



AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31 ST MARCH, 2002

FINANCIAL RESULTS

(Rs. in Crores)

SEGMENT REPORTING

(Rs. in Crores)

	Year Ended 31 st March			Year Ended 31 st March 2002
	2002	2001		
Sales	1,551.55	1,525.95	Segment Revenue	
Less: Excise Duty	143.39	109.76	Garments	349.88
Net Sales / Income from Operations	1,408.16	1,416.19	Rayon (Including Caustic & Allied Chemicals)	232.26
Other Income	9.53	12.95	Carbon Black	280.64
Total Income	1,417.69	1,429.14	Insulators	197.08
Total Expenditure:			Textiles (Spun Yarn & Fabric)	307.42
Decrease / (Increase) in Stock in Trade	6.13	(6.45)	Others	41.98
Consumption of Raw Materials, etc.	646.02	648.11	Total Segment Revenue	1,409.26
Staff Cost	119.74	118.51	Less : Inter segment revenue	(1.10)
Other Expenditure	445.20	452.02	Net Sales from operation	1,408.16
Interest and Finance Expenses (Net)	45.53	61.79	Segment Results (Profit before Interest and Tax - PBIT)	
Profit Before Depreciation, Royalty & Tax	155.07	155.16	Garments	(7.74)
Royalty to Wholly-owned Subsidiary	8.79	7.91	Rayon (Including Caustic & Allied Chemicals)	29.61
Depreciation and Amortisation	73.54	73.08	Carbon Black	45.00
Profit Before Tax and Exceptional Items	72.74	74.17	Insulators	38.68
Voluntary Retirement Cost at Textiles	(7.58)	-	Textiles (Spun Yarn & Fabric)	11.09
Surplus on Sale of Assets under Disposal	8.91	-	Others	0.33
Profit After Exceptional Items	74.07	74.17	Total Segment Result	116.97
Provision for Current Tax	5.00	5.65	Less: Interest and Finance Expenses (Net)	(45.53)
Net Profit After Current Tax	69.07	68.52	Add :Unallocable income net of unallocable Expenditure	1.30
Provision for Deferred Tax (Refer Note - 2)	25.61	-	Profit Before Tax and Exceptional items	72.74
Net Profit	43.46	68.52	Less: Voluntary Retirement Cost at Textiles	(7.58)
Paid up Equity Share Capital (Face Value of Rs.10 each)	59.88	59.88	Add: Surplus on Sale of Assets under Disposal	8.91
Reserves Excluding Revaluation Reserve (Refer Note - 2)	1,030.91	1,082.80	Profit After Exceptional items	74.07
Basic and Diluted Earning Per Share (Not annualised) (Rs.)			Capital Employed	As on
Before Deferred Tax	11.53	11.44	(Segment assets - Segment liabilities)	31 st March,2002
After Deferred Tax	7.26	-	Garments	226.43
Cash Earning	23.82	23.65	Rayon (Including Caustic & Allied Chemicals)	284.38
Aggregate of Non-Promoter Shareholding			Carbon Black	303.28
Number of Shares	43,747,447	43,903,555	Insulators	138.51
Percentage of Shareholding	73.06%	73.34%	Textiles (Spun Yarn & Fabric)	170.36
Dividend	# 33%	30%	Others	39.11
			Total Segment Capital Employed	1162.07
			Add: Unallocated Corporate Capital Employed	370.60
			Total Capital Employed	1532.67

Recommended, subject to deduction of tax

Notes:

- Due to illegal strike of the workers, plant operation at the Rayon Division were stopped from 14 th Nov. 2001 to 20 th Jan. 2002, impacting the production, sales and profitability.
- As per Accounting Standard 22 relating to " Accounting for Taxes on Income" (made mandatory during the year) the company has made provision for deferred tax liability. The cumulative deferred tax liability of Rs. 75.59 crores upto 31 st March, 2001 has been met out of the the general reserve. The liability for the current year includes additional liability of Rs. 3.51 crore on accumulated difference due to rate change. As the deferred tax liability of Rs. 20.82 crores was not provided in the previous year, adjusting for this liability, the recasted net profit for the previous year would have been Rs. 47.70 crore.
- The Board had decided to exit the Sea Water Magnesia business in the accounting year 1999-2000 and accordingly the unsold assets as on 31 st March, 2000 were brought down to their realizable value. The company had signed a memorandum of understanding for disposal of land and other infrastructure facilities during the year. The disposal process, has since been completed and sales proceeds realized. The unsold assets as on 31 st March, 2002 were revalued at the year end at their realizable value. As disposal process has been completed substantially, the net surplus of Rs. 8.91 crores has been credited to Profit & Loss Account and disclosed as an exceptional item.
- Previous year figures are regrouped/ rearranged wherever necessary.
- The above results have been taken on record at a meeting of the Board of Directors held on May 6, 2002 .

Place: Mumbai
Date: 6 May, 2002

B.L.SHAH
Director

INDIAN RAYON AND INDUSTRIES LIMITED
Regd. Office: Veraval 362266, GUJARAT.
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PRESS RELEASE

Mumbai, 6th May, 2002

**THE ADITYA BIRLA GROUP'S
INDIAN RAYON AND INDUSTRIES LIMITED**

**MAINTAINS PROFIT FOR THE YEAR ENDED 31ST MARCH 2002
DESPITE LOSSES AT RAYON DIVISION DUE TO ILLEGAL STRIKE**

(Rs. Crores)

	Financial Year ended 31.03.2002 (Audited)	Financial Year ended 31.03.2001 (Audited)
Sales	1551.55	1525.95
Less: Excise Duty	<u>143.39</u>	<u>109.76</u>
Net Sales	1408.16	1416.19
Profit before Depreciation & Tax	146.28	147.25
Depreciation & Amortisation	73.54	73.08
Profit before Tax and Exceptional Items	72.74	74.17
Exceptional Items (see below)	1.33	-
Profit before Tax	74.07	74.17
Provision for Current Tax	5.00	5.65
Net Profit after Current Tax	69.07	68.52
Provision for Deferred Tax	25.61	20.82*
Net Profit	43.46	47.70

Exceptional items		
- Voluntary Retirement Cost at Textiles	(-) 7.58	-
- Surplus on Sale of Assets under disposal	8.91	-

* Though deferred tax has not been provided in the Audited Accounts of FY 01, as AS-22 was not applicable in that year, for the comparison purpose, figures are recasted.

Indian Rayon, a major Aditya Birla Group company, has reported a turnover of Rs.1552 crores for the year ended 31st March, 2002 which is marginally up by 2% as compared to Rs.1526 crores in the previous year. Exports stood at Rs.387 crores against Rs.397 crores in last year.

The Company has been able to maintain gross profit of Rs.146.28 crores (Rs.147.25 crores) and Profit before Tax at Rs.74.07 crores (Rs.74.17 crores) for the financial year 2002 despite the production loss on account of the illegal strike at its Rayon Division. The strike lasted from the 14th of November 2001 until the 20th of January 2002. The losses on this account have neutralised the impact of the improved operating performance of its various divisions. Insulators and Carbon Black in particular have reported marked improvements in profitability.

To ensure the company's competitiveness and its sustainable future, the company had to recourse to rightsizing of its operations. Consequently the company offered a VRS to 370 employees at its textile division at Rishra. This has cost Indian Rayon Rs.7.58 crores during the year. The impact of these factors has been partially off set by a surplus of Rs.8.91 crores generated through the substantial disposal of its Sea Water Magnesia plant.

Dividend

The Board of Directors have recommended a dividend of 33% as compared to 30% paid in the previous year. The dividend will absorb Rs.19.76 crores.

Division-wise Performance

A sectoral overview of the production, sales volume and turnover is as indicated:

Products	Unit	FY 2002	FY 2001
Production Volumes :-			
Viscose Filament Yarn	MT	12,253	15,496
Carbon Black	MT	93,634	89,739
Insulator	MT	25,277	25,665

Sales Volume & Net Turnover	Unit	FY 2002		FY 2001	
			Rs.in Crs.		Rs. In Crs.
Garments	Nos. (Lacs)	66.9	350	58.8	326
Viscose Filament Yarn (VFY)	MT	12,812	205	15,326	226
Carbon Black	MT	94,504	281	91,735	254
Insulators	MT	25,183	197	25,691	184
Textiles		-	307	-	341

Madura Garments

Madura Garments has recorded a turnover of Rs.350 crores, up by 7%. Exports revenue at Rs.50 crores vis-à-vis Rs.35 crores in the previous year soared by 44%. The volume of shirts and trousers rose by 14% compared to the earlier year. Operating margins before advertising expenses have been maintained at 18.5%.

For Madura Garments, the year has been extremely challenging. The acute economic slow down, the plunge in consumer spending, the unexpected excise duty imposition and the intense discount competition in the market particularly in the last quarter to liquidate stocks, have collectively put the division's profitability under pressure. In view of the market conditions, special sales promotion and advertising spends have gone up substantially, affecting the profitability. The fire at one of the main warehouses just before the peak season for the division was a setback as well.

All of its key brands – Louis Phillipe, Van Heusen, Allen Solly and Peter England continue to grow and extend their leadership position. Madura Garments successfully launched Peter England Trousers, Allen Solly women-wear in Bangalore and Hyderabad, the Louis Phillipe Club Line and the premium “international traveller”, world-wide range from Van Heusen. The new suit manufacturing facility set up with Italian technical support is now operational. World class quality suits and Jackets will be made available in the Louis Phillipe and Van Heusen brands. These new products show high promise for the future.

