



Grasim Industries Limited

Performance Review – Q1FY05

28th July, 2004



Cautionary Statement

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Financial Performance – Q1FY05

	(Rs. Crores)		
	<u>Q1FY05</u>		<u>%</u>
Total Revenue	1,517	↑	30
PBIDT	446	↑	56
Interest Charges	33	↓	(16)
Gross Profit	414	↑	67
PBT	344	↑	90
Total Tax Expenses *	125	↑	149
PAT	219	↑	68

(* Including deferred tax of past years Rs.12.65 Crs)

Financial Highlights :

- **Excellent overall performance across businesses**
 - **Sponge Iron performance remained excellent**
 - **Sustained strong performance of VSF**
 - **Good performance of Cement maintained sequentially**
- **Interest cost down further by 16%**
- **PBT at Rs.344 Crs; up by 90%**
- **Total Tax expenses (excl. deferred tax of past years) higher at Rs.112 Crs, increase of 124%**
- **Net profit up 68%**



Financial Performance – contd...

(Rs. Crores)

	Q1 FY05	Q1 FY04	% Chg.
Net Turnover & Op. Income	1,517.1	1,163.4	30
Other Income	16.3	21.1	(23)
PBIDT	446.4	286.6	56
Interest & Finance Charges	32.9	39.1	(16)
Gross Profit	413.5	247.5	67
PBT	343.7	180.5	90
Total Tax Expenses	* 124.5	50.0	149
PAT	219.2	130.5	68
EPS	Rs. 23.9	14.2	68

(* Including deferred tax of past years Rs.12.65 Crs)

Other Highlights

- **UltraTech CemCo acquisition completed**
 - Open Offer completed (oversubscribed 1.64 times)
 - Management Control acquired on 6 July 2004
- **Water shortage impacted VSF operation marginally**
 - Harihar plant was closed for 40 days (45 days in Q1FY04)
 - Nagda remained unaffected during the quarter (44 days in Q1FY04)



Financial Performance

(Rs. Crores)

	Q1FY05	Q1FY04	% Chg.	FY04
Net Turnover & Op. Income	1,517.1	1,163.4	30	5,233.3
Other Income	16.3	21.1	(23)	180.3
PBIDT	446.4	286.6	56	1,475.3
Interest and Finance Charges	32.9	39.1	(16)	153.9
Gross Profit	413.5	247.5	67	1,321.4
Depreciation	69.8	67.0	4	273.1
PBT (before EI)	343.7	180.5	90	1,048.4
Current Tax	110.0	48.0	129	291.0
Deferred Tax	* 14.5	2.0	625	7.0
PAT (before EI)	219.2	130.5	68	750.4
Exceptional Items (net)	--	--	--	28.9
PAT (after EI)	219.2	130.5	68	779.3

● Earning Per Share (Rs.) Basic and Diluted

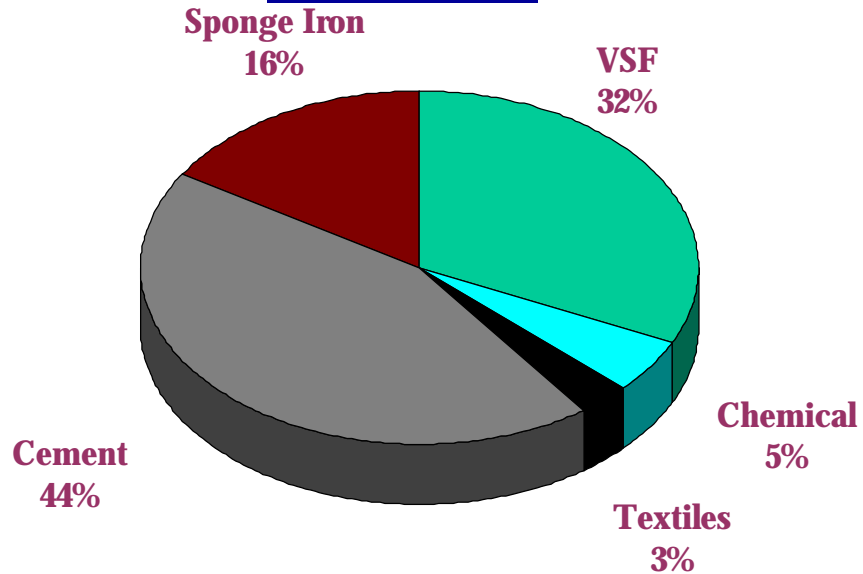
After Total Taxes but before Exceptional Items	23.9	14.2	68	81.8
After Total Taxes and Exceptional Items	23.9	14.2	68	85.0

(* Including deferred tax of past years – Rs.12.65 Crs)



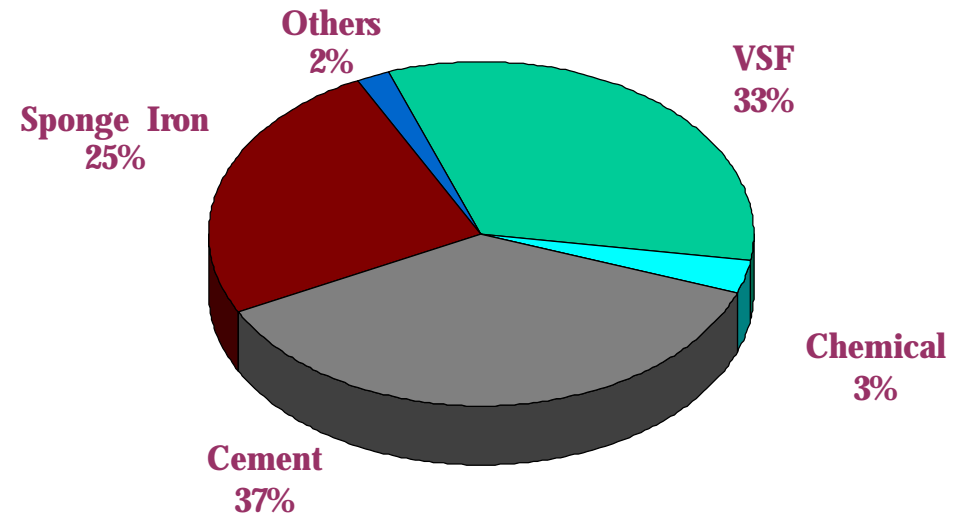
Segmental Performance Summary - Q1FY05

Revenue Mix



(Rs.1,517 Crs.)

PBIDT Mix



(Rs. 446 Crs.)

- **VSF (incl. Chemical) and Cement contributed 81% to Revenue (85%)**
- **Sponge Iron share in revenue increased to 16% (11%)**
- **VSF (incl. Chemical) and Cement contribute 73% to PBIDT (79%)**
- **Sponge Iron contribution to PBIDT jumped to 25% (17%)**



Segmental Performance – Q1FY05

Business	Rs. Crores							
	Revenue		PBIT		Capital Employed #		ROAvCE (%) (PBIT basis)	
	Q1FY05	Q1FY04	Q1FY05	Q1FY04	Q1FY05	Q1FY04	Q1FY05	Q1FY04
VSF	495.4	379.4	134.1	95.0	795.7	826.0	68.8	46.5
Chemical	72.5	53.5	7.6	6.7	194.3	197.6	15.5	13.2
Cement	682.3	573.7	127.7	68.4	2096.5	2,009.5	25.1	13.8
Sponge Iron	250.0	126.4	102.9	39.6	502.5	483.9	83.5	32.3
Textile	52.4	52.0	(1.1)	(0.9)	108.5	108.5	(4.0)	(3.5)
Operations			371.1	208.8	3,697.4	3,625.5	41.2	23.2
Company as a whole	@ 1,517.1	@ 1,163.4	376.6	219.6	6,912.3	5,821.6	23.1	15.5

Deferred Tax treated as part of Capital Employed

@ Net of Inter and Intra segment sales

- **Capital Employed in Manufacturing Operations - Rs.3,697 Crs**
 - **83% is in VSF/Chemical and Cement**
- **Capital Employed (investment) in UltraTech Rs.2,223 Crs**
- **Capital Employed in cash/cash equivalent Rs.432 Crs**
- **Return on CE in Operations at 41% (23%)**
 - **Increased ROCE of VSF - 69 % and Sponge Iron - 84%**
 - **Cement ROCE improved to 25%**

