



## Performance update for the half year ended 30th September, 2010

Dear Shareholder,

I am pleased to inform you that your Company has posted strong growth in its operating performance driven by consistent improvement in earnings across the businesses.

Your Company's consolidated revenue surged by 21% from ₹ 6,950 Crore to ₹ 8,388 Crore. All the businesses contributed to the top-line growth. Consolidated EBITDA rose by 57% from ₹ 749 Crore to ₹ 1,177 Crore driven by Financial Services, Fashion & Lifestyle and IT-ITeS businesses. Investments made in these businesses are now yielding results. Consolidated net profit improved significantly to ₹ 254 Crore vis-à-vis net loss of ₹ 34 Crore in the first half of the previous year. Net profit of ₹ 254 Crore is after one time exceptional loss of ₹ 103 Crore borne by Aditya Birla Money and Aditya Birla Money Mart, subsidiaries of your Company.

Standalone balance sheet stands strengthened with Net Debt to Equity and Net Debt to EBITDA at 0.67 and 3.4 as on 30th September 2010 vis-à-vis 0.74 and 4.1 as on 31st March 2010. This is despite of the fact that ~60% of standalone capital employed of your Company is deployed in long term investments to fund the growth of Financial Services, Telecom and IT-ITeS businesses.

### Business-wise performance review

#### Aditya Birla Financial Services [ABFS]

ABFS continues to strengthen its position as a large Non-Bank Financial Services player with an integrated and broad-based business. With value creation for clients at its core, ABFS is trusted by about 5.5 million customers. Anchored by over 15,000 employees, ABFS has nation-wide reach through about 1,600 points of presence and 2,00,000 channel partners. Its combined Assets under Management (AUM) as on 30th September 2010 grew year on year by 14% to ₹ 90,566 Crore (approx. USD 20 billion). Revenue surged by 25% to ₹ 2,901 Crore.

- The total premium income of Birla Sun Life Insurance (BSLI) grew by 20% to ₹ 2594 Crore driven by 45% growth in renewal premium. New business premium at ₹ 1053 Crore de-grew by 4%. Majority of life insurers witnessed muted new business sales post new ULIP guidelines effective from 1st September 2010. While new business premium of BSLI grew by 7% during April-August 2010, sales growth was impacted in September 2010 per se. BSLI's AUM scaled up by 37% year on year to ₹ 18,616 Crore as on 30th September 2010. Driven by growing size of in-force book coupled with lower new business strain and better expenses management, BSLI achieved net profit of ₹ 29 Crore vis-à-vis net loss of ₹ 238 Crore. No capital infusion was required by the business during the half year. BSLI's thrust is on achieving balanced product mix and driving cost and operating efficiencies across the distribution channels and areas of operations.

The embedded value (EV) of BSLI is measured at ₹ 3,816 Crore as on March 31, 2010 – registering a year on year growth of 25%. EV reflects the value of future profits embedded in the in-force policies written by the life insurance company. Total capital infused in the business till March 31, 2010 is ₹ 2450 Crore. The Value of New Business (VNB) margin, a measure used for gauging profitability of new business stood at 22.5% for FY 2009-10 vis-à-vis 20.3% in FY 2008-09.

- The total average AUM (incl. alternate assets) of Birla Sun Life Asset Management (BSAMC) grew year on year by 8% to ₹ 71,069 Crore. Average equity AUM rose by 30% to ₹ 15,069 Crore compared to 14% industry growth. Real Estate Onshore Fund collected ₹ 635 Crore on its first closure in August 2010. It is targeting second closure shortly. BSAMC ranks 5<sup>th</sup> with market share of 9.5% vis-à-vis 8.5% a year ago. During the half year, revenues rose by 75% from ₹ 117 Crore to ₹ 204 Crore and net profit grew from ₹ 14 Crore to ₹ 47 Crore. BSAMC won 'Asset Management Company of the year' by the Asset Magazine, Hong Kong, for the second year in a row.
- Overall book size of Aditya Birla Finance (NBFC) has more than doubled year-on-year to over ₹ 1,900 Crore. It has received capital infusion of ₹ 225 Crore during the half year to support its growth and is well capitalised with a net worth of ₹ 475 Crore.
- Aditya Birla Private Equity Fund, a ₹ 881 Crore fund, acquired 4% stake in credit rating agency Credit Analysis and Research Ltd. for ₹ 64 Crore.

