



**UNAUDITED FINANCIAL RESULTS
FOR THE THREE MONTHS ENDED 31ST DECEMBER, 2003**

Rs in Crores

	Three Months Ended 31st December 2003	Three Months Ended 31st December 2002	Nine Months Ended 31st December 2003	Nine Months Ended 31st December 2002	Year ended 31st March 2003 (Audited)
Net Sales / Income from Operations	1,335.40	1,166.59	3,687.30	3,414.95	4,626.29
Other Income	20.68	14.24	108.28	60.12	115.84
Total Expenditure					
- Decrease / (Increase) in Stock	17.88	(28.97)	33.00	35.74	16.70
- Raw Material Consumed	366.44	308.33	963.31	837.85	1,175.91
- Purchases of Finished Goods	11.02	4.41	37.89	10.94	17.62
- Payment to & Provision for Employees	88.27	82.07	257.90	239.26	332.24
- Power & Fuel	228.41	220.96	650.85	632.61	855.53
- Freight , Handling & Other expenses	130.20	121.75	377.06	377.98	508.68
- Other Expenditure	174.24	174.16	513.58	504.40	699.70
Total Expenditure	1,016.46	882.71	2,833.59	2,638.78	3,606.38
Interest	39.43	40.47	118.82	127.81	168.41
Gross Profit	300.19	257.65	843.17	708.48	967.34
Depreciation	69.47	63.20	204.87	188.39	254.14
Profit before Exceptional Items and Tax	230.72	194.45	638.30	520.09	713.20
Tax Provision of earlier years written back	-	-	-	-	40.00
Profit/ (Loss) on Sale of Trade Investments	-	-	28.89	-	(208.62)
Profit before Tax Expense	230.72	194.45	667.19	520.09	544.58
Provision for Current Tax	(63.00)	(57.00)	(162.00)	(136.00)	(192.00)
(Deferred Tax) / Deferred Tax write-back	(4.00)	(4.50)	(8.00)	(17.00)	15.00
Net Profit	163.72	132.95	497.19	367.09	367.58
Paid up Equity Share Capital (Face Value Rs. 10 per share)	91.69	91.69	91.69	91.69	91.69
Reserves excluding Revaluation Reserve					2,879.35
Basic & Diluted EPS for the period (Rupees)	17.86	14.50	54.23	40.04	40.09

Notes:

- As a part of the proposal for the demerger of Cement Business of Larsen & Toubro Ltd. (L&T) to UltraTech CemCo Limited (Cemco), the Company has entered into an agreement to acquire 8.5% equity stake in Cemco from L&T and proposes to make an open offer for purchase of an additional 30% of the equity of Cemco. Post demerger, the Company also proposes to sell its entire holding in L&T (Demerged Company) to L&T Employees Welfare Foundation.

During the quarter under report : (a) a Scheme under Sec. 391 & 394 of the Companies Act , 1956 has been submitted by L&T to the High Court at Bombay for effecting such demerger ; and (b) the Company has deposited 10% of the proposed open offer consideration in an Escrow Account.

The completion of the demerger process and consequential acquisition/ sale of shares is subject to various statutory and regulatory approvals.

Cont. on Page 2



Grasim Industries Limited

Performance Review – Q3FY04

21st January 2004



Financial Performance – Q3FY04

	(Rs. Crores)		
	<u>Q3FY04</u>		<u>%</u>
Total Revenue	1,335.4	↑	14
PBIDT	339.6	↑	14
Interest Charges	39.4	↓	(3)
Gross Profit	300.2	↑	17
PBT (before E.Items)	230.7	↑	19
Total Tax Expenses	67	↑	9
Net Profit	163.7	↑	23

Highlights :

- **Excellent overall performance**
- **Revenues up by 14%**
- **PBIDT up by 14%**
 - **Continuing good performance from VSF**
 - **Excellent performance from Sponge Iron and Chemical**
- **Interest cost down further by 3%**
- **PBT at Rs.231 Crs; up by 19%**
- **Total Tax expenses higher at Rs.67 Crs, increase of 9%**
- **Net profit up 23%**



Financial Performance – contd...

(Rs. Crores)

	Q3 FY04	Q3 FY03	% Chg.
Net Turnover & Operating Income	1,335.4	1,166.6	14
Other Income	20.7	14.2	45
PBIDT	339.6	298.1	14
Interest & Finance Charges	39.4	40.5	(3)
Gross Profit	300.2	257.7	17
PBT (before Exceptional Items)	230.7	194.5	19
Total Tax Expenses	67.0	61.5	9
Net Profit	163.7	133.0	23

Other Highlight

- Acquisition of controlling interest in Cement Business of L&T
 - Scheme of Arrangement filed with High Court
 - Grasim has deposited Rs.128 Crs. (10% of proposed open offer consideration) in Escrow
 - Court convened meeting of Shareholders and Creditors of L&T fixed for 3rd February 2004



Financial Performance

(Rs. Crores)

	Q3 FY04	Q3 FY03	% Chg.	9M FY04	9M FY03	% Chg.	FY03
Net Turnover & Operating Income	1,335.4	1,166.6	14	3,687.3	3,415.0	8	4,626.3
Other Income	20.7	14.2	45	108.3	60.1	80	115.8
PBIDT	339.6	298.1	14	962.0	836.3	15	1,135.8
Interest and Finance Charges	39.4	40.5	(3)	118.8	127.8	(7)	168.4
Gross Profit	300.2	257.7	17	843.2	708.5	19	967.3
Depreciation	69.5	63.2	10	204.9	188.4	9	254.1
PBT (before Exceptional Items)	230.7	194.5	19	638.3	520.1	23	713.2
Current Tax	63.0	57.0	11	162.0	136.0	19	192.0
Deferred Tax	4.0	4.5	(11)	8.0	17.0	(53)	(15.0)
Profit after Total Taxes but before Exceptional Items	163.7	133.0	23	468.3	367.1	28	536.2
PAT (after Exceptional Items)	163.7	133.0	23	497.2	367.1	35	367.6



Financial Performance – contd...

Rs. Crores

	Q3FY04	Q3FY03	9MFY04	9MFY03	FY03
<u>Exceptional Items</u>					
(Loss)/ Profit on sale of shares (MRPL)/IGFL			28.9		(208.6)
Excess provision for taxes for earlier years written back					40.0
Net Profit after Exceptional Items and Taxes	163.7	133.0	497.2	367.1	367.6

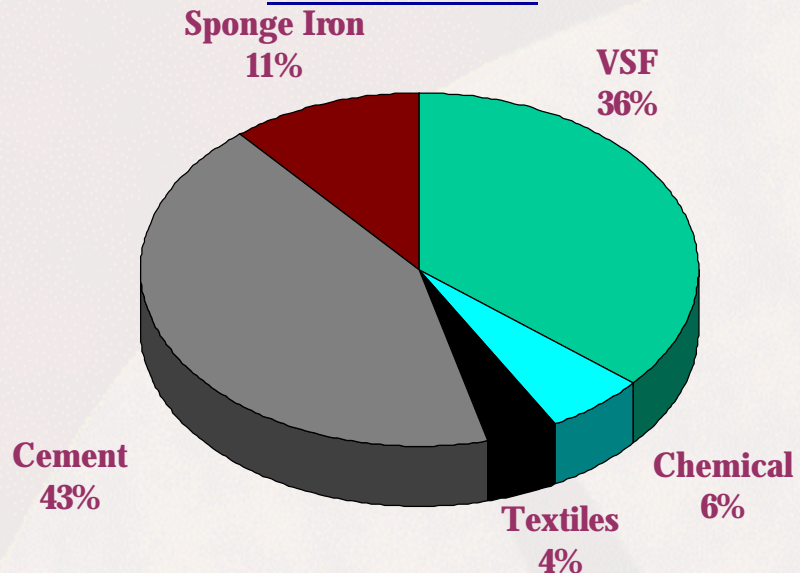
Earning Per Share (Rs.) Basic and Diluted

