

PRESS RELEASE

NESTLÉ INDIA- ANOTHER GOOD QUARTER Results for Quarter ended 30th September, 2005 Show Positive Growth

- Net Sales : Increase 11.6 %
- Domestic Sales : Increase 14.1 %
- Reported Net Profit : Increases 8.3 %
- Adjusted Net Profit : Increases 19.8 %
- Thrust on Innovation and Renovation for growth
- Focus on providing Nutrition, Health and Wellness through Nestlé products
- Foundation Stone laid for new factory in Uttaranchal on 26th October, 2005.

Mr. Martial Rolland, Chairman and Managing Director of Nestlé India stated, “Our performance during the quarter and in the nine months of 2005 is good and shows that we are on the right track. I am confident that with the initiatives in place we will continue to record sustainable growth. Our seventh plant at Pantnagar in Uttaranchal for which the foundation stone has been laid on 26th October shows our confidence in the future and our continued commitment to the development of India.

Nestlé House, Gurgaon, 28th October, 2005 : The Board of Directors of Nestlé India met at Nestlé House today and approved the results for the Third Quarter ended 30th September, 2005.

SALES FOR THE QUARTER

Net Sales for the Quarter were Rs.624.8 crores and have increased by 11.6% compared with the same period of 2004.

Net Domestic Sales have increased by 14.1%, on account of higher volume and favourable product mix, coupled with selective price increases. Export Sales have decreased by 7.4% mainly due to lower volumes of instant coffee exports (partly offset by higher realizations) and lower sales to Nepal due to continuing political turbulence there.

PROFITS FOR THE QUARTER

The Reported Net Profit for the Quarter is Rs.74.6 crores and has increased by 8.3% over the same quarter last year. After stripping out the effect of “Provision for Contingencies” and the impact due to change in valuation of inventories, the adjusted Net Profit has increased by 19.8% in absolute amount which has also been favourably impacted by the reduction in the corporate tax rate. Adjusted Net Profit as a percentage of Gross Revenue, has increased to 12.5% from 11.7% in the same quarter last year.

EBITDA as a percentage of Net Sales for the quarter is at 20.5% against 20.2% during the corresponding quarter in 2004. The positive impact of selective selling price increases has been partly offset by the increase in input cost of commodities and fuels/energies.

OVERVIEW FOR THE QUARTER

In the past months, the Indian economy appears to be on the right track for GDP growth and planned reforms. This is increasing market confidence and, along with the changing lifestyles of consumers in India, could favourably impact the market in India.

To support its brands suitably in this environment, the Company would accelerate its spends on marketing and brand building in the coming months. Moreover, in order to stay competitive and continue to sustain growth in the coming years, Nestlé India has focused on strengthening its processes and initiating changes that will enable it to respond faster to consumer needs and customer expectations. During the quarter, Nestlé India set up a new Division – Channel & Category Sales Development (CCSD), with the focused objective of finding new solutions to channel and customer needs and improve implementation of commercial plans in the market place. The Company also created a new department ‘ National Key Accounts Management Organisation’ that will focus on modern formats in retail trade that are steadily establishing their presence in the Indian market. These emerging formats are expected to be partners in accelerating growth in the coming years.

Nestlé India continued to stress on Innovation and Renovation to leverage its strong research–driven science and brands within the Nestlé portfolio. After the successful launch in April, of MAGGI Vegetable Atta Noodles, the Company also renovated MAGGI 2-MINUTE Noodles to provide Calcium and Protein. At the same time, NESTLÉ MUNCH the largest selling SKU in the category was reinforced by the launch of Nestlé Maha MUNCH. Other key products introduced during the Quarter included Nestlé Jeera Raita, Nestlé NIDO Growing Up Milk, MAGGI Tomato Chatpat Sauce and MAGGI Tomato Pudina sauce.

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