

# **Performance Review**

## **1<sup>st</sup> Quarter ended June 30, 2006**

**ADITYA BIRLA NUVO LIMITED**

**Mumbai, 29<sup>th</sup> July 2006**

Investor Presentation

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# Strategic Highlights









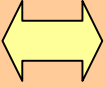
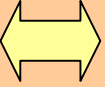


- **Completed acquisition of 15% (7.5% through its subsidiary) equity stake in Idea Cellular for Rs. 1372.7 Cr in Jun-06**
  - Total investment in Idea stands at Rs. 2130.6 Cr for 35.74% equity stake
  
- **Significant stride towards gaining strength in BPO space**
  - Signed definitive agreement to acquire Minacs Worldwide Inc
    - *TransWorks through its wholly owned subsidiary AV TransWorks, Canada made an open offer to the shareholders on July 13, 2006*
    - *Transaction likely to be completed by August end*
    - *Deal size estimated at US\$ 125 million*



# Business Highlights – Value Businesses



Business	Growth in Q1		Highlights
	Revenue	Profits	
Rayon			Both realizations and volumes improved for VFY; In Chlor-alkali segment volumes are higher but realizations declined
Carbon Black			Higher domestic demand supported volume growth Optimization of market mix helped push realizations
Fertilizers			Higher capacity utilization (109% of re-assessed capacity); Sale of Carbon Credits
Textiles			Higher volumes in Linen and worsted segment supported by capacity addition; Realization for worsted yarns improved
Insulator			Volumes affected at Halol due to labour unrest; Realizations however improved

# Business Highlights – Growth Businesses



Business	Growth in Q1		Highlights
	Revenue	Profits	
Garments			Fashion Brands fortified their leadership positions; Peter England achieved significant growth through expanded reach; Thrust on Manufacturing exports started reaping benefits
Telecom			Increased subscriber base to 8.54 million; Rollout at 3 new circles in advance stages
BPO			3 new clients added during the quarter; Increased share of Non voice business
Life Insurance			Strong growth in first year premium led by increased distribution reach; Strain on profits due to higher new premium & opening of branches
Asset Management			Share of equity in total AUM increased to 26% vis-à-vis 20% in corresponding quarter
Other Financial Services			Continued to maintain leadership position in Collateral finance
IT Services			Increased share of high margin offshore revenues; Improved manpower utilization

# Performance Highlights - Revenue

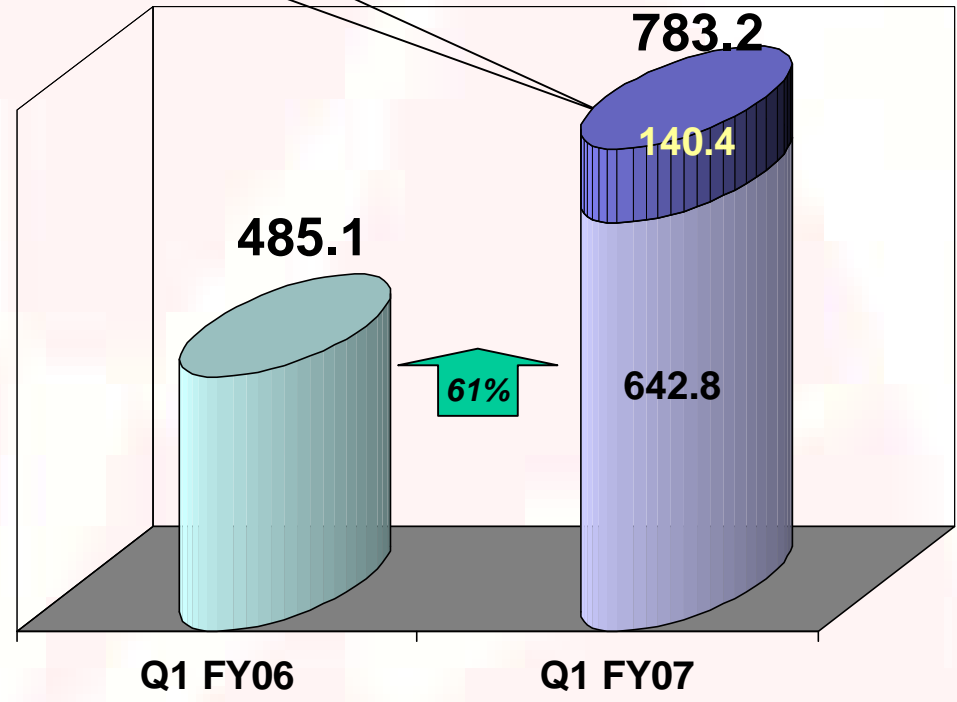
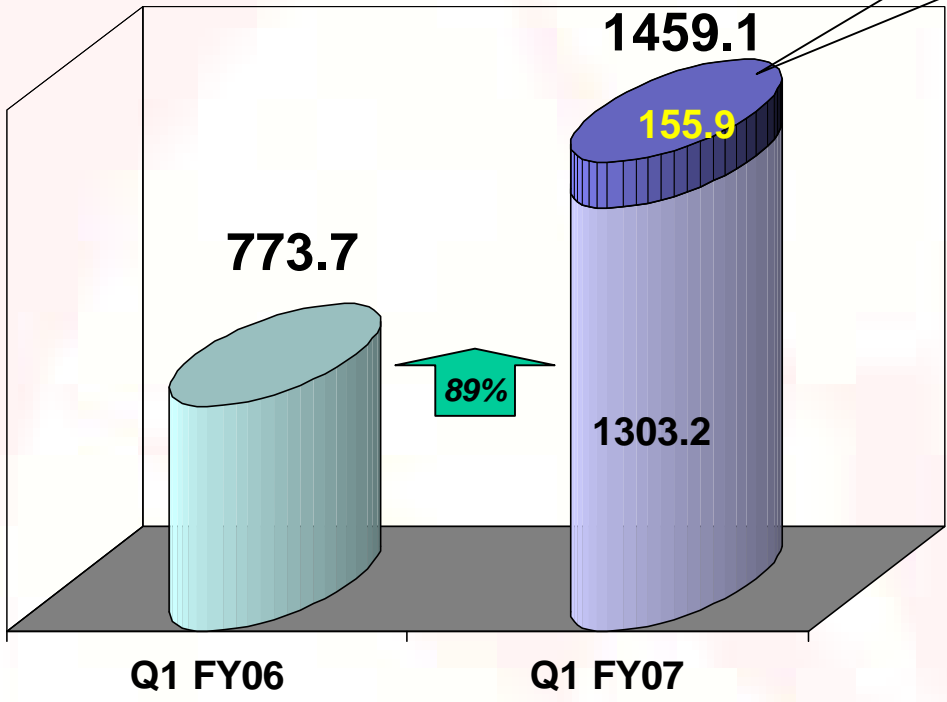


## Aditya Birla Nuvo Consolidated

## Aditya Birla Nuvo Standalone

Share of  
Fertilizers/Financial  
Service business

Rs. Cr.



# Consolidated Revenue



Rs. Cr.

Revenue	1st Quarter		
	2006-07	2005-06	
<b>Aditya Birla Nuvo</b>	<b>783.2</b>	<b>485.1</b>	<b>61%</b>
Telecom JV * Nuvo's Share (Total)	201.5 (900.1)	29.5 (689.2)	31%
BPO	48.1	38.0	27%
Life Insurance	358.5	180.4	99%
Asset Management JV Nuvo's Share (Total)	9.8 (19.5)	- (0)	
IT Services	23.2	17.3	34%
Insulator JV Nuvo's Share (Total)	25.5 (51.1)	23.2 (46.3)	
Others	10.2	0.2	
Less: Inter Co Elimination	0.8	0.1	
<b>Nuvo's Share in JV/Subs</b>	<b>675.9</b>	<b>288.6</b>	<b>134%</b>
<b>Nuvo Consolidated</b>	<b>1,459.1</b>	<b>773.7</b>	<b>89%</b>

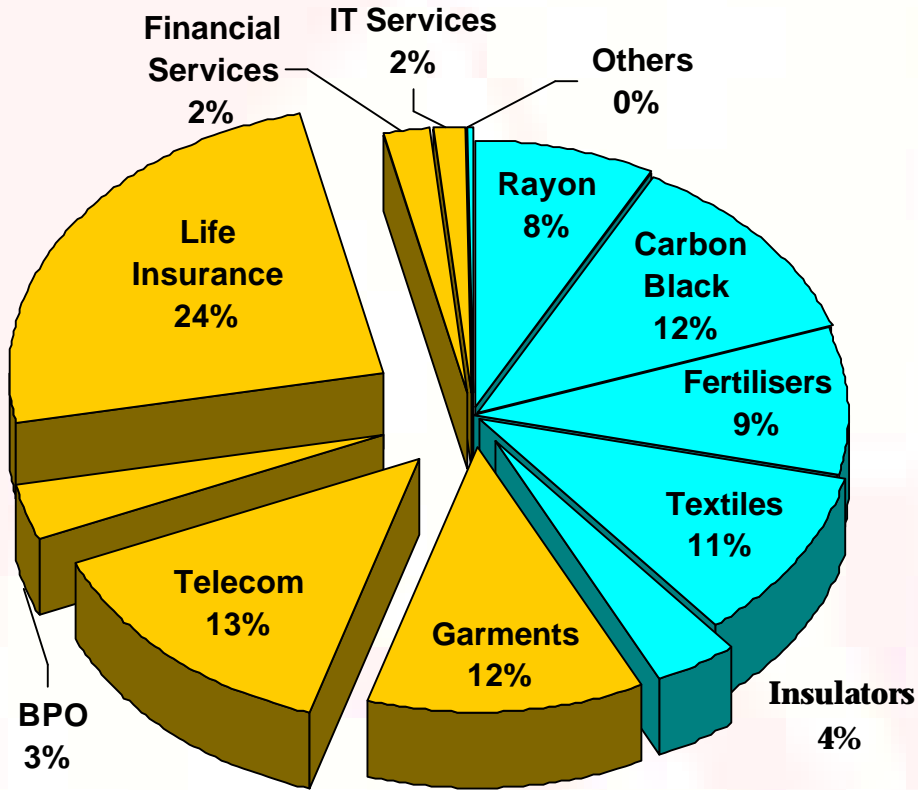
\* Telecom share @ 20.74% (4.28%) considered

