



Grasim Industries Limited

Performance Review – Q3FY03

27th January, 2003



Financial Performance - Q3FY03

	(Rs. Crores)		
	<u>Q3 FY03</u>		<u>%</u>
Total Revenue	1,166.6	↑	11
Operating Profit	299.3	↑	39
Interest Charges	40.5	↓	21
Gross Profit	258.8	↑	58
PBT (before E.Items)	195.6	↑	95
Total Tax Expenses	61.5	↑	204
Net Profit (before E. Items)	134.1	↑	68

Excellent performance - Results reflect benefits of -

- Business and financial restructuring over last 3 years
 - 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
 - Restructuring of high cost debts, bringing down the interest cost progressively
- Large scale rationalisation of work force over past 3^{3/4} years
 - Overall reduction of 7900 persons - 32% of the workforce
- Smart productivity gains and overall improved performance of all the businesses of the Company

Reaping Benefits of Business/Financial Restructuring



Financial Performance - Q3FY03

Rs. Crores

	Q3 FY03	Q3 FY02	% Chg.
Net Turnover & Operating Income	1,166.6	1,050.4	11
Other Income	14.2	21.6	(34)
PBIDT	299.3	215.0	39
Interest and Finance Charges	40.5	51.4	(21)
Gross Profit	258.8	163.6	58
PBT (before Exceptional Items)	195.6	100.1	95
Total Tax Expenses	61.5	20.3	204
Profit after Total Taxes but before Exceptional Items	134.1	79.9	68

Reaping Benefits of VSF and Cement combination

- Excellent overall performance with positive contribution from all business
 - Improved capacity utilisation and enhanced volume across all businesses except Textiles
- Revenue up 11%
- PBIDT up by 39%
 - All businesses performed well including Textiles
- Interest cost further down by 21%
- PBT up by 95%
- Total tax expenses up at Rs.61.5 Crs
 - Availability of certain one-time deduction in FY02
 - ⇒ Gratuity Funding
 - ⇒ Retrenchment Compensation at Mavoor
- Net profit before Exceptional Items up 68%



Financial Performance - 9MFY03

Rs. Crores

	9M FY03	9M FY02	% Chg.
Net Turnover & Operating Income	3,415.0	3,275.5	4
Other Income	60.1	55.9	8
PBIDT	840.7	674.0	25
Interest and Finance Charges	127.8	146.7	(13)
Gross Profit	712.9	527.2	35
PBT (before Exceptional Items)	524.5	339.3	55
Total Tax Expenses	153.0	70.7	116
Profit after Total Taxes but before Exceptional Items	371.5	268.6	38

- PBIDT up by 25%
- Interest cost further down by 13%
- PBT up by 55%
- Total tax expenses at Rs.153 Crs, an increase of 116%
 - Availability of certain one-time deduction in FY02
- Net profit before Exceptional Items up by 38%



Financial Performance Summary – Q3FY03/9MFY03

Rs. Crores

	Q3FY03	Q3FY02	% Chg.	9MFY03	9MFY02	FY02
Net Turnover & Operating Income	1,166.6	1,050.4	11	3,415.0	3,275.5	4,386.6
Other Income	14.2	21.6	(34)	60.1	55.9	114.6
PBIDT	299.3	215.0	39	840.7	674.0	936.8
Interest and Finance Charges	40.5	51.4	(21)	127.8	146.7	190.3
Gross Profit	258.8	163.6	58	712.9	527.2	746.5
Depreciation	63.2	63.5	--	188.4	188.0	251.7
PBT (before Exceptional Items)	195.6	100.1	95	524.5	339.3	494.8
Current Tax	57.0	6.0	850	136.0	37.0	56.5
Deferred Tax	4.5	14.3	(68)	17.0	33.7	51.5
Profit after Total Taxes but before Exceptional Items	134.1	79.9	68	371.5	268.6	386.8



Financial Performance Summary – Q3FY03/9MFY03

Rs. Crores

	Q3FY03	Q3FY02	9MFY03	9MFY02	FY02
<u>Exceptional Items</u>					
Loss on sale of Investments		(18.1)		(18.1)	(18.1)
Excess provision for taxes for earlier years written back		68.1		68.1	68.1
Loss on closure of Mavoor units		(36.9)		(74.3)	(74.3)
Loss on sale of Textile Unit, Gwalior					(31.9)
Employee Separation Cost at other Units	(1.1)	(3.1)	(4.4)	(20.5)	(27.6)
Total Exceptional Items	(1.1)	10.0	(4.4)	(44.8)	(83.8)
Net Profit after Exceptional Items and Total Taxes	133.0	89.9	367.1	223.7	303.0

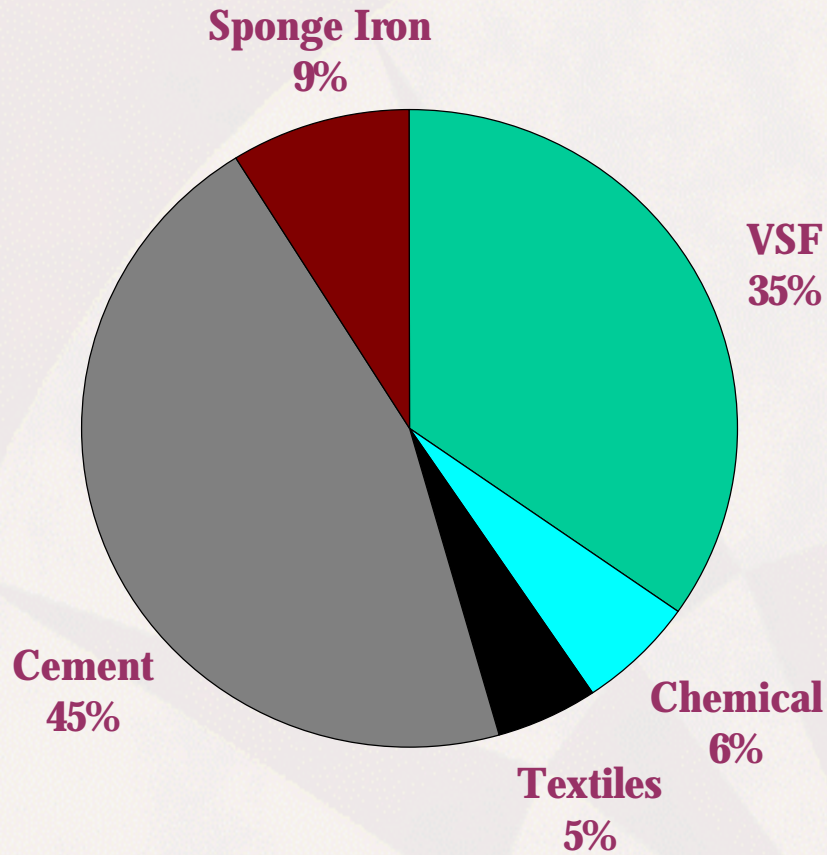
Earning Per Share (Rs.) Basic and Diluted

