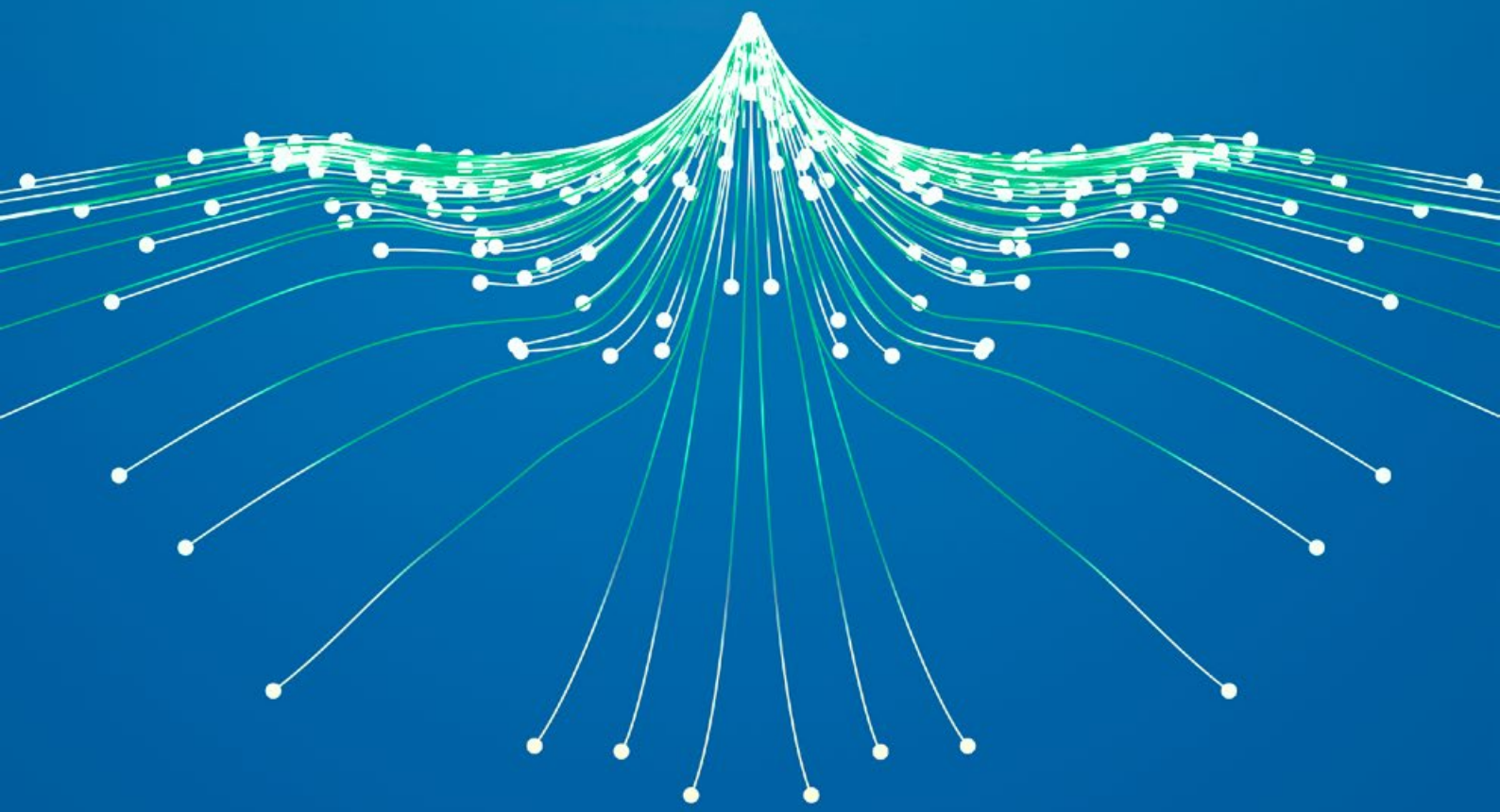
murugappa

CUMI

Forging New Paths

Carborundum Universal Limited
Annual Report 2021-22



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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.'

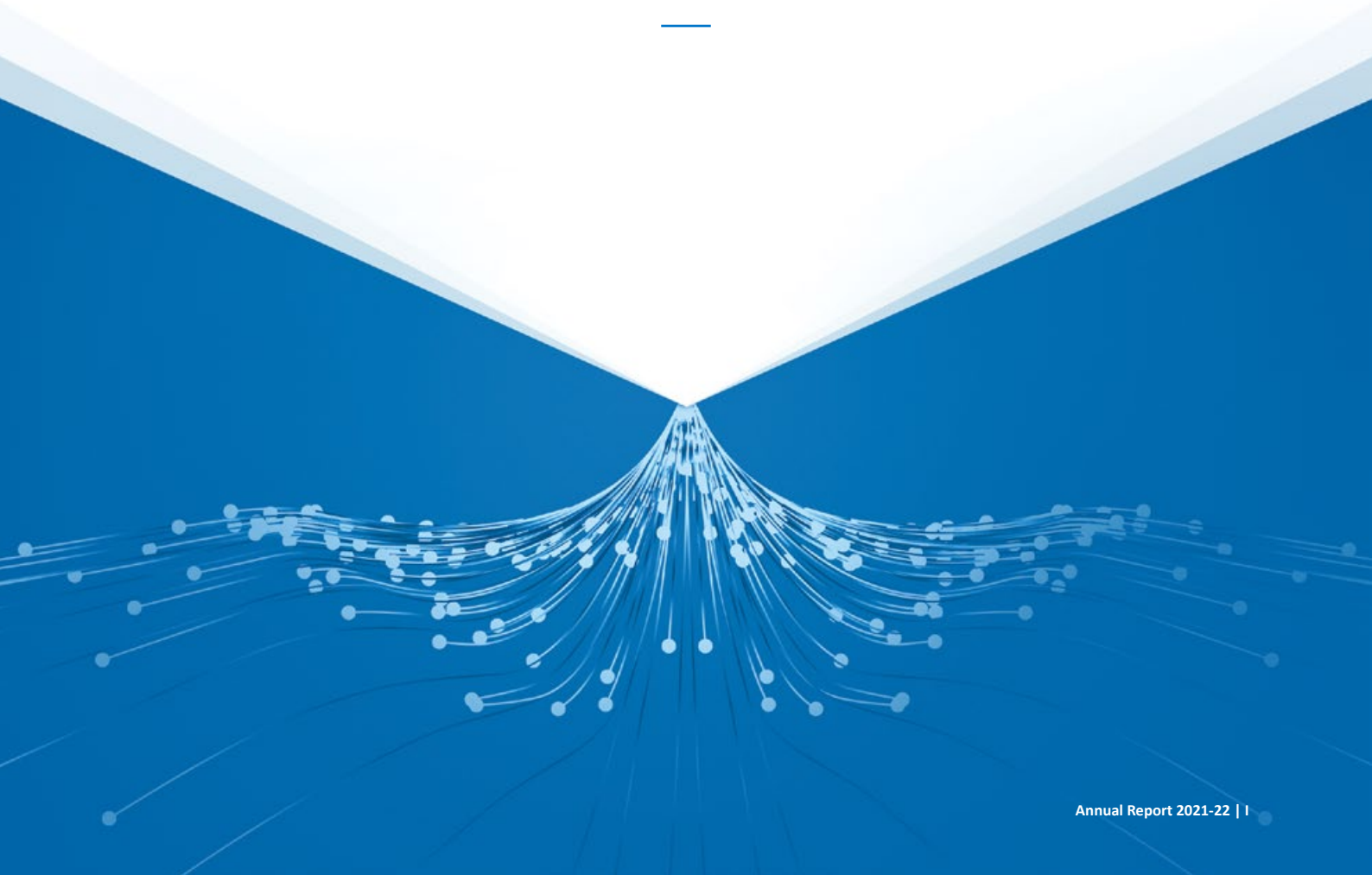
While these forward-looking statements represent the Company's judgements and future expectations, a number of factors could cause actual developments and results to differ materially from expectations. The Company undertakes no obligation to publicly revise any forward-looking statements to reflect 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.

FORGING NEW PATHS

In the 1860s, when the Swiss chemist Friedrich Miescher discovered the double helix structure, he stumbled upon something defining for humankind. In 1943, this discovery of the DNA's structure played a crucial role in determining genetic inheritance.

CUMI's genetic inheritance began as a tripartite joint venture in 1954. Over the next six decades, CUMI's journey has been enriched by strategic mergers and acquisitions. Connections and collaborations have become a catalyst for greater synergies.

When the pandemic posed unprecedented challenges and offered fresh opportunities, we used what makes us unique with courage and conviction to forge new paths in materials and geography. While materials science is where it all begins, our DNA plays a defining role in scripting our growth story. Ahead is our path of transformation, growth and multitudes of possibilities.



CARBORUNDUM UNIVERSAL LIMITED

PURPOSE

Engineering materials science solutions for a sustainable planet

VISION

We will be an admired company in materials science driven by innovation to create stakeholder wealth

MISSION

2X growth in topline and 3X growth in bottom line by 2025

OUR VALUES

The Spirit of the Murugappa Group

The light of
INTEGRITY
that gives us the courage to always do the right thing

The light of
RESPONSIBILITY
that gives us the humility to think about the world around us

The light of
PASSION
that provides us with the desire to win

The light of
RESPECT
that inspires people around us to perform

The light of
QUALITY
which makes us dream of excellence

These **five lights** guide us as we navigate through professional and personal decisions.

COMPANY OVERVIEW

CUMI is part of the 120-year old Murugappa Group, one of India's leading business conglomerates. CUMI started as an Abrasives company in 1954. With value chain integration, CUMI has expanded its portfolio to become a Mines to Market Company with integrated operations including mining, power generation, fusion, manufacturing, marketing, and distribution.

As an organisation with a legacy of over six decades, CUMI has carefully nurtured and built businesses across geographies and cultures. CUMI operates as a Glocal player – a global vision that preserves the local ethos. This vision comes from a deep-rooted commitment to create environments and opportunities that allow local regions to flourish. Whether in India or around the world, these long-standing relationships and networks have enabled us to become who we are today – a leading materials science engineering company. The CUMI network also creates a wealth of opportunities for employees to experiment, learn, innovate, and contribute to business and their communities.

CUMI is focused on being a world-class solutions provider in Abrasives, Electrominerals, Industrial Ceramics, Super Refractories and Energy Storage Materials. At the heart of everything we do, we are committed to 'Making Materials Matter'.

Established as a tripartite joint venture in 1954

Over 6 decades of business

Consolidated revenue of ₹32896 million and PAT of ₹3334 million in FY 2021-22

Listed on National Stock Exchange and Bombay Stock Exchange

Presence in 6 continents

One of the largest producers of Silicon Carbide grains worldwide

One of the market leaders in abrasives, in India and Russia

One of the largest producers of the full range of electrominerals worldwide

World's second-largest player in metallized cylinders

Created 25 Intellectual Property Rights (4 patents; 9 trademarks; 12 designs) in FY 2021-22

HOW WE CREATE SOLUTIONS

OUR RANGE OF SOLUTIONS

ABRASIVES	ELECTROMINERALS	CERAMICS	NEW AGE MATERIALS
Sheets & Rolls	Brown Fused Alumina	Grinding Media	Phase Change Materials
Precision Abrasives	White Fused Alumina	Wear Resistant Solutions	Speciality Polymers
Metal, CBN & Diamond Wheels	Silicon Carbide	Lined Equipment	Graphene
Machines	Alumina Zirconia	Technical Ceramics	High Purity Silicon Carbide
Power Tool Accessories	Ceramic Alumina	Metallized Ceramics	
Metal Working Fluids	Fine Ceramic Powders	Refractory Shaped Products	
		Monolithic & Precast Shapes	
		Glass & Carbon Fibre Composites	
		Acid Resistant Linings	
		Industrial Flooring Solutions	

APPLICATION INDUSTRIES

- Abrasives
- Adhesives and Sealants
- Auto Components
- Automobile
- Bearing
- Carbon Black
- Cement
- Ceramics
- Chemical Processing
- Cold Chain Storage & Logistics
- Construction
- Cutting Tools
- Defence
- Electric Vehicles
- Electrical
- Electronics
- Fertilizers
- Iron and Steel
- General Engineering
- Glass
- Heat Treatment
- HVAC
- Metallurgy
- Mineral Processing
- Non Ferrous
- Nuclear
- Paints
- Petrochemicals
- Power
- Pulp & Paper
- Railways
- Renewables
- Semi Conductors
- Solid Oxide Fuel Cells
- Space

CUMI MILESTONES

1955: Jayachamarajendra Wadiyar, the Maharaja of Mysore, inaugurates CUMI's Coated Abrasives plant

1954-1963

- Incorporated Carborundum Universal Limited (CUMI)
- Established Coated Abrasives facility Ajax Products Pvt Ltd
- Set up Bonded Abrasives facility in Chennai, India
- Commenced bauxite mining in Bhatia, Gujarat, India

1964-1973

- Began manufacturing super refractories in Chennai, India
- Commissioned Brown Fused Alumina plant in Edapally, India
- Started bauxite calcination in Okha, India

1974-1983

- Acquired Eastern Abrasives Limited, Calcutta, India
- Commissioned Bonded Abrasives plant in Hosur, India
- Signed JV with Morgan for MMTCL

1984-1994

- Expanded Bonded Abrasives plant in Hosur, India
- Set up SiC plant at Koratty
- Commissioned Refractories plant in Ranipet, India
- Set up Industrial Ceramics plant in Hosur, India
- Acquired 40% interest in Wendt (India) Ltd

1994-2004

- Commissioned 12 MW Hydel project at Kerala, India
- Commissioned White Fused Alumina plant in Edappally, India
- Acquired Sterling Abrasives Limited, Ahmedabad, India
- Acquired & merged Cutfast Abrasive Tools Limited
- Established CUMI America Inc, USA & CUMI (Australia) Pty Ltd
- Set up SEDCO, a 5.5MW natural gas-based power plant
- Expanded Super Refractories facility in Ranipet, India
- Acquired Prodorite Anti-Corrosives Limited
- Initiated TQM drive across the Company

2004-2013

- Set up plants for SiC, Micro grits, Sol-gel and Alumina Zirconia in Cochin, India
- Acquired Volzhsky Abrasive Works, Russia
- Commissioned state-of-the-art Coated Abrasives plant in Sriperumbudur, India
- Acquired & merged the Monolithic Refractory facility in Jabalpur, India
- Signed JV with Foskor for Foskor Zirconia (Pty) Ltd, South Africa
- Set up state-of-the-art Super Refractories Plant II in Serkadu, India
- Expanded Industrial Ceramics & METZ 1.0

Graphene, the material of the future

2014-PRESENT

- Set up Maker 2.0 Coated Abrasives Plant, Sriperumbudur, India
- Expanded Industrial Ceramics (METZ 2.0 & 2.5) in Hosur, India
- Commissioned three fusion plants at the Electromineral complex in Cochin, India
- Recognised by JIPM for Excellence in TPM Consistency/TPM Excellence (Category 'A')
- Established Graphene manufacturing capacity
- Set up Lined Equipment 2.0 Facility in Hosur, India
- Expanded SiC Capacity in VAW, Russia
- Acquired PLUSS in India, and AWUKO & RHODIUS in Germany

CHAIRMAN'S MESSAGE

Dear Shareholders,

It has been a year of cautious optimism for CUMI, and I am immensely pleased to share the highlights of FY 2021-22. The year commenced in the background of the second wave of the Covid pandemic, reckoned to be the deadliest wave affecting the globe. Yet, the impact on the economy and business operations was not as devastating as the first wave owing to preparedness, the shield of vaccination, coupled with less severe lockdown conditions imposed by States balancing the health of its citizens and economy.

While the economy was on a revival path, the fear of the pandemic's third wave and the emergence of the geopolitical crisis due to the intensified Russia - Ukraine conflict put the global economy back into a volatile condition towards the end of the year. Today, global growth is expected to decelerate against the backdrop of continuing disruption caused by Covid and supply bottlenecks. The rebound in the global activity, together with supply chain disruption, and higher food-energy prices, have pushed up inflation in many countries. However, unlike the rest of the world, the risk for India is predicted to be lower, backed up by strong national policies and the resilience demonstrated in the last few years.

Despite the challenging and volatile conditions, the year 2021-22 has been a milestone for CUMI. After a decade-long hiatus, we at CUMI, decided to forge ahead in our inorganic growth path. The CUMI team has been able to complete three acquisitions, in line with its long term plans - one domestic and two international. The acquisitions of PLUSS, AWUKO and RHODIUS Abrasives reaffirm our ability to thrive in tough volatile conditions. We look forward to growing stronger by synergising the strengths of each other.

Organic growth has been encouraging. The demand side has been strong across businesses with most of the economies coming back post the pandemic and the standalone revenues have grown by 33%

and consolidated revenues by 26% showing a significant improvement in profitability at both levels. The results have been driven by improved performance across all businesses throughout the year through enhanced efficiencies backed by volume, realisation growth, and higher capacity utilisation. The significantly improved performance of the subsidiaries aided in the accelerated consolidated performance. The Company spent over ₹1705 million towards Capex which was fully funded by internal accruals. Also, internal accruals funded the three acquisitions made during the year, aggregating to an investment of about ₹6600 million. This is a valid testimony to the prudent and efficient liquidity management and robust cash flow position.

Despite increased cash outflows during the year to support the improved performance, capex and acquisitions, the Board of Directors have recommended a final dividend of ₹2 per share. Together with the interim dividend of ₹1.50 per share paid earlier during the year, the total dividend aggregates to ₹3.50 per share, which is higher than the previous year dividends.

Abrasives

The Abrasives business recorded a 29% revenue growth during the year at standalone and consolidated levels, backed by improved volumes, margin and better product mix. While the business concentrated on building further on its strong distribution leadership, its focus on retail development also sharpened. At a consolidated level, the business was well supported by CUMI America and Volzhsky Abrasives, the American and Russian subsidiaries. Sterling Abrasives, the subsidiary in Gujarat, recorded a stellar performance for its agro-processing products, driven by higher agriculture acreage during the year and new product development. Wendt (India) Limited, a joint venture company, also registered its highest-ever revenue growth – 38% in the Super Abrasives business and 22% in Non-Super Abrasives and Machines business. However, in the backdrop of the continuing pandemic conditions and other operational constraints posing limited opportunities for CUMI Abrasives and Ceramics Limited, the subsidiary in China, the Board of the subsidiary is reviewing the continuation of its operations.

Electrominerals

The revenue at the consolidated level grew by 23%. Maximising opportunities in India, backed by timely capacity enhancements and swift alternate product development, the standalone business grew its revenues by more than 40%. The Russian Subsidiary – Volzhsky Abrasives Works registered a double-digit growth (in Roubles) despite the challenges faced in the last quarter owing to the intensified Russia - Ukraine conflict. Under the able local leadership, the subsidiary continues to run its operations with a greater focus on local demand. In the Electominerals business, Foskor Zirconia (Pty) Ltd, the South African subsidiary, made a significant turnaround in its performance, registering a double-digit growth on the back of increased demand and improving its operational efficiencies and tightening its sales and distribution process.

Ceramics

The Ceramics business represented by Industrial Ceramics and Refractories & Composites grew by 27% at a consolidated level, with subsidiaries in Australia and America registering growth despite challenging business conditions, including the logistic issues and cost challenges. CUMI (Australia) Pty Limited, the Australian subsidiary continued to grow its revenues and profits notwithstanding the trade tensions and adverse logistic conditions. In addition, the standalone business, which is largely export-oriented in Industrial Ceramics and projects in Refractories, grew by a solid 32%, signifying strong international and domestic business capabilities.

Other subsidiaries and associates

CUMI invested ₹1150 million to acquire 72% equity stake in PLUSS Advanced Technologies Private Limited (PLUSS) during October 2021. PLUSS and its wholly-owned subsidiary in the Netherlands became the subsidiaries of CUMI under this acquisition. PLUSS is a speciality materials research and manufacturing company engaged in phase change materials for thermal storage and speciality polymeric additives. It is a niche technology company with good growth prospects, and the acquisition is in line with our long-term goal of pursuing opportunities that leverage materials

sustainability. Furthermore, phase change materials is a growing technology with versatile applications in pharma cold chain, refrigeration & food supply chain, medical devices, buildings, and HVAC applications, offering good future opportunities.

In February 2022, according to an asset purchase agreement executed in December 2021 with the Insolvency administrator of AWUKO Wandmacher GmbH & Co. KG, Germany, a Company undergoing insolvency proceedings, the main assets including land & building, plant & machinery, fixed assets, leased assets, brands & trademark, patent, technical know-how and other intangible assets excluding cash and receivables had been acquired by CUMI for Euro 8 million. AWUKO is a 120-year-old leading brand in Coated Abrasives. Besides being one of the market leaders in leather and wood applications, AWUKO has a strong presence in metal and lacquer applications. AWUKO's makers with wide-width capabilities will provide a competitive advantage for CUMI. Backed by an experienced process and application engineering team, AWUKO's distribution base will help CUMI access European markets. However, considering the operational challenges AWUKO has had as an entity prior to the asset purchase leading up to the insolvency process, the stabilisation of the operations is expected to take some time.

February 2022 also marked the execution of a share purchase agreement for acquiring all shares in RHODIUS Schleifwerkzeuge Verwaltungsgesellschaft mbH (RQS GmbH) and all limited partners' interest in RHODIUS Schleifwerkzeuge GmbH & Co. KG (RQS KG) (together RHODIUS Abrasives) from M/s. Gebrüder Rhodius GmbH & Co. KG for an enterprise value of Euro 55 million. The change in control to RHODIUS Abrasives GmbH, a subsidiary incorporated during the year, concluded on 31st March 2022, with RHODIUS Abrasives and its subsidiaries becoming part of CUMI effective 1st April 2022. RHODIUS Abrasives is a leading global manufacturer of thin wheels well recognised for its high quality and performance. They are reckoned as leaders in product innovation with a unique professional segment product suite backed by a strong proprietary product production process. They have a strong legacy of seven decades, serving more than 100 countries with trained and experienced employees backed by a committed leadership team. Infrastructure-led growth is expected to enhance the demand for thin wheels in India, the United States of America and other international geographies. The CUMI-RHODIUS synergy will benefit both entities by positioning them in a strong spot to play to potential and capitalise on global market opportunities.

We at CUMI believe that the above acquisitions offer mutually beneficial opportunities to all entities. The diversity of the new entrants into CUMI will provide novel and fresh resources for growth and an opportunity to relook and align our existing processes and offerings. However, the unified passion for serving our customers in the best possible manner will help accelerate the synergy benefits of these acquisitions. As the overseas acquisitions were made by CUMI International Limited, Cyprus (CIL), I wish to place on record my appreciation and thanks to the Board of CIL for spending their time and efforts in the fructification of these investments.

The continuing pandemic dampened the growth prospects of CUMI Middle East with a decrease in demand, as was the case for the IT subsidiary Net Access India which, despite a marginal growth in revenues, was impacted by the lower demand for services from its customers. On the other hand, Southern Energy Development Corporation Limited, the gas-based power generation subsidiary, recorded a sales growth. However, the volatility of the gas prices in the last quarter of the year owing to the geopolitical crisis impacted margins and slowed down the acceleration.

Murugappa Morgan Thermal Ceramics Limited, our joint venture, recorded an improvement in performance owing to demand improvement in user industries with higher capital expenditure project orders. CIRIA, another joint venture, did reasonably well, backed by a strong clientele and execution strategy and process.

Along with the improved performance amidst volatile business and economic conditions and effective timely execution of the planned inorganic growth strategy, the organisation continued to do what it does best. The year 2021-22 continued to be a year of recognition of awards and accolades for CUMI. I am extremely proud and happy to share with you that CUMI has been recognised as one of the 'Best Managed Companies' by Deloitte in its maiden programme launched in India this year. The awards process was based on a stringent evaluation process encompassing internal processes, strategy, and governance criteria. Among the other recognitions, the Industry Excellence Award for the Electrominerals Business from the Ministry of Heavy Industries is yet another noteworthy accomplishment for the organisation.

During the year, the Company continued its Research and Development (R&D) activities in a focused manner and continued to create several Intellectual Property Rights in Trademarks, Patents and Design. The organisation's R&D is well supported by its seven centres registered with Department of Scientific and Industrial Research. The Company, as well as its newly acquired subsidiary PLUSS, have been awarded the prestigious Global Innovation Technology Alliance Award (GITA) by Confederation of Indian Industry – Government of India, which recognise companies that have developed cutting edge technologies.

The contribution to the community and society at large continued with zeal and zest in dedicated Corporate Social Responsibility (CSR) programmes in the field of health and education, with a focus on combatting the pandemic. In addition to the mandatory CSR programmes executed as per the annual approved action plan, the employees voluntarily engaged in good citizenship initiatives around the many plant locations serving the neighbouring communities upholding the virtues of the Five Lights.

Safety at the workplace tops our priority list. The year was marked with an enhanced focus on training and creating awareness at shop floor levels and across the organisation. The learning and development initiatives to hone employees' skills and knowledge levels continued with rigour during the year with structured programmes like CUMI Leadership Programme (CLP), Business Leadership Progamme (BLP), and CUMI Super Star. Employee health and safety continues to be monitored, and despite the normalising conditions with the pandemic becoming less severe, we at CUMI have not let our guard down. Dedicated vaccination drives helped us achieve almost 100% vaccination for our staff. These camps were also extended to employees' families and our business partners. The hygiene and safety protocols continue to be practised in the interest of the overall wellbeing.

In the previous year, in line with our purpose of engineering materials science solutions for an enduring planet, we had crafted our Sustainability Policy. This year, the CUMI team put it into action with a 25:25 goal – aiming to reduce intensity of energy, waste, emissions and water by 25% from current levels by the year 2025. I am happy to report that all businesses have commenced their efforts towards achieving this goal and looking forward to sharing with you our progress over the next few years.

It is also laudable to note the significantly improved performance – both organic and inorganic, in a year struck by volatile pandemic conditions, severe logistic issues, supply chain constraints, and which ended at the peak of a geopolitical crisis led economic turmoil. These results have been because of the tireless efforts of our employees across the globe ably led by N Ananthaseshan, Managing Director, and Sridharan Rangarajan, Director - Finance & Strategy. The leadership teams of the subsidiaries and associates, and the Business Group Management Committee of CUMI have done exceedingly well to lead the teams by example in demonstrating not only to survive under difficult conditions but to emerge stronger by converting challenges into opportunities. The role played by the Corporate functions like Finance, Treasury, Compliance, Legal and Human Resources in concluding multiple acquisitions in a time-bound manner is commendable. On behalf of the CUMI family, I extend a hearty welcome to the teams - PLUSS led by Samit Jain; CUMI AWUKO led by Robert Wehowsky, Thomas Müller, Fabian Hoffmann and Ton Hintzen; RHODIUS Abrasives led by Bernd Lichter, Klaus Rudolph and Ernst-Henning Sager. We look forward to working with them to create enduring quality solutions for our global customers.

I am very thankful to my colleagues on the Board for their continued support and wise counsel. They have been a great source of inspiration to me personally and have been most generous with their time and wisdom in a buzzing year like the last. Besides ensuring sound governance and adherence to our value system, their active involvement in guiding, encouraging, and challenging the management team has been invaluable.

In closing, we thank all our stakeholders – customers, suppliers, vendors, bankers, regulatory authorities, legal advisors, investment advisors, financial & tax advisors, consultants and of course, you – our shareholders for your unstinted support and belief in all that we do in forging new paths ahead.

With warm regards,

MM Murugappan
Chairman

PERFORMANCE HIGHLIGHTS
FINANCIAL YEAR 2021-2022

	REVENUE ₹ IN MILLION	PBIT ₹ IN MILLION	PBIT % TO SALES	PAT ₹ IN MILLION	PAT % TO SALES
STANDALONE	21916	3465	15.8%	2545	11.6%
CONSOLIDATED	32896	4822	14.7%	3334	10.1%

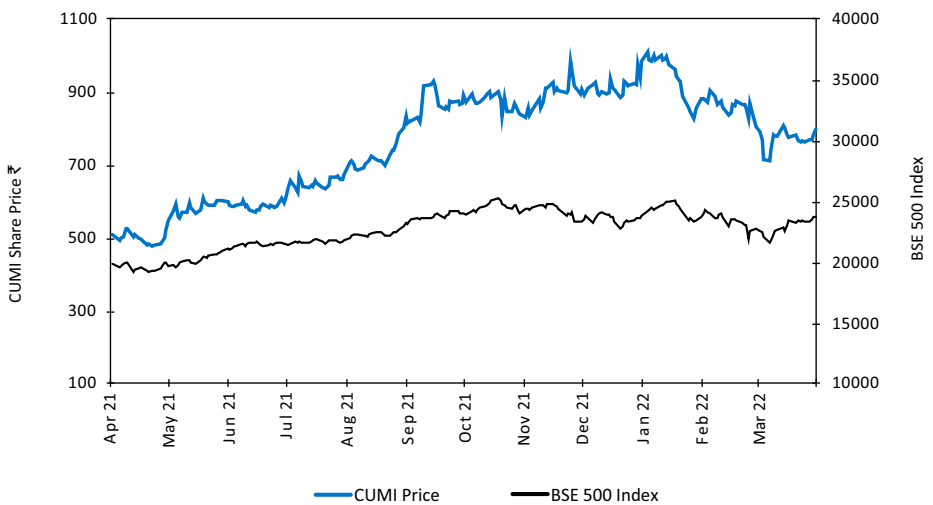
HIGHEST DIVIDEND ANNOUNCED 350% ₹ 3.50 per share (350% on face value of ₹1 per share)

Unbroken dividend record since inception

Return on Invested Capital (ROIC) for three major segments together moved from 27% in FY'21 to 31% in FY'22

SHAREHOLDER RETURNS

CUMI Price vs BSE 500 during 01.04.2021 to 31.03.2022



S&P BSE Mid-cap vs CUMI

₹ 151496 million
Market Cap
(As on 31st March '22)

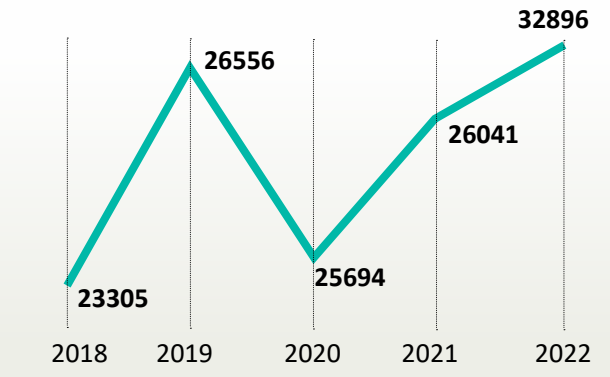
Total Shareholder Returns in FY 2021-22*:

262%

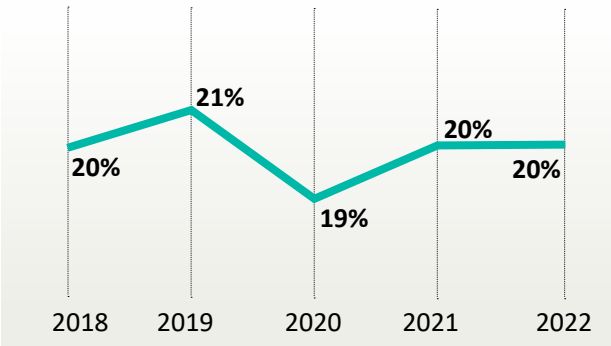
*TSR = (Gains in share price + dividends) / Purchase price

FIVE YEAR TREND OF FINANCIAL HIGHLIGHTS (CONSOLIDATED)

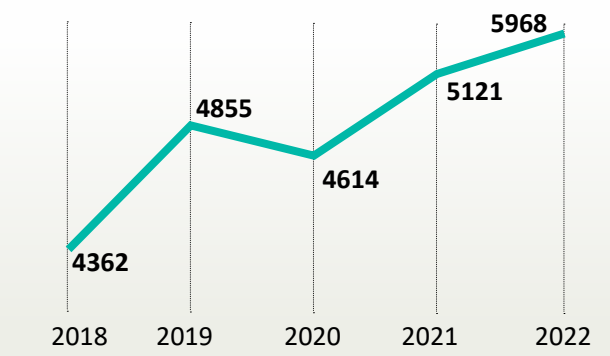
NET SALES ₹ MILLION



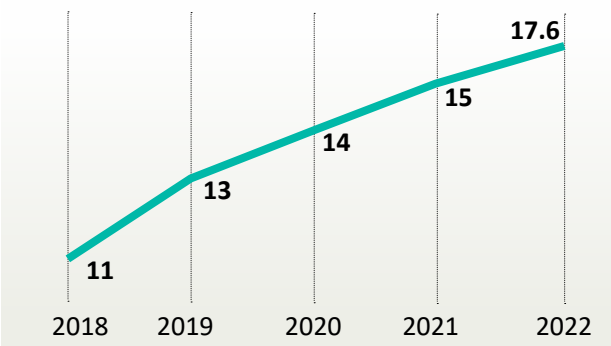
RETURN ON CAPITAL EMPLOYED %



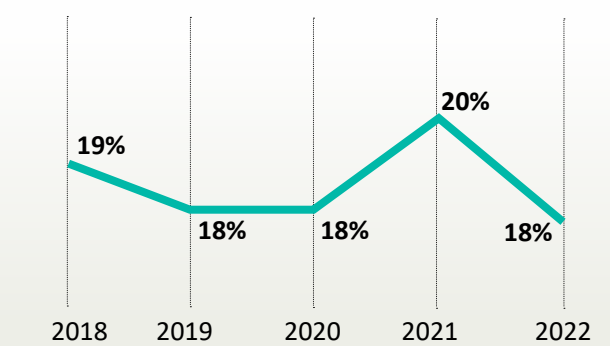
EBITDA ₹ MILLION



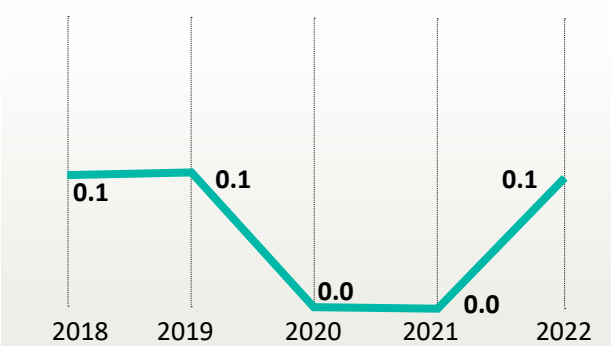
EARNING PER SHARE (₹)



EBITDA MARGIN %

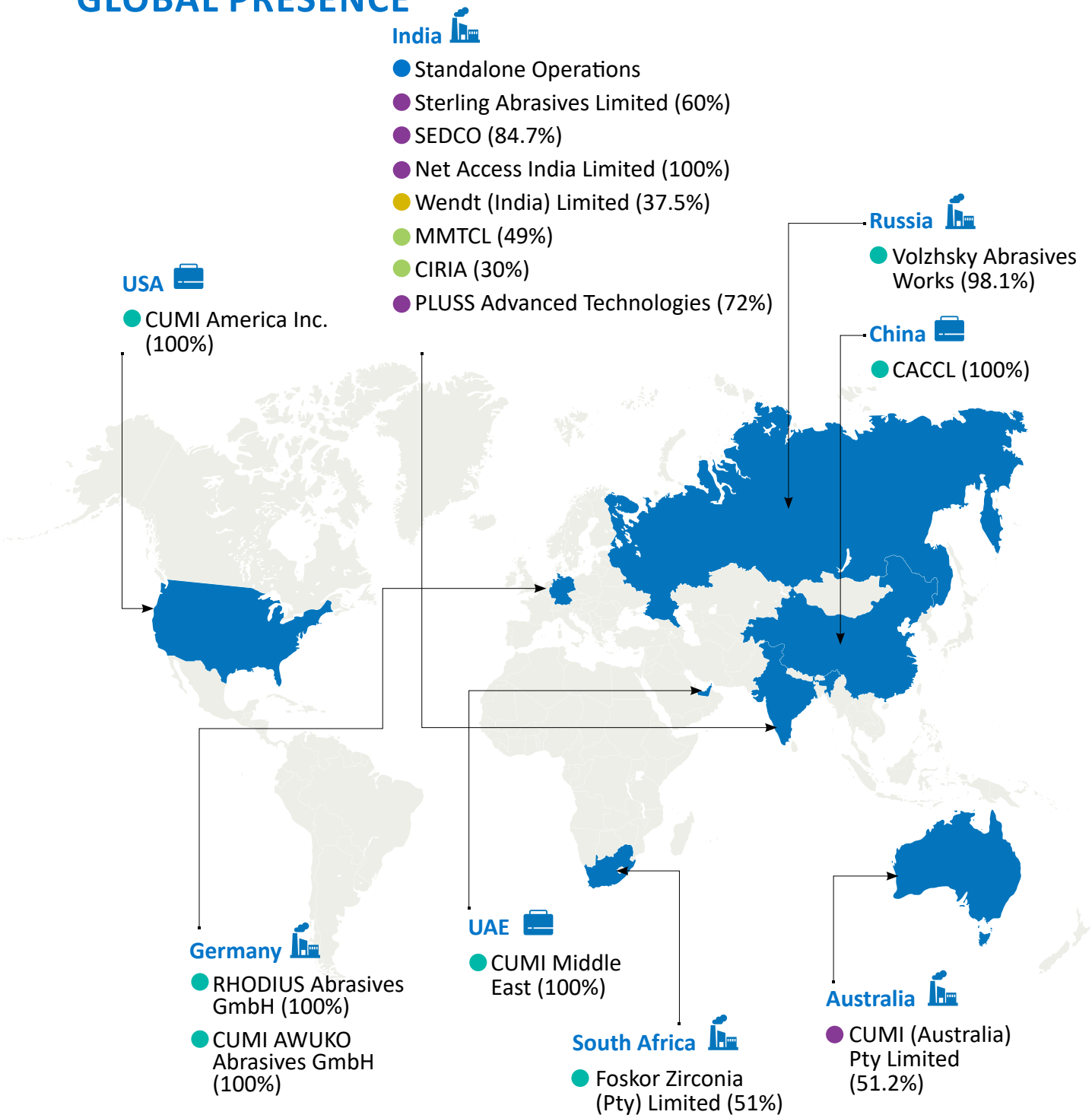


DEBT EQUITY RATIO



Detailed Financial Highlights is available on page 2

GLOBAL PRESENCE



Manufacturing Facility

Marketing Office

Strategic Business Units

Subs via CIL (CUMI International Limited)

Direct Subs

JVs

Associates

MANUFACTURING FACILITIES – INDIA

CUMI Standalone + Subsidiaries

AN OVERVIEW

The pandemic revealed many unknowns for individuals and organisations. While the second wave impacted the first quarter, we spent the second and third quarters getting back on track and setting new milestones. We also faced new challenges due to skyrocketing input, freight costs, and unpredictable transportation options. Undeterred, our teams sought innovative means to maintain a record revenue growth and profitability growth.

What stood out during the fiscal year was that, despite the challenges, we kept a hawk's eye on inorganic growth opportunities and acquired three companies. These acquisitions are expected to enhance our competitive edge in the market by leveraging business synergies. This journey was exciting as we completed due diligence remotely, which was a first, where we had to trust our instincts and business acumen immensely.

The quality of management and teams of all three acquisitions present a wealth of synergistic possibilities.

CONSERVATION OF CASH

The focus across all businesses was on conserving cash. 2021-22 was one of the best years in cash generation, resulting in a better cash balance.

WORKING ON CAPACITIES

Teams across all divisions keenly watched the capacity utilisation. Agile expansion of processing facilities at the Electrominerals division was a major game-changer which took advantage of the China plus one trends. In addition, the retail acceleration project at Abrasives, greenfield expansion at Sterling Abrasives, and expansion of Fusion and NbSiC capacities at VAW will be important in building for the future.

We also retained a strong hold on the core elements of the respective businesses and made investments to strengthen them. In addition, we put in relevant efforts to enhance our quality, cost structure, and volumes.

CONTINUED FOCUS ON NEW INITIATIVES

Development of new products and addressing new markets across all businesses during this period was the focus. The Electrominerals business turnaround was largely due to the adoption of Synthetic Brown Fused Alumina in place of the conventional Brown Fused Alumina (BFA), which has a bearing on a cleaner environment and lower specific energy consumption. In the Industrial Ceramics division, setting up the facility for Sintered Silicon Carbide holds promise for a future growth driver. The composites business developed Polymer Concrete Cells for the Zinc industry, which was a first. VAW opened its first Abrasives retail store in Volzhsky, Russia, to serve the Volgograd region DIY customers.

M&A FOCUS

The year 2021-22 was a landmark year as we acquired three companies with a strong legacy in their respective fields with the potential to build the organisation into a truly multi-national company.

PLUSS Advanced Technologies from Gurugram is a speciality polymer additive and phase change materials manufacturer. Technology synergies exist across many of our businesses in emerging areas, including energy storage and cold chain transport.

Germany-based AWUKO Abrasives is a 120-year-old Coated Abrasives brand with a strong heritage, products, and people. This acquisition is envisioned to give us a strong foothold in the European market and help expand our product and technology portfolio.

RHODIUS Abrasives is a leading manufacturer of cutting and grinding discs in Germany. With several trademarked products and processes, RHODIUS's technology capabilities will bring CUMI a competitive advantage. This will further enhance CUMI's position as a prominent and respected player in the global Abrasives market.

KEY HIGHLIGHTS OF FY 2021-2022

STANDALONE

All business segments displayed strong performance despite relentless input cost-push.

ABRASIVES

The Abrasives business focused on driving profitability, maximising capacity utilisation, and expanding mass market presence while building precision abrasives capabilities.

ELECTROMINERALS

Electrominerals leveraged capacities to address the China Plus One opportunity profitably and commercialised a product that significantly reduces carbon footprint.

INDUSTRIAL CERAMICS

The Industrial Ceramics business delivered on critical orders even during the pandemic. Transporting customer-critical products by air meant some hits on the margins. The business is future-focused, working with customers on building capabilities and capacities for the future in spaces like electric vehicles, alternate energy wear solutions and silicon carbide ceramics.

SUPER REFRACTORIES

Super Refractories stretched capacities and acquired new customers in existing product portfolios leading to higher growth. The business has also made headway in Defence applications, thus opening up a new market.

SUBSIDIARIES, JVs & ASSOCIATES

Volzhsky Abrasives Works, Russia, had a strong performance and displayed exemplary resilience despite geopolitical tensions in February and March 2022.

Foskor Zirconia, South Africa, registered good sales and profits riding on volumes and higher market realisations, thus wiping out YTD losses.

CUMI (Australia) Pty Limited registered good growth, but freight costs impacted profitability.

Sterling Abrasives, India, had good revenue growth, but cost increases impacted profitability.

INORGANIC MOVES

PLUSS Advanced Technologies Private Limited became a CUMI subsidiary effective 6 October 2021.

Acquired assets of AWUKO Wandmacher GmbH & Co. Hann. Münden, Germany, 1 February 2022.

Acquired RHODIUS Abrasives, Burgbrohl, Germany, on 1 April 2022.

PLUSS ADVANCED TECHNOLOGIES

PLUSS®
TECHNOLOGY FOR A BETTER WORLD

Established in 1994, PLUSS Advanced Technologies Pvt Ltd is a Materials Research and Manufacturing Company involved in the field of Phase Change Materials (PCMs) for Thermal Energy Storage and Specialty Polymeric Additives for enhancing polymer properties. The Company has built value through innovative products and applications by research and technology development in polymers and energy storage. Research and innovation has been the focus of the company since inception. The Company bears the distinction of pioneering and creating cost effective and innovative products and applications that provide impacting solutions that cater to a spectrum of industries including Climate Technologies, Life sciences & Healthcare, Food & Agriculture, Cold-chain logistics and Specialty Polymers. Experience, interdisciplinary thinking and practical skills form the growth guidelines for PLUSS. PLUSS believes in leaving a better world for future generations is as much their business as is driving innovation and economic opportunities. Their unwavering commitment to a sustainable way of living and working drives them to be always PLUSStainable.

16 trademarks | 10 patents | 175 customers
20 countries | 210 employees

The PLUSS commitment to the UN Sustainable Development Goals

PLUSS develops products with the idea of impacting Sustainable Development Goals

The PLUSS team at the factory

The PLUSS leadership team

CII	CII – Most innovative MSME company (2014 & 2017)
INDIA INNOVATION GROWTH PROGRAMME 2.0 SOLUTIONS FOR TOMORROW	FICCI & the Department of Science & Technology of the Government of India – One of the Top 5 innovators under the India Innovation Growth Proagramme (2015)
Innovators Under 35	MIT Innovators under 35 (2016 & 2017)
World Health Organization	MiraCradle included in the WHO Compendium of Innovative and Health Technologies
CII	CII – One of the R&D powerhouses of the country (2021)
Global Innovation & Technology Alliance	GITA Technology Award in Small Enterprises Category (2021)

CUMI AWUKO Abrasives GmbH

CUMI AWUKO Abrasives GmbH

August Wandmacher developed an essential cornerstone for the production of abrasives in 1898. In the same year, he obtained utility model protection for the "naumkeag" leather finishing pad. He then founded the company 'A.Wandmacher & Co.' in the Lower Saxon town of Hann. Münden. Abrasives production has played an important part in the town's history. August Wandmacher set an important goal: to meet the tough demands of abrasive applications - the abrasive must be as strong as a lion. Strong and biting, to tame even the hardest materials; tough and resistant, to withstand even the longest sanding processes; and of course also sensitive, to give even the most sensitive surfaces a perfect finish. Ever since, AWUKO's focus has been to produce abrasives with these properties for maximum reliability and consistent quality.

With these characteristics, AWUKO has built itself to become 'the lion among abrasives'. This commitment is reflected in its logo.

With over 90 employees, AWUKO is today one of the world's leading manufacturers of quality abrasives, focusing on wood and leather sanding. AWUKO's state-of-the-art production facilities with unique and versatile manufacturing processes enable the production and packaging of abrasives in the world's largest manufacturing width. With a quality management system certified to DIN EN ISO 9001 and a globally organised sales structure, AWUKO also scores with on-site sales support, the implementation of customer-specific requirements and short delivery times.

AWUKO has designed its production processes for sustainability, from state-of-the-art exhaust air purification systems to environmentally friendly disposal.

Since 2022, AWUKO has become a part of CUMI and is now known as CUMI AWUKO Abrasives GmbH.

AT A GLANCE

Founded in **1898**

95 employees

Jumbo rolls upto a width of **81"**

Capacity of **20,000,000** square metre per annum

Manufacturer of a full range of Coated Abrasives

- Segmented belts
- Wide belts
- Narrow belts

Disc punching machine at CUMI AWUKO Abrasives GmbH

The CUMI AWUKO Abrasives GmbH factory at Hann. Münden, Germany

RHODIUS Abrasives GmbH

RHODIUS

RHODIUS Schleifwerkzeuge GmbH & Co. KG was formed in Burgbrohl (Rhineland-Palatinate) in 1952. Before 1960, the company's manufacturing activities involved hot-press production of cutting and grinding discs.

Since 1960, RHODIUS, using machinery developed in-house, started manufacturing high-speed, glass fibre-reinforced, resin-bonded cutting and grinding discs. RHODIUS is now one of the largest manufacturers of grinding discs in Germany and an international leader in the extra-thin cutting disc segment. RHODIUS distributes its products via specialist dealers to tradespersons and manufacturers. Other customer groups include metal construction, heavy industry and the automotive industry.

RHODIUS is known as a pioneering maker of specialist tools for machine-based metal cutting and grinding. From a unique series of transparent flap discs to patented Hydro-Protect technology, RHODIUS is internationally known for its innovations in the field of extra-thin cutting discs. The RHODIUS product portfolio extends from extra-thin cutting discs to a wide variety of fine-grained polishing discs. Alongside customers in the skilled trades, the wide range of abrasive products is also used by heavy industry, shipyards and foundries for their day-to-day, hands-on work in metal- and stone-working. Continuous product development combined with ultra-modern manufacturing methods are the company's best-known qualities.

That RHODIUS takes its responsibilities seriously is also seen in its international work on the topic of safety: the Company is a founding member of the Organisation for Safety in Grinding Tools (oSa).

Since 2022, RHODIUS has become a part of CUMI and is now known as RHODIUS Abrasives GmbH.

AT A GLANCE

1952 year of formation

319 employees worldwide

70 percent export ratio

1960 own manufacturing technology

100 countries served

The Rhodius Abrasives GmbH product range

Members of our Board of Directors with the RHODIUS Abrasives GmbH team at Burgbrohl, Germany

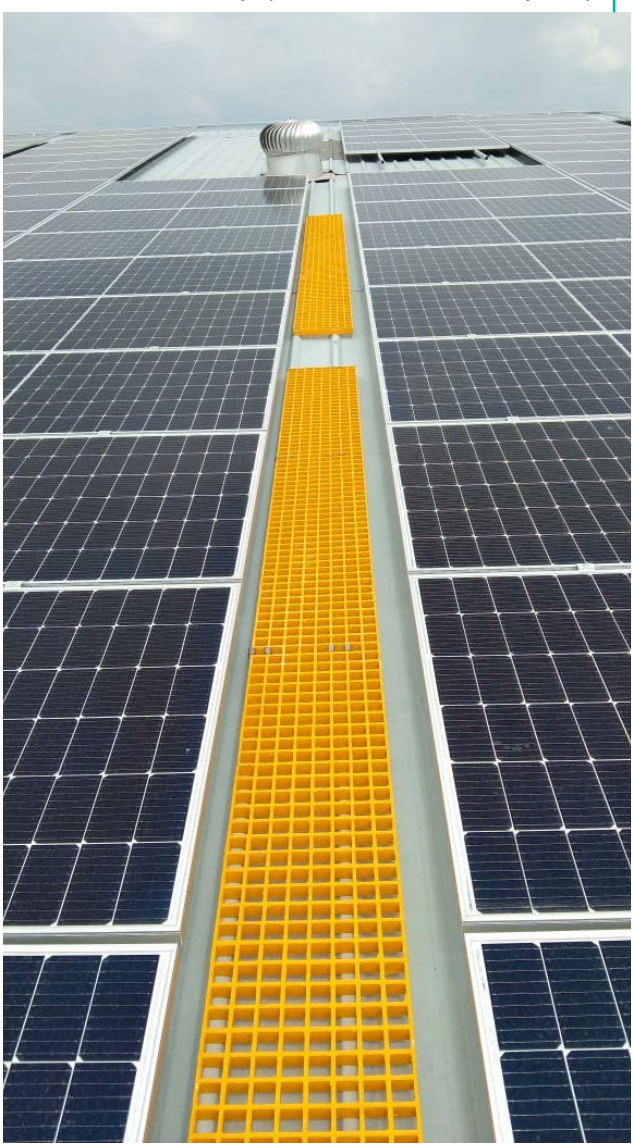
TOWARD SUSTAINABILITY

Last year, we put down our Sustainability Policy. It was a clear recognition of the Company's maturity towards responsible manufacturing practices for the future. This year the Policy has been made operational through the declaration of Sustainability Goals for 2025 (change from current levels).

Sustainability Goals for 2025

- **25% reduction in specific water consumption**
- **25% reduction in energy consumption or 25% use of renewables in power mix**
- **25% reduction in emissions**
- **25% reduction in waste**

Rooftop solar installations at our factory



All Company businesses 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 it 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, and achieved fuel savings through automation and heat recovery, besides making improvements in combustion efficiency and specific fuel consumption. The above energy-saving measures implemented across divisions are 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.

Efforts made toward technology absorption, adaptation, and innovation

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

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 cutting wheels, Lithium Alumino Silicate-based Vitrified bond system for high precision grinding, high-performance binder system for Unitised

Discs and Wheels, and Vitrified CBN Bond for low-temperature firing were also developed.

The Electrominerals business established processes for manufacturing synthetic alumina-based Brown Fused Alumina, high purity Silicon Carbide, and Silicon Nitride. Improved processes to yield three higher-order variants of Graphene and high-performance sol-gel ceramic alumina Abrasive applications were also developed.

The Ceramics Business entered into collaborative research with NALCSIR, to develop the tape casting process for dense Alumina (CUMITUFF 996) & zirconia (8YSZ) films for use in the hydrogen fuel cells. The business also developed a metallisation process on Alumina substrates using Magnetron Sputtering techniques for MIC fabrication in collaboration with ISRO Ahmedabad.

The Refractories and Composites Businesses developed advanced solutions involving feeder expendables for glass industry applications, high-strength thin NbSiC kiln furniture, integrating ceramic parts with fibre reinforced polymers (FRP) composites, carbon fibre parts for aerospace applications, composite-based rebars, anti-skid floorings, and pultrusion based structural products for defence applications. The business deployed wear-resistant composite technology to various applications, including fluid handling and non-corrosive structural parts for flue gas desulphurisation units.

Initiatives taken by the organisation toward carbon emissions, plastic reduction, and sustainability

The sustainability 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 following are some of the initiatives undertaken during the last three years:

- Efficiency improvements in furnace operations
- Commissioned solar power units at various factory locations. In the previous years, about 1.5 MWp of solar capacity was installed. The energy generation was equivalent to 214 MT of carbon dioxide saved and 6375 trees planted
- Achieved fuel savings through automation and heat recovery besides making improvements in combustion efficiency and specific fuel consumption
- A Capex program was implemented to convert existing liquid fuel run furnaces to a cleaner and low-emitting Natural gas. The sulphur emission was reduced from 3% to 10 ppm. Natural gas is supplied through pipelines, eliminating the transportation of liquid fuel in trucks resulting in fossil fuel conservation and reduction in carbon footprint

The Occupational Health Center at the Industrial Ceramics factory, Hosur, is constructed entirely using Coated Abrasives trim waste

The Gail-LNG line at the Industrial Ceramics factory, Hosur

FOSTERING INNOVATION

Engineering materials science solutions for a sustainable planet calls for an innovation mindset.

BUILDING A CULTURE OF INNOVATION

CUFEST 2022

The spirit of proactive innovation, relentless discipline and networked teams at CUMI is exemplified by the CUFEST. The Annual Quality festival involves employees from across the Company to showcase the improvements and innovations. The 22nd edition of this much-loved festival took place in a phygital setting. This edition expanded to areas of functional excellence - Sales & Marketing, Safety, Product Innovation and Human Resources. Designed via a Six Sigma route, each event had strict timelines, and adherence to it was also part of the evaluation criteria. Pre-finals were conducted throughout the month and consisted of an internal jury across CUMI. Each pre-final event had approximately 300 colleagues as an audience. Subject matter experts across CUMI were invited to be the jury for all 12 events to decide the top finalists. From live scoring, logo designing, weekly quizzes, an exciting video contest, and the grand finale, the 22nd edition of CUFEST has set a high benchmark for innovation.

Engineering at Work

An idea to celebrate Engineer's Day took shape and became 'Engineering @ Work', a month-long celebration of what makes us unique. The celebrations included:

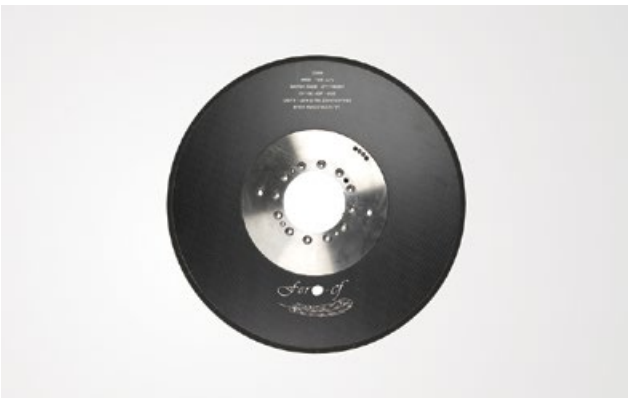
- 'Engineering Essentials' - a weekly quiz that had over 1393 participants across 9 editions
- 'Engineering Chronicles'- fortnightly webinars to spotlight the spirit of engineering across CUMI
- 'Ideathon 2021' - Contest inviting best practices on engineering innovations. 37 participations and 3 winners declared
- 'Spirit of Engineering' - Valedictory event that concluded with a chat with the Chairman and the Managing Director

PRODUCT INNOVATION

In our quest to explore the width and depth of materials science, we have focused on delivering value to the customer and the planet. CUMI has oriented its development programs to develop materials sciences solutions embedded with eco-innovation.

Abrasives is experimenting with newer materials to address a variety of opportunities in industries like food processing, medical and mobility. Electrominerals is working to build a range that will shift competitive boundaries. Industrial Ceramics is entering the field of functional ceramics in Solid Oxide Fuel Cells and Vacuum Devices. Super Refractories is invested in creating design-intensive solutions in ferrous, non-ferrous and chemical process industries. With PLUSS, we will be able to straddle thermal storage and management solutions for an expanded temperature range from -100° C to 1700° C.

Sandmaster Nxt and Concord Nxt Rolls range is created with a backing of Synthetic blended yarn and a uniform grain coating to ensure aggressive sanding while ensuring smooth finish across all applications.



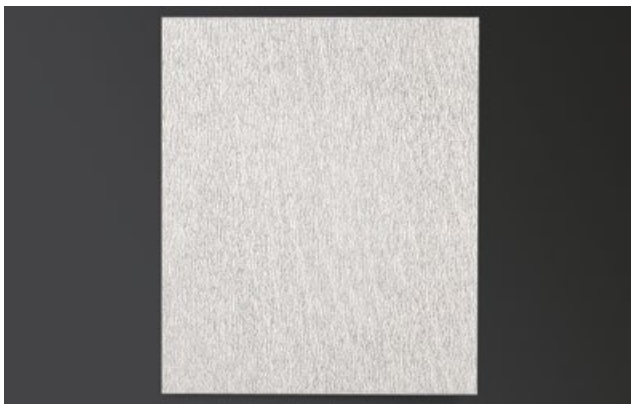
Carbon Fiber Vitrified cBN Wheel has been designed with a carbon fiber composite core that is significantly lighter in weight compared to the conventional steel core bodies. This consumes less power during grinding, thus reducing stress enabling higher productivity and improved quality.

Ceramic & Zirconia Belts are swift working and excellent for heavy-duty sanding of hardwood flooring and metal working applications.

BHT53 range of Snagging Wheels is a perfect blend of high-performance Zirconia grains bonded with special blend of friable grains that is uniquely bonded with high modulus resin system for grinding stainless and various other steel as well as for low pressure applications like pedestal grinding.

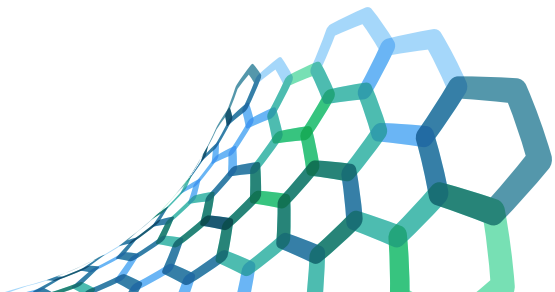
CN Gear Wheel is a high performance micro crystalline grain bonded with a specially designed bond system, produced through a controlled vitrification process. These gear grinding wheels offer unmatched productivity, form retention and dress frequency in all generation and profile grinding applications.

V600 Bond is a product made with a new high-performance vitrified bond and a special composite matrix that makes it work with lower volume thereby improving the abrasive-work interaction. This makes it useful in Precision applications to improve on productivity, quality and costs.



Stearated Sheets for clog-free sanding on wood and wall surfaces to create a smooth finish.

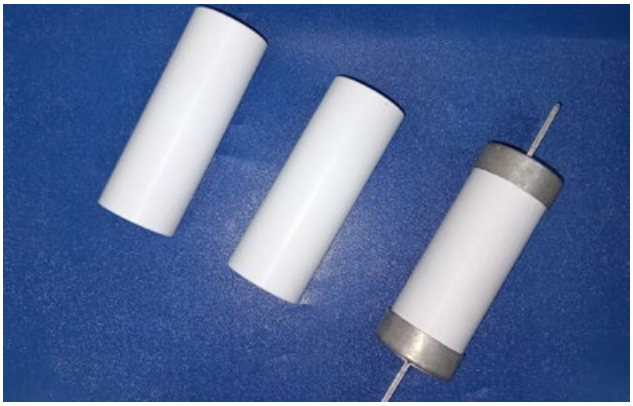
Synthetic Brown Fused Alumina (BFA), an alternate to conventional bauxite-based BFA for Abrasive and Refractory Industry applications. The innovative process produces novel microstructures (patent pending) which creates micro reinforcements to enhance the properties of BFA. In addition, the production processes reduces 90% of CO_2 emissions compared to conventional processes.



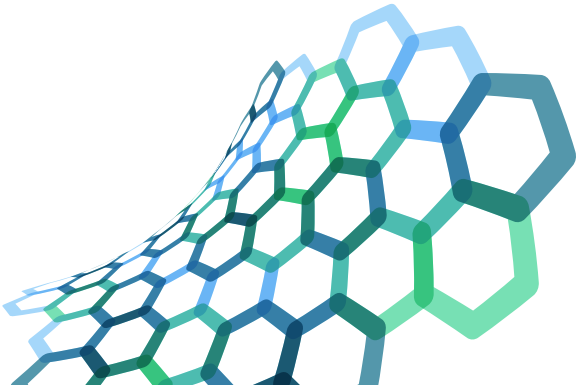
Great White, a high dense White Fused Alumina (WFA), contains characteristic structures with controlled microstructure features to enhance true density. This allows the Great White to be used in applications to make abrasive products which were previously made only using BFA.