# Revenue Composition



## Consolidated

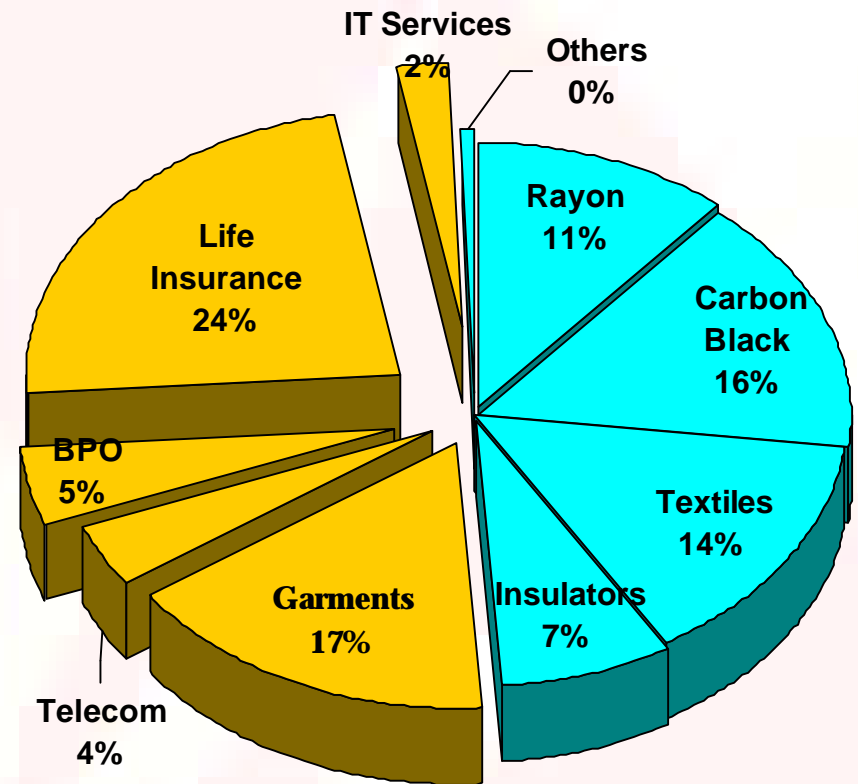
Q1 FY2007



Growth Businesses  
(56%)

Value Businesses  
(44%)

Q1 FY2006



Growth Businesses  
(52%)

Value Businesses  
(48%)

# Performance Highlights – Net Profit

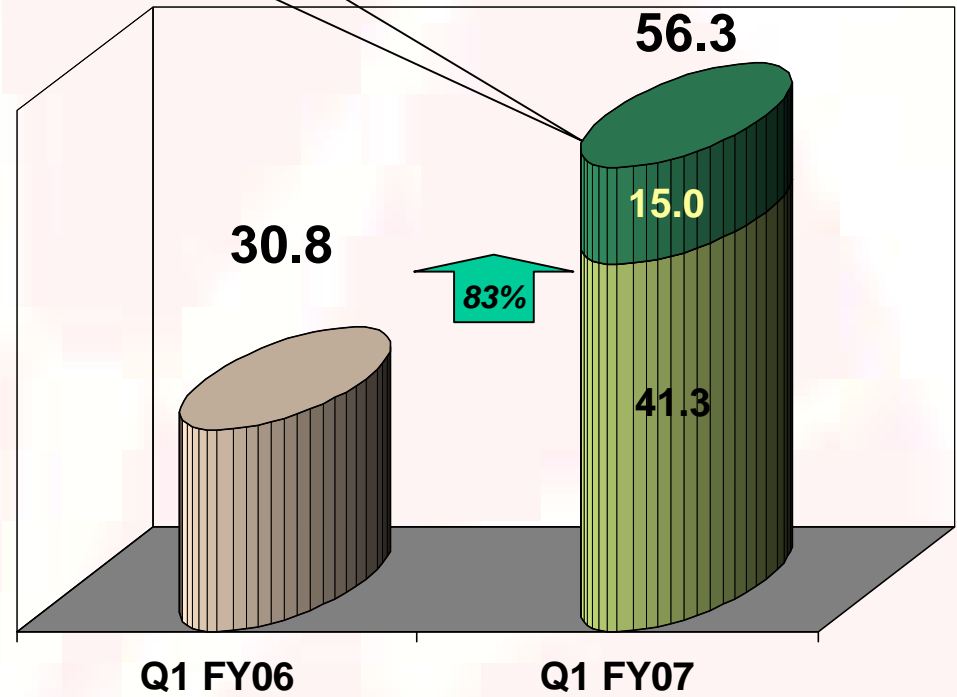
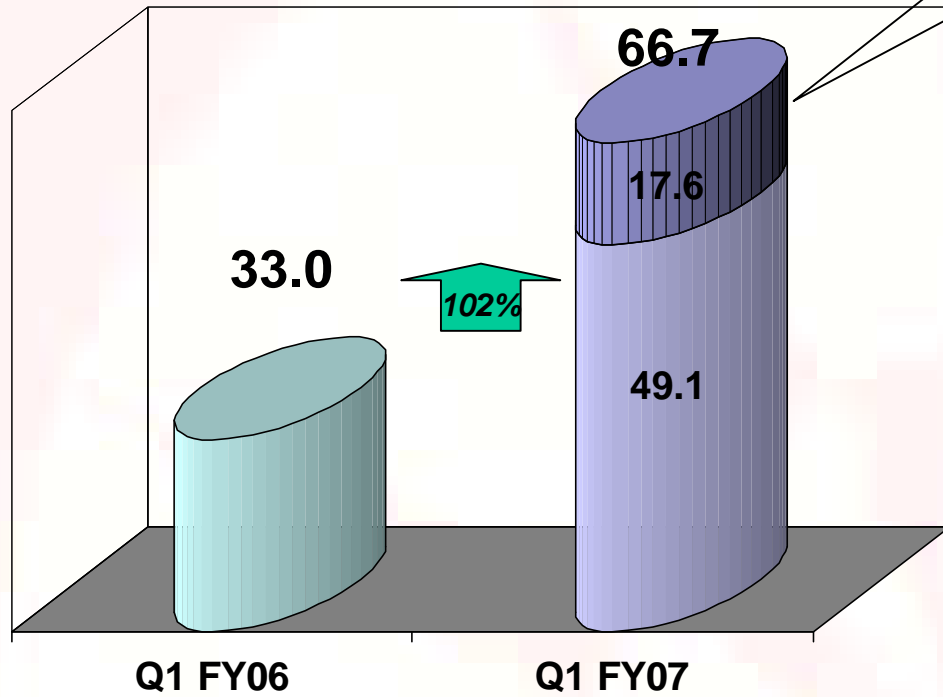


## Aditya Birla Nuvo Consolidated

## Aditya Birla Nuvo Standalone

Rs. Cr.

Share of  
Fertilizers/Financial  
Service business



# Consolidated Net Profit



Rs. Cr.

Net Profit	1st Quarter	
	2006-07	LY-Actual
<b>Aditya Birla Nuvo</b>	<b>56.3</b>	<b>30.8</b>
Telecom JV * Nuvo's Share	20.0	2.1
(Total)	(89.2)	(48.4)
BPO	6.3	6.7
Life Insurance	(19.3)	(4.6)
Asset Management JV Nuvo's Share	3.7	-
(Total)	(7.4)	(0)
IT Services	0.9	(0.8)
Insulator JV Nuvo's Share	(1.7)	(2.5)
(Total)	(-3.4)	(-4.9)
Others	(2.8)	0.1
Less: Minority Interest/Elimination	(3.3)	(1.2)
<b>Nuvo's Share in JV/Subs</b>	<b>10.4</b>	<b>2.3</b>
<b>Nuvo Consolidated</b>	<b>66.7</b>	<b>33.0</b>

83%

84%

102%

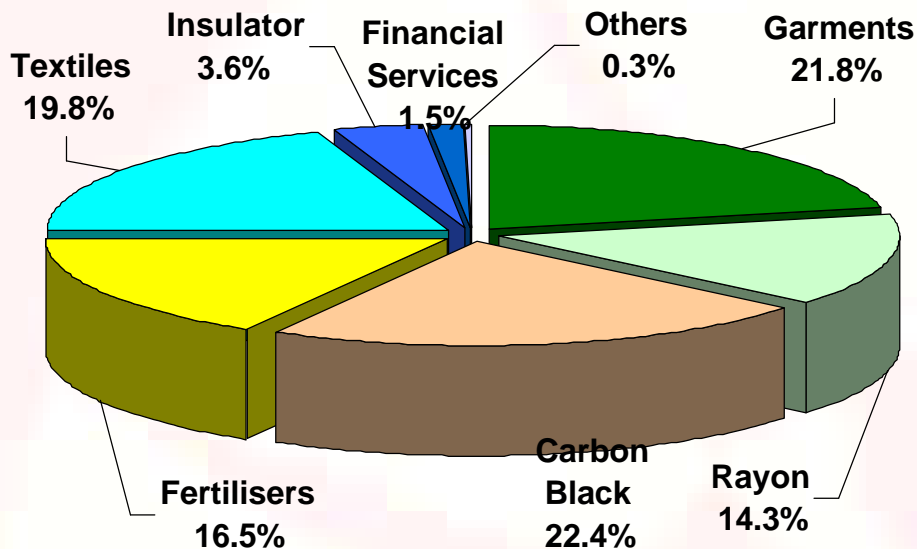
\* Telecom share @ 20.74% (4.28%) considered

