



Indian Rayon acquires TransWorks

Indian Rayon, a flagship company of the Aditya Birla Group, announced its entry today into the BPO sector with the acquisition of TransWorks, a leading Indian ITES/ BPO company.

Says Mr. Kumar Mangalam Birla, Chairman of the Group, “We are excited by the potential of the BPO sector and very pleased to have TransWorks joining the Group. This acquisition will also synergise, support and leverage Indian Rayon’s existing thrust in the IT services sector in particular, and the services sector in general:”

TransWorks has delivery centers in Mumbai and Bangalore. It is the world’s first COPC (Release 3.2) certified company. The Company has off shoring contracts with well-known businesses in North America and the UK, including several Fortune 100 clients. TransWorks was funded by the renowned Venture Capital firm ChrysCapital, founded by Mr. Rizwan Kotia and Mr. Jagdish Moorjani, and has a strong management team led by the CEO, Mr. Prakaash Gurbaxani. The Company has a current revenue run rate close to US\$1 million per month and employs approximately 1000.

Mr. Sanjeev Aga, the Aditya Birla Group Director, emphasized the Group’s resolve to create a large, healthy BPO business over the next 5 years. “Our aspiration is three-fold: to become a leading BPO player, to provide superior returns to shareholders and to add true value to clients through superior, distinctive, and dependable services,” he said.

While this acquisition gives Indian Rayon a running start into the BPO sector, TransWorks will benefit from the Aditya Birla Group’s financial depth, professional excellence, and strong relationship with potential BPO customers. The Aditya Birla Group operates in 18 countries and has alliances and partnerships with renowned international companies. The transaction which will provide Indian Rayon 100% shareholding in TransWorks, for a total consideration of upto approximately US\$13m based on milestones, and is subject to requisite regulatory approvals. ChrysCapital owns about 80% of the paid up share capital of the Company, whilst the rest is held by the founders.

The Indian BPO sector is growing at a 60% clip annually, and is believed to have crossed the US\$2.5 billion mark. Building upon the platform and process capabilities already created, the entry of Indian Rayon is expected to propel TransWorks into a higher growth trajectory amongst the best Indian BPO players.

BPO – A New Opportunity for Indian Rayon



June 20, 2003

CONTENTS

- BPO, a promising growth sector
- Indian Rayon's BPO plans
- Transworks, a stepping stone for Indian Rayon
- Priorities going forward

