



Grasim Industries Limited

Performance Review – Q1 FY06

27th July, 2005

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, feedstock 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.

Consolidated Financial Performance – Q1FY06

	(Rs. Crores)		
	<u>Q1FY06</u>		<u>%</u>
TOTAL REVENUE	2,495	↑	8
PBIDT	640	↑	10
INTEREST CHARGES	57	↓	(18)
PBT	448	↑	18
Total Tax Expenses	120	↓	(38)
PAT (After Minority Interest)	296	↑	42
EPS (Rs. per Share)	32.3	↑	42

- Consolidated revenue up by 8%
- PBIDT up by 10%
- Tax expenses at Rs.120 Crs, lower by 38%
- PAT up by 42%
 - Cement:
 - ⇒ Impressive growth in volumes and profitability
 - ⇒ Substantially improved performance of Subsidiaries
 - VSF: Impacted on account of macro developments
 - Chemical: Strong performance on back of higher caustic prices
 - Sponge Iron: Momentum slowed down
 - ⇒ Correction in the global steel sector
 - ⇒ Steep rise in input costs

Consolidated Financial Performance - Q1FY06

(Rs. Crores)

	Q1FY06	Q1FY05* (Restated)	% Chg.	FY05 (Audited)
Net Turnover & Op. Income	2,495.3	2,302.9	8	9410.0
Other Income	75.5	51.7	46	218.7
PBIDT	640.5	584.4	10	2,272.3
Interest	56.7	68.8	(18)	284.7
Gross Profit	583.8	515.6	13	1,987.6
Depreciation	135.4	134.8	--	556.1
Exceptional Items				127.7
PBT	448.4	380.8	18	1,303.8
Current Tax	133.2	119.0	12	483.7
Deferred Tax	(13.5)	\$ 73.8	--	\$\$ (41.2)
PAT	328.7	188.0	75	861.3
Minority Interest etc.,	32.6	+ 20.7	--	+ 19.0
PAT after Minority Interest	296.1	208.8	42	880.3
Earning Per Share (Rs.) Basic and Diluted	32.3	22.8	42	96.0

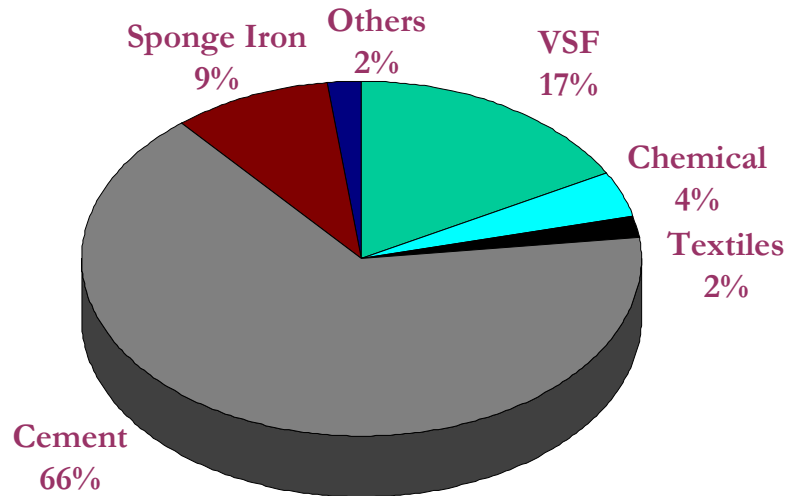
* Restated to include UTCL and its subsidiaries

\$ Includes deferred tax assets w/off in subsidiaries Rs.60.1 Crs.

\$\$ Net of adjustments for prior period deferred tax written back and deferred tax assets written off, aggregating to credit of Rs. 30 Crs.

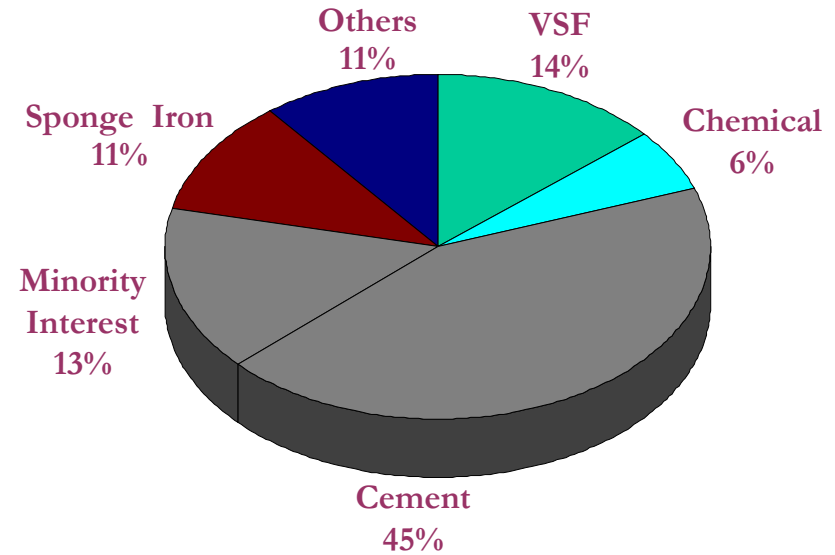
Consolidated Segmental Performance – Q1FY06

Revenue Mix



(Rs.2,495 Crs.)

PBIDT Mix *



(Rs. 640 Crs.)

** Including Minority Interest*

- VSF (incl. Chemical) contributed 21% to Revenue and 20% in PBIDT mix
- Cement contributed 66% to Revenue and 58% in PBIDT mix
- Sponge Iron contributed 9% to Revenue and 11% in PBIDT mix

Standalone Financial Performance – Q1FY06

	(Rs. Crores)		
	<u>Q1FY06</u>		<u>%</u>
TOTAL REVENUE	1,553	↑	2
PBIDT	440	↓	(1)
INTEREST CHARGES	27	↓	(19)
PBT	343	↔	--
Total Tax Expenses	92	↓	(26)
PAT	251	↑	15
EPS (Rs. per Share)	27.4	↑	15

- Revenue up by 2%
- PBIDT lower by 1%
 - VSF and Sponge Iron businesses impacted
- Interest cost down by 19%
- Total Tax expenses lower at Rs.92 Crs, decrease of 26%
- Net profit up by 15%

Standalone Financial Performance - Q1FY06

(Rs. Crores)

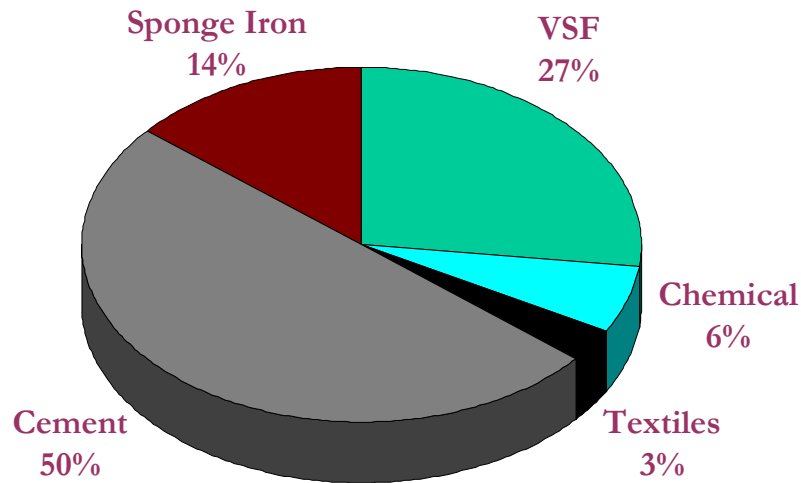
	Q1FY06	Q1FY05	% Chg.	FY05
Net Turnover & Op. Income	1,553.3	1517.1	2	6,247.1
Other Income	65.5	16.3	303	169.4
PBIDT	439.9	446.4	(1)	1,784.7
Interest	26.5	32.9	(19)	138.8
Gross Profit	413.3	413.5	--	1,645.9
Depreciation	70.5	69.8	1	284.6
Exceptional Items (net)	--	--	--	(57.7)
PBT	342.9	343.7	--	1,303.7
Current Tax	97.3	110.0	(12)	451.0
Deferred Tax	(5.4)	* 14.5	--	** (33.0)
PAT	251.0	219.2	15	885.7
Earning Per Share (Rs.) Basic and Diluted	27.4	23.9	15	96.6

