



PRESS RELEASE

Mumbai, 19th October 2006

ADITYA BIRLA NUVO, AN ADITYA BIRLA GROUP COMPANY

REPORTS GOOD PERFORMANCE FOR THE QUARTER ENDED SEPTEMBER 30, 2006

Consolidated Net Sales	2nd Quarter Rs. 1962.87 Cr 	Half Year Rs. 3421.99 Cr 
Consolidated Net Profit	Rs. 75.71 Cr 	Rs. 142.42 Cr 

Rs. Crores

Particulars	Consolidated					
	Quarter ended 30th September			Half Year ended 30th September		
	2006	2005	Growth %	2006	2005	Growth %
Net Income from Operations	1,962.87	1,004.02	95.5	3,421.99	1,777.68	92.5
Operating Profit	305.51	120.52	153.5	526.64	213.19	147.0
Profit Before Tax	102.85	65.84	56.2	198.70	114.33	73.8
Net Profit (after Minority Interest)	75.71	45.90	64.9	142.42	78.93	80.4
EPS (Rs.)	8.70	6.71	29.7	16.48	12.20	35.0

Aditya Birla Nuvo has posted good results for the 2nd quarter ended 30th September 2006.

Its **consolidated** turnover of Rs. 1962.87 crores, surged by 95.5% vis-à-vis Rs. 1004.02 crores achieved in the corresponding quarter of the previous year. Net profit has leapfrogged to Rs. 75.71 crores against Rs. 45.90 crores. The performance of its JVs and Subsidiaries has been encouraging. The Telecom business has shown impressive growth in revenues and profits. The Company's revenues and earnings are inclusive of the fertiliser and financial services business, which were merged into the Company from September 2005. The financials of Minacs, its BPO company have been taken on from 18th August 2006.

The Company's **stand-alone** turnover at Rs. 896.49 crores, grew by 45.1% vis-à-vis Rs. 617.93 crores attained in the previous year. Operating profit rose by 53.7% from Rs. 105.39 crores to Rs. 161.99 crores. The stand-alone net profit is higher at Rs. 53.73 crores against Rs. 48.28 crores, inspite of investing Rs. 2003.7 crores for the acquisition of the 31.45% additional stake in Idea Cellular. This has resulted in a major rise in interest on borrowings and reduced income on surplus funds.

Divisional Performance

Particulars	Sales Volume			Net Sales (Rs. Crores.)	
	Unit	Quarter ended 30th September		Quarter ended 30th September	
		2006	2005	2006	2005
Garments	Lac Pcs.	29.7	30.9	190.22	163.44
Viscose Filament Yarn	Tons	4,064	4,474	112.38	96.23
Carbon Black	Tons	45,776	43,848	185.57	136.73
Fertilisers	000 Tons	284	348	222.08	214.03
Textiles				151.68	127.66

Madura Garments

Madura Garments' revenue has increased by 16.4% to Rs. 190.22 crores vis-à-vis Rs. 163.44 crores recorded in the previous year. That it has achieved this growth despite the transfer of its Manufacturing contract business into a wholly owned subsidiary is indeed commendable. Operating Profit at Rs. 25.63 crores is up by 62.0%. 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. Van Heusen has launched V • (pronounced V dot) and Women wear raising its brand equity further. This extension has met with an encouraging response.

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 increased its retail space to 3.3 lacs sq ft and also tied up 1.7 lac sq ft of retail space to be opened in next two to three years.

Rayon Division

The Rayon Division's performance has been good. Its revenues at Rs. 112.38 crores reflect a rise of 16.8% vis-a-vis Rs. 96.23 crores in the corresponding quarter of the previous year. Higher Chlor alkali volumes and better VFY realisation have been the growth drivers. In the chlor-alkali segment, revenues grew by 44.4% at Rs. 43.17 crores, on the back of expanded caustic soda capacity of 40 tpd in August-06 while realisations improved marginally.

