

Aditya Birla Nuvo Limited

Performance Review : Q1FY'09-10

Investor Presentation

Mumbai, 29th July 2009

ADITYA BIRLA NUVO



ADITYA BIRLA GROUP

strong foundation energised growth

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India Inc. heading towards recovery . . .

- **India's GDP growth forecast upwardly revised by IMF, OECD and World Bank**
- **World Bank projects India to become world's fastest growing economy in 2010 with 8% GDP growth vis-à-vis China's 7.7%,**
- **The most recent industry performance indicators signify a positive outlook for India**
 - ➔ The OECD* Composite Leading Indicators for India increased in Apr & May'09 by 0.8 & 1.4 to 96.7 indicating that Indian economy has bottomed out
 - ➔ IIP grew y-o-y by 1.2% in Apr'09 & 2.7% in May'09 after remaining subdued for past few months
 - ➔ FII net inflow in Apr-Jun'09 aggregated USD 6.6 billion versus outflow of USD 9.8 billion in FY'09
 - ➔ Consumer confidence on country's economic recovery is 2nd highest in India (Source : Nielsen Consumer Confidence Index : Mar-Apr'09)

*Organisation for Economic Co-operation and Development

Nuvo continues to focus on strategic initiatives across businesses to ride upon economic upturn

Nuvo : Pursuing defined strategy

- During the quarter, Aditya Birla Nuvo moved closer to achieving distinct strategic objectives across its business segments :

- ➔ Building momentum for achieving leadership in the **Financial Services** businesses
- ➔ Achieving Pan India presence in the **Telecom** business
- ➔ Regaining profitability in the **BPO** and the **Garments** businesses
- ➔ Strengthening operations in the '**Value**' (manufacturing) businesses
- ➔ Strengthening balance sheet by equity infusion of Rs. 1,000 Cr. through preferential allotment to promoters : Shareholders approval received in the EoGM held on 17th Jun'09
 - ◆ A sum of Rs. 250 Cr. already received in Jun'09 as 25% application money

Almost all the businesses have outperformed competition while strengthening earnings y-o-y as well as q-o-q

Birla Sun Life Insurance – Momentum Continued

- **During the quarter, private life insurers de-grew y-o-y by 18% in new business premium**

- ➔ Birla Sun Life Insurance (BSLI) contained de-growth in APE to 6%
 - ◆ Ranked 5th amongst private players with 8.7% market share in YTD Jun'09
 - ◆ In Jun'09 per se, BSLI garnered 10.1% market share

- **In Q1, renewal premium grew y-o-y by 64%**

- ➔ Total premium income grew y-o-y by 17%
- ➔ Net loss reduced from Rs. 146.8 Cr. to Rs. 111.1 Cr.

- **Building effective distribution channel and expanding retail base for sustainable growth**

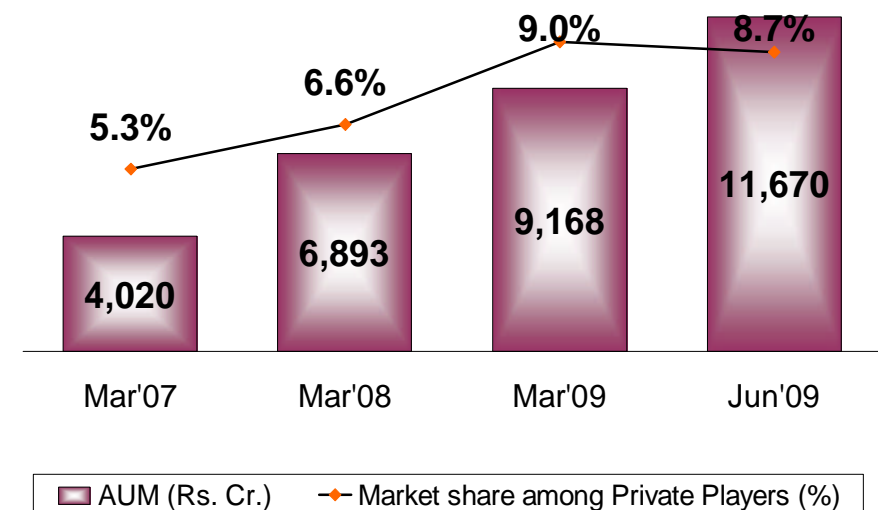
- ➔ Achieved 82% y-o-y new policy growth
- ➔ Launched 52 Bima Kendras to tap rural potential

- **AUM grew 27% q-o-q supported by upturn in equity markets**

- **Superior investment performance : 100% of AUM is ahead of benchmarks**

- ➔ All 18 funds outperformed respective benchmarks based on one year returns

Market Share & Assets under Management



Sustainable growth momentum built with focus on non-polarised distribution set up



Birla Sun Life Asset Management – AUM crosses Rs. 50K Cr. mark

- **Achieved 37% y-o-y growth in avg. domestic AUM at Rs. 56,283 Cr. while industry grew by 19%**
 - ➔ 2nd highest growth rate among top 5 players
 - ➔ Ranked 5th with 8.4% market share
- **More than 80% of AUM is in top two quartiles of performance based on one year returns** (Source : Value Research)
- **Bagged “India Onshore Fund House 2009” award from Asian Investor**
- **Launched “ Enhanced arbitrage fund” in July’09**

Other Financial Services

- **Apollo Sindhoori** posted considerable improvement in earnings supported by improved broking volumes
- **‘Aditya Birla Private Equity Fund’** has successfully launched its maiden offering to Indian investors and is getting encouraging response
- **Other Financial Services** continued to invest in people, process and technology related infrastructure in the direction of building a broad based and integrated financial services business model

Aditya Birla Financial Services is well positioned to capitalise on inevitable growth in the sector

Idea Cellular – Achieving Pan India presence by Dec'09



- Footprint expanded to 17 service areas covering ~ 90% of the national subscriber base

- ➔ Launched Orissa and Tamil Nadu (Incl. Chennai) service areas
- ➔ Pan India presence will drive operating synergies like roaming, NLD, ad spend etc.