* Including deferred tax of earlier years – Rs. 12.7 Crs

** After write back of Rs. 39.1 Crs. out of deferred tax of earlier years

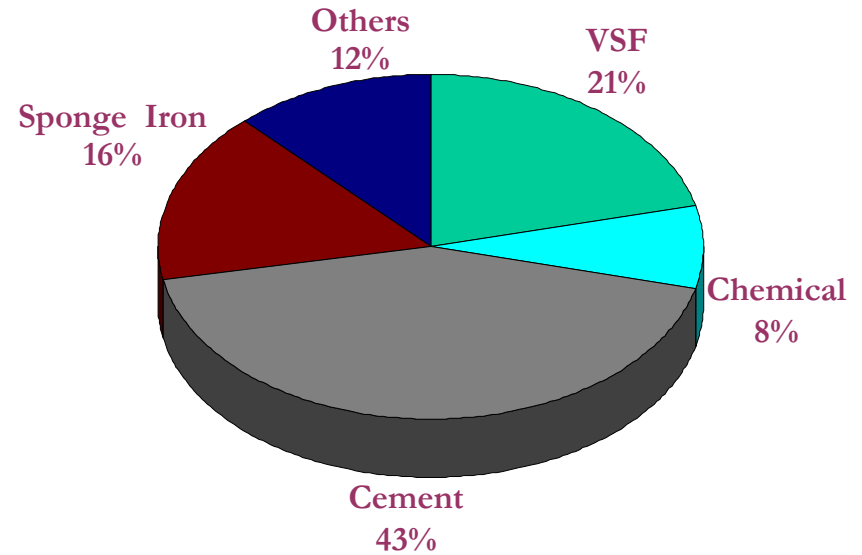
Standalone Segmental Performance– Q1FY06

Revenue Mix



(Rs.1,553 Crs.)

PBIDT Mix



(Rs.440 Crs.)

- VSF (incl. Chemical) contributed 33% (37%) to Revenue and 29% (36%) in PBIDT mix
- Cement contributed 50% (44%) to Revenue and 43% (37%) in PBIDT mix
- Sponge Iron contributed 14% (16%) to Revenue and 16% (25%) in PBIDT mix



Business Review – Q1 FY06

- VSF
- Chemicals
- Cement
- Sponge Iron
- Textiles

Viscose Staple Fibre : Highlights

	Q1FY06	Q1FY05	% Chg.
Capacity (TPA)	253,675	251,850	1
Production (MT)	52,282	59,712	(12)
Sales Volumes (MT)	52,956	60,877	(13)
Net Turnover (Rs Crs.)	417.8	495.0	(16)
Realisation (Rs./MT)	73,102	77,278	(5)
PBIDT	91.8	147.4	(38)
PBIDT Margin (%)	22.0%	29.8%	--
PBIT (Rs. Crs.)	76.7	134.1	(43)

- Satisfactory performance in a challenging environment
- Volumes down by 13%
 - Record Global and domestic cotton crop
 - Decline in deemed exports due to disturbances in European markets
- Realisation down by 5%
 - Cotton prices are at record lows
 - Falling trend in global VSF prices
- Operating margins under pressure
 - Increase in key input prices
 - ⇒ Caustic 64%, Coal 7%, Sulphur 6%
 - Lower volumes and realisation

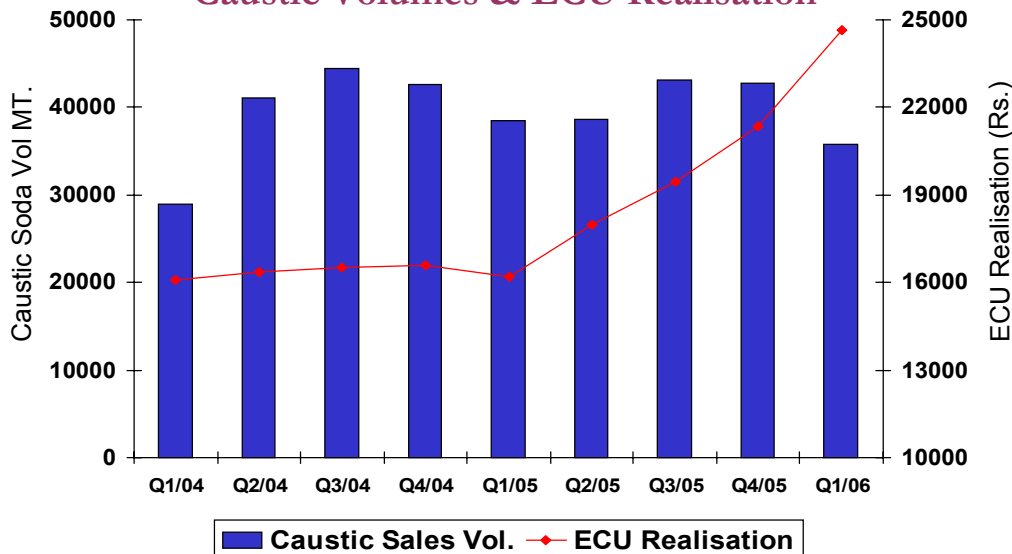
Viscose Staple Fibre : Outlook

- Sales volumes, in the short term, to stabilise at current levels
- Pressure on pricing and margins may ease
 - Cotton prices showing early signs of recovery
 - Input prices softening
- Long term outlook remains positive
 - Indian Textile sector to gain in post MFA era
 - Quota abolition to increase export of Fabrics and Garments
 - ⇒ Domestic VSF consumption to increase
 - ⇒ Deemed export may remain under pressure
 - Withdrawal of Cotton subsidies by developed countries post MFA to have positive impact on VSF realisation
- Focus on increasing fibre exports to key textile hubs like Pakistan & Bangladesh
- Exploring pulpwood plantation to further integrate the value chain in long term
- Rising share of captive pulp to add strength

Chemical : Highlights and Outlook

	Q1FY06	Q1FY05	% Chg
Caustic Capacity (TPA)	190,800	190,800	--
Caustic Production (MT)	36,017	38,318	(6)
Caustic Sales Volumes (MT)	35,849	38,497	(7)
Net Turnover (Rs. Crs.)	99.3	72.4	37
ECU Realisation (Rs./MT)	24,669	16,196	52
PBIDT	37.5	12.0	212
PBIDT Margin (%)	37.7%	16.6%	--
PBIT (Rs. Crs.)	33.1	7.6	338

Caustic Volumes & ECU Realisation



- Stellar performance
- Lower production due to CPP maintenance
- ECU realisation up 52%
 - Healthy demand resulting in higher international caustic prices
 - Firm Chlorine and HCL prices
- Operating margins improved on higher realisations

Outlook

- Positive demand outlook driven by robust growth in end use segments
- Prices to remain stable
 - High capacity utilisation in the sector
- Plans to convert remaining Mercury plant into cost efficient Membrane plant

