



**PRESS RELEASE**

**Mumbai, 30<sup>th</sup> July 2007**

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

**REPORTS GOOD PERFORMANCE FOR THE QUARTER ENDED JUNE 30, 2007**

	<b><u>Q1 FY 08</u></b>	
<b>Consolidated Net Sales</b>	<b>Rs. 2320.8 Cr</b>	
<b>Consolidated Net Profit</b>	<b>Rs. 99.8 Cr</b>	

Particulars	Consolidated		
	Quarter ended on 30th June		
	2007	2006	Growth %
<b>Net Income from Operations</b>	<b>2,320.8</b>	1,305.7	78
<b>Operating Profit (PBDIT)</b>	<b>307.2</b>	221.1	39
<b>Profit before Depreciation &amp; Tax</b>	<b>221.5</b>	170.3	30
<b>Net Profit (after Minority Interest)</b>	<b>99.8</b>	66.7	50
<b>EPS (Rs.)</b>	<b>10.7</b>	7.5	43

Aditya Birla Nuvo has posted good performance for the 1<sup>st</sup> quarter ended 30<sup>th</sup> June 2007.

**Substantial growth in revenues**

The company's **consolidated** revenues increased by 78% from Rs. 1305.7 Crores to Rs. 2320.8 Crores. Revenues from its subsidiaries and joint ventures, where the company has made substantial investments in the past, saw a phenomenal rise of 202%, from Rs. 522.5 Crores to Rs. 1579.8 Crores. All the businesses are on high growth trajectory.

- **Telecom** business has shown a spectacular growth in revenues from Rs. 899.9 Crores to Rs. 1477.3 Crores up by 64%.
- In the **BPO** sector revenues have soared from Rs. 48.1 Crores to Rs. 352.4 Crores with the acquisition of Minacs on 18<sup>th</sup> August 2006.
- **Life Insurance** has reported a total income of Rs. 625.4 Crores, up by 205 % with an increase in its distribution reach.
- However, **stand-alone** revenues declined from Rs. 783.2 Crores to Rs. 741.0 Crores. This was on account of the transfer of contract export business to a wholly owned subsidiary on 1<sup>st</sup> July 2006 and a planned shutdown at the Fertilizers plant for 42 days for maintenance and de-bottlenecking.

**Growth in consolidated net profit**

The Company's consolidated Net Profit of Rs. 99.8 Crores grew by 50% over Rs. 66.7 Crores attained in the corresponding quarter of the last year.

The contribution of joint ventures and subsidiaries to Net Profit has jumped from Rs. 10.4 Crores to Rs. 73.3 Crores.

Telecom's Net Profit at Rs. 308.5 Crores vis-à-vis Rs. 89.2 Crores earned in the corresponding quarter of the last year is commendable. The growth in profitability is despite launches in three new circles.

Life insurance incurred higher losses due to higher spends on augmenting its sales force and opening

new branches to regain the market share.

The BPO business bottom line has been constrained by the interest burden on funding its new acquisition and by the weakening of US Dollar.

The Company's stand-alone net profit has been impacted by the planned shutdown at Fertilizers plant for 42 days, which reduced the profits of the Fertilizers business substantially. High interest cost on borrowings for funding of investment in Idea and various Capex initiatives also impaired profitability. Additionally the profits of Madura Garments were lower due to a massive ramp up. Hence the stand-alone net profit is down from Rs. 56.3 Crores to Rs. 26.5 Crores.

## **Business Performance**

### **Garments**

Branded garments business continued to expand its retail space. Branded Garments business revenues grew, on like to like basis, by 14% from Rs. 141.3 Crores to Rs. 161.2 Crores. Operating Profit saw a decline with stock liquidation, high lease rentals, high discount and the dormancy phenomena across the industry.

The contract exports business has been divested into Madura Garments Exports Limited from July 1, 2006. On a like to like basis volumes increased through the revenues were almost flat at Rs. 39.2 Crores impacted by a stronger rupee. The phase - I of a new facility to manufacture shirts is slated to commence production from August'07.

### **Rayon Division**

Rayon division recorded revenues of Rs. 104.0 Crores against Rs. 112.2 Crores in the corresponding quarter of the last year. VFY segment revenues were at Rs. 70.0 Crores, impacted by lower sales volumes of VFY.

