Grasim Industries Limited

Performance Review – Q2FY03

25th October, 2002

Financial Performance Q2FY03

Rs. Crores

	Q2 FY03	Q2 FY02	% Chg.
Net Turnover & Operating Income	1,112.9	1,108.0	-
Other Income	36.6	19.7	86
PBIDT	286.7	211.3	36
Interest and Finance Charges	43.2	47.9	(10)
Gross Profit	243.5	163.4	49
PBT (before Exceptional Items)	180.8	101.5	78
Total Tax Expenses	50.5	17.5	189
Profit after Total Taxes but before Exceptional Items	130.3	84.0	55

Reaping Benefits of VSF and CEMENT combination

- Consistent strong performance - Results reflect benefits of business and financial restructuring
  - Closure of non-viable Fibre and Pulp plants at Mavoor
  - Software business divested
  - Trading operations phased out
  - Fabric unit at Gwalior sold as a going concern
  - Large scale rationalisation of work force
  - Restructuring of high cost debts, bringing down the interest cost progressively
- Smart productivity gains in Cement and Fibre, the two major businesses of the Company, in last two years

Financial Performance Q2FY03

Rs. Crores

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Net Turnover & Operating Income	1,112.9	1,108.0	-
Other Income	36.6	19.7	86
PBIDT	286.7	211.3	36
Interest and Finance Charges	43.2	47.9	(10)
Gross Profit	243.5	163.4	49
PBT (before Exceptional Items)	180.8	101.5	78
Total Tax Expenses	50.5	17.5	189
Profit after Total Taxes but before Exceptional Items	130.3	84.0	55

Reaping Benefits of VSF and CEMENT combination

- Higher production and turnover volumes in all businesses
- Turnover maintained
  - Growth in VSF volumes and improved Sponge Iron & Chemical turnover
  - Lower turnover in Cement & Textile
- PBIDT up by 36%
  - All business performed well except Cement
  - Higher other income driven by dividend income of Rs.23 Crs. on L&T equity shares
- Interest cost further down by 10%
- PBT up by 78%
- Total tax expenses up at Rs.50.5 Crs
  - Availability of certain one-time deduction in FY02
  - Lower Depreciation
- Net profit before Exceptional Items up by 55%

Financial Performance – H1FY03

Rs. Crores

	H1 FY03	H1 FY02	% Chg.
Net Turnover & Operating Income	2,248.4	2,225.2	1
Other Income	45.8	34.2	34
PBIDT	541.4	459.0	18
Interest and Finance Charges	87.3	95.4	(8)
Gross Profit	454.1	363.6	25
PBT (before Exceptional Items)	328.9	239.1	38
Total Tax Expenses	91.5	50.5	81
Profit after Total Taxes but before Exceptional Items	237.4	188.7	26

- PBIDT up by 18%,
- Interest cost down by 8%
- PBT up by 38%
- Total tax expenses at Rs.91.5 Crs, an increase of over 80%
  - Availability of certain one-time deduction in FY02
  - Lower Depreciation
- Net profit before Exceptional Items up by 26%

Financial Performance Summary – Q2FY03 / H1FY03

Rs. Crores

	Q2FY03	Q2FY02	% Chg.	H1FY03	H1FY02	FY02
Net Turnover & Operating Income	1,112.9	1,108.0	--	2,248.4	2,225.2	4,386.7
Other Income	36.6	19.7	86	45.8	34.2	114.6
PBIDT	286.7	211.3	36	541.4	459.0	936.8
Interest and Finance Charges	43.2	47.9	(10)	87.3	95.4	190.3
Gross Profit	243.5	163.4	49	454.1	363.6	746.5
Depreciation	62.8	61.9	1	125.2	124.5	251.7
PBT (before Exceptional Items)	180.8	101.5	78	328.9	239.1	494.8
Current Tax	45.0	8.0	--	79.0	31.0	56.5
Deferred Tax	5.5	9.5	--	12.5	19.5	51.5
Profit after Total Taxes but before Exceptional Items	130.3	84.0	55	237.4	188.7	386.8

Financial Performance Summary – Q2FY03 / H1FY03

Rs. Crores

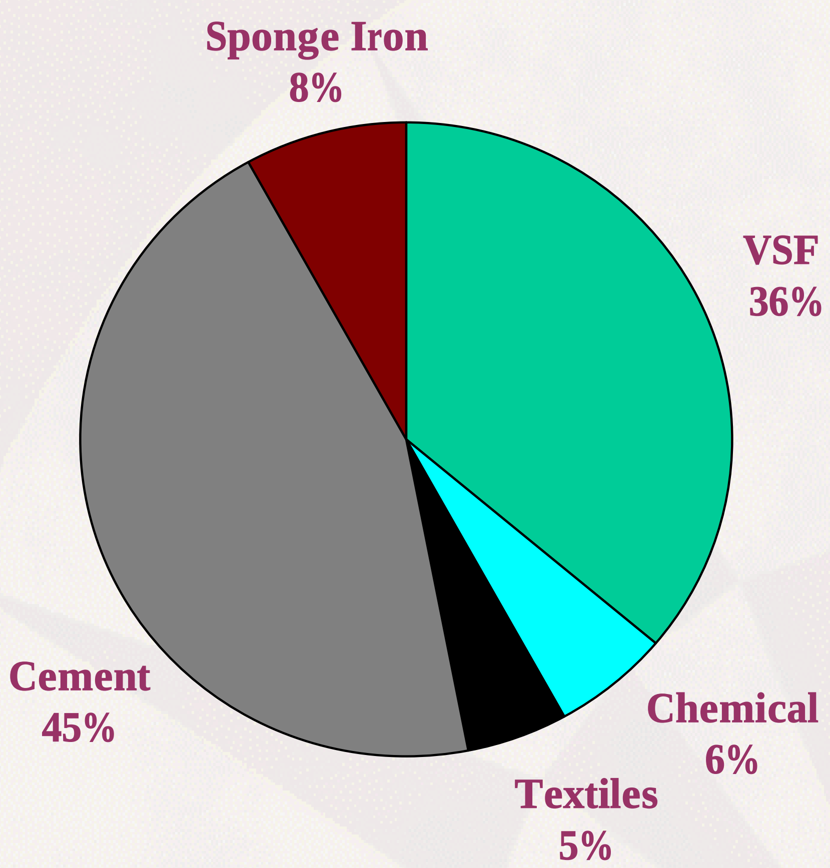
	Q2FY03	Q2FY02	H1FY03	H1FY02	FY02
Exceptional Items					
Loss on sale of Investments / Profit on transfer of Undertaking		--	--	--	(18.1)
Excess provision for taxes for earlier years written back		--		--	68.1
Loss on closure of Mavoor units		(37.4)		(37.4)	(74.3)
Loss on sale of Textile Unit, Gwalior		--		--	(31.9)
Employee Separation Cost at other Units	(1.6)	(15.0)	(3.3)	(17.4)	(27.6)
Total Exceptional Items	(1.6)	(52.4)	(3.3)	(54.8)	(83.8)
Net Profit after Exceptional Items and Total Taxes	128.7	31.6	234.2	133.9	303.0

Earning Per Share (Rs.) Basic and Diluted

	Q2FY03	Q2FY02	% Chg.	H1FY03	H1FY02	FY02
After Total Taxes but before Exceptional Items	14.2	9.2	55	25.9	20.6	42.2
After Total Taxes and Exceptional Items	14.0	3.4		25.5	14.6	33.0