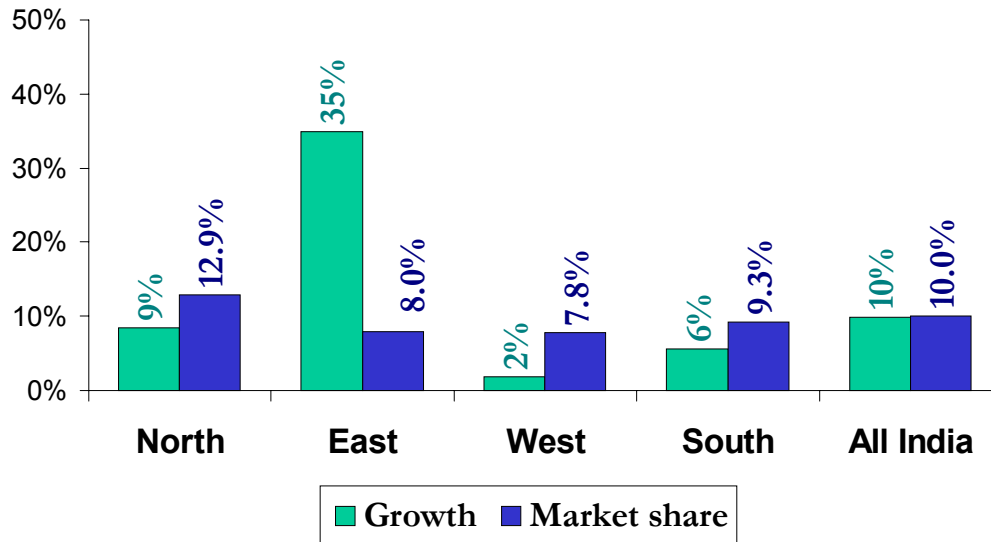
Cement : Highlights

	Q1FY06	Q1FY05	% Chg.
<u>Grey Cement</u>			
Capacity (Mn. TPA)	13.12	13.12	--
Production (Mn. MT)	3.35	3.00	12
Sales Volumes (Mn. MT)	3.34	3.04	10
Net Turnover (Rs. Crs.)	738.1	638.5	16
Realisation (Rs./MT)	2,019	1,933	4
<u>White Cement</u>			
Capacity (TPA)	475,000	400,000	19
Production (MT)	78,774	73,228	8
Sales Volumes (MT)	79,871	70,852	13
Net Turnover (Rs.Crs.)	62.3	42.4	47
Realisation (Rs./MT)	5,870	4,966	18
PBIDT	187.2	166.4	13
PBIDT Margin (%)	23.4%	24.4%	--
PBIT (Rs. Crs.)	147.3	127.7	15

- Capacity utilisation impressive at 102%
- Sales volumes up 10% YoY
 - East grew by 35% YoY on robust demand and lower base effect
 - Outperformed industry average in North
 - Lower growth in South and West
- Realisations improved 4% YoY,
 - On the high base of Q1FY05
 - Sequentially up by 5%
- Improved volumes and prices boosted revenues by 16%

Cement : Highlights contd..

Q1FY06 – Growth & Market Share

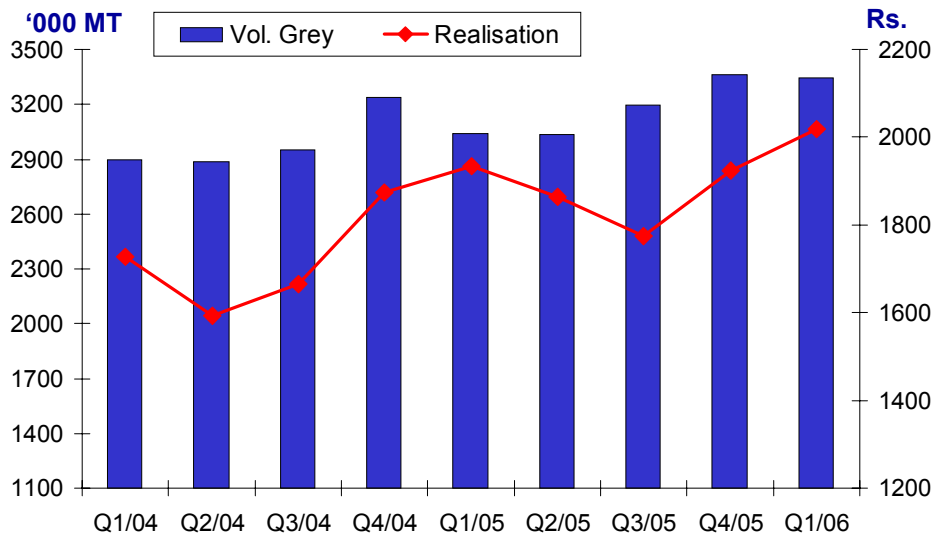


● White Cement

- Volumes up 13% propelled by good domestic demand and exports
- Realisations up 18%
- Revenue up by 47% driven by volumes, higher realisations and increased sales of value added products

● Margins remained flat despite increase in costs

Grey Cement Sales volume and Realisation /Tonne





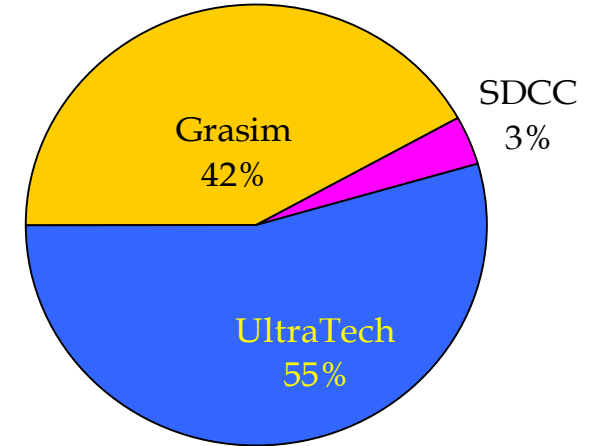
Cement : Outlook

- Industry prospects improving
- Demand outlook positive, expected to grow by 7-8%
 - Buoyant demand from housing segment
 - Continued thrust on infrastructure
 - Higher industrial growth to add further impetus
- Q1FY06 grew even stronger by 11%
 - Supported by strong recovery in the South – demand up 19% YOY
- Demand growth higher than incremental supply
- Grasim to increase production by 1.5 Mn. MT over next 2 years

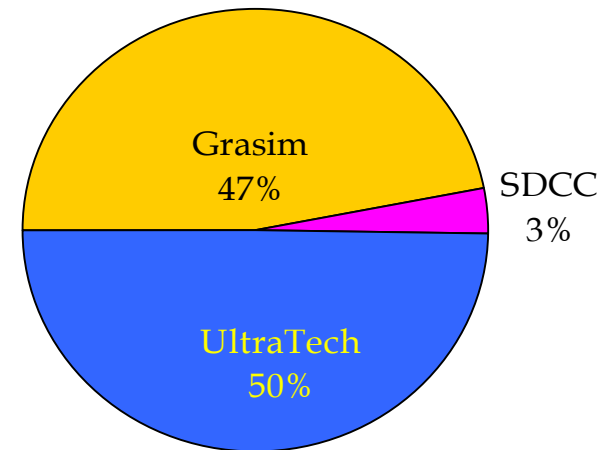
Cement Consolidated : Highlights

	Q1FY06	Q1FY05	FY05
<u>Grey Cement</u>			
Capacity (Mn. TPA)	31.2	31.2	31.2
Production (Mn. MT)			
Clinker	0.46	0.86	3.1
Cement	7.23	6.46	26.1
Sales Volumes (Mn. MT)			
Clinker	0.46	0.86	3.1
Cement	7.20	6.44	26.3
	7.65	7.30	29.4
Net Turnover (Rs. Crs.)			
Clinker	66	92	410
Cement	1,487	1,237	4,898
Others (RMC/White Cement)	120	94	442
	1,674	1,422	5,750
*PBIT (Rs. Crs.)	218	179	506
*ROAvCE (%)	16.9	12.7	9.5
*Capital Employed	5,195	5,618	5,351

* Excl. Minority Interest



Cement Capacity - 31.2 Mn. Ton



Revenue (Q1FY06) - Rs.1,674 Crs.

