Grasim Industries Limited

Performance Review – Q1FY03

25th July, 2002

Financial Performance – Q1FY03

Rs. Crores

	Q1FY03	Q1FY02	% Chg.	FY02
Net Turnover & Operating Income	1,135.5	1,117.2	2	4,386.7
Other Income	9.3	14.5	(36)	114.6
PBIDT	254.7	247.7	3	936.8
Interest and Finance Charges	44.2	47.5	(7)	190.3
Gross Profit	210.6	200.2	5	746.5
Depreciation	62.4	62.6	-	251.7
PBT (before Exceptional Items)	148.2	137.6	8	494.8
Current Tax	34.0	23.0	48	56.5
Deferred Tax	7.0	10.0	(30)	51.5
Profit after Total Taxes but before Exceptional Items	107.2	104.6	2	386.8

Financial Performance – Q1FY03 (Contd..)

Rs. Crores

	Q1FY03	Q1FY02		FY02
Exceptional Items				
Loss on sale of Investments / Profit on transfer of Undertaking				(18.1)
Excess provision for taxes for earlier years written back				68.1
Loss on on closure of Mavoor units				(74.3)
Loss on sale of Textile Unit, Gwalior				(31.9)
Employee Separation Cost at other Units	1.7	2.4		(27.6)
Total Exceptional Items	1.7	2.4		(83.8)
Net Profit after Exceptional Items and Total Taxes	105.5	102.2		303.0

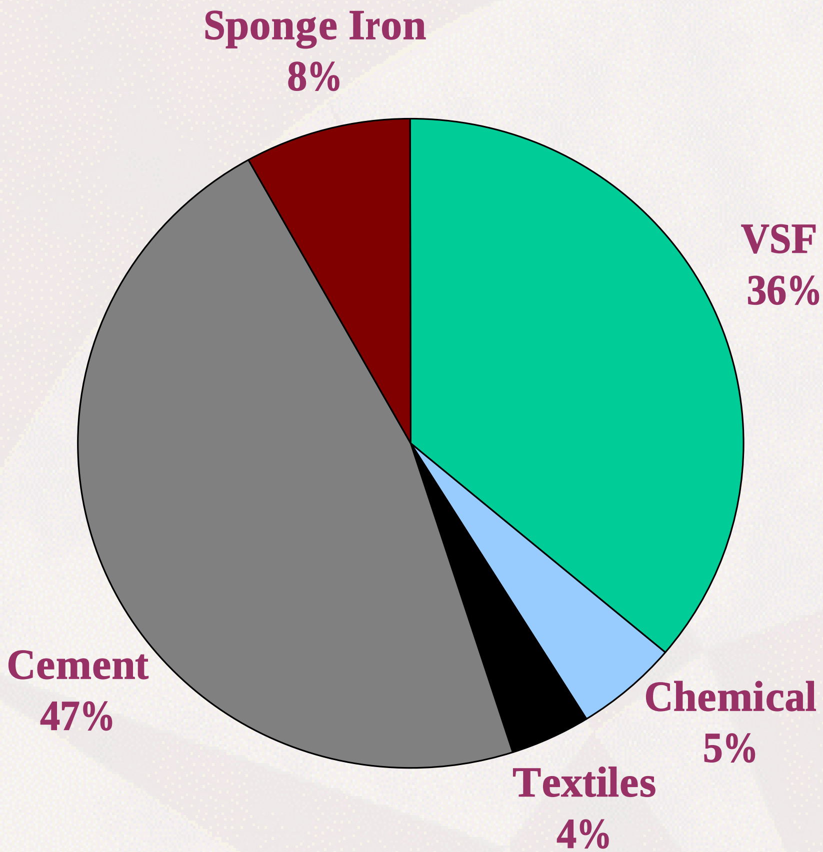
Earning Per Share (Rs.) Basic and Diluted

	Q1FY03	Q1FY02	% Chg.	FY02
After Total Taxes but before Exceptional Items	11.7	11.4	2	42.2
After Total Taxes and Exceptional Items	11.5	11.2	3	33.0

