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

UN-AUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30th JUNE 2005

(Rupees in Million)

3 Months Ended				6 Months Ended		Accounting Year ended 31.12.2004 (Audited)
30.06.2005	30.06.2004			30.06.2005	30.06.2004	
5,744.9	4,853.1	1	GROSS DOMESTIC SALES	11,650.8	10,469.7	21,292.8
368.0	300.0	2	LESS: EXCISE DUTY	786.9	685.4	1,452.4
5,376.9	**4,553.1**	**3**	**NET DOMESTIC SALES (1-2)**	**10,863.9**	**9,784.3**	**19,840.4**
780.8	590.8	4	ADD: EXPORT SALES	1,429.1	1,174.9	2,435.4
6,157.7	**5,143.9**	**5**	**NET SALES (3+4)**	**12,293.0**	**10,959.2**	**22,275.8**
80.1	30.1	6	OTHER INCOME	148.6	64.7	144.5
6,237.8	**5,174.0**	**7**	**GROSS REVENUE (5+6)**	**12,441.6**	**11,023.9**	**22,420.3**
		8	EXPENDITURE			
235.6	20.5		a) (INCREASE)/DECREASE IN STOCK OF FINISHED GOODS & WORK–IN–PROGRESS	(17.9)	(227.1)	(80.4)
2,502.1	2,385.0		b) CONSUMPTION OF RAW & PACKING MATERIAL	5,393.7	5,212.3	10,083.6
475.0	412.0		c) STAFF COST	918.9	825.1	1,642.5
1,565.0	1,490.3		d) OTHER EXPENDITURE	3,231.2	3,103.4	6,120.2
4,777.7	4,307.8		TOTAL EXPENDITURE (a+b+c+d)	9,525.9	8,913.7	17,765.9
1,380.0	**836.1**	**9**	**EARNINGS BEFORE INTEREST, TAX, DEPRECIATION (EBITDA) AND OTHER INCOME (5-8)**	**2,767.1**	**2,045.5**	**4,509.9**
0.4	1.3	10	INTEREST	1.4	8.0	7.8
148.9	121.2	11	DEPRECIATION	274.4	242.7	491.4
1,310.8	743.7	12	PROFIT BEFORE TAXATION, IMPAIRMENT & CONTINGENCIES (7-8-10-11)	2,639.9	1,859.5	4,155.2
(3.9)	6.4	13	IMPAIRMENT OF FIXED ASSETS (NET)	(39.0)	6.4	23.3
59.1	54.1	14	PROVISION FOR CONTINGENCIES (NET)	166.7	187.6	266.9
		15	PROVISION FOR TAXATION			
420.0	269.9		a) CURRENT TAXES	890.2	697.1	1,463.1
7.9	(14.5)		b) DEFERRED TAXES	13.8	(103.1)	(117.3)
427.9	255.4		NET TAXES (a+b)	904.0	594.0	1,345.8
827.7	**427.8**	**16**	**NET PROFIT (12-13-14-15)**	**1,608.2**	**1,071.5**	**2,519.2**
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	-	-	2,229.2
8.58	4.44	19	BASIC AND DILUTED EARNINGS PER SHARE (RS.)	16.68	11.05	26.13
		20	AGGREGATE OF NON–PROMOTER SHAREHOLDING			
36,785,762	36,785,762		- NUMBER OF SHARES	36,785,762	36,785,762	36,785,762
38.15%	38.15%		- PERCENTAGE OF SHAREHOLDING	38.15%	38.15%	38.15%

Notes:

1. Net Sales for the quarter have increased by 19.7% compared with the same period of 2004. Net Domestic Sales have increased by 18.1%, a large jump, contributed in part by the favourable comparison against a lower base for the same period last year (which was largely impacted by selective rationalization of pipeline stocks); improved volume and product mix; and selective price increases. Export Sales have increased by 32.2% mainly on account of increased

volumes (15.3%) and higher realizations on instant coffee exports to Russia resulting from increased green coffee prices.

2. Other Income has increased mainly due to the returns from increased surplus liquidities and the reversal of certain provisions made in earlier periods, which are no longer required.

3. During the quarter, the Company has implemented Nestle Group's worldwide initiative GLOBE (Global Business Excellence) including Nestle Group's version of SAP. This has necessitated a change in the method of raw and packing materials valuation from quarterly weighted average to first-in-first out (FIFO), and has resulted in lower consumption value and higher profit for the quarter (approximately Rs. 22 million, net of tax - Rs. 15 million).

4. EBITDA as a percentage of Net Sales for the quarter has shown an exceptional increase, including one-time adjustments, to 22.4% from 16.3% in the same period of 2004. This is mainly on account of sales increase (refer note 1 above) resulting in better-fixed cost absorption, lower expenditure on advertisement and sales promotion, overall favourable impact of commodity prices and change in method of inventory valuation (refer note 3 above). The cost of milk solids during the period has been lower than that of the same period last year, which has been partially offset by the increase in prices of green coffee, sugar and fuels. On account of the change in the method of valuation of inventories to FIFO, a part of the increased prices of commodities have been offset by the favourable new valuation of inventories. The profitability of the second quarter of 2004 was depressed mainly due to lower sales and high commodity prices, which had not been entirely passed on to the consumers.

   These factors have resulted in an exceptional increase in the reported Net Profit, which has also been positively influenced by the reduction in the corporate income tax rate and has increased by 93.5% in absolute amount. As a percentage of Gross Revenue, the Net Profit has exceptionally increased to 13.3% from 8.3% in the same quarter last year.

   After stripping out the effect of non-recurring items under "Other Income" as well as excluding "Provision for Contingencies" and "Impairments" and the impact due to change in valuation of inventories, the adjusted Net Profit in absolute amount has increased by 77.8%.

5. The Provision for Contingencies (net) results mainly from matters relating to litigation/dispute and other items requiring management judgement and discretion.

6. Provision for current taxes include fringe benefit 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 (nominal value Rs.10/- per equity share) amounting to Rs. 482.1 million, which was paid on and from May 10, 2005 along with the Special Dividend for 2004 of Rs.4.50 per equity share approved at the Annual General Meeting.

9. 8 investor complaints were received and 7 disposed off during the quarter, leaving 1 complaint pending at the end of the quarter which has been disposed off subsequently. 1 investor complaint pending at the beginning of the quarter was disposed off during the quarter.

10. Pursuant to the approval of the shareholders and subsequent application made by the Company, the Equity shares of the Company have been voluntarily de-listed from the Delhi Stock Exchange Association Limited, New Delhi, with effect from July 15, 2005. The Equity shares of the Company shall continue to be listed on the Stock Exchange, Mumbai, which has nation wide trading terminals.

11. 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 29.07.2005.

By Order of the Board

Date: 29.07.2005
Place: Gurgaon

Martial G. Rolland
Chairman and Managing Director