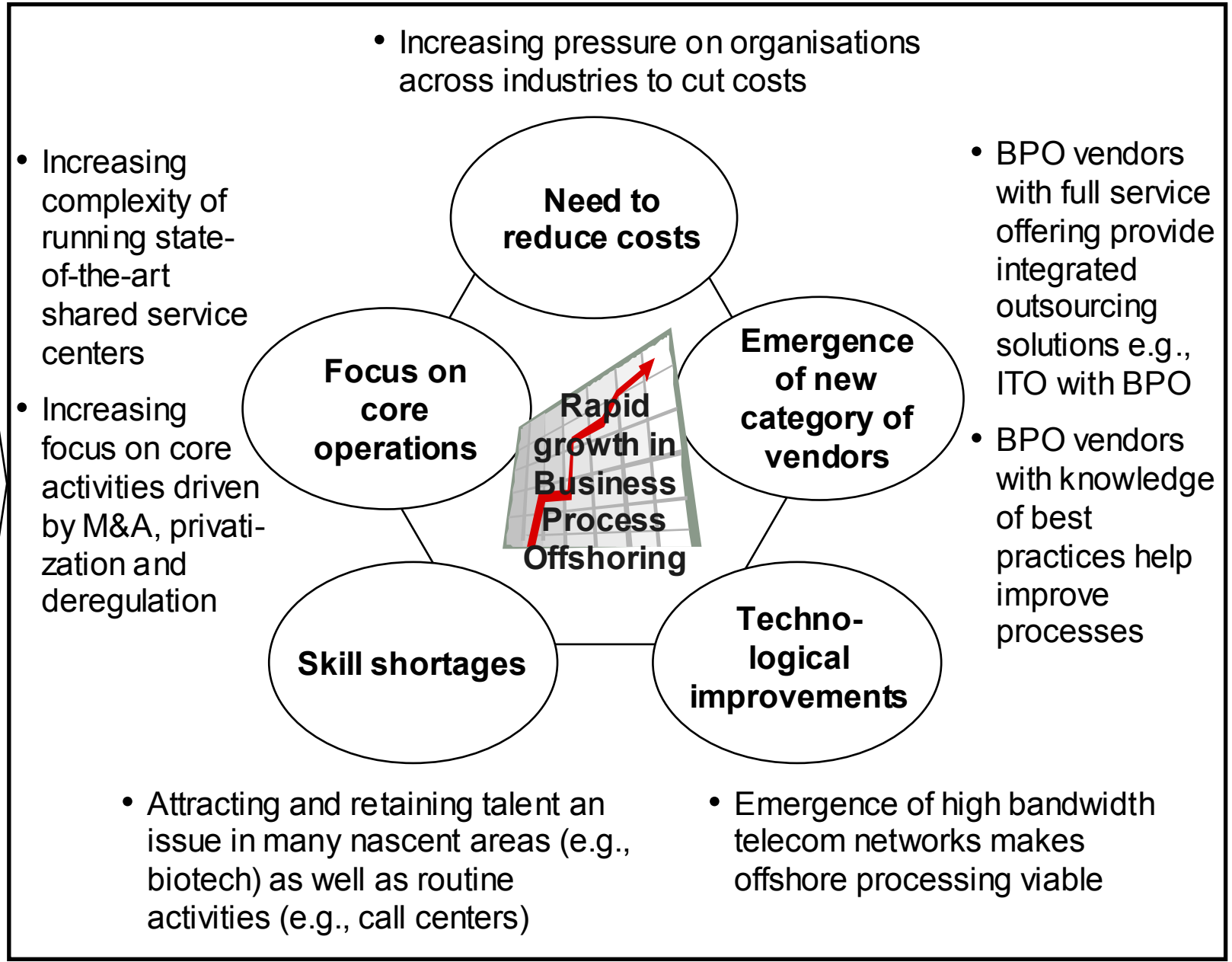
CONTENTS

- **BPO, a promising growth sector**

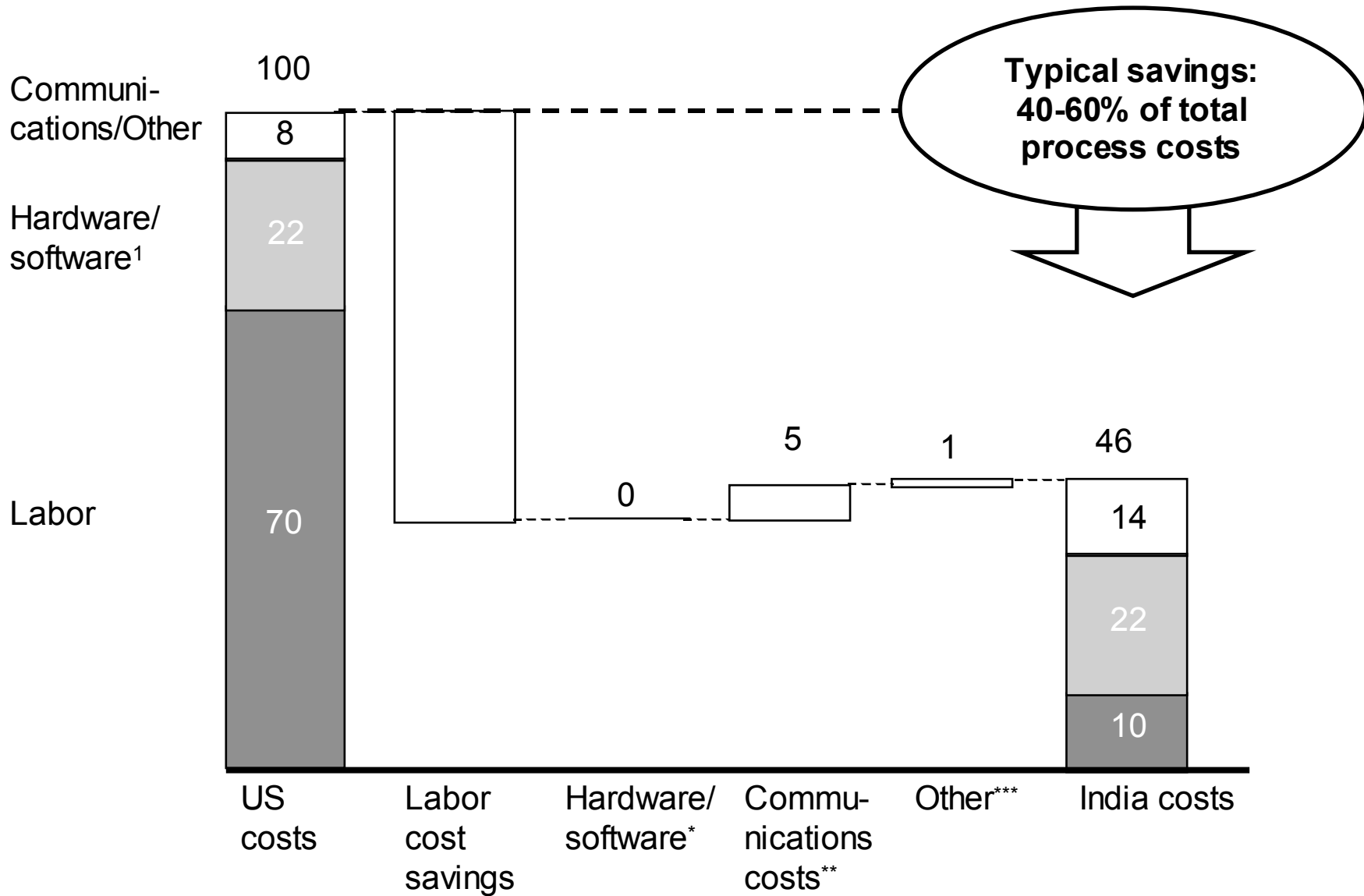
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GROWTH IN OFFSHORING IS DRIVEN BY FIVE FACTORS