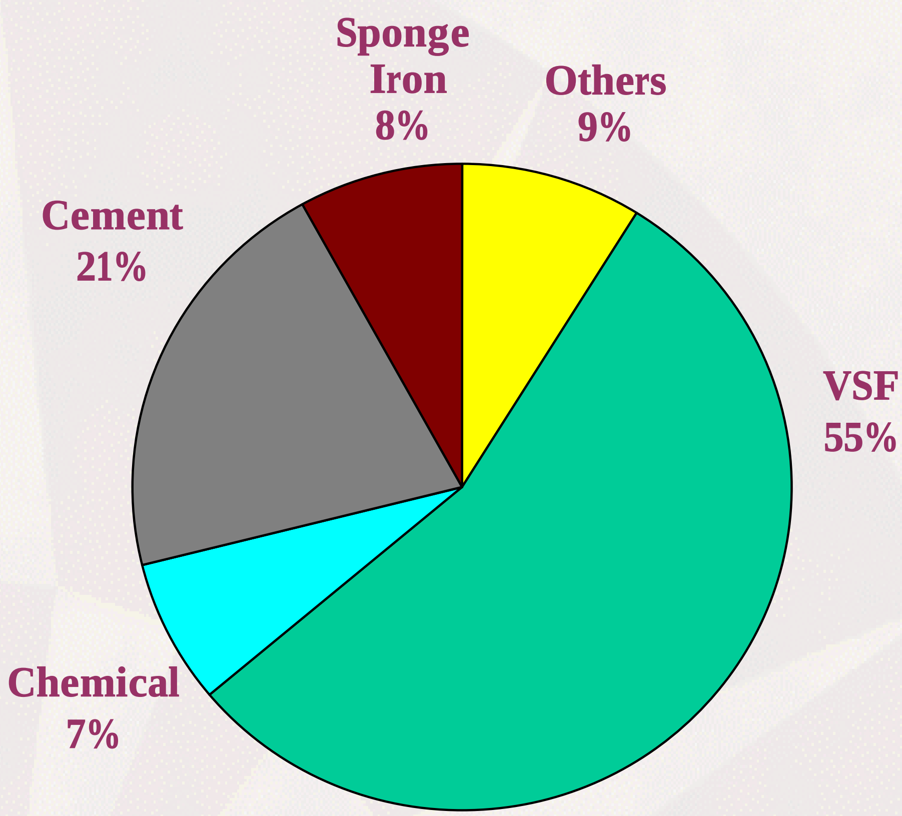
Segmental Performance - Q2FY03

Revenue Mix



Q2FY03 (Rs. 1,113 Crs.)

PBIDT Mix



Q2FY03 (Rs. 287 Crs.)

Segmental Performance - Q2FY03 (Contd.)

Rs. Crores

Business	Revenue	PBIT *	Capital Employed $	ROAvCE (%) (PBIT basis)
VSF	414.2	145.7	790	72
Chemical	66.1	17.6	212	33
Cement	511.6	25.5	2,044	5
Sponge Iron	90.7	13.1	516	10
Textile	57.6	(4.7)	118	(15)
Company as a whole $	1,112.9	223.9	5,468	16

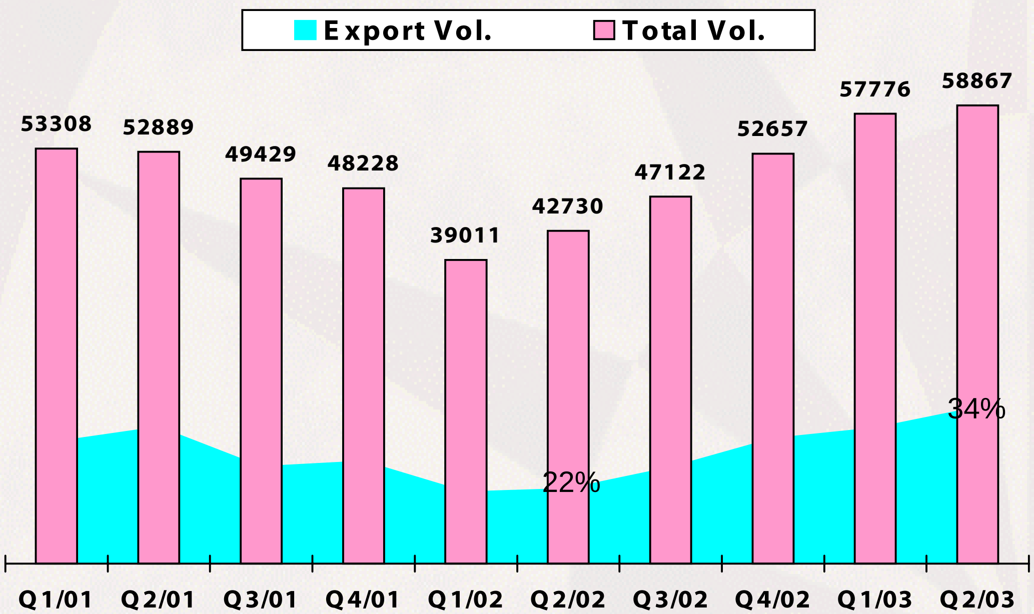
* Before employee separation cost

$ Deferred Tax is treated as part of Capital Employed

Business Review
Q2FY03

Viscose Staple Fibre : Highlights

	Q2 FY03	Q2 FY02	% Chg.
Capacity (TPA)	220,775	220,775	-
Production (MT)	60,444	38,886	55
Sales Volumes (MT)	58,867	42,730	38
Net Turnover (Rs Crs.)	414	321	29
Realisation (Rs./MT)	67,550	70,034	(4)
PBIDT Margin[1] (%)	38	23	-
PBIT[1] (Rs. Crs.)	146	63	130



(1) Before Employee Separation Costs

- Capacity utilisation up from 70% to 110% due to higher demand
- Production up by 55%
- Sales up 38% at 58,867 tonnes
  - Domestic sales higher by 17% from 33,162 MT to 38,811 MT
  - Deemed export volume doubled; share of exports increased from 22% to 34%
    - Improved Global demand
    - Aggressive marketing efforts
    - Optimal leveraging of superior quality of fibre in quality conscious market
- Realisation lower by 4% YoY, in line with fall in Pulp prices
- Operating margin up from 23% to 38%
  - Benefit of closure of Mavoor Plants
  - Improved productivity - giving benefit of economies of scale
  - Lower input costs

Viscose Staple Fibre : Outlook

BIRLA VISCOSE

FOR FEEL, COMFORT & FASHION

- **Deemed export largely depends on pace of recovery in global economy**
- **Margins will be under pressure in the coming quarters**
  - **Global pulp prices showing rising trend**
  - **Efforts will be to part offset increased cost thru enhanced plant efficiency**
- **Grasim to focus on market enlargement for long term growth**
  - **Positioning VSF at the high end of the market as “Fibre for Feel, Comfort and Fashion”**
  - **Focused R & D activities led to introduction of “Birla Sno” and “Pale Cream” fibre**
  - **Product and application developments to remain at the fore**

Viscose Staple Fibre : Summary

		Q2FY03	Q2FY02	% Chg.	H1FY03	H1FY02	FY02
Capacity	TPA	220,775	220,775	-	220,775	220,775	220,775
Production	MT	60,444	38,886	55	105,902	71,643	176,462
Sales Volumes	MT	58,867	42,730	38	116,643	81,741	181,520
Net Turnover	Rs. Crs.	414	321	29	833	632	1,329
Avg. Realisation	Rs./MT	67,550	70,034	(4)	67,009	71,254	68,511
PBIDT *	Rs. Crs.	158	75	112	294	144	354
PBIDT Margin *	%	38	23	-	35	23	27
PBIT *	Rs. Crs.	146	63	130	270	121	306

