Management Discussion & Analysis

GLOBAL ECONOMY

According to the latest International Monetary Fund's (IMF) World Economic Outlook, global economy is recovering at a sluggish pace. Geographies across the world are witnessing financial turbulence and uncertainty, as they did for most of 2015. Global growth declined marginally from 3.4% in 2014 to 3.1% in 2015. The IMF projects global growth to inch up to 3.2% in 2016 increasing to 3.5% in 2017.

In the US growth is expected to be marginal; as gains from an improving housing and labour market are expected to be offset by declining exports due to a stronger dollar and an adverse global trade scenario.

The EU economies are recovering at a modest pace. However, with a mounting refugee crisis and UK's exit from the EU, economic risks have suddenly escalated in the region. A moderate slowdown in China is expected, as excess capacity continues to unwind and its economy rebalances from investment to consumption.

INDIA OUTSHINES

Amidst the challenges at global level, the growth in India was quite reassuring. India's GDP is estimated to grow by 7.6% in FY 2015-16 vis-a-vis 7.2% recorded in the previous year. There was a noteworthy reduction in the levels of Inflation, Fiscal Deficit and Current Account Deficit.

Control on price rise continued and a remarkable downfall in inflation was noted, led by softening of commodity and crude oil prices. The Average WPI-based inflation declined 2.5% compared to rise of 2.0% in the previous year and remained firmly rooted in the negative territory till December 2015. CPI average inflation eased to 4.9% in 2015-16 down from 5.9% in the previous year. The moderation in inflation prompted the Reserve Bank of India (RBI) to cut interest rates to spur economic growth.

The Government is assertively implementing reforms in the agricultural, manufacturing and services sectors to take the economy on a higher and sustainable growth trajectory. With the Government's 'Make in India' campaign, India is on the path of becoming a manufacturing hub for global manufacturing giants. The Make in India week held in Mumbai in February 2016, received an overwhelming response from investors with ₹ 15.2 trillion (USD 222 billion) in investment commitments. Implementation of reforms such as liberalising FDI in Insurance and Defence sectors and continuous pursuit of ease of doing business has and will lead to increase in foreign investments in India.

The country's Current Account Deficit (CAD) contracted to 1.4% of GDP during April-December 2015 from 1.7% in the corresponding period of the previous year. The Government achieved its fiscal deficit target of 3.9% of GDP for FY 2015-16. India's per capita income at current prices rose by 7.3% to ₹ 93,231 in FY 2015-16, compared to ₹ 86,879 in the preceding fiscal.

The Indian economy crossed the USD 2 trillion mark to hit its highest-ever value in June 2016 (Source: Central Statistics Office). The growth momentum is expected to continue, led by the Government's focus on infrastructure development, implementation of 7th Pay commission and projected above normal monsoon after two consecutive weak seasons. These factors will drive growth in agriculture sector, rural demand and investment cycle in the economy. The IMF forecasts India's GDP to grow at 7.5% in 2016 and remain the world's fastest growing economy, ahead of China.

ADITYA BIRLA NUVO : A USD 3.6 BILLION CONGLOMERATE

Aditya Birla Nuvo Limited ('ABNL' or 'the Company'), is a USD 3.6 billion conglomerate having a leadership position across its Financial Services, Telecom and Manufacturing businesses.

The Company has built many large scale businesses from scratch. Mergers and acquisitions have also played a key role in Aditya Birla Nuvo's transformational journey from a small manufacturing company in the late nineties to a large conglomerate today. Well recognised for its market leadership and cost management in industrial businesses till late nineties, the Aditya Birla Group today has a successful and marked presence in the consumer centric service sector space through ABNL.

During FY 2015-16, the Company continued to progress in line with its mission:

- Investing in promising sectors
- Building leadership in businesses
- A platform to drive synergy of resources
- Delivering best value to all the stakeholders
- To be a responsible corporate citizen

INVESTING IN THE PROMISING SECTORS

During the year, the Company has forayed into three promising sectors for driving its future growth - Solar Power, Payments Bank and Health Insurance. In all these three new ventures, the Company has entered into a 51:49 Joint Venture (JV) with strong partners which will not only share the risk-reward but also bring in the sector expertise on the table.

Solar Power: The Government's focus on clean energy has created a huge potential market for Solar Power. To tap the sector opportunity, the Company entered into a 51:49 JV with the Abraaj Group in October 2015. In March 2016, the Company won 60 MW Solar Power Projects in Karnataka. The power purchase agreement has been signed in June 2016 and the commissioning is targeted by the end of 2016-17.

Payments Bank: The Company had received in-principle approval to set up Payments Bank as promoter in September 2015. It has incorporated 'Aditya Birla Idea Payments Bank Ltd.' in a 51:49 JV with Idea Cellular in February 2016. The JV is in the process of appointing senior management team, selecting the right IT system and defining innovative products and cost efficient processes. It is planning to launch services by the end of 2016-17, after requisite approvals from RBI are in place.

Health Insurance: The Company entered into a 51:49 JV with MMI holdings Ltd. – a leading South African insurance based financial services player – to foray into health insurance sector in India. Having received approval from FIPB, the JV is planning to launch its services during the second half of 2016-17, subject to the final regulatory approvals from IRDAI.

BUILDING LEADERSHIP POSITION IN BUSINESSES

Besides promoting the new ventures, the Company continues to invest in the existing businesses to tap the growth opportunities and to fortify its leadership position in these businesses. The business wise highlights are as follows:

Aditya Birla Financial Services (ABFS)

- A significant and well diversified non- bank financial services player having portfolio of 12 businesses.
- Ranks among the top 5 fund managers in India (excluding LIC).
- Funds under management at USD 28.4 billion[1] (₹ 184,276 Crore), grew y-o-y by 12%.
- Lending book in the NBFC business (including Housing Finance) reached USD 4.3 billion (₹ 27,728 Crore) mark – registering a 57% year-on-year growth.
- Annual revenue from the established businesses[2] reached USD 1.4 billion (₹ 9,192 Crore) and Earnings before Tax reached USD 171 million (₹ 1,100 Crore), recording a growth of 16% and 21% respectively.
- Trusted by 8.8 million customers and anchored by over 11,500 committed employees, ABFS has a strong nation-wide presence through about 1,350 branches /touch points and around 1,20,000 agents / channel partners.

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The Company has forayed into three promising sectors for driving its future growth - Solar Power, Payments Bank and Health Insurance

Note 1: Includes AUM of Life Insurance, Private Equity and quarterly AAUM of Asset Management businesses

Note 2: Established businesses include Life Insurance, Asset Management, NBFC, Private Equity, Broking, Wealth Management and General Insurance Advisory. New businesses include Housing Finance, MyUniverse and Health Insurance.

Telecom (Idea Cellular)

- Idea is the world's sixth largest[1] cellular operator. Idea is the third largest cellular operator in India with revenue market share (RMS) growing year-on-year from 17.5% to 18.9%[2].
- Garnered Incremental RMS of 44%[2].
- Revenue at USD 5.5 billion (₹ 35,935 Crore) up by 14%.
- EBITDA at USD 2 billion (₹ 13,257 Crore) up by 18%.
- Strong standalone[3] cash profit at USD 1.6 billion (₹ 10,120 Crore), a rise of 19%.
- Healthy balance sheet with standalone Net Debt to EBITDA at 3.25 times as on 31st March, 2016.

Manufacturing Divisions (Jaya Shree, Agri, Rayon & Insulators)

- India's largest Linen, Viscose Filament Yarn (VFY) and Insulators manufacturer and one of the leading manufacturers of urea.
- Revenue at USD 841 million (₹ 5,466 Crore).
- EBITDA at USD 117 million (₹ 764 Crore) up by 24%.
- Pre-tax free cash flow to firm of USD 103 million (₹ 671 Crore), a year-on-year rise of 30%.
- Strong Return on Average Capital Employed (ROACE) at 21% per annum.

A PLATFORM TO DRIVE SYNERGY OF RESOURCES

- Standalone balance sheet has been ABNL's growth engine and a platform to drive synergy of capital resources.
- During FY 2015-16, the Company spent a capex of ₹ 113 Crore for its divisions and infused capital of ₹ 967 Crore in the Financial Services businesses.
- The standalone net debt increased from ₹ 3,584 Crore in March 2015 to ₹ 3,786 Crore in March 2016. Net Debt to EBITDA stood at 4.5 times and Net Debt to Equity at 0.44 times.
- During April 2016, ABNL received ₹ 1,664 Crore from the sale of 23% stake in BSLI and also realised fertilisers subsidy of ₹ 489 Crore. Adjusting for these, Net Debt to EBITDA stands comfortable for funding the future growth capital requirements.
- For 2016-17, ABNL plans to incur a capital expenditure of about ₹ 325 Crore for its divisions including ₹ 191 Crore and ₹ 40 Crore towards the expansion of Linen Yarn and VFY capacities respectively. Besides, there will be a capital requirement to the tune of about ₹ 750 Crore in the Financial Services businesses (mainly towards NBFC, Housing Finance and MyUniverse businesses) and equity funding requirement to the tune of ₹ 150 Crore put together for ABNL's 51% share in the new ventures viz., Solar Power, Payments Bank and Health Insurance.
- ABNL's standalone balance sheet stands strong enough to fund its growth plans, factoring in the proceeds from stake sale in life insurance business coupled with the steady free cash flow generation from divisions and its ability to pool capital resources.

DELIVERING BEST VALUE TO ALL THE STAKEHOLDERS

In the direction of unlocking / discovering value for the shareholders, the Company has undertaken following corporate actions during the year:

De-merger of Fashion business

- In a bid to capitalise on its large market presence in the branded fashion space in India, ABNL on 3rd May, 2015, announced consolidation of its branded apparels businesses under its listed subsidiary - Pantaloons Fashion & Retail Limited ("PFRL") through a composite scheme of arrangement ("Scheme").
- Madura Fashion, the branded apparel retailing division of ABNL and Madura Lifestyle, a luxury branded apparel retailing division of ABNL's subsidiary - Madura Garments Lifestyle Retail Co. Ltd. - stand transferred to and vested in PFRL on scheme becoming effective on 9th January 2016. To reflect the enhanced scope of the operations post consolidation, PFRL was renamed as 'Aditya Birla Fashion & Retail Limited' ("ABFRL") w.e.f. 12th January 2016.
- ABFRL allotted 26 equity shares to the shareholders of ABNL for every 5 equity shares held by them in ABNL. The newly allotted shares were listed and permitted for trading on BSE & NSE w.e.f. 4th February 2016.
- With the reduction in resultant holding of ABNL in ABFRL (erstwhile PFRL) to 9.1%, ABFRL has ceased to be the subsidiary of ABNL w.e.f. the appointed date, i.e., 1st April 2015.

Note 1: In terms of subscribers, based on operations in a single country (Source: GSMA, December 2015)
Note 2: Based on gross revenue for UAS & Mobile licenses for FY 2015-16 (Source: TRAI)
Note 3: Standalone = Idea Cellular and its 100% subsidiaries

Largest

Created India's largest pure play listed branded apparel retail Company- Aditya Birla Fashion & Retail Ltd.

- This move has created India's largest pure play Fashion & Lifestyle Company, with a strong bouquet of leading fashion brands and retail formats, bringing India's #1 branded menswear and womenswear players together.
- The consolidation has unlocked value for the shareholders by providing them an opportunity to participate in the promising branded fashion space directly through ABFRL.

Stake sale in Life Insurance Venture

- With the relaxation of FDI in the insurance sector by the Government and pursuant to an agreement with ABNL, the life insurance JV partner Sun Life Financial has raised its stake in the life insurance arm, Birla Sun Life Insurance (BSLI), from 26% to 49% for ₹ 1,664 Crore, valuing BSLI at ₹ 7,235 Crore.
- ABNL has received the proceeds in April 2016. It continues to hold the controlling stake in BSLI at 51%. The proceeds were utilised to reduce the debt of ABNL.
- Considering the current growth plan and with about 2 times solvency margin, BSLI is well capitalised. However, ABNL and Sun Life are committed to fund the growth requirements of BSLI, if and when required.

₹ 1,664 Crore

Garnered by ABNL from the sale of 23% stake in Life Insurance arm

A RESPONSIBLE CORPORATE CITIZEN

Even as India has made a mark on the globe as a reservoir of intellectual capital, as a nation we are grappling with 'quality of life' challenges. More so, in the hinterland, where poverty is a ground reality. To address these larger issues, the Company work in tandem with the Government, the district authorities and various NGOs. We, at ABNL, believe in the trusteeship concept of management. Simply put, in the context of social responsibility, it entails ploughing part of the profit earned into programmes, which results in the larger good of the society.

- ABNL's community engagement spans 163 villages, inclusive of 14 model villages.
- Its CSR work is in proximity to its 5 manufacturing units across 3 states of the Country.
- ABNL has spent ₹ 7.4 Crore in FY 2015-16 on CSR activities in the areas of Education, Healthcare, Sustainable Livelihood, Women Empowerment & Infrastructure Development.
- ABNL has also mobilised ₹ 22.1 Crore through various Government schemes, acting as a catalyst for the community.

Consolidated Financials - FY 2015-16

Earnings

Revenue

(₹ Crore)

Y-o-Y ▲ 11%

FY16 Reported	23,129
FY15 Like-to-Like[1]	20,798

EBITDA

(₹ Crore)

Y-o-Y ▲ 24%

FY16 Reported	6,535
FY15 Like-to-Like[1]	5,272

Net Profit

(₹ Crore)

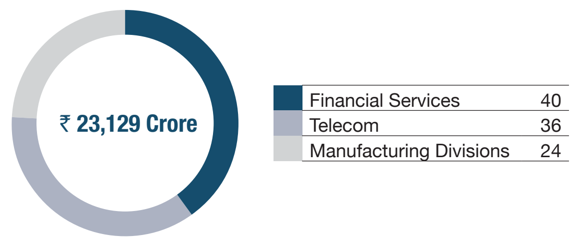
Y-o-Y ▲ 30%

FY16 Reported	1,886[2]
FY15 Like-to-Like[1]	1,447

Earnings Mix

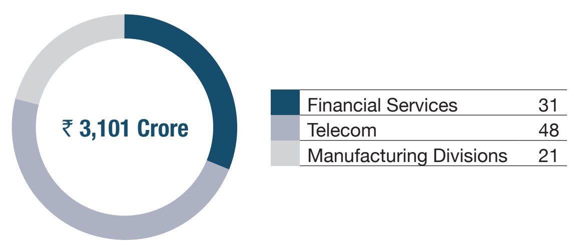
Segment Revenue

(%)



Segment EBIT

(%)



Pursuant to the demerger of the Company's Madura Fashion division into its subsidiary Pantaloons Fashion & Retail Ltd., the resultant company has ceased to be ABNL's subsidiary and hence has been excluded from its financial results w.e.f. 1st April 2015. The IT-ITeS business of the Company was divested w.e.f. 9th May 2014. Hence, if we look at the like-to-like financial results, i.e., excluding Fashion and IT-ITeS businesses from previous year's reported results, the consolidated earnings registered a robust year-on-year growth. Revenue grew by 11% to ₹ 23,129 Crore, EBITDA surged by 24% to ₹ 6,535 Crore and Net profit rose by 30% to ₹ 1,886 Crore.

