

**Carborundum Universal Limited**

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31st August 2012

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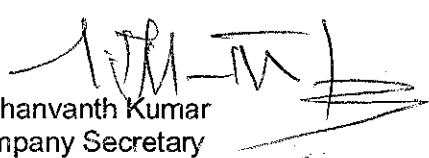
Stock Code : CARBORUNIV-EQ
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Dear Sirs,

We are enclosing a copy of the Minutes of the Fifty-eighth Annual General Meeting held
on 7th August 2012 for your records.

Thanking you
Yours faithfully

For Carborundum Universal Limited


S.Dhanvanth Kumar
Company Secretary

Encl :



murugappa

**MINUTES OF THE FIFTY-EIGHTH ANNUAL GENERAL MEETING OF THE COMPANY
HELD ON TUESDAY, THE 7TH OF AUGUST 2012 AT 2.30 P M AT TTK AUDITORIUM,
THE MUSIC ACADEMY, 168 (OLD NO. 306), TTK ROAD, ROYAPETTAH, CHENNAI
600 014**

PRESENT ON THE DIAS

Mr M M Murugappan	Chairman and Member
Mr Subodh Kumar Bhargava	Director and Chairman, Audit Committee
Mr T L Palani Kumar	Director
Mr Sridhar Ganesh	Director and Member
Mr Shobhan M Thakore	Director
Mr M Lakshminarayan	Director
Mr Sanjay Jayavarthanavelu	Director
Mr K Srinivasan	Managing Director and Member
Mr V Ramesh	President – Abrasives and Member
Mr P L Deepak Dorairaj	Senior Vice President (Operations) - Abrasives and Member
Mr Rajesh Khanna	Senior Vice President – Ceramics
Mr N Ananthaseshan	Senior Vice President – Electrominerals and Member
Mr R Rajagopalan	Senior Vice President – Refractories & Prodorite and Member
Mr M Muthiah	Senior Vice President – Human Resources and Member
Mr Sridharan Rangarajan	Chief Financial Officer
Mr S Dhanvanth Kumar	Company Secretary and Member

1217 members were present in person and 88 by proxy. Mr B Ramaratnam, Partner and Ms S Gayathri, Senior Manager, Deloitte Haskins & Sells were also present

Mr M M Murugappan, Chairman of the Board of Directors, chaired the meeting.

1. The Chairman declared that necessary quorum was present and called the meeting to order.
2. The Chairman introduced the Directors, Senior Executives and also Auditors to the members.
3. The Chairman announced that 93 proxies for 102,616,617 equity shares were received and recorded.
4. With the permission of members, the Notice convening the fifty-eighth Annual General Meeting of the Company was taken as read.
5. The Chairman announced that the Register of Directors' Shareholding and Certificate from Statutory Auditors under the Securities and Exchange Board of India (Employees Stock Option and Employees Stock Purchase Scheme) Guidelines, 1999 were available and were kept open for inspection by shareholders during the meeting.
6. In his opening address, the Chairman briefed the members about the highlights of the performance for the year 2011-12 and the results of the first quarter of 2012-13. Thereafter the Secretary read the Auditors' Report on the Accounts for the financial year ended 31st March 2012.
7. Mr. K Srinivasan made a power point presentation on the significant happenings during 2011-12.



Before putting the motion to vote, the Chairman invited members to raise their queries on the Annual Report and financial statements. A few members made their observations and comments and raised queries on the Annual Report and financial statements. The Chairman replied to those queries.

The Chairman then proposed that the Directors' Report and the Audited Profit and Loss Account for the financial year ended 31st March 2012 and the Balance Sheet as at that date and the Auditors' Report thereon as published and circulated to the members and now submitted to this meeting be and are hereby received and adopted.

The motion was then put to vote by show of hands and was carried by majority.

8. The Chairman informed that the next item on the agenda was declaration of a final dividend of Re.1/- per equity share as recommended by the Board. He stated that in February 2012, an interim Dividend of Re.1/- per equity share was paid to the shareholders, making a total dividend as Rs.2/- per equity share for the year 2011-12.

Mr. L V Rajarathnam proposed the following as an **Ordinary Resolution**:

RESOLVED THAT a final dividend of Re 1/- per equity share of Re 1/- each be declared for the financial year ended 31st March 2012 and that the same be paid out of the profits of the Company for the financial year ended 31st March 2012 to those shareholders whose names appear on the Register of Members on 7th August 2012 and the beneficial holders of the dematted shares as per the details provided by National Securities Depository Ltd. and Central Depository Services (India) Ltd.

Mr. R Narasimhan seconded the motion.

The motion was then put to vote by show of hands and was carried nem con.

