

**Carborundum Universal Limited**

Regd. Off: 'Parry House', 43, Moore Street,
Chennai - 600 001. India.

Tel. : +91-44-3000 6161 Fax : +91-44-3000 6149

Email : cumigeneral@cumi.murugappa.com

Website : www.cumi.murugappa.com

CIN No. : L29224TN1954PLC000318.

10th December 2016

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

Stock Code: 513375
Through BSE Listing Centre

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

Stock Code: CARBORUNIV-EQ
Through NEAPS

Dear Sir,

Sub: Notice of Postal Ballot and form pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

In furtherance to our letter dated 28th October 2016 intimating the decision of the Board for seeking the approval of the Members of the Company through Postal Ballot, we enclose herewith the Postal Ballot Notice and the Postal Ballot Form, despatched to the Members today for considering the following proposals as detailed in the Notice:

1. Approval for alteration of existing Articles of Association (AOA) of the Company by adopting a new set of AOA aligned with the Companies Act, 2013 pursuant to Section 14 of the Companies Act, 2013.
2. Approval of Carborundum Universal Limited Employee Stock Option Plan 2016 ('ESOP 2016') and grant of stock options to employees of the Company under the ESOP 2016 pursuant to Section 62(1)(b) of the Companies Act, 2013.
3. Approval to grant stock options to the employees of the Company's subsidiaries under the ESOP 2016 pursuant to Section 62(1)(b) of the * Companies Act, 2013.

The e-voting facility begins on 11th December 2016 (9.00 a.m. IST) and ends on 9th January 2017 (5.00 p.m. IST). The last date for receipt of Postal Ballot Forms shall be 9th January 2017 (5.00 p.m. IST). Any form received after the closing hours of the said date will be considered as though no reply has been received from the Member. The voting rights of the Members/Beneficial Owners for this Postal Ballot shall be reckoned based on the equity shares held by them as on 2nd December 2016.



Please note that the results of the Postal Ballot will be announced on 11th January 2017 at the Registered Office of the Company and posted on the Company's website viz., www.cumi-murugappa.com besides being communicated to the Stock Exchanges.

Kindly take the above information on record.

Yours faithfully

For Carborundum Universal Limited



Rekha Surendhiran
Company Secretary



Encl.: a/a



CARBORUNDUM UNIVERSAL LIMITED

CIN: L29224TN1954PLC000318

Registered Office: 'Parry House', 43, Moore Street, Chennai - 600 001

Tel.: +91-44-30006161, Fax: +91-44-30006149

E-mail: investorservices@cumi.murugappa.com

Website: www.cumi-murugappa.com



murugappa

NOTICE OF POSTAL BALLOT

[Pursuant to Section 110 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014]

To

The Members of Carborundum Universal Limited

NOTICE is hereby given pursuant to the provisions of Section 110 of the Companies Act, 2013 ('Act') read with Rule 22 of the Companies (Management and Administration) Rules, 2014, that the Resolutions appended below are proposed to be passed by Members through Postal Ballot for the following purposes:

Item No. 1 – As a Special Resolution

Approval under Section 14 of the Act for amending the existing Articles of Association ('AOA') of the Company with the adoption of new set of AOA in alignment with the provisions of the Act.

Item No. 2 – As a Special Resolution

Approval under Section 62(1)(b) of the Act for the Carborundum Universal Limited Employee Stock Option Plan 2016 ('ESOP 2016') and grant of Stock Options to employees of the Company under the ESOP 2016.

Item No. 3 – As a Special Resolution

Approval under Section 62(1)(b) of the Act for granting Stock Options to the employees of the Company's subsidiary(ies) under the ESOP 2016.

The draft Resolutions and the Statement setting out the material facts concerning each item and the reasons for the proposals is appended hereto along with the Postal Ballot Form for your consideration and voting.

In compliance with Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') and Section 110 of the Act read with Rule 20 of Companies (Management and Administration) Rules, 2014 as amended from time to time, the Company is pleased to offer e-voting facility to its Members to exercise their votes electronically on the Resolutions set forth in the Postal Ballot Notice. The Company has engaged the services of M/s. Karvy Computershare Private Limited (Karvy) to provide the electronic voting (e-voting) facility to enable Members to exercise their votes in a secured manner. Members may choose to exercise their votes using either the Postal Ballot Form enclosed herewith or the e-voting facility provided by the Company. It may be noted that a Member is permitted to exercise his/her vote only through one of these modes. Those Members opting for e-voting are requested to follow the procedure recommended by Karvy as detailed in the instructions contained in this Notice.

The Board of Directors have appointed Mr. R Sridharan or failing him Mr. G Subramaniam of M/s. R Sridharan & Associates, Practising Company Secretaries, as the Scrutiniser for conducting the Postal Ballot voting process including e-voting in a fair and transparent manner.

