

Aditya Birla Financial Services Group Corporate Presentation

Agenda



- Non-Banking Financial Services space
- Aditya Birla Financial Services Group (ABFSG)
- Birla Sun Life Insurance
- Birla Sun Life Asset Management Company
- Other ABFSG businesses

Current Revenue pools in Financial Service industry



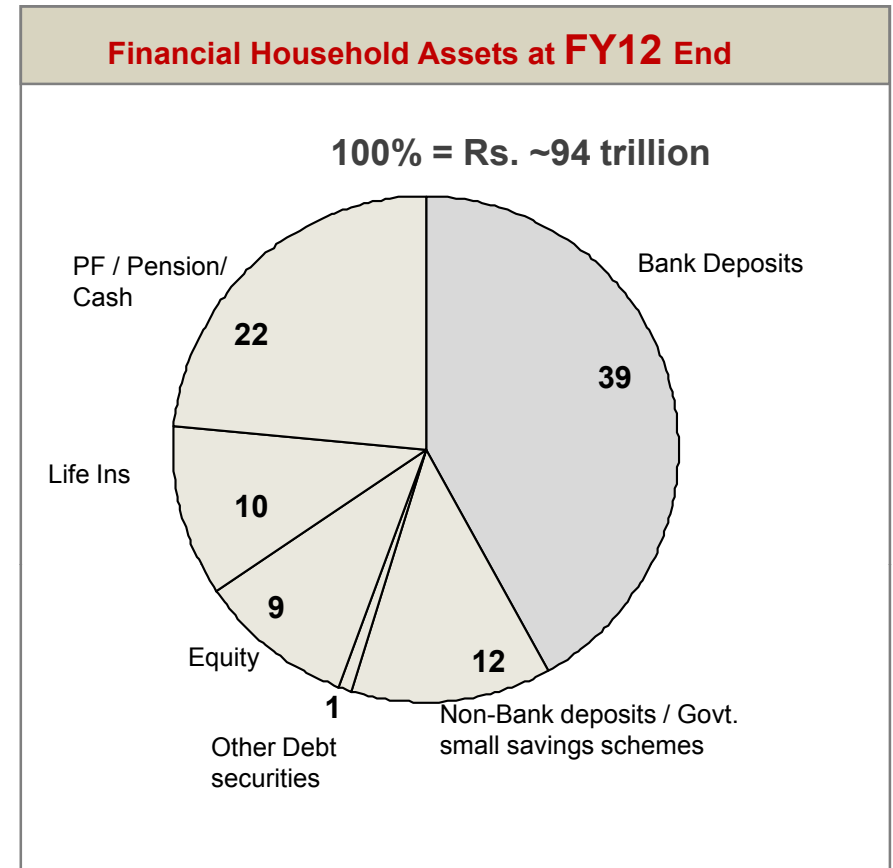
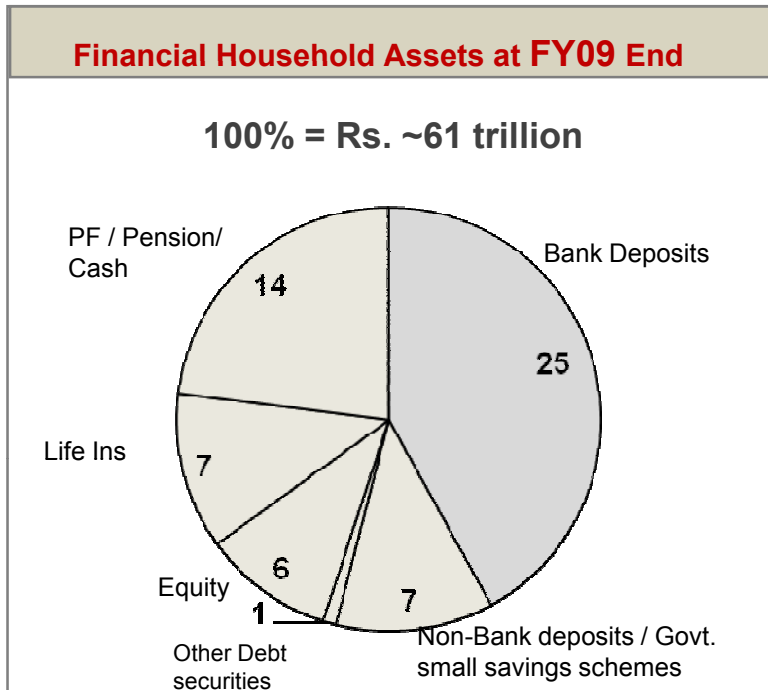
Banking & Other Lending Companies	Insurance Companies	Capital Market Players
Non-Banking Financial Institutions / Others (450)	Non Life Insurance Public sector (180)	Individual Clients – Broking and Distribution (60)
Private Sector Banks (600)	Non-life Insurance Private sector (120)	Asset Management (20)
Public Sector Banks (2000)	Life Insurance Corporation (1450)	Investment Banking (Advisory, ECM) (12)
	Life Insurance – Private Sectors (750)	Institutional equities (20)
		Others (Treasury, Financing, Trading etc) (25)
~ INR 3050 bn	~ INR 2500 bn	~ INR 140 bn

Revenue pools in the non-banking space is about 50% of the total financial services

Figures in brackets indicate revenue in FY09 in INR Bn

Source: Edelweiss

Non-Deposits Assets pool expected to increase by Rs. 18-19 trillion in next 3 years



Source: For FY09 based on CLSA - India Strategy report. Projection based on Planning Commission's projections, CLSA India Strategy & internal estimates

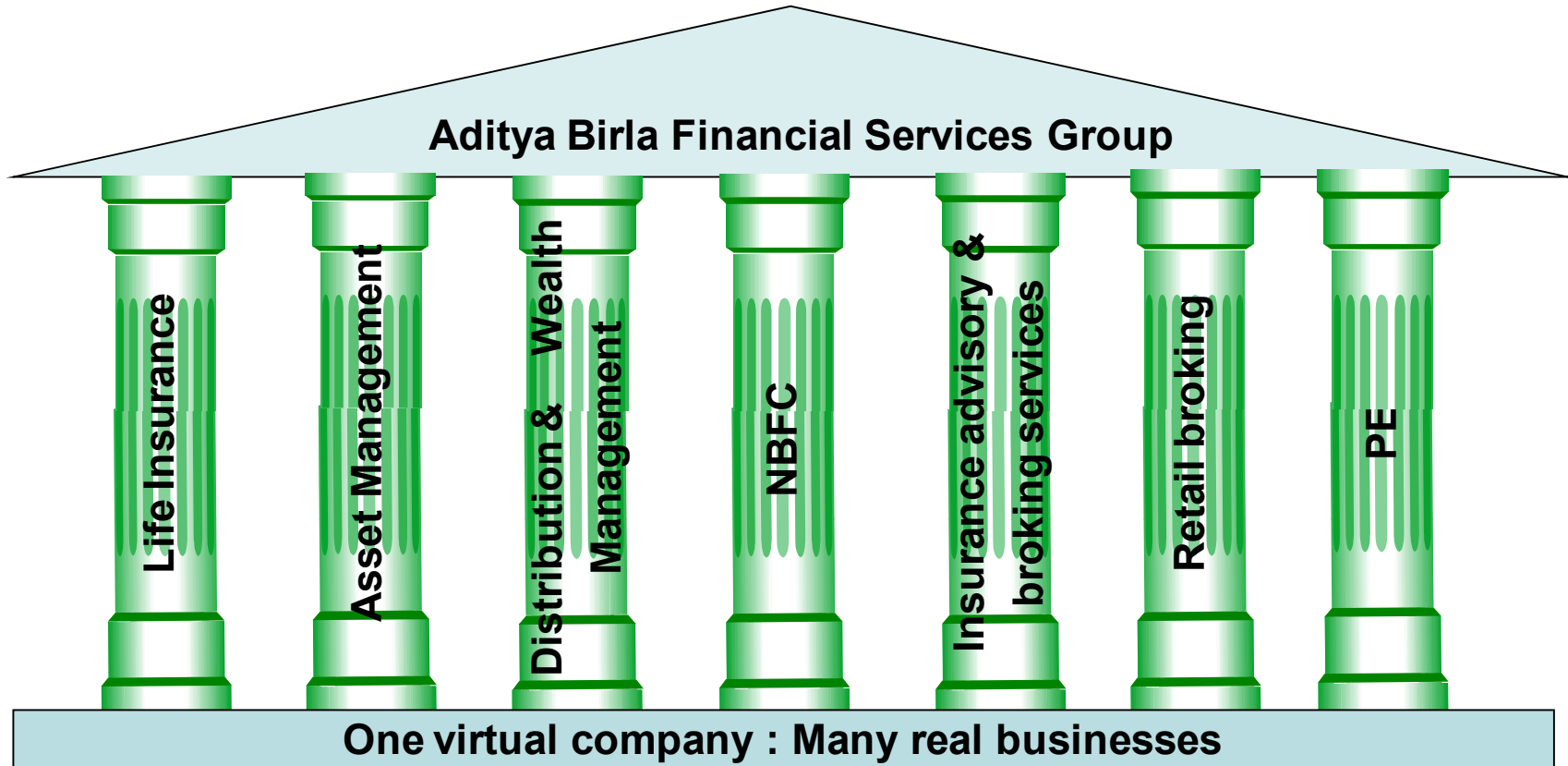
Note: Equities from Life Insurance and MF is included in Equity



