

INDIAN RAYON



# Performance Review

2004-05

Mumbai, 27<sup>th</sup> April 2005

Investor Presentation

# Presentation Structure

- **Significant initiatives and Business highlights**
- **Indian Rayon's (Consolidated) financial performance**
- **Indian Rayon's (Standalone) financial performance**
- **Business performance**
- **Growth outlook**

# Significant initiatives across businesses

## VFY

- Expanded CSY capacity of 1,000 TPA stabilized
- Initiated work on
  - 20 MW captive power plant
  - 85 TPD caustic soda expansion in 2 phases

## Carbon Black

- 40,000 TPA expansion in Mar-04 fully utilized
- 10,000 TPA added by de-bottlenecking
- Initiated brown-field expansion of 50,000 TPA

## Textiles

- 20 looms (1,15,000 mtrs per month) added in Linen Fabric
- 4,000 TPA wool combing facility being installed

## Garments

- Controlled retail expanded in big way
- Distribution agreement with ESPERIT

## Life Insurance

- 11 new branches opened
- 11 more branches this year

## BPO

- Addition of 850 seats
- Further addition of 450 seats by year-end

## Insulator JV

- 8,000 TPA expansion at Halol

# Business Highlights

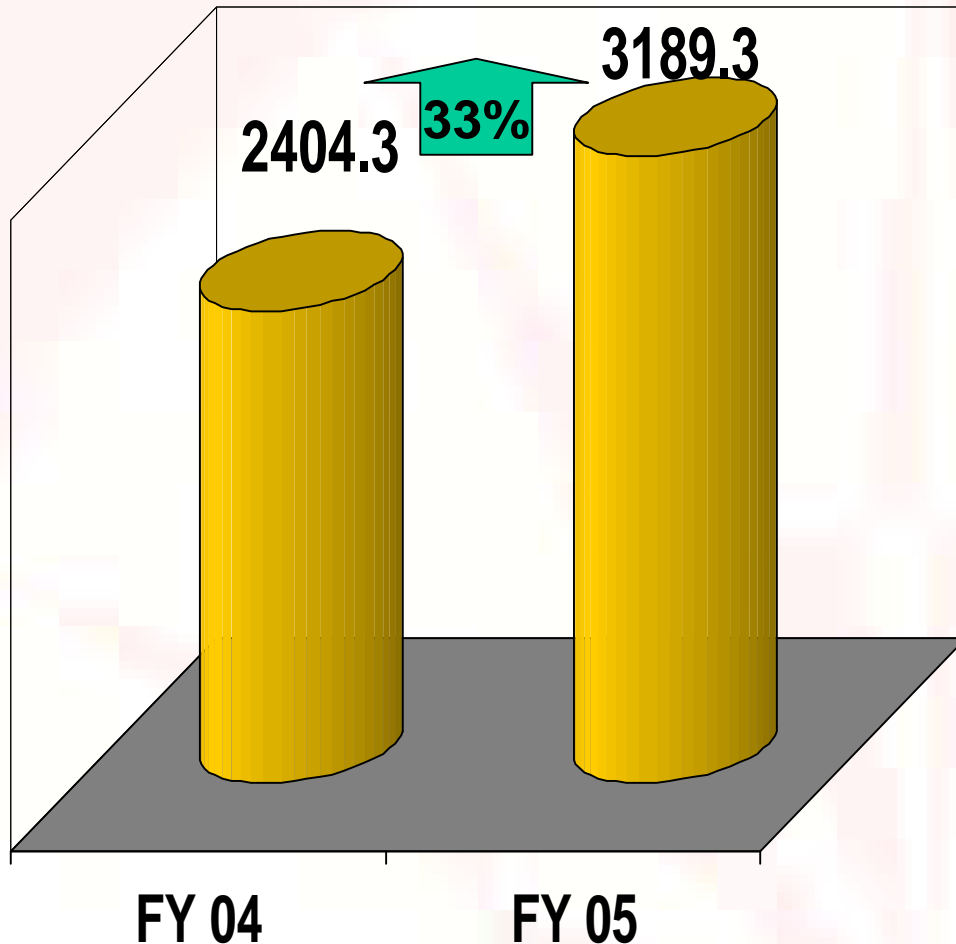


Business	Growth in Full year		Highlights for the year
	Revenue	Profits	
Garments			Richer product mix, New and innovative products
VFY			VFY realisation under pressure; Chlor-alkali demand on a rise; Implemented revised work norms; To result in productivity improvement
Carbon Black			Deeper penetration into export market; Margins impacted by change in custom duty
Textiles			Linen Fabric segment outperformed
Insulator-JV			Satisfactory progress on yield and efficiency improvement efforts; Low exports affected profitability
Life Insurance			Maintained No.2 position amongst private players; Focus on alternate channel for new business contributed
IT Services			Curtailed losses by focusing on target segments and reducing non-profitable segments
BPO			Increased share of non-voice business; Earned positive net profit

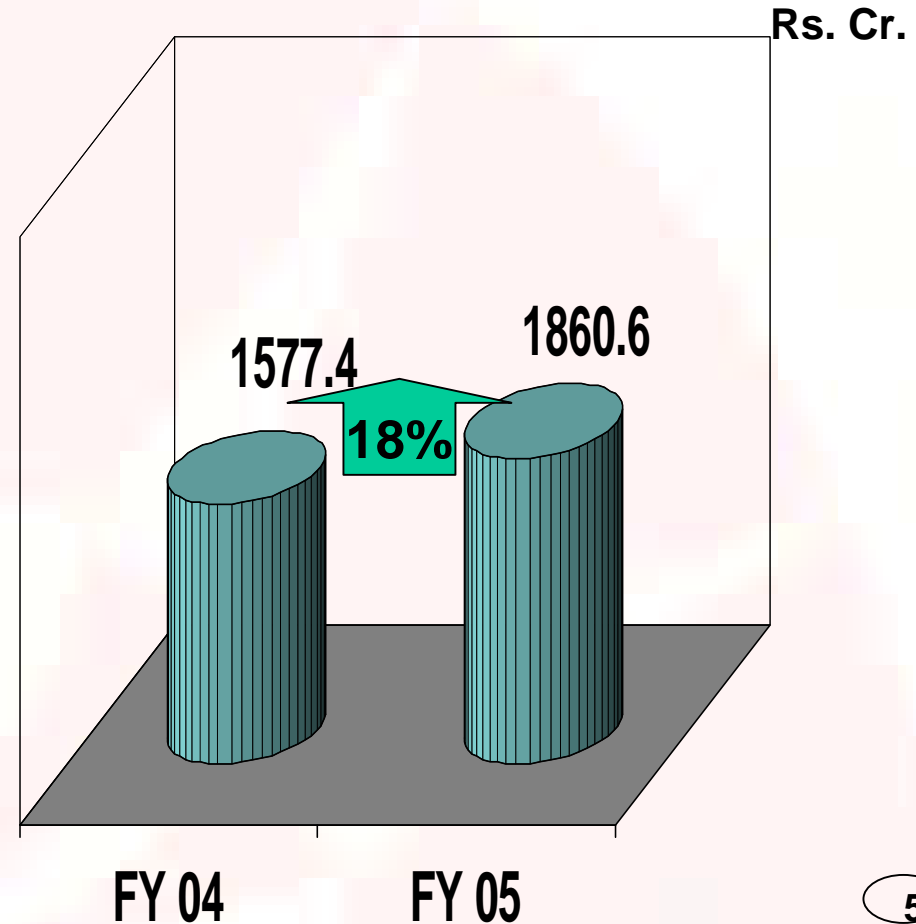
# Consolidated Revenue

- Consolidated revenue jumped to Rs 3,189.3 Crs

→ Indian Rayon standalone revenue grew by 18%



Indian Rayon Consolidated



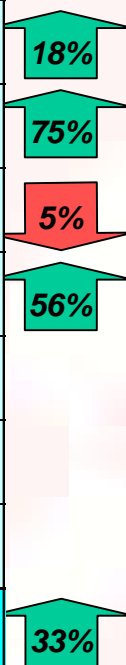
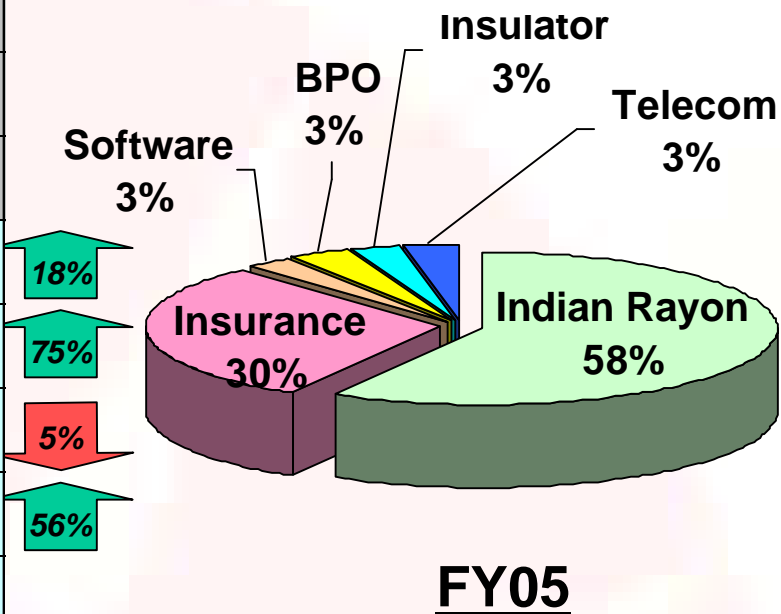
Indian Rayon Standalone

# Consolidated Revenue

Cont...

Rs. Cr.

Revenue	Full Year			
	2004-05		2003-04	
	Actual	IRIL share	Actual	IRIL share
Indian Rayon (Standalone)	1,860.6	1,860.6	1,577.4	1,577.4
Insurance	956.2	956.2	545.3	545.3
Software	82.0	82.0	86.0	86.0
BPO	107.8	107.8	69.3	57.3
Others	1.0	1.0	1.0	1.0
Insulator	168.8	84.4	163.7	81.8
Telecom	2,270.4	97.3	1,296.7	55.6
<b>Consolidated</b>	<b>5,446.8</b>	<b>3,189.3</b>	<b>3,739.2</b>	<b>2,404.3</b>



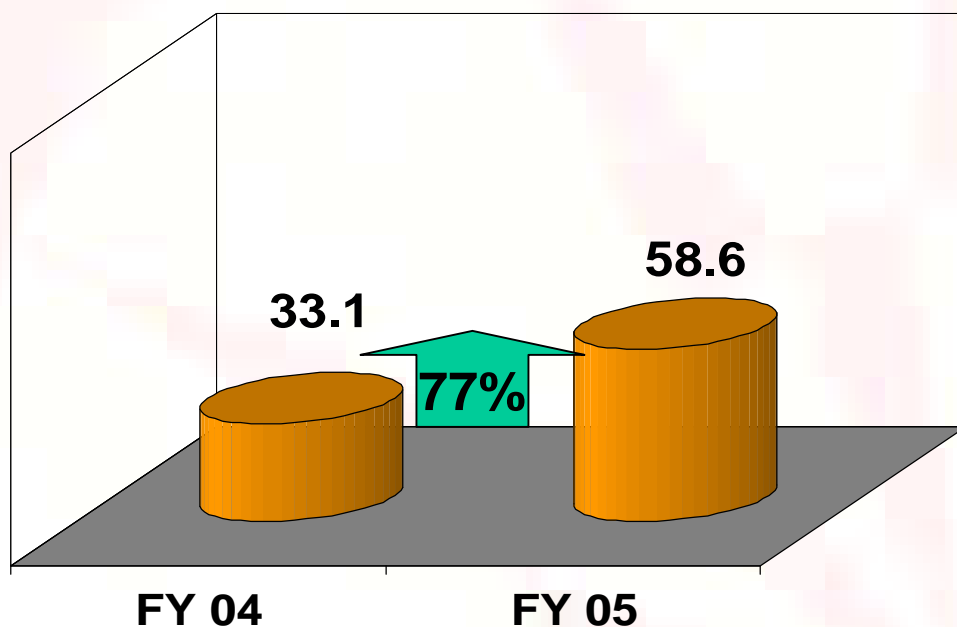
*All-round growth across businesses*

# Consolidated PAT

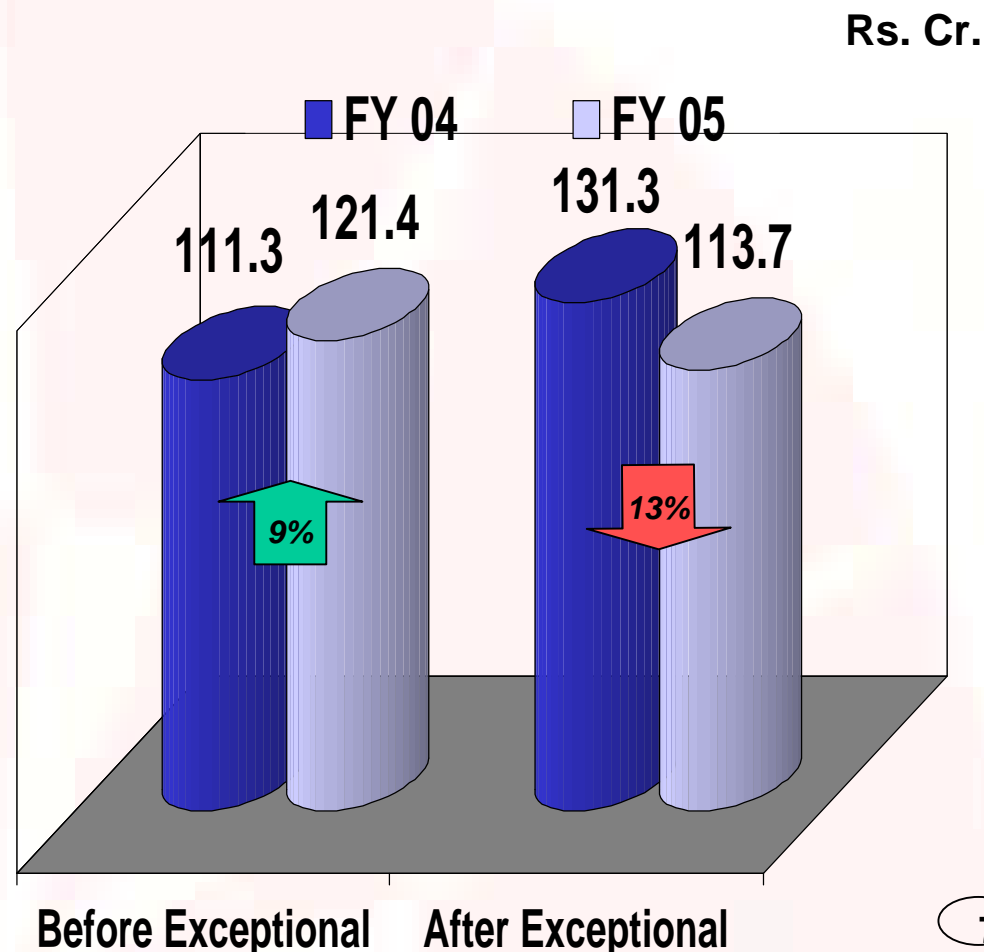
## ○ Consolidated Profit improved by 77%