Members are requested to read the instructions printed on the Postal Ballot Form carefully and return the form duly completed and signed in the attached self-addressed business reply envelope, so as to reach the Scrutiniser not later than 5.00 p.m. on 9th January 2017. Any Postal Ballot Form received after the closing hours of the said date will be treated as not having been received. No other form or photocopy thereof is permitted. The Scrutiniser will submit his report to the Chairman or any other Director of the Company after completion of the scrutiny of the Postal Ballot. The results of the Postal Ballot will be announced by the Chairman or any other Director of the Company at 11.00 a.m. on 11th January 2017 at the Registered Office of the Company at 'Parry House', 43 Moore Street, Chennai - 600 001. The results of the Postal Ballot will also be displayed at the Registered Office and posted on the Company's website - www.cumi-murugappa.com as well as on the website of Karvy - www.evoting.karvy.com besides being communicated to the Stock Exchanges where the Company's shares are listed.

The Resolutions being Special Resolutions will be declared as passed if votes cast in favour are not less than three times the number of votes, if any, cast against the Resolution by Members so entitled and voting.

In case of any further clarification regarding the Postal Ballot, Members may contact the Company at the contact details furnished above.

By Order of the Board
For Carborundum Universal Limited

Chennai
28th October 2016

Rekha Surendhiran
Company Secretary

RESOLUTIONS FOR POSTAL BALLOT
(Pursuant to Section 110 of the Companies Act, 2013)

Item No. 1

To consider and if deemed fit, to pass the following as a Special Resolution:

RESOLVED THAT pursuant to the provisions of Section 14 and all other applicable provisions of the Companies Act, 2013 (including any statutory modifications or re-enactment thereof, for the time being in force), approval of the Members of the Company be and is hereby accorded to the alteration of the existing Articles of Association of the Company by adoption of a new set of Articles of Association in substitution, and to the entire exclusion of the regulations contained in the existing Articles of Association of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take such steps and do all such acts, deeds and things as is considered necessary, expedient, usual, proper or incidental in relation to the said matter and take such actions and give such directions as they may consider as necessary or desirable to give effect to this Resolution.

Item No. 2

To consider and if deemed fit, to pass the following as a Special Resolution:

RESOLVED THAT pursuant to the provisions of Section 62(1)(b) and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder and in accordance with the Memorandum and Articles of Association of the Company, Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (hereinafter referred as 'SEBI SBEB Regulations'), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any statutory modification(s) or re-enactment of the Act or the Regulations, and all other applicable statutes, rules, regulations and guidelines and subject to such other approvals, permissions and sanctions as may be necessary and upon 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 Nomination & Remuneration Committee which the Board may at its discretion authorise to exercise certain or all of its powers, including the powers conferred by this Resolution), approval of the Members be and is hereby accorded to the introduction and implementation of 'Carborundum Universal Limited Employee Stock Option Plan 2016' (hereinafter referred to as the 'ESOP 2016') to create and grant from time to time, in one or more tranches, not exceeding 37,72,000 (thirty seven lakhs seventy two thousand only) Employee Stock Options to or for the benefit of such person(s) who are in permanent employment of the Company, including any Managing Director and Whole-time Director (other than Promoters/persons belonging to Promoter Group of the Company, Independent Directors and Directors holding directly or indirectly more than 10% of the outstanding equity shares of the Company), as may be decided by the Board, exercisable into not more than 37,72,000 (thirty seven lakhs seventy two thousand only) equity shares of face value of ₹1/- each fully paid-up, on such terms and in such manner as the Board may determine in accordance with the provisions of the applicable laws and the provisions of the ESOP 2016.

RESOLVED FURTHER THAT in case of any corporate action(s) such as rights issue, bonus issue, merger and sale of division(s) of the Company or other similar events, the Board be and is hereby authorised to do all acts, deeds, matters and things as it may deem fit in its absolute discretion and permitted under applicable laws for the purpose of making a fair and reasonable adjustment to the Options granted earlier including issue of any additional equity shares by the Company to the Option grantees and the ceiling on the number of Options mentioned in the Resolution above, shall be deemed to be increased to the extent of such additional equity shares issued.

RESOLVED FURTHER THAT in case the equity shares of the Company are consolidated/split then the number of equity shares to be allotted and the exercise price payable by the Option grantees under the ESOP 2016 shall automatically stand augmented/reduced in the same proportion as the present face value of ₹1/- per equity share bears to the revised face value of the equity shares of the Company after such consolidation/sub-division, without affecting any other rights or obligations of the said grantees.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take requisite steps for listing of equity shares under the ESOP 2016 on the Stock Exchanges where the equity shares of the Company are listed.