Aditya Birla Financial Services

To be a **leader** and **role model** in financial services,
with a **broad based** and **integrated** business

Aditya Birla Financial Services Group : Our Structure



To leverage synergies and be more competitive and cost effective

What has our approach been thus far

- Built scale across FS entities, achieving top 5 position in Life and MF
- Balance between top line and bottom line growth
- Product innovation an edge
- Broadened and deepened distribution
- Strong investment performance
- Building scalable platforms in ops and IT
- Built and retained strong team
- Built value for the shareholders

What will allow us to stay ahead

- Balanced Growth
- Build institution of leaders
- Build a strong customer and distributor franchise
- Excellence in Execution
- Synergy across ABFSG

Birla Sun Life Insurance

Key Messages

- BSLI is a top 5 player in this market with market share of 9.5%

- BSLI is well positioned for sustainable profitable growth
 - Innovative products
 - Large agency channel and differentiated Third Party distribution network
 - Consistently superior investment performance
 - Strong brand
 - Scalable and efficient operations
 - Talented team

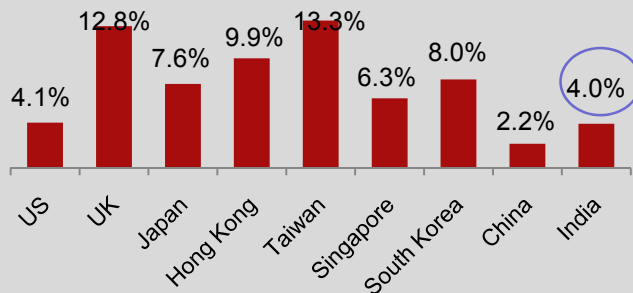
Indian Insurance Industry still under-penetrated



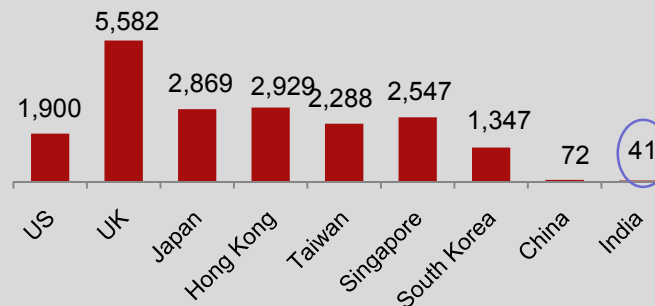
Key Highlights

Lower per capita insurance premium and lower penetration

Insurance Penetration as % of GDP



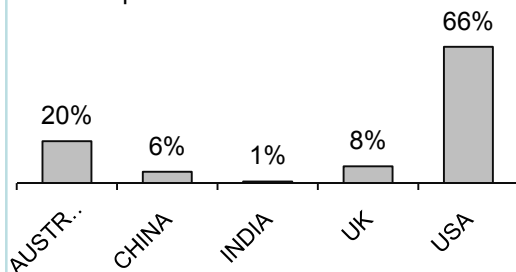
Insurance Density (Premium Per capita) in USD



Source: Swiss Re 2008

Health

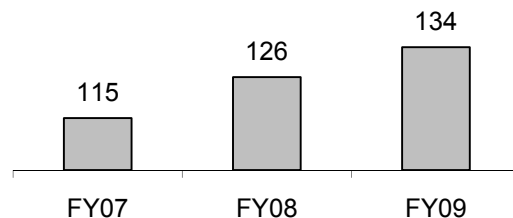
Private prepaid plans as % of private expenditure on health



Source: WHO factsheet

Protection

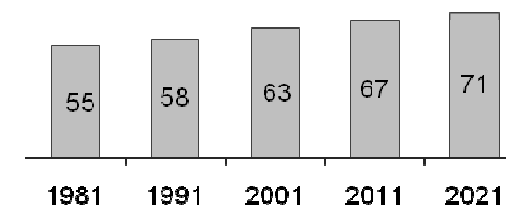
Per New Policy SA (Rs' 000)



Source: Life Council

Pension and Annuity

Life Expectancy at birth (years)



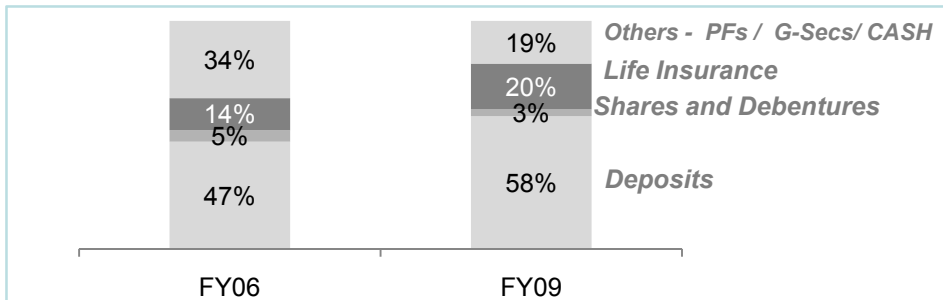
Source: Credit Suisse Asia Insurance

Savings, Equity and Demographics story augurs well with under-penetration



Savings & Equity Story

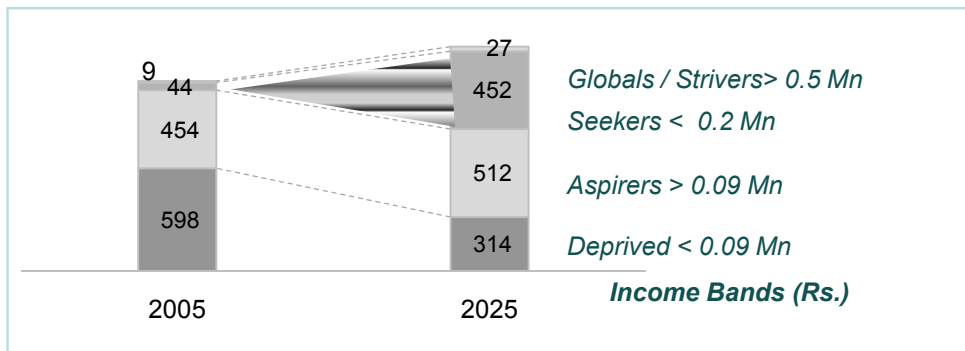
Insurance Capturing higher % of increasing savings



- In past 2 years, Insurance has channeled US \$23 Bn in to equities
- Insurance preferred vehicle for investment in equities. To channel US\$ 70 Bn in to equities in next 5 years

Demographics story

Increasing middle class



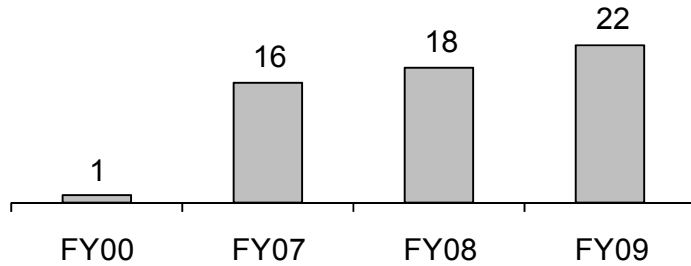
Source: Mckinsey

- Burgeoning Middle Class Segment
- Superior demographic population augurs well for Indian Life Insurance industry.