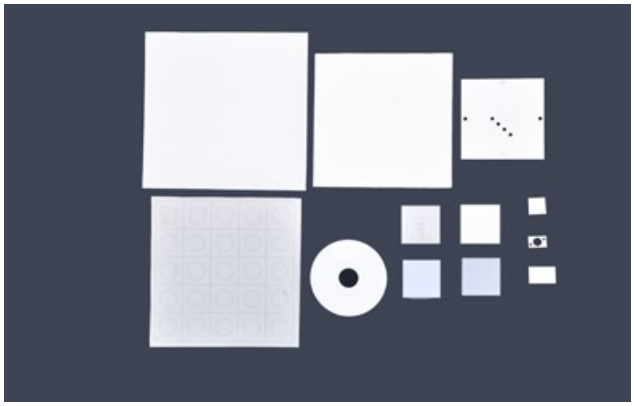
The Industrial Ceramics Division **won the GITA Technology Award 2021** in the 'Large Enterprise Category' in recognition for implementing Transformational Technologies and commercialisation of innovations.

100 mm Composites Cyclones made using steel, polymer and ceramics, provide longer life while removing slime in the mineral washing process.



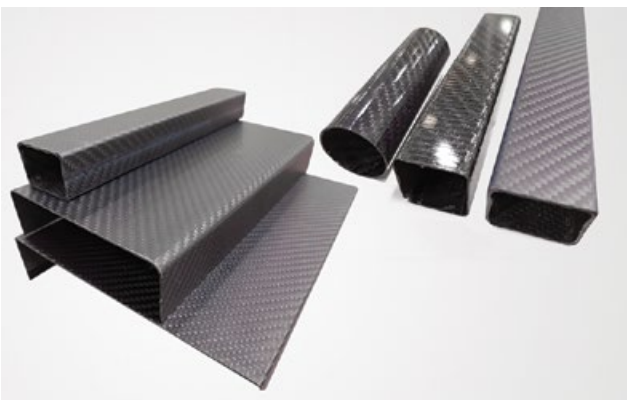
Ceramic Fuse Body for electric vehicles used in electrical control systems offer reliable insulation under harsh operation conditions.





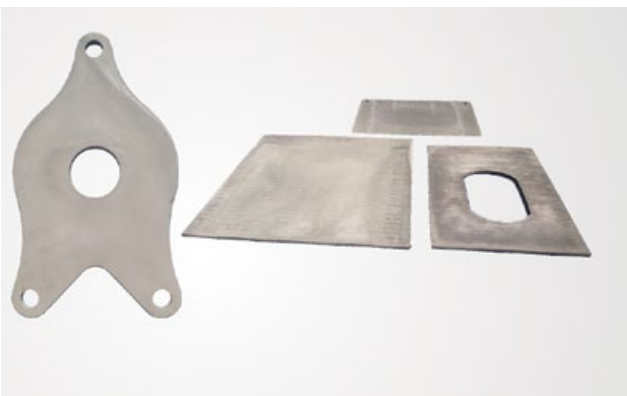
Alumina Substrates provide good foundation in electronic packaging.

Bottom Block Refractory (pre-despatch assembly) for solar glass furnace. These blocks are precision finished with all six faces ground to tight tolerances providing a near zero gap when assembled.



Carbon Fibre Composites are used as structural parts to make drones extremely light and strong.

Carbon Black Reactor Refractory Lining (pre-despatch assembly) is made of high alumina refractory with low impurity. This helps customers run their reactor trouble-free to a temperature close to 2000° C.



High Strength thin NBSiC Kiln Furniture replacing conventional SiC and NBSiC grades in Ceramic Industry application for higher energy savings and increased productivity.

ABRASIVES: MAKING MATERIAL CHANGES

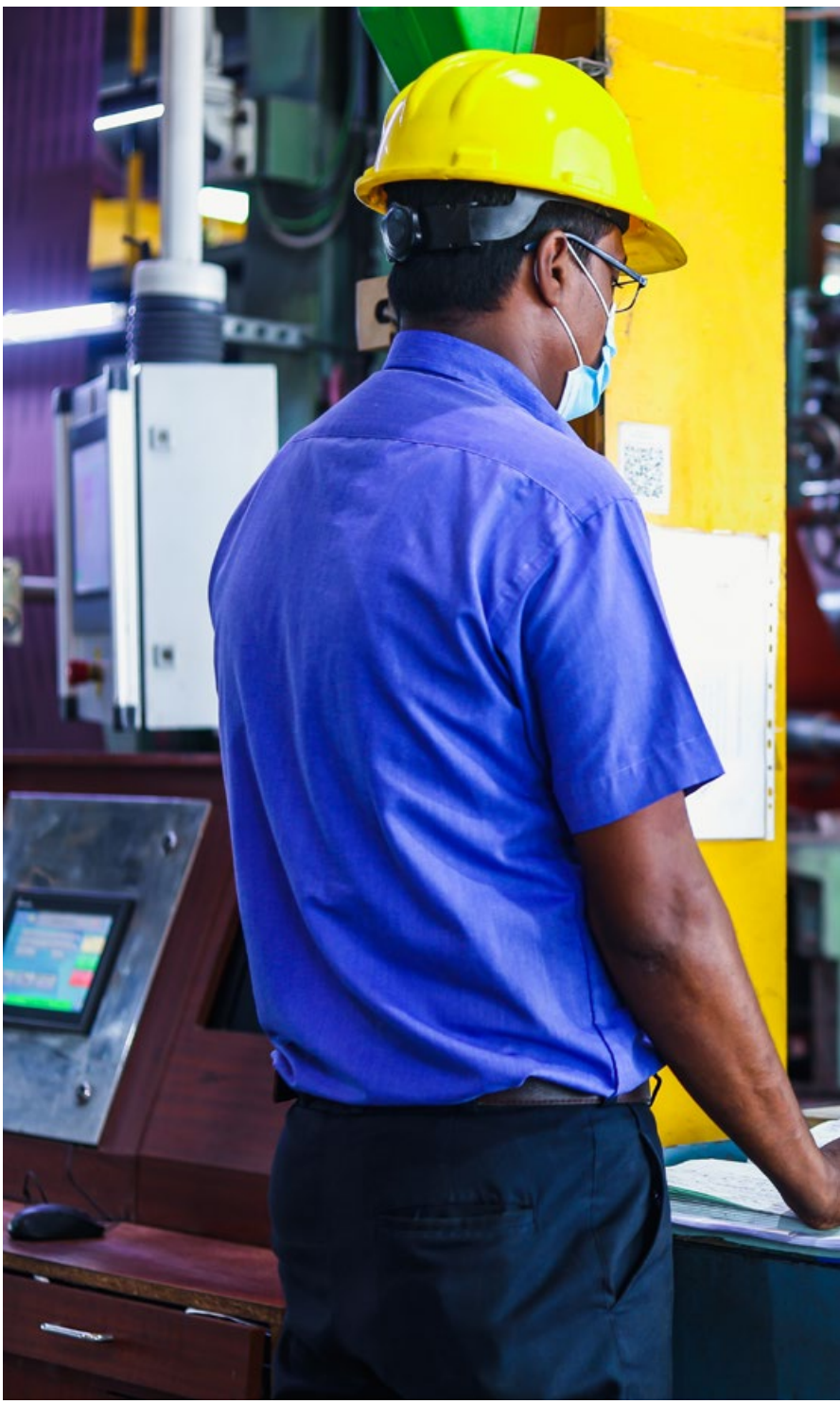
Post a rather painful year impacted by the pandemic, the demand for goods increased across core industries but was also hampered by supply chain shortages. Domestic companies with a strong manufacturing base, secure raw material availability, reliability and a strong performance orientation were seen as sustainable sources in these uncertain times.

Our US subsidiary, CUMI America Inc, USA, showed good results focusing on key accounts. While strong demand from the resurgent automotive industry drove sales from the US market, Southeast Asian and SAARC countries had a distribution-led growth.

While the operations teams worked on further improving efficiencies, our reputation and trust, built over the years, made it possible to partially pass on the raw material cost, leading to profit retention. Not just this, CUMI Abrasives' fundamental strength in several product segments helped with better growth margins.

Our precision product line portfolio and vitrified standard range of products led to the demand growth. The construction and fabrication markets saw an upswing driven by the rising number of housing and infrastructure projects. While the pharmaceutical industry's demand benefited the pharma fabrication market, farm equipment growth was also robust in 2021-22.

Our CUMI Flap Disc in use for weld and rust removal



Operations at the Coated Abrasives maker

Growth drivers

Abrasives products are ubiquitous to the development of any economy. With the Government keen to spend on infrastructure growth through its various 'AatmaNirbhar Bharat' programmes, and the recharging of the industrial growth to address the domestic and global demands through the Productivity Linked Incentive schemes, it is expected that the demand for abrasives will stay strong over the coming years. Globally similar trends are seen in investments in mobility and infrastructure modernisation, which augurs well for the Abrasives Industry.

Behaviour and Technology trends are also shaping the growth of this industry. Rising wages and, consequently, the demand to be more productive are driving the growth of the power tool industry. This impacts the consumption and quality of abrasives used in handheld power tools. Lighter and increasingly battery-operated power tools require lighter, thinner and faster-cutting wheels with higher safety. In Precision Abrasives, for grinding and creating smooth surfaces, the demand is increasingly towards minimum material removal and no damage to high-cost alloy components. 3D printing of metal parts and components is gaining ground. While they are still minuscule compared to the mass production techniques, these processes place a higher demand on finishing technologies.

Looking ahead

It is expected that the year and a half going forward may see continued increases in commodity prices. This is likely to impact the raw materials used in abrasives. The higher inflationary pressures being seen may likely dampen consumption and keep the margins under stress. However, we aim to maintain this investment-led profitable double-digit growth rate by focussing on strong demand generation programmes and leveraging the synergies from the acquisition of AWUKO Abrasives and RHODIUS Abrasives, Germany, to benefit the domestic and international markets.

While our legacy products will continue to hold a firm footing, new products will set a direction for our future growth. A strong technology roadmap with higher investment in R&D is under execution. This should help us further increase our new product vitality index for domestic and international markets.

On the domestic front, we plan to focus on the growth regions, like the rural market, and be relevant to changes in the substrate or material, abrasives and composites, and stainless-steel categories. In addition, the project to expand our market reach through retail expansion supported by digital processes is underway.

Testing of abrasive belts at the Surface Technology Centre

ELECTROMINERALS: CHANGING THE LANDSCAPE

In 2021-22, when a crisis-like material shortage and turbulent logistics assailed the world, the path forward was about identifying innovative and novel growth opportunities. Riding on the back of solid ongoing research programs and optimum utilisation of technology, Electrominerals Division (EMD) came up with new processes, products and applications to help drive our profitability. Our focus on progressive line balancing and keeping customers front and centre has augured well for us.

The Electric Arc Furnace for fusion of Aluminas at Edapally

New applications, new products, new markets and new technology are all factors that have contributed to moving us on a northward journey.

We achieved one of the biggest changes on the sustainability front with the launch of a synthetically produced BFA. Compared to the conventional bauxite-based fusion, this product has the potential to reduce CO_2 emissions by 90%.

While we supply our WFA for Abrasives and Refractory applications, we have now made it available for the global speciality applications market. We have also developed another product line called Great White, a modified version of WFA for more complex applications.

The complete digitisation of process control at our grain processing plants has improved most of our online monitoring systems and safety monitoring systems. Combining furnaces with IoT-based devices provide operators with condition monitoring data, thus enabling a proactive response to potential heat leakages and hazards in the operating environment. With its increased capacities, this unique WFA Refractory crushing grading plant offers economies of scale on both the technology and application front and improves refractory grit production.

The business also received a Bronze rating from EcoVadis for our sustainability initiatives. We have also received the AS9100 International Certification which opens new markets and makes us eligible to supply products to the Aerospace and Defence sector.

We have continued our work on the research into Graphene. After creating three distinct grades of Graphene, we are focused on combining Graphene with several other materials to create new product lines.

In addition to improving the Silicon Carbide used for Abrasives and Refractory applications, attention is also on the development of 5N purity that has application in semiconductors.

As part of the Consortium for Energy Storage Materials along with the Central Electrochemical Research Institute (CECRI), we have presented our ideas on energy storage materials to NITI AAYOG, a National Institute focused on transforming materials.

Our R&D efforts have fructified, and we have registered three patents on the development of fused minerals during the year.

Looking ahead

The demand for performance materials and their secure availability is increasing. At EMD, we clearly envision increasing our volumes by diving deeper and broadening our product range. The future of the Electrominerals division is on harnessing the competitive advantage of our legacy, building on the core, specialities and focusing on economies of scale driven by innovation, research & development.

Into our world of minerals - 38 different technology platforms to produce over 75 different high performance minerals

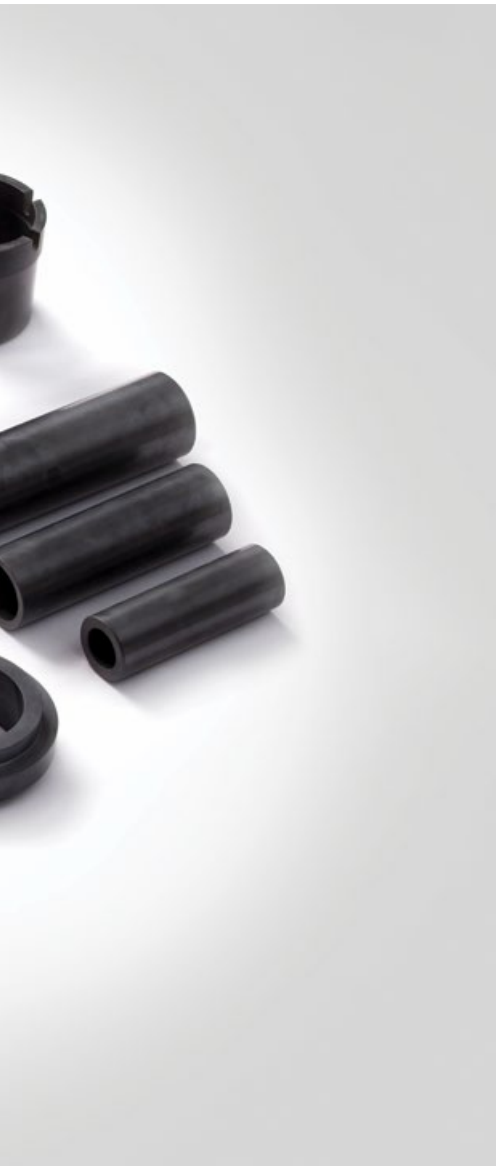
The new dust-free automated WFA grain processing plant commissioned in February 2022

Working on Graphene impregnated filaments

INDUSTRIAL CERAMICS: PRIORITISING CO-CREATION

Working with customers to create solutions that matter has always been at the heart of Industrial Ceramics. Despite the uncertainties, the business showed strong growth based on this culture of deep engagement with customers globally.

Our sintered silicon carbide product range for fluid handling applications



Growth Drivers

The business broadly addresses power generation and distribution, mobility, wear materials solutions and the growing medical and electronics applications.

Power generation and distribution, either through fossil fuels or alternative energy sources, require robust, precision ceramics and demands high reliability. The Metallised Alumina Ceramic Cylinders used in high voltage vacuum circuit breakers remains a significant growth pillar. Our work in continuously engaging with global leaders in this field has helped build a strong reputation and a robust business. With the world moving to cleaner energy and alternative energy solutions like Solid Oxide Fuel Cells growing rapidly, our development in manufacturing ceramic structural parts for this industry is another important growth driver. The development of functional parts in the emerging Hydrogen Fuel Cell application is fast progressing.

Mobility is a fast emerging definition of a segment that addresses applications across various modes of transport. From vehicles propelled by internal combustion engines to electric vehicles or high-speed trains, Technical Ceramics have a role to play.

We have a strong presence in supplying Ceramic Insulators for Automotive Spark Plugs and have made strides into the critical Electric Vehicle (EV) components in the Far East markets. In addition, product innovations and development are ongoing for new generation automotive components such as Sensors and Fuel Injection systems.

Oxide and Carbide ceramics have been the materials of choice for many years when it comes to protecting plant and equipment from aggressive wear in the mineral processing industries. Our Wear-Resistant Ceramics is poised for strong growth due to buoyant Australian and North American demand. Along with our colleagues in CUMI Australia and CUMI America, we have enhanced our capabilities to offer comprehensive solutions, beginning with the design, manufacture, engineering and installation at customer sites.

We have created new lines of business to address medical and electronic ceramics. Capacity de-bottlenecking initiatives have unearthed additional capacities during the year. Further, there is a strong focus on Automation, Digitalisation and Robotics across all manufacturing lines to reduce touch-points and manual interventions.

The Industrial Ceramics Division operates on the base of a strong technological foundation. Several research projects were initiated internally and in collaboration with leading research institutions. As a result, high-end ceramic substrates for electronics and other functional applications are very close to commercialisation. These have been developed in collaboration with SAC-ISRO and National Aerospace Laboratories (NAL). Also underway is a project on manufacturing Ceramic Nanopowders in collaboration with IIT Madras and Ceramic Composites at low temperatures in collaboration with IIT Patna.

Automated Guided Vehicle - A low cost material transfer system to enhance the productive space in the shop floor

Looking ahead

The Division's approach towards becoming a leading global player in Advanced Ceramics has been through expanding the frontiers of materials-forming applications. We are very excited about the different options available in the applications and possibilities of new materials such as advanced non-oxide ceramics. Advanced forming techniques like pressing, ceramic injection moulding and, more recently, 3D Printing help offer complex geometries and precision tolerances. With all these in place, we are well-poised to enhance high performance across our user industries.

Assembly of lined equipment at the LE 2.0 plant, Hosur

SUPER REFRACTORIES – PUSHING BOUNDARIES

The Super Refractories Division addresses the heat management requirement across a wide section of industries ranging from steel, non-ferrous, glass, cement, chemical process, carbon black manufacture and ceramics. Project-related growth opportunities across industries had a healthy demand while issues with raw material availability due to import-related challenges continued. Demand from exports was muted as customers preferred local sourcing, fearing supply disruptions. This was further compounded by ocean freight challenges which led to difficulties in container availability and lead time for transportation.

Nonetheless, the revenue from the Super Refractories business grew on the back of strong demand from the glass industry for glass melting furnace refractory. We also shifted our focus to high-end products gaining a new set of customers. The business also added capabilities in the areas of inspection, testing capability, and grinding capacity to propel the growth further.

The demand for Nitride Bonded Silicon Carbide has increased for both the Abrasive and Ceramic industries in applications like thin tiles, kiln furnitures, and beams, and capacity addition in this area has been taken up. The Division also forayed into the Foundry Industry with the Neutral Ramming Mass for induction melting furnace lining, which gives superior life with erosion and inclusion-free steel melt, which improves the quality of the cast product.

GFRP composite tanks for acid storage

Anti-corrosives

Product rationalisation drove the growth of this Business. The highlight was the breakthrough in Polymer Concrete Cell Tanks for the Zinc Industry. Carbon Bricks and shapes gained significant traction for chemical handling in the Fertiliser Industry. This application is seen as a growth area for the future.

To offer high-performance and durable surfaces, we entered the epoxy flooring solutions and gained a strong foothold in Tamil Nadu, specifically for large industrial and commercial flooring. While there was a strong demand from this segment, aesthetics plays a prominent role. And hence, in a highly competitive market that is application dependent, we capitalised on our brand image and ability to deliver quality products and services to make a “smooth” growth path!

Composites

Sulphur dioxide emissions from coal-fired thermal power stations need treatment—the Flue Gas Desulphurisation process. Our wear-resistant spray header pipes play a significant role in ensuring sustainability practices in thermal power plants. Unrelenting focus on finding growth avenues helped identify new businesses for wear-resistant structural products. At the same time, we retained our growth in our standard composite products like pipes, tanks and gratings, roof sheets, and cable trays.

An exciting decision was to enter the Carbon Fiber Composites market for drone applications and a few other mobility panel products.

Manufacturing refractory shapes

VOLZHSKY ABRASIVES WORKS (VAW)

VAW achieved a net sales of 7.3 billion Roubles and a growth of 10.2 % over the similar period of last year. VAW has also achieved a PBT margin growth of 6.1 % and a PAT growth of 5.1% over the last financial year. Towards capacity expansion, VAW has completed construction of one fusion cell which is expected to give an additional volume of 2,700 tonnes of Silicon Carbide. The fusion cell along with a refurbished transformer is now fully operational. VAW has successfully installed the COMEX system to make SiC microgrits, and the trial runs have been completed. With this system in place, VAW will be equipped to expand its product offering to other geographies.

Volzhsky Abrasives Works, Volgograd, Russia

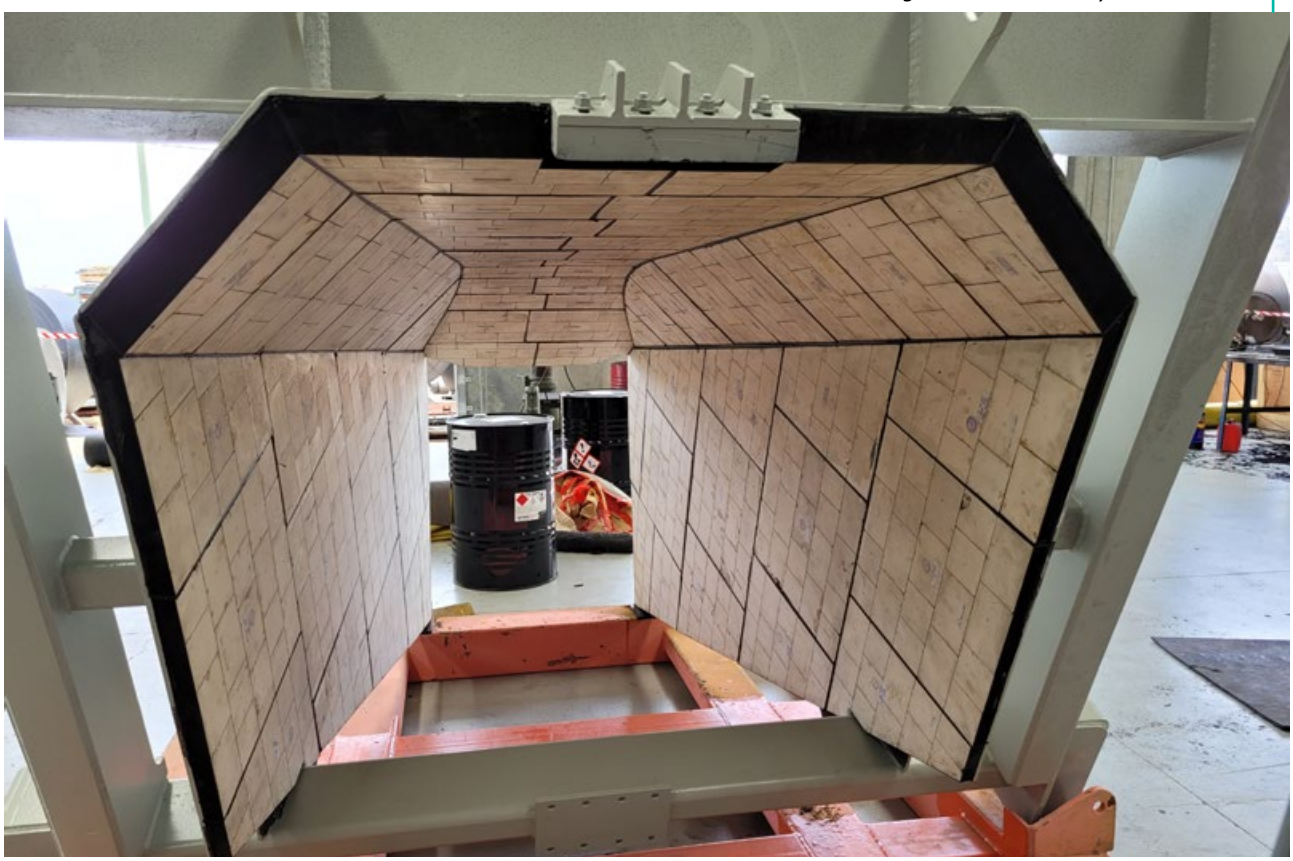
A selection of Abrasives products on display at the Volgograd Retail store

The newly commissioned Fusion Cell

CUMI (AUSTRALIA) PTY LTD (CAPL)

For CAPL, FY 21-22 was a year of reset threading new paths across our operations. The CAPL team came together to take the Company's solution selling concept to another level – ownership of identified customer assets and a partnership built. The success of this concept was such, CAPL gained the confidence of our customers to accept design changes to material handling equipment and improve overall plant efficiency. Thus forging a new path, a 'win-win' and a barrier for competition.

Bauxite handling chute for ship loader - liners designed and installed by the CAPL Team



Ceramic lined complex shaped piping custom designed by the CAPL team

Head deflector chute for bauxite handling

STERLING ABRASIVES

Sterling Abrasives achieved a sales growth of 28% over FY20-21, 35% of which indicates the growth of exports. By establishing new customers in Japan and Korea, they have increased their customer base to serve 52 countries globally. A significant milestone for this year is producing possibly the largest and heaviest vitrified grinding wheel in the world - 48” (dia) X 18.5” (thickness) X 26” (ID) and a weight of 850.20 kilograms. This wheel was made for a customer in Mexico for surface grinding of metal files. Sterling Abrasives has also begun work to build a modern green field factory to house the vitrified and resin production under one roof.

850 kgs Jumbo wheel for metal filing

Rice Mill Roller with unique shapes

Dal Mill stone

Wheel for Grinding Taper Roller Bearing coated with Epoxy

CUMI WON AWARDS AND RECOGNITIONS ACROSS CATEGORIES IN FY 2021-22

- Abrasives was declared Platinum Winner in the 'Improvement Projects in Manufacturing/Operations' category at the 15th CII Six Sigma National Competition
- EMD received the Industry Excellence Award from Dr Mahendra Nath Pandey, Minister of Heavy Industries, Government of India
- EMD received the Bronze medal in Sustainability Rating from Ecovadis
- EMD was the recipient of the Gold Award-SEEM National Energy Management Award 2021
- The Silicon Carbide Plant won the Safety Award from the Government of Kerala for an outstanding safety record
- EMD team was declared Winner of Office Innovation and received the Young Managers Award from the Cochin Management Association
- Volzhsky Abrasives Works (CUMI's Russian Subsidiary) was recognised as the 'Leader of Environmental activities in Russia-2020 for the construction of a complex of gas treatment facilities for industrial emissions, PJSC' at the XVI All-Russian competition
- The Industrial Ceramics Division won the Silver medal in Sustainability Rating from Ecovadis
- The Industrial Ceramics Division won the Platinum Award in the Kaizen (CCKC) Competition organised by QCFI
- Super Refractories won the Gold in CII - POKA YOKE competition, 2022
- Super Refractories won the Silver in CII - 12th edition 3M Competition (MUDA Category)
- Super Refractories won the Silver in CII - 2nd edition National Office Innovation Competition
- Super Refractories won the Platinum in the Kaizen (CCKC) Competition organised by QCFI
- Super Refractories won the Silver in 40th CII National Kaizen Competition

CUMI has been recognised by Deloitte India as one of India's "Best Managed Companies" in 2021. With the achievement of the "Best Managed" title, we have raised the bar for the Indian Corporate world

ENTERPRISE RISK MANAGEMENT (ERM)

CUMI's robust business risk management framework seeks to create transparency, minimise the adverse impact of risks on the business objectives and enhance the Company's competitive advantage. Launched in 2012, the ERM framework transitioned to a formal structure on the strength of a well-laid-out, detailed Risk Management Policy encompassing risk management objectives, principles, processes, and organisation structure for risk management. The Policy also provided operational guidance on maintenance of risk registers, risk reporting framework, risk review etc.

In 2018-19, the risk resilience maturity assessment was undertaken by mapping the business and function-wise risk resilience with the British Standards on Organisational Resilience (BS-65000). The results indicated an established and predictable status.

Risk Management is a continuous process. Therefore, during FY 2021-22, we decided to reassess the maturity level of our ERM framework. After the conclusion of this review, we partnered with M/s Deloitte Touche Tohmatsu India LLP to upgrade and automate the existing ERM. The upgraded framework paves the way for benchmarked policy revisions, including laying down an exclusive charter for Risk Management.

The highlights of our upgraded ERM include:

- Redefined Risk Management Governance structure
- Defined roles and responsibilities for risk management organisation
- Common taxonomy for risks
- Redefined risk assessment scales for impact and likelihood
- Introduced the scale of velocity, enabling organisation to assess the need for crisis plans

Consequentially all the risk registers of the Company were reviewed, graded and revised in alignment with the new Risk Management Policy.

The year 2021-22 provided an opportunity to review and integrate the COVID risks at the entity level, cushioning the entity against the much-feared second wave of the pandemic and enhancing the preparedness of the entity for the subsequent waves. In addition, the year also witnessed a dedicated geopolitical risk review considering the current global crisis.To mitigate cyber security risks, dedicated reviews of the IT security framework have been undertaken.

At CUMI, we view the ERM as a risk mitigation process, a driving force that strengthens organisational resources, and converts risks into opportunities.

BUILDING HUMAN ASSETS

Among the many challenges that the pandemic posed, learning and up skilling has been a priority for the Human Resources team across locations. While ensuring all business as usual activities continued, the year 2021-22 has been about Human Resources supporting businesses to forge new paths by building the people capabilities across levels and functions.

Business Leadership Programme

Business Leadership Program (BLP) has been the flagship leadership development program for over 25 years in the Murugappa Group. The theme for 2021-22 was ' Driving Growth through Change and Technology to impact self, teams and business'.

The Program is designed with a judicious mix of conceptual, action and reflective learning components for holistic development of executives. The modules covered included Strategic Thinking For Growth, Financial Acumen, Operational Excellence, Leading People and Executing Strategy, Technology, Digital & Analytics. A Capstone business simulation is envisioned to help colleagues apply the concepts from the classroom modules upon an actual business in a simulated environment to see business decisions come alive.

Executed in collaboration with IIM Ahmedabad, 5 colleagues from CUMI will graduate in September 2022.

CUMI Leadership Programme

Since 2009, CLP is a flagship leadership development program instrumental in awakening a leadership mindset among participants. CLP participants are handpicked for their potential and consistent performance records. We have co-created this programme with the Great Lakes Institute of Management (GLIM) and Management Development Centre (MDC). The objective CLP has been to prepare future leaders take up leadership positions and drive growth. Commenced in September 2021, the fourth batch of CLP has 34 participants across business divisions. This 12-month hybrid learning and transformation journey is delivered through 155 hours of paced classroom learning, action learning project and boardroom simulations. The curriculum includes Personal Growth Lab, Business outlook & Strategic Thinking, Financial Acumen, Marketing, Operations Management, Branding, Digital Marketing, Leading & Managing Teams, Execution Excellence and Design Thinking. The fourth batch of CLPians will graduate in September 2022.

BLP: Shaping our future leaders

CLP: Cultivating a leadership mindset

CUMI Superstar

At the supervisory level, CUMI Superstar launched in September 2021 covers 105 supervisors across businesses. The programme enables them to manage their work effectively and engaging their teams to improve productivity through developmental inputs, frameworks and techniques. Based on a hybrid learning model, CUMI Superstar curriculum covers time Management, Planning, Communication Skills, Team Building, Customer Focus, Problem Solving, TPM and Safety. Combining in-class learning, practical assignments, projects, all modules of CUMI Superstar has been built to apply learning at the workplace.

Learn from Experts

Towards curating and sharing the knowledge of internal subject matter experts, our 'Learn from Experts' series has been a big draw. Through monthly webinars, colleagues from across functions like Human Resources, Finance, Technical and Legal have been able to share their knowledge succinctly and effectively.

WORKING WITH OUR COMMUNITIES

We are committed to identifying and supporting programmes aimed at:

- **Empowerment of the disadvantaged sections of the society through education, access to and awareness about financial services**
- **Provision of access to necessities like healthcare, drinking water & sanitation**
- **Work towards eradicating hunger and poverty, through livelihood generation and skill development**
- **Undertake rural development projects**

We have contributed ₹10 million > to the Tamil Nadu State Disaster Management Authority for Covid Relief work

Community Initiatives around Plant locations:

- Organised online sessions on:
  - 'Social Media Drawbacks and Benefits' by Rajagiri Outreach for sponsored students
  - 'Developing Creative Thinking' by Rajagiri Outreach for sponsored students
  - 'Do Not Hesitate', spoken English coaching series for children in the community
  - Environment Day celebrations and Awareness sessions for the community
- Provided Child Rights Awareness with Child Line
- Training on Mushroom Cultivation for Women in Community
- Conducted session on screen addiction for children
- Supported local bodies for distribution of essential materials to needy families in Kalamassery and Koratty
- Provided critical care medicines to patients affected by Covid-19 through Community Policing Project, Koratty
- Initiated Child Development Program to support selected underprivileged school children in the community
- Installed dedicated kiosks at various locations in support of the Koratty Grama Panchayat initiative to collect used plastic bottles
- Provided technology infrastructure(laptop, desktop & printer) to the Krishnagiri Health Department for ease of conducting public vaccination camps

CUMI Centre for Skill Development (CCSD)

The CCSD, located across Hosur, Ranipet and Kochi, has been created with a purpose of providing free skill-based education and training to deserving and capable students from the underprivileged community who will become employable across manufacturing industries. Based on the National Apprenticeship Promotion Scheme of Government of India, CCSD covers designated trades including Fitter, Electrician, Turner, Mechanic Machine Tool Maintenance, Machinist Grinder, Ceramic Kiln Operator, Ceramic Moulder and Moulder Refractory following the National Council on Vocational Training syllabus.

The objectives of CCSD include:

- Uplift the economically downtrodden students by enhancing their employability
- Reducing skill mismatches
- Create a link between training and industrial needs
- Build capability for the future through a customised training model to groom industry ready students

Since its inception, 285 students have graduated (out of which 17 were girls) and become gainfully employed across diverse profiles including entrepreneurial, government and private companies. In 2021, 136 trainees (out of which 22 are girls), are in various stages of their training at different locations in Tamil Nadu and Kerala.

From helping trainees realise their career aspirations, find jobs, improve their economic situation, to changing their perspective on life and career, the CCSD has been successful in providing learning and transformation opportunities.

The Hosur CCSD won the prestigious title and award for being the "Best Establishment of the Region" by National Skill Training Institute, India in 2019.

Students undergoing practical training at the CCSD centre

Students in a classroom theory session

CUMI CCSD students at the centre

EDUCATION: Vellayan Chettiar Higher Secondary School (VCHSS)

Through the AMM Foundation, CUMI supports the VCHSS functioning out of Tiruvottiyur. The school reaches out to the marginalised population of Tiruvottiyur who are mostly from the fishermen community and caters to the educational needs of school children between 6th and 12th classes covering both Tamil and English medium.

During the year, the school strength was 1144 boys, 1191 girls and 74 teachers. During the pandemic, this government-aided school faced difficulty due to lack of accessibility to mobile phones and laptops. The teachers made highly laudable efforts to continue providing academic inputs by circulating notes, lessons and assignments through WhatsApp groups and conducting classes on Microsoft Teams. Considering the sharing of devices among siblings at home, teachers went to great lengths to reach out to a majority of the students and keep them connected to academics.

Since November 2021, the school has reopened and the students have returned to in-person classes.

A student of VCHSS at the library

The higher secondary class at VCHSS

MEDICAL INFRASTRUCTURE:
CUMI-AMM Foundation Mobile Medical Van

Launched in 2019, the Mobile Medical Van was instituted in partnership with AMM Foundation to provide medical care to 13 remote villages in Jabrera, Uttarakhand. The Van is equipped with an ECG machine and a lab which can do around 22 biochemistry tests. The team that travels in the Van includes a Registered Doctor, Pharmacist, Lab Technician and Driver.

This Van provides medical attention to the locals for common ailments including hypertension, diabetes, joint pain, cold, cough and fever. Even during the many waves of the pandemic, the Van continued its journey to provide medical care for the community with all Covid safety measures. In FY 2021-22, over 20,400 locals availed the services of the Van.

Doctor checking vitals for diagnosis

Community lined up for treatment from the Mobile Medical Van at Uttarakhand

The CUMI-AMM Foundation Mobile Medical Van

ROAD AHEAD

The global scenario of skyrocketing inflation, ongoing geopolitical tensions, supply chain turmoils, and the possibilities of newer virus variants presents the world with another challenging year. Another factor would be the impact on purchasing power, which could impact consumption-led growth.

On the other hand, India is preparing to be a reliable and globally preferred choice for products and services. The next ten years will unfold into an interesting growth story that will test one's versatility.

As an Organisation, we have always supported an environment of interconnectedness and collaboration, which made us resilient to changes in the business environment. We are all set to face any new challenges that FY 2022-23 is likely to unleash as well as capitalise on any growth opportunities. At the core of operations will be the strengthening of fundamentals, sweating of assets and improving operational efficiencies to mitigate the risks of the changing external dynamics.

At CUMI, the focus will be on reducing resource intensity and optimising consumption. The capital expenditure programmes on expanding capacities and capabilities will continue and we will work to strengthen and nurture the innovation culture at CUMI.

The Abrasives Business will focus on leveraging newly installed capacities and expanding on the synergies from the acquired companies. Its strong distribution network will be further strengthened through the retail initiative aiming for sustainable competitive advantage in the years to come. The Electrominerals Business has emerged as a significant global player offering raw material security and variety driven by innovation, leading to building businesses around speciality products. The outlook for the Ceramics & Refractories segment looks bright. De-bottlenecking existing capacities and maximising utilisation of recently installed capacities in metallised cylinders and lined equipment will be the priority.

As we reflect on the past year and the opportunities ahead, CUMI is poised to forge new paths that make a difference to people, the planet and profits.

BOARD OF DIRECTORS

MM Murugappan
66 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, Cholamandalam Financial Holdings Limited and Murugappa Water Technology and Solutions Private Limited, he is on the Board of several companies including 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, and the Indian Institute of Chemical Engineers, Plastics & Rubber Institute. Mr Murugappan was a member of the Board of Governors, IIT Madras.

Sanjay Jayavarthanavelu
53 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 Limited and as the Chairman of Super Sales India Limited. He is also on the Boards of several Companies including, The Lakshmi Mills Company Limited, Lakshmi Electrical Control Systems Limited, Lakshmi Cargo Company Limited, Lakshmi Technology and Engineering Industries Limited etc.

Aroon Raman
62 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 was also on the Board of Sundaram Finance Limited. He has served as Chairman of the Confederation of Indian Industry, Karnataka, and is currently on the Boards of various companies including Lakshmi Machine Works Limited, Telos Investments & Technologies Private Limited, Wheels India Limited, Brigade Enterprises Limited, TVS Automobile Solutions Private Limited, Trichur Sundaram Santhanam & Family Private Limited and EduTech NTTF Private Limited.

PS Raghavan
66 years

Mr Raghavan holds a Bachelor's degree in Physics from St. Stephen's College, Delhi as well as an 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 was the Convenor/Chairman of National Security Advisory Board of India of the National Security Council Secretariat of the Government of India from 2016 to 2022. He is now a Distinguished Fellow of the Vivekananda International Foundation. He is also on the Boards of Antrix Corporation Limited, Volzhsky Abrasives Works, Russia and CUMI International Limited, Cyprus.

Sujjain S Talwar
58 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. In the past, he has 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
67 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 the 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
56 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 cumulative 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, E.I.D Parry (India) Limited, Parry Agro Industries Limited, PLUSS Advanced Technologies Private 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
59 years

Mr N Ananthaseshan holds an M Tech degree in Material Science from the Indian Institute of Technology, Kharagpur and a Master's degree in Applied Sciences from PSG College of Technology, Coimbatore. 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, PLUSS Advanced Technologies Private Limited and various other subsidiaries of the Company, in addition to serving as the Chairman of Murugappa Morgan Thermal Ceramics Limited.

THE CUMI SENIOR LEADERSHIP

With decades of professional experience, the Senior Leadership Team leads different Business Divisions and Functions, bringing diverse perspectives to enrich and energise the Organisation's present and future.

The CUMI Senior Leadership Team

Standing first row (From left to right)

Sridharan Rangarajan, Director-Strategy & Finance
Dr Shyam S Rao, Business Head-Industrial Ceramics
Bhaskharan Kannun, Head-Human Resources
VG Rajendran, Business Head-Super Refractories

Standing second row (From left to right)

MV Sivakumaran, Business Head-Electrominerals
Ninad Gadgil, Business Head-Abrasives
Ananthaseshan N, Managing Director
Rekha Surendhiran, Company Secretary
Padmanabhan P, Chief Financial Officer

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

MANAGEMENT COMMITTEE

N Ananthaseshan, Managing Director

Sridharan Rangarajan, Director - Finance & Strategy

Ninad Gadgil, Business Head - Abrasives

Shyam S Rao, Business Head - Industrial Ceramics

V G Rajendran, Business Head - Super Refractories and Prodorite

M V Sivakumaran, Business Head - Electrominerals

Bhaskharan Kannun, Head - Human Resources

P Padmanabhan, Chief Financial Officer

Rekha Surendhiran, 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

M/s. KFin Technologies Limited (formerly known as "M/s. 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. Vice President

Financial Highlights

₹ million

Summary information	Consolidated performance					Standalone performance				
	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
Net Sales	32896	26041	25694	26556	23305	21916	16493	16231	17519	15514
EBITDA *	5968	5121	4614	4855	4362	4115	3174	3069	3242	2805
PBIT *	4822	4126	3569	3773	3302	3465	2559	2399	2488	2067
PBT	4765	3946	3505	3688	3216	3455	2445	2395	2479	2052
PAT	3334	2843	2724	2477	2156	2545	1840	1913	1661	1435
Net Fixed Assets	9057	6754	6540	6191	6508	4527	4293	4344	4178	4474
Net Working Capital	8751	12433	9869	8944	7366	3178	8503	6799	6027	4709
Non Current Investments	1378	1271	1212	1304	1232	9685	2507	2458	2511	2569
Shareholders Networth	23638	21315	18584	17241	15643	17407	15348	13671	12769	11697
Loan Funds	2122	430	616	967	1294	1630	-	-	9	18
Ratio Analysis										
Performance Ratios										
EBITDA / Net Sales %	18%	20%	18%	18%	19%	19%	19%	19%	19%	18%
PBIT / Net Sales %	15%	16%	14%	14%	14%	16%	16%	15%	14%	13%
Asset Turnover times	1.1	1.1	1.3	1.4	1.3	1.5	1.2	1.3	1.5	1.4
Return on Capital Employed %	20%	20%	19%	21%	20%	20%	18%	18%	20%	19%
Return on Equity	15%	14%	15%	15%	15%	16%	13%	14%	14%	13%
International Revenue (net) share %	45%	49%	49%	45%	45%	23%	25%	24%	22%	23%
Leverage Ratios										
Interest Cover times	105.7	143.0	72.9	57.2	50.7	422.5	1171.1	871.8	345.7	191.2
Debt Equity Ratio	0.1	0.0	0.0	0.1	0.1	0.1	-	-	0.0	0.0
Debt / Total Assets	0.1	0.0	0.0	0.0	0.1	0.1	-	-	0.0	0.0
Liquidity Ratio										
Current Ratio	2.1	3.7	3.8	3.2	2.8	1.6	3.9	4.6	3.7	3.0
Activity Ratio										
Inventory Turnover days	64	68	74	67	65	58	69	75	62	57
Receivable Turnover days	53	62	65	68	67	54	64	66	68	69
Creditors No. of days	57	51	42	41	42	53	53	46	46	50
Cash Cycle days	60	79	97	94	90	59	80	95	84	76
Investor related Ratios										
Earnings Per Share (₹)	17.6	15.0	14.4	13.1	11.4	13.4	9.7	10.1	8.8	7.6
Dividend Per Share (₹)	NA	NA	NA	NA	NA	3.50	3.00	2.75	2.75	2.25
- Interim	NA	NA	NA	NA	NA	1.50	1.50	2.75	1.50	1.00
- Final (proposed and paid in subsequent year)	NA	NA	NA	NA	NA	2.00	1.50	-	1.25	1.25
Dividend Payout %	NA	NA	NA	NA	NA	26.1%	30.9%	32.5%	35.8%	33.5%
Price to Earnings Ratio	43.7	21.3	22.7	27.5	30.2	-	-	-	-	-
Enterprise Value / EBITDA	24.3	11.1	12.9	14.0	14.9	NA	NA	NA	NA	NA
Enterprise Value / Net Sales	4.4	2.2	2.3	2.6	2.8	NA	NA	NA	NA	NA

* excluding exceptional income/expenses (Net)

Refer Page no: 3 for Glossary.

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

Directors' Report

Your Directors have the pleasure in presenting the 68th Annual Report together with the Audited Financial Statements for the year ended 31st March 2022. 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

Global events during the financial year 2021-22 transpired in a similar fashion as in the previous year, with the first half of the year impacted by the second wave of COVID-19 pandemic, the third quarter of the year witnessing a steady recovery and the last quarter being disrupted by the uncertainty of the third wave of COVID-19 pandemic as well as the geopolitical tensions arising from the Russia-Ukraine conflict. The second wave of COVID-19, though brief, was deadlier than the first wave of the pandemic. Fortunately, the impact on the economic activity owing to the second wave of infections was limited to second quarter owing to less stringent restrictions imposed by the States backed by vaccine availability. Recovery gained steam thereafter aided by reopening across states with focus on the pace of vaccination. India's vaccination program had started out quite slowly. However, the Government ramped up the pace to 7 million jabs per day during August-September 2021 from an average 1.7 million per day during February-May period. This unexpected increase in the pace of vaccination bolstered the economic recovery. Consequently, India managed to administer 1.7 billion doses by March 2022, with 81 per cent adults having been vaccinated. At the current pace, the country is expected to fully vaccinate all adults by December 2022.

While the global economy is recovering from the pandemic since its outbreak in early 2020, it has lost its momentum and is becoming highly imbalanced. Some parts of the world managed to rebound quickly while others in particular the low-income countries dependent on contact-intensive sectors continue to be at risk of being left behind as demand is yet to recover fully.

The revival lost momentum as strong goods demand faced supply bottlenecks. Inflation pressure emerged in all economies as a) disruptions in energy, food and commodity markets have pushed up prices, b) high energy prices and fuel shortages limiting manufacturing of key materials and intermediate goods, c) supply bottlenecks spreading to more generalised shortages of goods, d) global logistics challenges leading to higher freight charges and longer delays. Once the demand normalises, production capacity expands and inflation softens, the supply side constraint and shortages is expected to improve gradually through 2022-23.

While the world was grappling with latest wave of COVID-19 (Omicron), the Russia-Ukraine crisis exacerbated the macro backdrop causing commotion in global markets with sharply elevated volatility. Consequently, prices of commodity, crude oil & gas, food grains and several other commodities have skyrocketed and sent shockwaves in the system as sanctions on Russia have led to a severe disruption in the global supply chain, making it difficult for countries/companies to trade with Russia. This has practically crippled international trade especially for commodities where Russia remains a major global player. While the current crisis has directly/indirectly impacted most of the sectors from a demand/supply chain perspective, Automotive, Consumer Durables and Cement industries have been the most adversely impacted sectors due to the spike in commodity and energy prices. The impact on gross margins for these sectors is likely to be substantial. On the flipside, Metals and Oil & Gas have been the direct beneficiaries due to rising prices.

Going forward, the global GDP growth is expected to moderate over time, from 5.6% in 2021 to 4.1% in 2022 and 3.2% in 2023. On the other hand, Indian economy has strongly rebound on the back of sustained recovery in domestic demand, Government impetus to infrastructure spending and export growth, spurred by global economy as well as the 'China Plus One' sourcing strategy of global players. As on date of this report, the World Bank has retained India's economic growth forecast for the current fiscal at 8.3% and estimated GDP growth at 8.7% during FY 2022-23. According to the Economic Survey, the country´s economic growth is expected to remain at 8% - 8.5% during FY 2022-23. Recently, the RBI slashed economic growth projection to 7.2% from 7.8% estimated earlier amid volatile crude oil prices and supply chain disruptions caused by the Russia-Ukraine war. There are clear headwinds and tailwinds to the economy now; the Union Budget's heavy focus to improve the quality of its expenditure by focusing on investment growth for Indian economy keep investment sentiments positive. The Government has largely continued its focus on:

- Driving capital expenditure (capex) by enhancing gross budgetary supports for roadways, railways and defence sectors;
- Using PM Gati Shakti announced in October 2021 to dismantle silos within the Government for seamless building of infrastructure projects and improving the ease of doing business;
- Propelling the manufacturing sector through Production Linked Incentive (PLI) schemes, while transitioning the economy with an emphasis on urban planning, logistics, Electric Vechicles (EV), solar module manufacturing, river linking, water connections, etc.

The Budget speech of the Finance Minister also reiterated the Government's commitment to COP26 goals, reinforcing the emergence of a new investment theme that could create an additional pool of multi-sectoral investment potential (green investments) with potential for additional job creation (green jobs). The Government announced various initiatives such as a) sovereign green bonds for funding public sector green projects, b) pilot projects on coal gasification, c) ₹195 billion additional allocation for PLI scheme for manufacturing of solar modules, d) Battery-swapping policy for EV charging stations and overall thrust on EV ecosystem in urban areas. These transitions offer opportunities and challenges for almost all sectors and all companies.

However, the uncertainties caused by the continuing Russia-Ukraine conflict as well as the sanctions imposed on Russia, cast a shadow over the growth prospects and profitability. This will have consequences in terms of short to medium term supply shortages leading to elevated price levels

in commodities like aluminum, copper, nickel, thermal coal, coking coal, steel etc. in the near to medium term. There are fears of semiconductor chip supplies getting adversely impacted as Russia and Ukraine are important sources of noble gases and precious metals used in manufacturing of semi-conductors. This could potentially derail the improving chip supplies and continue to impact Passenger Vehicles, Two-wheelers and Commercial Vehicles negatively. In addition, the global logistics challenges is likely to have negative impact on freight charges as well as delays. Continued inflationary pressures could dampen consumer sentiments and reduce consumption expenditure. However, the growth-enhancing policies and schemes (such as production-linked incentives and Government's push toward self-reliance) and increased infrastructure spending, is expected to accelerate economic growth for India. Furthermore, the emphasis on manufacturing in India and various government incentives on the back of stronger digitisation and technology transformation drive will aid in growth. Also, several spillover effects of geopolitical conflicts could enhance India's status as a preferred alternate investment destination. On the health front, a large, vaccinated population will likely help contain the impact of subsequent pandemic waves, if any.

Company Performance

Revenues

During the year, the standalone revenues grew by 33 per cent and the consolidated revenues by 26 per cent driven by better performance across all the businesses. The Company began its financial year during the second wave of COVID-19, which though shorter, was deadlier than the first wave. During the first quarter of FY 2021-22, the Company's primary focus had been to keep operations running safely across plants; and to ensure that all employees and their families are safe and have all necessary support when required. The Company held vaccination drives, organised oxygen concentrators, established quarantine facilities and rolled out COVID care policy to provide support and improve confidence of its workforce. A sustained recovery in domestic demand, government impetus to infrastructure spending, export growth, production cutbacks by China due to environmental concerns and the 'China Plus One' sourcing strategy of global players, led to strong rebound in business performance in Q2 and Q3 of FY 2021-22. However, the shortage of materials, rising input costs and the availability of containers posed challenges. Some segments also witnessed a higher share of exports with incremental growth coming from export customers wanting to de-risk their supply chains. Maintaining margins was a challenge due to increasing input costs. While the fourth quarter of FY 2021-22 started well for the Company which was on track to grow significantly, the Russia-Ukraine conflict impacted the operations of the Russian subsidiary besides other businesses. The Company managed to achieve a topline growth in Q4 but bottomline was impacted due to elevated prices of key input materials and energy costs.

The growth story among subsidiaries is mixed. This year had been a turnaround year for Foskor Zirconia (Pty) Limited, South Africa. Subsidiaries like CUMI America, Volzhsky Abrasive Works, Russia and Sterling Abrasives Limited, Gujarat recorded significant growth, whereas subsidiaries like CUMI (Australia) Pty Limited (CAPL), Net Access India Limited and Southern Energy Development Corporation Limited (SEDCO), Chennai have grown marginally over the previous year. Subsidiaries like CUMI Middle East (CME), United Arab Emirates and CUMI Abrasives and Ceramics Company Limited, China (CACCL) have de-grown.

The Abrasives segment registered growth of 29 per cent at both consolidated and standalone level despite slowdown in Auto sector due to chip shortages, higher fuel costs and slowdown in rural demand. The Electrominerals segment grew 23 per cent at consolidated level and 41 per cent at standalone level on the back of high demand for minerals and supply shortages, supported by growth in volumes and realisation. Higher productivity and prudent cost control helped significant growth at standalone level. The Ceramics segment grew by 32 per cent at standalone level and 27 per cent at consolidated level. The demand outlook for key domestic core industries remained strong for ceramics and refractories. 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)

	2021-22		2020-21		Growth
	% share	Amount	% share	Amount	%
Standalone					
Abrasives	48	10516	50	8177	29
Ceramics	30	6612	30	5007	32
Electrominerals	28	6207	27	4396	41
Eliminations	(6)	(1419)	(7)	(1087)	(31)
Total	**100**	**21916**	**100**	**16493**	**33**
India	77	16773	75	12425	35
Rest of the World	23	5143	25	4068	26
Total	**100**	**21916**	**100**	**16493**	**33**

(₹ million)

	2021-22		2020 - 21		Growth
	% share	Amount	% share	Amount	%
Consolidated					
Abrasives	39	12830	38	9931	29
Ceramics	24	7980	24	6272	27
Electrominerals	40	13120	41	10644	23
Power	1	245	1	229	7
IT services	1	453	2	410	10
Others	1	190	-	-	-
Eliminations	(6)	(1922)	(6)	(1445)	(33)
Total	**100**	**32896**	**100**	**26041**	**26**
India	55	18232	51	13289	37
Rest of the world	45	14664	49	12752	15
Total	**100**	**32896**	**100**	**26041**	**26**

The Company's consolidated revenues from India grew by 37 per cent and from rest of the world increased by 15 per cent.

Manufacturing

The manufacturing team played a vital role in focused production planning and order execution to create a faster growth momentum. The core product segments continued to run at full capacity. Continued focus on Total Productive Maintenance (TPM) helped the Company improve the quality of

its products, operate plants efficiently while reducing the overall cost of operations. Capital expenditure, across all geographies were directed at capacity expansions, facilities for new products, quality enhancement, line balancing and general infrastructure.

Earnings & Profitability

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

(₹million)

	As % of Sales	2021-22	As % of Sales	2020-21	Increase %
Sales		**21916**		**16494**	**33**
Other Operating Income		236		229	3
Revenue from Operations		**22152**		**16723**	**32**
Other Income		420		423	(1)
Total Income		**22572**		**17146**	**32**
Expenses					
Cost of material consumed	41	8925	36	5999	49
Purchase of stock in trade	3	736	3	530	39
Movement of Inventory	(2)	(346)	3	559	(162)
Employee benefits expense	10	2149	12	1962	10
Finance Cost	0	10	0	3	259
Depreciation and amortisation	3	650	4	614	6
Power & Fuel	10	2104	10	1671	26
Other expenses	22	4889	20	3251	50
Total Expenses	**87**	**19117**	**88**	**14589**	31
Profit before tax before exceptional item	**16**	**3455**	**16**	**2557**	**35**
Exceptional items (net)	-	-	(1)	(112)	-
Profit before tax	**16**	**3455**	**15**	**2445**	**41**
Profit after tax	**12**	**2545**	**11**	**1840**	**38**
Total Comprehensive Income	**11**	**2517**	**12**	**1913**	**32**

Standalone profit before tax stood at ₹3455 million as compared to ₹2445 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. Significant improvement in specific material and energy consumption was recorded at Electrominerals Division due to the shift from Bauxite based to synthetic alumina in the manufacture of Fused Aluminas.

Power and fuel cost increased by 26 per cent from ₹1671 million in the preceding year to ₹2104 million during the current year.

Employee benefits expense increased from ₹1962 million in the preceding year to ₹2149 million during the current year.

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

Finance costs were at ₹9.7 million compared to ₹2.7 million in the previous year. Total Comprehensive Income increased from ₹1913 million to ₹2517 million.

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

(₹ million)

	2021-22	2020-21
CUMI Standalone	3455	2445
Subsidiaries including step down subsidiaries:		
Indian		
Net Access India Limited	33	29
Southern Energy Development Corporation Limited	92	103
Sterling Abrasives Limited	164	167
PLUSS Advanced Technologies Private Limited	(126)	-

(₹ million)

	2021-22	2020-21
Foreign		
CUMI (Australia) Pty Limited	191	148
CUMI International Limited	247	308
Volzhsky Abrasive Works	1381	1354
Foskor Zirconia (Pty) Limited	76	(105)
CUMI America Inc.	3	7
CUMI Middle East FZE	1	5
CUMI Abrasives & Ceramics Company Limited	(15)	5
CUMI Europe s.r.o.	-	-
CUMI AWUKO Abrasives GmbH	(196)	-
Rhodius Abrasives GmbH	(5)	-
Total of Subsidiaries	**1846**	**2021**
Inter Company Eliminations	(739)	(670)
Consolidated profit before tax and share of profit from Associate and Joint ventures	**4562**	**3796**
Consolidated profit after tax attributable to owners	**3334**	**2843**

On a consolidated basis, the profit before tax (before share of profit from Associate and Joint Ventures) increased to ₹4562 million from ₹3796 million. Profit after tax and non-controlling interests has increased to ₹3334 million from ₹2843 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		
	31.03.2022	31.03.2021	% change	31.03.2022	31.03.2021	% change
Net Fixed assets (including goodwill and Right of use assets)	4527	4293	5	10638	8052	32
Investments - Non current	9685	2507	286	1378	1271	8
Other Assets						
- Inventories	4002	2951	36	6909	4605	50
- Trade receivables	3309	3177	4	4848	4776	1
- Cash and cash equivalents	158	2548	(94)	3475	4783	(27)
- Other assets	1017	2980	(66)	5980	3398	76
Total assets	**22698**	**18456**	**23**	**33228**	**26885**	**24**
Liabilities (Other than loans)	3661	3108	18	6609	4676	41
Net assets	**19037**	**15348**	**24**	**26619**	**22209**	**20**
Sources of funding:						
Total equity attributable to owner	17407	15348	13	23638	21315	11
Non - Controlling interest	-	-	-	859	464	85
Loan outstanding:						
- Long term borrowings	-	-		78	50	
- Payable within one year	-	-		-	25	
- Short term borrowings	1630	-		2044	355	
Total loans	**1630**	**-**		**2122**	**430**	
	19037	**15348**	**24**	**26619**	**22209**	**20**
Loans (net of cash and cash equivalents)	**1472**	**(2548)**	**(42)**	**(1353)**	**(4353)**	**(69)**

On a consolidated basis, the total equity attributable to owners as on 31st March 2022 was ₹23638 million. There was an increase (net of dividend) to the extent of ₹2323 million. Non-controlling interest was at ₹859 million.

Liabilities (other than loans) was ₹6609 million. The loans outstanding increased to ₹2122 million from ₹430 million. Net fixed assets (including goodwill and Right of use assets) increased to ₹10638 million during the current year from ₹8052 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	
	2021-22	2020-21	2021-22	2020-21
Cash flow from Operations	2821	3301	3771	5534
Taxes paid	(840)	(590)	(1326)	(1026)
Cash flow from operating activities	**1981**	**2711**	**2445**	**4508**
Capital Expenditure (Net of disposal)	(812)	(558)	(1631)	(1026)
Cash flow from other investing activities	(4672)	(1578)	(2971)	(1669)
Cash flow from investing activities	**(5484)**	**(2136)**	**(4602)**	**(2695)**
Cash flow from financing activities	**1113**	**(258)**	**894**	**(662)**
Net increase/(Decrease) in Cash & Cash equivalents	(2390)	317	(1263)	1151
Net Cash and Cash equivalents at the beginning of the year	**2548**	**2231**	**4783**	**3596**
Effect of exchange rate changes on the balances of cash and cash equivalents held in foreign currencies	-	-	(45)	36
Cash and Cash equivalents at the end of the year	**158**	**2548**	**3475**	**4783**

On a standalone basis, net cash generation from operations was ₹1981 million in FY 2021-22 compared to previous year's ₹2711 million. Net cash outflow on account of investing activities was ₹5484 million majorly towards investment in subsidiaries. Net cash inflow on account of financing activities was ₹1113 million which is attributable primarily to borrowings. The net decrease in cash and cash equivalents was ₹2390 million against the net increase of ₹317 million in FY 2020-21.

On a consolidated basis, net cash generation from operations was ₹2445 million in FY 2021-22. Net cash outflow on account of investing activities was ₹4602 million. Net cash inflow on account of financing activities was ₹894 million. The net decrease in cash and cash equivalents was ₹1263 million against a net increase of ₹1151 million in FY 2020-21.