* Before Employees Separation Cost

Cement : Highlights

	Q2 FY03	Q2 FY02	% Chg.
Grey Cement			
Capacity[1] (Mn TPA)	11.37	10.36	10
Production (Mn MT)	2.60	2.22	17
Sales Volumes (Mn MT)	2.67	2.22	20
Net Turnover (Rs. Crs.)	465	446	4
Realisation (Rs./MT)	1,657	1,944	(15)
White Cement			
Capacity (TPA)	400,000	400,000	-
Production (MT)	72,797	62,478	17
Sales Volumes MT)	73,251	62,129	18
Net Turnover (Rs.Crs.)	45	32	40
Realisation (Rs./MT)	5,496	5,174	6
PBIDT Margin[2] (%)	12	22	
PBIT[2](Rs. Crs.)	26	72	(65)

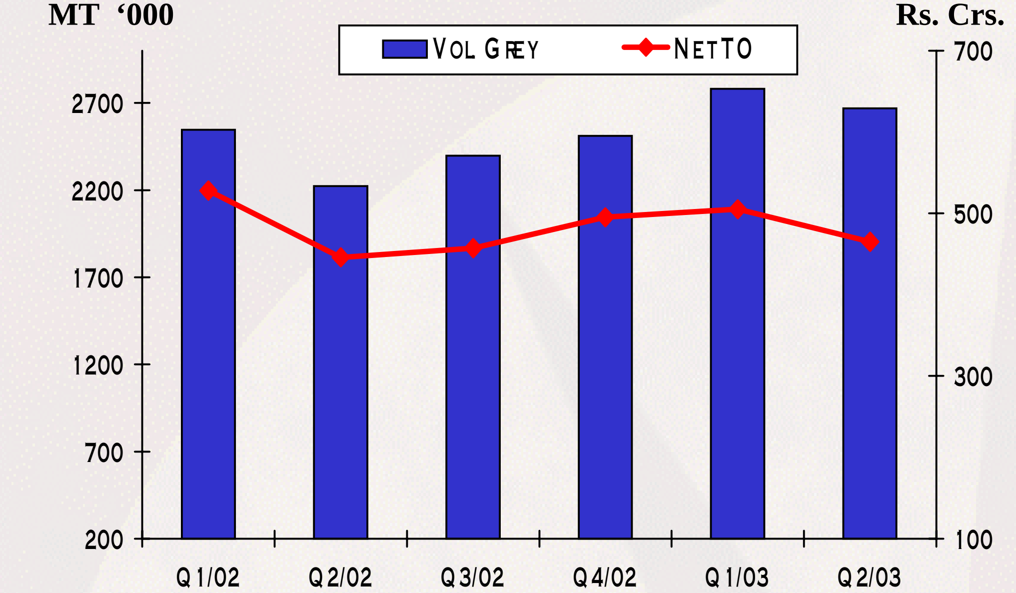
(1) 1Mn TPA Grinding Unit at Bhatinda was commissioned in December 2001

(2) Before Employee Separation Costs

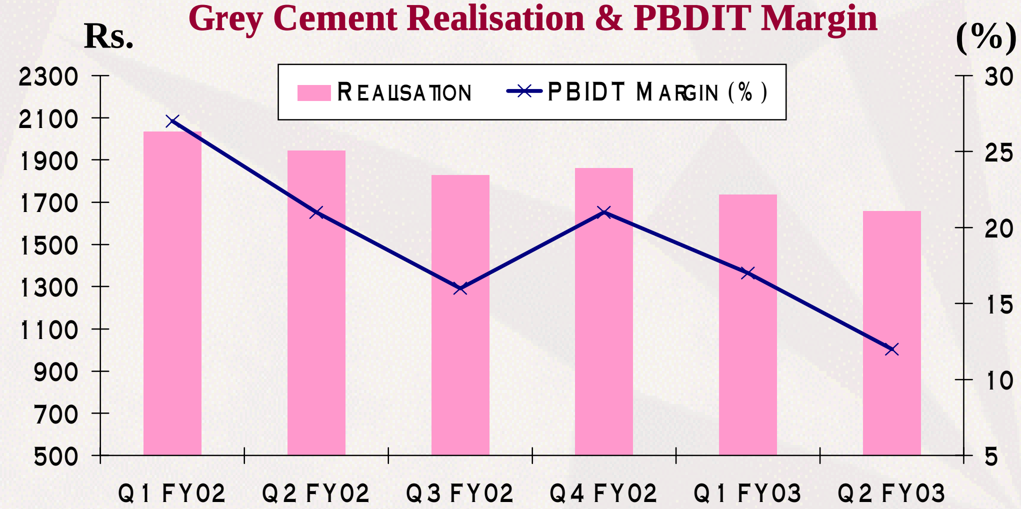
- Capacity utilisation up from 86% to 91%
- Sales volumes grew by 20% against industry average growth of 13%
  - Improved performance in all the Zones
    - Volumes in North up by 34% with full benefits of Bhatinda grinding unit
    - Impressive growth across other zones as well, East (up 12%), South (up 10%) and West (up 12%)
  - Grasim is amongst top three players in key cement consuming states i.e. Madhya Pradesh, Rajasthan, Punjab, Karnataka, Maharashtra
- White Cement sales volume and realisation are higher
  - Expected to do better in coming quarters – benefiting from new applications

Cement : Highlights (Contd..)

Grey Cement Sales Vol. and Net T. O.



Grey Cement Realisation & PBDIT Margin



- Average realisation declined by 15% reflecting depressed pricing environment across all zones
- Operating margin lower at 12% against 22% in Q2FY02
- Decline in margins restricted to some extent due to higher volumes and savings in logistic costs

Cement: Outlook

- At current GDP growth, market to double in size every 7-8 years
  - Housing sectors and Infrastructure to support demand growth of 8% p.a.
- Infrastructure remains a thrust area
  - Growing emphasis on roads, bridges and urban infrastructure
  - Flyovers, expressways and concretization of roads by the State Governments
  - North-South and East-West corridors and Golden Quadrilateral Project to drive demand growth in the medium term
- Demand boost from continuing growth in the housing sector
  - Shortage of 36 Mn houses : likely additional demand of 4/5 Mn MT p.a.
  - Changing preference for nuclear families
  - Improved availability of housing finance at favourable terms and soft real estate prices
  - Continuing fiscal incentives
- Demand-supply balance likely in 3 years
  - No significant greenfield capacities underway
  - Substantial rise in supplies on account of Blended Cement unlikely
- Positive outlook for pricing
  - Economic compulsions and rising costs to ensure remunerative prices
  - Prices started moving up with pick up in construction activities post monsoon

Cement: Outlook (Contd.)

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

Cement : Summary

		Q2FY03	Q2FY02	% Chg.	H1FY03	H1FY02	FY02
Grey Cement							
Capacity #	Mn. MT	11.37	10.36	10	11.37	10.36	11.37
Production	Mn. MT	2.60	2.22	17	5.40	4.79	9.53
Sales Volumes	Mn. MT	2.67	2.22	20	5.45	4.77	9.68
Net Turnover	Rs. Crs.	465	446	4	970	974	1,926
Avg Realisation	Rs./MT	1,657	1,944	(15)	1,697	1,992	1,917
White Cement							
Capacity	TPA	400,000	400,000	-	400,000	400,000	400,000
Production	MT	72,797	62,478	17	136,753	116,689	267,915
Sales Volumes	MT	73,251	62,129	18	135,846	115,631	266,105
Net Turnover	Rs. Crs.	45	32	40	81	60	144
Avg Realisation	Rs./MT	5,496	5,174	6	5,538	5,210	5,317
PBIDT *	Rs. Crs.	60	104	(43)	155	251	469
PBIDT Margin *	%	12	22		15	24	23
PBIT *	Rs. Crs.	26	72	(65)	87	188	339