To ensure sustainable growth in revenues and earnings Madura Garments will concentrate on leveraging its brand equity optimally to bolster its market presence even further. To bring in enhanced profitability, efficiency improvement and cost reduction will also be ongoing measures.

The long term outlook for Madura Garments continues to be positive due to the fundamental shift from tailored clothes to readymade apparel. However the immediate outlook is dependent on the revival of the economy in the country and in the Middle East, which is its major branded export market.

Rayon Division

Consequent to the labour strike as explained earlier, Rayon Division's performance was severely constrained. Viscose Filament Yarn production at 12,253 MT is lower by 21%. Sales volume at 12,812 MT reflects a fall at 16%. On the positive side aggressive marketing combined with entry into new market segments, helped exports of Rs. 33 crores, as compared to Rs. 30 crores in the earlier year. Realisations at Rs.160 per kg. have risen by 8%, due to the reduced supplies in the market. Operating efficiencies were further optimised during the year. However, the blow-down / start up losses during the strike period adversely affected the consumption ratios. Operations have been stabilised with highest quality levels being recorded in March 2002.

A world-wide rationalisation of capacities and closure of plants in Europe, Japan and Korea augurs well for growth on the export front. In India, matured demand and cheaper product substitutes pose a challenge. To sustain its leadership position, the division will aggressively exploit export opportunities and foray into value added new markets. Alongside raising its product quality and providing superior customer support services continue. Against this backdrop, the outlook for VFY is positive.

Carbon Black Division

The Carbon Black division's turnover at Rs.281 crores, an increase of 10% over that of Rs.254 crores achieved in the previous year, is indeed impressive. The division picked up sales after the first two difficult quarters. Realisations were up by 7% at Rs.29681 per ton. Aggressive marketing efforts, leading to a successful penetration in new Asian markets and the locational advantage afforded by its Chennai Plant led to a 31% surge in export at Rs.41 crores.

The division continues to operate in a very stressful environment due to the recession in the automobile sector and in the replacement tyre market too. The division is increasingly working towards reduced dependence on the automobile sector and expansion of markets especially in the non-tyre segments. While channelising its energies for the development of new applications for Carbon Black, it is concentrating on exports for better volumes. Introduction of speciality grades of value added carbon black products are on the anvil. Simultaneously cost reduction through tightening of consumption norms, lowering of distribution costs through superior logistics and better operating efficiencies should stoke the growth of this sector. The long term outlook is encouraging.

Insulator Division

The Insulator division's performance continues to be commendable. Renewed product mix with a sharp focus on higher value added equipment porcelain, improved yield and relentless cost saving initiatives have boosted its revenues and earnings. Sales at Rs.197 crores have increased by 7% compared to Rs. 184 crores in the previous year. Sales volume at 25183 per ton has been maintained. Consequent to the shift in the product mix, production at 25277 tonnes was 2% lower compared to the last year (25665 tonnes). Realisation at Rs.78211 per ton is up by 9% compared to Rs.71480 per ton in the previous year. Exports at Rs. 87 crores are down by 9% (Rs. 96 crores) on account of the global recession and constraints faced in the power sector. However, the outlook for the insulator business seems promising, given the pronouncement of the government to meet the shortfall in the power sector in the 10th and 11th Plan and its intent to generate an additional 1 lac MW power by 2010.

Textiles Division

The Textile division's turnover at Rs.307 crores as against Rs.341 crores has decreased by 10% mainly due to the right sizing of fabric operations and suspension of the Hosepipe business. Export declined by 14% as well. Due to the global recession in the Textile sector and higher input cost for flax and worsted yarn, operating profit margins have declined from 13% to 10%.

To sustain its performance, the division has taken several steps for cost control such as, VRS, reduction in energy cost, etc. The division has successfully implemented VRS and reduced 370 employees entailing a cost of Rs.7.58 crores. The division is focusing on the business of wool processing, value added yarns and flax fabrics where the Company enjoys a niche market.

Future Outlook

Though the year has been extremely difficult for Indian Rayon, the company does look to better growth prospects in future. This growth will be fuelled by five factors, viz.,

- through improved revenues and profitability of its garment business,
- penetration of VFY into newer markets,
- enhancement of revenues and profitability from its insulator divisions,
- better performance of its Carbon Black division with value added products and new grades, and
- benefits consequent to rightsizing of its textile division and modernisation of flax fabrics and worsted yarn operations.

Overall, the Company's outlook for the future is positive.

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**Performance Review
2001-02**

**Indian Rayon and Industries Limited
Mumbai, 6th May 2002**

Agenda

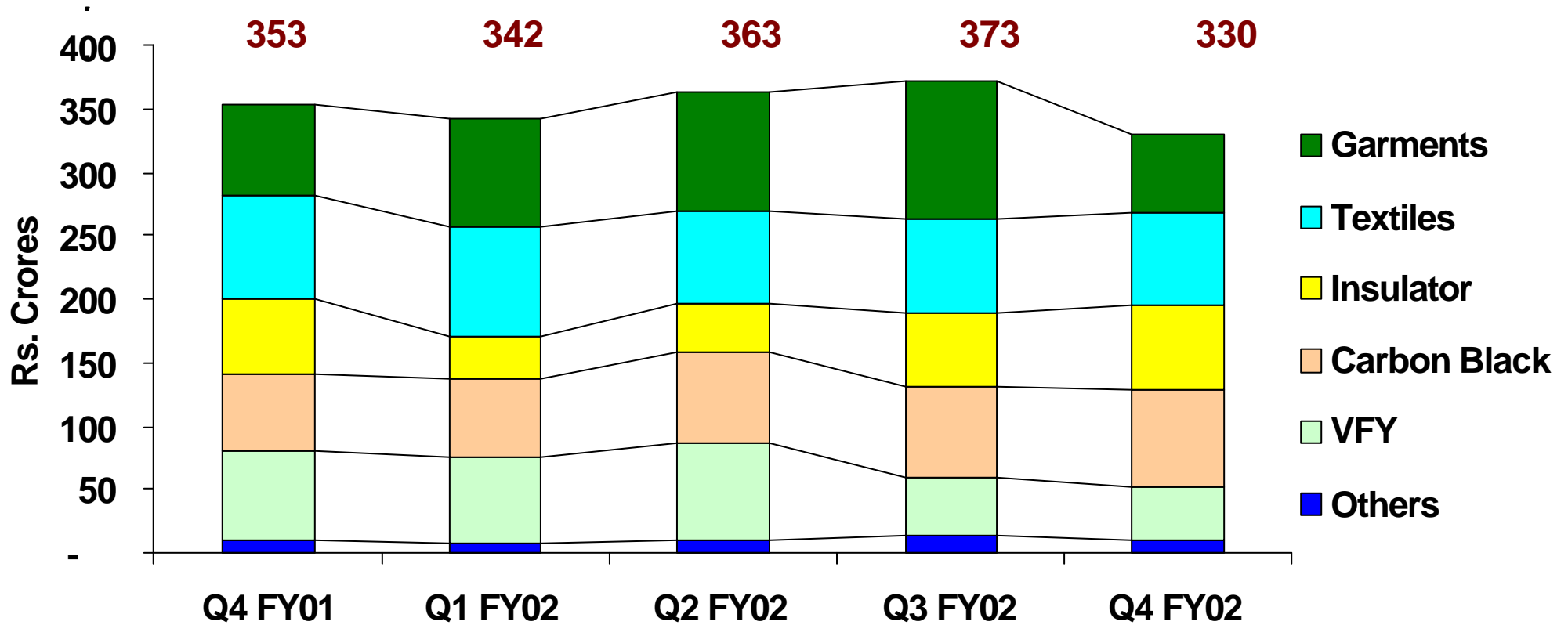


- Key Developments of Q4
- Financial result for the quarter
- Financial Result for FY 2002
- Segment wise performance & the outlook

Key Developments in Q4

- ❑ **Operations resumed at VFY Plant at Veraval after 67 days illegal strike**
 - **Operations have been stabilised, recording highest quality level in Mar-02**
- ❑ **Power plant break down at Veraval for one month**
 - **Working of Chemicals business affected**
- ❑ **Recessionary Pressures and Poor Consumer Sentiments post 9/11 had telling impact on Garments business in Q4**
- ❑ **Carbon Black shows signs of recovery**
- ❑ **Insultator performance remained impressive**
 - **Emerged as key contributor**
- ❑ **Textiles show mixed signals, exited Hose Pipe segment**
- ❑ **Sea Water Magnesia plant disposal completed successfully**

