Sustainability Matters

CARBORUNDUM UNIVERSAL LIMITED
ANNUAL REPORT 2020-21

CONTENTS

Our cover page celebrates the leaf, the microcosm of Nature and Sustainability. "Leaves are the solar powered food factories of the world. Beautiful, compact and complex, without them the world would be a very different place indeed. Our entire lives revolve around leaves; from the wood, fruit and vegetables they produce, to the livestock that feeds on them, to rubber, to oil and coal which are the finite product of vast ancient forests buried in the ground for over 300 million years (carboniferous period) and the products that we make from them: gasoline, plastic, metals that are shaped and created through the burning of leaf grown fuels, et cetera. The human world would not exist if it weren't for leaves. They are the exhale to our inhale, and the inhale to our exhale. Filtering the air of CO2 and replenishing it with oxygen. You can literally watch the planet breathe."

Note: Across the Report the word 'CUMI' refers to 'Carborundum Universal Limited'

CAUTIONARY STATEMENT

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

Sustainability Matters

When we work with Materials, we work with Nature's building blocks - finite resources, with infinite possibilities. Embedded in these materials are Nature's laws of sustainability and her frugal discipline of 'doing more with less.'

True to our purpose of 'Making Materials Matter,' we harness the properties of these rare resources of Nature to maximise their efficiencies for the best possible Material Science Solutions for an Enduring Planet.

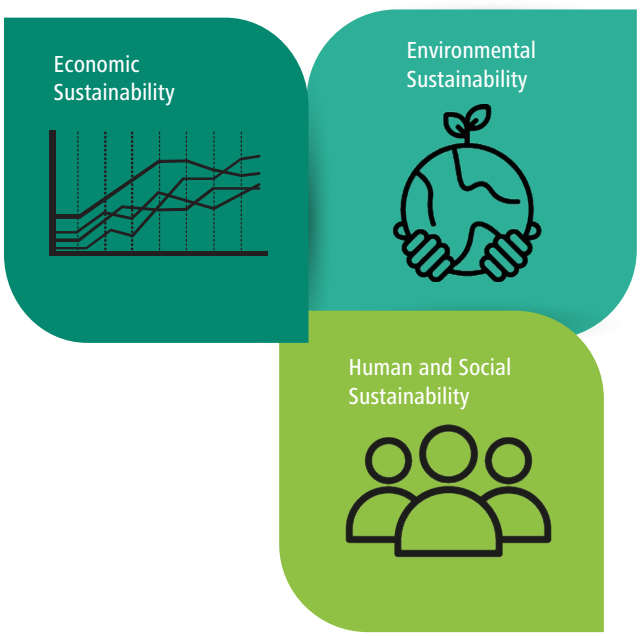
2020-21, when the global pandemic ravaged the world, creating havoc in the lives of people and economies, we reaffirmed our alignment to our true purpose, re-pledged our commitment to sustainability : building new capabilities in plant and processes, creating dynamic people assets, developing innovative product streams, deploying new strategies for business growth and creating shareholder value.

Six decades and more in the journey, at CUMI, sustainability has always been part of our DNA.

Today, when the world is in dire need of an earth sensitive alignment, we reaffirm our commitment to our core belief, that when Making Materials Matter, Sustainability Matters!

OUR PHILOSOPHY

Our Purpose is "To Engineer Materials Science Solutions for an Enduring Planet." We at CUMI are committed to the People and Planet by relentlessly working towards conservation and responsible use of all scarce natural resources, going further in our quest to Make Materials Matter for a better tomorrow. We will conserve and improve the initiatives by substantively including sustainability in all aspects of our Business Operations with focus on innovation & process upgradation through purposeful Research & Development and collaboration with leaders in Materials Technology. Sustainability measures are integrated to the business models and growth strategies of CUMI.



Our Sustainability Pillars

Economic Sustainability - Creating a Circular Economy to optimise resource utilisation, minimise resource depletion, reduce and re-purpose all forms of waste.

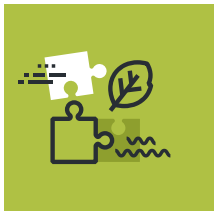
Environmental Sustainability - Creating a better environment through minimisation of carbon footprint, reduced usage of energy, water and other natural resources.

Human and Social Sustainability - Creating a better tomorrow by partnering with society for the development of human capital through continuous skill upgradation & increasing employability for social well-being.

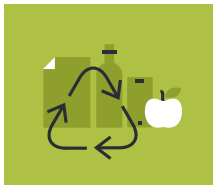
Through the above, we shall attempt to meet the UN Sustainable Development Goals.

We will achieve this through:

Materialising the focus on 3E – Energy, Engineering and Environment by continuously improving our products & processes.

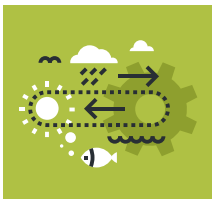


Minimising pollution to Air, Land and Water by assiduously promoting Cleaner & Greener environment and eliminating health hazards to the people & society.



Focusing on 4 R's – Reduce, Reuse, Recycle and Re-purpose to improve the ecological balance in the areas we operate.

Monitoring and improving the sustainability measures by integrating appropriate goals into our business models and all future developments.



Striving for continual improvement through Environmental Management System, Occupational Health and Safety Management Systems, Energy Management Systems, Social Accountability and similar such assessment models.

Maintaining high standards of Governance & Transparency by measuring & reporting sustainability performance to all stakeholders.

Encouraging and supporting our supply chain partners, vendors and communities to adopt sustainability measures in their businesses and actions.

Building capabilities in Plants and processes that are aligned to futuristic, sustainable technologies.

We focus on sustainable practices for the entire bandwidth of operations such as responsible mining and sourcing of raw material from our captive mines, the high efficient fusion process, our lean production systems with an emphasis on minimal environmental impact, green energy utilisation such as wind, solar and natural gas, innovative product design, engineering expertise for greater gain in customer efficiencies and a streamlined supply chain and distribution channel across the world, with greater customer proximity to minimise carbon footprint.

METZ Plant, Hosur

Materalising the focus on 3E - Energy, Engineering & Environment by continuously improving our products and processes.

We continued to build capabilities in Plants and process systems that are aligned to futuristic and sustainable technologies, to accelerate our transition to Industry 4.0 with IoT enabled processes that enhance efficiencies in energy, productivity and quality while reducing environmental impact.

We commissioned a continuous Metallization furnace at our Metallized Ceramics Plant, Hosur, as part of the METZ 2.5 Project, in line with our strategic intent of becoming a leading global player in Metallized Cylinders for Vacuum Interrupters. The project was executed with collaborative working between the overseas supplier providing virtual support and the Industrial Ceramics team successfully commissioning the furnace and completing the validation amidst the lockdown.

In addition to capacity augmentation, the new capability will enable the Company to cater to the growing demand in the Power Distribution segment and serve as a growth lever for the business.

Work on the second Plant at Hosur for Lined Equipment of the Ceramics business was also started during the year. CUMI is among the key manufacturers of Lined Equipment in the world with the expertise in manufacturing value added products and offering turnkey solutions for heavy wear and abrasion intensive applications for diverse industries, particularly coal washeries and thermal power stations. Made from fabricated steel and lined with pre-engineered, wear resistant ceramic tiles, CUMI's Lined Equipment products are reputed for their quality

Sintered Silicon Carbide Ceramics facility, Hosur

and precision assembly, optimising productivity and reducing downtime for customers.

Besides doubling capacity, the newly expanded state-of-the-art facility at Hosur, equipped with the most advanced IoT enabled Modular Manufacturing System will enhance productivity and provide the capability to manufacture high quality products in complicated shapes and geometry. The Plant is built with high workplace safety, with advanced EOT, to enable de-skilling and ease of work flow.

A new lab scale 3D Printer has been installed at the Industrial Ceramics Plant as a first step towards gaining a working knowledge of 3D printing and for prototyping. CUMI's team of engineers underwent a training by 3D Printing specialists from the Worchester Institute of Technology (WIT), Ireland. In addition, the business has started collaborating with global manufacturers of Ceramic 3D printers and conducted preliminary trials for production of extremely complicated geometries of Ceramic products. Plans have been drawn to establish a full-fledged Ceramic 3D Printing facility to address requirements in emerging applications.

The adoption of Additive Manufacturing with 3D printing of products in customised, small batches, with minimal waste of material, energy and cost, would be an important step-up in our goal of deepening our commitment towards sustainability processes.

The facility for manufacturing Sintered Silicon Carbide (SSIC) Ceramics was commissioned at Hosur during the year. Equipped with IoT enabled process systems, with a high temperature furnace, isostatic presses and machining centers, this is in line with the Company's long term strategy to develop alternative materials and technology in engineered ceramics.

The furnace was installed and commissioned in entirety through remote monitoring. The first of its kind in India, the addition of this technology would provide CUMI the capability of being the only manufacturer of silicon carbide ceramics in the country catering to the sealing industry

The new gas treatment facility at VAW, Russia

for chemical pumps and water pumps. Emerging opportunities in ballistics and niche industrial applications are also being explored in both domestic and export markets as a strong growth potential for the business.

Line balancing at our Electromineral Plants at Edappally and Volzhsky Abrasive Works (VAW) Russia, was undertaken to maximise efficiencies and enhance productivity.

The Electrominerals business expanded the capacity of its White Fused Alumina Plant at SEZ, Kakkanad, to 12,000 TPA, through process optimisation and efficiency improvements.

In continuation of its research focus on Graphite and Non Oxide ceramics the Electrominerals business established a new facility at the Kakkanad Plant for the development of high purity Graphite materials for applications in Lithium-Ion energy storage devices.

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. This capacity addition will provide the Company the capability to address the increasing global requirement of Nitride Bonded Refractories for Non Ferrous and Waste-to-Energy applications.

An advanced Gas treatment facility was commissioned at VAW, Russia, for purification of the exhaust gases and to neutralise the emissions from operations. The large facility with a capacity of treating 100,000 m3/h of process gases, is equipped with high performance cleaning scrubbers and smoke exhausts towering at a height of 80 meters and 5.6 Meters in diameter, providing VAW a clean and pollution free skyline.

VAW was recognised as the Winner in the XVI 'Leader of Environmental activities in Russia -2020' competition held across the country, for the construction of the Gas treatment facilities for industrial emissions.

The new Kiln for Refractory manufacturing at VAW, Russia.

Emerging technologies in Composites are replacing conventional materials in many applications, eliminating the limitations of manufacturing large parts.

CUMI is among the few companies in the world with the capability to manufacture abrasion and corrosion resistant composites for critical applications. The uniquely designed spray headers are used for removing pollutants in mineral processing and flue gas desulphurisation applications in thermal power plants. With the global mandate on reducing emissions gaining ground, the Composites business is poised for greater growth with its cutting edge products and solutions for sustainable process systems.

The Composites business added a new plant at Serkadu for the manufacture of Nacelle Cover for Wind Turbines for the green energy segment. Manufacturing of Composite Rebars for high corrosive and high strength reinforcement applications was also started during the year. The division has built capability in vacuum infusion technology to manufacture large composite panels and bespoke composite parts to address emerging opportunities in lightweighting across a wide industry spectrum.

The Electrominerals business expanded the capacity of its White Fused Alumina Plant at SEZ, Cochin to 12,000 TPA, through process optimisation and efficiency improvements.

The Abrasives division deferred its expansion projects due to the pandemic disruption. Instead various initiatives on capacity balancing, automation and finishing were

Mr M M Murugappan, Chairman, with the team at the new Composites Plant.

undertaken to de-bottleneck and improve quality and productivity.

Some of the major capex incurred during FY 2021 with a focus on enhancing safety, productivity and reducing environmental impact include, gas firing kilns in manufacturing, installation of solar power systems for clean energy utilisation, CNC machines for enhancing quality and productivity, energy saving motors for scrubber systems, heat recovery in steam boilers and capacity optmisation of thermic fluid heaters.

CUMI's Industrial Ceramics division has been working with Gas Authority of India Ltd (GAIL) from 2016 for using Natural Gas, one of the cleanest fuels for Tunnel and Roller Hearth Kilns for sintering of ceramics at temperatures above 1500^0 C.

A similar transitioning has been planned for the continuous kiln and batch kiln operations at the Bonded Abrasives plant, Hosur. Leveraging the proximate positioning of the two Plants to each other and combining their requirement, a Gas Supply Agreement (GSA) was signed with GAIL in February 2019 for dedicated pipelines to the two Plants. The changeover to Natural Gas has already started with the smooth transitioning of all kilns to LNG this year.

An important milestone in CUMI's direction towards sustainable manufacturing processes, the low-carbon transition strategies of adopting Natural Gas based fuel would improve product quality, and also add to the Company's environmental credits.

The White Fused Alumina Plant at SEZ,Cochin

Designing value added products that optimise efficiencies, enhance productivity and have low environmental impact.

As a Material Science company, at CUMI, the vision of 'Making Materials Matter' is embedded in our business as we touch millions of lives, in very many ways, with products that we help create and material science solutions we provide across a wide industry spectrum.

Our research and product design has always centered on sustainability : of making 'more with less', extending product life cycles, enhancing efficiencies, improving processes, reducing cost and minimising environmental impact.

As the sustainability landscape evolves, we are working towards low carbon transition strategies and a greater alignment to the global Sustainable Development Goals - 2030 and a net zero economy.

Material Science is on the cusp of a major forward leap with new materials being discovered and created. Among them, Graphene has emerged as the wonder material of the future, offering unimagined possibilities for diverse applications.

Electrominerals

CUMI forayed into Graphene in 2018 and today the Electrominerals plant at Kakkanad has started the manufacture of this unique product for very niche applications. Graphene research demands sophisticated characterisation and development facilities. In addition to its deep, in-house research capability, CUMI's Electrominerals division works in collaboration with leading Universities, domain experts and industrial partners to develop application-specific products and bespoke solutions using this newage material. Three new grades of graphene materials were added during the year to address niche applications in Opto Electronic Devices, Nano Components and Energy Storage Devices.

The business developed spray dried, ready-to-press Yttria Stabilised Zirconia powders providing superior sinterability for niche Technical Ceramic Applications, including a high degree of green machinability in the manufacturing process.

The business also forayed into Thermal Spray powders with a range of Alumina Titania, Chromia and Zirconia products for coating applications for a wide spectrum of materials and components, to provide resistance to wear, erosion, cavitation, corrosion, abrasion and heat.

The Graphene Lab at Kakkanad

The Ceramics business has led the way in innovations with a slew of cutting edge products addressing niche and emerging segments in Energy, Electricals, Electronics, Communication, Aerospace, Environment and other industrial applications that promote a cleaner, greener and a more sustainable environment.

- Developed Thin film Metallized Tape Cast substrates for applications in devices in the Electricals and Electronics space for high voltage resistance, heat dissipation applications and communication, remote sensing, satellite navigation, etc.

- Thermal Grade ZrO2 Nozzle Products for thermal, thermo-wear and thermal shock resistant applications in steel casting, melting of super alloys and in the Gas Metal Atomisation process in metal powder production.

- Zirconia Toughened Alumina (ZTA) for Engineered Solutions in Wear and Impact Resistant Applications in Ceramic Lining and Rubberised Chute Lining. ZTA is also used in Engineered ceramic applications in the production of pump components.

- Zirconia Based Ceramic Minimedia by Drip Casting Process for Industrial, Dispersion and Milling applications in Paint, Printing, Food Processing, Cosmetics and in Polymer & Metal Composite reinforcement.

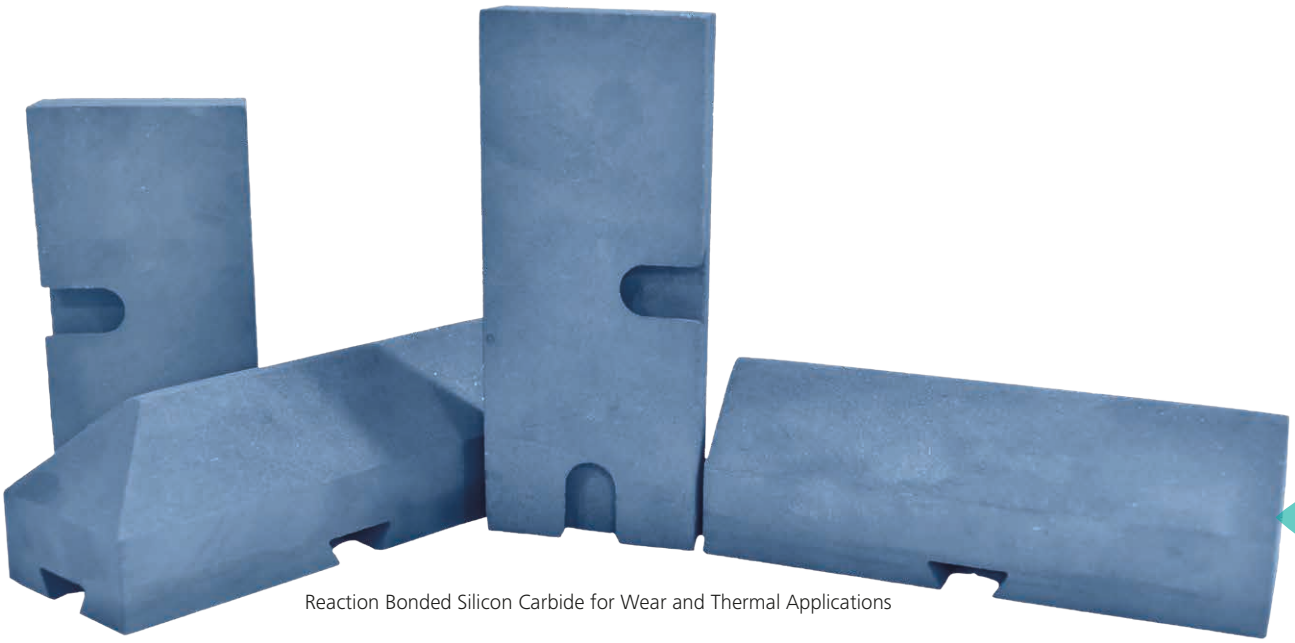
- Ceramic media for catalyst bed support for Steel, Petroleum and other chemical industries to reduce the Environmental impact of the process.

- Development of Magnesia Partially Stabilised Zirconia and Yttria Partially Stabilised Zirconia Products for structural applications using raw materials from CUMI Electrominerals for Engineered Ceramics used in Components for Pump and Battery Tooling.

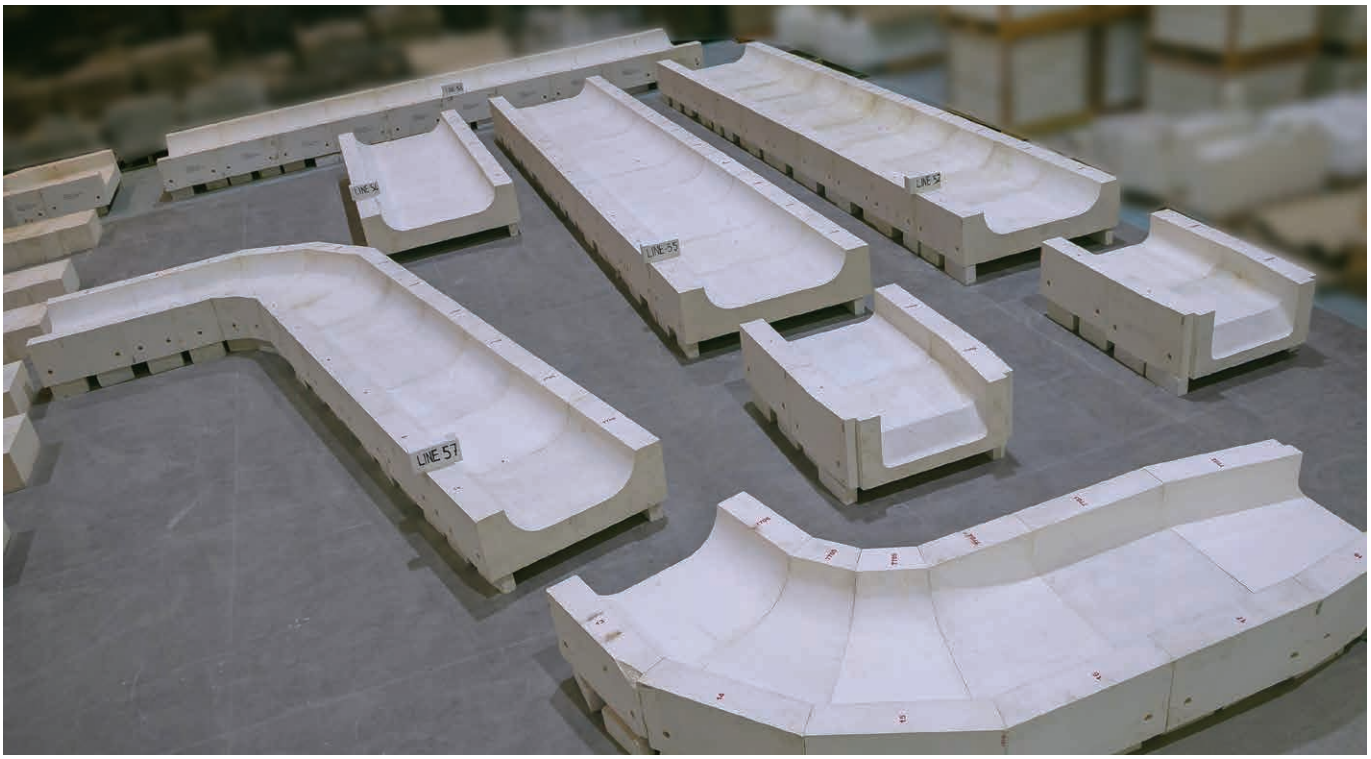
- Reaction Bonded Silicon Carbide for Wear Resistant and Thermo Wear Protection Applications, Engineered Ceramics for Pump and Ballistic Protection Applications.

- Armour Grade products for personal protection, vehicle protection and blast proof applications.

- Hydrothermal Grade of Zirconia for High Performance Seals for components used in Magnetic Pumps and other Hydrothermal structural parts.



Reaction Bonded Silicon Carbide for Wear and Thermal Applications



The Refractories business continued to innovate with several new products for critical applications for varied industry segments.

- Developed and introduced Feeder Channels to expand range of offerings to the Container Glass industry across the globe. Being a bonded refractory product this requires lower energy and leads to less emission in manufacturing, thereby helping greatly in reducing carbon footprint and enhancing process sustainability for customer.

- Excellent oxidation resistant NbSiC Refractory for lining applications in copper shaft furnace.

- Superior Creep resistant Mullite Bricks for Glass Furnace Regenerators.

- Dry Ramming Mass for Foundry applications.

- New grades of Insulation Bricks for better heat management.

- Consumables for Non Ferrous Metallurgy and Super Alloy Industries.

- Several customised Monolithic products to meet requirements of user industries such as cement, iron & steel, ceramic, sponge iron, carbon black, etc.

The Composites business expanded its portfolio of products with newly developed Fiber Glass Reinforced Rebars for high corrosive and high strength reinforcement applications. Certified for ASTM D 7957 & ACI 440 International Quality Standards these Rebars come with a greater tensile strength and one fourth the weight of traditional Steel bars requiring minimal concrete cover and without the need for coating repairs. Easy to carry, transport and install, CUMI Rebars are a sustainable and a game changing alternative, particularly in the construction and large infrastructure building space such as Earthquake Observing Stations, Pressurised Concrete Highways, Dams and Bridges, Underground Engineering, Metro Stations and Tunneling, including Anti-Corrosion Applications in industries.

The Abrasives business added to its innovative range of products using unique bond and grain systems to create application specific products that enhance efficiencies, reduce downtime and provide superior quality output. The new products developed and scaled up during the last year:

Coated Abrasives

- Upgraded hand sanding rolls for multi-purpose applications.
- High performance fiber discs for metal sanding applications.
- Latex waterproof paper for the Auto aftermarket segment.
- Film backed Abrasives for anti-skid applications.

Bonded Abrasives

- V600 bond for Vitrified grinding wheels for high precision grinding.
- Superior performance Reinforced Cutting wheels for Rail applications.
- New bond system BR09 for Face grinding wheels.
- Zirconia grinding wheels using unique grain and bond systems for stainless steel grinding.

Non-Woven Abrasives

- CUMI red scrub pad for Home needs.

High performance Bonded and Coated Abrasive Products

Co-creating with customers, lending support to vendors and protecting the sustainability of our human ecosystem with trust and transparency.

In the midst of a turbulent business environment we stayed committed to our customers, our channel partners, our vendors, lending our support and working with them with trust and transparency to minimise the detrimental effect of supply chain disruptions, volatility in raw material prices and market upheavals.

CUMI teams across businesses partnered with customers on key projects, sharing their skill and expertise honed from nearly seven decades of multi-industry experience, to maximise efficiencies, reduce costs and provide sustainable material science solutions. On-line quality audits and product approvals by overseas customers ensured a seamless work flow and adherence to delivery timelines.

Our team members demonstrated great commitment and resilience in meeting customer needs, going the extra mile and beyond the call of duty by their spirit of excellence.

Our nine member technical crew were stranded at the customer site in Madhya Pradesh just after completing their project, due to the travel restrictions imposed during the lockdown. Sensing the need for another reactor lining for the customer, the team asked for materials to be sent to them and stayed back to execute the job. Proactively identifying the need, the team completed the project in record time much to the satisfaction of the customer, thereby seeding the way for sustainable relationships.

When the lockdown was lifted, our marketing teams were the first with 'feet on street', storming the market with new product launches, Dealer and Retailer programmes, customer-centric initiatives, brand building and focused performance based marketing.

A Surface Technology Centre for Coated Abrasives was created at Sriperumbudur, equipped with proto type machines and a simulation lab to provide a platform for experiential training and product testing for painters and carpenters. This Centre will train the Application team and members from Channel Partners to get hands-on training experience on the different products.

Digital acceleration defined the new capability during the year. New tools and time-to-value metrics were deployed to build agility and create an ecosystem of innovation and creativity, shortening production and time-to-market cycle time for providing better customer experiences and outcomes.

On-line product inspection process

Training at the Coated Surface Technology Centre at Sriperumbudur.

The Governor of Volvograd at the Volzhsky Abrasive Works Plant, Russia, during the 60th Year Celebrations.

IC Team with the customer after achieving record production during the lockdown to meet critical delivery.

Focusing on environmental sustainability in business practices and processes.

Natural Gas based Plant at Nallur

Carrying forward our sustainable environment policy, various initiatives were deployed to accelerate the transition to a more robust, circular business model and to articulate the forward-bound direction in alignment with the Sustainable Development Goals framed by the United Nations.

All Manufacturing Plants across businesses, are certified for Integrated Management Systems (IMS) and adhere to the highest standards in Quality, Environment, Health and Safety. Our captive Hydel Plant at Maniyar, generates power to partially meet the needs of our Electromineral Operations. Our subsidiary SEDCO at Nallur, Tamil Nadu, generates power from Natural Gas to partially meet the requirements of our manufacturing plants in Tamil Nadu. During the year, SEDCO forayed into the solar power generation business with an objective to provide renewable energy solutions not only to the community at large but also to the Company's various manufacturing Plants, a major step-up in our green energy practices.

Our focus on net water positive programmes include calibrated water management with rain water recharging systems, zero discharge and recycling of water at all our manufacturing facilities. Maintaining ambient air quality and near zero pollution and emission levels and increasing the green cover at our plants and the neighbourhood with regular tree planting drives is part of our commitment to promote a green and clean environment.

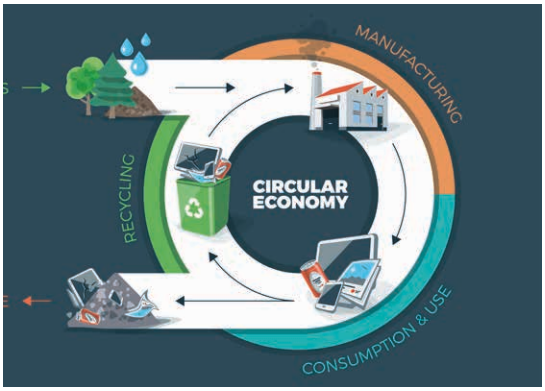
Across our Plants the abundant green cover, with a large number of trees, aviaries, fish and duck ponds, add to the natural ambience.

A company-wide, waste-to-wealth, value creation programme was rolled out to embed the discipline of recycling, reusing and re-purposing to promote the wisdom of a sustainable, cradle-to-cradle, circular system, where resources and waste are used again and again in a long lasting loop, that is both restorative and regenerative and mindful of the Earth and the Environment.

WOW - our Waste to Wealth programmes across business seeded the discipline of recycling, reusing and re-purposing to promote the wisdom of a sustainable circular economy.

WOW Project Objective:

- To view 'waste' as a valuable 'resource' that can be converted into a variety of useful products.
- To promote the use of recovered and recycled materials.
- To provide a sustainable model : concept of 5R (Refuse - Reduce - Reuse - Recycle - Recover).
- To explore market opportunities for the recovered and recycled materials.
- To promote CIRCULAR initiatives.



Methods Used

B. Circular Initiatives : Reuse Process Waste

A. Circular Initiatives: Encourage Recycling & promote reuse

C. Circular Initiatives: Develop Market for recycled materials- Project Stheyas

WOW – 2020-21 Performance, CUMI-wide value creation from waste

WOW - Circular Activity	Qty of Scrap reused
A. Recycle & Reuse	1452.05 MT
B. Reuse process waste	19.1 MT
C. New Product from waste	50.0 MT
Total	**1521.15 MT**

Nurturing our people and their aspirational needs, is we believe, vital for building a sustainable organisation.

At CUMI, our global, multi-cultural and diverse people base is our biggest asset. Our people policy is centred on the principle of nurturing our human capital, driven by the vision of creating a sustainable people organisation.

We believe that providing our employees a secure working place and protecting their health and safety is the first priority. As the pandemic ravaged the world, we took care to see that our employees and their families were safe and secure.

Our IT Teams managed to create a seamless work-from-home integration of our daily activities to ensure that we remained connected and communicated with our teams, our customers and our business partners, across the world. Staying connected mattered, in sustaining relationships. It also showed us that we could work just as efficiently, without geographic constraint, with less travel, less print outs and less carbon footprint.

After the easing of the lockdown, when our plant operations resumed, we ensured that we did so under the most stringent safety protocol, adhering to the highest standards in hygiene and covid appropriate behaviour. Several initiatives were deployed to ensure the physical and mental well-being of team members, including counseling, health awareness programmes, behaviour based training and motivational programmes to spread positivity and cheer during difficult times. Reward and Recognition initiatives, 'Star of the Month' awards, incentive programmes, etc, served as motivational tools spurring excellence in team members during the unprecedented crisis.

Capability building programmes, training workshops, curated on-line learning and interactive sessions, continued to embed a learning culture across the Company. To develop cross functional capabilities and to enhance employee engagement, 'PACE' (Platform for Accelerated Career Experience) was launched during the year. PACE provided employees an opportunity for self-directed, experiential learning and to on-board and work on projects of their choice. 'Catalyst' orientation programmes trained 'Career Sherpas', to guide and mentor the project aspirants. Twenty six projects were completed under PACE, seeding a new dynamics in experiential learning and capability building, enabling employees to explore their true potential. Custom designed leadership and learning programmes were deployed in

Women's Day Celebrations at Corporate Office

60th Year Celebrations at VAW

collaboration with leading Institutes and Business Schools to create a strong talent pipeline and build a future-ready workforce.

Demonstrating the will and the passion to surmount odds, redefine boundaries and surpass set targets, Team CUMI reinforced the resilience and the sustainable strength of our Human Capital.

Awards

CUMI's Annual Report for the FY 2018-19 was conferred the 'Certificate of Merit' in the Manufacturing Sector category, by the South Asian Federation of Accountants of SAARC Region. This is the 2nd consecutive year of recognition by SAFA.

The Company's HR Processes won the recognition for 'Significant Contribution to HR Excellence' from Confederation of Indian Industry (CII).

Refractories Business at Serkadu, Tamil Nadu received the 'TPM Excellence Award in Category A' in recognition of its achievement towards Manufacturing Excellence.

The Abrasives business received the 'EHS Excellence Award' for the year 2020 from CII-SR.

Electrominerals Plant at Edapally, Kerala, won the CII Award for its 'Strong Commitment to TPM Excellence in Manufacturing'.

Electrominerals division was chosen for the 'National Gold Award in Minerals' category for the year 2020 by the Society of Energy Engineers and Managers (SEEM) India, the National professional body of Certified Energy Managers.

The Maniyar Hydel Power Plant won the 'Sreshta Suraksha Puraskar'.

The Electrominerals Plant at SEZ, Cochin, won the 'Suraksha Puraskar' from Factories & Boilers Department, Kerala.

The Coated Abrasives Plant at Maramalai Nagar, secured a '4 Star' rating from CII- Southern Region, for its 'Commitment to EHS Practices'.

Innovation and Quality improvement initiatives helped win the 'Kaizen Award' and 'Excellence Award in Quality Control' from CII.

CUMI Team also won the 'Par Excellence Award' at the National Convention for Quality Concepts held at Varanasi, Uttar Pradesh.

CUMI team were declared winners at the IQ Fest organised by IIM - Trichy, under Quality Improvement category.

The Industrial Ceramics Business won 'Gold' awards in Kaizen under Champions Trophy and Challenger Trophy categories.

The Industrial Ceramics Team won 'Gold' in the Makigami Competition under Champions Trophy category from CII.

The Kakkanad Plant at CSEZ, was awarded the Second Prize in the 'Kerala State Safety Award-2020'. The award recognises the initiatives for safety excellence practices adopted by CUMI.

Caring for the communities we operate in through our various education, health and welfare programmes to deepen our social sustainability.

We believe that caring for the communities we touch and operate in is vital to our social sustainability. During the pandemic crisis we opened our factory kitchens to the underprivileged and displaced migrant labour, contributed towards the Government's Relief Funds, provided for hospital beds, arranged vaccination camps, opened quarantine centres and disseminated information on health and safety in the neighbourhood.

We continued our focus on the three metrics of health, education and welfare as part of our social sustainability goals. Health camps, partnering with Schools and NGO's for development programmes, Mobile Medical vans, dispensaries at Plants for the communities we operate in, welfare programmes for promoting women entrepreneurship, are a few of the socio-welfare programmes enhancing the lives of the lesser privileged, providing them opportunities for growth and social advancement.

CUMI Centre for Skill Development (CCSD) at Hosur, Ranipet and Edappally, are residential facilities which provide children from lesser privileged background, Government certified, job based training for employability and advancement in life. The Centre has been recognised as the 'Best Skill Development Centre' by the Ministry of Human Resources, Government of India.

Central to our social commitment to the community around us is the Spirit of Responsibility which aims to create a just and equitable ecosystem.

CSR Initiatives across locations






Strong Governance standards and a sustainable ecosystem creating shared value for all stakeholders.

CUMI's journey, marking nearly seven decades in business, is a demonstration of its sustainability, and its strong fundamentals.

Embedded in the Company's business framework is a strict fiscal discipline and prudent use of resources to nurture long term growth and economic sustainability.

Adhering to Compliance requirements beyond the letter of law, together with a robust Risk Management system, our Corporate Governance Standards are built on a strong foundation of trust, transparency, accountability and ethical practices, resonating with the Spirit of the Murugappa Group.

Inherent in CUMI's framework of sustainability is the principle of creating shared value for all stakeholders: employees, shareholders, customers, community and the larger society.

Board of Directors

M M Murugappan | Sanjay Jayavarthanavelu | Aroon Raman | P S Raghavan

M M Murugappan, 65 years

Mr. Murugappan holds a Master's degree in Chemical Engineering from the University of Michigan, USA. Besides serving as the Chairman of Cyient Limited, Cholamandalam MS General Insurance Company Limited, and Cholamandalam Financial Holdings Limited, he is on the Boards of several companies including Murugappa Organo Water Solutions Private Limited, IIT Madras Research Park and Ambadi Investments Limited. He was elected as a fellow member 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. Mr. Murugappan was a member of the Board of Governors, IIT Madras.

Sanjay Jayavarthanavelu, 52 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, Lakshmi Life Sciences, etc. He is also on the Boards of several companies viz., The Lakshmi Mills Company, Lakshmi Electrical Control Systems, Quattro Engineering India Ltd., Lakshmi Cargo Company Ltd., Lakshmi Technology and Engineering Industries etc.

Aroon Raman, 61 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. He is currently on the Boards of various companies including Telos Investments & Technologies Private Limited, Wheels India Limited, Brigade Enterprises Limited, TVS Automobile Solutions Private Limited and EduTech NTTF Private Limited.

P S Raghavan, 65 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, Cyprus.

Sujjain S Talwar | Soundara Kumar | Sridharan Rangarajan | N Ananthaseshan

Sujjain S Talwar, 57 years

Mr. Sujjain Talwar is a qualified solicitor in India, England and 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 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, 66 years

Mrs. Soundara Kumar 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.

Sridharan Rangarajan, 55 years

Mr. Sridharan Rangarajan is a member of the Institute of Chartered Accountants of India, a graduate member of the Institute of Cost Accountants of India and holds a Bachelor's degree in Commerce from Madurai University. He has about 30 years of overall experience in various fields like banking, manufacturing, contracting, service and distribution businesses. He is associated with the Murugappa Group since June 2011 as the Chief Financial Officer of CUMI till January 2018 after which he took over as the President and Group CFO of the Murugappa Group. He is currently on the Boards of Cholamandalam Financial Holdings Limited, Cholamandalam MS General Insurance Company Limited, Cholamandalam MS Risk Services Limited, Parry Agro Industries Limited and Net Access India Limited. He has also served on the Board of Timken India Limited. He joined the Board of CUMI on 1st July 2021 as its Director - Finance & Strategy.

N Ananthaseshan, 58 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, including as Head of both the Electrominerals & Abrasives businesses. Ananthaseshan serves as a Director on the Boards of Wendt (India) Limited, Sterling Abrasives Limited, Volzhsky Abrasive Works and various other subsidiaries of the Company, in addition to serving as the Chairman of Murugappa Morgan Thermal Ceramics Limited.

Chairman's Message

Dear Shareholders,

I sincerely hope each one of you and your family members are safe and well.

CUMI's 67th year of operations has been a year in which the global COVID-19 pandemic unleashed its full wrath. All economic activities came to a standstill at the beginning of the year owing to the nationwide lockdown imposed in India as well as in many parts of the world to contain the spread of the pandemic. Although the second half of the year seemed like a slow return to normalcy, the world is still going through an unprecedented crisis. The resurgence of the pandemic continues to not only cause disruptions to businesses but also been very brutal on humans. With our hope on the vaccine efficacy, our undeterred passion in what we do supported by our compassion and empathy, we at CUMI, our subsidiary and associate companies are geared to get through these unpredictable times.

The global economic recovery is expected to remain below pre-pandemic projections for a considerable period. Reduced personal interaction, uncertainty over the post-pandemic economic landscape and restrained investment are causing an economic slowdown. Due to disruptions in the education system, an unpredictable future of human capital is a heightened cause of concern. In India, the economic growth projections are already witnessing downward revisions. While the severity of the second wave causes further concern, the targeted lockdown approach, measured restrictions especially in industrial production backed by resilient consumer behaviour is expected to mitigate the impact to some extent. The announcement of the Production Linked Incentive (PLI) schemes and other infrastructure spends indicated in the Union budget are expected to be good drivers of growth and hold good prospects for the Company.

The slow-down in the user industries at the start of the financial year 2020-21 further accentuated by the pandemic conditions, impacted CUMI's first quarter performance. However, our performance picked up pace from the second quarter onwards. The Company delivered a 1% growth in consolidated revenues and 2% growth in standalone revenues despite the challenges and volatility in the market and operating conditions. Improved efficiencies through Total Productive Maintenance (TPM) practices, rigorous and focused cost management efforts in raw material and fixed costs helped the Company increasing its profitability at the consolidated level by 4% and containing it on a standalone basis with a mere 2% decline. Efficient liquidity management backed by a robust collection system and prudent

> As a Material Science Company, we believe that only a continuous pursuit of innovation and sustainable processes, aligned to a more responsible use of Nature's resources, will provide enduring growth.

working capital management ensured the Company remained debt-free during such difficult times. Capital expenditure programmes for the year were implemented as per plan, funded entirely from internal accruals.