Offshoring is the migration of part or whole of the value chain to a low-cost location. Step-change advances in communications technology make it possible to locate services in the optimal global location, taking advantage of significant differences in skilled labor costs



COMPANIES TYPICALLY SAVE 40-60% OF COST FOR OFFSHORED PROCESS



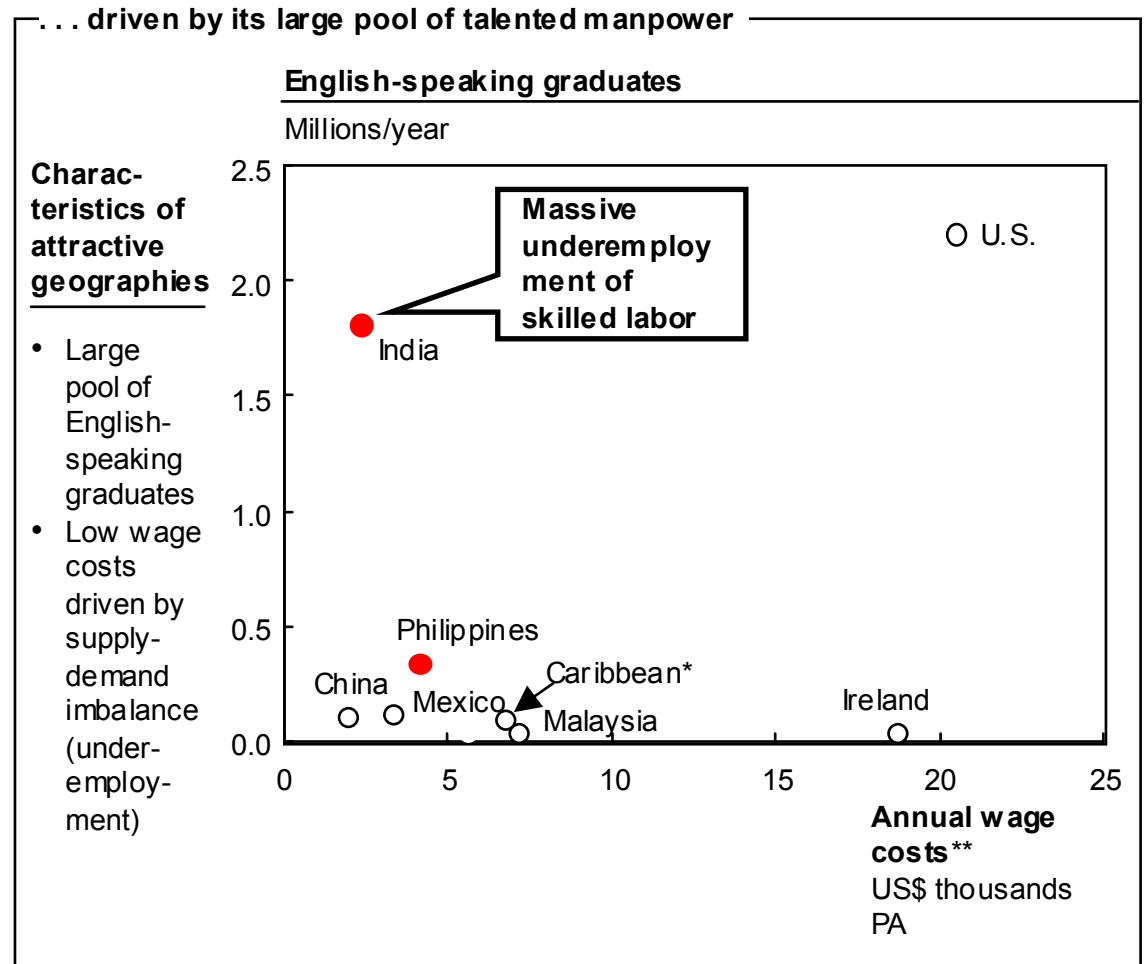
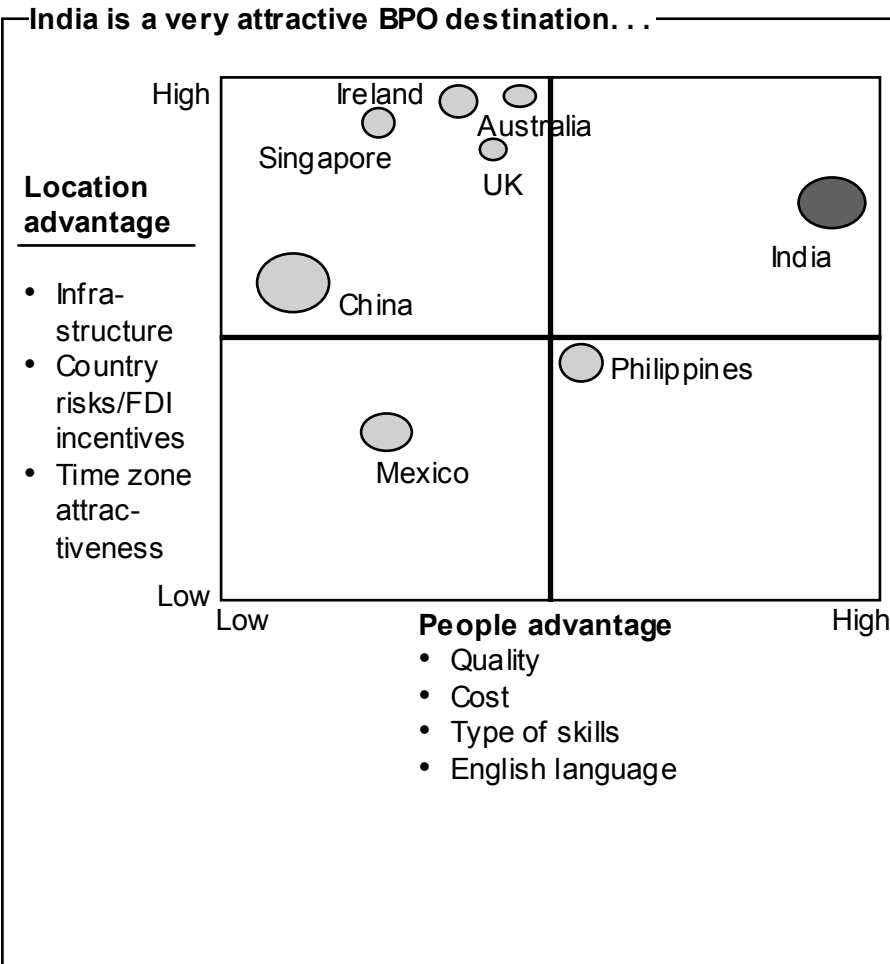
* Hardware costs are estimated by calculating depreciation and software costs include software renewal costs

