

**CARBORUNDUM UNIVERSAL LIMITED**

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MURUGAPPA
—GROUP—

27th October 2010

pages (including this)

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Madras Stock Exchange Ltd.
Second Line Beach,
Chennai 600 001

Fax No.25244897

Stock Code: CRB
By hand delivery

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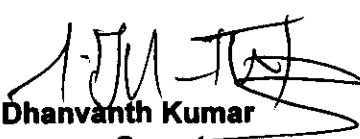
Stock Code : CARBORUNIV-EQ
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Dear Sirs,

Further to our letter enclosing a copy of the Unaudited Financial Results for the quarter ended 30th September 2010, 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.:



Murugappa Group News Release

Carborundum Universal's Consolidated Q2 PAT up 55%

Chennai, 27th October 2010: The Board of Directors of Carborundum Universal met today and have approved the results for the quarter ended 30th September 2010.

Consolidated Q 2 financial performance

Consolidated Net Sales grew by 26% to Rs.408 Crores from Rs.325 Crores. All business segments i.e. abrasives, ceramics and electro minerals registered growth rates of around 25% or more. More than 50% of Company's consolidated sales continues to accrue from exports & overseas operations.

EBITDA grew by 32% from Rs.64 crores to Rs.85 crores. PBIT grew by 36% from Rs.53 Crores to Rs.72 Crores.

Profit before tax was Rs.66 Crores - an increase of 46% over the previous year figure of Rs.45 Crores. Consequently profit after tax grew by 55% to Rs.41 Crores over the previous year figure of Rs.26 Crores.

Consolidated H1 Financial Performance

Consolidated Net Sales during the first half of 2010-11 stood at **Rs.760 Crores** posting a growth of **26%** over H1 of previous year. Profits after tax (including exceptional income) were at **Rs.84.6 Crores** as against previous year of Rs.45.7 Crores.

Consolidated Operating Performance

Abrasives

CUMI's consolidated abrasives sales registered an increase of 25% for the quarter. Sales for the quarter was Rs.180 Crores (Rs.144 Crores for the corresponding period of last year). This growth was made possible by the strong off take from various market segments in India and Russia.

CUMI Standalone abrasives registered a growth of 24% in sales. Off take was strong particularly in the direct customer segment. Marketing initiatives were focused on generating sales from the more profitable segments of the market. Bonded abrasives witnessed stronger sales growth than the coated segment, where competition continues to be intense. Competition was stiff both from local and international players. Market share was sought to be retained through product differentiation and leveraging application engineering skills.

Sterling Abrasives, which caters to certain select segments of the bonded abrasives market registered a 30% growth in sales. Wendt India, the joint venture with Wendt GmbH, which addresses the super abrasives market, registered a 47% growth in sales.



Murugappa Group News Release

In Russia, sales at Roubles 136 Million (previous year Roubles 79 million), constituted a 72% growth. Growth was driven by improved off-take from auto, auto component and steel markets.

The Chinese operations primarily continued to focus on servicing the requirements of thin wheels and other abrasives of the Indian and Russian operations and a few customers in Europe and Middle East. The operations have been stabilizing and performance will further strengthen in the oncoming quarters.

Sales of abrasives to the North American markets, through CUMI America and CUMI Canada witnessed a growth of over 50%, with improved off take from various customer segments.

The overall profitability margins of the abrasives business improved to 13.6%. Indian operations witnessed an improvement, as a result of the initiatives taken to improve raw material consumption efficiencies, optimizing raw material sourcing and improvement in power and fuel consumption efficiencies.

Profit before interest and tax in absolute terms, increased by **50% i.e. from Rs.16.4 Crores to Rs.24.53 Crores.**

Electro Minerals

The second largest business segment viz. electro minerals continued its strong performance with an increase of 27% in Net sales (Rs.153 Crores vs. Rs.120 Crores).

