

# Performance Review

## 3<sup>rd</sup> Quarter ended 31<sup>st</sup> December 2008

Investor Presentation

Mumbai, 29<sup>th</sup> January 2009

ADITYA BIRLA NUVO



strong foundation energised growth

# Contents

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- **Quarterly highlights & Key developments**
- **Business-wise Performance**
- **Financial Performance**
- **Business Outlook and Strategy**

# Global slowdown impacting India Inc. . . .

- **Few of our businesses were impacted as well :-** Initiatives taken on to face challenges
  - ➔ **Life Insurance : Industry growth rate softened in the quarter due to volatile stock markets**
    - ◆ In Q3FY09, Birla Sun Life (BSLI) achieved 22% YoY growth while industry de-grew by 7%
    - ◆ During Apr-Dec'08, BSLI posted 62% YoY growth vis-à-vis 4% industry growth
    - ◆ Further branch expansion to be re-aligned with growth outlook, sales force continue to grow
    - ◆ Optimising product mix through launch of traditional products to suit market conditions
  - ➔ **Mutual fund : Industry-wide equity AUM was impacted due to volatile stock markets**
    - ◆ Large redemption pressure was faced by industry in debt schemes in Oct'08 per se
    - ◆ Industry's average AUM de-grew QoQ by 20% while Birla Sun Life AMC could hold its de-growth to 3%, the lowest QoQ fall rate in the industry
      - ▶ Bottom-line impacted by interest costs on temporary borrowings to meet redemptions
  - ➔ **Garments : Industry impacted by continued weak demand and higher discounting**
    - ◆ Sales from our retail channel achieved 26% YoY growth to support overall 6% revenues growth
      - ▶ However, new retail store launches had gestating impact on bottom-line
    - ◆ New apparel retail initiatives (The Collective & Peter England People) could not achieve targeted growth due to unprecedented market conditions
    - ◆ Contract exports business faced weak order flow / order cancellation resulting in forex loss and under utilisation of capacity

# Global slowdown impacting India Inc.

continued ...

## ● **BPO : Global slowdown affected revenues growth**

- ➔ Improving operating efficiency through seats / sites rationalisation and cost control measures

## ● **Carbon black** : Slow down in auto/tyre sector affected demand across the industry

- ➔ High priced stock resulted in loss due to sharp fall in feedstock prices linked to crude oil

## Other businesses :

- Telecom, Fertilisers & VFY businesses have performed well
- Textiles, Insulators and Chlor alkali businesses were affected by higher input / fuel costs

## Initiatives taken to meet challenges :

- Capex plans are being re-aligned to match growth outlook
- Working capital monitoring and Cost control measures are actioned
- Raised long term funds of Rs 500 Cr. through issue of Non-Convertible Debentures

# Working on Defined Strategy

## ● Telecom – Achieving Pan India Presence

- ➔ 'Spice' is rebranded as 'Idea' in Punjab and Karnataka – Idea is now operational in 15 service areas
- ➔ Launch of Orissa & Tamil Nadu (incl. Chennai) service areas is targeted in Q1 & Q2 of FY2009-10
- ➔ Spectrum allotted for remaining 5 service areas – West Bengal, Kolkata, Assam, North East and Jammu & Kashmir – Targeting to roll out operations by the end of calendar year 2009

## ● Financial Services – Augmenting portfolio and expanding customer reach

- ➔ Expanding distribution reach across existing business segments

	Branches	
	Mar'08	Dec'08
Life Insurance	339	600
Asset Management	78	116

Sales force	
Mar'08	Dec'08
115K	150K
17.5K	26K

- ➔ Private Equity biz. – Structure is in place to launch Aditya Birla Private Equity Fund at an appropriate time
- ➔ Taking steps to complete acquisition of 56% stake in Apollo Sindhoori for Rs. 198.8 Cr.
  - ◆ Open offer for additional 20% stake commenced on 20<sup>th</sup> Jan'09

# Working on Defined Strategy



continued ...

- **Garments – Retail channel expanded to ensure sustainable growth**
  - Controlled retail space expanded to 7.6 lacs square feet across 328 exclusive brand outlets (EBOs), 5 “Peter England People” Family stores and one “THE COLLECTIVE” store.
- **Carbon Black – Greenfield expansion by 75K MTPA (in first phase) at Patalganga**
  - Orders for long delivery period equipments have been placed
  - Project activities will be aligned to match commencement of production with the demand revival
- **Insulators – Expansion by 8,000 MTPA (in first phase) at Rishra plant is targeted before the financial year end and composite insulators project at Halol plant is likely to be completed in Q1FY09-10**
- **Rayon –Caustic Soda capacity expanded in Dec’08 end through line balancing by 25 TPD to reach a total capacity of 250 TPD**

# **Business-wise Performance Q3FY09 over Q3FY08**

# Business Performance – Growth Businesses



## Telecom – Idea Cellular

- **Targeting Pan India presence by the end of calendar year 2009**
- **Received Rs. 21 billion from Providence as capital infusion in Idea's subsidiary Aditya Birla Telecom (ABTL) in Dec'08**
- **IRU agreement for Indus Towers was signed, effective from 1<sup>st</sup> Jan'09**
  - ABTL holds 16% in JV with Bharti and Vodafone holding 42% each
- **Financial position and leveraging capacity of Idea strengthened**
  - Cash inflows from TMI & Providence will act as cushion for financing new roll outs, expansion in existing service areas and 3G spectrum auction
  - Net debt-equity ratio (net of investible surplus of Rs. 8160.6 Cr.) stands at 0.19 as on 31<sup>st</sup> Dec'08

# Business Performance – Growth Businesses



continued ...

## Telecom – Idea Cellular

- **Indian cellular industry grew QoQ by 10% to reach 346.89 million subscribers in Dec'08**
  - ➔ Telecom penetration in 2<sup>nd</sup> largest populated country is still lower at 33.2% (*Source : TRAI*)
  - ➔ Entry of Reliance in GSM segment may intensify competition at entry level
- **Idea achieved 12% QoQ growth with 38.01 million subscribers (incl. Punjab and Karnataka)**
  - ➔ Ranks 5<sup>th</sup> with all India market share at 11%
  - ➔ Ranks 2<sup>nd</sup> with 19.8% market share in combined subscribers base of 8 established service areas reflecting its brand strength (Airtel ranks 1<sup>st</sup> with 20.4% share)
- **Quarterly revenues jumped YoY by 60% to Rs. 2,728.6 Cr. supported by subscribers growth**
  - ➔ Spice results since 16<sup>th</sup> Oct'08 have been consolidated at 41.09% as a Joint Venture
- **Net Profit lower at Rs. 219.5 Cr. vis-à-vis Rs. 236.7 Cr. in Q3 FY08**
  - ➔ Cash profit grew from Rs. 491.2 Cr. to Rs. 610.1 Cr. despite start up costs in Mumbai & Bihar
  - ➔ Share in losses of Spice and Indus towers lowered net profit by Rs. 36.7 Cr.
  - ➔ Depreciation rose from Rs. 227.7 Cr to Rs. 393.7 Cr. due to new roll outs and capacity expansion & quality improvement efforts in existing service areas, benefit of which will accrue going forward