→ Indian Rayon profits before exceptional items up 9%

- *Exceptional items affected net profits*



Indian Rayon Consolidated



Indian Rayon Standalone

# Consolidated PAT



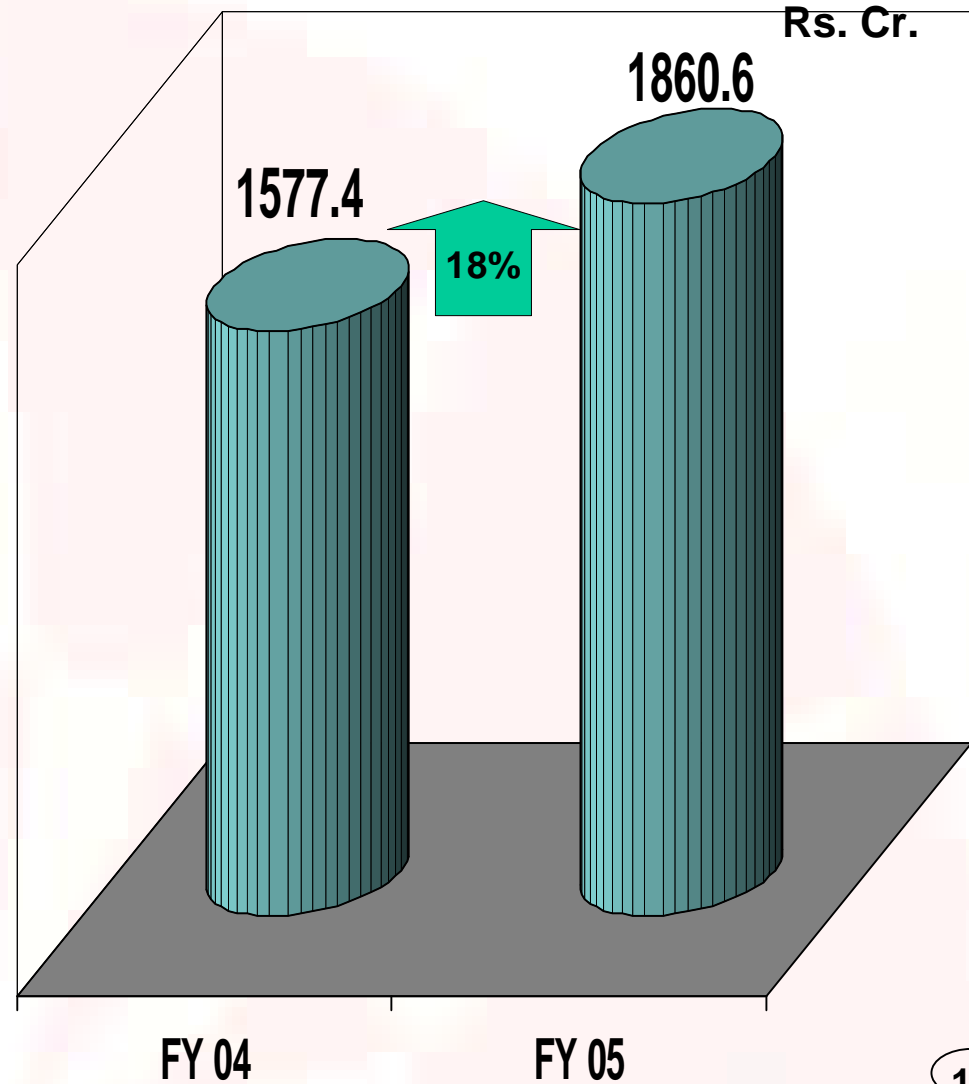
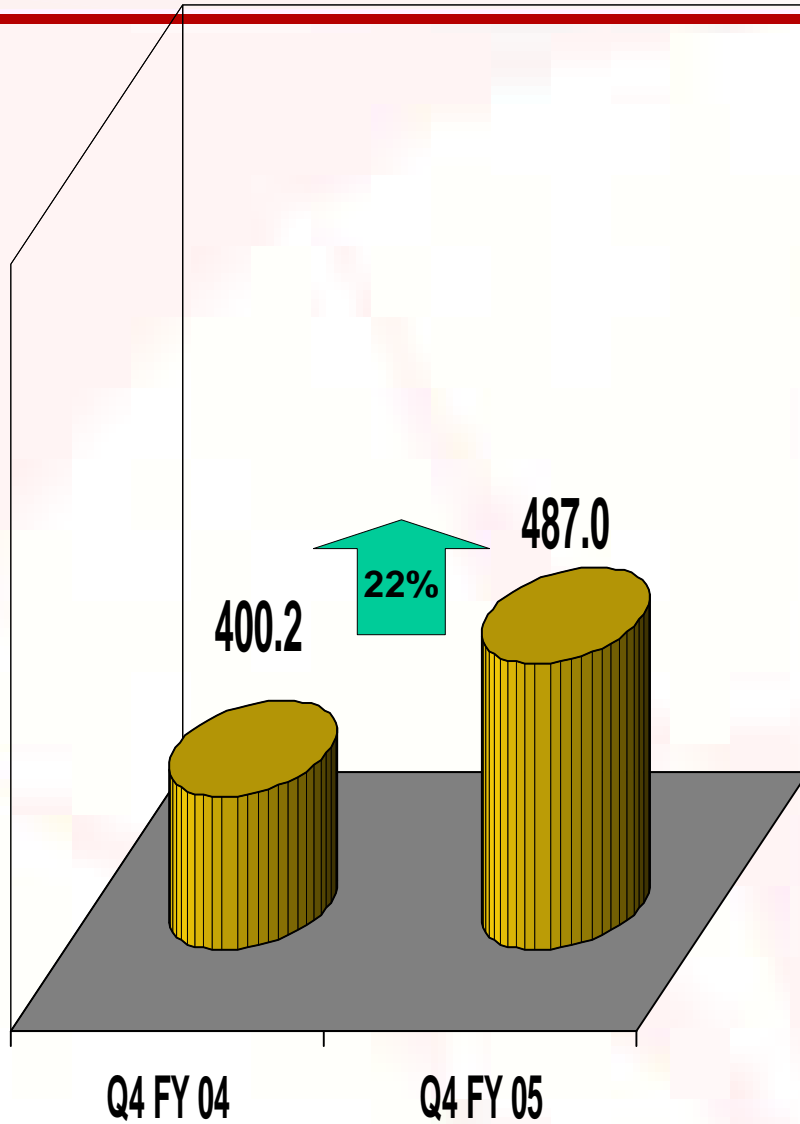
Cont...

Rs. Cr.

PAT	Full Year				
	2004-05		2003-04		
	Actual	IRIL share	Actual	IRIL share	
<u>Indian Rayon (Standalone)</u>					
Before Exceptional items	121.4	121.4	111.3	111.3	9%
Exceptional Items	(7.6)	(7.6)	20.0	20.0	
After Exceptional items	113.7	113.7	131.3	131.3	13%
Insurance	(60.6)	(44.9)	(77.7)	(57.5)	22%
Software	(2.6)	(2.6)	(20.9)	(20.9)	88%
BPO	1.0	1.0	(4.1)	(2.2)	125%
Others	0.8	0.8	(0.3)	(0.3)	
Insulator	(25.3)	(12.7)	(14.2)	(7.1)	79%
Telecom	74.1	3.2	(236.4)	(10.1)	
<b>Consolidated</b>	<b>101.2</b>	<b>58.6</b>	<b>(222.3)</b>	<b>33.1</b>	<b>77%</b>

**Indian Rayon (Standalone)  
Financial Performance**

# Revenue



**Impressive Growth of 18% YoY**

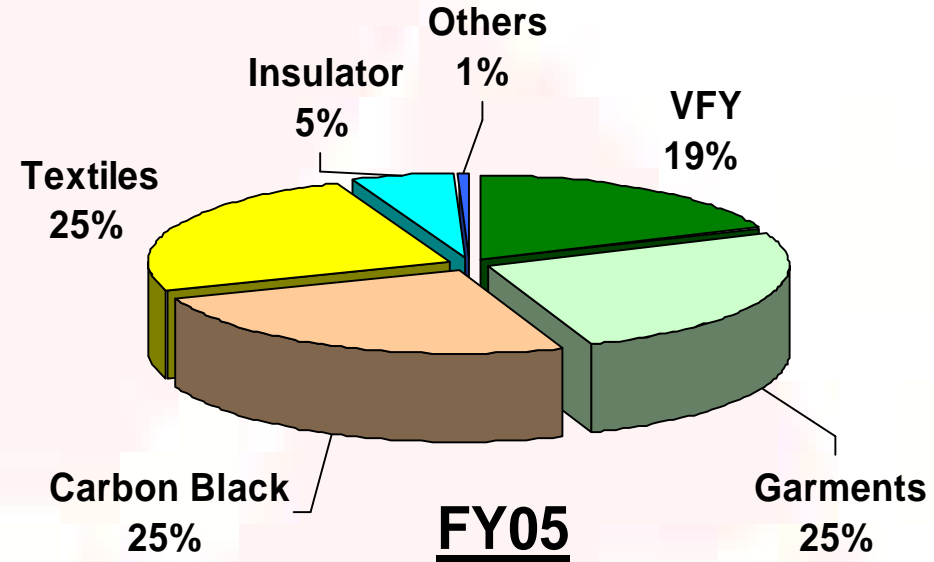
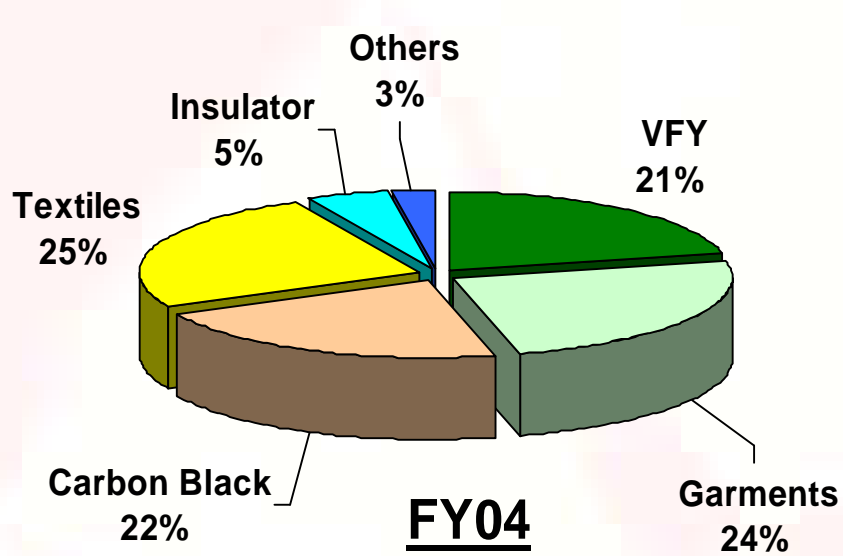
# Segmental Revenue

Rs. Cr.

Revenue	4th Quarter			Full Year			
	2004-05	2003-04	Variance	2004-05	2003-04	Variance	
Garments	108.7	89.0	19.6	472.4	391.7	80.7	21%
VFY	91.2	84.9	6.3	352.0	335.2	16.8	
Carbon Black	123.7	89.9	33.8	467.2	340.3	126.9	37%
Textiles	124.7	107.1	17.5	456.1	397.0	59.1	15%
Insulator	35.3	21.7	13.7	100.1	72.5	27.6	38%
Others	3.4	7.5	(4.1)	12.7	40.7	(28.0)	
<b>Total</b>	<b>487.0</b>	<b>400.2</b>	<b>86.8</b>	<b>1,860.6</b>	<b>1,577.4</b>	<b>283.2</b>	<b>18%</b>

*Growth across businesses*

# Revenue composition

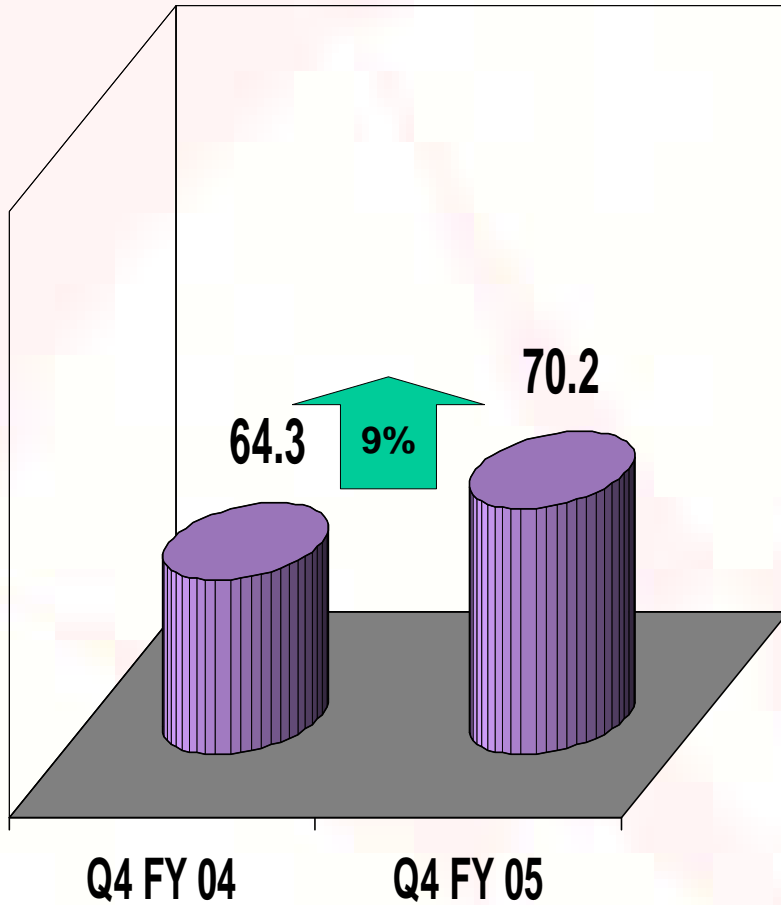


*Garments, Carbon Black and Textiles contributes equally*

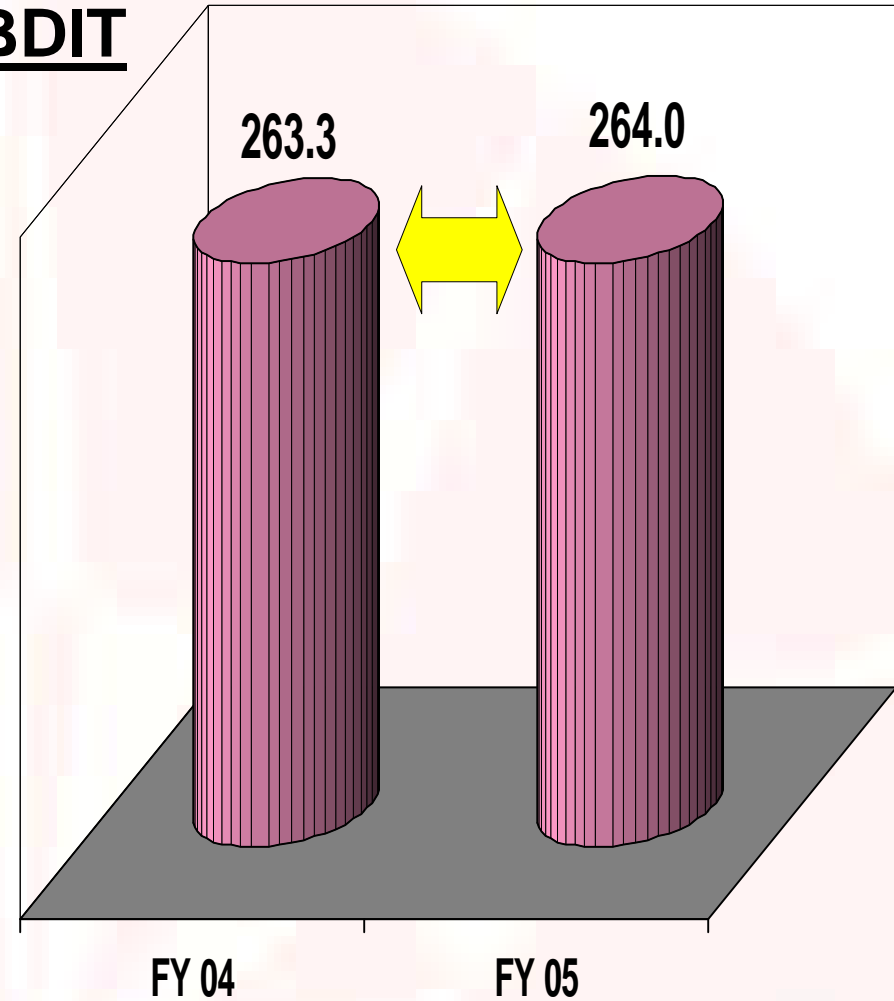


# Operating Profits

Rs. Cr.