Key Financial Ratios (on a standalone basis)

Parameter	2021-22	2020-21	Favourable/ (Adverse) in %	Comments
R O C E (%)	18.2	15.9	14	Better returns & effective utilisation of capital employed.
Debt Equity (times)	0.09	-		Usage of Working capital Loan (Previous year : ₹Nil).
PBT (%) to Sales*	15.8	14.8	6	Increase due to better profitability.
Asset turnover (times)	1.5	1.2	31	Optimal utilisation.
Receivable turnover (days)	54	64	15	Supported by effective collection efforts.
Inventory turnover (days)	58	69	16	Effective inventory management.
Interest Coverage Ratio (times)	422.5	1171.1	(64)	Due to fresh loans.
Current Ratio (times)	1.6	3.9	58	Decrease in Cash and Cash equivalent due to Investment made during the current year.
Operating Profit Margin (%) *	13.9	12.9	7	Increased efficiency.
Net Profit Margin (%)	11.6	11.2	4	Increase due to better profitability.
Return on Net Worth (%)	15.5	12.7	23	Effective returns.

**excluding exceptional income/expenses (Net)*

SHARE CAPITAL

The paid-up equity share capital as on 31st March 2022 was ₹189.86 million. The capital increased during the year by ₹0.27 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 ₹2/- per equity share of ₹1/- each. It may be recalled that in February 2022, an interim dividend at the rate of ₹1.50/- per equity share of ₹1/- each was declared and paid in March 2022. This aggregates to a total dividend of ₹3.50/- 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 2022 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 on 31st March 2022.

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), rubber bonds 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, woodworking, 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 now helping to meet 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 which witnessed a slowdown due to COVID-19 pandemic and the resultant lockdown scenario across the globe impacting consumption in America, Europe and Asia Pacific is now getting back on its feet. 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 was robust for most part of the year. 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 2021-22, the Indian Abrasives market was growing at healthy pace till Q3 of the Financial Year 2021-2022. This was helped by growth in various user industries and supported by 'Make in India' initiatives and customers preferring to de-risk their supply chain with local availability. The Auto sector, more so, two wheelers segment continued to witness slow down. During Q4, a clear slowdown was observed across both channel and customer segment, due to all round cost push, uncertain demand outlook owing to the war and disruptions in supply chain.

The unorganised market that constituted about 30 per cent of overall market largely dominated by imports continues to be affected due to product non-availability, higher import logistics cost and repeated lockdown situations in China. This has benefitted the local organised manufacturers. This segment of the market is predominantly price driven commensurate with performance requirement.

Sales Overview

The Abrasives Business on a standalone basis recorded revenues of ₹10516 million compared to ₹8177 million in the previous year.

There was a severe onslaught of the second wave of Pandemic, which affected the Q1 revenues. The primary focus 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. Post the wane of the severity of the pandemic, from Q2 onwards, there was

a robust demand for Abrasives in domestic market. Due to the continuing cost push, the Business had to resort to multiple market price corrections which also partially contributed to slowing of the growth in Q4.

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. The Company continued with online digital marketing initiatives with the physical market promotion activities, commencing from Q4. Retail development activities, promotional "influencer" campaigns, end user-based email campaigns across geographies were conducted for better market penetration and several new digital initiatives were introduced which are expected to give a sustainable competitive advantage, better and faster connect with the end user communities. New products continued to be developed and introduced in the market meeting the needs of customers.

Manufacturing

The segment continued its focus on products made with high performance grains by working in co-ordination with the Electrominerals Business. This helped to build a competitive advantage by developing and establishing new range of products.

The capacity utilisation in the newly invested Coated Abrasives manufacturing capacity at Sriperumbudur which commenced commercial operations in 2020 is progressing as per plan. The new maker is equipped with state-of-the-art Internet of Things ('IOT') enabled process monitoring and improvement features for real-time monitoring ultimately enhancing the quality and volume. The learning from this is being adopted for the existing maker to improve quality and cost effectiveness.

Business had faced relentless pressure in terms of higher cost push, increased lead time for raw material throughout the year, which reached the peak during Q4 . While a part of it has been negated by price increase, the Business is trying to accelerate cost savings and alternate vendor/material development. Part of the fuel cost push was negated by moving to alternate fuels as well as more effective kiln utilisation. 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. Similarly, to become more cost competitive, various investments are in progress to automate operations and improve manpower productivity. Horizontal deployment of such steps is likely to further the competitive advantage in the changing landscape.

Key Financial Summary

(₹ million)

Particulars	Standalone			Consolidated		
	2021-22	2020-21	Change (%)	2021-22	2020-21	Change (%)
Revenue	10516	8177	29	12830	9931	29
Segment results (PBIT)	1627	1179	38	1563	1343	16
Capital employed	3787	3132	21	11234	4690	140
Share to total revenue of CUMI (%) (without eliminations)	48	50		39	38	
Share to segment results (PBIT) of CUMI (%)	47	46		34	34	

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, US, Australia and Europe along with presence in specific product groups in Japan and China.

The Industrial Ceramics Business has two verticals - Wear Materials offering management solutions for various industrial applications; Engineered Technical Ceramics manufacturing high end Engineered Ceramics and Metallized Ceramics.

Wear Materials business vertical provides wear management solutions to enhance equipment life across a variety of industries such as Steel, Power, Cement, Bulk material handling, Mining and Mineral processing and coal washeries. The key product categories are Wear-resistant tiles, Grinding media, Lined equipment, Composites & Non-Oxides. The Business has expanded its product offerings and developed new applications across key industry segments like port handling and non-ferrous industries. 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. Prototype remote monitoring system enabling the Company / its customers to forecast maintenance / changeover of equipment is under testing.

The Company is a leader in Australian market and has executed key projects in mining & port handling segments. The Business expanded its customer base with robust growth in America, Europe, Middle East and Japan.

The Wear Business aspires to be a "Specialist in customised wear protection across diverse industry segments using a range of wear materials" through wear management for extending life of material handling equipment.

Under Technical Ceramics - Both the product groups - Engineered and Metallized Ceramics have grown strongly over the last few years with strong focus on Exports.

The Company is a significant manufacturer of Metallized Cylinders in India for high voltage power transmission and distribution catering to leading global customers. New capacity added in FY 2021-22 enabled the Business to meet increasing demand from the customers besides increasing the new customer base and footprint in the new regions like Indonesia South Korea markets.

In the Engineered Ceramics product segment, the Business has strengthened its position in Solid Oxide Fuel Cell ('SOFC') market and has started forays into Hydrogen applications. Many new products for SOFC applications are under trials and validation which will further support the Company's growth path in FY 2022-23. At the same time, the Business continues to produce Ceramic insulator bodies for Spark Plugs with focused initiatives to onboard new customers to grow the Spark Plug business. The Business has commenced bulk supplies of Ceramics for the global Electric Vehicle market and registered a robust growth in the product segment with new customers.

The Business is catering to a wide range of demanding wear and corrosion resistance applications using non-oxides (Silicon Carbide) out of the new facility and Business sees significant growth from the vertical in the coming financial year.

Refractories

Refractories are materials having ability to withstand various operating conditions of load, thermal shock, abrasion, wear, chemical resistance etc., along with high temperatures (range up to 1850 degrees Celsius). It is used as lining material for process vessels and as kiln lining, kiln furniture applications etc.

The Company is a leading player in specialised fired refractory, both dense and insulation bricks, intricate shaped items, Monolithics and pre-cast pre-fired Refractories. The key user industries for Refractory Business are Iron & Steel, Glass, Carbon black, Cement, Ceramics, Petrochemicals, Thermal power plants, Non-ferrous metallurgy, 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, Anti-corrosive Lining, Epoxy and PU Flooring, Screeding, PU and Epoxy Coatings and Waterproof 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.

Industry Scenario

Industrial Ceramics

In the Wear Ceramics space, the Company is one of the reputed players in the world. In the Engineering Ceramics, the Company is relatively smaller and steadily growing in size. The Company is the leading manufacturer of Metallized Cylinder in India and caters to significant customers both in India and abroad.

In the Wear Ceramics industry structure in India, which is catered by a few major players, newer application areas like dredging and dispersion of pigments in paints are opening new opportunities for the Company. The demand outlook for core industries like Coal, Steel, Power Plants, Cement, and Mineral processing looks strong, evident from the projections made in latest union budget and announcements related to capacity expansion made by public and private players. These sectors are expected to benefit from production cutbacks by Chinese players due to environmental concerns.

In Australia, the Company is one of the major players in the Lined Equipment and Mineral processing industry. While there are about a dozen players in the industry, the Company's products are superior in quality and consistency continuing to dominate and grow its presence. Further, the Company has expanded into US, Europe and Japan - becoming the preferred supplier of Wear Resistant products to some of the leading customers in these countries.

In the Engineered Ceramics sector, the Company supplies spark plug bodies to the Automobile sector and structural ceramics for Solid Oxide Fuel Cells segment (SOFCs). The demand outlook for spark plug is neutral due to push towards electric mobility but expected that EVs and Internal Combustion (IC) engine vehicles to remain there together for some more years. The electric mobility sector has opened up newer opportunities for the business to supply electric fuses used in EVs. Also, the demand outlook for SOFCs looks very bullish due to push by number of countries and companies to reduce their greenhouse gas emissions to net zero and efforts towards clean energy using green hydrogen and fuel cells.

In the Metallized Cylinders segment, the new facility at Hosur is fully operational. With a total installed capacity of 1.9 million cylinders per annum, the Company is now amongst the largest producers of Metallized Cylinders in the world and is fully geared up to meet the increasing market demand globally.

Refractories

Refractory market has seen growth as all user industries are in the growth path. The market is expected to grow at 5% CAGR during the period 2022 to 2027. High demand is expected from Iron and Steel and Glass Industry. The investments in new high-capacity blast furnaces, Sintering plants, Pellet plants, and Reheating furnaces are all lined up for capacity building till FY 2025-26. Similarly, glass manufacturers are also in expansion mode which will benefit this business. Also, capacity addition in solar glass manufacturing is seeing good growth. Carbon black industry is cautious but operating in full capacity. Many non-ferrous – new copper plants are coming up in Gujarat.

Amongst refractory manufacturers a high degree of consolidation in an inorganic manner is being seen.

As the pandemic continued into 2021-22, many user industries faced demand slowdown in the export markets. This coupled with the abnormal increase in ocean freight rates and long transit time, forced customers to look for products from local suppliers in industries like Super Alloys, Glass, Ceramic, Furnace OEMs etc. Many projects/repairs/ revamps planned in 2021-22 were deferred to 2022-23 owing to lower demand situation. With overseas travel restrictions continuing, customer interactions continued to be virtual with consistent engagement leading to opportunities for future business.

Anti-Corrosive and Composites

The Business could gain many expansions and maintenance projects in Non-ferrous metal refining industry in India and Africa. Making entry into the zinc industry is one of the highlights. Fertiliser Industry demand was good during the year and the Business has focused on the Middle East and India markets. Flue gas desulfurisation installations progressed across India and business gained in this segment. The Business has developed Spray headers, Wear piping and many wear products for the Power industry.

Sales Overview

Revenues of the Ceramics Business increased by 32 per cent on standalone basis from ₹5007 million to ₹6612 million on the back of good orders from repair and maintenance and higher offtake by customers for Metallized Cylinders and SOFCs. Selective price increases were taken for majority of the products to mitigate cost push.

Industrial Ceramics

Metallized Cylinders, Engineered Ceramics and Wear Materials Business focused on robust growth servicing key customers, adding new market and customers catering to the changing demand patterns in an agile manner. Focused efforts were made 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. Continuous price push initiatives were undertaken for majority of the customers to mitigate the increasing price of the base raw materials. Pick up in industrial activity post relaxation of COVID restrictions yielded higher business volumes in repair and maintenance in domestic segment 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 tiles for new projects in Japan and ASEAN region.

Refractories

Glass industry project, Ceramic industry for Kiln furniture, Insulating Firebrick (IFB) are the main growth drivers for coming five years. This is in line with industrial sector wise growth which is being seen at present. Holding market in carbon black is another strategic call but product pricing has become significant. Raw material, fuel price is ever increasing ultimately pushing the price of finished goods.

IFB market is hugely available but business needs to work on logistic and capacity including geographic expansion.

Sales to export markets bounced back with 40 per cent growth. All customers segments slowly restarted their operations especially in Aerospace, Defence, Glass, etc., and reached 70-80 per cent of their operations that existed in pre-pandemic levels. The Business focused on maintenance orders as there were minimal project requirements and also supplied for new applications in power / energy in the Europe Market. New initiatives were taken for Europe and US markets especially with a focus to increase market reach in Company's core customer segments in Glass, Ceramics, Carbon Black, Foundry etc., which shall offer significant business growth in the coming years.

Anti-Corrosive and Composites

The Anti-Corrosive Business focused on the Phosphoric acid and the Non-ferrous metal refining industry during the year both in domestic, the Middle East and Africa. The Business has also introduced industrial floor coating products in the year and completed many projects in different segments. Composite Business focused on the Flue Gas Desulfurisation and made progress. The Business started servicing products to the drone industry during FY 2021-22.

Manufacturing

Industrial Ceramics & Refractories

The newly commissioned Lined Equipment expansion plant offers complete fabricated system assemblies and complex unlined fabricated parts catering to OEM and Repair & Maintenance customers. This has resulted in addition of new customers and new applications leading to an increase in market share. In Metallized Cylinder capacity expansion, the addition of a Continuous Metallization furnace supported the Business to meet the increasing demand and entering new markets during the year. In Engineering business, facility for Sintered Silicon Carbide with the new vacuum furnace was commissioned during the year, enhancing our capability to offer a range for products for wear, corrosion and thermal protection. Also, the precast manufacturing capacity was enhanced by 50 per cent through installation of energy efficient new kiln. With this capacity addition, the Business is now a leading global player in Metallized Cylinders, Refractories, Anti-Corrosive and Composites Business.

Towards attaining Cost Leadership across all product segments, the Business has started using Piped Natural Gas (PNG) from Gas Authority India Limited (GAIL). The use of this clean burning fuel will reduce emissions and also offer a better cost position.

With the Increasing global price for the basic raw material - Alumina, Business developed alternate sources. In addition, there is a strong focus on Automation, Process re-engineering, reduction in material movement and Digitization to make the processes more efficient and reduce labor intensity to enhance competitiveness. Due to pandemic restrictions in the

initial part of the year, 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		
	2021-22	2020-21	Change (%)	2021-22	2020-21	Change (%)
Revenue	6612	5007	32	7980	6272	27
Segment results (PBIT)	1315	1056	25	1593	1359	17
Capital employed	3666	3484	5	4952	4619	7
Share to total revenue of CUMI (%) (without eliminations)	30	30		24	24	
Share to segment results (PBIT) of CUMI (%)	38	41		34	34	

Electrominerals

Business Profile

The Minerals 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), Monoclinic Zirconia 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, sand mines and a 12 MW Hydel power plant to insulate it from fluctuations in power tariffs.

Business continues to focus 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, yield and efficiency improvement initiatives, 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.

While the Business focus on regular operations with sweating of assets and improved asset utilisation, it cautiously builds its capabilities and infrastructure for catering to the new and emerging transformational areas of opportunities like Graphene, High Purity Silicon Carbide, battery materials and related areas through tie-ups for technology and by commissioning pilot scale plants. The Graphene facility started functioning during the year and the products are being adapted/functionalised for selective applications. The trial for developing high purity SiC is progressing well.

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

Industry Scenario

The year 2021-22 commenced with the challenges on account of the outbreak of the deadlier second wave of COVID-19, but the Business was able to insulate its activities from the pandemic impact with the support of adhering to not only the COVID protocols declared by the Government but also those internally introduced by the Company. The restrictions in manufacturing activities and environmental related controls implemented in China, resulted in a shortage of minerals across the world. The disruption in container availability and an unprecedented increase in the freight cost added fuel to the chaos already created in the mineral availability and cost push.

The Business has seen an ever-increasing demand for its minerals due to the revival of Auto, Construction and Steel sector. The focus of the Government in infrastructure spending and continued growth of Steel industry has pushed the demand for Abrasives and Refractory products in the domestic market. While there was consistent demand from isolated like Diesel Particulate Filters (DPF) and Semi-Conductors, the Business could not cater to them fully due to shortage of feed material available from Russian subsidiary.

The Business faced considerable challenges in Brown Fused Alumina (BFA) fusion due to the declining bauxite quality resulting in cost escalation and drop in yield and recovery. The development of Alumina based synthetic fusion and establishment of products followed by the timely decision to shift from Bauxite to synthetic fusion helped scaling up volume and cater to the demand pull for its products.

The Business has also seen an unprecedented growth in the Alumina price in the international and domestic market, being the main input for fused Alumina, but could manage / mitigate the impact through bulk sourcing of the material from international sources at competitive prices. In a similar manner, Business mitigated impact from the fluctuations in the price of Petcoke by bulk sourcing and stocking of material, when prices were favorable.

With the continued dependency on a few customers for Alumina Zirconia grains posing a business risk, alternate products including improved versions for Coated Abrasives application etc., are expected to mitigate the risk. While Solgel business has started using up to 75 per cent of the raw material requirement from own source, the volume scale up is yet to happen.

The transformational products like Graphene and high purity Silicon Carbides are still evolving with testing & approval for selected applications and Business is confident of scaling up to a commercial level from next year.

Sales Overview

The Electrominerals Business on a standalone basis recorded revenue of ₹6207 million compared to ₹4396 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 could effectively implement price corrections to the customers across market segments, without sacrificing the volume and this has really contributed significantly to the revenue growth during the year. 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. Business could scale up the BFA volume significantly during the year by introducing synthetic version of BFA. While there was stable demand for SiC fine powder from segments like Diesel Particulate Filters and Semi-Conductor applications, the Business could not cater to the demand due to shortage of feed from Russian subsidiary. The demand for other micro powders especially from laminates has helped the Business to improve the sales volume.

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

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

The Zirconia business at Foskor Zirconia has also reported favorable results during the year.

Manufacturing

Manufacturing strategies focused mainly on improving throughput by efficient operations supported by loss reduction through TPM initiatives and value creation through grain treatments. Continued focus on innovation, TPM measures enabled the Business to be competitive and efficient in bettering its 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 as a replacement for ABV and BFA. This helped in augmenting the production and sales volume of Alumina from the new facilities. Business has already taken initiatives to increase its crushing and grinding capabilities for WFA and modernisation of the processing facility for BFA during the year. This would augment material availability of WFA and BFA from Minerals Business.

The year saw highest volatility in the availability and price of critical raw materials: Alumina, Graphite Electrode and Raw Petroleum Coke (RPC) in international and domestic market. The strategy to bulk source Alumina internationally and RPC from Bharath Petroleum Corporation Limited (BPCL) has helped the Business to insulate partially from the impact of higher prices.

Foskor Zirconia which is into production of Monoclinic Zirconia and Calcia Stabilised Zirconia has also revived its operation with an increased demand from customers. The Silicon Carbide operations at VAW was at its full capacity. The changes in the geopolitical situation in the last quarter of the year is expected to have an impact in the coming quarters with logistics issues being primary.

The Business has successfully produced Graphene from its new facility and established three variants for commercial applications. The production trial of High Purity Silicon Carbide has been conducted and the chemical and physical properties are being evaluated.

Key Financial Summary

(₹ million)

Particulars	Standalone			Consolidated		
	2021-22	2020-21	Change (%)	2021-22	2020-21	Change (%)
Revenue	6207	4396	41	13120	10644	23
Segment results (PBIT)	612	317	93	1942	1359	43
Capital employed	2152	2014	7	5981	5760	4
Share to total revenue of CUMI (%) (without eliminations)	28	27		40	41	
Share to segment results (PBIT) of CUMI (%)	18	12		42	34	

FINANCE

During the year, the Company generated ₹1981 million cash surplus from its operations on a standalone basis. All debts have been serviced on time. The Company's long term borrowings as on 31st March 2022 stands at nil while short-term borrowings was at ₹1630 million. The capital expenditure program of ₹818 million was financed from internal accruals.

The Company continued to have a reasonable cash generation during the year, due to prudent capital expenditure and efficient working capital management. The debt at consolidated level increased to ₹2122 million. The cash and cash equivalent level (net of borrowings) at a consolidated level stands at ₹1375 million including deposits with tenure exceeding 3 months.

The debt equity ratio for the Company is 0.09 at both standalone and 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 ₹10 million compared to ₹3 million last year. The Company earned ₹99 million by investing surplus cash available for short term.

At a consolidated level, the finance cost has increased to ₹56 million from ₹36 million. The increase in borrowings has resulted in higher finance cost. The capital expenditure program of ₹1643 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 2022 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 re-appointed M/s. Deloitte Touche Tohmatsu India LLP as Internal Auditors of the Company for the period from 1st July 2021 to 30th June 2022.

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 are operating effectively.

HUMAN RESOURCES

The resilience and agility of our employees were tested during the year with the challenges posed by the second wave of pandemic which remains the deadliest of the COVID-19 pandemic wave so far. The year saw the commitment and courage of our employees to respond quickly to the business needs irrespective of adverse external environment. Employee wellness continued to be high priority action area for the Human Resources function this year.

Learnings from the previous year lockdown were critical to define the Human Resources Strategy for the year. Balancing employee wellness and business continuity was the key HR strategy. Leadership Team and emergency response team ensured continuous connect with employees and reinforced the confidence with employees and their families. The health protocols and guidelines issued by government authorities were adhered to at all locations. Upgradation of tech tools and added system security facilitated the hybrid model working across locations. The working model saw the slow and steady transition from remote to hybrid to fully offline, which reflects our commitment to business continuity.

Combating COVID-19

The first quarter of the year commenced during the second wave of COVID-19. Quick actions were taken to reinforce employee awareness on health and safety, sensitising them on the importance of social distancing norms, sanitisation, hand wash and use of personal protective equipment. Protocols on visitor/vendor management, meetings, travel etc., continued at each location. Employees were encouraged to take additional insurance cover and also provided with emergency advance to meet hospitalisation needs.

Quick access to doctors was made available at major locations like Edapally, Chennai and Hosur besides procuring and making available oxygen concentrators at all locations. Quarantine centre was re-activated at Thiruvottiyur to support employees who needed isolation after developing symptoms. Counselling support for employees and their family members continued to reduce the stress level and anxiety. A quick tracker of infection was introduced to track the infection level at each business unit daily which helped in taking quick decisions based on the spread of infection.

A special COVID Care package was introduced to take care of employee's family in case of an unfortunate death of the employee due to COVID.

Preventive and other 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.

With the availability of vaccine by the second quarter of the year, multiple vaccination drives were organised at each factory unit. Awareness sessions were organised to clear apprehensions about the vaccine. These initiatives in association with government authorities helped in vaccinating more than 95 per cent of our employees and contract staff with preventive COVID-19 vaccines.

Inspite of all the above efforts, the Company lost three (3) of our employees in the Company and seven (7) at a global level due to COVID during the year. The support and prayers continue to be with the family of the deceased employees.

Employee Safety and Health

Safety continues to be the key area of focus for the Company. Behaviour-based training both in-person as well as virtual 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. Safety awareness sessions continued on a regular basis to bring in more awareness on safety. Separate kiosks have been set up at select units to provide virtual training on safety and to issue a work-passport on successful completion of safety orientation.

A software based virtual safety tree was introduced during the year to track safety incidents and unsafe acts in each location on daily basis. A regular review of safety practices and analysis of unsafe acts at factory units helped bringing in a better safety discipline. Ergonomic Assessment of workplace was done at Industrial Ceramics Division using the REBA model. Recommendations based on the analysis are being implemented to reduce the health risk of employees.

The annual medical check-up facility continue to assess the health status and risk of our employees. Awareness sessions were organised on the theme – FHH (Fitness, Health and Happiness) and employees were encouraged to take initiatives to improve their health and fitness.

Awareness sessions and campaigns organised by the Internal Complaints Committee, set up under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, continued at across units. The e-learning module on Prevention of Sexual Harassment was made part of the induction module so that the new employees will improve their awareness level. The mime acts under various themes were conducted to increase awareness for the workforce without language barrier. Poster and mailer campaigns to increase awareness were carried out periodically. The entire leadership team attended a refresher session on Prevention of Sexual Harassment, which was facilitated by an external legal consultant. During the year, 2 referrals had been received under the policy for Prevention of Sexual Harassment which after due enquiry were disposed with suitable resolution.

Capability Building

The learning and development function could leverage the technology to facilitate and cover a greater number of learning programmes with wider participation.

The year saw hybrid approach to learning with a right mix of virtual and physical learning programmes. Select employees from the Sales team of Abrasive Business completed their Sales Excellence Programme covering selling strategies and 16 other topics. Currently the participants are working on chosen projects to apply the learning on the job. A new initiative for Sales workforce capability development is also being designed in line with business expansion plan of Abrasives business unit.

Technical programs were rolled out on Design of Experiments (DOE), Programmable Logic Controller (PLC), Statistical process control and Inventory Management respectively. Behavioural programs on Managing Collaboration, Team Management, Execution Excellence, Communication and Presentation skills and Creativity and Innovation were rolled out.

CUMI SUPER STAR program, a specially designed programme for development of supervisory staff Phase-1 was launched in Quarter 2 of the year to enable the Supervisors to manage their work effectively and in engaging with their teams to improve productivity through developmental inputs, frameworks and techniques. More than 100 supervisors underwent various sessions on planning, time-management, execution excellence, communication skills, team building, collaboration and customer focus over a period of 6 months in 3 batches. The sessions were followed up with application oriented assignments, peer

learning sessions and recognition for top 3 learners in every batch. Phase-2 of this program has been scheduled to start from April 2022 and will consists of technical topics like 7QC tools, Awareness on ISO standards, Problem solving methodology, statistical process control, 4M CM and lean manufacturing concepts.

Based on the inputs from Graduate Engineer Trainee batches from 2018 to 2021, the learning plan for campus recruits is being redesigned. A new 6 month long learning plan is proposed to be rolled out for new batch of trainees.

Considering the global expansion, 52 employees are being undergoing a cultural sensitisation programme in association with Globe Smart, an intuitive, online learning platform that promotes global collaboration and inclusion. The platform is an opportunity to understand and appreciate cultural differences prevalent across different countries.

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, 9 new mentors were added to the programme. Special orientation session was organised to strengthen the mentoring capability of mentors.

Platform for Accelerated Career Experience (PACE) - the platform for cross-functional experiential learning continued to engage and provide employees with an opportunity to work on different projects of their choice. The year saw 9 new additions and completion of 12 PACE projects. PACE has helped develop capability in different functional areas and improve employee engagement levels, especially of millennials.

Employee Engagement

Engaging multi-generation employees at different phases of pandemic, in a hybrid work model was a challenge during the year. Continuous communication through different channels played a key role in improving the engagement level. The leadership team ensured regular communication through different channels to dialogue with employees, communicate updates and contingency plans. The Managing Director's half yearly Town Hall meeting, connecting all employees across the globe, including subsidiaries provided a feel of togetherness and connect. "Thinking Aloud" the MD's weekly communication to employees saw 52 uninterrupted releases. Business Heads and functional leaders continued their dialogue with employees at regular intervals. To engage with the potential talents, efforts were taken to improve the social media presence, specifically in LinkedIn. Keeping these communication channels activated has helped foster a sense of connection and the leadership teams to get employees' pulse and plan resources accordingly.

Employee recognition through different platforms continued to recognise employees for their achievements. Employees who exhibited exceptional values during the year were recognised with "Shine Awards".

A "One CUMI" initiative was launched during the year to bring in uniformity in employee experience across locations.

An Employee Engagement survey was rolled out to all the Management staffs across CUMI in Q4 of FY 2021-22 to understand their experiences in Culture, Company policies and practices, Career, Collaboration and Coaching & Empowerment. Based on the survey outcomes, focus group discussions will be conducted and action plans will be created to improve employee experience.

HR Excellence

The feedback from Confederation of Indian Industry (CII) HR Excellence assessment 2021 is a guiding note for our journey to excellence. Actions based on the feedback report are being implemented based on priority.

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. During the year, 2 factory units signed off wage settlement increasing productivity target and without loss of any manhours.

Talent Acquisition & Talent Management

Hiring of fresh talent and development of future leaders continued as a strategic focus area. The focus was to continue creating a talent pipeline in the middle management level by hiring Graduate and Management trainees. 33 Graduate Engineer Trainee and 2 Post Graduate Engineer Trainees were recruited during the year. They are expected to join by Q1 of FY 2022-23. Lateral hires with greater emphasis on referrals, job boards and internal transfers lowered sourcing costs.

The quality of the hires has been enhanced by introducing Thomas Personal Profile Analysis (PPA). The capability of the HR team has been enhanced by undergoing training program on PPA and getting certified on the same.

To remain competitive in the talent market, a Compensation Benchmarking was done through a reputed external expert. Compensation was revised in line with market level.

High Potential Talents who were identified as future leaders through multi source feedbacks and assessments were enrolled for different development programmes. 5 Employees who are identified as potential business leaders are undergoing a development programme through Indian Institute of Management, Ahmedabad (IIMA).

34 Employees who are identified as mid-level leaders are enrolled CUMI Leadership Programme, a customised development programme designed and executed in collaboration with Great Lakes Institute of Management.

High Potential employees in junior level management are being identified through a performance - potential matrix. The assessment will take 2 year performance data and a potential score from Thomas General Intelligence report. Once the exercise is complete, these employees also will undergo a customised development initiative.

Cost focus

The pandemic and lockdown conditions brought in new challenges on fixed cost. Through a structured approach, higher focus on automation, improving the productivity through Six

Sigma and identification of non-value added processes through tools like value stream mapping, fixed cost continued to be addressed.

ACHIEVEMENTS AND AWARDS

Despite continuing to be a challenging year from an operational perspective, the Company continued to be a proud recipient of several awards and recognitions reiterating its commitment to excellence.

During the year, the Company was conferred one of India's Best Managed Companies by Deloitte after a stringent evaluation process which included areas of internal processes, strategy and governance. The Abrasives division and Ceramics division were in receipt of Platinum Award in Lean Six Sigma by CII & Platinum Award in the Kaizen (CCKC) Competition, organised by QCFI respectively.

The Company's Electrominerals division received Industry Excellence Award from Dr. Mahendra Nath Pandey, Minister of Heavy Industries, Govt. of India. The Ceramics division was in receipt of Silver medal in Sustainability Rating from Ecovadis and winner of the gold trophy in Poke Yoke Competition by CII.

The total staff on rolls of the Company (including Joint Ventures and Subsidiaries) as of 31st March 2022 was 5555 with 3674 employees in India (previous year 5256 with 3488 employees in India).

PERFORMANCE OF SUBSIDIARIES

The Russian subsidiary, recorded sales of RUB 7293 million against RUB 6625 million during the previous year. The profit after tax stood at RUB 1100 million against RUB 1051 million. Growth was driven by the SiC and Refractories Business. Volumes remained encouraging throughout the year and there was a clear trend of global consumers looking to de-risk or reduce exposure to China before the geopolitical tensions commenced in the last quarter of the year. Despite the challenging conditions both economically and politically, the subsidiary continues to operate the plants uninterruptedly with focus on revenues, profitability as well as the safety and well being of its employees.

Foskor Zirconia, South Africa, recorded sales of ZAR 354 million compared to ZAR 293 million in last year with an uptick in demand for its products. The entity made a turnaround in its performance and made an operating profit of ZAR 15 million against a loss of ZAR 23 million in the previous year.

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. The Board of Foskor Zirconia (Pty) Limited is reviewing restructuring proposals for sustaining and improving the financial position which has seen a turnaround during the year.

CUMI Australia was impacted by the trade tensions between China and Australia in the last year and continued to have been impacted by logistic issues during the year which impacted order fulfillment. The Company's revenues grew from AUD 18.8 million to AUD 21.10 million despite the challenging business conditions. Profit after tax was AUD 2.5 million against AUD 2 million last year.

Sterling Abrasives reported a sales of ₹1118 million, compared to the last year's sales of ₹870 million. Profit after tax was flat at ₹121 million. Higher Agri acreage and the continuing good reception of certain new products among end users helped growth.

CUMI Abrasives and Ceramics Company Limited (CACCL), the subsidiary based in China, had a sales of CNY 16 million for the year, compared to CNY 19 million last year. CACCL made loss of CNY 1.3 million and the operations are under review for taking suitable decisions in this regard.

The sales of CUMI America during the year improved to USD 12 million as against USD 9 million last year. However, owing to decreasing demand situation and need for maintaining stocks, the profit after tax reduced from USD 92,465 to USD 36,852.

For CUMI Middle East, sales decreased from USD 3.1 million to USD 2.2 million owing to the continuing intermittent pandemic situation impacting the demand position. Profit for the year was at USD 15,445 against a profit of USD 66,493 during the previous year.

Southern Energy Development Corporation Limited (SEDCO), the gas-based power generation subsidiary recorded a sale of ₹245 million as against ₹229 million last year. The profit after tax is ₹68 million as compared to ₹80 million due increase in gas prices towards the end of the financial year.

Net Access India Limited, which provides IT facility management and other allied services grew from ₹410 million to ₹453 million. The profit from operations grew from ₹20.6 million to ₹25 million.

CUMI International Limited, Cyprus recorded a revenue of USD 6 million representing mainly dividend income as against last year's income of USD 4.4 million. During the year, the Company made an investment of USD 78.6 million in CIL to enable suitable funding to make the acquisitions in Europe.

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

During the year, the Company made a strategic investment of 72% in the share capital of PLUSS Advanced Technologies Private Limited by purchasing a part of the existing stake held by its promoters as well as entire stake held by TATA Capital Fund and other investors coupled with making a direct investment in the Company.

CUMI AWUKO Abrasives GmbH - During the year, CUMI International Limited acquired an entity in Germany, an operating cum investment company in Germany to acquire the main assets of AWUKO Abrasives Wandmacher Gmbh & Co. KG, a company under insolvency in Germany. The asset purchase transaction was concluded on 1st February 2022.

RHODIUS Abrasives GmbH -During the year, CUMI International Limited incorporated an operating company in Germany to acquire the Abrasives business of RHODIUS Group.

Growth through Acquisitions

The current financial year has also been exciting in terms of executing strategic growth plans through value-accretive acquisitions in India and Europe. The Company acquired majority stake (72%) at an investment of ₹115 crores in Pluss Advanced Technologies Private Limited (PLUSS), which is a specialty materials research and manufacturing company involved in the

fields of phase change materials for thermal energy storage. This acquisition will help CUMI to grow in emerging areas like cold chain logistics, EV battery space, building cooling and specialty polymeric additives for enhancing mechanical and barrier properties of products like in food and pharma packaging. In the Abrasives segment, CUMI acquired the assets of AWUKO Abrasives Wandmacher Gmbh & Co. KG (AWUKO), a company undergoing insolvency proceedings in Germany for Euro 8 million. The assets acquired as a part of the asset purchase transaction comprised land and building, plant & machinery, fixed assets, leased assets, brands & trademarks, patents, technical know-how and other intangible assets excluding cash and receivables.

During the year on 2nd February 2022, a share purchase agreement to acquire the shares in RHODIUS Schleifwerkzeuge Verwaltungsgesellschaft mbH and the limited partners interest in RHODIUS Schleiwerkzeuge GmbH & Co. KG was entered and the acquisition consummated on 1st April 2022.

The above acquisitions will help CUMI in expanding its product portfolio and strengthen access to its distributors in Europe and the US. CUMI being a major producer of abrasive grains, Silicon Carbide and fused alumina, would also provide these new partners with raw material security and cost competitiveness.

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	2021-22	2020-21	2019-20	2018-19	2017-18
Generation of Gross Value added (excludes exceptional items (net))	**6275**	**5153**	**5044**	**5072**	**4550**
Breakup on Application of Value added					
Payment to Employees and Directors	2169	1982	1979	1839	1760
Payment to Shareholders (on payment basis)	569	284	757	520	330
Payment to Government	899	638	709	946	732
Payment to Lender	-	-	-	-	-
Towards replacement and expansion	2638	2249	1599	1768	1728
	6275	**5153**	**5044**	**5072**	**4550**

- *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. During the year, in collaboration with external advisors the enterprise management framework was assessed for its maturity levels. Due changes to the risk management policy and the manner of risk identification and categorisation was made. As on date of this Report, the Company is in the final stages of automating the upgraded enterprise risk management framework.

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 majorly 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. In India, the Company is also exploring alternate power sources and towards this has commenced installation of clean energy sources such as solar for its captive consumption.

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 does quarterly penetration assessment testing for all internally and internet facing applications. During the year under review, assessment of security risks from usage of public Wi-Fi and Bluetooth devices was also additionally undertaken. The security threat awareness is periodically published to create awareness among employees and stakeholders for handling the risk proactively. The security process is included as an important step in the IT policy 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, through continuous monitoring on the business-critical IT assets. Considering in some locations the hybrid mode of work 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 has also initiated developing an overall IT strategy which is under evaluation and expected to be rolled out in the next year.

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 cannot be ignored as the pandemic still continues in an intermittent manner with the risk of another wave with the same or new variant still lingers. The priority for the Company continues to be the safety and health of all its employees and other stakeholders with minimal disruption to operations. To mitigate the risks related to any subsequent infection waves, if any, the Company is well prepared with its workforce more than 95 per cent vaccinated with first with second dose. Further, 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. The quarantine centres to handle any sudden spurt of infections at the Company's plant location remain to be activated any time. The Company also ensures that safety protocols and government guidelines are being strictly followed including monitoring the same vide the compliance management system.

Over the last couple of years, the key risks identified owing to COVID-19 likely to impact the future performance of the Company are as stated 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 has been undertaken for a three-year period which 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 will be obtained in case stricter lockdown conditions are imposed. Employees of the Company continue to be sensitised to take the vaccination including booster shots as per the eligibility announced by the Government. Assistance in the form of vaccination camps, tie-ups with hospitals etc. will continue until the pandemic ends. Exploring new opportunities in emerging sectors like food and pharma continue to be in radar and the acquisition of PLUSS Advanced Technologies P Ltd is an indication of the same. Technological and digital advancement proposals to keep up with the transformation in the operations model and product offerings will continue with rigour.
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 on set of the pandemic in March 2020, dedicated clear communication and awareness programs to sensitise the employees on the cause and effect of the disease is being continuously conducted and updated based on the Government guidelines and Health Ministry notifications. Dedicated periodic calls to enquire about the health status of the employee and his or her family including neighbourhood were made during the pandemic. 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 ready to be reactivated whenever required. Continuous guidance on social distancing norms and hygiene being given. Contractual, emotional and operational guidance on remote working being given periodically. However, with the hybrid model and most employees working from office currently, this will be reinforced if situation demands in future. The C-Safe app which had been created for employees to voluntarily declare their health status as a sign-in process has been discontinued with situation normalizing but can be reintroduced at short notice if situation demands. The annual health check-ups continue to be enforced. Separate helplines 24*7 to counsel employees who require customised guidance or information will be activated at short notice. Online learning and development programmes rolled out to keep employees engaged and up skilled duringthelockdown continues in addition to physical training mode. L&D has become a hybrid mode enabling greater participation. Automation of Processes continue. Quarantine centre to handle any sudden spurt of infections at the Company's plant location will be activated at short notice. Necessary IT infrastructure is being reviewed and upgraded to suit hybrid mode, if required.
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. This mitigation plan also addresses the risks emanating out of geo-political risks.
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 to enhance our competitiveness and the ongoing risk assessment and minimisation efforts which is being stablised over the last couple of years since the beginning of the pandemic in 2020, we are well prepared to handle the exigencies on this account in a manner to minimize the impact. However, the forecast for growth depends on the pandemic including the infectionwave arising from variants and sub-variants remaining under control.

BUSINESS OUTLOOK AND OPPORTUNITIES

The announcement of a higher than expected capex outlay at 7.5 trillion (+35.4% YoY) for FY 2022-23 is a major step on encouraging more investments, laid down in the economic survey. The Government intends to channelise this capex into four priorities: a) PM Gatishakti, b) inclusive development, c) productivity enhancement/climate actions and d) financing of investments. The bulk of the 7.5 trillion outlay would be dedicated to PM Gatishakti projects that would be driven by investments in core economic sectoral engines - roads, railways, airports, ports, mass transport, waterways and logistics. The Government also reiterated its commitment to COP26 goals, following up with various announcements such as enhancement of PLI allocation for solar module manufacturing, incentives across EV ecosystem, introduction of green bonds, etc. These initiatives towards clean energy would provide additional opportunities for the Company at a consolidated level.

However, protracted geopolitical tensions and high commodity prices pose downside risks to the growth outlook, with margin compression set to squeeze value added growth during the period of the conflict.

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 Clean energy, Digital, Defence etc., to drive growth during these unprecedented times.

FIXED DEPOSITS

The Company has not accepted any deposits from the public falling within the ambit of Section 73 of the Companies Act, 2013 read with Companies (Acceptance of Deposits) Rules, 2014 and no amount of principal or interest was outstanding as on the Balance Sheet date.

LOANS AND INVESTMENTS

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

Description	As on 31.03.2021	Movement (Net of Deletions)	As on 31.03.2022
Loans given by the Company	-	-	-
Corporate guarantee given by the Company	249.00	4946.33	5195.33
Investments made by the Company	2507.31	7177.55	9684.86

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. The Securities and Exchange Board of India vide the SEBI (Listing Obligations and Disclosure Requirements) (Sixth Amendment) Regulations, 2021 notified on 9th November 2021 has significantly amended the monitoring framework for dealing with Related Parties by listed entities. Consequentially, your Company has amended its existing policy on dealing with Related Parties on 21st March, 2022 duly factoring the processes and procedures to be established to supervise the expanded list of transactions with the extended list of Related Parties.

In line with its policy, all Related Party transactions both under the Companies Act, 2013 as well as the Listing Regulations are placed before the Audit Committee for its review and approval. Prior approval of the Committee is obtained on a quarterly basis for transactions which are foreseen and are of repetitive in nature. Omnibus approvals in respect of transactions that cannot be foreseen or envisaged are also obtained as permitted under the applicable laws and the thesholds are periodically reviewed. 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. During March 2022, considering the Listing Regulations mandates effective 1st April 2022, enhanced monitoring of transactions with Related Parties, an awareness session across the subsidiaries of the Company, both domestic and overseas was conducted to brief the requirements of the amended Listing Regulations and changes in their reporting framework as well as monitoring process at their respective Board/committee levels. The transactions placed for approval of the Audit Committee at its meeting held on 21st March 2022 duly considered the amended requirements effective 1st April 2022.

All transactions with Related Parties under the Companies Act, 2013, entered during the financial year were in the ordinary course of business at arm's length and hence no particulars are required to be entered in the Form AOC-2. Further, all transactions entered into with Related Parties during the year even at arm's 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 registered with the Central Government, 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.

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, the CSR activities in the healthcare sector involved grants for conducting pediatric cardio surgery at Sri Sathya Sai Sanjeevani Hospitals besides installation of oxygen generator at Sir Ivan Stedeford Hospital. Sri Sathya Sai Health Education Trust established in May 1970 started Sri Sathya Sanjeevani Hospitals in 2012 primarily to address congenital heart disease free of cost to the needy children. Sir Ivan Stedeford 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. 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.

With respect to healthcare, a grant to AMM foundation was made for continuing to operate the mobile health van at Jhabera, Uttarakhand which provides free primary healthcare at doorstep, diagnosis of diseases through the mobile health lab, providing treatment through free medicines and creating awareness on the importance of healthcare in the nearby communities.

During the year, a grant was also made to Hosur Industrial Association for construction of a building for a Skill Development Centre in Hosur which is a most sought after industrial location. Hosur Industrial Association ('HIA') 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 not only caused disruption to business operations but also to normal life especially during the phase of the second wave (Delta variant) which remains the most deadliest and severe variant of the virus impacting the first half of the FY 2021-22. Hence, in order to support the efforts of the State Government 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 ₹10 million to the Tamil Nadu State Diaster Management Authority.

The local community assistance programmes undertaken at various plant locations included COVID-19 relief activities across locations through supply of medical equipment kits to frontline workers, supply of food and other essentials, setting up quarantine ambulance facility and providing oxygen cylinders. The contribution for these local initiatives and support aggregated to ₹1 million approximately.

Besides the above, the Company also actively pursued local community assistance programmes in and around its plant and office locations anchored by its employees.

The Company's CSR policy is available on the Company's website at the following link https://www.cumi-murugappa.com/policies-disclosure/. Annual report on the CSR activities in the prescribed format is annexed hereto as Annexure B and forms part of this Report.

The Company in line with the amendments in Companies Act, 2013, formulated an annual action plan, which was approved

by the Board of Directors, in pursuance of the CSR Policy of the Company, based on which spending on CSR activities were undertaken for FY 2021-22. The Company spent ₹45.86 million towards CSR activities and no amounts remain unspent at the end of the year.

As at 31st March 2022, 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 2022 in terms of Regulation 34(2) of the Listing Regulations is annexed to this Report as Annexure C. The Company has initiated steps to establish tracking and reporting of information in the Business Responsibility and sustainability reporting which will become mandatory in the coming years.

GOVERNANCE

Board of Directors and Key Managerial Personnel

As at 31st March 2022, the Board of the Company comprised eight Directors of which majority (five) are independent.

During the year, Mr. Sridharan Rangarajan was appointed as Whole Time Director designated as Director – Finance & Strategy for a term commencing from 1st July 2021 to 30th June 2026 with the shareholders approval obtained in 67th AGM of the Company held last year on 2nd August 2021.

Mr. N Ananthaseshan, Managing Director 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 68th 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 Director's 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 Director's databank with an exemption provided to Directors fulfilling the criteria prescribed under the Act and the Rules referred therein. The completion of the online proficiency self-assessment test is exempted for most of the Directors. Some of the Independent Directors including those required to do so have completed the self-assessment. Mr. P S Raghavan and Mrs. Soundara Kumar (though being exempt) have completed their proficiency self-assessment within the timelines.

As on the date of this Report, Mr. N Ananthaseshan, Managing Director, Mr. Sridharan Rangarajan, Director – Finance & Strategy, 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, ten 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.

The Board evaluation process continues to be conducted in a paperless mode.

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 five members of which majority are Independent Directors i.e. four members. Mr. Sanjay Jayavarthanavelu is the Chairman and other members are Mr. Aroon Raman, Mr. Sujjain S Talwar, Mrs. Soundara Kumar and Mr. Sridharan Rangarajan. 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 (AGM).

Considering that the tenure of PWC would be concluding at the 68th AGM, the Company is required to appoint a Statutory Auditor in place of PWC, the retiring Auditor. Pursuant to Section 139 of the Companies Act, 2013, PWC is eligible to be appointed / re-appointed as Statutory Auditors for second term of five consecutive years. The Board of Directors at their meeting held on 13th May 2022, based on the recommendation of the Audit Committee, have recommended the re-appointment of PWC to hold office for a second term of five years from the conclusion of the 68th Annual General Meeting until the conclusion of the 73rd Annual General Meeting of the Company.

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 2022 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 2021-22 on a remuneration of ₹4,50,000/-. Further, they have also been appointed by the Board to conduct the cost audit for the FY 2022-23 at a revised remuneration of ₹5,00,000/-.

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 2022-23 is included in the Notice convening the 68th 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 2021-22. The report of the Secretarial Auditor is annexed to and forms part of this Report as 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 have 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 2022, 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 as 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 as Annexure A.

Under the Company's Employee Stock Option Scheme 2007 (ESOP Scheme 2007), no Option grants have been made since February 2012. The Employee Stock Option Plan 2016 (ESOP Plan 2016) was implemented in February 2017 with the approval of the shareholders and currently governs the grant of options to employees. During the year, eligible employees were granted in aggregate 792,080 options under the ESOP Plan 2016. The disclosures with respect to options granted under the ESOP Scheme 2007 and ESOP Plan 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 as repealed at present and superseded by Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 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 ESOP Scheme 2007 and ESOP Plan 2016 are in compliance with the Securities and Exchange Board of India (Share Based Employees Benefits) Regulations, 2014 as repealed at present and superseded by Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.

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 2022. There was no instance of one time 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, advisors, suppliers, government authorities, banks and other business associates during the year. The Board also places on record its sincere appreciation of all the employees of the Company for their commitment and continued contribution to the Company.

On behalf of the Board
M M Murugappan
Chairman

Chennai
May 13, 2022

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 2021-22 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 (No. of years)	Date of commencement of employment	Previous employment
1	2	3	4	5	6
Ananthaseshan N (59)	Managing Director	18,818,285	M.Sc (Applied Science), M.Tech Material Science (36)	19.02.1986[(d)]	-
Ninad M Gadgil (51)	Head - Abrasives	16,095,095	B.E. (Electronics) & PGDBM (Marketing) (27)	04.11.2019	Country Business Leader - Health Care, 3M India Limited
Padmanabhan P (54)	Chief Financial Officer	6,547,354	B.Com, Grad CWA, ACA, PGDFM (34)	01.07.1994[(d)]	-
Rajendran V G (52)	Head - Refractories and Prodorite	10,966,777	B.E. (Metallurgy) and PGD in Management (33)	25.10.2017	C.O.O.- Foundry Division, Mahindra CIE Automotive Limited
Rajeev Singhal (54)	Vice President - Sales (Abrasives)	5,879,902	PGDBA (32)	25.07.1991[(d)]	-
Rekha Surendhiran (44)	Company Secretary	6,438,754	B.com, ACS,PGDFM,MBL (23)	23.08.2013	Cholamandalam MS General Insurance Co. Ltd.
Sivakumaran M V (50)	Head- Electrominerals	7,469,949	M.Sc, MBA & M.Tech (25)	01.07.1996[(d)]	-
Shyam S Rao (59)	Head - Industrial Ceramics	9,923,811	B.Tech Metallurgy, MS Material Science, PhD Material Science (28)	07.05.1999	Widia India Limited
Sridharan Rangarajan (56)	Director-Finance & Strategy	15,423,367	B.Com, ACA, Grad CWA (36)	22.06.2011	CFO, Indian Operations - TIMKEN
Vijayalakshmi D (56)	Vice President - Corporate Communications	7,371,163	B.Sc Physics (33)	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 (No. of years)	Date of commencement of employment	Previous employment
1	2	3	4	5	6
P S Jayan (61)	Business Head- EMD	10,294,034	B.Sc & B.Tech (37)	30.11.1985[(d)]	-
Shashi Gupta (58)	Sr. AVP - Sales and Marketing- Refractories	5,678,596	PG in Management Marketing (34)	01.03.2006	TI Diamond Chain Ltd

Notes:

a) Remuneration as shown above includes salary, allowances, Company's contribution to provident, superannuation and gratuity funds, medical facilities and perquisites valued as per income-tax rules. During the year, no Options were granted under the Employees Stock Option Scheme, 2007. During the year, eligible employees were granted in aggregate 709,334 Options under the Employee Stock Option Plan 2016. The employee-wise grant details are available in the disclosure under Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 uploaded on 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) 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.

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

e) The remuneration details are for the period 1st April 2021 to 31st March 2022 and all other particulars are as on 31st March 2022.

f) None of the employees of the Company other than those listed above were in receipt of remuneration for the FY 2021-22 in excess of one crore and two lakh rupees per year or eight lakh and fifty thousand rupees per month. With respect to employees who were employed for part of the year and received remuneration not less than eight lakhs and fifty thousand per month whose details are disclosed above, they had superannuated from the Company during the year and the remuneration includes their retirement benefits.

C. The details of remuneration during the financial year 2021-22 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	18.71
Mr. Sanjay Jayavarthanavelu	Independent Director	3.24
Mr. Aroon Raman	Independent Director	3.52
Mr. P S Raghavan	Independent Director	4.26
Mr. Sujjain S Talwar	Independent Director	3.08
Mrs. Soundara Kumar	Independent Director	3.08
Mr. N Ananthaseshan	Managing Director	33.15
Mr. Sridharan Rangarajan	Director-Finance & Strategy	27.17

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

Name	Designation	Increase (%)
Mr. M M Murugappan	Chairman	1.43
Mr. Sanjay Jayavarthanavelu	Independent Director	15.72
Mr. Aroon Raman	Independent Director	6.95
Mr. P S Raghavan	Independent Director	8.04
Mr. Sujjain S Talwar	Independent Director	9.38
Mrs. Soundara Kumar	Independent Director	9.38
Mr. N Ananthaseshan	Managing Director	20.17
Mr. Sridharan Rangarajan*	Director-Finance & Strategy	-
Mr. P Padmanabhan	Chief Financial Officer	8.37
Mrs. Rekha Surendhiran	Company Secretary	16.93

**Joined the Board during FY 2021-22 and 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 Directors during the year as indicated in the Corporate Governance Report, the increase in remuneration is on account of the increase in number of Board/committee meetings conducted during the year which were attended by the Directors as per the attendance details mentioned in the Corporate Governance Report and hence, the sitting fees paid during the year increased proportionately to their attendance.
- Executive Remuneration for the FY 2020-21 and FY 2021-22 have been adjusted duly factoring the LTA availed status.
- The increase in the remuneration of the Key Managerial Personnel includes the enhanced variable incentive payout as per the approved balance score card applicable to all employees in Corporate.

(iii) Percentage increase in the median remuneration of employees in the financial year: 6.04 per cent (employees who were in employment for the whole of FY 2021-22 & whole of FY 2020-21 considered for this purpose in the respective financial years).

(iv) Number of permanent employees on the rolls of the Company as on 31st March 2022: 2121 employees.

(v) The average annual increase in salaries of employees was 8% compared to an increase in managerial remuneration of 10.15%. The Increase in the managerial remuneration is due to increase in the number of Board meetings /Committee meetings attended by the Directors. With respect to the Key Managerial Personnel's managerial remuneration, the increase in remuneration includes higher variable payout as per the approved balance score card of the Company. 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
May 13, 2022

ANNEXURE B

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. Brief outline on CSR policy of the Company

The Company recognises the significance of its sustainable growth benefiting all stakeholders including the society in which it operates. CSR is imbibed into Company's values and beliefs and thereby into all business activities several decades even before the compulsory spend was mandated in the Companies Act, 2013. The Company continues to perform its CSR obligations directly through its skill development centre as well as 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 portion of the spend continued to be earmarked for combat and containment of the unprecedented pandemic – COVID-19.

In line with its objectives and practices, the CSR policy focuses on Health, Education and Skill Development. The policy is uploaded on 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	3	3
2.	Mr. P S Raghavan	Member / Independent & Non-Executive Director	3	3
3.	Mr. N Ananthaseshan	Member/ Managing Director	3	3

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, all activities 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 other areas of operations like Ranipet, Cochin over the 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:

Sl.No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set-off for the financial year,if any (in ₹)
1	2020-21	₹16.14 million	₹5.4 million

6. Average net profit of the Company as per Section 135(5) — ₹2176.24 million

7. (a) Two percent of average net profit of the company — ₹43.53 million
   (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years — -
   (c) Amount required to be set off for the financial year, if any — Nil (While an amount of ₹5.4 million was planned to be set-off against the outlay for the FY 2021-22, considering the excess spend made for the FY, this amount has not been set off this FY).
   (d) Total CSR obligation (7a+7b-7c) — ₹43.53 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
45.86 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		15.08	Yes	-	
2.	Building for Skill Development	Education	Yes	Krishnagiri District, Tamil nadu		1.25	No	Hosur Industrial Association/ CSR00007167	
3.	Sir Ivan Stedford Hospital – purchase of medical equipment	Healthcare	Yes	Chennai District, Tamil Nadu		4.41	Yes		
4.	Grant to Vellayan Chettiar Higher Secondary School (VCHSS)	Education	Yes	Chennai District, Tamil Nadu		12.75	No	AMM Foundation/ CSR00000050	
5.	Mobile Health Van in Uttarakhand	Healthcare	Yes	Haridwar District,Uttarakhand		0.88	No		
6.	Sponsorship for pediatric cardio surgery in Sri Sathya Sai Sanjeevani Hospitals	Healthcare	No	Palwal, Haryana		0.45	No	Sri Sathya Sai Health and Education Trust/ CSR00001048	
7.	Covid 19 related spends such as Covid Kit, Ambulance support, Oxygen concentrators and other infrastructure facility for local administration for Combating Covid.	Healthcare	Yes	Tamil Nadu, Kerala,Gujarat, Uttarakhand, West Bengal		1.04	Yes		

8.	Contribution to Tamil Nadu State Diaster Management Authority	Healthcare	NA	Tamil Nadu	10.00	Yes

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)	₹45.86 million

(g) Excess amount for set off, if any

Sl.No.	Particular	Amount (in ₹ million)
(i)	Two percent of average net profit of the company as per section 135(5)	43.53
(ii)	Total amount spent for the Financial Year	45.86
(iii)	Excess amount spent for the financial year [(ii)-(i)]	2.33
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	16.14
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	18.47

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
May 13, 2022

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 2021 to 31st March 2022
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)	₹ 189.86 million
2.	Total Turnover (INR)	₹ 22571.79 million
3.	Total profit after taxes (INR)	₹ 2544.77 million
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	₹ 45.86 million (1.80% of profit after tax) (2.11% 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 skills of underprivileged youth in the manufacturing sector to make them employable; (b) Education; (c) Health care including pediatric cardio surgery and initiatives for combatting and containment of COVID-19. 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 2022, the Company has 6 direct subsidiaries. Its wholly owned subsidiary - CUMI International Limited has 8 subsidiaries and its subsidiary-PLUSS advanced Technologies Private Limited has one subsidiary outside India. Out of the total 15 subsidiaries, 4 are situated in India and 11 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	M V Sivakumaran
3.	Designation	Head-Abrasives	Head - Industrial Ceramics	Head- Refractories & Prodorite	Head - 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 though the Company does participate in sustainability evaluation and audits conducted by its customers/suppliers from time to time. Ceramics has undergone the ECOVADIS audit and are certified Bronze and Silver respectively.								

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

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. Further, this alignment evaluation also forms a significant part of the due diligence programme while acquiring entities as per its inorganic growth strategy. 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, the Company has been adjudged as one of India's Best Managed Company by Deloitte, in its maiden launch of global recognition programme in India.

In continuation of its dedicated initiative to sensitise its employees on ethical communication, the "Say it Right" programme transitioned into a full-fledged e-learning module across the Company. The Company also introduced a learning module on data privacy to sensitise the employees on data privacy laws and to bring an awareness on consequences of a breach. The Managing Director connects with the employees through weekly 'Thinking Aloud' e-mailers, which has now crossed successful 52 weeks. This weekly mailer from the Managing Director which has snippets of experiences and real life stories, a robust platform for 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. While one grievance pertained to the perceived quality control matter, the other was a time barred (more than a decade) complaint of an ex-employee against his superiors who are no longer associated with the Company. The referrals were duly investigated before resolution. 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 engineering material science solutions for an enduring planet.

During the year 2021-22, the Company reviewed its existing policies on sustainability, consolidated the same and re-framed the policy which is now subject to an annual review. The sustainability policy has been benchmarked to industrial standards. The policy which has been prepared in collaboration with academic institutions is built on:

- Economic Sustainability - creating circular economy to optimise resource utilisation, minimise resource depletion, reduce and re-purpose 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 well-being.

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 soluble 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.
- False Centre, use of recycled grains or naturally available materials in unusable portion of the grinding wheel has been successfully incorporated in the Chop-saw wheels, Snagging wheels and F-type wheels. Similarly recycled grains from rejected Coated Abrasives have been successfully recovered and used in Hand sanding rolls product group.
- Development of CERY rolls - Introduction of recycled yarn from used garments have been successfully introduced in the hand sanding rolls product - 85 per cent recycled yarn usage. 75000 meters of products produced under this method.
- Wearable Coated Abrasive cloth - elimination of de-sizing operation by modifying the processing techniques and chemicals - reduces water consumption in the de-sizing operation.
- Project Stheyas - Pilot project to develop building products from coated abrasives scrap and fibre glass scrap has successfully developed a range of products.

Electrominerals:

- Two modern fusion facilities set up in the previous two years to improve particulate emission control system. Additional efforts continue to be 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.
- 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 process to eliminate 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.
- The new product variant of Brown fused Alumina has the potential to reduce the energy consumption and lessen the carbon footprint, significantly.
- In the Specialty Alumina plant (Boehmins), processes have been implemented to reduce water consumption.
- Business has started using a superior quality 'quartz' for its silicon carbide operations at Korattyand combined with this, has improved the furnace control system with PLC controls which has helped to achieve a better energy efficiency as well as yield for the year 2021-22.
- Business has commenced and completed several significant initiatives to reduce the carbon footprint in manufacture of Fine powders by capex investment to reduce energy consumption of Fine Powder manufacturing which includes investment for setting up Hot air milling and Variable Frequency Drive for cooling water pumps.
- VFD installation for 30 kW pump in cooling tower at Silicon Carbide manufacturing facility, Koratty has helped to reduce the energy consumption for Fine powder facility at Koratty unit.
- Business has taken an initiative to set up a 1.846 MW solar plant installation on BOOT basis to reduce it dependency on other conventional energy sources.

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 - continue to be used in vacuum interrupters with higher ratings. This is a replacement for Sulfur Hexafluouride based interrupters which are 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, thus promoting a low waste economy.

Super Refractories& Prodorite:

- In the Refractories Business, efficiency improvement

activities, continue to yield good results in waste reduction. Further reduce - reuse - recycle approach is followed 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 de-sulphurisation. The Company's Composites Business produces abrasion resistant composite pipes and gratings which is also used in Flue Gas de-sulphurisation.
- 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.
- Prodorite Business is working closely for the national mission of implementation of Flue Gas desulfurization Original Equipment Manufacturers (OEMS to reduce pollution due to Flue Gases from power plants. The Company has serviced many Spray header systems and the wear piping and spray nozzles for this cause to many OEMs.

