

ADITYA BIRLA



# Aditya Birla Nuvo Limited

Performance Update : 3<sup>rd</sup> Quarter FY2011-12

Mumbai, 11<sup>th</sup> February 2012

Stock Code: **BSE** : 500303 **NSE** : ABIRLANUVO **Reuters** : ABRL.BO / ABRL.NS / IRYN.LU **Bloomberg** : ABNL IB / ABNL IN / IRIG LX

**Investor presentation**

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Note 1 : The financial results of ABNL are consolidated financials unless otherwise specified

Note 2 : The financial figures in this presentation have been rounded off to the nearest ₹ 1 Crore

# India Inc. and Aditya Birla Nuvo

## India Inc.

- ◆ GDP growth falls to 6.9% in the second quarter of 2011-12 from 7.7% in the previous quarter.
- ◆ While CRR cut by RBI, growth in PMI and decline in headline inflation are comforting, sustainable recovery is still watched for.
  - After hiking key policy rates thirteen times between Mar'10 and Nov'11, the central bank has cut the cash reserve ratio by 50 bps in Jan'12.
  - Composite PMI grew to 59.6 in Jan'12 from 54.7 in Dec'11.
  - While cheaper food prices pulled down headline inflation, manufacturing inflation is still high.
  - Industrial output growth plunged to 1.8% in Dec'11 as compared to a healthy 5.9% growth in Nov'11
  - Still at higher levels, interest rates are impacting fresh investment and constraining growth.

## Aditya Birla Nuvo

- ◆ Aditya Birla Nuvo continues to post strong earnings amidst the challenging macro-economic environment.
- ◆ While some of the businesses did get affected due to sector specific challenges, other businesses supported overall earnings growth of the Company.
- ◆ This reflects the strength of ABNL's conglomerate model.

# Aditya Birla Nuvo : Key Highlights

## ◆ Aditya Birla Financial Services

- ➔ Birla Sun Life Insurance and Birla Sun Life Asset Management improved their market rankings during the year to 4<sup>th</sup> amidst sectoral challenges
- ➔ Aditya Birla Finance continues to grow its lending book cautiously

## ◆ Telecom

- ➔ Idea continues to gain revenue market share – Improved to 14% (Q2FY12) from 12.8% a year ago
- ➔ Reflecting strength of its brand and quality of its services, Idea continues to lead the industry as an MNP provider and enjoys the highest active subscribers ratio in the industry

## ◆ Fashion & Lifestyle

- ➔ Madura continues to strengthen its leadership position across its power brands viz., Louis Philippe, Van Heusen, Allen Solly and Peter England
  - Expanded its retail presence to 1,082 EBOs spanning across 1.6 million sq. ft.

## ◆ IT-ITeS

- ➔ Conversion of order book and forex movement drove earnings growth at Aditya Birla Minacs

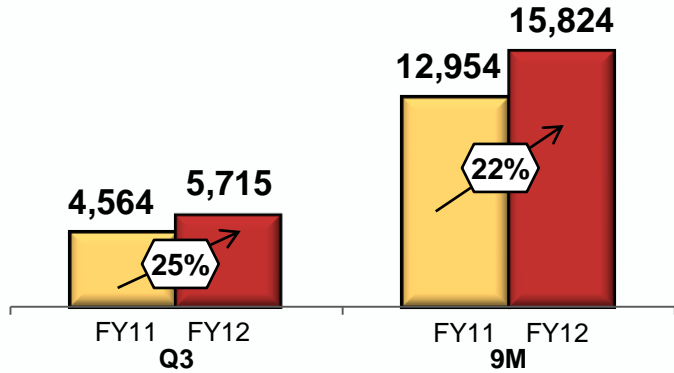
## ◆ Manufacturing

- ➔ Agri, Rayon and Textiles businesses posted strong growth in earnings
- ➔ Off-take remained affected in the Carbon Black and Insulators businesses

# Consolidated earnings

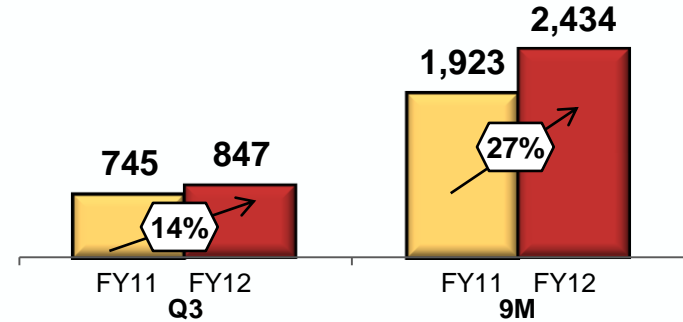
## Revenue

(₹ Crore)



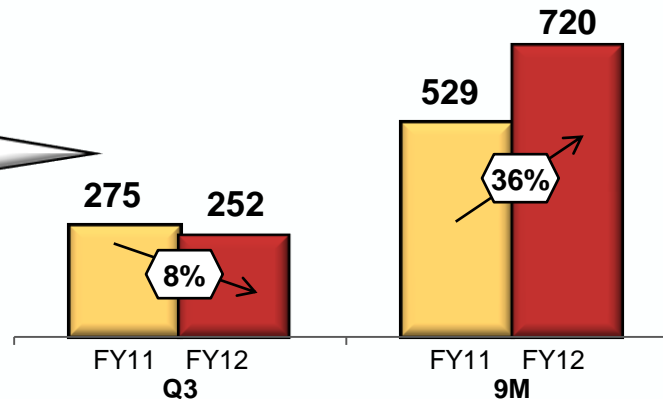
## EBITDA

(₹ Crore)



## Net Profit

(₹ Crore)

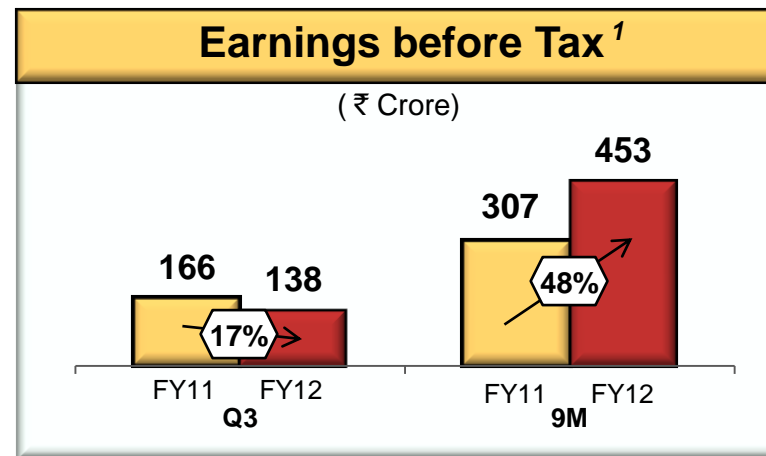
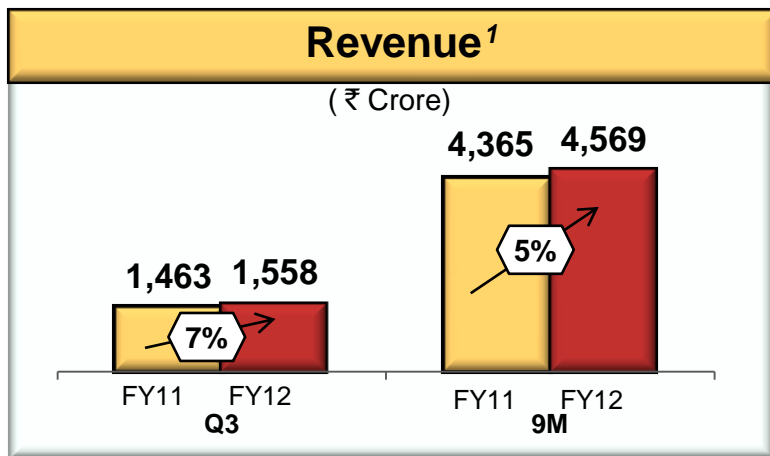


Rise in depreciation & interest costs primarily relating to 3G investments in the Telecom business affected net profit growth in Q3

Strong growth in earnings

# **Business-wise performance highlights**

# Aditya Birla Financial Services (ABFS)



- ABFS, one of the largest non bank financial services players, is managing AUM of ~ ₹ 84,100 Cr.
- Financial services sector, particularly Life Insurance and Asset Management industry, is facing headwinds as a result of the regulatory changes and the investment climate. However, long term growth prospects remain intact for the sector.
- Going forward, ABFS strives to emerge stronger led by growth initiatives being pursued
  - Life Insurance: Strengthening distribution, augmenting product offerings besides focusing on persistency and expense management.
  - Asset Management: Growing profitable assets along with thrust on distribution efficiency, expense management and fund performance.
  - NBFC : Scaling book size cautiously and diversifying product portfolio. Commenced infra financing.
- EBT de-grew in Q3 primarily in Life Insurance & Asset Management while NBFC posted sound earnings growth