Outlook

The Company remains "Big on Growth". It is not only promoting new ventures in the promising sectors but also investing in the existing businesses to tap sector growth opportunities. At ABNL, the fulfilment of growth aspirations has always been "Based on Strong Fundamentals". Thrust on offering best-in-class products and services, building quality asset portfolio, optimum sweating of assets to enhance productivity, investing in building leadership position and an eye on profitable growth remains embedded in the Company's DNA.

A strong balance sheet, an experienced management team, salient brand equity, leadership positions across businesses and a talented human asset are the key drivers which will support future growth of ABNL and the Company will continue to create value for all the stakeholders.

A report on business-wise industry scenario, performance and outlook follows.

Note 1: Pursuant to the demerger of Madura Fashion & Lifestyle into Pantaloons Fashion & Retail Ltd. (PFRL), w.e.f. 1st April 2015 and the divestment of the IT-ITeS business w.e.f. 9th May 2014, the previous year's reported financial results are not comparable to that extent. Hence, to make the performance comparable, like-to-like financials for the previous year are exhibited excluding Madura, Pantaloons and IT-ITeS businesses.
Note 2: Net profit for FY 2015-16 includes exceptional gain of ₹ 357 Crore on account of cessation of PFRL as subsidiary of ABNL.

Financial Services (Aditya Birla Financial Services)

Financial Services Sector Overview

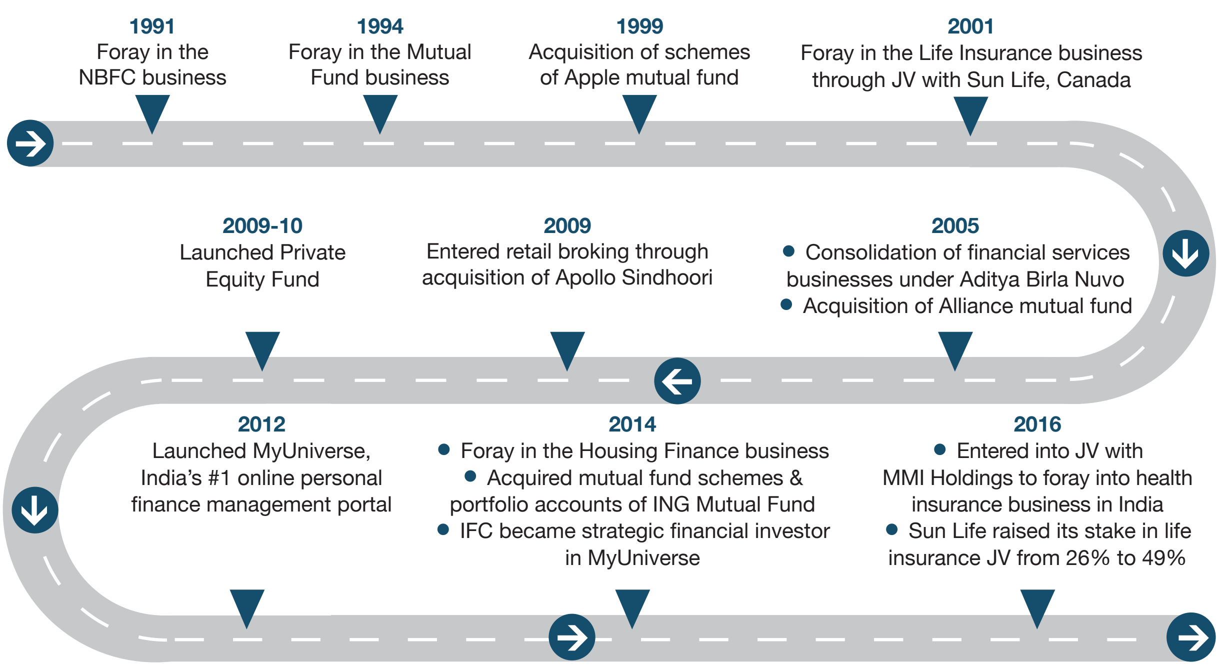
India is today one of the most vibrant global economies, on the back of robust banking and insurance sectors. India's diversified financial services sector is undergoing rapid expansion, both in terms of strong growth of existing firms and entry of new entities in the market.

The Government has taken various steps to improve the extent of financial inclusion and availability of capital resources. RBI has recently paved way for entry of new entities such as Small finance banks and payments banks to boost the financial inclusion agenda.

The Government has also allowed FDI in the insurance and pension sectors up to 49% under automatic route. The Prime Minister of India has launched the Micro Unit Development and Refinance Agency (MUDRA) to fund and promote Microfinance Institutions (MFIs), which would in turn provide loans to small and vulnerable sections of the business community.

> At ABFS, our vision is to be a leader and role model in a broad based and integrated financial services business. We are committed to being a "leader" in all facets of our businesses, as the top 10 players in every sub-segment of financial services are the biggest beneficiaries of the revenue and profit pools in that segment. Being a "role model" means setting high standards in all that we do, so that we can continue to earn the trust of our customers. To "broad-base" our offerings allows us to meet all the needs of our customers across their life cycle. And an "integrated" business allows us to derive synergies, allows our people a world of opportunities across our many lines of businesses and delivers our customers a seamless experience. Having built a well-diversified portfolio of 12 lines of businesses and being positioned among the top players in many segments, along with driving synergy across the platform, we believe we are on course with our slated vision.
>
> **Mr. Ajay Srinivasan**
> Business Head - Aditya Birla Financial Services

PROGRESSION OF ADITYA BIRLA FINANCIAL SERVICES



ADITYA BIRLA FINANCIAL SERVICES

Aditya Birla Financial Services (ABFS) is an umbrella brand for all the financial services businesses of the Aditya Birla Group. It has a significant presence across life insurance, asset management, corporate lending, infrastructure project and structured finance, private equity, broking, wealth management & distribution, pension fund management, general insurance advisory and online personal finance management. It has recently commenced the housing finance business and has plans to foray into the health insurance business in India, soon.

In line with its vision, ABFS has transformed itself into a significant non-bank financial services player in India. It ranks among the top 5 fund managers in India (excluding LIC) with USD 28.4 billion[3] (₹ 184,276 Crore) of funds under management. ABFS, through its wide ranging bouquet of financial products and services, caters to the life assurance, investment, savings and financing needs of its customers across their lifecycles.

It is the 4th largest private life insurer in India in terms of new business premium market share. It is the 4th largest asset management company in India. It is among the top 10 non-HFC, non-PSU NBFCs in India with USD 4 billion of loan book. Its online personal finance management portal MyUniverse is the largest in India with 2.6 million registered users.

Anchored by over 11,500 employees and trusted by 8.8 million customers, ABFS has a nation-wide reach through about 1,350 branches and more than 1,20,000 agents and channel partners.

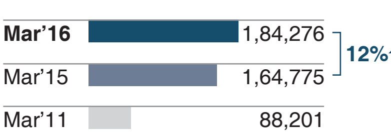
Aditya Birla Financial Services[1]

(₹ Crore)

Business	Revenue		Earnings Before Tax	
	2014-15	**2015-16**	2014-15	**2015-16**
Aditya Birla Finance Ltd. (NBFC)	1,776	2,442	411	626
Birla Sun Life Insurance Co. Ltd.	5,267	5,708	285	140
Birla Sun Life Asset Management Co. Ltd.	596	765	182	314
Aditya Birla Insurance Brokers Ltd.	73	97	27	33
Aditya Birla Money Ltd. (Broking)	119	120	6	4
Aditya Birla Money Mart Ltd. (Wealth Management)	86	60	6	(9)
Aditya Birla Capital Advisors Pvt. Ltd. (Private Equity)	21	20	6	6
Others / Elimination	(18)	(20)	(7)	(4)
Established businesses[2]	**7,920**	**9,192**	**915**	**1,110**
New businesses (Housing Finance, MyUniverse & Health Insurance)	5	107	(67)	(115)
Total ABFS	**7,926**	**9,299**	**848**	**995**

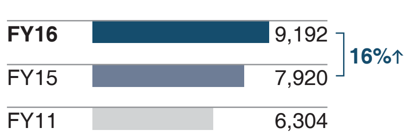
Funds under Management[3] (₹ Crore)

5-Year CAGR 16%



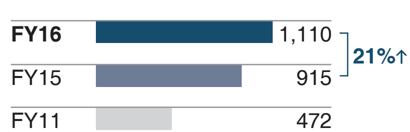
Revenue (₹ Crore)
(Established businesses[2])

5-Year CAGR 8%



Earnings Before Tax (₹ Crore)
(Established businesses[2])

5-Year CAGR 19%



Note 1 : Above financials include full financial figures of partly owned subsidiaries viz., Birla Sun Life Insurance Co. Ltd., Birla Sun Life Asset Management Co. Ltd., Aditya Birla Insurance Brokers Ltd. and Aditya Birla Money Ltd.
Note 2: Established businesses include Life Insurance, Asset Management, NBFC, Private Equity, Broking, Wealth Management and General Insurance Advisory.
Note 3: Includes AUM of Life Insurance, Private Equity and quarterly AAUM of Asset Management businesses.

To fortify its market positioning and expand its portfolio, ABFS continues to invest in the existing as well as new lines of businesses. It has scaled up its operations from 7 lines of businesses five years back to a well-diversified portfolio of 12 lines of businesses today including planned foray in the health insurance business.

In fiscal 2015-16, the consolidated revenue of ABFS rose by 17% to ₹ 9,299 Crore led by the NBFC, Life Insurance and Asset Management businesses. Earnings before tax soared by 17% from ₹ 848 Crore to ₹ 995 Crore, driven by the NBFC and Asset Management businesses. Net Profit at ₹ 650 Crore grew by 2%.

Outlook

The long term prospects of India's financial services sector remains robust. The country is projected to become the fifth largest banking sector globally by 2020, as per a joint report by KPMG-Confederation of Indian Industry (CII). According to India Brand Equity Foundation, Gross national savings in India is expected to reach USD 1.2 trillion by the end of 2019. India's HNWIs (high net worth individual) wealth is also likely to expand at a CAGR of 19.7% to reach around USD 3 trillion by 2020. The average investment by Indian retail investors in stock market is about 2% which the Government is aiming to increase to 10–15% by 2025. Technology will remain at the centre during this growth journey. The data management and analytics are going to play an important role. Major players in the sector are now looking to use data to understand their customer behaviour patterns and needs. Be it financial inclusion or using mobile money to reduce cash dependence, the industry will have to rely on emerging technologies to gain results.

Aditya Birla Financial Services (ABFS), having a well diversified portfolio is well placed to tap the growth opportunities offered by the under-served Indian market. Its presence across a wide spectrum of financial services sector barring bank, enables ABFS to provide end-to-end services to its customers through their lifecycle ranging from meeting their financing needs, to covering their life and non-life related risks, to assisting them in meeting their financial goals, to helping them manage their personal finances. Consistent strengthening of market positioning across its businesses, unrelenting focus on product innovation, strong brand equity and an experienced management team makes ABFS future ready.

ADITYA BIRLA FINANCE LTD. (NBFC)

Aditya Birla Finance Limited (ABFL) is one of the India's leading and the most reputed non-banking financial companies (NBFC). Incorporated in 1991, ABFL is the first NBFC to get certified as ISO 9001:2008 across all its core functional processes in March 2013 by BSI, a leading global independent business services organisation. It offers customised solutions in the areas of Capital Market, Corporate Finance, Commercial Real Estate and Mortgages and Infrastructure Project and Structured Finance.

Industry Overview

The Indian economy continues to be in a bright spot. The country's credit industry is at a unique juncture in its history with fundamental changes in the banking sector and the non-banking financial sector growing from strength to strength.

Overall credit growth over the coming decade in India is expected to remain robust, and NBFC growth in particular has a much larger potential. NBFCs grew by 18.8% year-on-year for nine months ended 31st December 2015 vis-à-vis 14.5% growth attained in FY 2014-15. Credit market activity was weighed down by a weak demand due to sluggish industrial and corporate activity; and the presence of a considerable slack. In addition, risk aversion by banks owing to asset quality concerns restrained credit flow.

NBFCs are and will be critical to the financial sector. Over the past 10 years, NBFCs have slowly but steadily gained share in the total credit in India – from 10% in 2005 to 13% in 2015. Due to the nature of India's financial ecosystem, there will be customers and segments of the economy that banks cannot adequately cater to; and where NBFCs can add significant value for the financial system as a whole.

USD 28.4 Bn (₹ 184,276 Crore)

Funds Under Management of Aditya Birla Financial Services

USD 4.0 Bn

Lending book at ₹ 25,755 Crore registered a 5-year CAGR of 69%

TOP 10

Among the top 10 non-HFC, non-PSU NBFCs in India

15.4 % p.a.

Return on Average Equity

16 x

Net Worth grew from ₹ 235 Crore in March 2010 to ₹ 3,696 Crore in March 2016

Performance Review

Lending Book of ABFL grew year-on-year by 47% to reach ₹ 25,755 Crore mark as on 31st March 2016 placing it among the top 10 non-HFC, non-PSU NBFCs in India. The Corporate Finance and Infrastructure Finance segments were the largest contributors to the growth, followed by the Mortgages segment. Lending book in Infrastructure Finance, Corporate Finance, Mortgages and Capital Market segments surged by 82%, 72%, 30% and 6%, respectively.