Business Review – Q1FY05

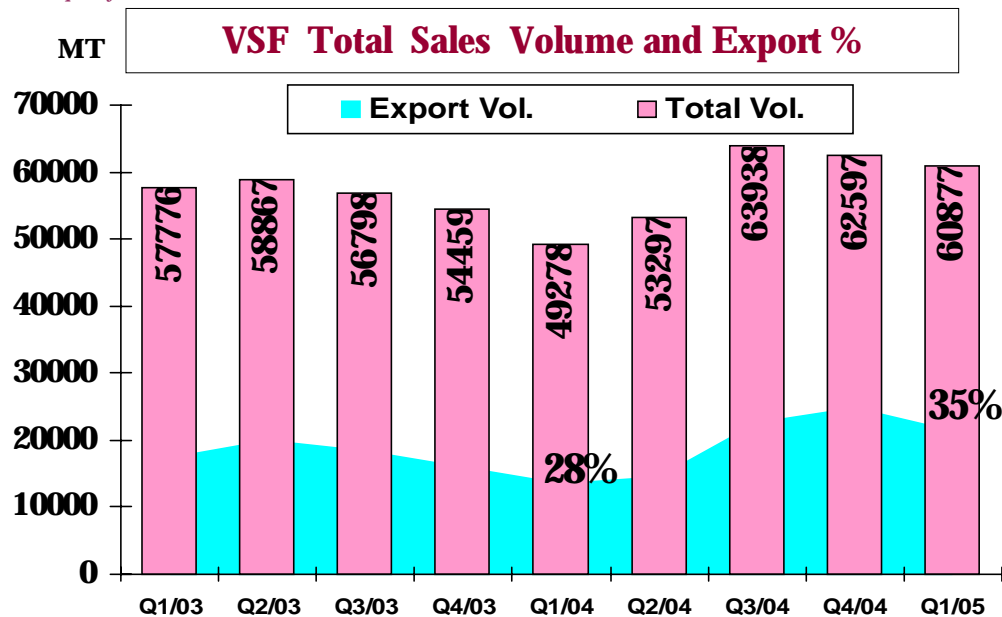


Viscose Staple Fibre : Highlights

	Q1FY05	Q1FY04	% Chg.
Capacity (TPA)	@ 251,850	220,775	14
Production (MT)	59,712	39,169	52
Sales Volumes (MT)	60,877	49,278	24
Net Turnover (Rs Crs.)	495.0	379.3	31
Realisation (Rs./MT)	77,278	72,700	6
PBIDT Margin (%)	29.8%	28.4%	--
PBIT (Rs. Crs.)	134.1	95.0	41

- Capacity utilisation at 95% of enhanced capacity (Q1FY04 - 71%)
- Coupled with benefits of enhanced capacities, production grew by 52%
 - Normal operations at Nagda, unlike plant shutdown in Q1FY04
 - Despite intermittent closure at Harihar
- Sales exceeded production, up 24%
 - Improved demand both from exports & domestic market
- Realisation up 6% in line with international VSF price trend
 - Increased raw material cost passed on partially
- Operating margins improved despite rising pulp (up 13%), caustic (up 11%) and Coal prices (up 10%)

@ Capacity enhanced at the end of FY04



Viscose Staple Fibre : Outlook



- **Volume outlook strong**
 - **Direct and deemed export expected to grow**
- **Margins expected to remain stable**
- **Concerted efforts to address water shortage issue**
 - **Reservoir construction at Harihar in progress**



Viscose Staple Fibre : Summary

		Q1FY05	Q1FY04	% Chg.	FY04
Capacity	TPA	@ 251,850	220,775	14	@ 251,850
Production	MT	59,712	39,169	52	221,005
Sales Volumes	MT	60,877	49,278	24	229,110
Net Turnover	Rs. Crs.	495.0	379.3	31	1,764.8
Avg. Realisation	Rs./MT	77,278	72,700	6	72,269
PBIDT	Rs. Crs.	147.4	107.7	37	572.7
PBIDT Margin	%	29.8%	28.4%	--	32.5%
PBIT	Rs. Crs.	134.1	95.0	41	520.4
Capital Employed	Rs. Crs.	795.7	826.0	(4)	825.1
ROAvCE (PBIT basis)	%	68.8%	46.5%	--	64.3%

@ Capacity enhanced at the end of FY04



Cement : Highlights

	Q1FY05	Q1FY04	% Chg.
<u>Grey Cement</u>			
Capacity (Mn TPA)	# 13.12	12.92	2
Production (Mn MT)	3.00	2.91	3
Sales Volumes (Mn MT)	3.04	2.90	5
Net Turnover (Rs. Crs.)	638.5	530.0	20
Realisation (Rs./MT)	1,933	1,706	13
<u>White Cement</u>			
Capacity (TPA)	400,000	400,000	--
Production (MT)	73,228	67,576	8
Sales Volumes (MT)	70,852	68,943	3
Net Turnover (Rs.Crs.)	42.4	42.2	-
Realisation (Rs./MT)	4,966	5,447	(9)
PBIDT Margin (%)	24.4%	18.4%	--
PBIT (Rs. Crs.)	127.7	68.4	87

Capacity increased at end of FY04 by 0.20 Mn. MT

- Sales up 5% against sector avg. of 2%
 - Market share improved marginally
 - Better performance in South (+10%), West (+9%) and North (+7%)
 - Volumes down in East (-12%) due to breakdown in slag mill at eastern plant
- Revenue growth at 20% on better realisation and higher volumes
- Realisation up 13% YoY

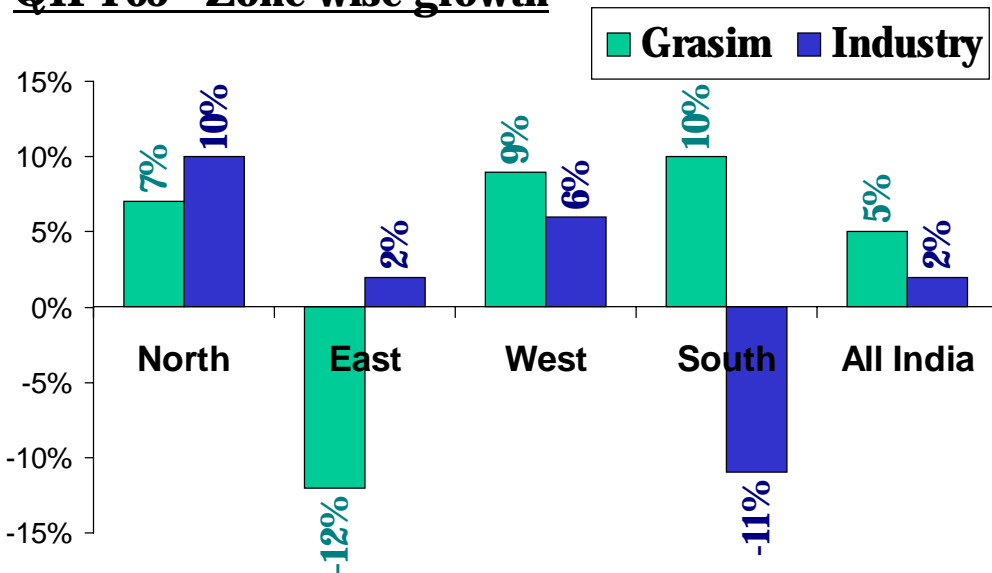
White Cement

- Market leadership maintained
- Sales up 3% helped by rising share of new products
- Realisation down 9%
- Power cost down due to wheeling of power from Aditya Cement



Cement : Highlights contd..