	Q3FY03	Q3FY02	% Chg.	9MFY03	9MFY02	FY02
After Total Taxes but before Exceptional Items	14.6	8.7	68	40.5	29.3	42.2
After Total Taxes and Exceptional Items	14.5	9.8	--	40.0	24.4	33.0



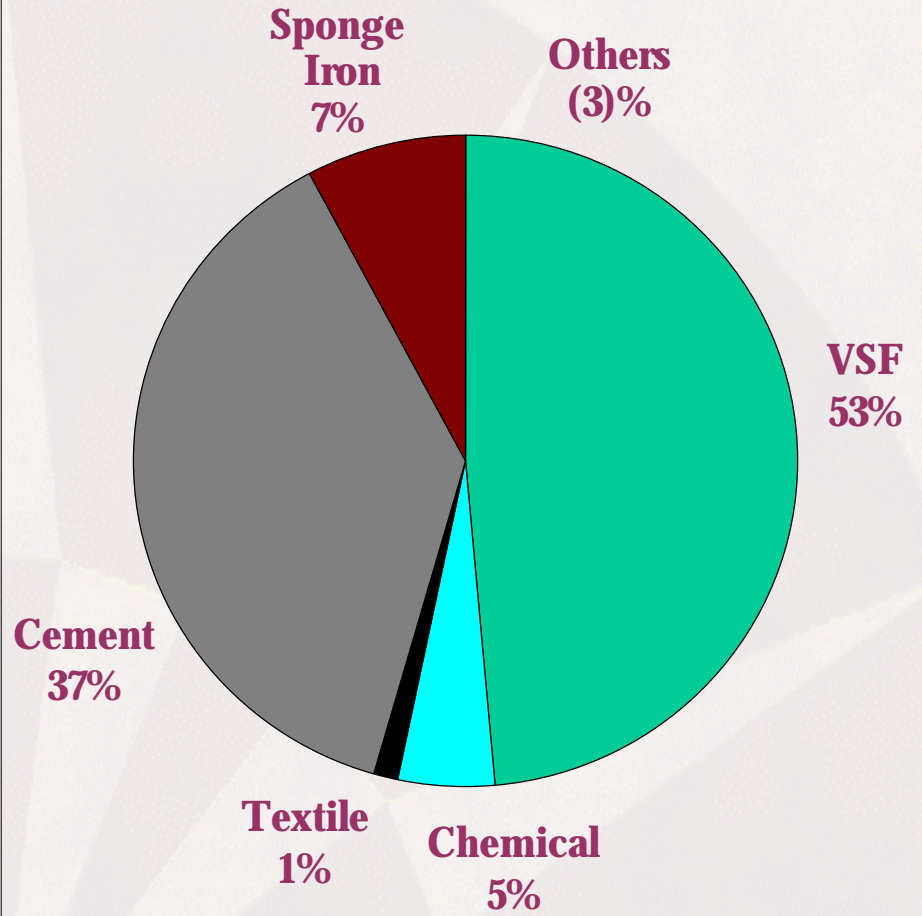
Segmental Performance - Q3FY03

Revenue Mix



Q3FY03 (Rs. 1,167 Crs.)

PBIDT Mix



Q3FY03 (Rs. 299 Crs.)



Segmental Performance - Q3FY03 (Contd.)

Rs. Crores

Business	Revenue		PBIT *		Capital Employed \$		ROAvCE (%) (PBIT basis)	
	Q3 FY03	Q3 FY02	Q3 FY03	Q3 FY02	Q3 FY03	Q3 FY02	Q3 FY03	Q3 FY02
VSF	413.1	334.9	148.9	89.4	803	835	73.2	40.1
Chemical	68.0	57.7	10.6	4.9	207	238	19.8	8.1
Cement	545.5	498.4	76.5	55.9	2,043	1,984	15.8	11.7
Sponge Iron	109.8	74.2	12.3	6.7	457	563	9.5	4.4
Textile	55.2	70.8	(1.5)	(10.2)	112	203	(5.0)	(18.6)
Unallocated					2,000	1,645		
Company as a whole	1,166.6	1,050.4	236.1	151.5	5,622	5,469	17.5	11.0

* Before employee separation cost

\$ Deferred Tax is treated as part of Capital Employed



Segmental Performance Summary - 9MFY03

Rs. Crores

Business	Revenue		PBIT *		Capital Employed \$		ROAvCE (%) (PBIT basis)	
	9M FY03	9M FY02	9M FY03	9M FY02	9M FY03	9M FY02	9M FY03	9M FY02
VSF	1,246.4	967.2	418.8	210.0	803	835	68.7	31.4
Chemical	186.7	162.8	32.5	25.5	207	238	20.3	14.0
Cement	1,599.9	1,536.0	163.8	243.9	2,043	1,984	11.2	17.0
Sponge Iron	288.2	242.5	36.7	12.2	457	563	9.5	2.7
Textile	166.8	218.0	(14.7)	(21.2)	112	203	(16.1)	(13.0)
Unallocated					2,000	1,645		
Company as a whole	3,415.0	3,275.5	652.3	486.0	5,622	5,469	16.1	12.1