Silicon carbide sales of Volzhsky Abrasive Works, Russia, recorded a jump of 31%. Demand pull, particularly from overseas customers, was strong which helped the business to achieve the growth in sales. The business was able to pass on the steep increase in input costs (Power & Pet Coke) through price increases to customers.

The electro minerals business of the Company in India did well registering a growth of 29%. All three major product groups viz. silicon carbide, brown fused alumina, white fused alumina did well recording higher sales. The market for fused minerals continues to be positive with all user industries doing well. Price realization is showing an increasing trend. The photovoltaic segment of the market also registered good off-take, with global installed capacity of solar power using photovoltaic technology witnessing an increase. In the domestic market, off take from all user industries viz. abrasives, refractories and engineering was strong.

In South Africa, Foskor Zirconia Pty Ltd., which is on a comeback trail, consolidated its first quarter performance with a 65% growth in sales in the second quarter. With strong revival in the global steel and minerals markets, demand pull witnessed an increase from all major customers. Profitability of the business continues to be under pressure given the steep appreciation of the South African currency and increase in input costs. Given the positive market sentiment, the business has commenced work on increasing price realizations to off set cost increases and restore operating margins.



Murugappa Group News Release

Profit before interest and tax of the electro minerals business, increased by 34% i.e. from Rs.27 Crores to Rs.36 Crores. The increase in input costs which was witnessed in the first quarter continued to impact the businesses in India, Russia and South Africa in the second quarter also. However the business improved its overall profitability by leveraging the benefit of increased sales coupled with tight control on fixed costs.

Ceramics

The ceramics business recorded a **27%** increase in sales (Rs.86 Crores vs. Rs.68 Crores).

Both the high alumina ceramics business and the super refractories businesses performed well during the quarter.

Sales of metalized cylinders continued to grow at a brisk pace with important new customers being added during the quarter. Balancing equipment has been commissioned during the quarter which has helped to increase the manufacturing capacity for metallised cylinders. Exports of wear resistant tiles continued to do well, with strong off take from North America and South Africa. In Australia, CUMI Australia registered lower sales during the quarter due to intense Chinese Competition in select markets. Stiff competition, particularly on price has been witnessed in recent times.

The Sales of Super Refractories increased by 39% compared to the same period last year, driven by the strong off take for fired and monolithic super refractories. Off take from Carbon Black, Cement and Steel industries was strong. Anticorrosives recorded lower sales due to lower project orders.

The Company's joint ventures, in the refractory business, viz. Murugappa Morgan Thermal Ceramics Ltd. and Ciria India Limited registered a 47% growth in turnover.

Profit before interest and tax of the Ceramics business segment, increased by 17% i.e. from Rs.12.7 Crores to Rs.14.9 Crores.

General

With a view to rationalizing the holding structure, the investments in CUMI America Inc and CUMI Middle East FZE have been transferred from Carborundum Universal Ltd, India to CUMI International Ltd, Cyprus.

Outlook

With the mood in the domestic economy being positive and the global market segments catered to by the Company's various businesses gathering momentum, the growth trends of the first half of the year is expected to continue during the 3rd quarter.



Murugappa Group News Release

About Murugappa Group:

Founded in 1900, the Rs.13617 Crores (USD 3.03 billion) Murugappa Group is one of India's leading business conglomerates. The Group has 29 businesses including seven listed companies actively traded in NSE & BSE. Headquartered in Chennai, the major companies of the Group include Carborundum Universal Ltd., Chola mandalam Investment and Finance Company Ltd., Chola mandalam MS General Insurance Company Ltd, Coromandel International Ltd, Coromandel Engineering Company Ltd, EID 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 Mitsui Sumitomo, Foscok, Cargill, Groupe Chimique Tunisien, Winterthur Technology Group and Morgan Crucible. The Group has a wide geographical presence panning 13 states in India and 5 continents.

Renowned brands like BSA, Hercules, Ballmaster, 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. Visit www.murugappa.com for more details.