Q1FY05 - Zone wise growth



- OPM improved to 24% on increased realisation, despite rising coal and pet coke prices

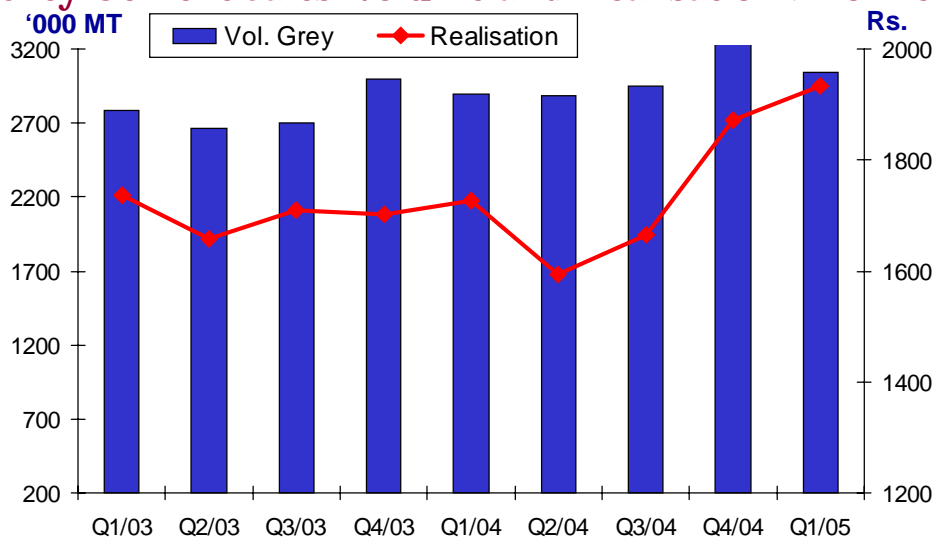
- Cost competitiveness maintained thru

- Increased thru put and better share of blended cement
- Higher share of Captive Thermal power
- Higher use of alternate fuel

- Turnover of RMC increased by 42%

- Second plant commissioned in Bangalore
- Total owned RMC plants increased to 7

Grey Cement Sales volume and Realisation /Tonne





Cement : Outlook

● Industry

- **Promising industry outlook**
- **Demand Supply equilibrium likely by CY2006**
 - ⇒ North and East could see equilibrium by CY2005
 - ⇒ Balance in South and West likely by end of CY2006
- **Average realisation likely to be higher by 4-5% YoY for FY05**

● Key focus points for Grasim

- **L&T Brand transition while retaining market share and premium**
- **Increase capacity utilisation and overall market share**
- **Realise synergies with UltraTech**
- **Lower energy costs thru higher captive thermal power and alternate fuel**



Cement : Summary

		Q1FY05	Q1FY04	% Chg.	FY04
<u>Grey Cement</u>					
Capacity	Mn. MT	# 13.12	12.92	2	# 13.12
Production	Mn. MT	3.00	2.91	3	11.85
Sales Volumes	Mn. MT	3.04	2.90	5	11.96
Net Turnover	Rs. Crs.	638.5	530.0	20	2,226.0
Avg Realisation	Rs./MT	1,933	1,706	13	1,712
<u>White Cement</u>					
Capacity	TPA	400,000	400,000	--	400,000
Production	MT	73,228	67,576	8	310,578
Sales Volumes	MT	70,852	68,943	3	314,819
Net Turnover	Rs. Crs.	42.4	42.2	-	189.3
Avg Realisation	Rs./MT	4,966	5,447	(9)	5,215
PBIDT	Rs. Crs.	166.4	105.2	58	447.4
PBIDT Margin	%	24.4%	18.4%	--	18.5%
PBIT	Rs. Crs.	127.7	68.4	87	295.7
Capital Employed	Rs. Crs.	2,096.5	2,009.5	4	2,032.5
ROAvCE (PBIT basis)	%	25.1%	13.8%	--	14.7%

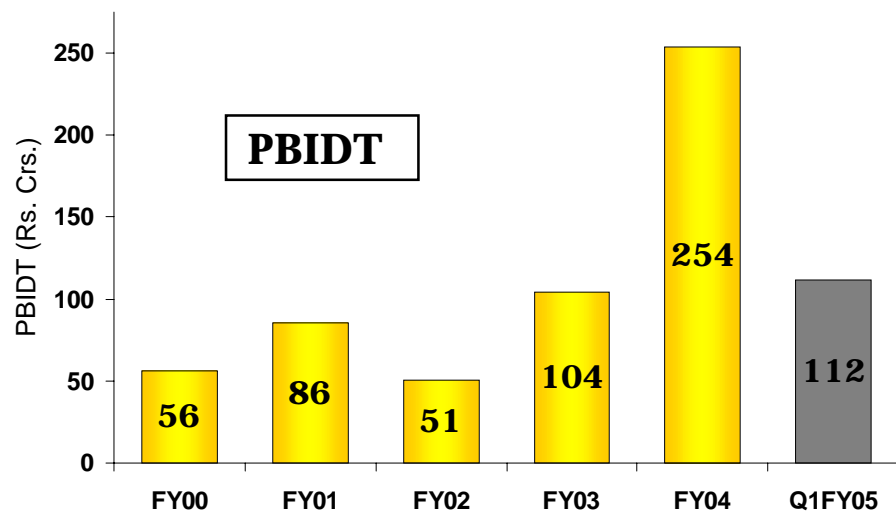
Capacity increased at end of FY04 by 0.20 Mn. MT



Sponge Iron : Highlights

	Q1FY05	Q1FY04	% Chg.
Capacity (TPA)	900,000	900,000	--
Production (MT)	176,932	159,741	11
Sales Volumes (MT)	183,459	156,531	17
Net Turnover (Rs Crs.)	249.9	126.4	98
Realisation (Rs./MT)	12,572	7,811	61
PBIDT Margin (%)	44.6%	38.2%	--
PBIT (Rs. Crs.)	102.9	39.6	160

TOTAL PBIDT IN LAST 5 1/4 YRS – Rs 663 Crs.



- **Excellent performance - best ever quarter**
 - strong prices and enhanced volume
- **Capacity utilisation higher at 79%; production up 11%**
 - Higher use of Naptha and Propane
- **Realisation up 61%**
 - Firm global scrap prices
 - Continuing strong domestic demand
- **Margins increased consequently despite**
 - Rising Pellet and Iron Ore cost
 - Increased use of costly feedstock

STRATEGY OF ASSET SWEATING PAYS OFF

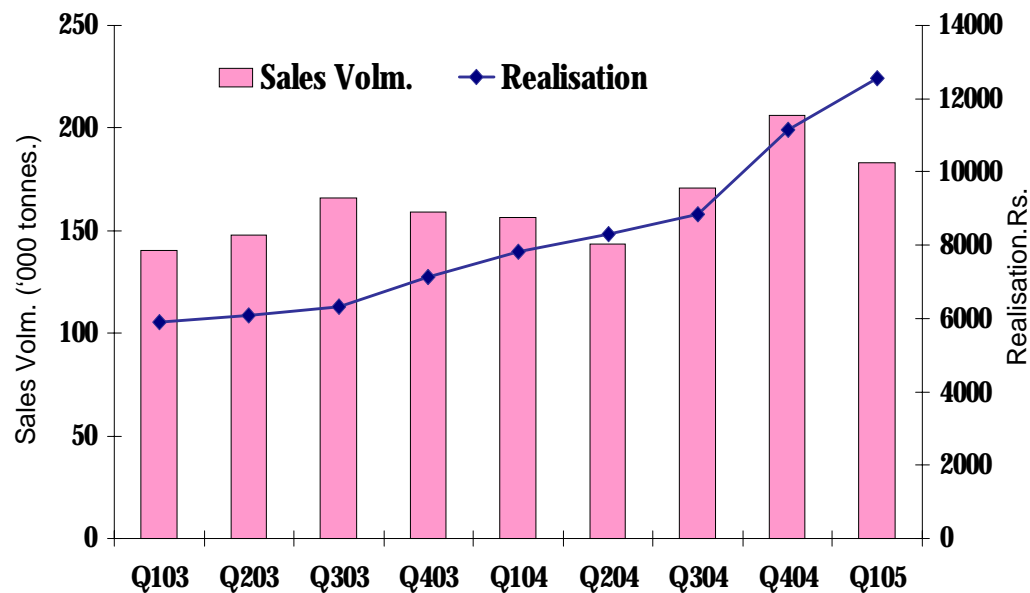


Sponge Iron : Outlook

	Q1FY05	Q1FY04	% Chg.
Capacity (TPA)	900,000	900,000	--
Production (MT)	176,932	159,741	11
Sales Volumes (MT)	183,459	156,531	17
Net Turnover (Rs Crs.)	249.9	126.4	98
Realisation (Rs./MT)	12,572	7,811	61
PBIDT Margin (%)	44.6%	38.2%	--
PBIT (Rs. Crs.)	102.9	39.6	160

- Sustainability of current profitability will depend on global scrap prices-
 - Prices of Sponge Iron and scrap were down in June 04 from its peak
- Steel sector outlook remains positive
- Availability of Natural Gas expected to improve from April 2005
- Natural Gas price scenario remains uncertain