#### Telecom [Idea Cellular Limited]

Idea Cellular Limited (Idea) continued to build sustainable competitiveness while maintaining growth momentum. Idea, with about 75 million subscribers base, ranks 3<sup>rd</sup> in terms of wireless revenue market share which stands enhanced to 13% in Q1FY11 from 12.1% a year ago, reflecting Idea's competitive strength. Idea is targeting 3G roll out by Q4FY11 in 11 services areas where it won 3G spectrum and which account for 80% of its existing revenue. Idea is pursuing long-term arrangements with select quality operators for 3G roll out in other service areas. Idea posted 23% rise in revenues at ₹ 7,287 Crore led by strong growth in minutes of usage.

**UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND THE HALF YEAR ENDED 30TH SEPTEMBER 2010**

₹ Crore

FINANCIAL RESULTS	Consolidated Financial Results					
	Quarter Ended 30th Sept			Year to Date		Year Ended
	2010 (Unaudited)	2009 (Unaudited)	2010 (Unaudited)	2010 (Unaudited)	2010 (Audited)	
Net Revenue	4,495	3,662	8,309	6,876	15,372	
Other Operating Income	38	36	79	74	149	
<b>Net Income from Operations</b>	<b>4,532</b>	<b>3,698</b>	<b>8,388</b>	<b>6,950</b>	<b>15,521</b>	
<b>Expenditure:</b>						
Decrease / (Increase) in Stock in Trade	(107)	14	(141)	35	20	
Consumption of Raw Materials	805	555	1,440	1,033	2,260	
Purchase of Traded Goods	151	50	219	92	223	
Employees Cost	622	567	1,200	1,130	2,254	
Depreciation and Amortisation	232	213	453	415	866	
Power & Fuel	233	180	426	337	707	
Benefits Paid - Insurance Business	504	217	861	395	1,139	
Other Expenditure	1,243	1,125	2,422	2,164	4,541	
Change in valuation of liability in respect of life insurance policies						
Investment (Income) / Loss on life insurance policyholders' fund related to linked business (refer note no.6)	1,735	1,831	2,539	4,455	6,926	
	(1,222)	(1,185)	(1,658)	(3,302)	(3,987)	
<b>Total Expenditure</b>	<b>4,195</b>	<b>3,568</b>	<b>7,760</b>	<b>6,754</b>	<b>14,949</b>	
<b>Profit from Operations before Other Income, Interest and Exceptional Items</b>	<b>337</b>	<b>130</b>	<b>629</b>	<b>196</b>	<b>572</b>	
Other Income	52	70	95	138	248	
<b>Profit before Interest and Exceptional Items</b>	<b>389</b>	<b>200</b>	<b>723</b>	<b>334</b>	<b>820</b>	
Interest and Finance Expenses	135	167	270	357	662	
<b>Profit / (Loss) after Interest but before Exceptional Items</b>	<b>254</b>	<b>33</b>	<b>453</b>	<b>(23)</b>	<b>158</b>	
Exceptional Items (refer note no.2)	(103)	-	(103)	-	-	
<b>Profit / (Loss) before Tax</b>	<b>150</b>	<b>33</b>	<b>350</b>	<b>(23)</b>	<b>158</b>	
Tax Expenses	50	65	95	76	118	
Provision for Tax of earlier years written back (net)	(11)	-	(11)	(4)	(4)	
<b>Net Profit / (Loss) (before Minority Interest)</b>	<b>111</b>	<b>(32)</b>	<b>266</b>	<b>(95)</b>	<b>44</b>	
Minority Interest	(6)	33	(12)	61	111	
Share of Profit / (Loss) of Associates	-	-	(0)	-	(0)	
<b>Net Profit / (Loss)</b>	<b>105</b>	<b>1</b>	<b>254</b>	<b>(34)</b>	<b>155</b>	
Paid Up Equity Share Capital (Face Value of ₹ 10 each)	103	95	103	95	103	
Reserve excluding Revaluation Reserve	10.13	0.15	24.54	(3.56)	5.189	
Basic Earnings Per Share - ₹	9.80	0.14	23.73	(3.56)	14.80	
Diluted Earnings Per Share - ₹						
<b>Public Shareholding</b>						
Number of Shares			52,315,230	52,287,170	52,302,053	
Percentage of Shareholding			50.779%	55.03%	50.77%	
<b>Promoter and Promoter Group Shareholding</b>						
Pledged/ Encumbered No. of Shares			Nil	Nil	Nil	
Percentage of shares (as a %age of total Shareholding of promoter and promoter group)			-	-	-	
Percentage of shares (as a % age of total Share Capital of the company)			-	-	-	
Non - encumbered No. of Shares			47,444,697	39,444,580	47,444,697	
Percentage of shares (as a %age of total Shareholding of promoter and promoter group)			100.00%	100.00%	100.00%	
Percentage of shares (as a % age of total Share Capital of the company)			46.06%	41.52%	46.06%	