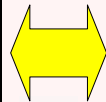


## PBDIT



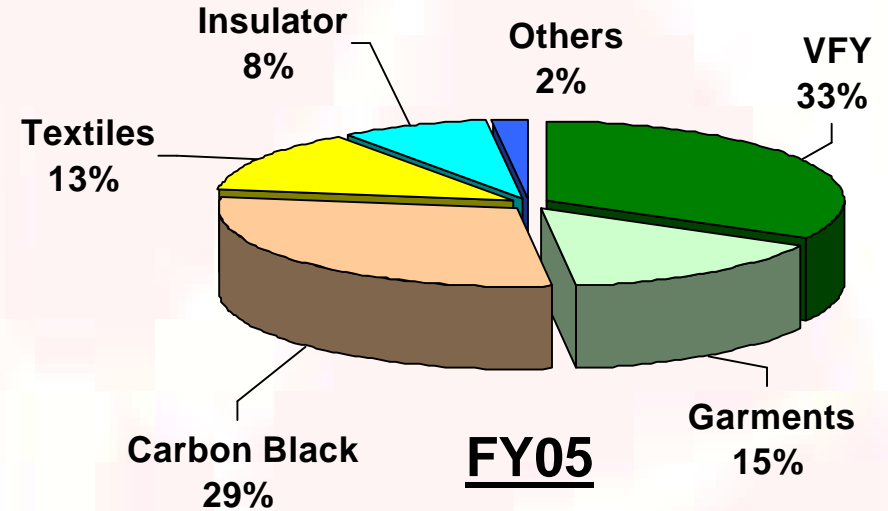
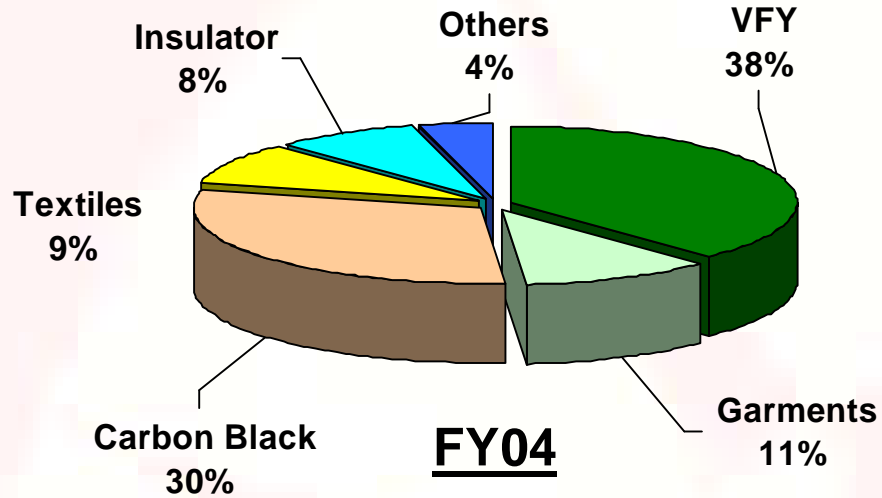
# Segmental Operating Profit

Rs. Cr.

PBDIT	4th Quarter			Full Year			
	2004-05	2003-04	Variance	2004-05	2003-04	Variance	
Garments	9.6	6.9	2.7	39.2	28.4	10.8	
VFY	21.8	24.0	(2.2)	87.6	99.4	(11.8)	
Carbon Black	20.8	19.1	1.8	77.2	79.6	(2.4)	
Textiles	9.6	6.9	2.7	33.3	23.8	9.6	
Insulator	7.9	6.6	1.3	21.6	21.4	0.2	
Others	0.5	0.8	(0.3)	5.1	10.7	(5.6)	
<b>Total</b>	<b>70.2</b>	<b>64.3</b>	<b>5.8</b>	<b>264.0</b>	<b>263.3</b>	<b>0.8</b>	

**Garments and Textiles shows impressive growth**

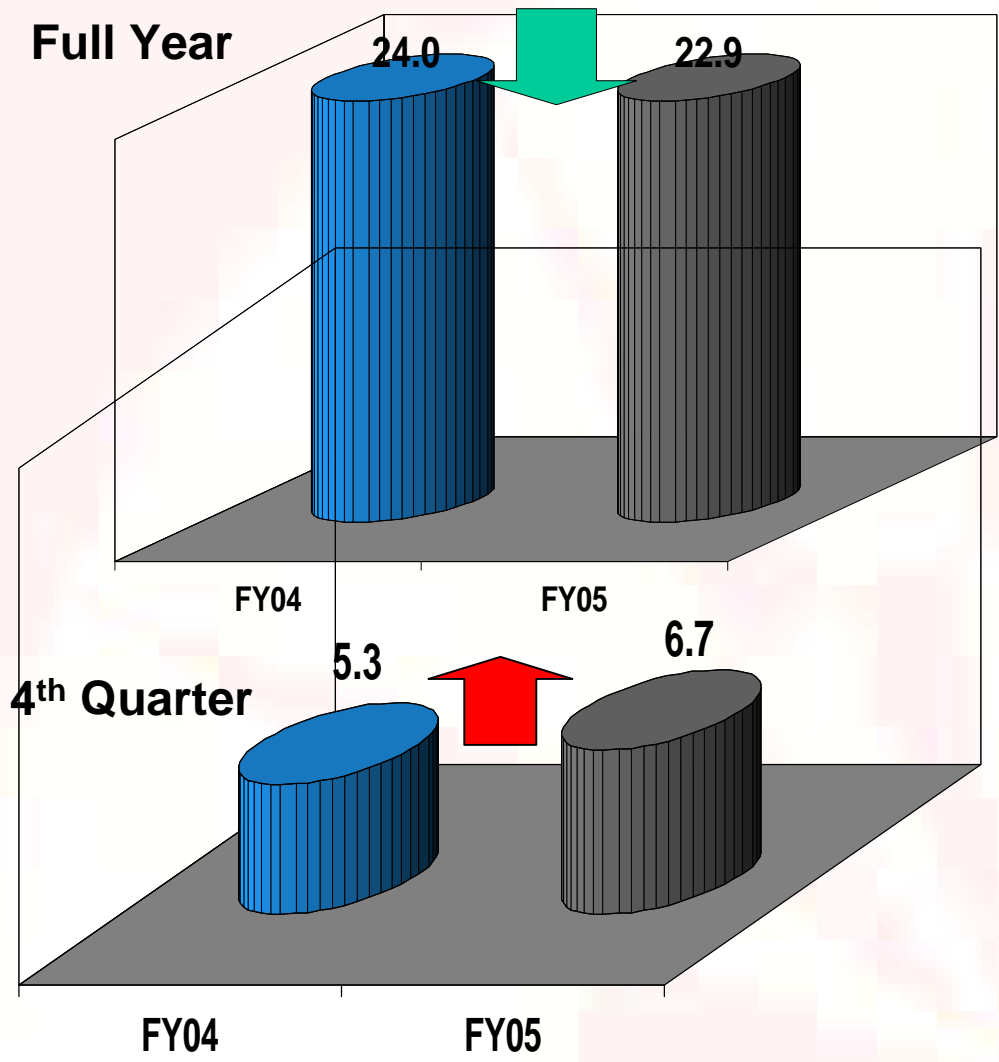
# Operating profit composition



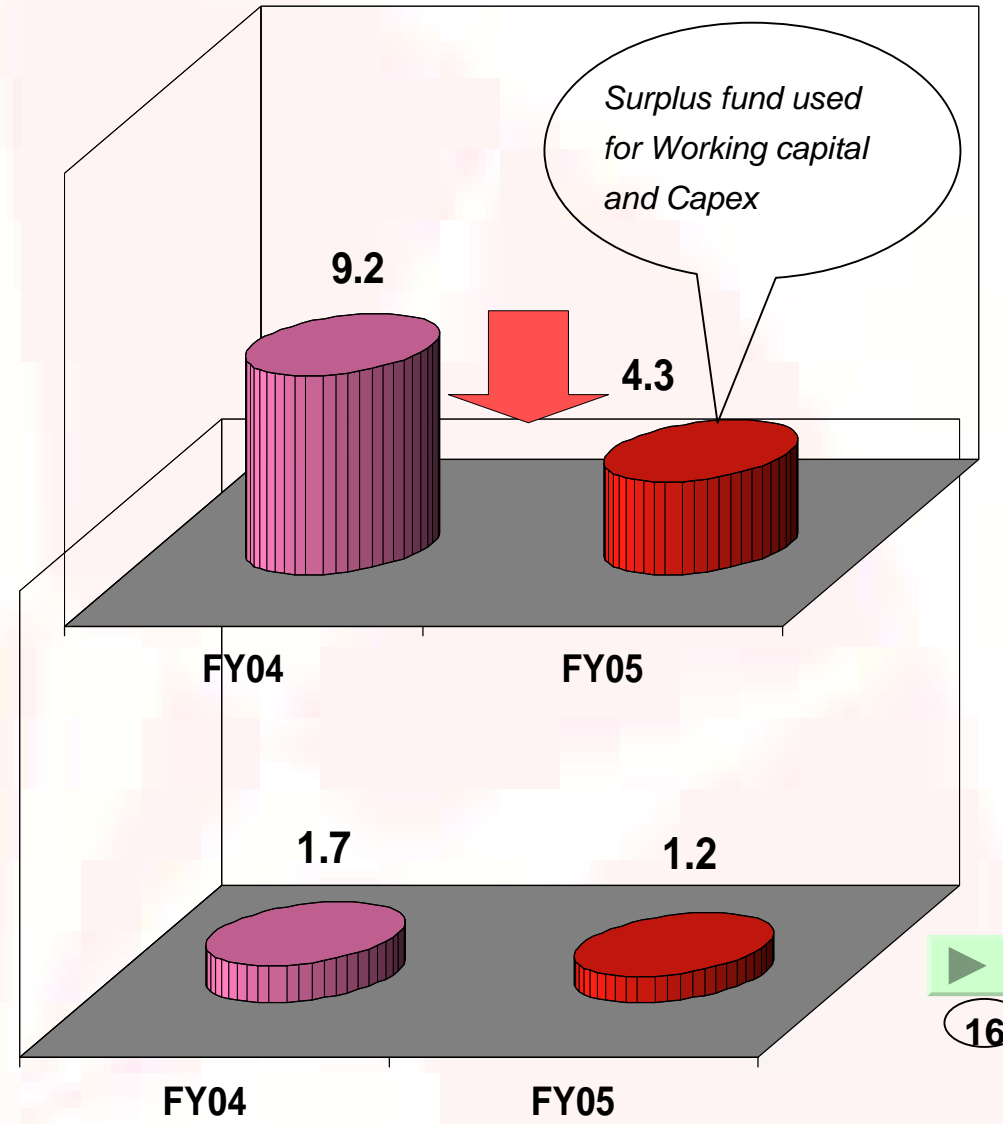
*Garments and Textiles share increased*

# Net interest moves up

**Interest Expense** Rs. Cr.



**Interest Income** Rs. Cr.



# Exceptional Items

Rs. Cr.

Particulars	4th Qtr		Full Year	
	2004-05	2003-04	2004-05	2003-04
Voluntary Retirement Scheme at Rayon Division	(0.6)	-	(9.5)	-
Gain on sale of Global Exports	-	-	4.0	-
Gain/loss on Strategic Investments	(0.3)	-	(2.1)	20.0
<b>Total</b>	<b>(0.9)</b>	<b>-</b>	<b>(7.6)</b>	<b>20.0</b>



# Financial Results (Standalone)

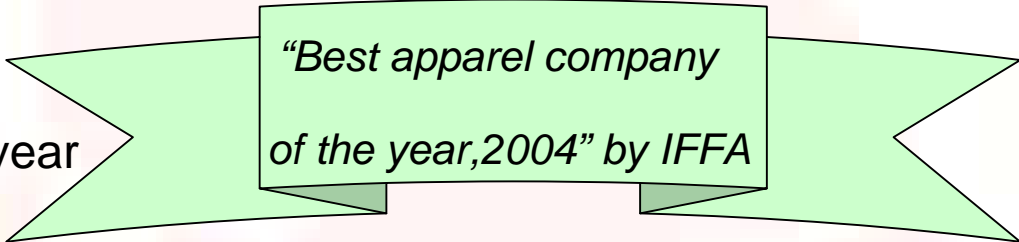
Rs. Cr.

Particulars	4th Quarter			Full Year			
	2004-05	2003-04	Variance	2004-05	2003-04	Variance	
<b>Net Sales</b>	486.9	400.2	86.8	1,860.6	1,577.4	283.2	↑ 18%
Other Income	2.7	3.2	(0.6)	10.1	14.2	(4.2)	↔
<b>Operating Profit (PBDIT)</b>	70.2	64.3	5.9	264.0	263.3	0.8	↔
Less: Interest and Finance Expenses	6.7	5.3	(1.5)	23.0	24.0	1.0	
Add: Interest Income	1.2	1.7	(0.5)	4.3	9.2	(4.8)	↔
<b>Gross Profit (before Royalty)</b>	64.7	60.8	3.9	245.4	248.5	(3.0)	↔
Royalty	-	-	-	-	5.5	5.5	
Depreciation/ Amortisation	20.6	20.3	(0.3)	80.7	81.5	0.8	
<b>Profit Before Tax and Exceptional Items</b>	44.0	40.5	3.5	164.7	161.5	3.3	↑ 2%
Exceptional Items	(0.9)	-	(0.9)	(7.6)	20.0	(27.6)	
<b>Profit after Exceptional Items</b>	43.2	40.5	2.7	157.1	181.4	(24.3)	
Provision for Taxation	3.6	12.9	9.3	43.4	50.2	6.8	↑ 14%
<b>Net Profit</b>	39.5	27.6	12.0	113.7	131.3	(17.5)	↓ 13%
Less: Exceptional Items	(0.9)	-		(7.6)	20.0		
Tax thereon	(0.2)	-		(3.5)	-		
<b>Net Profit before Exceptional Item</b>	40.2	27.6	12.6	117.9	111.3	6.5	↑ 6%

**Business Performance**

# Garments: Strong performance continued

- **Fashion brands strengthened further**
  - Successful conversion from “Shirt Brands” to “Wardrobe Brands”
  - Continued focus on innovative designs and technology
- **Louis Philippe and Peter England crosses Rs. 100 Cr revenue mark**
- **Peter England rejuvenated; On a profitable growth trajectory**
  - Portfolio enriched with launch of PE suits
- **Retail presence enhanced**
  - 21 high quality stores opened during the year
- **Volumes grew by 10%**
  - Notwithstanding US Embargo on Contract Exports
  - Volume of branded business grew by 14%



*“Best apparel company  
of the year, 2004” by IFFA*

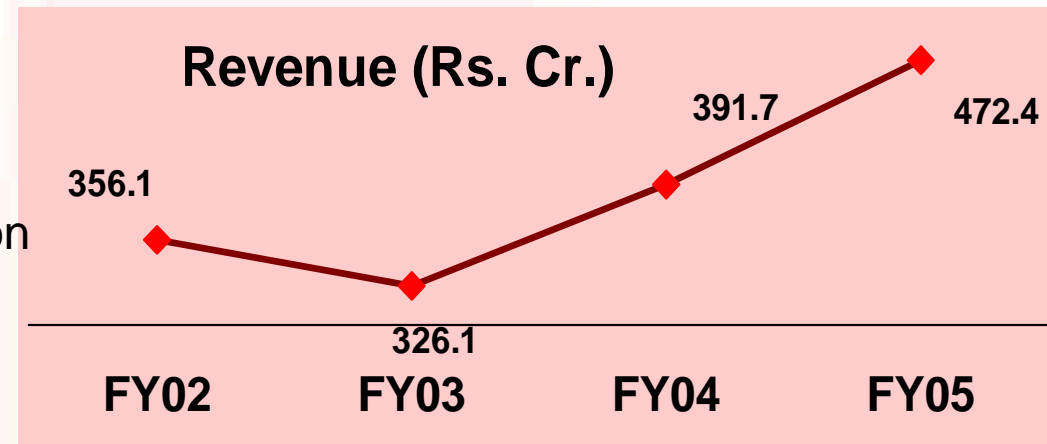
# Garments: Continued strong growth

## ○ Revenue up 21%

- Significant contribution from higher price points and Value added products
- Positioning of suits strengthened

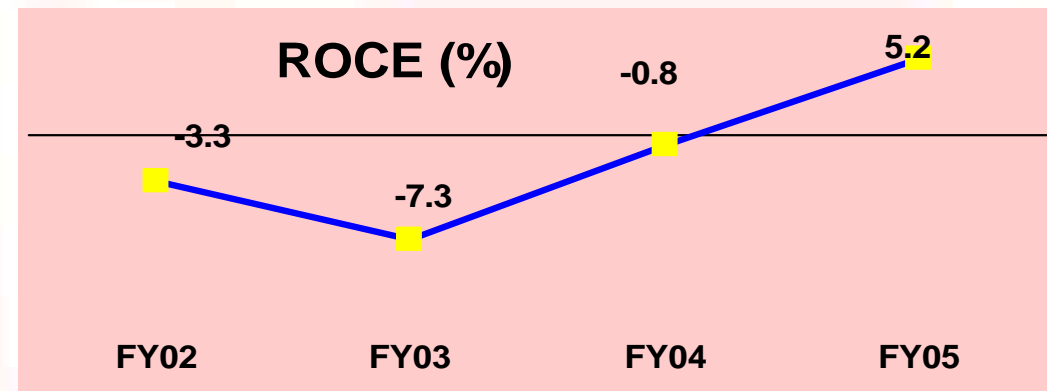
## ○ PBDIT up by 70% at Rs. 39.2 Cr

- Richer product mix with higher realization
- Improved cost structure helped



## ○ Ad spend at Rs. 44.6 Cr. contained at 9% of revenue

- Effective media planning
- Towards sustaining brand leadership
- New showrooms opening



***Business ROCE turned positive***

# Garments: Performance Summary

Rs. Cr.

