

**Carborundum Universal Limited**

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Email : cumigeneral@cumi.murugappa.com
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5th November 2011

pages (including this)

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By Speed Post Ack. Due

Dear Sirs,

Further to our letter enclosing a copy of the Unaudited Financial Results for the quarter ended 30th September 2011, 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.:



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Carborundum Universal's Consolidated Q2 Net Sales up by 24%

Consolidated Operating PAT up by 60%

Chennai, 5th November 2011: The Board of Directors met today and approved the results for the quarter ended 30th September 2011.

Consolidated Q2 financial performance

Consolidated net sales grew up by 24% to Rs.505 crores from Rs.408 crores. PBIT (excluding exceptional income) grew up by 47% from Rs.72 crores to Rs.105 crores. Growth was driven by the performance of both the Indian and Overseas operations. The Electrominerals and Ceramics business segments recorded a growth rates in excess of 25%. Abrasives business grew by 15%. Profitability of all business segments witnessed good increase. Overseas subsidiaries recorded strong growth in sales, particularly the entities in Russia and South Africa.

Earnings before interest, depreciation and amortisation (EBITDA) recorded an increase of 42% (i.e. from Rs.85 crores to Rs.120 crores) without considering exceptional income of last year.

Profit before tax and exceptional income was Rs.99 crores - an increase of 51% over the previous year amount of Rs.66 crores. The profit after tax increased by 60% (i.e. Rs.66 crores compared to Rs.41 crores last year)

Consolidated Operating Performance

Abrasives

Sales of the abrasives business on a consolidated basis registered an increase of 15%. Sales for the quarter was Rs.208 crores (Rs.180 crores for the corresponding period of last year). Off-take from user industries in India and Russia continued to be encouraging.

The operations in America, Middle East and Canada continued to be subdued. However, the Chinese subsidiary registered good growth from a low base. Sterling Abrasives, VAW's Abrasive division and Wendt (India) Limited in Indian abrasive segment, registered higher growth.

Profit before interest and tax on a consolidated basis recorded an increase of 23% i.e. from Rs.25 crores to Rs.30 crores.

Electro Minerals

The second largest business segment viz. Electro Minerals recorded an increase of 25% in sales (Rs.190 crores vs. Rs.153 crores). Growth in sales was made



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possible by the robust performance of the Indian, Russian and South African operations.

Growth in revenues and also improvement in operating margins led to increase in profit before interest and tax of the electro minerals business on a consolidated basis by 52% i.e. from Rs.36 Crores to Rs.55 Crores.

Ceramics

The ceramics segment recorded a robust 36% increase in sales on a consolidated basis (Rs.117 Crores vs. Rs.86 Crores).

The engineered ceramics business performed well. Sales of metallized cylinders and wear resistant tiles registered strong growth. The growth in sales was driven by exports as a result of higher offtake from Canada, Europe, USA and South American markets.

In Refractories, good order inflow was witnessed for both fired and Monolithic products. Off-take from glass and steel industry was extremely encouraging. The joint ventures in the refractories business registered significant growth on a combined basis.

Favorable product mix and optimum production levels ensured higher contributions. Profit before interest and tax of the ceramics business segment on a consolidated basis increased by 80% i.e. from Rs.15 crores to Rs.27 crores.

Corporate Events

The Company had sub divided the equity shares from the current face value of Rs.2/- each to Re.1/- each with effect from 8th October 2011. The Company has sold its entire shareholding in Laserwords Private Limited for a consideration of Rs.50 Crores in November 2011.

The Company has during the year established a partnership with an Israeli Company for manufacture of Ceramic foam based refractories. The project would be established in CUMI's SEZ in Kerala.

The unaudited consolidated financial results are enclosed.

About the Murugappa Group

Founded in 1900, the Rs. 17051 Crores (USD 3.8 billion) Murugappa Group is one of India's leading business conglomerates. The Group has 29 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, Construction, Bio-products and Nutraceuticals, the Group has

forged strong joint venture alliances with leading international companies like Groupe Chimique Tunisien, Foskor, Cargill, Mitsui Sumitomo and Morgan Crucible. The Group has a wide geographical presence panning 13 states in India and 5 continents.

Renowned brands like BSA, Hercules, Ballmaster, Carborundum, CUMI Ajax, Parry's, 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.