# **Aditya Birla Nuvo (Standalone) Financial Performance**

# Segmental Revenue (Standalone)



Q1 FY07



Revenue	1st Quarter		Rs. Cr.
	2006-07	2005-06	
Garments	170.5	128.0	33%
Rayon	112.2	86.8	29%
Carbon Black	175.1	122.3	43%
Textiles	154.8	110.4	40%
Insulator	27.9	34.3	
Others	2.3	3.4	
Fertilisers*	128.9	-	
Financial Services*	11.4	-	
<b>Total</b>	<b>783.2</b>	<b>485.1</b>	<b>61%</b>

\* Merged w.e.f September 1, 2005

Revenue growth across businesses

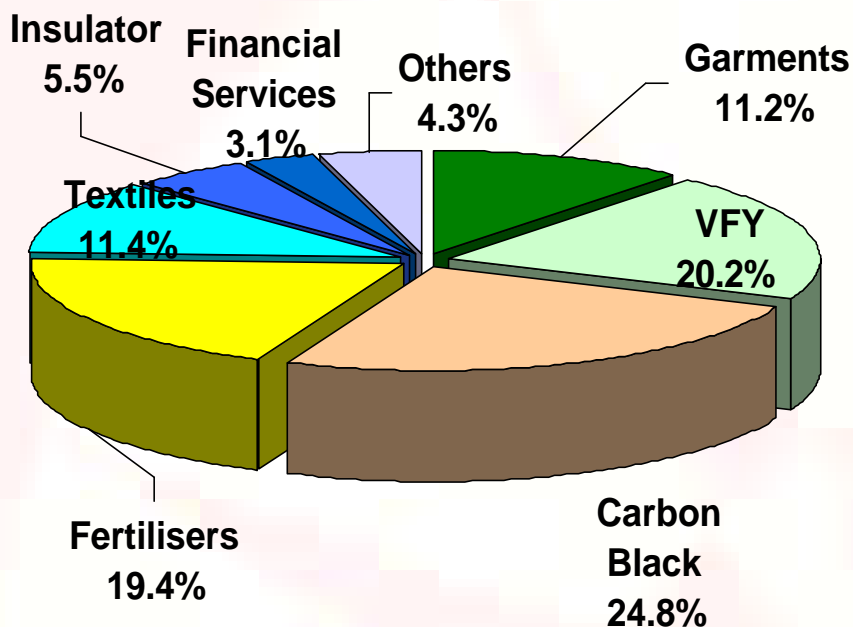


# Segmental Profitability (Standalone)



Rs. Cr.

Q1 FY07



PBDIT	1st Quarter		
	2006-07	2005-06	
Garments	15.8	8.8	79%
Rayon	28.4	21.6	31%
Carbon Black	34.9	22.1	58%
Textiles	16.0	10.9	47%
Insulator	7.7	7.9	
Others	6.1	1.2	
Fertilisers *	27.3	-	
Financial Services *	4.3**	-	
<b>Total</b>	<b>140.6</b>	<b>72.5</b>	<b>94%</b>

79%

31%

58%

47%

94%

13

\* Merged w.e.f September 1, 2005

\*\* After netting of interest expense

# Financial Results (Standalone)



Rs. Cr.

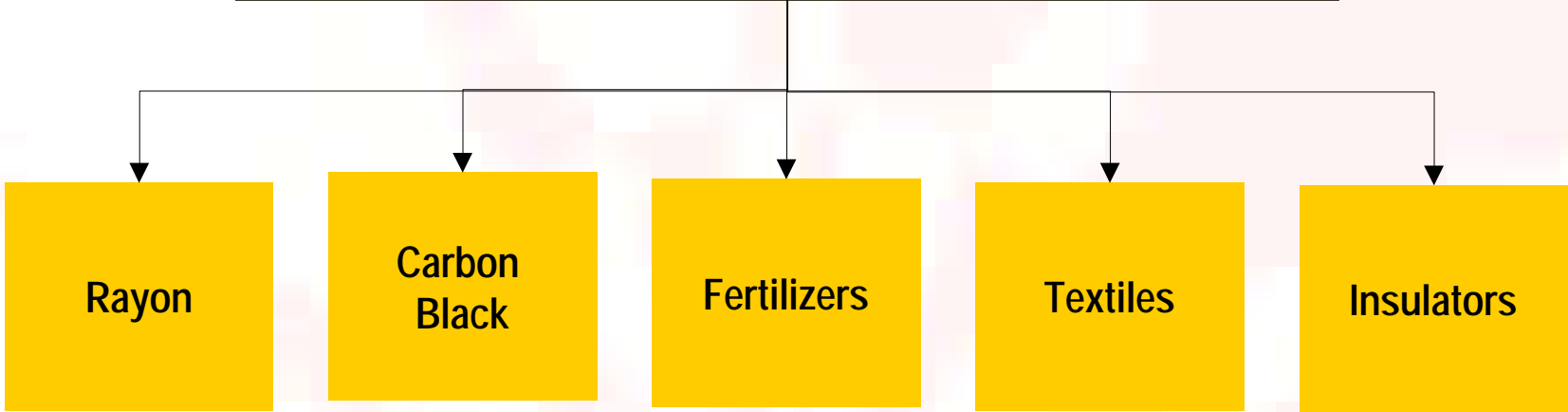
Particulars	1st Quarter	
	2006-07	2005-06
<b>Revenue</b>	<b>783.2</b>	<b>485.1</b>
<b>Other Income</b>	<b>16.3</b>	<b>2.5</b>
<b>Operating Profit (PBDIT)</b>	<b>146.4</b>	<b>72.5</b>
<b>Less: Interest &amp; Finance Expenses</b>	<b>38.4</b>	<b>6.8</b>
<b>Add: Interest Income</b>	<b>9.9</b>	<b>1.0</b>
<b>Gross Profit</b>	<b>117.9</b>	<b>66.7</b>
<b>Depreciation/ Amortisation</b>	<b>31.2</b>	<b>20.2</b>
<b>Profit Before Tax and Exceptional Items</b>	<b>86.7</b>	<b>46.6</b>
<b>Exceptional Items</b>	<b>(0.8)</b>	<b>(0.7)</b>
<b>Profit after Exceptional Items</b>	<b>85.9</b>	<b>45.9</b>
<b>Provision for Taxation</b>	<b>29.6</b>	<b>15.2</b>
<b>Net Profit</b>	<b>56.3</b>	<b>30.8</b>
<b>EPS (Annualised)</b>	<b>27.0</b>	<b>20.5</b>

↑ 61%

↑ 83%



**Value Businesses**



# Rayon: Improved VFY realization

Rs. Cr.

- **VFY revenue up by 33% at Rs. 73.4 Cr**
  - Supported by 12% volume growth
  - Realizations rose 18%
    - *Anti dumping duty levied on Chinese imports*
- **Chemical revenue up by 23%**
  - Volumes improved significantly aided by capacity addition (from 115 TPD to 160 TPD) in July-05
  - ECU realizations though down 17% from peak of Rs. 26,127/MT
- **PBDIT higher by 31% at Rs. 28.4 Cr**
  - Supported by higher VFY realization
- **VRS offered to 32 persons at Rs 0.8 Cr**
- **Power plant likely to be commissioned by Sep-06**

Particulars	1st Quarter	
	2006-07	2005-06
Production (Tons)	4,343	4,218
Capacity Utilization (%)	108.6	105.5
Sales Volumes (Tons)	4,402	3,926
VFY Realisation (Rs./Kg.)	167	141
ECU Realisation (Rs./MT.)	21,734	26,127
Revenue - VFY	73.4	55.3
- Chemicals	38.8	31.5
<b>Revenue</b>	<b>112.2</b>	<b>86.8</b>
PBDIT	28.4	21.6
<b>PBIT</b>	<b>21.4</b>	<b>15.9</b>
Capital Employed	407.8	336.0
ROACE (Annualised) (%)	21.0	19.5

↑ 18%

↓ 17%

↑ 29%

↑ 31%

# Carbon Black: Robust performance

Rs. Cr.

- **Volumes up by 8% at 44,475 tons**
  - Fuelled by domestic auto sector growth
- **Realisation jumped by 27%**
  - High CBFS price passed on with lag
  - Positive change in market mix
- **Revenue thus soared by 43%**
- **Operating profits rose to Rs 34.9 Cr**
  - Led by higher volumes and realization
  - Target plus benefit (Export incentive) of Rs 6.8 Cr contributed further
- **Annualized ROCE jumped to 30%**
- **Brownfield expansion of 55,000 MT awaiting environmental clearance**

Particulars	1st Quarter	
	2006-07	2005-06
Production (Tons)	45,945	42,606
Capacity Utilization %	108.1	100.2
Sales Volumes (Tons)	44,475	40,992
Realisation (Rs./Ton)	37,855	29,826
<b>Revenue</b>	<b>175.1</b>	<b>122.3</b>
PBDIT	34.9	22.1
OPM %	19.9	18.0
<b>PBIT</b>	<b>30.9</b>	<b>18.0</b>
Capital Employed	427.9	356.0
ROACE (Annualised) (%)	29.6	19.8

8%

43%

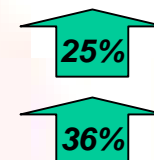
# Fertilizers



- **Production at 237K MT**
  - 109% utilization of re-assessed capacity helped
- **Volumes soared by 17% at 195K MT**
  - Improved demand helped by pre-monsoon rains despite off-season period
- **Revenue increased to Rs. 128.9 Cr**
- **Operating profit improved to Rs. 27.3 Cr**
  - Higher operation efficiency and
  - Sale of Rs. 6.9 Cr of CERs under Clean Development Mechanism (CDM) supported

Rs. Cr.

Particulars	1st Quarter	
	2006-07	2005-06
Production ('000 Tons)	237	254
Volumes ('000 Tons)	195	166
Revenue	128.9	103.0
PBDIT	27.3	20.2
OPM %	21.2	19.6
PBIT	17.9	10.7
Capital Employed	333.2	356.7
ROACE (Annualised) (%)	22.9	12.0



# Textiles: Improved demand

Rs. Cr.

