



Grasim Industries Limited

Performance Review – FY03

29th April 2003



Financial Performance - FY03

	(Rs. Crores)		
	<u>FY03</u>		<u>%</u>
Total Revenue	4,626	↑	5
Operating Profit	1,142	↑	22
Interest Charges	168	↓	(11)
Gross Profit	973	↑	30
PBT (before E.Items)	719	↑	45
Total Tax Expenses	177	↑	64
Net Profit (before E. Items)	542	↑	40

Excellent performance - Results reflect benefits of -

- **Business and financial restructuring over last 4 years**
 - **Closure of non-viable Fibre and Pulp plants at Mavoor**
 - **Software business divested**
 - **Trading operations phased out**
 - **Fabric unit at Gwalior sold as a going concern**
 - **Restructuring of high cost debts, bringing down the interest cost progressively**
- **Large scale rationalization of work force over past 4 years**
 - **Overall reduction of approx. 8000 persons**
- **Smart productivity gains in various businesses of the Company**

Reaping Benefits of Business/Financial Restructuring



Financial Performance - FY03

	FY03	FY02	% Chg.
Net Turnover & Operating Income	4,626.3	4,386.6	5
Other Income	115.8	114.6	1
PBIDT	1,141.7	936.8	22
Interest & Finance Charges	168.4	190.3	(11)
Gross Profit	973.3	746.5	30
PBT (before Exceptional Items)	719.1	494.8	45
Total Tax Expenses	177.0	108.0	64
Profit after Total Taxes but before Exceptional Items	542.1	386.8	40

Reaping Benefits of VSF and Cement combination

- **Excellent overall performance, across businesses**
- **Revenues up 5% and PBIDT up by 22%**
 - **Excellent performance of Fibre, Sponge Iron & Chemical business**
 - **Subdued Cement performance in line with industry**
 - **Textile is on recovery path**
- **Effective working capital management helped in cutting interest cost by 11%**
- **PBT at Rs.719 Crs. up by 45%**
- **Total Tax expenses higher by Rs.69 Crs, up 64%**
 - **Lower FY02 outflow attributed to certain one-time deductions**
- **Net profit before Exceptional Items up 40%**
- **Board has recommended dividend @ Rs. 10/- per share (100%) for the year**



Financial Performance – Q4FY03

Rs. Crores

	Q4 FY03	Q4 FY02	% Chg.
Net Turnover & Operating Income	1,211.3	1,111.1	9
Other Income	55.7	58.8	(5)
PBIDT	301.0	262.8	15
Interest and Finance Charges	40.6	43.5	(7)
Gross Profit	260.4	219.3	19
PBT (before Exceptional Items)	194.6	155.6	25
Total Tax Expenses	* 24.0	37.3	(36)
Profit after Total Taxes but before Exceptional Items	170.6	118.3	44

- PBIDT up by 15%
- Interest cost further down by 7%
- PBT up by 25%
- Net profit before Exceptional Items up by 44%

* After write back of deferred tax provided in earlier years.



Financial Performance Summary – Q4FY03/FY03

Rs. Crores

	Q4FY03	Q4FY02	% Chg.	FY03	FY02	% Chg.
Net Turnover & Operating Income	1,211.3	1,111.1	9	4,626.3	4,386.6	5
Other Income	55.7	58.8	(5)	115.8	114.6	1
PBIDT	301.0	262.8	15	1,141.7	936.8	22
Interest and Finance Charges	40.6	43.5	(7)	168.4	190.3	(11)
Gross Profit	260.4	219.3	19	973.3	746.5	30
Depreciation	65.8	63.7	3	254.1	251.7	1
PBT (before Exceptional Items)	194.6	155.6	25	719.1	494.8	45
Current Tax	56.0	19.5	187	192.0	56.5	240
Deferred Tax	(32.0)	17.8	(280)	(15.0)	51.5	(129)
Profit after Total Taxes but before Exceptional Items	170.6	118.3	44	542.1	386.8	40



Financial Performance Summary – Q4FY03/FY03

Rs. Crores

	Q4FY03	Q4FY02	FY03	FY02
<u>Exceptional Items</u>				
Loss on sale of Investments / Loss on sale of shares of MRPL	(208.6)		(208.6)	(18.1)
Excess provision for taxes for earlier years written back	40.0		40.0	68.1
Loss on closure of Mavoor units				(74.3)
Loss on sale of Textile Unit, Gwalior		(31.9)		(31.9)
Employee Separation Cost at other Units	(1.5)	(7.1)	(5.9)	(27.6)
Total Exceptional Items	(170.1)	(39.0)	(174.5)	(83.8)
Net Profit after Exceptional Items and Total Taxes	0.5	79.2	367.6	303.0

Earning Per Share (Rs.) Basic and Diluted

	Q4FY03	Q4FY02	% Chg.	FY03	FY02	% Chg.
After Total Taxes but before Exceptional Items	18.6	12.9	44	59.1	42.2	40
After Total Taxes and Exceptional Items				40.1	33.0	21



Financial Performance Summary

- **Loss on sale of investment in MRPL**

- **Grasim's was holding 15.04 crore shares in MRPL at carrying cost of Rs. 239 Crores (average per share Rs. 15.87)**
- **On 3rd March, 2003 Grasim sold its entire holding to ONGC, for Rs. 30 crores @ Rs.2 per share**
- **Loss of Rs.209 Crores on sale booked and shown as an exceptional item**



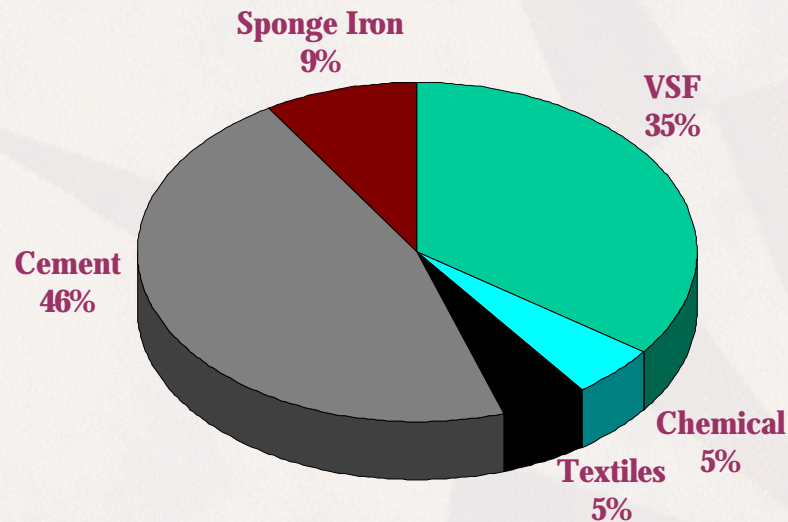
Segmental Performance Summary - FY03

Business	Rs. Crores							
	Revenue		PBIT *		Capital Employed \$		ROAvCE (%) (PBIT basis)	
	FY03	FY02	FY03	FY02	FY03	FY02	FY03	FY02
VSF	1,643.7	1,328.9	543.8	305.9	851	879	65%	33%
Chemical	256.7	219.9	38.4	11.4	211	228	18%	5%
Cement	2,187.3	2,074.9	222.0	338.7	2,088	2,055	11%	17%
Sponge Iron	406.0	331.7	66.6	11.9	498	570	13%	2%
Textile	231.1	276.1	(22.1)	(37.7)	109	133	(18%)	(20%)
Unallocated			38.9	55.0	1,923	1,554	--	--
Company as a whole	4,626.3	4,386.7	887.5	685.1	5,679	5,419	16%	13%

* Before employee separation cost

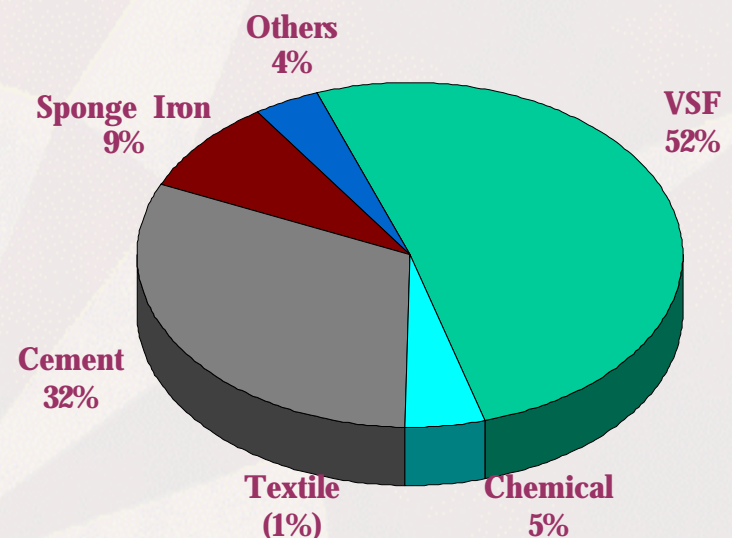
\$ Deferred Tax is treated as part of Capital Employed

Revenue Mix



FY03 (Rs. 4,626 Crs.)

PBIDT Mix



FY03 (Rs.1,142 Crs.)