During the year, the primary focus across all businesses of the Company was to protect the health and ensure safety of its employees. When the lockdown conditions were relaxed, the plants swiftly resumed operations adhering to the guidelines mandated by National and regional governments after undergoing necessary safety and maintenance checks. Today, even as we see a dip in the second wave, the safety of every employee remains top priority across CUMI. Even as the pandemic continues, our priority of balancing lives and livelihoods remains unchanged.

During the year, the Company made an interim dividend payment of Rs.1.50/- share of Re. 1 each. The Board has also recommended to the shareholders a final dividend of Rs.1.50/- share of Re.1 each, thus taking the total dividend to Rs.3.00/- share of Re.1 each which is higher than that of the previous year.

To meet the minimum public shareholding requirement in its joint venture company, CUMI in its capacity as a promoter, diluted 2.37% of its stake in Wendt (India) Limited. This has resulted in an enhanced non-operating income for the year.

Abrasives

Abrasives, CUMI's largest segment engaged in the business of engineering surfaces recorded a marginal decline of 0.2% at consolidated level and a growth of 0.4% on standalone basis. This decline is attributed to pandemic induced downward demand trend and slow growth in user industries mainly automotive, auto ancillary, fabrication and general engineering. The business continued to focus on expansion of its robust distribution network and adopted several digital initiatives which will give it a sustainable competitive advantage in years to come. The focus on new products development for customer requirements continued with more rigour during the year. The indigenous sourcing of input materials mitigated the supply chain constraints in a very difficult year. The capacity utilisation in the new coated abrasives facility set up in Sriperumbudur improved progressively during the year.

Revenue growth in Volzhsky Abrasive Works, (VAW) and CUMI America, our Russian and American subsidiaries was impacted by their domestic markets - slowing auto/ auto component markets as well as owing to the lockdown conditions. Wendt (India) Limited, joint venture company manufacturing super

abrasives, grinding machines, precision components though initially impacted by the lockdown ended the year reasonably well by maintaining its revenue levels backed by a very strong growth in the last quarter despite the fall in its export revenues.

Sterling Abrasives, the subsidiary manufacturing specialist conventional Abrasives, benefited from higher agricultural acreage, thus achieving growth and profitably.

CUMI Abrasives and Ceramics Company, China despite the challenging business conditions registered growth in its revenues.

Ceramics

The Ceramics business which comprises both the Industrial Ceramics and Refractories recorded a marginal decline at both standalone and consolidated levels largely due to the pandemic. With prudent cost management, favourable product mix and maintaining efficiencies, the business recorded profits. Largely export driven, the Industrial Ceramics business was able to serve its customers despite the nationwide lockdown imposed at the beginning of the year. The business focus was on enhanced marketing efforts to tap newer markets, strengthening its positioning across geographies, as well as forging alliances with global customers for long term sustainable solutions.

The business has positioned itself as a global player with smart manufacturing initiatives and completed the addition of a Continuous Metallisation furnace towards capacity addition. In collaboration with Gas Authority India Limited (GAIL), the business recently executed a project to bring Piped Natural Gas (PNG) to its facility in Hosur. The transition from liquid fuel to natural gas is expected to reduce emissions significantly in line with CUMI's sustainability goals.

The trade tensions between China and Australia hampered the business of CUMI Australia, the subsidiary engaged in lined equipment business for wear resistance. CUMI Australia was impacted by logistics issues relating to container availability and port congestions. This coupled with the COVID-19 challenges resulted in a fall in revenues and consequently, the profitability as well. The Industrial Ceramics business arm of CUMI America did well despite the prevailing conditions there.

Lower demand and rescheduling of project execution by the customers on account of the pandemic conditions impacted the Refractories and Composites part of the business. Yet, the business did well to maintain its volumes and profitability. During the year, the business obtained the "TPM Excellence Award" from JIPM, Japan. This TPM focus will enhance its operational efficiencies and quality consistency, which is expected to yield results in the coming years.

The pandemic related challenges and the consequential demand slow down adversely affected the revenues of Murugappa Morgan Thermal Ceramics Limited, CUMI's joint venture engaged in the manufacture of Refractory Ceramic Fibre products. The business achieved good growth in profits by maintaining tight control over costs to ensure better efficiencies.

Electrominerals

Riding on the shortages of supplies from China, global trade tensions and increasing minerals demand since second quarter of the year, the Electrominerals business was able to recover quickly from the difficulties of the lockdown. Despite the volatility in prices of raw materials and supply chain challenges, the business registered a good growth in revenues both at standalone and consolidated levels at 7% and 4% respectively. The austere measures undertaken to control fixed costs, improve efficiencies, and optimum sourcing of raw materials aided the business to record a significant growth in profits of over 46% at a standalone level and 30% at a consolidated level. This was ably supported by the growth at VAW, Russia with optimum capacity utilisation, favourable product mix as well as commercial launches of new products for niche segments.

The power generation from the Maniyar Hydel plant continued to meet the power requirements of the business thus aiding its operational efficiency. Though the South African subsidiary registered growth in sales as compared to the previous

year, the continuing raw material scarcity, high fixed costs, and soft realisations continue to impact its profits adversely. While the losses have minimised compared to the previous year, profitability remains an issue and exit options are continuing to be pursued.

Other Businesses

Southern Energy Development Corporation Limited, the gas-based power generation subsidiary continues to support the power requirements of the plants in Tamilnadu, India. Generation was marginally affected owing to the pandemic lockdown in quarter one. This coupled with the reduction in gas price impacted its profitability for the year. During the year, the subsidiary company diversified its product offerings to solar energy-based solutions in addition to the gas-based supply in line with the overall sustainability goals of the Company.

Net Access, the subsidiary providing IT facilities management and allied services recorded a decline in revenues and profitability owing to the challenging conditions. The subsidiary's role in ensuring a seamless adaptation to remote working of all line functions across the organisation ensuring the safety of the employees who could continue to work from home throughout the year, was significant and commendable. It also provided a strong IT platform migrating to the new normal conditions, thus helping to manage the demands of going virtual.

Research and Development

As a Material Science Company, we believe that only a continuous pursuit of innovation and sustainable processes aligned to a more responsible use of Nature's resources will provide enduring growth. Accordingly, research and development activities were carried out with rigour at the various Centres of Excellence set up across locations and recognised by the Department of Scientific and Industrial Research, Government of India. Further, CUMind - the customised innovation framework based on design thinking methodology has been imbibed into the functioning of the business units thus providing CUMI with a competitive advantage.

Human Resources

People continue to be our top priority across all geographies. Once the nationwide lockdown was imposed in March last year, with the help of technology, the Company transitioned to remote working seamlessly which continued throughout the year considering the safety of the employees. Even when the plants resumed operations as per the guidelines, all safety and health protocols were ensured while running operations. Employees who needed critical care or had co-morbidities were advised to continue remote working in a safe and secure manner thus reducing the burden on the infrastructure. The lockdown days were utilised for people development activities in terms of re-skilling and up-skilling. Employees were actively encouraged to pursue learning and build their functional capabilities. While entities across geographies followed their respective protocols in running operations, wherever possible standardisation of policies and protocols were ensured.

I am overwhelmed and most grateful to teams across CUMI, its subsidiaries and joint ventures who continue to show exemplary resilience in not only handling a crisis as severe as this with conviction and commitment but who have strived hard to deliver performance in such difficult times, thus creating value for the stakeholders. Throughout the year awareness campaigns on health, mental well-being and hygiene, timely policy decisions and reviews, swift adaptation to the new normal, continuous engagement with customers, supply chain partners etc., supported an effective crisis management.

While we managed to navigate through the first wave of the pandemic without any major impact on the health of our employees, the severity of the second wave which resurged in the latter part of the year has shown some disturbing impact. We express our heartfelt condolences to all those who have lost their loved ones during this pandemic. The CUMI team is fully committed to assure necessary support and welfare measures have already been rolled out.

The Annual Report for the year and the Notice convening the 67th Annual General Meeting (AGM) have been sent electronically to all shareholders whose e-mail IDs are registered with the Company. If you are yet to register, I urge you to do so to receive the Report. Copies of the above have also been uploaded on the website of the Company www.cumi-murugappa.com. Considering the health and safety of our shareholders and social distancing being the need of the hour, the 67th AGM of the Company is being convened through audio-visual means. The manner of participation is detailed in the AGM notice. Please contact the Company Secretary for any clarification or support to facilitate your participation in the meeting.

During the year, in addition to the routine CSR initiatives such as the CUMI Centres for Skill Development (CCSD), the grants made by the Company were used in education, healthcare, as well as rural development. Besides monetary contributions to PM-CARES Fund, the Company actively helped communities in and around areas of its operations to combat the pandemic. During the lockdown, the canteens of the various plants in the Company served as community kitchens serving the needy.

CUMI continued to be a proud recipient of several prestigious recognitions. Despite the pandemic, the Company underwent a rigorous assessment of its HR practices and was recognised by Confederation of Indian Industry for its 'Significant Commitment to HR Excellence', thus reinforcing our commitment to constantly excel in all that we do.

Leadership

Mr. N Ananthaseshan, our Managing Director has not only led the organisation under the most volatile and unprecedented conditions but has also managed to deliver a strong performance in what I reckon as a very challenging year. He along with his leadership team across various countries demonstrated a strong resilience in positioning the Company strongly as it is today despite the uncertain and disruptive environment. My appreciation to the leaders across the Company and to teams of people across all the Company's locations. Mr. P S Jayan who headed the Electrominerals Business in India retired after serving the company for over 35 years. We thank him for his contribution to CUMI and wish him well in his retirement. He is succeeded by Mr. M V Sivakumaran who has been with CUMI for about 25 years working across the Abrasives and Ceramics businesses. Further, Mr. Bhaskharan Kannun and Mr. P Padmanabhan took over as the Head of Human Resources and Chief Financial Officer of the Company respectively. We wish them well.

The Board continues to be a great source of inspiration to the Company, the leadership team and to me personally. They have been very generous with their time and their active involvement and expertise has helped the Company tide over a very challenging phase last year. With their continuous support and guidance, the Company is poised to take up further challenges with cautious optimism. I thank them profusely for their wise counsel.

I am pleased to welcome Mr. Sridharan Rangarajan to the Board as Director - Strategy & Finance. Sridhar is well known to all of you as he was earlier the CFO of the Company. CUMI will be immensely benefited by his experience and expertise.

I take this opportunity to thank all stakeholders, customers, suppliers, vendors, bankers, business partners, authorities and of course you, shareholders for your continuing support and encouragement to us. This is a time of change and great uncertainty. Your unstinted support during adversities such as these goes a long way in propelling us to venture into new areas as also challenging the status quo. This support gives us the courage and conviction to remain resilient with true grit in taking on challenges and converting them into opportunities to make materials matter sustainably for our planet. I assure you that we will remain committed to delivering value as we have been doing over the past several decades.

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)
Sridharan Rangarajan, Director - Finance & Strategy* (DIN 01814413)
N Ananthaseshan, Managing Director (DIN 02402921)

Committees of the Board

Audit Committee

Sanjay Jayavarthanavelu, Chairman
Sujjain S Talwar
Aroon Raman
Soundara Kumar
Sridharan Rangarajan*

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
Sridharan Rangarajan*
N Ananthaseshan

**w.e.f. 1st July 2021*

MANAGEMENT COMMITTEE

N Ananthaseshan, Managing Director
Sridharan Rangarajan, Director - Finance & Strategy
Ninad Gadgil, President - Abrasives
Dr. Shyam S Rao, Executive Vice President- Ceramics
V G Rajendran, Senior Vice President - Super Refractories
M V Sivakumaran, Vice President - Electrominerals
Bhaskharan Kannun, Vice President- Human Resources
P Padmanabhan, Vice President- Chief Financial Officer
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

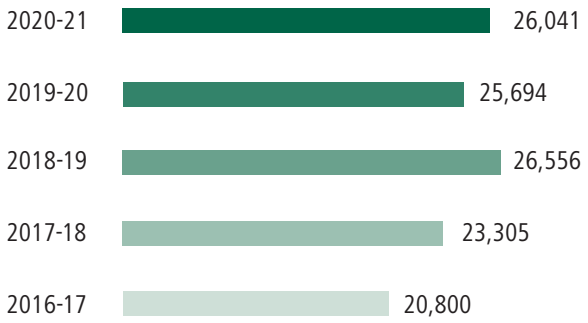
State Bank of India
Standard Chartered Bank
Bank of America
The Hongkong and Shanghai Banking Corporation Ltd.
BNP Paribas

REGISTRAR AND SHARE TRANSFER AGENT

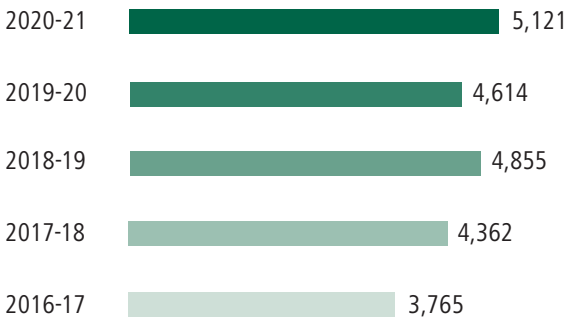
KFin Technologies Private Limited
Unit: Carborundum Universal Limited
Selenium Building, Tower-B,
Plot No 31 & 32, Financial District, Nanakramguda,
Serilingampally, Hyderabad, Telangana - 500 032.
Tel: +91-40-67162222, Fax: +91-40-23420814
Toll Free no.: 1800-345-4001
E-mail: einward.ris@kfintech.com;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

Financial Highlights (Consolidated)

NET SALES (₹ in million)



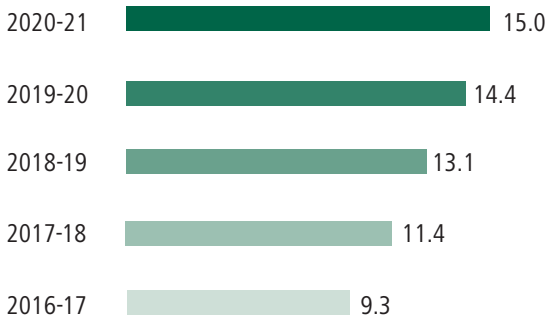
EBITDA (₹ in million)



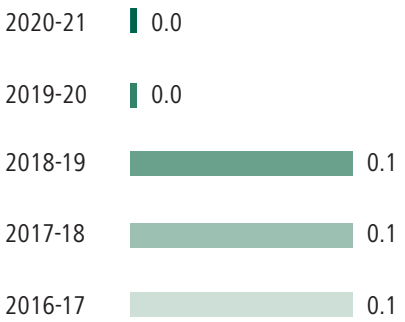
EBITDA MARGIN (%)

RETURN ON CAPITAL EMPLOYED (%)

EARNINGS PER SHARE (₹)



DEBT / EQUITY (X)



Financial Highlights

₹ million

Summary information	Consolidated performance					Standalone performance				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Net Sales	26041	25694	26556	23305	20800	16493	16231	17519	15514	13828
EBITDA*	5121	4614	4855	4362	3765	3174	3069	3242	2805	2464
PBIT*	4126	3569	3773	3302	2800	2559	2399	2488	2067	1795
PBT	3946	3505	3688	3216	2619	2445	2395	2479	2052	1707
PAT	2843	2724	2477	2156	1749	1840	1913	1661	1435	1218
Net Fixed Assets	6754	6540	6191	6508	6626	4293	4344	4178	4474	4595
Net Working Capital	12433	9869	8944	7366	5578	8503	6799	6027	4709	3487
Non Current Investments	1271	1212	1304	1232	1195	2507	2458	2511	2569	2541
Shareholders Networth	21315	18584	17241	15643	13828	15348	13671	12769	11697	10550
Loan Funds	430	616	967	1294	1559	-	-	9	18	26
Ratio Analysis										
Performance Ratios										
EBITDA / Net Sales %	20%	18%	18%	19%	18%	19%	19%	19%	18%	18%
PBIT / Net Sales %	16%	14%	14%	14%	13%	16%	15%	14%	13%	13%
Asset Turnover times	1.1	1.3	1.4	1.3	1.2	1.2	1.3	1.5	1.4	1.3
Return on Capital Employed %	20%	19%	21%	20%	18%	18%	18%	20%	19%	17%
Return on Equity	14%	15%	15%	15%	14%	13%	14%	14%	13%	12%
International Revenue (net) share %	49%	49%	45%	45%	45%	25%	24%	22%	23%	23%
Leverage Ratios										
Interest Cover times	143.0	72.9	57.2	50.7	20.8	1171.1	871.8	345.7	191.2	28.1
Debt Equity Ratio	0.0	0.0	0.1	0.1	0.1	-	-	0.0	0.0	0.0
Debt / Total Assets	0.0	0.0	0.0	0.1	0.1	-	-	0.0	0.0	0.0
Liquidity Ratio										
Current Ratio	3.7	3.8	3.2	2.8	2.4	3.9	4.6	3.7	3.0	2.7
Activity Ratio										
Inventory Turnover days	68	74	67	65	66	69	75	62	57	60
Receivable Turnover days	62	65	68	67	66	64	66	68	69	67
Creditors No. of days	51	42	41	42	42	53	46	46	50	47
Cash Cycle days	79	97	94	90	90	80	95	84	76	80
Investor related Ratios										
Earnings Per Share (₹)	15.0	14.4	13.1	11.4	9.3	9.7	10.1	8.8	7.6	6.5
Dividend Per Share (₹)	NA	NA	NA	NA	NA	3.00	2.75	2.75	2.25	1.75
- Interim	NA	NA	NA	NA	NA	1.50	2.75	1.50	1.00	1.00
- Final (proposed and paid in subsequent year)	NA	NA	NA	NA	NA	1.50	-	1.25	1.25	0.75
Dividend Payout	NA	NA	NA	NA	NA	30.9%	32.5%	35.8%	33.5%	29.6%
Price to Earnings Ratio	21.3	22.7	27.5	30.2	27.0	-	-	-	-	-
Enterprise Value / EBITDA	11.1	12.9	14.0	14.9	12.8	NA	NA	NA	NA	NA
Enterprise Value / Net Sales	2.2	2.3	2.6	2.8	2.3	NA	NA	NA	NA	NA

* excluding exceptional income/expenses (Net)

Refer Page no: 204 for Glossary.

Directors' Report

Your Directors have the pleasure in presenting the 67th Annual Report together with the Audited Financial Statements for the year ended 31st March 2021. 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 to avoid duplication and overlap.

ECONOMIC OVERVIEW & COMPANY PERFORMANCE

Economic Overview

The year 2020, which began with concerns over an unfamiliar epidemic spreading in a few provinces of China,has left unimaginable losses on a global scale in its wake - both in terms of loss of lives and livelihood. As global growth contracted sharply by 3.3% over the year, almost every single major economy, except for China, saw steep declines in national output, albeit with a marked divergence in the pattern and intensity of the decline. This divergence in economic output was caused by two sets of factors - first, the differences in the fundamental economic structures of various countries such as the dependence on tourism and exports, and the fiscal muscle of their respective Governments; and second, differences in the policy routes adopted with respect to tackling the pandemic, and the rigour of implementation of these measures.

India early on, saw one of the strictest lockdowns in the world. The country, which began its financial year amid the lockdown, recorded one of the steepest contractions in GDP among major economies - an abysmal 24% compared to the single digit declines seen in the same quarter among its peers. However, with the gradual easing of the lockdown restrictions over Q2, demand pent-up within some sections of the economy, came back strongly, fuelled by the 'forced' cost savings over previous quarters. Particularly, construction and home renovations outperformed expectations. With the sudden influx of an able workforce into the rural economy, after the wave of 'reverse migration', some sections of this economy helped impede the overall decline in growth - particularly in affordable housing, tractors, and two wheeler segments. As expected, the preference for personal modes of transportation increased, and over the festive season, certain segments of passenger vehicles grew. Notwithstanding these tailwinds, the Indian economy entered technical recession in Q2, recording a decline of 7.3%. The interest of consumers, which gained traction over the festive season, buoyed demand towards the end of Q2 and in Q3, the economy teetered towards positive territory, growing at 0.4%. Around this time, Europe began to experience the second wave of the pandemic, and growth in the region was hampered yet again. Not only have economic divisions widened between nations, but also within nations. In a grim estimate, the IMF suggests that an additional 95 million people could have entered extreme poverty in 2020. The damage caused by COVID-19 to economies still looms large - human capital formation and capability building has been impeded, owing to educational institutions in many developing economies remaining closed for prolonged periods or operating with sub-par online infrastructure. With plants and factories across the world being operated intermittently for a good part of H1, shocks to supply chain were felt across economies, with acute shortages in minerals, commodities, metals and logistics. In complete discord to this were market sentiments, which remained surprisingly bullish, especially over the second half of the year. While valuations were rising on one-hand, safe-haven assets were rising on the other. Asset markets were buoyed by expectations of vaccines and fiscal stimulus.

Going forward, the IMF estimates that the Indian Economy will grow by 12.5 % in FY 2021-22. There are clear headwinds and tailwinds to the economy now; the Union Budget's heavy focus on infrastructure and the PLI scheme are expected to keep investment sentiments positive. Many organisations have sizeable corpus for investment due to the inability to invest over FY 2020-21 - however, the pace of investment remains to be seen. The IMF has, as recently as April 2021, revised its global growth estimate to 6% in 2021 and 4.4% in 2022. With massive stimulus packages being announced by advanced economies such as the US, spill-over effect on trading partners such as India is expected to be positive.

However, uncertainties caused by the emergence of new variants with higher rates of transmission cast a shadow over growth prospects. Even as this report goes into publication, India is at the brink of the second wave and has been dubbed the 'new ground zero' of the pandemic. There could be little respite from commodity markets; average oil prices are expected to reach USD 58.52/bbl in 2021, a 30% rise from the low base of 2020. Metal prices are expected to rise, owing to China's strong rebound. As of the beginning of the calendar year 2021, India's industrial output was still in decline and inflation was inching up. Continued inflationary pressures could dampen consumer sentiments and reduce consumption expenditure. In short, 2021 will also be a testing year - as businesses and governments strive to get back on their feet and to make up for the growth lost over 2020, while prioritising the health and safety of people above everything else.

Company Performance

Revenues

During the FY 2020-21, standalone revenues marginally increased by 1.6 per cent and the consolidated revenues also marginally increased by 1.4 per cent. The Company began its financial year at the peak of a nation-wide lockdown. Plants, except for the power-generating units / continuous processes - had been quickly, and safely shut down. IT infrastructure to enable remote working options were rolled out. As the lockdown was lifted, utilisations across plants slowly ramped up over Q2 and in Q3, many segments saw strong demand from domestic and export markets. However, the shortage of materials, rising input costs, and the availability of containers posed a challenge. Some segments also witnessed a higher share of exports, with incremental growth coming from export customers wishing to de-risk their supply chains. The growth story among subsidiaries is mixed. While Volzhsky Abrasive Works, and Sterling Abrasives Limited performed well recording growth, CUMI (Australia) Pty Limited (CAPL), CUMI America Inc., CUMI Abrasives and Ceramics Company Limited, China (CACCL), and CUMI Middle East (CME) were impacted by a host of factors. CAPL was especially impacted by the brewing trade tensions between China and Australia - which manifested in the form of lower

iron ore off-take from China. The Abrasives segment is almost flat on a consolidated level, and marginal increase at a standalone level. The Electrominerals segment grew 3.8% at a consolidated level, and 7% at a standalone level, supported by growth in volumes and realisation. Higher productivity, and prudent cost control helped almost double the profits at a standalone level. The Ceramics segment de-grew by 2.2% on a standalone level and 0.3% on a consolidated level. While demand from domestic core industries has been tepid this year, the demand for Technical Ceramics, driven by technology transformations in the Auto industry and the interest towards clean energy, has driven growth.

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

(₹ million)

	2020-21		2019-20		Growth
	% share	Amount	% share	Amount	%
Standalone					
Abrasives	50	8177	50	8147	0
Ceramics	30	5007	32	5120	(2)
Electrominerals	27	4396	25	4109	7
Eliminations	(7)	(1087)	(7)	(1145)	(5)
Total	**100**	**16493**	**100**	**16231**	**2**
India	75	12425	76	12261	1
Rest of the world	25	4068	24	3970	2
Total	**100**	**16493**	**100**	**16231**	**2**

(₹ million)

	2020-21		2019 - 20		Growth
	% share	Amount	% share	Amount	%
Consolidated					
Abrasives	38	9931	39	9953	(0)
Ceramics	24	6272	24	6290	(0)
Electrominerals	41	10644	40	10258	4
Power	1	229	1	237	(3)
IT Services	2	410	2	471	(13)
Eliminations	(6)	(1445)	(6)	(1515)	(5)
Total	**100**	**26041**	**100**	**25694**	**1**
India	51	13289	51	13097	1
Rest of the world	49	12752	49	12597	1
Total	**100**	**26041**	**100**	**25694**	**1**

The Company's consolidated revenues from India and from rest of the world increased by 1 per cent.

Manufacturing

The manufacturing team played a vital role in safely closing or scaling down operations following the announcement of the nation-wide lockdown and in restarting operations as and when permitted. The teams have also realigned shop-floor layouts to ensure safe work environment. Continued focus on cost control helped the Company make gains in profit margins. All major capexes have been executed as planned.

Earnings & Profitability

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

(₹ million)

	As % of Sales	2020-21	As % of Sales	2019-20	Increase %
Sales		**16494**		**16231**	**2**
Other Operating Income		229		281	(18)
Revenue from Operations		**16723**		**16512**	**1**
Other Income		423		473	(11)
Total Income		**17146**		**16985**	**1**
Expenses					
Cost of material consumed	36	5999	39	6267	(4)
Purchase of stock in trade	3	530	4	626	(15)
Movement of Inventory	3	559	(2)	(296)	(289)
Employee benefits expense	12	1962	12	1959	0
Finance Cost	0	3	0	4	(23)
Depreciation and amortisation	4	614	4	670	(8)
Power & Fuel	10	1671	11	1809	(8)
Other expenses	20	3251	22	3551	(8)
Total Expenses	**88**	**14589**	**90**	**14590**	0
Profit before tax before exceptional item	**16**	**2557**	**15**	**2395**	**7**
Exceptional items(net)	(1)	(112)	-	-	-
Profit before tax	**15**	**2445**	**15**	**2395**	**2**
Profit after tax	**11**	**1840**	**12**	**1913**	**(4)**
Total Comprehensive Income	**12**	**1913**	**11**	**1740**	**10**

Standalone profit before tax stood at ₹2445 million as compared to ₹2395 million during the previous year.

The Company uses a variety of raw materials for its products - Bonds, Cotton 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 optimising throughput in production, material consumption continued to marginally improve during the year.

Other expenses decreased by 8.4% to ₹3251 million in the current year from ₹3551 million in the preceding year.

Power and fuel cost decreased by 7.6% from ₹1809 million in the preceding year to ₹1671 million during the current year owing to reduction in the volume and better power generation from the Company's Hydel power unit in Maniyar.

Employee benefits expense remained flat and the overall employee cost was at 11.9 per cent of the revenues.

Profit before finance cost and tax margin expanded in all segments due to more favourable cost structures, and better realisation in some segments.

Finance costs were at ₹2.7 million compared to ₹3.5 million in the previous year. Despite the nation-wide lockdown in Q1, revenues were maintained at almost flat levels over last year. Profit after Tax was maintained at last year's levels due to strong cost control measures across the Company. In addition to the above, the enhanced Profits is also attributable to the increase in income by way of sale of 2.37% of the shareholding in Wendt (India) Ltd., by an offer for sale mechanism on the exchange platform to comply with the minimum public shareholding requirement in Wendt (India) Ltd. Total Comprehensive Income increased from ₹1740 million to ₹1913 million.

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

(₹ million)

	2020-21	2019-20
CUMI Standalone	2445	2395
Subsidiaries including step down subsidiaries:		
Indian		
Net Access India Limited	29	37
Southern Energy Development Corporation Limited	103	76
Sterling Abrasives Limited	167	100
Foreign		
CUMI (Australia) Pty Limited	148	185
CUMI International Limited	308	329
Volzhsky Abrasive Works	1354	1119
Foskor Zirconia (Pty) Limited	(105)	(205)
CUMI America Inc.	7	18
CUMI Middle East FZE	5	1
CUMI Abrasives & Ceramics Company Limited	5	(8)
CUMI Europe s.r.o.	-	(0)
Thukela Refractories Isithebe Pty Limited	-	-
Total of Subsidiaries	**2021**	**1652**
Inter Company Eliminations	(670)	(719)
Consolidated profit before tax and share of profit from Associate and Joint ventures	**3796**	**3328**
Consolidated profit after tax attributable to owners	**2843**	**2724**

On a consolidated basis, the profit before tax (before share of profit from Associate and Joint Ventures) increased to ₹3796 million from ₹3328 million. Profit after tax and non-controlling interests has increased to ₹2843 million from ₹2724 million. 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		
	31.03.2021	31.03.2020	% change	31.03.2021	31.03.2020	% change
Net Fixed assets (including goodwill and Right of use assets)	4293	4344	(1)	8052	7870	2
Investments - Non current	2507	2458	2	1271	1212	5

(₹ million)

Financial position	Standalone			Consolidated		
	31.03.2021	31.03.2020	% change	31.03.2021	31.03.2020	% change
Other assets:						
- Inventories	2951	3263	(10)	4605	5076	(9)
- Trade receivables	3177	2593	23	4776	4016	19
- Cash and cash equivalents	2548	2231	14	4783	3595	33
- Other assets	2980	841	255	3398	1147	196
Total assets	**18456**	**15730**	**17**	**26885**	**22916**	**17**
Liabilities (Other than loans)	3108	2059	51	4676	3261	43
Net assets	**15348**	**13671**	**12**	**22209**	**19655**	**13**
Sources of funding:						
Total equity attributable to owner	15348	13671	12	21315	18584	15
Non - Controlling interest	-	-	-	464	455	2
Loan outstanding:						
- Long term borrowings	-	-	-	50	42	18
- Payable within one year	-	-	-	25	21	18
- Short term borrowings	-	-	-	355	553	(36)
Total loans	-	-	-	430	616	(30)
	15348	**13671**	**12**	**22209**	**19655**	**13**
Loans (net of cash and cash equivalents)	**(2548)**	**(2231)**	**14**	**(4353)**	**(2979)**	**46**

On a consolidated basis, the total equity attributable to owners as on 31st March 2021 was ₹21315 million. There was an increase (net of dividend) to the extent of ₹2731 million. Non-controlling interest was at ₹464 million.

Liabilities (other than loans) was ₹4676 million. The loans outstanding reduced to ₹430 million from ₹616 million. Net fixed assets (including goodwill and Right of use assets) increased to ₹8052 million during the current year from ₹7870 million in the last year.

Cash Flow

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

(₹ million)

Cash flow	Standalone		Consolidated	
	2020-21	2019-20	2020-21	2019-20
Cash flow from Operations	3301	2921	5534	5061
Taxes paid	(590)	(610)	(1026)	(992)
Cash flow from operating activities	**2711**	**2311**	**4508**	**4069**
Capital Expenditure (Net of disposal)	(558)	(677)	(1026)	(1226)
Cash flow from other investing activities	(1578)	369	(1669)	296
Cash flow from investing activities	**(2136)**	**(308)**	**(2695)**	**(930)**
Cash flow from financing activities	**(258)**	**(864)**	**(662)**	**(1346)**
Net increase/(Decrease) in Cash & Cash equivalents	317	1139	1151	1793
Net Cash and Cash equivalents at the beginning of the year	**2231**	**1092**	**3596**	**1921**
Effect of exchange rate changes on the balances of cash and cash equivalents held in foreign currencies	-	-	36	(118)
Cash and Cash equivalents at the end of the year	**2548**	**2231**	**4783**	**3596**

On a standalone basis, net cash generation from operations was ₹2711 million in FY 2020-21 compared to previous year's ₹2311 million. Net cash outflow on account of investing activities was ₹2136 million majorly towards investment in bank deposits and addition of property, plant and equipment. Net cash outflow on account of financing activities was ₹258 million which is attributable primarily to repayment of borrowings and dividends paid. The net increase in cash and cash equivalents was ₹317 million against ₹1139 million in FY 2019-20. On a consolidated basis, net cash generation from operations was ₹4508 million in FY 2020-21. Net cash outflow on account of investing activities was ₹2695 million. Net cash outflow on account of financing activities was ₹662 million which is attributable primarily to repayment of borrowings and dividends paid. The net increase in cash and cash equivalents was ₹1151 million against ₹1793 million in FY 2019-20.

Key Financial Ratios (on a standalone basis)

Parameter	2020-21	2019-20	Favourable/ (Adverse) in %	Comments
R O C E %	17.64	18.14	(3)	Due to increase in capital employed
Debt Equity (times)	-	-	-	CUMI is a debt free Company
PBT % to Sales*	14.82	14.76	0	Marginal increase
Asset turnover (times)	1.15	1.33	(13)	Due to increase in total assets
Receivable turnover (days)	64	66	4	Supported by effective collection efforts
Inventory turnover (days)	69	75	8	Effective inventory management.
Interest Coverage Ratio (times)	1171.11	871.79	34	Reduction in Finance cost.
Current Ratio(times)	3.90	4.65	(16)	Due to increase in current liabilities
Operating Profit Margin (%) *	12.95	11.86	9	Better product mix
Net Profit Margin (%)	11.15	11.79	(5)	Due to decrease in Profit after tax mainly on account of exceptional items.
Return on Net Worth (%)	12.68	14.47	(12)	Due to decrease in Profit after tax mainly on account of exceptional items.

**excluding exceptional income/expenses (Net)*

SHARE CAPITAL

The paid up equity share capital as on 31st March 2021 was ₹189.59 million. The capital increased during the year by ₹0.18 million, consequent to allotment of shares upon exercise of Stock Options by employees under the Company's Employee Stock Option Scheme 2007 and Employee Stock Option Plan 2016.

DIVIDEND

Considering the past dividend payout ratio and the current year's operating profit, the Board has considered it appropriate to recommend a final dividend of ₹1.50/- per equity share of ₹1/- each. It may be recalled that in February 2021, an interim dividend at the rate of ₹1.50/- per equity share of ₹1/- each was declared and paid. This aggregates to a total dividend of ₹3.00/- per equity share of ₹1/- each for the year, which is higher than the previous year. The Company's Dividend Policy is available at *https://www.cumi-murugappa.com/policies-disclosure/*. The dividend paid as well as being recommended for the year ended 31st March 2021 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 2021.

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 multi 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 witnessed a slowdown due to COVID-19 pandemic and the resultant lockdown scenario across the globe impacting consumption in Americas, Europe, and Asia Pacific. Still, 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 demand for Abrasives from industries such as transportation, building and construction and other durable goods industries is on the recovery path owing to easing of lockdown restrictions across the globe. The industry is dominated by several leading players operating across the globe.

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 FY 2020-21, the Indian Abrasives market was marred by slowdown across several key end user segments such as Automotive, Construction, Foundry & Forgings. But the overall business scenario in India had shown signs of recovery beginning Q2 of FY 2020-21 due to ease of lockdown and improved further during Q3 and Q4 resulting in major recovery across key end user segments such as Automotive and Construction. The growth momentum is expected to continue through FY 2021-22 due to positive macro-economic and micro-economic factors subject to the severity of the second wave of the pandemic which has just started surging in India.

The unorganised market that constitutes about 30 per cent of overall market largely dominated by imports suffered a headwind due to product unavailability largely due to lockdown situations thereby benefitting the reputed domestic Abrasives manufacturers. This segment of the market is predominantly price driven commensurate with performance requirement.

Sales Overview

As the financial year began under lockdown, the primary focus as across all businesses of the Company was to protect the health of its employees and operate the plants under strict guidelines mandated by Central and State governments. During the year, opportunities risen out of pandemic situation such as imports substitution, higher agricultural output, pent-up demand in automotive segment and higher growth opportunities in tier 2 and tier 3 cities were leveraged and some of the initiatives are expected to sustain during FY 2021-22 as well.

Despite the COVID-19 related challenges, Business 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 across India. Retail development and market storming initiatives were conducted for better market penetration and several new digital initiatives were introduced that is expected to give a sustainable competitive advantage, better and faster connect with the end user communities. New products were continued to be developed and introduced in meeting the needs of customers.

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.

The newly invested Coated Abrasives manufacturing capacity through an additional Maker line at Sriperumbudur has been fully commercialised and the capacity utilisation is progressing as per plan. 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.

Business had faced headwinds in terms of higher cost push and raw material availability during Q3 and Q4 and a part of it has been negated by price increase and cost savings initiatives adopted by Business using Total Productive Management tools. To develop competitive products and to cater to the need of customer, quality has been enhanced by imbibing the voice of customer through Quality Function Deployment techniques.

The elements of Industry 4.0 have been imbibed in the 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		
	2020-21	2019-20	Change (%)	2020-21	2019-20	Change (%)
Revenue	8177	8147	0	9931	9953	(0)
Segment results (PBIT)	1179	1083	9	1343	1129	19
Capital employed	3132	3469	(10)	4690	5008	(6)
Share to total revenue of CUMI (%) (without eliminations)	50	50		38	39	
Share to segment results (PBIT) of CUMI (%)	46	45		34	33	

Ceramics

Business Profile

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

Industrial Ceramics

Industrial Ceramics Business offers advanced Ceramics in Alumina, Zirconia, Zirconia Toughened Alumina and Silicon Carbide products addressing wear and corrosion protection, electrical insulation, thermal protection and ballistic protection applications. The key user industries for Ceramics Business are Power Generation and Distribution, Mining & Ore processing, Cement, Ferrous and Non-Ferrous Industries, Automotive, Battery, Glass, Paper, Food Grain handling, Petrochemicals and Ceramic Tiles.

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 increasing 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 has the ability to withstand load when subjected to high temperatures up to 2000 degrees Celsius in the presence of metals, non-metals and chemical reactions. It is used in applications that require extreme resistance to heat, such as reactors and furnace linings.

The Company is a leading player in complex shaped high temperature application Refractories, Refractory cements, Monolithic castables, and pre-cast pre-fired Refractories. 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 etc.

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 and floor tiles, Carbon bricks, Tiles, anticorrosive Lining, Epoxy and PU Flooring, Screeding, PU and Epoxy Coatings, Piping, Sealants and Water proof construction chemicals. The Company's Poly Concrete Cells (Tanks) are also used in Copper and Zinc extraction units across the world.

Composites

Composites are primarily Glass or Carbon 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 and nose cones, Automotive and Railway body panels, Gratings, Pallets, Cable trays, Flooring, Chequered plates, Roof sheets, Chimney ladders, Platforms, Bridges, Louvers, Fencing etc. High precision Carbon Fibre Reinforced Polymers for defence applications is a new foray and growing area.

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 - Wear Materials offering Wear solutions for various industrial applications; Engineered Technical Ceramics manufacturing high end Engineered Ceramics and Metallized Ceramics.

Under Wear Materials, the Company offers wear protection solutions using Advanced Ceramics, Rubber backed Ceramics and Composites in the form of Wear Resistant Liners, Ceramic Lined Equipment for OEM (Original Equipment Manufacturer) customers and Repair & Maintenance across key industries mentioned above.

The Business has expanded its product offerings and developed new applications across key industry segments. A solutions-based approach to solve customer problems through on-site wear audits, superior design and simulation, on-site installation services, enhances equipment performance, productivity and life. The Company is a leader in Australian market and has expanded its customer base in America, Russia and Commonwealth of Independent States and Japan.

The Business is working on enhancing capability of Ceramic Lined Equipment by offering Complete Fabricated System Assemblies, Catering to OEM and Repair & Maintenance customers.Project LE 2.0 is currently under progress and is expected be commissioned this year.

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

The Business has drawn up a clear plan to be a global leader in Metallized Ceramics for Vacuum Interrupters. Towards this, capacities have been further expanded by the addition of a new Continuous Metallization furnace. The Furnace has been successfully commissioned this year and has been released for regular production. This facility would help increase volumes with existing customers and in entering new markets.