RESOLVED FURTHER THAT the Board be and is hereby authorised at any time to modify, change, vary, alter, amend, suspend or terminate the ESOP 2016 subject to the compliance with the applicable laws and regulations and to do all such acts, deeds, matters and things as it may deem fit at its absolute discretion, for such purpose and also to settle any issues, questions, difficulties or doubts that may arise in this regard without being required to seek any further consent or approval of the Members and further to execute all such documents, writings and to give such directions and or instructions as may be necessary or expedient to give effect to such modification, change, variation, alteration, amendment, suspension or termination of the ESOP 2016 and do all other things incidental and ancillary thereof in conformity with the provisions of the Companies Act, 2013, the Memorandum and Articles of Association of the Company, SEBI SBEB Regulations and any other applicable laws in force.

Item No. 3

To consider and if deemed fit, to pass the following as a Special Resolution:

RESOLVED THAT pursuant to the provisions of Section 62(1)(b) and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder and in accordance with the Memorandum and Articles of Association of the Company, Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (hereinafter referred as 'SEBI SBEB Regulations'), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any statutory modification(s) or re-enactment of the Act or the Regulations, and all other applicable statutes, rules, regulations and guidelines and 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 Nomination & Remuneration Committee which the Board may, at its discretion authorise to exercise certain or all of its powers, including the powers conferred by this Resolution), approval of the Members of the Company be and is hereby accorded to the Board of Directors to extend the benefits of the 'Carborundum Universal Limited Employee Stock Option Plan 2016' (hereinafter referred to as the 'ESOP 2016') to such person(s) who are in permanent employment of any existing or future subsidiary(ies) of the Company, including any Managing Director and Whole-time Director (other than Promoters/persons belonging to Promoter Group of such Company, Independent Directors and Directors holding directly or indirectly more than 10% of the outstanding equity shares of the Company) of any existing or future subsidiary(ies) of the Company whether in or outside India as may be decided under the ESOP 2016, exercisable into corresponding number of equity shares of face value of ₹1/- each fully paid-up, on such terms and in such manner as the Board may determine in accordance with the provisions of the applicable laws and the provisions of the ESOP 2016 provided that the maximum number of Stock Options granted to eligible employees of both the Company and its subsidiary(ies) under the ESOP 2016 shall not cumulatively exceed 37,72,000 Options and resultant equity shares of face value ₹1/- each (as adjusted for any changes in the capital structure of the Company) on such terms and in such manner as may be determined by the Board in accordance with the applicable laws and provisions of the ESOP 2016.

RESOLVED FURTHER THAT in case of any corporate action(s) such as rights issue, bonus issue, merger and sale of division(s) of the Company or other similar events, the Board be and is hereby authorised to do all acts, deeds, matters and things as it may deem fit in its absolute discretion and permitted under applicable laws for the purpose of making a fair and reasonable adjustment to the Options granted earlier including issue of any additional equity shares by the Company to the Option grantees and the ceiling on the number of Options mentioned in the Resolution above, shall be deemed to be increased to the extent of such additional equity shares issued.

RESOLVED FURTHER THAT in case the equity shares of the Company are consolidated/split then the number of equity shares to be allotted and the exercise price payable by the Option grantees under the ESOP 2016 shall automatically stand augmented/reduced in the same proportion as the present face value of ₹1/- per equity share bears to the revised face value of the equity shares of the Company after such consolidation/sub-division, without affecting any other rights or obligations of the said grantees.

RESOLVED FURTHER THAT the Board be and is hereby authorised at any time to modify, change, vary, alter, amend, suspend or terminate the ESOP 2016 subject to the compliance with the applicable laws and regulations and to do all such acts, deeds, matters and things as it may deem fit at its absolute discretion, for such purpose and also to settle any issues, questions, difficulties or doubts that may arise in this regard without being required to seek any further consent or approval of the Members and further to execute all such documents, writings and to give such directions and or instructions as may be necessary or expedient to give effect to such modification, change, variation, alteration, amendment, suspension or termination of the ESOP 2016 and do all other things incidental and ancillary thereof in conformity with the provisions of the Companies Act, 2013, the Memorandum and Articles of Association of the Company, SEBI SBEB Regulations and any other applicable laws in force.

By Order of the Board
For Carborundum Universal Limited

Chennai
28th October 2016

Rekha Surendhiran
Company Secretary

ANNEXURE TO NOTICE

Statement pursuant to Section 102 of the Companies Act, 2013

Item No. 1

The Ministry of Corporate Affairs as on date has notified substantive provisions of the Companies Act, 2013 ('Act') which deal with the general functioning of companies.

