initiatives such as a capability building framework, skill based training modules, YOLO workshops for Management and Graduate Trainees, Design thinking DOT workshops for business leaders, self directed catalyst mentoring programmes, etc., were rolled out to meet the mandate of building a future-ready and resilient Workforce 4.0.

Mr M M Murugappan, Chairman & Mr. N Ananthaseshan, MD, with the team at VAW, Russia.

A new Performance Enhancement Process, with goal setting cascades and performance metrics, curated Employee engagement initiatives, 'Energizing Champions', an online rewards and recognition initiative, SPLASH workshops for employees using art as a medium to innovate and several such programmes helped to create an ecosystem of self driven teams, eager to explore and experiment.

Driven by the entrepreneurial spirit, across CUMI, teams forged ahead on a shared vision, winning awards and accolades in various forums, demonstrating people excellence and true grit.


CUMI Team at Hosur during the Energy Hour Celebrations

True grit is always **excellence** driven.

The CSIR Diamond Jubilee Technology 2018 Award for Metallization of Ceramics Technology.

Award for 'significant achievement in the journey towards manufacturing excellence' at the 19th TPM National Conference.

Volzhsky Abrasive Works (VAW), Russia, has been conferred the award for 'The Best Organisation in the Volgograd Region for 2018' by the Governor of Volgograd, Russia.

Dmitry V. Danilov, Process Engineer, R&D- Refractories, VAW, was placed 2nd in the 'Engineer of the Year' competition held at Volgograd Region while Timonina Annaw Nikolaevna, Design Engineer, VAW, earned the 2nd place for her creative thinking and active participation in the competition.

The IEI Centenary Excellence Award 2019, based on the 3 year performance, growth and innovation in the ₹100 to ₹500 Crore Business Category.

CUMI's Annual Report for the FY 2017-18 was conferred the 'Certificate of Merit in the Manufacturing Sector Category' at the SAFA Awards, among the Annual Reports published in the South Asian countries. In addition, the Annual Report for the FY 2018-19 won the 'Silver Shield' at the ICAI Awards for 'Excellence in Financial Reporting.'

1st place in CII 'Young HR Managers' Competition - Southern Region.

'Excellence Award'- Silver Category in the India Energy Conclave & SEEM National Energy Management Awards 2019.

Gold at the IMTMA National Productivity Competition 2019.

The Abrasives Team won the 2nd Prize in the 'Innovation Category' at the CII Kaizen Competition.

The Electrominerals Business won the 'Sreshta Suraksha Puraskar' and the 'Suraksha Puraskar' from the National Safety Council (Kerala Chapter) under the Small Factories category.

'Safety Award 2019 for 'Outstanding Performance in Industrial Safety' from Kerala State Factories & Boilers Department, under Small Factories category.

A socially responsible **commitment** to the **community** and the **world** around us, is what we believe, defines **true grit.**

CUMI believes that a larger responsibility towards the community in which it operates and the environment around it is of prime importance. The Company's wide spectrum of CSR initiatives are focused on the key areas of vocational training, childcare and education, promoting women entrepreneurship and environment care initiatives.

CUMI's three Centres for Skill Development (CCSD) based at Hosur, Kerala and Ranipet provide youngsters from under privileged backgrounds training in certified technical courses and on-the-job skills for employability and social ascendance. During the year, enlarging the scope of the initiative, a new and dedicated building was established at Hosur for the Skill Development Centre, with state-of-the-art training and infrastructure facilities. In recognition of its quality standards, CCSD Hosur, has been declared as the 'Best Establishment of the Region' by the National Skill Training Institute, while B S Dhanush, trainee in Turner Trade, was awarded the 1st Prize, in the 31st CII National Level Work Skill Competition held at Bangalore. Similarly, CUMI was recognised for its Child Development projects at the Rotary International Conclave. In addition, the Company, through the AMM Foundation, lends its support to schools and hospitals that cater to the under privileged and needy. Mobile medical vans equipped with testing facilities are used to provide medical care to rural communities living in remote villages.

OSHAS certified manufacturing plants, sustainable processes and extensive green cover, CUMI's strict focus on environment care is evident in its commitment to tree planting and rejuvenation of water bodies.

The Company participated in large measure, at each of its locations, providing food from its canteens and extending help and relief materials to the affected people during the pandemic crisis. In addition, the Company sponsored the cost of creating isolation wards at Government Hospitals to treat the corona affected patients.

At CUMI, CSR is not just a mandatory, corporate initiative. It is a commitment which says, we believe, we care, we do.

Mr M M Murugappan, Chairman, engaging with the students at the Skill Development Centre at Hosur.

Members of the Board at the new Skill Development Centre at Hosur.

Providing relief materials to the lockdown affected people at Tiruvottiyur.

Providing provisions to Vallalar Illam, an Old Age Home at Vellore.

Patients undergoing check-up in the Mobile Medical Van at Jhabrera, Uttarakhand.

CCSD, Hosur, has been recognised as the 'Best Establishment of the Region' by the National Skill Training Institute.

CUMI was awarded for its Child Development Projects under CSR initiatives at the Rotary International CSR Conclave at Kochi.

Board of Directors

The **'Five Lights'** value system, a strong **corporate governance** and adherence to the highest **ethical standards** is what shapes our **true grit.**

Our Board : (L- R) Mr N Ananthaseshan, Mr P S Raghavan, Mr M A M Arunachalam, Ms Soundara Kumar, Mr M M Murugappan, Mr. Sanjay Jayavarthanavelu, Mr Sujjain S Talwar & Mr Aroon Raman.

M M Murugappan, 64 years

Mr. Murugappan holds a Master's degree in Chemical Engineering from the University of Michigan, USA. Besides serving as the Chairman of Coromandel International Limited, Tube Investments of India Limited, Cholamandalam Investment and Finance Company Limited, Cholamandalm MS General Insurance Company Limited, and Cholamandalam Financial Holdings Limited, he is on the Boards of several companies including Mahindra & Mahindra, IIT Madras Research Park and Cyient. He was elected as a fellow of the Indian Ceramic Society and is also a member of the American Institute of Chemical Engineers, Indian Institute of Chemical Engineers, Plastics & Rubber Institute. He is also a member of the Board of Governors, IIT Madras and is the Executive Chairman of the Murugappa Corporate Advisory Board.

Sanjay Jayavarthanavelu, 51 years

Mr. Sanjay Jayavarthanavelu holds a Master's degree in Business Administration from Philadelphia University, USA. Currently, he is serving as the Chairman and Managing Director of Lakshmi Machine Works and as the Chairman of Super Sales and Lakshmi Life Sciences. He is also on the Boards of several companies viz., The Lakshmi Mills Company, Lakshmi Technology and Engineering Industries, etc.

Aroon Raman, 60 years

Mr. Aroon Raman holds a Master's degree in Economics from Jawaharlal Nehru University, New Delhi and a MBA from Wharton School, USA. He was the Managing Director of Raman Boards and then Raman Fibre Science Private Limited. He has served as Chairman of Confederation of Indian Industry, Karnataka. Besides being the Managing Director of Telos Investments & Technologies Private Limited he is also on the Boards of various companies including Wheels India, Brigade Enterprises, TVS Automobile Solutions and EduTech NTTF Private Limited.

P S Raghavan, 64 years

Mr. Raghavan holds a Bachelor's degree in Physics from St. Stephen's College, Delhi as well as in Electronics & Communications Engineering from the Indian Institute of Science, Bangalore. He joined the Indian Foreign Service in the year 1979 and has held various diplomatic assignments in Moscow, Warsaw (Poland), London (UK), Ho Chi Minh City (Vietnam) and Pretoria (South Africa). He has been the Joint Secretary in the Prime Minister's Office dealing with Foreign Affairs, Nuclear Energy, Space, Defence and National Security; Secretary in the Ministry of External Affairs and the Indian Ambassador to countries like Russia, Ireland and Czech Republic etc. He is presently, the Convenor of National Security Advisory Board of India of the National Security Council Secretariat of the Government of India. He is also on the Boards of Antrix Corporation Limited, Volzhsky Abrasives Works, Russia and CUMI International Limited.

Sujjain S Talwar, 56 years

Mr. Sujjain Talwar is a qualified solicitor in India and England & Wales with over 25 years of experience. He is the founding partner of Economics Law Practice, a law firm that has consistently been ranked as a top 10 law firm, with over 150 lawyers and offices across India. He has in the past worked with reputed law firms such as Crawford Bayley, Pinsent Masons, etc. He has been named as a leading individual for his 'depth of knowledge,' 'innovative approach' and 'timely deliverables' by the Legal 500.

Soundara Kumar, 65 years

She holds a bachelor's degree in Science (Mathematics) from the University of Madras and is a Certified Associate of the Indian Institute of Banking and Finance (CAIIB). She served State Bank of India for over 39 years, including as Managing Director of State Bank of Indore. She retired as Deputy Managing Director, Stressed Asset Management Group of State Bank of India. She is currently on the Boards of Ramco Systems Limited, Sundaram Trustee Company Limited, Tamil Nadu Newsprint & Papers Limited, Rajapalayam Mills Limited, Shanti Gears Limited, and Bank of Baroda.

M A M Arunachalam, 52 years

Mr. M A M Arunachalam, also known as Arun Murugappan is a MBA graduate from the University of Chicago. He is the Managing Director of Parry Enterprises India Limited. A fourth generation member of the Murugappa family, he drives the business development and strategic initiatives for the Company by identifying opportunities for its divisions - General Marketing Division (GMD), Parry Travels and Tuflex India. He is also on the Board of Coromandel Engineering Company Limited.

N Ananthaseshan, 57 years

Mr. N Ananthaseshan holds a M.Tech degree in Material Sciences from the Indian Institute of Technology, Kharagpur and a Master's degree in Applied Sciences from PSG College of Technology. He has been associated with the Company since 1986 and has over 30 years of experience in Electrominerals & Abrasives. He was heading the Company's Abrasives Business since 2014 prior to which he was heading the Electrominerals Business of the Company. He is also a Director on the Boards of Wendt (India) Limited, Sterling Abrasives Limited, Volzhsky Abrasive Works and various other subsidiaries of the Company. He also serves as the Chairman of Murugappa Morgan Thermal Ceramics Limited.

Chairman's Message

Dear Shareholders,

We are facing an unprecedented crisis - the novel Corona Virus Disease (COVID-19), a global pandemic which has not only affected economies across the world but turned lives upside down. Resilience, Compassion and Hope are the need of the hour. Hence, I urge you to be safe, positive and optimistic to overcome these challenging times.

The global economic growth forecast for the year was already indicative of macro uncertainties owing to the US-China trade tensions, rising protectionism, stringent monetary policies etc. Though the economy was poised for a modest rebound, the outlook continued to be fragile against the backdrop of rising debt and declining productivity. The growth in emerging and developing economies was expected to be better with India remaining one of the bright spots. However, the onset of the COVID-19 has caused the deepest global recession in several decades. While the ultimate outcome is still uncertain, the pandemic is expected to result in contractions across economies causing lasting damage to labour productivity and potential output.

The growth momentum in CUMI which was initially impacted by the slow-down in the Automotive and other core industries during the financial year 2019-20, was on a rebound when the pandemic struck. While the impact caused a 7% decline in the standalone revenues for the Company, the geographical diversification of operations aided in reducing the decline to 3% at the consolidated level.

The lower demand across user industries including the intensified growth decline in Automotive industries, and a slow-down in core industries caused cascading effect on other user industries resulting in an overall decline in growth. This, coupled with the shutting down of operations in adherence to the Government directives for a lockdown to combat the spread COVID-19 towards the end of the financial year impacted the performance for the year.

Despite the decline in the growth, the profitability of the Company continued to be protected by operational efficiencies through Total Productive Maintenance (TPM) practices and rigorous cost management. The improvement in profitability was also attributed to an increase in non-operating income as well as reduction of corporate taxes during the year. The Company remains debt-free owing to prudent working capital management and well executed capital expenditure programmes providing the much needed liquidity during these crisis times. Capital Expenditure, focused on capacity increases, facilities for new products as well as maintenance was met entirely from internal accruals.

During the year, the Company made an interim dividend payment of Rs.2.75/- share of Re. 1/- each which is at the same levels as that of the previous year. Considering the prevailing uncertainties in business conditions and for efficient cash management, the Board has prudently recommended the interim dividend paid during the year to be confirmed as the final dividend for the year.

Abrasives

Abrasives, CUMI's largest segment engaged in the business of engineering surfaces recorded 11% decline in growth during the year following a decline in growth in user industries mainly Automotive, Auto ancillary, Fabrication and General Engineering. While the business in Coated Abrasives did reasonably well, the impact of the industry slow-down was very visible in Bonded Abrasives. During the year, a state-of-the art maker facility was commissioned in Sriperumbudur, Tamil Nadu - doubling the existing capacity - to cater to the demand for Coated Abrasives products globally. The focus on new markets and products continued, duly supported by a robust distribution network. The indigenous sourcing of input materials and better efficiencies through TPM practices helped drive operational efficiency.

The revenue growth in Volzhsky Abrasive Works, (VAW) our Russian subsidiary and Wendt (India) Limited, joint venture company manufacturing Super Abrasives, Grinding Machines, precision components was impacted owing to their dependency on domestic Auto sector which saw a downturn in line with the global Auto sector. The mixed Kharif crop season in India impacted the business at Sterling Abrasives, the subsidiary manufacturing specialist conventional Abrasives. The business in CUMI America saw a good growth riding on the back of increased product establishments and customer acquisitions, thus turning profitable during the year. CUMI Abrasives and Ceramics Company, China bore the initial brunt of the pandemic ahead of the others when the outbreak started in November 2019.

Ceramics

Despite being a challenging year both in India and globally, the Ceramics business recorded a 4% growth over the previous year. The Industrial Ceramics Business comprising, Technical and Wear Ceramics is largely export driven. Focused marketing efforts, penetration into new markets and servicing a global customer network cushioned the business from the adverse effects of the pandemic and economic slow-down. The Business also received the prestigious CSIR Diamond Jubilee Technology Award for development of global-scale technologies during the year. Capacity expansion plans with an addition of a continuous metallization furnace as well as smart manufacturing initiatives were undertaken, and the Business continues to have a strong focus on technology development.

CUMI Australia, the subsidiary engaged in lined equipment business continued to perform well with a marginal increase in revenue and profitability. With an improved performance by CUMI America, the overall consolidated performance of Industrial Ceramics was quite satisfactory in the prevailing conditions.

Refractories and Composites part of the business delivered an improved performance during the first half of the year. However, the cascading effect of the slow-down in core industries resulting in project and capital expenditure deferrals by user industries adversely impacted the performance of this business. The Company's joint venture Murugappa Morgan Thermal Ceramics, engaged in manufacture of Ceramic Fiber products, which had a stellar performance last year, recorded a subdued performance impacted by changes in product mix.

Electrominerals

The Electrominerals business, with its customer portfolio significantly being Refractory and Abrasives users, recorded a marginal growth of 1% in revenues over the previous year. This was mainly attributed by the growth of this business at VAW, Russia supported by a favorable product mix. During the year, the business successfully converted its Zirconia Fusion facility into a White Fused Alumina Fusion facility and also commissioned a pilot Graphene facility. The Business continues to explore value addition through product and process innovations.

The generation from the Maniyar Hydel plant addressing the power requirements of the business improved significantly over the previous year helped maintaining margins. This plant as well as the business at Cochin SEZ received the Sreshta Suraksha Pursaskar from the National Safety Council during the year, a proud moment indeed. The performance of the South African subsidiary continues to be wedged by high fixed costs, impacting the profitability. Exit options are being pursued to curtail future losses.

Other Businesses

Southern Energy Development Corporation Limited, the gas based power generation subsidiary which was severely affected by cyclone during the previous year, marked a good growth of 27% in revenues with almost uninterrupted operations till the last week of March 2020. Net Access, the subsidiary providing IT facilities management and allied services recorded a marginal growth in turnover as well as profitability owing to competitive market conditions.

Research and Development

The Centers of Excellence recognized by the Department of Scientific and Industrial Research, Government of India and set up across locations continue to drive the Research and Development activities at CUMI. In the prevailing unprecedented and challenging conditions, innovation is very crucial in providing a competitive advantage. CUMind - the customized innovation framework based on design thinking methodology which has since been institutionalized will continue to play a significant role in leveraging this to CUMI's advantage.

Human Resources

The onset of the pandemic and the combat measures being taken globally reiterates the fact that people remain the top priority not only for organisations but also for countries. The year witnessed continuing focus on training and development for re-skilling & up-skilling the diverse workforce of the Company, bringing in a culture of innovation & high performance, leadership changes etc. Under the able leadership of Mr. N Ananthaseshan, who had recently taken over as Managing Director from Mr. K Srinivasan after his superannuation in November 2019, the teams across CUMI, its Subsidiaries and Joint Ventures have shown exemplary resilience in handling the COVID-19 situation with conviction and commitment. Proactive awareness campaigns on health and hygiene, swift policy formulations, effective crisis management, well thought out business continuity plans and empathy with care to not only fellow workers but to the society at large showcased the best in our people.

Employee Health and Safety at the work-place remained top priority not only during the year but also when operations were closed owing to lockdown conditions that were imposed by the Government of India to contain the spread of COVID-19. In adherence to the guidelines, the plants were temporarily suspended reinforcing our commitment to the health and safety of all stakeholders. As and when relaxations were allowed, with due permissions from the local administrative authorities, the operations resumed in a secure manner after following requisite safety and maintenance protocols. A significant portion of our people continued to work from home in a safe and secure manner continuously engaging with customers and supply chain partners.

Headquartered in Chennai, India, many of us continue to work remotely away from our offices without any disruption in services. I am glad to share that with the support of our Auditors, the entire audit process has been completed in a smooth manner. The Annual Report for the year as well as the Notice convening the 66th Annual General Meeting (AGM) has been sent in the electronic mode to all shareholders whose e-mail IDs are registered with the Company. To those of you who are yet to register, I urge you to do so and the Report will be sent to you. Copies of the above have also been uploaded in the website of the Company www.cumi-murugappa.com. I also wish to inform you that considering the health and safety of our shareholders and social distancing being the need of the hour, the AGM is being convened through audio-visual means and the manner of participation is detailed in the Notice convening the AGM. For any clarification, you may please contact the Company Secretary who will facilitate your participation in the meeting.

CSR initiatives of the Company through The CUMI Centre for Skill development (CCSD) as well as many initiatives in the field of education and healthcare were undertaken during the year. The Company made significant monetary contributions to combat COVID-19 besides actively helping communities in areas of its operations. During the lock down, the canteens of the various plants in the Company served as community kitchens serving the needy. The selfless voluntary services of our employees helped reach relief materials to not only migrant workers but also others requiring similar support.

During the year, CUMI continued to be a proud recipient of several prestigious recognitions which shows our commitment to constantly excel in what we do.

Leadership

Mr. K Srinivasan retired from the Company on 22nd November 2019 after passionately serving the Company for more than three decades. CUMI's international expansion as also resilience to withstand turbulent times such as this is greatly owed to the leadership of Mr. Srinivasan. We greatly appreciate his contribution in building a strong organization. We wish him well in his retirement.

Mr. N Ananthaseshan took over as Managing Director from 23rd November 2019 and has had to lead the organisation under most difficult and tough conditions no one has seen before. We are sure that he along with his leadership team across various countries will lead the organization well and help to tide over this difficult phase smoothly. Mr. Ninad Gadgil has also joined the Company during the year to head the Abrasives Business. We wish Mr. Ananthaseshan and Mr. Ninad all success in their new roles.

Mr. T L Palanikumar who served for over 18 years and Mrs. Bharati Rao for 4 years retired from the Board during the year. We are indeed grateful for their expertise, wisdom, and support during their tenure. We thank them for their guidance to the Company and wish them well.

We are pleased to welcome to the Board, Mrs. Soundara Kumar, a successful banker of outstanding merit thus giving it a balanced and diverse composition. The Board has been a very great support to the Company, the leadership team and to me personally through their active involvement, wise counsel and expertise. Their continuous encouragement and guidance during these unprecedented times is a great source of inspiration to navigate the future with optimism.

We thank all our stakeholders, customers, suppliers, vendors, bankers, authorities and of course you - the shareholders for your unstinted support and encouragement in our journey to craft a future path traversing into new dimensions of material science and technology. Though the future remains uncertain at this point in time owing to the pandemic situation, with continuing grim forecasts being frequently revised, we assure you that we will stay strong in our purpose of Making Materials Matter by providing solutions for an enduring planet.

With warm regards,

M M Murugappan

Corporate Information

BOARD AND COMMITTEES

Board of Directors

M M Murugappan, Chairman (DIN 00170478)
Sanjay Jayavarthanavelu (DIN 00004505)
Aroon Raman (DIN 00201205)
P S Raghavan (DIN 07812320)
Sujjain S Talwar (DIN 01756539)
Soundara Kumar (DIN 01974515)
M A M Arunachalam (DIN 00202958)
N Ananthaseshan, Managing Director (DIN 02402921)

Committees of the Board

Audit Committee
Sanjay Jayavarthanavelu, Chairman
Sujjain S Talwar
Aroon Raman
Soundara Kumar

Nomination and Remuneration Committee
Sanjay Jayavarthanavelu, Chairman
Aroon Raman
P S Raghavan

Corporate Social Responsibility Committee
Aroon Raman, Chairman
P S Raghavan
N Ananthaseshan

Risk Management Committee
P S Raghavan, Chairman
Aroon Raman
N Ananthaseshan

Stakeholders Relationship Committee
M M Murugappan, Chairman
P S Raghavan
M A M Arunachalam
N Ananthaseshan

MANAGEMENT COMMITTEE

N Ananthaseshan, Managing Director
Ninad Gadgil, President - Abrasives
Rajesh Khanna, Mentor & Advisor - Ceramics
P S Jayan, Executive Vice President - Electrominerals
V G Rajendran, Senior Vice President - Super Refractories
Rajkumar Arul, Senior Vice President - Human Resources
Rekha Surendhiran, Vice President and Company Secretary

COMPANY SECRETARY

Rekha Surendhiran
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

STATUTORY AUDITORS

Price Waterhouse Chartered Accountants LLP

BANKERS

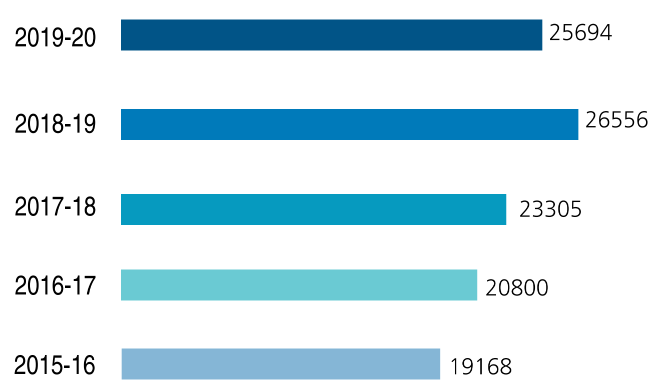
State Bank of India
Standard Chartered Bank
Bank of America
The Hongkong and Shanghai Banking Corporation Ltd.
BNP Paribas

REGISTRAR AND SHARE TRANSFER AGENT

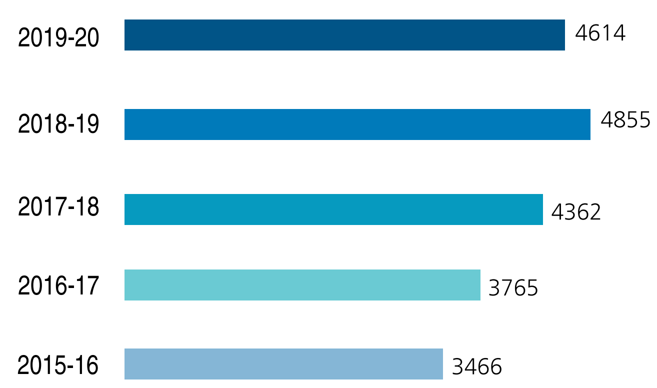
KFin Technologies Private Limited (Formerly known as Karvy Fintech Private Limited)
Unit: Carborundum Universal Limited
Selenium Building, Tower-B,
Plot No 31 & 32, Financial District, Nanakramguda,
Serilingampally, Hyderabad, Telangana - 500 032.
Tel: +91-40-67162222, Fax: +91-40-23420814
Toll Free no.: 1800-345-4001
E-mail: einward.ris@kfintech.com;
website: https://www.kfintech.com
Contact Person: Mr. Rajkumar Kale - Senior Manager

Financial Highlights (Consolidated)

NET SALES (₹ in million)

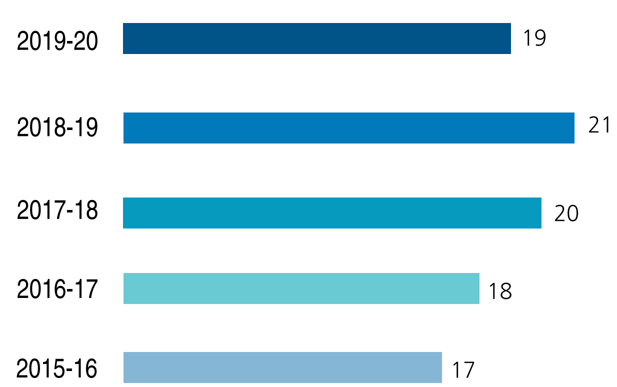


EBITDA (₹ in million)

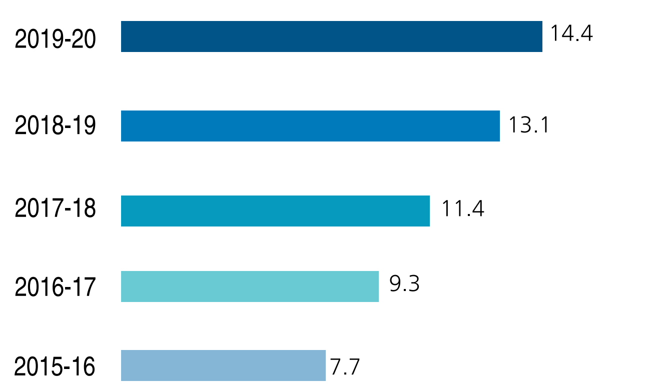


EBITDA MARGIN (%)

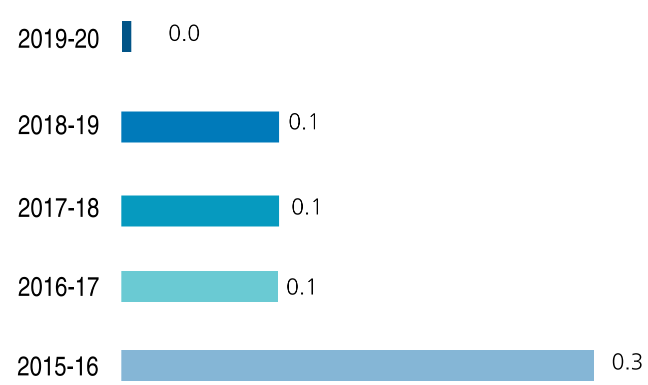
RETURN ON CAPITAL EMPLOYED (%)



EARNINGS PER SHARE (₹)



DEBT / EQUITY (X)



Financial Highlights

₹ million

Summary information	Consolidated performance					Standalone performance				
	2020	2019	2018	2017	2016	2020	2019	2018	2017	2016
Net Sales	25694	26556	23305	20800	19168	16231	17519	15514	13828	12735
EBITDA	4614	4855	4362	3765	3466	3069	3242	2805	2464	2385
PBIT	3569	3773	3302	2800	2598	2399	2488	2067	1795	1764
PBT	3505	3688	3216	2619	2369	2395	2479	2052	1707	1675
PAT	2724	2477	2156	1749	1441	1913	1661	1435	1218	1164
Net Fixed Assets	6540	6191	6508	6626	6222	4344	4178	4474	4595	4435
Net Working Capital	9869	8944	7366	5578	4143	6799	6027	4709	3487	2888
Non Current Investments	1212	1304	1232	1195	1293	2458	2511	2569	2541	2561
Shareholders Networth	18584	17241	15643	13828	11923	13671	12769	11697	10550	9584
Loan Funds	616	967	1294	1559	3199	-	9	18	26	1091
Ratio Analysis										
Performance Ratios										
EBITDA / Net Sales %	18%	18%	19%	18%	18%	19%	19%	18%	18%	19%
PBIT / Net Sales %	14%	14%	14%	13%	14%	15%	14%	13%	13%	14%
Asset Turnover times	1.3	1.4	1.3	1.2	1.1	1.3	1.5	1.4	1.3	1.3
Return on Capital Employed %	19%	21%	20%	18%	17%	18%	20%	19%	17%	17%
Return on Equity	15%	15%	15%	14%	13%	14%	14%	13%	12%	13%
International Revenue (net) share %	49%	45%	45%	45%	44%	24%	22%	23%	23%	21%
Leverage Ratios										
Interest Cover times	72.9	57.2	50.7	20.8	15.1	871.8	345.7	191.2	28.1	26.8
Debt Equity Ratio	0.0	0.1	0.1	0.1	0.3	-	0.0	0.0	0.0	0.1
Debt / Total Assets	0.0	0.0	0.1	0.1	0.2	-	0.0	0.0	0.0	0.1
Liquidity Ratio										
Current Ratio	3.8	3.2	2.8	2.4	1.8	4.6	3.7	3.0	2.7	2.2
Activity Ratio										
Inventory Turnover days	74	67	65	66	71	75	62	57	60	62
Receivable Turnover days	65	68	67	66	68	66	68	69	67	68
Creditors No. of days	42	41	42	42	44	46	46	50	47	43
Cash Cycle days	97	94	90	90	95	95	84	76	80	87
Investor related Ratios										
Earnings Per Share (₹)	14.4	13.1	11.4	9.3	7.7	10.1	8.8	7.6	6.5	6.2
Dividend Per Share (₹)	NA	NA	NA	NA	NA	2.75	2.75	2.25	1.75	1.50
- Interim	NA	NA	NA	NA	NA	2.75	1.50	1.00	1.00	1.50
- Final (proposed and paid in subsequent year)	NA	NA	NA	NA	NA	-	1.25	1.25	0.75	-
Dividend Payout %	NA	NA	NA	NA	NA	32.5	35.8	33.5	29.6	26.0
Price to Earnings Ratio	22.7	27.5	30.2	27.0	22.8	-	-	-	-	-
Enterprise Value / EBITDA	12.9	14.0	14.9	12.8	10.3	NA	NA	NA	NA	NA
Enterprise Value / Net Sales	2.3	2.6	2.8	2.3	1.9	NA	NA	NA	NA	NA

Refer Page no: 215 for Glossary.

Directors' Report

Your Directors have the pleasure in presenting the 66th Annual Report together with the Audited Financial Statements for the year ended 31st March 2020. The Management Discussion & Analysis Report which is required to be furnished as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as the Listing Regulations) has been included in the Directors' Report so as to avoid duplication and overlap.

ECONOMIC OVERVIEW & COMPANY PERFORMANCE

Economic Overview

The year 2019 has been tumultuous for the global economy. Amidst unrelenting headwinds and macro uncertainties such as, the US-China trade war, rising protectionism, tighter monetary policies (in the early part of the year) and a downturn in the automotive industry, the global growth was recorded at a subdued 2.9 per cent. This follows the 3.6 per cent global growth recorded in year 2018. Overall, measures of investment and industrial production remained weak across economies. The US-China trade tensions have impeded global trade, which in turn slowed down to 0.9 per cent in volume terms and from 3.7 per cent the year before. In addition to increasing protectionism, technological changes necessitated by tighter emission norms, emerging trends (Electric and Autonomous vehicles) and behavioural changes (dubbed the 'Peak Car' phenomenon) have adversely impacted the global Automotive industry. The IMF estimates China's growth at 6.1 per cent in 2019, over 6.7 per cent the previous year. Growth in the Euro region slowed to 1.2 per cent from 1.9 per cent the previous year. Some respite came towards the end of the year, as US-China trade negotiations progressed and advanced economies eased monetary policies. Manufacturing and trade indicators showed early signs of recovery and the IMF, as late as January 2020 forecasts global growth at 3.3 per cent.

However, with the onset of the Covid-19 crisis, IMF's growth narrative changed diametrically - as of April 2020, it expects a 3 per cent contraction in global GDP growth. On this lower base for year 2020, global growth is projected to reach 5.8 per cent by year 2021, aided by monetary and fiscal policies across the World. The institution pegs India's annual growth rate at 1.9 per cent in FY 2020 and 7.4 per cent in FY 2021. China's annual growth rate is forecast to be 1.2 per cent in 2020 and 9.2 per cent the year after. The IMF forecasts the annual growth rate in Euro region to decline to 7.5 per cent in 2020 and grow to 4.7 per cent in 2021.

The FY 2019-20 has been an equally, if not more, challenging year for the Indian Economy. While the IMF, in its April 2020 Outlook, estimated India's growth at 4.2 per cent in FY 20 following 6.1 per cent in FY 19 the forecast was slashed to 1.9 per cent for the FY 21. The sharpest impact came from the domestic automotive industry which has been seeing a prolonged slowdown since H1 of FY 19. On an already lower base, sale of passenger vehicles fell by almost 18 per cent in FY 20. In parallel, the onset of the crisis in the infrastructure and real estate lending segments caused the NBFC liquidity crunch, thereby pushing the real estate sector into a slowdown. Several major projects have been stalled alongside a sizeable inventory overhang. The slowdown in the Construction and Automotive industries has had cascading effects on the Steel and Cement industries. With demand remaining low, major capex plans across core industries were deferred - even before the Covid crisis. With the onset of the Covid crisis and subsequent imposition of the nation-wide lockdown in March 2020, economic activity came to a grinding halt causing the Index of Industrial Protection (IIP) to crash by 16.7 per cent in the month of March. Overall, in FY 20, industrial output contracted by 0.7 per cent compared to a growth rate of 3.8 per cent the year before.

Company Performance

Revenues

During the FY 2019-20, standalone revenues declined by 7 per cent and the consolidated revenues declined by 3 per cent. The Company witnessed several headwinds over the course of the year, especially in the domestic markets. The slowdown in Automobile sales, which commenced in H2 of the FY 2018-19 intensified into a prolonged decline in FY 2019-20. The Business was also impacted by the slowdown in the Construction sector, which continues to ail from liquidity crunch, inventory overhang and stalled projects. Consequently, the standalone Abrasives Business recorded a decline of 12 per cent.

The slowdown in two of the core industries, Automotive and Construction spread to other core industries such as Iron and Steel, Power, and Mining. Consequently, the Electrominerals Business which cater to the core industries saw a decline of 9 per cent. The Ceramics Business grew by 3 per cent largely driven by exports to customers in the power generation and transmission segment. Major players in end-user industries have either pruned, or deferred their capex spends due to the tepid economic situation. However, the application and geographical diversification helped the Company and growth in exports countered some of the domestic slowdown.

Although some recovery was seen in the demand situation during the early months of Q4 of FY 2019-20, the shutting down of operations consequent to the nation-wide lock down imposed by the Government of India further impacted the year-end performance.

The following table summarises the standalone and consolidated revenues - both segment and geography wise:

₹ million

	2019-20		2018-19		Growth
	% share	Amount	% share	Amount	%
Standalone					
Abrasives	50	8147	53	9209	(12)
Ceramics	32	5120	28	4985	3
Electrominerals	25	4109	26	4534	(9)
Eliminations	(7)	(1145)	(7)	(1209)	5
Total	**100**	**16231**	**100**	**17519**	**(7)**
India	76	12261	78	13657	(10)
Rest of the world	24	3970	22	3862	3
Total	**100**	**16231**	**100**	**17519**	**(7)**

	2019-20		2018-19		Growth
	% share	Amount	% share	Amount	%
Consolidated					
Abrasives	39	9953	42	11243	(11)
Ceramics	24	6290	23	6044	4
Electrominerals	40	10258	38	10186	1
Power	1	237	1	187	26
IT Services	2	471	2	451	4
Eliminations	(6)	(1515)	(6)	(1555)	3
Total	**100**	**25694**	**100**	**26556**	**(3)**
India	51	13097	55	14534	(10)
Rest of the world	49	12597	45	12022	5
Total	**100**	**25694**	**100**	**26556**	**(3)**

The Company's consolidated revenues from India declined by 10 per cent and from rest of the world increased by 5 per cent. At a consolidated level, Abrasives sales declined by 11 per cent, Ceramics sales grew by 4 per cent and Electrominerals sales marginally grew by 1 per cent.

The performance in the overseas Subsidiaries moderated the decline in the consolidated revenues with the decline in growth registering 3 per cent.

Manufacturing

The manufacturing team continued to play a vital role in focused production planning and order execution to create a faster growth momentum but the demand slowdown in the industry impacted the overall performance reducing capacity utilisation levels. Continued focus on Total Productive Maintenance (TPM) helped the Company improve the quality of its products, operate plants efficiently, while reducing the overall cost of operations. Capital expenditure, across all geographies were directed at capacity expansions, facilities for new products, quality enhancement, line balancing and general infrastructure.

Earnings & Profitability

The Company's standalone financial results are summarised in the table below:

₹ million

	As a % of Sales	2019-20	As a % of Sales	2018-19	Increase %
Sales		**16231**		**17519**	**(7)**
Other Operating Income		281		303	(7)
Revenue from Operations		**16512**		**17822**	**(7)**
Other Income		473		269	76
Total Income		**16985**		**18091**	**(6)**
Expenses					
Cost of material Consumed	39	6267	40	6990	(10)
Purchase of stock in trade	4	626	5	795	(21)
Movement of Inventory	(2)	(296)	(2)	(265)	11
Employee benefits expense	12	1959	10	1821	8
Finance Cost	0	4	0	9	(62)
Depreciation and amortisation	4	670	4	754	(11)
Power & Fuel	11	1809	11	1929	(6)
Other expenses	22	3551	20	3579	(1)
Total Expenses	**90**	**14590**	**89**	**15612**	(7)
Profit before tax	**15**	**2395**	**14**	**2479**	**(3)**
Profit after tax	**12**	**1913**	**9**	**1661**	**15**
Total Comprehensive Income	**11**	**1740**	**9**	**1628**	**7**

The decline in the top line impacted the profitability levels and the standalone profit before tax stood at ₹2395 million as compared to ₹2479 million in the previous year. The decline in the profitability was moderated by an increase in non-operating income and rigorous variable and fixed cost reduction initiatives undertaken during the year.

The Company uses a variety of raw materials for its products - Bonds, Yarn, Grains, Calcined Alumina, Tabular Alumina, Brown fused Alumina, White fused Alumina, Silicon Carbide, Mullite, Pet Coke, Bauxite, Zircon Sand amongst others. The sourcing is a prudent mix of indigenous and imported materials. Aided by judicious sourcing and optimizing throughput in production, material consumption continued to marginally improve during the year.

Other expenses marginally decreased from ₹3579 million in the preceding year to ₹3551 million in the current year.

Power and fuel cost decreased from ₹1929 million in the preceding year to ₹1809 million during the current year owing to reduction in the volume and better power generation from the Company's Hydel power unit in Maniyar which had been impacted by heavy floods in Kerala during the FY 2018-19.

Employee benefits expense increased by 8 per cent during the year, which is a combination of both increase in head count and salary. The overall employee cost was at 12 per cent of the revenues.

Profit before finance cost and tax margin expanded at Ceramics and declined at Abrasives and Electrominerals Business on account of lower revenues.

Finance costs were at ₹3.5 million compared to ₹9.4 million in the previous year. Profit after tax of ₹1913 million was higher compared to that of the previous year ₹1661 million supported by the reduction in corporate tax rates during the year. Total Comprehensive Income increased from ₹1628 million to ₹1740 million.

The consolidated profit before tax (before share of profit from Associate and Joint ventures) entity-wise is represented below:

₹ million

	2019-20	2018-19
CUMI standalone	2395	2479
Subsidiaries including step down subsidiaries:		
Indian		
Net Access India Limited	37	35
Southern Energy Development Corporation Limited	76	24
Sterling Abrasives Limited	100	133
Foreign		
CUMI (Australia) Pty Limited	185	166
CUMI International Limited	329	313
Volzhsky Abrasive Works	1119	1152
Foskor Zirconia (Pty) Limited	(205)	(212)
CUMI America Inc.	18	(24)
CUMI Middle East FZE	1	0
CUMI Abrasives & Ceramics Company Limited	(8)	(17)
Thukela Refractories Isithebe Pty Limited	-	-
CUMI Europe s.r.o.	(0)	(1)
Total of Subsidiaries	**1652**	**1569**
Inter Company Eliminations	(719)	(560)
Consolidated profit before tax	**3328**	**3488**
Consolidated profit after tax attributable to owners	**2724**	**2477**

On a consolidated basis, the profit before tax (before share of profit from Associate and Joint Ventures) decreased from ₹3488 million to ₹3328 million. Profit after tax and non-controlling interests has increased from ₹2477 million to ₹2724 million, mainly from reduction in the corporate tax. The performance of the subsidiaries is detailed separately in this Report.

Financial Position

An overview of the Company's financial position - on a standalone and consolidated basis is given below:

₹ million

Financial position	Standalone			Consolidated		
	31.03.2020	31.03.2019	% change	31.03.2020	31.03.2019	% change
Net Fixed assets (including goodwill)	4344	4178	4	7870	7414	6
Investments - Non current	2458	2511	(2)	1212	1304	(7)
Other assets:						
- Inventories	3263	3390	(4)	5076	5329	(5)
- Trade receivables	2593	3305	(22)	4016	5139	(22)
- Cash and cash equivalents	2231	1092	104	3595	1920	87
- Other assets	841	782	8	1147	1214	(5)
Total assets	**15730**	**15258**	**3**	**22916**	**22320**	**3**
Liabilities (Other than loans)	2059	2480	(17)	3261	3589	(9)
Net assets	**13671**	**12778**	**7**	**19655**	**18731**	**5**

Financial position	Standalone			Consolidated		
	31.03.2020	31.03.2019	% change	31.03.2020	31.03.2019	% change
Sources of funding:						
Total equity attributable to owner	13671	12769	7	18584	17241	8
Non - Controlling interest				455	523	(13)
Loan outstanding:						
- Long term borrowings	-	3		42	51	(17)
- Payable within one year	-	6		21	48	(56)
- Short term borrowings	-	-		553	868	(36)
Total loans	-	9		616	967	(36)
	13671	**12778**	**7**	**19655**	**18731**	**5**
Loans (net of cash and cash equivalents)	**(2231)**	**(1083)**	**106**	**(2979)**	**(953)**	**213**

On a consolidated basis, the total equity attributable to owners as on 31st March 2020 was ₹18584 million. There was an increase (net of dividend) to the extent of ₹1343 million. Non-controlling interest was at ₹455 million.

Liabilities (other than loans) was ₹3261 million. The loans outstanding reduced from ₹967 million to ₹616 million. Net fixed assets (including goodwill) increased from ₹7414 million in the last year to ₹7870 million during the current year.

Cash Flow

The Company's cash flow is healthy. The following table summarizes the Company's consolidated and standalone cash flows for the current and previous year:

₹ million

Cash flow	Standalone		Consolidated	
	2019-20	2018-19	2019-20	2018-19
Cash flow from Operations	2921	2037	5061	3218
Taxes paid	(610)	(820)	(992)	(1200)
Cash flow from operating activities	**2311**	**1217**	**4069**	**2018**
Capital Expenditure (Net of disposal)	(677)	(511)	(1226)	(949)
Cash flow from other investing activities	369	236	296	150
Cash flow from investing activities	**(308)**	**(275)**	**(930)**	**(799)**
Cash flow from financing activities	**(864)**	**(590)**	**(1346)**	**(1091)**
Net increase/(Decrease) in Cash & Cash equivalents	1139	352	1793	128
Net Cash and Cash equivalents at the beginning of the year	**1092**	**740**	**1921**	**1847**
Effect of exchange rate changes on the balances of cash and cash equivalents held in foreign currencies	-	-	(118)	(54)
Cash and Cash equivalents at the end of the year	**2231**	**1092**	**3596**	**1921**

On a standalone basis, net cash generation from operations was ₹2311 million in FY 2019-20 compared to previous year's ₹1217 million. Net cash outflow on account of investing activities was ₹308 million majorly towards addition of property, plant and equipment. Net cash outflow on account of financing activities was ₹864 million which is attributable primarily to repayment of borrowings and dividends paid. The net increase in cash and cash equivalents was ₹1139 million against ₹ 352 million in FY 2018-19.

On a consolidated basis, net cash generation from operations was ₹ 4069 million in FY 2019-20. Net cash outflow on account of investing activities was ₹930 million. Net cash outflow on account of financing activities was ₹1346 million which is attributable primarily torepayment of borrowings and dividends paid. The net increase in cash and cash equivalents was ₹1793 million against ₹128 million in FY 2018-19.

Key Financial Ratios (on a standalone basis)

Parameter	2019-20	2018-19	Favourable/ (Adverse) in %	Comments
R O C E %	18.14	20.32	(10.7)	Reduction is due to lower revenue and marginal increase in average capital employed.
Debt Equity (times)	-	0.001	100.0	The Company has become debt free during the year.
PBT % to Sales	14.76	14.15	4.3	Marginal increase is mainly due to higher 'Other income'.
Asset turnover (times)	1.33	1.52	(12.5)	Reduction is due to lower revenue and marginal increase in average Total assets.
Receivable turnover (days)	66	68	2.9	Supported by effective collection efforts.

Parameter	2019-20	2018-19	Favourable/ (Adverse) in %	Comments
Inventory Turnover (days)	75	62	(21.0)	Higher number of days is due to increase in average inventory.
Interest Coverage Ratio (times)	871.79	345.68	152.2	Due to significant reduction in finance cost.
Current Ratio (times)	4.65	3.72	25.0	Due to increase in Current assets mainly cash and cash equivalent as well as decrease in Current liabilities - Creditors.
Operating Profit Margin (%)	11.86	12.67	(6.4)	Reduction is due to lower revenue and product mix.
Net Profit Margin (%)	11.79	9.48	24.4	Increase is mainly due to reduction in corporate tax rate.
Return on Net Worth (%)	14.47	13.58	6.6	Increase is on account of higher profit after tax.

SHARE CAPITAL

The paid up equity share capital as on 31st March 2020 was ₹189.41 million. The capital increased during the year by ₹0.26 million, consequent to allotment of shares upon exercise of Stock Options by employees under the Company's Employee Stock Option Scheme 2007.

DIVIDEND

Considering the past dividend payout ratio, the current year's operating profit as well as the prevailing global pandemic situation the Board has considered it appropriate to recommend to the shareholders of the Company, the confirmation of the interim dividend of ₹2.75 per equity share of ₹1/- each paid in March 2020 as final dividend for the year ended 31st March 2020. The dividend of ₹2.75 per equity share of ₹1 each paid is the same as that of the dividend paid last year. The Company's Dividend Policy is available at *https://www.cumi-murugappa.com/policies-disclosure/*. The dividend paid for the year ended 31st March 2020 is in line with this policy.

TRANSFER TO RESERVES

An amount of ₹500 million has been transferred to the General Reserve of the Company as at 31st March 2020.

PERFORMANCE OF BUSINESS SEGMENTS

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

Abrasives

Business Profile

This SBU is in the business of engineering surfaces. It manufactures and distributes rigid and flexible abrasives and adjacent products that are used in the generation of precision, functional or enduring surfaces. The key product segments are Bonded Abrasives, Coated Abrasives, Metal Working Fluid, Super Abrasives and allied products.

Rigid or Bonded Abrasives products grind, clean, scour, abrade or remove solid material through a rubbing action. Bonded Abrasives are made using Glass Bonds (vitrified), or Phenolic Resin Bonds. Coated Abrasives are basically hard synthetic minerals coated on to paper, fibre, cloth or film and finally formed into different shapes, sizes and types according to application needs. Abrasive materials and Abrasive products are utilised in several end user industries such as Automobiles Auto Ancillary, Metalworking, Building and Construction, Wood Working, Railways, Aerospace and General Engineering.

This Business has more than sixty years of experience in Abrasives manufacturing, application engineering and distribution. Strong Research & Development backed by application engineering and supported by third generation channel partners are the strengths of this Business. Over the years, it has built world class facilities with strong processes, which gives it a cutting edge. This has been reinforced with the commissioning of an automated, world-class coated Maker plant at Sriperumbudur during March 2020, thereby doubling the installed capacity of Coated Abrasives which is expected to cater to the growing demand for coated products in the domestic and international markets.

The competitive advantage of the Business comes from its raw materials sourced from the Electrominerals Business of the Company and from the best suppliers within India and across the world. These inputs are then formulated and the products are designed based on a deep understanding of the end-use applications that is exhibited by the very experienced team of application engineers across the globe.

Cost competitiveness is the overarching strategy for the Business while ensuring that the supply requirements and changing needs of the market are met in full.

The Business has ten manufacturing plants located across India, Russia and Thailand. The marketing entities in North America, Middle East, China and distributors across the globe provide strong market reach in India and over 55 markets globally.

Industry Scenario

The global Abrasives market is segmented based on region. Asia Pacific represents the largest and the fastest growing market for the Abrasives industry and China continues to be the largest producer of Abrasive materials and Abrasive products. The growing demand for various types of Abrasives from industries such as transportation, building and construction and other durable goods industries is expected to drive the Asia Pacific Abrasives market. United States, which is the world's second largest market for Abrasives, is expected to deliver good growth. Europe represents another high potential market built around Transportation, Steel and Bearing industries. The market is dominated by leading players operating across the globe.

The Indian Abrasives market has many manufacturers serving customers across diverse industries. Imports are predominantly restricted to price sensitive segments along with some international brands present in high performance precision applications. The Indian market has been continuously witnessing a shift from manual grinding methods to mechanised processes, ushering in opportunities for new products in the Coated Abrasives segment. The Bonded Abrasives segment constitutes a key consumable in the Construction and Transportation industries, which has demonstrated high growth in the past decade due to rapid urbanisation and increase in disposable income. During the year, however, decline in growth was witnessed across certain segments of the market, led by the Auto and Auto Ancillaries industries. The unorganised market constitutes about 30 per cent of overall market. This segment of the market is predominantly price driven with commensurate performance requirement.

Sales Overview

The focus for the Abrasives Business during the year, was to grow topline at better than the market growth rate, facilitated by greater penetration in existing markets and entering new markets. However, during the year, segments such as Auto, Auto Ancillaries, Fabrication and General Engineering, witnessed decline in growth. This was more prominent in the Bonded Abrasives segment. Also, during the last quarter of the year, business activities were impeded by the global spread of the Corona virus and imposition of the lockdown in India.

The Coated Abrasives Business continued at the same level as that of the previous year with Stainless Steel Fabrication, Wood working industries doing well. With the new capacity, the focus was on developing new products for the domestic and export markets and increasing the efficiencies of manufacturing operations.

Business also continued to make steady progress in building distribution leadership, a key strategic pillar for the Company's growth. During the year, the Business appointed new channel partners and expanded its dealer network both in India and abroad. The Business made a conscious effort in entering new and under-represented markets, with a special supply chain structure to service remote customers suitably. Retail development and market storming initiatives were conducted for better market penetration. New products were developed and introduced in the mass market after studying the needs of customers. There was focus on customer engagement through customer and industry specific seminars.

The sale of Abrasives in Russia was impacted by the slowdown in the Auto-industry. The lower demand in Automobile industry and a mixed kharif crop season resulted in a decline in growth for Sterling Abrasives.

Manufacturing

The segment continued its focus on products made with high performance grains by working in coordination with the Electrominerals Business. This helped to build competitive advantage by developing and establishing new range of products. Business continued to focus on introducing new products to gain significant competitive advantage and offering superior Coated technical products with high performance Zirconia and Ceramic grains. Conscious efforts were taken to increase indigenous sourcing and lowering the gap between exports & imports to de-risk and improve profitability. To improve value chain performance in Bonded Abrasives, the manufacturing process was reviewed and redefined. Product gaps are addressed through alliances and strategic sourcing in select product segments.

As stated earlier, Business has invested in expanding its Coated Abrasives manufacturing capacity through an additional Maker line at Sriperumbudur, to cater to the increasing demand. The project has been completed within stipulated timelines and budget. Initial product trials have been conducted successfully and commercial production has commenced to cater to the market demand. The Business is also working on building additional conversion facilities to increase the availability of technical products. The new Maker is equipped with state-of-the-art IOT enabled process monitoring and improvement features for real-time monitoring ultimately enhancing the quality and volume.

Driven by the volatility in demand, there has been cost push from the Markets over the year. To mitigate this, Value Stream Mapping tools in integration with Total Productive Management tools, has been absorbed as a way of optimizing the resources and improving productivity. In order to develop competitive products and to cater the need of customer, quality has been enhanced by imbibing the voice of customer through Quality Function Deployment techniques.

The Business has placed special focus on adopting elements of Industry 4.0 in its day to day operations, to leverage the gains of IOT and data analytics. Several digital initiatives are being pursued to remain competitive. Considering the changing landscape of manufacturing technologies, the Business would continue its effort to build capabilities in newer fields and technologies. Horizontal deployment of such steps is likely to give it a competitive advantage in the changing landscape.

Key Financial Summary

₹ million

Particulars	Standalone			Consolidated		
	2019-20	2018-19	Change (%)	2019-20	2018-19	Change (%)
Revenue	8147	9209	(12)	9953	11243	(11)
Segment results (PBIT)	1083	1297	(17)	1129	1401	(19)
Capital employed	3469	3441	1	5008	5182	(3)
Share to total revenue of CUMI (%) (without eliminations)	50	53		39	42	
Share to segment results (PBIT) of CUMI (%)	45	52		33	39	

Ceramics

Business Profile

The Ceramics business comprises of the Industrial Ceramics and the Refractories product groups.

Industrial Ceramics

Industrial Ceramics Business offers Alumina, Zirconia and Silicon Carbide products of technical ceramic grades addressing wear and corrosion protection, electrical insulation, thermal protection and ballistic protection applications. 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 manufacturing/service facilities located in India, Australia and the US. The subsidiaries in North America, Middle East and China also support this Business in terms of market reach.

The Industrial Ceramics Business based out of India is largely a global business and majority of the sales volumes are through exports. The Company is one of the major players in India, Australia and Europe and in specific product groups in Japan and China.

Refractories

Refractory is a material that retains its shape and chemical identity when subjected to high temperatures up to 2000 degrees Celsius and is used in applications that require extreme resistance to heat, such as furnace linings.

The Company is a leading player in complex shaped high temperature-application Refractories, Cements and Monolithic and pre-cast pre-fired Castables. The key user industries for Refractory Business are Iron & Steel, Secondary steel, Glass melting, Cement kilns, Carbon black reactors, Rocket launch pads, Ceramics, Petrochemicals, Thermal power plants, Non-ferrous melting, Foundry, Heat treatment furnaces.

Anti-corrosives

Prodorite branded Anti-corrosive material is used in highly acidic or basic environment. The Company is a major player in this industry, serving a wide range of Chemical process industries and other industries dealing with treatment of effluents. The Company's product range include Acid resistant wall bricks, Carbon bricks, Tiles, Lining, PU Flooring, Screeding, PU and Epoxy Coatings, Piping, Sealants and Water proof construction chemicals. The Company's Poly Concrete Cells are also used in Copper and Zinc extraction units across the world.

Composites

Composites are primarily Glass Fibre reinforced polymer products manufactured through Vacuum infusion, Pultrusion, Filament winding, Grating and hand lay-up methods. The product range includes large Chemical storage tanks, Chimneys, Flue Gas Desulphurisation (FGD) spray headers, Abrasion resistant Anti-corrosive pipes & Gratings, windmill nacelle covers, Automotive and Railway body panels, Gratings, Pallets, Cable trays, Flooring, Chequered plates, Roof sheets, Chimney ladders, Platforms, Bridges, Louvers, Fencing etc.

The operations are carried out through manufacturing/service facilities located in India (Ranipet, Serkadu & Jabalpur) and Russia.

Industry Scenario

Industrial Ceramics

The Industrial Ceramics Business has two verticals with Wear Ceramics making Wear Resistant Materials and Engineered Technical Ceramics making high end Engineered ceramics and Metallized ceramics.

Under Wear Ceramics - the Company offers Wear resistant materials, iron free grinding media for Ceramics, and Ceramic lined equipment for both custom built and repair applications in a wide range of process industries.

In the Wear protection industry in India, newer application like paper manufacturing, dredging, dispersion of pigments in paints, waste recycling facilities offer opportunities.

In Australia, the Company is a major player offering Wear Protection Solution for critical abrasive & erosive material handling applications for industries like Mining, Coal Based Thermal Power, Steel, Non-Ferrous and Bulk Material Transfer of Ore & Grains and is among the leading companies in this space.

Further, the Company is expanding into America, Russia, Commonwealth of Independent States and Japan becoming the preferred supplier of Wear Resistant solutions to some of the demanding customers in these countries.

The Company's Wear solutions include wear audits, superior design and simulation techniques like Digital Elevation Model and Computational Fluid Dynamics and onsite installation services to enhance equipment performance and productivity complemented by a range of ceramics and composites.

Under Technical Ceramics, the Company is the only manufacturer of Metallized Cylinders in India for high voltage power transmission and distribution and caters to leading customers globally.

In the Engineered Ceramics sector, the Business supplies Structural Ceramics for Solid Oxide Fuel Cell (SOFC) applications and Ceramic Insulators for manufacture of Spark Plugs to the Automobile sector. In addition, the Engineered Ceramics sector caters to a wide range of applications like Fluid Handling, Battery Tooling, Non-Ferrous and Ferrous Metallurgy. The Business has started working on building a facility for the manufacture of Sintered Silicon Carbide, which would open up new avenues in Fluid Handling, Armour and other applications

In the Metallized Cylinders segment, a project on further expanding the capacity by addition of a Continuous Metallization Furnace was undertaken and will be commissioned in in FY 2020-21. With this the Business is fully geared to meet the increasing market demand globally.

Refractories

With respect to Refractories, the recent trend of consolidation within the Steel industry through acquisition of distressed assets has led to higher bargaining power amongst buyers. Players in the Carbon black industry have been undertaking capacity increases, driven by the demand in the tyre industry. Simultaneously, few tyre manufacturers and feed stock supplying Steel industries are investing in carbon black reactors as backward integration. The Refractories Business which saw good growth over the first half of the year, slowed down over the second half, as the impact of the economic slowdown spread to core industries such as steel and cement. Export customers looking to diversify their sourcing strategy, have increased access to European Markets.

The Anti-corrosives Business has launched construction chemical products for water proofing, hygiene grade Polymer and Polyurethane flooring products for Hospitals, Pharma and Food industry. Business has also launched industrial adhesives for various applications.

The Composites Business is comprised of Project-based and standard product segments. Standard products have grown significantly, through introduction of Abrasion resistant gratings, Chequered plates, Automotive panels; in addition to the pre-existing product basket of pipes, tanks and other products. Business also undertakes production of windmill nacelle covers and Flue Gas Desulphurization spray headers.

Sales Overview

Revenues of the Ceramics Business grew by 3 per cent on standalone basis from ₹4985 million to ₹5120 million. The profitability of Ceramic Business increased owing to higher volume and selective price increase.

Industrial Ceramics

Metallized Cylinders and Wear Ceramics Business continued the marketing efforts in targeting newer markets and partnering with global customers. Selective price increases were taken for majority of the products to mitigate cost push. Significant efforts in converting conventional wear resistant materials to Ceramic Wear Resistant Materials was done in repair and maintenance segment of domestic sector in Steel, Mineral Handling and Cement Industry. The Business established entry into Japanese markets through qualifications at OEM's for supply of Ceramic lined bend assemblies. New products with backing materials were developed for addressing high impact applications. The Business participated in Industry specific expos like Hannover Messe, Paris Airshow, GIFA, Renewable Expo Australia, Defence Expo Lucknow, IFEX Foundry Expo, Japan Fine Ceramics Expo, UGAL Coal Mine Expo Russia, POWERGEN 2019 Malaysia, etc., to increase visibility, business development and for keeping abreast with the changing technologies.

Refractories

The performance of the Refractory Business was relatively better in the first half of the year; however, by the second half, the slowing automotive and Construction sectors soon caught up with dependent industries such as Steel, Carbon Black, Cement and Glass. Consequently, demand for Refractories softened in the later part of the year and several major end-users have deferred their Capex plans, thus impacting project orders in the Business. The onset of Covid and uncertainty in economic revival has made major end-users more cautious with projects and expansion plans.

Manufacturing

Industrial Ceramics

The second Metallized Cylinder manufacturing line installed in the previous year has been stabilised. As stated earlier, further capacity expansion, through the addition of a Continuous Metallization furnace was initiated the year. In addition, a project on Smart Manufacturing has been initiated in the Business.

The Industrial Ceramics Business also received the prestigious CSIR Diamond Jubilee Technology Award for the year 2018 for development of global-scale technologies. The award was presented in September 2019, in presence of the Hon'ble President of India and the Hon'ble Minister of Science and Technology.

The Industrial Ceramics Business started its TPM journey in 2014-15 and has received the coveted Category A TPM Excellence award in March 2018 from JIPM. The Business is now preparing for achieving JIPM TPM Consistency Award. Continuing its quest for manufacturing excellence, the rolled throughput yield has been on a continuous upward trajectory since 2015-16. Overall Equipment Effectiveness parameter also registered a new high during the year. The Business developed processes for near net shape moulding and has commissioned a Ceramic Injection Moulding line. Producing the raw material for wear, technical and metalized ceramics, in-house at its Electrominerals Business ensured quality and timely availability. With a focus on Industry 4.0, the Business implemented a series of automation projects, including data analytics.

The SBU's pilot plant for Tape Casting and Sputtering Facility is operational and samples of substrates and sensors used in various applications such as Space and Electronics are under trial.

Refractories

Refractories Business has developed few customer specific products for Glass Industry, which has been approved by major players in the industry. Further, a superior boiler tile product for Waste heat incinerator was introduced in international markets. Further, Business has obtained "Significant Achievement Award of TPM" from CII, for TPM Practices implemented in the manufacturing facility. The Manufacturing team has established paperless operation through interactive workstation panels which gives the access to the Production and planning process, thus contributing to a sustainable environment. The Anti-corrosives and Composites Business has added capabilities including Design, R&D, Manufacturing, Inspection and Testing.

Key Financial Summary

₹ million

Particulars	Standalone			Consolidated		
	2019-20	2018-19	Change (%)	2019-20	2018-19	Change (%)
Revenue	5120	4985	3	6289	6044	4
Segment results (PBIT)	1001	817	22	1317	1082	22
Capital employed	3159	3149	0	4160	4050	3
Share to total revenue of CUMI (%) (without eliminations)	32	28		24	23	
Share to segment results (PBIT) of CUMI(%)	42	33		39	30	

Electrominerals

Business Profile

The Mineral Business of the Company spans India, Russia and South Africa with eight manufacturing facilities covering product groups - Fused Alumina (comprising Brown and White Alumina), Silicon Carbide (crude, macro and fine), Fused Zirconia and Composites of Alumina Zirconia and Silicon carbide. The Company also manufactures a range of 'specialties' like Semi Friable Alumina, Surface and thermally treated grains, Azure S, Specialty Alumina and Ceramic fine powders for niche markets. To enhance its operational competencies, the Business operates its own Bauxite and sand mines and a 12 MW Hydel power plant to insulate it from fluctuations in power tariffs.

The Business focusses on aggressive growth in the domestic and export market while catering to the requirements from internal customers. With a diversified product portfolio, the Electrominerals Business provides customers with application specific products and solutions, aimed at attaining improved product performance, value and profitability. For this, the Business ensures speedy execution of projects, enhanced asset utilisation and undertakes joint product development programs with customers.

The Business continues to pursue its focus on new and emerging areas of opportunities like Graphene, battery materials and related areas through tie ups for technology and by commissioning pilot scale plants. The Graphene facility started functioning during the year and the products are being adapted/functionalized for various applications.

Key user industries for this Business are Abrasives, Refractories, Steel, Brake linings, Nuclear energy, Wooden Laminates, Friction composites, Diesel Particulate Filter, Semiconductor and others.

Industry Scenario

The domestic market saw a revival of demand from the Refractory customers, while the Abrasive segment was flat or down due to poor performance of Auto industries since H2 of FY 2019. The focus on containing environmental emissions has affected the automobile sector across the world and the diesel vehicles particularly. This has significantly affected the fine powder Business of the Diesel Particulate Filter (DPF) application. A slowdown is noticed in the composites market requirements for Alumina Zirconia.

The global Fused Alumina markets continue to bank on the large capacities in China and raw material resources. The Company is largely a local player with customers based in India, Europe and Middle East. The wide product portfolios and technological advantages gives the Company an edge over its domestic competitors. Apart from the domestic players, imported products have a visible share in the Indian market. Market has seen volatility on many occasions in the price and availability of Calcined alumina, the key raw material for White Fused Alumina. The Business could narrow down the impact of Alumina price variations by resorting to bulk sourcing of alumina from international suppliers.

In Silicon Carbide (SiC), China plays the lead role in production and supply in the world. With the change in wire sawing technology from SiC to diamond wires, demand for SiC in production of Silicon wafers for the Photovoltaic industry in China had dropped drastically resulting in excess capacities and impacting the prices of SiC world over. CUMI's subsidiary, Volzhsky Abrasive Works (VAW), Russia with a capacity of 0.08 million tons is one of the largest single location capacities in the world and caters mainly to the CIS and European markets.

The volatility in availability of zircon sand and quality has resulted in a strained performance of its Zirconia operation in South Africa. The Business has converted its Zirconia bubble facility in India into a White Fused Alumina fusion facility, in order to overcome the adverse market conditions and challenges in raw material availability.

The Company continues to retain its position as one of the reputed manufacturers of Silicon Carbide, Fused Alumina and Fused Zirconia.

Sales Overview

The Electrominerals Business on a standalone basis recorded revenue of ₹4109 million compared to ₹4534 million in the previous year.

The decline in the domestic Business was impacted by the decline in domestic Abrasives and Refractories, which are the biggest consumers of Electrominerals. The demand for Brown Fused Alumina (BFA) was flat or down mainly due to the slowdown in Automobile and Construction sectors.

However, the White Fused Alumina Business of the Company registered a moderate growth with the volume going up in the domestic and international market in line with demand pull from the Refractory customers, though the product realisation was strained.

The fine powder business was affected due to the lower demand for diesel vehicles in Europe, which has resulted in a lower off take of Silicon Carbide fine powders by Diesel Particulate Filter customers. The demand from semiconductor applications was moderate. The demand for other micro powders especially from laminates has helped the Business marginally.

The Russian subsidiary ran at near full capacity. Higher demand for Refractory grade materials aided the growth.

Manufacturing

Manufacturing strategies focused mainly on improving efficiencies through TPM initiatives and value creation through grain treatments. Continued focus on innovation and TPM measures enabled the Business to be competitive and efficient in control of cost as an underlining measure to attain the targeted production volumes. The focused Joint Development Programs in selected areas with customers brought faster scaling up and co-solutions.

The Business was successful in establishing its new synthetic Alumina variant ABV+ as a replacement for ABV. This helped the Business in augmenting the production and sales volume of Alumina from the new facilities, while satisfying the additional demand from Abrasives Business of the Company.

The year saw highest volatility in the availability and price of critical raw materials like Bauxite, Alumina and Raw Petroleum Coke (RPC) in international and domestic market. To counter the shortage of Alumina and counter higher prices, Business has started bulk sourcing of Alumina from international sources.

Foskor Zirconia which is into production of Monoclinic Zirconia was also affected due to volatile input pricing.

Business has successfully produced Graphene from its new facility on trial basis. Business would start marketing the products once its functionalization for various applications are through. Business has also set up a pilot scale facility for graphite and the same would be on stream in the next year.

The Russian plant ran at full capacity in the current year without any production disruption. While demand from the DPF segment was impacted by tightening of global emission norms, offtake from Refractory customers remained good. Input costs were contained by way of prudent sourcing strategies. The Business continued in its journey of introducing application specific product variants. Global players looking to reduce sourcing dependence on China can present opportunities for the Minerals Business.

Key Financial Summary

₹ million

Particulars	Standalone			Consolidated		
	2019-20	2018-19	Change (%)	2019-20	2018-19	Change (%)
Revenue	4109	4534	(9)	10258	10185	1
Segment results (PBIT)	217	444	(51)	1042	1279	(19)
Capital employed	2575	2893	(11)	5656	6062	(7)
Share to total revenue of CUMI (%)(without eliminations)	25	26		40	38	
Share to segment results (PBIT) of CUMI (%)	9	18		31	36	

FINANCE

During the year, the Company generated ₹2311 million cash surplus from its operations on a standalone basis.

All debts have been serviced on time. The Company's long and short term borrowings as on 31st March 2020 stands Nil. The capital expenditure program of ₹739 million was financed from internal accruals.

The Company continued to have a healthy cash generation during the year, due to prudent capital expenditure and efficient working capital management. The surplus has been parked in liquid schemes of mutual funds. The Company continues to be debt free. On similar lines, the debt at a consolidated level has come down by 36 per cent compared to the previous year from ₹967 million to ₹616 million. The cash and cash equivalent level (net of borrowings) at a consolidated level stands at ₹2979 million.

The debt equity ratio for the Company is Nil at a standalone level and 0.03 at a consolidated level. The Company's Balance Sheet remains robust and it augurs well for the growth in the prevailing conditions.

The credit ratings of the Company, 'A1+' for short-term borrowings and 'AA+Stable' for long-term borrowings were re-affirmed 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 is at ₹4 million compared to ₹9 million last year. The Company earned ₹ 61.4 million by investing surplus cash available for short term.

At a consolidated level, the finance cost has come down from ₹85 million to ₹63 million. The repayment of loans has helped in bringing down the finance cost. The capital expenditure program of ₹1291 million was financed majorly out of internal accruals.

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.

There are no material changes and commitments, affecting the financial position of the Company which have occurred between 31st March 2020 and the date of this report.

INDIAN ACCOUNTING STANDARDS (IND AS) - IFRS CONVERGED STANDARDS

The Company, its Subsidiaries, Joint Ventures and Associate in India adopted Ind AS with effect from 1st April 2016 pursuant to the Companies (Indian Accounting Standard) Rules, 2015 notified by Ministry of Corporate Affairs on 16th February 2015.

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 so as to effectively ensure the reliability of operations with adequate checks and balances.

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. Periodic review of 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 the Statutory Auditor and the Management.

Capital and revenue expenditures are monitored and controlled with reference to approved budgets. Investment decisions are subject to detailed evaluation and formal approval according to schedule of authority in place. Periodical review of capital expenditure with reference to benefits forecasted is done. Physical verification of assets is also 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, adequacy and effectiveness of the Internal Control Systems in the Company.

During the year, the Board with the recommendation of the Audit Committee appointed M/s. Deloitte Haskins and Sells LLP as Internal Auditors of the Company for the period from 1st July 2019 to 30th June 2020.

INTERNAL FINANCIAL CONTROLS

Internal Control is a process, effected by an entity's Board of Directors, Management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting and compliance - as defined by the Committee of Sponsoring Organisations (COSO) of the Treadway Commission (appointed by SEC USA).

As per Section 134 of the Companies Act, 2013, the term 'Internal Financial Controls' (IFC) means the policies and procedures adopted by the Company for ensuring:

(a) orderly and efficient conduct of its business, including adherence to company's policies;

(b) safeguarding of its assets;

(c) prevention and detection of frauds and errors;

(d) accuracy and completeness of the accounting records; and

(e) timely preparation of reliable financial information.

The three key components of IFC followed by the Company are:

i. Entity Level controls (ELC) that the Management relies on to establish the appropriate "tone at top" relative to financial reporting are - Code of Conduct, Enforcement of Delegation of Authority, Hiring and Retention practices, Whistle blower mechanism and other approved policies and procedures.

ii. Process Level controls (PLC), to ensure that processes are predictable, stable and consistently operating at the targeted level of performance, with only a normal variation are classified into Manual or IT - Dependent or Automated Controls. They are also classified as Preventive or Detective.

iii. General IT Controls to ensure appropriate functioning of IT applications and systems built by the Company to enable accurate and timely processing of financial data are - User Access rights management and Logical access; Change management controls; Password policies and practices; Patch management and License management; Backup and Recovery of data.

The adequacy of Internal Financial Controls 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 by the independent Internal Audit;
- Implementation of sustainable solutions to Audit observations.

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

HUMAN RESOURCES

To cope with the evolving need of a Manufacturing 4.0 world, characterized by rapid technology changes, the HR strategy remains focused on reskilling and transforming its global, diverse workforce by providing a stimulating environment which is flexible and proactive, nurturing social contract, fostering innovation and building a result-oriented, high performance culture. Progressive policies, continual investment in upgrading employees' skills and the philosophy of empowering individuals have always been hallmarks of the Company's employee philosophy. The HR outlook encompasses more than just the view of manpower, ensuring that the environmental context and risks are assessed, business continuity planned so that timely interventions can be made to ensure that employees are in alignment with the larger purpose of the organization.

The key HR imperatives for the year were culture building to drive a culture of innovation and high performance; build Workforce 4.0 by enhancing capabilities in functions such as Sales, Manufacturing, R&D and Application engineering; partner with business for cost leadership initiatives; establish Safety Excellence model; and lay the groundwork for an organization restructuring exercise in FY 2020-21. As the business performance in the last two quarters was challenging, the focus was to build on fixed cost efficiency and employee cost reduction.

In March 2020, as the COVID-19 pandemic spread to India, actions were taken to enhance employee awareness, on health and safety, with also ensuring business continuity. Across the Businesses communication and awareness sessions on COVID-19 were held sensitizing employees on the importance of social distancing norms, sanitization, hand wash, usage of personal protective equipment etc. Protocols on visitors, meetings, travel etc. were drawn up and communicated with a review on a weekly basis. As the lockdown brought a sudden stoppage of operations, work from home become a sudden reality and quick transition to work from home was initiated and implemented. The impact of the pandemic and the first lockdown necessitated contingency planning for prolonged lockdown. Extensive Business Continuity Planning and scenario planning were done for the evolving business realities.

Employee Safety and Health

Safety remains the core focus area for the Company with the adoption of behavior based training. The Behavior based safety model was piloted in a few plants of the Company. The annual health check system in the Company continues to be implemented, keeping the health of the every employee at the fore-front.

The Internal Complaints committee set up under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 was reconstituted during the year and also had its first committee meeting on the theme of enhancing awareness about the policy. E-learning modules on this policy were rolled out across the Company, while at the unit level a poster and mailer campaign in regional language was carried out to raise employee awareness about the policy, complaint mechanism and redressal process. During the year, no referrals or complaints were received under the Policy for prevention of sexual harassment.

Capability Building

In continuation of the 5 Pillar approach to Learning and Development, the year saw a slew of programs being conducted across various groups of employees. These five pillars are categorized as - needs based on the PMS system, training to manage a specific business requirement, execution excellence, skill-based training and innovation. YOLO workshops for Management and Graduate Trainees were conducted with additional modules of Analytics using Power BI. Considering the transition in the senior leadership, workshops were facilitated to bring in collective focus on the shared vision and collaborative management to realize the Company's objectives.

As part of the "Reimagining HR" projects in the space of Capability Building, the Industrial Ceramics team worked on mapping out key technical competencies required and interventions that could aid upskilling. The introduction of the Performance Enhancement Process in the Abrasives Business has also developed goal setting and feedback capabilities of people managers across the business.

To enhance IR competencies and build a HR team that can handle the new generation of millennial blue-collar workforce, Assessment programmes were conducted in association with the Murugappa Management Development Centre. Plant HR personnel have undergone a certification program with the Tata Institute of Social Sciences and are being trained by experts through webinars spaced over several months.

The Catalyst mentoring framework was recognized with a CII award in the south zone. This mentoring initiative has grown in strength with over thirty engagements over the year. This is a flexible self-directed program and employees can directly sign up to be mentored by any of the 29 mentor volunteers, for any duration of time, without the intervention by HR.

With the focus on growth for exports, all export managers from all SBUs were exposed to a management development programe in partnership with the Indian Institute of Foreign Trade (IIFT), focusing on export market identification, market development, risk management, logistics and value chain management.

This year also saw the launch of SHAPE - Sales HR for Abrasive Performance and Engagement, which involved assessment of both frontline sales engineers and managerial team. The first level of assessment for development was completed.

Employee Engagement

Focus remained on findings from 2018 Voices Engagement survey in the themes of Recognition, Innovation, HR Practices and Career opportunities which continue to be a focus area with projects such as SHAPE - Sales HR for Performance and Engagement being implemented to meet specific needs of certain sections of employees. Across Business Units, focus group discussions on the survey results have led to greater clarity emerging on employee satisfaction indicators and the regional teams have worked on corrective actions on expressed concerns. The focus group discussions related to the Survey at Corporate office resulted in quarterly communication meetings from December 2019.

The Rewards and Recognition program at CUMI was supplemented at regions with energizing champions to propagate online rewards and recognition.