	Q3 FY04	Q3 FY03	% Chg.	9M FY04	9M FY03	% Chg.	FY03
After Total Taxes but before Exceptional Items	17.9	14.5	23	51.1	40.0	28	58.5
After Total Taxes and Exceptional Items	17.9	14.5	23	54.2	40.0	35	40.1



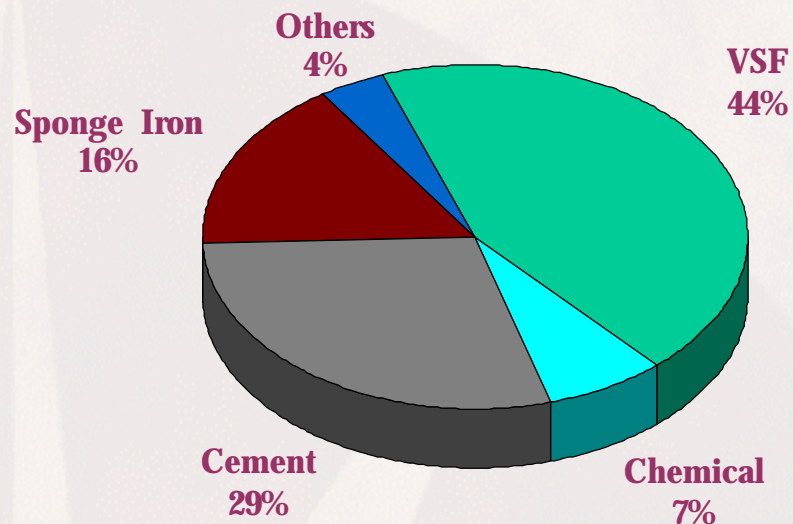
Segmental Performance Summary - Q3FY04

Revenue Mix



Q3FY04 (Rs. 1,335 Crs.)

PBIDT Mix



Q3FY04 (Rs. 340 Crs.)

- **VSF (incl. Chemical) and Cement contributed 85% to Revenue (87%)**
- **Sponge Iron share in revenue increased to 11% (9%)**
- **VSF (incl. Chemical) and Cement contribute 80% to PBIDT (96%)**
- **Sponge Iron contribution to PBIDT improved to 16% (7%)**



Segmental Performance – Q3FY04

Rs. Crores

Business	Revenue		PBIT *		Capital Employed #		ROAvCE (%) (PBIT basis)	
	Q3FY04	Q3FY03	Q3FY04	Q3FY03	Q3FY04	Q3FY03	Q3FY04	Q3FY03
VSF	486.4	413.1	135.1	148.3	812	803	67.4	72.9
Chemical	83.8	68.0	19.5	10.6	197	207	38.6	19.8
Cement	586.2	545.5	59.0	76.1	1,987	2,043	11.9	15.7
Sponge Iron	157.6	109.8	47.1	12.3	468	457	39.0	9.5
Textile	57.1	55.2	(1.9)	(1.6)	111	112	(6.8)	(5.2)
Company as a whole	@ 1,335.4	@ 1,166.6	270.2	234.9	6,316	5,622	18.3	17.5

* After employee separation cost # Deferred Tax treated as part of Capital Employed @ Net of Inter and Intra segment sales

- **Capital Employed in Manufacturing Operations - Rs. 3,575 Crs**

- **84% is in VSF/Chemical and Cement**

- **Other CE of Rs.2,741 Crs includes investment in L&T and short term investments**

- **Increased ROCE of Sponge Iron - 39% and Chemical - 39%**

- **Lower ROCE in case of Cement**



Segmental Performance – 9MFY04

Business	Rs. Crores							
	Revenue		PBIT *		Capital Employed #		ROAvCE (%) (PBIT basis)	
	9MFY04	9MFY03	9MFY04	9MFY03	9MFY04	9MFY03	9MFY04	9MFY03
VSF	1,275.7	1,246.4	368.0	416.7	812	803	61.2	68.3
Chemical	215.6	186.8	42.4	32.0	197	207	28.0	20.0
Cement	1,704.3	1,599.9	162.5	163.1	1,987	2,043	11.0	11.2
Sponge Iron	406.3	288.2	118.7	36.7	468	457	32.8	9.5
Textile	176.4	166.8	(2.5)	(15.9)	111	112	(3.1)	(17.4)
Company as a whole	@ 3,687.3	@ 3,415.0	757.1	647.9	6,316	5,622	17.1	16.1

* After employee separation cost

Deferred Tax treated as part of Capital Employed

@ Net of Inter and Intra segment sales

- **Capital Employed in Manufacturing Operations - Rs. 3,575 Crs**

- **84% is in VSF/Chemical and Cement**

- **Other CE of Rs.2,741 Crs includes investment in L&T and short term investments**

- **Increased ROCE of Sponge Iron - 33% and Chemical - 28%**

- **Cement ROCE maintained**

Business Review – Q3FY04



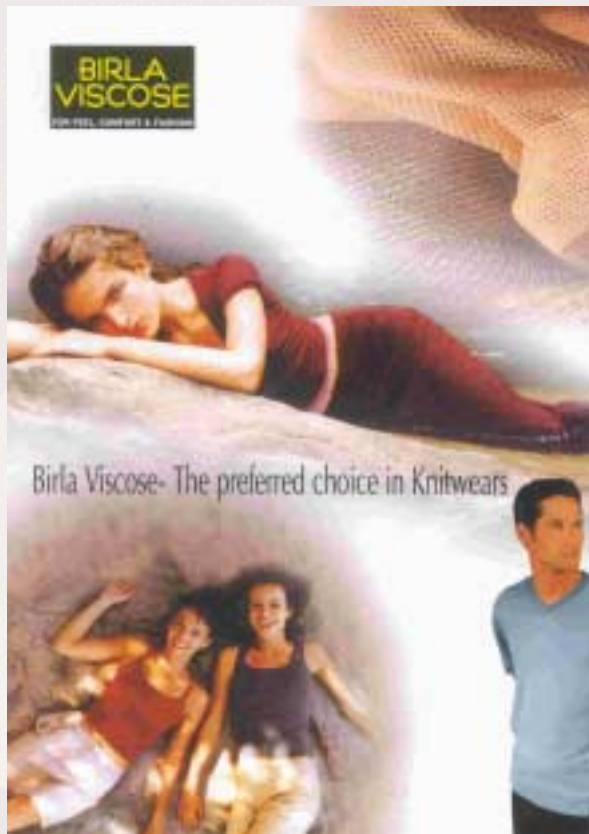
Viscose Staple Fibre : Highlights

	Q3FY04	Q3FY03	% Chg.
Capacity (TPA)	220,775	220,775	--
Production (MT)	61,447	60,323	2
Sales Volumes (MT)	63,938	56,798	13
Net Turnover (Rs Crs.)	486.2	412.9	18
Realisation (Rs./MT)	70,306	69,137	2
PBIDT Margin (%)	31	39	--
PBIT (Rs. Crs.)	135.1	148.3	(9)



- **Highest ever production and sales**
 - Capacity utilisation at 111%
- **Sales volume up 13%**
 - Higher domestic sales (8%) driven by better demand
 - Exports grew 23% on back of direct export to China and higher deemed export to EU
 - Application development efforts contributing as well
- **Realisation up 2%**
 - In line with international VSF price trend
- **Operating margins suffered due to increased input cost**
 - Pulp up 11%; Caustic Soda up 42% and Sulphur up 17%

Viscose Staple Fibre : Outlook



- Improving domestic demand outlook
- Deemed export volumes to continue at higher level on back of lower global cotton crop
- Increase in realisation from January 04
 - Partially offset the increase in input cost
- Grasim will remain focused on market enlargement thru Product and Application development



