



CARBORUNDUM UNIVERSAL LIMITED

'Parry House', 43 Moore Street, Chennai - 600 001.



NOTICE TO MEMBERS

NOTICE is hereby given that the Fifty-sixth Annual General Meeting of the Company will be held on Friday, the 30th July 2010 at 2.30 P.M. at T T K Auditorium, The Music Academy, 168 (Old No.306), T T K Road, Royapettah, Chennai 600 014 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Directors' Report and the Audited Profit and Loss Account for the financial year ended 31st March 2010 and the Balance Sheet as at that date and the Auditors' Report thereon.
2. To declare a dividend
A dividend of Rs.2/- (per equity share of Rs.2/- each) has been recommended by the Board.
3. To elect a Director in the place of Mr. Subodh Kumar Bhargava who retires by rotation and being eligible offers himself for reappointment.
4. To elect a Director in the place of Mr. T L Palani Kumar who retires by rotation and being eligible offers himself for reappointment.
5. To reappoint M/s Deloitte Haskins & Sells, Chartered Accountants, (FR No.008072S) Chennai as Auditors to hold office from the conclusion of the fifty-sixth annual general meeting till the conclusion of the fifty-seventh annual general meeting on a remuneration as may be decided by the Board.

SPECIAL BUSINESS

6. To consider and if deemed fit to pass, with or without modification, the following as an **Ordinary Resolution**:
 - a. **RESOLVED THAT** pursuant to Sections 198, 269, 309 and Schedule XIII of the Companies Act, 1956 and Article 114 of the Articles of Association of the Company, Mr. K Srinivasan be and is hereby reappointed as Managing Director of the Company for a period of 5 years commencing from 1st February 2010 and ending with 31st January 2015.
 - b. **RESOLVED THAT** the compensation package of Mr.K Srinivasan, Managing Director with effect from 1st February 2010 shall be as follows:

(i) Salary

Rs.1,81,945 per month. The Compensation & Nomination Committee may increase the salary, from time to time, subject to a maximum of Rs.5,40,000/- per month

(ii) Allowances/Perquisites/Commission/Incentive

In addition to salary, Mr. K Srinivasan will be entitled to

- allowances like leave travel allowance, personal allowance, special allowance, grade allowance and/or any other allowance;

- perquisites such as furnished / unfurnished accommodation to be provided by the company or house rent allowance in lieu thereof, reimbursement of medical expenses incurred for self and family, club fees, provision of car(s) and any other perquisites, benefits, amenities and
- commission / incentive

as approved by the Compensation and Nomination Committee from time to time

(iii) Retirement benefits

- Contribution to Provident Fund, Superannuation Fund and Gratuity as per rules of the Fund / Scheme in force from time to time.
- Encashment of leave as per rules of the Company in force from time to time

(iv) General

- In the event of absence or inadequacy of profits in any financial year, Mr. K Srinivasan, shall be entitled to such remuneration as may be determined by the Board, which shall not, except with the approval of the Central Government, exceed the limits prescribed under the Companies Act, 1956 and rules made thereunder or any statutory modification or re-enactment thereof
- Perquisites shall be valued in terms of income tax rules or actual expenditure incurred by the Company in providing the benefit or generally accepted practice as is relevant. Provision of telephone (including at residence) shall not be reckoned as a perquisite
- The aggregate remuneration (including salary, allowances, perquisites, incentive/commission and retirement benefits) for any financial year shall be subject to an overall ceiling of 5% of the net profits of the Company for that financial year computed in the manner prescribed under the Companies Act, 1956.
- Mr. K Srinivasan will not be entitled to any sitting fees for attending meetings of the Board or of any Committee thereof
- Mr. K Srinivasan will be subject to all other service conditions as applicable to any other employee of the Company

7. To consider and if deemed fit to pass, with or without modification, the following as an **Ordinary Resolution**:

RESOLVED THAT Mr. Sanjay Jayavarthanavelu be and is hereby appointed as a Director of the Company.

By Order of the Board

S DHANVANTH KUMAR
Company Secretary

Chennai, 3rd May 2010

Notes

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY. A PROXY NEED NOT BE A MEMBER OF THE COMPANY.