** Includes cost of backup

*** Other includes real estate and power costs

INDIA HAS EMERGED AS A LEADING OFFSHORE DESTINATION ...

- Size of circle indicates quantity of knowledge workers
- Most attractive locations

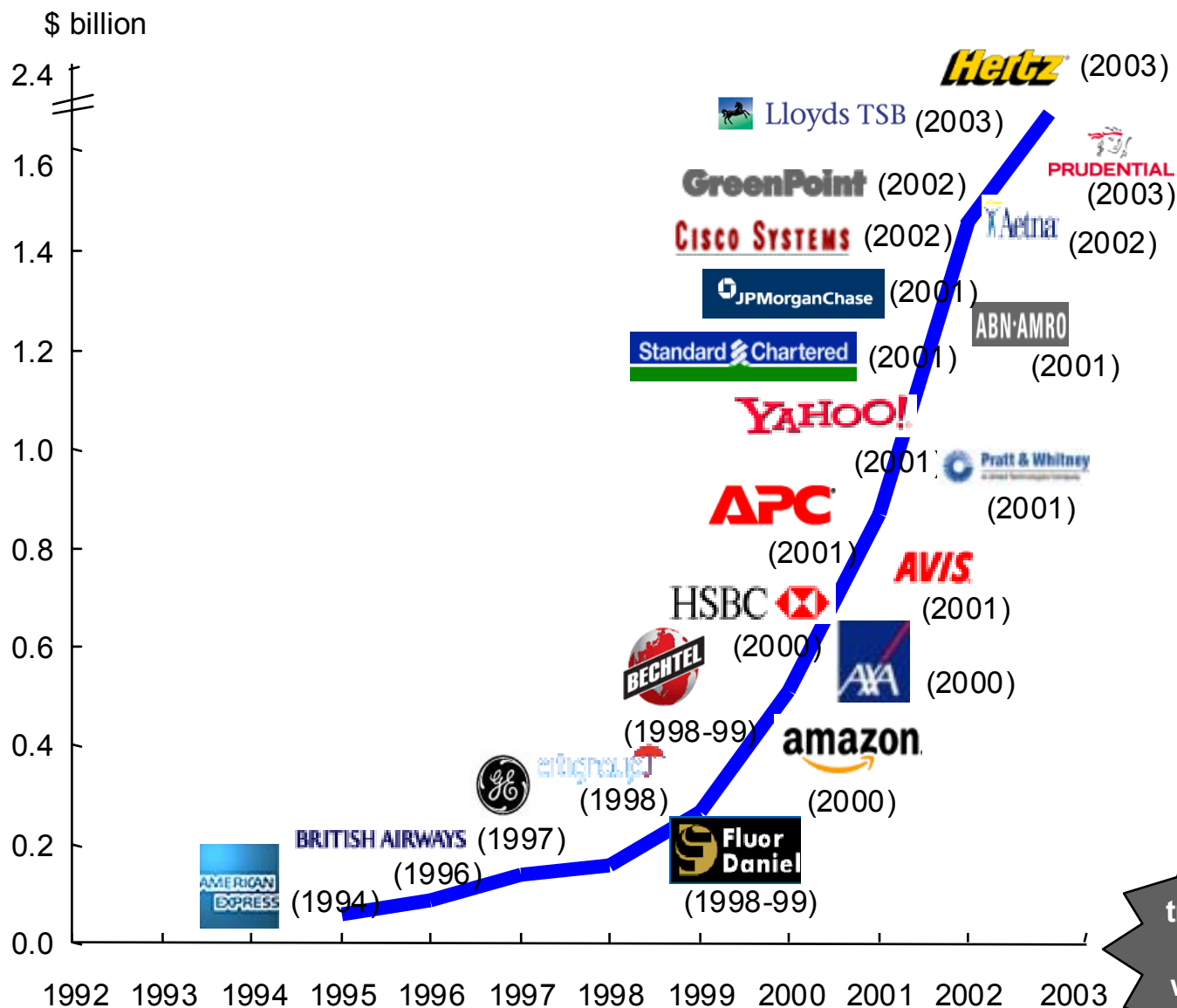


* Caribbean countries with English as the official language

** Wages for entry level call center operator or back-office processing

... AND HAS WITNESSED AN EXPLOSIVE GROWTH IN BPO ACTIVITIES

Snapshot of the Indian BPO industry



- ~\$2.4 billion revenues and ~ 150,000 people employed
- Over 100% annual employee growth over last 5 years
- Significant focus in last 12-18 months: 50-75 plans newly announced/ started
- Targets revised upwards by all players

The industry is witnessing tremendous competition and increasing barrier to entry with more than a dozen well established BPO players

CONTENTS

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THE ADITYA BIRLA GROUP ASPIRES TO ESTABLISH ITSELF AS THE LEADER IN BUSINESS PROCESSING OFFSHORING