For further details please contact:

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CARBORUNDUM UNIVERSAL LIMITED

Registered Office: 'PARRY HOUSE', No.43, Moore Street, Chennai - 600 001

CONSOLIDATED FINANCIAL RESULTS FOR THE PERIOD ENDED 30th SEPTEMBER 2011 UNDER

CLAUSE 41 OF THE LISTING AGREEMENT



(Rs. In Lakhs)

Sl.no	Particulars	Quarter ended		Half Year ended		Year ended
		(Unaudited)		(Unaudited)		(Audited)
		30.09.11	30.09.10	30.09.11	30.09.10	31.03.11
1	Gross Sales/Income from Operations	52618	42682	101200	79373	167585
	Less: Excise duty recovered	2117	1838	4170	3362	7511
	Net Sales/Income from Operations	50501	40844	97030	76011	160074
2	Other Operating Income	1972	1803	3243	2819	4351
	Total Income (1+2)	52473	42647	100273	78830	164425
3	Expenditure					
	a) (Increase)/decrease in stock in trade & Work in progress	(978)	(178)	(1323)	(562)	(3656)
	b) Consumption of raw materials	15159	11683	29689	22970	47163
	c) Purchase of traded goods	2277	2538	4203	3722	5858
	d) Employees cost	5486	4604	10524	9066	24014
	e) Power & Fuel	6466	5835	12650	10817	22312
	f) Depreciation	1443	1279	2847	2517	5045
	g) Other expenditure	12210	9794	22727	18240	37864
	h) Total	42063	35555	81317	66770	138600
4	Profit from Operations before Other Income, Interest & Exceptional Items	10410	7092	18956	12060	25825
5	Other Income	132	95	263	134	339
6	Profit before Interest & Exceptional Items	10542	7187	19219	12194	26164
7	Interest	630	611	1288	1298	2710
8	Profit after Interest but before Exceptional Items	9912	6576	17931	10896	23454
9	Exceptional Items (Refer Note No. 7)	-	-	-	2349	2349
10	Profit from ordinary activities before tax	9912	6576	17931	13245	25803
11	Tax expense	2841	2116	5306	4065	7417
12	Net Profit from ordinary activities after tax	7071	4460	12625	9180	18386
	Add: Share of Profit / (Loss) from Associate	30	9	112	(125)	(21)
	Less: Minority Interest	541	358	950	597	1286
13	Net Profit after tax	6560	4111	11787	8458	17079
14	Paid up Capital (Face value-Rs 2 per share)	1873	1867	1873	1867	1869
15	Reserves excluding revaluation reserve					72420
16	Basic & Diluted Earnings per share (Rs.) not annualised	7.01	4.40	12.60	9.06	18.27
17	Aggregate of public shareholding					
	- Number of Shares	54184627	53187345	54184627	53187345	54028605
	- Percentage of shareholding	57.87%	56.97%	57.87%	56.97%	57.80%
18	Promoters and Promoter group Shareholding					
	a) Pledged / Encumbered					
	- No of shares	876400	876400	876400	876400	876400
	- Percentage of shares (as a % of the total shareholding of promoters and promoter group)	2.22%	2.18%	2.22%	2.18%	2.22%
	- Percentage of shares (as a % of the total share capital of the company)	0.94%	0.94%	0.94%	0.94%	0.94%
	b) Non-encumbered					
	- No of shares	38565988	39304187	38565988	39304187	38565088
	- Percentage of shares (as a % of the total shareholding of promoters and promoter group)	97.78%	97.82%	97.78%	97.82%	97.78%
	- Percentage of shares (as a % of the total share capital of the company)	41.19%	42.09%	41.19%	42.09%	41.26%



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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 (Unaudited)		Half Year ended (Unaudited)		Year ended (Audited)
		30.09.11	30.09.10	30.09.11	30.09.10	31.03.11
1	Segment Revenue					
	Abrasives	20760	18001	40542	32817	69901
	Ceramics	11724	8621	21828	16547	34761
	Electrominerals	19049	15264	36683	28535	59788
	Others	785	601	1533	1199	2664
	Total	52318	42487	100586	79098	167114
	Less: Inter-Segment Revenue	1817	1643	3556	3087	7040
	Net Sales/Income from operations	50501	40844	97030	76011	160074
2	Segment Results (Profit (+) / Loss (-) before interest and tax)					
	Abrasives	3024	2453	6228	4161	9578
	Ceramics	2688	1491	4913	3036	6114
	Electrominerals	5505	3625	9103	5917	11016
	Others	204	56	440	171	519
	Total	11421	7625	20684	13285	27227
	Less: (i) Interest	630	611	1288	1298	2710
	(ii) Other un-allocable expenditure / (income) net	879	438	1465	1091	1063
	Add: Exceptional Income (Refer Note No.7)	-	-	-	2349	2349
	Total Profit before Tax	9912	6576	17931	13245	25803
3	Capital Employed (Segment Assets - Segment Liabilities)					
	Abrasives	42066	36693	42066	36693	44804
	Ceramics	34267	28955	34267	28955	31135
	Electrominerals	43580	31398	43580	31398	34387
	Others (including unallocable)	15116	16323	15116	16323	11218
	Total	135029	113369	135029	113369	121344

