



**PRESS RELEASE**

**Mumbai, 3<sup>rd</sup> May 2007**

**ADITYA BIRLA NUVO, AN ADITYA BIRLA GROUP COMPANY**

**REPORTS GOOD PERFORMANCE FOR THE YEAR ENDED MARCH 31, 2007**

<b>Consolidated Net Sales</b>	<b>4<sup>th</sup> Quarter</b> Rs. 2544.1 Cr		<b>Full Year</b> Rs. 8258.0 Cr	
<b>Consolidated Net Profit</b>	Rs. 82.5 Cr		Rs. 281.2 Cr	

Particulars	Consolidated					
	Quarter ended on 31st March			Full Year ended on 31st March		
	2007	2006	Growth %	2007	2006	Growth %
<b>Net Income from Operations</b>	<b>2,544.1</b>	1,755.0	45	<b>8,258.0</b>	5,006.9	65
<b>Operating Profit (PBDIT)</b>	<b>305.0</b>	199.8	53	<b>1,139.1</b>	615.7	85
<b>Profit before Depreciation &amp; Tax</b>	<b>195.6</b>	163.6	20	<b>776.2</b>	511.9	52
<b>Net Profit (after Minority Interest)</b>	<b>82.5</b>	70.1	18	<b>281.2</b>	204.1	38
<b>EPS (Rs.)</b>	<b>9.0</b>	7.9	14	<b>32.0</b>	26.1	23

Aditya Birla Nuvo has posted good performance for the year ended 31<sup>st</sup> March 2007

### **Substantial growth in revenues**

The company's **consolidated** turnover of Rs. 8258.0 Crores is up by 65% over Rs. 5006.9 Crores achieved in the preceding year. The Company's **stand-alone** turnover at Rs. 3420.5 Crores grew by 29% vis-à-vis Rs. 2642.0 Crores attained in the preceding year.

Revenues from its subsidiaries and joint ventures, where the company has made substantial investments in the past, saw a phenomenal rise of 105%, from Rs. 2364.9 Crores to Rs. 4837.5 Crores. All the businesses are on high growth trajectory.

- ◆ **Telecom** business has shown a spectacular growth in revenues from Rs. 2965.5 Crores to Rs. 4366.4 Crores up by 47%, almost doubling the subscriber base. During the year, the Company raised its stake in Idea Cellular from 20.74% to 31.78% (post IPO)
- ◆ In **BPO** business revenues have soared to 1015.5 Crores with the acquisition of Minacs on 18<sup>th</sup> August 2006. In the preceding year revenues stood at Rs. 163.3 Crores.
- ◆ **Life Insurance** has reported a total income of Rs. 1960.0 Crores, up by 24 % with an increase in its distribution reach.
- ◆ **Garments** business achieved a turnover of Rs. 830.4 Crores vis-à-vis Rs. 620.6 Crores while maintaining its Industry leadership.

### **Growth in profit across businesses**

The Company's consolidated Net Profit of Rs. 281.2 Crores grew by 38% over Rs. 204.1 Crores in the preceding year.

Its Stand-alone net profit at Rs. 225.0 Crores is higher by 20% as against Rs. 186.9 Crores earned preceding year. At the operating level all the businesses have done well. The Company's stand-alone operating profit is up by 36% at Rs. 603.8 Crores. **A major rise in interest cost on account of borrowings for the acquisition of a higher stake in Idea has strained profit numbers, which could have been much higher.**

The contribution of joint ventures and subsidiaries to Net Profit has been at Rs. 56.3 Crores as against Rs. 17.1 Crores preceding year.

- ◆ Telecom's Net Profit at Rs. 503.3 Crores vis-a-vis Rs. 211.8 Crores earned preceding year is commendable. The growth in profitability is despite launches in three new circles.
- ◆ Life insurance incurred higher losses due to higher spend on augmenting its sales force and opening new branches to regain the market share.
- ◆ The BPO business bottom line has been impacted by the interest burden on funding its new acquisition, restructuring and accounting readjustment at Minacs, to bring it at par with Indian accounting standards.
- ◆ In the stand alone businesses, Garments and Carbon Black have substantively contributed to the operating profit of the company.