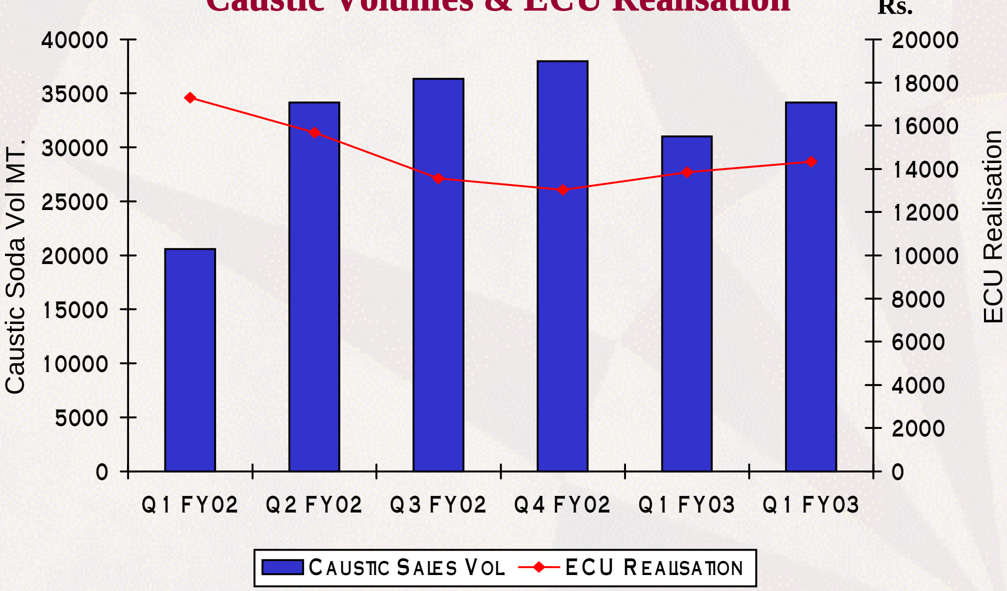
* Before Employees Separation Cost

1 Mn MT Bhatinda Grinding Unit commissioned in December 2001

Chemicals

	Q2 FY03	Q2 FY02	% Chg.
Caustic Capacity (TPA)	160,600	160,600	-
Caustic Production (MT)	39,765	33,287	19
Caustic Sales Volumes (MT)	38,638	34,139	13
Net Turnover (Rs Crs.)	66	61	7
ECU Realisation (Rs./MT)	14,334	15,688	(9)
PBIDT Margin[1] (%)	33	35	-
PBIT[1] (Rs. Crs.)	18	17	4

Caustic Volumes & ECU Realisation



(1) Before Employee Separation Costs

Highlights

- Capacity utilisation up from 83% to 99%
  - Sales volumes up by 13%
- ECU realisation lower by 9%
  - 38% fall in Caustic prices largely offset by improved realisation in Chlorine & Hcl
- Margin lower primarily due to lower realisation

Outlook

- ECU realisation to stay flat at current level
  - Caustic Soda prices likely to remain under pressure due to industry overcapacity
  - Pressure on caustic prices to be offset by improved prices of Chlorine and Hcl
  - Margins to remain stable as a result
- Grasim to focus on
  - Optimum utilisation of the plant capacity
  - Development of ancillary products for more value addition and improved realisation
  - Exports of Chlorine, Hcl and PAC

Chemicals : Summary

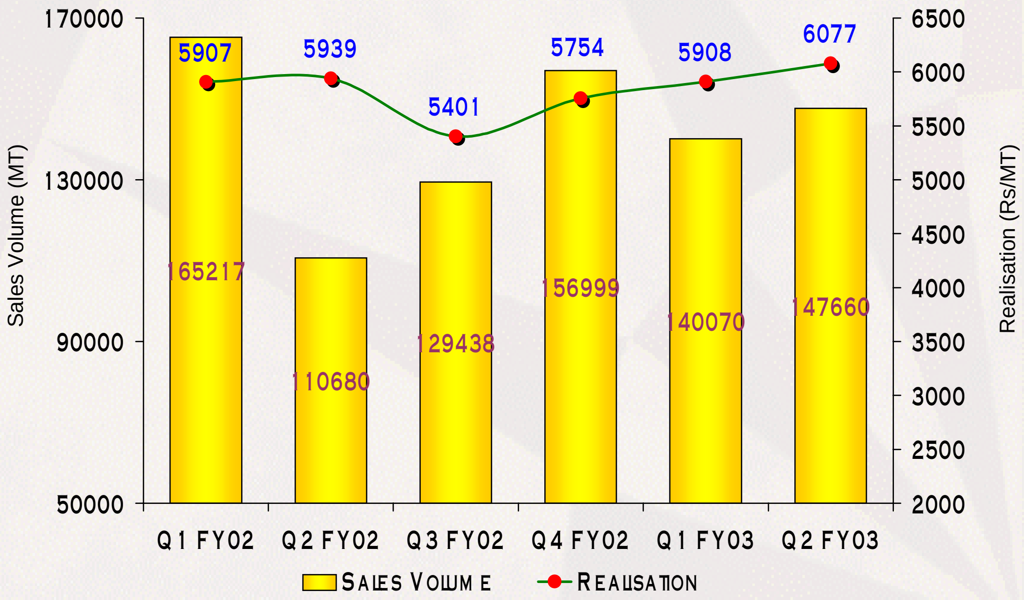
		Q2FY03	Q2FY02	% Chg.	H1FY03	H1FY02	FY02
Capacity (Caustic)	MT	160,600	160,600	--	160,600	160,600	160,600
Production (Caustic)	MT	39,765	33,287	19	70,270	55,237	129,784
Sales Volume(Caustic)	MT	38,638	34,139	13	69,625	54,727	129,051
Net Turnover	Rs. Crs.	66	61	7	118	104	219
Avg. ECU Realisation	Rs./MT	14,334	15,688	(9)	14,114	16,295	14,564
PBIDT *	Rs. Crs.	21	22	--	30	29	28
PBIDT Margin *	%	33	35	--	25	28	13
PBIT *	Rs. Crs.	18	17	4	22	21	11

* Before Employee Separation Cost

Sponge Iron

	Q2 FY03	Q2 FY02	% Chg.
Capacity (TPA)	900,000	900,000	-
Production (MT)	157,807	126,817	24
Sales Volumes (MT)	147,660	110,680	33
Net Turnover (Rs Crs.)	91	67	36
Realisation (Rs./MT)	6,077	5,939	2
PBIDT Margin (%)	25	6	
PBIT (Rs. Crs.)	13	(6)	326

Sales volume and Realisation



Highlights

- Excellent performance
- Capacity utilisation up from 56% to 70% due to improved availability of Natural Gas
  - Sales volume up by 33%
  - Average realisation increased by Rs.140 per MT in line with higher international scrap prices
- Margins up from 6% to 25%
  - Higher yield and favorable raw material mix
  - Better economies of scale
  - Improved operational efficiencies

Outlook

- Positive outlook for demand and prices
  - Signs of recovery in the steel sector
  - Rising trend in global scrap prices
- Natural Gas availability and its price is the key concern for future
- Grasim will continue to focus on Assets sweating
  - No significant capex in past 3 $^{1/2}$ years
  - Business has generated Rs.235 Crs. Operating Cash Flow in last 3 $^{1/2}$ years

Sponge Iron : Summary

		Q2FY03	Q2FY02	% Chg.	H1FY03	H1FY02	FY02
Capacity	TPA	900,000	900,000	-	900,000	900,000	900,000
Production	MT	157,807	126,817	24	300,271	293,310	559,567
Sales Volumes	MT	147,660	110,680	33	287,730	275,897	562,334
Net Turnover	Rs. Crs.	91	67	36	178	168	332
Avg Realisation	Rs./MT	6,077	5,939	2	5,995	5,920	5,606
PBIDT *	Rs. Crs.	22	4	463	43	25	51
PBIDT Margin *	%	25	6		24	15	15
PBIT *	Rs. Crs.	13	(6)	326	25	6	12