- **Linen segment – Better performance continued**
  - Linen Fabric/Yarn continued its growth momentum aided by higher volumes
- **Worsted segment – Benefited from higher share of value added products**
  - Improved volumes supported by expanded capacity of wool combing complemented
- **Synthetic Yarn – Downsizing of segment in phased manner**
- **Operating profits jumped by 47%**
  - Focus on niche segment helped
- **Annualised ROCE improved to 21%**

Particulars	1st Quarter	
	2006-07	2005-06
Linen segment (Fabric/Flax Yarn)	38.1	32.1
Worsted Segment	85.5	47.2
Synthetic Yarn	31.2	31.0
<b>Total Revenue</b>	<b>154.8</b>	<b>110.4</b>
PBDIT	16.0	10.9
<b>PBIT</b>	<b>12.5</b>	<b>7.5</b>
Capital Employed	238.4	211.6
ROACE (Annualised) (%)	21.2	14.1

81%

40%

47%

# Insulators



Rs. Cr.

## Domestic Marketing:

- Revenue lower at Rs. 27.9 Cr
  - Due to higher share of direct billing though volumes increased

- Profit marginally down at Rs. 7.7 Cr

## Birla NGK (Manufacturing JV):

- Domestic volume rise aided by higher demand in domestic market

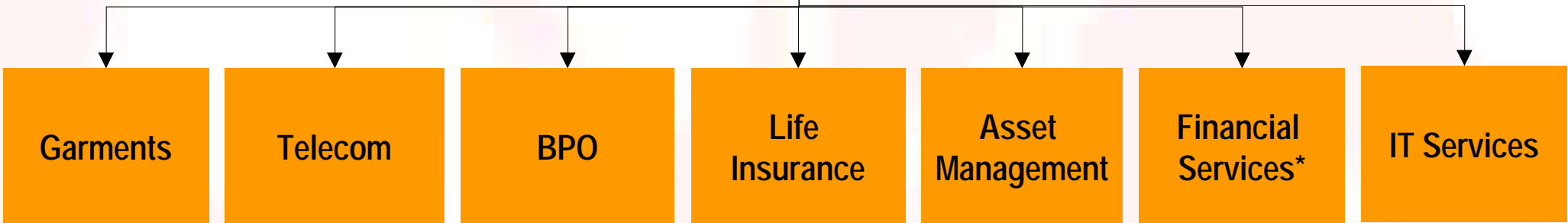
- Revenue increased by 10%
  - Despite strike for 50 days which hampered production

- Net loss curtailed at Rs. 3.4 Cr
  - Waste reduction and Yield improvement efforts are underway

Particulars	1st Quarter	
	2006-07	2005-06
<b>Domestic Marketing</b>		
Revenue	27.9	34.3
PBDIT/ PBIT	7.7	7.9
Capital Employed	18.4	21.6
<b>BIRLA NGK (JV)</b>		
Production (Tons)	4,531	5,999
Sales Volumes (Tons)	5,775	5,891
Revenue	51.1	46.3
PBDIT	1.0	(0.7)
PAT	(3.4)	(4.9)
Capital Employed	155.5	177.5

↑ 10%

## High Growth Businesses



*\* Financial Services includes Distribution, Corporate Finance, Capital Market, Insurance Advisory*

# Garments: All round growth

- **Fashion Brands continued strong performance registering growth of 22%**
  - Supported by innovative new merchandise
- **Peter England's expanded reach led to robust growth**
- **Renewed thrust on exports business helped grow revenue significantly**
- **Tied up 1.2 lac sq ft of retail space in upcoming malls**
  - New large format exclusive brand outlets to be opened
- **PBDIT increased by 79% at Rs. 15.8 Cr**
  - Richer product mix, higher realization and better supply chain management
  - Despite high advertisement for new collections and brand building

Rs. Cr.

Particulars	1st Quarter	
	2006-07	2005-06
Shirts	102.9	78.1
Trousers	44.0	33.9
Suits	9.5	7.4
Others	14.2	8.5
<b>Total Revenue</b>	<b>170.5</b>	<b>128.0</b>
Operating Profit	32.0	20.8
Advt. Expenses	16.2	12.0
PBDIT	15.8	8.8
<b>PBIT</b>	<b>9.6</b>	<b>2.7</b>
Capital Employed	304.3	262.0
ROACE (Annualised) (%)	12.6	4.2

33%

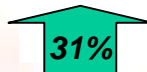
79%

# Telecom: Strong growth continued

Rs. Cr.

- **Subscriber base at 8.54 million**
  - Net adds of 1.2 million subscribers during the quarter
- **Revenue thus jumped 31% at Rs. 900.1 Cr.**
- **Net profit jumped to Rs 89.2 Cr**
- **Work on roll out in three new circles progressing satisfactorily**
  - To launch commercial operations by October this year
- **Debt restructuring underway to reduce interest burden**

Particulars	1st Quarter	
	2006-07	2005-06
No of Subscriber (Mn)	8.54	5.55
<b>Revenue</b>	<b>900.1</b>	<b>689.2</b>
PBIT	161.5	132.1
<b>Net Profit/(Loss)</b>	<b>89.2</b>	<b>48.4</b>
Capital Employed	4,529.9	4,488.7
ROCE (Annualised) (%)	14.3	11.8



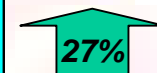
# BPO: Continuing strong growth



Rs. Cr.

- Revenue growth momentum continued
  - Enhanced client base (3 new clients) with significant ramp-up potential
  - Business with existing clients increased further
  - Share of Non Voice business increased
- Net Profit down at Rs. 6.3 Cr
  - Ramp-up of business with new clients
    - *Higher set up and training cost initially*
  - However operational efficiency improved
    - *Optimum utilization of infrastructure*
    - *Improved productivity and service levels*

Particulars	1st Quarter	
	2006-07	2005-06
Operating Seats (Nos)	2,242	1,722
Employees (Nos)	3,855	3,449
Voice	31.3	30.0
Non-Voice	16.8	8.0
<b>Revenue</b>	<b>48.1</b>	<b>38.0</b>
PBIT	6.9	7.1
<b>Net Profit/(Loss)</b>	<b>6.3</b>	<b>6.7</b>
Capital Employed	89.3	59.5



# Life Insurance



- **New Business Annualized Premium grew by 91% at Rs. 149.8 Cr**
- **Premium income up by 74%**
  - 38K policies issued; up by 66%
  - Aggressive ramp-up of distribution reach
- **Losses increased to Rs. 19.3 Cr**
  - Higher growth in first year premium
  - Opening of new branches (total 85) and ramping up of agency force (total 19K) in gestating stage
- **Market share declined to 6.2% among private insurers**
- **Capital infusion of Rs. 30 Cr during the quarter**

Rs. Cr.

Particulars	1st Quarter	
	2006-07	2005-06
<b>Individual Business</b>		
First Year Premium	119.3	76.5
Renewal Premium	120.8	70.3
<b>Total Individual busine</b>	<b>240.1</b>	<b>146.8</b>
<b>Group Business</b>		
First Year Premium	27.7	4.3
Renewal Premium	5.9	6.3
<b>Total Group business</b>	<b>33.6</b>	<b>10.6</b>
<b>Total Premium Income</b>	<b>273.7</b>	<b>157.4</b>
Net Profit/(Loss)	(19.3)	(4.6)
Share Capital	490.0	370.0
<b>Fund under management</b>	<b>2,648.9</b>	<b>1,463.6</b>

56%

74%

# Asset Management

- **Domestic AUM increased to Rs 14,611 Cr from Rs 11,457 Cr in Q1 FY06**
  - Share of equity increased from 20% to 26% though declined sequentially from 31% to 26%
- **Offshore funds grew by 94% to Rs 1198 Cr.**
- **Revenue thus increased to Rs. 19.5 Cr**
  - Led by higher AUM
- **Net profit jumped to Rs. 7.4 Cr**
  - Higher share of equity complemented

Rs. Cr.

Particulars	1st Quarter	
	2006-07	2005-06
Domestic AUM	14,611	11,457
Equity	3,778	2,258
Debt & Liquid	10,833	9,199
Off shore funds	1,198	617
<b>Total AUM</b>	<b>15,809</b>	<b>12,074</b>
Revenue	19.5	14.3
<b>PAT</b>	<b>7.4</b>	<b>4.3</b>

↑ 31%

# Other Financial Services



Rs. Cr.

## Capital Market and Corporate Finance

### ○ Continue to maintain leadership in finance against securities

- Finance extended Rs. 303 Cr for IPO in Q1 (Corresponding quarter: Rs. 232 Cr)
- Loan against Securities portfolio of Rs 271 Cr vis-à-vis Rs 209 Cr in Q1 FY06

## Distribution

### ○ Share of equity increased to 26% against 15%

- Total AUM marginally lower at Rs. 4023 Cr
- Mutual Fund NFO dried out due to market volatility

Particulars	1st Quarter	
	2006-07	2005-06
<b>Collateral Financing</b>		
Revenue	11.4	9.0
PBIT	4.2	3.3
Capital Employed	82.8	90.8
<b>Birla Sun Life Distribution Limited</b>		
Gross Mobilisation	7,108	3,779
Revenue	5.9	5.0
PAT	0.5	0.7
<b>Birla Insurance Advisory Services Limited</b>		
Revenue	2.0	1.8
PAT	0.8	0.7

↑ 27%

# IT Services: Improving performance

Rs. Cr.

- Revenue is up at Rs. 23.2 Cr
- Business turned net positive
  - Gross Margins improved from 33% to 35%
    - *Increased share of high margin offshore business (50% against 33% in Q1 FY06)*
    - *Manpower utilization improved to 88% on increased employee base of 623*

Particulars	1st Quarter	
	2006-07	2005-06
Software Revenue	23.1	17.2
Hardware Revenue	0.1	0.1
<b>Total Revenue</b>	<b>23.2</b>	<b>17.3</b>
PBDIT	2.1	0.2
<b>Net Profit/(Loss)</b>	<b>0.9</b>	<b>(0.8)</b>
Capital Employed	23.5	18.7

↑ 34%

# Capex and Investment Plan



Rs. Cr.