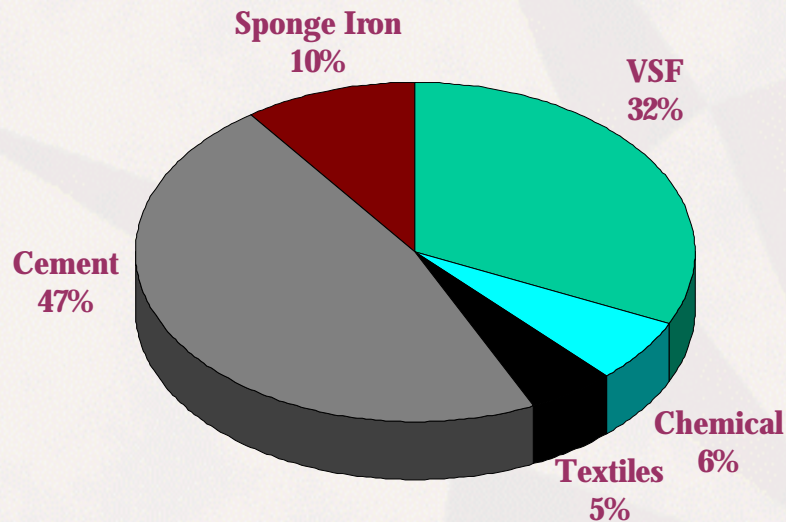
Segmental Performance Summary – Q4FY03

Business	Rs. Crores							
	Revenue		PBIT *		Capital Employed \$		ROAvCE (%) (PBIT basis)	
	Q4FY03	Q4FY02	Q4FY03	Q4FY02	Q4FY03	Q4FY02	Q4FY03	Q4FY02
VSF	397.3	361.6	125.0	95.9	851	879	60%	42%
Chemical	70.0	57.1	5.9	(14.1)	211	228	11%	(24%)
Cement	587.4	538.8	58.3	94.8	2,088	2,055	12%	19%
Sponge Iron	117.8	89.2	29.8	(0.4)	498	570	22%	(0%)
Textile	64.3	58.1	(7.4)	(16.5)	109	133	(25%)	(35%)
Unallocated			23.6	39.3	1,923	1,554	--	--
Company as a whole	1,211.3	1,111.1	235.2	199.1	5,679	5,419	17%	16%

* Before employee separation cost

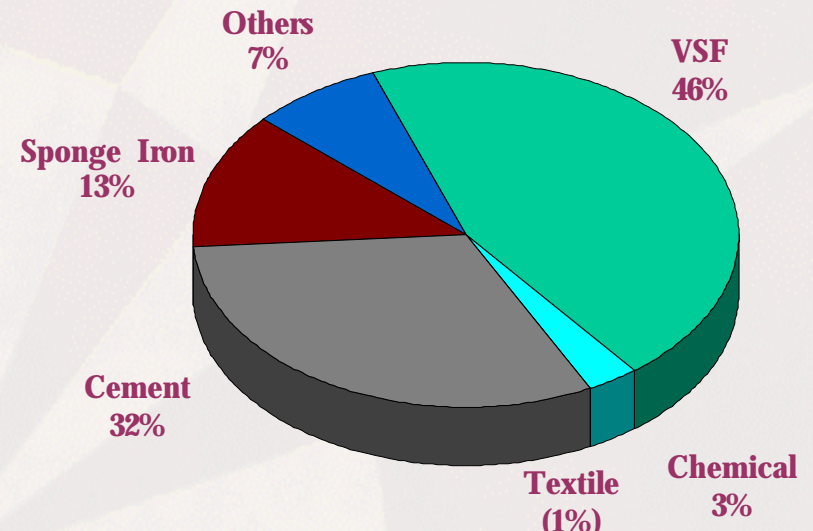
\$ Deferred Tax is treated as part of Capital Employed

Revenue Mix



Q4 FY03 (Rs. 1,211 Crs.)

PBIDT Mix



Q4 FY03 (Rs. 301 Crs.)

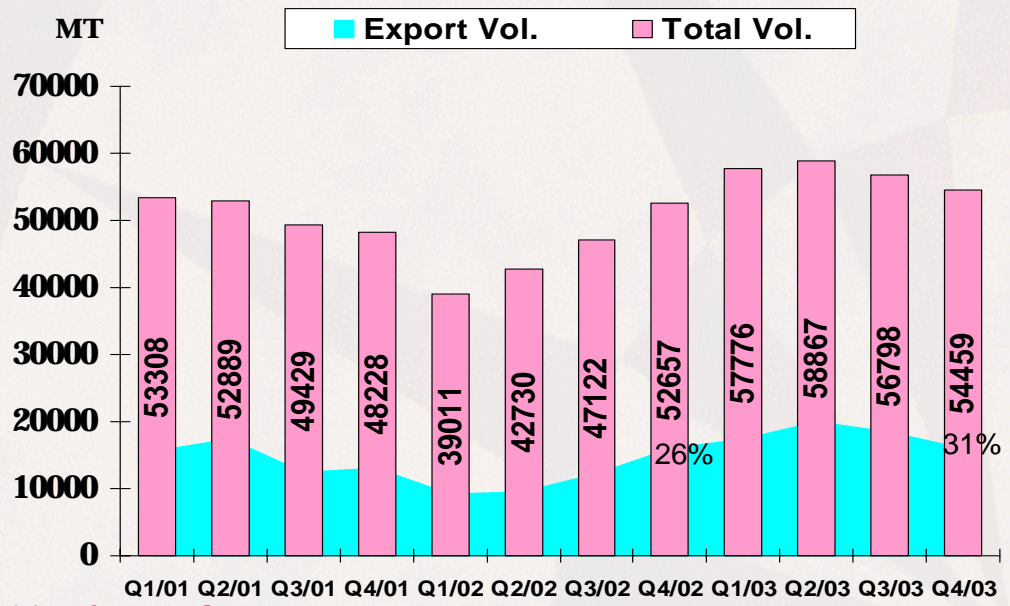


Business Review - FY03



Viscose Staple Fibre : Highlights

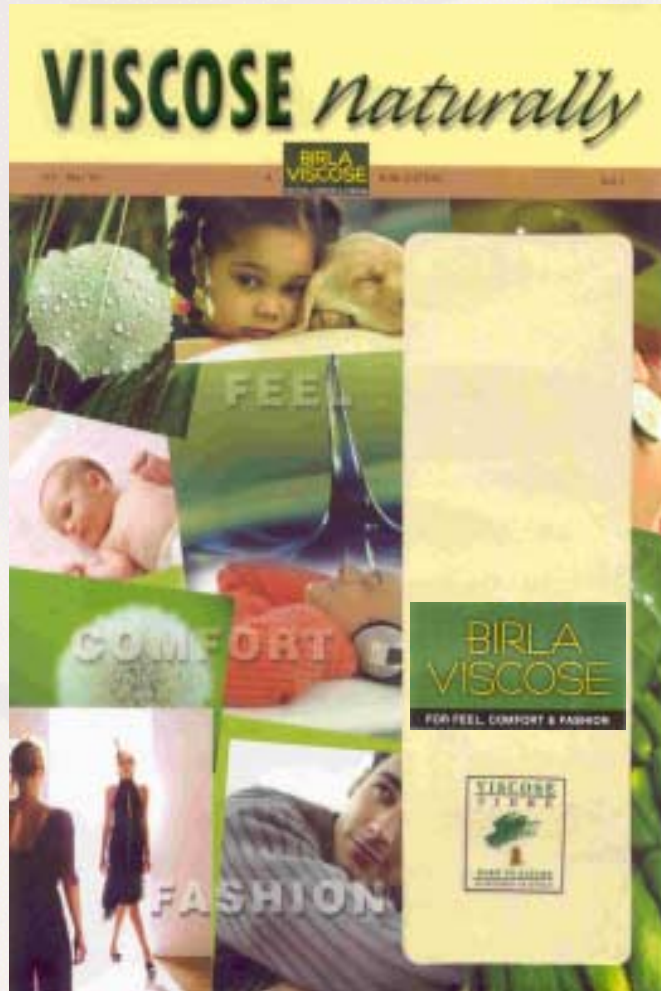
	FY03	FY02	% Chg.
Capacity (TPA)	220,775	220,775	-
Production (MT)	224,610	176,462	27
Sales Volumes (MT)	227,900	181,520	26
Net Turnover (Rs Crs.)	1,642.8	1,328.5	24
Realisation (Rs./MT)	67,921	68,511	(1)
PBIDT Margin ¹ (%)	36%	27%	-
PBIT ¹ (Rs. Crs.)	543.8	305.9	78



(1) Before Employee Separation Costs

- Excellent performance- All time high sales volume, profitability and margin
 - Production up by 27%; capacity utilisation up at 102%
- Sales up 26% helped by stronger deemed exports
 - Exports up 52% YoY; accounts to 31% of sales volume
 - ⇒ Improved global demand and aggressive marketing efforts
 - ⇒ Optimal leveraging of superior fibre quality
 - Domestic sales higher by 16%
 - ⇒ Focus on customer value creation
 - ⇒ Service beyond VSF
- Full year realisation down marginally; but up by 5% YoY in Q4FY03
- Operating margin up from 27% to 36%
 - Improved economies of scale
 - Lower pulp prices and lower chemical costs
 - Benefits of Mavoor Plant closure

Viscose Staple Fibre : Outlook



- **Water shortage at Nagda may be a concern**
 - **Scanty rainfall in M.P.**
 - **Nagda operation may have to be suspended ahead of monsoon**
 - **Customer unlikely to be affected as adequate inventory has been built up**
- **Domestic demand to remain flat. Export growth dependent on geopolitical conditions and global economic activities**
- **Margins may come under pressure**
 - **Rising input costs; Pulp, Caustic Soda and Sulphur**
 - **Cost pressures to be off set partially by enhanced efficiencies**
- **Grasim will remain focused on market enlargement for growth**
 - **Product and application development efforts to remain at the fore**
 - **De-bottlenecking opportunities being explored**