₹ Crore

SEGMENT REPORTING	Consolidated Financial Results					
	Quarter Ended 30th Sept			Year to Date		Year Ended
	2010 (Unaudited)	2009 (Unaudited)	2010 (Unaudited)	2010 (Unaudited)	2009 (Unaudited)	31st March 2010 (Audited)
<b>Segment Revenue</b>	<b>1,417</b>	<b>1,146</b>	<b>2,512</b>	<b>2,080</b>	<b>5,309</b>	
Life Insurance	150	97	287	182	411	
Other Financial Services	923	802	1,849	1,606	3,331	
Telecom	405	387	795	779	1,530	
IT - ITES	478	342	827	597	1,251	
Fashion & Lifestyle (Garments & Accessories)	387	287	712	532	1,161	
Carbon Black	334	281	561	473	1,022	
Agri - business (Fertilisers, Seeds & Pesticides)	135	134	261	275	538	
Rayon Yarn (Including Caustic & Allied Chemicals)	128	91	244	169	428	
Insulators	185	138	363	269	577	
Textiles (Spun Yarn & Fabrics)						
<b>Total Segmental Revenue</b>	<b>4,544</b>	<b>3,705</b>	<b>8,410</b>	<b>6,961</b>	<b>15,557</b>	
Less: Inter Segment Revenue	(12)	(8)	(22)	(11)	(35)	
<b>Net Income from Operations</b>	<b>4,532</b>	<b>3,698</b>	<b>8,388</b>	<b>6,950</b>	<b>15,521</b>	
<b>Segment Results (Profit before Interest and Tax - PBIT)</b>						
Life Insurance	22	(125)	34	(233)	(425)	
Other Financial Services	29	15	74	32	88	
Telecom	78	102	165	225	431	
IT - ITES	27	10	48	17	42	
Fashion & Lifestyle (Garments & Accessories)	28	(12)	32	(57)	(81)	
Carbon Black	57	78	108	103	227	
Agri - business (Fertilisers, Seeds & Pesticides)	50	34	75	45	136	
Rayon Yarn (Including Caustic & Allied Chemicals)	16	33	39	71	120	
Insulators	28	17	54	34	98	
Textiles (Spun Yarn & Fabrics)	20	10	37	14	47	
<b>Total Segment Result</b>	<b>358</b>	<b>162</b>	<b>666</b>	<b>251</b>	<b>684</b>	
Less: Interest & Finance Expenses	(115)	(145)	(232)	(312)	(582)	
Add: Interest Income	14	17	26	39	68	
Add: Net of Unallocable Income/(Expenditure)	(3)	(1)	(7)	(1)	(12)	
<b>Profit before Tax and Exceptional Items</b>	<b>254</b>	<b>33</b>	<b>453</b>	<b>(23)</b>	<b>158</b>	
Exceptional items (refer note no.2)	(103)	-	(103)	-	-	
<b>Profit after Exceptional Items</b>	<b>150</b>	<b>33</b>	<b>350</b>	<b>(23)</b>	<b>158</b>	
<b>Capital Employed (Including Goodwill) (Segment Assets - Segment Liabilities)</b>						
As on 30th Sept 2010	13,251	12,562	13,691	12,927	12,285	
As on 31st March 2010	441	365	441	365	103	
Life Insurance	457	350	457	350	428	
Other Financial Services	753	710	753	710	902	
Telecom	7,809	7,640	7,809	7,640	6,859	
IT - ITES	1,271	1,061	1,271	1,061	1,197	
Fashion & Lifestyle (Garments & Accessories)	597	593	597	593	549	
Carbon Black	1,138	798	1,138	798	942	
Agri - business (Fertilisers, Seeds & Pesticides)	295	415	295	415	300	
Rayon Yarn (Including Caustic & Allied Chemicals)	420	423	420	423	430	
Insulators	313	294	313	294	294	
Textiles (Spun Yarn & Fabrics)	196	303	196	303	281	
<b>Total Segment Capital Employed</b>	<b>13,251</b>	<b>12,562</b>	<b>13,691</b>	<b>12,927</b>	<b>12,285</b>	
Add: Unallocated Corporate Assets	441	365	441	365	103	
<b>Total Capital Employed</b>	<b>13,691</b>	<b>12,927</b>	<b>13,691</b>	<b>12,927</b>	<b>12,285</b>	

