



## NESTLÉ INDIA LIMITED

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

### UN-AUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 31<sup>ST</sup> MARCH 2004

(Rupees in Million)

	Three months ended		Accounting Year ended 31.12.2003 (Audited)	
	31.03.2004	31.03.2003		
1	DOMESTIC SALES	5,616.6	5,322.6	20,226.8
2	EXPORT SALES	584.1	658.4	2,571.5
<b>3</b>	<b>NET SALES (1+2)</b>	<b>6,200.7</b>	<b>5,981.0</b>	<b>22,798.3</b>
4	OTHER INCOME	34.6	110.5	278.3
5	GROSS REVENUE (3+4)	6,235.3	6,091.5	23,076.6
6	EXPENDITURE			
	a) (INCREASE)/DECREASE IN STOCK OF FINISHED GOODS & WORK – IN –PROGRESS	(218.0)	(100.7)	78.8
	b) CONSUMPTION OF RAW & PACKING MATERIAL	2,827.3	2,455.4	9,159.3
	c) STAFF COST	413.1	388.7	1,586.7
	d) OTHER EXPENDITURE	1,968.9	1,925.0	7,526.7
	TOTAL EXPENDITURE (a+b+c+d)	4,991.3	4,668.4	18,351.5
<b>7</b>	<b>EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND OTHER INCOME (EBITDA) (3-6)</b>	<b>1,209.4</b>	<b>1,312.6</b>	<b>4,446.8</b>
8	INTEREST	6.7	10.9	19.2
9	DEPRECIATION	121.5	113.4	462.7
10	PROFIT BEFORE TAXATION, IMPAIRMENT & CONTINGENCIES (5-6-8-9)	1,115.8	1,298.8	4,243.2
11	IMPAIRMENT OF FIXED ASSETS	-	-	22.2
12	PROVISION FOR CONTINGENCIES (NET)	133.5	119.9	229.6
13	PROVISION FOR TAXATION			
	a) CURRENT TAXES	427.2	412.0	1,374.4
	b) DEFERRED TAXES	(88.6)	19.9	(13.8)
	NET TAXES (a+b)	338.6	431.9	1,360.6
<b>14</b>	<b>NET PROFIT (10-11-12-13)</b>	<b>643.7</b>	<b>747.0</b>	<b>2,630.8</b>
15	PAID UP EQUITY SHARE CAPITAL (FACE VALUE – RS 10 PER SHARE)	964.2	964.2	964.2
16	RESERVES EXCLUDING REVALUATION RESERVES	-	-	2,385.8
17	BASIC AND DILUTED EARNINGS PER SHARE (RS)	6.68	7.75	27.29
18	AGGREGATE OF NON – PROMOTER SHAREHOLDING			
	- NUMBER OF SHARES	36,785,762	39,812,969	36,785,762
	- PERCENTAGE OF SHAREHOLDING	38.15%	41.29%	38.15 %

#### Notes:

- Net Sales for the quarter have increased by 3.7% as compared to the same period of 2003. Domestic Sales have increased by 5.5% despite difficult and sluggish market conditions with the entire FMCG sector being in the grip of slowdown. The reduction in export sales by 11.3% is due to shift towards the low realisation bulk coffee packs exported to Russia. However, export volumes have increased by 11.1 %

The decrease in Other Income is mainly due to an exceptional receipt of interest on income tax refunds in the first quarter of 2003.

- The reported Net Profit for the quarter has decreased by 13.8% as compared to the same period of 2003. After stripping out the non-comparable/exceptional items under “Other Income”, “Provision for Contingencies” and “Current Taxes”, the adjusted net profit for the quarter has decreased by 9.3%. This is mainly due to decrease in EBITDA by 7.9 %, higher tax cost consequent to a gradual phasing out of tax holiday benefits on exports and lower other income.

EBITDA in percentage of net sales has decreased from 21.9% in Q1, 2003 to 19.5% in Q1, 2004, mainly due to the steep increase in milk solids costs, which have not been entirely passed on to the consumers. Other costs have mainly remained under control.

3. The Provision for Contingencies is for various contingencies resulting mainly from matters relating to litigation/dispute and management discretion.
4. Provision for taxation has been favourably impacted due to tax holiday benefits from a unit of the Company set-up in a backward area which has been partially offset by higher tax cost consequent to a gradual phasing out of tax holiday benefits on exports.
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 and 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. 55 investor complaints were received and 52 disposed off during the quarter, leaving 3 complaints pending at the end of the quarter, which have also been disposed off subsequently. No investor complaint was pending at the beginning of the quarter.
7. Previous period's 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 30.04.2004.

By Order of the Board

Date : 30.04.2004  
Place : Gurgaon

CARLO M.V.DONATI  
Chairman and Managing Director