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# Business Performance – Growth Businesses

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

- **Traditional and guaranteed products gaining popularity due to volatility in stock markets**
  - ➔ Industry is expecting growth in Q4 which historically accounts for 40-50% of yearly new business
  - ➔ Life Insurance penetration in India is still lower at 4.1% of GDP against world's average of 7.5%
- **Reduction in solvency margin** for linked business will marginally reduce capital requirement for Industry and BSLI as well
- **BSLI ranked 5<sup>th</sup> with 8.5% share (YTD Dec'08) in private players up from 6.6% share in FY07-08**
  - ➔ During Apr-Dec'08, BSLI grew YoY by 62% (Private players→26%) in new business premium
- **In Q3FY09, BSLI achieved 23% YoY growth in new business premium income at Rs. 614.4 Cr.**
  - ➔ Net loss higher at Rs. 165.8 Cr. (Rs. 125.8 Cr. in Q3FY08) due to initial strain of growing share of new business premium coupled with expansion of distribution reach
  - ➔ Loss has reduced from Rs.200 Cr. reported in last quarter due to improved product mix and refinement of actuarial assumption
- **Distribution reach expanded** to 600 centres (across 500 cities) & over 150K agents from 339 centres & 115K agents in Mar'08; Alternate channel relationships grew from 229 in Mar'08 to 378 in Dec'08
- **Pension plan, Health Plan and Platinum Plus-II** launched in last quarter are gaining momentum
- **Superior portfolio quality** : More than 80% of equity as well as debt AUM is invested in fundamentally strong large caps and highest rated instruments respectively
- **Growth funded by capital infusion of Rs. 525 Cr. in Apr-Dec'08 (Nuvo's share - Rs. 388.5 Cr.)**

## Business Performance – Growth Businesses

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

- **BSAMC ranked 5<sup>th</sup> in Dec'08 with 8.7% share in Industry's average AUM up from 7.1% in Sep'08**
  - ➔ In one of the worst quarters for industry, BSLAMC gained market share by 1.6% led by growing share in new business through expanded customer reach
- **BSAMC average AUM in Dec'08 stood at Rs. 36,565 Cr.**
  - ➔ BSAMC de-grew QoQ by 3%, lowest fall rate in the industry which de-grew QoQ by 20%
  - ➔ Industry registered a fall of 23% YoY while BSAMC grew by 20%
- **PMS average AUM expanded to Rs. 249 Cr. in Dec'08 from Rs. 139 Cr. in Sep'08**
- **Scaling up distribution network and launching contemporary products to garner market share**
  - ➔ YTD 38 branches & over 8,500 advisors (IFAs) added to reach 116 branches & over 26K IFAs
  - ➔ YTD 1.2 lacs SIPs registered to reach a total of about 2 lacs SIPs
  - ➔ Launched Birla Sun Life Tax relief scheme with critical illness insurance cover
- **Quarterly revenues reported at Rs. 43 Cr. and net loss at Rs. 4.6 Cr.**
  - ➔ YTD revenues reported at Rs. 128 Cr. and net profit at Rs. 5 Cr.

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### Other Financial Services

- **Other financial services maintained the performance during the quarter**
  - ➔ Quarterly revenues reported at Rs. 36.6 Cr. and net profit at Rs. 6.5 Cr.
  - ➔ YTD revenues at Rs. 129.1 Cr. and net profit at Rs. 27 Cr. grew significantly over last year

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# Business Performance – Growth Businesses

## BPO – Aditya Birla Minacs

- **Business focusing on efforts critical to improve profitability**
  - ➔ Sites/Seats rationalisation continued-One more loss making site is under closure (1<sup>st</sup> closed in Sep'08)
  - ➔ Supporting new business from low cost locations – Expanding Manila site by 192 seats to 437 seats
  - ➔ Initiated cost control measures though with initial strain; full benefit will accrue going forward
- **Supporting 59 clients (Incl. 26 Fortune 500 Clients) through 30 global delivery centres with 9,006 seats & 12,794 employees**
- **Revenues up by 3% to Rs. 416 Cr. supported by 28% growth in Asia Pacific**
  - ➔ Revenues in North America impacted due to lower business from existing clients suffering slowdown
    - ◆ This may affect revenues in next quarter despite strengthening sales initiatives
- **Net loss reduced to Rs 37.8 Cr vis-à-vis Rs 38.2 Cr in Q3 last year**
  - ➔ Despite site closure costs of Rs. 7.5 Cr. and forex loss
- **IT services business** reported revenues at Rs. 22.3 Cr. and net loss of Rs. 5.6 Cr.
  - ➔ Application filed for de-listing in Jan'09; open offer will follow

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# Business Performance – Growth Businesses

## Garments

### Branded Garments (Louis Philippe, Van Heusen, Allen Solly, Esprit and Peter England)

- Revenues up by 6% at Rs. 234.4 Cr. vis-à-vis Rs. 221.5 Cr. in Q3 last year
  - ➔ Growth could be higher but for lower walk-ins and higher discounts to meet market dynamics
  - ➔ Revenues from retail segment rose by 26% supported by expanded retail presence
- Operating profit (PBDIT) is lower at Rs. 6 Cr. vis-à-vis Rs. 19.6 Cr. in Q3FY08
  - ➔ Increase in lease rentals due to retail space expansion and higher discounts impacted

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### Apparel Retail (Peter England PEOPLE and THE COLLECTIVE)

- Revenues at Rs. 7.4 Cr. & net loss at Rs. 34.5 Cr. including business building & brand promotion costs

### Contract Manufacturing (Madura Garments Export)

- Revenues at Rs. 52.5 Cr. and net loss at Rs. 27.9 Cr.
  - ➔ Weak order flow / order cancellation led to forex losses and lower capacity utilisation
- Efforts are on to bring back profitability by improving capacity utilisation and scaling full service provider (FSP) segment

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## Business Performance – Value Businesses

### Carbon Black – Hi tech Carbon

- **Revenues at Rs. 221.9 Cr. vis-à-vis Rs. 245.3 Cr. in Q3 last year**
  - ➔ Lower off take from tyre customers impacted sales volumes particularly in the exports market
- **Lower volumes and high priced CBFS led to dip in profitability**
  - ➔ Operating loss (PBDIT) at Rs. 20.1 Cr. vis-à-vis operating profit of Rs. 43.2 Cr. in Q3 last year
  - ➔ Despite lower production, contribution from energy sales maintained at Rs. 10.2 Cr.
- **Carbon black imports has been classified as restricted imports since Nov'08**

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### Fertilisers – Indo Gulf Fertilisers

- **Revenues grew by 38% to Rs. 362.6 Cr. vis-à-vis Rs. 263.5 Cr. in Q3 last year**
  - ➔ Sharp rise in spot natural gas prices passed on to reflect in higher realisation
  - ➔ Revenues from agri-products marketing grew to Rs. 55.8 Cr. vis-à-vis Rs. 39.1 Cr. in Q3 last year
- **Operating profit grew by 41% to Rs. 47.8 Cr. vis-à-vis Rs. 34 Cr. in Q3 last year**
  - ➔ Higher volumes of urea and agri-products contributed
- **Imports accounted for 24% of total urea consumption in India in FY07-08 (Dept. Of Fertilisers)**
  - ➔ Government is considering revision of policy to encourage domestic capacity expansion
  - ➔ Indo-Gulf is gearing to derive benefit from any favourable change in policy

