



Grasim Industries Limited

Performance Review – FY04

28th April 2004



Financial Performance – FY04

	(Rs. Crores)		
	<u>FY04</u>		<u>%</u>
Total Revenue	5,233	↑	13
PBIDT	1,475	↑	30
Interest Charges	154	↓	(9)
Gross Profit	1,321	↑	37
PBT (before E.Items)	1,048	↑	47
Total Tax Expenses	298	↑	68
PAT (before EI)	750	↑	40
PAT (after EI)	779	↑	112

Financial Highlights :

- **Excellent overall performance with record high profits**
 - **Excellent performance from Sponge Iron**
 - **Continuing strong performance from VSF and Chemicals**
 - **Improved performance from Cement**
- **Interest cost down further by 9%**
- **PBT at Rs.1,048 Crs; up by 47%**
- **Total Tax expenses higher at Rs.298 Crs, increase of 68%**
- **Net profit up 40%**



Financial Performance – contd...

	(Rs. Crores)		
	FY04	FY03	% Chg.
Net Turnover & Op. Income	5,233.3	4,623.3	13
Other Income	180.3	115.8	56
PBIDT	1,475.3	1,135.8	30
Interest & Finance Charges	153.9	168.4	(9)
Gross Profit	1,321.4	967.3	37
PBT (before EI)	1,048.4	713.2	47
Total Tax Expenses	298.0	177.0	68
PAT (before EI)	750.4	536.2	40
Exceptional Items (net)	28.9	(168.6)	--
PAT (after EI)	779.3	367.6	112
EPS (after EI) Rs.	85.0	40.1	112

Other Highlight

- **Acquisition of Ultratech CemCo**
 - Shareholders and Creditors of L&T approved the Scheme on 3rd Feb. 2004
 - High Court approved the Scheme of Arrangement on 22nd April 2004
 - Grasim deposited balance 90% of Open Offer consideration with Escrow Agent; Total amount deposited Rs.1,279 Crs
- **Harihar (75 days) and Nagda (45 days) plants operation affected due to water shortage**
- **Other income has moved up by 56%**



Financial Performance – Q4FY04

(Rs. Crores)

	Q4 FY04	Q4 FY03	% Chg.
Net Turnover & Op. Income	1,553.2	1,219.2	27
Other Income	72.1	55.7	29
PBIDT	513.3	299.5	71
Interest & Finance Charges	35.1	40.6	(14)
Gross Profit	478.3	258.9	85
PBT (before EI)	410.1	193.1	112
Total Tax Expenses	128.0	24.0	433
PAT (before EI)	282.1	169.1	67
Exceptional Items (net)	--	(168.6)	--
PAT (after EI)	282.1	0.5	--

Highlights :

- Net profit at Rs.282 Crs, highest ever in a quarter, up 67%, helped by impressive performance across all businesses
- Revenues up by 27%
- PBIDT up by 71%
- Interest cost down further by 14%
- PBT at Rs.410 Crs; up by 112%
- Total Tax expenses higher at Rs.128 Crs, increase of 433%
- Harihar plants operation affected due to water shortage



Financial Performance

(Rs. Crores)

	Q4FY04	Q4FY03	% Chg.	FY04	FY03	% Chg.
Net Turnover & Op. Income	1,553.2	1,219.2	27	5,233.3	4,623.3	13
Other Income	72.1	55.7	29	180.3	115.8	56
PBIDT	513.3	299.5	71	1,475.3	1,135.8	30
Interest and Finance Charges	35.1	40.6	(14)	153.9	168.4	(9)
Gross Profit	478.3	258.9	85	1,321.4	967.3	37
Depreciation	68.2	65.8	4	273.1	254.1	7
PBT (before EI)	410.1	193.1	112	1,048.4	713.2	47
Current Tax	129.0	56.0	130	291.0	192.0	52
Deferred Tax	(1.0)	(32.0)	--	7.0	(15.0)	-
PAT (before EI)	282.1	169.1	67	750.4	536.2	40
Exceptional Items (net)	--	(168.6)	--	28.9	(168.6)	--
PAT (after EI)	282.1	0.5	--	779.3	367.6	112
EPS (after EI)	Rs. 30.8	--	--	85.0	40.1	112



Financial Performance – contd...

● Exceptional Items (EI)

Rs. Crores

	Q4FY04	Q4FY03	FY04	FY03
Profit/ (Loss) on sale of shares IGFL / (MRPL)	--	(208.6)	28.9	(208.6)
Excess provision for taxes for earlier years written back	--	40.0	--	40.0
Net /Total EI	--	(168.6)	28.9	(168.6)

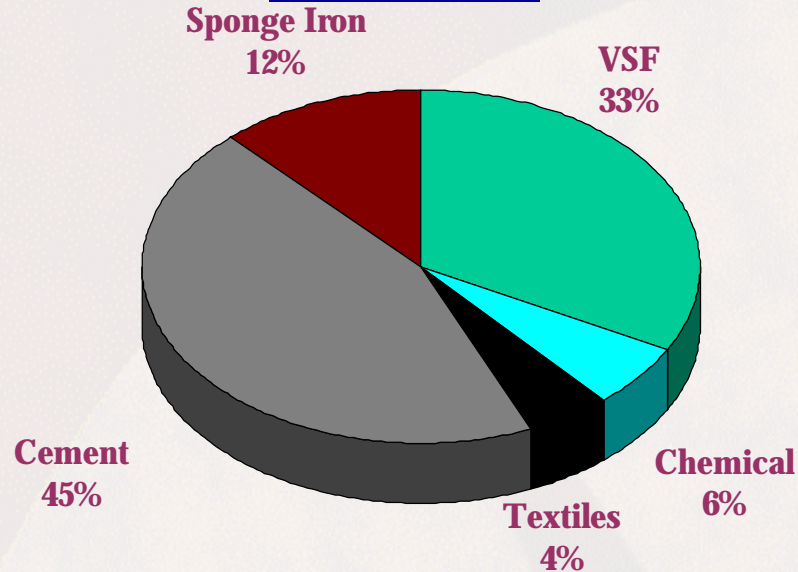
● Earning Per Share (Rs.) Basic and Diluted

	Q4 FY04	Q4 FY03	% Chg.	FY04	FY03	% Chg.
After Total Taxes but before Exceptional Items	30.8	18.4	67	81.8	58.5	40
After Total Taxes and Exceptional Items	30.8	--	--	85.0	40.1	112



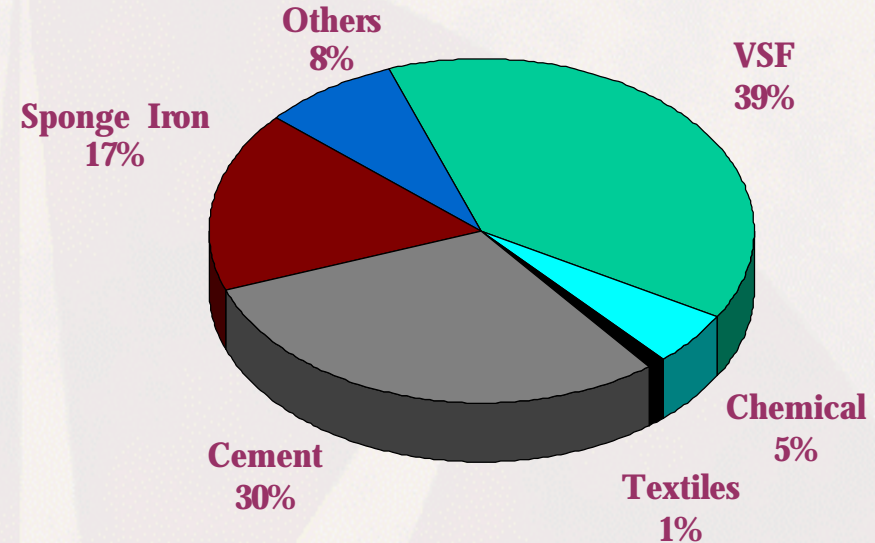
Segmental Performance Summary - FY04

Revenue Mix



FY04 (Rs. 5,233 Crs.)

PBIDT Mix



FY04 (Rs. 1,475 Crs.)