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. Since last year, SEDCO has 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.
- Indigenous development of ABV Max, ABR Max, AC Max range of Brown fused Alumina grains in Electro Minerals plant at Kochi has replaced importing the materials , resulting in transport to 600 kms as against shipments which involved travel of more than 5000 km.
- Shredding and Recycling of Rubber lumps: Lumps generated after the Rubber sheeting and disintegration process have been successfully recycled, using a shredding process without vulcanizing the Rubber mix. This has eliminated the scrapping of the rubber lumps to the extent of 8 per cent.
- Humidification process has been discontinued in Sriperumbudur Plant – Elimination of Steam Usage – 4KL Ltrs of FO Saved.
- Solar power generation- Installed 635Kwp and 100 KWp in SPR and TVT operations. Generated 76110 Kwh for the year. Seen a reduction of 30Ton of CO2.
- Reduced the weights of the primary cartons through design modification resulting in reduction of RM usage for the Packing cartons.Saved 70 Tons of paper materials saved.
- Recycling of incoming packing materials in outbound packing (SCM).
- Online monitoring systems 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. 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 Industrial Ceramics Division has successfully migrated to Natural Gas (NG) from Liquid Fuels and Liquid Petroleum Gas (LPG) for the sintering processes. The NG migration in both IC & Bonded divisions was started in July 2021. Initially two furnaces which were using LPG were migrated to NG. Concurrently, tunnel kiln in Bonded Division was migrated to NG in the same month. From October 2021, migration from liquid fuel to NG were implemented in all tunnel kilns in IC division. With this we have replaced 12KL of Liquid fuel and 1.5T of LPG with NG on a daily basis. Further we are planning on the conversion to NG for the spray dryers in IC plant by Sep 2022.
- The IC division has secured higher allocation of 26200 SCMD from GAIL, from the initial contracted allocation of 12200 SCMD thus enhancing the capacity for additional requirements.
- The Electrominerals Business has set up a bio-waste treatment system for canteen wastes. The Zero discharge filtration system commissioned in the new Boehmine facility at Kerala 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 per cent 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 72005 units of energy towards auxillary consumption.
- Both Refractory plants at Ranipet and at Serkaddu have implemented zero liquid discharge through efficient treatment plants.
- Initiated a project for reducing the machine oil usage in Abrasive products through replacement of temporary binders thus resulting in 60 per cent 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 coated abrasives maker 2.0 have been set up to save energy and reduce air pollution.
- Upgraded wet scrubber system in Serkaddu plant to reduce emission and odour to a greater extent has been implemented.
- 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.
- The use of improved quality of quartz along with Furnace control system has resulted in a better yield of Silicon Carbide. This has also helped the business to reduce the specific power consumption per ton of final product by about 5 per cent.
- The new system of hot air milling along with the VFD system for cooling water pumps is expected to reduce the average power consumption for the final product by more than 22 per cent.
- The proposed solar project once commissioned would help the business to meet 1.5 per cent of the total energy requirement.

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

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

- The Company has been continuously developing superior Grinding wheels that are more efficient in material removal resulting in lower power consumption by user entities.
- The Company develops high performance 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.
- Recuperor in Ranipet kilns have been upgraded for better energy efficiency.

- A new kiln with energy efficient lining has been installed in Serkaddu plant to reduce energy consumption upto 15 per cent.
- 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 utilisesLiquified 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.
- Water Consumption reduction of 33 per cent achieved by effective recycling of rain water for 5 months in Boehmite production facility with energy consumption reduction from 1369 kwh / run to 1090 kwh / run.
- Furnace control system with PLC controls in Silicon Carbide furnace has helped to reduce the energy consumption per run by 345 kwh /run.
- In WFA plant facility at CUMISEZ, redesign of furnace shell and introduction of VFD has helped to reduce the energy consumption by 25 kwh / ton.
- Electromineral Business was recipient of SEEM national Energy management Gold Award for year 2021.

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.

In the Abrasives business which is the main business segment of the Company, sustainable sourcing is incorporated in the processes and procedures as follows:

1. Energy Management initiatives are captured in our Supplier addition checklist.
2. Focused Sustainability projects like reducing the weight of packing materials, water consumption, energy consumption (in replacement of roof sheets) etc. are reviewed.
3. Procurement of paper is undertaken only from FSC certified mills.

At Company's Industrial Ceramics Business post pandemic, the business was able to switfly bring back the plant efficiency and sustain the productivity levels through TPM methodologies. Dedicated activities relating to Hygiene Pillar to improve and maintain the health and hygiene of the work place have been introduced.

The challenges of logistics and commodity price increases are being addressed through structured TPM methodologies.

The Company's energy conservation measures have in the past been duly recognised by the Energy Management Centre, Kerala by way of a special commendation for the initiatives undertaken by the Electrominerals Business during the 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.

The alternate source for its major raw material and water mode of transport -is more sustainable for the Electrominerals Business as it consumes lesser fossil fuels for transportation from the domestic suppliers.

The Electrominerals Business won the Gold in Energy management instituted by SEEM -Society of Electrical for the initiatives undertaken by the Electrominerals Business during the FY 2019-20.

The Electrominerals Business was also awarded the IEI Industry Excellence Award for it's all-round excellence in manufacturing featuring business growth with sustainable initiatives and energy management programmes.

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 instill confidence in them to supply quality products by adopting sustainable and safe practices.

All the sub-contracting works of Abrasives Business are being provided to small and local producers only and also procurement of packing materials are particularly managed with the local suppliers. In order to enhance the capability and capacity of small/local businesses, chosen vendors are trained on TPM techniques to improve their process quality and also support them with Vendor financing options.

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.

The Industrial Ceramics Business had good order bank from Global customers during second and third wave Covid lockdown in India. More than 75% of the products were exported from this division. We have more than 30 MSME partners mainly with discrete operations around the community supporting our primary operations and they do job work activities like fabrication, machining and critical tool manufacturing.

The Electromineral Business sources many engineering spares and services related to O & M through local community. The MSME procurement has increased from 0.75% to 10% over last one year. The procurement within the own district has been significantly enhanced from 13.86% to 29.23%. Most vendors are provided support through constant guidance in developing the expertise required for carrying out the work.

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 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 set up an Occupational Health Center made from "Stheyas" - a recycled material made in-house in Serkadu using waste from Abrasives.

The Occupational Health Centre consists of two observation rooms and one doctor room as specified under the statute. The facilities include 24/7 nursing assistance along with 4 designated doctors consultation time per weekday, presence of emergency medical equipment like Automated External Defibrillator (AED), Oxygen Concentrator, Oxygen Cylinders, IR Lamp, Kiosk for Rapid Antigen Test etc. Treatment for the first aid cases along with general consultation is provided at the OHC and in case of any emergency, cases are referred to nearby Hospitals in Hosur. A reputed hospital is managing the OHC services.

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

Employees' well-being continued to be a top priority for the organisation especially considering the year witnessed the delta variant of the COVID-19 which caused the deadliest wave of the pandemic in India in the first quarter of the year. Considering the pandemic situation, the awareness campaigns and health advisories and COVID protocols were monitored with more rigor and dedicated COVID care packages were rolled out.

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 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.

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, 9 new projects were launched through PACE and saw completion of 12 projects. 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, 9 new mentors were added to the list of trained mentors.

To enhance technical know-how, sponsorship support is extended in Bachelors/Masters and PhD programmes in technology with premier institutes. The dedicated learning and development programmes enhance the right skill sets and relevant knowledge required to perform better in present and for future. The learning solutions are designed as per the training need analysis. The Company's strategic pillars are 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.

High Potential Talents who are identified as future leaders through multi-source feedbacks and assessment were enrolled for different development programmes. Employees who were identified as potential business leaders are enrolled for a Business Leadership Programme in collaboration with Indian Institute of Management, Bangalore and employees who are identified as mid-level leaders are enrolled for CUMI Leadership programme in collaboration with Great lakes Institute, Chennai.

A structured communication from the leadership team keeps the employees connected and informed about the business and related information. Managing Director connects with employees through a half-yearly Town Hall covering employees across the globe. Business Heads and Functional Heads have a regular communication schedule with their team, engaging the multi-generation, multi-disciplinary employees.

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

A regular dialogue and a transparent approach with shopfloor workforce has helped in maintaining a cordial industrial relations across manufacturing locations of the Company.

Select Employee Policies are reviewed during the year to stay relevant and inclusive. Employees are encouraged to carry out their annual/bi-annual medical checkup within the stipulated time. Awareness campaign based on FHH (Fitness, Health & Happiness) theme encouraged employees to participate in different initiatives to maintain/improve their health.

Counselling support was extended to employees who are in distress. Online counseling facility was made available to family members also. This facility provided an opportunity to vent out and seek psychological support from a counsellor when it is required.

Providing and maintaining a safe and hygiene working environment is a continuous process at CUMI. Periodic awareness sessions, training on usage of protective equipment, 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 ISO 45001-2018 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.

The entire leadership team attended a refresher programme on Prevention of Sexual Harassment at workplace. This is in addition to the regular training and awareness sessions on this subject being conducted across the Company. The participation showed the commitment to create a better workplace recognising the dignity of each employee.

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 regular basis etc., in line with the government guidelines. Flexibility in work location is provided wherever required/feasible. 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 checkup 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, sanitisation of shopfloors 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.

While most of the sales calls continued to be undertaken through the virtual mode, to ensure safety of its employees during

customer facing interactions, employees were provided with a complete kit comprising of personal protective equipment, gloves, masks, immunity boosting supplements, sanitiser etc.

A special relief package was introduced for any unfortunate death of an employee due to COVID-19.

Medical infrastructure was improved at all locations with dedicated oxygen concentrator at each unit. Medical teams were engaged at major locations and tie up with hospitals were executed for better treatment facility.

Once the vaccination was available, special vaccination camps were organised across units to facilitate COVID vaccination to all employees including contract workforce. Special awareness sessions were organised to alleviate any fear related to vaccination.

Employees who exhibited exceptional value behaviors were recognised with a coveted "Shine Award". 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.

1. **Total number of employees:** The number of employees as on 31st March 2022 (including Non-Management staff) was 2121.
2. **Total number of employees hired on temporary/ contractual/casual basis:** 3531
3. **Number of permanent women employees:** 82
4. **Number of permanent employees with disabilities:** 13
5. **Do you have an employee association that is recognised by Management?**

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

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

No.	Category	No. of complaints filed during the financial year	No. of complaints pending as on end of financial year
1.	Child labour/forced labour/involuntary labour	Nil	Nil
2.	Sexual harassment	2	-
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%	90%
2.	Permanent Women Employees	100%	70%
3.	Casual/Temporary/ Contractual Employees	100%	50%
4.	Employees with Disabilities	100%	85%

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/underdeveloped 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 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 cash awards. 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.

Every year, 50 underprivileged children are provided support in personality development and educational support. The Ask (Attitude Skill Knowledge) centre activities started in Kalamassery locality, Ernakulam District has been further extended to Koratty locality, Thrissur district.

As part of women empowerment initiative, training is imparted to women on Mushroom cultivation with active support of NGO, Rajagiri Outreach.

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 practicing 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 rainwater 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.

The Company is actively engaged in the Flue Gas desulfurisation to reduce the pollution from the power plants with our products Spray headers, piping and spray nozzles.

With the successful migration to Natural Gas (NG) in both Industrial Ceramics & Bonded Abrasives, have replaced 12 KLD of liquid fuel with Natural Gas. NG being a cleanest fuel gas available, will reduce 25% CO_2 emission. It is also Sulphur free (by 100%) and reducing the NOx (by 90%) in comparison to Liquid fuels. Also, Green supply chain of NG supplied through piping totally eliminated the logistics required in supply of Liquid fuel.

According to conservative estimates, we are reducing 2 million Kgs of CO_2 annually in both IC & Bonded divisions (which is a little less than 13% of the scope1 emission of USEPA Guidelines on GHG emissions).

Electrominerals Business has developed a strategy to drive it's future growth plan by focusing on value creation of existing conventional products through treatments, developing speciality products both of which would enhance the product performance at customer end and developing a range of transformational products which would result in conservation of resources and improved performance at ultimate customer end. The Business has been continually working on increasing the green belt in the production facilities through various initiatives linked to tree plantation. This has helped to create a lush green environment inside the campus.

The Company has initiated a study through an external competent agency to measure the carbon footprint and identify & implement measures for mitigation. During the year, dedicated awareness sessions on the ESG global best practices both regulatory and otherwise was conducted across the businesses of the Company as a preparatory effort to align the actions of the operating team in this regard with the direction of the Management towards sustainability. As a first step, the Company in tie up with ESG World has established a dedicated page in its website summarising its sustainability efforts across Environment, Social and Governance matters which is benchmarked against global reporting standards. This will further lead into a focused gap analysis review wherein, in the areas requiring improvement, dedicated efforts can be made to align with the ESG goals in the best possible manner.

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 discharge of 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.

The Industrial Ceramics Business had completed the project for migrating our ceramic sintering from liquid fuel to Natural Gas, thus bringing about cleaner operations.

The ISO 14001 systems constantly measures, monitors and provide focus towards sustaining and improving the energy efficiencies and mitigating environmental risks.

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, recycling 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 environmentally 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.

In FY 2021-22, the Company has installed 146 kWp, 95 kWp and 604 kWp roof-top Solar power generators in Serkaddu, Ranipet and Sriperumpudur respectively thus increasing the share of sustainable energy sourcing.

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.

Electrominerals Business has decided to focus on usage of clean energies in future and as a mark of this effort has entered into formal understanding for installing a 1.846 MV solar power inside the campus on BOOT basis.

For more details on the energy conservation initiatives - please refer Annexure D of the Directors' report for the FY 2021-22.

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. National Safety Council – Kerala Chapter
   g. Madras Management Association
   h. Employers Federation of India
   i. South India Chamber of Commerce
   j. SICMA - Europe
   k. Lucideon in UK
   l. The Institute of Indian Foundrymen
   m. The All India Glass Manufacturers' Federation (AIGMF)
   n. Indo German Chamber of commerce
   o. Indo Australian Chamber of Commerce

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. The Company continues to be 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 continuing pandemic crisis.

   The Electorminerals Business has been actively involved through the Kerala HT & EHT Industrial Electricity Consumers Association in taking up the cause of industries and public at large for fairness in supply of power and control of tariff.

   The Business has been actively involved with Kerala Management Association and participated in programmes and competitions.

   The Business has effectively utilised the forum of National Safety Council – Kerala Chapter for spreading the message of Safety through active involvement in its various initiatives including through the HSE Forum which is the technical arm of NSC-KC.

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

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

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

   In order to support the efforts of the State Government 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 Rs.10 million to the CM Public Relief Fund.

   The local community assistance programmes undertaken at various plant locations included COVID-19 relief activities across locations through supply of medical equipment kits to frontline workers, supply of food and other essentials, setting up quarantine ambulance facility and providing oxygen cylinders. The contribution for these local initiatives and support aggregated to Rs.1.3 million approximately.

   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 Healthcare 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 socio-economic status. The technically trained students can be employed by any industrial entity once they complete the training programme. Running its 9th 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 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).

CCSD Kochi has won the performance Excellence Award 2022 from Department of Industries, Government of Kerala for the excellence in training to improve the employability of youngsters through the facility.

Due to COVID outbreak and resultant restrictions, regular classes and admission to the new batch was a challenge. However, when the situation improved, new students were admitted to all 3 CCSDs at Hosur, Ranipet and Kochi.

The COVID outbreak and resultant lockdowns has impacted the employment and income of people living in the vicinity of our plants. To support these people with a means of life, the Company has organised mushroom cultivation awareness programme for housewives. 68 housewives from low-income group, staying near our plants in Koratty and Edapally benefited from this initiative.

As a commitment to diversity & inclusion, the management added its diversity goals to the annual business goals and linked it to the variable compensation of leadership team. The management has mapped all the roles in the organisation and prepared a list of roles that can employ differently abled people. Going forward, this initiative will be progressed with greater focus on employing differently abled workforce and providing an inclusive opportunity to all.

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), Thiruvottiyur, an institution that has been making a difference in the field of education for the past 50 years. Thiruvottiyur 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 socio-economic 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 benefitting 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.

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. As on 31st March 2022, the mobile health van has serviced over 52,461 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 Stedeford Hospital, Ambattur, Chennai thereby contributing to enhancing the healthcare infrastructure to beneficiaries. Sir Ivan Stedeford Hospital, a multi-specialty 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 healthcare but also provide quality healthcare 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. An oxygen generator capable of generating 50 N cu.m of oxygen per hour was set up in the hospital by the Company as part of it's CSR initiatives.

A contribution 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 Centre is getting ready and is expected to start functioning from financial Year 2023. 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 then distributed to the economically backward community through the free medicines counter. In the past years, medicines worth a lakh of rupees have been donated, free of cost.

To combat the COVID outbreak, the organisation joined hands with government agencies in plant locations. An exclusive COVID testing kiosk was set up for the public at Primary Health Centre in Hosur. The Company sponsored food, food materials, PPE Kits, and other assistance to the Government agencies and stranded migrant labours, during the lockdown period. Laptop, printer and accessories were donated to the Health Department at Hosur to facilitate the data management for COVID vaccination. Free vaccination camps were organised at all locations for contract employees and migrant workers.

The Electrominerals Division and Industrial Ceramics Division have been recognised and conferred certificates of merit by EcoVadis, considered to be one of the world's largest and trusted provider of Sustainability Ratings platform.

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, Hosur Industrial Association for initiatives towards Skill Development in Hosur and Sri Sathya Sai Health and Education Trust an autonomous Charitable Trust trunning the Sri Sathya Sai Sanjeevani Hospitals across locations for assisting in pediatric cardio intervention to the less privileged children.

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 2021-22 for complete details on the spend made by the Company during the financial year ended 31st March 2022.

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 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 continues to be 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
May 13, 2022

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 and heat recovery besides making improvements in combustion efficiency and specific fuel consumption. A capex program was implemented for conversion of existing liquid fuel (HSD & SKO) run furnaces to Natural gas. Natural gas being a cleaner gas will result in lower emissions and a cleaner environment. The sulphur emission was reduced from 3% to 10 ppm. Natural gas being supplied through pipelines, eliminated the transportation of Liquid fuel in trucks resulting in fossil fuel conservation and reduction in carbon footprint.Other measures such as speed optimisation of fans in kilns, usage of thin kiln furniture, loading density improvement in kilns, introduction of Variable Frequency Drives (VFD) and evaporative cooling towers helped improve fuel efficiency. Installation of energy efficient air conditioners and LED lights/ lamps were some of the activities that were carried out for conservation of energy.

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 2022, a capital investment of about ₹147 million was made on energy conservation equipment across 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. Also, being a material science company, select user industries were identified to offer end to end surface solutions by using design thinking and systems thinking approach.

The Abrasives Business developed Stearate Coated paper based abrasive products, Latex Micro fine grit Waterproof paper for the Auto aftermarket, 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 cutting wheels, high precision Vitrified bond system, high performance binder system for unitised Discs and wheels, Vitrified CBN Bond for low temperature firing were also developed.

The Electrominerals Business established processes for manufacturing of synthetic alumina-based Brown Fused Alumina, high purity Silicon Carbide and Silicon Nitride. Improved processes to yield three higher order variants of Graphene and high performance Solgel variant for abrasive applications were also developed.

The Ceramics Business developed cost-effective formulations for Wear Ceramics using indigenised Alumina. The Business also entered into collaborative research with NALCSIR, for the development of tape casting process for dense Alumina (CUMITUFF 996) & Zirconia (8YSZ) Films. The Business also developed Cr- Cu- Au Metallization process on Alumina substrates using Magnetron Sputtering technique useful for MIC fabrication in collaboration with ISRO Ahmedabad.

The Refractories and Composites Businesses developed advanced solutions which involve feeder expendables for Glass industry applications, high strength thin NbSiC kiln furniture, integrating of Ceramic parts with FRP Composites, Carbon fibre parts for aerospace applications, Composite-based rebars, Anti-skid floorings and pultrusion based structural products for defence applications. The Business was able to horizontally deploy wear resistant composite technology, originally absorbed from Ershigs USA to various applications including fluid handling and gratings.

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 & 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. The Business introduced new binder system in Vitrified products that improves processability.

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. The development in Graphene and high purity SiC space will allow to enter into value added product portfolio.

In the Ceramics Business, the new cost-effective formulations are at par with imported Alumina in terms of performance and will benefit in- cost savings and de-risking the sourcing of Alumina. The sputtering and thin film technology is expected to help in creating 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 Ershigs helped develop a new FRP based product, CUMI Wear shield, 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.

The Company was granted 4 patents, 9 Trade marks and 12 designs during the year. It was also awarded the prestigious GITA (Global Innovation Technology Alliance Award) by the CII-Government of India for the development of fine Ceramics for the Electronic industry.

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. 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	2021-22
Capital including CWIP	23.55
Recurring	185.41
Total – A	208.96
Sales – B	21916
Total expenditure as a percentage of Sales (A/B)	1.00

IV. FOREIGN EXCHANGE EARNINGS AND OUTGO

(₹ million)

Description	2021-22	2020-21
Foreign Exchange Earnings	5004	3646
Foreign Exchange Outgo		
- Revenue	5233	3840
- Capital	68	213

On behalf of the Board
M M Murugappan
Chairman

Chennai
May 13, 2022

ANNEXURE E

FORM 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 arm's length transaction under third proviso thereto

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)	Date of approval by the Board	
f)	Amount paid as advances, if any	

On behalf of the Board
M M Murugappan
Chairman

Chennai
May 13, 2022

ANNEXURE F

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2022

[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") for the financial year ended 31st March, 2022. 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 2022 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, 2022 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 thereunder;

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

(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 year 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 & the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;

e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 & the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (not applicable during the year under review);

f) Securities and Exchange Board of India (Issue and listing of Non-Convertible and redeemable Preference shares) Regulations, 2013 (not applicable during the year under review);

g) 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 (Not applicable as the Company is not registered as Registrar to an Issue and Share transfer Agent during the year under review) ;

h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (not applicable during the year under review) ; and

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

(vi) The Management has identified and confirmed the following Laws as being specifically applicable to the Company:

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.

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) (revised effective from October 1,2017)) and Guidance Note on Meetings of the Board of Directors and General Meetings (revised) issued by The Institute of Company Secretaries of India.

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

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

We further report that

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

Adequate notice is given to all Directors before the schedule of the Board /Committee 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, Secretarial Standards on Board Meetings and Listing Regulations are complied with. During the year under review, Directors/Members have participated in the Board /Committee 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 .

Further, the Circulars, Regulations and Guidelines issued by the Ministry of Corporate Affairs, Securities and Exchange Board of India and other relevant regulatory authorities in view of the pandemic pertaining to Board/ Committee meetings, General Meetings and other provisions of the Act, Rules and Regulations have been complied with by the Company.

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 the Listing Regulations 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 the Listing Regulations during the period under review.

We further report that during the audit period, the Company has

1. Invested in equity shares of M/s. PLUSS Advanced Technologies Private Limited aggregating to 71.99% of the paid-up equity capital and effective 6th October, 2021, M/s. PLUSS Advanced Technologies Private Limited along with its Wholly Owned Subsidiary in Netherlands – M/s. PLUSS Advanced Technologies BV have become subsidiaries of the Company;
2. Obtained the approval of the Board of Directors for investment of a sum not exceeding Rs. 620 Crores in the equity share capital of CUMI International Limited, a wholly owned subsidiary of the Company.

For R.SRIDHARAN & ASSOCIATES
COMPANY SECRETARIES

CS R.SRIDHARAN
CP No. 3239
FCS No. 4775
PR NO.657/2020
UIN : S2003TN063400
UDIN:F004775D000297474

Chennai
May 13, 2022

This report is to be read with our letter of even date which is annexed as "ANNEXURE A" and forms an integral part of this report.

ANNEXURE A to the Secretarial Audit Report

The Members,
Carborundum Universal Limited
CIN: L29224TN1954PLC000318
Parry House, 43 Moore Street
Chennai - 600001

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records as per the Auditing Standards (CSAS-1 to CSAS-4) and Guidance Notes on ICSI Auditing Standards and Guidance Note on Secretarial Audit issued by The Institute of Company Secretaries of India. The verification was done to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company as well as correctness of the values and figures reported in various disclosures and returns as required to be filed by the Company under the specified laws.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. It is the responsibility of the management of the Company to devise proper systems to ensure compliance with the provisions of Corporate and other applicable laws, rules, regulations, standards and to ensure that the systems are adequate and operate effectively. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report 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
PR NO.657/2020
UIN : S2003TN063400
UDIN:F004775D000297474

Chennai
May 13, 2022

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, managed 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 on a sustainable basis.

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 Centre for Skill Development 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 recent years, 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 our commitment to core values, sustainability and governance principles. During the year, despite the challenges of the global pandemic continuing in an intermittent manner, the Company not only focused on the organic growth of its existing businesses but also pursued and successfully converted inorganic growth opportunities in both national and international markets with vigour and zeal, thus enhancing value for its stakeholders.

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 such as the current situation affected by global crisis, the Management continuously adheres to simple principles of behavioural ethics with its conviction of purpose for sustainable growth. 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 the Management in leading from the front during severe crisis as the COVID-19 or global trade tensions owing to geopolitical conflicts 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 Reports for FY 2018-19 and 2019-20 have in the past won prestigious ICAI award for excellence in financial reporting in manufacturing and trading sector and also selected by the South Asian Federation of Accountants for the Certificate of Merit in the Manufacturing Sector category. During the year, the Company has been chosen as a "Best Managed" Company in India's first ever best managed companies awards by Deloitte. The Best Managed Companies is a marquee Deloitte programme. Each year, hundreds of entrepreneurial companies worldwide undergo a rigorous evaluation across strategy, internal processes, governance practices etc., but only the best are awarded the prestigious title of a 'Best Managed Company'. This year, the globally celebrated programme was introduced in India and the Company has earned the distinction of being one of India's first-ever "Best Managed" companies. These recognitions stand testimony to the Company's strong ethics, Corporate Governance and excellence in financial reporting.

The Company continuously strives to make sustainable efforts 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 judgment on matters placed before them.

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

Consistent with its Values and Beliefs represented by the Five Lights - spirit of the Murugappa Group, the Company has formulated a Code of Conduct applicable to the Board and Senior Management which is posted 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 2022, the Board comprises 8 members with a majority of them being Independent Directors.

Name	Category	No. of Directorships / (Chairmanships) in companies including CUMI [(a)]	No. of other Directorships	No. of Committee Memberships / (Chairmanships) in companies including CUMI [(b)]	No. of Board meetings attended	Attendance at last AGM	Shares held in CUMI
M M Murugappan DIN - 00170478	Promoter & Non-Executive Director	5(4)	7	3(2)	10	Yes	691,340
Sanjay Jayavarthanavelu DIN - 00004505	Non-Executive & Independent Director	8(2)	4	1(1)	10	Yes	Nil
Aroon Raman DIN - 00201205	Non-Executive & Independent Director	4	3	4	9	Yes	Nil
P S Raghavan DIN - 07812320	Non-Executive & Independent Director	2	2	2	10	Yes	Nil
Sujjain S Talwar DIN - 01756539	Non-Executive & Independent Director	2	2	2	10	Yes	Nil
Soundara Kumar DIN - 01974515	Non-Executive & Independent Director	7	-	7(3)	10	Yes	Nil
Sridharan Rangarajan* DIN - 01814413	Whole time Director- Finance & Strategy	8	2	5	8*	Yes	200,080
N Ananthaseshan DIN - 02402921	Managing Director	5(1)	6	3(1)	10	Yes	137,335

(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.

**Appointed with effect from 1st July 2021*

The names of listed entities where the Directors hold Directorship (excluding the Company) as on 31st March 2022 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	
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	
Sridharan Rangarajan (SR)	Cholamandalam Financial Holdings Limited	Non-Executive and Non-Independent Director
	E.I.D Parry (India) Limited	
	Cholamandalam MS General Insurance Company Limited (Debt Listed)	
N Ananthaseshan (NA)	Wendt (India) Limited	Non-Executive and Non-Independent Director

Changes in Board composition during the financial year 2021-22

During the year ended 31st March 2022, there were no changes in the Board composition other than as detailed below:

Name	Category	Nature of change
Sridharan Rangarajan	Director - Finance & Strategy	The Board of Directors at their meeting held on 24th June 2021 appointed Mr. Sridharan Rangarajan as Whole Time Director designated as Director - Finance & Strategy with effect from 1st July 2021. The appointment was further approved by the shareholders at the 67th AGM held on 2nd August 2021.
M M Murugappan	Promoter & Non-Executive Chairman	The shareholders at the 67th AGM held on 2nd August 2021 re-appointed Mr. M M Murugappan, who retired by rotation.

The Company has received the requisite declarations from its Independent Directors confirming that they meet the criteria of independence prescribed both under the Companies Act, 2013 and the Listing Regulations. The Board at its meeting held on 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	SR	NA
1.	Technology	Understanding and appreciation of technology either through qualification or experience resulting in understanding the products manufactured by the Company / solutions provided by the Company, anticipating technological trends, ability to articulate on disruptive innovations, understand and guide in creation of new business models etc.	√	√	√	√			√	√
2.	Financial	Leadership or Management positions or qualifications enabling proficiency in understanding financial management, capital allocation, financial reporting process, audit processes, internal controls, understanding of treasury management, debt management, advising on leveraging banking relationships etc.	√	√	√	√	√	√	√	√
3.	Global business / Foreign affairs	Experience in cross border business environment, understanding of foreign policies and external affairs, sanctions regime, diverse business environment / cultures / regulatory framework and having a perspective of global opportunities etc.	√	√		√			√	√
4.	Board positions / Governance	Directorship positions or experience with Regulatory interfaces and having an insight into Board processes, structures, committee constitutions, protecting stakeholder interests, aligning with appropriate governance practices etc.	√	√	√	√	√	√	√	√
5.	Management	Leadership positions in enterprises by virtue of which has requisite experience in management skills or functional expertise across various management functions, guiding strategies for sustainable growth enhancing enterprise reputation etc.	√	√	√	√	√	√	√	√
6.	Strategic advisory	Ability to advise on organic / inorganic growth opportunities through acquisitions / combinations, assess, build or purchase proposals, appreciative of and understanding of the regulatory and legal requirements of the sector / industry in which the Company operates.	√		√		√	√	√	√

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 Board is also periodically updated on the progress being made in respect of the inorganic growth opportunities pursued by it.

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 2022, ten Board meetings were held on 28th April 2021, 24th June 2021, 2nd August 2021, 1st November 2021, 21st December 2021, 27th January 2022, 9th February 2022, 10th February 2022, 8th March 2022 and 21st March 2022. 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 continuing pandemic conditions and in the interest of the safety of its Directors, 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 viz., CUMI International Limited, Cyprus and Volzhsky Abrasive Works, Russia. For the purpose 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. M/s. RHODIUS Abrasives GmbH (formerly CUMI Abrasives GmbH which was incorporated during the year) was a Material Subsidiary as per Reg 16 (c) of the SEBI Listing obligations and Disclosure Requirements) Regulations, 2015 but not meeting the threshold as prescribed under regulation 24 of the Listing Regulations. Considering this is a recently acquired subsidiary, the governance structure is under review as per applicable laws and suitable actions will be taken. 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, the corporate social responsibility policy and policy for prevention of sexual harassment at workplace. The above policies are periodically reviewed by the Board. During the year, the guidance manual for making disclosures of events or information under the policy for determination of materiality for disclosure of information / events to Stock Exchange and risk management policy were reviewed and the policy on dealing with Related Parties was also reviewed and amended in line with the changes introduced through SEBI (Listing Obligations and Disclosure Requirements) (Sixth Amendment) Regulations, 2021.

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 26th March 2022 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 26th March 2022.

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 and major subsidiaries with a Board interaction with the operating team members was conducted on 9th February 2022.

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 inorganic growth opportunities undertaken by the Company at its every meeting in addition to highlighting the Director's responsibilities and liabilities across various statutes applicable to the Company and its subsidiaries. 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 fulfill their role as a Director of the Company. The details of the familiarisation programme is 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. However, no meetings of the other committees were held.

3.1 Audit Committee

Terms of Reference

The role of the Audit Committee includes overseeing the financial reporting process and disclosure of financial information, review of financial statements before submission to the Board, review of adequacy of internal control system, findings of internal audit, whistle blower mechanism, scrutiny of inter-corporate loans & investments, approval and review of related party transactions, review of loans and / or advances from or to / 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. In the amended context of approval of related party transactions at the meetings, only the Independent Directors of the Committee vote and approve such transactions. Other Directors of the Committee do not participate on voting and approval of related party transactions.

Composition & Meetings

As at 31st March 2022, the Audit Committee comprised of majority of 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 28th April 2021, 2nd August 2021, 1st November 2021, 10th February 2022 and 21st March 2022 for reviewing the financial statements, related party transactions, considering the internal audit reports, audit plans and other matters as per the terms of reference of the Committee. During the year, consequent to the induction of Mr. Sridharan Rangarajan as Director on the Board, the Committee was reconstituted to include him as a member. 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	5 (5)
Sujjain S Talwar	5 (5)
Aroon Raman	5 (5)
Soundara Kumar	5 (5)
Sridharan Rangarajan*	4 (4)

**Appointed with effect from 1st July 2021.*

3.2 Nomination and Remuneration Committee

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.

Composition & Meetings

The Committee comprises of three members, all of them being Independent Directors. The Committee met on three occasions during the year - 28th April 2021, 24th June 2021 and 2nd August 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 (3)
Aroon Raman	3 (3)
P S Raghavan	3 (3)

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, in collaboration with M/s. Deloitte Touche Tohmatsu India LLP, the existing Enterprise Risk Management (ERM) framework was reviewed for upgradation including automation of the risk management process. In this regard, changes to the existing policy were approved including laying down an exclusive charter for Risk Management. The Committee reviewed the risk registers prepared pursuant to the updated Risk Management Policy of the Company as well as the movement of risks in respect of its businesses and functions. The Committee also reviewed the risks and the mitigation plan thereon owing to second wave of COVID-19 and the geopolitical risks emanating from the Russia - Ukraine conflict towards the end of the year. The Committee also had dedicated reviews of the IT security framework of the Company and the roadmap for enhancing the IT security system for mitigating the cyber risks.

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 four occasions during the year on 28th April 2021, 2nd August 2021, 1st November 2021 and 21st March 2022. 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	4 (4)
Aroon Raman	4 (4)
N Ananthaseshan	4 (4)

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

Composition & Meetings

The Committee comprises four members with one member being an Independent Director. During the year, consequent to the induction of Mr. Sridharan Rangarajan as Director on the Board, the Committee was re-constituted to include him as a member.

The Committee met on four occasions during the year on 28th April 2021, 2nd August 2021, 1st November 2021 and 10th February 2022. 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)
P S Raghavan	4 (4)
Sridharan Rangarajan*	3 (3)
N Ananthaseshan	4 (4)

**Appointed with effect from 1st July 2021.*

During the year, there were no investor service complaints received. Further, there were no investor service complaints pending as at 31st March 2022.

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

M/s. KFin Technologies Limited, Hyderabad (Formerly known as M/s. KFin Technologies Private Limited), is the Company's Registrar and Share Transfer Agent (RTA). The contact details are available in the General Shareholder Information section of this 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* includes recommending the annual action plan and the amount of expenditure to be incurred on the CSR activities during the year and monitoring the implementation of CSR activities as per the CSR policy of the Company from time to time.

Composition & Meetings

The Committee comprises two Independent Directors and the Managing Director as its members. The Management Committee members are invited to the meetings. The Committee met on three occasions during the year on 28th April 2021, 2nd August 2021 and 10th February 2022. 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	3 (3)
P S Raghavan	3 (3)
N Ananthaseshan	3 (3)

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 Directors are not paid sitting fees for any Board / Committee meetings attended by them. They are eligible for Employee Stock Options. Equity based compensation is considered to be an integral part of employee compensation across various sectors which enables alignment of personal goals of employees with organisational objectives. The summary of the Stock Options granted to Mr. N Ananthaseshan and Mr. Sridharan Rangarajan is given in this Report. 272,000 fresh grants each were made to Mr. N Ananthaseshan and Mr. Sridharan Rangarajan under the 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 Rs. 4060 million to over Rs. 30000 million. Under his Chairmanship, during the year 2021-22, the Company has been able to complete three main acquisitions viz., PLUSS Advanced Technologies, CUMI AWUKO Abrasives GmbH and RHODIUS Abrasives GmbH which will augur well with the growth plans of the Company besides diversifying the presence in Indian as well as European markets.

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 2021-22 is proposed to be paid to him as done in the previous years.

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 2021-22

Non-Executive Directors

(₹ million)

Name	Sitting Fees	Commission @
M M Murugappan	0.62	10.00
Sanjay Jayavarthanavelu	0.84	1.00
Aroon Raman	1.00	1.00
P S Raghavan	0.92	1.50
Sujjain S Talwar	0.75	1.00
Soundara Kumar	0.75	1.00
Total	**4.88**	**15.50**

@ will be paid after adoption of accounts by shareholders at the 68th Annual General Meeting.

Executive Directors

Names		N Ananthaseshan	Sridharan Rangarajan**
Fixed Component			
	Salary & Allowances	12.22	9.70
	Retirement benefits*	2.25	1.85
	Perquisites	0.04	0.02
Variable Component	Incentive[(a)]	4.10	-

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

*** Appointed as Whole-time Director w.e.f. 1st July 2021 and reflects the remuneration received as Director from 1st July 2021 to to 31st March 2022.*

(a) Represents incentive paid during the financial year 2021-22 in respect of the financial year 2020-21.

(b) As per the terms of their remuneration, the Managing Director and Whole Time Director are eligible for an annual incentive based on a balanced scorecard which comprises Company financials, Company scorecard and personal objectives. For the financial year 2021-22, a sum of ₹4.83 million and ₹4.05 million has been provided in the accounts for this purpose payable to Mr. N Ananthaseshan and Mr. Sridharan Rangarajan respectively. The actual amount will be decided by the Nomination and Remuneration Committee in August 2022.

(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 and Mr. Sridharan Rangarajan under the Employee Stock Option Scheme 2007 (grants discontinued since February 2012). 272,000 fresh grants each were made to Mr. N Ananthaseshan and Mr. Sridharan Rangarajan under the ESOP Plan 2016 during the year.

(e) 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)	04-Feb-17 (iii)	31-Jul-19 (iii)	02-Aug-21 (iii)
Options granted	121,800	78,600	93,120	111,528	272,000
Options vested	105,966	62,880	43,672	111,528	-
Options cancelled	15,834	15,720	-	-	-
Options lapsed	-	-	-	-	-
Options exercised	105,966	62,880	49,448	-	-
Options outstanding	-	-	43,672	111,528	272,000
Exercise Price	91.80	125.08	257.55	317.70	672.95

(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.

The details of Options granted to and held by Mr. Sridharan Rangarajan 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		
	05-Aug-11 (i)	04-Feb-17 (ii)	14-Feb-18 (ii)	02-Aug-21 (ii)
Options granted	264,000	68,940	19,344	272,000
Options vested	-	68,940	19,344	-
Options cancelled	31,680	-	-	-
Options lapsed	32,240	-	-	-
Options exercised	200,080	-	-	-
Options outstanding	-	-	-	272,000
Exercise Price	146	257.55	367.2	672.95

(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 Five years from the date of vesting.

5. GENERAL BODY MEETINGS

5.1 Last three Annual General Meetings

Financial Year	Date	Time	Venue
2018-2019	31.07.2019	3.00 PM	TTK Auditorium, Music Academy, 168 (Old No. 306) TTK Road, Royapettah, Chennai 600014
2019-2020	29.07.2020	3.00 PM	AGM conducted through Video Conferencing ('VC')/ Other Audio Visual Means ('OAVM')
2020-2021	02.08.2021		

5.2 Special Resolutions passed during the last three Annual General Meetings

Sl. No.	Item of business	Passed on
1.	Re-appointment of Mr. Aroon Raman as an Independent Director.	31.07.2019
2.	Re-appointment of Mr. Sanjay Jayavarthanavelu as an Independent Director.	31.07.2019
3.	Approval for payment of commission to Mr. M M Murugappan.	31.07.2019
4.	Approval for payment of commission to Mr. M M Murugappan.	29.07.2020
5.	Approval for payment of commission to Mr. M M Murugappan.	02.08.2021

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 Ombudsman 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, the periodic reminders and awareness sessions for the Designated persons continued.

8. DISCLOSURES

During the year, there were no material transactions entered with Related Parties both under the Listing Regulations as well as the Companies Act, 2013. The Company has devised policies on dealing with Related Party Transactions and for determination of Material Subsidiary. The policy on dealing with Related parties was reviewed and amended in line with the changes introduced through SEBI (Listing Obligations and Disclosure Requirements) (Sixth Amendment) Regulations, 2021. The same is available on the website of the Company at https://www.cumi-murugappa.com/policies-disclosure/. Considering the enhanced regulatory purview of monitoring and supervising the related party transactions of subsidiary companies or transactions with the Related Parties of the subsidiaries which is effective 1st April 2022, compliance awareness sessions as well as establishment of process framework for reporting by the many subsidiary companies, both overseas and domestic were held during the year.

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 (PWC), 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 ₹ million
Price Waterhouse Chartered Accountants LLP	Statutory Audit	Carborundum Universal Limited	4.7
Price Waterhouse Chartered Accountants LLP	Tax Audit		0.9
Price Waterhouse Chartered Accountants LLP	Other certification		1.1

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 re-affirmation of the existing ratings in respect of the borrowings of the Company forms part of the Board's Report.

8.4 Loans and advances in the nature of loans to firms / companies in which Directors are interested

During the year, the Company did not extend any loans or advances to firms/companies in which Directors are interested in terms of Section 184 of the Companies Act, 2013.

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 and Financial Express (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. As the communications are widely available, the Company 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. SHARE HOLDERS 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 & 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 2022, 13th January 2021 and 13th May 2022 has relaxed the requirement on companies to send Annual Report in physical mode owing to the practical difficulties arising from COVID-19. Accordingly, an electronic copy of the Annual Report will be 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 to the 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 AGM.

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 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.

The Securities and Exchange Board of India (SEBI) vide its circular SEBI/HO/MIRSDMIRSD_RTAMB/P/CIR/2021/655 dated November 03, 2021 has made it mandatory for holders of physical securities to furnish their PAN, email address, mobile number, bank account details and also to either register or declare opt out for nomination facility against the shares held in the Company. Also, new forms were introduced with respect to investor servicing, the details of which are available in the website of the Company at https://www.cumi-murugappa.com/part-4-investor-services/. Shareholders are requested to submit Form ISR-1 for updating PAN and other KYC details with RTA of the Company. In case of mismatch in the signature of the holder in the records of RTA, the shareholders need to furnish original cancelled cheque and banker's attestation of the signature as per Form ISR-2. It is advised that the shareholders send the original cancelled cheque with name of shareholder printed on it and duly filled Form ISR-2 along with Form ISR-1 to update signature so as to avoid further correspondence in case of signature mismatch. Shareholders are requested to submit Form SH-13 duly filled to register nomination in their Folios. However, in case shareholders want to opt-out of nomination, Form ISR-3 shall be submitted to RTA.

SEBI vide circular no. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022/8 dated 25th January 2022 had mandated issuance of securities in dematerialised form only as an on-going measure to enhance ease of dealing in securities markets by investors while processing the service such as issue of duplicate securities certificate, Claim from Unclaimed Suspense Account, renewal / Exchange of securities certificate, endorsement, Sub-division / Splitting of securities certificate, Consolidation of securities certificates / folios, Transmission, Transposition etc.

Shareholders may send correspondences in respect of their holdings to M/s. KFin Technologies Limited at their contact details provided below:

M/s. KFin Technologies Limited
Registrar and Share Transfer Agent
Unit: Carborundum Universal Limited
Selenium Tower B, Plot Nos. 31 & 32, Financial District, Nanakramguda,
Hyderabad – 500032, India (IN)
Toll Free No.:1800 309 4001
Email: einward.ris@kfintech.com

Freezing of Folios without PAN, KYC details and Nomination:

Folios wherein any one of PAN, Aadhar and Nomination are not available on or before 1st April 2023, shall be frozen and the shareholders will not be eligible to lodge grievance or avail service request from the RTA or be eligible for receipt of dividend in physical mode. After 31st December 2025, the frozen folios shall be referred by RTA / Company to the Administering Authority under the Benami Transactions (Prohibitions) Act, 1988 and / or Prevention of Money Laundering Act, 2002.

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 of interest prescribed under the Income Tax Act, 1961. Members may note that in the absence of PAN, the Company would be required to deduct tax at a higher rate prescribed under the Income Tax Act, 1961. Hence, Members who have not furnished their PAN to the Company are requested to immediately submit a copy of their PAN to the Company. Members seeking non-deduction of tax on their dividends may submit Form 15G / 15H as applicable to the Company on a yearly basis. The formats of Form 15G / Form 15H are available in https://www.cumi-murugappa.com/investor-services/. Members may contact the Company Secretary or any executive in the Secretarial team at contact numbers provided in the General Shareholder Information Section in case of any clarification with respect to the dividends declared by the Company.

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
May 13, 2022

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

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

Cost Auditor

M/s. 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 2021-22)

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 2021-22)

M/s. 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

Ms. 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

Ms. Jully H Jivani,
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

M/s. KFin Technologies 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. Vice President.

6. Financial Year

1st April to 31st March

7. Cost Audit Report

The Cost Audit report for financial year 2020-21 had been filed on 30th August 2021 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.

n) PLUSS Advanced Technologies Private Limited, Plot No.13,14 & 35, Section-14 G C Bawal, Rewari, Haryana - 123501.

o) PLUSS Advanced Technologies Private Limited, Sy. No. 605, 8-122, Deveryamzal Village, Shameerpeth Mandal, Medchal - Malkajgiri, Telangana - 500078.

p) PLUSS Advanced Technologies BV,Helftheuvelweg 11 - A2.125222 AV 's-Hertogenbosch, The Netherlands.

q) CUMI AWUKO Abrasives GmbH,Hedemündener Str. 9 34346 Hann. Münden Germany.

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

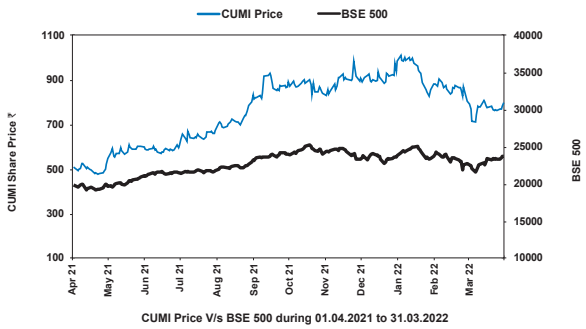
3. Share price information

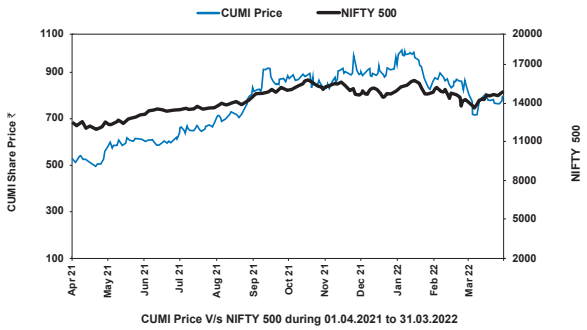
a) Monthly market price data

Month	BSE Limited			National Stock Exchange of India Limited		
	High ₹	Low ₹	Traded volume (No. of shares)	High ₹	Low ₹	Traded volume (No. of shares)
April 2021	570.00	463.25	3,42,834	570.00	462.15	4856903
May 2021	626.00	539.65	5,82,091	627.00	540.20	7981203
June 2021	622.25	563.80	4,78,983	623.10	562.50	4369320
July 2021	697.50	605.00	5,36,413	697.30	607.25	6562184
August 2021	842.05	661.10	5,71,690	843.00	661.05	8048037
September 2021	956.95	802.95	4,84,456	951.95	803.00	10381244
October 2021	921.95	823.90	2,27,951	922.00	825.00	2955037
November 2021	1,008.00	819.75	2,94,884	1,010.20	815.25	7819743
December 2021	988.95	851.50	6,97,956	989.00	851.10	5717315
January 2022	1,033.95	812.10	3,79,497	1,035.00	812.10	6224702
February 2022	921.00	791.00	2,70,990	912.00	792.30	4596816
March 2022	814.00	686.85	12,63,298	816.00	686.00	6007441

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 2021 to 31st March 2022 is given below:





C. OTHER INFORMATION

1. Share Capital Details

(a) Outstanding shares

The total number of outstanding shares as on 31st March 2022 is 189,856,703. All the shares have been fully paid up. As on 31st March 2022, 188,141,092 equity shares constituting 99.10% 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 2022

(i) Shareholding Pattern

Category	% to total paid up capital
Promoter/Promoter Group	41.94
Foreign Institutional Investors	10.20
Financial Institutions including Insurance Companies	0.56
Non-resident (NRI's / OCBs)	1.86
Mutual Funds	23.56
Banks	0.01
Indian Bodies Corporate, AIFs & QIBs	5.18
Individuals	16.27
Others - Trusts / Clearing Members / IEPF	0.42
Total	**100.00**

(ii) Distribution of Shareholding

Sl. No.	Category (shares)	No. of holders	% to holders	No. of shares	% to Equity
1.	1 - 500	54,546	89.78	3,424,381	1.80
2.	501 - 1000	2,145	3.53	1,704,755	0.90
3.	1001 - 2000	1,446	2.38	2,277,329	1.20
4.	2001 - 3000	587	0.97	1,528,596	0.81
5.	3001 - 4000	760	1.25	2,862,093	1.51
6.	4001 - 5000	174	0.29	798,148	0.42
7.	5001 - 10000	490	0.81	3,585,340	1.89
8.	10001 - 20000	213	0.35	3,043,842	1.60
9.	20001 - 100000	235	0.39	10,445,831	5.50
10.	100001 and above	159	0.26	160,186,388	84.37
	Total	**60,755**	**100.00**	**189,856,703**	**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 2022:

Sl. No.	Grant Date	Exercise Price in (₹)	Net Out-standing 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	-	-	-
6.	04-Feb-12	155.00	-	-	-
Total			**-**	**-**	**-**

Under the CUMI Employee Stock Option Plan 2016, the details of Stock Options granted and outstanding as at 31st March 2022 are as follows:

Sl. No.	Grant Date	Exercise Price in (₹)	Net Out-standing Options	Likely impact on full exercise	
				Share Capital (₹ million)	Share Premium (₹ million)
1.	04-Feb-17	257.55	199,626	0.20	51.21
2.	14-Feb-18	367.20	19,344	0.02	7.08
3.	14-Feb-18	367.20	30,522	0.03	11.18
4.	03-Aug-18	369.85	36,940	0.04	13.63
5.	29-Oct-18	361.90	-	-	-
6.	31-Jul-19	317.70	60,630	0.06	19.20
7.	31-Jul-19	317.70	111,528	0.11	35.32
8.	30-Jan-20	343.80	78,120	0.08	26.78
9.	28-Apr-21	490.50	73,880	0.07	36.16
10.	02-Aug-21	672.95	718,200	0.72	482.59
Total			**1,328,790**		

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 Re. 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 Re. 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, 9, 10 above of the Employee Stock Option Plan 2016, each option gives a right to the holder to subscribe to one equity share of Re.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 Re. 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 Re. 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 investor servicing requests from shareholders holding shares in physical form are processed by M/s. KFin Technologies 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	102	173,290
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*	23	38,190
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	2	4,300
Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year	2	4,300
Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the end of the year	77	130,800

*In respect of the shares transferred to the Investor Education and Protection Fund Authority, shareholders are entitled to claim these shares from the Investor Education and Protection Fund Authority by making an application in Form IEPF-5 available on website http://www.iepf.gov.in/IEPF/corporates.html along with the requisite documents after complying with the prescribed procedure.

On receipt of a claim for transfer from the Unclaimed Suspense Account, the Company will after verification, credit the shares to the shareholder's demat account.

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 1st August 2022 at 3.00 P.M. IST through video conferencing/other audio visual means.

(ii) Dividend

The Board at its meeting held on 10th February 2022 had approved payment of an interim dividend on the equity shares of the Company at 150 per cent

i.e., ₹1.50/- per equity share which was paid on 8th March 2022. The Board at its meeting held on 13th May 2022 has further recommended a payment of final dividend at 200 per cent i.e., ₹ 2/- per equity share for the year ended 31st March 2022. The final dividend will be paid by Thursday, 25th August 2022 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
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
2020-21 (Final)	02-08-2021	08-09-2028
2021-22 (Interim)	10-02-2022	19-03-2029

The Company has transferred unclaimed / unencashed dividends upto interim dividend for FY 2014-15 to the IEPF during the year ended 31st March 2022. 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 64,954 equity shares pertaining to 53 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 2022, 727,965 shares pertaining to 604 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 - M/s. KFin Technologies 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
May 13, 2022

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 2022, as envisaged in Regulation 34(3) read with Schedule V of the Listing Regulations.

On behalf of the Board
N Ananthaseshan
Managing Director

Chennai
May 13, 2022

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, 2022 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.	00004505	Sanjay Jayavarthanavelu	Non-Executive - Independent Director	27/01/2010
3.	00201205	Aroon Raman	Non-Executive - Independent Director	30/10/2013
4.	07812320	P S Raghavan	Non-Executive - Independent Director	09/05/2017
5.	01756539	Sujjain S Talwar	Non-Executive - Independent Director	09/05/2017
6.	02402921	N Ananthaseshan	Managing Director	26/04/2019
7.	01974515	Soundara Kumar	Non-Executive - Independent Director	03/08/2019
8.	01814413	Sridharan Rangarajan	Whole Time Director	01/07/2021

Ensuring the eligibility of, every Director on the Board, for their appointment/ continuity is the responsibility of the Management of the Company. Our responsibility is to express an opinion on the same based on our verification. This certificate is neither an assurance as to the future viability of the Company nor efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For R.SRIDHARAN & ASSOCIATES
COMPANY SECRETARIES
CS R.SRIDHARAN
CP No. 3239
FCS No. 4775
PR NO.657/2020
UIN : S2003TN063400
UDIN: F004775D000297507

Chennai
May 13, 2022

CORPORATE GOVERNANCE CERTIFICATE

The Members,
Carborundum Universal Limited
CIN: L29224TN1954PLC000318
Parry House, 43 Moore Street
Chennai - 600001

We have examined documents, books, papers, minutes, forms and returns filed and other relevant records maintained by **CARBORUNDUM UNIVERSAL LIMITED, (CIN: L29224TN1954PLC000318)** [hereinafter referred to as "the Company"] 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 Regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C, D and E of Schedule V and Regulation 34 (3) to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended (hereinafter called "SEBI (LODR) Regulations 2015") for the financial year ended March 31, 2022. 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 (LODR) Regulations, 2015 for the financial year ended 31st March, 2022.

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
PR NO.657/2020
UIN : S2003TN063400
UDIN: F004775D000297562

Chennai
May 13, 2022

INDEPENDENT AUDITORS' REPORT

To

The Members of Carborundum Universal Limited Report on the Audit of 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, 2022, 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 (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, 2022, of consolidated total comprehensive income (comprising of profit and other comprehensive income), consolidated changes in equity and its consolidated 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 Consolidated Financial Statements" section of our report. We are independent of the Group, its 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 the Code of Ethics issued by the 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 15 of the Other Matters section below, other than the unaudited financial information as certified by the management and referred to in sub-paragraph 16 of the Other Matters section 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" paragraph included in the audit report on the special purpose financial information of Foskor Zirconia (Pty) Ltd 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 May 05, 2022 reproduced by us as under:

   "We draw attention to the condensed income statement, which indicates that Foskor Zirconia (Pty) Ltd incurred a total comprehensive income of R 14 987 632 for the year ended 31 March 2022. However as of that date, the liabilities of the company exceeded its total assets by R 97 048 597. 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 109 174 645 to a long-term loan to improve liquidity. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on Foskor Zirconia (Pty) Ltd.'s ability to continue as a going concern. Our opinion is not modified in respect of 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
Impairment assessment of carrying amount of assets including goodwill relating to Volzhsky Abrasive Works [VAW], step-down subsidiary of the Parent domiciled in Russia, including an assessment of the impact of the current difficult international sanctions Refer Note 5A to the Consolidated Financial Statements The carrying amount of assets including related goodwill in relation to VAW as considered in the Consolidated Financial Statements amounts to ₹7,200.93 million (including goodwill amounting to ₹1,310.88 million), which represents 21.67 % of the total assets of the Group.	Our audit procedures included the following: a. We understood, assessed and tested the design and operating effectiveness of the Group's key controls over impairment assessment. b. Inquired with the Parent and component management to evaluate the impact of the conflict, including territorial sanctions and embargoes, on the operations of the step-down subsidiary. c. Read the audit report of auditors of VAW [the 'component auditors'] and the related memorandum of work performed and noted that there are no adverse or qualificatory comments including any material uncertainty relating to going concern in the report of the component auditors.

INDEPENDENT AUDITORS' REPORT

Key audit matter	How our audit addressed the key audit matter
As set out in Note 5A to the Consolidated Financial Statements, the current difficult international situation combined with related international sanctions and territory embargoes create an uncertain environment for VAW. We have considered this to be a key audit matter as the carrying amount of assets is significant to the financial statements, and Management judgement is required in certain areas such as supply chain and operational disruption due to the current difficult international situation on the step-down subsidiary's operations including impacts arising from territorial sanctions and embargoes, discount rate and growth rates in estimating future cash flows.	d. Assessed the reasonableness of the management's computation of the recoverable amount of carrying value of assets pertaining to VAW ('the model') by: • Verifying that the forecasts considered within the model have been approved by the Board of Directors of the component. • Assessing the historical accuracy of Management's forecasts by comparing the forecasts used in the prior year models with the actual performance in the current year and assessing the reasonableness of the forecasts within the model. • Engaging our valuation expert to assist us in evaluating the reasonableness of assumptions relating to discount rate and terminal growth rate considered by the management within the model. • Performing sensitivity tests on the Model for certain assumptions, such as discount rate and growth rate. e. Evaluated the adequacy of the disclosures made in the financial statements in relation to impairment assessment of goodwill. Whilst a definitive assessment of the impact in the subsequent period is highly dependent on the circumstances as they evolve, based on the procedures performed we did not note any exception in the management's assessment of impairment of carrying value of assets including goodwill relating to VAW.
Assessment of Purchase Price Allocation (PPA) relating to acquisition of Pluss Advanced Technologies Private Limited ("PLUSS") and accounting for put option obligation over promoter holding Refer Note 40A to the Consolidated Financial Statements On October 6, 2021, the Group acquired a controlling interest (71.99% of the paid-up equity capital) in Pluss Advanced Technologies Private Limited ("PLUSS") pursuant to a share purchase agreement (the 'acquisition agreement'). The acquisition agreement also included simultaneous call and put options exercisable by the Parent and the existing promoters of PLUSS respectively for acquisition of the promoter stake at a defined period in the future at fair value. The Group determined the acquisition to be a business combination in accordance with Ind AS 103 "Business Combinations", which requires the identified assets and liabilities to be recognised at fair value at the date of acquisition with the excess of consideration over the identified fair value of identified assets and liabilities recognised as goodwill. In relation to the put option exercisable by the existing promoters of PLUSS, the Group determined that a liability was to be recorded at the present value of the expected future cash outflows since the Group does not have an unconditional right to not purchase the interest as per the terms of the acquisition agreement. The Parent's Management appointed independent external professional valuers (management's expert) to perform valuation as part of the PPA and to determine the fair value of the obligation as at the end of reporting period in relation to the put option exercisable by the promoters of PLUSS. There are assumptions and estimates used by the Management and the management's expert in determining the fair values of the identified assets acquired and liabilities assumed in the transaction and determining the fair value of obligation in relation to the put option. Thus, we consider this area to be a key audit matter	Our audit procedures included the following: a. We understood, assessed and tested the design and operating effectiveness of the Group's key controls over the accounting of business combinations and accounting for the put option obligation. b. We read the acquisition agreement to understand the key terms and conditions of the acquisition to evaluate the accounting treatment of identified intangible assets and put/ call options in accordance with relevant Ind AS. c. We evaluated the competence, capabilities and objectivity of the management's expert, obtained an understanding of the work of the expert, and evaluated the appropriateness of the expert's work as audit evidence. d. We traced the value of the consideration transferred to the acquisition agreement and verified the payment thereof. e. We involved our valuation expert ("auditor's expert") to examine the PPA reports and the report in relation to determination of the fair value of put option redemption liability including evaluating the work done by management's expert to assess reasonableness of the underlying key assumptions used in determining the fair value of assets and liabilities as at the acquisition date and the fair value of the put option liability as at the reporting date. f. We verified the management's computation of goodwill and the liability in relation to put option. g. We assessed the adequacy and appropriateness of the disclosures made in the Consolidated Financial Statements. Based on our procedures performed above, we noted that the management's assessment of PPA in relation to acquisition of PLUSS and the determination of liability in relation to put option is reasonable.

Also refer to the Key Audit Matter included by us in our audit report of even date on the Standalone Financial Statements of the Parent.

Other Information

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

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

INDEPENDENT AUDITORS' REPORT

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 15 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

7. The Parent's Board of Directors is responsible for the preparation and presentation of these Consolidated Financial Statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows, and consolidated changes in equity of the Group including its Associate and Joint Ventures in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group and of 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, its Associate and Joint Ventures 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 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 Consolidated 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.