* Before employee separation cost

\$ Deferred Tax is treated as part of Capital Employed



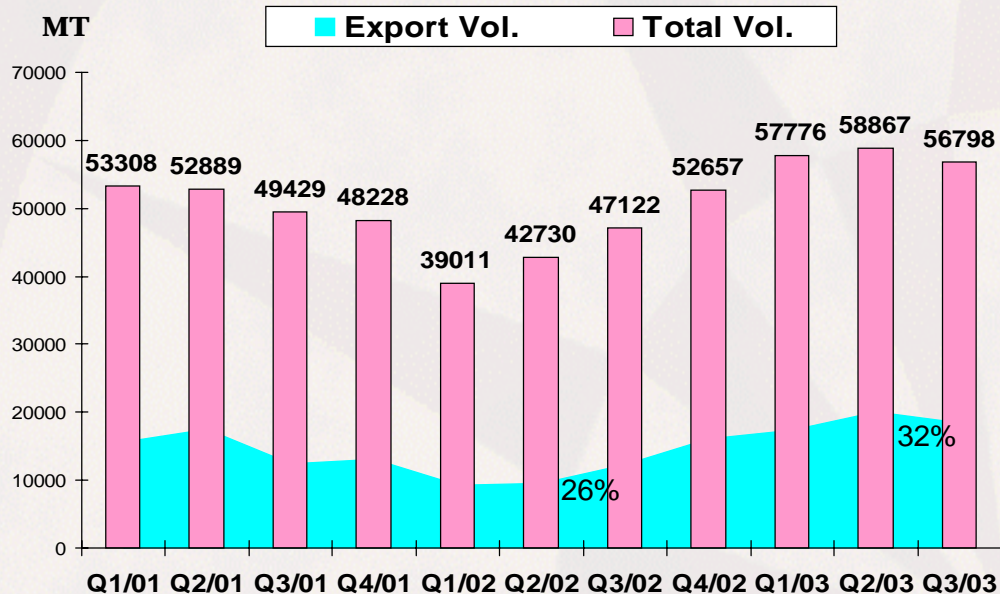
Business Review Q3FY03



Viscose Staple Fibre : Highlights

	Q3 FY03	Q3 FY02	% Chg.
Capacity (TPA)	220,775	220,775	-
Production (MT)	60,323	47,231	28
Sales Volumes (MT)	56,798	47,122	21
Net Turnover (Rs Crs.)	412.9	334.7	23
Realisation (Rs./MT)	69,137	67,210	3
PBIDT Margin ¹ (%)	39	30	-
PBIT ¹ (Rs. Crs.)	148.9	89.4	67

- Capacity utilisation up from 86% to 109%
- Production up by 28%
- Sales up 21%
 - Domestic sales higher by 10% even on enlarged base of Q3FY02
 - Exports up 49%, accelerate to 32% of sales volume against 26% in Q3FY02
 - ⇒ Improved Global demand
 - ⇒ Aggressive marketing efforts
 - ⇒ Optimal leveraging of superior quality of fibre in quality conscious market
- Realisation up by 3% YoY, in line with competing fibres
- Operating margin up from 30% to 39%
 - Improved economies of scale
 - Higher realisation
 - Stable pulp prices and lower chemical costs
 - Benefits of closure of Mavor Plants



(1) Before Employee Separation Costs



Viscose Staple Fibre : Outlook



- **Stable domestic demand likely. Export growth will be driven by improvement in global economic activity**
- **Margins may come under pressure in the coming quarters**
 - **Caustic Soda and Sulphur prices showing rising trend**
 - **Efforts will be to partially offset increased cost thru enhanced plant efficiency**
- **Grasim will remain focused on market enlargement for long term growth**
 - **Product and application developments to remain at the fore**



Viscose Staple Fibre : Summary

		Q3FY03	Q3FY02	% Chg.	9MFY03	9MFY02	FY02
Capacity	TPA	220,775	220,775	-	220,775	220,775	220,775
Production	MT	60,323	47,231	28	166,225	118,874	176,462
Sales Volumes	MT	56,798	47,122	21	173,441	128,863	181,520
Net Turnover	Rs. Crs.	412.9	334.7	23	1,245.8	966.9	1,328
Avg. Realisation	Rs./MT	69,137	67,210	3	67,706	69,774	68,511
PBIDT *	Rs. Crs.	160.9	101.8	58	454.6	246.2	354
PBIDT Margin *	%	39	30	--	36	25	27
PBIT *	Rs. Crs.	148.9	89.4	67	418.8	210.0	306
Capital Employed	Rs. Crs.	803	835	(4)	803	835	879
ROAvCE(PBIT basis)	%	73.2	40.1	--	68.7	31.4	33

* Before Employees Separation Cost



Cement : Highlights

	Q3 FY03	Q3 FY02	% Chg.
Grey Cement			
Capacity (Mn TPA)	11.37	# 11.37	--
Production (Mn MT)	2.72	2.26	20
Sales Volumes (Mn MT)	2.70	2.40	13
Net Turnover (Rs. Crs.)	492.0	457.3	8
Realisation (Rs./MT)	1,710	1,828	(6)
White Cement			
Capacity (TPA)	400,000	400,000	--
Production (MT)	86,098	73,189	18
Sales Volumes MT)	83,741	71,053	18
Net Turnover (Rs.Crs.)	51.7	39.5	31
Realisation (Rs./MT)	5,813	5,429	7
PBIDT Margin ¹ (%)	20	18	--
PBIT ¹ (Rs. Crs.)	76.5	55.9	37