- **VSF (incl. Chemical) and Cement contributed 84% to Revenue (86%)**
- **Sponge Iron share in revenue increased to 12% (9%)**
- **VSF (incl. Chemical) and Cement contribute 74% to PBIDT (88%)**
- **Sponge Iron contribution to PBIDT jumped to 17% (9%)**



Segmental Performance – FY04

Rs. Crores

Business	Revenue		PBIT *		Capital Employed #		ROAvCE (%) (PBIT basis)	
	FY04	FY03	FY04	FY03	FY04	FY03	FY04	FY03
VSF	1,765.5	1,640.8	520.4	540.2	825.1	850.6	64.3	64.5
Chemical	295.4	257.0	58.4	37.2	206.5	210.8	28.6	17.3
Cement	2,419.9	2,188.5	295.7	221.3	2,032.5	2,087.7	14.7	11.0
Sponge Iron	638.9	406.1	219.2	66.6	488.5	497.8	44.5	12.5
Textile	242.0	229.3	(0.2)	(22.6)	109.0	109.3	(0.2)	(18.7)
Operations			1,093.4	842.7	3,661.6	3,756.1	30.1	22.7
Company as a whole	@ 5,233.3	@ 4,623.3	1,202.3	881.6	6,308.6	5,678.9	20.4	16.2

* 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. 3,662 Crs**
 - **84% is in VSF/Chemical and Cement**
 - **Other CE of Rs.2,647 Crs includes investment in L&T and short term investments**
 - **Return on CE in Operations at 30% (23%)**
- **Increased ROCE of Sponge Iron - 45% and Chemical - 29%**
- **Cement ROCE improved to 14.7%**



Segmental Performance – Q4FY04

Rs. Crores

Business	Revenue		PBIT *		Capital Employed #		ROAvCE (%) (PBIT basis)	
	Q4FY04	Q4FY03	Q4FY04	Q4FY03	Q4FY04	Q4FY03	Q4FY04	Q4FY03
VSF	497.8	403.6	152.3	123.6	825.1	850.6	75.3	59.0
Chemical	79.8	70.1	16.0	5.2	206.5	210.8	31.4	9.6
Cement	715.4	588.4	133.2	58.2	2,032.5	2,087.7	26.5	11.6
Sponge Iron	232.8	118.3	100.5	29.8	488.5	497.8	81.6	22.4
Textile	64.8	64.2	2.3	(6.7)	109.0	109.3	8.5	(22.1)
Operations			404.3	210.1	3,661.6	3,756.1	44.6	22.6
Company as a whole	@ 1,553.2	@ 1,219.2	445.1	233.7	6,308.6	5,678.9	30.2	17.2

* 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. 3,662 Crs**
 - **84% is in VSF/Chemical and Cement**
 - **Other CE of Rs. 2,647 Crs includes investment in L&T and short term investments**
 - **Return on CE in Operations at 45% (23%)**
- **Increased ROCE of Sponge Iron - 81.6%**
- **Cement ROCE improved to 26.5%**

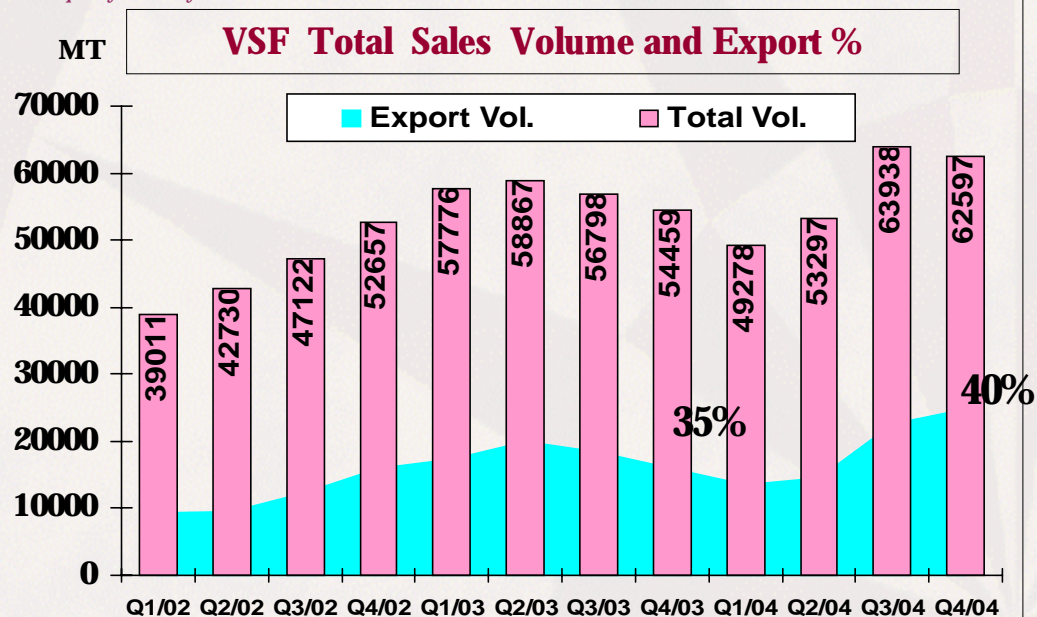
Business Review – FY04



Viscose Staple Fibre : Highlights

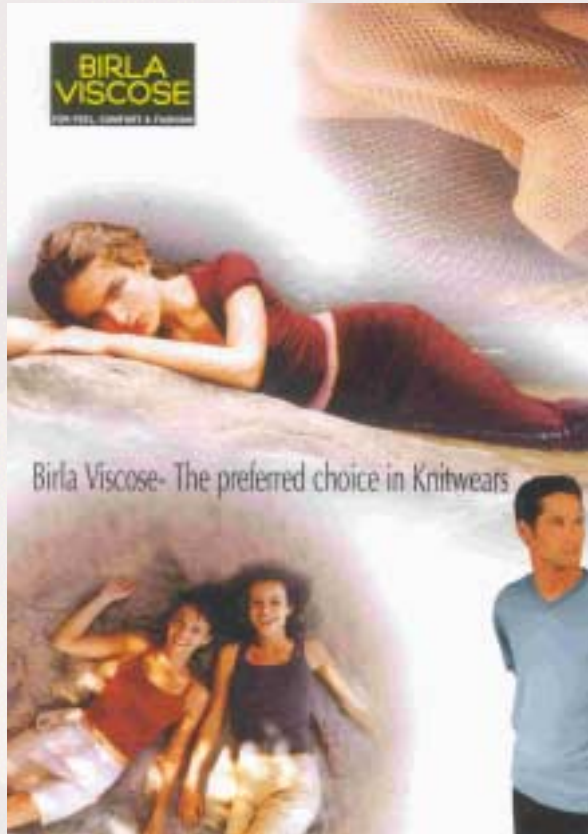
	FY04	FY03	% Chg.
Capacity (TPA)	@ 251,850	220,775	14
Production (MT)	221,005	224,610	(2)
Sales Volumes (MT)	229,110	227,900	1
Net Turnover (Rs Crs.)	1,764.8	1,640.0	8
Realisation (Rs./MT)	72,269	67,921	6
PBIDT Margin (%)	32.5	35.9	--
PBIT (Rs. Crs.)	520.4	540.2	(4)

@ Capacity at the year end



- Capacity enhanced by 14% thru debottlenecking
- Capacity utilisation at 100%
- Production only marginally lower despite shutdown of Nagda and Harihar plants for 45 days and 75 days respectively
- Sales volume remains buoyant
- Realisation up 6% in line with international VSF price trend
- Operating margins at normal level of 33% despite increased raw material prices (Pulp up 11%; Caustic Soda up 22% and Sulphur up 33%)

Viscose Staple Fibre : Outlook



- Sales volume expected to grow on the back of strong direct/deemed export demand
- Margins expected to remain at normal levels
- Grasim will remain focused on market enlargement for its growth
- Further capacity increase possibilities are being identified
- Concerted efforts to address water shortage issue
 - Height of captive reservoirs in Nagda increased
 - Work initiated at Harihar for construction of a reservoir



Viscose Staple Fibre : Summary

		Q4 FY04	Q4 FY03	% Chg.	FY04	FY03	% Chg.
Capacity	TPA	@ 251,850	220,775	14	@ 251,850	220,775	14
Production	MT	61,164	58,384	5	221,005	224,610	(2)
Sales Volumes	MT	62,597	54,459	15	229,110	227,900	1
Net Turnover	Rs. Crs.	497.8	403.2	23	1,764.8	1,640.0	8
Avg. Realisation	Rs./MT	74,491	68,606	9	72,269	67,921	6
PBIDT *	Rs. Crs.	166.1	135.6	23	572.7	588.0	(3)
PBIDT Margin *	%	33.4	33.6	--	32.5	35.9	--
PBIT *	Rs. Crs.	152.3	123.6	23	520.4	540.2	(4)
Capital Employed	Rs. Crs.	825.1	850.6	(3)	825.1	850.6	(3)
ROAvCE(PBIT basis)	%	75.3	59.0	--	64.3	64.5	--

* After Employees Separation Cost

@ Capacity at the year end



Cement : Highlights

	FY04	FY03	% Chg.
<u>Grey Cement</u>			
Capacity (Mn TPA)	# 13.12	@ 12.92	2
Production (Mn MT)	11.85	11.09	7
Sales Volumes (Mn MT)	11.96	11.16	7
Net Turnover (Rs. Crs.)	2,226.0	2,003.5	11
Realisation (Rs./MT)	1,712	1,690	1
<u>White Cement</u>			
Capacity (TPA)	400,000	400,000	--
Production (MT)	310,578	310,163	--
Sales Volumes (MT)	314,819	305,223	3
Net Turnover (Rs.Crs.)	189.3	180.3	5
Realisation (Rs./MT)	5,215	5,507	(5)
PBIDT Margin (%)	18.5	16.5	--
PBIT (Rs. Crs.)	295.7	221.3	34

Capacity increased at year end by 0.20 Mn. MT

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

- Capacity utilisation at 92% (98%)
- Volume up 7% against sector avg. of 5%
 - Improved performance in South (+11%), East (+9%) and North (+8%)
 - Volumes in West maintained
- Revenue growth at 11%
 - change in product and market mix
 - Rise in RMC revenue
- Realisation up 1% YoY
 - Prices have been improving since Nov. 03
 - Q4FY04 realisation up 10% YoY