8. In preparing the Consolidated Financial Statements, the respective Board of Directors of the companies included in the Group and of 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.

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

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

10. 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.

11. 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 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 Act, we are also responsible for expressing our opinion on whether the Parent has adequate internal financial controls with reference to Consolidated 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 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

INDEPENDENT AUDITORS' REPORT

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.

12. 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.

13. 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

14. 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

15. We did not audit the financial statements/ financial information of twelve subsidiaries, whose financial statements/ financial information reflect total assets of ₹29,198 million and net assets of ₹25,452 million as at March 31, 2022, total revenue of ₹13,664 million, total comprehensive income (comprising of profit and other comprehensive income) of ₹ 2,345 million and net cash flows amounting to ₹ 1,065 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 ₹102 million for the year ended March 31, 2022 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/ other auditors, and our opinion on the Consolidated Financial Statements insofar as it relates to the amounts and disclosures included in respect of these subsidiaries and Joint Venture 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.

16. We did not audit the financial information of one subsidiary whose financial information reflect total assets of ₹3 million and net assets of ₹2 million as at March 31, 2022, total revenue of ₹Nil, total comprehensive income (comprising of profit 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 this subsidiary and our report in terms of sub-section (3) of Section 143 of the Act including report on Other Information insofar as it relates to the aforesaid subsidiary, is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial information are not material to the Group.

17. The financial statements/ financial information of nine subsidiaries located outside India, included in the Consolidated Financial Statements, which constitute total assets of ₹25,673 million and net assets of ₹22,326 million as at March 31, 2022, total revenue of ₹11,834 million, total comprehensive income (comprising of profit and other comprehensive income) of ₹1,375 million and net cash flows amounting to ₹1,080 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 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 information certified by the Management.

Report on Other Legal and Regulatory Requirements

18. As required by paragraph 3(xxi) of the Companies (Auditor's Report) Order, 2020 ("CARO 2020"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we report that there are no qualifications or adverse remarks included by the respective auditors in their CARO 2020 reports issued in respect of the Standalone Financial Statements of the companies which are included in these Consolidated Financial Statements.

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

INDEPENDENT AUDITORS' REPORT

(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), the 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, 2022 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 Group companies, its Associate and Joint Ventures incorporated in India is disqualified as on March 31, 2022 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 Consolidated Financial Statements of the Group 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 on the consolidated financial position of the Group, its Associate and Joint Ventures – Refer Notes 6A, 6B and 34 to the Consolidated Financial Statements.

ii. The Group, its Associate and Joint Ventures did not have long-term contracts including derivative contracts as at March 31, 2022 for which there were any material forseeable losses.

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 during the year.

iv. (a)The respective Managements of the Parent and its subsidiaries, Joint Ventures and Associate which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries, Joint Ventures and Associate respectively that, to the best of their knowledge and belief, as disclosed in the notes to the accounts, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Parent or any of such subsidiaries, Joint Ventures and Associates to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Parent or any of such subsidiaries, Joint Ventures and Associates ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The respective Managements of the Parent and its subsidiaries, Joint ventures and Associate which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries, Joint Ventures and Associate respectively that, to the best of their knowledge and belief, as disclosed in the notes to the accounts, no funds (which are material either individually or in the aggregate) have been received by the Parent or any of such subsidiaries, Joint Ventures and Associate from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Parent or any of such subsidiaries, Joint Ventures and Associate shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on the audit procedures, that has been considered reasonable and appropriate in the circumstances, performed by us and those performed by the auditors of the subsidiaries, Joint Ventures and Associate which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) contain any material misstatement.

INDEPENDENT AUDITORS' REPORT

v. The dividend declared and paid during the year by the Parent, its subsidiary companies, Associate and Joint Ventures which are companies incorporated in India, is in compliance with Section 123 of the Act.

20. The Group, its Associate and Joint Ventures which are companies incorporated in India have 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 Number: 100332
UDIN: 22100332AIYNAM7611

Place: Chennai
Date: May 13, 2022

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 19 (f) of the Independent Auditors' 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, 2022

Report on the Internal Financial Controls with reference to Consolidated Financial Statementsunder 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, 2022, 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, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Parent, its subsidiary companies, its associate company and 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 ("the Guidance Note") 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 issued by the ICAI and the Standards on Auditing deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below is sufficient and appropriate to provide a basis for our audit opinion on the Parent's internal financial controls system with reference to consolidated 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

INDEPENDENT AUDITORS' REPORT

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, 2022, 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 issued by the ICAI.

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 modified in respect of this matter.

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

Subramanian Vivek
Partner
Membership Number: 100332
UDIN: 22100332AIYNAM7611

Place: Chennai
Date: May 13, 2022

Consolidated Balance Sheet

(in Indian Rupees million, unless otherwise stated)

Particulars	Notes	As at 31.03.2022	As at 31.03.2021
ASSETS			
Non-current assets			
(a) Property, plant and equipment	4A	6806.48	6041.23
(b) Right-of-use assets	4B	395.05	338.53
(c) Capital work-in-progress	4C	577.00	280.24
(d) Goodwill	5A	1581.25	1297.69
(e) Other Intangible assets	5B	1278.55	93.86
(f) Investment accounted for using the equity method			
(i) Investments in Associate	6A	607.34	537.68
(ii) Investments in Joint Ventures	6B	582.46	620.43
(g) Financial assets			
(i) Investments	6C	188.38	112.39
(ii) Other financial assets	7A	157.55	147.86
(h) Deferred tax assets (net)	8A	269.20	129.11
(i) Other Non-current assets	9A	4306.56	192.29
Total Non-current assets		**16749.82**	**9791.31**
Current assets			
(a) Inventories	10	6909.04	4605.19
(b) Financial assets			
(i) Trade receivables	11	4847.71	4776.16
(ii) Cash and Cash equivalents	12A	3475.04	4783.27
(iii) Bank balances other than (ii) above	12B	40.66	2106.19
(iv) Other Financial assets	7B	163.09	78.84
(c) Other Current assets	9B	1042.92	744.05
Total current assets		**16478.46**	**17093.70**
Total Assets		**33228.28**	**26885.01**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	13	189.86	189.59
(b) Other equity	14	23447.86	21125.08
Equity attributable to owners of the Company		**23637.72**	**21314.67**
Non-controlling interests	15	859.39	464.23
Total Equity		**24497.11**	**21778.90**
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	16	77.83	49.83
(ii) Lease liabilities	4B	231.99	170.94
(iii) Other financial liabilities	20A	17.01	-
(b) Provisions	17A	146.76	128.13
(c) Other Non-Current liabilities	21A	121.00	-
(d) Deferred tax liabilities (net)	8B	409.23	96.40
Total Non-current liabilities		**1003.82**	**445.30**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	18	2044.19	355.42
(ii) Lease liabilities	4B	45.97	41.03
(iii) Trade payables			
(a) total outstanding dues of micro enterprises and small enterprises	19	105.98	31.75
(b) total outstanding dues of creditors other than micro enterprises and small enterprises	19	3597.61	2999.31
(iv) Other financial liabilities	20B	1444.30	789.35
(b) Provisions	17B	223.19	216.34
(c) Other current liabilities	21B	266.11	227.61
Total Current liabilities		**7727.35**	**4660.81**
Total Liabilities		**8731.17**	**5106.11**
Total Equity and Liabilities		**33228.28**	**26885.01**
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
May 13, 2022

On behalf of the Board

M M Murugappan
Chairman

N Ananthaseshan
Managing Director

Sridharan Rangarajan
Director - Finance & Strategy

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	
			2021-22	2020-21
I	Revenue from Operations	22	33247.58	26317.08
II	Other Income	23	398.16	313.95
III	**Total Income**		**33645.74**	**26631.03**
IV	**Expenses**			
	Cost of material consumed		11531.58	7567.75
	Purchase of stock-in-trade		981.57	741.03
	Changes in inventories of finished goods, stock-in-trade and work-in-progress	24	(935.56)	669.48
	Employee benefit expense	25	4192.49	3470.37
	Finance costs	26	56.44	35.82
	Depreciation and amortisation expense	27	1145.65	994.50
	Other expenses	28	12111.20	9212.65
	Total expenses [IV]		**29083.37**	**22691.60**
V	**Profit from operations before exceptional items and share of profit of equity accounted investees and income tax [III] - [IV]**		**4562.37**	**3939.43**
VI	Share of profit of Associate (net of tax)	6A	101.50	49.64
VII	Share of profit of Joint Ventures (net of tax)	6B	101.58	101.28
VIII	**Profit before exceptional items and tax [V] + [VI] + [VII]**		**4765.45**	**4090.35**
IX	Exceptional items (net)	29	-	(144.03)
X	**Profit before tax [VIII]+[IX]**		**4765.45**	**3946.32**
XI	**Tax expense**			
	(1) Current tax	30A	1375.47	1089.93
	(2) Deferred tax	8	(110.22)	(74.28)
	Total tax [XI]		**1265.25**	**1015.65**
XII	**Profit for the year [X]-[XI]**		**3500.20**	**2930.67**
XIII	**Other Comprehensive Income [OCI]**			
A	(i) Items that will not be reclassified to profit or loss			
	(a) Remeasurement of the defined benefit plans		(47.57)	28.87
	(b) Equity instruments through other comprehensive income		70.39	46.25
	(c) Share of OCI in Associate and Joint Ventures, to the extent not to be reclassified to profit or loss		(1.61)	(0.11)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	30B	0.08	-
			21.29	75.01
B	(i) Items that will be reclassified to profit or loss			
	(a) Exchange differences in translating the financial statements of foreign operations		(157.67)	50.31
	(b) Effective portion of gain and loss on designated portion of hedging instruments in a cash flow hedge		(2.47)	6.89
	(c) Share of OCI in Associate and Joint Ventures, to the extent that will be reclassified to profit or loss		0.17	(1.24)
	(ii) Income tax relating to items that will be reclassified to profit or loss	30B	0.62	(1.73)
			(159.35)	54.23
	Total Other Comprehensive Income [XIII]		**(138.06)**	**129.24**
XIV	**Total Comprehensive Income [XII]+[XIII]**		**3362.14**	**3059.91**
	Profit for the year attributable to : [XII]		**3500.20**	**2930.67**
	- Owners of the Company		3333.55	2843.09
	- Non-Controlling Interest		166.65	87.58
	Other Comprehensive Income : [XIII]		**(138.06)**	**129.24**
	- Owners of the Company		(145.76)	127.50
	- Non-Controlling Interest		7.70	1.74
	Total Comprehensive Income : [XIV]		**3362.14**	**3059.91**
	- Owners of the Company		3187.79	2970.59
	- Non-Controlling Interest		174.35	89.32
XV	**Earnings per share (₹1 each) on Profit for the year [XII]**	31		
	- Basic		17.57	15.01
	- Diluted		17.52	14.99

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
May 13, 2022

On behalf of the Board

M M Murugappan
Chairman

N Ananthaseshan
Managing Director

Sridharan Rangarajan
Director - Finance & Strategy

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, 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**
Changes in equity share capital during the year	
Shares issued against ESOP Scheme/Plan	0.27
Balance as at March 31, 2022	**189.86**

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 / Warrant	Capital redemption reserve	Capital reserve on consolidation	Securities premium	General Reserve	Share options outstanding account	Retained Earnings	Non Controlling interest put option reserve	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)	(l)			
Balance at the beginning 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 Consolidation to Retained earnings	-	-	(792.32)	-	-	-	792.32	-	-	-	-	-	-	-	-
Dividend paid to NCI and its related 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**
Profit for the year	-	-	-	-	-	-	3333.55	-	-	-	-	-	3333.55	166.65	3500.20
Other Comprehensive income for the year	-	-	-	-	-	-	(49.96)	-	62.78	(1.11)	(157.47)	-	(145.76)	7.70	(138.06)
Total Comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**3283.59**	**-**	**62.78**	**(1.11)**	**(157.47)**	**-**	**3187.79**	**174.35**	**3362.14**
Additions during the year	-	-	-	62.12	-	50.06	-	-	-	-	-	-	112.18	-	112.18
Final dividend paid during the year	-	-	-	-	-	-	(284.44)	-	-	-	-	-	(284.44)	-	(284.44)
Interim dividend paid during the year	-	-	-	-	-	-	(284.78)	-	-	-	-	-	(284.78)	-	(284.78)
Transfer to General reserve	-	-	-	-	500.00	-	(500.00)	-	-	-	-	-	-	-	-
Recognised during the year - Refer Note 40A	-	-	-	-	-	-	-	(407.97)	-	-	-	-	(407.97)	-	(407.97)
Non-controlling interest on acquistion of subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	309.60	309.60
Dividend paid to NCI and its related tax	-	-	-	-	-	-	-	-	-	-	-	-	-	(79.62)	(79.62)
Translation impact on foreign subsidiaries NCI portion	-	-	-	-	-	-	-	-	-	-	-	-	-	(9.17)	(9.17)
Balance at the end of the year - March 31, 2022	**6.03**	**27.68**	**20.56**	**382.36**	**8730.94**	**128.80**	**14986.98**	**(407.97)**	**84.51**	**(0.27)**	**(535.50)**	**23.74**	**23447.86**	**859.39**	**24307.25**

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,
May 13, 2022

On behalf of the Board

M M Murugappan
Chairman

N Ananthaseshan
Managing Director

Sridharan Rangarajan
Director - Finance & Strategy

P Padmanabhan
Chief Financial Officer

Rekha Surendhiran
Company Secretary

Consolidated Cash Flow Statement

(in Indian Rupees million, unless otherwise stated)

Particulars	2021-22		2020-21	
Profit before tax		**4765.45**		**3946.32**
Adjustment for:				
Share of profit of Associate	(101.50)		(49.64)	
Share of profit of Joint Ventures	(101.58)		(101.28)	
Exceptional items (net)	-		144.03	
Fair value of Investments	(5.31)		(3.26)	
Depreciation and amortisation	1145.65		994.50	
Finance costs	56.44		35.82	
Interest income	(200.62)		(166.40)	
Dividend income	(7.40)		(7.04)	
Expenses recognised in respect of equity-settled share-based payments	55.40		15.99	
Impairment loss on financial assets (net)	1.62		3.74	
Allowance for doubtful receivable and advances	267.96		81.70	
Reversal of allowance for doubtful receivables and advances	(74.92)		(71.43)	
Provision for expenses no longer required written back	(6.11)		(2.37)	
Loss/(profit) on sale of assets (net) / write off	30.67		(31.19)	
Loss /(profit) on exchange fluctuation (net)	10.64	1070.94	25.76	868.93
Operating profit before working capital changes		**5836.39**		**4815.25**
Movement in working capital				
(Increase)/decrease in trade receivables	(296.12)		(720.44)	
(Increase)/decrease in Inventories	(2187.98)		542.04	
(Increase)/decrease in Other financial asset	(63.92)		(14.20)	
(Increase)/decrease in Other assets	(327.10)		(118.81)	
Increase/(decrease) in Trade payables	466.41		1033.38	
Increase/(decrease) in Provision & other current liabilities	170.19		10.47	
Increase/(decrease) in Other financial liabilities	173.29	(2065.23)	(13.46)	718.98
Cash generated from Operations		**3771.16**		**5534.23**
Income tax paid		(1325.87)		(1026.64)
Net cash generated by operating activities [A]		**2445.29**		**4507.59**
Cash flow from investing activities				
Payments to acquire Property, plant and equipment	(1632.25)		(980.81)	
Payments for Intangible asset	(11.14)		(83.60)	
Proceeds from sale of Property, plant and equipment	12.35		38.68	
Payment for acquisition of subsidiary, net of cash acquired amounting to ₹210.84 million	(938.40)		-	
Prepayment on Financial Fixed assets	(3967.81)		-	
Payments towards acqusition of assets under Business combination	(509.15)		-	
Proceeds from sale of investments	0.03		137.59	
Purchase of Investments	(0.31)		(12.80)	

Consolidated Cash Flow Statement

(in Indian Rupees million, unless otherwise stated)

Particulars		2021-22		2020-21	
Redemption of /(Investment) in Bank deposits with original maturity beyond three months		2076.58		(2087.99)	
Interest income received		190.03		166.40	
Dividend income from Associate		30.00		27.43	
Dividend income from Joint ventures		139.96		93.23	
Other Dividend income received		7.40		7.04	
Net cash (used in)/generated by investing activities	**[B]**		**(4602.71)**		**(2694.83)**
Cash flow from financing activities					
Proceeds from issue of equity shares		62.39		31.86	
(Repayment)/proceeds from borrowings (net)		1575.61		(227.14)	
Principal portion of lease payments		(38.47)		(45.94)	
Finance costs paid		(56.44)		(35.82)	
Dividend paid to Shareholder		(569.22)		(284.27)	
Dividend paid to Non-Controlling interest and its related tax		(79.62)		(100.56)	
Net cash used in financing activities	**[C]**		**894.25**		**(661.87)**
Net increase/(decrease) in cash and cash equivalents [A]+[B]+[C]			**(1263.17)**		**1150.89**
Add : Cash and Cash equivalents at the beginning of the year			**4783.27**		**3595.69**
Effect of exchange rate changes on the balances of cash and cash equivalents held in foreign currencies			(45.06)		36.69
Cash and Cash equivalents at the end of the year			**3475.04**		**4783.27**
Non Cash Financing and Operating activities					
- Acquisition of Right of use assets			81.66		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			4783.27		2920.55
Current investment considered as Cash and Cash equivalents			-		675.14
			4783.27		**3595.69**
Cash and cash equivalents at the end of the year					
Cash and cash equivalents - Refer Note: 12A			3475.04		4783.27
			3475.04		**4783.27**
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
May 13, 2022

On behalf of the Board

M M Murugappan
Chairman

N Ananthaseshan
Managing Director

Sridharan Rangarajan
Director - Finance & Strategy

P Padmanabhan
Chief Financial Officer

Rekha Surendhiran
Company Secretary

Notes forming part of the Consolidated Financial Statements

For the year ended March 31, 2022

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	12,36
8	Accounting Policies, Changes in Accounting Estimates and Errors	2,3	
10	Event after the reporting period		42,46
12	Income taxes	3.10	8,9A,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,4B,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	13e,14f,25
103	Business combinations	3.1.2.1.1, 3.12.3	5A,40
107 & 109	Financial instruments	3.19,3.20,3.21 3.26,3.27	6C,7,11,16,18, 19,20,23,36
108	Operating segments	3.22	32
110	Consolidated Financial Statements	3.1.2	
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

Notes forming part of the Consolidated Financial Statements

For the year ended March 31, 2022

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 to Ind AS for the first time for their annual reporting period commencing 1st April 2021:

- Extension of COVID-19 related concessions – amendments to Ind AS 116.
- Interest rate benchmark reform – amendments to Ind AS 109, Financial Instruments, Ind AS 107, Financial Instruments: Disclosures, Ind AS 104, Insurance Contracts and Ind AS 116, Leases.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

2.3 New amendments issued but not effective

The Ministry of Corporate Affairs has vide notification dated 23rd March 2022 notified Companies (Indian Accounting Standards) Amendment Rules, 2022 which amends certain accounting standards, and are effective 1st April 2022. These amendments are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

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 value 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 2022. When

Notes forming part of the Consolidated Financial Statements

For the year ended March 31, 2022

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.

3.1.2.1.1 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the

- Fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the group
- fair value of any asset or liability resulting from a contingent consideration arrangement.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred

The excess of the:

- consideration transferred
- amount of any non-controlling interest in the acquired entity
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised in other comprehensive income and accumulated in equity as capital reserve provided there is clear evidence of the underlying reasons for classifying the business combination as a bargain purchase. In other cases, the bargain purchase gain is recognised directly in equity as capital reserve.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss or other comprehensive income, as appropriate.

3.1.2.1.2 Put and Call options over non-controlling interest shares

If a put option is held by a non-controlling interest ('NCI') in a subsidiary undertaking, whereby the holder of the put option can require the Group to acquire the NCI's shareholding in the subsidiary at a future date, the Group carefully examines the nature of such a put option. The Group assesses whether or not the NCI continues to have a present ownership interest in the shares subject to the put option. Present ownership interest can be evidenced by NCI continuing to have a right to the receipt of dividends, or benefitting from increases in net assets while holding a voting entitlement to the shares subject to the put option. If it is deemed that the put option holders continue to have a present ownership interest, the Group applies the partial recognition of NCI method as follows:

a. the Group continues to recognise the amount that would have been recognised for the non-controlling interest, including an update to reflect its share of profit and losses, dividends and other changes;

b. the Group recognises a financial liability in accordance with Ind AS 32 being the estimate of the fair value of the consideration to acquire the NCI shares that are subject to the put option and records this in a separate reserve in equity; and

c. changes in the fair value of the financial liability are reflected in equity as a movement in the put liability reserve.

If the NCI put is exercised, the same treatment is applied up to the date of exercise. The amount recognised as the financial liability at that date is extinguished by the payment of the put option exercise. If the put option expires unexercised, the financial liability is de-recognised with a corresponding credit to equity.

If the non-controlling interest does not have present ownership rights from the put option, then the transaction is accounted for as if the Group had acquired the NCI at the date of entering into the put option.

If the Group has a call option over the shares held by a NCI in a subsidiary undertaking, where the Group can require the NCI to sell its shareholding in the subsidiary at a future date, the option is classified as a derivative and is recognised as a financial instrument on inception with fair value movements recognised in the income statement.

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 thathave joint control of the arrangement have rights to the net assets of thejoint venture. Joint control is the contractually agreed sharing of controlof an arrangement, which exists only when decisions about the relevantactivities 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 overthe 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 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 prospectively.

Notes forming part of the Consolidated Financial Statements

For the year ended March 31, 2022

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
X	Fair valuation of non-controlling interest put option.	36

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 recognised at a point in time when the control of the products has transferred which generally coincides with dispatch of products to customers in case of domestic sales and on the basis of bill of lading in the case of export sales.

Revenue from the sale of goods is recognised when the control of the product is transferred, the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Group has a present right to payment for the asset;
- The Group has transferred physical possession of the asset, whereby the customer has the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset or to restrict the access of other entities to those benefits.

When the consideration is received, before the Group transfers a goods to the customer, the Group shall present the consideration as a contract liability.

3.4.2 Rendering of services

Revenue from divisible service contracts:

a) service contracts are recognised over a period of time determined using the percentage completion method, synchronised 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.

Notes forming part of the Consolidated Financial Statements

For the year ended March 31, 2022

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 companies, outstanding at the Balance Sheet date are restated at the year-end rates. Non-monetary items of the respective companies 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.

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. Remeasurement 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: 37 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

Notes forming part of the Consolidated Financial Statements

For the year ended March 31, 2022

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

Goods and Service Tax (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 except in the case of a subsidiary where written down value is adopted. The estimated useful lives, residual value and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Individual asset costing less than ₹5000 are depreciated in full in the year of acquisition.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

3.12 Intangible assets

3.12.1 Intangible assets acquired separately

Intangible assets that are acquired separately are carried at costless 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 thangoodwill

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, except in the case of a subsidiary, where First in First out basis is adopted. 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

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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 amortised 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 three entities, which are not held for trading. The Group has elected the FVTOCI irrevocable option for 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 remeasurement 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 months expected credit losses. The 12 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 months 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 incomeand 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

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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 remeasurement 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 financialliability 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 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 Group. Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative standalone prices.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed payments (including in-substance fixed payments), less any lease incentives receivable.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease tenure so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases of property, plant and office equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

3.24 Earnings per share

Basic earnings per share is computed by dividing the profit/(loss) after tax attributable to the Parent shareholder by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit/(loss) after tax attributable to the Parent shareholder as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

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 remeasured 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 off-setting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

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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 ina 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.

Notes forming part of the Consolidated Financial Statements

For the year ended March 31, 2022 (in Indian Rupees million, unless otherwise stated)

4A. Property, plant and equipment

Particulars	As at	
	31.03.2022	31.03.2021
Carrying amounts		
Freehold land	354.30	215.30
Buildings	2323.28	2026.45
Leasehold Improvement	17.67	-
Plant and equipment	3940.63	3657.14
Furniture and fittings	44.79	47.90
Vehicles	125.81	94.44
	6806.48	**6041.23**

Cost	Freehold land	Buildings (a)	Leasehold Improvement	Plant and equipment	Furniture and fittings	Vehicles	Total
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**
Acquisition through Business Combination	136.78	197.17	11.54	149.15	1.59	0.33	496.56
Additions **(b)**	-	254.59	10.01	1039.62	8.72	60.89	1373.83
Disposals	(0.72)	(14.91)	(4.94)	(139.61)	(15.45)	(21.93)	(197.56)
Translation differences	2.94	(27.57)	-	(82.79)	0.79	(1.15)	(107.78)
Balance at March 31, 2022	**354.30**	**2965.79**	**16.61**	**9387.48**	**130.56**	**211.08**	**13065.82**

Accumulated depreciation and impairment	Freehold land	Buildings	Leasehold Improvement	Plant and equipment	Furniture and fittings	Vehicles	Total
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**
Depreciation expense	-	121.29	0.44	850.45	12.30	23.03	1007.51
Eliminated on disposals	-	(3.05)	(1.50)	(117.18)	(13.97)	(15.28)	(150.98)
Translation differences	-	(5.79)	-	(50.39)	0.43	(0.98)	(56.73)
Balance at March 31, 2022	**-**	**642.51**	**(1.06)**	**5446.85**	**85.77**	**85.27**	**6259.34**

Carrying amounts	Freehold land	Buildings	Leasehold Improvement	Plant and equipment	Furniture and fittings	Vehicles	Total
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**
Acquisition through Business Combination	136.78	197.17	11.54	149.15	1.59	0.33	496.56

Notes forming part of the Consolidated Financial Statements

For the year ended March 31, 2022 (in Indian Rupees million, unless otherwise stated)

Carrying amounts	Freehold land	Buildings	Leasehold Improvement	Plant and equipment	Furniture and fittings	Vehicles	Total
Additions	-	254.59	10.01	1039.62	8.72	60.89	1373.83
Depreciation expense	-	(121.29)	(0.44)	(850.45)	(12.30)	(23.03)	(1007.51)
Disposals (net)	(0.72)	(11.86)	(3.44)	(22.43)	(1.48)	(6.65)	(46.58)
Translation differences	2.94	(21.78)	-	(32.40)	0.36	(0.17)	(51.05)
Balance at March 31, 2022	**354.30**	**2323.28**	**17.67**	**3940.63**	**44.79**	**125.81**	**6806.48**

(a) Includes ₹1014.72 million (Previous year: ₹927.15 million) being cost of building on leasehold land.

(b) Includes Research and Development capital expenditure of ₹18.30 million (Previous year: ₹10.12 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.

(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	
	31.03.2022	31.03.2021
Right of use Assets		
Land	130.01	132.74
Building	262.96	205.71
Plant and equipment	2.08	-
Vehicles	-	0.08
	395.05	**338.53**
Lease liabilities		
Non Current	231.99	170.94
Current	45.97	41.03
	277.96	**211.97**

Cost	Land	Building	Plant and equipment	Vehicles	Total
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**
Acquisition through Business Combination	-	35.24	-	-	35.24
Additions	-	79.37	2.29	-	81.66
Disposals	-	(19.27)	-	(5.07)	(24.34)
Translation differences	-	7.52	(0.09)	-	7.43
Balance at March 31, 2022	**138.21**	**376.00**	**2.20**	**-**	**516.41**

Notes forming part of the Consolidated Financial Statements

For the year ended March 31, 2022 (in Indian Rupees million, unless otherwise stated)

Accumulated depreciation and impairment	Land	Building	Plant and equipment	Vehicles	Total
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**
Depreciation expense	2.73	46.69	0.12	0.09	49.63
Disposals	-	(3.75)	-	(5.07)	(8.82)
Translation differences	-	2.66	-	-	2.66
Balance at March 31, 2022	**8.20**	**113.04**	**0.12**	**-**	**121.36**

Carrying amount	Land	Building	Plant and equipment	Vehicles	Total
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**
Acquisition through Business Combination	-	35.24	-	-	35.24
Additions	-	79.37	2.29	-	81.66
Depreciation expense	(2.73)	(46.69)	(0.12)	(0.09)	(49.63)
Disposals(net)	-	(15.52)	-	-	(15.52)
Translation differences	-	4.86	(0.09)	-	4.77
Balance at March 31, 2022	**130.01**	**262.96**	**2.08**	**-**	**395.05**

ii) Amount recognised in profit and loss

Particulars	For the year	
	2021-22	2020-21
Depreciation charge of right of use assets - Refer Note : 27		
Land	2.73	2.74
Building	46.69	42.56
Plant and equipment	0.12	-
Vehicles	0.09	0.87
	49.63	**46.17**
Interest expenses (included in Finance cost) - Refer Note: 26	14.46	6.89
Expenses related to Short term leases (included in Rent : Other expenses) - Refer Note: 28	66.44	65.93

(a) Addition to the right of use assets during the year: ₹81.66 million (Previous year : ₹162.81 million) and acquired through business combination during the year: ₹35.24 million (Previous year : ₹Nil)

(b) The total cash outflow for leases for the year: ₹52.93 million (Previous year :₹52.83 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.

Notes forming part of the Consolidated Financial Statements

For the year ended March 31, 2022 (in Indian Rupees million, unless otherwise stated)

(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	
	31.03.2022	31.03.2021
Capital work-in-progress	577.00	280.24

Capital work in progress movement	Total
Balance at March 31, 2020	**386.48**
Addition during the year	912.75
Capitalised during the year	(1018.99)
Balance at March 31, 2021	**280.24**
Addition during the year	1670.59
Capitalised during the year	(1373.83)
Balance at March 31, 2022	**577.00**

(a) Includes Research and Development capital expenditure of ₹8.81 million (Previous year: ₹4.78 million) - Refer Note: 38(b) on Research & Development expenditure.

(b) Capitalised borrowing cost:

Borrowing costs capitalised on Capital work-in-progress during the year - ₹0.35 million (Previous year - ₹2.03 million).

(c) Ageing of Capital Work in Progress:

As at March 31, 2022

Particulars	Amount of CWIP for a period of				
	Less than 1 year	1- 2 years	2-3 Years	More than 3 years	Total
Project in Progress	528.79	14.29	9.26	24.66	577.00
Projects temporarily suspended	-	-	-	-	-

As at March 31, 2021

Particulars	Amount of CWIP for a period of				
	Less than 1 year	1- 2 years	2-3 Years	More than 3 years	Total
Project in Progress	212.13	18.84	6.86	42.41	280.24
Projects temporarily suspended	-	-	-	-	-

(d) The expected completion of amounts lying in capital work-in-progress which are delayed is as below:

As at March 31, 2022

Particulars	Amount of CWIP for a period of				
	Less than 1 year	1- 2 years	2-3 Years	More than 3 years	Total
Growth projects	11.92	-	-	-	11.92
Automation	3.10	-	-	-	3.10
Total	**15.02**	**-**	**-**	**-**	**15.02**

Notes forming part of the Consolidated Financial Statements

For the year ended March 31, 2022 (in Indian Rupees million, unless otherwise stated)

As at March 31, 2021

Particulars	Amount of CWIP for a period of				
	Less than 1 year	1- 2 years	2-3 Years	More than 3 years	Total
Growth projects	15.16	8.38	-	-	23.54
Utilities	7.12	-	-	-	7.12
Automation	-	3.01	-	-	3.01
Total	**22.28**	**11.39**	**-**	**-**	**33.67**

5A. Goodwill

Particulars	As at	
	31.03.2022	31.03.2021
Cost or deemed costs	1618.59	1335.03
Accumulated impairment losses	(37.34)	(37.34)
	1581.25	**1297.69**
Balance at beginning of the year	1297.69	1330.37
Add : Goodwill on acquisition of Awuko	11.59	-
Add : Goodwill on acquisition of PLUSS	231.82	-
Add : Exchange difference during the year on translation of goodwill of foreign subsidiaries	40.15	(32.68)
	1581.25	**1297.69**

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, 2022 comprise of the majorly of goodwill initially recognised at the time of acquisition of Volzhsky Abrasives Works [VAW] & PLUSS Advanced Technologies Private Limited [PLUSS] and the balance relate to the goodwill recognised on acquisition of other subsidiaries.

(i) Goodwill recognised at the time of acquisition of Volzhsky Abrasives 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 five years, approved by the Board of directors of VAW and extrapolating it beyond five years using a growth rate of 3% p.a. The cash flows have been discounted using a pre-tax rate of 27.4% 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.

Volzhsky Abrasive Works [VAW], a step-down subsidiary of the Parent domiciled in Russia, is engaged in the manufacture of Abrasive, Electromineral and Ceramic products. The carrying amount of total assets as at March 31, 2022 amounts to ₹7200.93 million (including goodwill amounting to ₹1310.88 million), which represents 21.67% of the total assets of the Group.

The current difficult international situation has created an uncertain environment for the operations of VAW including those arising from international sanctions and territory embargoes. The Parent has made a detailed assessment of the liquidity position of VAW for the next financial year including its ability to continue as a going concern and has also comprehensively assessed the recoverability and carrying values of its assets comprising of property, plant and equipment, trade receivables, inventory, other current assets, other assets and liabilities/obligations as at balance sheet date including the related goodwill at CUMI International Limited and has concluded that no adjustments are required in these financial statements considering the following:

- Neither VAW nor its products are covered under the existing sanctions imposed by various territories / authorities.
- VAW has no debt and has sufficient liquidity to sustain its operations and there are no external financing requirements in the immediate future.

Notes forming part of the Consolidated Financial Statements

For the year ended March 31, 2022 (in Indian Rupees million, unless otherwise stated)

- Sufficient levels of inventory exist for VAW to be able to continue to operate / manufacture and service customer orders in the immediate future. Further, practically all of the raw materials are sourced locally and no adverse impact of conflict is noted on the ability of VAW to source products locally.
- A significant portion of the sales are to customers located within Russia. Further, there is a continued demand for the products and the step down subsidiary has actively engaged with customers and has taken appropriate measures to address supply chain constraints.

The impact assessment is a continuing process, given the evolving nature of uncertainties associated, the management will continue to monitor all material changes to the internal and external environment.

(ii) Goodwill recognised at the time of acquisition of PLUSS Advanced Technologies Private Limited [PLUSS]

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 PLUSS and extrapolating it beyond three years using a growth rate of 4% p.a. The cash flows have been discounted using a pre-tax rate of 22.80% 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.

(iii) Goodwill recognised at the time of acquisition of other entities

This represents the goodwill recognised on the acquisition of other subsidiaries viz., CUMI Awuko Abrasives Gmbh, Sterling Abrasives Limited, Southern Energy Development Corporation Limited and CUMI (Australia) Pty Limited. The aggregate values of the same are not significant. The Group believes that the carrying amount of the goodwill is recoverable.

5B. Other Intangible assets

Particulars	As at	
	31.03.2022	31.03.2021
Carrying amounts		
Software	66.98	74.63
Copyrights, Trademarks, Patents and Intellectual Property	1114.88	-
Customer Relationship	49.95	-
Non-compete	31.77	-
Technical know-how	14.97	19.23
Total	**1278.55**	**93.86**

Cost	Software	Copyrights, Trademarks, Patents and Intellectual Property	Customer Relationship	Non-compete	Technical know-how	Total
Balance at March 31, 2020	**73.06**	**-**	**-**	**-**	**128.91**	**201.97**
Additions	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**
Acquisition through Business Combination	1.85	1168.99	55.50	35.30	-	1261.64
Additions	11.58	0.27	-	-	0.38	12.23
Disposals	-	(1.77)	-	-	-	(1.77)
Translation differences	-	0.96	-	-	(0.06)	0.90
Balance at March 31, 2022	**155.00**	**1168.45**	**55.50**	**35.30**	**144.30**	**1558.55**

Notes forming part of the Consolidated Financial Statements

For the year ended March 31, 2022 (in Indian Rupees million, unless otherwise stated)

Accumulated amortisation and impairment	Software	Copyrights, Trademarks, Patents and Intellectual Property	Customer Relationship	Non-compete	Technical know-how	Total
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**
Amortisation expense	21.08	53.76	5.55	3.53	4.59	88.51
Disposals	-	(0.20)	-	-	-	(0.20)
Translation differences	-	0.01	-	-	(0.01)	-
Balance at March 31, 2022	**88.02**	**53.57**	**5.55**	**3.53**	**129.33**	**280.00**

Carrying amounts	Software	Copyrights, Trademarks, Patents and Intellectual Property	Customer Relationship	Non-compete	Technical know-how	Total
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**
Additions	11.58	0.27	-	-	0.38	12.23
Acquisition through Business Combination	1.85	1168.99	55.50	35.30	-	1261.64
Amortisation expense	(21.08)	(53.76)	(5.55)	(3.53)	(4.59)	(88.51)
Disposal (net)	-	(1.57)	-	-	-	(1.57)
Translation differences	-	0.95	-	-	(0.05)	0.90
Balance at March 31, 2022	**66.98**	**1114.88**	**49.95**	**31.77**	**14.97**	**1278.55**

(a) Includes Research & Development capital expenditure of ₹0.38 million (Previous year: ₹1.92 million) - Refer Note: 38(b) on Research & Development expenditure.

(b) Internally generated intangible assets - Nil.

6A. Investments in Associate

Particulars	As at			
	31.03.2022		31.03.2021	
	No. of shares	Amount	No. of shares	Amount
Wendt (India) Limited [WENDT]	750000	607.34	750000	537.68
Total Carrying value	**750000**	**607.34**	**750000**	**537.68**
Book value of Quoted Investment		607.34		537.68
Market value of Quoted Investment		3795.15		2360.33

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	
			31.03.2022	31.03.2021
Wendt (India) Limited	Super Abrasives	India	37.50%	37.50%

Notes forming part of the Consolidated Financial Statements

For the year ended March 31, 2022 (in Indian Rupees million, unless otherwise stated)

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 37.50% (Previous year : 37.50%) of the votes at shareholders' meeting of Wendt (India) Limited. The investment in this entity, is treated as an Associate, since in addition to the co-venturer (who holds similar stake as CUMI), general public also holds the remaining portion of shares. Hence the Group has not treated this investment as joint venture investment.

Summarised financial information of Associate

The summarised financial information given below represents amount shown in the Associate's consolidated financial statements prepared in accordance with Ind AS adjusted by the Group for equity accounting purposes.

Wendt (India) Limited	As at	
Particulars	**31.03.2022**	**31.03.2021**
Non-current assets	597.90	648.04
Current assets	1440.73	1201.76
Non-current liabilities	(13.85)	(15.52)
Current liabilities	(405.21)	(400.46)

Particulars	for the year	
	2021-22	**2020-21**
Revenue	1788.12	1366.21
Profit for the year	270.67	127.65
Other Comprehensive Income	(4.92)	(0.60)
Total Comprehensive Income	265.75	127.05
Dividend received from WENDT	30.00	27.43

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	
	31.03.2022	**31.03.2021**
Net assets of WENDT	1619.57	1433.82
Proportion of the Group's ownership interest in WENDT	37.50%	37.50%
Carrying amount of the Group's interest in WENDT	607.34	537.68

Fair value of the Group's interest in Wendt (India) Limited, which is listed in the Stock exchange of India as on 31st March 2022 was ₹3795.15 million (as at 31st March 2021 - ₹2360.33 million).

Particulars	As at	
	31.03.2022	**31.03.2021**
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	20.85	25.80

Notes forming part of the Consolidated Financial Statements

For the year ended March 31, 2022 (in Indian Rupees million, unless otherwise stated)

6B. Investments in Joint Ventures

Name of the Joint Ventures	As at			
	31.03.2022		31.03.2021	
	No. of shares	Amount	No. of shares	Amount
Unquoted Investment - Equity shares				
Murugappa Morgan Thermal Ceramics Limited [MMTCL]	1430793	470.90	1430793	505.99
Ciria India Limited [CIRIA]	59998	111.56	59998	114.44
Total Carrying value		**582.46**		**620.43**
Aggregate value of unquoted investments		582.46		620.43

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	
			31.03.2022	31.03.2021
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	
	31.03.2022	31.03.2021
Non-current assets	536.82	506.98
Current assets	695.71	748.21
Non-current liabilities	(2.98)	(11.74)
Current liabilities	(268.52)	(210.82)

The above amount of assets and liabilities includes the following :

Particulars	As at	
	31.03.2022	31.03.2021
Cash and cash equivalents	36.86	48.45
Current financial liabilities (excluding trade and other payables and provisions)	-	-
Non-current financial liabilities (excluding trade and other payables and provisions)	-	-

Particulars	For the year	
	2021-22	2020-21
Revenue	1486.51	1227.41
Profit for the year	161.16	161.56
Other Comprehensive Income	0.84	(0.69)
Total Comprehensive Income	162.00	160.87
Dividend received from MMTCL	114.46	57.23

Notes forming part of the Consolidated Financial Statements

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Particulars	For the year	
	2021-22	2020-21
The above profit for the year includes the following:		
Depreciation and amortisation	79.18	80.19
Interest income	1.52	1.92
Interest expense	-	-
Income tax expense	56.82	60.51

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	
	31.03.2022	31.03.2021
Net assets of MMTCL	961.03	1032.63
Proportion of the Group's ownership interest in MMTCL	49%	49%
Carrying amount of the Group's interest in MMTCL	470.90	505.99

Ciria India Limited

Particulars	As at	
	31.03.2022	31.03.2021
Non-current assets	68.79	52.48
Current assets	502.05	515.68
Non-current liabilities	(12.39)	(10.78)
Current liabilities	(186.59)	(175.91)

The above amount of assets and liabilities includes the following:

Particulars	As at	
	31.03.2022	31.03.2021
Cash and cash equivalents	28.85	50.26
Current financial liabilities (excluding trade and other payables and provisions)	-	-
Non-current financial liabilities (excluding trade and other payables and provisions)	-	-

Particulars	For the year	
	2021-22	2020-21
Revenue	931.10	629.42
Profit for the year	75.38	73.72
Other Comprehensive Income	-	(0.21)
Total Comprehensive Income	75.38	73.51
Dividend received from CIRIA	25.50	36.00

Particulars	For the year	
	2021-22	2020-21
The above profit for the year includes the following:		
Depreciation and amortisation	6.90	8.41
Interest income	1.02	-
Interest expenses	0.01	0.02
Income tax expenses (income)	27.44	31.51

Notes forming part of the Consolidated Financial Statements

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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	
	31.03.2022	31.03.2021
Net assets of CIRIA	371.86	381.47
Proportion of the Group's ownership interest in CIRIA	30.00%	30.00%
Carrying amount of the Group's interest in CIRIA	111.56	114.44

Unrecognised share of losses of Joint Ventures : MMTCL & CIRIA

Particulars	For the year	
	2021-22	2020-21
The unrecognised share of loss on Joint Ventures for the year	-	-
Cumulative unrecognised share of loss of Joint Ventures	-	-

Significant restriction

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 31.03.2022		As at 31.03.2021	
	MMTCL	CIRIA	MMTCL	CIRIA
I. Contingent liabilities				
a. Directly incurred by the Group	-	-	-	-
b. Share of the Group which have been incurred along with other investors			-	-
c. Group's share in relation to its interest in Joint venture	3.58	0.65	2.00	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	26.25	-	11.56	0.42

6C. Investments

Particulars	As at	
	31.03.2022	31.03.2021
Non-current		
(a) Investment in Equity instruments at FVTOCI		
Quoted		
Coromandel Engineering Company Limited	102.55	82.16
Unquoted		
Murugappa Management Services Private Limited	11.30	11.30
Murugappa Water Technology and Solutions Private Limited	62.80	12.80
(b) Investments in Equity Instruments & Others at FVTPL		
Quoted	11.17	5.86
Unquoted	0.56	0.27
Total (a+b)	**188.38**	**112.39**
Aggregate book value of quoted investments	113.72	88.02
Aggregate market value of quoted investments	113.72	88.02
Aggregate carrying value of unquoted investments	74.66	24.37
Aggregate amount of impairment in value of investments	-	-

Notes forming part of the Consolidated Financial Statements

For the year ended March 31, 2022 (in Indian Rupees million, unless otherwise stated)

Category wise other investments - as per Ind AS 109	As at	
	31.03.2022	31.03.2021
Financial asset measured at FVTPL - Equity instruments & Others	11.73	6.13
Financial asset measured at FVTOCI - Equity instruments	176.65	106.26
	188.38	**112.39**

7. Other financial assets

Particulars	As at	
	31.03.2022	31.03.2021
A. Non-current		
Security deposits	**157.55**	**147.86**
B. Current		
Deposits	1.83	0.23
Derivate financial Instruments	30.70	-
Advances to employees	13.74	12.96
Other receivables		
Considered good	116.82	65.65
Considered doubtful	0.41	0.94
Less: Allowance for doubtful receivables	(0.41)	(0.94)
	163.09	**78.84**

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

Particulars	As at	
	31.03.2022	31.03.2021
A. Deferred tax assets (net)	**269.20**	**129.11**
B. Deferred tax liabilities (net)	**409.23**	**96.40**

Particulars	2021-22					
	Balance as at 31.03.2021	Acquisition through Business Combination	Recognised in Profit or Loss	Recognised in OCI	Translation adjustment	Balance as at 31.03.2022
A. Deferred tax assets (net)						
Allowance for doubtful receivables and advances	9.73	-	41.18	-	(2.05)	48.86
Expenses allowed on payment /realisation basis	16.11	5.47	2.76	-	0.39	24.73
Temporary difference attributable to Property, plant and equipment & Intangible asset	(0.11)	25.29	56.43	-	1.52	83.13
Tax losses including unabsorbed depreciation	14.78	4.33	6.06	-	1.51	26.68
Others	52.00	2.33	(5.15)	-	(2.21)	46.97
Tax on Unrealised profit on stock	36.60	-	2.23	-	-	38.83
Total	**129.11**	**37.42**	**103.51**	**-**	**(0.84)**	**269.20**
B. Deferred tax liabilities (net)						
Allowance for doubtful receivables and advances	(24.13)	-	5.53	(0.08)	(0.00)	(18.68)

Notes forming part of the Consolidated Financial Statements

For the year ended March 31, 2022 (in Indian Rupees million, unless otherwise stated)

Particulars	2021-22					
	Balance as at 31.03.2021	Acquisition through Business Combination	Recognised in Profit or Loss	Recognised in OCI	Translation adjustment	Balance as at 31.03.2022
Voluntary retirement scheme payments	(0.59)	-	0.23	-	-	(0.36)
Expenses allowed on payment /realisation basis	(54.22)	-	3.51	-	(0.01)	(50.72)
Cash flow hedges	0.47	-	-	(0.62)	-	(0.15)
Fair value adjustment arising on Business combination	-	320.25	(16.25)	-	-	304.00
Accelerated depreciation for tax purposes	174.87	-	0.27	-	-	175.14
Total	**96.40**	**320.25**	**(6.71)**	**(0.70)**	**(0.01)**	**409.23**
Movement during the year (B - A)	**(32.71)**	**282.83**	**(110.22)**	**(0.70)**	**0.83**	**140.03**

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
Temporary differences attributable to Plant, Property and equipment & Intangible asset	33.59	(34.66)	-	0.96	(0.11)
Tax losses including unabsorbed depreciation	15.15	-	-	(0.38)	14.78
Others	-	53.55		(1.54)	52.00
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)**

(a) Tax losses in respect of subsidiaries where the foreseeable business profits are estimated reasonably in the near future is considered for recognition of deferred tax assets in respective entities in compliance with tax laws of the respective countries.

(b) Deferred tax assets have not been recognised in respect of losses as they may not be used to offset taxable profit elsewhere in the Group, also they have arisen in subsidiaries that have been loss-making for some time and there are no other tax planning opportunities or other evidence of recoverability in the near future.

Notes forming part of the Consolidated Financial Statements

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9. Other assets

Particulars	As at	
	31.03.2022	31.03.2021
A. Non-current		
Capital advances	172.56	108.49
Prepayment on Financial Fixed assets	4037.03	-
Deposits paid under protest relating to Sales tax, Central excise and Service tax demands	16.93	14.22
Taxation (net of provisions)	80.04	69.58
	4306.56	**192.29**
B. Current		
Prepayments	177.59	142.75
Recoverable from Electricity Board - Banked power	19.52	-
Trade advance to Supplier	330.38	274.39
Balances with Statutory authorities	515.43	326.91
	1042.92	**744.05**

10. Inventories

Particulars	As at	
	31.03.2022	31.03.2021
Raw materials	2754.66	1737.43
Raw materials in transit	331.64	135.96
Work-in-progress	1221.16	1000.36
Stock-in-trade	182.94	268.20
Finished goods	1616.55	750.64
Stores and spares	802.09	712.60
	6909.04	**4605.19**

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 ₹13109.49 million (Previous year: ₹10065.93 million).

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

11. Trade receivables (Unsecured)

Particulars	As at	
	31.03.2022	31.03.2021
Current		
a. Considered good	4847.71	4776.16
b. Which have significant increase in Credit risk		
c. Credit impaired	321.19	139.09
Allowance for doubtful receivables (expected credit loss allowance)	(321.19)	(139.09)
	4847.71	**4776.16**

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.

Notes forming part of the Consolidated Financial Statements

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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 ₹50.63 million (Previous year: ₹48.95 million).

g)

Movement in the expected credit loss allowance	As at	
	31.03.2022	31.03.2021
Balance at the beginning of the year	139.09	144.17
Movement in the expected credit loss allowance on trade receivables calculated at life time expected credit losses	182.10	(5.08)
	321.19	**139.09**

11A Ageing of Trade Receivables

Particulars	As at 31st March 2022							
	Unbilled due	Not due	Less than 6 months	6 months to 1 year	1- 2 years	2-3 Years	More than 3 years	Total
(i) Undisputed Trade receivable-Considered good	-	2854.82	1859.23	68.89	62.60	-	0.03	4845.57
(ii) Undisputed Trade receivable-which have significant increase in credit risk	-	-	239.61	0.01	26.78	38.41	16.38	321.19
(iii) Undisputed Trade receivable-credit impaired	-	-	-	-	-	-	-	-
(iv) Disputed Trade receivable-Considered good	-	-	-	-	-	0.48	1.66	2.14
(v) Disputed Trade receivable-which have significant increase in credit risk	-	-	-	-	-	-	-	-
(vi) Disputed Trade receivable-credit impaired	-	-	-	-	-	-	-	-

Particulars	As at 31st March 2021							
	Unbilled due	Not due	Less than 6 months	6 months to 1 year	1- 2 years	2-3 Years	More than 3 years	Total
(i) Undisputed Trade receivable-Considered good	-	2347.95	2218.91	117.42	73.30	0.33	1.53	4759.44
(ii) Undisputed Trade receivable-which have significant increase in credit risk	-	-	0.44	62.10	46.89	11.40	18.26	139.09
(iii) Undisputed Trade receivable-credit impaired	-	-	-	-	-	-	-	-
(iv) Disputed Trade receivable-Considered good	-	-	14.98	-	1.74	-	-	16.72
(v) Disputed Trade receivable-which have significant increase in credit risk	-	-	-	-	-	-	-	-
(vi) Disputed Trade receivable-credit impaired	-	-	-	-	-	-	-	-

12A. Cash and cash equivalents

Particulars	As at	
	31.03.2022	31.03.2021
Balances with banks	3387.67	2415.94
Deposit account	86.05	2365.58
Cash on hand	1.32	1.75
	3475.04	**4783.27**

Non-cash transactions:

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

Notes forming part of the Consolidated Financial Statements

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12B. Bank balances other than above

Particulars	As at	
	31.03.2022	31.03.2021
Earmarked funds	18.22	18.20
Bank Deposit more than three months but less than 12 months	22.44	2087.99
	40.66	**2106.19**

13. Equity Share Capital

Particulars	As at	
	31.03.2022	31.03.2021
Authorised share capital:		
387250000 (as at March 31, 2021: 387250000) equity shares of ₹1 each	387.25	387.25
Issued, Subscribed and Paid-up		
189856703 (as at March 31, 2021: 189590839) equity shares of ₹1 each fully paid	**189.86**	**189.59**

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

Particulars	As at 31.03.2022		As at 31.03.2021	
Equity shares with voting rights	No. of Shares	Value of Shares	No. of Shares	Value of Shares
At the beginning of the year	189590839	189.59	189412196	189.41
Add: Shares issued against Employee Stock Option Scheme/ Plan	265864	0.27	178643	0.18
At the end of the year	189856703	189.86	189590839	189.59

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

Final dividend of ₹2/- per share was proposed for the year ended 31st March 2022 at the meeting of the Board of Directors held on May 13, 2022 (previous year final dividend of ₹1.50 was proposed and paid). 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. An Interim Dividend of ₹1.50/- per share was declared at the meeting of the Board of Directors held on 10th February 2022 and the same has been paid, (previous year an interim dividend of ₹1.50/- per share was declared at the meeting of the Board of Directors held on 2nd February 2021 and the same has been paid).

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

Name of Shareholder	As at			
	31.03.2022		31.03.2021	
	No. of Shares held*	% of holding	No. of Shares held*	% of holding
Ambadi Investments Limited	56054244	29.52%	56054244	29.57%
HDFC Trustee Company Limited	8217400	4.33%	16061550	8.47%
SBI Mutual Fund	17050012	8.98%	14124810	7.45%

*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: 37 of Standalone financial statements.

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(f) Details of shares held by promoters at the end of the year:

S.No	Particulars	No of shares held as at				% Changes in no. of shares held during the year
		March 31, 2022		March 31, 2021		
		Nos.	%	Nos.	%	
1	M A M Arunachalam as a legal representative of M A Murugappan HUF	92000	0.05%	92000	0.05%	-
2	M A Alagappan in the capacity of Karta	188000	0.10%	188000	0.10%	-
3	M M Murugappan as a legal representative of M M Muthiah HUF	335200	0.18%	335200	0.18%	-
4	M M Murugappan Karta of M M Murugappan HUF	16000	0.01%	16000	0.01%	-
5	A Venkatachalam Karta of HUF	1000	0.00%	1000	0.00%	-
6	M A M Arunachalam	1008600	0.53%	1008600	0.53%	-
7	Arun Alagappan	471400	0.25%	471400	0.25%	-
8	M A Alagappan	786000	0.41%	786000	0.41%	-
9	A Vellayan	303260	0.16%	303260	0.16%	-
10	Valli Arunachalam Karta of M V Murugappan HUF	215600	0.11%	215600	0.11%	-
11	M M Murugappan	340140	0.18%	345140	0.18%	(1.45%)
12	M A Alagappan Karta of AMM Arunachalam HUF	300400	0.16%	300400	0.16%	-
13	M V Subbiah as a Karta of HUF	81600	0.04%	81600	0.04%	-
14	A Venkatachalam	598900	0.32%	598900	0.32%	-
15	V Narayanan	205900	0.11%	205900	0.11%	-
16	V Arunachalam	183740	0.10%	183740	0.10%	-
17	Arun Venkatachalam	186840	0.10%	186840	0.10%	-
18	Ambadi Enterprises Limited	384700	0.20%	384700	0.20%	-
19	E.I.D.Parry (India) Limited	2000	0.00%	2000	0.00%	-
20	Ambadi Investments Limited	56054244	29.52%	56054244	29.57%	-
21	Cholamandalam Financial Holdings Limited	6000	0.00%	6000	0.00%	-
22	Subbiah.M.V, Alagappan M A And M M Murugappan Holds On Behalf of The Firm Murugappa & Sons	480	0.00%	480	0.00%	-
23	Umayal.R.	979504	0.52%	978504	0.52%	-
24	Valli Annamalai	136480	0.07%	136480	0.07%	-
25	Vellachi Murugappan	856800	0.45%	356000	0.19%	140.67%
26	Sigapi Arunachalam as a Trustee of Murugappan Arunachalam Children Trust	300000	0.16%	300000	0.16%	-
27	M A M Arunachalam Trustee of Arun Murugappan Children Trust AOP	345600	0.18%	345600	0.18%	-
28	Arun Alagappan Trustee of M A Alagappan Grandchildren Trust AOP	345600	0.18%	345600	0.18%	-
29	Lakshmi Chocka Lingam	412000	0.22%	412000	0.22%	-
30	Lalitha Vellayan	116500	0.06%	116500	0.06%	-
31	Meyyammai Venkatachalam	100000	0.05%	100000	0.05%	-
32	A M Meyyammai	213000	0.11%	213000	0.11%	-
33	Meenakshi Murugappan	479900	0.25%	479900	0.25%	-
34	Valli Alagappan	15151	0.01%	15151	0.01%	-
35	Valli Muthiah	686620	0.36%	687620	0.36%	(0.15%)
36	Solachi Ramanathan	2000	0.00%	2000	0.00%	-
37	M V AR Meenakshi	367898	0.19%	367898	0.19%	-

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S.No	Particulars	No of shares held as at				% Changes in no. of shares held during the year
		March 31, 2022		March 31, 2021		
		Nos.	%	Nos.	%	
38	A. Keertika Unnamalai	1000	0.00%	1000	0.00%	-
39	Uma Ramanathan	3250	0.00%	3250	0.00%	-
40	V Vasantha	50	0.00%	50	0.00%	-
41	Dhruv M Arunachalam	1200	0.00%	1200	0.00%	-
42	Pranav Alagappan	2000	0.00%	2000	0.00%	-
43	Krishna Murugappan Muthiah	5000	0.00%	-	-	100.00%
44	A M M Vellayan Sons P Ltd.	1700	0.00%	1700	0.00%	-
45	M.M.Muthiah Sons Private Ltd.	304000	0.16%	304000	0.16%	-
46	M.M.Muthiah Research Foundation	1104160	0.58%	1104160	0.58%	-
47	M A Alagappan Holdings Private Limited	236020	0.12%	236020	0.12%	-
48	M M Venkatachalam, Trustee of Lakshmi Venkatachalam Family Trust	200000	0.11%	200000	0.11%	-
49	A A Alagammai, Trustee of Lakshmi Ramaswamy Family Trust	400000	0.21%	400000	0.21%	-
50	Southern Energy Development Corporation Limited	2449240	1.29%	2449240	1.29%	-
51	M M Venkatachalam, Trustee of M V Muthiah Family Trust	262400	0.14%	262400	0.14%	-
52	M M Murugappan, Trustee of M M Veerappan Family Trust	352000	0.19%	352000	0.19%	-
53	M M Venkatachalam, Trustee of M M Venkatachalam Family Trust	222740	0.12%	222740	0.12%	-
54	M M Venkatachalam, Trustee of M V Subramanian Family Trust	262400	0.14%	262400	0.14%	-
55	M M Murugappan, Trustee of M M Muthiah Family Trust	352000	0.19%	352000	0.19%	-
56	Murugappa Educational and Medical Foundation	3811920	2.01%	3811920	2.01%	-
57	AR. Lakshmi Achi Trust	153140	0.08%	153140	0.08%	-
58	M V Subbiah, Trustee of Saraswathi Trust	388860	0.20%	403160	0.21%	(3.55%)
59	M V Subbiah, Trustee of Shambho Trust	795068	0.42%	795068	0.42%	-
60	M A Murugappan Holdings LLP	235940	0.12%	235940	0.12%	-
61	Valliammai Murugappan	52000	0.03%	52000	0.03%	-
62	Valli Arunachalam	918800	0.48%	-	-	100.00%
63	M V Valli Murugappan	-	-	1419600	0.75%	(100.00%)

14. Other equity

Particulars	As at	
	31.03.2022	31.03.2021
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	20.56
d. Securities premium	382.36	320.24
e. General reserve	8730.94	8230.94
f. Share options outstanding account	128.80	78.74

Notes forming part of the Consolidated Financial Statements

For the year ended March 31, 2022 (in Indian Rupees million, unless otherwise stated)

Particulars	As at	
	31.03.2022	31.03.2021
g. Retained earnings	14986.98	12772.61
h. Non-Controlling interest put option reserve	(407.97)	-
B. Items of Other Comprehensive Income		
i. Reserve for equity instruments	84.51	21.73
j. Effective portion of Cash flow Hedge	(0.27)	0.84
k. Foreign currency translation reserve	(535.50)	(378.03)
l. Revaluation surplus	23.74	23.74
Total Other equity	**23447.86**	**21125.08**

a. Profit on forfeiture of shares/warrants

Particulars	As at	
	31.03.2022	31.03.2021
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	
	31.03.2022	31.03.2021
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	
	31.03.2022	31.03.2021
Balance at the beginning of the year	20.56	815.94
Transfer to Retained Earnings	-	(792.32)
Movements due to translation impact	-	(3.06)
Balance at end of the year	**20.56**	**20.56**

Capital reserve on consolidation was created on account of acquisition of step down subsidiary: M/s. 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 Ltd., South Africa (TRIL), (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 TRIL as of July 2020 is being transfered to Retained Earnings.