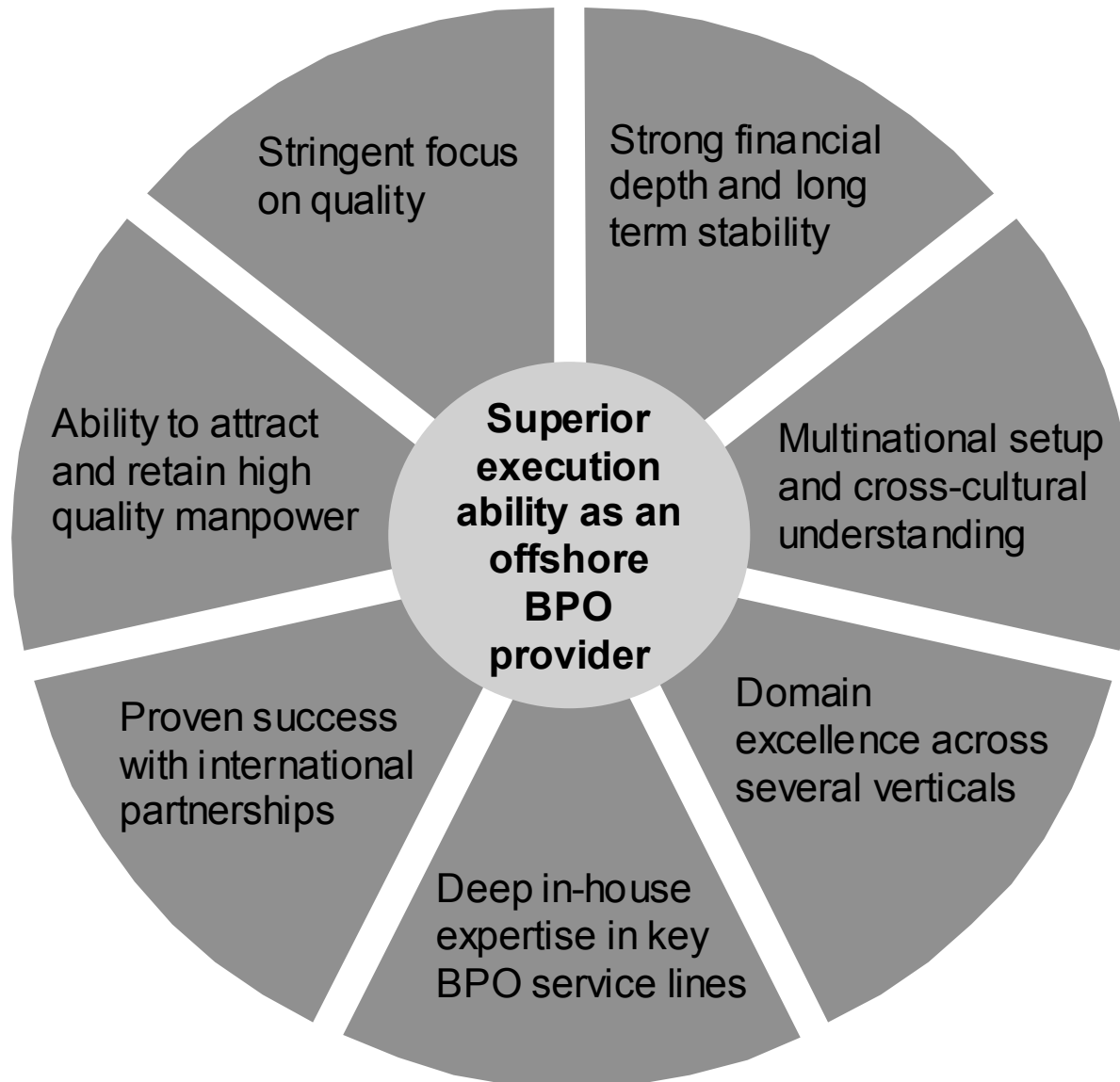


BPO vision

- **Be among the top 3 India-based providers in each service line focused on**
- **Be an employer of choice across all employee levels**
- **Add true value to clients through superior innovation and distinctive delivery**
- **Create significant returns for its shareholders**

ADITYA BIRLA GROUP HAS THE INTRINSIC CAPABILITY TO BUILD A LARGE SCALE BPO BUSINESS ...

Group's distinctive strengths



... AND SPECIFICALLY, INDIAN RAYON CAN ADD VALUE TO THE BPO BUSINESS

Synergies with PSI-BTL

- Strengthened sales and marketing team
- Existing relationships with customers in key verticals
- Integrated service offering and cross selling of opportunities

Indian Rayon, a strong player in knowledge and services sectors



Ability to leverage investments in service sector

- Customer contacts in the the service sectors having one of the largest offshoring opportunities
- Expertise of executing back office processes in key service lines
 - Insurance claims processing, billing etc.

VALUE ADDITION FOR INDIAN RAYON

- Balancing of the business portfolio
- Consolidating its position in emerging service sector

HOWEVER, INDIAN RAYON NEED TO ACQUIRE COMPETENCE ON ONE AND STRENGTHEN THEIR POSITION ON TWO KEY DIMENSIONS

- High
- ◐ Medium
- Low

Key buying factors

Key buying factors
Financial Strength <ul style="list-style-type: none"> • Stability • Scale of operations (today and future) • Ability to manage bottom line pressures
Competence <ul style="list-style-type: none"> • Profile of senior managers • Quality of processes implemented • Demonstrated domain knowledge • Quality of existing facilities
Business system/ processes <ul style="list-style-type: none"> • Business ethics • Cultural fit • Performance management systems • Attrition rate • Training processes
Customer base <ul style="list-style-type: none"> • Customer base • Track record with different customers

Indian Rayon to leverage ABG's existing position

- Third-largest Indian conglomerate with turnover of over \$6 billion and profits of over \$500 million p.a.
- Best-in-class execution capabilities in various industries such as cement, metal, telecom and financial services
- Successful long-term partnerships with 12 global leaders across financial services, telecom, power, chemicals and IT services
- Significant focus on talent recognition and retention
- Operations in 18 different countries
- No distinctiveness on this parameter

Extent of fulfillment



• Potentially too late for a greenfield option
• Acquisition of a reasonably sized BPO player needed to get a healthy platform to grow

CONTENTS

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TRANSWORKS HAS SIGNIFICANT EXPERTISE AND CAPABILITIES IN BPO

Company overview

Founded

- 1999 - currently approx. 1000 people strong

Facility

- Mumbai & Bangalore – 800 seats

Service line expertise

- Customer care (voice, e-mail, web)
- Transaction processing
- Financial accounting processing