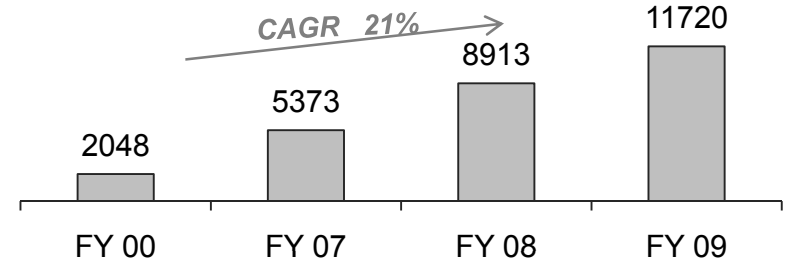
Changing Contours of Life Insurance



Number of Players in the Industry (Nos)

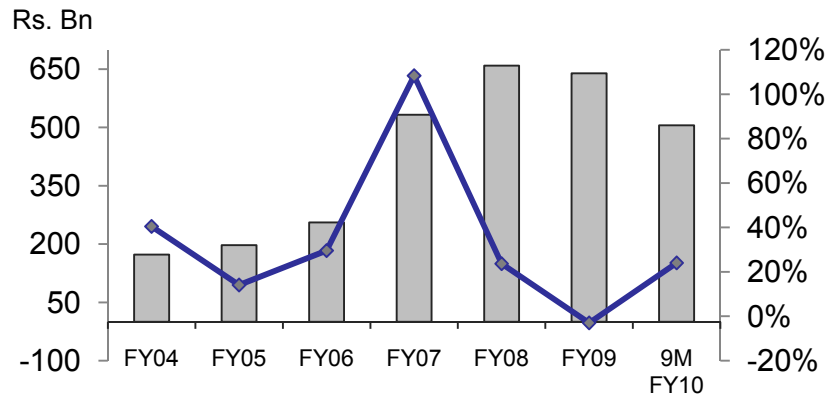


Branch Expansion (Nos)



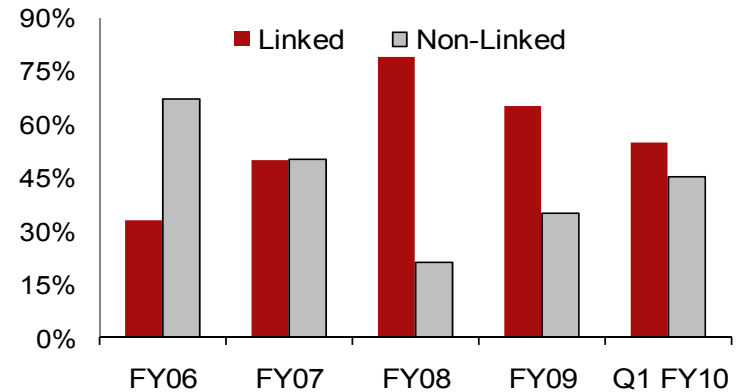
Source: Life Insurance Council

Unprecedented YoY growth in APE over 5 years



■ Industry (Rs Bn- LHS) ◆ Growth(%- RHS)

Share of ULIP Business

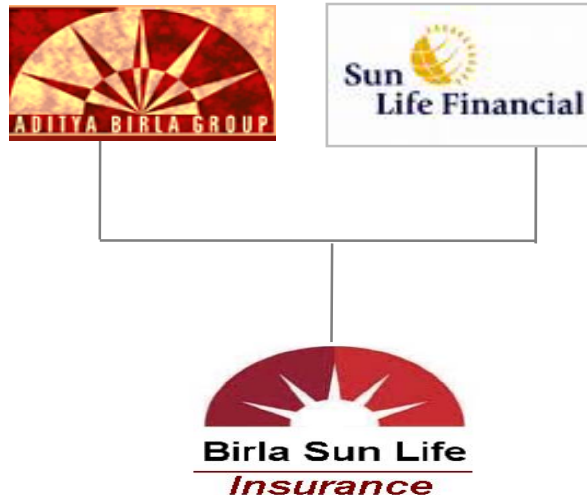


Our Parentage



Aditya Birla Group (ABG)

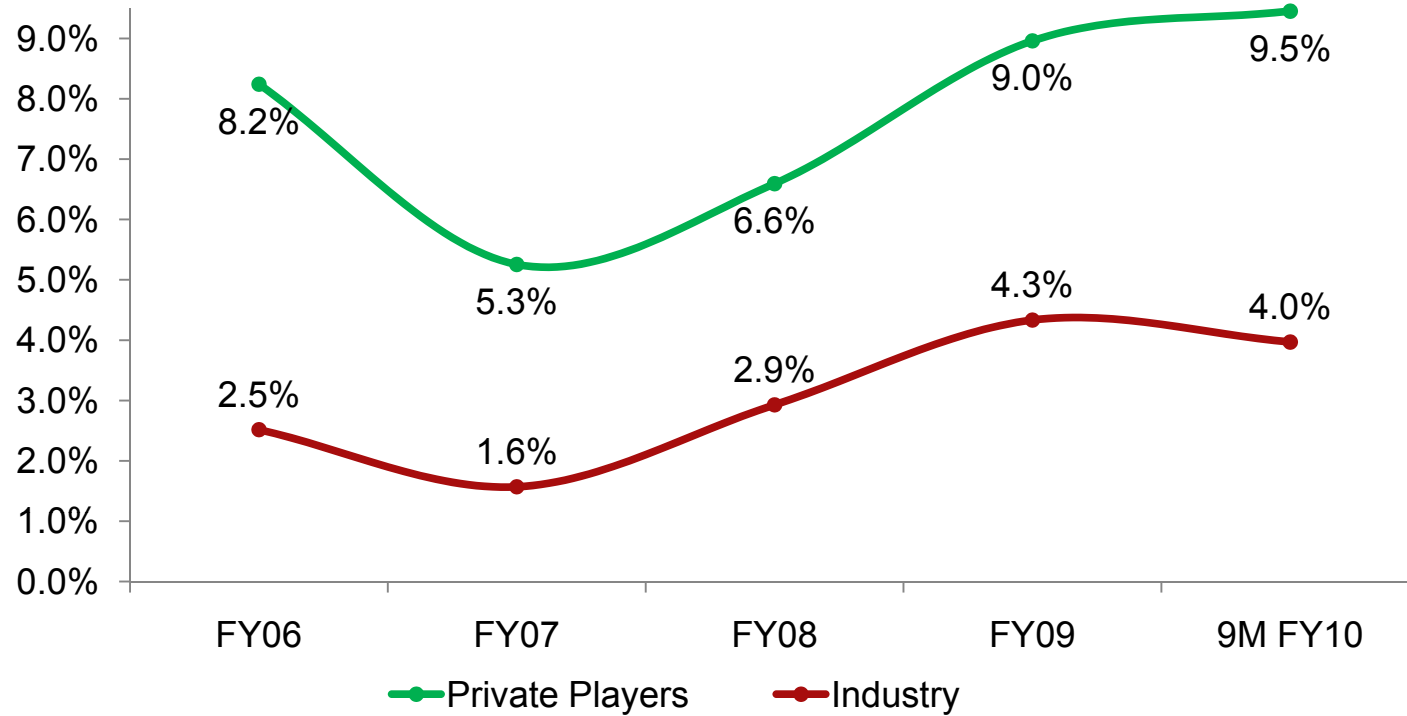
- India's first truly multinational corporation
- US \$29 billion Corporation operating in 25 countries
- Expertise
 - ✓ Infrastructure
 - ✓ Brand
 - ✓ Knowledge of local market
 - ✓ Best employer



Sun Life Financial

- Canadian company which has operations in key markets worldwide
- Expertise
 - ✓ Insurance expertise & best practices
 - ✓ Products and actuarial
 - ✓ Underwriting