As the next item was pertaining to the reappointment of Mr M M Murugappan, Mr M M Murugappan requested Mr Subodh Kumar Bhargava to take the Chair as protem Chairman.

Mr Subodh Kumar Bhargava took the Chair.

9. The protem Chairman informed the members that the next item on the agenda was the re-appointment of Mr M M Murugappan, Director who retires by rotation.

Mr R Vidyasankar then proposed the following as an **Ordinary Resolution**:

RESOLVED THAT Mr M M Murugappan who retires by rotation at this Annual General Meeting be and is hereby reappointed as a Director of the Company.

Mr. S Natarajan seconded the motion.

The motion was then put to vote by show of hands and was carried nem con.

After the conclusion of this item, Mr M M Murugappan resumed the Chair.

10. The Chairman informed the members that the next item on the agenda was the re-appointment of Mr M Lakshminarayan who retires by rotation.



Mr R Narasimhan then proposed the following as an **Ordinary Resolution**:

RESOLVED THAT Mr M Lakshminarayan who retires by rotation at this Annual General Meeting be and is hereby reappointed as a Director of the Company.

Mr. Chinmay Parikh seconded the motion.

The motion was then put to vote by show of hands and was carried nem con.

11. The Chairman informed the members about the proposal to reappoint Messrs Deloitte, Haskins & Sells as Auditors.

Mr. T C Sivasankaran then proposed the following as an **Ordinary Resolution**:

RESOLVED THAT M/s Deloitte, Haskins & Sells, Chartered Accountants, Chennai (Registration No. 008072S) be and are hereby reappointed as Auditors of the Company to hold office from the conclusion of the fifty-eighth Annual General Meeting till the conclusion of the fifty-ninth Annual General Meeting on a remuneration as may be decided by the Board.

Mr R Narasimhan seconded the motion.

The motion was then put to vote by show of hands and was carried by requisite majority.

12. The Chairman informed the members that the shareholders in August 1993, had authorised the Board of Directors of the Company under section 293(1)(e) of the Companies Act, 1956, to contribute / donate to charitable and other funds not directly related to the Company or welfare of the employees such amounts not exceeding in the aggregate in any financial year Rs. 25 lakhs or 10% of the average net profits of the Company as determined in accordance with the provisions of Section 349 and 350 of the Companies Act, 1956 during the three financial years immediately preceding, whichever is greater.

He stated that as considerable time had elapsed since the earlier resolution was passed, it was proposed to seek fresh approval of the members and whilst doing so amend the limit as "Rs. 5 crores or 10% of the average net profits of the Company as determined in accordance with the provisions of Section 349 and 350 of the Companies Act, 1956 during the three financial years immediately preceding, whichever is greater".

Mr. P Jagadeesan proposed the following as an Ordinary Resolution:

RESOLVED THAT sanction be and is hereby accorded under section 293(1)(e) of the Companies Act, 1956, to the Board of Directors of the Company to contribute / donate to charitable and other funds not directly related to the Company or welfare of the employees such amounts not exceeding in the aggregate in any financial year Rs.5 crores or 10% of the average net profits of the Company as determined in accordance with the provisions of Section 349 and 350 of the Companies Act, 1956 during the three financial years immediately preceding, whichever is higher.

At this stage, the Chairman informed the members, that in deference to the views expressed by some investors, the Board at its meeting held earlier in the day had decided to propose an amendment to this resolution to reduce the ceiling from "10% of the average net profits" to "5% of the average net profits".



He accordingly proposed the following amendment motion as an **Ordinary Resolution**:

RESOLVED THAT the resolution set out in item no. 6 of the notice of the meeting be amended by substituting the words "Rs.5 crores or 10% of the average net profits of the Company as determined in accordance with the provisions of Section 349 and 350 of the Companies Act, 1956 during the three financial years immediately preceding, whichever is greater" with the words "Rs.5 crores or 5% of the average net profits of the Company as determined in accordance with the provisions of Section 349 and 350 of the Companies Act, 1956 during the three financial years immediately preceding, whichever is greater."

The motion was then put to vote by show of hands and was carried nem con.

The Chairman then proposed the following amended resolution as an **Ordinary Resolution**:

RESOLVED THAT sanction be and is hereby accorded under section 293(1)(e) of the Companies Act, 1956, to the Board of Directors of the Company to contribute /donate to charitable and other funds not directly related to the Company or welfare of the employees such amounts not exceeding in the aggregate in any financial year Rs.5 crores or 5% of the average net profits of the Company as determined in accordance with the provisions of Section 349 and 350 of the Companies Act, 1956 during the three financial years immediately preceding, whichever is higher.

The motion was then put to vote by show of hands and was carried nem con.