Viscose Staple Fibre : Summary

		Q3 FY04	Q3 FY03	% Chg.	9M FY04	9M FY03	% Chg.	FY03
Capacity	TPA	220,775	220,775	--	220,775	220,775	--	220,775
Production	MT	61,447	60,323	2	159,841	166,225	(4)	224,610
Sales Volumes	MT	63,938	56,798	13	166,513	173,441	(4)	227,900
Net Turnover	Rs. Crs.	486.2	412.9	18	1,275.1	1,245.8	2	1,642.8
Avg. Realisation	Rs./MT	70,306	69,137	2	71,433	67,706	6	67,921
PBIDT *	Rs. Crs.	148.2	160.3	(8)	406.6	452.4	(10)	588.0
PBIDT Margin *	%	31	39	--	32	36	--	36
PBIT *	Rs. Crs.	135.1	148.3	(9)	368.0	416.7	(12)	540.2
Capital Employed	Rs. Crs.	812	803	1	812	803	1	851
ROAvCE(PBIT basis)	%	67.4	72.9	--	61.2	68.3	--	64.5

* After Employees Separation Cost



Cement : Highlights

	Q3FY04	Q3FY03	% Chg.
<u>Grey Cement</u>			
Capacity (Mn TPA)	12.92	11.37	14
Production (Mn MT)	2.92	2.72	7
Sales Volumes (Mn MT)	2.95	2.70	9
Net Turnover (Rs. Crs.)	536.5	492.0	9
Realisation (Rs./MT)	1,665	1,710	(3)
<u>White Cement</u>			
Capacity (TPA)	400,000	400,000	-
Production (MT)	82,155	86,098	(5)
Sales Volumes (MT)	80,158	83,741	(4)
Net Turnover (Rs.Crs.)	48.2	51.7	(7)
Realisation (Rs./MT)	5,342	5,813	(8)
PBIDT Margin (%)	17	20	--
PBIT (Rs. Crs.)	59.0	76.1	(23)

- Market realignment efforts helped perform better - Volume up 9% against sector average of 5%

- Improved performance in North (+13%) and South (+11%)
- Flat volumes in West
- Marginal improvement in East (+3%)

- Revenue growth at 9% due to change in product and market mix

- Rise in RMC revenue

- Realisation down 3% YoY

- Prices have started improving from end November 2003

White Cement

- Sales volume down 4% and realisation down 8%

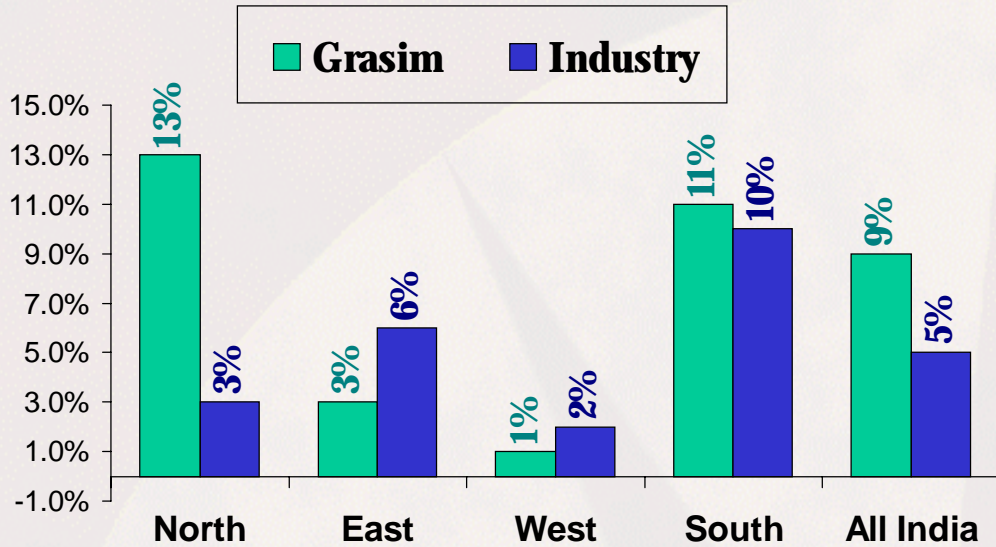
- Power and Fuel cost down

- Higher use of alternate fuels
- Wheeled power from Aditya Cement



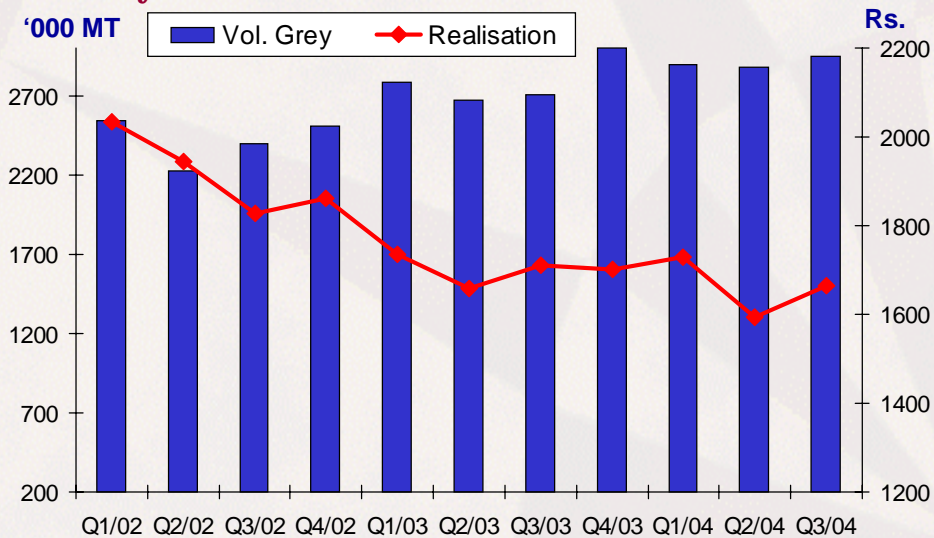
Cement : Highlights contd..

Q3FY04 -Zone wise growth – Grasim and Industry



- **OPM declined to 17% for pricing pressure**
 - **Notwithstanding increased thru put and rising share of blended cement up from 38% to 46%**
 - **Cost competitiveness maintained due to higher share of Captive Thermal power**
- **Entered the Pune RMC market**

Grey Cement Sales volume and Realisation /Tonne





Cement : Outlook

- **Industry outlook in the short term improving**
 - **Impact of good monsoon**
 - **Renewed activity in road sector**
 - **Housing demand and fiscal incentive**
- **Price recovery seen at the end of Q3FY04 likely to sustain till monsoon**
 - **Likely Industry capacity utilisation at around 90% in Q4FY04**
 - **Economic compulsions and rising costs**
- **Long term fundamental strong - growth to average around 8%**
 - **Growth in housing remains strong**
 - **Infrastructure remains a thrust area**
- **Demand Supply equilibrium likely by FY07**
 - **Revival of dormant capacities and de-bottlenecking/blending to raise supplies**
 - **North and East could see equilibrium by FY05**
 - **Balance in South and West likely by FY07**



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

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

Cement : Summary

		Q3 FY04	Q3 FY03	% Chg.	9M FY04	9M 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	2.92	2.72	7	8.65	8.12	7	11.09
Sales Volumes	Mn. MT	2.95	2.70	9	8.73	8.15	7	11.16
Net Turnover	Rs. Crs.	536.5	492.0	9	1,565.1	1,462.0	7	2,002
Avg Realisation	Rs./MT	1,665	1,710	(3)	1,652	1,691	(2)	1,690
<u>White Cement</u>								
Capacity	TPA	400,000	400,000	--	400,000	400,000	--	400,000
Production	MT	82,155	86,098	(5)	218,678	222,851	(2)	310,163
Sales Volumes	MT	80,158	83,741	(4)	221,785	219,587	1	305,223
Net Turnover	Rs. Crs.	48.2	51.7	(7)	134.7	133.1	1	180.3
Avg Realisation	Rs./MT	5,342	5,813	(8)	5,425	5,643	(4)	5,534
PBIDT *	Rs. Crs.	97.2	109.9	(12)	274.9	264.5	4	359.5
PBIDT Margin *	%	17	20	--	16	17	--	17
PBIT *	Rs. Crs.	59.0	76.1	(23)	162.5	163.1	--	221.3
Capital Employed	Rs. Crs.	1,987	2,043	(3)	1,987	2,043	(3)	2,088
ROAvCE (PBIT basis)	%	11.9	15.7	--	11.0	11.2	--	11.0