The existing Articles of Association ('AOA') of the Company are as per the requirements of the earlier Company law including Indian Companies Act, 1913 & Companies Act, 1956 and accordingly contain references to the provisions of the erstwhile Acts. Since various substantive provisions of the Act are now in force, it is proposed to wholly replace the existing AOA with a new set of Articles aligned with the provisions of the Act and drawn up in conformity thereof. Further, certain Articles which have become redundant as on date considering the expiry of agreements with financial institutions and others have been dispensed with.

As per the provisions of Section 14 of the Act, alteration of the Articles of Association of the Company needs to be approved by Members. Further, in terms of the provisions of Section 110 of the Companies Act, 2013 read with Rule 22 of Companies (Management and Administration) Rules 2014, approval of the Members may be taken through Postal Ballot instead of transacting such business at a General Meeting.

The Board of Directors at its meeting held on 28th October 2016 has accorded its approval for adoption of the new set of regulations in substitution, and to the entire exclusion of the existing AOA. The new AOA is broadly based on 'Table F' of the Act which sets out the model AOA for a company limited by shares. The Board of Directors recommend the Special Resolution for approval of the Members through Postal Ballot.

The existing AOA of the Company and the draft of proposed AOA and a brief comparative statement thereof is available on the Company's website at www.cumi-murugappa.com for perusal by the Members. Member(s) interested in obtaining a physical copy of the AOA can send in their request to the Company's e-mail ID: investorservices@cumi.murugappa.com.

None of the Directors, Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the Resolution.

Item Nos. 2 & 3

Equity based compensation is considered to be an integral part of employee compensation across sectors which enables alignment of personal goals of the employees with organisational objectives. The Company believes in rewarding its employees including Managing Director and Whole-time Director of the Company and its subsidiary(ies) for their continuous hard work, dedication and support, which has led the Company and its subsidiary(ies) on the growth path. The Company intends to implement an Employee Stock Option Plan with a view to attract and retain key talent working with the Company and its subsidiary(ies) by way of rewarding their performance and motivating them to contribute to the overall corporate growth and profitability.

With this objective in mind, the Company intends to introduce and implement a new Employee Stock Option Plan 2016 viz., 'Carborundum Universal Limited Employees Stock Option Plan 2016' ('ESOP 2016') for the permanent employees of the Company and its subsidiary(ies), both existing and future, including any Managing Director and Whole-time Director (other than Promoters/persons belonging to Promoter Group, Independent Directors and Directors holding directly or indirectly more than 10% of the outstanding equity shares of the Company).

The Company had in the past, with the approval of its Members, implemented an ESOP Scheme 2007 under which eligible employees were granted ESOPs. The Company made grants under the said scheme 2007 till February 2012. No further grants are proposed to be made under scheme 2007. However, Options granted under the scheme 2007 which are pending to be exercised will continue to be administered by the Company. The number of outstanding Options vested and pending to be exercised under that scheme as on date is 10,06,575. Further at the Annual General Meeting held on 7th August 2012, approval of the Members was sought for a new ESOP scheme 'CUMI Employees Stock Option Plan 2012' which envisaged providing Stock Option benefit to employees by purchasing shares from the secondary market through an ESOP trust. However with the change in the regulations governing the grant of such ESOPs, the Company did not proceed with the said scheme. With the repealing of the SEBI (Employee Stock Option scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the introduction of the SEBI (Share Based Employee Benefits) Regulations, 2014 on 28th October 2014 by the Securities and Exchange Board of India (SEBI), the existing Stock Option Scheme 2007 was reviewed and decided to be withdrawn.

The Board at its meeting held on 28th October 2016 had considered grant of Stock Options and has recommended that the Company earmark about 2% of its outstanding shares towards the ESOP 2016 and hence an aggregate 37,72,000 shares is being set aside for being granted when the Options are exercised under the ESOP 2016.

The Company seeks the approval of its Members in respect of the ESOP 2016 and grant of Stock Options to the eligible employees of the Company/its subsidiary(ies) as decided in this behalf from time to time in due compliance of the Regulation 6 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ('SEBI SBEB Regulations').

The salient features of the ESOP 2016 are as under:

a) Brief description of the plan:

The Company proposes to introduce the ESOP 2016 primarily with a view to attract, retain, incentivise and motivate the existing employees of the Company and its subsidiary(ies) and employees joining the Company and its subsidiary(ies) that would lead to higher corporate growth. The ESOP 2016 contemplates grant of Options to the eligible employees (including Whole-time and Managing Directors), as may be determined in due compliance with the SEBI SBEB Regulations and provisions of the ESOP 2016. After vesting of Options, the eligible employees earn a right (but not obligation) to exercise the vested Options within the exercised period and can obtain equity shares of the Company subject to payment of exercise price and satisfaction of any tax obligation arising thereon.

