



PRESS RELEASE

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ADITYA BIRLA NUVO, AN ADITYA BIRLA GROUP COMPANY

REPORTS EXCELLENT PERFORMANCE FOR THE QUARTER ENDED JUNE 30, 2006

Consolidated Net Sales

Q1 FY07
Rs. 1459.12 Cr 

Consolidated Net Profit

Rs. 66.71 Cr 

Rs. Crores

Consolidated		Particulars	Standalone	
Quarter ended 30th June			Quarter ended 30th June	
2006	2005		2006	2005
1,459.12	773.66	Net Income from Operations	783.18	485.08
221.13	92.66	Operating Profit	146.43	72.49
95.87	48.49	Profit Before Tax	86.69	46.59
66.71	33.03	Net Profit (after Minority Interest)	56.28	30.75
7.76	5.42	EPS (Rs.)	6.74	5.13

Aditya Birla Nuvo has posted excellent results for the 1st quarter ended 30th June 2006.

Its **consolidated** turnover of Rs. 1459.12 crores, surged by 88.6% vis-à-vis Rs. 773.66 crores achieved in the corresponding quarter of the previous year. Net profit has leapfrogged to Rs. 66.71 crores against Rs. 33.03 crores. The performance of its JVs and Subsidiaries has been impressive as well. Revenue and profit growth was seen across business segments.

The Company's **stand-alone** turnover at Rs. 783.18 crores, grew by 61.5% vis-à-vis Rs. 485.08 crores attained in the previous year and operating profit by 102.0% from Rs. 72.49 crores to Rs. 146.43 crores. The stand-alone net profit is higher at Rs. 56.28 crores against Rs. 30.75 crores, despite a major rise in interest on borrowings and surplus funds used to finance the acquisition of the 31.45% additional stake in Idea Cellular amounting to Rs. 2033.7 crores. Revenues and earnings are inclusive of the fertilisers and financial services business, which merged into the Company in September 2005.

Divisional Performance

Particulars	Sales Volume			Net Sales (Rs. Crores.)	
	Unit	Quarter ended 30th June		Quarter ended 30th June	
		2006	2005	2006	2005
Garments	Lac Pcs.	22.5	19.1	170.55	127.95
Viscose Filament Yarn	Tons	4,402	3,926	112.18	86.81
Carbon Black	Tons	44,475	40,992	175.13	122.26
Fertilisers	000 Tons	195	166	128.95	102.96
Textiles				154.80	110.35

Madura Garments

Madura Garments' revenue has soared by 33.3% to Rs. 170.55 crores vis-à-vis Rs. 127.95 crores recorded in the previous year. Operating Profit at Rs. 15.80 crores is up by 79.0%. Strong growth across its product range, particularly in Shirts, Trousers and Suits boosted revenues. Louis Philippe, Van Heusen and Allen Solly – its fashion brands and Peter England – its popular brand, consolidated their market share, and bolstered profitable growth. The thrust on Contract Exports towards providing full service has also started paying off.

To enlarge its footprint and to give the customer an international retail experience, the division is aggressively expanding large format exclusive brand outlets, along with selected stores. Madura Garment has tied up 1.2 lac sq. ft of retail space in malls and key High streets to be opened in next 2-3 years.

Rayon Division

The Rayon Division's revenues at Rs. 112.18 crores reflect a rise of 29.2% vis-a-vis Rs. 86.81 crores in the corresponding quarter of the previous year. Higher volumes and better realisation have been the growth drivers. In the chlor-alkali segment, revenues grew by 23.2% at Rs. 38.77 crores, on the back of expanded caustic soda capacity in July-05, which was partially offset by lower realisation.

The Division's operating profit is higher at Rs. 28.42 crores (Rs.21.63 crores). The 20MW captive power plant at Veraval will be commissioned during the quarter. The 65 TPD caustic soda expansion is also on track.

Carbon Black Division

The Carbon Black Division's performance has been impressive. Revenues at Rs. 175.13 crores grew by 43.2% vis-à-vis Rs. 122.26 crores attained in the corresponding quarter of the previous year. Operating profits are higher by 58.0% at Rs. 34.87 Crores. Total volumes rose by 8.5% to 44,475 tons led by the strong growth in the auto sector. The division's realisation is up by 26.9% due to a change in the market mix and the partial passing on of the high CBFS prices to its customers. While the Company is pursuing environmental clearance for a 55,000 TPA brownfield expansion, the division is also exploring possibilities to set up a greenfield project of 60,000 TPA in Western India.

Fertilisers Division

The net turnover of the fertiliser division stood at Rs. 128.95 crores. Increased operational efficiencies, coupled with the rising demand for urea fertiliser due to timely pre-monsoon rains, aided the Fertiliser division's sales, enabling it to post higher levels at 1.95 lacs MT. Production at 2.37 lacs MT represents 109% of re-assessed capacity. The division has attained yet another milestone in being the first fertiliser unit world over to receive Rs. 6.93 crores on the sale of CER certificate under Clean Development Mechanism (CDM).

Textiles Division

The Textiles Division's revenues have gone up by 40.3% to Rs. 128.95 crores as against Rs. 102.96 crores in the preceding corresponding quarter. Operating Profits jumped by 47.1% buoyed by a strong performance across segments. Its Linen segment, comprising Linen Fabric and Flax yarn, continued on its expansive growth trajectory gaining from higher volumes. Value added products and enhanced volumes in wool combing spurred the performance of the Worsted segment. Its Wool combing capacity

was doubled to 8,000 TPA in July 2005. The synthetic segment is being downsized in a phased manner. To meet the growing demand for Linen, it is increasing its linen fabric and flax spinning capacity at a cost of Rs. 31.5 crores and Rs. 31.0 crores respectively.