The sound growth in the loan book has been accompanied by strong credit appraisal and risk management practices. As on 31st March, 2016, ABFL had a healthy loan book with Gross NPA ratio of 0.63% (Previous Year: 0.90%) and Net NPA ratio of 0.22% (Previous Year: 0.32%) based on 150 days past due.

ABFL has built a well diversified portfolio for sustainable growth. Earlier in 2011 it entered into mortgages and infra financing segments. Within 5 years, these segments combined together account for 54% of total loan book. Recently ABFL has entered into unsecured business loans and personal finance segment. During past five years, ABFL has expanded its loan book at a CAGR of 69%. The business has received a capital infusion of about ₹ 2,200 Crore during the past five years.

ABFL expanded its branch network from 9 cities in 2011 to 18 cities in March 2016 having 29 branches today. ABFL is targeting to expand its reach to 30 cities in the next two years and deepen its penetration in current and new geographies with multi locations. To create greater brand awareness, the business is planning a balanced mix of tactical and above the line marketing.

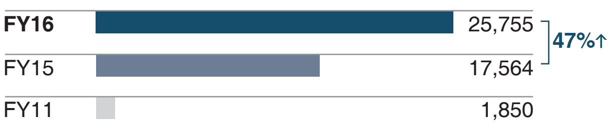
Mortgages segment offers customised property backed loans to fund business growth requirements comprising loan against property (48%), lease rental discounting (31%) and construction finance (20%). Commenced in 2011, it has grown multi-fold to reach ₹ 6,600 Crore mark. Gross disbursements were to the tune of ₹ 3,900 Crore during FY 16. Almost 100% of the loan book is secured. With increased focus on retail segment as a driver of future growth, ABFL is planning to expand its retail footprint through deepening of geographical presence in existing and new locations.

Capital Market segment provides financing against capital market securities to the customers to meet their liquidity requirements. Its book at ₹ 4,407 Crore comprises Promoter Funding (41%), Retail lending (32%), Loan against Bonds (8%) and Broker Funding (19%). Securities based lending market size has doubled in the last four years. ABFL has improved its market ranking in this segment from #6 in 2011 to #1 in December 2014 and maintained its leadership position till date. Gross disbursements were to the tune of ₹ 10,400 Crore during the year.

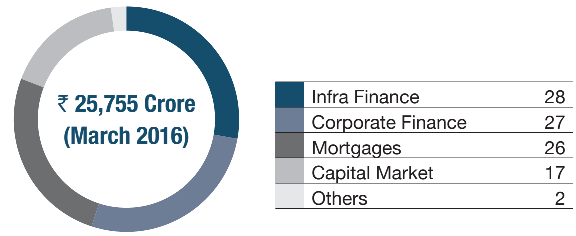
Corporate Finance segment offers customised financing solutions to meet the working capital and growth finance needs of SMEs, mid and large corporate clients through term loans (67%), working capital demand loans (17%), vendor financing (8%) and channel finance (8%). Its portfolio at ₹ 6917 Crore comprises funding to SME (40%), large corporate (34%) and mid corporate (26%). The number of accounts in this segment has grown over four times over the past four years. Gross disbursements were to the tune of ₹ 11,900 Crore during FY 16.

Lending Book (₹ Crore)

5-Year CAGR 69%

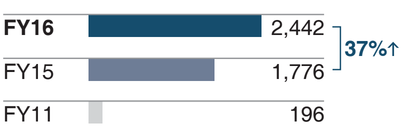


Segment-wise loan book (%)



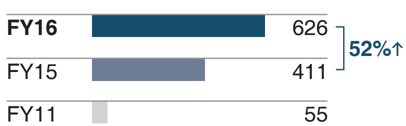
Revenue (₹ Crore)

5-Year CAGR 66%



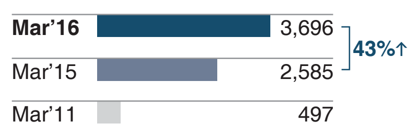
EBT (₹ Crore)

5-Year CAGR 63%



Net Worth (₹ Crore)

5-Year CAGR 49%



Infrastructure Finance segment provides project and structured funding to infrastructure and other emerging sectors. Debt syndication team helps raise debt and equity funding. Commenced in 2011, the lending book in this segment has grown multi-fold to ₹ 7,336 Crore. Its portfolio is well diversified and no single sector accounts for more than 15% of the infra segment loan book. Having an average ticket size of about ₹ 100 Crore, the average tenure of the loan book stands at less than 5 years. Gross disbursement stood at ₹ 5,657 Crore during the year and Debt Capital Market & Debt syndication at ₹ 2,300 Crore.

ABFL has very recently started providing retail unsecured business loans to SMEs and MSMEs and personal Loans to salaried Individuals. The book size stood at ₹ 22 Crore as on 31st March 2016. Given the changing technological landscape, ABFL is parallely developing digitised modes of acquiring and servicing customers. Proposed digital lending model will evolve as paperless and resource light model to source, evaluate and service customers.

During FY 2015-16, ABFL's revenue soared by 37% from ₹ 1,776 Crore to ₹ 2,442 Crore, driven by strong growth in the lending book and fee based income. Its earnings before tax rose by 52% from ₹ 411 Crore to ₹ 626 Crore. Net profit surged by 51% from ₹ 271 Crore to ₹ 409 Crore. Return on average equity expanded by 80 basis points to 15.4% p.a.; and return on average assets enhanced by 8 basis points to 2.1% p.a.

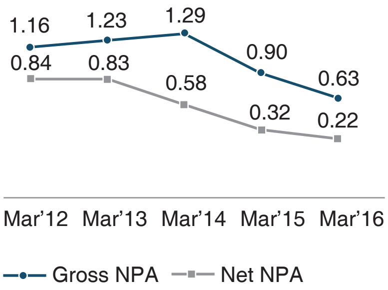
ABFL received a capital infusion of ₹ 702 Crore during the year, a large part of which was funded during the fourth quarter. This supported the growth, while keeping leverage at optimum levels. Its net worth expanded year-on-year by 43% from ₹ 2,585 Crore to ₹ 3696 Crore led by capital infusion and internal accruals. The business is growing at a good pace and will require further capital for future growth.

ABFL's borrowing profile continues to remain healthy with 70% of total borrowings being long-term. Capital Adequacy ratio stood at 16.2% (Tier 1 : 13.7% and Tier II : 2.5%). It has highest A1+ rating for short term debt and AA+ rating for long term debt from ICRA and India Ratings.

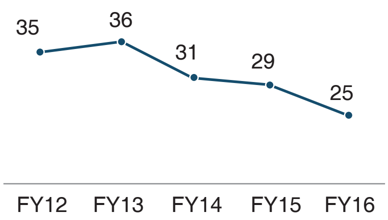
0.63%

Gross NPA ratio
Best-in-Class in the industry.

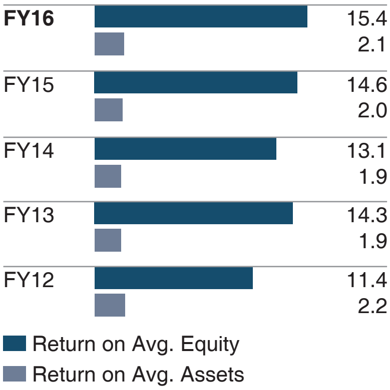
NPA Trend (%)



Opex to Net Interest Income (%)



Return on Avg. Equity and Assets (%)



(%)

Spread analysis	FY15	FY16
Total Income / Average Loan book	13.1	12.6
Interest Cost / Average Loan book	8.2	7.8
Net Interest Income (Including Fee income)	5.0	4.8
Opex / Average Loan book	1.5	1.2
Provisions & Write-offs / Average Loan book	0.5	0.4
Earnings before Tax / Average Loan book	3.0	3.2
Return on Average Assets (Net Profit / Average Loan book)	2.0	2.1

(₹ Crore)

Aditya Birla Finance	2014-15	2015-16
Loan Book	17,564	25,755
Revenue	1,776	2,442
Earnings before Tax	411	626
Net Profit	271	409
Net Worth	2,585	3,696
Borrowings	14,594	21,409
Leverage (times)	5.6	5.8

Outlook

Domestic credit provided by the financial sector in India as a percentage of GDP at 97% remains very low compared to 165% to 447% in large economies like China, US, Japan and UK. NBFC credit as percentage of GDP is even lower at 13% compared to 33% to 264% in these large economies. Healthy capital flows, low current account deficit, above normal monsoon forecast, Seventh Pay Commission, the Government Initiatives like Make in India and StartUp India will help bolster consumption and investment in the economy. The lower credit penetration and huge capital formation requirement of the country paints bright long term outlook for the NBFCs. Technology will play a big role in realising the inherent growth potential of NBFCs.

Aditya Birla Finance Ltd., through its customised lending and financing solutions, is well equipped to partner with the entrepreneurial India in pursuing and executing its ambitious growth strategies. ABFL will continue to pursue its future growth strategies through deepening of its relationships across segments. It is planning to further diversify its offerings for sustainable growth. Besides, sustaining the asset quality, effective use of technology to enhance productivity and broad basing its liability mix will remain the key focus areas.

ADITYA BIRLA HOUSING FINANCE LTD.

Aditya Birla Housing Finance Limited (ABHFL) is registered as a housing finance company under the National Housing Bank (NHB) Act, 1987. ABHFL enables its customers to own their dream homes through a complete range of housing finance solutions, such as home loans, home improvement and home construction loans, balance transfer and top-up loans, loans against property and construction finance.

Industry Overview

The total housing credit outstanding in India as on 31st December 2015 crossed ₹ 11.9 trillion growing at an annualised rate of 18% over ₹ 10.5 trillion of credit outstanding as on 31st March 2015.

The share of Housing Finance Companies (HFCs) and NBFCs in the overall mortgage finance market was at 37% as on 31st December 2015. The growth for HFCs and NBFCs has largely been driven by higher growth in the portfolio of smaller HFCs.

The market has multiple players operating in the housing finance space and the number of new entrants is increasing steadily. Most of these new entrants focus on the relatively under-penetrated low-ticket home loan segment or affordable housing segment or on self-employed segment. Besides, six companies have applied to NHB for HFC licenses, which are under process.

Performance Review

ABHFL, which commenced operations in October 2014, has rapidly grown in its first complete financial year of business. From ₹ 142 Crore of loan book and a base of 109 active customers in March 2015, ABHFL has ended March 2016 with a loan book of ₹ 1,973 Crore and about 2,600 active customers. On an average, more than 200 customers have been added every month with an average monthly disbursement of over ₹ 150 Crore. A sum of ₹ 189 Crore was infused during the year to fund the loan book growth.

(₹ Crore)

Aditya Birla Housing Finance Ltd.	2014-15	2015-16
Loan Book	142	1,973
Revenue	3	101
Earnings before Tax	(5)	(30)
Net Worth	46	205

There was a strong focus on building distribution capabilities and delivery infrastructure, which led to ABHFL's footprint expanding from 15 markets in March 2015 to 32 markets in March 2016. Over 700 channel partners were empanelled this year to improve our indirect sourcing capabilities. In the direct sourcing space, online customer acquisition, builder associations and the Aditya Birla Group ecosystem were effectively leveraged. ABHFL has invested significantly in setting up key systems and processes for loan origination till on-boarding and servicing.

The underlying message that ABHFL wants to deliver to its customers is – "Don't settle for less - Know your true worth - Get the home you truly deserve - Ghar wahi jo aapke kaabil ho!". ABHFL has combined the customer need and its product proposition to give birth to www.trueworth.co.in - a tool that helps home buyers realise their true worth. ABHFL has built a communication campaign around this idea that is currently running across multiple touch points.

Outlook

Long term growth outlook for the housing finance sector remains favourable owing to the Government of India's focus on 'Housing for All by 2022', which could push the overall housing credit growth upwards of 20% p.a. over next 5 years to reach a projected ₹ 31 trillion loan book size. Individual Home Loans, at ₹ 8.7 trillion, comprise 73% of housing finance assets as on 31st December 2015, denoting three times opportunity compared to other mortgages loans.

ABHFL is eyeing to build a scalable and profitable book through optimal product-sourcing-customer mix. Thrust will be on tactical marketing for branding and customer acquisition, quality customer service for better customer retention and improving operating efficiencies for superior profitability.

₹ 1,973 Crore

Lending book as on 31st March 2016

BIRLA SUN LIFE INSURANCE CO. LTD.

Birla Sun Life Insurance Co. Ltd. (BSLI) is a 51:49 JV between ABNL and Sun Life Financial Inc., a leading international financial services organisation from Canada. With an experience of over a decade, BSLI has contributed to the growth and development of the Indian life insurance industry; and currently is one of the India's leading life insurance companies.

BSLI is serving a large customer base of over 1.5 million policy holders through an extensive reach of 489 branches, about 70,000 direct selling agents and over 150 corporate agents, brokers and banks.

USD 4.7 Bn (₹ 30,811 Crore)

Assets under management

25.6%

BSLI is # 1 in Group segment with new business market share of 25.6%[1]

Industry Overview

The Indian life Insurance industry currently comprises 23 private life insurers and one public sector life insurer – LIC. The top 7 out of 23 private life insurers contributed to 74% of the private sector's total new business premium in 2015-16.

In 2015-16, the life insurance industry's new business premium grew by 11% to ₹ 59,690 Crore. While LIC grew by 9%, private sector grew by 14%. Consequently, the share of private players in total new businesses increased from 47% to 48%. In terms of Individual Life new business, private life insurers grew by 14%, while LIC grew by 3%. (Source: IRDAI, www.irda.gov.in). The private sector's new business growth was mainly driven by players having large private banks as bancassurance partners.

In a major positive development for the insurance industry, the Government of India has increased FDI limit in the insurance sector from 26% to 49%. This is expected to strengthen the financial standing of the industry and help in bringing foreign capital and global best-practices. The proposed open architecture for corporate agents and banks presents significant opportunity to increase the distribution reach within the country and also through exploring POS opportunities.