- Cellular industry grew q-o-q by 9% to reach

421.71 million subscribers in Jun'09 (Source : COAI, AUSPI)

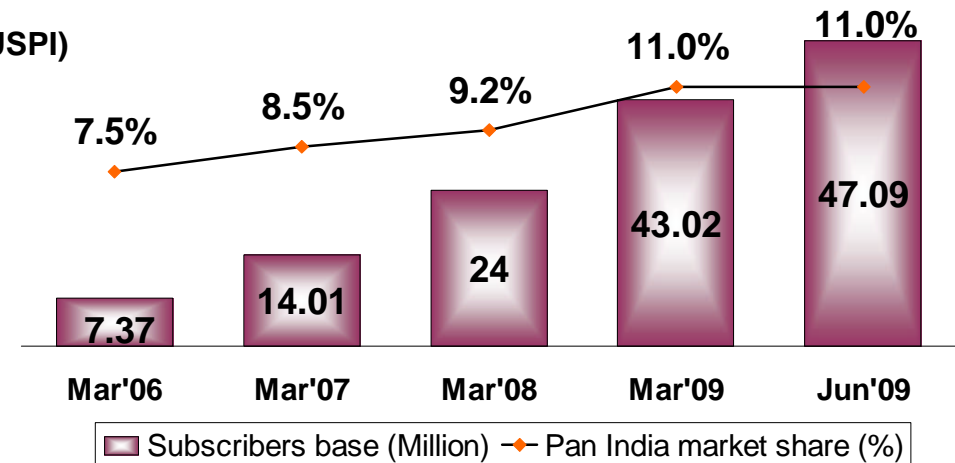
- Idea achieved over 9% q-o-q growth to reach 47.09 million subscribers

- ➔ Ranks 5th with all India market share at ~11%
- ➔ Ranks 2nd with ~19.3% share in combined subscribers base of 8 established service areas (No. 1 player has ~19.8% share)

- Net profit grew 13% y-o-y and 8% q-o-q to Rs. 297.1 Cr.

- Net debt-equity ratio (net of cash and cash equivalents of Rs. 2,695.2 Cr.) stands at 0.31

Subscribers base & Market Share



Mar'09 and Jun'09 figures include corresponding figures of Punjab and Karnataka service areas as Spice was consolidated since Oct'08

Strong performance amidst heightened competitive environment

Other Growth businesses – Bottom-line strengthened

- **BPO : Cost control measures showing encouraging results**
 - ➔ **Bottom-line improved significantly y-o-y and q-o-q**
 - ◆ Supported by site consolidation & overheads reduction efforts
 - ◆ Despite lower revenues from existing clients suffering slowdown
 - ➔ **Scaling up domestic operations : Building telecom vertical expertise**
 - ◆ Launched one site in India for Idea Cellular
 - ◆ Targeting to add two more sites in India in FY10 to serve the telecom sector
 - ➔ **Focusing on non-voice / KPO segments**

- **Garments : Achieving profitable growth**
 - ➔ **Branded Garments'** revenues grew across the brands and channels
 - ◆ Expanded retail space coupled with growth in like-to-like stores sales contributed
 - ◆ Profitability improved y-o-y and q-o-q driven by higher sales, rent re-negotiation, exit from unviable stores, improved inventory turnover and manpower rationalisation
 - ➔ Losses in **contract exports** and **apparel retail** subsidiaries reduced considerably y-o-y and q-o-q supported by rightsizing and overheads reduction measures

Value businesses – Strengthening operations

- **Carbon black : Turnaround in profitability driven by lower CBFS cost and higher volumes**
 - ➔ Capacity utilisation rose from 67% in Q3FY09 → 79% in Q4FY09 → 100% in Q1FY10
 - ◆ Q-o-Q sales volumes rose by 15% on back of revived demand from tyre sector
 - ➔ High priced CBFS inventory exhausted in May'09
 - ➔ PBDIT of Rs. 31.3 Cr. in Q1FY10 compared to loss of Rs. 7.3 Cr. in Q4FY09
 - ➔ Expansion by 75K MTPA at Patalganga & 10MW power plant at Renukoot targeted by Mar'10 to tap regained buoyancy in domestic auto sector
- **Fertilisers : Achieved higher per day productivity y-o-y but plant could operate only for 67 days due to planned maintenance shutdown and subsequent breakdown**
 - ➔ Lower volumes coupled with higher energy and repairs & maintenance costs lowered profitability
- **Rayon : Posted highest ever quarterly earnings driven by higher VFY realisation, lower input costs and 16% growth in caustic soda sales volumes on back of capacity expansion in Dec'08**
- **Insulators : Lower despatches due to deferment of delivery schedule by few clients**
 - ➔ Demand and realisation remained under pressure globally during the quarter
 - ➔ Capacity expanded by 10,000 TPA is under trial run, commercial production targeted in Q2FY10