Sponge Iron Sales Volume and Realisation





Sponge Iron : Summary

		Q1FY05	Q1FY04	% Chg.	FY04
Capacity	TPA	900,000	900,000	-	900,000
Production	MT	176,932	159,741	11	687,272
Sales Volumes	MT	183,459	156,531	17	676,921
Net Turnover	Rs. Crs.	249.9	126.4	98	638.9
Avg Realisation	Rs./MT	12,572	7,811	61	9,188
PBIDT	Rs. Crs.	111.5	48.3	131	254.2
PBIDT Margin	%	44.6%	38.2%	--	39.8%
PBIT	Rs. Crs.	102.9	39.6	160	219.2
Capital Employed	Rs. Crs.	502.5	483.9	4	488.5
ROAvCE (PBIT basis)	%	83.5%	32.3%	--	44.5%

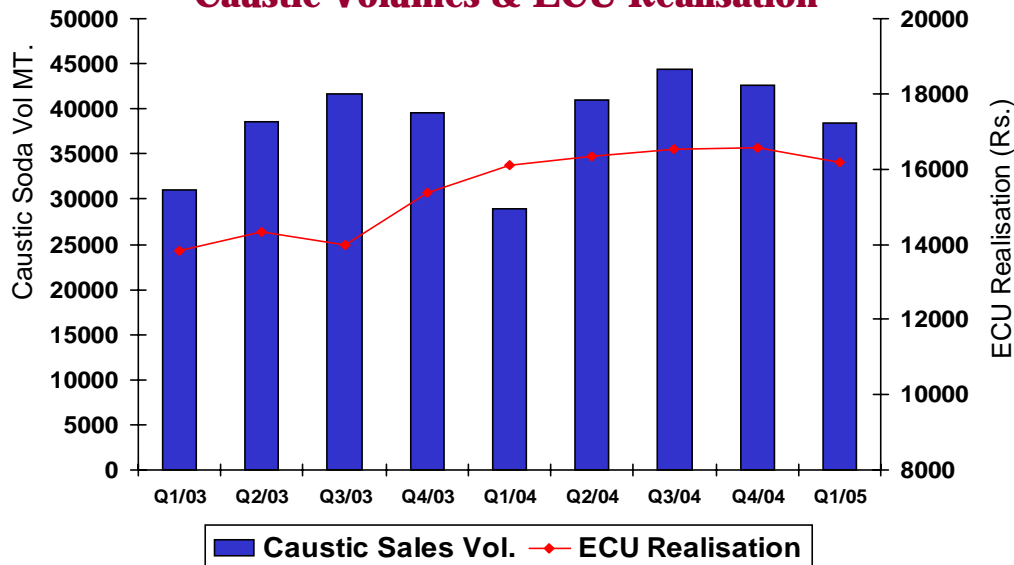


Chemical : Highlights and Outlook

	Q1FY05	Q1FY04	% Chg
Caustic Capacity (TPA)	190,800	190,800	--
Caustic Production (MT)	38,318	27,184	41
Caustic Sales Volumes (MT)	38,497	28,886	33
Net Turnover (Rs Crs.)	72.4	53.2	36
ECU Realisation (Rs./MT)	16,196	16,087	1
PBIDT Margin (%)	16.6%	20.2%	--
PBIT (Rs. Crs.)	7.6	6.7	13

- Capacity utilisation higher at 80% (57%) on uninterrupted operations
- Sales volume up 33% on higher captive demand from VSF segment
- ECU realisation up 1%
 - Higher Caustic prices offset lower realisations of Chlorine
- Margins under pressure due to increased power cost

Caustic Volumes & ECU Realisation



Outlook

- Stable outlook for volumes and prices
- Focus on optimum plant utilisation



Chemical : Summary

		Q1FY05	Q1FY04	% Chg.	FY04
Capacity (Caustic)	MT	190,800	190,800	--	190,800
Production (Caustic)	MT	38,318	27,184	41	157,541
Sales Volume (Caustic)	MT	38,497	28,886	33	156,967
Net Turnover	Rs. Crs.	72.4	53.2	36	294.6
Avg. ECU Realisation	Rs./MT	16,196	16,087	1	16,338
PBIDT	Rs. Crs.	12.0	10.8	12	74.4
PBIDT Margin	%	16.6%	20.2%	--	25.3%
PBIT	Rs. Crs.	7.6	6.7	13	58.4
Capital Employed	Rs. Crs.	194.3	197.6	(2)	206.5
ROAvCE (PBIT basis)	%	15.5%	13.2%	--	28.6%



Textiles : Highlights and Outlook

	Q1 FY05	Q1 FY04	% Chg.
Sales Volumes			
- Fabrics (lac Mtrs.)	31	32	(3)
- Synthetic Yarn (MT)	1,559	1,728	(10)
Net Turnover (Rs Crs.)	49.3	49.2	--
Fabric Realisation (Rs./Mtr)	94	99	(5)
Synth. Yarn Realisation (Rs./Kg)	118	116	2
PBIDT Margin (%)	4.5%	5.0%	--
PBIT (Rs. Crs.)	(1.1)	(0.9)	

- **Volumes down 3%**

- Lower off take in domestic OTC market
- Higher volumes recorded in RMG / exports market

- **Operating profit down due to lower realisation and volumes from Fabric**



Outlook

- **Efforts for positive performance in FY05**
 - To enhance cost competitiveness
 - Export growth expected in RMG after abolishment of quota
- **Product development will remain at fore**



Textiles : Summary

		Q1FY05	Q1FY04	% Chg.	FY04
Net Turnover	Rs. Crs.	49.3	49.2	--	228.0
PBIDT	Rs. Crs.	2.2	2.5	(10)	13.4
PBIDT Margin	%	4.5%	5.0%	--	5.9%
PBIT	Rs. Crs.	(1.1)	(0.9)	--	(0.2)
Capital Employed	Rs. Crs.	108.5	108.5	--	109.0
ROAvCE (PBIT basis)	%	(4.0)%	(3.5)%	--	(0.2)%

Financial Highlights



Profitability Snapshot

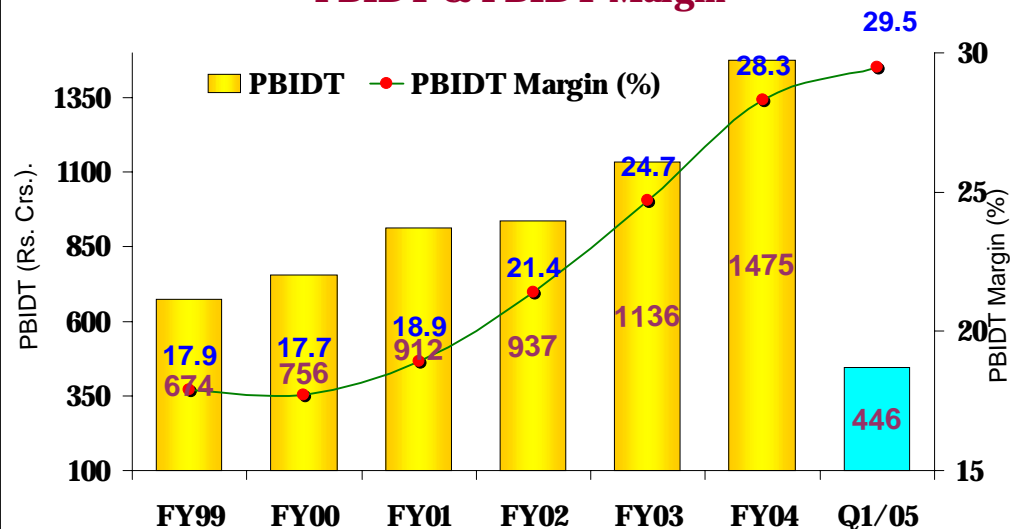
<i>(Figures in Rs. Crores)</i>	FY99	FY03	FY04	Q1 FY05
Gross Turnover	3,897	5,412	6,130	1,745
Net Turnover	3,354	4,606	5,213	1,512
PBIDT	674	1,136	1,475	446
PBIDT Margin (%)	17.9	24.7	28.3	29.5
Int. & Fin. Charges	292	168	154	33
PBDT	381	967	1,321	414
Total Tax Expenses	67	177	298	# 125
PAT	* 105	536	750	219
EPS (Rs.)	* 12.5	58.5	81.8	23.9
CEPS (Rs.)	40.7	84.6	112.4	33.1
DPS (Rs.)	6.8	10.0	14.0	NA
Interest Cover (x)	2.3	5.6	7.7	10.2