Sponge Iron : Highlights

	Q1FY06	Q1FY05	% Chg.
Capacity (TPA)	900,000	900,000	--
Production (MT)	179,816	176,932	2
Sales Volumes (MT)	143,627	183,459	(22)
Net Turnover (Rs. Crs.)	220.5	249.9	(12)
Realisation (Rs./MT)	14,075	12,572	12
PBIDT	69.2	111.5	(38)
PBIDT Margin (%)	31.4%	44.6%	--
PBIT (Rs. Crs.)	60.7	102.9	(41)

- Plant utilisation stable at 80%
- Sales volume lower by 22%
 - Increased import of scrap at lower prices
 - Slowdown in user demand on expectations of price correction
- Realisation moved up 12% YoY
 - Higher Scrap prices during April / May
- Operating margins under pressure due to steep rise in iron ore and pellet prices
- Lower volumes and falling margins dragged operating profit

Sponge Iron : Outlook

- Domestic demand recovery likely in 2H
 - Steel sector outlook positive
 - Resumption of purchases by end users
 - Global scrap prices stabilising
- Realisation under pressure reflecting effect of correction in global scrap prices
- Margins to remain under pressure
 - Substantial rise in iron ore/ pellet costs
 - Steep increase in natural gas price by 105%
- Profitability expected to recover with improved gas availability likely by end CY2006



Textiles : Highlights and Outlook

	Q1 FY06	Q1 FY05	% Chg.
Sales Volumes			
- Fabrics (lac Mtrs.)	28	31	(9)
- Synthetic Yarn (MT)	1,643	1,559	5
Net Turnover (Rs. Crs.)	50.5	49.3	3
Fabric Realisation (Rs./Mtr.)	99	94	5
Synth. Yarn Realisation (Rs./Kg)	120	118	2
PBIDT	0.9	2.2	(59)
PBIDT Margin (%)	1.8%	4.5%	--
PBIT (Rs. Crs.)	(0.6)	(1.1)	(46)

- Fabric volumes down 9%
 - Lower sales from export segment
- Fabric realisations up 5% on improved sales mix
- Outlook
 - Considerable growth expected in RMG segment
 - New product launch to improve volumes





Capex

Capex under implementation

	Capex plan	Rs. Crores	
		Cash Outflow FY06	FY07
Cement	946	479	411
- Power plants (3 Nos, 77MW)	329	114	159
- Grinding unit in North (1.3 Mn. MT)	115	65	50
- De-bottlenecking/Blending	162	58	104
- Modernization	340	242	98
VSF	533	222	311
- Capacity expansion (58,775 Tons)	374	81	293
- Modernization	159	141	18
Sponge Iron	29	29	-
Chemical	178	90	88
Others	11	9	2
TOTAL	1,697	829	812

- Q1 FY06 Capex spent - Rs.68 Crs
 - VSF Rs.30 Crs., Cement Rs.34 Crs., Others Rs.4 Crs.
- Separate Capex plan of Rs.1,003 Crs. for UltraTech [Rs.540 Crs. for 92 MW thermal power plant]



Financial Highlights

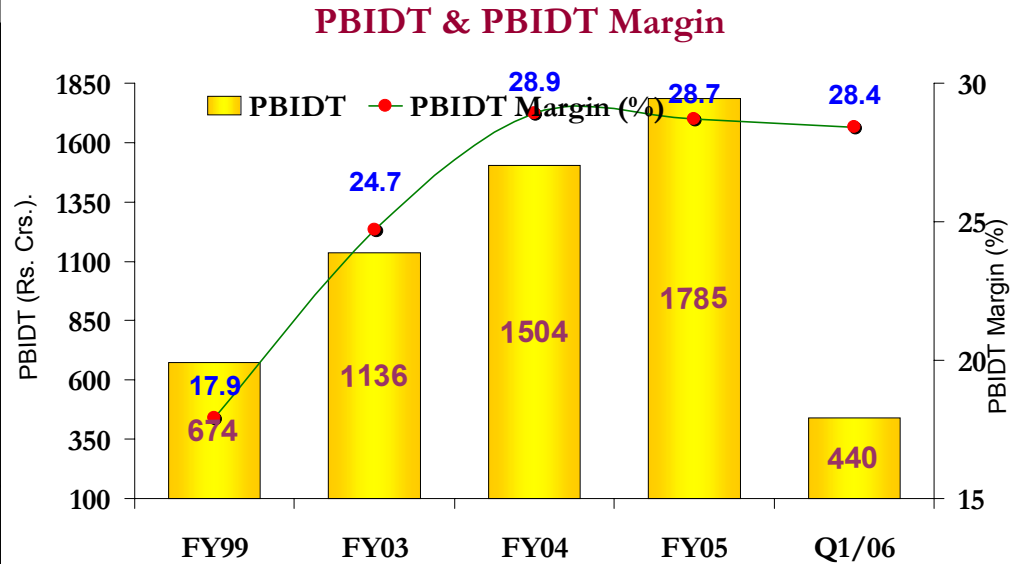
Profitability Snapshot - Standalone

(Figures in Rs. Crores)	FY99	FY04	FY05	Q1 FY06
Gross Turnover	4,325	6,130	7,201	1,795
Net Turnover	3,757	5,213	6,229	1,549
PBIDT	674	1,504	1,785	440
PBIDT Margin (%)	17.9%	28.9%	28.7%	28.4%
Int. & Fin. Charges	292	154	139	27
PBDT	381	1,350	1,646	413
Total Tax Expenses	67	298	# 418	92
PAT	* 105	779	943	251
EPS (Rs.)	* 12.5	85.0	102.9	27.4
CEPS (Rs.)	44.7	115.5	130.3	34.5
DPS (Rs.)	6.8	14.0	16.0	--
Interest Cover (x)	2.3	7.9	9.6	12.9

* Adjusted for deferred Tax

Including deferred tax / adjustment of past years

All Profitability numbers and EPS are before Exceptional Items

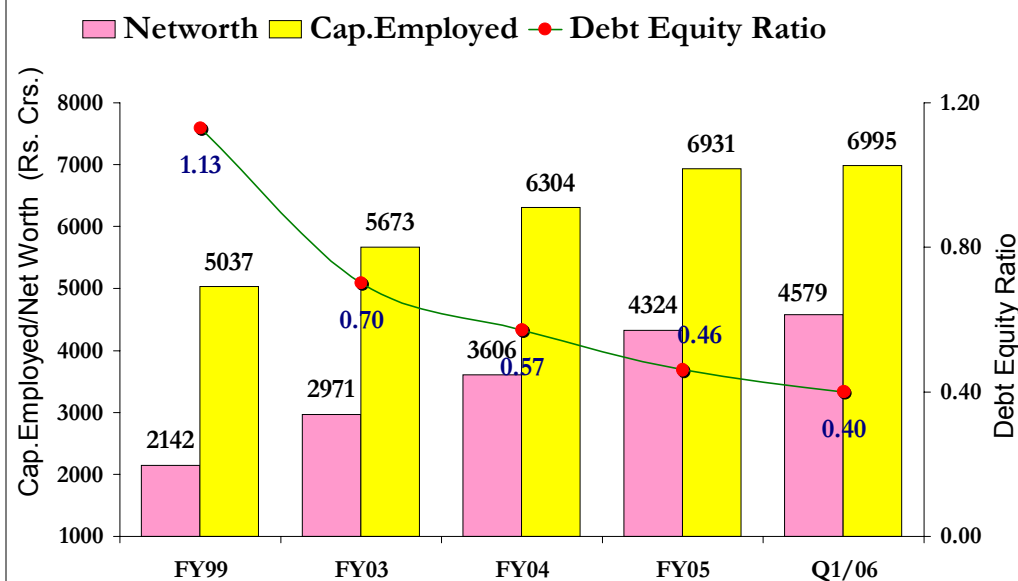


- Excellent performance from all businesses
- Compared to FY99
 - PBIDT has gone up 2.6 times
 - PAT has multiplied by 9 times; CAGR of 44%
 - Over 7 times growth in market cap. Rs.106 Bn. (US\$2.4 Bn.)
- EPS improved significantly from Rs.13* in FY99 to Rs.103 in FY05