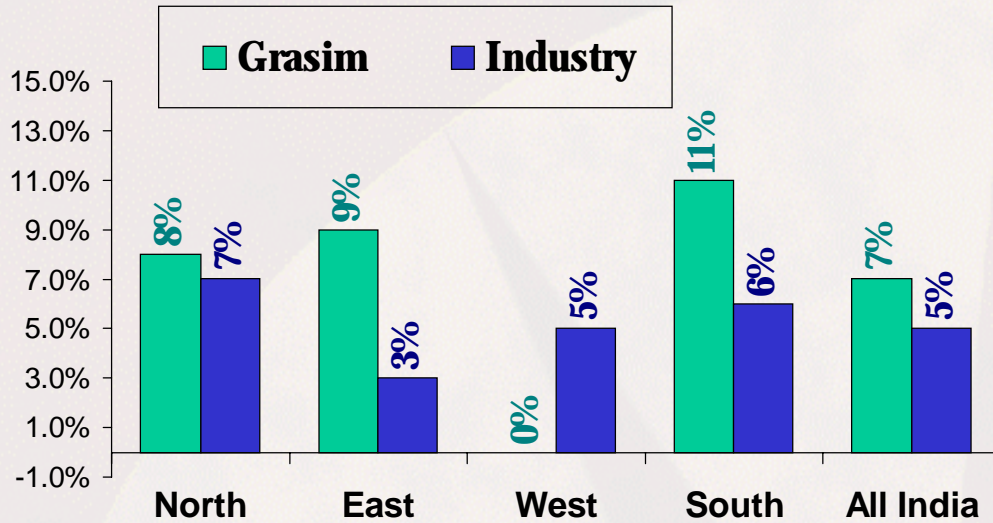
White Cement

- Sales volumes up 3% but realisation down 5%
- Rising share of new value added products
- Fuel cost down due to higher use of alternate fuels
- Market leadership maintained



Cement : Highlights contd..

FY04 - Zone wise growth – Grasim and Industry



- **OPM improved to 18.5% despite sluggish pricing environment for first three quarters**

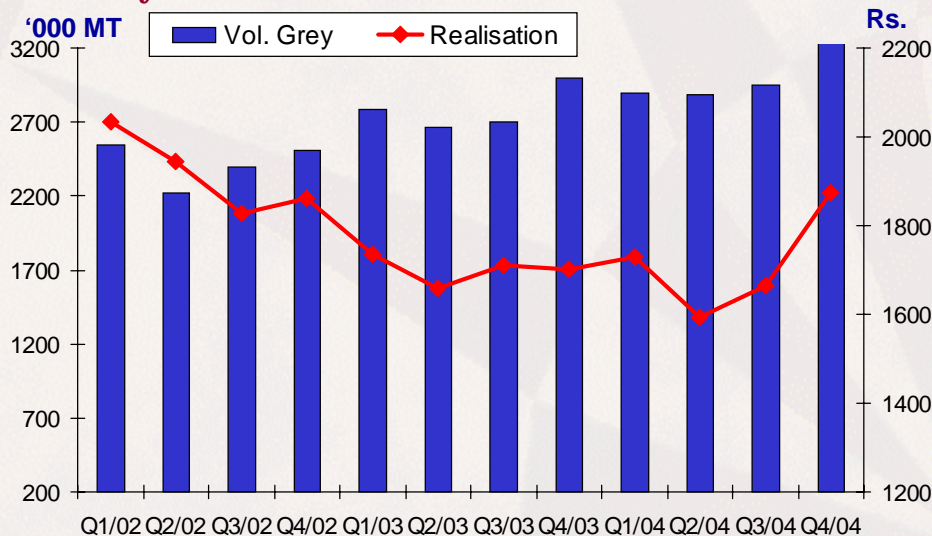
- **Cost competitiveness maintained thru**

- Increased thru put and increased share of blended cement, up from 35% to 46%
- Higher share of Captive Thermal power
- Lower power consumption (3 units/MT)
- Higher use of alternate fuel

- **Turnover of RMC increased by 46%**

- Entered the Pune RMC market
- Expanded to 6 cities

Grey Cement Sales volume and Realisation /Tonne





Cement : Outlook

- **Promising Industry outlook**
 - **Price recovery seen at the end of FY04 likely to sustain till the onset of monsoon**
 - **Industry average capacity utilisation to be around 90% in FY05**
 - **Strong growth in housing sector**
 - **Infrastructure remains a thrust area for the Govt., Road sector to witness continued activity**
- **Demand Supply equilibrium likely by FY2007**
 - **Capacity growth to be slower despite revival of dormant capacities, de-bottlenecking and higher blended cement production**
 - **North and East could see equilibrium by CY2005**
 - **Balance in South and West likely by end of FY2007**
- **Industry consolidation process to add strength**



Cement : Outlook Contd..

Grasim : Plant Wise Installed Capacity (Mn. MT)	
Rajashree Cement, Malkhed & Grinding Unit Hotgi	4.20
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	13.12

● Grasim will focus on

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





Cement : Summary

		Q4 FY04	Q4 FY03	% Chg.	FY04	FY03	% Chg.
<u>Grey Cement</u>							
Capacity	Mn. MT	# 13.12	@ 12.92	2	# 13.12	@ 12.92	2
Production	Mn. MT	3.20	2.97	8	11.85	11.09	7
Sales Volumes	Mn. MT	3.24	3.02	7	11.96	11.16	7
Net Turnover	Rs. Crs.	660.5	540.4	22	2,226.0	2,003.5	11
Avg Realisation	Rs./MT	1,873	1,702	10	1,712	1,690	1
<u>White Cement</u>							
Capacity	TPA	400,000	400,000	--	400,000	400,000	--
Production	MT	91,900	87,312	5	310,578	310,163	--
Sales Volumes	MT	93,034	85,636	9	314,819	305,223	3
Net Turnover	Rs. Crs.	54.7	47.2	16	189.3	180.3	5
Avg Realisation	Rs./MT	5,039	5,145	(2)	5,215	5,507	(5)
PBIDT *	Rs. Crs.	172.5	95.0	82	447.4	359.5	24
PBIDT Margin *	%	24.1	16.1	--	18.5	16.5	--
PBIT *	Rs. Crs.	133.2	58.2	129	295.7	221.3	34
Capital Employed	Rs. Crs.	2,032.5	2,087.7	(3)	2,032.5	2,087.7	(3)
ROAvCE (PBIT basis)	%	26.5	11.6	--	14.7	11.0	--

Capacity increased at the year end by 0.20 Mn. MT

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

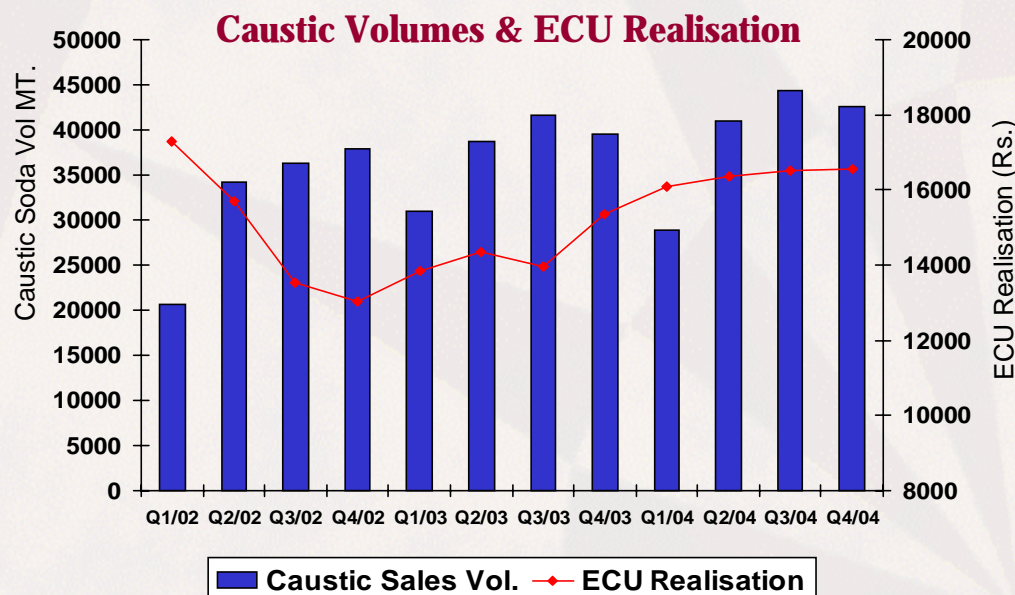
* After Employees Separation Cost



Chemical : Highlights and Outlook

	FY04	FY03	% Chg
Caustic Capacity (TPA)	190,800	@ 190,800	--
Caustic Production (MT)	157,541	151,445	4
Caustic Sales Volumes (MT)	156,967	150,825	4
Net Turnover (Rs Crs.)	294.6	256.2	15
ECU Realisation (Rs./MT)	16,338	14,402	13
PBIDT Margin (%)	25.3	20.7	--
PBIT (Rs. Crs.)	58.4	37.2	57

@ Capacity expanded in Q4FY03



- Capacity utilisation at 83% (90%)
 - Water shortage impacted operations in Q1FY04
- Sales volume up 4%
 - Improved captive demand as well as from paper and pharma sector
- ECU realisation up 13%
 - Higher Caustic prices offset lower realisation of Chlorine, HCL and ancillary products
- Margin up at 25% due to increased volume and higher ECU realization