Performance Review

BSLI is the 4th largest private life insurer in India with new business[1] market share of 7.6% for the year ended 31st March, 2016. BSLI continued to rank # 1 among private players in Group new business premium with 25.6%[1] market share up from 23.1% market share in the previous year.

BSLI recorded a gross premium income at ₹ 5,580 Crore, registering a growth of 7% over previous year. New business premium income was up by 15% at ₹ 2,220 Crore. While new business premium income from the Group segment surged by 28%, individual life segment premium declined by 7%. On a like-to-like basis, i.e., excluding sales from Citi Bank from last year, individual life premium grew y-o-y by 5% driven by Agency channel. The Agency channel gained momentum through deeper penetration and enhanced productivity and posted a growth of 10% in individual premium after five years of continuous decline.

Net Profit declined from ₹ 285 Crore to ₹ 140 Crore primarily on account of decline in the in-force book over past few years and due to higher expense gap.

Assets under Management enhanced by 2% to ₹ 30,811 Crore. Equity and non-equity assets contributed to 29% and 71% of the total AUM respectively. BSLI continued to deliver superior investment returns to its policyholders, consistently beating benchmarks.

Besides premium growth coming back, there has been improvement in the quality of business as well. As a result of disciplined expense management, the Opex to Premium ratio (including Commission) has reduced year-on-year by 90 basis points to 20.1%. The 13th month persistency ratio improved by 250 basis points to 64.7%

Note 1: In terms of Annualised Premium Equivalent (APE)[2] among private sector players
Note 2: APE = 100% of regular premium + 10% of single premium

No capital infusion has been required since past six years as the business is generating adequate internal accruals to fund its growth requirements.

Pursuant to an agreement with ABNL, Sun Life Financial has bought 23% stake in BSLI from ABNL for ₹ 1,664 Crore in April 2016, valuing BSLI at ₹ 7,235 Crore. ABNL continues to hold the controlling stake in BSLI at 51%.

(₹ Crore)

Birla Sun Life Insurance Co. Ltd.	2014-15	2015-16
Individual First Year Premium	761	711
Group First Year Premium	1,177	1,509
Total First Year Premium	1,938	2,220
Renewal Premium	3,295	3,359
Total Premium Income (Gross)	5,233	5,580
Less: Reinsurance ceded & Service tax	(267)	(268)
Total Premium Income (Net)	4,966	5,312
Other Operating Income	301	396
Revenue	5,267	5,708
Earnings Before Tax	285	140
Net Profit	285	140
Assets Under Management	30,185	30,811
Net Worth	1,542	1,681

Outlook

The life insurance sector is likely to expand in a sustainable manner for the next three to four years. Growth is back for private players after a long gap. Indian Life Insurance industry ranks among the top 10 markets in the world in terms of premium volumes. However, in terms of life insurance density, India ranks 56th globally. Life Insurance density in terms of premium per capita is meagre USD 43 in India compared to global average of USD 346. The enhanced 49% FDI limit, the improvement in the macro-economic environment, and more stability in regulations augurs well for the industry growth.

BSLI is embracing itself to tap into the sector opportunities with a strong focus on building new engines for growth, continual improvement in agency dynamics, balancing product and channel mix and maintaining leadership in the group segment. Enhancing profitability through better expense efficiencies and improvement in persistency are also the focus areas.

BIRLA SUN LIFE ASSET MANAGEMENT CO. LTD.

Established in 1994, Birla Sun Life Asset Management Co. Ltd. (BSLAMC) is a 51:49 joint venture between Aditya Birla Nuvo and Sun Life Financial Inc, Canada. It offers a range of investment options, including diversified and sector specific equity schemes, hybrid and monthly income funds, a wide range of debt and treasury products and offshore funds, and so on.

Industry Overview

The Indian mutual fund industry comprises 42 asset management companies. The top 10 asset management companies continued their dominance, capturing about 80% of the industry's domestic average AUM (AAUM). The AAUM of Indian mutual fund industry grew year-on year by 14% to reach its highest ever ₹ 13.5 trillion.

Industry's Equity Assets grew year-on-year by 15% to ₹ 4.2 trillion contributing to 33% of industry's AUM growth during past one year. During the quarter ended 31st March 2016, the share of equity AAUM in the total industry AAUM stood at 31%. Debt and Liquid assets grew by 12% and 16% respectively to ₹ 6.1 trillion and ₹ 3.3 trillion. (Source: AMFI, www.amfiindia.com)

Performance Review

The total AAUM of BSLAMC expanded year on year by 14% to ₹ 152,427 Crore. Its market positioning as 4th largest asset management company in India got cemented with an improved market share of 10.1%. Its domestic Equity AAUM surged y-o-y by 23% to ₹ 31,891 Crore driven by 10% growth in equity net sales.

4th

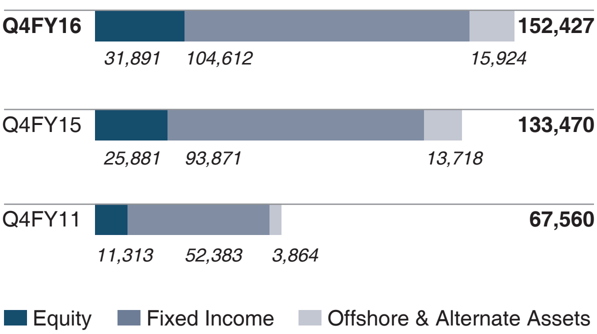
Largest Asset Management Company in India

USD 23.5 Bn (₹ 152,427 Crore)

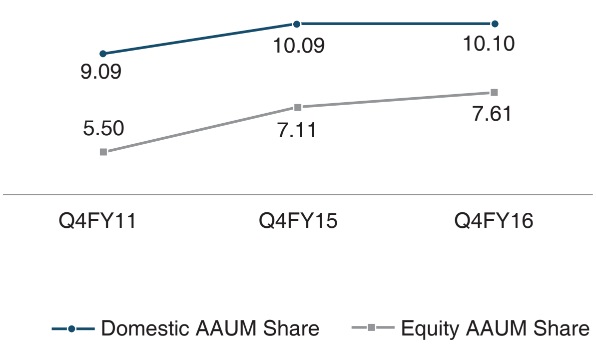
Average assets under management

Growth in AAUM (₹ Crore)

5-Year CAGR 18%



Rising Market Share (%)



BSLAMC is consistently gaining market share with a strong focus on scaling up retail and higher margin assets. Its equity ranking improved to #4 with market share improving from 7.11% to 7.61%. Share of equity assets in domestic AAUM rose y-o-y by 175 bps to 23.4%. Its monthly SIP book size increased by 59% y-o-y to reach ₹ 282 Crore, and live SIP market share increased by 82 bps y-o-y to 9.69%.

Its domestic Equity AAUM has grown almost 3 times in past 5 years and its offshore assets have grown more than 5 times to ₹ 13,718 Crore.

In recognition of its strong fund performance across multiple asset classes, BSLAMC was adjudged as 'Runner up - overall AMC of the year' and 'Runner up – Equity AMC of the year' in Outlook Money Awards 2015.

(₹ Crore)

Birla Sun Life Asset Management	2014-15	2015-16
Average Assets under Management [1]		
Equity	25,881	31,891
Debt and Liquid	93,871	1,04,612
Domestic	**1,19,752**	**1,36,503**
Offshore	12,028	13,718
Real Estate Fund	967	1,001
PMS	722	1,205
Total	**1,33,470**	**1,52,427**
Revenue (Fee Income)	596	765
Earnings Before Tax	182	314
Net Profit	123	203
Net Worth	576	779

Note 1: Average AUM for the quarter ended 31st March of the respective year.

The portfolio management services (PMS) AAUM of BSLAMC rose by 67% to ₹ 1,205 Crore.

The client base of BSLAMC increased y-o-y by 21% to 2.9 million customers served by 109 branches and more than 47,000 independent financial advisors.

Led by strong growth in assets under management, BSLAMC posted sound earnings growth. Revenue grew by 28% to ₹ 765 Crore. Earnings before tax rose by 73% to ₹ 314 Crore. Net profit surged by 64% to ₹ 203 Crore. Its Net worth has swelled by 35% to ₹ 779 Crore.

Outlook

Mature economies like United States and United Kingdom have developed a high AUM to GDP ratio over the years at 91% and 40% respectively. Infact, developing countries like Brazil, Spain and Mexico have higher AUM to GDP ratio at 42%, 19.5% and 9.3% respectively compared to 6.6% for India. It clearly indicates that there is a huge scope of diverting wealth from physical assets to financial assets in India.

BSLAMC will continue to lay thrust on increasing its market share in equity and expanding its investor base. Increasing contribution from beyond top 15 markets will remain a focus area besides strengthening digital presence as a customer acquisition engine.

ADITYA BIRLA INSURANCE BROKERS LTD.

Aditya Birla Insurance Brokers Ltd. (ABIBL) is a leading composite general insurance intermediary, licensed by IRDAI. ABIBL specialises in providing general insurance broking and risk management solutions for corporate and individuals alike. ABIBL offers reinsurance solutions to general insurance companies; and has developed strong relations with Indian as well as global insurers operating in India and many others in South Asia, the Middle East and South East Asia.

Industry Overview

Gross premium underwritten by the non-life insurers in India has grown by 14% from ₹ 84,802 Crore to ₹ 96,394 Crore (Source: GIC Council). Motor Insurance, Health & Personal Accident Insurance and Fire Insurance segments attained premium growth of 13%, 21% and 8% respectively and remained the top 3 contributors to the non-life Industry premium with about 44%, 28% and 9% share.

Performance Review

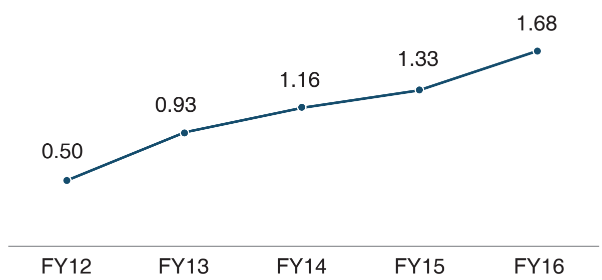
ABIBL has been consistently outperforming industry and gaining market share. Its premium placement grew by 43% year-on-year from ₹ 1,132 Crore to ₹ 1,624 Crore while industry premium grew by 14%. Premium placement growth was driven by 58%, 17% and 31% growth in Motor Insurance, Health & Personal Accident Insurance and Fire Insurance segments. Its market share in non-life industry premium enhanced from 1.33% to 1.68%.

In line with growth in premium placement, ABIBL's revenue rose by 33% from ₹ 73 Crore to ₹ 97 Crore and earnings before tax increased by 23% to ₹ 33 Crore. It has posted net profit of ₹ 21 Crore vis-a-vis ₹ 18 Crore in the previous year.

1.68 %

Market share in non-life industry premium

ABIBL Market share (%)



Outlook

India's insurance industry is the world's 12th largest with a total premium of about ₹ 470,000 Crore in calendar year 2015. It ranks 10th in the world in the life insurance segment and 18th in the non-life segment. Non-life insurance density in 2015, measured in terms of premium per capita, is meagre at USD 11.5 in India compared to global average of USD 275.6. The sheer size and growth potential due to lower penetration makes India one of the most attractive markets.

ABIBL will continue to focus on expanding its customer base in a cost-effective manner to grow its business.

ADITYA BIRLA CAPITAL ADVISORS PVT. LTD. (PRIVATE EQUITY)

Aditya Birla Capital Advisors Pvt. Ltd. ("ABCAP") provides investment management and advisory services to Aditya Birla Private Equity Trust, a venture capital fund registered with SEBI. ABCAP has been formed with the aim of advising, launching and managing a series of private equity funds to invest in and harvest business growth opportunities created by the strong economic prospects of the Indian economy.

Industry Overview

Private equity industry saw robust growth with investments touching an all time high of USD 16.8 billion in Calendar Year (CY) 2015 vis-à-vis USD 11.2 billion in CY 2014. The volatility in the global markets in early CY 2016 however has dampened the investment climate, with fewer investments seen in the first quarter of CY 2016. A perceptible change was witnessed during CY 2015 with buyout deals at USD 3 billion vis-à-vis only USD 631 million in CY 2014. [Source: Venture Intelligence]

Performance Review

Aditya Birla Private Equity (ABPE) is managing a ₹ 1,037 Crore of net corpus under two sector-agnostic funds. Aditya Birla Private Equity – Fund I manages ₹ 750 Crore of net corpus and provides growth capital to the established companies across sectors. Aditya Birla Private Equity – Sunrise Fund manages ₹ 287 Crore of net corpus and provides growth capital to emerging companies in sunrise sectors.

Both Fund I and Sunrise Fund have invested their net deployable corpus as on 31st March, 2016, and ABPE is planning to launch a 3rd fund soon.

During 2015-16, ABCAP reported revenue of ₹ 20 Crore and posted net profit of ₹ 5 Crore.

₹ 1,037 Crore

Net Private Equity Fund under management

Outlook

The capital adequacy norms of banks and the limit on the minimum size of contribution by investors under AIF Regulation continues to impact the ability to raise further capital in the domestic markets. Aditya Birla Private Equity is planning to make a foray into the offshore markets in FY 2016-17 for raising funds with an aim of investments into India.

While the short term outlook for India continues to be cautiously optimistic, the tenets for an economic recovery are in place viz., lower commodity prices, reform oriented government, low inflation and low interest rates. ABPE intends to handhold the portfolio companies over this growth phase for ultimately generating optimum returns for the investors.

ADITYA BIRLA MONEY LTD. (BROKING)

Aditya Birla Money Ltd. (ABML) is a broking company, offering equity and derivative trading through NSE and BSE and currency derivative on MCX-SX. It is registered as a Depository Participant with both NSDL and CDSL and provides commodity trading on MCX and NCDEX through its subsidiary.

Industry Overview

After going through a bull phase in FY 2014-15, the equity markets remained weak during the most of FY 2015-16. Muted growth and weak sentiments at global level affected the domestic capital markets as well. Softening of the commodity prices, the first federal rate hike in almost a decade by the US Central Bank and other geo-political risks continued to weigh heavily on the domestic markets. Market volumes fell by 8% in retail cash equity segment while grew by 16% in retail F&O and by 11% in commodity segments. Retail participation in total equity market volumes increased from 39% to 46%.