The Division's operating profit is higher at Rs. 38.53 crores (Rs.20.19 crores). The 20MW captive power plant at Veraval has been commissioned along with the 40 tpd caustic soda plant. The 25 TPD caustic soda expansion is expected to be completed by this fiscal end.

Carbon Black Division

The Carbon Black Division's revenues at Rs. 185.57 crores grew by 35.7% vis-à-vis Rs. 136.73 crores attained in the corresponding quarter of the previous year. Total volumes rose by 5.0% to 46,025 tons. Domestic volumes grew by 10.0% spurred by the auto sector in India. The plant continues to be operating above 100% capacity. The division's realisation is up by 29.3% due to a change in the market mix and the partial passing on of the high CBFS prices to its customers.

Operating profits are higher by 15.8% at Rs. 27.84 Crores aided by higher realisations. High CBFS prices continued to create pressure on profitability. The division has received the environmental clearance for its 55,000 TPA brownfield expansion. The division is working on the expansion at full speed. The expanded capacity is expected to go on stream by June 2007. The Company is also exploring a Greenfield expansion of 60,000 TPA in western India.

Fertilisers Division

The net turnover of the fertiliser division stood at Rs. 222.08 crores. Floods in Gujarat at the gas supplier's platform affected the supply of gas, leading to lower production. Production stood at 229K MT and volumes at 284K MT. Its Operating profit at Rs. 27.12 crores was hampered due to lower volumes. The New Pricing Scheme III (NPS III) policy expected to be implemented from 1st April 2006, is now likely be implemented from 1st October 2006.

Textiles Division

The Textiles Division's revenues have gone up by 18.8% to Rs. 151.68 crores as against Rs. 127.66 crores in the corresponding quarter of the last year. Operating Profits jumped by 35.2% buoyed by a strong performance in linen and worsted segments. Its Linen segment, comprising Linen Fabric and Flax yarn, continued on its expansive growth trajectory gaining from higher volumes. To meet the growing demand for Linen, the Company is increasing its linen fabric and flax spinning capacity at a cost of Rs. 31.5 crores and Rs. 31.0 crores respectively. Value added products and enhanced volumes in wool combing spurred the performance of the Worsted segment. To focus on niche segments, the division is downsizing synthetic segment in a phased manner.

Financial Services Division

The Financial Services Division's revenue stood at Rs. 8.85 crores. The division continued to maintain its leadership in finance against securities. IPO financing during the quarter decreased to Rs. 250 crores vis-à-vis Rs 1850 crores, due to volatility in the capital market, which led to a slow down in IPO offerings. The loan against shares increased to Rs 173 crores as against Rs 157 crores in the corresponding quarter of previous year. New businesses in this area are being pursued by the Company's wholly owned subsidiary Birla Global Finance Company Ltd (BGFCL), which has a revenue of Rs. 3.90 crores and net profit of Rs. 0.27 crores

Insulators

BIRLA NGK Insulators Private Limited, the 50:50 JV with NGK, a turnover at Rs.47.75 crores, is lower compared to the corresponding quarter of the previous year due to an illegal strike at one of its manufacturing unit, Halol. The JV has curtailed its losses from Rs. 1.82 crores in the previous year to Rs. 0.86 crores in the current year despite strike at Halol.

It also impacted the Insulator domestic marketing division's revenue. It is lower at Rs. 24.36 crores vis-à-vis Rs 36.93 crores in the corresponding quarter of previous year.

Other Joint Ventures and Subsidiaries

IDEA Cellular's subscriber base has crossed the landmark 10 million mark. It now has more than one million subscribers in 7 out of 8 circles in which it is present. Revenues for the quarter showed an impressive jump of 46.2% at Rs.1,006.29 crores. The Company has an 8.2% market share in the total mobility segment. It enjoys a predominant position in Maharashtra, U.P. (W), Gujarat, Madhya Pradesh, Haryana and Kerala. IDEA has commenced commercial operations in Himachal Pradesh and Rajasthan while services in U.P. (E) will be on by October end. IDEA has also restructured its debt, the benefit of which will accrue in the next quarter. It is expected to come out with IPO next year. This will help reduce interest burden further. It has applied for National Long Distance (NLD) licenses for which it has received the Letter of Intent (LoI).

