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## PRESS RELEASE

**Nestlé India continues to grow steadily  
Third Quarter Domestic Sales grew 9.6%  
Reported Net profit increased 72.4 %; Adjusted Net Profit increased 15.1%**

- Domestic Sales for the Quarter ended 30<sup>th</sup> September, 2003 were Rs.5,080.0 Million and Net Profit was Rs.759.9 Million.
- Domestic sales for the quarter grew 9.6%.
- Reported Net Profit for the quarter increased 72.4 %. Adjusted Net profit increased 15.1%.
- Reported EBITDA for the quarter increased 23.3%. Adjusted EBITDA increased 13.5%.
- Focus on Quality and sustained initiatives to improve accessibility and visibility of its products facilitates satisfactory growth across categories.
- The Company continues to focus on providing nutrition, health and wellness to consumers through its products.

Chairman and Managing Director of Nestlé India, Mr. Carlo Donati expresses satisfaction on the Company's performance but maintains caution -"Current GDP projections indicate improved growth in the economy but the general feel good factor is mainly triggered by sectorial good performance which is not really being observed in the FMCG arena. Hopefully, the full impact from the good monsoon will help generate additional demand for FMCG in general and for Nestlé products in particular."

**GURGAON, 31<sup>st</sup> October, 2003:** The Board of Nestlé India met today at the Head Office at Nestlé House and approved the results for the quarter ended 30<sup>th</sup> September, 2003.

### SALES

Despite limited improvement in overall FMCG spend during the quarter, Domestic Sales for Nestlé India Limited increased 9.6% compared to the same quarter of 2002. Exports, on the other hand, grew 1.7% over the same period last year. The increase in per unit realisation on exports due to higher green coffee prices this year has been mostly offset by the shift towards lower priced bulk pack formats. Net Sales for the quarter were Rs.5,690.2 Million compared to Rs.5,235.0 Million in the same period last year.

### PROFIT

The reported Net Profit of Rs.759.9 Million has increased by 72.4 % on a quarter to quarter basis. However, on a comparable basis, when adjusted for impairments, provisions and revaluations, Adjusted Net Profit has increased by 15.1 % largely due to the increase in EBITDA from a growth in sales and control over fixed costs.

It should be noted that last year, the third quarter was negatively impacted by increase in "Staff Cost" due to a revaluation of retirement benefit liabilities, and an "Impairment Of Fixed Assets" which was partially offset by reversal of a provision under "Other Expenditure". This year the Company has written back a contingency provision in the current quarter, subsequent to a satisfactory and favourable conclusion of a prior litigation.

### OVERVIEW OF THE QUARTER:

Good monsoons in most parts of the country improved the outlook for the future, and there was some revival in the manufacturing activity during the quarter, but the impact on consumer spending in the FMCG segment was limited.

Nestlé India remained focussed on continuous improvement and business excellence and maintained efforts to understand and anticipate consumer needs. Better merchandising for increasing visibility of Nestlé products in the market and implementation of improved demand planning processes across the supply chain resulted in faster movement of stock, lower stockout situations as well as increased freshness of stocks at retail points.

During the quarter, almost all categories continued to perform satisfactorily, with particularly sustained growth in culinary, and beverages segments. Milks were affected marginally due to the supply disruptions faced by the industry. Value for money and affordability continued to be thrust areas and the Company continued to support the distribution of the smaller SKUs to provide accessibility, value and convenience to the consumers. This was further boosted by the continued thrust on setting up 'Coffee Corners' and 'Multibrand Stalls' at carefully selected sites across the country. The Company consciously encourages health, nutrition and wellness and during the quarter sponsored the annual MILO Marathon in Delhi for school children.

**Himanshu Manglik**  
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