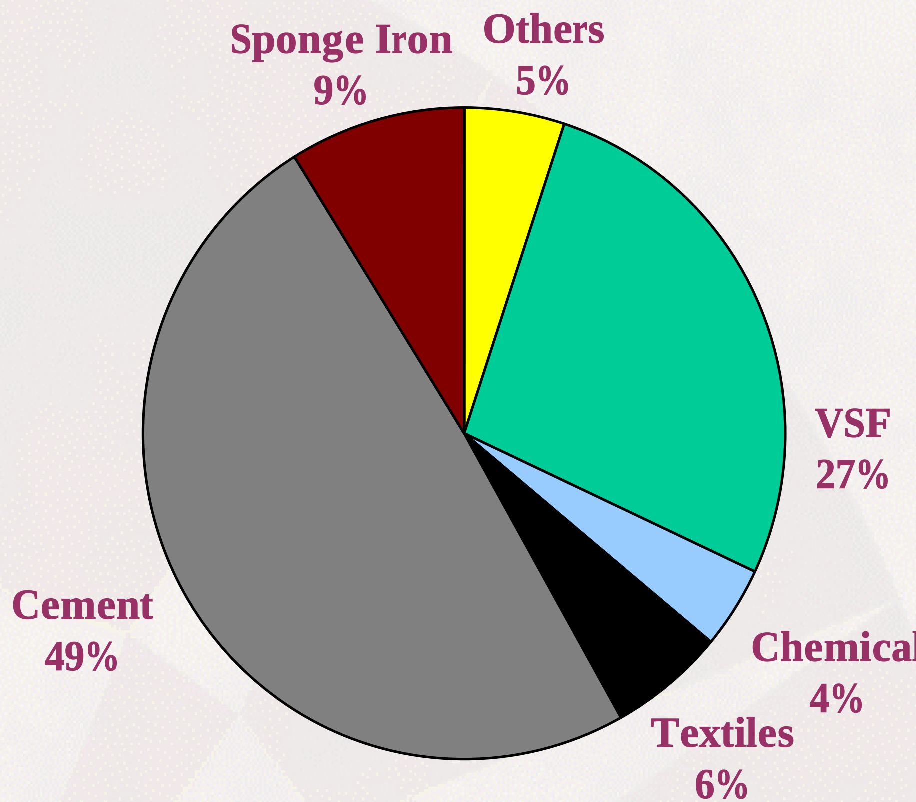
Performance Highlights - Q1FY03

- Consistent good performance
- Turnover improved marginally
  - Progressive growth in VSF volumes and improved Chemical turnover
  - Lower turnover in cement, trading business discontinued
- PBIDT at Rs.255 crores, up by 3%, despite weak performance of the Cement sector
- Interest cost further reduced through better management of working capital; working capital reduction of over Rs.100 crores in Q1FY03
- PBT at Rs.148 crores, up by 8%
- Current Tax up by 48%. Total Tax Expenses up by 24%
  - Tax expenses lower in FY02 due to availability of certain one-time additional deductions
- Net profit up by 2%

Net Revenue Mix – Q1FY03

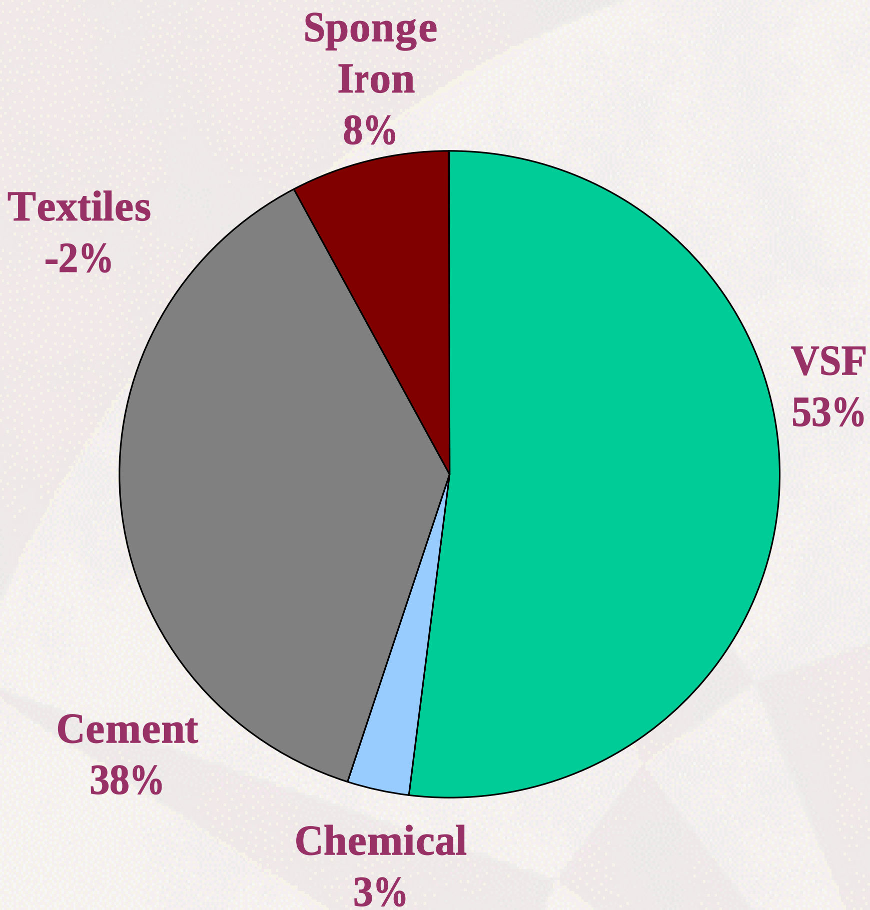


Q1FY03 (Rs.1,135.5 Crs.)