Note 1 : Include full figures of Asset Management business. Being a JV, Asset Management business is consolidated at 50% in ABNL's consolidated financials as per AS 27.  
 Note 2 : Includes assets of Life Insurance, quarterly AAUM of Asset Management and Private Equity

**Strong growth in YTD profitability**

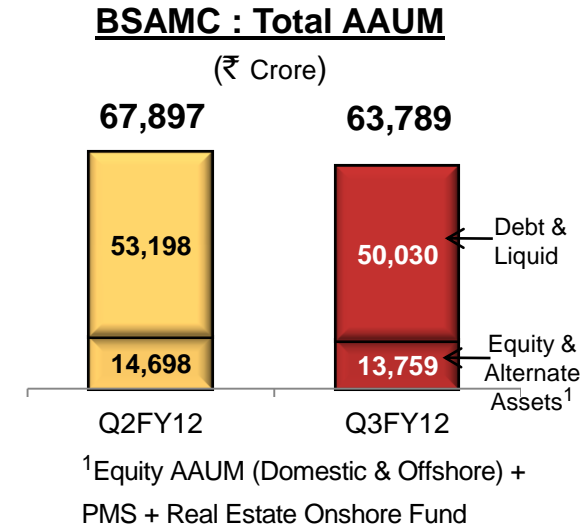
## **Birla Sun Life Insurance (BSLI)**

- **Private sector's total new business premium grew by 3% during Q3**
  - Group business contributed to the growth of private sector while individual life new business de-grew by 9%
  - On a YTD basis, BSLI improved its ranking among private sector players to 4<sup>th</sup> (PY : 6<sup>th</sup>) and enhanced its market share to 8.6% (PY: 7.3%)
- **During the quarter, BSLI's gross premium income grew y-o-y by 10% to ₹ 1,402 Cr.**
  - First year premium income grew by 28% from ₹ 385 Cr. to ₹ 493 Cr. led by group business
    - Non-ULIPs contributed to 49% (PY:40%) of individual new business
  - Renewal premium grew marginally to ₹ 909 Cr. mainly due to de-growth in new business during Q3 last year post ULIP guidelines
    - 13<sup>th</sup> month premium persistency continues to be one of the best in industry at 82% as on 31<sup>st</sup> Dec'11
- **BSLI posted earnings before tax of ₹ 102 Cr. in Q3 (PY : ₹ 127 Cr.)** primarily due to addition of distribution capacities
- **During nine months, earnings before tax grew from ₹ 156 Cr. to ₹ 344 Cr.**
  - Operating expenses to gross premium ratio reduced to 21.7% during nine months period (P.Y. 23.2%)

# Aditya Birla Financial Services

## **Birla Sun Life Asset Management (BSAMC)**

- Industry's domestic avg. AUM (AAUM) at ~ ₹ 681,700 Cr. de-grew q-o-q by 4%
  - Primarily on account of fall in equity markets and outflow of banks' investments in liquid funds
  - BSAMC posted 2<sup>nd</sup> lowest q-o-q de-growth in domestic AUM among top 5 players. While BSAMC maintained its market positioning q-o-q, it improved y-o-y ranking to 4<sup>th</sup> (PY : 5<sup>th</sup>) and market share to 8.9% (PY : 8.5%)
- **BSAMC's total AAUM stood at ₹ 63,789 Cr.**
- Has been awarded "Best Debt Fund House of the Year 2011" and runner up – "Best Fund House of the Year, 2011" by Outlook Money
- **Quarterly revenue at ₹ 75 Cr. and EBT at ₹ 26 Cr.**
  - Earnings remained under pressure across the industry due to reduction in AUM size and change in asset mix



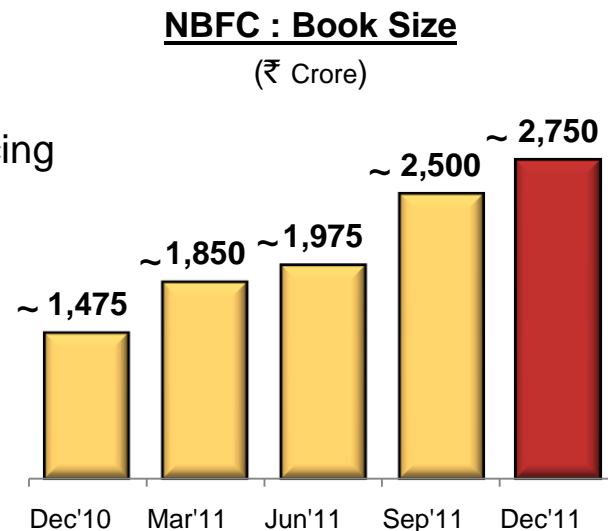
## **Aditya Birla Private Equity (ABPE)**

- Out of its ₹ 881 Cr. corpus, ABPE fund I has drawn-down and deployed 40% of the fund size
- 'Sunrise Fund' announced its 2<sup>nd</sup> closing in Dec'11 at a size of ~₹ 298 Cr. (incl. 10% sponsor commitment). Investment has been made for ~ 10% of the corpus

# Aditya Birla Financial Services

## **Aditya Birla Finance (NBFC)**

- Book size grew y-o-y by 86% to ~ ₹ 2,750 Cr. as on 31<sup>st</sup> Dec'11
  - ➔ Achieved sequential 10% growth led by loan against shares & infra financing
- In Q3, revenue surged y-o-y by 46% to ₹ 83 Cr.
  - ➔ EBT grew by 18% to ₹ 21 Cr. while net interest margin remained under pressure due to hardened interest rates
- YTD, revenue is up by 90% to ₹ 216 Cr.
  - ➔ EBT rose by 42% to ₹ 56 Cr.
- Business has a net worth of ₹ 535 Cr. as on 31<sup>st</sup> Dec'11



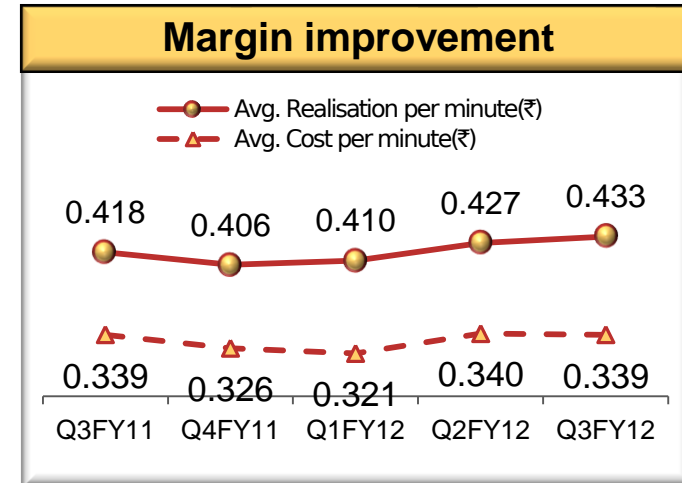
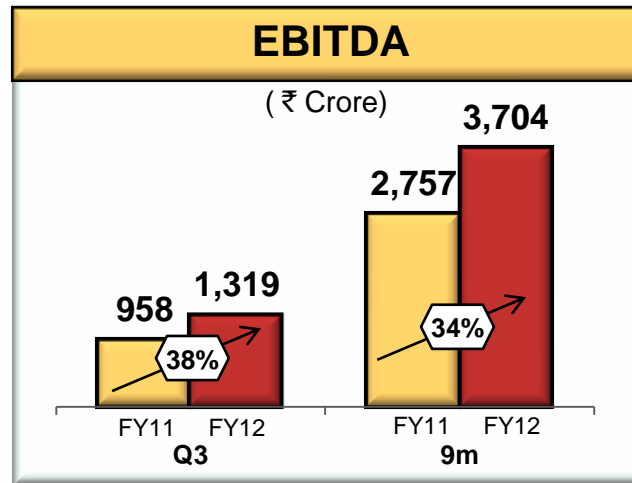
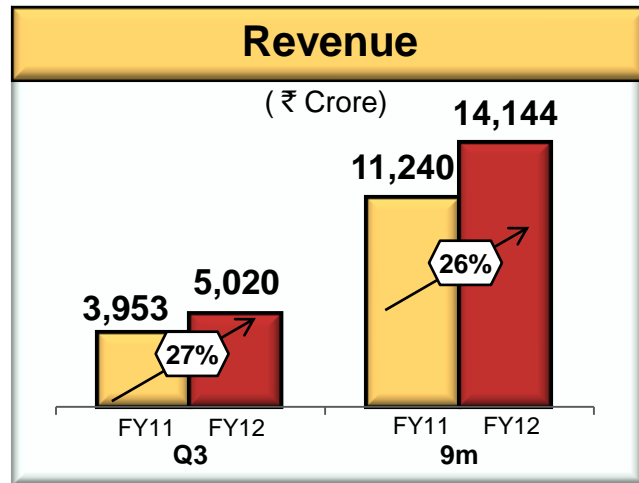
## **Aditya Birla Money (Broking and Wealth Management)**