The Nomination & Remuneration Committee ('Committee') of the Board shall administer the ESOP 2016. All questions of interpretation of the ESOP 2016 shall be determined by the Committee and such determination shall be final and binding upon all persons having an interest in the ESOP 2016.

b) Total number of Options to be granted:

The total number of Options to be granted under the ESOP 2016 shall not exceed 37,72,000 (thirty seven lakhs seventy two thousand only). Each Option when exercised would be converted in to one equity share of ₹1/- each fully paid-up.

Further, the SEBI SBEB Regulations require that in case of any corporate action(s) such as rights issue, bonus issue, merger, sale of division etc., a fair and reasonable adjustment needs to be made to the Options granted. In this regard, the Committee shall adjust the number and price of the Options granted in such a manner that the total value of the Options granted under the ESOP 2016 remain the same after any such corporate action. Accordingly, if any additional Options are issued by the Company to the Option grantees for making such fair and reasonable adjustment, the ceiling of 37,72,000 (thirty seven lakhs seventy two thousand only) shall be deemed to be increased to the extent of such additional Options issued.

c) Identification of classes of employees entitled to participate in the ESOP 2016:

All the permanent employees (including any Managing Director and Whole-time Director) working in India or out of India of the Company (Item No. 2) and its subsidiary(ies) whether existing or future (Item No. 3) shall be eligible to participate in the Plan. Provided however the following persons shall not be eligible to participate in the ESOP 2016:

1. an employee who is a Promoter or belongs to the Promoter Group;
2. a Director who either by himself or through his relatives or through any body corporate, directly or indirectly holds more than 10% of the outstanding equity shares of the Company; and
3. an Independent Director within the meaning of the Companies Act, 2013 and Regulation 16(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as prescribed by SEBI, as applicable.

d) Requirements of vesting and period of vesting:

All the Options granted on any date shall vest not earlier than 1 (one) year and not later than a maximum of 4 (four) years from the date of grant of Options as may be determined by the Committee.

Options shall vest essentially based on continuation of employment and apart from that the vesting will be subject to individual performance and corporate performance parameters as the Committee may specify additionally.

e) Maximum period within which the Options shall be vested:

All the Options granted on any date shall vest not later than a maximum of 4 (Four) years from the date of grant of Options as may be determined by the Committee.

f) Exercise price or pricing formula:

The Exercise Price shall be equal to Market Price of the shares on the date of grant or any other price as decided by the Committee.

g) Exercise period and the process of Exercise:

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 or such other shorter period as may be decided by the Committee from time to time.

The vested Options shall be exercisable by employees through a written application to the Company expressing their desire to exercise such Options in such manner and on such format as may be prescribed by the Committee from time to time. The Options shall lapse if not exercised within the specified exercise period.

h) Appraisal process for determining the eligibility of employees under the ESOP 2016:

The appraisal process for determining the eligibility shall be decided from time to time by the Committee. The broad criteria for appraisal and selection may include parameters like tenure of association with the Company, performance during the previous years, contribution towards strategic growth, contribution to team building and succession, cross-functional relationship, corporate governance etc.

i) Maximum number of Options to be issued per employee and in aggregate:

The total number of Options that may be granted to the eligible employees of the Company under the ESOP 2016, in any financial year and in aggregate under the ESOP 2016 shall not exceed 37,72,000 Options. The maximum number of Options that may be granted to any specific employee shall not exceed 18,85,000 (eighteen lakhs eighty five thousand only) Options.

j) Maximum quantum of benefits to be provided per employee under the ESOP 2016:

The maximum quantum of benefits underlying the Options issued to an eligible employee shall depend upon the market price of the shares as on the date of exercise of Options.

k) Route of ESOP 2016 implementation:

The ESOP 2016 shall be implemented and administered directly by the Company. In case Company wishes otherwise, it may be intimated to the Members in due course as per applicable laws.

l) Source of acquisition of shares under the ESOP 2016:

The ESOP 2016 contemplates fresh/new issue of shares by the Company.

m) Amount of loan to be provided for implementation of the scheme(s) by the Company to the trust, its tenure, utilization, repayment terms, etc.:

This is currently not contemplated under the present ESOP 2016.

n) Maximum percentage of secondary acquisition:

This is not relevant under the present ESOP 2016.

o) Accounting and Disclosure Policies:

The Company shall follow the Guidance Note on Accounting for Employee Share-based Payments ('Guidance Note') and/or any relevant Accounting Standards as may be prescribed by the competent authorities from time to time, including the disclosure requirements prescribed therein.

p) Method of Option valuation:

The Company shall adopt 'fair value method' for valuation of Options as prescribed under the Guidance Note or under any relevant accounting standard notified by appropriate authorities from time to time.

q) Declaration:

In case the Company opts for expensing of share based employee benefits using the intrinsic value, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognised if it had used the fair value of the Options and the impact of this difference on profits and on Earning Per Share (EPS) of the Company shall also be disclosed in the Board's report.