Chemical : Highlights

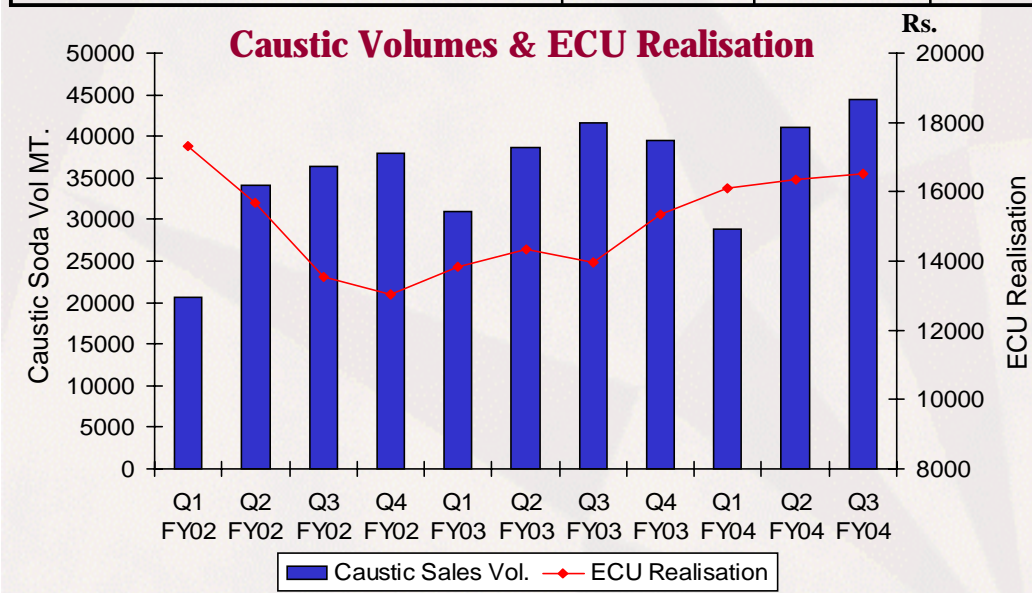
	Q3FY04	Q3FY03	% Chg
Caustic Capacity (TPA)	@ 190,800	160,600	19
Caustic Production (MT)	44,741	41,522	8
Caustic Sales Volumes (MT)	44,426	41,637	7
Net Turnover (Rs Crs.)	83.2	67.6	23
ECU Realisation (Rs./MT)	16,528	13,975	18
PBIDT Margin (%)	29	22	--
PBIT (Rs. Crs.)	19.5	10.6	85

- Overall good performance
- Enhanced capacity utilisation at 94%
- Improved captive demand from VSF helped grow volume by 7%
- ECU realisation up 18%
 - Higher Caustic prices offset lower realisation of Chlorine, HCL and ancillary products

- Margin at 29% due to increased volume and higher ECU realization

Outlook

- Stable demand outlook for Caustic
- ECU realisation and margins expected to be stable
- Grasim to focus on optimum utilisation of capacity



@ Capacity expanded in Q4FY03



Chemical : Summary

		Q3 FY04	Q3 FY03	% Chg.	9M FY04	9M FY03	% Chg.	FY03
Capacity (Caustic)	MT	@ 190,800	160,600	19	@ 190,800	160,600	19	@ 190,800
Production (Caustic)	MT	44,741	41,522	8	114,406	111,792	2	151,445
Sales Volume(Caustic)	MT	44,426	41,637	7	114,342	111,262	3	150,825
Net Turnover	Rs. Crs.	83.2	67.6	23	214.6	185.5	16	255.9
Avg. ECU Realisation	Rs./MT	16,528	13,975	18	16,275	14,062	16	14,402
PBIDT *	Rs. Crs.	23.7	14.6	63	55.0	44.1	25	53.1
PBIDT Margin *	%	29	22	--	26	24	--	21
PBIT *	Rs. Crs.	19.5	10.6	85	42.4	32.0	32	37.2
Capital Employed	Rs. Crs.	197	207	(5)	197	207	(5)	211
ROAvCE (PBIT basis)	%	38.6	19.8	--	28.0	20.0	--	17.3

* After Employee Separation Cost

@ Capacity expanded in Q4FY03

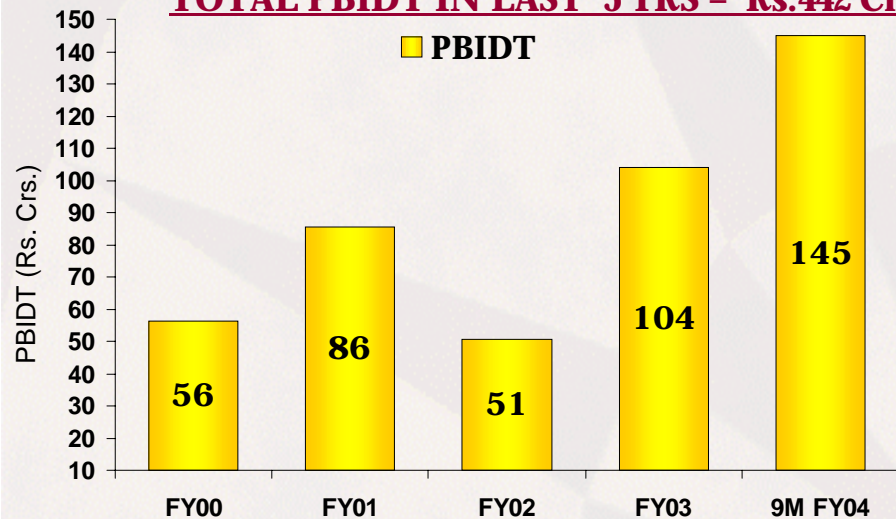


Sponge Iron : Highlights

	Q3FY04	Q3FY03	% Chg.
Capacity (TPA)	900,000	900,000	--
Production (MT)	164,700	148,337	11
Sales Volumes (MT)	170,823	165,707	3
Net Turnover (Rs Crs.)	157.6	109.8	44
Realisation (Rs./MT)	8,831	6,320	40
PBIDT Margin (%)	36	20	--
PBIT (Rs. Crs.)	47.1	12.3	284

- Excellent performance continued
- Production up 11%
- Use of Naptha helped achieving capacity utilisation at 73% (66%)
- Average realisation higher by 40%
 - Improved demand from steel industry
 - Firm global scrap prices
- Sharp rise in margins to 36% despite
 - Increased use of Naptha
 - Higher Pellet and Iron Ore cost

TOTAL PBIDT IN LAST 5 YRS – Rs.442 Crs.



Outlook

- Positive outlook for demand and prices
 - Global scrap prices to stabilize at current levels due to turnaround in steel sector
- Availability of Natural Gas may improve from December 2004
- Natural Gas price remains a concern

STRATEGY OF ASSET SWEATING PAYS OFF



Sponge Iron : Summary

		Q3 FY04	Q3 FY03	% Chg.	9M FY04	9M FY03	% Chg.	FY03
Capacity	TPA	900,000	900,000	-	900,000	900,000	-	900,000
Production	MT	164,700	148,337	11	467,587	448,608	4	612,879
Sales Volumes	MT	170,823	165,707	3	471,031	453,437	4	612,425
Net Turnover	Rs. Crs.	157.6	109.8	44	406.3	288.2	41	405.9
Avg Realisation	Rs./MT	8,831	6,320	40	8,328	6,114	36	6,379
PBIDT *	Rs. Crs.	55.9	21.6	158	145.0	65.0	123	103.6
PBIDT Margin *	%	36	20	--	36	23	--	26
PBIT *	Rs. Crs.	47.1	12.3	284	118.7	36.7	223	66.6
Capital Employed	Rs. Crs.	468	457	2	468	457	2	498
ROAvCE (PBIT basis)	%	39.0	9.5	--	32.8	9.5	--	12.5

* After Employees Separation Cost



Textiles : Highlights

	Q3 FY04	Q3 FY03	% Chg.
Sales Volumes			
- Fabrics (lac Mtrs.)	37	32	17
- Synthetic Yarn (MT)	1,504	1,719	(13)
Net Turnover (Rs Crs.)	53.9	52.8	2
Fabric Realisation (Rs./Mtr)	96	104	(8)
Synth. Yarn Realisation (Rs./Kg)	118	113	5
PBIDT Margin (%)	4	4	--
PBIT (Rs. Crs.)	(1.9)	(1.6)	(18)

- **Fabric sales volume up 17%**
 - **Focus on premium synthetic fabric**
 - **Brand re-positioning efforts paying off**
- **Flat PBIDT due to lower Fabric realization by 8%**

Outlook

- **Positive performance to continue**
 - **Consolidation of operations**
- **Product development will be the focus area**
- **WTO may provide better export opportunity**



ANDAAZ ZARA HAT KE!