Financial Performance

Consolidated Revenues - Segmental



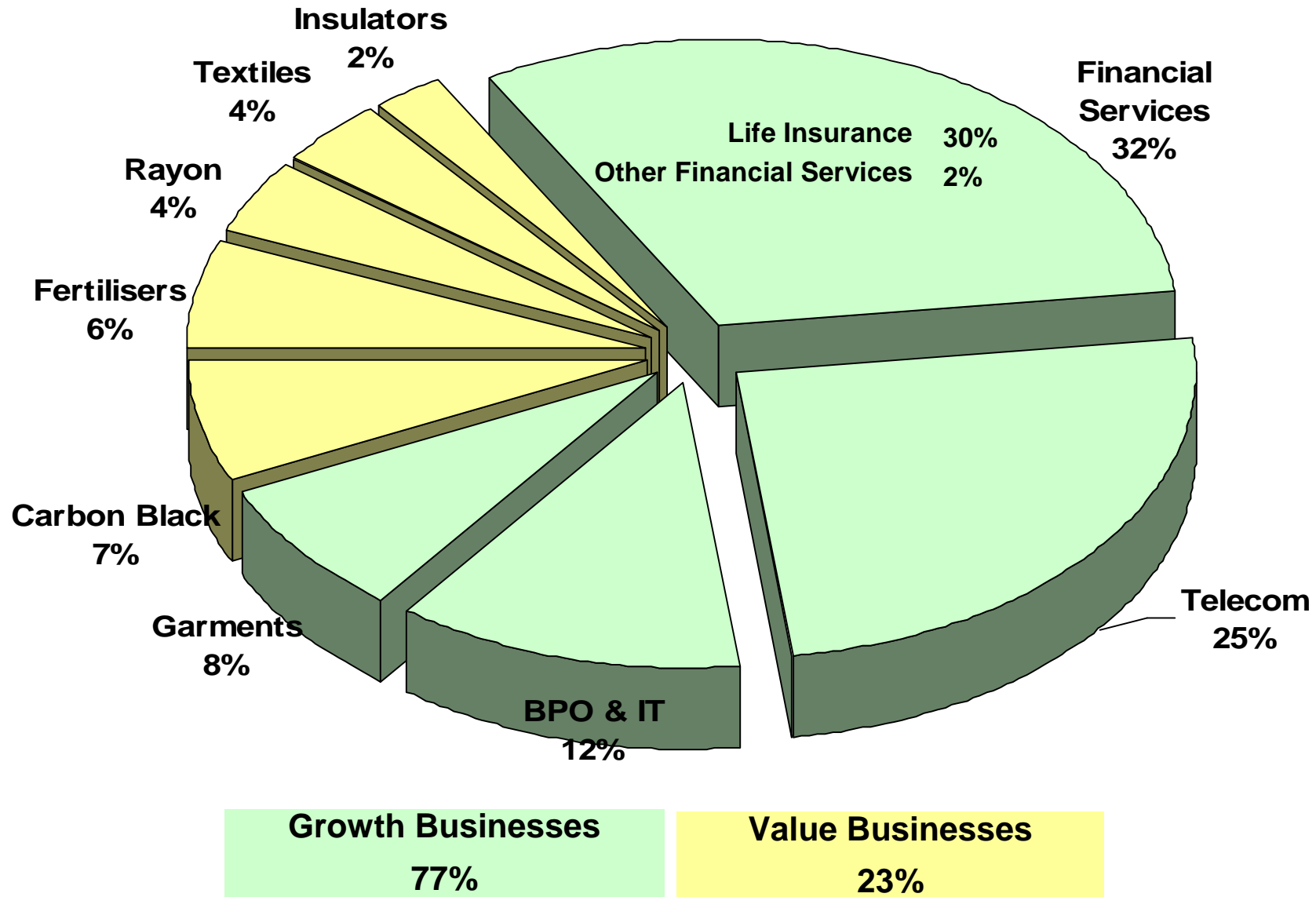
Rs. Crores

Revenues	Quarter - 1			
	2009-10	2008-09		
Life Insurance	Premium income	929.2	796.4	↑ 17%
	Investment income / (loss) on policyholders' funds	2,121.4	(476.4)	
Other Financial Services	84.6	63.6	↑ 33%	
Telecom (Nuvo's share)	803.7	690.7	@	
BPO & IT	392.3	456.1	↓ 14%	
Garments (Incl. apparel retail)	255.1	225.1	↑ 13%	
Carbon Black	245.7	297.7	↓ 17%	
Fertilisers	191.4	229.3	↓ 17%	
Rayon	140.1	134.3	↑ 4%	
Insulators	78.4	90.7	↓ 14%	
Textiles	131.1	148.7	↓ 12%	
Inter-segment Elimination	(3.8)	(2.9)		
Consolidated Revenues	5,369.4	2,653.3	↑ 102%	
Standalone Revenues	996.8	1,079.0	↓ 8%	

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

Idea Cellular (Telecom)	2,974.8	2,173.5	↑ 37%
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Consolidated Net Sales Mix



Consolidated Profitability (PBIT) - Segmental

Rs. Crores

PBIT	Quarter - 1		Q4
	2009-10	2008-09	2008-09
Life Insurance	(108.5)	(144.3)	(186.9)
Other Financial Services	16.8	23.0	1.1
Telecom (Nuvo's share) @	122.4	146.9	119.4
BPO & IT	7.2	(6.3)	(19.5)
Garments (Incl. apparel retail)	(45.1)	(56.9)	(82.2)
Carbon Black	25.0	41.5	(13.8)
Fertilisers	11.3	33.0	76.8
Rayon	38.5	29.4	28.7
Insulators	17.1	24.8	29.8
Textiles	4.5	11.0	4.1
Others	(0.4)	(4.4)	4.5
Net PBIT	88.9	97.7	(37.8)
Add : Finance cost of NBFC	14.7	17.0	11.5
Consolidated PBIT	103.7	114.7	(26.3)

