



PRESS RELEASE

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Aditya Birla Nuvo Limited reports results for the fourth quarter and the financial year ended 31st March 2008

Consolidated turnover crosses USD 3 billion achieving 45% year on year growth

Aditya Birla Nuvo continued its growth journey during the year. All the businesses are progressing well on the designed path.

- Consolidated revenues grew by 45% from Rs. 8,366.8 Crores to Rs. 12,134 Crores
 - ✓ Growth businesses contributed 75% to the consolidated revenues
- Standalone revenues grew by 15% from Rs. 3420.5 Crores to Rs. 3924.2 Crores and net profit rose by 8% from Rs. 225 Crores to Rs. 243.1 Crores
- Consolidated Net profit was lower by 46% from Rs. 280.9 Crores to Rs. 150.8 Crores
 - ✓ Growing share of new business in the Life Insurance business impacted profitability
- Consolidated net profit without Life Insurance rose by 25% from Rs. 384.3 Crores to Rs. 480.3 Crores

Rs. Crores

Standalone Results						
Quarter ended 31st March			Particulars	Full Year ended 31st March		
2008	2007	Growth %		2008	2007	Growth %
1,130.8	859.7	32%	Net Income from Operations	3,924.2	3,420.5	15%
180.0	143.8	25%	Operating Profit (PBDIT)	633.9	603.8	5%
70.5	62.3	13%	Net Profit	243.1	225.0	8%

The Company's **standalone** revenues during the year grew by 15% to Rs. 3,924.2 Crores vis-à-vis Rs. 3,420.5 Crores achieved in the preceding year. The Carbon Black, Insulators and Rayon businesses posted the highest ever annual revenues. Plant shutdown in the Fertilisers business for nearly two and a half months, in the first half of the year, arrested higher growth. During the fourth quarter, **standalone** revenues at Rs. 1130.8 Crores grew by 32% vis-à-vis Rs. 859.7 Crores reported in the previous year.

Despite lower profitability in the fertilisers business due to plant shutdown, the Company's **standalone** net profit during the year is up by 8% at Rs. 243.1 Crores as against Rs 225 Crores achieved in the last year. The Insulators and the Carbon Black businesses together with the income tax refunds contributed significantly to the earnings. During the fourth quarter, **standalone** net profit rose by 13% to Rs. 70.5 Crores as against Rs. 62.3 Crores in the corresponding quarter last year.

Rs. Crores

Consolidated Results						
Quarter ended 31st March			Particulars	Full Year ended 31st March		
2008	2007	Growth %		2008	2007	Growth %
3,804.4	2,652.2	43%	Net Income from Operations	12,134.0	8,366.8	45%
241.0	305.5	-21%	Operating Profit (PBDIT)	1,101.3	1,139.6	-3%
(21.9)	82.2	-127%	Net Profit (after Minority Interest)	150.8	280.9	-46%

The Company's **consolidated** revenues during the year are up by 45% at Rs. 12,134 Crores vis-à-vis

Rs. 8,366.8 Crores achieved last year. **Revenues from its subsidiaries and joint ventures, where the company has made substantial investments in the past, grew by 66% to Rs. 8,209.8 Crores from Rs. 4,946.3 Crores.** All the businesses are on the growth trajectory.

- The **Telecom** business registered a 54% rise in revenues at Rs. 6,720 Crores. Its subscriber base as on March 31, 2008 grew to 24 Million with 16.2% market share in 11 operating circles up from 14.9% at the beginning of the year. Idea received licenses to operate in the remaining 9 circles and spectrum allocation for Tamil Nadu (including Chennai) and Orissa circles. The Tower JV formed with Bharti Airtel and Vodafone, will support speedy roll out of services in 5 out of these 9 new circles. Idea is targeting roll out of services in Mumbai and Bihar circles in the second quarter and in Tamil Nadu (including Chennai) and Orissa circles in the third quarter of FY2008-09. This is a significant move towards Pan India presence.
- The **Life Insurance** business revenues at Rs. 4,012.1 Crores grew by 94% as against Rs. 2,068.8 Crores registered in the previous year. New business premium grew by 123% to Rs. 1,965 Crores supported by expanded distribution reach and innovative product launches. Share of new business in total premium income rose from 50% last year to 60% in the reporting year. The business ranked 6th amongst private players with an improved market share of 6.2% upto February 2008 vis-à-vis 5.2% in the corresponding period last year. The business strengthened its product portfolio through launch of three new products – Gold Plus, Saral Jeeven and Platinum Plus. The business now has 339 branches and over 1 Lac agents compared to 137 branches and about 57,000 agents at the beginning of the year. Business is targeting to reach 1000 branches mark along with doubled agents force in FY2008-09.
- The **BPO** business reported revenues of Rs. 1,577.7 Crores. Ten new clients have been added. Two new sites in India, one site in Philippines and three sites in North America were launched during the year taking global delivery capacities to 9,089 seats across 26 sites. Business under integration phase has been further impacted by weak dollar and US slow down.
- In the **Garments** business, revenues rose by 24% to Rs. 1,025.8 Crores from Rs. 830.4 Crores. 115 new Exclusive Brand Outlets (EBOs) were launched taking the controlled retail space to 5.1 lacs square feet across 253 EBOs. Two new subsidiaries were launched for bolstering presence in large format apparel retailing space.