- Continued to enhance market share in commodity and retail equity broking segments.
- Earnings remained under pressure due to sluggish market conditions

## **Aditya Birla Insurance Brokers (General insurance advisory)**

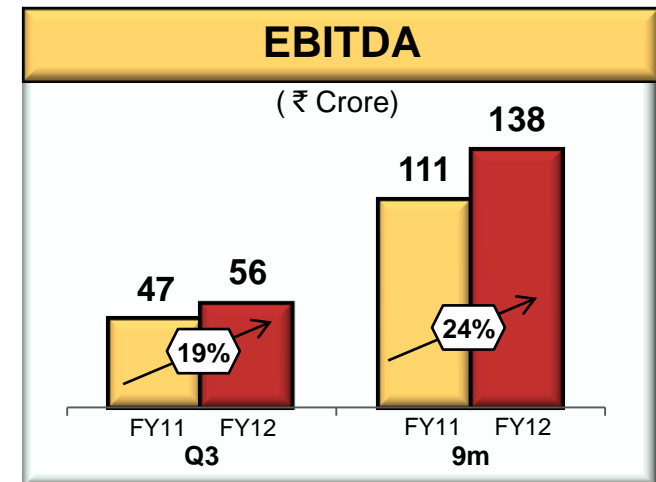
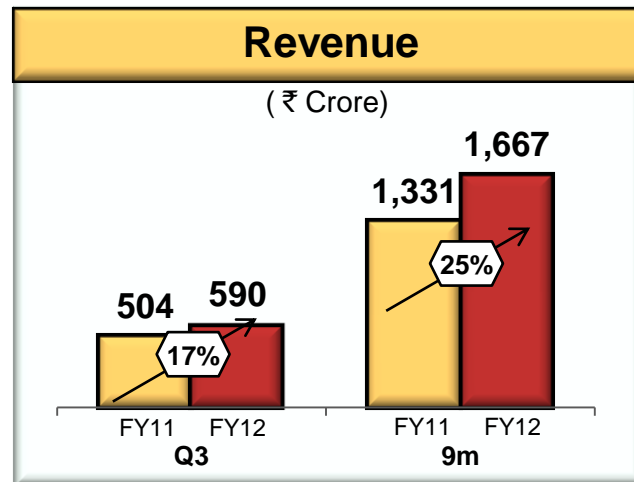
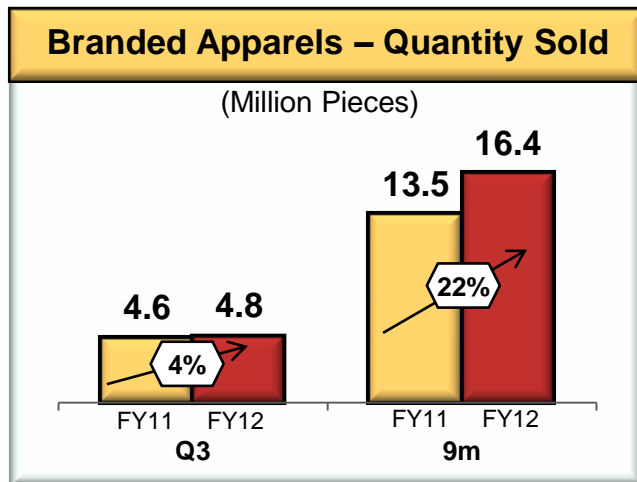
- During nine months, premium written grew y-o-y by 31% to ₹ 211 Cr. and earnings before tax doubled to ₹ 8 Cr.

# Telecom : Idea Cellular



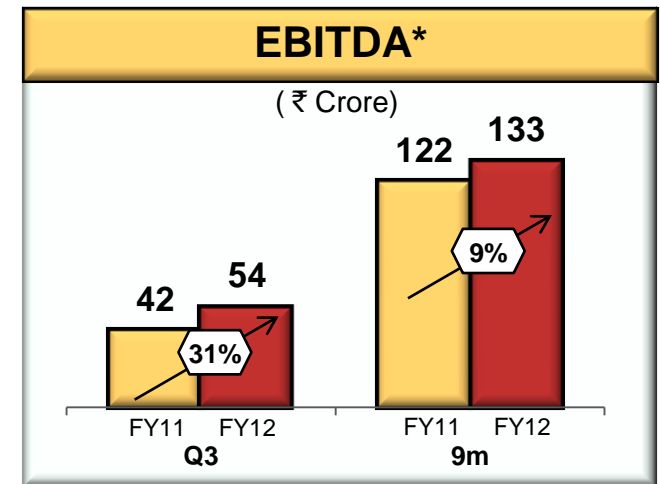
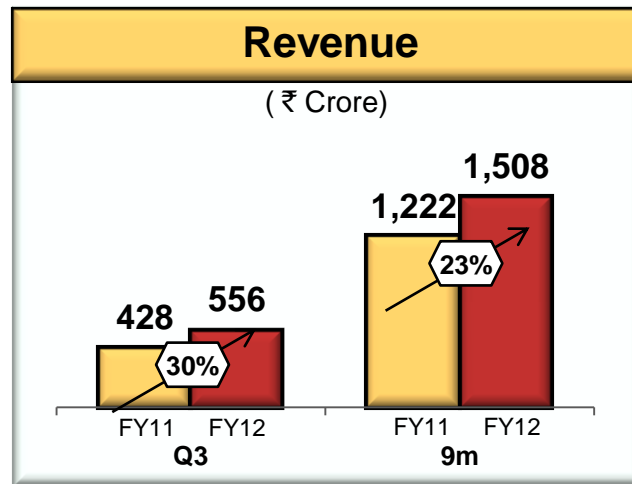
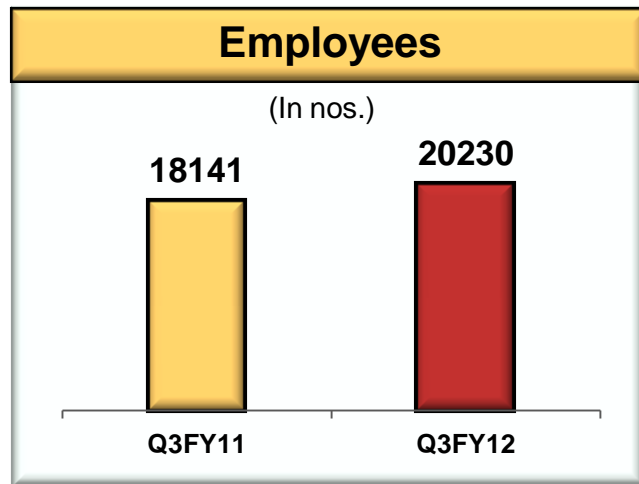
- A strong 22% growth in total MoN<sup>1</sup> and 4% rise in ARPM<sup>2</sup> drove y-o-y quarterly earnings growth**
  - Y-o-Y, revenue soared by 27%, EBITDA surged by 38% and EBITDA margin expanded by >200 bps
    - Q-o-Q, revenue grew by 9%, EBITDA rose by 14% and EBITDA margin improved by >100 bps
    - Rising share of VAS & higher roaming revenue led to ARPM growth while cost per minute remained stable
  - Net profit de-grew from ₹ 243 Cr. to ₹ 201 Cr. due to higher depreciation/amortisation and interest costs relating to 3G investments coupled with higher deferred tax
- Idea now offers 3G services to ~2.25 million subscribers across 2,300 towns in 20 service areas (including roaming arrangements)
- Going Forward** : Continue to increase revenue market share by capitalising on brand !DEA, consolidate its position in telecom voice market and participate aggressively in evolving wireless broadband business.

