

**CARBORUNDUM UNIVERSAL LIMITED**

CIN NO: L29224TN1954PLC000318

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Website : [www.cumi-murugappa.com](http://www.cumi-murugappa.com)**Disclosure pursuant to Regulation 14 of SEBI (Share Based Employee Benefits) Regulations, 2014 as on March 31, 2019**

The Company has granted Stock Options to its employees under the Company's ESOP Scheme 2007 & ESOP 2016.

Please refer Note no. 36 of the Standalone Financial Statements of the Company for the year ended March 31, 2019 for disclosures prescribed under Indian Accounting Standards 'Guidance Note on accounting for employee share-based payments issued by ICAI.

The details pursuant to Regulation 14 of SEBI (Share Based Employee Benefits) Regulations, 2014 are furnished hereunder:

<b>Nature of Disclosure</b>	<b>Employee Stock Option Scheme 2007</b>	<b>Employee Stock Option Plan 2016</b>
A description of each Employee Stock Option Scheme (ESOS) that existed at any time during the year, including the general terms and conditions of each ESOS	The Nomination and Remuneration Committee (earlier Compensation and Nomination Committee) had formulated the Carborundum Universal Limited Employee Stock Option Scheme 2007 entitling the option grantees under the Scheme to subscribe to one share upon exercise of one option.	The Nomination and Remuneration Committee had formulated the Carborundum Universal Limited Employee Stock Option Plan 2016 entitling the option grantees under the Plan to subscribe to one share upon exercise of one option.
Date of shareholders' approval	27 <sup>th</sup> July 2007	9 <sup>th</sup> January 2017
Total number of Options approved under ESOS	46,67,700 (forty six lakhs sixty seven thousand seven hundred only)	37,72,000 (thirty seven lakhs seventy two thousand only)
Vesting requirements	The vesting of Options granted, is based on the annual performance rating for each financial year and as per the following schedule: - a) In respect of 41,94,200 Options, 20 per cent each on expiry of 1 and 2 years from the date of grant and 30 per cent each on expiry of 3 and 4 years from the date of grant. b) In respect of 3,34,400 Options, 40 per cent on expiry of one year from the date of grant and 30 per cent each on expiry of 2 and 3 years from the date of grant.	The vesting of Options granted, is based on annual performance rating for each financial year and as per following schedule: - a) In respect of 11,22,520 Options, 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. b) In respect of 19,344 Options, 25 percent on expiry of 1 year from the date of grant and 37.50 percent each on expiry of 2 and 3 years from the date of the grant.
Exercise price or 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.	

Nature of Disclosure	Employee Stock Option Scheme 2007	Employee Stock Option Plan 2016
Maximum term of Options granted	<p>a) In respect of 41,94,200 Options, the grantee has a right to subscribe within 3 years from the date of vesting for the first tranche and 6 years from the date of vesting for the subsequent tranches.</p> <p>b) In respect of 3,34,400 Options, the grantee has a right to subscribe within 3 years from the date of vesting, for 50 per cent of the first tranche, and 6 years from the date of vesting for the remaining 50 per cent of the first tranche and all subsequent tranches.</p>	The grantee has a right to subscribe the Options within 5 (five) years from the date of respective vesting.
Source of shares (primary, secondary or combination)	Primary	
Variation in terms of Options	<p>Since inception of the scheme, the performance based vesting criteria has been amended. Further the exercise period for the Options have been extended from 3 years to 6 years for the 2<sup>nd</sup>, 3<sup>rd</sup> and 4<sup>th</sup> vests.</p> <p>In respect of the 1<sup>st</sup> vest, the exercise period continues to be 3 years except in respect of the 3,34,400 Options mentioned above for which 50 per cent is exercisable within 3 years and balance 50 percent within 6 years.</p>	Nil
Method used to account for ESOS - Intrinsic or fair value	As prescribed under the Companies (Indian Accounting Standards) Rules, 2015, the Options are accounted on the basis of fair value.	
Where the company opts for expensing of the Options using the intrinsic value of the Options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the Options shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed.	Not applicable	
Option movement during the year		
Total number of Options granted	45,28,600 Options have been granted under the ESOP scheme 2007 till 4 <sup>th</sup> February 2012. No Options were granted during the year 2017-18.	During the year 2018-19, 156,750 Options have been granted under the ESOP 2016. 11,41,864 Options have been granted under the ESOP 2016.