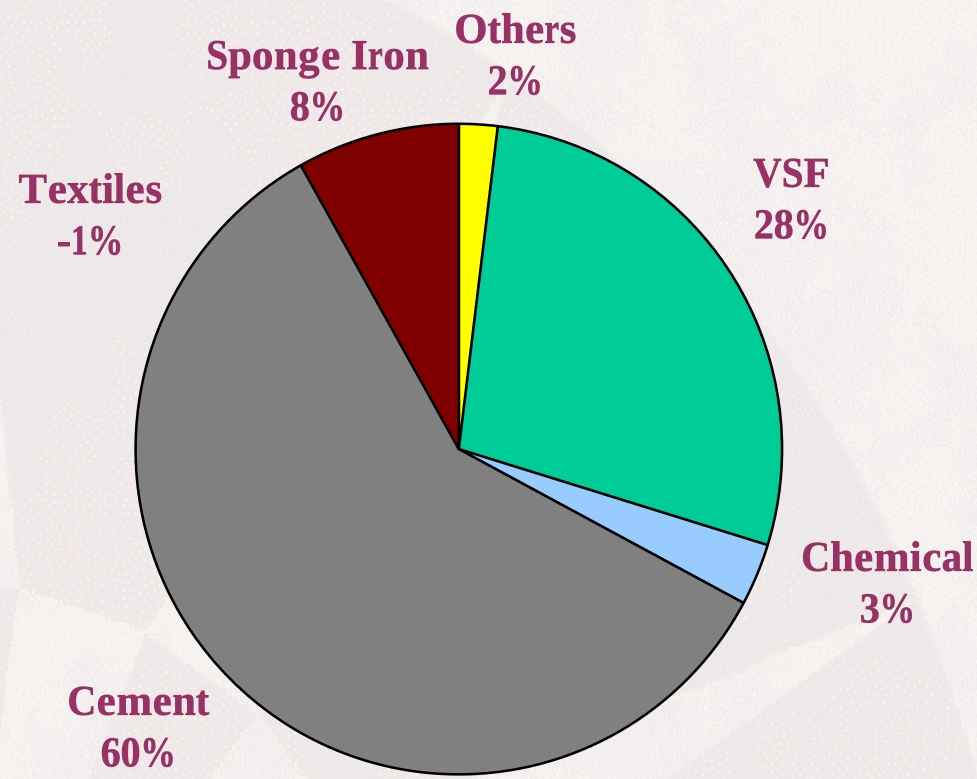


Q1FY02 (Rs.1,117.2 Crs.)

PBIDT Mix - Q1FY03



Q1FY03 (Rs.254.7 Crs.)



Q1FY02 (Rs.247.7 Crs.)

Segmental Performance – Q1FY03

Rs. Crores

	Revenue		PBIDT		PBIT	
	Q1FY03	Q1FY02	Q1FY03	Q1FY02	Q1FY03	Q1FY02
Fibre	419	311	136	70	124	57
Chemical	53	44	8	8	4	4
Cement	543	559	95	148	62	116
Sponge Iron	88	101	21	21	11	11
Textile	54	69	(5)	(2)	(9)	(6)

Rs. Crores

	Capital Employed		ROAvCE (%)	
	Q1FY03	Q1FY02	Q1FY03	Q1FY02
Fibre	814	962	60	24
Chemical	218	254	8	6
Cement	2,036	1,939	13	24
Sponge Iron	549	622	8	7
Textile	133	223	(26)	(10)

Viscose Staple Fibre

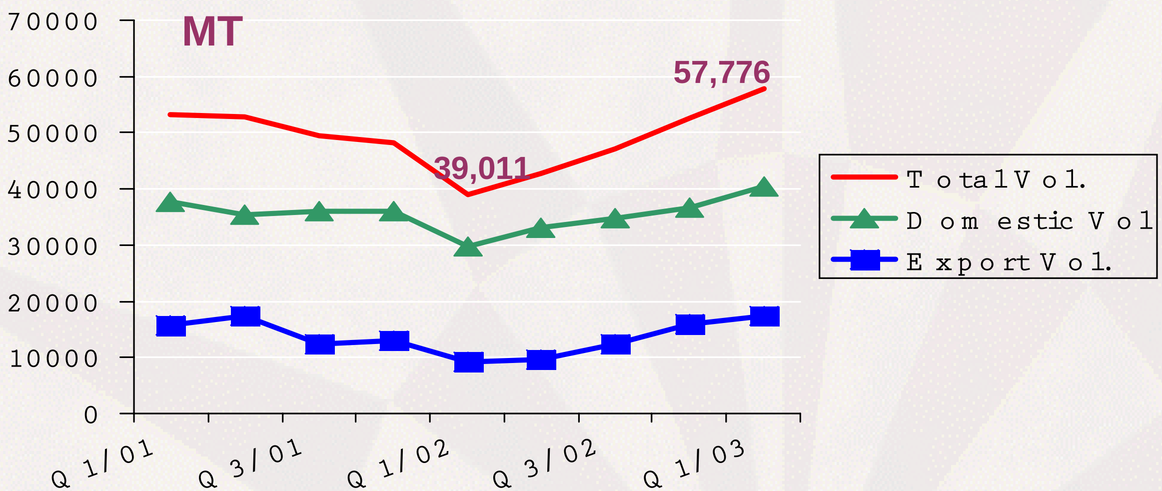
		Q1FY03	Q1FY02	% Chg.	FY02
Capacity	TPA	220,775	220,775	-	220,775
Production	MT	45,458	32,757	39	176,462
Sales Volumes	MT	57,776	39,011	48	181,520
Net Turnover	Rs. Crs.	419	311	35	1,329
Avg. Realisation	Rs./MT	66,457	72,590	(8)	68,511
PBIDT *	Rs. Crs.	136	70	94	354
PBIDT Margin *	%	32	22	-	27
PBIT *	Rs. Crs.	124	57	117	306
Capital Employed	Rs. Crs.	814	962	(15)	879
ROAvCE (PBIT basis)	%	60	24		33

* Before Employees Separation Cost

Viscose Staple Fibre (Contd..)