# Madura Fashion & Lifestyle



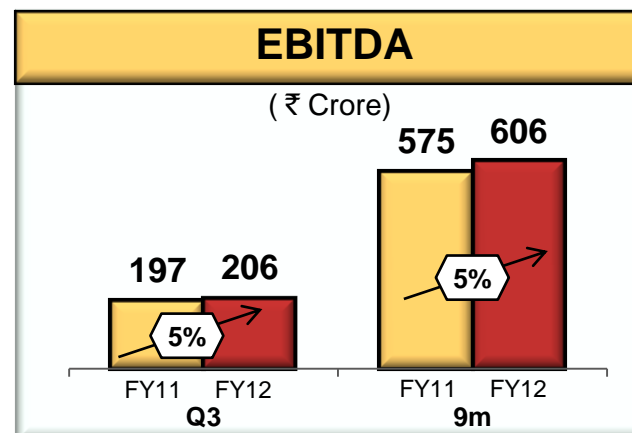
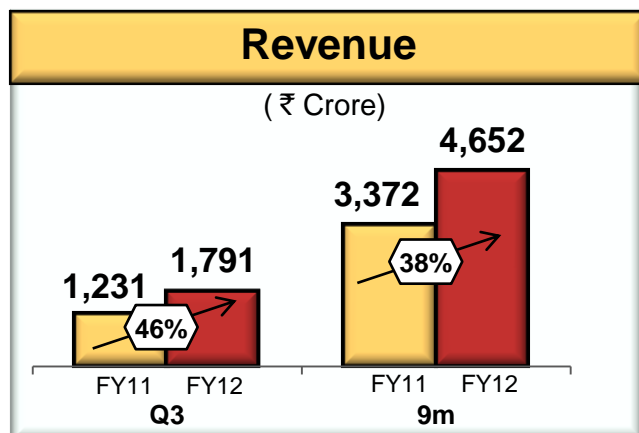
- Industry volume growth has moderated y-o-y in Q3 due to base effect and subdued demand
- Madura achieved 17% y-o-y revenue growth during the quarter** : While volume growth was moderated, increase in apparel prices early this year to pass on rise in costs & improved product mix drove revenue growth
  - ▶ Retail channel achieved 20% growth led by retail space expansion
    - Like-to-like stores sales growth moderated to 6% during Q3 (YTD – 12%)
    - Launched 69 Exclusive Brand Outlets (EBOs) during the quarter (YTD - 229 EBOs)
- EBITDA grew by 19% to ₹ 56 Cr. driven by improved product mix**
  - ▶ Increase in apparel prices compensated for rise in input and excise costs
  - ▶ Posted an ROACE (annualised) of 19% during the nine months (PY : 14%)
- Q-o-Q, profitability is maintained despite seasonally lower volumes led by better product mix & lower discounting
- Going forward** : Continue to leverage brand leadership and expanded retail space besides extending range of merchandise for superior shopper experience.

# IT-ITeS : Aditya Birla Minacs



- ◆ In Q3, revenue grew y-o-y by 30% and q-o-q by 16% to ₹ 556 Cr. : Conversion of order book and forex movement contributed
- ◆ \*EBITDA (before non-recurring items) grew y-o-y by 31% and q-o-q by 26% to ₹ 54 Cr.
- ◆ Net profit at ₹ 24 Cr. grew y-o-y by 64% and doubled q-o-q
- ◆ Total contract value (TCV) of ~USD 266 million sold in nine months
  - ◆ Witnessing slower conversion of sales pipeline due to weakening of economies in US and Europe
- ◆ Going forward :
  - ◆ Maintaining revenue growth momentum built
  - ◆ Pushing sales pipeline growth from both existing as well as new clients
  - ◆ Focusing on operational efficiencies to push margins upwards

# Manufacturing Businesses



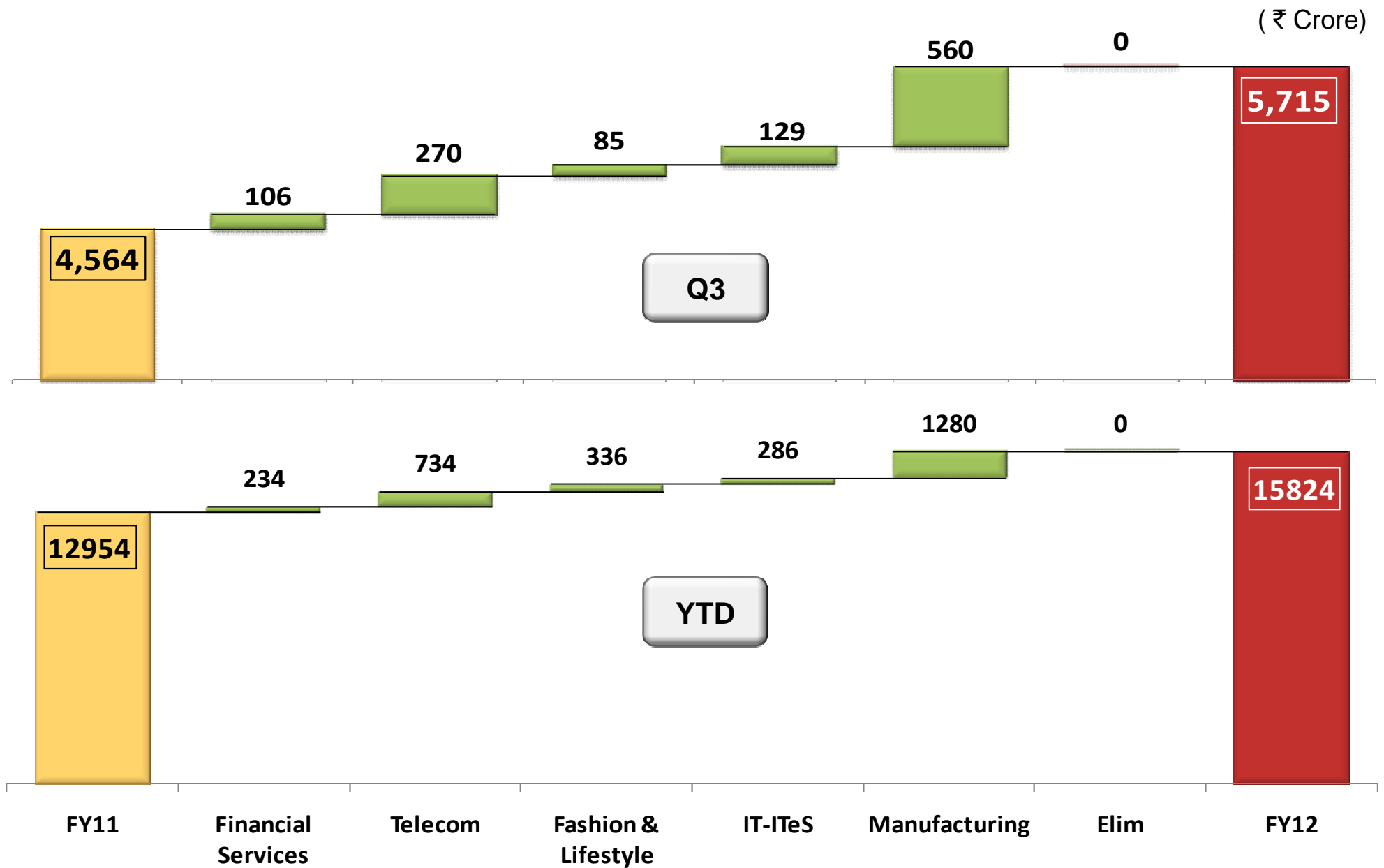
- Revenue growth was largely driven by commencement of trading of imported fertilisers. Increase in realisation in Agri, Carbon Black, Rayon and Textiles businesses to partly pass on the rise in production costs also contributed.

Business	Key Highlights	Q3- EBITDA	
		FY11	FY12
<b>Agri-business</b>	Trading of imported fertilisers (incl. pricing gain due to favourable forex movement ) contributed	47	82
<b>Carbon Black</b>	Lower off-take and higher CBFS prices affected profitability	64	44
<b>Insulators</b>	Lower volumes and rise in production costs impacted earnings	33	13
<b>Rayon</b>	Increase in VFY & ECU realisation partly offset by rise in input & fuel costs	20	32
<b>Textiles</b>	Improved realisation across the segments	32	35

- Going forward** : Optimising operating efficiency & passing on rise in input & fuel costs.