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

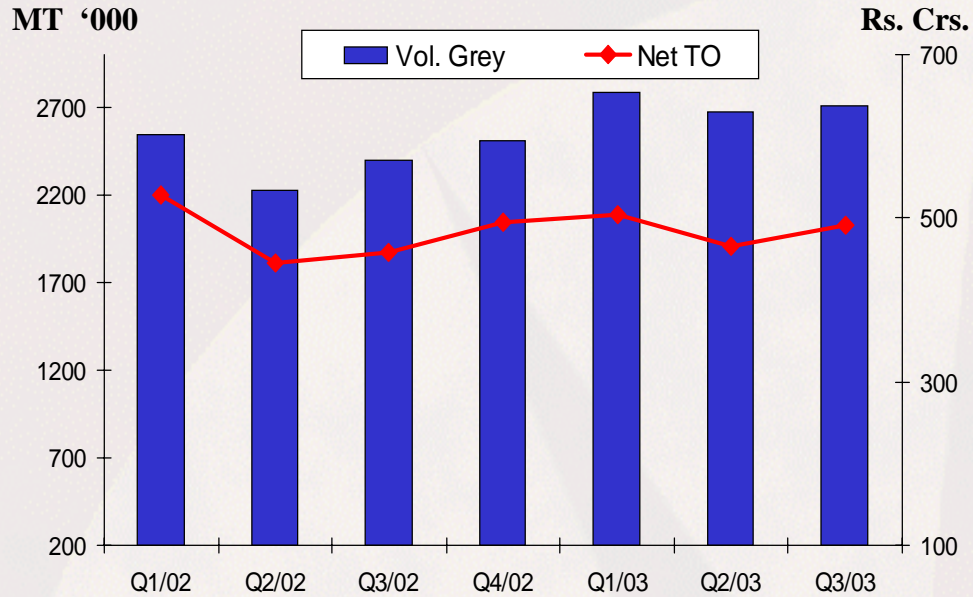
(1) Before Employee Separation Costs

- Capacity utilisation improved further from 87% to 96%
- Grey Cement sales volume up 13% against industry average of 7%
 - Enabled by strong volume growth in South – up 33% against Industry average of 18%
 - Equally strong volume performance in other regions -North up by 14% and; East up by 3%
 - Marginal fall in volume in the West due to intensified competition and enlarged supplies
- White Cement sales volume and realisation are higher
 - Economies of scale
 - Use of alternate fuel
 - ⇒ Fuel cost reduced by 17%
 - Expected to do better in coming quarters – benefiting from new applications

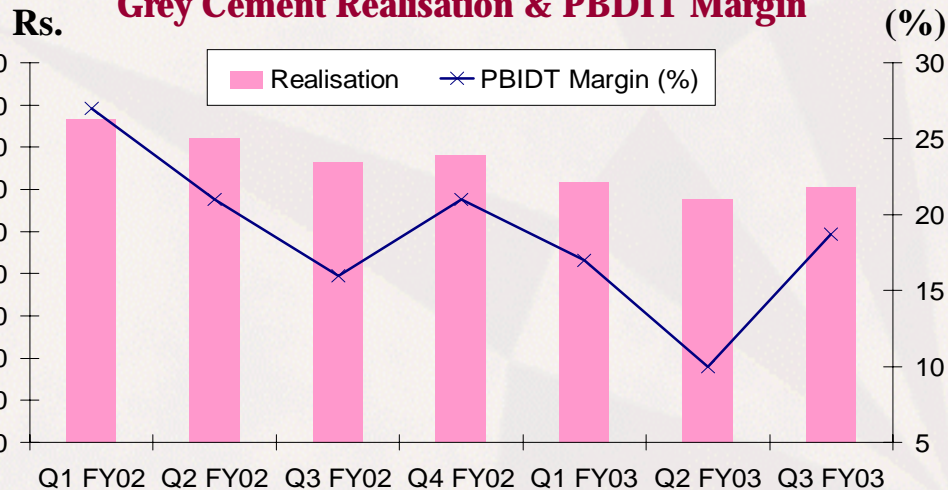


Cement : Highlights (Contd..)

Grey Cement Sales Vol. and Net T. O.



Grey Cement Realisation & PBDIT Margin



- Average realisation declined by 6% YoY reflecting depressed pricing environment across all zones except East Zone
 - But Av. Realisation up by 3% QoQ reflecting improving pricing scenario
- Operating margin higher at 20% against 18% in Q3FY02
 - Improved economies of scale
 - Logistic gains



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 :-**
 - **North, East and Central by FY05 and South and West by FY07**
 - **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.)

Plant Wise Installed Capacity (Mn. MT)	
Rajashree Cement, Malkhed	3.20
Vikram Cement, Jawad	3.00
Grasim Cement, Raipur	1.70
Aditya Cement, Shambhupura	1.50
Cement Division South, Reddipalayam	0.97
Bhatinda Grinding Unit	1.00
TOTAL	11.37

- **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





Cement : Summary

		Q3FY03	Q3FY02	% Chg.	9MFY03	9MFY02	FY02
<u>Grey Cement</u>							
Capacity	Mn. MT	11.37	# 11.37	--	11.37	# 11.37	11.37
Production	Mn. MT	2.72	2.26	20	8.12	7.05	9.53
Sales Volumes	Mn. MT	2.70	2.40	13	8.15	7.17	9.68
Net Turnover	Rs. Crs.	492.0	457.3	8	1,462.3	1,430.5	1,926
Avg Realisation	Rs./MT	1,710	1,828	(6)	1,691	1,935	1,917
<u>White Cement</u>							
Capacity	TPA	400,000	400,000	-	400,000	400,000	400,000
Production	MT	86,098	73,189	18	222,851	189,878	267,915
Sales Volumes	MT	83,741	71,053	18	219,587	186,684	266,105
Net Turnover	Rs. Crs.	51.7	39.5	31	133.1	100.4	144
Avg Realisation	Rs./MT	5,813	5,429	7	5,643	5,293	5,317
PBIDT *	Rs. Crs.	110.3	88.4	25	265.1	339.7	469
PBIDT Margin *	%	20	18	--	17	22	23
PBIT *	Rs. Crs.	76.5	55.9	37	163.8	243.9	339
Capital Employed	Rs. Crs.	2,043	1,984	3	2,043	1,984	2,055
ROAvCE (PBIT basis)	%	15.8	11.7	--	11.2	17.0	17

