



Grasim Industries Limited

Performance Review – Q2FY04

23rd October 2003



Financial Performance – Q2FY04

	(Rs. Crores)		
	<u>Q2FY04</u>		<u>%</u>
Total Revenue	1,177.2	↑	6
PBIDT	337.1	↑	18
Interest Charges	40.3	↓	(7)
Gross Profit	296.8	↑	22
PBT (before E.Items)	228.4	↑	26
Total Tax Expenses	53.0	↑	5
Net Profit (before E. Items)	175.4	↑	35
Net Profit	203.0	↑	58

- **Excellent overall performance**
- **Revenues up by 6%**
- **PBIDT up by 18%**
 - **Excellent Sponge Iron performance**
 - **Higher other income**
- **Interest cost down further by 7%**
- **PBT at Rs. 228 Crs.; up by 26%**
- **Total Tax expenses higher at Rs.53 Crs, up by 5%**
- **Net profit before Exceptional Items up 35%**



Financial Performance – contd...

(Rs. Crores)

	Q2 FY04	Q2 FY03	% Chg.
Net Turnover & Operating Income	1,177.2	1,112.9	6
Other Income	66.5	36.6	82
PBIDT	337.1	286.7	18
Interest & Finance Charges	40.3	43.2	(7)
Gross Profit	296.8	243.5	22
PBT (before Exceptional Items)	228.4	180.8	26
Total Tax Expenses	53.0	50.5	5
PAT (before Exceptional Items)	175.4	130.3	35
Net Profit	203.0	128.7	58

Other Highlights

- 12.5 MW Thermal Power Plant at Grasim Cement, South commissioned
- Shares of IGFL sold – Profit Rs.29 crores
- Documentation and Scheme for acquisition of CemCo (Cement business of L&T) being progressed



Financial Performance

(Rs. Crores)

	Q2 FY04	Q2 FY03	% Chg.	H1 FY04	H1 FY03	% Chg.	FY03
Net Turnover & Operating Income	1,177.2	1,112.9	6	2,351.9	2,248.4	5	4,626.3
Other Income	66.5	36.6	82	87.6	45.9	91	115.8
PBIDT	337.1	286.7	18	626.4	541.4	16	1,141.7
Interest and Finance Charges	40.3	43.2	(7)	79.4	87.3	(9)	168.4
Gross Profit	296.8	243.5	22	547.0	454.1	20	973.3
Depreciation	68.4	62.8	9	135.4	125.2	8	254.1
PBT (before Exceptional Items)	228.4	180.8	26	411.6	328.9	25	719.1
Current Tax	51.0	45.0	13	99.0	79.0	25	192.0
Deferred Tax	2.0	5.5	(64)	4.0	12.5	(68)	(15.0)
Profit after Total Taxes but before Exceptional Items	175.4	130.3	35	308.6	237.4	30	542.1
PAT (after Exceptional Items)	203.0	128.7	58	333.5	234.2	42	367.6



Financial Performance – contd...

Rs. Crores

	Q2FY04	Q2FY03	H1FY04	H1FY03	FY03
<u>Exceptional Items</u>					
Loss on sale of shares of MRPL					(208.6)
Profit on sale of IGFL Shares	28.9		28.9		
Excess provision for taxes for earlier years written back					40.0
Employee Separation Cost	(1.4)	(1.6)	(4.1)	(3.3)	(5.9)
Total Exceptional Items	27.5	(1.6)	24.8	(3.3)	(174.5)
Net Profit after Exceptional Items and Total Taxes	203.0	128.7	333.5	234.2	367.6

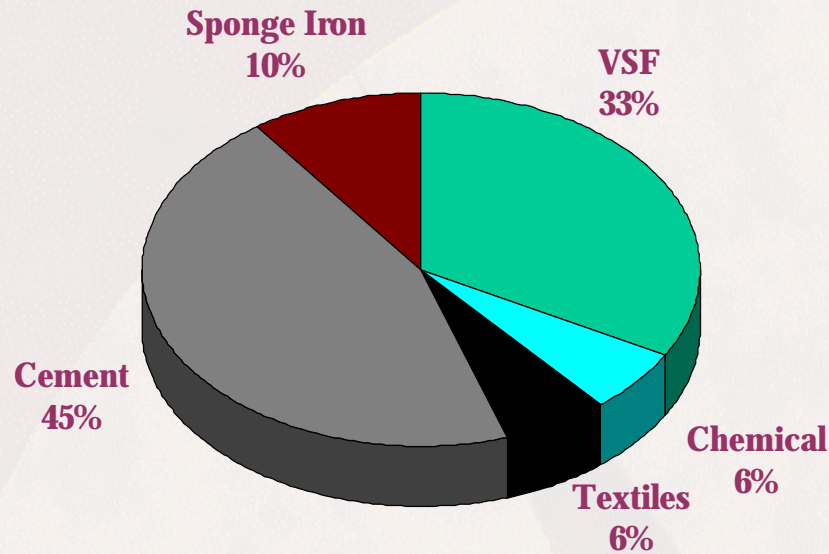
Earning Per Share (Rs.) Basic and Diluted

	Q2 FY04	Q2 FY03	% Chg.	H1 FY04	H1 FY03	% Chg.	FY03
After Total Taxes but before Exceptional Items	19.1	14.2	35	33.7	25.9	29	59.1
After Total Taxes and Exceptional Items	22.1	14.0	58	36.4	25.5	42	40.1



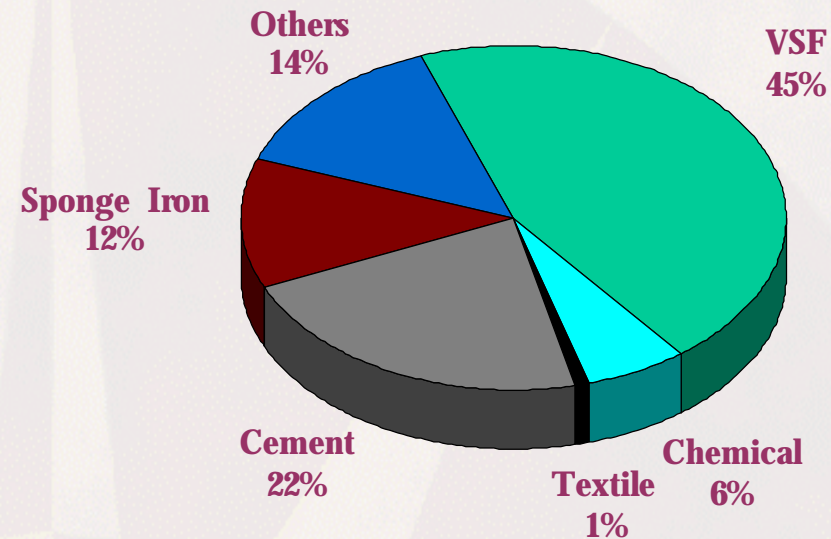
Segmental Performance Summary

Revenue Mix



Q2 FY04 (Rs. 1,177 Crs.)

PBIDT Mix



Q2 FY04 (Rs. 337 Crs.)