Innovation

In continuation of the launch of CuMind in 2017-18, business leaders were exposed to DOT workshops which is based on design thinking methodology. SPLASH workshops have been held in two units covering over three hundred employees using art as a medium to innovate. Projects have been taken up post these workshops on business process re-engineering and joint development using by-products which resulted in significant cost saving in the Coated Abrasives.

Employee Relations

Cordial relationships have been maintained with employees and unions and the settlements have all brought in greater flexibility in operations, adherence to TPM practices and high standards of productivity.

Talent Acquisition

The focus continued to be acquisition of talent through lateral hires and graduate and management trainees at entry level, as a pipeline for middle management roles. Recruitment with a greater emphasis on referrals, job boards and internal transfers has resulted in lowered sourcing costs.

Cost focus

With the challenging business developments in H2 of FY 2019-20 the focus was on controlling fixed cost which resulted in many initiatives i.e. zero based budgeting, assessing span of control, identifying redundant roles and restructuring of businesses. Though this initiative was started in 2019-20, the impact of this will be seen across FY 2020-21.

Re-Imagining HR

Across the Murugappa Group, HR teams have been working on "Reimagining HR Processes" to make HR more relevant in world of work and workers and improve effectiveness while keeping in mind the business and social context to work changes. Of the nine areas chosen at the Group level, the Company piloted projects in five areas - HR Structure & Effectiveness, Capability building for organization, Performance Management, Employee Relations and Safe working environment.

Of these, the Performance Enhancement Process (PEP) was piloted in the Abrasives Business last year involving goal setting cascades, frequent feedback mechanism and a change in rating scales for performance metrics.

ACHIEVEMENTS AND AWARDS

The year 2019-20 continued to be a year of recognition for the Company in varied fields.

The Industrial Ceramics Business, Hosur received the CSIR Diamond Jubilee Technology 2018 Award for the technology of Metallization of Alumina Ceramics from the Council for Scientific & Industrial Research. The Electrominerals Business, Kochi won the prestigious Excellence Award in Silver category at the Society of Engineers and Managers (SEEM) National Energy Management Award 2019. The Abrasives Business was the recipient of a Gold Certificate at the Indian Machine Tools Manufacturers Association (IMTMA) Productivity Competition during the year. The Company's Super Refractories Business at Serkadu, Tamil Nadu received the 'TPM Significant Achievement Award' in recognition of its achievement towards Manufacturing Excellence. The Russian subsidiary of the Company, Volzhsky Abrasive Works was recognized as the 'Best Organization in the Volgograd Region' by the Governor of Volgograd.

The CUMI Centre for Skill Development, Hosur was declared as the 'Best Establishment of the Region' by the National Skill Training Institute. Further, the Electrominerals Business, Kochi was awarded the Rotary Award for CSR projects for its initiatives in the area of Child development. The Electrominerals Business also received the IEI Centenary Excellence Award 2019 from the Institution of Engineers (India) under the Engineering Manufacturing & Processing category.

The Company's Annual Report for the FY 2017-18 which had earlier won the prestigious award by the Institute of Chartered Accountants of India Awards for Excellence in Financial Reporting for the year 2017-18 under the Manufacturing Category, during the year, was selected by the South Asian Federation of Accountants and conferred the Certificate of Merit in the Manufacturing Sector category. As a reinforcement of the Company's strong commitment to strong ethics, corporate governance and excellence in financial reporting, the Company's Annual Report was felicitated second time in a row, by conferment of the Silver Shield under Category VIII - Manufacturing by the Institute of Chartered Accountants of India Awards for Excellence in Financial Reporting for the year 2018-19.

The Company's Maniyar Hydel power plant received the 'Safety Award 2019' for safety performance in Industrial Safety from the Kerala State Factories & Boilers Department. The Maniyar Hydel power plant and the Electrominerals Business at Cochin SEZ also received the Sreshta Suraksha Pursaskar from National Safety Council under the 'Small Factories Category'. The Company's Human Resource department had won the first place in Young HR Managers Competition for the Southern Region instituted by the Confederation of Indian Industry under the category - Employee Engagement for the Company's Catalyst - CUMI Mentoring Platform.

The Company also received the Pride of Murugappa Awards instituted by the Murugappa Group across 8 award categories viz., Customer Centricity, Finance, Environment Health & Safety, Maintenance & Tooling, HR practises and Marketing & Communications. In the Murugappa Group Shine awards that celebrates role models of the Spirit of the Murugappa Group - 5 Lights, CUMI employees received awards in the Quality, Passion and Respect categories.

The total staff on rolls of the Company (including Joint Ventures and Subsidiaries) as on 31st March 2020 was 5172 with 3416 employees in India (previous year 5144 with 3407 employees in India).

PERFORMANCE OF SUBSIDIARIES

The Russian subsidiary, recorded sales of RUB 5994 million, from RUB 5860 million the previous year. Growth was driven by the SiC and Refractory Business. The entity started the year with good volumes for the DPF market, which subsequently softened in line with the general slowdown in the global Automotive industry and due to lower demand for diesel vehicles. Towards the second half of the year, the Business realigned its product mix to increase its share of Refractory-grade SiC. The Business was thus able to run at near-full capacity and achieve volume growth.

Foskor Zirconia, South Africa, recorded sales of ZAR 213 million, compared to ZAR 215 million in last year. The entity's loss reduced to ZAR 43 million as against ZAR 49 million in last year. Raw Material scarcity and soft realisations impacted the margins of the Business.

Considering that its liabilities have exceeded its assets, the subsidiary's Auditors' have in their report made an observation on material uncertainty relating to going concern. Hence, the Auditors of the Company have reproduced the same in their consolidated Audit Report without modifying their opinion. Considering the challenging business conditions in South Africa, the Board of Foskor Zirconia Pty Limited is reviewing the business for initiating suitable measures in due course.

In CUMI Australia, the Business in Lined Equipment continued to be good. Sales grew from AUD 20.8 million to AUD 21.8 million. Despite the impact of the bush fires on the economy, the Business was able to record a growth of 5 per cent. Profit after tax grew from AUD 2.3 million to AUD 2.7 million.

Sterling Abrasives reported a sales of ₹799 million, compared to the last year's sales of ₹901 million. Profit after tax decreased from ₹94 million to ₹80 million. The Business was impacted by the slowdown in the domestic Automotive industry, as well as a mixed kharif crop season this year.

CUMI Abrasives and Ceramics Company, the subsidiary based in China, had a sales of CNY 18 million for the year, compared to CNY 21 million last year.

The sales of CUMI America recorded a good growth at USD 10 million from USD 9.3 million driven by the increase in sales of both Bonded Abrasives and Industrial Ceramics, achieving profit before tax of USD 0.3 million against loss of USD 0.3 million in the previous year. The American entity was able to on-board several new institutional customers this year.

For CUMI Middle East, sales increased from USD 1.7 million to USD 2.7 million. Profit for the year was at USD 0.008 million against a profit of USD 0.002 million during the previous year.

Southern Energy Development Corporation Limited (SEDCO), the gas based power generation subsidiary, recorded a sale of ₹237 million as against ₹187 million last year. The gain in revenue was due to adverse cyclone impact in the southern part of Tamil Nadu in 2018-19, because of which the production was disrupted for 3 months. The profit after tax grew from 19 million to 55 million backed by recoveries from insurance companies for 2018-19 cyclone impact.

Net Access India, which provides IT facilities management and other allied services increased its sales from ₹451 million to ₹471 million. The profit after tax marginally grew from 26.7 million to 27.2 million.

CUMI International Limited, Cyprus recorded a revenue of USD 5.24 million representing mainly dividend income as against last year's income of USD 5.04 million.

CUMI Europe s.r.o, based out of Europe which is not in operation made a loss of CZK 0.1 million.

Performance of Associate and Joint Ventures are given in note no. 6A and 6B respectively of the consolidated financials. Consolidated Financial Statements (incorporating the financial results of the Company, its Subsidiaries and Associate/Joint Venture) have been provided in the Annual Report. Other than the Associate/Joint Venture companies referred in the Annual Report, there are Associate/Joint Venture 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 is also provided in the Annual Report.

ENTERPRISE VALUE ADDITION

The Company has been able to continuously add value, the summary of which is given below:

₹ million

Particulars	2019-20	2018-19	2017-18	2016-17	2015-16
Generation of Gross Value added	**5044**	**5072**	**4550**	**3959**	**3789**
Breakup on Application of Value added					
Payment to employees and directors	1979	1838	1760	1549	1429
Payment to shareholders (on payment basis)	757	520	330	189	377
Payment to Government	709	946	732	543	564
Payment to Lender	-	-	-	33	64
Towards replacement and expansion	1599	1768	1728	1645	1355
	5044	**5072**	**4550**	**3959**	**3789**

- *Gross value added is Revenue Less Expenditure (excluding depreciation + expenditure on employees & directors service + Long term interest)*
- *Payment to Government is Current tax+ Dividend distribution tax*
- *Towards replacement and expansion is Retained earnings + Depreciation + Deferred tax*

RISKS, CONCERNS AND THREATS

The Company has constituted a Risk Management Committee aligned with the requirements of the Companies Act, 2013 and Listing Regulations. The details of the 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. The Company also has developed a structured risk management policy encompassing the risk management objectives, principles, process, responsibility for implementation, maintenance of risk registers, review of risk movements, risk reporting framework etc. Risk management also forms an integral part of the Company's business Plan. During the year, the Company also conducted a penetration assessment testing on internet facing applications considering the growing significance of addressing cyber risks.

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 are tracked. Any new technology may impact the performance of the Company in the long run. The Company seeks to address these technology gaps through continuous benchmarking of the existing manufacturing processes with developments in the industry and in this connection has made arrangements with technical research institutions and technology consultants. The Company has been making investments in the next level of Industry 4.0 in select modules. Industry 4.0 is the current trend of automation and data exchange in manufacturing technologies.

The requirements of power for the Company is driven by the requirements of the Electrominerals Business. The power requirement is partly met out of own generation from the Maniyar Hydroelectric plant. The entire production of power from Maniyar is utilised by the Electrominerals business. Apart from this, electricity is generated at the Company's subsidiary SEDCO and consumed at all its locations in Tamil Nadu. The rest of the requirement of electricity is managed by purchase from respective State Electricity Boards. Utilisation of power remains one of the key factors which can impact the profitability either favourably or adversely based on the changes in the power cost. As part of its strategy to build competitiveness, the Company continues to look for opportunities to add to its captive power generation. In Russia, the Silicon Carbide operations which also consumes large quantities of power sources it from local utility.

The requirement of fuel is driven by the high temperature processes in the Abrasives and Ceramics Businesses. Any increase in the cost of fuel impacts the profitability. Hence, the Company has put in place plans and implement energy conservation measures to improve its competitiveness.

The Company uses various raw materials such as Bauxite, Calcined Alumina, Zirconia sand, Raw Pet coke, Quartz and Graphite which have high price volatility. This is addressed through annual contracts to cover volatality due to price fluctuations and also mitigated through programs to identify alternative sources.

The Company deals with multiple currencies and is thus exposed to exchange risk on account of adverse currency movements. Foreign Exchange risk in 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.

As a risk mitigation measure to address cyber security threat and in continuation of the IT security review plan, during the previous year, the Company had included log management and vulnerability assessment with Security Information and Event Management (SIEM), a continuous monitoring process, to identify any surge/incident at the network and application systems. The security threat awareness is published and promoted periodically to create awareness among stakeholders on handling the risk proactively. The security process is included as an important step in the IT strategy of the Company. There is considerable amount of work undertaken on scoping of information specific to the role defined to prevent any data or information leak.

The Company's input materials are not commoditised and does not warrant for any specific hedging to be undertaken. With respect to output materials, adverse impact of changes in commodity prices on user industries could impact the sales which are mitigated by development of alternate products, establishing new range of applications etc. as detailed above. The other mitigation measures for dealing with increase in fuel costs, non-availability of raw materials etc. have been dealt separately in above paragraphs.

The risks associated with COVID-19 has been dealt with in the section below.

COVID -19

The outbreak of the COVID-19 pandemic developed into a global crisis in the last quarter of the FY 2019-20 forcing countries globally to impose lock down conditions on all activities impacting the economy at large. At the onset of the pandemic spread in India, the priority for the Company was the safety and health of all its employees and other stakeholders with minimal disruption to operations. In adherence to the Government advisories and considering the well-being of our stakeholders, all the plants of the Company, were shut down in a safe manner following due protocols. However, considering that most of our plants have operations involving continuous processes at high temperature, as a safeguard measure, minimal essential staff required for safety and maintenance were deployed in such locations after undertaking due health and hygiene precautions.

For a Company with a legacy of over 6 decades operating on a model of working out of plants and offices, a seamless transition to remote working was made swiftly, by putting in place a policy framework for operating from home with well-established protocols. The robust IT platform of the Company enabled significant personnel to continue to perform their services remotely in a safe and secured manner.

Some of the plants especially those located in green zones resumed operations quickly by mid-April after ensuring receipt of requisite permissions from the local authorities and in adherence to the standard operating procedures laid down by the Ministry of Home Affairs from time to time. This adherence was ensured not only from a regulatory compliance perspective but by keeping in mind the well-being of our employees, customers and other stakeholders. Since then as on date of this report, almost all plants of the Company have resumed operations with permitted workforce and necessary steps are being taken by the Company to meet the customer demand globally reinforcing their confidence in the Company amidst these unprecedented and challenging conditions.

The COVID-19 pandemic has caused unprecedented disruption in business and operation models globally. This has cascading uncertainties making market and business conditions volatile. Even prior to the COVID-19, the slowdown in the Automotive sector and other core sectors started to reverse the growth momentum the Company had during the first half of the financial year 2019-20. However, with a sound financial position including efficient liquidity management supported by diversified global operations, reliable supply chain partners, passionate and dedicated employees and the inherent resilience built over 65 years, the Company believes it will be able to navigate through these challenges for a sustainable growth in future.

With respect to material changes or commitments impacting the financial position of the Company in respect of events occurring after end of the year but before the date of this report, the Board is of the opinion that no material adjustments in the accounting entries or estimates, accounting policies are relevant to the financial statements for the year ended 31st March 2020.

The key risks identified owing to COVID-19 which could impact the future performance of the Company are given below:

Risk	Impact	Mitigation plan
Business disruption and uncertainty	Operations of the Company could be impacted due to the continuing pandemic situation incapacitating with restrictions on manpower, logistical hindrances or delays, low customer demands etc. leading to decline in growth and profitability.	Rigorous review of the business plan as well as contingency plan based on scenario planning put in place and being closely monitored by the Business Group Management Committee (BGMC) duly supported by the operating teams with timely and relevant information. Continuous engagement with customers and updating them on the status of operations and assuring them of delivery and performance. Prudent cash management and efficient working capital management with sharp focus on collections and payments, cost reduction and management. Based on the robust safety measures deployed as well as prevailing demand position, wherever permissible, approvals relaxing the manpower requirements are being sought. Exploring new opportunities in emerging sectors post COVID-19. Technological and digital advancement proposals to keep up with the transformation in the operations model and product offerings.
Employee Risk	Growth momentum could be lowered due to any employee or his/her family being exposed to the infection, emotional stress and impact on their wellbeing during quarantine or lockdown conditions, employees not being able to adapt to remote working or not being able to carry out their functions or operations where remote working is not feasible owing to logistical, contractual or security issues, non-availability of migrant labour.	Right from the onset of the pandemic, dedicated clear communication and awareness programmes to sensitise the employees on the cause and effect of the disease is being continuously conducted. Dedicated periodic calls to enquire about the health status of the employee and his or her family including neighborhood are being made. Dedicated Task forces for taking concerted and quick decision on matters relating to COVID-19 have been set up under the supervision of Head-HR. In certain factories, preliminary health checkups are being undertaken before a worker resumes duty. Continuous guidance on social distancing norms and hygiene given. Contractual, emotional and operational guidance on remote working being given periodically. Separate helplines 24*7 to counsel employees who require customized guidance or information has been set up. Online learning and development programmes rolled out to keep employees engaged and up skilled during the lock down. Automation of routine and repeated processes to minimize the dependency on manual processes being explored continously.
Supply chain risk	Non-availability of raw materials and services to continue operations.	Regular coordination with key suppliers as well as identification of alternate suppliers for expediting the services/materials critical for operations.
Regulatory or legal risk	Non-adherence to the Government Advisories, Standard Operating Procedures etc., exposing the Company to legal and compliance risks including those arising out of force majeure obligations.	Closely monitoring the information on government circulars, notifications, advisories and instantly disseminating the same to the operating team for implementation as well as monitoring adherence through robust compliance management system.
Cyber security risk	As more digital our operations become, we are prone to cyber threats causing havoc in operations and reputation.	Robust IT security policy, implementation with a periodic review mechanism.

With the Company's strong track record and value focus, we expect the competitiveness to increase in future and with ongoing risk assessment and minimization efforts, we anticipate to suitably minimise the impact. However, the forecast for growth depends on the pandemic being brought under control.

BUSINESS OUTLOOK AND OPPORTUNITIES

As stated in the Economic Overview section, India is expected to grow 1.9 per cent in FY 21 and 7.4 per cent in FY 22. This would make India the fastest growing major economy in FY 2021 with even many advanced economies being forecast with a decline in growth. IMF has warned the pandemic "worst recession since the Great Depression" likely to dwarf the economic damage caused by the global financial crisis a decade back. India and China have been identified the only two major economies likely to register growth, with all others contracting. However, the recovery forecast for 2021 depends critically on the pandemic being brought under control in the second half of 2020, allowing containment efforts to be gradually scaled back and restoring consumer and investor confidence.

The Govt. of India's ₹20 trillion economic stimulus package (Aatmanirbhar Initiative) is expected to kick-start economic activity in the country again with focus on Make in India. Interventions under the scheme aimed at MSMEs, NBFCs, DISCOMs and the Mining sector are expected to provide a boost to Industrial activity. Specifically, positive effects on Infrastructure (through MNREGA allocations); Construction (by improving liquidity to NBFCs and Welfare funds); Mining (reducing the import dependency in Coal) are expected to have positive effects on our businesses.

Notwithstanding the same, the Company continues to explore and identify alternate and new opportunities for its various product segments across all its businesses in sectors including healthcare, digital, defence etc. to leverage growth during these unprecedented times.

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 Deposits) Rules, 2014 and no amount of principal or interest was 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:

Description	As on 31.03.2019	Movement (Net of Deletions)	As on 31.03.2020
Loans given by the Company	-	-	-
Corporate guarantee given by the Company	1784.98	1234.22*	550.76
Investments made by the Company	2511.46	(53.04)**	2458.42

**Release of Corporate Guarantee towards loan availed by CUMI International Limited, Cyprus (wholly owned subsidiary of CUMI) amounting ₹1203.58 and balance is due to Exchange difference*

***On account of fair valuation*

Current Investments - investment in mutual funds and fixed deposits as on 31.03.2020 was ₹616.02 million and ₹1579.26 million respectively.

RELATED PARTY TRANSACTIONS

The Company as per the requirements of the Companies Act, 2013 and Regulation 23 of the Listing Regulations has 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 approval of the Committee is obtained on a quarterly basis for transactions which are of foreseen and repetitive nature. Omnibus approvals in respect of transactions that cannot be foreseen or envisaged are also obtained as permitted under the applicable laws. The list of Related Parties is reviewed and updated periodically as per the prevailing regulatory conditions.

The details of transactions proposed to be entered into with Related Parties are placed before the Audit Committee for approval on an annual basis before the commencement of the financial year. Thereafter, a statement containing the nature and value of the transactions entered into by the Company with Related Parties is presented for quarterly review by the Committee. Further, revised estimates or changes, if any to the proposed transactions for the remaining period are also placed for approval of the Committee on a quarterly basis. 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 and hence not requiring particulars to be entered in the Form AOC-2. Further, all transactions entered into with Related Parties during the year even at arms' length basis in the ordinary course did not exceed the thresholds prescribed under the Companies (Meetings of Board and its Powers) Rules, 2014 or Listing Regulations or the Company's Policy in this regard and hence no disclosure was required to be made in Form AOC-2. Accordingly, 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.

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.

The Company's policy on dealing with Related Parties as approved by the Board is available on the Company's website in the following link *https://www.cumi-murugappa.com/policies-disclosure/.* During the year, in line with the regulatory changes in the Listing Regulations and the Companies Act, 2013 & the rules referred therein, the policy on dealing with Related Parties was amended and approved by the Board. None of the Directors and KMPs had any pecuniary relationship or transaction with the Company other than those relating to remuneration in their capacity as Directors/Executives and corporate action entitlements in their capacity as shareholders of the Company.

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 in line with its stated CSR policy.

The Company set up the CUMI Centre for Skill Development (CCSD) in the year 2012 at Hosur, to build a skill bank of a technically competent and industry ready work force from the less privileged sections of the society. During the FY 2015-16, the Company replicated this model in Edapally, Cochin. During the FY 2018-19, the Company along with its Joint Venture - Murugappa Morgan Thermal Ceramics Limited has replicated this model in Ranipet, Tamil Nadu. CCSD provides specialised training based on National Council on Vocational Training syllabus for the rural youth drawn from socially and underprivileged sections of the society. 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. The Company continues to harness the potential of CCSD centres so far established. The Company takes pride in informing that few students have earned accolades at national/regional level for their par excellence performance in academic and technical areas. During the year, the CUMI Centre for Skill Development stationed at Hosur was declared as the 'Best Establishment of the Region' by the National Skill Training Institute. Owing to the successful functioning of the CCSD Hosur and it yielding benefits to the student community, as a part of its expansion plan, a state of the art building for imparting training to students of CCSD was inaugurated during the year by the Board on 29th January 2020.

In addition to the CCSD, the Company has also been contributing to the cause of health and education by making grants to AMM Foundation. Further, during the year, grants were also made to Shri A M M Murugappa Chettiar Research Centre (MCRC) for research in rural development.

AMM Foundation, an autonomous charitable trust, is engaged in philanthropic activities in the field of education and healthcare since 1953. The Company's focus areas for grants to implementing agencies continued to be in the education and health sector. The grant to AMM Foundation for the education sector was through contributions to Vellayan Chettiar Higher Secondary School, Tiruvottiyur (VCHSS) - which has been making a difference in the field of education for the past 50 years. The school runs with the vision - To provide Quality Education with good virtues, for the underprivileged and marginalised communities around Tiruvottiyur. The Company's contribution to VCHSS through AMM Foundation during the year was towards the formation of a new basketball court and strengthening of the south side wall. Further, the Company has also provided the students of the VCHSS a playground (football ground) developed with adequate facilities for excelling in sports. During the year, the Company also made a contribution to the AMM Foundation Corpus Fund for continuance of the existing activities seamlessly and also undertaking new initiatives that is directly relatable to a subject covered under Schedule VII of the Companies Act, 2013.

With respect to healthcare, a grant to AMM foundation was made for establishing and operating a mobile health van at Jhabera, Uttarakhand in order to provide free primary healthcare at doorstep, diagnosis of diseases, if any through the mobile health lab, providing treatment through free medicines and creating awareness on the importance of healthcare in the nearby communities.

MCRC is a non-Governmental voluntary research organisation working on devices and technologies for rural application of eco-friendly technologies to combat pollution. MCRC is recognised by Department of Scientific and Industrial Research, Government of India as a Scientific and Industrial Research Organisation to conduct research in various areas and is approved by the University of Madras, Chennai to offer Ph.D. programmes in the areas of Energy, Bioenergy and Biomass for rural development. During the year, a grant was made to MCRC for research and development on biological waste water treatment using Microbial, Enzymes etc. for rural villages.

Since mid of March 2020, the novel Corona Virus pandemic 2019 (COVID-19) has posed an unparalleled and enormous challenge to the nation and world at large resulting in a lockdown situation. Having been declared a 'pandemic' by the World Health Organization, it has caused massive disruption not only to business operations but also to normal life. Hence, in order to support the efforts of the Governments (Centre & State) to combat the ongoing crisis and also aid the Government to deal with emergency or distress situation posed by COVID-19, the Company made a contribution of ₹20 million to the PM Cares Fund in April 2020. Further, in order to support the community at Hosur, Tamil Nadu wherein the Company's plants are situated, to deal with the distress situation posed by COVID-19, the Company made a contribution of ₹1 million to Hosur Industrial Association in March 2020 for setting up COVID-19 ward in ESIC hospital. During the times of need, the Company's canteens at various factory locations have been functioning as community kitchens to serve the needy during the nationwide lockdown. At various locations where the Company is situated, contributions to combat or contain the spread of the disease has been made mostly in the form of supplies and materials.

Besides the above, the Company also actively pursued local community assistance programmes in and around its plant and office locations anchored by its employees. The Electrominerals Business conducted sessions on Child rights & parenting, terrace farming for women, importance of waste management & environment sanitation. The Refractories Business continued its project titled "The Adolescent Girl Child Program" targeted at imparting education on Good Touch, Bad Touch and menstrual hygiene for adolescent girls of villages in and around Vellore district. The Company also sponsored pediatric cardiac surgery wherein services, surgery and consultation are provided totally free of cost for children suffering from heart diseases.

During the year, the Company's Electrominerals Business received the Corporate Social Responsibility Award from Rotary International for the initiatives undertaken. The recognitions for the Company's corporate social responsibility initiatives are drivers for the Company to contribute more to the society and community at large. The Company's CSR policy is available on the Company's website at the following link *https://www.cumi-murugappa.com/policies-disclosure/.* The Annual report on the CSR activities in the prescribed format is annexed hereto as Annexure B and forms part of this Report.

BUSINESS RESPONSIBILITY REPORTING

The Company's ethical and responsible behaviour complements its corporate culture. Being a public listed company, the Company recognises that its accountability is not limited only to its shareholders from a financial perspective but also to the larger society in which it operates. During 2016-17, consequent to the mandatory reporting of its business responsibility initiatives under the Listing Regulations, the Company had formulated a consolidated policy on Business Responsibility which lays down the broad principles guiding the Company in delivering its various responsibilities to its stakeholders. The policy is intended to ensure that the Company adopts responsible business practices in the interest of the social set up and the environment so that it contributes beyond financial and operational performance. A copy of the policy is available at *https://www.cumi-murugappa.com/policies-disclosure/* and the Business Responsibility Report for the year ended 31st March 2020 in terms of Regulation 34 of the Listing Regulations is annexed to this Report as Annexure C.

GOVERNANCE

Board of Directors and Key Managerial Personnel

As at 31st March 2020, the Board of the Company comprised eight Directors of which majority (five) are independent.

Mr. T L Palani Kumar, Independent Director who was appointed for a term of five years at the 60th Annual General Meeting held on 1st August 2014 retired on 31st July 2019. Mrs. Bharati Rao, Independent Director who was appointed for a term of four years at the 61st Annual General Meeting held on 3rd August 2015 retired on 2nd August 2019. The Board places on record its appreciation for the services rendered by Mr. T L Palani Kumar and Mrs. Bharati Rao during their tenure as Directors of the Company including as members of the various Committees of the Board.

Mr. Sanjay Jayavarthanavelu and Mr. Aroon Raman Independent Directors were re-appointed for a second term of five years and their re-appointment was approved by the shareholders vide special resolution at the 65th Annual General Meeting.

During the year, Mrs. Soundara Kumar was appointed as an Additional Director with effect from 3rd August 2019 by the Board at its meeting held on 31st July 2019. In the opinion of the Board, Mrs. Soundara Kumar satisfies the independence criteria prescribed in the Act and Rules made thereunder for appointment as an Independent Director of the Company and that she is independent of the Management. Hence, the Board has recommended her appointment as an Independent Director of the Company for a term of five years commencing from 3rd August 2019 to the shareholders. Notice in this regard under Section 160 has been received from a Member.

Mr. K Srinivasan who was re-appointed as the Managing Director by the shareholders at the Annual General Meeting held on 31st July 2017 for a period of two years from 23rd November 2017 superannuated from the services of the Company with effect from close of business hours on 22nd November 2019. Mr. K Srinivasan was associated with the Company and the Murugappa Group for over three decades and was instrumental in placing the Company in the global map. The Board places on record its appreciation for Mr. K Srinivasan's significant contribution and dedicated services to the Company during his long association with the Company.

The Board at its meeting held on 26th April 2019 based on the recommendation of the Nomination and Remuneration Committee appointed Mr. N Ananthaseshan as an Additional Director and Managing Director (Designate) of the Company with effect from 26th April 2019 to succeed Mr. K Srinivasan as the Managing Director for 3 years commencing from 23rd November 2019. Mr. Ananthaseshan's appointment as the Managing Director (Designate) with effect from 26th April 2019 and as the Managing Director with effect from 23rd November 2019 was approved by the shareholders at the 65th Annual General Meeting held on 31st July 2019. After Mr. K Srinivasan's retirement, Mr. N Ananthaseshan took over as the Managing Director with effect from 23rd November 2019.

Consequent to the changes in the Board composition, the constitution of various Committees were also reviewed and revised more fully detailed in the Corporate Governance section of the Report.

Mr. M A M Arunachalam, retires by rotation at the forthcoming Annual General Meeting and being eligible has offered himself for re-appointment. A proposal for his re-appointment is included in the Notice convening the 66th Annual General Meeting for consideration and approval by the shareholders.

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 the Listing Regulations. In the opinion of the Board, all the Directors appointed/re-appointed during the year are persons with integrity, expertise and possess relevant experience in their respective fields.

All the Independent Directors of the Company have registered their names in the Independent Directors Databank as required under the Companies Act, 2013 and the Rules referred therein. The Independent Directors are also required to take up an online proficiency self-assessment test within one year from the date of inclusion of their name in the Independent Directors databank with an exemption provided to Directors fulfilling the criteria prescribed under the Act and the Rules referred therein. While the requirement of completion of the online proficiency self-assessment test is exempt for few of the Company's Independent Directors, considering the one year time available from the date of inclusion of the name in the databank, the required Independent Directors would complete the assessment within the prescribed time. Hence, considering the time available for the Independent Directors to complete the online proficiency test, the requirement for the Board to provide its opinion on the experience of the Independent Directors with specific reference to proficiency ascertained from passing of the online proficiency self-assessment test does not arise.

During the year, Mr. Jagannathan Chakravarthi Narasimhan resigned from the services of the Company with effect from 29th October 2019. The position of Chief Financial Officer is vacant since then and the Company is in the process of identifying suitable candidate(s) for filling up the vacancy.

The COVID-19 pandemic situation across the country has impeded the identification and selection process for the Chief Financial Officer of the Company which will be filled up in due course of time. The Company will continue to take the requisite steps in this regard endeavoring to fill up the position.

Mr. N Ananthaseshan, Managing Director and Ms. Rekha Surendhiran, Company Secretary are the Key Managerial Personnel of the Company as per Section 203 of the Companies Act, 2013.

Board Meetings

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

Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and the Listing Regulations, 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 as per the evaluation framework adopted by the Board on the recommendation of the Nomination and Remuneration Committee. Structured assessment forms were used in the overall Board evaluation comprising various aspects of the Board's functioning in terms of structure, its meetings, strategy, governance and other dynamics of its functioning besides the financial reporting process, internal controls and risk management. The evaluation of the Committees was based on their terms of reference fixed by the Board besides the dynamics of their functioning in terms of meeting frequency, effectiveness of contribution etc.

Separate questionnaires were used to evaluate the performance of individual Directors on parameters such as their level of engagement and contribution, objective judgement etc. The Managing Director's evaluation was based on leadership qualities, strategic planning, communication, engagement with the Board 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, the Board as a whole and the Non-Independent Directors was carried out by the Independent Directors at their separate meeting held during the year.

Policy on Appointment and Remuneration of Directors

Pursuant to Section 178(3) of the Companies Act, 2013, the Nomination and Remuneration Committee of the Board 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 the Company. 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 the Remuneration policy are available on the website of the Company at *https://www.cumi-murugappa.com/policies-disclosure/*.

Composition of Audit Committee

The Audit Committee of the Board comprises only Independent Directors. Mr. Sanjay Jayavarthanavelu is the Chairman and other members are Mr. Aroon Raman, Mr. Sujjain S Talwar and Mrs. Soundara Kumar. Consequent to the retirement of Mr. T L Palani Kumar and Mrs. Bharati Rao with effect from 31st July 2019 and 2nd August 2019 respectively, Mr. Aroon Raman and Mrs. Soundara Kumar were inducted into the Committee with effect from 1st August 2019 and 3rd August 2019 respectively. Mr. Sanjay Jayavarthanavelu was elected as the Chairman of the Committee with effect from 1st August 2019. During the year, five Audit Committee meetings were held, the details of which are provided in the Corporate Governance Report.

Statutory Auditors

In line with the requirements of the Companies Act, 2013, the Company, with the approval of the shareholders at the Annual General Meeting held on 31st July 2017, appointed M/s. Price Waterhouse Chartered Accountants LLP (Reg. No. FRN 012754N/N500016) (PwC) as the Statutory Auditors of the Company to hold office from the conclusion of 63rd Annual General Meeting until the conclusion of the 68th Annual General Meeting subject to annual ratification by the shareholders at every AGM, if required under the relevant provisions of the Act at a remuneration to be decided by the Board based on the recommendation of the Audit Committee. However, as the Companies (Amendment) Act, 2017 has dispensed with the requirement of annual ratification of the Statutory Auditor's appointment, there is no requirement to seek an annual ratification of their appointment this year.

As required under Regulation 33 of the Listing Regulations, the Auditors have 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 M/s. Price Waterhouse Chartered Accountants LLP on the Financial Statements of the Company for the year ended 31st March 2020 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. During the year under review, the Auditors have not reported any matter under Section 143(12) of the Companies Act, 2013 and hence there are no details to be disclosed under Section 134(3)(ca) of the Act.

Cost Auditors

Pursuant to Section 148 of the Companies Act, 2013 read with Companies (Cost Records and Audit) Rules, 2014 and amendments thereof, the Company is required to maintain cost accounting records in respect of products of the Company covered under CETA categories like Organic and Inorganic chemicals, Electrical or Electronic machinery, Steel, Plastic and Polymers, Ores and Mineral products, other Machinery, Base Metals etc. Further, the cost accounting records maintained by the Company are required to be audited.

The Board, on the recommendation of the Audit Committee, had appointed M/s. S Mahadevan & Co. (firm no. 000007), Cost Accountants, Chennai to audit the cost accounting records maintained by the Company under the said Rules for the FY 2019-20 on a remuneration of ₹4,50,000/-. Further, the same firm has also been appointed by the Board to conduct the cost audit for the FY 2020-21 at the same remuneration

The Companies Act, 2013 mandates that the remuneration payable to the Cost Auditor is ratified by the shareholders. Accordingly, a resolution seeking the shareholders' ratification of the remuneration payable to the Cost Auditor for the FY 2020-21 is included in the Notice convening the 66th Annual General Meeting.

Secretarial Audit

M/s. R Sridharan & Associates, Practising Company Secretaries, Chennai was appointed as the Secretarial Auditor to undertake the Secretarial Audit of the Company for the FY 2019-20. The report of the Secretarial Auditor 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.

In terms of Regulation 24A of the Listing Regulations, there is no material unlisted subsidiary incorporated in India. Material unlisted subsidiary for the purpose of this Regulation is a subsidiary whose income/net worth exceeds 10 per cent of the consolidated income/net worth respectively of the Company and its Subsidiaries in the immediately preceding accounting year. Hence, there is no requirement for a Secretarial audit to be conducted for any of the Company's Subsidiaries in India.

Compliance Management

The Company migrated to KOMRISK, a new compliance management system from its in house compliance management system during the year. The 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 including auto updation based on the regulatory changes from time to time.

Corporate Governance

In terms of Regulation 34(3) read with Schedule V of the Listing Regulations, a separate section on Corporate Governance including the certificate from a Practising Company Secretary confirming compliance is annexed to and forms an integral part of this Report.

CEO/CFO Certificate

Mr. N Ananthaseshan, Managing Director has submitted a certificate to the Board on the integrity of the Financial Statements and other matters as required under Regulation 17(8) of the Listing Regulations.

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 confirms that:

- in the preparation of the annual accounts, for the financial year ended 31st March 2020, applicable accounting standards have been followed and no material departures have been made from the same;
- the accounting policies mentioned in Note 3 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) and the Annual Return in Form MGT-7 is available in *www.cumi.murugappa.com.*

SECRETARIAL STANDARDS

The Company is in compliance with the Secretarial Standards on Meetings of the Board of Directors (SS-1) and Secretarial Standards on General Meetings (SS- 2).

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO

The information on Energy Conservation, Technology Absorption, Expenditure incurred on Research & Development and forex earnings/ 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 and forms part of this Report (refer Annexure D).

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 and its future operations.

PARTICULARS OF EMPLOYEES

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

Under the Company's Employee Stock Option Scheme 2007, no Option grants have been made since February 2012. The Employee Stock Option Plan 2016 (ESOP 2016) was implemented in February 2017 with the approval of the shareholders and currently governs the grant of Options to employees. During the year 2019-20, a grant of 278,528 Options was made to eligible employees. The disclosures with respect to Options granted under the ESOP 2007 and ESOP 2016 are contained in the Corporate Governance Report. Further, the disclosures relating to Stock Options as per Securities and Exchange Board of India (Share based Employees Benefits) Regulations, 2014 read with the circular issued by SEBI on 16th June 2015 has been provided on the Company's website and is available in the link *https://www.cumi-murugappa.com/policies-disclosure/.* Both the ESOP Scheme 2007 and ESOP 2016 are in compliance with the SEBI (Share Based Employee Benefits) Regulations, 2014.

ACKNOWLEDGEMENT

The Board gratefully acknowledges the co-operation 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

Chennai
June 6, 2020

M M Murugappan
Chairman

ANNEXURES TO THE DIRECTORS' REPORT

All information furnished in the annexures relates to Carborundum Universal Limited, India as a standalone entity

ANNEXURE A

Statement of Employees' Remuneration

A. The details of top ten employees (employed throughout the year) in terms of remuneration drawn during the financial year 2019-20 as per Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 duly amended by the Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2016 are as follows (listed in alphabetical order):

Name and Age	Designation/Nature of duties	Gross remuneration paid (₹)	Qualification & experience (years)	Date of commencement of employment	Previous employment
1	2	3	4	5	6
Ananthaseshan N (57)	Managing Director	14,709,649	M.Sc (Applied Science), M.Tech Material Science (34)	19.02.1986[f]	-
Jayan P S (60)	Executive Vice President - EMD	7,825,504	B.Sc & B.Tech (32)	30.11.1985[f]	-
Padmanabhan P (52)	Vice President and Chief Accounts Officer	5,300,025	B.Com, Grad CWA, ACA, PGDFM (32)	01.07.1994[f]	-
Rajendran V G (50)	Senior Vice President - Refractories and Prodorite	8,886,573	BE (Metallurgy) and PGD in Management (31)	25.10.2017	C.O.O.- Foundry Division, Mahindra CIE Automotive Limited
Rajkumar Arul (52)	Senior Vice President- HR	7,107,711	B.Sc, MA(SW), PG in Management (30)	17.09.2018	Eden associates - HR consultancy firm
Shyam S Rao (57)	Senior Vice President - Industrial Ceramics	8,574,396	B. Tech Metallurgy, MS Material Science, PhD Material Science (26)	07.05.1999	Widia India Limited
Sivakumaran M V (48)	Vice President, Abrasives	5,325,518	M.Sc, MBA & M.Tech (23)	01.07.1996[f]	-
Sridharan Rangarajan (54)[d]	President- Corporate	17,886,467	B Com, ACA, Grad CWA (34)	22.06.2011	CFO, Indian Operations - TIMKEN
Srikanth C (54)	Senior Vice President - Marketing, Abrasives	6,680,908	BE Mechanical Engineering & MBA Marketing (33)	05.09.1992	Cutfast Abrasives Tools Limited
Vijayalakshmi D (54)	Vice President - Corporate Communications	6,122,037	B.Sc Physics (31)	21.01.2010	Ogilvy Public Relations

B. Details of employees who were employed for part of the year and earning eight lakh and fifty thousand rupees per month apart from the Top ten employees:

Name and Age	Designation/Nature of duties	Gross remuneration paid (₹)	Qualification & experience (years)	Date of commencement of employment	Previous employment
1	2	3	4	5	6
Srinivasan K (62)	Managing Director[c]	30,302,790	B Tech (Mech) (40)	30.01.2002	Vice President - Wendt (India) Limited
M Muthiah (60)	Executive Vice President - HR[c]	7,979,104	MA (SW) and PG Dip in Management (35)	15.10.2003	Plant HR Head, Hyundai Motor India Limited
Jagannathan Chakravarthi Narasimhan (47)	Chief Financial Officer[c]	7,059,205	B Com, ACA, Grad CWA (21)	23.07.2018	CFO, Mindtree Limited
Ninad M Gadgil (49)	President - Abrasives[c]	4,768,123	BE (Electronics) & PGDBM (Marketing)	04.11.2019	Country Business Leader - Healthcare, 3M India Limited

Notes:

(a) Remuneration as 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. During the year, eligible employees were granted in aggregate 278,528 Options under the Employee Stock Option Plan 2016. The employee-wise grant details are available in the disclosure under SEBI (Share Based Employee Benefits) Regulations, 2015 uploaded in the website of the Company. The Employee Stock Options granted to employees in the earlier period are accounted based on fair value as per Indian Accounting standards.

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

c) Mr. K Srinivasan retired as Managing Director effective 22nd November 2019 and Mr. M Muthiah retired as Executive Vice President - HR effective 31st May 2019. Mr. Jagannathan Chakravarthi Narasimhan resigned from the services effective 29th October 2019. The remuneration above includes their superannuation and settlement benefits. Mr. Ninad M Gadgil, President - Abrasives joined the Company effective 4th November 2019.

d) Effective 18th January 2018, Mr. Sridharan Rangarajan has been deputed to Murugappa Management Services Limited.

Mr. N Ananthaseshan was appointed as Managing Director (Designate) effective 26th April 2019 and he succeeded Mr. K Srinivasan as the Managing Director on 23rd November 2019 after Mr. Srinivasan's retirement. The appointment of Mr. Ananthaseshan as a Director in executive capacity was approved by the shareholders at the 65th Annual General Meeting held on 31st July 2019. Prior to induction into the Board, Mr. Ananthaseshan was holding the position of President - Abrasives and the remuneration disclosed above includes the remuneration received in that capacity from 1st April 2019 to 25th April 2019.

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 and Remuneration of Managerial Personnel) Rules, 2014 (employee holding by himself or with his family shares of 2% or more in the Company and drawing remuneration in excess of the Managing Director). Hence, the details required under Rule 5(3) (viii) is not applicable.

f) Date of joining as graduate engineer trainee / management trainee.

g) The remuneration details are for the year 2019-20 and all other particulars are as on 31st March 2020.

h) None of the employees of the Company other than those listed above were in receipt of remuneration for the FY 2019-20 in excess of Rupees one crore and two lakh rupees per year or eight lakh and fifty thousand rupees per month.

C. The details of remuneration during the year 2019-20 as per Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended by the Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2016 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
Mr. M M Murugappan	Chairman	20.36
Mr. Sanjay Jayavarthanavelu	Independent Director	3.12
Mr. Aroon Raman	Independent Director	3.22
Mr. P S Raghavan	Independent Director	3.05
Mr. Sujjain S Talwar	Independent Director	2.94
Mrs. Soundara Kumar	Independent Director	1.98
Mr. M A M Arunachalam	Non-Executive Director	2.72
Mr. Ananthaseshan	Managing Director	27.54

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

Name	Designation	Increase (%)
Mr. M M Murugappan	Chairman	1.76
Mr. Sanjay Jayavarthanavelu	Independent Director	46.54
Mr. Aroon Raman	Independent Director	58.94
Mr. P S Raghavan	Independent Director	66.31
Mr. Sujjain S Talwar	Non-Executive Director	46.34
Mrs. Soundara Kumar*	Independent Director	NA
Mr. M A M Arunachalam	Independent Director	44.79
Mr. Ananthaseshan**	Managing Director	18.54
Mrs. Rekha Surendhiran	Company Secretary	8.37

*Joined the Board during 2019-20 hence not comparable.
**Appointed as an Executive Director w.e.f. 26th April 2019.

- The Directors remuneration comprises commission and sitting fees for attending the meetings of the Board. The increase in remuneration to the Non-Executive Directors was on account of increase in sitting fees effective 25th October 2019 and Commission payable to them for the FY 2019-20.
- In computing the % increase in remuneration for the FY 2019-20, perquisite value has been duly adjusted factoring the asset transfer under Company car scheme forming part of the remuneration policy of the Company.
- Mr. K Srinivasan, Managing Director superannuated on 22nd November 2019 and hence the details of his managerial remuneration has not been considered for the purposes of the disclosure under Section C.

(iii) Percentage increase in the median remuneration of employees in the financial year: 0.35 per cent (employees who were in employment for the whole of FY 2019-20 & whole of FY 2018-19 considered for this purpose in the respective financial years).

(iv) Number of permanent employees on the rolls of the Company as on 31st March 2020: 2272.

(v) The average annual increase in salaries of employees was 9.84% compared to a decrease in managerial remuneration of 6%. Hence, the confirmation with respect to exceptional circumstances for increase in managerial remuneration does not arise.

(vi) The Company affirms that the remuneration is in compliance with its Remuneration policy.

Chennai
June 6, 2020

On behalf of the Board
M M Murugappan
Chairman

ANNEXURE B

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 is cognizant of its responsibility towards the society in which it operates and has been engaged in CSR activities directly through the establishment of skill development centre as well indirectly through contributions to AMM Foundation, an autonomous charitable trust, in the field of Education and Healthcare, in addition to pursuing activities for the benefit of community around its local areas of operations. In line with its objectives and practices, the CSR policy focuses on Health, Education and Skill Development. The policy is uploaded in the website of the Company.
2.	Website link where the CSR policy is uploaded	https://www.cumi-murugappa.com/policies-disclosure/
3.	The composition of the CSR Committee#	Mr. Aroon Raman (Chairman) Mr. P S Raghavan (Independent Director) Mr. N Ananthaseshan (Managing Director) *#Mr. K Srinivasan was a Member of the Committee till 22nd November 2019. Consequent to his retirement from the Company with effect from closing hours of 22nd November 2019, the Committee was re-constituted with the induction of Mr. N Ananthaseshan as a Member with effect from 23rd November 2019.*
4.	Average net profit of the Company for last three financial years	₹1893.65 million
5.	Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)	₹37.87 million
6.	Details of CSR spent during the financial year (a) Total amount to be spent for the financial year (b) Amount unspent, if any	 ₹37.87 million Nil. The Company has spent ₹38.99 million against its approved outlay of ₹37.90 million. The increased spend is attributed to enhanced spending on initiatives for combatting and containing the spread of COVID-19 pandemic.

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

₹ million

Sl.no	CSR Project or activity identified	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	Enhancing employment skills in manufacturing sector	Hosur, Krishnagiri District, Cochin, Ernakulam District, Ranipet District	19.00	14.44	14.44	Direct
2.	Grant to Vellayan Chettiar Higher Secondary School (VCHSS)	Education	Tiruvottiyur, Chennai District	4.80	4.80	4.80	Agency[1]
3.	Mobile Health van	Healthcare	Jhabera, Haridwar District, Uttarakhand	3.30	3.30	3.30	Agency[1]
4.	R&D on Biological waste water treatment using microbial enzymes for rural villages	Research & Development	Tamil Nadu	8.70	8.70	8.70	Agency[2]
5.	Contribution to AMM Foundation CSR Corpus Fund	Education & Healthcare	Tamil Nadu	2.10	2.10	2.10	Agency[1]
6.	Initiatives for combatting / containment of COVID-19 pandemic - contribution to corpus fund to enable spend on COVID-19 related initiatives.	Healthcare	Pan India	-	4.50	4.50	Agency[1]
7.	Initiatives for combat of COVID-19 spread - establishment of 50 bed COVID Patient treatment facility in ESI Hospital in collaboration with HIA and Kauvery Hospitals.	Healthcare	Krishnagiri District, Tamil Nadu	-	1.00	1.00	Direct
8.	Sponsorship for Pediatric cardio surgery	Healthcare	West Champaran, Bihar	-	0.15	0.15	Agency[3]
	Total			**37.90**	**38.99**	**38.99**	

Implementing Agency:
1. AMM Foundation
2. Shri A.M.M. Murugappa Chettiar Research Centre (MCRC).
3. Sri Satya Sai Health and Education Trust
HIA - Hosur Industrial Association, Hosur, Tamil Nadu

7. Reasons for shortfall in spend: Not applicable. Refer Point (6) (b)
8. The implementation and monitoring of CSR Policy for the FY 2019-20 is in compliance with the CSR objectives and Policy of the Company.

On behalf of the Board

Chennai
June 6, 2020

N Ananthaseshan
Managing Director

Aroon Raman
Chairman - CSR Committee

ANNEXURE C

Business Responsibility Report

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1.	Corporate Identity Number (CIN) of the Company	L29224TN1954PLC000318
2.	Name of the Company	Carborundum Universal Limited
3.	Registered address	'Parry House', 43 Moore Street, Chennai - 600001
4.	Website	www.cumi-murugappa.com
5.	E-mail id	cumigeneral@cumi.murugappa.com
6.	Financial Year reported	1st April 2019 to 31st March 2020
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	

Group	Class	Sub-class	Description	Sector
239	2399	23993	Manufacture of other non-metallic mineral products	Abrasives
239	2393	23939	Manufacture of other porcelain and ceramic products	Ceramics
007	0072	00729	Mining of other non-ferrous metal ores	Electrominerals

8.	List three key products/services that the Company manufactures/provides (as in Balance Sheet)	Abrasives, Ceramics and Electrominerals
9.	Total number of locations where business activity is undertaken by the Company	
	(a) Number of International Locations (Provide details of major 5)	On a standalone basis, the Company does not have any manufacturing unit located outside India
	(b) Number of National Locations	On a standalone basis, the Company carries manufacturing operations across 19 locations in India
10.	Markets served by the Company	Local/State/National/International - All markets

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1.	Paid up Capital (INR)	₹ 189.41 million
2.	Total Turnover (INR)	₹ 16985.22 million
3.	Total profit after taxes (INR)	₹ 1913.25 million
4.	Total Spending on Corporate Social Responsibility(CSR) as percentage of profit after tax (%)	₹ 38.99 million (2.03% as a percentage of profit after tax) (2.06% of the average net profits in preceding three years)
5.	List of activities in which expenditure in 4 above has been incurred	(a) Skill Development - Enhancing employment skills of underprivileged youth in the manufacturing sector; (b) Education; (c) Healthcare including initiatives for combatting and containment of COVID-19; (d) Rural development. For further details, please refer the Corporate Social Responsibility Report (Annexure B of Directors' Report)

SECTION C: OTHER DETAILS

1.	Does the Company have any Subsidiary company/ companies?	Yes. As on 31st March 2020, the Company has 5 direct subsidiaries. Its wholly owned subsidiary - CUMI International Limited has 7 subsidiaries. Out of the total 12 subsidiaries, 3 are situated in India and 9 are situated outside India.
2.	Do the Subsidiary company/companies participate in the BR Initiatives of the parent company?	Each Subsidiary company carries out BR initiatives as per their local requirements.
3.	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	The Company does business with reputed organisations who undertake BR initiatives as per their respective organisational policies. The CUMI Centre for Skill Development, a direct CSR initiative of the Company has been established in Hosur, Edapally and Ranipet. The CCSD is carried on jointly with the Company's Joint Venture entities M/s. Wendt (India) Limited, in Hosur and M/s. Murugappa Morgan Thermal Ceramics Limited in Ranipet.

SECTION D: BR INFORMATION

1. Details of Director responsible for BR

(a) Details of the Director responsible for implementation of the BR policy/policies

1.	DIN	02402921
2.	Name	N Ananthaseshan*
3.	Designation	Managing Director

** Consequent to the retirement of Mr. K Srinivasan as the Managing Director with effect from closing hours of 22nd November 2019, Mr. N Ananthaseshan who has succeeded him as the Managing Director effective 23rd November 2019 is the nominated Director responsible for implementation of the Business Responsibility policy.*

(b) Details of the BR head

No.	Particulars	Abrasives	Ceramics	Refractories & Prodorite	Electrominerals
1.	DIN	NA	NA	NA	NA
2.	Name	Ninad Gadgil	Shyam S Rao	V G Rajendran	P S Jayan
3.	Designation	President-Abrasives	Senior VP - Industrial Ceramics	Senior VP - Refractories & Prodorite	EVP - Electrominerals
4.	Telephone number	91-44-30006161			
5.	E-mail ID	cumibrr@cumi.murugappa.com			

2. Principle-wise (as per NVGs) BR Policy/policies

(a) Details of compliance

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
i.	Do you have a policy/policies for	Y	Y	Y	Y	Y	Y	Y	Y	Y
ii.	Has the policy been formulated in consultation with the relevant stakeholders?	The policy(ies) has been framed keeping in mind the interests of the stakeholders at large.								
iii.	Does the policy conform to any national/international standards?	Various practises/processes emanating out of the policy(ies) conform to national/international standards.								
iv.	Has the policy been approved by the Board? If yes, has it been signed by MD/owner/CEO/appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
v.	Does the Company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
vi.	Indicate the link for the policy to be viewed online?	https://www.cumi-murugappa.com/policies-disclosure/								
vii.	Has the policy been formally communicated to all relevant internal and external stakeholders?	The policy(ies) has been disseminated on the Intranet as well as on the website of the Company.								
viii.	Does the Company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
ix.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	The individual policies by and large prescribe a grievance redressal mechanism for the stakeholders concerned. Wherever, the individual policies do not explicitly state the grievance redressal mechanism, grievances can be addressed to cumibrr@cumi.murugappa.com.								
x.	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	The Internal Auditors of the Company review the implementation of policies from time to time. The Company's various factories have been subject to audit by external certification agencies. No dedicated Business Responsibility audit has been conducted.								

(b) If answer to the question at serial number 2(a)(i) against any principle is 'No', please explain why: Not applicable

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
i.	The Company has not understood the Principles	Not applicable								
ii.	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
iii.	The Company does not have financial or manpower resources available for the task									
iv.	It is planned to be done within next 6 months									
v.	It is planned to be done within the next 1 year									
vi.	Any other reason (please specify)									

3. Governance related to BR

i. Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assess the BR performance of the Company. Within 3 months, 3-6 months, annually, more than 1 year.

The assessment is a continuous process and there is no defined frequency at which this assessment is done.

ii. Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

The Company publishes BR report annually and the report is available at *https://www.cumi-murugappa.com/policies-disclosure/.*

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1: Businesses should conduct and govern themselves with ethics, transparency and accountability.

1. Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/No. Does it extend to the group/ joint ventures/ suppliers/ contractors/ NGOs/ others?

Commitment to ethical and lawful business conduct is a fundamental shared value of the Board of Directors, Senior Management and all other employees of the Company. CUMI's value systems are aligned with the Murugappa Group's Values and Beliefs guided by the Five Lights - spirit of the Murugappa Group: Integrity, Quality, Passion, Respect and Responsibility towards all stakeholders and the communities that the Company operates in and serves. The Company as well as all companies within the CUMI Group - its Subsidiaries, Associates or Joint Ventures are governed by this philosophy in addition to the requirements of their local jurisdictions.

CUMI's Right path - a corporate manual setting out the corporate culture lays down the guidelines required to be adhered to by every employee both in letter and spirit. This manual prepared with a view to give clarity on ethical issues, maintaining transparency in all dealings and practice ethics in a dynamic business environment is required to be adhered by all employees. The Company's Code of Conduct, Code of Conduct for Prevention of Insider Trading, Diversity policy, Policy on prevention of sexual harassment, ethical guidelines on stakeholder dealing, Whistle Blower policy which are also enshrined in the Right Path serve as a guiding norm in matters relating to ethics, anti-bribery and anti-corruption for all employees. The anti-bribery clauses are made part of its contractual arrangements with suppliers, vendors etc. The Company has also put in place transparent processes for dealing with confidential and sensitive information of the Company, legitimate purposes for which it can be shared and the manner to conduct enquiry in case of a violation etc. beyond the mandate of law.

The Company has a policy to do business with suppliers/contractors and others who are aligned with its value systems. Appropriate due diligence is exercised while selecting them. An annual confirmation to the Company's Code of Conduct is sought from employees to continuously reinforce the commitment to ethical practices. The Company has been conferred the prestigious Golden Peacock Award in Corporate Ethics in 2016-17 and also awarded the Golden Peacock Award for Corporate Governance in due recognition of its governance practices during the year 2017-18.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the Management?

During the year, there was one referral made under the Whistle Blower policy of the Company regarding unfair and discriminatory treatment by Reporting Manager which was investigated and closed satisfactorily. No complaint was referred under the BRR grievance redressal mechanism.

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

The Company undertakes to assure safety and optimal resource use over the life-cycle of its products. The Company being material science technology oriented, continuously innovates and strives for optimal resource use over the life cycle of the products it manufactures. During the year, the vision statement of the Company was reviewed after undertaking a very elaborate and participative exercise cross functional across the organisation to facilitate a common message strategy the following statement has been imbibed into the Vision which predominantly addresses our core purpose of Making Materials Matter by providing solutions for an enduring planet.

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and for opportunities:

Abrasives:

- Metal working fluids manufactured by the Abrasives Business are water solubles designed for easier effluent treatment, thereby having a low negative impact on environment.
- 'Fero' Grinding Wheel, developed with a fiber reinforced core can be re-cycled subsequent to use. This not only helps in keeping the costs under control, but also assists in reducing the carbon footprint.

Electrominerals:

- Two modern fusion facilities have been introduced to improve particulate emission control system. Additional efforts have been undertaken to reduce emission by making necessary structural changes within the facilities.
- Azure S - Improvements in the Selective Catalytic Reduction systems to avoid scrubbing process. A new product SiC fine powder is developed which is used for emission control in diesel vehicles.
- Capacitor banks have been installed at Edapally and Koratty facilities of the Company to improve the quality of power supply, thus resulting in energy conservation, reduction in power consumption and associated power costs.
- The Company has also successfully implemented a mechanism to eliminate any odour from Silicon Carbide fusion.

Industrial Ceramics:

- Technical Ceramics - Furniture for Solid Oxide fuel cells - used in alternate mode of power generation for green energy equipment.
- The Fired rejects from the Industrial Ceramics Business is internally sold to another Business of the Company - Super Refractories - where it is crushed and used in Monolithics Product.

Super Refractories:

- In the Refractories Business, efforts are taken to reduce the spillage loss, through TPM methodology. Further reduce - reuse - recycle approach is being implemented across all product processes.
- The Refractory products manufactured by the Company are inherently designed and developed to yield an extended life cycle.
- The Company also manufactures refractory products for protection of boiler pipes used in Waste Heat Incinerators.
- The Company also supplies Silicon Carbide spray nozzles for key projects which is used in Flue gas desulphurization. The Company's Composites Business produces abrasion resistant composite pipes and gratings which is also used in Flue gas desulphurization.

The Company has dedicated state of the art Research and Development centres across its businesses certified by the Department of Scientific and Industrial Research (DSIR) serving as centres of excellence for research and strengthening the platform for competency & sustainable growth.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

a. Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?

- Significant part (~30 per cent) of the energy requirement for the Electrominerals Business - the major user of electric energy is from the Company's own Hydel power station - green energy. During the year, the plant which was impacted by the floods in Kerala during the previous year quickly recovered with significant improvement in power generation.
- The Company's Electrominerals business has installed PLC based furnace controls in two of its pot furnaces in place of amplidyne technology. This change has resulted in optimum power consumption during the fusion process.
- Almost entire power requirement for the Company's facilities in Tamil Nadu is met by SEDCO - our own gas based power station - clean power. Kilns and processes are designed to consume low energy per unit of production. This is managed by programs impacting both the primary and secondary energy consumption points through EnMS.
- SPC (Specific Power Consumption) & SFC (Specific Fuel Consumption) programmes are driven using TPM methodologies and is regularly monitored. The Company has taken several steps including installation of Hot Air Generation Systems for Dryers, Turbo blower for kilns, Timers for lighting idle stoppages, etc. to reduce power and fuel consumption.
- The Company has assisted in TPM and 5S implementation at the suppliers' end to improve material yields and reduce energy consumption.
- A new backing treatment process has been developed and implemented by the Coated Abrasives manufacturing plant which is expected to save one million litres of water per month. In order to maintain Zero Liquid Discharge status in its facilities, various initiatives including installation of Jet Aeration system, Effluent Treatment Plant (ETP) recycled RO water for boiler feed etc. have been undertaken.
- Online monitoring systems were adopted across several plants using sensors and technology connectivity to eliminate physical recording in paper, print etc. and thereby saving use of paper.
- The Industrial Ceramics Business has installed a high capacity Effluent Treatment Plant with which the permeate recovery from RO plant can be improved up to 85%. Using this RO permeate, about 18KL/day water has been recycled.
- The Company uses a cleaner gaseous fuel (LPG) in Metallized Cylinder manufacturing line. Combustion efficiency of gas firing is higher when compared to that of gas fuels. Further, the thermal mass of refractories in these furnaces is reduced to enable a faster firing cycle and thereby reducing the peak temperature offering by 5 per cent. This has helped in minimising the energy consumption to the extent of 20 per cent when compared to that of liquid fuels and long firing cycle.
- The Electrominerals Business has set up a bio-waste treatment system for canteen wastes. A Zero discharge filtration system has been commissioned in the new Boehmine facility at Kerala which has resulted in reduced consumption of process water during boehmite manufacture.
- Metal Halide Lamps have been eliminated in the Company's Refractories and Composites facilities by installation of LED lights, Variable Frequency Drives, Recuperators. Further, energy efficient Air Conditioners have also been installed to conserve electricity. This has resulted in reduction of specific energy consumption per ton of production.

- The Company's Refractories business has eliminated the usage of Superior Kerosene Oil (SKO) and diesel in its facilities by alternatively using C9 fuel.
- We are a zero discharge Company in almost all locations.

As the Company's product range is over 20,000 SKUs, unit consumption is not an appropriate measure.

b. Reduction during usage by consumers (energy, water) has been achieved since the previous year?

- The Company has been continuously developing superior Grinding wheels that are more efficient in material removal resulting in lower power consumption by user entities.
- The Company develops superior Grains that have higher material removal per unit energy.
- The 'Fero' Grinding Wheels, developed with a fibre reinforced core, has achieved reduction of wheel weight to the tune of 20 per cent, capable of higher speeds and thereby reducing the power consumption.
- Four of the Abrasives divisions are EnMS 50001 - Energy Management System certified initiating management programmes from time to time.
- The Company has installed a solar energy plant at three of its facilities in Chennai.
- The Company's Super Refractories Business at Serkadu, Tamil Nadu received the 'TPM Significant Achievement Award' in recognition of its achievement towards Manufacturing Excellence. Adoption of strong TPM methodologies by the Company's Refractories Business has resulted in waste elimination, cost reduction, product quality & performance improvement at its facilities.
- Some of the Engineered Wear Resistant Tiles are being manufactured using direct molding instead of molding and cutting, leading to reduction in usage of raw materials.
- The Company's Industrial Ceramics facility that manufactures Metallized Ceramics utilises Liquified Petroleum Gas (LPG) as fuel instead of liquid fuel for firing its products. LPG as a fuel inherently has a better calorific value.

3. Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably?

The Company's integrated operations ensures sustainable exploitation of the available resources. Joint project opportunities amongst various business units improve efficiencies in sourcing besides resulting in product efficiencies.

Conscious efforts are made to ensure that everyone connected with the Company be it the value chain members, customers and recyclers are made aware of their responsibilities.

The Total Productivity Maintenance (TPM) practices across plants helps in not only achieving operational efficiencies but also results in energy conservation and sustainable operations. Usage of materials which are either recycled or capable of recycling assumes top priority. During the year 2017-18, the Coated Abrasives plant, Sriperumbudur received the JIPM Award for Excellence in Consistent TPM commitment. The JIPM Award for TPM Excellence, Category A was received by the Bonded Abrasives, Hosur Plant. Again, JIPM Award for Excellence in Consistent TPM commitment was received by the Maraimalai Nagar Abrasives plant and the Industrial Ceramics plant, Hosur received the JIPM Award for TPM Excellence, Category A during the year 2017-18. All the four plants of the Business have reached different levels in the TPM excellence assessment by JIPM. The recognition for TPM practices across various plants resonates with the Company's focus for sustainable operations across the organisation.

The Company's Electrominerals Business has begun sourcing some of the raw materials in bulk carriers, resulting in savings in material and transportation cost.

The Company's energy conservation measures were duly recognised by the Energy Management Centre, Kerala by way of a special commendation for the initiatives undertaken by the Electrominerals Business during the previous FY 2018-19.

The Company's Industrial Ceramics Business had received the Frost and Sullivan Manufacturing Excellence award during the FY 2018-19 in the Gold category in recognition of its sustainable and efficient manufacturing practices.

4. Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve the capacity and capability of local and small vendors?

The Company's global and complex operations does not complement the procurement of goods and services from local and small producers in its location of manufacturing operations. However, the Company interacts with the local & small producers at regular intervals on the business and quality requirements. Assured volumes instil confidence in them to supply quality products by adopting sustainable and safe practices. The Company from time to time provides training and guidance on optimum use of resources, thereby saving cost and time. This has resulted in the small producers manufacturing products which are benchmarks in quality, thereby gaining an edge over the market.

5. Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%)?

Duly recognising that over consumption results in unsustainable exploitation of the planet's resources, the Business units in the Company are committed to promoting sustainable consumption, including recycling of resources.

The Company has sustainable processes in place to recycle the products and waste, post completion of the manufacturing life cycle.

The Company has an integrated value cycle mapping process. For example: the setters (a process consumable) used in the Ceramics plant(s) is post usage sent to the Refractory plant(s) for use in Castable manufacture.

The treated main waste is in the form of skeleton waste from jumbos. More than 50 per cent of the gross loss from this waste is recovered in the form of marketable products. Further, the loss of grains in green form is completely recovered. The Grinding wheels which are rejected are further broken down and utilized for recovery of grains, which is again used in the manufacture of wheels.

The Industrial Ceramics Business has created an in-house facility for making wooden pallets from scrapwood instead of fresh procurement of wood thus leading to saving in consumption of plywood and timber.

In the Electrominerals Business, the byproducts/semi-converted materials of major products are being recycled completely.

The Refractory Business has established processes to reuse the mineral waste arising out of spillage, chipping, damage, grinding and after the life cycle of refractory lining from various user industries.

Principle 3: Businesses should promote the well-being of all employees.

Any organisation is as good as the people who work for it. The trusting and caring ecosystem allows the Company to nurture a workforce that works passionately in tandem with its core values. Safety and well-being of our employees lie at the core of our business philosophy.

The Company is committed to providing equal opportunities both at the time of recruitment as well as during the course of employment irrespective of caste, creed, gender, race, religion, disability etc. The Company strives to keep the workplace environment safe, hygienic, humane, upholding the dignity of the employees including conducting trainings and sending suitable communications on regular basis. The Company's strategic pillars for capability talent development, propelling performance and other dedicated HR initiatives continue to facilitate constant upgradation of the skill and competency of the employees.

To inculcate cross-cultural sensitivity, employees dealing with subsidiaries or customers abroad, have been made to undergo dedicated trainings.

CUMind, a customised innovation frame work launched during the previous FY 2018-19 to enable entrepreneurial minds to conceive, design and deliver new products, businesses, processes etc. worked well over the year with employees across units working on several projects to ensure the operations remain relevant and sustainable. During the previous FY 2018-19, under the leadership of the Board of Directors, a dedicated state of the art centre was inaugurated in Sriperumbudur for facilitating the employees to nurture and develop their innovative thinking skills.

The Company's Catalyst, the mentoring initiative launched last year was recognized with an award by the South Zone of Confederation of Indian Industry. During the year, over thirty employees opted for mentoring and both mentees and mentors have reported a greater sense of satisfaction post the engagement.

Several new initiatives were piloted during the year under the Reimagining HR project, with the Abrasives Business unit piloting a new Performance Enhancement Process with a focus on strong goal setting cascades, outcome based measures and frequent feedback. While the Industrial Ceramics Business focused on competency enhancement of technical staff in one module, the Abrasives sales team focused on several change initiatives under the SHAPE (Sales HR for Abrasives Performance and Engagement) project. Another new initiative is the area of structure and effectiveness and has been the focus of extensive work on mapping an ideal organization structure that is both lean and robust. Several measures have also been taken to improve HR Service delivery at the ground level.

To enhance technical know-how, sponsorship support is extended in Bachelors/Masters programmes in technology with premier institutes. The dedicated learning and development programmes enhance the right skill sets and relevant knowledge to employees to achieve operational and futuristic benefits. The learning solutions are designed as per the training need analysis. The Company's strategic pillars on capability development, building a high-performance culture, learning and development, mentoring and upskilling employees and building competencies.

Proactive steps and structured problem-solving mechanisms with focus on people issues and periodical communication on business related issues ensure cordial industrial relations across the many manufacturing units of the Company.

Providing and maintaining a safe and hygiene working environment is a continuous process at CUMI. Periodic awareness sessions, training on usage of protective equipments, identifying and eliminating unsafe conditions are given top priority. Workplace safety is of prime importance to the Company and there have been sustained efforts over the year in training employees to raise awareness of safe work practices. Behaviour based safety training has been introduced along with gaming as a methodology to train the younger generations. A stringent safety assessment and methodology was introduced with the Electrominerals Business being the first Business to have its plants undergo a safety audit and risk assessment. Office TPM has been introduced at the offices, as a measure to improve employee productivity and safety. With a focus on ergonomics, reducing waste and clutter, minimizing unnecessary movements and reducing fatigue, this initiative aims at creating a truly world-class environment in the Company's offices.

Most of our plants are BS-OHSAS 18001-2007 certified for occupational health and safety management systems. The Company continues its commitment to employ and empower women and its initiatives such as friendly workplace policies for women, policy for prevention of sexual harassment, redressal mechanism in the form of Internal Complaints Committee, Women Welfare Committees etc. augurs well.

In March 2020, with onset of the COVID-19 pandemic in India many initiatives were taken up to enhance employee health and safety, while also ensuring business continuity. Extensive Business Continuity Planning and scenario planning was done to plan ahead for business exigencies. Awareness sessions were conducted across various locations and the importance of sanitization / hand washing and other hygiene factors as well as social distancing was not only continuously communicated but the offices and plants were equipped with the requisite facilities to ensure the same. Guidelines on visitor protocols, meetings, travel etc. were quickly revised, reviewed and published on a weekly basis. A work from home policy was swiftly formulated with protocols enabling employees to continue to work from their homes in a safe and secured manner. During the lockdown period, daily awareness communications, dedicated helplines for counselling and regular check up on the mental and physical health of the employees were conducted. In respect of plants which were allowed to resume operations with requisite permission, due safety and health protocols were followed including conduct of a health check up before the employee resumed duty in some of the locations.

All these initiatives were undertaken with the health and safety of employees being the top priority.

1. **Total number of employees:** The number of employees as on 31st March 2020 (including Non-Management staff) was 2272.
2. **Total number of employees hired on temporary/ contractual/ casual basis:** 3494
3. **Number of permanent women employees:** 94
4. **Number of permanent employees with disabilities:** 10
5. **Do you have an employee association that is recognized by Management?**

   Yes. There are recognised trade unions affiliated to various trade union bodies.
6. **What percentage of your permanent employees are members of this recognised employee association?**

   About 32 per cent of the employees are members of recognized employee associations.
7. **Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.**

No.	Category	No. of complaints filed during the financial year	No. of complaints pending as on end of financial year
1.	Child labour/forced labour/involuntary labour	Nil	Nil
2.	Sexual harassment	Nil	Nil
3.	Discriminatory employment	2	Nil

8. **What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?**

No.	Category of employees	Safety Training	Skill up-gradation
1.	Permanent Employees	100%	90%
2.	Permanent Women Employees	100%	90%
3.	Casual/Temporary/Contractual Employees	100%	55%
4.	Employees with Disabilities	100%	70%

Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised

1. **Has the Company mapped its internal and external stakeholders?**

   Yes. The Company has identified its internal and external stakeholders.
2. **Out of the above, has the Company identified the disadvantaged, vulnerable & marginalised stakeholders?**

   The Company's Corporate Social Responsibility (CSR) policy drives the initiatives undertaken by the Company towards the benefit of the disadvantaged, vulnerable and marginalised stakeholders. The systems and process in place to systematically identify stakeholders and for understanding their concerns and for engaging with them is reviewed from time to time. The feedback mechanism available for members and customers to assess the service levels and other complaints follows the spirit laid down herein.
3. **Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalised stakeholders?**

   The Company on a periodical basis undertakes dedicated activities as a part of its CSR initiatives for the disadvantaged, vulnerable and marginalised stakeholders in and around the Company's factories/ plants. Education, sports and health aids are provided to schools in rural/under-developed areas and to schools supporting differently abled children. The Company acknowledges the importance of skill development in this competitive environment and has set up the CUMI Centre for Skill Development (CCSD) with the motto of 'Honing Skills Shaping Lives' at Hosur, Tamil Nadu & Edapally, Cochin (Kerala), Ranipet, Tamil Nadu and also plans to gradually expand to other locations as well. The CCSD has been set up to build a skill bank of a technically competent and industry ready work force by providing specialised training based on National Council Vocational Training syllabus for the rural youth drawn from socially and economically backward sections of the society.

   The Company also pursues other local community assistance programmes in and around its plant and office locations.

   The Company engages with disadvantaged, vulnerable and marginalized stakeholders through many different platforms. CSR initiatives for the communities around the Company's plants are a strong touchpoint as they are developed specifically to cater to the needs of such stakeholders.

   The Electrominerals Business undertakes extensive work with surrounding communities on green initiatives, kitchen gardens, composting etc. which is appreciated particularly by the women in the communities etc. Similarly, many workshops were undertaken at dedicated centres catering to the student population and parenting needs of both employees and community members. These initiatives have also led to the Electrominerals Business being awarded the Rotary Award for CSR projects, particularly in the area of Child Development.

   The Company has donated sports equipment to Government Girls Higher Secondary schools to encourage more women to take up sports. The Company has also tied up with the Don Bosco Tech, Chennai which is a vocational skill training centre, offering Grinding and Machining courses. The students of the institution undergo hands-on training in the Company's facilities and are tutored under a highly experienced grinding expert.

   Voluntarily, employees of Company (belonging to the CUMI Shared Services - CSS have pooled in their resources, time and efforts to support a government school at Athipattu village, near Chennai. From 2011, till date the CSS team has been visiting the school twice a year, every year, to interact with the students. X standard students are provided with stationery, model question papers and guidance on approaching the Board Examinations. Students receiving over four hundred marks are felicitated with a cash award of ₹1000. Students of IX and X standard, join the event which includes motivational speeches highlighting the importance of education. Such employee led initiatives are a matter of pride for the organization.

Principle 5: Businesses should respect and promote human rights.

1. **Does the policy of the Company on human rights cover only the Company or extend to the group/joint ventures/ suppliers/ contractors/NGOs/others?**

   The Company's policy on human rights is imbibed in its values represented in the Five Lights guiding the Company, its group companies and their employees across all spheres. The alignment with this value system is expected out of any person dealing with the Company.
2. **How many stakeholder complaints have been received in the past financial year and what per cent was satisfactorily resolved by the Management?**

   Nil under this principle.

Principle 6: Business should respect, protect, and make efforts to restore the environment.

1. **Does the policy related to Principle 6 cover only the Company or extends to the group/joint ventures/ suppliers/contractors/ NGOs/others?**

   Safeguarding and protecting the environment is a shared value of the Company and its subsidiaries, joint ventures and associates. However, these companies have their own Safety, Health and Environment policies depending on the nature of their business and the local regulatory requirements. The Company's suppliers and contractors would be governed by their respective policies. The Company exercises due diligence in the selection of suppliers/ contractors/others who are aligned with its value system.
2. **Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.?**

   Being in the manufacturing business, the Company has mechanisms in place to ensure compliance with the applicable environmental laws. The Company is committed to be an environment friendly organisation and has a dedicated Environmental Policy across all its Business units. The Company is an active player in practising initiatives to address environmental issues and ensuring sustainable development. Almost all the locations of the Company have received the ISO 14001 certificate for their Environment Management Systems and ISO 9001 for Quality Management Systems. Most of the plants are seen as Model Plants with Zero Discharge and Zero Emission. Further, the Risk Management framework covering the Environmental risks is reviewed on a periodical basis and the steps that are required to be taken for mitigating the related risks are analysed and implemented.