* Before Employees Separation Cost

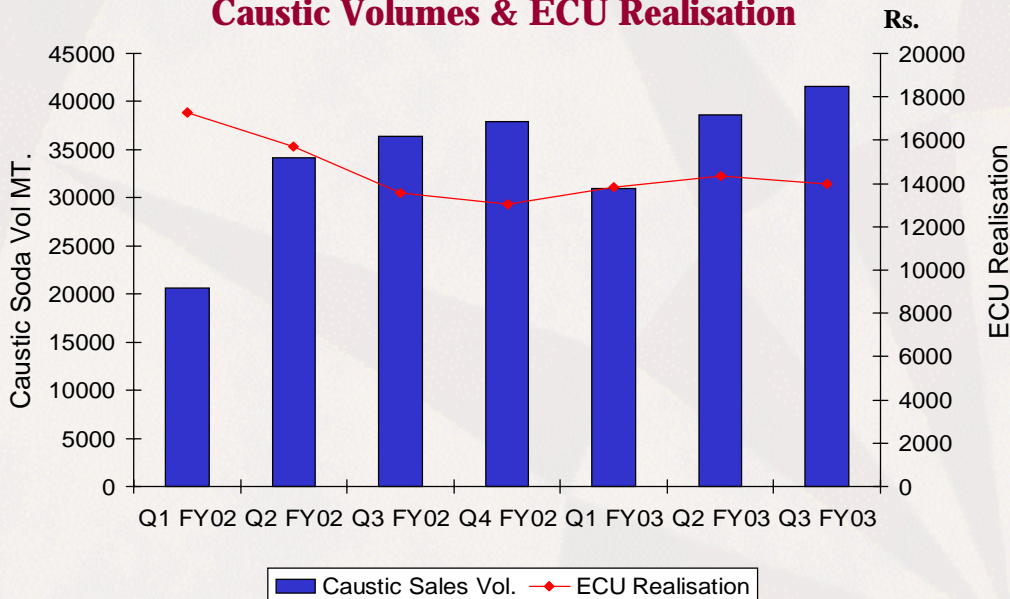
1 Mn MT Bhatinda Grinding Unit commissioned in December 2001



Chemical

	Q3 FY03	Q3 FY02	% Chg.
Caustic Capacity (TPA)	160,600	160,600	-
Caustic Production (MT)	41,522	36,619	13
Caustic Sales Volumes (MT)	41,637	36,355	15
Net Turnover (Rs Crs.)	67.6	57.2	18
ECU Realisation (Rs./MT)	13,975	13,552	3
PBIDT Margin ¹ (%)	22	16	--
PBIT ¹ (Rs. Crs.)	10.6	4.9	116

Caustic Volumes & ECU Realisation



(1) Before Employee Separation Costs

Highlights

- Capacity utilisation up from 91% to 103%
 - Sales volumes up by 15% on improved domestic demand
- ECU realisation up by 3%
 - Fall in Caustic prices offset by improved realisation in Chlorine & Hcl
- Margin improved due to higher volumes and improved ECU realisation

Outlook

- ECU realisation to stay flat at current level
 - 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



Chemical : Summary

		Q3FY03	Q3FY02	% Chg.	9MFY03	9MFY02	FY02
Capacity (Caustic)	MT	160,600	160,600	--	160,600	160,600	160,600
Production (Caustic)	MT	41,522	36,619	13	111,792	91,856	129,784
Sales Volume(Caustic)	MT	41,637	36,355	15	111,262	91,082	129,051
Net Turnover	Rs. Crs.	67.6	57.2	18	185.5	161.6	219
Avg. ECU Realisation	Rs./MT	13,975	13,552	3	14,062	15,199	14,564
PBIDT *	Rs. Crs.	14.6	9.3	57	44.5	38.7	28
PBIDT Margin *	%	22	16	--	24	24	13
PBIT *	Rs. Crs.	10.6	4.9	116	32.5	25.5	11
Capital Employed	Rs. Crs.	207	238	(13)	207	238	228
ROAvCE (PBIT basis)	%	19.8	8.1	--	20.3	14.0	5