Outlook

- Stable demand outlook for Caustic
- ECU realisation and margins expected to be stable
- Focus on increasing capacity utilisation



Chemical : Summary

		Q4 FY04	Q4 FY03	% Chg.	FY04	FY03	% Chg.
Capacity (Caustic)	MT	190,800	@ 190,800	--	190,800	@ 190,800	--
Production (Caustic)	MT	43,135	39,653	9	157,541	151,445	4
Sales Volume(Caustic)	MT	42,625	39,563	8	156,967	150,825	4
Net Turnover	Rs. Crs.	80.1	70.5	14	294.6	256.2	15
Avg. ECU Realisation	Rs./MT	16,571	15,360	8	16,338	14,402	13
PBIDT *	Rs. Crs.	19.5	9.1	115	74.4	53.1	40
PBIDT Margin *	%	24.3	12.8	--	25.3	20.7	--
PBIT *	Rs. Crs.	16.0	5.2	209	58.4	37.2	57
Capital Employed	Rs. Crs.	206.5	210.8	(2)	206.5	210.8	(2)
ROAvCE (PBIT basis)	%	31.4	9.6	-	28.6	17.3	-

* After Employee Separation Cost

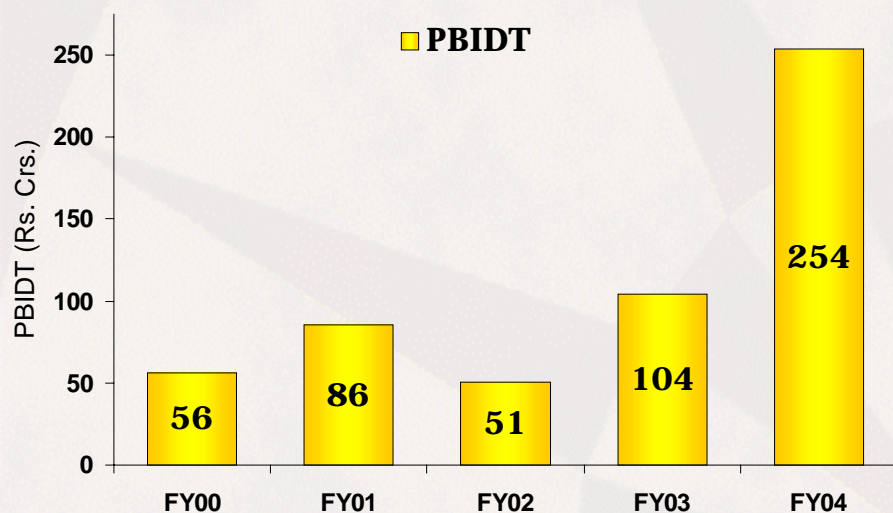
@ Capacity expanded in Q4FY03



Sponge Iron : Highlights

	FY04	FY03	% Chg.
Capacity (TPA)	900,000	900,000	--
Production (MT)	687,272	612,879	12
Sales Volumes (MT)	676,921	612,425	11
Net Turnover (Rs Crs.)	638.9	406.1	57
Realisation (Rs./MT)	9,188	6,379	44
PBIDT Margin (%)	39.8	25.5	--
PBIT (Rs. Crs.)	219.2	66.6	229

TOTAL PBIDT IN LAST 5 YRS – Rs 551 Crs.



STRATEGY OF ASSET SWEATING PAYS OFF

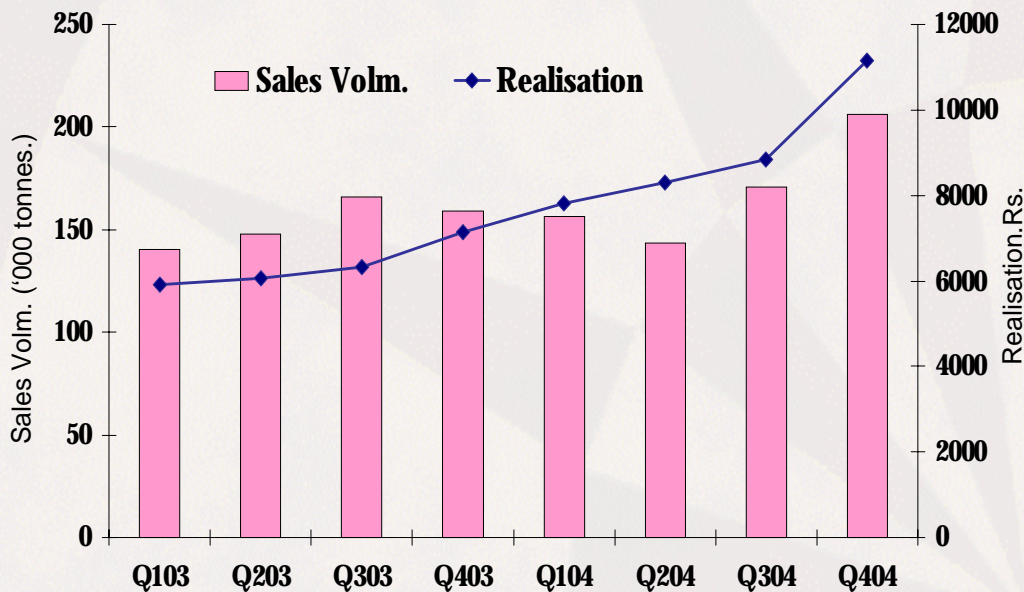
- **Excellent performance**
- **Capacity utilisation up to 76% from 68%**
 - **Better gas availability during Q4, use of Naptha and Propane**
 - **Sales volume up 11 % as a result**
- **Av. realisation higher by 44%**
 - **Firm global scrap prices**
 - **Improved demand from steel sector**
- **Sharp rise in margins despite**
 - **Increased use of Naptha and Propane**
 - **Rising Pellet and Iron Ore cost**



Sponge Iron : Outlook

	FY04	FY03	% Chg.
Capacity (TPA)	900,000	900,000	--
Production (MT)	687,272	612,879	12
Sales Volumes (MT)	676,921	612,425	11
Net Turnover (Rs Crs.)	638.9	406.1	57
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Sponge Iron Sales Volume and Realisation



- Sustainability of current profitability will depend on
 - Global scrap prices
 - Natural Gas availability and its price
- Steel sector outlook remains positive
- Availability of Natural Gas expected to improve from April 2005
- Natural Gas price remains a concern



Sponge Iron : Summary

		Q4 FY04	Q4 FY03	% Chg.	FY04	FY03	% Chg.
Capacity	TPA	900,000	900,000	-	900,000	900,000	-
Production	MT	219,685	164,271	34	687,272	612,879	12
Sales Volumes	MT	205,891	158,987	30	676,921	612,425	11
Net Turnover	Rs. Crs.	232.8	118.3	97	638.9	406.1	57
Avg Realisation	Rs./MT	11,157	7,136	56	9,188	6,379	44
PBIDT *	Rs. Crs.	109.3	38.5	184	254.2	103.6	145
PBIDT Margin *	%	47.0	32.6	--	39.8	25.5	--
PBIT *	Rs. Crs.	100.5	29.8	237	219.2	66.6	229
Capital Employed	Rs. Crs.	488.5	497.8	(2)	488.5	497.8	(2)
ROAvCE (PBIT basis)	%	81.6	22.4	--	44.5	12.5	--

* After Employees Separation Cost



Textiles : Highlights and Outlook

	FY04	FY03	% Chg.
Sales Volumes			
- Fabrics (lac Mtrs.)	149	127	17
- Synthetic Yarn (MT)	7,147	8,043	(11)
Net Turnover (Rs Crs.)	228.0	218.6	4
Fabric Realisation (Rs./Mtr)	101	101	
Synth. Yarn Realisation (Rs./Kg)	115	113	2
PBIDT Margin (%)	5.9	(4.0)	--
PBIT (Rs. Crs.)	(0.2)	(22.6)	--

- **Fabric sales volume up 17%**
 - Focus on premium synthetic segment
 - Brand re-positioning efforts paying off
- **Positive PBIDT**
 - Restructuring benefits showing up
 - Revival in the Textile sector adding strength



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Outlook

- Positive performance likely to continue
- Product development will remain focal point



Textiles : Summary

		Q4 FY04	Q4 FY03	% Chg.	FY04	FY03	% Chg.
Net Turnover	Rs. Crs.	60.7	60.8	--	228.0	218.6	4
PBIDT *	Rs. Crs.	5.2	(3.0)		13.4	(8.8)	--
PBIDT Margin *	%	8.5	(5.0)	--	5.9	(4.0)	--
PBIT *	Rs. Crs.	2.3	(6.7)	--	(0.2)	(22.6)	--
Capital Employed	Rs. Crs.	109.0	109.3	--	109.0	109.3	--
ROAvCE (PBIT basis)	%	8.5	(22.1)	--	(0.2)	(18.7)	--

