

October 11, 2013

Aditya Birla Nuvo Ltd.

BSE Code: 500303

NSE Code: ABIRLANUVO

Reuters Code:

ABRL.NS

Bloomberg Code: ABNL:IN

Aditya Birla Nuvo Ltd. (ABIRLANUVO) is a USD 4.5 billion conglomerate by revenue size, is part of Aditya Birla Group, a USD 40 billion Indian multinational. The Company is present across Financial Services, Telecom, Fashion & Lifestyle, IT- ITeS and Manufacturing businesses. ABIRLANUVO has the World's largest aluminum rolling unit, World's leader of producing Carbon Black in terms of capacity, and 9th largest manufacturer of cement in the world.

Investor's Rationale

Topline grew 8.1% YoY owing to strong performance from all its business verticals – ABIRLANUVO, registered a decent growth in topline by 8.1% at ₹56,801.4 mn on consolidated basis mainly due to strong growth across the segment. Branded apparel and Accessories and Textile revenue grew 360.0% and 138.1% at ₹27,522.0 mn & ₹1,976.3 mn respectively. The high growth in Fashion & Lifestyle business was led by expansion in retail presence to 1,518 exclusive brand outlets/store spanning nationwide across 3.8 bn square feet. It is also serving customers through more the 4,750 multi brand outlets. The revenue growth was also led by growth in Agri-Business, Rayon Yarn and other Financial Services segment by 26.2%, 28.4% and 27.1% at ₹13,835 mn, ₹6,874.8 mn and ₹17,756.8 mn, respectively.

EBITDA margin expanded 284bps YoY on lower operational expenses– The EBITDA of the company grew 27.2% YoY at ₹10,789.9 mn as the company manages to contained it expenses which grew at 4.3% and also most of the businesses are contributing to the profitable growth of the Company and are competitively well positioned. Thus, OPM grew 284bps YoY at 18.8% against 15.9%.

Robust bottom-line growth of 24.2% YoY on healthy topline - ABIRLANUVO, registered a galloping growth in bottom-line by 24.2% at ₹3,313.3 mn primarily on account of robust topline largely driven by sturdy growth in its telecom and clothing businesses. However, the interest, depreciation and tax charges grew by 52.9%, 31.3% and 16.9% at ₹3,772.7 mn, ₹3,876.8 mn and ₹773.8 mn, respectively. Therefore, the company witness muted growth in NPM by 72.3bps YoY at 5.7% against 5.0%.

Focused towards Financial services business and Fashion & Lifestyle – ABIRLANUVO will focus on “growing profitable assets with a thrust on improving distribution efficiency and maintaining fund performance while keeping risk under control. In Fashion & Lifestyle business, the company is focusing towards expanding linen capacity and focus on high-margin linen fabric retail segment in the textiles business.

Market Data

Rating	BUY	
CMP (₹)	1,253	
Target Price	1,370	
Stop Loss	1,210	
Duration	Short-term	
52-week High-Low (₹)	1,291/885.5	
Rise from 52WL (%)	43.0	
Correction from 52WH (%)	2.9	
Beta	1.3	
1 year Average Volume (mn)	0.2	
Stock Return (%)	3M-	22.5
	6M-	32.0
	1Y-	16.1
Market Cap (₹bn)	150.80	
Book Value (₹)	551.30	

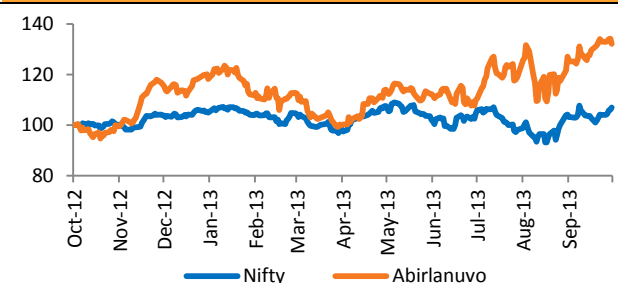
Shareholding Pattern

	Jun'13	Mar'13	Chg
Promoters (%)	53.75	53.76	(0.01)
FII (%)	15.22	15.52	(0.30)
DII (%)	13.34	12.72	0.62
Public & Others (%)	17.69	18	(0.31)

Quarterly Performance (Consolidated)

(₹mn)	Q1 FY'14	Q1 FY'13	Q4 FY'13	YoY Change (%)	QoQ Change (%)
Sales	56,801.4	52,535.8	69,029.0	8.1	(17.7)
Op. exp	46,655.5	44,742.7	60,535.5	4.3	(22.9)
EBITDA	10,789.9	8,483.4	9,419.6	27.2	14.5
OPM (%)	18.8	15.9	13.5	284bps	531.8bps
Net profit	3,313.3	2,668.4	1,988.7	24.2	66.6
NPM (%)	5.7	5.0	2.8	72.3bps	287.5bps
EPS (₹)	27.2	23.5	17.1	15.9%	58.9%

One Year Price Chart





Indbank Merchant Banking Services Ltd.
I Floor, Khiviraj Complex I,
No.480, Anna Salai, Nandanam, Chennai 600035
Telephone No: 044 – 24313094 - 97
Fax No: 044 – 24313093
www.indbankonline.com

Disclaimer

@ All Rights Reserved

This report and Information contained in this report is solely for information purpose and may not be used as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. The investment as mentioned and opinions expressed in this report may not be suitable for all investors. In rendering this information, we assumed and relied upon, without independent verification, the accuracy and completeness of all information that was publicly available to us. The information has been obtained from the sources that we believe to be reliable as to the accuracy or completeness. While every effort is made to ensure the accuracy and completeness of information contained, Indbank Limited and its affiliates take no guarantee and assume no liability for any errors or omissions of the information. This information is given in good faith and we make no representations or warranties, express or implied as to the accuracy or completeness of the information. No one can use the information as the basis for any claim, demand or cause of action.

Indbank and its affiliates shall not be liable for any direct or indirect losses or damage of any kind arising from the use thereof. Opinion expressed is our current opinion as of the date appearing in this report only and are subject to change without any notice.

Recipients of this report must make their own investment decisions, based on their own investment objectives, financial positions and needs of the specific recipient. The recipient should independently evaluate the investment risks and should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document and should consult their advisors to determine the merits and risks of such investment.

The report and information contained herein is strictly confidential and meant solely for the selected recipient and is not meant for public distribution. This document should not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced, duplicated or sold in any form.