Highlights – Q1FY2003

- Excellent overall performance
- Capacity utilisation at 82% against 59% in Q1FY02
  - ➢ Nagda Plant closed for 27 days (against 54 days in Q1FY02); water consumption reduced by 27% in production process
- Q1FY03 sales volumes at 57,776 tonnes - highest ever achieved in a quarter
  - ➢ Progressive growth over the last four quarters



- ➢ Recovery in global and domestic demand due to revival of economy
  - ⇨ Total export up by 87%, from 9,191 MT to 17,381 MT
  - ⇨ Local dispatches higher by 35%, from 29,820 MT to 40,395 MT

Viscose Staple Fibre (Contd..)

Highlights (Contd..)

- Realisation at Rs.66.5/kg down from Rs.72.6/kg
  - Largely in line with fall in Global pulp prices
  - But, higher by Re.1/kg compared to Q4FY02 levels
- Operating margin up from 22% at 32%, despite lower realisation
  - Lower input costs - Pulp costs lower by 18% and Caustic Soda by 37%
  - Benefits of closure of Mavoor Plants
  - Spread of fixed overheads on improved volumes
  - Better plant efficiencies

Viscose Staple Fibre (Contd..)

Outlook

- Recovery in global economy should continue to augur well for sustained demand of VSF from export / deemed export segment
- Margin to remain stable
  - Globally Pulp prices are showing rising trend
  - Impact likely to be offset by reasonable increase in realisation and better plant efficiencies
- Grasim continues to focus on enlarging domestic markets for long term growth
  - Positioning VSF at the high end of the market as “Fibre for Feel, Comfort and Fashion”
  - Product and Application developments to remain at the fore

Cement

		Q1FY03	Q1FY02	% Chg.	FY02
Grey Cement					
Capacity	Mn. MT	11.37	10.36	10	# 11.37
Production	Mn. MT	2.80	2.57	9	9.53
Sales Volumes	Mn. MT	2.78	2.55	9	9.68
Net Turnover	Rs. Crs.	505	528	(4)	1,926
Avg Realisation	Rs./MT	1,736	2,034	(15)	1,917
White Cement					
Capacity	TPA	400,000	400,000	-	400,000
Production	MT	63,956	54,211	18	267,915
Sales Volumes	MT	62,595	53,502	17	266,105
Net Turnover	Rs. Crs.	37	28	29	144
Avg Realisation	Rs./MT	5,588	5,251	6	5,317
PBIDT *	Rs. Crs.	95	148	(35)	469
PBIDT Margin *	%	18	27		23
PBIT *	Rs. Crs.	62	116	(47)	339
Capital Employed	Rs. Crs.	2,036	1,939	5	2,055
ROAvCE (PBIT basis)	%	13	24		17

* Before Employees Separation Cost

\# 1 Mn MT Bhatinda Grinding Unit commissioned in December 2001

Cement (Contd..)

Highlights – Q1FY2003

- Sales volumes grew by 9%,marginally higher than industry average of 8%
  - Strong performance in North, East & South Zones
  - Volumes up by 17% in North (benefit of Bhatinda Grinding Unit), 19% in East & 12% in south
  - Sales volumes declined by 13% in the West
    - Maharashtra volumes partially shifted to South, mainly Karnataka, due to rising competition from new players in Maharashtra
- Average realisation down by 15% reflecting depressed price environment
- Operating margin down at 18% against 27%
  - Would have been lower but for higher volumes and savings in logistic cost
- Strategic stake in L&T increased by 2.95% to 13%, through an additional investment of Rs.129 Crs.

Cement (Contd..)

Outlook

- Market to double in size every 7-8 years at current GDP growth
- Infrastructure and Housing sectors to support estimated demand growth of 8% p.a. in normal year
- Infrastructure sector to remain a thrust area
  - Growing emphasis on roads, bridges and urban infrastructure
  - Completion of the Golden Quadrilateral Project in FY03 to help in sustained demand growth in current year
  - North-South and East-West corridors to drive growth in the medium term
  - Flyovers, expressways and concretization of roads by state governments to support demand growth on a sustainable basis going forward
- Continuing growth in housing sector to boost demand
  - Changing preference for nuclear families
  - Continuing fiscal incentives and soft real estate prices
  - Improved availability of housing finance at favorable terms
  - Rural housing demand benefiting from stronger agricultural performance

Cement (Contd..)

Outlook (Contd..)

- Gujarat reconstruction activity to strengthen regional consumption
- No significant green field capacities underway, demand-supply balance likely in next 3 years
- Positive outlook for pricing
  - Economic compulsions and rising costs to ensure remunerative prices
  - Prices likely to move up once construction activities pickup post monsoon

Cement (Contd..)

- Grasim will focus on
  - Ensuring dominance in the identified core markets of North, South and Western corridors
  - Increasing share in the profitable regions and growth segments
  - Proactive change in product/market mix to ensure superior realisation
  - Enhanced capital productivity and capacity optimisation
  - Further reduction in energy and distribution costs
  - Realisation of synergy gains, jointly with L&T

Chemical

		Q1FY03	Q1FY02	% Chg.	FY02
Capacity (Caustic)	MT	160,600	160,600	-	160,600
Production (Caustic)	MT	30,505	21,950	39	129,784
Sales Volume(Caustic)	MT	30,987	20,588	51	129,051
Avg. ECU Realisation	Rs./MT	13,845	17,297	(20)	14,564
Net Turnover	Rs. Crs.	52	43	21	219
PBIDT *	Rs. Crs.	8	8	-	28
PBIDT Margin *	%	16	18		13
PBIT *	Rs. Crs.	4	4	-	11
Capital Employed	Rs. Crs.	218	254	(14)	228
ROAvCE (PBIT basis)	%	8	6		5

* Before Employee Separation Cost

Chemical (Contd..)