- Cement and VSF contributed 78% to Revenue (81%)
- Sponge Iron share in revenue increased to 10% (8%)
- VSF and Cement contribute 67% to PBIDT (76%)
- Sponge Iron contribution to overall PBIDT improved to 12% (8%)



Segmental Performance – Q2FY04

Business	Rs. Crores							
	Revenue		PBIT *		Capital Employed \$		ROAvCE (%) (PBIT basis)	
	Q2FY04	Q2FY03	Q2FY04	Q2FY03	Q2FY04	Q2FY03	Q2FY04	Q2FY03
VSF	396.8	414.2	138.7	145.7	823	790	68.1	71.9
Chemical	78.0	66.1	16.6	17.6	204	212	32.2	32.5
Cement	545.9	511.6	35.2	25.5	2,007	2,044	7.1	5.2
Sponge Iron	122.9	90.7	32.0	13.1	451	516	27.0	9.6
Textile	67.3	57.6	0.4	(4.7)	110	118	1.3	(14.9)
Total	-	-	222.8	197.1	3,596	3,679	-	-
Others & Unallocated	-	-	46.0	26.8	2,511	1,790	-	-
Company as a whole	1,177.2	1,112.9	268.8	223.9	6,106	5,468	-	-

* Before employee separation cost

\$ Deferred Tax treated as part of Capital Employed

- Capital Employed in Manufacturing Operations - Rs. 3,596 Crs
 - Of the CE in Manufacturing Operations, 79% in Cement and VSF
 - Other CE includes investment in L&T
- Lower ROCE in case of Cement & Textile



Segmental Performance – H1FY04

Business	Rs. Crores							
	Revenue		PBIT *		Capital Employed \$		ROAvCE (%) (PBIT basis)	
	H1FY04	H1FY03	H1FY04	H1FY03	H1FY04	H1FY03	H1FY04	H1FY03
VSF	789.3	833.3	235.4	269.9	823	790	57.8	66.8
Chemical	131.9	118.7	24.0	21.9	204	212	23.3	20.3
Cement	1,118.0	1,054.4	103.8	87.3	2,007	2,044	10.4	8.9
Sponge Iron	248.7	178.5	71.6	24.5	451	516	30.2	9.0
Textile	119.3	111.5	(0.5)	(13.2)	110	118	(1.0)	(21.1)
Total			434.2	390.3	3,596	3,679	-	-
Others & Unallocated	-	3.3	56.8	25.9	2,511	1,790	-	-
Company as a whole	2,351.9	2,248.4	491.0	416.2	6,106	5,468	16.8	15.3

* Before employee separation cost

\$ Deferred Tax treated as part of Capital Employed

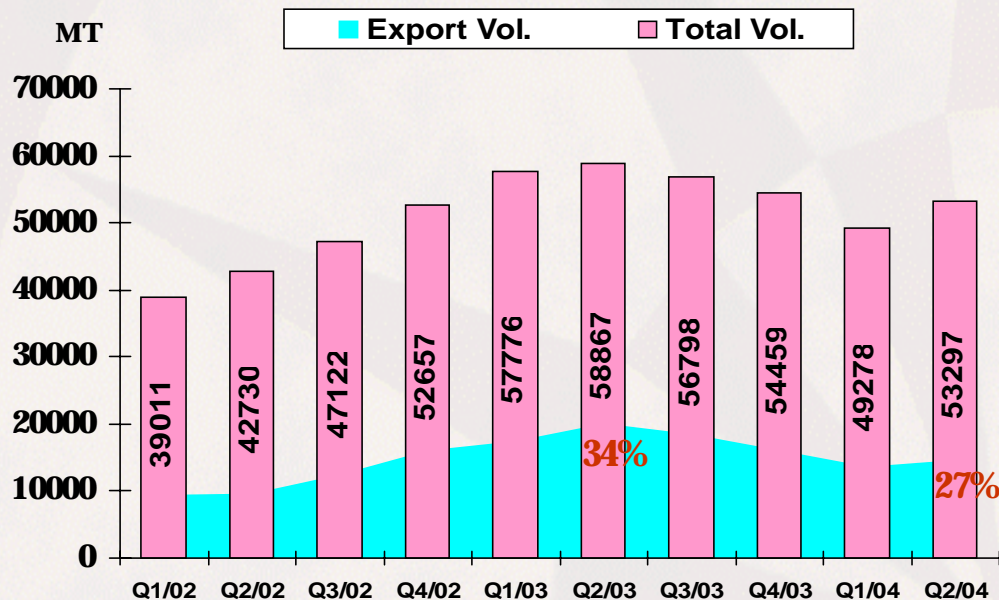
- **Capital Employed in Manufacturing Operations - Rs. 3,596 Crs**
 - **Of the CE in Manufacturing Operations, 79% is in Cement and VSF**
 - **Other CE includes investment in L&T**
- **Lower ROCE in Cement and negative ROCE in Textiles**

Business Review – Q2FY04



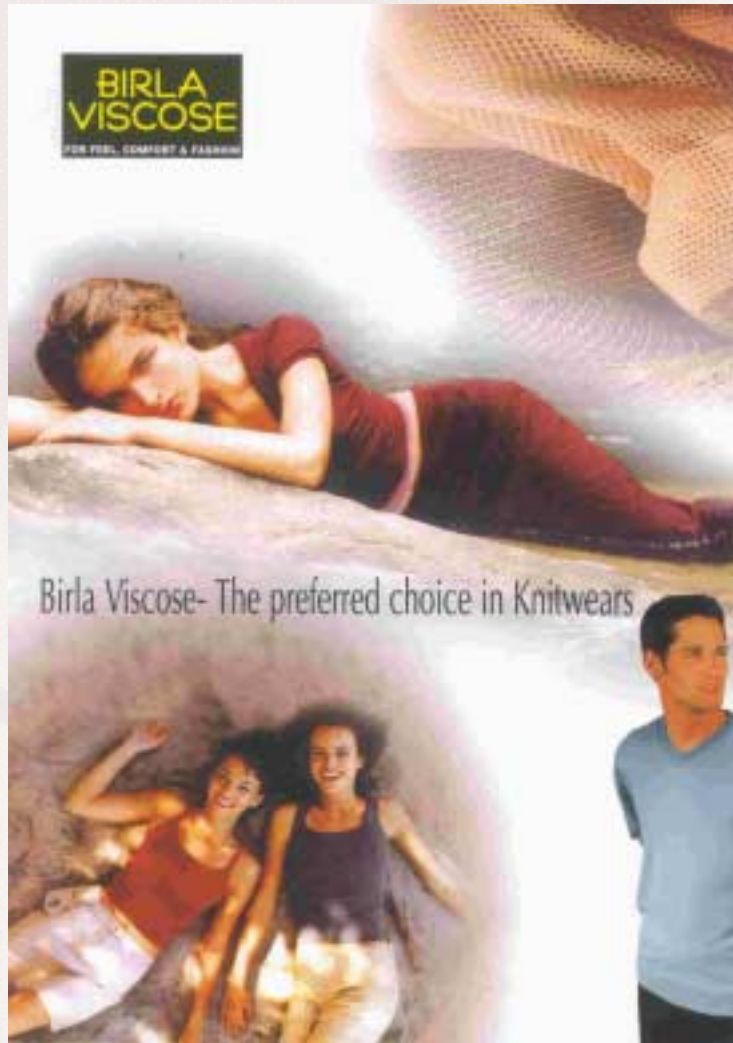
Viscose Staple Fibre : Highlights

	Q2FY04	Q2FY03	% Chg.
Capacity (TPA)	220,775	220,775	--
Production (MT)	59,225	60,444	(2)
Sales Volumes (MT)	53,297	58,867	(9)
Net Turnover (Rs Crs.)	397	414	(4)
Realisation (Rs./MT)	71,613	67,550	6
PBIDT Margin (%)	38	38	-
PBIT (Rs. Crs.)	139	146	(5)



