



## NESTLÉ INDIA LIMITED

Registered Office: M-5A, Connaught Circus, New Delhi – 110 001

### UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30<sup>th</sup> SEPTEMBER, 2003

(Rupees in Million)

Third Quarter Ended				Nine Months Ended		Accounting Year Ended 31.12.2002 (Audited)
30.09.2003	30.09.2002			30.09.2003	30.09.2002	
5,080.0	4,635.1	1	DOMESTIC SALES	15,111.7	13,763.8	18,114.7
610.2	599.9	2	EXPORT SALES	2,020.2	1,886.1	2,362.3
<b>5,690.2</b>	<b>5,235.0</b>	<b>3</b>	<b>NET SALES (1+2)</b>	<b>17,131.9</b>	<b>15,649.9</b>	<b>20,477.0</b>
51.8	64.3	4	OTHER INCOME	227.0	198.1	278.8
5,742.0	5,299.3	5	GROSS REVENUE (3+4)	17,358.9	15,848.0	20,755.8
322.5	207.0	6	EXPENDITURE			
		a)	(INCREASE)/DECREASE IN STOCK OF FINISHED GOODS & WORK – IN –PROGRESS	533.3	399.3	(94.9)
1,997.1	1,898.9	b)	CONSUMPTION OF RAW & PACKING MATERIAL	6,392.7	5,817.8	8,088.6
390.7	500.3	c)	STAFF COST	1,162.3	1,159.1	1,462.1
1,856.8	1,718.2	d)	OTHER EXPENDITURE	5,440.0	5,046.5	7,030.6
4,567.1	4,324.4		TOTAL EXPENDITURE (a+b+c+d)	13,528.3	12,422.7	16,486.4
<b>1,123.1</b>	<b>910.6</b>	<b>7</b>	<b>EARNINGS BEFORE INTEREST, TAX &amp; DEPRECIATION (EBITDA) EXCLUDING OTHER INCOME (3-6)</b>	<b>3,603.6</b>	<b>3,227.2</b>	<b>3,990.6</b>
2.1	2.4	8	INTEREST	18.5	55.5	60.8
114.4	126.1	9	DEPRECIATION	344.3	372.4	494.0
1,058.4	846.4	10	PROFIT BEFORE TAXATION, IMPAIRMENT & CONTINGENCIES (5-6-8-9)	3,467.8	2,997.4	3,714.6
2.5	171.9	11	IMPAIRMENT OF FIXED ASSETS	2.5	171.9	212.5
(104.7)	(0.9)	12	PROVISION FOR CONTINGENCIES (NET)	98.0	201.6	313.6
366.0	292.0	13	PROVISION FOR TAXATION			
34.7	(57.4)	a)	CURRENT TAXES	1,161.0	1,030.0	1,233.0
		b)	DEFERRED TAXES	29.7	(98.5)	(113.6)
400.7	234.6		NET TAXES (a + b)	1,190.7	931.5	1,119.4
<b>759.9</b>	<b>440.8</b>	<b>14</b>	<b>NET PROFIT BEFORE EXCEPTIONAL ITEM OF EARLIER YEARS (10-11-12-13)</b>	<b>2,176.6</b>	<b>1,692.4</b>	<b>2,069.1</b>
-	-	15	EXCEPTIONAL ITEM IN RELATION TO EARLIER YEARS (NET OF TAX)	-	53.9	53.9
<b>759.9</b>	<b>440.8</b>	<b>16</b>	<b>NET PROFIT AFTER EXCEPTIONAL ITEM OF EARLIER YEARS (14-15)</b>	<b>2,176.6</b>	<b>1,638.5</b>	<b>2,015.2</b>
964.2	964.2	17	PAID UP EQUITY SHARE CAPITAL (FACE VALUE – RS 10 PER SHARE)	964.2	964.2	964.2
	-	18	RESERVES EXCLUDING REVALUATION RESERVES	-	-	1,928.8
7.88	4.57	19	BASIC AND DILUTED EARNING PER SHARE (RS.)	22.58	16.99	20.90
36,934,758	40,201,749	20	AGGREGATE OF NON-PROMOTER SHAREHOLDING			
38.31%	41.70%	-	NUMBER OF SHARES	36,934,758	40,201,749	39,819,869
		-	PERCENTAGE OF SHAREHOLDING	38.31%	41.70%	41.30%

#### Notes:

- Net Sales on a quarter to quarter basis has increased by 8.7 %. This has been contributed by a growth of 9.6% and 1.7% in the domestic and exports sales respectively. The increase in per unit realizations in exports due to higher green coffee prices this year has been mostly offset by the shift towards bulk packs, a trend which is expected to continue.
- The reported Net Profit on a quarter to quarter basis has increased by 72.4%. After adjusting the respective third quarters for non-comparable items such as impairment of fixed assets, provision for contingencies, revaluation of retirement benefit liabilities and reversal of a provision in relation to litigation, the adjusted Net Profit has increased by 15.1 % largely due to the increase in EBITDA.

The third quarter of the current year has been positively influenced by the write back of a contingency provision made in earlier years (see note 3 below). As disclosed last year, third quarter 2002 was negatively impacted by an increase in "Staff Cost" due to a revaluation of retirement benefit liabilities and by the "Impairment Of Fixed Assets", which was partially offset by reversal of a provision under "Other Expenditure".

The reported EBITDA has increased by 23.3 %. However, after adjusting for non-comparable items (under "Staff Cost" and "Other Expenditure") as explained above, the adjusted EBITDA has increased by 13.5% mainly due to growth in sales and control over fixed costs.

3. The Provision for Contingencies results mainly from matters relating to litigation/dispute and management discretion. A provision of Rs.129.2 million, created in earlier years, has been reversed consequent to satisfactory and favourable conclusion of a litigation.
4. Fixed Assets relating to packaged drinking water business were impaired to their recoverable value, in the third quarter of last year, as the assets were not foreseen to generate adequate economic returns over their useful lives. At the same time a full review of the water business model was also initiated. The review has since been completed and a decision has been made to exit the water business. The recoverable value of the said assets has also been reviewed and a further impairment of Rs 2.5 million has been made.
5. Segment Reporting: Based on the guiding principles given in the Accounting Standard on Segment Reporting (AS-17), the Company's primary business segment is Food. The food business of the Company incorporates product groups viz. Milk Products & Nutrition, Beverages, Prepared dishes & cooking aids, Chocolates & Confectionery, which mainly have similar risks & returns. As the Company's business activity falls within a single primary business segment, the disclosure requirements of Clause 41 of the Listing Agreement in this regard are not applicable.
6. 3 investor complaints were pending at the beginning of the quarter, 117 received and 93-disposed off during the quarter, leaving 27 complaints pending at the end of the quarter, which have also been disposed off subsequently.
7. Previous periods' figures have been regrouped/reclassified wherever necessary, to make them comparable.

THE ABOVE RESULTS AND THIS RELEASE HAVE BEEN REVIEWED BY AUDIT COMMITTEE OF THE BOARD AND APPROVED BY THE BOARD OF DIRECTORS AT THEIR MEETING HELD ON 31.10.2003.

By Order of the Board

Date : 31.10.2003  
Place : Gurgaon

CARLO M.V.DONATI  
Chairman and Managing Director