GRASIM INDUSTRIES LIMITED + $

DIVERSIFIED **ADITYA BIRLA**

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Tr agent: Same as above

Chairman: Kumar Mangalam Birla **SEC:** Ashok Malu **AUD:** G. P. Kapadia & Co.

Yr of Inc	B. Code	BL. Code	F.V.	Price	% ch 1-m	% ch 12-m	P/E	P/CF	Yield	Mkt cap	Vol.	ISIN
1947	500300	GRASIM.IN	10	2,676.8	1.9	105.9	22.3	14.8	0.7	245,382.3	16.3	INE047A01013

SHAREHOLDING

Indian Promoters	:	25.0%
Foreign collaborators	:	0.0%
Indian inst/Mut Fund	:	22.2%
FIIs/GDR	:	32.7%
Free float	:	20.1%
Shareholders	:	164,847

FX Transaction (FY06)

Exports (fob)	Rs m	1,942
Imports (cif)	Rs m	6,682
Fx inflow	Rs m	2,003
Fx outflow	Rs m	7,386
Net fx	Rs m	-5,383

EQUITY SHARE DATA

No. of months / Year ending		12 / 31/03/04	12 / 31/03/05	12 / 31/03/06
High	Rs	1,233	1,410	2,077
Low	Rs	322	865	1,029
Sales per share	Rs	596.2	1,026.9	1,111.1
Earnings per share	Rs	86.0	96.8	119.8
Cash flow per share	Rs	118.7	170.2	174.6
Dividends per share	Rs	14.00	16.00	20.00
Dividend yield (eoy)	%	1.8	1.4	1.3
Book value per share	Rs	366.9	445.7	527.7
Shares outstanding (eoy)	m	91.67	91.67	91.67
Bonus/Rights/Conversions		-	-	-
Price / Sales ratio	x	1.3	1.1	1.4
Avg P/E ratio	x	9.0	11.7	13.0
P/CF ratio (eoy)	x	6.5	7.3	8.6
Price / Book Value ratio	x	2.1	2.6	2.9
Dividend payout	%	16.3	16.5	16.7
Avg Mkt Cap	Rs m	71,273	104,275	142,364
No. of employees	`000	16	15	15
Total wages/salary	Rs m	3,867	5,093	5,433
Avg. sales/employee	Rs Th	3,421.8	6,127.6	6,715.6
Avg. wages/employee	Rs Th	242.1	331.5	358.2
Avg. net profit/employee	Rs Th	493.7	577.7	724.3

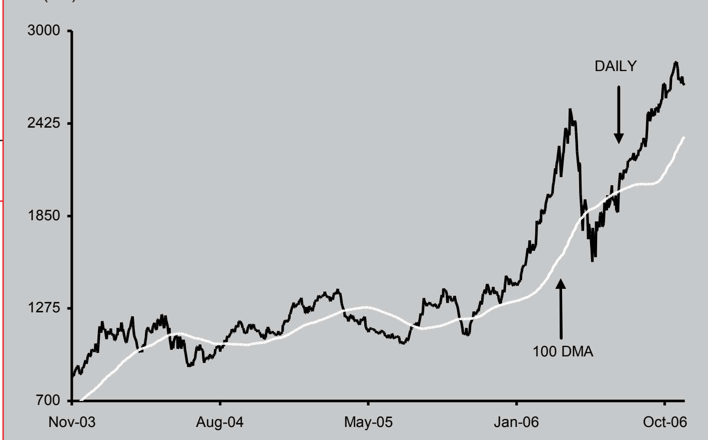
INCOME DATA

Net Sales	Rs m	54,650	94,138	101,856
Other income	Rs m	2,473	2,452	2,524
Total revenues	Rs m	57,123	96,590	104,380
Gross profit	Rs m	12,868	20,196	20,702
Depreciation	Rs m	2,997	5,486	5,552
Interest	Rs m	1,956	2,846	2,122
Profit before tax	Rs m	10,388	14,316	15,552
Minority Interest	Rs m	0	152	-1,160
Prior Period Items	Rs m	503	70	89
Extraordinary Inc (Exp)	Rs m	0	-1,242	531
Tax	Rs m	3,006	4,421	4,027
Profit after tax	Rs m	7,885	8,875	10,985
Gross profit margin	%	23.5	21.5	20.3
Effective tax rate	%	28.9	30.9	25.9
Net profit margin	%	14.4	9.4	10.8