Viscose Staple Fibre : Summary

		Q4FY03	Q4FY02	% Chg.	FY03	FY02	% Chg
Capacity	TPA	220,775	220,775	-	220,775	220,775	
Production	MT	58,384	57,588	1	224,610	176,462	27
Sales Volumes	MT	54,459	52,657	3	227,900	181,520	26
Net Turnover	Rs. Crs.	397.0	361.6	10	1,642.8	1,328.5	24
Avg. Realisation	Rs./MT	68,606	65,416	5	67,921	68,511	(1)
PBIDT *	Rs. Crs.	137.0	107.9	27	591.6	354.1	67
PBIDT Margin *	%	35	30		36	27	
PBIT *	Rs. Crs.	125.0	95.9	30	543.8	305.9	78
Capital Employed	Rs. Crs.	851	879	(3)	851	879	(3)
ROAvCE(PBIT basis)	%	60	42		65	33	

* Before Employees Separation Cost



Cement : Highlights

	FY03	FY02	% Chg.
Grey Cement			
Capacity (Mn TPA)	@ 12.92	# 11.37	14
Production (Mn MT)	11.09	9.53	16
Sales Volumes (Mn MT)	11.16	9.68	15
Net Turnover (Rs. Crs.)	2,002.3	1,926.3	4
Realisation (Rs./MT)	1,690	1,917	(12)
White Cement			
Capacity (TPA)	400,000	400,000	--
Production (MT)	310,163	267,915	16
Sales Volumes MT)	305,223	266,105	15
Net Turnover (Rs.Crs.)	180.3	143.6	26
Realisation (Rs./MT)	5,534	5,317	4
PBIDT Margin ¹ (%)	17	23	--
PBIT ¹ (Rs. Crs.)	222.0	338.7	(34)

1Mn TPA Grinding Unit at Bhatinda was commissioned in December 2001

@ Capacity expanded at the year end by 1.55 Mn. MT

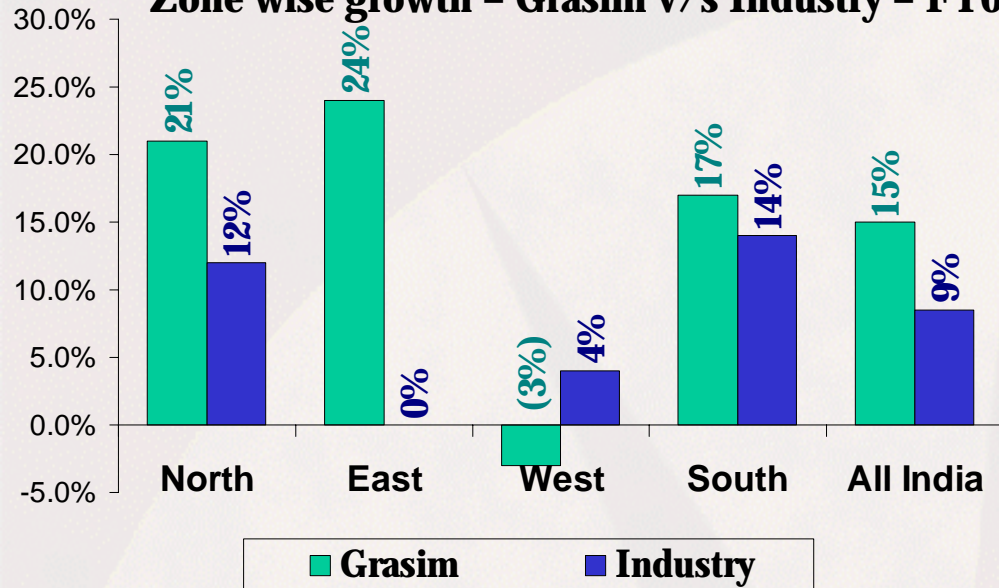
1 Before Employee Separation Costs

- **Strong volume growth continue to outperform the industry**
 - Sales volume up 15% against industry average of 9%
- **Impressive growth across regions, except in West**
 - First full year of operations at Bhatinda
 - Realignment of focus markets in East
- **Grey Cement revenue up 4%**
 - Increase share of Blended cement – up from 19% to 34%
 - Enhanced contribution from RMC
- **White Cement :**
 - Sales volume up 15%; pushed market share to 58%
 - Repositioning of the products
 - ⇒ Introduction of various new products
 - Realisation up by 4%
 - Higher power cost due to costly grid power but reduction in fuel cost by using alternate fuels.



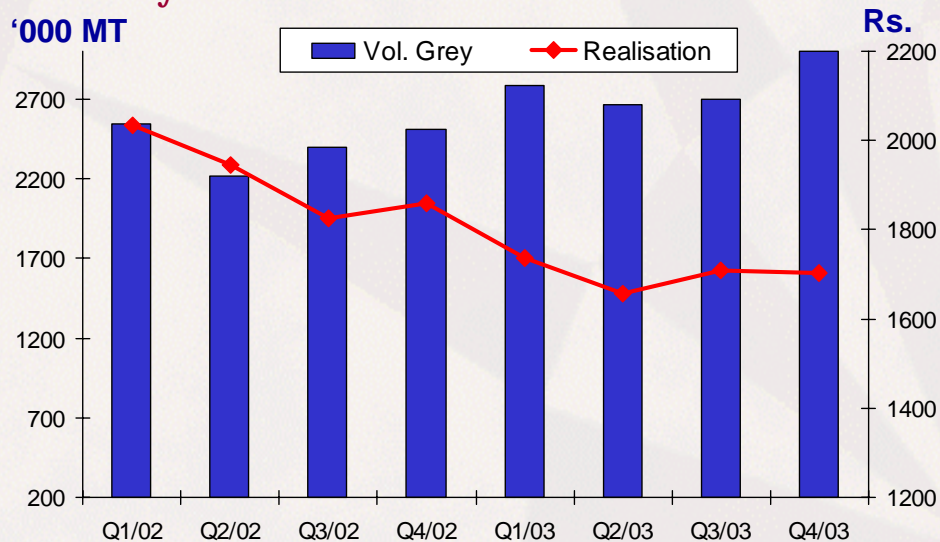
Cement : Highlights (Contd..)

Zone wise growth – Grasim v/s Industry – FY03



- Average realisation for full year lower by 12%
- Operating margin declined as a result - down from 23% to 17%
- Improved efficiencies could mask the impact only partially
 - Increased thru put from existing lines, supported by change in product mix to blended cements
 - Use of alternate fuels helped reducing fuel cost by 4%
 - Power consumption lower by 2 units/per MT
 - Freight cost is down by 9%

Grey Cement Sales Vol. and Realisation /Ton





Cement: Outlook

- **Industry outlook may remain challenging in the short term**
 - **Demand Supply imbalance in South / West likely for 3 years**
 - **Release of latent capacities thru de-bottlenecking/blending**
 - **A poor monsoon could add further pressure**
- **Demand growth will be around 8% in medium term**
 - **Infrastructure remains a thrust area**
 - ⇒ **Growing emphasis on roads, bridges and urban infrastructure**
 - ⇒ **Flyovers, expressways and concretization of roads by the State Governments**
 - ⇒ **North-South and East-West corridors and Golden Quadrilateral Project to drive demand growth in the short term**
 - **Growth in housing demand remains strong, augurs well to cement consumption**
- **Demand Supply equilibrium unlikely before FY06/FY07**
 - **Revival of dormant capacities and de-bottlenecking/blending to result in regular rise in supplies**
 - **Balance likely only by FY07 in South & West**
 - **North & East could see equilibrium by FY05**
- **Pricing pressure to continue in the near future**



Cement: Outlook (Contd.)

Grasim : Plant Wise Installed Capacity	(Mn. MT)
Rajashree Cement, Malkhed & Grinding Unit Hotgi	4.00
Vikram Cement & Bhatinda Grinding Unit	4.20
Grasim Cement, Raipur	2.06
Aditya Cement, Shambhupura	1.50
Cement Division South, Reddipalayam	1.16
TOTAL	12.92

- **Grasim will focus on**

- Leveraging benefits of recent expansion and further enhancement of capital productivity
- Changing product/market mix to ensure superior realisation
- Reducing energy costs thru use of alternate fuel and setting up TPP
- Controlling and reducing distribution cost thru logistic planning and tie ups





Cement : Summary

		Q4FY03	Q4FY02	% Chg.	FY03	FY02	% Chg.
<u>Grey Cement</u>							
Capacity	Mn. MT	@ 12.92	# 11.37	14	@ 12.92	# 11.37	14
Production	Mn. MT	2.97	2.48	20	11.09	9.53	16
Sales Volumes	Mn. MT	3.00	2.51	19	11.16	9.68	15
Net Turnover	Rs. Crs.	540.3	495.3	9	2,002.3	1,926.3	4
Avg Realisation	Rs./MT	1,702	1,861	(9)	1,690	1,917	(12)
<u>White Cement</u>							
Capacity	TPA	400,000	400,000	-	400,000	400,000	-
Production	MT	87,312	78,037	12	310,163	267,915	16
Sales Volumes	MT	85,636	79,421	8	305,223	266,105	15
Net Turnover	Rs. Crs.	47.2	43.7	8	180.3	143.6	26
Avg Realisation	Rs./MT	5,254	5,351	(2)	5,534	5,317	4
PBIDT *	Rs. Crs.	95.1	129.3	(26)	360.2	469.0	(23)
PBIDT Margin *	%	16	24	-	17	23	-
PBIT *	Rs. Crs.	58.3	94.8	(39)	222.0	338.7	(34)
Capital Employed	Rs. Crs.	2,088	2,055	2	2,088	2,055	2
ROAvCE (PBIT basis)	%	12	19		11	17	