Textiles : Summary

		Q3 FY04	Q3 FY03	% Chg.	9M FY04	9M FY03	% Chg.	FY03
Net Turnover	Rs. Crs.	53.9	52.8	2	166.5	159.5	4	220.4
PBIDT *	Rs. Crs.	1.9	2.1	(13)	8.3	(5.8)	242	(8.8)
PBIDT Margin *	%	4	4	--	5	(4)	--	(4)
PBIT *	Rs. Crs.	(1.9)	(1.6)	(18)	(2.5)	(15.9)	84	(22.6)
Capital Employed	Rs. Crs.	111	112	(1)	111	112	(1)	109
ROAvCE (PBIT basis)	%	(6.8)	(5.2)	--	(3.1)	(17.4)	--	(18.7)

** After Employees Separation Cost*

Capex and Financial Highlights



Capex Plan

Rs. Crores

	Capex planned	Cash Outflow	
		FY04	FY05
<u>Cement</u>			
- De-bottlenecking/ Blending	64	22	42
- Power Plants/ RMCs	44	29	15
- Modernization	197	131	66
Total Cement	305	182	123
<u>VSF</u>			
- Dev. Centre & Capacity expansion	54	29	25
- Modernization	125	65	47
Total VSF	179	94	72
Chemical	19	16	3
Others	52	50	2
TOTAL	555	342	200

● 9MFY04 Capex Rs.168 Crores

➤ Cement Rs.90 Crores, VSF Rs.52 Crores, Others Rs. 26 Crores

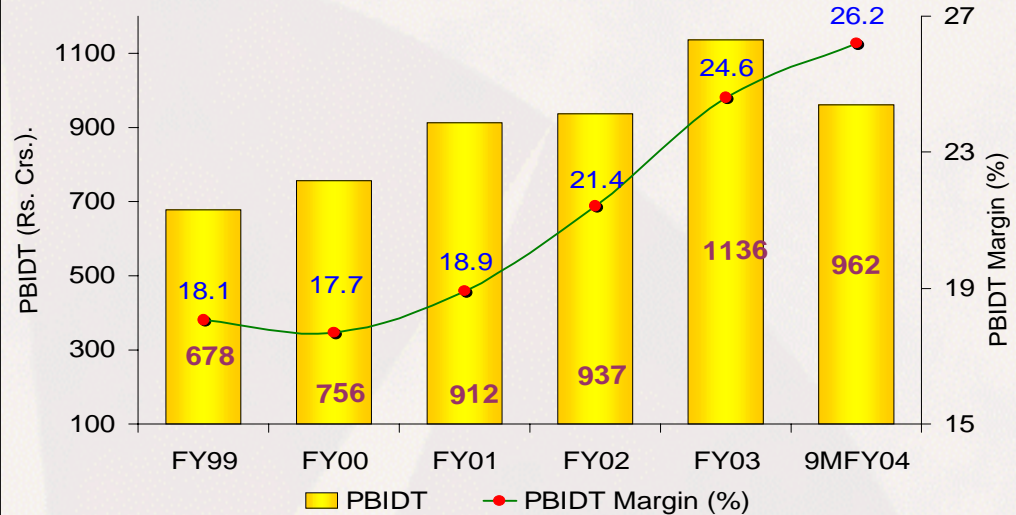


Profitability Snapshot

<i>(Figures in Rs. Crores)</i>	FY99	FY02	FY03	9M FY04
Gross Turnover	3,897	5,070	5,412	4,330
Net Turnover	3,354	4,372	4,609	3,671
PBIDT	678	937	1,136	962
PBIDT Margin (%)	18.1	21.4	24.6	26.2
Int. & Fin. Charges	292	190	168	119
PBDT	386	747	967	843
(Before Deferred Tax)				
PAT	168	438	521	476
PAT Margin (%)	3.3	10.0	11.3	13.0
EPS (Rs.)	20.1	47.8	56.8	@ 51.9
CEPS (Rs.)	45.2	75.3	84.6	74.3
DPS (Rs.)	6.8	9.0	10.0	-
(After Total Tax)				
PAT	109	387	542	468
EPS (Rs.)	13.1	42.2	58.5	@ 51.1
Interest Cover (x)	2.3	4.6	5.6	6.7

*All Profitability numbers and EPS are before Exceptional Items
@ EPS for the period*

PBIDT & PBIDT Margin

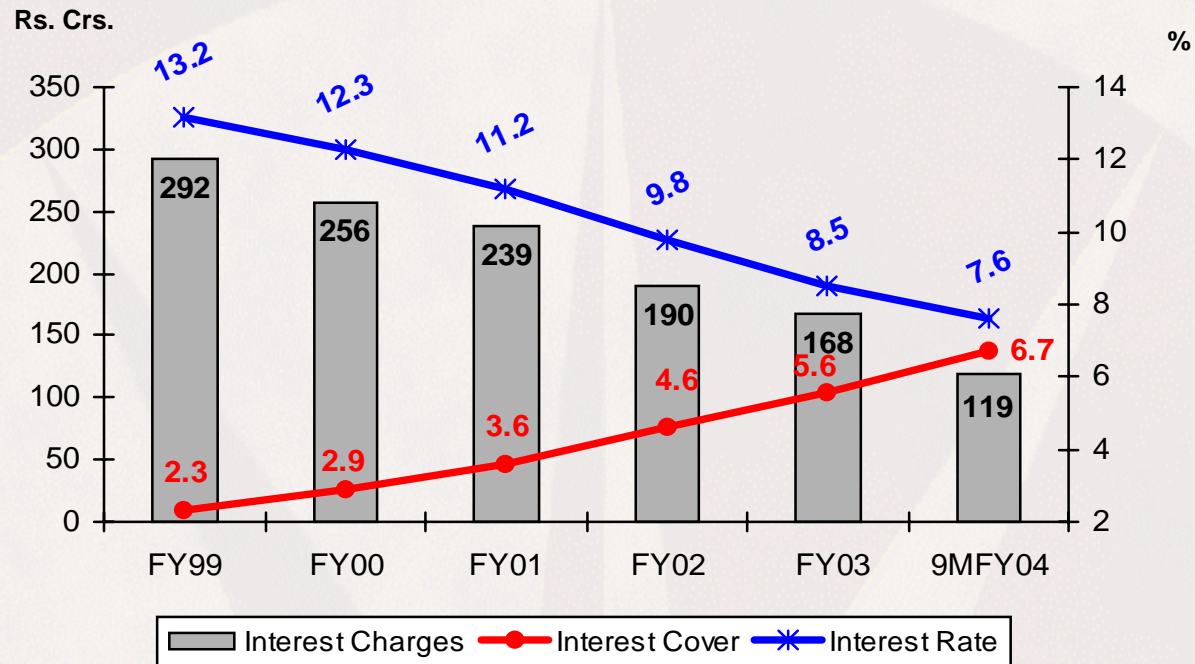


- **Excellent performance from all the businesses**
- **Benefit of Business and financial restructuring over last 4 years**
 - **PBIDT soared from Rs.678 Crs in FY99 (full year) to Rs. 962 Crs in 9MFY04**
 - **PBIDT margin improved from 18.1% in FY99 to 26.2% in 9MFY04**
- **EPS improved significantly from Rs.20 in FY99 (full year) to Rs.52 per share in 9M FY04**