   The Company also recognises the significance of a greener belt by virtue of which a number of saplings are planted on a yearly basis to reduce the carbon footprint. The Company also continues to support to the cause of water scarcity by setting up rain water harvesting ponds.
3. **Does the Company identify and assess potential environmental risks?**

   Yes. Identification of potential environmental risks and the mitigation plan thereon is a continuous process. A report of the same is also placed before the Risk Management Committee of the Board of Directors on a periodical basis. Besides, the Board on a quarterly basis reviews the environment reports. Further, the Company also ensures that the effluent/emissions are within the permissible limits as prescribed by the statutory authorities.
4. **Does the Company have any project related to Clean Development Mechanism?**

   No, the Company has not undertaken any specific project related to the Clean Development Mechanism as per the Kyoto Protocol. However, all the manufacturing locations of the Company are certified ISO 14001 (Environment Management System), QMS - ISO 9001 (Quality Management System), OHSAS - 18001. Most of the plants are also certified EnMS ISO 50001:2011.
5. **Has the Company undertaken any other initiatives on - clean technology, energy efficiency, renewable energy, etc.?**

   The Company utilises its resources in an optimal and responsible manner ensuring sustainability through reduction, re-use, re-cycling and managing waste. Appropriate measures to check and prevent pollution are undertaken and wherever required assessment of environmental consequences, if any, is taken up with due regard to public interest. Equitable sharing of access and commercialization of biological and other natural resources and associated traditional knowledge is encouraged. The Company seeks to improve its environmental performance by adopting cleaner production methods, promotion of energy efficient and environmental friendly technologies. Suitable processes and systems are developed with contingency plans and processes that help in preventing, mitigating and controlling environmental damages caused due to the Company's operations.

The Company promotes use of renewable energy through solar power plant installations and aims to reduce power consumption by replacing high energy consuming old technology equipments with latest equipments. This is in addition to the LED lamps, VFD drives, Recuperators etc., installed at its facilities. Further, the Company has set up various Small Group Activities (SGA) primarily to drive efficiency improvement and energy conservation.

The Company partners with global leaders in the space of Solar (photovoltaic) energy, Clean coal, SOFC (solid oxide fuel cells), windmills and VLBS (very large-scale battery storage). The Company co-creates products for these companies/industries. Finer details on product/solutions cannot be provided due to contractual obligations.

For more details on the energy conservation initiatives - please refer Annexure D of the Directors' report for the FY 2019-20.

6. **Are the emissions/waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

   Yes, the Company being in manufacturing business, at all times ensures compliance with the applicable environmental laws. The Environment Policy of the Company and the ISO-14001 certification of its facilities reiterates its commitment to be an environment friendly organization setting standards in environment management.

7. **Number of show cause/legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of financial year:** Nil

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

1. **Is your Company a member of any trade and chamber or association?** Yes

   a. Confederation of Indian Industry
   b. Indian Ceramic Society
   c. Indian Refractory Makers Association
   d. Kerala High Tension and Extra High Tension Industrial Electricity Consumers' Association
   e. Kerala Management Association
   f. MMA
   g. Employers Federation of India
   h. South India Chamber of Commerce
   i. SICMA - Europe
   j. Lucideon in UK
   k. The Institute of Indian Foundrymen
   l. The All India Glass Manufacturers' Federation (AIGMF)

2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good?**

   The Company is not actively involved in lobbying. However, as a responsible corporate citizen, the Company as a part of industry associations/chambers makes recommendations/representations before regulators and associations for advancement and improvement of the industrial climate in India. The Company also represents its views/opinions on energy security & management, water, food security and sustainable business principles through various forums. During the months of March, April and May 2020, owing to the outbreak of the COVID-19 pandemic, the Company has been actively participating in representations with the regulatory bodies in connection with the relaxations / amendments / ideations etc. required for industries and corporates to tide over the unprecedented crisis.

Principle 8: Businesses should support inclusive growth and equitable development.

1. **Does the Company have specified programmes/ initiatives/ projects in pursuit of the policy related to Principle 8?**

   The Company upholds the Murugappa Group's tradition by earmarking a part of its income for carrying out its social responsibilities, even before the mandatory CSR provisions under the Companies Act, 2013 were notified. The Company believes that social responsibility is not just a corporate obligation that has to be carried out but it is one's dharma. Therefore, our philanthropic endeavours are a reflection of our spiritual conscience and this provides us a way to discharge our responsibilities to the various sections of the society.

   In order to support the efforts of the Governments (Centre & State) to combat the outbreak of the COVID-19 pandemic and also aid the Government to deal with emergency or distress situation posed by the crisis, the Company made a contribution of ₹20 million to the PM Cares Fund in April 2020. Further, in order to support the community at Hosur, Tamil Nadu wherein the Company's plants are situated, to deal with the distress situation posed by COVID-19, the Company made a contribution of ₹1 million to Hosur Industrial Association in March 2020 for setting up COVID-19 ward in ESIC hospital. Further, the Company has also contributed a sum of ₹4.5 million to AMM Foundation towards initiatives for combat and containment of COVID-19. During the times of need, the Company's canteens at various factory locations have been functioning as community kitchens to serve the needy during the nation-wide lockdown. At various locations where the Company is situated, contributions to combat or contain the spread of the disease has been made mostly in the form of supplies and materials.

   The CSR Committee, constituted for implementation of the well-defined CSR policy laid out by the Company, reviews the spend to be made and the projects for which such funds need to be allocated. The CSR policy highlights the responsibility statement of the Company towards CSR, the principles guiding the initiative, the manner of implementation and the reporting thereof. Skill Development, Education and Health care are the priority focus areas for the CSR initiatives of the Company.

   The Company set up the CUMI Centre for Skill Development (CCSD) in the year 2012 at Hosur, to build a skill bank of a technically competent and industry ready workforce. During the year 2015-16, the Company replicated this model in Edapally, Cochin and during 2018-19, the Company established this model in Ranipet, Tamil Nadu.

The Centre provides specialised training based on National Council Vocational Training syllabus for the rural youth drawn from socially and underprivileged 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 socioeconomic status. The technically trained students can be employed by any industrial entity once they complete the training programme. Running its 7th year of operation, the CUMI Centre for Skill Development (CCSD) believes in providing the right environment to candidates who emerge from deprived backgrounds and hone their skills to meet the future skill challenges of the world and not just for organisational purposes. Strategically located at Hosur (as well as in Cochin/Ranipet) connecting the borders of Karnataka, Tamil Nadu and Andhra Pradesh, the centre aims at attracting a diverse population also focusing specially on girl children as a healthy mix in each batch of students.

The CCSD has helped productively engage youth from difficult backgrounds, successfully steered them away from bad influences and moulded them as technically skilled employees. Through each trainee, the Company has touched the lives of their extended families, offering financial and social security and familial role models. Most of all, it has helped these bright young boys and girls achieve their potential. Several of the CCSD students have won Gold awards in the Regional and National Level skill competitions.

The CUMI Centre for Skill Development was recognized by the Directorate General of Training, MSDE, Government of India, for being the 'Best Training Facility in the Region', an honour that recognizes the training facilities and strong courseware offered to rural youth drawn from socially and economically backward sections of the society. Further, the CUMI Centre for Skill Development, Hosur was declared as the 'Best Establishment of the Region' by the National Skill Training Institute. In its three facilities at Hosur, Ranipet and Cochin, over a 100 plus students are trained on eight vocational trades while also learning languages, life skills and confidence to be valued members of society.

The sustainability of this initiative from a people and process standpoint, also comes from the strong linkage between:

- the CCSD administration;
- the NGO agencies who help identify to deserving students;
- grass-root level universities like Gandhigram University who support us with infrastructure for interviewing and examinations;
- the parent support groups who work with the administration to help the student grow;
- the employees who volunteer to train students on various skills;
- the beneficiaries themselves. (In fact, students who have passed out have now become our brand ambassadors outside encouraging others to apply and take up the programme).

Another initiative that has been widely appreciated by the community is the traffic warden duty undertaken by the employees and students at Hosur. Employee volunteers and students of the CCSD have been trained by the local Police Department and take up traffic management during peak hours in Hosur junction - a highly accident prone area.

The traffic wardens also played a very crucial role in maintaining social distancing norms amongst public and in controlling traffic in Hosur, Tamil Nadu through the entire lockdown.

A portion of the CSR spend is also allocated for projects in the field of education/healthcare through implementing agency. The Company makes contributions to the Vellayan Chettiar Higher Secondary School (VCHSS), Tiruvottiyur, which has been making a difference in the field of education for the past 50 years. Tiruvottiyur being an area dominated by people belonging to fisherfolk community most of the students in VCHSS belong to this community. With about 3000 students, this Government aided school provides quality education to the marginalised. The school runs with the vision - To provide Quality Education with good virtues, for the underprivileged. The school caters to the students from the marginalised communities around Tiruvottiyur. The educational qualification of the parents is maximum limited to schooling. Most families also face socioeconomic difficulties due to problems like alcoholism resulting in health issues, desertion by families etc. More than 250 students from the school receive educational assistance through the Touch a Life scheme. Almost all the students benefiting from this scheme belong to single parent family. With the amounts funded through CSR, this school is now equipped with laboratories for Physics, Chemistry, Botany, Microbiology & Zoology, a Computer Centre and a General Science Lab for high school and middle school sections to facilitate experiential learning among the students. Besides making grants for running the School, the Company has also contributed to the cause of providing the less privileged students adequate facilities for excelling in sports such as athletics/football by facilitating the establishment of a vast playground for use by the students of VCHSS. The Company's contribution to AMM Foundation during the year was towards formation of a new basketball court besides strengthening of south side wall at VCHSS.

During the year, the Company has also made contributions to Shri A.M.M. Murugappa Chettiar Research Centre (MCRC) towards Research & Development initiatives for rural development. Termed as Research & Development on Biological waste water treatment using Microbial, Enzymes etc. for rural villages, the thematic focus area of the project is to ensure environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water.

In Uttarakhand, the Company has contributed in providing a mobile health van to attend to the medical needs of the local community and creating awareness on the importance of healthcare in the nearby communities. This Mobile medical van is a fully furnished diagnostic lab with ECG, tests for typhoid, malaria. The health van carries a team of a doctor (MBBS - General Medicine), a trained nurse and a lab technician to run the diagnostics and covers the residents of the neighbouring villages. Till date, the mobile health van has met over 25,000 patients from the surrounding 13 villages resolving a number of basic health ailments and dispensing medicines for the same.

The Company also works at the community level with the villages and residents near their manufacturing facilities at each location.

A few notable intitiatives are described below.

The employees at the Company's Kerala unit instead of discarding the unused but not expired medicines, bring them to the Company and deposit them in the box provided. These medicines are then handed over to the Government medical colleges through an NGO after a thorough screening and validity process. Based on their recommendation, this medication is distributed to the economically backward community through the free medicines counter. In the past year, medicines worth a lakh rupees have been donated, free of cost.

The Company has been instrumental in organising training and awareness building session on Good Touch, Bad Touch for young students and Menstrual Hygiene for adolescent children at various Government schools in Vellore, Tamil Nadu. During the last year, over 4000 students from various schools have attended the sessions.

The Company recently undertook an assessment of its Corporate Social Responsibility initiatives and has been awarded with a certificate in Silver category from EcoVadis, a rating platform that assesses the level of Corporate Social Responsibility in entities.

2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/ any other organization?

The Corporate Social Responsibility initiatives of the Company are implemented through an in-house team as well as through implementing agencies - AMM Foundation, an autonomous Charitable Trust and Shri A.M.M. Murugappa Chettiar Research Centre (MCRC), a centre recognized by Department of Scientific and Industrial Research.

3. Have you done any impact assessment of your initiative?

Replicating the CCSD model of Hosur in Cochin and Ranipet is a result of the impact assessment conducted by the Company. The additional CSR initiative during the year in the form of a new basketball court for VCHSS is resultant of the impact assessment undertaken in that area. It may be noted that the Company during the FY 2018-19 had provided a football ground to the school.

4. What is your Company's direct contribution to community development projects?

Please refer the CSR report in Annexure B of the Directors' report for the FY 2019-20 for complete details on the spend made by the Company during the financial year ended 31st March 2020.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community?

The Company's dedicated CCSD team operating at Hosur, Cochin and Ranipet constantly engages with the NGO's, residential associations etc. in and around the factories to understand and identify the deserving candidates from various backgrounds. Further, the students enrolled with CCSD along with their parents meet the executives of the centre on a monthly basis along with the residential association representatives and discuss on the positives that have been achieved through the programme. A two way flow of feedback - one from the Centre regarding the student's performance and another from the parent's end ensures that the student's development is taken utmost care of. Further, the representatives of the self-help groups, who also participate in the meeting, give their opinion on any other development programmes that can be initiated for the betterment of the students. The students enrolled at the centre are also highlighted the importance of being a responsible citizen; they regulate traffic at important junctions, initiate 5S, Cleanliness drives from their hostel rooms to external environment. The confidence and the professional conduct shown by the students is an acknowledgement to the Company of its successful implementation of the CCSD initiative.

In respect of the CCSD programme, a strong measurement system has been put in place including tracking and reporting results, creating transparency and accountability, thus providing a strong incentive for all stakeholders to perform up to the expectations. The Company also tracks how individuals perform against CSR goals as well as the resultant impact. This has been possible through its interim reports, beneficiary feedbacks and implementation reviews. Also multi-criterion analysis is conducted to quantify the results of the programme. The stakeholder forum and the parents of the students enrolled in CCSD meet on a monthly basis (every 1st Saturday) to get a feedback on the improvements that can be undertaken for the student development. The residential associations from whose localities the students belong to also provide feedback on the positives achieved from the programme and suggest if any improvements can be brought in.

The indirect programmes for assisting communities in and around plant locations has also positively impacted & influenced those in the nearby communities.

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner.

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year?

The total number of customer complaints across all businesses which were pending at the end of the year constitutes less than 5 per cent which have been subsequently resolved.

2. Does the Company display product information on the product label, over and above what is mandated as per local laws?

Yes. Wherever relevant, the Company encourages that its packaging/ labelling contain detailed information regarding safe handling, storage and use, which is over and above what is mandated as per local laws.

3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/ or anti-competitive behaviour during the last five years and pending as on end of financial year:

None.

4. Did your Company carry out any consumer survey/consumer satisfaction trends?

Yes. The Company on a periodical basis conducts various consumer survey/satisfaction trends. The Company put its customers at the fulcrum of its business strategy. The Company understands their requirements and provides them holistic solutions rather than merely supplying materials.

The Company collaborates meaningfully with its customers for co-creating sustainable products and solutions. Dedicated customer/ dealer meetings, customer plant visits, transparent and compliant product labelling ensures awareness creation for the product usage and safe disposal. Customer visits are not necessarily confined to their product needs but also extends to sharing of best practices like TQM, TPM etc. It is also worthy to note that a significant portion of the Company's business pertains to offering customised products. Hence, customer's requirements rank very high to the Company.

The Business Responsibility Policy of the Company governing its business sustainability efforts is available on the Company's website *www.cumi-murugappa.com.*

On behalf of the Board
M M Murugappan
Chairman

Chennai
June 6, 2020

ANNEXURE - D

REPORT ON ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO

I. ENERGY CONSERVATION

All Businesses of the Company pursued energy conservation efforts during the year with dedicated and focussed efforts. The energy conservation measures undertaken were mostly in the nature of identifying and optimising the power consumption in various power intensive equipment, modifying the manufacturing process, replacing with efficient energy conserving equipment, enhancing cycle time and sourcing alternate fuels. The Company achieved efficiency improvements in furnace operations, commissioned solar power units at various factory locations, achieved fuel savings through automation & heat recovery besides making improvements in combustion efficiency and specific fuel consumption. Switching to alternate fuels with higher calorific values also enabled conservation. Other measures such as replacing old air conditioners with energy - efficient ones and installation of LED lights were undertaken.

The above energy saving measures implemented across divisions considerably benefitted the Company. Further, energy saving was achieved by prudent sourcing of power from the exchanges.

During the year ended 31st March 2020, a capital investment of about ₹50 million was made on energy conservation equipment across the various Businesses.

II. TECHNOLOGY ABSORPTION

Efforts made towards technology absorption, adaptation and innovation

Aligning with the overall strategy under the technology pillar, development of high performance, innovative and exciting products continued to be the main focus.

The Abrasives Business developed a new polymeric binder system to improve the performance of products on Coated and Non-woven product lines. The Business has also designed specific products targeted at the Stainless Steel segments, such as, cloth for usage in Abrasive flap wheels for utensil polishing and flexible grinding discs for fabrication. The Business has also developed a new latex water-proof paper for the Auto after market.
The Electrominerals Business established processes for the continuous production of special grade Alumina to support high performance Abrasives, manufacturing of Alumina Zirconia varieties for Coated Abrasives and establishing alternate process for Monoclinic Zirconia. The Business has also commissioned a pilot Graphene facility.

The Ceramics Business made break-throughs in processes such as thin films metallization, tape casting, drip casting process and magnetron sputtering for Microwave Integrated Circuit fabrication. The Ceramics

Business is collaborating with a German Company for making Sintered SiC and dense Si3N4 products. The Refractory Business is collaborating with an UK Company for Glass Industry Feeder Expendables.

Benefits derived as a result of the above efforts

In the Abrasives Business, product development is being undertaken with an industry-specific approach backed up by robust technology platform. The product break-throughs achieved will help the Business establish high performance grinding wheels for several industries and applications. For the Steel industry, the Business has developed products for high performance depressed centre grinding, utensil finishing and fabrication. For the Automotive industry, the Business has developed products for finish grinding in shock absorbers and engine valve grinding. Business has also developed large-diameter cutting wheels aimed at super alloys, rail cutting and foundry. Other product innovations include wheels for creep feed grinding for Aerospace; low temperature vitrified bond adoption for thread grinding; snagging wheels for manganese steel grinding; Red light Non-Woven pads for home care applications and high performance industrial Non-woven pads.

Product and process developments made in the Electrominerals Business will help the establishment for Alumina Zirconia for Coated applications, reduce dependence on third party raw materials for sol gel production and enable the Business to enter segments at the forefront of technology in Graphene applications. The Business has also developed high purity Zirconia ready to press powders for Technical Ceramics applications.

During the year, the Business also developed non-wetting castables for the Aluminum Refractory segment and had the same approved by CIR Lab-Canada aiding entry into Aluminum smelter applications. Developments in magnetron sputtering technology will help the Ceramics Business enter MIC fabrication, which finds application in Space technology. Product developments are underway for SAC-ISRO.

The Ceramics Business has entered a collaborative Research agreement for the development of tape casting process with CSIR - NAL. The Business is also in a Joint Development Program with IIT Madras for NCD coated RbSiC products under NFMTC and for the development of PLD process for thin film coating of SiC for semiconductor applications.

Imported technology

No new technology was imported during the year. There are no details to be disclosed or furnished in respect of technology imported in the last 3 years reckoned from the start of the financial year 2019-20.

III. EXPENDITURE ON RESEARCH AND DEVELOPMENT

The Company has set up several DSIR (Department of Science and Industrial Research) approved Research and Development (R&D) centres at all its Businesses. Across the CUMI group of companies, there was continuous focus on technology innovations including creation of several IPs in form of patent/design/trademark registrations, peer review, paper presentations in international forums and journals. The Company was instrumental in generating over 35 IPs in the form of patent/design/ trademark registrations during the year.

EXPENDITURE ON R & D

₹ million

Description	2019-20
Capital including CWIP	18.30
Recurring	170.01
Total - A	188.31
Sales - B	15730.18
Total expenditure as a percentage of Sales (A/B)	1.20%

IV. FOREIGN EXCHANGE EARNINGS AND OUTGO

₹ million

Description	2019-20	2018-19
Foreign Exchange Earnings	3995	3881
Foreign Exchange Outgo		
- Revenue	3798	3852
- Capital	199	601

On behalf of the Board

Chennai
June 6, 2020

M M Murugappan
Chairman

ANNEXURE E

Extract of Annual Return

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
as at the financial year ended 31st March 2020

[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) Corporate Identification Number	L29224TN1954PLC000318
ii) Registration Date	21st April 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: +91-44-30006161 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	KFin Technologies Private Limited* Unit: Carborundum Universal Limited Tower B, Plot 31-32, Selenium Building, Financial District, Nanakramguda, Serilingampally, Hyderabad 500032 Tel: +91-40-6716 2222 Fax: +91-40-23420814 e-mail: einward.ris@kfintech.com

** Effective 5th December 2019, the name of the Company's RTA was changed from Karvy Fintech Private Limited to KFin Technologies Private Limited.*

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% 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	50.12
2.	Ceramics	23939	31.43
3.	Electrominerals	00729	18.45

*Does not include inter-segment sales

Extract of Annual Return

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', VI Floor, 43 Moore Street, Chennai - 600 001	U74999TN1997PLC039545	Subsidiary	100.00	2(87)(ii)
2.	Southern Energy Development Corporation Limited 'Parry House', 43 Moore Street, Chennai - 600 001	U40100TN1985PLC012425	Subsidiary	84.76	2(87)(ii)
3.	Sterling Abrasives Limited Plot No 45/46 G I D C Industrial Estate, Odhva Road Ahmedabad - 382 415	U29259GJ1979PLC003467	Subsidiary	60.00	2(87)(ii)
4.	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)
5.	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)					
6.	Volzhsky Abrasive Works 404130 Volzhsky,Volgograd Region, 6th Avtodoroga, 18 Russia	Company Incorporated outside India	Subsidiary	98.07	2(87)(ii)
7.	Foskor Zirconia (Pty) Limited PO Box.1, Phalaborwa, South Africa, 1390	Company Incorporated outside India	Subsidiary	51.00	2(87)(ii)
8.	CUMI America Inc. 7310 Turfway Road, Ste 550, Florence Kentucky 41042 USA	Company Incorporated outside India	Subsidiary	100.00	2(87)(ii)
9.	CUMI Middle East FZE No. 315, BC - 3 PO Box. 16190, RAK FZE Trade Zone, Ras Al Khaimah, United Arab Emirates	Company Incorporated outside India	Subsidiary	100.00	2(87)(ii)
10.	CUMI Abrasives & Ceramics Company Limited East of Donghuan Road, Yanjiao Development Zone, Sanhe City, Hebei Province, P.R., China, 065201	Company Incorporated outside India	Subsidiary	100.00	2(87)(ii)
11.	Thukela Refractories Isithebe Pty Limited* No.1 Yellow Street, Isithebe, South Africa	Company Incorporated outside India	Subsidiary	100.00	2(87)(ii)
12.	CUMI Europe s.r.o* Bucharova 2657/12 bld c 158000 Prague, Czech Republic	Company Incorporated outside India	Subsidiary	100.00	2(87)(ii)
Joint Ventures					
13.	Murugappa Morgan Thermal Ceramics Limited PB NO 1570, Dare House Complex 5th Floor Extn 2, NSC Bose Road, Chennai - 600 001	U26919TN1982PLC009622	Associate/ Joint Venture	49.00	2(6)
14.	Ciria India Limited P-11 Pandav Nagar, Mayur Vihar Phase-1 New Delhi - 110 091	U74899DL1997PLC091417	Associate/ Joint Venture	30.00	2(6)
15.	Wendt (India) Limited 105, 1st Floor, Cauvery Block, National Games Housing Complex, Koramangala, Bangalore - 560 047	L85110KA1980PLC003913	Associate/ Joint Venture	39.87	2(6)

** in the process of de-registration..*

IV. SHAREHOLDING PATTERN (Equity share capital breakup as percentage of total equity)

i) Category-wise shareholding

Sl. No	Category of shareholders	No. of shares held at the beginning of the year (1st April 2019)				No. of shares held at the end of the year (31st March 2020)				% Change during the year
		Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
A.	**Promoters**									
(1)	**Indian**									
a)	Individual/HUF	6,570,718	-	6,570,718	3.47	5,319,580	-	5,319,580	2.81	(0.66)
b)	Central/State Govt(s)	-	-	-	-	-	-	-	-	-
c)	Bodies Corporate	56,446,944	-	56,446,944	29.84	56,447,424	-	56,447,424	29.80	(0.04)
d)	Banks/FI	-	-	-	-	-	-	-	-	-
	Sub-total (A)(1)	63,017,662	-	63,017,662	33.31	61,767,004	-	61,767,004	32.61	(0.70)
(2)	**Foreign (A)(2)**									
a)	NRIs -									
	Individual/HUF	-	-	-	-	-	-	-	-	-
b)	Others -									
	Individuals	-	-	-	-	-	-	-	-	-
c)	Bodies Corporate	-	-	-	-	-	-	-	-	-
d)	Banks/FI	-	-	-	-	-	-	-	-	-
	Sub-total (A)(2)	-	-	-	-	-	-	-	-	-
	Total shareholding of Promoter (A) = (A)(1)+(A)(2)	63,017,662	-	63,017,662	33.31	61,767,004	-	61,767,004	32.61	(0.70)
AA.	**Promoter Group**									
(1)	**Indian**									
a)	Individuals/HUF	5,869,084	-	5,869,084	3.10	5,416,573	-	5,416,573	2.86	(0.24)
b)	Bodies Corporate/ others	11,214,440	-	11,214,440	5.93	12,412,668	-	12,412,668	6.55	0.62
	Sub-total (AA)(1)	17,083,524	-	17,083,524	9.03	17,829,241	-	17,829,241	9.41	0.38
(2)	**Foreign**									
a)	NRIs -									
	Individuals (AA)(2)	52,000	-	52,000	0.03	52,000	-	52,000	0.03	-
	Total shareholding of Promoter Group (AA)=(AA)(1)+(AA)(2)	17,135,524	-	17,135,524	9.06	17,881,241	-	17,881,241	9.44	0.38
	Total shareholding of Promoter & Promoter Group (A)+(AA)	80,153,186	-	80,153,186	42.37	79,648,245	-	79,648,245	42.05	(0.32)

Sl. No	Category of shareholders	No. of shares held at the beginning of the year (1st April 2019)				No. of shares held at the end of the year (31st March 2020)				% Change during the year
		Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
B.	**Public Shareholding**									
(1)	**Institutions**									
a)	Mutual Funds	40,174,590	-	40,174,590	21.24	45,681,532	-	45,681,532	24.12	2.88
b)	Banks/FI	73,887	-	73,887	0.04	66,974	-	66,974	0.04	(0.00)
c)	Central/State Govt(s)	-	-	-	-	-	-	-	-	-
d)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
e)	Insurance Companies	4,715,489	-	4,715,489	2.49	2,603,392	-	2,603,392	1.37	(1.12)
f)	FIIs	9,703,851	3,000	9,706,851	5.13	12,392,591	3,000	12,395,591	6.54	1.41
g)	Others - Qualified Institutional Buyer	-	-	-	-	5,045,375	-	5,045,375	2.66	2.66
	Sub-total (B)(1)	54,667,817	3,000	54,670,817	28.90	65,789,864	3,000	65,792,864	34.73	5.83
(2)	**Non-Institutions**									
a)	**Bodies Corporate**									
i)	Indian	12,709,676	140,980	12,850,656	6.80	6,598,215	140,980	6,739,195	3.56	(3.24)
ii)	Overseas	-	-	-	-	-	-	-	-	-
b)	**Individuals**									
i)	Shareholders holding nominal share capital upto ₹1 lakh	25,005,647	2,034,883	27,040,530	14.30	21,254,514	1,861,071	23,115,585	12.20	(2.10)
ii)	Individual shareholders holding nominal share capital in excess of ₹1 lakh	9,647,937	140,460	9,788,397	5.17	8,626,305	140,460	8,766,765	4.63	(0.54)
c)	**Others**									
i)	Clearing members	222,585	-	222,585	0.12	229,349	-	229,349	0.12	0.00
ii)	NRI	3,069,268	31,260	3,100,528	1.64	3,524,149	31,260	3,555,409	1.88	0.24
iii)	Trusts	21,910	-	21,910	0.01	22,510	-	22,510	0.01	0.00
iv)	NBFCs Registered with RBI	130,417	-	130,417	0.07	71,763	-	71,763	0.04	(0.03)
v)	Investor Education and Protection Fund Authority	591,673	-	591,673	0.31	618,865	-	618,865	0.33	0.02
vi)	Alternative Investment Fund	583,476	-	583,476	0.31	851,646	-	851,646	0.45	0.14
	Sub-total (B)(2)	51,982,589	2,347,583	54,330,172	28.73	41,797,316	2,173,771	43,971,087	23.22	(5.51)
	Total Public Shareholding (B)=(B)(1)+(B)(2)	106,650,406	2,350,583	109,000,989	57.63	107,587,180	2,176,771	109,763,951	57.95	0.32
C.	**Shares held by Custodian for GDRs & ADRs (C)**	-	-	-	-	-	-	-	-	-
	Grand Total (A+B+C)	**186,803,592**	**2,350,583**	**189,154,175**	**100**	**187,235,425**	**2,176,771**	**189,412,196**	**100**	**NA**

**Decrease in shareholding % of promoter/promoter group holding without any change in holding is attributable 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.*

(ii) Shareholding of Promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in shareholding 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	M V Murugappan HUF	215,600	0.11	-	215,600	0.11	-	-
2	M V Murugappan jointly with M A Alagappan and M M Murugappan	480	0.00	-	-	-	-	(0.00)
3	M V Subbiah	514,294	0.27	-	81,600	0.04	-	0.23
4	M A Alagappan	1,274,400	0.67	-	1,274,400	0.67	-	-
5	A Vellayan	303,260	0.16	-	303,260	0.16	-	-
6	A Venkatachalam	598,900	0.32	0.03	599,900	0.32	-	0.00
7	M M Murugappan	696,340	0.37	-	696,340	0.37	-	-
8	M M Venkatachalam	124,420	0.07	-	-	-	-	(0.07)
9	M A M Arunachalam	1,100,600	0.58	0.01	1,100,600	0.58	0.01	-
10	S Vellayan	694,544	0.37	-	-	-	-	(0.37)
11	Arun Alagappan	471,400	0.25	0.01	471,400	0.25	0.01	-
12	V Arunachalam	183,740	0.10	-	183,740	0.10	-	-
13	V Narayanan	205,900	0.11	-	205,900	0.11	-	-
14	M M Muthiah	-	-	-	-	-	-	-
15	M M Veerappan	-	-	-	-	-	-	-
16	Arun Venkatachalam	186,840	0.10	-	186,840	0.10	-	-
17	M V Subramanian	-	-	-	-	-	-	-
18	M V Muthiah	-	-	-	-	-	-	-
19	Ambadi Investments Limited	56,054,244	29.63	-	56,054,244	29.59	-	0.04
20	Ambadi Enterprises Limited	384,700	0.20	-	384,700	0.20	-	-
21	Cholamandalam Financial Holdings Limited	6,000	0.00	-	6,000	0.00	-	-
22	E.I.D. Parry (India) Limited	2,000	0.00	-	2,000	0.00	-	-
23	New Ambadi Estates Private Limited	-	-	-	-	-	-	-
24	Coromandel International Limited	-	-	-	-	-	-	-
25	Murugappa & Sons (M.V.Subbiah, M A Alagappan and M M Murugappan hold shares on behalf of the Firm)	-	-	-	480	0.00	-	0.00
26	Tube Investments of India Limited	-	-	-	-	-	-	
	Total	63,017,662	33.31	0.04	61,767,004	32.61	0.02	0.70

** The above table does not include the holdings of promoter group aggregating to 17,881,241 shares (9.44%) as at 31st March 2020.*

** Decrease in shareholding % without change in shareholding is attributable 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.*

(iii) Change in Promoters' Shareholding

Sl.No.	Particulars	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
1	**Aggregate holdings at the beginning of the year**	**63,017,662**	**33.32**		
2	**Transactions during the year ended 31st March 2020**				
i)	**S Vellayan**				
	At the beginning of the year	694,544	0.37	-	-
	Transfer-03/06/2019 (Transfer by way of gift)	(694,544)	(0.37)	-	-
	At the end of the year	-	-	-	-
ii)	**M V Subbiah**				
	At the beginning of the year	514,294	0.27	-	-
	Transfer-03/06/2019 (Transfer by way of gift)	(92,286)	(0.05)	422,008	0.22
	Transfer-28/06/2019 (Transfer by way of gift)	(340,408)	(0.18)	81,600	0.04
	At the end of the year	-	-	81,600	0.04
iii)	**M M Venkatachalam**				
	At the beginning of the year	124,420	0.07	-	-
	Transfer-27/09/2019 (transfer by way of gift)	(124,420)	(0.07)	-	-
	At the end of the year	-	-	-	-
iv)	**A Venkatachalam**				
	At the beginning of the year	598,900	0.32	-	-
	Transfer-13/09/2019 (Purchase)	760	0.00	599,660	0.32
	Transfer-27/09/2019 (Purchase)	240	0.00	599,900	0.32
	At the end of the year	-	-	599,900	0.32
v)	**Murugappa & Sons (M V Subbiah, M A Alagappan and M M Murugappan hold shares on behalf of the Firm)**				
	At the beginning of the year	-	-	-	-
	Transfer-06/03/2020 (Transmission of shares)	480	0.00	480	0.00
	At the end of the year	-	-	480	0.00
vi)	**M.V.Murugappan jointly with M M Murugappan and M A Alagappan**				
	At the beginning of the year	480	0.00	-	-
	Transfer-06/03/2020 (Transmission of shares)	(480)	(0.00)	-	-
	At the end of the year	-	-	-	-
3	**Aggregate holdings at the end of the year**			**61,767,004**	**32.61**

1. There was no change in other promoter's shareholding other than the details specified above.
2. Decrease in shareholding percentage without change in shareholding is attributable 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.
3. The above table does not include changes in shareholding of Promoter Group during the year.

(iv) Shareholding Pattern of top ten shareholders (other than Directors & Promoters)

Sl. No.	For each of the top 10 shareholders	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
1	HDFC Trustee Company Limited (under various schemes)				
	At the beginning of the year	16,987,297	8.98		
	Transactions during the year ended 31st March 2020				
	Transfer-28/06/2019 (Purchase)	18,140	0.01	17,005,437	8.99
	Transfer-05/07/2019 (Purchase)	33,200	0.02	17,038,637	9.01
	Transfer-12/07/2019 (Purchase)	4,200	0.00	17,042,837	9.01
	Transfer-19/07/2019 (Purchase)	242,500	0.13	17,285,337	9.14
	Transfer-26/07/2019 (Purchase)	210,000	0.11	17,495,337	9.25
	At the end of the year			17,495,337	9.24
2	L&T Mutual Fund Trustee Limited				
	At the beginning of the year	4,739,743	2.51		
	Transactions during the year ended 31st March 2020				
	Transfer-12/04/2019 (Sale)	(101,213)	(0.05)	4,638,530	2.45
	Transfer-19/04/2019 (Sale)	(69,064)	(0.04)	4,569,466	2.42
	Transfer-26/04/2019 (Sale)	(200,000)	(0.11)	4,369,466	2.31
	Transfer-10/05/2019 (Purchase)	44,178	0.02	4,413,644	2.33
	Transfer-17/05/2019 (Sale)	(999,470)	(0.53)	3,414,174	1.80
	Transfer-31/05/2019 (Sale)	(400,000)	(0.21)	3,014,174	1.59
	Transfer-19/07/2019 (Sale)	(27,800)	(0.01)	2,986,374	1.58
	Transfer-30/08/2019 (Purchase)	122,500	0.06	3,108,874	1.64
	Transfer-06/09/2019 (Purchase)	149,059	0.08	3,257,933	1.72
	Transfer-13/09/2019 (Purchase)	70,000	0.04	3,327,933	1.76
	Transfer-01/11/2019 (Purchase)	14,425	0.01	3,342,358	1.77
	Transfer-08/11/2019 (Purchase)	115,389	0.06	3,457,747	1.83
	Transfer-15/11/2019 (Purchase)	19,772	0.01	3,477,519	1.84
	Transfer-22/11/2019 (Purchase)	12,853	0.01	3,490,372	1.85
	Transfer-29/11/2019 (Purchase)	1,254	0.00	3,491,626	1.85
	Transfer-20/03/2020 (Sale)	(200,000)	(0.11)	3,291,626	1.74
	Transfer-27/03/2020 (Sale)	(320,000)	(0.17)	2,971,626	1.57
	At the end of the year			2,971,626	1.57
3	Smallcap World Fund, Inc				
	At the beginning of the year	4,365,000	2.30		
	Transactions during the year ended 31st March 2020				
	At the end of the year			4,365,000	2.30
4	SBI Mutual Fund (under various schemes)				
	At the beginning of the year	4,311,303	2.28		
	Transactions during the year ended 31st March 2020				
	Transfer-10/05/2019 (Purchase)	120,018	0.06	4,431,321	2.34
	Transfer-17/05/2019 (Purchase)	1,001,784	0.53	5,433,105	2.87
	Transfer-24/05/2019 (Purchase)	474,930	0.25	5,908,035	3.12
	Transfer-31/05/2019 (Purchase)	885,208	0.47	6,793,243	3.59
	Transfer-07/06/2019 (Purchase)	10,387	0.01	6,803,630	3.60
	Transfer-14/06/2019 (Purchase)	290,673	0.15	7,094,303	3.75
	Transfer-19/07/2019 (Purchase)	73,000	0.04	7,167,303	3.79
	Transfer-26/07/2019 (Purchase)	200,000	0.11	7,367,303	3.89
	Transfer-30/08/2019 (Purchase)	80,976	0.04	7,448,279	3.94
	Transfer-06/09/2019 (Purchase)	251,191	0.13	7,699,470	4.07
	Transfer-13/09/2019 (Purchase)	76,847	0.04	7,776,317	4.11
	Transfer-18/10/2019 (Purchase)	1,925,431	1.02	9,701,748	5.13
	Transfer-15/11/2019 (Purchase)	121,300	0.06	9,823,048	5.19
	Transfer-22/11/2019 (Purchase)	8,000	0.00	9,831,048	5.19
	Transfer-29/11/2019 (Purchase)	57,143	0.03	9,888,191	5.22
	Transfer-13/12/2019 (Purchase)	60,245	0.03	9,948,436	5.26

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Sl. No.	For each of the top 10 shareholders	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
	Transfer-20/12/2019 (Purchase)	45,773	0.02	9,994,209	5.28
	Transfer-10/01/2020 (Purchase)	74,964	0.04	10,069,173	5.32
	Transfer-07/02/2020 (Purchase)	780,835	0.41	10,850,008	5.73
	Transfer-14/02/2020 (Purchase)	88,954	0.05	10,938,962	5.78
	Transfer-21/02/2020 (Purchase)	36,400	0.02	10,975,362	5.80
	Transfer-28/02/2020 (Purchase)	157,210	0.08	11,132,572	5.88
	Transfer-06/03/2020 (Purchase)	151,155	0.08	11,283,727	5.96
	Transfer-20/03/2020 (Purchase)	200,000	0.11	11,483,727	6.06
	Transfer-27/03/2020 (Purchase)	320,000	0.17	11,803,727	6.23
	At the end of the year			11,803,727	6.23
5	ICICI Prudential Life Insurance Company Limited				
	At the beginning of the year	4,179,793	2.21		
	Transactions during the year ended 31st March 2020				
	Transfer-05/04/2019 (Purchase)	374,406	0.20	4,554,199	2.41
	Transfer-12/04/2019 (Purchase)	184,445	0.10	4,738,644	2.51
	Transfer-26/04/2019 (Sale)	(58)	(0.00)	4,738,586	2.51
	Transfer-03/05/2019 (Sale)	(57)	(0.00)	4,738,529	2.51
	Transfer-10/05/2019 (Purchase)	24,830	0.01	4,763,359	2.52
	Transfer-17/05/2019 (Purchase)	42,280	0.02	4,805,639	2.54
	Transfer-24/05/2019 (Purchase)	30,814	0.02	4,836,453	2.56
	Transfer-31/05/2019 (Purchase)	11,646	0.01	4,848,099	2.56
	Transfer-14/06/2019 (Purchase)	258,285	0.14	5,106,384	2.70
	Transfer-21/06/2019 (Purchase)	27,627	0.01	5,134,011	2.71
	Transfer-28/06/2019 (Purchase)	19,951	0.01	5,153,962	2.72
	Transfer-05/07/2019 (Sale)	(2,758)	(0.00)	5,151,204	2.72
	Transfer-19/07/2019 (Sale)	(145,097)	(0.08)	5,006,107	2.65
	Transfer-02/08/2019 (Sale)	(2,421)	(0.00)	5,003,686	2.64
	Transfer-09/08/2019 (Sale)	(67,737)	(0.04)	4,935,949	2.61
	Transfer-16/08/2019 (Sale)	(220,612)	(0.12)	4,715,337	2.49
	Transfer-23/08/2019 (Purchase)	4,389	0.00	4,719,726	2.49
	Transfer-30/08/2019 (Sale)	(59,573)	(0.03)	46,60,153	2.46
	Transfer-06/09/2019 (Sale)	(219)	(0.00)	4,659,934	2.46
	Transfer-13/09/2019 (Sale)	(792)	(0.00)	4,659,142	2.46
	Transfer-27/09/2019 (Purchase)	10,837	0.01	4,669,979	2.47
	Transfer-30/09/2019 (Purchase)	8,015	0.00	4,677,994	2.47
	Transfer-04/10/2019 (Purchase)	3,414	0.00	4,681,408	2.47
	Transfer-11/10/2019 (Purchase)	13,248	0.01	4,694,656	2.48
	Transfer-18/10/2019 (Purchase)	92,710	0.05	4,787,366	2.53
	Transfer-25/10/2019 (Sale)	(598)	(0.00)	4,786,768	2.53
	Transfer-01/11/2019 (Purchase)	823	0.00	4,787,591	2.53
	Transfer-08/11/2019 (Sale)	(4,962)	(0.00)	4,782,629	2.53
	Transfer-29/11/2019 (Sale)	(3,099)	(0.00)	4,779,530	2.53
	Transfer-06/12/2019 (Purchase)	144,978	0.08	4,924,508	2.60
	Transfer-13/12/2019 (Purchase)	18,340	0.01	4,942,848	2.61
	Transfer-27/12/2019 (Sale)	(942)	(0.00)	4,941,906	2.61
	Transfer-31/12/2019 (Sale)	(796)	(0.00)	4,941,110	2.61
	Transfer-10/01/2020 (Sale)	(83,652)	(0.04)	4,857,458	2.57
	Transfer-17/01/2020 (Purchase)	38,552	0.02	4,896,010	2.59
	Transfer-24/01/2020 (Purchase)	2,952	0.00	4,898,962	2.59
	Transfer-07/02/2020 (Sale)	(71,954)	(0.04)	4,827,008	2.55
	Transfer-21/02/2020 (Sale)	(15,025)	(0.01)	4,811,983	2.54
	Transfer-28/02/2020 (Sale)	(37,274)	(0.02)	4,774,709	2.52
	Transfer-06/03/2020 (Sale)	(2,531)	(0.00)	4,772,178	2.52
	Transfer-20/03/2020 (Sale)	(10,203)	(0.01)	4,761,975	2.51

Sl. No.	For each of the top 10 shareholders	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
	Transfer-27/03/2020 (Purchase)	15	0.00	4,761,990	2.51
	At the end of the year			4,761,990	2.51
6	Shamyak Investment Private Limited				
	At the beginning of the year	4,000,000	2.11		
	Transactions during the year ended 31st March 2020				
	At the end of the year			4,000,000	2.11
7	Reliance Capital Trustee Company Limited				
	At the beginning of the year	3,115,372	1.65		
	Transactions during the year ended 31st March 2020				
	At the end of the year			3,115,372	1.64
8	Sundaram Mutual Fund (under various schemes)				
	At the beginning of the year	3,016,409	1.59		
	Transactions during the year ended 31st March 2020				
	Transfer-03/05/2019 (Purchase)	7,470	0.00	3,023,879	1.60
	Transfer-19/07/2019 (Sale)	(170,000)	(0.09)	2,853,879	1.51
	Transfer-27/09/2019 (Purchase)	50,000	0.03	2,903,879	1.53
	Transfer-31/03/2020 (Sale)	(200,659)	(0.11)	2,703,220	1.43
	At the end of the year			2,703,220	1.43
9	General Insurance Corporation of India				
	At the beginning of the year	3,000,000	1.59		
	Transactions during the year ended 31st March 2020				
	Transfer-13/09/2019 (Sale)	(16,218)	(0.01)	2,983,782	1.58
	Transfer-27/09/2019 (Sale)	(269,182)	(0.14)	2,714,600	1.43
	Transfer-30/09/2019 (Sale)	(52)	(0.00)	2,714,548	1.43
	Transfer-04/10/2019 (Sale)	(14,548)	(0.01)	2,700,000	1.43
	Transfer-11/10/2019 (Sale)	(64,214)	(0.03)	2,635,786	1.39
	Transfer-18/10/2019 (Sale)	(37,799)	(0.02)	2,597,987	1.37
	Transfer-25/10/2019 (Sale)	(97,987)	(0.05)	2,500,000	1.32
	Transfer-29/11/2019 Sale)	(61,135)	(0.03)	2,438,865	1.29
	Transfer-06/12/2019 (Sale)	(112,559)	(0.06)	2,326,306	1.23
	Transfer-13/12/2019(Sale)	(106,306)	(0.06)	2,220,000	1.17
	Transfer-20/12/2019 (Sale)	(120,000)	(0.06)	2,100,000	1.11
	Transfer-17/01/2020 (Sale)	(75,000)	(0.04)	2,025,000	1.07
	Transfer-24/01/2020 (Sale)	(25,000)	(0.01)	2,000,000	1.06
	Transfer-14/02/2020 (Sale)	(110,000)	(0.06)	1,890,000	1.00
	Transfer-21/02/2020 (Sale)	(90,000)	(0.05)	1,800,000	0.95
	At the end of the year			1,800,000	0.95
10	Franklin India Smaller Companies Fund				
	At the beginning of the year	2,534,305	1.34		
	Transactions during the year ended 31st March 2020				
	Transfer-16/08/2019(Purchase)	200,000	0.11	2,734,305	1.45
	Transfer-30/08/2019(Purchase)	8,578	0.00	2,742,883	1.45
	Transfer-13/12/2019(Purchase)	2,742,883	1.45	5,485,766	2.90
	Transfer-13/12/2019(Sale)	(2,742,883)	(1.45)	2,742,883	1.45
	Transfer-20/03/2020(Purchase)	25,000	0.01	2,767,883	1.46
	At the end of the year			2,767,883	1.46
11	Aditya Birla Sun Life Trustee Private Limited				
	At the beginning of the year	2,551,690	1.35		
	Transactions during the year ended 31st March 2020				

Sl. No.	For each of the top 10 shareholders	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
	Transfer-05/04/2019 (Sale)	(28,000)	(0.01)	2,523,690	1.33
	Transfer-12/04/2019 (Sale)	(350,000)	(0.19)	2,173,690	1.15
	Transfer-17/05/2019 (Purchase)	63,602	0.03	2,237,292	1.18
	Transfer-24/05/2019 (Purchase)	50,598	0.03	2,287,890	1.21
	Transfer-31/05/2019 (Sale)	(462,900)	(0.24)	1,824,990	0.96
	Transfer-07/06/2019 (Sale)	(228,000)	(0.12)	1,596,990	0.84
	Transfer-28/06/2019 (Purchase)	15,500	0.01	1,612,490	0.85
	Transfer-12/07/2019 (Purchase)	22,400	0.01	1,634,890	0.86
	Transfer-30/08/2019 (Purchase)	51,481	0.03	1,686,371	0.89
	Transfer-30/08/2019 (Sale)	(55,000)	(0.03)	1,631,371	0.86
	Transfer-20/09/2019 (Sale)	(10,823)	(0.01)	1,620,548	0.86
	Transfer-27/09/2019 (Sale)	(106,000)	(0.06)	1,514,548	0.80
	Transfer-30/09/2019 (Sale)	(4,400)	(0.00)	1,510,148	0.80
	Transfer-18/10/2019 (Sale)	(136,777)	(0.07)	1,373,371	0.73
	Transfer-08/11/2019 (Sale)	(285,258)	(0.15)	1,088,113	0.57
	Transfer-06/12/2019 (Sale)	(90,000)	(0.05)	998,113	0.53
	Transfer-13/12/2019 (Sale)	(27,690)	(0.01)	970,423	0.51
	Transfer-20/12/2019 (Sale)	(50,000)	(0.03)	920,423	0.49
	Transfer-10/01/2020 (Sale)	(285,000)	(0.15)	635,423	0.34
	At the end of the year			635,423	0.34
12	Massachusetts Institute of Technology				
	At the beginning of the year	1,125,000	0.59		
	Transactions during the year ended 31st March 2020				
	Transfer-29/11/2019 (Purchase)	82,000	0.04	1,207,000	0.64
	Transfer-06/12/2019 (Purchase)	72,000	0.04	1,279,000	0.68
	Transfer-13/12/2019 (Purchase)	105,000	0.06	1,384,000	0.73
	Transfer-20/12/2019 (Purchase)	81,000	0.04	1,465,000	0.77
	Transfer-27/12/2019 (Purchase)	47,000	0.02	1,512,000	0.80
	Transfer-03/01/2020 (Purchase)	15,000	0.01	1,527,000	0.81
	Transfer-10/01/2020 (Purchase)	233,000	0.12	1,760,000	0.93
	Transfer-17/01/2020 (Purchase)	43,000	0.02	1,803,000	0.95
	Transfer-24/01/2020 (Purchase)	129,000	0.07	1,932,000	1.02
	Transfer-31/01/2020 (Purchase)	70,000	0.04	2,002,000	1.06
	Transfer-14/02/2020 (Purchase)	60,840	0.03	2,062,840	1.09
	Transfer-21/02/2020 (Purchase)	67,155	0.04	2,129,995	1.13
	Transfer-28/02/2020 (Purchase)	64,845	0.03	2,194,840	1.16
	At the end of the year			2,194,840	1.16

Notes:

1. As the Company is listed, its shares are traded on a daily basis and hence the above dates refer to the respective beneficiary position dates.
2. The above list comprises top 10 shareholders as on 1st April 2019 and as on 31st March 2020.
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.
4. The holdings of the shareholders have been combined based on PAN and folio no. / client ID.

(v) Shareholding of Directors and Key Managerial Personnel

Sl. No.	For each of the Directors and KMP	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
1	M M Murugappan				
	At the beginning of the year	696,340	0.37		
	Transactions during the year ended 31st March 2020	-	-	-	-
	At the end of the year			696,340	0.37
2	M A M Arunachalam				
	At the beginning of the year	1,100,600	0.58		
	Transactions during the year ended 31st March 2020	-	-	-	-
	At the end of the year			1,100,600	0.58
3	K Srinivasan#				
	At the beginning of the year	395,530	0.21		
	Transactions during the year ended 31st March 2020				
	Transfer - 08/08/2019 (Purchase)	5,000	0.00	400,530	0.21
	As at 22nd November 2019			400,530	0.21
4	N Ananthaseshan##				
	At the beginning of the year	69,023	0.04		
	Transactions during the year ended 31st March 2020				
	Allotment of equity shares on exercise of Options under the ESOP Scheme 2007 - 07/01/2020	10,000	0.01	79,023	0.04
	Allotment of equity shares on exercise of Options under the ESOP Scheme 2007 - 25/02/2020	8,864	0.00	87,887	0.05
	At the end of the year			87,887	0.05

** None of the other Directors and Key Managerial Personnel hold shares in the Company.*
#Mr. K Srinivasan retired from the Board with effect from the closing hours of 22nd November 2019.
##Mr. N Ananthaseshan was appointed as the Managing Director (Designate) with effect from 26th April 2019 and as the Managing Director with effect from 23rd November 2019.

V. 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	8.96	-	-	8.96
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**8.96**	**-**	**-**	**8.96**
Change in Indebtedness during the financial year				
• Addition	-	-	-	-
• Reduction*	8.96	-	-	8.96
Net Change	**(8.96)**	**-**	**-**	**(8.96)**
Indebtedness at the end of the financial year				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**-**	**-**	**-**	**-**

**Reclassified from Borrowings to Lease Liabilities under IND AS 116*

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

₹ million

Sl. no.	Particulars of Remuneration	Managing Director(s)		Total Amount
		Mr. K Srinivasan*	Mr. N Ananthaseshan**	
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	30.28	14.01	44.29
	(b) Value of perquisites u/s 17(2) of Income-tax Act, 1961	0.02	0.04	0.06
	(c) Profits in lieu of salary under section 17(3) of Income-tax Act, 1961	-		
2	Stock Option#	-	3.78	3.78
3	Sweat Equity	-	-	-
4	Commission as % of profit	-	-	-
5	Others	-	-	-
	Total (A)	**30.30**	**17.83**	**48.13**
	Ceiling as per the Act	118.26	118.26	236.52

#Represents the the deemed benefit on exercise of Options under the Company's ESOP Scheme 2007. Hence the remuneration disclosed in the above table will differ from remuneration paid and reported in Annexure A.

**Mr. K Srinivasan retired from the Board with effect from the closing hours of 22nd November 2019 and his salary includes the superannuation benefits in terms of leave encashment and Gratuity.*

***Mr. N Ananthaseshan was appointed as the Managing Director (Designate) with effect from 26th April 2019 and as the Managing Director with effect from 23rd November 2019. The remuneration above is proportionate to the period of his tenure as an Executive Director and hence will differ from remuneration reported in Annexure A.*

B. Remuneration to other Directors

₹ million

Sl. no.	Particulars of Remuneration	Name of the Director							
1	**Independent Directors**	**T L Palani Kumar***	**Sanjay Jayavarthanavelu**	**Aroon Raman**	**Bharati Rao***	**P S Raghavan**	**Sujjain S Talwar**	**Soundara Kumar***	**Total**
	Fee for attending Board/ Committee meetings	0.13	0.59	0.64	0.05	0.56	0.50	0.35	2.82
	Commission	0.33	1.00	1.00	0.34	1.50	1.00	0.66	5.83
	Others	-	-	-	-	-	-	-	-
	Total(1)	**0.46**	**1.59**	**1.64**	**0.39**	**2.06**	**1.50**	**1.01**	**8.65**
2	**Other Non-Executive Directors**	**M M Murugappan**	**M A M Arunachalam**						**Total**
	Fee for attending Board/ Committee meetings	0.39	0.39						0.78
	Commission	10.00	1.00						11.00
	Others	-	-						-
	Total(2)	**10.39**	**1.39**						**11.78**
	Total Managerial Remuneration (B)=(1+2)								**20.43**
	Overall ceiling as per the Act excluding sitting fees								**23.65**

**Mr. T L Palani Kumar and Mrs. Bharati Rao retired from the Board with effect from the closing hours of 31st July 2019 and 2nd August 2019 respectively.*
Mrs. Soundara Kumar was appointed as a Director with effect from 3rd August 2019.

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

₹ million

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO**	Total
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	NA*	4.79	6.67	11.46
	(b) Value of perquisites u/s section 17(3) of Income-tax Act, 1961		0.38	0.39	0.77#
	(c) Profits in lieu of salary under section 17(3) of Income-tax Act, 1961		-	-	-
2	Stock Option		-	-	-
3	Sweat Equity		-	-	-
4	Commission - as % of profit - others		-	-	-
5	Others		-	-	-
	Total		**5.17**	**7.06**	**12.23**

** The Company has a Managing Director whose details are provided above in VI A.*

*** Mr. Jagannathan Chakravarthi Narasimhan resigned as the Chief Financial Officer w.e.f the closing hours of 29th October 2019 and above remuneration includes full and final settlement.*

 # perquisites includes perquisite owing to asset transfer under Company car scheme as per the remuneration policy.

VII. Penalties/Punishment/Compounding of Offences against the Company, Directors, other officers in default in respect of provisions of the Companies Act, 2013 - Nil

On behalf of the Board
M M Murugappan
Chairman

Chennai
June 6, 2020

ANNEXURE F

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2020

[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 and Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 as amended]

To,

The Members,
Carborundum Universal Limited
CIN: L29224TN1954PLC000318
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 Identification Number: L29224TN1954PLC000318] (hereinafter 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 Company'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, 2020 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, 2020 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made there under;

(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) The Company has complied with the applicable provisions of Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Overseas Direct Investment. There was no Foreign Direct Investment and 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, 2015;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; (not applicable during the period under review);

(d) The Employee Stock Option Plan, 2016 approved under the Securities Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the Employee Stock Option Scheme, 2007 approved under the Securities Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (not applicable to the company during the audit period);

(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) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (not applicable to the company during the audit period); and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; (not applicable during the period under review);

(vi) We have reviewed the compliance management systems 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, fire, petroleum, drugs, motor vehicles, explosives, boilers etc.;
9. Acts 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.

We believe that the audit evidence which we have obtained is sufficient and appropriate to provide a basis for our audit opinion. In our opinion and to the best of our information and according to the explanations given to us, we believe that the compliance management system of the Company is adequate to ensure compliance of laws as mentioned above.

With respect to the applicable financial laws such as direct and indirect tax laws, based on the information & explanations provided by the management and officers of the Company and certificates placed before the Board of Directors, we report that adequate systems are in place to monitor and ensure compliance.

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

(i) Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India.

(ii) The Uniform Listing Agreement entered into with BSE Limited and National Stock Exchange of India Limited pursuant to the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.

We further report that

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

Adequate notice is given to all Directors before the 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. Notes on agenda which are circulated less than the specified period, the necessary compliances under the Companies Act, 2013 and Secretarial Standards on Board Meetings are complied with. During the year under review, Directors have participated in the Committees / Board meetings through video conferencing, such meetings were properly convened and recorded in compliance with the provisions of Section 173 (2) of the Act read with Rule 3 & 4 of Companies (Meetings of Board and its Powers) Rules, 2014.

Based on the verification of the records and minutes, the decisions were carried out with the consent of the Board of Directors / Committee Members and no Director / Member dissented on the decisions taken at such Board / Committee Meetings. Further, in the minutes of the General Meetings the number of votes cast against the resolutions has been recorded.

We further report that based on the review of compliance mechanism established by the Company, we are of the opinion that the management has adequate systems and processes commensurate with its size and operations, to monitor and ensure compliance with all applicable laws, rules, regulations and guidelines.

We further report that the above mentioned Company being a Listed entity this report is also issued pursuant to Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended and circular No.CIR/CFD/CMD1/27/2019 dated 8th February, 2019 issued by Securities and Exchange Board of India.

We further report that as per the information and explanation provided by the Management, the Company does not have any Material Unlisted Subsidiary(ies) Incorporated in India pursuant to Regulation 16 (c) and 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 during the period under review.

We further report that during the audit period, there were no specific events having major bearing on the Company's affairs in pursuance of above referred laws, rules, regulations, guidelines and standards.

For R.Sridharan & Associates
Company Secretaries
CS R.Sridharan
CP No. 3239
FCS No. 4775
Chennai — UIN : S2003TN063400
June 6, 2020 — UDIN: F004775B000318957

Corporate Governance Report

[PURSUANT TO SCHEDULE V OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015]

Corporate Governance refers to a 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 various stakeholders in a company and encompasses practically every sphere of management, from action plans, internal controls to performance measurement and corporate disclosures. The purpose is to facilitate an effective and prudent management essential for the long term success of a company.

1. CUMI'S CORPORATE GOVERNANCE PHILOSOPHY

Carborundum Universal Limited ("CUMI"), a constituent of the Murugappa Group, is committed to the 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, health, environment and quality. The Board recognises that governance expectations are constantly evolving and is committed to keeping its governance standards under continuous 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 direct initiatives through the CUMI Skill Development Centre or indirect initiatives through contributions to eligible implementing agencies in the core sectors of health & education, plays a significant role in its governance initiatives. The various measures undertaken by the Company to deal with the unprecedented challenges owing to COVID-19 morefully detailed in the Board's report reinforces commitment to our core values, sustainability and governance principles. The entire process begins with the functioning of the Board of Directors, with leading professionals and experts serving as Independent Directors and representing in various Board Committees.

The Company has always believed in and practices the highest standards of Corporate Governance since its inception and considers that sound governance practices are crucial for its smooth and efficient operations as well as its ability to attract investments, balancing the interests of all its stakeholders and providing shareholder value. The behaviour and ethics of an organisation are considered to be two defining characteristics of any company critical to not only successful leadership but also in ensuring long term sustainability. Even during challenging times as these, the Management continues to rededicate itself to simple principles of behavioural ethics, standing by its conviction of purpose and sustainability. CUMI's ethical and responsible behaviour complements its corporate culture which is guided by the following norm:

"The fundamental principle of economic activity is that no man you transact with will lose; then you shall not".

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 a clear distinction between personal and corporate interest;
- Having a transparent corporate structure driven by business needs; and
- Ensuring compliance with applicable laws.

The above principles not only enables leading from the front during crisis severe as the COVID-19 but also provides the leadership with utmost optimisim and confidence to not only survive these tough times but emerge stronger.

The Company's constant endeavour for corporate excellence has been well recognised through incessant awards and accolades reiterating its commitment to governance standards. CUMI has already been the recipient of the coveted Golden Peacock awards in Corporate Ethics and Corporate Governance in the past years. The Company's Annual Report for the FY 2017-18 which had earlier won the prestigious ICAI award for excellence in financial reporting in manufacturing and trading sector was also selected by the South Asian Federation of Accountants conferring the Certificate of Merit in the Manufacturing Sector category. Further, the Company has consecutively for the second year won the prestigious ICAI award for excellence in financial reporting in manufacturing and trading sector (turnover category ₹500 crores - ₹3000 crores) for the Annual Report 2018-19. These recognitions stand as a mark for the Company's strong ethics, Corporate Governance and excellence in financial reporting.

The Company strives making sustainable efforts in recognition for its governance initiatives and processes.

2. BOARD OF DIRECTORS

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

The Board provides strategic guidance on affairs of the Company in addition to reviewing the performance and monitoring the implementation of plans periodically. The Independent Directors provide an objective judgement 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

Corporate Governance Report

Code of Conduct applicable to the Board and Senior Management which is posted on the website of the Company at *https://www.cumi-murugappa.com/policies-disclosure/.* 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. The Board is committed to representing the long-term interests of the stakeholders, providing effective governance over the Company's affairs and exercising reasonable business judgement 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, foreign affairs, management, legal and compliance. The Directors are nominated based on their qualification and experience in varied fields. The Board has formulated a Board Diversity policy to ensure an optimum composition such that the talent of all members of the Board blend together to be as effective as possible. The Board has an appropriate mix of Executive/Non-Executive as well as Independent Directors including a Woman Director to ensure proper governance and management.

As at 31st March 2020, the Board comprises 8 members with a majority of them being Independent Directors.

Name	Category	No. of Directorships / (Chairmanships) in companies including CUMI [(a)]	No. of other Directorships	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	9(6)	6	6(4)	7	Yes	696,340
Sanjay Jayavarthanavelu DIN - 00004505	Non-Executive & Independent Director	9(3)	2	1(1)	7	Yes	Nil
Aroon Raman DIN - 00201205	Non-Executive & Independent Director	4	3	3	7	Yes	Nil
P S Raghavan DIN - 07812320	Non-Executive & Independent Director	2	2	2	7	Yes	Nil
Sujjain S Talwar DIN - 01756539	Non-Executive & Independent Director	2	2	1	7	Yes	Nil
Soundara Kumar DIN - 01974515	Non-Executive & Independent Director	8	-	6(2)	4*	NA	Nil
M A M Arunachalam DIN - 00202958	Promoter & Non-Executive Director	4	4	4(1)	7	Yes	1,100,600
N Ananthaseshan DIN - 02402921	Managing Director	4(1)	6	3(1)	7	Yes	87,887

(a) Excluding Alternate Directorships and Directorships in Foreign companies, Private companies (which are not subsidiary or holding company of a Public company) and Section 8 companies;
(b) Only Audit & Stakeholders Relationship Committee of Public companies;
(c) Inter-se relationship between Directors - Nil;
(d) Mr. T L Palani Kumar and Mrs. Bharati Rao, Independent Directors retired from the Board at the closing hours of 31st July 2019 and 2nd August 2019 respectively on account of completion of their term of appointment;
(e) Mr. K Srinivasan retired as the Managing Director of the Company at the closing hours of 22nd November 2019 on account of completion of his term of appointment;
(f) Mr. N Ananthaseshan who was appointed as an Executive Director on 26th April 2019 succeeded Mr. K Srinivasan as the Managing Director and assumed office as MD from 23rd November 2019;
(g) Shareholding of Directors represents the shares held by them in individual capacity including as karta of a HUF and excluding shares held as Trustees.
*Appointed as an Additional Director w.e.f. 3rd August 2019.

The names of listed entities where the Directors hold directorship (excluding the Company) is given below:

Name of the Director	Company Name	Category
M M Murugappan (MMM)	Tube Investments of India Limited	Non-Executive and Non-Independent Chairman
	Cholamandalam Investment and Finance Company Limited	
	Cholamandalam Financial Holdings Limited	
	Cholamandalam MS General Insurance Company Limited (Debt Listed)	
	Coromandel International Limited	
	Mahindra and Mahindra Limited	Independent Director
	Cyient Limited	Non-Executive and Non-Independent Director
Sanjay Jayavarthanavelu (SJ)	Lakshmi Machine Works Limited	Chairman and Managing Director
	Super Sales India Limited	Non-Executive and Non-Independent Chairman
	The Lakshmi Mills Company Limited	Non-Executive and Non-Independent Director
	Lakshmi Electrical Control Systems Limited	
Aroon Raman (AR)	Wheels India Limited	Independent Director
	Brigade Enterprises Limited	
P S Raghavan (PSR)	-	-
Sujjain S Talwar (SST)	Fomento Resorts and Hotels Limited	Independent Director
Soundara Kumar (SK)	Rajapalayam Mills Limited	Independent Director
	Tamil Nadu Newsprint & Papers Limited	
	Shanthi Gears Limited	
	Ramco Systems Limited	
	Bank of Baroda	
	Orchid Pharma Limited*	
M A M Arunachalam (MAM)	Coromandel Engineering Company Limited	Non-Executive and Non-Independent Director
N Ananthaseshan (NA)	Wendt (India) Limited	Non-Executive and Non-Independent Director

**referred to National Company Law Tribunal under the Insolvency and Bankruptcy Code, 2016.*

Changes in Board composition during the financial year 2019-20

During the year ended 31st March 2020, there were no changes in the Board composition other than as detailed below:

Name	Category	Nature of change
T L Palani Kumar	Non-Executive & Independent Director	Retired from the Board at the closing hours of 31st July 2019 on account of completion of his term as an Independent Director.
Bharati Rao	Non-Executive & Independent Director	Retired from the Board at the closing hours of 2nd August 2019 on account of completion of her term as an Independent Director.
Soundara Kumar	Non-Executive & Independent Director	Appointed as an Additional Director and Independent Director with effect from 3rd August 2019 by the Board.
N Ananthaseshan	Managing Director	Appointed as an Additional Director and Managing Director (Designate) by the Board with effect from 26th April 2019 and as the Managing Director with effect from 23rd November 2019. His appointments as the Managing Director (Designate) with effect from 26th April 2019 and as the Managing Director with effect from 23rd November 2019 were approved by the shareholders at the 65th Annual General Meeting held on 31st July 2019.
K Srinivasan	Managing Director	Retired as the Managing Director with effect from the closing hours of 22nd November 2019 on account of completion of his term of appointment.

The Company has received the requisite declarations from its Independent Directors confirming that they meet the criteria of independence prescribed both under the Companies Act, 2013 and the Listing Regulations. The Board at its meeting held on 6th June 2020 has taken on record the declarations received from the Independent Directors. In the opinion of the Board, the Independent Directors of the Company fulfil the conditions specified in the Listing Regulations and are independent of the Management.

The Company is a material science technology company and hence presence of technical expertise in engineering and technology in the Board to guide the Company in its operations and strategy assumes significance. Considering the nature of the business the Company operates in and its global presence, the Board is required to possess various other skills/expertise in the field of foreign affairs, finance, legal, compliance and management. The Directors are nominated based on their qualification and experience in order to maintain a healthy balance of diversified experts on the Board.

The matrix setting out the skills / expertise / competence of the Board of Directors identified by the Board as required in the context of its business(es) and sector(s) for it to function effectively and those available with the Board is given below:

Sl. No	Key Skills & competencies	Description	MMM	SJ	AR	PSR	SST	SK	MAM	NA
1.	Technology	Understanding and appreciation of technology either through qualification or experience resulting in understanding the products manufactured by the Company/solutions provided by the Company, anticipating technological trends, ability to articulate on disruptive innovations, understand and guide in creation of new business models etc.	√	√	√	√				√
2.	Financial	Leadership or Management positions or qualifications enabling proficiency in understanding financial management, capital allocation, financial reporting process, audit processes, internal controls, understanding of treasury management, debt management, advising on leveraging banking relationships etc.	√	√	√	√	√	√	√	√
3.	Global business / Foreign affairs	Experience in cross border business environment, understanding of foreign policies and external affairs, sanctions regime, diverse business environment / cultures / regulatory framework and having a perspective of global opportunities etc.	√	√		√				√
4.	Board positions / Governance	Directorship positions or experience with Regulatory interfaces and having an insight into Board processes, structures, committee constitutions, protecting stakeholder interests, aligning with appropriate governance practices etc.	√	√	√	√	√	√	√	
5.	Management	Leadership positions in enterprises by virtue of which has requisite experience in management skills or functional expertise across various management functions, guiding strategies for sustainable growth enhancing enterprise reputation etc.	√	√	√	√	√	√	√	√
6.	Strategic advisory	Ability to advise on organic/inorganic growth opportunities through acquisitions / combinations, assess build or purchase proposals, appreciative of and understanding of the regulatory and legal requirements of the sector / industry in which the Company operates in.	√		√		√	√		√

2.2 Board Meetings

The Board meets at regular intervals and 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 operational and financial performance against set targets, evolving strategy, approving investments, ensuring adequate availability of financial resources, overseeing risk management and reporting to the shareholders.

The Board is regularly briefed and updated on key business activities and is provided with presentations and information on the operations, financial performance and other matters concerning the Company. Besides, information on statutory compliance of applicable laws, minutes of meetings of the Committees of the Board, summary of decisions taken at the Board meetings of the subsidiary companies and information required under the Listing Regulations 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 meetings.

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 undertaken.

The Board periodically reviews the matters required to be placed before it, monitors the overall performance of the Company and inter alia reviews and approves the quarterly financial statements, business plan, capital expenditure etc. The dates of the Board meetings are fixed in advance for the full calendar year to enable maximum attendance from the Board members. During the year ended 31st March 2020, seven Board meetings were held on 26th April 2019, 31st July 2019, 25th October 2019, 29th January 2020, 30th January 2020, 26th February 2020 and 18th March 2020. As required under the Companies Act, 2013, the Company facilitates participation of a Director who is unable to attend the Board / Committee meetings physically, through video conference or other audio visual means in the manner prescribed under the relevant regulations.

In line with the Regulation 24 of the Listing Regulations requiring at least one Independent Director of the Company to be a Director on the Board of an unlisted material subsidiary, whether incorporated in India or not, Mr. P S Raghavan, Independent Director was nominated to the Board of CUMI International Limited (CIL), Cyprus. He was inducted into CIL Board on 20th June 2019. For the purposes of this requirement, a material subsidiary means any subsidiary whose net worth exceeds 20% of the consolidated net worth of the Company or which has generated more than 20% of the consolidated income of the Company in the preceding financial year. CUMI International Limited, Cyprus and its subsidiary Volzhsky Abrasive Works, Russia are the only subsidiaries of the Company meeting the criteria mandating a Board representation. Mr. P S Raghavan is a Director on the Board of Volzhsky Abrasive Works, Russia nominated during the year 2018-19. The Board reviews the significant transactions and arrangements of the unlisted subsidiary companies besides being apprised of their business plan and performance.

In line with the amendments to the Companies Act, 2013, Listing Regulations and SEBI (Prohibition of Insider Trading) Regulations, 2015, the Board had reviewed the following existing policies which were amended during the year:

- Code of Conduct to regulate, monitor and report Trading by Designated Persons in Securities of Carborundum Universal Limited including the Policy governing the procedure of inquiry in case of actual or suspected leak of Unpublished Price Sensitive Information of Carborundum Universal Limited;
- Code for Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI) including the Policy for determination of 'legitimate purposes' for communicating/ procuring unpublished price sensitive information;
- Whistle Blower Policy;
- Policy on dealing with Related Parties and materiality of related party transactions.

The above mentioned policies are posted on the website of the Company at the link *https://www.cumi-murugappa.com/policies-disclosure/.*

The Company also has in place policies for determining materiality for disclosure of events/information to stock exchanges, preservation and archival of documents, dividend distribution, business responsibility and prevention of sexual harassment at workplace. These policies are periodically reviewed by the Board.

2.3 Separate Meeting of Independent Directors

Besides the formal Board meetings, the Independent Directors hold meetings without the participation of Non-Independent Directors and members of the Management. During the year, the Independent Directors met on 18th March 2020 and 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.

2.4 Board familiarisation

The members of the Board are provided with many opportunities to familiarise themselves with the Company, its Management and 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, Listing Regulations and other relevant regulations. Newly inducted Audit Committee members are provided with an Audit Committee manual which broadly covers the regulatory scenario in India, current practices in the Company, Indian and global best practices etc. These handbooks are updated periodically for regulatory as well as policy changes and updated copies of the handbooks are provided to all the Directors. Further, the Code of Conduct which includes the values, principles and beliefs guiding the Company as well as the duties and responsibilities of the Directors including that of an Independent Director is given to the Director at the time of induction which is affirmed annually. In addition, the Board members have an opportunity and access to interact with the Senior Management at any time they wish to.

By way of an introduction to the Company, the newly inducted Director is presented with a 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 new Director participates or at a mutually convenient time makes a detailed presentation on the Company, its various business segments and profile, manufacturing locations, organisation structure and other market related information. Exclusive plant visits are also organised for the new Director. Further, with a view to familiarise the existing Directors with the Company's operations on an ongoing basis, plant visits are periodically organised for the Directors. During the year, a visit of Industrial Ceramics and Bonded Abrasives facilities of the Company and facility of its Joint Venture company Wendt (India) Limited, situated at Hosur, Tamil Nadu was undertaken by the Board members on 29th January 2020. Further, as a part of her induction into the Company during the year Mrs. Soundara Kumar visited the facilities at Sriperumbudur and Maraimalai Nagar, Tamil Nadu on 29th August 2019 and had interactions with the operating team. In the backdrop of a dynamic regulatory scenario, regulatory changes impacting the Company is briefed at meetings on quarterly basis. Annually, a dedicated meeting of the Board for business plan / strategy discussion is held, usually at the plant locations of the Company. Further, the Board is also regularly updated on the technological initiatives undertaken in businesses.

The above initiatives help the Directors to understand the Company, its businesses and the regulatory framework in which the Company operates, thus enabling him / her to effectively fulfil their role as a Director of the Company. The details of the familiarisation programme is also uploaded and is available on the Company's website at the following link *https://www.cumi-murugappa.com/policies-disclosure/*.

2.5 Board evaluation

During the year, the Board conducted an evaluation of its own performance, individual Directors as well as the working of the Committees as per the Board evaluation framework adopted by it. The manner and criteria for the evaluation of the Directors including the Independent Directors of the Company is detailed in the Directors' Report.

3. BOARD COMMITTEES

The Board has constituted various Committees for support in discharging its responsibilities. There are five Committees constituted by the Board - Audit Committee, Nomination and Remuneration Committee, Risk Management Committee, Stakeholders Relationship Committee and Corporate Social Responsibility Committee. The Company Secretary acts as the Secretary to the Committees of the Board.

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 consideration & approval and the minutes of all meetings of the Committees are circulated to the Board for information.

In addition to the above, the Board from time to time constitutes committees of Directors for specific purposes. During the year, no meetings of such Committees were held.

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, whistle blower mechanism, related party transactions, scrutiny of inter-corporate loans & investments, approval and review of related party transactions, review of utilization of loans and/ or advances from/investments made in subsidiaries, review of compliance with the provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015, valuation of assets/ undertakings of the Company, appointment of registered valuers etc., besides recommending the appointment of Auditors and their remuneration to the Board as well as approval of payments to Statutory Auditors for non-audit services and review of effectiveness of audit process. The Audit Committee also reviews the financial statements of unlisted subsidiary companies, in particular, the investments made by them.

Composition & Meetings

The Audit Committee comprises entirely Independent Directors and all members of the Committee are financially literate. The Chairman of the Board, the Statutory Auditor, Internal Auditor and members of the Management Committee are invited to attend meetings of the Committee. The Cost Auditor is invited to attend meetings in which the Cost Audit Report is being considered. 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 team is held periodically.

Considering Mr. T L Palani Kumar and Mrs. Bharati Rao's retirement from the Board effective the closing hours of 31st July 2019 and 2nd August 2019 respectively, the Audit Committee was re-constituted with the induction of Mr. Aroon Raman and Mrs. Soundara Kumar as members effective 1st August 2019 and 3rd August 2019 respectively. Mr. Sanjay Jayavarthanavelu, member of the Audit Committee was designated as the Chairman of the Committee after Mr. Palani Kumar retired.