* Before Employee Separation Cost

Textiles

	Q2 FY03	Q2 FY02	% Chg.
Sales Volumes			
- Fabrics (lac Mtrs.)	35	53	(35)
- Synthetic Yarn (MT)	1,745	2,064	(15)
Net Turnover (Rs Crs.)	54	77	(30)
Fabric Realisation (Rs./Mtr)	101	104	(3)
Synth. Yarn Realisation (Rs./Kg)	113	104	9
PBIDT Margin[1] (%)	(3)	(1)	--
PBIT[1] (Rs. Crs.)	(5)	(5)	--

(1) Before Employee Separation Costs

Highlights

- Business remained under pressure
  - Turnover lower by 29%
  - Fabric Sales volume down 35%
  - Reflects conscious strategy to move away from un-remunerative segment
  - Closure of operations at Gwalior Unit
  - Focusing on premium synthetic segment

Outlook

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

Textiles : Summary

		Q2FY03	Q2FY02	% Chg.	H1FY03	H1FY02	FY02
Net Turnover	Rs. Crs.	54	77	(30)	107	143	268
PBIDT *	Rs. Crs.	(2)	(2)	--	(7)	(3)	(21)
PBIDT Margin *	%	(3)	(1)	--	(6)	(2)	(8)
PBIT *	Rs. Crs.	(5)	(5)	--	(13)	(11)	(38)

* Before Employees Separation Cost

Capex and Financial Highlights

Capex Plan

Rs. Crores

	Total	Capex		Completion Schedule
		FY03	FY04	
A New Projects :				
- Cement Capacity Expansion - Debottlenecking / Blending etc.	134	57	77	Dec 2003
- Power Plants (Cement units)				
- Rajasthan 23 MW (AC)	71	71	--	Dec. - 02
- Tamil Nadu 12.5 MW (GS)	39	26	13	Feb. – 03
- Karnataka 23 MW (RC)	34	5	29	May - 03
- Fibre Application Development and Speciality Fibre development	52	25	17	FY 2005
Sub Total (A)	330	184	136	

Capex Plan (Contd..)

Rs. Crores

	Total	Capex	
		FY03	FY04
B Modernisation :			
- VSF	57	44	13
- Cement	166	104	62
- Chemical	18	18	-
- Textile	9	9	-
C Other Capex :	42	35	-
Total	622	394	211

- H1 FY 03 Capex - Rs.133 Crores

➢ Cement	99
➢ Fibre	13
➢ Chemical	4
➢ Textile	7
➢ Others	10

Profitability Snapshot

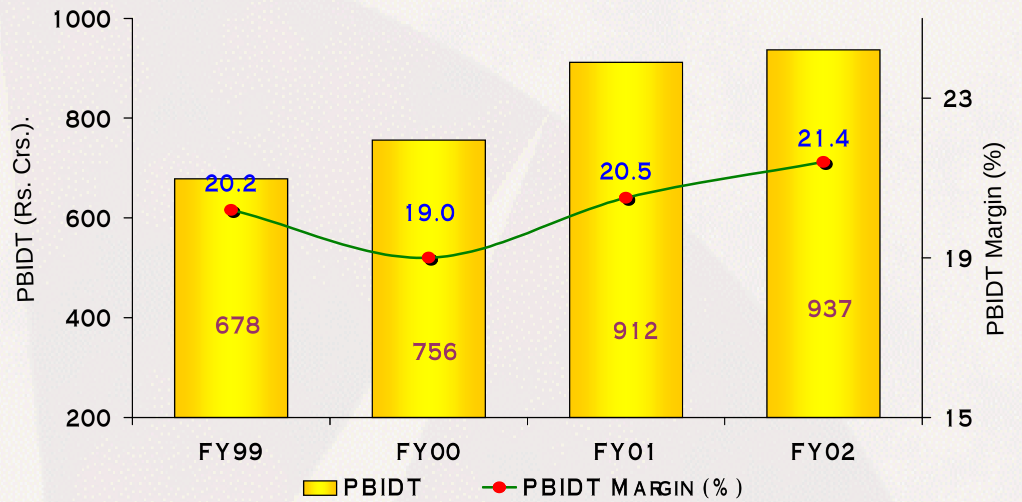
(Figures in Rs. Crores)	FY00	FY01	FY02	H1 FY03
Gross Turnover	4,646	5,184	5,070	2,615
Net Turnover	3,962	4,453	4,372	2,240
PBIDT	756	912	937	541
PBIDT Margin (%)	19.0	20.5	21.4	24.2
Int. & Fin. Charges	256	239	190	87
PBDT	500	673	747	454
(Before Deferred Tax)				
PAT	251	371	438	249
PAT Margin (%)	6.3	8.3	10.0	11.2
EPS (Rs.)	27.4	40.4	47.8	# 27.3
CEPS (Rs.)	53.2	67.9	75.2	# 40.9
DPS (Rs.)	7.0	8.0	9.0	--
(After Total Tax) PAT$	168	340	387	237
EPS (Rs.)	18.3	37.1	42.2	# 25.9
Interest Cover (x)	2.9	3.7	4.6	5.3

All Profitability numbers and EPS are before Exceptional Items

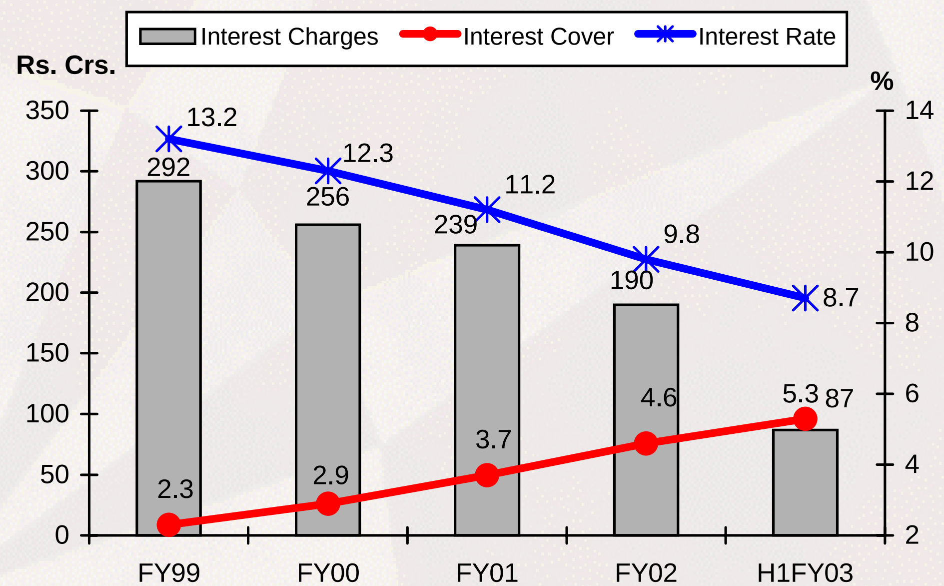
$ Figures for FY00 & FY01 have been restated for Deferred Tax provision to make them comparable

