



**PRESS RELEASE**

Mumbai, 13<sup>th</sup> August 2011

**Aditya Birla Nuvo reports strong results for the quarter ended 30<sup>th</sup> June 2011**

Aditya Birla Nuvo Limited (ABNL), a USD 4 billion conglomerate, which has a leadership position across its businesses, reports robust earnings growth.

Revenue grew by 24% from ₹ 3,857 Crore to ₹ 4,767 Crore

Strong growth in EBITDA for the 10<sup>th</sup> consecutive quarter

Net profit surged by 70% from ₹ 149 Crore to ₹ 253 Crore

(₹ Crore)

Consolidated Results	Quarter 1		
	2011-12	2010-11	
Revenue	4,767	3,857	↑ 24%
EBITDA	808	556	↑ 45%
Net Profit	253	149	↑ 70%

**Management Comments**

**Dr. Rakesh Jain, Managing Director said,** “Aditya Birla Nuvo continued its profitable growth journey having strengthened market positioning and delivered robust growth across its businesses. We remain focused to capture opportunities across the businesses to achieve the next higher level of growth”.

**Mr. Sushil Agarwal, Whole Time Director and CFO said,** “Continuous pursuit of profitable growth across the businesses is reflecting in the strong financial results. Earnings displayed strong growth trend for 10<sup>th</sup> consecutive quarter. We are committed to maintain this trend of superior performance while creating value for all the stakeholders.”

**Business-wise Review:**

**A) Financial Services**

The Indian financial services industry is witnessing a phase of rapid evolution driven by regulatory changes and uncertain markets. Through this phase, Aditya Birla Financial Services (ABFS) continues to strengthen its position as a significant non-bank financial services player. Today ABFS is one of the two non bank players in India which rank among the top 7 players in both life insurance and asset management businesses. Trusted by about 5.5 million customers and anchored by about 15,000 employees, ABFS has a nation-wide reach with more than 1,700 points of presence and about 200,000 channel partners.

During the quarter, ABFS posted consolidated revenue at ₹ 1,330 Crore, a growth of 4% over the previous year. However, ABFS displayed a strong growth in profitability. Earnings before tax grew 2.5 times from ₹ 78 Crore to ₹ 177 Crore. It's combined Assets under Management (AUM) stood at ₹ 92,259

Crore (about USD 20.5 billion). Business-wise highlights follow:

• **Birla Sun Life Insurance (BSLI) :**

- Earnings before tax of BSLI surged year on year from ₹ 9 Crore to ₹ 144 Crore. Bottom-line growth was driven by the growing size of in-force book, balanced product mix, lower new business strain and better expense management.
- While the private sector's weighted new business premium de-grew year on year by 39%, BSLI reported the 2<sup>nd</sup> lowest de-growth among the top 7 private life insurers. ULIP sales were impacted across the industry post new guidelines which became effective from 1<sup>st</sup> September 2010.
- BSLI moved one step up to the 5<sup>th</sup> place among private sector players in terms of new business with an improved market share of 8.8% up from 8.1% in the first quarter of the previous year.
- The gross premium income of BSLI grew to ₹ 1,183 Crore.
  - Driven by strong persistency, the renewal premium of BSLI is up by 29% to ₹ 860 Crore.
  - The 13<sup>th</sup> month premium persistency ratio stood at 83% as on 30<sup>th</sup> June 2011.
  - The new business premium income at ₹ 322 Crore de-grew due to lower ULIP sales.
  - However, non-ULIP portfolio has been strengthened; it has contributed to 47% of the individual new business compared to 8% in the first quarter of the previous year.
- AUM of BSLI scaled up year on year by 19% to ₹ 19,984 Crore.
- No capital infusion was required during the quarter.
- The Embedded Value ("EV") of BSLI has increased from ₹ 3,816 Crore as at 31<sup>st</sup> March, 2010 to ₹ 4,108 Crore as at 31<sup>st</sup> March, 2011. EV reflects the value of future profits embedded in the in-force policies written by the life insurance company. The Value of New Business ("VNB") margin, a measure used for gauging profitability of new business, has increased to 27.5% for the financial year 2010-11 up from 22.5% for the financial year 2009-10.

• **Birla Sun Life Asset Management (BSAMC) :**

- BSAMC posted revenue at ₹ 85 Crore and earnings before tax at ₹ 30 Crore.
- The total average AUM (AAUM) grew quarter on quarter by 6% to ₹ 71,394 Crore.
- BSAMC ranks 5<sup>th</sup> in India with a market share of 9.1% in terms of domestic AAUM. It achieved 3<sup>rd</sup> highest growth quarter on quarter among the top 5 players.
- Equity AAUM (Including offshore) and alternate assets stood at ₹ 15,349 Crore. It garnered 18% share in industry's net equity sales.
- It has the highest number of funds in the 5 star category, reflecting its philosophy of delivering superior investment performance consistently.

• **Aditya Birla Finance (ABFL) :**

- The closing book size of ABFL, the NBFC arm, rose year-on-year by 77% to around ₹ 1,975 Crore.
- Revenue more than doubled to ₹ 60 Crore in line with growth in book size.
- Earnings before tax at ₹ 10 Crore remained flat due to increase in the cost of funds.

