



Murugappa Group News Release

**Carborundum Universal's
FY 10 - 11 consolidated sales up by 25%
PAT up 68%**

Chennai, 30th April 2011: The Board of Directors met today and approved the results for the year ended 31st March 2011.

Full year financial performance

Consolidated Net Sales grew by 25% to Rs.1601 Crores from Rs 1280 Crores. All business segments registered growth rates in excess of 20%. The Abrasives business, grew by 27%, Electro minerals by 25% and Ceramics by 22%. About 44% of Company's total revenues are from international sales.

EBITDA grew by 27% from Rs.246 crores to Rs.312crores. **PBIT grew by 30%** from Rs.202 Crores to Rs.262 Crores.

Profit before tax was Rs.258 Crores - an increase of 51% over the previous year figure of Rs.171 Crores. Consequently **profit after tax grew by 68% to Rs.171 Crores (previous year Rs.102 Crores).**

Consolidated Q 4 financial performance

Consolidated Net Sales grew by 23% to Rs.433 Crores from Rs.351 Crores. **EBITDA grew by 31%** from Rs.68 crores to Rs.90 crores. **PBIT grew by 33%** from Rs.58 Crores to Rs. 77 Crores.

Profit before tax was Rs.70 Crores - an increase of 35% over the previous year figure of Rs.51 Crores. Consequently **profit after tax grew by 52% to Rs.49 Crores (previous year Rs.32 Crores).**

FY 10-11 Operating Performance

Abrasives

Abrasives business, which is the largest business segment, registered a topline increase of 27% for the year. Both the Indian operations and the consolidated operations (including International operations) registered growth rates in excess of 20%. Sales was Rs.699 Crores (Rs.551 Crores for the corresponding period of last year). This growth was made possible by the continuing buoyancy in the Indian and Russian markets and the revival in the US and Canadian markets.

CUMI India registered a growth of 20% in sales. Off take was strong particularly in the direct customer segment with ballooning off take from all major user industries. The product mix was oriented towards generating sales from the more profitable segments of the market. The Company continued to leverage its established relationships with customers and application engineering skills particularly in the bonded abrasives segment of the business to ride the buoyancy in the markets. In coated abrasives, competition continues to be intense. Market



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share was sought to be retained through product differentiation and by having a comprehensive range of products in all tiers of the market.

Sterling Abrasives, which caters to certain select segments of the bonded abrasives market, registered a 32% growth in turnover. Wendt India, the joint venture which addresses the super abrasives market, registered a 45% growth in turnover both from its Indian and international operations.

In Russia, the recovery in the industrial sector helped the business to increase sales by 75%. Growth was driven by improved off-take from auto, auto component and steel industries.

The Chinese operations stabilised considerably since the de-merger which took place last year. The transition from a joint venture to independent operations slowed down the operations initially. The business has been stepping up sales, quarter on quarter. The business focused on catering to the thin wheel and combination stone requirement of the Indian and Russian markets apart from sales to some customers in Europe, Middle East and South America. The business also became an accredited vendor to large OEMs.

Sales of abrasives to the North American markets, through CUMI America and CUMI Canada witnessed a growth of 35%, with improved off take from various customer segments.

Despite increase in input costs, the overall profitability margins of the abrasives business improved to 14% due to improved price realization, better product mix and improvement in internal efficiencies.

Profit before interest and tax, increased by 85% i.e. from Rs. 52 Crores to Rs 96 Crores.

Electro Minerals

Electro minerals, the second largest business segment, registered a 25% growth in sales, with sales increasing from Rs.479 crores to Rs.598 crores.

Silicon carbide sales of Volzhsky Abrasive Works, Russia, recorded a jump of 21%. The revival in certain segments of the European markets helped to perk up demand, particularly from overseas customers. The business experienced steep increases in key input costs viz power and raw petroleum coke. Since the cost push could not be fully passed on there was an erosion in margins.

The electro minerals business of the Company in India did well registering a growth of 34%. 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. The photovoltaic segment of the market also registered good off-take, with global installed capacity of solar power using photovoltaic technology witnessing an increase. Input cost increases lead to pressure on margins. In the domestic market, off take from all user industries viz. abrasives, refractories and engineering was strong.



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In South Africa, Foskor Zirconia Pty Ltd., made a comeback, with strong revival in the global steel and minerals markets. The Company's efforts to diversify its product range and also its customer base started yielding benefits.

Profit before interest and tax of the electro minerals business, was Rs.110 Crores. The increase in input costs which was witnessed in the first quarter continued to impact the businesses in India, Russia and South Africa during the year. 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 22% increase in sales, from Rs.286 Crores to Rs.348 Crores.

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

Sales of metalized cylinders and wear resistant liners continued to grow at a brisk pace with important new customers being added. Line balancing of the manufacturing facilities in India was undertaken by installation of certain additional equipment which has helped to increase the manufacturing capacity for metallised cylinders. In Australia, CUMI Australia registered lower sales due to intense competition, particularly on price and also the floods in Southern Australia which affected the operations of coal washeries. The business continued to maintain its leading position servicing customers with superior quality and an indepth understanding of customer needs. The subsidiaries in North America and South Africa continued to drive the Company's sales effort in these markets generating greater acceptance for its products.

Sales of Super Refractories increased by 31% compared to last year, driven by the strong off take for fired and monolithic super refractories in major user industries like carbon black, cement and steel industries. Anticorrosives sales were flat due to lower than anticipated project orders.

The Company's joint ventures, in the refractory business, viz. Murugappa Morgan Thermal Ceramics Ltd. and Ciria India Limited registering a combined growth of over 30% in turnover riding on the optimism in the Indian industries.

Profit before interest and tax of the Ceramics business segment was Rs.61 crores.

Corporate Events

With a view to rationalize the holding structure, the investments in the subsidiaries in USA, Canada and Middle East have been transferred from the parent Company to the wholly owned subsidiary in Cyprus.

The Board has recommended a final dividend of Rs.1 per equity share of Rs.2 each. It may be recalled that in February an interim dividend of Rs.1.50 has been paid, making a total of Rs.2.50 for the year.

The consolidated audited financial results are enclosed.



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About the 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 companies under its umbrella, of which seven are listed and actively traded in NSE & BSE. Headquartered in Chennai, the major companies of the Group include Carborundum Universal, Cholamandalam Investment and Finance Company Limited, Cholamandalam 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, Foskor, Cargill and Groupe Chimique Tunisien. 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. For more details, visit www.murugappa.com

For further details please contact:

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