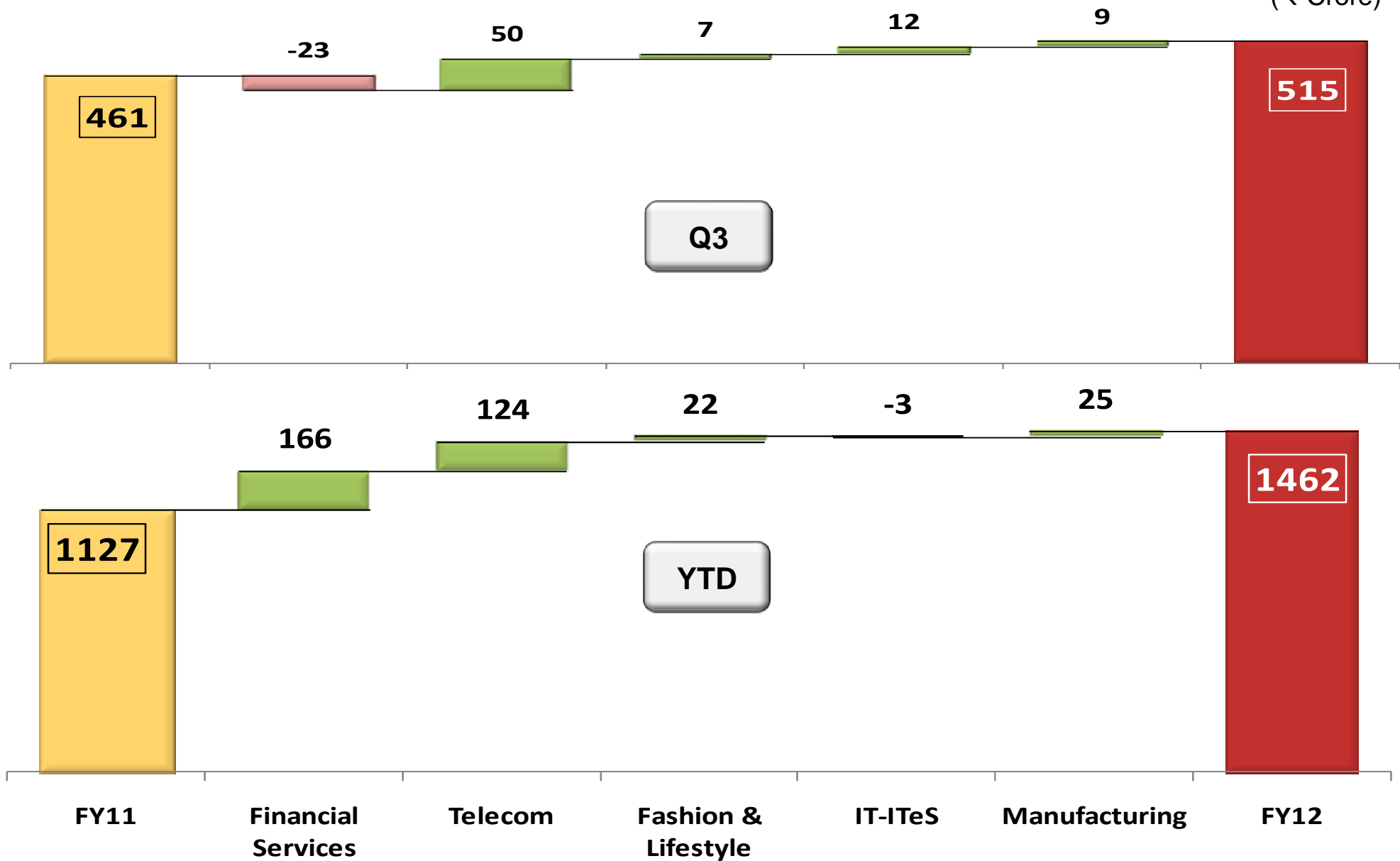
# Financial Performance

# Consolidated Revenue Walk

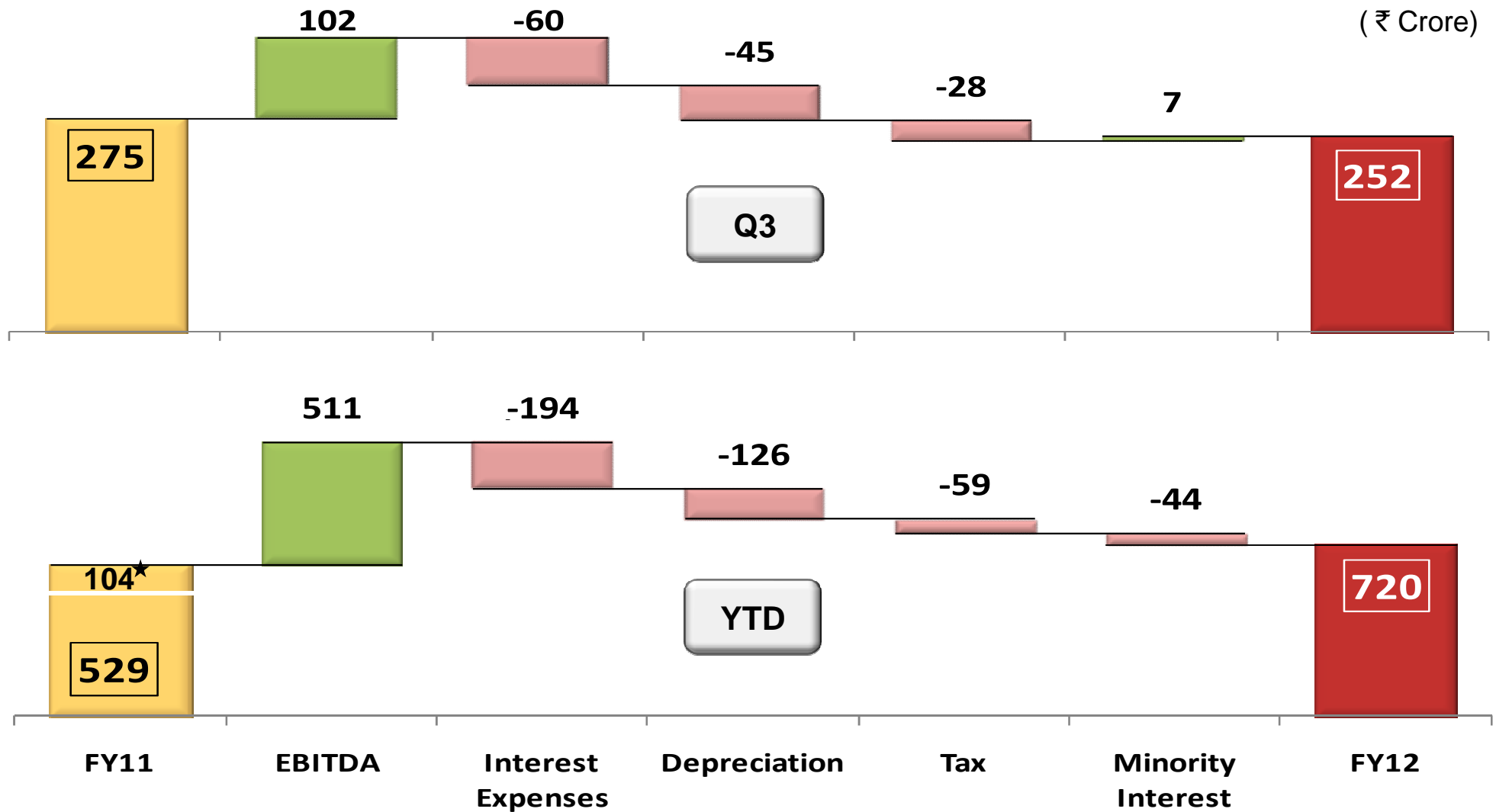


# Consolidated Segmental EBIT Walk

(₹ Crore)



# Consolidated Net Profit Walk



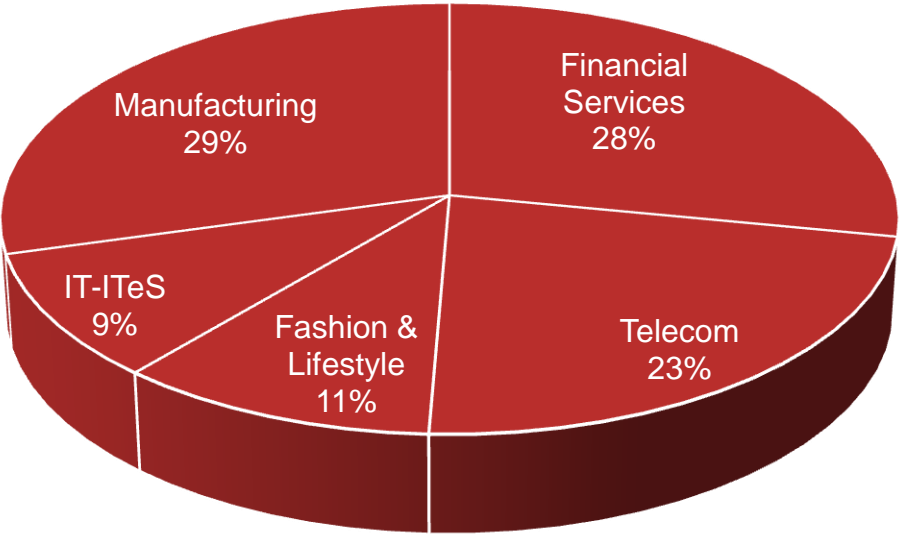
Note : With the introduction of 3G services in FY12, additional expenses of amortisation of 3G spectrum fee & related interest cost were charged to profit in the telecom business leading to rise in ABNL's consolidated depreciation & interest cost

\*Last year, Aditya Birla Money & Aditya Birla Money Mart, subsidiaries of Aditya Birla Nuvo, had borne one time exceptional loss of ₹ 104 Cr.