Turnover Trend

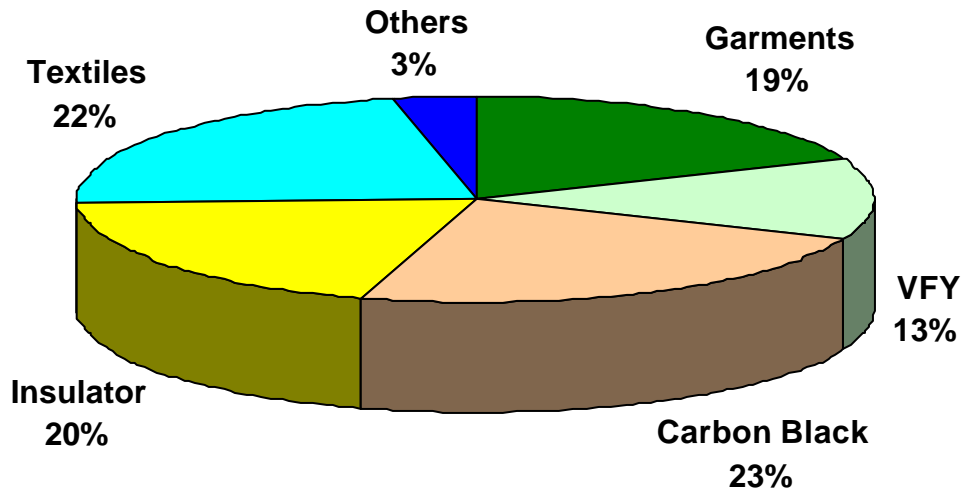


Turnover and Exports Mix

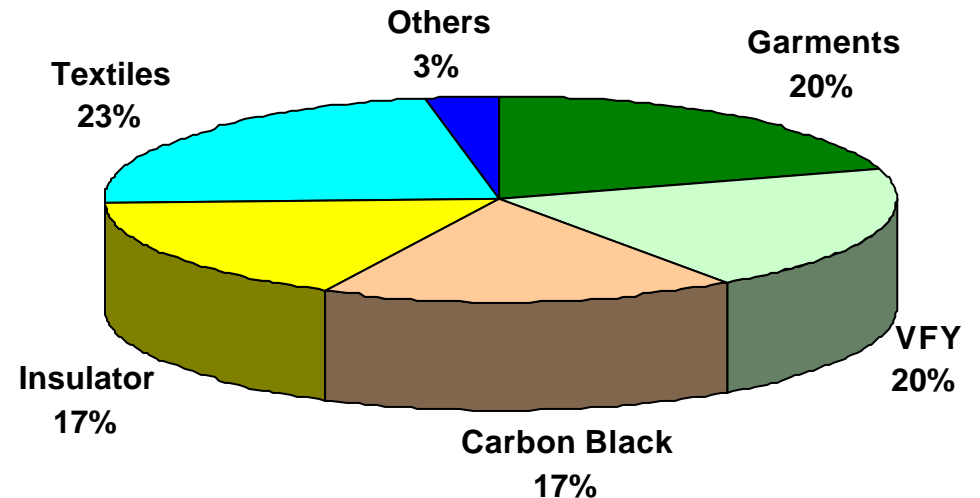
Rs. Crores

Particulars	Turnover			Exports		
	Q4 FY02	Q4 FY01	Change (%)	Q4 FY02	Q4 FY01	Change (%)
Garments	61.9	71.9	(14)	6.6	10.6	(38)
VFY	41.3	70.1	(41)	3.9	9.1	(57)
Carbon Black	77.1	60.1	28	12.0	10.9	10
Insulator	65.0	59.8	9	35.1	46.5	(25)
Textiles	73.8	80.8	(9)	40.8	36.0	13
Others	11.0	10.4	5	9.2	8.9	3
Total	330.2	353.1	(6)	107.6	122.0	(12)

Turnover Q4 FY02



Turnover Q4 FY01



Q4 FY02 – Financial Performance

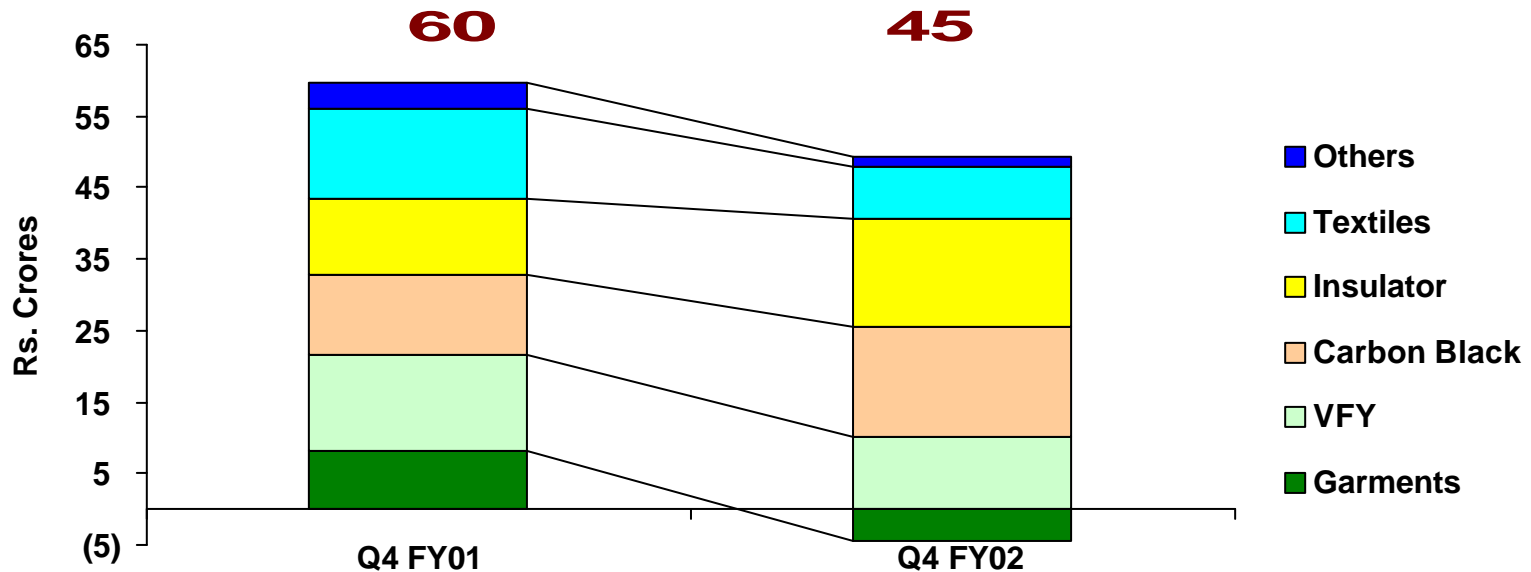


Rs. Crores

Particulars	Q4 FY02	Q4 FY01	Change (%)
Gross Turnover	363.7	381.4	(5)
Less: Excise Duty	33.5	28.3	18
Net Turnover	330.2	353.1	(6)
Other Income	3.3	4.6	(28)
Operating Profit (PBDIT)	45.0	59.7	(25)
Interest	6.7	14.4	(53)
Gross Profit (before Royalty)	38.3	45.3	(15)
Royalty	1.4	1.7	(18)
Depreciation/ Amortisation	18.3	19.1	(4)
Profit Before Tax and Exceptional Items	18.6	24.5	(24)
VRS at Textiles	0.2	-	-
Surplus in respect of assets held for disposal	8.9	-	-
Profit after Exceptional Items	27.3	24.5	11
Provision for Current Tax	2.0	2.1	(5)
Net Profit After Current Tax	25.3	22.4	13
Provision for Deferred Tax	10.5	6.8	55
Net Profit	14.8	15.6	(5)
EPS (Rs.) – Before Deferred Tax	16.9	15.0	13
EPS (Rs.) – After Deferred Tax	9.9	10.4	(5)

PBDIT Mix

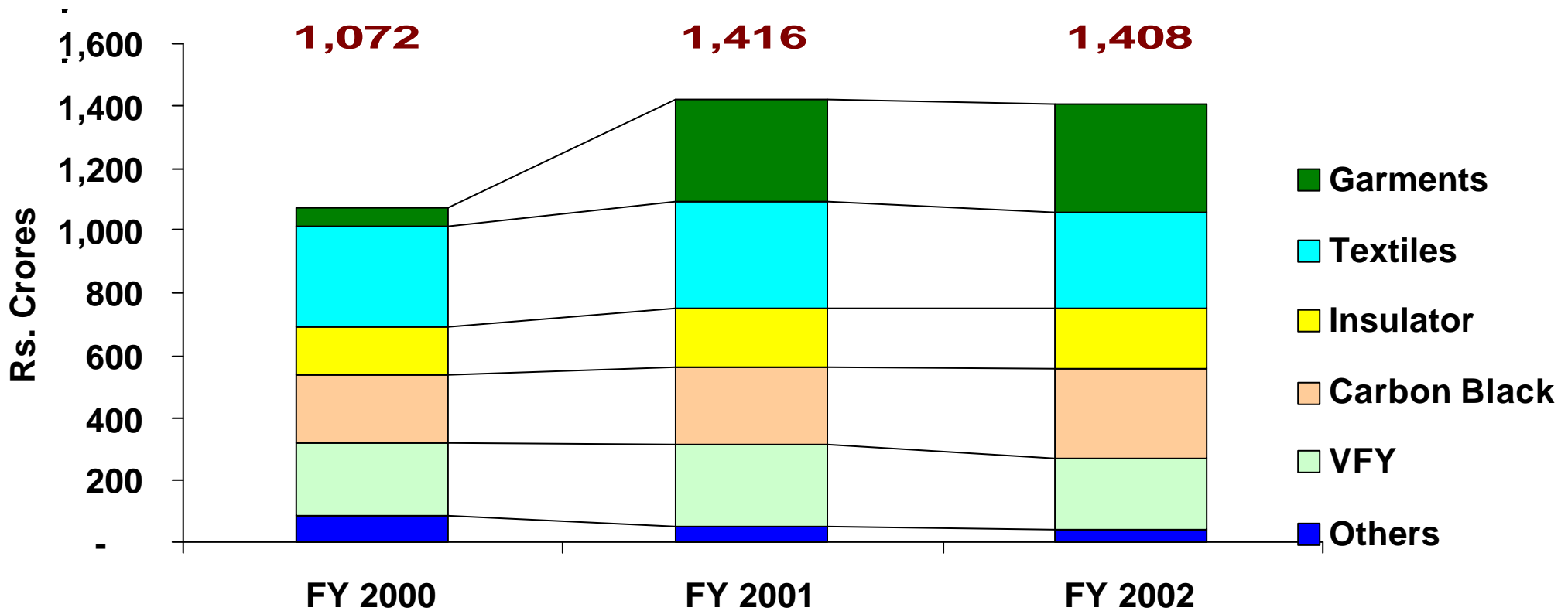
PBDIT	Rs. Crores		
	Q4 FY02	Q4 FY01	Change (%)
Garments	(4.4)	8.3	(153)
VFY	10.2	13.3	(24)
Carbon Black	15.5	11.1	40
Insulator	15.0	10.8	39
Textiles	7.3	12.5	(41)
Others	1.4	3.9	(63)
Total	45.0	59.8	(25)