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 2010
UNDER CLAUSE 41 OF THE LISTING AGREEMENT**

(Rs. In Lakhs)

Sl.no	Particulars	Quarter ended		Half year ended		Year ended
		(Unaudited)		(Unaudited)		(Audited)
		30.09.10	30.09.09	30.09.10	30.09.09	31.03.10
1	Gross Sales/Income from Operations	42682	33637	79373	62294	133082
	Less: Excise duty recovered	1838	1183	3362	2194	5107
	Net Sales/Income from Operations	40844	32454	76011	60100	127975
2	Other Operating Income	1803	266	2819	857	2692
	Total Income (1+2)	42647	32720	78830	60957	130667
3	Expenditure					
	a) (Increase)/decrease in stock in trade & Work in progress	(178)	693	(562)	1209	613
	b) Consumption of raw materials	11906	9371	23210	17137	36994
	c) Purchase of traded goods	2315	1383	3482	2204	3571
	d) Employees cost	4604	3856	9066	7520	18078
	e) Power & Fuel	5835	3622	10817	6739	16476
	f) Depreciation	1279	1145	2517	2262	4448
	g) Other expenditure	9794	7598	18240	14967	31059
	h) Total	35555	27668	66770	52038	111239
4	Profit from Operations before Other Income, Interest & Exceptional Item	7092	5052	12060	8919	19428
5	Other Income	95	223	134	294	728
6	Profit before Interest & Exceptional Item	7187	5275	12194	9213	20156
7	Interest	611	758	1298	1750	3083
8	Profit after Interest but before Exceptional Item	6576	4517	10896	7463	17073
9	Exceptional Item (Refer Note No.4)	-	-	2349	-	70
10	Profit from ordinary activities before tax	6576	4517	13245	7463	17143
11	Tax expense	2116	1545	4065	2561	5604
12	Net Profit from ordinary activities after tax	4460	2972	9180	4902	11539
	Add: Share of Profit / (Loss) from Associate	9	(132)	(125)	(70)	29
	Less: Minority Interest	358	193	597	265	1395
13	Net Profit after tax	4111	2647	8458	4567	10173
14	Paid up Capital (Face value-Rs 2 per share)	1867	1867	1867	1867	1867
15	Reserves excluding revaluation reserve					57149
16	Basic & Diluted Earnings per share (Rs.) not annualised	4.40	2.84	9.06	4.89	10.90
17	Aggregate of public shareholding					
	- Number of Shares	53187345	53101661	53187345	53101661	53113577
	- Percentage of shareholding	56.97%	56.88%	56.97%	56.88%	56.89%
18	Promoters and Promoter group Shareholding					
	a) Pledged/Encumbered					
	- No of shares	876400	941400	876400	941400	876400
	- Percentage of shares (as a % of the total shareholding of promoters and promoter group)	2.18%	2.34%	2.18%	2.34%	2.18%
	- Percentage of shares (as a % of the total share capital of the company)	0.94%	1.01%	0.94%	1.01%	0.94%
	b) Non-encumbered					
	- No of shares	39304487	39310939	39304487	39310939	39366255
	- Percentage of shares (as a % of the total shareholding of promoters and promoter group)	97.82%	97.66%	97.82%	97.66%	97.82%
	Percentage of shares (as a % of the total share capital of the company)	42.09%	42.11%	42.09%	42.11%	42.17%



