



**PRESS RELEASE**

Mumbai, 31<sup>st</sup> October, 2007

**ADITYA BIRLA NUVO, AN ADITYA BIRLA GROUP COMPANY REPORTS  
CONSOLIDATED REVENUES OF RS. 3000.5 CR. AND NET PROFIT OF RS. 47.8 CR.  
FOR THE QUARTER ENDED SEPTEMBER 30, 2007**

Particulars	Consolidated results					
	Quarter ended 30th September			Half Year ended 30th September		
	2007	2006	Growth %	2007	2006	Growth %
Net Income from Operations	3,000.5	2,092.1	43%	5,321.3	3,397.8	57%
Operating Profit (PBDIT)	294.4	305.0	-3%	601.5	526.2	14%
Net Profit (after Minority Interest)	47.8	76.7	-38%	142.5	143.4	-1%
EPS (Rs.)	5.1	8.5	-40%	15.3	16.0	-5%

Aditya Birla Nuvo has posted satisfactory performance for the 2<sup>nd</sup> quarter ended 30<sup>th</sup> September 2007

**Continued growth in consolidated revenues**

The Company's **consolidated** revenues at Rs. 3,000.5 Crores are up by 43% from Rs. 2,092.1 Crores achieved during the corresponding quarter of FY 2007. Revenues from its subsidiaries and joint ventures, where the company has made substantial investments in the past, saw a rise of 74% to Rs. 2082.8 Crores from Rs. 1,195.6 Crores. The focus during the quarter was :

- 1) accelerating growth in the telecom business,
- 2) regaining market share in the life insurance business,
- 3) building capacities in the BPO business towards profitable growth and
- 4) expanding manufacturing capacities in value businesses.

All the businesses are on a growth trajectory.

- ♦ The **Telecom** business registered a 55% rise in revenues at Rs. 1562.2 Crores vis-à-vis Rs. 1009.9 Crores with a subscriber base of 18.67 Mn as on September 30, 2007, growing at a higher clip than the industry.
- ♦ The **Life Insurance** business has shown a spectacular growth of 110% in revenues at Rs. 1078.2 Crores vis-à-vis Rs. 512.9 Crores driven by the excellent response to its new product "Birla Sunlife Gold plus". As a result, it stepped up to 5<sup>th</sup> rank with 6.5% market share amongst private players.
- ♦ In the **BPO** business, revenues soared by 82% to Rs. 393.7 Crores from Rs. 216 Crores. Three new centres were launched during the quarter.

The **Stand-alone** revenues rose to Rs. 917.7 Crores from Rs. 896.5 Crores despite the plant breakdown in fertilisers business for 27 days. Two of the value businesses viz., Rayon and Insulators achieved the highest ever quarterly revenues. In the Insulators business, revenues more than doubled after the merger of the manufacturing subsidiary with Nuvo w.e.f. April 1, 2007.

### **Investment phase of growth businesses had gestating impact on profitability**

**Consolidated** net profit at Rs. 47.8 Crores is lower by 38% against Rs. 76.7 Crores attained in the corresponding quarter of the preceding year largely on account of the gestating nature of its major businesses viz., Life Insurance and BPO. That said, in revenues, both Life Insurance and BPO businesses have registered impressive growth. The other businesses viz., Telecom, Carbon Black and Insulators have put in an impressive performance growing in revenues and earnings.

- ♦ The **Telecom** business has reported net profit at Rs. 220.3 Crores vis-à-vis Rs. 106.9 Crores earned in the corresponding quarter of the last year. The growth in profitability is despite gestating phase of three new circles launched in later half of previous year.
- ♦ The **Life insurance** business incurred higher losses of Rs. 83.9 Crores during the quarter due to increasing share of new business premium and higher spend on expanding its distribution reach to regain the market share.
- ♦ In the **BPO** business, the bottom line has also been impacted by the interest cost on funding of the acquisition of Minacs, the weakening of US Dollar and one time cost of Rs. 11.5 Crores besides ramping up and training costs for new business.

The **standalone** net profit during the quarter was higher at Rs. 54.9 Crores against Rs 53.7 Crores attained in corresponding quarter of last year. Insulators and Carbon Black businesses posted record operating profits during the quarter.

### **Growth Initiatives**

- ♦ **Birla Sun Life Insurance's** emphasis is on regaining its market share, expanding branch network, strengthening its agency force and launching contemporary products.
- ♦ **Birla Sunlife Asset Management Company** has aggressive plans to open new branches and launch innovative products.
- ♦ **Telecom** will strengthen and expand its network in existing circles and better its reach through roll out in Mumbai and Bihar circles. Plans for pan India presence are underway.
- ♦ **BPO business** is scaling its global delivery capacity with focus on migration to high margin KPO segment and low cost locations.
- ♦ **Madura Garment** will aggressively pursue apparel retailing with the launch of large format stores for Peter England and Mens Lifestyle stores for Fashion brands.
- ♦ **Carbon Black** business is accelerating green-field expansion by 1,20,000 MT in Western India.
- ♦ **Insulators** business is expanding its capacity by 8,000 MT besides foraying in polymer insulators
- ♦ **Textiles** business will increase its capacity in linen fabrics and flax yarns.
- ♦ **Fertilisers** business will focus on de-bottlenecking to increase capacity.

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 enhancing its revenues and earnings, but for some more time, given the investments in growth phase, the Life Insurance and BPO businesses will create a stretch on profitability.

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Aditya Birla Nuvo Limited

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