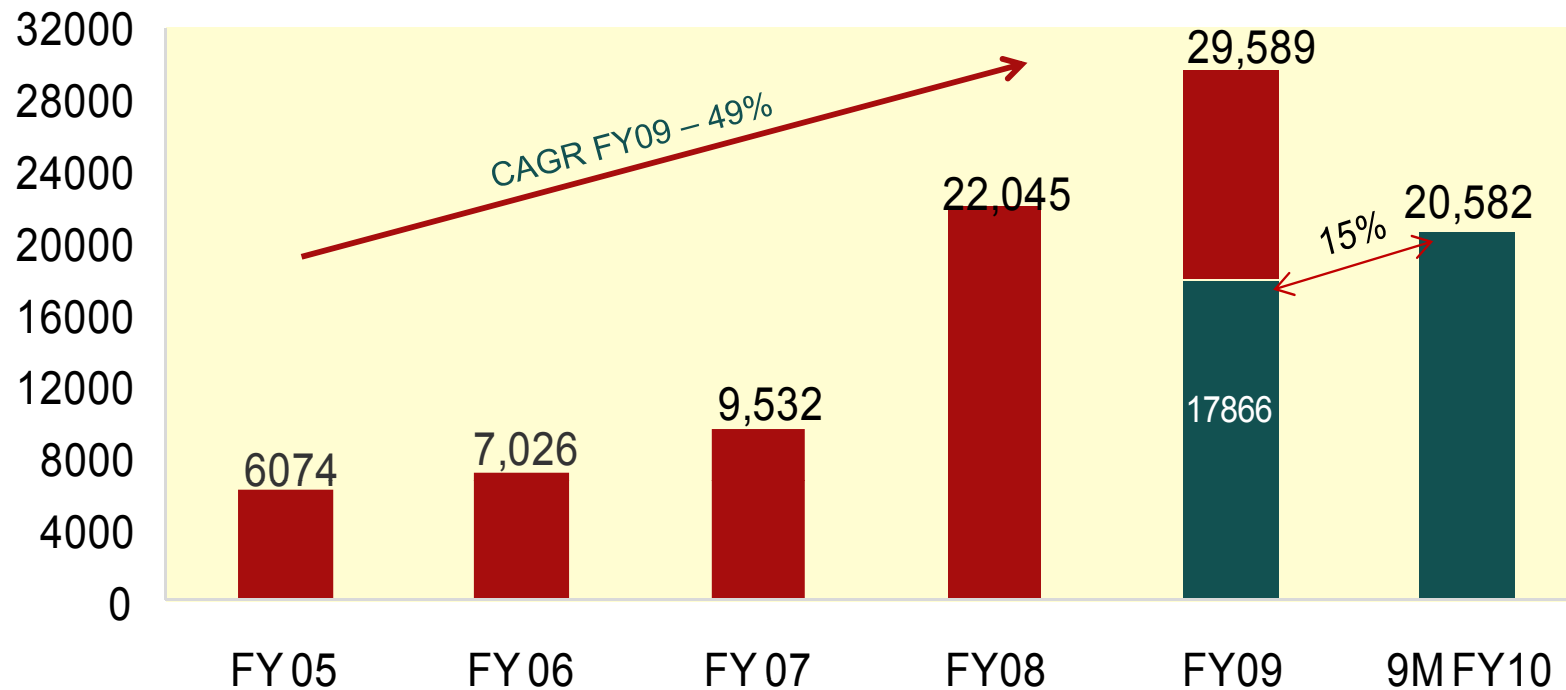
Increase in Market Share



New Business Growth- APE*



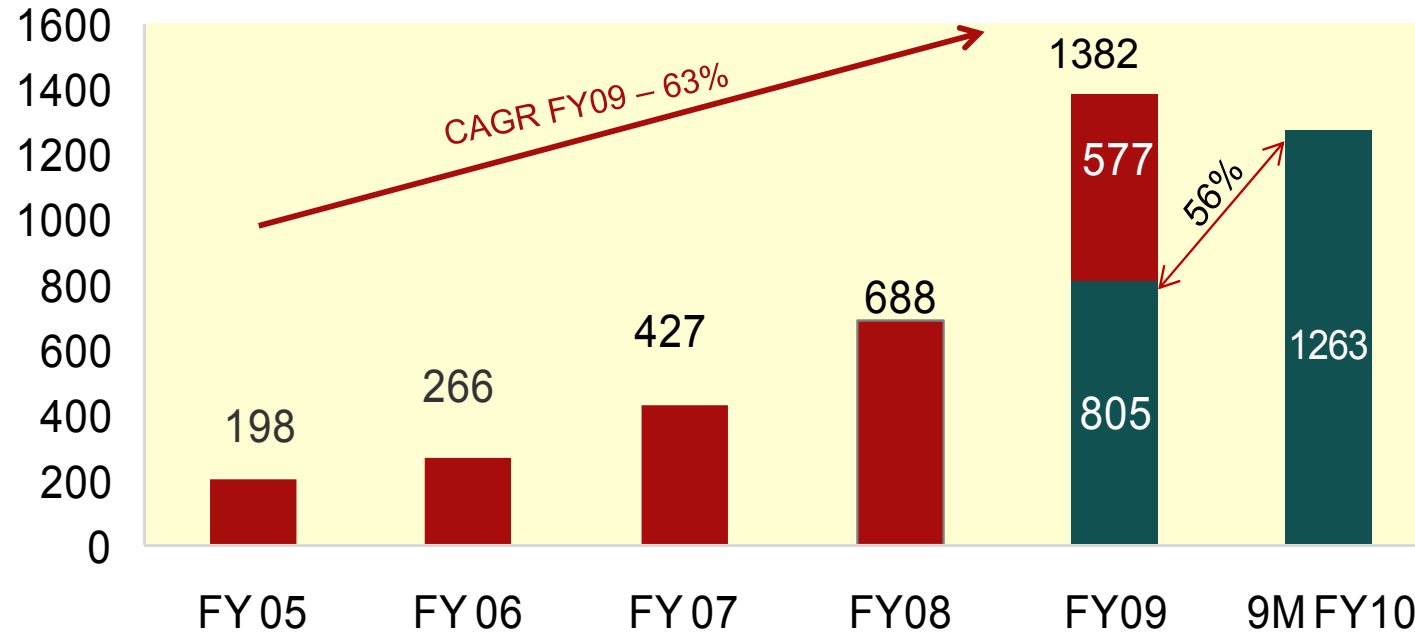
(INR Mn)



*Annualised Premium Equivalent

Total Policies Growth

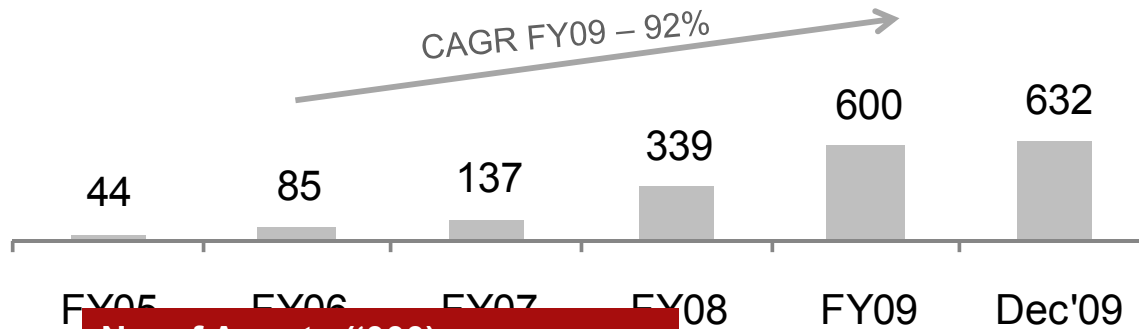
(Pol '000)