As the ESOP 2016 provides for issue of equity shares to be offered to persons other than the existing Members of the Company, consent of the Members is being sought pursuant to Section 62 and all other application provisions, if any, of the Companies Act, 2013 and as per Regulation 6 of the SEBI SBEB Regulations. Pursuant to the provisions of the SEBI SBEB Regulations, a separate Resolution is required to be passed if the Plan envisages grant of Options, shares or other benefits, as the case may be, to employees of the Company's subsidiary(ies). Accordingly, the approval of the Members is sought in respect of Resolutions set out in the Notice as item nos. 2 & 3.

None of the Directors, Key Managerial Personnel of the Company and their relatives are interested or concerned in the Resolutions, except to the extent of their entitlements, if any, under the ESOP 2016.

The Board of Directors recommend the passing of the proposed Resolutions as stated in item nos. 2 & 3 as Special Resolutions.

Members are requested to communicate their assent or dissent for the aforesaid proposals contained in the Notice in accordance with the instructions set out herein.

Note: The existing AOA, proposed AOA and other documents referred to in item nos. 1 to 3 will be open for inspection by Members at the Registered Office of the Company on all working days between 11.00 a.m. and 1.00 p.m., till 9th January 2017.

By Order of the Board
For Carborundum Universal Limited

Chennai
28th October 2016

Rekha Surendhiran
Company Secretary

Encl.:

- 1) Postal Ballot Form
- 2) Postage pre-paid self-addressed business reply envelope

Notes:

1. The Statement pursuant to Section 102(2) of the Act stating all material facts and the reasons thereof for the proposals set forth in the Notice is annexed to and forms part of this Notice.
2. The Postal Ballot Notice is being sent to the Members whose names appear on the Register of Members/List of Beneficial Owners as received from National Securities Depository Limited (NSDL)/Central Depository Services (India) Limited (CDSL) as on 2nd December 2016. The voting rights of the Members/Beneficial Owners for this Postal Ballot shall be reckoned based on the equity shares held by them as on 2nd December 2016. The Notice is being sent to Members who have registered their e-mail IDs for receipt of documents in electronic form to their e-mail addresses registered with their respective Depository Participants (in case of demat shareholding)/Company's Registrar and Share Transfer Agent (in case of Physical shareholding). For Members whose e-mail IDs are not registered, physical copies of the Postal Ballot Notice along with the Ballot form are being sent by the permitted mode along with a postage prepaid self-addressed business reply envelope.
3. Resolutions passed by Members through Postal Ballot are deemed to have been passed as it they have been passed at a general meeting of the Company.
4. Members can opt for only one mode of voting, i.e., either using the Postal Ballot Form or e-voting. In case any Member casts his/her vote through both the modes, voting done by e-voting shall prevail and votes cast using the physical Ballot form will be treated as invalid.
5. Members who have received the Postal Ballot Notice by e-mail and who wish to vote through physical Ballot form or any Member desirous of obtaining a duplicate Postal Ballot Form, may send an e-mail to investorservices@cumi.murugappa.com. The Company will forward the same along with the postage prepaid business reply envelope to such Members making a request.
6. In compliance with Section 110 of the Companies Act, 2013 and the Rules made thereunder, the Company has provided the facility to Members to exercise their votes electronically. The instructions for e-voting are annexed to this Notice.
7. A Member cannot exercise his/her vote through a Proxy in the Postal Ballot voting process.
8. Members desirous of exercising their votes physically using the Postal Ballot Form are requested to read carefully the instructions printed in this Notice as well as in the Form and return the same duly completed and signed in the enclosed self-addressed business reply envelope to the Scrutiniser not later than 5.00 p.m. on 9th January 2017. The postage will be borne by the Company. Envelopes containing the Postal Ballot Forms, if sent by courier or registered post at the expense of Members will also be accepted. However, any Postal Ballot received after 5.00 p.m. on 9th January 2017 will be considered as though no reply has been received from the Member.
9. The Scrutiniser will submit his report to the Chairman/any other Director after completion of scrutiny and the results of the Postal Ballot will be announced at 11.00 a.m. on 11th January 2017 at the Registered Office of the Company at 'Parry House', 43, Moore Street, Chennai - 600 001. The results will also be posted on the website of the Company as well as that of Karvy's besides being communicated to the Stock Exchanges where the Company's shares are listed.