Financial Services Division

The Financial Services Division's revenue stood at Rs. 11.43 crores. The division continued to maintain its leadership in finance against securities. Finance extended during the quarter increased to Rs. 303 crores vis-à-vis Rs 232 crores, despite the volatility in the capital market, which led to a slow down in IPO offerings. Loan against shares also increased to Rs 271 crores as against Rs 209 crores in corresponding quarter of previous year.

Insulators Domestic Marketing

Insulator domestic marketing division's revenue is lower at Rs.27.87 crores vis-à-vis Rs 34.31 crores in the previous corresponding quarter due to the higher share of direct billing and also a slow down at Halol, despite a 10.4% volume growth.

BIRLA NGK Insulators Private Limited, the 50:50 JV with NGK, has posted a turnover of Rs.51.08 crores, a growth of 10.2%. This was supported by higher realisation, offsetting lower volumes at the Halol unit due to an illegal strike. Led by NGK experts, yield improvement efforts are being pursued. The JV has curtailed its losses substantially from Rs. 4.92 crores in the previous year to Rs. 3.43 crores in the current year.

Other Joint Ventures and Subsidiaries

IDEA Cellular's subscriber base grew by 53.7% to 8.54 million. Revenues for the year showed an impressive jump of 30.6% at Rs. 900.09 crores. The Company has an 8.1% market share in the total mobility segment. It enjoys a predominant position in Maharashtra, Gujarat, Andhra Pradesh, Kerala, Madhya Pradesh, Delhi, U.P. (W) and Haryana. IDEA is planning to roll out its services in Rajasthan, Himachal Pradesh (H.P.) and U.P. (E) by the end of this quarter, increasing its presence to 11 circles.

The Company along with its subsidiary has purchased 15% equity stake in Idea Cellular Limited for Rs. 1372.7 crores on June 20, 2006. With this, the total equity holding of Nuvo has increased to 35.73%. The benefit of additional shareholding will fully reflect in the financials of the Company from the next quarter.

At **TransWorks**, revenues have risen significantly by 26.6% to Rs. 48.13 crores vis-à-vis Rs. 38.03 crores in the previous year. While three new major clients were added, business from existing clients was ramped up. The Company has also been able to improve its business mix with a growing share of non-voice business. The Company is optimising its infrastructure utilisation and service levels leading to improved margins.

TransWorks entered into a definitive agreement, on June 24, 2006, for the acquisition of Minacs Worldwide Inc., Canada's leading BPO provider. TransWorks through its wholly owned subsidiary AV TransWorks, Canada, has made an open offer to the shareholders on July 13, 2006. The transaction is likely to be completed by August end and the deal size is expected to be USD 125 million. With this deal, TransWorks would feature in the Top 3 third party BPO service providers in the country, and among the top 10 globally.

At **Birla Sun Life Insurance**, the total premium income has grown by 73.9% to Rs. 273.72 crores. The Individual new business annualised premium advanced by 91% at Rs. 149.78 crores. The Company has doubled its branches and agency force as compared to the previous corresponding quarter. The company is focusing on expanding its network by adding 31 branches in this year, while ramping up the agency force considerably. The company is taking necessary steps to regain its market share.

At **Birla Sun Life Asset Management**, the assets under management increased to Rs. 14,611 Cr vis-à-vis Rs. 11,457 Cr in the corresponding quarter of the earlier year. The share of equity funds of the total Assets under Management increased from 20% to 26%. This has helped the company achieve

revenues of Rs. 19.53 Cr.

At **PSI Data Systems**, the business has turned into the black with positive net profits on improved margins. Revenues stood at Rs. 23.15 crores. Gross margins improved from 33% to 35% through an enhanced share of high margin offshore business and improved manpower utilisation.

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

- **Madura Garment's** thrust will continue to be on retail expansion, merchandise management, and optimising cost. In contract exports, strengthening manufacturing, design and product development is on the anvil.
- **VFY's** focus is on improving quality. To offset the declining ECU realisation, endeavours to improve productivity and reduce costs are ongoing.
- **Carbon Black** expects to push volumes in the domestic market and pass on the increased CBFS cost to its customers.
- **Fertilisers** will focus on increasing the share of value added products while maximising volumes through higher operational efficiency, increased on-stream days and de-bottlenecking to raise capacity.
- In **Textiles** attention will be on value added yarns and the retail reach of Linen Fabrics.
- **The Insulator JV** endeavours are to concentrate on higher value products and yield improvement.
- **Telecom** will be expanding its reach through the roll out in three new circles and pan India presence. Its debt restructuring will further strengthen the company.
- **BPO** is geared to up its performance through expanding and optimally utilising its seat capacity through existing and new clients. Simultaneously focus will be on timely completion and smooth integration of Minacs.
- **Birla Sun Life insurance's emphasis** is on increasing the branch network and strengthening its agency force while enriching its product portfolio, to better its performance
- **Birla Sun Life Asset Management's** focal point is to increase reach and launch innovative products.
- **IT Services** focus will be on building scalability to support business growth and improving delivery capabilities

Aditya Birla Nuvo Limited

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