13. The Chairman informed the members that at the fifty third Annual General Meeting of the Company held on 27th July 2007, the members had passed a Special Resolution approving the introduction and implementation of the Employee Stock Option Scheme. Pursuant to the said resolution, the 'Carborundum Universal Limited - Employees Stock Option Scheme 2007' ('the Scheme') was constituted and stock options were granted to employees commencing from September 2007.

He stated that it was now proposed to enhance the exercise period from the existing '3 years' to '6 years' keeping in mind the spirit of the scheme and the interest of the employees. Accordingly the Compensation & Nomination Committee, which is entrusted with responsibility of constituting and implementing the ESOP scheme, has amended clause 7(b) of the scheme to increase the maximum exercise period from '3 years' to '6 years'.

Mr. Muthu L K proposed the following as a **Special Resolution**:

RESOLVED THAT in partial modification of the special resolution passed at the Fifty Third Annual General Meeting of the Company held on Friday, the 27th July 2007 ('said resolution') and pursuant to Section 81(1A) of the Companies Act, 1956 and Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and any other applicable regulatory requirements, approval of the Company be and is hereby accorded for providing an exercise period of upto 6 years from the date of vesting (in substitution of the period of 3 years which was approved earlier) in respect of the options granted / to be granted under the Carborundum Universal Limited Employee Stock Options Scheme 2007 ('ESOP Scheme') constituted pursuant to the said resolution.

RESOLVED FURTHER THAT the amendment to Clause 7(b) of the 'Carborundum Universal Limited Employee Stock Option Scheme 2007', for enhancing the exercise period to 6 years (with such exceptions as considered necessary or appropriate),



which was approved by the Compensation & Nomination Committee with effect from 2nd May 2012 be and is hereby approved and ratified.

RESOLVED FURTHER THAT the Board of Directors or any Committee thereof, be and is hereby authorized to do all such acts, deeds, matters and things as it may in its absolute discretion deem fit, necessary or desirable for the purpose of giving effect to this resolution with power to settle any issues, questions, difficulties or doubts that may arise in this regard.

Mr. C Murugappan seconded the motion.

The motion was then put to vote by show of hands and was carried nem con.

14. The Chairman informed the members that stock Options are effective instruments to align the interests of employees with those of the Company. This also provides an opportunity to employees to participate in the growth of the company, besides creating long term wealth in their hands. This thus helps the Company to attract, retain and motivate the best available talent in an increasingly competitive environment. With these objectives in mind, an Employee Stock Option Scheme was constituted in 2007 with the approval of the members which provided for issue of fresh shares on exercise of the options by employees.

He stated that it was now proposed to introduce a new Employee Stock Option Plan 2012 or ESOP 2012 ("the Plan") for the benefit of eligible employees of the Company, and employees of the subsidiary companies under which the Company will purchase shares from the secondary market through a Trust set up for this purpose and offer the same to the employees upon exercise of the options.

Accordingly resolutions under item no. 8(a) and 8(b) of the notice were being placed for the consideration of members.

- (a) Mr. Nachiappan SP proposed the following as a **Special Resolution**:

RESOLVED THAT pursuant to the applicable provisions of the Companies Act, 1956, as amended from time to time ("the Act"), the Memorandum and Articles of Association of the Company and the applicable provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("the Guidelines") including any statutory modification(s) or re-enactment of the Act or the Guidelines, and all other applicable statutes, rules, regulations and guidelines and subject to such approvals, consents, permissions and sanctions as may be necessary as per applicable regulatory requirements and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any committee including the Compensation & Nomination Committee which the Board may, at its discretion authorize to exercise certain or all of its powers, including the powers, conferred by this resolution), the consent of the members be and is hereby accorded to the Board to constitute a plan called "CUMI Employee Stock Option Plan 2012" or "ESOP 2012" (hereinafter referred to as "the Plan"), to create, offer and grant such number of Stock Options to the permanent employees of the Company, existing and future (including any Managing Director or Wholetime Director of the Company), from time to time, as may be decided solely by the Board, exercisable into fully paid up Equity Share of Re.1/- each which shall be acquired from the secondary market through an ESOP Trust to be set up by the Company, at such price or prices, in one or more tranches and on such terms and conditions, as may be determined by the Board in accordance with the provisions of the ESOP 2012 and the applicable laws and



regulations, provided that the number of options granted and remaining outstanding pursuant to the ESOP 2012 along with the options outstanding under the 'Carborundum Universal Limited Employee Stock Option Scheme 2007' shall not in aggregate exceed 9,369,778 equity shares of Re.1/- each (being 5% of the paid up equity capital of the Company as at March 31, 2012).

RESOLVED FURTHER THAT in case of any corporate action(s) such as rights issues, bonus issues, merger and sale of division and others, if any additional options are granted by the Company to the Option Grantees for the purpose of making a fair and reasonable adjustment to the options granted earlier, the above ceiling of 9,369,778 equity shares shall be deemed to have been increased proportionately to the extent of such additional options so granted and any adjustment to the exercise price as may be necessary be permitted to be made.