Notes

1 Consolidated Statement of Assets and Liabilities:

Particulars	₹ Crore			
	As on 30th Sept 2010 (Unaudited)	As on 30th Sept 2009 (Unaudited)	As on 31st Mar 2010 (Audited)	
<b>SOURCES OF FUNDS</b>				
Shareholders' Fund				
Equity Share Capital	103	95	103	
Preference Share Capital	26	26	26	
Share Warrants	142	250	142	
Employee Stock Options Outstanding Reserves & Surplus	20	8	15	
	5,443	5,606	5,189	
Minority Interest	5,733	5,985	5,475	
Loan Funds	198	163	186	
Deferred Tax Liabilities	9,604	7,353	7,426	
Policyholder's Fund	248	240	244	
Fund for future appropriations	17,794	12,959	15,353	
	397	222	298	
<b>Total Funds Employed</b>	<b>33,973</b>	<b>26,922</b>	<b>28,982</b>	
<b>APPLICATION OF FUNDS</b>				
Fixed Assets (including Goodwill)	11,412	10,467	9,881	
Investments	19,637	14,591	16,956	
Deferred Tax Assets	3	2	3	
<b>Current Assets, Loans and Advances:</b>				
Inventories	1,029	809	903	
Sundry Debtors	1,358	1,189	1,092	
Cash & Bank Balances	828	579	795	
Interest accrued on Investments	46	24	35	
Loans & Advances	3,409	2,107	2,534	
Other Current Assets	267	181	173	
	<b>6,937</b>	<b>4,890</b>	<b>5,531</b>	
<b>Less: Current Liabilities &amp; Provisions:</b>				
Current Liabilities	3,890	2,918	3,217	
Provisions	125	110	172	
	<b>4,015</b>	<b>3,028</b>	<b>3,389</b>	
<b>Net Current Assets</b>	<b>2,922</b>	<b>1,862</b>	<b>2,141</b>	
<b>Total Funds Utilised</b>	<b>33,973</b>	<b>26,922</b>	<b>28,982</b>	

2 Aditya Birla Money Limited and Aditya Birla Money Mart Limited, subsidiaries of the Company, have borne one time loss of ₹ 103 Crore on account of certain trades of their clients.

3

Pursuant to Clause 41 of the Listing Agreement, the Company has opted to publish consolidated financial results. The standalone financial results are available at company's website viz. www.adityabirlamoney.com and on websites of BSE(www.bseindia.com) and NSE(www.nseindia.com). Key Standalone financial information is given below:

Particulars	₹ Crore			
	Quarter Ended 30th Sept		Year to Date	
	2010	2009	2010	2009
Net Income from Operations	1,639	1,228	2,950	2,225
Profit before Tax	146	104	236	92
Net Profit	120	59	184	57

4 Additional Information of Standalone Accounts required pursuant to Clause 29 of Listing Agreement for Debt Securities:

Particulars	₹ Crore			
	As on 30th September		As on 31st March	
	2010	2009	2010	2010
i) Paid-up Debt Capital - ₹ Crore	3,854	3,776	3,633	3,633
ii) Debenture Redemption Reserve - ₹ Crore	106	39	69	69
iii) Debt Equity Ratio	0.82	0.90	0.80	0.80
iv) Debt Service Coverage Ratio	0.88	1.51	1.11	1.11
v) Interest Service Coverage Ratio	3.33	2.00	2.50	2.50

Following have been computed as under:

- i) Paid up Debt Capital = Total borrowings including Debentures
- ii) Debt Equity Ratio = Paid up Debt Capital/ Net Worth ; (Net Worth = Equity Share Capital + Reserves and Surplus)
- iii) Debt Service Coverage Ratio = Profit before Depreciation, Interest and Tax / (Interest and Finance Expenses + Principal Repayment of Long term Debts)
- iv) Interest Service Coverage Ratio = Profit before Depreciation, Interest and Tax / Interest and Finance Expenses

5 Status of Investor Complaints for the quarter ended September 30, 2010:

Opening	Received	Redressed	Pending
1	9	10	0

6 For the purpose of consolidated financial results, the "Investment (Income) /Loss on life insurance policyholders' fund" related to linked business has been disclosed with "Change in valuation of liability in respect of life insurance policies".