During the year, the Committee had five meetings on 26th April 2019, 31st July 2019, 25th October 2019, 30th January 2020 and 18th March 2020 for reviewing the financial statements, considering the internal audit reports, audit plans and other matters as per the terms of reference of the Committee. The composition of the Committee and attendance of the 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 till 31st July 2019)	2 (2)
Sanjay Jayavarthanavelu (Chairman from 1st August 2019)	5 (5)
Bharati Rao	1 (2)
Sujjain S Talwar	5 (5)
Aroon Raman	3 (3)
Soundara Kumar	3 (3)

**No. of meetings held during the tenure of membership in the Committee*

3.2 Nomination and 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 / Wholetime Director(s) (d) determine the annual incentive of the Managing / Wholetime Director(s) (e) recommend to the Board, the commission payable annually to each of the Non-Wholetime 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 Independent Directors / Board, evaluation of the Directors' performance (j) recommend Remuneration policy to the Board (k) ensuring Board Diversity (l) recommend to the Board the appointment and remuneration payable to Senior Management etc.

The Committee has formulated the criteria for determining the qualifications, positive attributes and independence of a Director as well as 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 Board evaluation including that of the Independent Directors is done based on the evaluation frame work detailed elsewhere in the Directors' Report. The Company also has in place a Board approved policy on the remuneration for Directors, Key Managerial Personnel and other employees which had been duly recommended by the Committee. The policy is available in the link *https://www.cumi-murugappa.com/policies-disclosure/*.

Board Diversity Policy

The Company recognises and embraces the benefits of having a diverse Board and 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, foreign affairs, legal, marketing, manufacturing, technology etc. that the Board considers desirable.

Criteria for Board Nomination

The Nomination and Remuneration Committee is responsible for identifying persons for nomination as Directors as well as evaluating incumbent Directors for their continued service. The Committee has formulated a criteria in terms of Section 178 of the Companies Act, 2013 and the Listing Regulations inter alia detailing the qualifications in terms of personal traits, experience & background, fit & proper, positive attributes and independence standards to be considered for nominating candidates for Board positions/ re-appointment of Directors. During the year, Mrs. Soundara Kumar and Mr. N Ananthaseshan were identified and inducted into the Board based on the recommendation of the Nomination and Remuneration Committee in accordance with the above criteria laid down.

Criteria for Senior Management

The Nomination and Remuneration Committee is also responsible for identifying persons who are qualified to be appointed in Senior Management positions. The Committee has formulated a criteria in terms of personal traits, competencies, experience & background etc. to be considered for nominating candidates to Senior Management positions. During the year, Mr. Ninad Gadgil, President - Abrasives was identified to head the Abrasives Business as per the criteria laid down for Senior Management and he took over from Mr. N Ananthaseshan who assumed charge as Managing Director effective 23rd November 2019.

Composition & Meetings

The Committee comprises of three members with all of them being Independent Directors. With the changes in the composition of the Board on account of retirement of Mr. T L Palani Kumar effective the closing hours of 31st July 2019, the Nomination and Remuneration Committee was re-constituted during the year. Mr. P S Raghavan was inducted as a member of the Committee with effect from 1st August 2019.

The Committee met on four occasions during the year - 26th April 2019, 31st July 2019, 25th October 2019 and 30th January 2020. The composition of the Committee and attendance of members are given below:

Name of Member	No. of meetings attended (No. of meetings held)*
T L Palani Kumar (Chairman till 31st July 2019)	2(2)
Sanjay Jayavarthanavelu (Chairman from 1st August 2019)	4(4)
Aroon Raman	4(4)
P S Raghavan	2(2)

**No. of meetings held during the tenure of membership in the Committee*

3.3 Risk Management Committee

Terms of Reference

The Board has constituted a Risk Management Committee for monitoring the risk management process in the Company. The role of this Committee is to review the annual risk management framework to ensure that it is comprehensive & 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 development relating to these including the steps being taken to manage the exposures, review the risks associated with cyber security, identify and make recommendations to the Board, to the extent necessary on resources and staffing required for an effective risk management.

The Committee has formulated a risk management policy with the following key objectives:

- Strengthening the business performance by informed decision making and planning.
- Adding sustainability value to the activities of the Company.
- Enhancing risk awareness amongst employees.
- Having in place an early warning mechanism for identification of threats/opportunities.
- Enabling optimum resources allocation and efficient use.
- Promoting an innovative culture with proper understanding of risks.

During the year, the Committee reviewed the risk registers of the Company and the movement of risks in line with the risk management policy of the Company in respect of its businesses and functions. Considering that its terms of reference includes reviewing the cyber security risk, the Committee also directed undertaking an assessment (Penetration Assessment Testing) of the Company's internet facing applications, the report of which was reviewed after the assessment was completed. The Committee also reviewed the risk management framework of the Company.

Composition & Meetings

The Committee comprises two Independent Directors and the Managing Director. The Management Committee members comprising the Senior Management executives are invited to the meetings.

Consequent to the changes in composition of the Board on account of retirement of Mr. K Srinivasan effective the closing hours of 22nd November 2019, the Risk Management Committee was re-constituted by the Board with the induction of Mr. N Ananthaseshan as a member effective 23rd November 2019.

The Committee met on two occasions during the year on 25th October 2019 and 18th March 2020. The composition of the Committee and attendance of members are given below:

Name of Member	No of meetings attended (No. of meetings held)*
P S Raghavan (Chairman)	2 (2)
Aroon Raman	2 (2)
K Srinivasan	0 (1)
N Ananthaseshan	1(1)

**No. of meetings held during the tenure of membership in the Committee*

3.4. Stakeholders Relationship Committee

Terms of Reference

The terms of reference of this Committee includes formulation of investor servicing policies, review of redressal of investor complaints and approval / overseeing of transfers, transmissions, transpositions, splitting, consolidation of securities, issue of certificates, demat / remat requests, review of service standards in respect of various services rendered by the Registrar & Share Transfer Agent, to consider and resolve the grievances of security holders of the Company and to determine, monitor and review the standards for resolution of stakeholders grievance, review measures taken for effective exercise of voting rights by shareholders, review of various measures and initiatives taken for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants / annual reports / statutory notices by the shareholders, finalisation of terms of issue of debt instruments including debentures, approval of their allotment, administering the unclaimed shares suspense account, authorising the terms of various borrowings & creating security in respect thereof, allotment of shares on exercise of Options by employees under the Employees Stock Option Scheme / Plan and performing other functions as delegated to it by the Board from time to time.

Composition & Meetings

The Committee comprises four members with one being an Independent Director. Consequent to the changes in composition of the Board on account of retirement of Mr. K Srinivasan effective the closing hours of 22nd November 2019, the Stakeholders Relationship Committee was re-constituted by the Board with the induction of Mr. N Ananthaseshan as a member effective 23rd November 2019.

The Committee met on four occasions during the year 26th April 2019, 31st July 2019, 25th October 2019 and 30th January 2020.

The composition of the Committee and attendance of members are given below:

Name of Member	No. of meetings attended (No. of meetings held)*
M M Murugappan (Chairman)	4 (4)
M A M Arunachalam	4 (4)
P S Raghavan	4 (4)
K Srinivasan	2 (3)
N Ananthaseshan	1 (1)

** Number of meetings held during tenure of membership in the Committee*

There were three investor service complaints received during the year. Out of the three complaints received, one complaint pertained to the process involved in issue of duplicate share certificate and the second complaint was a follow up action by the complainant in SEBI SCORES for updating the submission of requisite documents to the Company for issuance of duplicate share certificate. The third complaint pertained to procedural formalities involved in transmission of shares. All the complaints received were resolved to the satisfaction of the shareholders. There were no investor service complaints pending as at 31st March 2020.

Ms. Rekha Surendhiran, Company Secretary continues to be the Compliance Officer for the purpose of compliance with the requirements of the Listing Regulations.

KFin Technologies Private Limited, Hyderabad, is the Company's Registrar and Share Transfer Agent (RTA). With effect from 5th December 2019, the name of the Company's Registrar and Share Transfer Agent has been changed from Karvy Fintech Private Limited to KFin Technologies Private Limited. 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 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 *https://www.cumi-murugappa.com/policies-disclosure/*. The functions of the Committee inter alia include recommending the amount of expenditure to be incurred on the CSR activities during the year, monitoring the implementation of CSR activities as per the CSR policy of the Company from time to time.

Composition & Meetings

The Committee comprises two Independent Directors and the Managing Director as its members. The Management Committee members are invited to the meetings. The Committee met on two occasions during the year on 26th April 2019 and 25th October 2019. Consequent to the changes in composition of the Board on account of retirement of Mr. K Srinivasan effective the closing hours of 22nd November 2019, the Corporate Social Responsibility Committee was re-constituted by the Board with the induction of Mr. N Ananthaseshan as a member effective 23rd November 2019.

The composition of the Committee and attendance of members are as follows:

Name of Member	No. of meetings attended (No. of meetings held)*
Aroon Raman (Chairman)	2 (2)
P S Raghavan	2 (2)
K Srinivasan	1 (2)
N Ananthaseshan	-

**Number of meetings held during tenure of membership in the Committee*

4. DIRECTORS' REMUNERATION

4.1 Policy

The ability to attract and retain talented and quality resources is a significant characteristic of any successful organisation. The Company's Remuneration policy formulated by the Nomination and Remuneration Committee provides the framework for remuneration of the Board members as well as all employees including the Key Managerial Personnel and Senior Management. This policy is guided by the principles and objectives enumerated in Section 178 of the Companies Act, 2013 and the Listing Regulations to ensure reasonableness and sufficiency of remuneration to attract, retain and motivate competent resources, establish a clear relationship of remuneration to performance and a balance between rewarding short and long-term performance.

The compensation of Executive Directors (during the year, the Company had an Executive Director in addition to 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 Executive Directors are not paid sitting fees for any Board / Committee meetings attended by them. They are eligible for employee Stock Options. Equity based compensation is considered to be an integral part of employee compensation across various sectors which enables alignment of personal goals of employees with organisational objectives. Mr. K Srinivasan, Managing Director superannuated from the Company with effect from the closing hours of 22nd November 2019. Mr. N Ananthaseshan who was appointed as the Managing Director (Designate) with effect from 26th April 2019 took over as the Managing Director of the Company with effect from 23rd November 2019. The summary of the Stock Options granted to Mr. K Srinivasan and Mr. N Ananthaseshan is given in this Report. No fresh grants were made to Mr. K Srinivasan under the ESOP Scheme 2007 or ESOP 2016 during the year. During the year, 111,528 Options were granted to Mr. N Ananthaseshan under the ESOP 2016. No fresh grants were made to Mr. N Ananthaseshan under the ESOP Scheme 2007.

The compensation to the Non-Executive Directors takes the form of commission on profit. Though shareholders have approved payment of commission up to 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 within the above limit. 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 laws and other relevant factors. In view of the significant enhancement of the roles, duties and responsibilities of the Non-Executive Directors under the existing regulatory regime, the Board reviewed the compensation structure on 25th October 2019 and approved a revision in sitting fees and commission payable morefully detailed in the Annexure A to the Directors report.

In keeping with the evolving trends in industry, the practice of paying differential commission to Directors based on the time and efforts spent by them has also been adopted. Given the size and nature of its operations and also the rich experience that Mr. M M Murugappan possesses in the field of engineering, a considerable amount of time is spent by him in connection with the operations of the Company. Apart from playing an active role in guiding and advising on matters connected with strategy and management, he spends considerable time on developing / managing relationships with the Company's business partners both in India and overseas. The Chairman also plays an active role in matters connected with CUMI's organisation culture which is critical for the Company to deliver superior performance besides devoting time for technology related issues impacting the Company. Further, the Chairman spends a lot of time participating in various events, conclaves and functions of Industry bodies, Academic Institutions and interactions with high level State Authorities in India and globally representing the Company. Under his chairmanship, the Company has grown globally from ₹4060 million to over ₹26000 million.

Mr. P S Raghavan, Independent Director has been inducted into the Boards of CUMI International Limited, Cyprus and Volzhsky Abrasive Works, Russia, material subsidiaries of the Company based on the Board's nomination. Considering the increased time and efforts spent by Mr. P S Raghavan in matters pertaining to the Company's material subsidiaries, a differential commission from the FY 2019-20 is proposed to be paid to him.

The Non-Executive Directors are also paid sitting fees within the limits prescribed under the Companies Act, 2013 for every Board / Committee meeting attended by them which was reviewed and increased during the year.

4.2 Remuneration for FY 2019-20

Non-Executive Directors ₹ million

Name	Sitting Fees	Commission @
M M Murugappan	0.39	10.00
T L Palani Kumar*	0.13	0.33
Sanjay Jayavarthanavelu	0.59	1.00
Aroon Raman	0.64	1.00
Bharati Rao#	0.05	0.34
M A M Arunachalam	0.39	1.00
P S Raghavan	0.56	1.50
Sujjain S Talwar	0.50	1.00
Soundara Kumar	0.35	0.66
Total	**3.60**	**16.83**

@ will be paid after adoption of accounts by shareholders at the 66th Annual General Meeting.

* retired from the Board effective closing hours of 31st July 2019.

\# retired from the Board effective closing hours of 2nd August 2019.

Managing Director ₹ million

Name		K Srinivasan**	N Ananthaseshan#
Fixed Component			
	Salary & Allowances	20.12	8.65
	Retirement benefits*	4.88**	2.38
	Perquisites	0.03	0.04
Variable Component	Incentive(a)	5.27	2.98

*includes contribution to National Pension System of PFRDA.

**Consequent to the completion of his term, Mr. K Srinivasan retired as the Managing Director of the Company with effect from closing hours of 22nd November 2019. The remuneration stated above represents the remuneration drawn for the period 1st April 2019 to 22nd November 2019.

\#Mr. N Ananthaseshan took over as the Managing Director of the Company with effect from 23rd November 2019. The remuneration stated above represents the remuneration drawn for the period 26th April 2019 to 22nd November 2019 as the Executive Director and from 23rd November 2019 to 31st March 2020 as the Managing Director.

(a) Represents incentive paid during the financial year 2019-20 in respect of the financial year 2018-19.

(b) As per the terms of his remuneration, the Managing Director is eligible for an annual incentive based on a balanced scorecard which comprises Company financials, Company scorecard and personal objectives. For the financial year 2019-20, a sum of ₹4.08 million has been provided in the accounts for this purpose payable to Mr. K Srinivasan (as per service conditions in proportion to the date till which he served as the Managing Director) and ₹3.86 million to Mr. N Ananthaseshan. The actual amount will be decided by the Nomination and Remuneration Committee in July 2020.

(c) With respect to Employee Stock Options granted to the Employees under Employee Stock Option Scheme 2007 and Employee Stock Option Plan 2016, the Options are accounted based on fair value, as prescribed by the Indian Accounting Standards (IND AS).

(d) No Employee Stock Options (ESOP) were granted to Mr. K Srinivasan under the Employee Stock Option Scheme, 2007 (grants discontinued since February 2012) and Employee Stock Option Plan, 2016 during the year. As required under Listing Regulations, the details of the Options earlier granted to Mr. K Srinivasan under Company's ESOP Scheme 2007 are given below:

Particulars	No. of Options	Exercise price
Options granted	443,800	₹ 91.80/- being the market price prior to the date of grant
Options vested	443,800	
Options cancelled	66,570	
Options lapsed	-	
Options exercised	377,230	
Options outstanding	-	

Further, 370,400 Stock Options granted to Mr. K Srinivasan during the FY 2017-18 under the ESOP 2016 has been surrendered by him with an intention to make the same available for other eligible employees of the Company at an appropriate time.

e) No Employee Stock Options (ESOP) were granted to Mr. N Ananthaseshan under the Employee Stock Option Scheme, 2007 (grants discontinued since February 2012). During the year, 111,528 Options were granted to Mr. N Ananthaseshan under the Employee Stock Option Plan 2016. The Options are granted at the closing market price prior to the date of the grant.

The details of Options granted to and held by Mr. N Ananthaseshan under the Company's Employee Stock Option Scheme 2007 and Employee Stock Option Plan 2016 are given below:

Particulars	Employee Stock Option Scheme 2007		Employee Stock Option Plan 2016	
	29-Sep-07(i)	27-Jan-11(ii)	4-Feb-17(iii)	31-Jul-19(iii)
Options granted	121,800	78,600	93,120	111,528
Options vested	105,966	62,880	65,184	-
Options cancelled	15,834	15,720	-	-
Options lapsed	-	-	-	-
Options exercised	105,966	62,880	-	-
Options outstanding	-	-	93,120	111,528
Exercise Price	91.80	125.08	257.55	317.70

(i) The first vesting is exercisable over a period of three years from the date of vesting. The second, third and fourth vesting are exercisable over a period of 6 years from the date of vesting.

(ii) The Options are exercisable over a period of three years from the date of vesting.

(iii) The Options are exercisable over a period of five years from the date of vesting.

5. GENERAL BODY MEETINGS

5.1 Last three Annual General Meetings

Financial Year	Date	Time	Venue
2016-2017	31.07.2017	3.00 PM	TTK Auditorium, Music Academy, 168 (Old No. 306) TTK Road, Royapettah, Chennai 600014
2017-2018	03.08.2018		
2018-2019	31.07.2019		

5.2 Special Resolutions passed during the last three Annual General Meetings

Sl. No.	Item of business	Passed on
1.	Approval of offer / invitation to subscribe to Non-Convertible Debentures up to ₹2500 million on Private Placement basis.	31.07.2017
2.	Approval of remuneration by way of commission payable to Non-Executive Directors of the Company for a period of five financial years.	03.08.2018
3.	Approval of offer / invitation to subscribe to Non-Convertible Debentures up to ₹2500 million on Private Placement basis.	03.08.2018
4.	Re-appointment of Mr. Aroon Raman as an Independent Director.	31.07.2019
5.	Re-appointment of Mr. Sanjay Jayavarthanavelu as an Independent Director.	31.07.2019
6.	Approval for payment of commission to Mr. M M Murugappan.	31.07.2019

5.3 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 ballot except those requiring to be passed pursuant to the Companies Act, 2013 / Listing Regulations 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, if any, 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. In line with the requirements of the Companies Act, 2013, the policy coverage extends to the Directors of the Company and the Ombudsman for dealing with any referrals made by Board members is the Chairman of the Audit Committee. In line with the SEBI (Prohibition of Insider Trading) Regulations, 2015, the Whistle Blower policy also covers reporting of instances that may result in leakage of Unpublished Price Sensitive Information (UPSI). The Whistle blower policy is available on the Company's website at the following link *https://www.cumi-murugappa.com/policies-disclosure/.* It is affirmed that during the year, no employee was 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, Promoters and designated employees of the Company. The Code requires pre-clearance for dealing in the Company's shares for all transactions by Directors, Promoters and designated employees (together called Designated Persons) and prohibits the purchase or sale of Company's securities by Designated Persons while in possession of Unpublished Price Sensitive Information in relation to the Company. Further, trading in securities is also prohibited for Designated Persons during the period when the Trading Window is closed. During the year the terms of reference of Audit Committee was amended to include the review of compliance with the provisions of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 at least once in a financial year and also to verify that the systems for internal control as required under the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 are adequate and are operating effectively. The Board also reviewed the Code in line with the amendments made to the SEBI (Prohibition of Insider Trading) Regulations, 2015 in July 2019 along with the policy containing procedures for conduct of inquiry in case of leakage of UPSI or suspected leakage of UPSI as a part of the Code and the Company's Code for practices and procedures for fair disclosure of Unpublished Price Sensitive Information which includes a policy for determination of legitimate purposes for sharing information under the Code. The Company Secretary is responsible for implementation of the Code. The Company has in place an online system for monitoring the compliance of the Code by its designated employees.

8. DISCLOSURES

During the year, there were no material transactions with Related Parties. The Company has devised policies on dealing with Related Party Transactions and for determination of material subsidiary. The same is available in the website of the Company in the link *https://www.cumi-murugappa.com/policies-disclosure/.* The requirements of Regulation 17 to Regulation 27 of the Listing Regulations and clauses (b) to (i) of Regulation 46(2) to the extent applicable to the Company have been complied with as disclosed in this Report. 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 exchanges, SEBI or any statutory authority on any matter related to capital markets in the preceding three years. The disclosures in relation to Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 forms part of the Board's report.

8.1 Disclosure relating to fee paid to Statutory Auditors

During the year, the Company and its subsidiaries have made /received the following payments to/from M/s. Price Waterhouse Chartered Accountants LLP, Statutory Auditors and all entities in the network firm/ network entity of which the Statutory Auditor is a part. The Company has relied on the information furnished by the Statutory Auditors in respect of the firms/entities covered under network firm/network entity of which the Statutory Auditor is a part.

PWC/ Network firm	Nature of service	Name of the Company	Amount
Price Waterhouse Coopers Inc., South Africa	Finance Consulting	Foskor Zirconia Pty. Ltd., South Africa	215,204.85 Rand
Price Waterhouse Coopers Private Limited	Professional services availed by PWC.	Net Access India Limited	₹19 million
Price Waterhouse Chartered Accountants LLP	Statutory Audit	Carborundum Universal Limited	₹3.65 million
Price Waterhouse Chartered Accountants LLP	Tax Audit		₹0.9 million
Price Waterhouse Chartered Accountants LLP & Price Waterhouse & Co LLP	Other certification		₹3.92 million

Payment in respect of non-audit services provided by the Statutory Auditors to the Company are made only with the approval of the Audit Committee as required under Section 144 of the Companies Act, 2013.

8.2 Disclosure of Commodity Price Risks/Foreign Exchange Risks & Hedging Activities

The commodity price risks/foreign exchange risks and the risk management strategy thereof is detailed in the Board's report. The Company does not have any exposure hedged through commodities and hence in terms of Regulation 34(3) read with clause 9(n) of Part C of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 does not arise.

8.3 Disclosure on Credit Ratings

During the year, no credit ratings were obtained by the Company nor were there any revisions. The disclosures relating to reaffirmation of the existing ratings in respect of the borrowings of the Company forms part of the Board's Report.

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 normally published in Business Standard (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. *https://www.cumi-murugappa.com.*

10. MANAGEMENT DISCUSSION & ANALYSIS

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

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 and posted on the Company's website. The Company therefore did not send the half yearly performance update individually to the shareholders during the year.

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

During the year, the Internal Auditor/Statutory Auditor have had separate discussions with the Audit Committee without the presence of the Management team.

Further, the Financial Statements have an unmodified opinion by the Company's Auditors.

The Internal Auditor reports directly to the Audit Committee for the purpose of audit conducted by him/her. Other non-mandatory requirements have not been adopted at present.

12. CEO/CFO CERTIFICATION

Mr. N Ananthaseshan, Managing Director has given a certificate to the Board on matters relating to financial reporting, compliance with relevant statutes and adequacy of internal control systems as contemplated in Regulation 17(8) read with Part B of Schedule II of the Listing Regulations. During the year, Mr. Jagannathan Chakravarthi Narasimhan resigned from the services of the Company with effect from closing hours of 29th October 2019. The position of the Chief Financial Officer is vacant since then and Company was in the process of identifying suitable candidate(s) for filling up the vacancy until March 2020. However, owing to the unprecedented and challenging conditions caused by the COVID-19 pandemic and the consequential impact in the job market conditions as well as travel restrictions imposed, the Company is facing challenges in filling up this vacancy.

13. PRACTISING COMPANY SECRETARY'S CERTIFICATE ON CORPORATE GOVERNANCE

A certificate from M/s. R Sridharan & Associates, Practising Company Secretaries, Chennai on compliance with Corporate Governance requirements is annexed.

14. PRACTISING COMPANY SECRETARY'S CERTIFICATE ON THE DIRECTOR'S DISQUALIFICATION

A certificate from M/s. R Sridharan & Associates, Practising Company Secretaries, Chennai confirming that none of the Directors of the Company have been debarred or disqualified from being appointed or continuing as Directors by the Securities and Exchange Board of India / Ministry of Corporate Affairs or any such statutory authority is annexed and forms part of this Report.

15. GENERAL SHAREHOLDER INFORMATION

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

16. SHAREHOLDERS SATISFACTION SURVEY

An online survey is posted on the Company's website at the following link *https://www.cumi-murugappa.com/survey/index.php.*

Shareholders who have not yet submitted the survey can go to the above link and take part in the survey. We request the shareholders who have not yet participated in the survey to use this link and provide us their valuable feedback.

17. 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 Registrar and Share Transfer Agent (RTA) or to the Company by e-mailing to *investorservices@cumi.murugappa.com.* Shareholders holding shares in electronic form may send the communications regarding the above to their Depository Participant.

The Ministry of Corporate Affairs vide circular dated 5th May 2020 has relaxed the requirement on companies to send Annual Report in physical mode owing to the practical difficulties arising from COVID-19. Accordingly, an electronic copy of the Annual Report is being sent to all the Members holding shares in dematerialised mode and whose e-mail IDs are available with the Depository Participant(s) and to all the Members holding shares in physical mode whose e-mail IDs are registered with the Company / RTA for communication purposes. Shareholders holding shares in physical mode are requested to furnish their e-mail addresses with Company's Registrar and Share Transfer Agent (RTA) or to the Company by e-mailing to *investorservices@cumi.murugappa.com* for obtaining the Notice and the Annual Report. Alternatively, the same will also be made available on the website of the Company at *https://www.cumi-murugappa.com.* Detailed information on registration of e-mail addresses with the Company/RTA is provided in the Notice convening the 66th AGM.

Shareholders are encouraged to avail nomination facility and approach the RTA or their Depository Participant in this regard.

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

Members are advised to intimate the details of their PAN and bank account details to enable electronic remittance of dividend or alternatively for being incorporated in the dividend warrants. This would help to avoid fraudulent encashment of dividend warrants.

In case of Members holding shares in physical form, all intimations are to be sent to KFin Technologies Private Limited, (Unit: Carborundum Universal Limited), Selenium Building, Tower - B, Plot 31-32, Financial District, Nanakramguda, Serilingampally, Hyderabad - 500 032, the RTA of the Company.

Members may note that pursuant to SEBI (Listing Obligations and Disclosure Requirements) (Fourth Amendment) Regulations, 2018 effective 1st April 2019, requests for effecting transfer of securities in physical form shall not be processed unless the securities are held in the dematerialized form with a Depository. Members would be able to transfer their shares only after necessarily dematerialising their physical shares. Hence, Members are encouraged to dematerialize their physical holdings to demat form at the earliest. As per the mandate of SEBI, the Company is required to conduct enhanced due diligence for transactions in physical folios of shareholders.

Members are also requested to note that pursuant to an amendment in the Finance Act, 2020, with effect from 1st April 2020, dividends declared by the Company will be taxed in the hands of the recipient of dividend i.e. shareholders. Hence, all dividends declared after 1st April 2020 by the Company will be paid to the Members after deducting tax at the applicable rate of interest prescribed under the Income Tax Act, 1961. Members may note that in the absence of PAN, the Company would be required to deduct tax at a higher rate prescribed under the Income Tax Act, 1961. Hence, Members who have not furnished their PAN to the Company are requested to immediately submit a copy of their PAN to the Company. Members seeking non-deduction of tax on their dividends may submit Form 15G / 15H as applicable to the Company on a yearly basis. The formats of Form 15G / Form 15H are available in *https://www.cumi-murugappa.com/investor-services/*. Members may contact the Company Secretary or any executive in the Secretarial team at contact numbers provided in the General Shareholder Information in case of any clarification with respect to the dividends declared by the Company.

In case of Members holding shares in demat form, all intimations are to be sent to their respective Depository Participants (DPs). Shareholders may contact the Secretarial team in case of any query regarding their holdings in the Company.

On behalf of the Board

Chennai
June 6, 2020

M M Murugappan
Chairman

General Shareholder Information

A. Corporate Information

1. Registered office

"Parry House", 43, Moore Street, Chennai 600 001;
Tel No.:+91-44-30006161; Fax.:+91-44-30006149;
E-mail: cumigeneral@cumi.murugappa.com;
Website: www.cumi-murugappa.com

2. Corporate Identity Number

L29224TN1954PLC000318

3. Auditors

Statutory Auditor

Price Waterhouse Chartered Accountants LLP,
8th Floor, Prestige Palladium Bayan,
129-140, Greams Road, Chennai 600 006

Cost Auditor

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

Internal Auditor (for the FY 2019-20)

M/s. Deloitte Haskins and Sells LLP, Chartered Accountants,
ASV N Ramanas Towers, No. 52, (Old No. 37), Venkatnarayana Road,
T. Nagar, Chennai - 600 017

Secretarial Auditor (for the FY 2019-20)

R Sridharan & Associates, Company Secretaries, Thiruvarangam Apartments, Flat No.3, First Floor, New No.44, Old No.25, Unnamalai Ammal Street, T. Nagar, Chennai - 600 017

4. 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 Relationship Officer

Janani T A,
Carborundum Universal Limited,
"Parry House", 43, Moore Street, Chennai 600 001;
Tel: +91-44-30006166; Fax: +91-44-30006149;
E-mail: investorservices@cumi.murugappa.com

5. Registrar and Share Transfer Agent

KFin Technologies Private Limited,
(Formerly known as Karvy Fintech Private Limited)
Unit: Carborundum Universal Limited,
Selenium building, Tower B, Plot 31-32, Financial District,
Nanakramguda, Serilingampally, Hyderabad 500 032;
Tel: +91-40-67162222; Fax: +91-40-23420814;
Toll Free no.: 1800-345-4001;
E-mail: einward.ris@kfintech.com; Website: www.kfintech.com;
Contact Person: Mr. Rajkumar Kale - Senior Manager.

6. Financial Year

1st April to 31st March

7. Cost Audit Report

The Cost Audit report for financial year 2018-19 had been duly filed on 28th August 2019 through XBRL mode as mandated by the Ministry of Corporate Affairs within the due date. The due date for filing of Cost Audit report for the financial year 2019-20 is 30th September 2020.

8. Plant Locations

i. Plant locations of Carborundum Universal Limited

(a) 655, Tiruvottiyur High Road, PB 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, Haridwar District, Uttarakhand - 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.8, Carborundum Universal SEZ, K.D.Plot, Kochi, Kerala.

(n) Plot No.2 & 3, Carborundum Universal SEZ, K.D.Plot, Kochi, Kerala.

(o) Plot No.4, Carborundum Universal SEZ, K.D. Plot, Kochi, Kerala.

(p) Plot No.47, SIPCOT Industrial Complex, Hosur - 635126, Krishnagiri District, Tamil Nadu.

(q) Plot No.102 & 103, SIPCOT Industrial Complex (Phase II), Ranipet 632403, Tamil Nadu.

(r) Mungileri Village, Vinnampalli Post, Katpadi Taluk, Vellore District - 632516, Tamil Nadu.

(s) Plot nos. 35, 37, 48-51, Adhartal Industrial Estate, Jabalpur - 482004, Madhya Pradesh.

ii. Plant locations of Subsidiaries/Joint Ventures

(a) Sterling Abrasives Limited, Plot No.45/46 & Plot No.501, G I D C Estate, Odhav Road, Ahmedabad - 382415, Gujarat, India.

(b) Sterling Abrasives Limited, Plot No 501, Near Anup Engineering, G.I.D.C., Odhav Road, Ahmedabad - 382415, Gujarat, India.

(c) Southern Energy Development Corporation Limited, Plot no. 29, Nallur PO, Aadichapuram, (Via) Mannargudi Taluk, Tiruvarur District - 614717, Tamil Nadu, India.

(d) Murugappa Morgan Thermal Ceramics Limited, Plot No. 26 & 27, SIPCOT Industrial Complex, Ranipet - 632403, Tamil Nadu, India.

(e) Murugappa Morgan Thermal Ceramics Limited, Plot No. 681, Moti Bhoyan Village, Sanand-Kalol Highway, Kalol Taluk, Gandhinagar Dist., Gujarat - 382721, India.

(f) Wendt (India) Limited, 69/70, SIPCOT Industrial Complex, Hosur - 635126, Krishnagiri District, Tamil Nadu, India.

(g) Volzhsky Abrasive Works, 404130 Volzhsky, Volgograd Region, 6th Autodoroge, 18, Russia.

(h) Foskor Zirconia (Pty.) Ltd., 27 Selati Road, Phalaborwa, South Africa, 1389.

(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 (Australia) Pty Ltd., 8 Peace Street, Paget QLD 4740.

(m) Wendt Grinding Technologies Ltd. 109/21 Moo 4, Eastern Seaboard Industrial Estate (Rayong), Tambol Pluakdaeng, Amphur Pluakdaeng, Rayong 21140, Thailand.

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
BSE Ltd. Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001	513375

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

International Securities Identification Number (ISIN): INE120A01034

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

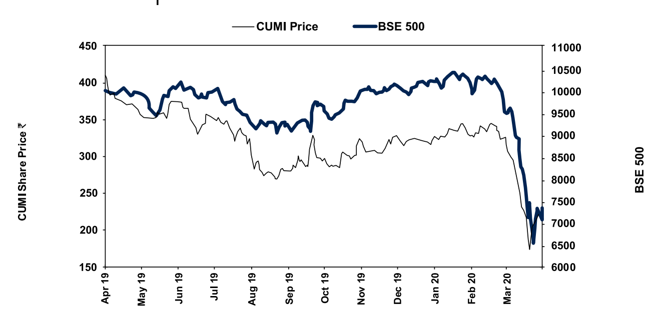
3. Share price information

a) Monthly market price data

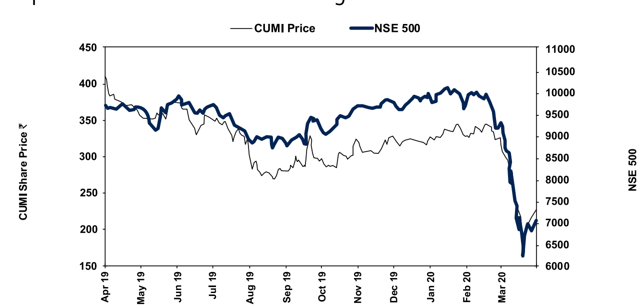
Month	BSE Limited			National Stock Exchange of India Limited		
	High ₹	Low ₹	Traded volume (No. of shares)	High ₹	Low ₹	Traded volume (No. of shares)
April 2019	413.25	358.00	111133	415.15	358.05	1632299
May 2019	384.10	345.95	1275677	384.90	345.00	2996913
June 2019	380.60	327.80	52875	381.00	328.00	1237506
July 2019	379.00	299.95	237151	362.90	299.00	1192612
August 2019	327.60	266.40	275831	329.90	265.00	1013082
September 2019	336.00	280.50	193417	338.00	276.00	1364104
October 2019	322.00	280.60	40354	322.65	283.05	3157349
November 2019	336.00	301.00	46479	339.90	303.00	1276112
December 2019	339.20	301.55	50052	339.95	313.30	1288862
January 2020	356.00	315.60	82743	353.95	315.20	2756319
February 2020	361.40	321.45	50562	362.00	321.00	1637258
March 2020	329.00	175.00	368794	331.00	178.95	1768646

b) Performance in comparison with BSE 500 and NSE 500

Stock market snapshot of CUMI Price v/s BSE 500 and NSE 500 during 1st April 2019 to 31st March 2020 is given below:



CUMI Price V/s BSE 500 during 01.04.2019 to 31.03.2020



CUMI Price V/s NSE 500 during 01.04.2019 to 31.03.2020

C. OTHER INFORMATION

1. Share Capital Details

(a) Outstanding shares

The total number of outstanding shares as on 31st March 2020 is 189,412,196. All the shares have been fully paid up. As on 31st March 2020, 187,235,425 equity shares constituting 98.85% of the total paid up capital of the Company have been dematerialised. A quarterly audit is carried out by an independent auditor to reconcile the total share capital admitted with the Depositories and held in physical form with the issued and listed capital which is submitted to the stock exchanges and placed before the Board.

(b) Shareholding Pattern/Distribution as on 31st March 2020

(i) Shareholding Pattern

Category	% to total paid up capital
Promoter/Promoter Group	42.05
Foreign Institutional Investors	6.54
Financial Institutions including Insurance Companies	1.44
Non-resident (NRI's / OCBs)	1.88
Mutual Funds	24.12
Banks	0.01
Indian Bodies Corporate	3.56
Individuals	16.83
Others - Trusts/ Clearing Members/IEPF	3.57
Total	**100.00**

(ii) Distribution of Shareholding

Sl. No.	Category (Shares)	No. of holders	% to holders	No. of Shares	% to Equity
1.	1 - 500	18,890	74.99	2,037,364	1.08
2.	500 - 1000	2,096	8.32	1,706,368	0.90
3.	1001 - 2000	1,502	5.96	2,414,920	1.27
4.	2001 - 3000	623	2.47	1,629,558	0.86
5.	3001 - 4000	822	3.26	3,110,381	1.64
6.	4001 - 5000	187	0.74	864,915	0.46
7.	5001 - 10000	514	2.04	3,786,275	2.00
8.	10001 - 20000	205	0.82	2,973,732	1.57
9.	20001 - 100000	218	0.87	10,093,513	5.33
10.	100001 and above	133	0.53	160,795,170	84.89
	Total	**25,190**	**100.00**	**189,412,196**	**100.00**

2. Outstanding GDR/ADR/Warrants etc.

Under the CUMI Employees Stock Option Scheme 2007, the following Stock Options are outstanding as on 31st March 2020:

Sl. No.	Grant Date	Exercise Price in (₹)	Net Outstanding Options	Likely impact on full exercise	
				Share Capital ₹ million	Share Premium ₹ million
1.	29-Sep-07	91.80	-	-	-
2.	24-Jul-08	61.40	-	-	-
3.	27-Jan-11	125.08	75,886	0.08	9.42
4.	27-Jan-11	125.08	-	-	-
5.	05-Aug-11	146.00	92,560	0.09	13.42
6.	04-Feb-12	155.00	48,857	0.05	7.52
Total			**217,303**	**0.22**	**30.36**

Under the CUMI Employee Stock Option Plan 2016, the details of stock Options granted and outstanding are as follows:

Sl. No.	Grant Date	Exercise Price in (₹)	Net Outstanding Options	Likely impact on full exercise	
				Share Capital ₹ million	Share Premium ₹ million
1.	04-Feb-17	257.55	386,272	0.39	99.10
2.	14-Feb-18	367.20	50,870	0.05	18.63
3.	14-Feb-18	367.20	19,344	0.02	7.08
4.	03-Aug-18	369.85	36,940	0.04	13.63
5.	29-Oct-18	361.90	50,870	0.05	18.36
6.	31-Jul-19	317.7	73,880	0.07	23.40
7.	31-Jul-19	317.7	111,528	0.11	35.32
8.	30-Jan-20	343.8	93,120	0.09	31.92
Total			**822,824**	**0.82**	**47.44**

Note:

(a) In respect of the Options referred in serial number 4 above of the Employee Stock Option Scheme 2007, 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% on expiry of the first year from the date of grant and 30% each on expiry of the second and third years from the date of grant.

b) In respect of all other Options granted under the Employee Stock Option Scheme 2007, 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% each on expiry of the first and second year from the date of grant and 30% each on expiry of third and fourth year from the date of grant.

c) In respect of Options referred in serial number 1, 2, 4, 5, 6 and 8 above of the Employee Stock Option Plan 2016, each Option gives a right to the holder to subscribe to one equity share of ₹1/- each, within 5 years from the date of vesting. The vesting of Options, is based on the annual performance rating and as per the following schedule - 20% each on expiry of the first and second year from the date of grant and 30% each on expiry of third and fourth year from the date of grant.

d) In respect of Options referred in serial number 3 above of the Employee Stock Option Plan 2016, each Option gives a right to the holder to subscribe to one equity share of ₹1/- each, within 5 years from the date of vesting. The vesting of Options, is based on the annual performance rating and as per the following schedule - 25% each on expiry of the first year from the date of grant and 37.50% each on expiry of second and third year from the date of grant.

e) In respect of Options referred in serial number 7 above of the Employee Stock Option Plan 2016, each Option gives a right to the holder to subscribe to one equity share of ₹1/- each, within 5 years from the date of vesting. The vesting of Options, is based on the annual performance rating and as per the following schedule - 50% each on expiry of the first and second year from the date of grant

Other than the above, there are no outstanding GDRs or ADRs or convertible instruments.

3. Share Transfer Process

The applications for transfer of shares and other requests from shareholders holding shares in physical form are processed by KFin Technologies Private Limited, Company's Registrar and Share Transfer Agent. The Board has delegated the power to approve transfers to the Stakeholders Relationship Committee. In respect of requests for transfer of shares upto 5000, the approving authority is the Managing Director and Company Secretary. However, transfer of shares in physical mode is prohibited effective April 01, 2019. In respect of transmission of shares, all requests are considered for approval by the Stakeholders Relationship Committee.

As stated in the Corporate Governance Report, Members holding shares in physical form are urged to dematerialise the shares as they would be unable to transfer the shares in physical form hereafter in view of the requirements prescribed in this regard by SEBI.

4. Unclaimed Shares

Particulars	No. of share holders	No. of shares
Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the beginning of the year	146	229,830
Number of shareholders whose shares have been transferred during the year from the Unclaimed Suspense Account to the Investor Education and Protection Fund Authority pursuant to Section 124(6) of the Companies Act, 2013*	28	34,280
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	7	9,740
Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year	7	9,740
Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the end of the year	111	185,810

*In respect of the shares transferred to the Investor Education and Protection Fund Authority, shareholders are entitled to claim these shares from the Investor Education and Protection Fund Authority by making an application in form IEPF-5 available on website http://www.iepf.gov.in/IEPF/corporates.html along with the requisite documents after complying with the prescribed procedure.

On receipt of a claim for transfer from the Unclaimed Suspense Account, the Company will after verification, either credit the shares to the shareholder's demat account or deliver the physical certificate after rematerialising 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.

5. AGM & Dividend details

(i) Forthcoming Annual General Meeting

Wednesday, the 29th July 2020 at 3.00 P.M. IST through video conferencing/other audio visual means.

(ii) Dividend

The Board at its meeting held on 26th February 2020 had approved payment of an interim dividend on the equity shares of the Company at 275% i.e., ₹2.75/- per equity share which was paid on 11th March 2020. The Board at its meeting held on 6th June 2020 has recommended that the interim dividend paid be confirmed as the final dividend for the FY 2019-20 at the ensuing 66th Annual General Meeting.

(iii) Unclaimed Dividend

Dividends remaining unclaimed/unpaid for a period of seven years shall be transferred to the Investor Education Protection Fund (IEPF). The details of dividend paid by the Company and the respective due dates of transfer of the unclaimed/unencashed dividend to the IEPF of the Central Government are as below::

Financial year to which dividend relates	Date of Declaration	Due date for transfer to IEPF
2012-13 (Final)	30-07-2013	05-09-2020
2013-14 (Interim)	31-01-2014	09-03-2021
2013-14 (Final)	01-08-2014	07-09-2021
2014-15 (Interim)	29-01-2015	07-03-2022
2014-15 (Final)	03-08-2015	09-09-2022
2015-16 (Interim - I)	05-02-2016	13-03-2023
2015-16 (Interim - II)	11-03-2016	17-04-2023
2016-17 (Interim)	04-02-2017	13-03-2024
2016-17 (Final)	31-07-2017	06-09-2024
2017-18 (Interim)	14-02-2018	23-03-2025
2017-18 (Final)	03-08-2018	09-09-2025
2018-19 (Interim)	01-02-2019	10-03-2026
2018-19 (Final)	31-07-2019	06-09-2026
2019-20 (Interim)	26-02-2020	03-04-2027

The Company has transferred unclaimed/unencashed dividends upto interim dividend for FY 2012-13 to the IEPF during the year ended 31st March 2020. The Company has uploaded the details relating to unclaimed dividends on its website for the information of its shareholders.

(iv) Shares transferred to IEPF

Pursuant to the notification of Section 124(6) of the Companies Act, 2013 and Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company is

General Shareholder Information

required to transfer shares in respect of which dividend has not been paid or claimed for seven consecutive years or more. During the year, the Company transferred 39,572 equity shares pertaining to 39 holders to the Investor Education and Protection Fund Authority pursuant to Section 124(6) of the Companies Act, 2013 and the Companies Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (amended from time to time). The Company had issued the requisite notice to the shareholders concerned intimating them of the impending transfer of shares and had simultaneously published a notice in leading dailies. Further, the Company has uploaded the details of the same on its website for the information of the shareholders. As at 31st March 2020, 631,245 shares pertaining to 522 holders have been transferred to the Investor Education and Protection Fund Authority.

Shareholders are entitled to claim the shares from the Investor Education and Protection Fund Authority by making an application online in Form IEPF-5 available on the website *http://www.iepf.gov.in/IEPF/corporates.html* along with the requisite documents. Shareholders are requested to contact the Company's RTA - KFin Technologies Private Limited or the Company in this regard. The contact details are available in the Corporate Information section of this Report.

6. Other disclosures

During the year, there has been no instance where the Board did not accept the recommendation of its Committees. Further during the year, the Company has not raised funds through preferential allotment or qualified institutions placement.

On behalf of the Board

Chennai **M M Murugappan**

June 6, 2020 *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 2020, as envisaged in regulation 34(3) read with Schedule V of the Listing Regulations.

On behalf of the Board

Chennai **N Ananthaseshan**

June 6, 2020 *Managing Director*

Certificate of Non-Disqualification of Directors

[Pursuant to Regulation 34 (3) read with Schedule V Para-C Sub clause (10) (i) of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,

The Members,
CARBORUNDUM UNIVERSAL LIMITED
CIN: L29224TN1954PLC000318
Parry House, 43 Moore Street
Chennai - 600001

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **CARBORUNDUM UNIVERSAL LIMITED (CIN: L29224TN1954PLC000318)** having its Registered Office at Parry House, 43 Moore Street Chennai - 600001, (hereinafter referred to as "The Company") produced before us by the Company for the purpose of issuing this certificate, in accordance with Regulation 34 (3) read with Schedule V Part-C Sub clause 10 (i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015.

In our opinion and to the best of our knowledge and according to the verifications (including Director Identification Number (DIN) Status at the portal www.mca.gov.in) and based on such examination as well as information and explanations furnished to us, which to the best of our knowledge and belief were necessary for the purpose of issue of this certificate and based on such verification as considered necessary, we hereby certify that none of the Directors as stated below on the Board of the Company as on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India /Ministry of Corporate Affairs or any such other statutory authority.

S. No	DIN	NAME OF THE DIRECTOR	DESIGNATION	Date of Initial Appointment
1.	00170478	M M Murugappan	Non-Executive – Non-Independent Director	17/10/1996
2.	02402921	N Ananthaseshan	Managing Director (Designate)	26/04/2019
			Managing Director	23/11/2019
3.	00004505	Sanjay Jayavarthanavelu	Non-Executive - Independent Director	27/01/2010
4.	00201205	Aroon Raman	Non-Executive - Independent Director	30/10/2013
5.	00202958	M A M Arunachalam	Non-Executive – Non-Independent Director	28/10/2016
6.	07812320	P S Raghavan	Non-Executive - Independent Director	09/05/2017
7.	01756539	Sujjain S Talwar	Non-Executive - Independent Director	09/05/2017
8.	01974515	Soundara Kumar	Non-Executive - Independent Director	03/08/2019

Ensuring the eligibility of, every Director on the Board, for their appointment/ continuity is the responsibility of the management of the Company. Our responsibility is to express an opinion on the same based on our verification. This certificate is neither an assurance as to the future viability of the Company nor efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For R Sridharan & Associates
Company Secretaries
CS R Sridharan
CP No. 3239
FCS No. 4775
Chennai UIN: S2003TN063400
June 06, 2020 UDIN: F004775B000318990

Certificate on Corporate Governance

The Members
CARBORUNDUM UNIVERSAL LIMITED
Parry House,
43, Moore Street,
Chennai – 600 001

We have examined all relevant records of **Carborundum Universal Limited,** (CIN:L29224TN1954PLC000318) having its Registered Office at Parry House, 43, Moore Street, Chennai – 600 001, for the purpose of certifying compliance of the conditions of Corporate Governance under Regulation 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C, D and E of Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Regulation 34(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the financial year ended March 31, 2020. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of certification.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and on the basis of our examination of the records produced, explanations and information furnished, we certify that the Company has complied regarding the conditions of Corporate Governance as stipulated under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended for the financial year ended 31st March, 2020.

This Certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

For R Sridharan & Associates
Company Secretaries
CS R Sridharan
CP No. 3239
FCS No. 4775
Chennai UIN: S2003TN063400
June 06, 2020 UDIN: F004775B000318902

To

The Members of Carborundum Universal Limited

Report on the Consolidated Indian Accounting Standards (Ind AS) Financial Statements

Opinion

1. We have audited the accompanying consolidated Ind AS financial statements of Carborundum Universal Limited (hereinafter referred to as the 'Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group"), its associate along with its wholly owned subsidiaries ("Associate") and jointly controlled entities (refer Note 32, 6A and 6B to the attached consolidated Ind AS financial statements), which comprise the consolidated Balance Sheet as at March 31, 2020, and the consolidated Statement of Profit and Loss (including Other Comprehensive Income) , the consolidated statement of changes in equity and the consolidated cash flow Statement for the year then ended, and notes to the consolidated Ind AS financial statements, including a summary of significant accounting policies and other explanatory information prepared based on the relevant records (hereinafter referred to as "the consolidated Ind AS financial statements").

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013 ("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, its Associate and jointly controlled entities as at March 31, 2020, of consolidated total comprehensive income (comprising of profit and other comprehensive income), consolidated changes in equity and its consolidated cash flow statement for the year then ended.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements section of our report. We are independent of the Group, and of its Associate and jointly controlled entities in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of Code of Ethics issued by Institute of Chartered Accountants of India and the relevant provisions of the Act and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph 18 of the Other Matters paragraph below, other than the unaudited financial statements as certified by the management and referred to in sub-paragraph 19 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

4. We draw your attention to Note 40 to the consolidated financial statements, wherein the management has assessed that there is no material impact in the financial statements due to lockdown and related restrictions imposed towards COVID 19 pandemic. Management continues to monitor all material changes to the Company's internal and external environment due to the Covid-19 pandemic. Our opinion is not modified in respect of this matter.

Material uncertainty related to going concern of a step down subsidiary

5. We draw your attention to the following Material Uncertainty related to Going concern paragraph included in the audit report on the financial statements of Foskor Zirconia Pty Limited which is a subsidiary of CUMI International Limited, a subsidiary of the Parent, issued by an independent firm of Chartered Accountants vide its report dated June 3, 2020 reproduced by us as under:

   "We draw attention to the condensed income statement, which indicates that Foskor Zirconia (Pty) Ltd incurred a net loss of R 42,843,251 for the year ended 31 March 2020. As at that date, the liabilities of the company exceeded its total assets by R 88,806,393. The Company is in the process of issuing notices to its labour unions with the intention to start consultations regarding staff retrenchment to reduce operating cost. The Company has also entered into discussion to convert certain accounts payable balances amounting to R 60,000,000 to a term loan to improve liquidity. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on Foskor Zirconia (Pty) Ltd's ability to continue as a going concern. Our opinion is not modified in respect of the above matter"

   Our opinion on the consolidated Ind AS financial statements is not modified in respect of the above matter.

Key Audit Matters

6. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements of the current period. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Appropriateness of revenue recognition on sale of goods and services by the Parent Refer note 3.4 and note 22 of the consolidated financial statements. During the year, the Parent has recognised revenue of ₹16,230.63 million as revenue from sale of goods and services. Revenue from sale of goods is recognised under Ind AS 115 – 'Revenue from Contracts with Customers' at a point in time when the control has been transferred, which generally coincides with dispatch of products to customers in case of domestic sales and on the basis of bill of lading in the case of export sales. Revenue from services is recognised over a period of time/ at a point in time, as per the terms agreed with the customers. We determined this to be a key audit matter due to the significance of the time and effort involved in assessing the appropriateness of revenue recognition including accounting for the discounts and covering the aspects of completeness, accuracy, occurrence and cut off.	Our audit procedures relating to revenue recognition include the following: a. Understood and performed procedures to assess the design and test the operating effectiveness of relevant controls related to recording of revenue including the related discounts. b. Assessed whether the policy of recognising revenue was in line with Ind AS - 115. c. Tested the reconciliation of the amounts as per the sales register to the general ledger. d. Performed tests, on sample basis by validating the amounts recorded with the underlying documents which inter – alia includes invoices, dispatch documents, customer orders/contracts, receipt of consideration from customers, where applicable and allocation of variable consideration namely discounts. e. Performed tests, on sample basis on revenue recognised from services, and ensured that the revenue was recognised over a period of time/ at a point in time, as per the terms contracted with customers. f. Performed cut off testing, on sample basis and ensured that the revenue from sale of goods is recognized in the appropriate period. Based on the above procedures performed, we did not identify any exceptions in revenue recognition on sale of goods and services.

Other Information

7. The parent Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' Report including Annexures and Corporate Governance Report, but does not include the consolidated Ind AS financial statements and our auditor's report thereon.

8. Our opinion on the consolidated Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

9. In connection with our audit of the consolidated Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and the reports of the other auditors as furnished to us (Refer paragraph 18 below), we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Ind AS Financial Statements

10. The Parent's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated cash flow statement, and consolidated statement of changes in equity of the Group including its Jointly controlled entities and an Associate in accordance with the accounting principles generally accepted in India, including the Ind AS specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group and its jointly controlled entities and Associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and of its jointly controlled entities and Associate 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 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 Ind AS financial statements by the Directors of the Parent, as aforesaid.

11. In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group and its jointly controlled entities and Associate are responsible for assessing the ability of the Group and of its jointly controlled entities and Associate to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

12. The respective Board of Directors of the companies included in the Group and its jointly controlled entities and Associate are responsible for overseeing the financial reporting process of the Group and its jointly controlled entities and Associate.

Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements

13. Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated Ind AS financial statements.

14. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Parent has adequate internal financial controls with reference to financial statements are in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its jointly controlled entities and Associate to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its jointly controlled entities and Associate to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its jointly controlled entities and Associate to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated Ind AS financial statements of which we are the independent auditors. For the other entities included in the consolidated Ind AS financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

15. We communicate with those charged with governance of the Parent and such other entities included in the consolidated Ind AS financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

16. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

17. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

18. We did not audit the financial statements/financial information of ten subsidiaries, whose financial statements/ financial information reflect total assets of ₹12,882 million and net assets of ₹10,250 million as at March 31, 2020, total revenue of ₹11,649 million, total comprehensive income (comprising of profit and other comprehensive income) of ₹823 million and net cash flows amounting to ₹655 million for the year ended on that date, as considered in the consolidated Ind AS financial statements. The consolidated Ind AS financial statements also include the Group's share of total comprehensive income (comprising of profit and other comprehensive income) of ₹136 million for the year ended March 31, 2020 as considered in the consolidated Ind AS financial statements, in respect of two jointly controlled entities whose financial statements have not been audited by us. These financial statements/ financial information have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion on the consolidated Ind AS 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-section (3) of Section 143 of the Act including report on Other Information insofar as it relates to the aforesaid subsidiaries and jointly controlled entities, is based solely on the reports of the other auditors.

19. We did not audit the financial information of two subsidiaries, whose financial information reflect total assets of ₹3 million and net assets of ₹2 million as at March 31, 2020, total revenue of ₹Nil, total comprehensive income (comprising of loss and other comprehensive income) of ₹(0.3) million and net cash flows amounting to ₹0 million for the year ended on that date, as considered in the consolidated Ind AS financial statements. These financial information are unaudited and have been furnished to us by the Management, and our opinion on the consolidated Ind AS financial statements insofar as it relates to the amounts and disclosures included in respect of this subsidiary and our report in terms of sub-section (3) of Section 143 of the Act including report on Other Information insofar as it relates to the aforesaid subsidiary, is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial information are not material to the Group.

20. The financial statements/ the financial information of seven subsidiaries located outside India, included in the consolidated Ind AS financial statements, which constitute total assets of ₹11,184 million and net assets of ₹8,870 million as at March 31, 2020, total revenue of ₹10,114 million, total comprehensive income (comprising of profit/ loss and other comprehensive income) of ₹1,132 million and net cash flows amounting to ₹609 million for the year then ended; have been prepared in accordance with accounting principles generally accepted in their respective countries and have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Parent's management has converted the financial statements/ financial information of such subsidiaries located outside India from the accounting principles generally accepted in their respective countries to the accounting principles generally accepted in India. We have audited these conversion adjustments made by the Parent's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India, including other information, is based on the report of other auditors and the conversion adjustments prepared by the management of the Parent and audited by us.

Our opinion on the consolidated Ind AS 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 Parent's Management.

Report on Other Legal and Regulatory Requirements

21. 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 Ind AS financial statements.

    (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS 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 (including other comprehensive income), Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account and records maintained for the purpose of preparation of the consolidated Ind AS financial statements.

    (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act.

    (e) On the basis of the written representations received from the directors of the Parent Company as on March 31, 2020 taken on record by the Board of Directors of the Parent and the reports of the statutory auditors of its subsidiary companies, jointly controlled entities and Associate incorporated in India, none of the directors of the Parent, its subsidiaries included in the group, Associate and jointly controlled entities incorporated in India are disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act.

    (f) With respect to the adequacy of internal financial controls with reference to the financial statements of the Parent, its subsidiary companies, jointly controlled entities and Associate incorporated in India and the operating effectiveness of such controls, refer to our separate report in Annexure A.

    (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and 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 Ind AS financial statements disclose the impact, if any, of pending litigations on the consolidated financial position of the Group, its jointly controlled entities and Associate – Refer Note 33 to the consolidated Ind AS financial statements.

        ii. The Parent, its jointly controlled entities and Associate did not have any material foreseeable losses and there were no losses on derivative contracts as at March 31, 2020.

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

        iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Group for the year ended March 31, 2020.

22. The Group, its associate and jointly controlled entities has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V of the Act.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016
Chartered Accountants

Subramanian Vivek
Partner
Membership No. 100332
UDIN: 20100332AAAAAJ5991

Place: Chennai
Date: June 06, 2020

Independent Auditors' Report

Annexure A to Independent Auditors' Report

Referred to in paragraph 21(f) of the Independent Auditors' Report of even date to the members of Carborundum Universal Limited on the consolidated Ind AS financial statements for the year ended March 31, 2020

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

1. In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2020, we have audited the internal financial controls with reference to financial statements of Carborundum Universal Limited (hereinafter referred to as "the Parent") and its subsidiary companies, its associate company and jointly controlled entities, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Parent, its subsidiary companies, its associate company and jointly controlled entities, to whom reporting under clause (i) of sub section 3 of Section 143 of the Act in respect of the adequacy of the internal financial controls with reference to financial statements is applicable which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on "internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI)". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

Meaning of Internal Financial Controls with reference to Financial Statements

6. A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Parent, its subsidiary companies, its associate company and jointly controlled entities, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. Also refer paragraph 4 in our main audit report.

Other Matters

9. Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements insofar as it relates to three subsidiary companies, and two jointly controlled entities, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India. Our opinion is not qualified in respect of this matter.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016
Chartered Accountants

Subramanian Vivek
Partner

Place: Chennai
Membership No. 100332
Date: June 06, 2020
UDIN: 20100332AAAAAJ5991

Consolidated Balance Sheet

(in Indian Rupees million, unless otherwise stated)

Particulars	Notes	As at 31.03.2020	As at 31.03.2019
ASSETS			
Non-current assets			
(a) Property, plant and equipment	4A	5907.22	5687.34
(b) Right-of-use assets	4B	214.70	-
(c) Capital work-in-progress	4C	386.48	463.88
(d) Goodwill	5A	1330.37	1222.82
(e) Other Intangible assets	5B	31.42	40.04
(f) Investment accounted for using the equity method			
(i) Investments in Associate	6A	548.89	519.31
(ii) Investments in Joint Ventures	6B	612.78	681.50
(g) Financial assets			
(i) Investments	6C(i)	50.08	103.13
(ii) Other financial assets	7A	146.29	133.39
(h) Deferred tax assets (net)	8A	91.72	101.05
(i) Other Non-current assets	9A	195.40	369.72
Total Non-current assets		**9515.35**	**9322.18**
Current assets			
(a) Inventories	10	5076.24	5328.55
(b) Financial assets			
(i) Other Investments	6C(ii)	675.14	961.25
(ii) Trade receivables	11	4015.56	5139.22
(iii) Cash and Cash equivalents	12A	2920.55	959.37
(iv) Bank balances other than (iii) above	12B	19.22	15.70
(v) Other Financial assets	7B	66.20	70.63
(c) Other Current assets	9B	628.48	523.42
Total current assets		**13401.39**	**12998.14**
Total Assets		**22916.74**	**22320.32**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	13	189.41	189.15
(b) Other equity	14	18394.14	17051.87
Equity attributable to owners of the Company		**18583.55**	**17241.02**
Non-controlling interests	15	455.41	523.10
Total Equity		**19038.96**	**17764.12**
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	16	42.26	50.75
(ii) Lease liabilities	4B	58.30	-
(b) Provisions	17A	112.69	96.05
(c) Deferred tax liabilities (net)	8B	132.59	355.42
Total Non-current liabilities		**345.84**	**502.22**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	18	552.96	867.80
(ii) Lease liabilities	4B	28.71	-
(iii) Trade payables			
(a) total outstanding dues of micro enterprises and small enterprises	19	15.96	30.36
(b) total outstanding dues of creditors other than micro enterprises and small enterprises	19	1938.03	2056.40
(iv) Other financial liabilities	20	564.60	743.31
(b) Provisions	17B	175.65	175.25
(c) Other current liabilities	21	256.03	180.86
Total Current liabilities		**3531.94**	**4053.98**
Total Liabilities		**3877.78**	**4556.20**
Total Equity and Liabilities		**22916.74**	**22320.32**

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached
For **Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016
Chartered Accountants

Subramanian Vivek
Partner
Membership Number: 100332
Chennai
June 06, 2020

On behalf of the Board

M M Murugappan
Chairman

N Ananthaseshan
Managing Director

P Padmanabhan
Vice President and Chief Accounts Officer

Rekha Surendhiran
Company Secretary

Consolidated Statement of Profit and Loss

(in Indian Rupees million, unless otherwise stated)

S.No.	Particulars	Notes	For the year 2019-20	For the year 2018-19
I	Revenue from Operations	22	25989.69	26889.04
II	Other Income	23	450.06	272.98
III	**Total Income**		**26439.75**	**27162.02**
IV	**Expenses**			
	Cost of material consumed		8248.21	8725.66
	Purchase of stock-in-trade		916.64	1091.34
	Changes in inventories of finished goods, stock-in-trade and work-in-progress	24	(295.35)	(267.43)
	Employee benefit expense	25	3448.30	3273.19
	Finance costs	26	63.25	84.83
	Depreciation and amortisation expense	27	1045.21	1082.71
	Other expenses	28	9685.87	9683.24
	Total expenses (IV)		**23112.13**	**23673.54**
V	**Profit from operations before share of profit of equity accounted investees and income tax [III] - [IV]**		**3327.62**	**3488.48**
VI	Share of profit of Associate (net of tax)	6A	39.97	61.45
VII	Share of profit of Joint Ventures (net of tax)	6B	137.74	137.87
VIII	**Profit before tax [V] + [VI] + [VII]**		**3505.33**	**3687.80**
IX	**Tax expense**			
	(1) Current tax	29A	966.68	1233.06
	(2) Deferred tax	8	(211.19)	(21.26)
	Total tax [IX]		**755.49**	**1211.80**
X	**Profit for the year [VIII]-[IX]**		**2749.84**	**2476.00**
XI	**Other Comprehensive Income [OCI]**			
A	(i) Items that will not be reclassified to profit or loss			
	(a) Remeasurement of the defined benefit plans		(125.79)	25.02
	(b) Equity instruments through other comprehensive income		(51.13)	(57.81)
	(c) Share of OCI in Associate and Joint Ventures, to the extent not to be reclassified to profit or loss		(5.22)	(5.38)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	29B	-	-
			(182.14)	(38.17)
B	(i) Items that will be reclassified to profit or loss			
	(a) Exchange differences in translating the financial statements of foreign operations		(383.74)	(311.11)
	(b) Effective portion of gain and loss on designated portion of hedging instruments in a cash flow hedge		(8.66)	3.04
	(c) Share of OCI in Associate and Joint Ventures, to the extent that will be reclassified to profit or loss		6.70	4.58
	(ii) Income tax relating to items that will be reclassified to profit or loss	29B	2.32	(0.89)
			(383.38)	(304.38)
	Total Other Comprehensive Income [XI]		**(565.52)**	**(342.55)**
XII	**Total Comprehensive Income [X]+[XI]**		**2184.32**	**2133.45**
	Profit for the year attributable to : [X]		**2749.84**	**2476.00**
	- Owners of the Company		2724.17	2476.78
	- Non-Controlling Interest		25.67	(0.78)
	Other Comprehensive Income : [XI]		**(565.52)**	**(342.55)**
	- Owners of the Company		(561.73)	(343.90)
	- Non-Controlling Interest		(3.79)	1.35
	Total Comprehensive Income : [XII]		**2184.32**	**2133.45**
	- Owners of the Company		2162.44	2132.88
	- Non-Controlling Interest		21.88	0.57
XIII	**Earnings per share (₹1 each) on Profit for the year [X]**	30		
	- Basic		14.39	13.10
	- Diluted		14.38	13.07

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached
For **Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016
Chartered Accountants

Subramanian Vivek
Partner
Membership Number: 100332
Chennai
June 06, 2020

On behalf of the Board

M M Murugappan
Chairman

N Ananthaseshan
Managing Director

P Padmanabhan
Vice President and Chief Accounts Officer

Rekha Surendhiran
Company Secretary

Consolidated Statement of changes in equity

(in Indian Rupees million, unless otherwise stated)

A. Equity share capital - Refer Note: 13

Balance as at March 31, 2018	**188.96**
Changes in equity share capital during the year	
Shares issued against ESOP Scheme/Plan	0.19
Balance as at March 31, 2019	**189.15**
Changes in equity share capital during the year	
Shares issued against ESOP Scheme/Plan	0.26
Balance as at March 31, 2020	**189.41**

B. Statement of changes in other equity - Refer Note: 14 & 15

Particulars	Reserves and Surplus - Refer Note: 14A							Items of Other Comprehensive Income - Refer Note 14B				Share application money pending allotment - Refer Note: 14C	Attributable to owners of the parent - Refer Note:14	Non-controlling interest [NCI] - Refer Note: 15	Total
	Profit on Forfeiture of Shares / Warrants	Capital redemption reserve	Capital reserve on consolidation	Securities premium	General Reserve	Share options outstanding account	Retained Earnings	Reserve for equity instruments	Effective portion of Cash flow hedge	Foreign currency translation reserve	Revaluation surplus				
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)				
Balance at the beginning of the year - March 31, 2018	**6.03**	**27.68**	**706.77**	**226.19**	**6730.94**	**30.84**	**7360.98**	**84.42**	**0.25**	**256.47**	**23.74**	**0.23**	**15454.54**	**614.74**	**16069.28**
Profit for the year							2476.78						2476.78	(0.78)	2476.00
Other Comprehensive income for the year							19.16	(57.81)	1.29	(306.53)			(343.89)	1.35	(342.54)
Total Comprehensive income for the year	-	-	-	-	-	-	**2495.94**	**(57.81)**	**1.29**	**(306.53)**	-	-	**2132.89**	**0.57**	**2133.46**
Additions during the year			43.56	27.92		15.85							87.33		87.33
Share application money received pending for allotment												(0.23)	(0.23)		(0.23)
Final dividend paid during the year							(236.30)						(236.30)		(236.30)
Dividend tax on Final dividend paid during the year							(35.27)						(35.27)		(35.27)
Interim dividend paid during the year							(283.71)						(283.71)		(283.71)
Dividend tax paid during the year							(44.22)						(44.22)		(44.22)
Dividend tax paid by Subsidiaries and Joint Ventures							(23.16)						(23.16)		(23.16)
Transfer to General reserve					500.00		(500.00)						-		-
Dividend paid to NCI and its relevant tax							-						-	(82.95)	(82.95)
Translation impact on foreign subsidiaries NCI portion							-						-	(9.26)	(9.26)
Balance at the end of the year - March 31, 2019	**6.03**	**27.68**	**750.33**	**254.11**	**7230.94**	**46.69**	**8734.26**	**26.61**	**1.54**	**(50.06)**	**23.74**	-	**17051.87**	**523.10**	**17574.97**
Profit for the year							2724.17						2724.17	25.67	2749.84
Other Comprehensive income for the year							(129.76)	(51.13)	(3.80)	(377.04)			(561.73)	(3.79)	(565.52)
Total Comprehensive income for the year	-	-	-	-	-	-	**2594.41**	**(51.13)**	**(3.80)**	**(377.04)**	-	-	**2162.44**	**21.88**	**2184.32**
Additions during the year			65.61	34.45		16.06							116.12		116.12
Final dividend paid during the year							(236.51)						(236.51)		(236.51)
Dividend tax on Final dividend paid during the year							(30.31)						(30.31)		(30.31)
Interim dividend paid during the year							(520.75)						(520.75)		(520.75)
Dividend tax paid during the year							(100.84)						(100.84)		(100.84)
Dividend tax paid by Subsidiaries and Joint Ventures							(47.88)						(47.88)		(47.88)
Transfer to General reserve					500.00		(500.00)						-		-
Dividend paid to NCI and its relevant tax							-						-	(80.95)	(80.95)
Translation impact on foreign subsidiaries NCI portion							-						-	(8.62)	(8.62)
Balance at the end of the year - March 31, 2020	**6.03**	**27.68**	**815.94**	**288.56**	**7730.94**	**62.75**	**9892.38**	**(24.52)**	**(2.26)**	**(427.10)**	**23.74**	-	**18394.14**	**455.41**	**18849.55**

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached
For **Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016
Chartered Accountants
Subramanian Vivek, *Partner*
Membership Number: 100332
Chennai
June 06, 2020

On behalf of the Board

M M Murugappan
Chairman

N Ananthaseshan
Managing Director

P Padmanabhan
Vice President and Chief Accounts Officer

Rekha Surendhiran
Company Secretary

Consolidated Cash Flow Statement

(in Indian Rupees million, unless otherwise stated)

Particulars		2019-20		2018-19	
Profit before tax			**3505.33**		**3687.80**
Adjustment for:					
Share of profit of Associate		(39.97)		(61.45)	
Share of profit of Joint Ventures		(137.74)		(137.87)	
Fair value of Investments		1.91		(0.70)	
Depreciation and amortisation		1045.21		1082.71	
Finance costs		63.25		84.83	
Interest income		(70.72)		(48.24)	
Profit on sale of Investment		-		(0.12)	
Dividend income		(42.89)		(42.81)	
Expenses recognised in respect of equity-settled share-based payments		16.06		15.85	
Impairment loss on financial assets (net)		1.34		2.96	
Allowance for doubtful receivable and advances		93.58		36.42	
Reversal of allowance for doubtful receivables and advances		(31.83)		(33.20)	
Provision for expenses no longer required written back		(21.11)		(9.59)	
Loss/(profit) on sale of assets (net)		(43.13)		(2.49)	
Loss /(profit) on exchange fluctuation (net)		(4.05)	829.91	39.75	926.05
Operating profit before working capital changes			**4335.24**		**4613.85**
Movement in working capital					
(Increase)/decrease in trade receivables		857.21		(458.74)	
(Increase)/decrease in Inventories		139.35		(1054.96)	
(Increase)/decrease in Other financial asset		(9.16)		(29.77)	
(Increase)/decrease in Other assets		(128.70)		(39.37)	
Increase/(decrease) in Trade payables		(122.13)		107.54	
Increase/(decrease) in Provision & other current liabilities		115.98		16.07	
Increase/(decrease) in Other financial liabilities		(127.14)	725.41	63.44	(1395.79)
Cash generated from Operations			**5060.65**		**3218.06**
Income tax paid			(992.07)		(1199.78)
Net cash generated by operating activities	**[A]**		**4068.58**		**2018.28**
Cash flow from investing activities					
Payments to acquire property, plant and equipment		(1278.46)		(948.29)	
Payments for Intangible asset		(12.78)		(13.77)	
Proceeds from sale of Property, plant and equipment		65.44		13.00	
Dividend income from Associate		11.96		23.92	
Dividend income from Joint Ventures		170.08		34.62	
Proceeds / (Purchase) of Investments		0.01		0.16	
Interest income received		70.70		48.23	
Dividend income received		42.89		42.81	
Net cash (used in)/generated by investing activities	**[B]**		**(930.16)**		**(799.32)**

Consolidated Cash Flow Statement
(in Indian Rupees million, unless otherwise stated)

Particulars	2019-20		2018-19
Cash flow from financing activities			
Proceeds from issue of equity shares	34.71		27.88
(Repayment) / proceeds from long term borrowings	-		(0.21)
(Repayment) / proceeds from short term borrowings (net)	(322.62)		(335.84)
Principal portion of lease payments	(12.09)		-
Finance costs paid	(63.25)		(84.83)
Dividend paid to shareholder	(757.25)		(520.01)
Tax on Dividend	(131.15)		(79.49)
Dividend paid to Non-Controlling interest and its related tax	(80.95)		(82.95)
Tax on Dividend - Subsidiaries	(12.92)		(16.03)
Net cash used in financing activities [C]		**(1345.52)**	**(1091.48)**
Net increase/(decrease) in cash and cash equivalents [A]+[B]+[C]		**1792.90**	**127.48**
Add : Cash and Cash equivalents at the beginning of the year		**1920.62**	**1846.83**
Effect of exchange rate changes on the balances of cash and cash equivalents held in foreign currencies		(117.83)	(53.69)
Cash and Cash equivalents at the end of the year		**3595.69**	**1920.62**
Reconciliation of Cash and cash equivalents with the Balance Sheet:			
Cash and cash equivalents at the beginning of the year			
Cash and cash equivalents - Refer Note: 12A		959.37	1276.34
Current investment considered as Cash and Cash equivalents - Refer Note : 6C(ii)		961.25	570.49
		1920.62	**1846.83**
Cash and cash equivalents at the end of the year			
Cash and cash equivalents - Refer Note: 12A		2920.55	959.37
Current investment considered as Cash and Cash equivalents - Refer Note : 6C(ii)		675.14	961.25
		3595.69	**1920.62**

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016
Chartered Accountants

Subramanian Vivek
Partner
Membership Number: 100332
Chennai
June 06, 2020

On behalf of the Board

M M Murugappan
Chairman

N Ananthaseshan
Managing Director

P Padmanabhan
Vice President and Chief Accounts Officer

Rekha Surendhiran
Company Secretary

Notes forming part of the Consolidated Financial Statements

For the year ended March 31, 2020

Statement showing the applicable Key Accounting Standards (Ind AS) with related Policy & Notes references as per Consolidated Financial Statements.

Ind AS No.	Description	Accounting policy Reference	Note Reference
2	Inventories	3.16	10
7	Statement of Cash flows	3.15	12,16
8	Accounting Policies, Changes in Accounting Estimates and Error	2.2	
10	Event after the reporting period		41,43
12	Income taxes	3.10	8,29
16	Property, plant and equipment	3.11	4A,4C,27
19	Employee benefits	3.8	25,34
24	Related party disclosures		36
28	Investments in Associates and Joint Ventures	3.1.2.2	6A,6B
33	Earnings per share	3.24	30
36	Impairment of assets	3.13	4A,4C,5
37	Provisions, Contingent liabilities and Contingent assets	3.17,3.18	17,33
38	Intangible assets	3.12	5,27
102	Share based payment	3.9	25
103	Business combinations	3.12.3	5A
105	Non-current Assets held for sale and discontinued operations	3.3	
107	Financial instruments - Disclosures	3.19,3.26,3.27	11,16,18,23,35
108	Operating segments	3.22	31
112	Disclosure of interest in other entities		6A,6B,15
113	Fair value measurement		35
115	Revenue from Contracts with Customers	3.4	21,22,31
116	Leases	3.23	4B,26,27

1. General information

Carborundum Universal Limited (CUMI) was incorporated in India as a Public Limited Company in 1954 and the shares of the Company are listed in National Stock Exchange of India Limited and BSE Limited. The address of its registered office and place of business are disclosed in the Annual Report. The consolidated financial statements comprise the Company (CUMI - Parent company) and its subsidiaries (referred to collectively as the 'Group') and the Group's interest in Associates and Joint Ventures.

CUMI Group manufactures and sells mainly Abrasives, Ceramics (Industrial Ceramics, Refractories) and Electrominerals. (Refer Note: 31).

2. Basis of Preparation

2.1 Application of Indian Accounting Standards (Ind AS)

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

2.2 New and amended Standard adopted by the Group

The Group has applied the following standards and amendments for the first time in its annual reporting period commencing April 01, 2019:

- Ind AS 116, Leases
- Uncertainty over Income Tax Treatments - Appendix C to Ind AS 12, Income Taxes
- Plan Amendment, Curtailment or Settlement - Amendments to Ind AS 19, Employee Benefits
- Amendment to Ind AS 12, Income Taxes
- Amendment to Ind AS 23, Borrowing costs

The Group had to change its accounting policies as a result of adopting Ind AS 116. The impact is disclosed under Note 4B. The other amendments listed above did not have any impact on the amount recognised in prior periods and are not expected to significantly affect the current or future periods.