EPS for the period

PBIDT & PBIDT Margin



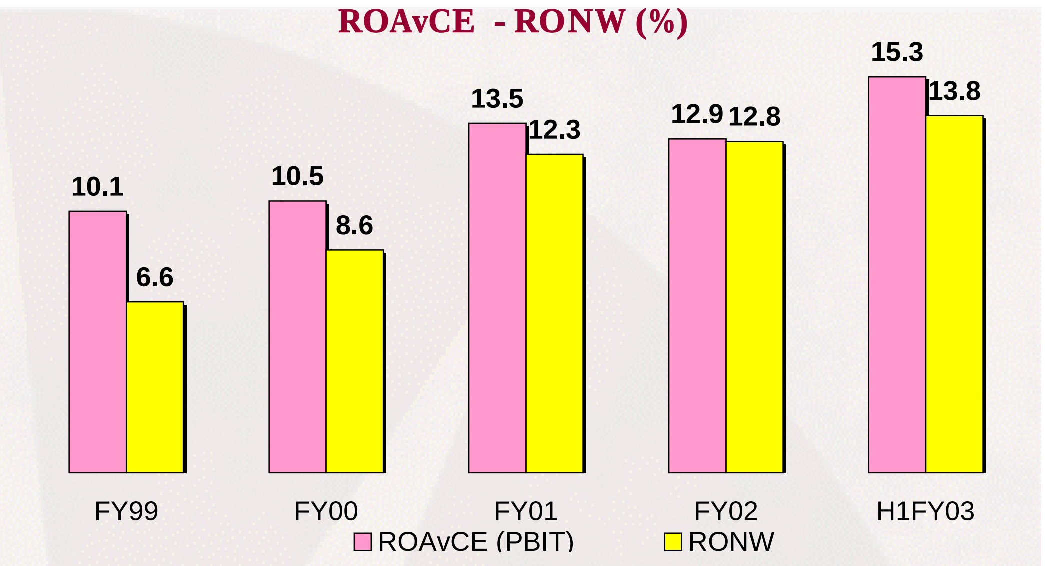
Interest charges - Interest Cover - Interest Rate

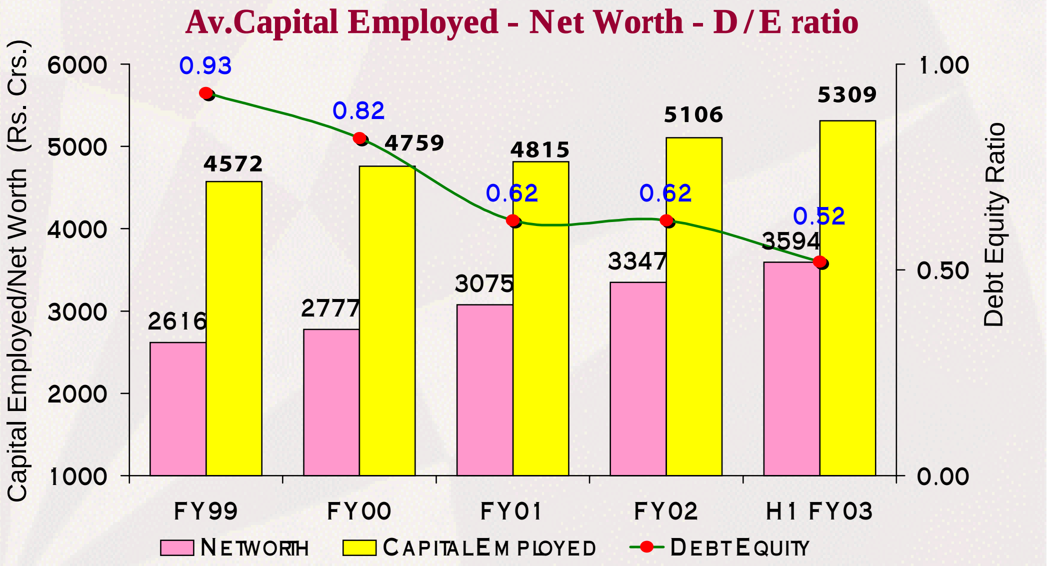


Financial Snapshot

(Figures in Rs. Crores)	FY00	FY01	FY02	H1 FY03
Gross Block	5,206	5,312	5,371	5,477
Net Block	3,401	3,303	3,263	3,275
Equity	92	92	92	92
Net Worth	2,777	3,075	2,707	2,941
Net Worth + Deferred Tax	2,777	3,075	3,347	3,594
Av.Capital Employed	4,759	4,815	5,106	5,309
Debt: Equity ** (x)	0.82	0.62	0.62	0.52
Book Value (Rs.)	303	335	365	392
ROAvCE (PBIT Basis) (%)	10.5	$13.5	$12.9	15.3
RONW (%)	8.6	$12.3	$12.8	13.8

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





Financial Snapshot (Contd..)

- Strong financial indicators
  - Growing profitability and cash generations
  - Declining interest charge and lower average interest rate
  - Low gearing
  - High interest cover and comfortable DSCR
- Fundamentally strong Balance Sheet and Cash flow position to support Company's growth plans and strategy
- Judicious allocation of cash flow and efficient working capital management helped optimisation of Capital Employed and consequently ROCE/RONW

Focus And Strategy

Focus

- Deliver enhanced value to shareholders on a sustained basis

Strategy

- Focus on core businesses – VSF and Cement
- Improve asset utilisation through market expansion and better penetration
- Improve margins through better efficiency and stringent cost control

Cement will be key growth driver going forward

GRASIM

ADITYA BIRLA GROUP

Thank You

Production Data (MT)

	Q2FY03			Q2FY02			FY02		
	Capacity TPA	Production	%	Capacity TPA	Production	%	Capacity TPA	Production	%
VSF	220,775	60,444	110	220,775	38,886	70	220,775	176,462	80
Pulp	70,000	18,777	107	70,000	18,407	105	70,000	71,251	102
Caustic Soda	160,600	39,765	99	160,600	33,287	83	160,600	129,784	81
Grey Cement *	11.37	2.60	91	10.36	2.22	86	# 11.37	9.53	92
White Cement	400,000	72,797	73	400,000	62,478	62	400,000	267,915	67
Sponge Iron	900,000	157,807	70	900,000	126,817	56	900,000	559,567	62