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

Idea Cellular (Telecom)	453.1	462.3	441.9
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Financials – Quarter 1



Rs. Crores

Standalone		Particulars	Consolidated	
2009-10	2008-09		2009-10	2008-09
965.8	1,051.8	Net Sales	3,214.3	3,098.7
-	-	Investment income / (loss) on policyholders' funds	2,121.4	(476.4)
31.0	27.2	Other Operating Income	33.6	31.0
996.8	1,079.0	Net income from operations	5,369.4	2,653.3
117.4	149.3	PBDIT	306.4	270.8
44.2	38.8	Depreciation	202.7	156.1
73.2	110.5	PBIT	103.7	114.7
84.9	46.0	Net Interest	160.3	136.8
(11.7)	64.5	Profit Before Tax	(56.7)	(22.0)
(9.5)	22.8	Provision for Taxation (Net)	6.5	46.0
-	-	Minority Interest	(27.8)	(39.7)
(2.2)	41.6	Net Profit after minority interest	(35.3)	(28.3)

Vision and Strategy



Vision

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

Strategy

To increase share of 'Growth' businesses in the consolidated revenues by deploying surplus cash generated by 'Value' businesses to nurture 'Growth' businesses

Plan

To achieve target of 'PATH TO PROFITABILITY' in the 'Growth' businesses

Annexure : Business-wise Performance Strategy Going Forward

Life Insurance – Birla Sun Life Insurance

- In Q1, premium income at Rs. 929.2 Cr. grew y-o-y by 17%
 - ➔ Renewal premium soared by 64% to Rs. 526.9 Cr.
- Continued innovative product offerings : Launched high net worth term plan and 'Super 20' fund
- Achieved 'zero percent' claims outstanding ratio in FY09 – A live example of 'Customer First' approach
- Net loss reduced from Rs. 146.8 Cr. to Rs. 111.1 Cr.
 - ➔ Lower strain of new business premium
- Capital infusion of Rs. 50 Cr. by promoters (Nuvo's share : Rs. 37 Cr.) vis-à-vis Rs. 100 Cr. in Q1 last year
- Going Forward :
 - ➔ Delivering consistent & superior returns to policyholders
 - ➔ Leveraging expanded reach and improving productivity across distribution channels
 - ➔ Offering contemporary products to optimise product suite

Rs. Crores	Quarter - 1		
	2009-10	2008-09	
<u>First Year Premium</u>			
Individual Business	380.3	489.1	
Group Business	60.8	12.7	
Total First Year Premium (Gross)	441.1	501.8	
Renewal Premium (Gross)	526.9	321.0	64%
Net Premium Income (Net of reinsurance and service tax)	929.2	796.4	17%
Investment income / (loss) on policyholders' funds	2,121.4	(476.4)	
Revenues	3,050.7	319.9	
Net Profit/(Loss)	(111.1)	(146.8)	
Capital	2,049.5	1,374.5	
Assets under management	11,670.2	6,941.4	

Life Insurance penetration in India at 4% of GDP is much lower against 6-7% in developed countries

Asset Management – Birla Sun Life Asset Management

- **Total avg. AUM (incl. offshore & PMS AUM) stood at Rs. 58,514 Cr. registering 20% q-o-q growth**
 - ➔ Domestic equity AUM at Rs. 7,817 Cr. grew q-o-q by 70%, highest growth rate in this segment among top 5 players
 - ➔ Share of equity AUM (incl. offshore) in total AUM grew from 12% in Mar'09 to 17% in Jun'09
- **Growth supported by expanded distribution reach of 114 branches and over 30K financial advisors**
- **Revenues grew from Rs. 43.1 Cr. to Rs. 48.8 Cr. driven by higher average AUM**
 - ➔ Net profit grew from Rs. 5.1 Cr. to Rs. 5.3 Cr.
- **Going Forward :**
 - ➔ Delivering consistent & superior returns to customers
 - ➔ Increasing share of high margin AUM
 - ➔ Expanding foot print in overseas market and launch of real estate fund / advisory

Rs. Crores	Average AUM		
	Jun-09	Jun-08	
Equity	7,817	7,319	
Debt & Liquid	48,466	33,756	
Domestic AUM	56,283	41,075	37%
Off shore (All Equity)	1,993	2,209	
PMS	238	20	
Total AUM	58,514	43,305	35%
Revenues	48.8	43.1	
PAT	5.3	5.1	

Other Financial Services

- **Revenues of Birla Global Finance (NBFC) de-grew from Rs. 31.6 Cr. to Rs. 17.7 Cr.**
 - ➔ Exposure reduced proactively in later half of FY'09 to manage downturn in financial markets
 - ➔ Y-o-Y net profit lower from Rs. 8.9 Cr. to Rs. 6.9 Cr.
 - ◆ Grew considerably from Rs. 4.3 Cr. earned in Q4FY09
- **Apollo's revenues grew y-o-y from Rs. 24.2 Cr. to Rs. 26.7 Cr. driven by improved broking volumes**
 - ➔ Net profit up from Rs. 2.1 Cr. to Rs. 2.7 Cr.
 - ➔ Significant growth in q-o-q earnings
- **Birla Sun Life Distribution** : Investment in people, process and technology related infrastructure coupled with slowdown in financial markets strained bottom-line
- **Birla Insurance Advisory posted good earnings growth**
- **Going Forward :**
 - ➔ Deriving synergy across financial services verticals
 - ➔ Delivering differentiated and superior but uniform customer experience