* Adjusted for deferred Tax

All Profitability numbers and EPS are before Exceptional Items

Including deferred tax of past years

PBIDT & PBIDT Margin

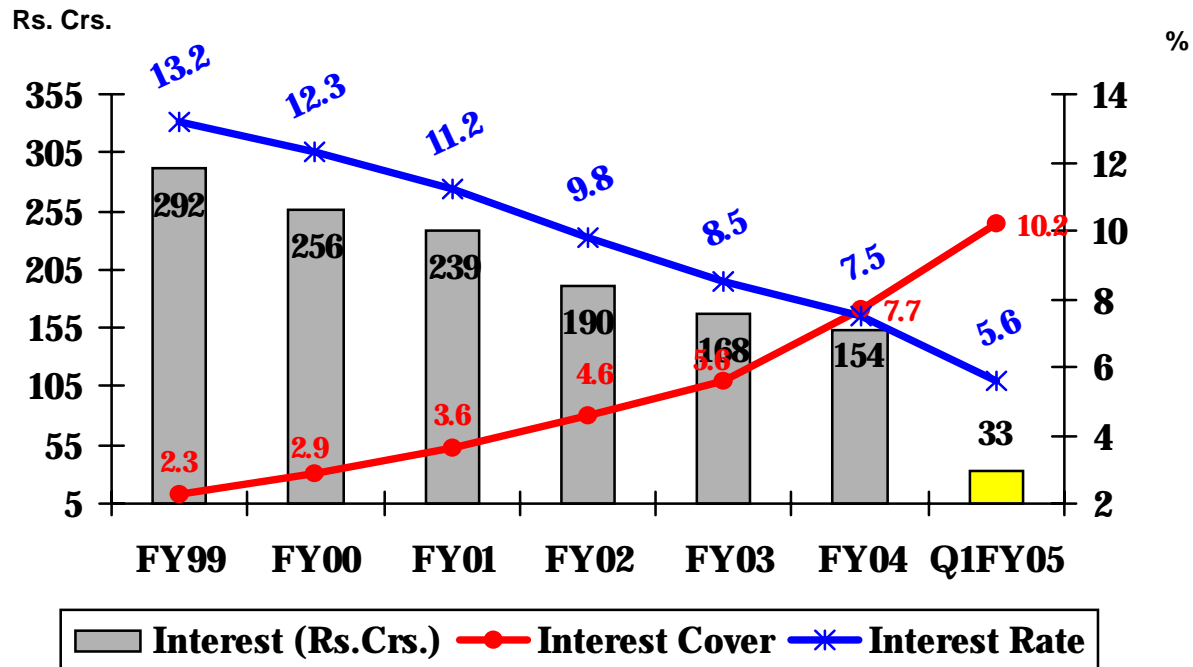


- Excellent performance from all businesses
- Benefit of Business and financial restructuring over last 5 years
 - PBIDT soared from Rs.674 Crs in FY99 to Rs. 1,475 Crs in FY04 and Rs.446 Crs in Q1FY05
 - PBIDT margin improved from 17.9% in FY99 to 28.3% in FY04 and 29.5% in Q1FY05
- EPS improved significantly from Rs.13 in FY99(*) to Rs.82 per share in FY04



Profitability Snapshot contd..

Interest charges - Interest Cover - Interest Rate



- **Interest and Finance charges reduced from Rs.292 Crs in FY99 to Rs.154 Crs in FY04**
 - **Judicious mix of short term and long term debts, bringing down the interest cost progressively**
 - **Interest Cover improved from 2.3 x in FY99 to 7.7x in FY04 and to 10.2x in Q1FY05**
 - **Av. Interest rate down from 13.2% in FY99 to 5.6% in Q1FY05**

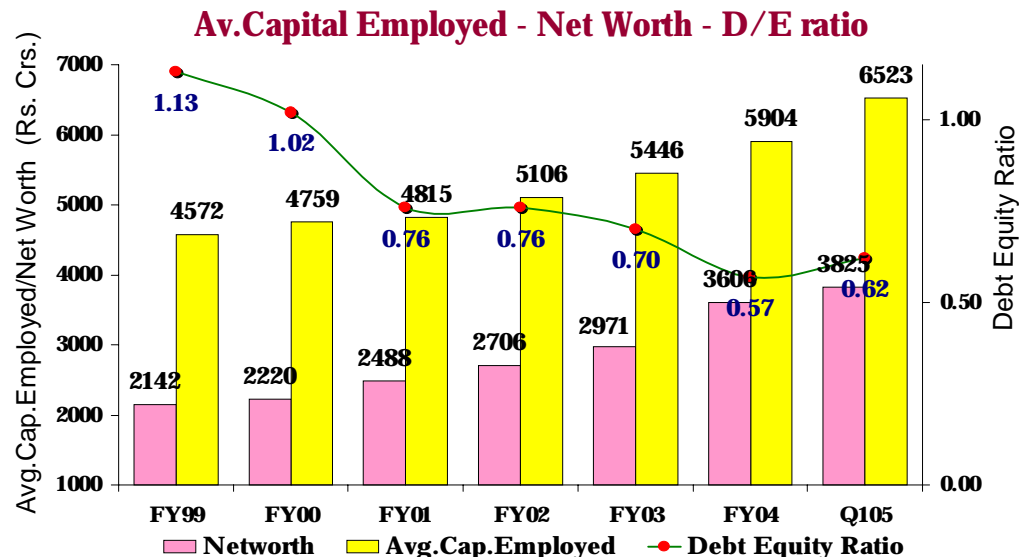


Financial Snapshot

<i>(Figures in Rs. Crores)</i>	FY99	FY02	FY03	FY04
Gross Block	4,937	5,371	5,600	5,807
Net Block	3,354	3,263	3,270	3,218
Net Current Assets	1,002	733	613	550
Equity	92	92	92	92
Net Worth	2,142	2,706	2,971	3,606
Net Worth + Def. Tax	2,616	3,347	3,603	4,239
Av.Capital Employed	4,572	5,106	5,446	5,904
Debt: Equity ** (x)	1.13	0.76	0.70	0.57
Book Value (Rs.)	234	295	324	393
ROAvCE (PBIT Basis)(%)	# 10.1	# 12.9	# 16.2	# 20.4
RONW (%)	# 5.3	# 13.8	# 18.9	# 22.8

** Deferred tax not considered part of Net Worth while calculating Ratios

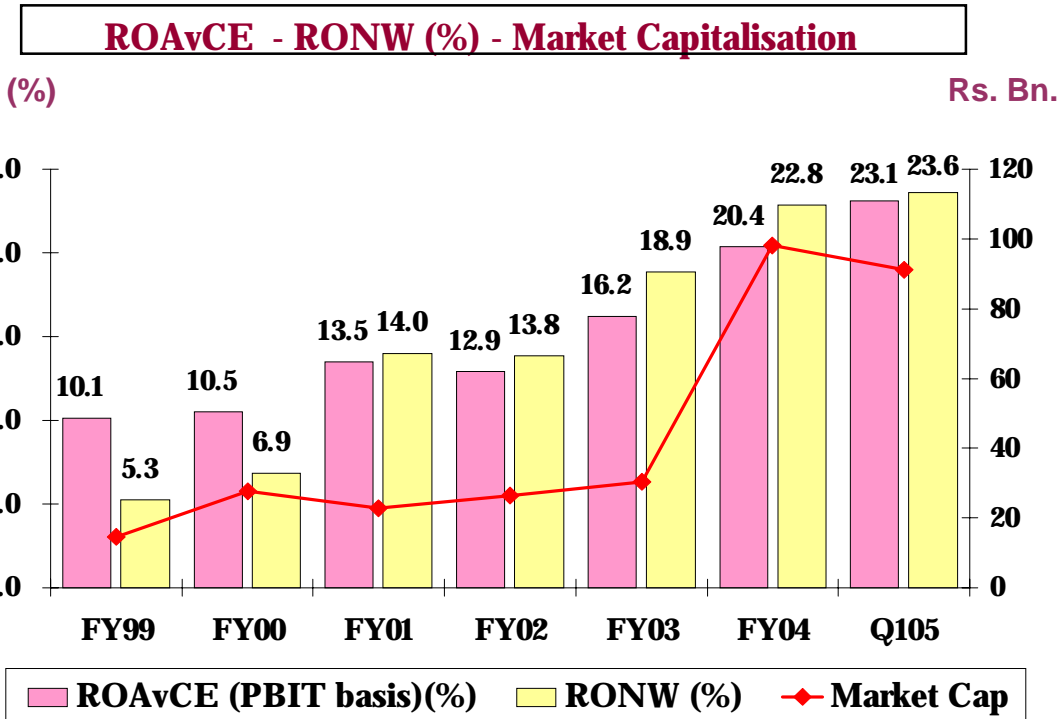
Exceptional items eliminated in calculation of ROAvCE/RONW



- Strong Balance Sheet – Investment in UltraTech thru internal generations
- Book Value – from Rs.234 in FY99 to Rs. 393 per share in FY04
- Debt/Equity ratio improved from 1.13 x in FY99 to 0.57 x in FY04



Financial Snapshot contd..