Q4 FY02 – Performance Highlights

- ❑ **Net revenues declined from Rs. Rs. 353.1 crores to Rs. 330.2 crores**
 - **Illegal strike at Rayon plant and consequent 41% fall in divisional revenues**
 - **Poor consumer spending and intense competition led to 14% lower revenues at Garments**
 - **Textiles revenues lower by 9% on increased demand pressures**
 - **Impact mitigated partly by superior performance of Carbon Black and Insulators**
 - ❖ **Divisional revenues up by an impressive 28% and 9% respectively**
- ❑ **Operating Profit down 25% on mixed performance of key businesses**
 - **Strike and restart costs eroded Rayon profits significantly**
 - **Profitability of Garments and Textiles suffered on demand pressures**
 - **Insulator and Carbon Black have been key contributors in mitigating the impact at least partly**
- ❑ **Profit before exception items and Tax thus declined 24% to Rs. 18.6 crores**
- ❑ **Sea Water Magnesia plant disposal completed, resulted in a write-back of Rs. 8.9 crores**
- ❑ **Net profit after current taxes thus higher by 13% at Rs. 25.3 crores**
- ❑ **Provision of Rs. 10.5 crores made for deferred tax liabilities including Rs 3.5 crores on account of higher rate**

Turnover Trend

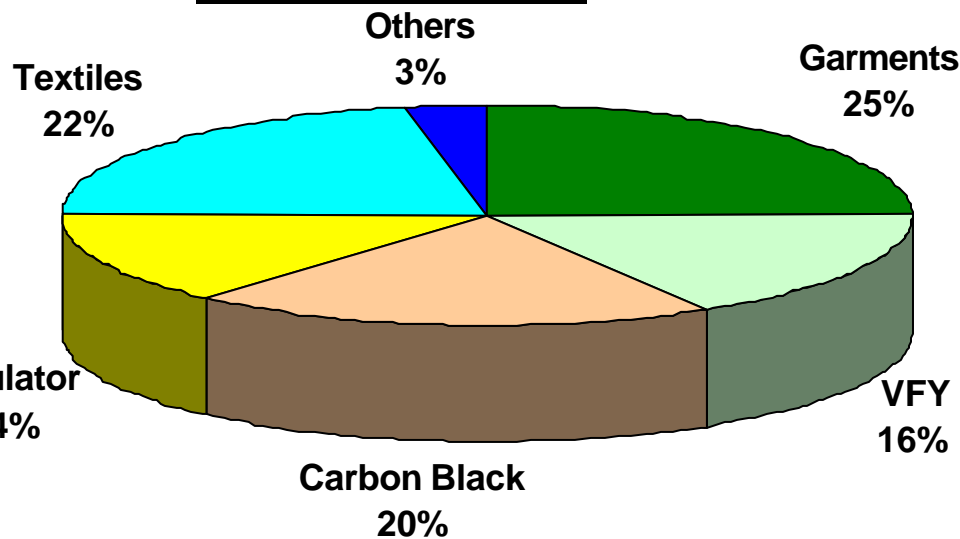


Turnover and Exports Mix

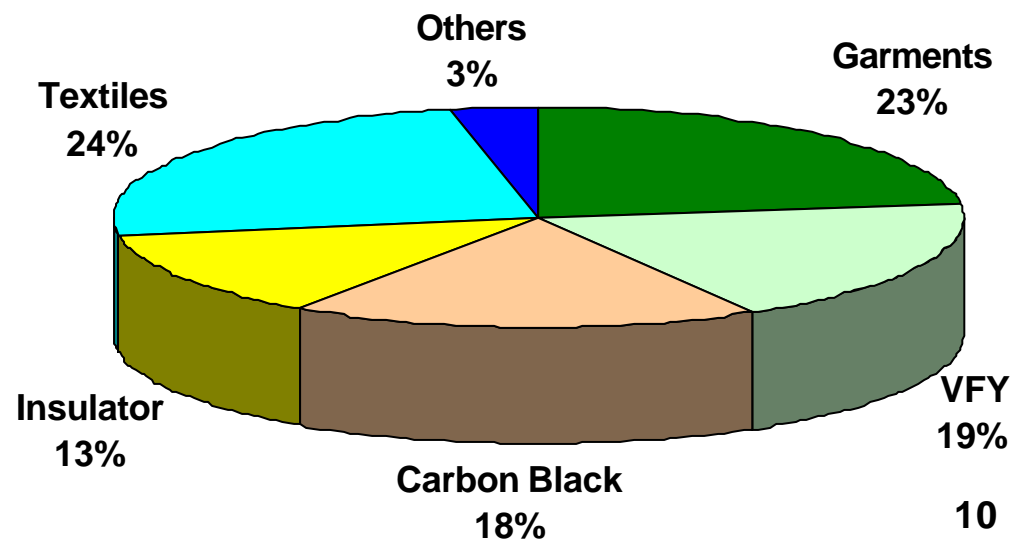
Rs. Crores

Particulars	Turnover			Exports		
	FY 2002	FY 2001	Change (%)	FY 2002	FY 2001	Change (%)
Garments	349.9	325.5	7	49.8	34.6	44
VFY	232.2	263.5	(12)	32.7	29.9	9
Carbon Black	280.5	254.3	10	41.4	31.6	31
Insulator	197.0	183.6	7	87.3	96.3	(9)
Textiles	306.6	341.0	(10)	142.4	165.5	(14)
Others	42.0	48.2	(13)	33.1	39.4	(16)
Total	1,408.2	1,416.2	(1)	386.7	397.3	(3)

Turnover FY2002



Turnover FY2001



FY2002 – Financial Performance



Rs. Crores

Particulars	FY2002	FY2001	Change (%)
Gross Turnover	1,551.6	1,526.0	2
Less: Excise duty	143.4	109.8	31
Net Turnover	1,408.2	1,416.2	(1)
Other Income	9.5	12.9	(26)
Operating Profit (PBDIT)	200.6	217.0	(8)
Interest	45.5	61.8	(26)
Gross Profit (before Royalty)	155.1	155.2	(0)
Royalty	8.8	7.9	11
Depreciation/ Amortisation	73.5	73.1	1
Profit Before Tax and Exceptional Items	72.8	74.2	(2)
Exceptional Items (Net)	1.3	-	-
Profit after Exceptional Items	74.1	74.2	(0)
Provision for Current Tax	5.0	5.7	(12)
Net Profit After Current Tax	69.1	68.5	1
Provision for Deferred Tax	25.6	20.8	23
Net Profit	43.5	47.7	(9)
EPS (Rs.) – Before Deferred Tax	11.5	11.4	1
EPS (Rs.) – After Deferred Tax	7.3	8.0	(9)