* Before Employees Separation Cost

1 Mn MT Bhatinda Grinding Unit commissioned in December 2001

@ Capacity expanded at the year end by 1.55 Mn. MT



Chemical

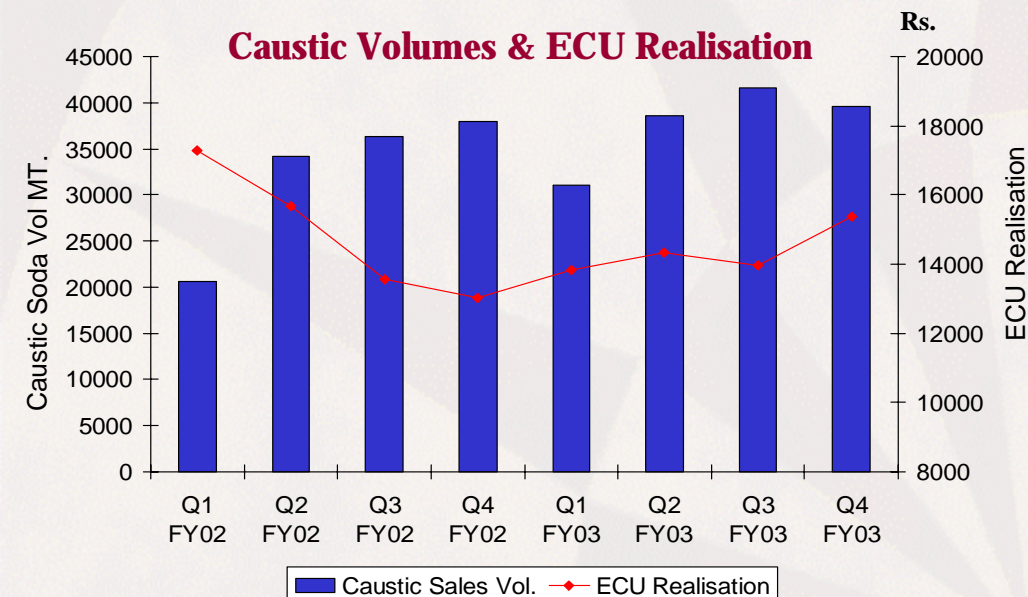
	FY03	FY02	% Chg
Caustic Capacity (TPA)	190,800	160,600	19
Caustic Production (MT)	151,445	129,784	17
Caustic Sales Volumes (MT)	150,825	129,051	17
Net Turnover (Rs Crs.)	255.9	219.3	17
ECU Realisation (Rs./MT)	14,402	14,564	(1)
PBIDT Margin ¹ (%)	21	13	--
PBIT ¹ (Rs. Crs.)	38.4	11.4	236

Highlights

- Capacity increased from 160,600 MT to 190,800 MT
- Capacity utilisation up from 81% to 90%
- Sales volumes up by 17% on improved domestic demand
- ECU realisation down by 1%
 - Fall in Caustic prices offset by improved realisation in Chlorine & Hcl
- Margin improved
 - Economies of scale
 - Increased sale volume of ancillary product on account of exports combined with improved realisation

Outlook

- ECU realisation to stay flat at current level
 - Margins to remain stable as a result
- Grasim to focus on
 - Optimum utilisation of the resources
 - Exports of Chlorine, Hcl and PAC
 - Cost optimisation



(1) Before Employee Separation Costs



Chemical : Summary

		Q4FY03	Q4FY02	% Chg.	FY03	FY02	% Chg.
Capacity (Caustic)	MT	190,800	160,600	19	190,800	160,600	19
Production (Caustic)	MT	39,653	37,928	5	151,445	129,784	17
Sales Volume(Caustic)	MT	39,563	37,968	4	150,825	129,051	17
Net Turnover	Rs. Crs.	70.4	57.7	22	255.9	219.3	17
Avg. ECU Realisation	Rs./MT	15,360	13,035	18	14,402	14,564	(1)
PBIDT *	Rs. Crs.	9.8	(11.0)	189	54.3	27.7	96
PBIDT Margin *	%	14	(19)	--	21	13	--
PBIT *	Rs. Crs.	5.9	(14.1)	142	38.4	11.4	236
Capital Employed	Rs. Crs.	211	228	(7)	211	228	(7)
ROAvCE (PBIT basis)	%	11	(24)	--	18	5	--

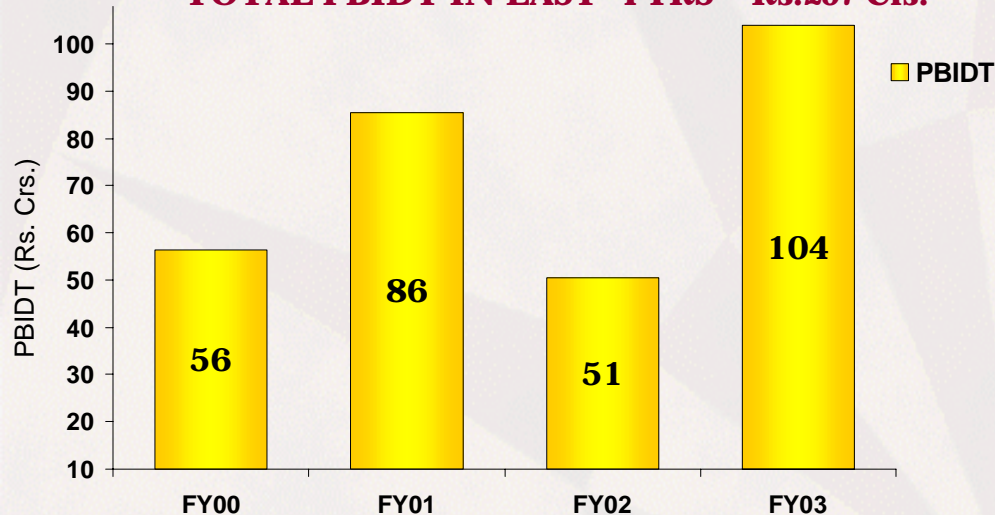
* Before Employee Separation Cost



Sponge Iron

	FY03	FY02	% Chg.
Capacity (TPA)	900,000	900,000	-
Production (MT)	612,879	559,567	10
Sales Volumes (MT)	612,425	562,334	9
Net Turnover (Rs Crs.)	405.9	331.6	22
Realisation (Rs./MT)	6,379	5,606	14
PBIDT ¹ Margin (%)	26	15	--
PBIT ¹ (Rs. Crs.)	66.6	11.9	461

TOTAL PBIDT IN LAST 4 YRS – Rs.297 Crs.



STRATEGY OF ASSET SWEATING PAYS OFF

(1) Before Employee Separation Costs

Highlights

- Excellent performance - highest ever operating profit
- Capacity utilisation up from 62% to 68%
 - Improved availability of Natural Gas
 - Higher realisations enabled use of Naptha
 - Sales volume up by 9% as a result
- Average realisation increased by 14% helped by rising global scrap prices
- Margins up from 15% to 26% as a result of :
 - Improved realisation
 - Enhanced productivity gain
 - Favorable raw material mix

Outlook

- Global scrap prices likely to stabilise at current levels
- Positive outlook for demand and prices
 - Turnaround in steel sector
- Natural Gas availability and its price remains a concern
- Grasim will remain focused on assets sweating
 - No significant capex in past 4 years
 - Business has generated a PBIDT of Rs.297 Crs. in last 4 years



Sponge Iron : Summary

		Q4FY03	Q4FY02	% Chg.	FY03	FY02	% Chg.
Capacity	TPA	900,000	900,000	--	900,000	900,000	--
Production	MT	164,271	128,628	28	612,879	559,567	10
Sales Volumes	MT	158,987	156,999	1	612,425	562,334	9
Net Turnover	Rs. Crs.	117.7	89.2	32	405.9	331.6	22
Avg Realisation	Rs./MT	7,136	5,225	37	6,379	5,606	14
PBIDT *	Rs. Crs.	38.5	9.3	315	103.6	50.6	105
PBIDT Margin *	%	33	10	--	26	15	--
PBIT *	Rs. Crs.	29.8	(0.4)	--	66.6	11.9	461
Capital Employed	Rs. Crs.	498	570	(13)	498	570	(13)
ROAvCE (PBIT basis)	%	22	(0)	--	13	2	--

* Before Employees Separation Cost



Textiles

	FY03	FY02	% Chg.
Sales Volumes			
- Fabrics (lac Mtrs.)	127	181	(30)
- Synthetic Yarn (MT)	8,043	8,444	(5)
Net Turnover (Rs Crs.)	220.4	268.2	(18)
Fabric Realisation (Rs./Mtr)	101	100	1
Synth. Yarn Realisation (Rs./Kg)	113	106	6
PBIDT Margin¹ (%)	(4)	(8)	--
PBIT¹ (Rs. Crs.)	(22.1)	(37.7)	41

(1) Before Employee Separation Costs



ANDAAZ ZARA HAT KE!