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.119 Crs for 9MFY04

- 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, 6.7 x in 9MFY04
- Av. Interest rate down from 13.2% in FY99 to 8.5% in FY03; 7.6 % in 9MFY04

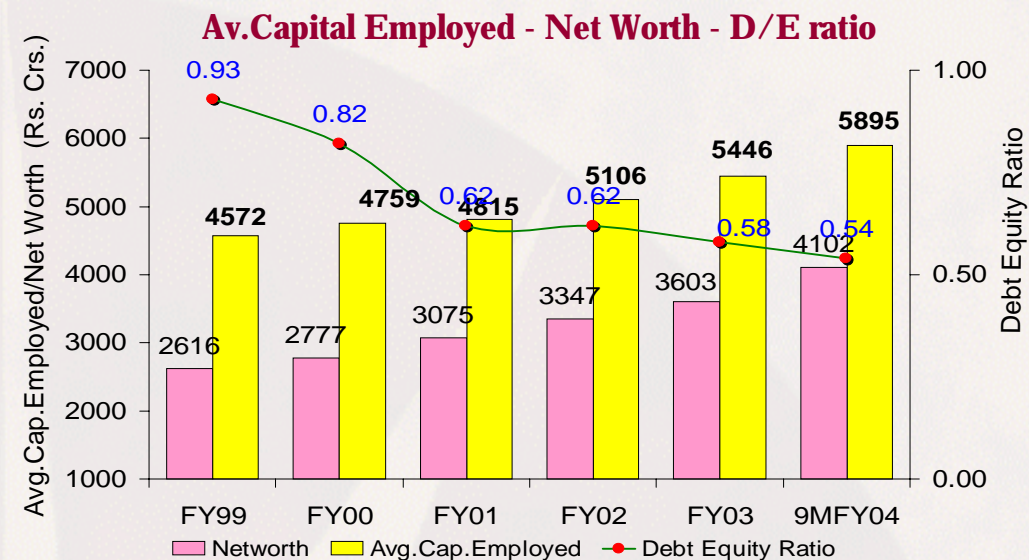


Financial Snapshot

<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 + Def. 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

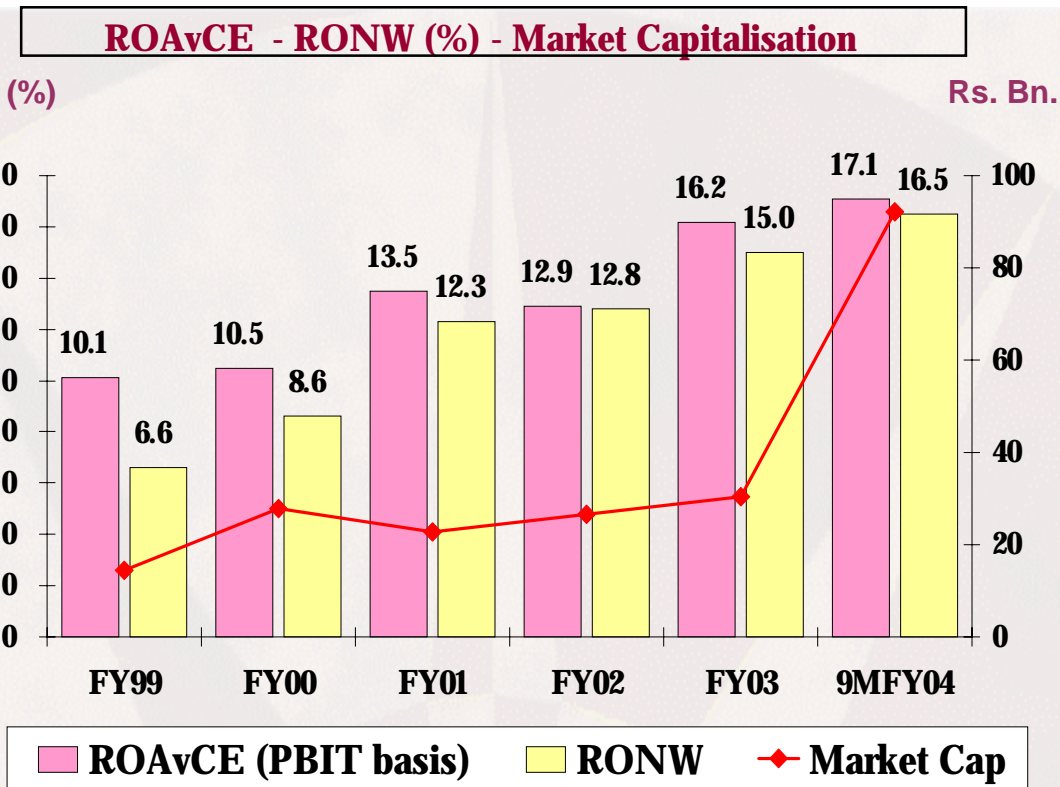
Exceptional items eliminated in calculation of ROAvCE/RONW



- **Strong Balance Sheet – Investment in L&T thru internal generations**
- **Book Value – from Rs.285 in FY99 to Rs.447 per share in 9MFY04**
- **Debt/Equity ratio improved from 0.93 x in FY99 to 0.54 x in 9MFY04**



Financial Snapshot contd..



- Balance Sheet reflects 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 17.1% in 9MFY04 despite lower return on increased strategic investment
- RONW more than doubled from 6.6% in FY99 to 16.5% in 9MFY04
- Market capitalisation increased from Rs.14.5 Bn in FY99 to Rs.90 Bn on 31.12.2003



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 assumes 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)

	Q3FY04			Q3FY03			FY03		
	Capacity TPA	Production	%	Capacity TPA	Production	%	Capacity TPA	Production	%
VSF	220,775	61,447	111	220,775	60,323	109	220,775	224,610	102
Pulp	70,000	18,405	105	70,000	18,871	108	70,000	70,495	101
Caustic Soda #	190,800	44,741	94	160,600	41,522	103	190,800	151,445	90
Grey Cement *	@ 12.92	2.92	90	11.37	2.72	96	@ 12.92	11.09	98
White Cement	400,000	82,155	82	400,000	86,098	86	400,000	310,163	78
Sponge Iron	900,000	164,700	73	900,000	148,337	66	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