* After Employees Separation Cost

Financial Highlights

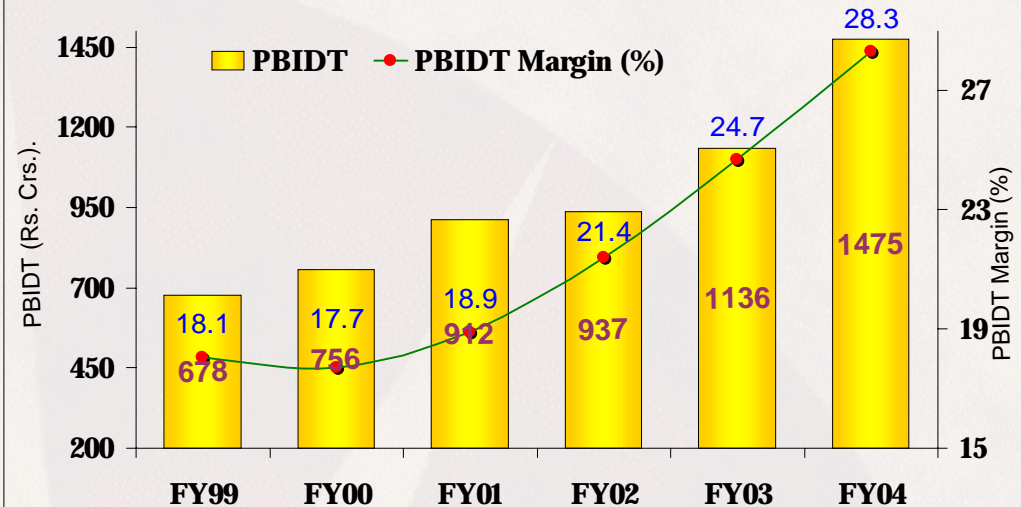


Profitability Snapshot

<i>(Figures in Rs. Crores)</i>	FY99	FY02	FY03	FY04
Gross Turnover	3,897	5,070	5,412	6,130
Net Turnover	3,354	4,372	4,606	5,213
PBIDT	678	937	1,136	1,475
PBIDT Margin (%)	18.1	21.4	24.7	28.3
Int. & Fin. Charges	292	190	168	154
PBDT	386	747	967	1,321
Total Tax Expenses	8	108	177	298
PAT	* 109	387	536	750
EPS (Rs.)	* 13.1	42.2	58.5	81.8
CEPS (Rs.)	45.2	75.3	84.6	112.4
DPS (Rs.)	6.8	9.0	10.0	14.0
Interest Cover (x)	2.3	4.6	5.6	7.7

* Adjusted for deferred Tax
All Profitability numbers and EPS are before Exceptional Items

PBIDT & PBIDT Margin

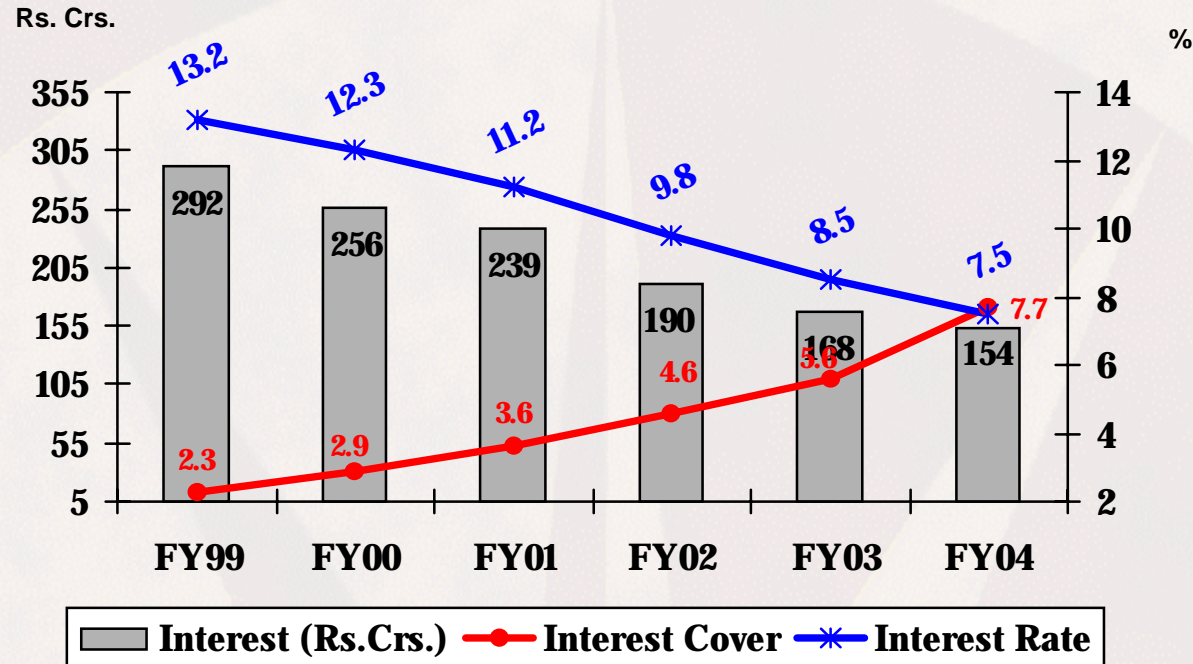


- Excellent performance from all businesses
- Benefit of Business and financial restructuring over last 5 years
 - PBIDT soared from Rs.678 Crs in FY99 to Rs. 1,475 Crs in FY04
 - PBIDT margin improved from 18.1% in FY99 to 28.3% in FY04
- EPS improved significantly from Rs.13 in FY99(*) to Rs.82 per share in FY04



Profitability Snapshot contd..

Interest charges - Interest Cover - Interest Rate



- Interest and Finance charges reduced from Rs.292 Crs in FY99 to Rs.154 Crs in FY04
 - Restructuring of high cost debts, bringing down the interest cost progressively
 - Interest Cover improved from 2.3 x in FY99 to 7.7x in FY04
 - Av. Interest rate down from 13.2% in FY99 to 7.5% in FY04

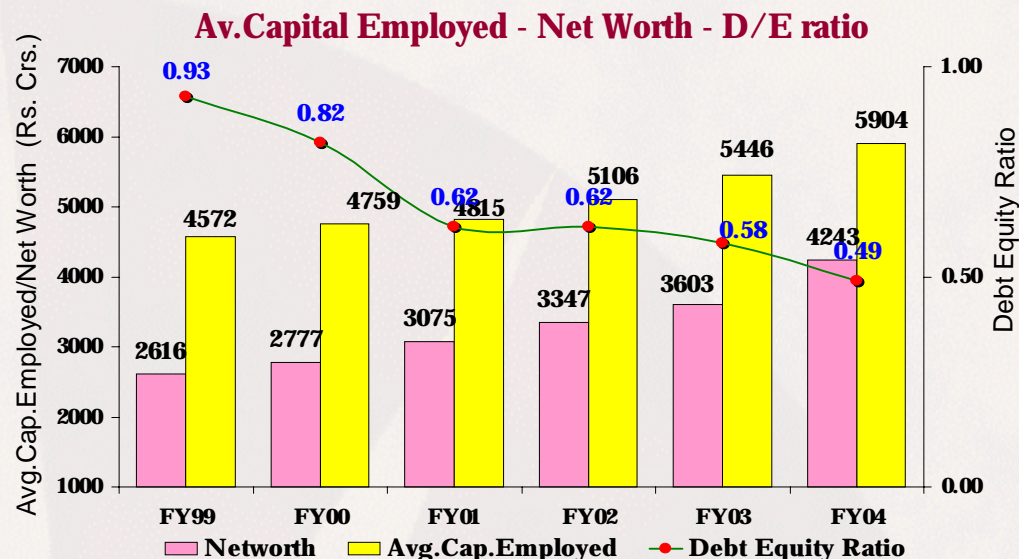


Financial Snapshot

<i>(Figures in Rs. Crores)</i>	FY99	FY02	FY03	FY04
Gross Block	4,937	5,371	5,600	5,807
Net Block	3,354	3,263	3,270	3,218
Net Current Assets	1,002	733	613	550
Equity	92	92	92	92
Net Worth	2,142	2,707	2,977	3,611
Net Worth + Def. Tax	2,616	3,347	3,603	4,243
Av.Capital Employed	4,572	5,106	5,446	5,904
Debt: Equity ** (x)	0.93	0.62	0.58	0.49
Book Value (Rs.)	285	365	393	462
ROAvCE (PBIT Basis)(%)	10.1	# 12.9	# 16.2	# 20.4
RONW (%)	6.6	# 12.8	# 15.0	# 19.3