Highlights

- **Restructuring benefits showing up**
 - Loss at operating level reduced by Rs.12
 - Fabric sales volume down 30% reflecting strategic shift away from un-remunerative segments
 - Focusing on premium synthetic segment

Outlook

- **Grasim, Graviera and sub-brands production started at single location at Bhiwani**
- **Full benefit of sale of Gwalior Unit and consolidated operations at Bhiwani to be further reflected in ensuing quarters**
- **Improved economies of scale and reduced labour costs to bring down production costs and enable business turnaround**



Textiles : Summary

		Q4FY03	Q4FY02	% Chg.	FY03	FY02	% Chg.
Net Turnover	Rs. Crs.	60.9	56.6	8	220.4	268.2	(18)
PBIDT *	Rs. Crs.	(3.7)	(12.1)	69	(8.4)	(20.6)	59
PBIDT Margin *	%	(6)	(21)	--	(4)	(8)	--
PBIT *	Rs. Crs.	(7.4)	(16.5)	55	(22.1)	(37.7)	41
Capital Employed	Rs. Crs.	109	133	(18)	109	133	(18)
ROAvCE (PBIT basis)	%	(25)	(35)		(18)	(20)	

** Before Employees Separation Cost*

Capex and Financial Highlights



Capex Plan

Rs. Crores

	Total	Capex		Completion Schedule
		FY04	FY05	
A <u>New Projects :</u>				
<ul style="list-style-type: none"> - Cement Capacity Expansion <li style="padding-left: 20px;">- Debottlenecking/Blending etc. <li style="padding-left: 20px;">- Grinding Unit Expansion 	159	111	48	FY04
<ul style="list-style-type: none"> - Power Plants (Cement units) <li style="padding-left: 20px;">- Tamil Nadu 12.5 MW (GS) <li style="padding-left: 20px;">- Karnataka 23 MW (RC) <li style="padding-left: 20px;">- Madhya Pradesh 2 * 23 MW (VC) 	23	22	1	FY04
	53	12	41	FY05
	205	30	115	FY06
<ul style="list-style-type: none"> - Fibre Application Development and Speciality Fibre development, De-bottlenecking 	58	43	15	FY04
Sub Total (A)	499	217	221	



Capex Plan (Contd..)

Rs. Crores

	Total	Capex	
		FY04	FY05
<u>B Modernisation :</u>			
- VSF	106	83	17
- Cement	218	162	56
- Chemical	18	18	-
- Textile	6	6	-
<u>C Other Capex :</u>	19	9	9
Total	865	495	303

● **FY03 Capex - Rs.283 Crores**

- **Cement** **189**
- **Fibre** **42**
- **Chemical** **12**
- **Textile** **9**
- **Others** **31**



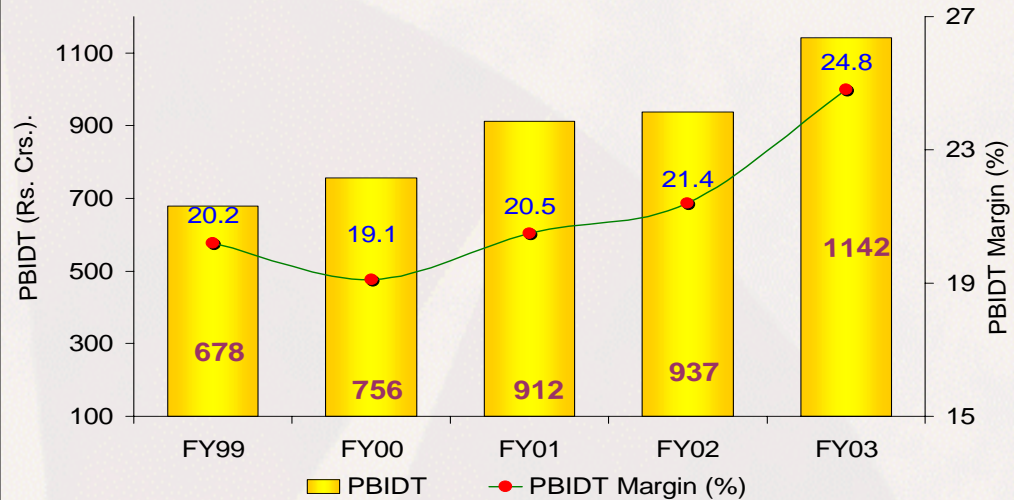
Profitability Snapshot

<i>(Figures in Rs. Crores)</i>	FY00	FY01	FY02	FY03
Gross Turnover	4,646	5,184	5,070	5,412
Net Turnover	3,962	4,453	4,372	4,609
PBIDT	756	912	937	1,142
PBIDT Margin (%)	19.1	20.5	21.4	24.8
Int. & Fin. Charges	256	239	190	168
PBDT	500	673	747	973
(Before Deferred Tax)				
PAT	251	371	438	527
PAT Margin (%)	6.3	8.3	10.0	11.4
EPS (Rs.)	27.4	40.4	47.8	57.5
CEPS (Rs.)	53.2	67.9	75.3	85.2
DPS (Rs.)	7.0	8.0	9.0	10.0
(After Total Tax)				
PAT[§]	168	341	387	542
EPS (Rs.)	18.3	37.1	42.2	59.1
Interest Cover (x)	2.9	3.6	4.6	5.6

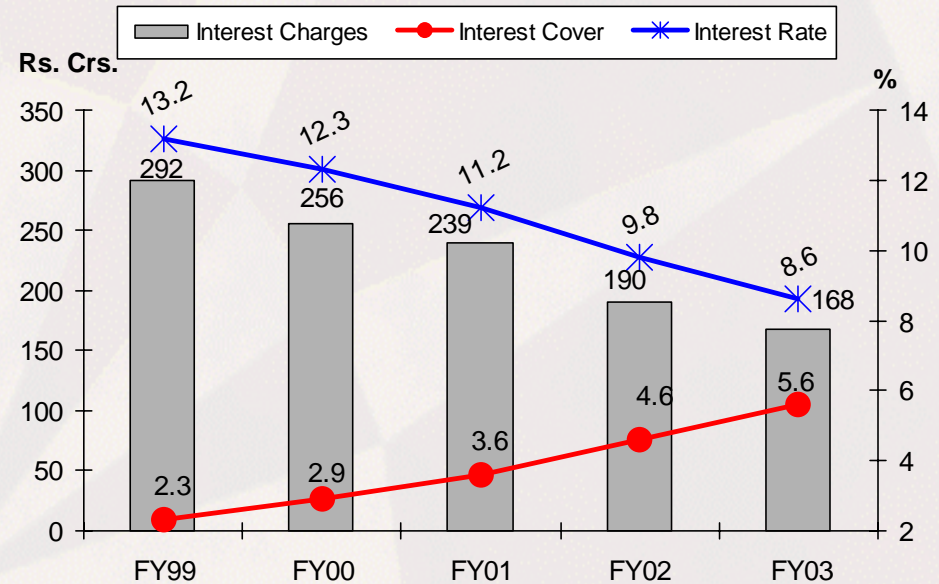
All Profitability numbers and EPS are before Exceptional Items

§ Figures for FY00 & FY01 have been restated for Deferred Tax provision to make them comparable