At **TransWorks**, revenues have risen by 24.8% to Rs. 49.40 crores vis-à-vis Rs. 39.57 crores in the corresponding quarter of the previous year. The Company improved its business mix with a growing share of non-voice business. To better its margins, it is optimising its infrastructure utilisation and service levels.

TransWorks acquired Minacs Worldwide Inc., Canada's leading BPO provider, catapulting it to the Top 3 third party BPO service providers in the country, and among the top 10 globally. TransWorks consolidated revenue stood at Rs. 215.75 crores with a net profit of Rs. 5.55 crores during the quarter.

At **Birla Sun Life Insurance**, the total income has grown by 46.7% to Rs. 387.57 crores. The Individual new business annualised premium advanced by 34% at Rs. 166.6 crores. The Company has set up 27 new branches and added agency force of 5871 during the quarter. It is taking necessary steps to regain its market share by introducing innovative and traditional products. Further, it is aggressively ramping up its distribution reach. Its shareholders have infused Rs. 67.5 crore to meet its solvency margin.

At **Birla Sun Life Asset Management**, the assets under management grew to Rs. 14,698 Cr vis-à-vis Rs. 12,131 Cr in the corresponding quarter of the earlier year. The share of equity funds of the total Assets under Management rose from 24% to 28%, enabling the company achieve revenues of Rs. 17.60 Cr.

To provide focus on cost and delivery, the Contract Export business has been transferred to a wholly owned subsidiary, **Madura Garments Exports**, w.e.f. July 1, 2006. The revenue from contact exports business stood at Rs. 50.79 crores

At **PSI Data Systems**, revenues stood at Rs. 23.74 crores. It has added five new clients during the quarter. The Company has enhanced share of high margin offshore business to 49% and increased its employee base to 664.

Strategic Highlights

The company at its Board meeting held on September 11, 2006, decided to raise funds not exceeding Rs. 780 crore through the issue of equity shares on a rights basis. A Draft Letter of Offer to SEBI has been filed on 22.9.06 for its comments. The price per share and entitlement ratio of the rights issue will be decided by the Board/Committee of Directors and announced at a later date, subject to necessary approvals. The company has got “in principle” approval from both the stock exchanges.

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

- In the **Garments business**, Madura Garment's thrust will continue to be on retail expansion, innovative merchandise management, and optimising cost.
- In **Contract exports**, Madura Garments Export will focus on strengthening manufacturing, design and product development.
- **VFY's** thrust is on improving quality and performance. Endeavours to boost productivity and reduce costs are on.
- **Carbon Black** expects to push volumes in the domestic market. The environmental clearance of the brownfield expansion of 55,000 TPA at Gummidipoondi will facilitate the process.
- In **Fertilisers**, the emphasis is 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.
- In **Telecom** gaining market share in the three new circles rolled and strengthening network in existing circles will be the key.
- **BPO** is geared to up its performance through expanding and optimally utilising its seat capacity through existing and new clients. The acquisition of MINACS will help bid for large deals.
- **Birla Sun Life insurance's emphasis** is on increasing the branch network and strengthening its agency force while enriching its product portfolio.
- **Birla Sun Life Asset Management's** focal point is to enhance its reach, launch innovative products and raise the share of equity in total asset under management.
- **IT Services** focus will be on building scalability to support business growth and improving delivery capabilities

Aditya Birla Nuvo Limited

Regd. Office: Indian Rayon Compound, Junagadh-Veraval Road, Veraval – 366 266 (Gujarat)
Corporate Office: 4th Floor 'A' Wing, Aditya Birla Center, S.K. Ahire Marg, Worli, Mumbai – 400 030
www.adityabirla.com or www.adityabirlanuvo.co.in