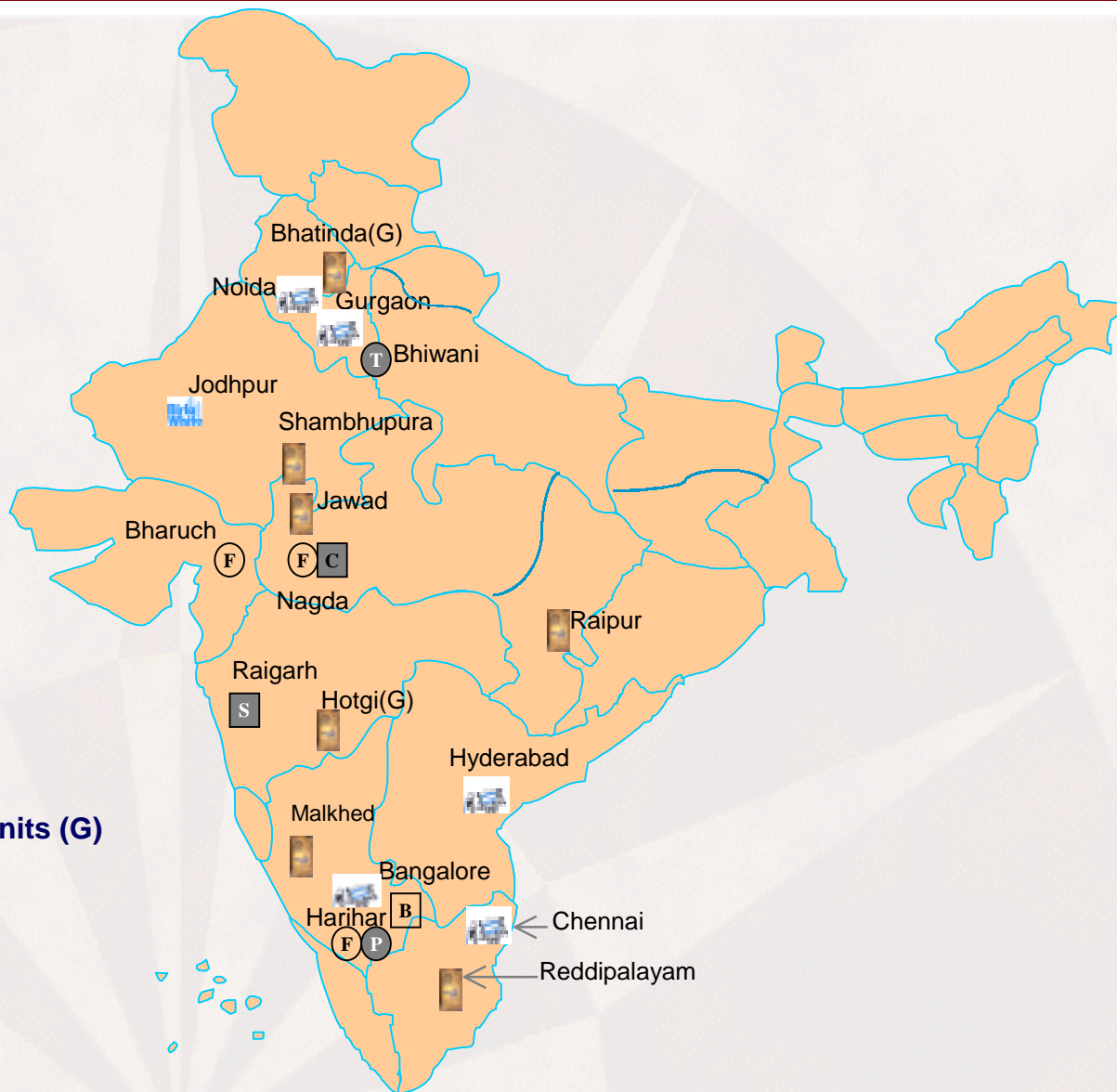
Product	Quantity (MT)			Realisation (Rs. /MT)		
	Q3FY04	Q3FY03	FY03	Q3FY04	Q3FY03	FY03
VSF	63,938	56,798	227,900	70,306	69,137	67,921
Pulp	18,739	18,804	70,126	22,335	20,966	20,191
Caustic Soda *	44,426	41,637	150,825	16,528	13,975	14,402
Grey Cement * *	2.95	2.70	11.16	1,665	1,710	1,690
White Cement	80,158	83,741	305,223	5,342	5,813	5,534
Sponge Iron	170,823	165,707	612,425	8,831	6,320	6,379

* ECU Realisation

** Numbers are in Mn. MT.

Plant Locations

- (F)** Fibre plants
- (P)** Pulp plant
- (C)** Chemical plant
- (T)** Textiles units
- (G)** Grey cement plants / Grinding Units (G)
- (W)** White cement plant
- (R)** Ready-mix Concrete plants
- (B)** Bulk Cement Terminal
- (S)** Sponge Iron plant



Not to scale



**GRASIM, THE ADITYA BIRLA GROUP'S FLAGSHIP COMPANY
REPORTS EXCELLENT PERFORMANCE FOR Q3 – FY 2004**

Profit After Tax for Q3 : Rs. 164 Crores, up 23%

(Rs. Crores)

	Quarter Ended 31.12.2003 (Un-audited)	Quarter Ended 31.12.2002 (Un-audited)	Variation %	Financial Year Ended 31.03.2003 (Audited)
Net Turnover	1,335.4	1,166.6	14	4,626.3
PBIDT	339.6	298.1	14	1,135.7
Interest	39.4	40.5	(3)	168.4
Gross Profit	300.2	257.6	17	967.3
Depreciation	69.5	63.2	10	254.1
Profit Before Taxes and Exceptional items	230.7	194.4	19	713.2
Total Tax Expenses	67.0	61.5	9	177.0
Exceptional Items (net)	--	--	--	(-) 168.6
Net Profit after Total Taxes and Exceptional Items	163.7	132.9	23	367.6

Grasim, the flagship Company of the Aditya Birla Group, has recorded a 14% growth in turnover for the quarter ended 31st December, 2003, at Rs.1335 crores (Rs.1167 crores). Net Profit for the quarter has surged by 23% to Rs.164 crores (Rs.133 crores), on the back of an impressive performance by all its businesses.

OPERATIONS

The table below provides the highlights of Grasim's operations:

PRODUCTION / TURNOVER

		Q3 FY2004	Q3 FY2003	Variation	FY2003
Production Volumes					
Viscose Staple Fibre	M.T.	61447	60323	2%	224610
Cement	Mn. M.T.	2.92	2.72	7%	11.09
White Cement	M.T.	82155	86098	-5%	310163
Sponge Iron	M.T.	164700	148337	11%	612879
Caustic Soda	M.T.	44741	41522	8%	151445
Sales Volumes					
Viscose Staple Fibre	M.T.	63938	56798	13%	227900
Cement	Mn. M.T.	2.95	2.70	9%	11.16
White Cement	M.T.	80158	83741	-4%	305223
Sponge Iron	M.T.	170823	165707	3%	612425
Caustic Soda	M.T.	44426	41637	7%	150825

NET REALISATION

		Q3 FY2004	Q3 FY2003	Variation	FY2003
Viscose Staple Fibre	Rs./M.T.	70306	69137	2%	67921
Cement	Rs./M.T.	1665	1710	-3%	1690
White Cement	Rs./M.T.	5342	5813	-8%	5534
Sponge Iron	Rs./M.T.	8831	6320	40%	6379
Caustic Soda (ECU)	Rs./M.T.	16528	13975	18%	14402

VSF BUSINESS

The VSF business has improved its performance on all operating parameters. Capacity utilization has risen to 111% compared to 109% recorded for the year-ago period. The business has recorded a noteworthy increase in sales volumes, which stood at 63938 MT, representing an increase of 13% over the corresponding period last year. This positive performance has helped to partially offset the steep rise in input costs.

The VSF business continues to lay emphasis on application development and branding its fibre in terms of feel, comfort, fashion and hygiene. The Company's efforts in this direction have been well received by the market, helping the division enhance its presence in the premium segment.

The Company being the largest and lowest cost superior quality producer of VSF, is fully geared to capitalize on the increased demand for the product, which it has generated. The outlook for the Company's VSF business continues to be bright.

CEMENT BUSINESS

Despite a fall in cement prices, the Cement business has posted an impressive performance. Production and Sales volumes were up by 7% and 9% respectively over the corresponding quarter of last year, outperforming the industry's average growth. The share of blended cement has grown from 38% to 46% during the quarter.

The division envisages a total capital outlay of Rs.306 crores towards modernization and capacity expansion through debottlenecking and process improvement.

The Company's cement capacity is expected to increase to 13.5 million tonnes by the end of FY2004.

The Government's renewed focus and efforts towards catalyzing the development of the infrastructure sector at a faster pace, coupled with an up-turn in the housing sector should augur well for the Company's Cement Business.

ACQUISITION OF STAKE IN LARSEN & TOUBRO'S DEMERGED CEMENT BUSINESS

As a part of the proposal for the demerger of Cement Business of Larsen & Toubro Ltd. (L&T) to UltraTech CemCo Limited (CemCo), the Company has entered into an agreement to acquire 8.5% equity stake in Cemco from L&T, and proposes to make an open offer for purchase of an additional 30% of the equity of CemCo.

L&T has submitted a Scheme of Arrangement to the Bombay High Court for effecting the demerger of its Cement Business and is in the process of obtaining the approval of its Shareholders and Creditors. The demerger process, which is subject to various statutory and regulatory approvals, is progressing satisfactorily.