BALANCE SHEET DATA

Current assets	Rs m	14,944	23,971	26,185
Current liabilities	Rs m	11,279	17,233	19,663
Net working cap to sales	%	6.7	7.2	6.4
Current ratio	x	1.3	1.4	1.3
Inventory Turnover	Days	33	41	42
Debtors Turnover	Days	34	28	21
Net fixed assets	Rs m	35,311	62,851	64,028
Share capital	Rs m	917	917	917
"Free" reserves	Rs m	30,545	37,839	45,353
Net worth	Rs m	33,631	40,859	48,376
Long term debt	Rs m	16,974	28,423	31,731
Total assets	Rs m	75,128	114,227	121,590
Interest coverage	x	6.3	6.0	8.3
Debt to equity ratio	x	0.5	0.7	0.7
Sales to assets ratio	x	0.7	0.8	0.8
Return on assets	%	10.5	7.8	9.0
Return on equity	%	23.4	21.7	22.7
Return on capital	%	19.4	16.9	16.4
Exports to sales	%	2.8	1.6	1.9
Imports to sales	%	7.0	7.5	6.6

ADJUSTED DAILY SHARE PRICE DATA



CASH FLOW

No. of months / Year ending		12 / 31/03/04	12 / 31/03/05	12 / 31/03/06
From Operations	Rs m	12,255	14,229	19,839
From Investments	Rs m	-8,163	-11,163	-12,976
From Financial Activity	Rs m	-2,855	-4,341	-6,125
Net Cashflow	Rs m	1,237	-1,276	739

INTERIM RESULTS

		3QFY06	4QFY06	1QFY07	2QFY07
Net sales	Rs m	25,032	29,014	31,959	31,838
Gross profit	Rs m	4,569	6,004	8,226	7,753
Gross profit margin	%	18.3	20.7	25.7	24.4
Net profit	Rs m	1,953	3,467	4,352	4,183
Net profit margin	%	7.8	11.9	13.6	13.1

KEY DATA

Parameters	Unit	FY04	FY05	FY06
Cement capacity (standalone)	MTPA	13.5	13.6	13.6
Rev from cement business	% of sales	43.5	42.3	50.5
Rev from VSF business	% of sales	29.9	28.1	25.6
Rev from others businesses	% of sales	26.6	29.7	23.8
Market Share (cement capacity)	%	9.2	8.8	8.5

NOTES

Grasim is one of India's premier diversified companies with presence in five business segments. However, the company derives almost 90% of its revenues from two businesses viz. VSF and cement. While the company is amongst the top two producers in the world in VSF, it is also the eighth largest producer of cement in the world with a total capacity of 31 MT. The company's other businesses include sponge iron, textiles and chemicals.

The overall performance of the company during FY06 has been good. Grasim reported 18% bottomline growth in FY06, on a 10% growth in topline. Operating margins declined by 500 basis points to about 20% in the fiscal. The operating profit growth was constrained by the sponge iron business, which was affected by the phenomenal rise in input costs and non-availability of natural gas. The net profits declined by 120 basis points on account of increased costs.

Going forward, in near term, we expect the favorable pricing environment to continue for the cement industry on the back of a better demand-supply scenario. However, while we believe that Grasim remains largely a play on cement, the company has a significant presence in the VSF and sponge iron. We believe that the near-term prospects for VSF could remain challenging. Expected recovery in global cotton prices appears positive for VSF business. The company is all set to capitalise on the increasing opportunities available in India and South Asian countries. To get a foothold in China, the world' largest VSF market, company has formed a joint venture with a Hubei Jing Wei Chemical Fibre Company. The company plans to augment cement capacity by 8MTPA to cater to increasing demand in northern region and set up captive power plant to reduce power costs.