



**Carborundum Universal Limited**

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Email : cumigeneral@cumi.murugappa.com  
Website : www.cumi.murugappa.com

31<sup>st</sup> October 2012

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Bombay Stock Exchange Ltd.  
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Rotunda Building, P J Towers  
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Mumbai 400 001

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National Stock Exchange of India Ltd.  
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Mumbai 400 051

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**Stock Code : CARBORUNIV-EQ**  
**By Speed Post Ack. Due**

**Total 10 pages (including covering letter)**

Dear Sirs,

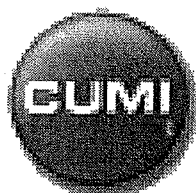
Further to our letter enclosing a copy of the Unaudited Financial Results for the quarter ended 30<sup>th</sup> September 2012, we are now enclosing a copy of the Press Release together with one more copy of the consolidated financial results.

Thanking you

Yours faithfully  
For Carborundum Universal Limited

  
S. Dhanvanth Kumar  
Company Secretary

Encl:a.a



## **Carborundum Universal's Consolidated Q2 Net Sales up by 4%**

### **Consolidated Operating PBT down by 45%**

**Chennai, 31<sup>st</sup> October 2012:** The Board of Directors met today and approved the results for the quarter ended 30<sup>th</sup> Sep 2012.

#### **Consolidated Q2 financial performance**

**Consolidated net sales grew up by 4% to Rs.522 crores from Rs.502 crores, on a quarter on quarter basis.** PBIT (excluding exceptional income) dropped by 41% from Rs.105 crores in last quarter similar period, which was the best performing quarter ever, to Rs.62 crores in the current quarter.

On a sequential basis, net sales grew by 5% and PBIT (excluding exceptional income) dropped by 1%.

Sales growth was driven by the performance of both the Indian and Overseas operations. Margins came under pressure owing to rising input costs, strong dollar and a challenging customer market. The Ceramics business segment recorded growth rate of 14%. The Abrasives business grew at 3% and Electro minerals business de-grew by 3%.

Profitability of all businesses came under pressure.

Earnings before interest, depreciation and amortisation (EBITDA) recorded a drop of 34% (i.e. from Rs.120 crores to Rs.80 crores) without considering exceptional income of last year.

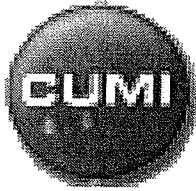
Profit before tax and exceptional income was Rs.55 crores – a drop of 45% over the previous year amount of Rs.99 crores. The profit after tax dropped by 49% (i.e. Rs.34 crores compared to Rs.66 crores last year). On a sequential basis, Profit before tax and exceptional income, dropped by 3% and profit after tax dropped by 6%.

#### **Consolidated Segmental Operating Performance**

##### **Abrasives**

Sales of the abrasives business on a consolidated basis registered an increase of 3%. Sales for the quarter was Rs.210 crores (Rs.205 crores for the corresponding period of last year). On a sequential basis, that was a growth of 4%.

Profit before interest and tax on a consolidated basis recorded a drop of 25% i.e. from Rs.30.2 crores to Rs.22.6 crores, on a quarter on quarter basis. On a sequential basis, that was an increase of 6%.



The moderate growth trends in India had an adverse impact on the market sentiments, thereby resulting in low off take by the channels.

### **Electro Minerals**

At a consolidated level, the net sales for Q2 were lower at Rs. 185 crores versus Rs. 190 crores for the corresponding quarter last year. On a sequential basis, this is a growth of 1%.

Profit before interest and tax on a consolidated basis recorded a drop of 65% i.e. from Rs.55 crores to Rs.19.4 crores, on a quarter on quarter basis. On a sequential basis, this is a drop of 3%. This was largely due to adverse product mix. Our Russian subsidiary and India division registered drop in sales and profit on account of market conditions.

### **Ceramics**

The ceramics segment recorded a 14% increase in sales on a consolidated basis (Rs.133 crores vs. Rs.117 crores last year).