In the Engineered Ceramics product segment, the Business has further strengthened its position in Solid Oxide Fuel Cell market and has started forays into Hydrogen applications. The Business has also commenced bulk supplies of Ceramics for the global Electric Vehicle market. This Business is expected to grow exponentially in the coming years. At the same time, the Business continues to produce Ceramic insulator bodies for Spark Plugs, the demand for which has reached record levels after the COVID-19 lockdown. An important capability that was added in Engineered Ceramics was that of Sintered Silicon Carbide, comprising of a state-of-the-art Vacuum Sintering furnace that can operate at

temperatures above 2,000 Degrees Celsius. The facility has been commissioned and the Business is poised to cater to a wide range of demanding wear and corrosion resistance applications.

Towards attaining Cost Leadership across all product segments, the Business is working closely with Gas Authority India Limited (GAIL) for bringing Piped Natural Gas (PNG) to the facility. The pipeline project was executed successfully and the transition from liquid fuel to natural gas in all the Kilns used for Ceramic Sintering is underway. This transition would significantly improve cost competitiveness of key products segments and importantly reduce emissions with the use of this clean burning fuel.

Refractories

With respect to Refractories, on account of the pandemic condition across the globe, considering the lower demand, there was an expectation across various customer segments for a price reduction. Iron & Steel industry and Cement industry registered good profits during the year also backed by reduction in prices. Due to lower demand, and rescheduling of projects execution, these customers exercised higher bargaining power amongst its suppliers.

During the previous years, players in the Carbon black industry had been undertaking capacity addition, driven by the demand in the tyre industry. This industry suffered during the financial year on account of low capacity utilisation and lower demand due to the pandemic which saw a marginal improvement towards the end of Q4. To de-risk their supply chain, export customers who were earlier looking to diversify their sourcing strategy have gone back to sourcing locally on account of challenges imposed by the varied lockdown conditions in countries in different periods of time.

Anti-Corrosive and Composites

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 during the last year. Considering the challenges from the pandemic, the penetration in the global market could not be undertaken as per plan. However, with continued efforts, these products have gained market share locally and have been proven successful.

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, windmill nacelle cover and other products.

Business has successfully executed three projects of Flue Gas Desulphurisation spray headers and has gained significant project orders for spray headers and the customer base has expanded. Business also bagged new orders for wear shield abrasion resistant, anticorrosive piping from thermal power plants for chemical treatment circuit desulphurisation.

The Composite business has also gained orders for structural components to be used in defence applications.

In order to replace the conventional Steel TMT bar in construction, especially in corrosive environments, the Business has launched FRP Composite rebar, which has double the tensile strength than TMT bars. This rebar finds its application at construction sites in coastal areas, chemical plants and in electrical installations where EMF (Electromotive Force) and inductive current are of concern.

Sales Overview

Revenues of the Ceramics Business decreased by 2.2 per cent on standalone basis from ₹5120 million to ₹5007 million. The profitability of Ceramic Business increased owing to higher volume and selective price increase.

Industrial Ceramics

Metallized Cylinders, Engineered Ceramics and Wear Materials Business focused on servicing and retaining key customers during the lockdown and post lockdown period by catering to the changing demand patterns in an agile manner. Renewed marketing efforts in targeting newer markets and partnering with global customers to garner long term sustainable business has helped in making forays into new geographies and applications. Selective price increases were undertaken for majority of the products to mitigate cost push. Significant efforts in converting conventional wear resistant materials to Advanced Ceramic and Rubberised Ceramic Composite Wear Resistant Materials yielded higher business volumes in repair and maintenance segment of domestic sector in Steel, Mineral Processing and Cement Industry. The Business strengthened its position in Japanese markets by winning key long term project orders for supply of Ceramic lined bend assemblies.

Refractories

Notwithstanding the difficult operating conditions, the Refractory Business exhibited resilience and ended the year with the same top line as previous year despite the temporary suspension of operations due to lockdown in Q1 of FY 2020-21. This indicates significant growth during the balance three quarters of the year. The end customer segments like Cement, Iron and Steel, Carbon black have deferred their planned capital expenditure projects which has impacted the Refractory project orders. However, the Business had identified alternate business opportunities to ensure that the Business growth objectives are met.

Anti-Corrosive and Composites

Anti-corrosive Business performed well during the year with market share gain in Carbon bricks for the Phosphoric acid industry and Poly concrete cells. Composites Business has registered a decline in growth in the windmill industry as projects have been deferred.

Composites Business has developed few customer specific products like structural components for defence applications, Construction Rebar, which is expected to bring growth in the coming years.

Manufacturing

Industrial Ceramics

In the Metallized Cylinder space, as stated earlier, further capacity expansion, through the addition of a Continuous Metallization furnace was initiated during the year. In addition, a project on Smart

Manufacturing has been initiated during the year. With this capacity addition, the Business is now a leading global player in Metallized Cylinders, Refractories, Anticorrosive and Composites Business and has obtained "TPM Excellence Award" under category A, from JIPM Japan. Due to pandemic restrictions, the TPM assessments were conducted through Virtual online mode, and the assessors could appreciate the operational efficiency and maintenance excellence which yielded the results in line with growth strategy.

Key Financial Summary (₹ million)

Particulars	Standalone			Consolidated		
	2020-21	2019-20	Change (%)	2020-21	2019-20	Change (%)
Revenue	5007	5120	(2)	6272	6289	(0)
Segment results (PBIT)	1056	1001	6	1359	1317	3
Capital employed	3484	3159	10	4619	4160	11
Share to total revenue of CUMI (%) (without eliminations)	30	32		24	24	
Share to segment results (PBIT) of CUMI(%)	41	42		34	39	

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 its variants and White Fused Alumina), Silicon Carbide (crude, macro and fine), and Alumina Zirconia. The Company also manufactures a range of 'specialties' like Semi Friable Alumina, Surface and thermally treated grains, Solgel derived Alumina called as 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. Business also spearheads its Research and Development through a DSIR approved research facility located at Kochi.

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 last year and the products are being adapted/functionalised 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

As in the case of other businesses, the year 2020-21 commenced with unprecedented challenges for the world and the business community alike, on account of the outbreak of COVID-19 and the consequent lockdown declared across nations. The first quarter of Business was really hit by the slowdown in the domestic/global economy, which in turn impacted the demand for minerals and materials. The Business has also undertaken austerity measures, to control the fixed costs, deferring of capital spending, holding back of new recruitments/replacement, improvement in efficiency, optimum sourcing of inputs etc. With the lifting of lockdown in many parts of the country and world, the Business started limping back to normalcy from end of Q2.

The Business has seen an ever-increasing demand for its minerals from Q2 onwards due to the revival of Auto and Steel sector. The increased focus of the Government in infrastructure spending, double-digit growth recorded by the domestic Auto segment and the revival of Steel industry has pushed the demand for Abrasives and Refractory products in the domestic market. While there was a growth in demand in the domestic segment, the response from the international market was not satisfactory, except for the spurt in demand noticed from isolated segments like Diesel Particulate Filters (DPF) and semi-conductors. The logistic issues on container availability and vessel schedules erupted in the later part of Q3 adding to the challenges and complexities of international trade and the Electrominerals Business.

Improvements in the fusion process has helped the Business to address the additional demand for WFA from Refractory markets. The fine powder business volumes have seen a revival on account of the increased off take of material by key end users, while the demand from semi-conductors continued to be a stable support. The Business has also seen some spurt in demand for Ceramic grains from domestic and Chinese Abrasives customers. The commercial launch of new high performing Marlin grade Alumina Zirconia grain for Coated Abrasives application marks another positive note for the Business during a challenging year.

The transformational products like Graphene is evolving with different variants and the Business has come out with three variants for commercial applications.

Sales Overview

The Electrominerals Business on a standalone basis recorded revenue of ₹4396 million compared to ₹4109 million in the previous year.

The growth in the domestic Business can be attributed to the revival of domestic Abrasives and Refractory customers, who are the biggest consumers of Electrominerals.

Business has seen a significant growth in White Fused Alumina Business, mainly due to the better performance of user industries like Steel during last year. Brown fused Alumina business was affected marginally due to shortage of availability of key raw material Abrasive grade Bauxite. The fine powder business has shown an improved performance due to higher offtake by user industries like in Diesel Particulate Filters and Semi-Conductor application. The demand for other micro powders especially from laminates has helped the Business marginally.

Global players looking to reduce sourcing dependence on China can present opportunities for the Minerals Business.

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, TPM measures and fixed cost enabled the Business to be competitive and efficient in bettering the performance. The focused Joint Development Programs in selected areas with customers brought faster scaling up and co-solutions.

The Business has established and scaled up its new synthetic Alumina variant ABV+ as a replacement for ABV and by improving the process further, targets to replace the Bauxite-based Brown Fused Alumina. 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, Quartz and Raw Petroleum Coke (RPC) in international and domestic market. The strategy to source Alumina internationally has helped the Business to insulate from higher prices.

Foskor Zirconia which is into production of Monoclinic Zirconia and Calcia Stabilised Zirconia was also affected due to volatile input pricing as well as the ill effects of the pandemic. However better volumes of low radioactive products for the Nuclear industry and for the Steel industry shored up volumes resulting in a better performance compared to the previous year.

The Business has successfully produced Graphene from its new facility and established three variants for commercial applications. The Business has set up a pilot scale facility for Graphite Synthesis and also has set up a pilot facility for development of High Purity Silicon Carbide. The Business continued in its journey of introducing application specific product variants.

Key Financial Summary

(₹ million)

Particulars	Standalone			Consolidated		
	2020-21	2019-20	Change (%)	2020-21	2019-20	Change (%)
Revenue	4396	4109	7	10644	10258	4
Segment results (PBIT)	317	217	46	1359	1042	31
Capital employed	2014	2575	(22)	5760	5656	2
Share to total revenue of CUMI (%)(without eliminations)	27	25		41	40	
Share to segment results (PBIT) of CUMI (%)	12	9		34	31	

FINANCE

During the year, the Company generated ₹2711 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 2021 stands Nil. The capital expenditure program of ₹595 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 liquid surplus has been parked in fixed deposits with banks. The Company continues to be debt free. On similar lines, the debt at a consolidated level has come down to ₹430.2 million.The cash and cash equivalent level (net of borrowings) at a consolidated level stands at ₹6441 million including deposits with tenure exceeding 3 months.

The debt equity ratio for the Company is Nil at a standalone level and 0.02 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 ₹3 million compared to ₹4 million last year. The Company earned ₹100 million by investing surplus cash available for short term.

At a consolidated level, the finance cost has come down to ₹36 million from ₹63 million. The repayment of loans has helped in bringing down the finance cost. The capital expenditure program of ₹1064 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 2021 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 Touche Tohmatsu India LLP as Internal Auditors of the Company for the period from 1st July 2020 to 30th June 2021.

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

Coping up with the challenges posed by the unprecedented pandemic and enabling the workforce adapt to the new normal - both from a work and wellness perspective was the priority for the Human Resources function this year.

During the year, the Human Resources strategy was focused on balancing employee wellness, technology adaptation, and business continuity. From taking learning and development initiatives online to promoting a sense of togetherness, every effort was made to help employees feel connected even during the unprecedented crisis. A special communication channel was created to keep employees updated on heath protocols - both international and national guidelines. Communication channels were created for continuous dialoguing with employees to reduce anxiety, stress and preserve their mental wellness even during a 'locked down economy'.

Combating COVID-19

In March 2020, as the COVID-19 pandemic spread to India, actions were taken to create employee awareness on health and safety. Across business units, COVID-19 communication and awareness sessions were held to sensitise employees on the importance of social distancing norms, sanitisation, hand wash, and personal protective equipment. Protocols on visitor/vendor management, meetings, travel etc., were drawn up and communicated. These protocols underwent weekly reviews in line with the changing statutory guidelines. With the lockdown announced, a swift transition to work from home was initiated and implemented. Communication platforms like MS Teams were adopted across the organisation to ensure teams were connected always.

A C-Safe app was created for employees to voluntarily declare their health status as a sign-in process. It was also a way to help identify employees with symptoms and implement preventive measures proactively.

The impact of the pandemic and the first lockdown made it vital to have a contingency plan in place for a prolonged lockdown. In line with the evolving business realities, Business Continuity Planning and Scenario planning were undertaken which continue to be reviewed. A dedicated quarantine centre was set up to handle the sudden spurt of infections at plant locations. Employees who were recommended home quarantine were able to use the quarantine centre and this reduced their stress levels and enabled speedy recovery.

Preventive and other steps taken included steps taken included mass testing in infection-prone areas, special COVID leave policies, counselling facility for employees and their family members to ensure mental wellness.

Employee Safety and Health

Safety remains the key area of focus for the Company. Behaviour-based training both in-person as well as virtually were conducted to promote a culture of safe working. The behaviour-based safety model has been piloted in select units of Electrominerals, Industrial Ceramics and Abrasives Business.

Once the lockdown was relaxed, the annual medical check-up was reinstated to track employee's health and fitness. In addition to the routine safety training, specific training and webinars were conducted to sensitise employees on the pandemic protocols. While the safety precautions mandated to combat the spread of the pandemic, the routine and normal safety protocols in operating the plants were also ensured.

The Internal Complaints Committee, set up under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, organised awareness campaigns across units. While the e-learning modules improved employees' awareness level, mime acts under various themes were conducted to increase awareness for the workforce. Poster and mailer campaigns to increase awareness were also carried out. During the year, no referrals or complaints were received under the policy for Prevention of Sexual Harassment.

Capability Building

The learning and development function needed a rejig considering the new way of operating businesses amidst a lockdown situation.

Functional and business requirements for management staff were identified, and access to online courses were given. Approximately 2500 (behavioural and functional) modules were completed during the lockdown period.

The key learning programmes conducted during the year include:

- Competency-based behaviour event interview session organised for sales leaders to strengthen the hiring process.
- Focused sessions on data analytical tools like Power BI for HR teams.
- Pilot programme on Sales Excellence.
- LEAD (Leadership Education and Development) programme organised in association with a leading business school for Band 3 employees;
- Employee Relation: weekly sessions from domain experts (external & internal) spread over 30 weeks; and
- YOLO (Your Own Learning Opportunity) workshops for Management and Graduate Trainees to help identify their area of interest in learning.

The Performance Enhancement Process (PEP) piloted in the Abrasives Business during the previous year was deployed across other businesses in India. This has helped develop the goal setting and feedback capabilities of people across the Company.

The Catalyst, a voluntary, self-directed mentoring programme where employees directly sign up for dialogues with mentors, continued its role in people development. During the year, 14 new mentors were added to the programme.

Platform for Accelerated Career Experience (PACE) - a new platform for cross-functional experiential learning was launched during the year. The platform is envisioned to provide employees with an opportunity to work on different projects of their choice. 26 new projects were launched on PACE this year. 49 'Career Sherpas' were given an orientation on how to guide and mentor project aspirants. PACE has helped develop capability in different functional areas and improve employee engagement levels, especially of millennials.

Employee Engagement

The work from home policy continued even after the lockdown conditions were relaxed to enable employees who could perform their role and functions under remote working to work safely in their homes. Even at offices, the safety protocols were followed to those who opted to work from office/plant locations. With work from home continuing, employee engagement gained greater significance. The leadership team ensured regular communication through different channels to dialogue with employees, communicate updates and contingency plans. Communication channels included regular communication through mailers, town halls, MD's communication "Thinking Aloud", and "Ask the President" sessions with millennials. Virtual Town Halls

were also organised covering employees across the globe. Keeping these communication channels activated has helped foster a sense of connection and the leadership teams to get employees' pulse and plan resources accordingly.

Employees who had taken extraordinary efforts to ensure business continuity during the lockdown were honoured as 'Unsung Heroes' in recognition for their efforts. To end the year on a positive note, an Appreciation Week was organised to promote the culture of appreciation and to encourage individuals and teams to recognise the good work done during a challenging year through the Rewards and Recognition portal.

HR Excellence

CUMI participated in the 11th CII HR Excellence Assessment during the year and was awarded "Significant Achievement in HR Excellence". The assessment included a review of our HR processes enabling benchmarking with other best in class companies. The Assessment Team comprised 4 eminent professionals who carried out nearly 250 man-hours of virtual and on-site assessment. CUMI was one among the 12 companies awarded "Significant Achievement in HR Excellence". This recognition re-affirms the Company's constant endeavour towards HR Excellence and the exercise provided an opportunity to align our processes to the best in class.

Employee Relations

Cordial relationships have been maintained with employees and unions despite the disruptions and volatile conditions caused by the pandemic, and the wage settlements have brought in greater flexibility in operations, adherence to TPM practices ensuring high standards of productivity.

Talent Acquisition & Talent Management

The focus was to continue creating a talent pipeline in the middle management level by hiring Graduate and Management trainees. Lateral hires with greater emphasis on referrals, job boards and internal transfers lowered sourcing costs.

The Talent Management process was reviewed and revised during the year. The process based on Aspiration, Ability and Engagement identified 83 High potential talents. These talents undertook a 360-degree assessment. Each individual's development plan is being formed based on the assessment report.

Cost focus

The pandemic and lockdown brought in new challenges on Fixed Cost. Through a structured approach, the year saw a significant reduction of the same with focus on processes such as:

- Zero-based budgeting;
- Higher focus on automation;
- Improving the productivity through Six Sigma and identification of non-value added processes through tools like value stream mapping.

ACHIEVEMENTS AND AWARDS

The year 2020-21 despite being challenging from an operational perspective continued to be a year of recognition for the Company in varied fields.

The Company's Annual Report for the FY 2018-19 was selected by the South Asian Federation of Accountants of SAARC Region and conferred the Certificate of Merit in the Manufacturing Sector category. This is the 2nd consecutive year of recognition by this body of Accountants from SAARC Region, thus reinforcing our transparency, excellence in financial reporting and governance standards.

The Company's HR Processes won the recognition of 'Significant Contribution to HR Excellence' from Confederation of Indian Industry (CII). This recognition which benchmarks Human Resource practices with best-in-class companies underlines the robustness of our processes and commitment to people wellbeing. The Company's Refractories Business at Serkadu, Tamil Nadu received the 'TPM Excellence Award in Category A' in recognition of its achievement towards Manufacturing Excellence.

The Company's plant in Edapally, Kerala won the CII TPM Strong Commitment to TPM Excellence for its TPM Excellence in manufacturing. Our commitment to safety has also been fostered through recognitions at different units. The Company's Maniyar hydel power plant won the "Sreshta Suraksha Puraskar" and the Cochin SEZ plant won the "Suraksha Puraskar" from Factories & Boilers Department, Kerala. The Company's Maramalai Nagar plant secured a '4 star' from CII Southern Region for its commitment to EHS practices.

The Company's team were declared winners in IQ Fest organized by IIM Trichy under Quality Improvement category. The Industrial Ceramics Business won "Gold" awards in Kaizen under Champions Trophy and Challenger trophy category. The Industrial Ceramics Team also won "Gold" in Makigami Competition under Champions Trophy category from CII.

Our efforts on Innovation and Quality improvements won recognition for Kaizen Award and Excellence Award for Quality Control Concept category from CII. Our Team also won "Par Excellence" Award in National Convention for Quality Concepts competition held at Varanasi, Uttar Pradesh.

The total staff on rolls of the Company (including Joint Ventures and Subsidiaries) as of 31st March 2021 was 5256 with 3488 employees in India (previous year 5172 with 3416 employees in India).

PERFORMANCE OF SUBSIDIARIES

The Russian subsidiary, recorded sales of RUB 6625 million against RUB 5994 million during the previous year. Growth was driven by the SiC and Refractories Business. Volumes remained encouraging throughout the year and there is a clear trend of global consumers looking to de-risk, or reduce exposure to China.

Foskor Zirconia, South Africa, recorded sales of ZAR 293 million, compared to ZAR 213 million in last year. The entity's loss reduced to ZAR 23 million as against ZAR 43 million in last year. Raw Material scarcity and soft realisations impacted the margins of the subsidiary.

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.

CUMI Australia was impacted by the trade tensions between China and Australia. The availability of containers also impacted order fulfilment. Sales declined to AUD 18.8 million from AUD 21.8 million. The de-growth in the business is due to COVID challenges and the logistics problem due to port congestion. Profit after tax declined to AUD 2.0 million from AUD 2.7 million.

Sterling Abrasives reported a sales of ₹870 million, compared to the last year's sales of ₹799 million. Profit after tax increased to ₹122 million from ₹80 million. Higher agri acreage and the reception of certain new products among end users helped growth.

CUMI Abrasives and Ceramics Company, the subsidiary based in China, had a sales of CNY 19 million for the year, compared to CNY 18 million last year.

The sales of CUMI America during the year was at USD 9 million as against USD 10 million last year. The marginal reduction is due to COVID impact. The Profit after Tax for year was USD 0.1 million as against USD 0.3 million.

For CUMI Middle East, sales increased from USD 2.7 million to USD 3.1 million. Profit for the year was at USD 0.10 million against a profit of USD 0.008 million during the previous year.

Southern Energy Development Corporation Limited (SEDCO), the gas based power generation subsidiary recorded a sale of ₹229 million as against ₹237 million last year. The profit after tax grew to ₹80 million from ₹55 million majorly due to reduction in gas price.

Net Access India, which provides IT facilities management and other allied services decreased its sales to ₹410 million from ₹471 million. The profit after tax decreased to ₹20.6 million from ₹27.2 million.

CUMI International Limited, Cyprus recorded a revenue of USD 4.43 million representing mainly dividend income as against last year's income of USD 5.24 million.

CUMI Europe s.r.o is not in operation.

During the year, voluntary de-registration of Thukela Refractories Isithebe Pty Limited, South Africa (TRI), the Company's wholly owned step down subsidiary (subsidiary of M/s.CUMI International Limited, Cyprus) which had ceased operations was approved by the Companies and Intellectual Property Commission (CIPC), South Africa. By virtue of the finalisation of the de-registration, Thukela Refractories Isithebe Pty Limited, South Africa has ceased to be a subsidiary of CUMI International Limited and accordingly a step down subsidiary of the Company.

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 no 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	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16
Generation of Gross Value added (excludes exceptional items (net))	**5153**	**5044**	**5072**	**4550**	**3959**	**3789**
Breakup on Application of Value added						
Payment to Employees and Directors	1982	1979	1839	1760	1549	1429
Payment to Shareholders (on payment basis)	284	757	520	330	189	377
Payment to Government	638	709	946	732	543	564
Payment to Lender	-	-	-	-	33	64
Towards replacement and expansion	2249	1599	1768	1728	1645	1355
	5153	**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.

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 volatility 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, the Company has undertaken a penetration assessment testing of its internet facing applications during the year. 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. During the year, considering that work from home/remote working has become the new normal, data security and protection against the risk of phishing, malware attacks was given priority. Awareness mailers were disseminated across to mitigate risk of such attacks and requisite infrastructure upgrade to support the remote working conditions in a secured manner was initiated.

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 lockdown 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 operating on a model of working out of plants and offices over 6 decades, 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. All plants of the

Company resumed operations by May 2020 with permitted workforce and necessary steps were 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 operations models globally. This has cascading uncertainties making market and business conditions volatile. While the overall business scenario in Q1 and early Q2 of FY 2020-21 was on a slowdown, the ease of restrictions subsequently resulted in recovery across major segments in Q3 and Q4 of FY 2020-21. The Company has been able to reposition itself in Q3 through efficient liquidity management supported by diversified global operations, reliable supply chain partners, passionate and dedicated employees supported by the true grit built over 67 years. With markets slowly opening up and restoring to normalcy, the Company adapted to the new normal conditions and the last quarters of the year saw an uptick in performance. However, the FY 2021-22 is witnessing the second wave of the pandemic which is likely to cause disruption with some states announcing partial lockdowns to curb the spread of the pandemic which is at a much faster pace than the first wave last year. Vaccination will be a key element in managing the second wave as Governments seek to balance virus management against maintaining economic activity. However, having navigated the unprecedented volatile situation last year and on the back of the strength of its continuity plans, the Company believes that it will be able to steer through these recurring 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 2021.

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 second wave of the continuing pandemic situation with restrictions on manpower, logistical hindrances or delays, low customer demands etc. which could impact the growth and profitability.	Rigorous review of the business plan as well as contingency plan based on scenario planning was undertaken for a three-year period and is 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 to be obtained in case stricter lockdown conditions are imposed. Employees of the Company especially the workforce are being sensitised to take the vaccination as per the eligibility announced by the Government. Assistance in the form of vaccination camps, tie-ups with hospitals etc. are in progress to ensure the employees are vaccinated. Exploring new opportunities in emerging sectors like food and pharma 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 programs 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 neighbourhood 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. A C-Safe app has been created for employees to voluntarily declare their health status as a sign-in process. This helps in tracking the health status of the employees besides the annual health check-ups resumed during the year. Special communication channel has been set up to keep employees updated on health protocols stated in both international and national guidelines. Separate helplines 24*7 to counsel employees who require customised guidance or information has been set up. Online learning and development programmes rolled out to keep employees engaged and up skilled during the lockdown. Automation of routine and repeated processes to minimise the dependency on manual processes being explored continuously.

Risk	Impact	Mitigation plan
		Quarantine centre to handle any sudden spurt of infections at the Company's plant location. Employees who are recommended home quarantine can use the quarantine centre. With remote working continuing in phases since March 2020, employees have adapted to the new normal and the necessary IT infrastructure is being upgraded.
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 minimisation 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 at low double digits in FY 2022. The greatest uncertainty looming at the moment is the trajectory of the second wave of the pandemic in India. While businesses have corpuses to invest, when, and how much they will invest remains unclear. Once investment climate improves, the performance of core sectors could improve. The performance of Construction and Auto, the two major end users of Abrasives will depend on the level of discretionary spending by consumers in the economy, which in turn will depend on the course of the second wave.

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: (₹ million)

Description	As on 31.03.2020	Movement (Net of Deletions)	As on 31.03.2021
Loans given by the Company	-	-	-
Corporate guarantee given by the Company	550.76	(301.76)	249.00
Investments made by the Company	2458.42	48.89*	2507.31

** Deletion of ₹0.62 million on account of divestment of marginal stake investments in Wendt (India) Limited to meet minimum public shareholding requirement and balance is due to fair valuation of investment.*
As at 31st March 2021, there were no investments made in liquid funds.

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(3)(h) of the Companies Act, 2013 in Form AOC- 2. The form is enclosed as Annexure E.

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/. 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 previous year, to yield 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 lockdown, training sessions could not be conducted, but the Centre was able to keep students engaged through online sessions.

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 and Development on Biological waste water treatment using Microbials, enzymes etc., for rural areas. 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. Further, the Company has provided the students of the VCHSS a playground (football ground) developed with adequate facilities for excelling in sports and set up a new basketball court for the students to play. Owing to the COVID-19 situation the spend for the school during the year was less than the previous years.

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. Further, a grant to AMM Foundation was made for purchase of Magnetic Resonance Imaging scanning equipment at Sir Ivan Stedford Hospital. Sir Ivan Stedford Hospital, a multi-speciality hospital set up in 1966 located in Ambattur, Chennai aims at providing quality medical care through latest technology to cater to the medical needs of the poor and needy sections of the society at an affordable cost.

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 Hosur Industrial Association towards construction of building for a Skill Development Centre. Hosur Industrial Association was set up in the year 1981 with an aim to protect and promote the interests of industrial establishments located in and around Hosur. Considering the increasing unemployment due to lack of requisite skill and to bridge the gap between the skill requirement versus the actual skills available, a Skill Development Centre is being built by HIA in Hosur to promote education in the field of technical trades as well as commercial education like ERP, use of computers etc.

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. Having been declared a 'pandemic' by the World Health Organisation, it caused massive disruption not only to business operations but also to normal life during most of the FY 2020-21. 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. During the times of need, the Company's canteens at

various factory locations functioned 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 were 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. Owing to the lockdown situations and schools being closed, the Company was unable to conduct its other CSR related activities such as sessions on Child rights & parenting, terrace farming for women, importance of waste management & environment sanitation, "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 and other similar programmes.

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.

As at 31st March 2021, the CSR spend made directly and through implementing agencies has been utilised in full and hence the Company is in compliance with the provisions of Section 135 of the Act and the rules referred therein.

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 2021 in terms of Regulation 34(2) of the Listing Regulations is annexed to this Report as Annexure C.

GOVERNANCE

Board of Directors and Key Managerial Personnel

As at 31st March 2021, the Board of the Company comprised seven Directors of which majority (five) are independent.

During the year, Mrs. Soundara Kumar was appointed as an Independent Director under Section 149 of the Companies Act, 2013 at the 66th Annual General Meeting by the shareholders for a term of five years commencing from 3rd August 2019.

Mr. M A M Arunachalam, Non-Executive Director resigned from the Board with effect from closing hours of 2nd February 2021. The Board placed on record its appreciation for the services rendered by Mr. M A M Arunachalam during his tenure of office as a Director of the Company including as a member of the Stakeholders Relationship Committee.

Mr. M M Murugappan 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 67th 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 two years 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 two year time available from the date of inclusion of the name in the databank, the eligible Independent Directors would complete the assessment within the prescribed time. 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 the online proficiency self-assessment test does not arise.

During the year, the Board based on the recommendation of the Nomination and Remuneration Committee as well as the Audit Committee, appointed Mr. P Padmanabhan as the Chief Financial Officer with effect from 28th October 2020.

As on date of this report, Mr. N Ananthaseshan, Managing Director, Mr. P Padmanabhan, Chief Financial Officer 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.

During the year, the Board evaluation process transitioned to a paperless mode with the automation of the process.

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.

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 2021 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 2020-21 on a remuneration of ₹4,50,000/-. Further, they have also been appointed by the Board to conduct the cost audit for the FY 2021-22 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 2021-22 is included in the Notice convening the 67th 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 2020-21. 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 compliance management system, KOMRISK 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 and Mr. P Padmanabhan, Chief Financial Officer 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 2021, 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.

ANNUAL RETURN

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. No grants were made during the year under the ESOP Plan 2016. 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 have 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.

OTHER CONFIRMATIONS

No application under the Insolvency and Bankruptcy Code, 2016 (IBC) was made on the Company during the year. Further, no proceeding under the IBC was initiated or is pending as at 31st March 2021.

There was no instance of onetime settlement with any Bank or Financial Institution.

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.

Chennai
April 28, 2021

On behalf of the Board
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 2020-21 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 (58)	Managing Director	15,659,409	M.Sc (Applied Science), M.Tech Material Science (35)	19.02.1986[e]	-
Jayan P S (60)	Executive Vice President - EMD	8,414,118	B.Sc & B.Tech (36)	30.11.1985[e]	-
Ninad M Gadgil (50)	President - Abrasives	12,767,417	BE (Electronics) & PGDBM (Marketing) (26)	04.11.2019	Country Business Leader - Health Care, 3M India Limited
Padmanabhan P (53)	Chief Financial Officer	6,246,347	B.Com, Grad CWA, ACA, PGDFM (33)	01.07.1994[e]	-
Rajendran V G (51)	Senior Vice President - Refractories and Prodorite	9,552,271	BE (Metallurgy) and PGD in Management (32)	25.10.2017	C.O.O.- Foundry Division, Mahindra CIE Automotive Limited
Sivakumaran M V (49)	Vice President - EMD	5,557,480	M.Sc, MBA & M.Tech (24)	01.07.1996[e]	-
Shyam S Rao (58)	Senior Vice President - Industrial Ceramics	9,250,655	B. Tech Metallurgy, MS Material Science, PhD Material Science (27)	07.05.1999	Widia India Limited
Sridharan Rangarajan (55)[c]	President- Corporate	24,507,793	B Com, ACA, Grad CWA (35)	22.06.2011	CFO, Indian Operations - TIMKEN
Srikanth C (55)	Senior Vice President - Marketing, Abrasives	6,681,805	BE Mechanical Engineering & MBA Marketing (34)	05.09.1992	Cutfast Abrasives Tools Limited
Vijayalakshmi D (55)	Vice President - Corporate Communications	6,571,124	B.Sc Physics (32)	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
Rajkumar Arul (53)	Senior Vice President- HR	7,001,129	B.Sc, MA(SW), PG in Management (30)	17.09.2018	Eden associates - HR Consultancy Firm

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 and Employee Stock Option Plan 2016. The employee-wise grant details are available in the disclosure under SEBI (Share Based Employee Benefits) Regulations, 2014 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) Effective 18th January 2018, Mr. Sridharan Rangarajan has been deputed to Murugappa Management Services Limited (MMSL) and his remuneration as per the contractual terms with the Company is borne by MMSL.

d) 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.

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

f) The remuneration details are for the year 2020-21 and all other particulars are as on 31st March 2021.

g) None of the employees of the Company other than those listed above were in receipt of remuneration for the FY 2020-21 in excess of Rupees one crore and two lakh per year or eight lakh and fifty thousand rupees per month.

C. The details of remuneration during the year 2020-21 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	19.56
Mr. Sanjay Jayavarthanavelu	Independent Director	2.97
Mr. Aroon Raman	Independent Director	3.49
Mr. P S Raghavan	Independent Director	4.18
Mr. Sujjain S Talwar	Independent Director	2.99
Mrs. Soundara Kumar	Independent Director	2.99
Mr. N Ananthaseshan	Managing Director	29.26

(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	0.77
Mr. Sanjay Jayavarthanavelu	Independent Director	-
Mr. Aroon Raman	Independent Director	13.68
Mr. P S Raghavan	Independent Director	9.00
Mr. Sujjain S Talwar	Non-Executive Director	6.67
Mrs. Soundara Kumar*	Independent Director	NA
Mr. N Ananthaseshan	Managing Director	6.46
Mr. P Padmanabhan	Chief Financial Officer	3.36
Mrs. Rekha Surendhiran	Company Secretary	2.98

*Joined the Board during 2019-20 hence not comparable.

- The Directors' remuneration comprises commission and sitting fees for attending the meetings of the Board. While there is no change in remuneration structure for the Non-Executive Director as indicated in the Corporate Governance Report, the increase % computed above is on account of increase in number of meetings conducted during the year and attended by them.
- Mr. P Padmanabhan's remuneration for the FY 2019-20 and FY 2020-21 has been adjusted duly factoring the LTA availed for the previous year during the year.

(iii) Percentage increase in the median remuneration of employees in the financial year: 4.87 per cent (employees who were in employment for the whole of FY 2020-21 & whole of FY 2019-20 considered for this purpose in the respective financial years).

(iv) Number of permanent employees on the rolls of the Company as on 31st March 2021:2157.

(v) The average annual increase in salaries of employees was 6.99% compared to an increase in managerial remuneration of 5.46%. 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.

On behalf of the Board
M M Murugappan
Chairman

Chennai
April 28, 2021

ANNEXURE B

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. Brief outline on CSR policy of the Company

The Company recognises the importance of a sustainable growth benefitting all stakeholders including the society in which it operates. CSR is imbibed into its values and beliefs of the Company and has been a part of all business activities even before the compulsory spend was mandated. The Company continues to perform its CSR obligations directly through its skill development centre and indirectly through contributions to recognised implementing agencies in the field of Education and Healthcare, in addition to pursuing activities for the benefit of community around its local areas of operations. During the year, a significant portion of the spend was earmarked to combat and contain the unprecedented pandemic - COVID-19.

In line with its objectives and practices, the CSR policy focusses on Health, Education and Skill Development. The policy is uploaded in the website of the Company.

2. Composition of CSR Committee

Sl.No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Aroon Raman	Chairman / Independent & Non-Executive Director	2	2
2.	Mr. P S Raghavan	Member / Independent & Non-Executive Director	2	2
3.	Mr. N Ananthaseshan	Member/ Managing Director	2	2

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company: https://www.cumi-murugappa.com.

4. Impact assessment on CSR Projects

Though the Company is not required to conduct a formal impact assessment of its CSR projects, the activities which are on an ongoing project continue to be part of its overall CSR programmes only after due assessment is undertaken. The expansion of the skill development centre from Hosur to areas such as Ranipet, Cochin over the last few years is a testimony to this effect. The Company recognises growth to be inclusive and undertakes a lot of community initiatives in and around its plant activities which necessarily does not form part of this report. Initiatives through implementing agencies are also undertaken only basis an assessment of the local requirements.

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any: Not applicable

Sl.No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be setoff for the financial year, if any (in ₹)
		Not applicable	

6. Average net profit of the Company as per Section 135(5) — ₹2087.83 million

7.
   (a) Two percent of average net profit of the company — ₹41.76 million
   (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years — Nil
   (c) Amount required to be set off for the financial year, if any — The Company has not considered the surplus CSR spends made in the FY preceding the year 2020-21.
   (d) Total CSR obligation (7a+7b-7c) — ₹41.76 million

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
₹57.90 million	Nil		Nil		

(b) Details of CSR amount spent against ongoing projects for the financial year:

Sl.No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Project duration	Amount allocated for the project (in ₹)	Amount spent in the current financial Year (in ₹)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration No.
Nil												

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

Sl.No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Amount spent for the project (in ₹ million)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR Registration No.*
1.	CUMI Centre for Skill Development – Hosur, Cochin and Ranipet	Enhancing employment skills in manufacturing sector	Yes	Krishnagiri District, Tamil Nadu Ernakulam District, Kerala Ranipet District, Tamil Nadu		15.77	Yes	-	
2.	Grant to Vellayan Chettiar Higher Secondary School (VCHSS)	Education	Yes	Chennai District, Tamil Nadu		3.46	No	AMM Foundation	CSR00000050
3.	Sir Ivan Stedford Hospital – purchase of medical equipment	Healthcare	Yes	Chennai District, Tamil Nadu		5.80	No		
4.	Mobile Health Van in Uttarakhand	Healthcare	Yes	Haridwar District, Uttarakhand		3.50	No		
5.	AMM CSR Corpus Fund	Education & Healthcare	Yes	Tamil Nadu		4.12	No		
6.	Research & Development on Biological waste water treatment	Research & Development	Yes	Tamil Nadu		4.00	No	Shri A.M.M. Murugappa Chettiar Research Centre (MCRC)	CSR00000057
7.	Building for Skill Development Centre	Enhancing employment skills in manufacturing sector	Yes	Krishnagiri District, Tamil Nadu		1.25	No	Hosur Industrial Association	
8.	Contribution to PM Cares Fund for COVID-19	Healthcare	NA	Pan India		20.00	No	PM Cares Fund	

**requirement for registration is effective only 1st April 2021.*

d. Amount spent in Administrative Overheads	-
e. Amount spent on Impact Assessment, if applicable	-
f. Total amount spent for the Financial Year (8b+8c+8d+8e)	₹57.90 million

(g) Excess amount for set off, if any

Sl.No.	Particular	Amount (in ₹)
(i)	Two percent of average net profit of the company as per section 135(5)	41.76 million
(ii)	Total amount spent for the Financial Year	57.90 million
(iii)	Excess amount spent for the financial year [(ii)-(i)]	16.14 million
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	-
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	16.14 million

The Company's CSR spend of ₹57.90 million for the FY 2020-21 against the mandated outlay of ₹41.76 million for the year including contributions made to combat the spread of COVID-19 has resulted in excess spend for the year to the extent of ₹16.14 million. As per Rule 7(3) of the amended Companies (Corporate Social Responsibility Policy) Rules, 2014, the excess CSR spend in a financial year is permitted to be carried forward for the immediately succeeding three financial years.

9. (a) Details of Unspent CSR amount for the preceding three financial years: Not applicable

Sl.No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial years (in ₹)
				Name of the Fund	Amount (in ₹)	Date of transfer	
Nil							

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):Nil

Sl.No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (in ₹)	Amount spent on the project in the reporting Financial Year (in ₹)	Cumulative amount spent at the end of reporting Financial Year (in ₹)	Status of the project - Completed /Ongoing
Nil								

10.	In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (Asset wise details) (a) Date of creation or acquisition of the capital asset(s). (b) Amount of CSR spent for creation or acquisition of capital asset. (c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. (d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).	Not applicable
11.	Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5).	Not applicable

On behalf of the Board

Chennai
April 28, 2021

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 2020 to 31st March 2021
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)	₹ 189.59 million
2.	Total Turnover (INR)	₹ 17146.44 million
3.	Total profit after taxes (INR)	₹ 1839.62 million
4.	Total Spending on Corporate Social Responsibility(CSR) as percentage of profit after tax (%)	₹ 57.90 million (3.15% of profit after tax) (2.77% 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 2021, the Company has 5 direct subsidiaries. Its wholly owned subsidiary - CUMI International Limited has 6 subsidiaries. Out of the total 11 subsidiaries, 3 are situated in India and 8 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 (CCSD) 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

(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	EVP - 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. In the past, the Company has been conferred the prestigious Golden Peacock Award in Corporate Ethics and also awarded the Golden Peacock Award for Corporate Governance in due recognition of its governance practices during the year 2017-18.