- Balance Sheet reflects focused capital allocation strategy – major investment in Cement & Fibre
- Net Current Assets reduced from Rs.1,002 Crs in FY99 to Rs.550 Crs in FY04
- ROAv.CE improved from 10.1% in FY99 to 20.4% in FY04 despite lower return on increased strategic investment
- RONW more than tripled from 6.6% in FY99 to 19.3% in FY04 and to 23.6% in Q1FY05
- Market capitalization increased from Rs.14.5 Bn in FY99 to Rs.91 Bn on 26.07.2004



Capex Plan

Rs. Crores

	Capex planned	Cash Outflow	
		FY05	FY06
<u>Cement</u>			
- De-bottlenecking/Blending	55	36	19
- Power plants/RMCs	22	7	15
- Modernization	110	95	15
Total Cement	187	138	49
<u>VSF</u>			
- Capacity expansion/ Development Centre	62	62	-
- Modernization	146	113	31
Total VSF	208	175	31
Chemical	32	32	-
Others	49	49	-
TOTAL	476	394	80

● Q1FY05 Capex spent - Rs.57 Crores

➤ Cement Rs. 23 Crores, VSF Rs.27 Crores, Others Rs.7 Crores

UltraTech CemCo Limited

Acquisition Completed



Acquisition of UltraTech

● Key Events

- **Scheme of Arrangement filed with High Court** **15 Dec. 2003**
- **Court convened EOGM of Shareholders and Creditors of L&T to approve the scheme** **3 Feb. 2004**

- **Scheme of Arrangement approved by High Court** **22 April 2004**
- **Effective date of Scheme & Public Announcement of Open Offer** **14 May 2004**
- **Commencement – Completion of Open Offer** **7 - 21 June 2004**
- **Payment to UltraTech shareholders (including NRI/GDR holders)** **6 July 2004**
- **Management Control acquired and Board reconstituted** **6 July 2004**

GRASIM ACQUIRED MANAGEMENT CONTROL ON 6TH JULY 2004



Open Offer for UltraTech

- **Equity Capital of Ultra Tech** **12.43 Cr. shares**
- **Total Offer Size (30%)** **3.73 Cr. shares**
- **Eligible to Tender (67.4%)** **8.39 Cr. shares**
- **Tendered (49.3%)** **6.13 Cr. shares**
 - **No. of applications** **54,500**
 - **% of total equity tendered** **49.3%**
 - **% of eligible participation** **73.0%**
- **No. of times Open Offer subscribed** **1.64**
- **Acceptance Ratio (%)** **60.9**
- **Paid Rs.1,279 Crs plus interest of Rs.15.8 Crs for acquiring 30% in Open Offer**
 - **Rs.342.6/share and additional Rs.4.2/share as interest earned on Escrow**
- **Total net outflow Rs.2,223 Crs for 51% holding in UltraTech CemCo -**
Average Cost per share Rs.346



Shareholding pattern in UltraTech

	Before Open Offer (%)	After Open Offer (%)
Grasim & its subsidiary	12.6	51.1
Financial Institutions	29.7	11.9
Larsen & Toubro	20.0	11.5
FII's	11.6	5.1
GDRs	4.3	2.7
Mutual Funds / Banks / Corporates	2.6	1.1
Retail Investors	19.2	16.6
TOTAL	100.0	100.0



Ultra Tech CemCo – FY04 Results

<i>(Figures in Rs. Crores)</i>	UltraTech Standalone	UltraTech Consolidated
Net Income from Operations	2,263	2,292
Other Income	42	43
PBIDT	361	367
Profit Before Tax (PBT)	49.0	1.5
Current Tax	19.7	19.7
Deferred Tax	(-) 9.3	(-) 35.5
Profit After Tax (PAT)	38.8	17.3
Capital Employed	3,279	3,223
Net Worth (Excluding Deff Tax Liability)	1,075	1,054
ROCE (%)	4.5%	3.7%
ROE (%)	3.6%	1.6%

Key observations on maiden results

- Reported earnings of UltraTech (Stand-alone) has extra-ordinaries and certain deferred revenue expenditure carried forward
- Net Profit in consolidated financial include Deferred Tax Assets credit taken in NCCL of Rs.26 Crs



Shree Digvijay Cement Company Limited

Results for Quarter ended 30th June 2004



Shree Digvijay Cement –

(Rs in Crs)	Qtr ended 30.06.04	Qtr ended 30.06.03	% Chg.	9M ended 30.06.04	9M ended 30.06.03	% Chg.
Production (Lac MT)	1.88	2.07	(9)	5.80	5.79	--
Sales Volumes (Lac MT)						
- Cement	1.88	2.00	(6)	5.80	5.72	1
- Clinker	0.33	0.66	(50)	1.17	1.82	(35)
NCR (Rs./MT)	1,635	1,378	19	1,435	1,441	(1)
Net Revenues	46.3	47.4	(2)	134.6	137.1	(2)
Other Income	0.6	0.6	(2)	3.9	3.8	3
PBIDT	7.1	1.9		16.0	9.7	64
Interest	1.7	7.8	(78)	16.7	26.8	(38)
Depreciation	1.8	2.2	(15)	5.8	6.6	(12)
Profit before EIs	3.5	(8.1)	--	(6.5)	(23.7)	--
<u>Exceptional Items</u>						
- Deferred Tax Asset (DTA) Write Off	(29.1)	1.6		(29.1)	6.4	
- Interest & other Write Back	28.9			38.4	--	
- Others		1.5		(0.2)	1.2	
Profit/(Loss) after EI	3.4	(5.0)	--	2.6	(16.0)	--

Note : Working results are after the benefit of Rs.26.5 Crs on settlement with ICICI/HDFC AND write off of DTA of Rs.29.1 Crs



Vision and Strategy

Vision














- To be a premium Conglomerate with clear focus at each business level, relentlessly pursuing value creation