Alumina Ceramics, particularly Metalized, did well compared to sequential quarter in registering higher sales.

Profit before interest and tax of the ceramics business segment on a consolidated basis dropped by 8% i.e. from Rs.26.9 crores to Rs.24.7 crores.

Australia entity and Refractory division of India registered drop in profit on account of market conditions.

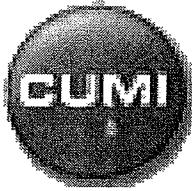
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## **About the Murugappa Group**

Founded in 1900, the Rs. 22314 Crores (USD 4.4 billion) Murugappa Group is one of India's leading business conglomerates. The Group has 28 businesses including eight listed Companies actively traded in NSE & BSE. Headquartered in Chennai, the major Companies of the Group include Carborundum Universal Ltd., Cholamandalam Investment and Finance Company Ltd., Cholamandalam MS General Insurance Company Ltd., Coromandel International Ltd., Coromandel Engineering Company Ltd., E.I.D. Parry (India) Ltd., Parry Agro Industries Ltd., Tube Investments of India Ltd., and Wendt (India) Ltd.

Market leaders in served segments including Abrasives, Auto Components, Cycles, Sugar, Farm Inputs, Fertilizers, Plantations, Bio-products and Nutraceuticals, the Group has forged strong alliances with leading international companies like Groupe Chimique Tunisien, Foskor, Cargill, Mitsui Sumitomo, Morgan Crucible and Sociedad Química y Minera de Chile (SQM). The Group has a wide geographical presence spanning 13 states in India and 5 continents.

Renowned brands like BSA, Hercules, Ballmaster, Ajax, Parry's, Chola, Gromor and Paramfos are from the Murugappa stable. The organization fosters an environment of professionalism and has a workforce of over 32,000 employees. For more details, visit [www.murugappa.com](http://www.murugappa.com)



***For further details please contact:***

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## AUDITORS' REPORT

To the Board of Directors of Carborundum Universal Limited on Limited Review of Unaudited Consolidated Financial Results for the quarter and six months ended 30<sup>th</sup> September, 2012.

1. We have reviewed the accompanying statement of Unaudited Consolidated Financial Results ("the Statement") of Carborundum Universal Limited ("the Company"), its subsidiaries and jointly controlled entities (the Company, its subsidiaries and jointly controlled entities constitute "the Group") for the quarter and six months ended 30<sup>th</sup> September, 2012. This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on the statements based on our review.
2. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatements. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an opinion.
3. The Statement includes the results of the following entities.

### Subsidiaries (Direct holding and holding through Subsidiaries)

- i CUMI America Inc.
- ii CUMI Australia Pty Ltd.
- iii CUMI Canada Inc.
- iv CUMI Middle East FZE.
- v Volzhsky Abrasive Works.
- vi Foskar Zirconia (Pty) Limited.
- vii CUMI International Ltd.
- viii Net Access (India) Ltd.
- ix Sterling Abrasives Ltd.
- x Southern Energy Development Corporation Ltd.
- xi Cellaris Refractories India Limited.
- xii CUMI Abrasives & Ceramics Company Limited.
- xiii RHI Isithebe (Pty) Ltd

### Jointly controlled Entities

- xiv Wendt (India) Ltd.
- xv Murugappa Morgan Thermal Ceramics Limited.
- xvi Ciria India Ltd

# Deloitte Haskins & Sells

4. The Statement reflects the Group's share of,

- (i) revenues of Rs. 19,805 lacs and Rs. 39,455 lacs for the quarter and half year ended September 30, 2012 respectively,
- (ii) profit after Tax of Rs. 1,413 lacs and Rs. 1,915 lacs for the quarter and half year ended September 30, 2012 respectively and
- (iii) total assets (net) of Rs. 68,611 lacs as at September 30, 2012 relating to subsidiaries whose results have been reviewed by other auditors.