# Consolidated Mix – 9mFY12

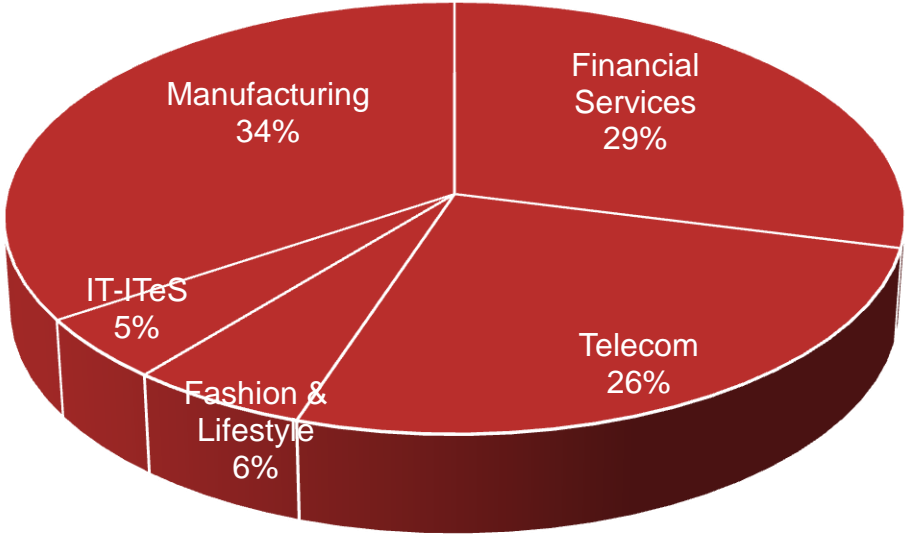
## Revenue

₹ 15,824 Cr.

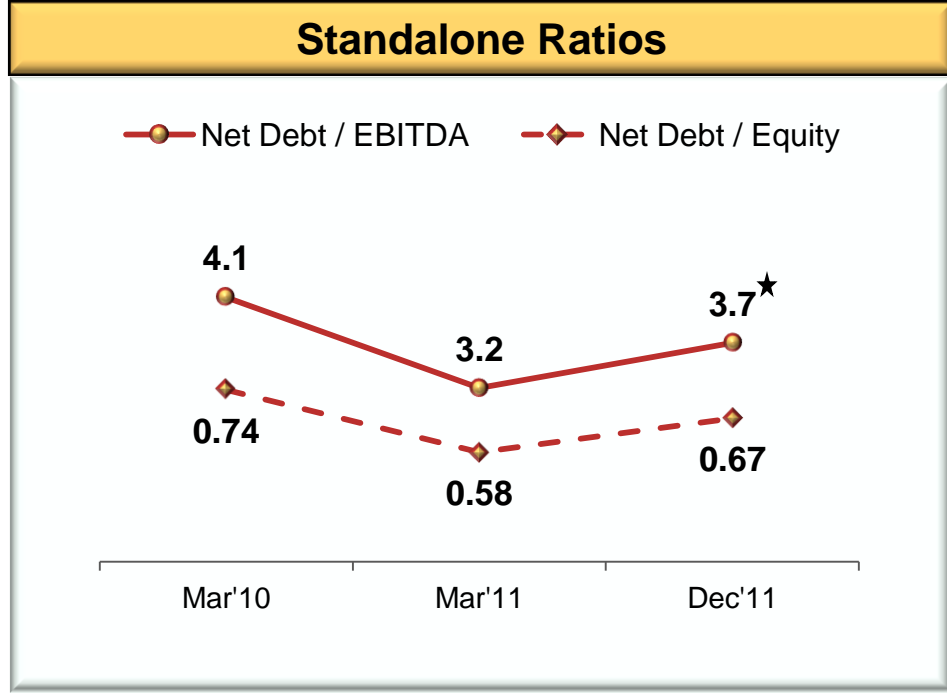
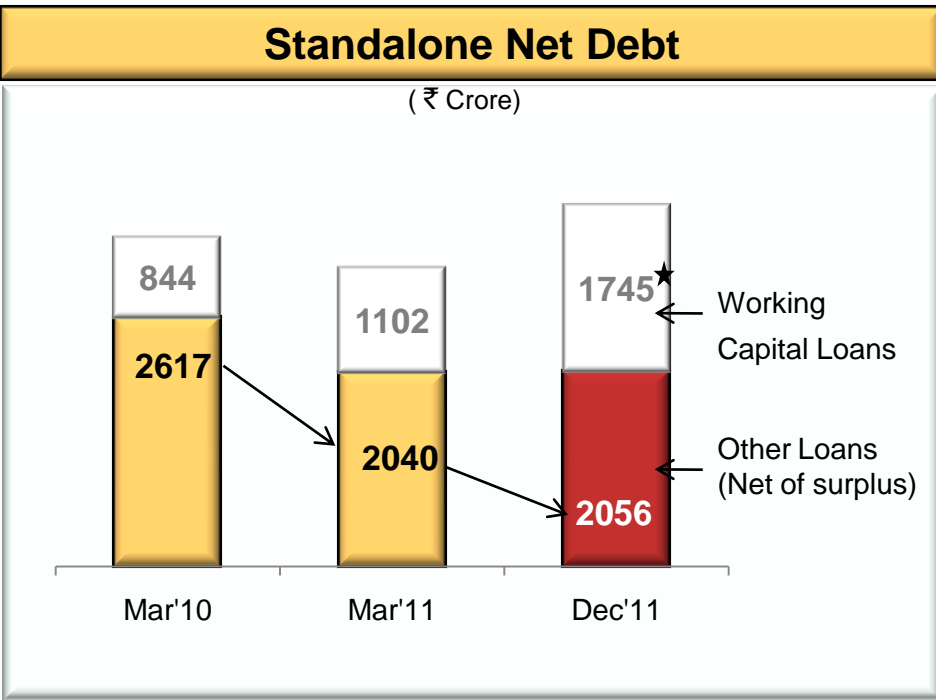


## EBIT

₹ 1,462 Cr.



# Standalone Balance Sheet



★ Net of MTM provision w.r.t. fully hedged foreign currency working capital borrowings

● Working capital has increased largely due to slower recovery of subsidy in Agri business

# Aditya Birla Nuvo : A Uniquely Positioned Conglomerate

## Vision

**To become a premium conglomerate  
with market leadership across businesses  
delivering superior value to shareholders on a sustained basis**

## Going Forward

**Capturing opportunities across the businesses  
to achieve next higher level of growth  
supported by strong balance sheet**

# **Annexure I**

## **Financials**

# Consolidated Revenue

( ₹ Crore)

Quarter - 2	Quarter 3		Revenue	Nine Months	
2011-12	2011-12	2010-11		2011-12	2010-11
1,480	1,354	1,255	Life Insurance	3,974	3,767
162	167	160	Other Financial Services *	476	449
1,168	1,273	1,003	Telecom (Nuvo's share) @	3,586	2,852
594	590	504	Fashion & Lifestyle	1,667	1,331
481	556	428	IT-ITeS	1,508	1,222
1,469	1,791	1,231	Manufacturing	4,652	3,372
468	461	412	Carbon Black	1,442	1,124
450	775	347	Agri-business	1,576	908
172	177	141	Rayon	505	403
118	116	125	Insulators	344	368
261	263	205	Textiles	785	569
(12)	(16)	(16)	Inter-segment Elimination	(39)	(39)
<b>5,342</b>	<b>5,715</b>	<b>4,564</b>	<b>Consolidated Revenue</b>	<b>15,824</b>	<b>12,954</b>

\* Other Financial Services include Asset Management (consolidated at 50%), NBFC, Private Equity, Broking, Wealth Management & General Insurance Advisory.

@ Idea is consolidated at ~25.4%

# Consolidated EBIT

( ₹ Crore)

Quarter - 2	Quarter 3		EBIT	Nine Months	
	2011-12	2010-11		2011-12	2010-11
105	105	129	Life Insurance	357	163
29	21	20	Other Financial Services *	66	95
107	142	93	Telecom (Nuvo's share) @	382	258
40	38	31	Fashion & Lifestyle	85	62
16	36	25	IT-ITeS	69	72
156	172	163	Manufacturing	502	477
41	35	54	<i>Carbon Black</i>	133	162
52	77	43	<i>Agri-business</i>	168	118
17	24	12	<i>Rayon</i>	63	51
14	8	28	<i>Insulators</i>	41	82
32	29	27	<i>Textiles</i>	98	64
<b>453</b>	<b>515</b>	<b>461</b>	<b>Segmental EBIT</b>	<b>1462</b>	<b>1127</b>

\* Other Financial Services include Asset Management (consolidated at 50%), NBFC, Private Equity, Broking, Wealth Management & General Insurance Advisory.  
Interest cost of NBFC business, being an operating expense as per AS 17, is deducted from Segmental EBIT

@ Idea is consolidated at ~25.4%

# Consolidated Profit & Loss

( ₹ Crore)

Quarter - 2	Quarter 3		Consolidated Profit & Loss Account	Nine Months	
	2011-12	2010-11		2011-12	2010-11
<b>5,342</b>	<b>5,715</b>	<b>4,564</b>	<b>Revenue</b>	<b>15,824</b>	<b>12,954</b>
<b>779</b>	<b>847</b>	<b>745</b>	<b>EBITDA</b>	<b>2,434</b>	<b>1,923</b>
44	52	43	Less : NBFC Interest expenses	134	82
168	162	111	Less : Other Interest Expenses	485	343
<b>567</b>	<b>633</b>	<b>591</b>	<b>EBDT</b>	<b>1,815</b>	<b>1,498</b>
273	277	232	Less : Depreciation	811	685
<b>294</b>	<b>357</b>	<b>359</b>	<b>Earnings before Tax</b>	<b>1,004</b>	<b>813</b>
54	78	51	Less : Provision for Taxation (Net)	194	135
26	26	33	Less : Minority Interest	90	46
-	-	-	Add : Exceptional Gain / (Loss)*	-	(104)
<b>214</b>	<b>252</b>	<b>275</b>	<b>Consolidated Net Profit</b>	<b>720</b>	<b>529</b>

\*Last year, Aditya Birla Money & Aditya Birla Money Mart, subsidiaries of Aditya Birla Nuvo, had borne one time exceptional loss of ₹ 104 Cr.