PBIDT & PBIDT Margin



Interest charges - Interest Cover - Interest Rate



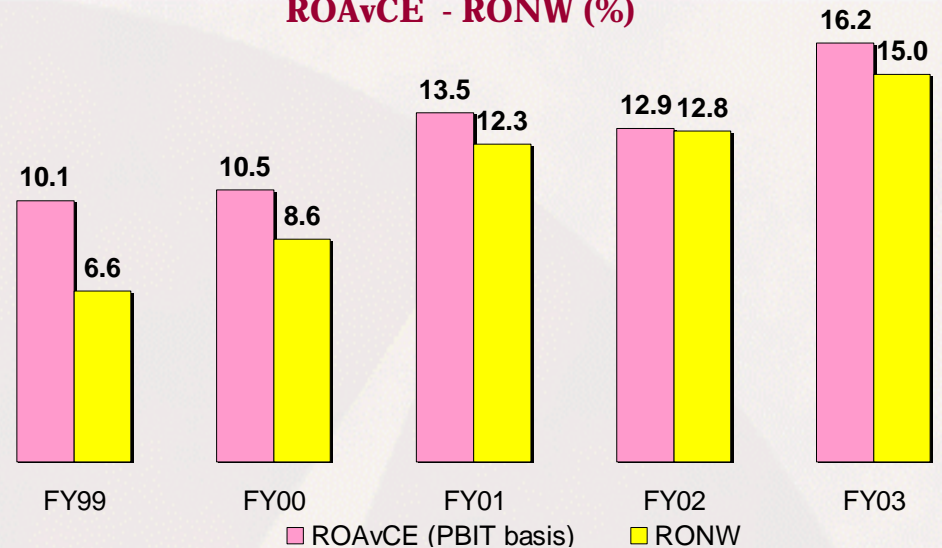


Financial Snapshot

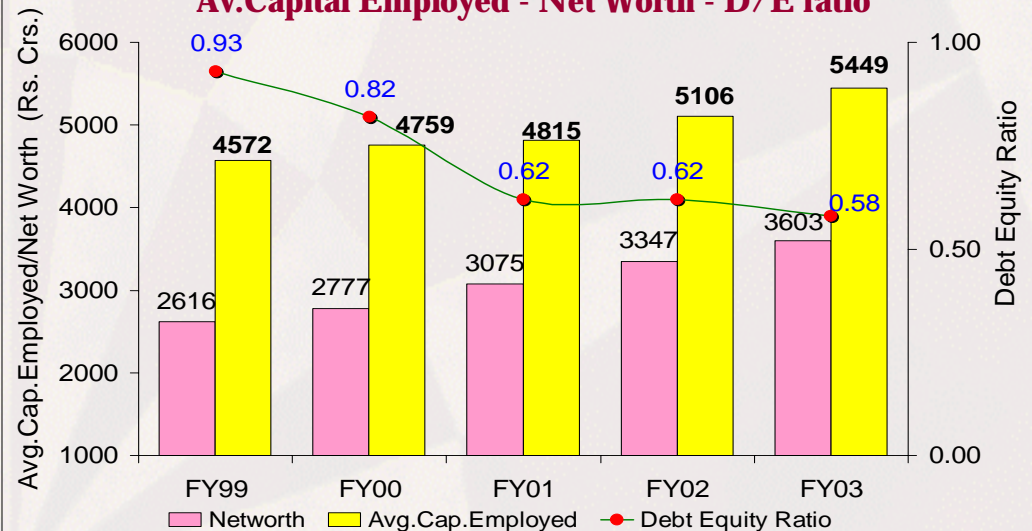
<i>(Figures in Rs. Crores)</i>	FY00	FY01	FY02	FY03
Gross Block	5,206	5,311	5,371	5,600
Net Block	3,401	3,303	3,263	3,270
Equity	92	92	92	92
Net Worth	2,777	3,075	2,707	2,977
Net Worth + Deferred Tax	2,777	3,075	3,347	3,603
Av.Capital Employed	4,759	4,815	5,106	5,449
Debt: Equity ** (x)	0.82	0.62	0.62	0.58
Book Value (Rs.)	303	335	365	393
ROAvCE (PBIT Basis) (%)	10.5	\$ 13.5	\$ 12.9	\$ 16.2
RONW (%)	8.6	\$ 12.3	\$ 12.8	\$ 15.0

*Ratios worked out considering deferred tax as part of Net Worth
 ** Both Long Term and Short Term debts considered in debts
 \$ Exceptional items eliminated in calculation of ROAvCE/RONW*

ROAvCE - RONW (%)



Av.Capital Employed - Net Worth - D/E ratio





Development on Open Offer for L&T

- Initial acquisition of 10.05% stake from Reliance on November 18, 2001 - amount invested Rs.776 Crs.
- Further acquisition of Shares from April 02 to 13th October 02 – 4.48% - amount invested Rs.197 Crs.
- Open offer announced on 14th October 2002 to acquire upto 20% of voting capital, @ Rs.190 per share
- Grasim & Samruddhi Swastik total holding (Lac Shares)

	On the day of Open Offer	Subsequent to Open Offer	Total	%
Grasim	359.98	--	359.98	14.48%
Samruddhi	1.24	20.56	21.80	0.88%
Total	361.22	20.56	381.78	15.35%
%	14.53%	0.83%	15.35%	

- Acquisition of shares - post open offer – 0.83% - amount invested Rs. 37 Crs.
- Total Investment made till date - Rs.1,010 Crores
- On November 8, 2002, SEBI advised not to proceed with Open Offer
- Appeal preferred to Securities Appellate Tribunal (SAT) and next hearing of the appeal is fixed for 6th June 2003
- SEBI completed the Investigation in Feb 03 and has cleared the Open Offer which now commences on 7th May, 2003
- Grasim has made an alternate proposal for vertical de-merger of cement business of L&T



Development on Open Offer for L&T cont.

- Revised Activity Schedule

	Dates Mentioned in Public Announcement	Revised dates wherever applicable
Public Announcement Date	Oct 14, 2002	No Change
Specified Date	Oct 14, 2002	No Change
Last date for competitive bid	Nov 04, 2002	No Change
Offer opening date	Dec 09, 2002	May 07, 2003
Last date for revising the Offer Price/number of shares	Dec 29, 2002	May 27, 2003
Offer closing date	Jan 07, 2003	June 05, 2003
Date by which the acceptance / rejections would be dispatched	Feb 06, 2003	July 05, 2003



Grasim - Consolidated Financial FY03

- Subsidiaries and Joint Ventures consolidated in CFS

Subsidiaries consolidated	% holding	JV's consolidated	% holding
Shree Digvijay Cement	62.4%	AV Cell Inc., Canada	16.67%
Sun God Trading	100%	Tanfac Industries	9.98%
Samrudhi Swastik	100%	Idea Cellular	7.34%



Grasim - Consolidated Financial FY03 contd...

Profitability

Rs. Crs.

	Grasim	Grasim & Subd.	JVs	Grasim + Sub.+ JV's	Variation due to consolid.
Total Revenues	5,512	5,698	120	5,817	305
PBIDT	1,142	1,150	17	1,167	25
Interest	168	197	12	209	41
Depreciation & Amortisation	254	264	21	285	31
PBT (before Exception Items)	719	689	(16)	673	(46)
Profit after current taxes (before Excep. Items & Def. Tax)	527	497	(16)	481	(46)
Profit after current and deferred tax (before Excep. Items)	542	526	(16)	510	(32)

- Net Worth will be impacted by Rs. 232 Crs. (Including consolidation of minority int. in losses)
- Nominal impact on ROCE and RONW due to consolidation



Focus And Strategy

Focus

- Deliver enhanced value to shareholders on a sustained basis

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 key growth driver going forward

GRASIM



ADITYA BIRLA GROUP

Thank You



Production Data (MT)

	Q4FY03			Q4FY02			FY03			FY02		
	Capacity TPA	Production	%	Capacity TPA	Production	%	Capacity TPA	Production	%	Capacity TPA	Production	%
VSF	220,775	58,384	106	220,775	57,588	104	220,775	224,610	102	220,775	176,462	80
Pulp	70,000	14,205	81	70,000	15,948	91	70,000	70,495	101	70,000	71,251	102
Caustic Soda	190,800	39,653	83	160,600	37,928	94	190,800	151,445	90	160,600	129,784	81
Grey Cement *	@ 12.92	2.97	104	# 11.37	2.48	93	@ 12.92	11.09	98	# 11.37	9.53	90
White Cement	400,000	87,312	87	400,000	78,037	78	400,000	310,163	78	400,000	267,915	67
Sponge Iron	900,000	164,271	73	900,000	128,628	57	900,000	612,879	68	900,000	559,567	62

* *Grey Cement numbers are in Mn. MT*

1 Mn MT Bhatinda Grinding Unit commissioned in December 2001

@ *Capacity increased at the year end by 1.55 Mn. MT*



Divisional Turnover - Qty & Realisation










Product	Quantity (MT)				Realisation (Rs. /MT)			
	Q4 FY03	Q4 FY02	FY03	FY02	Q4 FY03	Q4 FY02	FY03	FY02
VSF	54,459	52,657	227,900	181,520	68,606	65,416	67,921	68,511
Pulp	13,501	16,123	70,126	71,397	21,003	20,500	20,191	22,327
Caustic Soda *	39,563	37,968	150,825	129,051	15,360	13,035	14,402	14,564
Grey Cement * *	3.0	2.51	11.16	9.68	1,702	1,861	1,690	1,917
White Cement	85,636	79,421	305,223	266,105	5,254	5,351	5,534	5,317
Sponge Iron	158,987	156,999	612,425	562,334	7,136	5,225	6,379	5,606

* ECU Realisation

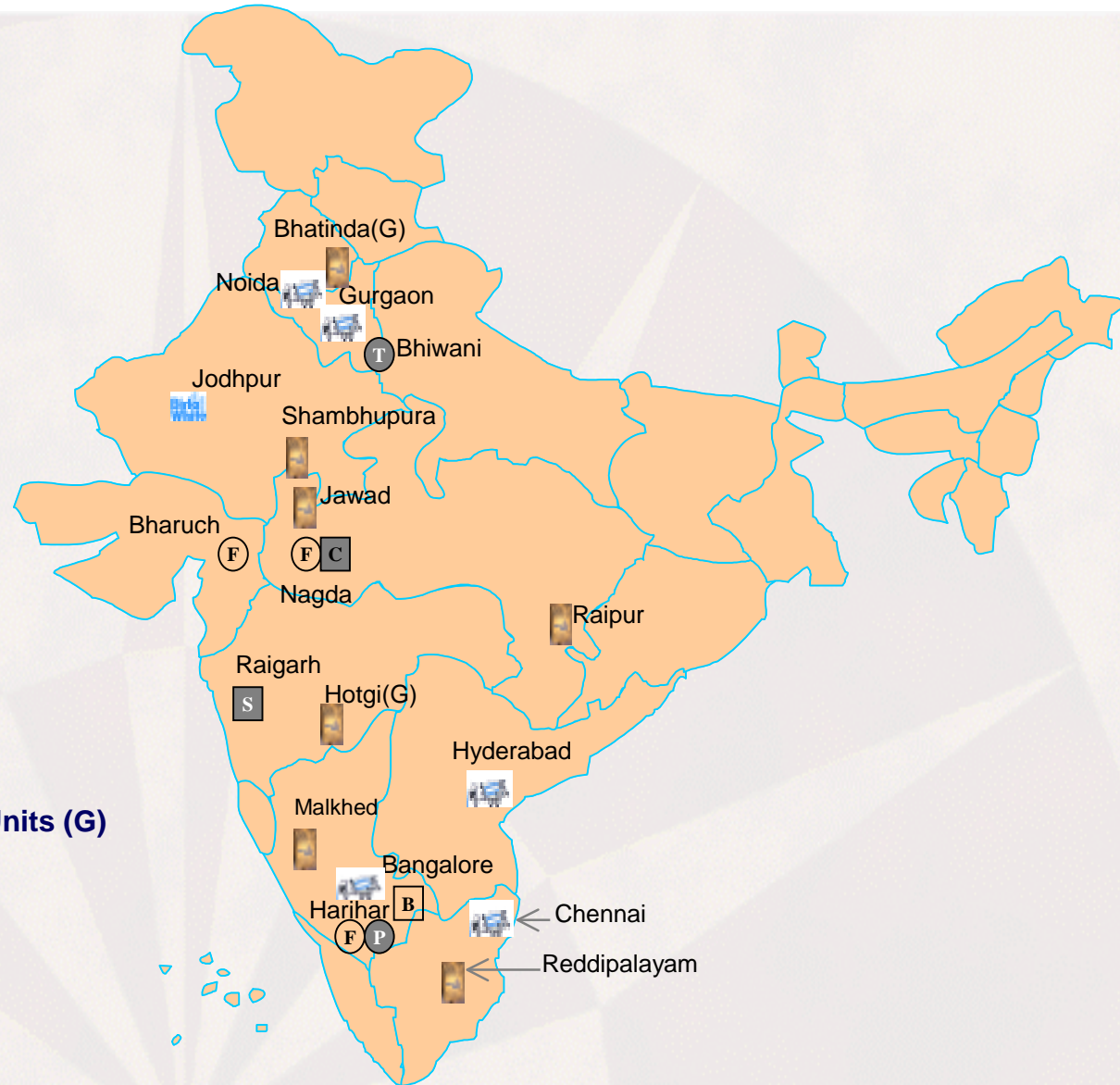
** Numbers are in Mn. MT.