The Statement also reflects the Group's share of

- (i) revenues of Rs. 1,925 lacs and Rs. 3,948 lacs for the quarter and half year ended September 30, 2012 respectively,
- (ii) profit after Tax of Rs. 338 lacs and Rs. 662 lacs for the quarter and half year ended September 30, 2012 respectively and
- (iii) total assets (net) of Rs. 6,387 lacs as at September 30, 2012 relating to Joint ventures (xv) and (xvi) above whose results have been reviewed by other auditors.

5. Based on our review and read with our comments in paragraph 4 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956 and other recognised accounting practices and policies, has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreements with the stock exchanges, including the manner in which it is to be disclosed, or that it contains any material misstatement.
6. Further, we also report that we have traced the number of shares as well as the percentage of shareholdings in respect of the aggregate amount of public shareholdings and the number of shares as well as the percentage of shares pledged/encumbered and non-encumbered in respect of the aggregate amount of promoter and promoter group in terms of Clause 35 of the Listing Agreements and the particulars relating to the undisputed investor complaints from the details furnished by the Management.

For Deloitte Haskins & Sells  
Chartered Accountants  
(Firm Registration No.008072S)

*Bramaratnam*

B. Ramaratnam  
Partner  
(Membership No.21209)

Place: Chennai  
Date: October 31, 2012

**CARBORUNDUM UNIVERSAL LIMITED**  
Registered Office: 'PARRY HOUSE', No.43, Moore Street, Chennai - 600 001  
**CONSOLIDATED FINANCIAL RESULTS FOR THE PERIOD ENDED SEPTEMBER 30, 2012 UNDER**  
**CLAUSE 41 OF THE LISTING AGREEMENT**

(Rs. In Lakhs)

Sl.no	Particulars	Quarter ended			YTD September		Year ended
		(Unaudited)			(Unaudited)		(Audited)
		30.09.12	30.06.12	30.09.11	30.09.12	30.09.11	31.03.12
1	<b>Income from operations</b>						
	a) Gross Sales / Income from operations	54775	52202	52315	106977	100605	205740
	Less: Excise duty recovered	2556	2406	2117	4962	4170	8887
	Net Sales / Income from operations	52219	49796	50198	102015	96435	196853
	b) Other operating income	615	512	1486	1127	2593	2647
	<b>Total Income from operations (net)</b>	<b>52834</b>	<b>50308</b>	<b>51684</b>	<b>103142</b>	<b>99028</b>	<b>199500</b>
2	<b>Expenses</b>						
	a) Cost of materials consumed	15966	19063	15846	35029	30824	63287
	b) Purchase of stock in trade	2348	1657	2276	4005	4203	7665
	c) Changes in inventories of finished goods, work-in-progress and Stock-in-trade	1347	(2646)	(977)	(1299)	(1321)	(6449)
	d) Employee benefits expense	7573	7844	7022	15417	13387	23436
	e) Depreciation and amortization expense	1781	1674	1487	3455	2933	5693
	f) Power & fuel	7493	6733	6422	14226	12563	26048
	g) Other expenses	10299	10243	9581	20542	18042	45843
	<b>Total expenses</b>	<b>46807</b>	<b>44568</b>	<b>41657</b>	<b>91375</b>	<b>80631</b>	<b>165523</b>
3	<b>Profit from Operations before Other Income, finance costs and exceptional items (1-2)</b>	<b>6027</b>	<b>5740</b>	<b>10027</b>	<b>11767</b>	<b>18397</b>	<b>33977</b>
4a	Other Income	179	252	215	431	364	519
4b	Exchange Gain/ (Loss) (net)	(8)	294	300	286	458	31
5	<b>Profit before finance costs and exceptional items (3+4a+4b)</b>	<b>6198</b>	<b>6286</b>	<b>10542</b>	<b>12484</b>	<b>19219</b>	<b>34527</b>
6	Finance costs	711	609	630	1320	1288	2500
7	<b>Profit after finance costs but before exceptional items (5-6)</b>	<b>5487</b>	<b>5677</b>	<b>9912</b>	<b>11164</b>	<b>17931</b>	<b>32027</b>
8	Exceptional Items (Refer Note No.5)	-	-	-	-	-	243
9	<b>Profit from ordinary activities before tax (7+8)</b>	<b>5487</b>	<b>5677</b>	<b>9912</b>	<b>11164</b>	<b>17931</b>	<b>32270</b>
10	Tax expense	1820	1835	2841	3655	5306	9079
11	<b>Net Profit from ordinary activities after tax (9-10)</b>	<b>3667</b>	<b>3842</b>	<b>7071</b>	<b>7509</b>	<b>12625</b>	<b>23191</b>
12	Share of Profit / (Loss) from Associate	-	-	30	-	112	112
13	Minority Interest	(292)	(253)	(541)	(545)	(950)	(1373)
14	<b>Net Profit after tax, minority interest and share of profit from associate (11+12+13)</b>	<b>3375</b>	<b>3589</b>	<b>6560</b>	<b>6964</b>	<b>11787</b>	<b>21930</b>
15	Paid up Equity Share Capital ( Face value- Re.1 per share)	1874	1874	1873	1874	1873	1874
16	Reserves excluding revaluation reserve						92571
17	Face value per share (Re.)	1	1	1	1	1	1
18	Earnings per share (Rs.) not annualised (Refer Note No.6)						
	- Basic	1.80	1.92	3.51	3.72	6.30	11.71
	- Diluted	1.80	1.91	3.50	3.70	6.28	11.67