The product mix in equity markets continued to favour the low yielding derivative segment with 91.6% share. The daily cash volume de-grew by 5% to ₹ 20,274 Crore while the daily derivatives volume de-grew marginally by 3% to ₹ 2,22,332 Crore. This continuing trend also indicates speculative activities taking precedence over investment led activities in the capital market.

Performance Review

ABML's market share remained flat at 1.34% in retail cash equity segment, grew from 0.64% to 0.72% in commodity segment while it de-grew from 2.48% to 1.42% in retail F&O segment.

Despite year-on-year decline of 12% in the average daily brokerage, ABML maintained its revenue at ₹ 120 Crore. Higher interest cost led to lower net profit at ₹ 3 Crore vis-a-vis ₹ 6 Crore attained in the previous year.

Outlook

Indian broking industry is expected to show sign of recovery after slowdown in the current financial year. The broking industry will continue to face pricing challenges with institutional brokerage commission being capped at 12 bps for cash market and 5 bps for futures segment. This has also reflected in falling yields for most of the industry players in the current financial year. The yield in the F&O segment also remained under pressure due to intense competition in the segment.

ABML will continue to thrust on improving its market share by creating product and service differentiation across segments. Extensive use on technology, driving customer acquisition and retention, expanding network partners and providing value added services to its clients will be key focus areas.

ADITYA BIRLA MONEY MART LTD. (WEALTH MANAGEMENT)

Aditya Birla Money Mart Ltd. (ABMM) is a wealth management and distribution player, offering third-party products like mutual funds, company deposits, life insurance products, structured products, alternate investments, property services etc. ABMM also has a premier wealth management service arm to cater to the HNI customers.

Industry Overview

While there are a few large wealth management players in India; the mutual fund distribution industry is very fragmented. Advisory asset management and tax planning has one of the highest demands among wealth management services by High Net Worth Individuals (HNIs) followed by financial planning.

Performance Review

ABMM is one of the largest corporate distributors in terms of assets under advisory. Direct plan for investment in mutual funds continued to impact the assets under advisory across the industry. The quarterly Assets under Advisory (AUA) of ABMM stood at ₹ 7,814 Crore for the quarter ended 31st March, 2016, a decline of 12% over last year. However, average equity assets under advisory expanded by 20% to ₹ 2,185 Crore.

Revenue of ABMM de-grew from ₹ 86 Crore to ₹ 60 Crore. It posted a net loss of ₹ 9 Crore vis-a-vis net profit of ₹ 5 Crore attained during the previous year. The capping of upfront commission on distribution of mutual funds schemes at 1% with effect from 1st April 2015 has affected the earnings of the distributors across the industry.

Outlook

The capping of upfront commission was a dampener in the short run. However, the long term outlook for the financial products and services distribution remains strong. Higher gross national savings rate and rising size of high net worth individuals coupled with increasing preference towards financial investment with the help of professional advisors present a considerable growth opportunity for the wealth management players.

ABMM's thrust will be on building mutual fund and PMS assets and expanding its customer base by providing value added wealth management solutions to its clients through product innovation and technology support.

ADITYA BIRLA MONEY MYUNIVERSE (ONLINE PERSONAL FINANCE MANAGEMENT)

Aditya Birla Money MyUniverse is India's first integrated Online Personal Finance Management Platform. It aims to help Indians make better financial decisions. Though Indians are great savers, few end up creating long term wealth due to lack of guidance on saving and investing their hard earned money. MyUniverse helps customers get a complete, live picture of their finances online by securely aggregating their bank, credit card, mutual fund, stock, insurance and loan accounts. Apart from generating various personal finance reports for the user, MyUniverse automatically understands the customer's financial profile and provides automatic advice for disciplined spending, smart saving and prudent investing.

MyUniverse has enriched the financial lives of over 2.6 million registered users who are managing close to ₹ 200 billion through this platform.

MyUniverse has been providing money management solutions on mobile, since July 2013. It was the first app in the country and the 2nd app in the world to support account aggregation on mobile. It has more than 1 million downloads across Android and iOS and more than 1.2 million monthly visits.

MyUniverse had launched ZipSIP in February 2015, bringing India's first completely paperless, instant SIP product to life, which allowed even non-KYC investors to start investing. This is the first such player in India to bring innovations such as e-KYC and 1-click MF portfolio execution. Presently through ZipSIP, MyUniverse is the 7th largest distributor of new SIPs in numbers in India

 # 1

Online personal finance management platform in India

₹ 200 Bn

Money under aggregation

7th

Largest SIP distributor in India

with market share and ranking improving from 0.6% and 19th during April-June 2015 to 3% and 7th during January-March 2016.

MyUniverse has also launched India's first savings app – Maxit, which allows customers to save every time he swipes his card. Maxit does this by understanding one's cards, spends and location, and delivering the right offer, at the right place and the right time.

MyUniverse is also very close to launching India's first completely automated instant personal loan, which will ensure that the customer will have funds credited in his account, once he passes successfully through the online loan application process, instantly. Apart from this, theme based equity portfolio advisory is in the pipeline.

In December 2014, International Finance Corporation (IFC) became a strategic financial investor in MyUniverse.

During FY 2015-16, revenue of MyUniverse grew from ₹ 3 Crore to ₹ 6 Crore. It posted net loss of ₹ 70 Crore vis-a-vis ₹ 61 Crore in the previous year as the business is investing in technology for seamless and secure digital customer experience, in brand for accelerating customer acquisition and in products for leveraging this platform to cross sell and scale up transactions.

ADITYA BIRLA HEALTH INSURANCE CO. LTD.

Industry Overview

Indian health insurance sector is the fastest growing segment in the insurance space. It grew at a CAGR of 25% in the past 5 years and is expected to grow at a CAGR of 18% over next 10 years. In India, about 76% of healthcare expenditure is out of pocket due to absence of social security and a large population being self employed or working in the unorganised sector. The drivers for healthcare market are demographic transformation and increased life expectancy, increasing incidents of lifestyle diseases, increasing cost of medication and increased affordability and awareness.

Performance Review

ABNL and its 100% subsidiary Aditya Birla Financial Services Ltd. (ABFS), had entered into a joint venture agreement with MMI Holdings Ltd. (MMI) in June 2015 to foray in the health insurance business in India. Having received the FIPB approval, MMI Strategic Investments (PTY) Limited, a wholly owned subsidiary of MMI Holdings Ltd. acquired 49% stake in the health insurance venture Aditya Birla Health Insurance Co. Ltd. (ABHICL) in June 2016. ABFS owns the controlling stake in ABHICL at 51%. ABHICL is targeting to launch of its services during the second half of FY 2016-17 subject to the approval from IRDAI. ABFS has incorporated a separate 100% subsidiary for the wellness business which is also proposed to be a 51:49 joint venture with MMI.

Outlook

Healthcare expenditure as a percentage of GDP at 5% in India is among the lowest compared to 17% in the US, 9% each in UK, South Africa and Brazil and 6% in China. However, with the rising costs, the healthcare spend as a percentage of total household expenditure has increased from 7% in 2005 to 9% in 2015 and is expected to increase to 13% by 2025. Indians are also beginning to spend increasingly on preventive care to stay away from hospitals. With the cost per hospital incident going up for retail customers and cost of sickness going up for corporate, a large opportunity exists for the private sector players in the health insurance and wellness space.

Aditya Birla Health Insurance Co. Ltd. is all set to tap the sector growth opportunity.

18%

Projected CAGR of Health Insurance Industry over next 10 years

Telecom (Idea Cellular Limited)

Idea Cellular Limited ("Idea") is the third largest wireless operator in India with a Revenue Market Share (RMS) of 18.9%[1] and active subscribers' base of 184 million customers. Idea is the sixth largest mobile telecommunications company in the world[2]. Idea's pan-India customer reach spans 8,000+ exclusive outlets and 1.6 million transacting retailers.

Idea is a pan-India integrated GSM operator covering over 390,000 town & villages and offering 2G services in all 22 service areas and 3G service in 21 service areas of India (except Orissa), including thorough Intra-Circle Roaming (ICR) arrangements with other operators for eight service areas. Idea now also offers 4G services in 10 service areas.

Industry Overview

Total wireless subscribers base in India increased year-on-year by 7% from 970 million to 1,034 million as of March 31, 2016. Pan India mobility rural penetration at 50.9% will be key growth driver. In FY16, about 48% of new subscriber addition came from rural sector. The regulatory changes have impacted the overall growth of the industry in FY 2015-16 viz. reduction in IUC settlement charges, sharp drop in roaming and SMS charges coupled with the increase in service tax etc. Industry has also faced intense battle for new subscribers in Voice segment and slower than anticipated new customer uptake for wireless broadband services against colossal supply increase both, by existing 3G operators expanding coverage and launch of new 3G and 4G services from spectrum acquired by telecom licensees in the Auctions of 2014 and 2015.

Despite slow revenue growth of telecom industry, Idea continues its enviable track record of being the fastest growing large operator for the 8th straight year. During financial year 2015-16, gross revenue of the Indian wireless sector grew moderately by 5.4% to USD 29.7 billion (₹ 1.93 trillion) vis-a-vis growth of 10.8% attained in the previous year. Idea cellular outperformed the industry by registering 14% revenue growth. (Source: TRAI).

> During FY 2015-16, Idea extended its stupendous track record of outperforming the industry by growing at more than 2 times the industry growth rate. It remains the fastest growing Indian Telco, now for 8th year in a row. While Idea's legacy revenue market share stands at 18.9%, Idea is a clear #2 in terms of incremental revenue market share over the past three years. On the back of annual cash profit generation of over ₹ 10,000 Crore, increasing consumer affinity for brand Idea, wide distribution channel reach and rapid network expansion, Idea stays nimble, agile, adaptable and confident to capitalise on all the emerging opportunities in Mobile Voice and Data Market.
>
> **Mr. Himanshu Kapania,**
> Business Head - Telecom

Performance Review

Post allocation of the spectrum won in March 2015 auction, Idea has 237.1 MHz of spectrum acquired in auction which is 87.6% of its total spectrum holding. The spectrum acquired through auction provides flexibility to offer any service (2G, 3G or 4G), based on the consumer demand and development of eco-system. To capitalise on the data opportunity, Idea is aggressively expanding its 3G and 4G footprints, leveraging its strong spectrum bank. Idea's own 3G/4G wireless broadband spectrum now covers 87% of its revenue.

 # 6

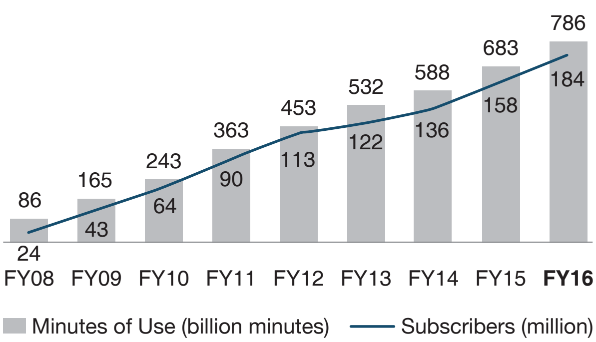
Mobile operator in the world[2]

Note 1: Based on gross revenue for FY 2015-16 for UAS and mobile licenses only (Source: TRAI)
Note 2: In terms of subscribers, based on operations in a single country (Source: GSMA, December 2015)

Idea's pan-India revenue market share[1] rose from 17.5% in FY 2014-15 to 18.9% in FY 2015-16. Idea contributed to 44% of the industry's incremental mobile revenue during FY 2015-16.

Mirroring the brand popularity and quality of its services, Idea's active subscriber ratio at 104.4% as of February 2016, is the highest in the industry. Idea is also the leading net subscribers' gainer in the mobile number portability programme.

Robust growth in Subscribers & MOUs



Idea is listed on NSE and BSE, with a market capitalisation of ₹ 397 billion as on 31st March, 2016.

In 2015-16, Idea generated 786 billion minutes of use (MoU), registering a strong 15% y-o-y growth. Data volumes grew by 72.7% to 298 billion Mega Bytes. Led by strong growth in MoU and data volumes, Idea's top-line rose by 14% to ₹ 35,935 Crore. EBITDA surged by 18% to ₹ 13,257 Crore. EBITDA margin was improved y-o-y despite competitive pressure on voice & data realisation coupled with higher opex on account of networks roll-outs and faster subscriber growths. Idea generated strong post tax standalone[2] cash profit of ₹ 10,120 Crore – a growth of 19% y-o-y.

Rise in depreciation and interest cost on account of rapid expansion of 3G/4G services and renewal of existing licenses in 7 circles constrained net profit. Net profit at ₹ 3,080 Crore marginally declined y-o-y by 4%.

In 2015-16, Idea incurred a capex of ₹ 78 billion, which was fully funded through its cash profit. The capex guidance for 2016-17 stands at ₹ 65-70 billion, excluding spectrum related payments. Standalone[2] balance sheet remained healthy with Net Debt to EBITDA at 3.25 times.

3

Mobile operator in India with 18.9% RMS[1]

Idea has proposed an equity dividend at 6% of equity share capital. Overall payout including dividend distribution tax will be ₹ 260 Crore.

(₹ Crore)

Idea Cellular Ltd.	2014-15	2015-16
Revenue	31,527	35,935
EBITDA	11,281	13,257
Segment EBIT	5,508	6,379
Net Profit	3,193	3,080
Cash Surplus	13,080	2,155
Net Worth	23,029	25,768
Total Debt	26,859	41,503
ABNL's shareholding in Idea (%)	23.28%	23.26%

Outlook

The trends emerging from Spectrum Trading and Sharing deals as well as lack of participation by smaller operators during spectrum auctions, indicate competition intensity to recede specially in voice segment.

Mobile data is the next big opportunity in the telecom sector. Low wireless internet user penetration at 31% and mobile broadband user penetration at meagre 11.8% coupled with aggressive data network infrastructure expansion by Telcos augurs well for the telecom industry. Emerging revenue streams viz., Mobile Banking and Digital Wallet, M2M, IoT & Cloud, Digital content Services etc. will be the gen-next growth drivers for the telecom industry.