3. Significant accounting policies

3.1.1 Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis as explained in the accounting policies as stated below, except the following that are measured at fair values at the end of each reporting period:

- Certain financial asset and liabilities (including derivative instruments) and contingent consideration is measured at fair value
- Assets held for sale - measured at fair value less cost to sell
- Defined benefit plan - plan measured at fair value
- Share based payments

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the Parent company, i.e., year ended on 31st March 2020. When the end of the reporting period of the Parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the Parent to enable the Parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

3.1.2 Basis of consolidation

3.1.2.1 Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control is acquired until the date on which control ceases to exist.

The acquisition method of accounting is used to account for business combinations by the Group. The Group combines the financial statements of the Parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Inter-Group transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the Consolidated Statement of Profit and Loss, consolidated statement of changes in equity and Balance Sheet respectively.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed.

If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date.

If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

3.1.2.2 Associates and Joint Ventures

An Associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A Joint Venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the Joint Venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over the subsidiaries.

The Group's investments in its Associate and Joint Venture are accounted for using the equity method. Under the equity method, the investment in an Associate or a Joint Venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the Associate or Joint Venture since the acquisition date. Goodwill relating to the Associate or Joint Venture is included in the carrying amount of the investment and is not tested for impairment individually.

The Statement of Profit and Loss reflects the Group's share of the results of operations of the Associate or Joint Venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the Associate or Joint Venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the Associate or Joint Venture are eliminated to the extent of the interest in the Associate or Joint Venture.

The aggregate of the Group's share of profit or loss of an Associate and a Joint Venture is shown on the face of the Statement of Profit and Loss.

3.1.2.3 Foreign currency translation

The consolidated financial statements are presented in Indian Rupee, which is the CUMI's functional and presentation currency and includes the financial position and results in respect of foreign operations, initially measured using the currency of the primary economic environment in which the entity operates (i.e their functional currency) and translated as follows:

- Assets and liabilities are translated at the closing rate at the date of that Balance Sheet;
- Income and expenses are translated at average exchange rates;
- All resulting exchange differences are recognised in other comprehensive income;

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

3.2 Use of estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

3.2.1 Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

3.2.2 Judgements are made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements.

3.2.3 Assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment are reviewed on an ongoing basis.

The areas involving critical estimates or judgements are:

S.No	Particulars	Note
I	Estimation of useful life of tangible and intangible asset	3.11 & 3.12
II	Impairment test of Goodwill: Key assumption underlying recoverable amounts	5A
III	Assessment of control over components and consolidation decisions and classification of Associate	6A
IV	Assessment of control over components and consolidation decisions and classification of joint arrangements	6B
V	Estimation of fair value of unlisted securities	6C
VI	Recognition of deferred tax assets: Availability of future taxable profit against which tax losses carried forward can be used.	8
VII	Impairment of Trade receivables: Expected credit loss	11
VIII	Recognition and measurement of provisions and contingencies; key assumption about the likelihood and magnitude of an outflow of resources.	17 & 33
IX	Measurement of defined benefit obligation: Key actuarial assumptions.	34

3.3 Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such assets and its sales is highly probable.

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

3.4 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made.

Revenue is measured at the transaction price for each separate performance obligation, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The transaction price is net of estimated customer returns, rebates and other similar allowances.

The specific recognition criteria described below must also be met before revenue is recognised.

3.4.1 Sale of goods

Revenue from the sale of goods is recognized at a point in time when the control of the products has transferred which generally coincides with dispatch of products to customers in case of domestic sales and on the basis of bill of lading in the case of export sales.

Revenue from the sale of goods is recognised when the control of the product is transferred, the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Group has a present right to payment for the asset;
- The Group has transferred physical possession of the asset, whereby the customer has the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset or to restrict the access of other entities to those benefits.

When the consideration is received, before the Group transfers a goods to the customer, the Group shall present the consideration as a contract liability.

3.4.2 Rendering of services

Revenue from divisible service contracts:

a) service contracts are recognised over a period of time determined using the percentage completion method, synchronized to the billing schedules agreed by the customers, identical with others in similar business; and

b) the revenue relating to supplies are measured in line with policy set out in 3.4.1.

In respect of indivisible contracts, the revenues are recognised over a period of time, measured as per (a) above.

When the consideration is received, before the Group transfers a goods to the customer, the Group shall present the consideration as a contract liability and when the services rendered by the Group exceed the payment, a contract asset is recognised excluding any amount presented as receivable.

3.4.3 Other income

Royalty income is recognised on an accrual basis in accordance with the substance of the relevant agreement.

Dividend income from investments is recognised when the shareholder's right to receive payment has been established.

Interest income from a financial asset is recognised and accrued using effective interest rate method.

Rental income is recognised on a straight line basis in accordance with the agreement.

3.5 Foreign Currencies

Foreign currency transactions are recorded at the rates of exchange prevailing on the date of the transactions. Monetary assets and 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 respective Company, outstanding at the Balance Sheet date are restated at the year-end rates. Non-monetary items of the respective Company are carried at historical cost.

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

Premium / discount on forward exchange contracts 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 Note: 3.26 and 3.27 for accounting for forward exchange contracts relating to firm commitments and highly probable forecast transactions.

3.6 Borrowing costs

The borrowing costs (other than those attributable to property, plant and equipment and Intangible assets - Refer Note: 4 and 5) are recognised in profit or loss in the period in which they are incurred.

Interest income earned on temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

3.7 Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related cost for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the Balance Sheet and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below market rate of interest is treated as a government grant, measured as the differences between proceeds received and the fair value of the loan based on prevailing market interest rate.

3.8 Employee benefits

3.8.1. Retirement benefit costs and termination benefits

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gain and loss, the effect of the changes to asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the Balance Sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of plan amendment. Net interest is calculated by applying the rate at the beginning of the period to the net defined benefit liability or asset.

Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income;
- remeasurement.

The Group presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefit expense'. Curtailment gain and loss are accounted for as past service costs.

A liability for a termination benefit is recognised at the earlier of which the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

3.8.2. Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

3.8.3. Voluntary retirement compensation

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

3.9 Share-based payment arrangements

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity settled share based transactions are set out in Note: 36 of Standalone financial statements.

The fair value determined at the grant date of the equity-settled-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflect the revised estimate, with a corresponding adjustment to the Share options outstanding account.

3.10 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

3.10.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years (Temporary differences) and items that are never taxable or deductible (Permanent differences). Current tax is calculated using tax rates that have been enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities.

Current income tax relating to items recognised outside profit or loss is either in other comprehensive income or in equity. Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

3.10.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary differences arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised either in other comprehensive income or in equity. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

3.10.3 Indirect taxes

GST credit on materials purchased / services availed for production / Input services are taken into account at the time of purchase and availing services. GST Credit on purchase of capital items wherever applicable are taken into account as and when the assets are acquired. The GST credits so taken are utilised for payment of GST on supply and service. The unutilised GST credit is carried forward in the books.

3.11 Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the Balance Sheet at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost of the assets (other than freehold land) less their residual values over their useful lives as specified under Schedule II and applicable statutes of the relevant territories, using the straight-line method. The estimated useful lives, residual value and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Individual asset costing less than ₹5000 are depreciated in full in the year of acquisition.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

3.12 Intangible assets

3.12.1 Intangible assets acquired separately

Intangible assets that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit and Loss unless such expenditure forms part of carrying value of another asset.

3.12.2 Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

3.12.3 Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date, which is regarded as their cost.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

3.12.4 Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gain or loss arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

3.13 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amount of tangible and intangible assets 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 assets is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is higher of fair value less cost of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generated unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3.14 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.

3.15 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit/(loss) before 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.

3.16 Inventories

Inventories are stated at the lower of cost and net-realisable value. Cost includes freight, taxes and duties net of GST credit wherever applicable. Customs duty payable on material in bonded warehouse is added to the cost.

In respect of raw materials, stores and spare parts, traded stock cost is determined on weighted average basis. In respect of work in progress and finished goods, cost includes all direct costs and applicable production overheads, to bring the goods to the present location and condition. Net realisable value represents the estimated selling price for inventories less all estimated cost of completion and cost necessary to make the sale.

3.17 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle present obligation at the end of reporting period, taking into account the risk and uncertainty surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of these cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of receivable can be measured reliably.

3.18 Contingent liabilities

Contingent liability is disclosed for (i) Possible obligation which will be confirmed only by future events not wholly within the control of the Group 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.

3.19 Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provision of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial asset or financial liabilities, as appropriate, on initial recognition. Transaction cost directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3.20 Financial assets

All regular way purchases or sale of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sale of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

All recognised financial assets are subsequently measured in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

3.20.1. Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instruments give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For the impairment policy on financial assets measured at amortised cost, Refer Note: 3.20.4.

3.20.2 Investment in equity instruments at Fair value through Other Comprehensive Income [FVTOCI]

On initial recognition, the Group can make an irrevocable election (on an instrument- by instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investment in equity instruments. This election is not permitted if the equity investment is held for trading.

These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gain and loss arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instrument through other comprehensive income'. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term.
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

The Group has equity instrument in two entities, which are not held for trading. The Group has elected the FVTOCI irrevocable option for both of these investments (Refer Note: 6C). Fair value is determined in the manner described in Note: 35.

Dividend on these investments are recognised in profit or loss when the Group's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, which does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably. Dividend recognised in profit and loss is included in 'Other income' line item.

3.20.3 Financial assets at fair value through profit or loss (FVTPL)

Investments in equity instruments are classified as at FVTPL, unless the Group irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading (Refer Note: 3.20.2).

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly

reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gain or loss on them on different bases. The Group has not designated any such debt instrument as at FVTPL. Financial asset at FVTPL is measured at fair value at the end of each reporting period, with gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporate any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial asset at FVTPL is recognised when the Group's right to receive the dividends is established. It is probable that the economic benefits associated with the dividend will flow to the Group which does not represent a recovery of part of cost of the investment and the amount can be measured reliably.

3.20.4 Impairment of financial assets

The Group applied the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost debt instruments at FVTOCI, lease receivable, trade receivable, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive (i.e., all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impairment financial assets). The Group estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayments, extension, call and similar options) through the expected life of that financial instrument.

The Group measures the loss allowance for the financial instruments at an amount equal to the lifetime expected credit losses if the credit risk on those financial instruments has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instruments at an amount equal to 12 month expected credit losses. The twelve months expected credit losses are a portion of the lifetime cash shortfalls that will result if default occurs within 12 months after the reporting date and thus, are not cash shortfalls that are predicted over 12 months.

If the Group measured loss allowance for the financial instruments at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Group again measures the loss allowance based on 12 month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Group uses the change in the risk of a default occurring over the expected life of the financial instruments instead of the change in the amount of expected credit losses. To make the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increase in credit risk since initial recognition.

For trade receivables or any contractual rights to receive cash or other financial assets that results from transactions that are within the scope of Ind AS 115, the Group always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purposes of measuring lifetime expected credit loss allowance for trade receivables, the Group has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is recognised in other comprehensive income and is not reduced from the carrying amount in the Balance Sheet.

3.20.5 Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains subsequently all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for the amount it may have to pay.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than its entirety (eg., when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carried over amount of financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer.

The difference between the carrying amount allocated to the part that is no longer recognised and the sum of consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair value of those parts.

3.20.6 Foreign exchange gain and loss

The fair value of financial assets denominated in foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

- for Foreign currency denominated financial asset measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss except for those which are designated hedging instruments in a hedging relationship.
- Changes in the carrying amount of investments in equity instruments at FVTOCI relating to changes in foreign currency rates are recognised in other comprehensive income.
- For the purposes of recognising foreign exchange gain and loss, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial asset are recognised in other comprehensive income.

3.21 Financial liabilities and equity instruments

3.21.1 Classification as debt or equity

Debt and equity instruments issued by a Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definition of a financial liabilities and an equity instrument.

3.21.2 Equity instruments

An equity instrument is a contract that evidences a residual interest in the asset of an entity after deducting all of its liabilities. Equity instruments issued by a Group are recognised at the proceeds received, net of direct issue costs.

3.21.3 Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest methods or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Group, and commitments issued by the Group to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below:

3.21.3.1 Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Group as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration recognised by the Group as an acquirer in a business combination to which Ind AS 103 applies, may be designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise.
- the financial liability forms part of a group of financial asset or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contracts to be designated as at FVTPL in accordance with Ind AS 109.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

However, for not-held for trading financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of the liability recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss, in which case these effect of changes in credit risk are recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are reflected immediately in retained earnings and are not subsequently reclassified to profit or loss.

Gain or loss on financial guarantee contract and loan commitments issued by the Group that are designated by the Group as at fair value through profit or loss are recognised in profit or loss.

Fair value is determined in the manner described in Note: 35.

3.21.3.2 Financial liabilities subsequently measured at amortised cost

Financial liabilities are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. An interest expense that is not capitalised as part of cost of an asset is included in the 'Finance cost' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability or, (where appropriate), a shorter period, to the net carrying amount on initial recognition.

3.21.3.3 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contracts issued by a Group are initially measured at their fair value and, if not designated as at FVTPL, are subsequently measured at a higher of:

- the amount of loss allowance determined in accordance with impairment requirement of Ind AS 109; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 115.

3.21.3.4 Foreign exchange gain and loss

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gain and loss are determined based on the amortised cost of the instruments and are recognised in 'Other income'.

The fair value of financial assets denominated in foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. For financial liabilities that are measured at FVTPL, the foreign exchange component forms part of the fair value gain or loss and is recognised in profit or loss.

3.21.3.5 Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. An exchange between a lenders of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3.22 Segment reporting

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

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

3.23 Leases: Right-of-use asset and Lease liabilities

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative standalone prices.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed payments (including in-substance fixed payments), less any lease incentives receivable.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease tenure so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases of property, plant and office equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

3.24 Earnings per share

Basic earnings per share is computed by dividing the profit/(loss) after tax attributable to the Parent shareholder 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 attributable to the Parent shareholder 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.

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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.

3.25 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 Group.

3.26 Derivative financial instruments

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair values at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

3.27 Hedge accounting

The Group designates certain hedging instruments, which includes derivatives and non-derivatives in respect of foreign currency risk, at either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm Commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk. Note: 35 sets out details of the fair values of the derivatives instruments used for hedging purposes.

3.27.1 Fair value hedges

Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedging asset or liability that are attributable to the hedged risk. The change in the fair value of the designated portion of hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in profit or loss in the line item relating to the hedged item.

Hedge accounting is discontinued when the hedging instruments expires or is sold, terminated, or exercised, or when it no longer qualify for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

3.27.2 Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'Other income' line item.

Amount previously recognised in other comprehensive income and accumulated in equity relating to (effective portion as described above) are reclassified to profit or loss in the periods when the hedged item affect profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of non-financial asset or a non-financial liability, such gain or loss are transferred from equity (but not as a reclassification adjustment) and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

In cases, where the designated hedging instruments are options and forward contracts, the Group has an option, for each designation, to designate on an instrument only the changes in intrinsic value of the option and spot element of forward contract respectively as hedges. In such cases the time value of the options is accounted based on the type of hedged item which those options hedge.

In case of transaction related hedged item in the above cases, the change in time value of the options is recognised in other comprehensive income to the extent it relates to the hedged item and accumulated in a separate component of equity i.e. Reserve for time value of option and forward elements of forward contract in hedging relationship. This separate component is removed and directly included in the initial cost or other carrying amount of the asset or the liability (i.e. not as a reclassification adjustment thus not affecting other comprehensive income) if the hedged item subsequently results in recognition of a non-financial asset or non-financial liability. In other cases, the amount accumulated is reclassified to profit or loss as a reclassification adjustment in the same period in which the hedged expected future cash flow affects profit or loss.

In case of time period related hedged item in the above cases, the change in time value of the options is recognised in other comprehensive income to the extent it relates to the hedged item and accumulated in a separate component of equity i.e. Reserve for time value of options and forward elements of forward contracts in hedging relationship. The time value of options at the date of designation of the options in the hedging relationship is amortised on a systematic and rational basis over the period during which the options intrinsic value could affect profit or loss. This is done as a reclassification adjustment and hence affects other comprehensive income.

In cases where only the spot element of the forward contracts is designated in a hedging relationship and the forward element of the forward contract is not designated, the Group makes the choice for each designation whether to recognise the changes in forward element of fair value of the forward contracts in profit or loss or to account for this element similar to the time value of option (as described above).

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecasted transactions is ultimately recognised in profit or loss. When a forecasted transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

3.28 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.

3.29 Operating cycle

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

4A. Property, plant and equipment

Particulars	As at 31.03.2020	As at 31.03.2019
Carrying amounts		
Freehold land	192.73	103.42
Buildings	1883.60	1831.17
Plant and equipment	3698.41	3615.62
Furniture and fittings	48.26	53.51
Vehicles	84.22	78.28
Vehicles under finance lease	-	5.34
	5907.22	**5687.34**

Cost	Freehold land	Buildings (a)	Plant and equipment	Furniture and fittings	Vehicles	Vehicles under finance lease	Total
Balance at March 31, 2018	**105.32**	**2144.99**	**6362.80**	**109.37**	**113.58**	**34.94**	**8871.00**
Additions **(b)**	-	71.32	598.05	8.88	34.45	-	712.70
Disposals	-	-	(18.10)	(2.91)	(10.88)	(11.65)	(43.54)
Translation differences	(1.90)	(45.37)	(109.47)	(0.30)	(4.30)	-	(161.34)
Balance at March 31, 2019	**103.42**	**2170.94**	**6833.28**	**115.04**	**132.85**	**23.29**	**9378.82**
Reclassified as "Right-of-use assets"	-	-	-	-	-	(23.29)	(23.29)
Additions **(b)**	93.25	203.14	1050.09	9.89	32.91	-	1389.28
Disposals	-	(6.12)	(24.11)	(0.79)	(14.32)	-	(45.34)
Translation differences	(3.94)	(57.17)	(171.12)	(0.41)	(6.83)	-	(239.47)
Balance at March 31, 2020	**192.73**	**2310.79**	**7688.14**	**123.73**	**144.61**	**-**	**10460.00**

Accumulated depreciation and impairment	Freehold land	Buildings	Plant and equipment	Furniture and fittings	Vehicles	Vehicles under finance lease	Total
Balance at March 31, 2018	**-**	**248.18**	**2362.48**	**48.30**	**46.64**	**21.39**	**2726.99**
Depreciation expense	-	96.29	911.71	16.30	16.26	7.17	1047.73
Eliminated on disposals	-	-	(12.21)	(2.82)	(5.80)	(10.61)	(31.44)
Translation differences	-	(4.70)	(44.32)	(0.25)	(2.53)	-	(51.80)
Balance at March 31, 2019	**-**	**339.77**	**3217.66**	**61.53**	**54.57**	**17.95**	**3691.48**
Reclassified as "Right-of-use assets"	-	-	-	-	-	(17.95)	(17.95)
Depreciation expense	-	98.17	863.91	15.09	17.31	-	994.48
Eliminated on disposals	-	(1.35)	(13.81)	(0.71)	(7.41)	-	(23.28)
Translation differences	-	(9.40)	(78.03)	(0.44)	(4.08)	-	(91.95)
Balance at March 31, 2020	**-**	**427.19**	**3989.73**	**75.47**	**60.39**	**-**	**4552.78**

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Carrying amounts	Freehold land	Buildings	Plant and equipment	Furniture and fittings	Vehicles	Vehicles under finance lease	Total
Balance at March 31, 2018	**105.32**	**1896.81**	**4000.32**	**61.07**	**66.94**	**13.55**	**6144.01**
Additions	-	71.32	598.05	8.88	34.45	-	712.70
Depreciation expense	-	(96.29)	(911.71)	(16.30)	(16.26)	(7.17)	(1047.73)
Disposals (net)	-	-	(5.89)	(0.09)	(5.08)	(1.04)	(12.10)
Translation differences	(1.90)	(40.67)	(65.15)	(0.05)	(1.77)	-	(109.54)
Balance at March 31, 2019	**103.42**	**1831.17**	**3615.62**	**53.51**	**78.28**	**5.34**	**5687.34**
Reclassified as "Right-of-use assets"	**-**	**-**	**-**	-	-	(5.34)	(5.34)
Additions	93.25	203.14	1050.09	9.89	32.91	-	1389.28
Depreciation expense	-	(98.17)	(863.91)	(15.09)	(17.31)	-	(994.48)
Disposals (net)	-	(4.77)	(10.30)	(0.08)	(6.91)	-	(22.06)
Translation differences	(3.94)	(47.77)	(93.09)	0.03	(2.75)	-	(147.52)
Balance at March 31, 2020	**192.73**	**1883.60**	**3698.41**	**48.26**	**84.22**	**-**	**5907.22**

(a) Includes ₹890.59 million (Previous year: ₹760.08 million) being cost of building on leasehold land.

(b) Includes Research and Development capital expenditure of ₹18.30 million (Previous year: ₹38.28 million) - Refer Note: 38(b) on Research & Development expenditure.

(c) **Capitalised borrowing cost:**

Borrowing costs capitalised on property, plant and equipment during the year - ₹Nil (Previous year: ₹Nil).

(d) **Assets pledged as security:**

Immovable properties of the Parent carry pari-passu charge in favour of the consortium of bankers as security for banking facilities availed. Plant & Machinery relating to a domestic subsidiary carry a charge in favour of a banker as security for the Term Loan availed. The vehicles purchased through finance lease arrangement are hypothecated to the lessor.

(e) **Contractual obligations:**

Refer Note: 33B for disclosure of Contractual commitments for acquisition of property, plant and equipment.

4B. Leases

i) Amount recognised in balance sheet

Particulars	As at 31.03.2020
Right-of-use Assets	
Land	135.90
Building	77.85
Vehicles	0.95
	214.70
Lease liabilities	
Non-Current	58.30
Current	28.71
	87.01

ii) Amount recognised in profit and loss

Particulars	For the year 2019-20
Depreciation charge of Right-of-use assets - Refer Note: 27	
Land	2.73
Building	22.57
Vehicles	4.11
	29.41

Particulars	For the year 2019-20
Interest expenses (included in Finance cost) - Refer Note: 26	6.56
Expenses related to Short term leases(included in Rent: Other expenses) - Refer Note : 28	57.19

a) Addition to the right-of-use assets during the year: ₹Nil

b) The total cash outflow for leases for the year: ₹18.65 million

c) Extension and termination options:

Extension and termination options are included in the above leases across the group. These are used to maximise operational flexbility in terms of managing the assets used in the group's operations. The majority of extension and termination options held are exercisable only by the group and not by the respective lessor.

d) To determine the incremental borrowing rate, the Group, where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.

e) The Group has not incurred any expenses relating to low-value assets during the current year. There are no expenses relating to variable lease payments.

f) The Group leases land, offices, warehouses, furniture, fittings, equipment and vehicles. Lease contracts in respect of land are typically made for periods of upto 99 years and in respect of others for period upto 5 years.

Transition to Ind AS 116

a) The Group has adopted Ind AS 116 retrospectively from April 1, 2019, but has not restated comparatives for year ended March 31, 2019, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are not recognised in the opening balance sheet on April 1, 2019, as these are not material to financial statements.

b) On adoption of Ind AS 116, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of Ind AS 17, Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of April 1, 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on April 1, 2019 was 2% to 7.5%.

c) For leases previously classified as finance leases the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right-of-use asset and the lease liability at the date of initial application. The measurement principles of Ind AS 116 are only applied after that date.

In the previous year, the group recognised:

i) Lease asset and lease liabilities in relation to leases that were classified as "Finance lease" under Ind AS 17, leases. These assets were presented in property, plant and equipment and the liabilities as part of the group's borrowings and other financial liabilities.

ii) Lease Land prepayment were presented in Non-current & current prepayment.

d) In applying Ind AS 116 for the first time, the Group has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review - there were no onerous contracts as at April 1, 2019;
- accounting for operating leases with a remaining lease term of less than 12 months as at April 1, 2019 as short-term leases;
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

e) The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application.

Instead, for contracts entered into before the transition date the Group relied on its assessment made applying Ind AS 17 and Appendix C to Ind AS 17, Determining whether an Arrangement contains a Lease.

f) The difference between the operating lease commitments as per Ind AS 17 as at March 31, 2019 and value of lease liability as at April 1, 2019 is primarily on account of reduction due to discounting of the lease liabilities as per the requirement of Ind AS 116 and exclusion of the commitments for the leases for which practical expedient is applied as per the standard.

For the year ended March 31, 2020 (in Indian Rupees million, unless otherwise stated)

g) **Notes presented under Ind AS 17 leases for the previous year ended 31st March 2019.**

Particulars	As at 31.03.2019
a. Original cost of Leased Assets	23.29
Cost as per Fixed Assets Schedule	23.29
b. Net Carrying amount	5.34
c. Reconciliation between Total Minimum Lease payments and their Present value:	
Total Minimum Lease Payments	11.10
Less : Future Liability on Interest account	1.20
Present value of Lease payments	9.90

d. Year wise Future Minimum lease rental payments:

Particulars	Total Minimum Lease Payments as on 31.03.2019	Present value of Lease payments as on 31.03.2019
(i) Not later than one year	7.58	6.91
(ii) Later than one year and not later than three years	3.52	2.99
(iii) Later than three years and not later then five years	-	-
(iv) Later than five years	-	-
Total	**11.10**	**9.90**

4C. Capital work-in-progress

Particulars	As at	
	31.03.2020	31.03.2019
Capital work-in-progress	386.48	463.88

Capital work in progress movement	Total
Balance at March 31, 2018	**302.51**
Addition during the year	874.07
Capitalised during the year	(712.70)
Balance at March 31, 2019	**463.88**
Addition during the year	1311.88
Capitalised during the year	(1389.28)
Balance at March 31, 2020	**386.48**

5A. Goodwill on Consolidation

Particulars	As at	
	31.03.2020	31.03.2019
Cost or deemed costs	1367.71	1260.16
Accumulated impairment losses	(37.34)	(37.34)
	1330.37	**1222.82**

Particulars	As at	
	31.03.2020	31.03.2019
Balance at beginning of the year	1222.82	1151.41
Add: Exchange difference during the year on translation of goodwill of foreign subsidiaries	107.55	71.41
	1330.37	**1222.82**

Total carrying amount of recoverable goodwill is based upon value in use and not based on fair value less cost of disposal.

Accumulated Impairment losses

The carrying amount of goodwill as at the year ended March 31, 2020 comprise of the goodwill initially recognised at the time of acquisition of Volzhsky Abrasive Works [VAW] & the balance relate to the goodwill recognised on acquisition of other subsidiaries.

(i) Goodwill recognised at the time of acquisition of Volzhsky Abrasive Works [VAW]

The goodwill recognised at the time of acquisition of VAW represents the significant portion of the total goodwill carried by the Group. This arose when VAW was acquired by the Group through its wholly owned subsidiary in FY 2007-08. The value in use is arrived at by discounting the cash flow projections using the financial budgets covering a period of three years, approved by the Board of directors of VAW and extrapolating it beyond three years using a growth rate of 5% p.a. The cash flows have been discounted using a rate of 15.1% p.a. This growth rate does not exceed the long term average growth rate. The Group believes that any reasonable further change in the key assumptions on which recoverable amount is based, would not cause the carrying amount to exceed its recoverable amount.

(ii) Goodwill recognised at the time of acquisition of other entities

This represents the goodwill recognised on the acquisition of other subsidiaries viz., Sterling Abrasives Limited, Southern Energy Development Corporation Ltd. and CUMI (Australia) Pty Limited The aggregate values of the same are not significant. The Group believes that the carrying amount of the goodwill is recoverable.

5B. Other Intangible assets

Particulars	As at	
	31.03.2020	31.03.2019
Carrying amounts		
Software	19.15	23.37
Technical know-how	12.27	16.67
Total	**31.42**	**40.04**

Cost	Software	Technical know-how	Total
Balance at March 31, 2018	**50.46**	**125.34**	**175.80**
Additions **(a)**	13.86	0.20	14.06
Disposals	(0.20)	-	(0.20)
Translation differences	-	(0.09)	(0.09)
Balance at March 31, 2019	**64.12**	**125.45**	**189.57**
Additions **(a)**	9.20	3.59	12.79
Disposals	(0.26)	-	(0.26)
Translation differences	-	(0.13)	(0.13)
Balance at March 31, 2020	**73.06**	**128.91**	**201.97**

For the year ended March 31, 2020 (in Indian Rupees million, unless otherwise stated)

Accumulated amortisation and impairment	Software	Technical know-how	Total
Balance at March 31, 2018	**29.80**	**84.97**	**114.77**
Amortisation expense	11.15	23.83	34.98
Disposals	(0.20)	-	(0.20)
Translation differences	-	(0.02)	(0.02)
Balance at March 31, 2019	**40.75**	**108.78**	**149.53**
Amortisation expense	13.42	7.90	21.32
Disposals	(0.26)	-	(0.26)
Translation differences	-	(0.04)	(0.04)
Balance at March 31, 2020	**53.91**	**116.64**	**170.55**

Carrying amounts	Software	Technical know-how	Total
Balance at March 31, 2018	**20.66**	**40.37**	**61.03**
Additions	13.86	0.20	14.06
Amortisation expense	(11.15)	(23.83)	(34.98)
Translation differences	-	(0.07)	(0.07)
Balance at March 31, 2019	**23.37**	**16.67**	**40.04**
Additions	9.20	3.59	12.79
Amortisation expense	(13.42)	(7.90)	(21.32)
Translation differences	-	(0.09)	(0.09)
Balance at March 31, 2020	**19.15**	**12.27**	**31.42**

(a) Includes Research & Development capital expenditure of ₹Nil (Previous year: ₹Nil) - Refer Note: 38(b) on Research & Development expenditure.
(b) Internally generated intangible assets - ₹Nil (Previous year: ₹Nil).

6A. Investments in Associate

Particulars	As at			
	31.03.2020		31.03.2019	
	No. of shares	Amount	No. of shares	Amount
Wendt (India) Limited [WENDT]	797,352	548.89	797,352	519.31
Total Carrying value	**797,352**	**548.89**	**797,352**	**519.31**
Book value of Quoted Investment		548.89		519.31
Market value of Quoted Investment		1420.52		2361.96

Name of the Associate	Nature of business	Place of incorporation and principal place of business	Proportion of ownership's interest/voting rights held by the Group	
			As at	
			31.03.2020	31.03.2019
Wendt (India) Limited	Super abrasives	India	39.87%	39.87%

The Group has consolidated the above Associate using equity method.

Principal activities of the business: A leading manufacturer of Super Abrasives (Diamond and Cubic Boron Nitride), Special purpose Grinding machine and tools, offering functionally superior products and services for grinding and machining "Hard - To - process Materials".

Pursuant to shareholders' agreement, the Parent has the right to cast 39.87% of the votes at shareholders' meeting of Wendt (India) Limited. The investment in this entity, is treated as an Associate, since in addition to the co-venturer (who holds similar stake as CUMI), general public also holds the remaining portion of shares. Hence the Group has not treated this investment as Joint Venture investment.

Summarised financial information of Associate

The summarised financial information given below represents amount shown in the Associate's consolidated financial statements prepared in accordance with Ind AS adjusted by the Group for equity accounting purposes.

Wendt (India) Limited	As at	
Particulars	31.03.2020	31.03.2019
Non-current assets	643.42	632.16
Current assets	1184.50	1165.74
Non-current liabilities	(16.95)	(30.26)
Current liabilities	(434.21)	(465.07)

Particulars	for the year	
	2019-20	2018-19
Revenue	1432.32	1645.52
Profit for the year	100.25	154.13
Other Comprehensive Income	7.26	2.77
Total Comprehensive Income	107.52	156.91
Dividend received from WENDT	11.96	23.92

Reconciliation of the above summarised financial information to the carrying amount of the interest in Wendt (India) Limited recognised in consolidated financial statements is given below:

Particulars	As at	
	31.03.2020	31.03.2019
Net assets of WENDT	1376.76	1302.57
Proportion of the Group's ownership interest in WENDT	39.87%	39.87%
Carrying amount of the Group's interest in WENDT	548.89	519.31

Fair value of the Group's interest in Wendt (India) Limited, which is listed in the Stock exchanges of India as on 31st March 2020 was ₹1420.52 million (as at March 31, 2019 ₹2361.96 million)

Particulars	As at	
	31.03.2020	31.03.2019
I. Contingent liabilities: Wendt (India) Limited		
a. Directly incurred by the Group	-	-
b. Share of the Group which have been incurred with other investors	-	-
c. Group's share in relation to its interest in Associate	-	-
II. Commitments - Capital: Wendt (India) Limited		
a. Directly incurred by the Group	-	-
b. Share of the Group which have been incurred with other investors	-	-
c. Group's share in relation to its interest in Associate	55.68	48.27

For the year ended March 31, 2020 (in Indian Rupees million, unless otherwise stated)

6B. Investments in Joint Ventures

Name of the Joint Ventures	As at			
	31.03.2020		31.03.2019	
	No. of shares	Amount	No. of shares	Amount
Unquoted Investment - Equity shares				
Murugappa Morgan Thermal Ceramics Limited [MMTCL]	1,430,793	484.39	1,430,793	585.83
Ciria India Limited [CIRIA]	59,998	128.39	59,998	95.67
Total Carrying value		**612.78**		**681.50**
Aggregate value of unquoted investments		612.78		681.50

Details of the Group's Joint Ventures at the end of the reporting period are as follows:

Name of the Joint Ventures	Nature of business	Place of incorporation and principal place of business	Proportion of ownership's interest/ voting rights held by the Group	
			31.03.2020	31.03.2019
Murugappa Morgan Thermal Ceramics Limited	Ceramics	India	49%	49%
Ciria India Limited	Ceramics	India	30%	30%

Nature of Business:

a) MMTCL: Manufacture of complete range of ceramics fiber products.

b) CIRIA: Providing refractory engineering solutions and supply of refractory materials.

The Group has entered into Joint Venture agreements with the co-venturer and hence the investment in the above entities are treated as Joint Venture. Both the venturers have joint control on the entities. Accordingly, the Group has consolidated the above Joint Ventures using equity method.

Summarised financial information of Joint Ventures:

The summarised financial information below represents the amount shown in the Joint Venture's financial statements prepared in accordance with Ind AS adjusted by the Group for equity accounting purposes.

Murugappa Morgan Thermal Ceramics Limited

Particulars	As at	
	31.03.2020	31.03.2019
Non-current assets	566.15	567.77
Current assets	635.18	844.28
Non-current liabilities	(16.67)	(22.84)
Current liabilities	(196.10)	(193.64)

The above amount of assets and liabilities includes the following:

Particulars	As at	
	31.03.2020	31.03.2019
Cash and cash equivalents	30.80	20.83
Current financial liabilities (excluding trade payables and provisions)	-	-
Non-current financial liabilities (excluding trade payables and provisions)	-	-

Particulars	For the year	
	2019-20	2018-19
Revenue	1389.86	1528.44
Profit for the year	147.72	214.33
Other Comprehensive Income	(2.71)	(3.24)
Total Comprehensive Income	145.01	211.09
Dividend received from MMTCL	143.08	28.62
The above profit for the year includes the following:		
Depreciation and amortisation	76.67	75.92
Interest income	-	0.05
Interest expense	-	-
Income tax expense	50.15	80.31

Reconciliation of the above summarised financial information to the carrying amount of the interest in Murugappa Morgan Thermal Ceramics Limited recognised in the consolidated financial statements is given below:

Particulars	As at	
	31.03.2020	31.03.2019
Net assets of MMTCL	988.56	1195.57
Proportion of the Group's ownership interest in MMTCL	49%	49%
Carrying amount of the Group's interest in MMTCL	484.39	585.83

Ciria India Limited

Particulars	As at	
	31.03.2020	31.03.2019
Non-current assets	59.69	56.54
Current assets	488.50	467.32
Non-current liabilities	(9.46)	(7.77)
Current liabilities	(110.76)	(197.18)

The above amount of assets and liabilities includes the following:

Particulars	As at	
	31.03.2020	31.03.2019
Cash and cash equivalents	65.26	63.16
Current financial liabilities (excluding trade payables and provisions)	-	-
Non-current financial liabilities (excluding trade payables and provisions)	-	-

Particulars	For the year	
	2019-20	2018-19
Revenue	1047.64	886.07
Profit for the year	217.86	109.48
Other Comprehensive Income	(0.29)	(1.06)
Total Comprehensive Income	217.57	108.42
Dividend received from CIRIA	27.00	6.00
The above profit for the year includes the following:		
Depreciation and amortisation	9.33	9.28
Interest income	-	-
Interest expenses	-	2.12
Income tax expenses (income)	74.15	47.18

Reconciliation of the above summarised financial information to the carrying amount of the interest in Ciria India Limited recognised in the consolidated financial statements is given below:

Particulars	As at	
	31.03.2020	31.03.2019
Net assets of CIRIA	427.97	318.91
Proportion of the Group's ownership interest in CIRIA	30%	30%
Carrying amount of the Group's interest in CIRIA	128.39	95.67

Unrecognised share of losses of Joint Ventures: MMTCL & CIRIA

Particulars	For the year	
	2019-20	2018-19
The unrecognised share of loss on Joint Ventures for the year	-	-
Cumulative unrecognised share of loss of Joint Ventures	-	-

The Joint Ventures: Murugappa Morgan Thermal Ceramics Limited and Ciria India Limited cannot distribute its profits until it obtains the consent from both the Venturers.

Particulars	As at 31.03.2020		As at 31.03.2019	
	MMTCL	CIRIA	MMTCL	CIRIA
I. Contingent liabilities				
a. Directly incurred by the Group	-	-	-	-
b. Share of the Group which have been incurred along with other investors	-	-	-	-
c. Group's share in relation to its interest in Joint Venture	3.12	0.65	9.41	0.65
II. Commitments - Capital				
a. Directly incurred by the Group	-	-	-	-
b. Share of the Group which have been incurred along with other investors	-	-	-	-
c. Group's share in relation to its interest in Joint Venture	13.98	-	17.94	-

6C. Other Investments

Particulars	As at	
	31.03.2020	31.03.2019
(i) Non-current		
(a) Investment in Equity Instruments at FVTOCI		
Quoted		
Coromandel Engineering Co. Limited	35.91	87.04
Unquoted		
Murugappa Management Services Limited	11.30	11.30
(b) Investments in Equity Instruments at FVTPL		
Quoted	2.58	4.51
Unquoted	0.29	0.28
Total (a+b)	**50.08**	**103.13**
Aggregate book value of quoted investments	38.49	91.15
Aggregate market value of quoted investments	38.49	91.15
Aggregate carrying value of unquoted investments	11.59	11.58
Aggregate amount of impairment in value of investments	-	-
(ii) Current		
Instruments at Fair Value Through Profit or Loss (FVTPL) - Mutual fund	**675.14**	**961.25**

Category wise other investments - as per Ind AS 109	As at	
	31.03.2020	31.03.2019
Financial asset measured at FVTPL - Equity instruments & Others	678.01	966.04
Financial asset measured at FVTOCI - Equity instruments	47.21	98.34
	725.22	**1064.38**

7. Other financial assets

Particulars	As at	
	31.03.2020	31.03.2019
A. Non-current		
Security deposits	**146.29**	**133.39**
B. Current		
Deposits	0.19	0.37
Advances to employees	16.76	19.32
Other receivables		
Considered good	49.25	50.94
Considered doubtful	0.57	0.61
Less: Allowance for doubtful receivables	(0.57)	(0.61)
	66.20	**70.63**

8. Deferred tax assets (net) and Deferred tax liabilities (net)

Particulars	As at	
	31.03.2020	31.03.2019
A. Deferred tax assets (net)	**91.72**	**101.05**
B. Deferred tax liabilities (net)	**132.59**	**355.42**

Notes forming part of the Consolidated Financial Statements

For the year ended March 31, 2020 (in Indian Rupees million, unless otherwise stated)

Particulars	2019-20				
	Balance as at 31.03.2019	Recognised in Profit or Loss	Recognised in OCI	Translation adjustment	Balance as at 31.03.2020
A. Deferred tax assets (net)					
Allowance for doubtful receivables and advances	1.75	(0.55)	-	-	1.20
Expenses allowed on payment/realisation basis	11.80	3.12	-	(0.62)	14.30
Accelerated depreciation for tax purposes	27.91	5.68	-	0.00	33.59
Tax losses	13.90	-	-	1.25	15.15
Tax on Unrealised profit on stock	45.69	(18.21)	-	-	27.48
Total	**101.05**	**(9.96)**	**-**	**0.63**	**91.72**
B. Deferred tax liabilities (net)					
Allowance for doubtful receivables and advances	(28.66)	(4.63)	-	1.86	(31.43)
Voluntary retirement scheme payments	(0.68)	0.28	-	-	(0.40)
Expenses allowed on payment/realisation basis	(59.43)	4.40	-	1.30	(53.73)
Cash flow hedges	1.06	-	(2.32)	-	(1.26)
Tax on undistributed profit*	104.74	(104.74)	-	-	-
Accelerated depreciation for tax purposes	338.39	(116.46)	-	(2.52)	219.41
Total	**355.42**	**(221.15)**	**(2.32)**	**0.64**	**132.59**
Movement during the year (B - A)	**254.37**	**(211.19)**	**(2.32)**	**0.01**	**40.87**

**Consequent to the abolition of dividend distribution tax, the deferred tax liability created in respect of the undistributed profits from an Associate is reversed.*

Particulars	2018-19				
	Balance as at 31.03.2018	Recognised in Profit or Loss	Recognised in OCI	Translation adjustment	Balance as at 31.03.2019
A. Deferred tax assets (net)					
Allowance for doubtful receivables and advances	1.06	0.69	-	-	1.75
Expenses allowed on payment/realisation basis	20.65	(7.81)	-	(1.04)	11.80
Accelerated depreciation for tax purposes	(9.81)	35.74	-	1.98	27.91
Tax losses	66.99	(50.15)	-	(2.94)	13.90
Tax on Unrealised profit on stock	30.75	14.94	-	-	45.69
Total	**109.64**	**(6.59)**	**-**	**(2.00)**	**101.05**
B. Deferred tax liabilities (net)					
Allowance for doubtful receivables and advances	(31.75)	2.84	-	0.25	(28.66)
Voluntary retirement scheme payments	(0.64)	(0.04)	-	-	(0.68)
Expenses allowed on payment/realisation basis	(70.52)	10.08	-	1.01	(59.43)
Cash flow hedges	0.17	-	0.89	-	1.06
Tax on undistributed profit	97.68	7.06	-	-	104.74
Accelerated depreciation for tax purposes	388.21	(47.79)	-	(2.03)	338.39
Total	**383.15**	**(27.85)**	**0.89**	**(0.77)**	**355.42**
Movement during the year (B - A)	**273.51**	**(21.26)**	**0.89**	**1.23**	**254.37**

(a) Tax losses in respect of subsidiaries where the foreseeable business profits are estimated reasonably in the near future is considered for recognition of deferred tax assets in respective entities in compliance with tax laws of the respective countries.

(b) Deferred tax assets have not been recognised in respect of losses as they may not be used to offset taxable profit elsewhere in the Group, also they have arisen in subsidiaries that have been loss-making for some time and there are no other tax planning opportunities or other evidence of recoverability in the near future.

Notes forming part of the Consolidated Financial Statements

For the year ended March 31, 2020 (in Indian Rupees million, unless otherwise stated)

9. Other assets

Particulars	As at	
	31.03.2020	31.03.2019
A. Non-current		
Capital advances	60.18	136.36
Prepayments - Refer Note: 4B	-	134.82
Deposits paid under protest relating to Sales tax, Central Excise and Service tax demands	15.86	15.45
Taxation (net of provisions)	119.36	83.09
	195.40	**369.72**
B. Current		
Prepayments	130.06	132.17
Recoverable from Electricity Board - Banked power	44.85	-
Trade advance to Supplier	131.01	194.65
Balances with Statutory authorities	322.56	196.60
	628.48	**523.42**

10. Inventories

Particulars	As at	
	31.03.2020	31.03.2019
Raw materials	1523.77	2140.41
Raw materials in transit	185.07	87.45
Work-in-progress	1022.78	987.63
Stock-in-trade	627.55	560.99
Stock-in-trade in transit	46.86	35.84
Finished goods	991.49	808.87
Stores and spares	678.72	707.36
	5076.24	**5328.55**

a. The mode of valuation of inventories has been stated in Note: 3.16.

b. The cost of inventories recognised as an expense (consumption) during the year was ₹10053.48 million (Previous year: ₹10933.34 million).

c. All the above inventories are expected to be recovered within twelve months.

11. Trade receivables (Unsecured)

Particulars	As at	
	31.03.2020	31.03.2019
Current		
a. Considered good	4015.56	5139.22
b. Which have significant increase in Credit risk	144.17	95.12
c. Credit impaired	-	-
Allowance for doubtful receivables (expected credit loss allowance)	(144.17)	(95.12)
	4015.56	**5139.22**

a. Trade receivables are generally due between 30 to 60 days. The Group's term includes charging of interest for delayed payment beyond agreed credit days. However, the entities under the Group exercises charging of interest after considering the historical trend, business prospects, reason for delay, market conditions etc.

b. Credit risk is managed at the respective entity level. The credit limit and credit period are fixed for each customer after evaluating the financial position, past performance, business opportunities, credit references etc. The entities under the Group may consider credit rating when needed. The credit limit and the credit period are reviewed regularly at periodical intervals.

c. Concentration risk considers significant exposures relating to industry, counterparty, geography, currency etc. The concentration of credit risk is not significant due to the fact that the customer base is large and diversified.

For the year ended March 31, 2020 (in Indian Rupees million, unless otherwise stated)

d. The respective entities under the Group have used a practical expedient by computing the expected credit loss allowance for trade receivables based on provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward looking information.

e. Some trade receivable may be past due over 365 days without being impaired considering the certainty of realisation.

f. Trade Receivable includes dues from related party amounting ₹54.92 million (Previous year: ₹61.39 million).

g. Movement in the expected credit loss allowance

Particulars	As at	
	31.03.2020	31.03.2019
Balance at the beginning of the year	95.12	103.66
Movement in the expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	49.05	(8.54)
	144.17	**95.12**

12A. Cash and cash equivalents

Particulars	As at	
	31.03.2020	31.03.2019
Balances with banks	1321.41	953.82
Deposit account	1586.05	4.27
Cash on hand	13.09	1.28
	2920.55	**959.37**

Non-cash transactions:
During the year, the Company has not entered into any non-cash transaction on investing and financing activities.
There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting period and previous year.

12B. Bank balances other than above

Particulars	As at	
	31.03.2020	31.03.2019
Earmarked funds	**19.22**	**15.70**

13. Equity Share Capital

Particulars	As at	
	31.03.2020	31.03.2019
Authorised share capital:		
387,250,000 (as at March 31, 2019: 387,250,000) equity shares of ₹1 each	387.25	387.25
Issued, Subscribed and Paid-up:		
189,412,196 (as at March 31, 2019: 189,154,175) equity shares of ₹1 each fully paid	189.41	189.15

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

Particulars	As at 31.03.2020		As at 31.03.2019	
Equity shares with voting rights	No. of Shares	Value of Shares	No. of Shares	Value of Shares
At the beginning of the year	189,154,175	189.15	188,955,751	188.96
Add: Shares issued against Employee Stock Option Scheme/Plan	258,021	0.26	198,424	0.19
At the end of the year	189,412,196	189.41	189,154,175	189.15

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. Repayment of capital and surplus, if any, will be in proportion to the number of equity shares held.

c) Dividend details

An interim dividend of ₹2.75/- per share was declared at the meeting of the Board of Directors held on February 26, 2020 and the same has been paid and recommended to be confirmed by the shareholders as final dividend for the financial year 2019-20, (previous year an interim dividend of ₹1.5/- per share was declared at the meeting of the Board of Directors held on February 01, 2019 and the same has been paid).

Final dividend of ₹1.25/- per share proposed for previous year ended March 31, 2019 has been paid during the year.

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

Name of Shareholder	As at			
	31.03.2020		31.03.2019	
	No. of shares held*	% of holding	No. of shares held*	% of holding
Ambadi Investments Limited	56,054,244	29.59%	56,054,244	29.63%
HDFC Trustee Company Limited	17,495,337	9.24%	16,987,297	8.98%
SBI Mutual Fund	11,803,727	6.23%	43,11,303	2.28%

*Holdings combined based on the PAN of the shareholders.

e) Stock Options granted under the Company's Employee Stock Option Scheme/Plan

Stock Options granted under the Company's Employee Stock Option Scheme/Plan pending exercise by option holders carry no right to dividend and voting rights. Further details of the Employee Stock Option Scheme/Plan are provided in Note: 36 of Standalone Financial Statements.

14. Other equity

Particulars	As at	
	31.03.2020	31.03.2019
A. Reserves and Surplus		
a. Profit on Forfeiture of Shares/Warrants	6.03	6.03
b. Capital redemption reserve	27.68	27.68
c. Capital reserve on consolidation	815.94	750.33
d. Securities premium	288.56	254.11
e. General reserve	7730.94	7230.94
f. Share options outstanding account	62.75	46.69
g. Retained earnings	9892.38	8734.26
B. Items of Other Comprehensive Income		
h. Reserve for equity instruments	(24.52)	26.61
i. Effective portion of Cash flow Hedge	(2.26)	1.54
j. Foreign currency translation reserve	(427.10)	(50.06)
k. Revaluation surplus	23.74	23.74
C. Share application pending allotment		
l. Share application pending allotment	-	-
Total Other equity	**18394.14**	**17051.87**

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a. Profit on forfeiture of shares/warrants

Particulars	As at 31.03.2020	As at 31.03.2019
Balance at the beginning of the year	6.03	6.03
Movements	-	-
Balance at end of the year	**6.03**	**6.03**

During 1999, an amount of ₹6.03 million has been added on account of forfeiture of shares in the Parent company. This balance can be used in paying up unissued shares as fully paid bonus shares to the shareholders of the Parent company.

b. Capital redemption reserve

Particulars	As at 31.03.2020	As at 31.03.2019
Balance at the beginning of the year	27.68	27.68
Movements	-	-
Balance at end of the year	**27.68**	**27.68**

During the year 2000-01, the Company bought back 2,768,000 shares at the then face value of ₹10 each at the price of ₹115 per share from the shareholders, pursuant to the offer of buy back of shares. A sum equal to nominal value of shares so bought back was transferred to capital redemption reserve account as per Companies Act, 1956. This reserve can be used in paying up unissued shares as fully paid bonus shares to the shareholders of the Company.

c. Capital reserve on consolidation

Particulars	As at 31.03.2020	As at 31.03.2019
Balance at the beginning of the year	750.33	706.77
Movements due to translation impact	65.61	43.56
Balance at end of the year	**815.94**	**750.33**

Capital reserve on consolidation was created on account of acquisition of step down subsidiary: Thukela Refractories Isithebe Pty Ltd.; Joint Ventures: MMTCL & CIRIA; and Associate: WENDT, since the consideration paid was lower than the net worth of the acquiring company on the date of acquisition. The balance in this reserve will get transferred at the time of disposal of the relevant investment.

d. Securities premium

Particulars	As at 31.03.2020	As at 31.03.2019
Balance at the beginning of the year	254.11	226.19
Movements	34.45	27.92
Balance at end of the year	**288.56**	**254.11**

The Securities premium received during the year represents the premium received towards allotment of 258,021 shares. Cumulatively 2,704,196 equity shares were allotted during the period FY 2009-10 to FY 2019-20 under ESOP Scheme 2007 and ESOP Plan 2016 (Refer Note: 36 of Standalone Financial Statments towards details of the Scheme/Plan).

This balance will be utilised in accordance with the provisions of Section 52 of the Companies Act, 2013 towards issuance of fully paid bonus shares, write-off of preliminary expenses, commission / discount expenses on issue of shares / debentures, premium payable on redemption of redeemable preference shares / debentures and buy back of its own shares / securities under Section 68 of the Companies Act.

e. General reserve

Particulars	As at 31.03.2020	As at 31.03.2019
Balance at the beginning of the year	7230.94	6730.94
Movements: Transfer from retained earnings	500.00	500.00
Balance at end of the year	**7730.94**	**7230.94**

The general reserve is a free reserve, retained from Group's profits and can be utilized upon fulfilling certain conditions in accordance with statute of the relevant Act.

f. Share options outstanding account

Particulars	As at 31.03.2020	As at 31.03.2019
Balance at the beginning of the year	46.69	30.84
Movements	16.06	15.85
Balance at end of the year	**62.75**	**46.69**

Under Ind AS 102, fair value of the options granted is to be expensed out over the life of the vesting period as employee compensation costs reflecting period of receipt of service. Refer Note: 36 of Standalone Financial Statements for details.

g. Retained earnings

Particulars	As at 31.03.2020	As at 31.03.2019
Opening Balance	8734.26	7360.98
Add: Profits for the year	2724.17	2476.78
Less: Other Comprehensive Income arising from remeasurement of defined benefit obligation net of tax	(129.76)	19.16
Less: Transfer to General reserve	(500.00)	(500.00)
Less: Final dividend paid	(236.51)	(236.30)
Less: Dividend tax on Final dividend paid	(30.31)	(35.27)
Less: Interim dividend	(520.75)	(283.71)
Less: Dividend tax on Interim dividend	(100.84)	(44.22)
Less: Dividend tax on Subsidiaries & Joint Ventures	(47.88)	(23.16)
	9892.38	**8734.26**

The amount that can be distributed by the Group as dividend to its equity shareholders is determined based on the financial position and dividend policy of the Group and in compliance with the applicable statutes.

h. Reserve for equity instruments

Particulars	As at 31.03.2020	As at 31.03.2019
Balance at the beginning of the year	26.61	84.42
Movements	(51.13)	(57.81)
Balance at end of the year	**(24.52)**	**26.61**

This reserve represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value through Other Comprehensive Income (Refer Note: 6C(i)), which will be reclassified to retained earnings when those assets are disposed off.

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i. Effective portion of Cash flow Hedge

Particulars	As at	
	31.03.2020	31.03.2019
Balance at the beginning of the year	1.54	0.25
Movements	(3.80)	1.29
Balance at end of the year	**(2.26)**	**1.54**

The hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges. The reserve will be reclassified to profit or loss when the hedged transaction impacts the profit or loss, or included as a basis adjustment to the non-financial hedged item.

j. Foreign currency translation reserve

Particulars	As at	
	31.03.2020	31.03.2019
Balance at the beginning of the year	(50.06)	256.47
Movements	(377.04)	(306.53)
Balance at end of the year	**(427.10)**	**(50.06)**

Exchange differences relating to the translation of the results and net assets of the Group's foreign subsidiaries from their functional currencies to the Group's presentation currency (i.e. Indian Rupees) are recognised directly in Other Comprehensive Income and accumulated in the foreign currency translation reserve. Exchange differences accumulated in the foreign currency translation reserve are reclassified to Profit or Loss at the time of disposal of respective foreign operation.

k. Revaluation surplus

Particulars	As at	
	31.03.2020	31.03.2019
Balance at the beginning of the year	23.74	23.74
Movements	-	-
Balance at end of the year	**23.74**	**23.74**

Land & Buildings of the Parent company added upto 31st August 1984 were revalued in 1984 based on the valuation done by an independent valuer. The value added on revaluation amounting to ₹58.41 million was credited to fixed asset revaluation reserve. The depreciation charged on the revalued portion was recouped every year from this reserve upto March 31, 2015 under previous GAAP.

l. Share application money pending allotment

Particulars	As at	
	31.03.2020	31.03.2019
Balance at the beginning of the year	-	0.23
Movements	-	(0.23)
Balance at end of the year	**-**	**-**

Share application money pending for allotment under ESOP scheme. This represents the amount to the extent not refundable.

15. Non-Controlling Interest [NCI]

Particulars	As at	
	31.03.2020	31.03.2019
Balance at beginning of the year	523.10	614.74
Share of Profit	25.67	(0.78)
Share of Other Comprehensive Income	(3.79)	1.35
Dividend paid to Non-Controlling Interest and its relevant tax thereon	(80.95)	(82.95)
Translation impact on Non-Controlling Interest of foreign subsidiaries	(8.62)	(9.26)
Balance as at the end of the year	**455.41**	**523.10**

Details of Non-Controlling Interests

The table below shows details relating to Non-Controlling Interest in the entities which are not wholly owned by the Group.

Name of the Subsidiary	Place of incorporation	Proportion of ownership	
		31.03.2020	31.03.2019
Southern Energy Development Corporation Limited	India	15.24%	15.24%
Sterling Abrasives Limited	India	40.00%	40.00%
CUMI (Australia) Pty Ltd.	Australia	48.78%	48.78%
Volzhsky Abrasive Works	Russia	2.56%	2.56%
Foskor Zirconia (Pty) Ltd.	South Africa	49.00%	49.00%

Name of the Subsidiary	Accumulated Non-Controlling Interest		Profit / (Loss) allocated to Non-Controlling Interest		Other Comprehensive Income allocated to Non-Controlling Interest	
	As at		For the year		For the year	
	31.03.2020	31.03.2019	2019-20	2018-19	2019-20	2018-19
Southern Energy Development Corporation Limited	19.92	19.55	8.37	2.95	(0.06)	(0.18)
Sterling Abrasives Limited	236.66	221.45	31.84	37.69	(3.62)	1.07
CUMI (Australia) Pty Ltd.	272.75	281.31	63.63	56.77	-	-
Volzhsky Abrasive Works	109.97	108.37	22.24	22.85	-	-
Foskor Zirconia (Pty) Ltd.	(183.89)	(107.58)	(100.41)	(121.04)	(0.11)	0.46
Total	**455.41**	**523.10**	**25.67**	**(0.78)**	**(3.79)**	**1.35**

Summarised financial information in respect of each of the Group's subsidiaries is set out below. The information below represents amounts before intragroup eliminations.

Particulars	Southern Energy Development Corporation Limited		Sterling Abrasives Limited		CUMI (Australia) Pty Ltd.	
	As at		As at		As at	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019	31.03.2020	31.03.2019
Non-Current assets *	58.69	95.34	460.80	368.75	159.85	122.47
Current assets	82.88	44.17	331.21	385.97	581.87	644.27
Non-Current liabilities	(1.48)	(2.43)	(24.74)	(26.65)	(32.74)	(5.80)
Current liabilities	(9.39)	(8.77)	(175.62)	(174.44)	(135.08)	(169.48)
Equity attributable to owners of the Company	**110.78**	**108.76**	**354.99**	**332.18**	**301.15**	**310.15**
Non-Controlling Interest	**19.92**	**19.55**	**236.66**	**221.45**	**272.75**	**281.31**

* Southern Energy Development Corporation Limited: Non-Current assets excludes fair valuation of the Parent company's shares held by it.

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Particulars	Southern Energy Development Corporation Limited		Sterling Abrasives Limited		CUMI (Australia) Pty Ltd.	
	For the year		For the year		For the year	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
Revenue	266.45	195.59	816.97	916.34	1079.17	1082.01
Expenses	(211.54)	(176.22)	(737.37)	(822.13)	(948.72)	(965.63)
Profit/(Loss) for the year	**54.91**	**19.37**	**79.60**	**94.21**	**130.45**	**116.38**
Profit/(Loss) attributable to owners of the Company	46.54	16.42	47.76	56.52	66.82	59.61
Profit/(Loss) attributable to the Non-Controlling Interest of the Company	8.37	2.95	31.84	37.69	63.63	56.77
Profit/(Loss) for the year	**54.91**	**19.37**	**79.60**	**94.21**	**130.45**	**116.38**
Other Comprehensive Income attributable to owners of the Company	(0.33)	(1.03)	(5.41)	1.60	-	-
Other Comprehensive Income attributable to Non-Controlling Interest of the Company	(0.06)	(0.18)	(3.62)	1.07	-	-
Other Comprehensive Income for the year	**(0.39)**	**(1.21)**	**(9.03)**	**2.67**	**-**	**-**
Total Comprehensive Income attributable to owners of the Company	46.21	15.39	42.35	58.12	66.82	59.61
Total Comprehensive Income attributable to Non-Controlling Interest of the Company	8.31	2.77	28.22	38.76	63.63	56.77
Total Comprehensive Income for the year	**54.52**	**18.16**	**70.57**	**96.88**	**130.45**	**116.38**
Dividend paid to Non-Controlling Interests (including relevant tax thereon)	**(7.94)**	**(10.14)**	**(13.02)**	**(13.02)**	**(51.60)**	**(51.20)**
Net cash inflow/(outflow) from Operating activities	82.49	47.01	155.13	98.90	178.33	60.94
Net cash inflow/(outflow) from Investing activities	10.42	17.50	(131.07)	(30.72)	(13.30)	(9.99)
Net cash inflow/(outflow) from Financing activities	(52.13)	(66.55)	(27.05)	(66.71)	(115.33)	(104.96)
Net cash inflow/(outflow)	**40.78**	**(2.04)**	**(2.99)**	**1.47**	**49.70**	**(54.01)**

Particulars	Volzhsky Abrasive Works		Foskor Zirconia (Pty) Ltd.	
	As at		As at	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
Non-Current assets	1485.10	1471.90	113.22	138.11
Current assets	3257.87	3161.09	413.02	497.03
Non-Current liabilities	(77.75)	(76.51)	(209.83)	(237.03)
Current liabilities	(376.29)	(330.07)	(691.69)	(617.66)
Equity attributable to owners of the Company	**4178.96**	**4118.04**	**(191.39)**	**(111.97)**
Non-Controlling Interest	**109.97**	**108.37**	**(183.89)**	**(107.58)**

Particulars	Volzhsky Abrasive Works		Foskor Zirconia (Pty) Ltd.	
	for the year		for the year	
	2019-20	2018-19	2019-20	2018-19
Revenue	6764.84	6501.75	1095.53	1118.90
Expenses	(5897.57)	(5610.41)	(1300.45)	(1365.93)
Profit/(Loss) for the year	**867.27**	**891.34**	**(204.92)**	**(247.03)**
Profit/(Loss) attributable to owners of the Company	845.03	868.49	(104.51)	(125.99)
Profit/(Loss) attributable to the Non-Controlling Interest of the Company	22.24	22.85	(100.41)	(121.04)
Profit/(Loss) for the year	**867.27**	**891.34**	**(204.92)**	**(247.03)**
Other Comprehensive Income attributable to owners of the Company	-	-	(0.12)	0.49
Other Comprehensive Income attributable to Non-Controlling Interest of the Company	-	-	(0.11)	0.46
Other Comprehensive Income for the year	**-**	**-**	**(0.23)**	**0.95**
Total Comprehensive Income attributable to owners of the Company	845.03	868.49	(104.63)	(125.50)
Total Comprehensive Income attributable to Non-Controlling Interest of the Company	22.24	22.85	(100.52)	(120.58)
Total Comprehensive Income for the year	**867.27**	**891.34**	**(205.15)**	**(246.08)**
Dividend paid to Non-Controlling Interests (including relevant tax thereon)	**(8.39)**	**(8.59)**	**-**	**-**
Net cash inflow/(outflow) from Operating activities	1088.28	518.50	63.42	12.48
Net cash inflow/(outflow) from Investing activities	(313.90)	(325.34)	(0.93)	(0.73)
Net cash inflow/(outflow) from Financing activities	(327.04)	(334.91)	(47.49)	(29.60)
Net cash inflow/(outflow)	**447.34**	**(141.75)**	**15.00**	**(17.85)**

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16. Borrowings - Non Current

Particulars	Maturity date	Repayment terms	Interest rate	As at	
				31.03.2020	31.03.2019
Secured - at Amortised Cost					
Finance lease obligations (consisting of multiple contracts with varied maturities) **(a)**	Ranging from 2018 to 2022	Monthly instalments		-	9.90
Unsecured - at Amortised Cost					
Redeemable Preference Share obligations **(b)**	Year 2023	On or before maturity date	12.7%	63.39	89.75
				63.39	**99.65**
Less: Current maturities of: (Refer Note: 20)					
- Finance lease obligations				-	6.91
- Redeemable Preference Share obligations				21.13	41.99
Total Non - Current Borrowings				**42.26**	**50.75**

a. Secured by vehicles acquired under finance lease arrangement.

b. Interest accrued on preference share capital added to loan amount

c. Disclosure related to "Changes in liabilities arising from financial activities" under Ind AS 7 Statement of Cash flows:

Net debts reconciliation:	Note	31.03.2020	31.03.2019
Cash and Cash equivalents	12A	2920.55	959.37
Other investments (liquid)	6C(ii)	675.14	961.25
Current borrowings	18	(552.96)	(867.80)
Non-Current borrowings (including current maturities)	16	(63.39)	(99.65)
Net Cash/(Net debt)		**2979.34**	**953.17**

Particulars	Other assets		Liabilities from Financing activities		Total
	Cash and Cash equivalents	Other investments (liquid)	Current borrowings	Non-Current borrowings (including current maturities)	
Net Cash/(Net debt) as at 31st March 2018	1276.34	570.49	(1181.59)	(112.03)	553.21
Changes from Financing Cash flows	(263.28)	390.76	335.84	0.21	463.53
The effect of changes in foreign exchange rates	(53.69)	-	(22.05)	12.17	(63.57)
Net Cash/(Net debt) as at 31st March 2019	**959.37**	**961.25**	**(867.80)**	**(99.65)**	**953.17**
Reclassified from Borrowings to Lease liabilities under Ind AS 116	-	-	-	9.89	9.89
Writeback of Preference share capital interest	-	-	-	18.15	18.15
Changes from Financing Cash flows	2079.01	(286.11)	322.62	-	2115.52
The effect of changes in foreign exchange rates	(117.83)	-	(7.78)	8.22	(117.39)
Net Cash/(Net debt) as at 31st March 2020	**2920.55**	**675.14**	**(552.96)**	**(63.39)**	**2979.34**

For the year ended March 31, 2020 (in Indian Rupees million, unless otherwise stated)

17. Provision

Particulars	As at	
	31.03.2020	31.03.2019
A. Non-Current		
Employee benefits	**112.69**	**96.05**
B. Current		
Employee benefits	**175.65**	**175.25**

The movement represents the provision created for the year arising out of the valuation after considering the actual settlements made during the year.

18. Borrowings - Current

Particulars	As at	
	31.03.2020	31.03.2019
Unsecured - at amortised cost		
Other borrowings	-	306.52
Cash credit (repayable on demand)	458.94	484.54
Secured - at amortised cost (a)		
Cash credit (repayable on demand)	94.02	76.74
	552.96	**867.80**

(a) The funding facility availed by one of the domestic subsidiary is secured by its current assets.

19. Trade payables

Particulars	As at	
	31.03.2020	31.03.2019
Total outstanding dues to micro and small enterprises **(c)**	15.96	30.36
Total outstanding dues of creditors other than micro enterprises and small enterprises	1938.03	2056.40
	1953.99	**2086.76**

a. Trade payables are non-interest bearing and are normally settled within the agreed due dates, generally ranging from 30 to 60 days.

b. All the payables are settled within the credit period as per pre-agreed terms. The entities in the Group have financial risk management policies in place to ensure that the payments are made within agreed period.

c. Dues to Micro and Small Enterprises have been determined to the extent such parties, as applicable, have been identified on the basis of information collected by the Management. This has been relied upon by the auditors. There were no overdue amounts/interest payable to Micro and Small Enterprises as per Micro, Small and Medium Enterprises Development Act, 2006 as at the Balance Sheet date or any time during the year.

20. Other financial liabilities

Particulars	As at	
	31.03.2020	31.03.2019
Current		
Secured		
Current maturities of Finance lease obligations (Refer Note: 16)	-	6.91
Unsecured		
Current maturities of Redeemable Preference Share obligation (Refer Note: 16)	21.13	41.99
Unclaimed and Unpaid dividends	26.39	22.88
Remuneration payable to Directors	24.78	21.14
Deposits	50.26	49.27
Payable relating to Capital expenditure	58.25	75.99
Other payables	383.79	525.13
	564.60	**743.31**

For the year ended March 31, 2020 (in Indian Rupees million, unless otherwise stated)

21. Other current liabilities

Particulars	As at	
	31.03.2020	31.03.2019
Contract liabilities **(a)**	113.87	88.25
Statutory liabilities	111.35	92.61
Others	30.81	-
	256.03	**180.86**

(a) Details about Contract Liabilities:

(i) The outstanding balances in Contract liabilities have increased from last year mainly on account of increase in receipt of advances during current year.

(ii) Revenue recognized in relation to Contract liabilities.

The following summary shows how much of the revenue recognized in the current year relates to carried forward Contract liabilities and how much relates to performance obligations that were satisfied in the prior year.

Particulars	For the year 2019 - 20	For the year 2018 - 19
Revenue recognized that was included in the Contract liabilities balance at the beginning of the period	88.25	92.81
Revenue recognized from performance obligations satisfied in previous periods	-	-

iii) In respect of the remaining performance obligations, the disclosure towards allocation of transaction price do not arise as the contract has an original expected duration of one year or less.

22. Revenue from operations

Particulars	For the year	
	2019-20	2018-19
a. Sales / Income from Operations - Refer Note : 31 "Segmental Disclosure" for breakup of sales		
Sale of products	24700.36	25530.71
Sale of services	993.25	1025.40
	25693.61	**26556.11**
b. Other operating income		
Service income	40.58	45.85
Scrap Sales	87.68	107.62
Miscellaneous income	167.82	179.46
	296.08	**332.93**
Total Revenue from operations (a + b)	**25989.69**	**26889.04**

No element of financing is deemed present as the sales are made with a credit term which is one year or less.

Reconciliation of Revenue recognised with Contract price:

Particulars	For the year	
	2019-20	2018-19
Gross Sales/Income from operations	25928.80	26837.20
Service income	40.58	45.85
Scrap sales	87.68	107.62
Contract price	**26057.06**	**26990.67**
Less : Discount - Variable Consideration	235.19	281.09
Revenue recognized under Ind AS 115	**25821.87**	**26709.58**
Add: Miscellaneous income	167.82	179.46
Revenue from operations	**25989.69**	**26889.04**

23. Other Income

Particulars		For the year	
		2019-20	2018-19
(a)	**Dividend Income**		
	Dividend Income from Long term Investments	9.84	6.78
	Dividend Income from Current Investments	33.05	36.03
		42.89	**42.81**
(b)	**Interest Income earned on financial assets that are not designated as at Fair Value Through Profit or Loss [FVTPL]**		
	Interest Income		
	from banks	32.15	7.05
	from others	38.57	41.19
		70.72	**48.24**
(c)	**Net gain arising on financial assets mandatorily measured at FVTPL**		
	(Refer Note: 6C (i) & (ii) investment schedule)	**-**	**0.70**
(d)	**Other non-operating income**		
	Profit on sale of assets	55.34	10.53
	Profit on sale of Investments (net)	-	0.12
	Profit on exchange fluctuation (net)	189.28	45.72
	Provision for expenses no longer required written back	21.11	9.59
	Reversal of impairment losses on financial assets	31.83	33.20
	Rental income	0.41	0.94
	Miscellaneous income	38.48	81.13
		336.45	**181.23**
	Total Other Income (a + b + c + d)	**450.06**	**272.98**

24. Changes in inventories of finished goods, stock-in-trade and work in progress

Particulars	For the year	
	2019-20	2018-19
Opening stock		
Work-in-progress	987.63	898.95
Stock-in-trade (includes in-transit)	596.83	696.69
Finished goods	808.87	530.26
(A)	**2393.33**	**2125.90**
Less: Closing stock		
Work-in-progress	1022.78	987.63
Stock-in-trade (includes in-transit)	674.41	596.83
Finished goods	991.49	808.87
(B)	**2688.68**	**2393.33**
(Accretion)/Decretion to stock (A) - (B)	**(295.35)**	**(267.43)**

For the year ended March 31, 2020 (in Indian Rupees million, unless otherwise stated)

25. Employee benefit expense

Particulars	For the year	
	2019-20	2018-19
Salaries, wages and bonus	2763.68	2622.36
Contribution to provident and other funds	200.17	187.06
Voluntary retirement compensation	0.45	0.87
Share based payments to employees (ESOPs) - Refer Note: 36 of Standalone financial statements	16.06	15.85
Remuneration to Managing Director - Refer Note: 23 of Standalone financial statement	24.31	23.19
Remuneration to Executive Director - Refer Note: 23 of Standalone financial statement	12.74	-
Welfare expenses	430.89	423.86
	3448.30	**3273.19**

26. Finance costs

Particulars	For the year	
	2019-20	2018-19
Interest costs		
- on Fixed loans	15.50	24.81
- on Lease liabilities - Refer Note: 4B	6.56	-
- on Others	36.54	44.08
Other borrowing costs	4.65	15.94
	63.25	**84.83**

27. Depreciation and amortisation expense

Particulars	For the year	
	2019-20	2018-19
Depreciation of property, plant and equipment - Refer Note: 4A	994.48	1047.73
Depreciation of Right-of-use assets - Refer Note: 4B	29.41	-
Amortisation of intangible assets - Refer Note: 5B	21.32	34.98
	1045.21	**1082.71**

28. Other expenses

Particulars	For the year	
	2019-20	2018-19
Consumption of stores and spares **(a)**	884.26	930.36
Power and fuel **(b)**	3716.64	3786.10
Rent	86.02	105.39
Rates and taxes	132.96	118.07
Insurance	48.26	48.55
Repairs to: **(c)**		
- Buildings	127.65	137.66
- Plant and Equipment	903.22	902.24
- Others	9.15	14.80
Data Processing Charges	120.67	124.67
Technical Fee / Royalty	92.46	80.34
Directors' Sitting fees	3.59	2.05
Commission to Non-wholetime Directors	16.83	15.25
Auditors' remuneration (Refer Note: 39 of Standalone financials)	7.95	6.57
Net Loss arising on financial assets mandatorily measured at FVTPL (Refer Note: 6C (i) & (ii) investment schedule)	1.91	-
Travel and Conveyance	210.82	232.10
Freight, delivery and shipping charges	819.77	891.46
Selling commission	103.16	84.81
Advertisement and publicity	56.18	54.49
Printing, stationery and communication	46.84	50.90
Professional fees	257.44	254.00
Impairment loss on financial assets	14.08	15.22
Less: Provision adjusted	(12.74)	(12.26)
	1.34	2.96
Allowance for doubtful receivables and advances	93.58	36.42
Services outsourced	1571.67	1446.89
Loss on sale of assets	12.21	8.04
Miscellaneous expenses	361.29	349.12
	9685.87	**9683.24**

(a) Includes consumption of packing materials amounting ₹431.14 million (Previous year: ₹453.41 million)

(b) Net of own power generation, which includes energy banked with Kerala State Electricity Board - ₹44.85 million (Previous year NIL).

(c) Repairs includes consumption of stores and spares amounting to ₹299.72 million (Previous year: ₹310.70 million).

For the year ended March 31, 2020 (in Indian Rupees million, unless otherwise stated)

29. Income tax expense

Particulars	For the year	
	2019-20	2018-19
A. Income tax expense recognised in Profit and loss:		
a. Current tax		
In respect of the current year	966.68	1233.06
	966.68	**1233.06**
b. Deferred tax		
In respect of the current year	(47.88)	(22.17)
Adjustment to deferred tax attributable to changes in tax rates and laws	(163.31)	0.91
	(211.19)	**(21.26)**
Total Income tax expense recognised during the year (net)	**755.49**	**1211.80**

The Group opted to exercise the option permitted under section 115BAA of the Income-tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Group has recognised Provision for Income tax for the year ended March 31, 2020 and remeasured its Deferred Tax asset basis at the rate prescribed in the said section. The deferred tax impact of this change has been recognised in the Statement of Profit and Loss for the year ended March 31, 2020.