Notes forming part of the Consolidated Financial Statements

For the year ended March 31, 2022 (in Indian Rupees million, unless otherwise stated)

d. Securities premium

Particulars	As at	
	31.03.2022	31.03.2021
Balance at the beginning of the year	320.24	288.56
Movements	62.12	31.68
Balance at end of the year	**382.36**	**320.24**

The Securities premium received during the year represents the premium received towards allotment of 265,864 shares. Cumulatively 3,148,703 equity shares were allotted during the period FY 2009-10 to FY 2021-22 under ESOP Scheme 2007 and ESOP Plan 2016 (Refer Note: 37 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	
	31.03.2022	31.03.2021
Balance at the beginning of the year	8230.94	7730.94
Movements : Transfer from retained earning	500.00	500.00
Balance at end of the year	**8730.94**	**8230.94**

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	
	31.03.2022	31.03.2021
Balance at the beginning of the year	78.74	62.75
Movements	50.06	15.99
Balance at end of the year	**128.80**	**78.74**

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: 37 of Standalone Financial Statements for details.

g. Retained earnings

Particulars	As at	
	31.03.2022	31.03.2021
Opening Balance	12772.61	9892.38
Add : Profits for the year	3333.55	2843.09
Less : Other Comprehensive Income arising from remeasurement of defined benefit obligation net of tax	(49.96)	29.09
Less : Transfer to General reserve	(500.00)	(500.00)
Add : Transfer from Capital reserve on Consolidation	-	792.32
Less : Final dividend paid	(284.44)	-
Less : Interim dividend	(284.78)	(284.27)
	14986.98	**12772.61**

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.

Notes forming part of the Consolidated Financial Statements

For the year ended March 31, 2022 (in Indian Rupees million, unless otherwise stated)

h. Non Controlling interest put option reserve

Particulars	As at	
	31.03.2022	31.03.2021
Balance at the beginning of the year	-	-
Movements	(407.97)	-
Balance at end of the year	(407.97)	-

The above reserve represent the fair value of the consideration payable on the put option exercisable by the non-controlling interest of a subsidiary. Refer Note: 40A.

i. Reserve for equity instruments

Particulars	As at	
	31.03.2022	31.03.2021
Balance at the beginning of the year	21.73	(24.52)
Movements	62.78	46.25
Balance at end of the year	84.51	21.73

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(a)), which will be reclassified to retained earnings when those assets are disposed off.

j. Effective portion of Cash flow Hedge

Particulars	As at	
	31.03.2022	31.03.2021
Balance at the beginning of the year	0.84	(2.26)
Movements	(1.11)	3.10
Balance at end of the year	(0.27)	0.84

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.

k. Foreign currency translation reserve

Particulars	As at	
	31.03.2022	31.03.2021
Balance at the beginning of the year	(378.03)	(427.10)
Movements	(157.47)	49.07
Balance at end of the year	(535.50)	(378.03)

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.

l. Revaluation surplus

Particulars	As at	
	31.03.2022	31.03.2021
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.

Notes forming part of the Consolidated Financial Statements

For the year ended March 31, 2022 (in Indian Rupees million, unless otherwise stated)

15. Non-Controlling Interest [NCI]

Particulars	Year ended	
	31.03.2022	31.03.2021
Balance at beginning of the year	464.23	455.41
Share of Profit	166.65	87.58
Share of Other Comprehensive Income	7.70	1.74
Dividend paid to Non-Controlling Interest and its related tax	(79.62)	(100.56)
Non controlling interest on acquisition of subsidiary	309.60	-
Translation impact on Non-Controlling Interest of foreign subsidiaries	(9.17)	20.06
Balance as at the end of the year	**859.39**	**464.23**

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 and principal place of business	Proportion of ownership interests and voting rights held by Non-Controlling Interests	
		31.03.2022	31.03.2021
Southern Energy Development Corporation Limited	India	15.24%	15.24%
Sterling Abrasives Limited	India	40.00%	40.00%
CUMI (Australia) Pty Limited	Australia	48.78%	48.78%
Volzhsky Abrasives Works	Russia	2.56%	2.56%
Foskor Zirconia (Pty) Ltd.	South Africa	49.00%	49.00%
PLUSS Advanced Technologies Private Limited * (PLUSS)	India	24.78%	-

* Non-Controlling interest after excluding ESOP shares held by PLUSS trust.

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	
	31.03.2022	31.03.2021	2021-22	2020-21	2021-22	2020-21
Southern Energy Development Corporation Limited	40.25	25.70	10.43	12.13	7.61	(0.01)
Sterling Abrasives Limited	311.13	274.59	48.43	48.91	0.34	1.97
CUMI (Australia) Pty Limited	330.10	308.15	67.22	51.05	-	-
Volzhsky Abrasives Works	138.87	129.35	27.25	26.99	-	-
Foskor Zirconia (Pty) Ltd.	(246.75)	(273.56)	37.08	(51.50)	(0.18)	(0.22)
PLUSS Advanced Technologies Private Limited [PLUSS]	285.79	-	(23.76)	-	(0.07)	-
Total	**859.39**	**464.23**	**166.65**	**87.58**	**7.70**	**1.74**

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 Limited	
	As at		As at		As at	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021	31.03.2022	31.03.2021
Non-Current assets *	192.22	91.00	534.31	441.01	231.96	232.36
Current assets	88.50	90.76	509.48	434.39	706.76	684.17
Non-Current liabilities	(3.10)	(2.65)	(20.14)	(22.02)	(77.76)	(84.76)

Notes forming part of the Consolidated Financial Statements

For the year ended March 31, 2022 (in Indian Rupees million, unless otherwise stated)

Particulars	Southern Energy Development Corporation Limited		Sterling Abrasives Limited		CUMI (Australia) Pty Limited	
	As at		As at		As at	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021	31.03.2022	31.03.2021
Current liabilities	(13.46)	(10.37)	(245.83)	(166.91)	(169.48)	(185.28)
Equity attributable to owners of the Company	**223.91**	**143.04**	**466.69**	**411.88**	**361.38**	**338.34**
Non-Controlling Interest	**40.25**	**25.70**	**311.13**	**274.59**	**330.10**	**308.15**

* 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 Limited	
	For the year		For the year		For the year	
	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21
Revenue	245.42	234.24	1131.69	881.72	1216.16	1063.13
Expenses#	(176.94)	(154.71)	(1010.60)	(759.43)	(1078.36)	(958.48)
Profit / (Loss) for the year	**68.48**	**79.53**	**121.09**	**122.29**	**137.80**	**104.65**
Profit / (Loss) attributable to owners of the Company	58.05	67.40	72.66	73.38	70.58	53.60
Profit / (Loss) attributable to the Non-Controlling Interest of the Company	10.43	12.13	48.43	48.91	67.22	51.05
Profit / (Loss) for the year	**68.48**	**79.53**	**121.09**	**122.29**	**137.80**	**104.65**
Other Comprehensive Income attributable to owners of the Company*	42.33	(0.08)	0.52	2.96	-	-
Other Comprehensive Income attributable to Non-Controlling Interest of the Company*	7.61	(0.01)	0.34	1.97	-	-
Other Comprehensive Income for the year	**49.94**	**(0.09)**	**0.86**	**4.93**	**-**	**-**
Total Comprehensive Income attributable to owners of the Company	100.38	67.32	73.18	76.34	70.58	53.60
Total Comprehensive Income attributable to Non-Controlling Interest of the Company	18.04	12.12	48.77	50.88	67.22	51.05
Total Comprehensive Income for the year	**118.42**	**79.44**	**121.95**	**127.22**	**137.80**	**104.65**
Dividend paid to Non-Controlling Interests (including related tax thereon)	**(3.51)**	**(6.31)**	**(12.24)**	**(12.96)**	**(52.74)**	**(73.07)**
Net cash inflow / (outflow) from Operating activities	73.55	73.14	125.80	117.66	76.36	186.84
Net cash inflow / (outflow) from Investing activities	(57.29)	(30.86)	(129.54)	(18.70)	(20.54)	(7.12)
Net cash inflow / (outflow) from Financing activities	(23.00)	(41.40)	(0.03)	(93.16)	(120.63)	(163.73)
Net cash inflow / (outflow)	**(6.74)**	**0.88**	**(3.77)**	**5.80**	**(64.81)**	**15.99**

* Southern Energy Development Corporation Limited: Other comprehensive income excludes fair valuation of the Parent company's shares held by it.

Particulars	Volzhsky Abrasives Works		Foskor Zirconia (Pty) Ltd.		PLUSS
	As at		As at		As at
	31.03.2022	31.03.2021	31.03.2022	31.03.2021	31.03.2022
Non-Current assets	1772.10	1645.87	165.40	147.75	1435.61
Current assets	4117.95	3876.41	792.73	482.76	240.49
Non-Current liabilities	(3.14)	(76.35)	(258.10)	(248.08)	(409.88)
Current liabilities	(470.85)	(401.60)	(1203.61)	(940.72)	(112.85)
Equity attributable to owners of the Company	**5277.19**	**4914.98**	**(256.83)**	**(284.73)**	**867.58**
Non-Controlling Interest	**138.87**	**129.35**	**(246.75)**	**(273.56)**	**285.79**

Notes forming part of the Consolidated Financial Statements

For the year ended March 31, 2022 (in Indian Rupees million, unless otherwise stated)

Particulars	Volzhsky Abrasives Works		Foskor Zirconia (Pty) Ltd.		PLUSS
	For the year		For the year		For the year
	2021-22	2020-21	2021-22	2020-21	2021-22*
Revenue	7093.60	6825.46	1789.59	1336.82	218.00
Expenses#	(6031.04)	(5772.63)	(1713.92)	(1441.91)	(313.89)
Profit / (Loss) for the year	**1062.56**	**1052.83**	**75.67**	**(105.09)**	**(95.89)**
Profit / (Loss) attributable to owners of the Company	1035.31	1025.84	38.59	(53.59)	(72.13)
Profit / (Loss) attributable to the Non-Controlling Interest of the Company	27.25	26.99	37.08	(51.50)	(23.76)
Profit / (Loss) for the year	**1062.56**	**1052.83**	**75.67**	**(105.09)**	**(95.89)**
Other Comprehensive Income attributable to owners of the Company	-	-	(0.19)	(0.24)	(0.25)
Other Comprehensive Income attributable to Non-Controlling Interest of the Company	-	-	(0.18)	(0.22)	(0.07)
Other Comprehensive Income for the year	**-**	**-**	**(0.37)**	**(0.46)**	**(0.32)**
Total Comprehensive Income attributable to owners of the Company	1035.31	1025.84	38.40	(53.83)	(72.38)
Total Comprehensive Income attributable to Non-Controlling Interest of the Company	27.25	26.99	36.90	(51.72)	(23.83)
Total Comprehensive Income for the year	**1062.56**	**1052.83**	**75.30**	**(105.55)**	**(96.21)**
Dividend paid to Non-Controlling Interests (including related tax thereon)	**(11.13)**	**(8.22)**	**-**	**-**	**-**
Net cash inflow / (outflow) from Operating activities	792.30	1394.71	46.98	13.52	(51.46)
Net cash inflow / (outflow) from Investing activities	(444.14)	(310.81)	(29.01)	(25.42)	(18.87)
Net cash inflow / (outflow) from Financing activities	(430.25)	(320.50)	(29.84)	(14.54)	(93.01)
Net cash inflow / (outflow)	**(82.09)**	**763.40**	**(11.87)**	**(26.44)**	**(163.34)**

* for Post acquisition period w.e.f 6th October 2021, after considering effects of acquisition accounting.

net of other income

The stepdown subsidiary M/s. Foskor Zirconia Pty Limited, South Africa [FZL] earned profits during the current financial year amounting to ₹75.67 million thus resulting in reduction of cumulative losses to ₹503.58 millions as at March 31, 2022. Out of the current year profits, an amount of ₹38.59 millions has been considered in the Group consolidated financials, being share of the Parent.

16. Borrowings - Non Current

Particulars				As at	
	Maturity date	Repayment terms	Interest rate	31.03.2022	31.03.2021
Unsecured - at Amortised cost					
Redeemable Preference Share obligations	Year 2025	On or before maturity date	12.7%	77.83	49.83

17. Provision

Particulars	As at	
	31.03.2022	31.03.2021
A. Non Current		
Employee benefits	146.76	128.13
B. Current		
Employee benefits	223.19	216.34

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

Notes forming part of the Consolidated Financial Statements

For the year ended March 31, 2022 (in Indian Rupees million, unless otherwise stated)

18. Borrowings - Current

Particulars	As at	
	31.03.2022	31.03.2021
Unsecured - at amortised cost		
Cash credit (repayable on demand)	321.74	316.69
Short term working capital loan - 3 months T bill + 105 bps margin	1630.00	-
Loan from Other parties	13.74	-
Secured - at amortised cost (a)		
Loan from Other parties	5.90	-
Cash credit (repayable on demand)	72.81	38.73
	2044.19	**355.42**

(a) The funding facility availed by domestic subsidiaries are secured by their current assets.

19. Trade payables

Particulars	As at	
	31.03.2022	31.03.2021
Total outstanding dues to Micro and Small enterprises [MSME] (c)	105.98	31.75
Total outstanding dues of creditors other than Micro enterprises and Small enterprises	3597.61	2999.31
	3703.59	**3031.06**

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.

19A. Ageing of Trade payables

Particulars	As at 31st March 2022					
	Not due	0-1 Years	1- 2 years	2-3 Years	More than 3 years	Total
(i) MSME	98.15	7.83	-	-	-	105.98
(ii) Others	1968.44	1237.96	50.11	178.14	162.55	3597.20
(iii) Disputed Dues - MSME	-	-	-	-	-	-
(iv) Disputed Dues - Others	-	-	-	-	0.41	0.41

Particulars	As at 31st March 2021					
	Not due	0-1 Years	1- 2 years	2-3 Years	More than 3 years	Total
(i) MSME	29.78	1.97	-	-	-	31.75
(ii) Others	1331.47	1398.31	26.09	119.26	124.18	2999.31
(iii) Disputed Dues - MSME	-	-	-	-	-	-
(iv) Disputed Dues - Others	-	-	-	-	-	-

Notes forming part of the Consolidated Financial Statements

For the year ended March 31, 2022 (in Indian Rupees million, unless otherwise stated)

20. Other financial liabilities

Particulars	As at	
	31.03.2022	31.03.2021
A. Non Current		
Payable for purchase of PLUSS ESOP shares **(a)**	17.01	-
B. Current		
Unclaimed and Unpaid dividends	25.92	25.88
Remuneration payable to directors	24.39	20.31
Derivative Financial instruments	31.94	-
Deposits	51.42	49.73
Payable for purchase of PLUSS ESOP shares **(a)**	10.85	-
Payable relating to Capital expenditure	111.47	31.41
Fair value of non controlling interest put option Refer note: 40A	407.97	-
Other payables **(b)**	780.34	662.02
	1444.30	**789.35**

(a) Before acquisition, PLUSS had an ESOP scheme wherein the employees of PLUSS were granted shares based on satisfaction of certain service conditions or the happening of a liquidation event. All the options had vested as on the acquisition date. The Parent has modified the terms of the ESOP by increasing the service condition and has also agreed to purchase ESOP shares in future from the employees of PLUSS once vested and exercised. Consequently, the extent of service received from employees of PLUSS till the acquisition date has been considered as part of acquisition accounting with a corresponding increase to other financial liability. For services received post the acquisition date, this is recorded as an expense under employee benefit expense with a corresponding increase to other financial liability. Since all the shares of PLUSS ESOP Trust have been vested on the acquisition date under original ESOP plan, no disclosure have been given on this ESOP scheme.

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

21. Other current liabilities

Particulars	As at	
	31.03.2022	31.03.2021
A. Non Current		
Contract liabilities **(a)**	121.00	-
	121.00	**-**
B. Current		
Contract liabilities **(a)**	84.87	135.01
Statutory liabilities	181.24	92.60
	266.11	**227.61**

(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 recognised in relation to Contract liabilities.

The following summary shows how much of the revenue recognised 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	
	FY 2021-22	FY 2020-21
Revenue recognised that was included in the Contract liabilities balance at the beginning of the period	135.01	113.87
Revenue recognised 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 contracts that have an original expected duration of more than one year are not material.

Notes forming part of the Consolidated Financial Statements

For the year ended March 31, 2022 (in Indian Rupees million, unless otherwise stated)

22. Revenue from Operations

Particulars	For the year	
	2021-22	2020-21
a. Sales / Income from Operations - Refer Note : 32 "Segmental Disclosure" for breakup of sales.		
Sale of products	31654.88	25168.80
Sale of Services	1241.26	872.52
	32896.14	**26041.32**
b. Other operating income		
Service income	39.46	29.47
Scrap Sales	136.22	83.26
Miscellaneous income	175.76	163.03
	351.44	**275.76**
Total Revenue from operations (a + b)	**33247.58**	**26317.08**

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	
	2021-22	2020-21
Gross sales/income from operations	**33200.48**	**26257.55**
Service income	39.46	29.47
Scrap sales	136.22	83.26
Contract price	**33376.16**	**26370.28**
Less : Discount - Variable Consideration	304.34	216.23
Revenue recognised under Ind AS 115	**33071.82**	**26154.05**
Add: Miscellanous income	175.76	163.03
Revenue from operations	**33247.58**	**26317.08**

23. Other Income

Particulars	For the year	
	2021-22	2020-21
(a) Dividend Income		
Dividend Income from Long term Investments	7.40	3.71
Dividend Income from Current Investments	-	3.33
	7.40	**7.04**
(b) Interest Income earned on financial assets that are not designated as at fair value through profit or loss [FVTPL]		
Interest Income		
- from banks	102.71	99.86
- from others	97.91	66.54
	200.62	**166.40**
(c) Net gain/(loss) arising on financial assets mandatorily measured at FVTPL		
(Refer Note: 6C(b)(i))	5.31	3.26
(d) Other non-operating income		
Profit on sale of assets	7.06	36.11
Profit on exchange fluctuation (net)	40.68	-

Notes forming part of the Consolidated Financial Statements

For the year ended March 31, 2022 (in Indian Rupees million, unless otherwise stated)

Particulars	For the year	
	2021-22	2020-21
Provision for expenses no longer required written back	6.11	2.37
Reversal of impairment losses on financial assets	74.92	71.43
Rental income	2.43	1.97
Miscellaneous income	53.63	25.37
	184.83	**137.25**
Total Other Income (a + b + c + d)	**398.16**	**313.95**

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

Particulars		For the year	
		2021-22	2020-21
Opening stock			
Work-in-progress		1000.36	1022.78
Stock-in-trade		268.20	293.93
Finished goods		750.64	1371.97
	(A)	**2019.20**	**2688.68**
Add : Acquistion under Business combination	**(B)**	**65.89**	-
Less: Closing stock			
Work-in-progress		1221.16	1000.36
Stock-in-trade		182.94	268.20
Finished goods		1616.55	750.64
	(C)	**3020.65**	**2019.20**
(Accretion) / Decretion to stock (A) +(B) - (C)		**(935.56)**	**669.48**

25. Employee benefit expense

Particulars	For the year	
	2021-22	2020-21
Salaries, wages and bonus	3193.62	2818.52
Contribution to provident and other funds	250.74	202.68
Voluntary retirement compensation	-	1.80
Share based payments to employees (ESOPs)*	55.40	15.99
Remuneration to Managing Director - Refer Note: 23 of Standalone financial statements	19.13	15.78
Remuneration to Director – Finance & Strategy - Refer Note : 23 of Standalone financial statements	15.53	-
Welfare expenses	658.07	415.60
	4192.49	**3470.37**

* includes expenses related to PLUSS ESOP scheme amounting ₹5.34 million (Previous year: ₹Nil)- Refer Note: 20.

26. Finance costs

Particulars	For the year	
	2021-22	2020-21
Interest costs		
- On loans from banks and others	36.07	24.85
- On Lease liabilities - Refer Note: 4B	14.46	6.89
Other borrowing costs	5.91	4.08
	56.44	**35.82**

Notes forming part of the Consolidated Financial Statements

For the year ended March 31, 2022 (in Indian Rupees million, unless otherwise stated)

27. Depreciation and amortisation expenses

Particulars	For the year	
	2021-22	2020-21
Depreciation of Property, plant and equipment - Refer Note: 4A	1007.51	927.11
Depreciation of Right to use asset - Refer Note: 4B	49.63	46.17
Amortisation of intangible assets - Refer Note: 5B	88.51	21.22
	1145.65	**994.50**

28. Other expenses

Particulars	For the year	
	2021-22	2020-21
Consumption of stores and spares **(a)**	1219.96	842.50
Power and fuel **(b)**	4032.46	3630.95
Rent	105.38	103.72
Rates and taxes	131.70	120.55
Insurance	70.76	60.68
Repairs to: **(c)**		
- Buildings	117.28	135.63
- Plant and Equipment	977.19	792.69
- Others	13.06	11.02
Data Processing Charges	141.56	127.83
Technical Fee / Royalty	101.67	98.64
Directors' Sitting fees	4.88	4.37
Commission to Non-Wholetime Directors	15.50	16.34
Auditors' remuneration (Refer Note: 40 of Standalone financials)	8.31	8.61
Travel and Conveyance	108.81	60.95
Freight, delivery and shipping charges	1285.60	822.88
Selling commission	105.09	119.76
Advertisement and publicity	77.70	37.01
Printing, stationery and communication	43.38	33.63
Professional fees	503.21	223.52
Impairment loss on financial assets	11.62	18.73
Less : Provision adjusted	(10.00)	(14.99)
	1.62	3.74
Allowance for doubtful receivables and advances	267.96	81.70
Services outsourced	1968.79	1519.36
Loss on sale of assets	37.73	4.92
Loss on exchange fluctuation (net)	-	44.25
Miscellaneous expenses	771.60	307.40
	12111.20	**9212.65**

(a) Includes consumption of packing materials amounting ₹586.44 million (Previous year: ₹416.99 million)

(b) Net of own power generation, which includes energy banked with Kerala State Electricity Board - ₹19.52 million (Previous year: ₹NIL)

(c) Repairs includes consumption of stores and spares amounting to ₹311.94 million (Previous year: ₹245.17 million)

Notes forming part of the Consolidated Financial Statements

For the year ended March 31, 2022 (in Indian Rupees million, unless otherwise stated)

29. Exceptional items (net)

Particulars	For the year	
	2021-22	2020-21
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.	-	105.12
Fair value changes of a Financial instrument availed by a step down subsidiary	-	(249.15)
	-	**(144.03)**

30. Income tax expense

Particulars		For the year	
		2021-22	2020-21
A. Income tax expense recognised in Profit and loss:			
a. Current tax			
In respect of the current year		1375.47	1089.93
		1375.47	**1089.93**
b. Deferred tax		(110.22)	(74.28)
Total Income tax expense recognised during the year (net)		**1265.25**	**1015.65**
Income tax reconciliation :			
Profit before tax	**A**	**4765.45**	**3946.32**
Less : Share of Profit from Associate and Joint ventures	B	203.08	150.92
Profit from operations before share of profit of equity accounted investees and income tax	**C= (A-B)**	**4562.37**	**3795.40**
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	1148.26	955.23
Total Tax expenses charged in Profit and Loss for the year	F	1265.25	1015.65
Differential tax impact	**G = (F-E)**	**116.99**	**60.42**
Differential tax impact due to the following (tax benefit)/tax expenses			
Effect of Income that is exempt from taxation net of disallowances		(7.33)	(3.89)
Effect of expenses that are not deductible in determining taxable profit		135.30	64.15
Payable towards release of water and royalty for Hydel Electric works		76.34	-
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
(Tax benefit on utilisation of unrecognised losses)/Deferred tax benefit recognised on the losses of Subsidiaries - net		(17.96)	26.23
Effect of tax rate differentials in respect of subsidiaries operating in other jurisdictions		(69.36)	(65.59)
Total	G	**116.99**	**60.42**

Notes forming part of the Consolidated Financial Statements

For the year ended March 31, 2022 (in Indian Rupees million, unless otherwise stated)

B. Income tax recognised in Other Comprehensive Income :

Particulars	For the year	
	2021-22	2020-21
Remeasurement of the defined benefit plans	0.08	-
Net gain on designated portion of hedging instruments in cash flow hedges	0.62	1.73
Total income tax recognised in Other Comprehensive Income	**0.70**	**1.73**
Bifurcation of the income tax recognised in Other Comprehensive Income into :		
Items that will not be reclassified to profit or loss	0.08	-
Items that will be reclassified to profit or loss	0.62	1.73

31. Earnings per share

Particulars	For the year	
	2021-22	2020-21
Basic earnings per share (₹)	17.57	15.01
Diluted earnings per share (₹)	17.52	14.99
The calculation of Basic and Diluted Earnings per share is based on the following data:		
Consolidated Net Profit for the year after taxes	3333.55	2843.09
Weighted average number of equity shares outstanding during the year		
- Basic	189724609	189450426
- Dilutive	190271889	189676826

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	
	2021-22	2020-21
Weighted average number of equity shares used in the calculation of basic earnings per share	189724609	189450426
Shares deemed to be issued for no consideration in respect of:		
- Employee Stock Option Scheme/Plan	547280	226400
Weighted average number of equity shares used in the calculation of diluted earnings per share	190271889	189676826

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 Group 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 and the Group has a company with manufacturing facility for phase change materials and speciality polymeric additives , which is shown under "Others". 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, 2022 (in Indian Rupees million, unless otherwise stated)

Particulars	Abrasives		Ceramics		Electrominerals		Power		IT Services		Others	Eliminations		Total	
	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2021-22	2020-21	2021-22	2020-21
Revenue															
External Sales	12385.20	9625.73	7648.57	6089.17	11317.61	9349.58	51.42	56.08	61.83	48.24	190.25			31654.88	25168.80
Sale of services	415.35	286.25	290.81	161.50	170.03	87.88	-	-	365.07	336.89	-			1241.26	872.52
Inter segment sales	29.49	18.61	40.20	21.26	1631.93	1206.49	193.73	173.00	26.52	25.29	-	(1921.87)	(1444.65)	-	-
Sales / Income from Operations	**12830.04**	**9930.59**	**7979.58**	**6271.93**	**13119.57**	**10643.95**	**245.15**	**229.08**	**453.42**	**410.42**	**190.25**	**(1921.87)**	**(1444.65)**	**32896.14**	**26041.32**
Results															
Segment result - EBITDA	1875.77	1640.86	1908.37	1622.84	2376.95	1739.96	85.52	98.56	31.52	42.44	(32.72)			6245.41	5144.66
Depreciation/amortisation	(308.49)	(297.42)	(313.24)	(294.07)	(415.17)	(381.27)	(1.30)	(0.20)	(11.10)	(14.38)	(79.17)			(1128.47)	(987.34)
Profit on sale of Fixed Assets (Net)	(4.00)	(0.48)	(2.31)	30.02	(19.98)	0.59	-	-	0.31	-	(5.53)			(31.51)	30.13
Unallocated corporate expenses (Net)														(679.95)	(388.90)
Interest expense														(56.44)	(35.82)
Profit from Associate														101.50	49.64
Profit from Joint ventures														101.58	101.28
Interest and dividend income														208.02	173.44
Fair valuation of Investment														5.31	3.26
Exceptional item														-	(144.03)
Profit before tax	**1563.28**	**1342.96**	**1592.82**	**1358.79**	**1941.80**	**1359.28**	**84.22**	**98.36**	**20.73**	**28.06**	**(117.42)**	**-**	**-**	**4765.45**	**3946.32**
Less : Income taxes														1265.25	1015.65
Net profit after taxes														**3500.20**	**2930.67**
Less : Non controlling interest														166.65	87.58
Profit for the year attributable to Owners of the Company														**3333.55**	**2843.09**
Other information :															
Segment assets	12630.22	5841.77	6044.68	5634.93	8244.33	7392.92	144.48	97.76	198.00	179.79	1621.45			28883.16	19147.17
Unallocated corporate assets *														4345.12	7737.84
Total assets	**12630.22**	**5841.77**	**6044.68**	**5634.93**	**8244.33**	**7392.92**	**144.48**	**97.76**	**198.00**	**179.79**	**1621.45**			**33228.28**	**26885.01**
Segment liabilities	1396.37	1152.15	1092.49	1015.94	2263.66	1632.83	16.28	11.49	115.70	109.87	199.10			5083.60	3922.28
Unallocated corporate liabilities														3647.57	1183.83
Total liabilities	**1396.37**	**1152.15**	**1092.49**	**1015.94**	**2263.66**	**1632.83**	**16.28**	**11.49**	**115.70**	**109.87**	**199.10**			**8731.17**	**5106.11**
Addition to Non - current assets	607.90	207.25	452.58	431.66	571.31	309.71	51.19	23.07	0.63	4.27	38.10				
Depreciation & Amortization	308.49	297.42	313.24	294.07	415.17	381.27	1.30	0.20	11.10	14.38	79.17				
Non-cash items other than depreciation and amortisation	2.65	47.53	33.36	3.98	233.57	31.71	-	-	-	0.42	-				

* includes Goodwill of ₹1581.25 million (Previous year: ₹1297.69 million), Investment in Associate and Joint Ventures under equity method - ₹1189.80 million(Previous year: ₹1158.11 million).

Notes forming part of the Consolidated Financial Statements

For the year ended March 31, 2022 (in Indian Rupees million, unless otherwise stated)

Particulars	Abrasives		Ceramics		Electrominerals		Power		IT Services		Others	Eliminations / (Unallocable)		Total	
	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2021-22	2020-21	2021-22	2020-21
Revenue recognised under Ind AS 115															
Sales / Income from Operations	12830.04	9930.59	7979.58	6271.93	13119.57	10643.95	245.15	229.08	453.42	410.42	190.25	(1921.87)	(1444.65)	32896.14	26041.32
Service income	0.42	0.29	-	-	5.04	2.34	-	-	-	-	-	34.00	26.84	39.46	29.47
Scrap sales	74.79	39.66	16.71	19.96	46.82	24.82	0.26	0.15	-	-	-	(2.36)	(1.33)	136.22	83.26
Total	**12905.25**	**9970.54**	**7996.29**	**6291.89**	**13171.43**	**10671.11**	**245.41**	**229.23**	**453.42**	**410.42**	**190.25**	**(1890.23)**	**(1419.14)**	**33071.82**	**26154.05**
Revenue recognised under Ind AS 115															
- At the point in time	12489.48	9684.00	7705.48	6130.39	12996.36	10580.89	245.41	229.23	88.35	73.53	190.25	(1924.23)	(1445.98)	31791.10	25252.06
- Over the period	415.77	286.54	290.81	161.50	175.07	90.22	-	-	365.07	336.89	-	34.00	26.84	1280.72	901.99
Total	**12905.25**	**9970.54**	**7996.29**	**6291.89**	**13171.43**	**10671.11**	**245.41**	**229.23**	**453.42**	**410.42**	**190.25**	**(1890.23)**	**(1419.14)**	**33071.82**	**26154.05**

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:

Particulars	Revenue from external customer		Non-current assets	
	For the year		As at	
	2021-22	2020-21	31.03.2022	31.03.2021
India	18231.98	13288.84	6916.51	4931.70
Rest of the world	14664.16	12752.48	8028.38	3312.14
	32896.14	26041.32	14944.89	8243.84

Information about major customers

No single customer contributed 10% or more to the Group's revenue during the years 2021-22 and 2020-21.

Notes forming part of the Consolidated Financial Statements

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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	
			31.03.2022	31.03.2021
Net Access India Limited	IT services	India	100%	100%
Southern Energy Development Corporation Limited	Power generation	India	84.76%	84.76%
Sterling Abrasives Limited	Manufacture/Trading of Abrasive products	India	60%	60%
CUMI (Australia) Pty Limited	Manufacture/Trading of Ceramic products & its related services	Australia	51.22%	51.22%
CUMI International Ltd.	Investment company	Cyprus	100%	100%
Pluss Advanced Technologies Private Limited *	Manufacture of Speciality Polymer additives and Phase change materials	India	71.99%	-
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 Co., Limited	Trading of Abrasive & Ceramic products	China	100%	100%
CUMI AWUKO Abrasives GmbH	Manufacture & Trading of Abrasives.	Germany	100%	-
Rhodius Abrasives GmbH	Manufacture & Trading of Abrasives.	Germany	100%	-
PLUSS Advanced Technologies B.V*	Trading of Speciality Polymer additives and phase change materials	Netherlands	71.99%	-
CUMI Europe s.r.o	Trading of Electromineral products	Czech Republic	100%	100%

*Effective ownership after excluding share held by PLUSS trust is 75.22%

Composition of the Group :

Principal activity	Place of incorporation and operation	Number of wholly-owned subsidiaries	
		As at	
		31.03.2022	31.03.2021
Manufacture & Trading of Abrasive products	China, America, Middle East, Germany	5	3
Trading of Electromineral product	Czech Republic	1	1
IT services provided	India	1	1
Investment company	Cyprus	1	1
		8	**6**

Notes forming part of the Consolidated Financial Statements

For the year ended March 31, 2022 (in Indian Rupees million, unless otherwise stated)

Principal activity	Place of incorporation and operation	Number of non-wholly owned subsidiaries	
		As at	
		31.03.2022	31.03.2021
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
Manufacture of Speciality Polymer additives and Phase change materials	India, Netherlands	2	-
		7	**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	
		31.03.2022	31.03.2021
A.	**Contingent Liabilities**		
(a)	Disputed income tax, sales tax, excise duty, service tax, goods and service tax and customs duty demands which are under various stages of appeal proceedings.	561.02	381.19
(b)	Claims against the companies in the Group not acknowledged as debts:		
	i. Disputed demands by Electricity Board	41.96	41.96
	ii. Others	66.28	66.28
(c)	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.		
(d)	In respect of associate and joint ventures refer Note 6A and 6B.		
B.	**Commitments**		
	Estimated amount of contracts remaining to be executed and not provided for :		
	- Towards capital account	479.30	177.15
	In respect of associate and joint ventures refer Note 6A and 6B.		
C.	**Others**		
(a)	Outstanding guarantees/letter of comfort given on behalf of Joint venture	90.00	-
(b)	Outstanding letters of credit	460.81	180.04

35. Employee Benefits

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.

Notes forming part of the Consolidated Financial Statements

For the year ended March 31, 2022 (in Indian Rupees million, unless otherwise stated)

Particulars	For the year	
	2021-22	2020-21
Contribution to Provident fund and Other funds recognised in Profit and Loss	212.78	166.68
Amounts outstanding as at the end of the respective year and paid subsequently	18.06	17.22

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, where it is funded.

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, 2022 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, 2022, 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	
	31.03.2022	31.03.2021
Discount rate	5.49% to 7.25%	5.18 to 6.87%
Expected rate of return	8.00%	8.00%
Expected salary escalation	5% to 14%	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.

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

Particulars	As at	
	31.03.2022	31.03.2021
i. Projected benefit obligation as at beginning of the year	415.28	396.38
Acquired through business combination	15.47	-
Service cost	38.26	33.12
Interest cost	27.41	26.13
Remeasurement (gain)/ loss:		
Actuarial (gain)/loss arising from experience and financial adjustments	3.24	(13.54)
Benefits paid	(37.93)	(26.81)
Projected benefit obligation as at end of the year	**461.73**	**415.28**
ii. Fair value of plan assets as at beginning of the year	323.60	291.19
Expected return on plan assets	22.70	20.97
Contributions	37.68	40.24
Benefits paid	(37.23)	(26.81)
Remeasurement gain/ (loss):	-	
Actuarial Gain /(losses) on plan assets	(2.86)	(1.99)
Fair value of plan assets as at end of the year	**343.89**	**323.60**
iii. Amount recognised in the balance sheet:		
Projected benefit obligation at the end of the year	461.73	415.28
Fair value of the plan assets at the end of the year	343.89	323.60
(Liability) / Asset recognised in the Balance sheet - net	**(117.84)**	**(91.68)**
iv. Cost of the defined benefit plan for the year:		
Current service cost	38.26	33.12
Interest on obligation	27.41	26.13
Expected return on plan assets	(22.70)	(20.97)
Components of defined benefit cost recognised in the Statement of Profit and Loss	**42.97**	**38.28**
(included in Note: 25 Contribution to Provident and other funds)		
Remeasurement on the net defined benefit liability:		
Actuarial (gain)/ loss arising from experience and financial adjustments	3.24	(13.54)
Actuarial (gain) / loss on plan assets	2.86	1.99
Components of defined benefit costs recognised in Other Comprehensive Income	**6.10**	**(11.55)**
Total cost of the defined benefit plan for the year	**49.07**	**26.73**

v. Particulars	31.03.2022	31.03.2021
Present value of defined benefit obligation	461.73	415.28
Fair value of plan assets	343.89	323.60
Balance sheet (Liability)/ Asset	(117.84)	(91.68)

Particulars	For the year	
	2021-22	2020-21
Profit and Loss	42.97	38.28
Experience adjustment on plan liabilities (gain) / loss	3.24	(13.54)
Experience adjustment on plan assets (gain) / loss	2.86	1.99

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In the absence of the relevant information, the above details does not include the composition of plan assets and expected return on each category of plan assets.

The actual return on plan assets was ₹22.70 million (for the year ended March 31, 2021: ₹20.97 million).

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

Particulars	As at	
	31.03.2022	31.03.2021
Discount rate - 100 basis point higher	(29.68)	(29.51)
Discount rate - 100 basis point lower	34.23	33.05
Salary escalation rate - 100 basis point higher	31.21	30.18
Salary escalation rate - 100 basis point lower	(27.59)	(27.53)
Life expectancy rate - 100 basis point higher	2.79	1.82
Life expectancy rate - 100 basis point lower	(2.47)	(2.17)

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, 2022 is 14 years (as at March 31, 2021: 15 years).

The Group expects to make a contribution of ₹101.51 million (as at March 31, 2021: ₹91.68 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	
	31.03.2022	31.03.2021
Plan asset at the end of the year	1185.23	1156.98
Present value of benefit obligation at the end of the year	1266.73	1197.01
Surplus/(Deficit) available	(81.50)	(40.03)
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	
	31.03.2022	31.03.2021
Discount rate	7.25%	6.87%
Remaining term to maturity of portfolio (years)	5.7 years	5.54 years
Expected guaranteed rate (%)	8.10%	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	
	31.03.2022	31.03.2021
Discount rate - 100 basis point higher	(1.04)	(0.85)
Discount rate - 100 basis point lower	0.59	0.94
Guaranteed interest rate - 100 basis point higher	22.47	25.77
Guaranteed interest rate - 100 basis point lower	-	-
Current yield - 100 basis point higher	(5.74)	(4.60)
Current yield - 100 basis point lower	3.77	4.70

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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	
	31.03.2022	31.03.2021
In respect of Gratuity	(6.10)	11.55
In respect of Provident Fund	(41.47)	17.32
Total Credited / (debited) to Other Comprehensive Income	**(47.57)**	**28.87**

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	
	31.03.2022	31.03.2021
Debt	2122.02	430.17
Equity	23637.72	21314.67
Debt to Equity ratio	0.09	0.02

Lease liability amounting to ₹277.96 million (Previous year: ₹211.97 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, 2022, there are no covenants applicable for long term loan outstanding.

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

Net debts reconcilation:	31.03.2022	31.03.2021
Cash and Cash equivalents	3475.04	4783.27
Borrowings	(2122.02)	(430.17)
Net Cash/(Net debt)	**1353.02**	**4353.10**

Particulars	Other assets		Liabilities from Financing activities	Total
	Cash and Cash equivalents	Other investments (liquid)	Borrowings	
Net Cash/(Net debt) as at 31st March 2020	**2920.55**	**675.14**	**(616.35)**	**2979.34**
Cash flows (net)	1826.03	(675.14)	227.14	1378.03
The effect of changes in foreign exchange rates	36.69	-	(40.96)	(4.27)
Net Cash/(Net debt) as at 31st March 2021	**4783.27**	**-**	**(430.17)**	**4353.10**
Acquired through Business combination	-	-	(101.01)	(101.01)
Cash flows (net)*	(1263.17)	-	(1575.61)	(2838.78)
The effect of changes in foreign exchange rates	(45.06)	-	(15.23)	(60.29)
Net Cash/(Net debt) as at 31st March 2022	**3475.04**	**-**	**(2122.02)**	**1353.02**

* Cash flow represents outflows net of cash amounting to ₹210.84 million acquired on Business combination.

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(ii) Categories of financial instruments

Particulars	As at	
	31.03.2022	31.03.2021
A. Financial assets		
Measured at fair value through profit or loss (FVTPL): Mandatorily measured:		
- Equity and other investments	11.73	6.13
- Derivative financial Instruments	30.70	-
Measured at amortised cost		
- Cash and bank balances	3515.70	6889.46
- Other financial assets	5137.65	5002.86
Measured at fair value through Other Comprehensive Income (FVTOCI)		
- Investments in equity instruments designated upon initial recognition	176.65	106.26
B. Financial liabilities		
Measured at fair value through profit or loss (FVTPL): Mandatorily measured:		
- Derivative financial Instruments	31.94	-
Measured at amortised cost (including trade payable balances)*	7124.97	4193.91

* The above excludes fair value of non-controlling interest put option amounting ₹407.97 million (Previous year: ₹Nil) measured at fair value with subsequent changes in fair value recognised in equity - Refer Note: 40A.

(iii) Financial risk management objectives

The Group's activities expose it to market risk, liquidity risk and credit risk. The table given below explains the sources of risk which the Group is exposed to and how the Group manages the risk.

Risk	Exposure arising from	Measurement	Management
a. Credit risk	Cash and cash equivalents, trade receivables, derivative financial instruments, financial assets measured at amortised cost	Ageing analysis Credit ratings Financial analysis	Diversification of Short term investments, review of credit limits and credit locks and secured mode of payment
b. Market risk			
i.Market risk – foreign exchange	Future commercial transactions Recognised financial assets and liabilities not denominated in Indian rupee (INR)	Cash flow forecasting Sensitivity analysis	Forward foreign exchange contracts
ii. Market risk – interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Market trends, Interest rate swaps
iii. Market risk – Price risk	Investment in securities	Sensitivity analysis	Portfolio diversification
c. Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of sanctioned credit lines and borrowing facilities

The risk management is governed by policies developed in accordance with the Group guidelines and approved by the Board of Directors of the respective companies in the Group. They identify, evaluate and hedge financial risks in close co-ordination with their operating units.

a. Credit risk:

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

a (i). Trade receivables

Customer credit risk is managed by respective companies under the guidance of the credit policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on financial position, past performance, business/ economic conditions, market reputation, expected business etc. Based on that credit limit & credit terms are decided. Outstanding customer receivables are regularly monitored through credit lock and release to effectively manage the exposure.

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An impairment analysis is performed at each reporting date on an individual basis for all the customers. The impairment is based on expected credit model considering the historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note: 11.

The Group has low concentration of risk with respect to trade receivables, as its customers are located in various geographies and belong to diversified industries and operate in largely independent markets.

a (ii). Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the respective companies in accordance with their policy. Group recommends investments of surplus funds in short-term liquid funds and deposits with banks. The Investment limits are set out and are reviewed by the Board of Directors of the respective company on an quarterly basis.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note: 6 & 12.

b. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risks: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, Investments (FVTOCI) and derivative financial instruments.

Market risk exposures are measured using sensitivity analysis. There has been no change to the Group's exposure to market risks or the manner in which these risks are being measured and managed.

b (i). Foreign currency risk management

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. Foreign exchange rate exposures are managed within policy parameters developed under guidelines of the Group and approved by Board of Directors of the respective companies. The Group recommends to its operating entities to perform, to the extent it is possible, their transactions in their functional currencies. Where this is not possible, the transactional currency risk may be hedged on an individual basis by currency forwards. The Group recommends hedging of around 50% of the net material exposure by currency. Exposures relating to capital expenditure beyond a threshold are hedged as per respective company's policy at the time of commitment.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities based on gross exposure at the end of the reporting period are as under:

Currency	Liabilities		Assets	
	As at		As at	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021
US Dollar (USD)	394.92	184.27	1404.27	1205.11
Euro (EUR)	41.95	50.17	721.95	587.67
Great British Pound (GBP)	-	-	17.76	7.25
United Arab Emirates Dirham (AED)	4.27	2.77	30.92	30.05
Australian Dollar (AUD)	6.95	4.45	-	-
Swedish Kronar (SEK)	-	10.27	-	-
Japanese Yen	14.06	0.21	5.40	1.69
Qatari Riyal (QAR)	-	-	-	0.02

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	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021
USD	30.32	36.75	125.09	95.55

As at 31st March 2022, the outstanding forward exchange contracts were USD 1.65 million taken for receivable position and USD 0.4 million taken for payable position.

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

Contrcts booked for	Currency	As at 31.03.2022		As at 31.03.2021	
		Number of contracts	value	Number of contracts	value
Export receivable	USD	11	125.09	11	95.55
Import payment	USD	4	30.32	5	36.75

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 31.03.2022		As at 31.03.2021	
	Profit or loss	Equity	Profit or loss	Equity
US Dollar (USD)	68.44	68.44	71.99	77.15
Euro (EUR)	50.89	50.89	40.22	40.22
Great British Pound (GBP)	1.33	1.33	0.54	0.54
United Arab Emirates Dirham (AED)	1.99	1.99	2.04	2.04
Japanese Yen (JPY)	(0.65)	(0.65)	0.11	0.11
Swedish Kronar (SEK)	-	-	(0.77)	(0.77)
Quatari Riyal (QAR)	-	-	0.00	0.00
Australian Dollar (AUD)	(0.52)	(0.52)	(0.33)	(0.33)
Total	**121.48**	**121.47**	**113.80**	**118.96**

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 EUR 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	
	31.03.2022	31.03.2021
Borrowings at variable interest rate		
- Non - Current	-	-
- Current	2044.19	355.42
Borrowings at fixed interest rate		
- Non - Current	77.83	49.83
- Current	-	24.92
Total Borrowings	**2122.02**	**430.17**

The Impact of sensitivity on interest cost towards current borrowings at variable interest rate is not expected to be material considering the short tenure of the borrowing.

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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 2022 is ₹84.51 million (31st March 2021: ₹21.73 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 31.03.2022	As at 31.03.2021
Increase by 5%	8.27	4.11
Decrease by 5%	(8.27)	(4.11)

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 2022:

Particulars	Carrying amount / Exposure	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*	77.83	-	107.37	-	-	107.37
Lease liabilities	231.99	-	150.79	39.88	96.11	241.96
Other financial liabilities	17.01	-	30.17	-	-	30.17
Current financial liabilities						
Borrowings and interest thereon*	2044.19	2121.92	-	-	-	2121.92
Lease liabilities	45.97	45.97	-	-	-	45.97
Trade payables	3703.59	3703.59	-	-	-	3703.59
Other financial liabilities	1444.30	1446.38	-	-	-	1446.38
Others						
Outstanding guarantee/letter of comfort given on behalf of Joint Venture	90.00	90.00	-	-	-	90.00

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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 liability	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

*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 2022:

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	157.55	-	77.79	-	79.76	157.55
Current financial assets						
Trade receivables	4847.71	4847.71	-	-	-	4847.71
Advance to employees	13.74	13.74	-	-	-	13.74
Other receivables	149.35	149.35	-	-	-	149.35

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
Advances to employees	12.96	12.96	-	-	-	12.96
Other receivables	65.88	65.88	-	-	-	65.88

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.

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Currency	Contracts booked for	As at 31.03.2022			As at 31.03.2021		
		Carrying amount	Less than 1 year	1-3 years	Carrying amount	Less than 1 year	1-3 years
USD	Export receivable	125.09	125.09	-	95.55	95.55	-
USD	Import payment	(30.32)	(30.32)		(36.75)	(36.75)	-

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 31.03.2022	As at 31.03.2021
Unsecured term loan from bank :		
Amount used	-	-
Amount unused	-	-
	-	-
Unsecured cash credit and other borrowings facility :		
Amount used	1965.48	316.69
Amount unused	833.81	576.23
	2799.29	**892.92**
Secured Borrowings from bank :		
Amount used	-	-
Amount unused	450.00	-
	450.00	**-**
Secured cash credit and other borrowings facility :		
Amount used	78.71	38.73
Amount unused	1311.29	1281.27
	1390.00	**1320.00**
Total		
Amount used	2044.19	355.42
Amount unused	2595.11	1857.50
	4639.29	**2212.92**

Borrowing facilities - both funded and non-funded of the parent are secured by a pari-passu first charge on the current assets of the parent - both present and future; and a pari-passu second charge on immovable properties - both present and future.

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 31.03.2022	Fair Value as at 31.03.2021	Fair value hierarchy	Valuation techniques & key inputs used
Investments in quoted equity instruments at FVTOCI	102.55	82.16	Level 1	Quoted bid price in an active market (a)
Investments in quoted instruments at FVTPL	11.17	5.86	Level 1	Quoted bid price in an active market
Investments in unquoted instruments at FVTPL	0.56	0.27	Level 3	Fair valuation - (b)

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Financial assets/financial liabilities	Fair Value as at		Fair value hierarchy	Valuation techniques & key inputs used
	31.03.2022	31.03.2021		
Investments in unquoted instruments at OCI	74.10	24.10	Level 3	Fair valuation - (b)
Other Financial asset - Derivative financial Instruments	30.70	-	Level 2	Basis bank forex rates
Other Financial liabilities - Derivative financial Instruments	31.94	-	Level 2	Basis bank forex rates
Other Financials liabilities - Put option payables	407.97	-	Level 3	Fair valuation - (c)

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.

(c) The significant assumptions in relation to determination of put option liability are the same as used in determination of recoverable amount of PLUSS. Refer Note 5A. Sensitivities are set out as below:

Change in assumption	Increase/ (Decrease) in liability as at March 31, 2022
Discount rate - 50 basis point higher	(15.53)
Discount rate - 50 basis point lower	16.61
Terminal growth rate - 50 basis point higher	14.22
Terminal growth rate - 50 basis point lower	(13.33)

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 31.03.2022		As at 31.03.2021	
		Carrying amount	Fair value	Carrying amount	Fair value
Financial assets at amortised cost:					
Non-current financial assets					
Other financial assets					
Security deposit	Level 3	157.55	149.64	147.86	140.84
Current financial assets					
Trade receivable	Level 3	4847.71	4847.71	4776.16	4776.16
Advances to employees	Level 3	13.74	13.74	12.96	12.96
Other receivables	Level 3	118.65	118.65	65.88	65.88
Financial liabilities held at amortised cost:					
Non-current financial liabilities					
Borrowings and interest thereon	Level 2	77.83	77.83	49.83	49.83
Lease Liabilities	Level 3	231.99	231.99	170.94	170.94
Others financial liabilities	Level 3	17.01	17.01		
Current financial liabilities					
Borrowings and interest thereon	Level 2	2044.19	2044.19	355.42	355.42
Lease Liabilities	Level 3	45.97	45.97	41.03	41.03
Trade payables	Level 3	3703.59	3703.59	3031.06	3031.06
Others financial liabilities	Level 3	1004.39	1004.39	789.35	789.35

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.

Notes forming part of the Consolidated Financial Statements

For the year ended March 31, 2022 (in Indian Rupees million, unless otherwise stated)

Financial instrument by Category

	31.03.2022			31.03.2021		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
Financial Assets						
Non Current						
Investments	11.73	176.65	-	6.13	106.26	-
Other Financial Assets	-	-	157.55	-	-	147.86
Current						
Trade receivables	-	-	4847.71	-	-	4776.16
Cash and Cash equivalent	-	-	3475.04	-	-	4783.27
Bank balances Other than above	-	-	40.66	-	-	2106.19
Other financial assets	30.70	-	132.39	-	-	78.84
	42.43	**176.65**	**8653.35**	**6.13**	**106.26**	**11892.32**
Financial Liabilities						
Non Current						
Borrowings	-	-	77.83	-	-	49.83
Lease Liabilities	-	-	231.99	-	-	170.94
Other financial liabilities	-	-	17.01	-	-	-
Current						
Borrowings	-	-	2044.19	-	-	355.42
Lease Liabilities	-	-	45.97	-	-	41.03
Trade payables	-	-	3703.59	-	-	3031.06
Other financial liabilities*	31.94	-	1004.39	-	-	789.35
	31.94	**-**	**7124.97**	**-**	**-**	**4437.63**

*excludes fair value of non-controlling interest put option amounting to ₹407.97 million (Previous year: ₹Nil) measured at fair value with subsequent changes in fair value recognised in equity.

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 Limited, Thailand [WGTL]

Wendt (Middle East) FZE [WME]

Key Management Personnel

Mr. N. Ananthaseshan, Managing Director [AN]

Mr. Sridharan Rangarajan, Director – Finance & Strategy (Effective from 01st July 2021) [SR]

Other Related parties

Ambadi Investments Limited (Shareholder with significant influence and promoter holding more than 10%) [AIL]

Parry Enterprises India Limited (Subsidiary of AIL) [PEIL]

Parry Agro Industries Limited (Subsidiary of AIL) [PAL]

Carborundum Universal Employees Provident fund [CUEPF]

Retiral funds of Subsidiaries, Joint ventures, Associate and Other Related parties

Notes forming part of the Consolidated Financial Statements

For the year ended March 31, 2022 (in Indian Rupees million, unless otherwise stated)

Related Party	A. Transactions during FY 2021-22								
	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	Letter of Comfort/ Guarantee issued/ renewed
Joint Ventures									
MMTCL	18.30	114.46	15.78				5.01		
Ciria	45.17	25.50	-						90.00
Total	**63.47**	**139.96**	**15.78**	**-**	**-**	**-**	**5.01**	**-**	**90.00**
Associate & its subsidiaries									
Wendt	37.55	30.00	58.24		5.52		2.64		
WGTL	62.54		10.82						
Total	**100.09**	**30.00**	**69.06**	**-**	**5.52**	**-**	**2.64**	**-**	**-**
Other related parties									
PEIL	-			10.05					
CUEPF	-							145.61	-
Total	**-**	**-**	**-**	**10.05**	**-**	**-**	**-**	**145.61**	**-**
KMP - Remuneration									
AN						19.17			
SR						15.55			
Total	**-**	**-**	**-**	**-**	**-**	**34.72**	**-**	**-**	**-**
Grand Total	**163.56**	**169.96**	**84.84**	**10.05**	**5.52**	**34.72**	**7.65**	**145.61**	**90.00**

Related Party	B. Transactions during FY 2020-21							
	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 - Remuneration								
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, 2022 (in Indian Rupees million, unless otherwise stated)

C. Outstandings	As at 31.03.2022				As at 31.03.2021		
Related Party	Trade and other receivable	Deposit outstanding	Payables	Letter of comfort/ Guarantee outstanding*	Trade and other receivable	Deposit outstanding	Payables
Joint Ventures							
MMTCL	5.51	-	1.13	-	6.50	-	1.73
Ciria	11.83	-	-	90.00	11.24	-	-
Total	**17.34**	**-**	**1.13**	**90.00**	**17.74**	**-**	**1.73**
Associate & its subsidiaries							
Wendt	29.20	1.00	12.83	-	26.73	1.00	7.92
WGTL	4.09	-	-	-	4.48	-	1.33
Total	**33.29**	**1.00**	**12.83**	**-**	**31.21**	**1.00**	**9.25**
Other related parties							
PEIL	-	-	2.54	-	-	-	0.16
CUEPF	-	-	12.43	-	-	-	12.01
Total	**-**	**-**	**14.97**	**-**	**-**	**-**	**12.17**
KMP@							
AN	-	-	4.83	-	-	-	3.97
SR	-	-	4.05	-	-	-	-
Total	**-**	**-**	**8.88**	**-**	**-**	**-**	**3.97**
Grand Total	**50.63**	**1.00**	**37.81**	**90.00**	**48.95**	**1.00**	**27.12**

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.

@Incentive payable to Managing Director and Director – Finance & Strategy is provisional and subject to determination by the Nomination and Remuneration Committee.

Compensation to Key Management Personnel

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

Particulars	Year ended				
	31.03.2022			31.03.2021	
	AN	SR	Total	AN	Total
Short term benefits	16.28	13.37	29.65	13.50	13.50
Post employment benefits	2.85	2.16	5.01	2.28	2.28
Other benefits	0.04	0.02	0.06	0.04	0.04
Total	**19.17**	**15.55**	**34.72**	**15.82**	**15.82**
Share based payments	16.25	14.85		4.71	

The Remuneration to Key Management Personnel is determined by the Nomination and Remuneration Committee having regard to the performance of individual and market trends.

Notes forming part of the Consolidated Financial Statements

For the year ended March 31, 2022 (in Indian Rupees million, unless otherwise stated)

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	
	2021-22	2020-21
Direct Material, Supplies and Consumables	46.52	44.24
Employee Benefit Expenses	100.15	68.64
Repair & Maintenance	8.29	5.81
Other Expenses	33.23	14.80
Depreciation	12.26	13.62
Total Revenue Expenditure	**200.45**	**147.11**

b) Capital Expenditure

Particulars	For the year	
	2021-22	2020-21
Property, plant and equipment		
Buildings	0.22	0.57
Plant and equipment	17.00	6.25
Furniture and Fittings & Others	1.08	3.30
	18.30	**10.12**
Intangibles	0.38	1.92
Total	**18.68**	**12.04**
Capital Work-in-Progress	8.81	4.78
Total Capital Expenditure (including CWIP)	**27.49**	**16.82**

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	2021-22							
	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	73.64%	17407.77	76.34%	2544.77	19.37%	(28.23)	78.94%	2516.54
II. Subsidiaries (including Step down subsidiaries)								
a) Indian								
1. Net Access India Limited	0.63%	148.95	0.75%	25.06	0.62%	(0.91)	0.76%	24.15
2. Southern Energy Development Corporation Limited	1.12%	264.16	2.05%	68.48	(34.26%)	49.94	3.71%	118.42
3. Sterling Abrasives Limited	3.29%	777.82	3.63%	121.09	(0.59%)	0.86	3.83%	121.95

Notes forming part of the Consolidated Financial Statements

For the year ended March 31, 2022 (in Indian Rupees million, unless otherwise stated)

Name of the entity	2021-22							
	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)
4. PLUSS Advanced Technologies Private Limited *	4.88%	1153.37	(2.88%)	(95.89)	0.22%	(0.32)	(3.02%)	(96.21)
b) Foreign								
1. CUMI (Australia) Pty Limited	2.93%	691.48	4.13%	137.80	-	-	4.32%	137.80
2. CUMI International Ltd.	45.87%	10842.70	7.39%	246.39	-	-	7.73%	246.39
3. Volzhsky Abrasives Works	22.91%	5416.06	31.87%	1062.56	-	-	33.33%	1062.56
4. Foskor Zirconia (Pty) Ltd.	(2.13%)	(503.58)	2.27%	75.67	0.25%	(0.37)	2.36%	75.30
5. CUMI America Inc.	1.43%	339.76	0.08%	2.75	-	-	0.09%	2.75
6. CUMI Middle East FZE	0.10%	24.69	0.02%	1.15	-	-	0.04%	1.15
7. CUMI Abrasives & Ceramics Co., Ltd.	0.07%	17.15	(0.45%)	(14.86)	-	-	(0.47%)	(14.86)
8. CUMI Europe s.r.o	0.01%	2.41	-	-	-	-	0.00%	0.00
9. CUMI AWUKO Abrasives GmbH	2.97%	702.52	(4.12%)	(137.42)	-	-	(4.31%)	(137.42)
10. Rhodius Abrasives Gmbh	19.99%	4724.27	(0.10%)	(3.27)	-	-	(0.10%)	(3.27)
Non-Controlling interest in all subsidiaries	(3.64%)	(859.39)	(5.00%)	(166.65)	5.28%	(7.70)	(5.47%)	(174.35)
II. Associates (Investment as per equity method)								
1. Wendt (India) Limited	2.57%	607.34	3.04%	101.50	1.28%	(1.85)	3.13%	99.65
III. Joint ventures (Investment as per equity method)								
Indian								
1. Murugappa Morgan Thermal Ceramics Limited	1.99%	470.90	2.37%	78.97	(0.28%)	0.41	2.49%	79.38
2. Ciria India Limited	0.46%	111.56	0.68%	22.61	0.01%	0.00	0.71%	22.61
Inter-company Elimination & Consolidation Adjustments	(79.09%)	(18701.92)	(22.07%)	(737.16)	108.10%	(157.59)	(28.07%)	(894.75)
Total	**100.00%**	**23637.72**	**100.00%**	**3333.55**	**100.00%**	**(145.76)**	**100.00%**	**3187.79**

*After considering the effect of acquisition accounting.

Notes forming part of the Consolidated Financial Statements

For the year ended March 31, 2022 (in Indian Rupees million, unless otherwise stated)

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 Limited	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 Abrasives 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 Co., 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, 2022 (in Indian Rupees million, unless otherwise stated)

40A. Business Combination - PLUSS

a. Summary of acquisition

On October 6, 2021, the Parent acquired 71.99% of the issued equity share capital of PLUSS Advanced Technologies Private Limited ("PLUSS"). PLUSS along with its wholly owned subsidiary PLUSS Advanced Technologies BV, Netherlands is a specialty materials research and manufacturing company involved in the fields of Phase Change Materials (PCM) for thermal energy storage and speciality polymeric additives for enhancing mechanical properties. CUMI being a material science-oriented company, PCM will provide opportunities in emerging areas of material science with applications in energy storage and conservation in Life Sciences, Health Care, Food, Agriculture, Buildings, Refrigeration equipment and HVAC. The agreement also includes the following additional elements:

- Purchase of ESOP shares of PLUSS by the Parent from the employees of PLUSS as and when the shares are vested and exercised.
- A put and call option over the promoter holding in PLUSS exercisable by the promoters and Parent respectively.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

i. Purchase consideration:

Purchase consideration	Amounts in INR millions
Cash paid	1149.24
Consideration pertaining to ESOP attributable to pre-combination service	22.52
Total consideration	1171.76

ii. Net identifiable assets acquired:

Assets taken over	Fair value recognised on acquisition (in INR millions)
Non Current assets	
Property, plant and equipment	115.72
Right of use asset	35.24
Other Intangiable asssets	1206.99
Other Financial assets	27.45
Deferred tax asset	37.42
Other Non current asset	1.84
Current assets	
Inventories	74.35
Trade receivables	77.26
Cash and Cash equivalents	210.84
Bank balances other than above	11.03
Other Financial assets	0.18
Other Current assets	22.40
Non Current Liabilities	
Lease liabilities	(34.78)
Deferred tax liabilities	(320.25)
Current Liabilities	
Borrowings	(101.01)
Lease liabilities	(3.85)
Trade payables	(79.94)
Other Financial Liabilities	(8.46)
Provision	(14.70)
Other current liabilities	(8.19)
Net identifiable assets acquired	**1249.54**

Notes forming part of the Consolidated Financial Statements

For the year ended March 31, 2022 (in Indian Rupees million, unless otherwise stated)

iii. Calculation of goodwill:

Particulars	Amounts in INR millions
Consideration transferred including consideration pertaining to ESOP shares attributable to pre-combination service	1171.76
Non-controlling interest in the acquired entity	309.60
Less: Net identifiable assets acquired	(1249.54)
Goodwill	**231.82**

The goodwill is attributable to assembled workforce of the acquired business and other intangible assets that do not qualify for separate recognition. It will not be deductible for tax purposes.

