



PRESS RELEASE

Mumbai, 29th July 2009

Aditya Birla Nuvo reports results for the quarter ended 30th June 2009

Aditya Birla Nuvo continues to move closer in the direction of achieving distinct strategic objectives across its businesses:

- Building momentum for achieving leadership in the Financial Services business;
- Achieving Pan India presence in the Telecom business;
- Regaining profitability in the BPO and the Garments businesses and
- Strengthening operations in the 'Value' (manufacturing) businesses.

As a result, almost all the businesses have outperformed competition while strengthening their positioning and earnings y-o-y as well as q-o-q.

Rs. in Crores

	Q1 FY 2009-10	Q1 FY 2008-09
Consolidated net income from operations	5,369.4	2,653.3
Consolidated Net Sales	3,214.3	3,098.7
Consolidated PBDIT	306.4	270.8
Consolidated Net Loss	(35.3)	(28.3)

- Higher net sales is supported by the Life insurance, Telecom and Garments businesses.
- Higher PBDIT is primarily driven by improved performance in the BPO and the Garments businesses coupled with lower new business strain in the Life Insurance business.
- Higher depreciation consequent to expansion in the Telecom business and higher interest costs to fund growth in the Financial Services businesses led to increase in net loss.

To strengthen balance sheet by reducing debt and interest costs, shareholders have approved equity infusion of Rs. 1,000 Crores through preferential allotment to promoters, in the EoGM held on 17th June 2009. A sum of Rs. 250 Crores has been received in June 2009 itself as 25% application money.

All the businesses are progressing well on the designed path of achieving profitable growth.

Financial Services

- **Birla Sun Life Insurance (BSLI)** continues to outperform the private sector life insurers. While private life insurers de-grew by 18% in new business premium during the quarter, BSLI's annualised new premium de-grew only by 6%. In June 2009, BSLI ranked 5th with 10.1% market share amongst private players. BSLI posted 17% y-o-y growth in total premium income from Rs. 796.4 Crores to Rs. 929.2 Crores. Renewal premiums soared by 64% to Rs. 526.9 Crores driven by high persistency. **Lower strain of new business premium reduced net loss from Rs. 146.8 Crores to Rs. 111.1 Crores.**

- **Birla Sun Life Asset Management (BSAMC)** continued its strong momentum and outperformed industry by a significant margin. BSAMC achieved 37% y-o-y growth in average domestic AUM compared to industry's 19% growth. It ranks 5th with 8.4% market share. Total average AUM (incl. offshore and PMS) at Rs. 58,514 Crores posted 20% q-o-q growth. Domestic equity AUM grew q-o-q by 70% achieving highest growth rate in this segment among top 5 players. BSAMC has been recognised as "India Onshore Fund House 2009" by the Asian Investor, Hong Kong. More than 80% of AUM is in top two quartiles of performance based on one year returns.
- Net profit of **Apollo Sindhoori** grew from Rs. 2.1 Crores to Rs. 2.7 Crores supported by improved broking volumes. '**Aditya Birla Private Equity Fund**' has successfully launched its maiden offering to Indian investors and is getting encouraging response. **Other Financial Services** businesses continued to invest in people and technology related infrastructure.

The Aditya Birla Financial Services Group is taking rapid strides in its journey to be a leader and role model in financial services sector with a broad based and integrated business. It is well positioned to capitalise on the huge untapped opportunity offered by the Indian financial services sector.

Telecom : **Idea Cellular** expanded its footprint to 17 services areas with the launch of Orissa and Tamil Nadu (Incl. Chennai) service areas. Idea now covers ~ 90% of the national subscriber base and serves over 47 million subscribers. It ranks 5th with 11% market share. Idea registered a 37% rise in revenues from Rs. 2,173.5 Crores to Rs. 2,974.8 Crores. **Cash profit grew by 37% from Rs. 565.3 Crores to Rs. 772.6 Crores.** Net profit grew by 13% from Rs. 263.1 Crores to Rs. 297.1 Crores despite start up costs of newly rolled out circles and its share in losses of Spice.