Financial Snapshot - Standalone

(Figures in Rs. Crores)	FY99	FY04	FY05	Q1 FY06
Gross Block	4,937	5,802	6,052	6,110
Net Block	3,354	3,213	3,204	3,194
Cement Subs. Investments	56	2,333	2,362	2,357
Other Investments	624	409	939	1,169
Net Current Assets	1,003	349	426	275
Capital Employed	5,037	6,304	6,931	6,995
Net Worth	2,142	3,606	4,324	4,579
Debts	2,421	2,065	2,008	1,822
Deferred Tax	474	633	599	594
Debt: Equity (x)	1.13	0.57	0.46	0.40
Book Value (Rs.)	234	393	472	499
ROAvCE (PBIT Basis)(%) #	10.1	20.9	23.1	21.7
RONW (%)#	5.3	23.7	23.7	22.6

Exceptional items eliminated in calculation of ROAvCE/RONW



- Strong Balance Sheet – Substantial liquidity buildup post UTCL acquisition funding
- Book Value – from Rs.234 in FY99 to Rs. 499 per share in Q1FY06
- # Real standalone return in Q1FY06 excluding investment in cement subsidiaries
 - ROCE (%) 33%
 - RONW (%) 45%

Consolidated Balance Sheet

<i>(Figures in Rs. Crores)</i>	FY04	FY05	Q1FY06
Gross Block	10,702	11,317	11,326
Net Block	6,394	6,300	6,242
Goodwill	2,037	1,958	1,958
Investments	270	769	1,131
Net Current Assets	475	674	376
Capital Employed	9,176	9,701	9,707
Net Worth	3,348	4,086	4,337
Minority Interests	515	500	532
Debts	4,108	3,936	3,673
Deferred Tax	1,205	1,179	1,165
Debt: Equity ** (x)	1.06	0.86	0.75
Book Value (Rs.)	365	446	473
ROAvCE (PBIT Basis)(%) [#]	15.2%	18.5%	21.3%
RONW (%) ^{#*}	23.1%	26.1%	28.1%

* Excluding Minority Interest

** Deferred tax not considered part of Net Worth while calculating Ratios

Exceptional items eliminated in calculation of ROAvCE/RONW

- Strong consolidated Balance Sheet as well
- Gearing to be viewed in the context of
 - Large cash surplus
 - Debts include long term interest free State Sales-tax Loans



UltraTech Cement Limited (Consolidated)

Performance Review – Q1FY06

UltraTech (Consolidated) Financial Performance - Q1FY06

(Rs. Crores)

	Q1 FY06	Q1 FY05	% Inc.	FY05
Net Turnover & Other Income	**858.1	697.0	**23	2,797.0
PBIDT	169.1	90.1	88	379.0
PBIDT Margin (%)	19.9%	12.8%		13.7%
Interest	22.3	28.9	(23)	109.3
Depreciation	52.8	57.0	(7)	\$ 230.3
Impairment of Goodwill				76.8
PBT	94.0	4.2		(36.8)
Current Tax	35.8	9.0	298	32.5
Deferred Tax	(8.1)	# 30.1		*(36.9)
PAT	66.2	(34.9)	--	(32.4)
Minority Interest etc.	0.4	(0.1)		2.0
PAT after Minority Int.	65.8	(34.8)		(34.4)

\$ Depreciation includes Rs.18.3 Crs. related to earlier years

* Including write back of old provision of Rs..19.9 Crs.

After Deferred tax asset write off of NCCL - Rs.31.1 Crs.

** To be adjusted for differential on freight paid sales

- Operating revenue up by 15%^{\$\$} on higher realisation & increased volumes
- PBIDT margins increased to 20% in Q1FY06 from 13% in Q1FY05
 - Switch over to exports of Cement from Clinker and substantial rise in export prices
 - Improved domestic realisation
 - Higher other Income
- Cost increased by 4% due to rise in domestic fuel prices
- Reduction in Interest cost Rs.6.6 Crs.

\$\$ Number recasted for differential on freight paid sales, for comparison purpose



UltraTech (Consolidated) : Q1FY06 Highlights

	Q1FY06	Q1FY05	FY05
Capacity (Mn TPA)			
Clinker	15.5	15.5	15.5
Grinding	17.0	17.0	17.0
Production (Mn. MT)			
Clinker	0.4	0.8	2.7
Cement	3.7	3.3	12.9
Sales volumes (Mn. MT)			
Clinker	0.4	0.8	2.7
Cement	3.6	3.2	12.9
	4.0	4.0	15.6
Realisation (Rs./Ton)			
Clinker	1,505	1,056	1,324
Cement	*1,940	1,859	1,802

* Recasted for differential on freight paid sales

- Capacity utilisation at 95%
- Volumes maintained at 4 Mn. MT
 - Domestic volumes up by 6%
 - Focus on maximising cement exports, 130% up over corresponding quarter
 - Reduction in clinker volumes
- Cement realisation improved by 4%
(Recasted for comparison)
- Export prices continue to be buoyant
 - Clinker realisation up 43%
 - Current FOB prices : Cement US\$ 43, Clinker US\$ 35/ton

UltraTech Outlook

- Capex plan of Rs.1,003 Crs. including setting up of captive power plants and debottlenecking
- Cost and efficiency improvement
 - Power cost reduction
 - ⇒ Lignite based TPP at Gujarat plant, by July 2007
 - ⇒ Co-Generation plant at APCW
 - Fuel cost reduction
 - ⇒ Bidding for captive coal and lignite mines
 - ⇒ Use of alternate fuel - Petcoke
 - Logistics Cost reduction
- Reduce interest costs
- Improve performance of subsidiary companies



**Shree Digvijay Cement Company Limited (SDCC)
Performance Review – Q1FY06**

SDCC Financial Performance - Q1FY06

	(Rs. Crores)		
(Lac MT)	Q1 FY06	Q1 FY05	% Chg.
Cement Production	2.15	1.88	} 27
Clinker Production	0.67	0.33	
Sales Volumes			
- Cement	2.15	1.88	} 28
- Clinker	0.67	0.33	
Realisation (Rs./MT)-Cement	1,769	1,635	8
Realisation (Rs./MT)-Clinker	1,259	961	31
Net Revenues	53.6	39.2	37
PBIDT	12.4	7.1	75
PBIDT Margin	23.1%	18.0%	--
Interest	1.3	1.7	(22)
Depreciation	2.7	1.8	49
Profit / (Loss) before EIs	8.3	3.5	136
Exceptional Items	1.7	(0.1)	
Profit / (Loss) after EIs	10.0	3.4	--

- Capacity utilisation at 104%(82%)
- Volumes up 28%
 - Increased utilisation
 - Healthy demand growth in Gujarat
 - Buoyancy in clinker exports continued
- Enhanced volumes and better realisations led to 37% higher revenues
- Resultant increase in operating margins
- Lower interest charges reflect benefits of debt restructuring last year
- Substantial increase in PAT, though from a lower base



Thank You

Segmental & Business Performance Summary

- Q1FY06 Consolidated Segmental performance
- Q1FY06 Segmental performance
- VSF Summary
- Chemical Summary
- Cement Summary
- Sponge Iron Summary
- Textiles Summary
- Production Data
- Segmental Turnover & Realisations

Consolidated Segmental Performance

Rs. Crores

Business	Revenue	PBIDT	PBIDT Margin (%)	PBIT	Capital Employed [#]	ROA _v CE (%) (PBIT basis)
VSF	433.6	91.1	21.0	75.6	1,074.7	30.0
Chemical	101.8	37.5	36.8	33.1	204.6	64.4
Cement	1,674.0	369.5	22.1	274.0	6,735.3	16.3
Sponge Iron	220.5	69.2	31.4	60.7	478.7	49.2
Textile	52.8	0.9	1.8	(0.6)	103.4	(2.3)
Company (Including Minority Interest)	2,495.3	640.5	25.7	505.1	9,706.5	21.3
				Interest	56.7	
				Profit Before Tax	448.4	
				Total Tax Expenses	119.7	
				PAT (incl. minority interest)	328.7	
				Minority Interest	32.6	
				PAT (Net of Minority Interest)	296.1	
				RONW	28.1%	