Plant Locations

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

Not to scale





**GRASIM, THE ADITYA BIRLA GROUP'S FLAGSHIP COMPANY
REPORTS EXCELLENT PERFORMANCE FOR FY 2003**

Profit after Tax Up by 40%

Declares 100% Dividend, Raises payout by 25%

(Rs. Crores)

	Financial year ended 31.03.2003 (Audited)	Financial year ended 31.03.2002 (Audited)	Variation (%)
Net Turnover	4626.3	4386.6	5
PBIDT	1141.6	936.8	22
Interest	168.4	190.3	(12)
Gross Profit	973.2	746.5	30
Depreciation	254.1	251.7	1
Profit before Taxes and Exceptional Items	719.1	494.8	45
Total Tax Expenses	177.0	108.0	64
Net Profit after total taxes but before Exceptional Items	542.1	386.8	40

Grasim, the flagship Company of the Aditya Birla Group, has posted stellar performance for the financial year ended 31st March 2003. The Turnover is up by 5% at Rs.4626 crores while Gross Profit rose by 30% at Rs.973 crores. Net Profit after total tax expenses but before exceptional items is up by 40% at Rs.542 crores, despite making a substantially higher provision for tax expenses.

Three major factors have contributed to Grasim's impressive performance. These are, firstly, growth in volumes; secondly, improvement in operational efficiencies resulting from ongoing modernization efforts, plant up-gradation and energy optimization; and thirdly, lowering of financing cost through reduction and substitution of high cost debts coupled with effective working capital management.

Q4 FY 03 PERFORMANCE

(Rs. Crores)

	Quarter ended 31.03.2003	Quarter ended 31.03.2002	Variation (%)
Net Turnover	1211.3	1111.1	9
PBIDT	301.0	262.8	15
Interest	40.6	43.5	(7)
Gross Profit	260.4	219.3	19
Depreciation	65.8	63.7	3
Profit before Taxes and Exceptional Items	194.6	155.6	25
Total Tax Expenses	24.0	37.3	(36)
Profit after total taxes but before Exceptional Items	170.6	118.3	44

On a quarter-to-quarter basis too, the 4th quarter results have been satisfactory. Net profit after current taxes, but before exceptional items, was at Rs.171 crores, which is higher by 44% as compared to the corresponding quarter of the previous year.

Dividend

The Board of Directors has, at its meeting held today, recommended a dividend of 100% (Last year:90%). The Company will, in addition absorb Corporate Tax on Dividend (CTD) @ 12.81% of dividend. The total payout on this account (inclusive of the Corporate Tax on Dividend) would be Rs.103.4 crores (Rs.82.5 crores), an increase of 25% over the dividend paid in the previous year.

Exceptional Items

The Company has also provided for certain exceptional items:

	(Rs. Crores)	
	Current Year	Previous Year
Excess provision for income tax of earlier years written back	40.0	68.1
Loss on sale of investment	(-) 208.6	(-) 18.1
Loss on closure of Mavoor Plants	-	(-) 74.3
Loss on sale of Textile Division, Gwalior	-	(-) 31.9
Employees' separation cost	(-) 5.9	(-) 27.6

Consequent to the divestment of its stake in Mangalore Refinery and Petrochemicals Limited, the Company has provided for an exceptional charge of Rs. 209 crores, resulting from the loss on sale of equity shares to Oil and Natural Gas Corporation Limited. The Company has realised Rs.30 crores on the sale of these shares. This strategic decision is a cash-positive transaction.

The Company has written back Rs. 40 Crores an excess provision for taxation, as it is no longer required.

As the above items are exceptional and non-recurring in nature, these have been indicated separately below the line, so that the results for the current period and the corresponding period are comparable.

The tables below highlight Grasim's operations:

PRODUCTION/TURNOVER

Products		FY 2003	FY 2002	Variation
Production -				
Viscose Staple Fibre	M.T.	224610	176462	27%
Cement	Mn. M.T.	11.09	9.53	16%
White Cement	M.T.	310163	267915	16%
Sponge Iron	M.T.	612879	559567	10%
Caustic Soda	M.T.	151445	129784	17%
Sales Volumes -				
Viscose Staple Fibre	M.T.	227900	181520	26%
Cement	Mn. M.T.	11.16	9.68	15%
White Cement	M.T.	305223	266105	15%
Sponge Iron	M.T.	612425	562334	9%
Caustic Soda	M.T.	150825	129051	17%

Net Realisation

Products		FY 2003	FY 2002	Variation
Viscose Staple Fibre	Rs./M.T.	67921	68511	-1%
Cement	Rs./M.T.	1690	1917	-12%
White Cement	Rs./M.T.	5534	5317	4%
Sponge Iron	Rs./M.T.	6379	5606	14%
Caustic Soda (ECU)	Rs./M.T.	14402	14564	-1%

VSF Business

The VSF business has recorded an outstanding performance on account of improved productivity, cost optimization and higher sales volumes. Capacity utilisation was up at 102% from 80%. Sales

volumes soared by 26%, while the realizations were marginally lower as compared to the previous year.

The division's continuous efforts towards developing new applications and superior quality VSF in terms of feel, comfort, fashion and hygiene have paid rich dividends. To intensify these efforts, the Company is setting up VSF Research and Application Centre in Kharach involving a Capital outlay of Rs.27 Crores. The center is expected to be fully operational by 2005.

The Company's Fibre production at Nagda may be impacted in the 1st quarter of FY 2004 due to poor monsoons in the last year. The Company had taken a conscious decision to build up its inventory by running all its Fibre Plants at full capacity. This proactive step will help fulfill customer needs uninterruptedly and maintain near normal sales during the April/June quarter of the ensuing financial year.

Cement Business

The Cement business has registered an impressive growth both in production and sales volumes. Production at 11.09 million tonnes and sales at 11.16 million tonnes have risen in comparison to the previous year. The share of blended cement in the total cement production increased from 19% to 34% during the year. However, lower realisation has impacted operating margins. This could partly be offset by higher sales volumes and constant cost cutting measures in operations and logistics.

To leverage its brand equity, Birla Plus, Birla Super and Birla Ready Mix have been identified as national brands. Regional brands will be gradually phased out.

The Company has incurred a capex of Rs.189 crores, towards setting up of two power plants of 23 MW and 12.5 MW capacity at Aditya Cement and Grasim Cement (South) respectively and ongoing modernization and capacity expansion through de-bottlenecking. The Power plant at Aditya Cement was commissioned in March, 2003 at a cost of Rs.84 crores. The Power Plant at Grasim Cement (South) is likely to be on stream by June, 2003.

Implementation of ongoing modernization and Capacity expansion projects through de-bottlenecking has enabled the raise in the cement capacity to 12.92 million MT.

The renewed focus on the infrastructure sector in the current budget by the Government and the expected strong growth in the housing sector should enable the cement business to improve its performance in the ensuing years.

Chemical Business

Despite declining ECU realizations and higher power cost due to the levy of electricity cess by Madhya Pradesh Electricity Board, Chemical business has done well. The capacity utilization was up at 90% (81%). Sales volumes at 150825 MT grew by 17% over the previous year.

To maintain operations at optimum level and improve profitability, the Company aims to focus on maximum utilisation of capacity and R&D efforts towards development of ancillary products for more value addition and value realisation.

Sponge Iron Business

The division posted all round improved performance during the year under review. Production and Sales volumes recorded growth of 10% and 9% at 612879 MT and 612425 MT respectively. Realisations were higher by 14% as compared to the previous year.

However, a major concern still continues to be the availability of Natural Gas and its pricing in the Domestic Market.

The outlook for Sponge Iron Business remains positive as demand for steel is on an upswing, both in the domestic and international markets.

Outlook

Grasim's outlook continues to be bright with all its major businesses contributing to the improved performance. The Company's focus on operational excellence, cost optimization, effective financial management, continuous restructuring of business processes together with the expected improvement in cement sector should bode well for the Company in the times ahead.