Highlights – Q1FY2003

- Capacity utilisation higher at 76% from 55%
  - Plant operated at 50% capacity for 2 months in Q1FY02 due to water shortage
- Sales volume up by 51%
- ECU realisation down by 20% due to fall in Caustic Soda prices by 39%
- Margin down at 16% due to lower realisation

Chemical (Contd..)

Outlook

- Capacity utilisation has picked up beginning July 02 with onset of monsoon
- Caustic Soda demand expected to remain stable at current level
- ECU realisation to remain stable at current levels
  - Caustic realisation under pressure in line with international prices
  - Hcl and Chlorine prices firming up due to improved demand
- Operations to be at existing operating profit margins
- Grasim to focus on
  - Optimum utilisation of the plant capacity
  - Development of ancillary products for more value addition and improved realisation
  - Exports of Chlorine, Hcl and PAC

Sponge Iron

		Q1FY03	Q1FY02	% Chg.	FY02
Capacity	TPA	900,000	900,000	-	900,000
Production	MT	142,464	166,493	(14)	559,567
Sales Volumes	MT	140,070	165,217	(15)	562,334
Net Turnover	Rs. Crs.	88	101	(13)	332
Avg Realisation	Rs./MT	5,908	5,907	--	5,606
PBIDT	Rs. Crs.	21	21	-	51
PBIDT Margin	%	24	21		15
PBIT	Rs. Crs.	11	11	-	12
Capital Employed	Rs. Crs.	549	622	(12)	570
ROAvCE (PBIT basis)	%	8	7		2

Sponge Iron (Contd..)

Highlights – Q1FY2003

- Capacity utilisation down from 74% to 63%
  - Continued short supplies of natural gas from GAIL
- Sales volumes in line with production, down by 15%
- Average realisation remains flat at Rs. 5,908/MT
- Margins up from 21% to 24%
  - Improved operational efficiencies - Higher yield and favorable raw material mix
  - Lower power cost and lower stores consumption

Sponge Iron (Contd..)

Outlook

- Natural gas availability and prices continues to be main area of concern going forward
- Demand outlook positive with steel sector showing signs of recovery
- Rising global scrap prices and upward revision of customs duty on scrap likely to support domestic prices at higher levels
- Grasim will focus on
  - Assets sweating
  - Leveraging strategic advantage of location and product flexibility
  - Further tightening of cost structure

Textiles

		Q1FY03	Q1FY02	% Chg.	FY02
Divisional Turnover	Rs. Crs.	53	67	(21)	268
PBIDT *	Rs. Crs.	(5)	(2)	(238)	(21)
PBIDT Margin *	%	(10)	(2)	-	(8)
PBIT *	Rs. Crs.	(8)	(6)	(38)	(38)
Capital Employed	Rs. Crs.	133	223	(41)	133
ROAvCE (PBIT basis)	%	(26)	(10)		(20)

* Before Employees Separation Cost

Highlights

- Textile business remained under pressure in Q1FY03
  - Business revenues lower by 21% YoY at Rs.53 crores
    - Fabric volumes curtailed from 44 lac mtrs to 29 lac mtrs
  - Higher operating losses
    - Pending consolidation of operations at single location at Bhiwani and provisioning

Textiles (Contd..)

Outlook

- Textile business going forward
  - Fabric business being consolidated at one location – Bhiwani
    - Grasim and Graviera brands as well as their sub-brands will be manufactured at Bhiwani
  - Improved economies of scale and reduced labour costs to bring down production costs and enable business turnaround

Capex Plan

Rs. Crores

	Total Amount	Capex FY03	Capex FY04	Completion Schedule
A New Projects :				
- Cement Capacity Expansion - Debottlenecking / Blending	72	56	16	FY03
- Power Plants (Cement units)				
- Rajasthan 23 MW (AC)	71	71	--	Dec. - 02
- Tamil Nadu 12.5 MW (GS)	39	26	13	Feb. - 03
- Fibre Application Development and Speciality Fibre development	52	25	17	FY05
Sub Total (A)	234	178	46	

Capex Plan (Contd..)

Rs. Crores

	Total Amount	Capex	
		FY03	FY04
B **Modernisation :**			
- VSF	57	51	6
- Cement	160	124	36
- Chemical	18	18	-
- Textile	9	9	-
- Other units	4	4	-
C Other Capex	52	40	12
Total	534	424	100

- Q1 FY 03 Capex - Rs.44 Crores
  - Cement 32
  - Fibre 6
  - Chemical 3
  - Textile 2
  - Others 1

Profitability & Financial Snapshot

Profitability Snapshot

		FY00	FY01	FY02	Q1FY03
Gross Turnover	Rs. Crs.	4,646	5,184	5,070	1,311
Net Turnover	Rs. Crs.	3,962	4,453	4,372	1,132
PBIDT	Rs. Crs.	756	912	937	255
PBIDT Margin	%	19.0	20.5	21.4	22.5
PBDT	Rs. Crs.	500	673	747	211
PAT (before deferred tax)	Rs. Crs.	251	371	438	114
PAT Margin	%	6.3	8.3	10.0	10.1
EPS	Rs.	27.4	40.4	47.8	# 12.4
CEPS	Rs.	53.2	67.9	75.2	# 19.3
DPS	Rs.	7.0	8.0	9.0	--
Interest Cover	Ratio	2.9	3.7	4.6	5.0
<u>After current & deferred tax</u>					
PAT ($)	Rs. Crs.	168	340	387	107
EPS	Rs.	18.3	37.1	42.2	# 11.7