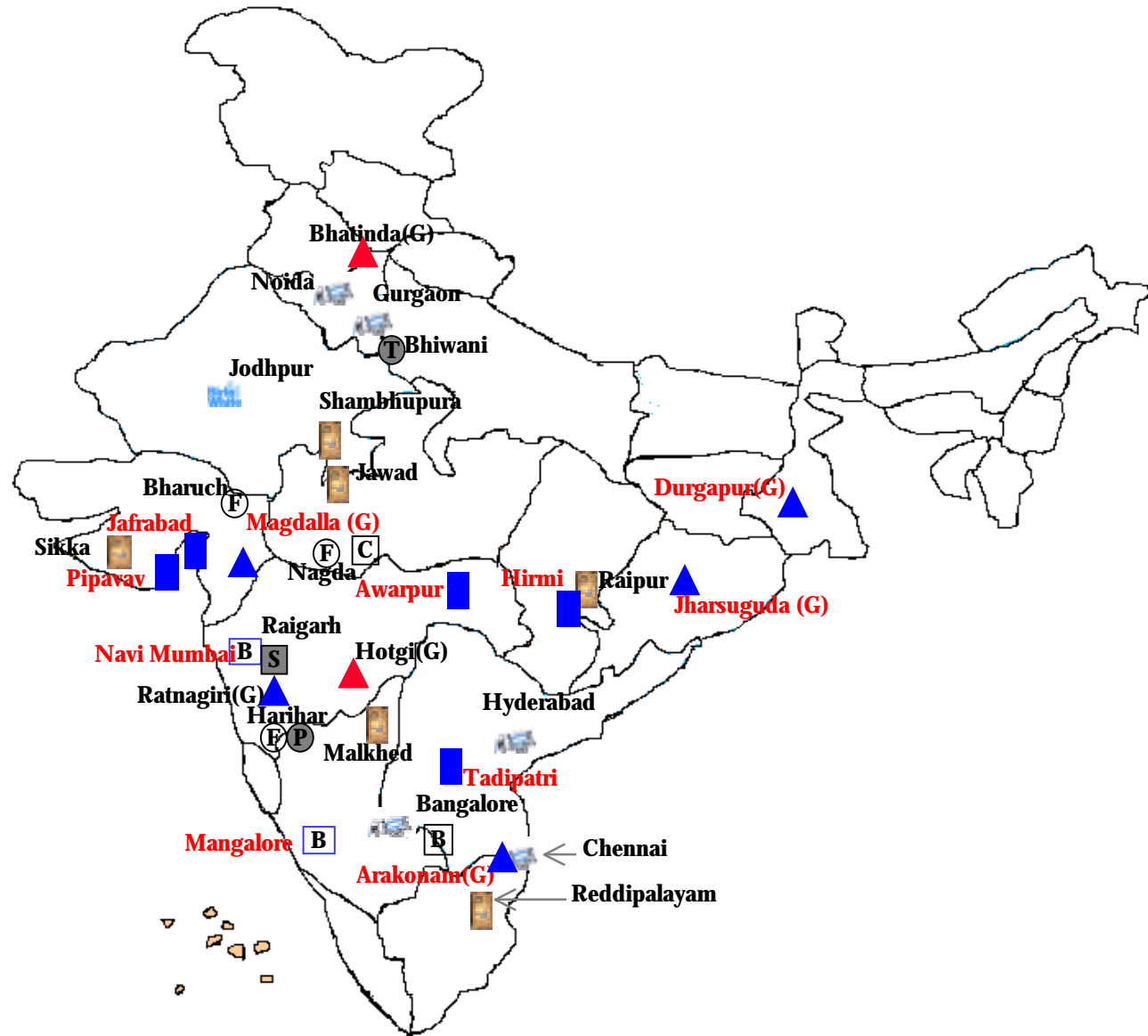
Strategy

- Grow and Strengthen main businesses – VSF and Cement
- Improve capital productivity
- Market expansion and greater penetration
- Improve margins continuously through stringent cost control and greater efficiency



Plant Locations– Grasim & its subsidiaries

-  Grey cement plants
-  Grinding Units (G)
-  Ultra Tech Cement Plants
-  Ultra Tech Grinding Units (G)
-  Ultra Tech Bulk Cement Terminals
-  Fibre plants
-  Pulp plant
-  Chemical plant
-  Textiles units
-  Grey cement plants / Grinding Units (G)
-  Ready-mix Concrete plants
-  Bulk Cement Terminal
-  Sponge Iron plant



Not to scale



Thank You



Production Data (MT)

	Q1FY05			Q1FY04			FY04		
	Capacity TPA	Production	%	Capacity TPA	Production	%	Capacity TPA	Production	%
VSF	251,850	59,712	95	220,775	39,169	71	# 251,850	221,005	100
Pulp	70,000	9,538	55	70,000	8,405	48	70,000	55,869	80
Caustic Soda	190,800	38,318	80	190,800	27,184	57	190,800	157,541	83
Grey Cement *	\$ 13.12	3.00	91	12.92	2.91	90	\$ 13.12	11.85	92
White Cement	400,000	73,228	73	400,000	67,576	68	400,000	310,578	78
Sponge Iron	900,000	176,932	79	900,000	159,741	71	900,000	687,272	76

* Grey Cement numbers are in Mn. MT

\$ Capacity increased at the year end by 0.20 Mn. MT

Capacity at the year end



Divisional Turnover (Qty) & Realisation

Product	Quantity (MT)			Realisation (Rs. /MT)		
	Q1 FY05	Q1 FY04	FY04	Q1 FY05	Q1 FY04	FY04
VSF	60,877	49,278	229,110	77,278	72,700	72,269
Pulp	8,927	7,035	57,253	24,177	22,123	22,228
Caustic Soda *	38,497	28,886	156,967	16,196	16,087	16,338
Grey Cement * *	3.04	2.90	11.96	1,933	1,706	1,712
White Cement	70,852	68,943	314,819	4,966	5,447	5,215
Sponge Iron	183,459	156,531	676,921	12,572	7,811	9,188

* ECU Realisation

** Numbers are in Mn. MT.



**GRASIM, THE ADITYA BIRLA GROUP'S FLAGSHIP COMPANY
REPORTS EXCELLENT OVERALL PERFORMANCE FOR Q1 FY 2005**

Profit after Tax up by 68%

	Q1FY05	Q1FY04	% Change	(Rs. Crores) FY 2004 (Audited)
Net Turnover	1,517.1	1,163.4	30.4%	5,233.3
PBIDT	446.4	286.6	55.8%	1,475.3
Interest	32.9	39.1	(-) 15.8%	153.9
Gross Profit	413.5	247.5	67.1%	1,321.4
Depreciation	69.8	67.0	4.2%	273.0
Profit before Taxes and Exceptional Items	343.7	180.5	90.4%	1,048.4
Total Tax Expenses	124.5	50.0	149.0%	298.0
Profit after Taxes	219.2	130.5	68.0%	750.4 *

* before exceptional items

Grasim, the flagship Company of the Aditya Birla Group, has posted an excellent performance for the quarter ended 30th June 2004. The Company has recorded a significant increase on all the three major parameters – Turnover, Gross Profit and Net Profit. Turnover at Rs.1517 crores was higher by 30.4% over the corresponding quarter. Gross Profit rose by 67.1% at Rs.414 crores. Net Profit after total tax expenses was up by 68% at Rs.219 crores, despite a substantially higher tax provision.

The Company has attained an all round growth, with higher production, sales volumes and realizations in all of its major businesses.

Highlights of Grasim's operations:

		Q1FY05	Q1FY04	% Change	FY 2004
Production -					
Viscose Staple Fibre	M.T.	59712	39169	52%	221005
Cement	Mn. M.T.	3.00	2.91	3%	11.85
White Cement	M.T.	73228	67576	8%	310578
Sponge Iron	M.T.	176932	159741	11%	687272
Caustic Soda	M.T.	38318	27184	41%	157541
Sales Volumes -					
Viscose Staple Fibre	M.T.	60877	49278	24%	229110
Cement	Mn. M.T.	3.04	2.90	5%	11.96
White Cement	M.T.	70852	68943	3%	314819
Sponge Iron	M.T.	183459	156531	17%	676921
Caustic Soda	M.T.	38497	28886	33%	156967
Net Realisation -					
Viscose Staple Fibre	Rs./M.T.	77278	72700	6%	72269
Cement	Rs./M.T.	1933	1706	13%	1712
White Cement	Rs./M.T.	4966	5447	(-) 9%	5215
Sponge Iron	Rs./M.T.	12572	7811	61%	9188
Caustic Soda (ECU)	Rs./M.T.	16196	16087	1%	16338

VSF Business

The VSF business put up a stellar performance during the quarter. Capacity utilization was up at 95% on expanded capacity, as compared to 71% during the corresponding quarter of the last financial year. Sales volumes at 60,877 tons registered a growth of 24% over the corresponding quarter of the last financial year. Realisation at Rs.77,278 per ton rose by 6%, in line with the international VSF price trend. That despite the steep increase in input costs and a shut down of its Harihar Plant for nearly 40 days during the quarter due to acute water shortage, Grasim has posted such an impressive performance, is, indeed, laudable.

The Company continues to aggressively grow the VSF business through launching value added new products and application development. The VSF Research and Application Centre at Kharach, at an outlay of Rs. 27 crore, is progressing well. It will be operational by the end of the current year. The Centre is expected to contribute significantly in furthering the usage of VSF.

Cement Business

The Cement business has posted an impressive performance. Production at 3 Mn. Ton is up by 3% over the corresponding period of the last year. Sales volumes are higher by 5%, against the industry average growth of 2%. The realisation for the quarter grew by 13%, which has contributed to better operating profits.

The capital outlay currently on hand is in the region of Rs.122 crores. The implementation of ongoing modernization and capacity expansion through de-bottlenecking will help raise Grasim's cement capacity to 13.69 million tones by end-FY 2005.

The renewed focus of the Government on the infrastructure and housing sectors augurs well for the Cement Sector. The Company feels buoyant about its cement business.

Acquisition of Management control of UltraTech CemCo Ltd. (Demerged Cement Business of Larsen & Toubro Ltd.)