Idea Cellular remains nimble, agile, adaptable and confident to capitalise on the emerging opportunities in Mobile Voice and Data markets. On the back of strong annual cash profit generation, Idea is competitively well positioned to support its growth plans.

Note 1: Based on gross revenue for FY 2015-16 for UAS & Mobile licenses only. (Source: TRAI)
Note 2: Standalone = Idea Cellular and its wholly owned subsidiaries

Manufacturing Divisions

Aditya Birla Nuvo has a strong market positioning in Linen, Urea, Viscose Filament Yarn (VFY) and Insulators sectors through its divisions. Jaya Shree Textiles, Indian Rayon and Aditya Birla Insulators are the largest manufacturers of Linen Yarn & Fabric, Viscose Filament Yarn and Insulators in India. Indo-Gulf Fertilisers is the 8th largest urea manufacturer and among the top 2 best energy efficient urea plants in India.

Steady Free Cash Flow (FCF) generation from divisions provides cushion to ABNL's standalone balance sheet and supports the Company's growth capital requirements. Over past 5 years, these manufacturing divisions, combined together, have generated pre-tax Free Cash Flow to firm of about ₹ 1,000 Crore.

21% p.a.

Combined ROACE of Manufacturing Divisions

> Indian Rayon posted its highest ever earnings led by improved volumes and realisation across both VFY and Caustic Soda segments. It is planning to expand VFY capacities. Domestic Urea and Insulators manufacturers were impacted till last year on policy front. With the levy of anti-dumping duty on cheaper imports of Insulators till September 2019, Aditya Birla Insulators posted strong earnings growth in FY16. The Government's gas pooling policy has benefitted efficient urea manufacturers. After taking shutdown for over a month for the last two years due to unremunerative policy for urea production beyond 100% capacity, Indo-Gulf Fertilisers achieved its highest ever urea production and sales volumes in FY 2015-16.
>
> **Mr. Lalit Naik**
> Business Director - Agri, VFY, Chemicals & Insulators

Revenue (₹ Crore)

5-Year CAGR 12%

FY16	5,466
FY15	5,405
FY11	3,101

1%↑

EBITDA (₹ Crore)

5-Year CAGR 8%

FY16	764
FY15	615
FY11	519

24%↑

Free Cash Flow to Firm (Pre Tax) (₹ Crore)

5-Year CAGR 23%

FY16	671
FY15	515
FY11	241

30%↑

INDO-GULF FERTILISERS (AGRI)

Indo Gulf, manufactures urea and markets agricultural seeds and agrochemicals. The business has positioned itself as a 'total agri solutions provider' offering a full range of agri inputs - fertilisers, seeds, agrochemicals and specialties - right from sowing till harvesting. 'Birla Shaktiman' enjoys market leadership in the entire zone of Uttar Pradesh, Bihar, Jharkhand and West Bengal, being Indo-Gulf's core markets, through excellent product quality and customer servicing.

Industry Overview

Urea demand remained almost stagnant at about 30.4 million tonnes in 2015-16 due to second consecutive year of deficient monsoon. Urea imports remained flat at 8.5 million tonnes due to increase in production by domestic manufacturers post Gas Pooling Policy becoming effective from 1st June 2015. However, India still remains heavily dependent on urea imports which accounted for 28% of the domestic urea demand.

8th

Largest urea manufacturer and among the top 2 energy efficient urea plants in India.

1.2 mn tonnes

Highest ever urea production & sales volume

During FY 2015-16, the Government has taken certain initiatives towards improving the productivity in the fertilisers sector. These initiatives include allowing production of neem coated urea upto 100% of urea production and gas pooling policy. These initiatives have benefited energy efficient urea manufacturer by promoting higher production and reducing the subsidy receivables. This has led to an increase in indigenous urea production by 8.3% from 22.6 million tonnes to 24.5 million tonnes.

Performance Review

Indo-Gulf Fertilisers (IGF) enjoys a strong farmer connect and is strategically located in the heartland of Indo-Gangetic plains. Birla Shaktiman Urea - Neem coated, continues to be the product of first choice among farmers in IGF's core markets.

After taking shutdown for over a month for the last two years due to unremunerative policy for urea production beyond 100% capacity. Indo-Gulf has achieved its highest ever production in 2015-16 at 1.208 million tons, up y-o-y by 18% and sales volumes at 1.196 million tons, up y-o-y by 17%.

Despite higher urea sales volume, revenue marginally de-grew to ₹ 2,498 Crore, due to pass through of reduction in natural gas prices on account of gas pooling policy becoming effective from 1st June 2015. EBITDA surged by 41% to ₹ 209 Crore, driven by higher sales volumes of neem coated urea and lower repairs cost on account of shutdown in the previous year. Higher contribution on production beyond 100% capacity due to lower gas prices on account of gas pooling policy also augmented bottom-line.

Outstanding fertilisers subsidy was at ₹ 1,112 Crore compared to ₹ 1,193 Crore in the previous year. IGF received ₹ 489 Crore of subsidy in April 2016.

(₹ Crore)

Indo-Gulf Fertilisers	2014-15	**2015-16**
Revamped Urea Capacity (MTPA)	11,02,200	11,02,200
Urea Production (MT)	10,21,447	12,08,066
Manufactured Urea Sales (MT)	10,24,970	11,96,221
Revenue	2,557	2,498
Manufacturing (Fertilisers)	2,248	2,189
Trading (Fertilisers, Seeds, Agro Chemicals)	310	309
EBITDA	148	209
Segment EBIT	116	176
Capital Employed	1,641	1,525
ROACE (%)	7%	11%

With reduction in gas prices and gas pooling policy in place, urea subsidy is expected to reduce further.

Outlook

Domestic production of urea had severely been impacted during past few years due to unfavourable government policy for urea production beyond 100% capacity as permissible under pricing mechanism. However, with the favourable reforms like New Urea policy 2015 and Gas pooling Policy, the Government is focusing on promoting indigenous production to reduce the Country's dependence on imports. A public-private partnership model is also being evaluated where the government agencies, universities and private companies, will facilitate the transfer of new technology to farmers in a sustainable manner. This is opening up new business opportunities for value added products and services.

Indo Gulf Fertilisers, with its strong farmer connect and customer centric approach is well positioned to take advantage of these opportunities. It's location at Jagdishpur – in the middle of the agricultural heartland of the Indo-gangetic plains, gives it access to a large growing market.

INDIAN RAYON (VISCOSE FILAMENT YARN & CHEMICALS)

Indian Rayon manufactures and sells viscose filament yarn (VFY), caustic soda and allied chemicals. It is the largest manufacturer of VFY in India with a 44% domestic production share. It also accounts for 61% of VFY exports from India, making it the largest exporter of VFY from India. Branded as 'Ray One', the viscose filament yarn is available in more than 600 shades. The yarn comes in a wide array of colours, including natural whites.

Industry Overview

VFY is a man-made natural filament yarn, providing the comfort of cotton and lustre of silk. It is used in georgette and crepe fabrics, home textiles, embroidery, and so on. During FY 2015-16, the domestic demand of VFY de-grew by 7.5% to 49,952 MT. Domestic VFY production has increased by 2.2% to 45,354 MT. VFY exports decreased slightly to 5,522 MT. Imports decreased substantially to half at 8,141 MT during the year. Indian market continues to move towards fine/superfine denier leading to improvement in realisation. Domestic players have grown primarily by filling up of demand generated due to the reduction in the Chinese imports.

Chlor-Alkali market is broadly categorised into three segments, namely caustic soda, chlorine and soda ash. Caustic Soda finds major application in soap and detergents, pulp and paper and textile processing industries. Chlorine is a by-product and is widely used during PVC manufacturing, drinking water disinfection and pharmaceutical production.

Performance Review

In FY 2015-16, Indian Rayon's revenue from the VFY segment grew by 7% to ₹ 745 Crore, despite an industry slowdown. Higher VFY revenue was driven by lower imports and higher share of superfine yarn in the sales volume mix. Revenue from the Chemicals segment surged by 11% to ₹ 184 Crore owing to higher caustic soda volumes and increase in caustic prices led by improved international prices and lower imports.

Total revenue grew by 7% at ₹ 928 Crore. Indian Rayon posted its highest ever EBITDA at ₹ 266 Crore on account of higher volumes and improved realisation across both VFY and Caustic Soda segments. ROACE enhanced year-on-year from 21% p.a. to 30% p.a.

Largest

Manufacturer and exporter of VFY in India

30% p.a.

ROACE

The business is taking initiatives for building the 'VFY from Indian Rayon' brand. The brand has been named 'Raysil' with the sign-off as 'The Fashion Yarn'. 'Raysil' stands for a 100% natural yarn that provides superior drape in fabrics, creates rich, elegant outfits for an easy, vibrant and enjoyable fashion experience. It has been commercially launched during the year. The brand building will focus on creating a consumer recognisable brand to transform Indian Rayon's VFY into a desirable premium brand across the textile value chain till the end consumer.

Indian Rayon is scaling up VFY capacity at a capex of ₹ 40 Crore by the first half of calendar year 2017.

(₹ Crore)

Indian Rayon	2014-15	2015-16
VFY		
Capacity (MTPA)	19,800	20,750
Production (MT)	19,182	19,840
Manufactured VFY Sales (MT)	18,839	20,412
Revenue (Including allied chemicals)	699	745
Chemicals		
Caustic Soda Capacity (MTPA)	91,250	91,250
Caustic Soda Production (MT)	79,687	83,075
Caustic Soda Sales (MT)	80,162	83,014
Revenue	166	184
Total Revenue	**865**	**928**
EBITDA	197	266
Segment EBIT	156	223
Capital Employed	757	715
ROACE (%)	21%	30%

Outlook

Growth in superfine and finer deniers in domestic VFY market seems to remain stable. With the ramp-up of superfine yarn unit and leveraging Enka Trade Mark, Indian Rayon is well positioned to improve its market share and earnings. However, the decreasing trend of domestic demand and high volatility in exchange rate is adversely affecting the yarn prices in India.

The Chlor-Alkali market in India is projected to register a CAGR of around 7% during 2015-19. Chlorine demand is also expected to remain firm subject to an increase in chlorine production in the west, which may affect the demand and supply balance.

ADITYA BIRLA INSULATORS

Aditya Birla Insulators (ABI) is India's largest and the world's fourth largest manufacturer of porcelain insulators. ABI provides a comprehensive range of high-performance insulators to its global clientele that includes leading power utilities and national and international power equipment manufacturers. ABI's products have been running successfully in 58 countries around the world with focused exports markets being the US and the Europe.

Industry Overview

The power generation, transmission and distribution sector is the key growth driver for the insulators industry. Over the past few years, demand in domestic insulators market has been sluggish, primarily due to poor financial health of state utilities, which has impacted new projects and delay in the execution of on-going projects. Additionally, increased acceptance of alternate technologies and impending land acquisition bill has further impacted the domestic insulators industry.

While the Government of India is putting emphasis on power sector reforms in overcoming impediments, it will however take some time before on-ground demand improvement is visible. Government's ambitious 'Make in India' initiative and reforms like 'UDAY' for fiscal turnaround of state-utilities are expected to improve the demand scenario, though in the medium to long term. The imposition of anti-dumping duty on imports of insulators from China had provided respite to the industry as imports have reduced from 39,976 MT in FY 2014-15 to an estimated 21,000 MT in FY 2015-16.

#1

Manufacturer of insulators in India and 4th largest globally

22% p.a.

ROACE

Performance Review

In the backdrop of weak market conditions, revenue grew year-on-year by 6% at ₹ 581 Crore, led by 6% growth in volumes primarily in the transmission segment. Last year, operations of the Rishra plant were disrupted / suspended for 42 days due to labour unrest.

EBITDA soared by 19% y-o-y to ₹ 114 Crore. Higher volumes and an increase in realisation contributed to the earnings growth.

(₹ Crore)

Aditya Birla Insulators	2014-15	2015-16
Capacity (MTPA)	45,260	45,260
Production (MT)	38,401	41,152
Sales Volume (MT)	38,581	40,897
Revenue	548	581
EBITDA	95	114
Segment EBIT	76	96
Capital Employed	455	401
ROACE (%)	17%	22%

Outlook

Government initiatives are expected to catalyse demand improvement in the second half of FY 2016-17. With Government's focus on 'Power for All' by 2019 the medium to long term fundamentals look encouraging. However, the key to resurgence and sustainable growth of the power sector lies in improvement in finances of state utilities through the 'UDAY' scheme.

Aditya Birla Insulators will continue to focus on operational efficiencies and cost rationalisation to enhance its market competitiveness besides exploring new geographies in the exports market.

JAYA SHREE TEXTILES

Jaya Shree Textiles (JST) operates in two business segments, viz., Linen and Wool. A leading player in the domestic linen and worsted yarn segment, JST has significantly revolutionised the Indian textiles market by popularising 'linen' in India across a wide customer base. JST is the largest manufacturer of linen yarn and linen fabric in India.

Industry Overview

The linen industry registered a moderate demand growth in the current financial year after a healthy CAGR of 19% in linen yarn and 14% in pure linen fabric during FY 2012-15. Globally the wool combing units continued to operate at 70% since last year, worsted spinning capacity utilisation in the Far East and Europe is at 75%, whereas in India it is between 75% and 93%.

Performance Review

Jaya Shree has revolutionised the journey of linen from a commodity to a lifestyle symbol in India and expanded its market size by creating product / brand awareness and entering into new segments.

Jaya Shree is focusing on expansion of high margin retail channel and strengthening of the "Linen Club" brand. It opened 17 new EBOs during the year to reach a total of 131 exclusive brand outlets besides retailing linen fabric through over 4,000 multi-brand outlets. The expansion of linen capacities has led to an increase in its share in the overall business. Share of linen segment in Jaya Shree's total revenue has jumped from 39% in 2010-11 to 50% in 2015-16.

During 2015-16, the revenue of Jaya Shree grew marginally to ₹ 1,459 Crore. Revenue from the Linen segment de-grew marginally by 4% due to decline in linen yarn volumes by 11% & linen fabric volumes by 3% owing to subdued demand during the second half of FY 2015-16. Reduction in prices of competitive fibres has also impacted the overall demand in the linen segment. Revenue from the Wool segment rose by 8% led by higher volumes. The total EBITDA of the business was flat at ₹ 175 Crore.