- All Profitability numbers and EPS are before Exceptional Items
- ($) Figures for FY00 & FY01 have been restated for Deferred Tax provision to make them comparable
- # EPS for the period

Financial Snapshot

		FY00	FY01	FY02	Q1FY03
Gross Block	Rs.Crs.	5,206	5,312	5,371	5,402
Net Block	Rs.Crs.	3,401	3,303	3,263	3,236
Equity	Rs.Crs.	91.7	91.7	91.7	91.7
Net Worth	Rs.Crs.	2,777	3,075	2,707	2,813
Net Worth + Deferred Tax	Rs.Crs.	2,777	3,075	3,347	3,460
Avg.Capital Employed	Rs.Crs.	4,759	4,815	5,106	5,255
Debt : Equity **	Ratio	0.82	0.62	0.62	0.54
Book Value	Rs.	303	335	365	377
ROAvCE (PBIT basis)	%	10.5	$ 13.5	$ 12.9	14.3
RONW	%	8.6	$ 12.3	$ 12.8	12.8

Ratios worked out considering deferred tax as part of Net Worth

** Both Long Term and Short Term debts considered in debts

$ Profit/Loss on sale/closure of undertaking and exceptional items eliminated in calculation of ROCE/RONW

Focus And Strategy

- **Focus**
  - **Deliver enhanced value to shareholders on a sustained basis**
  - **Value creation and not asset creation alone**
- **Strategy**
  - **Focus on core businesses – VSF and Cement**
  - **Improve asset utilisation through market expansion and better penetration**
  - **Improve margins through better efficiency and stringent cost control**

Cement will be driver of growth going forward

Plant Locations

F Fibre plants

P Pulp plant

C Chemical plant

T Textiles units

Grey cement plants / Grinding Units (G)

White cement plant

Ready-mix Concrete plants

B Bulk Cement Terminal

S Sponge Iron plant

Not to scale

GRASIM

ADITYA BIRLA GROUP

Thank You

Production Data (MT)

	Q1FY03			Q1FY02			FY02		
	Capacity TPA	Production	%	Capacity TPA	Production	%	Capacity TPA	Production	%
VSF	220,775	45,458	82	220,775	32,757	59	220,775	176,462	80
Pulp	70,000	18,642	107	70,000	18,267	104	70,000	71,251	102
Caustic Soda	160,600	30,505	76	160,600	21,950	55	160,600	129,784	81
Grey Cement*	11.37	2.80	99	10.36	2.57	99	# 11.37	9.53	92
White Cement	400,000	63,956	64	400,000	54,211	54	400,000	267,915	67
Sponge Iron	900,000	142,464	63	900,000	166,493	74	900,000	559,567	62

* Grey Cement numbers are in Mn. MT.

\# 1 Mn MT Bhatinda Grinding Unit commissioned in December 2001

Divisional Turnover – Qty & Realisation

Product	Quantity (MT)			Realisation (Rs. /MT)		
	Q1 FY03	Q1 FY02	FY02	Q1 FY03	Q1 FY02	FY02
VSF	57,776	39,011	181,520	66,457	72,590	68,511
Pulp	15,922	13,419	71,397	19658	23,914	22,327
Caustic Soda *	30,987	20,588	129,051	13,845	17,297	14,564
Grey Cement **	2.78	2.55	9.68	1,736	2,034	1,917
White Cement	62,595	53,502	266,105	5,588	5,251	5,317
Sponge Iron	140,070	165,217	562,334	5,908	5,907	5,606

* ECU realisation in case of Caustic Soda

* * Grey Cement numbers are in Mn. MT.

Press Release Mumbai, 25th July 2002

GRASIM, the ADITYA BIRLA GROUP's FLAGSHIP COMPANY
REPORTS EXCELLENT PERFORMANCE FOR Q1 – FY 2003

Turnover: Rs.1136 Crores

Profit after Tax: Rs. 105 Crores

(Rs. Crores)

	Quarter Ended 30.06.2002 (Un-audited)	Quarter Ended 30.06.2001 (Un-audited)	Variation %	Financial Year Ended 31.03.2002 (Audited)
Net Turnover PBIDT	1135.5 254.7	1117.2 247.7	1.6 2.8	4386.6 936.8
Interest	44.2	47.5	(-) 7.0	190.3
Gross Profit	210.5	200.2	5.2	746.5
Depreciation	62.4	62.6		251.7
Profit before Taxes and Exceptional Items	148.1	137.6	7.7	494.8
Provision for Current Tax	34.0	23.0	47.8	56.5
Deferred Tax	7.0	10.0	(-) 30.0	51.5
Net Profit after total taxes but before Exceptional Items	107.1	104.6	2.4	386.8
Exceptional items: - Excess provision for income tax of earlier years written back				68.1
- Loss on sale of investment				(-) 18.1
- Loss on closure of Mavoor Plants				(-) 74.3
- Loss on sale of Textile Division, Gwalior				(-) 31.9
- Employees' separation cost	(-) 1.7	(-) 2.4	(-) 29.4	(-) 27.6
Net Profit after Total Taxes and Exceptional Items	**105.4**	**102.2**	**3.2**	**303.0**

Grasim, the flagship Company of the Aditya Birla Group, has reported a turnover of Rs.1136 crores (Rs.1117 crores) for the quarter ended June, 2002. Gross profit was up by 5% at Rs. 211 crores (Rs.200 crores). Profit after provision for employee separation cost and total tax expense was up by 3% at Rs.105 crores (Rs.102 crores), even after factoring the substantially higher provision for current taxes.