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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)
		30.09.10	30.09.09	30.09.10	30.09.09	31.03.10
1	Segment Revenue					
	Abrasives	18004	14441	32824	26848	55073
	Ceramics	8621	6809	16547	13241	28571
	Electrominerals	15261	11979	28528	21394	47891
	Others	601	560	1199	1144	2412
	Total	42487	33789	79098	62627	133947
	Less: Inter-Segment Revenue	1643	1335	3087	2527	5972
	Net Sales/Income from operations	40844	32454	76011	60100	127975
2	Segment Results					
	(Profit (+) / Loss (-) before interest and tax)					
	Abrasives	2453	1640	4161	2864	5170
	Ceramics	1491	1271	3036	2488	5553
	Electrominerals	3575	2666	5646	4575	10276
	Others	56	160	171	317	660
	Total	7575	5737	13014	10244	21659
	Less: (i) Interest	611	758	1298	1750	3083
	(ii) Other un-allocable expenditure / (income) net	388	462	820	1031	1503
	Add:Exceptional Item (Refer Note No.4)	-	-	2349	-	70
	Total Profit Before Tax	6576	4517	13245	7463	17143
3	Capital Employed (Segment Assets - Segment Liabilities)					
	Abrasives	35408	37989	35408	37989	41204
	Ceramics	28886	26679	28886	26679	28446
	Electrominerals	24892	19742	24892	19742	26651
	Others (including unallocable)	24183	24439	24183	24439	11793
	Total	113369	108849	113369	108849	108094

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**CONSOLIDATED FINANCIAL RESULTS FOR THE PERIOD ENDED 30th SEPTEMBER 2010 UNDER
CLAUSE 41 OF THE LISTING AGREEMENT**

1 Statement of Assets and Liabilities

Rs. in Lakhs

	As at 30.09.2010	As at 30.09.2009	As at 31.03.2010
Shareholders' Funds			
Share Capital	1867	1867	1867
Capital Reserve on Consolidation : Joint ventures	206	206	206
Reserves and Surplus	64706	52057	57214
	66779	54130	59287
Minority Interest	5233	4424	4900
Loan Funds			
Secured Loans	24150	38144	26887
Unsecured Loans	17054	11988	16860
Long Term Lease Liability	153	163	160
	41357	50295	43907
Deferred Tax Liability (Net)	4545	4151	4494
Total	117914	113000	112588
Fixed Assets (Net)	51020	50204	48763
Capital work-in-progress (including capital advances)	2066	3253	4393
	53086	53457	53156
Goodwill on Consolidation	8506	7877	8485
Investments	6666	7683	7790
Current Assets, Loans & Advances			
Inventories	25219	23176	23518
Sundry Debtors	31099	25796	28003
Cash & Bank Balances	6297	4013	4693
Loans & Advances	7763	10984	6089
	70378	63969	62303
Less: Current Liabilities & Provisions			
Current Liabilities	20701	19986	17039
Provisions	21	-	2107
	20722	19986	19146
Net Current Assets	49656	43983	43157
Total	117914	113000	112588

- During the current quarter, the Company has allotted 12,000 equity shares pursuant to exercise of Employee Stock Options.
- The above results were reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings, held on 27th October 2010 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.
- Exceptional item comprises of profit on sale of land and building amounting to Rs. 2349 Lakhs.
- Figures for the previous periods have been regrouped and reclassified, wherever considered necessary.
- There was no complaint pending at the beginning of the quarter ended 30th September 2010. The Company had received 3 investor complaints, of which 2 were resolved during the quarter and 1 was resolved subsequently.

7 Summary of Key Standalone Financial Results and Ratios of Carborundum Universal Limited is as follows: Rs. in Lakhs

Particulars	Half year ended		Year ended
	30.09.10	30.09.09	31.03.10
Total Income	43421	34946	75100
Profit Before Tax	8633	4161	8417
Net Profit After Tax	6259	2879	5801
Paid up Debt Capital	5000	5000	5000
Debt Redemption Reserve	625	312	625
Debt Service Coverage Ratio [DSCR] [Times]	2.46	1.47	2.39
Interest Service Coverage Ratio [ISCR] [Times]	9.27	5.58	6.03
Debt Equity ratio [DER] [Times]	0.51	0.81	0.66

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

DER = Loan funds / Network

- The Company has opted to publish the Consolidated financial results from the current 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 & www.madrasstockexchange.in

Chennai
October 27, 2010

for Carborundum Universal Limited

M M Murugappa
M M Murugappan
Chairman