During the year, a dedicated programme "Say it Right" has been launched across the Company to sensitise all the employees on the fundamentals of ethical communication in all their dealings/ operations and the guidelines to be adhered in this regard. The Company is also in the process of creating e-modules for a greater reach across its employees. The Managing Director connects with the employees through weekly 'Thinking Aloud' e-mailers to share his thoughts and examples essential to building a culture of proactive innovation, relentless discipline and collaborative teams.

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 were two referrals made under the Whistle Blower policy of the Company regarding unfair discriminatory treatment and unethical practices of suppliers which have been 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. The Purpose statement has been laid out after undertaking a very elaborate and participative exercise 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.

During the year, the Company reviewed its existing policies on sustainability, consolidated the same and reframed the policy. A dedicated team was constituted to review the sustainability policy by benchmarking it with industrial standards as well as interaction with academic institutions. The policy is built on:

- Economic Sustainability - creating circular economy to optimise resource utilisation, minimise resource depletion, reduce and repurpose all forms of wastes;
- Environmental Sustainability - creating a better environment through minimisation of carbon footprint, reduced usage of energy, water and other natural resources.
- Human and Social Sustainability - creating a better tomorrow by partnering with society for the development of human capital

through continuous skill upgradation & increasing employability for social wellbeing.

Through the above, the Company shall attempt to meet the UN Sustainable Development Goals.

The Business plan and long term strategy of Company is interlinked with the UN sustainability goals, thus making sustainability an integrated part of its business operations and specific action plans for effectively imbibing this integration have been drawn out.

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.
- Emission control systems have been installed by the Electrominerals Business to suit the White Fused Alumina operations in the Special Economic Zone. This optimises the suction and collection systems for the furnace, thereby reducing the power consumption and improving the product yield.
- A new product variant of Brown fused Alumina has been developed which has the potential to reduce the energy consumption and lessen the carbon footprint.
- In the Specialty Alumina plant (Boehmins), processes have been implemented to reduce water consumption.

Industrial Ceramics:

- Wear Resistant Ceramics and Composites using Ceramics and Rubber in Pulverized Fuel Bends for Thermal Power Plants, Mineral Handling applications and Cement industry - reduces energy losses and also improves the yield of end products.
- Metallized Cylinders - are now being used in vacuum interrupters with higher ratings. This is a replacement for Sulfur Hexafluouride based interrupters which is considered to be an environmental hazard.
- Engineered 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, efficiency improvement activities yielded good results in waste reduction. Further reduce - reuse - recycle approach is being implemented across all product processes in line with TPM methodology.
- 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 desulphurisation. The Company's Composites Business produces abrasion resistant composite pipes and gratings which is also used in Flue gas desulphurisation.

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.
- 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 processs.
- 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. During the year, SEDCO forayed into solar power generation business with an objective to provide renewable energy solutions not only to public at large but to the Company's various plant locations.

- 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 Industrial Ceramics Business has put in place processes for conversion of existing liquid fuel with natural gas for sintering processes. After successful implementation, the same is expected to be replicated in other businesses.
- 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.
- The new variant of Brown Fused Alumina developed by the Electrominerals Business requires 40% less energy per ton of its 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.
- Initiated a project for reducing the machine oil usage in Abrasive products through replacement of temporary binders thus resulting in 60% reduction in emission. Further, products have also been adopted in low temperature firing cycles as well as fast firing cycle to reduce energy consumption.
- Replacement of high carbon emission temporary binders with low emission temporary binders across products in the Abrasive Business.
- New heating systems (HAG) for maker 2.0 have been set up to save energy and reduce air pollution.
- Wet Scrubbers have been built in the Maker process for reducing the odour and discharge of particulate matter.
- Resin edge elimination system has been implemented in Abrasives for yield improvement and waste reduction at source.
- Load manager and heat recovery system for air compressors have been set up in Abrasives Business to save electrical energy and fuel.
- HVLS (High Volume Low Speed) fans have been built in the Conversion process for reducing the temperature thus creating a healthy working environment.
- The Company's Refractories Business has eliminated the usage of Superior Kerosene Oil (SKO) and diesel in its facilities by alternatively using C9 fuel, for Kiln firing.
- 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 measuree.

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 Tamil Nadu.

- 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 moulding instead of moulding 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. The Industrial Ceramics Business is implementing a process for conversion of liquid fuel (HSD & SKO) run furnaces to Natural Gas. Natural gas being a cleaner gas will result in a cleaner environment as well as reduce costs.

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. During the year, the Refractories Business has obtained the JIPM Award for TPM Excellence - Category A as a recognition for operational efficiency and maintenance excellence in its plant locations. The Company's Electrominerals Business has also received TPM Strong Commitment award for three of its plants.

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.

The raw material for the Sintered Silicon Carbide manufacturing in our Industrial Ceramics Business would be sourced internally from our Electrominerals Business. Identification of stabilised alternate sources of Calcined Alumina for the Wear Resistant Products in our Industrial Ceramics Business is under way.

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. The Industrial Ceramics Business exclusively obtained requisite approvals from the authorities concerned on behalf of its partner vendors (to function during the lockdown period). This not only helped the Company honour its export obligation but also helped the small vendors from closing down their business.

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 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 utilised for recovery of grains, which is again used in the manufacture of wheels.

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

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.

The Industrial Ceramics Business has envisaged setting up of an Occupational Health Center made from ''Stheyas" - a recycled material made in-house in Serkadu using waste from Abrasives.

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

The Company continues to focus on the employee experience. Given the continuing pandemic situation, the Company uses virtual space to actively engage with its employees. From counselling, health awareness workshops, mentoring programmes, performance management, learning programmes to behaviour-based safety training, employees have been given access to resources for their professional and personal well-being.

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 years with employees across units working on several projects to ensure the operations remain relevant and sustainable. During the 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.

Platform for Accelerated Career Experience (PACE) - a platform for cross-functional experiential learning was launched during the year. The platform provides an opportunity for employees to work on different projects of their choice. Forty nine mentors or 'Career Sherpas' were given an orientation on how to guide and mentor project aspirants. PACE is envisioned to help develop capability in different functional areas, and improve the engagement level of employees, especially millennials. During the year, 26 new projects were launched through PACE.

The Company's Catalyst programme, a voluntary self-directed mentoring programme has been instituted to aid employees in choosing and connecting with mentors. During the year, 14 new mentors were added and 27 mentee engagements took place. The concept and programme plan was recognised and awarded by the Confederation of Indian Industry (South Zone) during the previous year.

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. Towards this, Company collaborated with leading institutes to create customised leadership and learning programmes. Learning, Education and Development (LEAD) is one such flagship programme implemented at the Electrominerals Business in partnership with Rajagiri Business School.

A session quarterly on "Ask the President" was initiated to have the Millenial employees discuss with the President and ask various questions, share their views. This discussion was aimed at improving the working environment and motivating the employees.

While most of the sales pitches were undertaken through the virtual mode, to ensure safety of its employees during customer facing, employees were provided with a complete kit comprising of personal protective equipment, gloves, masks, zinc tablets, sanitizer etc.

Proactive steps and structured problem-solving mechanisms with focus on people issues and periodical communication on business related issues helps maintain 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, minimising 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.

Since 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 sanitisation / 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. Daily awareness communications, dedicated helplines for counselling and regular check up on the mental and physical health of the employees were conducted. Due safety and health protocols were followed including conduct of a health check up before the employee resumed duty in some of the locations. When the lockdown guidelines were relaxed, strict safety protocols were implemented at the premises to ensure the safe return of employees. Protocols included self-declaration at entry, temperature check 4 times a day, sanitisation of shop floors and offices, social distancing work style and food that boosted immunity.

A dedicated quarantine centre was set up swiftly to facilitate the treatment of COVID infected employees in line with Government protocols. Employees who were recommended home quarantine were able to use the quarantine centre.

Employees who went above and beyond their roles to ensure business continuity were recognised as 'Unsung Heroes' in the quarterly communication meeting.

With safe and hygiene working environment being the focus during the pandemic, behaviour-based safety training was conducted both physically and virtually. Learning modules included safety awareness, usage of protective equipment and identifying & eliminating unsafe conditions.

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 2021 (including Non-Management staff) was 2157.
2. **Total number of employees hired on temporary/ contractual/ casual basis:** 3387
3. **Number of permanent women employees:** 86
4. **Number of permanent employees with disabilities:** 10
5. **Do you have an employee association that is recognised 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 recognised 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	Nil	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%	95%
2.	Permanent Women Employees	100%	95%
3.	Casual/Temporary/Contractual Employees	100%	50%
4.	Employees with Disabilities	100%	80%

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 helps aligning with 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) and 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 marginalised stakeholders through 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 organisation.

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.

Some of the businesses of the Company like Industrial Ceramics are exploring availing carbon credits for usage of natural gas against liquid fuel.

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. Electrominerals Business has developed a new variant of Brown Fused Alumina which uses less power, electrode and provides higher output with less emission. Similarly every business unit of the Company is undertaking projects with clean sustainable development as priority.

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 commercialisation 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 equipment with latest equipment. 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 2020-21.

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 organisation 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 year, 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.

   IIn 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. The Company has also contributed a sum of ₹4.5 million to AMM Foundation towards initiatives for combat and containment of COVID-19 in March 2020. 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 8th 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 steering them away from bad influences and mould 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 recognised by the Directorate General of Training, MSDE, Government of India, for being the 'Best Training Facility in the Region', an honour that recognises 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).

During the lockdown situation, as examinations could not be conducted in due time, efforts were taken to connect with the students virtually by dissemination of course materials, presentations, test papers to the students. This has enabled the students' clear examinations in November 2020 successfully.

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, an institution that 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/basketball by facilitating the establishment of a vast playground and a basketball court for use by the students of 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 serviced over 32,000 patients from the surrounding 13 villages resolving a number of basic health ailments and dispensing medicines for the same.

The Company made grants for procuring medical equipment at Sir Ivan Stedford Hospital, Ambattur, Chennai thereby contributing to enhancing the healthcare infrastructure to beneficiaries. Sir Ivan Stedford Hospital, a multi-speciality hospital set up in 1966, aims at providing quality care through latest technology to cater to the medical needs of the poor and needy sections of the society at an affordable cost. The main objective is to not only provide access to health care but also provide quality health care to a large number of people who are living either on the poverty line or below it with compassion and care through dedicated doctors, staff and state of the art modern equipment. The hospital treats over five lakh patients a year and performs over 5000 surgeries every year. It has state of the art facilities in terms of equipment and machines to treat its patients.

During the year, a grant was made to Hosur Industrial Association towards building a Skill Development Centre. Hosur Industrial Association was set up in the year 1981 with an aim to protect and promote the interests of industrial establishments located in and around Hosur. Considering the increasing unemployment due to lack of requisite skill and to bridge the gap between the skill requirement versus the actual skills available, a Skill Development Centre is being built by HIA in Hosur to promote education in the field of technical trades as well as commercial education like ERP, use of computers etc.

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

A few notable initiatives 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 years, 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 previous year, over 4000 students from various schools have attended the sessions. However, owing to the lockdown situations and schools remaining closed, during the year the Company was unable to actively conduct these sessions.

The Company sponsored food, food materials, PPE Kits, and other assistance to the Government agencies and stranded migrant labours, during the lockdown period.

Last year, the Company was 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 organisation?

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, Shri A.M.M. Murugappa Chettiar Research Centre (MCRC), a centre recognised by Department of Scientific and Industrial Research and Hosur Industrial Association for initiatives towards Skill Development in Hosur.

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 Company in the previous years had set up a basketball court for VCHSS and provided a football ground to the school. These were provided as a result of the impact assessment undertaken in that area.

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 2020-21 for complete details on the spend made by the Company during the financial year ended 31st March 2021.

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. During the year, considering the travel restrictions on account of the pandemic, the customer engagement initiatives were carried out in the virtual mode without causing any adverse impact on the customer relationship.

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
April 28, 2021

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 focus and dedication. 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. In some cases, capex investments were made towards setting up infrastructure to use natural gas in the manufacturing process. Other measures such as speed optimisation of fans in kilns, optimisation of wares used in kilns, optimization of wares used in kilns, introduction of Variable-frequency drives (VFD) and evaporative cooling towers helped improve fuel efficiency.

The above energy saving measures implemented across divisions is expected to benefit the Company by lowering costs and emission levels. Further, energy saving was also achieved by prudent sourcing of power from the exchanges.

During the year ended 31st March 2021, a capital investment of about ₹13.72 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 disruption in operations owing to the lock down imposed in March 2020 and the phased relaxation over the year did not impact the new product development initiatives of the Company which continued to focus on improving its technology capabilities.

The Abrasives Business developed Stearate Coated paper based Abrasive products, Latex Micro fine grit Waterproof paper for the Auto After market, a new curing process for precision Coated Abrasives, Quasi Hot pressed wheels, and various types of bonds that enable low temperature firing. Newer bond systems to suit larger diameter wheels and to operate at higher speeds were also developed.

The Electrominerals business established processes for manufacturing a high performance variant of Brown Fused Alumina and introduction of chemically derived Abrasive grains based on in-house developed dispersible Aluminas improved processes to yield three higher order variants of Graphene and Thermal Spray Powders were also developed.

The Ceramics Business developed Cr- Cu- Au Metallization process on Alumina substrates using Magnetron Sputtering technique useful for MIC fabrication. The technology was absorbed from ISRO Ahmedabad. The Business also entered into a collaborative research, with NALCSIR, for the development of tape casting process for dense Alumina (CUMITUFF 996) & zirconia (8YSZ) Films.

The Refractories and Composites Businesses was able to horizontally deploy, wear resistant composite technology, originally absorbed from Ershigs USA, to various applications including fluid handling and gratings. The Business also developed advanced wear solutions which involve the integrating of Ceramic parts with FRP Composites, composite-based rebars, and pultrusion based structural products for defence applications.

Abrasives introduced the stage gate process, a systematic approach to launching new products, driven by an understanding of the customer and market needs across, product segments. The process is aimed at increasing the success rate of new products introduced.

Benefits derived as a result of the above efforts

In the Abrasives Business, the bond systems and coatings helped in the development of a variety of products, not limited to, high performance for piston ring finishing, grinding wheels for Hydraulic bars, next-gen centerless grinding wheel for engine valve grinding, cutting wheels for rail cutting and foundry, and creep feed grinding wheels for aerospace components. Products developed also help make gains in certain export markets, such as the Middle East. In the Coated space, the Business was able to develop high performance Zirconia Belts for shank grinding application, and cloth based rolls for pharma applications.

In the Electrominerals segment, through the new processes established, the Business was able to tap incremental demand for Brown Fused Alumina alternatives in the Abrasives and Refractories market. The development of this product also reduces dependence on imported raw materials for the end user industry thus improving the self-reliance of the country.

In the Ceramics Business, the sputtering and thin film technology is expected to help increating products that can be used in a host of applications across sunrise industries such as electronics, semi-conductors, remote sensing, and solar PV modules. These include thin film resistors, substrate heaters for multi-chip modules, metal insulators, and metal capacitors for RF applications, laser diodes, and heat sinks for solar cells. Similarly, the process technology of tape casting would

be useful for making thin film Alumina substrates for MIC fabrication, ultra-thin components for sensors, Fuel cell applications etc.

In the Refractories and Composites Businesses, the technology from Ershig helped develop a new FRP based product, CUMI Wearshield, which is used in Flue Gas Desulphurisation spray headers, gratings and pipes etc. using the infusion technology. These products have also supported incremental gains in Export markets.

Imported technology

No new technology was imported during the last three years.

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 several IPs in the form of patent/design/trademark registrations during the year.

EXPENDITURE ON R & D

₹ million

Description	2020-21
Capital including CWIP	14.90
Recurring	145.50
Total - A	160.40
Sales - B	16042.77
Total expenditure as a percentage of Sales (A/B)	1.00

IV. FOREIGN EXCHANGE EARNINGS AND OUTGO

₹ million

Description	2020-21	2019-20
Foreign Exchange Earnings	3646	3995
Foreign Exchange Outgo		
- Revenue	3840	3798
- Capital	213	199

On behalf of the Board
M M Murugappan
Chairman

Chennai
April 28, 2021

ANNEXURE E

AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso there to

1. Details of contracts or arrangements or transactions not at arm's length basis: Nil

Particulars	
a) Name(s) of the related party and nature of relationship	Nil
b) Nature of contracts/arrangements/transactions	
c) Duration of the contracts/arrangements/transactions	
d) Salient terms of the contracts or arrangements or transactions including the value, if any	
e) Justification for entering into such contracts or arrangements or transactions	
f) Date of approval by the Board	
g) Amount paid as advances, if any	
h) Date on which the special resolution was passed in General meeting as required under first proviso to section 188	

2. Details of material contracts or arrangements or transactions at arm's length basis: Nil

a) Name(s) of the related party and nature of relationship	Nil
b) Nature of contracts/arrangements/transactions	
c) Duration of the contracts/arrangements/transactions	
d) Salient terms of the contracts or arrangements or transactions including the value, if any	
e) Justification for entering into such contracts or arrangements or transactions	
f) Date of approval by the Board	

On behalf of the Board
M M Murugappan
Chairman

Chennai
April 28, 2021

ANNEXURE F

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2021

[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, 2021 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, 2021 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 during the period under review);

(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 system 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. issued by the Ministry of Corporate Affairs, Securities and Exchange Board of India and such other regulatory authorities for such acts, rules, regulations, standards etc. as may be applicable, from time to time including those specifically issued for compliances under the pandemic situation.

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
UIN : S2003TN063400
UDIN: F004775C000200091

Chennai
April 28, 2021

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 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. During the year, the Company had to deal with unprecedented challenges owing to COVID-19. The various measures undertaken by the Company to combat the pandemic and yet carry on its operations in the interest of its stakeholders with utmost safety reinforces commitment to our core values, sustainability and governance principles.

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 cautious optimism 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 2018-19 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 for the second time. These recognitions stand testimony to the Company's strong ethics, Corporate Governance and excellence in financial reporting.

The Company strives to make 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 is 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.

Corporate Governance Report

Consistent with its Values and Beliefs represented by the Five Lights - spirit of the Murugappa Group, the Company has formulated a Code of Conduct applicable to the Board and Senior Management which is posted 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 2021, the Board comprises 7 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	5(3)	7	3(2)	7	Yes	696,340
Sanjay Jayavarthanavelu DIN - 00004505	Non-Executive & Independent Director	9(2)	2	1(1)	6	Yes	Nil
Aroon Raman DIN - 00201205	Non-Executive & Independent Director	4	3	4	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	2	7	Yes	Nil
Soundara Kumar DIN - 01974515	Non-Executive & Independent Director	7	-	6(2)	7	NA	Nil
M A M Arunachalam* DIN - 00202958	Promoter & Non-Executive Director	-	-	-	4	Yes	NA
N Ananthaseshan DIN - 02402921	Managing Director	4(1)	6	3(1)	7	Yes	89,387

(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) Shareholding of Directors represents the shares held by them in individual capacity including as karta of a HUF and excluding shares held as Trustees.

**Resigned with effect from 2nd February 2021*

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)	Cholamandalam Financial Holdings Limited	Non-Executive and Non-Independent Chairman
	Cholamandalam MS General Insurance Company Limited (Debt Listed)	
	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)	-	-
Soundara Kumar (SK)	Rajapalayam Mills Limited	Independent Director
	Tamil Nadu Newsprint & Papers Limited	
	Shanthi Gears Limited	
	Ramco Systems Limited	
	Bank of Baroda	
N Ananthaseshan (NA)	Wendt (India) Limited	Non-Executive and Non-Independent Director

Changes in Board composition during the financial year 2020-21

During the year ended 31st March 2021, there were no changes in the Board composition other than as detailed below:

Name	Category	Nature of change
Soundara Kumar	Non-Executive & Independent Director	Appointed as an Independent Director with effect from 3rd August 2019 for period of five years at the AGM held on 29th July 2020.
M A M Arunachalam	Non-Executive & Non-Independent Director	Resigned as the Non-Executive Director of the Board with effect from closing hours on 2nd February 2021.

TThe 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 28th April 2021 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	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.	√	√		√			√

Sl. No.	Key Skills & competencies	Description	MMM	SJ	AR	PSR	SST	SK	NA
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 2021, seven Board meetings were held on 6th June 2020, 29th July 2020, 28th October 2020, 23rd November 2020, 1st February 2021, 2nd February 2021 and 17th March 2021. 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. During the year, considering the outbreak of the COVID-19 pandemic, the Board meetings were predominantly held through video conferencing mode.

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 is on the Boards of material subsidiaries CUMI International Limited, Cyprus and Volzhsky Abrasive Works, Russia. 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. 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 Companies Act, 2013, Listing Regulations and SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company has in place policies for determining 'materiality' for disclosure of events/ information to stock exchanges, policy for preservation and archival of documents, dividend distribution policy, business responsibility policy, whistle blower policy, policy for prevention of sexual harassment at workplace. The above policies are periodically reviewed by the Board. The Corporate Social Responsibility Policy has been reviewed in line with the amendments to the Companies (Corporate Social Responsibility) Rules, 2014.

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

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 17th March 2021 and reviewed the performance of Non-Independent Directors and also assessed the quality, quantity and timeliness of flow of information between the Management and the Board. The Board as a whole, reviewed the performance of the Chairman taking into account views of the Executive and Non-Executive Directors at its meeting held on 28th April 2021.

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 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 considering the prevailing pandemic situation, a virtual plant tour across SBUs with a Board interaction with the operating team members was conducted on 1st February 2021.

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. During the year, this meeting was conducted through video conferencing mode. During the year, the Board was updated on the Director's responsibilities and liabilities across various statutes applicable to the Company. Further, the Board was periodically briefed of the Company's response to the pandemic situation and its impact on the business plan and the performance. 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 but decisions were taken by circulation.

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, scrutiny of inter-corporate loans & investments, approval and review of related party transactions, review of utilisation 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

As at 31st March 2021, the Audit Committee comprised 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.

During the year, the Committee had five meetings on 6th June 2020, 29th July 2020, 28th October 2020, 2nd February 2021 and 17th March 2021 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)
Sanjay Jayavarthanavelu, Chairman	4 (5)
Sujjain S Talwar	5 (5)
Aroon Raman	5 (5)
Soundara Kumar	5 (5)

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 framework 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.

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. P Padmanabhan was considered to be appointed as the Chief Financial Officer. Mr. Bhaskharan Kannun was considered to be appointed to head the Human Resources function as per the criteria laid down for Senior Management consequent to the resignation of Mr. Rajkumar Arul. Further, Mr. M V Sivakumaran was considered and selected to succeed Mr. P S Jayan to Head of Electrominerals business after Mr. Jayan's retirement on 31st May 2021.

Composition & Meetings

The Committee comprises of three members, all of them being Independent Directors. The Committee met on four occasions during the year - 6th June 2020, 29th July 2020, 28th October 2020 and 2nd February 2021. The composition of the Committee and attendance of members are given below:

Name of Member	No. of meetings attended (No. of meetings held)
Sanjay Jayavarthanavelu, Chairman	3 (4)
Aroon Raman	4 (4)
P S Raghavan	4 (4)

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 and review the risks associated with cyber security.

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 risks in the risk registers prepared pursuant to the Risk Management Policy of the Company as well as the movement of risks in respect of its businesses and functions. The Committee had also reviewed the risks identified by the Company specific to the pandemic situation as well as geo-political risks applicable to the Company. Considering that its terms of reference includes reviewing the cyber security risk, the Committee also reviewed the assessment (Penetration Assessment Testing) undertaken in respect of the Company's internet facing applications.

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.

The Committee met on three occasions during the year on 29th July 2020, 28th October 2020 and 2nd February 2021. 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)	3 (3)
Aroon Raman	3 (3)
N Ananthaseshan	3 (3)

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 three members with one being an Independent Director. During the year Mr. M A M Arunachalam resigned from Board with effect from closing hours of 2nd February 2021 and hence he ceased to be a member of the Committee.

The Committee met on four occasions during the year 6th June 2020, 29th July 2020, 28th October 2020 and 2nd February 2021. 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 (till 2nd February 2021)	3 (4)
P S Raghavan	4 (4)
N Ananthaseshan	4 (4)

There were five investor service complaints received during the year. Out of the five complaints received, four complaints pertained to the transmission of shares and issue of unpaid dividend referred by a single claimant in different forums at various points of time. The grievances were lodged to seek an update on the status of transmission and payment of unpaid dividends which could be released only upon transmission of shares in favour of the claimant. The other complaint pertained to lack of comprehensiveness in the reply provided by the Company's Registrar and Transfer Agent, M/s. KFin Technologies Private Limited to the shareholder's initial communication regarding the non-receipt of dividend. All the complaints received were resolved to the satisfaction of the shareholders. There were no investor service complaints pending as at 31st March 2021.

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). 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. During the year, the CSR policy was amended in line with the amendments to the Companies (Corporate Social Responsibility) Rules, 2014 pursuant to the powers delegated to the Managing Director.

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 6th June 2020 and 28th October 2020. 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)
N Ananthaseshan	2(2)

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 an Executive 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 Director is not paid sitting fees for any Board / Committee meetings attended by him. He is 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. The summary of the Stock Options granted to Mr. N Ananthaseshan is given in this Report. No fresh grants were made to Mr. N Ananthaseshan under the ESOP Scheme 2007 or ESOP 2016 during the year.

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 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 is on 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 for the FY 2020-21 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.

4.2 Remuneration for FY 2020-21

Non-Executive Directors ₹ million

Name	Sitting Fees	Commission @
M M Murugappan	0.47	10.00
Sanjay Jayavarthanavelu	0.59	1.00
Aroon Raman	0.87	1.00
M A M Arunachalam*	0.29	0.84
P S Raghavan	0.74	1.50
Sujjain S Talwar	0.60	1.00
Soundara Kumar	0.60	1.00
Total	**4.16**	**16.34**

@ will be paid after adoption of accounts by shareholders at the 67th Annual General Meeting.

** resigned from the Board effective closing hours of 2nd February 2021.*

Managing Director ₹ million

Particulars		N Ananthaseshan
Fixed Component		
	Salary & Allowances	10.15
	Retirement benefits*	1.96
	Perquisites	0.04
Variable Component	Incentive[a]	3.51

**includes contribution to National Pension System of PFRDA.*

(a) Represents incentive paid during the financial year 2020-21 in respect of the financial year 2019-20.

(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 2020-21, a sum of ₹3.97 million has been provided in the accounts for this purpose payable to Mr. N Ananthaseshan. The actual amount will be decided by the Nomination and Remuneration Committee in August 2021.

(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. N Ananthaseshan under the Employee Stock Option Scheme 2007 (grants discontinued since February 2012) and Employee Stock Option Plan 2016 during the year.

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	93,120	55,764
Options cancelled	15,834	15,720	-	-
Options lapsed	-	-	-	-
Options exercised	105,966	62,880	1,500	-
Options outstanding	-	-	91,620	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
2017-2018	03.08.2018	3.00 PM	TTK Auditorium, Music Academy, 168 (Old No. 306) TTK Road, Royapettah, Chennai 600014
2018-2019	31.07.2019		
2019-2020	29.07.2020	3.00 PM	AGM conducted through Video Conferencing ('VC')/Other Audio Visual Means ('OAVM')

5.2 Special Resolutions passed during the last three Annual General Meetings

Sl. No.	Item of business	Passed on
1.	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
2.	Approval of offer / invitation to subscribe to Non-Convertible Debentures up to ₹2500 million on Private Placement basis..	03.08.2018
3.	Re-appointment of Mr. Aroon Raman as an Independent Director.	31.07.2019
4.	Re-appointment of Mr. Sanjay Jayavarthanavelu as an Independent Director.	31.07.2019
5.	Approval for payment of commission to Mr. M M Murugappan.	31.07.2019
6.	Approval for payment of commission to Mr. M M Murugappan.	29.07.2020

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 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, Audit Committee reviewed the compliance with the provisions of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and also verified 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 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. The Company also has in place a Code for practices and procedures for fair disclosure of unpublished price sensitive information which is available on the website of the Company. To ensure that the Designated Persons are aware of their obligations under the Regulations, auto awareness mailers on Do's and Don'ts are sent periodically. As a part of the induction process, for any employee who qualifies to be a Designated Person, a dedicated briefing of the obligations of a Designated Person under the Code is undertaken. During the year, an exclusive webinar for all the Designated Persons was conducted in addition to the periodic reminders and compliance awareness.

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 Chartered Accountants LLP	Statutory Audit	Carborundum Universal Limited	₹4,402,762
Price Waterhouse Chartered Accountants LLP	Tax Audit		₹1,062,531
Price Waterhouse Chartered Accountants LLP & Price Waterhouse & Co LLP	Other certification		₹4,619,524

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 *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 and Mr. P Padmanabhan, Chief Financial Officer have 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.

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 circulars dated 5th May 2020 and 13th January 2021 has relaxed the requirement for 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 67th 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 Tower B, Plot 31 & 32, Financial District, Nanakramguda, Serilingampally Mandal, 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 dematerialised form with a Depository. Members would be able to transfer their shares only after necessarily dematerialising their physical shares. Hence, Members are encouraged to dematerialise 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 have been paid/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 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
M M Murugappan
Chairman

Chennai
April 28, 2021

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 2020-21)

M/s. Deloitte Touche Tohmatsu India LLP,
ASV N Ramanas Towers, No. 52, (Old No. 37), Venkatnarayana Road,
T. Nagar, Chennai - 600 017

Secretarial Auditor (for the FY 2020-21)

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,
Unit: Carborundum Universal Limited,
Selenium Tower B, Plot 31 & 32, Financial District,
Nanakramguda, Serilingampally Mandal, Hyderabad - 500 032;
Tel: +91-40-67161527; Toll Free no.: 1800-309-4001;
E-mail: einward.ris@kfintech.com; Website: www.kfintech.com;
Contact Person: Mr. Rajkumar Kale - Asst. General Manager.

6. Financial Year

1st April to 31st March

7. Cost Audit Report

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

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., Devbhumi Dwarka 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 & 5, 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) Serkadu 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

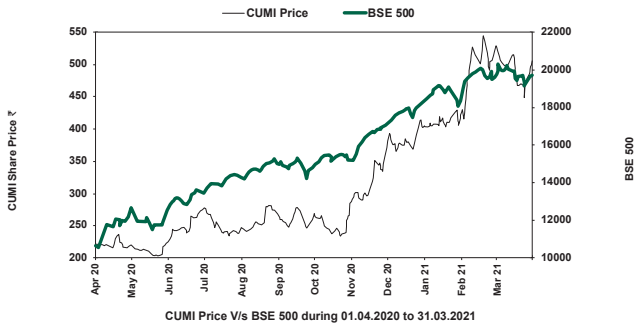
3. Share price information

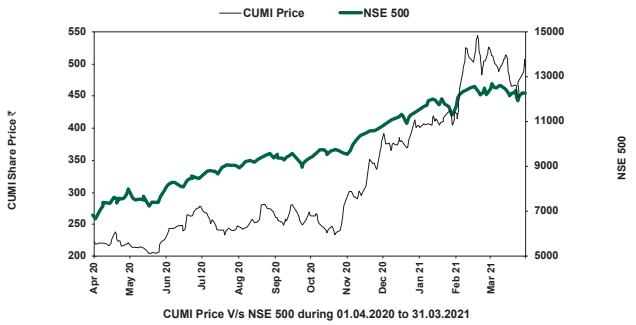
a) Monthly market price data

Month	BSE Limited			National Stock Exchange of India Limited		
	High ₹	Low ₹	Traded volume (No. of shares)	High ₹	Low ₹	Traded volume (No. of shares)
April 2020	273.60	207.50	69329	274.00	206.95	1732939
May 2020	230.80	203.00	141763	232.00	202.55	629520
June 2020	282.85	225.30	216378	282.65	223.55	4186110
July 2020	289.60	232.00	5414650	286.80	231.60	8134250
August 2020	293.40	237.40	494568	293.75	240.20	7671038
September 2020	284.95	241.55	480970	284.85	241.10	5262955
October 2020	285.50	232.10	240059	285.80	232.00	6732862
November 2020	361.95	282.20	405770	363.75	282.45	9202684
December 2020	423.40	333.65	806353	423.50	332.80	9025362
January 2021	437.70	397.00	339327	438.00	395.55	5634316
February 2021	571.45	384.80	575335	571.95	385.75	8813414
March 2021	539.35	438.55	906510	539.00	438.95	3847982

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 2020 to 31st March 2021 is given below:





C. OTHER INFORMATION

1. Share Capital Details

(a) Outstanding shares

The total number of outstanding shares as on 31st March 2021 is 189,590,839. All the shares have been fully paid up. As on 31st March 2021,187,504,157 equity shares constituting 98.90% 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 2021

(i) Shareholding Pattern

Category	% to total paid up capital
Promoter/Promoter Group	42.01
Foreign Institutional Investors	7.37
Financial Institutions including Insurance Companies	0.85
Non-resident (NRI's / OCBs)	1.92
Mutual Funds	24.69
Banks	0.01
Indian Bodies Corporate, AIFs & QIBs	5.88
Individuals	16.83
Others - Trusts/ Clearing Members/IEPF	0.44
Total	**100.00**

(ii) Distribution of Shareholding

Sl. No.	Category (shares)	No. of holders	% to holders	No. of shares	% to Equity
1.	1 - 500	34,533	83.95	3,070,797	1.62
2.	501 - 1000	2,323	5.65	1,860,115	0.98
3.	1001 - 2000	1,564	3.80	2,479,612	1.31
4.	2001 - 3000	628	1.53	1,636,011	0.86
5.	3001 - 4000	793	1.93	2,996,942	1.58
6.	4001 - 5000	191	0.46	882,944	0.47
7.	5001 - 10000	512	1.24	3,771,492	1.99
8.	10001 - 20000	219	0.53	3,167,608	1.67
9.	20001 - 100000	233	0.57	10,513,684	5.55
10.	100001 and above	140	0.34	159,211,634	83.98
	Total	**41,136**	**100.00**	**189,590,839**	**100.00**

2. Outstanding GDR/ADR/Warrants etc.

Under the CUMI Employees Stock Option Scheme 2007, the following Stock Options are outstanding as at 31st March 2021:

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	-	-	-
4.	27-Jan-11	125.08	-	-	-
5.	05-Aug-11	146.00	79,200	0.08	11.48
6.	04-Feb-12	155.00	22,080	0.02	3.42
Total			**101,280**	**0.10**	**14.90**

Under the CUMI Employee Stock Option Plan 2016, the details of stock Options granted and outstanding as at 31st March 2021 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	325,902	0.33	83.61
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	-	-	-
6.	31-Jul-19	317.70	71,630	0.07	22.69
7.	31-Jul-19	317.70	111,528	0.11	35.32
8.	30-Jan-20	343.80	93,120	0.09	31.92
Total			**709,334**	**0.71**	**212.88**

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 pursuant to SEBI notification dated June 08, 2018. 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	111	185,810
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*	5	6,400
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**	4	6,120
Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year	2	2,160
Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the end of the year	104	177,250

*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.

** The Stakeholders Relationship Committee had approved transfer of 3,960 shares from the unclaimed suspense account to the Demat Account of the Claimants on 31st March 2021 and the Company has since then transferred shares to the claimants' account.

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

Monday, the 2nd August 2021 at 3.00 P.M. IST through video conferencing/other audio visual means.

(ii) Dividend

The Board at its meeting held on 2nd February 2021 had approved payment of an interim dividend on the equity shares of the Company at 150% i.e., ₹1.50/- per equity share which was paid on 26th February 2021. The Board at its meeting held on 28th April 2021 has further recommended a payment of final dividend at 150% i.e., ₹1.50/- per equity share for the year ended 31st March 2021. The final dividend will be paid by Tuesday, 24th August 2021 upon declaration by the shareholders at the ensuing 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 Authority of the Central Government are as below:

Financial year to which dividend relates	Date of Declaration	Due date for transfer to IEPF
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
2020-21 (Interim)	02-02-2021	11-03-2028

The Company has transferred unclaimed/unencashed dividends upto interim dividend for FY 2013-14 to the IEPF during the year ended 31st March 2021. 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 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 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 31,766 equity shares pertaining to 29 holders to the Investor Education and Protection Fund Authority. 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 2021, 6,63,011 shares pertaining to 551 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 institutional placement.

On behalf of the Board
M M Murugappan
Chairman

Chennai
April 28, 2021

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 2021, as envisaged in regulation 34(3) read with Schedule V of the Listing Regulations.

On behalf of the Board
N Ananthaseshan
Managing Director

Chennai
April 28, 2021

Certificate of Non-Disqualification of Directors

[Pursuant to Regulation 34 (3) read with Schedule V Para-C Sub clause (10) (i) of Securities and 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 2021 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 – Chairman	17/10/1996
2.	02402921	N Ananthaseshan	Managing Director	26/04/2019
3.	00004505	Sanjay Jayavarthanavelu	Non-Executive - Independent Director	27/01/2010
4.	00201205	Aroon Raman	Non-Executive - Independent Director	30/10/2013
5.	07812320	P S Raghavan	Non-Executive - Independent Director	09/05/2017
6.	01756539	Sujjain S Talwar	Non-Executive - Independent Director	09/05/2017
7.	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 samebased 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
UIN: S2003TN063400
UDIN: F004775B000318990

Chennai
April 28, 2021

Certificate on Corporate Governance

The Members
CARBORUNDUM UNIVERSAL LIMITED
Parry House,
43, Moore Street,
Chennai – 600 001

We have examined documents, books, papers, minutes, forms and returns filed and other relevant records maintained by **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, 2021. 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, 2021.

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
UIN: S2003TN063400
UDIN: F004775C000200157

Chennai
April 28, 2021

Independent Auditors' Report

To
The Members of Carborundum Universal Limited
Report on the Consolidated Financial Statements

Opinion

1. We have audited the accompanying Consolidated 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 Joint Ventures (refer Note 33, 6A and 6B to the attached Consolidated Financial Statements), which comprise the Consolidated Balance Sheet as at March 31, 2021, 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 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 Financial Statements").

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Financial Statements give the information required by the 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 Joint Ventures as at March 31, 2021, 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 Financial Statements section of our report. We are independent of the Group, Associate and Joint Ventures 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 17 of the Other Matters paragraph below, other than the unaudited financial information as certified by the management and referred to in sub-paragraph 18 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern of a Step Down Subsidiary

4. We draw your attention to the following paragraph on "Material Uncertainty regarding Going concern" 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 Accountants based out of South Africa vide its report dated April 23, 2021 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 23 229 837 for the year ended 31 March 2021. As of that date, the liabilities of the company exceeded its total assets by R 112 036 230. The company is experiencing significant operating cash flow constraints and is considering various options.

   These options include sourcing of vendor finance, possible business rescue, possible sale of the business and voluntary liquidation. No firm decision has been taken in this regard. The company has also entered into discussions to convert certain accounts payable balances amounting to R 68 000 000 to a term loan to improve liquidity. The ultimate outcome of these discussions are unknown at this stage. 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 this matter".

   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 Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated 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 ₹16,493.46 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	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,

Key audit matter	How our audit addressed the key audit matter
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.	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.
Business application system migration to Ramco Virtual Works (RVW) 6X: (Refer Note 5B to the Consolidated Financial Statements). The Parent's financial reporting process is reliant on the design and operating effectiveness of its IT systems. The Parent used RVW 4X as the key financial application system for the periods between April 1, 2020 and December 31, 2020; and migrated all their processes except Payroll; and Property, Plant and Equipment to RVW 6X, an advanced version on January 01, 2021. The Parent continued to use RVW 4X for Payroll; and Property, Plant and Equipment for the period April 01, 2020 to March 31, 2021. This is a key audit matter because migration to RVW 6X involved significant program and configuration changes; and migration of financially significant data from RVW 4X to RVW 6X.	We performed the following procedures: 1. Evaluated the project governance and the management oversight of the new system implementation; 2. Evaluated the design and tested the operating effectiveness of key controls over the new system implementation, which includes the overall project implementation plan; project roles and responsibilities; approval for new system requirements; and inspection of formal sign-offs including authorisation for go-live. 3. Evaluated the design and tested the operating effectiveness of the IT General Controls (ITGCs) for the periods from April 01,2020 to March 31, 2021 (for RVW 4X) and from January 01, 2021 to March 31, 2021 (for RVW 6X). 4. Evaluated the design and tested the operating effectiveness of the business process controls except Payroll; and Property, Plant and Equipment (both automated and manual) in RVW 4X for the periods from April 01, 2020 to December 31, 2020 and in RVW 6X for the periods from January 01, 2021 to March 31, 2021, And evaluated the design and tested the operating effectiveness of the business process controls for Payroll; and Property, Plant and Equipment (both automated and manual) in RVW 4X for the periods April 01, 2020 to March 31, 2021. 5. Tested substantively a sample general / sub-ledger balances, balances of the financially significant data within the financial systems from old system to the new system. The results of the procedures performed as above supported our ability to place reliance on ITGCs, business process controls (both automated and manual) in RVW 4X and RVW 6X for the whole audit period.