Instructions for Electronic Voting

Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to offer e-voting facility to Members to exercise their votes electronically on all Resolutions set forth in the Postal Ballot Notice. The Company has engaged the services of M/s. Karvy Computershare Private Limited (Karvy) to provide the e-voting facility to enable Members to cast their votes in a secure manner.

The Board of Directors have appointed Mr. R Sridharan or failing him Mr. G Subramanian of M/s. R Sridharan & Associates, Practising Company Secretaries, as the Scrutiniser for conducting the e-voting process in a fair and transparent manner. E-voting is optional. The e-voting rights of the Members/Beneficial Owners shall be reckoned based on the equity shares held by them as on 2nd December 2016.

The e-voting facility begins on 11th December 2016 (9.00 a.m. IST) and ends on 9th January 2017 (5.00 p.m. IST). During this period Members holding shares in either physical form or electronic form as on 2nd December 2016 can avail the e-voting facility. The e-voting will not be allowed beyond the date and time stated above and the e-voting module will be disabled by Karvy upon expiry of the aforesaid period. Once the vote on a Resolution is cast by the Member, he/she will not be allowed to change it subsequently.

The instructions for e-voting are as under:

In case of Members receiving e-mail:

- A. In case a Member receives an e-mail from Karvy [for Members whose e-mail IDs are registered with the Company/ Depository Participants(s)]:
 - i. Launch internet browser by typing the URL: <https://www.evoting.karvy.com>
 - ii. Enter the login credentials (i.e. User ID and password). In case of physical folio, User ID will be Event number 2882 followed by folio number. In case of Demat account, User ID will be your DP ID and Client ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.

- iii. After entering these details appropriately, click on 'LOGIN'.
 - iv. You will now reach password change menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@, #, \$, etc.). The system will prompt you to change your password and update your contact details like mobile number, e-mail ID etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.
 - v. You need to login again with the new credentials.
 - vi. On successful login, the system will prompt you to select e-voting event i.e., Carborundum Universal Limited. Now you are ready for e-voting as 'cast vote' page opens.
 - vii. On the voting page, enter the number of shares (which represents the number of votes) as on the cut-off date under 'FOR/AGAINST' or alternatively, you may partially enter any number in 'FOR' and partially 'AGAINST' but the total number in 'FOR/AGAINST' taken together not exceeding your total shareholding as mentioned herein above. You may also choose the option ABSTAIN. If the Member does not indicate either 'FOR' or 'AGAINST' it will be treated as 'ABSTAIN' and the shares held will not be counted under either head.
 - viii. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/demat accounts.
 - ix. Voting has to be done for each item of the Notice separately. In case you do not desire to cast your vote on any specific item it will be treated as abstained.
 - x. You may cast your vote by selecting an appropriate option and click on 'Submit'.
 - xi. A confirmation box will be displayed. Click 'OK' to confirm else 'CANCEL' to modify. Once you have voted on the Resolution, you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).
 - xii. Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Authorisation Letter etc., together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutiniser at rsaevoting@gmail.com with a copy marked to evoting@karvy.com. The scanned image of the above mentioned documents should be in the naming format 'Postal Ballot 2016'.
- B. Members holding shares in dematerialised form whose e-mail IDs are not registered with the Company/DPs and Members holding shares in physical form:
- i. **E-Voting Event Number - 2882 (EVEN)**, User ID and Password is provided in the Postal Ballot Form.
 - ii. Please follow all steps from sl. no. (i) to sl. no. (xii) above to cast your vote by electronic means.
- C. Other Instructions:
- i. In case of any queries, you may refer Help & FAQ Section in <https://evoting.karvy.com> (Karvy Website) or call Karvy on 040-6716222/Toll Free No. 1800 3454 001.
 - ii. You can also update your mobile number and e-mail ID in the user profile details of the folio which may be used for sending future communication(s).
 - iii. The Scrutiniser shall within a period of two working days from the conclusion of the e-voting period unblock the votes in the presence of at least two witnesses not in the employment of the Company and make a Scrutiniser's report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
 - iv. The results shall be declared at 11.00 a.m. on 11th January 2017 at the Registered Office of the Company at 'Parry House', 43 Moore Street, Chennai - 600 001. The results declared along with the Scrutiniser's report shall be placed on the Company's website www.cumi-murugappa.com and on the website of Karvy i.e., <https://evoting.karvy.com> besides being communicated to BSE Limited and National Stock Exchange of India Limited. The Resolutions, if passed by requisite majority, shall be deemed to have been passed on 9th January 2017, being the last date for receipt of duly completed Postal Ballot Forms/e-voting.