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Notes:

1 Statement of Assets and Liabilities

(Rs. in Lakhs)

	As at 30.09.2011	As at 30.09.2010	As at 31.03.2011
Shareholders' Funds			
Share Capital	1873	1867	1869
Share Application Money Pending Allotment	39	-	-
Capital Reserve on Consolidation : Joint ventures	206	206	206
Reserves and Surplus	83269	64706	72479
	85387	66779	74554
Minority Interest	6346	5233	5943
Loan Funds			
Secured Loans	25069	24150	21860
Unsecured Loans	17986	17054	18835
Long Term Lease Liability	241	153	152
	43296	41357	40847
Deferred Tax Liability (Net)	4592	4545	4767
Total	139621	117914	126111
Fixed Assets (Net)	52518	51020	52922
Capital work-in-progress (including capital advances)	4725	2066	2323
	57243	53086	55245
Goodwill on Consolidation	9176	8506	8323
Investments	6721	6666	7490
Current Assets, Loans & Advances			
Inventories	35596	25219	31077
Sundry Debtors	36238	31099	32904
Cash & Bank Balances	10855	6297	6979
Loans & Advances	8180	7763	6838
	90869	70378	77798
Less: Current Liabilities & Provisions			
Current Liabilities	24371	20701	21712
Provisions	17	21	1033
	24388	20722	22745
Net Current Assets	66481	49656	55053
Total	139621	117914	126111

- 2 The above results were reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings, held on 5th November 2011 and has been subjected to limited review by the Statutory Auditors of the Company. The limited review of the financial results of Subsidiaries, Joint Ventures and an Associate for the quarter has been carried out by the Statutory Auditors of the respective Companies.
- 3 During the current quarter , the Company has allotted 59,316 equity shares pursuant to exercise of Employee Stock Options. Further the Company has received share application money for 21,342 shares under Employee Stock Options and the same were allotted on 10th October 2011.
- 4 During the current quarter , the Company received 6 complaints relating to investor services , which were resolved. No complaint was pending at the beginning or at the end of the quarter.
- 5 Figures for the previous periods have been regrouped and reclassified, wherever considered necessary.

6 Summary of Key Standalone Financial Results of Carborundum Universal Limited is as follows:

(Rs. In Lakhs)

Particulars	Half Year ended		Year ended
	30.09.11	30.09.10	31.03.11
Total Income	54705	43421	93625
Profit before Tax and Exceptional Items	9520	6203	13985
Add : Exceptional Items	-	2430	2448
Profit before Tax	9520	8633	16433
Net Profit After Tax	6962	6259	12425
Paid up Debt Capital	5000	5000	5000
Debt Redemption Reserve	938	625	938
Debt Service Coverage Ratio [DSCR] [Times]	1.92	2.46	3.65
Interest Service Coverage Ratio [ISCR] [Times]	13.73	9.27	9.85
Debt Equity ratio [DER] [Times]	0.37	0.51	0.42
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			

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(Rs. In Lakhs)

7 <u>Exceptional Items :</u>	Consolidated			Standalone		
	Half year ended		Year ended	Half year ended		Year ended
	30.09.11	30.09.10	31.03.11	30.09.11	30.09.10	31.03.11
Profit on sale of land and building	-	2349	2349	-	2349	2349
Profit on sale of investments in subsidiaries (net)	-	-	-	-	81	99
Total	-	2349	2349	-	2430	2448

- 8 The shareholders, at the Extra-Ordinary General meeting of the Company held on 20th September 2011, approved sub-division of one equity share of Rs.2/- each of the Company into two equity share of Re.1/- each.
- 9 On November 4, 2011, the Company has divested its entire shareholding in its associate, M/s.Laserwords Private Limited for a consideration of Rs. 50 crores. This will be reckoned in the financial results for the quarter ending December 31, 2011.
- 10 The Company has opted to publish the Consolidated financial results from the last financial year. Standalone financial results are available at the website of the Company: www.cumi.murugappa.com and Stock Exchanges: www.bseindia.com & www.nseindia.com

Chennai
5th November, 2011

For Carborundum Universal Limited

M.M. Murugappan
M.M. Murugappan
Chairman



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