PBDIT Mix

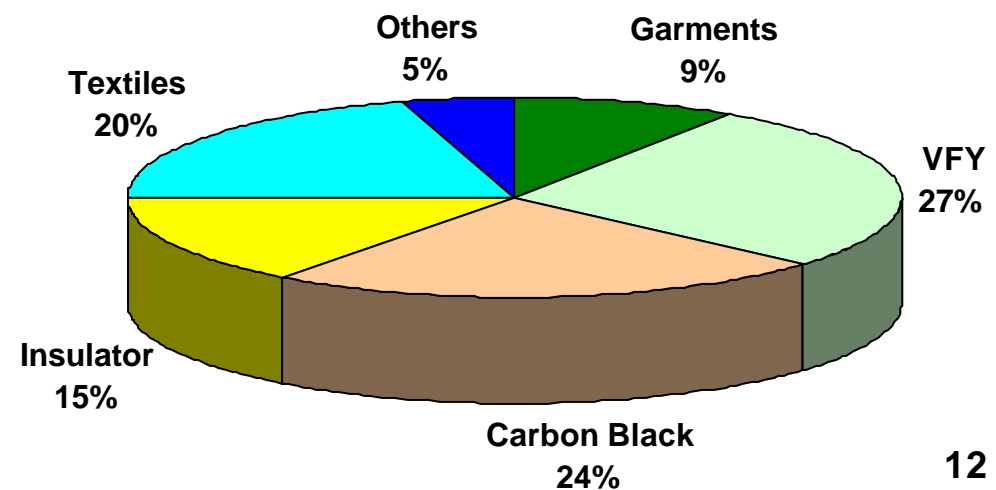
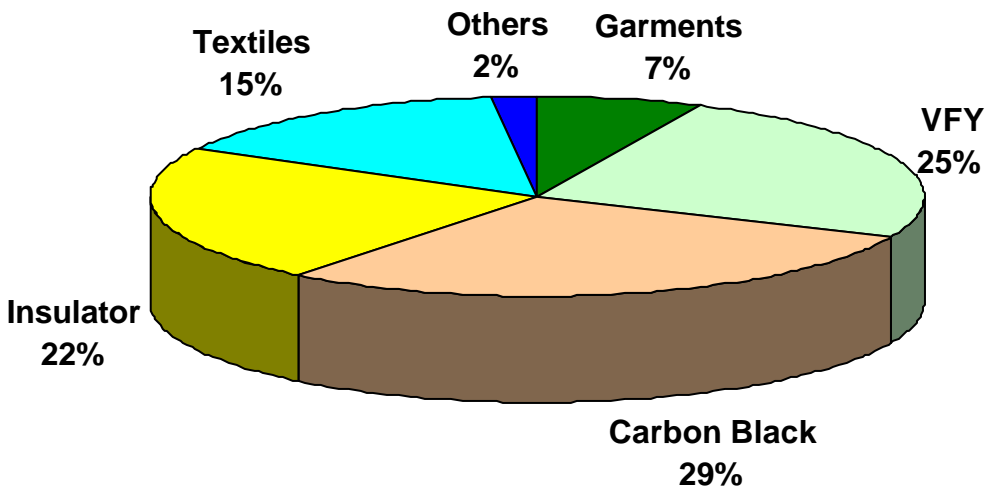


Rs. Crores

PBDIT	FY 2002	FY 2001	Change (%)
Garments	14.2	20.3	(30)
VFY	49.5	59.3	(17)
Carbon Black	57.9	51.3	13
Insulator	44.8	31.8	41
Textiles	30.5	44.2	(31)
Others	3.8	10.0	(63)
Total	200.6	216.9	(8)

PBDIT FY2002

PBDIT FY2001



FY2002 – Performance Highlights

- ❑ **Net Turnover at Rs. 1408.2 Cr. is marginally lower**
 - Higher sales clocked by Garments, Carbon Black and Insulators
 - Rayon sales adversely affected by strike
 - Textiles revenue is lower
- ❑ **Operating profit down 8% - mixed performance by businesses**
 - Insulators performance is remarkable with 41% jump in operating profits on the back of better product mix
 - Carbon Black operating profit is higher by 13% due to better realization
 - VFY operating performance impacted by strike
 - Higher advertisement support impacted bottom line of Garments
 - Textiles remains affected by weak economic conditions and higher input costs
- ❑ **Exceptional Items**
 - VRS cost of Rs. 7.6 Crores at Textiles division provided
 - Gain of Rs. 8.9 crores on account of Write-back of Surplus in respect of assets held for disposal
- ❑ **Net Profit after Tax up 1% at Rs. 69.1 crores**
- ❑ **Provision of Rs. 25.6 crores made towards deferred tax**

Business Performance For the Full Year - FY02

Garments

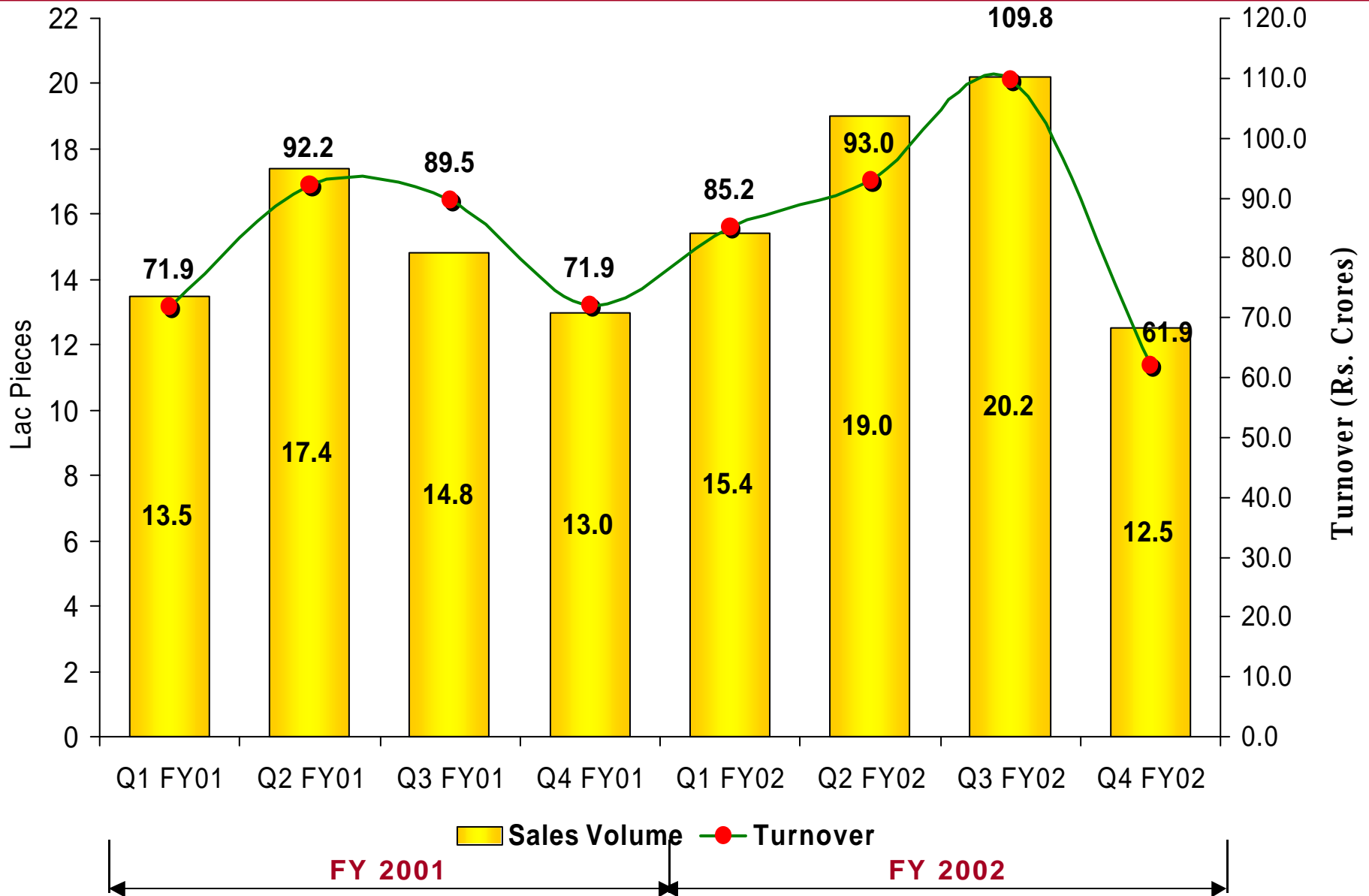


Rs. Crores

Particulars	Unit	Q4 FY02	Q4 FY01	FY2002	FY2001	Change (%)
Sales Volumes	Lac Pcs.	12.5	13.0	66.9	58.8	14
Turnover	Rs. Crs.	61.9	71.9	349.9	325.5	7
Operating Profit*	Rs. Crs.	4.1	12.0	64.9	59.3	9
OPM*	%	6.6	16.7	18.5	18.2	
Advt. Expenses	Rs.Crs.	8.4	3.7	50.7	39.0	30
PBDIT	Rs.Crs.	-4.4	8.3	14.2	20.3	(30)
Royalty	Rs.Crs.	1.4	1.7	8.8	7.9	11
PBDIT after Royalty	Rs.Crs.	-5.8	6.6	5.4	12.4	(56)
PBIT	Rs.Crs.	-9.1	3.3	-7.7	-0.3	
Capital Employed	Rs.Crs.			226.4	213.5	6
ROCE	%			(3.4)	(0.1)	

*Operating Profit before Advertising Expenses

Garments– Performance at a Glance



Garments– Performance Review

❑ Industry environment not conducive

- Deepening recessionary pressures led to sharp fall in consumer spending
- Rising market inventories and growing supplies against weak demand intensified competitive pressures
- Higher discounts, increased promotion and advertising efforts

❑ Performance suffered as a result significantly during Q4 FY02

- Volumes down 4% and revenues lower by 14%
- Higher discounts and stock liquidation efforts dragged operating margins down
- Strengthened advertisement support needed to sustain strong performance of key brands

❑ Satisfactory performance for the full year, despite a weak quarter

- Enabled by success of our proactive marketing strategies
 - ❖ Strengthening of distribution network
 - ❖ Renewed focus on contract exports
 - ❖ Introduction of new brand extensions/products
 - ❖ National launch of Peter England Trousers
 - ❖ Test launch of Allen Solly 'Women's Wear'
 - ❖ Louis Philippe 'Clubline' range of premium evening causals
 - ❖ 'International Traveller' world wear range from Van Heusen

Garments– Performance Review (Contd..)

