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**Q&A**

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## 'ABCL listing vindicates our stand to create shareholder value'

KAMLESH PEDNEKAR

Within hours of listing its financial services business, Aditya Birla Capital (ABCL), on the BSE, Aditya Birla Group Chairman **KUMAR MANGALAM BIRLA** said the group's philosophy of creating value for its shareholders stood vindicated with Friday's "blockbuster" listing. The combined market value of Grasim and ABCL crossed ₹1.31 lakh crore on Friday, compared to ₹62,759 crore of the market values of Grasim and Aditya Birla Nuvo on the date of the announcement of the merger of the two companies — August 11 last year. In an interview with Dev Chatterjee, Birla and ABCL Chief Executive Officer **AJAY SRINIVASAN** said the financial services business would continue to perform well despite a slowing economy. Excerpts:

**With ABCL closing the day with a hefty valuation, do you think your stand has been vindicated about the benefits of the Grasim-Nuvo merger because there was a lot of negative reaction to it in the stock exchanges initially?**

**Birla:** If we look at the market values of Grasim and Aditya Birla Nuvo when we announced the merger in August last year and the market values of Grasim and ABCL today (Friday), you can see the value creation for our shareholders. With today's closing, the valuation of the financial services business alone is ₹55,000 crore.

As I said before, these (the Grasim-Nuvo merger) are very complex transactions and the markets take time to understand them and hence, the initial negative reaction. Finally, today's listing has proved that we were on the right track. It's the end result that matters.

**ABCL is the holding company of the group's financial services business. Do you plan to list other companies like life insurance separately as many life insurance peers are getting good**



Aditya Birla Group Chairman Kumar Mangalam Birla (left) and Aditya Birla Capital (ABCL) CEO Ajay Srinivasan during the listing of ABCL on BSE in Mumbai on Friday

**valuations?**

**Birla:** We are excited about the financial services business, which was nurtured over the past 10 years by our team and has performed extremely well across its various verticals. Today's (Friday's) listing has given us a currency but as of now we are not looking at listing other companies of ABCL.

**Srinivasan:** Despite demonetisation, the life insurance business alone grew at more than 30 per cent in the last financial year and in the first quarter of the current fiscal year. The NBFC (non-banking financial company) would continue to remain the largest business and is growing at 44 per cent per annum. The assets under management of our mutual fund business are well over ₹2.5 lakh crore and the money is coming in.



**K MANGALAM BIRLA**  
Chairman,  
Aditya Birla Group

**AJAY SRINIVASAN**  
CEO, ABCL

As the base of our older businesses grows, the growth rate may slow but we will certainly do better than the industry. ABCL's new businesses (such as housing finance) are set for a takeoff. The health insurance business will be another big pillar, going forward.

**Would you be looking at a merger of your NBFC business with a bank on the lines of the IDFC-Shriram merger?**

**Birla:** As I said before, the ship has sailed for us as far as banking licence is concerned. We are not looking at a banking licence via any back-door entry. We want to be compliant with all the Reserve Bank of India regulations. I don't see any opportunities for us there.

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