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# Business Performance – Value Businesses

## Rayon – Indian Rayon

- **VFY industry continued to witness low demand particularly in exports**
  - ➔ However, closure of production by two competitors is likely to create supply gap
- **Business revenues grew by 5% to Rs. 125.8 Cr. vis-à-vis Rs. 120 Cr. in Q3FY08**
  - ➔ **VFY revenues up by 9% at Rs. 86.8 Cr.**
    - ◆ VFY realisation higher by 20% at Rs. 209.8 per kg
    - ◆ Sales volume lower by 9% at 4139 MT
  - ➔ **Chlor-alkali segment's revenues remained flat at Rs. 39 Cr. due to flat caustic soda sales volumes**
    - ◆ ECU realisation lower at Rs. 20,037 per MT due to poor chlorine prices
- **Operating profit dipped to Rs. 21.2 Cr. vis-à-vis Rs. 27.5 Cr. in Q3FY08**
  - ➔ Rise in coal prices coupled with lower ECU realisation impacted Chlor-alkali segment
  - ➔ However, VFY segment performed well supported by improved realisation

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## Business Performance – Value Businesses

### Insulators – Aditya Birla Insulators

- **Revenues up by 15% to Rs. 112.8 Cr. supported by higher volumes and realisation**
  - ➔ Improved product mix pushed realisation but led to lower yield at Halol plant during stabilisation
- **Operating profit at Rs. 28.7 Cr. vis-à-vis Rs. 35.2 Cr. in Q3 last year**
  - ➔ Operating margins reduced to 25.5% due to lower yield at Halol plant and rise in fuel / input costs
- **Business achieved ROACE of 39.7%**
- **Augmenting capacity to capture power sector growth**

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### Textiles – Jaya Shree Textiles

- **Domestic and exports demand hit by global slowdown and liquidity crunch**
  - ➔ Textiles industry witnessed substantial production cut across the value chain
- **Business revenues lower at Rs. 139.9 Cr. vis-à-vis Rs. 149.9 Cr. in Q3FY08 due to low volumes**
- **Operating profit lower at Rs. 10.5 Cr. vis-à-vis Rs. 17.1 Cr. in Q3 last year**
  - ➔ Lower linen fabric & worsted yarn volumes coupled with high flax fiber prices impacted
  - ➔ Usage of high prices stock impacted wool industry due to sudden fall in commodity prices

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# Financial Performance

# Revenues – Q3FY09

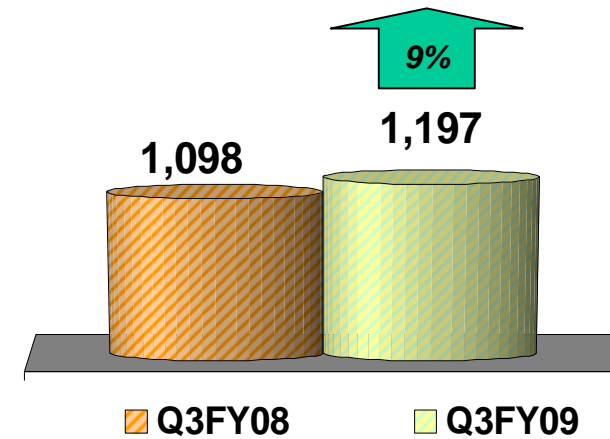
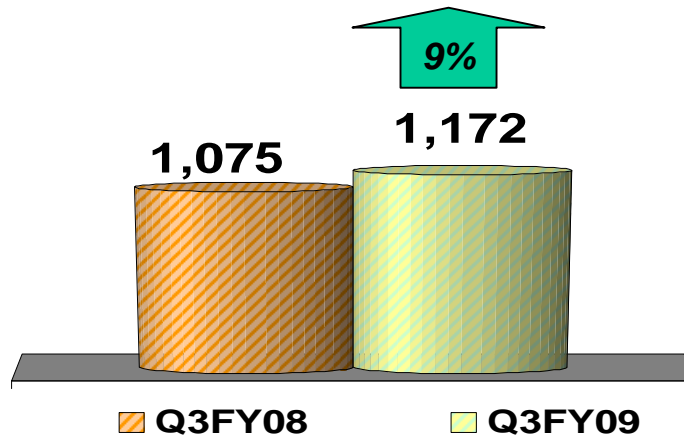


Rs. Cr.

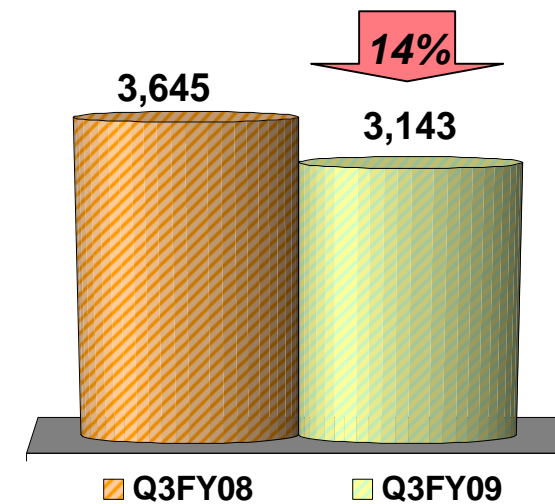
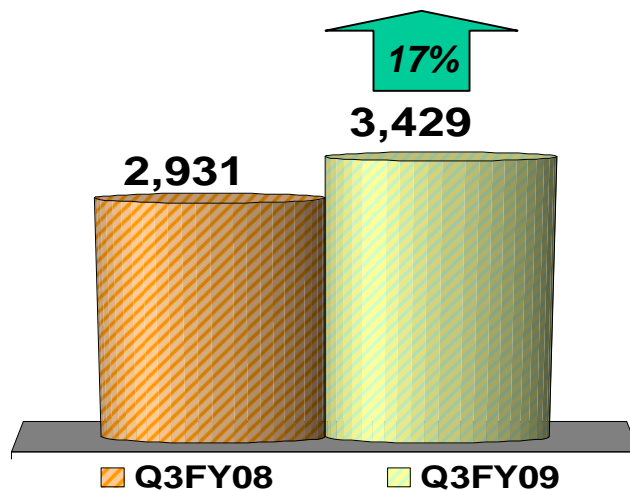
## Net Sales