- Overall satisfactory performance
- Plant operations normalised; utilisation at 107%
 - Lower by 3% point YoY due to closure of Nagda extending to Q2FY04
- Sales volume declined on lower demand from yarn exporters
 - Domestic volume maintained
- Sales realisation higher by 6% YoY, in line with competing fibres
- Operating margin maintained despite higher input costs
 - Pulp up 8% and Caustic Soda up 21%

Viscose Staple Fibre : Outlook



- Domestic demand outlook stable
- Deemed export volumes expected to improve on back of lower global cotton crop
- Margins may come under pressure
 - Pulp and Caustic Soda prices settling at higher levels
 - Price reduced by Re 1/kg in October
 - Pressure on realization in global markets
- Grasim will remain focused on market enlargement thru Product and Application development



Viscose Staple Fibre : Summary

		Q2 FY04	Q2 FY03	% Chg.	H1 FY04	H1 FY03	% Chg.	FY03
Capacity	TPA	220,775	220,775	--	220,775	220,775	--	220,775
Production	MT	59,225	60,444	(2)	98,394	105,902	(7)	224,610
Sales Volumes	MT	53,297	58,867	(9)	102,575	116,643	(12)	227,900
Net Turnover	Rs. Crs.	397	414	(4)	789	833	(5)	1,642.8
Avg. Realisation	Rs./MT	71,613	67,550	6	72,135	67,009	8	67,921
PBIDT *	Rs. Crs.	152	158	(4)	261	294	(11)	591.6
PBIDT Margin *	%	38	38	-	33	35	-	36
PBIT *	Rs. Crs.	139	146	(5)	236	270	(13)	543.8
Capital Employed	Rs. Crs.	823	790	4	823	790	4	851
ROAvCE(PBIT basis)	%	68	72	-	58	67	-	65

* Before Employees Separation Cost



Cement : Highlights

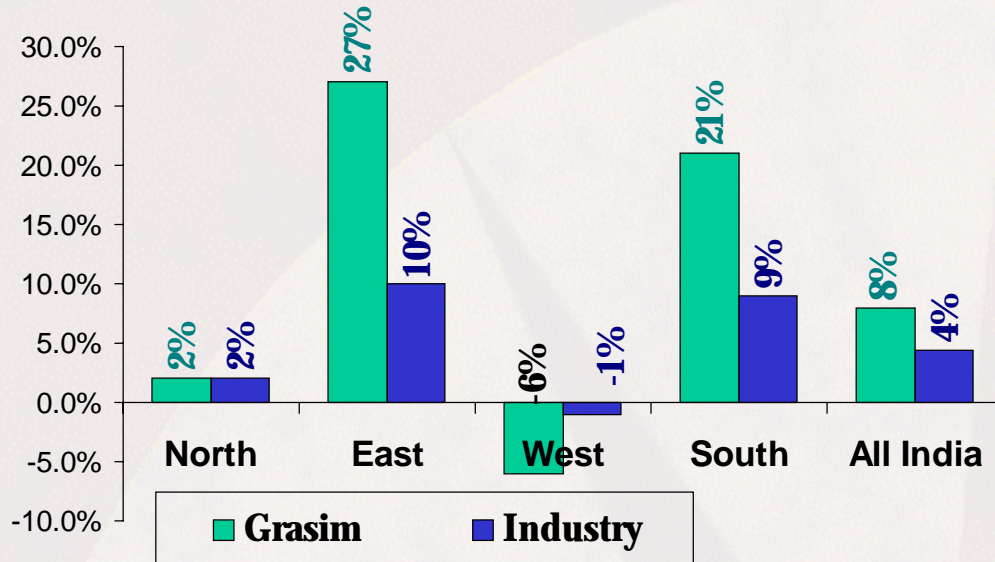
	Q2FY04	Q2FY03	% Chg.
<u>Grey Cement</u>			
Capacity (Mn TPA)	12.92	11.37	14
Production (Mn MT)	2.82	2.60	9
Sales Volumes (Mn MT)	2.88	2.67	8
Net Turnover (Rs. Crs.)	500	465	8
Realisation (Rs./MT)	1,594	1,657	(4)
<u>White Cement</u>			
Capacity (TPA)	400,000	400,000	-
Production (MT)	68,947	72,797	(5)
Sales Volumes (MT)	72,684	73,251	(1)
Net Turnover (Rs.Crs.)	44	45	(2)
Realisation (Rs./MT)	5,389	5,496	(2)
PBIDT Margin (%)	13	12	-
PBIT (Rs. Crs.)	35	26	38

- **Volume up 8%; against sector average of 4.4%**
 - Improved performance in East (+27%) and South (+21%) attributed to realignment of markets
 - Volume in West declined as a result (- 6%)
 - Marginal improvement in North (+2%)
- **Revenue higher by 8% driven by volumes**
 - Realisation down 4% YoY
 - Rise in RMC revenue
- **White Cement :**
 - Sales volume down 1% and Realisation by 2%
 - Cost reduced with higher use of alternate fuels
 - New value added products helped maintain revenues



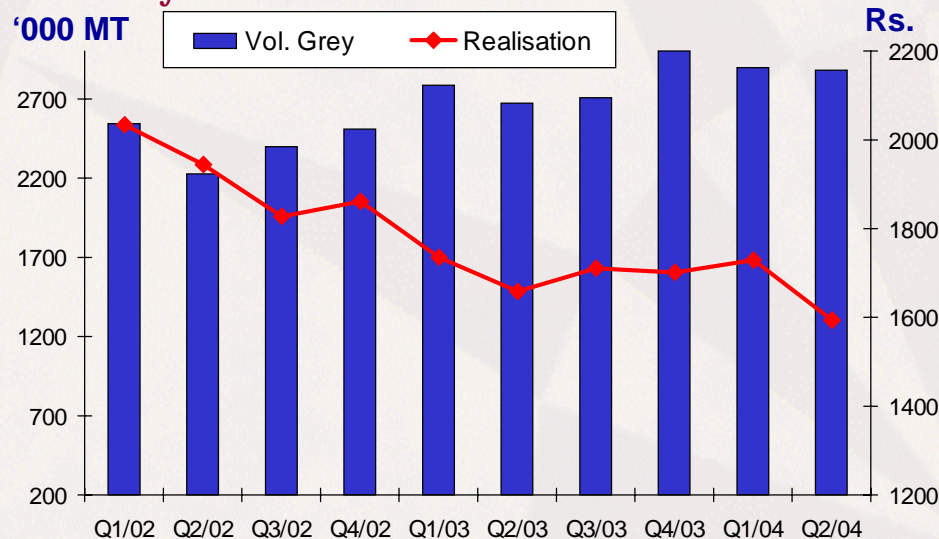
Cement : Highlights contd..

Q2FY04 -Zone wise growth – Grasim and Industry



- **OPM improved from 11.7% to 13.2%**
 - Increased thru put with rising share of blended cement, up from 34% to 47%
 - Unit power consumption lower by 3 units/MT
 - Increase in Captive Thermal power share from 25% to 35%
- **12.5 MW TPP commissioned at Cement Division, South in July 03**

Grey Cement Sales Vol. and Realisation /Ton





Cement : Outlook

- **Industry outlook to remain challenging in the short term**
- **Demand growth will be around 8% in medium term**
 - **Growth in housing remains strong**
 - **Infrastructure remains a thrust area**
- **Demand Supply equilibrium likely by FY06/FY07**
 - **Revival of dormant capacities and de-bottlenecking/blending to result in regular rise in supplies**
 - **North & East could see equilibrium by FY05**
 - **Balance likely only by FY07 in South & West**
- **Pricing likely to improve from next calendar**
 - **Overall good monsoon across all regions**
 - **Economic compulsions and rising costs**



Cement : Outlook (Contd.)