	Particulars	Total Plan FY06-FY09	Spent			Spending Plan	
			Till FY 2006	During Q1 FY 2007	Total	Balance to be spent	
						FY 2007	FY 2008/09
<b>A</b>	<b><u>Project Based</u></b>						
	Garments	38.1	-	0.9	0.9	24.2	13.0
	VFY / Chemical	141.9	74.3	26.4	100.7	31.1	10.1
	Carbon Black	126.2	14.6	7.7	22.2	103.9	-
	Textiles	84.1	6.1	1.4	7.5	39.0	37.7
	Fertilisers	112.4	9.6	5.3	14.9	72.5	25.0
	<b>Sub-Total A</b>	<b>502.6</b>	<b>104.5</b>	<b>41.6</b>	<b>146.1</b>	<b>270.7</b>	<b>85.8</b>
<b>B</b>	<b><u>Modernization</u></b>						
	Garments	8.6	0.4	0.0	0.4	8.1	-
	VFY / Chemical	32.6	6.9	2.6	9.5	21.3	1.8
	Carbon Black	20.0	-	2.5	2.5	16.5	1.0
	Textiles	17.6	2.0	0.0	2.0	15.6	-
	Fertilisers	20.0	8.6	1.7	10.3	4.2	5.5
	Others	0.6	0.0	0.0	0.0	0.6	-
	<b>Sub-Total B</b>	<b>99.5</b>	<b>17.9</b>	<b>6.9</b>	<b>24.8</b>	<b>66.3</b>	<b>8.3</b>
<b>C</b>	<b>Total Capex at Nuvo (A+B)</b>	<b>602.1</b>	<b>122.4</b>	<b>48.6</b>	<b>171.0</b>	<b>337.0</b>	<b>94.1</b>
<b>D</b>	<b>Investment in Insurance</b>	<b>340.4</b>	<b>-</b>	<b>22.2</b>	<b>22.2</b>	<b>133.2</b>	<b>185.0</b>
<b>E</b>	<b>Total Capital Outlay (C+D)</b>	<b>942.5</b>	<b>122.4</b>	<b>70.8</b>	<b>193.2</b>	<b>470.2</b>	<b>279.1</b>
<b>F</b>	<b><u>Major Capex (Other than JVs)</u></b>						
	Software	4.9	0.0	3.6	3.6	1.2	-
	BPO	25.7	0.6	0.6	1.1	24.5	-
	Manufacturing Exports	60.8	8.4	6.8	15.3	26.6	18.9
	Other Associates	12.8	-	0.9	0.9	11.8	-
	<b>Sub-Total F</b>	<b>104.1</b>	<b>9.0</b>	<b>11.9</b>	<b>21.0</b>	<b>64.2</b>	<b>18.9</b>
	<b>Grand Total (E+F)</b>	<b>1,046.6</b>	<b>131.4</b>	<b>82.7</b>	<b>214.2</b>	<b>534.5</b>	<b>298.0</b>
<b>G</b>	<b>Major Capex in JV</b>						
	Life Insurance	70.2	1.7	6.0	7.7	62.5	-
	Insulators	13.3	0.5	0.3	0.8	12.6	-

# Business Outlook and Strategy – High Growth Businesses



Business	Outlook	Key Challenges	Strategy
Garments	Positive	<ul style="list-style-type: none"> <li>○ Sustain leadership</li> <li>○ Timely increase controlled retail space in prime location</li> <li>○ Increase share of Contract export</li> </ul>	<ul style="list-style-type: none"> <li>○ Integrated go to market initiatives for each brands</li> <li>○ Increase quality reach of Peter England</li> <li>○ Retail space to be doubled over next two years                             <ul style="list-style-type: none"> <li>→ Ensuring new stores deliver international quality shopping experience</li> </ul> </li> <li>○ Focus on merchandise management and sell thrus</li> <li>○ Renewed focus on Manufacturing export                             <ul style="list-style-type: none"> <li>→ Strengthening manufacturing, design and product development capabilities</li> </ul> </li> </ul>
Telecom	Positive	<ul style="list-style-type: none"> <li>○ Further increase subscriber base</li> </ul>	<ul style="list-style-type: none"> <li>○ Strengthening network in existing circles</li> <li>○ Roll out of services in three new circles and explore further expansion</li> <li>○ To provide value added services to drive customer loyalty and revenues</li> <li>○ Financial restructuring to reduce interest cost</li> </ul>

# Business Outlook and Strategy – High Growth Businesses



Business	Outlook	Key Challenges	Strategy
BPO	Positive	<ul style="list-style-type: none"> <li>○ Execution excellence and value beyond SLA</li> <li>○ Acquisition and Integration of Minacs</li> </ul>	<ul style="list-style-type: none"> <li>○ Focus in building new verticals and horizontals</li> <li>○ Revamp recruitment and improve quality of hire</li> </ul>
Life Insurance	Positive	<ul style="list-style-type: none"> <li>○ Regain its top 3 position</li> <li>○ Focus on Value building growth</li> </ul>	<ul style="list-style-type: none"> <li>○ Aggressive ramping up: 31 Branches and additional advisors on cards;</li> <li>○ New products launch targeting specific segments</li> <li>○ Superior return to policyholder with better transparency</li> </ul>
Asset Management	Positive	<ul style="list-style-type: none"> <li>○ Heating competition</li> </ul>	<ul style="list-style-type: none"> <li>○ Increasing distribution reach</li> <li>○ Providing consistent superior returns</li> <li>○ Innovative product launches</li> </ul>
Other Financial Services	Positive	<ul style="list-style-type: none"> <li>○ Rising interest rates</li> </ul>	<ul style="list-style-type: none"> <li>○ Increase share of fee based income</li> <li>○ Scout for low risk fund based income</li> </ul>
IT Services	Moderate	<ul style="list-style-type: none"> <li>○ Building scalability to support business</li> </ul>	<ul style="list-style-type: none"> <li>○ Strengthening marketing and delivery capabilities</li> <li>○ Initiating build up of specialization/differentiation</li> </ul>

# Business Outlook and Strategy – Value Businesses



Business	Outlook	Key Challenges	Strategy
VFY Rayon	Moderate +++	<ul style="list-style-type: none"> <li>○ Improve realization</li> </ul>	<ul style="list-style-type: none"> <li>○ Thrust on quality and value added yarns</li> <li>○ Cost reduction through captive power plant</li> </ul>
Chemicals	Moderate +++	<ul style="list-style-type: none"> <li>○ High energy cost</li> <li>○ Declining prices</li> </ul>	<ul style="list-style-type: none"> <li>○ Volume growth through optimizing asset utilization</li> </ul>
Carbon Black	Positive	<ul style="list-style-type: none"> <li>○ Increasing domestic market share</li> <li>○ Timely completion of capacity expansion</li> <li>○ Rising feedstock prices</li> </ul>	<ul style="list-style-type: none"> <li>○ Increase in volumes to be fuelled by proposed expansion                             <ul style="list-style-type: none"> <li>→ Identify alternate location for expansion</li> </ul> </li> <li>○ Optimizing segment, market, product and logistic mix</li> <li>○ Pass on of rising CBFS prices to customers</li> </ul>

# Business Outlook and Strategy – Value Businesses

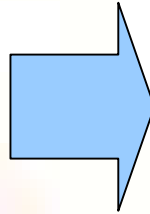


Business	Outlook	Key Challenges	Strategy
Fertilizers	Positive	<ul style="list-style-type: none"> <li>○ Use of RLNG to meet increased demand</li> </ul>	<ul style="list-style-type: none"> <li>○ To maximize production &amp; sales through higher operational efficiency &amp; higher on-stream days of operation</li> <li>○ Increase share of value added products</li> <li>○ To become total agri solution provider</li> <li>○ De-bottlenecking to increase urea capacity to 1.10 Million Tons from 0.865 Million Tons</li> </ul>
Textiles	Positive	<ul style="list-style-type: none"> <li>○ Branding and promoting Linen Fabric</li> <li>○ Improve delivery capability</li> <li>○ High input cost in synthetic</li> </ul>	<ul style="list-style-type: none"> <li>○ Deeper penetration through retail</li> <li>○ Focus on Value added products in Worsted segment</li> <li>○ Downsize synthetic operation in phased manner</li> </ul>
Insulators	Moderate	<ul style="list-style-type: none"> <li>○ Yield and efficiency improvement while reducing rejections</li> </ul>	<ul style="list-style-type: none"> <li>○ Improve productivity at shop floor</li> <li>○ Increase share of high value/value added products</li> </ul>

# Vision and Strategy

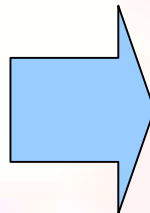


***Vision***



***To become a premium conglomerate with market leadership across businesses delivering superior value to shareholder on sustained basis***

***Strategy***



***To increase the share of High growth businesses in total revenue by deploying surplus cash from Value businesses to grow the high growth businesses of tomorrow***

***Dedicated to deliver better results quarter after quarter***

## Annexures

# Standalone Profit and Loss and Balance Sheet Snapshot



Rs. Cr.