• **Aditya Birla Private Equity (ABPE) :**

- ABPE is targeting the first closure of "Sunrise Fund" – its 2<sup>nd</sup> private equity fund in August 2011.

• **Aditya Birla Money and Aditya Birla Money Mart (Broking and Wealth Management)**

- In both the businesses, losses were reduced quarter on quarter

- Aditya Birla Money Mart is amongst the top mutual fund distributors in the country, the largest corporate agent for Birla Sun Life Insurance and a significant player in wealth management.
- Retail market share of Aditya Birla Money in the cash segment enhanced quarter on quarter. Market share in the commodities segment has also increased.
- Aditya Birla Insurance brokers, the general insurance advisory arm, wrote a premium of ₹ 84 Crore.

#### **B) Telecom :**

- A strong 32% year on year growth in total minutes on the network drove earnings growth, absorbing about 6% decline in average revenue per minute.
- Revenue rose by 24% to ₹ 4,516 Crore and EBITDA soared by 35% to ₹ 1,225 Crore.
- Scale benefit led cost efficiencies and rising revenue market share also contributed.
- Net profit de-grew from ₹ 201 Crore to ₹ 177 Crore. With the introduction of 3G services, additional expenses of amortisation of 3G spectrum fee (₹ 66 Crore) and charging of related interest cost (₹ 123 Crore) has impacted profits.
- With total minutes of usage of 1.2 billion per day, Idea is among the top 10 operators in the world.
- Idea ranks 3<sup>rd</sup> in India in terms of wireless revenue market share at 13.6% during January – March 2011 up from 13.3% in the previous quarter.
- Idea has the highest active subscribers' ratio in the industry at 92% as on 31<sup>st</sup> May 2011 and is the leading net subscribers' gainer post launch of mobile number portability, reflecting its brand strength.
- Idea currently offers 3G services in 19 service areas.
- Idea is serving a large base of more than 95 million subscribers as on 30<sup>th</sup> June 2011.

#### **C) Fashion & Lifestyle :**

- Madura Fashion & Lifestyle, the largest premium branded apparel player in India, achieved a robust 39% year on year growth in revenue at ₹ 484 Crore.
- Madura posted a strong 39% volume growth despite the rise in apparel prices. Apparel prices were increased to pass on rise in cotton prices and levy of excise duty.
- EBITDA grew by 27% to ₹ 24 Crore. Increase in volumes and prices compensated for cost push and higher discounting.
- The retail channel attained 43% growth driven by same stores sales growth and expanded retail space. Like to like stores sales grew year on year by 16%.
- Madura launched 70 Exclusive Brand Outlets (EBOs) to reach 948 EBOs spanning across 1.4 million square feet.

#### **D) IT-ITeS :**

- Aditya Birla Minacs has recently been named among the 'top five emerging outsourcers to watch for in North America' by Frost and Sullivan.
- It sold Total Contract Value of USD 128 million and won 3 new clients during the quarter.
- Revenue grew year on year by 21% to ₹ 471 Crore supported by conversion of order book.
- About 800 headcounts were added to support growth.
- In the direction of diversifying geographical presence, Aditya Birla Minacs added one more centre in Philippines with a capacity of 285 seats.
- EBITDA remained flat at ₹ 35 Crore as the rise in manpower costs and ramp up expenses for new

contracts contained profitability.

## **E) Manufacturing**

- Manufacturing businesses posted strong growth in revenue and profitability.
- The combined revenue scaled up by 43% to ₹ 1,392 Crore
- EBITDA grew by 21% from ₹ 172 Crore to ₹ 208 Crore.
- Operating margin stood at 15% and return on average capital employed (ROACE) at 25%.
- In the **Textiles** business, strong volume growth in the linen segment and improved realisation across all the segments augmented earnings growth.
- A 32% volume growth and higher power sales in the **Carbon Black** business also contributed.
- Higher urea and agri-input sales in the **Agri-business** supported earnings growth. In first quarter of the previous year, the urea plant was under an annual maintenance shut-down for 21 days.
- In the **Rayon** and **Insulators** businesses, higher input and fuel costs were partly set off by increase in realisation.

## **Financial Position**

- ABNL has a strong standalone balance sheet with Net Debt to Equity at 0.57 and Net Debt to EBITDA at 3.2

## **About Aditya Birla Nuvo Ltd.**

**Aditya Birla Nuvo** is a USD 4 billion conglomerate. Over the years, it has built successful ventures into the sunrise sectors viz., Financial Services (Life Insurance, Asset Management, NBFC, Private Equity, Broking, Wealth Management and general insurance advisory), Telecom, Fashion & Lifestyle and IT-ITeS. The razor sharp focus on manufacturing businesses has made it a leading player in Agri-business, Carbon Black, Insulators, Rayon and Textiles sectors.

### **Vision**

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

Aditya Birla Nuvo is part of the **Aditya Birla Group**, a USD 35 billion Indian business group having multinational presence. The group operates in 33 countries across the globe, is anchored by an extraordinary force of 133,000 employees belonging to 42 nationalities and derives more than 60% of its revenue from its overseas operations.

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