



Nestlé India– 3rd Quarter '06
ANOTHER QUARTER OF GOOD RESULTS

- **Net Sales for Quarter ended 30th September '06 : Rs.722.66 cr. UP 15.7%**
- **Net Domestic Sales for the Quarter : Rs. 640.79 cr. UP 13.6%**
- **Net Profit for the Quarter : Rs. 82.98 cr. UP 11.2%**
- **Consumer Insights drive Innovation & Renovation**
- **Continued focus on leveraging technology from Nestlé SA to increase Nutrition, Health and Wellness across products**
- **Company continues to sustain efforts to improve quality of life in communities around its factories**

Chairman and Managing Director of Nestlé India, Mr.Martial Rolland stated "Our results for the quarter have been strong as we continue to consolidate ourselves as the leading company in Nutrition, Health and Wellness. Along with this, our various community initiatives are also progressing rapidly. Whilst our involvement in rural areas is over 40 years old, has long revolved around dairy farming and touches the life of lakhs of people I am very pleased with the progress in our current initiatives to provide clean drinking water in village schools, sensitization of farmers towards water use as well as training in dairy development for village women. These are important initiatives and we plan to strengthen them even more."

Nestlé House, Gurgaon, 28th October 2006: The Board of Directors of Nestlé India today approved the results for the third Quarter ended 30th September 2006.

SALES FOR THE QUARTER

Net Sales for the Quarter were **Rs. 722.66 Crores** and have **increased by 15.7 %** compared with the same period of 2005.

Net Domestic Sales were **Rs. 640.79 Crores** and have **increased by 13.6%** supported by growth across most categories and channels. **Exports have increased by 34.8%** largely due to higher sales of Beverages to the United States of America and Milk & Nutrition products within South Asia.

PROFITS FOR THE QUARTER

The Net Profit for the Quarter is Rs.82.98 Crores and has **increased by 11.2%** compared to the same period last year.

Margins continue to be impacted by the steep increase in prices of commodities, fuels/energies and; higher operating costs associated with upgraded formulations and manufacturing processes of the

Infant Nutrition products. Increases in selling prices and higher volumes have partially offset the cost increases. Scrapping of fixed assets consequent to technology upgradation in the Infant Nutrition facilities has adversely impacted the EBITD by 0.3% of Net Sales. Consequently the reported EBITD for the quarter, as a percentage of Net Sales, is 19.7% compared to 20.5% in the same period of 2005.

In absolute terms, the reported Net Profit for the quarter has increased by 11.2% over the same period of 2005. However, as a percentage of Gross Revenue, it has decreased to 11.4% from 11.8%. After stripping out the effect of 'Provision for Contingencies', and other exceptional items, it is 12.0% compared to 12.5% in the same period last year.

OVERVIEW FOR THE QUARTER

Business and consumer confidence in the economy was satisfactory though prices of most commodities continued to be very high.

During the quarter, Nestlé India further consolidated its operations as sales improved across most categories and channels. While innovation and renovation activities continued across product groups, in sauces the company introduced MAGGI Teekha Masala sauce which is another addition to the ethnic range and also launched the convenient MAGGI Tiffin Pack with 6 tomato ketchup sachets, priced at Rs.10/-. In the chocolate and confectionery business Nestlé FUNBAR was added to the Nestlé eclairs range, as a delicious chocolatey delight at an affordable price of Rs.2/-. The Company also renovated, based on advanced pediatric research, the starter formula NAN. The upgraded NAN helps to enhance the natural immunity of infants through a unique combination of nutrients.

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