# Balance Sheet

( ₹ Crore)

Standalone		Balance Sheet	Consolidated	
Dec-11	Mar-11		Dec-11	Mar-11
5,683	5,401	Net Worth	7,439	6,678
-	-	Minority Interest	301	278
4,197★	3,287	Debt	9,063★	7,763
		NBFC borrowings	2,472	1,538
181	174	Deferred Tax Liabilities (Net)	316	259
10,061	8,862	Capital Employed	19,590	16,516
-	-	Policyholders' funds (Incl. funds for future appropriation)	18,044	18,977
10,061	8,862	Total Liabilities	37,634	35,493
1,928	1,858	Net Block (Incl. Goodwill)	12,460	11,884
2,166★	1,434	Net Working Capital	4,275★	2,080
5,571	5,424	Long Term Investments	292	289
-	-	Life Insurance Investments	19,132	19,760
396	146	Cash Surplus & Current Investments	1,475	1,481
501	476	Book Value (₹)	655	586
3.7	3.2	Net Debt / EBITDA (x)	2.3	2.3
0.67	0.58	Net Debt / Equity (x)	1.02	0.94
8,402	9,244	Market Capitalisation - NSE		

Note : NBFC book is included in Net Working Capital

★ Net of MTM provision w.r.t. fully hedged foreign currency working capital borrowings

# Standalone Profit & Loss

(₹ Crore)

Quarter - 2	Quarter 3		Profit & Loss Account	Nine Months	
	2011-12	2010-11		2011-12	2010-11
<b>2,052</b>	<b>2,363</b>	<b>1,715</b>	<b>Revenue</b>	<b>6,279</b>	<b>4,665</b>
<b>259</b>	<b>266</b>	<b>255</b>	<b>EBITDA</b>	<b>773</b>	<b>727</b>
82	84	70	Interest Expenses	236	212
<b>178</b>	<b>183</b>	<b>185</b>	<b>EBDT</b>	<b>536</b>	<b>515</b>
51	51	49	Depreciation	152	143
<b>126</b>	<b>132</b>	<b>136</b>	<b>Earnings before Tax</b>	<b>385</b>	<b>372</b>
35	36	36	Provision for Taxation (Net)	103	88
<b>92</b>	<b>96</b>	<b>100</b>	<b>Net Profit</b>	<b>282</b>	<b>285</b>

# **Annexure II**

## **Business-wise Financials**

# Aditya Birla Financial Services

Quarter 3		₹ Crore	Nine Months	
2011-12	2010-11		2011-12	2010-11
		<b><u>Revenue</u></b>		
1,354	1,255	Birla Sun Life Insurance	3,974	3,767
75	96	Birla Sun Life Asset Management	238	300
83	57	Aditya Birla Finance	216	114
21	26	Aditya Birla Money	64	92
12	19	Aditya Birla Money Mart	41	58
8	5	Aditya Birla Insurance Brokers	24	17
5	6	Others	13	16
<b>1,558</b>	<b>1,463</b>	<b>Total Revenue</b>	<b>4,569</b>	<b>4,365</b>
150	182	EBITDA	498	358
138	166	Earnings before tax	453	307
<b>120</b>	<b>151</b>	<b>Net Profit before exceptional items</b>	<b>404</b>	<b>256</b>
-	-	Exceptional Gain / (Loss)	-	(104)
<b>120</b>	<b>151</b>	<b>Net Profit</b>	<b>404</b>	<b>152</b>

Quarter 3		₹ Crore	Nine Months	
2011-12	2010-11		2011-12	2010-11
		<u>New Business Premium</u>		
268	321	Individual Business	832	1,183
225	64	Group Business	462	254
<b>493</b>	<b>385</b>	<b>New Business Premium (Gross)</b>	<b>1,294</b>	<b>1,437</b>
909	893	Renewal Premium (Gross)	2,825	2,434
<b>1,402</b>	<b>1,277</b>	<b>Premium Income (Gross)</b>	<b>4,118</b>	<b>3,871</b>
(72)	(29)	Less : Reinsurance ceded & Service tax	(186)	(120)
<b>1,331</b>	<b>1,248</b>	<b>Premium Income (Net)</b>	<b>3,932</b>	<b>3,751</b>
23	7	Other Operating Income	41	16
<b>1,354</b>	<b>1,255</b>	<b>Revenue</b>	<b>3,974</b>	<b>3,767</b>
111	138	EBITDA	377	194
102	127	Earnings before tax	344	156
<b>102</b>	<b>127</b>	<b>Net Profit</b>	<b>344</b>	<b>156</b>
		Capital	2,450	2,450
		Assets under management	19,132	19,165

# Birla Sun Life Asset Management

₹ Crore	Average AUM	
	Q3FY12	Q3FY11
Equity	10,376	12,431
Debt & Liquid	50,030	45,298
<b>Domestic AUM</b>	<b>60,406</b>	<b>57,729</b>
Off shore	2,143	2,749
PMS	151	306
Real Estate Fund	1,088	788
<b>Total AUM</b>	<b>63,789</b>	<b>61,571</b>

Quarter 3		₹ Crore	Nine Months	
2011-12	2010-11		2011-12	2010-11
75	96	Revenue (Fee Income)	238	300
27	37	EBITDA	80	110
26	37	Earnings before tax	76	107
16	25	Net Profit	48	72

Quarter 3		₹ Crore	Nine Months	
2011-12	2010-11		2011-12	2010-11
<b>5,020</b>	<b>3,953</b>	<b>Revenue</b>	<b>14,144</b>	<b>11,240</b>
<b>1,319</b>	<b>958</b>	<b>EBITDA</b>	<b>3,704</b>	<b>2,757</b>
562	366	EBIT	1,507	1,017
<b>201</b>	<b>243</b>	<b>Net Profit</b>	<b>484</b>	<b>624</b>
		Net Worth	12,805	12,016
		Total Debt	13,076	11,236
		<b>Capital Employed</b>	<b>25,881</b>	<b>23,252</b>

- Subscribers base rose to 106.4 million : Built a platform for accelerated future growth in Voice, VAS, Wireless broadband and related telecom services.
- During the quarter, MoN rose q-o-q by 7.3% to 114 billion and ARPM grew from ₹ 0.427 to ₹ 0.433.
- Share of VAS in revenue increased q-o-q from 13.2% to 13.7%
- Capex (2G+3G) in Q3 was ~ ₹ 12.6 billion (₹ 34 billion in nine months). For FY12, capex guidance stands at ₹ 40 billion
- Strong balance sheet & steady cash profit to support growth: Consolidated Net debt / EBITDA - 2.6 & Net Debt/Equity - 1
- Interest of ₹ 285 Cr. pertaining to 3G borrowings was capitalised during nine months last year (₹ 124 Cr. In Q3 last year)

# Madura Fashion & Lifestyle

Quarter 3		₹ Crore	Nine Months	
2011-12	2010-11		2011-12	2010-11
		No. of EBOs	1,082	856
		Retail Space (Mn Sq. Ft)	1.6	1.2
<b>590</b>	<b>504</b>	<b>Revenue</b>	<b>1,667</b>	<b>1,331</b>
<b>56</b>	<b>47</b>	<b>EBITDA</b>	<b>138</b>	<b>111</b>
38	31	EBIT	85	62
612	604	Capital Employed	612	604
25	20	ROACE (Annualised) (%)	19	14

- Retail Channel, Wholesale Channel and other Channels contributed 42% , 39% and 19% respectively to the total revenue during the nine months period
- ROACE improved led by enhanced profitability and rationalised working capital