[#] Deferred Tax treated as part of Capital Employed

[@] Net of Inter and Intra segment sales

Standalone Segmental Performance

Business	Revenue		PBIDT		PBIDT Margin (%)		PBIT		Capital Employed [#]		ROAvCE (%) (PBIT basis)	
	Q1FY06	Q1FY05	Q1FY06	Q1FY05	Q1FY06	Q1FY05	Q1FY06	Q1FY05	Q1FY06	Q1FY05	Q1FY06	Q1FY05
VSF	418.3	495.4	91.8	147.4	22.0	29.8	76.7	134.1	1,047	796	31.2	68.8
Chemical	99.5	72.5	37.5	12.0	37.7	16.6	33.1	7.6	197	194	65.7	15.5
Cement	801.8	682.3	187.2	166.4	23.4	24.4	147.3	127.7	2,039	2,097	29.0	25.1
Sponge Iron	220.5	250.0	69.2	111.5	31.4	44.6	60.7	102.9	479	503	49.2	83.5
Textile	52.8	52.4	0.9	2.2	1.8	4.5	(0.6)	(1.1)	103	109	(2.3)	(4.0)
Direct Operations			386.6	439.5			317.2	371.2	3,865	3,697	33.3	41.2
Cement subsidiaries									2,215	2,260		
Company as a whole	@1,553.3	@1,517.1	439.9	446.4	28.4	29.5	369.4	376.6	6,995	6,912	21.7	23.1

[#] Deferred Tax treated as part of Capital Employed

[@] Net of Inter and Intra segment sales

Viscose Staple Fibre : Summary

		Q1 FY06	Q1 FY05	% Chg.	FY05
Capacity	TPA	253,675	251,850	1	@ 253,675
Production	MT	52,282	59,712	(12)	247,952
Sales Volumes	MT	52,956	60,877	(13)	231,533
Net Turnover	Rs. Crs.	417.8	495.0	(16)	1,956.4
Avg. Realisation	Rs./MT	73,102	77,278	(5)	79,008
PBIDT	Rs. Crs.	91.8	147.4	(38)	610.8
PBIDT Margin	%	22.0%	29.8%	--	31.2%
PBIT	Rs. Crs.	76.7	134.1	(43)	553.6
Capital Employed	Rs. Crs.	1,047	796	31	1,027
ROAvCE(PBIT basis)	%	31.2%	68.8%	--	63.3%

@ Capacity increased during Q4FY05

Chemical : Summary

		Q1FY06	Q1FY05	% Chg.	FY05
Capacity (Caustic)	MT	190,800	190,800	--	190,800
Production (Caustic)	MT	36,017	38,318	(6)	161,966
Sales Volume(Caustic)	MT	35,849	38,497	(7)	163,111
Net Turnover	Rs. Crs.	99.3	72.4	37	350.9
Avg. ECU Realisation	Rs./MT	24,669	16,196	52	18,836
PBIDT	Rs. Crs.	37.5	12.0	212	104.0
PBIDT Margin	%	37.7%	16.6%	--	29.6%
PBIT	Rs. Crs.	33.1	7.6	338	87.0
Capital Employed	Rs. Crs.	197	194	2	213
ROAvCE (PBIT basis)	%	65.7%	15.5%	--	42.5%

Cement : Summary

		Q1FY06	Q1FY05	% Chg.	FY05
<u>Grey Cement</u>					
Capacity	Mn. MT	13.12	13.12	--	13.12
Production	Mn. MT	3.35	3.00	12	12.44
Sales Volumes	Mn. MT	3.34	3.04	10	12.63
Net Turnover	Rs. Crs.	738.1	638.5	16	2,577.8
Avg. Realisation	Rs./MT	2,019	1,933	4	1,874
<u>White Cement</u>					
Capacity	TPA	475,000	400,000	19	@475,000
Production	MT	78,774	73,228	8	315,368
Sales Volumes	MT	79,871	70,852	13	311,454
Net Turnover	Rs. Crs.	62.3	42.4	47	220.2
Avg. Realisation	Rs./MT	5,870	4,966	18	5,612
PBIDT	Rs. Crs.	187.2	166.4	13	551.4
PBIDT Margin	%	23.4%	24.4%	--	19.7%
PBIT	Rs. Crs.	147.3	127.7	15	393.1
Capital Employed	Rs. Crs.	2,039	2,097	3	2,132
ROAvCE (PBIT basis)	%	29.0%	25.1%	--	19.2%

@ Capacity increased during Q4FY05

Sponge Iron : Summary

		Q1FY06	Q1FY05	% Chg.	FY05
Capacity	TPA	900,000	900,000	--	900,000
Production	MT	179,816	176,932	2	780,341
Sales Volumes	MT	143,627	183,459	(22)	772,799
Net Turnover	Rs. Crs.	220.5	249.9	(12)	1,021.4
Avg. Realisation	Rs./MT	14,075	12,572	12	12,774
PBIDT	Rs. Crs.	69.2	111.5	(38)	389.7
PBIDT Margin	%	31.4%	44.6%	--	38.2%
PBIT	Rs. Crs.	60.7	102.9	(41)	355.2
Capital Employed	Rs. Crs.	479	503	(5)	512
ROAvCE (PBIT basis)	%	49.2%	83.5%	--	71.2%

Textiles : Summary

		Q1FY06	Q1FY05	% Chg.	FY05
Net Turnover	Rs. Crs.	50.5	49.3	3	249.9
PBIDT	Rs. Crs.	0.9	2.2	(59)	11.9
PBIDT Margin	%	1.8%	4.5%	--	4.8%
PBIT	Rs. Crs.	(0.6)	(1.1)	(46)	(0.5)
Capital Employed	Rs. Crs.	103	109	(5)	101
ROAvCE (PBIT basis)	%	(2.3)%	(4.0)%	--	(0.4)%

Production Data (MT)

	Q1FY06			Q1FY05			FY05		
	Capacity TPA	Production	%	Capacity TPA	Production	%	Capacity TPA	Production	%
VSF	253,675	52,282	82	251,850	59,712	95	@ 253,675	247,952	98
Caustic Soda	190,800	36,017	76	190,800	38,318	80	190,800	161,966	85
Grey Cement *	13.12	3.35	102	13.12	3.00	91	13.12	12.44	95
White Cement	475,000	78,774	66	400,000	73,228	73	@ 475,000	315,368	75
Sponge Iron	900,000	179,816	80	900,000	176,932	79	900,000	780,341	87

@ Capacity increased during Q4FY05

* Grey Cement numbers are in Mn. MT

Divisional Turnover (Qty.) & Realisation

Product	Quantity (MT)			Realisation (Rs. /MT)		
	Q1FY06	Q1FY05	FY05	Q1FY06	Q1FY05	FY05
VSF	52,956	60,877	231,533	73,102	77,278	79,008
Caustic Soda *	35,849	38,497	163,111	24,669	16,196	18,836
Grey Cement * *	3.34	3.04	12.63	2,019	1,933	1,874
White Cement	79,871	70,852	311,454	5,870	4,966	5,612
Sponge Iron	143,627	183,459	772,799	14,075	12,572	12,774

* ECU Realisation

** Numbers are in Mn. MT.



GRASIM, THE ADITYA BIRLA GROUP'S FLAGSHIP COMPANY
REPORTS EXCELLENT PERFORMANCE FOR Q1 FY 2006

Consolidated Net Profit up by 42%

Consolidated Financial Performance

Rs. Crores

	Q1FY06	Q1FY05	Q1FY05 Restated *(see note)	% change	FY 2005 (Audited)
Net Revenue	2,495.3	1,602.1	2,302.9	8.4	9,410.0
Gross Profit	583.8	454.5	515.6	13.2	1,987.6
Depreciation	135.4	78.5	134.8	0.5	556.1
Exceptional Items	-	-	-	-	(128.1)
Total Tax Expenses	119.7	153.7	192.7	(37.9)	442.1
Profit after Taxes	328.7	222.3	188.1	74.8	861.3
Less: Minority's Share, etc.	32.6	-	(20.7)		(19.0)
Net Profit	296.1	222.3	208.8	41.8	880.3
EPS (Rs.)	32.3	24.3	22.8	41.8	96.0
<p>Note: * Consolidated Financial figures of Q1FY05 have been re-stated by incorporating the figures of UltraTech Cement Ltd. and its subsidiaries (UltraTech) so as to make them comparable with that of the current quarter. Consolidated Audited figures of FY05 already include full year figures of UltraTech and are not required to be restated.</p>					

Grasim, the flagship Company of the Aditya Birla Group, has posted excellent results for the quarter ended 30th June 2005. Its consolidated revenues have increased from Rs.2,303 crores in the corresponding quarter to Rs.2,495 crores, an increase of 8%. Gross Profit rose handsomely by 13% from Rs.516 crores to Rs.584 crores. Net Profit (excluding minority share) surged by 42% from Rs.209 crores to Rs.296 crores. EPS for the quarter increased from Rs.22.8 to Rs.32.3, showing a healthy growth of 42%.