* Grey Cement numbers are in Mn. MT

1 Mn MT Bhatinda Grinding Unit commissioned in December 2001

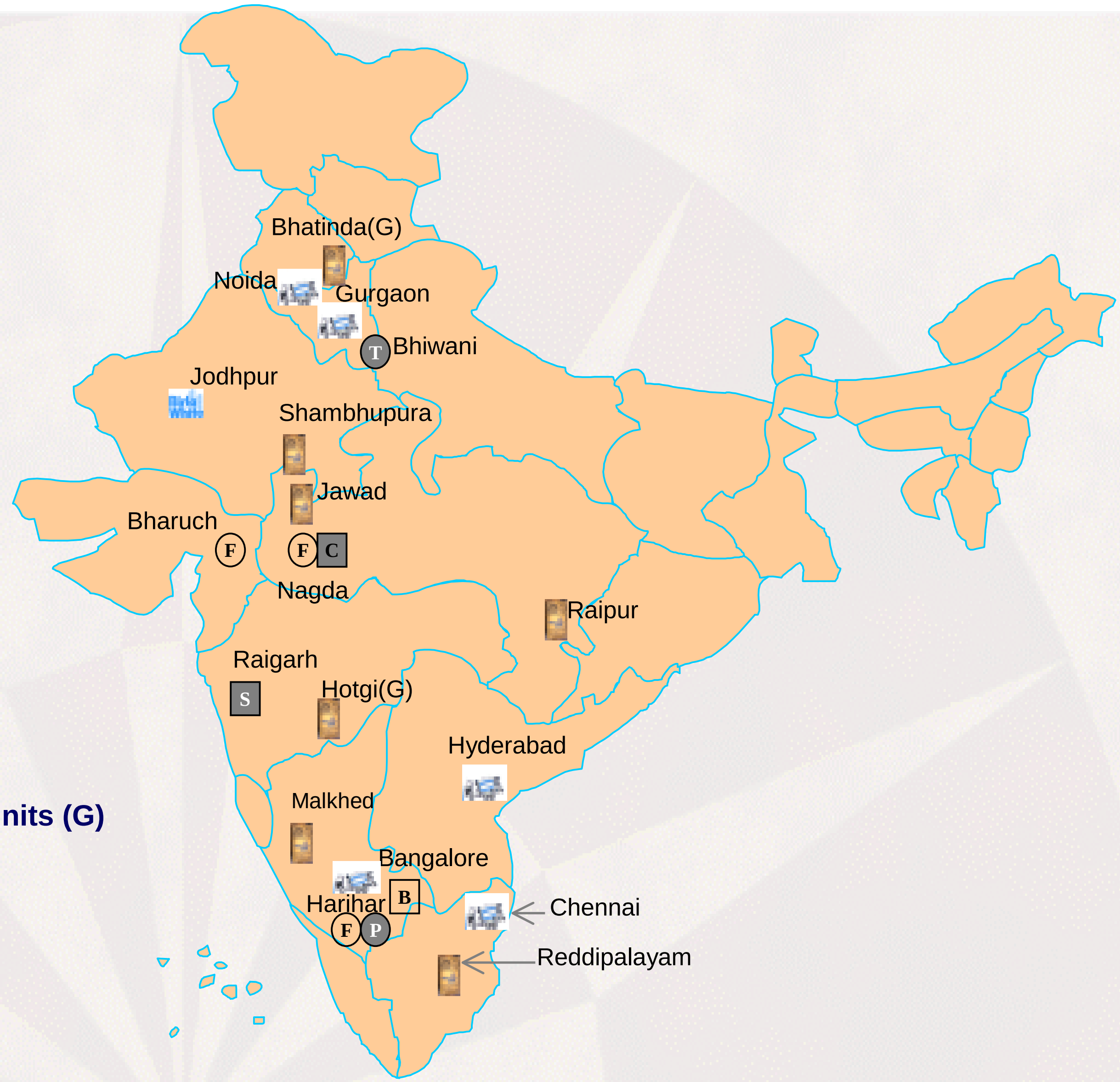
Divisional Turnover – Qty & Realisation

Product	Quantity (MT)			Realisation (Rs. /MT)		
	Q2 FY03	Q2 FY02	FY02	Q2 FY03	Q2 FY02	FY02
VSF	58,867	42,730	181,520	67,550	70,034	68,511
Pulp	21,898	23,731	71,397	19,507	24,000	22,327
Caustic Soda *	38,638	34,139	129,051	14,334	15,688	14,564
Grey Cement * *	2.67	2.22	9.68	1,657	1,944	1,917
White Cement	73,251	62,129	266,105	5,496	5,174	5,317
Sponge Iron	147,660	110,680	562,334	6,077	5,939	5,606

* ECU Realisation

* * Numbers are in Mn. MT.

Plant Locations



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

Not to scale

Press Release Mumbai, 25th October 2002

GRASIM, the ADITYA BIRLA GROUP's FLAGSHIP COMPANY
REPORTS EXCELLENT PERFORMANCE FOR Q2 - FY 2003

Turnover: Rs. 1113 Crores

Profit after Tax: Rs.129 Crores

(Rs. Crores)

	Quarter Ended 30.09.2002 (Un-audited)	Quarter Ended 30.09.2001 (Un-audited)	Variation %	Financial Year Ended 31.03.2002 (Audited)
Net Turnover	1112.9	1108.0	0.4	4386.6
PBIDT	**286.7**	**211.3**	**35.7**	**936.8**
Interest	43.1	47.9	(-) 9.8	190.3
Gross Profit	243.6	163.4	49.0	746.5
Depreciation	62.8	61.9	1.5	251.7
Profit before Taxes and Exceptional Items	**180.8**	**101.5**	**78.0**	**494.8**
Total Tax Expenses	50.5	17.5	189.0	108.0
Net Profit after total taxes but before Exceptional Items	**130.3**	**84.0**	**54.9**	**386.8**
Exceptional items:				
- Excess provision for income tax of earlier years written back		-		68.1
- Loss on sale of investment		-		(-) 18.1
- Loss on closure of Mavoor Plants		(-) 37.4		(-) 74.3
- Loss on sale of Textile Division, Gwalior		-		(-) 31.9
- Employees' separation cost	(-) 1.6	(-) 15.0		(-) 27.6
Net Profit after Total Taxes and Exceptional Items	**128.7**	**31.6**	306.8	**303.0**

Grasim, the flagship Company of the Aditya Birla Group, has reported a higher turnover of Rs.1113 crores (Rs.1108 crores) for the quarter ended September, 2002. Gross profit has risen by 49 % at Rs. 244 crores (Rs. 163 crores). Profit after total tax expenses but before Exceptional Items is up by 55 % at Rs. 130 crores (Rs.84 crores), even after factoring the substantially higher provision for current taxes.

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

PRODUCTION / TURNOVER

Products		Q2 FY2003	Q2 FY2002	Variation	FY 2002
Production Volumes					
Viscose Staple Fibre	M.T.	60444	38886	55%	176462
Cement	Mn.MT	2.60	2.22	17%	9.53
White Cement	M.T.	72797	62478	17%	267915
Sponge Iron	M.T.	157807	126817	24%	559567
Caustic Soda	M.T.	39765	33287	19%	129784
Sales Volumes					
Viscose Staple Fibre	M.T.	58867	42730	38%	181520
Cement	Mn. M.T.	2.67	2.22	20%	9.68
White Cement	M.T.	73251	62129	18%	266105
Sponge Iron	M.T.	147660	110680	33%	562334
Caustic Soda	M.T.	38638	34139	13%	129051

NET REALISATION

Products		Q2 FY2003	Q2 FY2002	Variation	FY 2002
Viscose Staple Fibre	Rs./M.T.	67550	70034	(-) 4%	68511
Cement	Rs./M.T.	1657	1944	(-) 15%	1917
White Cement	Rs./M.T.	5496	5174	6%	5317
Sponge Iron	Rs./M.T.	6077	5939	2%	5606
Caustic Soda (ECU)	Rs./M.T.	14334	15688	(-) 9%	14564

VSF Business

The VSF business has posted an excellent performance during the quarter under review. Capacity utilization was up at 110% (70%). Sales volume was up by 38%, but realization was lower by 4%.

To spur the demand for its superior quality VSF in terms of feel, comfort, fashion and hygiene, the fibre division's efforts relating to application development are gaining momentum. This strategy which the Company has been pursuing in the recent past, is yielding good results.

To spawn customer-centric innovations, the Company's proposed VSF Research and Application Centre at Kharach, involving a capex of Rs. 27 crores, is progressing as scheduled.

Cement Business

Both in sales volumes and production, the cement business has put in an impressive performance. Sales volume which is 20% higher over that of the comparable quarter in the previous year, surpassed the industry growth level of 13%. Production too at 2.60 Mn MT vis-à-vis 2.22 Mn MT has risen by 17%.

However, lower cement prices have adversely impacted operating margins, which could be offset only partly by larger sales volumes.

A capex of Rs.263 crores has been earmarked for the current year, for setting up of two power plants of 23MW and 12.5 MW capacity at Aditya Cement and Grasim (South) respectively, and ongoing modernization and capacity of plants expansion through de-bottlenecking. On implementation of these projects, Grasim's Cement manufacturing capacity will stand raised to 13.40 Mn. MT. The power plants are expected to be operational by the end of the current financial year

The outlook for the cement business is positive. The Company's optimism is fuelled by the steady GDP growth, infrastructure investment and the demand for housing.

Chemical Business

The capacity utilization of the chemical plant at 99% (83%) has been noteworthy. Sales volumes at 38638 MT grew by 13% vis-à-vis the corresponding quarter. The overall (ECU) realization is lower by 9%, due to the falling international prices of caustic soda. Development of ancillary products for more value addition and improved realizations are the Division's planks, going forward.

Sponge Iron Business

The sponge iron business has posted a commendable performance. The plant's utilization has been higher at 70% (56%) with increased supply of natural gas. Sales volumes kept pace with production which stepped up by 18% over the corresponding quarter of the previous year. Better operational efficiencies and an enhanced demand for Sponge Iron from Western markets have been the major growth drivers.