Quarter 3		₹ Crore	Nine Months	
2011-12	2010-11		2011-12	2010-11
		Employees (Nos.)	20,230	18,141
<b>556</b>	<b>428</b>	<b>Revenue</b>	<b>1,508</b>	<b>1,222</b>
<b>54</b>	<b>42</b>	<b>EBITDA*</b>	<b>133</b>	<b>122</b>
2	(1)	Non-recurring gain / (loss)	(5)	(1)
<b>56</b>	<b>40</b>	<b>EBITDA</b>	<b>128</b>	<b>121</b>
36	25	EBIT	69	72
24	15	Net Profit	43	41

\* EBITDA before non-recurring gain/loss (forex gain/loss and restructuring costs)

Quarter 3		₹ Crore	Nine Months	
2011-12	2010-11		2011-12	2010-11
302	298	Urea Sales ('000 MT)	851	818
<b>775</b>	<b>347</b>	<b>Revenue</b>	<b>1,576</b>	<b>908</b>
480	310	Urea	1,161	845
295	37	Trading	415	62
<b>82</b>	<b>47</b>	<b>EBITDA</b>	<b>182</b>	<b>131</b>
77	43	EBIT	168	118
1,174	358	Capital Employed	1,174	358
34	52	ROACE (Annualised) (%)	27	47

- ◆ **Quarterly revenue more than doubled y-o-y to ₹ 775 Cr. and EBITDA grew by 72% from ₹ 47 Cr. to ₹ 82 Cr.**
  - ▶ Higher trading of imported fertilisers (incl. pricing gain due to favourable forex movement) augmented earnings
  - ▶ Revenue growth was also driven by higher urea prices (pass through of input costs) while urea sales volume remained flat
  - ▶ Higher sales of seeds and agro-chemicals also contributed to the profitability
- ◆ **Operating at ROACE of 34% :** Working capital has increased primarily due to rise in urea prices, commencement of trading of imported fertilisers and slower recovery of subsidies

Quarter 3		₹ Crore	Nine Months	
2011-12	2010-11		2011-12	2010-11
63,198	72,659	Sales Volumes (MT)	203,762	197,688
69,515	53,991	Realisation (Rs./MT)	67,195	53,933
<b>461</b>	<b>412</b>	<b>Revenue</b>	<b>1,442</b>	<b>1,124</b>
<b>44</b>	<b>64</b>	<b>EBITDA</b>	<b>163</b>	<b>189</b>
35	54	EBIT	133	162
1,387	1,193	Capital Employed	1,387	1,193
10	19	ROACE (Annualised) (%)	14	20

- ◆ In Q3, revenue grew y-o-y by 12% to ₹ 461 Cr. while EBITDA is lower at ₹ 44 Cr. vis-à-vis ₹ 64 Cr.
  - Realisation grew by 29% to partly pass on rise in feedstock (CBFS) prices
  - Sales volume remained affected due to rise in imports and lower off-take from tyre customers
- ◆ Lower volumes and energy sales coupled with increase in CBFS prices strained q-o-q profitability
- ◆ **Rise in capital employed** largely due to MTM provision w.r.t. fully hedged foreign currency working capital borrowings
  - Q-o-Q, working capital has reduced by more than ₹ 100 Cr. due to optimisation of inventory levels

# Aditya Birla Insulators

Quarter 3		₹ Crore	Nine Months	
2011-12	2010-11		2011-12	2010-11
9,641	10,688	Sales Volumes (MT)	28,589	31,409
<b>116</b>	<b>125</b>	<b>Revenue</b>	<b>344</b>	<b>368</b>
<b>13</b>	<b>33</b>	<b>EBITDA</b>	<b>57</b>	<b>97</b>
8	28	EBIT	41	82
410	279	Capital Employed	410	279
8	38	ROACE (Annualised) (%)	14	38

- ◆ Insulators industry's domestic sales volume have de-grown y-o-y by 17.5% during Apr-Nov'11 (Source : IEEMA).  
Deferment of projects and higher imports continue to impact sales across the industry.
  - ◆ Aditya Birla Insulators witnessed 9% de-growth in volumes during the nine months
- ◆ In Q3, revenue of Aditya Birla Insulators de-grew y-o-y by 7% to ₹ 116 Cr.
  - Sales volume remained affected due to deferment of deliveries by customers and rise in imports
- ◆ EBITDA de-grew y-o-y from ₹ 33 Cr. to ₹ 13 Cr. : Lower volumes and rise in production costs strained profitability
  - Increase in production costs impacted q-o-q profitability while volumes remained flat

Quarter 3		₹ Crore	Nine Months	
2011-12	2010-11		2011-12	2010-11
		<b><u>VFY</u></b>		
4,294	4,215	Sales Volumes (MT)	12,022	11,507
290	237	Realisation (Rs./Kg.)	289	237
124	100	Revenue (₹ Cr.)	348	273
		<b><u>Chemical</u></b>		
19,341	19,897	Caustic Soda Sales (MT)	60,226	64,061
24,542	19,004	ECU Realisation (Rs./MT.)	23,959	18,862
52	42	Revenue (₹ Cr.)	157	130
<b>177</b>	<b>141</b>	<b>Total Revenue</b>	<b>505</b>	<b>403</b>
<b>32</b>	<b>20</b>	<b>EBITDA</b>	<b>88</b>	<b>77</b>
24	12	EBIT	63	51
494	406	Capital Employed	494	406
19	11	ROACE (Annualised) (%)	18	16

- ◆ Quarterly revenue grew y-o-y by 25% to ₹ 177 Cr. and EBITDA surged by 59% to ₹ 32 Cr.
  - VFY realisation up by 22% : Prices were increased in past one year to pass on rise in production costs
    - Improved product mix also supported realisation growth
  - ECU realisation rose by 29% : Rise in caustic soda prices due to demand - supply mismatch globally
- ◆ Product mix led higher VFY realisation coupled with moderation in pulp cost augmented q-o-q profitability
- ◆ Rise in capital employed is on account of ongoing VFY capacity expansion using technology of ENKA, Germany

Quarter 3		₹ Crore	Nine Months	
2011-12	2010-11		2011-12	2010-11
114	87	Linen Segment	316	227
149	119	Wool Segment	469	342
<b>263</b>	<b>205</b>	<b>Revenue</b>	<b>785</b>	<b>569</b>
<b>35</b>	<b>32</b>	<b>EBITDA</b>	<b>115</b>	<b>81</b>
29	27	EBIT	98	64
142	220	Capital Employed	142	220
71	52	ROACE (Annualised) (%)	77	34

- ◆ **In Q3, revenue surged y-o-y by 28% to 263 Cr.** : Realisation improved across the segments to pass on rise in input costs.
  - ➔ Line yarn registered 17% y-o-y growth in volumes. However, wool segment witnessed lower exports volumes
- ◆ **EBITDA grew by 8% to ₹ 35 Cr.** driven by higher realisation across the segments partly offset by lower volumes in wool segment
- ◆ Q-o-Q, profitability was lower largely due to lower volumes in wool segment
- ◆ **Focus on high margin OTC segment** : Its share in linen fabric sales volume grew y-o-y from 43% to 50% during nine months
  - ➔ Added 7 more exclusive store franchisees of 'Linen Club' fabric in Q3 (15 stores in nine months) to reach a total of 55 stores
- ◆ **Business continues to post robust ROACE led by improved earnings and working capital management**

# Annexure III : Reporting Structure



## Consolidated

### Subsidiaries & Joint Ventures

### Standalone

#### Financial Services

#### Telecom<sup>3</sup> # (25.32%)

#### IT-ITeS<sup>2</sup> (99.71%)

#### Fashion & Lifestyle<sup>1</sup>

#### Manufacturing

Life Insurance<sup>2</sup>  
(74%)\*

Asset Management<sup>3</sup>  
(50%)\*

NBFC<sup>2</sup>  
Private Equity<sup>2</sup>  
Broking (75%)<sup>2</sup>  
Wealth management<sup>2</sup>  
General Insurance Advisory<sup>2</sup>

- Carbon Black<sup>1</sup>
- Agri-Business<sup>1</sup>
- Rayon<sup>1</sup>
- Insulators<sup>1</sup>
- Textiles<sup>1</sup>

<sup>1</sup> Represent Divisions

<sup>2</sup> Represent Subsidiaries

<sup>3</sup> Represent Joint Ventures

\* JV with Sun Life Financial, Canada

# Listed, Aditya Birla Group holds 45.98%

Note : Percentage figures indicated above represent ABNL's shareholding in its subsidiaries /JV's

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Aditya Birla Nuvo Limited

Regd. Office: Indian Rayon Compound, Veraval – 362 266 (Gujarat)

Corporate Office: 4th Floor 'A' Wing, Aditya Birla Center, S.K. Ahire Marg, Worli, Mumbai – 400 030

Website: [www.adityabirlanuvo.com](http://www.adityabirlanuvo.com) or [www.adityabirla.com](http://www.adityabirla.com) or Email: [nuvo-investors@adityabirla.com](mailto:nuvo-investors@adityabirla.com)