



PRESS RELEASE

Mumbai, 29th January 2007

ADITYA BIRLA NUVO, AN ADITYA BIRLA GROUP COMPANY

SUSTAINS PERFORMANCE FOR THE QUARTER ENDED DECEMBER 31, 2006

Consolidated Net Sales	3rd Quarter Rs. 2288.78 Cr		Nine Months Rs. 5714.59 Cr	
Consolidated Net Profit	Rs. 55.34 Cr		Rs. 198.71 Cr	

Rs. Crores

Particulars	Consolidated					
	Quarter ended 31st December			Nine Months ended 31st December		
	2006	2005	Growth %	2006	2005	Growth %
Net Income from Operations	2,288.78	1,350.23	69.5	5,714.59	3,127.91	82.7
Operating Profit (PBDIT)	307.92	202.77	51.9	834.08	415.97	100.5
Profit before Depreciation & Tax	195.04	162.44	20.1	580.63	348.28	66.7
Net Profit (after Minority Interest)	55.34	55.00	0.6	198.71	133.93	48.4
EPS (Rs.)	6.21	6.38	(2.7)	22.76	18.62	22.2

Aditya Birla Nuvo has posted satisfactory results for the 3rd quarter ended 31st December 2006.

Strategic Highlights

The Company has invested Rs. 1373 crores in IDEA and Rs. 150 crores in BPO business in the current fiscal. To fund these, the company has borrowed funds, which has impacted net profit.

The funds raised through rights issue will be used to neutralise the impact going forward. The Company received a 100% subscription for its right issue of 98,26,638 equity shares of Rs 10 each at a premium of Rs 783 per share, aggregating to Rs 779.25 crores. The allotment of shares is in process.

The Company along with its wholly owned subsidiary has purchased shares from the joint venture partner, NGK Insulators Limited (“NGK”) in the joint venture Birla NGK Insulators Private Limited (“Birla NGK”). Consequently, Birla NGK has become a subsidiary of Aditya Birla Nuvo w.e.f. November 29, 2006. Its name has been changed as Aditya Birla Insulators Limited

This has impacted profitability of the quarter, given key large outflow of the funds for these investments. However, we believe, these strategic investments are solid and will yield handsome results to the company.

Substantial growth in revenue

Its **consolidated** revenue at Rs. 2288.78 crores, has risen by 69.5% vis-à-vis Rs. 1350.23 crores achieved in the corresponding quarter of the previous year. While the Telecom business has shown impressive growth in revenues and profit, it was neutralised by the ramping up costs of the Life Insurance and restructuring, accounting readjustment expense in the BPO - Minacs businesses. Additionally, the insulator JV became a subsidiary of Aditya Birla Nuvo from the 29th of November 2006. The performance of the business was affected by the strike, which also has resulted in losses. That despite these factors, net profit has been sustained at Rs. 55.34 crores as against Rs. 55.00 crores in the comparable quarter is indeed commendable. All of the businesses are on a high growth trajectory.

Growth across Value businesses

Aditya Birla Nuvo's **stand-alone** turnover at Rs. 881.15 crores, grew by 13.5% vis-à-vis Rs. 776.22 crores attained in the previous year. Operating profit rose by 13.9% from Rs. 133.00 crores to Rs. 151.53 crores. The stand-alone net profit is Rs. 52.71 crores against Rs. 51.20 crores. **While the standalone businesses contributed to top-line and bottom-line growth, higher interests cost has impacted the profit numbers.** At the operating level all the businesses have done well.

Madura Garments

Madura Garments' reported revenues at Rs. 165.76 crores vis-à-vis Rs. 170.76 crores recorded in the previous year, even though its manufacturing contract business was hived off into a wholly owned subsidiary in July 06. On a like to like basis, revenues has grown by 13.5%. Madura Garment's Operating Profit stood at Rs. 18.12 crores. 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 a retail space of 3.6 lacs sq ft.

At **Madura Garments Exports**, revenues rose from Rs. 31.44 to Rs. 44.24 crores. The expansion of its shirts and trousers capacity has been completed. Its Greenfield shirts project at Bangalore is on schedule.