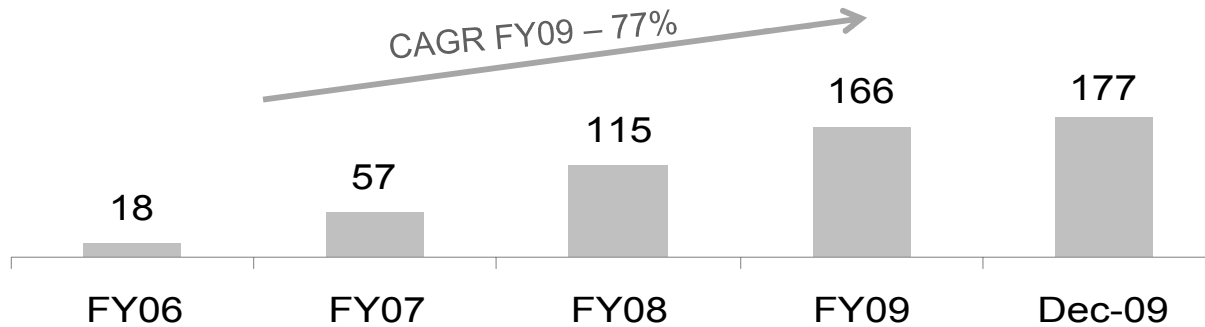
Strengthening Distribution



No. of Branches



No. of Agents ('000)

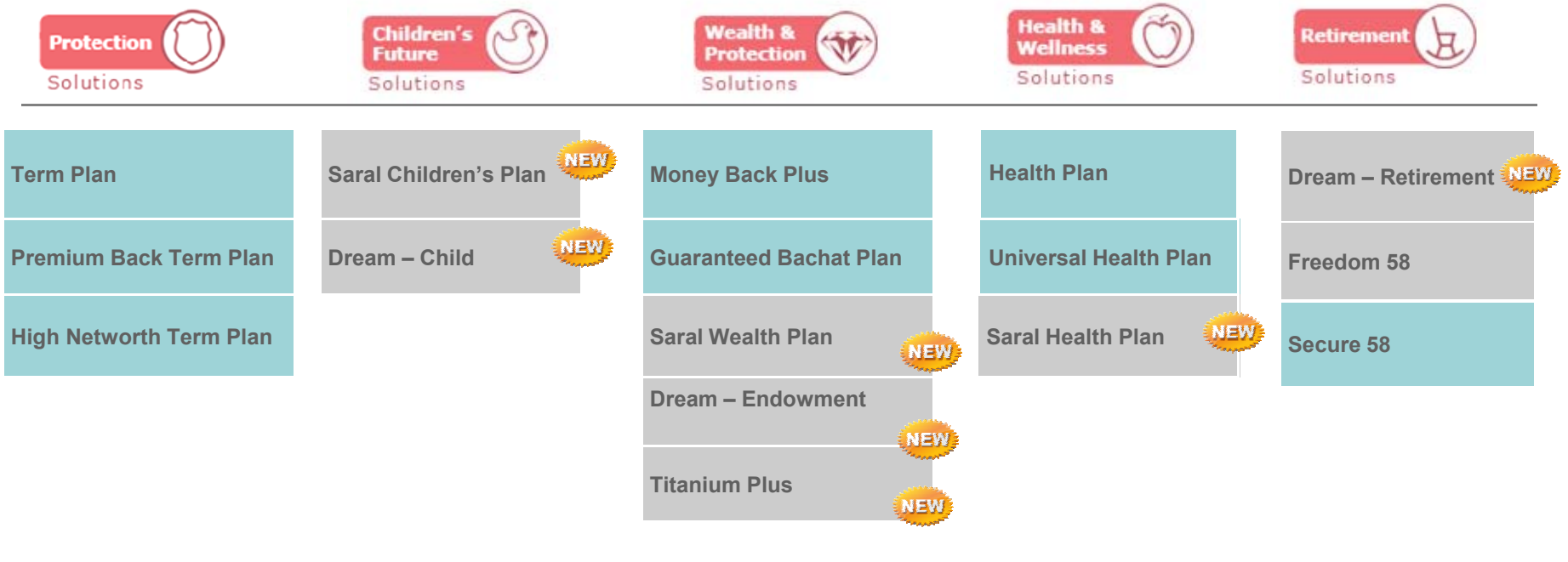


- No. of Third party distributors increased from 229 in FY08 to over 600 in Dec'09

New products launched – Leading Innovation



Comprehensive Product Portfolio- Products catering to all customer needs

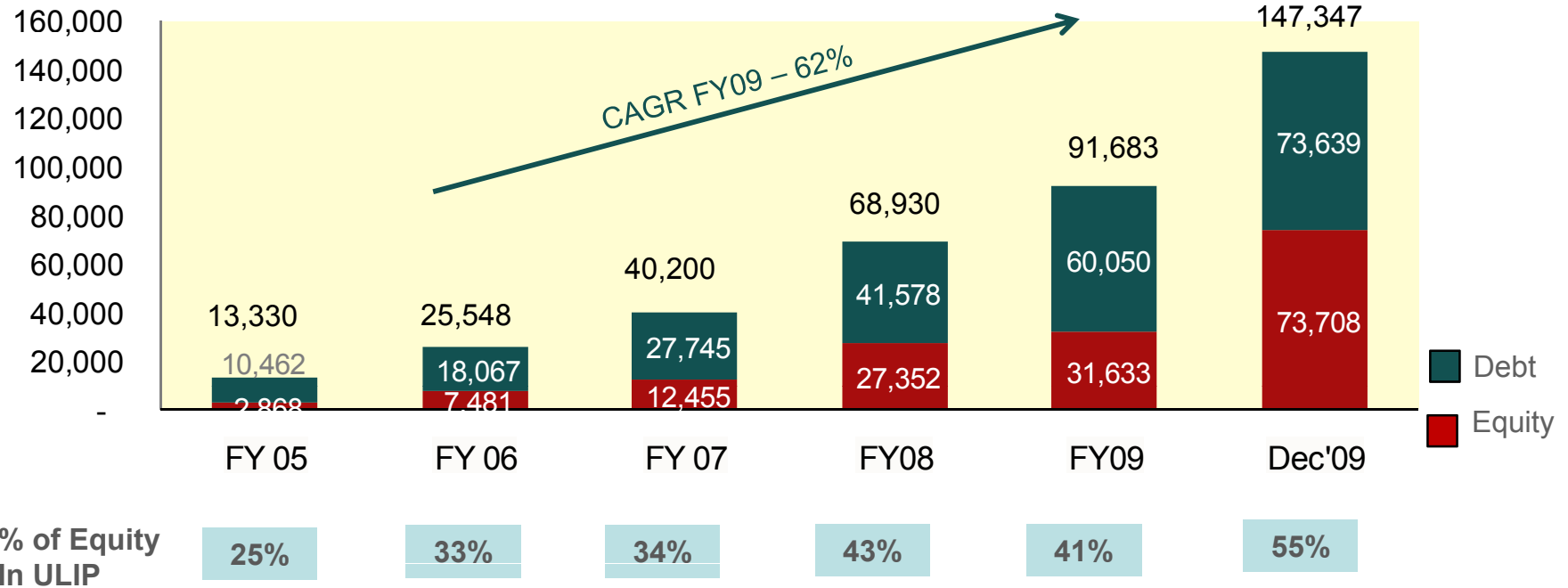


- Unit-Linked Plans
- Traditional Plans

Assets under Management



(INR Mn)



Investment Performance Against Benchmarks



Key Funds	12 months as on 31 st Dec't'09	
	BSLI	Benchmark
Individual Life Funds		
Protector	13.78%	8.34%
Builder (10- 20%)	22.68%	14.56%
Enhancer (20 - 35%)	29.09%	20.87%
Creator (30- 50%)	52.71%	34.74%
Magnifier(50-90%)	72.76%	65.02%
Multiplier(80-100%)	128.02%	84.10%
Maximizer (50-90%)	85.54%	73.06%
Group Funds		
Secure (10 - 20%)	20.87%	14.56%
Stable (20 - 35%)	31.50%	24.37%
Growth (35 - 50%)	44.02%	34.74%
Individual Pension		
Nourish(0-10%)	13.78%	8.34%
Growth (10 - 20%)	26.45%	14.56%
Enrich (20 - 35%)	38.46%	24.20%

- Consistent outperformance to benchmarks
- Process oriented approach along with strong fund management & research team
- First to adopt (MSCI Barra) Attribution for both fund management and Risk

We have out-performed benchmarks on all our funds.

