

B11006
Aditya Birla Nuvo

Standalone Statement

PAT						
	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
Aditya Birla Nuvo	379.69	283.40	137.43	243.07	224.97	186.93
L&T	3957.89	4375.52	3481.66	2173.42	1403.02	1012.14

Net Income						
	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
Aditya Birla Nuvo	396.86	281.65	137.43	243.07	224.97	186.93
L&T	3957.89	4375.52	3481.66	2173.42	1403.02	1012.14

Total Dividend						
	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
Aditya Birla Nuvo	62.44	53.26	38.00	54.63	51.32	41.75
L&T	882.84	752.75	614.97	495.32	368.25	302.25

Basic EPS						
	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
Aditya Birla Nuvo	35.84	28.81	14.46	26.05	25.60	24.48
L&T	65.33	73.77	59.50	37.80	50.22	38.03

Diluted EPS						
	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
Aditya Birla Nuvo	34.98	27.62	14.46	26.04	25.59	24.48
L&T	64.35	72.39	58.70	36.38	48.36	36.23

Dividend Payout Ratio						
	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
Aditya Birla Nuvo	19.11	20.98	30.87	26.29	26.02	25.47
L&T	23.40	16.54	24.51	25.16	18.55	26.38

Dividend Per Share						
	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
Aditya Birla Nuvo	5.5	5.0	4.0	5.8	5.5	5.0
L&T	15.0	12.5	10.5	15.0	22.0	17.50

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Consolidated Statement

PAT						
	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
Aditya Birla Nuvo	907.97	43.57	(630.32)	26.17	242.43	188.77
L&T	4384.31	5307.95	2935.46	2271.50	2272.31	1306.66

Net Income						
	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
Aditya Birla Nuvo	822.13	152.89	(438.74)	149.13	280.31	203.3
L&T	4452.16	5448.35	3789.13	2324.59	2231.25	1312.79

Total Dividend						
	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
Aditya Birla Nuvo	62.44	53.26	41.01	56.28	51.32	41.75
L&T	882.84	752.75	614.97	495.32	368.25	302.25

Basic EPS						
	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
Aditya Birla Nuvo	77.60	15.44	(45.73)	15.95	32.00	26.12
L&T	73.56	91.90	64.76	40.44	80.19	49.49

Diluted EPS						
	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
Aditya Birla Nuvo	75.74	14.80	(45.73)	15.94	31.98	26.11
L&T	72.45	90.16	63.89	38.95	77.36	46.99

Dividend Payout Ratio						
	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
Aditya Birla Nuvo	19.11	20.98	30.87	26.29	26.02	25.47
L&T	23.40	16.54	24.51	25.16	18.55	26.38

Dividend Per Share						
	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
Aditya Birla Nuvo	5.5	5.0	4.0	5.8	5.5	5.0
L&T	15.0	12.5	10.5	15.0	22.0	17.50

- ❖ For Aditya Birla Nuvo, Net Income has been calculated by deducting preference share dividend and minority interest from Profit After Tax
- ❖ For L&T, Net Income has been calculated by deducting extraordinary items from Profit After Tax
- ❖ For the purpose of dividend policy, Consolidated statement provides better information

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Share Repurchases, Stock Splits, and Bonus Shares

In the past 7 years Aditya Birla did not announce any share repurchase, stock split and bonus shares.

Comparison with Peer

On 28th September 2006, L&T announced bonus share with the ratio 1:1¹. Again on 1st October 2008 L&T announced bonus share with the ratio 1:1².

In 2006 before bonus, share price was 2589.6 while after bonus it came down to 1263.05.

In 2008 before bonus, share price was 2446.4 while after bonus it came down to 1216.1.

In both the cases there were no abnormal returns. This indicates that bonus shares were only used as a signaling device and market did not perceive it as anything extraordinary. Bonus shares only served the function of indicating the market that L&T is sure of its continued growth for next 3 years.

Comment on the key factors driving the dividend policy of the company

- We can see that Aditya Birla Nuvo has reduced its dividend payout ratio, since last 3 years. It indicates that the company is chasing growth options for which it needs to spend on CAPEX. From Cash flow statement it is evident that purchase of fixed assets has been the main avenue for cash outflow³. Thus we can conclude that company is chasing future growth opportunities.
- Dividend can be used as signaling device by the company. Dividend paid by ABN has been for the past 3 years have been Rs.4/share, Rs. 5/share and Rs. 5.50/share⁴. As we can see this has been growing continuously. This signals that the company is on a road of further growth and sends a positive signal to the investors.
- The promoter group holds 51.08% of stocks. They would like to maximize their value. Dividend policy of the company has been influenced by that too.
- Other reasons which influence the Dividend policy are liquidity of the firm and borrowing capacity of the firm. Growing amount of the dividends every year, signal that company is in healthy condition.
- Aditya Birla Nuvo is competing with other conglomerates like L&T, Adani, ITC etc. L&T has paid dividend amounting to 15/share, 13/share and 11/share in the past 3 years. For keeping ABN a lucrative option for investors, company needs to pay dividends with a growing rate.

¹ Annual Report of L&T

² Annual Report of L&T

³ Annual Report of Aditya Birla Nuvo

⁴ Annual Report of Aditya Birla Nuvo