OPERATIONS
The table below indicates Grasim's operations during the quarter:

PRODUCTION / TURNOVER

Products		Q1 FY2003	Q1 FY2002	Variation	FY 2002
Production Volumes					
Viscose Staple Fibre	M.T.	45458	32757	39%	176462
Cement	Mn.MT	2.80	2.57	9%	9.53
White Cement	M.T.	63956	54211	18%	267915
Sponge Iron	M.T.	142464	166493	-14%	559567
Caustic Soda	M.T.	30505	21950	39%	129784
Sales Volumes					
Viscose Staple Fibre	M.T.	57776	39011	48%	181520
Cement	Mn. M.T.	2.78	2.55	9%	9.68
White Cement	M.T.	62595	53502	17%	266105
Sponge Iron	M.T.	140070	165217	-15%	562334
Caustic Soda	M.T.	30987	20588	51%	129051

NET REALISATION

Products		Q1 FY2003	Q1 FY2002	Variation	FY 2002
Viscose Staple Fibre	Rs./M.T.	66457	72590	-8%	68511
Cement	Rs./M.T.	1736	2034	-15%	1917
White Cement	Rs./M.T.	5588	5251	6%	5317
Sponge Iron	Rs./M.T.	5908	5907	--	5606
Caustic Soda (ECU)	Rs/.M.T.	13845	17297	-20%	14564

VSF Business

The VSF business has put in a stellar performance. Capacity utilization at 82% is far higher vis-à-vis 59% during the corresponding quarter of the previous year. Sales volume soared by 48%, more than offsetting the decline in realization which has been lower by 8% as compared to the corresponding period of the previous year.

The VSF division's performance is indeed commendable notwithstanding shutdown of its plant at Nagda for 27 days during the quarter on account of the water shortage.

To bolster the demand for its superior quality VSF in terms of feel, comfort, fashion and hygiene, the fibre division has intensified its efforts relating to application development. This strategy which the Company has been pursuing in the recent past, is paying a rich dividend.

To step up its efforts towards bringing in innovative products, the Company is setting up a VSF Research and Application Centre at Kharach involving capex of Rs. 27 crores.

Cement Business

The Cement Business clocked an impressive growth of 9%, both in production and sales. Production at 2.80 million MT and Sales at 2.78 million MT have risen in comparison to the corresponding quarter of the earlier year. However, lower realization has affected operating margins, which could be offset only partly by enhanced sales volumes.

A capex of Rs.277 crores has been earmarked for the current year, for setting up of two power plants of 23MW and 12.5 MW capacity at Aditya Cement and Grasim (South) respectively and ongoing modernization of plants and capacity expansion through de-bottlenecking. These power plants are expected to be operational by the end of the current financial year. On implementation of these projects, Grasim's Cement Manufacturing Capacity will go up to 13.40 million MT.

The rise in the Country's GDP growth will have a benefactory effect on the Cement Business given its linkages with the same. Additionally, the ongoing focus on the infrastructure sector by the Government and the expected strong growth in the housing sector augur well for the Company's Cement Business. These factors should enable the Cement Business to sustain its performance in continuum.

Chemical Business

Despite the water shortage and the consequent curtailment of its Chemical plant's operation, capacity utilization stood at 76% as compared to 55% in the corresponding quarter of the previous year. Sales volumes at 30987 MT are up by 51% vis-à-vis the corresponding quarter. Notwithstanding the steep fall in the international prices of Caustic Soda and ancillary products on account of intense competition, operating profits have grown, largely on the back of increased volumes.

Sponge Iron Business

The capacity utilization of the plant was impaired due to periodic disruption in the supply of natural gas. As a result production was down by 14% and sales volumes were lower by 15%, in comparison to the corresponding quarter. However, when compared to the preceding quarter the Division's performance has been better. Improved operational efficiency and a higher demand for Sponge Iron from Western markets have been the drivers.

As the demand for steel is on the upswing both in the domestic and international markets, the outlook for the Sponge Iron business appears to be positive.

Outlook

Grasim's inherent strength, a continual stress on operational excellence, cost optimization measures, effective financial management, continuous restructuring of business processes and the expected improvement in the cement sector, bode well for the Company. The prospects for the Company continue to be good.