Also refer to the Key Audit Matters included by us in our audit report of even date on the standalone financial statements of the Parent Company.

Other Information

6. The Parent 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 Financial Statements and our auditor's report thereon.

7. Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

8. In connection with our audit of the Consolidated 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 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 17 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 Financial Statements

9. The Parent's Board of Directors is responsible for the preparation and presentation of these Consolidated 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 Associate and Joint Ventures in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act. The respective Board of Directors of the companies included in the Group and its Associate and Joint Ventures 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 Associate and Joint Ventures 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 Financial Statements by the Directors of the Parent, as aforesaid.

10. In preparing the Consolidated Financial Statements, the respective Board of Directors of the companies included in the Group and its Associate and Joint Ventures are responsible for assessing the ability of the Group and of its Associate and Joint Ventures 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.

11. The respective Board of Directors of the companies included in the Group and its Associate and Joint Ventures are responsible for overseeing the financial reporting process of the Group and its Associate and Joint Ventures.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

12. Our objectives are to obtain reasonable assurance about whether the Consolidated 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 Financial Statements.

13. 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 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 Associate and Joint Ventures 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 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 Associate and Joint Ventures to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated 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 Associate and Joint Ventures to express an opinion on the Consolidated 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 Financial Statements of which we are the independent auditors. For the other entities included in the Consolidated 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.

14. We communicate with those charged with governance of the Parent and such other entities included in the Consolidated 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.

15. 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.

16. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated 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

17. We did not audit the financial statements / financial information of ten subsidiaries, whose financial statements / financial information reflect total assets of ₹15,070 million and net assets of ₹12,115 million as at March 31, 2021, total revenue of ₹11,929 million, total comprehensive income (comprising of profit and other comprehensive income) of ₹2,309 million and net cash flows amounting to ₹ 833 million for the year ended on that date, as considered in the Consolidated Financial Statements. The Consolidated Financial Statements also include the Group's share of total comprehensive income (comprising of profit and other comprehensive income) of ₹101 million for the year ended March 31, 2021 as considered in the Consolidated Financial Statements, in respect of two Joint Ventures 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 Financial Statements in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and joint ventures 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 Joint Ventures, is based solely on the reports of the other auditors.

18. We did not audit the financial information of two subsidiaries, whose financial information reflect total assets of ₹3 million and net assets of ₹2.3 million as at March 31, 2021, total revenue of ₹Nil, total comprehensive income (comprising of loss and other comprehensive income) of ₹Nil and net cash flows amounting to ₹Nil for the year ended on that date, as considered in the Consolidated Financial Statements. These financial information are unaudited and have been furnished to us by the Management, and our opinion on the Consolidated Financial Statements insofar as it relates to the amounts and disclosures included in respect of these subsidiaries 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, 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.

19. The financial statements / the financial information of seven subsidiaries located outside India, included in the Consolidated Financial Statements, which constitute total assets of ₹12,538 million and net assets of ₹9,896 million as at March 31, 2021, total revenue of ₹10,409 million, total comprehensive income (comprising of profit/ loss and other comprehensive income) of ₹1,377 million and net cash flows amounting to ₹821 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 insofar 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 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

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

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

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

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (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 Financial Statements.

(d) In our opinion, the aforesaid Consolidated 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 as on March 31, 2021 taken on record by the Board of Directors of the Parent and the reports of the statutory auditors of its subsidiary companies, Associate and Joint Ventures incorporated in India, none of the directors of the Parent, its subsidiaries included in the group, Associate and Joint Ventures incorporated in India are disqualified as on March 31, 2021 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 Group and its Associate and Joint Ventures 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 Financial Statements disclose the impact, if any, of pending litigations onthe consolidated financial position of the Group and its Associate and Joint Ventures– Refer Note 34 to the Consolidated Financial Statements.

ii. The Group, its Associate and Joint Ventures did not have any material foreseeable losses on long-term contracts including derivative contracts as at March 31, 2021.

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, Associate and Joint Ventures 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, 2021.

21. The Group, its Associate and Joint Ventures 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: 21100332AAAAAI8756

Place: Chennai
Date: April 28, 2021

Annexure A to Independent Auditors' Report

Referred to in paragraph 20(f) of the Independent Auditor's Report of even date to the members of Carborundum Universal Limited on the Consolidated Financial Statements as of and for the year ended March 31, 2021

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, 2021, 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 joint ventures, whichare 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 joint ventures, 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 bythe 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 joint ventures, 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, 2021, 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.

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 joint ventures, 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
Membership No. 100332
UDIN: 21100332AAAAAI8756

Place: Chennai
Date: April 28, 2021

Consolidated Balance Sheet

(in Indian Rupees million, unless otherwise stated)

Particulars	Notes	As at 31.03.2021	As at 31.03.2020
ASSETS			
Non-current assets			
(a) Property, plant and equipment	4A	6041.23	5907.22
(b) Right-of-use assets	4B	338.53	214.70
(c) Capital work-in-progress	4C	280.24	386.48
(d) Goodwill	5A	1297.69	1330.37
(e) Other Intangible assets	5B	93.86	31.42
(f) Investment accounted for using the equity method			
(i) Investments in Associate	6A	537.68	548.89
(ii) Investments in Joint Ventures	6B	620.43	612.78
(g) Financial assets			
(i) Investments	6C(i)	112.39	50.08
(ii) Other financial assets	7A	147.86	146.29
(h) Deferred tax assets (net)	8A	129.11	91.72
(i) Other Non-current assets	9A	192.29	195.40
Total Non-current assets		**9791.31**	**9515.35**
Current assets			
(a) Inventories	10	4605.19	5076.24
(b) Financial assets			
(i) Other Investments	6C(ii)	-	675.14
(ii) Trade receivables	11	4776.16	4015.56
(iii) Cash and Cash equivalents	12A	4783.27	2920.55
(iv) Bank balances other than (iii) above	12B	2106.19	19.22
(v) Other Financial assets	7B	78.84	66.20
(c) Other Current assets	9B	744.05	628.48
Total current assets		**17093.70**	**13401.39**
Total Assets		**26885.01**	**22916.74**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	13	189.59	189.41
(b) Other equity	14	21125.08	18394.14
Equity attributable to owners of the Company		**21314.67**	**18583.55**
Non-controlling interests	15	464.23	455.41
Total Equity		**21778.90**	**19038.96**
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	16	49.83	42.26
(ii) Lease liabilities	4B	170.94	58.30
(b) Provisions	17A	128.13	112.69
(c) Deferred tax liabilities (net)	8B	96.40	132.59
Total Non-current liabilities		**445.30**	**345.84**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	18	355.42	552.96
(ii) Lease liabilities	4B	41.03	28.71
(iii) Trade payables			
(a) total outstanding dues of micro enterprises and small enterprises	19	31.75	15.96
(b) total outstanding dues of creditors other than micro enterprises and small enterprises	19	2999.31	1938.03
(iv) Other financial liabilities	20	789.35	564.60
(b) Provisions	17B	216.34	175.65
(c) Other current liabilities	21	227.61	256.03
Total Current liabilities		**4660.81**	**3531.94**
Total Liabilities		**5106.11**	**3877.78**
Total Equity and Liabilities		**26885.01**	**22916.74**

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
April 28,2021

On behalf of the Board

M M Murugappan
Chairman

N Ananthaseshan
Managing Director

P Padmanabhan
Chief Financial 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	
			2020-21	2019-20
I	Revenue from Operations	22	26317.08	25989.69
II	Other Income	23	313.95	450.06
III	**Total Income**		**26631.03**	**26439.75**
IV	**Expenses**			
	Cost of material consumed		7567.75	8248.21
	Purchase of stock-in-trade		741.03	916.64
	Changes in inventories of finished goods, stock-in-trade and work-in-progress	24	669.48	(295.35)
	Employee benefit expense	25	3470.37	3448.30
	Finance costs	26	35.82	63.25
	Depreciation and amortisation expense	27	994.50	1045.21
	Other expenses	28	9212.65	9685.87
	Total expenses (IV)		**22691.60**	**23112.13**
V	**Profit from operations before exceptional items and share of profit of equity accounted investees and income tax [III] - [IV]**		**3939.43**	**3327.62**
VI	Share of profit of Associate (net of tax)	6A	49.64	39.97
VII	Share of profit of Joint Ventures (net of tax)	6B	101.28	137.74
VIII	**Profit before exceptional items and tax [V] + [VI] + [VII]**		**4090.35**	**3505.33**
IX	Exceptional items (net)	29	(144.03)	-
X	**Profit before tax [VIII]+[IX]**		**3946.32**	**3505.33**
XI	**Tax expense**			
	(1) Current tax	30A	1089.93	966.68
	(2) Deferred tax	8	(74.28)	(211.19)
	Total tax [XI]		**1015.65**	**755.49**
XII	**Profit for the year [X]-[XI]**		**2930.67**	**2749.84**
XIII	**Other Comprehensive Income [OCI]**			
A	(i) Items that will not be reclassified to profit or loss			
	(a) Remeasurement of the defined benefit plans		28.87	(125.79)
	(b) Equity instruments through other comprehensive income		46.25	(51.13)
	(c) Share of OCI in Associate and Joint Ventures, to the extent not to be reclassified to profit or loss		(0.11)	(5.22)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	30B	-	-
			75.01	(182.14)
B	(i) Items that will be reclassified to profit or loss			
	(a) Exchange differences in translating the financial statements of foreign operations		50.31	(383.74)
	(b) Effective portion of gain and loss on designated portion of hedging instruments in a cash flow hedge		6.89	(8.66)
	(c) Share of OCI in Associate and Joint Ventures, to the extent that will be reclassified to profit or loss		(1.24)	6.70
	(ii) Income tax relating to items that will be reclassified to profit or loss	30B	(1.73)	2.32
			54.23	(383.38)
	Total Other Comprehensive Income [XIII]		**129.24**	**(565.52)**
XIV	**Total Comprehensive Income [XII]+[XIII]**		**3059.91**	**2184.32**
	Profit for the year attributable to : [XII]		**2930.67**	**2749.84**
	- Owners of the Company		2843.09	2724.17
	- Non-Controlling Interest		87.58	25.67
	Other Comprehensive Income : [XIII]		**129.24**	**(565.52)**
	- Owners of the Company		127.50	(561.73)
	- Non-Controlling Interest		1.74	(3.79)
	Total Comprehensive Income : [XIV]		**3059.91**	**2184.32**
	- Owners of the Company		2970.59	2162.44
	- Non-Controlling Interest		89.32	21.88
XV	**Earnings per share (₹1 each) on Profit for the year [XII]**	31		
	- Basic		15.01	14.39
	- Diluted		14.99	14.38

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
April 28,2021

On behalf of the Board

M M Murugappan
Chairman

N Ananthaseshan
Managing Director

P Padmanabhan
Chief Financial 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, 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**
Changes in equity share capital during the year	
Shares issued against ESOP Scheme/Plan	0.18
Balance as at March 31, 2021	**189.59**

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				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, 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**
Profit for the year							2843.09					2843.09	87.58	2930.67
Other Comprehensive income for the year							29.09	46.25	3.10	49.07		127.51	1.74	129.25
Total Comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**2872.18**	**46.25**	**3.10**	**49.07**	**-**	**2970.60**	**89.32**	**3059.92**
Additions during the year			(3.06)	31.68		15.99						44.61		44.61
Interim dividend paid during the year							(284.27)					(284.27)		(284.27)
Transfer to General reserve					500.00		(500.00)					-		-
Transfer of Capital reserve on Consolidtion to Retained earnings			(792.32)				792.32							-
Dividend paid to NCI and its relevant tax							-					-	(100.56)	(100.56)
Translation impact on foreign subsidiaries NCI portion							-					-	20.06	20.06
Balance at the end of the year - March 31, 2021	**6.03**	**27.68**	**20.56**	**320.24**	**8230.94**	**78.74**	**12772.61**	**21.73**	**0.84**	**(378.03)**	**23.74**	**21125.08**	**464.23**	**21589.31**

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
April 28,2021

On behalf of the Board

M M Murugappan
Chairman

N Ananthaseshan
Managing Director

P Padmanabhan
Chief Financial Officer

Rekha Surendhiran
Company Secretary

Consolidated Cash Flow Statement

(in Indian Rupees million, unless otherwise stated)

Particulars	2020-21		2019-20	
Profit before tax		**3946.32**		**3505.33**
Adjustment for:				
Share of profit of associate	(49.64)		(39.97)	
Share of profit of Joint ventures	(101.28)		(137.74)	
Exceptional items (net)	144.03		-	
Fair value of Investments	(3.26)		1.91	
Depreciation and amortisation	994.50		1045.21	
Finance costs	35.82		63.25	
Interest income	(166.40)		(70.72)	
Dividend income	(7.04)		(42.89)	
Expenses recognised in respect of equity-settled share-based payments	15.99		16.06	
Impairment loss on financial assets (net)	3.74		1.34	
Allowance for doubtful receivable and advances	81.70		93.58	
Reversal of allowance for doubtful receivables and advances	(71.43)		(31.83)	
Provision for expenses no longer required written back	(2.37)		(21.11)	
Loss/(profit) on sale of assets (net)	(31.19)		(43.13)	
Loss /(profit) on exchange fluctuation (net)	25.76	868.93	(4.05)	829.91
Operating profit before working capital changes		**4815.25**		**4335.24**
Movement in working capital				
(Increase)/decrease in trade receivables	(720.44)		857.21	
(Increase)/decrease in Inventories	542.04		139.35	
(Increase)/decrease in Other financial asset	(14.20)		(9.16)	
(Increase)/decrease in Other assets	(118.81)		(128.70)	
Increase/(decrease) in Trade payables	1033.38		(122.13)	
Increase/(decrease) in Provision & other current liabilities	10.47		115.98	
Increase/(decrease) in Other financial liabilities	(13.46)	718.98	(127.14)	725.41
Cash generated from Operations		**5534.23**		**5060.65**
Income tax paid		(1026.64)		(992.07)
Net cash generated by operating activities **[A]**		**4507.59**		**4068.58**
Cash flow from investing activities				
Payments to acquire Property, plant and equipment	(980.81)		(1278.46)	
Payments for Intangible asset	(83.60)		(12.78)	
Proceeds from sale of Property, plant and equipment	38.68		65.44	
Dividend income from Associate	27.43		11.96	
Dividend income from Joint ventures	93.23		170.08	
Proceeds from Investments	137.59		0.01	
Purchase of Investments	(12.80)		-	
Bank deposits with original maturity beyond three months	(2087.99)		-	

Consolidated Cash Flow Statement

(in Indian Rupees million, unless otherwise stated)

Particulars		2020-21		2019-20
Interest income received		166.40		70.70
Dividend income received		7.04		42.89
Net cash (used in)/generated by investing activities	**[B]**		**(2694.83)**	**(930.16)**
Cash flow from financing activities				
Proceeds from issue of equity shares		31.86		34.71
(Repayment)/proceeds from borrowings		(227.14)		(322.62)
Principal portion of lease payments		(45.94)		(12.09)
Finance costs paid		(35.82)		(63.25)
Dividend paid to Shareholder		(284.27)		(757.25)
Tax on Dividend		-		(131.15)
Dividend paid to Non Controlling interest and its related tax		(100.56)		(80.95)
Tax on Dividend - Subsidiaries		-		(12.92)
Net cash used in financing activities	**[C]**		**(661.87)**	**(1345.52)**
Net increase/(decrease) in cash and cash equivalents [A]+[B]+[C]			**1150.89**	**1792.90**
Add : Cash and Cash equivalents at the beginning of the year			**3595.69**	**1920.62**
Effect of exchange rate changes on the balances of cash and cash equivalents held in foreign currencies			36.69	(117.83)
Cash and Cash equivalents at the end of the year			**4783.27**	**3595.69**
Non Cash Financing and Operating activities				
- Acquistion of Right of use assets			162.81	-
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			2920.55	959.37
Current investment considered as Cash and Cash equivalents - Refer Note : 6C(ii)			675.14	961.25
			3595.69	**1920.62**
Cash and cash equivalents at the end of the year				
Cash and cash equivalents - Refer Note: 12A			4783.27	2920.55
Current investment considered as Cash and Cash equivalents - Refer Note : 6C(ii)			-	675.14
			4783.27	**3595.69**

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
April 28,2021

On behalf of the Board

M M Murugappan
Chairman

N Ananthaseshan
Managing Director

P Padmanabhan
Chief Financial Officer

Rekha Surendhiran
Company Secretary

Notes forming part of the Consolidated Financial Statements

For the year ended March 31, 2021

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	8,30
16	Property, plant and equipment	3.11	4A,4C,27
19	Employee benefits	3.8	25,35
24	Related party disclosures		37
28	Investments in Associates and Joint Ventures	3.1.2.2	6A,6B
33	Earnings per share	3.24	31
36	Impairment of assets	3.13	4A,4C,5
37	Provisions, Contingent liabilities and Contingent assets	3.17,3.18	17,34
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	11,16,18,19,23,36
108	Operating segments	3.22	32
112	Disclosure of interest in other entities		6A,6B,15
113	Fair value measurement		36
115	Revenue from Contracts with Customers	3.4	21,22,32
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 Ltd. and BSE Ltd. 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: 32).

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 following amendments are applicable to the Group for the first time in its annual reporting period commencing April 1, 2020:

- Definition of Material – amendments to Ind AS 1 and Ind AS 8
- Definition of a Business – amendments to Ind AS 103
- COVID-19 related concessions – amendments to Ind AS 116
- Interest Rate Benchmark Reform – amendments to Ind AS 109 and Ind AS 107

The 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 2021. 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 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 prospectivelly.

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 & 34
IX	Measurement of defined benefit obligation: Key actuarial assumptions.	35

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 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 Rs.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: 36.

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: 36.

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 stand-alone 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.

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: 36 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	
	31.03.2021	31.03.2020
Carrying amounts		
Freehold land	215.30	192.73
Buildings	2026.45	1883.60
Plant and equipment	3657.14	3698.41
Furniture and fittings	47.90	48.26
Vehicles	94.44	84.22
	6041.23	**5907.22**

Cost	Freehold land	Buildings (a)	Plant and equipment	Furniture and fittings	Vehicles	Vehicles under finance lease	Total
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**
Additions **(b)**	12.41	237.00	730.78	12.24	26.56	-	1018.99
Disposals	-	(3.07)	(35.54)	(2.22)	(7.00)	-	(47.83)
Translation differences	10.16	11.79	37.73	1.16	8.77	-	69.61
Balance at March 31, 2021	**215.30**	**2556.51**	**8421.11**	**134.91**	**172.94**	**-**	**11500.77**

Accumulated depreciation and impairment	Freehold land	Buildings	Plant and equipment	Furniture and fittings	Vehicles	Vehicles under finance lease	Total
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**
Depreciation expense	-	104.37	790.09	13.05	19.60	-	927.11
Eliminated on disposals	-	(2.95)	(30.25)	(2.10)	(5.47)	-	(40.77)
Translation differences	-	1.45	14.40	0.59	3.98	-	20.42
Balance at March 31, 2021	**-**	**530.06**	**4763.97**	**87.01**	**78.50**	**-**	**5459.54**

Carrying amounts	Freehold land	Buildings	Plant and equipment	Furniture and fittings	Vehicles	Vehicles under finance lease	Total
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	1,050.09	9.89	32.91	-	1,389.28
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**
Additions	12.41	237.00	730.78	12.24	26.56	-	1018.99
Depreciation expense	-	(104.37)	(790.09)	(13.05)	(19.60)	-	(927.11)
Disposals (net)	-	(0.12)	(5.29)	(0.12)	(1.53)	-	(7.06)
Translation differences	10.16	10.34	23.33	0.57	4.79	-	49.19
Balance at March 31, 2021	**215.30**	**2026.45**	**3657.14**	**47.90**	**94.44**	**-**	**6041.23**

(a) Includes ₹927.15 million (Previous year: ₹890.59 million) being cost of building on leasehold land.

(b) Includes Research and Development capital expenditure of ₹10.12 million (Previous year: ₹18.30 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: 34B for disclosure of Contractual commitments for acquisition of property, plant and equipment.

4B. Leases

i) Amount recognised in Balance Sheet

Particulars	As at	
	31.03.2021	31.03.2020
Right-of-use Assets		
Land	132.74	135.90
Building	205.71	77.85
Vehicles	0.08	0.95
	338.53	**214.70**
Lease liabilities		
Non-Current	170.94	58.30
Current	41.03	28.71
	211.97	**87.01**

Cost	Land	Building	Vehicles	Total
Balance at March 31, 2019	**139.46**	**99.29**	**5.07**	**243.82**
Disposals	(0.82)	-	-	(0.82)
Translation differences	-	1.42	-	1.42
Balance at March 31, 2020	**138.64**	**100.71**	**5.07**	**244.42**
Additions	-	162.81	-	162.81
Disposals	(0.43)	-	-	(0.43)
Translation differences	-	9.62	-	9.62
Balance at March 31, 2021	**138.21**	**273.14**	**5.07**	**416.42**

Accumulated depreciation and impairment	Land	Building	Vehicles	Total
Balance at March 31, 2019	**-**	**-**	**-**	**-**
Depreciation expense	2.73	22.57	4.11	29.41
Disposals	(0.00)	-	-	-
Translation differences	-	0.31	-	0.31
Balance at March 31, 2020	**2.73**	**22.88**	**4.11**	**29.72**
Depreciation expense	2.74	42.56	0.87	46.17
Disposals	(0.00)		-	-
Translation differences	-	2.00	-	2.00
Balance at March 31, 2021	**5.47**	**67.44**	**4.98**	**77.89**

Carrying amount	Land	Building	Vehicles	Total
Balance at March 31, 2019	**139.46**	**99.29**	**5.07**	**243.82**
Depreciation expense	(2.73)	(22.57)	(4.11)	(29.41)
Disposals(net)	(0.82)	-	-	(0.82)
Translation differences	-	1.11	-	1.11
Balance at March 31, 2020	**135.91**	**77.83**	**0.96**	**214.70**
Additions	-	162.81	-	162.81
Depreciation expense	(2.74)	(42.56)	(0.87)	(46.17)
Disposals(net)	(0.43)	-	-	(0.43)
Translation differences	-	7.62	-	7.62
Balance at March 31, 2021	**132.74**	**205.70**	**0.09**	**338.53**

ii) Amount recognised in Profit and Loss

Particulars	For the year	
	2020-21	2019-20
Depreciation charge of right of use assets - Refer Note : 27		
Land	2.74	2.73
Building	42.56	22.57
Vehicles	0.87	4.11
	46.17	**29.41**
Interest expenses (included in Finance cost) - Refer Note: 26	6.89	6.56
Expenses related to Short term leases(included in Rent : Other expenses) - Refer Note: 28	65.93	57.19

a) Addition to the right-of-use assets during the year: ₹162.81 million (Previous year : Nil)

b) The total cash outflow for leases for the year: ₹52.83 million(Previous 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.

4C. Capital work-in-progress

Particulars	As at	
	31.03.2021	31.03.2020
Capital work-in-progress	280.24	386.48

Capital work in progress movement	Total
Balance at March 31, 2019	**463.88**
Addition during the year - (a)	1311.88
Capitalised during the year	(1389.28)
Balance at March 31, 2020	**386.48**
Addition during the year - (a)	912.75
Capitalised during the year	(1018.99)
Balance at March 31, 2021	**280.24**

a) Includes Research and Development capital expenditure of ₹4.78 million (Previous year: ₹Nil) - Refer Note : 38(b) on Research & Development expenditure.

b) Capitalised borrowing cost:
Borrowing costs capitalised on Capital work-in-progress during the year - ₹2.03 million (Previous year- ₹4.96 million).

5A. Goodwill on Consolidation

Particulars	As at	
	31.03.2021	31.03.2020
Cost or deemed costs	1335.03	1367.71
Accumulated impairment losses	(37.34)	(37.34)
	1297.69	**1330.37**
Balance at beginning of the year	1330.37	1222.82
Add : Exchange difference during the year on translation of goodwill of foreign subsidiaries	(32.68)	107.55
	1297.69	**1330.37**

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, 2021 comprise of the goodwill initially recognised at the time of acquisition of Volzhsky Abrasives 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 Ltd., Southern Energy Development Corporation Ltd. and CUMI (Australia) Pty Ltd. 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	
	31.03.2021	31.03.2020
Carrying amounts		
Software	74.63	19.15
Technical know-how	19.23	12.27
Total	**93.86**	**31.42**

Cost	Software	Technical know-how	Total
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**
Additions **(a)**	68.59	15.05	83.64
Disposals	(0.08)	-	(0.08)
Translation differences	-	0.02	0.02
Balance at March 31, 2021	**141.57**	**143.98**	**285.55**

Accumulated amortisation and impairment	Software	Technical know-how	Total
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**
Amortisation expense	13.11	8.11	21.22
Disposals	(0.08)	-	(0.08)
Translation differences	-	0.00	0.00
Balance at March 31, 2021	**66.94**	**124.75**	**191.69**

Carrying amounts	Software	Technical know-how	Total
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**
Additions	68.59	15.05	83.64
Amortisation expense	(13.11)	(8.11)	(21.22)
Translation differences	-	0.02	0.02
Balance at March 31, 2021	**74.63**	**19.23**	**93.86**

(a) Includes Research & Development capital expenditure of ₹1.92 million (Previous year: ₹Nil) - Refer Note: 38(b) on Research & Development expenditure.

(b) Internally generated intangible assets - ₹Nil

(c) Additions to software during the year ended March 31,2021 includes capitalisation of "Ramco ERP 6x" software.

6A. Investments in Associate

Particulars	As at			
	31.03.2021		31.03.2020	
	No. of shares	Amount	No. of shares	Amount
Wendt (India) Limited [WENDT]	750,000	537.68	797,352	548.89
Total Carrying value	**750,000**	**537.68**	**797,352**	**548.89**
Book value of Quoted Investment		537.68		548.89
Market value of Quoted Investment		2360.33		1420.52

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	
			31.03.2021	31.03.2020
Wendt (India) Limited	Super abrasives	India	37.50%*	39.87%

*Divestment of marginal stake investments in an Associate, to comply with the Minimum Public shareholding requirement under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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 37.5% (Previous year : 39.87%) of the votes at shareholders' meeting of Wendt (India) Ltd. 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	31.03.2021	31.03.2020
Non-current assets	648.04	643.42
Current assets	1201.76	1184.50
Non-current liabilities	(15.52)	(16.95)
Current liabilities	(400.46)	(434.21)

Particulars	For the year	
	2020-21	2019-20
Revenue	1366.21	1432.32
Profit for the year	127.65	100.25
Other Comprehensive Income	(0.60)	7.26
Total Comprehensive Income	127.05	107.52
Dividend received from WENDT	27.43	11.96

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	
	31.03.2021	31.03.2020
Net assets of WENDT	1433.82	1376.76
Proportion of the Group's ownership interest in WENDT	37.50%	39.87%
Carrying amount of the Group's interest in WENDT	537.68	548.89

Fair value of the Group's interest in Wendt (India) Limited, which is listed in the Stock exchanges of India as on 31st March 2021 was ₹2360.33 million (as at March 31, 2020 ₹1420.52 million)

Particulars	As at	
	31.03.2021	31.03.2020
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	25.80	55.68

6B. Investments in Joint Ventures

Name of the Joint Ventures	As at			
	31.03.2021		31.03.2020	
	No. of shares	Amount	No. of shares	Amount
Unquoted Investment - Equity shares				
Murugappa Morgan Thermal Ceramics Limited [MMTCL]	1,430,793	505.99	1,430,793	484.39
Ciria India Limited [CIRIA]	59,998	114.44	59,998	128.39
Total Carrying value		**620.43**		**612.78**
Aggregate value of unquoted investments		620.43		612.78

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	
			31.03.2021	31.03.2020
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	
	31.03.2021	31.03.2020
Non-current assets	506.98	566.15
Current assets	748.21	635.18
Non-current liabilities	(11.74)	(16.67)
Current liabilities	(210.82)	(196.10)

The above amount of assets and liabilities includes the following:

Particulars	As at	
	31.03.2021	31.03.2020
Cash and cash equivalents	48.45	30.80
Current financial liabilities (excluding trade payables and provisions)	-	-
Non-current financial liabilities (excluding trade payables and provisions)	-	-

Particulars	For the year	
	2020-21	2019-20
Revenue	1227.41	1389.86
Profit for the year	161.56	147.72
Other Comprehensive Income	(0.69)	(2.71)
Total Comprehensive Income	160.87	145.01
Dividend received from MMTCL	57.23	143.08
The above profit for the year includes the following:		
Depreciation and amortisation	80.19	76.67
Interest income	1.92	-
Interest expense	-	-
Income tax expense	60.51	50.15

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	
	31.03.2021	31.03.2020
Net assets of MMTCL	1032.63	988.56
Proportion of the Group's ownership interest in MMTCL	49%	49%
Carrying amount of the Group's interest in MMTCL	505.99	484.39

Ciria India Limited

Particulars	As at	
	31.03.2021	31.03.2020
Non-current assets	52.48	59.69
Current assets	515.68	488.50
Non-current liabilities	(10.78)	(9.46)
Current liabilities	(175.91)	(110.76)

The above amount of assets and liabilities includes the following:

Particulars	As at	
	31.03.2021	31.03.2020
Cash and cash equivalents	50.26	65.26
Current financial liabilities (excluding trade payables and provisions)	-	-
Non-current financial liabilities (excluding trade payables and provisions)	-	-

Particulars	For the year	
	2020-21	2019-20
Revenue	629.42	1047.64
Profit for the year	73.72	217.86
Other Comprehensive Income	(0.21)	(0.29)
Total Comprehensive Income	73.51	217.57
Dividend received from CIRIA	36.00	27.00
The above profit for the year includes the following:		
Depreciation and amortisation	8.41	9.33
Interest income	-	-
Interest expenses	0.02	-
Income tax expenses (income)	31.51	74.15

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	
	31.03.2021	31.03.2020
Net assets of CIRIA	381.47	427.97
Proportion of the Group's ownership interest in CIRIA	30.00%	30.00%
Carrying amount of the Group's interest in CIRIA	114.44	128.39

Unrecognised share of losses of Joint Ventures: MMTCL & CIRIA

Particulars	For the year	
	2020-21	2019-20
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 31.03.2021		As at 31.03.2020	
	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	2.00	0.65	3.12	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	11.56	0.42	13.98	-

6C. Other Investments

Particulars	As at	
	31.03.2021	31.03.2020
(i) Non-current		
(a) Investment in Equity Instruments at FVTOCI		
Quoted		
Coromandel Engineering Co. Limited	82.16	35.91
Unquoted		
Murugappa Management Services Limited	11.30	11.30
(b) Investments in Equity Instruments at FVTPL		
Quoted	5.86	2.58
Unquoted	13.07	0.29
Total (a+b)	**112.39**	**50.08**
Aggregate book value of quoted investments	88.02	38.49
Aggregate market value of quoted investments	88.02	38.49
Aggregate carrying value of unquoted investments	24.37	11.59
Aggregate amount of impairment in value of investments	-	-
(ii) Current		
Instruments at Fair Value Through Profit or Loss (FVTPL) - Mutual fund	**-**	**675.14**

Category wise other investments - as per Ind AS 109	As at	
	31.03.2021	31.03.2020
Financial asset measured at FVTPL - Equity instruments & Others	18.93	678.01
Financial asset measured at FVTOCI - Equity instruments	93.46	47.21
	112.39	**725.22**

7. Other financial assets

Particulars	As at	
	31.03.2021	31.03.2020
A. Non-current		
Security deposits	**147.86**	**146.29**
B. Current		
Deposits	0.23	0.19
Advances to employees	12.96	16.76
Other receivables		
Considered good	65.65	49.25
Considered doubtful	0.94	0.57
Less: Allowance for doubtful receivables	(0.94)	(0.57)
	78.84	**66.20**

8. Deferred tax assets (net) and Deferred tax liabilities (net)

Particulars	As at	
	31.03.2021	31.03.2020
A. Deferred tax assets (net)	**129.11**	**91.72**
B. Deferred tax liabilities (net)	**96.40**	**132.59**

Particulars	2020-21				
	Balance as at 31.03.2020	Recognised in Profit or Loss	Recognised in OCI	Translation adjustment	Balance as at 31.03.2021
A. Deferred tax assets (net)					
Allowance for doubtful receivables and advances	1.20	8.80	-	(0.27)	9.73
Expenses allowed on payment/realisation basis	14.30	(0.45)	-	2.26	16.11
Accelerated depreciation for tax purposes	33.59	(34.66)	-	0.96	(0.11)
Tax losses	15.15	53.55	-	(1.92)	66.78
Tax on Unrealised profit on stock	27.48	9.12	-	-	36.60
Total	**91.72**	**36.36**	**-**	**1.03**	**129.11**
B. Deferred tax liabilities (net)					
Allowance for doubtful receivables and advances	(31.43)	7.89	-	(0.59)	(24.13)
Voluntary retirement scheme payments	(0.40)	(0.19)	-	-	(0.59)
Expenses allowed on payment/realisation basis	(53.73)	(0.04)	-	(0.45)	(54.22)
Cash flow hedges	(1.26)	-	1.73	-	0.47
Accelerated depreciation for tax purposes	219.41	(45.58)	-	1.04	174.87
Total	**132.59**	**(37.92)**	**1.73**	**-**	**96.40**
Movement during the year (B - A)	**40.87**	**(74.28)**	**1.73**	**(1.03)**	**(32.71)**

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.

(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.

9. Other assets

Particulars	As at	
	31.03.2021	31.03.2020
A. Non-current		
Capital advances	108.49	60.18
Deposits paid under protest relating to Sales tax, Central Excise and Service tax demands	14.22	15.86
Taxation (net of provisions)	69.58	119.36
	192.29	**195.40**
B. Current		
Prepayments	142.75	130.06
Recoverable from Electricity Board - Banked power	-	44.85
Trade advance to Supplier	274.39	131.01
Balances with Statutory authorities	326.91	322.56
	744.05	**628.48**

10. Inventories

Particulars	As at	
	31.03.2021	31.03.2020
Raw materials	1737.43	1523.77
Raw materials in transit	135.96	185.07
Work-in-progress	1000.36	1022.78
Stock-in-trade	547.99	627.55
Stock-in-trade in transit	132.27	46.86
Finished goods	338.58	991.49
Stores and spares	712.60	678.72
	4605.19	**5076.24**

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 ₹10065.93 million (Previous year: ₹10053.48 million).

c. All the above inventories are expected to be recovered within twelve months.

11. Trade receivables (Unsecured)

Particulars	As at	
	31.03.2021	31.03.2020
Current		
a. Considered good	4776.16	4015.56
b. Which have significant increase in Credit risk	139.09	144.17
c. Credit impaired	-	-
Allowance for doubtful receivables (expected credit loss allowance)	(139.09)	(144.17)
	4776.16	**4015.56**

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.

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 ₹48.95 million (Previous year: ₹54.92 million).

g. Movement in the expected credit loss allowance

Particulars	As at	
	31.03.2021	31.03.2020
Balance at the beginning of the year	144.17	95.12
Movement in the expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	(5.08)	49.05
	139.09	**144.17**

12A. Cash and cash equivalents

Particulars	As at	
	31.03.2021	31.03.2020
Balances with banks	2415.94	1321.41
Deposit account	2365.58	1586.05
Cash on hand	1.75	13.09
	4783.27	**2920.55**

There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting period and prior periods.

12B. Bank balances other than above

Particulars	As at	
	31.03.2021	31.03.2020
Earmarked funds	18.20	19.22
Bank Deposit more than three months but less than 12 months	2087.99	-
	2106.19	**19.22**

13. Equity Share Capital

Particulars	As at	
	31.03.2021	31.03.2020
Authorised share capital:		
387,250,000 (as at March 31, 2020: 387,250,000) equity shares of ₹1 each	387.25	387.25
Issued, Subscribed and Paid-up:		
189,590,839 (as at March 31, 2020: 189,412,196) equity shares of ₹1 each fully paid	189.59	189.41

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

Particulars	As at 31.03.2021		As at 31.03.2020	
Equity shares with voting rights	No. of Shares	Value of Shares	No. of Shares	Value of Shares
At the beginning of the year	189,412,196	189.41	189,154,175	189.15
Add: Shares issued against Employee Stock Option Scheme/Plan	178,643	0.18	258,021	0.26
At the end of the year	189,590,839	189.59	189,412,196	189.41

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 ₹1.50/- per share was declared at the meeting of the Board of Directors held on February 02, 2021 and the same has been paid, (previous year 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 confirmed by the shareholders as final dividend for the financial year 2019-20).

Final dividend of ₹1.50/- per share is proposed for the year ended March 31, 2021. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, upon which the liability will be recorded in the books.

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

Name of Shareholder	As at			
	31.03.2021		31.03.2020	
	No. of shares held*	% of holding	No. of shares held*	% of holding
Ambadi Investments Limited	56,054,244	29.57%	56,054,244	29.59%
HDFC Trustee Company Limited	16,061,550	8.47%	17,495,337	9.24%
SBI Mutual Fund	14,124,810	7.45%	11,803,727	6.23%

*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 statement.

14. Other equity

Particulars	As at	
	31.03.2021	31.03.2020
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	20.56	815.94
d. Securities premium	320.24	288.56
e. General reserve	8230.94	7730.94
f. Share options outstanding account	78.74	62.75
g. Retained earnings	12772.61	9892.38
B. Items of Other Comprehensive Income		
h. Reserve for equity instruments	21.73	(24.52)
i. Effective portion of Cash flow Hedge	0.84	(2.26)
j. Foreign currency translation reserve	(378.03)	(427.10)
k. Revaluation surplus	23.74	23.74
Total Other equity	**21125.08**	**18394.14**

a. Profit on forfeiture of shares/warrants

Particulars	As at	
	31.03.2021	31.03.2020
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	
	31.03.2021	31.03.2020
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	
	31.03.2021	31.03.2020
Balance at the beginning of the year	815.94	750.33
Transfer to Retained earning	(792.32)	-
Movements due to translation impact	(3.06)	65.61
Balance at end of the year	**20.56**	**815.94**

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.

In July 2020, the Company's wholly owned step down subsidiary, M/s. Thukela Refractories Isithebe Pty Limited, South Africa (TRI), (subsidiary of M/s. CUMI International Limited, Cyprus) ceased to be a step down subsidiary of the Company consequent to the approval of its voluntary de-registration by the Companies and Intellectual Property Commission (CIPC), South Africa. Due to the effect of the above, Capital reserve on Consoldiation related to TRI as of July 2020 is being transfered to Retained earning.

d. Securities premium

Particulars	As at	
	31.03.2021	31.03.2020
Balance at the beginning of the year	288.56	254.11
Movements	31.68	34.45
Balance at end of the year	**320.24**	**288.56**

The Securities premium received during the year represents the premium received towards allotment of 178,643 shares. Cumulatively 2,882,839 equity shares were allotted during the period FY 2009-10 to FY 2020-21 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	
	31.03.2021	31.03.2020
Balance at the beginning of the year	7730.94	7230.94
Movements : Transfer from retained earning	500.00	500.00
Balance at end of the year	**8230.94**	**7730.94**

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	
	31.03.2021	31.03.2020
Balance at the beginning of the year	62.75	46.69
Movements	15.99	16.06
Balance at end of the year	**78.74**	**62.75**

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	
	31.03.2021	31.03.2020
Opening Balance	9892.38	8734.26
Add: Profits for the year	2843.09	2724.17
Less: Other Comprehensive Income arising from remeasurement of defined benefit obligation net of tax	29.09	(129.76)
Less : Transfer to General reserve	(500.00)	(500.00)
Add : Transfer from Capital reserve on Consolidation	792.32	-
Less : Final dividend paid	-	(236.51)
Less : Dividend tax on Final dividend paid	-	(30.31)
Less : Interim dividend	(284.27)	(520.75)
Less : Dividend tax on Interim dividend	-	(100.84)
Less : Dividend tax on Subsidiaries & Joint ventures	-	(47.88)
	12772.61	**9892.38**

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	
	31.03.2021	31.03.2020
Balance at the beginning of the year	(24.52)	26.61
Movements	46.25	(51.13)
Balance at end of the year	**21.73**	**(24.52)**

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.

i. Effective portion of Cash flow Hedge

Particulars	As at	
	31.03.2021	31.03.2020
Balance at the beginning of the year	(2.26)	1.54
Movements	3.10	(3.80)
Balance at end of the year	**0.84**	**(2.26)**

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	
	31.03.2021	31.03.2020
Balance at the beginning of the year	(427.10)	(50.06)
Movements	49.07	(377.04)
Balance at end of the year	**(378.03)**	**(427.10)**

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	
	31.03.2021	31.03.2020
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.