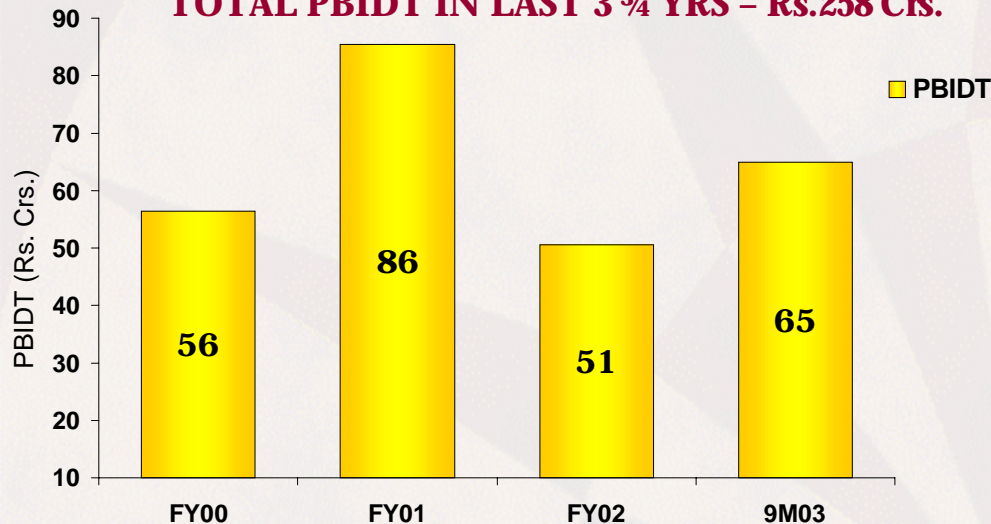
* Before Employee Separation Cost



Sponge Iron

	Q3 FY03	Q3 FY02	% Chg.
Capacity (TPA)	900,000	900,000	-
Production (MT)	148,337	137,629	8
Sales Volumes (MT)	165,707	129,438	28
Net Turnover (Rs Crs.)	109.8	74.2	48
Realisation (Rs./MT)	6,320	5,401	17
PBIDT Margin ¹ (%)	20	22	--
PBIT ¹ (Rs. Crs.)	12.3	6.7	82

TOTAL PBIDT IN LAST 3 ¾ YRS – Rs.258 Crs.



STRETEGY OF ASSET SWEATING PAYS OFF

(1) Before Employee Separation Costs

Highlights

- Excellent performance
- Capacity utilisation up from 61% to 66% on improved availability of Natural Gas and use of Naptha
 - Sales volume up by 28%
 - Average realisation increased by 17% in line with higher global scrap prices
- Margins down from 22% to 20%
 - Need to source input through imports
 - Use of high cost Naptha for higher production to meet increased demand
 - Maintenance shutdown and resultant higher maintenance expenses

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 4 years
 - Business has generated Rs.258 Crs. At PBIDT level in last 3 ¾ years



Sponge Iron : Summary

		Q3FY03	Q3FY02	% Chg.	9MFY03	9MFY02	FY02
Capacity	TPA	900,000	900,000	-	900,000	900,000	900,000
Production	MT	148,337	137,629	8	448,608	430,939	559,567
Sales Volumes	MT	165,707	129,438	28	453,437	405,335	562,334
Net Turnover	Rs. Crs.	109.8	74.2	48	288.2	242.4	332
Avg Realisation	Rs./MT	6,320	5,401	17	6,114	5,754	5,606
PBIDT *	Rs. Crs.	21.6	16.4	32	65.0	41.3	51
PBIDT Margin *	%	20	22	--	23	17	15
PBIT *	Rs. Crs.	12.3	6.7	82	36.7	12.2	12
Capital Employed	Rs. Crs.	457	563	(19)	457	563	570
ROAvCE (PBIT basis)	%	9.5	4.4	--	9.5	2.7	2

* Before Employees Separation Cost



Textiles

	Q3 FY03	Q3 FY02	% Chg.
Sales Volumes			
- Fabrics (lac Mtrs.)	32	47	(32)
- Synthetic Yarn (MT)	1,719	1,854	(7)
Net Turnover (Rs Crs.)	52.8	68.4	(23)
Fabric Realisation (Rs./Mtr)	104	102	2
Synth. Yarn Realisation (Rs./Kg)	113	107	6
PBIDT Margin¹ (%)	4	(9)	-
PBIT¹ (Rs. Crs.)	(1.5)	(10.2)	85

(1) Before Employee Separation Costs



Highlights

- **Restructuring benefit showing up**
 - Business has shown positive PBIDT after 11 quarters
 - Improvement would have been more prompt but for continued pressure in Textile Industry
 - Fabric sales volume down 32% reflecting strategic shift away from un-remunerative segments
 - Focusing on premium synthetic segment

Outlook

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



Textiles : Summary

		Q3FY03	Q3FY02	% Chg.	9MFY03	9MFY02	FY02
Net Turnover	Rs. Crs.	52.8	68.4	(23)	159.5	211.6	268
PBIDT *	Rs. Crs.	2.2	(5.9)	137	(4.6)	(8.5)	(21)
PBIDT Margin *	%	4	(9)	--	(3)	(4)	(8)
PBIT *	Rs. Crs.	(1.5)	(10.2)	85	(14.7)	(21.2)	(38)
Capital Employed	Rs. Crs.	112	203	(45)	112	203	133
ROAvCE (PBIT basis)	%	(5.0)	(18.6)	--	(16.1)	(13.0)	(20)

* Before Employees Separation Cost

Capex and Financial Highlights



Capex Plan

Rs. Crores

	Total	Capex		Completion Schedule
		FY03	FY04	
A <u>New Projects :</u>				
- Cement Capacity Expansion - Debottlenecking/Blending etc.	134	45	89	Various dates
- Power Plants (Cement units)				
- Rajasthan 23 MW (AC)	71	71	--	Jan 2003
- Tamil Nadu 12.5 MW (GS)	38	21	17	May 2003
- Karnataka 23 MW (RC)	34	3	16	Nov 2004
- Fibre Application Development and Speciality Fibre development	52	16	29	Various dates
Sub Total (A)	330	156	151	



Capex Plan (Contd..)

Rs. Crores

	Total	Capex	
		FY03	FY04
<u>B Modernisation :</u>			
- VSF	57	34	11
- Cement	250	90	160
- Chemical	19	19	-
- Textile	9	9	-
<u>C Other Capex :</u>	42	31	-
Total	707	340	321