Excellent performance from Cement and Chemical businesses and improved performance of all cement subsidiaries have enabled the company to post the outstanding performance.

Grasim's Stand-alone Financial Performance

On a stand-alone basis too, notwithstanding the downturn faced by two of its major businesses, viz., Viscose Staple Fibre and Sponge Iron, the results for the quarter have been impressive. Revenues at Rs.1,553 crores were up by 2%. Net Profit was up by 15% from Rs.219 crores to Rs.251 crores.

Highlights of Grasim's operations:

		Q1FY06	Q1FY05	% Change	FY 2005
Production -					
Viscose Staple Fibre	M.T.	52,282	59,712	-12%	247,952
Cement	Mn. M.T.	3.35	3.00	12%	12.44
White Cement	M.T.	78,774	73,228	8%	315,368
Sponge Iron	M.T.	179,816	176,932	2%	780,341
Caustic Soda	M.T.	36,017	38,318	-6%	161,966
Sales Volumes -					
Viscose Staple Fibre	M.T.	52,956	60,877	-13%	231,533
Cement	Mn. M.T.	3.34	3.04	10%	12.63
White Cement	M.T.	79,871	70,852	13%	311,454
Sponge Iron	M.T.	143,627	183,459	-22%	772,799
Caustic Soda	M.T.	35,849	38,497	-7%	163,111
Net Realisation -					
Viscose Staple Fibre	Rs./M.T.	73,102	77,278	-5%	79,008
Cement	Rs./M.T.	2,019	1,933	4%	1,874
White Cement	Rs./M.T.	5,870	4,966	18%	5,612
Sponge Iron	Rs./M.T.	14,075	12,572	12%	12,774
Chemical Products	Rs./M.T.	24,669	16,196	52%	18,836

VSF Business

Reflecting the global scenario, Grasim's VSF business saw a subdued performance. Capacity utilization was lower at 82% as against 94% in the corresponding quarter. Sales volumes and Realisations were down by 13% and 5% respectively, given the increased availability/usage of cotton at lower prices. Margins were under pressure as input costs, particularly chemicals, registered a sharp rise.

Going forward, the Company will concentrate on growing VSF business through value added new products and application development, aggressively branding the product for its feel, comfort and fashion. The Company's recently commissioned Research & Application Centre at Kharach (Gujarat) is engaged in developing new application and value added products for furthering the usage of VSF.

As a part of well-crafted strategy, the Company has embarked on capacity expansion and modernization at its VSF plants, involving a total capital outlay of over Rs.533 crores. This will increase Company's VSF capacity to 3,12,450 tons per annum.

The Company, along with overseas group companies, is in the process of acquiring St. Anne Nackawic Pulp Mill in Canada in joint venture with Tembec, Canada, the leading integrated forest products manufacturer in North America and France. The mill is likely to recommence its operations from the 3rd quarter of FY06. Further, as a part of this strategy and to reinforce its competitive edge in the cellulosic manmade fibre sector, plans to set up fully integrated operations, virtually from the 'Forest to the Fabric' stage are on the anvil. Towards this end the Company intends setting up greenfield plants globally.

The outlook of the business continues to be positive due to expected gains in post MFA era, quota abolition, planned VSF capacity expansion and augmenting of captive pulp supply thru global plants.

Cement Business

The Cement business has posted a strong performance, with production and sales volumes recording a double-digit growth. Production at 3.35 Mn. tons rose by 12% over the corresponding quarter, while sales volumes at 3.34 Mn. tons were up by 10%. Realisations at Rs.2,019 per MT reflected a 4% hike over the corresponding quarter.

Grasim's Cement Business has envisaged a total capital outlay of around Rs.946 crores towards modernization, capacity expansion, de-bottlenecking and an increased power plant capacity.

Cement Subsidiaries : UltraTech Cement Limited has bettered its performance during the quarter. Its combined sale of cement and clinker was maintained at 38.9 Mn. tons. The realization increased by 4% over the corresponding quarter. The Company changed its product mix for the export market and switched over to higher sale of cement as against clinker. As a result, cement exports rose by 118%, from 1.90 lac tons to 4.15 lac tons, leading to improved operating performance. Revenue for the quarter grew to Rs.815 crores. Net Profit after tax was considerably higher at Rs.60 crores.

Similarly, other cement subsidiaries, viz., Shree Digvijay Cement, Narmada Cement and UltraTech Ceylinco have also performed well.

Ultra Tech has embarked on a capex plan of Rs.984 crores largely towards setting up of new power plant, de-bottlenecking and modernization.

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

Sponge Iron Business

The performance of Sponge Iron business has been affected by the increased import of scrap at lower prices and slowdown in user demand on expectations of price correction. Production was higher by 2% at 1,79,816 tons and sales volumes were lower by 22% at 1,43,627 tons. However,

realizations were up by 12% over the corresponding quarter at Rs.14,075 per ton due to the scrap prices ruling high during the first two months of the quarter. Operating margins were squeezed due to a steep increase in the input costs.

The outlook for the Sponge Iron Business remains positive despite the uncertainty over availability of natural gas and the recent hike in its prices. The availability of natural gas is likely to improve by the end of CY 2006. Realisations, however, are expected to be subdued in the near term. As a part of the strategy to enhance its performance, the Company's thrust will be on optimum utilization of plant capacity and asset sweating. Upon improvement in the availability of natural gas, the Company will explore entering overseas markets to offset the fall in domestic demand.

Chemical Business

The Chemical business performed exceedingly well. Realisations surged by 52% over the corresponding quarter at Rs.24,669 per ton, resulting from higher international caustic prices and firm chlorine and HCL prices. However, Production and consequently, sales volumes were down due to a temporary shut down of power plant for routine maintenance. Operating margins improved sharply despite higher power cost.

The Company has plans to convert its remaining mercury cell based capacity into membrane cell involving a total capital outlay of Rs.148 crores. This will improve productivity and reduce power consumption.

The Company will continue its focus on optimum resource utilization and development of ancillary products, which should translate into enhanced growth and profitability.