Rs. Crores	Quarter - 1		
	2009-10	2008-09	
Birla Global Finance Company Ltd.			
Revenues	17.7	31.6	↓
PAT	6.9	8.9	↓
Apollo Sindhoori Capital Investments Ltd.			
Revenue	26.7	24.2	↑
PAT	2.7	2.1	↑
Birla Sun Life Distribution Company Ltd.			
Revenues	6.8	7.5	↓
PAT	(6.3)	0.3	↓
Birla Insurance Advisory & Broking Services Ltd.			
Revenue	8.0	4.7	↑
PAT	3.0	2.5	↑

Note : Nuvo acquired 76% stake in Apollo Sindhoori w.e.f. 6th Mar'09. Q1FY09 displays full quarterly figures of Apollo to make the performance comparable

Telecom – Idea Cellular




- Revenues grew y-o-y by 37% to Rs. 2,974.8 Cr. supported by subscribers growth
- Net profit rose y-o-y by 13% despite start up costs of newly launched service areas
 - ➔ Share in losses of Spice and reduction in IUC lowered net profit by Rs. 14.3 Cr. and Rs. 6.4 Cr. respectively
 - ➔ Share in profit from Indus Towers contributed Rs. 4 Cr.
 - ➔ Cash profit up by 37% from Rs. 565.3 Cr. to Rs. 772.6 Cr.
 - ➔ Depreciation rose from Rs. 274.9 Cr. to Rs. 455.5 Cr. due to expansion besides consolidation of Spice & Indus
 - ◆ Benefit of these costs will accrue going forward
- PAT grew q-o-q by 8% from Rs. 274.3 Cr. to Rs. 297.1 Cr.
- Going Forward :
 - ➔ Speedy roll out in remaining five service areas and extending presence in existing service areas
 - ➔ Deriving full benefits from Tower Joint Venture

Rs. Crores	Quarter - 1		
	2009-10	2008-09	
Subscribers (Nos. in Million)	47.09	27.19	
Revenues	2,974.8	2,173.5	37%
PBDIT	908.7	737.2	
PBIT	453.1	462.3	
PAT	297.1	263.1	13%
Net Worth	14,127.0	3,811.5	
Total Debt	7,035.4	9,742.8	
Capital Employed	21,162.4	13,554.2	
ROACE (Annualised) (%)	8.3	15.7	

Note : Spice results have been consolidated at 41.09% as a Joint Venture since 16th Oct'08 and Indus at 16%

BPO – Aditya Birla Minacs

- Revenues de-grew due to lower business from existing clients suffering slowdown
- Bottom-line improved significantly y-o-y & q-o-q
 - ➔ Net loss at Rs. 9.2 Cr. reduced significantly from Rs. 23.6 Cr. incurred in Q1FY09 and Rs. 33.9 Cr. incurred in Q4FY09
 - ➔ Despite lower revenues, NA reported profit supported by site consolidation and cost control efforts
 - ➔ Asia pacific region was impacted by lower revenues and higher manpower and SG&A costs
- Going Forward :
 - ➔ Improving seats utilisation and sites rationalisation
 - ➔ Off-shoring support functions
 - ➔ Growing high margin KPO segment
 - ➔ Leveraging Aditya Birla Group Ecosystem particularly in the Telecom and Life Insurance verticals

Rs. Crores		Quarter - 1		
		2009-10	2008-09	
Operating Seats (Nos.)		7,985	9,609	
Employees (Nos.)		10,948	12,980	
Revenues		371.6	431.0	
North America	CAD Mn	74.9	91.0	
Asia Pacific	USD Mn	12.2	13.3	
PBIT		4.7	(8.7)	
- North America		10.1	(8.1)	
- Asia Pacific		(5.5)	(0.6)	
Net Profit/(Loss)		(9.2)	(23.6)	

- IT services business reported revenues at Rs. 22 Cr. and net profit at Rs. 1.5 Cr. vis-à-vis Rs. 25.8 Cr. and Rs. 1.2 Cr. earned respectively in Q1 last year

Addressable offshore BPO opportunity for India in 2012 at USD 220 billion is 6-7 times of current size

Branded Garments – Madura Garments

- Overall retail footfalls comparable with same period last year showing early signs of economic recovery
- Revenues grew y-o-y by 18% to Rs. 209.9 Cr. supported by 11% volume growth
 - ➔ Improved SSPD across the brands and channels
 - ➔ Revenues from retail channel rose by 23% driven by expanded retail space coupled with growth in like-to-like store sales
- Profitability improved considerably y-o-y and q-o-q
 - ➔ Loss at PBDIT level reduced from Rs. 17.3 Cr. incurred in Q4FY09 & from Rs. 13.6 Cr. incurred in Q1FY09
 - ➔ Higher sales coupled with savings from rent and sellex rationalisation, closure of unviable stores and manpower rationalisation
 - ➔ Significant reduction in working capital through improved inventory management
- Going Forward :
 - ➔ Improving retail productivity for higher sell-through
 - ➔ Focus on profitable expansion to drive sustainable growth
 - ➔ Controlling overheads and enhancing supply chain efficiency

Rs. Crores	Quarter - 1	
	2009-10	2008-09
Revenues	209.9	178.4
PBDIT	(8.6)	(13.6)
PBIT	(23.3)	(23.8)
Capital Employed	404.4	500.6

18%

Organised apparel retailing is expected to grow at a CAGR of 24-28% over next 5 years

Garments Subsidiaries

Apparel Retail (PEOPLE and The COLLECTIVE)