● **9M FY 03 Capex - Rs.204 Crores**

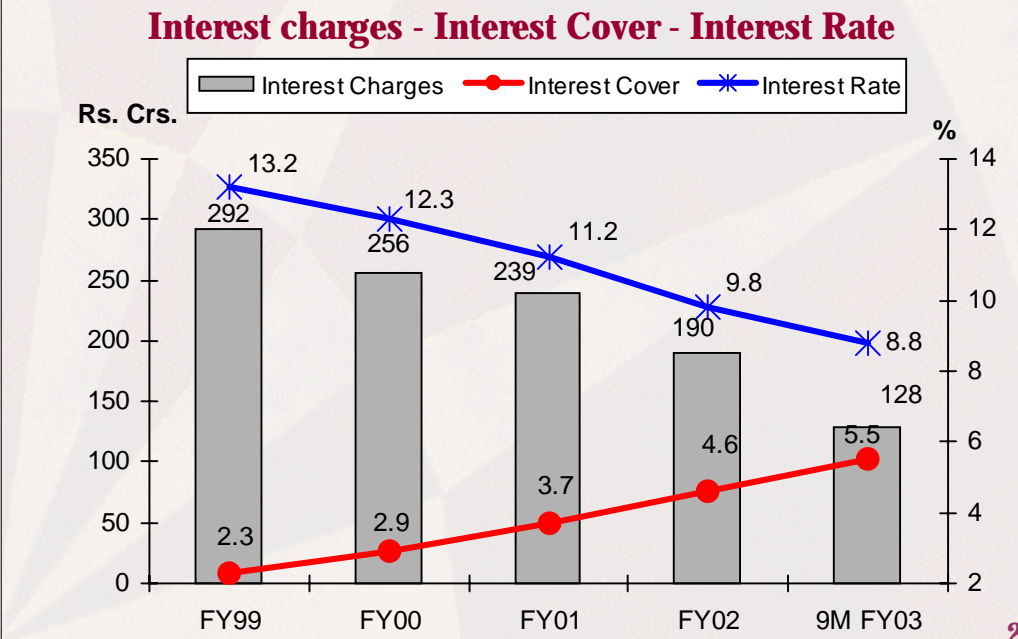
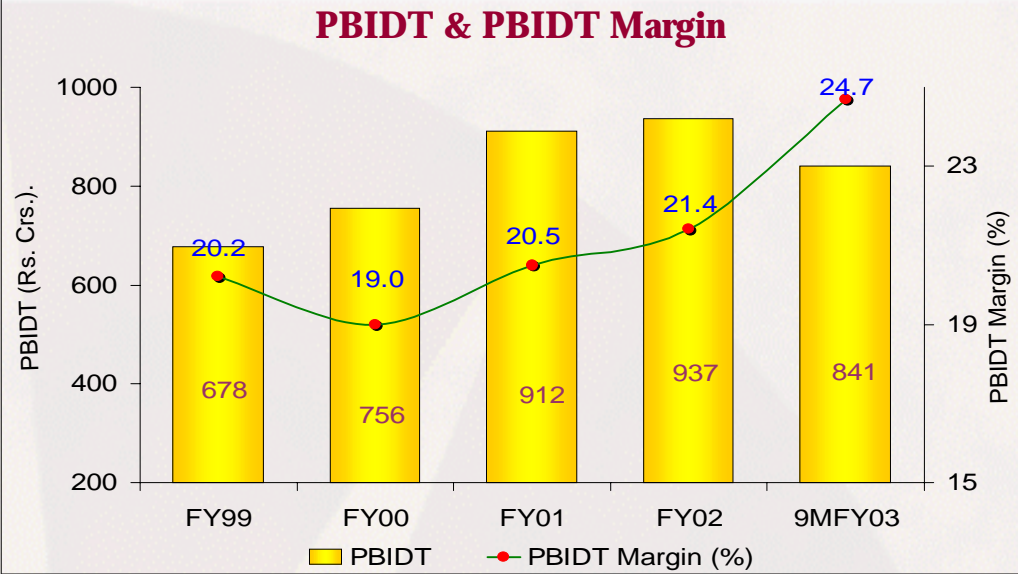
- **Cement** **138**
- **Fibre** **23**
- **Chemical** **9**
- **Textile** **8**
- **Others** **26**



Profitability Snapshot

(Figures in Rs. Crores)	FY00	FY01	FY02	9M FY03
Gross Turnover	4,646	5,184	5,070	3,979
Net Turnover	3,962	4,453	4,372	3,401
PBIDT	756	912	937	841
PBIDT Margin (%)	19.1	20.5	21.4	24.7
Int. & Fin. Charges	256	239	190	128
PBDT	500	673	747	713
(Before Deferred Tax)				
PAT	251	371	438	388
PAT Margin (%)	6.3	8.3	10.0	11.4
EPS (Rs.)	27.4	40.4	47.8	# 42.4
CEPS (Rs.)	53.2	67.9	75.3	# 62.9
DPS (Rs.)	7.0	8.0	9.0	--
(After Total Tax)				
PAT ^s	168	341	387	371
EPS (Rs.)	18.3	37.1	42.2	# 40.5
Interest Cover (x)	2.9	3.6	4.6	5.5

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





Financial Snapshot

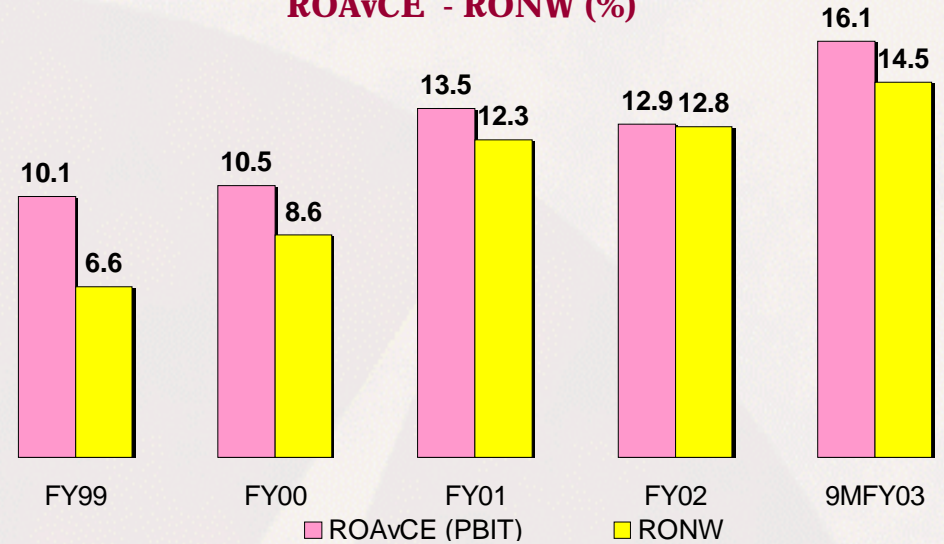
(Figures in Rs. Crores)	FY00	FY01	FY02	9M FY03
Gross Block	5,206	5,311	5,371	5,522
Net Block	3,401	3,303	3,263	3,248
Equity	92	92	92	92
Net Worth	2,777	3,075	2,707	3,075
Net Worth + Deferred Tax	2,777	3,075	3,347	3,733
Av.Capital Employed	4,759	4,815	5,106	5,364
Debt: Equity ** (x)	0.82	0.62	0.62	0.50
Book Value (Rs.)	303	335	365	407
ROAvCE (PBIT Basis) (%)	10.5	13.5	12.9	16.1
RONW (%)	8.6	12.3	12.8	14.5