	1st Quarter		Full Year		
	2006-07	2005-06	2005-06	2004-05	2003-04
Gross Turnover	821.6	516.9	2,786.4	1,988.0	1,717.6
Net Turnover	783.2	485.1	2,642.0	1,860.9	1,577.4
PBDIT	146.4	72.5	443.4	264.1	257.8
PBDIT Margin (%)	18.7	14.9	16.8	14.2	16.3
Net Interest	28.5	5.7	55.8	18.7	14.8
PBDT	117.9	66.7	387.6	245.4	243.0
PAT before exceptional items	57.0	31.4	191.0	121.4	111.3
PAT	56.3	30.8	186.9	113.7	131.3
PAT Margin (%)	7.2	6.3	7.1	6.1	8.3
Annualised EPS (Rs.)	27.0	20.5	25.4	19.0	21.9
Annualised CEPS (Rs.)	39.4	33.7	39.6	32.1	36.5
Dividend (%)			50.0%	40.0%	40.0%
Interest Cover (x) (PBDIT/ Net Interest)	5.1	12.6	7.9	14.1	17.4

	1st Quarter	Full Year		
	2006-07	2005-06	2004-05	2003-04
Equity	83.5	83.5	59.9	59.9
Net Worth	2,263.9	2,207.6	1,354.1	1,267.7
Long Term Debt	1,455.8	906.4	240.9	180.1
Short Term Debt	1,022.6	596.0	207.7	194.3
Total Debts	2,478.3	1,502.4	448.6	374.3
Capital Employed	4,742.2	3,710.0	1,802.7	1,642.0
Net Block	1,153.3	1,135.5	810.3	740.4
Net Working Capital	1,590.7	1,066.4	418.2	287.5
Deferred Tax Liabilities	(162.7)	(167.7)	(125.5)	(127.5)
Strategic Investments	2,125.3	1,410.2	618.3	581.6
Other Investments	35.7	265.6	81.3	160.0
Total Investments	2,160.9	1,675.8	699.7	741.6
ROACE (at PBIT) (%)	10.9	12.0	10.6	11.5
ROANW (at PAT) (%)	10.1	10.5	8.7	10.8
Book Value (Rs.)	271.1	264.4	226.1	211.7
Total Debt Equity (x)	1.09:1	0.68:1	0.33:1	0.3:1
Long Term Debt Equity (x)	0.64:1	0.44:1	0.18:1	0.14:1
Market Capitalisation	5,912.3	6,204.1	2,390.7	1,131.4

# Consolidated Profit and Loss and Balance Sheet Snapshot



Particulars	1st Quarter		Full Year		
	2006-07	2005-06	2005-06	2004-05	2003-04
	Gross Turnover	1,500.4	808.0	4,986.5	3,325.5
Net Turnover	1,459.1	773.7	4,830.3	3,189.1	2,404.3
PBDIT	221.1	92.7	615.7	261.4	204.2
PBDIT Margin (%)	15.2	12.0	12.7	8.2	8.5
Net Interest	50.8	11.0	103.8	36.9	32.4
PBDT	170.3	81.7	511.9	224.4	171.8
Net Profit (after Minority Interest)	66.7	33.0	204.0	58.7	33.1
Net Profit Margin (%)	4.6	4.3	4.2	1.8	1.4
Annualised EPS (Rs.)	31.0	21.7	27.1	8.8	5.5
Annualised CEPS (Rs.)	64.3	43.6	56.9	31.2	27.4
Dividend (%)			50.0%	40.0%	40.0%
Interest Cover (x) (PBDIT/ Net Interest)	4.4	8.4	5.9	7.08	6.31

Particulars	1st Quarter	Full Year		
	2006-07	2005-06	2004-05	2003-04
Equity	83.5	83.5	59.9	59.9
Preference Share Capital	172.6	100.2	20.7	20.7
Net Worth	2,248.2	2,098.5	1,114.7	1,083.3
Minority Interest	46.4	43.2	27.6	27.8
Total Debts	3,772.9	2,303.5	717.0	556.8
Capital Employed	6,067.5	4,445.2	1,859.3	1,668.0
Policyholders' funds	2,464.7	2,378.4	1,212.3	539.1
Total Liabilities	8,532.2	6,823.6	3,071.6	2,207.1
Goodwill on consolidation	2,394.1	961.3	185.2	153.8
Net Block	2,859.8	2,157.6	1,110.1	993.6
Net Working Capital	650.7	956.4	433.3	307.8
Deferred Tax Liabilities	(163.9)	(168.7)	(125.7)	(127.6)
Investments	2,791.5	2,916.9	1,468.6	876.3
Life Insurance Investments	2,642.0	2,554.8	1,333.0	644.1
Other Investments	149.5	362.1	135.6	232.2
Miscellaneous Expenditure	-	-	-	3.0
ROACE (at PBIT) (%)	9.7	8.8	7.1	4.6
RONW (at PAT) (%)	11.8	9.7	5.3	3.1
Book Value (Rs.)	269.2	251.3	186	187
Total Debt Equity (x)	1.68:1	1.1:1	0.64:1	0.51:1

# Segmental Performance – Aditya Birla Nuvo Standalone



## 1st Quarter

Particulars	Revenue		PBIT		Avg Capital Employed		ROACE (PBIT basis)	
	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06
Garments	170.5	128.0	9.6	2.7	288.9	248.7	13.3%	4.4%
VFY	112.2	86.8	21.4	15.9	374.4	308.4	22.9%	20.7%
Carbon Black	175.1	122.3	30.9	18.0	399.7	348.3	31.0%	20.7%
Textiles	154.8	110.4	12.5	7.5	248.6	197.2	20.0%	15.2%
Fertilizers	128.9	-	17.9	-	274.2	-	26.1%	0.0%
Financial Services	11.4	-	10.0	-	76.5	-	52.2%	0.0%
Insulators	27.9	34.3	7.7	7.9	18.9	20.1	163.6%	157.1%
Others	2.3	3.4	0.7	1.6	11.1	12.9	25.6%	50.4%
<b>Total Operating Assets</b>	<b>783.2</b>	<b>485.1</b>	<b>110.7</b>	<b>53.7</b>	<b>1,692.3</b>	<b>1,135.6</b>	<b>26.2%</b>	<b>18.9%</b>
Corporate Assets	-	-	4.5	(1.3)	2,097.1	685.9	0.9%	-0.8%
<b>Total</b>	<b>783.2</b>	<b>485.1</b>	<b>115.2</b>	<b>52.3</b>	<b>3,789.4</b>	<b>1,821.5</b>	<b>12.2%</b>	<b>11.5%</b>

# Operating Margin



Rs. Cr.

Operating Margin	1st Quarter	
	2006-07	2005-06
Garments	9.3%	6.9%
Rayon	25.3%	24.9%
Carbon Black	19.9%	18.0%
Textiles	10.4%	9.9%
Fertilisers	21.2%	-
Financial Services	37.9%	-
Insulator	27.7%	23.0%
<b>Total</b>	<b>18.0%</b>	<b>14.9%</b>

# Volumes

Particulars	1st Quarter	
	2006-07	2005-06
Garments (lacs Pcs)	32	24
VFY (MT)	4,402	3,926
Caustic (MT)	16,378	11,267
Carbon Black (MT)	44,475	40,992
Fertilisers ('000 MT)	195	166
Insulators (MT)	4,526	4,099



Particulars	1st Quarter	
	2006-07	2005-06
<b>Garments (Lac Pcs)</b>		
Shirts	19.4	15.3
Trousers	7.6	4.6
Suits	0.2	0.2
Others	4.5	3.7
<b>Textiles</b>		
Linen Fabric ('000 Mtrs	1,106	957
Flax Yarn (MT)	388	301
Worsted Segment (MT)	2,180	1,091
Synthetic Yarn (MT)	2,289	2,276

# Production

Particulars	1st Quarter		
	Capacity	Production	Utilisation
VFY (MT)	4,000	4,343	109
Caustic (MT)	14,600	16,488	113
Carbon Black (MT)	42,500	45,945	108
Fertilisers ('000 MT)	218	237	109



# Realisation

Particulars	1st Quarter	
	2006-07	2005-06
VFY (Rs/Kg)	167	141
ECU (Rs/MT)	21,734	26,127
Carbon Black (Rs/MT)	37,855	29,826
Insulators (Rs/MT)	61,586	83,698

# Realisation

Particulars	1st Quarter	
	2006-07	2005-06
<b>Garments (Rs/Pcs)</b>		
Shirts	508.7	495.2
Trousers	597.8	641.5
Suits	3,918	4,344
Others	338.4	137.4
<b>Textiles</b>		
Linen Fabric (Rs/Mtr)	228.7	226.0
Flax Yarn (Rs/Kg)	329.1	348.2
Worsted Segment (Rs/h)	392.3	432.7
Synthetic Yarn (Rs/Kg)	136.4	136.4

# Cautionary Statement



Statements in this “Presentation” 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.

**Aditya Birla Nuvo Limited**

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**Email: [nuvocfd@adityabirla.com](mailto:nuvocfd@adityabirla.com)**




**PRESS RELEASE**

Mumbai, 29<sup>th</sup> July 2006


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

**REPORTS EXCELLENT PERFORMANCE FOR THE QUARTER ENDED JUNE 30, 2006**

Consolidated Net Sales

**Q1 FY07**  
Rs. 1459.12 Cr 

Consolidated Net Profit

Rs. 66.71 Cr 

Rs. Crores

Consolidated		Particulars	Standalone	
Quarter ended 30th June			Quarter ended 30th June	
2006	2005		2006	2005
1,459.12	773.66	Net Income from Operations	783.18	485.08
221.13	92.66	Operating Profit	146.43	72.49
95.87	48.49	Profit Before Tax	86.69	46.59
66.71	33.03	Net Profit (after Minority Interest)	56.28	30.75
7.76	5.42	EPS (Rs.)	6.74	5.13

Aditya Birla Nuvo has posted excellent results for the 1<sup>st</sup> quarter ended 30<sup>th</sup> June 2006.

Its **consolidated** turnover of Rs. 1459.12 crores, surged by 88.6% vis-à-vis Rs. 773.66 crores achieved in the corresponding quarter of the previous year. Net profit has leapfrogged to Rs. 66.71 crores against Rs. 33.03 crores. The performance of its JVs and Subsidiaries has been impressive as well. Revenue and profit growth was seen across business segments.

The Company's **stand-alone** turnover at Rs. 783.18 crores, grew by 61.5% vis-à-vis Rs. 485.08 crores attained in the previous year and operating profit by 102.0% from Rs. 72.49 crores to Rs. 146.43 crores. The stand-alone net profit is higher at Rs. 56.28 crores against Rs. 30.75 crores, despite a major rise in interest on borrowings and surplus funds used to finance the acquisition of the 31.45% additional stake in Idea Cellular amounting to Rs. 2033.7 crores. Revenues and earnings are inclusive of the fertilisers and financial services business, which merged into the Company in September 2005.

