NESTLÉ INDIA LIMITED

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

UN-AUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 31ST MARCH 2007

(Rupees in Millions)

		THREE MONTHS ENDED		Accounting Year ended 31.12.2006 (Audited)
		31.03.2007	**31.03.2006**	
1	GROSS DOMESTIC SALES	8,131.7	6,702.7	26,646.1
2	LESS: EXCISE DUTY	363.3	451.1	1,281.3
3	**NET DOMESTIC SALES (1-2)**	**7,768.4**	**6,251.6**	**25,364.8**
4	ADD: EXPORT SALES	862.4	507.6	2,795.8
5	**NET SALES (3+4)**	**8,630.8**	**6,759.2**	**28,160.6**
6	OTHER INCOME	69.5	50.4	206.1
7	**GROSS REVENUE (5+6)**	**8,700.3**	**6,809.6**	**28,366.7**
8	EXPENDITURE			
	a) (INCREASE)/DECREASE IN STOCK OF FINISHED GOODS & WORK – IN – PROGRESS	(519.4)	(229.4)	(165.1)
	b) CONSUMPTION OF RAW & PACKING MATERIALS	4,600.2	3,280.3	13,098.7
	c) STAFF COST	646.1	542.8	2,161.6
	d) OTHER EXPENDITURE	2,115.6	1,827.3	7,680.5
	TOTAL EXPENDITURE (a+b+c+d)	6,842.5	5,421.0	22,775.7
9	**EARNINGS BEFORE INTEREST, TAX & DEPRECIATION (EBITD) EXCLUDING OTHER INCOME (5-8)**	**1,788.3**	**1,338.2**	**5,384.9**
10	ADDITIONAL STAFF COSTS *(refer note 4)*	753.7	-	-
11	INTEREST	1.9	0.3	4.4
12	DEPRECIATION	179.3	157.1	662.8
13	PROFIT BEFORE TAXATION, IMPAIRMENT & CONTINGENCIES (7-8-10-11-12)	922.9	1,231.2	4,923.8
14	IMPAIRMENT OF FIXED ASSETS (NET)	-	(2.0)	3.9
15	PROVISION FOR CONTINGENCIES (NET)	(724.1)	(151.8)	114.6
16	PROVISION FOR TAXATION			
	a) CURRENT TAXES (INCL.FRINGE BENEFIT TAX)	287.0	412.0	1,562.3
	b) DEFERRED TAXES	275.5	86.9	92.0
	NET TAXES (a+b)	562.5	498.9	1,654.3
17	**NET PROFIT (13-14-15-16)**	**1,084.5**	**886.1**	**3,151.0**
18	PAID UP EQUITY SHARE CAPITAL (FACE VALUE – RS. 10 PER SHARE)	964.2	964.2	964.2
19	RESERVES EXCLUDING REVALUATION RESERVES	-	-	2,924.72
20	**BASIC AND DILUTED EARNINGS PER SHARE (RS.)**	11.25	9.20	32.68
21	AGGREGATE OF PUBLIC SHAREHOLDING			
	1. NUMBER OF SHARES	36,785,762	36,785,762	36,785,762
	2. PERCENTAGE OF SHAREHOLDING	38.15%	38.15%	38.15 %

Notes:

1. Net Sales for the quarter have increased by 27.7% compared with the same period of 2006. Net Domestic Sales have increased by 24.3% on account of higher volume and price increases across categories. Export Sales have increased by 69.9% compared with the same period of 2006 on account of higher volumes coupled with higher realisations largely on account of increase in Green Coffee prices.
2. Other Income for the quarter has increased largely due to interest on income tax refund.
3. With effect from 01.01.2007 the Company has adopted Accounting Standard (AS) 15 [revised 2005] “Employee Benefits”. Pursuant to the adoption of this Standard the additional obligations of the Company with respect to certain employee benefits upto 31.12.2006, amounting to Rs. 103 million (net of tax), will be adjusted from the opening balance in General Reserve as at 01.01.2007 in accordance with the Accounting Standard.

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4. The Additional Staff Costs of Rs. 753.7 million represent a provision for certain employee benefits as at 31.12.2006, which, pursuant to adoption of Accounting Standard (AS) 15 [revised 2005] “Employee Benefits” with effect from 01.01.2007, has been regrouped under Staff Cost in the current quarter with the corresponding liability being regrouped under Provisions for Pension and Gratuity. Accordingly, such employee benefits for the current quarter as well as for the corresponding quarter ended 31.03.2006 have now been grouped under Staff Cost.

5. EBITD, in absolute terms, has increased by 33.6% over the same period last year. As a percentage of Net Sales for the quarter, EBITD has increased to 20.7% from 19.8% in 2006. This increase is largely due to the growth in sales resulting in better absorption of the structural fixed costs. Very sharp increases in prices of commodities like Milk Solids, Green Coffee, Wheat Flour etc., continue and Operational Excellence initiatives are being pursued to mitigate the adverse impact.

   The reported Net Profit, in absolute terms, has increased by 22.4% over the same period last year. After stripping out the post tax effect of ‘Provision for Contingencies’, the adjusted Net Profit as a percentage of Gross Revenue, has increased to 12.6% from 11.9% in 2006, largely on account of the higher EBITD.

6. The credit in Provision for Contingencies has resulted mainly from a provision made in the past relating to an item requiring management judgement and discretion, which is no longer required and has been partly offset by fresh provisions on account of matters relating to litigation/dispute.

7. The Board of Directors declared on 15.03.2007, an interim dividend for 2007 of Rs. 6.50/- per equity share, amounting to Rs. 626.7 million (nominal value Rs.10/- per equity share), which was paid on 29.03.2007 along with the third interim Dividend for 2006 of Rs.1.50/- per equity share.

8. 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, Chocolate 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.

9. 7 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.

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 30.04.2007.

By Order of the Board

Date: 30.04.2007
Place: Gurgaon

Shobinder Duggal
Director – Finance & Control

Email ID: investor@in.nestle.com Website: www.nestle.in