



**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 2005**

*(Rupees in Million)*

		FIRST QUARTER ENDED		Accounting Year ended 31.12.2004 (Audited)
		31.03.2005	31.03.2004	
1	GROSS DOMESTIC SALES	5,905.9	5,616.6	21,292.8
2	LESS: EXCISE DUTY	418.9	385.4	1,452.4
3	<b>NET DOMESTIC SALES (1-2)</b>	<b>5,487.0</b>	<b>5,231.2</b>	<b>19,840.4</b>
4	ADD: EXPORT SALES	648.3	584.1	2,435.4
5	<b>NET SALES (3+4)</b>	<b>6,135.3</b>	<b>5,815.3</b>	<b>22,275.8</b>
6	OTHER INCOME	68.5	34.6	144.5
7	<b>GROSS REVENUE (5+6)</b>	<b>6,203.8</b>	<b>5,849.9</b>	<b>22,420.3</b>
8	EXPENDITURE			
	a) (INCREASE)/DECREASE IN STOCK OF FINISHED GOODS & WORK – IN –PROGRESS	(253.5)	(247.6)	(80.4)
	b) CONSUMPTION OF RAW & PACKING MATERIAL	2,891.6	2,827.3	10,083.6
	c) STAFF COST	443.9	413.1	1,642.5
	d) OTHER EXPENDITURE	1,666.2	1,613.1	6,120.2
	TOTAL EXPENDITURE (a+b+c+d)	4,748.2	4,605.9	17,765.9
9	<b>EARNINGS BEFORE INTEREST, TAX, DEPRECIATION (EBITDA) AND OTHER INCOME (5-8)</b>	<b>1,387.1</b>	<b>1,209.4</b>	<b>4,509.9</b>
10	INTEREST	1.0	6.7	7.8
11	DEPRECIATION	125.5	121.5	491.4
12	PROFIT BEFORE TAXATION, IMPAIRMENT & CONTINGENCIES (7-8-10-11)	1,329.1	1,115.8	4,155.2
13	IMPAIRMENT OF FIXED ASSETS (NET)	(35.1)	-	23.3
14	PROVISION FOR CONTINGENCIES (NET)	107.6	133.5	266.9
15	PROVISION FOR TAXATION			
	a) CURRENT TAXES	470.2	427.2	1,463.1
	b) DEFERRED TAXES	5.9	(88.6)	(117.3)
	NET TAXES (a+b)	476.1	338.6	1,345.8
16	<b>NET PROFIT (12-13-14-15)</b>	<b>780.5</b>	<b>643.7</b>	<b>2,519.2</b>
17	PAID UP EQUITY SHARE CAPITAL (FACE VALUE – RS 10 PER SHARE)	964.2	964.2	964.2
18	RESERVES EXCLUDING REVALUATION RESERVES	-	-	2,229.2
19	BASIC AND DILUTED EARNINGS PER SHARE (RS)	8.10	6.68	26.13
20	AGGREGATE OF NON – PROMOTER SHAREHOLDING			
	- NUMBER OF SHARES	36,785,762	36,785,762	36,785,762
	- PERCENTAGE OF SHAREHOLDING	38.15%	38.15%	38.15%

**Notes:**

1. Net Sales for the quarter have increased by 5.5% compared with the same period of 2004. Net Domestic Sales have increased by 4.9% and Export Sales have increased by 11.0%. Product mix has favourably impacted sales growth.
2. Other Income has increased mainly due to the returns from increased surplus liquidities and the reversal of a provision made for doubtful receivables in earlier years, which is no longer required.
3. In absolute amounts, the reported Net Profit is up by 21.3% and the adjusted Net Profit is up by 14.7% compared to the same quarter in 2004. The reported Net Profit as a percentage of Gross Revenue increased to 12.6% from 11% in the same quarter last year.

After stripping out the effect of exceptional items under "Other Income" and "Current Taxes" as well as excluding "Provision for Contingencies" and "Impairments"; the adjusted Net Profit as a percentage of Net Sales has increased to 13.6% from 12.5% in the previous year. EBITDA as a percentage of Net Sales has improved to 22.6% from 20.8% mainly on account of the cost of milk solids being lower than that of last year, partially offset by the increase in prices of certain commodities like green coffee and sugar and higher energy costs. Price increases taken in the second half of 2004 have also improved the margins.

4. Reversal of Impairment is consequent to the disposal of most items of the Plant & Machinery relating to the erstwhile Water business, which was discontinued in 2003.
5. The Provision for Contingencies (net) results mainly from matters relating to litigation/dispute and other items requiring management judgement and discretion.
6. The reported Provision for taxation has gone up by 40.6% as compared to the same period of 2004. Excluding the favourable impact in 2004 of the tax holiday benefit relating to a previous year, the tax cost has increased by 29.3%, which is close to the increase in the profit before tax.
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. The Board of Directors declared on April 19, 2005, an interim dividend for 2005 of Rs. 5/- per equity share, amounting to Rs. 482.1 million (nominal value Rs.10/- per equity share), which will be paid on and from May 10, 2005 along with the Special Dividend for 2004 of Rs.4.50 per equity share approved in the Annual General Meeting today.
9. 13 investor complaints were received and 12 disposed off during the quarter, leaving 1 complaint 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.
10. 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 29.04.2005.

By Order of the Board

Date: 29.04.2005  
Place: Gurgaon

Martial G. Rolland  
Chairman and Managing Director