15. Non-Controlling Interest [NCI]

Particulars	As at	
	31.03.2021	31.03.2020
Balance at beginning of the year	455.41	523.10
Share of Profit	87.58	25.67
Share of Other Comprehensive Income	1.74	(3.79)
Dividend paid to Non-Controlling Interest and its relevant tax thereon	(100.56)	(80.95)
Translation impact on Non-Controlling Interest of foreign subsidiaries	20.06	(8.62)
Balance as at the end of the year	**464.23**	**455.41**

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	
		31.03.2021	31.03.2020
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%

Notes forming part of the Consolidated Financial Statements

For the year ended March 31, 2021 (in Indian Rupees million, unless otherwise stated)

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	
	31.03.2021	31.03.2020	2020-21	2019-20	2020-21	2019-20
Southern Energy Development Corporation Limited	25.70	19.92	12.13	8.37	(0.01)	(0.06)
Sterling Abrasives Limited	274.59	236.66	48.91	31.84	1.97	(3.62)
CUMI (Australia) Pty Ltd.	308.15	272.75	51.05	63.63	-	-
Volzhsky Abrasive Works	129.35	109.97	26.99	22.24	-	-
Foskor Zirconia (Pty) Ltd.	(273.56)	(183.89)	(51.50)	(100.41)	(0.22)	(0.11)
Total	**464.23**	**455.41**	**87.58**	**25.67**	**1.74**	**(3.79)**

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	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020	31.03.2021	31.03.2020
Non-Current assets *	91.00	58.69	441.01	460.80	232.36	159.85
Current assets	90.76	82.88	434.39	331.21	684.17	581.87
Non-Current liabilities	(2.65)	(1.48)	(22.02)	(24.74)	(84.76)	(32.74)
Current liabilities	(10.37)	(9.39)	(166.91)	(175.62)	(185.28)	(135.08)
Equity attributable to owners of the Company	**143.04**	**110.78**	**411.88**	**354.99**	**338.34**	**301.15**
Non-Controlling Interest	**25.70**	**19.92**	**274.59**	**236.66**	**308.15**	**272.75**

* Southern Energy Development Corporation Limited: Non-Current assets excludes fair valuation of the Parent company's shares held by it.

Particulars	Southern Energy Development Corporation Limited		Sterling Abrasives Limited		CUMI (Australia) Pty Ltd.	
	For the year		For the year		For the year	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
Revenue	234.24	266.45	881.72	816.97	1063.13	1079.17
Expenses	(154.71)	(211.54)	(759.43)	(737.37)	(958.48)	(948.72)
Profit/(Loss) for the year	**79.53**	**54.91**	**122.29**	**79.60**	**104.65**	**130.45**
Profit/(Loss) attributable to owners of the Company	67.40	46.54	73.38	47.76	53.60	66.82
Profit/(Loss) attributable to the Non-Controlling Interest of the Company	12.13	8.37	48.91	31.84	51.05	63.63
Profit/(Loss) for the year	**79.53**	**54.91**	**122.29**	**79.60**	**104.65**	**130.45**
Other Comprehensive Income attributable to owners of the Company	(0.08)	(0.33)	2.96	(5.41)	-	-
Other Comprehensive Income attributable to Non-Controlling Interest of the Company	(0.01)	(0.06)	1.97	(3.62)	-	-
Other Comprehensive Income for the year	**(0.09)**	**(0.39)**	**4.93**	**(9.03)**	**-**	**-**
Total Comprehensive Income attributable to owners of the Company	67.32	46.21	76.34	42.35	53.60	66.82
Total Comprehensive Income attributable to Non-Controlling Interest of the Company	12.12	8.31	50.88	28.22	51.05	63.63
Total Comprehensive Income for the year	**79.44**	**54.52**	**127.22**	**70.57**	**104.65**	**130.45**
Dividend paid to Non-Controlling Interests (including relevant tax thereon)	**(6.31)**	**(7.94)**	**(12.96)**	**(13.02)**	**(73.07)**	**(51.60)**
Net cash inflow/(outflow) from Operating activities	73.14	82.49	117.66	155.13	186.84	178.33
Net cash inflow/(outflow) from Investing activities	(30.86)	10.42	(18.70)	(131.07)	(7.12)	(13.30)
Net cash inflow/(outflow) from Financing activities	(41.40)	(52.13)	(93.16)	(27.05)	(163.73)	(115.33)
Net cash inflow/(outflow)	**0.88**	**40.78**	**5.80**	**(2.99)**	**15.99**	**49.70**

Particulars	Volzhsky Abrasive Works		Foskor Zirconia (Pty) Ltd.	
	As at		As at	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
Non-Current assets	1645.87	1485.10	147.75	113.22
Current assets	3876.41	3257.87	482.76	413.02
Non-Current liabilities	(76.35)	(77.75)	(248.08)	(209.83)
Current liabilities	(401.60)	(376.29)	(940.72)	(691.69)
Equity attributable to owners of the Company	**4914.98**	**4178.96**	**(284.73)**	**(191.39)**
Non-Controlling Interest	**129.35**	**109.97**	**(273.56)**	**(183.89)**

Notes forming part of the Consolidated Financial Statements

For the year ended March 31, 2021 (in Indian Rupees million, unless otherwise stated)

Particulars	Volzhsky Abrasive Works		Foskor Zirconia (Pty) Ltd.	
	For the year		For the year	
	2020-21	2019-20	2020-21	2019-20
Revenue	6825.46	6764.84	1336.82	1095.53
Expenses	(5772.63)	(5897.57)	(1441.91)	(1300.45)
Profit/(Loss) for the year	**1052.83**	**867.27**	**(105.09)**	**(204.92)**
Profit/(Loss) attributable to owners of the Company	1025.84	845.03	(53.59)	(104.51)
Profit/(Loss) attributable to the Non-Controlling Interest of the Company	26.99	22.24	(51.50)	(100.41)
Profit/(Loss) for the year	**1052.83**	**867.27**	**(105.09)**	**(204.92)**
Other Comprehensive Income attributable to owners of the Company	-	-	(0.24)	(0.12)
Other Comprehensive Income attributable to Non-Controlling Interest of the Company	-	-	(0.22)	(0.11)
Other Comprehensive Income for the year	**-**	**-**	**(0.46)**	**(0.23)**
Total Comprehensive Income attributable to owners of the Company	1025.84	845.03	(53.83)	(104.63)
Total Comprehensive Income attributable to Non-Controlling Interest of the Company	26.99	22.24	(51.72)	(100.52)
Total Comprehensive Income for the year	**1052.83**	**867.27**	**(105.55)**	**(205.15)**
Dividend paid to Non-Controlling Interests (including relevant tax thereon)	**(8.22)**	**(8.39)**	**-**	**-**
Net cash inflow/(outflow) from Operating activities	1394.71	1088.28	13.52	63.42
Net cash inflow/(outflow) from Investing activities	(310.81)	(313.90)	(25.42)	(0.93)
Net cash inflow/(outflow) from Financing activities	(320.50)	(327.04)	(14.54)	(47.49)
Net cash inflow/(outflow)	**763.40**	**447.34**	**(26.44)**	**15.00**

Notes forming part of the Consolidated Financial Statements

For the year ended March 31, 2021 (in Indian Rupees million, unless otherwise stated)

16. Borrowings - Non Current

Particulars	Maturity date	Repayment terms	Interest rate	As at	
				31.03.2021	31.03.2020
Unsecured - at Amortised Cost					
Redeemable Preference Share obligations	Year 2023	On or before maturity date	12.7%	74.75	63.39
				74.75	**63.39**
Less: Current maturities of: (Refer Note: 20)					
- Redeemable Preference Share obligations				24.92	21.13
Total Non - Current Borrowings				**49.83**	**42.26**

a. Disclosure related to "Changes in liabilities arising from financial activities" under Ind AS 7 Statement of Cash flows:

Net debts reconciliation:	Note	31.03.2021	31.03.2020
Cash and Cash equivalents	12A	4,783.27	2,920.55
Other investments (liquid)	6C(ii)	-	675.14
Current borrowings	18	(355.42)	(552.96)
Non-Current borrowings (including current maturities)	16	(74.75)	(63.39)
Net Cash/(Net debt)		**4353.10**	**2979.34**

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 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**
Changes from Financing Cash flows	1826.03	(675.14)	227.14	-	1378.03
The effect of changes in foreign exchange rates	36.69	-	(29.60)	(11.36)	(4.27)
Net Cash/(Net debt) as at 31st March 2021	**4783.27**	**-**	**(355.42)**	**(74.75)**	**4353.10**

17. Provision

Particulars	As at	
	31.03.2021	31.03.2020
A. Non-Current		
Employee benefits	**128.13**	**112.69**
B. Current		
Employee benefits	**216.34**	**175.65**

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	
	31.03.2021	31.03.2020
Unsecured - at amortised cost		
Cash credit (repayable on demand)	316.69	458.94
Secured - at amortised cost (a)		
Cash credit (repayable on demand)	38.73	94.02
	355.42	**552.96**

(a) The funding facility availed by one of the domestic subsidiary is secured by its current assets.

19. Trade payables

Particulars	As at	
	31.03.2021	31.03.2020
Total outstanding dues to micro and small enterprises **(c)**	31.75	15.96
Total outstanding dues of creditors other than micro enterprises and small enterprises	2999.31	1938.03
	3031.06	**1953.99**

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	
	31.03.2021	31.03.2020
Current		
Unsecured		
Current maturities of Redeemable Preference Share obligation (Refer Note: 16)	24.92	21.13
Unclaimed and Unpaid dividends	25.88	26.39
Remuneration payable to Directors	20.31	24.78
Deposits	49.73	50.26
Payable relating to Capital expenditure	31.41	58.25
Other payables **(a)**	637.10	383.79
	789.35	**564.60**

(a) Other payables includes fair value changes of a Financial instrument - Refer Note: 29.

21. Other current liabilities

Particulars	As at	
	31.03.2021	31.03.2020
Contract liabilities **(a)**	135.01	113.87
Statutory liabilities	92.60	111.35
Others	-	30.81
	227.61	**256.03**

(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 2020 - 21	For the year 2019 - 20
Revenue recognized that was included in the Contract liabilities balance at the beginning of the period	113.87	88.25
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	
	2020-21	2019-20
a. Sales / Income from Operations - Refer Note : 31 "Segmental Disclosure" for breakup of sales.		
Sale of products	25168.80	24700.36
Sale of services	872.52	993.25
	26041.32	**25693.61**
b. Other operating income		
Service income	29.47	40.58
Scrap Sales	83.26	87.68
Miscellaneous income	163.03	167.82
	275.76	**296.08**
Total Revenue from operations (a + b)	**26317.08**	**25989.69**

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	
	2020-21	2019-20
Gross Sales/Income from operations	26257.55	25928.80
Service income	29.47	40.58
Scrap sales	83.26	87.68
Contract price	**26370.28**	**26057.06**
Less : Discount - Variable Consideration	216.23	235.19
Revenue recognized under Ind AS 115	**26154.05**	**25821.87**
Add: Miscellaneous income	163.03	167.82
Revenue from operations	**26317.08**	**25989.69**

23. Other Income

Particulars	For the year	
	2020-21	2019-20
(a) Dividend Income		
Dividend Income from Long term Investments	3.71	9.84
Dividend Income from Current Investments	3.33	33.05
	7.04	**42.89**
(b) Interest Income earned on financial assets that are not designated as at Fair Value Through Profit or Loss [FVTPL]		
Interest Income		
from banks	99.86	32.15
from others	66.54	38.57
	166.40	**70.72**
(c) Net gain/(loss) arising on financial assets mandatorily measured at FVTPL		
(Refer Note: 6C (i) & (ii) investment schedule)	**3.26**	**-**
(d) Other non-operating income		
Profit on sale of assets	36.11	55.34
Profit on exchange fluctuation (net)	-	189.28
Provision for expenses no longer required written back	2.37	21.11
Reversal of impairment losses on financial assets	71.43	31.83
Rental income	1.97	0.41
Miscellaneous income	25.37	38.48
	137.25	**336.45**
Total Other Income (a + b + c + d)	**313.95**	**450.06**

24. Changes in inventories of finished goods, stock-in-trade and work in progress

Particulars	For the year	
	2020-21	2019-20
Opening stock		
Work-in-progress	1022.78	987.63
Stock-in-trade (includes in-transit)	674.41	596.83
Finished goods	991.49	808.87
(A)	**2688.68**	**2393.33**
Less: Closing stock		
Work-in-progress	1000.36	1022.78
Stock-in-trade (includes in-transit)	680.26	674.41
Finished goods	338.58	991.49
(B)	**2019.20**	**2688.68**
(Accretion)/Decretion to stock (A) - (B)	**669.48**	**(295.35)**

25. Employee benefit expense

Particulars	For the year	
	2020-21	2019-20
Salaries, wages and bonus	2818.52	2763.68
Contribution to provident and other funds	202.68	200.17
Voluntary retirement compensation	1.80	0.45
Share based payments to employees (ESOPs) - Refer Note: 36 of Standalone financial statements	15.99	16.06
Remuneration to Managing Director - Refer Note : 22 of Standalone financial statements	15.78	24.31
Remuneration to Executive Director - Refer Note : 22 of Standalone financial statements	-	12.74
Welfare expenses	415.60	430.89
	3470.37	**3448.30**

26. Finance costs

Particulars	For the year	
	2020-21	2019-20
Interest costs		
- on Fixed loans	2.98	15.50
- on Lease liabilities - Refer Note: 4B	6.89	6.56
- on Others	21.87	36.54
Other borrowing costs	4.08	4.65
	35.82	**63.25**

27. Depreciation and amortisation expense

Particulars	For the year	
	2020-21	2019-20
Depreciation of property, plant and equipment - Refer Note: 4A	927.11	994.48
Depreciation of Right-of-use assets - Refer Note: 4B	46.17	29.41
Amortisation of intangible assets - Refer Note: 5B	21.22	21.32
	994.50	**1045.21**

28. Other expenses

Particulars	For the year	
	2020-21	2019-20
Consumption of stores and spares **(a)**	842.50	884.26
Power and fuel **(b)**	3630.95	3716.64
Rent	103.72	86.02
Rates and taxes	120.55	132.96
Insurance	60.68	48.26
Repairs to: **(c)**		
- Buildings	135.63	127.65
- Plant and Equipment	792.69	903.22
- Others	11.02	9.15
Data Processing Charges	127.83	120.67
Technical Fee / Royalty	98.64	92.46
Directors' Sitting fees	4.37	3.59
Commission to Non-wholetime Directors	16.34	16.83
Auditors' remuneration (Refer Note: 39 of Standalone financials)	8.61	7.95
Net gain/(loss) arising on financial assets mandatorily measured at FVTPL (Refer Note : 6C (i) & (ii) investment schedule)	-	1.91
Travel and Conveyance	60.95	210.82
Freight, delivery and shipping charges	822.88	819.77
Selling commission	119.76	103.16
Advertisement and publicity	37.01	56.18
Printing, stationery and communication	33.63	46.84
Professional fees	223.52	257.44
Impairment loss on financial assets	18.73	14.08
Less : Provision adjusted	(14.99)	(12.74)
	3.74	1.34
Allowance for doubtful receivables and advances	81.70	93.58
Services outsourced	1519.36	1571.67
Loss on sale of assets	4.92	12.21
Loss on exchange fluctuation (net)	44.25	-
Miscellaneous expenses	307.40	361.29
	9212.65	**9685.87**

(a) Includes consumption of packing materials amounting ₹416.99 million (Previous year: ₹431.14 million)

(b) Net of own power generation, which includes energy banked with Kerala State Electricity Board - ₹Nil (Previous year: ₹44.85 million).

(c) Repairs includes consumption of stores and spares amounting to ₹245.17 million (Previous year: ₹299.72 million).

29. Exceptional items (net)

Particulars	For the year	
	2020-21	2019-20
Profit on divestment of marginal stake investments in an Associate, to comply with the Minimum Public shareholding requirement under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.	136.97	-
Fair value changes of a Financial instrument availed by a step down subsidiary	(249.15)	-
	(112.18)	**-**

30. Income tax expense

Particulars	For the year	
	2020-21	2019-20
A. Income tax expense recognised in Profit and loss:		
a. Current tax		
In respect of the current year	1089.93	966.68
	1089.93	**966.68**
b. Deferred tax		
In respect of the current year	(74.28)	(47.88)
Adjustment to deferred tax attributable to changes in tax rates and laws	-	(163.31)
	(74.28)	**(211.19)**
Total Income tax expense recognised during the year (net)	**1015.65**	**755.49**

Income tax reconciliation:

Particulars		For the year	
		2020-21	2019-20
Profit before tax	A	**3946.32**	**3505.33**
Less: Share of Profit from Associate and Joint Ventures	B	150.92	177.71
Profit before tax and share of profit of equity accounted investees	C = (A-B)	**3795.40**	**3327.62**
Applied tax rate as per Parent jurisdiction	D	25.168%	25.168%
Income tax expense calculated at the tax rate of 25.168%, applicable to the Parent Company	E = (C x D)	955.23	837.50
Total Tax expenses charged in Profit and Loss for the year	F	1015.65	755.49
Differential tax impact	G = (F-E)	**60.42**	**(82.01)**
Differential tax impact due to the following (tax benefit)/tax expenses			
Effect of Income that is exempt from taxation net of disallowances		(3.89)	(6.63)
Effect of expenses that are not deductible in determining taxable profit		64.15	47.07
Effect of changes in tax rate and laws		-	(163.31)
Fair value changes of a Financial instrument - Refer Note: 29		62.67	-
Profit on sale of Investment - Refer Note: 29		(34.47)	-
Profit on sale of immovable properties		11.32	-
Deferred tax benefit not recognised on the losses of Subsidiaries		26.23	63.17
Effect of tax rate differentials in respect of subsidiaries operating in other jurisdictions		(65.59)	(22.31)
Total	**G**	**60.42**	**(82.01)**

B. Income tax recognised in Other Comprehensive Income:

Particulars	For the year	
	2020-21	2019-20
Effective portion of gain and loss on designated portion of hedging instruments in a cash flow hedge	1.73	(2.32)
Total income tax recognised in Other Comprehensive Income	**1.73**	**(2.32)**
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	1.73	(2.32)

31. Earnings per share

Particulars	For the year	
	2020-21	2019-20
Basic earnings per share (₹)	15.01	14.39
Diluted earnings per share (₹)	14.99	14.38
The calculation of Basic and Diluted Earnings per share is based on the following data:		
Consolidated Net Profit for the year after taxes	2843.09	2724.17
Weighted average number of equity shares outstanding during the year		
- Basic	189,450,426	189,246,630
- Dilutive	189,676,826	189,430,368

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	
	2020-21	2019-20
Weighted average number of equity shares used in the calculation of basic earnings per share	189,450,426	189,246,630
Shares deemed to be issued for no consideration in respect of:		
- Employee Stock Option Scheme/Plan	226,400	183,738
Weighted average number of equity shares used in the calculation of diluted earnings per share	189,676,826	189,430,368

32. 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, Human resources and Company Secretary 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, 2021 (in Indian Rupees million, unless otherwise stated)

Particulars	Abrasives		Ceramics		Electrominerals		Power		IT Services		Eliminations		Total	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
Sales														
External Sales	9625.73	9623.52	6089.17	6054.78	9349.58	8895.14	56.08	43.03	48.24	83.89			25168.80	24700.36
Sale of Services	286.25	314.01	161.50	208.70	87.88	109.28	-	-	336.89	361.26			872.52	993.25
Inter segment sales	18.61	15.58	21.26	25.98	1206.49	1253.32	173.00	193.78	25.29	26.30	(1444.65)	(1514.96)	-	-
Sales / Income from Operations	**9930.59**	**9953.11**	**6271.93**	**6289.46**	**10643.95**	**10257.74**	**229.08**	**236.81**	**410.42**	**471.45**	**(1444.65)**	**(1514.96)**	**26041.32**	**25693.61**
Results														
Segment result - EBITDA	1640.86	1398.44	1622.84	1556.83	1739.96	1476.44	98.56	98.53	42.44	53.87			5144.66	4584.11
Depreciation/amortisation	(297.42)	(270.41)	(294.07)	(288.05)	(381.27)	(426.74)	(0.20)	(33.60)	(14.38)	(18.58)			(987.34)	(1037.38)
Profit on sale of Fixed Assets (Net)	(0.48)	1.44	30.02	48.35	0.59	(8.16)	-	-	-	-			30.13	41.63
Unallocated corporate expenses (Net)													(388.90)	(309.19)
Interest expense													(35.82)	(63.25)
Profit from Associate													49.64	39.97
Profit from Joint ventures													101.28	137.74
Interest and dividend income													173.44	113.61
Fair valuation of Investment													3.26	(1.91)
Exceptional items(net)													(144.03)	-
Profit before tax	**1342.96**	**1129.47**	**1358.79**	**1317.13**	**1359.28**	**1041.54**	**98.36**	**64.93**	**28.06**	**35.29**	**-**	**-**	**3,946.32**	**3,505.33**
Less: Income taxes													1015.65	755.49
Net profit after taxes													**2930.67**	**2749.84**
Less: Non-controlling interest													87.58	25.67
Profit for the year attributable to Owners of the Company													**2843.09**	**2724.17**
Other information:														
Segment assets	5841.77	5902.30	5634.93	4808.41	7392.92	6818.44	97.76	17.41	179.79	173.24			19147.17	17719.80
Unallocated corporate assets*													7737.84	5196.94
Total assets	**5841.77**	**5902.30**	**5634.93**	**4808.41**	**7392.92**	**6818.44**	**97.76**	**17.41**	**179.79**	**173.24**			**26885.01**	**22916.74**
Segment liabilities	1152.15	894.75	1015.94	647.99	1632.83	1162.70	11.49	10.61	109.87	106.29			3922.28	2822.34
Unallocated corporate liabilities													1183.83	1055.44
Total liabilities	**1152.15**	**894.75**	**1015.94**	**647.99**	**1632.83**	**1162.70**	**11.49**	**10.61**	**109.87**	**106.29**			**5106.11**	**3877.78**
Addition to Non-current assets	207.25	661.10	431.66	266.79	309.71	308.91	23.07	0.56	4.27	5.71				
Depreciation & Amortization	297.42	270.41	294.07	288.05	381.27	426.74	0.20	33.60	14.38	18.58				
Non-cash items other than depreciation and amortisation	47.53	10.37	3.98	6.35	31.71	77.07	-	-	0.42	1.14				

* includes Goodwill of ₹1297.69 million (Previous year: ₹1330.37 million), Investment in Associate and Joint Ventures under equity method - ₹1158.11 million(Previous year: ₹1161.67 million)

Notes forming part of the Consolidated Financial Statements

For the year ended March 31, 2021 (in Indian Rupees million, unless otherwise stated)

Particulars	Abrasives		Ceramics		Electrominerals		Power		IT Services		Eliminations / Unallocable		Total	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
Revenue recognised under Ind AS 115														
Sales / Income from Operations	9930.59	9953.11	6271.93	6289.46	10643.95	10257.74	229.08	236.81	410.42	471.45	(1444.65)	(1514.96)	26041.32	25693.61
Service income	0.29	0.95	-	-	2.34	9.52	-	-	-	-	26.84	30.11	29.47	40.58
Scrap sales	39.66	42.18	19.96	22.31	24.82	23.68	0.15	0.21	-	-	(1.33)	(0.70)	83.26	87.68
Total	**9970.54**	**9996.24**	**6291.89**	**6311.77**	**10671.11**	**10290.94**	**229.23**	**237.02**	**410.42**	**471.45**	**(1419.14)**	**(1485.55)**	**26154.05**	**25821.87**
Revenue recognised under Ind AS 115 comprise of:														
- At the point in time	9970.25	9995.29	6254.10	6228.42	10668.77	10281.42	229.23	237.02	48.24	83.89	(1445.98)	(1515.66)	25724.61	25310.38
- Over the period	0.29	0.95	37.79	83.35	2.34	9.52	-	-	362.18	387.56	26.84	30.11	429.44	511.49
Total	**9970.54**	**9996.24**	**6291.89**	**6311.77**	**10671.11**	**10290.94**	**229.23**	**237.02**	**410.42**	**471.45**	**(1419.14)**	**(1485.55)**	**26154.05**	**25821.87**

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	
	2020-21	2019-20	31.03.2021	31.03.2020
India	13288.84	13096.50	4798.88	4903.80
Rest of the world	12752.48	12597.11	3106.43	2947.09
	26041.32	**25693.61**	**7905.31**	**7850.89**

Information about major customers

No single customer contributed 10% or more to the Group's revenue during the years 2020-21 and 2019-20.

33. 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	
			31.03.2021	31.03.2020
Net Access India Ltd.	IT services	India	100%	100%
Southern Energy Development Corporation Ltd.	Power generation	India	84.76%	84.76%
Sterling Abrasives Ltd.	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%
CUMI Europe s.r.o	Trading of Electromineral products	Czech Republic	100%	100%

In July 2020, the Company's wholly owned step down subsidiary, M/s. Thukela Refractories Isithebe Pty Limited, South Africa (TRI), (subsidiary of M/s. CUMI International Limited, Cyprus) ceased to be a step down subsidiary of the Company consequent to the approval of its voluntary de-registration by the Companies and Intellectual Property Commission (CIPC), South Africa.

Composition of the Group

Principal activity	Place of incorporation and operation	Number of wholly-owned subsidiaries	
		As at	
		31.03.2021	31.03.2020
Manufacture & Trading of Abrasive products	China, America, Middle East	3	3
Manufacture & Trading of Electromineral products	South Africa, Czech Republic	1	2
IT services provided	India	1	1
Investment company	Cyprus	1	1
		6	**7**

Principal activity	Place of incorporation and operation	Number of non wholly-owned subsidiaries	
		As at	
		31.03.2021	31.03.2020
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

34. Contingent Liabilities and Commitments in respect of which no provision is considered necessary

S.No	Particulars	As at	
		31.03.2021	31.03.2020
A.	**Contingent Liabilities**		
(a)	Outstanding letters of credit	180.04	66.05
(b)	Disputed income tax, sales tax, excise duty, service tax and customs duty demands which are under various stages of appeal proceedings.	381.19	386.07
(c)	Claims against the companies in the Group not acknowledged as debts:		
	i. Disputed demands by Electricity Board	41.96	43.35
	ii. Others	66.28	52.58
	Total claims against the Companies in the Group not acknowledged as debts	**108.24**	**95.93**
(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	**177.15**	**272.00**
	- In respect of Associate and Joint Ventures refer note 6A & 6B		

35. 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	
	2020-21	2019-20
Contribution to Provident fund and Other funds recognised in Profit and Loss	166.68	169.01
Amounts outstanding as at the end of the respective year and paid subsequently	17.22	17.60

b. 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.

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, 2021 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, 2021, 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	
	31.03.2021	31.03.2020
Discount rate	5.18% to 6.87%	6.35% to 6.89%
Expected rate of return	8.00%	8.00%
Expected salary escalation	5% to 7%	5% to 7%
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.

A. Gratuity

The details of actuarial valuation in respect of Gratuity liability is given below :

Particulars	As at	
	31.03.2021	31.03.2020
i. Projected benefit obligation as at beginning of the year	396.38	323.03
Service cost	33.12	33.20
Interest cost	26.13	23.63
Remeasurement (gain)/loss:		
Actuarial (gain)/loss arising from experience adjustments	(13.54)	53.76
Benefits paid	(26.81)	(37.24)
Projected benefit obligation as at end of the year	**415.28**	**396.38**
ii. Fair value of plan assets as at beginning of the year	291.19	293.79
Expected return on plan assets	20.97	22.77
Contributions	40.24	26.50
Benefits paid	(26.81)	(37.19)
Remeasurement gain/(loss):		
Actuarial Gain/(losses) on plan assets	(1.99)	(14.68)
Fair value of plan assets as at end of the year	**323.60**	**291.19**
iii. Amount recognised in the Balance Sheet:		
Projected benefit obligation at the end of the year	415.28	396.38
Fair value of the plan assets at the end of the year	323.60	291.19
(Liability)/Asset recognised in the Balance Sheet-net	**(91.68)**	**(105.19)**
iv. Cost of the defined benefit plan for the year:		
Current service cost	33.12	33.20
Interest on obligation	26.13	23.63
Expected return on plan assets	(20.97)	(22.77)
Components of defined benefit cost recognised in the Statement of Profit and Loss	**38.28**	**34.06**
(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	(13.54)	53.76
Actuarial (gain)/loss arising from changes in financial assumptions	1.99	14.68
Components of defined benefit costs recognised in Other Comprehensive Income	**(11.55)**	**68.44**
Total cost of the defined benefit plan for the year	**26.73**	**102.50**

V Experience Adjustment

Particulars	As at	
	31.03.2021	31.03.2020
Present value of defined benefit obligation	415.28	396.38
Fair value of plan assets	323.60	291.19
Balance Sheet (Liability)/Asset	(91.68)	(105.19)

Particulars	For the year	
	2020-21	2019-20
Profit and Loss	38.28	34.06
Experience adjustment on plan liabilities (gain) / loss	(13.54)	53.76
Experience adjustment on plan assets (gain) / loss	1.99	14.68

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 ₹20.97 million (for the year ended March 31, 2020: ₹22.77 million).

Sensitivity analysis in respect of the actuarial assumptions used in calculation of defined benefit obligation is given below:

Particulars	As at	
	31.03.2021	31.03.2020
Discount rate - 100 basis point higher	(383.17)	(364.32)
Discount rate - 100 basis point lower	445.72	425.91
Salary escalation rate - 100 basis point higher	442.86	422.24
Salary escalation rate - 100 basis point lower	(385.14)	(367.06)
Life expectancy rate - 100 basis point higher	414.50	395.36
Life expectancy rate - 100 basis point lower	339.67	(390.74)

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, 2021 is 15 years (as at March 31, 2020: 15 years).

The Group expects to make a contribution of ₹91.68 million (as at March 31, 2020: ₹104.98 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	
	31.03.2021	31.03.2020
Plan asset at the end of the year	1156.98	1040.85
Present value of benefit obligation at the end of the year	1197.01	1098.20
Surplus/(Deficit) available	(40.03)	(57.35)
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	
	31.03.2021	31.03.2020
Discount rate	6.87%	6.93%
Remaining term to maturity of portfolio (years)	5.54 years	5.31 years
Expected guaranteed rate (%)	8.50%	8.50%
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	
	31.03.2021	31.03.2020
Discount rate - 100 basis point higher	(13.24)	(12.61)
Discount rate - 100 basis point lower	15.04	11.11
Guaranteed interest rate - 100 basis point higher	(39.87)	(49.91)
Guaranteed interest rate - 100 basis point lower	-	-
Current yield - 100 basis point higher	9.50	6.57
Current yield - 100 basis point lower	(18.80)	(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	
	31.03.2021	31.03.2020
In respect of Gratuity	11.55	(68.44)
In respect of Provident Fund	17.32	(57.35)
Total Credited / (debited) to Other Comprehensive Income	**28.87**	**(125.79)**

36. 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	
	31.03.2021	31.03.2020
Debt (Long term borrowings, Short term borrowings & Current maturities of Long term borrowings)	430.17	616.35
Equity	21314.67	18583.55
Debt to Equity ratio	2.02%	3.32%

Lease liability amounting to ₹211.97 million (Previous year: ₹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: 4B)

Loan Covenants:

As on March 31, 2021, there are no covenants applicable for long term loan outstanding.

Categories of financial instruments

Particulars	As at	
	31.03.2021	31.03.2020
A. Financial assets		
Measured at Fair Value Through Profit or Loss (FVTPL): Mandatorily measured:		
- Equity and other investments	18.93	678.01
Measured at Amortised cost		
- Cash and bank balances	6889.46	2939.77
- Other financial assets (including trade receivable balances)	5002.86	4228.05
Measured at Fair Value Through Other Comprehensive Income (FVTOCI)		
- Investments in equity instruments designated upon initial recognition	93.46	47.21
B. Financial liabilities		
Measured at amortised cost (including trade payable balances)	4193.91	3097.85

(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.

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	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
US Dollar (USD)	184.27	234.77	1205.11	1181.77
Euro (EUR)	50.17	66.80	587.67	583.71
Great British Pound (GBP)	-	-	7.25	7.79
United Arab Emirates Dirham (AED)	2.77	0.95	30.05	8.74
Japanese Yen (JPY)	0.21	0.22	1.69	0.07
Chinese Yuan (CNY)	-	2.31	-	-
Swedish Kronar (SEK)	10.27	-	-	-
Qatari Riyal (QAR)	-	-	0.02	-
Australian Dollar (AUD)	4.45	-	-	-

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	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
USD	36.75	5.82	95.55	156.76
EUR	-	14.92	-	-

As at 31st March 2021 the outstanding forward exchange contracts were USD 1.30 million taken for receivable position and USD 0.50 taken for payable position.

The value of the contracts outstanding currency wise is given below in the table:

Contracts booked for	Currency	As at 31.03.2021		As at 31.03.2020	
		Number of contracts	Value	Number of contracts	Value
Export receivable	USD	11	95.55	15	156.76
Import payment	USD	5	36.75	1	5.82
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 31.03.2021		As at 31.03.2020	
	Profit or loss	Equity	Profit or loss	Equity
US Dollar (USD)	71.99	77.15	59.57	53.23
Euro (EUR)	40.22	40.22	39.80	39.80
Great British Pound (GBP)	0.54	0.54	0.58	0.58
United Arab Emirates Dirham (AED)	2.04	2.04	0.58	0.58
Japanese Yen (JPY)	0.11	0.11	(0.01)	(0.01)
Chinese Yuan (CNY)	-	-	(0.17)	(0.17)
Swedish Kronar (SEK)	(0.77)	(0.77)	-	-
Qatari Riyal (QAR)	0.00	0.00	-	-
Australian Dollar (AUD)	(0.33)	(0.33)	-	-
Total	**113.80**	**118.96**	**100.35**	**94.01**

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	
	31.03.2021	31.03.2020
Borrowings at variable interest rate		
- Non - Current	-	-
- Current	355.42	552.96
Borrowings at fixed interest rate		
- Non - Current	49.83	42.26
- Current	24.92	21.13
Total Borrowings	**430.17**	**616.35**

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 2021 & 2020, 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.

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 2021 is ₹21.73 million (31st March 2020: ₹(24.52) 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 31.03.2021	As at 31.03.2020
Increase by 5%	4.11	1.80
Decrease by 5%	(4.11)	(1.80)

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 2021:

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*	49.83		68.74			68.74
Lease liabilities	170.94		109.92	27.41	39.22	176.55
Current financial liabilities						
Borrowings and interest thereon*	355.42	373.19				373.19
Lease liabilities	41.03	42.42				42.42
Trade payables	3031.06	3031.06				3031.06
Maturities of long term borrowing	24.92	26.91				26.91
Other financial liabilities	764.43	764.43				764.43

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

*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 2021:

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	147.86		75.46		72.40	147.86
Current financial assets						
Trade receivables	4776.16	4776.16				4776.16
Advance to employees	12.96	12.96				12.96
Other financial assets	65.88	65.88				65.88

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

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 31.03.2021			As at 31.03.2020		
		Carrying amount	Less than 1 year	1-3 years	Carrying amount	Less than 1 year	1-3 years
USD	Export Receivable	95.55	95.55	-	156.76	156.76	-
USD	Import Payment	(36.75)	(36.75)		(5.82)	(5.82)	
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 31.03.2021	As at 31.03.2020
Unsecured term loan from bank		
Amount used	-	-
Amount unused	-	-
	-	**-**
Unsecured cash credit and other borrowings facility		
Amount used	316.69	458.94
Amount unused	576.23	1557.46
	892.92	**2016.40**

Particulars	As at	
	31.03.2021	31.03.2020
Secured Borrowings from bank		
Amount used	-	-
Amount unused	-	-
	-	**-**
Secured cash credit and other borrowings facility		
Amount used	38.73	94.02
Amount unused	1281.27	1605.98
	1320.00	**1700.00**
Total		
Amount used	355.42	552.96
Amount unused	1857.50	3163.44
	2212.92	**3716.40**

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
	31.03.2021	31.03.2020		
Investments in quoted equity instruments at FVTOCI	82.16	35.91	Level 1	Quoted bid price in an active market **(a)**
Investments in quoted instruments at FVTPL	5.86	677.72	Level 1	Quoted bid price in an active market
Investments in unquoted instruments at FVTPL	13.07	0.29	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 31.03.2021		As at 31.03.2020	
		Carrying amount	Fair value	Carrying amount	Fair value
Financial assets at amortised cost					
Non-current financial assets					
Other financial assets					
Security deposit	Level 3	147.86	140.84	146.29	137.82
Current financial assets					
Trade receivable	Level 2	4776.16	4776.16	4015.56	4015.56
Advances to employees	Level 3	12.96	12.96	16.76	16.76
Other advances	Level 3	65.88	65.88	49.44	49.44

Particulars	Fair value hierarchy	As at 31.03.2021		As at 31.03.2020	
		Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities held at amortised cost					
Non-current financial liabilities					
Borrowings and interest thereon	Level 2	49.83	49.83	42.26	42.26
Lease liabilities	Level 3	170.94	170.94	58.30	58.30
Current financial liabilities					
Borrowings and interest thereon	Level 2	355.42	355.42	552.96	552.96
Lease liabilities	Level 3	41.03	41.03	28.71	28.71
Trade payables	Level 2	3031.06	3031.06	1953.99	1953.99
Current maturities of long term borrowing	Level 2	24.92	24.92	21.13	21.13
Others financial liabilities	Level 3	764.43	764.43	543.47	543.47

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	31.03.2021			31.03.2020		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
Financial Assets						
Non-Current						
Investments	18.93	93.46	-	2.87	47.21	-
Other Financial Assets	-	-	147.86	-	-	146.29
Current						
Other Investment	-	-	-	675.14	-	-
Trade receivables	-	-	4776.16	-	-	4015.56
Cash and Cash equivalent	-	-	4783.27	-	-	2920.55
Bank balances other than above	-	-	2106.19	-	-	19.22
Other financial assets	-	-	78.84	-	-	66.20
	18.93	**93.46**	**11892.32**	**678.01**	**47.21**	**7167.82**
Financial Liabilities						
Non-Current						
Borrowings	-	-	49.83	-	-	42.26
Lease liabilities	-	-	170.94	-	-	58.30
Current						
Borrowings	-	-	355.42	-	-	552.96
Lease liabilities	-	-	41.03	-	-	28.71
Trade payables	-	-	3031.06	-	-	1953.99
Other financial liabilities	-	-	789.35	-	-	564.60
	-	**-**	**4437.63**	**-**	**-**	**3200.82**

37. 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 2020-21

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	44.72	57.23	7.35	-	-	-	-	-
Ciria	45.57	36.00	-	-	-	-	-	-
Total	**90.29**	**93.23**	**7.35**	**-**	**-**	**-**	**-**	**-**
Associate & its subsidiaries								
Wendt	25.19	27.43	13.58	-	5.52	-	15.47	-
WGTL	47.55	-	3.79	-	-	-	-	-
Total	**72.74**	**27.43**	**17.37**	**-**	**5.52**	**-**	**15.47**	**-**
Other related parties								
PEIL	-	-	-	7.92	-	-	-	-
CUEPF	-	-	-		-	-	-	136.72
Total	-	-	-	**7.92**	-	-	-	**136.72**
KMP								
AN	0.02	-	-	-	-	15.82	-	-
Total	**0.02**	**-**	**-**	**-**	**-**	**15.82**	**-**	**-**
Grand Total	**163.05**	**120.66**	**24.72**	**7.92**	**5.52**	**15.82**	**15.47**	**136.72**

Notes forming part of the Consolidated Financial Statements

For the year ended March 31, 2021 (in Indian Rupees million, unless otherwise stated)

B. 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**

C. Outstandings

Related Party	As at 31.03.2021			As at 31.03.2020		
	Trade and other receivable	Deposit outstanding	Payables	Trade and other receivable	Deposit outstanding	Payables
Joint Ventures						
MMTCL	6.50	-	1.73	12.81	-	1.92
Ciria	11.24	-	-	2.14	-	-
Total	**17.74**	**-**	**1.73**	**14.95**		**1.92**
Associate & its subsidiaries						
Wendt	26.73	1.00	7.92	39.43	1.00	4.15
WGTL	4.48	-	1.33	0.54	-	-
Total	**31.21**	**1.00**	**9.25**	**39.97**	**1.00**	**4.15**
Other related parties						
PEIL	-	-	0.16	-	-	1.63
CUEPF	-	-	12.01	-	-	11.45
Total	**-**	**-**	**12.17**	**-**	**-**	**13.08**
Grand Total	**48.95**	**1.00**	**23.15**	**54.92**	**1.00**	**19.15**

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.

