

PRESS RELEASE

NESTLÉ INDIA MAINTAINS STEADY GROWTH

- **Net Sales for the Quarter ended 30th June, 2003 were Rs.5460.7 Million and Net Profit was Rs. 669.7 Million**
- **Net Profit increased 14.8 %**
- **Net Sales grew 6.8 %**
- **Declares Interim Dividend for 2003**
- **Company stays focussed on creating sustainable value**

NESTLÉ HOUSE, Gurgaon, 31st July, 2003: The Board of Nestlé India met at Nestlé House today and approved the results for the Quarter ended 30th June.

SECOND QUARTER SALES: Net Sales for the quarter April - June 2003 were Rs.5460.7 Million and have increased by 6.8% as compared to the same period of 2002. Domestic sales were adversely impacted by the nation-wide transport strike and increased by a modest 4.6%. Higher prices of green coffee improved realisations for instant coffee exports to Russia, favourably impacting Export sales, which increased by 22.7 %.

PROFIT FOR THE QUARTER:

During the quarter, the Company faced higher commodity prices, contingencies and increase in staff cost mainly relating to pension provisions. The impact of these has been partly offset by selected selling price increases, improved control over fixed costs, lower interest cost and refund of a levy pertaining to earlier years. Consequently, Net Profit after exceptional items was Rs. 669.7 Million for the quarter and has increased by 14.8 % compared to the same period last year.

OVERVIEW FOR THE SECOND QUARTER 2003:

The economic environment during the first six months remained depressed for the most part. Global uncertainties, the Iraq war and the SAR syndrome impacted consumer confidence and business. This was further complicated by the prolonged uncertainty over VAT implementation, and the transport strike which directly affected sales in the second quarter. The Nestlé India team remained focussed in its efforts on Innovation and Renovation and operational efficiency and continued to strengthen initiatives to nurture profitable and sustainable long term growth.

During the past few months the team increased its efforts to apply best practices and e-auctions in the procurement of raw and packaging material and efforts were initiated to improve the efficiency of our marketing expenditure. The company also implemented its first full fledged consumer-care centre ' **Family Nestlé** ' in Delhi, which will provide consumers with convenient & nutritional recipes and facilitate a better understanding of their needs.

The General Licence Agreement: The technology and expertise received from the Nestlé Group under the General Licence Agreement is integral to the process of converting agricultural produce to value added food products. It helps the company to innovate and renovate its products and processes and launch products that offer nutrition, wellness and convenience to consumers.

Our access to the continuous and intensive research at the worldwide R&D facilities of Nestlé S.A. enabled us to develop and launch the **Nestlé Developmental Nutrition Plan** and **CERELAC 123** which was rolled out nationally in the second quarter. **CERELAC 123** is graded to meet the right physical and nutritional needs of infants during the three stages in their weaning, as identified in the Plan.

During the second quarter, the Company continued to support its brands through better distribution and visibility in retail outlets and emphasised the sampling of our products in markets, institutions, shopping malls and other out of home opportunities where it is possible to interact with consumers in a more receptive environment. The tracking of a range of products that had been launched earlier this year, are showing positive results.



DECLARATION OF INTERIM DIVIDEND:

The Board of Nestlé India has declared an Interim Dividend of Rs.10/- per share for the year 2003. This Interim Dividend will be paid out from 18th August, 2003.

Himanshu Manglik
Communications Manager
Nestlé India Limited

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