During the fourth quarter, **consolidated** revenues jumped by 43% to Rs. 3,804.4 Crores from Rs. 2,652.2 Crores achieving growth across the businesses despite economic slowdown.

Investment phase of growth businesses had gestating impact on consolidated profitability

The Company's consolidated net profit at Rs. 150.8 Crores is lower by 46% during the year, against Rs. 280.9 Crores attained in the preceding year largely due to higher losses in the Life Insurance business. Without Life Insurance business, consolidated net profit has grown up by 25% to Rs. 480.3 Crores from Rs. 384.3 Crores. The Telecom business, which is now in the profit phase, more than doubled its net profit to Rs. 1042.3 Crores vis-à-vis Rs. 502.2 Crores earned in the last year.

- In the Life insurance business, net loss increased during the year to Rs. 445.3 Crores from Rs. 139.7 Crores. This was largely due to growing share of new business premium. The new business is fully profitable and income will accrue over the policy period. Higher spends on intensification of distribution network to regain the market share also impacted profitability.

- In the BPO business, net loss was higher at Rs. 88.9 Crores, constrained by the weakening of US Dollar, besides ramping up of new sites.
- Pre-launch expenses of stores in apparel retail subsidiaries and impact of weak dollar on contract exports business lowered the profitability of the Garments business.

During the fourth quarter, the higher share of new business premium in the life insurance business has depressed consolidated net profit.

Promoters to fund growth of the company through preferential allotment

The Shareholders of the company have approved allotment of 2.05 Crores warrants on preferential basis to the Promoters at the EOGM held in February 2008. Till March 2008, a sum of Rs. 718.7 Cr. has been received as 10% upfront payment and on conversion of 17 lacs warrants into equity shares.

Dividend

The Board of Directors has recommended a dividend of 57.5% for the current year as against 55% last year. The company will also pay a dividend tax (including surcharge and education cess) of 17%. The dividend outgo will therefore be Rs. 63.9 Crores.

Growth Initiatives

- In its pursuit to become a Pan India player, the **Telecom** business is targeting to roll out Mumbai and Bihar circles in the second quarter and Tamil Nadu (including Chennai) and Orissa circles in the third quarter of FY2008-09. Roll out in the remaining circles is targeted within 6-9 months on the allocation of spectrum.
- **Financial Services** businesses will continue to improve market positioning through scaling up of distribution reach, strengthening product portfolio through innovative launches, improving brand loyalty through transparent returns and deriving synergies through cross selling. It is also planned to explore and enter growth avenues in new business segments in the financial services space.
- **BPO business** is scaling its global delivery capacity with a focus on migration to high margin KPO segment and low cost new geographies.
- **Madura Garments** will aggressively pursue apparel retailing with the launch of large format family stores for Peter England and Mens exclusive Lifestyle stores for Fashion and International brands through two separate subsidiaries besides creating its own exclusive brand outlets.
- **Insulators** business is expanding its capacity by 12,000 MT in two phases besides foraying in polymer insulators.

Most of our businesses are progressing well on the designed path to leverage growth opportunities. Aditya Birla Nuvo is optimistic about meeting the challenges of strategic growth initiatives and enhancing its revenues and earnings. The investments pumped, more specifically into the Life Insurance, BPO and Garments businesses, which have created a stretch on profitability in the short term, will go a long way for value creation for shareholders.

Aditya Birla Nuvo Limited

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