



NESTLÉ INDIA LIMITED

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

UNAUDITED FINANCIAL RESULTS FOR THE THREE MONTHS ENDED 30th JUNE, 2004

(Rupees in Million)

3 Months Ended				6 Months Ended		Accounting Year Ended 31.12.2003 (Audited)
30.06.2004	30.06.2003			30.06.2004	30.06.2003	
4,853.1	4,709.1	1	DOMESTIC SALES	10,469.7	10,031.7	20,226.8
590.8	751.6	2	EXPORT SALES	1,174.9	1,410.0	2,571.5
5,443.9	5,460.7	3	NET SALES (1+2)	11,644.6	11,441.7	22,798.3
30.1	64.7	4	OTHER INCOME	64.3	175.2	278.3
5,474.0	5,525.4	5	GROSS REVENUE (3+4)	11,708.9	11,616.9	23,076.6
28.5	311.5	6	EXPENDITURE			
			a) (INCREASE)/DECREASE IN STOCK OF FINISHED GOODS & WORK – IN – PROGRESS	(189.5)	210.8	78.8
2,385.0	1,951.6		b) CONSUMPTION OF RAW & PACKING MATERIAL	5,212.3	4,407.0	9,159.3
412.0	380.7		c) STAFF COST	825.1	769.4	1,586.7
1,782.3	1,649.0		d) OTHER EXPENDITURE	3,750.8	3,574.0	7,526.7
4,607.8	4,292.8		TOTAL EXPENDITURE (a+b+c+d)	9,598.7	8,961.2	18,351.5
836.1	1,167.9	7	EARNINGS BEFORE INTEREST, TAX & DEPRECIATION (EBITDA) EXCLUDING OTHER INCOME (3-6)	2,045.9	2,480.5	4,446.8
1.3	5.5	8	INTEREST	8.0	16.4	19.2
121.2	116.5	9	DEPRECIATION	242.7	229.9	462.7
743.7	1,110.6	10	PROFIT BEFORE TAXATION, IMPAIRMENT & CONTINGENCIES (5-6-8-9)	1,859.5	2,409.4	4,243.2
6.4	-	11	IMPAIRMENT OF FIXED ASSETS	6.4	-	22.2
54.1	82.8	12	PROVISION FOR CONTINGENCIES (NET)	187.6	202.7	229.6
269.9	383.0	13	PROVISION FOR TAXATION			
(14.5)	(24.9)		a) CURRENT TAXES	702.8	795.0	1,374.4
255.4	358.1		b) DEFERRED TAXES	(103.1)	(5.0)	(13.8)
427.8	669.7	14	NET TAXES (a + b)	599.7	790.0	1,360.6
964.2	964.2	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
4.44	6.94	17	BASIC AND DILUTED EARNING PER SHARE (RS.)	11.05	14.69	27.29
36,785,762	38,802,017	18	AGGREGATE OF NON-PROMOTER SHAREHOLDING			
38.15%	40.25%		– NUMBER OF SHARES	36,785,762	38,802,017	36,785,762
			– PERCENTAGE OF SHAREHOLDING	38.15%	40.25%	38.15%

Notes:

- The growth of 3.1% in Domestic Sales has been impacted by a selective rationalization of pipeline stocks with respect to certain geographies and products in keeping with the Company policy of providing fresh stocks to the consumer. Domestic Sales for the quarter have also been impacted by the lower availability of milk fat. While Export Sales in volume terms have increased by 6.5%; the same in value terms have declined by 21.4 % mainly due to the shift towards low realization bulk coffee packs exported to Russia.

2. The reported Net Profit for the quarter has decreased by 36.1% as compared to the same period of 2003. After stripping out the non-comparable/exceptional items under "Other Income", "Total Expenditure", "Impairments" and "Provision for Contingencies", the adjusted net profit for the quarter has decreased by 32.6%. This is mainly due to decrease in EBITDA, higher tax cost consequent to a gradual phasing out of tax holiday benefits on exports and lower Other Income.

EBITDA in Q2, 2003 was favourably impacted by 0.8% of net sales due to refund of levies in relation to earlier years. The adjusted EBITDA, as a percentage of net sales of 20.6% in Q2, 2003 has decreased to 15.4% in Q2, 2004. This is mainly due to the steep increase in commodity prices and in particular the milk solids costs, which have not been entirely passed on to the consumers; and, the rationalization of pipeline stocks, which negatively affected EBITDA for the quarter.

3. The Provision for Contingencies is for various contingencies resulting mainly from matters relating to litigation/dispute and management discretion.
4. 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.
5. An interim dividend for 2004 of Rs. 10/- per equity share amounting to Rs. 964.2 million was declared by the Board of Directors on July 16, 2004 and will be paid on July 30, 2004.
6. 3 investor complaints were pending at the beginning of the quarter and 33 received during the quarter, all of which were disposed off during the quarter. No investor complaint was pending at the end of the quarter
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 JULY 28, 2004.

By Order of the Board

Date : 28.07.2004
Place : Gurgaon

Shobinder Duggal
Director - Finance & Control