Compensation to Key Management Personnel

The remuneration to Key Management Personnel for the years is given below:

Particulars	As at			
	31.03.2021	31.03.2020		
	AN	KS	AN	Total
Short term benefits	13.50	16.72	4.70	21.42
Post employment benefits	2.28	2.10	0.79	2.89
Other benefits	0.04	0.02	0.02	0.04
Total	**15.82**	**18.84**	**5.51**	**24.35**
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.

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	
	2020-21	2019-20
Direct Material, Supplies and Consumables	44.24	46.30
Employee Benefit Expenses	68.64	70.95
Repair & Maintenance	5.81	6.86
Other Expenses	14.80	30.81
Depreciation	13.62	15.77
Total Revenue Expenditure	**147.11**	**170.69**

b) Capital Expenditure

Particulars	For the year	
	2020-21	2019-20
Property, plant and equipment		
Buildings	0.57	2.69
Plant and equipment	6.25	15.61
Furniture and fittings	3.30	-
	10.12	**18.30**
Intangibles	1.92	-
Total	**12.04**	**18.30**
Capital Work-in-Progress	**4.78**	-
Total Capital Expenditure (including CWIP)	**16.82**	**18.30**

For the year ended March 31, 2021 (in Indian Rupees million, unless otherwise stated)

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	2020-21							
	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	72.01%	15347.70	64.71%	1839.62	57.84%	73.75	64.42%	1913.37
II. Subsidiaries (including Step down subsidiaries)								
a) Indian								
1. Net Access India Limited	0.63%	134.80	0.72%	20.61	1.69%	2.15	0.77%	22.76
2. Southern Energy Development Corporation Limited	0.79%	168.74	2.80%	79.53	(0.07%)	(0.09)	2.67%	79.44
3. Sterling Abrasives Limited	3.22%	686.47	4.30%	122.29	3.87%	4.93	4.28%	127.22
b) Foreign								
1. CUMI (Australia) Pty Ltd.	3.03%	646.49	3.68%	104.65	-	-	3.52%	104.65
2. CUMI International Ltd.	21.08%	4492.16	10.85%	308.36	-	-	10.38%	308.36
3. Volzhsky Abrasive Works	23.67%	5044.33	37.03%	1052.83	-	-	35.44%	1052.83
4. Foskor Zirconia (Pty) Ltd.	(2.62%)	(558.29)	(3.70%)	(105.09)	(0.36%)	(0.46)	(3.55%)	(105.55)
5. CUMI America Inc.	1.53%	326.70	0.24%	6.86	-	-	0.23%	6.86
6. CUMI Middle East FZE	0.11%	22.81	0.17%	4.93	-	-	0.17%	4.93
7. CUMI Abrasives & Ceramics Company Ltd.	0.14%	30.46	0.16%	4.54	-	-	0.15%	4.54
8. Thukela Refractories Isithebe Pty Ltd.	-	-	-	-	-	-	-	-
9. CUMI Europe s.r.o	0.01%	2.31	-	-	-	-	-	-
Non-controlling interest in all subsidiaries	(2.18%)	(464.23)	(3.08%)	(87.58)	(1.36%)	(1.74)	(3.01%)	(89.32)
II. Associates (Investment as per equity method)								
1. Wendt (India) Limited	2.52%	537.68	1.68%	47.87	(0.17%)	(0.22)	1.60%	47.65
III. Joint Ventures (Investment as per equity method)								
Indian								
1. Murugappa Morgan Thermal Ceramics Limited	2.37%	505.99	2.78%	79.17	(0.27%)	(0.34)	2.65%	78.83
2. Ciria India Limited	0.54%	114.44	0.78%	22.11	(0.05%)	(0.06)	0.74%	22.05
Inter-company Elimination & Consolidation Adjustments	(26.85%)	(5723.89)	(23.12%)	(657.61)	38.88%	49.58	(20.46%)	(608.03)
Total	**100.00%**	**21314.67**	**100.00%**	**2843.09**	**100.00%**	**127.50**	**100.00%**	**2970.59**

Notes forming part of the Consolidated Financial Statements

For the year ended March 31, 2021 (in Indian Rupees million, unless otherwise stated)

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**

40. Impact of COVID-19 pandemic

The Covid 19 pandemic is unprecedented and measures to contain it has caused significant disturbances and slow down of economic activity. The Group's operations & financial results for the first quarter have been adversely impacted due to scaling down / suspension of operations across all plants due to supply chain constraints, shortage of workforce and various safety measures taken across all areas of operations.

The operations were resumed gradually and has revived at a better pace as the year progressed. The Group has relied on the available information and assumptions, as at the date of approval of these financial results, to arrive at its estimates. The Group continues to monitor the economic effects of the pandemic while taking steps to improve its execution efficiencies and the financial outcome.

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 April 28, 2021.

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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	0.99	0.99	4.98	4.98	55.50	55.50	NA	NA	73.05	73.05
Particulars	Volzhsky Abrasive Works		Foskor Zirconia Pty Ltd.		CUMI Australia Pty. Ltd.		Sterling Abrasives Limited		CUMI International Ltd.	
Financial year	2020	2019	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020	2019
Date of becoming subsidiary	7th September 2007		4th August 2008		1st September 2003		31st March 2003		7th July 2007	
1. Share capital	3.56	3.56	0.00	0.00	27.79	27.79	9.00	9.00	1880.12	1880.12
2. Reserves & Surplus	4853.46	4209.14	(557.95)	(442.26)	509.75	659.55	677.47	583.53	2586.46	2296.90
3. Total Liabilities[a]	425.73	387.85	1188.08	1062.41	378.98	201.00	188.93	200.07	0.97	1.19
4. Total Assets[b]	5282.75	4600.55	630.13	620.15	916.52	888.34	875.40	792.60	4467.55	4178.21
5. Investments	0.09	0.09	-	-	-	-	-	-	4410.52	4136.59
6. Turnover	6632.76	6033.99	1465.15	1139.34	1106.59	1239.27	881.13	817.55	323.37	382.76
7. Profit before Tax	1252.31	949.92	(115.18)	(213.12)	154.42	212.60	166.05	100.59	305.73	370.04
8. Provision for Taxation	280.87	213.95	-	-	45.49	62.80	44.63	20.11	16.17	19.14
9. Profit after Tax	971.44	735.97	(115.18)	(213.12)	108.93	149.80	121.42	80.48	289.56	350.90
10. Proposed dividend[c]	447.18	328.26	-	-	258.73	-	32.40	29.31	-	-
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		CZK		INR		INR		USD	
Exchange Rate	11.18	11.18	3.40	3.40	NA	NA	NA	NA	73.50	73.50
Particulars	CUMI Abrasives & Ceramics Co. Ltd.		CUMI Europe s.r.o		Southern Energy Development Corporation Limited		Net Access India Limited		CUMI Middle East FZE	
Financial year	2020	2019	2020	2019	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
Date of becoming subsidiary	31st December 2009		9th December 2014		31st March 2003		1st December 2001		11th December 2005	
1. Share capital	1125.26	1125.26	93.84	93.84	4.60	4.60	50.00	50.00	2.00	2.00
2. Reserves & Surplus	(1091.81)	(1100.01)	(25.77)	(25.77)	1393.54	651.33	84.80	82.03	20.80	15.92
3. Total Liabilities[a]	89.58	113.68	0.73	0.73	13.01	10.88	111.17	106.82	98.87	103.61
4. Total Assets[b]	123.03	138.93	68.80	68.80	1411.15	666.81	245.97	238.85	121.67	121.53
5. Investments	-	-	-	-	1260.68	597.84	0.00	5.02	-	-
6. Turnover	202.15	217.31	-	-	234.24	266.45	412.47	477.17	234.31	200.61
7. Profit before Tax	8.20	(11.46)	-	(0.40)	103.37	75.91	28.64	36.88	4.89	0.60
8. Provision for Taxation	-	-	-	-	23.84	21.00	8.03	9.70	-	-
9. Profit after Tax	8.20	(11.46)	-	(0.40)	79.53	54.91	20.61	27.18	4.89	0.60
10. Proposed dividend[c]	-	-	-	-	20.70	53.98	10.00	10.00	-	-
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	
Exchange Rate	73.50	73.50
Particulars	CUMI America Inc.	
Financial year	2020-21	2019-20
Date of becoming subsidiary	4th June 1999	
1. Share capital	632.10	356.48
2. Reserves & Surplus	(305.40)	(312.20)
3. Total Liabilities[a]	396.53	546.62
4. Total Assets[b]	723.23	590.90
5. Investments	-	-
6. Turnover	638.58	724.76
7. Profit before Tax	6.80	18.35
8. Provision for Taxation	-	-
9. Profit after Tax	6.80	18.35
10. Proposed dividend[c]	-	-
11. % of Shareholding	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 period - one, Thukela Refractories Isithibe (Pty) Limited.

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 2020 is due for consideration by the shareholders in June 2021.
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 31.3.2021 / 31.12.2020, as applicable.
e. The conversion rates have been maintained at the same for the previous financial year for comparative purposes.
f. Investments in VAW, Foskor, CACCL China, 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	31.03.2021	31.03.2021	31.03.2021
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	750,000	59,998	1,430,793
	Amount of Investment in Associates/Joint Venture ₹ In million	9.74	1.68	44.04
	Extent of Holding %	37.50	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	537.68	114.44	505.99
7	Profit / Loss for the year	127.65	73.72	161.56
	Considered in Consolidation	47.87	22.11	79.17
	Not Considered in Consolidation	79.78	51.61	82.39

On behalf of the Board

M M Murugappan
Chairman

N Ananthaseshan
Managing Director

Chennai
April 28, 2021

P Padmanabhan
Chief Financial Officer

Rekha Surendhiran
Company Secretary

Independent Auditors' Report

To

The Members of Carborundum Universal Limited
Report on the Audit of the Standalone Financial Statements

Opinion

1. We have audited the accompanying Standalone Financial Statements of Carborundum Universal Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, and the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Cash Flow Statement 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 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, 2021, 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.

Key audit matters

4. 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 19 (a) of the Standalone Financial Statements. During the year, the Company has recognised ₹16,493.46 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 Financial Statements. The Company's equity investments in subsidiaries, joint ventures and associate amounted to ₹2,407.81 million as at March 31, 2021. Such investments are carried at cost as per Ind AS 27 – Separate Financial Statements. The carrying value of investments in subsidiaries, joint ventures and an 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 an associate.	Our audit procedures in relation to assessment of carrying value of investments in subsidiaries, joint ventures and an 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.
Business application system migration to Ramco Virtual Works (RVW) 6X: (Refer Note 5 to the Standalone Financial Statements) The Company's financial reporting process is reliant on the design and operating effectiveness of its IT systems. The Company used RVW 4X as the key financial application system for the periods between April 1, 2020 and December 31, 2020; and migrated all their processes except Payroll; and Property, Plant and Equipment to RVW 6X, an advanced version on January 01, 2021. The Company continued to use RVW 4X for Payroll; and Property, Plant and Equipment for the period April 01, 2020 to March 31, 2021. This is a key audit matter because migration to RVW 6X involved significant program and configuration changes; and migration of financially significant data from RVW 4X to RVW 6X.	We performed the following procedures: 1. Evaluated the project governance and the management oversight of the new system implementation; 2. Evaluated the design and tested the operating effectiveness of key controls over the new system implementation, which includes the overall project implementation plan; project roles and responsibilities; approval for new system requirements; and inspection of formal sign-offs including authorisation for go-live. 3. Evaluated the design and tested the operating effectiveness of the IT General Controls (ITGCs) for the periods from April 01,2020 to March 31, 2021 (for RVW 4X) and from January 01, 2021 to March 31, 2021 (for RVW 6X). 4. Evaluated the design and tested the operating effectiveness of the business process controls except Payroll; and Property, Plant and Equipment (both automated and manual) in RVW 4X for the periods from April 01, 2020 to December 31, 2020 and in RVW 6X for the periods from January 01, 2021 to March 31, 2021. And evaluated the design and tested the operating effectiveness of the business process controls for Payroll; and Property, Plant and Equipment (both automated and manual) in RVW 4X for the periods April 01, 2020 to March 31, 2021. 5. Tested substantively a sample general/sub-ledger balances, balances of the financially significant data within the financial systems from old system to the new system. The results of the procedures performed as above supported our ability to place reliance on ITGCs, business process controls (both automated and manual) in RVW 4X and RVW 6X for the whole audit period.

Other Information

5. 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

6. 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 Indian Accounting Standards specified 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.

7. 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

8. 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.

9. 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 controls.
- 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.

10. 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.

11. 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.

12. 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

13. 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.

14. 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 Cash Flow Statement dealt with by this Report are in agreement with the books of account.

    d) In our opinion, the aforesaid Standalone Financial Statements comply with the Indian Accounting Standards specified 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, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 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 did not have any derivative contracts as at March 31, 2021.

        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, 2021.

15. 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: 21100332AAAAAH7572

Place: Chennai
Date: April 28, 2021

Independent Auditors' Report

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, 2021

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 tofinancial statements of Carborundum Universal Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the Standalone 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 offinancial 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, ordisposition 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 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, 2021, 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.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016
Chartered Accountants

Subramanian Vivek
Partner
Membership No. 100332
UDIN: 21100332AAAAAH7572

Place: Chennai
Date: April 28, 2021

Annexure B to Independent Auditors' Report

Referred to in paragraph 13 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, 2021

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 equipment 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 and service tax which have not been deposited on account of any dispute. The particulars of dues of income tax, sales tax, value added tax, goods and services tax and duty of excise as at March 31, 2021 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)
Central Excise Act, 1944	Excise duty	5.23	2015 - 2017	The Customs, Excise & Service Tax Appellate Tribunal
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
Kerala Value Added Tax Act, 2003	Value added tax	15.04	2013 - 2014	Assistant Commissioner Appeals
The Central Sales Tax Act, 1956	Central Sales Tax	1.29	2016 - 2017	Assistant Commissioner
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 ₹96.44 Million paid under protest.

viii. According to the records of the Company examined by us and the information and explanation 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 15 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: 21100332AAAAAH7572

Place: Chennai
Date: April 28, 2021

Balance Sheet

(in Indian Rupees million, unless otherwise stated)

Particulars	Notes	As at 31.03.2021	As at 31.03.2020
ASSETS			
Non-current assets			
(a) Property, plant and equipment	4A	4017.58	4121.53
(b) Right-of-use assets	4B	76.84	79.43
(c) Capital work-in-progress	4C	111.52	122.16
(d) Intangible assets	5	86.72	20.89
(e) Financial assets			
(i) Investments			
(a) Investment in associate	6A	9.74	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	99.50	49.99
(ii) Other financial assets	7A	134.53	133.80
(f) Other non-current assets	8A	86.61	129.23
Total Non-current assets		**7021.11**	**7065.46**
Current assets			
(a) Inventories	9	2950.95	3262.95
(b) Financial assets			
(i) Other investments	6E	-	616.02
(ii) Trade receivables	10	3177.16	2593.42
(iii) Cash and cash equivalents	11A	2548.25	1614.61
(iv) Bank balances other than (iii) above	11B	2106.19	19.22
(v) Other financial assets	7B	68.85	56.85
(c) Other current assets	8B	583.98	501.55
Total Current assets		**11435.38**	**8664.62**
Total Assets		**18456.49**	**15730.08**
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity share capital	12	189.59	189.41
(b) Other equity	13	15158.11	13481.34
Total Equity		**15347.70**	**13670.75**
LIABILITIES			
Non-Current liabilities			
(a) Financial liabilities			
Lease liabilities	4B	1.73	2.47
(b) Provisions	14A	90.92	74.87
(c) Deferred tax liabilities (net)	15	84.06	116.68
Total Non-Current liabilities		**176.71**	**194.02**
Current liabilities			
(a) Financial liabilities			
(i) Lease liabilities	4B	0.80	3.00
(ii) Trade payables			
(a) total outstanding dues of micro enterprises and small enterprises	16	14.40	7.76
(b) total outstanding dues of creditors other than micro enterprises and small enterprises	16	2093.29	1263.54
(iii) Other financial liabilities	17	674.86	451.77
(b) Provisions	14B	62.71	46.10
(c) Other current liabilities	18	86.02	93.14
Total Current liabilities		**2932.08**	**1865.31**
Total Liabilities		**3108.79**	**2059.33**
Total Equity and Liabilities		**18456.49**	**15730.08**
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
April 28,2021

On behalf of the Board

M M Murugappan
Chairman

N Ananthaseshan
Managing Director

P. Padmanabhan
Chief Financial Officer

Rekha Surendhiran
Company Secretary

Statement of Profit and Loss

(in Indian Rupees million, unless otherwise stated)

S.No.	Particulars	Notes	For the year	
			2020-21	2019-20
I	Revenue from Operations	19	16722.76	16511.95
II	Other income	20	423.68	473.27
III	**Total Income (I+II)**		**17146.44**	**16985.22**
IV	**Expenses**			
	Cost of material consumed		5999.37	6267.27
	Purchases of stock-in-trade		530.41	625.99
	Changes in inventories of finished goods, stock-in-trade and work-in-progress	21	558.87	(295.95)
	Employee benefits expense	22	1961.68	1958.86
	Finance costs	23	2.71	3.52
	Depreciation and amortisation expense	24	614.31	669.76
	Other expenses	25	4922.41	5360.35
	Total expenses (IV)		**14589.76**	**14589.80**
V	**Profit before exceptional item and tax (III-IV)**		**2556.68**	**2395.42**
VI	Exceptional items (net)	26	(112.18)	-
VII	**Profit before tax (V+VI)**		**2444.50**	**2395.42**
VIII	**Tax expense**			
	(1) Current tax	27A	637.50	577.50
	(2) Deferred tax	15	(32.62)	(95.33)
	Total tax [VIII]		**604.88**	**482.17**
IX	**Profit for the year (VII-VIII)**		**1839.62**	**1913.25**
X	**Other Comprehensive Income [OCI]**			
A	(i) Items that will not be reclassified to profit or loss			
	(a) Remeasurement of the defined benefit plans		27.50	(122.51)
	(b) Equity instruments through OCI		46.25	(51.13)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	27B	-	-
	Total Other Comprehensive Income (X)		**73.75**	**(173.64)**
XI	**Total Comprehensive Income for the year (IX+X)**		**1913.37**	**1739.61**
XII	**Earnings per equity share (₹1 each) on profit for the year (IX)**	28		
	- Basic		9.71	10.11
	- Diluted		9.70	10.10

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
April 28,2021

On behalf of the Board

M M Murugappan
Chairman

N Ananthaseshan
Managing Director

P. Padmanabhan
Chief Financial 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, 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**
Changes in equity share capital during the year	
Shares issued against Employee Stock Options Scheme/Plan	0.18
Balance as at March 31, 2021	**189.59**

B. Statement of changes in other equity

Particulars	Reserves and Surplus - Refer Note: 13A						Items of Other Comprehensive Income - Refer Note: 13B		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)	
Balance at the beginning 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)			-
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**
Profit for the year						1839.62			1839.62
Other Comprehensive income for the year						27.50	46.25		73.75
Total Comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**1867.12**	**46.25**	**-**	**1913.37**
Share premium received on allotment of equity shares under ESOP			31.68						31.68
Recognition of share-based payments					15.99				15.99
Interim dividend paid during the year						(284.27)			(284.27)
Transfer to General Reserve				500.00		(500.00)			-
Balance at the end of the year - March 31, 2021	**6.03**	**27.68**	**320.24**	**8175.43**	**78.74**	**6504.52**	**21.73**	**23.74**	**15158.11**

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
April 28,2021

On behalf of the Board

M M Murugappan
Chairman

N Ananthaseshan
Managing Director

P. Padmanabhan
Chief Financial Officer

Rekha Surendhiran
Company Secretary

Cash flow Statement

(in Indian Rupees million, unless otherwise stated)

Particulars		For the year			
		2020-21		2019-20	
A. Cash flow from Operating activities					
Profit before tax			**2444.50**		**2395.42**
Adjustment for:					
Depreciation and amortisation expense		614.31		669.76	
Exceptional items (net)		112.18		-	
Fair valuation of investments		(3.26)		1.91	
Finance costs		2.71		3.52	
Interest income		(102.93)		(35.90)	
Dividend income		(270.29)		(333.03)	
Expenses recognised in respect of equity-settled share-based payments		15.99		16.06	
Allowance for doubtful receivable and advances		48.58		18.10	
Reversal of allowance for doubtful receivables and advances		(9.08)		(19.56)	
Provision for expenses no longer required written back		(1.45)		(1.44)	
(Profit)/Loss on sale of assets (net)		(31.80)		(51.64)	
Unrealised exchange (gain)/loss - net		24.36	399.32	(36.00)	231.78
Operating profit before working capital changes			**2843.82**		**2627.20**
Movement in working capital					
(Increase)/decrease in trade receivables		(655.33)		762.60	
(Increase)/decrease in inventories		312.00		127.39	
(Increase)/decrease in other financial assets		(13.51)		(15.94)	
(Increase)/decrease in other assets		(86.92)		(130.79)	
Increase/(decrease) in trade payables		873.86		(332.65)	
Increase/(decrease) in provision and other current liabilities		25.54		49.78	
Increase/(decrease) in other financial liabilities		1.86	457.50	(166.42)	293.97
Cash generated from Operations			**3301.32**		**2921.17**
Income tax paid			(590.00)		(610.00)
Net cash generated by Operating activities	**[A]**		**2711.32**		**2311.17**
B. Cash flow from Investing activities					
Payments to acquire property, plant and equipment		(513.50)		(730.17)	
Payments for intangible assets		(81.43)		(8.43)	
Proceeds from sale of property, plant and equipment		36.48		61.25	
Proceeds from sale of Investment		137.59		-	
Bank deposits with original maturity beyond three months		(2087.99)		-	
Interest income received		102.92		35.89	
Dividend income received		270.29		333.03	
Net cash (used in) Investing activities	**[B]**		**(2135.64)**		**(308.43)**
C. Cash flow from Financing activities					
Proceeds from issue of equity shares		31.86		34.71	
Principal portion of lease payments		(2.94)		(7.26)	
Finance costs paid		(2.71)		(3.52)	
Dividends paid		(284.27)		(757.25)	
Tax on dividend		-		(131.15)	
Net cash (used in) Financing activities	**[C]**		**(258.06)**		**(864.47)**
Net increase/(decrease) in cash and cash equivalents [A]+[B]+[C]	**[D]**		**317.62**		**1138.27**
Add: Cash and Cash equivalents at the beginning of the year			2230.63		1092.36
Cash and Cash equivalents at the end of the year			**2548.25**		**2230.63**
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			1614.61		156.71
Current investment considered as Cash and Cash equivalents - Refer Note: 6E			616.02		935.65
			2230.63		**1092.36**
Cash and cash equivalents at the end of the year					
Cash and cash equivalents - Refer Note: 11A			2548.25		1614.61
Current investment considered as Cash and Cash equivalents - Refer Note: 6E			-		616.02
			2548.25		**2230.63**

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
April 28,2021

On behalf of the Board

M M Murugappan
Chairman

N Ananthaseshan
Managing Director

P. Padmanabhan
Chief Financial Officer

Rekha Surendhiran
Company Secretary

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2021

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
8	Accounting Policies, Changes in Accounting Estimates and Errors	2.2	
10	Event after the reporting period		45,47
12	Income taxes	3.10	16,27
16	Property, plant and equipment	3.11	4A,4C,24
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28	Investments in associates and joint ventures		6A,6B
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38	Intangible assets	3.12	5,24
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Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2021

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 following amendments are applicable to the Company for the first time in its annual reporting period commencing April 1, 2020:

- Definition of Material – amendments to Ind AS 1 and Ind AS 8
- Definition of a Business – amendments to Ind AS 103
- COVID-19 related concessions – amendments to Ind AS 116
- Interest Rate Benchmark Reform – amendments to Ind AS 109 and Ind AS 107

The 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 on going 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.	14 & 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 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 borrowing spending 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 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 de-recognition 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 shortfalls 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 de-recognition 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 de-recognition 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 stand-alone 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.

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.

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2021 (in Indian Rupees million, unless otherwise stated)

4A. Property, plant and equipment

Particulars	As at 31.03.2021	As at 31.03.2020
Carrying amounts		
Freehold land	37.86	37.86
Buildings	1304.95	1300.31
Plant and equipment	2617.51	2720.32
Furniture and fittings	29.22	33.97
Vehicles	28.04	29.07
Total	**4017.58**	**4121.53**

Cost	Freehold land	Buildings (a)	Plant and equipment	Furniture and fittings	Vehicles	Vehicles under finance lease	Total
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**
Additions - **(b)**	-	77.91	409.34	4.20	5.40	-	496.85
Disposals	-	(0.17)	(29.71)	(1.43)	(2.59)	-	(33.90)
Balance at March 31, 2021	**37.86**	**1683.58**	**5915.08**	**83.49**	**39.72**	**-**	**7759.73**

Accumulated depreciation and impairment	Freehold land	Buildings	Plant and equipment	Furniture and fittings	Vehicles	Vehicles under finance lease	Total
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**
Depreciation expense	-	73.16	509.63	8.87	4.89	-	596.55
Eliminated on disposals	-	(0.06)	(27.19)	(1.35)	(1.05)	-	(29.65)
Balance at March 31, 2021	**-**	**378.63**	**3297.57**	**54.27**	**11.68**	**-**	**3742.15**

Carrying Amounts	Freehold land	Buildings	Plant and equipment	Furniture and fittings	Vehicles	Vehicles under finance lease	Total
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**
Additions	-	77.91	409.34	4.20	5.40	-	496.85
Depreciation expense	-	(73.16)	(509.63)	(8.87)	(4.89)	-	(596.55)
Disposals (net)	-	(0.11)	(2.52)	(0.08)	(1.54)	-	(4.25)
Balance at March 31, 2021	**37.86**	**1304.95**	**2617.51**	**29.22**	**28.04**	**-**	**4017.58**

(a) Includes ₹799.49 million (Previous year: ₹762.93 million) being cost of building on leasehold land.

(b) Includes Research and Development capital expenditure of ₹10.12 million (Previous year: ₹18.30 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	
	31.03.2021	31.03.2020
Right-of-use asset		
Land	76.84	78.88
Vehicles	-	0.55
	76.84	**79.43**
Lease liabilities		
Non-current	1.73	2.47
Current	0.80	3.00
	2.53	**5.47**

Cost	Land	Vehicles	Total
Balance at March 31, 2019	**81.31**	**4.34**	**85.65**
Disposals	(0.82)	-	(0.82)
Balance at March 31, 2020	**80.49**	**4.34**	**84.83**
Disposals	(0.43)	-	(0.43)
Balance at March 31, 2021	**80.06**	**4.34**	**84.40**

Accumulated depreciation and impairment	Land	Vehicles	Total
Balance at March 31, 2019	**-**	**-**	**-**
Depreciation expense	1.61	3.79	5.40
Disposals	0.00	-	0.00
Balance at March 31, 2020	**1.61**	**3.79**	**5.40**
Depreciation expense	1.61	0.55	2.16
Disposals	0.00	-	0.00
Balance at March 31, 2021	**3.22**	**4.34**	**7.56**

Carrying amount	Land	Vehicles	Total
Balance at March 31, 2019	**81.31**	**4.34**	**85.65**
Depreciation expense	(1.61)	(3.79)	(5.40)
Disposals(net)	(0.82)	-	(0.82)
Balance at March 31, 2020	**78.88**	**0.55**	**79.43**
Depreciation expense	(1.61)	(0.55)	(2.16)
Disposals(net)	(0.43)	-	(0.43)
Balance at March 31, 2021	**76.84**	**-**	**76.84**

ii) Amount recognised in Profit and Loss

Particulars	For the year	
	2020-21	2019-20
Depreciation charge of right-of-use assets - Refer Note: 24		
Land	1.61	1.61
Vehicles	0.55	3.79
	2.16	**5.40**
Interest expenses (included in Finance cost) - Refer Note: 23	0.43	1.38
Expenses related to Short term leases(included in Rent : Other expenses) - Refer Note: 25	54.45	41.11

a) Addition to the right of use assets during the year: ₹Nil (Previous year: ₹Nil)

b) The total cash outflow for leases for the year: ₹3.37 million (Previous 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.

4C. Capital work-in-progress

Particulars	As at	
	31.03.2021	31.03.2020
Capital work-in-progress	111.52	122.16

Capital work in progress movement	Total
Balance at March 31, 2019	**224.88**
Addition during the year - **(a)**	756.65
Capitalised during the year	(859.37)
Balance at March 31, 2020	**122.16**
Addition during the year - **(a)**	486.21
Capitalised during the year	(496.85)
Balance at March 31, 2021	**111.52**

(a) Includes Research and Development capital expenditure of ₹4.78 million (Previous year: ₹Nil) - Refer Note: 40(b) on Research & Development expenditure.

5. Intangible assets

Particulars	As at	
	31.03.2021	31.03.2020
Carrying amounts		
Software	68.43	9.58
Technical know-how	18.29	11.31
Total	**86.72**	**20.89**

Cost	Software	Technical know-how	Total
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**
Additions - **(a)**	66.43	15.00	81.43
Disposals	(0.08)	-	(0.08)
Balance at March 31, 2021	**103.67**	**142.64**	**246.31**

Accumulated amortisation and impairment	Software	Technical know-how	Total
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**
Amortisation expense	7.58	8.02	15.60
Disposals	(0.08)	-	(0.08)
Balance at March 31, 2021	**35.24**	**124.35**	**159.59**

Carrying amounts	Software	Technical know-how	Total
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**
Additions	66.43	15.00	81.43
Amortisation expense	(7.58)	(8.02)	(15.60)
Disposals	-	-	-
Balance at March 31, 2021	**68.43**	**18.29**	**86.72**

(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).

(c) Additions to software during the year ended March 31,2021 includes capitalisation of "Ramco ERP 6x" software.

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2021 (in Indian Rupees million, unless otherwise stated)

6. Investments - Non-Current

Particulars	Quantity in numbers		Nominal value (e)	Notes	Value	
	As at 31.03.2021	As at 31.03.2020			As at 31.03.2021	As at 31.03.2020
Non-Current Investments:						
(A) Investment in Associate - Equity Shares (fully paid) Quoted (Trade): Instruments at cost						
Wendt (India) Limited. **(a)**	750,000	797,352	10		9.74	10.36
				6A	**9.74**	**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		82.16	35.91
Unquoted (Non - Trade)						
Murugappa Management Services Limited	44,704	44,704	100		11.30	11.30
				6D(i)	**93.46**	**47.21**
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		0.76	0.36
Orient Abrasives Limited	10,000	10,000	1		0.21	0.12
Orient Refractories Limited	10,000	10,000	1		2.25	1.17
EID Parry (India) Limited	1,000	1,000	1		0.32	0.14
Cholamandalam Investment and Finance Co Limited	500	500	2		0.28	0.07
Cholamandalam Financial Holdings Limited	1,000	1,000	1		0.60	0.29
Tube Investments of India Limited	1,000	1,000	1		1.18	0.27
Coromandel International Limited	330	330	1		0.26	0.18
				6D(ii)	**5.86**	**2.60**

Particulars	Quantity in numbers		Nominal value (e)	Notes	Value	
	As at 31.03.2021	As at 31.03.2020			As at 31.03.2021	As at 31.03.2020
Unquoted (Non-Trade) **Investments in equity instruments - Equity Shares (fully paid)**						
Chennai Willingdon Corporate Foundation(₹50 only) **- (b)**	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	**99.50**	**49.99**
Investment - Non-Current Grand Total **[6A] + [6B] + [6C] + [6D]**					**2507.31**	**2458.42**

Particulars		Value	
		As at 31.03.2021	As at 31.03.2020
(E) Other Investment - Current			
Instruments at Fair Value Through Profit or Loss [FVTPL] - Mutual Fund	**6E**	**-**	616.02

(a) During current year, the Company through Offer for sale (OFS) sold 47352 shares to comply with the Minimum Public Shareholding requirement of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.

(b) Shares allotted against corporate membership contribution.

(c)

Particulars	As at	
	31.03.2021	31.03.2020
Aggregate book value of quoted investments	97.76	664.89
Aggregate market value of quoted investments	2448.34	2075.05
Aggregate carrying value of unquoted investments	2409.55	2409.55

(d)

Categorywise other investment as per Ind AS 109	As at	
	31.03.2021	31.03.2020
Mandatorily measured at FVTPL - 6D(ii)+6D(iii)+ 6E	6.04	618.80
Financial assets designated at FVTOCI (equity instruments) - 6D(i)	93.46	47.21
Investments at cost (includes investment in Associate, Joint Ventures and Subsidiaries) - 6A+6B+6C	2407.81	2408.43
	2507.31	**3074.44**

(e) Nominal value per share is given in Indian Rupees or in respective foreign currency where stated.

7. Other financial assets

Particulars	As at	
	31.03.2021	31.03.2020
A. Non-current		
Security deposits	134.53	133.80
	134.53	**133.80**
B. Current		
Advances to employees	10.70	13.29
Other receivables:		
Considered good	58.15	43.56
Considered doubtful	0.94	0.57
Less: Allowance for doubtful receivables	(0.94)	(0.57)
	68.85	**56.85**

8. Other assets

Particulars	As at	
	31.03.2021	31.03.2020
A. Non-current		
Capital advances	57.61	58.24
Deposits paid under protest relating to Sales Tax, Value Added Tax, Central Excise and Service Tax demands	14.22	15.65
Taxation (net of provisions)	14.78	55.34
	86.61	**129.23**
B. Current		
Prepayments	46.61	39.46
Recoverable from Electricity Board - Banked power	-	44.85
Trade advance to Suppliers	254.48	115.81
Balances with/amount receivable from Statutory Authorities	282.89	301.43
	583.98	**501.55**

9. Inventories

Particulars	As at	
	31.03.2021	31.03.2020
Raw materials	1292.04	1061.45
Raw materials in transit	109.54	159.98
Work-in-progress	719.18	748.54
Stock-in-trade	79.07	85.69
Finished goods	413.62	936.51
Stores and spares	337.50	270.78
	2950.95	**3262.95**

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 ₹8037.80 million (previous year: ₹7644.05 million).

c. All the above inventories are expected to be recovered/utilised within twelve months.

10. Trade receivables (Unsecured)

Particulars	As at	
	31.03.2021	31.03.2020
Current		
a. Considered good	3177.16	2593.42
b. Which have significant increase in Credit Risk	87.71	63.56
c. Credit impaired	-	-
Allowance for doubtful receivables (expected credit loss allowance)	(87.71)	(63.56)
	3177.16	**2593.42**

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 ₹424.85 million (Previous year : ₹426.06 million).

g. Movement in expected credit loss allowance:

Particulars	As at	
	31.03.2021	31.03.2020
Balance at the beginning of the year	63.56	73.85
Add: Allowance made during the year	47.80	17.56
Less: Reversal of allowance during the year	(23.65)	(27.85)
Balance at the end of the year	**87.71**	**63.56**

11A. Cash and cash equivalents

Particulars	As at	
	31.03.2021	31.03.2020
Balances with banks - Current account	235.20	34.25
Deposit account	2312.06	1579.26
Cash on hand	0.99	1.10
	2548.25	**1614.61**

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.

Disclosure related to "Changes in liabilities arising from financial liabilities" under Ind AS 7 Statement of Cash flow :

Net debts reconciliation	Note	31.03.2021	31.03.2020
Cash and Cash equivalents	11A	2548.25	1614.61
Other investments (liquid)	6E	-	616.02
Borrowings (Non Current & Current)		-	-
Net Cash/(Net debt)		**2548.25**	**2230.63**

Particulars	Other assets		Liabilities from Financing activities	Total
	Cash and Cash equivalents	Other investments (liquid)	Non Current borrowings (including current maturities)	
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**
Changes from Financing Cash flows	933.64	(616.02)	-	317.62
Net Cash/(Net debt) as at 31st March 2021	**2548.25**	**-**	**-**	**2548.25**

11B. Bank balances other than above

Particulars	As at	
	31.03.2021	31.03.2020
Earmarked funds - Unclaimed and unpaid dividend - Refer Note: 17	18.20	19.22
Bank Deposit more than three months but less than 12 months	2087.99	-
	2106.19	**19.22**

12. Equity Share Capital

Particulars	As at	
	31.03.2021	31.03.2020
Authorised share capital:		
387,250,000 (as at March 31, 2020: 387,250,000) equity shares of ₹1 each	387.25	387.25
Issued, Subscribed and Paid-up		
189,590,839 (as at March 31, 2020: 189,412,196) equity shares of ₹1 each fully paid	**189.59**	**189.41**

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

Particulars	As at 31.03.2021		As at 31.03.2020	
Equity shares with voting rights	No. of Shares	Value of Shares	No. of Shares	Value of Shares
At the beginning of the year	189,412,196	189.41	189,154,175	189.15
Add: Shares issued against Employee Stock Option Scheme/Plan	178,643	0.18	258,021	0.26
At the end of the year	**189,590,839**	**189.59**	**189,412,196**	**189.41**

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 ₹1.50/- per share was declared at the meeting of the Board of Directors held on February 02, 2021 and the same has been paid, (previous year 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 confirmed by the shareholders as final dividend for the financial year 2019-20).

Final dividend of ₹1.50/- per share is proposed for the year ended March 31, 2021. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, upon which the liability will be recorded in the books.

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

Name of the Shareholder	As at			
	31.03.2021		31.03.2020	
	No. of Shares held*	% of holding	No. of Shares held*	% of holding
Ambadi Investments Limited	56,054,244	29.57%	56,054,244	29.59%
HDFC Trustee Company Limited	16,061,550	8.47%	17,495,337	9.24%
SBI Mutual Fund	14,124,810	7.45%	11,803,727	6.23%

*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	
	31.03.2021	31.03.2020
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	320.24	288.56
d. General reserve	8175.43	7675.43
e. Share options outstanding account	78.74	62.75
f. Retained earnings	6504.52	5421.67
B. Items of Other Comprehensive Income		
g. Reserve for equity instruments	21.73	(24.52)
h. Revaluation Surplus	23.74	23.74
Total Other Equity	**15158.11**	**13481.34**

a. Profit on Forfeiture of shares/warrants

Particulars	As at	
	31.03.2021	31.03.2020
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	
	31.03.2021	31.03.2020
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	
	31.03.2021	31.03.2020
Balance at the beginning of the year	288.56	254.11
Movements	31.68	34.45
Balance at end of the year	**320.24**	**288.56**

The Securities premium received during the year represents the premium received towards allotment of 178,643 shares. Cumulatively 2,882,839 equity shares were allotted during the period FY 2009-10 to FY 2020-21 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	
	31.03.2021	31.03.2020
Balance at the beginning of the year	7675.43	7175.43
Transfer from retained earnings	500.00	500.00
Balance at end of the year	**8175.43**	**7675.43**

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	
	31.03.2021	31.03.2020
Balance at the beginning of the year	62.75	46.69
Movements	15.99	16.06
Balance at end of the year	**78.74**	**62.75**

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	
	31.03.2021	31.03.2020
Balance at the beginning of the year	5421.67	5019.34
Add: Profits for the year	1839.62	1913.25
Add: Other Comprehensive Income arising from remeasurement of defined benefit obligation net of tax	27.50	(122.51)
Less: Transfer to General reserve	(500.00)	(500.00)
Less: Final dividend paid	-	(236.51)
Less: Dividend tax on Final dividend	-	(30.31)
Less: Interim dividend paid	(284.27)	(520.75)
Less: Dividend tax on interim dividend	-	(100.84)
Balance at end of the year	**6504.52**	**5421.67**

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.

g. Reserve for equity instruments

Particulars	As at	
	31.03.2021	31.03.2020
Balance at the beginning of the year	(24.52)	26.61
Movements	46.25	(51.13)
Balance at end of the year	**21.73**	**(24.52)**

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	
	31.03.2021	31.03.2020
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.