Particulars	4th Quarter		Full Year	
	2004-05	2003-04	2004-05	2003-04
Sales Volumes (Lac Pcs.)	22.8	18.4	83.3	75.5
Revenue	108.7	89.0	472.4	391.7
Operating Profit	14.0	11.5	83.8	67.6
Advt. Expenses	4.4	4.6	44.6	39.2
PBDIT	9.6	6.9	39.2	28.4
Royalty	-	-	-	5.5
PBDIT after Royalty	9.6	6.9	39.2	23.0
PBIT	3.4	0.0	13.0	(1.8)
Capital Employed	252.2	242.2	252.2	242.2
ROCE (Annualised) (%)	5.4	0.1	5.2	(0.8)

21%

70%

**Benefits of scale to yield better returns**

# Garments: Bright prospect ahead...

- **Industry growing at a rapid pace**
  - Positive consumer sentiments aided by organized retail
- **Madura Garments to maintain industry leadership amidst challenging environment**
  - Reap benefits of fast growing organized retail
    - *Expanding “controlled retail” – a growth driver*
    - *Aggressive expansion plan; to be present in Upcoming Malls and High Street*
    - *New openings to deliver international retail experience*
  - “Fashion Brands” becoming “LifeStyle Brands”
    - *Constant enrichment of product mix*
  - Peter England to be made a “Mega Brand”
    - *Expand reach to masses*
    - *Supply chain management efforts*
  - Be a niche player in Contract Exports
    - *Design and delivery capabilities*
  - Simultaneous focus on cost efficiency
    - *Optimize Ad spend*
    - *Efficient management of discounting and outsourcing*

# VFY: Higher volumes and stable prices

## ○ Market sentiments remained challenging

- Pressure to liquidate accumulated stocks and cheap imports from China
- At year end, industry stocks reduced from 60 days to 36 days

## ○ Satisfactory operating performance

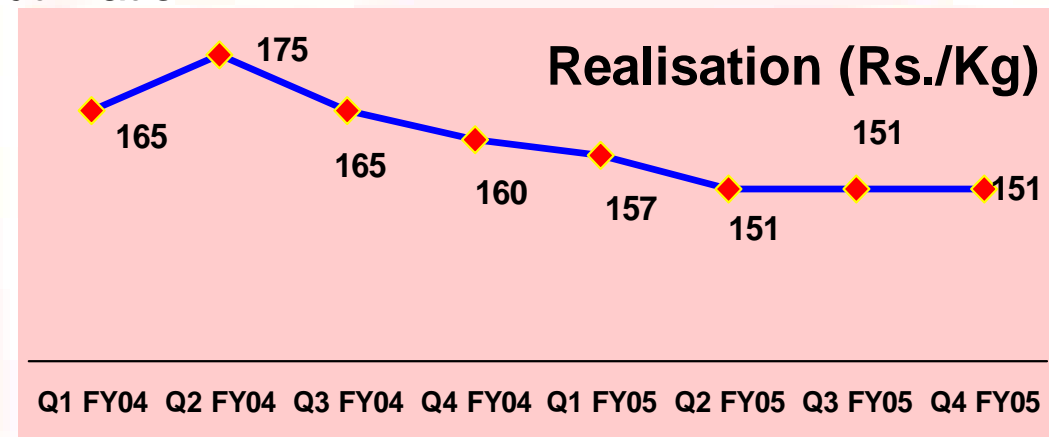
- 1,000 TPA CSY expansion stabilized
- 106% utilization at expanded capacity
- Aggressive marketing efforts reduced Indian Rayon's stocks to 24 days

## ○ Encouraging Chemicals business performance

- Increased volumes with higher capacity utilization
- ECU realization up by 20%

## ○ Revenue up by 5% though margin declined from 30% to 25%

- Lower YoY realizations
- Higher wood pulp / coal costs
- VRS helped partially; however, full benefits to accrue next fiscal



# VFY: Performance Summary

Rs. Cr.

Particulars	4th Quarter		Full Year	
	2004-05	2003-04	2004-05	2003-04
Production (Tons)	4,147	4,031	16,420	16,060
Capacity Utilization (%)	103.7	107.5	105.9	107.1
Sales Volumes (Tons)	4,085	4,024	16,445	15,694
VFY Realisation (Rs./Kg.)	151	160	152	167
Revenue- VFY	61.6	64.5	250.5	261.9
- Chemical	29.6	20.4	101.5	73.3
<b>Revenue</b>	<b>91.2</b>	<b>84.9</b>	<b>352.0</b>	<b>335.2</b>
PBDIT	21.8	24.0	87.6	99.4
<b>PBIT</b>	<b>15.9</b>	<b>19.0</b>	<b>66.3</b>	<b>77.9</b>
Capital Employed	318.6	264.4	318.6	264.4
ROCE (Annualised) (%)	20.0	28.8	20.8	29.5

5%

4%

38%

12%

**Higher VFY volumes and better ECU realization**

# VFY: Prospects improving

- **Demand recovery to sustain**
  - Improving export prospects for VFY based products
- **Strategic efforts to capitalize on emerging opportunities**
  - Market development efforts to grow business further
    - *Working with VFY end-users to improve their quality / productivity*
  - Technological improvement to further improve quality
- **Simultaneous focus on reaping benefits of recent initiatives**
  - CSY capacity utilization
  - Improving productivity with revised work norms and VRS
- **Capex initiatives**
  - Work initiated on 20 MW captive power plant
  - Capacity addition of Caustic Soda by 85 TPD

# Carbon Black: Capturing volume growth

## ○ Volumes surged 40% to 165,095 MT

- Rising domestic volumes; market share maintained
- Enhanced capacity operating at 102%
- Rising exports with greater penetration into Asian markets

## ○ Realization however declined 3% YoY

- Impacted by duty reduction
- Rising share of exports

## ○ Revenue grew by 37% to Rs. 467.2 Cr.

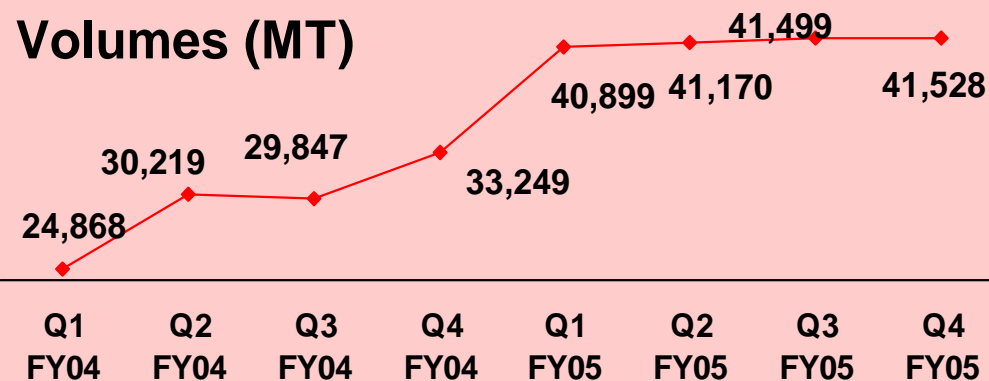
- Higher volume and energy sales is key

## ○ Higher costs impacted profitability

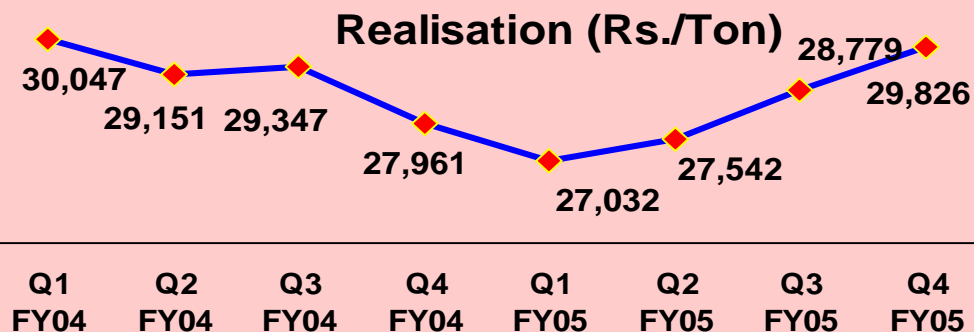
- CBFS cost higher by 5.6% YoY
- High Sea-freight

## ○ Operating profit and ROCE down marginally

### Volumes (MT)



### Realisation (Rs./Ton)



# Carbon Black: Performance Summary

Rs. Cr.

Particulars	4th Quarter		Full Year	
	2004-05	2003-04	2004-05	2003-04
Production (Tons)	41,138	31,169	164,025	118,707
Capacity Utilization %	99.1	93.5	101.6	100.3
Sales Volumes (Tons)	41,528	33,249	165,095	118,182
Realisation (Rs./Ton)	29,798	27,038	28,302	28,795
Revenue	123.7	89.9	467.2	340.3
PBDIT	20.8	19.1	77.2	79.6
PBIT	16.2	15.1	60.3	64.7
Capital Employed	371.9	333.0	371.9	333.0
ROCE (Annualised) (%)	17.5	18.2	16.2	19.4

40%

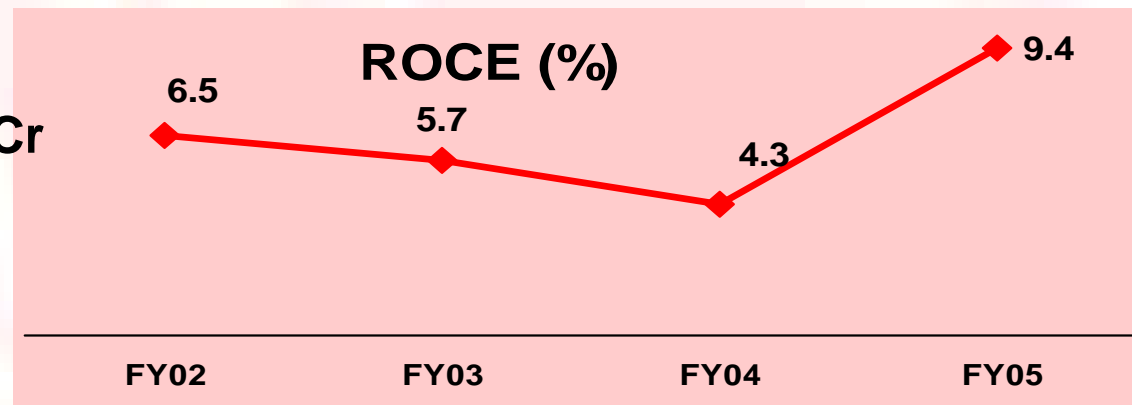
3%

# Carbon Black: Improving prospects

- **Domestic market outlook remains strong**
  - Robust auto / tyre sector demand
- **Encouraging export prospects**
  - Leveraging coastal location advantage
- **Focus on R&D for value added grades**
- **Working with Tyre majors to reduce the impact of rising CBFS prices**
- **Initiated work on 50,000 TPA brown-field expansion at Chennai**

# Textiles: Profits improve across segments

- **Linen fabric: Benefited from**
  - Increased demand from growing usage
    - *Worked with leading Brands for promoting use of Linen*
  - Capacity enhancement and technology up-gradation
- **Flax yarn: Performance backed by higher volumes**
  - Improved operational efficiency complemented
- **Worsted segment: Value added products and stable input prices helped to improve profitability**
- **Synthetic Yarn: Rising share of specialty yarn coupled with increased productivity**
- **Revenue up 15% YoY to Rs 456.1 Cr**
- **Operating profits jumped**
  - From Rs. 23.8 Cr to Rs. 33.3 Cr
- **Business returns improved to 9%**



# Textiles: Performance Summary

Rs. Cr.

Particulars	4th Quarter		Full Year	
	2004-05	2003-04	2004-05	2003-04
Sales-Fabric('000 Mtrs)	973	667	3,593	2,798
Flax Yarn (Tons)	320	291	1,623	1,041
Worsted (Tons)	1,192	1,152	4,381	4,302
Synthetic (Tons)	3,087	2,842	11,425	10,676
Revenue - Fabrics	20.9	12.9	74.2	51.8
Flax Yarn	11.5	11.3	59.4	39.7
Worsted	54.6	46.7	184.4	180.1
Synthetic	37.7	36.2	138.1	125.4
<b>Total Revenue</b>	<b>124.7</b>	<b>107.1</b>	<b>456.1</b>	<b>397.0</b>
Operating Profit	9.6	6.9	33.3	23.8
<b>PBIT</b>	<b>6.4</b>	<b>3.2</b>	<b>19.8</b>	<b>6.6</b>
Capital Employed	211.3	153.4	211.3	153.4
ROCE (Annualised) (%)	12.0	8.2	9.4	4.3

43%

50%

40%

500bps

**Strong performance of Linen Fabric and Flax Yarn**

# Textiles: Performance set to improve

- **Increasing awareness of Linen fabric**
  - To promote greater usage
  - Focus on wide availability across retail chains
  - Deeper penetration into the premium segment
- **Conversion of synthetic yarn facility to EOU**
  - To focus on specialty yarns targeted at niche segment
- **Expansion of Wool combing by 4,000 TPA being completed in phased manner**
  - To become fully operational by Jun-05

# Insulators: Domestic Marketing

Rs. Cr.