Income tax reconciliation:

Particulars		For the year	
		2019-20	2018-19
Profit before tax	A	**3505.33**	**3687.80**
Less: Share of Profit from Associate and Joint Ventures	B	177.71	199.32
Profit from operations before share of profit of equity accounted investees and income tax	C = (A-B)	**3327.62**	**3488.48**
Applied tax rate as per Parent jurisdiction	D	25.168%	34.944%
Income tax expense calculated at the tax rate of 25.168%, applicable to the Parent Company (for FY 18-19: 34.944%)	E = (C x D)	837.50	1219.01
Total Tax expenses charged in Profit and Loss for the year	F	755.49	1211.80
Differential tax impact	G = (F-E)	**(82.01)**	**(7.21)**
Differential tax impact due to the following (tax benefit)/tax expenses			
Effect of Income that is exempt from taxation net of disallowances		(6.63)	(2.92)
Effect of expenses that are not deductible in determining taxable profit		47.07	86.11
Claim of weighted benefit relating to In-house Research & Development facilities		-	(18.71)
Effect of changes in tax rate and laws		(163.31)	0.91
Deferred tax benefit not recognised on the losses of Subsidiaries		63.17	105.83
Effect of tax rate differentials in respect of subsidiaries operating in other jurisdictions		(22.31)	(178.43)
Total	**G**	**(82.01)**	**(7.21)**

B. Income tax recognised in Other Comprehensive Income:

Particulars	For the year	
	2019-20	2018-19
Effective portion of gain and loss on designated portion of hedging instruments in a cash flow hedge	(2.32)	0.89
Total income tax recognised in Other Comprehensive Income	**(2.32)**	**0.89**
Bifurcation of the income tax recognised in Other Comprehensive Income into:		
Items that will not be reclassified to profit or loss	-	-
Items that will be reclassified to profit or loss	(2.32)	0.89

30. Earnings per share

Particulars	For the year	
	2019-20	2018-19
Basic earnings per share (₹)	14.39	13.10
Diluted earnings per share (₹)	14.38	13.07
The calculation of Basic and Diluted Earnings per share is based on the following data:		
Consolidated Net Profit for the year after taxes	2724.17	2476.78
Weighted average number of equity shares outstanding during the year		
- Basic	189,246,630	189,049,874
- Dilutive	189,430,368	189,477,299

The weighted average number of equity shares for the purpose of diluted earnings per share reconciles to the weighted average number of equity shares used in the calculation of basic earnings per share as given below:

Particulars	For the year	
	2019-20	2018-19
Weighted average number of equity shares used in the calculation of basic earnings per share	189,246,630	189,049,874
Shares deemed to be issued for no consideration in respect of:		
- Employee Stock Option Scheme/Plan	183,738	427,425
Weighted average number of equity shares used in the calculation of diluted earnings per share	189,430,368	189,477,299

31. Segment information

The Group provides solutions majorly for five industrial manufacturing needs by developing, manufacturing and marketing products using the properties of materials known as Electrominerals.

The Business Group Management Committee headed by Managing Director (CODM) consists of Chief Financial Officer, Leaders of Strategic Business Units and Human resources reviews the performance of the Company and has identified three core reportable business segments organised using differences in products and services.

- Surface engineering (material removal, cutting, polishing) known as Abrasives. Abrasive segment comprise of Bonded, Coated, Processed cloth, Polymers, Power tools and Coolants.
- Technical ceramics and super refractory solutions to address wear protection, corrosion resistance, electrical resistance, heat protection and ballistic protection known as Ceramics.
- Electrominerals for surface engineering, refractories, energy and environment. It includes Fused Alumina, Silicon Carbide, zirconia, specialty minerals and captive power generation from hydel power plant.

Besides the above three core segments, the Group has a power generation entity to serve its power requirements of the core business segments. The Group also has an IT services company which provides IT infrastructure facility management services, software application development services, remote infrastructure management services and IT security management services.

The Business Group Management Committee monitors the operating results of its business segments for the purpose of making decisions about resource allocation and performance assessment using profit or loss and return on capital employed.

Notes forming part of the Consolidated Financial Statements
For the year ended March 31, 2020 (in Indian Rupees million, unless otherwise stated)

Particulars	Abrasives		Ceramics		Electrominerals		Power		IT Services		Eliminations		Total	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
Sales														
External Sales	9623.52	10862.35	6054.78	5812.71	8895.14	8726.85	43.03	44.13	83.89	84.67			24700.36	25530.71
Sale of Services	314.01	362.51	208.70	204.31	109.28	117.60	-	-	361.26	340.98			993.25	1025.40
Inter segment sales	15.58	18.62	25.98	26.96	1253.32	1340.99	193.78	143.12	26.30	25.73	(1514.96)	(1555.42)	-	-
Sales / Income from Operations	**9953.11**	**11243.48**	**6289.46**	**6043.98**	**10257.74**	**10185.44**	**236.81**	**187.25**	**471.45**	**451.38**	**(1514.96)**	**(1555.42)**	**25693.61**	**26556.11**
Results														
Segment result - EBITDA	1398.44	1708.76	1556.83	1388.58	1476.44	1684.71	98.53	57.13	53.87	48.78			4584.11	4887.96
Depreciation/amortisation	(270.41)	(306.02)	(288.05)	(307.94)	(426.74)	(401.79)	(33.60)	(41.50)	(18.58)	(14.19)			(1037.38)	(1071.44)
Profit on sale of Fixed Assets (Net)	1.44	(1.26)	48.35	0.98	(8.16)	(3.81)	-	(0.03)	-	-			41.63	(4.12)
Unallocated corporate expenses (Net)													(309.19)	(330.96)
Interest expense													(63.25)	(84.83)
Profit from Associate													39.97	61.45
Profit from Joint Ventures													137.74	137.87
Interest and dividend income													113.61	91.05
Fair valuation of Investment													(1.91)	0.70
Profit on investment (net)													-	0.12
Profit before tax	**1129.47**	**1401.48**	**1317.13**	**1081.62**	**1041.54**	**1279.11**	**64.93**	**15.60**	**35.29**	**34.59**	**-**	**-**	**3505.33**	**3687.80**
Less: Income taxes													755.49	1211.80
Net profit after taxes													**2749.84**	**2476.00**
Less: Non-controlling interest													25.67	(0.78)
Profit for the year attributable to Owners of the Company													**2724.17**	**2476.78**
Other information:														
Segment assets	5902.30	6552.83	4808.41	4572.79	6818.44	7079.93	17.41	50.46	173.24	157.34			17719.80	18413.35
Unallocated corporate assets*													5196.94	3907.17
Total assets	**5902.30**	**6552.83**	**4808.41**	**4572.79**	**6818.44**	**7079.93**	**17.41**	**50.46**	**173.24**	**157.34**			**22916.74**	**22320.52**
Segment liabilities	894.75	1371.18	647.99	522.84	1162.70	1017.83	10.61	10.96	106.29	112.17			2822.34	3034.98
Unallocated corporate liabilities													1055.44	1521.22
Total liabilities	**894.75**	**1371.18**	**647.99**	**522.84**	**1162.70**	**1017.83**	**10.61**	**10.96**	**106.29**	**112.17**			**3877.78**	**4556.20**
Addition to Non-current assets	661.10	322.72	266.79	237.30	308.91	373.07	0.56	2.38	5.71	21.26				
Depreciation & Amortization	270.41	306.02	288.05	307.94	426.74	401.79	33.60	41.10	18.58	14.19				
Non-cash items other than depreciation and amortisation	10.37	11.38	6.35	21.22	77.07	4.27	-	-	1.14	2.51				

* includes Goodwill of ₹1330.37 million (Previous year: ₹1222.82 million), Investment in Associate and Joint Ventures under equity method - ₹1161.67 million(Previous year: ₹1200.81 million)

Notes forming part of the Consolidated Financial Statements
For the year ended March 31, 2020 (in Indian Rupees million, unless otherwise stated)

Particulars	Abrasives		Ceramics		Electrominerals		Power		IT Services		Eliminations / Unallocable		Total	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
Revenue recognised under Ind AS 115														
Sales / Income from Operations	9953.11	11243.48	6289.46	6043.98	10257.74	10185.44	236.81	187.25	471.45	451.38	(1514.96)	(1555.42)	25693.61	26556.11
Service income	0.95	0.07	-	-	9.52	11.49	-	-	-	-	30.11	34.29	40.58	45.85
Scrap sales	42.18	64.70	22.31	9.64	23.68	33.97	0.21	0.19	-	-	(0.70)	(0.88)	87.68	107.62
Total	**9996.24**	**11308.25**	**6311.77**	**6053.62**	**10290.94**	**10230.90**	**237.02**	**187.44**	**471.45**	**451.38**	**(1485.55)**	**(1522.01)**	**25821.87**	**26709.58**
Revenue recognised under Ind AS 115 comprise of:														
- At the point in time	9995.29	11308.18	6228.42	5992.42	10281.42	10219.41	237.02	187.44	83.89	84.68	(1515.66)	(1556.30)	25310.38	26235.83
- Over the period	0.95	0.07	83.35	61.20	9.52	11.49	-	-	387.56	366.70	30.11	34.29	511.49	473.75
Total	**9996.24**	**11308.25**	**6311.77**	**6053.62**	**10290.94**	**10230.90**	**237.02**	**187.44**	**471.45**	**451.38**	**(1485.55)**	**(1522.01)**	**25821.87**	**26709.58**

Sales between operating segments are carried out at arm's length basis and are eliminated at Group level consolidation.

The accounting policies of the reportable segments are same as that of Group's accounting policies described in Note: 3.22. Segment profit represents the profit before tax earned by each segment without allocation of central administration costs and directors' salaries, other income, as well as finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Segment assets and liabilities

For the purposes of monitoring segment performance and allocating resources between segments:

1. All assets are allocated to reportable segments other than investments, loans, current and deferred tax assets, unallocable current and non-current assets.
2. All liabilities are allocated to reportable segments other than borrowings, current and deferred tax liabilities and unallocable current and non-current liabilities.

Geographical information

The Parent company is domiciled in India. The amount of its revenue from external customers are broken down by location of those customers and information about its non-current assets other than investment, other financial instruments and deferred tax assets are given below:

	Revenue from external customer		Non-current assets	
	For the year		As at	
	2019-20	2018-19	31.03.2020	31.03.2019
India	13096.50	14533.87	4903.80	4910.57
Rest of the world	12597.11	12022.24	2947.09	2873.23
	25693.61	**26556.11**	**7850.89**	**7783.80**

Information about major customers

No single customer contributed 10% or more to the Group's revenue during the years 2019-20 and 2018-19.

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32. Subsidiaries

Name of Subsidiary	Nature of Business	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Group As at 31.03.2020	31.03.2019
Net Access India Limited	IT services	India	100%	100%
Southern Energy Development Corporation Limited	Power generation	India	84.76%	84.76%
Sterling Abrasives Limited	Manufacture/Trading of Abrasive products	India	60%	60%
CUMI (Australia) Pty Ltd.	Manufacture/Trading of Ceramic products & its related services	Australia	51.22%	51.22%
CUMI International Ltd.	Investment company	Cyprus	100%	100%
Holdings through Subsidiary:				
Volzhsky Abrasive Works	Manufacture of Abrasive, Electromineral and Ceramic products	Volgograd, Russia	97.44%	97.44%
Foskor Zirconia (Pty) Ltd.	Manufacture of Electromineral products	South Africa	51%	51%
CUMI America Inc.	Trading of Abrasive & Ceramic products	USA	100%	100%
CUMI Middle East FZE	Trading of Abrasive & Ceramic products	Ras Al Khaimah, UAE	100%	100%
CUMI Abrasives & Ceramics Company Ltd.	Manufacture / Trading of Abrasive & Ceramic products	China	100%	100%
Thukela Refractories Isithebe Pty Ltd.	Manufacture of Ceramic & Electromineral products	South Africa	100%	100%
CUMI Europe s.r.o	Trading of Electromineral products	Czech Republic	100%	100%

Composition of the Group

Principal activity	Place of incorporation and operation	Number of wholly-owned subsidiaries As at 31.03.2020	31.03.2019
Manufacture & Trading of Abrasive products	China, America, Middle East	3	3
Manufacture & Trading of Electromineral products	South Africa, Czech Republic	2	2
IT services provided	India	1	1
Investment company	Cyprus	1	1
		7	**7**

Principal activity	Place of incorporation and operation	Number of wholly-owned subsidiaries As at 31.03.2020	31.03.2019
Manufacture & Trading of Abrasive products	India	1	1
Manufacture & Trading of Ceramic products	Australia	1	1
Manufacture & Trading of Electromineral products	South Africa, Russia	2	2
Power generation	India	1	1
		5	**5**

Details of the Non-Controlling Interest relating to non-wholly owned subsidiary to the Group are disclosed in Note: 15

33. Contingent Liabilities and Commitments in respect of which no provision is considered necessary

S.No	Particulars	As at 31.03.2020	As at 31.03.2019
A.	**Contingent Liabilities**		
(a)	Outstanding letters of credit	66.05	436.59
(b)	Disputed income tax, sales tax, excise duty, service tax and customs duty demands which are under various stages of appeal proceedings.	386.07	349.95
(c)	Claims against the companies in the Group not acknowledged as debts:		
	i. Disputed demands by Electricity Board	43.35	43.35
	ii. Contested Provident fund and ESI demands	-	0.11
	iii. Others	52.58	55.83
	Total claims against the Companies in the Group not acknowledged as debts	**95.93**	**99.29**
(d)	Employees demands pending before Labour Courts - quantum not ascertainable at present		
	In respect of the above demands disputed by the companies in the Group, 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 respective Company's rights for future appeals. No reimbursements are expected.		
(e)	In respect of Associate and Joint Ventures refer note 6A & 6B		
B.	**Commitments**		
	Estimated amount of contracts remaining to be executed and not provided for:		
	- Towards capital account	**272.00**	**452.83**
	- In respect of Associate and Joint Ventures refer note 6A & 6B		

34. Employee Benefits

A. Defined contribution plans

The Group operates defined contribution retirement benefit plans under various jurisdictions for all qualifying employees. The assets of the plans are held separately from those of respective companies under the control of trustees/Government organisations. Where employees leave the plans prior to full vesting of the contributions, the contributions payable by the respective companies in the Group are reduced by the amount of forfeited contributions.

Particulars	For the year 2019-20	2018-19
Contribution to Provident fund and Other funds recognised in Profit and Loss	169.01	161.00
Amounts outstanding as at the end of the respective year and paid subsequently	17.60	30.21

Defined benefit plans

The Group sponsors defined benefit plans for qualifying employees of the Parent company and its subsidiaries, wherever applicable. The defined benefit plans are administered by an independent Fund that is legally separated from the respective entities.

Under the plans applicable to the Parent Company and its domestic subsidiaries, the employees are entitled to post-retirement yearly instalments amounting to 57.69% of final salary for each year of service until the retirement age of 58.

These plans typically expose the Group to actuarial risks such as: Investment, Interest rate, longevity and salary escalation risk

Investment risk: The present value of the defined benefit plan liability (denominated in Indian Rupee) is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. Currently, the investments are made in accordance with the guidelines under the applicable statutes.

Interest risk: A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.

Longevity risk: The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary escalation risk: The present value of the defined benefit plan liability is calculated with reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

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In respect of the subsidiary in United Arab Emirates, the end of service benefits is accounted on time basis in full for every employee in the service of that entity in accordance with the provisions of the applicable labour laws of that country. The effect of these plans are regarded as immaterial considering the monetary impact to the Group.

In respect of the subsidiary in South Africa, the defined benefit plans provided to the employees are post retirement health benefits and long service awards. The liability is ascertained using actuarial valuation and is accounted accordingly. The effect of these plans are regarded as immaterial considering the monetary impact to the Group.

The actuarial valuation of the plan assets and the present value of the defined benefit obligations of the Parent Company and its subsidiaries in India were carried out as at March 31, 2020 by certified actuaries. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

No other post-retirement benefits are provided to the employees. In respect of the contribution made to provident funds, the Parent guarantees the interest notified by the appropriate authority and to the extent of interest rate guaranteed, the liability is considered as defined benefit. For the financial year ended March 31, 2020, the interest yield is adequate to meet the guaranteed interest.

Assumptions:

The principal assumptions used for the purposes of the actuarial valuations are given below:

Particulars	As at	
	31.03.2020	31.03.2019
Discount rate	6.35% to 6.89%	7.41% to 7.79%
Expected rate of return	8.00%	7% to 8%
Expected salary escalation	5% to 7%	5%
Mortality table used	Indian Assured Lives Mortality (2012-14) Ultimate	Indian Assured Lives Mortality (2012-14) Ultimate

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

The details of actuarial valuation in respect of Gratuity liability is given below:

Particulars	As at	
	31.03.2020	31.03.2019
i. Projected benefit obligation as at beginning of the year	323.03	315.85
Service cost	33.20	27.64
Interest cost	23.63	23.81
Remeasurement (gain)/loss:		
Actuarial (gain)/loss arising from experience adjustments	53.76	(9.09)
Benefits paid	(37.24)	(35.18)
Projected benefit obligation as at end of the year	**396.38**	**323.03**
ii. Fair value of plan assets as at beginning of the year	293.79	262.65
Expected return on plan assets	22.77	22.22
Contributions	26.50	28.17
Benefits paid	(37.19)	(35.18)
Remeasurement gain/(loss):		
Actuarial Gain/(losses) on plan assets	(14.68)	15.93
Fair value of plan assets as at end of the year	**291.19**	**293.79**
iii. Amount recognised in the Balance Sheet:		
Projected benefit obligation at the end of the year	396.38	323.03
Fair value of the plan assets at the end of the year	291.19	293.79
(Liability)/Asset recognised in the Balance Sheet-net	**(105.19)**	**(29.24)**
iv. Cost of the defined benefit plan for the year:		
Current service cost	33.20	27.64
Interest on obligation	23.63	23.81
Expected return on plan assets	(22.77)	(22.22)
Components of defined benefit cost recognised in the Statement of Profit and Loss	**34.06**	**29.23**
(included in Note: 25 Contribution to Provident and other funds)		
Remeasurement on the net defined benefit liability:		
Actuarial (gain)/loss arising from changes in demographic assumptions	53.76	(9.09)
Actuarial (gain)/loss arising from changes in financial assumptions	14.68	(15.93)
Components of defined benefit costs recognised in Other Comprehensive Income	**68.44**	**(25.02)**
Total cost of the defined benefit plan for the year	**102.50**	**4.21**

V Experience Adjustment

Particulars	As at	
	31.03.2020	31.03.2019
Present value of defined benefit obligation	396.38	323.03
Fair value of plan assets	291.19	293.79
Balance Sheet (Liability)/Asset	(105.19)	(29.24)

Particulars	For the year	
	2019-20	2018-19
Profit and Loss	34.06	29.23
Experience adjustment on plan liabilities (gain) / loss	53.76	(9.09)
Experience adjustment on plan assets (gain) / loss	14.68	(15.93)

In the absence of the relevant information, the above details does not include the composition of plan assets and expected return on each category of plan assets.

The actual return on plan assets was ₹22.77 million (for the year ended March 31, 2019: ₹22.21 million).

Sensitivity analysis in respect of the actuarial assumptions used in calculation of defined benefit obligation is given below:

Particulars	As at	
	31.03.2020	31.03.2019
Discount rate - 100 basis point higher	(364.32)	(298.38)
Discount rate - 100 basis point lower	425.91	346.59
Salary escalation rate - 100 basis point higher	422.24	343.10
Salary escalation rate - 100 basis point lower	(367.06)	(300.92)
Life expectancy rate - 100 basis point higher	395.36	329.64
Life expectancy rate - 100 basis point lower	(390.74)	(310.81)

In the above table, positive figures indicate increase in the liability and negative figures indicate decrease in the liability.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

The weighted average duration of the benefit obligation as at March 31, 2020 is 15 years (as at March 31, 2019: 15 years).

The Group expects to make a contribution of ₹104.98 million (as at March 31, 2019: ₹35.64 million) to the defined benefit plans during the next financial year.

B. Provident fund

The actuary has assessed the calculations of the Interest Rate Guarantees based on the guidance note issued by the Institute of Actuaries of India. The disclosures required under Ind AS 19 is as set out below:

Fund and plan asset position of the Parent Company are as follows

Particulars	As at	
	31.03.2020	31.03.2019
Plan asset at the end of the year	1040.85	1095.25
Present value of benefit obligation at the end of the year	1098.20	770.54
Surplus/(Deficit) available	(57.35)	324.71
Asset recognised in the Balance Sheet	Not applicable since a separate trust is maintained	

The plan assets are primarily invested in Government securities.

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Assumptions for present value of interest rate guarantee are as follows:

Particulars	As at	
	31.03.2020	31.03.2019
Discount rate	6.93%	7.79%
Remaining term to maturity of portfolio (years)	5.31 years	6.21 years
Expected guaranteed rate (%)	8.50%	8.65%
Attrition rate	2%	2%

Sensitivity analysis in respect of the actuarial assumptions used in calculation of defined benefit obligation are given below:

Particulars	As at
	31.03.2020
Discount rate - 100 basis point higher	(12.61)
Discount rate - 100 basis point lower	11.11
Guaranteed interest rate - 100 basis point higher	(49.91)
Guaranteed interest rate - 100 basis point lower	-
Current yield - 100 basis point higher	6.57
Current yield - 100 basis point lower	(17.07)

C. Remeasurement of defined benefit plans - Items that will not be reclassified to Profit or loss included under Other Comprehensive Income as detailed below:

Particulars	As at	
	31.03.2020	31.03.2019
In respect of Gratuity	(68.44)	25.02
In respect of Provident Fund	(57.35)	-
Total Credited / (debited) to Other Comprehensive Income	**(125.79)**	**25.02**

35. Financial Instruments

(i) Capital management

For the purpose of the Group's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group's objective when managing capital is to:

- Safeguard their ability to continue as a going concern, so that they can continue to provide return for shareholders and benefits for other stakeholders; and
- Maintain an optimal capital structure to reduce the weighted average cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares, or sell non-core assets to reduce the debt.

Debt to Equity ratio

Particulars	As at	
	31.03.2020	31.03.2019
Debt (Long term borrowings, Short term borrowings & Current maturities of Long term borrowings)	616.35	967.45
Equity	18583.55	17241.02
Debt to Equity ratio	3.32%	5.61%

Lease liability amounting to ₹87.01 million arising on account of implementation of Ind AS 116 is not considered in the above working, as it is a liability. (Refer Note: 16b)

Loan Covenants:

As on March 31, 2020, there are no covenants applicable for long term loan outstanding.

Categories of financial instruments

Particulars	As at	
	31.03.2020	31.03.2019
A. Financial assets		
Measured at Fair Value Through Profit or Loss (FVTPL): Mandatorily measured:		
- Equity and other investments	678.01	966.04
Measured at Amortised cost		
- Cash and bank balances	2939.77	975.07
- Other financial assets (including trade receivable balances)	4228.05	5343.24
Measured at Fair Value Through Other Comprehensive Income (FVTOCI)		
- Investments in equity instruments designated upon initial recognition	47.21	98.34
B. Financial liabilities		
Measured at amortised cost (including trade payable balances)	3097.85	3748.62

(ii) Financial risk management objectives

The Group's activities expose it to market risk, liquidity risk and credit risk. The table given below explains the sources of risk which the Group is exposed to and how the Group manages the risk.

Risk	Exposure arising from	Measurement	Management
a. Credit risk	Cash and cash equivalents, trade receivables, derivative financial instruments, financial assets measured at amortised cost	Ageing analysis Credit ratings Financial analysis	Diversification of Short term investments, review of credit limits and credit locks and secured mode of payment
b. Market risk			
i. Market risk - foreign exchange	Future commercial transactions Recognised financial assets and liabilities not denominated in Indian rupee (INR)	Cash flow forecasting Sensitivity analysis	Forward foreign exchange contracts
ii. Market risk - interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Market trends, Interest rate swaps
iii. Market risk - Price risk	Investment in securities	Sensitivity analysis	Portfolio diversification
c. Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of sanctioned credit lines and borrowing facilities

The risk management is governed by policies developed in accordance with the Group guidelines and approved by the Board of Directors of the respective companies in the Group. They identify, evaluate and hedge financial risks in close co-ordination with their operating units.

a. Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

a (i) Trade receivables

Customer credit risk is managed by respective companies under the guidance of the credit policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on financial position, past performance, business/economic conditions, market reputation, expected business etc. Based on that credit limit & credit terms are decided. Outstanding customer receivables are regularly monitored through credit lock and release to effectively manage the exposure.

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An impairment analysis is performed at each reporting date on an individual basis for all the customers. The impairment is based on expected credit model considering the historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note: 11.

The Group has low concentration of risk with respect to trade receivables, as its customers are located in various geographies and belong to diversified industries and operate in largely independent markets.

a (ii) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the respective companies in accordance with their policy. Group recommends investments of surplus funds in short-term liquid funds and deposits with banks. The Investment limits are set out and are reviewed by the Board of Directors of the respective company on an quarterly basis.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note: 6 & 12.

b. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risks: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, Investments (FVTOCI) and derivative financial instruments.

Market risk exposures are measured using sensitivity analysis. There has been no change to the Group's exposure to market risks or the manner in which these risks are being measured and managed.

b (i) Foreign currency risk management

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. Foreign exchange rate exposures are managed within policy parameters developed under guidelines of the Group and approved by Board of Directors of the respective companies. The Group recommends to its operating entities to perform, to the extent it is possible, their transactions in their functional currencies. Where this is not possible, the transactional currency risk may be hedged on an individual basis by currency forwards. The Group recommends hedging of around 50% of the net material exposure by currency. Exposures relating to capital expenditure beyond a threshold are hedged as per respective company's policy at the time of commitment.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities based on gross exposure at the end of the reporting period are as under:

Currency	Liabilities		Assets	
	As at		As at	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
US Dollar (USD)	234.77	265.13	1181.77	1146.66
Euro (EUR)	66.80	46.23	583.71	489.96
Great British Pound (GBP)	-	-	7.79	5.62
United Arab Emirates Dirham (AED)	0.95	0.57	8.74	7.26
Japanese Yen	0.22	-	0.07	-
Chinese Yuan (CNY)	2.31	-	-	-
Australian Dollar (AUD)	-	3.01	-	-

Quantum of Forward contract (derivatives) (all of which identified as hedges) outstanding as at the end of the year (notional principal amount)

The details of outstanding forward exchange contracts taken towards hedging the trade exposures as on the reporting date are given as under:

Currency	Liabilities		Assets	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
USD	5.82	7.68	156.76	83.00
EUR	14.92	-	-	-

As at 31st March 2020 the outstanding forward exchange contracts were USD 2.02 million taken for receivable position and USD 0.08 million and EUR 0.18 million taken for payable position.

The value of the contracts outstanding currency wise is given below in the table:

Contracts booked for	Currency	As at 31.03.2020		As at 31.03.2019	
		Number of contracts	Value	Number of contracts	Value
Export receivable	USD	15	156.76	8	83.00
Import payment	USD	1	5.82	3	7.68
Import payment	EUR	2	14.92	-	-

Foreign currency sensitivity analysis

The Group is mainly exposed to US Dollar and Euro. The following table provides the sensitivity impact to a 10% strengthening or weakening of Indian rupee exchange rate against foreign currencies. The sensitivity analysis is done on net exposures. A positive number below indicates an increase in profit or equity when the Rupee weakens against the foreign currency and when net exposure is an asset.

Currency impact in (₹ million) relating to the foreign currencies of:	As at 31.03.2020		As at 31.03.2019	
	Profit or loss	Equity	Profit or loss	Equity
US Dollar (USD)	59.57	53.23	54.13	55.01
Euro (EUR)	39.80	39.80	29.79	29.79
Great British Pound (GBP)	0.58	0.58	0.38	0.38
United Arab Emirates Dirham (AED)	0.58	0.58	0.45	0.45
Japanese Yen	(0.01)	(0.01)	-	-
Chinese Yuan (CNY)	(0.17)	(0.17)	-	-
Australian Dollar (AUD)	-	-	(0.20)	(0.20)
Total	**100.35**	**94.01**	**84.55**	**85.43**

The Group sensitivity impact to foreign currency has marginally increased during the current year mainly due to the increase in the value of exposure of USD currency as at the end of the reporting period.

b (ii) Interest rate risk management

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group has been availing the borrowings on a fixed and variable rate of interest. These borrowings are carried at amortised cost. The borrowings on a fixed rate of interest basis are not subject to the interest rate risk as defined in Ind AS 107, since neither the carrying amount nor future cash flows will fluctuate because of change in market interest rates. The borrowings on a variable rate of interest are subject to interest rate risk as defined in Ind AS 107.

Classification of borrowings by nature of interest rate	As at	
	31.03.2020	31.03.2019
Borrowings at variable interest rate		
- Non - Current	-	-
- Current	552.96	867.80
Borrowings at fixed interest rate		
- Non - Current	42.26	50.75
- Current	21.13	48.90
Total Borrowings	**616.35**	**967.45**

Current borrowings at variable interest rate represents cash-credit and term loan. The foreign currency term loans are benchmarked to USD 6 months LIBOR.

Since there are no non-current borrowings on variable interest rate as on 31st March 2020 & 2019, interest rate exposure is nil.

b (iii) Price risks

The Group is exposed to equity price risks arising from equity investments. Certain of the Group equity investments are held for strategic rather than trading purposes. The Group also holds certain other equity investments for trading purposes.

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Equity price sensitivity analysis

The accumulated fair value change recognised on equity investment which are held for strategic purpose and designated at Fair value through Other Comprehensive Income as at 31st March 2020 is ₹(24.52) million (31st March 2019: ₹26.61 million) - Refer Note no: 14. The sensitivity analysis below have been determined based on the exposure to equity price risks at the end of the reporting periods. If equity prices moves-up or decrease by 5%, the impact to Other Comprehensive Income and equity is given below:

Movement of equity price	Impact to Other Comprehensive Income/equity	
	As at 31.03.2020	As at 31.03.2019
Increase by 5%	1.80	4.35
Decrease by 5%	(1.80)	(4.35)

The impact of change in equity price on non-current investment recorded at Fair value through Profit and Loss and other investment designated as Fair value through Other Comprehensive Income is not significant.

c. Liquidity risk management

The Group has established a liquidity risk management framework. The Group manages liquidity risk through cash generation from business and by having adequate banking facilities. The Group continuously monitors forecasts and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Contractual maturities of financial liabilities

The table below provides details regarding the contractual maturities of financial liabilities including estimated interest payments as at 31st March 2020:

Particulars	Carrying amount	upto 1 year	1-3 years	3-5 years	More than 5 years	Total contracted cash flows
Non-current financial liabilities						
Borrowings and interest thereon*	42.26		58.30			58.30
Lease liabilities	58.30		62.22	2.46		64.68
Current financial liabilities						
Borrowings and interest thereon*	552.96	580.61				580.61
Lease liabilities	28.71	30.15				30.15
Trade payables	1953.99	1953.99				1953.99
Maturities of long term borrowing	21.13	23.77				23.77
Other financial liabilities	543.47	543.47				543.47

The table below provides details regarding the contractual maturities of financial liabilities including estimated interest payments as at 31st March 2019:

Particulars	Carrying amount	upto 1 year	1-3 years	3-5 years	More than 5 years	Total contracted cash flows
Non-current financial liabilities						
Borrowings and interest thereon*	47.76		65.89			65.89
Finance lease liability	2.99		3.52			3.52
Current financial liabilities						
Borrowings and interest thereon*	867.80	911.19				911.19
Trade payables	2086.75	2086.75				2086.75
Finance lease liability	6.91	7.58				7.58
Maturities of long term borrowing	41.99	45.35				45.35
Other financial liabilities	694.41	694.41				694.41

*Amount included in the above maturity analysis assumes interest outflows based on the actual interest rates.

Contractual maturities of financial assets

The table below provides details regarding the contractual maturities of financial assets including estimated interest receipts as at 31st March 2020:

Particulars	Carrying amount	upto 1 year	1-3 years	3-5 years	More than 5 years	Total contracted cash flows
Non-current financial assets						
Other financial assets	146.29		77.84		68.45	146.29
Current financial assets						
Trade receivables	4015.56	4015.56				4015.56
Advance to employees	16.76	16.76				16.76
Other financial assets	49.44	49.44				49.44

The table below provides details regarding the contractual maturities of financial assets including estimated interest receipts as at 31st March 2019:

Particulars	Carrying amount	upto 1 year	1-3 years	3-5 years	More than 5 years	Total contracted cash flows
Non-current financial assets						
Other financial assets	133.39		64.94		68.45	133.39
Current financial assets						
Trade receivables	5139.22	5139.22				5139.22
Advance to employees	19.32	19.32				19.32
Other financial assets	51.31	51.31				51.31

Maturity analysis of Derivative financial instruments

The following table details the Group maturity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted estimated cash flows determined by reference to the projected market rates at the end of the reporting period. A positive amount represents an anticipated cash inflow and a negative amount represents an anticipated cash outflow.

Currency	Contracts booked for	As at 31.03.2020			As at 31.03.2019		
		Carrying amount	Less than 1 year	1-3 years	Carrying amount	Less than 1 year	1-3 years
USD	Export Receivable	156.76	156.76	-	83.00	83.00	-
USD	Import Payment	(5.82)	(5.82)	-	(7.68)	(7.68)	-
EUR	Import Payment	(14.92)	(14.92)	-	-	-	-

The note below sets out details of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk.

Financing facilities

Particulars	As at 31.03.2020	As at 31.03.2019
Unsecured term loan from bank		
Amount used	-	306.52
Amount unused	-	696.44
	-	**1002.96**
Unsecured cash credit and other borrowings facility		
Amount used	458.94	484.54
Amount unused	1557.46	910.58
	2016.40	**1395.12**

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Particulars	As at	
	31.03.2020	31.03.2019
Secured Borrowings from bank		
Amount used	-	-
Amount unused	-	-
	-	**-**
Secured cash credit and other borrowings facility		
Amount used	94.02	76.74
Amount unused	1605.98	1493.26
	1700.00	**1570.00**
Total		
Amount used	552.96	867.80
Amount unused	3163.44	3100.28
	3716.40	**3968.08**

Borrowing facilities - both funded and non-funded of the parent are 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.

(iii) Fair value measurements

This note provides information about how the Group determines fair value of various financial assets and financial liabilities.

Fair value of the Group financial assets and financial liabilities that are measured at fair value on a recurring basis.

Some of the Group financial assets and financial liabilities are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation techniques and inputs used):

Financial assets/financial liabilities	Fair Value as at		Fair value hierarchy	Valuation techniques & key inputs used
	31.03.2020	31.03.2019		
Investments in quoted equity instruments at FVTOCI	35.91	87.04	Level 1	Quoted bid price in an active market **(a)**
Investments in quoted instruments at FVTPL	677.72	965.76	Level 1	Quoted bid price in an active market
Investments in unquoted instruments at FVTPL	0.29	0.28	Level 3	Fair valuation **(b)**
Investments in unquoted instruments at OCI	11.30	11.30	Level 3	Fair valuation **(b)**

There were no changes in the fair value hierarchy levels in the above periods.

(a) These investments in equity instruments are not for trading. Instead, they are held for medium or long term strategic purpose. Upon the application of Ind AS 109, the Group has chosen to designate these investments in equity instruments as at FVTOCI as the Directors believe that this provides a more meaningful presentation for medium or long term strategic investments, than reflecting changes in fair value immediately in profit or loss.

(b) These investment in equity are not significant in value and hence additional disclosures are not presented.

Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)

Particulars	Fair value hierarchy	As at 31.03.2020		As at 31.03.2019	
		Carrying amount	Fair value	Carrying amount	Fair value
Financial assets at amortised cost					
Non-current financial assets					
Other financial assets					
Security deposit	Level 3	146.29	137.82	133.39	127.36
Current financial assets					
Trade receivable	Level 2	4015.56	4015.56	5139.22	5139.22
Advances to employees	Level 3	16.76	16.76	19.32	19.32
Other advances	Level 3	49.44	49.44	51.31	51.31

Particulars	Fair value hierarchy	As at 31.03.2020		As at 31.03.2019	
		Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities held at amortised cost					
Non-current financial liabilities					
Borrowings and interest thereon	Level 2	42.26	42.26	47.76	47.76
Lease liabilities	Level 3	58.30	58.30	-	-
Finance lease and interest thereon	Level 2	-	-	2.99	2.99
Current financial liabilities					
Borrowings and interest thereon	Level 2	552.96	552.96	867.80	867.80
Lease liabilities	Level 3	28.71	28.71	-	-
Trade payables	Level 2	1953.99	1953.99	2086.75	2086.75
Finance lease and interest thereon	Level 2	-	-	6.91	6.91
Current maturities of long term borrowing	Level 2	21.13	21.13	41.99	41.99
Others financial liabilities	Level 3	543.47	543.47	694.41	694.41

The fair values of the financial assets and financial liabilities included above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

Financial instrument by Category

Particulars	31.03.2020			31.03.2019		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
Financial Assets						
Non-Current						
Investments	2.87	47.21	-	4.79	98.34	-
Other Financial Assets	-	-	146.29	-	-	133.39
Current						
Other Investment	675.14	-	-	961.25	-	-
Trade receivables	-	-	4015.56	-	-	5139.22
Cash and Cash equivalent	-	-	2920.55	-	-	959.37
Bank balances other than above	-	-	19.22	-	-	15.70
Other financial assets	-	-	66.20	-	-	70.63
	678.01	**47.21**	**7167.82**	**966.04**	**98.34**	**6318.31**
Financial Liabilities						
Non-Current						
Borrowings	-	-	42.26	-	-	50.75
Lease liabilities	-	-	58.30	-	-	-
Current						
Borrowings	-	-	552.96	-	-	867.80
Lease liabilities	-	-	28.71	-	-	-
Trade payables	-	-	1953.99	-	-	2086.76
Other financial liabilities	-	-	564.60	-	-	743.31
	-	**-**	**3200.82**	**-**	**-**	**3748.62**

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36. Related Party Disclosures

List of Related Parties

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

Joint Ventures

Murugappa Morgan Thermal Ceramics Limited	[MMTCL]
Ciria India Limited	[Ciria]
Associate and its Subsidiaries	
Wendt (India) Limited	[Wendt]
Wendt Grinding Technologies Ltd., Thailand	[WGTL]
Wendt (Middle East) FZE	[WME]
Key Management Personnel	
Mr. K Srinivasan, Managing Director (Retired on 22nd November 2019)	[KS]
Mr. N. Ananthaseshan, Managing Director (Effective from 23rd November 2019)	[AN]
Other Related parties	
Ambadi Investments Limited (Shareholder with significant influence and promoter holding more than 10%)	[AIL]
Parry Enterprises India Limited (Subsidiary of AIL)	[PEIL]
Parry Agro Industries Limited (Subsidiary of AIL)	[PAL]
Carborundum Universal Employees Provident fund	[CUEPF]
Retiral funds of Joint Ventures, Associate and Other Related parties	

A. Transactions during FY 2019-20

Related Party	Income from Sales & Services	Dividend income	Purchase of goods	Expenditure on other services	Rental Expenses	Managerial remuneration	KMP - Retiral Benefits	Purchases of Fixed asset	Contribution to Provident Fund
Joint Ventures									
MMTCL	41.59	143.08	10.55	-	-	-	-	0.28	-
Ciria	41.98	27.00	-	-	-	-	-	-	-
Total	**83.57**	**170.08**	**10.55**	**-**	**-**	**-**	**-**	**0.28**	**-**
Associate & its subsidiaries									
Wendt	27.84	11.96	14.89	-	1.76	-	-	0.08	-
WGTL	45.09	-	5.93	-	-	-	-	-	-
Total	**72.93**	**11.96**	**20.82**	**-**	**1.76**	**-**	**-**	**0.08**	**-**
Other related parties									
PEIL	-	-	-	29.37	-	-	-	-	-
CUEPF	-	-	-	-	-	-	-	-	136.13
Total	-	-	-	**29.37**	-	-	-	-	**136.13**
KMP - Remuneration									
KS	-	-	-	-	-	18.84	-	-	-
AN	-	-	-	-	-	5.51	-	-	-
KMP Retiral settlement									
KS	-	-	-	-	-	-	9.99	-	-
Total	**-**	**-**	**-**	**-**	**-**	**24.35**	**9.99**	**-**	**-**
Grand Total	**156.50**	**182.04**	**31.37**	**29.37**	**1.76**	**24.35**	**9.99**	**0.36**	**136.13**

B. Transactions during FY 2018-19

Related Party	Income from Sales & Services	Dividend income	Purchase of goods	Expenditure on other services	Rental Expenses	Managerial remuneration	Purchases of Fixed asset	Contribution to Provident Fund
Joint Ventures								
MMTCL	19.91	28.62	7.30	-	-	-	1.20	-
Ciria	46.78	6.00	0.79	-	-	-	-	-
Total	**66.69**	**34.62**	**8.09**	**-**	**-**	**-**	**1.20**	**-**
Associate & its subsidiaries								
Wendt	28.36	23.92	23.03	-	1.62	-	7.86	-
WGTL	71.98	-	6.35	-	-	-	-	-
Total	**100.34**	**23.92**	**29.38**	**-**	**1.62**	**-**	**7.86**	**-**
Other related parties								
PEIL	-	-	-	24.79	-	-	-	-
CUEPF	-	-	-	-	-	-	-	**124.45**
Total	-	-	-	**24.79**	-	-	-	**124.45**
KMP - Remuneration								
KS	-	-	-	-	-	23.24	-	-
Total	**-**	**-**	**-**	**-**	**-**	**23.24**	**-**	**-**
Grand Total	**167.03**	**58.54**	**37.47**	**24.79**	**1.62**	**23.24**	**9.06**	**124.45**

C. Outstandings

Related Party	As at 31.03.2020			As at 31.03.2019		
	Trade and other receivable	Deposit outstanding	Payables	Trade and other receivable	Deposit outstanding	Payables
Joint Ventures						
MMTCL	12.81	-	1.92	11.14	-	1.65
Ciria	2.14	-	-	11.60	-	
Total	**14.95**	**-**	**1.92**	**22.74**	**-**	**1.65**
Associate & its subsidiaries						
Wendt	39.43	1.00	4.15	31.69	1.00	5.33
WGTL	0.54	-	-	7.08	-	-
Total	**39.97**	**1.00**	**4.15**	**38.77**	**1.00**	**5.33**
Other related parties						
PEIL	-	-	1.63	-	-	3.12
CUEPF	-	-	11.45	-	-	10.75
Total	**-**	**-**	**13.08**	**-**	**-**	**13.87**
Grand Total	**54.92**	**1.00**	**19.15**	**61.51**	**1.00**	**20.85**

Transactions with related parties in the nature of sale of goods, rendering of services, purchase of goods, procurement of services are at arm's length price.

For the year ended March 31, 2020 (in Indian Rupees million, unless otherwise stated)

Compensation to Key Management Personnel

The remuneration to Key Management Personnel for the years is given below:

Particulars	As at			
	31.03.2020			31.03.2019
	KS	AN	Total	KS
Short term benefits	16.72	4.70	21.42	20.02
Post employment benefits	2.10	0.79	2.89	3.17
Other benefits	0.02	0.02	0.04	0.05
Total	**18.84**	**5.51**	**24.35**	**23.24**
Retiral benefit paid	**9.99**	**-**	**9.99**	**-**

The Remuneration to Key Management Personnel is determined by the Nomination and Remuneration Committee having regard to the performance of individual and market trends.

37. Dividend Tax on the Interim Dividend has been paid after availing the credit amounting to ₹6.19 million (Previous year: ₹14.09 million) in respect of the tax paid on the dividends received from two domestic subsidiaries, based on provision under sub section (1A) of Section 115O of the Income tax Act. During the current year, the proposed final dividend declared is NIL. The final dividend declared last year was paid during the current year after availing the dividend distribution tax credit of ₹18.31 million in respect of the tax paid on the dividends received from three domestic subsidiaries and an overseas subsidiary.

38. Research and Development expenditure incurred during the year is given below:

a) Revenue Expenditure (disclosed under respective heads of expenditure)

Particulars	For the year	
	2019-20	2018-19
Direct Material, Supplies and Consumables	46.30	34.17
Employee Benefit Expenses	70.95	60.69
Repair & Maintenance	6.86	5.08
Other Expenses	30.81	26.10
Depreciation	15.77	17.61
Total Revenue Expenditure	**170.69**	**143.65**

b) Capital Expenditure

Particulars	For the year	
	2019-20	2018-19
Property, plant and equipment		
Buildings	2.69	0.66
Plant and equipment	15.61	34.26
Furniture and fittings	-	3.36
	18.30	**38.28**
Intangibles	-	-
Total	**18.30**	**38.28**
Capital Work-in-Progress	-	17.47
Total Capital Expenditure (including CWIP)	**18.30**	**55.75**

39. 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

Name of the entity	2019-20							
	Net assets i.e. total asset minus total liabilities		Share in profit or loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As % of Consolidated net assets	Amount (₹ million)	As % of Consolidated Profit	Amount (₹ million)	As % of Consolidated Other Comprehensive Income	Amount (₹ million)	As % of Consolidated Profit	Amount (₹ million)
I. Parent								
Carborundum Universal Limited	73.56%	13670.75	70.23%	1913.25	30.91%	(173.64)	80.45%	1739.61
II. Subsidiaries (including Step down subsidiaries)								
a) Indian								
1. Net Access India Limited	0.71%	132.03	1.00%	27.18	(0.01%)	0.03	1.26%	27.21
2. Southern Energy Development Corporation Limited	0.70%	130.70	2.02%	54.91	0.07%	(0.39)	2.52%	54.52
3. Sterling Abrasives Limited	3.18%	591.65	2.92%	79.60	1.61%	(9.03)	3.26%	70.57
b) Foreign								
1. CUMI (Australia) Pty Ltd.	3.09%	573.90	4.79%	130.45	-	-	6.03%	130.45
2. CUMI International Ltd.	23.11%	4294.37	12.07%	328.93	-	-	15.21%	328.93
3. Volzhsky Abrasive Works	23.08%	4288.93	31.84%	867.27	-	-	40.11%	867.27
4. Foskor Zirconia (Pty) Ltd.	(2.02%)	(375.28)	(7.52%)	(204.92)	0.04%	(0.23)	(9.49%)	(205.15)
5. CUMI America Inc.	0.23%	45.41	0.65%	17.69	-	-	0.82%	17.69
6. CUMI Middle East FZE	0.10%	18.38	0.02%	0.58	-	-	0.03%	0.58
7. CUMI Abrasives & Ceramics Company Ltd.	0.13%	24.48	(0.28%)	(7.61)	-	-	(0.35%)	(7.61)
8. Thukela Refractories Isithebe Pty Ltd.	-	-	-	-	-	-	-	-
9. CUMI Europe s.r.o	0.01%	2.13	(0.01%)	(0.31)	-	-	(0.01%)	(0.31)
Non-controlling interest in all subsidiaries	(2.45%)	(455.41)	(0.94%)	(25.67)	(0.67%)	3.79	(1.01%)	(21.88)
II. Associates (Investment as per equity method)								
1. Wendt (India) Limited	2.95%	548.89	1.47%	39.97	(0.52%)	2.90	1.98%	42.87
III. Joint Ventures (Investment as per equity method)								
Indian								
1. Murugappa Morgan Thermal Ceramics Limited	2.61%	484.39	2.66%	72.38	0.24%	(1.33)	3.29%	71.05
2. Ciria India Limited	0.68%	128.39	2.40%	65.36	0.02%	(0.09)	3.02%	65.27
Inter-company Elimination & Consolidation Adjustments	(29.67%)	(5520.16)	(23.32%)	(634.89)	68.31%	(383.74)	(47.12%)	(1018.63)
Total	**100.00%**	**18583.55**	**100.00%**	**2724.17**	**100.00%**	**(561.73)**	**100.00%**	**2162.44**

For the year ended March 31, 2020 (in Indian Rupees million, unless otherwise stated)

Name of the entity	2018-19							
	Net assets i.e. total asset minus total liabilities		Share in profit or loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As % of Consolidated net assets	Amount (₹ million)	As % of Consolidated Profit	Amount (₹ million)	As % of consolidated Other Comprehensive Income	Amount (₹ million)	As % of Consolidated Profit	Amount (₹ million)
I. Parent								
Carborundum Universal Limited	74.06%	12768.78	67.06%	1660.89	9.61%	(33.04)	76.32%	1627.85
II. Subsidiaries (including Step down subsidiaries)								
a) Indian								
1. Net Access India Limited	0.68%	116.89	1.08%	26.72	0.00%	(0.01)	1.25%	26.71
2. Southern Energy Development Corporation Limited	0.74%	128.31	0.78%	19.37	0.35%	(1.21)	0.85%	18.16
3. Sterling Abrasives Limited	3.21%	553.63	3.80%	94.21	(0.78%)	2.67	4.54%	96.88
b) Foreign								
1. CUMI (Australia) Pty Ltd.	3.43%	591.46	4.70%	116.38	-	-	5.46%	116.38
2. CUMI International Ltd.	20.99%	3619.03	12.65%	313.33	-	-	14.69%	313.33
3. Volzhsky Abrasive Works	24.51%	4226.41	35.99%	891.34	-	-	41.79%	891.34
4. Foskor Zirconia (Pty) Ltd.	(1.27%)	(219.56)	(9.97%)	(247.03)	(0.28%)	0.95	(11.54%)	(246.08)
5. CUMI America Inc.	0.13%	24.40	(0.98%)	(24.22)	-	-	(1.14%)	(24.22)
6. CUMI Middle East FZE	0.09%	16.30	0.00%	0.14	-	-	0.01%	0.14
7. CUMI Abrasives & Ceramics Company Ltd.	0.18%	31.42	(0.70%)	(17.28)	-	-	(0.81%)	(17.28)
8. Thukela Refractories Isithebe Pty Ltd.	-	-	-	-	-	-	-	-
9. CUMI Europe s.r.o	0.01%	2.41	(0.02%)	(0.50)	-	-	(0.02%)	(0.50)
Non-controlling interest in all subsidiaries	(3.03%)	(523.10)	0.03%	0.78	0.39%	(1.35)	(0.03%)	(0.57)
II. Associates (Investment as per equity method)								
1. Wendt (India) Limited	3.01%	519.31	2.48%	61.45	(0.31%)	1.10	2.93%	62.55
III. Joint Ventures (Investment as per equity method)								
Indian								
1. Murugappa Morgan Thermal Ceramics Limited	3.40%	585.83	4.24%	105.03	0.46%	(1.59)	4.85%	103.44
2. Ciria India Limited	0.54%	95.67	1.33%	32.84	0.10%	(0.32)	1.52%	32.52
Inter-company Elimination & Consolidation Adjustments	(30.68%)	(5296.17)	(22.47%)	(556.67)	90.46%	(311.10)	(40.67%)	(867.77)
Total	**100.00%**	**17241.02**	**100.00%**	**2476.78**	**100.00%**	**(343.90)**	**100.00%**	**2132.88**

40. Impact of COVID-19 pandemic

The spread of COVID-19 has impacted businesses around the globe. In many countries, including India, there has been disruption to regular business operations due to lock down, disruptions in transportation, supply chain, travel restrictions, quarantines, social distancing and other emergency measures.

The Group's significant business is the manufacture and selling of Abrasives, Ceramics and Electrominerals. The Parent Company was continuing its manufacturing operations upto March 22, 2020. In line with the Government of India advisory issued for controlling the spread of COVID-19, the operations in all of the manufacturing facilities of the Group situated across various locations in India was suspended from March 23, 2020. As a safeguard measure, the operations involving continuous processes at high temperature were maintained with minimal essential staff required towards its safety and maintenance in such locations after undertaking due health and hygiene precautions. In respect of the operations of the subsidiaries outside India, there was no major disruption of activities.

After a few days of suspension of operations, the Parent Company had resumed the operations in the majority of its manufacturing facilities situated across various locations in India, over a phased manner, after having obtained the requisite permission from the local administrative authorities with permitted work force as stipulated for the respective zones. The prevailing uncertainty on account of the current situation has resulted in delays in shipping and receiving activities. However, Management believes this is only a temporary phenomenon and is expected to fully restore to it's normal level of operations in the coming months.

The Group has made a detailed assessment of its liquidity position for the next financial year and has critically assessed the recoverability and carrying values of its assets comprising of property, plant and equipment, trade receivables, inventory, other current assets and investments as at balance sheet date, and has concluded that no adjustments are required in these financial statements. The management has taken into account all the possible impacts of events that could arise from the outbreak of COVID-19 pandemic, in the preparation of the financial statements including the entity's ability to continue as a going concern.

The impact assessment of COVID-19 is a continuing process, given the uncertainties associated with its nature and duration and the Group will continue to monitor all material changes to the internal and external environment across the group.

41. Events after the reporting period

No significant event is to be reported between the closing date and that of the meeting of Board of directors.

42. Rounding off

All amounts disclosed in the financial statements and notes have been rounded off to the nearest millions as per the requirement of Schedule III, unless otherwise stated.

43. Approval of financial statements

The financial statements were reviewed and recommended by the Audit Committee and has been approved by the Board of Directors at their meeting held on June 6, 2020.

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(in Indian Rupees million, unless otherwise stated)

Statement containing salient features of the Financial Statement of Subsidiaries/Associate companies/Joint Ventures.

Pursuant to first proviso to sub-section (3) of section 129 read with Companies (Accounts) Rules, 2014)

(a) Summary financial information of Subsidiary Companies

Reporting currency	RUB		RAND		AUD		INR		USD	
Exchange rate	1.15	1.15	4.23	4.23	46.34	46.34	NA	NA	71.27	71.27
Particulars	Volzhsky Abrasive Works		Foskor Zirconia Pty Ltd.		CUMI Australia Pty. Ltd.		Sterling Abrasives Limited		CUMI International Ltd.	
Financial year	2019	2018	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019	2018
Date of becoming subsidiary	7th September 2007		4th August 2008		1st September 2003		31st March 2003		7th July 2007	
1. Share capital	4.14	4.14	0.00	0.00	23.21	23.21	9.00	9.00	1834.30	1834.30
2. Reserves & Surplus	4889.40	4426.11	(375.66)	(194.43)	550.70	429.34	582.65	544.63	2240.93	1898.58
3. Total Liabilities[a]	450.53	487.05	902.41	756.84	167.82	271.25	200.36	201.08	1.17	314.93
4. Total Assets[b]	5344.07	4917.30	526.75	562.41	741.73	723.80	792.01	754.71	4076.40	4047.81
5. Investments	0.11	0.11	-	-	-	-	-	-	4035.79	4035.79
6. Turnover	7009.18	6830.44	967.75	931.15	1034.73	983.53	816.97	916.34	373.43	359.26
7. Profit before Tax	1103.44	1288.32	(181.02)	(176.74)	177.51	150.81	99.72	133.51	361.02	334.62
8. Provision for Taxation	248.52	287.57	-	28.84	52.43	45.02	20.12	39.30	18.67	17.61
9. Profit after Tax	854.92	1000.75	(181.02)	(205.58)	125.08	105.79	79.60	94.21	342.35	317.01
10. Proposed dividend[c]	382.33	393.99	-	-	-	105.79	29.31	32.55	-	-
11. % of Shareholding	98.07	98.07	51.00	51.00	51.22	51.22	60.00	60.00	100.00	100.00

Reporting currency	RMB		RAND		INR		INR		USD	
Exchange Rate	10.24	10.24	4.23	4.23	NA	NA	NA	NA	75.39	75.39
Particulars	CUMI Abrasives & Ceramics Co. Ltd.		Thukela Refractories Isithebe Pty. Ltd.		Southern Energy Development Corporation Limited		Net Access India Limited		CUMI Middle East FZE	
Financial year	2019	2018	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
Date of becoming subsidiary	31st December 2009		1st August 2012		31st March 2003		1st December 2001		11th December 2005	
1. Share capital	1030.65	1030.65	0.01	0.01	4.60	4.60	50.00	50.00	2.05	2.05
2. Reserves & Surplus	(1007.52)	(997.02)	(0.01)	(0.01)	651.33	1110.26	82.03	66.89	16.32	15.71
3. Total Liabilities[a]	104.12	104.89	-	-	10.88	11.20	106.82	113.82	106.28	78.01
4. Total Assets[b]	127.25	138.52	-	-	666.81	1126.06	238.85	230.71	124.65	95.77
5. Investments	-	-	-	-	597.84	1020.26	5.02	10.39	-	-
6. Turnover	199.03	215.56	-	-	266.45	195.59	477.17	454.02	205.77	129.44
7. Profit before Tax	(10.50)	(16.84)	-	-	75.91	23.75	36.88	34.87	0.62	0.16
8. Provision for Taxation	-	-	-	-	21.00	4.38	9.70	8.15	-	-
9. Profit after Tax	(10.50)	(16.84)	-	-	54.91	19.37	27.18	26.72	0.62	0.16
10. Proposed dividend[c]	-	-	-	-	53.98	85.40	10.00	29.85	-	-
11. % of Shareholding	100.00	100.00	100.00	100.00	84.76	84.76	100.00	100.00	100.00	100.00

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(in Indian Rupees million, unless otherwise stated)

Reporting currency	USD		CZK	
Exchange Rate	75.39	75.39	3.15	3.15
Particulars	CUMI America Inc.		CUMI Europe s.r.o	
Financial year	2019-20	2018-19	2019	2018
Date of becoming subsidiary	4th June 1999		9th December 2014	
1. Share capital	365.64	365.64	86.94	86.94
2. Reserves & Surplus	(320.23)	(339.05)	(23.88)	(23.51)
3. Total Liabilities[a]	560.68	481.80	0.68	0.34
4. Total Assets[b]	606.09	508.39	63.74	63.77
5. Investments	-	-	-	-
6. Turnover	743.39	682.78	-	-
7. Profit before Tax	18.82	(26.13)	(0.37)	(0.73)
8. Provision for Taxation	-	-	-	-
9. Profit after Tax	18.82	(26.13)	(0.37)	(0.73)
10. Proposed dividend[c]	-	-	-	-
11. % of Shareholding	100.00	100.00	100.00	100.00

1. Names of subsidiaries which are yet to commence operations - Nil
2. Names of subsidiaries which have been liquidated or sold during the year - Nil

Notes:

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 Volzhsky Abrasive Works, Russia, dividend for 2019 is due for consideration by the shareholders in June 2020.

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 31.3.2020 / 31.12.2019, as applicable.

e. The conversation rates have been maintained same for the previous financial year for comparative purposes.

f. Investments in VAW, Foskor, CACCL China, Thukela Refractories, CUMI Middle East, CUMI America, CUMI Europe are held by CUMI International Limited.

(b) Associates and Joint Ventures

Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

S.no	Name of Associates/Joint Ventures	Wendt (India) Limited	Ciria India Limited	Murugappa Morgan Thermal Ceramics Limited
1	Latest audited Balance Sheet Date	31.03.2020	31.03.2020	31.03.2020
2	Date on which the Associate or Joint Venture was associated or acquired	16th October 1990	26th July 2000	13th November 1995
3	Shares of Associate/Joint Ventures held by the Company on the year end			
	No. of shares	797,352	59,998	1,430,793
	Amount of Investment in Associates/Joint Venture ₹ In million	10.36	1.68	44.04
	Extent of Holding %	39.87	30.00	49.00
4	Description of how there is significant influence	Through shareholding	Through shareholding	Through shareholding
5	Reason why the Associate / Joint Venture is not consolidated	Not applicable as the financials of this entity is consolidated in the Company's Consolidated Financials	Not applicable as the financials of this entity is consolidated in the Company's Consolidated Financials	Not applicable as the financials of this entity is consolidated in the Company's Consolidated Financials
6	Networth attributable to Shareholding as per latest audited Balance Sheet	548.89	128.39	484.39
7	Profit / Loss for the year	100.25	217.86	147.72
	Considered in Consolidation	39.97	65.36	72.38
	Not Considered in Consolidation	60.28	152.50	75.34

On behalf of the Board

M M Murugappan
Chairman

N Ananthaseshan
Managing Director

Chennai
June 6, 2020

P Padmanabhan
Vice President and Chief Accounts Officer

Rekha Surendhiran
Company Secretary

To

The Members of Carborundum Universal Limited
Report on the audit of the Standalone Indian Accounting Standards (Ind AS) Financial Statements

Opinion

1. We have audited the accompanying standalone Ind AS financial statements of Carborundum Universal Limited ("the Company"), which comprise the balance sheet as at March 31, 2020, and the statement of Profit and Loss (including Other Comprehensive Income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013 ("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 March 31, 2020, and total comprehensive income (comprising of profit and other comprehensive income), changes in equity and its cash flows for the year then ended.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

4. We draw your attention to Note 45 to the standalone financial statements, wherein the management has assessed that there is no material impact in the financial statements due to lockdown and related restrictions imposed towards COVID 19 pandemic. Management continues to monitor all material changes to the Company's internal and external environment due to the Covid-19 pandemic. Our opinion is not modified in respect of this matter

Key audit matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Appropriateness of revenue recognition on sale of goods and services Refer note 3.4 and Note 20 (a) of the standalone Ind AS financial statements. During the year, the Company has recognised ₹16,230.63 million as revenue from sale of goods and services which constitutes 96% of its total income. Revenue from sale of goods is recognised under Ind AS 115 – 'Revenue from Contracts with Customers' at a point in time when the control has been transferred, which generally coincides with dispatch of products to customers in case of domestic sales and on the basis of bill of lading in the case of export sales. Revenue from services is recognised over a period of time/ at a point in time, as per the terms agreed with the customers. We determined this to be a key audit matter due to significant time and effort involved in assessing the appropriateness of revenue recognition including accounting for the discounts and covering the aspects of completeness, accuracy, occurrence and cut off.	Our audit procedures relating to revenue recognition include the following: a. Understood and performed procedures to assess the design and test the operating effectiveness of relevant controls related to recording of revenue including the related discounts. b. Assessed whether the policy of recognising revenue was in line with Ind AS - 115. c. Tested the reconciliation of the amounts as per the sales register to the general ledger. d. Performed tests, on sample basis by validating the amounts recorded with the underlying documents which inter – alia includes invoices, dispatch documents, customer orders/contracts, receipt of consideration from customers, where applicable and allocation of variable consideration namely discounts. e. Performed tests, on sample basis on revenue recognised from services, and ensured that the revenue was recognised over a period of time/at a point in time, as per the terms contracted with customers. f. Performed cut off testing, on sample basis and ensured that the revenue from sale of goods is recognised in the appropriate period. Based on the above procedures performed, we did not identify any exceptions in revenue recognition on sale of goods and services.

Key audit matter	How our audit addressed the key audit matter
Carrying value of equity investments in subsidiaries, joint ventures and associate Refer Note 3.20 and Notes 6A, 6B and 6C of the standalone Ind AS financial statements. The Company's equity investments in subsidiaries, joint ventures and associate amounted to ₹2,408.43 million as at March 31, 2020. Such investments are carried at cost as per Ind AS 27 - Separate Financial Statements. The carrying value of investments in subsidiaries, joint ventures and associate was considered to be a key audit matter as these are material and significant to the net worth of the Company and is dependent on the future performance of the subsidiaries, joint ventures and associate.	Our audit procedures in relation to assessment of carrying value of investments in subsidiaries, joint ventures and associate, included the following: a. Understood and performed procedures to assess the design and test the operating effectiveness of relevant controls related to valuation of investments. b. We obtained the audited financial statements of the subsidiaries, joint ventures and associate and evaluated the assessment carried out by the Company with regard to net worth of those respective subsidiaries, joint ventures and an associate with the carrying value of the investments made in those entities. c. We also obtained the Management's documentation and tested its assessment on whether there were indicators for impairment if any, of the aforesaid investments, as required by Ind AS 36, Impairment of Assets. Based on above procedures performed, we found the management's assessment of carrying value of investments in subsidiaries, joint ventures and an associate to be reasonable.

Other Information

6. The Company's Board of Directors is responsible for the other information which comprises the information included in the Directors' report including Annexures and Corporate Governance Report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

   In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

   We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

7. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS notified under section 133 of the Act [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

8. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

9. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

10. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal Control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

11. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
12. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
13. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other Legal and Regulatory Requirements

14. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
15. 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 (including other comprehensive income), the Statement of Changes in Equity and Statement of Cash flows dealt with by this Report are in agreement with the books of account.
    d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Ind AS notified under Section 133 of the Act [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.
    e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
    f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
    g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
        i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 30 to the financial statements;
        ii) The Company did not have any material foreseeable losses on long-term contracts and there were no losses on derivative contracts as at March 31, 2020.
        iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company
        iv) The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2020
16. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act:

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016
Chartered Accountants

Subramanian Vivek
Partner
Membership No. 100332
UDIN: 20100332AAAAAI9833

Place: Chennai
Date: June 6, 2020

Annexure A to Independent Auditors' Report

Referred to in paragraph 15 (f) of the Independent Auditors' Report of even date to the members of Carborundum Universal Limited on the standalone Ind AS financial statements for the year ended March 31, 2020

Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls with reference to financial statements of Carborundum Universal Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to financial statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal

Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. Also refer to paragraph 4 in the main audit report.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016
Chartered Accountants

Subramanian Vivek
Partner
Membership No. 100332
UDIN: 20100332AAAAAI9833

Place: Chennai
Date: June 6, 2020

Annexure B to Independent Auditors' Report

Referred to in paragraph 14 of the Independent Auditors' Report of even date to the members of Carborundum Universal Limited on the standalone Ind AS financial statements as of and for the year ended March 31, 2020

i. In respect of Property, plant and equipment:

(a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of Property, plant and equipment.

(b) The Property, plant and equipment are physically verified by the Management according to a phased programme designed to cover all the items at regular intervals which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, Property, plant and equipments has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.

(c) According to the information and explanations given to us and based on the examination of the registered title deeds provided to us, we report that the title deeds of all the immovable properties of land and buildings as disclosed in Note 4 are held in the name of the Company as at the Balance Sheet date; Immovable properties of land and buildings whose title deeds have been pledged as security for loans, guarantees, etc. are held in the name of the Company as per the Memorandum of Entry executed by the Company and confirmed by the banker as on the balance sheet date. In respect of immovable properties of land and buildings that have been taken on lease, as disclosed in note 4B, the lease agreements are in the name of the Company where the Company is a lessee in the agreement.

ii. The physical verification of inventory, excluding stocks lying with third party warehouses, have been conducted at reasonable intervals by the Management during the year. In respect of inventory lying with third party warehouses, these have been confirmed by them. The discrepancies noticed on physical verification of inventory as compared to book records were not material.

iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii) of the said Order are not applicable to the Company.

iv. In our opinion, and according to the information and explanations given to us, the Company has not granted any loans or provided any guarantees or security to the parties covered under Section 185 of the Companies Act, 2013. The Company has complied with the provisions of Section 186 of the Companies Act, 2013 in respect of the loans and investments made, and guarantees and security provided by it.

v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.

vi. Pursuant to the rules made by the Central Government, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess, goods and services tax, and other material statutory dues, as applicable, with the appropriate authorities.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of duty of customs, value added tax and service tax which have not been deposited on account of any dispute. The particulars of dues of income tax, sales tax, goods and services tax and duty of excise as at March 31, 2020 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹ in Million)*	Period to which the amount relates	Forum where the dispute is pending
Central Excise Act, 1944	Excise duty	0.95	1986 - 1987	High Court of Kerala
Central Excise Act, 1944	Excise duty	0.37	1995 - 1996 and 2000 - 2003	The Customs, Excise & Service Tax Appellate Tribunal
Central Excise Act, 1944	Excise duty	0.63	1999 - 2001, 2011-2013	Commissioner of Central Excise (Appeals)
The Central Sales Tax Act, 1956	Central Sales Tax	0.47	1989 - 1990	High Court of Madras
The Central Sales Tax Act, 1956	Central Sales Tax	24.74	2015 - 2016	Deputy Commissioner of Commercial Taxes
Tamil Nadu General Sales Tax Act, 1959	Sales Tax	0.02	1995 - 1996	Sales Tax Appellate Tribunal, Chennai
The Central Sales Tax Act, 1956	Central Sales Tax	0.23	2002 - 2003	Sales Tax Appellate Tribunal, Chennai
The Central Sales Tax Act, 1956	Central Sales Tax	0.06	2004 - 2005	Commissioner Appeals
Tamil Nadu General Sales Tax Act, 1959	Sales Tax	0.66	2005 - 2006	Deputy Commissioner Appeals
The Central Sales Tax Act, 1956	Central Sales Tax	15.32	2005 - 2008 and 2012 - 2013	Deputy Commissioner Appeals
The Central Sales Tax Act, 1956	Central Sales Tax	1.43	2011 - 2012	Commercial Tax Appellate Board, Madhya Pradesh
The Central Sales Tax Act, 1956	Central Sales Tax	2.78	2013 - 2015	Assistant Commissioner Appeals
Goods and Services Tax Act, 2017	Goods and Services Tax	0.19	2019 - 2020	High Court of Kerala
Income Tax Act, 1961	Income Tax	111.55	2009 - 2016	Commissioner of Income Tax (Appeals)

* Amount considered above is net of ₹96.86 Million paid under protest.

viii. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank. The Company has not availed any loans or borrowings from government nor has it issued any debentures.

ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

xi. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

Also refer to paragraph 16 of our main audit report.

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

xiii. In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required under Indian Accounting Standards (Ind AS) 24 Related Party Disclosure specified under Section 133 of the Act.

xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016
Chartered Accountants

Subramanian Vivek
Partner
Membership No. 100332
UDIN: 20100332AAAAAI9833

Place: Chennai
Date: June 6, 2020

Balance Sheet
(in Indian Rupees million, unless otherwise stated)

Particulars	Notes	As at 31.03.2020	As at 31.03.2019
ASSETS			
Non-current assets			
(a) Property, plant and equipment	4A	4121.53	3927.40
(b) Right-of-use assets	4B	79.43	-
(c) Capital work-in-progress	4C	122.16	224.88
(d) Intangible assets	5	20.89	25.53
(e) Financial assets			
(i) Investments			
(a) Investment in associate	6A	10.36	10.36
(b) Investment in joint ventures	6B	45.72	45.72
(c) Investment in subsidiaries	6C	2352.35	2352.35
(d) Other investments	6D	49.99	103.03
(ii) Other financial assets	7A	133.80	121.24
(f) Other non-current assets	8A	129.23	205.64
Total Non-current assets		**7065.46**	**7016.15**
Current assets			
(a) Inventories	9	3262.95	3390.34
(b) Financial assets			
(i) Other investments	6E	616.02	935.65
(ii) Trade receivables	10	2593.42	3305.07
(iii) Cash and cash equivalents	11A	1614.61	156.71
(iv) Bank balances other than (iii) above	11B	19.22	15.70
(v) Other financial assets	7B	56.85	54.01
(c) Other current assets	8B	501.55	384.17
Total Current assets		**8664.62**	**8241.65**
Total Assets		**15730.08**	**15257.80**
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity share capital	12	189.41	189.15
(b) Other equity	13	13481.34	12579.63
Total Equity		**13670.75**	**12768.78**
LIABILITIES			
Non-Current liabilities			
(a) Financial liabilities			
(i) Borrowings	14	-	2.69
(ii) Lease liabilities	4B	2.47	-
(b) Provisions	15A	74.87	59.36
(c) Deferred tax liabilities (net)	16	116.68	212.01
Total Non-Current liabilities		**194.02**	**274.06**
Current liabilities			
(a) Financial liabilities			
(i) Lease liabilities	4B	3.00	-
(ii) Trade payables			
(a) total outstanding dues of micro enterprises and small enterprises	17	7.76	17.83
(b) total outstanding dues of creditors other than micro enterprises and small enterprises	17	1263.54	1452.10
(iii) Other financial liabilities	18	451.77	640.06
(b) Provisions	15B	46.10	43.52
(c) Other current liabilities	19	93.14	61.45
Total Current liabilities		**1865.31**	**2214.96**
Total Liabilities		**2059.33**	**2489.02**
Total Equity and Liabilities		**15730.08**	**15257.80**

See accompanying notes forming part of the financial statements

In terms of our report attached

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016
Chartered Accountants

Subramanian Vivek
Partner
Membership Number: 100332

Chennai
June 06,2020

On behalf of the Board

M M Murugappan
Chairman

N Ananthaseshan
Managing Director

P. Padmanabhan
Vice President and Chief Accounts Officer

Rekha Surendhiran
Company Secretary

Statement of Profit and Loss
(in Indian Rupees million, unless otherwise stated)

S.No.	Particulars	Notes	For the year 2019-20	For the year 2018-19
I	Revenue from Operations	20	16511.95	17822.20
II	Other income	21	473.27	269.20
III	**Total Income (I+II)**		**16985.22**	**18091.40**
IV	**Expenses**			
	Cost of material consumed		6267.27	6990.44
	Purchases of stock-in-trade		625.99	795.16
	Changes in inventories of finished goods, stock-in-trade and work-in-progress	22	(295.95)	(265.43)
	Employee benefits expense	23	1958.86	1821.19
	Finance costs	24	3.52	9.38
	Depreciation and amortisation expense	25	669.76	754.00
	Other expenses	26	5360.35	5507.55
	Total expenses (IV)		**14589.80**	**15612.29**
V	**Profit before tax (III-IV)**		**2395.42**	**2479.11**
VI	**Tax expense**			
	(1) Current tax	27A	577.50	867.00
	(2) Deferred tax	16	(95.33)	(48.78)
	Total tax [VI]		**482.17**	**818.22**
VII	**Profit for the year (V-VI)**		**1913.25**	**1660.89**
VIII	**Other Comprehensive Income [OCI]**			
A	(i) Items that will not be reclassified to profit or loss			
	(a) Remeasurement of the defined benefit plans		(122.51)	24.77
	(b) Equity instruments through OCI		(51.13)	(57.81)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	27B	-	-
	Total Other Comprehensive Income (VIII)		**(173.64)**	**(33.04)**
IX	**Total Comprehensive Income for the year (VII+VIII)**		**1739.61**	**1627.85**
X	**Earnings per equity share (₹1 each) on profit for the year (VII)**	**28**		
	- Basic		10.11	8.79
	- Diluted		10.10	8.77

See accompanying notes forming part of the financial statements

In terms of our report attached

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016
Chartered Accountants

Subramanian Vivek
Partner
Membership Number: 100332
Chennai
June 06,2020

On behalf of the Board

M M Murugappan
Chairman

N Ananthaseshan
Managing Director

P. Padmanabhan
Vice President and Chief Accounts Officer

Rekha Surendhiran
Company Secretary

Statement of changes in equity
(in Indian Rupees million, unless otherwise stated)

A. Equity share capital - Refer Note: 12	
Balance as at March 31, 2018	**188.96**
Changes in equity share capital during the year	
Shares issued against Employee Stock Options Scheme/Plan	0.19
Balance as at March 31, 2019	**189.15**
Changes in equity share capital during the year	
Shares issued against Employee Stock Options Scheme/Plan	0.26
Balance as at March 31, 2020	**189.41**

B. Statement of changes in other equity

Particulars	Reserves and Surplus - Refer Note: 13A						Items of Other Comprehensive Income - Refer Note: 13B		Share application money pending allotment - Refer Note: 13C	Total
	Profit on Forfeiture of Shares / Warrants	Capital redemption reserve	Securities premium	General Reserve	Share options outstanding account	Retained Earnings	Reserve for equity instruments	Revaluation surplus		
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	
Balance at the beginning of the year - March 31, 2018	**6.03**	**27.68**	**226.19**	**6675.43**	**30.84**	**4433.18**	**84.42**	**23.74**	**0.23**	**11507.74**
Profit for the year						1660.89				1660.89
Other Comprehensive income for the year						24.77	(57.81)			(33.04)
Total Comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**1685.66**	**(57.81)**	**-**		**1627.85**
Share premium received on allotment of equity shares under ESOP			27.92			-				27.92
Share application money pending for allotment									(0.23)	(0.23)
Recognition of share-based payments					15.85					15.85
Final dividend paid during the year						(236.30)				(236.30)
Dividend tax on Final dividend						(35.27)				(35.27)
Interim dividend paid during the year						(283.71)				(283.71)
Dividend tax on Interim dividend paid during the year						(44.22)				(44.22)
Transfer to General Reserve				500.00		(500.00)				-
Balance at the end of the year - March 31, 2019	**6.03**	**27.68**	**254.11**	**7175.43**	**46.69**	**5019.34**	**26.61**	**23.74**	**-**	**12579.63**
Profit for the year						1913.25				1913.25
Other Comprehensive income for the year						(122.51)	(51.13)			(173.64)
Total Comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**1790.74**	**(51.13)**	**-**		**1739.61**
Share premium received on allotment of equity shares under ESOP			34.45							34.45
Recognition of share-based payments					16.06					16.06
Final dividend paid during the year						(236.51)				(236.51)
Dividend tax on Final dividend						(30.31)				(30.31)
Interim dividend paid during the year						(520.75)				(520.75)
Dividend tax on Interim dividend paid during the year						(100.84)				(100.84)
Transfer to General Reserve				500.00		(500.00)				0.00
Balance at the end of the year - March 31, 2020	**6.03**	**27.68**	**288.56**	**7675.43**	**62.75**	**5421.67**	**(24.52)**	**23.74**	**-**	**13481.34**

See accompanying notes forming part of the financial statements

In terms of our report attached

On behalf of the Board

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016
Chartered Accountants

M M Murugappan
Chairman

N Ananthaseshan
Managing Director

Subramanian Vivek
Partner
Membership Number: 100332
Chennai
June 06,2020

P. Padmanabhan
Vice President and Chief Accounts Officer

Rekha Surendhiran
Company Secretary

Cash flow Statement
(in Indian Rupees million, unless otherwise stated)

Particulars		For the year			
		2019-20		2018-19	
A. Cash flow from Operating activities					
Profit before tax			**2395.42**		**2479.11**
Adjustment for:					
Depreciation and amortisation expense		669.76		754.00	
Fair valuation of investments		1.91		(0.70)	
Finance costs		3.52		9.38	
Interest income		(35.90)		(9.69)	
Dividend income		(333.03)		(226.19)	
Expenses recognised in respect of equity-settled share-based payments		16.06		15.85	
Allowance for doubtful receivable and advances		18.10		31.14	
Reversal of allowance for doubtful receivables and advances		(19.56)		(16.50)	
Provision for expenses no longer required written back		(1.44)		(7.82)	
(Profit)/Loss on sale of assets (net)		(51.64)		(3.90)	
Unrealised exchange (gain)/loss - net		(36.00)	231.78	16.04	561.61
Operating profit before working capital changes			**2627.20**		**3040.72**
Movement in working capital					
(Increase)/decrease in trade receivables		762.60		(74.35)	
(Increase)/decrease in inventories		127.39		(786.36)	
(Increase)/decrease in other financial assets		(15.94)		(19.93)	
(Increase)/decrease in other assets		(130.79)		(31.52)	
Increase/(decrease) in trade payables		(332.65)		(158.94)	
Increase/(decrease) in provision and other current liabilities		49.78		6.89	
Increase/(decrease) in other financial liabilities		(166.42)	293.97	60.68	(1003.53)
Cash generated from Operations			**2921.17**		**2037.19**
Income tax paid			(610.00)		(820.00)
Net cash generated by Operating activities	[A]		**2311.17**		**1217.19**
B. Cash flow from Investing activities					
Payments to acquire property, plant and equipment		(730.17)		(518.01)	
Payments for intangible assets		(8.43)		(5.50)	
Proceeds from sale of property, plant and equipment		61.25		12.48	
Interest income received		35.89		9.68	
Dividend income received		333.03		226.19	
Net cash (used in) Investing activities	[B]		**(308.43)**		**(275.16)**
C. Cash flow from Financing activities					
Proceeds from issue of equity shares		34.71		27.88	
(Repayment)/proceeds from long term borrowings		-		(9.13)	
Principal portion of lease payments		(7.26)		-	
Finance costs paid		(3.52)		(9.38)	
Dividends paid		(757.25)		(520.01)	
Tax on dividend		(131.15)		(79.49)	
Net cash (used in) Financing activities	[C]		**(864.47)**		**(590.13)**
Net increase/(decrease) in cash and cash equivalents [A]+[B]+[C]	[D]		**1138.27**		**351.90**
Add: Cash and Cash equivalents at the beginning of the year			1092.36		740.46
Cash and Cash equivalents at the end of the year			**2230.63**		**1092.36**
Reconciliation of Cash and cash equivalents with the Balance Sheet:					
Cash and Cash equivalents at the beginning of the year					
Cash and cash equivalents - Refer Note: 11A			156.71		195.67
Current investment considered as Cash and Cash equivalents - Refer Note: 6E			935.65		544.79
			1092.36		**740.46**
Cash and cash equivalents at the end of the year					
Cash and cash equivalents - Refer Note: 11A			1614.61		156.71
Current investment considered as Cash and Cash equivalents - Refer Note: 6E			616.02		935.65
			2230.63		**1092.36**

See accompanying notes forming part of the financial statements

In terms of our report attached

On behalf of the Board

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016
Chartered Accountants
Subramanian Vivek
Partner, Membership Number: 100332
Chennai
June 06,2020

M M Murugappan
Chairman

N Ananthaseshan
Managing Director

P. Padmanabhan
Vice President and Chief Accounts Officer

Rekha Surendhiran
Company Secretary

Statement showing the applicable Key Accounting Standards (Ind AS) with related Policy & Notes references as per Standalone financial statements.