As the demand for steel is growing both in the domestic and international markets and scrap prices are firm, the outlook for the Sponge Iron business is encouraging. Availability of natural gas and its pricing however continues to be an area of concern for the Sponge Iron Business.

Outlook

Grasim's fundamental strengths, its ongoing focus on operational excellence, cost optimization, effective financial management, continuous restructuring of business processes and the expected improvement in the cement sector, bode well for the Company. The prospects for the Company continue to be bright.

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www.grasim.com or www.adityabirla.com

GRASIM
ADITYA BIRLA GROUP

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

Rs in crores

	Three Months Ended 30th September 2002	Three Months Ended 30th September 2001	Six Months Ended 30th September 2002	Six Months Ended 30th September 2001	Year ended 31st March 2002 (Audited)
Net Sales / Income from Operations	**1,112.85**	**1,108.00**	**2,248.36**	**2,225.16**	**4,386.64**
Other Income	36.61	19.70	45.88	34.24	114.62
Total Expenditure					
- Decrease / (Increase) in Stock	(1.48)	79.01	64.71	37.89	95.42
- Raw Material Consumed	279.79	218.81	529.52	471.87	996.15
- Purchases of Finished Goods	2.11	57.47	6.53	181.99	245.71
- Payment to & Provision for Employees	78.75	83.62	153.93	166.08	321.87
- Power & Fuel	209.88	181.04	411.65	359.46	739.28
- Freight , Handling & Other expenses	118.80	133.09	256.23	269.77	510.56
- Other Expenditure	174.91	163.39	330.24	313.37	655.49
Total Expenditure	**862.76**	**916.43**	**1,752.81**	**1,800.43**	**3,564.48**
Interest	43.16	47.85	87.34	95.37	190.25
Gross profit	**243.54**	**163.42**	**454.09**	**363.60**	**746.53**
Depreciation	62.77	61.87	125.19	124.46	251.70
Profit before Exceptional Items and Tax	**180.77**	**101.55**	**328.90**	**239.14**	**494.83**
Tax Provision of earlier years written back					68.11
Loss on Sale of Shares in Subsidiary					(18.11)
Retrenchment Compensation	-	(18.43)	-	(18.43)	(55.33)
Write-down of Fixed Assets on Retirement from active use	-	(19.01)	-	(19.01)	(19.01)
Loss on sale of a Textile Unit					(15.00)
Loss on sale of Assets of a Textile Unit					(16.93)
Employees separation cost	(1.60)	(15.03)	(3.26)	(17.38)	(27.60)
Profit before Tax Expense	**179.17**	**49.08**	**325.64**	**184.32**	**410.96**
Provision for Current Tax	(45.00)	(8.00)	(79.00)	(31.00)	(56.50)
Deferred Tax	(5.50)	(9.45)	(12.50)	(19.45)	**(51.50)**
Net Profit	**128.67**	**31.63**	**234.14**	**133.87**	**302.96**
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					2,615.19
Basic & Diluted EPS for the period (Rupees)	**14.03**	**3.45**	**25.54**	**14.60**	**33.04**
Aggregate of Non-Promoter Shareholding					
- Number of Shares			72954440	72984805	72951240
- Percentage of Shareholding			79.58%	79.62%	79.58%

Notes:

1. During the quarter the Company has further acquired 0.37 Crore shares of Larsen & Toubro Ltd. (L&T) at an average price of Rs.177.12 per share for total consideration of Rs.65.05Crores.

2. The Company has entered into a Share Purchase Agreement with Oil and Natural Gas Corporation Limited (ONGC) for sale of 15,03,79,023 shares of Mangalore Refinery and Petrochemicals Corporation Ltd. (MRPL) @ Rs. 2 per share and the sale will be completed only after obtaining the necessary government / statutory approvals. In the event of sale being completed, the Company will incur a 'loss on sale of Investments' of Rs.208.62 Crores, which will be accounted for when the sale is completed.
   In the event the sale of the aforesaid shares is not completed before end of the current financial year, the Company will, in accordance with past practice, determine the decline, other than temporary, if any, in the value of the long term investment in the shares of MRPL, and the carrying amount of this long term investment will be adjusted for the decline, other than temporary, if any, at the time of preparation of annual accounts.

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

Cont. on Page 2

Cont. from Page 1

4. **Segments Reporting:**

Rs. in Crores

		Three Months Ended 30th September 2002	Six Months Ended 30th September 2002	Year ended 31st March 2002 (Audited)
1. SEGMENT REVENUE				
a	Fibre & Pulp	414.23	833.25	1,328.83
b	Cement	511.55	1,054.43	2,074.85
c	Sponge Iron	90.71	178.45	331.66
d	Chemicals	66.06	118.72	219.93
e	Textiles	57.60	111.52	276.12
f	Others	0.69	3.34	270.68
	TOTAL	1,140.84	2,299.71	4,502.07
(Less) : Inter Segment Revenue		(27.99)	(51.35)	(115.43)
	Net Sales / Income from Operations	**1,112.85**	**2,248.36**	**4,386.64**
2. SEGMENT RESULTS				
a	Fibre & Pulp	145.69	269.88	305.89
b	Cement	25.47	87.29	338.67
c	Sponge Iron	13.07	24.47	11.86
d	Chemicals	17.55	21.87	11.42
e	Textiles	(4.66)	(13.20)	(37.71)
f	Others	(2.54)	(3.95)	0.22
	TOTAL	194.58	386.36	630.35
Add / (Less) :				
	Interest	**(43.16)**	**(87.34)**	**(190.25)**
	Net Unallocable Income / (Expenditure)	29.35	29.88	54.73
Profit before Exceptional Items and Tax Expense		**180.77**	**328.90**	**494.83**
	Tax Provision of earlier years written back	-	-	68.11
	Loss on Sale of Shares in Subsidiary	-	-	(18.11)
	Retrenchment Compensation	-	-	(55.33)
	Write-down of Fixed Assets on Retirement from active use	-	-	(19.01)
	Loss on sale of a Textile Unit	-	-	(15.00)
	Loss on sale of Assets of a Textile Unit			(16.93)
	Employees separation cost	(1.60)	(3.26)	(27.60)
	Profit Before Tax Expenses	**179.17**	**325.64**	**410.96**
3. CAPITAL EMPLOYED				
a	Fibre & Pulp	789.76	789.76	879.24
b	Cement	2,043.53	2,043.53	2,055.10
c	Sponge Iron	515.59	515.59	570.38
d	Chemicals	211.70	211.70	227.51
e	Textiles	118.11	118.11	133.13
f	Others	5.56	5.56	35.15
	TOTAL	3,684.25	3,684.25	3,900.51
g	Unallocated Corporate Capital Employed	1,784.07	1,784.07	1,518.93
	TOTAL CAPITAL EMPLOYED	**5,468.32**	**5,468.32**	**5,419.44**

5. Segments have been identified in line with the Accounting Standard on Segment Reporting (AS 17), taking into account the organisational structure as well as the differential risks and returns of these segments. Details of products included in each of the above segments are as under :
   Fibre & Pulp - Viscose Staple Fibre & Rayon Grade Pulp
   Chemicals - Caustic Soda & Allied Chemicals
   Cement - Grey & White Cement
   Sponge Iron - Sponge Iron
   Textiles - Fabrics & Yarn

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

Rs. in Crores

	Q2-FY2003	H1-FY2003	FY2002
Fibre & Pulp	0.52	1.49	9.10
Chemical	-	0.39	1.63
Cement	0.17	0.28	13.49
Textiles	0.91	1.10	3.38

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

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

9. 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 : 25th October, 2002

Kumar Mangalam Birla
Chairman