Ratios worked out considering deferred tax as part of Net Worth

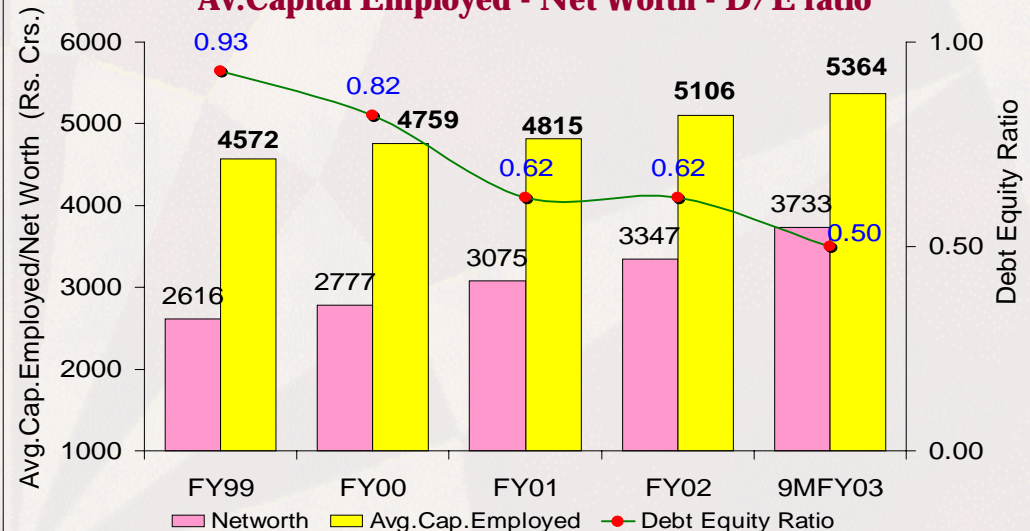
*** Both Long Term and Short Term debts considered in debts*

\$ Exceptional items eliminated in calculation of ROAvCE/RONW

ROAvCE - RONW (%)



Av.Capital Employed - Net Worth - D/E ratio





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 optimization of Capital Employed and consequently ROCE/RONW**



Open Offer for L & T - Current Status

- Initial acquisition of 10.05% stake from Reliance on November 18, 2001 - amount invested Rs.776 Crs.
- Further acquisition of Shares from April 02 to 13th October 02 – 4.48% - amount invested Rs.197 Crs.
- Open offer announced on 14th October 2002
- Grasim & Samruddhi Swastik total holding (Lac Shares)

	On the day of Open Offer	Subsequent to Open Offer	Total	%
Grasim	359.98	--	359.98	14.48%
Samruddhi	1.24	20.56	21.80	0.88%
Total	361.22	20.56	381.78	15.35%
%	14.53%	0.83%	15.35%	

- Acquisition of shares - post open offer – 0.83% - amount invested Rs. 37 Crs.
- Total Investment Rs.1,010 Crores
- On November 8, 2002, SEBI advised not to proceed with Open Offer
- Securities Appellate Tribunal (SAT) declined Grasim's plea for interim relief and hearing of the appeal is pending
- SEBI is expected to complete the investigation shortly
- Currently the Open Offer is on hold



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



Thank You



Production Data (MT)

	Q3FY03			Q3FY02			FY02		
	Capacity TPA	Production	%	Capacity TPA	Production	%	Capacity TPA	Production	%
VSF	220,775	60,323	109	220,775	47,231	86	220,775	176,462	80
Pulp	70,000	18,871	108	70,000	18,629	106	70,000	71,251	102
Caustic Soda	160,600	41,522	103	160,600	36,619	91	160,600	129,784	81
Grey Cement *	11.37	2.72	96	# 11.37	2.26	87	# 11.37	9.53	92
White Cement	400,000	86,098	86	400,000	73,189	73	400,000	267,915	67
Sponge Iron	900,000	148,337	66	900,000	137,629	61	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)		
	Q3 FY03	Q3 FY02	FY02	Q3 FY03	Q3 FY02	FY02
VSF	56,798	47,122	181,520	69,137	67,210	68,511
Pulp	18,804	18,123	71,396	20,966	20,500	22,327
Caustic Soda *	41,637	36,355	129,051	13,975	13,552	14,564
Grey Cement * *	2.70	2.40	9.68	1,710	1,828	1,917
White Cement	83,741	71,053	266,105	5,813	5,429	5,317
Sponge Iron	165,707	129,438	562,334	6,320	5,401	5,606

* ECU Realisation

* * Numbers are in Mn. MT.



Plant Locations

-  **Fibre plants**
-  **Pulp plant**
-  **Chemical plant**
-  **Textiles units**
-  **Grey cement plants / Grinding Units (G)**
-  **White cement plant**
-  **Ready-mix Concrete plants**
-  **Bulk Cement Terminal**
-  **Sponge Iron plant**

Not to scale