Financial Performance



(INR Mn)

	9M FY10	9M FY09	Change %
Financials			
Individual business	16,216	16,293	-
Group business	4,238	1,595	166%
New Business Premium	20,455	17,888	14%
First year premium (incl S.P)	20,455	17,888	14%
Renewal premium	16,390	10,986	49%
Total Prem Income (Net)	35,378	27,783	27%
Total Revenues	73,684	20,311	263%
OPEX	8,842	8,204	8%
Commission	3,707	3,157	17%
Total Benefits / Reserves	64,947	14,077	361%
Total Payouts	77,496	25,437	205%
Net Profit / (loss)	-3,812	-5,126	-26%
Equity Share Capital	22,745	17,995	26%

- 14% growth in new business premium growth as compared to private sector growth of 3% for year-to-date Dec'09
- Renewal premium growth of 49% is leading to increased profit from inforce block
- Efficiency and expense management led to Opex to premium ratio declining from 29% to 25% YoY.

BSLI growing profitably: Value of New Business created



FY 2008-09	Rs. Crores
Embedded Value	3,060.1
Insurance Business Value	2,683.6
Adjusted Net Worth	376.5
Value of New Business	496.3



**Implied VNB margins
of 20.3%* in FY09**

** VNB as a % of individual first year regular premium and 10% of single premium as reported to IRDA*

Note : Please refer to the basis of preparation and assumptions in annexure at page no. 46

Key Competitive Advantages

Product Innovation

- Comprehensive product portfolio to meet all customer segments
- Brought several Innovation to market place

Investment Performance

- Outperformed Peers and benchmarks consistently
- Innovation in new fund launches
- Strong-in house investment team with focus on portfolio quality and risk management

Multi-Distribution Strategy

- Achieved critical scale
- Strong focus on productivity with good results
- Diversified channel mix

Scalable operations

- Robust operating model - Outsourcing and decentralisation
- Leveraging technology to improve service standards
- Focus on HNI, persistency and service assurance

Brand / Customer Centricity

- Strong Parentage and brand
- Customer centricity

People / Best Employer

- Strong leadership team
- “Best employer” tag

Birla Sun Life Mutual Fund

BSLAMC Highlights : 9M FY10



AUM Growth

- Highest AUM growth in Q3 of 7.9% among top 5 players whereas YoY growth stood at 86%
- Liquid Plus contributed 76% of the YoY growth by adding Rs. 23,842 crs

Equity Focus

- Our market share in this category has gone up from 4.01% in Dec-08 to 4.92%
- Equity AUM recorded highest growth over Dec-08 amongst top 10, at 113%

Profitability

- YTD Dec 09 revenue at Rs. 214.1 crs - better than a year ago by 50%
- YTD PBT at Rs. 44.6 crs - better than a year ago by 293%

Fund Performance

- Highest no. of funds (16 Funds : 6 Equity & 10 Debt) with 4 & 5-Star ratings across Industry

Awards and Recognition

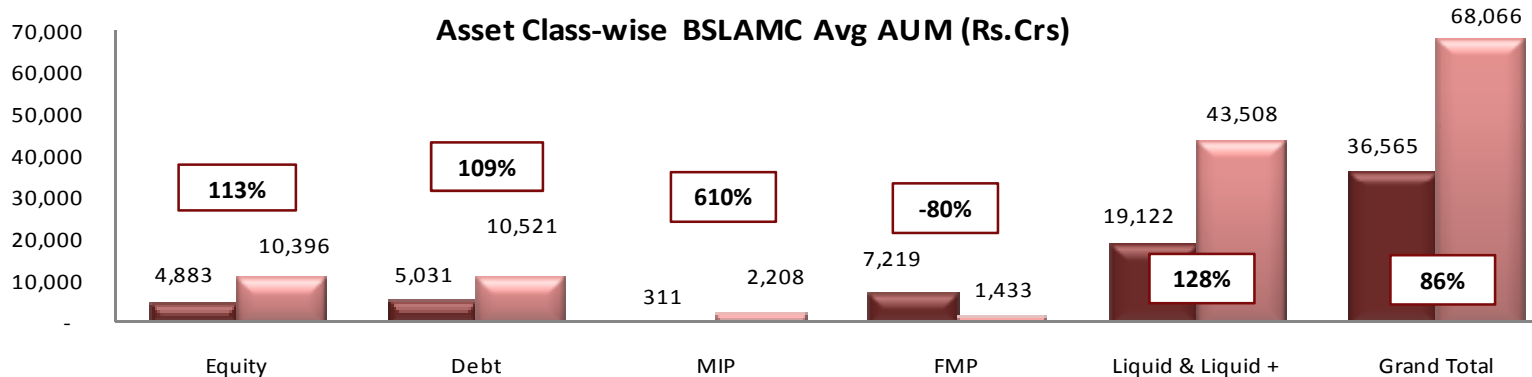
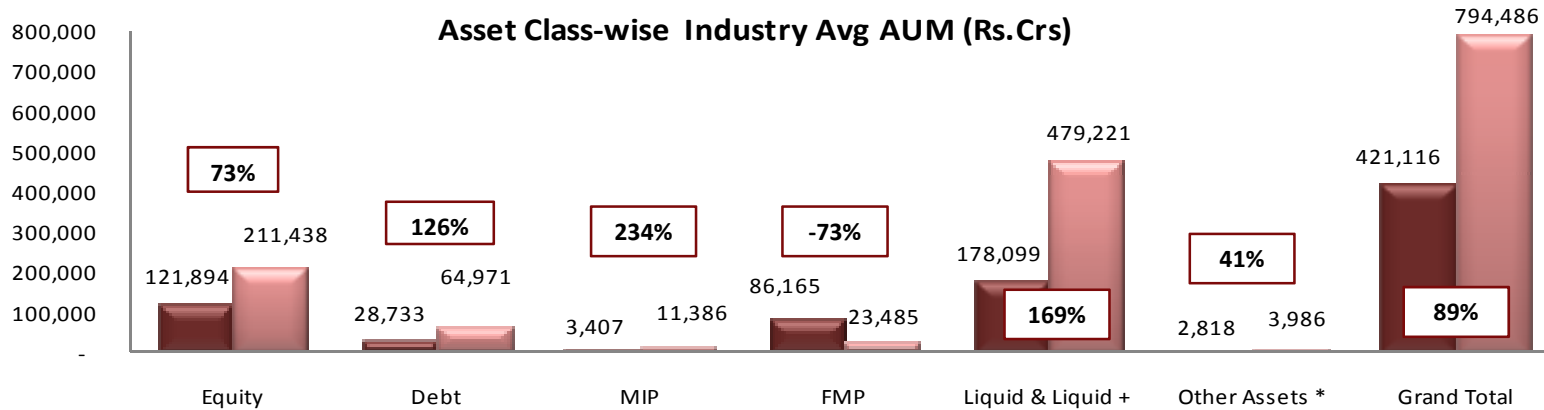


- “Birla Sun Life Tax Relief '96” - World’s Best-Performing Equity Fund for the period September 1996 - September 2009 - Lipper global data (Oct 09)
- “Best Wealth Creator – Best Mutual Fund House” - Outlook MONEY NDTV Profit (Oct 09)
- “Best Wealth Creator – Best Debt Fund House” - Outlook MONEY NDTV Profit (Oct 09)

Other major awards–

- “India Onshore Fund House 2009” award from Asian Investor Magazine
- "Best Local Currency Structured Product-India 2009" award by Hong Kong based magazine "The Asset" for Equity linked FMP Schemes
- “Platinum” (Top Category) awards 2009 from ET quarterly MF Tracker for 3 schemes (viz., Frontline Equity, MIP 5 & BSL 95) in Q2 & again for 3 schemes (viz., Frontline Equity, BSL 95 & Income Plus) in Q3
- Debt Fund Manager Maneesh Dangi has been ranked 2nd amongst The Asset magazine’s ‘Best Bond fund managers in India’
- Debt Fund Manager Sunaina Cunha has been adjudged the ‘Leading Woman Fund Manager in India’

BSLAMC asset mix – Y-o-Y



* Other Assets include FoF – Overseas & Gold ETF funds

Source: AMFI

■ Dec-08 ■ Dec-09

**AUM growth in Industry & BSLAMC primarily driven by Liquid Funds.
Higher than industry growth rates in focused products – Equity & MIP**