2. The Explanatory Statement under Section 173 of the Companies Act, 1956 is annexed.
3. Proxies, to be valid, must be lodged at the registered office of the Company by 2.30 p.m. on Wednesday, the 28th July 2010.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, the 16th July 2010 to Friday, the 30th July 2010 (both days inclusive).
5. The dividend, when declared will be paid to those members whose names appear in the Register of Members on 30th July 2010 and in case of shares in dematerialised form as per the details furnished by NSDL/CDSL. The dividend warrants will be posted by 6th August 2010. In case of shareholders opting for ECS, the dividend would in the normal course be credited to their accounts by 6th August 2010.
6. Members are requested to notify the change in their address, if any, immediately and not later than 15th July 2010 so that the dividend warrants can be sent to the latest address. Members are also advised to intimate the details of their 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.

In case of shareholders holding shares in physical form, all intimations are to be sent to Karvy Computershare Private Ltd., Plot Nos. 17-24, Vithal Rao Nagar, Madhapur, Hyderabad 500 081 who are the Registrars and Share Transfer Agents of the Company.

In case of shareholders holding shares in demat form, all intimations are to be sent to their respective Depository Participants.

7. The Reserve Bank of India (RBI), has introduced a new electronic fund transfer platform called the National Electronic Clearing System (NECS) for disbursement of dividends. Earlier, Electronic Clearing Service (ECS) was used for payment of dividends directly to the bank accounts of shareholders. The advantages of NECS over ECS include faster credit of remittances to beneficiary's account, coverage of more bank branches and ease of operations for remitting agencies. NECS essentially operates on the new and unique bank account number (having not less than 10 digits) allotted by banks post implementation of the Core Banking Solutions (CBS).

The new (NECS compliant) account number is required to be intimated to your Depository Participant (in case your shares are in demat mode) or the Company's Registrar & Share transfer agents (M/s Karvy Computershare Pvt. Ltd, in case your shares are in physical mode) for us to effect the dividend payment through the NECS mode. For those shareholders, who have already registered their bank account numbers for receiving dividend through ECS but their bank/branch has not implemented CBS, dividend payment would continue through the ECS facility.

ANNEXURE TO THE NOTICE

A. Information pursuant to clause 49 of the Listing Agreement with Stock Exchanges

Item No.3

Mr. Subodh Kumar Bhargava is 68 years of age and holds a degree in mechanical engineering. He joined the Board in October 2000. He was formerly the Chairman and Chief Executive of Eicher Group. He is a past President of CII and was also on the governing boards of management schools such as IIM (Indore) and IIFT (Delhi).

The details of his directorship and membership of committees in other companies as on 31.03.2010 are as follows:-

Directorships:

Position	Name of the Company
Chairman	Wartsila India Limited
	Tata Communications Limited
	Wireless – TT Info Services Limited
Director	Tata Steel Limited
	Tata Motors Limited
	Larsen & Toubro Limited
	Samtel Color Limited
	TRF Limited
	GlaxoSmithKline Consumer Healthcare Limited
	Batliboi Limited
	SRF Limited

Committee Memberships:-

Company	Name of the Committee	Position
Tata Steel Limited	Audit Committee	Chairman
Samtel Color Limited	Audit committee	Chairman
Glaxo Smithkline Consumer Healthcare Limited	Audit committee	Chairman
Tata Communications Limited	Audit committee	Member
Wartsila India Limited	Audit committee	Member
TRF Limited	Audit committee	Member
SRF Limited	Audit committee	Member
Batliboi Limited	Audit committee	Member
Samtel Color Limited	Remuneration / Compensation committee	Member

Mr. Subodh Kumar Bhargava does not hold any shares / stock options in the Company.

Item No. 4

Mr. T L Palani Kumar is 60 years of age and holds a degree in chemical engineering and a post graduate diploma in business administration. He joined the Board in October 2000. He has held senior positions in the industry like Senior Vice President of

TI Cycles of India, Chief Executive of Escorts Tractors Ltd and Managing Director of Bharat Aluminium Co. Ltd.