Vertical focus

- Financial Services
- Telecom
- Technical Support (OEMs)
- Service Providers

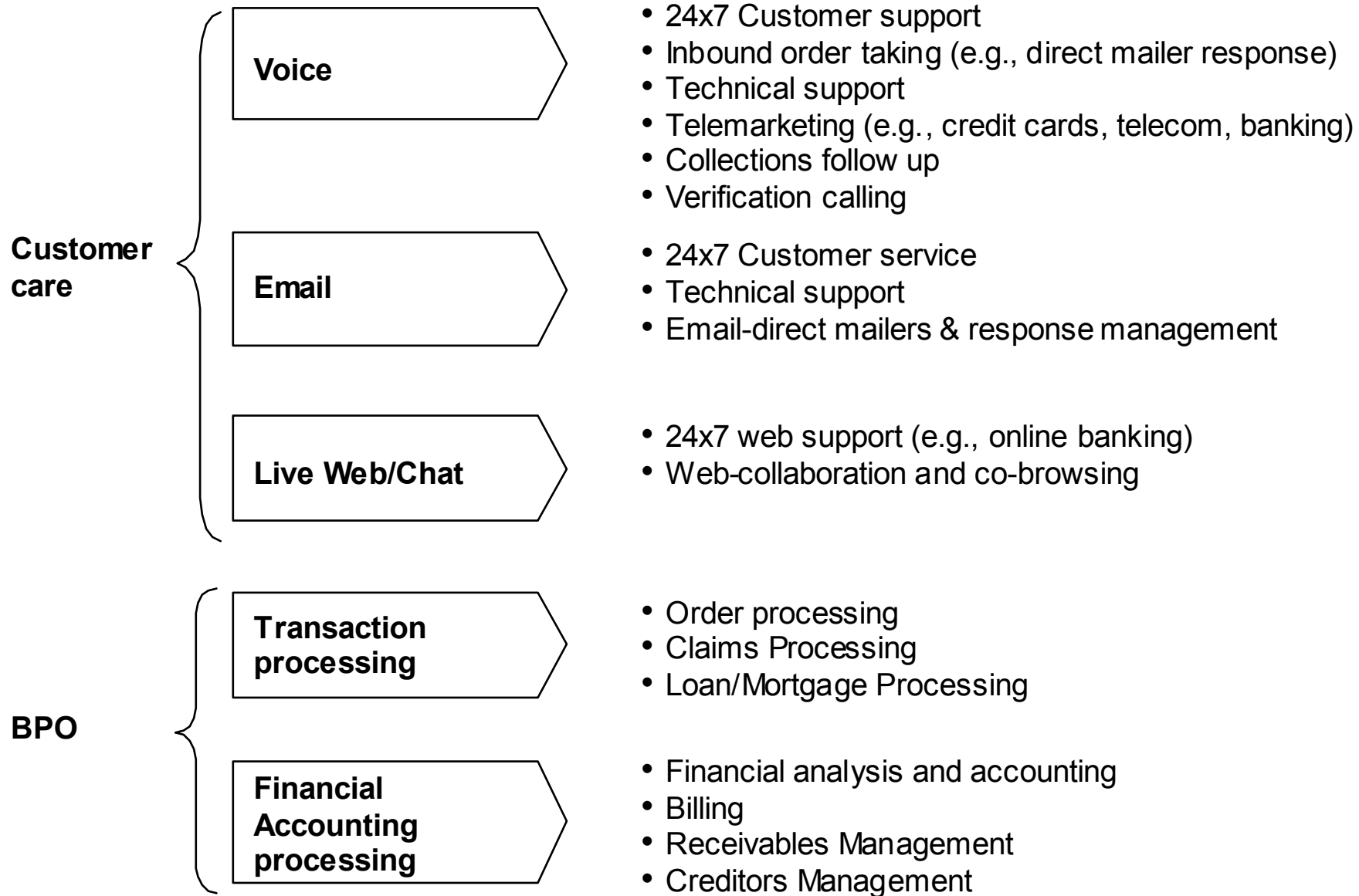
Current Revenue

- US\$ 1 Mn per months

Strengths

- Presence of multiple marquee clients
- Significant number of customers in
 - Financial services and
 - Insurance verticals
- Robust pipeline and positive momentum in business development
 - Started 9 new programs in last 6-9 months
- Senior management consisting of people with significant experience in call center industry
- World's first COPC certified company (an exclusive standard for BPO industry)

TRANSWORKS HAS DEVELOPED EXPERTISE ACROSS SEVERAL SERVICE LINES



... AND HAS ALREADY DEVELOPED A FEW STRONG RELATIONSHIPS

"Your team has consistently impressed us with its performance and its ability to exceed our expectations"

**Head – Customer Service,
Large OEM**

"I am very pleased with the polite and caring service the agents provided our card members without exception --on each of these calls.... With so many competitors offering very similar products, it is this type of service which will differentiate us from our competitors.."

**Head Operations, Card Member Services
Top US Financial Institution**

TransWorks

"Your team's performance in the first few weeks has fully met my expectations and requirements.... I appreciate your focus on serving our customers and look forward to our continued partnership with you"

**Vice President – Operations
Card Member Services
Top 5 Bank**

"The program launch at your company has been one of the smoothest and most successful program launches that we have had either internally or with a 3rd party vendor!"