- Revenues grew y-o-y from Rs. 1.3 Cr. to Rs. 6.7 Cr.
- Strain on bottom-line reduced y-o-y, supported by manpower rationalisation, rent re-negotiation and overheads reduction
 - ➔ Store closure costs of Rs. 5.4 Cr. incurred in Q1FY10
- Net loss significantly lower from Rs. 43.8 Cr. incurred in Q4FY09
- Going Forward :
 - ➔ Improving retail productivity for higher sell-through
 - ➔ Controlling overheads and rightsizing stores

Apparel Retail (Rs. Crores)	Quarter - 1	
	2009-10	2008-09
Revenues	6.7	1.3
PBIT	(16.6)	(18.0)
PAT	(20.9)	(20.0)
Capital Employed	53.2	53.3



Contract Exports (Madura Garments Exports)

- Revenues at Rs. 36 Cr. and net loss at Rs. 9.8 Cr.
 - ➔ Order flow remained weak due to global slowdown
- Losses reduced significantly y-o-y, supported by forex rates, manpower rationalisation & overheads reduction
- Net loss considerably lower from Rs. 14.7 Cr. incurred in Q4FY09
- Going Forward :
 - ➔ Rightsizing and cost control measures

Contract Exports (Rs. Crores)	Quarter - 1	
	2009-10	2008-09
Revenues	36.0	44.6
PBIT	(6.4)	(14.8)
PAT	(9.8)	(18.1)
Capital Employed	161.4	181.2

19%



Carbon Black – Hi tech Carbon

● Turnaround in profitability driven by lower CBFS costs and higher volumes

- Operating at 100% capacity utilisation Vs 79% in Q4FY09
- Q-o-Q sales volumes rose by 15% adding to bottom-line

● Y-o-Y revenues lower at Rs. 245.7 Cr. vis-à-vis Rs. 297.7 Cr.

- In Q1 last year, realisation was higher due to high feedstock (CBFS) prices (linked to crude oil prices)
- Lower sales volumes also impacted partly

● PBDIT lower at Rs. 31.3 Cr. vis-à-vis Rs. 47.7 Cr.

- Consumption of high priced CBFS and lower sales volumes impacted margins
- High priced CBFS inventory exhausted in May'09
 - ◆ In June 2009, operating margin has attained normalcy

● Going Forward :

- Optimising CBFS procurement costs through Aditya Birla group synergies
- Completion of 75,000 MTPA Greenfield expansion and 10MW Power plant targeted by Mar'10

Rs. Crores	Quarter - 1	
	2009-10	2008-09
Sales Volumes (MT)	56,167	60,946
Realisation (Rs./MT)	40,310	46,904
Revenues	245.7	297.7
PBDIT	31.3	47.7
OPM (%)	12.7	16.0
PBIT	25.0	41.5
Capital Employed	719.4	748.1
ROACE (Annualised) (%)	13.6	23.4

17%

40%

Domestic production expected to grow at a CAGR of 7% over next 5 years

Fertilisers – Indo Gulf Fertilisers

- Agri-products sales remained subdued due to delayed monsoon in major parts of the country
- Indo-Gulf achieved higher per day productivity y-o-y but plant could operate only for 67 days due to planned maintenance shutdown of 15 days and subsequent breakdown for 9 days
- Revenues lower at Rs. 191.4 Cr. vis-à-vis Rs. 229.3 Cr.
 - ➔ Lower operating days constrained production
- PBDIT lower at Rs. 15.9 Cr. vis-à-vis Rs. 37.8 Cr.
 - ➔ Lower volumes coupled with higher energy and repairs & maintenance costs impacted
 - ➔ Q1 last year includes subsidy arrears of Rs. 8.1 Cr.
- Going Forward
 - ➔ Enhancing profitability through improved capacity utilisation
 - ➔ Scaling agri-product trading segment for future growth

Rs. Crores	Quarter - 1		
	2009-10	2008-09	
Urea Sales (MT)	194,945	238,265	
Revenues	191.4	229.3	17%
Urea	164.2	197.6	
Agri-products trading	27.2	31.7	
PBDIT	15.9	37.8	
OPM (%)	8.3	16.5	
PBIT	11.3	33.0	66%
Capital Employed	418.1	526.9	
ROACE (Annualised) (%)	9.0	25.0	

Domestic Urea demand expected to grow at a CAGR of 7% from 2008-09 to 2011-12 to reach 35.4 million MT

Rayon – Indian Rayon

- Indian Rayon continued to beat competition and prevailing market conditions

- Revenues grew from Rs. 134.3 Cr. to Rs. 140.1 Cr.

- VFY revenues rose by 14% to Rs. 89.9 Cr.
 - Focus on finer denier yarn fetched higher realisation
- Chlor-alkali revenues de-grew to Rs. 50.2 Cr.
 - Caustic Soda sales jumped by 16% to 23,701 MT on back of capacity expansion in Dec'08
 - Poor chlorine prices pulled down ECU realisation

- Earned highest ever quarterly PBDIT at Rs. 47 Cr.