The details of his directorship and membership of committees in other companies as on 31.03.2010 are as follows:-

Directorships:

Position	Name of the Company
Director	SBI Mutual Fund Trustee Company Private Limited

Committee Membership:- Nil

Mr. T L Palani Kumar does not hold any shares / stock options in the Company.

B. Explanatory Statement pursuant to Section 173 of the Companies Act, 1956

Item No. 6

The Board of Directors of the Company has, re-appointed Mr. K Srinivasan as the Managing Director for a period of 5 years commencing from 1st February 2010.

Mr. K Srinivasan (52) holds a B.Tech (Mechanical) degree. He has about 30 years of experience in the machine tools and abrasives industries in marketing, technical, production, and general management. He was with Wendt (India) Ltd. (CUMI's Joint Venture) from 1983 to 2002. He has also handled CUMI's industrial ceramics business from 1999 to 2002. He was appointed as President & Wholetime Director of the Company from 1st February 2005 and later on as Managing Director with effect from 1st February 2006.

The details of his directorship and membership of committees in other companies as on 31.03.2010 are as follows:-

Directorships:

Position	Name of the Company
Director	Wendt (India) Limited Southern Energy Development Corporation Limited Sterling Abrasives Limited Net Access (India) Pvt Limited CUMI Fine Materials Limited

Committee Memberships:-

Company	Name of the Committee	Position
Wendt (India) Limited	Share Transfer, Finance & Investor Grievance Committee	Member

Mr. K Srinivasan holds 17,150 equity shares in the Company.

Mr. K Srinivasan has 2,08,586 options outstanding under the Company's ESOP Scheme 2007 as on 31.03.2010.

Accordingly the Ordinary Resolution set out under Item No.6 of the Notice is submitted for approval of the members.

Interest of Director

Mr. K Srinivasan is interested in the resolution. None of the other Directors is interested or concerned in this resolution.

Item No. 7

Mr. Sanjay Jayavarthanavelu was appointed as an Additional Director of the Company by the Board of Directors at the meeting held on 27th January 2010 under Section 260 of the Companies

Act, 1956 and Article 90 of the Articles of Association of the Company. As required under the Articles of Association and the Companies Act, he will vacate office at the ensuing Annual General Meeting.

The Company has received a Notice under Section 257 of the Companies Act, 1956 along with a deposit of Rs. 500/- from a member signifying their intention to propose at the ensuing Annual General Meeting, the appointment of Mr. Sanjay Jayavarthanavelu as Director.

Mr. Sanjay Jayavarthanavelu, aged 42, holds a Masters degree in Business Administration from Philadelphia University, USA and has more than two decades of experience in the Engineering and Machine industry. He was the Chairman of the India-ITME Exhibition Society, Mumbai. He is a member of the Southern Regional Council of the Confederation of Indian Industry (CII).

The details of his directorship and membership of committees in other companies as on 31.03.2010 are as follows:-

Directorships:

Position	Name of the Company
Wholetime Director	Lakshmi Machine Works Limited
Director	Lakshmi Cargo Company Limited Lakshmi Electrical Control Systems Limited Lakshmi Ring Travellers (Coimbatore) Limited Lakshmi Technology and Engineering Industries Limited Fortis Malar Hospitals Limited Super Sales India Limited Hermes Academy of Training Limited

Committee Memberships:-

Company	Name of the Committee	Position
Lakshmi Machine Works Limited	Shareholders Investor's Grievance and Share Transfer Committee	Member
Super Sales India Limited	Shareholders Investor's Grievance and Share Transfer Committee	Member
Fortis Malar Hospitals Limited	Audit Committee	Member

Mr. Sanjay Jayavarthanavelu does not hold any shares / stock options in the Company.

Accordingly the Ordinary Resolution set out under Item No.7 of the Notice is submitted for approval of the members.

Interest of Director

Mr. Sanjay Jayavarthanavelu is interested in the resolution. None of the other Directors is interested or concerned in this resolution.

By Order of the Board

S DHANVANTH KUMAR

Company Secretary

Chennai, 3rd May 2010