Particulars	4th Quarter		Full Year	
	2004-05	2003-04	2004-05	2003-04
<b>Revenue</b>	<b>35.3</b>	<b>21.7</b>	<b>100.1</b>	<b>72.5</b>
<b>PBDIT/ PBIT</b>	<b>7.9</b>	<b>6.6</b>	<b>21.6</b>	<b>21.4</b>
<b>Capital Employed</b>	<b>21.0</b>	<b>20.0</b>	<b>21.0</b>	<b>20.0</b>

- **Revenues up 38% to Rs. 100.1 Cr.**
  - Share of direct sales volume increased from 42% to 67%
- **Volumes down 6% at 15,310 MT**
  - Increased share of value added product
- **Operating profit maintained at Rs. 21.6 Cr.**
  - Despite high input cost
- **Positive domestic demand outlook**

# Insulator JV: Improvement efforts underway

- **Brownfield expansion of 8,000 TPA commissioned in Dec-04**
  - Full benefits to accrue next fiscal
  - Production up by 6% at 25,469 MT
- **Improvement in yield of Transmission & Distribution products**
- **Sales volume down at 24,412 MT**
  - Lower volume in domestic market due to focus on high value added products
  - Exports lower due to relatively weak demand and stringent quality standards
- **Revenue marginally up at Rs. 168.8 Cr**
  - Higher realization in domestic market
- **Losses incurred on account of**
  - Higher rejections and process improvement initiatives
  - Higher input costs
  - Unutilized capacity due to lower exports
- **Performance to improve going forward**
  - Volume growth and higher value products from expanded capacity
  - Quality and yield benefits from initiatives under way with NGK experts
  - Increased input cost to be passed neutralized by superior realization

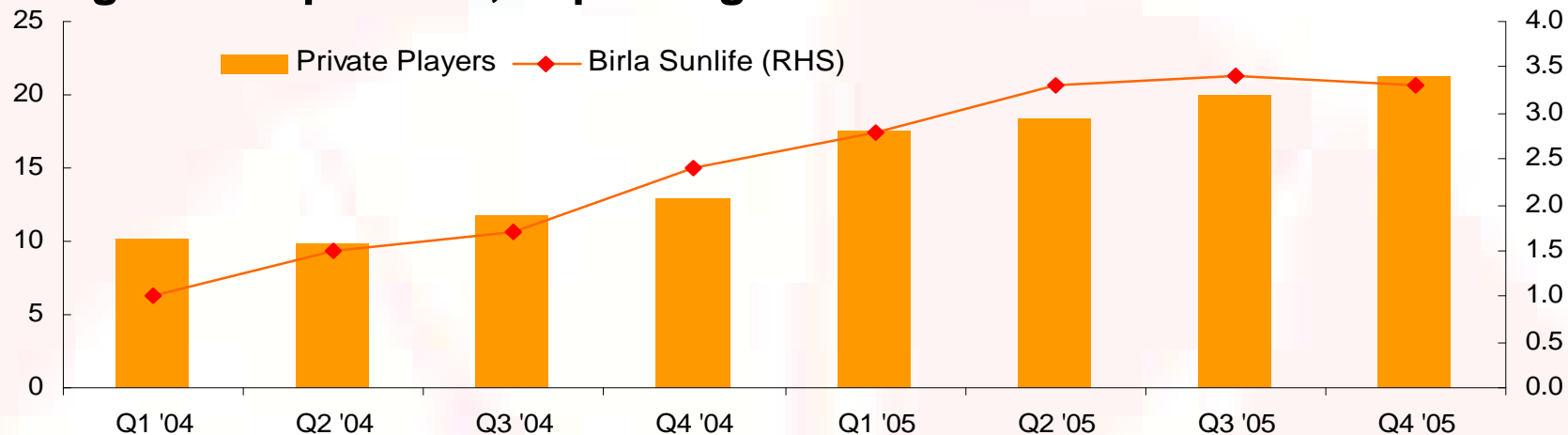
# Insulators JV: Performance Summary

Rs. Cr.

Particulars	Full Year	
	2004-05	2003-04
Production (Tons)	25,469	24,048
Sales Volumes (Tons)	24,412	24,967
Revenue	168.8	163.7
PBDIT	(15.6)	(10.6)
PBIT	(23.4)	(17.1)
PAT	(25.3)	(14.2)
Capital Employed	179.2	152.9
IRIL Equity Investment	12.5	12.5

# Life Insurance: Market share continue to grow

## ○ Strong market position; Improving market share



## ○ Distribution network strengthened further

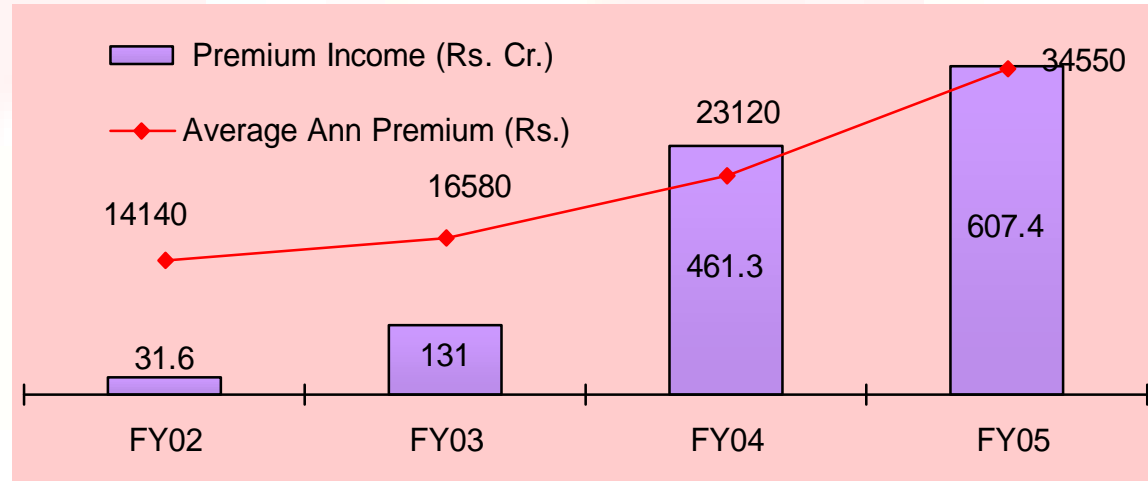
- 9,468 agents with higher productivity
- Strong alternate channel with 114 Bancassurance/Corporate agents/Brokers
  - 25 added during the year
- Branches increased to 44, 11 opened during the year
  - Reach increased to 30 cities
- Tied up with 8 NGOs to enlarge rural presence

**“Best private Life Insurance company, 2004”\***

\* By Outlook Money – Dec 2004

# Life Insurance: Strong growth in Premium income

## ○ Premium income up 70% to Rs. 915.5 Cr



→ New Business Annualized Premium up by 31% to Rs. 607.4 Cr.

- *Impressive growth of 74% in Individual Life Business*

→ Unit linked business contributed more than 98%

→ Product portfolio strengthened with launch of Woman first and Credit Guard plan

## ○ Average per policy premium improved by 49% to Rs. 34,550 for FY 2005 over FY 2004

○ Losses decreased with higher share of renewal premium and is inline with plan 37

○ IRIL contributed Rs. 44.4 Cr. in FY 05; (cumulative investment Rs. 260.5 Cr.)

# Life Insurance: Performance Summary

Rs. Cr.

Particulars	Full Year	
	2004-05	2003-04
<b>New Business-Annualized Premium</b>		
Individual Business	521.4	299.5
Group Business	86.0	163.0
<b>Total New Business</b>	<b>607.4</b>	<b>462.6</b>
<b>Premium Income</b>		
First Year Premium	593.3	426.5
Renewal Premium	294.2	87.7
Single Premium	28.0	23.3
<b>Total Premium Income</b>	<b>915.5</b>	<b>537.5</b>
PBIT/PBT	(60.6)	(77.7)
Share Capital	350.0	290.0

↑  
31%

↑  
70%

↑  
22%

*No of Individual Policies issued increased 28% YoY at 198,281 policies*

**Higher renewal income to fuel profitability**

# Life Insurance: Tapping high growth

- **Tap lower penetration of insurance with value differentiator**
  - Strengthen the branch network
    - *11 to be added next year increasing reach to B & C cities*
  - Improving agent productivity
- **Focus to remain on ULIP**
  - Continuous improvement in product portfolio inline with market
- **Earning trust of customers**
  - Superior returns with transparency
    - *Launch of Crisil benchmark indices*
  - Delivering superior customer value
  - Efficient policy administration through process improvement

# IT Services: EBITDA maintains positive trend

- **Software revenue flat at Rs 77.7 Cr**
  - Focus on key clients in Banking, Finance and Insurance
  - Conscious efforts to exit non-core business viz. hardware business
  - New focus on Independent Software Vendor (ISV) segment
- **Healthy gross margin at 36% (26%)**
  - Improving project profile
  - Share of high margin off-shore business increased to 31% vs. 20% last year
  - Improved manpower utilization at 75%
- **Positive EBIDTA of Rs. 1.8 Cr against negative EBITDA of Rs. 6.7 Cr**
- **Focus on achieving sustainable profitability through:**
  - Strengthening of marketing and delivery capabilities
  - Increased share of offshore developmental activities
  - Synergistic inorganic growth opportunities

# IT Services: Performance Summary

Rs. Cr.

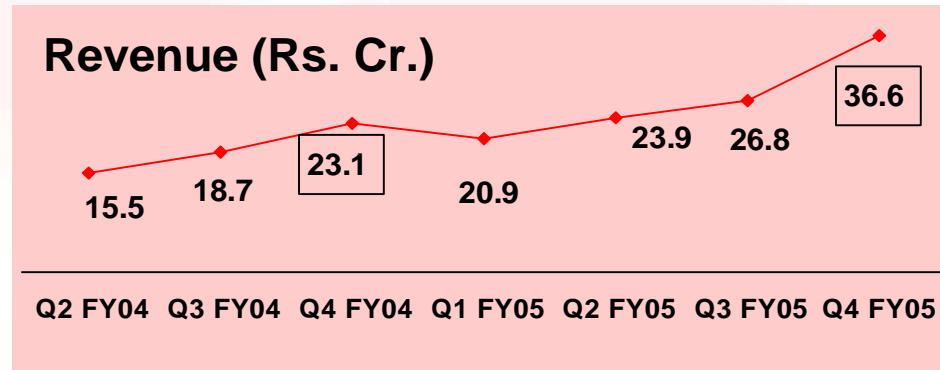
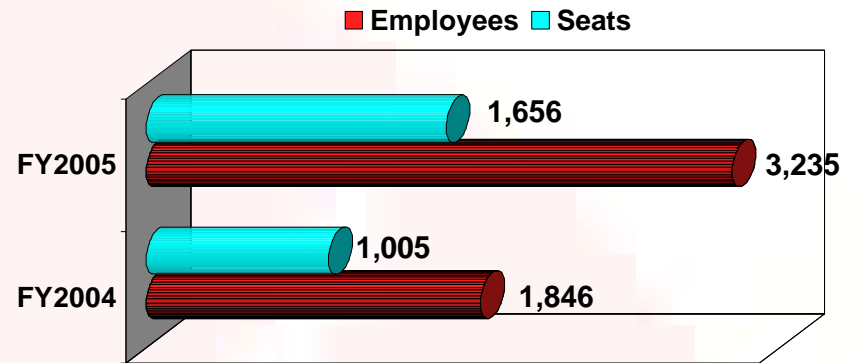
Particulars	Full Year	
	2004-05	2003-04
Software Revenue	77.7	76.9
Hardware Revenue	4.4	9.1
<b>Total Revenue</b>	<b>82.1</b>	<b>86.0</b>
Gross Margin	29.5	22.7
SG&A	27.7	29.4
EBITDA	1.8	(6.7)
PAT before exceptional items	(2.6)	(18.2)
Exceptional Items	-	(2.7)
<b>PAT</b>	<b>(2.6)</b>	<b>(20.9)</b>
Capital Employed	19.7	25.3
IRIL Equity Investment	100.3	100.3

Looses curtailed  
by 88%

**Positive EBITDA trend continued for the year**

# BPO: Growth momentum sustained

- **Impressive ramp-up of expanded capacity**
  - Improved capacity utilization post expansion
- **Enriched client portfolio**
  - 6 new clients added during current fiscal
  - Business from existing clients ramping up
  - 8 clients with more than \$ 1 Mn revenue
- **Revenues up 56% to Rs. 108.2 Cr**
- **Business profits turned positive despite capacity expansion**
  - Continued cost optimization
  - New push in Technical Support vertical



# BPO: Performance Summary

Rs. Cr.

Particulars	Full Year	
	2004-05	2003-04
No of Op Seats	1,656	1,005
No of Employees	3,235	1,846
Voice	87.6	57.3
Non-Voice	20.7	12.2
<b>Revenue</b>	<b>108.2</b>	<b>69.4</b>
PBDIT	14.2	2.9
PBIT	2.5	(3.7)
<b>PAT</b>	<b>1.0</b>	<b>(4.1)</b>
Capital Employed	61.5	53.8
IRIL investment	68.8	68.8

↑  
56%

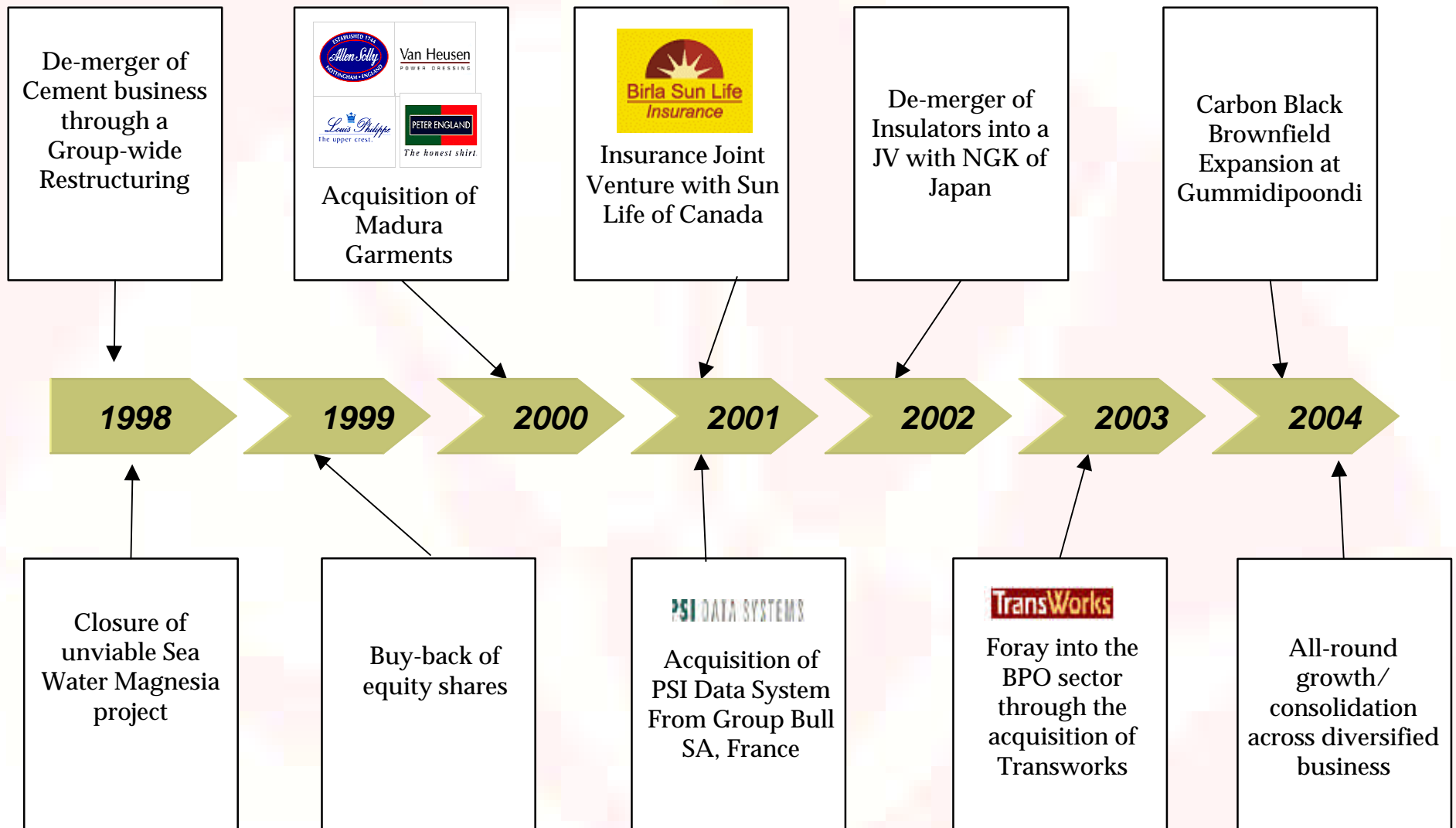
Turned positive

**Profits follow revenue growth and new capacity utilization**

# BPO: Well placed for high growth

- **Industry growth forecasts impressive**
- **Heightened growth momentum through:**
  - Quality clientele
    - *Strong focus on new and existing clients*
  - Improved asset utilization through
    - *Optimum mix of voice and non voice business*
    - *Inbound vs. Outbound in voice business*
  - Robust delivery capabilities
    - *Improved SLAs*
    - *World Class facilities*
- **Sustain growth momentum through**
  - Capacity addition
  - Pursue value accretive inorganic growth
- **High attrition remains a key challenge**
  - Though an industry wide phenomenon