- Higher VFY realisation and caustic soda sales volumes coupled with lower sulphur prices contributed significantly

- Operating margin improved from 28% to 33.5% & ROACE from 26% to 35.6%

- Going Forward

- Improving yarn quality to derive premium
- Increasing share of value added yarn

Rs. Crores	Quarter - 1		
	2009-10	2008-09	
<u>VFY</u>			
Sales Volumes (MT)	4,088	4,196	
Realisation (Rs./Kg.)	220.0	188.5	
Revenues (Rs. Cr.)	89.9	79.1	↑ 14%
<u>Chemical</u>			
Caustic Soda Sales (MT)	23,701	20,473	↑ 16%
ECU Realisation (Rs./MT.)	20,780	23,824	
Revenues (Rs. Cr.)	50.2	55.2	
Total Revenues	140.1	134.3	↑ 4%
PBDIT	47.0	37.6	
OPM (%)	33.5	28.0	
PBIT	38.5	29.4	↑ 31%
Capital Employed	428.7	450.7	
ROACE (Annualised) (%)	35.6	26.0	

Domestic VFY market to grow at a CAGR of 3-4% : Premium will be driven by quality & value added yarns

Insulators – Aditya Birla Insulators

- **Revenues de-grew from Rs. 90.7 Cr. to Rs. 78.4 Cr.**
 - Lower despatches due to deferment of delivery schedule by few clients
 - Realisation under pressure due to subdued demand globally
- **PBDIT decreased from Rs. 28.5 Cr. to Rs. 21.1 Cr.**
- **Shifting to coal gas for kiln firing at Rishra plant & natural gas at Halol plant will reduce fuel costs**
- **Capacity expanded at Rishra plant by 10,000 TPA is under trial run – Commercial production targeted in Q2FY10**
- **Commercial production of composite insulators targeted in H2FY10, samples sent for quality testing**
- **Going Forward**
 - Yield enhancement and reducing fuel costs to improve margins
 - Full utilisation of capacity expansion by 10,000 MTPA & augmenting capacity further by 4,000 MTPA to tap power sector growth

Rs. Crores	Quarter - 1		
	2009-10	2008-09	
Sales Volumes (MT)	6,727	7,147	
Revenues	78.4	90.7	14%
PBDIT	21.1	28.5	
OPM (%)	27.0	31.4	
PBIT	17.1	24.8	31%
Capital Employed	257.4	226.2	
ROACE (Annualised) (%)	26.2	42.6	

Textiles – Jaya Shree Textiles

- Demand across major economies remains contracted
- Revenues decreased from Rs. 148.7 Cr. to Rs. 131.1 Cr.
 - ➔ Higher wool prices reflected in realisation in Q1 last year
 - ➔ Continued de-stocking by clients impacting fabric volumes
- PBDIT lower at Rs. 10.2 Cr. vis-à-vis Rs. 16.1 Cr.
 - ➔ Usage of high priced stock impacted linen and wool segments due to fall in input prices
- Increasing share of high margin retail segment
 - ➔ Opened 3 stores under the brand “Linen Club” fabric (buy & sell model without any capex) to reach a total of 24 stores
- Going Forward
 - ➔ Expanding presence in high margin retail segment and aggressive cost control drive

Rs. Crores	Quarter - 1		
	2009-10	2008-09	
Linen Segment	36.6	39.7	
Wool Segment	94.5	109.0	
Revenues	131.1	148.7	12%
PBDIT	10.2	16.1	
OPM (%)	7.7	10.8	
PBIT	4.5	11.0	59%
Capital Employed	316.4	402.7	
ROACE (Annualised) (%)	5.5	11.6	

Recent imposition of anti dumping duty on Linen Fabric will benefit domestic industry with revival of demand

Annexure : Capex & Financials

Capex Plan



Annexure I

Rs. Crores

S.N.	Description	Capex Plan	Spent till Jun'09	Balance to be spent in FY10	To be spent in FY11/FY12
A	<u>Aditya Birla Nuvo Limited</u>				
	Rayon	35.6	17.0	18.6	-
	Branded Garments (<i>Incl. Security Deposits</i>)	51.3	12.0	39.3	-
	Carbon Black				
	Patalganga (75,000 MTPA)	240.0	78.5	161.5	-
	Power Project (10 MW)	24.0	1.7	22.3	-
	Others	11.7	7.6	4.1	-
	Fertilisers	78.5	19.0	27.0	32.5
	Insulator				
	Capacity Expansion (14,000 MTPA)	37.3	27.9	9.5	-
	Others	48.2	6.8	41.4	-
	Textiles	20.2	3.4	16.9	-
	Nuvo's Capex	546.8	173.9	340.5	32.5
B	<u>Major Capex (Subsidiaries)</u>				
	Apparel Retail (<i>Incl. Security Deposits</i>)	32.3	3.6	28.7	-
	BPO & IT	145.5	18.5	127.0	-
C	Grand Total	724.7	196.0	496.2	32.5

Note : Life Insurance business will require funding of about Rs. 500 Crores in FY10 to fund its growth plans

Consolidated Profit and Loss and Balance Sheet Snapshot



Annexure II

Rs. Crores

Particulars	Quarter - 1	
	2009-10	2008-09
Net income from operations	5,369.4	2,653.3
PBDIT	306.4	270.8
PBDIT Margin (%)	5.7	10.2
Net Interest	160.3	136.8
PBDT	146.0	134.0
Net Profit (after Minority Interest)	(35.3)	(28.3)
Annualised EPS (Rs.)	(14.8)	(12.6)
Annualised CEPS (Rs.)	72.0	55.0

Particulars	June	March
	2009	2009
Equity	95.0	95.0
Preference Share Capital	25.5	25.5
Net Worth	6,111.4	5,894.4
Minority Interest	164.4	179.2
Total Debts	7,170.7	8,116.3
Deferred Tax Liabilities (Net)	217.5	214.0
Capital Employed	13,664.0	14,404.0
Policyholders' funds	11,178.3	8,596.9
Funds for future appropriation	171.9	129.0
Total Liabilities	25,014.1	23,129.8
Goodwill on consolidation	3,436.9	3,422.6
Net Block	6,979.9	6,812.8
Net Working Capital	739.7	277.7
Long Term Investments	218.9	218.9
Life Insurance Investments	11,670.2	9,168.4
Cash & Cash Equivalents	1,968.5	3,229.5
ROCE (%) (Annualised)	3.1	0.5
RONW (%) (Annualised)	(2.3)	(7.3)
Book Value (Rs.)	643.2	620.4
Total Debt Equity (x)	1.2:1	1.4:1