14. Provisions

Particulars	As at	
	31.03.2021	31.03.2020
A. Non-current		
Employee benefits - Compensated absences	90.92	74.87
B. Current		
Employee benefits - Compensated absences	62.71	46.10

The movement represents the provision created for the year arising out of the actuarial valuation after considering the actual settlements made during the year.

15. Deferred tax liabilities (net)

Particulars	As at	
	31.03.2021	31.03.2020
Deferred tax liabilities (net)	84.06	116.68

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	2020-21			
	Balance as at 31.03.2020	Recognised in Profit & loss	Recognised in Other Comprehensive Income	Balance as at 31.03.2021
Breakup of deferred tax liabilities (net):				
Allowance for doubtful receivables and advances	(16.14)	(6.17)	-	(22.31)
Voluntary retirement scheme payments	(0.40)	(0.19)	-	(0.59)
Expenses allowed on payment basis	(42.49)	(8.52)	-	(51.01)
Accelerated depreciation for tax purposes	175.71	(17.74)	-	157.97
	116.68	**(32.62)**	-	**84.06**

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**

16. Trade payables

Particulars	As at	
	31.03.2021	31.03.2020
Total outstandings due to micro and small enterprises **(c)** - Refer Note: 32	14.40	7.76
Total outstanding dues of creditors other than micro enterprises and small enterprises	2093.29	1263.54
	2107.69	**1271.30**

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.

17. Other financial liabilities

Particulars	As at	
	31.03.2021	31.03.2020
Unsecured		
Unclaimed and Unpaid dividends **(a)**	18.20	19.22
Remuneration payable to Directors	20.31	24.78
Deposits	46.78	47.39
Payable relating to Capital expenditure	30.05	57.97
Other payables **(b)**	559.52	302.41
	674.86	**451.77**

(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

(b) Other payables includes fair value changes of a Financial instrument - Refer Note 26.

18. Other current liabilities

Particulars	As at	
	31.03.2021	31.03.2020
Contract Liabilities **(a)**	74.37	53.56
Statutory liabilities	11.65	8.77
Others	-	30.81
	86.02	**93.14**

(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	
	2020-21	2019-20
Revenue recognized that was included in the Contract liability balance at the beginning of the period	53.56	43.99
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.

19. Revenue from operations

Particulars	For the year	
	2020-21	2019-20
a. Sales/Income from Operations Refer Note : 29 "Segment Disclosure" for breakup of Sales		
Sale of products	16042.77	15730.18
Sale of services	450.69	500.45
	16493.46	**16230.63**
b. Other operating income		
Service income	70.08	79.91
Scrap Sales	56.85	61.29
Miscellaneous income		
- Export benefits	95.79	136.38
- Others	6.58	3.74
	229.30	**281.32**
Total Revenue from operations (a + b)	**16722.76**	**16511.95**

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	2020-21	2019-20
Gross Sales/Income from operations	16700.37	16460.13
Service income	70.08	79.91
Scrap Sales	56.85	61.29
Contract price	**16827.30**	**16601.33**
Less : Discount - Variable Consideration	206.91	229.50
Revenue recognized under Ind AS 115	**16620.39**	**16371.83**
Add: Miscellaneous income	102.37	140.12
Revenue from operations	**16722.76**	**16511.95**

20. Other Income

Particulars	For the year	
	2020-21	2019-20
(a) Dividend Income		
Dividend Income from Non-Current Investments		
Dividend from Subsidiaries	146.69	119.20
Dividend from Joint Ventures	93.23	170.08
Dividend from Associate	27.43	11.96
Dividend from Others	0.04	0.05
Dividend Income from Current Investments	2.90	31.74
	270.29	**333.03**
(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)	96.84	29.64
from other financial assets carried (at amortised cost)	6.09	6.26
	102.93	**35.90**

Particulars	For the year	
	2020-21	2019-20
(c) Net gain arising on financial assets mandatorily measured at Fair Value Through Profit or Loss [FVTPL] - (Refer Note: 6D(ii) & 6D(iii))	**3.26**	**-**
(d) Other Non operating income		
Profit on sale of assets	34.80	53.78
Profit on exchange fluctuation (net)	-	28.69
Reversal of allowance for doubtful receivables and advances	9.08	19.56
Provision for expenses no longer required written back	1.45	1.44
Rental income	1.87	0.87
	47.20	**104.34**
Total Other Income (a + b + c + d)	**423.68**	**473.27**

21. Changes in inventories of finished goods, stock-in-trade and work in progress

Particulars	For the year	
	2020-21	2019-20
Opening stock		
Work-in-progress	748.54	657.75
Stock-in-trade	85.69	125.57
Finished goods	936.51	691.47
(A)	**1770.74**	**1474.79**
Less: Closing stock		
Work-in-progress	719.18	748.54
Stock-in-trade	79.07	85.69
Finished goods	413.62	936.51
(B)	**1211.87**	**1770.74**
Decretion/(Accretion) to stock (A) - (B)	**558.87**	**(295.95)**

22. Employee benefits expense

Particulars	For the year	
	2020-21	2019-20
Salaries, wages and bonus	1492.70	1453.74
Contribution to provident and other funds	159.34	159.26
Voluntary retirement compensation	1.80	0.45
Share based payments to employees (ESOPs) - Refer Note: 36	15.99	16.06
Remuneration to Managing Director	15.78	24.31
Remuneration to Executive Director	-	12.74
Welfare expenses	276.07	292.30
	1961.68	**1958.86**

Remuneration to Managing Director includes

Particulars	For the year	
	2020-21	2019-20
Salaries & Allowances	9.53	15.95
Incentive *	3.97	5.47
Contribution to provident and other funds	2.28	2.89
(excludes gratuity, compensated absences and share based payments since employee-wise valuation is not available)		
	15.78	**24.31**
Value of perquisites (included under appropriate heads of accounts)	0.04	0.04

Remuneration to Executive Director includes

Particulars	For the year 2020-21	For the year 2019-20
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.

23. Finance costs

Particulars	For the year	
	2020-21	2019-20
Interest costs		
- on Fixed loans	-	0.03
- on lease liabilities	0.43	1.38
- on Others	0.02	0.07
Other borrowing costs	2.26	2.04
	2.71	**3.52**

24. Depreciation and amortisation expense

Particulars	For the year	
	2020-21	2019-20
Depreciation of property, plant and equipment - Refer Note: 4A	596.55	651.29
Depreciation of Right-of-use assets - Refer Note : 4B	2.16	5.40
Amortisation of intangible assets - Refer Note: 5	15.60	13.07
	614.31	**669.76**

25. Other expenses

Particulars	For the year	
	2020-21	2019-20
Consumption of stores and spares **(a)**	703.98	747.02
Power and fuel **(b)**	1671.15	1808.61
Rent	92.24	69.94
Rates and taxes	42.04	41.34
Insurance	33.09	22.06
Repairs to: **(c)**		
- Buildings	15.67	21.12
- Plant and equipment	422.11	497.11
Directors' Sitting fees (refer Corporate Governance report)	4.16	3.60
Commission to Non-wholetime Directors (refer Corporate Governance report)	16.34	16.83
Auditors' remuneration (Refer Note: 39)	8.59	7.95
Travel and conveyance	37.33	153.55
Freight, delivery and shipping charges	454.79	460.03

Particulars	For the year	
	2020-21	2019-20
Impairment loss on financial assets	14.99	8.87
Less: Provision adjusted	(14.99)	(8.87)
Allowance for doubtful receivables and advances	48.58	18.10
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	23.21	42.31
Advertisement and publicity	22.33	35.04
Printing, stationery and communication	22.31	34.73
Loss on exchange fluctuation (net)	33.69	-
Professional fees	30.27	66.78
Services outsourced	1106.48	1149.60
Loss on sale of assets	3.00	2.15
Miscellaneous expenses	131.05	160.57
	4922.41	**5360.35**

(a) Includes consumption of packing materials amounting ₹393.59 million (Previous year: ₹406.17 million)

(b) Net of own power generation, which includes energy banked with Kerala State Electricity Board - ₹NIL (Previous year: ₹44.85 million)

(c) Repairs includes consumption of stores and spares amounting to ₹245.17 million (Previous year: ₹299.72 million)

26. Exceptional items (net)

Particulars	For the year	
	2020-21	2019-20
Profit on divestment of marginal stake investments in an Associate, to comply with the Minimum Public shareholding requirement under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.	136.97	-
Fair value changes of a Financial instrument availed by a step down subsidiary	(249.15)	-
	(112.18)	

27. Income tax expense

Particulars	For the year	
	2020-21	2019-20
A. Income tax expense recognised in Profit and loss:		
a. Current tax		
In respect of the current year	637.50	577.50
	637.50	**577.50**
b. Deferred tax		
In respect of the current year	(32.62)	(36.02)
Adjustment to deferred tax attributable to changes in tax rates and laws	-	(59.31)
	(32.62)	**(95.33)**
Total Income tax expense recognised during the year (net)	**604.88**	**482.17**

Income tax reconciliation

Particulars	For the year	
	2020-21	2019-20
Profit before tax	**2444.50**	**2395.42**
Income tax expense calculated at the applicable tax rate of 25.168% on Profit before tax	615.23	602.88
Tax expenses recognised during the year	604.88	482.17
Differential tax impact	**(10.35)**	**(120.71)**
Differential tax impact due to the following (tax benefit)/tax expenses		
Exempted Dividend income - Net of disallowance	(68.00)	(61.43)
Dividend Income from Overseas Subsidiaries - Taxable at special rates	-	(4.51)
Expenditure on Corporate Social Responsibility not eligible for tax deduction	3.98	3.63
Movement in the fair valuation of the quoted Investment	(0.81)	0.48
Donations not allowable	11.24	(0.74)
Effect of changes in tax rate	-	(59.31)
Share based payments not eligible for tax deduction	4.02	4.04
Fair value changes of a Financial instrument - Refer Note: 26	62.67	-
Profit on sale of Investment - Refer Note: 26	(34.47)	-
Profit on sale of immovable properties	11.32	-
Others	(0.30)	(2.87)
	(10.35)	**(120.71)**
B. Income tax expense recognised in Other Comprehensive Income:	**-**	**-**

28. Earnings per share

Particulars	For the year	
	2020-21	2019-20
Basic earnings per share (₹)	9.71	10.11
Diluted earnings per share (₹)	9.70	10.10
The calculation of Basic and Diluted Earnings per share is based on the following data:		
Profits for the year after tax	1839.62	1913.25
Weighted average number of equity shares outstanding during the year:		
- Basic	189,450,426	189,246,630
- Dilutive	189,676,826	189,430,368

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	
	2020-21	2019-20
Weighted average number of equity shares used in the calculation of basic earnings per share	189,450,426	189,246,630
Shares deemed to be issued for no consideration in respect of:		
- Employee Stock Option Scheme/Plan	226,400	183,738
Weighted average number of equity shares used in the calculation of diluted earnings per share	189,676,826	189,430,368

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 , Human resources and Company Secretary 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, 2021 (in Indian Rupees million, unless otherwise stated)

Particulars	Abrasives		Ceramics		Electrominerals		Eliminations		Total	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
Sales										
External Sales	7922.75	7871.03	4835.14	4901.43	3284.88	2957.72			16042.77	15730.18
Sale of services	240.73	263.11	152.38	199.62	57.58	37.72			450.69	500.45
Inter segment sales	13.73	12.66	19.94	18.96	1053.19	1113.40	(1086.86)	(1145.02)	-	-
Sales / Income from Operations	**8177.21**	**8146.80**	**5007.46**	**5120.01**	**4395.65**	**4108.84**	**(1086.86)**	**(1145.02)**	**16493.46**	**16230.63**
Results										
Segment result - EBITDA	1396.96	1274.21	1233.49	1196.73	497.72	441.36			3128.17	2912.30
Depreciation/amortisation	(216.77)	(192.61)	(209.46)	(244.87)	(180.92)	(224.45)			(607.15)	(661.93)
Profit on sale of Fixed Assets (Net)	(1.40)	1.34	31.93	48.79	0.20	-			30.73	50.13
Unallocated corporate expenses/ (Income)									(368.84)	(268.58)
Interest expense									(2.71)	(3.52)
Interest and dividend income									373.22	368.93
Fair valuation of Investment									3.26	(1.91)
Exceptional items (net)									(112.18)	-
Profit before tax	**1178.79**	**1082.94**	**1055.96**	**1000.65**	**317.00**	**216.91**	**-**	**-**	**2444.50**	**2395.42**
Income taxes									(604.88)	(482.17)
Net profit after taxes									**1839.62**	**1913.25**
Other information:										
Segment assets	4058.37	4130.58	4161.13	3638.29	2787.68	3075.66			11007.18	10844.53
Unallocated corporate assets									7449.31	4885.55
Total assets	**4058.37**	**4130.58**	**4161.13**	**3638.29**	**2787.68**	**3075.66**			**18456.49**	**15730.08**
Segment liabilities	926.31	661.18	677.54	479.75	773.53	501.12			2377.38	1642.05
Unallocated corporate liabilities									731.41	417.28
Total liabilities	**926.31**	**661.18**	**677.54**	**479.75**	**773.53**	**501.12**	-		**3108.79**	**2059.33**
Addition to Non - Current assets	106.77	457.42	366.90	196.77	24.59	63.40				
Depreciation & Amortization	216.77	192.61	209.46	244.87	180.92	224.45				
Impairment losses	42.21	9.33	3.98	6.10	0.60	2.67				

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2021 (in Indian Rupees million, unless otherwise stated)

Particulars	Abrasives		Ceramics		Electro minerals		Eliminations/ Unallocable		Total	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
Revenue recognised under Ind AS 115										
Sales / Income from Operations	8177.21	8146.80	5007.46	5120.01	4395.65	4108.84	(1086.86)	(1145.02)	16493.46	16230.63
Service income	-	-	-	-	-	-	70.08	79.91	70.08	79.91
Scrap sales	32.45	35.72	19.96	22.32	5.77	3.96	(1.33)	(0.70)	56.85	61.29
Total	**8209.66**	**8182.52**	**5027.42**	**5142.33**	**4401.42**	**4112.80**	**(1018.11)**	**(1065.81)**	**16620.39**	**16371.83**
Revenue recognised under Ind AS 115 comprise of:										
- At the point in time	8209.66	8182.52	4989.63	5058.98	4401.42	4112.80	(1088.19)	(1145.72)	16512.52	16208.57
- Over the period	-	-	37.79	83.35	-	-	70.08	79.91	107.87	163.26
Total	**8209.66**	**8182.52**	**5027.42**	**5142.33**	**4401.42**	**4112.80**	**(1018.11)**	**(1065.81)**	**16620.39**	**16371.83**

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		Non-current assets	
	For the year		As at	
	2020-21	2019-20	31.03.2021	31.03.2020
India	12425.42	12260.39	4302.43	4393.81
Rest of the world	4068.04	3970.24	-	-
	16493.46	16230.63	4302.43	4393.81

Information about major customers:

No single customer contributed 10% or more to the Company's revenue during the years 2020-21 and 2019-20.

30. Contingent Liabilities and commitments

Particulars	As at 31.03.2021	As at 31.03.2020
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	324.90
ii. Central Sales Tax Act,1956 & Local Sales Tax laws of various states	25.07	33.40
iii. Central Excise Act,1944	8.40	2.94
iv. Goods and Services Tax	1.20	1.20
v. Customs Act, 1962	0.84	-
vi.Property Tax	10.60	10.60
b. Outstanding guarantees given on behalf of subsidiaries	249.00	550.76
c. Outstanding letters of credit	180.04	66.05
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	14.39	0.69
v. Additional Electricity Deposit Demand - Tamil Nadu Electricity Board	3.00	3.00
vi. Demand charges - TANGEDCO	-	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	**59.97**	**47.66**
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.		
B. Commitments		
Estimated amount of contracts remaining to be executed (net of advances):		
- Towards capital account	170.86	268.56

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	
	2020-21	2019-20
Account Head:		
Cost of materials consumed	-	8.25
Consumption of Stores and Spares	-	0.01
Salary, wages and bonus	-	13.84
Power and Fuel	-	0.32
Insurance	-	0.03
Rent	0.02	-
Travel and Conveyance	-	0.55
Freight, Delivery and Shipping charges	-	0.06
General Services	-	1.25
Repairs to Machinery	0.02	0.32
Rates and Taxes	-	2.89
Professional Fees	4.21	2.07
Miscellaneous Expenses	-	0.01
	4.25	**29.60**

32. Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Particulars	As at 31.03.2021	As at 31.03.2020
Principal amount remaining unpaid to suppliers (Refer Note: 16) 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.	14.40	7.76

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	2020-21	2019-20
Contribution to Provident fund and Other funds recognised in Profit and Loss for the year	128.46	134.97
Amounts outstanding as at the end of the respective year and paid subsequently	15.85	15.41

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, 2021 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, 2021, 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 31.03.2021	As at 31.03.2020
Discount rate	6.87%	6.89%
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 31.03.2021	As at 31.03.2020
i. Projected benefit obligation as at beginning of the year	357.62	289.43
Service cost	28.69	28.26
Interest cost	23.86	21.26
Remeasurement (gain)/ loss:		
Actuarial (gain)/loss arising from experience adjustments	(10.54)	51.58
Benefits paid	(22.51)	(32.91)
Projected benefit obligation as at end of the year	**377.12**	**357.62**
ii. Fair value of plan assets as at beginning of the year	267.96	269.12
Expected return on plan assets	19.38	20.92
Contributions	30.00	24.40
Benefits paid	(22.51)	(32.90)
Remeasurement gain/ (loss):		
Actuarial Gain /(losses) on plan assets	(0.36)	(13.58)
Fair value of plan assets as at end of the year	**294.47**	**267.96**
iii. Amount recognised in the Balance Sheet:		
Projected benefit obligation as at end of the year	377.12	357.62
Fair value of the plan assets at the end of the year	294.47	267.96
(Liability) / Asset recognised in the Balance sheet - net	**(82.65)**	**(89.66)**
iv. Cost of the defined benefit plan for the year:		
Current service cost	28.69	28.26
Interest on obligation	23.86	21.26
Expected return on plan assets	(19.38)	(20.92)
Components of defined benefit cost recognised in the Statement of Profit and Loss	**33.17**	**28.60**
(included in Note: 22 Contribution to Provident and other funds)		
Remeasurement on the net defined benefit liability:		
Actuarial (gain)/loss arising from changes in demographic assumptions	(10.54)	51.58
Actuarial (gain)/loss arising from changes in financial assumptions	0.36	13.58
Components of defined benefit costs recognised in Other Comprehensive Income	**(10.18)**	**65.16**
Total cost of the defined benefit plan for the year	**22.99**	**93.76**

v	Experience Adjustment	31.03.2021	31.03.2020
	Present value of defined benefit obligation	377.12	357.62
	Fair value of plan assets	294.47	267.96
	Balance sheet (Liability)/Asset	(82.65)	(89.66)
	P & L (Income)/expenses	33.17	28.60
	Experience adjustment on plan liabilities (gain)/loss	(10.54)	51.58
	Experience adjustment on plan assets (gain)/loss	0.36	13.58

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 ₹19.38 million for the year ended March 31, 2021 (for the year ended March 31, 2020: ₹20.92 million).

Sensitivity analysis in respect of the actuarial assumptions used in calculation of defined benefit obligation are given below:

Particulars	As at	
	31.03.2021	31.03.2020
Discount rate - 100 basis point higher	(349.91)	(330.91)
Discount rate - 100 basis point lower	408.11	388.09
Salary escalation rate - 100 basis point higher	405.47	384.67
Salary escalation rate - 100 basis point lower	(351.73)	(333.46)
Attrition rate - 100 basis point higher	379.06	360.09
Attrition rate - 100 basis point lower	375.09	(355.04)

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, 2021 is 15 years (as at March 31, 2020: 15 years).

The Company expects to make a contribution of ₹82.65 million (as at March 31, 2020: ₹89.65 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	
	31.03.2021	31.03.2020
Plan asset at the end of the year	1156.98	1040.85
Present value of benefit obligation at the end of the year	1197.01	1098.20
Surplus/(Deficit) available	(40.03)	(57.35)
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	
	31.03.2021	31.03.2020
Discount rate	6.87%	6.93%
Remaining term to maturity of portfolio (years)	5.54 years	5.31years
Expected guaranteed rate (%)	8.50%	8.50%
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	
	31.03.2021	31.03.2020
Discount rate - 100 basis point higher	(13.24)	(12.61)
Discount rate - 100 basis point lower	15.04	11.11
Guaranteed interest rate - 100 basis point higher	(39.87)	(49.91)
Guaranteed interest rate - 100 basis point lower	-	-
Current yield - 100 basis point higher	9.50	6.57
Current yield - 100 basis point lower	(18.80)	(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	
	31.03.2021	31.03.2020
In respect of Gratuity	10.18	(65.16)
In respect of Provident Fund	17.32	(57.35)
Total Credited / (debited) to Other Comprehensive Income	**27.50**	**(122.51)**

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	
	31.03.2021	31.03.2020
Debt (Long term borrowings, Short term borrowings & Current maturities of Long term borrowings)	-	-
Equity	15347.70	13670.75
Debt to Equity ratio	-	-

Lease liability amounting to ₹2.53 million (Previous year : ₹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 : 4B).

Loan covenants:

No covenants are applicable as of March 31, 2021.

Categories of financial instruments

Particulars	As at	
	31.03.2021	31.03.2020
A. Financial assets		
Measured at Fair Value Through Profit or Loss (FVTPL) - Mandatorily measured:		
- Equity and other investments	6.04	618.80
Measured at Amortised cost		
- Cash and bank balances	4654.44	1633.83
- Other financial assets (including trade receivable balances)	3380.54	2784.07
Measured at Fair Value Through Other Comprehensive Income (FVTOCI)		
- Investments in equity instruments designated upon initial recognition	93.46	47.21
Measured at Cost		
- Investments in Equity instruments in Subsidiaries, Joint Ventures and Associate	2407.81	2408.43
B. Financial liabilities		
Measured at amortised cost (including trade payable balances)	2785.08	1728.54

(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.

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, 2021 and March 31, 2020. 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	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
US Dollar (USD)	166.83	140.02	894.41	630.22
Euro (EUR)	46.58	66.12	202.67	205.25
Great British Pound (GBP)	-	-	0.19	0.31
Japanese Yen (JPY)	0.21	0.22	1.69	0.07
Chinese Yuan(CNY)	-	2.31	-	-
Australian Dollar (AUD)	4.45	-	-	-
Swedish Kroner (SEK)	10.27	-	-	-

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 31.03.2021		As at 31.03.2020	
		Number of contracts	Value	Number of contracts	Value
Import payment	USD	-	-	1	5.82
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 31.03.2021		As at 31.03.2020	
	Profit or loss	Equity	Profit or loss	Equity
US Dollar (USD)	54.45	54.45	37.12	37.12
Euro (EUR)	11.68	11.68	11.53	11.53
Great British Pound (GBP)	0.01	0.01	0.02	0.02
Japanese Yen (JPY)	0.11	0.11	(0.01)	(0.01)
Chinese Yuan(CNY)	-	-	(0.17)	(0.17)
Australian Dollar (AUD)	(0.33)	(0.33)	-	-
Swedish Kroner (SEK)	(0.77)	(0.77)	-	-
Total	**65.15**	**65.15**	**48.49**	**48.49**

The Company's sensitivity impact to foreign currency has increased during the current year end mainly due to the increase in quantum of exposure in USD 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 2021, does not carry any loans with variable interest.

Classification of borrowings by nature of interest rate	As at	
	31.03.2021	31.03.2020
Borrowings at variable interest rate		
- Non - Current	-	-
- Current	-	-
Borrowings at fixed interest rate		
- Non - Current	-	-
- Current	-	-
Total Borrowings	**-**	**-**

Since there are no non-current borrowings on variable interest rate as on 31st March 2021 & 2020, 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

TThe 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 2021 is ₹21.73 million (31st March 2020: ₹(24.52) 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, 2021	As at March 31, 2020
Increase by 5%	4.11	1.80
Decrease by 5%	(4.11)	(1.80)

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 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 2021:

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	1.73		1.72	0.16		1.88
Current financial liabilities						
Lease liabilities	0.80	0.96				0.96
Trade payables	2107.69	2107.69				2107.69
Other financial liabilities	674.86	674.86				674.86

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

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 2021:

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	134.53		63.33		71.20	134.53
Current financial assets						
Trade receivables	3177.16	3177.16				3177.16
Advance to employees	10.70	10.70				10.70
Other financial assets	58.15	58.15				58.15

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

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 31.03.2021			As at 31.03.2020		
		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)	-
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 31.03.2021	As at 31.03.2020
Unsecured cash credit and other borrowings facility		
Amount used	-	-
Amount unused	460.00	1465.85
	460.00	**1465.85**
Secured cash credit and other borrowings facility		
Amount used	-	-
Amount unused	1070.00	1450.00
	1070.00	**1450.00**
Total facilities		
Amount used	-	-
Amount unused	1530.00	2915.85
	1530.00	**2915.85**

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):

Financial assets/financial liabilities	Fair Value as at		Fair value hierarchy	Valuation techniques & key inputs used
	31.03.2021	31.03.2020		
Investments in quoted equity instruments at FVTOCI	82.16	35.91	Level 1	Quoted bid price in an active market **(a)**
Investments in quoted instruments at FVTPL	5.86	618.62	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 31.03.2021		As at 31.03.2020	
		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	134.53	128.64	133.80	127.90
Current financial assets					
- Trade receivables	Level 2	3177.16	3177.16	2593.42	2593.42
- Advances to employees	Level 3	10.70	10.70	13.29	13.29
- Other advances	Level 3	58.15	58.15	43.56	43.56
Financial liabilities held at amortised cost					
Non-current financial liabilities					
- Lease liabilities	Level 3	1.73	1.73	2.47	2.47
Current financial liabilities					
- Lease liabilities	Level 3	0.80	0.80	3.00	3.00
- Trade payables	Level 2	2107.69	2107.69	1271.30	1271.30
- Other financial liabilities	Level 3	674.86	674.86	451.77	451.77

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 31.03.2021			As at 31.03.2020		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
Financial Assets						
Non-Current						
Investments	6.04	93.46	-	2.78	47.21	-
Other financial assets	-	-	134.53	-	-	133.80
Current						
Other Investment	-	-	-	616.02	-	-
Trade receivables	-	-	3177.16	-	-	2593.42
Cash and Cash equivalent	-	-	2548.25	-	-	1614.61
Bank balances other than above	-	-	2106.19	-	-	19.22
Other financial assets	-	-	68.85	-	-	56.85
	6.04	**93.46**	**8034.98**	**618.80**	**47.21**	**4417.90**
Financial Liabilities						
Non-Current						
Lease liabilities	-	-	1.73	-	-	2.47
Current						
Lease liabilities	-	-	0.80	-	-	3.00
Trade payables	-	-	2107.69	-	-	1271.30
Other financial liabilities	-	-	674.86	-	-	451.77
	-	-	**2785.08**	-	-	**1728.54**

Non-Current Investment amounting ₹2407.81 million (Previous year: ₹2408.43 million) 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 Limited	[CAPL]
CUMI International Limited	[CIL]
Holding through subsidiary:	
Volzhsky Abrasive Works	[VAW]
Foskor Zirconia (pty) Limited	[Foskor]
CUMI America Inc.	[CAI]
CUMI Middle east FZE	[CME]
CUMI Abrasives & Ceramics Company Limited	[CACCL]
Thukela Refractories Isithebe Pty Limited*	[TRIL]
CUMI Europe s.r.o	[CE]

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

Joint Ventures	
Murugappa Morgan Thermal Ceramics 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 Ltd (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	

* In July 2020, the Company's wholly owned step down subsidiary, M/s. Thukela Refractories Isithebe Pty Limited, South Africa (TRI), (subsidiary of M/s. CUMI International Limited, Cyprus) ceased to be a step down subsidiary of the Company consequent to the approval of its voluntary de-registration by the Companies and Intellectual Property Commission (CIPC), South Africa.

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2021 (in Indian Rupees million, unless otherwise stated)

A. Transactions during FY 2020-21

Related Party	Income from Sales & Services	Royalty 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	463.68	-	-	0.40	-	-	-	-	-	-	-
Net Access	1.46	-	20.00	-	-	24.39	-	-	-	0.37	-
Sterling	160.35	-	19.44	0.87	-	-	-	-	-	-	-
Sedco	3.08	-	35.09	-	173.00	-	-	-	-	-	-
CAPL	282.21	2.76	72.16	-	-	-	-	-	-	-	-
CME	68.48	-	-	-	-	-	-	-	1.38	-	-
Foskor	-	-	-	26.55	-	-	-	-	-	-	-
CACCL	76.47	-	-	60.10	-	-	-	-	-	-	-
VAW	30.77	-	-	551.60	-	-	-	-	-	-	-
Total	**1086.50**	**2.76**	**146.69**	**639.52**	**173.00**	**24.39**	**-**	**-**	**1.38**	**0.37**	**-**
Joint Ventures											
MMTCL	44.72	-	57.23	7.35	-	-	-	-	-	-	-
Ciria	45.57	-	36.00	-	-	-	-	-	-	-	-
Total	**90.29**	**-**	**93.23**	**7.35**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Associate & its Subsidiaries											
Wendt	25.19	-	27.43	13.58	-	-	5.52	-	-	15.47	-
WGTL	47.55	-	-	3.79	-	-	-	-	-	-	-
Total	**72.74**	**-**	**27.43**	**17.37**	**-**	**-**	**5.52**	-	-	15.47	-
Other related parties											
PEIL	-	-	-	-	-	7.92	-	-	-	-	-
CUEPF	-	-	-	-	-	-	-	-	-	-	136.72
Total	-	-	-	-	-	**7.92**	-	-	-	-	**136.72**
KMP											
AN	0.02	-	-	-	-	-	-	15.82	-	-	-
Total	0.02	-	-	-	-	-	-	**15.82**	**-**	-	-
Grand Total	**1249.55**	**2.76**	**267.35**	**664.24**	**173.00**	**32.31**	**5.52**	**15.82**	**1.38**	**15.84**	**136.72**

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2021 (in Indian Rupees million, unless otherwise stated)

B. 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, 2021 (in Indian Rupees million, unless otherwise stated)

C. Outstandings

Related Party	As at 31.03.2021				As at 31.03.2020			
	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	203.11	-	0.37	-	218.94	-	0.48	339.26
Net Access	1.30	-	1.44	-	0.53	-	1.06	-
Sterling	29.39	-	0.48	-	22.32	-		-
Sedco	1.52	-	17.42	-	0.27	-	12.97	-
CAPL	29.24	-	-	-	9.50	-	-	-
CME	37.06	-	0.58	-	45.81	-	1.32	-
Foskor	-	-		249.00	-	-	-	211.50
CACCL	70.41	-	8.29	-	73.77	-	9.18	-
VAW	3.87	-	92.40	-	-	-	129.93	-
Total	**375.90**	**-**	**120.98**	**249.00**	**371.14**	**-**	**154.94**	**550.76**
Joint Ventures								
MMTCL	6.50	-	1.73	-	12.81	-	1.92	-
Ciria	11.24	-	-	-	2.14	-	-	-
Total	**17.74**	**-**	**1.73**	**-**	**14.95**	**-**	**1.92**	**-**
Associate & its Subsidiaries								
Wendt	26.73	1.00	7.92	-	39.43	1.00	4.15	-
WGTL	4.48	-	1.33	-	0.54	-	-	-
Total	**31.21**	**1.00**	**9.25**	**-**	**39.97**	**1.00**	**4.15**	**-**
Other related parties								
PEIL	-	-	0.16	-	-	-	1.63	-
CUEPF	-	-	12.01	-	-	-	11.45	-
Total	**-**	**-**	**12.17**	**-**	**-**	**-**	**13.08**	**-**
Grand Total	**424.85**	**1.00**	**144.13**	**249.00**	**426.06**	**1.00**	**174.09**	**550.76**

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.

D. Compensation to Key Management Personnel

The remuneration to Key Management Personnel for the years is given below:

Particulars	As at			
	31.03.2021	31.03.2020		
	AN	KS	AN	Total
Short term benefits	13.50	16.72	4.70	21.42
Post employment benefits	2.28	2.10	0.79	2.89
Other benefits	0.04	0.02	0.02	0.04
Total	**15.82**	**18.84**	**5.51**	**24.35**
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 01.04.2020	-	-	-	-	75,886	-	-	92,560	48,857
(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				-	75,886	-	-	13,360	26,777
(vii)	Options lapsed during the year	-	-	-	-	-	-	-	-	
(viii)	Options outstanding as on 31.03.2021	-	-	-	-	-	-	-	79,200	22,080
(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, 2021.										
(ix)	Options vested but not exercised as at 01.04.2020	-	-	-	-	75,886	-	-	92,560	48,857
(x)	Options vested but not exercised as at 31.03.2021 (x) = (ix) + (v) - (vi) - (vii)	-	-	-	-	-	-	-	79,200	22,080

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 percent each on expiry of 1 and 2 years from the date of grant and 30 percent each on expiry of 3 and 4 years from the date of grant. Grant IIA : 25 percent 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 percent on expiry of 1 year from the date of grant and 50 percent 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 2021

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	822,824	301.71	386,272	19,344	50,870	36,940	50,870	73,880	1,11,528	93,120
2	Options Granted during the year	-	-	-	-	-	-	-	-	-	-
3	Options cancelled during the year	50,870	361.90	-	-	-	-	50,870	-	-	-
4	Options Forfeited / Surrendered during the year	-	-	-	-	-	-	-	-	-	-
5	Options Lapsed during the year	-	-	-	-	-	-	-	-	-	-
6	Options Exercised during the year	62,620	259.71	60,370	-	-	-	-	2,250	-	-
7	Total number of shares arising as a result of exercise of options	62,620	-	60,370	-	-	-	-	2,250	-	-
8	Money realised by exercise of options (₹ in million)	16.26	-	15.55	-	-	-	-	0.71	-	-
9	Number of Options outstanding at the end of the year	709,334	301.11	325,902	19,344	50,870	36,940	-	71,630	111,528	93,120
10	Number of Options exercisable at the end of the year	482,545	285.32	325,902	19,344	35,609	14,776	-	12,526	55,764	18,624

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	137,880	313.70	68,940	-	-	68,940	-	-	-	-
4	Options Forfeited / Surrendered during the year	-	-	-	-	-	-	-	-	-	-
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	-	-	-

III. Weighted Average remaining contractual life

Range of Exercise Price	As at 31.03.2021		As at 31.03.2020	
	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	325,902	3.63	386,272	4.61
301 to 400	383,432	5.43	436,552	6.41

	Particulars	2020-21	2019-20
IV	Exercise price equals market price Weighted average Fair Value of Options granted during the year	NA	90.92
V	The weighted average market price of Options exercised during the year	499.05	NA

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	
	2020-21	2019-20
1. Risk Free Interest Rate (%)	NA	6.14
2. Expected Life(in years)	NA	3.59
3. Expected Volatility (%)	NA	27.96
4. Dividend Yield (%)	NA	0.85
5. Exercise Price	NA	326.43
6. Price of the underlying share in market at the time of the Option grant (₹)	NA	326.43

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	2020-21	2019-20
Employee Option plan expense	15.99	16.06

37. a. Value of Imports on CIF basis

Particulars	For the year	
	2020-21	2019-20
Raw materials	3310.82	3062.30
Components & Spare parts	77.11	187.08
Stock in Trade	381.96	480.06
Capital goods	212.51	199.09

37. b. Expenditure in foreign currency (on cash basis)

Particulars	For the year	
	2020-21	2019-20
Professional / Consultancy fees	24.14	22.98
Commission	13.64	3.31
Travel and other matters	31.88	41.85

38. Earnings in foreign exchange on account of

Particulars	For the year	
	2020-21	2019-20
Value of exports on FOB basis	3549.06	3911.67
Royalty	2.76	4.05
Dividend	72.16	56.35
Management fees	21.68	22.74

39. Auditors' Remuneration

Particulars	For the year	
	2020-21	2019-20
Statutory audit	3.65	3.65
Tax Audit	0.90	0.90
Other services	3.98	3.18
Out of pocket expenses	0.08	0.22
	8.61	**7.95**

40. Research and Development expenditure

Particulars	For the year	
	2020-21	2019-20
a) Revenue Expenditure (disclosed under the respective heads)		
Direct Material, Supplies and Consumables	42.63	45.62
Employee Benefit Expenses	68.64	70.95
Repair & Maintenance	5.81	6.86
Other Expenses	14.80	30.81
Depreciation	13.62	15.77
Total	**145.50**	**170.01**
b) Capital Expenditure		
Property, plant and equipment		
Buildings	0.57	2.69
Plant and equipment	6.25	15.61
Furniture and fittings	3.30	-
	10.12	**18.30**
Intangibles	-	-
Total	**10.12**	**18.30**
Capital Work-in-Progress (CWIP)	4.78	-
Total Capital Expenditure (including CWIP)	**14.90**	**18.30**

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	
		31.03.2021	31.03.2020
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 (a)	India	37.50%	39.87%

(a) During the current year, divestment of marginal stake investments in an Associate to comply with the Minimum Public shareholding requirement under the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.

42. Donations given to Political parties during the year

Particulars	For the year	
	2020-21	2019-20
Communist Party of India (Marxist)	0.05	0.33
Congress Committee Ernakulam	0.30	0.20
Triumph Electoral Trust	-	10.00
Communisit Party of India	0.08	-
Indian National Congress	0.05	-
Bharathiya Janatha Party	0.02	-
Total	**0.50**	**10.53**

43. Corporate Social Responsibility (Refer Corporate Social Responsibility Report)

During the year, the Company incurred an aggregate amount of ₹57.90 million (Previous year: ₹38.99 million) towards corporate social responsibility against the amount of ₹41.76 million (Previous year: ₹37.87 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 ₹20 million contributed through agency towards relief for COVID - 19.

The details of the CSR spend is given below:	For the year	
	2020-21	2019-20
A. Expenditure incurred directly by the Company		
Skill Centre Development - Revenue expenditure	15.77	14.44
B. Expenditure incurred through Agencies		
AMM Foundation	16.88	14.70
Shri A.M.M Murugappa Chettiar Research Centre	4.00	8.70
Hosur Industrial Association	1.25	1.00
PM Cares Fund	20.00	-
Sathya Sai Health and Educational Trust	-	0.15
Total	**57.90**	**38.99**

44. Impact of COVID-19 pandemic

The Covid 19 pandemic is unprecedented and measures to contain it has caused significant disturbances and slowdown of economic activity. The Company's operations & financial results for the first quarter have been adversely impacted due to scaling down / suspension of operations across all plants due to supply chain constraints, shortage of workforce and various safety measures taken across all areas of operations.

The operations were resumed gradually and has revived at a better pace as the year progressed. The Company has relied on the available information and assumptions, as at the date of approval of these financial results, to arrive at its estimates. The Company continues to monitor the economic effects of the pandemic while taking steps to improve its execution efficiencies and the financial outcome.

45. 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.

46. 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.

47. 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 April 28, 2021.

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

Concept & Design
HASTRA

murugappa

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