BPO : **Net loss at Rs. 9.2 Crores has been reduced considerably y-o-y from Rs. 23.6 Crores and q-o-q from Rs. 33.9 Crores,** supported by site consolidation & overheads reduction initiatives. Lower business from the clients suffering slowdown contained revenues to Rs. 371.6 Crores. In the direction of scaling domestic operations and building expertise in telecom vertical, one site was launched in India to serve Idea Cellular while two others are on cards.

Garments : Revenues grew by 13% from Rs. 225.1 Crores to Rs. 255.1 Crores driven by higher sales in the branded garments business. Sales from retail channel grew by 23% supported by expanded retail space and growth in like to like store sales. The top-line growth could have been higher but for weak order flow in contract exports subsidiary due to global slowdown. **Loss before interest and tax at Rs. 45.1 Crores has been reduced significantly y-o-y from Rs. 56.9 Crores and q-o-q from Rs. 82.2 Crores,** supported by rent-negotiation, exit from unviable stores, working capital management and manpower rationalisation efforts.

Carbon Black : Capacity utilisation rose to 100% from 79% in the previous quarter. Re-affirming that later half of FY 2008-09 was an aberration due to sharp volatility in crude oil prices and slowdown in demand from auto / tyre sector. **Driven by lower feed stock prices and revival of demand from tyre sector, Hi-Tech Carbon has made a turnaround** by earning PBIT of Rs. 25 Crores compared to loss of Rs. 13.8 Crores in the previous quarter. Profitability is lower y-o-y due to part consumption of high

priced feed stock which got completely exhausted in May 2009. In June 2009, operating margin has attained normalcy. Capacity expansion by 75,000 MTPA at Patalganga is targeted by March 2010 to tap regained buoyancy in domestic auto sector.

Fertilisers : While Indo-Gulf achieved higher per day productivity y-o-y, planned maintenance shutdown in April 2009 and subsequent breakdown in May 2009 resulted in lower operating days. Consequent lower volumes coupled with higher repairs and maintenance costs lowered profitability.

Rayon : Indian Rayon posted highest ever quarterly profitability driven by higher VFY realisation and lower input costs. Earnings were further augmented by 16% growth in caustic soda sales volumes on back of capacity expansion in December 2008.

Insulators : Aditya Birla Insulators witnessed lower volumes due to deferment of delivery schedule by few clients. Demand and realisation remained under pressure globally. Capacity expanded by 10,000 TPA is under trial run and commercial production is targeted in the running quarter.

Textiles : Profitability of Jaya Shree textiles was impacted by usage of high priced stock due to fall in input prices. The business is focusing on increasing share of retail segment to enhance margins.

Aditya Birla Nuvo is well positioned to emerge stronger with the continuous pursuit of strategic initiatives. It is dedicated to ensure that 'Growth' businesses achieve 'path to profitability' faster. The investments made, specifically in the Financial Services, BPO and the Garments businesses, are endeavoured towards creating long term value for the shareholders.

About Aditya Birla Nuvo Ltd.

Aditya Birla Nuvo Ltd is a conglomerate and the platform that has launched many new age businesses for the Aditya Birla Group. Over the years, it has built successful ventures into sunrise sectors viz., Telecom, Life Insurance, Asset Management, Garments and Business Process Outsourcing. The razor sharp focus on 'Value' businesses has made it a leading player in Viscose Filament Yarn, Carbon Black, Fertilisers, Textiles and Insulators.

Vision

To become a premium conglomerate with market leadership across businesses, delivering superior value to shareholders on a sustained basis.

Aditya Birla Nuvo is a part of the **Aditya Birla Group**, India's first truly multinational group. The group operates in 25 countries, is anchored by an extraordinary force of over 130,000 employees belonging to 30 nationalities and derives over half of its revenues from operations outside India.

Statements in this "Press Release" describing the Company's objectives, projections, estimates, expectations or predictions may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and Indian demand supply conditions, finished goods prices, feed stock availability and prices, cyclical demand and pricing in the Company's principal markets, changes in Government regulations, tax regimes, economic developments within India and the countries within which the company conducts business and other factors such as litigation and labour negotiations. The Company assume no responsibility to publicly amend, modify or revise any forward looking statement, on the basis of any subsequent development, information or events, or otherwise.

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