RESOLVED FURTHER THAT in case the equity shares of the Company are either sub-divided or consolidated, then the number of shares to be provided upon exercise and the price of acquisition payable by the option grantees under the schemes shall automatically stand augmented or reduced, as the case may be, in the same proportion as the present face value of Re.1/- per equity share bears to the revised face value of the equity shares of the Company after such sub-division or consolidation, without affecting any other rights or obligations of the said allottees.

RESOLVED FURTHER THAT sanction be and is hereby accorded to constitute an employee stock option trust, namely, "CUMI Employee Stock Option Trust - 2012" ("the Trust") for the purpose of giving effect to the plan, which is hereby authorized to acquire equity shares of the Company from the open market, from time to time, for the benefit of the Employees in accordance with the Plan and hold the shares till the settlement of options.

RESOLVED FURTHER THAT sanction be and is hereby accorded to provide financial assistance to the Trust on such terms as the Board may consider appropriate (including that the loan may be non interest bearing), to enable the Trust to acquire or purchase the equity shares of the Company subject to compliance with the applicable provisions of the Act, including any statutory modification(s) or amendment(s) thereof.

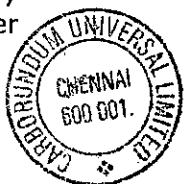
RESOLVED FURTHER THAT the Board be and is hereby authorized to make modifications, changes, variations, alterations or revisions in the plan, from time to time or to suspend, withdraw or revise the plan from time to time and settle all questions, queries, difficulties or doubts that may arise in relation to the implementation of the plan and incur expenses in relation thereto, as it may deem fit, from time to time in its sole and absolute discretion in conformity with the provisions of the Companies Act, 1956, the Memorandum and Articles of Association of the Company, SEBI Guidelines and any other applicable laws.

Mr. Chinmay Parikh seconded the motion.

The motion was put to vote and the same was carried nem con.

(b) Mr. Muthu L K then proposed the following as a **Special Resolution**:

RESOLVED THAT pursuant to the applicable provisions of the Companies Act, 1956, as amended from time to time ("the Act"), the Memorandum and Articles of Association of the Company and the applicable provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("the Guidelines") (including any statutory modification(s) or re-enactment of the Act or the Guidelines) and subject to all other



applicable statutes, rules, regulations and guidelines and such other approvals, consents, permissions and sanctions as may be necessary under law and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any committee including the Compensation & Nomination Committee which the Board may, at its discretion authorize to exercise certain or all of its powers, including the powers, conferred by this resolution), the consent of the members be and is hereby accorded to the Board to extend the benefits of the said ESOP 2012 referred to in the resolution under Item No.8(a) of this Notice to the benefit of such person(s) who are in permanent employment of the Subsidiary Companies (including any Managing Director or Wholetime Director), both existing and future, by way of grant of options exercisable into fully paid up Equity Share of Re.1/- each provided that such outstanding options arising out of the ESOP 2012 and 'Carborundum Universal Limited Employee Stock Option Scheme 2007' shall in aggregate not exceed 9,369,778 Equity Shares of Re.1/- each (being 5% of the paid up Equity Capital of the Company as at March 31, 2012,) prescribed in the resolution under Item No.8(a) of this Notice, which shall be acquired from the secondary market through an ESOP Trust set up by the Company, at such price or prices, in one or more tranches and on such terms and conditions, as may be determined by the Board in accordance with the provisions of the ESOP 2012 and the applicable laws and regulations and all the relevant clauses of the resolution under Item No.8(a) of this Notice dealing inter alia with additional grant of options, subdivision, consolidations, purchase of shares from the open market, provision of financial assistance, etc shall mutatis mutandis apply to issue of options to employees of subsidiary companies.

RESOLVED FURTHER THAT the Board be and is hereby authorized to make modifications, changes, variations, alterations or revisions in the plan, from time to time or suspend, withdraw or revise the plan from time to time and settle all questions, queries, difficulties or doubts that may arise in relation to the implementation of the plan and incur expenses in relation thereto, as it may deem fit, from time to time in its sole and absolute discretion in conformity with the provisions of the Companies Act, 1956, the Memorandum and Articles of Association of the Company, SEBI Guidelines and any other applicable laws.

Mr. S Nedunchezian seconded the motion.

The motion was then put to vote by show of hands and was carried nem con.

15. There being no other business, the Chairman declared the meeting as closed.

16. Mr. R Narasimhan proposed a vote of thanks to the Chair and the meeting was concluded.



M. M. Narasimhan
CHAIRMAN