In the Chlor-alkali segment, revenues declined by 12% at Rs. 34.0 Crores due to lower ECU realisation.

### **Carbon Black Division**

Capitalizing on the vibrant auto sector, Carbon Black Division continues to show a good performance. Revenues stood at Rs. 161.2 Crores vis-à-vis Rs. 175.1 Crores in the corresponding quarter of the last year, on account of lower sales volumes due to the plant shutdown for annual maintenance. **The Brownfield capacity expansion of 60000 MTPA at Gummidipondi has been commissioned in July 2007.**

### **Textiles Division**

Textiles Division's revenues have dropped by 4% from Rs. 154.8 Crores to Rs. 148.8 Crores. In the wool segment, revenues have stepped up. In line with its strategy to exit from the Synthetic segment, the Rajashree Syntex unit at Midnapur was divested on 1<sup>st</sup> July 2007. Operating Profits have been flat at Rs. 15.9 Crores despite downsizing in the Synthetic segment.

### **Fertilisers Division**

The net turnover of the Fertilizer division stood at Rs. 116.3 Crores with operating profit at Rs. 17.0 Crores. Both are lower compared to the corresponding quarter of the last year because of the plant shutdown for maintenance and de-bottlenecking.

### **Insulators Business**

Insulators business has reported revenues of Rs. 84.1 Crores vis-à-vis Rs. 53.4 Crores attained in the preceding year, and a higher operating profit at Rs.26.58 Crores as against Rs. 8.24 Crores in Q 1 of FY 07. The preceding year's revenues and operating profit were constrained by the strike at Halol plant. An optimized product mix improved realizations in the growing market for Insulators.

### **Telecom Bussiness**

In the telecom business, **IDEA Cellular** ended the quarter with a subscriber base of 16.13 mn, adding 2.12 mn subscribers during the quarter. In its current 11 service areas of operation, Idea consolidated its subscriber market share from 14.9% at the end of March 07, to 15.4% at the end of June 07. Revenues for the quarter showed an impressive jump of 64% at Rs. 1477.3 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.

## **Financial Services**

In Life Insurance business at **Birla Sun Life Insurance**, the total income rose by 205% to Rs. 625.4 Crores. The Individual business annualised premium grew by 44% at Rs. 344.6 Crores. The Company is focusing on expanding its distribution reach. During the quarter the direct sales force has increased from 56603 to 60676. As a result of these long-term investments, net loss is higher at Rs. 33.6 Crores from Rs. 19.3 Crores in the corresponding quarter of the preceding year.

In the Asset Management business at **Birla Sun Life Asset Management Company**, Assets Under Management (AUM) stood at Rs. 21594 Crores with a domestic market share of 4.9%. The business reported revenues of Rs. 20.1 Crores and net profit at Rs. 1.7 Crores.

## **ITES/IT**

In the BPO business, an important step was taken by re-branding of Transworks-Minacs as Aditya Birla Minacs. At **TransWorks**, revenues stood at Rs. 42.2 crores as against Rs. 48.1 Crores in Q1 FY 07 and net loss at Rs. 3.1 Crores as against net profit of Rs. 6.3 Crores in Q1 FY 07. **Minacs** reported revenues at Rs. 310.2 Crores and net loss at Rs. 4.8 Crores. The weakening of US Dollar and higher interest cost on borrowings for the acquisition of Minacs have affected this business's profitability.

In the software business at **PSI Data Systems**, revenues stood at Rs.23.5 crores against Rs.23.2 crores in the corresponding quarter of the last year.

## **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, the 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 larger stores size besides creating specialized outlets.
- **Carbon Black** is working on the environmental clearance for 1,20,000 TPA green-field project in Western India.
- **Textiles** will increase its capacity in linen fabrics and flax yarns.
- **Fertilisers** will focus on de-bottlenecking to increase capacity.
- **Insulator** is expanding its capacity and investing for yield improvement
- **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.
- **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.

In most of our businesses, we are going ahead with our investment plans to leverage growth opportunities. Aditya Birla Nuvo is very optimistic about meeting the challenges of strategic growth initiatives and stretching out in the short term.

---

Aditya Birla Nuvo Limited

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

---