- ❑ **Sales volumes up 14% YoY**
 - Improving market share and strong performance of all key brands
 - Success of new brands and products introduced during the year
 - Near doubling of exports
- ❑ **Revenues grew only by 7%, however reflects higher discounts and increased share of mid-priced brands**
- ❑ **Operating margins improved slightly at 18.5% despite fresh excise burden, discount competition and excessive sales promotional requirements**
- ❑ **Advertisement expenses grew by 30% YoY to 14% of sales**
 - Strengthen brand equity to ensure superior volumes even in current weak market
 - Brand investment in the overseas markets
 - New initiatives like Women's Wear and Peter England Trousers
 - New retail formats in the domestic and overseas markets

Garments– Outlook

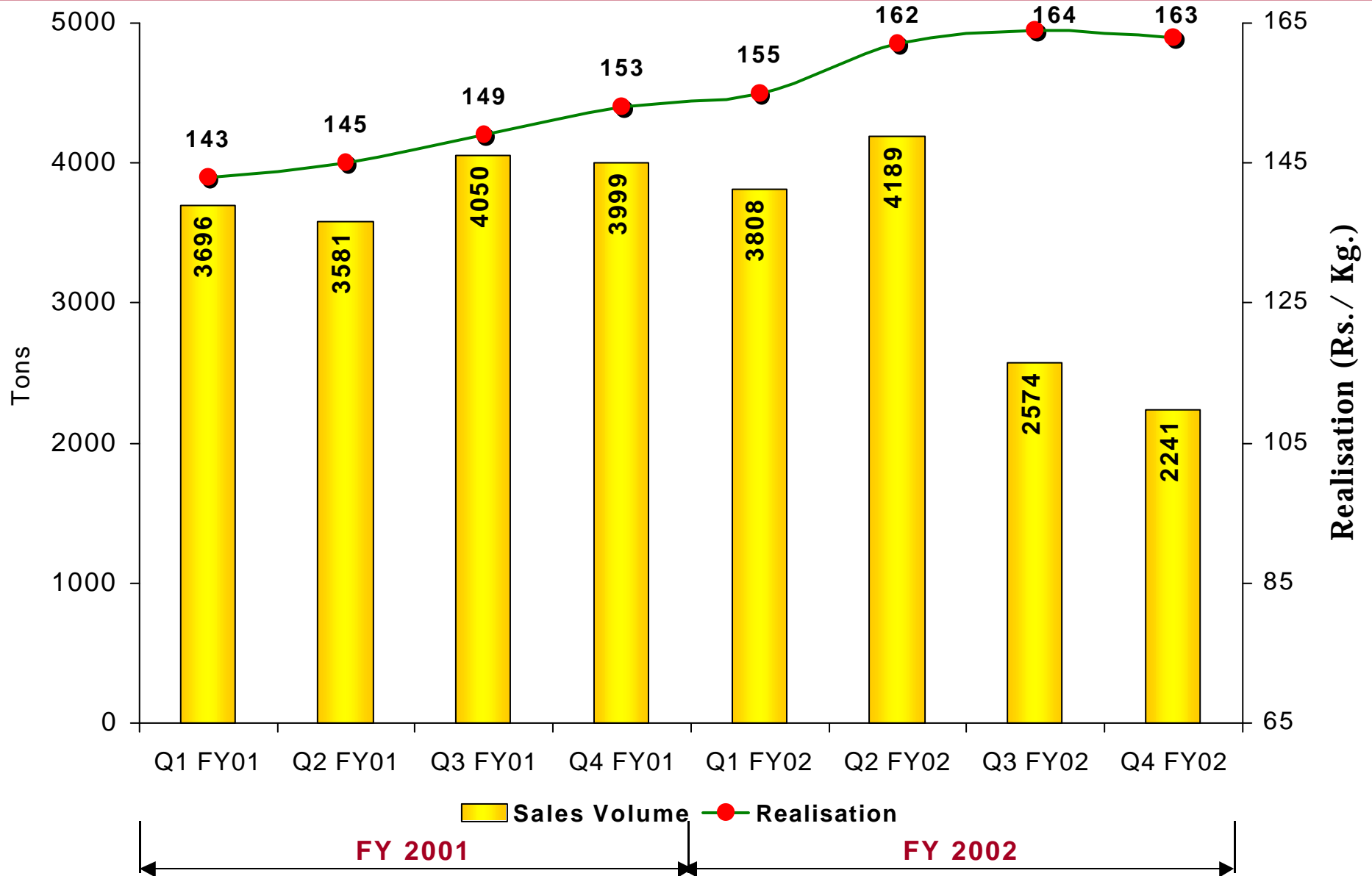
- ❑ **Promising long term growth prospects**
 - Fundamental shift in consumer preference from tailored to ready-to-wear products and increasing brand consciousness to ensure 15% annual growth
- ❑ **Short term prospects affected - sagging consumer confidence & poor spending**
 - Improvement likely, but is contingent on economic recovery
 - Reduced excise duty should strengthen prospects further
- ❑ **Madura Garments will ensure profitable growth through relentless focus on delivering consumer value, building brands and improving efficiencies**
 - Leverage strong brand image, design and product development capabilities
 - Strengthen distribution network
 - Focused advertisement efforts aimed at
 - ❖ Supporting Gestated Brands (LP, VH, AS & PE) to deliver high returns
 - ❖ Investing in new segments and brand extensions which will incur costs now but offer long term value viz: AS Womenswear, Suits/ Jackets and SF Jeanswear
 - ❖ Building Brand Equity for the newly introduced retail formats to complement aggressive geographic expansion and qualitative improvements in retail operations
 - Improve presence in the international markets
 - Flush-out supply chain inefficiencies and tighten cost structure

Viscose Filament Yarn (VFY)

Rs. Crores

Particulars	Unit	Q4 FY02	Q4 FY01	FY2002	FY2001	Change (%)
Capacity	Tons	3,750	3,750	15,000	15,000	-
Production	Tons	2,460	3,820	12,253	15,496	(21)
Capacity Utilization	%	65.6	101.9	81.7	103.3	
Sales Volumes	Tons	2,241	3,999	12,812	15,326	(16)
VFY Realisation	Rs./ Kg.	163	153	160	148	8
Turnover - VFY	Rs. Crs.	36.5	61.0	205.4	226.5	(9)
-Chemical	Rs. Crs.	4.9	9.1	26.8	36.9	(27)
Total Turnover	Rs. Crs.	41.3	70.1	232.2	263.5	(12)
PBDIT	Rs. Crs.	10.2	13.3	49.5	59.3	(17)
OPM	%	24.6	19.0	21.3	22.5	
PBIT	Rs. Crs.	5.1	7.7	29.6	39.8	(26)
Capital Employed	Rs. Crs.			284.4	309.7	(8)
ROCE	%			10.4	12.9	

VFY – Performance at a Glance



VFY – Performance Review

- ❑ **Management initiatives to improve quality, acquire premium market and cost efficiencies gave excellent results in first half**
- ❑ **67 days illegal strike impacted operations, which have subsequently been stabilised recording highest quality level in Mar-02**
- ❑ **In Q4 FY 02**
 - **Plant restarted on 21st Jan., and stabilised operations by end-Feb.**
 - **Restart costs dragged business profits significantly**
 - **Power plant breakdown resulted in poor performance of Chemicals business**
- ❑ **Performance for full year skewed**
 - **Production down 21% to 12,253 tonnes, limiting sales volumes**
 - **Sales down 16% YoY to 12,812 tonnes**
 - ❖ **Exports maintained consciously to protect long term interests**
 - ❖ **Domestic volumes lower by 20% YoY**
- ❑ **VFY average realisation improved by 8% YoY**
 - **Benefiting from better quality & changing product mix – in the first three quarters**
 - ❖ **Domestic realisation higher by 9%**
- ❑ **Positive factors**
 - **Softening of global pulp prices and good monsoon improving water availability at Veraval**
- ❑ **Business margins declined from 22.5% to 21.3% due to lower volumes and exceptional costs**

VFY – Outlook

- ❑ **Plant operations stabilised, poised to benefit from improvements in sector prospects**
- ❑ **Challenging industry outlook, both domestic and exports**
 - **Domestic demand to improve with positive change in fashion trends and recovery in textiles sector**
 - **Impact of increasing supplies and intense competition from China, in select denier segments, will however need to be watched**
 - **Better Export prospects with quality conscious customers**
 - **Pricing pressures to remain**
 - **Softer pulp prices to help improve cost structure**
- ❑ **IRIL will focus on**
 - **Regaining market dominance**
 - ❖ **Improvement in product quality and increased share of 1st quality yarn**
 - ❖ **Enhanced focus on quality conscious premium segment**
 - ❖ **Backup technical assistance and customer support services**
 - **Seize export opportunities**
 - ❖ **Position as premium product and ensure premium pricing**
 - **Tighten cost structure further**
 - ❖ **Improvement in shop floor efficiencies to cut costs**
 - ❖ **Improved yield and reduction in consumption of utilities**
 - ❖ **Achieve higher production**

