



NESTLÉ INDIA LIMITED

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

AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED DECEMBER 31st, 2004

(Rupees in Million)

Nine Months Ended (Un-audited)	Fourth Quarter Ended (Un-audited)				Accounting Year Ended (Audited)	
	30.09.2004	31.12.2004			31.12.2003	31.12.2004
15,775.8	5,517.0	5,115.1	1	DOMESTIC SALES	21,292.8	20,226.8
1,830.9	604.5	551.3	2	EXPORT SALES	2,435.4	2,571.5
17,606.7	6,121.5	5,666.4	3	GROSS SALES (1+2)	23,728.2	22,798.3
1050.7	401.7	360.8	4	LESS: EXCISE DUTY	1,452.4	1,392.1
16,556.0	5,719.8	5,305.6	5	NET SALES (3-4) ##	22,275.8	21,406.2
95.7	48.8	51.3	6	OTHER INCOME	144.5	278.3
16,651.7	5,768.6	5,356.9	7	GROSS REVENUE (5+6)	22,420.3	21,684.5
123.2	(203.6)	(416.5)	8	EXPENDITURE	(80.4)	79.4
7,458.3	2,625.3	2,766.6		a) (INCREASE)/DECREASE IN STOCK OF FINISHED GOODS & WORK – IN –PROGRESS	10,083.6	9,159.3
1,215.4	427.1	424.4		b) CONSUMPTION OF RAW & PACKING MATERIALS	1,642.5	1,586.7
4,582.4	1,537.8	1,687.9		c) STAFF COST	6,120.2	6,134.0
13,379.3	4,386.6	4,462.4		d) OTHER EXPENDITURE	17,765.9	16,959.4
3,176.7	1,333.2	843.2	9	EARNINGS BEFORE INTEREST, TAX & DEPRECIATION (EBITDA) EXCLUDING OTHER INCOME (5-8)	4,509.9	4,446.8
9.2	(1.4)	0.7	10	INTEREST	7.8	19.2
365.1	126.3	118.4	11	DEPRECIATION	491.4	462.7
2,898.1	1,257.1	775.4	12	PROFIT BEFORE TAXATION, IMPAIRMENT & CONTINGENCIES (7-8-10-11)	4,155.2	4,243.2
6.4	16.9	19.7	13	IMPAIRMENT OF FIXED ASSETS (NET)	23.3	22.2
142.3	124.6	131.6	14	PROVISION FOR CONTINGENCIES (NET)	266.9	229.6
1,069.1	394.0	213.4	15	PROVISION FOR TAXATION	1,463.1	1,374.4
(74.0)	(43.3)	(43.5)		a) CURRENT TAXES	(117.3)	(13.8)
995.1	350.7	169.9		b) DEFERRED TAXES	1,345.8	1,360.6
1754.3	764.9	454.2	16	NET TAXES (a + b)	2,519.2	2,630.8
964.2	964.2	964.2	17	PAID UP EQUITY SHARE CAPITAL (FACE VALUE – RS 10 PER SHARE)	964.2	964.2
			18	RESERVES EXCLUDING REVALUATION RESERVES	2,229.9	2,385.8
18.20	7.93	4.71	19	BASIC AND DILUTED EARNINGS PER SHARE (RS)	26.13	27.29
36,785,762	36,785,762	36,785,762	20	AGGREGATE OF NON-PROMOTER SHAREHOLDING	36,785,762	36,785,762
38.15%	38.15 %	38.15 %		– NUMBER OF SHARES	38.15 %	38.15 %
				– PERCENTAGE OF SHAREHOLDING		

- In line with the Accounting Standards Interpretation (ASI-14) issued by the Institute of Chartered Accountants of India, the Company has disclosed the Gross Sales including Excise Duty and Net Sales excluding Excise Duty.

Notes:

- Net Sales for the year 2004 have increased by 4.1 % as compared to 2003. Domestic sales grew by 5.3% and export sales decreased by 5.3%, mainly due to a shift from retail to bulk packs of instant coffee to Russia.

Net Sales in the last quarter have increased by 7.8 % due to a growth of 7.6% and 9.7% in the domestic and exports sales respectively.

- Net Profit for the full year has decreased from 12.1% of Gross Revenue in 2003 to 11.2% in 2004 and EBITDA as a percentage of Net Sales decreased from 20.8% in 2003 to 20.2% in 2004. These decreases are mainly due to the increase in commodity prices, particularly in milk solids, which have not been entirely passed on to the consumers.

Nestlé Group savings initiatives, mainly Target 2004+, that focussed on manufacturing processes, optimisation of line efficiencies/occupation, raw and packing materials, energies etc. facilitated in mitigating the adverse impact of steep increase in input costs and controlling other costs throughout the year.

Net Profit for the last quarter of 2004 has increased by 68.4% mainly due to certain non-recurring exceptional charges in the last quarter of 2003, easing of some of the commodity prices in the last quarter of 2004 and improved control over costs.

3. Impairment of fixed assets (net) relate to various items of plant & machinery and buildings that have been brought down to their recoverable value upon evaluation of future economic benefits. Impairments were necessitated due to product discontinuance, abandonment of certain projects and the carrying value of certain assets in the beverages business, being lower than their future benefits. A few impairments made in earlier years have been reversed, at the recoverable value, due to sustained improved performance of the relevant businesses or the impaired assets being put to productive use after appropriate modifications.
4. The Provision for Contingencies (net) results mainly from matters relating to litigation/dispute and other items requiring management judgement and discretion and partially offset by write backs relating to matters, which have been satisfactorily decided in favour of the company.
5. Provision for taxation has been favourably impacted due to tax holiday benefits, related to an earlier year, from a unit of the company set-up in a backward area.
6. In view of good cash flows during 2004, the Board of Directors have recommended a Special Dividend of Rs. 4.50 per equity share (nominal value Rs.10/- per equity share) amounting to Rs. 433.9 million mainly out of undistributed profits of the previous financial years.

This is in addition to the two interim dividends for 2004, of Rs. 10/- each, aggregating to Rs.20/- per equity share (amounting to Rs.1928.3 million), declared on July 16, 2004 and December 7, 2004 and paid on July 30 and December 23, 2004 respectively.

7. 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 incorporates product groups viz. Milk Products and Nutrition, Beverages, Prepared dishes and cooking aids, Chocolates and 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.
8. 12 investor complaints were received during the quarter, all of which were disposed off during the quarter. No investor complaint was pending at the beginning or at the end of the quarter.
9. Previous year'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 MARCH 14, 2005.

By Order of the Board

Date : 14.03.2005
Place : Gurgaon

Martial G. Rolland
Chairman & Managing Director