PRESS RELEASE **Mumbai, 28th April 2003**

THE ADITYA BIRLA GROUP'S INDIAN RAYON AND INDUSTRIES LIMITED

REPORTS EXCELLENT PERFORMANCE FOR THE FOURTH QUARTER AND THE YEAR ENDED 31st MARCH 2003

Rs.Crores

Annual Highlights	Q4 FY2003			FY2003		
Net Sales	**335.58**	⇧	**3%**	**1,443.82**	⇧	**2.4%**
Profit Before Tax and Exceptional Items	**40.07**	⇧	**115.2%**	**146.73**	⇧	**101.7%**
Net Profit	**17.79**	⇧	**20.1%**	**105.33**	⇧	**142.4%**
EPS (Rs.) (Annualised)	**11.88**	⇧	**20.2%**	**17.59**	⇧	**142.3%**

Particulars	Three Months ended			For the year ended		
	2003	2002	Growth %	2003 Audited	2002 Audited	Growth %
Net Sales	**335.58**	**325.86**	3.0	**1,443.82**	**1,410.63**	2.4
Profit before Depreciation & Tax	**57.70**	**36.94**	56.2	**218.47**	**146.28**	49.4
Depreciation & Amortisation	**17.63**	**18.32**	(3.8)	**71.74**	**73.54**	(2.4)
Profit Before Tax and Exceptional Items	**40.07**	**18.62**	115.2	**146.73**	**72.74**	101.7
Exceptional Items	**(18.66)**	**8.68**		**(18.66)**	**1.33**	
Profit before Tax	**21.41**	**27.30**	(21.6)	**128.07**	**74.07**	72.9
Provision for Tax	**3.63**	**12.49**	(70.9)	**34.22**	**30.61**	11.8
Tax Provision No Longer Required Written Back	**(0.01)**	**-**	-	**(11.48)**	**-**	-
Net Profit	**17.79**	**14.81**	20.1	**105.33**	**43.46**	142.4
Exceptional items						
Loss on sale on Investment-MRPL	(57.08)			(57.08)	-	
Gain on Insulator Demerger	38.42			38.42	-	
Voluntary Retirement Cost at Textiles		(0.23)		-	(7.58)	
Surplus on Sale of Assets under Disposal		8.91		-	8.91	
Total	(18.66)	8.68		(18.66)	1.33	

The corresponding figures of the previous year are not strictly comparable as the Company's Insulator Business has been de-merged from the 1st of August 2002 on a going concern basis. The Scheme was made effective on the 10th of January 2003. The operations relating to its

Insulator Business from the 1st August 2002, thus do not form part of the Company's working. The gain of Rs. 38.42 Crores on the de-merger has been shown as an exceptional item. The company has also sold Promoters stake in MRPL during the year to ONGC. It has incurred a loss of Rs. 57.08 Crores on this sale, which is also shown as exceptional items.

Indian Rayon, a major Aditya Birla Group Company, has posted a Sales of Rs.1,594.75 Crores for the year ended 31st March, 2003 as compared to Rs. 1,550.14 Crores in the previous year. Despite the de-merger of its Insulator business, the Company has a registered higher sale is indeed commendable. Exports declined from Rs. 388.32 Crores to Rs. 372.99 Crores during the year, as the Insulator business was transferred.

The Company has attained a gross profit of Rs. 218.47 Crores up by 49.4% in comparison with Rs. 146.28 Crores achieved in the corresponding quarter. **Net profit grew to Rs. 105.33 Crores from Rs. 43.46 Crores in the corresponding year despite the net loss of Rs.18.66 crores on exceptional items**. The Company has reassumed the domestic marketing rights of the Insulators business on formation of JV with NGK of Japan. Continuous restructuring of the business processes, operational excellence and effective financial management has contributed significantly to the Company's earnings.

Dividend

Encouraged by better results, the Board of Directors has recommended a dividend of 37.5% as compared to 33% paid in the previous year. Besides this, the company will also pay a dividend tax of 12.8%. The dividend outgo will be Rs. 25.3 Crores.

Division-wise Performance

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

Particulars	Sales Volume			Net Turnover (Rs. Crores.)	
	Unit	Year ended 31st March		Year ended 31st March	
		2003	2002	2003	2002
Garments	Lac Pcs.	61.7	70.7	327.47	356.06
Viscose Filament Yarn (VFY)	Tons	15,422	12,812	338.01	230.90
Carbon Black	Tons	114,232	94,504	327.84	279.72
Textiles	Tons	15,262	14,570	348.30	306.20

Rayon Division

The Rayon Division put in a splendid performance. Revenues have soared by 46.4% to Rs. 338.01 Crores. The previous year's performance is not strictly comparable due to the impact of illegal strike. Capacity utilisation at 105.8% has been noteworthy. Importantly, it achieved first quality yarn level of 62%. This has resulted in better realisation and an enriched product mix.

Higher volumes and better realisation from Chlorine has helped to better profitability.