As mentioned above, the Parent has provided the existing promoters of PLUSS, a put option exercisable within a pre-defined time period to sell their entire remaining holding to the Parent at the fair value (subject to a cap) as on that date. The Parent also has a call option to purchase the entire holding of promoters on similar terms. The put and call option shall lapse in case the same are not exercised within the said time period.

The put option qualifies as a liability under Ind AS 32, since the Parent does not have an unconditional right to not purchase the interest as per the terms of the Agreement. The liability has been recorded at the present value of the expected future cash outflows based on an independent valuation performed by the Parent's appointed independent valuer.

In accordance with Ind AS, the Group has elected an accounting policy choice to recognise the gross liability with a corresponding debit to Group's other equity in its consolidated financial statements. Further, the Group has made an accounting policy choice to present any subsequent change in the fair value of gross liability in other equity.

Since the call option is exercisable at fair value, there fair value of the option is NIL and accordingly no accounting is performed.

Acquired receivables

The fair value of acquired trade receivables is INR 77.26 million. The gross contractual amount for trade receivables due is INR 79.86 million, with a loss allowance of INR 2.60 million.

Accounting policy choice for non-controlling interests

The Group has recognised non-controlling interests in PLUSS in proportion to the share of the acquired entity's net identifiable assets.

Revenue and profit contribution

The acquired business contributed revenues and profits to the Group for the period March 31, 2022 as follows:

Revenue of ₹218.00 million and Loss (PAT) of ₹95.89 (Loss (PAT) net of Non-controlling interest is ₹72.13 million) for the period October 6, 2021 to March 31, 2022.

If the acquisitions had occurred on April 01, 2021, consolidated pro-forma revenue and Loss (PAT) for the year ended March 31, 2022 would have been ₹497.31 million and ₹166.00 million (Loss (PAT) net of Non-controlling interest is ₹124.87 million) respectively. These amounts have been calculated using the subsidiary's results and adjusting them for the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from April 01, 2021, together with the consequential tax effects.

Purchase consideration – cash outflow

Particulars	Amounts in INR millions
Outflow of cash to acquire subsidiaries, net of cash acquired	
Cash consideration	1149.24
Less: cash acquired	210.84
Net outflow of cash – investing activities	938.40

Acquisition related costs

Acquisition-related costs of ₹3.65 million are included in other expenses in the statement of profit and loss and in operating cash flows in the statement of cash flows.

Notes forming part of the Consolidated Financial Statements

For the year ended March 31, 2022 (in Indian Rupees million, unless otherwise stated)

40B. Business Combination - AWUKO

Summary of acquisition

Effective February 01, 2022, the Group through its new stepdown wholly owned subsidiary of the Parent in Germany acquired all the main assets of Abrasives Wandmacher GmbH & Co. KG (AWUKO) that include land & building, plant & machinery, fixed assets, leased assets, brands & trademarks, patents, technical know how and other intangible assets. The object of this acquisition are:

a) Access to Coated Abrasives capacity of 10 million square meters;

b) Acquiring global brand AWUKO with multi-country distribution base;

c) Access to technology;

d) Diversification into market leading products in leather and wood applications; and

e) Access to experienced process and application engineering team.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

a. Purchase consideration:

Purchase consideration	Amounts in INR millions
Cash paid	509.15

There are no elements of consideration other than the cash consideration paid.

b. Net identifiable assets acquired:

Assets taken over	Fair value recognised on acquisition (in ₹ millions)
Property, plant and equipment	380.84
Other Intangiable assets	54.65
Inventories	62.07
Net identifiable assets acquired	**497.56**

c. Calculation of goodwill:

Particulars	Amounts in ₹ millions
Consideration transferred	509.15
Less: Net identifiable assets acquired	497.56
Goodwill	**11.59**

The goodwill is not attributable to any of the acquired business and other intangible assets that do not qualify for separate recognition. It is deductible for tax purposes.

Acquired receivables

No receivables were acquired as part of the business combination.

Accounting policy choice for non-controlling interests

There were no non-controlling interest arising as a result of the acquistion.

Revenue and profit contribution

The acquired business contributed revenues and profits to the Group for the period March 31, 2022 as follows:

Revenue of INR 103.06 million and Loss of INR 136.82 million for the period February 01, 2022 to March 31, 2022.

Since this is an acquistion of a group of assets constituting a business which was under insolvency proceedings, the information pertaining to the pro-forma revenue and profit for the year ended March 31, 2022 had the acquisition occurred on April 01, 2021 is not available.

Notes forming part of the Consolidated Financial Statements

For the year ended March 31, 2022 (in Indian Rupees million, unless otherwise stated)

Purchase consideration – cash outflow

The asset purchase contract has been signed in December 2021 and the transaction was made effective on February 1, 2022.

Particulars	Amounts in ₹ millions
Outflow of cash to acquire business, net of cash acquired	
Cash consideration	509.15
Less: Cash acquired	-
Net outflow of cash – investing activities	**509.15**

Acquisition related costs and transactions recognised separately from acquisition of business.

Acquisition-related costs of ₹43.2 million are included in other expenses in the statement of profit and loss and in operating cash flows in the statement of cash flows.

All additional costs in relation to the PPE were identified as directly attributable costs bringing the asset in the necessary condition. These costs were all classified as operationally necessary.

In addition an amount of ₹151.55 million was incurred as redundancy payment to reduce the manpower of the acquired business pursuant to a reorganisation concept drawn up by the Company. This has been recognised within employee benefit expenses in the statement of profit and loss and in operating cash flows in the statement of cash flows.

40C. Business Combination - Rhodius

Refer Note no: 42

41. 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 impact on operations caused due to supply chain disruptions and container availability continues.

42. Events after the reporting period

The Parent through, RHODIUS Abrasives GmbH (RAG), another new wholly owned stepdown subsidiary in Germany acquired RHODIUS Schleifwerkzeuge Verwaltungsgesellschaft GmbH (RQS GmbH) and RHODIUS Schleifwerkzeuge GmbH & Co. KG (RQS KG) (together called RHODIUS Abrasives) from M/s. Gebrüder Rhodius GmbH & Co. KG (Seller) at Germany effective from 01st April 2022. The closing payment of Euro 46.8 million has been made to the seller and the same was computed post adjustment of net debt, debt like items and an adjustment for net working capital based on December 31, 2021 financials. The final adjustment towards the closing payment mainly due to Net Working Capital, if any, arising on account of the audited Consolidated Financials of RQS KG as of 31st March 2022 is scheduled to be settled between the Sellers and RAG in the next few months, in line with the terms agreed in the share purchase agreement. The Purchase price allocation of the acquired entity is under progress as on the date of approval of financial statement and hence disclosures required under B66 of Ind AS 103 have not been made.

43. Additional regulatory information required by Schedule III

(i) Details of benami property held

No proceedings have been initiated on or are pending against the group for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

(ii) Borrowing secured against current assets

The Parent has borrowings from banks on the basis of security of current assets. The quarterly returns or statements of current assets filed by the Parent with banks are in agreement with the books of accounts. Certain other subsidiaries also have borrowings from banks and financial institution on the basis of security of current assets, but they are not material.

(iii) Wilful defaulter

None of the entities in the Group have been declared wilful defaulter by any bank or financial institution or government or any government authority.

(iv) Relationship with struck off companies

The Group has no transactions with the companies struck off under Companies Act, 2013 or Companies Act, 1956.

(v) Compliance with number of layers of companies

The Group has complied with the number of layers prescribed under the Companies Act, 2013.

Notes forming part of the Consolidated Financial Statements

For the year ended March 31, 2022 (in Indian Rupees million, unless otherwise stated)

(vi) Compliance with approved scheme(s) of arrangements

The Group has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.

(vii) Utilisation of borrowed funds and share premium

The Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or

b. provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries

The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:

a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

b. provide any guarantee, security or the like on behalf of the ultimate beneficiaries

(viii) Undisclosed income

There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

(ix) Details of crypto currency or virtual currency

The Group has not traded or invested in crypto currency or virtual currency during the current or previous year.

(x) Valuation of PP&E, intangible asset and investment property

The Group has not revalued its property, plant and equipment (including right-of-use assets) or intangible assets or both during the current or previous year.

44. Ratios

Particulars	Numerator	Denominator	FY 2021-22	FY 2020-21	Favourable/ (Adverse) in %	Remarks
(a) Current ratio	Current asset	Current liabilities	2.1	3.7	42%	Decrease in Cash and Cash equivalent due to Investment made during the current year.
(b) Debt-equity ratio	Borrowings	Equity attributable to owner	0.09	0.02	(345%)	Usage of additional Working capital Loan.
(c) Debt service coverage ratio	Net profit after taxes + Non-cash operating expenses like depreciation and other amortisations + Interest + other adjustments like loss on sale of PP&E etc.	Interest and principal repayments including lease payments.	31.7	12.7	149%	Better coverage due to higher profitability.

Notes forming part of the Consolidated Financial Statements

For the year ended March 31, 2022 (in Indian Rupees million, unless otherwise stated)

Particulars	Numerator	Denominator	FY 2021-22	FY 2020-21	Favourable/ (Adverse) in %	Remarks
(d) Return on equity ratio	Net profit after tax and Non Controlling interest	Average shareholder equity	14.8%	14.3%	4%	Effective returns.
(e) Inventory turnover ratio	Sales	Average Inventory	5.7	5.4	6%	Effective inventory management.
(f) Trade receivables turnover ratio	Sales	Average Receivable	6.8	5.9	15%	Supported by effective collection efforts.
(g) Trade payables turnover ratio	Total purchase and Service received	Average Trade payables	8.8	8.4	(5%)	In line with business growth.
(h) Net capital turnover ratio	Net sales	Working capital	3.8	2.1	79%	Efficient working capital management.
(i) Net profit ratio	Net profit after tax	Net Sales	10.6%	11.3%	(5%)	Marginal impact mainly on account of incremental cost related to acquired entities.
(j) Return on capital employed	Earning before interest and taxes	Capital employed = Tangible networth+Total debts+Deferred tax liability	18.0%	18.0%	0%	Marginal impact mainly on account of effective utilisation of capital employed.
(k) Return on investment						Significant investments held by the Group are for strategic purposes. Benchmarking the return on an annual basis will not reflect yield from such investments.

45. 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.

46. 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 May 13, 2022.

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
May 13, 2022

On behalf of the Board

M M Murugappan
Chairman

N Ananthaseshan
Managing Director

Sridharan Rangarajan
Director - Finance & Strategy

P Padmanabhan
Chief Financial Officer

Rekha Surendhiran
Company Secretary

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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	5.19	5.19	56.74	56.74	NA	NA	74.30	74.30
Particulars	Volzhsky Abrasive Works		Foskor Zirconia Pty Ltd.		CUMI Australia Pty. Ltd.		Sterling Abrasives Limited		CUMI International Ltd.	
Financial year	2021	2020	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021	2020
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	0.01	0.01	28.42	28.42	9.00	9.00	1912.29	1912.29
2. Reserves & Surplus	5628.12	4853.46	(503.69)	(581.47)	521.14	521.14	768.82	677.47	3661.35	2630.72
3. Total Liabilities[a]	496.65	425.73	1462.01	1238.16	397.05	387.44	265.97	188.93	29.39	0.99
4. Total Assets[b]	6128.33	5282.75	958.33	656.70	946.61	937.00	1043.79	875.40	5603.03	4544.00
5. Investments	0.09	0.09	-	-	-	-	-	-	4516.01	4485.99
6. Turnover	7126.77	6632.76	1849.12	1526.93	1266.07	1131.32	1134.94	881.13	444.95	328.90
7. Profit before Tax	1327.39	1252.31	78.16	(120.04)	197.18	157.87	163.97	166.05	384.36	326.51
8. Provision for Taxation	298.90	280.87	-	-	55.26	46.51	42.88	44.63	66.74	16.45
9. Profit after Tax	1028.49	971.44	78.16	(120.04)	141.92	111.36	121.09	121.42	317.62	310.06
10. Proposed dividend[c]	450.06	447.18	-	-	141.92	264.41	42.30	32.40	-	-
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	11.70	11.70	3.40	3.40	NA	NA	NA	NA	75.81	75.81
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	2021	2020	2021	2020	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21
Date of becoming subsidiary	31st December 2009		9th December 2014		31st March 2003		1st December 2001		11th December 2005	
1. Share capital	1177.60	1177.60	28.16	28.16	4.60	4.60	50.00	50.00	2.07	2.07
2. Reserves & Surplus	(1138.39)	(1142.59)	(25.77)	(25.77)	2194.60	1393.54	98.95	84.80	22.63	21.46
3. Total Liabilities[a]	102.52	93.74	0.73	0.73	16.60	13.01	115.80	111.17	83.80	101.96
4. Total Assets[b]	141.73	128.75	3.12	3.12	2215.80	1411.15	264.75	245.97	108.50	125.49
5. Investments	-	-	-	-	2016.70	1260.68	0.00	0.00	-	-
6. Turnover	224.29	211.55	-	-	256.90	234.24	465.80	412.47	171.24	241.68
7. Profit before Tax	4.19	8.58	-	-	92.08	103.37	32.66	28.64	1.17	5.04
8. Provision for Taxation	-	-	-	-	23.60	23.84	7.60	8.03	-	-
9. Profit after Tax	4.19	8.58	-	-	68.48	79.53	25.06	20.61	1.17	5.04
10. Proposed dividend[c]	-	-	-	-	23.00	20.70	15.00	20.00	-	-
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		INR		Euro		Euro		Euro	
Exchange rate	75.81	75.81	NA	NA	84.66	84.66	84.66	84.66	84.66	84.66
Particulars	CUMI America Inc.		PLUSS Advanced Technologies Private Limited		CUMI Awuko Abrasives GmbH		Rhodius Abrasives GmbH		Pluss Advanced Technologies B.V	
Financial year	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21
Date of becoming subsidiary	4th June 1999		6th October 2021		9th December 2021		28th January 2022		6th October 2021	
1. Share capital	651.97	651.97	5.10	3.58	2.12	-	2.12	-	8.47	5.08
2. Reserves & Surplus	(312.21)	(315.00)	298.23	151.21	703.96	-	4746.12	-	(12.48)	0.20
3. Total Liabilities[(a)]	406.60	408.99	212.77	216.85	342.93	-	2.28	-	23.02	11.92
4. Total Assets[(b)]	746.36	745.96	516.10	371.64	1049.01	-	4750.52	-	19.01	17.20
5. Investments	-	-	8.10	4.67	-	-	-	-	-	-
6. Turnover	898.44	658.65	507.52	391.31	111.82	-	-	-	26.84	29.19
7. Profit before Tax	2.79	7.01	(69.61)	10.52	(199.63)	-	(3.36)	-	(12.68)	0.88
8. Provision for Taxation	-	-	(16.01)	14.50	(59.72)	-	-	-	-	-
9. Profit after Tax	2.79	7.01	(53.60)	(3.98)	(139.91)	-	(3.36)	-	(12.68)	0.88
10. Proposed dividend[(c)]	-	-	-	-	-	-	-	-	-	-
11. % of Shareholding	100.00	100.00	71.99	-	100.00	-	100.00	-	100.00	-

1. Names of subsidiaries which are yet to commence operations - Nil
2. Names of subsidiaries which have been liquidated or sold during the period -Nil

Notes:

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

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

c. Including interim dividend as applicable. For Volzhsky Abrasive Works, Russia, dividend for 2021 is due for consideration by the shareholders in June 2022.

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 31.03.2022 / 31.12.2021, as applicable.

e. The conversation 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, CUMI Awuko and Rhodius Abrasives are held by CUMI International Limited. Investment in PLUSS Advanced Technologies BV is held by PLUSS Advanced Technologies Private 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	31.03.2022	31.03.2022	31.03.2022
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		
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		
6	Networth attributable to Shareholding as per latest audited Balance Sheet	607.34	111.56	470.90
7	Profit / Loss for the year	270.67	75.38	161.16
	Considered in Consolidation	101.50	22.61	78.97
	Not Considered in Consolidation	169.17	52.77	82.19

On behalf of the Board

M M Murugappan
Chairman

N Ananthaseshan
Managing Director

Sridharan Rangarajan
Director - Finance & Strategy

P Padmanabhan
Chief Financial Officer

Rekha Surendhiran
Company Secretary

Chennai
May 13, 2022

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, 2022, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the 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, 2022, 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
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 an associate amounted to INR 9,559.66 million as at March 31, 2022. Such investments are carried at cost as per Ind AS 27 – "Separate Financial Statements". The carrying value of investments in subsidiaries, joint ventures and the associate was considered to be a key audit matter as these are material and significant to the Company and is dependent on the future performance of the subsidiaries, joint ventures and the associate.	Our audit procedures in relation to assessment of carrying value of investments in subsidiaries, joint ventures and an associate, included the following: • Understood and performed procedures to assess the design and test the operating effectiveness of relevant controls related to valuation of investments. • We obtained the audited financial statements of the subsidiaries, joint ventures and the associate and evaluated the assessment carried out by the Company with regard to net worth of those respective subsidiaries, joint ventures and the associate with the carrying value of the investments made in those entities. • 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 the associate to be reasonable.

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

INDEPENDENT AUDITORS' REPORT

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 Accounting Standards specified under Section 133 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 control.
   - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
   - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
   - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
   - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

INDEPENDENT AUDITORS' REPORT

Report on other legal and regulatory requirements

13. As required by the Companies (Auditor's Report) Order, 2020 ("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 the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

    (d) In our opinion, the aforesaid Standalone Financial Statements comply with the Accounting Standards specified under Section 133 of the Act.

    (e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 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 (as amended), 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 Standalone Financial Statements - Refer Note 31 to the Standalone Financial Statements.

    ii. The Company did not have any material forseeable losses on long-term contracts and did not have any derivative contracts as at March 31, 2022.

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

    iv. (a) The management has represented that, to the best of its knowledge and belief, as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries (Refer Note 47 to the Standalone Financial Statements);

    (b) The management has represented that, to the best of its knowledge and belief, as disclosed in the notes to the accounts, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries (Refer Note 47 to the Standalone Financial Statements); and

    (c) Based on such audit procedures that we considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

    v. The dividend declared and paid during the year by the Company is in compliance with Section 123 of the Act.

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 Number: 100332
UDIN: 22100332AIYMSF7491

Place: Chennai
Date: May 13, 2022

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 14(f) of the Independent Auditors' Report of even date to the members of Carborundum Universal Limited on the Standalone Financial Statements as of and for the year ended March 31, 2022

Report on the Internal Financial Controls with reference to Financial Statements under clause (i) of sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls with reference to financial statements of Carborundum Universal Limited ("the Company") as of March 31, 2022 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 ("the Guidance Note") 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.

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 and the Standards on Auditing deemed to be prescribed under Section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to financial statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2022, 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 issued by ICAI.

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

Subramanian Vivek
Partner
Membership Number: 100332
UDIN: 22100332AIYMSF7491

Place: Chennai
Date: May 13, 2022

INDEPENDENT AUDITORS' REPORT

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 Financial Statements as of and for the year ended March 31, 2022

i. (a) (A) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of Property, Plant and Equipment.

(B) The Company is maintaining proper records showing full particulars of Intangible Assets.

(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 (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee), as disclosed in Note 4A to the Standalone Financial Statements, are held in the name of the Company; 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.

(d) The Company has chosen cost model for its Property, Plant and Equipment (including Right of Use assets) and intangible assets. Consequently, the question of our commenting on whether the revaluation is based on the valuation by a Registered Valuer, or specifying the amount of change, if the change is 10% or more in the aggregate of the net carrying value of each class of Property, Plant and Equipment (including Right of Use assets) or intangible assets does not arise.

(e) Based on the information and explanations furnished to us, no proceedings have been initiated on or are pending against the Company for holding benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended in 2016) (formerly the Benami Transactions (Prohibition) Act, 1988 (45 of 1988)) and Rules made thereunder, and therefore the question of our commenting on whether the Company has appropriately disclosed the details in its financial statements does not arise.

ii. (a) The physical verification of inventory excluding stocks lying at third party warehouses, has been conducted at reasonable intervals by the Management during the year and, in our opinion, the coverage and procedure of such verification by Management is appropriate. In respect of inventory lying at third party warehouses, these have been confirmed by them. The discrepancies noticed on physical verification of inventory as compared to book records were not 10% or more in aggregate for each class of inventory.

(b) During the year, the Company has sanctioned working capital limits in excess of ₹5 crores, in aggregate, from banks on the basis of security of current assets. The Company has filed quarterly returns or statements with such banks, which are in agreement with the unaudited books of account(Also refer Note 47 to the Standalone Financial Statements).

iii. (a) The Company has made investments in a company and a body corporate and stood guarantee to three body corporates and a company. The aggregate amount during the year, and balance outstanding at the balance sheet date with respect to such guarantees to subsidiaries and joint venture are as per the table given below:

	Guarantees (₹ in million)	Security (₹ in million)	Loans (₹ in million)	Advances in nature of loans (₹ in million)
Aggregate amount provided during the year				
-Subsidiaries	5,105.33	-	-	-
-Joint Ventures	90.00	-	-	-
-Associates	-	-	-	-
-Others	-	-	-	-
Balance outstanding as a balance sheet date in respect of the above case				
-Subsidiaries	5,105.33	-	-	-
-Joint Ventures	90.00	-	-	-
-Associates	-	-	-	-
-Others	-	-	-	-

(Also refer Note 36 to the Standalone Financial Statements)

(b) In respect of the aforesaid investments and guarantees, the terms and conditions under which such investments were made and guarantees provided are not prejudicial to the Company's interest.

(c) The Company has not granted secured/ unsecured loans/advances in nature of loans. Therefore, the reporting under clause 3(iii)(c) of the Order is not applicable to the Company.

(d) The Company has not granted secured/ unsecured loans/advances in nature of loans. Therefore, the reporting under clause 3(iii)(d) of the Order is not applicable to the Company.

(e) There were no loans /advances in nature of loans which fell due during the year and were renewed/extended. Further, no fresh loans were granted to same parties to settle the existing overdue loans/advances in nature of loan.

INDEPENDENT AUDITORS' REPORT

(f) There were no loans/advances in nature of loans which were granted during the year, including to promoters/ related parties.

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 or amounts which are deemed to be deposits 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 of India, 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 the undisputed statutory dues, including goods and services tax, provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess, 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, the particulars of statutory dues referred to in sub-clause (a) as at March 31, 2022 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs.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	1.81	1999-2001, 2017-2018	Commissioner of Central Excise (Appeals)
Finance Act, 1994	Service Tax	0.11	2015-2016	Commissioner (Appeals)
The Central Sales Tax Act, 1956	Central Sales Tax	0.47	1989-1990	High Court of Madras
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	4.48	2005-2007, 2012-2013 and 2015- 2016	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, Ernakulam
The Central Sales Tax Act, 1956	Central Sales Tax	1.29	2016-2017	Assistant Commissioner
Kerala Value Added Tax Act, 2003	Value added tax	69.23	2014-2016	Joint Commissioner Appeals-Ernakulam
Kerala Value Added Tax Act, 2003	Value added tax	47.60	2016-2017	Deputy Commissioner Appeals - Ernakulam
The Central Sales Tax Act, 1956	Central Sales Tax	11.06	2016-2018	Joint Commissioner Appeals-Ernakulam
The Central Sales Tax Act, 1956	Central Sales Tax	10.14	2011-2012	Additional Commissioner - West Bengal VAT
Goods and Services Tax Act, 2017	Goods and Services Tax	0.19	2019-2020	High Court of Kerala
Goods and Services Tax Act, 2017	Goods and Services Tax	0.18	2019-2020	State Appellate Authority, Karnataka
Income Tax Act, 1961	Income Tax	134.12	2010-2019	Commissioner of Income Tax (Appeals)

* Amount considered above is net of ₹239.08 million paid under protest / adjusted.

INDEPENDENT AUDITORS' REPORT

viii. According to the information and explanations given to us and the records of the Company examined by us, there are no transactions in the books of account that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

ix. (a) 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 other borrowings or in the payment of interest to any lender during the year.

(b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared Wilful Defaulter by any bank or financial institution or government or any government authority.

(c) According to the records of the Company examined by us and the information and explanations given to us, the Company has not obtained any term loans.

(d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.

(e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associate or joint ventures.

(f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate company.

x. (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, the reporting under clause 3(x)(a) of the Order is not applicable to the Company.

(b) The Company has not made any preferential allotment or private placement of shares or fully or partially or optionally convertible debentures during the year. Accordingly, the reporting under clause 3(x)(b) of the Order is not applicable to the Company.

xi. (a) 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, noticed or reported during the year, nor have we been informed of any such case by the Management.

(b) 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, a report under Section 143(12) of the Act, in Form ADT-4,as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 was not required to be filed with the Central Government. Accordingly, the reporting under clause 3(xi)(b) of the Order is not applicable to the Company.

(c) 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, the Company has received whistle-blower complaints during the year, which have been considered by us for any bearing on our audit and reporting.

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the reporting under clause 3(xii) of the Order is not applicable to the Company.

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Section 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard 24 "Related Party Disclosures" specified under Section 133 of the Act.

xiv. (a) In our opinion and according to the information and explanation given to us, the Company has an internal audit system commensurate with the size and nature of its business

(b) The reports of the Internal Auditor for the period under audit have been considered by us.

xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the reporting on compliance with the provisions of Section 192 of the Act under clause 3(xv) of the Order is not applicable to the Company.

xvi. (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the reporting under clause 3(xvi)(a) of the Order is not applicable to the Company.

(b) The Company has not conducted non-banking financial / housing finance activities during the year. Accordingly, the reporting under clause 3(xvi)(b) of the Order is not applicable to the Company.

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, the reporting under clause 3(xvi)(c) of the Order is not applicable to the Company.

(d) Based on the information and explanations provided by the management of the Company, the Group has 2 CICs as part of the Group. We have not, however, separately evaluated whether the information provided by the management is accurate and complete.

xvii. The Company has not incurred any cash losses in the financial year or in the immediately preceding financial year.

xviii. There has been no resignation of the statutory auditors during the year and accordingly the reporting under clause (xviii) is not applicable.

INDEPENDENT AUDITORS' REPORT

xix. According to the information and explanations given to us and on the basis of the financial ratios (Also refer Note 48 to the Standalone Financial Statements), ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date will get discharged by the Company as and when they fall due.

xx. As at balance sheet date, the Company does not have any amount remaining unspent under Section 135(5) of the Act. Accordingly, reporting under clause 3(xx) of the Order is not applicable.

xxi. The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of Standalone Financial Statements. Accordingly, no comment in respect of the said clause has been included in this report.

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

Subramanian Vivek
Partner
Membership Number: 100332
UDIN: 22100332AIYMSF7491

Place: Chennai
Date: May 13, 2022

Balance Sheet

(in Indian Rupees million, unless otherwise stated)

Particulars	Notes	As at 31.03.2022	As at 31.03.2021
ASSETS			
Non-current assets			
(a) Property, plant and equipment	4A	4195.42	4017.58
(b) Right of use assets	4B	75.24	76.84
(c) Capital work-in-progress	4C	180.24	111.52
(d) Intangible assets	5	76.57	86.72
(e) Financial assets			
(i) Investments			
(a) Investment in associate	6A	9.74	9.74
(b) Investment in joint ventures	6B	45.72	45.72
(c) Investment in subsidiaries	6C	9504.20	2352.35
(d) Other investments	6D	125.20	99.50
(ii) Other financial assets	7A	134.76	134.53
(f) Other non-current assets	8A	84.68	86.61
Total Non-current assets		**14431.77**	**7021.11**
Current assets			
(a) Inventories	9	4002.02	2950.95
(b) Financial assets			
(i) Trade receivables	10	3309.24	3177.16
(ii) Cash and cash equivalents	11A	158.43	2548.25
(iii) Bank balances other than (ii) above	11B	23.92	2106.19
(iv) Other financial assets	7B	87.23	68.85
(c) Other current assets	8B	685.74	583.98
Total Current assets		**8266.58**	**11435.38**
Total Assets		**22698.35**	**18456.49**
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity share capital	12	189.86	189.59
(b) Other equity	13	17217.61	15158.11
Total Equity		**17407.47**	**15347.70**
LIABILITIES			
Non-Current liabilities			
(a) Financial liabilities			
(i) Lease liabilities	4B	0.95	1.73
(ii) Other financial liabilities	18A	17.01	-
(b) Provisions	14A	89.23	90.92
(c) Deferred tax liabilities (net)	15	95.26	84.06
Total Non-Current liabilities		**202.45**	**176.71**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	16	1630.00	-
(ii) Lease liabilities	4B	0.79	0.80
(iii) Trade payables			
(a) total outstanding dues of micro enterprises and small enterprises	17	35.19	14.40
(b) total outstanding dues of creditors other than micro enterprises and small enterprises	17	2345.02	2093.29
(iv) Other financial liabilities	18B	902.49	674.86
(b) Provisions	14B	51.92	62.71
(c) Other current liabilities	19	123.02	86.02
Total Current liabilities		**5088.43**	**2932.08**
Total Liabilities		**5290.88**	**3108.79**
Total Equity and Liabilities		**22698.35**	**18456.49**
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
May 13,2022

On behalf of the Board

M M Murugappan
Chairman

N Ananthaseshan
Managing Director

Sridharan Rangarajan
Director - Finance & Strategy

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	
			2021-22	2020-21
I	Revenue from Operations	20	22152.32	16722.76
II	Other income	21	419.47	423.68
III	**Total Income (I+II)**		**22571.79**	**17146.44**
IV	**Expenses**			
	Cost of material consumed		8925.10	5999.37
	Purchases of stock-in-trade		735.61	530.41
	Changes in inventories of finished goods, stock-in-trade and work-in-progress	22	(346.37)	558.87
	Employee benefits expense	23	2148.60	1961.68
	Finance costs	24	9.74	2.71
	Depreciation and amortisation expense	25	650.39	614.31
	Other expenses	26	6993.45	4922.41
	Total expenses (IV)		**19116.52**	**14589.76**
V	**Profit before exceptional items and tax (III-IV)**		**3455.27**	**2556.68**
VI	Exceptional items (net)	27	-	(112.18)
VII	**Profit before tax (V+VI)**		**3455.27**	**2444.50**
VIII	**Tax expense**			
	(1) Current tax	28A	899.30	637.50
	(2) Deferred tax	15	11.20	(32.62)
	Total tax (VIII)		**910.50**	**604.88**
IX	**Profit for the year (VII-VIII)**		**2544.77**	**1839.62**
X	**Other Comprehensive Income [OCI]**			
A	(i) Items that will not be reclassified to profit or loss			
	(a) Remeasurement of the defined benefit plans	34C	(48.62)	27.50
	(b) Equity instruments through OCI		20.39	46.25
	(ii) Income tax relating to items that will not be reclassified to profit or loss	28B	-	-
	Total Other Comprehensive Income (X)		**(28.23)**	**73.75**
XI	**Total Comprehensive Income for the year (IX+X)**		**2516.54**	**1913.37**
XII	**Earnings per equity share (₹1 each) on profit for the year (IX)**	29		
	- Basic		13.41	9.71
	- Diluted		13.37	9.70

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,
May 13,2022

On behalf of the Board

M M Murugappan
Chairman

N Ananthaseshan
Managing Director

Sridharan Rangarajan
Director - Finance & Strategy

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, 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**
Changes in equity share capital during the year	
Shares issued against Employee Stock Options Scheme/Plan	0.27
Balance as at March 31, 2022	**189.86**

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, 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**
Profit for the year	-	-	-	-	-	2544.77	-	-	2544.77
Other Comprehensive income for the year	-	-	-	-	-	(48.62)	20.39	-	(28.23)
Total Comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**2496.15**	**20.39**	**-**	**2516.54**
Share premium received on allotment of equity shares under ESOP	-	-	62.12	-	-	-	-	-	62.12
Recognition of share-based payments	-	-	-	-	50.06	-	-	-	50.06
Final dividend paid during the year	-	-	-	-	-	(284.44)	-	-	(284.44)
Interim dividend paid during the year	-	-	-	-	-	(284.78)	-	-	(284.78)
Transfer to General Reserve	-	-	-	500.00	-	(500.00)	-	-	-
Balance at the end of the year - March 31, 2022	**6.03**	**27.68**	**382.36**	**8675.43**	**128.80**	**7931.45**	**42.12**	**23.74**	**17217.61**

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
May 13,2022

On behalf of the Board

M M Murugappan
Chairman

N Ananthaseshan
Managing Director

Sridharan Rangarajan
Director - Finance & Strategy

P Padmanabhan
Chief Financial Officer

Rekha Surendhiran
Company Secretary

Cash Flow Statement

(in Indian Rupees million, unless otherwise stated)

Particulars		For the year 2021-22		For the year 2020-21	
A. Cash flow from Operating activities					
Profit before tax			**3455.27**		**2444.50**
Adjustment for:					
Depreciation and amortisation expense		650.39		614.31	
Exceptional items (net)		-		112.18	
Fair valuation of investments		(5.31)		(3.26)	
Finance costs		9.74		2.71	
Interest income		(105.99)		(102.93)	
Dividend income		(274.19)		(270.29)	
Expenses recognised in respect of equity-settled share-based payments		50.06		15.99	
Allowance for doubtful receivable and advances		9.74		48.58	
Reversal of allowance for doubtful receivables and advances		(21.06)		(9.08)	
Provision for expenses no longer required written back		(6.11)		(1.45)	
(Profit)/Loss on sale of assets (net)		(1.02)		(31.80)	
Unrealised exchange (gain)/loss - net		(2.70)	303.55	24.36	399.32
Operating profit before working capital changes			**3758.82**		**2843.82**
Movement in working capital					
(Increase)/decrease in trade receivables		(116.79)		(655.33)	
(Increase)/decrease in inventories		(1051.07)		312.00	
(Increase)/decrease in other financial assets		(18.24)		(13.51)	
(Increase)/decrease in other assets		(147.57)		(86.92)	
Increase/(decrease) in trade payables		228.38		873.86	
Increase/(decrease) in provision and other current liabilities		24.52		25.54	
Increase/(decrease) in other financial liabilities		143.26	(937.51)	1.86	457.50
Cash generated from Operations			**2821.31**		**3301.32**
Income tax paid			(840.00)		(590.00)
Net cash generated by Operating activities	**[A]**		**1981.31**		**2711.32**
B. Cash flow from Investing activities					
Payments to acquire property, plant and equipment		(806.69)		(513.50)	
Payments for intangible assets		(11.10)		(81.43)	
Proceeds from sale of property, plant and equipment		6.14		36.48	
Proceeds from sale of Investment		-		137.59	
Investment in Subsidaires		(7123.99)		-	
Redemption of /(Investment) in Bank deposits with original maturity beyond three months		2082.29		(2087.99)	
Interest income received		95.39		102.92	
Dividend income received		274.19		270.29	
Net cash (used in) Investing activities	**[B]**		**(5483.77)**		**(2135.64)**
C. Cash flow from Financing activities					
Proceeds from issue of equity shares		62.39		31.86	
Proceed/(Repayment) of short-term borrowings - net		1630.00		-	
Principal portion of lease payments		(0.79)		(2.94)	
Finance costs paid		(9.74)		(2.71)	
Dividends paid		(569.22)		(284.27)	
Net cash from / (used in) Financing activities	**[C]**		**1112.64**		**(258.06)**
Net increase/(decrease) in cash and cash equivalents [A]+[B]+[C]	**[D]**		**(2389.82)**		**317.62**
Add: Cash and Cash equivalents at the beginning of the year			2548.25		2230.63
Cash and Cash equivalents at the end of the year			**158.43**		**2548.25**
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			2548.25		1614.61
Current investment considered as Cash and Cash equivalents			-		616.02
			2548.25		**2230.63**
Cash and cash equivalents at the end of the year					
Cash and cash equivalents - Refer Note: 11A			158.43		2548.25
Current investment considered as Cash and Cash equivalents			-		-
			158.43		**2548.25**
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,
May 13,2022

On behalf of the Board

M M Murugappan
Chairman

N Ananthaseshan
Managing Director

Sridharan Rangarajan
Director - Finance & Strategy

P Padmanabhan
Chief Financial Officer

Rekha Surendhiran
Company Secretary

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2022

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	11,35
8	Accounting Policies, Changes in Accounting Estimates and Errors	2,3	
10	Event after the reporting period		46,50
12	Income taxes	3.10	8A,15,28
16	Property, plant and equipment	3.11	4A,4C,25
19	Employee benefits	3.8	23,34
24	Related party disclosures		36
28	Investments in associates and joint ventures		6A,6B
33	Earnings per share	3.24	29
36	Impairment of assets	3.13	4A,4B,4C,5
37	Provisions, Contingent liabilities and Contingent assets	3.17,3.18	14,31
38	Intangible assets	3.12	5,25
102	Share based payment	3.9	37
107&109	Financial instruments - Disclosures	3.19,3.20,3.21,3.26,3.27	6D,10,7,16,17,18,21,35
108	Operating segments	3.22	30
113	Fair value measurement		35
115	Revenue from Contracts with Customers	3.4	19,20,30
116	Leases	3.23	4B,24,25

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2022

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: 30).

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 to Ind AS are applicable to the Company for the first time for their annual reporting period commencing 1st April 2021:

- Extension of COVID-19 related concessions – amendments to Ind AS 116.
- Interest rate benchmark reform – amendments to Ind AS 109, Financial Instruments, Ind AS 107, Financial Instruments: Disclosures, Ind AS 104, Insurance Contracts and Ind AS 116, Leases.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

2.3 New amendments issued but not effective

The Ministry of Corporate Affairs has vide notification dated 23 March 2022 notified Companies (Indian Accounting Standards) Amendment Rules, 2022 which amends certain accounting standards, and are effective 1st April 2022. These amendments are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

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.

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2022

3.2.2 Judgements are made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements.

3.2.3 Assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment are reviewed on an ongoing basis.

The areas involving critical estimates or judgements are:

S.No.	Particulars	Notes
I	Estimation of useful life of tangible and intangible asset	3.11 & 3.12
II	Estimation of fair value of unlisted securities	6D
III	Impairment of Trade receivables: Expected credit loss	10
IV	Recognition and measurement of provisions and contingencies; Key assumptions about the likelihood and magnitude of an outflow of resources.	14 & 31
V	Measurement of defined benefit obligation: Key actuarial assumptions.	34

3.3 Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal) 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.

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2022

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 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. Remeasurement 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: 37.

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

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2022

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

Goods and Service Tax (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

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2022

assets, until such time as the assets are substantially ready for their intended use or sale.

3.12 Intangible assets

3.12.1 Intangible assets acquired separately

Intangible assets that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives.

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit and Loss unless such expenditure forms part of carrying value of another asset.

3.12.2 Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

3.12.3 Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date, which is regarded as their cost.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

3.12.4 Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gain or loss arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in profit or loss when the asset is derecognised.

3.13 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Company reviews the carrying amount of tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is higher of fair value less cost of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generated unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

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

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

3.15 Cash Flow Statement

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

3.16 Inventories

Inventories are stated at the lower of cost and net-realisable value. Cost includes freight, taxes and duties net of GST credit wherever applicable. Customs duty payable on material in bonded warehouse is added to the cost.

In respect of raw materials, stores and spare parts, traded stock cost is determined on weighted average basis. In respect of work in progress and finished goods, cost includes all direct costs and applicable production overheads, to bring the goods to the present location and condition. Net realisable value represents the estimated selling price for inventories less all estimated cost of completion and cost necessary to make the sale.

3.17 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of obligation.

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2022

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 provisionare 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.

Investments in subsidiaries, associate and joint ventures are measured at cost. All other recognised financial assets are subsequently measured in their entirety at either amortised 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: 35.

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

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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 remeasurement 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 present 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 short falls), 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 months 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 months 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 remeasurement 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: 35.

3.21.3.2 Financial liabilities subsequently measured at amortised cost

Financial liabilities are not held-for-trading and are not

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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 De-recognition of financial liabilities

The Company de-recognises 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 "Unallocated 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 off-setting 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.

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In cases where only the spot element of the forward contracts is designated in a hedging relationship and the forward element of the forward contract is not designated, the Company makes the choice for each designation whether to recognise the changes in forward element of fair value of the forward contracts in profit or loss or to account for this element similar to the time value of option (as described above).

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecasted transactions is ultimately recognised in profit or loss. When a forecasted transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

3.28 Insurance claims

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

3.29 Operating cycle

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

4A. Property, plant and equipment

Particulars	As at	
	31.03.2022	31.03.2021
Carrying amounts		
Freehold land	37.86	37.86
Buildings	1385.31	1304.95
Plant and equipment	2698.68	2617.51
Furniture and fittings	26.16	29.22
Vehicles	47.41	28.04
Total	**4195.42**	**4017.58**

Cost	Freehold land	Buildings (a)	Plant and equipment	Furniture and fittings	Vehicles	Total
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**
Additions - **(b)**	-	157.27	619.70	4.61	28.92	810.50
Disposals	-	(0.01)	(47.64)	(3.63)	(7.89)	(59.17)
Balance at March 31, 2022	**37.86**	**1840.84**	**6487.14**	**84.47**	**60.75**	**8511.06**

Accumulated depreciation and impairment	Freehold land	Buildings	Plant and equipment	Furniture and fittings	Vehicles	Total
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**
Depreciation expense	-	76.90	536.84	7.66	6.14	627.54
Eliminated on disposals	-	-	(45.95)	(3.62)	(4.48)	(54.05)
Balance at March 31, 2022	**-**	**455.53**	**3788.46**	**58.31**	**13.34**	**4315.64**

Carrying amounts	Freehold land	Buildings	Plant and equipment	Furniture and fittings	Vehicles	Total
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**

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Carrying amounts	Freehold land	Buildings	Plant and equipment	Furniture and fittings	Vehicles	Total
Additions	-	157.27	619.70	4.61	28.92	810.50
Depreciation expense	-	(76.90)	(536.84)	(7.66)	(6.14)	(627.54)
Disposals (net)	-	(0.01)	(1.69)	(0.01)	(3.41)	(5.12)
Balance at March 31, 2022	**37.86**	**1385.31**	**2698.68**	**26.16**	**47.41**	**4195.42**

(a) Includes ₹887.06 million (Previous year: ₹799.49 million) being cost of building on leasehold land.

(b) Includes Research and Development capital expenditure of ₹14.36 million (Previous year: ₹10.12 million) - Refer Note: 41(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.

(d) Capitalised borrowing cost

Borrowing costs capitalised on property, plant and equipment during the year - ₹Nil (Previous year: ₹Nil).

(e) Contractual obligations:

Refer Note: 31B for disclosure of Contractual commitments for acquisition of property, plant and equipment.

4B. Leases

i) Amount recognised in balance sheet

Particulars	As at	
	31.03.2022	31.03.2021
Right of use Assets		
Land	75.24	76.84
	75.24	**76.84**
Lease liabilities		
Non Current	0.95	1.73
Current	0.79	0.80
	1.74	**2.53**

Cost	Land	Vehicles	Total
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**
Disposals	-	(4.34)	(4.34)
Balance at March 31, 2022	**80.06**	**-**	**80.06**

Accumulated depreciation and impairment	Land	Vehicles	Total
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**
Depreciation expense	1.60	-	1.60
Disposals	-	(4.34)	(4.34)
Balance at March 31, 2022	**4.82**	**-**	**4.82**

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Carrying Amount	Land	Vehicles	Total
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**
Depreciation expense	(1.60)	-	(1.60)
Disposals(net)	-	-	-
Balance at March 31, 2022	**75.24**	**-**	**75.24**

ii) Amount recognised in profit and loss

Particulars	For the year	
	2021-22	2020-21
Depreciation charge of right of use assets - Refer Note: 25		
Land	1.60	1.61
Vehicles	-	0.55
	1.60	**2.16**
Interest expenses (included in Finance cost) - Refer Note: 24	0.16	0.43
Expenses related to Short term leases (included in Rent : Other expenses) - Refer Note: 26	49.23	54.45

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: ₹0.95 million (Previous year: ₹3.37 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	
	31.03.2022	31.03.2021
Capital work-in-progress	180.24	111.52

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Capital work in progress movement	Total
Balance at March 31, 2020	**122.16**
Addition during the year	486.21
Capitalised during the year	(496.85)
Balance at March 31, 2021	**111.52**
Addition during the year	879.22
Capitalised during the year	(810.50)
Balance at March 31, 2022	**180.24**

(a) Includes Research and Development capital expenditure of ₹8.81 million (Previous year: ₹4.78 million) - Refer Note: 41(b) on Research & Development expenditure.

(b) Ageing of Capital Work in Progress:

As at March 31, 2022

Particulars	Amount of CWIP for a period of				
	Less than 1 year	1- 2 years	2-3 Years	More than 3 years	Total
Project in Progress	165.63	6.62	6.27	1.72	180.24
Projects temporarily suspended	-	-	-	-	-

As at March 31, 2021

Particulars	Amount of CWIP for a period of				
	Less than 1 year	1- 2 years	2-3 Years	More than 3 years	Total
Project in Progress	84.46	8.49	1.72	16.85	111.52
Projects temporarily suspended	-	-	-	-	-

(c) The expected completion of amounts lying in capital work in progress which are delayed is as below:

As at March 31, 2022

Particulars	Amount of CWIP for a period of				
	Less than 1 year	1- 2 years	2-3 Years	More than 3 years	Total
Growth projects	11.92	-	-	-	11.92
Automation	3.10	-	-	-	3.10
Total	**15.02**	**-**	**-**	**-**	**15.02**

As at March 31, 2021

Particulars	Amount of CWIP for a period of				
	Less than 1 year	1- 2 years	2-3 Years	More than 3 years	Total
Growth projects	15.16	8.38	-	-	23.54
Utilities	7.12	-	-	-	7.12
Automation	-	3.01	-	-	3.01
Total	**22.28**	**11.39**	**-**	**-**	**33.67**

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2022 (in Indian Rupees million, unless otherwise stated)

5. Intangible assets

Particulars	As at	
	31.03.2022	31.03.2021
Carrying amounts		
Software	62.40	68.43
Technical know-how	14.17	18.29
Total	**76.57**	**86.72**

Cost	Software	Technical know-how	Total
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**
Additions - **(a)**	10.72	0.38	11.10
Disposals	-	-	-
Balance at March 31, 2022	**114.39**	**143.02**	**257.41**

Accumulated amortisation and impairment	Software	Technical know-how	Total
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**
Amortisation expense	16.75	4.50	21.25
Disposals	-	-	-
Balance at March 31, 2022	**51.99**	**128.85**	**180.84**

Carrying amounts	Software	Technical know-how	Total
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**
Additions	10.72	0.38	11.10
Amortisation expense	(16.75)	(4.50)	(21.25)
Disposals	-	-	-
Balance at March 31, 2022	**62.40**	**14.17**	**76.57**

(a) Includes Research and Development capital expenditure of ₹0.38 million(Previous year: ₹Nil) - Refer Note: 41(b) on Research & Development expenditure

(b) Internally generated intangible assets - ₹Nil (Previous year: ₹Nil).

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2022 (in Indian Rupees million, unless otherwise stated)

6. Investments - Non-Current

Particulars	Quantity in numbers As at 31.03.2022	Quantity in numbers As at 31.03.2021	Nominal value (h)	Notes	Value As at 31.03.2022	Value As at 31.03.2021
Non-Current investments:						
(A) Investment in associate - Equity Shares (fully paid)						
Quoted (Trade): Instruments at cost						
Wendt (India) Limited	750000	750,000	10		9.74	9.74
				6A	**9.74**	**9.74**
(B) Investments in joint ventures - Equity Shares (fully paid)						
Unquoted (Trade): Instruments at cost						
Murugappa Morgan Thermal Ceramics Limited	1430793	1430793	10		44.04	44.04
Ciria India Limited	59998	59998	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 **(a)**	38837406	25737406	USD 1		8170.55	2195.80
Sterling Abrasives Limited	54000	54000	100		37.10	37.10
Southern Energy Development Corporation Limited	389908	389908	10		54.66	54.66
Net Access India Limited	5000000	5000000	10		50.00	50.00
CUMI Australia Pty Limited, Australia	1050	1050	AUD 1		14.79	14.79
PLUSS Advanced Technologies Private Limited **(b)**	367505	-	10		1149.24	-
PLUSS Advanced Technologies Private Limited **(c)**					27.86	-
				6C	**9504.20**	**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	3042900	3042900	10		102.55	82.16
Unquoted (Non - Trade)						
Murugappa Management Services Limited	44704	44704	100		11.30	11.30
				6D(i)	**113.85**	**93.46**
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		1.44	0.76
Orient Abrasives Limited	10000	10000	1		0.30	0.21
RHI Magnesita India Limited **(d)**	10000	10000	1		6.12	2.25
EID Parry (India) Limited	1000	1000	1		0.45	0.32
Cholamandalam Investment and Finance Co. Limited	500	500	2		0.36	0.28
Cholamandalam Financial Holdings Limited	1000	1000	1		0.62	0.60

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2022 (in Indian Rupees million, unless otherwise stated)

6. Investments - Non-Current

Particulars	Quantity in numbers As at 31.03.2022	Quantity in numbers As at 31.03.2021	Nominal value (h)	Notes	Value As at 31.03.2022	Value As at 31.03.2021
Tube Investments of India Limited	1000	1000	1		1.62	1.18
Coromandel International Limited	330	330	1		0.26	0.26
				6D(ii)	**11.17**	**5.86**
Unquoted (Non-Trade)						
Investments in equity instruments - Equity Shares (fully paid)						
Chennai Willingdon Corporate Foundation (₹50 only) - **(e)**	5	5	10		0.00	0.00
John Oakey Mohan Limited	1900	1900	10		0.05	0.05
CUMI Employees Co-operative Society/Stores	-	-	-		0.03	0.03
Kerala Enviro Infrastructure Limited	10000	10000	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	**125.20**	**99.50**
Investment - Non-Current Grand Total [6A]+ [6B] + [6C] +[6D]					**9684.86**	**2507.31**

(a) During the year, the Company invested in 13,100,000 equity shares of USD 1 each at the premium of USD 5.0 per share in CUMI International limited.

(b) On October 6, 2021, the Company acquired 71.99% of Equity stake in PLUSS Advanced Technologies Private Limited (PLUSS). PLUSS along with its wholly owned subsidiary in Netherlands – M/s. PLUSS Advanced Technologies BV that have become subsidiaries of CUMI effective from that date. PLUSS is a specialty materials research and manufacturing company involved in the fields of Phase Change Materials (PCM) for thermal energy storage and specialty polymeric additives for enhancing mechanical and barrier properties.

Subscription and Shareholder agreement stipulates a simultaneous call and put option (the Company holds the call options and has written the put options), whereby at a pre-defined period in future, the Company can acquire the shares held by the Promoters of PLUSS, if it exercises the call option it holds, and will also be required to acquire the said shares, if the Promoters exercises the put options the Company has written, all or such number of promoter equity shares offered. These call and put options are to be exercised by acquiring/selling the said equity shares at fair value. Accordingly, the fair value of the option is Nil.

(c) Before acquisition, PLUSS had an ESOP scheme wherein the employees of PLUSS were granted shares based on satisfaction of certain service condition or the happening of a liquidation event. All the options had vested as on the acquisition date. The Company has modified the terms of the ESOP by increasing the service condition and has also agreed to purchase ESOP shares in future from the employees of PLUSS once vested and exercised. Consequently, to the extent of service received from employees of PLUSS, this has been accounted as an investment with corresponding increase to other financial liability.

(d) The Company's name has been changed from "Orient Refractories Limited" to "RHI Magnesita India Limited" with effect from 2nd July 2021

(e) Shares allotted against corporate membership contribution.

(f)

Particulars	As at 31.03.2022	As at 31.03.2021
Aggregate book value of quoted investments	123.46	97.76
Aggregate market value of quoted investments	3908.87	2448.34
Aggregate carrying value of unquoted investments	9561.40	2409.55

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2022 (in Indian Rupees million, unless otherwise stated)

(g) Categorywise other investments as per Ind AS 109	As at 31.03.2022	As at 31.03.2021
Mandatorily measured at FVTPL - 6D(ii)+6D(iii)	11.35	6.04
Financial assets designated at FVTOCI (equity instruments) - 6D(i)	113.85	93.46
Investments at cost (includes investment in associate, joint ventures and subsidiaries) - 6A+6B+6C	9559.66	2407.81
	9684.86	**2507.31**

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

7. Other financial assets

Particulars	As at 31.03.2022	As at 31.03.2021
A. Non-current		
Security deposits	134.76	134.53
	134.76	**134.53**
B. Current		
Advances to employees	10.63	10.70
Other receivables:		
Considered good	76.60	58.15
Considered doubtful	0.41	0.94
Less: Allowance for doubtful receivables	(0.41)	(0.94)
	87.23	**68.85**

8. Other assets

Particulars	As at 31.03.2022	As at 31.03.2021
A. Non-current		
Capital advances	58.60	57.61
Deposits paid under protest relating to Sales tax, Value added tax, Central excise and Service tax demands	16.93	14.22
Taxation (net of provisions)	9.15	14.78
	84.68	**86.61**
B. Current		
Prepayments	49.62	46.61
Recoverable from Electricity Board - Banked power	19.52	-
Trade advance to Suppliers	269.40	254.48
Balances with/amount receivable from Statutory Authorities	347.20	282.89
	685.74	**583.98**

9. Inventories

Particulars	As at 31.03.2022	As at 31.03.2021
Raw materials	1758.47	1292.04
Raw materials in transit	331.64	109.54
Work-in-progress	803.65	719.18
Stock-in-trade	120.82	79.07

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2022 (in Indian Rupees million, unless otherwise stated)

Particulars	As at	
	31.03.2022	31.03.2021
Finished goods	633.77	413.62
Stores and spares	353.67	337.50
	4002.02	**2950.95**

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 ₹10627.89 million (Previous year: ₹8037.80 million)

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

10. Trade receivables (Unsecured)

Particulars	As at	
	31.03.2022	31.03.2021
Current		
a. Considered good	3309.24	3177.16
b. Which have significant increase in Credit Risk	66.91	87.71
c. Credit impaired	-	-
Allowance for doubtful receivables (expected credit loss allowance)	(66.91)	(87.71)
	3309.24	**3177.16**

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 ₹529.41 million (Previous year: ₹424.85 million).

g. Movement in expected credit loss allowance:

Particulars	As at	
	31.03.2022	31.03.2021
Balance at the beginning of the year	87.71	63.56
Add: Allowance made during the year	10.10	47.80
Less: Reversal of allowance during the year	(30.90)	(23.65)
Balance at the end of the year	**66.91**	**87.71**

10A Ageing of Trade receivables

As at 31st March 2022

Particulars	Unbilled due	Not due	Less than 6 months	6 months to 1 year	1- 2 years	2-3 Years	More than 3 years	Total
(i) Undisputed Trade receivable-Considered good	-	2845.64	430.67	31.37	1.56	-	-	3309.24
(ii) Undisputed Trade receivable-which have significant increase in credit risk	-	-	-	-	23.50	35.15	8.26	66.91

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2022 (in Indian Rupees million, unless otherwise stated)

Particulars	Unbilled due	Not due	Less than 6 months	6 months to 1 year	1- 2 years	2-3 Years	More than 3 years	Total
(iii) Undisputed Trade receivable-credit impaired	-	-	-	-	-	-	-	-
(iv) Disputed Trade receivable-Considered good	-	-	-	-	-	-	-	-
(v) Disputed Trade receivable-which have significant increase in credit risk	-	-	-	-	-	-	-	-
(vi) Disputed Trade receivable-credit impaired	-	-	-	-	-	-	-	-

As at 31st March 2021

Particulars	Unbilled due	Not due	Less than 6 months	6 months to 1 year	1- 2 years	2-3 Years	More than 3 years	Total
(i) Undisputed Trade receivable-Considered good	-	2359.27	789.37	28.52	-	-	-	3177.16
(ii) Undisputed Trade receivable-which have significant increase in credit risk	-	-	-	18.77	46.87	10.61	11.46	87.71
(iii) Undisputed Trade receivable-credit impaired	-	-	-	-	-	-	-	-
(iv) Disputed Trade receivable-Considered good	-	-	-	-	-	-	-	-
(v) Disputed Trade receivable-which have significant increase in credit risk	-	-	-	-	-	-	-	-
(vi) Disputed Trade receivable-credit impaired	-	-	-	-	-	-	-	-

11A. Cash and cash equivalents

Particulars	As at	
	31.03.2022	31.03.2021
Balances with banks - Current account	157.74	235.20
Deposit account	-	2312.06
Cash on hand	0.69	0.99
	158.43	**2548.25**

Non-cash transactions:

The Company has not entered into any non-cash transactions on investing and financing activities.

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

11B. Bank balances other than above

Particulars	As at	
	31.03.2022	31.03.2021
Earmarked funds - Unclaimed and unpaid dividend - Refer Note: 18	18.22	18.20
Bank Deposit more than three months but less than 12 months	5.70	2087.99
	23.92	**2106.19**

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2022 (in Indian Rupees million, unless otherwise stated)

12. Equity Share Capital

Particulars	As at	
	31.03.2022	31.03.2021
Authorised share capital:		
387,250,000 (as at March 31, 2021: 387,250,000) equity shares of ₹1 each	387.25	387.25
Issued, Subscribed and Paid-up		
189,856,703 (as at March 31, 2021: 189,590,839) equity shares of ₹1 each fully paid	**189.86**	**189.59**

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

Particulars	As at			
	31.03.2022		31.03.2021	
Equity shares with voting rights	No. of Shares	Value of Shares	No. of Shares	Value of Shares
At the beginning of the year	189590839	189.59	189412196	189.41
Add: Shares issued against Employee Stock Option Scheme/Plan	265864	0.27	178643	0.18
At the end of the year	189856703	189.86	189590839	189.59

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

Final dividend of ₹2/- per share was proposed for the year ended March 31, 2022 at the meeting of the Board of Directors held on May 13,2022 (previous year final dividend of ₹1.50 was proposed and paid). 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. An Interim Dividend of ₹1.50/- per share was declared at the meeting of the Board of Directors held on February 10,2022 and the same has been paid, (previous year 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).

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

Name of Shareholder	As at			
	31.03.2022		31.03.2021	
	No. of Shares held*	% of holding	No. of Shares held*	% of holding
Ambadi Investments Limited	56054244	29.52%	56054244	29.57%
HDFC Trustee Company Limited	8217400	4.33%	16061550	8.47%
SBI Mutual Fund	17050012	8.98%	14124810	7.45%

*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: 37.