## Net Income from Operations

### Standalone



### Consolidated



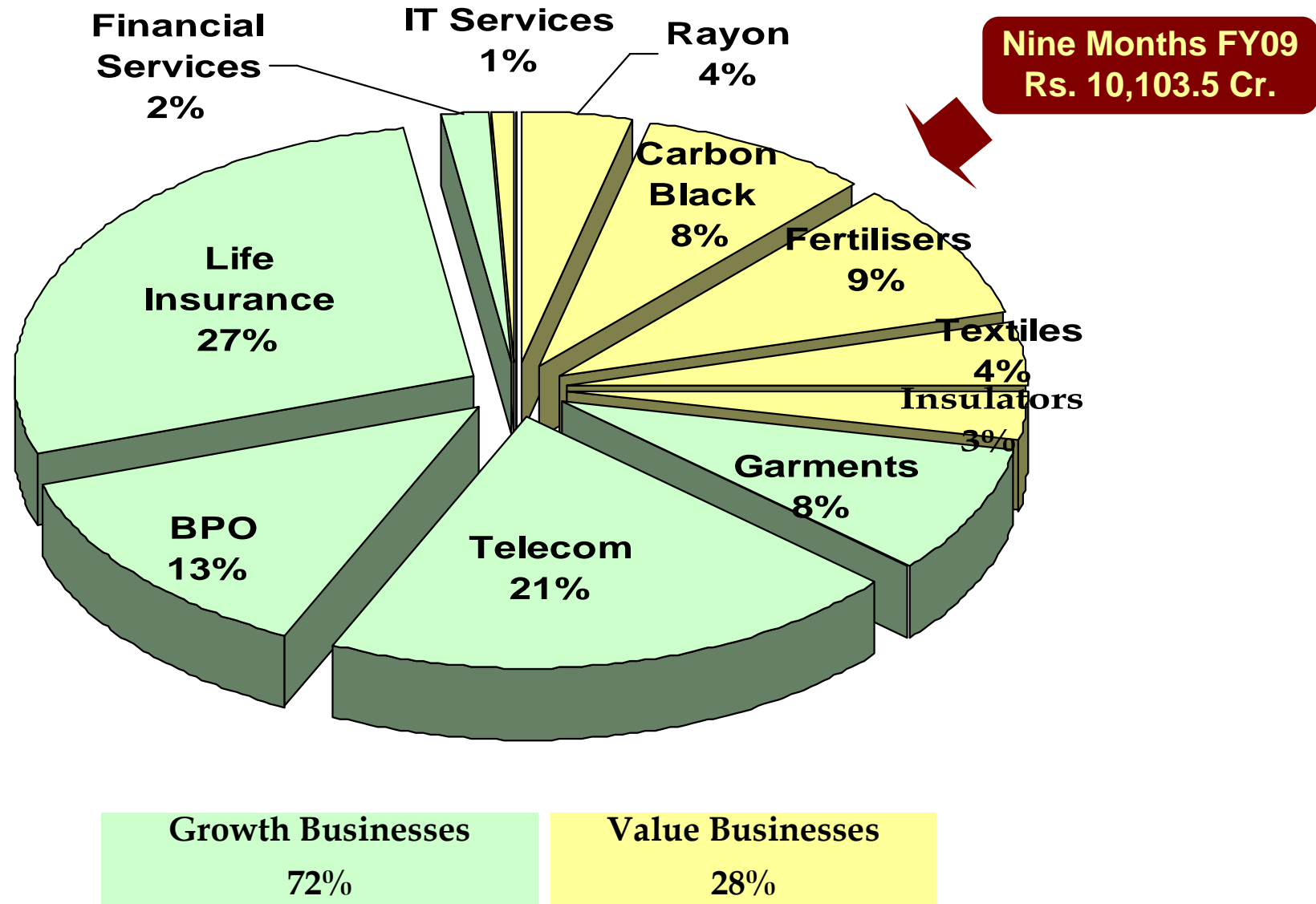
# Consolidated Revenues - Segmental

Rs. Cr.

Quarter - 3		Revenues	Nine Months			
2008-09	2007-08		2008-09	2007-08		
36%	737.2	542.8	Telecom (Nuvo's share) @	2,100.2	1,508.8	39%
25%	972.9	778.8	Life Insurance { Premium income Policyholders investment income	2,778.3	1,832.1	52%
	(315.1)	688.9		(785.8)	1,316.1	
3%	416.0	403.1	BPO	1,300.1	1,149.2	13%
5%	293.3	278.8	Garments (Incl. apparel retail)	842.5	749.6	12%
9%	58.7	53.9	Other Financial Services	191.6	131.6	46%
	22.3	25.6	IT Services	73.4	74.3	
10%	221.9	245.3	Carbon Black	857.5	596.8	44%
38%	362.6	263.5	Fertilisers	912.0	518.3	76%
15%	112.8	98.2	Insulators	309.5	283.6	9%
5%	125.8	120.0	Rayon	400.0	348.2	15%
	139.9	149.9	Textiles	438.0	446.6	
	(5.0)	(4.0)	Inter-unit Elimination	(12.1)	(6.6)	
14%	3,143.3	3,644.8	Consolidated Revenues	9,405.3	8,948.5	5%
9%	1,196.6	1,097.6	Standalone Revenues	3,612.3	2,799.2	29%
60%	2,728.6	1,708.1	Idea Cellular (Telecom)	7,201.2	4,747.6	52%

@ Idea is consolidated at 31.78% till 12<sup>th</sup> Aug'08 and at 27.02% afterwards. Full financial numbers are as under:

# Consolidated Net Sales Mix

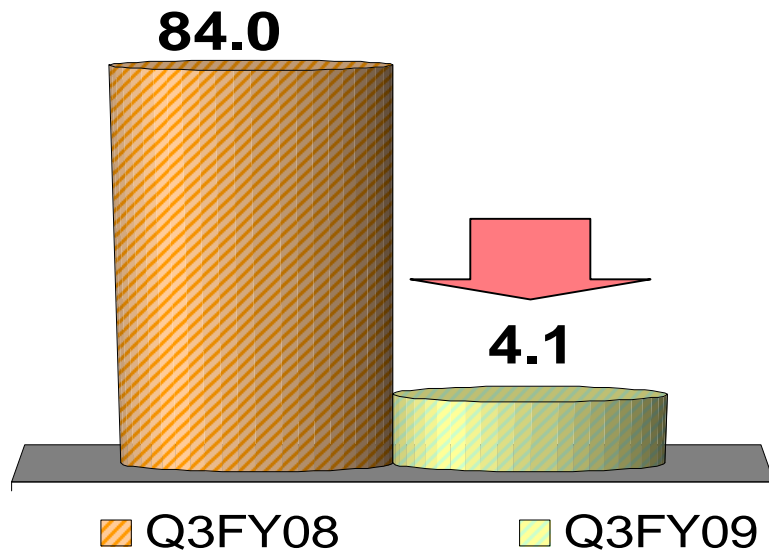


# Net Profit - Standalone

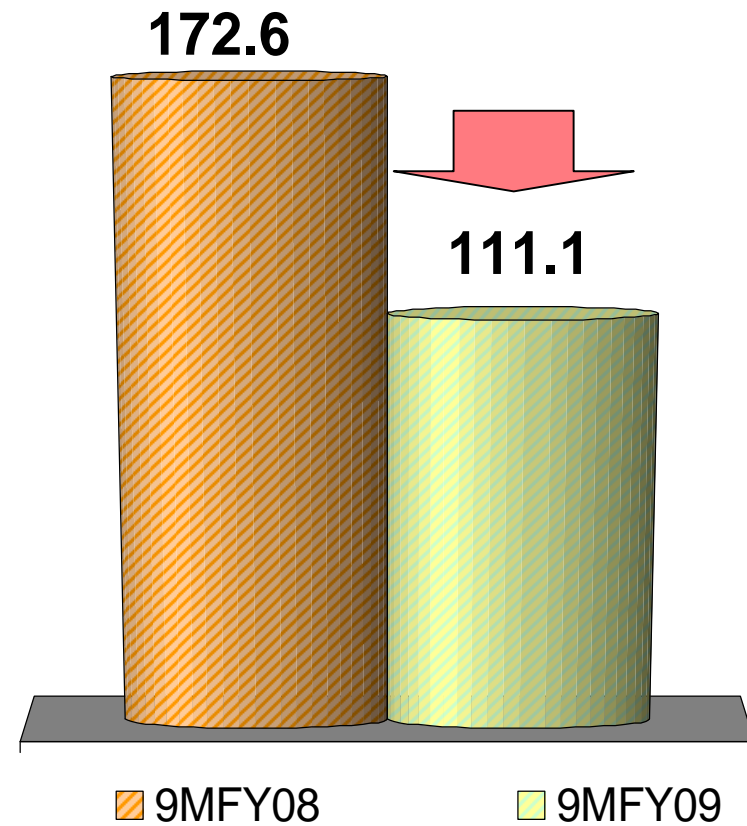


Rs. Cr.

Quarter-3



Nine Months



# Standalone Financial

Rs. Cr.



Quarter - 3		Particulars	Nine Months	
2008-09	2007-08		2008-09	2007-08
1,172.5	1,075.4	Net Sales	3,534.9	2,740.0
24.2	22.2	Other Operating Income	77.4	59.2
1,196.6	1,097.6	Net income from operations	3,612.3	2,799.2
89.5	172.2	Operating Profit (PBDIT)	433.5	454.0
86.2	51.6	Less: Interest & Finance Expenses	196.5	149.1
13.4	13.7	Add: Interest Income	25.0	20.3
16.7	134.3	Gross Profit (PBDT)	262.1	325.2
42.1	37.1	Depreciation/ Amortisation	121.3	103.4
-	-	Exceptional Gain / (Loss)	-	0.7
(29.4)	13.1	Provision for Taxation (Net)	29.7	50.0
<b>4.1</b>	<b>84.0</b>	<b>Net Profit</b>	<b>111.1</b>	<b>172.6</b>

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# Standalone Operating Profit

Rs. Cr.



Quarter - 3		PBDIT	Nine Months	
2008-09	2007-08		2008-09	2007-08
6.0	19.6	Branded Garments	19.0	42.5
(20.1)	43.2	Carbon Black	57.1	115.0
47.8	34.0	Fertilisers	147.0	66.5
28.7	35.2	Insulators	89.2	95.3
21.2	27.5	Rayon	85.8	90.6
10.5	17.1	Textiles	44.5	51.2
(4.6)	(4.4)	Corporate / Others	(9.1)	(7.1)
<b>89.5</b>	<b>172.2</b>	<b>PBDIT</b>	<b>433.5</b>	<b>454.0</b>

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# Consolidated Net Profit

Rs. Cr.

Quarter - 3		Net Profit	Nine Months	
2008-09	2007-08		2008-09	2007-08
59.3	75.2	Telecom (Nuvo's share) @	185.0	243.3
(37.8)	(38.2)	BPO	(87.2)	(66.4)
(165.8)	(125.8)	Life Insurance	(512.6)	(243.3)
(2.3)	(1.2)	Asset Management (Nuvo's share 50%) @	2.5	(0.0)
6.7	7.9	Other financial services	28.3	19.0
(27.9)	(5.5)	Contract Garments Manufacturing	(69.2)	(11.8)
(34.5)	(3.7)	Apparel Retail	(84.9)	(9.5)
(5.6)	0.6	IT Services	(4.1)	0.7
(1.0)	0.0	Others	(0.9)	(0.5)
(208.8)	(90.6)	Total JVs / Subs	(543.1)	(68.6)
(48.3)	(36.7)	Less: Contra / Minority Interest	(142.7)	(68.6)
<b>(160.5)</b>	<b>(53.8)</b>	<b>Nuvo's Share in JVs/Subs</b>	<b>(400.4)</b>	<b>0.1</b>
<b>4.1</b>	<b>84.0</b>	<b>Nuvo Standalone</b>	<b>111.1</b>	<b>172.6</b>
<b>(156.4)</b>	<b>30.2</b>	<b>Nuvo Consolidated</b>	<b>(289.4)</b>	<b>172.6</b>

@ Only pro-rata share (Idea is consolidated at 31.78% till 12th Aug'08 and at 27.02% afterwards). Full financial numbers are as under:

219.5	236.7	Idea Cellular (Telecom )	626.6	765.6
-4.6	-2.4	Birla Sun Life AMC (Asset Management)	5.0	0.0

# Consolidated Financial



Rs. Cr.

Quarter - 3		Particulars	Nine Months	
2008-09	2007-08		2008-09	2007-08
3,429.0	2,931.1	Net Sales	10,103.5	7,566.3
(315.1)	688.9	Policyholders Investment income	(785.8)	1,316.1
29.3	24.8	Other Operating Income	87.6	66.1
3,143.3	3,644.8	Net income from operations	9,405.3	8,948.5
118.6	265.0	PBDIT	600.8	860.3
181.5	135.2	Depreciation	498.0	374.8
(62.9)	129.7	PBIT	102.8	485.4
160.6	104.8	Net Interest	455.6	292.8
(223.4)	25.0	Profit Before Tax	(352.8)	192.7
(1.2)	-	Exceptional Gain / (Loss)	(1.2)	0.7
(20.8)	31.9	Provision for Taxation (Net)	76.6	90.4
(47.4)	(37.1)	Minority Interest	(141.2)	(69.6)
(156.4)	30.2	<b>Net Profit after minority interest</b>	<b>(289.4)</b>	<b>172.6</b>

# Business Outlook and Strategy

# Going Forward : Growth Businesses

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## ● **Telecom : Achieving Pan India presence**

- ➔ Expedite merger of Spice with Idea and improve quality and standards of service
- ➔ Speedy roll out in remaining service areas and obtaining 3G license
- ➔ Expedite profitability of capex on new service areas as well as in existing ones
- ➔ Expediting completion of Tower Joint Venture and deriving its full benefits

## ● **Life Insurance / Asset Management : Regaining Market Share**

- ➔ To become one of the Top-3 private players by building efficient branches network, strengthening agents/advisors force and launching innovative products
- ➔ Completing Apollo Sindhoori acquisition and utilising the client base for cross selling

## ● **BPO : Profitable growth**

- ➔ Improving seats utilisation and rationalisation of sites
- ➔ Thrust on growing high margin KPO segment
- ➔ Pursuing cost control measures

## ● **Garments : Improving profitability**

- ➔ Controlling overheads and improving sales efficiency
- ➔ Expediting achievement of profitability in new initiatives
- ➔ Regaining profitability in Contract garments manufacturing by improving efficiency & market mix

# Going Forward : Value Businesses

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## ● Carbon Black

- ➔ Optimising CBFS procurement costs
- ➔ Greenfield expansion by 150,000 MTPA (in two phases) to achieve domestic leadership

## ● Fertilisers

- ➔ Focus on agri-products marketing for future growth
- ➔ Expansion/de-bottlenecking on liberalisation of policy