** Ratios worked out considering deferred tax as part of Net Worth

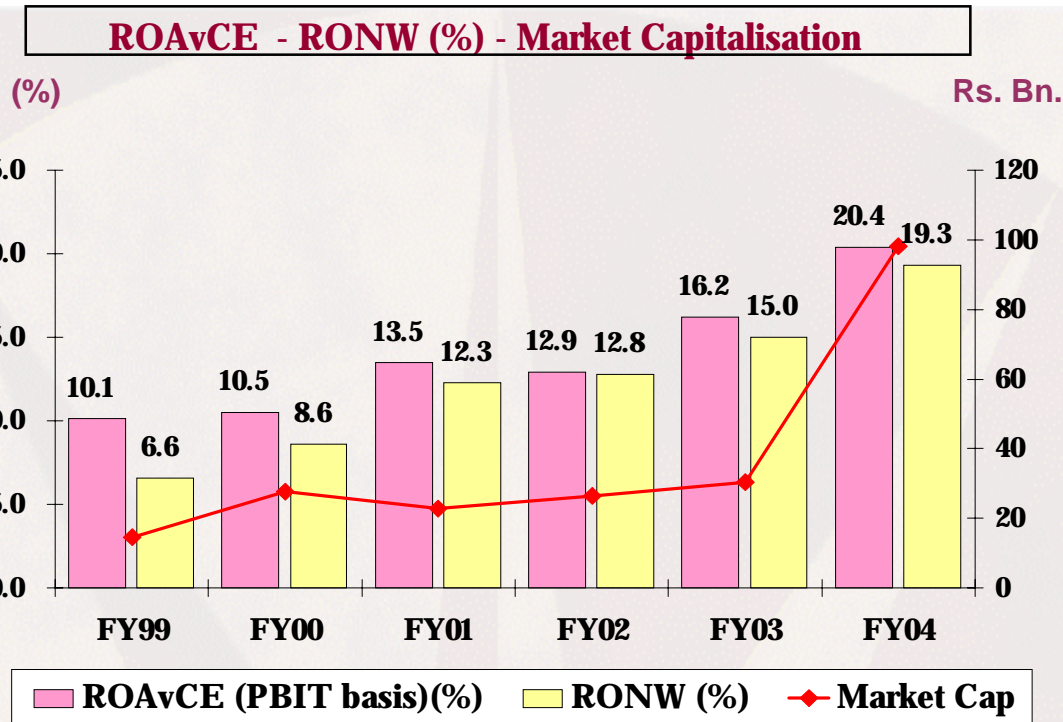
Exceptional items eliminated in calculation of ROAvCE/RONW



- **Strong Balance Sheet – Investment in L&T thru internal generations**
- **Book Value – from Rs.285 in FY99 to Rs. 462 per share in FY04**
- **Debt/Equity ratio improved from 0.93 x in FY99 to 0.49 x in FY04**



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.550 Crs in FY04
- ROAv.CE improved from 10.1% in FY99 to 20.4% in FY04 despite lower return on increased strategic investment
- RONW more than tripled from 6.6% in FY99 to 19.3% in FY04
- Market capitalization increased from Rs.14.5 Bn in FY99 to Rs.98 Bn on 31.03.2004, Currently over Rs.105 Bn.



Capex Plan

Rs. Crores

	Capex planned	Cash Outflow	
		FY05	FY06
<u>Cement</u>			
- De-bottlenecking/Blending	41	41	-
- Power Plants/ RMCs	23	23	-
- Modernization	113	95	18
Total Cement	177	159	18
<u>VSF</u>			
- Capacity expansion and Development Centre	99	65	34
- Modernization	173	102	46
Total VSF	272	167	80
<u>Chemical</u>	35	35	-
Others	50	49	1
TOTAL	534	410	99

● FY04 Capex Rs.236 Crores

➤ Cement Rs. 127 Crores, VSF Rs.74 Crores, Others Rs.35 Crores

Acquisition of controlling interest in L&T Cement Business (CemCo)

Progress Update



CemCo transaction structure

- **Step 1 : Cement Business of L&T to be de merged into CemCo**
 - L&T (EngCo) to have 20% holding in CemCo balance 80% to existing shareholders proportionately
 - Grasim gets 12.6% holding in CemCo; retains 15.7% holding in L&T (EngCo)
 - Appointed date of de-merger - 1st April 2003
- **Step 2 : Escrow Arrangement for 30% Open Offer consideration - Rs.1,279 Crs**
 - Grasim to deposit 10% money in Escrow on filing of the Scheme of Arrangement
 - Balance 90% money to be deposited within 90 days of filing of the report of Chairman of L&T's shareholders / creditors meeting
 - Interest earned will be distributed to successful offerees
- **Step 3A : Grasim to make an Open Offer for 30% of CemCo**



CemCo transaction structure contd.

- **Step 3B : On Grasim crossing 41.5% of CemCo**
 - **Grasim buys 8.5% holding in CemCo from L&T – (Outflow Rs. 362 crores)**
 - **Grasim sells its 14.95% stake to Employee Welfare Trusts and exits L&T (EngCo) – (Inflow Rs. 446 crores)**
- **FIs in-principle approval to the Scheme and participation in the Open Offer**
- **Grasim to get management control of CemCo, on its acquiring over 50% of CemCo shares**



Summary of Investments in CemCo

● Summary of Investments in CemCo

Rs. Crs.

Existing investment in L&T	1,028
Grasim to make Open Offer for 30% of CemCo	1,279
Grasim to acquire 8.5% of CemCo from L&T	362
Total outflow for 38.5% (30% + 8.5%)	1,641
Inflow on sale of L&T (Engco) shares to L&T Foundation/Trust	(446)
Net Investment for 51.1% stake	2,223



Progress on CemCo transaction

- **Scheme approved by shareholders and creditors of L&T on 3rd Feb.' 04**
- **Grasim deposited 100% of the gross Open Offer consideration as under**
 - **Rs.128 Crs. in December 2003**
 - **Rs.1,151 Crs. in April 2004**
- **Court approved the Scheme of Arrangement on April 22, 2004**
- **Broad Timeline**
 - **Effective date of Scheme** **May 2004**
 - **Public Announcement (PA)** **On Effective Date**
 - **Issue of Shares and commencement of Open Offer** **within 45 days from PA**
 - **Open Offer Completion** **June /July 2004**

Vision and Strategy

Vision

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

Strategy

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



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)

	Q4FY04			Q4FY03			FY04			FY03		
	Capacity TPA	Production	%	Capacity TPA	Production	%	Capacity TPA	Production	%	Capacity TPA	Production	%
VSF	# 251,850	61,164	111	220,775	58,384	106	# 251,850	221,005	100	220,775	224,610	102
Pulp	70,000	10,206	58	70,000	14,205	81	70,000	55,869	80	70,000	70,495	101
Caustic Soda	190,800	43,135	90	190,800	39,653	83	190,800	157,541	83	190,800	151,445	90
Grey Cement *	\$ 13.12	3.20	99	@ 12.92	2.97	104	\$ 13.12	11.85	92	@ 12.92	11.09	98
White Cement	400,000	91,900	92	400,000	87,312	87	400,000	310,578	78	400,000	310,163	78
Sponge Iron	900,000	219,685	98	900,000	164,271	73	900,000	687,272	76	900,000	612,879	68

* Grey Cement numbers are in Mn. MT

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

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

Capacity at the year end



Divisional Turnover - Qty & Realisation

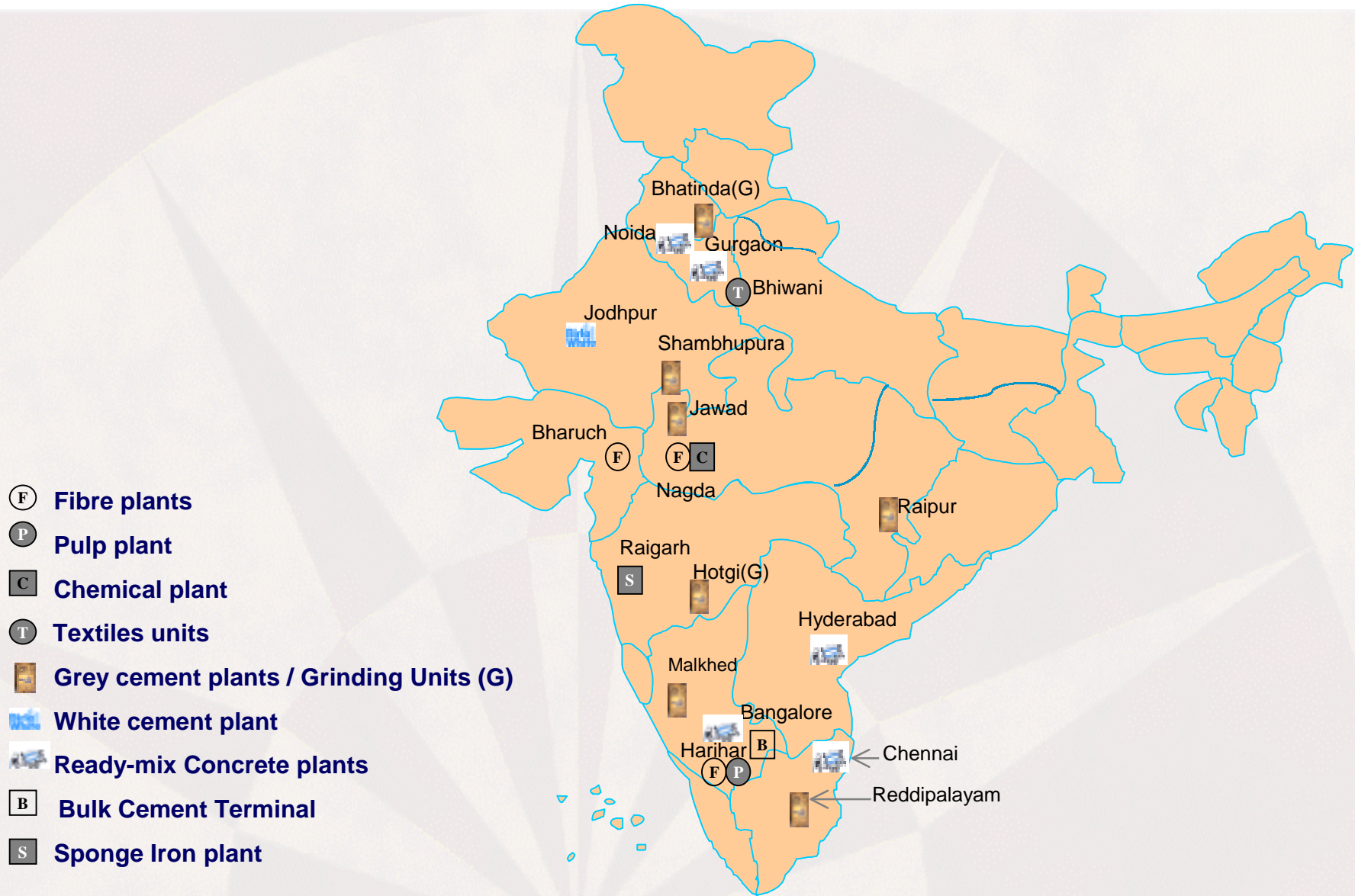
Product	Quantity (MT)				Realisation (Rs. /MT)			
	Q4 FY04	Q4 FY03	FY04	FY03	Q4 FY04	Q4 FY03	FY04	FY03
VSF	62,597	54,459	229,110	227,900	74,491	68,606	72,269	67,921
Pulp	10,811	13,501	57,253	70,126	22,318	21,206	22,228	20,285
Caustic Soda *	42,625	39,563	156,967	150,825	16,571	15,360	16,338	14,402
Grey Cement * *	3.24	3.02	11.96	11.16	1,873	1,702	1,712	1,690
White Cement	93,034	85,636	314,819	305,223	5,039	5,145	5,215	5,507
Sponge Iron	205,891	158,987	676,921	612,425	11,157	7,136	9,188	6,379