Ind AS No.	Description	Accounting policy Reference	Note Reference
2	Inventories	3.16	9
7	Statement of Cash flows	3.15	11,14
8	Accounting Policies, Changes in Accounting Estimates and Errors	2.2	
10	Event after the reporting period		46,48
12	Income taxes	3.10	16,27
16	Property, plant and equipment	3.11	4A,4C,25
19	Employee benefits	3.8	23,33
24	Related party disclosures		35
28	Investments in Associates and Joint Ventures		6A,6B
33	Earnings per share	3.24	28
36	Impairment of assets	3.13	4A,4C,5
37	Provisions, Contingent liabilities and Contingent assets	3.17,3.18	15,30
38	Intangible assets	3.12	5,25
102	Share based payment	3.9	23,36
103	Business combinations	3.12.3	
105	Non current Assets held for sale and discontinued operations	3.3	
107	Financial instruments - Disclosures	3.19,3.26,3.27	10,14,17,21,34
108	Operating segments	3.22	29
113	Fair value measurement		34
115	Revenue from Contracts with Customers	3.4	19,20,29
116	Leases	3.23	4B,24,25

1. General information

Carborundum Universal Limited (CUMI) was incorporated in India as a Public Limited Company in 1954 and the shares of the Company are listed in National Stock Exchange of India Ltd. and BSE Ltd. The address of its registered office and place of business are disclosed in the Annual Report.

CUMI manufactures and sells mainly Abrasives, Ceramics (Industrial Ceramics, Refractories) and Electrominerals. (Refer Note: 29).

2. Basis of Preparation

2.1 Application of Indian Accounting Standards (Ind AS)

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

2.2 New and amended Standard adopted by the Company

The Company has applied the following standards and amendments for the first time in its annual reporting period commencing April 1, 2019:

- Ind AS 116, Leases
- Uncertainty over Income Tax Treatments - Appendix C to Ind AS 12, Income Taxes
- Plan Amendment, Curtailment or Settlement - Amendments to Ind AS 19, Employee Benefits
- Amendment to Ind AS 12, Income Taxes
- Amendment to Ind AS 23, Borrowing costs

The Company had to change its accounting policies as a result of adopting Ind AS 116. The impact is disclosed under Note 4B. The other amendments listed above did not have any impact on the amount recognised in prior periods and are not expected to significantly affect the current or future periods.

3. Significant accounting policies

3.1.1 Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis as explained in the accounting policies as stated below, except the following that are measured at fair values at the end of each reporting period:

- Certain financial asset and liabilities (including derivative instruments) and contingent consideration is measured at fair value
- Assets held for sale - measured at fair value less cost to sell
- Defined benefit plan - plan measured at fair value
- Share based payments

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation(based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

3.2 Use of estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

3.2.1 Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

3.2.2 Judgements are made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements.

3.2.3 Assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment are reviewed on an ongoing basis.

The areas involving critical estimates or judgements are:

S.No	Particulars	Notes
I	Estimation of useful life of tangible and intangible asset	3.11 & 3.12
II	Estimation of fair value of unlisted securities	6D
III	Impairment of Trade receivables: Expected credit loss	10
IV	Recognition and measurement of provisions and contingencies; Key assumptions about the likelihood and magnitude of an outflow Of resources.	15 & 30
V	Measurement of defined benefit obligation: Key actuarial assumptions.	33

3.3 Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal) is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such assets and its sales is highly probable.

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

3.4 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made.

Revenue is measured at the transaction price for each separate performance obligation,taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The transaction price is net of estimated customer returns, rebates and other similar allowances.

The specific recognition criteria described below must also be met before revenue is recognised.

3.4.1 Sale of goods

Revenue from the sale of goods is recognized at a point in time when the control of the products has transferred which generally coincides with dispatch of products to customers in case of domestic sales and on the basis of bill of lading in the case of export sales.

Revenue from the sale of goods is recognised when the control of the product is transferred, the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods.
- The Company has a present right to payment for the asset.
- The Company has transferred physical possession of the asset, whereby the customer has the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset or to restrict the access of other entities to those benefits.

When the consideration is received, before the Company transfers a goods to the customer, the Company shall present the consideration as a contract liability.

3.4.2 Rendering of services

Revenue from divisible service contracts

a) service contracts are recognised over a period of time determined using the percentage completion method, synchronized to the billing schedules agreed by the customers, identical with others in similar business; and

b) the revenue relating to supplies are measured in line with policy set out in 3.4.1.

In respect of indivisible contracts, the revenues are recognised over a period of time, measured as per (a) above.

When the consideration is received, before the Company transfers a goods to the customer, the Company shall present the consideration as a contract liability and when the services rendered by the Company exceed the payment, a contract asset is recognised excluding any amount presented as receivable.

3.4.3 Other income

Royalty income is recognised on an accrual basis in accordance with the substance of the relevant agreement.

Dividend income from investments is recognised when the shareholder's right to receive payment has been established.

Interest income from a financial asset is recognised and accrued using effective interest rate method.

Rental income is recognised on a straight line basis in accordance with the agreement.

3.5 Foreign Currencies

Foreign currency transactions are recorded at the rates of exchange prevailing on the date of the transactions. Monetary assets and 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.

Refer Note: 3.26 and 3.27 for accounting for forward exchange contracts relating to firm commitments and highly probable forecast transactions.

3.6 Borrowing costs

The borrowing costs (other than those attributable to fixed assets - Refer Note: 4 and 5) are recognised in profit or loss in the period in which they are incurred.

Interest income earned on temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

3.7 Government grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related cost for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the Balance Sheet and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below market rate of interest is treated as a government grant, measured as the differences between proceeds received and the fair value of the loan based on prevailing market interest rate.

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

3.8 Employee benefits

3.8.1. Retirement benefit costs and termination benefits

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gain and loss, the effect of the changes to asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the Balance Sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of plan amendment. Net interest is calculated by applying the rate at the beginning of the period to the net defined benefit liability or asset.

Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income;
- Remeasurement.

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefit expense'. Curtailment gain and loss are accounted for as past service costs.

A liability for a termination benefit is recognised when the entity can no longer withdraw the offer of the termination benefit as per the relevant scheme.

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.

3.8.2. Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

3.8.3. Voluntary retirement compensation

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

3.9 Share-based payment arrangements

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity settled share based transactions are set out in Note: 36.

The fair value determined at the grant date of the equity-settled-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflect the revised estimate, with a corresponding adjustment to the Share options outstanding account.

3.10 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

3.10.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years (Temporary differences) and items that are never taxable or deductible (Permanent differences). The Company's current tax is calculated using tax rates that have been enacted by the end of the reporting period.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities.

Current income tax relating to items recognised outside profit or loss is either in other comprehensive income or in equity. Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

3.10.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary differences arise from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised either in other comprehensive income or in equity. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

3.10.3 Indirect taxes

GST credit on materials purchased / services availed for production / Input services are taken into account at the time of purchase and availing services. GST Credit on purchase of capital items wherever applicable are taken into account as and when the assets are acquired. The GST credits so taken are utilised for payment of GST on supply and service. The unutilised GST credit is carried forward in the books.

3.11 Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the Balance Sheet at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost of the assets (other than freehold land) less their residual values over their useful lives as specified under Schedule II and applicable statutes of the relevant territories, using the straight-line method. The estimated useful lives, residual value and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Individual asset costing less than ₹5000 are depreciated in full in the year of acquisition.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

3.12 Intangible assets

3.12.1 Intangible assets acquired separately

Intangible assets that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised on a straight-line basis over their estimated useful lives.

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit and Loss unless such expenditure forms part of carrying value of another asset.

3.12.2 Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

3.12.3 Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date, which is regarded as their cost.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

3.12.4 Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gain or loss arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in profit or loss when the asset is derecognised.

3.13 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Company reviews the carrying amount of tangible and intangible assets 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 assets is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is higher of fair value less cost of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generated unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3.14 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.

3.15 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit/ (loss) before 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.

3.16 Inventories

Inventories are stated at the lower of cost and net-realisable value. Cost includes freight, taxes and duties net of GST credit wherever applicable. Customs duty payable on material in bonded warehouse is added to the cost.

In respect of raw materials, stores and spare parts, traded stock cost is determined on weighted average basis. In respect of work in progress and finished goods, cost includes all direct costs and applicable production overheads, to bring the goods to the present location and condition. Net realisable value represents the estimated selling price for inventories less all estimated cost of completion and cost necessary to make the sale.

3.17 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle present obligation at the end of reporting period, taking into account the risk and uncertainty surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of these cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of receivable can be measured reliably.

3.18 Contingent liabilities

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.

3.19 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provision of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial asset or financial liabilities, as appropriate, on initial recognition. Transaction cost directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3.20 Financial assets

All regular way purchases or sale of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sale of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

All recognised financial assets are subsequently measured in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

3.20.1. Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instruments give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For the impairment policy on financial assets measured at amortised cost, Refer Note: 3.20.4.

3.20.2 Investment in equity instruments at Fair Value Through Other Comprehensive Income [FVTOCI]

On initial recognition, the Company can make an irrevocable election (on an instrument- by instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investment in equity instruments. This election is not permitted if the equity investment is held for trading.

These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gain and loss arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instrument through other comprehensive income'. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term;
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

The Company has equity instrument in two entities, which are not held for trading. The Company has elected the FVTOCI irrevocable option for both of these investments (Refer Note: 6D). Fair value is determined in the manner described in Note: 34.

Dividend on these investments are recognised in profit or loss when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, which does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably. Dividend recognised in profit and loss is included in 'Other income' line item.

3.20.3 Financial assets at fair value through profit or loss (FVTPL)

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading (Refer Note: 3.20.2).

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gain or loss on them on different bases. The Company has not designated any such debt instrument as at FVTPL.

Financial asset at FVTPL is measured at fair value at the end of each reporting period, with gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporate any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial asset at FVTPL is recognised when the Company's right to receive the dividends is established. It is probable that the economic benefits associated with the dividend will flow to the entity which does not represent a recovery of part of cost of the investment and the amount can be measured reliably.

3.20.4 Impairment of financial assets

The Company applied the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivable, trade receivable, and other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the company expects to receive (i.e., all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impairment financial assets). The company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayments, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for the financial instruments at an amount equal to the lifetime expected credit losses if the credit risk on those financial instruments has increased significantly since initial recognition.

If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instruments at an amount equal to 12 month expected credit losses. The twelve months expected credit losses are a portion of the lifetime cash shortfalls that will result if default occurs within 12 months after the reporting date and thus, are not cash short falls that are predicted over 12 months.

If the Company measured loss allowance for the financial instruments at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the company again measures the loss allowance based on 12 month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the company uses the change in the risk of a default occurring over the expected life of the financial instruments instead of the change in the amount of expected credit losses. To make the assessment, the company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increase in credit risk since initial recognition.

For trade receivables or any contractual rights to receive cash or other financial assets that results from transactions that are within the scope of Ind AS 115, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purposes of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is recognised in other comprehensive income and is not reduced from the carrying amount in the Balance Sheet.

3.20.5 Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains subsequently all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for the amount it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than its entirety (eg., when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carried over amount of financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer.

The difference between the carrying amount allocated to the part that is no longer recognised and the sum of consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair value of those parts.

3.20.6 Foreign exchange gain and loss

The fair value of financial assets denominated in foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

- For foreign currency denominated financial asset measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss except for those which are designated hedging instruments in a hedging relationship.
- Changes in the carrying amount of investments in equity instruments at FVTOCI relating to changes in foreign currency rates are recognised in other comprehensive income.
- For the purposes of recognising foreign exchange gain and loss, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial asset are recognised in other comprehensive income.

3.21 Financial liabilities and equity instruments

3.21.1 Classification as debt or equity

Debt and equity instruments issued by a Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definition of a financial liabilities and an equity instrument.

3.21.2 Equity instruments

An equity instrument is a contract that evidences a residual interest in the asset of an entity after deducting all of its liabilities. Equity instruments issued by a Company are recognised at the proceeds received, net of direct issue costs.

3.21.3 Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest methods or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Company, and commitments issued by the Company to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below:

3.21.3.1 Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies, may be designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial liability forms part of a company of financial asset or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contracts to be designated as at FVTPL in accordance with Ind AS 109.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

However, for not-held for trading financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of the liability recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss, in which case these effect of changes in credit risk are recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are reflected immediately in retained earnings and are not subsequently reclassified to profit or loss.

Gain or loss on financial guarantee contract and loan commitments issued by the Company that are designated by the Company as at fair value through profit or loss is recognised in profit or loss. Fair value is determined in the manner described in Note: 34.

3.21.3.2 Financial liabilities subsequently measured at amortised cost

Financial liabilities are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expenses that are not capitalised as part of cost of an asset is included in the 'Finance cost' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability or, (where appropriate), a shorter period, to the net carrying amount on initial recognition.

3.21.3.3 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by a Company are initially measured at their fair value and, if not designated as at FVTPL, are subsequently measured at a higher of:

- the amount of loss allowance determined in accordance with impairment requirement of Ind AS 109; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 115.

3.21.3.4 Foreign exchange gain and loss

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gain and loss are determined based on the amortised cost of the instruments and are recognised in 'Other income'.

The fair value of financial assets denominated in foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. For financial liabilities that are measured at FVTPL, the foreign exchange component forms part of the fair value gain or loss and is recognised in profit or loss.

3.21.3.5 Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between lenders of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3.22 Segment reporting

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

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

3.23 Leases: Right-of-use assets and Lease liabilities

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative standalone prices.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed payments (including in-substance fixed payments), less any lease incentives receivable.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease tenure so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases of property, plant and office equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

3.24 Earnings per share

Basic earnings per share is computed by dividing the profit/(loss) after tax 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 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.

3.25 Research and Development

All revenue expenditure related to research and developments 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.

3.26 Derivative financial instruments

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair values at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

3.27 Hedge accounting

The Company designates certain hedging instruments, which includes derivatives and non-derivatives in respect of foreign currency risk, at either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm Commitments are accounted for as cash flow hedges.

Notes forming part of the Standalone Financial Statements
For the year ended March 31, 2020

For the year ended March 31, 2020 (in Indian Rupees million, unless otherwise stated)

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

3.27.1 Fair value hedges

Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedging asset or liability that are attributable to the hedged risk. The change in the fair value of the designated portion of hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in profit or loss in the line item relating to the hedged item.

Hedge accounting is discontinued when the hedging instruments expires or is sold, terminated, or exercised, or when it no longer qualify for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

3.27.2 Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'Other income' line item.

Amount previously recognised in other comprehensive income and accumulated in equity relating to (effective portion as described above) are reclassified to profit or loss in the periods when the hedged item affect profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of non-financial asset or a non-financial liability, such gain or loss are transferred from equity (but not as a reclassification adjustment) and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

In cases, where the designated hedging instruments are options and forward contracts, the Company has an option, for each designation, to designate on an instrument only the changes in intrinsic value of the option and spot element of forward contract respectively as hedges. In such cases the time value of the options is accounted based on the type of hedged item which those options hedge.

In case of transaction related hedged item in the above cases, the change in time value of the options is recognised in other comprehensive income to the extent it relates to the hedged item and accumulated in a separate component of equity i.e. Reserve for time value of options and forward elements of forward contract in hedging relationship. This separate component is removed and directly included in the initial cost or other carrying amount of the asset or the liability (i.e. not as a reclassification adjustment thus not affecting other comprehensive income) if the hedged item subsequently results in recognition of a non-financial asset or non-financial liability. In other cases, the amount accumulated is reclassified to profit or loss as a reclassification adjustment in the same period in which the hedged expected future cash flow affects profit or loss.

In case of time period related hedged item in the above cases, the change in time value of the options is recognised in other comprehensive income to the extent it relates to the hedged item and accumulated in a separate component of equity i.e. Reserve for time value of options and forward elements of forward contracts in hedging relationship. The time value of options at the date of designation of the options in the hedging relationship is amortised on a systematic and rational basis over the period during which the options intrinsic value could affect profit or loss. This is done as a reclassification adjustment and hence affects other comprehensive income.

In cases where only the spot element of the forward contracts is designated in a hedging relationship and the forward element of the forward contract is not designated, the Company makes the choice for each designation whether to recognise the changes in forward element of fair value of the forward contracts in profit or loss or to account for this element similar to the time value of option (as described above).

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecasted transactions is ultimately recognised in profit or loss. When a forecasted transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

3.28 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.

3.29 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.

4A. Property, plant and equipment

Particulars	As at 31.03.2020	As at 31.03.2019
Carrying amounts		
Freehold land	37.86	37.86
Buildings	1300.31	1221.29
Plant and equipment	2720.32	2603.92
Furniture and fittings	33.97	35.60
Vehicles	29.07	24.12
Vehicles under finance lease	-	4.61
Total	**4121.53**	**3927.40**

Cost	Freehold land	Buildings (a)	Plant and equipment	Furniture and fittings	Vehicles	Vehicles under finance lease	Total
Balance at March 31, 2018	**37.86**	**1399.50**	**4551.09**	**68.54**	**15.48**	**33.64**	**6106.11**
Additions - **(b)**	-	59.96	324.82	5.01	15.52	-	405.31
Disposals	-	-	(13.40)	(0.50)	(3.04)	(11.65)	(28.59)
Balance at March 31, 2019	**37.86**	**1459.46**	**4862.51**	**73.05**	**27.96**	**21.99**	**6482.83**
Reclassified as "Right-of-use assets"	-	-	-	-	-	(21.99)	(21.99)
Additions - **(b)**	-	152.50	687.63	7.98	11.26	-	859.37
Disposals	-	(6.12)	(14.69)	(0.31)	(2.31)	-	(23.43)
Balance at March 31, 2020	**37.86**	**1605.84**	**5535.45**	**80.72**	**36.91**	**-**	**7296.78**

Accumulated depreciation and impairment	Freehold land	Buildings	Plant and equipment	Furniture and fittings	Vehicles	Vehicles under finance lease	Total
Balance at March 31, 2018	**-**	**172.45**	**1626.50**	**27.72**	**2.34**	**21.14**	**1850.15**
Depreciation expense	-	65.72	639.90	10.20	2.62	6.85	725.29
Eliminated on disposals	-	0.00	(7.81)	(0.47)	(1.12)	(10.61)	(20.01)
Balance at March 31, 2019	**-**	**238.17**	**2258.59**	**37.45**	**3.84**	**17.38**	**2555.43**
Reclassified as "Right-of-use assets"	-	-	-	-	-	(17.38)	(17.38)
Depreciation expense	-	68.71	568.85	9.54	4.19	-	651.29
Eliminated on disposals	-	(1.35)	(12.31)	(0.24)	(0.19)	-	(14.09)
Balance at March 31, 2020	**-**	**305.53**	**2815.13**	**46.75**	**7.84**	**-**	**3175.25**

Carrying Amounts	Freehold land	Buildings	Plant and equipment	Furniture and fittings	Vehicles	Vehicles under finance lease	Total
Balance at March 31, 2018	**37.86**	**1227.05**	**2924.59**	**40.82**	**13.14**	**12.50**	**4255.96**
Additions	-	59.96	324.82	5.01	15.52	-	405.31
Depreciation expense	-	(65.72)	(639.90)	(10.20)	(2.62)	(6.85)	(725.29)
Disposals (net)	-	-	(5.59)	(0.03)	(1.92)	(1.04)	(8.58)
Balance at March 31, 2019	**37.86**	**1221.29**	**2603.92**	**35.60**	**24.12**	**4.61**	**3927.40**
Reclassified as "Right-of-use assets	-	-	-	-	-	(4.61)	(4.61)
Additions	-	152.50	687.63	7.98	11.26	-	859.37
Depreciation expense	-	(68.71)	(568.85)	(9.54)	(4.19)	-	(651.29)
Disposals (net)	-	(4.77)	(2.38)	(0.07)	(2.12)	-	(9.34)
Balance at March 31, 2020	**37.86**	**1300.31**	**2720.32**	**33.97**	**29.07**	**-**	**4121.53**

For the year ended March 31, 2020 (in Indian Rupees million, unless otherwise stated)

(a) Includes ₹762.93 million (Previous year: ₹632.42 million) being cost of building on leasehold land.

(b) Includes Research and Development capital expenditure of ₹18.30 million (Previous year: ₹38.28 million) - Refer Note: 40(b) on Research & Development expenditure

(c) Assets pledged as security

Immovable properties of the Company carry pari-passu charge in favour of the consortium of bankers, as security for banking facilities availed.

The vehicles purchased through finance lease arrangement are hypothecated to the lessor.

(d) Capitalised borrowing cost

Borrowing costs capitalised on property, plant and equipment during the year - ₹ Nil (Previous year: ₹ Nil).

(e) Contractual obligations

Refer Note: 30B for disclosure of Contractual commitments for the acquisition of property, plant and equipment.

4B. Leases

i) Amount recognised in balance sheet

Particulars	As at 31.03.2020
Right-of-use asset	
Land	78.88
Vehicles	0.55
	79.43
Lease liabilities	
Non-current	2.47
Current	3.00
	5.47

ii) Amount recognised in profit and loss

Particulars	For the year 2019-20
Depreciation charge of right-of-use assets - Refer Note: 25	
Land	1.61
Vehicles	3.79
	5.40
Interest expenses (included in Finance cost) - Refer Note: 24	1.38
Expenses related to Short term leases(included in Rent : Other expenses) - Refer Note: 26	41.11

a) Addition to the right-of-use assets during the year: ₹Nil

b) The total cash outflow for leases for the year: ₹8.64 million

c) Extension and termination options:

Extension and termination options are included in the above leases across the Company. These are used to maximise operational flexbility in terms of managing the assets used in the Company's operations. The majority of extension and termination options held are exercisable only by the Company and not by the respective lessor.

d) To determine the incremental borrowing rate, the Company, where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.

e) The Company has not incurred any expenses relating to low-value assets during the current year. There are no expenses relating to variable lease payments.

f) The Company leases land, offices, warehouses, furniture, fittings, equipment and vehicles. Lease contracts in respect of land are typically made for periods of upto 99 years and in respect of others for period upto 4 years.

Transition to Ind AS 116

a) The Company has adopted Ind AS 116 retrospectively from April 1, 2019, but has not restated comparatives for year ended March 31, 2019, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are not recognised in the opening balance sheet on April 1, 2019, as these are not material to financial statements.

b) On adoption of Ind AS 116, the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of Ind AS 17, Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of April 1, 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on April 1, 2019 was 7.5%.

c) For leases previously classified as finance leases the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right-of-use asset and the lease liability at the date of initial application. The measurement principles of Ind AS 116 are only applied after that date.

In the previous year, the Company recognised:

i) Lease asset and lease liabilities in relation to leases that were classified as "Finance lease" under Ind AS 17, leases. These assets were presented in property, plant and equipment and the liabilities as part of the Company's borrowings and other financial liabilities.

ii) Lease Land prepayment were presented in Non-current & current prepayment.

d) In applying Ind AS 116 for the first time, the Company has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics.
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review - there were no onerous contracts as at April 1, 2019.
- accounting for operating leases with a remaining lease term of less than 12 months as at April 1, 2019 as short-term leases.
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

e) The Company has also elected not to reassess whether a contract is, or contains a lease at the date of initial application.

Instead, for contracts entered into before the transition date, the Company relied on its assessment made applying Ind AS 17 and Appendix C to Ind AS 17, Determining whether an Arrangement contains a Lease.

f) The difference between the operating lease commitments as per Ind AS 17 as at March 31, 2019 and value of lease liability as at April 1, 2019 is primarily on account of reduction due to discounting of the lease liabilities as per the requirement of Ind AS 116 and exclusion of the commitments for the leases for which practical expedient is applied as per the standard.

g) Notes presented under Ind AS 17 leases for the previous year ended 31st March 2019

Particulars	As at 31.03.2019
The Company has acquired vehicles under finance lease with respective asset as security	
a. Original cost of Leased Assets	21.99
Cost as per Fixed Assets Schedule	21.99
b. Net Carrying amount	4.61
c. Reconciliation between Total Minimum Lease payments and their Present value	
Total Minimum Lease Payments	10.02
Less : Future Liability on Interest account	1.06
Present value of Lease payments	8.96

d. Year wise Future Minimum lease rental payments

Particulars	Total Minimum Lease Payments as on 31.03.2019	Present value of Lease payments as on 31.03.2019
(i) Not later than one year	7.19	6.27
(ii) Later than one year and not later than three years	2.83	2.69
(iii) Later than three years and not later then five years	-	-
(iv) Later than five years	-	-
Total	**10.02**	**8.96**

4C. Capital work-in-progress

Particulars	As at 31.03.2020	As at 31.03.2019
Capital work-in-progress	122.16	224.88

Capital work in progress movement	Total
Balance at March 31, 2018	**169.63**
Addition during the year	460.56
Capitalised during the year	(405.31)
Balance at March 31, 2019	**224.88**
Addition during the year	756.65
Capitalised during the year	(859.37)
Balance at March 31, 2020	**122.16**

5. Intangible assets

Particulars	As at 31.03.2020	As at 31.03.2019
Carrying amounts		
Software	9.58	9.91
Technical know-how	11.31	15.62
Total	**20.89**	**25.53**

Cost	Software	Technical know-how	Total
Balance at March 31, 2018	**26.86**	**124.14**	**151.00**
Additions - **(a)**	5.79	-	5.79
Balance at March 31, 2019	**32.65**	**124.14**	**156.79**
Additions - **(a)**	4.93	3.50	8.43
Disposals	0.26	-	0.26
Balance at March 31, 2020	**37.32**	**127.64**	**164.96**

Accumulated amortisation and impairment	Software	Technical know-how	Total
Balance at March 31, 2018	**17.77**	**84.78**	**102.55**
Amortisation expense	4.97	23.74	28.71
Balance at March 31, 2019	**22.74**	**108.52**	**131.26**
Amortisation expense	5.26	7.81	13.07
Disposals	0.26	-	0.26
Balance at March 31, 2020	**27.74**	**116.33**	**144.07**

Notes forming part of the Standalone Financial Statements
For the year ended March 31, 2020 (in Indian Rupees million, unless otherwise stated)

Carrying amounts	Software	Technical know-how	Total
Balance at March 31, 2018	**9.09**	**39.36**	**48.45**
Additions	5.79	-	5.79
Amortisation expense	(4.97)	(23.74)	(28.71)
Balance at March 31, 2019	**9.91**	**15.62**	**25.53**
Additions	4.93	3.50	8.43
Amortisation expense	(5.26)	(7.81)	(13.07)
Disposals	-	-	-
Balance at March 31, 2020	**9.58**	**11.31**	**20.89**

(a) Includes Research and Development capital expenditure of ₹Nil (Previous year: ₹Nil) - Refer Note: 40(b) on Research & Development expenditure.

(b) Internally generated intangible assets - ₹Nil (Previous year: ₹Nil).

6. Investments - Non-Current

Particulars	Quantity in numbers As at 31.03.2020	Quantity in numbers As at 31.03.2019	Nominal value (e)	Notes	Value As at 31.03.2020	Value As at 31.03.2019
Non-Current investments:						
(A) Investment in Associate - Equity Shares (fully paid) Quoted (Trade): Instruments at cost						
Wendt (India) Limited	797,352	797,352	10		10.36	10.36
				6A	**10.36**	**10.36**
(B) Investments in Joint Ventures - Equity Shares (fully paid) Unquoted (Trade): Instruments at cost						
Murugappa Morgan Thermal Ceramics Limited	1,430,793	1,430,793	10		44.04	44.04
Ciria India Limited	59,998	59,998	10		1.68	1.68
				6B	**45.72**	**45.72**
(C) Investments in Subsidiaries - Equity Shares (fully paid) Unquoted (Trade): Instruments at cost						
CUMI International Ltd., Cyprus	25,737,406	25,737,406	USD 1		2195.80	2195.80
Sterling Abrasives Limited	54,000	54,000	100		37.10	37.10
Southern Energy Development Corporation Limited	389,908	389,908	10		54.66	54.66
Net Access India Limited	5,000,000	5,000,000	10		50.00	50.00
CUMI (Australia) Pty Ltd., Australia	1,050	1,050	AUD 1		14.79	14.79
				6C	**2352.35**	**2352.35**
(D) Other Investments Instruments at Fair Value Through Other Comprehensive Income [FVTOCI]						
Investments in equity instruments - Equity Shares (fully paid)						
Quoted (Trade)						
Coromandel Engineering Company Limited	3,042,900	3,042,900	10		35.91	87.04
Unquoted (Non - Trade)						
Murugappa Management Services Limited	44,704	44,704	100		11.30	11.30
				6D(i)	**47.21**	**98.34**

For the year ended March 31, 2020 (in Indian Rupees million, unless otherwise stated)

Particulars	Quantity in numbers		Nominal value (g)	Notes	Value	
	As at 31.03.2020	As at 31.03.2019			As at 31.03.2020	As at 31.03.2019
Instruments at Fair Value Through Profit or Loss [FVTPL]						
Quoted (Non-Trade) **Investments in equity instruments - Equity Shares (fully paid)**						
Grindwell Norton Limited	800	800	5		0.36	0.47
Orient Abrasives Limited	10,000	10,000	1		0.12	0.27
Orient Refractories Limited	10,000	10,000	1		1.17	2.39
EID Parry (India) Limited	1,000	1,000	1		0.14	0.20
Cholamandalam Investment and Finance Co Limited **(a)**	500	100	2		0.07	0.14
Cholamandalam Financial Holdings Limited **(b)**	1,000	1,000	1		0.29	0.49
Tube Investments of India Limited	1,000	1,000	1		0.27	0.38
Coromandel International Limited	330	330	1		0.18	0.17
				6D(ii)	**2.60**	**4.51**
Unquoted (Non-Trade) **Investments in equity instruments - Equity Shares (fully paid)**						
Chennai Willingdon Corporate Foundation(₹50 only) **- (c)**	5	5	10		0.00	0.00
John Oakey Mohan Limited	1,900	1,900	10		0.05	0.05
CUMI Employees Co-operative Society/Stores	-	-	-		0.03	0.03
Kerala Enviro Infrastructure Limited	10,000	10,000	10		0.10	0.10
Other Investment						
7 Years National Savings Certificate of ₹2,000/- deposited with the Government	-	-	-		0.00	0.00
				6D(iii)	**0.18**	**0.18**
				6D	**49.99**	**103.03**
Investment - Non-Current Grand Total [6A] + [6B] + [6C] + [6D]					**2458.42**	**2511.46**

Particulars		Value	
		As at 31.03.2020	As at 31.03.2019
(E) Other Investment - Current			
Instruments at Fair Value Through Profit or Loss [FVTPL] - Mutual Fund	**6E**	**616.02**	**935.65**

(a) During the year, the face value of the shares was sub-divided to ₹2/- each from face value of ₹10/- each. Accordingly the no. of shares held by the Company increased to 500 from 100.

(b) During April 2019, TI Financial Holdings Limited changed their name as Cholamandalam Financial Holdings Limited.

(c) Shares allotted against corporate membership contribution.

(d)

Particulars	As at	
	31.03.2020	31.03.2019
Aggregate book value of quoted investments	664.89	1037.56
Aggregate market value of quoted investments	2075.05	3389.15
Aggregate carrying value of unquoted investments	2409.55	2409.55

(e)

Categorywise other investment as per Ind AS 109	As at	
	31.03.2020	31.03.2019
Mandatorily measured at FVTPL - 6D(ii)+6D(iii)+ 6E	618.80	940.34
Financial assets designated at FVTOCI (equity instruments) - 6D(i)	47.21	98.34
Investments at cost (includes investment in Associate, Joint Ventures and Subsidiaries) - 6A+6B+6C	2408.43	2408.43
	3074.44	**3447.11**

(f) Nominal value per share is given in Indian Rupees or in respective foreign currency where stated.

7. Other financial assets

Particulars	As at	
	31.03.2020	31.03.2019
A. Non-current		
Security deposits	133.80	121.24
	133.80	**121.24**
B. Current		
Advances to employees	13.29	16.35
Other receivables:		
Considered good	43.56	37.66
Considered doubtful	0.57	0.61
Less: Allowance for doubtful receivables	(0.57)	(0.61)
	56.85	**54.01**

8. Other assets

Particulars	As at	
	31.03.2020	31.03.2019
A. Non-current		
Capital advances	58.24	100.33
Prepayments - Refer note: 4B	-	76.67
Deposits paid under protest relating to Sales Tax, Value Added Tax, Central Excise and Service Tax demands	15.65	15.33
Taxation (net of provisions)	55.34	13.31
	129.23	**205.64**
B. Current		
Prepayments	39.46	33.33
Recoverable from Electricity Board - Banked power	44.85	-
Trade advance to Suppliers	115.81	175.18
Balances with/amount receivable from Statutory Authorities	301.43	175.66
	501.55	**384.17**

For the year ended March 31, 2020 (in Indian Rupees million, unless otherwise stated)

9. Inventories

Particulars	As at	
	31.03.2020	31.03.2019
Raw materials	1061.45	1583.21
Raw materials in transit	159.98	74.24
Work-in-progress	748.54	657.75
Stock-in-trade	85.69	125.57
Finished goods	936.51	691.47
Stores and spares	270.78	258.10
	3262.95	**3390.34**

a. The method of valuation of inventories are stated in Note: 3.16.

b. The cost of inventories recognised as an expense (consumption) during the year was ₹7644.05 million (previous year: ₹8608.67 million).

c. All the above inventories are expected to be recovered/utilised within twelve months.

10.Trade receivables (Unsecured)

Particulars	As at	
	31.03.2020	31.03.2019
Current		
a. Considered good	2593.42	3305.07
b. Which have significant increase in Credit Risk	63.56	73.85
c. Credit impaired	-	-
Allowance for doubtful receivables (expected credit loss allowance)	(63.56)	(73.85)
	2593.42	**3305.07**

a. Trade receivables are generally due between 30 to 60 days. The Company's term includes charging of interest for delayed payment beyond agreed credit days. However, the Company charges interest after considering the historical trend, business prospects, reason for delay, market conditions etc.

b. **Credit risk** is managed at the operational segment level. The credit limit and credit period are fixed for each customer after evaluating the financial position, past performance, business opportunities, credit references etc. The credit limit and the credit period are reviewed regularly at periodical intervals.

c. **Concentration risk** considers significant exposures relating to industry, counterparty, geography, currency etc. The concentration of credit risk is not significant as the customer base is large and diversified.

d. The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on provision matrix which takes into account the historical credit loss experience adjusted for forward looking information.

e. Some trade receivable may be past due over 365 days without being impaired considering the certainty of realisation.

f. Trade Receivable includes dues from Related party amounting ₹426.06 million (Previous year : ₹399.43 million).

g. Movement in expected credit loss allowance:

Particulars	As at	
	31.03.2020	31.03.2019
Balance at the beginning of the year	73.85	70.96
Add: Allowance made during the year	17.56	29.98
Less: Reversal of allowance during the year	(27.85)	(27.09)
Balance at the end of the year	**63.56**	**73.85**

11A. Cash and cash equivalents

Particulars	As at	
	31.03.2020	31.03.2019
Balances with banks - Current account	34.25	152.43
Deposit account	1579.26	3.43
Cash on hand	1.10	0.85
	1614.61	**156.71**

Non-cash transactions:

During the year, the Company has not entered into any non-cash transactions on investing and financing activities.

There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting period and previous year.

11B. Bank balances other than above

Particulars	As at	
	31.03.2020	31.03.2019
Earmarked funds - Unclaimed and unpaid dividend - Refer Note: 18	19.22	15.70

12. Equity Share Capital

Particulars	As at	
	31.03.2020	31.03.2019
Authorised share capital:		
387,250,000 (as at March 31, 2019: 387,250,000) equity shares of ₹1 each	387.25	387.25
Issued, Subscribed and Paid-up		
189,412,196 (as at March 31, 2019: 189,154,175) equity shares of ₹1 each fully paid	**189.41**	**189.15**

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

Particulars	As at 31.03.2020		As at 31.03.2019	
Equity shares with voting rights	No. of Shares	Value of Shares	No. of Shares	Value of Shares
At the beginning of the year	189,154,175	189.15	188,955,751	188.96
Add: Shares issued against Employee Stock Option Scheme/Plan	258,021	0.26	198,424	0.19
At the end of the year	**189,412,196**	**189.41**	**189,154,175**	**189.15**

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. Repayment of capital and surplus, if any, will be in proportion to the number of equity shares held.

c) Dividend details

An interim dividend of ₹2.75/- per share was declared at the meeting of the Board of Directors held on February 26, 2020 and the same has been paid and recommended to be confirmed by the shareholders as final dividend for the financial year 2019-20, (previous year an interim dividend of ₹1.5/- per share was declared at the meeting of the Board of Directors held on February 01, 2019 and the same has been paid).

Final dividend of ₹1.25/- per share proposed for previous year ended March 31, 2019 has been paid during the year.

For the year ended March 31, 2020 (in Indian Rupees million, unless otherwise stated)

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

Name of the Shareholder	As at			
	31.03.2020		31.03.2019	
	No. of Shares held*	% of holding	No. of Shares held*	% of holding
Ambadi Investments Limited	56,054,244	29.59%	56,054,244	29.63%
HDFC Trustee Company Limited	17,495,337	9.24%	16,987,297	8.98%
SBI Mutual Fund	11,803,727	6.23%	4,311,303	2.28%

*Holdings combined based on the PAN of the shareholders.

e) Stock Options granted under the Company's Employee Stock Option Scheme/Plan

Stock Options granted under the Company's Employee Stock Option Scheme/Plan pending exercise by option holders carry no right to dividend and voting rights. Further details of the Employee Stock Option Scheme/Plan are provided in Note: 36.

13. Other equity

Particulars	As at	
	31.03.2020	31.03.2019
A. Reserves and Surplus		
a. Profit on Forfeiture of shares/warrants	6.03	6.03
b. Capital redemption reserve	27.68	27.68
c. Securities premium	288.56	254.11
d. General reserve	7675.43	7175.43
e. Share options outstanding account	62.75	46.69
f. Retained earnings	5421.67	5019.34
B. Items of Other Comprehensive Income		
g. Reserve for equity instruments	(24.52)	26.61
h. Revaluation Surplus	23.74	23.74
C. Share application money pending allotment		
i. Share application money pending allotment	-	-
Total Other Equity	**13481.34**	**12579.63**

a. Profit on Forfeiture of shares/warrants

Particulars	As at	
	31.03.2020	31.03.2019
Balance at the beginning of the year	6.03	6.03
Movements	-	-
Balance at end of the year	**6.03**	**6.03**

During 1999, an amount of ₹6.03 million has been added on account of forfeiture of shares. This balance can be used in paying up unissued shares as fully paid bonus shares to the shareholders of the Company.

b. Capital redemption reserve

Particulars	As at	
	31.03.2020	31.03.2019
Balance at the beginning of the year	27.68	27.68
Movements	-	-
Balance at end of the year	**27.68**	**27.68**

During the year 2000-01, the Company bought back 2,768,000 shares at the then face value of ₹10 each at the price of ₹115 per share from the shareholders, pursuant to the offer of buy back of shares. A sum equal to nominal value of shares so bought back was transferred to capital redemption reserve account as per Companies Act, 1956. This reserve can be used in paying up unissued shares as fully paid bonus shares to the shareholders of the Company.

c. Securities premium

Particulars	As at	
	31.03.2020	31.03.2019
Balance at the beginning of the year	254.11	226.19
Movements	34.45	27.92
Balance at end of the year	**288.56**	**254.11**

The Securities premium received during the year represents the premium received towards allotment of 258,021 shares. Cumulatively 2,704,196 equity shares were allotted during the period FY 2009-10 to FY 2019-20 under ESOP Scheme 2007 and ESOP Plan 2016 (Refer Note: 36 towards details of the Scheme/Plan).

This balance will be utilised in accordance with the provisions of Section 52 of the Companies Act, 2013 towards issuance of fully paid bonus shares, write-off of preliminary expenses, commission/discount expenses on issue of shares/debentures, premium payable on redemption of redeemable preference shares/debentures and buy back of its own shares/securities under Section 68 of the Companies Act.

d. General reserve

Particulars	As at	
	31.03.2020	31.03.2019
Balance at the beginning of the year	7175.43	6675.43
Transfer from retained earnings	500.00	500.00
Balance at end of the year	**7675.43**	**7175.43**

The general reserve is a free reserve, retained from Company's profits and can be utilized upon fulfilling certain conditions in accordance with the Companies Act.

e. Share options outstanding account

Particulars	As at	
	31.03.2020	31.03.2019
Balance at the beginning of the year	46.69	30.84
Movements	16.06	15.85
Balance at end of the year	**62.75**	**46.69**

Under Ind AS 102, fair value of the options granted is to be expensed out over the life of the vesting period as employee compensation costs reflecting period of receipt of service. Refer Note: 36 for details.

f. Retained earnings

Particulars	As at	
	31.03.2020	31.03.2019
Balance at the beginning of the year	5019.34	4433.18
Add: Profits for the year	1913.25	1660.89
Add: Other Comprehensive Income arising from remeasurement of defined benefit obligation net of tax	(122.51)	24.77
Less: Transfer to General reserve	(500.00)	(500.00)
Less: Final dividend paid	(236.51)	(236.30)
Less: Dividend tax on Final dividend	(30.31)	(35.27)
Less: Interim dividend paid	(520.75)	(283.71)
Less: Dividend tax on interim dividend	(100.84)	(44.22)
Balance at end of the year	**5421.67**	**5019.34**

The amount that can be distributed by the Company as dividend to its equity shareholders is determined based on the financial position and dividend policy of the Company and in compliance with the requirements of the Companies Act, 2013.

For the year ended March 31, 2020 (in Indian Rupees million, unless otherwise stated)

g. Reserve for equity instruments

Particulars	As at 31.03.2020	As at 31.03.2019
Balance at the beginning of the year	26.61	84.42
Movements	(51.13)	(57.81)
Balance at end of the year	**(24.52)**	**26.61**

This reserve represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value through Other Comprehensive Income (Refer Note: 6D(i)), which will be reclassified to retained earnings when those assets are disposed off.

h. Revaluation Surplus

Particulars	As at 31.03.2020	As at 31.03.2019
Balance at the beginning of the year	23.74	23.74
Movements	-	-
Balance at end of the year	**23.74**	**23.74**

Land & Buildings added upto 31st August 1984 were revalued in 1984 based on the valuation done by an independent valuer. The value added on revaluation amounting to ₹58.41 million was credited to fixed asset revaluation reserve. The depreciation charged on the revalued portion was recouped every year from this reserve upto March 31, 2015 under previous GAAP.

i. Share application money pending allotment

Particulars	As at 31.03.2020	As at 31.03.2019
Balance at the beginning of the year	-	0.23
Movements	-	(0.23)
Balance at end of the year	**-**	**-**

Share application money pending for allotment under ESOP scheme. This represents the amount to the extent not refundable.

14. Non - Current borrowings

Particulars	Maturity date	Repayment terms	As at 31.03.2020	As at 31.03.2019
Secured				
Finance lease obligation (consisting of multiple contracts with varied maturities) - Refer **(a)**	Ranging from 2017 to 2022	Monthly instalments	-	8.96
Less: Current maturities of finance lease obligation (included in Note: 18)			-	6.27
Total Non - Current borrowings			**-**	**2.69**

a. Secured by the assets (vehicles) leased under the finance lease arrangement. The obligation consists of fixed rate of debt with repayment periods not exceeding 4 years.

b. Disclosure related to "Changes in liabilities arising from financial liabilities" under Ind AS 7 Statement of Cash flow

Net debts reconciliation	Note	As at 31.03.2020	As at 31.03.2019
Cash and Cash equivalents	11A	1614.61	156.71
Other investments (liquid)	6E	616.02	935.65
Non-current borrowings (including current maturities)	14	-	(8.96)
Net Cash/(Net debt)		**2230.63**	**1083.40**

Particulars	Other assets: Cash and Cash equivalents	Other assets: Other investments (liquid)	Liabilities from Financing activities: Non Current borrowings (including current maturities)	Total
Net Cash/(Net debt) as at 31st March 2018	195.67	544.79	(18.09)	722.37
Changes from Financing Cash flows	(38.96)	390.86	9.13	361.03
Net Cash/(Net debt) as at 31st March 2019	**156.71**	**935.65**	**(8.96)**	**1083.40**
Reclassified from Borrowings to Lease liabilities under Ind AS 116	-	-	8.96	8.96
Changes from Financing Cash flows	1457.90	(319.63)	-	1138.27
Net Cash/(Net debt) as at 31st March 2020	**1614.61**	**616.02**	**-**	**2230.63**

15. Provisions

Particulars	As at 31.03.2020	As at 31.03.2019
A. Non-current		
Employee benefits - Compensated absences	74.87	59.36
B. Current		
Employee benefits - Compensated absences	46.10	43.52

The movement represents the provision created for the year arising out of the actuarial valuation after considering the actual settlements made during the year.

16. Deferred tax liabilities (net)

Particulars	As at 31.03.2020	As at 31.03.2019
Deferred tax liabilities (net)	116.68	212.01

Deferred tax liabilities are the amounts of income taxes payable in future periods in respect of taxable temporary differences.
Deferred tax assets are the amounts of income taxes recoverable in future periods in respect of deductible temporary differences.

Particulars	2019-20			
	Balance as at 31.03.2019	Recognised in Profit & loss	Recognised in Other Comprehensive Income	Balance as at 31.03.2020
Breakup of deferred tax liabilities (net):				
Allowance for doubtful receivables and advances	(26.02)	9.88	-	(16.14)
Voluntary retirement scheme payments	(0.68)	0.28	-	(0.40)
Expenses allowed on payment basis	(52.86)	10.37	-	(42.49)
Accelerated depreciation for tax purposes	291.57	(115.86)	-	175.71
	212.01	**(95.33)**	-	**116.68**

Particulars	2018-19			
	Balance as at 31.03.2018	Recognised in Profit & loss	Recognised in Other Comprehensive Income	Balance as at 31.03.2019
Breakup of deferred tax liabilities (net):				
Allowance for doubtful receivables and advances	(25.18)	(0.84)	-	(26.02)
Voluntary retirement scheme payments	(0.64)	(0.04)	-	(0.68)
Expenses allowed on payment basis	(51.08)	(1.78)	-	(52.86)
Accelerated depreciation for tax purposes	337.69	(46.12)	-	291.57
	260.79	**(48.78)**	-	**212.01**

For the year ended March 31, 2020 (in Indian Rupees million, unless otherwise stated)

17. Trade payables

Particulars	As at 31.03.2020	As at 31.03.2019
Total outstandings due to micro and small enterprises **(c)** - Refer Note: 32	7.76	17.83
Total outstanding dues of creditors other than micro enterprises and small enterprises	1263.54	1452.10
	1271.30	**1469.93**

a. Trade payables are non-interest bearing and are normally settled as per due dates generally ranging from 30 to 60 days.

b. The Company has financial risk management policies in place to ensure that all payables are paid within the agreed credit terms.

c. Dues to Micro and Small enterprises have been determined to the extent such parties have been identified on the basis of the information collected by the Management. This has been relied upon by the auditors.

18. Other financial liabilities

Particulars	As at 31.03.2020	As at 31.03.2019
Secured		
Current Maturities of Finance lease obligation (Refer Note: 14)	-	6.27
Unsecured		
Unclaimed and Unpaid dividends **(a)**	19.22	15.70
Remuneration payable to directors	24.78	21.14
Deposits	47.39	45.63
Payable relating to Capital expenditure	57.97	73.58
Other payables	302.41	477.74
	451.77	**640.06**

(a) There is no amount which has fallen due as at Balance sheet date to be credited to Investor Education and Protection Fund. The unclaimed dividend portion is kept separately in earmarked bank accounts - Refer Note: 11B

19. Other current liabilities

Particulars	As at 31.03.2020	As at 31.03.2019
Contract Liabilities **(a)**	53.56	43.99
Statutory liabilities	8.77	17.46
Others	30.81	-
	93.14	**61.45**

(a) Details about Contract Liabilities:

i) The outstanding balances in Contract liabilities have increased from last year mainly on account of increase in receipt of advances during current year.

ii) Revenue recognized in relation to Contract liabilities:

The following summary shows how much of the revenue recognized in the current year relates to carried forward contract liabilities and how much relates to performance obligations that were satisfied in the prior year.

Particulars	For the year 2019-20	For the year 2018-19
Revenue recognized that was included in the Contract liability balance at the beginning of the period	43.99	36.16
Revenue recognized from performance obligations satisfied in previous periods	-	-

iii) In respect of the remaining performance obligations, the disclosure towards allocation of transaction price do not arise as the contract has an original expected duration of one year or less.

20. Revenue from operations

Particulars	For the year 2019-20	For the year 2018-19
a. Sales/Income from Operations Refer Note : 29 "Segment Disclosure" for breakup of Sales		
Sale of products	15730.18	17013.74
Sale of services	500.45	505.38
	16230.63	**17519.12**
b. Other operating income		
Service income	79.91	77.44
Scrap Sales	61.29	64.10
Miscellaneous income		
- Export benefits	136.38	134.49
- Others	3.74	27.05
	281.32	**303.08**
Total Revenue from operations (a + b)	**16511.95**	**17822.20**

No element of financing is deemed present as the sales are made with a credit term which is one year or less.

Reconciliation of Revenue recognised with Contract price:

Particulars	2019-20	2018-19
Gross Sales/Income from operations	16460.13	17792.88
Service income	79.91	77.44
Scrap Sales	61.29	64.10
Contract price	**16601.33**	**17934.42**
Less : Discount - Variable Consideration	229.50	273.76
Revenue recognized under Ind AS 115	**16371.83**	**17660.66**
Add: Miscellaneous income	140.12	161.54
Revenue from operations	**16511.95**	**17822.20**

21. Other Income

Particulars	For the year 2019-20	For the year 2018-19
(a) Dividend Income		
Dividend Income from Non-Current Investments		
Dividend from Subsidiaries	119.20	133.27
Dividend from Joint Ventures	170.08	34.62
Dividend from Associate	11.96	23.92
Dividend from Others	0.05	0.04
Dividend Income from Current Investments	31.74	34.34
	333.03	**226.19**
(b) Interest Income earned on Financial assets that are not designated as Fair Value Through Profit or Loss [FVTPL]		
from bank deposits (at amortised cost)	29.64	3.27
from other financial assets carried (at amortised cost)	6.26	6.42
	35.90	**9.69**
(c) Net gain arising on financial assets mandatorily measured at Fair Value Through Profit or Loss [FVTPL] - (Refer Note: 6D(ii) & 6D(iii))	**-**	**0.70**
(d) Other Non operating income		
Profit on sale of assets	53.78	7.02
Profit on exchange fluctuation (net)	28.69	-
Reversal of allowance for doubtful receivables and advances	19.56	16.50
Provision for expenses no longer required written back	1.44	7.82
Rental income	0.87	1.28
	104.34	**32.62**
Total Other Income (a + b + c + d)	**473.27**	**269.20**

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2020 (in Indian Rupees million, unless otherwise stated)

22. Changes in inventories of finished goods, stock-in-trade and work in progress

Particulars	For the year	
	2019-20	2018-19
Opening stock		
Work-in-progress	657.75	620.17
Stock-in-trade (including in transit)	125.57	147.56
Finished goods	691.47	441.63
(A)	**1474.79**	**1209.36**
Less: Closing stock		
Work-in-progress	748.54	657.75
Stock-in-trade	85.69	125.57
Finished goods	936.51	691.47
(B)	**1770.74**	**1474.79**
Decretion/(Accretion) to stock (A) - (B)	**(295.95)**	**(265.43)**

23. Employee benefits expense

Particulars	For the year	
	2019-20	2018-19
Salaries, wages and bonus	1453.74	1354.49
Contribution to provident and other funds	159.26	144.23
Voluntary retirement compensation	0.45	0.87
Share based payments to employees (ESOPs) - Refer Note: 36	16.06	15.85
Remuneration to Managing Director	24.31	23.19
Remuneration to Executive Director	12.74	-
Welfare expenses	292.30	282.56
	1958.86	**1821.19**

Remuneration to Managing Director includes

Particulars	For the year	
	2019-20	2018-19
Salaries & Allowances	15.95	14.13
Incentive *	5.47	5.89
Contribution to provident and other funds	2.89	3.17
(excludes gratuity, compensated absences and share based payments since employee-wise valuation is not available)		
	24.31	**23.19**
Value of perquisites (included under appropriate heads of accounts)	0.04	0.05

Remuneration to Executive Director includes

Particulars	For the year 2019-20	For the year 2018-19
Salaries & Allowances	8.85	-
Incentive *	2.48	-
Contribution to provident and other funds	1.41	-
(excludes gratuity, compensated absences and share based payments since employee-wise valuation is not available)		
	12.74	**-**
Value of perquisites (included under appropriate heads of accounts)	0.03	-

* Incentive to Managing Director and Executive Director is provisional and subject to determination by the Nomination and Remuneration Committee.

24. Finance costs

Particulars	For the year	
	2019-20	2018-19
Interest costs		
- on Fixed loans	0.03	-
- on lease liabilities	1.38	-
- on Others	0.07	2.03
Other borrowing costs	2.04	7.35
	3.52	**9.38**

25. Depreciation and amortisation expense

Particulars	For the year	
	2019-20	2018-19
Depreciation of property, plant and equipment - Refer Note: 4A	651.29	725.29
Depreciation of Right-of-use assets - Refer Note : 4B	5.40	-
Amortisation of intangible assets - Refer Note: 5	13.07	28.71
	669.76	**754.00**

26. Other expenses

Particulars	For the year	
	2019-20	2018-19
Consumption of stores and spares **(a)**	747.02	777.80
Power and fuel **(b)**	1808.61	1928.98
Rent	69.94	62.12
Rates and taxes	41.34	37.53
Insurance	22.06	22.31
Repairs to: **(c)**		
- Buildings	21.12	21.52
- Plant and equipment	497.11	522.86
Directors' Sitting fees (refer Corporate Governance report)	3.60	2.05
Commission to Non-wholetime Directors (refer Corporate Governance report)	16.83	15.25
Auditors' remuneration (Refer Note: 39)	7.95	6.57
Travel and conveyance	153.55	164.38
Freight, delivery and shipping charges	460.03	492.34
Impairment loss on financial assets	8.87	12.26
Less: Provision adjusted	(8.87)	(12.26)
Allowance for doubtful receivables and advances	18.10	31.14
Net loss arising on financial assets mandatorily measured at fair value through profit or loss [FVTPL] - (Refer Note: 6D(ii) & 6D(iii))	1.91	-
Selling commission	42.31	34.78
Advertisement and publicity	35.04	30.98
Printing, stationery and communication	34.73	37.31
Loss on exchange fluctuation (net)	-	3.17
Professional fees	66.78	52.96
Services outsourced	1149.60	1110.94
Loss on sale of assets	2.15	3.12
Miscellaneous expenses	160.57	149.44
	5360.35	**5507.55**

For the year ended March 31, 2020 (in Indian Rupees million, unless otherwise stated)

(a) Includes consumption of packing materials amounting ₹406.17 million (previous year ₹424.73 million)

(b) Net of own power generation, which includes energy banked with Kerala State Electricity Board - ₹44.85 million (Previous year NIL)

(c) Repairs includes consumption of stores and spares amounting to ₹299.72 million (Previous year: ₹310.70 million)

27. Income tax expense

Particulars	For the year	
	2019-20	2018-19
A. Income tax expense recognised in Profit and loss:		
a. Current tax		
In respect of the current year	577.50	867.00
	577.50	**867.00**
b. Deferred tax		
In respect of the current year	(36.02)	(49.49)
Adjustment to deferred tax attributable to changes in tax rates and laws	(59.31)	0.71
	(95.33)	**(48.78)**
Total Income tax expense recognised during the year (net)	**482.17**	**818.22**

The Company opted to exercise the option permitted under section 115BAA of the Income-tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has recognised Provision for Income tax for the year ended March 31, 2020 and remeasured its Deferred Tax asset basis at the rate prescribed in the said section. The deferred tax impact of this change has been recognised in the Statement of Profit and Loss for the year ended March 31, 2020.

Income tax reconciliation

Particulars	For the year	
	2019-20	2018-19
Profit before tax	**2395.42**	**2479.11**
Income tax expense calculated at the applicable tax rate of 25.168% on Profit before tax (for FY 2018-19 : 34.944%)	602.88	866.30
Tax expenses recognised during the year	482.17	818.22
Differential tax impact	**(120.71)**	**(48.08)**
Differential tax impact due to the following (tax benefit)/tax expenses		
Exempted Dividend income - Net of disallowance	(61.43)	(48.26)
Dividend Income from Overseas Subsidiaries - Taxable at special rates	(4.51)	(9.64)
Expenditure on Corporate Social Responsibility not eligible for tax deduction	3.63	5.52
Claim of weighted benefit relating to In-house Research & Development facilities	-	(18.71)
Movement in the fair valuation of the quoted Investment	0.48	(0.24)
Donations not allowable	(0.74)	2.76
Depreciation and amortisation not allowable under Income tax provisions	-	9.82
Effect of changes in tax rate	(59.31)	0.71
Share based payments not eligible for tax deduction	4.04	5.56
Others	(2.87)	4.40
	(120.71)	**(48.08)**
B. Income tax expense recognised in Other Comprehensive Income:	**-**	**-**

28. Earnings per share

Particulars	For the year	
	2019-20	2018-19
Basic earnings per share (₹)	10.11	8.79
Diluted earnings per share (₹)	10.10	8.77
The calculation of Basic and Diluted Earnings per share is based on the following data:		
Profits for the year after tax	1913.25	1660.89
Weighted average number of equity shares outstanding during the year:		
- Basic	189,246,630	189,049,874
- Dilutive	189,430,368	189,477,299

The weighted average number of equity shares for the purpose of diluted earnings per share reconciles to the weighted average number of equity shares used in the calculation of basic earnings per share as given below:

Particulars	For the year	
	2019-20	2018-19
Weighted average number of equity shares used in the calculation of basic earnings per share	189,246,630	189,049,874
Shares deemed to be issued for no consideration in respect of:		
- Employee Stock Option Scheme/Plan	183,738	427,425
Weighted average number of equity shares used in the calculation of diluted earnings per share	189,430,368	189,477,299

29. Segment information

Carborundum Universal Limited provides solutions for following industrial manufacturing needs by developing, manufacturing and marketing products using the properties of materials known as Electrominerals:

- Surface engineering (material removal, cutting, polishing) known as Abrasives. This segment comprise of Bonded, Coated, Processed cloth, Polymers, Power tools and Coolants.
- Technical Ceramics and Super Refractory solutions to address wear protection, corrosion resistance, electrical resistance, heat protection and ballistic protection known as Ceramics.
- Electrominerals for surface engineering, refractories, energy and environment. It includes Fused Alumina, Silicon Carbide, Zirconia, specialty minerals and captive power generation from hydel power plant.

The Business Group Management Committee headed by Managing director (CODM) consisting of Chief Financial Officer, Leaders of Strategic Business Units and Human resources have identified the above three reportable business segments. It reviews and monitors the operating results of the business segments for the purpose of making decisions about resource allocation and performance assessment using profit or loss and return on capital employed.

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2020 (in Indian Rupees million, unless otherwise stated)

Particulars	Abrasives 2019-20	Abrasives 2018-19	Ceramics 2019-20	Ceramics 2018-19	Electrominerals 2019-20	Electrominerals 2018-19	Eliminations 2019-20	Eliminations 2018-19	Total 2019-20	Total 2018-19
Sales										
External Sales	7871.03	8902.80	4901.43	4793.69	2957.72	3317.25	-	-	15730.18	17013.74
Sale of services	263.11	296.32	199.62	177.30	37.72	31.76	-	-	500.45	505.38
Inter segment sales	12.66	9.92	18.96	13.90	1113.40	1185.36	(1145.02)	(1209.18)	-	-
Sales / Income from Operations	**8146.80**	**9209.04**	**5120.01**	**4984.89**	**4108.84**	**4534.37**	**(1145.02)**	**(1209.18)**	**16230.63**	**17519.12**
Results										
Segment result - EBITDA	1274.21	1528.95	1196.73	1101.51	441.36	673.20	-	-	2912.30	3303.66
Depreciation/amortisation	(192.61)	(230.29)	(244.87)	(283.60)	(224.45)	(227.97)	-	-	(661.93)	(741.86)
Profit on sale of Fixed Assets (Net)	1.34	(1.34)	48.79	(0.48)	-	(0.89)	-	-	50.13	(2.71)
Unallocated corporate expenses/ (Income)									(268.58)	(307.18)
Interest expense									(3.52)	(9.38)
Interest and dividend income									368.93	235.88
Fair valuation of Investment									(1.91)	0.70
Profit before tax	**1082.94**	**1297.32**	**1000.65**	**817.43**	**216.91**	**444.34**	-	-	**2395.42**	**2479.11**
Income taxes									(482.17)	(818.22)
Net profit after taxes									**1913.25**	**1660.89**
Other information:										
Segment assets	4130.58	4547.73	3638.29	3620.61	3075.66	3400.52	-	-	10844.53	11568.86
Unallocated corporate assets									4885.55	3688.94
Total assets	**4130.58**	**4547.73**	**3638.29**	**3620.61**	**3075.66**	**3400.52**	-	-	**15730.08**	**15257.80**
Segment liabilities	661.18	1106.47	479.75	471.12	501.12	507.23			1642.05	2084.82
Unallocated corporate liabilities									417.28	404.20
Total liabilities	**661.18**	**1106.47**	**479.75**	**471.12**	**501.12**	**507.23**	-	-	**2059.33**	**2489.02**
Addition to Non - Current assets	457.42	222.22	196.77	187.22	63.40	124.84				
Depreciation & Amortization	192.61	230.29	244.87	283.60	224.45	227.97				
Impairment losses	9.33	9.08	6.10	20.43	2.67	1.64				

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2020 (in Indian Rupees million, unless otherwise stated)

Particulars	Abrasives 2019-20	Abrasives 2018-19	Ceramics 2019-20	Ceramics 2018-19	Electro minerals 2019-20	Electro minerals 2018-19	Eliminations/ Unallocable 2019-20	Eliminations/ Unallocable 2018-19	Total 2019-20	Total 2018-19
Revenue recognised under Ind AS 115										
Sales / Income from Operations	8146.80	9209.04	5120.01	4984.89	4108.84	4534.37	(1145.02)	(1209.18)	16230.63	17519.12
Service income	-	-	-	-	-	-	79.91	77.44	79.91	77.44
Scrap sales	35.72	48.90	22.32	9.57	3.96	6.50	(0.70)	(0.88)	61.29	64.10
Total	**8182.52**	**9257.94**	**5142.33**	**4994.46**	**4112.80**	**4540.87**	**(1065.81)**	**(1132.62)**	**16371.83**	**17660.66**
Revenue recognised under Ind AS 115 comprise of:										
- At the point in time	8182.52	9257.94	5058.98	4933.26	4112.80	4540.87	(1145.72)	(1210.06)	16208.57	17522.02
- Over the period	-	-	83.35	61.20	-	-	79.91	77.44	163.26	138.64
Total	**8182.52**	**9257.94**	**5142.33**	**4994.46**	**4112.80**	**4540.87**	**(1065.81)**	**(1132.62)**	**16371.83**	**17660.66**

Sales between operating segments are carried out at arm's length basis and are eliminated at entity level consolidation.

The accounting policies of the reportable segments are the same as that of Company's accounting policies described in Note: 3.22; Segment profit represents the profit before tax earned by each segment without allocation of central administration costs and Directors' salaries, other income, as well as finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Segment assets and liabilities:

For the purposes of monitoring segment performance and allocating resources between segments:

1. All assets other than investments, loans, current and deferred tax assets, unallocable current and non-current assets, are allocated to reportable segments.
2. All liabilities other than borrowings, current and deferred tax liabilities and unallocable current and non-current liabilities, are allocated to reportable segments.

Geographical information:

The Company is domiciled in India. The amount of its revenue from external customers is broken down by location of the customers and information about its non-current assets other than financial instruments, deferred tax assets, post employment benefit asset and right arising from insurance contracts by location are detailed below:

Particulars	Sales from external customers For the year 2019-20	Sales from external customers For the year 2018-19	Non-current assets As at 31.03.2020	Non-current assets As at 31.03.2019
India	12260.39	13656.77	4393.81	4383.45
Rest of the world	3970.24	3862.35	-	-
	16230.63	17519.12	4393.81	4383.45

Information about major customers:

No single customer contributed 10% or more to the Company's revenue during the years 2019-20 and 2018-19.

For the year ended March 31, 2020 (in Indian Rupees million, unless otherwise stated)

30. Contingent Liabilities and commitments

Particulars	As at 31.03.2020	As at 31.03.2019
A. Contingent Liabilities		
a. No provision is considered necessary for disputed income tax, sales tax, service tax, excise duty and customs duty demand which are under various stages of appeal proceedings as given below:		
i. Income Tax Act, 1961	324.90	323.20
ii. Central Sales Tax Act,1956 & Local Sales Tax laws of various states	33.40	8.67
iii. Central Excise Act,1944	2.94	4.44
iv. Service Tax	-	1.00
v. Goods and Services Tax	1.20	-
vi.Property Tax	10.60	-
b. Outstanding guarantees given on behalf of subsidiaries	550.76	1784.98
c. Outstanding letters of credit	66.05	436.59
d. Claims against the Company not acknowledged as debts		
i. Electricity tax	3.92	3.92
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 / Civil Court	0.69	0.61
v. Additional Electricity Deposit Demand - Tamil Nadu Electricity Board	3.00	3.00
vi. Demand charges - TANGEDCO	1.39	1.39
vii.Contribution to District Mineral Foundation under Mines and Minerals (Development and Regulation), Act	22.76	22.76
Total Claims against the Company not acknowledged as debts	**47.66**	**47.58**
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.

Particulars	As at 31.03.2020	As at 31.03.2019
B. Commitments		
Estimated amount of contracts remaining to be executed (net of advances):		
- Towards capital account	268.56	367.41

31. The following pre-commissioning expenses incurred during the year on various projects have been included in Fixed Assets/Capital Work in Progress:

Particulars	For the year	
	2019-20	2018-19
Account Head:		
Cost of materials consumed	8.25	-
Consumption of Stores and Spares	0.01	-
Salary, wages and bonus	13.84	5.65
Power and Fuel	0.32	-
Insurance	0.03	-
Rent	-	0.02
Travel and Conveyance	0.55	0.00
Freight, Delivery and Shipping charges	0.06	0.00
General Services	1.25	-
Repairs to Machinery	0.32	-
Rates and Taxes	2.89	0.80
Professional Fees	2.07	1.11
Miscellaneous Expenses	0.01	0.19
	29.60	**7.77**

32. Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Particulars	As at 31.03.2020	As at 31.03.2019
Principal amount remaining unpaid to suppliers (Refer Note: 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. There were no overdue amounts / interest payable to Micro and small enterprises as per Micro, Small and Medium Enterprises Development Act, 2006 as at the Balance Sheet date or any time during the year.	7.76	17.83

33. Employee Benefits

a. Defined contribution plans

The Company operates defined contribution retirement benefit plans for all qualifying employees. The assets of the plans are held separately from those of the Company in funds under the control of trustees. When employees leave the plans prior to full vesting of the contributions, the contributions payable by the Company are reduced by the amount of forfeited contributions.

Particulars	2019-20	2018-19
Contribution to Provident fund and Other funds recognised in Profit and Loss for the year	134.97	123.08
Amounts outstanding as at the end of the respective year and paid subsequently	15.41	14.82

b. Defined benefit plans

The Company sponsors funded defined benefit plans for employees. Under the plans, the employees are entitled to post-retirement benefits by way of gratuity amounting to 57.69% of last drawn salary for each year of completed service until the retirement age of 58. The defined benefit plans are administered by separate funds, independent of the Company.

These plans typically expose the Company to actuarial risks such as: Investment, Interest rate, longevity and salary risk

i) **Investment risk:** The present value of the defined benefit obligation is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.

ii) **Interest risk:** A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.

iii) **Longevity risk:** The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of plan participants during their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

iv) **Salary escalation risk:** The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out as at March 31, 2020 by a certified actuary of the Institute of Actuaries of India. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

No other post-retirement benefits are provided to the employees. In respect of the contribution made to provident funds, the employer guarantees the interest notified by the appropriate authority and to the extent of interest rate guaranteed, the liability is considered as defined benefit. For the financial year ended March 31, 2020, the interest yield is adequate to meet the guaranteed interest.

For the year ended March 31, 2020 (in Indian Rupees million, unless otherwise stated)

Assumptions:

The principal assumptions used for the purposes of the actuarial valuations are given below:

Particulars	As at 31.03.2020	As at 31.03.2019
Discount rate	6.89%	7.79%
Expected rate of return	8.00%	8.00%
Expected salary increment	5%	5%
Attrition rate	2%	2%
Mortality table used	Indian Assured Lives Mortality (2012-14) Ultimate	Indian Assured Lives Mortality (2012-14) Ultimate

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

A. Gratuity

The details of actuarial valuation in respect of Gratuity liability are given below:

Particulars	As at 31.03.2020	As at 31.03.2019
i. Projected benefit obligation as at beginning of the year	289.43	284.62
Service cost	28.26	23.13
Interest cost	21.26	21.50
Remeasurement (gain)/ loss:		
Actuarial (gain)/loss arising from experience adjustments	51.58	(8.20)
Benefits paid	(32.91)	(31.62)
Projected benefit obligation as at end of the year	**357.62**	**289.43**
ii. Fair value of plan assets as at beginning of the year	269.12	238.46
Expected return on plan assets	20.92	20.31
Contributions	24.40	25.40
Benefits paid	(32.90)	(31.62)
Remeasurement gain/ (loss):		
Actuarial Gain /(losses) on plan assets	(13.58)	16.57
Fair value of plan assets as at end of the year	**267.96**	**269.12**
iii. Amount recognised in the balance sheet:		
Projected benefit obligation as at end of the year	357.62	289.43
Fair value of the plan assets at the end of the year	267.96	269.12
(Liability) / Asset recognised in the Balance sheet - net	**(89.66)**	**(20.31)**
iv. Cost of the defined benefit plan for the year:		
Current service cost	28.26	23.13
Interest on obligation	21.26	21.50
Expected return on plan assets	(20.92)	(20.31)
Components of defined benefit cost recognised in the Statement of Profit and Loss	**28.60**	**24.32**
(included in Note: 23 Contribution to Provident and other funds)		
Remeasurement on the net defined benefit liability:		
Actuarial (gain)/loss arising from changes in demographic assumptions	51.58	(8.20)
Actuarial (gain)/loss arising from changes in financial assumptions	13.58	(16.57)
Components of defined benefit costs recognised in Other Comprehensive Income	**65.16**	**(24.77)**
Total cost of the defined benefit plan for the year	**93.76**	**(0.45)**

v	Experience Adjustment	31.03.2020	31.03.2019
	Present value of defined benefit obligation	357.62	289.43
	Fair value of plan assets	267.96	269.12
	Balance sheet (Liability)/Asset	(89.66)	(20.31)
	P & L (Income)/expenses	28.60	24.32
	Experience adjustment on plan liabilities (gain)/loss	51.58	(8.20)
	Experience adjustment on plan assets (gain)/loss	13.58	(16.57)

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.

The actual return on plan assets was ₹20.92 million (for the year ended March 31, 2019: ₹20.30 million).

Sensitivity analysis in respect of the actuarial assumptions used in calculation of defined benefit obligation are given below:

Particulars	As at	
	31.03.2020	31.03.2019
Discount rate - 100 basis point higher	(330.91)	(268.57)
Discount rate - 100 basis point lower	388.09	313.32
Salary escalation rate - 100 basis point higher	384.67	310.03
Salary escalation rate - 100 basis point lower	(333.46)	(270.97)
Attrition rate - 100 basis point higher	360.09	298.25
Attrition rate - 100 basis point lower	(355.04)	(279.34)

In the above table, positive figures indicate increase in the liability and negative figures indicate decrease in the liability.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

The weighted average duration of the benefit obligation as at March 31, 2020 is 15 years (as at March 31, 2019: 15 years).

The Company expects to make a contribution of ₹89.65 million (as at March 31, 2019: ₹20.29 million) to the defined benefit plans during the next financial year.

B. Provident fund

The actuary has assessed the calculations of the Interest Rate Guarantees based on the guidance note issued by the Institute of Actuaries of India. The disclosures required under Ind AS 19 is as set out below:

Fund and plan asset position are as follows:

Particulars	As at	
	31.03.2020	31.03.2019
Plan asset at the end of the year	1040.85	1095.25
Present value of benefit obligation at the end of the year	1098.20	770.54
Surplus/(Deficit) available	(57.35)	324.71
Asset recognised in the Balance Sheet	Not applicable since a separate trust is maintained.	

The plan assets are primarily invested in Government securities.

Assumptions for present value of interest rate guarantee are as follows:

Particulars	As at	
	31.03.2020	31.03.2019
Discount rate	6.93%	7.79%
Remaining term to maturity of portfolio (years)	5.31 years	6.21 years
Expected guaranteed rate (%)	8.50%	8.65%
Attrition rate	2%	2%

For the year ended March 31, 2020 (in Indian Rupees million, unless otherwise stated)

Sensitivity analysis in respect of the actuarial assumptions used in calculation of defined benefit obligation are given below:

Particulars	As at
	31.03.2020
Discount rate - 100 basis point higher	(12.61)
Discount rate - 100 basis point lower	11.11
Guaranteed interest rate - 100 basis point higher	(49.91)
Guaranteed interest rate - 100 basis point lower	-
Current yield - 100 basis point higher	6.57
Current yield - 100 basis point lower	(17.07)

C. Remeasurement of defined benefit plans - Items that will not be reclassified to Profit or loss included under Other Comprehensive Income as detailed below:

Particulars	As at	
	31.03.2020	31.03.2019
In respect of Gratuity	(65.16)	24.77
In respect of Provident Fund	(57.35)	-
Total Credited / (debited) to Other Comprehensive Income	**(122.51)**	**24.77**

34. Financial Instruments

(i) Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, securities premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company's objective when managing capital are to:

- safeguard their ability to continue as a going concern, so that they can continue to provide return for shareholders and benefits for other stakeholders; and
- Maintain an optimal capital structure to reduce the weighted average cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares or sell non-core assets to reduce the debt.

