



Carborundum Universal's Consolidated Q2 Net Sales down by 2%

Consolidated Operating PBT down by 36%

Chennai, 1st Nov 2014: The Board of Directors met today and approved the results for the quarter ended 30th Sep 2014.

Consolidated Q2 financial performance

Consolidated net sales decreased by 2% to Rs.541 crores from Rs. 552 crores, on a quarter on quarter basis. PBT decreased by 36% from Rs.46.7 crores in last year corresponding period to Rs.29.8 crores in the current quarter.

On a sequential basis, net sales went up by 4.8% but PBT were lower by 30%.

The drop in sales on quarter on quarter basis was largely due to Electrominerals division. Ceramics and Abrasives division did well on a quarter on quarter basis. The gain in sequential sales came from improved performance in Abrasives on the back of higher volumes. Ceramics division also delivered a growth on a sequential basis.

Profitability of Electro mineral business were under pressure. Ceramics business did well for both quarter on quarter and sequential basis.

Profit before Interest & Exceptional Items (PBIT) recorded a drop of 31.3% (i.e. from Rs.54 crores in corresponding quarter last year to Rs. 37 crores current quarter).

Consolidated Segmental Operating Performance

Abrasives

Sales of the abrasives business on a consolidated basis at Rs. 232.5 cr registered an increase of 3% and 10% on quarter on quarter basis and sequential basis respectively.

Profit before interest and tax on a consolidated basis recorded an increase of 57% i.e. from Rs.12.3 crores to Rs.19.4 crores, on a sequential basis. On a quarter on quarter basis, there was a drop of 12%.

The demand environment has started showing signs of improvement.





Electro Minerals

At a consolidated level, the net sales for Q2 were at Rs. 197 cr, which was lower for both quarter on quarter and sequential basis. Profit before interest and tax on a consolidated basis recorded drop for both the periods.

Thukela operations at South Africa continues to be challenging, due to which sales and profitability were adversely affected. The South African subsidiary is in the process of exploring alternate use / realization of its assets and negotiation with the customers for liquidation of inventory. Lower capacity utilizations of Bubble plant continues to impact profitability of Foskor Zirconia, South Africa. The company continues to address the technical challenges and is examining various options including the feasibility of relocation.

Ceramics

The ceramics segment recorded a 9% gain in sales on a consolidated basis compared to quarter 1 of 14-15 (Rs.125 crores vs. Rs.115 crores).

Australian entity and MMTCL, our JV company, registered growth. Industrial Ceramics also delivered higher growth on the back of improved wear and metallized business. Refractories sales were lower owing to delayed project orders from user industries.

Profit before interest and tax of the ceramics business on a consolidated basis recorded an increase from Rs.14.8 crores to Rs. 19.5 crores, on a quarter on quarter basis.

About the Murugappa Group

Founded in 1900, the INR 225 Billion Murugappa Group is one of India's leading business conglomerates. The Group has 28 businesses including eleven listed Companies 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., Sabero Organics Ltd., Shanthi Gears 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, 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





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