## **Divisional Performance**

Particulars	Sales Volume		Net Sales (Rs. Crores.)		
	Unit	Quarter ended 30th June		Quarter ended 30th June	
		2006	2005	2006	2005
Garments	Lac Pcs.	22.5	19.1	170.55	127.95
Viscose Filament Yarn	Tons	4,402	3,926	112.18	86.81
Carbon Black	Tons	44,475	40,992	175.13	122.26
Fertilisers	000 Tons	195	166	128.95	102.96
Textiles				154.80	110.35

### **Madura Garments**

Madura Garments' revenue has soared by 33.3% to Rs. 170.55 crores vis-à-vis Rs. 127.95 crores recorded in the previous year. Operating Profit at Rs. 15.80 crores is up by 79.0%. Strong growth across its product range, particularly in Shirts, Trousers and Suits boosted revenues. Louis Philippe, Van Heusen and Allen Solly – its fashion brands and Peter England – its popular brand, consolidated their market share, and bolstered profitable growth. The thrust on Contract Exports towards providing full service has also started paying off.

To enlarge its footprint and to give the customer an international retail experience, the division is aggressively expanding large format exclusive brand outlets, along with selected stores. Madura Garment has tied up 1.2 lac sq. ft of retail space in malls and key High streets to be opened in next 2-3 years.

### **Rayon Division**

The Rayon Division's revenues at Rs. 112.18 crores reflect a rise of 29.2% vis-a-vis Rs. 86.81 crores in the corresponding quarter of the previous year. Higher volumes and better realisation have been the growth drivers. In the chlor-alkali segment, revenues grew by 23.2% at Rs. 38.77 crores, on the back of expanded caustic soda capacity in July-05, which was partially offset by lower realisation.

The Division's operating profit is higher at Rs. 28.42 crores (Rs.21.63 crores). The 20MW captive power plant at Veraval will be commissioned during the quarter. The 65 TPD caustic soda expansion is also on track.

### **Carbon Black Division**

The Carbon Black Division's performance has been impressive. Revenues at Rs. 175.13 crores grew by 43.2% vis-à-vis Rs. 122.26 crores attained in the corresponding quarter of the previous year. Operating profits are higher by 58.0% at Rs. 34.87 Crores. Total volumes rose by 8.5% to 44,475 tons led by the strong growth in the auto sector. The division's realisation is up by 26.9% due to a change in the market mix and the partial passing on of the high CBFS prices to its customers. While the Company is pursuing environmental clearance for a 55,000 TPA brownfield expansion, the division is also exploring possibilities to set up a greenfield project of 60,000 TPA in Western India.

### **Fertilisers Division**

The net turnover of the fertiliser division stood at Rs. 128.95 crores. Increased operational efficiencies, coupled with the rising demand for urea fertiliser due to timely pre-monsoon rains, aided the Fertiliser division's sales, enabling it to post higher levels at 1.95 lacs MT. Production at 2.37 lacs MT represents 109% of re-assessed capacity. The division has attained yet another milestone in being the first fertiliser unit world over to receive Rs. 6.93 crores on the sale of CER certificate under Clean Development Mechanism (CDM).

### **Textiles Division**

The Textiles Division's revenues have gone up by 40.3% to Rs. 128.95 crores as against Rs. 102.96 crores in the preceding corresponding quarter. Operating Profits jumped by 47.1% buoyed by a strong performance across segments. Its Linen segment, comprising Linen Fabric and Flax yarn, continued on its expansive growth trajectory gaining from higher volumes. Value added products and enhanced volumes in wool combing spurred the performance of the Worsted segment. Its Wool combing capacity

was doubled to 8,000 TPA in July 2005. The synthetic segment is being downsized in a phased manner. To meet the growing demand for Linen, it is increasing its linen fabric and flax spinning capacity at a cost of Rs. 31.5 crores and Rs. 31.0 crores respectively.

### **Financial Services Division**

The Financial Services Division's revenue stood at Rs. 11.43 crores. The division continued to maintain its leadership in finance against securities. Finance extended during the quarter increased to Rs. 303 crores vis-à-vis Rs 232 crores, despite the volatility in the capital market, which led to a slow down in IPO offerings. Loan against shares also increased to Rs 271 crores as against Rs 209 crores in corresponding quarter of previous year.

### **Insulators Domestic Marketing**

Insulator domestic marketing division's revenue is lower at Rs.27.87 crores vis-à-vis Rs 34.31 crores in the previous corresponding quarter due to the higher share of direct billing and also a slow down at Halol, despite a 10.4% volume growth.

**BIRLA NGK Insulators Private Limited**, the 50:50 JV with NGK, has posted a turnover of Rs.51.08 crores, a growth of 10.2%. This was supported by higher realisation, offsetting lower volumes at the Halol unit due to an illegal strike. Led by NGK experts, yield improvement efforts are being pursued. The JV has curtailed its losses substantially from Rs. 4.92 crores in the previous year to Rs. 3.43 crores in the current year.

### **Other Joint Ventures and Subsidiaries**

**IDEA Cellular's** subscriber base grew by 53.7% to 8.54 million. Revenues for the year showed an impressive jump of 30.6% at Rs. 900.09 crores. The Company has an 8.1% market share in the total mobility segment. It enjoys a predominant position in Maharashtra, Gujarat, Andhra Pradesh, Kerala, Madhya Pradesh, Delhi, U.P. (W) and Haryana. IDEA is planning to roll out its services in Rajasthan, Himachal Pradesh (H.P.) and U.P. (E) by the end of this quarter, increasing its presence to 11 circles.

The Company along with its subsidiary has purchased 15% equity stake in Idea Cellular Limited for Rs. 1372.7 crores on June 20, 2006. With this, the total equity holding of Nuvo has increased to 35.73%. The benefit of additional shareholding will fully reflect in the financials of the Company from the next quarter.

At **TransWorks**, revenues have risen significantly by 26.6% to Rs. 48.13 crores vis-à-vis Rs. 38.03 crores in the previous year. While three new major clients were added, business from existing clients was ramped up. The Company has also been able to improve its business mix with a growing share of non-voice business. The Company is optimising its infrastructure utilisation and service levels leading to improved margins.

TransWorks entered into a definitive agreement, on June 24, 2006, for the acquisition of Minacs Worldwide Inc., Canada's leading BPO provider. TransWorks through its wholly owned subsidiary AV TransWorks, Canada, has made an open offer to the shareholders on July 13, 2006. The transaction is likely to be completed by August end and the deal size is expected to be USD 125 million. With this deal, TransWorks would feature in the Top 3 third party BPO service providers in the country, and among the top 10 globally.

At **Birla Sun Life Insurance**, the total premium income has grown by 73.9% to Rs. 273.72 crores. The Individual new business annualised premium advanced by 91% at Rs. 149.78 crores. The Company has doubled its branches and agency force as compared to the previous corresponding quarter. The company is focusing on expanding its network by adding 31 branches in this year, while ramping up the agency force considerably. The company is taking necessary steps to regain its market share.

At **Birla Sun Life Asset Management**, the assets under management increased to Rs. 14,611 Cr vis-à-vis Rs. 11,457 Cr in the corresponding quarter of the earlier year. The share of equity funds of the total Assets under Management increased from 20% to 26%. This has helped the company achieve

revenues of Rs. 19.53 Cr.

At **PSI Data Systems**, the business has turned into the black with positive net profits on improved margins. Revenues stood at Rs. 23.15 crores. Gross margins improved from 33% to 35% through an enhanced share of high margin offshore business and improved manpower utilisation.

Overall, the outlook for Aditya Birla Nuvo is optimistic given its strategic thrust, growth and capex initiatives taken in each of the businesses.

- **Madura Garment's** thrust will continue to be on retail expansion, merchandise management, and optimising cost. In contract exports, strengthening manufacturing, design and product development is on the anvil.
- **VFY's** focus is on improving quality. To offset the declining ECU realisation, endeavours to improve productivity and reduce costs are ongoing.
- **Carbon Black** expects to push volumes in the domestic market and pass on the increased CBFS cost to its customers.
- **Fertilisers** will focus on increasing the share of value added products while maximising volumes through higher operational efficiency, increased on-stream days and de-bottlenecking to raise capacity.
- In **Textiles** attention will be on value added yarns and the retail reach of Linen Fabrics.
- **The Insulator JV** endeavours are to concentrate on higher value products and yield improvement.
- **Telecom** will be expanding its reach through the roll out in three new circles and pan India presence. Its debt restructuring will further strengthen the company.
- **BPO** is geared to up its performance through expanding and optimally utilising its seat capacity through existing and new clients. Simultaneously focus will be on timely completion and smooth integration of Minacs.
- **Birla Sun Life insurance's emphasis** is on increasing the branch network and strengthening its agency force while enriching its product portfolio, to better its performance
- **Birla Sun Life Asset Management's** focal point is to increase reach and launch innovative products.
- **IT Services** focus will be on building scalability to support business growth and improving delivery capabilities

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Aditya Birla Nuvo Limited

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UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30TH JUNE 2006

(Rs Crores)