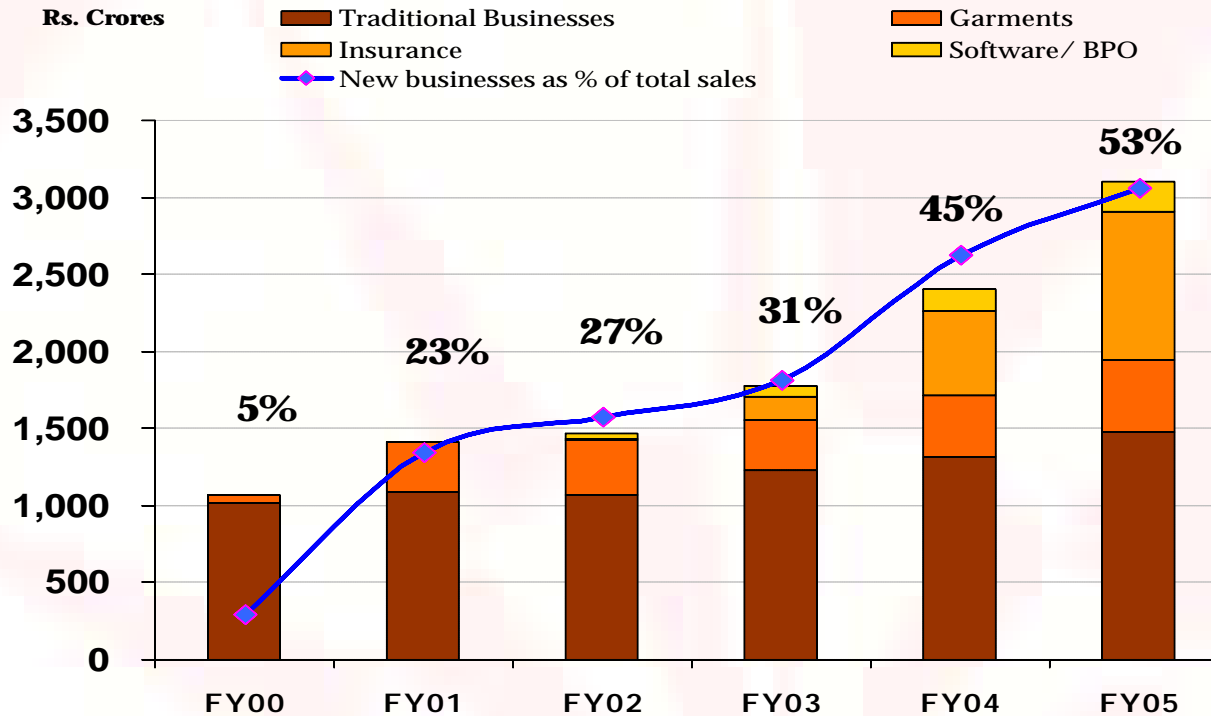
# Significant transformation in recent years



**Entry into new businesses with high growth-potential**

# New business gaining growth

## *New business revenues as % of aggregate Revenues*



***New business impact to be more prominent in coming years,  
helped by success of strategic efforts***

# Capex and Investment Plan

Rs. Cr.

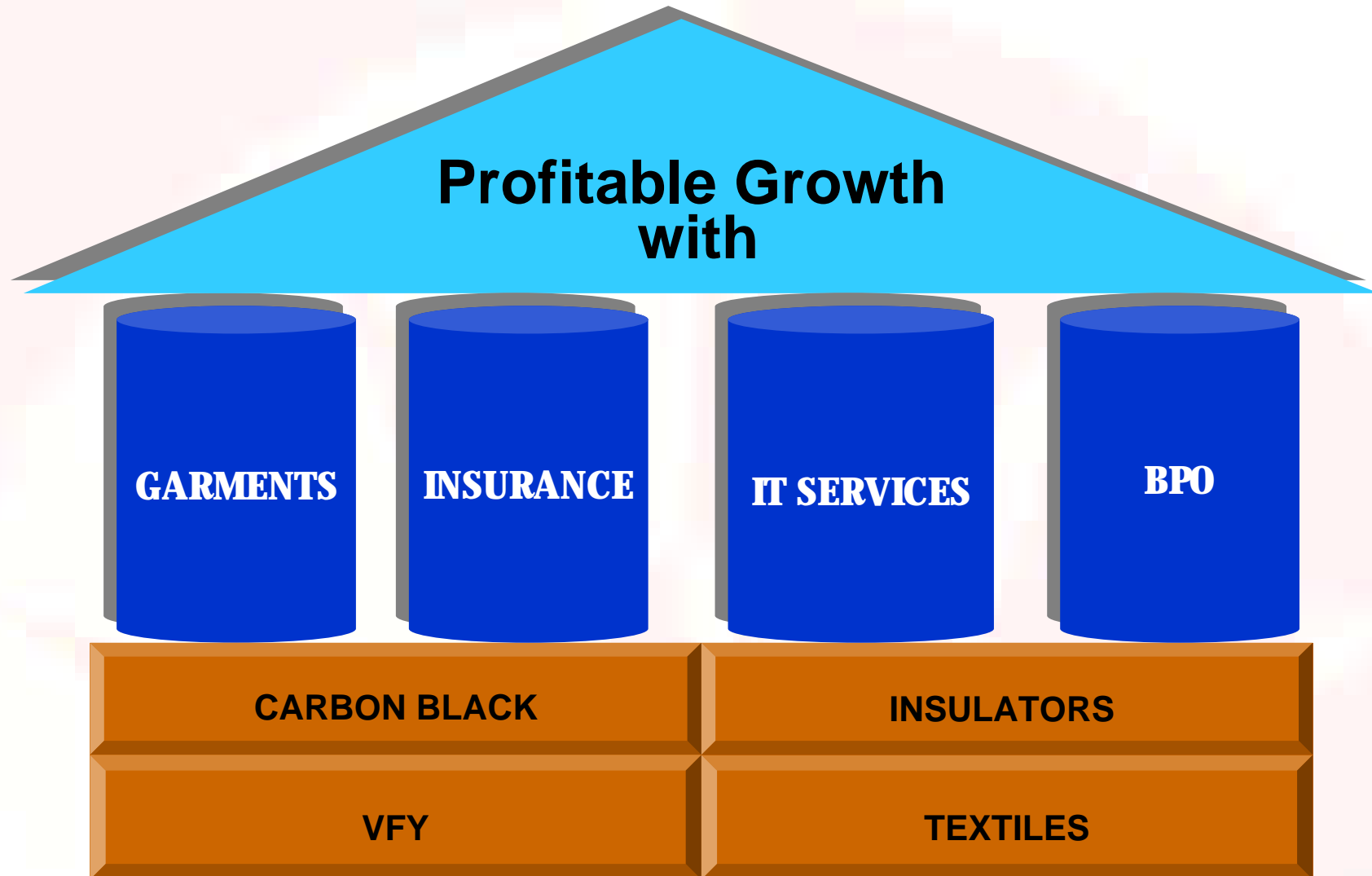
	Particulars	Total Plan FY06-FY08	Spending Plan		
			FY 2006	FY 2007	FY 2008
<b>A</b>	<b><u>Project Based</u></b>				
	VFY / Chemical	165.0	70.2	58.4	36.4
	Carbon Black	103.5	94.0	9.5	
	Textiles	23.9	23.9		
	<b>Sub-Total A</b>	<b>292.4</b>	<b>188.1</b>	<b>67.9</b>	<b>36.4</b>
<b>B</b>	<b><u>Modernization</u></b>				
	VFY / Chemical	33.4	33.4		
	Garments	119.9	50.0	36.1	33.8
	Carbon Black	20.3	16.2	4.1	
	Textiles	13.5	12.1	1.4	
	Others	0.5	0.5		
	<b>Sub-Total B</b>	<b>187.6</b>	<b>112.3</b>	<b>41.6</b>	<b>33.8</b>
<b>C</b>	<b>Total Capex at IRIL (A+B)</b>	<b>480.1</b>	<b>300.3</b>	<b>109.5</b>	<b>70.2</b>
<b>D</b>	<b>Investment in Insurance</b>	<b>155.4</b>	<b>88.8</b>	<b>66.6</b>	
<b>E</b>	<b>Total Capital Outlay (C+D)</b>	<b>635.5</b>	<b>389.1</b>	<b>176.1</b>	<b>70.2</b>
<b>F</b>	<b><u>Major Capex in JV/ Subsidiaries/Satcos</u></b>				
	Insulators	16.0	16.0		
	BPO	21.3	21.3		
	Satcos	33.7	25.9	7.8	-
	<b>Sub-Total F</b>	<b>71.0</b>	<b>63.2</b>	<b>7.8</b>	<b>-</b>
	<b>Grand Total (E+F)</b>	<b>706.4</b>	<b>452.3</b>	<b>183.9</b>	<b>70.2</b>

# Growth Outlook

Business	Outlook	Growth drivers
Garments	Positive	Growth driven by retail expansion, positive market sentiments and growth initiatives
VFY	Moderate	Thrust on quality, captive power plant and buoyant chlor-alkali segment should help in offsetting the present difficult market conditions
Carbon Black	Positive	Proposed expansion should push volumes, however, volatile CBFS prices remains cause of concern
Textiles	Positive	Focus on niche areas and positive textile environment post WTO
Insulator-JV	Moderate	JV should contribute with stabilization of new kiln and quality efforts
Life Insurance	Positive	Strong market position should help in achieving positive profits from FY 2007
IT Services	Moderate	Reinforced leadership team and focus on marketing should help in breaking the growth barrier
BPO	Positive	Further expansion and new clients should make business achieve targeted profitability

***Indian Rayon on a profitable growth trajectory***

# In Sum...



*Dedicated to deliver better results quarter after quarter*

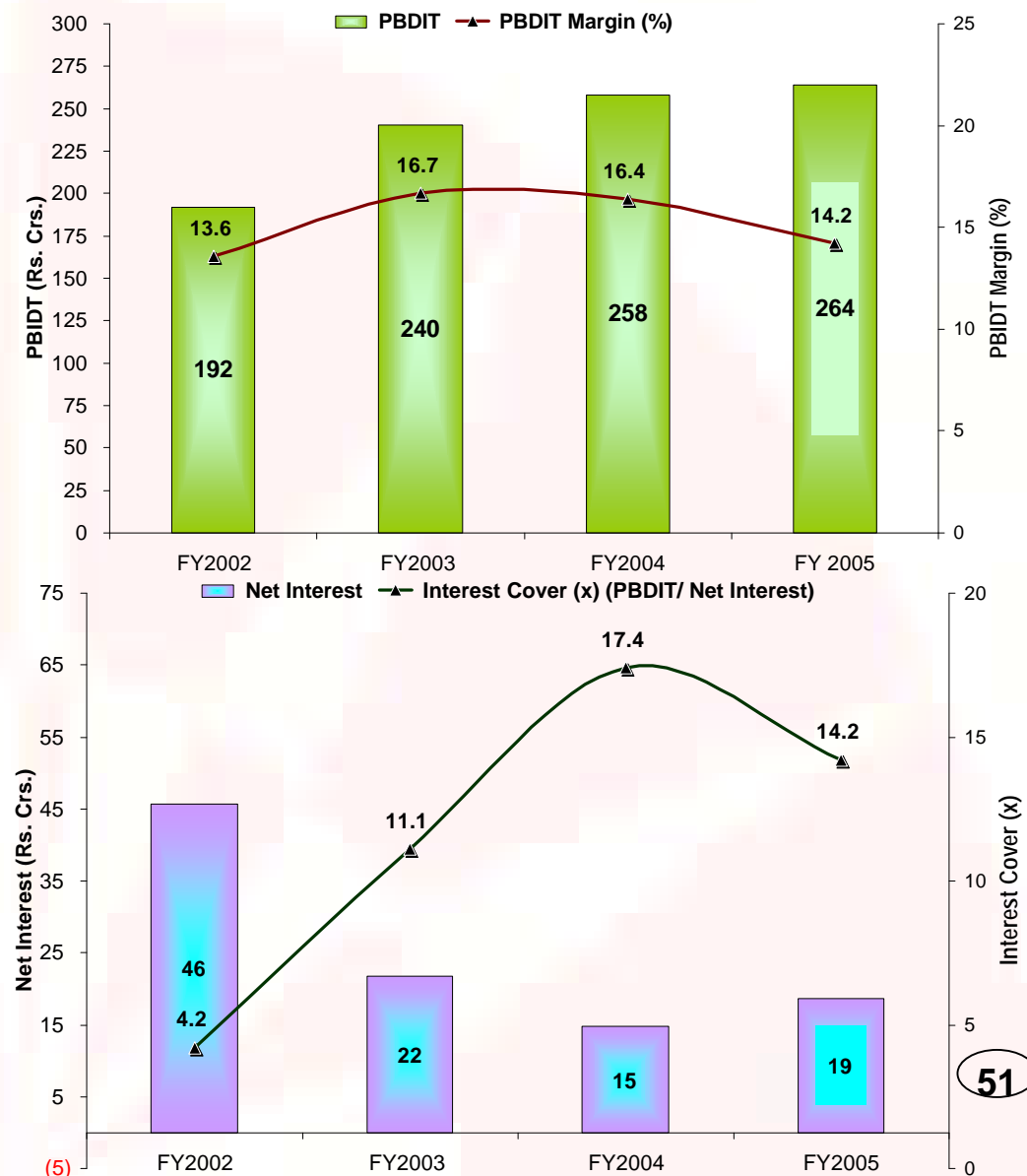


## Annexure

# Profitability Snapshot – Indian Rayon Standalone

Rs. Cr.

	Full Year		
	2004-05	2003-04	2002-03
Gross Turnover	1,987.8	1,717.6	1,593.4
Net Turnover	1,860.6	1,577.4	1,442.4
PBDIT	264.0	257.8	240.2
PBDIT Margin (%)	14.2	16.3	16.7
Net Interest	18.6	14.8	21.7
PBDT	245.4	243.0	218.5
PAT before exceptional items	121.4	111.3	112.5
PAT	113.7	131.3	105.3
PAT Margin (%)	6.1	8.3	7.3
EPS (Rs.)	19.0	21.9	17.6
CEPS (Rs.)	32.1	36.5	33.8
Dividend (%)	40.0%	40.0%	37.5%
Interest Cover (x) (PBDIT/ Net Interest)	14.2	17.4	11.1

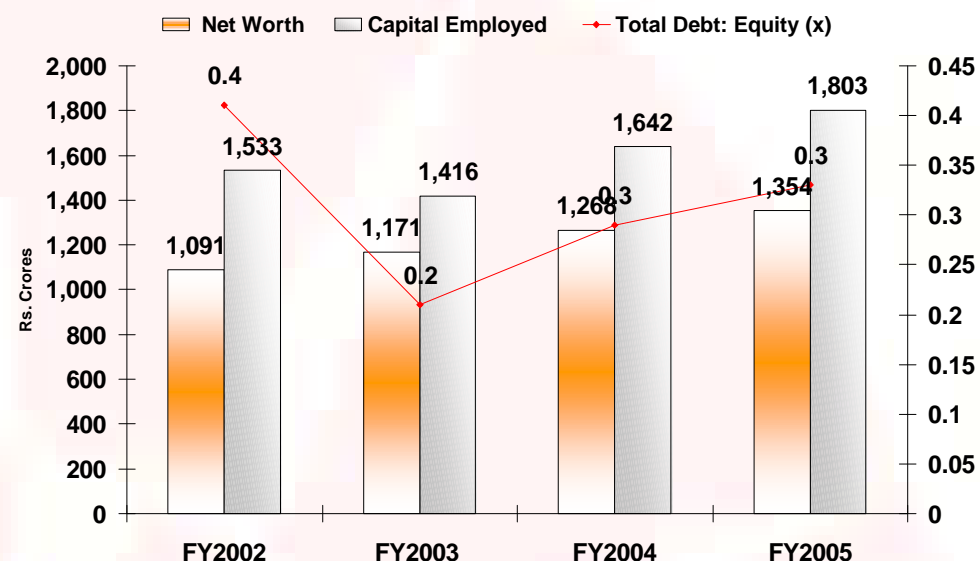


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# Balance Sheet Snapshot – Indian Rayon Standalone

Rs. Cr.