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CARBORUNDUM UNIVERSAL LIMITED

CIN: L29224TN1954PLC000318

Registered Office: 'Parry House', 43 Moore Street, Chennai - 600 001
Tel.: +91-44-30006161 Fax: +91-44-30006149 E-mail: investorservices@cumi.murugappa.com
Website: www.cumi-murugappa.com



POSTAL BALLOT FORM

Sl. No. :

1. Name(s) of Member(s) :
(including joint-holders, if any)

2. Registered address of the :
Sole/First named Member

3. Registered Folio No. (or) :
DP ID No. & Client ID No. :

4. Number of Equity Shares held :

I/We hereby exercise my/our vote in respect of the following special resolutions to be passed through Postal Ballot for the businesses stated in the Postal Ballot Notice of the Company dated 28th October 2016 by conveying my/our assent/dissent to the said resolutions by placing the tick (✓) mark at the appropriate boxes below:

Sl No.	Description	No. of shares	I/We assent to the Resolution (FOR)	I/We dissent to the Resolution (AGAINST)
1.	Approval for alteration of existing Articles of Association (AOA) of the Company by adopting a new set of AOA aligned with the Companies Act, 2013 pursuant to section 14 of the Companies Act, 2013.			
2.	Approval of Carborundum Universal Limited Employee Stock Option Plan 2016 ('ESOP 2016') and grant of stock options to employees of the Company under the ESOP 2016 pursuant to section 62(1)(b) of the Companies Act, 2013.			
3.	Approval to grant stock options to the employees of the Company's subsidiaries under the ESOP 2016 pursuant to section 62(1)(b) of the Companies Act, 2013.			

Place :

Date :

#E-mail ID: _____

(Signature of the Member)

#To be provided by Members holding equity shares in physical form.

Please send the postal ballot form in the Envelope enclosed herewith.

Note: Please read the instructions given overleaf and in the Notes to the Postal Ballot Notice dated 28th October 2016 carefully before exercising your vote.

ELECTRONIC VOTING PARTICULARS

EVEN (Electronic Voting Event Number)	User ID	Password

VOTING INSTRUCTIONS

Kindly note that Members can opt for only one mode of voting i.e. either physical voting using ballot form or e-voting. If you opt to vote using the physical ballot form, then please do not cast your vote by e-voting and vice versa. In case, Member(s) cast their vote in both the modes i.e. physical ballot form as well as e-voting, then voting done through e-voting shall prevail and physical ballot form of that Member shall be treated as invalid.

(A) Process and manner for Members opting for physical ballot:

1. A Member desiring to exercise his/her vote using physical ballot form may complete this form and send it to the Scrutiniser in the enclosed self-addressed pre-paid Business Reply envelope. Postage will be borne and paid by the Company. However, envelopes containing postal ballots form(s), if deposited in person or sent by courier/registered post at the expense of the Member will also be accepted.
2. The self-addressed envelope bears the address of the Scrutiniser appointed by the Board of Directors of the Company.
3. The postal ballot form should be completed and signed by the Member as per the specimen signature registered with the Company. In case of joint holding, this form should be completed and signed by the first named Member and in his/her absence, by the next named Member. Unsigned/incorrect postal ballot form will be rejected. The Scrutiniser's decision on the validity of a postal ballot will be final and binding.
4. In case of companies, trusts etc., the duly completed postal ballot form should be accompanied by a certified true copy of the Board resolution/Authority to the person voting on the postal ballot form.
5. There will be only one postal ballot form for every folio/client ID irrespective of the number of joint holder(s). A Member is not entitled to appoint a proxy to vote in his/her behalf by postal ballot.
6. **Duly completed postal ballot form(s) should reach the Scrutiniser not later than 5.00 p.m. on 9th January 2017. Postal ballot form(s) received after this date will be strictly treated as if the reply from such Member has not been received.**
7. Voting rights shall be reckoned on the paid up value of shares registered in the name of the Member as on 2nd December 2016.
8. In case Power of Attorney holders sign the postal ballot form, reference of Power of Attorney registration by the Company should be mentioned in the postal ballot form.
9. Members are requested not to send any other paper along with the postal ballot form in the enclosed self-addressed Business Reply envelope. Any extraneous paper found in such envelope will be destroyed by the Scrutiniser and the Company will not be able to act on the same.

(B) Process and manner for Members opting for e-voting:

The Company is pleased to offer e-voting facility, for all the Members, to enable them to cast their votes electronically instead of physical postal ballot forms.

Members opting for e-voting may follow the procedure as recommended by M/s.Karvy Computershare Private Limited, the e-voting agency appointed for this purpose, as stated in the Postal Ballot Notice accompanying this form.