### **Successful Completion of the Rights Issue**

The Company has raised Rs. 777.2 Crores through a rights issue. The equity share capital of the Company has increased from Rs. 83.5 Crores to Rs. 93.3 Crores. The proceeds are / being used for repayment of debt and fresh investments in Idea.

### **Dividend**

The Company had paid an interim dividend of 55% in March 2007 which was treated as the final dividend for the current year as against 50% preceding year. The dividend outgo, including dividend tax, has been at Rs. 58.5 Crores against Rs. 47.6 Crores preceding year.

### **Standalone Performance**

#### **Garments**

In branded garments business, fashion brands viz. Louis Philippe, Van Heusen Allen Solly and Esprit saw a healthy growth supported by new launches. The popular brand "Peter England" continued to expand its reach. Innovative merchandise and creative campaigns have resulted in an upsurge in brand equity; further entrenching Madura Garments' leadership status. The division is aggressively expanding its controlled retail space.

Branded Garments business revenues grew, on like to like basis, by 28% to Rs. 670.4 Crores vis-à-vis Rs. 525.7 Crores recorded in the preceding year. Operating Profit, on like to like basis, is up by 33% supported by better channel mix and pricing despite high discount and the dormancy phenomena across the industry.

The contract exports business has been divested into Madura Garment Exports Limited from July 1, 2006. Volumes increased through capacity expansion and revenues grew, on like to like basis, by 58% to Rs. 173.2 Crores. A new facility to manufacture shirts is slated to be completed by August'07, which will give a fillip to the Contract Exports business

### **Rayon Division**

VFY segment recorded sales volumes at 17,039 tonnes against 17,380 tonnes in the preceding year. Aided by a 13% increase in realisation rates, revenues stepped up by 11% to Rs. 288.6 Crores as against Rs. 260.4 Crores in the preceding year.

In Chlor-alkali segment, ECU realisation remained flat but the volumes rose by 18% backed by expanded caustic soda capacity. This resulted in a 22% growth in revenues at 152.8 Crores as against Rs. 125.2 Crores in the preceding year.

### **Carbon Black Division**

Capitalizing on the vibrant auto sector growth Carbon Black Division continues to show a robust performance. Sales volumes stood at 180893 tons, the highest ever recorded in a year. Realisation is up by 27% on account of high CBFS prices and optimized product, market and logistics mix. Revenues at Rs. 738.9 Crores extended by 31% vis-à-vis Rs. 564.2 Crores attained in the preceding year. Operating profits are higher by 43% at Rs.132.2 Cores.

### **Textiles Division**

Textiles Division's revenues have gone up by 18% to Rs. 625.0 Crores as against Rs. 527.7 Crores in the preceding year. Operating Profits increased by 19% at Rs. 67.4 Crores despite downsizing in the Synthetic segment which is being phased out. Linen fabric volumes remained flat. Linen yarn witnessed increase in volumes and the Wool segment outperformed with higher volumes and realizations.

### **Fertilisers Division**

Increased operational efficiencies coupled with the rising demand for urea, aided the Fertiliser division's production and sales to reach highest levels at 10.28 lacs MT and 10.44 lacs MT respectively for the year ended 31st March 2007. Its net turnover stood at Rs. 778.5 Crores, while operating profits have been impressive at Rs. 129.6 Crores. The stringent pricing policy norms announced on 8<sup>th</sup> March'2007 (with retrospective effect from 1<sup>st</sup> October 2006) have affected the profits for second half year.

## **Insulators Business**

Insulators business has reported revenues of Rs. 289.5 Crores vis-a-vis Rs. 362.5 Crores attained in the preceding year. Revenues have been affected by an illegal strike at the Halol plant for major part of the year. After amicable settlement with the workers in December 2006, the working of the plant is normalised now at improved efficiency, the full benefit of which will be reflected in financial year 2007-08. The business has reported a higher operating profit at Rs.54.3 Crores as against Rs. 44.0 Crores in the preceding year, supported by improved realizations and a strong demand for Insulators.