Overall, the outlook for this business remains positive. However for last 15 days, despatches have been affected due to uncertainties in the market on CENVAT / VAT. Novel applications of VFY and VFY-based products, leveraging its "RAY ONE" brand, targeting it to premium customers are proactive growth oriented measures. Changing fashion trends leading to a greater VFY blend will also prove to be a stimulant to bring in growth in revenues and earnings.

Madura Garments

The Garments Division's revenues at Rs.327.47 Crores declined by 8.0% vis-a-vis against Rs. 356.06 Crores achieved in the previous year. Sales volumes are lower by 12.7%. Weak Consumer sentiments and a fall in the market growth affected volumes. Stiff competition from regional players in terms of pricing put pressure on realisation. Industry-wide excessive discounting has impaired margins. While the Company maintained its leadership in all of its 'Power Brands' such as Louis Phillipe, Van Heusen and Allen Solley. Peter England in the category of Popular Brands met with a reversal.

A judicious control on advertisement spend in tune with market conditions, abetted the situation. Advertisement spends are lower by 23.2% despite the launching of Suits, Women's Wear and San Frisco jeans which required greater support.

The long-term prospects for this business remains encouraging. The domestic market has shown signs of recovery. The marginal reduction in the excise duty on branded garments and bringing the entire textile and garments industry in the Cenvat chain augurs well for this sector. To improve its profitability, the Division has taken a slew of initiatives. Among these are – leveraging Power brands such as Allen Solly, Van Heusen and Louise Philippe towards attaining aggressive growth levels; focus on building Planet Fashions for expanding its retail presence; a thrust on new product innovations, and entering into new segments like accessories business through licensing. A repositioning strategy for Peter England is already under implementation.

Carbon Black Division

The Carbon Black Division's revenue at Rs. 327.84 Crores is up by 17.2% over that of Rs. 279.72 Crores achieved in the previous year. The Division operated at 102.3% capacity utilisation and has posted a 20.9% growth in sales volume, from 94,504 MT to 114,232 MT. The recovery in the Auto and Tyre sectors has had a favourable rub off on this business. Operating profit at Rs. 71.74 Crores has soared by 23.8% vis-à-vis Rs. 57.92 Crores in the earlier year. Better operational efficiencies and the benefits that stemmed from higher waste heat recovery converted into power, have led to an improvement in operating profits.

To capitalise on the demand growth of Carbon Black led by the Auto/Tyre sector, the capacity of its plant at Gummidipoondi will be expanded from 40,000 TPA to 80,000 TPA, at a cost of Rs. 60 Crores. Commercial production will commence by the end of the current fiscal year. This will further strengthen its leadership position in the domestic market and lead to a strong growth in the export market.

The outlook for this business remains positive with growth both in the Tyre and Auto sectors. The Company will also expand successfully in the non-tyre segment applications. As crude oil prices started softened may lower to leading to lower CBFS cost, benefits will flow into the overall cost structure of Carbon Black Division.

Textiles Division

The Textiles Division revenues have gone up a significant 13.7% to Rs. 348.30 Crores on the back of volume growth, resulting from a rising share of wool tops and value added products. Exports have grown by 28.0% to Rs.181.80 Crores. The renewed focus on Linen fabrics and its retailing has paid well. Operating profit at Rs. 28.71 Crores is marginally lower, as Worsted yarn margins were affected due to higher raw wool prices. Better margins of Flax could offset the impact partially.

As market conditions continue to be difficult, the outlook for this sector remains challenging. Pressure on pricing and higher input costs are factors to be reckoned with. While the Worsted yarn segment should benefit from softening of wool prices, to ensure sustained growth, the Division's thrust will be on retailing of Linen as "the fabric of the future" and protective fabrics.

Insulator Division

The Insulators business has been de-merged from the Company, into a JV titled "BIRLA NGK Insulators Private Limited". The de-merger is effective from the 1st of August 2002. The JV has been operational from the 6th of February 2003. The JV will benefit from NGK's expertise in improving the yield, quality and the product mix.

The JV has chalked out a capex plan to increase its capacity by 8,000 TPA bringing it to 42,000 TPA. Modernisation of existing equipments to improve quality is also on the anvil.

Capex

The company will spend Rs.139 Crores on Modernisation and Expansion at all the units, this includes Rs. 60 Crores on the Expansion of Carbon Black. Besides BIRLA NGK Insulators will be spending about Rs. 50 Crores on expansion and modernisation. The entire amount will be funded from internal accruals. These capex will yield results in future.

Future Outlook

Indian Rayon expects the performance of its business to improve. Sector wise:

- Garments Division will increase sales volumes through a pricing strategy in the popular segment and will benefit from the slew of proactive initiatives taken during the year.
- VFY will gain from better quality levels and leveraging 'RAYONE' brand.
- Carbon Black will perform well with growing Auto/Tyre sector.
- Textiles will derive gains from retailing of Linen and higher sales in Worsted segments.

The overall outlook for the Company's future is positive. However, the first quarter may be affected with the national level power loom sector / truck strike.