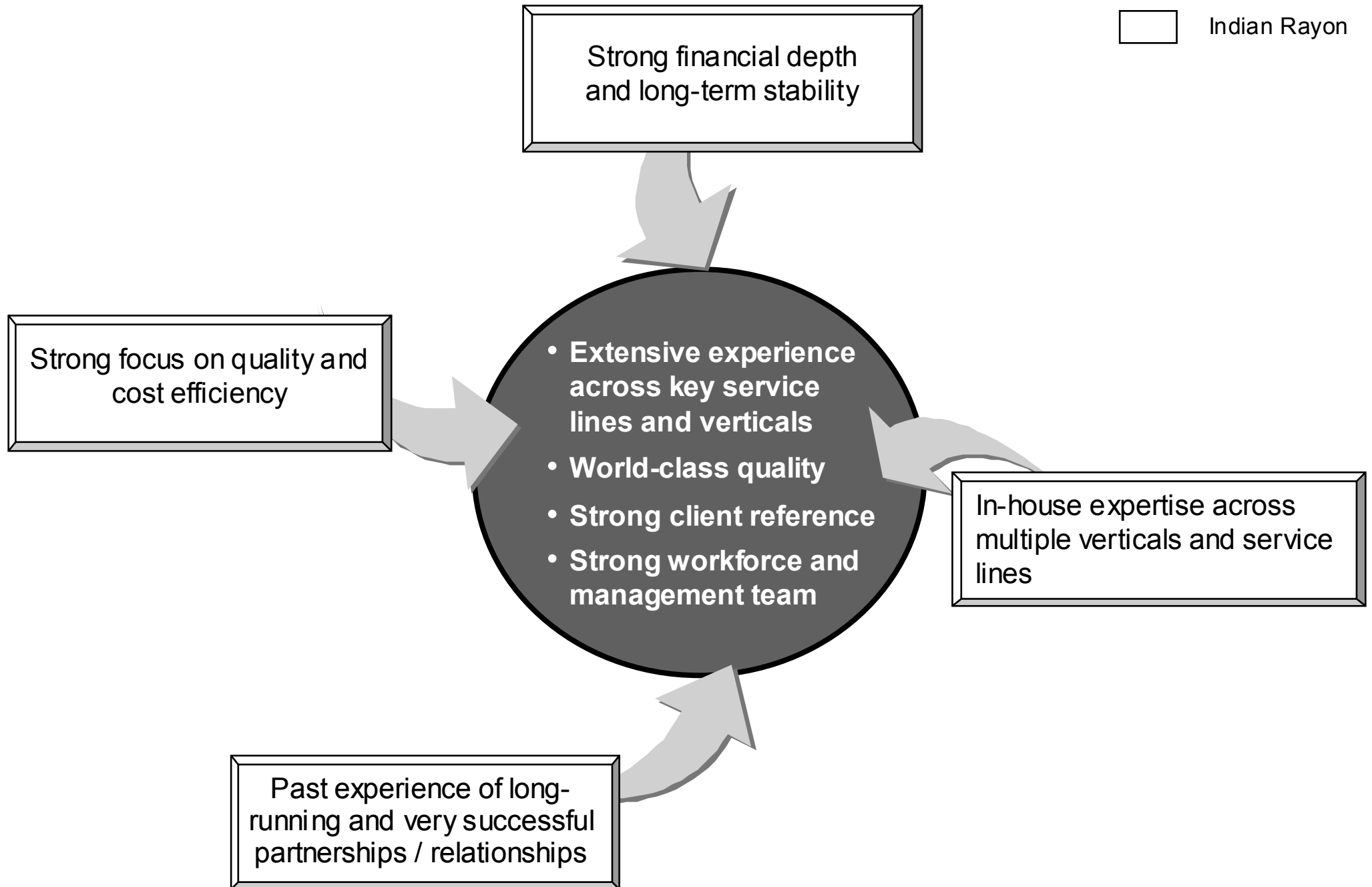
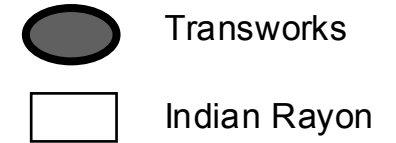
**Head – Vendor Operations, Europe
Leading Credit Card Company**

TRANSWORKS HAS A STRONG MANAGEMENT TEAM WITH EXTENSIVE EXPERIENCE IN BPO INDUSTRY

Key attributes of Transworks' team

- Amongst the most experienced management teams in India headed by Mr. Prakash Gurbaxani - CEO
- Appropriate blend of International and India experience in senior management team
- Deep functional expertise in all core functions: Operations, HR, Training, Technology and Infrastructure
- First hand experience of successfully serving Fortune 500 companies

THE COMBINED ENTITY WILL HAVE A STRONG VALUE PROPOSITION...



CONTENTS

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INDIAN RAYON BPO TEAM PLANS TO FOLLOW A THREE STEP APPROACH TO ENSURE EFFECTIVE INTEGRATION AND ACCELERATED GROWTH OF TRANSWORKS