Grasim : Plant Wise Installed Capacity (Mn. MT)	
Rajashree Cement, Malkhed & Grinding Unit Hotgi	4.00
Vikram Cement, Jawad & 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**

- **Changing product/market mix to ensure superior realisation**
- **Lowering energy costs thru use of alternate fuel and higher share of captive power**
- **Enhance capital and manpower productivity**
- **Reducing distribution cost thru logistic planning and tie ups**
- **Smooth transition of L&T brand and retaining market share**
- **Realise synergy gains with CemCo**





Cement : Summary

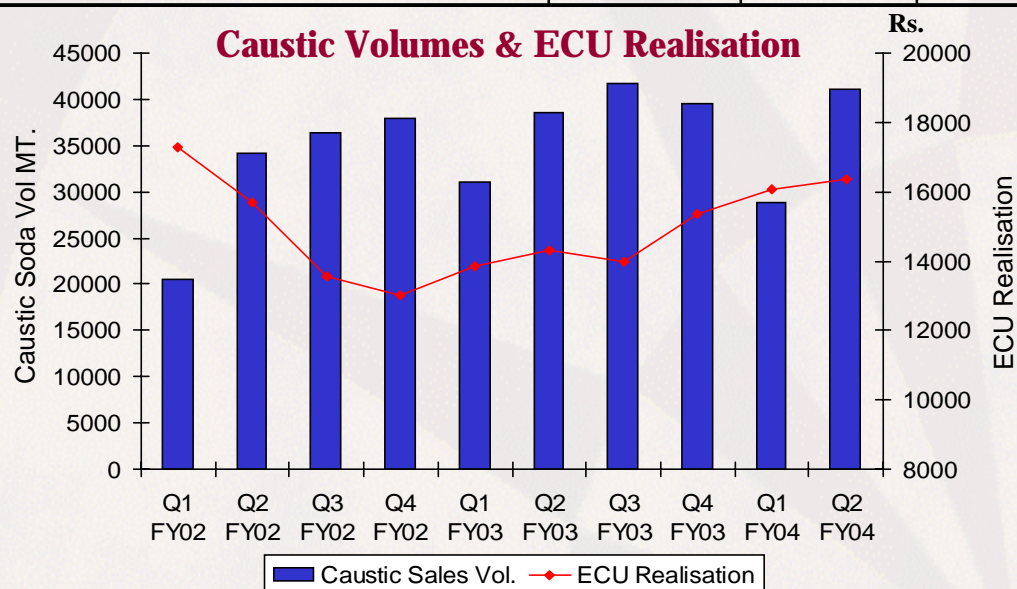
		Q2 FY04	Q2 FY03	% Chg.	H1 FY04	H1 FY03	% Chg.	FY03
<u>Grey Cement</u>								
Capacity	Mn. MT	12.92	11.37	14	12.92	11.37	14	12.92
Production	Mn. MT	2.82	2.60	9	5.73	5.40	6	11.09
Sales Volumes	Mn. MT	2.88	2.67	8	5.78	5.43	6	11.16
Net Turnover	Rs. Crs.	500	465	8	1,029	970	6	2,002
Avg Realisation	Rs./MT	1,594	1,657	(4)	1,653	1,697	(3)	1,690
<u>White Cement</u>								
Capacity	TPA	400,000	400,000	-	400,000	400,000	-	400,000
Production	MT	68,947	72,797	(5)	136,523	136,753	-	310,163
Sales Volumes	MT	72,684	73,251	(1)	141,627	135,846	4	305,223
Net Turnover	Rs. Crs.	44	45	(2)	86	81	6	180
Avg Realisation	Rs./MT	5,389	5,496	(2)	5,473	5,538	(1)	5,534
PBIDT *	Rs. Crs.	73	60	22	178	155	15	360.2
PBIDT Margin *	%	13	12	-	16	15	-	16.5
PBIT *	Rs. Crs.	35	26	38	104	87	19	222.0
Capital Employed	Rs. Crs.	2,007	2,044	(2)	2,007	2,044	(2)	2,088
ROAvCE (PBIT basis)	%	7	5	-	10	9	-	11

* Before Employees Separation Cost



Chemical : Highlights

	Q2FY04	Q2FY03	% Chg
Caustic Capacity (TPA)	@ 190,800	160,600	19
Caustic Production (MT)	42,481	39,765	7
Caustic Sales Volumes (MT)	41,030	38,638	6
Net Turnover (Rs Crs.)	78	66	19
ECU Realisation (Rs./MT)	16,343	14,334	14
PBIDT Margin (%)	27	33	-
PBIT (Rs. Crs.)	17	18	(6)



@ Capacity expanded in Q4FY03

- Capacity utilization at 89% (99%) on enhanced capacity
- Higher merchant sale helped grow volume by 6%
 - Increased volume of ancillary product on account of exports
- ECU realisation up 14%
 - Higher Caustic prices offsets lower realisation of Chlorine and Hcl
- Margin at 27% due to higher power costs in comparison to Q2FY03

Outlook

- ECU realisation expected to be stable
- Margins to remain stable as a result
- Grasim to focus on
 - Optimum utilisation of the resources
 - Exports of Chlorine, SBP and PAC



Chemical : Summary

		Q2 FY04	Q2 FY03	% Chg.	H1 FY04	H1 FY03	% Chg.	FY03
Capacity (Caustic)	MT	@ 190,800	160,600	19	@ 190,800	160,600	19	@ 190,800
Production (Caustic)	MT	42,481	39,765	7	69,665	70,270	(1)	151,445
Sales Volume(Caustic)	MT	41,030	38,638	6	69,916	69,625	-	150,825
Net Turnover	Rs. Crs.	78	66	19	131	118	11	256
Avg. ECU Realisation	Rs./MT	16,343	14,334	14	16,127	14,114	14	14,402
PBIDT *	Rs. Crs.	21	21	-	32	30	8	54.3
PBIDT Margin *	%	27	33	-	25	25	-	21
PBIT *	Rs. Crs.	17	18	(6)	24	22	10	38.4
Capital Employed	Rs. Crs.	204	212	(4)	204	212	(4)	211
ROAvCE (PBIT basis)	%	32	33	-	23	20	-	18

* Before Employee Separation Cost

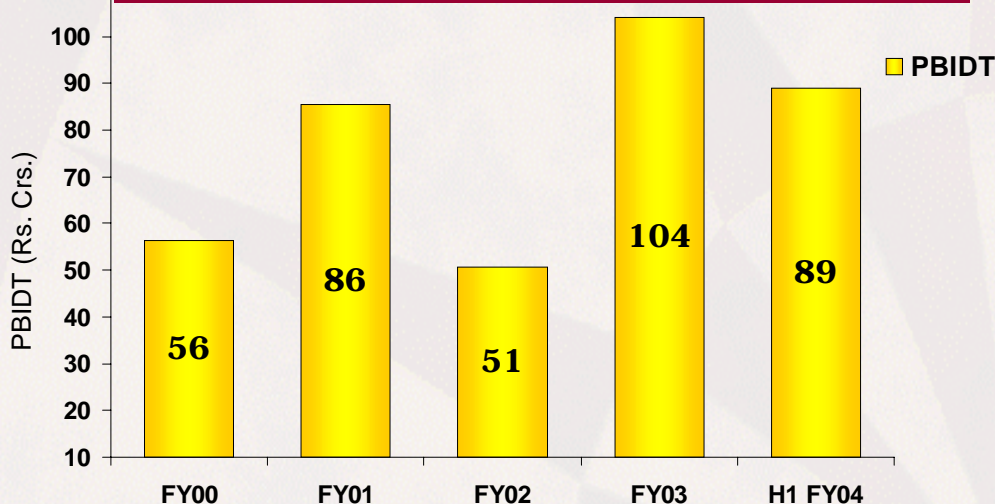
@ Capacity expanded in Q4FY03



Sponge Iron : Highlights

	Q2FY04	Q2FY03	% Chg.
Capacity (TPA)	900,000	900,000	--
Production (MT)	143,146	157,807	(9)
Sales Volumes (MT)	143,677	147,660	(3)
Net Turnover (Rs Crs.)	123	91	35
Realisation (Rs./MT)	8,292	6,077	36
PBIDT Margin (%)	33	25	--
PBIT (Rs. Crs.)	32	13	145

TOTAL PBIDT IN LAST 4 & 1/2 YRS – Rs.386 Crs.