Nature of Disclosure	Employee Stock Option Scheme 2007	Employee Stock Option Plan 2016
Number of Options outstanding at the beginning of the period	6,55,816	604,540
Number of Options granted during the year	Nil	156,750
Number of Options cancelled during the year	Nil	Nil
Number of Options forfeited / lapsed during the year	Nil	55,152
Number of Options vested during the year	Nil	110,122
Number of Options exercised during the year	174,462	23,962
Number of shares arising as a result of exercise of Options	174,462	23,962
Money realised by exercise of Options (INR), if scheme is implemented directly by the company	Rs. 21.95 million	Rs. 6.17 million
Loan repaid by the Trust during the year from exercise price received	Not applicable	
Number of Options outstanding at the end of the year	481,354	682,176
Number of Options exercisable at the end of the year	481,354	184,886
Employee-wise details of Options granted to: a) Senior Management Personnel	<p>No Options were granted during the year.</p> <ul style="list-style-type: none"> <li>- K Srinivasan, Managing Director (443,800)</li> <li>- N Ananthaseshan, President - Abrasives (200,400)</li> <li>- M Muthiah, Executive Vice President – HR (168,400)</li> <li>- Sridharan Rangarajan, President (264,000),</li> <li>- Jayan P S, Executive Vice President – Electrominerals (60,000)</li> </ul> <p><i>Numbers in brackets represent number of Options granted earlier.</i></p>	<ul style="list-style-type: none"> <li>- K Srinivasan, Managing Director (370,400)<sup>@</sup></li> <li>- N Ananthaseshan, President Abrasives (93,120)</li> <li>- M Muthiah, Executive Vice President – HR (68,940)</li> <li>- Sridharan Rangarajan, President (88,284)<sup>@@</sup>,</li> <li>- Jayan P S, Executive Vice President – Electrominerals (68,940)</li> <li>- Jagannathan Chakravarthi Narasimhan, Chief Financial Officer (68940)<sup>##</sup></li> </ul> <p><sup>@</sup> During the FY 2017-18, all Options granted to Mr. K Srinivasan were cancelled at his request. <sup>@@</sup> includes 19,344 Options granted during FY 2017-18</p>

Nature of Disclosure	Employee Stock Option Scheme 2007	Employee Stock Option Plan 2016
b) Any other employee who received a grant in any one year of Options amounting to 5 per cent or more of Options granted during that year:	Alagappan P (74,800), D Vijayalakshmi (74,800), Ramesh K (88,600), Sivakumaran M V (88,600), Ranjan Dey (93,400), Padmanabhan P (93,400), P Nandakumar Nair (33,500), Rajeev Singhal (33, 500), Vipin Malik (33, 500).  The above represents the Options granted earlier. No fresh Options were granted during the year.	Srikanth C (50,870), Shyam S Rao (50,870), Rajendran V G (50,870) Rajkumar Arul (50,870) <sup>\$</sup> Padmanabhan P (36,940) <sup>\$</sup> <i>\$ Represents Options granted during the FY 2018-19</i>
c) Identified employees who were granted Options, during any one year, equal to or exceeding 1 per cent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	Nil	
A description of the method and significant assumptions used during the year to estimate the fair value of Options*:	The fair value of the Options has been computed as per the Black-Scholes model by taking into account the factors – exercise price, expected volatility, expected option life, expected dividends, the risk-free interest rate.	
a) Weighted-average exercise prices and Weighted-average fair values of Options granted during the year whose exercise price is either equal to or exceeds or is less than the market price.	Nil	Weighted average exercise price: Rs.365.56 for options exercised during the year  Weighted average fair value of Options granted: Rs. 126.08.
b) Weighted Average Share price		Rs. 367.27 for options granted during the year
c) Expected volatility		29.43%
d) Expected life of the Option		4.07 years
e) Expected dividend yields		0.53%
f) Risk-free interest rate		7.72%
g) Diluted Earnings per Share (EPS) pursuant to issue of shares on exercise of Options calculated in accordance with Indian Accounting Standards.		Rs.7.58

Nature of Disclosure	Employee Stock Option Scheme 2007	Employee Stock Option Plan 2016
Method used to estimate the fair value of Options	Black-Scholes model	
How expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility; and	The daily volatility of the stock prices on the National Stock Exchange, over a period prior to the date of grant, corresponding with the expected life of the Options has been considered for calculating the expected volatility.	The expected price volatility is based on the historic volatility, adjusted for any expected changes to future volatility due to publicly available information.
Whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition.	-	

During the year, there were no material changes carried out in the Carborundum Universal Limited Employee Stock Option Scheme 2007 & ESOP Plan 2016. The ESOP Scheme 2007 and the ESOP Plan 2016 are compliant with the applicable provisions of the SEBI (Share Based Employee Benefits) Regulations, 2014.

*For more details, refer Note no. 36 of the Standalone Financial Statements of the Company for the year ended March 31, 2019.*