Standalone Profit and Loss and Balance Sheet Snapshot

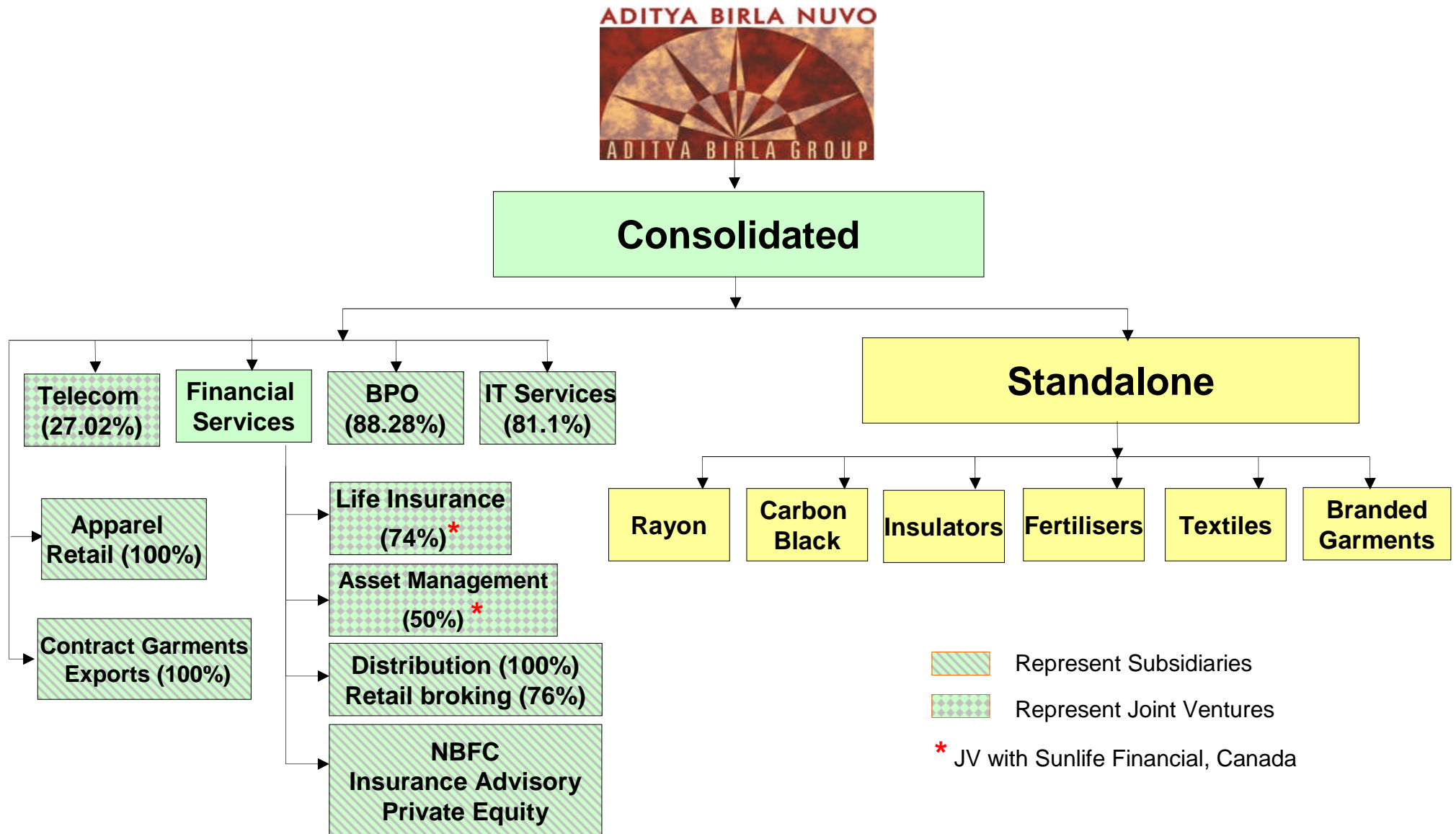
Annexure III

Rs. Crores

Particulars	Quarter - 1	
	2009-10	2008-09
Net income from operations	996.8	1,079.0
PBDIT	117.4	149.3
PBDIT Margin (%)	11.8	13.8
Net Interest	84.9	46.0
PBDT	32.5	103.3
PAT	(2.2)	41.6
PAT Margin (%)	(0.2)	3.9
Annualised EPS (Rs.)	(0.9)	17.5
Annualised CEPS (Rs.)	17.4	32.5

Particulars	June	March
	2009	2009
Equity	95.0	95.0
Net Worth	4,369.9	4,121.7
Long Term Debt	2,614.0	2,651.2
Short Term Debt	1,507.6	1,848.0
Total Debts	4,121.5	4,499.2
Deferred Tax Liabilities	179.9	180.2
Capital Employed	8,671.4	8,801.1
Net Block	1,593.4	1,605.0
Net Working Capital	1,317.4	1,393.9
Long Term Investments	5,046.5	4,982.4
Cash and Cash Equivalents	714.1	819.8
ROACE (%) (Annualised)	3.5	5.5
ROANW (%) (Annualised)	(0.2)	3.4
Book Value (Rs.)	459.9	433.8
Total Debt Equity (x)	0.9:1	1.1:1
Long Term Debt Equity (x)	0.6:1	0.6:1
Market Capitalisation (Rs. Cr.)	8,187	4,220

Aditya Birla Nuvo : Reporting guidelines



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

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