* ECU Realisation

* * Numbers are in Mn. MT.



Plant Locations - Grasim



Not to scale



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

Profit after Tax Up by 112%

Declares 140% Dividend

	Q4 FY 2004		FY 2004 (Audited)	
	Rs. Crs.	% Change	Rs. Crs.	% Change
Net Turnover	1,553.2	27.4%	5,233.3	13.2%
Profit Before Tax and Exceptional Items	410.1	112.4%	1,048.4	47.0%
Total Tax Expenses	128.0	433.3%	298.0	68.4%
Exceptional Items	---	---	28.9	---
Profit after Tax	282.1		779.3	112.0%
EPS (Rupees)			85.0	112.0%

Grasim, the flagship Company of the Aditya Birla Group, has reported a stellar performance for the financial year ended 31st March 2004. Its turnover, gross profit and net profit have all registered substantive increases. While, Turnover was up by 13.2% at Rs. 5233.3 crores, Gross Profit rose by 36.6% at Rs. 1321.4 crores. Net Profit after total tax expenses was up by 112% at Rs. 779.3 crores, despite a considerably higher provision for tax expenses.

Grasim's performance has been driven by four major factors:

- First, growth in volumes;
- secondly, higher realisations;
- thirdly, savings in operating costs resulting from ongoing modernization efforts, up-gradation of plants and energy optimization; and
- fourthly, lowering of financing cost.

On a quarter-to-quarter basis, the Q4 results have been exemplary. All major businesses recorded an all round growth by way of higher production, volumes and realizations. While Turnover was up by 27.4% at Rs. 1553.2 crores, the Profit after taxes but before Exceptional items showed a robust growth of 66.8% at Rs. 282.1 crores.

The Company's financial performance for the Quarter ended 31st March, 2004 as well as the full year is as indicated.

(Rs. Crores)

	Q4FY04	Q4FY03	% Change	FY 2004 (Audited)	FY 2003 (Audited)	% Change
Net Turnover	1,553.2	1,219.2	27.4%	5,233.3	4,623.3	13.2%
PBIDT	513.3	299.5	71.4%	1,475.3	1,135.7	29.9%
Interest	35.0	40.6	(-) 13.6%	153.9	168.4	(-) 8.6%
Gross Profit	478.3	258.9	84.8%	1,321.4	967.3	36.6%
Depreciation	68.2	65.8	3.7%	273.0	254.1	7.4%
Profit before Taxes and Exceptional Items	410.1	193.1	112.4%	1,048.4	713.2	47.0%
Total Tax Expenses	128.0	24.0	433.3%	298.0	177.0	68.4%
Exceptional Items	---	(-) 168.6	---	28.9	(-) 168.6	---
Profit after Taxes	282.1	0.5		779.3	367.6	112.0%
EPS (Rupees)				85.0	40.1	112.0%

Dividend

The Board of Directors has, at its meeting held today, recommended a dividend of 140% (Last year 100%). The Company will, in addition, absorb Corporate Tax on Dividend (CTD) @ 12.81%. The total payout on this account (inclusive of CTD) would be Rs.144.8 crores (Rs.103.4 crores), an increase of 40% over the dividend paid in the previous year.

Highlights of Grasim's operations:

PRODUCTION/TURNOVER

		FY 2004	FY 2003	% Change
Production -				
Viscose Staple Fibre	M.T.	221005	224610	-2%
Cement	Mn. M.T.	11.85	11.09	7%
White Cement	M.T.	310578	310163	-
Sponge Iron	M.T.	687272	612879	12%
Caustic Soda	M.T.	157541	151445	4%
Sales Volumes -				
Viscose Staple Fibre	M.T.	229110	227900	1%
Cement	Mn. M.T.	11.96	11.16	7%
White Cement	M.T.	314819	305223	3%
Sponge Iron	M.T.	676921	612425	11%
Caustic Soda	M.T.	156967	150825	4%

Net Realisation

		FY 2004	FY 2003	% Change
Viscose Staple Fibre	Rs./M.T.	72269	67921	6%
Cement	Rs./M.T.	1712	1690	1%
White Cement	Rs./M.T.	5215	5507	-5%
Sponge Iron	Rs./M.T.	9188	6379	44%
Caustic Soda (ECU)	Rs./M.T.	16338	14402	13%

VSF Business

The VSF business put up a creditable performance during the year. Despite stiff competition from the Polyester industry, realizations improved by 6%. The performance has to be viewed in the backdrop of severe water scarcity arising out of poor monsoons that affected the Company's plants at Nagda and Harihar. These were shut for 45 days and 75 days respectively during the year.

The Company managed to operate its VSF manufacturing facilities at more than their rated capacities. The Company had built up sufficient inventories to meet the customers' requirement. This has enabled the Company not only to perform well in the year under review but will also help it to maintain near normal sales during the current quarter of this financial year.

The division's unrelenting endeavours towards developing new applications and superior quality VSF in terms of feel, comfort, fashion and hygiene have yielded rich dividends. To augment its work in this direction, the Company is setting up a VSF Research and Application Centre in Kharach involving a Capital outlay of Rs.27 crores. The Center is expected to be fully operational in this year.

The Company has also expanded its VSF capacity at different plants. In aggregate, the capacity has been increased by 31075 MT, raising the total VSF capacity to 251850 MT at the end of FY 2004.

Cement Business

The Cement Business performed well during the year. While the industry grew by 5%, the Company's Cement business grew by 7%, both in production and sales volumes. The share of blended cement in the total cement production increased from 35% to 46%. Despite realizations being flat, the operating margins were higher. Higher sales volumes and constant cost cutting measures in operations and logistics helped in the improved performance of this business.

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 total capital outlay of Rs.127 crores on normal modernization and capacity expansion through de-bottlenecking. This has resulted in raising the Company's cement capacity to 13.12 million tonnes.

Going forward, the renewed impetus on the infrastructure sector by the Government and the expected strong growth in the housing sector should bode well for the cement business. The Company expects to better its performance in the ensuing years.

Acquisition of controlling stake in Larsen & Toubro's Demerged Cement Business

As a part of the proposal for demerger of the Cement business of Larsen & Toubro Limited (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.

The Hon'ble High Court, Mumbai has approved the Scheme of Arrangement u/s 391 and 394 of the Companies Act, on April 22, 2004. The Company has to-date deposited an aggregate sum of Rs.1279 crores equivalent to the Gross Consideration for the proposed Open offer in Escrow Account with Scheduled Commercial Banks.

The completion of the demerger process and the acquisition/sale of shares as aforesaid are subject to compliance with certain statutory/regulatory provisions, and the process in that respect has already been initiated.

Sponge Iron Business

The performance of the Sponge Iron business has been excellent. Production and Sales volumes were up by 12% and 11% at 687272 MT and 676921 MT respectively. Realisations surged by 44% to Rs.9188 per MT. Viewed in the backdrop of increased input cost due to higher usage of naphtha and higher price of pellets and iron ore, the performance of the Company has been commendable.

The outlook for Sponge Iron Business remains positive as demand for steel is on an upswing, both in the domestic and largely the Chinese markets. Rising scrap prices also will have a salutary impact on the performance of this business.

Chemical Business

The Chemical Business posted an impressive all round performance with both production and sales volumes registering a growth of 4% over the previous year. ECU realization was up by 13% over the corresponding year at Rs.16338 per MT.

The division is constantly striving to optimize resource utilization and reduce costs through R&D and the development of ancillary products for enhanced growth and profitability.