Driven by a strong focus on efficient working capital management, Jaya Shree is operating at a sound ROACE of 44% per annum.

> The business sustained its profitability amidst subdued consumer demand witnessed across the textiles value chain. Reduction in prices of competitive fibres and rise in demand for linen blends as a cheaper option has also impacted the demand for pure linen. Competition has greatly intensified with a whole host of new players entering the market. However, medium to long term prospects of linen remains promising and Jaya Shree is going to almost double its linen yarn capacities in the next one year. We are also continuously increasing our fabric reach, through EBO and new geographical expansions.
>
> **Mr. Thomas Varghese**
> Business Head – Textiles

(₹ Crore)

Jaya Shree Textiles	2014-15	2015-16
Revenue	1,435	1,459
Linen	765	737
Wool	671	722
EBITDA	175	175
Segment EBIT	146	144
Capital Employed	237	416
ROACE (%)	53%	44%

Outlook

Presently, around 70% of India's linen yarn demand is being met through imports. Jaya Shree also imports close to 55%-60% of its linen yarn requirements annually. This translates into expansion opportunity for the domestic players. To fortify its market positioning and tap into sector growth opportunity, Jaya Shree is expanding its linen yarn capacity from the current 3,400 MTPA to 6,200 MTPA at capex of ₹ 191 Crore by the first half of calendar year 2017.

6,200 MTPA

Almost doubling linen yarn capacity from 3,400 to 6,200 MTPA

New Ventures

SOLAR POWER

ABNL has entered into a 51:49 JV with the Abraaj Group, a leading investor operating in global growth markets, to build a 500 MW solar power platform in India. The solar power platform, will bid for projects tendered at national and state auctions, with the intent to develop and operate utility-scale solar power plants that can provide clean and cost-effective electricity to the national grids across several key states in India.

Industry Overview

The demand for power in India is rising as a result of the country's growing population, rapid urbanisation and increasing economic activities. The Indian Government has created favourable regulatory environment to foster the use of renewable energy, including setting an explicit target to achieve 100 GW of solar power capacity by 2022 compared to the current installed capacity of approximately 6.8 GW. These factors create an immense investment opportunity for the private sector, helping meet this significant demand for renewable energy.

Performance Review

ABNL has won a total of 60 MW Solar Power projects – 20 MW each in the three talukas - Ramadurg, Shirahatti and Mulbagal - of Karnataka in March 2016. The tariff ranges between ₹ 4.86 per KWh to ₹ 4.97 per KWh. The Power Purchase Agreement has been signed in June 2016 and the commissioning of the solar power plants is targeted by the end of FY 2016-17.

Outlook

India is projected to be among the top 3 solar markets in the world by 2022. The share of Solar power in India's total installed power generation capacity is projected to rise from 1% currently to 25% by 2022. To promote renewable energy and energy security, cabinet has approved amendments in power tariff policy mandating 8% share of Solar energy in total electricity consumption (excluding hydro power) by March 2022. The key growth drivers for renewable energy are increasing cost of conventional power, environmental concerns, falling solar power tariffs, high solar irradiation and short gestation to install solar power capacity. ABNL is all set to tap into the sector growth opportunity.

PAYMENTS BANK

Industry Overview

A Payments Bank is a differentiated bank that will undertake only certain restricted banking functions that are allowed by RBI from time to time. These activities include acceptance of deposits, payments and remittance services, internet banking etc. Initially, they are allowed to accept deposits up to ₹ 1 lakh per individual. They can facilitate money transfers and distribute financial services & products. Besides, they can issue ATM/debit cards, but not credit cards. With an objective to bring unbanked masses under the ambit of formal banking, issuance of Payments banks licences is a significant and important step from the RBI in the direction of financial inclusion where technology is going to play a crucial role.

Aditya Birla Idea Payments Bank Ltd.

RBI had given in-principle approval to set-up the Payments Bank to ABNL as promoter, on 7th September, 2015. ABNL has incorporated 'Aditya Birla Idea Payments Bank Limited' as promoter in a 51:49 joint venture with Idea Cellular in February 2016. The JV is in the process of appointing senior management team, selecting the right IT system and defining innovative products & cost efficient processes before starting services. Post necessary regulatory approvals from RBI, the JV is likely to commercially launch its services by end of FY 2016-17. The JV will acquire and service new Payments Bank customers 'Online' leveraging the power of Idea and Aditya Birla Group's about 45 million digital customers as well as 'Offline' leveraging the strength of Idea's 2 Million+ retail distribution channel across 390,000 towns and villages. The Payments Bank intends to promote a wide range of banking products and services including current and savings bank account, domestic remittances, merchant payments etc. while partnering with Aditya Birla financial services, select universal banks and related financial institutions. At an appropriate time the existing Remittance (NEFT/IMPS) and PPI business of Idea Cellular will be integrated with the proposed Payments Bank and will be run as a single entity.

Robust Earnings Growth

CONSOLIDATED FINANCIALS

The Company registered a strong growth in earnings during FY 2015-16.

- Most of the businesses are competitively well placed and are contributing to the earnings growth.
- Posted consolidated revenue at ₹ 23,129 Crore and consolidated EBITDA at ₹ 6,535 Crore.
- On a like-to-like basis, the Company's revenue and EBITDA grew by 11% and 24%, respectively.
- Consolidated Like-to-Like net profit surged year-on-year by 30% to ₹ 1,886 Crore.

> Pursuant to the demerger of Company's Madura Fashion division into its subsidiary Pantaloons Fashion & Retail Ltd., the resultant company has ceased to be ABNL's subsidiary and hence has been excluded from its financial results w.e.f. 1st April 2015. The IT-ITeS business of the Company was divested w.e.f. 9th May 2014. Hence if we look at the like-to-like financial results, i.e., excluding Fashion and IT-ITeS businesses from previous year's results, the consolidated earnings registered a robust year-on-year growth. Revenue grew by 11% to ₹ 23,129 Crore and EBITDA surged by 24% to ₹ 6,535 Crore.
>
> **Mrs. Pinky Mehta**
> CFO, Aditya Birla Nuvo Ltd.

Revenue (₹ Crore)

Y-o-Y 11% (Like-to-Like)

FY16**	23,129
FY15*	20,798
FY15**	26,516

EBITDA (₹ Crore)

Y-o-Y 24% (Like-to-Like)

FY16**	6,535
FY15*	5,272
FY15**	5,798

Net Profit (₹ Crore)

Y-o-Y 30% (Like-to-Like)

FY16**	1,886
FY15*	1,447
FY15**	1,416

*Like-to-Like[1] | ** Reported

(₹ Crore)

Consolidated Profit & Loss Account	2014-15 Reported	**2015-16[1]** Reported
Revenue	**26,516**	**23,129**
EBITDA	**5,798**	**6,535**
Less : Depreciation and Amortisation	1,703	1,727
Earnings Before Interest and Tax (EBIT)	**4,095**	**4,808**
Less : Finance costs related to NBFC	1,105	1,600
Less : Other Finance Costs	652	717
Earnings Before Tax and Exceptional Items	**2,338**	**2,491**
Add : Exceptional Gain / (Loss)[2]	(13)	414
Earnings before Tax	**2,325**	**2,905**
Less : Tax Expenses	833	872
Less : Minority Interest and share of (profit) / Loss of associates	76	147
Net Profit	**1,416**	**1,886**

Note 1: Pursuant to the demerger of Company's Madura Fashion division into its subsidiary Pantaloons Fashion & Retail Ltd. (PFRL), the resultant company has ceased to be ABNL's subsidiary and hence has been excluded from its financial results w.e.f. 1st April 2015. The IT-ITeS business of the Company was divested w.e.f. 9th May 2014. Hence previous year's reported financials are not comparable to that extent. To make the performance comparable, like to like financials for the previous year exclude Madura, Pantaloons and IT-ITeS businesses.

Note 2: In FY 2014-15, exceptional loss of ₹ 13 Crore pertains to divestment of Minacs. This loss is without considering deferred consideration of ~₹ 42 Crore receivable over next 3 years. In FY 2015-16, exceptional gain includes (a) ₹ 357 Crore w.r.t. cessation of PFRL as subsidiary pursuant to de-merger of Madura, (b) ₹ 50 Crore received for facilitation of development of distribution network for financial services business and (c) ₹ 6.4 Crore received as deferred consideration w.r.t. divestment of Minacs.

Like-to-like Consolidated revenue of ABNL grew y-o-y by 11% from ₹ 20,798 Crore to ₹ 23,129 Crore, largely driven by the Financial Services and the Telecom businesses.

- Revenue of the financial services business surged by 17% to ₹ 9,299 Crore led by lending book growth in the NBFC business, higher group premium income in the Life Insurance business and AUM growth in the Asset Management business.
- In the Telecom business, Idea Cellular registered a 14% growth in the top-line at ₹ 35,935 Crore (ABNL's share: ₹ 8,361 Crore). A strong 15% rise in total minutes of use, 72.7% growth in data volumes contributed.
- The combined revenue of the Manufacturing Divisions grew marginally to ₹ 5,466 Crore due to pass through of reduction in natural gas prices in the agri business on account of gas pooling policy effective from 1st June 2015.

(₹ Crore)

Consolidated Revenue - Segmental	2014-15	2015-16
Financial Services[1]	7,926	9,299
Telecom[2]	7,467	8,361
Manufacturing Divisions[3]	5,405	5,466
Solar	-	7
Inter-segment Elimination	(0)	(4)
Consolidated Revenue (From Continuing Operations)	**20,798**	**23,129**
Aditya Birla Fashion & Retail[4]	5,450	-
IT-ITeS[5]	283	-
Inter-segment Elimination	(16)	-
Consolidated Revenue (Reported)	**26,516**	**23,129**

Like-to-like Consolidated EBITDA spurred by 24% from ₹ 5,272 Crore to ₹ 6,535 Crore largely driven by the NBFC, Asset management, Telecom, Rayon and Agri businesses.

Consolidated EBIT surged by 17% from ₹ 4,095 Crore to ₹ 4,808 Crore.

(₹ Crore)

Segment EBIT as per Accounting Standard ("AS")-17	2014-15	2015-16
Financial Services[1]	814	977
Telecom[2]	1,305	1,484
Manufacturing Divisions[3]	494	639
Aditya Birla Fashion & Retail[4]	261	-
IT-ITeS[5]	(16)	-
Solar	-	1
Segment EBIT as per AS - 17	**2,857**	**3,101**
Add: Unallocated Income / (Expenses) (Net)	78	45
Add: Finance Costs related to NBFC[6]	1,105	1,600
Add: Consolidated Interest Income (Excluding Interest Income of NBFC)[6]	55	61
Consolidated EBIT	**4,095**	**4,808**

Note 1: Financial Services include NBFC, Life Insurance, Asset Management, Health Insurance, Housing Finance, Private Equity, Broking, Wealth Management, Online Personal Finance Management and General Insurance Advisory businesses. In accordance with AS-17 on 'Segment Reporting', finance cost of NBFC business is reduced from Segment EBIT

Note 2: Represents ABNL's share in Idea Cellular's earnings. Being a joint venture, Idea has been consolidated at ~ 25.3% till 10th June 2014, at 23.63% till 23rd July 2014 and at ~23.3% thereafter

Note 3: Manufacturing Divisions include Textiles, Agri, Rayon and Insulators

Note 4: Madura Fashion & Lifestyle business has been de-merged into Pantaloons Fashion & Retail Ltd. w.e.f. 1st April 2015

Note 5: Divested w.e.f. 9th May 2014

Note 6: In accordance with AS-17 on 'Segment Reporting', finance cost of NBFC business is reduced from segment EBIT, hence added back to arrive at Consolidated EBIT. In accordance with AS-17, interest income (excluding interest income of NBFC business) is not included in segment EBIT, hence added back to arrive at Consolidated EBIT.

- Segment EBIT of Financial Services business grew by 20% to ₹ 977 Crore, driven by the expansion of the lending book in the NBFC business and AUM growth in the asset management business. Life insurance EBIT is lower due to lower in-force book and higher expense gap.
- In the Telecom business, segment EBIT surged by 16% to ₹ 6,379 Crore (ABNL's share: ₹ 1,484 Crore) led by robust growth in voice and data usage, scale benefits and cost efficiency.
- Segment EBIT of Manufacturing Divisions, combined together, rose by 29% to ₹ 639 Crore driven by the Agri and the Rayon businesses.

Finance costs related to the NBFC business increased by 45% in line with the growth in the NBFC lending book. Other finance costs increased from ₹ 652 Crore to ₹ 717 Crore, primarily due to higher interest cost in the Telecom business.

Tax expenses increased primarily on account of improved profitability in the NBFC and the Asset Management businesses.

ABNL's consolidated like-to-like net profit expanded by 30% from ₹ 1,447 Crore to ₹ 1,886 Crore. Net Profit for FY 2015-16 includes exceptional gain of ₹ 357 Crore on account of cessation of PFRL as a subsidiary of ABNL.

(₹ Crore)

Consolidated Balance Sheet	March 2015	**March 2016**
Net Worth	12,871	14,535
Total Debt	11,299	13,570
NBFC borrowings (including Housing Finance)	14,686	22,914
Minority Interest	802	857
Deferred Tax Liabilities (Net)	485	788
Capital Employed	**40,142**	**52,665**
Life Insurance Policyholders' funds (Including Funds for Future Appropriation)	28,839	29,375
Total Funds Employed	**68,981**	**82,039**
Net Fixed Assets (Including Capital Advances & CWIP)	12,342	19,052
Goodwill	3,973	2,209
Long Term Investments	408	378
Life Insurance Investments	30,147	30,727
Policyholders' Investments	28,595	29,022
Shareholders' Investments	1,552	1,705
NBFC Lending Book (Including Housing Finance)	17,706	27,728
Net Working Capital	160	196
Cash Surplus & Current Investments[1]	4,246	1,749
Total Funds Utilised	**68,981**	**82,039**
Book Value per Equity Share (₹)	989	1,116
Net Debt[2]/EBITDA (x)	1.5	2.4
Net Debt[2]/Equity (x)	0.55	0.81

Note 1: Include Cash, cheques in hand, remittances in transit, balances with bank, fertilisers bonds and current investments
Note 2: Total Debt (Excluding NBFC borrowings) less Cash Surplus & Current Investments

The net worth increased by ₹ 1,664 Crore to ₹ 14,535 Crore, primarily on account of profit earned during the year.