**CARBORUNDUM UNIVERSAL LIMITED**  
Registered Office: 'PARRY HOUSE', No.43, Moore Street, Chennai - 600 001  
**CONSOLIDATED FINANCIAL RESULTS FOR THE PERIOD ENDED SEPTEMBER 30, 2012 UNDER**  
**CLAUSE 41 OF THE LISTING AGREEMENT**

Sl.no	Particulars	Quarter ended			YTD September		Year ended
		30.09.12	30.06.12	30.09.11	30.09.12	30.09.11	31.03.12
<b>A</b>	<b>PARTICULARS OF SHAREHOLDING</b>						
1	Public shareholding						
	- Number of Shares	108531258	108511442	54184627	108531258	54184627	108503826
	- Percentage of shareholding	57.91%	57.90%	57.87%	57.91%	57.87%	57.90%
2	Promoters and Promoter Group Shareholding						
	a) Pledged / Encumbered						
	- No of shares	1407800	1752800	876400	1407800	876400	1752800
	- Percentage of shares (as a % of the total shareholding of promoters and promoter group)	1.78%	2.22%	2.22%	1.78%	2.22%	2.22%
	- Percentage of shares (as a % of the total share capital of the company)	0.75%	0.94%	0.94%	0.75%	0.94%	0.94%
	b) Non-encumbered						
	- No of shares	77483936	77138936	38565988	77483936	38565988	77138936
	- Percentage of shares (as a % of the total shareholding of promoters and promoter group)	98.22%	97.78%	97.78%	98.22%	97.78%	97.78%
	- Percentage of shares (as a % of the total share capital of the company)	41.34%	41.16%	41.19%	41.34%	41.19%	41.16%

	Particulars	Quarter ended 30.09.12
<b>B</b>	<b>INVESTOR COMPLAINTS</b>	
	Pending at the beginning of the quarter	-
	Received during the quarter	3
	Disposed off during the quarter	3
	Remaining unsolved at the end of the quarter	-



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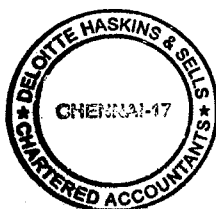
**CONSOLIDATED SEGMENTWISE REVENUE, RESULTS AND CAPITAL EMPLOYED  
UNDER CLAUSE 41 OF THE LISTING AGREEMENT**