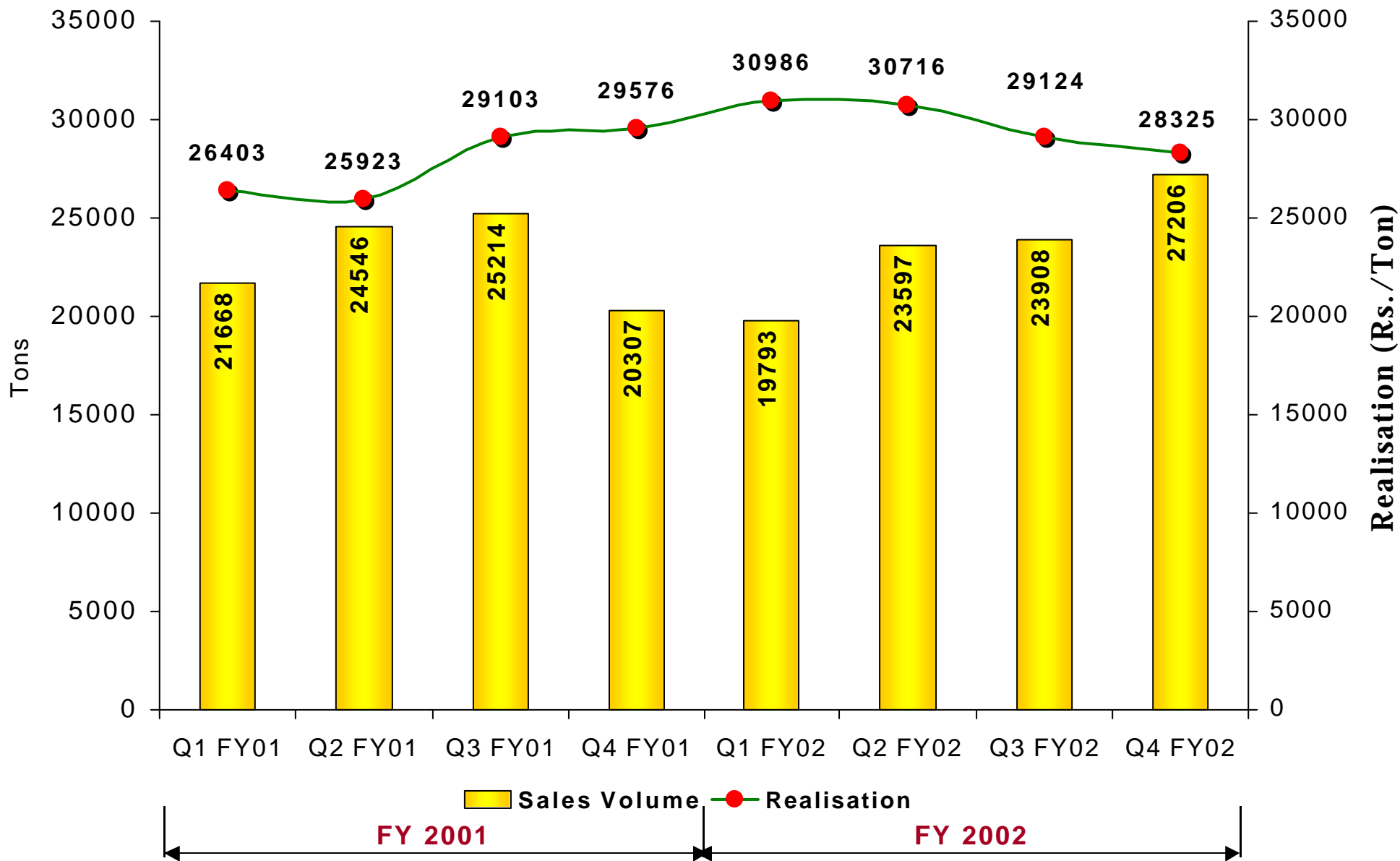
Carbon Black



Rs. Crores

Particulars	Unit	Q4 FY02	Q4 FY01	FY2002	FY2001	Change (%)
Capacity	Tons	27,500	27,500	110,000	110,000	-
Production	Tons	26,185	20,442	93,634	89,739	4
Capacity Utilization	%	95.2	74.3	85.1	81.6	
Sales Volumes	Tons	27,206	20,307	94,504	91,735	3
Realisation	Rs./ Ton	28,325	29,576	29,681	27,719	7
Turnover	Rs. Crs.	77.1	60.1	280.5	254.3	10
PBDIT	Rs. Crs.	15.5	11.1	57.9	51.3	13
OPM	%	20.1	18.5	20.6	20.2	
PBIT	Rs. Crs.	12.3	7.8	45.0	38.6	17
Capital Employed	Rs. Crs.			303.3	334.7	(9)
ROCE	%			14.8	11.5	

Carbon Black- Performance at a Glance



Carbon Black– Performance Review

❑ Significant improvement in quarterly performance

- Sequential improvement continue even during Q4 FY02
- Sales volumes grew by 34% YoY despite demand pressure in user industries
 - ❖ Auto industry shows early signs of recovery, but 4-wheeler and HCV segments buck the trend
 - ❖ Volume growth driven by increased sales in the non-tyre segment. Non-tyre sales more than double in Q4FY02
 - ❖ Aggressive marketing efforts and competitive pricing strategies have been key contributors
- Revenues up 28% as a result and is despite 4% lower average realisation in Q4 FY02

❑ Strong full year performance, reflects improving trend over the quarters

- Higher production and sales copuled with superior realisation resulted in impressive performance
- Sales volumes up marginally, driven by 18% higher exports
 - ❖ Locational advantage of Chennai Plant exploited
 - ❖ Aggressive marketing under “Birla Carbon” brand showing results
 - ❖ Successful penetration in the new export markets of Asia
- Realisation up 7% YoY; Revenues higher by 10% at Rs.280.5 crores
- Operating margins improved marginally
 - ❖ CBFS prices remained range bound
 - ❖ Better product mix, product rationalisation and superior services brought higher realisation
 - ❖ Tight control over input cost and overheads contributed further

Carbon Black– Outlook

- ❑ **Promising long term outlook, though immediate term outlook is uncertain**
 - **Auto sector is showing early signs of recovery, but largest user segments yet to show definite signs of improvement**
 - **Profitability will be under pressure**
 - ❖ **Continued pressure on realisation due to weak demand and cheaper imports**
 - ❖ **Lower import duty on finished goods to exert further pressure**
 - ❖ **Fresh volatility in global CBFS prices likely on the back of rising trend in crude oil prices**

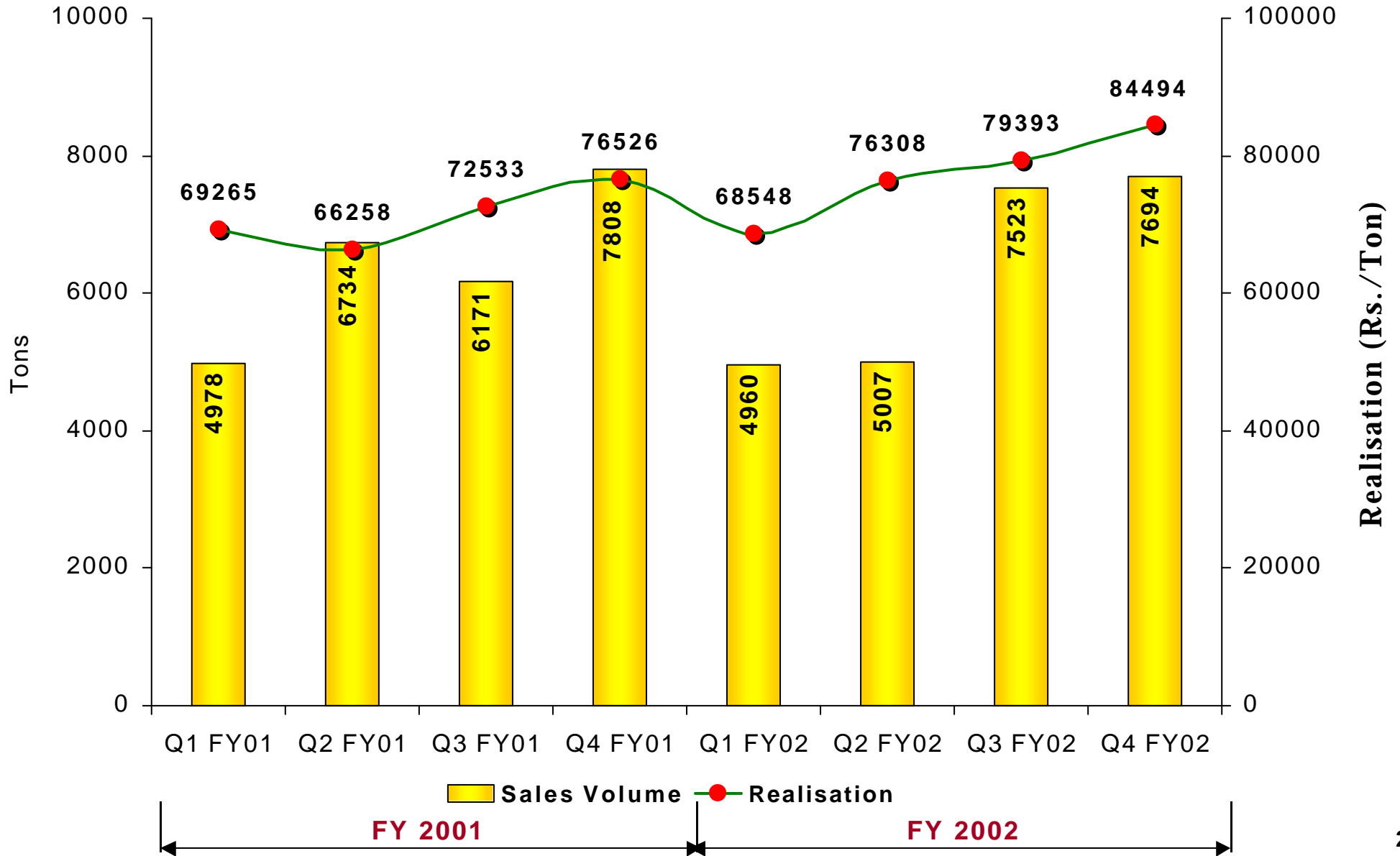
- ❑ **Company's strategy to ensure stable growth going forward**
 - **Increase exports by leveraging logistic strengths and focussed marketing efforts**
 - **Strengthen presence in the non-tyre application segments**
 - **Consolidate position further in the Tyre sector through focus on quality and customer service**
 - **Commercialise new grades developed in house**