## **Other Joint Ventures and Subsidiaries**

In telecom business, **IDEA Cellular's** subscriber base at 14.01 million doubled over preceding year, recording an 8.63% market share. Revenues for the year showed an impressive jump of 47% at Rs. 4366.4 Crores. The Company posted a healthy rise in profits despite the gestation period for the three newly rolled out circles putting pressure on EBITDA margins. Idea strengthened its balance sheet by raising Rs. 2819 Crores through an IPO & Pre- IPO placement. Post IPO, Nuvo's share in Idea has diluted to 31.78%. The Mumbai and Bihar circles are expected to be operational by Januray'08.

In Life Insurance business at **Birla Sun Life Insurance**, the total premium income grew by 41% to Rs. 1735.2 Crores. The Individual business annualised premium grew by 41% at Rs. 1575.0 Crores. The Company is focusing on expanding its distribution reach; today it has 137 branches as against 85 in the preceding year and the direct sales force has increased to 56603 from 17986 in preceding year. As a result of these long-term investments, Net loss has increased to Rs. 139.7 Crores from Rs. 61.1 Crores in the preceding year.

In the Asset Management business at **Birla Sun Asset Management Company**, Assets Under Management (AUM) stood at Rs. 20849 Crores with 5.8% market share. Business reported revenues at Rs. 81.9 Crores and net profits at Rs. 14.3 Crores.

In BPO business, at **TransWorks**, revenues rose by 21% to Rs. 197.2 Crores supported by the improved share of non-voice business. **Minacs** reported revenues at Rs. 818.4 Crores for the period from 18<sup>th</sup> August 2006, the date of its acquisition to 31<sup>st</sup> March 2007. The Profits of Minacs have been affected by unusual items like one time restructuring cost and accounting readjustment expenses. In Philippines, Manila centre went live in March 2007.

On a combined basis the BPO business has 21 delivery centres in 7 countries across 3 continents. With global client base including 15 Fortune 500 companies; the business supports customers in 30 different languages. It has over 11000 employees worldwide. The BPO business now has a global delivery model with integrated management and marketing structure.

In software business at **PSI Data Systems**, Revenues stood at Rs. 93.6 Crores with a positive bottom line. The Company has ramped up its sales team and net staff strength is up from 573 to 684 during the year. The Company has added 20 marquee clients while focusing on core verticals viz. Corporate

Banking & High Tech.

### **Merger of Aditya Birla Insulators Limited**

The Board of Directors of the Company, at its meeting held on 3<sup>rd</sup> May, 2007, have approved, subject to requisite approvals, merger of Aditya Birla Insulators Limited (ABIL), a wholly owned subsidiary of the Company, with the Company with effect from 1<sup>st</sup> April, 2007 through a Scheme of Amalgamation (Scheme), u/s 391 to 394 of the Companies Act, 1956. On the Scheme coming into effect, the business of ABIL will be transferred to the Company on going concern basis.

### **Growth Initiatives**

- ◆ **Madura Garment** will aggressively pursue retailing of Lifestyle and Popular brands by expanding its reach with bigger size stores besides creating specialized outlets.
- ◆ **Carbon Black's** brown-field expansion of 60,000 TPA is targeted by the end of June 07. Land acquisition for 1,20,000 TPA green-field project in Western India is being accelerated.
- ◆ **Fertilisers** will focus on de-bottlenecking to increase capacity
- ◆ **Textiles** will increase its capacity in linen fabrics and flax yarns.
- ◆ **Insulator** is expanding its capacity and investing for yield improvement
- ◆ **Birla Sun Life insurance's** emphasis is on regaining its market position of being amongst the top three, increasing the branch network, strengthening its agency force and launching contemporary products.
- ◆ **AMC and Distribution** have aggressive branch opening plans as well.
- ◆ The **BPO business** is working on a global delivery model with an additional share of KPO business.
- ◆ **Telecom** will strengthen and expand its network in existing circles and better its reach through a roll out in Mumbai and Bihar circles. Plans for acquiring licences in the remaining circles are underway. National Long Distance roll out is being worked upon.

Investments in various businesses are happening in their growth phases which seem to be coinciding. Aditya Birla Nuvo is very optimistic about coping with the challenges of strategic and growth initiatives and stretching out in the short term.

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Aditya Birla Nuvo Limited

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