(Rs. In Lakhs)

Sl.no	Particulars	Quarter ended			YTD September		Year ended
		(Unaudited)			(Unaudited)		(Audited)
		30.09.12	30.06.12	30.09.11	30.09.12	30.09.11	31.03.12
<b>1</b>	<b>Segment Revenue</b>						
	Abrasives	21005	20212	20470	41217	39974	83042
	Ceramics	13329	11836	11724	25165	21828	45647
	Electrominerals	18521	18354	19036	36875	36656	72728
	Others	1022	1006	785	2028	1533	3161
	<b>Total</b>	<b>53877</b>	<b>51408</b>	<b>52015</b>	<b>105285</b>	<b>99991</b>	<b>204578</b>
	<b>Less: Inter-Segment Revenue</b>	1658	1612	1817	3270	3556	7725
	<b>Net Sales/Income from operations</b>	<b>52219</b>	<b>49796</b>	<b>50198</b>	<b>102015</b>	<b>96435</b>	<b>196853</b>
<b>2</b>	<b>Segment Results (Profit (+) / Loss (-) before finance costs and tax)</b>						
	Abrasives	2264	2145	3024	4409	6232	12484
	Ceramics	2466	2471	2690	4937	4914	8979
	Electrominerals	1943	2005	5503	3948	9099	13987
	Others	320	305	204	625	439	701
	<b>Total</b>	<b>6993</b>	<b>6926</b>	<b>11421</b>	<b>13919</b>	<b>20684</b>	<b>36151</b>
	<b>Less: (i) Finance Costs</b>	711	609	630	1320	1288	2500
	<b>(ii) Other un-allocable expenditure / (income) net</b>	795	640	879	1435	1465	1624
	<b>Add: Exceptional Items (Refer Note No.5)</b>	-	-	-	-	-	243
	<b>Total Profit before Tax</b>	<b>5487</b>	<b>5677</b>	<b>9912</b>	<b>11164</b>	<b>17931</b>	<b>32270</b>
<b>3</b>	<b>Capital Employed ( Segment Assets - Segment Liabilities )</b>						
	Abrasives	57116	55742	41507	57116	41507	46061
	Ceramics	40304	36384	35212	40304	35212	35885
	Electrominerals	55710	51705	43185	55710	43185	49454
	Others ( including unallocable)	9482	5981	15124	9482	15124	10970
	<b>Total</b>	<b>162612</b>	<b>149812</b>	<b>135028</b>	<b>162612</b>	<b>135028</b>	<b>142370</b>

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**Statement of Assets and Liabilities**

(Rs. in Lakhs)

Particulars	(Unaudited)	(Audited)
	As at 30.09.2012	As at 31.03.2012
<b>EQUITY AND LIABILITIES</b>		
<b>Shareholder's Funds</b>		
Share Capital	1874	1874
Capital Reserve on Consolidation	5764	206
Reserves and surplus	98310	92622
<b>Total Shareholder's funds</b>	<b>105948</b>	<b>94702</b>
Share Application Money Pending Allotment	4	-
Minority Interest	7640	7746
<b>Non current liabilities</b>		
Long term borrowings	21460	20632
Deferred tax liabilities (net)	4875	5055
<b>Total non-current liabilities</b>	<b>26335</b>	<b>25687</b>
<b>Current liabilities</b>		
Short term Borrowings	21250	13003
Trade payables	14444	16704
Other current liabilities	16315	15412
Short term provisions	2438	2904
<b>Total current liabilities</b>	<b>54447</b>	<b>48023</b>
<b>Total</b>	<b>194374</b>	<b>176158</b>
<b>ASSETS</b>		
<b>Non current assets</b>		
Fixed assets	76065	65004
Goodwill on Consolidation	9710	9435
Deferred Tax Asset (not)	109	154
Non current investments	122	123
Long -term loans and advances	2866	3186
<b>Total Non current assets</b>	<b>88872</b>	<b>77902</b>
<b>Current assets</b>		
Current Investments	2584	3877
Inventories	46312	40861
Trade receivables	37536	36123
Cash and cash equivalents	9826	11047
Short- term loans and advances	9244	6348
<b>Total Current Assets</b>	<b>105502</b>	<b>98256</b>
<b>Total</b>	<b>194374</b>	<b>176158</b>