STRATEGY OF ASSET SWEATING PAYS OFF

- Strong performance continued
- Utilisation down to 64% (70%) due to planned shut down
 - Sales volume down 3% as a result
- Average realisation higher by 36%
 - Improved demand from steel industry
 - Firm global scrap prices
- Margins up from 25% to 33%, despite increased use of Naptha and higher pellet cost

Outlook

- Positive outlook for demand and prices
 - Global scrap prices to stabilize at current levels due to turnaround in steel sector
- Natural Gas availability and price remains a concern
- Grasim will remain focused on assets sweating



Sponge Iron : Summary

		Q2 FY04	Q2 FY03	% Chg.	H1 FY04	H1 FY03	% Chg.	FY03
Capacity	TPA	900,000	900,000	-	900,000	900,000	-	900,000
Production	MT	143,146	157,807	(9)	302,887	300,271	1	612,879
Sales Volumes	MT	143,677	147,660	(3)	300,208	287,730	4	612,425
Net Turnover	Rs. Crs.	123	91	35	249	178	39	406
Avg Realisation	Rs./MT	8,292	6,077	36	8,042	5,995	34	6,379
PBIDT *	Rs. Crs.	41	22	82	89	43	105	103.6
PBIDT Margin *	%	33	25	-	36	24	-	26
PBIT *	Rs. Crs.	32	13	145	72	25	193	66.6
Capital Employed	Rs. Crs.	451	516	(13)	451	516	(13)	498
ROAvCE (PBIT basis)	%	27	10	-	30	9	-	13

* Before Employees Separation Cost



Textiles : Highlights

	Q2 FY04	Q2 FY03	% Chg.
Sales Volumes			
- Fabrics (lac Mtrs.)	46	35	31
- Synthetic Yarn (MT)	1,740	1,745	--
Net Turnover (Rs Crs.)	63	54	17
Fabric Realisation (Rs./Mtr)	100	101	(1)
Synth. Yarn Realisation (Rs./Kg)	113	113	--
PBIDT Margin (%)	6	(3)	-
PBIT (Rs. Crs.)	0.4	(5)	108



ANDAAZ ZARA HAT KE!

- **Fabric sales volume up 31%**
 - Focusing on premium synthetic segment
- **Re-positioning of brands**
 - Grasim - Fashion Wear
 - Graviera - Value for Money
- **Positive PBIDT**
 - Restructuring benefits showing up
 - Benefit of revival of textile sector

Outlook

- **Positive performance to continue**
 - Consolidation of operations
- **Product development will be the key focus area**



Textiles : Summary

		Q2 FY04	Q2 FY03	% Chg.	H1 FY04	H1 FY03	% Chg.	FY03
Net Turnover	Rs. Crs.	63	54	17	113	107	6	220.4
PBIDT *	Rs. Crs.	4.0	(2)	372	6.5	(7)	195	(8.4)
PBIDT Margin *	%	6	(3)	--	6	(6)	--	(4)
PBIT *	Rs. Crs.	0.4	(5)	108	(0.5)	(13)	96	(22.1)
Capital Employed	Rs. Crs.	110	118	(7)	110	118	(7)	109
ROAvCE (PBIT basis)	%	1	(15)	-	(1)	(21)	-	(18)

** Before Employees Separation Cost*

Proposal for Acquisition of L&T Cement Business



L&T CemCo Transaction structure

- **Step 1 : Cement Business of L&T to be de merged into CemCo**
 - **L&T (EngCo) gets 20% holding in CemCo and balance 80% to existing shareholders proportionately**
 - **Grasim gets 12.6% holding in CemCo; retains 15.7% holding in L&T (EngCo)**
 - **Appointed Date of Demerger – 1st April 2003**
- **Step 2A : Grasim buys 8.5% holding in CemCo from L&T – (Outflow Rs. 362 crores)**
- **Step 2B : Grasim sells its 14.95% stake to Employee Welfare Trusts and exits L&T (EngCo) – (Inflow Rs. 446 crores)**
- **Step 2C : Grasim to make an Open Offer for 30% of CemCo**
- **Grasim to get management control of CemCo, on its acquiring over 50% of CemCo shares**



Summary of Investment and Valuation

● Summary of Investments in CemCo

Rs. Crs.

Total existing investment in L&T	1,028
Grasim to acquire 8.5% of CemCo from L&T	362
Grasim to make open offer for 30% of CemCo	1,278
Total outflow for 38.5% (8.5% + 30%)	1,640
Inflow on a/c of sale of L&T (Engco) shares to Foundation/Trust	(446)
Net Investment for 51.1% stake	2,222