## ● Rayon

- ➔ Thrust on quality improvement to derive premium in exports markets

## ● Insulators

- ➔ Expediting capacity expansion by 14,000 MTPA in two phases and foray in composite insulators
- ➔ Yield enhancement and reducing rejections to improve margins

## ● Textiles

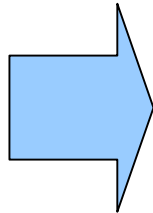
- ➔ Improving OTIF in Linen segment & expanding presence in retail segment under Linen Club
- ➔ Increasing share of value added yarns

# Vision and Strategy

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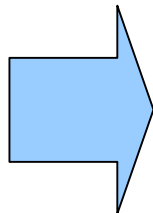


**Vision**



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

**Strategy**



*To increase the share of growth businesses in the consolidated revenues by deploying surplus cash from Value businesses to nurture the growth businesses*

***Dedicated to ensure that new growth initiatives achieve profitability faster***

# Business Financials

Quarter - 3		Particulars	Nine Months			
2008-09	2007-08		2008-09	2007-08		
		Subscribers (Nos. Million) { 13 Service areas Punjab & Karnataka	34.21 3.80	21.05		
<b>60%</b>	2,728.6	1,708.1	Revenues	7,201.2	4,747.6	<b>52%</b>
	783.8	604.9	PBDIT	2,175.6	1,681.3	
	390.1	377.2	PBIT	1,203.8	1,064.2	
<b>7%</b>	219.5	236.7	PAT	626.6	765.6	<b>18%</b>
		Net Worth	13,558.4	3,264.1		
		Total Debt	10,777.3	5,281.6		
		Capital Employed	24,335.7	8,545.7		
	6.9	18.4	ROACE (Annualised) (%)	9.3	18.9	

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Note : Net debt (net of investible surplus of Rs. 8160.6 Cr.) stands at Rs. 2616.7 Cr. and net debt to equity ratio stands at 0.19 as on 31<sup>st</sup> Dec'08

# Birla Sun Life Insurance



Rs. Cr.

Quarter - 3		Particulars	Nine Months		
2008-09	2007-08		2008-09	2007-08	
		<u>First Year Premium</u>			
560.4	462.7	Individual Business	1,629.3	1,027.5	
54.0	38.1	Group Business	159.5	70.2	
614.4	500.8	Total First Year Premium (Gross)	1,788.8	1,097.6	63%
402.6	290.3	Renewal Premium (Gross)	1,098.6	764.9	
972.9	778.8	Net Premium Income (Net of reinsurance and service tax)	2,778.3	1,832.1	52%
(315.1)	688.9	Policyholders Investment income	(785.8)	1,316.1	
657.8	1,467.7	Revenues	1,992.5	3,148.2	
(165.8)	(125.8)	Net Profit/(Loss)	(512.6)	(243.3)	
		Share Capital	1,799.5	1,000.0	
		Funds under management	7,958.5	6,564.0	21%

# Birla Sun Life Asset Management

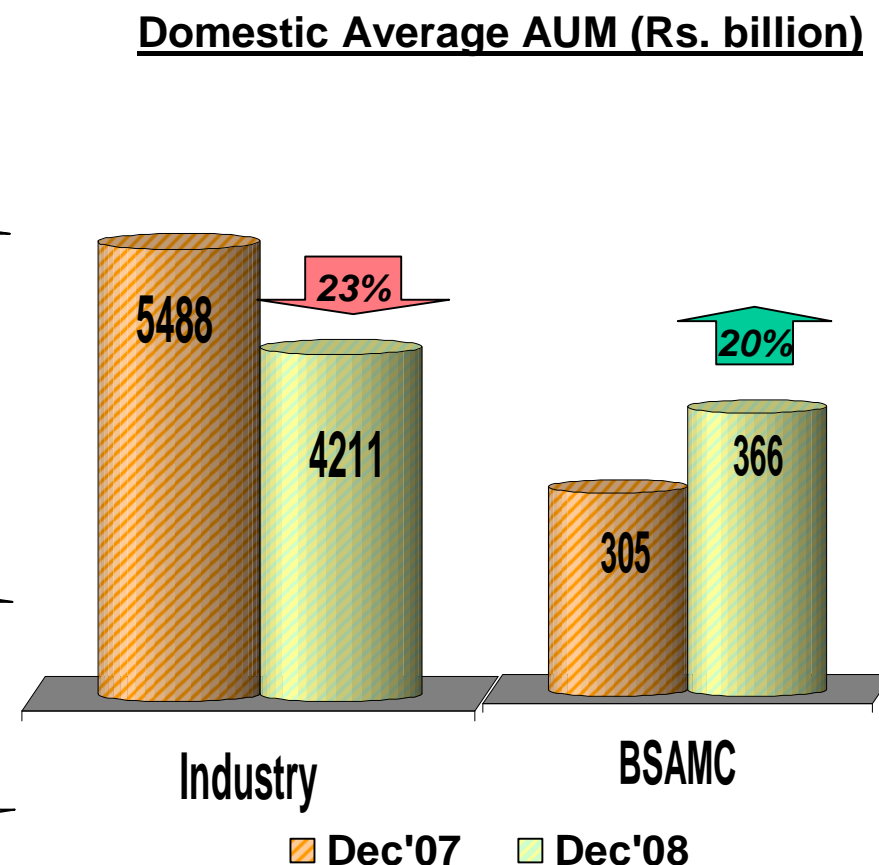


Rs. Cr.

Particulars	Average AUM		
	Dec-08 Actual	Dec-07 Actual	
Equity	4,883	8,879	
Debt & Liquid	31,683	21,602	
<b>Domestic AUM</b>	<b>36,565</b>	<b>30,481</b>	
Off shore (All Equity)	1,423	2,993	
PMS	249	16	
<b>Total AUM</b>	<b>38,237</b>	<b>33,491</b>	
<b>Revenues</b>	Quarter 3	43.0	33.7
	Nine Months	128.0	78.5
<b>PAT</b>	Quarter 3	(4.6)	(2.4)
	Nine Months	5.0	(0.0)

20%

28%



Source : AMFI

P 11

**Only AMC amongst top 8 players to achieve positive YoY growth**

# Other Financial Services



Rs. Cr.

Quarter - 3		Particulars	Nine Months	
2008-09	2007-08		2008-09	2007-08
<b>BGFCL, BSDL &amp; BIASL</b>				
36.6	38.9	Revenues	129.1	96.2
6.5	7.0	PAT	27.0	17.6
252.3	216.1	Capital Employed	252.3	216.1

6%  
8%

34%  
53%

P 11

# BPO – Aditya Birla Minacs



Rs. Cr.

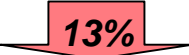
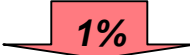


Quarter - 3		Particulars	Nine Months		
2008-09	2007-08		2008-09	2007-08	
		Operating Seats (Nos.)	9,006	9,556	
		Employees (Nos.)	12,794	12,583	
	<b>416.0</b>	<b>403.1</b>	<b>1300.1</b>	<b>1149.2</b>	
	86.8	89.3	266.8	262.5	
	14.0	11.0	41.0	31.9	
	<b>(24.6)</b>	<b>(23.4)</b>	<b>(43.3)</b>	<b>(17.8)</b>	
	<b>(25.0)</b>	<b>(15.2)</b>	<b>(40.1)</b>	<b>(12.2)</b>	
	0.4	<b>(8.2)</b>	<b>(3.2)</b>	<b>(5.6)</b>	
	<b>(37.8)</b>	<b>(38.2)</b>	<b>(87.2)</b>	<b>(66.4)</b>	

P 12

# IT Services – PSI Data Systems

Rs. Cr.