Insulators

Rs. Crores

Particulars	Unit	Q4 FY02	Q4 FY01	FY2002	FY2001	Change (%)
Capacity	Tons	8,500	8,500	34,000	34,000	-
Production	Tons	6,289	6,117	25,277	25,665	(2)
Capacity Utilization	%	74.0	72.0	74.3	75.5	
Sales Volumes	Tons	7,694	7,808	25,183	25,691	(2)
Realisation	Rs./ Ton	84,494	76,526	78,211	71,480	9
Turnover	Rs. Crs.	65.0	59.8	197.0	183.6	7
PBDIT	Rs. Crs.	15.0	10.8	44.8	31.8	41
OPM	%	23.1	18.0	22.7	17.3	
PBIT	Rs. Crs.	13.6	9.3	38.7	25.6	51
Capital Employed	Rs. Crs.			138.5	130.3	6
ROCE	%			27.9	19.6	

Insulators- Performance at a Glance



Insulators– Performance Review

□ Excellent overall performance even during Q4 FY02

- Higher domestic sales volumes
- Positive change in product mix
- Higher realisation and
- Enhanced margins

□ Demonstrated remarkable improvement in performance for the full year as well

- Sales volumes maintained flat at 25,183 tonnes
- Average realisation higher by 9% with better product mix
- Turnover increased by 7% to Rs. 197 crores
 - ❖ Exports revenue down 9% YoY, but impact offset by higher domestic sales
 - ❖ Domestic sales up 26% benefiting from spurt in distribution & transmission activities in power sector and successful acquisition of new clients
- Operating Margins up from 17.3% to 22.7% in FY02 on the back of
 - ❖ Higher realisation
 - ❖ Reduced input costs and
 - ❖ Improved yields

Insulators– Outlook

□ Sector outlook promising

- Development of power infrastructure gaining momentum in India and Abroad
- The recent announcement to meet the demand gap of power in 10th & 11th Plan by government generating additional power of 1 lac MW by 2010, will lead to improvement in demand for insulators
- Global markets present exciting opportunities
 - ❖ European manufacturer cutting production due to high costs
 - ❖ Large demand potential from underdeveloped African and Asian nations

□ IRIL will focus on

- Quality conscious user segments in the
 - ❖ Equipment porcelain and high end transmission products market
- Strengthening of exports
 - ❖ Leverage existing strong relationship with OEM's
 - ❖ Deeper penetration in existing markets and entry into new markets
 - ❖ Focus on high rating products in the quality conscious segments
- Insulator's segments will remain a priority

Textiles



Rs. Crores

Particulars	Unit	Q4 FY02	Q4 FY01	FY2002	FY2001	Change (%)
Sales - Worsted	Tons	928	868	3,782	3,392	11
Flax Yarn	Tons	155	150	604	737	(18)
Synthetic	Tons	2,613	2,494	10,184	9,919	3
Total Volumes	Tons	3,696	3,512	14,570	14,048	4
Turnover - Worsted	Rs. Crs.	31.5	30.6	123.0	118.8	4
Flax Yarn	Rs. Crs.	5.8	5.6	21.2	28.5	(26)
Synthetic	Rs. Crs.	25.4	27.8	105.1	114.4	(8)
Others	Rs. Crs.	11.2	16.8	57.3	79.3	(28)
Total Turnover	Rs. Crs.	73.8	80.8	306.6	341.0	(10)
Operating Profit*	Rs. Crs.	7.3	12.5	30.5	44.2	(31)
OPM	%	9.9	15.4	10.0	13.0	
PBIT	Rs. Crs.	2.5	7.6	11.1	24.3	(54)
Capital Employed	Rs. Crs.			170.4	192.7	(12)
ROCE	%			6.5	12.6	

* Operating Profit before VRS

Textiles – Performance Review

- ❑ **Exit from hose pipe segment**
- ❑ **Right sizing of Fabrics operation and laid thrust on Flax and Speciality Fabrics.**
 - **Sales volumes maintained**
 - ❖ **Worsted yarn volumes up 11% on increased sale of “Wool-Tops”**
 - ❖ **Reflects conscious strategy followed to reap benefits of market opportunities**
 - **Business revenue down 10% YoY to Rs. 306.6 Cr. reflecting right sizing of Fabrics operation, suspension of hosepipe activity and also continued pressure on realisation**
 - ❖ **Flax Yarn and Synthetic segments witnessed fall in realisation**
 - **Operating Margins declined from 13% to 10%**
 - ❖ **Higher input costs for Flax Yarn and Worsted Yarn**
 - ❖ **Lower realisation**

Textiles - Outlook

□ Business Outlook remains challenging

➤ IRIL to benefit from

- ❖ Improved Worsted Yarn performance on the back of renewed focus on speciality products
- ❖ Improved profitability from renovated Flax Spinning equipment
- ❖ Increasing focus on Flax and speciality Fabrics and reduced dependence on low profitable Synthetic segment
- ❖ Benefits arising from VRS
- ❖ Recovery of Global Economy and consequent improvement in realisation and exports

To Summarise...

- ❑ **Suffered on account of illegal strike at Veraval and recessionary pressures in key growth businesses that led to mixed performance from key businesses**
- ❑ **Confident of superior performance in the coming year**
 - **Global economy showing early signs of recovery, key businesses to benefit significantly given their intrinsic linkage to the economic activity**
 - **Garments to emerge as key beneficiary, revenues and profitability set to grow**
 - **Regaining of market share and stable operations at VFY to add further strength**
 - **Carbon Black showing signs of recovery and to gain further momentum**
 - **Impressive improvement in Insulator performance to continue**
 - **Benefits of rightsizing efforts at Textiles to accrue**

**Our endeavour will be to deliver superior performance
in the quarters to come**

Thank You

Snapshot – FY2002



Rs. Crores

Particulars	FY2002	FY2001	FY2000
Equity	59.9	59.9	59.9
Net Worth	1,110.5	1,067.1	1,093.9
Long Term Debt	265.4	304.6	311.3
Short Term Debt	176.4	150.6	270.7
Total Debts	441.8	455.2	582.0
Capital Employed*	1,552.3	1,522.3	1,675.9
Net Block	772.5	809.2	861.4
Net Working Capital	340.0	369.4	470.3
Investments	439.8	343.8	344.2
ROCE (at PBIT) (%)	7.6	8.9	6.6
Book Value (Rs.)	185.5	178.2	182.7
Debt Equity (%)	39.8	42.7	53.2
Long Term Debt Equity (%)	23.9	28.5	28.5

* Before proposed dividend

Capital Employed – FY2002

Rs. Crores

Particulars	Capital Employed		PBIT		ROCE (%)	
	FY 2002*	FY 2001	FY 2002	FY 2001	FY 2002	FY 2001
Garments	226.4	213.5	(7.7)	(0.3)	(3.4)	(0.1)
Rayon	284.4	309.7	29.6	39.8	10.4	12.8
Carbon Black	303.3	334.7	45.0	38.6	14.8	11.5
Insulators	138.5	130.3	38.7	25.6	27.9	19.6
Textiles	170.4	192.7	11.1	24.3	6.5	12.6
Others	39.1	48.7	0.3	0.7	0.9	1.5
Total Operating Assets	1,162.1	1,229.6	117.0	128.7	10.1	10.5
Corporate Assets	390.2	292.7	1.3	7.3	0.3	2.5
Total	1,552.3	1,522.3	118.3	135.9	7.6	8.9

* Before proposed dividend

Consolidated Financials



Rs. Crores

Particulars	Investment	Revenue	PBIT	PAT (before Deferred Tax)	PAT (after Deferred Tax)
IRIL		1,408.2	119.6	69.1	43.4
Insurance	105.0	8.4	(36.1)	(36.3)	(36.3)
Software	100.3	37.6	(10.6)	(10.9)	(10.9)
Overseas Subsidiary	3.7		3.0	(0.8)	(0.8)
Investment Companies	11.4	1.0	0.7	0.5	0.5
Total	220.4	1,455.2	76.6	21.6	(4.1)
Minority Interest			(14.2)	(14.2)	(14.2)
Share of IRIL Group			90.8	35.8	10.1
EPS for IRIL Group				6.0	1.7