Grasim has, on 6th July, 2004, acquired a majority stake and management control in UltraTech CemCo Ltd., the demerged cement business of Larsen & Toubro Ltd. One of the largest of its kind in the cement sector, this acquisition positions Grasim as the world's 8th largest cement player, with a combined capacity in excess of 31 Mn. tonnes.

Sponge Iron Business

The Sponge Iron business posted an admirable performance. Production and Turnover at 1,76,932 tons and 1,83,459 tons are up by 11% and 17% respectively over the corresponding quarter of the previous year. Realisations surged by a whopping 61% to Rs.12,572 per MT, on the back of firm global scrap prices and strong domestic demand. But for the increased input cost due to higher usage of naphtha and propane and higher price of pellets and iron ore, the performance of the business would have been even better.

The outlook for the Sponge Iron Business remains positive. While natural gas availability is expected to improve, its pricing still remains a concern.

Chemical Business

The Chemical Business turned in a fine performance. Capacity utilization stood at 80% as against 57% during the corresponding quarter of the last financial year, mainly due to adequate availability of water during this quarter. Sales volumes at 38,497 tons soared by 33%. The ECU realization was only marginally higher by 1% over the corresponding quarter. The division's focus on optimizing resource utilization and reducing costs through R&D and development of ancillary products should translate into enhanced growth and profitability.

Outlook

Given Grasim's expanded capacities, leadership status in its key business segments, strategic planning and prudent financial management, it is poised for a significant growth in the years ahead.

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Grasim Industries Limited

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Corporate Office: 91, Sakhar Bhavan, 230, Nariman Point, Mumbai – 400 021

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**UNAUDITED FINANCIAL RESULTS
FOR THE THREE MONTHS ENDED ON 30th JUNE 2004**

Rs in Crores

	Three Months Ended 30th June 2004	Three Months Ended 30th June 2003	Year Ended 31st March 2004 (Audited)
Net Sales / Income from Operations	1,517.08	1,163.42	5,233.27
Other Income	16.26	21.06	180.34
Total Expenditure			
- Decrease / (Increase) in Stock	3.66	36.03	24.31
- Raw Material Consumed	423.36	274.05	1,372.49
- Purchases of Finished Goods	9.69	12.52	50.47
- Payment to & Provision for Employees	89.52	83.22	358.90
- Power & Fuel	239.48	201.70	889.01
- Freight , Handling & Other expenses	139.78	125.95	526.11
- Other Expenditure	181.49	164.43	717.01
Total Expenditure	1,086.98	897.90	3,938.30
Interest	32.89	39.08	153.88
Gross Profit	413.47	247.50	1,321.43
Depreciation	69.80	67.01	273.06
Profit before Exceptional Items and Tax	343.67	180.49	1,048.37
Profit/ (Loss) on Sale of Trade Investments	-	-	28.89
Profit before Tax Expense	343.67	180.49	1,077.26
Provision for Current Tax	(110.00)	(48.00)	(291.00)
Provision for Deferred Tax	(14.50)	(2.00)	(7.00)
Net Profit	219.17	130.49	779.26
Paid up Equity Share Capital (Face Value Rs. 10 per share)	91.69	91.69	91.69
Reserves excluding Revaluation Reserve			3,513.83
Basic & Diluted EPS for the period (Rupees)	23.90	14.23	84.99

Notes:

- The Hon'ble High Court of Bombay has approved the Scheme of Arrangement u/s 391 - 394 of the Companies Act, 1956 between Larsen & Toubro Limited ("L&T") and UltraTech CemCo Limited ("UltraTech") with the Company and L&T Employees Welfare Foundation (the "Trust") as confirming parties.

In terms of the Scheme , during July 2004 , the Company has -

- Completed the Open Offer to acquire 30% equity (373.19 Lac shares) of UltraTech at Rs. 342.60 per share for an aggregate consideration of Rs. 1278.57 Crs.
- Acquired 4.5% equity (55.98 Lac shares) of UltraTech from L&T at Rs.342.60 per share for an aggregate consideration of Rs. 191.78 Crs. Further a wholly owned subsidiary of the Company has also acquired 4% equity (49.76 Lac shares) of UltraTech from L&T at Rs. 342.60 per share for an aggregate consideration of Rs. 170.48 Crs.
- Sold it's holding of 184.71 Lac shares of L&T (post demerger) to the Trust at Rs. 240 per share for an aggregate consideration of Rs. 443.31 Crs.

The Company's equity stake in UltraTech together with that of its wholly owned subsidiary company now exceeds 50%. UltraTech has now become a subsidiary of the Company , and the Company has acquired management control of UltraTech.

- Deferred Tax provided in current quarter includes Rs. 12.65 Crs. towards Deferred Tax Liability for past years on account of Education Cess of 2% proposed in the Finance (No. 2) Bill , 2004.
- The Pulp & Fibre plants at Harihar were closed for 44 & 40 days respectively during this quarter due to intermittent shortage of water due to poor monsoon in FY-04. However, this did not have significant impact on the profitability for the quarter ended 30th June , 2004 as the Company's other VSF manufacturing facilities were operated at their maximum capacities to meet the total demand.

Cont. on Page 2

4. Segments Reporting:

	Rs. in Crores		
	Three Months Ended 30th June 2004	Three Months Ended 30th June 2003	Year Ended 31st March 2004 (Audited)
1. SEGMENT REVENUE			
a Fibre & Pulp	495.42	379.43	1,765.50
b Cement	682.33	573.70	2,419.91
c Sponge Iron	249.95	126.42	638.92
d Chemicals	72.47	53.53	295.37
e Textiles	52.42	52.04	241.95
f Others	-	0.01	0.03
TOTAL	1,552.59	1,185.13	5,361.68
(Less) : Inter Segment Revenue	(35.51)	(21.71)	(128.41)
Net Sales / Income from Operations	1,517.08	1,163.42	5,233.27
2. SEGMENT RESULTS			
a Fibre & Pulp	134.06	95.04	520.36
b Cement	127.66	68.42	295.66
c Sponge Iron	102.87	39.62	219.21
d Chemicals	7.57	6.68	58.37
e Textiles	(1.08)	(0.94)	(0.23)
f Others	(0.01)	(0.01)	(0.76)
TOTAL	371.07	208.81	1,092.61
Add / (Less) :			
Interest	(32.89)	(39.08)	(153.88)
Net Unallocable Income / (Expenditure)	5.49	10.76	109.64
Profit before Exceptional Items and Tax Expense	343.67	180.49	1,048.37
Profit/ (Loss) on Sale of Trade Investments	-	-	28.89
Profit Before Tax Expenses	343.67	180.49	1,077.26
3. CAPITAL EMPLOYED			
a Fibre & Pulp	795.72	826.04	825.05
b Cement	2,096.52	2,009.48	2,032.51
c Sponge Iron	502.45	483.95	488.50
d Chemicals	194.26	197.55	206.54
e Textiles	108.45	108.48	109.01
f Others	2.05	2.23	2.09
TOTAL	3,699.45	3,627.73	3,663.70
g Unallocated Corporate Capital Employed	3,212.82	2,193.89	2,644.86
TOTAL CAPITAL EMPLOYED	6,912.27	5,821.62	6,308.56

5. Segments have been identified in line with the Accounting Standard on Segment Reporting (AS 17), taking into account the organisational structure as well as the differential risks and returns of these segments. Details of products included in each of the above segments are as under :

Fibre & Pulp - Viscose Staple Fibre & Rayon Grade Pulp
Cement - Grey & White Cement
Sponge Iron - Sponge Iron
Chemicals - Caustic Soda & Allied Chemicals
Textiles - Fabrics & Yarn

6. Previous period's figures have been regrouped / rearranged wherever necessary to conform to this period's classification.
7. During the quarter, total eight investor complaints were received , all of which have been attended by the Company. No complaints were pending either at the beginning or at the end of the quarter.
8. The above results have been taken on record at the meeting of the Board of Directors held on 28th July,2004.
9. The Limited Review, as required under clause 41 of listing agreement , has been completed and the related report is being submitted to concerned Stock Exchanges.

For and on behalf of Board of Directors

Place : Mumbai
Date : 28th July , 2004

Shailendra K. Jain
Whole-time Director

GRASIM INDUSTRIES LIMITED

Regd. Office: Birlagram, Nagda (M.P.)

An Aditya Birla Group Company

www.grasim.com or www.adityabirla.com