	Full Year		
	2004-05	2003-04	2002-03
Equity	59.9	59.9	59.9
<b>Net Worth</b>	<b>1,354.1</b>	<b>1,267.7</b>	<b>1,170.8</b>
Long Term Debt	240.9	180.1	175.2
Short Term Debt	207.7	194.3	70.1
<b>Total Debts</b>	<b>448.6</b>	<b>374.3</b>	<b>245.3</b>
Capital Employed	1,802.7	1,642.0	1,416.1
Net Block	810.3	740.4	691.0
Net Working Capital	418.3	287.5	337.2
Deferred Tax Liabilities	(125.5)	(127.5)	(126.4)
Strategic Investments	618.3	581.6	412.2
Other Investments	81.3	160.0	102.1
Total Investments	699.7	741.6	514.3
ROACE (at PBIT) (%)	14.2	11.5	11.4
ROANW (at PAT) (%)	8.7	10.8	9.3
Book Value (Rs.)	226.1	211.7	195.5
Total Debt Equity (x)	0.33:1	0.3:1	0.21:1
Long Term Debt Equity (x)	0.18:1	0.14:1	0.15:1
Market Capitalisation	2,390.7	1,131.4	450.9



# Segmental Performance – Indian Rayon Standalone

Rs. Cr.

## 4th Quarter

Particulars	Revenue		PBIT		Average Capital Employed		ROCE (%) (PBIT basis)	
	2004-05	2003-04	2004-05	2003-04	2004-05	2003-04	2004-05	2003-04
Garments	108.7	89.0	3.4	0.0	243.8	241.4	5.6	0.1
VFY	91.2	84.9	15.9	19.0	299.7	265.3	21.3	28.7
Carbon Black	123.7	89.9	16.2	15.1	356.3	309.0	18.2	19.6
Textiles	124.7	107.1	6.4	3.2	197.1	156.4	12.9	8.1
Insulators	35.3	21.7	7.9	6.6	19.7	18.3	160.9	144.6
Others (Argon Gas, Trading)	3.4	7.5	1.9	1.4	13.3	19.0	56.8	28.4
<b>Total Operating Assets</b>	<b>487.0</b>	<b>400.2</b>	<b>51.8</b>	<b>45.3</b>	<b>1,129.9</b>	<b>1,009.5</b>	<b>18.3</b>	<b>18.0</b>
Corporate Assets	-	-	(2.2)	(1.3)	663.1	599.6	(1.3)	(0.9)
<b>Total</b>	<b>487.0</b>	<b>400.2</b>	<b>49.6</b>	<b>44.0</b>	<b>1,793.0</b>	<b>1,609.1</b>	<b>11.1</b>	<b>10.9</b>

## Full Year

Particulars	Revenue		PBIT		Average Capital Employed		ROCE (%) (PBIT basis)	
	2004-05	2003-04	2004-05	2003-04	2004-05	2003-04	2004-05	2003-04
Garments	472.4	391.7	13.0	(1.8)	247.2	221.3	5.3	(0.8)
VFY	352.0	335.2	66.3	77.9	291.5	262.7	22.7	29.7
Carbon Black	467.2	340.3	60.3	64.7	352.4	300.9	17.1	21.5
Textiles	456.1	397.0	19.8	6.6	182.4	164.1	10.9	4.0
Insulators	100.1	72.5	21.6	21.4	20.5	12.0	105.6	178.7
Others (Argon Gas, Trading)	12.7	40.7	6.2	4.5	15.0	19.4	41.3	23.3
<b>Total Operating Assets</b>	<b>1,860.6</b>	<b>1,577.4</b>	<b>187.3</b>	<b>173.3</b>	<b>1,109.0</b>	<b>980.3</b>	<b>16.9</b>	<b>17.7</b>
Corporate Assets	-	-	(3.9)	3.0	627.0	548.7	(0.6)	0.6
<b>Total</b>	<b>1,860.6</b>	<b>1,577.4</b>	<b>183.3</b>	<b>176.3</b>	<b>1,736.0</b>	<b>1,529.1</b>	<b>10.6</b>	<b>11.5</b>

# Consolidated Financials

Rs. Cr.

	Particulars	Investment	Revenue		Net Profit	
			2004-05	2003-04	2004-05	2003-04
<b>A</b>	<b>IRIL</b>		<b>1,861</b>	<b>1,577</b>	<b>114</b>	<b>131</b>
	<b>Subsidiaries :</b>					
	IT Services	100	82	86	(3)	(21)
	Insurance	261	956	545	(61)	(78)
	BPO	69	108	57	1	(2)
	Overseas Subsidiary/Investment Company	15	1	1	1	(0)
	<b>Total Subsidiaries</b>	<b>444</b>	<b>1,147</b>	<b>690</b>	<b>(61)</b>	<b>(101)</b>
	Less : Minority Interest				(16)	(20)
<b>B</b>	<b>IRIL Share in Subsidiaries</b>	<b>444</b>	<b>1,147</b>	<b>690</b>	<b>(46)</b>	<b>(81)</b>
	<b>Joint Venture :</b>					
	Insulators	12	84	82	(13)	(7)
	Telecom	97	97	56	3	(10)
<b>C</b>	<b>Share in Joint Venture</b>	<b>109</b>	<b>182</b>	<b>137</b>	<b>(9)</b>	<b>(17)</b>
<b>D</b>	<b>Consolidated for IRIL Group (A+B+C)</b>	<b>554</b>	<b>3,189</b>	<b>2,404</b>	<b>59</b>	<b>33</b>

# Financial snapshot: Indian Rayon Consolidated

## Profitability Snapshot

Particulars	Full Year		
	2004-05	2003-04	2002-03
Gross Turnover	3,325.6	2,551.9	1,927.3
Net Turnover	3,189.3	2,404.3	1,772.0
PBDIT	279.4	204.2	198.5
PBDIT Margin (%)	8.8	8.5	11.2
Net Interest	37.1	32.4	40.8
PBDT	242.3	171.8	157.8
Net Profit	58.6	33.1	36.7
Net Profit Margin (%)	1.8	1.4	2.1
EPS (Rs.)	9.8	5.5	6.1
CEPS (Rs.)	31.2	27.4	28.8
Dividend (%)	40.0%	40.0%	37.5%
Interest Cover (x) (PBDIT/ Net Interest)	7.53	6.31	4.87

## Balance Sheet Snapshot

Particulars	Full Year		
	2004-05	2003-04	2002-03
Equity	59.9	59.9	59.9
Net Worth	1,093.9	1,062.6	1,059.4
Preference Share Capital	20.7	20.7	16.1
Advance against equity	-	-	4.8
Minority Interest	27.6	27.8	19.4
Total Debts	717.0	556.8	412.9
Capital Employed	1,859.3	1,668.0	1,512.5
Policyholders and other funds	1,212.3	539.1	110.1
Total Liabilities	3,071.5	2,207.1	1,622.7
Goodwill on consolidation	185.2	153.8	104.9
Net Block	1,110.1	993.6	949.1
Net Working Capital	433.3	307.8	346.2
Deferred Tax Liabilities	(125.7)	(127.6)	(128.4)
Investments	1,468.6	876.3	342.5
Life Insurance Investments	1,333.0	639.9	174.2
Other Investments	135.6	236.4	168.4
Miscellaneous Expenditure	-	3.0	8.4
ROCE (at PBIT) (%)	7.1	4.6	6.0
RONW (at PAT) (%)	5.4	3.1	3.5
Book Value (Rs.)	183	177	177
Total Debt Equity (x)	0.66:1	0.52:1	0.39:1

# Production: Q4 FY 2005

Particulars	Units	4th Quarter: 2004-05			4th Quarter: 2003-04		
		Capacity *	Production	%	Capacity *	Production	%
VFY	Tons	4,000	4,147	104%	3,750	4,031	107%
Carbon Black	Tons	41,500	41,138	99%	33,333	31,169	94%
<u>YARNS</u>		<u>Spdl/MT</u>	<u>MT</u>		<u>Spdl/MT</u>	<u>MT</u>	
Worsted	Tons	5,284	1,154		5,284	1,150	
Flax	Tons	1,484	294		1,484	311	
Synthetic	Tons	12,577	2,925		12,577	2,614	
Total	Tons	19,345	4,373		19,345	4,075	

\* Effective Capacity

# Production: FY 2005

Particulars	Units	Full Year: 2004-05			Full Year: 2003-04		
		Capacity *	Production	%	Capacity *	Production	%
VFY	Tons	15,500	16,420	106%	15,000	16,060	107%
Carbon Black*	Tons	161,500	164,025	102%	118,333	118,707	100%
<u>YARNS</u>		<u>Spdl/MT</u>	<u>MT</u>		<u>Spdl/MT</u>	<u>MT</u>	
Worsted	Tons	21,136	4,362		21,136	4,284	
Flax	Tons	5,936	1,624		5,936	1,046	
Synthetic	Tons	50,308	11,441		50,308	10,336	
Total	Tons	77,380	17,427		77,380	15,665	

\* Effective Capacity

# Sales Volume and Realization: Q4 FY 2005

Particulars	Units	Volume		Realisation		
		4th Quarter		Units	4th Quarter	
		2004-05	2003-04		2004-05	2003-04
VFY	Tons	4,085	4,024	Rs./Kg.	151	160
Garments	Lac Pcs.	22.8	18.4	-		
Carbon Black	Tons	41,528	33,249	Rs./MT	29,798	27,038
<u>YARNS</u>						
Worsted	Tons	1,192	1,152	Rs./Kg.	458	405
Flax	Tons	320	291	Rs./Kg.	358	389
Synthetic	Tons	3,087	2,842	Rs./Kg.	122	127
Total Yarn	Tons	4,599	4,285	Rs./Kg.	-	-
Fabric	000 Mtrs	973	667	Rs./Mtr	215	194

# Sales Volume and Realization: FY 2005

Particulars	Volume	Volume		Realisation		
	Units	Full Year		Units	Full Year	
		2004-05	2003-04		2004-05	2003-04
VFY	Tons	16,445	15,694	Rs./Kg.	152	167
Garments	Lac Pcs.	83.3	75.5	-		
Carbon Black	Tons	165,095	118,182	Rs./MT	28,302	28,795
<b><u>YARNS</u></b>						
Worsted	Tons	4,381	4,302	Rs./Kg.	421	419
Flax	Tons	1,623	1,041	Rs./Kg.	366	381
Synthetic	Tons	11,425	10,676	Rs./Kg.	121	117
Total Yarn	Tons	17,429	16,019	Rs./Kg.	-	-
Fabric	000 Mtrs	3,593	2,798	Rs./Mtr	207	185

# Cautionary Statement

Statements in this “Presentation” describing the Company’s objectives, projections, estimates, expectations or predictions may be “forward looking statements” within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company’s operations include global and Indian demand supply conditions, finished goods prices, feed stock availability and prices, cyclical demand and pricing in the Company’s principal markets, changes in Government regulations, tax regimes, economic developments within India and the countries within which the company conducts business and other factors such as litigation and labour negotiations. The Company assume no responsibility to publicly amend, modify or revise any forward looking statement, on the basis of any subsequent development, information or events, or otherwise.

Indian Rayon And Industries Limited

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**PRESS RELEASE**

**Mumbai, 27<sup>th</sup> April 2005**

**AN ADITYA BIRLA GROUP COMPANY**  
**INDIAN RAYON AND INDUSTRIES LIMITED**

**REPORTS PERFORMANCE**  
**FOR THE FOURTH QUARTER AND THE YEAR ENDED 31<sup>st</sup> MARCH 2005**

<b>Net Sales</b>	<b>Full Year</b> Rs. 1860.62 Cr		<b>4<sup>th</sup> Quarter</b> Rs. 486.95 Cr	
<b>Net Profit before Exceptional items</b>	Rs. 117.88 Cr		Rs. 40.21 Cr	

Rs. Crores

Particulars	Three Months ended 31st March			Year ended 31st March		
	2005	2004	Growth %	2005 Audited	2004 Audited	Growth %
<b>Net Income from Operations</b>	<b>486.95</b>	<b>400.18</b>	21.7	<b>1,860.62</b>	<b>1,577.38</b>	18.0
Profit before Depreciation & Tax	64.67	60.80	6.4	245.42	243.00	1.0
<b>Profit Before Tax and Exceptional Items</b>	<b>44.04</b>	<b>40.51</b>	8.7	<b>164.73</b>	<b>161.48</b>	2.0
Exceptional Item: VRS / Gain/ (Loss) on long term strategic investments/ transfer of business (net)	(0.89)	-	-	(7.65)	19.95	(138.3)
<b>Profit Before Tax</b>	<b>43.15</b>	<b>40.51</b>	6.5	<b>157.08</b>	<b>181.43</b>	(13.4)
Provision for Tax	3.62	12.94	72.0	43.36	50.15	13.5
<b>Net Profit</b>	<b>39.53</b>	<b>27.57</b>	43.4	<b>113.72</b>	<b>131.28</b>	(13.4)
<b>Less: Exceptional Items</b>	<b>(0.89)</b>	<b>-</b>		<b>(7.65)</b>	<b>19.95</b>	
<b>Tax thereon</b>	<b>(0.21)</b>	<b>-</b>		<b>(3.49)</b>		
<b>Net Profit before Exceptional Items</b>	<b>40.21</b>	<b>27.57</b>	45.8	<b>117.88</b>	<b>111.33</b>	5.9

Indian Rayon, a major Aditya Birla Group Company, has reported a turnover of Rs. 1860.62 Crores for the year ended 31<sup>st</sup> March 2005, a growth of 18.0% over the previous year's turnover of Rs. 1577.38 Crores.

The Garments and Textiles business grew in revenues with a richer product mix, while Carbon Black witnessed volume growth.

Profit before Tax and exceptional items at Rs.164.73 Crores is higher by 2.0%. The performance of Garments and Textile Division was partly offset by lower contribution from VFY and Carbon Black.

Exceptional items – VRS at Rayon division Rs.9.54 Crores and gain on sale of investments/business Rs.1.89 Crores against profit of Rs. 19.95 Crores in the previous year have affected the net profit

Net profit for the year is Rs.113.72 Crores against Rs. 131.28 Crores in the previous year.

**Dividend**

The Board of Directors has recommended a dividend of 40% for the current year same as that of last year. The company will also pay a dividend tax of 14.02 %.The dividend outgo will therefore be Rs. 27.31 Crores.

## **Divisional Performance**

Particulars	Sales Volume				Net Sales (Rs. Crores.)	
	Unit	Year ended 31st March		Year ended 31st March		
		2005	2004	2005	2004	
Garments	Lac Pcs.	83.3	75.5	472.40	391.68	
Viscose Filament Yarn	Tons	16,445	15,694	352.00	335.17	
Carbon Black	Tons	165,095	118,182	467.25	340.30	
Textiles				456.12	397.00	

### **Madura Garments**

The Garments Division has maintained its market leadership. Revenues have grown by 20.6% to Rs. 472.40 Crores vis-à-vis Rs. 391.68 Crores recorded in the previous year with the divisional operating profit growing by 70.5% to Rs. 39.20 Crores against Rs. 22.98 Crores last year. Two of the power brands – Louis Philippe in the fashion segment and Peter England in the popular segment have crossed the Rs. 100 Crores mark in revenues. Improved sales of higher price point products have boosted realisations and top line growth. Suits, Blazers and jackets have performed well and have contributed towards a richer product mix.

The opening of 21 stores during the year has bolstered retail presence and the division has an aggressive retail expansion plan for the future both in malls and in High streets. Consistent brand building efforts, development of innovative merchandise and aggressive campaigns for each of the brands, have accelerated brand growth and equity with consumers.

Madura Garments received the 'Best Apparel Company of the Year' award at the Images Fashion Awards 2004 for the second consecutive year and at CMAI. The other accolades showered on it include "Allen Solly – Best Trouser Brand of the Year", "Allen Solly Women's Wear – Most Admired Women's Wear Brand of the Year", Louis Philippe and Allen Solly amongst top 100 Superbrands.

Madura Garment will continue to be an industry leader. Its focus will be on building further on consumer equity and market share in a competitive market. Delivering international standard retail experience at the new stores being opened will be a thrust area.

### **Rayon Division**

The Rayon Division's revenues at Rs. 352.00 Crores are higher by 5.0% compared to Rs. 335.17 Crores in the previous year. VFY realisations were effected with high industry stock and increased import from China. Despite this, sales volume rose by 4.8% to 16,445 tonnes on the back of stabilization of the 1,000 tonnes Continuous Spinning Yarn (CSY) capacity and 105.9% utilisation of the expanded capacity.

The chlor-alkali segment has been buoyant. The chemical plants were operating at 108.3% of capacity. Better ECU realization also complemented the revenues.