● L&T Cement Business Valuation

Equity Value	4,348
Debts	1,911
Enterprise Value	6,259



Potential upside for Grasim

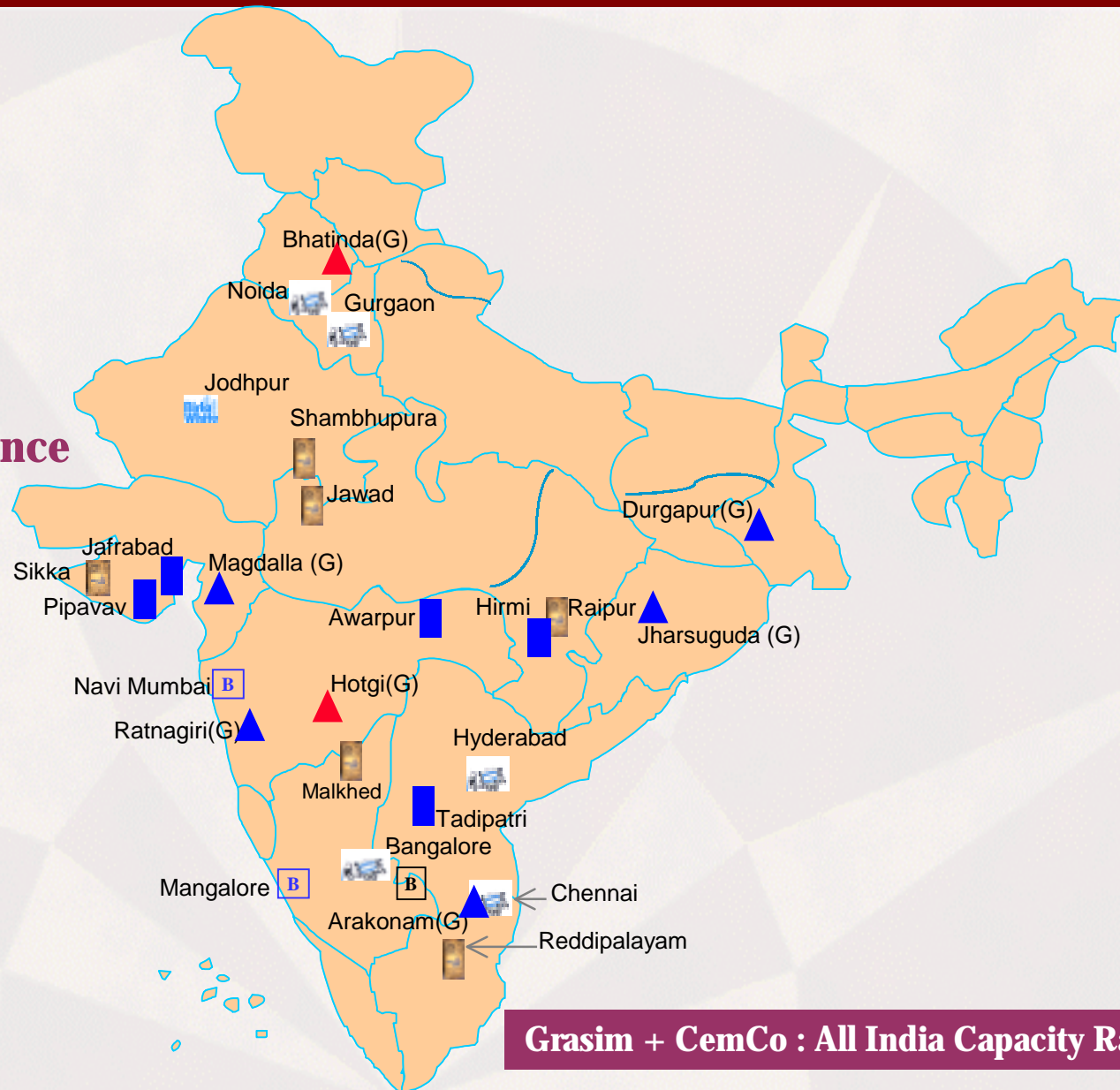
- **Leading force in key growth sector**
- **Grasim to have transitory rights for “L&T Cement” brand upto June 2004 or Effective Date of De-merger, whichever is later**
- **Significant value enhancing potential, both strategic and operational**
- **Complementary capacities from regional point of view**
 - **Synergies likely to result into gain of – Rs.50 Crs to each company**
 - ⇒ **Production from plants with lowest “delivered cost”**
 - ⇒ **Sale to markets nearer to the plants (logistics), reduced lead distance**
 - ⇒ **Economies of scale on procurement**
- **Cemco has considerable scope for upsides in operating margins**
 - **Unrealized sales tax exemptions and deferrals**
 - **Benefits of economies of scale**



Grasim + CemCo : Emerging largest Cement combine

- 31 Mn. MT Capacity
- 11 Composite Plants
- 7 Split Grinding Units
- 4 Bulk Terminals
- 6 RMC Plants
- Strong National Presence

-  Grey cement plants
-  Grinding Units (G)
-  White cement plant
-  Ready-mix Concrete plants
-  Bulk Cement Terminal
-  Cemco Cement Plants
-  Cemco Grinding Units (G)
-  Cemco Bulk Cement Terminals



Grasim + CemCo : All India Capacity Ranked No.1

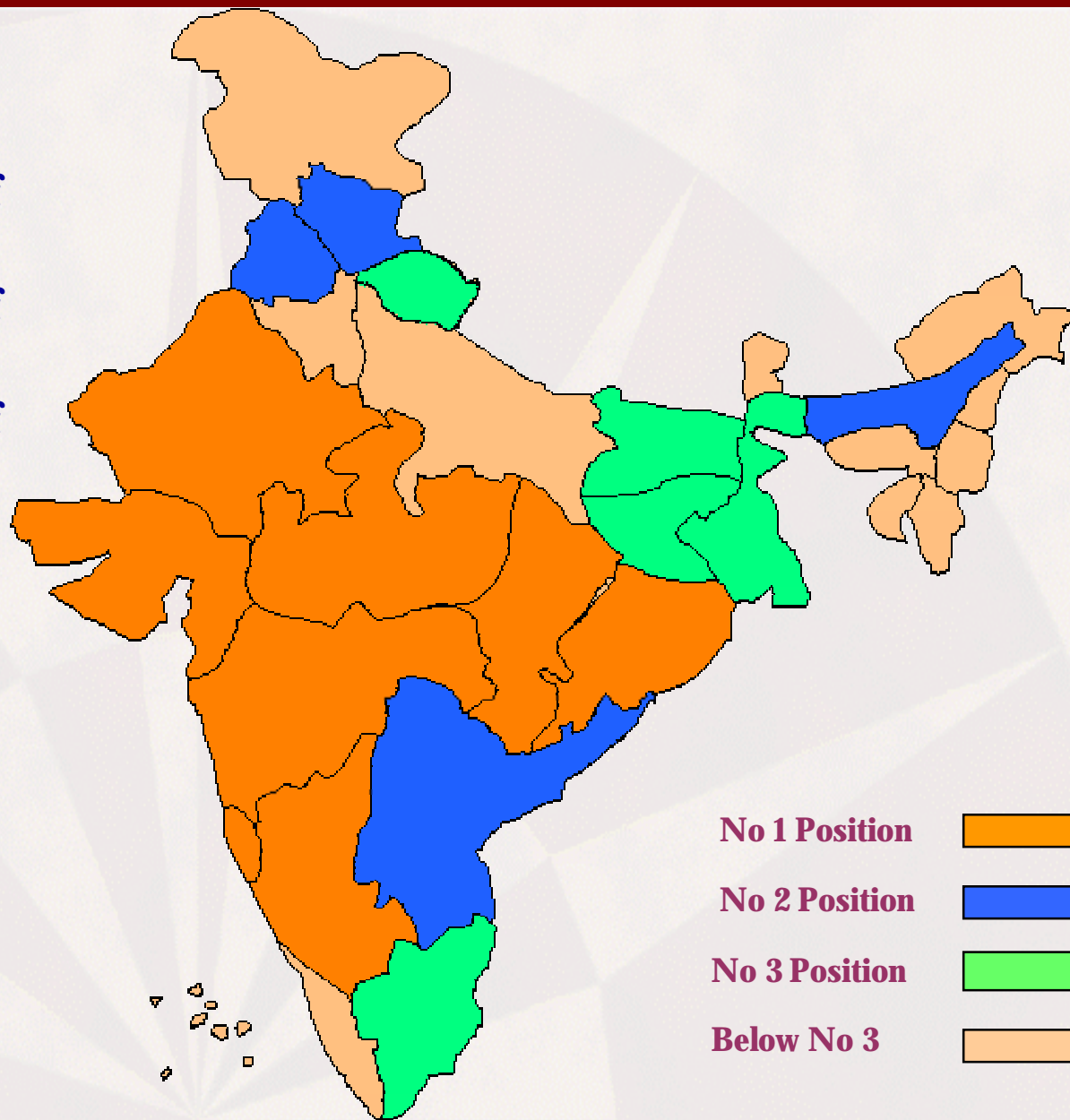


Grasim + CemCo combined market share

- **Strong National Presence**
- **Leadership in several key states**
 - **No 1 in 8 states with 42% of industry volume**
 - **No 2 in 4 states with 14% of volume**
 - **No 3 in 6 states with 22% of industry volume**

Zonal Market Share		
Zone	Rank	%
North	2 nd	16
East	2 nd	20
South	1 st	19
West	1 st	38
Central	4 th	13
ALL INDIA		22