	Quarter - 3		Particulars	Nine Months		
	2008-09	2007-08		2008-09	2007-08	
	22.3	25.6	Revenues	73.4	74.3	
	<b>(4.7)</b>	1.6	PBIT	<b>(0.8)</b>	3.6	
	<b>(5.6)</b>	0.6	PAT	<b>(4.1)</b>	0.7	
	19.8	26.3	Capital Employed	19.8	26.3	

P 12

# Branded Garments – Madura Garments



Rs. Cr.

Quarter - 3		Particulars	Nine Months	
2008-09	2007-08		2008-09	2007-08
118.6	108.5	Shirts (A)	391.6	331.9
47.9	48.6	Trousers (B)	152.2	143.9
31.5	30.5	Suits (C)	65.2	56.9
36.5	34.0	Others (D)	86.9	70.8
234.4	221.5	Revenues (A+B+C+D)	695.9	603.4
21.6	37.7	Operating Profit before adspend	61.1	84.8
15.7	18.1	Advt. Expenses	42.1	42.3
6.0	19.6	PBDIT	19.0	42.5
<b>(7.2)</b>	10.5	PBIT	<b>(16.0)</b>	18.6
491.6	414.7	Capital Employed	491.6	414.7

6%

15%

P 13

# Contract Manufacturing – Madura Garments Exports



Rs. Cr.

Quarter - 3		Particulars	Nine Months	
2008-09	2007-08		2008-09	2007-08
14.1	23.0	Sales Volume (Lacs Pcs)	48.5	50.7
52.5	60.2	Revenues	146.3	154.5
(24.0)	(3.4)	PBIT	(58.4)	(6.5)
(27.9)	(5.5)	PAT	(69.2)	(11.8)
168.0	180.9	Capital Employed	168.0	180.9

13%

5%

P 13

# Carbon Black – Hi Tech Carbon



Rs. Cr.

Quarter - 3		Particulars	Nine Months	
2008-09	2007-08		2008-09	2007-08
38,589	58,411	Production (MT)	156,894	155,300
67.1	101.6	Capacity Utilization %	91.0	101.8
36,831	60,820	Sales Volumes (MT)	154,968	154,485
57,306	38,511	Realisation (Rs./MT)	53,115	36,927
221.9	245.3	Revenues	857.5	596.8
(20.1)	43.2	PBDIT	57.1	115.0
(9.0)	17.6	OPM (%)	6.7	19.3
(26.3)	37.4	PBIT	38.4	99.4
887.1	563.5	Capital Employed	887.1	563.5
(11.3)	26.5	ROACE (Annualised) (%)	6.6	25.2

10%

44%

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# Fertilisers – Indo Gulf Fertilisers

Rs. Cr.

Quarter - 3		Particulars	Nine Months	
2008-09	2007-08		2008-09	2007-08
295	279	Urea Production ('000 MT)	795	615
289	276	Urea Sales ('000 MT)	792	603
362.6	263.5	Revenues	912.0	518.3
306.8	224.4	Urea	807.2	455.8
55.8	39.1	Agri-Inputs trading	104.8	59.4
47.8	34.0	PBDIT	147.0	66.5
13.2	12.9	OPM (%)	16.1	12.8
43.2	29.2	PBIT	132.9	53.3
444.9	359.1	Capital Employed	444.9	359.1
41.8	34.4	ROACE (Annualised) (%)	36.3	18.7

38%

76%

48%

149%

P 14

# Rayon – Indian Rayon



Rs. Cr.

Quarter - 3		Particulars	Nine Months	
2008-09	2007-08		2008-09	2007-08
		<u>VFY</u>		
4,189	4,133	Production (MT)	12,432	12,895
102.2	100.8	Capacity Utilization (%)	101.1	104.8
4,139	4,524	Sales Volumes (MT)	12,605	13,640
209.8	175.4	Realisation (Rs./Kg.)	200.5	169.8
86.8	79.3	Revenues (Rs. Cr.)	252.7	231.6
<b>9%</b>				<b>9%</b>
		<u>Chemical</u>		
20,037	21,306	ECU Realisation (Rs./MT.)	22,913	20,103
39.0	40.6	Revenues (Rs. Cr.)	147.3	116.6
<b>5%</b>				<b>15%</b>
125.8	120.0	Total Revenues	400.0	348.2
21.2	27.5	PBDIT	85.8	90.6
16.8	22.9	OPM (%)	21.4	26.0
13.0	19.3	PBIT	61.1	66.1
<b>33%</b>				<b>8%</b>
439.6	430.4	Capital Employed	439.6	430.4
11.8	17.6	ROACE (Annualised) (%)	18.2	20.0

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# Insulators – Aditya Birla Insulators



Rs. Cr.

Quarter - 3		Particulars	Nine Months		
2008-09	2007-08		2008-09	2007-08	
8,403	8,666	Production (MT)	24,321	24,889	
8,311	7,709	Sales Volumes (MT)	23,480	23,614	
112.8	98.2	Revenues	309.5	283.6	↑ 9%
28.7	35.2	PBDIT	89.2	95.3	
25.5	35.8	OPM (%)	28.8	33.6	
25.2	31.9	PBIT	78.6	85.2	↓ 8%
268.9	222.9	Capital Employed	268.9	222.9	
39.7	58.9	ROACE (Annualised) (%)	41.2	55.5	

↑ 15%

↓ 21%

P 16

# Textiles – Jaya Shree Textiles



Rs. Cr.

Quarter - 3		Particulars	Nine Months	
2008-09	2007-08		2008-09	2007-08
49.9	49.8	Linen Segment	136.5	127.7
90.0	99.7	Wool Segment	301.4	299.9
139.9	149.5	Continued operations (Linen and Wool)	438.0	427.6
-	0.4	Discontinued (Synthetic Yarn)	-	19.03
139.9	149.9	Revenues	438.0	446.6
10.5	17.1	PBDIT	44.5	51.2
4.9	11.9	PBIT	28.6	37.3
399.4	363.0	Capital Employed	399.4	363.0
4.8	13.4	ROACE (Annualised) (%)	10.0	14.8

6%

2%

P 16

59%

23%

# Annexure

# Segment Results –Nuvo Standalone



## Annexure I

Rs. Cr.