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www.grasim.com or www.adityabirla.com

UNAUDITED FINANCIAL RESULTS
FOR THE THREE MONTHS ENDED 30TH JUNE, 2002

Rs in crores

	Three Months Ended 30th June 2002	Three Months Ended 30th June 2001	Year ended 31st March 2002 (Audited)
Net Sales / Income from Operations	**1,135.51**	**1,117.16**	**4,386.64**
Other Income	9.27	14.54	114.62
Total Expenditure			
- Decrease / (Increase) in Stock	66.19	(41.12)	95.42
- Raw Material Consumed	249.73	253.06	996.15
- Purchases of Finished Goods	4.42	124.52	245.71
- Payment to & Provision for Employees	75.18	82.46	321.87
- Power & Fuel	201.77	178.42	739.28
- Freight , Handling & Other expenses	137.43	136.68	510.56
- Other Expenditure	155.33	149.98	655.49
Total Expenditure	**890.05**	**884.00**	**3,564.48**
Interest	44.18	47.52	190.25
Gross profit	**210.55**	**200.18**	**746.53**
Depreciation	62.42	62.59	251.70
Profit before Exceptional Items and Tax	**148.13**	**137.59**	**494.83**
Tax Provision of earlier years written back			68.11
Loss on Sale of Shares in Subsidiary			(18.11)
Retrenchment Compensation			(55.33)
Write-down of Fixed Assets on Retirement from active use			(19.01)
Loss on sale of a Textile Unit			(15.00)
Loss on sale of Assets of a Textile Unit			(16.93)
Employees separation cost	(1.66)	(2.35)	(27.60)
Profit before Tax Expense	**146.47**	**135.24**	**410.96**
Provision for Current Tax	(34.00)	(23.00)	(56.50)
Deferred Tax	(7.00)	**(10.00)**	**(51.50)**
Net Profit	**105.47**	**102.24**	**302.96**
Paid up Equity Share Capital (Face Value Rs. 10 per share)	91.69	91.69	91.69
Reserves excluding Revaluation Reserve			2,615.19
Basic & Diluted EPS for the period (Rupees)	**11.50**	**11.15**	**33.04**

Notes:

1 The Operations at the Company's Staple Fibre Plant at Nagda were suspended for 27 days from 1st week of June, 2002 due to water shortage at Nagda. With the onset of monsoon and availability of water, Company has resumed normal operations at this plant in last week of June-2002.

2 During the quarter the Company has further acquired 0.73 Crore shares of Larsen & Toubro Ltd. at Rs.176.66 per share for total consideration of Rs.129.41 Crores. This along with existing share holding constitutes 13% of Larsen & Toubro Ltd.'s paid-up share capital.

3 The Company has filed a Scheme of Arrangement under section 391/394 of the Companies Act , 1956 in the High Court of Madhya Pradesh in October,2000 inter alia providing for sale/transfer of assets of the Mavoor Units and the same is under consideration of the Court.

Cont. on Page 2

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4 **Segments Reporting:**

Rs. in Crores

		Three Months Ended 30th June 2002	Year ended 31st March 2002 (Audited)
1. SEGMENT REVENUE			
a	Fibre & Pulp	419.02	1,328.83
b	Cement	542.88	2,074.85
c	Sponge Iron	87.74	331.66
d	Chemicals	52.66	219.93
e	Textiles	53.92	276.12
f	Others	2.65	270.68
	TOTAL	1,158.87	4,502.07
(Less) : Inter Segment Revenue		(23.36)	(115.43)
	Net Sales / Income from Operations	**1,135.51**	**4,386.64**
2. SEGMENT RESULTS			
a	Fibre & Pulp	124.19	305.89
b	Cement	61.82	338.67
c	Sponge Iron	11.40	11.86
d	Chemicals	4.32	11.42
e	Textiles	(8.54)	(37.71)
f	Others	(1.41)	0.22
	TOTAL	191.78	630.35
Add / (Less) :			
	Interest	**(44.18)**	**(190.25)**
	Net Unallocable Income / (Expenditure)	0.53	54.73
Profit before Exceptional Items and Tax Expense		**148.13**	**494.83**
	Tax Provision of earlier years written back	-	68.11
	Loss on Sale of Shares in Subsidiary	-	(18.11)
	Retrenchment Compensation	-	(55.33)
	Write-down of Fixed Assets on Retirement from active use	-	(19.01)
	Loss on sale of a Textile Unit	-	(15.00)
	Loss on sale of Assets of a Textile Unit		(16.93)
	Employees separation cost	(1.66)	(27.60)
	Profit Before Tax Expenses	**146.47**	**410.96**
3. CAPITAL EMPLOYED			
a	Fibre & Pulp	814.07	879.24
b	Cement	2,035.97	2,055.10
c	Sponge Iron	548.72	570.38
d	Chemicals	217.69	227.51
e	Textiles	132.52	133.13
f	Others	7.96	35.15
	TOTAL	3,756.93	3,900.51
g	Unallocated Corporate Capital Employed	1,572.66	1,518.93
	TOTAL CAPITAL EMPLOYED	**5,329.59**	**5,419.44**

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
Chemicals - Caustic Soda & Allied Chemicals
Cement - Grey & White Cement
Sponge Iron - Sponge Iron
Textiles - Fabrics & Yarn

6 Segment-wise break-up for Employee Separation Cost is as under :

Rs. in Crores

	Q1-FY2003	FY2002
Fibre & Pulp	0.97	9.10
Chemical	0.39	1.63
Cement	0.11	13.49
Textiles	0.19	3.38

7 Previous period's figures have been regrouped / rearranged wherever necessary to conform to this period's classification.

8 The above results have been taken on record at the meeting of the Board of Directors held on 25th July, 2002.

For and on behalf of Board of Directors

Place : Mumbai
Date : 25th July, 2002

Kumar Mangalam Birla
Chairman