Outlook

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

Grasim Industries Limited

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www.grasim.com or www.adityabirla.com



**UNAUDITED FINANCIAL RESULTS
FOR THE QUARTER ENDED 30th JUNE 2005**

CONSOLIDATED RESULTS :

Rs. in Crores

	Three Months ended 30th June 2005	Three Months ended 30th June 2004 * (Note 1)	Full Year ended 31st March 2005 (Audited)
Net Sales / Income from Operations	2,495.29	1,602.01	9,409.99
Other Income	75.50	46.33	218.66
Expenditure :			
- Decrease / (Increase) in Stock	(59.68)	0.35	(122.14)
- Raw Material Consumed	577.54	435.30	2,157.77
- Purchases of Finished Goods	12.99	9.69	47.19
- Payment to & Provision for Employees	122.87	98.95	499.39
- Power & Fuel	513.44	257.69	2,019.19
- Freight , Handling & Other Expenses	372.99	145.70	1,114.86
- Other Expenditure	390.17	206.33	1,640.10
Total Expenditure	1,930.32	1,154.01	7,356.36
Interest	56.65	39.87	284.67
Gross Profit	583.82	454.46	1,987.62
Depreciation	135.41	78.47	556.13
Profit before Exceptional Items and Tax Expense	448.41	375.99	1,431.49
Tax Provision of earlier years written back	-	-	0.38
Surplus on pre-payment of sales tax loan	-	-	34.35
Impairment of Goodwill	-	-	(162.45)
Profit before Tax Expense	448.41	375.99	1,303.77
Provision for Current Tax	(133.22)	(110.02)	(483.65)
Provision for Deferred Tax	13.50	(43.63)	41.18
Net Profit	328.69	222.34	861.30
Less : Minority's Share	32.61	-	(15.18)
Less: Pre-acquisition Loss	-	-	(3.85)
Net Profit (After Minority's share)	296.08	222.34	880.33
Paid up Equity Share Capital (Face Value Rs. 10 per share)	91.69	91.69	91.69
Reserves excluding Revaluation Reserve			3,946.56
Basic & Diluted EPS for the period (Rupees)	32.29	24.25	96.01

Notes:

* 1 (a) Consolidated Financial Results have been prepared in accordance with Accounting Standard on Consolidated Financial Statements (AS-21) and Accounting Standard on Financial Reporting of Interest in Joint Ventures (AS-27) issued by the Institute of Chartered Accountants of India.

(b) UltraTech Cement Ltd. (UltraTech) became a subsidiary of the Company w.e.f. 6th July, 2004 and accordingly the Financial Results of UltraTech and its subsidiaries have not been consolidated in the results for the corresponding three months ended 30th June, 2004. Had the same been consolidated in the Company's results, restated key consolidated numbers for the three months ended 30th June 2004 would have been as under :-

	<u>Rs. in Crores</u>
- Net Sales / Income from Operations	2302.92
- Gross Profit	515.60
- Net Profit	188.04
- Net Profit (after Minority's Share)	208.77
- Earning per Share (Rupees)	22.77

However, consolidated results for the full year ended 31st March, 2005 incorporate full year's Financial Results of UltraTech and its subsidiaries.

STANDALONE RESULTS :

Rs. in Crores

	Three Months ended 30th June 2005	Three Months ended 30th June 2004	Full Year ended 31st March 2005 (Audited)
Net Sales / Income from Operations	1,553.28	1,517.08	6,247.07
Other Income	65.49	16.26	169.38
Expenditure :			
- Decrease / (Increase) in Stock	(42.89)	3.66	(100.67)
- Raw Material Consumed	469.32	421.66	1,873.05
- Purchases of Finished Goods	28.13	9.69	49.02
- Payment to & Provision for Employees	96.38	91.78	373.13
- Power & Fuel	249.91	238.49	1,035.74
- Freight , Handling & Other Expenses	180.18	141.17	586.06
- Other Expenditure	197.88	180.53	815.43
Total Expenditure	1,178.91	1,086.98	4,631.76
Interest	26.53	32.89	138.76
Gross Profit	413.33	413.47	1,645.93
Depreciation	70.48	69.80	284.57
Profit before Exceptional Items and Tax Expense	342.85	343.67	1,361.36
Surplus on pre-payment of sales tax loan	-	-	34.35
Provision for diminution in value of investment and loans	-	-	(92.00)
Profit before Tax Expense	342.85	343.67	1,303.71
Provision for Current Tax	(97.30)	(110.00)	(451.00)
Provision for Deferred Tax	5.40	(14.50)	33.00
Net Profit	250.95	219.17	885.71
Paid up Equity Share Capital (Face Value Rs. 10 per share)	91.69	91.69	91.69
Reserves excluding Revaluation Reserve			4,231.96
Basic & Diluted EPS for the period (Rupees)	27.37	23.90	96.60

Notes contd. from page 1:

- 2 During the quarter, total 6 investor complaints were received, all of which have been attended by the Company. No complaints were pending either at the beginning or at the end of the quarter.
- 3 Other Income includes profit of Rs. 45.39 Crores on sale of Long Term Investments during the quarter.
- 4 Previous period's figures have been regrouped / rearranged wherever necessary to conform to this period's classification.

SEGMENTS REPORTING :

Rs. in Crores

	Standalone			Consolidated		
	Three Months ended 30th June 2005	Three Months ended 30th June 2004	Full Year ended 31st March 2005 (Audited)	Three Months ended 30th June 2005	Three Months ended 30th June 2004	Full Year ended 31st March 2005 (Audited)
1. SEGMENT REVENUE						
a Fibre & Pulp	418.28	495.42	1,957.35	433.56	507.29	2,006.25
b Cement	801.81	682.33	2,803.92	1,674.03	721.53	5,749.84
c Sponge Iron	220.46	249.95	1,021.48	220.46	249.95	1,021.48
d Chemicals	99.46	72.47	351.76	101.81	74.30	351.76
e Textiles	52.79	52.42	260.25	52.79	52.42	260.25
f Others	-	-	-	52.16	32.03	180.81
TOTAL	1,592.80	1,552.59	6,394.76	2,534.81	1,637.52	9,570.39
(Less) : Inter Segment Revenue	(39.52)	(35.51)	(147.69)	(39.52)	(35.51)	(160.40)
Net Sales / Income from Operations	1,553.28	1,517.08	6,247.07	2,495.29	1,602.01	9,409.99
2. SEGMENT RESULTS						
a Fibre & Pulp	76.67	134.06	553.58	75.62	134.34	554.60
b Cement	147.31	127.66	393.09	274.04	161.85	578.67
c Sponge Iron	60.70	102.87	355.17	60.70	102.87	355.17
d Chemicals	33.14	7.57	86.98	33.07	7.61	86.98
e Textiles	(0.58)	(1.08)	(0.46)	(0.58)	(1.08)	(0.46)
f Others	(1.32)	(0.01)	0.01	8.75	4.78	29.45
TOTAL	315.92	371.07	1,388.37	451.60	410.37	1,604.41
Add / (Less) :						
Interest	(26.53)	(32.89)	(138.76)	(56.65)	(39.87)	(284.67)
Net Unallocable Income / (Expenditure)	53.46	5.49	111.75	53.46	5.49	111.75
Profit before Exceptional Items and Tax Expense	342.85	343.67	1,361.36	448.41	375.99	1,431.49
Tax Provision of earlier years written back	-	-	-	-	-	0.38
Surplus on pre-payment of sales tax loan	-	-	34.35	-	-	34.35
Provision for diminution in value of investment and loans	-	-	(92.00)	-	-	-
Impairment of Goodwill	-	-	-	-	-	(162.45)
Profit Before Tax Expense	342.85	343.67	1,303.71	448.41	375.99	1,303.77
3. CAPITAL EMPLOYED						
a Fibre & Pulp	1,046.93	795.72	1,026.77	1,074.65	822.65	1,054.62
b Cement	2,038.50	2,096.52	2,132.02	6,735.27	2,076.68	6,887.92
c Sponge Iron	478.72	502.45	511.69	478.72	502.45	511.68
d Chemicals	197.29	194.26	212.65	204.62	201.10	212.65
e Textiles	103.42	108.45	101.37	103.42	108.45	101.37
f Others	1.78	2.05	3.14	347.06	350.61	364.86
TOTAL	3,866.64	3,699.45	3,987.64	8,943.74	4,061.94	9,133.10
g Unallocated Corporate Capital Employed	3,128.56	3,212.82	2,948.55	762.76	2,974.94	567.98
TOTAL CAPITAL EMPLOYED	6,995.20	6,912.27	6,936.19	9,706.50	7,036.88	9,701.08

Notes contd. from page 2

- 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 differential risks and return 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 - Fabric & Yarn
Others - Mainly Telecom (in consolidated results)

- 6 The above results have been taken on record at the meeting of the Board of Directors held on 27th July, 2005. 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 : 27th July, 2005

D. D. Rathi
Whole-time Director

GRASIM INDUSTRIES LIMITED

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

An Aditya Birla Group Company

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