Source : CMA FY03





Grasim + CemCo in Global League

Sr. No	Producer	Base Country	Capacity Mn. MT
1	Lafarge	France	135.5
2	Holcim	Switzerland	121.2
3	Heidelberg	Germany	81.8
4	Cemex	Mexico	79.5
5	Italcementi	Italy	56.9
6	Taheiyo	Japan	37.7
7	Grasim + CemCo	India	31.0
8	Votorantim	Brazil	28.0
9	Dyckerhoff	Germany	25.7
10	RMC	UK	20.5

Source : Morgan Stanley

With CemCo capacity, Grasim will be the 7th largest Cement Producer in the world

Capex and Financial Highlights



Capex Plan

Rs. Crores

	Capex planned	Cash Outflow		Completion Schedule
		FY04	FY05	
<u>Cement</u>				
- De-bottlenecking/ Blending	64	23	41	FY04 & 05
- Power Plants/ RMCs	44	27	17	FY04
- Normal modernisation	197	131	66	
Total Cement	305	181	124	
<u>VSF</u>				
- Application Dev. Centre & Capacity expansion	56	42	14	FY05
- Normal Modernisation	113	76	31	
Total VSF	169	118	45	
Chemical	19	18	1	
Others	42	29	12	
TOTAL	535	346	182	

● H1 FY04 Capex Rs.101 Crores

➤ Cement Rs.62 Crores, Fibre Rs.30 Crores, Others Rs. 9 Crores

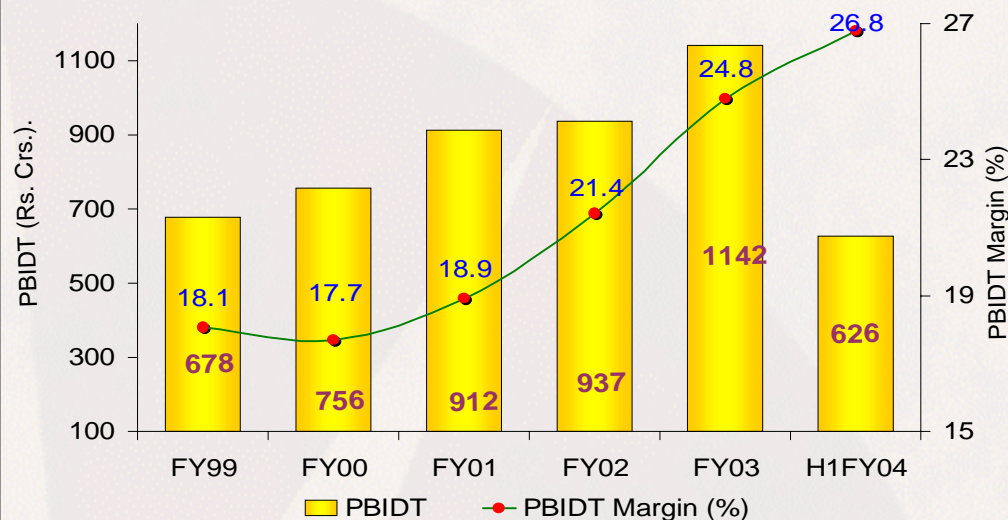


Profitability Snapshot

<i>(Figures in Rs. Crores)</i>	FY99	FY02	FY03	H1FY04
Gross Turnover	3,897	5,070	5,412	2,773
Net Turnover	3,354	4,372	4,609	2,341
PBIDT	678	937	1,142	626
PBIDT Margin (%)	18.1	21.4	24.8	26.8
Int. & Fin. Charges	292	190	168	79
PBDT	386	747	973	547
<i>(Before Deferred Tax)</i>				
PAT	168	438	527	313
PAT Margin (%)	3.3	10.0	11.4	13.3
EPS (Rs.)	20.1	47.8	57.5	34.1
CEPS (Rs.)	45.2	75.3	85.2	48.9
DPS (Rs.)	6.8	9.0	10.0	-
<i>(After Total Tax)</i>				
PAT	109	387	542	309
EPS (Rs.)	13.1	42.2	59.1	33.7
Interest Cover (x)	2.3	4.6	5.6	6.6

All Profitability numbers and EPS are before Exceptional Items

PBIDT & PBIDT Margin



- **Benefit of Business and financial restructuring over last 4 years**

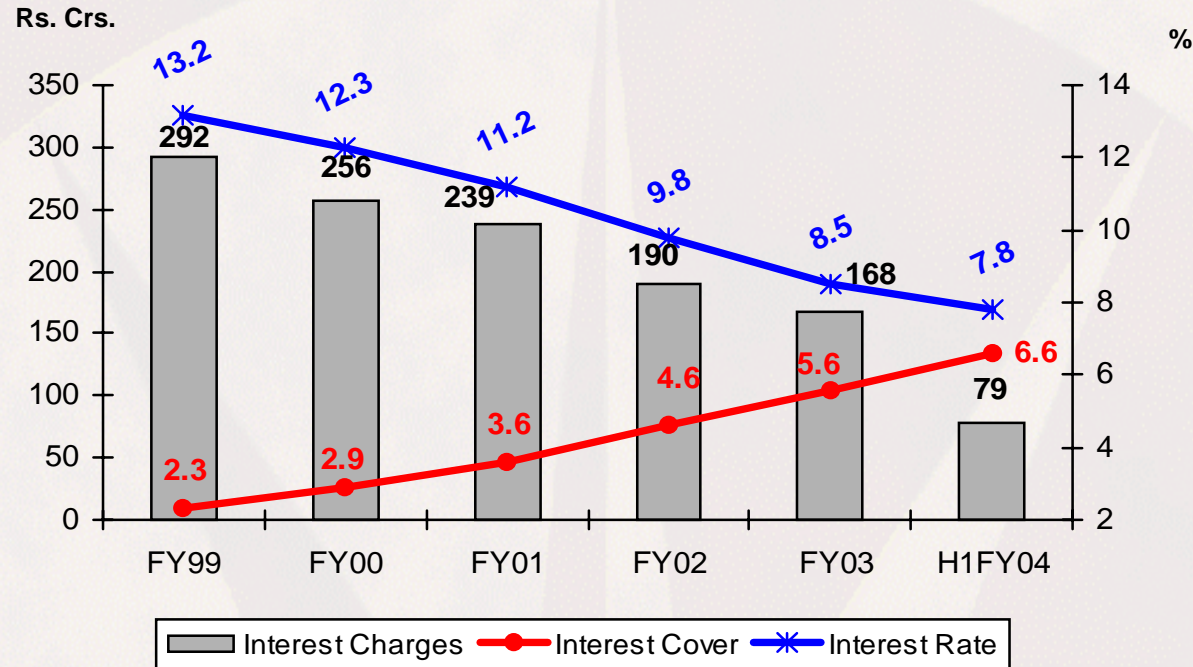
- **PBIDT soared from Rs.678 Crs in FY99 to Rs. 626 Crs for six months H1FY04**
- **PBIDT margin improved from 18.1% in FY99 to 26.8% in H1FY04**

- **EPS improved significantly from Rs.20 in FY99 to Rs.34 per share in H1FY04**



Profitability Snapshot contd..