League Table



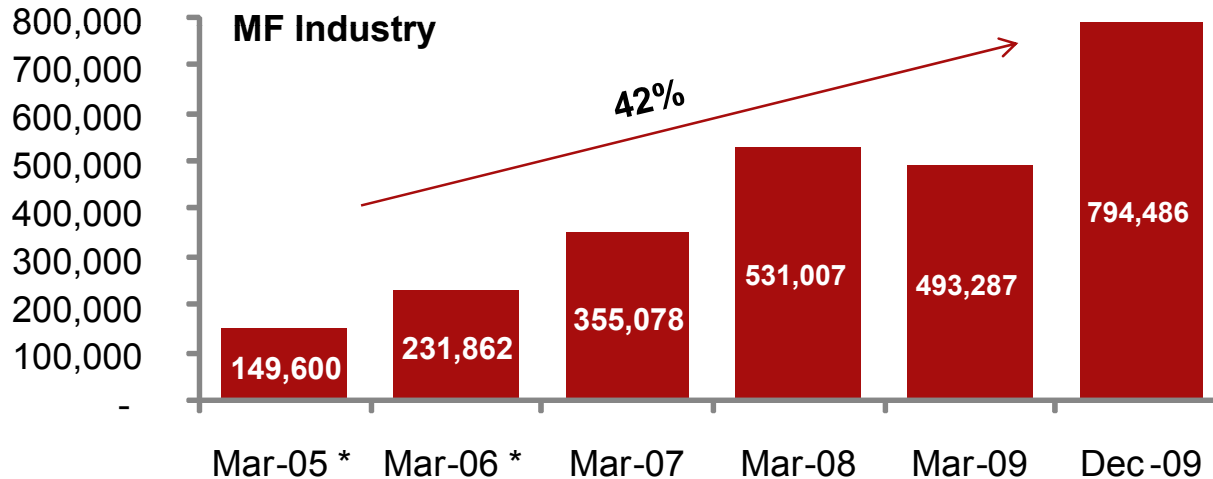
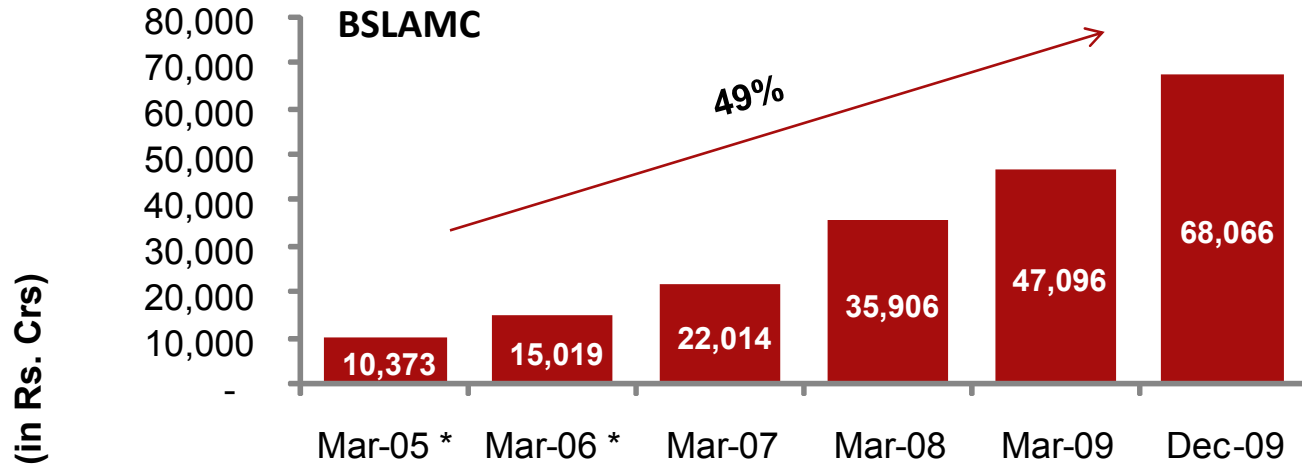
Rs. Crs

Dec 09 - Rank #	Name of Mutual fund	Average AUM FTM			Market Share			% Growth / (Loss) -	
		Dec 08	Sep 09	Dec 09	Dec 08	Sep 09	Dec 09	Dec 08	Sep 09
1	Reliance	70,208	118,251	119,982	16.7%	15.9%	15.1%	70.9%	1.5%
2	HDFC	46,757	90,427	97,184	11.1%	12.2%	12.2%	107.8%	7.5%
3	ICICI Prudential	41,878	80,120	82,432	9.9%	10.8%	10.4%	96.8%	2.9%
4	UTI	42,548	73,589	78,203	10.1%	9.9%	9.8%	83.8%	6.3%
5	Birla Sun Life	36,565	63,056	68,066	8.7%	8.5%	8.6%	86.2%	7.9%
6	LIC	14,400	42,393	51,502	3.4%	5.7%	6.5%	257.7%	21.5%
7	Kotak Mahindra	14,278	36,247	41,402	3.4%	4.9%	5.2%	190.0%	14.2%
8	SBI	25,004	34,873	37,900	5.9%	4.7%	4.8%	51.6%	8.7%
9	Franklin Templeton	19,244	28,449	31,962	4.6%	3.8%	4.0%	66.1%	12.3%
10	IDFC	8,862	23,793	25,361	2.1%	3.2%	3.2%	186.2%	6.6%
	Others	101,373	151,722	160,492	24.1%	20.4%	20.2%	58.3%	5.8%
Grand Total		421,116	742,920	794,486	100.0%	100.0%	100.0%	88.7%	6.9%