Debt to Equity ratio

Particulars	As at	
	31.03.2020	31.03.2019
Debt (Long term borrowings, Short term borrowings & Current maturities of Long term borrowings)	-	8.96
Equity	13670.75	12768.78
Debt to Equity ratio	-	0.07%

Lease liability amounting to ₹5.47 million arising on account of implementation of Ind AS 116 is not considered in the above working, as it is a liability.(Refer Note: 14b)

Loan covenants:

No covenants are applicable as of March 31, 2020.

Categories of financial instruments

Particulars	As at	
	31.03.2020	31.03.2019
A. Financial assets		
Measured at Fair Value Through Profit or Loss (FVTPL) - Mandatorily measured:		
- Equity and other investments	618.80	940.34
Measured at Amortised cost		
- Cash and bank balances	1633.83	172.41
- Other financial assets (including trade receivable balances)	2784.07	3480.32
Measured at Fair Value Through Other Comprehensive Income (FVTOCI)		
- Investments in equity instruments designated upon initial recognition	47.21	98.34
Measured at Cost		
- Investments in Equity instruments in Subsidiaries, Joint Ventures and Associate	2408.43	2408.43
B. Financial liabilities		
Measured at amortised cost (including trade payable balances)	1728.54	2112.68

(ii) Financial risk management objectives

The Company's activities expose it to market risk, liquidity risk and credit risk. The table given below explains the sources of risk which the entity is exposed to and how the entity manages the risk.

Risk	Exposure arising from	Measurement	Management
a. Credit risk	Cash and cash equivalents, trade receivables, derivative financial instruments, financial assets measured at amortised cost	Ageing analysis Credit ratings Financial analysis	Diversification of Short term investments, review of credit limits and credit locks and secured mode of payment
b. Market risk: i. Market risk - Foreign exchange	Future commercial transactions Recognised financial assets and liabilities not denominated in Indian rupee (INR)	Cash flow forecasting Sensitivity analysis	Foreign exchange forward contracts
ii. Market risk - Interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Market trends, Interest rate swaps
iii. Market risk - Price risk	Investment in securities	Sensitivity analysis	Portfolio diversification
c. Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of sanctioned credit lines and borrowing facilities

The Company's risk management is governed by its policies. The Company's treasury identifies, evaluates and hedges financial risks in close coordination with the Company's operating units. The risk management policy of the Company provides written principles for overall risk management covering areas such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity.

a. Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

For the year ended March 31, 2020 (in Indian Rupees million, unless otherwise stated)

a. (i) Trade receivables

Customer credit risk is managed by each business unit under the guidance of the credit policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on financial position, past performance, business/economic conditions, market reputation, expected business etc. Based on this evaluation, credit limit and credit terms are decided. Exposure on customer receivables are regularly monitored and managed through credit lock and release. For export customers, credit insurance is generally taken.

The impairment is based on expected credit loss model considering the historical data and financial position of individual customer at each reporting period. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note: 10. The Company does not hold any collateral as security.

The Company has low concentration of risk with respect to trade receivables, as its customers are widely spread and belong to diversified industries and operate in largely independent markets.

a. (ii) Financial Instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made for short-term in liquid funds of rated mutual funds and deposits with banks. The Investment limits are set out per Mutual fund and the value of total fixed deposit in Banks to minimise the concentration risk. Investments are reviewed by the Board of Directors on a quarterly basis.

The Company has no exposure to credit risk relating to these cash deposits as at: March 31, 2020 and March 31, 2019. The Corporate guarantees given by the Company to bankers on behalf of its subsidiaries are duly approved by the Board of Directors and are reviewed on a quarterly basis. The total exposure to corporate guarantees is limited to figures reported in Note: 30A.

b. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risks: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, Investments (FVTOCI) and derivative financial instruments.

Market risk exposures are measured using sensitivity analysis. There has been no change in the measurement and management of the Company's exposure to market risks.

b. (i) Foreign currency risk management

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. Foreign exchange rate exposures are managed within policy parameters approved by Board of Directors. The Company manages its foreign currency risk by hedging transactions that are expected to occur within a maximum of 12 month period of forecasted receipts and payments. When a derivative is entered into for the purpose of hedging, the Company negotiates the terms of those derivatives to match with the terms of the hedged exposure. The Company hedges around 50% of the net material exposure by currency. Exposures relating to capital expenditure beyond a threshold are hedged as per Company policy at the time of commitment.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities based on gross exposure at the end of the reporting period is as under:

Currency	Liabilities as at		Assets as at	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
US Dollar (USD)	140.02	114.32	630.22	675.38
Euro (EUR)	66.12	31.86	205.25	228.10
Great British Pound (GBP)	-	-	0.31	0.46
Japanese Yen (JPY)	0.22	-	0.07	-
Chinese Yuan(CNY)	2.31	-	-	-
Australian Dollar (AUD)	-	3.01	-	-

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

Contracts booked for	Currency	As at 31.03.2020		As at 31.03.2019	
		Number of contracts	Value	Number of contracts	Value
Import payment	USD	1	5.82	3	7.68
Import payment	EUR	2	14.92	-	-

Foreign currency sensitivity analysis

The Company is mainly exposed to US Dollar. The following table provides the sensitivity impact to a 10% strengthening or weakening of Indian rupee exchange rate against foreign currencies. The sensitivity analysis is done on net exposures. A positive number below indicates an increase in profit or equity when the Rupee weakens against the foreign currency and when net exposure is an asset.

Currency impact in (₹ million) relating to the foreign currencies of:	As at 31.03.2020		As at 31.03.2019	
	Profit or loss	Equity	Profit or loss	Equity
US Dollar (USD)	37.12	37.12	37.00	37.00
Euro (EUR)	11.53	11.53	12.77	12.77
Great British Pound (GBP)	0.02	0.02	0.03	0.03
Japanese Yen (JPY)	(0.01)	(0.01)	-	-
Chinese Yuan(CNY)	(0.17)	(0.17)	-	-
Australian Dollar (AUD)	-	-	(0.20)	(0.20)
Total	**48.49**	**48.49**	**49.60**	**49.60**

The Company's sensitivity impact to foreign currency has decreased during the current year end mainly due to the decrease in quantum of exposure in USD and Euro as at the end of the reporting period.

b (ii) Interest rate risk management

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has been availing the borrowings on a fixed and variable rate of interest. These borrowings are carried at amortised cost. The borrowings on a fixed rate of interest basis are not subject to the interest rate risk as defined in Ind AS 107, since neither the carrying amount nor future cash flows will fluctuate because of change in market interest rates. The borrowings on a variable rate of interest are subject to interest rate risk as defined in Ind AS 107. The Company at the end of March 2020, does not carry any loans with variable interest.

Classification of borrowings by nature of interest rate	As at	
	31.03.2020	31.03.2019
Borrowings at variable interest rate		
- Non - Current	-	-
- Current	-	-
Borrowings at fixed interest rate		
- Non - Current	-	2.69
- Current	-	6.27
Total Borrowings	**-**	**8.96**

Since there are no non-current borrowings on variable interest rate as on 31st March 2020 & 2019, interest rate exposure is Nil.

b (iii) Price risks

The Company is exposed to equity price risks arising from equity investments. Certain of the Company's equity investments are held for strategic rather than trading purposes. The Company also holds certain other equity investments for trading purposes.

Equity price sensitivity analysis

The accumulated fair value change recognised on equity investment which are held for strategic purpose and designated at Fair value through Other Comprehensive Income as at 31st March 2020 is ₹(24.52) million (31st March 2019: ₹26.61 million) - Refer Note no: 13. The sensitivity analysis below have been determined based on the exposure to equity price risks at the end of the reporting periods. If equity prices moves-up or decrease by 5%, the impact to Other Comprehensive Income and equity is given below:

Movement of equity price	Impact to Other Comprehensive Income /Equity	
	As at March 31, 2020	As at March 31, 2019
Increase by 5%	1.80	4.35
Decrease by 5%	(1.80)	(4.35)

The impact of change in equity price on non-current investment recorded at Fair value through Profit and Loss and other investment designated as Fair value Through Other Comprehensive Income is not significant.

For the year ended March 31, 2020 (in Indian Rupees million, unless otherwise stated)

c. Liquidity risk management

The Company's treasury under the guidance of Board of Directors have established an appropriate liquidity risk management framework. The Company manages liquidity risk through cash generation from business and have adequate banking facilities. The Company continuously forecasts and monitors actual cash flows and matches the maturity profiles of financial assets and liabilities.

Contractual maturities of financial liabilities

The table below provides details regarding the contractual maturities of financial liabilities including estimated interest payments as at 31st March 2020:

Particulars	Carrying amount	upto 1 year	1-3 years	3-5 years	More than 5 years	Total contracted cash flows
Non-current financial liabilities						
Lease liabilities	2.47		1.78	0.99		2.77
Current financial liabilities						
Lease liabilities	3.00	3.44				3.44
Trade payables	1271.30	1271.30				1271.30
Other financial liabilities	451.77	451.77				451.77

The table below provides details regarding the contractual maturities of financial liabilities including estimated interest payments as at 31st March 2019:

Particulars	Carrying amount	upto 1 year	1-3 years	3-5 years	More than 5 years	Total contracted cash flows
Non-current financial liabilities						
Finance lease liability*	2.69		2.83			2.83
Current financial liabilities						
Trade payables	1469.93	1469.93				1469.93
Finance lease liability*	6.27	7.19				7.19
Other financial liabilities	633.79	633.79				633.79

*Amount included in the above maturity analysis assumes interest outflows based on the actual interest rates.

Contractual Maturities of Financial Assets

The table below provides details regarding the contractual maturities of financial assets including estimated interest receipts as at 31st March 2020:

Particulars	Carrying amount	upto 1 year	1-3 years	3-5 years	More than 5 years	Total contracted cash flows
Non-current financial assets						
Other financial assets	133.80		63.45		70.35	133.80
Current financial assets						
Trade receivables	2593.42	2593.42				2593.42
Advance to employees	13.29	13.29				13.29
Other financial assets	43.56	43.56				43.56

The table below provides details regarding the contractual maturities of financial assets including estimated interest receipts as at 31st March 2019:

Particulars	Carrying amount	upto 1 year	1-3 years	3-5 years	More than 5 years	Total contracted cash flows
Non-current financial assets						
Other financial assets	121.24		52.79		68.45	121.24
Current financial assets						
Trade receivables	3305.07	3305.07				3305.07
Advance to employees	16.35	16.35				16.35
Other financial assets	37.66	37.66				37.66

Maturity analysis of Derivative financial instruments

The following table details the Company's maturity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted estimated cash flows determined by reference to the projected market rates at the end of the reporting period. A positive amount represents an anticipated cash inflow and a negative amount represents an anticipated cash outflow.

Currency	Contracts booked for	As at 31.03.2020			As at 31.03.2019		
		Carrying amount	Less than 1 year	1-3 years	Carrying amount	Less than 1 year	1-3 years
USD	Import Payment	(5.82)	(5.82)	-	(7.68)	(7.68)	-
EUR	Import Payment	(14.92)	(14.92)	-	-	-	-

The note below sets out details of additional undrawn facilities that the Company has at its disposal to further reduce liquidity risk.

Financing facilities

Particulars	As at 31.03.2020	As at 31.03.2019
Unsecured cash credit and other borrowings facility		
Amount used	-	-
Amount unused	1465.85	845.00
	1465.85	**845.00**
Secured cash credit and other borrowings facility		
Amount used	-	-
Amount unused	1450.00	1450.00
	1450.00	**1450.00**
Total facilities		
Amount used	-	-
Amount unused	2915.85	2295.00
	2915.85	**2295.00**

Borrowing facilities - both funded and non-funded are 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.

(iii) Fair value measurements

This note provides information about how the Company determines fair value of various financial assets and financial liabilities.

Fair value of the Company's financial assets and financial liabilities that are measured at fair value on a recurring basis.

Some of the Company's financial assets and financial liabilities are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation techniques and inputs used):

For the year ended March 31, 2020 (in Indian Rupees million, unless otherwise stated)

Financial assets/financial liabilities	Fair Value as at		Fair value hierarchy	Valuation techniques & key inputs used
	31.03.2020	31.03.2019		
Investments in quoted equity instruments at FVTOCI	35.91	87.04	Level 1	Quoted bid price in an active market **(a)**
Investments in quoted instruments at FVTPL	618.62	940.16	Level 1	Quoted bid price in an active market
Investments in unquoted instruments at FVTPL	0.18	0.18	Level 3	Fair valuation **(b)**
Investments in unquoted instruments at OCI	11.30	11.30	Level 3	Fair valuation **(b)**

There were no changes in the fair value hierarchy levels in the above periods.

a) These investments in equity instruments are not for trading. Instead, they are held for medium or long term strategic purpose. Upon the application of Ind AS 109, the Company has chosen to designate these investments in equity instruments as at FVTOCI as the Directors believe that this provides a more meaningful presentation for medium or long term strategic investments, than reflecting changes in fair value immediately in profit or loss.

b) These investments in equity are not significant in value and hence additional disclosures are not presented.

Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)

Particulars	Fair value hierarchy	As at 31.03.2020		As at 31.03.2019	
		Carrying amount	Fair value	Carrying amount	Fair value
Financial assets held at amortised cost					
Non-current financial assets					
- Other financial assets - Security deposit	Level 3	133.80	127.90	121.24	116.33
Current financial assets					
- Trade receivables	Level 2	2593.42	2593.42	3305.07	3305.07
- Advances to employees	Level 3	13.29	13.29	16.35	16.35
- Other advances	Level 3	43.56	43.56	37.66	37.66
Financial liabilities held at amortised cost					
Non-current financial liabilities					
- Finance lease and interest thereon	Level 2	-	-	2.69	2.69
- Lease liabilities	Level 3	2.47	2.47	-	-
Current financial liabilities					
- Lease liabilities	Level 3	3.00	3.00	-	-
- Trade payables	Level 2	1271.30	1271.30	1469.93	1469.93
- Finance lease and interest thereon	Level 2	-	-	6.27	6.27
- Other financial liabilities	Level 3	451.77	451.77	633.79	633.79

The fair values of the financial assets and financial liabilities included above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

Financial instruments by Category

Particulars	As at 31.03.2020			As at 31.03.2019		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
Financial Assets						
Non-Current						
Investments	2.78	47.21	-	4.69	98.34	-
Other financial assets	-	-	133.80	-	-	121.24
Current						
Other Investment	616.02	-	-	935.65	-	-
Trade receivables	-	-	2593.42	-	-	3305.07
Cash and Cash equivalent	-	-	1614.61	-	-	156.71
Bank balances other than above	-	-	19.22	-	-	15.70
Other financial assets	-	-	56.85	-	-	54.01
	618.80	**47.21**	**4417.90**	**940.34**	**98.34**	**3652.73**
Financial Liabilities						
Non-Current						
Borrowings	-	-	-	-	-	2.69
Lease liabilities	-	-	2.47	-	-	-
Current						
Lease liabilities	-	-	3.00	-	-	-
Trade payables	-	-	1271.30	-	-	1469.93
Other financial liabilities	-	-	451.77	-	-	640.06
	-	-	**1728.54**	-	-	**2112.68**

Non-Current Investment amounting ₹2408.43 million (for 31.03.2020 & 31.03.2019) has been valued at Cost.

35. Related Party Disclosures

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 Limited	[Net access]
Southern Energy Development Corporation Limited	[SEDCO]
Sterling Abrasives Limited	[Sterling]
CUMI (Australia) Pty Ltd.	[CAPL]
CUMI International Ltd.	[CIL]
Holding through Subsidiary:	
Volzhsky Abrasive Works	[VAW]
Foskor Zirconia (Pty) Ltd.	[Foskor]
CUMI America Inc.	[CAI]
CUMI Middle East FZE	[CME]
CUMI Abrasives & Ceramics Company Ltd.	[CACCL]
Thukela Refractories Isithebe Pty Ltd.	[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 Limited	[MMTCL]
Ciria India Limited	[Ciria]
Associate and its Subsidiaries	
Wendt (India) Limited	[Wendt]
Subsidiaries of Associate:	
Wendt Grinding Technologies Ltd., Thailand	[WGTL]
Wendt (Middle East) FZE	[WME]
Key Management Personnel	
Mr. K Srinivasan, Managing Director (Retired on 22nd November 2019)	[KS]
Mr.N Ananthaseshan, Managing Director (Effective from 23rd November 2019)	[AN]
Other Related parties	
Ambadi Investments Limited (Shareholder with significant influence and promoter holding more than 10%)	[AIL]
Parry Enterprises India Limited (Subsidiary of AIL)	[PEIL]
Parry Agro Industries Limited (Subsidiary of AIL)	[PAL]
Carborundum Universal Employees Provident fund	[CUEPF]
Retiral funds of Subsidiaries, Joint ventures, Associate and Other Related parties	

Notes forming part of the Standalone Financial Statements
For the year ended March 31, 2020 (in Indian Rupees million, unless otherwise stated)

A. Transactions during FY 2019-20

Related Party	Income from Sales & Services	Royalty income/ Rental income	Dividend income	Purchase of goods	Purchase of power	Expenditure on other services	Rental Expenses	Managerial remuneration	KMP - Retiral Benefits	Commission expense	Purchases of Fixed asset	Contribution to Provident Fund
Subsidiaries												
CAI	485.80	-	-	0.92	-	-	-	-	-	-	0.44	-
Net Access	1.46	0.57	10.00	-	-	25.33	-	-	-	-	2.34	-
Sterling	156.38	-	16.20	0.75	-	-	-	-	-	-	-	-
Sedco	2.40	-	36.65	-	193.78	-	-	-	-	-	-	-
CAPL	309.43	4.05	56.35	-	-	-	-	-	-	-	-	-
CME	51.36	-	-	-	-	-	-	-	-	1.32	-	-
Foskor	-	-	-	9.04	-	-	-	-	-	-	-	-
CACCL	69.40	-	-	27.67	-	-	-	-	-	9.28	1.05	-
VAW	56.91	-	-	215.15	-	-	-	-	-	-	-	-
Total	**1133.14**	**4.62**	**119.20**	**253.53**	**193.78**	**25.33**	**-**	**-**	**-**	**10.60**	**3.83**	**-**
Joint Ventures												
MMTCL	41.59	-	143.08	10.55	-	-	-	-	-	-	0.28	-
Ciria	41.98	-	27.00	-	-	-	-	-	-	-	-	-
Total	**83.57**	**-**	**170.08**	**10.55**	**-**	**-**	**-**	**-**	**-**	**-**	**0.28**	**-**
Associate & its Subsidiaries												
Wendt	27.84	-	11.96	14.89	-	-	1.76	-	-	-	0.08	-
WGTL	45.09	-	-	5.93	-	-	-	-	-	-		-
Total	**72.93**	**-**	**11.96**	**20.82**	**-**	**-**	**1.76**	-	-	-	**0.08**	-
Other related parties												
PEIL	-	-	-	-	-	29.37	-	-	-	-	-	-
CUEPF	-	-	-	-	-	-	-	-	-	-	-	136.13
Total	-	-	-	-	-	**29.37**	-	-	-	-	-	**136.13**
KMP - Remuneration												
KS	-	-	-	-	-	-	-	18.84	-	-	-	-
AN	-	-	-	-	-	-	-	5.51	-	-	-	-
KMP Retiral settlement												
KS	-	-	-	-	-	-	-	-	9.99	-	-	-
Total	-	-	-	-	-	-	-	**24.35**	**9.99**	-	-	-
Grand Total	**1289.64**	**4.62**	**301.24**	**284.90**	**193.78**	**54.70**	**1.76**	**24.35**	**9.99**	**10.60**	**4.19**	**136.13**

Notes forming part of the Standalone Financial Statements
For the year ended March 31, 2020 (in Indian Rupees million, unless otherwise stated)

B. Transactions during FY 2018-19

Related Party	Income from Sales & Services	Royalty income/ Rental income	Dividend income	Purchase of goods	Purchase of power	Expenditure on other services	Rental Expenses	Managerial remuneration	Commission expense	Purchases of Fixed asset	Contribution to Provident Fund
Subsidiaries											
CAI	415.66	-	-	-	-	-	-	-	-	-	-
Net Access	1.46	0.48	15.00	-	-	24.48	-	-	-	-	-
Sterling	180.66	-	16.20	1.23	-	-	-	-	-	-	-
Sedco	2.40	-	46.79	-	143.12	-	-	-	-	-	-
CAPL	398.15	3.87	55.28	-	-	-	-	-	-	-	-
CME	41.29	-	-	-	-	-	-	-	0.57	-	-
Foskor	8.47	-	-	55.97	-	-	-	-	-	-	-
CACCL	39.15	-	-	20.87	-	-	-	-	-	-	-
VAW	39.16	-	-	534.24	-	-	-	-	-	-	-
Total	**1126.40**	**4.35**	**133.27**	**612.31**	**143.12**	**24.48**	**-**	**-**	**0.57**	**-**	**-**
Joint Ventures											
MMTCL	19.91	-	28.62	7.30	-	-	-	-	-	1.20	-
Ciria	46.78	-	6.00	0.79	-	-	-	-	-	-	-
Total	**66.69**	**-**	**34.62**	**8.09**	**-**	**-**	**-**	**-**	**-**	**1.20**	**-**
Associate & its Subsidiaries											
Wendt	28.36	-	23.92	23.03	-	-	1.62	-	-	7.86	-
WGTL	71.98	-	-	6.35	-	-	-	-	-	-	-
Total	**100.34**	**-**	**23.92**	**29.38**	**-**	**-**	**1.62**	-	-	**7.86**	**-**
Other related parties											
PEIL	-	-	-	-	-	24.79	-	-	-	-	-
CUEPF	-	-	-	-	-	-	-	-	-	-	124.45
Total	-	-	-	-	-	**24.79**	-	-	-	-	**124.45**
KMP- Remuneration											
KS	-	-	-	-	-	-	-	23.24	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**23.24**	**-**	**-**	**-**
Grand Total	**1293.43**	**4.35**	**191.81**	**649.78**	**143.12**	**49.27**	**1.62**	**23.24**	**0.57**	**9.06**	**124.45**

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2020 (in Indian Rupees million, unless otherwise stated)

C. Outstandings

Related Party	As at 31.03.2020				As at 31.03.2019			
	Trade and other receivable	Deposit outstanding	Payables	Letter of comfort / Guarantee outstanding*	Trade and other receivable	Deposit outstanding	Payables	Letter of comfort/ Guarantee outstanding*
Subsidiaries								
CAI	218.94	-	0.48	339.26	170.42	-	-	342.40
Net Access	0.53	-	1.06	-	0.72	-	4.70	-
Sterling	22.32	-	-	-	18.84	-	0.35	-
Sedco	0.27	-	12.97	-	0.24	-	13.16	-
CAPL	9.50	-	-	-	43.28	-	-	-
CME	45.81	-	1.32	-	45.97	-	-	-
Foskor	-	-	-	211.50	8.29	-	-	239.00
CIL	-	-	-	-	-	-	-	1203.58
CACCL	73.77	-	9.18	-	49.98	-	-	-
VAW	-	-	129.93	-	1.22	-	57.51	-
Total	**371.14**	**-**	**154.94**	**550.76**	**338.96**	**-**	**75.72**	**1784.98**
Joint Ventures								
MMTCL	12.81	-	1.92	-	11.14	-	1.65	-
Ciria	2.14	-	-	-	11.60	-	-	-
Total	**14.95**	**-**	**1.92**	**-**	**22.74**	**-**	**1.65**	**-**
Associate & its Subsidiaries								
Wendt	39.43	1.00	4.15	-	31.69	1.00	5.33	-
WGTL	0.54	-	-	-	7.08	-	-	-
Total	**39.97**	**1.00**	**4.15**	**-**	**38.77**	**1.00**	**5.33**	**-**
Other related parties								
PEIL	-	-	1.63	-	-	-	3.12	-
CUEPF	-	-	11.45	-	-	-	10.75	-
Total	**-**	**-**	**13.08**	**-**	**-**	**-**	**13.87**	**-**
Grand Total	**426.06**	**1.00**	**174.09**	**550.76**	**400.47**	**1.00**	**96.57**	**1784.98**

Transactions with related parties in the nature of sale of goods, rendering of services, purchase of goods, procurement of services are at arm's length price.

* Issued towards availment of banking facilities by the respective entities.

For the year ended March 31, 2020 (in Indian Rupees million, unless otherwise stated)

D. Compensation to Key Management Personnel

The remuneration to Key Management Personnel for the years is given below:

Particulars	As at			
	31.03.2020			31.03.2019
	KS	AN	Total	KS
Short term benefits	16.72	4.70	21.42	20.02
Post employment benefits	2.10	0.79	2.89	3.17
Other benefits	0.02	0.02	0.04	0.05
Total	**18.84**	**5.51**	**24.35**	**23.24**
Retiral benefit paid	**9.99**	**-**	**9.99**	**-**

The remuneration to Key Management Personnel is determined by the Nomination and Remuneration Committee having regard to the performance of individual and market trends.

36. Employee Stock Option Scheme/Plan [ESOP]

A. ESOP Scheme 2007

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

b. Under the Scheme, Options not exceeding 4,667,700 were 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, 40 per cent of the Options would vest 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. The Options granted to the employees (Grant V B) can be exercised within a period of three years from the date of the vesting in respect of 50% of the first tranche and six years for the balance 50% of the first tranche and the subsequent tranches from the respective date of vesting.

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 Nomination and Remuneration Committee resolution approving the grant.

d. The vesting of Options is linked to continued association with the Company and the employee achieving performance rating parameters.

The details of the grants under the aforesaid scheme are as follows:

	Grant	I	II	III	IV	V A	V B	VI	VII	VIII
	Date of Grant	29.09.2007	28.01.2008	30.04.2008	24.07.2008	27.01.2011	27.01.2011	30.04.2011	05.08.2011	04.02.2012
	Exercise Price [₹]	91.80	75.23	59.03	61.40	125.08	125.08	124.15	146.00	155.00
	Vesting commences on	29.09.2008	28.01.2009	30.04.2009	24.07.2009	27.01.2012	27.01.2012	30.04.2012	05.08.2012	04.02.2013
(i)	Options granted	2,671,400	60,000	24,800	139,600	653,200	334,400	73,600	420,000	151,600
(ii)	Options outstanding as on 01.04.2019	-	-	-	-	164,492	58,786	-	190,080	67,996
(iii)	Options granted during the year	-	-	-	-	-	-	-	-	-
(iv)	Options cancelled during the year	-	-	-	-	-	-	-	-	-
(v)	Total Options vested during the year	-	-	-	-	-	-	-	-	-
(vi)	Options exercised during the year	-	-	-	-	88,606	58,786	-	97,520	13,109
(vii)	Options lapsed during the year	-	-	-	-	-	-	-	-	6,030
(viii)	Options outstanding as on 31.03.2020	-	-	-	-	75,886	-	-	92,560	48,857
(viii) = (ii) + (iii) - (iv) - (vi) - (vii)										
The Options under Grant II and III are fully cancelled and hence there is no outstanding as of March 31, 2020.										
(ix)	Options vested but not exercised as at 01.04.2019	-	-	-	-	164,492	58,786	-	190,080	67,996
(x)	Options vested but not exercised as at 31.03.2020 (x) = (ix) + (v) - (vi) - (vii)	-	-	-	-	75,886	-	-	92,560	48,857

e. Contractual Life — The ESOP Scheme 2007, was instituted with the approval of the shareholders on 27th July 2007 and the first grant was made on 29th September 2007.

No further grants is proposed to be made under the ESOP Scheme 2007. However, Options granted under the same which are pending to be exercised will continue to be administered by the Company.

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. 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	II & III	V A & V B	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 volatility	39.93	-	39.81	37.69
Expected dividend yield	2.32%	-	1.29%	1.60%

36B. ESOP Plan 2016

A Summary of Status of ESOPs Granted

The position of the existing scheme is summarized as under:

S. No.	Particulars	ESOP 2016
I. Details of the ESOP Plan 2016		
1.	Date of Shareholder's Approval	9th January 2017
2.	Total Number of Options approved	3,772,000
3.	Vesting Requirements	The vesting of Options granted, is based on annual performance rating for each financial year and as per following schedule: Grant I, Grant II B, Grant III, Grant IV, Grant V A and Grant VI : 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. Grant IIA : 25 per cent on expiry of 1 year from the date of grant and 37.5 percent each on expiry of 2 and 3 years from the date of grant. Grant V B : 50 per cent on expiry of 1 year from the date of grant and 50 per cent on expiry of 2 years from the date of the grant
4.	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.
5.	Maximum term of Options granted (years)	The Exercise period would commence from the date of vesting and will expire on completion of 5 (five) years from the date of respective vesting.
6.	Method of Settlement	Equity
7.	Source of shares	Primary
8.	Variation in terms of ESOP	No variations

II. Options Movement during the year ended 31st March 2020

S. No.	Particulars	No. of Options	Weighted average exercise price	Grant I	Grant IIA	Grant IIB	Grant III	Grant IV	Grant V A	Grant V B	Grant VI
	Exercise Price per Option (in ₹)			**257.55**	**367.20**	**367.20**	**369.85**	**361.90**	**317.70**	**317.70**	**343.80**
1	No. of Options Outstanding at the beginning of the year	682,176	294.05	455,212	19,344	50,870	105,880	50,870	-		-
2	Options Granted during the year	278,528	326.43	-	-	-	-	-	73,880	111,528	93,120
3	Options cancelled during the year										
4	Options Forfeited / Surrendered during the year	137,880	313.70	68,940	-	-	68,940	-	-	-	-
5	Options Lapsed during the year	-	NA	-	-	-	-	-	-	-	-
6	Options Exercised during the year	-	NA	-	-	-	-	-	-	-	-
7	Total number of shares arising as a result of exercise of options	-	NA	-	-	-	-	-	-	-	-
8	Money realised by exercise of options (₹ in million)	-	NA	-	-	-	-	-	-	-	-
9	Number of Options outstanding at the end of the year	822,824	301.71	386,272	19,344	50,870	36,940	50,870	73,880	111,528	93,120
10	Number of Options exercisable at the end of the year	314,286	274.89	264,286	12,090	20,348	7,388	10,174	-	-	-

Options Movement during the year ended 31st March 2019

S. No.	Particulars	No. of Options	Weighted average exercise price	Grant I	Grant IIA	Grant IIB	Grant III	Grant IV
	Exercise Price per Option (in ₹)			**257.55**	**367.20**	**367.20**	**369.85**	**361.90**
1	No. of Options Outstanding at the beginning of the year	604,540	270.29	534,326	19,344	50,870	-	-
2	Options Granted during the year	156,750	367.27	-	-	-	105,880	50,870
3	Options cancelled during the year	55,152	257.55	55,152	-	-	-	-
4	Options Forfeited / Surrendered during the year	-	-	-	-	-	-	-
5	Options Lapsed during the year	-	-	-	-	-	-	-
6	Options Exercised during the year	23,962	257.55	23,962	-	-	-	-
7	Total number of shares arising as a result of exercise of Options	23,962	-	23,962	-	-	-	-
8	Money realised by exercise of Options (₹ in million)	6.17	NA	6.17				
9	Number of Options outstanding at the end of the year	682,176	294.05	455,212	19,344	50,870	105,880	50,870
10	Number of Options exercisable at the end of the year	184,886	266.45	169,876	4,836	10,174	-	-

III. Weighted Average remaining contractual life

Range of Exercise Price	As at 31.03.2020		As at 31.03.2019	
	No. of Options outstanding	Weighted average contractual life (years)	No. of Options outstanding	Weighted average contractual life (years)
0 to 200	Nil	NA	Nil	NA
201 to 300	386,272	4.61	455,212	5.61
301 to 400	436,552	6.41	226,964	6.91

	Particulars	2019-20	2018-19
IV	Exercise price equals market price Weighted average Fair Value of Options granted during the year	90.92	126.08
V	The weighted average market price of Options exercised during the year	NA	365.56

VI. Method and Assumptions used to estimate the fair value of Options granted

The fair value has been calculated using the Black Scholes Option Pricing model.

The Assumptions used in the model are as follows:

Variables	Weighted Average	
	2019-20	2018-19
1. Risk Free Interest Rate (%)	6.14	7.72
2. Expected Life(in years)	3.59	4.07
3. Expected Volatility (%)	27.96	29.43
4. Dividend Yield (%)	0.85	0.53
5. Exercise Price	326.43	367.27
6. Price of the underlying share in market at the time of the Option grant (₹)	326.43	367.27

Assumptions:

Stock Price: Closing price on National Stock Exchange of India Ltd. as on the date prior to the date of the Nomination and Remuneration Committee approving the grant has been considered.

Volatility: The expected price volatility is based on the historic volatility, adjusted for any expected changes to future volatility due to public available information.

Risk-free rate of return: The risk-free interest rate being considered for the calculation is the interest rate applicable for a maturity equal to the expected life of the Options based on the zero-coupon yield curve for Government Securities.

Exercise Price: Exercise Price of each specific grant has been considered.

Time to Maturity: Time to Maturity / Expected Life of Options is the period for which the Company expects the Options to be live.

Expected divided yield: Expected dividend yield has been calculated as an average of dividend yields for five financial years preceding the date of the grant.

VII. Effect of share-based payment transactions on the entity's Profit or Loss for the period:

Particulars	2019-20	2018-19
Employee Option plan expense	16.06	15.85

37. a. Value of Imports on CIF basis

Particulars	For the year	
	2019-20	2018-19
Raw materials	3062.30	3003.59
Components & Spare parts	187.08	159.04
Stock in Trade	480.06	622.15
Capital goods	199.09	600.89

37. b. Expenditure in foreign currency (on cash basis)

Particulars	For the year	
	2019-20	2018-19
Professional / Consultancy fees	22.98	24.12
Commission	3.31	3.17
Travel and other matters	41.85	39.94

38. Earnings in foreign exchange on account of

Particulars	For the year	
	2019-20	2018-19
Value of exports on FOB basis	3911.67	3801.63
Royalty	4.05	3.87
Dividend	56.35	55.28
Management fees	22.74	20.56

39. Auditors' Remuneration

Particulars	For the year	
	2019-20	2018-19
Statutory audit	3.65	3.20
Tax Audit	0.90	0.80
Other services	3.18	2.35
Out of pocket expenses	0.22	0.22
	7.95	**6.57**

For the year ended March 31, 2020 (in Indian Rupees million, unless otherwise stated)

40. Research and Development expenditure

Particulars	For the year	
	2019-20	2018-19
a) Revenue Expenditure (disclosed under the respective heads)		
Direct Material, Supplies and Consumables	45.62	34.17
Employee Benefit Expenses	70.95	60.69
Repair & Maintenance	6.86	5.08
Other Expenses	30.81	26.10
Depreciation	15.77	17.61
Total	**170.01**	**143.65**
b) Capital Expenditure		
Property, plant and equipment		
Buildings	2.69	0.66
Plant and equipment	15.61	34.26
Furniture and fittings	-	3.36
	18.30	**38.28**
Intangibles	-	-
Total	**18.30**	**38.28**
Capital Work-in-Progress (CWIP)	-	17.47
Total Capital Expenditure (including CWIP)	**18.30**	**55.75**

41. Details on list of Investments in Subsidiaries, Joint Ventures and Associate as per Ind AS 27

Particulars	Principal place of business and Incorporation	Proportion of ownership interest	
		31.03.2020	31.03.2019
A. Investment in Subsidiaries			
CUMI International Ltd., Cyprus	Cyprus	100%	100%
Sterling Abrasives Limited	India	60%	60%
Southern Energy Development Corporation Limited	India	84.76%	84.76%
Net Access India Limited	India	100%	100%
CUMI (Australia) Pty Ltd., Australia	Australia	51.22%	51.22%
B. Investment in Joint Ventures			
Murugappa Morgan Thermal Ceramics Limited	India	49.00%	49.00%
Ciria India Limited	India	30%	30%
C. Investment in Associate			
Wendt (India) Limited	India	39.87%	39.87%

42. Dividend Tax on the Interim Dividend has been paid after availing the credit amounting to ₹6.19 million (Previous year: ₹14.09 million) in respect of the tax paid on the dividends received from two domestic subsidiaries, based on provision under sub section (1A) of Section 115O of the Income tax Act. During the current year, the proposed final dividend declared is NIL. The final dividend declared last year was paid during the current year after availing the dividend distribution tax credit of ₹18.31 million in respect of the tax paid on the dividends received from three domestic subsidiaries and an overseas subsidiary.

43. Donations given to Political parties during the year

Particulars	As at	
	2019-20	2018-19
Communist Party of India (Marxist)	0.33	-
Congress Committee Ernakulam	0.20	-
Triumph Electoral Trust	10.00	-
Total	**10.53**	**-**

44. Corporate Social Responsibility (Refer Corporate Social Responsibility Report)

During the year, the Company incurred an aggregate amount of ₹38.99 million (Previous year: ₹31.46 million) towards corporate social responsibility against the amount of ₹37.87 million (Previous year: ₹31.46 million) to be spent as per provision of Section 135 of the Companies Act, 2013 read with relevant schedule and rules made thereunder. The current year spend also include ₹5.50 million contributed through agencies towards relief for COVID - 19

The details of the CSR spend is given below:	For the year	
	2019-20	2018-19
A. Expenditure incurred directly by the Company		
Skill Centre Development - Revenue expenditure	14.44	15.73
B. Expenditure incurred through Agencies		
AMM Foundation	14.70	11.10
Shri A.M.M Murugappa Chettiar Research Centre	8.70	4.63
Hosur Industrial Association	1.00	-
Sathya Sai Health and Educational Trust	0.15	-
Total	**38.99**	**31.46**

45. Impact of COVID-19 pandemic

The spread of COVID-19 has impacted businesses around the globe. In many countries, including India, there has been disruption to regular business operations due to lockdown, disruptions in transportation, supply chain, travel restrictions, quarantines, social distancing and other emergency measures.

The Company's significant business is the manufacture and selling of Abrasives, Ceramics and Electrominerals. The Company was continuing its manufacturing operations upto March 22, 2020. As per the Government advisories issued for controlling the spread of COVID-19, the operations in all our manufacturing facilities situated across various locations of the country was suspended from March 23, 2020. As a safeguard measure, the operations involving continuous processes at high temperature were maintained with minimal essential staff required towards its safety and maintenance in such locations after undertaking due health and hygiene precautions.

After a few days of suspension of operations, the Company had resumed the operations in the majority of its manufacturing facilities situated across various locations in the country, over a phased manner, after having obtained the requisite permission from the local administrative authorities with permitted work force as stipulated for the respective zones. Also the hydel power project operations at the Maniyar location in Kerala was identified as an essential service and continued to be in operation in generation of power throughout the lockdown period.The prevailing uncertainty on account of the current situation has resulted in delays in shipping and receiving activities. However, Management believes this is only a temporary phenomenon and is expected to fully restore to its normal level of operations in the coming months.

The Company has made a detailed assessment of its liquidity position for the next financial year and has critically assessed the recoverability and carrying values of its assets comprising of property, plant and equipment, trade receivables, inventory, other current assets and investments as at balance sheet date, and has concluded that no adjustments are required in these financial statements. The management has taken into account all the possible impacts of events that could arise from the outbreak of COVID-19 pandemic, in the preparation of the financial statements including the entity's ability to continue as a going concern.

The impact assessment of COVID-19 is a continuing process, given the uncertainties associated with its nature and duration and the Company will continue to monitor all material changes to the entity's internal and external environment.

46. Events after the reporting period

No significant event is to be reported between the closing date and that of the meeting of Board of directors.

47. Rounding off

All amounts disclosed in the financial statements and notes have been rounded off to the nearest millions as per the requirement of Schedule III, unless otherwise stated.

48. Approval of financial statements

The financial statements were reviewed and recommended by the Audit Committee and has been approved by the Board of Directors at their meeting held on June 6, 2020.

Glossary

A	**Performance Ratios**	
	EBITDA/Net Sales %	EBITDA = PBT + Interest + Depreciation - Exceptional items Net Sales = Gross Sales - Excise duty on Sales
	PBIT/Net Sales %	PBT + Interest - Exceptional items
	Asset Turnover times (excluding Investments)	Net sales/ Average of Total assets 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
	Total debt	Long term borrowings, Short term borrowings & Current maturities of Long term borrowings
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 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 + Non controlling interest - Cash & Cash equivalents

Notes

Concept & Design:
HASTRA
hastra.hastra@gmail.com

murugappa

CARBORUNDUM UNIVERSAL LIMITED

CIN : L29224TN1954PLC000318
PARRY HOUSE, 43, MOORE STREET, CHENNAI- 600 001
TEL: 91 44 30006161 FAX: 91 44 30006149
EMAIL: investorservices@cumi.murugappa.com   WEB: www.cumi-murugappa.com

CARBORUNDUM UNIVERSAL LIMITED

CIN:L29224TN1954PLC000318

Registered Office: Parry House, 43 Moore Street, Chennai - 600001, India

Tel: +91-44-30006161; Fax: +91-44-30006149;

E-mail: investorservices@cumi.murugappa.com; Website: www.cumi-murugappa.com

NOTICE TO MEMBERS

NOTICE is hereby given that the Sixty Sixth Annual General Meeting (AGM) of the Members of the Company will be held at 3.00 p.m. Indian Standard Time on Wednesday, 29th July 2020 through Video Conferencing ('VC')/Other Audio Visual Means ('OAVM') to transact the following business:

ORDINARY BUSINESS

Item No.1 - Adoption of Standalone Financial Statements

To consider and if deemed fit, to pass the following as an Ordinary Resolution:

RESOLVED THAT the Audited Standalone Financial Statements for the year ended 31st March 2020 and the Reports of the Board and Independent Auditor thereon be and are hereby considered, approved and adopted.

Item No.2 - Adoption of Consolidated Financial Statements

To consider and if deemed fit, to pass the following as an Ordinary Resolution:

RESOLVED THAT the Audited Consolidated Financial Statements for the year ended 31st March 2020 and the Independent Auditors' Report thereon be and are hereby considered, approved and adopted.

Item No.3 - Confirmation of Dividend

To consider and if deemed fit, to pass the following as an Ordinary Resolution:

RESOLVED THAT the interim dividend of ₹2.75/- per equity share of ₹1/- each declared by the Board of Directors on 26th February 2020 and paid during the financial year ended 31st March 2020 be and is hereby confirmed as the final dividend for the financial year 2019-20.

Item No.4 - Re-appointment of Mr. M A M Arunachalam, Director

To consider and if deemed fit, to pass the following as an Ordinary Resolution:

RESOLVED THAT Mr. M A M Arunachalam holding DIN 00202958, who retires by rotation and being eligible has offered himself for re-appointment, be and is hereby re-appointed as a Director of the Company liable to retire by rotation.

SPECIAL BUSINESS

Item No.5 - Appointment of Mrs. Soundara Kumar as an Independent Director

To consider and if deemed fit, to pass the following as an Ordinary Resolution:

RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152, Schedule IV and other applicable provisions of the Companies Act, 2013 (the Act) and the Rules made thereunder and in terms of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [including any statutory modification(s) or re-enactment thereof for the time being in force], Mrs. Soundara Kumar holding DIN 01974515 who was appointed as an Additional Director with effect from 3rd August 2019 by the Board pursuant to Section 161(1) of the Act and who holds office up to the date of this AGM and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act proposing her candidature for office of Director, be and is hereby appointed as an Independent Director of the Company not liable to retire by rotation, to hold office for a term of five (5) consecutive years from 3rd August 2019.

Item No.6 - Approval for payment of commission to Mr. M M Murugappan

To consider and if deemed fit, to pass the following as a Special Resolution:

RESOLVED THAT pursuant to the provisions of Regulation 17(6)(ca) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Sections 197,198 and other applicable provisions of the Companies Act, 2013 [including any statutory modification(s) or amendment(s) thereto or re-enactment(s) thereof for the time being in force] and Article 17.16 of the Articles of Association of the Company, approval be and is hereby granted for the remuneration payable to Mr. M M Murugappan, Non-Executive Chairman including by way of commission for the financial year 2019-20 aggregating to a sum not exceeding ₹10 million excluding the sitting fees payable in respect of the meetings of the Board/Committees in which he would be participating during the financial year 2020-21.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take all such steps as may be necessary, desirable or expedient to give effect to this Resolution.

Item No.7 - Ratification of Cost Auditor's Remuneration

To consider and if deemed fit, to pass the following as an Ordinary Resolution:

RESOLVED THAT pursuant to the provisions of Section 148(3) and other applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 [including any statutory modification(s) or amendment(s) thereto or re-enactment(s) thereof for the time being in force], the remuneration of ₹4,50,000/- (Rupees Four lakh fifty thousand) payable to M/s. S Mahadevan & Co. (Firm registration no.000007) Cost Accountants, Chennai, appointed by the Board of Directors to conduct the audit of the cost accounting records of the Company for the financial year 2020-21, excluding applicable taxes and out of pocket expenses incurred by them in connection with the Cost Audit be and is hereby ratified and confirmed.

By Order of the Board

Chennai,
June 6, 2020

Rekha Surendhiran
Company Secretary

Notes:

1. **In view of the prevailing lockdown situation across the country due to outbreak of COVID-19 pandemic and resultant travel restrictions as well as continuing Government guidelines to maintain social distancing, the Ministry of Corporate Affairs (MCA) vide its Circular No. 20/2020 dated 5th May 2020 read with Circular Nos. 14/2020 dated 8th April 2020 and 17/2020 dated 13th April 2020, has permitted companies to hold their Annual General Meetings (AGM) through Video Conferencing ('VC')/Other Audio Visual Means ('OAVM') not requiring the physical presence of the Members at a common venue. Considering the health and safety of all stakeholders including the shareholders, the 66th AGM of the Company is being conducted through VC/OAVM in compliance with the provisions of the Companies Act, 2013 (Act), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and applicable circulars issued in this regard.**

   Members attending the AGM through VC/OAVM shall be counted for the purpose of reckoning the quorum for the meeting under Section 103 of the Act.

2. **A Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. However, as this AGM is being held through VC/OAVM, physical attendance of Members is being dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM. Hence the proxy form and attendance slip are not being annexed to this Notice and the resultant requirement for submission of proxy forms does not arise**.

3. M/s. KFin Technologies Private Limited, Hyderabad, is the Company's Registrar and Share Transfer Agent (RTA). With effect from 5th December 2019, the name of the Company's Registrar and Share Transfer Agent (RTA) has been changed from Karvy Fintech Private Limited to KFin Technologies Private Limited.

4. Corporate Members intending to attend the Meeting are requested to send to the Company a certified copy of the Board resolution authorising their representative to attend the AGM and vote on their behalf.

5. The statement of material facts pursuant to Section 102 of the Companies Act, 2013 in respect of the businesses under item nos. 5 to 7 of the Notice to be transacted at the AGM is annexed hereto. The annexure also includes details relating to item no.4 which is an Ordinary business for information of Members.

6. As per the provisions of the Companies Act, 2013, facility for making nomination is available to individuals holding shares in the Company. The prescribed nomination form can be obtained from the RTA/Depository Participant (DP).

7. Dividends remaining unclaimed/unpaid for a period of seven (7) years is required to be transferred to the Investor Education Protection Fund (IEPF). The Company has transferred unclaimed/unencashed dividends up to the interim dividend for FY 2012-13 to the IEPF during the year ended 31st March 2020 .

   The Company has uploaded the details of unpaid and unclaimed amounts lying with it as on 31st March 2019 on the website *www.cumi-murugappa.com* as also on the website of the Ministry of Corporate Affairs in line with the amendments made to the IEPF Rules during the year. Members can ascertain the status of their unclaimed dividend amounts from these websites.

   Members who have not encashed their warrants in respect of the final dividend declared for financial year 2012-13 and subsequent dividends thereon may write to the Company Secretary or RTA immediately for claiming their dividends.

As per Section 124(6) of the Companies Act, 2013 and extant Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company is required to transfer the shares in respect of which dividend has not been paid or claimed for seven consecutive years or more to the IEPF Authority. During the year, the Company transferred 39,572 equity shares to IEPF Authority after issuing the requisite notice to the shareholders concerned intimating them of the impending transfer of shares.

Further, the Company has uploaded the details of the above on its website for the information of Members.

Members are entitled to claim the shares from the IEPF Authority by making an application online along with the requisite documents in Form IEPF-5 available on the website *http://www.iepf.gov.in/IEPF/corporates.html.* Shareholders are requested to contact the Company's RTA or the Company in this regard.

Members are requested to note that pursuant to an amendment in the Finance Act, 2020, dividends declared and paid by the Company with effect from 1st April 2020 will be taxed in the hands of the recipient of dividend i.e. shareholders. All dividends declared after 1st April 2020 by the Company will be paid to the Members after deducting tax at the applicable rate prescribed under the Income Tax Act, 1961. Members may note that in the absence of the details of the PAN, the Company would be required to deduct tax at a higher rate prescribed under the Income Tax, 1961. Hence, Members who have not furnished their PAN to the Company are requested to immediately submit a copy of the same. Members seeking non-deduction of tax on their dividends may submit Form 15G/15H as applicable to the Company on a yearly basis at the *link https://ris.kfintech.com/form15/.* The detailed information with respect to tax deduction at source on dividend payments including the formats of Form 15G/Form 15H for seeking exemption is available in the links *https://ris.kfintech.com/form15/* as well as *https://www.cumi-murugappa.com/investor-services/.* Members may contact the Company Secretary or any executive in the Secretarial team in case of any clarification in this regard.

8. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market for registering transfers, transpositions, transmissions etc. Members holding shares in electronic form are therefore requested to submit the PAN to their Depository Participant with whom they maintain their demat accounts.

9. Members are advised to intimate the details of their bank account to facilitate electronic remittance of dividend or for being incorporated in the dividend warrants. This would help avoiding fraudulent encashment of the warrants. Members may follow the process detailed below for updation of their bank account for timely receipt of dividends:

Type of holder	Process for updating bank account details
Physical	Members can send a request to the Company's RTA at *einward.ris@kfintech.com* by providing the following: - Scanned copy of the signed request letter mentioning the Folio No., and name of the Member; - Self-attested copy of PAN; - Self-attested copy of any address proof including Aadhar, Passport etc.; - Scanned copy of share certificate(s) (front and back); - Scanned copy of the cancelled cheque bearing the name of the first named shareholder; - Name and branch of the bank in which Members wish to receive the dividend, the bank account type, MICR Code Number and IFSC number.
Demat	Members to contact their respective DPs and register their PAN, e-mail address and bank account details in their demat account, as per the process recommended by the DP.

10. Members are requested to note that in terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (amended from time to time), with effect from 1st April 2019, shares of the Company can be transferred only in dematerialised form. In view of the above, Members are advised to dematerialise the shares held by them in physical form. This will also eliminate all risks associated with holding securities in physical form and provide ease in portfolio management. For further information, please contact us at *investorservices@cumi.murugappa.com* or the RTA at *einward.ris@kfintech.com.*

11. **Registration of e-mail address by Members and details for obtaining/downloading the electronic copy of the Annual Report and Notice convening the AGM:**

In view of the prevailing COVID-19 pandemic situation, MCA vide its Circular dated 5th May 2020 has exempted companies from sending Annual Reports in physical mode. Accordingly, an electronic copy of the Annual Report is being sent to all the Members holding shares in dematerialised form and whose e-mail addresses are available with the DPs as well as to all the Members holding shares in physical mode whose e-mail addresses are registered with the Company/RTA for communication purposes. Procedure for obtaining the Annual Report, AGM notice as well as electronic voting (e-voting) instructions for Members whose e-mail addresses are not registered with the DPs or with RTA is provided herein and also available on the website of the Company. The Annual Report is also available on the Company's website *https://www.cumi-murugappa.com/*, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at *www.bseindia.com* and *www.nseindia.com* respectively as well as the website of RTA at *https://www.evoting.karvy.com*.

In view of the exemptions provided, no physical or hard copies of the Notice and Annual Report will be sent to Members who have not registered their e-mail addresses with the Company/RTA as well as to those specifically requesting for physical copy of the documents.

Members may follow the process detailed below for registration of e-mail addresses to obtain the Annual Report and Notice:

Type of holder	Process to be followed for registration of e-mail address
Physical	Members may send an e-mail request to *einward.ris@kfintech.com* or *rajkumar.kale@kfintech.com* or *investorservices@cumi.murugappa.com* along with a : - Scanned copy of the signed request letter mentioning the Folio No., name of the Member, e-mail address and mobile number; - Self-attested copy of PAN; - Self-attested copy of any address proof including Aadhar, Passport etc.; - Scanned copy of share certificate(s) (front and back).
Demat	Members may contact their DPs and register or update their respective e-mail addresses in the demat account, as per the process recommended by the DP.
Alternatively, Members holding shares in physical or in electronic form who have not registered their e-mail address may temporarily get their e-mail address and mobile number registered with RTA by clicking the link: *https://ris.kfintech.com/email_registration/* for enabling receipt of the Annual report electronically. Members are requested to follow the process stated in the link to register their e-mail address and mobile number. After due verification, RTA will forward the documents and the login credentials for voting and attending the AGM to the registered e-mail address.	

Members can also send the abovementioned documents to M/s. KFin Technologies Private Limited at Selenium Building, Tower-B, Plot No 31 & 32, Financial District, Nanakramguda, Serilingampally, Hyderabad - 500 032.

As an eco-friendly measure intending to benefit the society at large, we request you to be part of the e-initiative and register your e-mail address to receive all communication and documents including Annual reports from time to time in electronic form to the e-mail address provided by you.

In case of any queries, Members may write to *einward.ris@kfintech.com* or *investorservices@cumi.murugappa.com* by quoting their Folio number or DP and Client ID.

12. Additional information pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards on General Meetings in respect of the Directors seeking appointment/re-appointment at the AGM is furnished and forms part of the Notice. The Directors have furnished the requisite consents/declarations for their appointment/re-appointment.

13. The business set out in the Notice will be transacted through electronic voting. Pursuant to Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, and amendments thereof, the Company is pleased to offer e-voting facility to Members to cast their votes electronically on all resolutions set forth in the Notice convening the 66th AGM. The Company has engaged the services of M/s. KFin Technologies Private Limited to provide remote e-voting facility and voting facility during the AGM (Instapoll) to enable Members to exercise their votes in a secured manner. The instructions for remote e-voting as well as Instapoll is provided in this Notice.

    The Board of Directors have appointed Mr. R Sridharan or failing him Ms. Srinidhi Sridharan of M/s. R Sridharan and Associates, Practising Company Secretaries as the Scrutiniser to scrutinise the e-voting process in a fair and transparent manner.

    The Notice and the instructions for attending the AGM and exercising the voting are being sent in electronic form to all the Members whose e-mail addresses are registered with the Company/their DPs for communication purposes. For others who have not registered their e-mail addresses, please refer the instructions in Note 11 above.

14. A shareholder satisfaction survey form is available on the website of the Company at *http://www.cumi-murugappa.com/survey/index.php.* Members who have not yet participated in the survey are requested to kindly give your valuable feedback by filling up the form in the above link.

15. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send their share certificates to the RTA for consolidation into a single folio.

16. All documents referred to in the accompanying Notice and the statement under Section 102 of the Act, shall be open for inspection during normal business hours (9.30 a.m. to 5.30 p.m.) on all working days upto the date of the AGM. The Register of Directors and Key Managerial Personnel and their shareholding, the Register of Contracts or Arrangements in which the Directors are interested, maintained under the Companies Act, 2013 and the certificate of the Statutory Auditors under SEBI (Share Based Employee Benefits)

Regulations, 2014 relating to the Company ESOP Scheme/Plan will be available for inspection by the Members electronically during the meeting. Members seeking to inspect such documents can send an e-mail to *investorservices@cumi.murugappa.com.*

17. Members holding shares in physical form are requested to address all correspondence relating to their shareholding to the Company's RTA or to the Company. Members holding shares in dematerialised form may send such correspondence to their respective DPs.

18. Instructions for attending the AGM and voting:

18.1 Instructions for remote e-Voting before the AGM:

Notwithstanding the fact that Members can vote electronically during the AGM, in case they wish to, they can also avail remote e-voting facility provided by the Company for voting before the AGM. Pursuant to the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended from time to time and the provisions of Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Members are provided with the facility to cast their votes electronically, through the e-voting services provided by M/s. KFin Technologies Private Limited (KFin) on all Resolutions set forth in this Notice. The facility for voting will also be made available during the AGM and Members attending the Meeting who have not cast their vote(s) by remote e-voting will be able to vote during the AGM (Instapoll).

Members may please follow the below instructions for remote e-voting:

A. In case a Member receives an e-mail from RTA [for Members whose e-mail addresses are registered with the Company/ Depository Participant(s)]:

i. Launch internet browser by typing the URL: *https://www.evoting.karvy.com.*

ii. Enter the login credentials (i.e. User ID and password). In case of physical folio, User ID will be Event number 5354 followed by folio number. In case of Demat account, User ID will be your DP ID and Client ID. However, if you are already registered with KFin for e-voting, you can use your existing User ID and password for casting your vote.

iii. After entering these details appropriately, click on "LOGIN".

iv. You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,$ etc.,). The system will prompt you to change your password and update your contact details like mobile number, e-mail address etc., on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.

v. You need to login again with the new credentials.

vi. On successful login, the system will prompt you to select e-voting event i.e., Carborundum Universal Limited. Now you are ready for e-voting as "cast vote" page opens.

vii. On the voting page, enter the number of shares (which represents the number of votes) as on the cut-off date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially "AGAINST" but the total number in "FOR/AGAINST" taken together shall not exceed your total shareholding as mentioned herein above. You may also choose the option ABSTAIN. If the Member does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.

viii. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/demat account.

ix. Voting has to be done for each item of the Notice separately. In case you do not desire to cast your vote on any specific item it will be treated as abstained.

x. You may cast your vote by selecting an appropriate option and click on "Submit".

xi. A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you have voted on the resolution, you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).

xii. Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI etc.,) are also required to send scanned certified true copy (PDF) of the Board Resolution/ Authorisation Letter etc., together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutiniser at rsaevoting@gmail.com with a copy marked to evoting@kfintech.com. The scanned image of the above mentioned documents should be in the naming format "CUMI - 66th AGM".

B. Members holding shares in dematerialised form whose e-mail addresses are not registered with the Company/DPs and Members holding shares in physical form:

   i. Please follow the steps provided in Note 11 in this Notice to obtain the User ID and password.

   ii. Please follow all steps from sl. no. (i) to sl. no. (xii) above to cast your vote by electronic means.

C. Other Instructions:

   i. Any person who becomes a Member of the Company after despatch of Notice of the Meeting and holding shares as on the cut-off date i.e., 22nd July 2020 may obtain the User ID and password by calling Toll Free No.1800 3454 001 or by sending an e-mail request to evoting@kfintech.com. If the Member is already registered with KFin's e-voting platform, then he/she can use the existing password for logging in. If the e-mail address or mobile number of the Member is registered against Folio No./DP ID Client ID, then on the home page of https://evoting.karvy.com, the Member may click "Forgot Password" and enter Folio No. or DP ID Client ID and PAN to generate a password.

   ii. If the mobile number of the Member is registered against Folio No./DP ID Client ID, the Member may send SMS: MYEPWD <space> E-Voting Even Number + Folio No. or DP ID Client ID to 9212993399.

   Example for NSDL - MYEPWD<SPACE>IN12345612345678
   Example for CDSL - MYEPWD<SPACE>1402345612345678
   Example for Physical - MYEPWD<SPACE>XXXX1234567890

   iii. The remote e-voting period commences on Saturday, 25th July 2020 (9.00 a.m. IST) and ends on Tuesday, 28th July 2020 (5.00 p.m. IST). During this period, Members of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date i.e. 22nd July 2020 may cast their vote electronically in the manner and process set out herein above. The remote e-voting module shall be disabled for voting thereafter. Once the vote on a resolution is cast by the Member, the Member will not be allowed to change it subsequently.

   iv. You can also update your mobile number and e-mail address in the user profile details of the folio which may be used for sending future communication(s).

   v. In case of any queries, you may refer Help & FAQ section in https://evoting.karvy.com (KFin website) or call KFin on 040-67162222; Toll Free No.1800 3454 001.

18.2 Instructions for attending the AGM through VC:

a) Members can attend the AGM through the video conferencing facility provided by RTA. Members can access the facility at https://emeetings.kfintech.com/ by using their remote e-voting credentials itself.

b) Members are requested to follow the below procedure to join the AGM:

   i. Launch internet browser (Chrome/Firefox/Safari) by typing the URL: https://emeetings.kfintech.com.

   ii. Enter the login credentials (i.e., User ID and password for remote e-voting).

   iii. After logging in, click on 'Video Conference' option.

   iv. Click on Camera icon appearing against AGM event of Carborundum Universal Limited, to attend the Meeting.

c) Please note that the Members who do not have the credentials for e-voting or have forgotten the Password can retrieve the same by following the remote e-voting instructions mentioned in point 18.1 of the Notice.

d) The facility to join the AGM through VC/OAVM will be open 30 minutes before the time scheduled for the AGM and will be available for Members on first come first served basis.

e) In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to participate and vote at the AGM.

f) Please note that participants connecting from Mobile Devices or Tablets or through laptops or devices connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches. Members are encouraged to join the Meeting through Laptop devices with Google Chrome for better experience.

g) To join the meeting, Members will be required to permit the use of Camera, if any. It is suggested to use an internet facility with a good speed and bandwidth to avoid any disturbance during the meeting. The Company will not be responsible for any disruption in the proceedings caused due to technical issues relating to inadequate bandwidth or internet at the end of the shareholder.

h) AGM queries to be sent in prior to the AGM: As the AGM is being conducted through VC/OAVM, Members who would like to express their views or ask questions can login to https://emeetings.kfintech.com/, click on 'Post your Questions' and post their queries in the window provided during the period

23rd July 2020 to 25th July 2020. Queries received by the Company on or before 25th July 2020 shall only be considered and responded to during the AGM.

i) Registration as a Speaker at the AGM: Members who would like to express their views or ask questions during the AGM will have to register themselves as a Speaker by logging in https://emeetings.kfintech.com/, click on 'Speaker Registration' in the window provided in the link during the period 23rd July 2020 to 25th July 2020. Those Members who have registered themselves as a Speaker on or before 25th July 2020 will only be allowed to express their views or ask questions during the AGM. Speakers are requested to submit their questions at the time of registration, to enable the Company to respond appropriately.

j) The Company reserves the right to restrict the number of questions and number of speakers depending on the availability of time for smooth conduct of the AGM. Please note that Members are entitled to attend the AGM and ask questions only if the Member continues to hold the shares as of cut-off date.

k) A person who is not a member as on the cut-off date, should treat the Notice for information purpose only.

Detailed instructions for joining the AGM through video conferencing is also available at *https://www.cumi-murugappa.com/investor-services.*

18.3 Instructions for voting during the AGM through Instapoll:

i) Only those Members present during the AGM through Video Conference facility and who have not cast their vote through remote e-voting earlier are eligible to vote through e-voting in the AGM. Members who have voted through remote e-voting will be eligible to attend the AGM but will not be permitted to vote again.

ii) The facility to cast the vote at the AGM would be available on the left hand corner of the Video Conferencing screen in the form of a 'Thumb' sign and will be activated once the voting is announced by the Chairman during the Meeting. Members can click on the same to take them to the 'Instapoll' page.

iii) On clicking 'Instapoll', Members will reach the Resolution page. Please follow the instructions given to vote on the resolutions.

19. The voting rights of Members shall be in proportion to their shareholding as on the cut-off date 22nd July 2020. The Scrutiniser shall immediately after the conclusion of voting at the AGM first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the digital presence of at least two (2) witnesses not in the employment of the Company and make a consolidated Scrutiniser's Report of the votes cast to the Chairman of the Company. For the purpose of ensuring that Members who have cast their votes through remote e-voting do not vote again at the Meeting, the Scrutiniser will have access, after closure of the period for remote e-voting for details relating to Members as the Scrutiniser may require except the manner in which the Members have cast their votes.

    The results will be declared not later than forty eight hours from the conclusion of the meeting. The results declared along with the Scrutiniser's Report will be placed on the Company's website *www.cumi-murugappa.com,* as well as the website of RTA i.e., *https://evoting.karvy.com* immediately after declaration of results by the Chairman/Authorised person and the Company shall simultaneously forward the results to NSE/BSE for placing it on their respective websites.

20. Resolutions passed through e-voting would be deemed to have been passed as on the date of the AGM i.e., 29th July 2020.

21. Since the AGM will be held through VC/OAVM, the Route Map is not annexed in this Notice.

22. For easy and quick reference, key details required for reference by Members is annexed to this Notice.

ANNEXURE TO THE NOTICE

Statement pursuant to Section 102 of the Companies Act, 2013

As required under Section 102 of the Companies Act, 2013 (Act), the following statement sets out all material facts relating to the businesses mentioned under item nos. 4 to 7 of the accompanying Notice:

Item No.4

Mr. M A M Arunachalam (DIN: 00202958) is liable to retire by rotation at this AGM pursuant to Section 152(6) of the Companies Act, 2013 and being eligible has offered himself for re-appointment. The Company has received the requisite consent and disclosure forms from him.

Mr. M A M Arunachalam's profile is provided in the Annual Report and the information pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards on General Meetings is provided in the annexure.

Mr. M A M Arunachalam, also known as Mr. Arun Murugappan, aged 52 years is a Promoter of the Company. He is currently the Managing Director of Parry Enterprises India Limited and is also on the Boards of Coromandel Engineering Company Limited, Ambadi Investments Limited and New Ambadi Estates Private Limited. He has played an instrumental role in establishing key alliances for the Murugappa Group Companies both in India and across the globe.

The Board considers that the continued association of Mr. M A M Arunachalam with the Company would be beneficial to the Company and hence it is desirable to continue to avail his services as a Director. Accordingly, the Board recommends the Resolution in relation to the re-appointment of Mr. M A M Arunachalam as a Director for approval by the Members of the Company.

Memorandum of Interest

Except Mr. M A M Arunachalam, being the appointee, none of the other Directors or Key Managerial Personnel of the Company or their relatives is interested or concerned, financially or otherwise in the aforesaid Ordinary Resolution.

Item No.5

Mrs. Soundara Kumar holding DIN 01974515 was appointed as an Additional Director with effect from 3rd August 2019 pursuant to Section 161(1) of the Companies Act, 2013 and holds office upto the date of the ensuing AGM. The Company has received a consent from her to be appointed as a Director of the Company along with other requisite disclosures including a declaration to the effect that she meets the criteria of independence as provided under Section 149(6) of the Companies Act, 2013.

Mrs. Soundara Kumar, aged 65 years, holds a Bachelor's degree in Science (Mathematics) from the University of Madras and is a Certified Associate of the Indian Institute of Banking and Finance (CAIIB). She joined State Bank of India as a Direct Recruit Officer and served for more than 39 years both in India and overseas including as the Managing Director of State Bank of Indore from 2008 to 2010. She headed Wholesale Banking Credit Committee at Corporate Centre evaluating high value commercial credit proposals including project finance for infrastructure. She also headed Credit Committees at State Bank of Indore, SBI Bangalore Circle served on the Boards of SIDBI Ventures, SBICI (State Bank of India Commercial and International Bank Ltd.) and CERSAI (Central Registry of Securitization Asset Reconstruction and Securities Interest) etc. She was a permanent member of Corporate Centre Investment Committee and Credit Policies and Procedures Committee. She retired as Deputy Managing Director, Stressed Asset Management Group of State Bank of India. Her profile is provided in the Annual Report and the information under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards on General Meetings is provided in the annexure.

In the opinion of the Board, Mrs. Soundara Kumar satisfies the criteria prescribed in the Act and Rules made thereunder for appointment as an Independent Director of the Company and that she is independent of the Management. Accordingly, the Board of Directors have recommended her appointment as an Independent Director for a term of five (5) consecutive years from 3rd August 2019 in terms of Section 149(10) of the Act. The draft letter of appointment setting out the terms and conditions of her appointment is available on the website of the Company.

The Company has also received a notice under Section 160 of the Act from a Member proposing her candidature. Considering Mrs. Soundara Kumar's experience, expertise and stature would immensely benefit the Company, the Board recommends her appointment as an Independent Director for a term of five (5) consecutive years commencing from 3rd August 2019. As her appointment as an Additional Director is until the AGM and her appointment as an Independent Director of the Company requires the approval of the shareholders, the item is considered unavoidable in line with the General circular No. 20/2020 issued by MCA and forms part of this Notice.

Memorandum of Interest

Except Mrs. Soundara Kumar being the appointee, none of the other Directors or Key Managerial Personnel of the Company or their relatives is interested or concerned, financially or otherwise in the aforesaid Ordinary Resolution.

Item No.6

The shareholders at the 64th Annual General Meeting held on 3rd August 2018 had approved the payment of remuneration to Non-Executive Directors of the Company not exceeding one per cent of the net profits of the Company.

In line with the Remuneration Policy of the Company, the compensation to the Non-Executive Directors takes the form of commission on profit. Though shareholders have approved payment of commission up to one per cent of net profits of the Company for each year, the actual commission paid to the Directors is restricted to a fixed sum within the above limit. 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 and considering the increased time spent by Mr. M M Murugappan, he is paid a differential commission.

Mr. M M Murugappan, Chairman has been associated with the Company as a Director for more than two decades now. Given the size and nature of its operations and also the rich experience that Mr. Murugappan possesses in the field of engineering, a considerable amount of time is spent by him in connection with the operations of the Company. Apart from playing an active role in guiding and advising on matters connected with strategy and management, he spends considerable time on developing/managing relationships with the Company's business partners both in India and overseas. The Chairman also plays an active role in matters connected with CUMI's organisation culture which is critical for the Company to deliver superior performance besides devoting time for technology related issues impacting the Company. Further, the Chairman spends a lot of time participating in various events, conclaves and functions of Industry bodies, Academic Institutions and interactions with high level State Authorities representing the Company. Under his Chairmanship, the Company has grown globally from ₹4060 million to over ₹26000 million. He is currently the Executive Chairman of the Murugappa Group.

Pursuant to Regulation 17(6)(ca) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, approval of shareholders by special resolution is required to be obtained every year, in which the annual remuneration payable to a single Non-Executive Director exceeds fifty per cent of the total annual remuneration payable to all Non-Executive Directors.

During the FY 2019-20 with the approval of the shareholders vide special resolution passed at the 65th AGM held on 31st July 2019, Mr. M M Murugappan was paid a commission of ₹10 million (commission for the FY 2018-19) and a sitting fee of ₹0.39 million. Since the total remuneration payable to Mr. M M Murugappan during the FY 2020-21 including the commission payable for the FY 2019-20 is likely to exceed fifty per cent of the total remuneration payable to all Non-Executive Directors, approval of the shareholders is sought vide a special resolution.

The Board believes that the remuneration payable to Mr. Murugappan is commensurate with the efforts taken by him and the time spent by him on matters concerning the Company. Accordingly, the Board recommends remuneration payable to Mr. M M Murugappan during the FY 2020-21 in excess of fifty per cent of the total annual remuneration payable to all Non-Executive Directors of the Company for approval by the Members of the Company. As approval of the shareholders is required to be obtained before payment of remuneration to the Non-Executive Directors for the FY 2019-20, this item is considered unavoidable in line with the General circular No. 20/2020 issued by MCA and forms part of this Notice.

Memorandum of Interest

Except Mr. M M Murugappan, none of the other Directors or Key Managerial Personnel of the Company or their relatives is interested or concerned, financially or otherwise in the aforesaid resolutions proposed to be passed as a Special Resolution.

Item No.7

Pursuant to the Companies (Cost Records and Audit) Rules, 2014 and any amendments thereof, the Company is required to maintain cost accounting records in respect of products of the Company covered under CETA categories like organic and inorganic chemicals, electrical or electronic machinery, steel, plastic and polymers, ores and mineral products, other machinery, base metals etc. Further, the cost accounting records maintained by the Company is required to be audited. The Board on the recommendation of the Audit Committee, has approved the appointment and remuneration of M/s. S Mahadevan & Co., Cost Accountants, as the Cost Auditor to conduct the audit of the cost accounting records of the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014 for the financial year 2020-21 on a remuneration of ₹4,50,000/- excluding applicable taxes and out of pocket expenses incurred by them in connection with the audit.

As per Section 148 of the Companies Act, 2013, the remuneration payable to the Cost Auditor is required to be ratified by the shareholders of the Company. Hence, the Ordinary Resolution at item no.7 is placed before the Members for ratification and the Board recommends the same. Accordingly, this item is considered unavoidable in line with the General circular No. 20/2020 issued by MCA and forms part of this Notice.

Memorandum of Interest

None of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the aforesaid Ordinary Resolution.

By Order of the Board

Chennai **Rekha Surendhiran**

June 6, 2020 *Company Secretary*

Disclosure under Reg. 36 (3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Clause 1.2.5 of Secretarial Standards on General Meetings

Name of Director	**M A M Arunachalam**	**Soundara Kumar**
DIN	00202958	01974515
Date of Birth	18.06.1967	15.08.1954
Date of Appointment (Initial)	28.10.2016	03.08.2019
Qualification	Bachelor's degree in Commerce from Loyola College, Chennai and is an MBA from the University of Chicago.	Bachelor's degree in Science (Mathematics) from the University of Madras and is a Certified Associate of the Indian Institute of Banking and Finance (CAIIB).
Expertise in specific functional areas	Has close to three decades of experience in diverse areas of Business Development and strategic initiatives.	Has over three decades of experience in banking, project finance, credit & risk management, asset reconstruction.
Directorships in other companies (including foreign companies)	Coromandel Engineering Company Limited Parry Enterprises India Limited Ambadi Investments Limited New Ambadi Estates Private Limited AR Lakshmi Achi Trust Parry Murray & Company Ltd. UK The Africa Under Canvas Safaris Limited, Tanzania	Rajapalayam Mills Limited Tamil Nadu Newsprint & Papers Limited Shanthi Gears Limited Ramco Systems Limited Orchid Pharma Limited* Sundaram Trustee Company Limited Bank of Baroda
Memberships in Board Committees of other companies (includes membership details of all Committees)	**Chairman** Stakeholders Relationship Committee - Coromandel Engineering Company Limited **Member** Audit Committee, Corporate Social Responsibility Committee - Coromandel Engineering Company Limited Audit Committee - Parry Enterprises Limited	**Chairperson** Audit Committee, Corporate Social Responsibility Committee - Shanthi Gears Limited Audit Committee - Ramco Systems Limited **Member** Audit Committee, Corporate Social Responsibility Committee, Nomination and Remuneration Committee - Tamil Nadu Newsprint & Papers Limited Stakeholders Relationship Committee, Risk Management Committee - Shanthi Gears Limited Audit Committee - Sundaram Trustee Company Limited
No. of shares in the Company	1,100,600 (holdings in individual capacity and as Karta of HUF)	Nil
Inter-se relationship with any other Directors or KMP of the Company	Nil	Nil

Note: for further details, please refer the Corporate Governance Report section of the Annual Report.

**referred to NCLT under the Insolvency and Bankruptcy Code, 2016.*

KEY DETAILS REGARDING THE ANNUAL GENERAL MEETING

In order to enable ease of participation of the Members, key details regarding the 66th AGM is provided for reference:

Sl. No.	Particulars	Details
1.	Date and Time of AGM	29th July 2020 at 03.00 p.m. IST
2.	Link for participation through Video Conferencing (VC)	*https://emeetings.kfintech.com*
3.	Link for remote e-voting	*https://evoting.karvy.com*
4.	Username and password for joining the meeting through Video Conferencing	Members may attend the AGM through VC by accessing the link https://emeetings.kfintech.com by using the remote e-voting credentials. Please refer the instructions at page no.6 of this Notice for further information.
5.	Cut-off date for e-voting	22nd July 2020
6.	E-voting period	Commences at 9.00 a.m. IST on Saturday, 25th July 2020 and ends at 5.00 p.m. IST on Tuesday, 28th July 2020
7.	Link for Members to temporarily update e-mail address to receive the AGM documents	*https://ris.kfintech.com/email_registration/*
8.	Registrar and Share Transfer Agent contact details	Mr. Raj Kumar Kale, Senior Manager, M/s. KFin Technologies Private Limited E-mail: rajkumar.kale@kfintech.com; einward.ris@kfintech.com; evoting@kfintech.com Contact No: 040-67162222
9.	Helpline number for VC participation and e-voting	Contact: M/s. KFin Technologies Private Limited at 1800-3454-001 or write to them at evoting@kfintech.com
10.	Contact details of the Company	E-mail: investorservices@cumi.murugappa.com; Contact: 044-30006166