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**AUDITED FINANCIAL RESULTS
FOR THE YEAR ENDED ON 31st MARCH, 2003**

Rs in crores

	Nine Months Ended 31st December 2002	Three Months Ended 31st March 2003	Three Months Ended 31st March 2002	Year ended 31st March 2003 (Audited)	Year ended 31st March 2002 (Audited)	Consolidated Financial Results for the year ended 31st March 2003 (Audited)
Net Sales / Income from Operations	3,414.95	1,211.34	1,111.10	4,626.29	4,386.64	4,903.62
Other Income	60.12	55.72	58.76	115.84	114.62	121.15
Total Expenditure						
- Decrease / (Increase) in Stock	35.74	(19.04)	23.07	16.70	95.42	20.01
- Raw Material Consumed	837.85	338.06	271.64	1,175.91	996.15	1,227.46
- Purchases of Finished Goods	10.94	6.68	30.61	17.62	245.71	17.53
- Payment to & Provision for Employees	234.86	91.46	83.40	326.32	321.87	357.06
- Power & Fuel	632.61	222.92	195.67	855.53	739.28	916.07
- Freight , Handling & Other expenses	377.98	130.70	115.20	508.68	510.56	532.16
- Other Expenditure	504.40	195.30	187.47	699.70	655.49	788.45
Total Expenditure	2,634.38	966.08	907.06	3,600.46	3,564.48	3,858.74
Interest	127.81	40.60	43.51	168.41	190.25	209.14
Gross profit	712.88	260.38	219.29	973.26	746.53	956.89
Depreciation / Amortisation	188.39	65.75	63.72	254.14	251.70	284.07
Profit before Exceptional Items and Tax	524.49	194.63	155.57	719.12	494.83	672.82
Tax Provision of earlier years written back	-	40.00	-	40.00	68.11	39.76
Loss on Sale of Shares in MRPL / Subsidiary	-	(208.62)	-	(208.62)	(18.11)	(208.62)
Retrenchment Compensation	-	-	(0.03)	-	(55.33)	-
Write-down of Fixed Assets on Retirement from active use	-	-	-	-	(19.01)	-
Loss on sale of a Textile Unit	-	-	(15.00)	-	(15.00)	-
Loss on sale of Assets of a Textile Unit	-	-	(16.93)	-	(16.93)	-
Employees separation cost	(4.40)	(1.52)	(7.08)	(5.92)	(27.60)	(18.61)
Profit before Tax Expense	520.09	24.49	116.53	544.58	410.96	485.35
Provision for Current Tax	(136.00)	(56.00)	(19.50)	(192.00)	(56.50)	(192.21)
Deferred Tax	(17.00)	32.00	(17.80)	15.00	(51.50)	29.25
Net Profit	367.09	0.49	79.23	367.58	302.96	322.39
Paid up Equity Share Capital (Face Value Rs. 10 per share)	91.69	91.69	91.69	91.69	91.69	91.69
Reserves excluding Revaluation Reserve				2,879.35	2,615.19	2,639.82
Basic & Diluted EPS for the period (Rupees)	40.04	0.05	8.64	40.09	33.04	35.16
Aggregate of Non-Promoter Shareholding						
- Number of Shares				72954440	72951240	
- Percentage of Shareholding				79.58%	79.58%	

Notes:

- The Company has sold 15,03,79,023 shares of Manglore Refinery and Petrochemicals Ltd. (MRPL), being its entire holding in MRPL. The Company has incurred a 'loss on sale of Investments' of Rs.208.62 Cores, which has been accounted for and shown as exceptional item.
- During the previous quarter, the Company and its wholly owned subsidiary, Samruddhi Swastik Trading and Investments Limited (Samruddhi), made an open offer to acquire upto 20% of total subscribed and fully paid-up equity capital of Larsen & Toubro Ltd. However, Securities and Exchange Board of India (SEBI) had vide its letter dated November 8, 2002, directed the Company and its subsidiary to not to proceed with the open offer formalities, which restriction has since been withdrawn by the SEBI on 22nd April, 2003. The Company and its Subsidiary are accordingly proceeding with its open offer.
- Consolidation has been made by applying Accounting Standard 21 - "Consolidation of Accounts" and Accounting Standard 27 - "Financial Reporting of Interest in Joint Ventures" issued by the Institute of Chartered Accountants of India.
In previous year Joint Ventures were accounted for as investments under Accounting Standard 13 - "Accounting for Investments" and the same have been accounted for as Joint Venture under Accounting Standard 27 in this year in Consolidated Financial Results. Accordingly, the figures for the previous year are not given.
- The Board of Directors have recommended a dividend of Rs.10 per share aggregating to Rs.103.41 Crores (including Dividend Tax).

5. Segments Reporting:

Rs. in Crores						
	Nine Months Ended 31st December 2002	Three Months Ended 31st March 2003	Three Months Ended 31st March 2002	Year ended 31st March 2003 (Audited)	Year ended 31st March 2002 (Audited)	Consolidated Financial Results for the year ended 31st March 2003 (Audited)
1. SEGMENT REVENUE						
a Fibre & Pulp	1,246.37	397.29	361.59	1,643.66	1,328.83	1,687.88
b Cement	1,599.89	587.41	538.80	2,187.30	2,074.85	2,350.79
c Sponge Iron	288.22	117.75	89.19	405.97	331.66	405.97
d Chemicals	186.75	69.96	57.13	256.71	219.93	256.71
e Textiles	166.76	64.30	58.13	231.06	276.12	231.06
f Others	4.70	1.03	39.94	5.73	270.68	75.44
TOTAL	3,492.69	1,237.74	1,144.78	4,730.43	4,502.07	5,007.85
(Less) : Inter Segment Revenue	(77.74)	(26.40)	(33.68)	(104.14)	(115.43)	(104.23)
Net Sales / Income from Operations	3,414.95	1,211.34	1,111.10	4,626.29	4,386.64	4,903.62
2. SEGMENT RESULTS						
a Fibre & Pulp	418.82	124.99	95.90	543.81	305.89	540.55
b Cement	163.77	58.25	94.81	222.02	338.67	227.46
c Sponge Iron	36.72	29.84	-0.38	66.56	11.86	66.56
d Chemicals	32.46	5.92	-14.09	38.38	11.42	38.38
e Textiles	(14.71)	(7.41)	(16.47)	(22.12)	(37.71)	(22.12)
f Others	(4.05)	(0.03)	3.22	(4.08)	0.22	(4.53)
TOTAL	633.01	211.56	162.99	844.57	630.35	846.30
Add / (Less) :						
Interest	(127.81)	(40.60)	(43.51)	(168.41)	(190.25)	(209.14)
Net Unallocable Income / (Expenditure)	19.29	23.67	36.09	42.96	54.73	35.66
Profit before Exceptional Items and Tax Expense	524.49	194.63	155.57	719.12	494.83	672.82
Tax Provision of earlier years written back	-	40.00	-	40.00	68.11	39.76
Loss on Sale of Shares in MRPL / Subsidiary	-	(208.62)	-	(208.62)	(18.11)	(208.62)
Retrenchment Compensation	-	-	(0.03)	-	(55.33)	-
Write-down of Fixed Assets on Retirement from active use	-	-	-	-	(19.01)	-
Loss on sale of a Textile Unit	-	-	(15.00)	-	(15.00)	-
Loss on sale of Assets of a Textile Unit	-	-	(16.93)	-	(16.93)	-
Employees separation cost	(4.40)	(1.52)	(7.08)	(5.92)	(27.60)	(18.61)
Profit Before Tax Expenses	520.09	24.49	116.53	544.58	410.96	485.35
3. CAPITAL EMPLOYED						
a Fibre & Pulp	803.46	850.57	879.24	850.57	879.24	873.15
b Cement	2,043.06	2,087.69	2,055.10	2,087.69	2,055.10	2,126.58
c Sponge Iron	456.93	497.76	570.38	497.76	570.38	497.76
d Chemicals	206.51	210.75	227.51	210.75	227.51	210.75
e Textiles	111.50	109.34	133.13	109.34	133.13	109.34
f Others	4.92	3.44	35.15	3.44	35.15	225.98
TOTAL	3,626.38	3,759.55	3,900.51	3,759.55	3,900.51	4,043.56
g Unallocated Corporate Capital Employed	1,995.32	1,919.33	1,518.93	1,919.33	1,518.93	1,708.85
TOTAL CAPITAL EMPLOYED	5,621.70	5,678.88	5,419.44	5,678.88	5,419.44	5,752.41

6. 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
Others	- Mainly Telecom (in Consolidated Accounts)

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

	Rs. in Crores					Consolidated
	<u>9M-FY2003</u>	<u>Q4-FY2003</u>	<u>Q4-FY2002</u>	<u>FY - 2003</u>	<u>FY2002</u>	<u>FY-2003</u>
Fibre & Pulp	2.16	1.42	5.47	3.58	9.10	3.58
Chemical	0.42	0.74	1.61	1.16	1.63	1.16
Cement	0.65	0.08	-	0.73	13.49	13.42
Textiles	1.17	(0.72)	-	0.45	3.38	0.45

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

9. The above results have been taken on record at the meeting of the Board of Directors held on 29th April, 2003.

For and on behalf of Board of Directors

Place : Mumbai
Date : 29th April, 2003

Shailendra K. Jain
Whole-time Director

GRASIM INDUSTRIES LIMITED

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

An Aditya Birla Group Company

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