Consolidated Financial Results			FINANCIAL RESULTS	Standalone Financial Results		
Quarter Ended 30th June		Year Ended 31st March 2006 (Audited)		Quarter Ended 30th June		Year Ended 31st March 2006 (Audited)
2006	2005			2006	2005	
1,500.38	807.98	4,986.50	Income from Operations	821.55	516.86	2,786.39
41.27	34.32	156.16	Less: Excise Duty	38.37	31.78	144.34
<b>1,459.11</b>	<b>773.66</b>	<b>4,830.34</b>	<b>Net Income from Operations</b>	<b>783.18</b>	<b>485.08</b>	<b>2,642.05</b>
21.38	5.30	33.26	Other Income	16.26	2.47	23.38
<b>1,480.49</b>	<b>778.96</b>	<b>4,863.60</b>	<b>Total Income</b>	<b>799.44</b>	<b>487.55</b>	<b>2,665.43</b>
			<b>Total Expenditure:</b>			
(25.99)	(26.69)	(47.30)	Decrease / (Increase) in Stock in Trade	(30.61)	(26.23)	(47.32)
439.58	279.54	1,502.25	Cost of Raw Materials/Traded Goods	436.11	273.39	1,447.57
134.88	84.22	434.46	Staff Cost	47.05	32.73	164.03
471.14	249.86	1,368.99	Other Expenditure	200.46	135.17	657.75
239.75	99.38	989.47	Change in valuation of liability in respect of life Insurance policies in force			
<b>221.13</b>	<b>92.65</b>	<b>615.73</b>	<b>Profit Before Interest, Depreciation &amp; Tax</b>	<b>146.43</b>	<b>72.49</b>	<b>443.40</b>
58.74	12.05	117.06	Interest and Finance Expenses	38.38	6.77	68.55
7.92	1.07	13.23	Add: Interest Income	9.87	1.02	12.75
<b>170.31</b>	<b>81.67</b>	<b>511.90</b>	<b>Profit Before Depreciation &amp; Tax</b>	<b>117.92</b>	<b>66.74</b>	<b>387.60</b>
74.44	33.19	224.97	Depreciation and Amortisation	31.23	20.15	111.81
<b>95.87</b>	<b>48.48</b>	<b>286.93</b>	<b>Profit Before Tax and Exceptional Items</b>	<b>86.69</b>	<b>46.59</b>	<b>275.79</b>
(0.77)	(0.68)	(4.04)	VRS Cost at Rayon Division	(0.77)	(0.68)	(4.04)
<b>95.10</b>	<b>47.80</b>	<b>282.89</b>	<b>Profit After Exceptional Items</b>	<b>85.92</b>	<b>45.91</b>	<b>271.75</b>
			<b>Less: Provision for Taxation:</b>			
36.55	14.96	96.81	Current Tax	34.10	14.87	92.97
(5.02)	(0.41)	(5.51)	Deferred Tax (Net)	(5.26)	(0.41)	(6.91)
1.94	1.41	8.19	Fringe Benefit Tax	0.80	0.70	4.25
-	-	(5.37)	Provision for Tax for earlier years written back	-	-	(5.49)
<b>61.63</b>	<b>31.84</b>	<b>188.77</b>	<b>Net Profit</b>	<b>56.28</b>	<b>30.75</b>	<b>186.93</b>
(4.62)	(1.19)	(14.90)	Less : Minority Interest			
0.46	-	0.37	Share of Profit/(Loss) of Associates			
<b>66.71</b>	<b>33.03</b>	<b>204.04</b>	<b>Net Profit (After Minority Interest)</b>	<b>56.28</b>	<b>30.75</b>	<b>186.93</b>
83.50	59.88	83.50	Equity Share Capital/Share Capital Suspense (Face Value of Rs.10 each)	83.50	59.88	83.50
		1914.83	Reserve			2124.11
7.76	5.42	27.09	Basic Earnings Per Share - Rs	6.74	5.13	25.40
<b>7.76</b>	<b>5.42</b>	<b>27.08</b>	Diluted Earnings Per Share - Rs	<b>6.74</b>	<b>5.13</b>	<b>25.39</b>
<b>Aggregate of Non-Promoter Shareholding</b>						
Number of Shares			51,525,322	42,734,468	51,552,182	
Percentage of Shareholding			61.70%	71.36%	61.74%	



**UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30TH JUNE 2006**

(Rs Crores)

Consolidated Financial Results			SEGMENT REPORTING	Standalone Financial Results		
Quarter Ended 30th June		Year Ended		Quarter Ended 30th June		Year Ended
2006	2005	31st March 2006 (Audited)		2006	2005	31st March 2006 (Audited)
174.72	127.95	620.64	<b>Segment Revenue</b>			
112.18	86.81	385.55	Garments	170.55	127.95	
175.13	122.26	564.23	Rayon Yarn (Including Caustic & Allied Chemicals)	112.18	86.81	
53.41	57.48	249.19	Carbon Black	175.13	122.26	
155.40	111.01	527.69	Insulators	27.87	34.31	
128.95	-	368.98	Other Textiles (Spun Yarn & Fabrics)	155.40	111.01	
26.96	-	70.97	Fertilizers	128.95	-	
358.47	180.41	1,398.78	Financial Services	11.43	-	
23.15	17.32	85.79	Life Insurance			
48.13	38.03	163.30	Software			
201.47	29.53	388.32	BPO			
2.52	3.64	11.38	Telecom			
			Others	2.27	3.39	
1,460.49	774.44	4,834.82	<b>Total Segmental Revenue</b>	783.78	485.73	
(1.37)	(0.78)	(4.48)	<b>Less: Inter Segment Revenue</b>	(0.60)	(0.65)	
<b>1,459.12</b>	<b>773.66</b>	<b>4,830.34</b>	<b>Net Income from Operations</b>	<b>783.18</b>	<b>485.08</b>	
			<b>Segment Results (Profit before Interest and Tax - PBIT)</b>			
9.88	2.72	33.09	Garments	9.61	2.72	
21.41	15.93	64.22	Rayon Yarn (Including Caustic & Allied Chemicals)	21.41	15.93	
30.95	18.03	75.85	Carbon Black	30.95	18.03	
6.70	6.10	31.21	Insulators	7.73	7.89	
12.45	7.47	41.44	Other Textiles (Spun Yarn & Fabrics)	12.45	7.47	
17.89	-	51.52	Fertilizers	17.89	-	
10.72	-	22.45	Financial Services	4.18	-	
(18.07)	(3.81)	(57.94)	Life Insurance			
1.74	(0.17)	3.78	Software			
6.86	7.09	28.15	BPO			
36.16	5.66	73.10	Telecom			
1.08	1.79	4.69	Others	0.71	1.64	
<b>137.77</b>	<b>60.81</b>	<b>371.56</b>	<b>Total Segment Result</b>	<b>104.93</b>	<b>53.68</b>	
(45.06)	(10.98)	(87.41)	<b>Less: Interest &amp; Finance Expenses (Net)</b>	(22.72)	(5.75)	
3.16	(1.34)	2.78	<b>Add: Net of Unallocable Income/(Expenditure)</b>	4.48	(1.34)	
<b>95.87</b>	<b>48.49</b>	<b>286.93</b>	<b>Profit Before Tax and Exceptional Items</b>	<b>86.69</b>	<b>46.59</b>	
(0.77)	(0.68)	(4.04)	VRS Cost at Rayon Division	(0.77)	(0.68)	
<b>95.10</b>	<b>47.81</b>	<b>282.89</b>	<b>Profit After Exceptional Items</b>	<b>85.92</b>	<b>45.91</b>	
			<b>Capital Employed (Segment Assets - Segment Liabilities)</b>	<b>As on 31st June, 06</b>	<b>As on 30th June, 05</b>	
356.85	262.04	346.77	Garments	304.34	262.04	
407.78	336.04	408.23	Rayon Yarn (Including Caustic & Allied Chemicals)	407.78	336.04	
427.93	355.99	409.00	Carbon Black	427.93	355.99	
96.12	110.39	103.21	Insulators	18.39	21.64	
238.38	211.56	232.54	Other Textiles (Spun Yarn & Fabrics)	238.38	211.56	
333.21	-	291.86	Fertilizers	333.21	-	
135.19	-	123.89	Financial Services	82.84	-	
165.89	121.73	155.18	Life Insurance			
23.51	18.71	23.14	Software			
89.31	59.48	72.78	BPO			
1,618.75	192.33	916.48	Telecom			
37.51	31.61	40.58	Others	10.89	12.41	
3,930.43	1,699.88	3,123.66	<b>Total Segment Capital Employed</b>	1,823.76	1,199.68	
1,858.66	235.49	1,070.52	<b>Add: Unallocated Corporate Assets</b>	2,625.18	687.29	
<b>5,789.09</b>	<b>1,935.37</b>	<b>4,194.18</b>	<b>Total Capital Employed</b>	<b>4,448.94</b>	<b>1,886.97</b>	

**Notes:**

- 1 On 20th June, 2006, the Company, along with its wholly owned subsidiary, acquired additional 15% stake (7.5 % each) in Idea Cellular Limited (IDEA), raising their aggregate equity stake from 20.74% to 35.74%.
- 2 On 24th June, 2006, the Company's wholly owned subsidiary TransWorks Information Services Limited (TransWorks) entered into agreement for acquisition of Minacs Worldwide Inc., Canada's leading BPO company. The expected cost of the acquisition upon receipt of 100 % shares, through open offer, will be approximately US\$125 million. A V Transworks Ltd. Canada, a subsidiary of TransWorks formed during the quarter, has mailed bid circular to the shareholders of Minacs pursuant to open offer, which is likely to be completed by August '06.
- 3 The Company has implemented the Accounting Standard 15 (Revised) on 'Employee Benefits' issued by the Institute of Chartered Accountants of India being mandatory with effect from April 1, 2006. The adjustments on account of transitional provisions will be dealt with in the General Reserves at the year end.
- 4 Due to merger of Indo Gulf Fertilisers Limited and Birla Global Finance Limited with the Company from 1st September, 2005, the results for the quarter are not comparable with that of the corresponding quarter. Previous Year's/period's figures are regrouped/ rearranged wherever necessary.
- 5 Status of Investor Complaints for the quarter ended 30th June, 2006.
- | Opening | Received | Redressed | Pending |
|---------|----------|-----------|---------|
| NIL     | 8        | 8         | NIL     |
- 6 The above results, have been taken on record at the meeting of the Board of Directors held on 29th July, 2006. The Limited Review of Standalone Financial Results as required under Clause 41 of Listing Agreement has been completed and the related report will be submitted to the concerned stock exchanges.

Place: Mumbai  
Date: 29th July, 2006

**Sanjeev Aga**  
Managing Director

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**An Aditya Birla Group Company**