Interest charges - Interest Cover - Interest Rate



- Interest and Finance charges reduced from Rs.292 Crs in FY99 to Rs.168 Crs in FY03; Rs.79 Crs for H1FY04

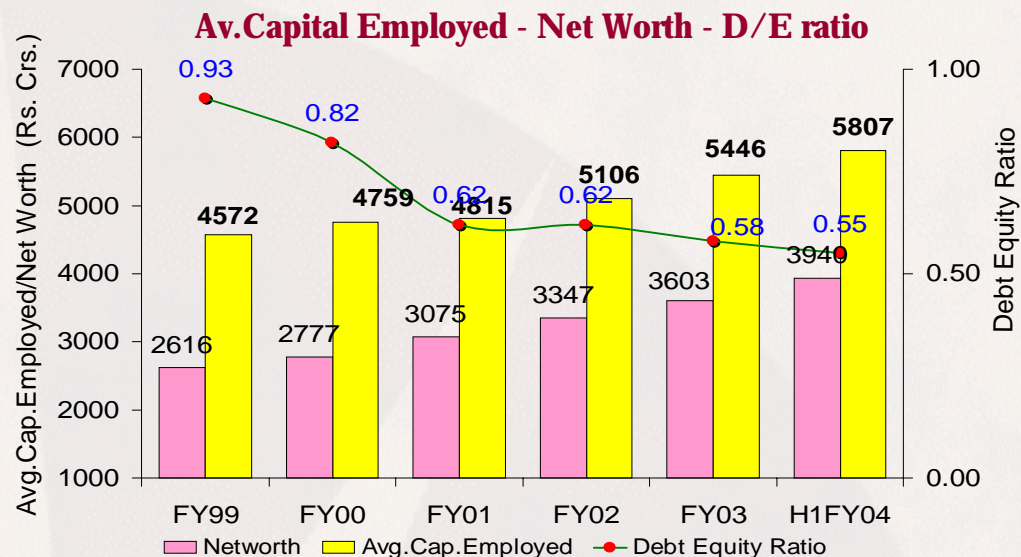
- Restructuring of high cost debts, bringing down the interest cost progressively
- Interest Cover improved from 2.3 x in FY99 to 5.6 x in FY03, 6.6 x in H1FY04
- Av. Interest rate reduced from 13.2% in FY99 to 8.5% in FY03; 7.8 % in H1FY04



Financial Snapshot

<i>(Figures in Rs. Crores)</i>	FY99	FY01	FY02	FY03
Gross Block	4,937	5,311	5,371	5,600
Net Block	3,354	3,303	3,263	3,270
Net Current Assets	1,002	991	733	613
Equity	92	92	92	92
Net Worth	2,142	3,075	2,707	2,977
Net Worth + Deferred Tax	2,616	3,075	3,347	3,603
Av.Capital Employed	4,572	4,815	5,106	5,446
Debt: Equity ** (x)	0.93	0.62	0.62	0.58
Book Value (Rs.)	285	335	365	393
ROAvCE (PBIT Basis)(%)	10.1	13.5	12.9	16.2
RONW (%)	6.6	12.3	12.8	15.0

*** Ratios worked out considering deferred tax as part of Net Worth
\$ Exceptional items eliminated in calculation of ROAvCE/RONW*

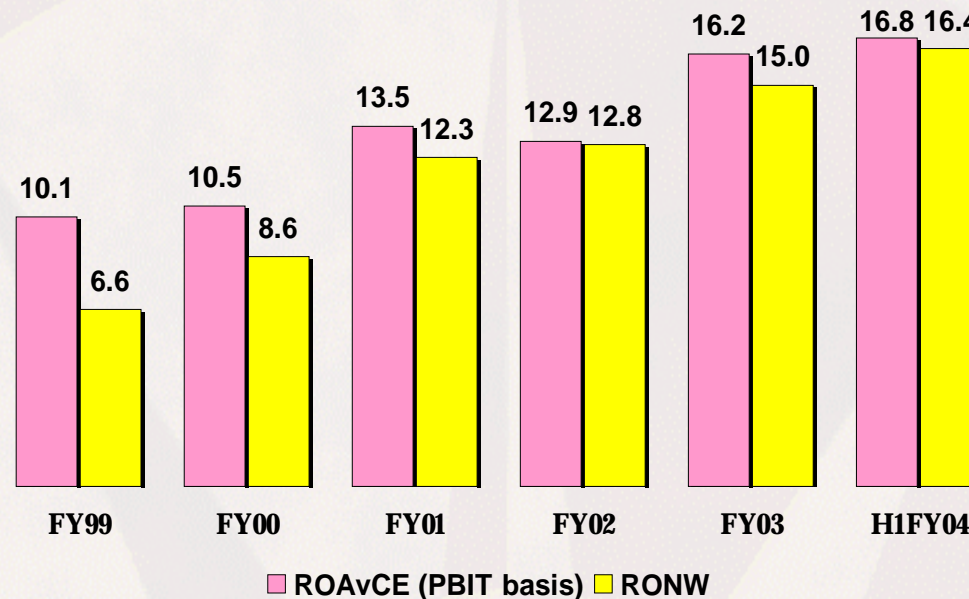


- **Strong Balance Sheet – Investment in L&T mainly thru internal generations**
- **Book Value – from Rs.285 in FY99 to Rs. 429 per share in H1FY04**
- **Debt/Equity ratio improved from 0.93 x in FY99 to 0.55 x in H1FY04**
 - **Net debt reduced from Rs.2,421 Crs to Rs. 2,167 Crs**



Financial Snapshot contd..

ROAvCE - RONW (%)



- Balance Sheet reflect the focused capital allocation strategy – major investment in Cement
- Net Current Assets reduced from Rs.1,002 Crs in FY99 to Rs.613 Crs in FY03
- ROAv.CE improved from 10.1% in FY99 to 16.8% in H1FY04 despite lower return from increased strategic investment
- RONW more than doubled from 6.6% in FY99 to 16.4% in H1FY04



Focus And Strategy

Focus

- Deliver enhanced value to shareholders on a sustained basis

Strategy

- Focus on main 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



Cautionary Statement

Statements in this “Presentation” describing the Company’s objectives, estimates, expectations or predictions may be “forward looking statements” within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company’s operations include global and Indian demand supply conditions, finished goods prices, feed stock availability and prices, cyclical demand and pricing in the Company’s principal markets, changes in Government regulations, tax regimes, economic developments within India and the countries within which the company conducts business and other factors such as litigation and labour negotiations. The Company assume no responsibility to publicly amend, modify or revise any forward looking statement, on the basis of any subsequent development, information or events, or otherwise.



Thank You



Production Data (MT)

	Q2FY04			Q2FY03			FY03		
	Capacity TPA	Production	%	Capacity TPA	Production	%	Capacity TPA	Production	%
VSF	220,775	59,225	107	220,775	60,444	110	220,775	224,610	102
Pulp	70,000	18,853	108	70,000	18,777	107	70,000	70,495	101
Caustic Soda #	190,800	42,481	89	160,600	39,765	99	190,800	151,445	90
Grey Cement *	@ 12.92	2.82	87	11.37	2.60	91	@ 12.92	11.09	98
White Cement	400,000	68,947	69	400,000	72,797	73	400,000	310,163	78
Sponge Iron	900,000	143,146	64	900,000	157,807	70	900,000	612,879	68

* Grey Cement numbers are in Mn. MT

@ Capacity expanded in last financial year end by 1.55 Mn. MT

Capacity expanded in Q4FY03












Divisional Turnover - Qty & Realisation

Product	Quantity (MT)			Realisation (Rs. /MT)		
	Q2FY04	Q2FY03	FY03	Q2FY04	Q2FY03	FY03
VSF	53,297	58,867	227,900	71,613	67,550	67,921
Pulp	20,667	21,898	70,126	22,122	19,507	20,191
Caustic Soda *	41,030	38,638	150,825	16,343	14,334	14,402
Grey Cement * *	2.88	2.67	11.16	1,594	1,657	1,690
White Cement	72,684	73,251	305,223	5,389	5,496	5,534
Sponge Iron	143,677	147,660	612,425	8,292	6,077	6,379

* 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