To insulate itself from the present difficult market conditions, the company has embarked upon an ambitious program of quality improvement and cost reduction. The company has successfully implemented the revised work norms pursuant to long-term settlement with workers, which shall result in improvement in productivity by 35%. Capex initiatives include raising Caustic Soda capacity by 85 tonnes per day through de-bottlenecking and setting up a captive power plant of 20 MW.

### **Carbon Black Division**

Carbon Black Division's revenues at Rs. 467.25 Crores are up by 37.3% vis-à-vis Rs. 340.30 Crores attained in the previous year. Sales volume grew by 39.7% to 165,095 tonnes, benefiting from the 40,000 tonnes brownfield expansion, completed in March-04 and 10,000 tonnes added through de-bottlenecking. The Plant operated at 101.6% of the expanded capacity. Even as increased demand in the domestic market is being catered to, export volumes rose to augment sales.

Volatile crude oil prices remain a cause of concern. Realisation has improved with the pass on of the high CBFS cost to the customers. The Division's emphasis will be on maximising realization through passing on the increase in feedstock cost and proactively managing its procurement.

The Company has initiated work on the 50,000 tonnes brown-field expansion at Chennai at a capex of Rs. 105 Crores.

### **Textiles Division**

The Textiles Division's revenues have gone up 14.9% to Rs. 456.12 Crores as against Rs. 397.00 Crores in the previous year. Profits improved across all the product ranges. Exports constituted about 46% of the Division's revenues. The Worsted segment has gained from value added yarns and stable wool prices. Flax yarn performance has bettered with the modernisation of the plant. The Linen fabric has profited from retailing initiatives and the addition of 20 looms (1,15,000 mtrs per month). Expansion of Wool combing facility by 4,000 TPA is operational with the installation of first card, the balance two cards will be installed in the next 2 months. A capex of Rs 22.5 Crores has been planned for the expansion and modernisation of Flax yarn and Linen Fabric facilities.

### **Insulators Domestic Marketing**

The Division's revenues stood at Rs. 100.12 Crores. The outlook for the insulator business is promising given the power sector reforms, which will hike demand in the transmission and distribution segment.

### **Consolidated Performance**

The Company's Consolidated revenues jumped 33.0% from Rs. 2404.25 Crores to Rs. 3189.26 Crores. With the growth of new businesses, Indian Rayon's JVs and Subsidiaries have contributed 42% to the consolidated revenue, led by the life Insurance business.

The Consolidated net profit surged 77.2% at Rs. 58.64 Crores. BPO business has turned positive for the whole year. IT business losses have come down drastically. In Life insurance business losses have been pruned with the benefit of higher renewal business. A poor export market and higher input cost has adversely impacted the Company's Insulator JV.

### **Joint Ventures and Subsidiaries**

The Company's joint ventures and subsidiaries are on track.

BIRLA NGK Insulators Private Limited has posted marginal growth in turnover to Rs. 168.83 Crores. Its brown-field expansion of 8,000 tonnes has been commissioned in Dec-04, which will enhance volumes. Guided by NGK experts, yield improvement efforts are being pursued.

Birla Sun Life Insurance Company has recorded a jump of 31.3% in annualised premium income from new business to Rs. 607.42 Crores. The total premium income has grown by 70.3% to Rs. 915.47 Crores. The business continues to retain the number 2 position amongst private life insurance Companies with 10% credit to single premium policy in line with international practice. The Company is a front-runner in unit-linked products and alternate channel distribution. The Company is focusing on increasing the distribution network by opening 11 new branches by June-05. It currently has a presence in 33 cities across the country with 44 branches.

The IT Services business has reversed the downward trend in performance and has turned EBITDA positive for the year. Revenues stood at Rs. 82.13 Crores. The company has increased its focus on Banking, Financial and Insurance (BFI) verticals and the Independent Software Vendor (ISV) segment, with greater thrust on high margin business.

The BPO business revenues have grown significantly from Rs. 69.43 Crores in the previous year to Rs. 108.23 Crores, while seat capacity has increased to 1,656 and headcount to 3,235. The Company is striving to further augment its client base and improve its seat utilization.

## **Growth outlook**

The sector wise outlook for the company is promising

- **Madura Garment's** growth will be driven by retail expansion, positive market sentiments and growth initiatives
- **VFY** will gain from thrust on quality, captive power plant and a buoyant chlor-alkali segment
- **Carbon Black** will grow with volumes aided by proposed expansion, though volatile CBFS prices may remain a cause of concern
- **Textiles** will benefit from its focus on niche areas and a positive textile environment post WTO
- **The Insulator- JV** should contribute positively with the stabilisation of its new kiln and quality efforts
- **Life insurance** will yield profits from FY 2007 inline with the plan
- **IT Services** – reinforcement of its leadership team and focus on marketing will fuel growth.
- **BPO** – is geared to enhance performance by further expansion and new clients addition

## **Conclusion**

Overall, the outlook for the Company is optimistic given the strategic thrust, growth and the capex initiatives taken in each of the businesses.

## **Mr. Sanjeev Aqa appointed as Managing Director**

Mr. Sanjeev Aqa has been named the Managing Director of Indian Rayon by the Board, from the 1st of May, 2005 and will report to the Chairman.

Indian Rayon has emerged as the Aditya Birla Group's vehicle for investment into new businesses such as garments, insurance, IT/ITES, and others, and has several JVs, e.g., with Sun Life Financial Inc., Canada, and NGK Insulators, Japan.

Given the diversity of businesses, the ambitious future plans of the company, and to sharpen governance practices, Mr. Aqa will provide leadership for critical aspects of its business processes such as capital allocation, performance monitoring, and strengthening the strategy for each business within the overall strategic framework of Indian Rayon. While these roles are effectively played by the respective Heads of Business for their own business, for the company as a whole, Mr. Aqa would serve as the nodal point - synergising and driving a coordinated approach into the future.

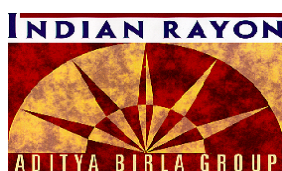
Mr. Aqa, 53, joined as a Director on the Board of the Aditya Birla Management Corporation in April 2002, and has since been overseeing Indian Rayon's IT, ITES and Insulators businesses. He was earlier the Chief Executive of the Group's telecom JV, Idea Cellular. Beginning his career with Asian Paints, Mr. Aqa rose to occupy senior positions in industry. Prior to joining Birla AT&T, he was Managing Director of Blow Plast.

Mr. Aqa is an Honours graduate in Physics from St. Stephen's College, Delhi, and post graduated from IIM Kolkata.

## **Mr. G.P. Gupta – appointed Director of the Company**

The board has also co-opted Mr. Gupta as a director of the company. He is a director on the board of various companies. He was earlier the Chairman of IDBI and UTI.

Dt : 27th April, 2005



**AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2005**

(Rs in Crores)

Consolidated Financial Results		FINANCIAL RESULTS	Nine Months Ended 31 <sup>ST</sup> Dec, 04	Quarter Ended 31 <sup>ST</sup> March		Year Ended	
Year Ended 31 <sup>ST</sup> March, 05	Year Ended 31 <sup>ST</sup> March, 04			2005	2004	31 <sup>ST</sup> March 2005	31 <sup>ST</sup> March 2004
3,325.62	2,551.88	Income from Operations	1,471.78	516.04	434.82	1,987.82	1,717.61
136.36	147.64	Less: Excise Duty	98.10	29.10	34.64	127.20	140.22
<b>3,189.26</b>	<b>2,404.24</b>	<b>Net Income from Operations</b>	<b>1,373.68</b>	<b>486.94</b>	<b>400.18</b>	<b>1,860.62</b>	<b>1,577.39</b>
19.43	19.88	Other Income	7.42	2.65	3.24	10.07	14.23
<b>3,208.69</b>	<b>2,424.12</b>	<b>Total Income</b>	<b>1,381.10</b>	<b>489.59</b>	<b>403.42</b>	<b>1,870.69</b>	<b>1,591.62</b>
		<b>Total Expenditure:</b>					
(14.41)	(19.80)	Decrease / (Increase) in Stock in Trade	(10.89)	(0.27)	(24.83)	(11.16)	(21.01)
1,040.68	861.48	Consumption of Raw Materials	731.71	264.03	233.73	995.74	816.30
319.73	261.78	Staff Cost	92.14	33.02	29.93	125.16	117.43
917.19	719.08	Other Expenditure	374.31	122.62	100.26	496.93	415.62
684.12	397.44	Change in valuation of liability in respect of life Insurance policies in force					
<b>261.38</b>	<b>204.14</b>	<b>Profit Before Interest, Depreciation &amp; Tax</b>	<b>193.83</b>	<b>70.19</b>	<b>64.33</b>	<b>264.02</b>	<b>263.28</b>
41.94	41.07	Interest and Finance Expenses	16.24	6.70	5.25	22.94	23.99
4.85	8.72	Add: Interest Income	3.16	1.18	1.72	4.34	9.17
<b>224.29</b>	<b>171.79</b>	<b>Profit Before Depreciation, Royalty &amp; Tax</b>	<b>180.75</b>	<b>64.67</b>	<b>60.80</b>	<b>245.42</b>	<b>248.46</b>
		Royalty to Wholly-owned Subsidiary	-	-	-	-	5.46
130.23	126.84	Depreciation and Amortisation	60.06	20.63	20.29	80.69	81.52
<b>94.06</b>	<b>44.95</b>	<b>Profit Before Tax and Exceptional Items</b>	<b>120.69</b>	<b>44.04</b>	<b>40.51</b>	<b>164.73</b>	<b>161.48</b>
1.89	19.95	Gain/(Loss) on Long Term Strategic Investments/Transfer of business (Net)	2.21	(0.32)	-	1.89	19.95
(9.54)	(2.69)	VRS Cost at Rayon Division / Others	(8.97)	(0.57)	-	(9.54)	-
<b>86.41</b>	<b>62.21</b>	<b>Profit After Exceptional Items</b>	<b>113.93</b>	<b>43.15</b>	<b>40.51</b>	<b>157.08</b>	<b>181.43</b>
45.78	45.28	Provision for Current Tax	36.52	8.83	12.07	45.35	44.25
(1.94)	4.05	Deferred Tax (Net)	3.22	(5.21)	0.87	(1.99)	5.90
(0.07)	-	Provision for Tax for earlier years written back					
<b>42.64</b>	<b>12.88</b>	<b>Net Profit</b>	<b>74.19</b>	<b>39.53</b>	<b>27.57</b>	<b>113.72</b>	<b>131.28</b>
(15.76)	(20.21)	Less : Minority Interest					
(0.24)	-	Share of Loss of Associate written back					
<b>58.64</b>	<b>33.09</b>	<b>Net Profit (After Minority Interest)</b>	<b>74.19</b>	<b>39.53</b>	<b>27.57</b>	<b>113.72</b>	<b>131.28</b>
59.88	59.88	Paid up Equity Share Capital (Face Value of Rs.10 each)	59.88	59.88	59.88	59.88	59.88
		Reserve				1294.18	1207.80
8.78	4.89	Basic and Diluted Earnings Per Share - Rs	12.39	6.60	4.60	18.98	21.91
		<b>Aggregate of Non-Promoter Shareholding</b>					
		Number of Shares				42,747,570	42,776,227
		Percentage of Shareholding				71.38%	71.43%
		Dividend				40%#	40%

# Recommended

1. Status of Investor Complaints for the quarter ended 31st March 2005

<b>Opening</b>	<b>Received</b>	<b>Redressed</b>	<b>Pending</b>
NIL	16	16	NIL

2. Previous Year's/period's figures are regrouped/ rearranged wherever necessary.

3. The above results, have been taken on record at a meeting of the Board of Directors held on 27th April, 2005.

Contd. To Page 2



(Rs in Crores)

Consolidated Financial Results		SEGMENT REPORTING	Nine Months Ended 31 <sup>st</sup> Dec, 04	Quarter Ended 31 <sup>st</sup> March		Year Ended	
Year Ended 31 <sup>st</sup> March, 05	Year Ended 31 <sup>st</sup> March, 04			2005	2004	31 <sup>st</sup> March 2005	31 <sup>st</sup> March 2004
472.40	391.68	<b>Segment Revenue</b>					
352.00	335.17	Garments	363.72	108.68	89.03	472.40	391.68
467.25	340.30	Rayon Yarn (Including Caustic & Allied Chemicals)	260.85	91.15	84.90	352.00	335.17
184.53	154.35	Carbon Black	343.51	123.74	89.90	467.25	340.30
459.02	397.88	Insulators	64.78	35.34	21.69	100.12	72.52
956.19	545.26	Other Textiles (Spun Yarn & Fabrics)	333.23	125.79	107.65	459.02	397.88
82.13	86.01	Life Insurance					
108.23	57.28	Software					
97.28	55.56	BPO					
13.70	47.73	Telecom					
		Others	9.36	3.38	7.52	12.74	40.71
3,192.73	2,411.22	<b>Total Segmental Revenue</b>	1,375.45	488.07	400.68	1,863.52	1,578.27
(3.47)	(6.98)	<b>Less: Inter Segment Revenue</b>	(1.77)	(1.13)	(0.51)	(2.90)	(0.88)
3,189.26	2,404.24	<b>Net Income from Operations</b>	1,373.68	486.94	400.17	1,860.62	1,577.39
		<b>Segment Results (Profit before Interest and Tax - PBIT)</b>					
13.03	(1.84)	Garments	9.61	3.42	0.04	13.03	(1.84)
66.32	77.93	Rayon Yarn (Including Caustic & Allied Chemicals)	50.39	15.93	19.01	66.32	77.93
60.32	64.68	Carbon Black	44.08	16.24	15.14	60.32	64.68
9.90	12.87	Insulators	13.67	7.94	6.63	21.61	21.43
19.79	6.55	Other Textiles (Spun Yarn & Fabrics)	13.44	6.35	3.16	19.79	6.55
(60.03)	(77.63)	Life Insurance					
(0.55)	(15.07)	Software					
2.47	(1.87)	BPO					
16.90	2.72	Telecom					
6.93	5.95	Others	4.31	1.89	1.35	6.20	4.52
135.07	74.28	<b>Total Segment Result</b>	135.50	51.75	45.33	187.25	173.27
(37.09)	(32.35)	<b>Less: Interest &amp; Finance Expenses (Net)</b>	(13.08)	(5.52)	(3.53)	(18.60)	(14.82)
(3.92)	3.03	<b>Add: Net of Unallocable Income/(Expenditure)</b>	(1.73)	(2.19)	(1.29)	(3.92)	3.03
94.06	44.96	<b>Profit Before Tax and Exceptional Items</b>	120.69	44.04	40.51	164.73	161.48
		Gain/(Loss) on Long Term Strategic Investments/Transfer of business (Net)	2.21	(0.32)	-	1.89	19.95
1.89	19.95	VRS Cost at Rayon Division/Others	(8.97)	(0.57)	-	(9.54)	-
(9.54)	(2.69)	<b>Profit After Exceptional Items</b>	113.93	43.15	40.51	157.08	181.43
86.41	62.22						
		<b>Capital Employed (Segment Assets - Segment Liabilities)</b>	<b>As on 31<sup>st</sup> Dec, 04</b>			<b>As on 31<sup>st</sup> March, 05</b>	<b>As on 31<sup>st</sup> March, 04</b>
252.21	242.24	Garments	235.41			252.21	242.24
318.60	264.42	Rayon Yarn (Including Caustic & Allied Chemicals)	280.75			318.60	264.42
371.87	332.98	Carbon Black	340.63			371.87	332.98
110.53	96.33	Insulators	18.53			20.94	19.97
211.34	153.39	Other Textiles (Spun Yarn & Fabrics)	182.83			211.34	153.39
106.29	106.91	Life Insurance					
19.53	25.29	Software					
61.51	53.79	BPO					
197.62	137.86	Telecom					
32.25	35.36	Others	13.41			13.18	16.85
1,681.75	1,448.57	<b>Total Segment Capital Employed</b>	1,071.56			1,188.14	1,029.85
177.52	219.34	<b>Add: Unallocated Corporate Assets</b>	684.45			614.52	612.18
1,859.27	1,667.91	<b>Total Capital Employed</b>	1,756.01			1,802.66	1,642.03

Place: Mumbai  
Date: April 27th, 2005

B.L. SHAH  
Director

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