SPONGE IRON BUSINESS

The Sponge Iron business has posted an outstanding performance. Supported by a rising demand from the steel industry and higher international scrap prices, realization at Rs.8831 per MT is up by 40% over the corresponding quarter of last year. Production and Sales volumes have also increased by 11% and 3% respectively.

The demand for steel remains on the upswing, both in the domestic and international markets. The outlook for the Sponge Iron business is thus positive. However, the availability of natural gas and its pricing remain an area of concern.

CHEMICAL BUSINESS

The Chemical business has recorded an all round improved performance. Both Production and Sales volumes of Caustic Soda have risen by 8% and 7% respectively. ECU realization showed a remarkable improvement during the quarter, by 18% at Rs.16528 per MT over the corresponding quarter of the previous year.

The Company will continue to focus on the optimum utilization of capacity and development of ancillary products for higher value addition and realization.

OUTLOOK

Grasim's outlook continues to remain bright, with its strong fundamentals, ongoing business restructuring, unrelenting thrust on operational excellence and cost reduction.

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Grasim Industries Limited

Regd. Office: Birlagram, Nagda – 456 331 (M.P.)

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

www.grasim.com or www.adityabirla.com



**UNAUDITED FINANCIAL RESULTS
FOR THE THREE MONTHS ENDED 31ST DECEMBER, 2003**

Rs in Crores

	Three Months Ended 31st December 2003	Three Months Ended 31st December 2002	Nine Months Ended 31st December 2003	Nine Months Ended 31st December 2002	Year ended 31st March 2003 (Audited)
Net Sales / Income from Operations	1,335.40	1,166.59	3,687.30	3,414.95	4,626.29
Other Income	20.68	14.24	108.28	60.12	115.84
Total Expenditure					
- Decrease / (Increase) in Stock	17.88	(28.97)	33.00	35.74	16.70
- Raw Material Consumed	366.44	308.33	963.31	837.85	1,175.91
- Purchases of Finished Goods	11.02	4.41	37.89	10.94	17.62
- Payment to & Provision for Employees	88.27	82.07	257.90	239.26	332.24
- Power & Fuel	228.41	220.96	650.85	632.61	855.53
- Freight , Handling & Other expenses	130.20	121.75	377.06	377.98	508.68
- Other Expenditure	174.24	174.16	513.58	504.40	699.70
Total Expenditure	1,016.46	882.71	2,833.59	2,638.78	3,606.38
Interest	39.43	40.47	118.82	127.81	168.41
Gross Profit	300.19	257.65	843.17	708.48	967.34
Depreciation	69.47	63.20	204.87	188.39	254.14
Profit before Exceptional Items and Tax	230.72	194.45	638.30	520.09	713.20
Tax Provision of earlier years written back	-	-	-	-	40.00
Profit/ (Loss) on Sale of Trade Investments	-	-	28.89	-	(208.62)
Profit before Tax Expense	230.72	194.45	667.19	520.09	544.58
Provision for Current Tax	(63.00)	(57.00)	(162.00)	(136.00)	(192.00)
(Deferred Tax) / Deferred Tax write-back	(4.00)	(4.50)	(8.00)	(17.00)	15.00
Net Profit	163.72	132.95	497.19	367.09	367.58
Paid up Equity Share Capital (Face Value Rs. 10 per share)	91.69	91.69	91.69	91.69	91.69
Reserves excluding Revaluation Reserve					2,879.35
Basic & Diluted EPS for the period (Rupees)	17.86	14.50	54.23	40.04	40.09

Notes:

- As a part of the proposal for the demerger of Cement Business of Larsen & Toubro Ltd. (L&T) to UltraTech CemCo Limited (Cemco), the Company has entered into an agreement to acquire 8.5% equity stake in Cemco from L&T and proposes to make an open offer for purchase of an additional 30% of the equity of Cemco. Post demerger, the Company also proposes to sell its entire holding in L&T (Demerged Company) to L&T Employees Welfare Foundation.

During the quarter under report : (a) a Scheme under Sec. 391 & 394 of the Companies Act , 1956 has been submitted by L&T to the High Court at Bombay for effecting such demerger ; and (b) the Company has deposited 10% of the proposed open offer consideration in an Escrow Account.

The completion of the demerger process and consequential acquisition/ sale of shares is subject to various statutory and regulatory approvals.

Cont. on Page 2

2. Segments Reporting:

		Rs. in Crores				
		Three Months Ended 31st December 2003	Three Months Ended 31st December 2002	Nine Months Ended 31st December 2003	Nine Months Ended 31st December 2002	Year ended 31st March 2003 (Audited)
1. SEGMENT REVENUE						
a	Fibre & Pulp	486.41	413.12	1,275.72	1,246.37	1,643.66
b	Cement	586.23	545.46	1,704.25	1,599.89	2,187.30
c	Sponge Iron	157.59	109.77	406.31	288.22	405.97
d	Chemicals	83.76	68.03	215.64	186.75	256.71
e	Textiles	57.08	55.24	176.41	166.76	231.06
f	Others	0.03	1.36	0.04	4.70	5.73
TOTAL		1,371.10	1,192.98	3,778.37	3,492.69	4,730.43
(Less) : Inter Segment Revenue		(35.70)	(26.39)	(91.07)	(77.74)	(104.14)
Net Sales / Income from Operations		1,335.40	1,166.59	3,687.30	3,414.95	4,626.29
2. SEGMENT RESULTS						
a	Fibre & Pulp	135.12	148.27	368.02	416.66	540.23
b	Cement	58.98	76.11	162.51	163.12	221.29
c	Sponge Iron	47.06	12.25	118.69	36.72	66.56
d	Chemicals	19.52	10.56	42.37	32.04	37.22
e	Textiles	(1.87)	(1.58)	(2.54)	(15.88)	(22.57)
f	Others	(0.04)	(0.10)	(0.18)	(4.05)	(4.08)
TOTAL		258.77	245.51	688.87	628.61	838.65
Add / (Less) :						
Interest		(39.43)	(40.47)	(118.82)	(127.81)	(168.41)
Net Unallocable Income / (Expenditure)		11.38	(10.59)	68.25	19.29	42.96
Profit before Exceptional Items and Tax Expense		230.72	194.45	638.30	520.09	713.20
Tax Provision of earlier years written back		-	-	-	-	40.00
Profit/ (Loss) on Sale of Trade Investments		-	-	28.89	-	(208.62)
Profit Before Tax Expenses		230.72	194.45	667.19	520.09	544.58
3. CAPITAL EMPLOYED						
a	Fibre & Pulp	811.50	803.46	811.50	803.46	850.57
b	Cement	1,987.32	2,043.06	1,987.32	2,043.06	2,087.69
c	Sponge Iron	468.41	456.93	468.41	456.93	497.76
d	Chemicals	197.05	206.51	197.05	206.51	210.75
e	Textiles	111.05	111.50	111.05	111.50	109.34
f	Others	2.61	4.92	2.61	4.92	3.44
TOTAL		3,577.94	3,626.38	3,577.94	3,626.38	3,759.55
g Unallocated Corporate Capital Employed		2,738.19	1,995.32	2,738.19	1,995.32	1,919.33
TOTAL CAPITAL EMPLOYED		6,316.13	5,621.70	6,316.13	5,621.70	5,678.88

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

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

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

5. During the quarter, total twenty eight investor complaints were received , which were promptly attended by the Company. No complaints were pending either at the beginning or at the end of the quarter.

6. The above results have been taken on record at the meeting of the Board of Directors held on 21st January,2004.

7. The Limited Review , as required under clause 41 of listing agreement , has been completed and the related report is being submitted to the concerned Stock Exchanges.

For and on behalf of Board of Directors

Place : Mumbai

Date : 21st January , 2004

Shailendra K. Jain

Whole-time Director

GRASIM INDUSTRIES LIMITED

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

An Aditya Birla Group Company

www.grasim.com or www.adityabirla.com