



PRESS RELEASE

NESTLE INDIA CONTINUES TO UNLOCK POTENTIAL Another Year of Robust Growth Highest Ever Full Year Dividend of 330 %

- **NET SALES** – Full Year 2007: **Rs.3504.35 Crores.**
[Increases by Rs.688.29 Cr. **UP 24.4%**]
- **NET PROFIT**- Full Year 2007: **Rs.413.81 Crores.**
[Increases by Rs.98.71 Cr. **UP 31.3%**]
- Domestic Sales Rs.3174.58 Crores.
- Export Sales Rs.329.77 Crores.
- Earnings per share Rs.42.9. **UP 31.3 %**
- Ongoing Strategic Transformation enables growth trajectory
- Emphasis on Innovation & Renovation and Consumer insights to develop Nutrition , Health and Wellness products
- NESCAFE, MAGGI, NESVITA, KITKAT , MUNCH experience stronger consumer preference – lead the market
- Increased focus on people engagement and productivity improvements
- Raw Material costs at record high – pose ongoing challenge
- Ranked No.1 on ROCE amongst Business India Super 100

Commenting on the company's performance, Mr. Martial Rolland said **“Our Company has been for close to a century an integral part of the social fabric in India and we are committed to continue to Create Shared Value. Our results show that we are succeeding. Whilst during the past three years we have delivered double digit profitable growth in 10 quarters, and in the last year over 20 % growth in each quarter, we have at the same time improved very markedly our use of natural resources as well as reduced drastically waste and emissions over the past decade.”**

NESTLE HOUSE, Gurgaon 4th March,2008: The Board of Director's of Nestle India today approved the results for the Full Year 2007.

NET SALES

Total **Net Sales for the year 2007 have grown by 24.4%** and, for the quarter ended 31.12.2007, by 21.6% over the same period last year. **Net Domestic Sales and Export Sales for the year increased by 25.2% and 17.9% respectively, due to increase in volumes as well as realisations.** Export realisations were negatively impacted by the appreciation of the Indian Rupee.

NET PROFIT

EBIT for the full year grew by 30.8% resulting in an **EBIT margin of 17.7%**, an 80 basis point improvement over 2006. **EBIT for the quarter ended 31.12.2007 year grew by 32.6%** resulting in an EBIT margin of 15.3%, a 130 basis point improvement over the corresponding quarter of 2006. The ongoing strategic transformation process, as well as scale efficiencies and cost reduction initiatives allowed the business to more than offset higher raw materials costs which continue to remain at record high levels and pose an ongoing challenge.

Reported Net Profit grew by 31.3% resulting in a net margin of 11.7%, an increase of 60 basis points over 2006. **Reported Net profit for the quarter ended 31.12.2007 grew by 49.9% resulting in a net margin of 10.3%**, an increase of 190 basis points over the corresponding quarter of 2006. Part of this improvement is due to a provision of Rs.101.0 million made in the last quarter of 2006 (due to a change in procedure by the concerned external authority) which otherwise would have been made in first quarter of 2007. Excluding the impact of this provision the Net Profit for the full year 2007 and quarter ended 31.12.2007 grew by 24.1% and 29.0% respectively.

PEOPLE ENGAGEMENT

Sustained high performance requires a highly engaged workforce. During the year significant resources and efforts were devoted to increase people engagement, facilitate a performance driven culture and a higher level of white collar productivity. In order to better align the compensation structure, the annual salary adjustments have also been changed and will be applicable from the April cycle of the current year.

EFFICIENT USE OF NATURAL RESOURCES

Within our factories we have focused on greater efficiency in the use of natural resources and on reducing waste and emissions. As a result, we now produce 74 % less waste water, 63 % less green house gases, use 63 % less water and 56 % less energy per tonne of production over the past decade.

DIVIDEND

The Board of Directors has recommended a final dividend of Rs. 2.50 per equity share (nominal value Rs.10/- per equity share). This is in addition to the two interim dividends for 2007, of Rs.6.50 and Rs.24.00 per equity share, paid in March 2007 and December 2007 respectively, making the **aggregate dividend Rs.33/- for the year 2007**.

Himanshu Manglik
Senior Manager
Corporate Communications
Nestlé India Limited