Total debt (excluding NBFC borrowings) increased from ₹ 11,299 Crore to ₹ 13,570 Crore, mainly in the Telecom business due to deferred payment liability relating to spectrum won in March 2015 auction. NBFC borrowings (including Housing Finance) grew to ₹ 22,914 Crore in line with the growth in loan book.

Net Block has increased by ₹ 6,710 Crore largely in the Telecom business on account of network expansion and acquisition of spectrum.

Goodwill is lower by ₹ 1,764 Crore mainly due to cessation of PFRL as subsidiary pursuant to the demerger of Madura business.

NBFC lending book (including Housing Finance) has grown by 57% to ₹ 27,728 Crore.

Cash surplus and current investments are lower on account of the deployment of surplus funds, lying with Idea Cellular in the previous year, towards repayment of its debt during the year under review.

STANDALONE FINANCIALS

Standalone Profit & Loss Account

	2014-15 (Reported)	2014-15 (Like-to-Like)[1]	**2015-16 (Reported)**
Revenue	8,938	5,405	5,466
EBITDA	1,186	710	846
Net Profit	528	325	360

Like-to-like Standalone revenue is marginally up year-on-year at ₹ 5,466 Crore due to pass through of reduction in natural gas prices in the agri business on account of gas pooling policy with effect from 1st June 2015. Like-to-like Standalone EBITDA spurred by 19% from ₹ 710 Crore to ₹ 846 Crore. The Rayon and the Agri businesses were the largest contributors to the earnings growth. ABNL earned a dividend income of ₹ 54 Crore in 2015-16 compared to ₹ 89 Crore in the previous year.

Finance costs increased from ₹ 263 Crore to ₹ 280 Crore in line with the increase in net debt from ₹ 3584 Crore to ₹ 3786 Crore on account of investment and Capex outlay of ₹ 1080 Crore.

During 2015-16, ABNL received a sum of ₹ 50 Crore towards facilitation for the development of distribution network for financial services business and a sum of ₹ 6.4 Crore as deferred consideration with respect to the divestment of Minacs. These are recorded as exceptional gains.

Like-to-like Standalone net profit grew by 11% from ₹ 325 Crore to ₹ 360 Crore.

The Board of Directors has recommended a final equity dividend of 50% (₹ 5 per equity share) for FY 2015-16, entailing a total outgo of ₹ 75.5 Crore including dividend distribution tax.

(₹ Crore)

Standalone Balance Sheet	March 2015	**March 2016**
Net Worth	8,519	8,559
Total Debt	3,688	3,904
Deferred Tax Liabilities (Net)	106	173
Capital Employed	**12,314**	**12,637**
Net Fixed Assets (Including Capital Advances & CWIP)	1,879	1,589
Long Term Investments	8,695	9,465
Net Working Capital	1,635	1,464
Cash Surplus & Current Investments[2]	105	119
Book Value per Equity Share (₹)	655	657
Net Debt[3]/EBITDA (x)	3.0	4.5
Net Debt[3]/Equity (x)	0.42	0.44

ABNL's standalone balance sheet supported an investment and capex outlay of about ₹ 967 Crore and ₹ 113 Crore, respectively during the year. The standalone net debt to EBITDA stood at 4.5 times and net debt to equity at 0.44 times as on 31st March 2016.

In April 2016, ABNL has received a sum of ₹ 1,664 Crore from sale of 23% stake in its Life Insurance JV, Birla Sun Life Insurance and realised fertilisers subsidy of ₹ 489 Crore leading to reduction in its net debt. After adjusting for the sale proceeds and subsidy realisation, Net Debt / EBITDA stand at a comfortable position.

Note 1: Pursuant to the demerger of Madura Fashion & Lifestyle into Pantaloons Fashion & Retail Ltd.(PFRL), Madura Fashion business ceased to be a division of ABNL w.e.f. 1st April, 2015 and hence excluded in previous year's like-to-like financials to make the performance comparable. Previous year's reported financials are not comparable to that extent.
Note 2: Include Cash, cheques in hand, remittances in transit, balances with bank, fertilisers bonds, short term ICDs and current investments
Note 3: Total Debt less Cash Surplus & Current Investments

(₹ Crore)

Standalone Cash Flow	2015-16
Cash Flow from Operations (Net of Tax)	632
(Increase)/ Decrease in Net Working Capital	(7)
Net Cash from Operating Activities	**625**
Capital Expenditure (Net)	(113)
Investments in Subsidiaries / Joint Ventures (Net)	(967)
Demerger of Madura Business (Net of Cash and Cash Equivalents)	289
(Increase) / Decrease in Inter-Corporate Deposits to Subsidiaries (Net)	53
Merger of wholly owned subsidiaries	43
Interest / Dividend received	105
Net Cash from / (used in) Investing Activities	**(590)**
Proceeds from / (Repayment of) Borrowings (Net)	364
Proceeds from Issue of Shares	7
Dividend Paid	(110)
Interest Paid	(282)
Net Cash from / (used in) Financing Activities	**(21)**
Increase / (Decrease) in Cash Surplus & Current Investments	**14**
Add: Opening Cash Surplus & Current Investments[1]	105
Closing Cash Surplus & Current Investments[1]	119

Note 1: Include cash, Cheques in hand, remittances in transit, balances with banks, fertilisers bonds, current investments and short term ICDs

Net Cash from Operations

Cash Flow from Operations

Net cash flow from operations stood at ₹ 632 Crore. The Rayon and Agri businesses were the largest contributors followed by the Insulators business.

Net Working Capital

The Company's net working capital increased by ₹ 7 Crore. Inventory increased by ₹ 57 Crore mainly in the Textiles business due to subdued demand in the linen segment. Reduction in trade receivables by ₹ 166 Crore was primarily on account of lower urea subsidy. Trade payables have decreased by ₹ 52 Crore mainly in the Textiles business.

Net Cash from/(used in) Investing Activities

Capital Expenditure

The capital expenditure outgo was ₹ 113 Crore during the year mainly towards up-gradation, modernisation and maintenance of plants across the manufacturing businesses.

Investments

ABNL invested a sum of ₹ 967 Crore in its wholly owned subsidiary Aditya Birla Financial Services Private Ltd. to fund the growth capital requirement of the NBFC business, the Housing Finance business, Health Insurance and Online Personal Finance Management portal - MyUniverse.

Net Cash from / (used in) Financing Activities

Proceeds from / Repayment of borrowings

ABNL raised the external commercial borrowing of ₹ 196 Crore and rupee term loan of ₹ 7 Crore towards capital expenditure commitments. ABNL also raised commercial paper and other short term debt of ₹ 406 Crore (net) during the year.

Term loans aggregating to ₹ 245 Crore were repaid during the year. Pursuant to the demerger of Madura Fashion (erstwhile division of ABNL) into Aditya Birla Fashion & Retail Ltd. (ABFRL, erstwhile listed subsidiary of ABNL), debt amounting to ₹ 117 Crore was transferred to ABFRL and a sum of ₹ 289 Crore (net of cash & cash equivalents) was received.

Best-in-class governance and processes

RISK MANAGEMENT

Governance, risk management and compliance processes form an integral part of ABNL's planning and review mechanism. The Company's risk management framework establishes risk management processes at each business, helping in identifying, assessing and mitigating risks that could materially impact the Company's performance in achieving its stated objectives. The components of risk management are different for different businesses and are defined by various factors, including the business model, business strategy, organisational structure, risk appetite and available dedicated resources.

ABNL's structured risk management process provides confidence to stakeholders that the Company's risks are known and well managed. The risk management framework ensures compliance with the requirements of Clause 21 of Chapter III of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015.

Since the Company is a diversified conglomerate, the risk events are identified, assessed, mitigated and monitored for each business separately.

The risk management approach comprises three key components:

(1) **Risk identification:** External and internal risk events, which could affect the profitability, competitiveness, brand value, reputation and / or image of the Company are identified in the context of the strategy and specific objectives of each individual business.

(2) **Risk assessment and mitigation:** The identified risks are further evaluated by the senior management team of the respective business to assess the potential severity of their impact and the probability of occurrence. Based on the assessment, they develop and deploy mitigation strategies.

(3) **Risk monitoring and assurance:** The Risk Management Committee ('RMC') is the apex body taking all decisions regarding risk management activities. The overall role of RMC is to review risk management process and implementation and effectiveness of risk mitigation plans. The Committee comprises two independent directors, the Managing Director and two business heads. The Chief Financial Officer is a permanent invitee. The proceedings of meetings of RMC are discussed at the meetings of the Board of Directors from time to time.

Business Risks

Business risks are classified into Strategic, Operations, Financial and Knowledge risks, which are further drilled down to market structure, process, systems, legal compliance, corporate governance and people culture.

External Risks

Apart from the internal business risks, the Company is exposed to external risks on account of interest rate, foreign exchange, commodity pricing and regulatory changes. The Company has well-defined policies / mechanism to mitigate foreign exchange and interest rate risks. The Company reviews these policies / mechanism periodically to align with the changes in market practices and regulations.

HUMAN RESOURCES MANAGEMENT

During 2015-16, the Company channelised its resources towards strengthening its Employee Value Proposition in line with the Aditya Birla Group's 'A World of Opportunities'. We undertook various initiatives for the development of people and to create a high-performance organisation. Planned leadership succession, development of successors through structured training & development, coaching and skill & competency development were driven across the organisation. The process of upgrading and improving facilities for employees at the Unit locations is underway in line with the Group's initiative of 'Add more to life'.

Human resources management at ABNL goes beyond the set norms of performance reviews, compensation and periodic trainings. The Company evaluates its team members' competencies and improvement areas; and based on its analysis ensures timely intervention to help build a fruitful career. The Company has built a work culture that is entrepreneurial, meritocratic, empowering, caring, and encourages the development of personality. It believes in developing its teams to catalyse organisational growth.

The Company's HR practices, employee care, people philosophy and engagement have been well recognised through a range of external honours and awards. The Company had about 10,300 employees on its rolls as on 31st March, 2016. The combined team strength of the subsidiaries and joint ventures is over 39,500 employees. The Company's dynamic talent pool drives its operations and enables it to deliver superior performance consistently. ABNL's human resource functions have been covered in detail in the Directors' Report.

ENVIRONMENT, HEALTH AND SAFETY (EHS)

The Company is conscious of its strong corporate reputation and the positive role it can play by focusing on EHS issues. Towards this objective, it has set very exacting standards in EHS management. The Company accords the highest priority to EHS issues in its operations and has established comprehensive indicators to track performance in these areas. We have an integrated system to manage quality, environment and occupational health and safety issues. The highlights of initiatives taken in the year are:

- We work to combat climate change and other forms of environmental degradation. We work towards reducing our carbon footprint by undertaking energy saving initiatives.
- Emissions generated as a result of our operations are monitored in detail and adequate steps are taken to minimise those.
- We have undertaken several initiatives to enhance efficiency in waste management, water and energy conservation.
- We have implemented a world-class technology with highest safety standards to ensure security and safety of our employees.

SUSTAINABILITY INITIATIVES

Aditya Birla Group endeavours to become the leading Indian conglomerate for sustainable business practices across global operations by 2017. Aditya Birla Nuvo is committed to align its business strategy with the Aditya Birla Group's sustainability vision.

Our integrated management systems are designed to meet the Aditya Birla Group's sustainability framework of policies and standards. We use the IT software ENABLON to collect and monitor our key performance indicators and manage our sustainability programme.

Our businesses have formed sustainability committees both at the unit level and at the corporate level. Each committee is responsible for reviewing the sustainability performance, driving implementation of sustainability agenda across business functions and verticals, target setting, reviewing identified key risks and other climate change related issues and recommending action plans.

ABNL's businesses are actively engaging with their stakeholders through various platforms to identify and understand their issues; and put in place action plans that are designed to continually improve their long-term relations.

Your Board and the management teams across all businesses remain committed to a sustainable future for all. For more details please refer to 'Sustainability and Business Responsibility Report' section of the Annual Report.

INTERNAL CONTROL SYSTEM

The Company has adequate internal control systems for business processes across various profit and cost centres, with regard to efficiency of operations, financial reporting, compliance with applicable laws and regulations and so on. The internal control system is supplemented by extensive audits conducted by the Corporate Audit Cell.

Clearly defined roles and responsibilities for all managerial positions have been institutionalised. Regular internal audits and checks ensure that responsibilities are executed effectively. The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of the internal control systems and suggests improvements.

The Management Information System is the backbone of the Company's control mechanism. All operating parameters are monitored and controlled regularly. Any material change in the business outlook is reported to the Board of Directors. Material deviations from the annual planning and budgeting, if any, are reported on a quarterly basis to the Board of Directors. An effective budgetary control on all capital expenditure ensures that actual spending is in line with the capital budget.

DISCLAIMER

Certain statements made in this Management Discussion and Analysis may not be based on historical information or facts and may be "forward looking statements" within the meaning of applicable securities laws and regulations, including, but not limited to, those relating to general business plans & strategy of Aditya Birla Nuvo Limited ("ABNL" or "The Company"), its future outlook & growth prospects, competition & regulatory environment and management's current views & assumptions which may not remain constant due to risks and uncertainties and hence actual results may differ materially from these forward-looking statements. This Management Discussion and Analysis does not constitute a prospectus, offering circular or offering memorandum or an offer to acquire any of the Company's equity shares or any other security and should not be considered as a recommendation that any investor should subscribe for or purchase any of the Company's shares. The Company, as such, makes no representation or warranty, express or implied, as to, and does not accept any responsibility or liability with respect to, the fairness, accuracy, completeness or correctness of any information or opinions contained herein. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements on the basis of any subsequent developments, information or events or otherwise. Unless otherwise stated in this Management Discussion and Analysis, the information contained herein is based on management information and estimates. The financial figures have been rounded off to the nearest Rupee One Crore. For foreign exchange conversion, one USD is considered to be equal to ₹ 65. The events and developments upto 11th July 2016 have been covered in the Management Discussion and Analysis.