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2022 (in Indian Rupees million, unless otherwise stated)

f) Details of shares held by promoters at the end of the year:

S.No	Particulars	No of shares held as at				% Changes in no. of shares held during the year
		March 31, 2022		March 31, 2021		
		Nos.	%	Nos.	%	
1	M A M Arunachalam as a legal representative of M A Murugappan HUF	92000	0.05%	92000	0.05%	-
2	M A Alagappan in the capacity of Karta	188000	0.10%	188000	0.10%	-
3	M M Murugappan as a legal representative of M M Muthiah HUF	335200	0.18%	335200	0.18%	-
4	M M Murugappan Karta of M M Murugappan HUF	16000	0.01%	16000	0.01%	-
5	A Venkatachalam Karta of HUF	1000	0.00%	1000	0.00%	-
6	M A M Arunachalam	1008600	0.53%	1008600	0.53%	-
7	Arun Alagappan	471400	0.25%	471400	0.25%	-
8	M A Alagappan	786000	0.41%	786000	0.41%	-
9	A Vellayan	303260	0.16%	303260	0.16%	-
10	Valli Arunachalam Karta of M V Murugappan HUF	215600	0.11%	215600	0.11%	-
11	M M Murugappan	340140	0.18%	345140	0.18%	(1.45%)
12	M A Alagappan Karta of AMM Arunachalam HUF	300400	0.16%	300400	0.16%	-
13	M V Subbiah as a Karta of HUF	81600	0.04%	81600	0.04%	-
14	A Venkatachalam	598900	0.32%	598900	0.32%	-
15	V Narayanan	205900	0.11%	205900	0.11%	-
16	V Arunachalam	183740	0.10%	183740	0.10%	-
17	Arun Venkatachalam	186840	0.10%	186840	0.10%	-
18	Ambadi Enterprises Limited	384700	0.20%	384700	0.20%	-
19	E.I.D.Parry (India) Limited	2000	0.00%	2000	0.00%	-
20	Ambadi Investments Limited	56054244	29.52%	56054244	29.57%	-
21	Cholamandalam Financial Holdings Limited	6000	0.00%	6000	0.00%	-
22	Subbiah.M.V, Alagappan M A And M M Murugappan Holds On Behalf of The Firm Murugappa & Sons	480	0.00%	480	0.00%	-
23	Umayal.R.	979504	0.52%	978504	0.52%	-
24	Valli Annamalai	136480	0.07%	136480	0.07%	-
25	Vellachi Murugappan	856800	0.45%	356000	0.19%	140.67%
26	Sigapi Arunachalam as a Trustee of Murugappan Arunachalam Children Trust	300000	0.16%	300000	0.16%	-
27	M A M Arunachalam Trustee of Arun Murugappan Children Trust AOP	345600	0.18%	345600	0.18%	-
28	Arun Alagappan Trustee of M A Alagappan Grandchildren Trust AOP	345600	0.18%	345600	0.18%	-
29	Lakshmi Chocka Lingam	412000	0.22%	412000	0.22%	-
30	Lalitha Vellayan	116500	0.06%	116500	0.06%	-
31	Meyyammai Venkatachalam	100000	0.05%	100000	0.05%	-
32	A M Meyyammai	213000	0.11%	213000	0.11%	-
33	Meenakshi Murugappan	479900	0.25%	479900	0.25%	-
34	Valli Alagappan	15151	0.01%	15151	0.01%	-
35	Valli Muthiah	686620	0.36%	687620	0.36%	(0.15%)
36	Solachi Ramanathan	2000	0.00%	2000	0.00%	-
37	M V AR Meenakshi	367898	0.19%	367898	0.19%	-

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2022 (in Indian Rupees million, unless otherwise stated)

S.No	Particulars	No of shares held as at				% Changes in no. of shares held during the year
		March 31, 2022		March 31, 2021		
		Nos.	%	Nos.	%	
38	A. Keertika Unnamalai	1000	0.00%	1000	0.00%	-
39	Uma Ramanathan	3250	0.00%	3250	0.00%	-
40	V Vasantha	50	0.00%	50	0.00%	-
41	Dhruv M Arunachalam	1200	0.00%	1200	0.00%	-
42	Pranav Alagappan	2000	0.00%	2000	0.00%	-
43	Krishna Murugappan Muthiah	5000	0.00%	-	-	100.00 %
44	A M M Vellayan Sons P Ltd.	1700	0.00%	1700	0.00%	-
45	M.M.Muthiah Sons Private Ltd.	304000	0.16%	304000	0.16%	-
46	M.M.Muthiah Research Foundation	1104160	0.58%	1104160	0.58%	-
47	M A Alagappan Holdings Private Limited	236020	0.12%	236020	0.12%	-
48	M M Venkatachalam, Trustee of Lakshmi Venkatachalam Family Trust	200000	0.11%	200000	0.11%	-
49	A A Alagammai, Trustee of Lakshmi Ramaswamy Family Trust	400000	0.21%	400000	0.21%	-
50	Southern Energy Development Corporation Limited	2449240	1.29%	2449240	1.29%	-
51	M M Venkatachalam, Trustee of M V Muthiah Family Trust	262400	0.14%	262400	0.14%	-
52	M M Murugappan, Trustee of M M Veerappan Family Trust	352000	0.19%	352000	0.19%	-
53	M M Venkatachalam, Trustee of M M Venkatachalam Family Trust	222740	0.12%	222740	0.12%	-
54	M M Venkatachalam, Trustee of M V Subramanian Family Trust	262400	0.14%	262400	0.14%	-
55	M M Murugappan, Trustee of M M Muthiah Family Trust	352000	0.19%	352000	0.19%	-
56	Murugappa Educational and Medical Foundation	3811920	2.01%	3811920	2.01%	-
57	AR. Lakshmi Achi Trust	153140	0.08%	153140	0.08%	-
58	M V Subbiah, Trustee of Saraswathi Trust	388860	0.20%	403160	0.21%	(3.55%)
59	M V Subbiah, Trustee of Shambho Trust	795068	0.42%	795068	0.42%	-
60	M A Murugappan Holdings LLP	235940	0.12%	235940	0.12%	-
61	Valliammai Murugappan	52000	0.03%	52000	0.03%	-
62	Valli Arunachalam	918800	0.48%	-	-	100.00%
63	M V Valli Murugappan	-	-	1419600	0.75%	(100.00%)

13. Other equity

Particulars	As at	
	31.03.2022	31.03.2021
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	382.36	320.24
d. General reserve	8675.43	8175.43
e. Share options outstanding account	128.80	78.74
f. Retained earnings	7931.45	6504.52

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2022 (in Indian Rupees million, unless otherwise stated)

Particulars	As at	
	31.03.2022	31.03.2021
B. Items of Other Comprehensive Income		
g. Reserve for equity instruments	42.12	21.73
h. Revaluation Surplus	23.74	23.74
Total Other Equity	**17217.61**	**15158.11**

a. Profit on Forfeiture of shares / warrants

Particulars	As at	
	31.03.2022	31.03.2021
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	
	31.03.2022	31.03.2021
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	
	31.03.2022	31.03.2021
Balance at the beginning of the year	320.24	288.56
Movements	62.12	31.68
Balance at end of the year	**382.36**	**320.24**

The Securities premium received during the year represents the premium received towards allotment of 265,864 shares. Cumulatively 3,148,703 equity shares were allotted during the period FY 2009-10 to FY 2021-22 under ESOP Scheme 2007 and ESOP Plan 2016 (Refer Note: 37 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	
	31.03.2022	31.03.2021
Balance at the beginning of the year	8175.43	7675.43
Transfer from retained earnings	500.00	500.00
Balance at end of the year	**8675.43**	**8175.43**

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.

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2022 (in Indian Rupees million, unless otherwise stated)

e. Share options outstanding account

Particulars	As at	
	31.03.2022	31.03.2021
Balance at the beginning of the year	78.74	62.75
Movements	50.06	15.99
Balance at end of the year	**128.80**	**78.74**

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: 37 for details.

f. Retained earnings:

Particulars	As at	
	31.03.2022	31.03.2021
Balance at the beginning of the year	6504.52	5421.67
Add: Profits for the year	2544.77	1839.62
Add: Other Comprehensive Income arising from remeasurement of defined benefit obligation net of tax	(48.62)	27.50
Less: Transfer to General reserve	(500.00)	(500.00)
Less: Final dividend paid	(284.44)	-
Less: Interim dividend paid	(284.78)	(284.27)
Balance at end of the year	**7931.45**	**6504.52**

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	
	31.03.2022	31.03.2021
Balance at the beginning of the year	21.73	(24.52)
Movements	20.39	46.25
Balance at end of the year	**42.12**	**21.73**

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	
	31.03.2022	31.03.2021
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	
	31.03.2022	31.03.2021
A. Non Current		
Employee benefits - Compensated absences	89.23	90.92
B. Current		
Employee benefits - Compensated absences	51.92	62.71

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

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2022 (in Indian Rupees million, unless otherwise stated)

15. Deferred tax liabilities (net)

Particulars	As at	
	31.03.2022	31.03.2021
Deferred tax liabilities (net)	95.26	84.06

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	2021-22			
	Balance as at 31.03.2021	Recognised in Profit & loss	Recognised in Other Comprehensive Income	Balance as at 31.03.2022
Breakup of deferred tax liabilities (net):				
Allowance for doubtful receivables and advances	(22.31)	5.36	-	(16.95)
Voluntary retirement scheme payments	(0.59)	0.23	-	(0.36)
Expenses allowed on payment basis	(51.01)	3.64	-	(47.37)
Accelerated depreciation for tax purposes	157.97	1.97	-	159.94
	84.06	**11.20**	**-**	**95.26**

Particulars	2020-21			
	Balance as at 31.03.2021	Recognised in Profit & loss	Recognised in Other Comprehensive Income	Balance as at 31.03.2022
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**

16. Current borrowings

Particulars	As at	
	31.03.2022	31.03.2021
Unsecured - at amortised cost		
Short term working capital loan - 3 months T bill + 105 bps margin	1630.00	-
Total	**1630.00**	**-**

17. Trade payables

Particulars	As at	
	31.03.2022	31.03.2021
Total outstanding due to micro and small enterprises [MSME] **(c)** - Refer Note: 33	35.19	14.40
Total outstanding dues of creditors other than micro enterprises and small enterprises	2345.02	2093.29
	2380.21	2107.69

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.

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2022 (in Indian Rupees million, unless otherwise stated)

17A. Ageing of Trade Payables

As at 31st March 2022

Particulars	Not due	0-1 Years	1- 2 years	2-3 Years	More than 3 years	Total
(i) MSME	35.19	-	-	-	-	35.19
(ii) Others	1781.19	490.47	50.59	12.75	10.02	2345.02
(iii) Disputed Dues - MSME	-	-	-	-	-	-
((iv) Disputed Dues - Others	-	-	-	-	-	-

As at 31st March 2021

Particulars	Not due	0-1 Years	1- 2 years	2-3 Years	More than 3 years	Total
(i) MSME	14.40	-	-	-	-	14.40
(ii) Others	1304.35	751.48	22.54	1.75	13.17	2093.29
(iii) Disputed Dues - MSME	-	-	-	-	-	-
((iv) Disputed Dues - Others	-	-	-	-	-	-

18. Other financial liabilities

Particulars	As at	
	31.03.2022	31.03.2021
A. Non Current		
Payable for purchase of PLUSS ESOP shares - Refer Note: 6(c)	17.01	-
	17.01	**-**
B. Current		
Unsecured		
Unclaimed and Unpaid dividends **(a)**	18.22	18.20
Remuneration payable to directors	24.39	20.31
Deposits	48.15	46.78
Payable relating to Capital expenditure	103.57	30.05
Payable for purchase of PLUSS ESOP shares - Refer Note: 6(c)	10.85	-
Other payables **(b)**	697.31	559.52
	902.49	**674.86**

(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 27.

19. Other current liabilities

Particulars	As at	
	31.03.2022	31.03.2021
Contract Liabilities **(a)**	100.75	74.37
Statutory liabilities	22.27	11.65
	123.02	**86.02**

(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 recognised in relation to Contract liabilities :

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2022 (in Indian Rupees million, unless otherwise stated)

The following summary shows how much of the revenue recognised 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	
	2021-22	2020-21
Revenue recognised that was included in the Contract liability balance at the beginning of the year	74.37	53.56
Revenue recognised from performance obligations satisfied in previous periods	-	-

iii) In respect of the remaining performance obligations, the disclosure towards allocation of transaction price do not arise as the contract has an original expected duration of one year or less.

20. Revenue from operations

Particulars	For the year	
	2021-22	2020-21
a. Sales/Income from Operations Refer Note: 30 "Segment Disclosure" for breakup of Sales		
Sale of products	21152.88	16042.77
Sale of services	762.82	450.69
	21915.70	**16493.46**
b. Other operating income:		
Service income	84.01	70.08
Scrap Sales	90.33	56.85
Miscellaneous income		
- Export benefits	53.60	95.79
- Others	8.68	6.58
	236.62	**229.30**
Total Revenue from operations (a + b)	**22152.32**	**16722.76**

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	
	2021-22	2020-21
Gross Sales/Income from operations	22208.88	16700.37
Service income	84.01	70.08
Scrap Sales	90.33	56.85
Contract price	**22383.22**	**16827.30**
Less : Discount - Variable Consideration	293.18	206.91
Revenue recognised under Ind AS 115	**22090.04**	**16620.39**
Add: Miscellaneous income	62.28	102.37
Revenue from operations	**22152.32**	**16722.76**

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2022 (in Indian Rupees million, unless otherwise stated)

21. Other Income

Particulars	For the year	
	2021-22	2020-21
(a) Dividend Income		
Dividend Income from Non-Current Investments		
Dividend from Subsidiaries	104.18	146.69
Dividend from Joint ventures	139.96	93.23
Dividend from Associate	30.00	27.43
Dividend from Others	0.05	0.04
Dividend Income from Current Investments	-	2.90
	274.19	**270.29**
(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)	98.97	96.84
from other financial assets carried (at amortised cost)	7.02	6.09
	105.99	**102.93**
(c) Net gain arising on financial assets mandatorily measured at fair value through profit or loss [FVTPL] - (Refer Note: 6D(ii) & 6D(iii))	**5.31**	**3.26**
(d) Other Non operating income		
Profit on sale of assets	4.58	34.80
Reversal of allowance for doubtful receivables and advances	21.06	9.08
Provision for expenses no longer required written back	6.11	1.45
Rental income	2.23	1.87
	33.98	**47.20**
Total Other Income (a + b + c + d)	**419.47**	**423.68**

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

Particulars	For the year	
	2021-22	2020-21
Opening stock		
Work-in-progress	719.18	748.54
Stock-in-trade	79.07	85.69
Finished goods	413.62	936.51
(A)	**1211.87**	**1770.74**
Less: Closing stock		
Work-in-progress	803.65	719.18
Stock-in-trade	120.82	79.07
Finished goods	633.77	413.62
(B)	**1558.24**	**1211.87**
Decretion / (Accretion) to stock (A) - (B)	**(346.37)**	**558.87**

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2022 (in Indian Rupees million, unless otherwise stated)

23. Employee benefits expense

Particulars	For the year	
	2021-22	2020-21
Salaries, wages and bonus	1556.66	1492.70
Contribution to provident and other funds	172.72	159.34
Voluntary retirement compensation	-	1.80
Share based payments to employees (ESOPs)# - Refer Note: 37	50.06	15.99
Remuneration to Managing Director	19.13	15.78
Remuneration to Director – Finance & Strategy	15.53	-
Welfare expenses	334.50	276.07
	2148.60	**1961.68**
Remuneration to Managing Director includes:		
Salaries & Allowances	11.45	9.53
Incentive *	4.83	3.97
Contribution to provident and other funds	2.85	2.28
(excludes gratuity and compensated absences since employee-wise valuation is not available)		
	19.13	**15.78**
Value of perquisites (included under appropriate heads of accounts)	0.04	0.04
# Share based payments relating to Managing Director	16.25	4.71
Remuneration to Director – Finance & Strategy includes:		
Salaries & Allowances	9.32	-
Incentive *	4.05	-
Contribution to provident and other funds	2.16	-
(excludes gratuity and compensated absences since employee-wise valuation is not available)		
	15.53	**-**
Value of perquisites (included under appropriate heads of accounts)	0.02	-
# Share based payments relating to Director – Finance & Strategy	14.85	-

* Incentive to Managing Director and Director – Finance & Strategy is provisional and subject to determination by the Nomination and Remuneration Committee.

24. Finance costs

Particulars	For the year	
	2021-22	2020-21
Interest costs		
- on Loans from Banks	7.50	-
- on lease liabilities	0.16	0.43
Other borrowing costs	2.08	2.28
	9.74	**2.71**

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2022 (in Indian Rupees million, unless otherwise stated)

25. Depreciation and amortisation expense

Particulars	For the year	
	2021-22	2020-21
Depreciation of property, plant and equipment - Refer Note: 4A	627.54	596.55
Depreciation of Right of use assets - Refer Note : 4B	1.60	2.16
Amortisation of intangible assets - Refer Note: 5	21.25	15.60
	650.39	**614.31**

26. Other expenses

Particulars	For the year	
	2021-22	2020-21
Consumption of stores and spares **(a)**	1001.61	703.98
Power and fuel **(b)**	2104.34	1671.15
Rent	88.17	92.24
Rates and taxes	38.03	42.04
Insurance	35.98	33.09
Repairs to: **(c)**		
- Buildings	21.81	15.67
- Plant and equipment	552.52	422.11
Directors' Sitting fees (refer Corporate Governance report)	4.88	4.16
Commission to Non-wholetime Directors (refer Corporate Governance report)	15.50	16.34
Auditors' remuneration (Refer Note: 40)	8.31	8.61
Travel and conveyance	68.76	37.33
Freight, delivery and shipping charges	780.38	454.79
Impairment loss on financial assets	10.00	14.99
Less: Provision adjusted	(10.00)	(14.99)
Allowance for doubtful receivables and advances	9.74	48.58
Selling commission	41.90	23.21
Advertisement and publicity	58.44	22.33
Printing, stationery and communication	29.59	22.31
Loss on exchange fluctuation (net)	20.53	33.69
Professional fees	140.53	30.25
Services outsourced	1506.17	1106.48
Loss on sale of assets	3.56	3.00
Miscellaneous expenses	462.70	131.05
	6993.45	**4922.41**

(a) Includes consumption of packing materials amounting ₹540.31million (previous year ₹393.59 million)

(b) Net of own power generation, which includes energy banked with Kerala State Electricity Board - ₹19.52 million (Previous year: ₹ NIL)

(c) Repairs includes consumption of stores and spares amounting to ₹311.94 million (Previous year: ₹245.17 million)

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2022 (in Indian Rupees million, unless otherwise stated)

27. Exceptional items (net)

Particulars	For the year	
	2021-22	2020-21
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) Regulation, 2015.	-	136.97
Fair value changes of a Financial instrument availed by a step down subsidiary	-	(249.15)
	-	**(112.18)**

28. Income tax expense

Particulars	For the year	
	2021-22	2020-21
A. Income tax expense recognised in Profit and loss:		
a. Current tax		
In respect of the current year	899.30	637.50
	899.30	**637.50**
b. Deferred tax		
In respect of the current year	11.20	(32.62)
	11.20	**(32.62)**
Total Income tax expense recognised during the year (net)	**910.50**	**604.88**
Income tax reconciliation		
Profit before tax	**3455.27**	**2444.50**
Income tax expense calculated at the applicable tax rate of 25.168% on Profit before tax	869.62	615.23
Tax expenses recognised during the year	910.50	604.88
Differential tax impact	**40.88**	**(10.35)**
Differential tax impact due to the following (tax benefit)/tax expenses		
Dividend income eligible for section 80M deduction	(69.01)	(68.00)
Expenditure on Corporate Social Responsibility	3.80	3.98
Movement in the fair valuation of the quoted Investment	(1.34)	(0.81)
Donations paid	7.92	11.24
Enhanced depreciation allowed earlier	7.00	-
Payable towards release of water and royalty for Hydel Electric works	76.34	-
Share based payments - ESOP	12.60	4.02
Fair value changes of a Financial instrument - Refer Note: 27	-	62.67
Profit on sale of Investment - Refer Note: 27	-	(34.47)
Profit on sale of immovable properties	-	11.32
Others	3.57	(0.30)
	40.88	**(10.35)**
B. Income tax expense recognised in Other Comprehensive Income	**-**	**-**

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2022 (in Indian Rupees million, unless otherwise stated)

29. Earnings per share

Particulars	For the year	
	2021-22	2020-21
Basic earnings per share (₹)	13.41	9.71
Diluted earnings per share (₹)	13.37	9.70
The calculation of Basic and Diluted Earnings per share is based on the following data:		
Profits for the year after tax	2544.77	1839.62
Weighted average number of equity shares outstanding during the year:		
- Basic	189724609	189450426
- Dilutive	190271889	189676826

The weighted average number of equity shares for the purpose of dilute 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	
	2021-22	2020-21
Weighted average number of equity shares used in the calculation of basic earnings per share	189724609	189450426
Shares deemed to be issued for no consideration in respect of:		
- Employee Stock Option Scheme/Plan	547280	226400
Weighted average number of equity shares used in the calculation of diluted earnings per share	190271889	189676826

30. 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

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Particulars	Abrasives		Ceramics		Electrominerals		Eliminations		Total	
	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21
Sales										
External Sales	10158.64	7922.75	6292.22	4835.14	4702.02	3284.88			21152.88	16042.77
Sale of services	334.32	240.73	283.07	152.38	145.43	57.58			762.82	450.69
Inter segment sales	22.73	13.73	36.49	19.94	1359.74	1053.19	(1418.96)	(1086.86)	-	-
Sales / Income from Operations	**10515.69**	**8177.21**	**6611.78**	**5007.46**	**6207.19**	**4395.65**	**(1418.96)**	**(1086.86)**	**21915.70**	**16493.46**
Results										
Segment result - EBITDA	1860.22	1396.96	1536.29	1233.49	790.37	497.72			4186.88	3128.17
Depreciation/amortisation	(232.38)	(216.77)	(219.94)	(209.46)	(180.88)	(180.92)			(633.20)	(607.15)
Profit / (Loss) on sale of Fixed Assets (Net)	(1.29)	(1.40)	(0.87)	31.93	2.33	0.20			0.17	30.73
Unallocated corporate expenses/(Income)									(474.33)	(368.84)
Interest expense									(9.74)	(2.71)
Interest and dividend income									380.18	373.22
Fair valuation of Investment									5.31	3.26
Exceptional items (net)									-	(112.18)
Profit before tax	**1626.55**	**1178.79**	**1315.48**	**1055.96**	**611.82**	**317.00**	**-**	**-**	**3455.27**	**2444.50**
Income taxes									(910.50)	(604.88)
Net profit after taxes									**2544.77**	**1839.62**
Other information:										
Segment assets	4767.46	4058.37	4465.01	4161.13	3267.74	2787.68			12500.21	11007.18
Unallocated corporate assets									10198.14	7449.31
Total assets	**4767.46**	**4058.37**	**4465.01**	**4161.13**	**3267.74**	**2787.68**			**22698.35**	**18456.49**
Segment liabilities	980.88	926.31	798.73	677.54	1115.91	773.53			2895.52	2377.38
Unallocated corporate liabilities									2395.36	731.41
Total liabilities	**980.88**	**926.31**	**798.73**	**677.54**	**1115.91**	**773.53**	**-**		**5290.88**	**3108.79**
Addition to Non - Current assets	362.42	106.77	331.06	366.90	172.65	24.59				
Depreciation & Amortisation	232.38	216.77	219.94	209.46	180.88	180.92				
Impairment losses	1.42	42.21	4.91	3.98	3.41	0.60				

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2022 (in Indian Rupees million, unless otherwise stated)

Particulars	Abrasives		Ceramics		Electrominerals		Eliminations/ Unallocable		Total	
	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21
Revenue recognised under Ind AS 115										
Sales / Income from Operations	10515.69	8177.21	6611.78	5007.46	6207.19	4395.65	(1418.96)	(1086.86)	21915.70	16493.46
Service income	-	-	-	-	-	-	84.01	70.08	84.01	70.08
Scrap sales	65.13	32.45	16.72	19.96	10.85	5.77	(2.36)	(1.33)	90.33	56.85
Total	**10580.82**	**8209.66**	**6628.50**	**5027.42**	**6218.04**	**4401.42**	**(1337.31)**	**(1018.11)**	**22090.04**	**16620.39**
Revenue recognised under Ind AS 115 comprise of:										
- At the point in time	10246.50	7968.93	6345.43	4875.04	6072.61	4343.84	(1421.32)	(1088.19)	21243.21	16099.62
- Over the period	334.32	240.73	283.07	152.38	145.43	57.58	84.01	70.08	846.83	520.77
Total	**10580.82**	**8209.66**	**6628.50**	**5027.42**	**6218.04**	**4401.42**	**(1337.31)**	**(1018.11)**	**22090.04**	**16620.39**

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, 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.

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2022 (in Indian Rupees million, unless otherwise stated)

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	
	2021-22	2020-21	31.03.2022	31.03.2021
India	16772.71	12425.42	4612.15	4379.27
Rest of the world	5142.99	4068.04	-	-
	21915.70	**16493.46**	**4612.15**	**4379.27**

Information about major customers:

No single customer contributed 10% or more to the Company's revenue during the years 2021-22 and 2020-21.

31. Contingent Liabilities and commitments:

Particulars	As at	
	31.03.2022	31.03.2021
A. Contingent Liabilities		
a. No provision is considered necessary for disputed income tax, sales tax, service tax, Goods and Services Tax, excise duty and customs duty demands which are under various stages of appeal proceedings as given below:		
i. Income Tax Act, 1961	388.97	324.90
ii. Central Sales Tax Act,1956 & Local Sales Tax laws of various states	152.19	25.07
iii. Central Excise Act,1944	7.44	8.40
iv. Service Tax	0.11	-
v. Goods and Services Tax	1.16	1.20
vi. Customs Act, 1962	0.99	0.84
vii. Property Tax	-	10.60
b. 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	14.39
v. Additional Electricity Deposit Demand - Tamil Nadu Electricity Board	3.00	3.00
vi. Contribution to District Mineral Foundation under Mines and Minerals (Development and Regulation), Act 1957	22.76	22.76
c. 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	191.39	170.86
C. Others		
a. Outstanding guarantees/letter of comfort given on behalf of subsidiaries and Joint ventures	5195.33	249.00
b. Outstanding letters of credit	460.81	180.04

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2022 (in Indian Rupees million, unless otherwise stated)

32. 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	
	2021-22	2020-21
Account Head:		
Cost of materials consumed	0.95	-
Consumption of Stores and Spares	0.44	-
Rent	0.02	0.02
Repairs to Machinery	-	0.02
Professional Fees	0.75	4.21
	2.16	**4.25**

33. Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act,2006

Particulars	As at	
	31.03.2022	31.03.2021
Principal amount remaining unpaid to suppliers (Refer Note: 17)	35.19	14.40
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.		

34. 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	2021-22	2020-21
Contribution to Provident fund and Other funds recognised in Profit and Loss for the year	141.61	128.46
Amounts outstanding as at the end of the respective year and paid subsequently	16.64	15.85

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, 2022 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.

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2022 (in Indian Rupees million, unless otherwise stated)

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, 2022, 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	
	31.03.2022	31.03.2021
Discount rate	7.25%	6.87%
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 take 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	31.03.2022	31.03.2021
i. Projected benefit obligation as at beginning of the year	377.12	357.62
Service cost	32.13	28.69
Interest cost	24.78	23.86
Remeasurement (gain)/ loss:		
Actuarial (gain)/loss arising from experience and financial adjustments	2.32	(10.54)
Benefits paid	(32.74)	(22.51)
Projected benefit obligation as at end of the year	**403.61**	**377.12**
ii. Fair value of plan assets as at beginning of the year	294.47	267.96
Expected return on plan assets	20.80	19.38
Contributions	33.20	30.00
Benefits paid	(32.74)	(22.51)
Remeasurement gain/ (loss):		
Actuarial Gain /(losses) on plan assets	(4.83)	(0.36)
Fair value of plan assets as at end of the year	**310.90**	**294.47**
iii. Amount recognised in the balance sheet:		
Projected benefit obligation at the end of the year	403.61	377.12
Fair value of the plan assets at the end of the year	310.90	294.47
(Liability) / Asset recognised in the Balance sheet - net	**(92.71)**	**(82.65)**
iv. Cost of the defined benefit plan for the year:		
Current service cost	32.13	28.69
Interest on obligation	24.78	23.86
Expected return on plan assets	(20.80)	(19.38)
Components of defined benefit cost recognised in the Statement of Profit and Loss	**36.11**	**33.17**
(included in Note: 23 Contribution to Provident and other funds)		

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2022 (in Indian Rupees million, unless otherwise stated)

Particulars	31.03.2022	31.03.2021
Remeasurement on the net defined benefit liability:		
Actuarial (gain)/loss arising experience & financial adjustments	2.32	(10.54)
Actuarial (gain)/loss on plan assets	4.83	0.36
Components of defined benefit costs recognised in Other Comprehensive Income	**7.15**	**(10.18)**
Total cost of the defined benefit plan for the year	**43.26**	**22.99**

Particulars	31.03.2022	31.03.2021
Present value of defined benefit obligation	403.61	377.12
Fair value of plan assets	310.90	294.47
Balance sheet (Liability)/ Asset	(92.71)	(82.65)
P & L (Income) / expenses	36.11	33.17
Experience adjustment on plan liabilities (gain) / loss	2.32	(10.54)
Experience adjustment on plan assets (gain) / loss	4.83	0.36

In the absence of the relevant information from the actuary, the above details do not include the composition of plan assets and expected return on each category of plan assets.

The actual return on plan assets was ₹20.80 million for the year ended March 31, 2022 (for the year ended March 31, 2021: ₹19.38 million).

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

Particulars	As at	
	31.03.2022	31.03.2021
Discount rate - 100 basis point higher	(27.80)	(27.21)
Discount rate - 100 basis point lower	31.56	30.99
Salary escalation rate - 100 basis point higher	28.69	28.35
Salary escalation rate - 100 basis point lower	(25.91)	(25.39)
Attrition rate - 100 basis point higher	2.65	1.94
Attrition rate - 100 basis point lower	(2.84)	(2.03)

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, 2022 is 14 years (as at March 31, 2021: 15 years).

The Company expects to make a contribution of ₹92.71 million (as at March 31, 2021: ₹82.65 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	
	31.03.2022	31.03.2021
Plan asset at the end of the year	1185.23	1156.98
Present value of benefit obligation at the end of the year	1266.73	1197.01
(Deficit) / Surplus	(81.50)	(40.03)
Asset recognised in the Balance Sheet	Not applicable since a separate trust is maintained.	

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2022 (in Indian Rupees million, unless otherwise stated)

The plan assets are primarily invested in Government securities.

Assumptions for present value of interest rate guarantee are as follows:

Particulars	As at	
	31.03.2022	31.03.2021
Discount rate	7.25%	6.87%
Remaining term to maturity of portfolio (years)	5.7 years	5.54 years
Expected guaranteed rate (%)	8.10%	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	
	31.03.2022	31.03.2021
Discount rate - 100 basis point higher	(1.04)	(0.85)
Discount rate - 100 basis point lower	0.59	0.94
Guaranteed interest rate - 100 basis point higher	22.47	25.77
Guaranteed interest rate - 100 basis point lower	-	-
Current yield - 100 basis point higher	(5.74)	(4.60)
Current yield - 100 basis point lower	3.77	4.70

In the above table, positive figures indicate increase in the liability and negative figures indicate decrease in the liability.

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	
	31.03.2022	31.03.2021
In respect of Gratuity	(7.15)	10.18
In respect of Provident Fund	(41.47)	17.32
Total Credited / (debited) to Other Comprehensive Income	**(48.62)**	**27.50**

35. 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	
	31.03.2022	31.03.2021
Debt	1630.00	-
Equity	17407.47	15347.70
Debt to Equity ratio	0.09	-

Lease liability amounting to ₹1.74 million (Previous year : ₹2.53 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).

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2022 (in Indian Rupees million, unless otherwise stated)

Loan covenants:

No covenants are applicable as of March 31, 2022.

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

Net debts reconciliation :	31.03.2022	31.03.2021
Cash and Cash equivalents	158.43	2548.25
Borrowings	(1630.00)	-
(Net debt)/Net Cash	**(1471.57)**	**2548.25**

Particulars	Other assets		Liabilities from Financing activities	Total
	Cash and Cash equivalents	Other investments (liquid)	Borrowings	
Net Cash/(Net debt) as at 31st March 2020	**1614.61**	**616.02**	**-**	**2230.63**
Cash flows (net)	933.64	(616.02)	-	317.62
Net Cash/(Net debt) as at 31st March 2021	**2548.25**	**-**	**-**	**2548.25**
Cash flows (net)	(2389.82)	-	(1630.00)	(4019.82)
Net Cash/(Net debt) as at 31st March 2022	**158.43**	**-**	**(1630.00)**	**(1471.57)**

Categories of financial instruments

Particulars	As at	
	31.03.2022	31.03.2021
A. Financial assets		
Measured at Fair Value through Profit or Loss (FVTPL) - Mandatorily measured:		
- Equity and other investments	11.35	6.04
Measured at Amortised cost		
- Cash and bank balances	182.35	4654.44
- Other financial assets (including trade receivable balances)	3531.23	3380.54
Measured at Fair Value through Other Comprehensive Income (FVTOCI)		
- Investments in equity instruments designated upon initial recognition	113.85	93.46
Measured at Cost		
- Investments in Equity instruments in subsidiaries, joint ventures and associate	9559.66	2407.81
B. Financial liabilities		
Measured at amortised cost (including trade payable balances)	4931.45	2785.08

(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

Notes forming part of the Standalone Financial Statements

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Risk	Exposure arising from	Measurement	Management
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, 2022 and March 31, 2021. The Corporate guarantees given by the Company to bankers on behalf of its Subsidiaires and Joint venture 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: 31C.

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 months 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.

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2022 (in Indian Rupees million, unless otherwise stated)

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	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021
US Dollar (USD)	230.65	166.83	984.39	894.41
Euro (EUR)	33.33	46.58	279.38	202.67
Great British Pound (GBP)	-	-	0.77	0.19
Japanese Yen (JPY)	14.06	0.21	5.40	1.69
Australian Dollar (AUD)	6.95	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			
		31.03.2022		31.03.2021	
		Number of contracts	value	Number of contracts	value
Import payment	USD	-	-	-	-
Import payment	EUR	-	-	-	-

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			
	31.03.2022		31.03.2021	
	Profit or loss	Equity	Profit or loss	Equity
US Dollar (USD)	56.40	56.40	54.45	54.45
Euro (EUR)	18.41	18.41	11.68	11.68
Great British Pound (GBP)	0.06	0.06	0.01	0.01
Japanese Yen (JPY)	(0.65)	(0.65)	0.11	0.11
Australian Dollar (AUD)	(0.52)	(0.52)	(0.33)	(0.33)
Swedish Kroner (SEK)	-	-	(0.77)	(0.77)
Total	**73.70**	**73.70**	**65.15**	**65.15**

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 Euro as at the end of the reporting period.

b.(ii) Interest rate risk Management

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has been availing the borrowings on a fixed and variable rate of interest. These borrowings are carried at amortised cost. The borrowings on a fixed rate of interest basis are not subject to the interest rate risk as defined in Ind AS 107, since neither the carrying amount nor future cash flows will fluctuate because of change in market interest rates. The borrowings on a variable rate of interest are subject to interest rate risk as defined in Ind AS 107.

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Classification of borrowings by nature of interest rate	As at	
	31.03.2022	31.03.2021
Borrowings at variable interest rate		
- Non - Current	-	-
- Current	1630.00	-
Borrowings at fixed interest rate		
- Non - Current	-	-
- Current	-	-
Total Borrowings	**1630.00**	**-**

The Impact of sensitivity on interest cost towards current borrowings at variable interest rate is not expected to be material considering the short tenure of the borrowing.

b(iii) Price risks

The Company is exposed to equity price risks arising from equity investments. Certain of the Company's equity investments are held for strategic rather than trading purposes. The Company also holds certain other equity investments for trading purposes.

Equity price sensitivity analysis

The accumulated fair value change recognised on equity investment which are held for strategic purpose and designated at Fair value through Other Comprehensive Income as at 31st March 2022 is ₹42.12 million (31st March 2021: ₹21.73 million) - Refer Note: 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:

Classification of borrowings by nature of interest rate	Impact to Other Comprehensive income / Equity	
	As at	
	31.03.2022	31.03.2021
Increase by 5%	5.13	4.11
Decrease by 5%	(5.13)	(4.11)

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 2022:

Particulars	Carrying amount / Exposure	upto 1 year	1-3 years	3-5 years	More than 5 years	Total contracted cash flows
Non-current financial liabilities						
Lease liabilities	0.95	-	0.99	-	-	0.99
Other financial liabilities	17.01	-	30.17	-	-	30.17
Current financial liabilities						
Borrowings	1630.00	1707.43	-	-	-	1707.43
Lease liabilities	0.79	0.89	-	-	-	0.89
Trade payables	2380.21	2380.21	-	-	-	2380.21
Other financial liabilities	902.49	904.57	-	-	-	904.57
Others						
Outstanding guarantees/letter of comfort given on behalf of subsidiaries and Joint venture	5195.33	5195.33	-	-	-	5195.33

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2022 (in Indian Rupees million, unless otherwise stated)

The table below provides details regarding the contractual maturities of financial liabilities including estimated interest payments as at 31st March 2021:

Particulars	Carrying amount / Exposure	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
Others						
Outstanding guarantees/letter of comfort given on behalf of subsidiaries and Joint venture	249.00	249.00	-	-	-	249.00

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 2022:

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	134.76	-	59.56	-	75.20	134.76
Current financial assets						
Trade receivables	3309.24	3309.24	-	-	-	3309.24
Advance to employees	10.63	10.63	-	-	-	10.63
Other receivables	76.60	76.60	-	-	-	76.60

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 receivables	58.15	58.15	-	-	-	58.15

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					
		31.03.2022			31.03.2021		
		Carrying amount	Less than 1 year	1-3 years	Carrying amount	Less than 1 year	1-3 years
USD	Import payment	-	-	-	-	-	-
EUR	Import payment	-	-	-	-	-	-

The note below sets out details of additional undrawn facilities that the Company has at its disposal to further reduce liquidity risk.

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2022 (in Indian Rupees million, unless otherwise stated)

Financing facilities

Particulars	As at	
	31.03.2022	31.03.2021
Unsecured cash credit and other borrowings facility		
Amount used	1630.00	-
Amount unused	690.00	460.00
	2320.00	**460.00**
Secured cash credit and other borrowings facility		
Amount used	-	-
Amount unused	1070.00	1070.00
	1070.00	**1070.00**
Total facilities		
Amount used	1630.00	-
Amount unused	1760.00	1530.00
	3390.00	**1530.00**

Borrowing facilities - both funded and non-funded are secured by a pari-passu first charge on the current assets of the Company - both present and future; and a pari-passu second charge on immovable properties -both present and future

(iii) Fair value measurements

This note provides information about how the Company determines fair value of various financial assets and financial liabilities.

Fair value of the Company's financial assets and financial liabilities that are measured at fair value on a recurring basis.

Some of the Company's financial assets and financial liabilities are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation techniques and inputs used):

Financial assets/financial liabilities	Fair Value as at		Fair value hierarchy	Valuation techniques & key inputs used
	31.03.2022	31.03.2021		
Investments in quoted equity instruments at FVTOCI	102.55	82.16	Level 1	Quoted bid price in an active market **(a)**
Investments in quoted instruments at FVTPL	11.17	5.86	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.

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2022 (in Indian Rupees million, unless otherwise stated)

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			
		31.03.2022		31.03.2021	
		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	134.76	129.22	134.53	128.64
Current financial assets					
- Trade receivables	Level 3	3309.24	3309.24	3177.16	3177.16
- Advances to employees	Level 3	10.63	10.63	10.70	10.70
- Other receivables	Level 3	76.60	76.60	58.15	58.15
Financial liabilities held at amortised cost					
Non-current financial liabilities					
- Lease liabilities	Level 3	0.95	0.95	1.73	1.73
- Other financial liabilities	Level 3	17.01	17.01	-	-
Current financial liabilities					
- Borrowings	Level 2	1630.00	1630.00	-	-
- Lease liabilities	Level 3	0.79	0.79	0.80	0.80
- Trade payables	Level 3	2380.21	2380.21	2107.69	2107.69
- Other financial liabilities	Level 3	902.49	902.49	674.86	674.86

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

	31.03.2022			31.03.2021		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
Financial Assets						
Non-Current						
Investments	11.35	113.85	-	6.04	93.46	-
Other financial assets	-	-	134.76	-	-	134.53
Current						
Trade receivables	-	-	3309.24	-	-	3177.16
Cash and Cash equivalent	-	-	158.43	-	-	2548.25
Bank balances other than above	-	-	23.92	-	-	2106.19
Other financial assets	-	-	87.23	-	-	68.85
	11.35	**113.85**	**3713.58**	**6.04**	**93.46**	**8034.98**
Financial Liabilities						
Non Current						
Lease liabilities	-	-	0.95	-	-	1.73
Other financial liabilities	-	-	17.01	-	-	-
Current						
Borrowings	-	-	1630.00	-	-	-
Lease liabilities	-	-	0.79	-	-	0.80
Trade payables	-	-	2380.21	-	-	2107.69
Other financial liabilities	-	-	902.49	-	-	674.86
	-	**-**	**4931.45**	**-**	**-**	**2785.08**

Non Current Investment amounting ₹9559.66 million (Previous year: ₹2407.81 million) has been valued at Cost.

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2022 (in Indian Rupees million, unless otherwise stated)

36. 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 Ltd.	[CIL]
Pluss Advanced Technologies Private Limited(with effect from October 06, 2021)	[PLUSS]
Holding through subsidiary:	
Volzhsky Abrasive Works	[VAW]
Foskor Zirconia (Pty) Ltd.	[Foskor]
CUMI America Inc.	[CAI]
CUMI Middle East FZE	[CME]
CUMI Abrasives & Ceramics Co., Limited	[CACCL]
Thukela Refractories Isithebe Pty Ltd. *	[TRIL]
CUMI Europe s.r.o	[CE]
PLUSS Advanced Technologies B.V (with effect from October 06, 2021)	[PLUSSBV]
CUMI AWUKO Abrasives GmbH (with effect from December 09, 2021)	[CAAG]
Rhodius Abrasives GmbH (with effect from January 28, 2022)	[RAG]

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. N Ananthaseshan, Managing Director	[AN]
Mr. Sridharan Rangarajan, Director – Finance & Strategy (Effective from 1st July 2021)	[SR]
Other Related parties	
Ambadi Investments Limited (Shareholder with significant influence and promoter holding more than 10%)	[AIL]
Parry Enterprises India Limited (Subsidiary of AIL)	[PEIL]
Parry Agro industries Limited (Subsidiary of AIL)	[PAL]
Carborundum Universal Employees Provident Fund	[CUEPF]
Retiral funds of Subsidiaries, Joint ventures, Associate and Other Related parties	

* In July 2020, the Company's wholly owned step down subsidiary, M/s. Thukela Refractories Isithebe Pty Limited, South Africa (TRIL), (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, 2022 (in Indian Rupees million, unless otherwise stated)

A. Transactions during FY 2021-22

Related Party	Income from Sales & Services	Royalty income	Dividend income	Purchase of goods	Purchase of power	Expenditure on other services	Rental expenses	Managerial remuneration	Purchases of Fixed asset	Contribution to Provident Fund	Investment made	Letter of Comfort/ Guarantee issued/renewed
Subsidiaries												
CAI	620.59	-	-	0.87	-	-	-	-	0.34	-	-	189.53
Net Access	1.46	-	10.00	-	-	25.62	-	-	5.23	-	-	-
Sterling	264.39	-	18.36	0.74	-	-	-	-	-	-	-	-
Sedco	4.02	-	19.50	-	193.73	-	-	-	-	-	-	-
CAPL	397.44	3.08	56.32	0.13	-	-	-	-	-	-	-	-
CME	55.11	-	-	-	-	-	-	-	-	-	-	-
Foskor	-	-	-	104.77	-	-	-	-	-	-	-	259.50
CIL	-	-	-	-	-	-	-	-	-	-	5974.75	-
CACCL	63.63	-	-	59.66	-	-	-	-	0.50	-	-	-
VAW	42.54	-	-	429.48	-	-	-	-	-	-	-	-
PLUSS	1.06	-	-	-	-	-	-	-	-	-	1149.24	-
CAAG	37.77	-	-	-	-	-	-	-	-	-	-	-
RAG	-	-	-	-	-	-	-	-	-	-	-	4656.30
Total	**1488.01**	**3.08**	**104.18**	**595.65**	**193.73**	**25.62**	**-**	**-**	**6.07**	**-**	**7123.99**	**5105.33**
Joint Ventures												
MMTCL	18.30	-	114.46	15.52	-	-	-	-	5.01	-	-	-
Ciria	44.08	-	25.50	-	-	-	-	-	-	-	-	90.00
Total	**62.38**	**-**	**139.96**	**15.52**	**-**	**-**	**-**	**-**	**5.01**	**-**	**-**	**90.00**
Associate & its subsidiaries												
Wendt	30.67	-	30.00	22.20	-	-	5.52	-	2.64	-	-	-
WGTL	62.54	-	-	10.82	-	-	-	-	-	-	-	-
Total	**93.21**	**-**	**30.00**	**33.02**	**-**	**-**	**5.52**	**-**	**2.64**	**-**	**-**	**-**
Other related parties												
PEIL	-	-	-	-	-	10.05	-	-	-	-	-	-
CUEPF	-	-	-	-	-	-	-	-	-	145.61	-	-
Total	**-**	**-**		**-**	**-**	**10.05**	**-**	**-**	**-**	**145.61**	**-**	**-**
KMP												
AN	-	-	-	-	-	-	-	19.17	-	-	-	-
SR	-	-	-	-	-	-	-	15.55	-	-	-	-
Total	**-**	-	-	-	-	-	-	**34.72**	-	-	-	-
Grand Total	**1643.60**	**3.08**	**274.14**	**644.19**	**193.73**	**35.67**	**5.52**	**34.72**	**13.72**	**145.61**	**7123.99**	**5195.33**

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2022 (in Indian Rupees million, unless otherwise stated)

B. 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

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C. Outstandings

Related Party	As at 31.03.2022				As at 31.03.2021			
	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	248.10	-	0.87	189.53*	203.11	-	0.37	-
Net Access	0.06	-	1.73	-	1.30	-	1.44	-
Sterling	45.13	-	-	-	29.39	-	0.48	-
Sedco	0.28	-	18.29	-	1.52	-	17.42	-
CAPL	43.44	-	-	-	29.24	-	-	-
CME	33.68	-	-	-	37.06	-	0.58	-
Foskor	-	-	0.16	259.50*	-	-	-	249.00
CACCL	48.88	-	0.22	-	70.41	-	8.29	-
VAW	30.59	-	120.74	-	3.87	-	92.40	-
CAAG	37.84	-	-	-	-	-	-	-
RAG	-	-	-	4656.30#	-	-	-	-
Total	**488.00**	**-**	**142.01**	**5105.33**	**375.90**	**-**	**120.98**	**249.00**
Joint Ventures								
MMTCL	5.36	-	1.07	-	6.50	-	1.73	-
Ciria	11.83	-	-	90.00*	11.24	-	-	-
Total	**17.19**	**-**	**1.07**	**90.00**	**17.74**	**-**	**1.73**	**-**
Associate & its subsidiaries								
Wendt	20.13	1.00	3.77	-	26.73	1.00	7.92	-
WGTL	4.09	-	-	-	4.48	-	1.33	-
Total	**24.22**	**1.00**	**3.77**	-	**31.21**	**1.00**	**9.25**	**-**
Other related parties								
PEIL	-	-	2.54	-	-	-	0.16	-
CUEPF	-	-	12.43	-	-	-	12.01	-
Total	**-**	**-**	**14.97**	-	**-**	**-**	**12.17**	**-**
KMP@								
AN	-	-	4.83	-	-	-	3.97	-
SR	-	-	4.05	-	-	-	-	-
Total	**-**	**-**	**8.88**	-	**-**	**-**	**3.97**	**-**
Grand Total	**529.41**	**1.00**	**170.69**	**5195.33**	**424.85**	**1.00**	**148.10**	**249.00**

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.

Issued towards purchase price payment obligations of RAG

@Incentive payable to Managing Director and Director – Finance & Strategy is provisional and subject to determination by the Nomination and Remuneration Committee.

Notes forming part of the Standalone Financial Statements

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D. Compensation to Key Management Personnel

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

Particulars	Year ended				
	31.03.2022			31.03.2021	
	AN	SR	Total	AN	Total
Short term benefits	16.28	13.37	29.65	13.50	13.50
Post employment benefits	2.85	2.16	5.01	2.28	2.28
Other benefits	0.04	0.02	0.06	0.04	0.04
Total	**19.17**	**15.55**	**34.72**	**15.82**	**15.82**
Share based payments	16.25	14.85		4.71	

The Remuneration to Key Management Personnel is determined by the Nomination and Remuneration Committee having regard to the performance of individual and market trends.

37. 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	2671400	60000	24800	139600	653200	334400	73600	420000	151600
(ii)	Options outstanding as on 1.4.2021	-	-	-	-	-	-	-	79200	22080
(iii)	Options granted during the year	-	-	-	-	-	-	-	-	-
(iv)	Options cancelled during the year	-	-	-	-	-	-	-	-	-

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2022 (in Indian Rupees million, unless otherwise stated)

	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
(v)	Total options vested during the year	-	-	-	-					
(vi)	Options exercised during the year				-		-	-	79200	14040
	Money realised by exercise of options (₹ in million)								11.56	2.18
(vii)	Options lapsed during the year	-	-	-	-	-	-	-		8040
(viii)	Options outstanding as on 31.03.2022	-	-	-	-	-	-	-	-	-
	(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, 2022									
(ix)	Options vested but not exercised as at 01.04.2021	-	-	-	-	-	-	-	79200	22080
(x)	Options vested but not exercised as at 31.03.2022 (x) = (ix) + (v) - (vi) - (vii)	-	-	-	-	-	-	-	-	-

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%

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2022 (in Indian Rupees million, unless otherwise stated)

37B. ESOP Plan 2016

A.Summary of Status of ESOPs Granted

The position of the existing scheme is summarised as under -

Sr. 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	3772000
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 ,Grant VI,Grant VII and Grant VIII : 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 per cent on expiry of 1 year from the date of grant and 37.5 per cent each on expiry of 2 and 3 years from the date of grant. Grant V B : 50 per cent on expiry of 1 year from the date of grant and 50 per cent on expiry of 2 years from the date of the grant.
4	The Pricing Formula	The options carry a right to subscribe to equity shares at the latest available closing price on the stock exchange which reports the highest trading volume, prior to the date of grant of the options.
5	Maximum term of Options granted (years)	The Exercise period would commence from the date of vesting and will expire on completion of 5 (five) years from the date of respective vesting.
6	Method of Settlement	Equity
7	Source of shares	Primary
8	Variation in terms of ESOP	No variations

II. Options Movement during the year ended 31st March 2022

S. No	Particulars	No. of Options	Weighted average exercise Price	Grant I	Grant IIA	Grant IIB	Grant III	Grant IV	Grant V A	Grant VB	Grant VI	Grant VII	Grant VIII
	Exercise Price per Option (in ₹)			**257.55**	**367.20**	**367.20**	**369.85**	**361.90**	**317.70**	**317.70**	**343.80**	**490.50**	**672.95**
1	No. of Options Outstanding at the beginning of the year	709334	301.11	325902	19344	50870	36940	-	71630	111528	93120	-	-
2	Options Granted during the year	792080	655.93	-	-	-	-	-	-	-	-	73880	718200
3	Options cancelled during the year	-	-	-	-	-	-	-	-	-	-	-	-
4	Options Forfeited / Surrendered during the year	-	-	-	-	-	-	-	-	-	-	-	-
5	Options Lapsed during the year	-	-	-	-	-	-	-	-	-	-	-	-
6	Options Exercised during the year	172624	281.80	126276	-	20348	-	-	11000	-	15000	-	-
7	Total number of shares arising as a result of exercise of options	172624	281.80	126276	-	20348	-	-	11000	-	15000	-	-
8	Money realised by exercise of options (₹ in million)	48.65	-	32.52	-	7.47	-	-	3.50	-	5.16	-	-
9	Number of Options outstanding at the end of the year	1328790	515.12	199626	19344	30522	36940	-	60630	111528	78120	73880	718200
10	Number of Options exercisable at the end of the year	425428	299.81	199626	19344	30522	25858	-	16302	111528	22248	-	-

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2022 (in Indian Rupees million, unless otherwise stated)

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 VB	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	822824	301.71	386272	19344	50870	36940	50870	73880	111528	93120
2	Options Granted during the year	-	-	-	-	-	-	-	-	-	-
3	Options cancelled during the year	50870	361.90	-	-	-	-	50870	-	-	-
4	Options Forfeited / Surrendered during the year	-	-	-	-	-	-	-	-	-	-
5	Options Lapsed during the year	-	-	-	-	-	-	-	-	-	-
6	Options Exercised during the year	62620	259.71	60370	-	-	-	-	2250	-	-
7	Total number of shares arising as a result of exercise of options	62620	259.71	60370	-	-	-	-	2250	-	-
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	709334	301.11	325902	19344	50870	36940	-	71630	111528	93120
10	Number of Options exercisable at the end of the year	482545	285.32	325902	19344	35609	14776	-	12526	55764	18624

III. Weighted Average remaining contractual life

Range of Exercise Price	As at 31.03.2022		As at 31.03.2021	
	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	199626	2.93	325902	3.63
301 to 400	337084	4.61	383432	5.43
401 to 500	73880	6.78	-	-
501 to 600	-	-	-	-
601 to 700	718200	7.04	-	-

	Particulars	As at 31.03.2022	
		2021-22	2020-21
IV	Exercise price equals market price Weighted average Fair Value of Options granted during the year	225.13	NA
V	The weighted average market price of options exercised during the year	818.22	499.05

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:

Particulars	Weighted Average	
	2021-22	2020-21
1. Risk Free Interest Rate (%)	5.46	NA
2. Expected Life(in years)	4.07	NA
3. Expected Volatility (%)	35.14	NA
4. Dividend Yield (%)	0.46	NA
5. Exercise Price	655.93	NA
6. Price of the underlying share in market at the time of the option grant.(₹)	655.93	NA

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2022 (in Indian Rupees million, unless otherwise stated)

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	2021-22	2020-21
Employee Option plan expense	50.06	15.99

Particulars	For the year	
	2021-22	2020-21
38. a. Value of Imports on CIF basis:		
Raw materials	4283.73	3310.82
Components & Spare parts	214.33	77.11
Stock in trade	681.38	381.96
Capital goods	67.85	212.51
b. Expenditure in foreign currency (on cash basis):		
Professional / Consultancy fees	17.32	24.14
Commission	6.73	13.64
Travel and other matters	29.39	31.88
39. Earnings in foreign exchange on account of:		
Value of exports on FOB basis	4921.90	3549.06
Royalty	3.08	2.76
Dividend	56.32	72.16
Management fees	22.35	21.68
40. Auditors' Remuneration		
Statutory audit	5.20	3.65
Tax Audit	0.90	0.90
Other services	2.15	3.98
Out of pocket expenses	0.06	0.08
	8.31	**8.61**
41. Research and Development expenditure:		
a) Revenue Expenditure (disclosed under the respective heads)		
Direct Material, Supplies and Consumables	44.41	42.63
Employee Benefit Expenses	91.69	68.64
Repair & Maintenance	8.29	5.81
Other Expenses	28.89	14.80
Depreciation	12.13	13.62
Total	**185.41**	**145.50**

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2022 (in Indian Rupees million, unless otherwise stated)

Particulars	For the year	
	2021-22	2020-21
b) Capital Expenditure		
Property, plant and equipment		
Buildings	0.22	0.57
Plant and equipment	13.06	6.25
Furniture and fittings & Others	1.08	3.30
	14.36	**10.12**
Intangibles	0.38	-
Total	**14.74**	**10.12**
Capital Work-in-Progress (CWIP)	8.81	4.78
Total Capital Expenditure (including CWIP)	**23.55**	**14.90**

42. 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	
		31.03.2022	31.03.2021
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 Limited, Australia	Australia	51.22%	51.22%
PLUSS Advanced Technologies Private Limited*	India	71.99%	-
B. Investment in Joint ventures			
Murugappa Morgan Thermal Ceramics Limited	India	49.00%	49.00%
Ciria India Limited	India	30%	30%
C. Investment in Associate			
Wendt (India) Limited	India	37.50%	37.50%

* Effective ownership after excluding share held by PLUSS trust is 75.22%

43. Donations given to Political parties during the year

Particulars	For the year	
	2021-22	2020-21
Communist Party of India (Marxist)	0.30	0.05
Congress Committee Ernakulam	-	0.30
Communisit Party of India	-	0.08
Indian National Congress	-	0.05
Bharathiya Janatha Party	-	0.02
Kerala Congress	0.10	-
Rathin Ghosh West Bengal Assembly Election 2021 - All India Trinamool Congress	0.03	-
Total	**0.43**	**0.50**

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2022 (in Indian Rupees million, unless otherwise stated)

44. Corporate Social Responsibility (Refer Corporate Social Responsibility Report)

During the year, the Company incurred an aggregate amount of ₹45.86 million (Previous year: ₹57.90 million) towards corporate social responsibility against the amount of ₹43.53 million (Previous year: ₹41.76 million) to be spent as per provision of Section 135 of the Companies Act, 2013 read with relevant schedule and rules made thereunder. The excess spend of ₹2.33 million is eligible to be carried forward for adjusting against the CSR expenditure within the next three years.

The details of the CSR spend is given below:

Particulars	For the year	
	2021-22	2020-21
A. Expenditure incurred directly by the Company		
Skill Centre Development - Revenue expenditure	15.08	15.77
Sir Ivan Stedeford Hospital	4.41	
Local CSR spent expenses including COVID related	1.04	-
B. Expenditure incurred through Agencies		
AMM Foundation	13.63	16.88
Shri A.M.M Murugappa Chettiar Research Centre	-	4.00
Hosur Industrial Association	1.25	1.25
PM Cares Fund	-	20.00
Tamil Nadu State Disaster Management Authority	10.00	
Sathya Sai Health and Educational Trust	0.45	-
	45.86	
Less : Carried forward for adjustment in subsequent years	2.33	
TOTAL	**43.53**	**57.90**

45. 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 impact on operations caused due to supply chain disruptions and container availability continues.

46. Events after the reporting period

The Company through, RHODIUS Abrasives GmbH (RAG), another new wholly owned stepdown subsidiary in Germany acquired RHODIUS Schleifwerkzeuge Verwaltungsgesellschaft GmbH (RQS GmbH) and RHODIUS Schleifwerkzeuge GmbH & Co. KG (RQS KG) (together called RHODIUS Abrasives) from M/s. Gebrüder Rhodius GmbH & Co. KG (Seller) at Germany effective from 01st April 2022. The closing payment of Euro 46.8 million has been made to the seller and the same was computed post adjustment of net debt, debt like items and an adjustment for net working capital based on December 31, 2021 financials. The final adjustment towards the closing payment mainly due to Net Working Capital, if any, arising on account of the audited Consolidated Financials of RQS KG as of 31st March 2022 is scheduled to be settled between the Sellers and RAG in the next few months, in line with the terms agreed in the share purchase agreement.

47. Additional regulatory information required by Schedule III

(i) Details of benami property held

No proceedings have been initiated on or are pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

(ii) Borrowing secured against current assets

The Company has borrowings from banks on the basis of security of current assets. The quarterly returns or statements of current assets filed by the Company with banks are in agreement with the books of accounts.

(iii) Wilful defaulter

The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(iv) Relationship with struck off companies

The Company has no transactions with the companies struck off under Companies Act, 2013 or Companies Act, 1956.

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2022 (in Indian Rupees million, unless otherwise stated)

(v) Compliance with number of layers of companies

The Company has complied with the number of layers prescribed under the Companies Act, 2013.

(vi) Compliance with approved scheme(s) of arrangements

The Company has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.

(vii) Utilisation of borrowed funds and share premium

The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or

b. provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries

The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

b. provide any guarantee, security or the like on behalf of the ultimate beneficiaries

(viii) Undisclosed income

There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

(ix) Details of crypto currency or virtual currency

The Company has not traded or invested in crypto currency or virtual currency during the current or previous year.

(x) Valuation of PP&E, intangible asset and investment property

The Company has not revalued its property, plant and equipment (including right-of-use assets) or intangible assets or both during the current or previous year.

48. Ratios

Particulars	Numerator	Denominator	FY 2021-22	FY 2020-21	Favourable/ (Adverse) in %	Remarks
(a) Current ratio	Current asset	Current liabilities	1.6	3.9	58%	Decrease in Cash and Cash equivalent due to Investment made during the current year.
(b) Debt-equity ratio	Borrowings	Total Equity	0.09	-	-	Usage of Working capital Loan (Previous year : ₹Nil)
(c) Debt service coverage ratio	Net profit after taxes + Non-cash operating expenses like depreciation and other amortisations + Interest + other adjustments like loss on sale of PP&E etc.	Interest and principal repayments including lease payments.	304.3	429.2	(29%)	Due to fresh loans.
(d) Return on equity ratio	Net profit after tax	Average shareholder equity	15.5%	12.7%	23%	Effective returns.

Notes forming part of the Standalone Financial Statements

For the year ended March 31, 2022 (in Indian Rupees million, unless otherwise stated)

Particulars	Numerator	Denominator	FY 2021-22	FY 2020-21	Favourable/ (Adverse) in %	Remarks
(e) Inventory turnover ratio	Sales	Average Inventory	6.3	5.3	19%	Effective inventory management.
(f) Trade receivables turnover ratio	Sales	Average Receivable	6.8	5.7	18%	Supported by effective collection efforts.
(g) Trade payables turnover ratio	Total purchase and Service received	Average Trade payables	8.7	8.0	(8%)	In line with business growth
(h) Net capital turnover ratio	Net sales	Working capital	6.9	1.9	256%	Efficient working capital management.
(i) Net profit ratio	Net profit	Net Sales	11.6%	11.2%	4%	Increase due to better profitability
(j) Return on capital employed	Earning before interest and taxes	Capital employed = Tangible networth+Total debts+Deferred tax liability	18.2%	15.9%	14%	Better returns & effective utilisation of capital employed
(k) Return on investment						Significant investments held by the Company are for strategic purposes. Benchmarking the return on an annual basis will not reflect yield from such investments.

49. 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.

50. 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 May 13, 2022.

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
May 13, 2022

On behalf of the Board

M M Murugappan
Chairman

N Ananthaseshan
Managing Director

Sridharan Rangarajan
Director - Finance & Strategy

P Padmanabhan
Chief Financial Officer

Rekha Surendhiran
Company Secretary

Concept

Kanchana Srinivasan, Corporate Communications Manager, CUMI

Statutory pages

CUMI Compliance Team with inputs from Denesh P, Manager- Strategy & Analytics and the Finance & Accounting Team

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