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**Notes:**

- The above results were reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings, held on October 31, 2012 and has been subjected to limited review by the Statutory Auditors of the Company. The limited review of the financial results of Subsidiaries and Joint Ventures for the quarter has been carried out by the Statutory Auditors of the respective Companies.
- During the current quarter, the Company has allotted 19816 equity shares pursuant to exercise of Employee Stock Options. Further the Company has received share application money for 4600 shares under Employee Stock Options and the same were allotted during October 2012.
- Figures for the previous periods have been regrouped and reclassified where considered necessary. The figures are not comparable due to the inclusion of the result of a subsidiary during the current quarter.

4 Summary of Key Standalone Financial Results of Carborundum Universal Limited is as follows: (Rs. In Lakhs)

Particulars	Half year ended		Year ended
	30.09.12	30.09.11	31.03.12
Total Income	56092	54229	112537
Profit before Tax and Exceptional Items	6389	9520	17440
Add : Exceptional Items	-	-	1499
Profit before Tax	6389	9520	18939
Net Profit After Tax	4762	6962	14667
Paid up Debt Capital	5000	5000	5000
Debenture Redemption Reserve	1250	938	1250
Debt Service Coverage Ratio [DSCR] [Times]	2.58	1.92	2.86
Interest Service Coverage Ratio [ISCR] [Times]	12.21	13.73	13.51
Debt Equity ratio [DER] [Times]	0.30	0.37	0.25
DER = Loan funds/Networth			
DSCR= Profit Before Interest, Exceptional item, Depreciation and Tax/ (Interest+ Long term Debt Repayments made during the period)			
ISCR = Profit Before Interest, Exceptional item, Depreciation and Tax/ Interest			

5 **Exceptional Items :**

Consolidated

(Rs. In Lakhs)

	Quarter ended		Half year ended		Year ended
	30.09.12	30.06.12	30.09.11	30.09.12	31.03.12
Profit on sale of land and building	-	-	-	-	106
Profit on sale of investments in Associate Company	-	-	-	-	137
<b>Total Exceptional Income</b>	-	-	-	-	<b>243</b>

Standalone

(Rs. In Lakhs)

	Quarter ended		Half year ended		Year ended
	30.09.12	30.06.12	30.09.11	30.09.12	31.03.12
Profit on sale of land and building	-	-	-	-	106
Profit/(Loss) on sale of investments (net)	-	-	-	-	1393
<b>Total</b>	-	-	-	-	<b>1499</b>

- The Company has subdivided its equity shares of Rs.2 each into equity shares of Re.1 each on October 7, 2011. Hence earnings per share for the previous periods have been restated based on the face value per equity share of Re.1 for comparability. The number of shares as at September 30, 2011 disclosed under "Particulars of Shareholdings" is prior to sub-division of shares.
- In August 2012, CUMI International Ltd, a wholly owned subsidiary of the Company acquired the entire share capital of M/s. RHI Isithebe, South Africa. The result of RHI Isithebe for the two months ended September 30, 2012 are included in the above results.
- The Company has opted to publish the Consolidated financial results from the financial year 2010-11. Standalone financial results are available at the website of the Company: [www.cumi-murugappa.com](http://www.cumi-murugappa.com) and Stock Exchanges: [www.bseindia.com](http://www.bseindia.com) & [www.nseindia.com](http://www.nseindia.com)

Chennai  
October 31, 2012

For Carborundum Universal Limited

*M.M. Murugappan*  
M.M. Murugappan  
Chairman