7 Previous year's / period's figures are regrouped / rearranged wherever necessary. Figures of Standalone and Consolidated Financial Results for the quarter and year to date under review are not comparable with that of the corresponding previous periods since there have been acquisitions/disposals/stake changes/mergers/de-merger in the Company and its subsidiaries and joint ventures.

8 The above results have been reviewed by the Audit Committee of the Board and taken on record at the meeting of the Board of Directors held on October 30, 2010. The Statutory Auditors of the Company have carried out Limited Review of the Unaudited Standalone and Consolidated Financial Results as required under Clause 41 of Listing Agreement and the related report will be submitted to the concerned stock exchanges.

EBITDA sustained at ₹ 1,799 Crore even after absorbing the competitive pressure on average realised rate per minute, increase in spectrum charges and start up cost of new service areas launched in past one year. Net profit de-grew by 26% to ₹ 381 Crore. The Net-debt to Equity and Net-debt to EBITDA ratios stood at less than 1 and less than 3 respectively. Strong balance sheet and internal cash accruals will support its growth plans going forward.

#### **Fashion & Lifestyle [Madura Garments]**

The business is capitalising on brand leadership and enhancing channel productivity to achieve profitable growth. Revenue grew by 39% to ₹ 827 Crore. Improved customer footfalls led to robust sales growth across the brands viz., Louis Philippe, Van Heusen, Allen Solly and Peter England. The wholesale channel posted 60% growth and the retail channel grew by 40%. The business posted EBITDA of ₹ 64 Crore vis-à-vis loss of ₹ 17 Crore in first half of the previous year. During the half year, 68 exclusive brand outlets (EBOs) were launched to reach a total of 454 EBOs across 9 lacs sq. ft. area.

#### **IT-ITeS [Aditya Birla Minacs]**

Aditya Birla Minacs continued to augment its capabilities and build strong order book with a focus on the bottom-line. To strengthen its non-voice capabilities, Aditya Birla Minacs acquired 'Compass BPO Ltd.', a leading UK based pure play end-to-end Finance and Accounting service provider in March 2010 and 'Bureau of Collection Recovery LLC', a US based leading accounts receivable management company in June 2010. It has sold Total Contract Value of ~USD 550 million in the first half year itself and won 16 new clients. Revenues grew from ₹ 779 Crore to ₹ 795 Crore. EBITDA grew by 70% from ₹ 47 Crore to ₹ 81 Crore driven by site rationalisation and cash conservation efforts.

#### **Manufacturing businesses [Carbon Black, Agri-business, Rayon, Textiles and Insulators]**

In the manufacturing businesses, the focus is on capturing the sector growth and realizing full potential. Collectively, revenues grew by 25% to ₹ 2,141 Crore. This was largely driven by capacity expansion in the Carbon Black and Insulators businesses and robust demand in the textiles business. Rise in input and fuel costs also reflected in top-line particularly in the Carbon Black and Agri-business. EBITDA grew by 16% from ₹ 327 Crore to ₹ 378 Crore. Profitability in the first half of the previous year reflects a one-time input price advantage attained in the Carbon Black business. While the Agri-business, Insulators and Textiles businesses contributed to the bottom-line growth, steep rise in the input and fuel costs strained profitability in the Rayon business. The operating margin at 18% and return on average capital employed at 27% has been encouraging.

The ~85,000 metric tons per annum (MTPA) Greenfield Carbon black capacity expansion at Patalganga was completed in May 2010. This has increased the total carbon black manufacturing capacity to ~315,000 MTPA. The company is planning to further augment its capacity by 85,000 MTPA each at Patalganga in the second phase as well as in southern India.

Your Company's thrust on profitable growth across the businesses has led to strong results. Financial Services, Fashion & Lifestyle and IT-ITeS businesses have also achieved the 'path to profitability' and continue to grow year on year in terms of top-line as well as bottom-line. Your Company has not only demonstrated strong growth in its earnings, quarter after quarter, but has also strengthened its financial position.

A detailed presentation is available on your Company's website in the 'Investors' section. Should you require a copy of the same, please email us at [nuvo-investors@adityabirla.com](mailto:nuvo-investors@adityabirla.com) / [abnlsecretarial@adityabirla.com](mailto:abnlsecretarial@adityabirla.com)

Looking forward for your continued support and wishing you a very happy and prosperous new year ahead.

Yours sincerely,



*Sushil Agarwal*

*Chief Financial Officer*

*Mumbai, 8<sup>th</sup> November 2010*

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Aditya Birla Nuvo Limited

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