### Quarter - 3

Particulars	Revenues		PBIT		Avg Capital Employed		ROACE (PBIT basis)	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
Garments	234.4	221.5	(7.2)	10.5	522.2	414.6	-5.5%	10.1%
Rayon	125.8	120.0	13.0	19.3	440.4	436.8	11.8%	17.6%
Carbon Black	221.9	245.3	(26.3)	37.4	930.7	565.2	-11.3%	26.5%
Textiles	139.1	148.1	4.9	11.9	411.8	353.6	4.8%	13.4%
Fertilizers	362.6	263.5	43.2	29.2	413.8	339.8	41.8%	34.4%
Financial Services	-	1.1	(1.9)	0.2	13.0	8.5	-59.3%	7.6%
Insulators	112.8	98.2	25.2	31.9	253.8	216.7	39.7%	58.9%
<b>Total Operating Assets</b>	<b>1,196.6</b>	<b>1,097.6</b>	<b>50.9</b>	<b>140.3</b>	<b>2,985.7</b>	<b>2,335.3</b>	<b>6.8%</b>	<b>24.0%</b>
Corporate Assets / Elim	-	-	(3.4)	(5.3)	4,549.1	3,584.8	-0.3%	-0.6%
<b>Nuvo Standalone</b>	<b>1,196.6</b>	<b>1,097.6</b>	<b>47.4</b>	<b>135.1</b>	<b>7,534.7</b>	<b>5,920.1</b>	<b>2.5%</b>	<b>9.1%</b>

### Nine Months

Particulars	Revenues		PBIT		Avg Capital Employed		ROACE (PBIT basis)	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
Garments	695.9	603.4	(16.0)	18.6	481.4	372.9	-4.4%	6.7%
Rayon	400.0	348.2	61.1	66.1	446.6	440.5	18.2%	20.0%
Carbon Black	857.5	596.8	38.4	99.4	777.3	525.4	6.6%	25.2%
Textiles	437.0	443.9	28.6	37.3	379.4	337.1	10.0%	14.8%
Fertilizers	912.0	518.3	132.9	53.3	488.1	379.9	36.3%	18.7%
Financial Services	0.3	5.0	(5.4)	2.3	13.6	11.8	-53.1%	26.4%
Insulators	309.5	283.6	78.6	85.2	254.4	204.5	41.2%	55.5%
<b>Total Operating Assets</b>	<b>3,612.3</b>	<b>2,799.2</b>	<b>318.2</b>	<b>362.3</b>	<b>2,840.7</b>	<b>2,272.1</b>	<b>14.9%</b>	<b>21.3%</b>
Corporate Assets	-	-	(6.0)	(11.7)	4,333.5	3,723.9	-0.2%	-0.4%
<b>Nuvo Standalone</b>	<b>3,612.3</b>	<b>2,799.2</b>	<b>312.2</b>	<b>350.6</b>	<b>7,174.2</b>	<b>5,996.0</b>	<b>5.8%</b>	<b>7.8%</b>

# Operating Margin - Nuvo Standalone

## Annexure II



Quarter - 3		Operating Margin	Nine Months	
2008-09	2007-08		2008-09	2007-08
2.5%	8.9%	Branded Garments	2.7%	7.0%
16.8%	22.9%	Rayon	21.4%	26.0%
-9.0%	17.6%	Carbon Black	6.7%	19.3%
13.2%	12.9%	Fertilisers	16.1%	12.8%
7.5%	11.5%	Textiles	10.2%	11.5%
25.5%	35.8%	Insulators	28.8%	33.6%
7.5%	15.7%	Nuvo Standalone	12.0%	16.2%

# Exports - Nuvo Standalone

## Annexure III



Quarter - 3		Exports (Rs Crores)	Nine Months	
2008-09	2007-08		2008-09	2007-08
14.7	10.0	Garments	43.2	26.5
15.5	20.2	Rayon	51.3	59.4
21.9	61.2	Carbon Black	150.7	125.6
62.0	68.9	Textiles	204.4	201.7
28.0	15.6	Insulators	65.9	47.1
142.1	175.9	<b>Nuvo Standalone</b>	515.6	460.3

Quarter - 3		Exports (% of Sales)	Nine Months	
2008-09	2007-08		2008-09	2007-08
6.3%	4.5%	Garments	6.2%	4.4%
12.4%	16.9%	Rayon	12.8%	17.1%
9.9%	24.9%	Carbon Black	17.6%	21.0%
44.5%	46.5%	Textiles	46.7%	45.2%
24.8%	15.9%	Insulators	21.3%	16.6%
11.9%	16.0%	<b>Nuvo Standalone</b>	14.3%	16.4%

# Sales Volume - Nuvo Standalone

## Annexure IV

Quarter - 3		Particulars	Nine Months	
2008-09	2007-08		2008-09	2007-08
25.2	23.9	Garments (lacs Pcs)	85.1	78.7
4,139	4,524	VFY (MT)	12,605	13,640
17,522	17,245	Caustic (MT)	56,976	53,470
36,831	60,820	Carbon Black (MT)	154,968	154,485
289	276	Fertilisers ('000 MT)	792	603
8,311	7,709	Insulators (MT)	23,480	23,614

Quarter - 3		Particulars	Nine Months	
2008-09	2007-08		2008-09	2007-08
<b>Garments (Lac Pcs)</b>				
14.6	13.5	Shirts	52.9	46.8
5.0	5.1	Trousers	17.2	16.4
0.8	0.7	Suits	1.6	1.3
4.8	4.6	Others	13.4	14.2
<b>Textiles</b>				
934	1,351	Linen Fabric ('000 Mtrs)	2,945	3,404
711	619	Flax Yarn (MT)	1,733	1,584
608	732	Worsted Yarn (MT)	2,343	2,101
1,012	1,010	Wool Combing (MT)	2,767	3,259

# Production - Nuvo Standalone

## Annexure V

Quarter - 3			Particulars	Nine Months		
Effective Capacity	Production	Utilisation		Effective Capacity	Production	Utilisation
4,100	4,189	102%	VFY (MT)	12,300	12,432	101%
20,531	17,189	84%	Caustic (MT)	61,594	56,985	93%
57,500	38,589	67%	Carbon Black (MT)	172,500	156,894	91%
216	295	137%	Fertilisers ('000 MT)	648	795	123%
9,700	8,403	87%	Insulators (MT)	29,100	24,321	84%

Quarter - 3		Particulars	Nine Months	
Effective Capacity	Production		Effective Capacity	Production
MT / '000 Mtrs.		Textiles	MT / '000 Mtrs.	
27 Looms	867	Linen Fabric ('000 Mtrs)	81 Looms	3,021
3771 Spindles	572	Flax Yarn (MT)	11313 Spindles	1,642
6387 Spindles	817	Worsted Yarn (MT)	19161 Spindles	2,562
1.75 Cards	1,012	Wool Combing (MT)	4.75 Cards	2,767

# Safe Harbor

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Statements in this “Presentation” describing the Company’s objectives, projections, estimates, expectations or predictions may be “forward looking statements” within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company’s operations include global and Indian demand supply conditions, finished goods prices, feed stock availability and prices, cyclical demand and pricing in the Company’s principal markets, changes in Government regulations, tax regimes, economic developments within India and the countries within which the company conducts business and other factors such as litigation and labour negotiations. The Company assume no responsibility to publicly amend, modify or revise any forward looking statement, on the basis of any subsequent development, information or events, or otherwise.

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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.adityabirla.com](http://www.adityabirla.com) or [www.adityabirlanuvo.com](http://www.adityabirlanuvo.com)**

**Email: [nuvo.cfd@adityabirla.com](mailto:nuvo.cfd@adityabirla.com)**