Rayon Division

The Rayon Division's revenues at Rs. 109.48 crores reflect a rise of 7.3% vis-à-vis Rs. 102.06 crores in the corresponding quarter of the previous year. The Division's operating profit is higher at Rs. 32.19 crores (Rs.18.45 crores) supported by higher realisations. Its 25 TPD caustic soda expansion is expected to be completed by March'07.

Carbon Black Division

The Carbon Black Division's revenues at Rs. 196.90 crores rose by 31.4% vis-à-vis Rs. 149.83 crores in the corresponding quarter of the previous year. The division's realisation is up by 34% due to a change in the market and product mix. Operating profits are higher by 49.8% at Rs. 35.82 crores aided by higher realisations. Its 60,000 TPA brown-field expansion is expected to go on stream by June 2007. It is also accelerating the Greenfield expansion of 120,000 MT in Western India.

Fertilisers Division

The net turnover of the Fertiliser division stood at Rs. 226.13 crores. Its Operating profit at Rs. 39.03 crores is higher by 7.9%, backed by increased volumes, which at 287K MT has been higher than the corresponding quarter of the previous year.

Textiles Division

The Textiles Division's revenues rose by 11.5% to Rs. 155.93 crores as against Rs. 139.81 crores in the corresponding quarter of the last year. To meet the growing demand for Linen, the Company is increasing its fabric and flax spinning capacity at a cost of Rs. 31.5 crores and Rs. 31.0 crores respectively.

Insulators

Aditya Birla Insulators Limited, recorded a turnover of Rs.51.39 crores lower than the corresponding quarter of the previous year due to an illegal strike at one of its manufacturing unit, Halol. This has resulted in a loss of Rs. 1.24 crores against a net profit of Rs. 1.83 Cr in the corresponding quarter of the previous year. The strike has been called off and production is being stabilised with new productivity norms.

Telecom

IDEA Cellular's subscriber base has increased to 12.4 million. Revenues for the quarter showed an impressive jump of 49.9% at Rs.1,148.20 crores. IDEA is set launch its IPO in a fortnight to raise Rs. 2,125 crores (excluding pre placement and 15% green shoe option) through the fresh issue of equity shares. It has received licenses for Mumbai and Bihar and has recently launched commercial operations in H.P., U.P. (E) and Rajasthan

ITES

At **TransWorks, India** revenues have risen by 17.9% to Rs. 49.76 crores vis-à-vis Rs. 42.22 crores in the corresponding quarter of the previous year. It has added 4 new clients during the quarter taking the total number of clients to 26. The Company improved its business mix with a growing share of non-voice business.

Minacs, Canada recorded a turnover of Rs. 327.78 crores and a loss of Rs. 28.27 crores consequent to higher ramp ups and training costs.

Life Insurance

At **Birla Sun Life Insurance**, the total income is up by 62.9% to Rs. 494.42 crores. The Individual new business annualised premium advanced by 16% at Rs. 168.0 crores. The Company has set up 4 new branches and added an agency force of 15,827. It is taking necessary steps to regain its market share by introducing innovative and traditional products. During the quarter, **Aditya Birla Nuvo** infused Rs. 32.9 crore towards its share of capital to meet its solvency margin.

Financial Services

The Financial Services Division's income stood at Rs. 4.57 crores. New businesses are being pursued by the Company's wholly owned subsidiary Birla Global Finance Company Ltd (BGFCL), which has an income of Rs. 18.20 crores and a net profit of Rs. 4.30 crores.

At **Birla Sun Life Asset Management**, the assets under management shot up to Rs. 18,736 Cr vis-à-vis Rs. 13,422 Cr in the corresponding quarter of the earlier year. The Company achieved revenues of Rs. 20.12 Cr.

IT Services

PSI Data Systems, posted revenues of Rs. 21.84 crores and a net loss of Rs. 1.62 crores as compared to a turnover of Rs. 21.14 crores and a net profit of Rs. 0.59 crores in Q3 FY 05-06. The marginal net loss of Rs. 1.62 crores is due to one-time costs charge, building bench strength, increased marketing and sales expenditure coupled with the development of software contracts and components that will strengthen the Company's go-to-market strategy.

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

Aditya Birla Nuvo Limited

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