Outlook

The Company is poised for a significant growth in the years ahead. Grasim's optimism is based on its expanded capacities, leadership status in its key business segments, cost optimization measures, strategic planning and prudent financial management.

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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



**AUDITED FINANCIAL RESULTS
FOR THE YEAR ENDED ON 31st MARCH 2004**

	Rs in Crores						
	Nine Months Ended 31st December 2003	Three Months Ended 31st March 2004	Three Months Ended 31st March 2003	Full Year Ended 31st March 2004 (Audited)	Full Year Ended 31st March 2003 (Audited)	Consolidated Financial Results for the year ended 31st March 2004 (Audited)	Consolidated Financial Results for the year ended 31st March 2003 (Audited)
Net Sales / Income from Operations	3,680.06	1,553.21	1,219.19	5,233.27	4,623.34	5,510.39	4,907.59
Other Income	108.28	72.06	55.72	180.34	115.84	197.58	121.37
Total Expenditure							
- Decrease / (Increase) in Stock	25.76	(1.45)	(11.19)	24.31	13.75	24.63	17.06
- Raw Material Consumed	963.31	409.18	338.06	1,372.49	1,175.91	1,414.07	1,227.46
- Purchases of Finished Goods	37.89	12.58	6.68	50.47	17.62	50.47	17.54
- Payment to & Provision for Employees	257.90	101.00	92.98	358.90	332.24	386.68	376.19
- Power & Fuel	650.85	238.16	222.92	889.01	855.53	952.09	916.19
- Freight , Handling & Other expenses	377.06	149.05	130.70	526.11	508.68	546.86	532.17
- Other Expenditure	513.58	203.43	195.30	717.01	699.70	819.55	790.93
Total Expenditure	2,826.35	1,111.95	975.45	3,938.30	3,603.43	4,194.35	3,877.54
Interest	118.82	35.06	40.60	153.88	168.41	195.58	213.13
Gross Profit	843.17	478.26	258.86	1,321.43	967.34	1,318.04	938.29
Depreciation	204.87	68.19	65.75	273.06	254.14	308.08	287.28
Profit before Exceptional Items and Tax	638.30	410.07	193.11	1,048.37	713.20	1,009.96	651.01
Tax Provision of earlier years written back	-	-	40.00	-	40.00	1.44	39.76
Profit/ (Loss) on Sale of Trade Investments	28.89	-	(208.62)	28.89	(208.62)	28.89	(208.62)
Profit before Tax Expense	667.19	410.07	24.49	1,077.26	544.58	1,040.29	482.15
Provision for Current Tax	(162.00)	(129.00)	(56.00)	(291.00)	(192.00)	(291.20)	(192.22)
(Deferred Tax) / Deferred Tax write-back	(8.00)	1.00	32.00	(7.00)	15.00	(10.83)	29.25
Net Profit	497.19	282.07	0.49	779.26	367.58	738.26	319.18
Less : Minority Interest						(1.01)	-
Net Profit (After Minority Interest)						737.25	319.18
Paid up Equity Share Capital (Face Value Rs. 10 per share)	91.69	91.69	91.69	91.69	91.69	91.69	91.69
Reserves excluding Revaluation Reserve				3,513.83	2,879.35	3,222.92	2,633.36
Basic & Diluted EPS for the period (Rupees)	54.23	30.76	0.05	84.99	40.09	80.41	34.81
Aggregate of Non-Promoter Shareholding				71560826	72954440		
- Number of Shares				78.06%	79.58%		
- Percentage of Shareholding							

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.

The Hon'ble High Court, Mumbai has approved the Scheme of Arrangement u/s 391 and 394 of the Companies Act,1956 on 22nd April 2004.The Company has todate deposited an aggregate sum of Rs.1279 Crs [A sum of Rs.128 Crs in December 2003 and the balance sum of Rs.1151 Crs in April 2004] equivalent to the Gross Consideration for the proposed Open Offer in Escrow Accounts with Scheduled Commercial Banks.The completion of the demerger process and the acquisition/sale of shares as aforesaid are subject to compliance with certain statutory / regulatory provisions, and the process in that respect has already been initiated.
- The Pulp & Fibre plants at Harihar were closed for 40 & 31 days respectively during this quarter due to intermittent shortage arising out of poor monsoon in FY-04. However, the event did not have any significant impact on the last quarter's profitability as the Company's other VSF manufacturing facilities were operated at its maximum capacities to meet the total demand.
- Consolidated Financials have been prepared by applying Accounting Standard 21 - "Consolidated Financial Statements" and Accounting Standard 27 - "Financial Reporting of Interest in Joint Ventures" issued by the Institute of Chartered Accountants of India.
- The Board of Directors has recommended a dividend of Rs.14 per share aggregating to Rs.144.78 Crores (including Dividend Tax).

5. Segments Reporting:

	Rs. in Crores						Consolidated Financial Results for the year ended 31st March 2004 (Audited)	Consolidated Financial Results for the year ended 31st March 2003 (Audited)
	Nine Months Ended 31st 'December 2003	Three Months Ended 31st 'March 2004	Three Months Ended 31st 'March 2003	Full Year ended 31st March 2004 (Audited)	Full Year ended 31st March 2003 (Audited)			
1. SEGMENT REVENUE								
a Fibre & Pulp	1,267.68	497.82	403.56	1,765.50	1,640.83	1,808.20	1,685.05	
b Cement	1,704.52	715.39	588.40	2,419.91	2,188.52	2,548.93	2,352.01	
c Sponge Iron	406.16	232.76	118.30	638.92	406.13	638.92	406.13	
d Chemicals	215.55	79.82	70.08	295.37	256.98	295.37	256.98	
e Textiles	177.18	64.77	64.22	241.95	229.29	241.95	229.29	
f Others	0.04	-0.01	1.03	0.03	5.73	105.92	82.36	
	3,771.13	1,590.55	1,245.59	5,361.68	4,727.48	5,639.29	5,011.82	
(Less) : Inter Segment Revenue	(91.07)	(37.34)	(26.40)	(128.41)	(104.14)	(128.90)	(104.23)	
Net Sales / Income from Operations	3,680.06	1,553.21	1,219.19	5,233.27	4,623.34	5,510.39	4,907.59	
2. SEGMENT RESULTS								
a Fibre & Pulp	368.02	152.34	123.57	520.36	540.23	518.29	536.97	
b Cement	162.51	133.15	58.17	295.66	221.29	297.90	214.04	
c Sponge Iron	118.69	100.52	29.84	219.21	66.56	219.21	66.56	
d Chemicals	42.37	16.00	5.18	58.37	37.22	58.37	37.22	
e Textiles	(2.54)	2.31	(6.69)	(0.23)	(22.57)	(0.23)	(22.57)	
f Others	(0.18)	(0.58)	(0.03)	(0.76)	(4.08)	2.36	(3.74)	
	688.87	403.74	210.04	1,092.61	838.65	1,095.90	828.48	
Add / (Less) :								
Interest	(118.82)	(35.06)	(40.60)	(153.88)	(168.41)	(195.58)	(213.13)	
Net Unallocable Income / (Expenditure)	68.25	41.39	23.67	109.64	42.96	109.64	35.66	
Profit before Exceptional Items and Tax Expense	638.30	410.07	193.11	1,048.37	713.20	1,009.96	651.01	
Tax Provision of earlier years written back	-	-	40.00	-	40.00	1.44	39.76	
Profit/ (Loss) on Sale of Trade Investments	28.89	-	(208.62)	28.89	(208.62)	28.89	(208.62)	
Profit Before Tax Expenses	667.19	410.07	24.49	1,077.26	544.58	1,040.29	482.15	
3. CAPITAL EMPLOYED								
a Fibre & Pulp	811.50	825.05	850.57	825.05	850.57	847.48	873.15	
b Cement	1,987.32	2,032.51	2,087.69	2,032.51	2,087.69	2,046.97	2,126.58	
c Sponge Iron	468.41	488.50	497.76	488.50	497.76	488.50	497.76	
d Chemicals	197.05	206.54	210.75	206.54	210.75	206.54	210.75	
e Textiles	111.05	109.01	109.34	109.01	109.34	109.01	109.34	
f Others	2.61	2.09	3.44	2.09	3.44	222.13	214.58	
	3,577.94	3,663.70	3,759.55	3,663.70	3,759.55	3,920.63	4,032.16	
g Unallocated Corporate Capital Employed	2,738.19	2,644.86	1,919.33	2,644.86	1,919.33	2,463.31	1,737.99	
TOTAL CAPITAL EMPLOYED	6,316.13	6,308.56	5,678.88	6,308.56	5,678.88	6,383.94	5,770.15	

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
Cement - Grey & White Cement
Sponge Iron - Sponge Iron
Chemicals - Caustic Soda & Allied Chemicals
Textiles - Fabrics & Yarn
Others - Mainly Telecom (in Consolidated Accounts)

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

8 During the quarter, total thirteen 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.

9 The above results have been taken on record at the meeting of the Board of Directors held on 28th April,2004.

For and on behalf of Board of Directors

Place : Mumbai
Date : 28th April , 2004

Shailendra K. Jain
Whole-time Director

GRASIM INDUSTRIES LIMITED

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

An Aditya Birla Group Company

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