Source: AMFI

Among top 5 players BSL recorded highest AUM growth in Q3

AUM Growth

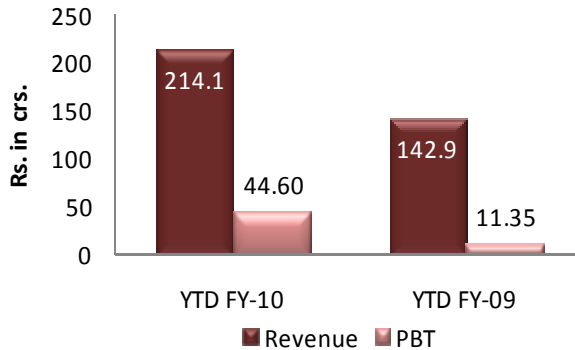


*EOP AUM

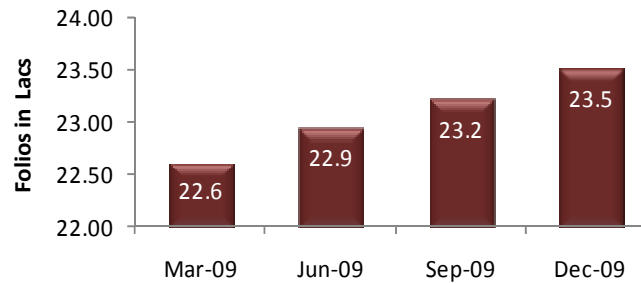
Business Scorecard



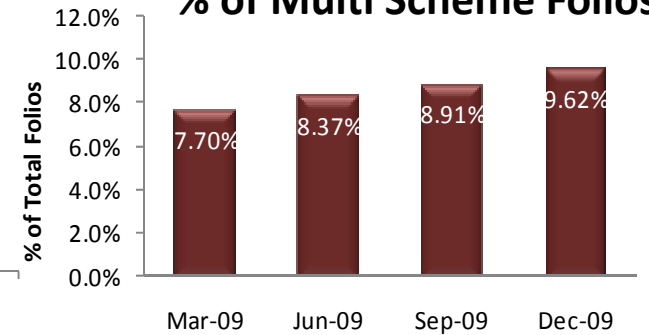
Financials



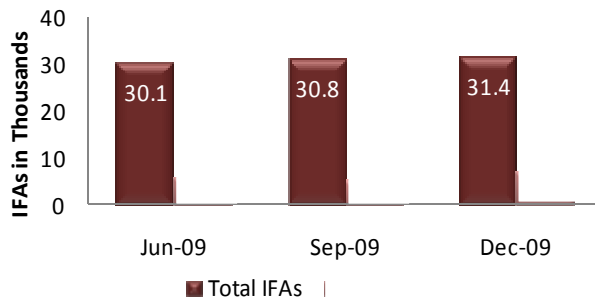
Total Folios



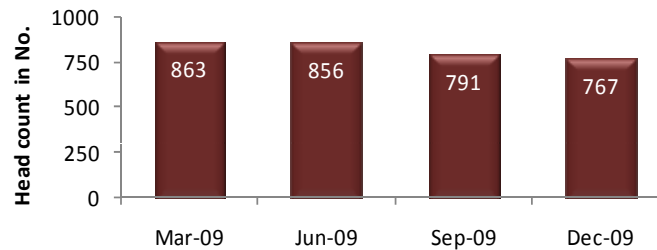
% of Multi Scheme Folios



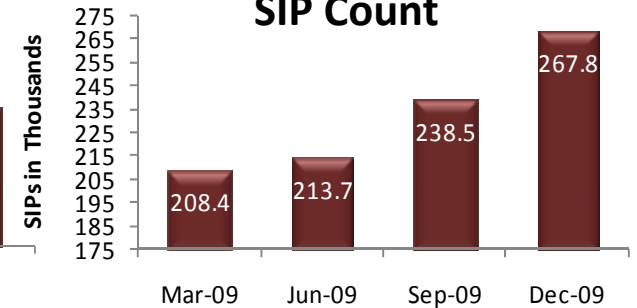
IFA Count



Headcount



SIP Count



Aditya Birla Money (ABM)

ABM - Key Financial Highlights

- Total Income for the 9 months ended December 2009 is Rs.87.48 Crores vis-a-vis an annualized income of Rs.86.67 Crores for the full year FY '08
- PBT of Rs. 16.04 Crores for nine months ended December 2009 versus PBT of Rs.2.04 Crores for the full year FY '08
- Market share has grown from 0.4% in March to 0.57% in December '09
- Net Profit Margin of 11.40 % during the nine months ended December 2009 as against the 1.39 % during FY '08

Aditya Birla Money Mart

Aditya Birla Money Mart

(formerly Birla Sun Life Distribution)



Laying the Foundation

Right People Team

Right Business model

Technology platform in place

Product basket completed

Synergy with ABML partly capitalized on product and infrastructure

Aditya Birla Money Mart (ABMM) - Business Highlights

- Assets under Advice increased from Rs. 9,500 crore in March 2009 to Rs. 18,000 crore in December 2009, an increase of 89%. Equity assets have grown 76% from Rs. 1,050 crore in March 2009 to Rs. 1,850 crore in December 2009
- ABMM is 5th largest Corporate Distributor in terms of Assets under Advice as on 30th November, 2009 as per CAMS report
- ABMM mobilized Rs. 223 crore during April to December 2009 in private equity/ structure products against Rs. 10 crore in April to December 2008 (Rs. 21.7 crore in FY09), a multifold increase
- Life Insurance sales stood at Rs. 21.68 crore in April to Dec 2009, against Rs. 8.35 crore in April to Dec 2008 (Rs. 18.13 crore in FY09), an increase of 159% making us a top 2 Non banca corporate agent for BSLI
- Life Insurance business momentum continues with the overall share in BSLI increasing from 0.70% in Mar'09 to 1.25% as on Dec'09, with a overall NAAC of 30%

Overall Balanced Growth

Aditya Birla Finance (ABF)

ABF - Business Update



- Birla Global Finance is now 'Aditya Birla Finance' from 8th January 2010. The company's new name will reflect the parentage, group's commitment and focus towards the attractive NBFC space.
- For the period ended December 2009, profit before tax (PBT) stood at Rs.32.20 Crore.
- During the quarter, Margin trade funding product has been launched synergistically with Aditya Birla Money Ltd. and it opens a new revenue stream with attractive prospects
- ESOP Funding, also launched in current quarter, has reached a portfolio size of Rs.20 Crore

BIASL

BIASL - Business Update

- Our general insurance broking business witnessed a growth of 24% in premium placed during the period ended December 2009 to Rs. 165 Crore, over the previous year, while the general insurance industry has grown by 9.5% during the same period.
- Revenue during the period ended December 2009 has gone up by 15% to Rs. 16.37 Crore. However profit for the same period has reduced to Rs.2.74 Crore from Rs.4.60 Crore in last year.
- Main contributors to the growth during the year so far have been retail and reinsurance.
 - Retail business grew 1.5 times to Rs.15.60 Crore
 - Reinsurance business grew 4 times to 21.20 Crore

Aditya Birla Private Equity

Aditya Birla Private Equity



- Aditya Birla Private Equity – Fund I (maiden Fund):
 - Sector-agnostic Fund, focused on active management in mid-market companies
 - Focus on infrastructure enablers, sunrise sectors and domestic consumption
 - Offered to resident Indian HNI investors and financial institutions

- First Close for the maiden Fund at Rs.679 crores:

- Fund open for limited period with strong investor patronage:

- This Fund to get into investment mode from hereon:
 - Identified couple of investment deals for immediate deployment
 - Fund continues to receive robust flow of viable investment deals
 - Investment deals across spectrum of sectors like infrastructure enablers, hospitality, healthcare, education, telecom ancillaries, et al
 - Reasonable proportion of investment deals sourced through direct network

Thank You

Annexure - EV Disclosure by Birla Sun Life Insurance

EV & VNB – Definitions and Basis of Preparation



- Embedded Value (EV) – EV is the aggregate of:
 - Insurance Business Value (IBV), which is the present value of after-tax statutory profits expected to emerge in future from in-force business at the valuation date, discounted at the risk discount rate, less the cost of holding required capital to support the in-force business.
 - Adjusted Net Worth (ANW), which is the market value of assets in excess of statutory reserves.

- Value of New Business (VNB): VNB is defined as the present value, from the point of sale, of after-tax statutory profits expected to emerge in future from the new business written in the period, discounted at the risk discount rate, less the cost of holding required capital to support the new business.

In the EV and VNB, the cost of capital is calculated as the nominal value of the required capital less the present value, at the risk discount rate, of the projected after-tax investment earnings and future releases of the required capital.

- Basis of preparation :
 - The EV and VNB are computed based on a traditional EV methodology.
 - Group business is not considered in arriving at the results.
 - The EV includes the value of tax losses carried forward as at the valuation date.
 - An allowance has been made in the IBV for the expected maintenance expense overruns. No allowance has been made in the VNB for the acquisition expense overrun arising in the period.

The methodology, assumptions and results for the individual business have been reviewed by Towers Perrin. The conclusions of Towers Perrin review are shown in the Appendix.

EV & VNB – Key Assumptions



- The key economic and operating assumptions used in preparing the EV and VNB results shown on slide 24 are:

Economic Assumptions

Asset Class	Expected Investment Returns
Cash/Money Market Instruments	6.50%
Government Bonds	7.25%
Corporate Bonds	8.25%
Equities	12.25%
Other Parameters	Assumption
Risk Discount Rate	12%
Tax Rate	14.16%

Operating Assumptions

Operating Assumptions

The demographic assumptions reflect our best estimate view of future experience

Expense assumptions are set at the levels that are expected to eliminate the expense overruns by FY 2012-13

Appendix - Towers Perrin Opinion



Towers Perrin has reviewed the methodology and assumptions used to determine the EV and VNB as at 31 March 2009 for the individual business of Birla Sun Life Insurance Company Limited (“BSLI”).

Towers Perrin has concluded that:

- The methodology used is consistent with recent industry practice in India as regards the calculation and reporting of traditional embedded values on a deterministic basis;
- The economic assumptions used are internally consistent and have been set with regard to current economic conditions;
- The operating assumptions, taken in aggregate, have been set with appropriate regard to past, current and expected future experience, noting the exception of BSLI’s approach to setting the acquisition and maintenance expense assumptions and noting the difficulty in setting persistency experience assumptions due to the limited experience data on which to determine these assumptions; and
- Allowance for risk has been made through the use of a single risk discount rate and an explicit assumption for the level and cost of holding solvency capital. Whilst this is in line with recent industry practice as regards traditional actuarial embedded value calculations, this may not correspond to a capital markets valuation of the risks (so called “market consistent valuation”).

Towers Perrin has also performed limited high-level checks on the results of the calculations and has confirmed that any issues discovered do not have a material impact on the disclosed embedded value and value of new business. Towers Perrin has not, however, performed detailed checks on the models and processes involved.

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