



NESTLE INDIA LIMITED

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

AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2007
(Rupees in Millions)

Nine Months ended (Un-audited)	3 months ended (Un-audited)				Accounting Year ended (Audited)	
	30.09.2007	31.12.2007			31.12.2006	31.12.2007
24,757.8	8,416.3	6,928.7	1	DOMESTIC SALES	33,174.1	26,646.1
1,038.7	389.6	325.9	2	LESS: EXCISE DUTY	1,428.3	1,281.3
23,719.1	8,026.7	6,602.8	3	NET DOMESTIC SALES (1-2)	31,745.8	25,364.8
2,367.9	929.8	760.1	4	ADD: EXPORT SALES	3,297.7	2,795.8
26,087.0	8,956.5	7,362.9	5	TOTAL NET SALES (3+4)	35,043.5	28,160.6
157.9	96.5	73.0	6	OTHER INCOME	254.4	206.1
26,244.9	9,053.0	7,435.9	7	TOTAL INCOME (5+6)	35,297.9	28,366.7
(10.6)	(662.5)	(517.7)	8	EXPENDITURE	(673.1)	(165.1)
12,347.6	4,828.4	3,856.9		a) (INCREASE)/DECREASE IN STOCK IN TRADE & WORK IN PROGRESS	17,176.0	13,098.7
244.9	101.8	80.2		b) CONSUMPTION OF RAW & PACKING MATERIALS	346.7	267.9
2,035.5	658.9	569.4		c) PURCHASE OF TRADED GOODS	2,694.4	2,161.6
541.8	205.6	177.1		d) EMPLOYEES COST (refer note 3a)	747.4	662.8
6,083.2	2,453.6	2,162.9		e) DEPRECIATION	8,536.8	7,382.3
				f) OTHER EXPENDITURE		
21,242.4	7,585.8	6,328.8		TOTAL EXPENDITURE (a+b+c+d+e+f)	28,828.2	23,408.2
4,844.6	1,370.7	1,034.1	9	EARNINGS BEFORE INTEREST & TAX (EBIT) EXCLUDING OTHER INCOME (5-8)	6,215.3	4,752.4
753.7	-	-	10	ADDITIONAL EMPLOYEE COST (refer note 3b)	753.7	-
6.3	2.2	1.4	11	INTEREST	8.5	4.4
5.6	6.2	5.9	12	IMPAIRMENT OF FIXED ASSETS (NET)	11.8	3.9
(632.1)	41.7	172.0	13	PROVISION FOR CONTINGENCIES (NET)	(590.4)	144.9
4,869.0	1,417.1	927.8	14	PROFIT FROM ORDINARY ACTIVITIES BEFORE TAX (7-[8+10+11+12+13])	6,286.1	4,805.3
1,447.1	534.0	311.1	15	TAX EXPENSE	1,981.1	1,562.3
219.9	(53.0)	(7.9)		a) CURRENT TAX (INCL. FRINGE BENEFIT TAX)	166.9	92.0
1,667.0	481.0	303.2		b) DEFERRED TAX	2,148.0	1,654.3
3,202.0	936.1	624.6	16	NET TAXES (a + b)	4,138.1	3,151.0
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 (refer note 3c)	3220.08	2,924.72
33.21	9.71	6.48	19	BASIC AND DILUTED EARNINGS PER SHARE (RS)	42.92	32.68
36,785,762	36,785,762	36,785,762	20	PUBLIC SHAREHOLDING	36,785,762	36,785,762
38.15%	38.15 %	38.15 %		– NUMBER OF SHARES	38.15 %	38.15 %
				– PERCENTAGE OF SHAREHOLDING		

Notes:

- Total Net Sales for the full year 2007 have grown by 24.4% and for quarter ended 31.12.2007 have grown by 21.6% over the same period last year. Net Domestic Sales and Export Sales for 2007 increased by 25.2% and 17.9% respectively due to increase in volumes as well as realisations. Export realisations were negatively impacted by the appreciation of the Indian Rupee.
- Other Income increased largely due to higher surplus liquidities, supplemented by an increased rate of return, and interest on income tax refund.
- Pursuant to the adoption of Accounting Standard (AS) 15 on "Employee Benefits" effective 01.01.2007: (a) Though the reported employee cost has increased by 24.6% over 2006, on a comparable basis the same has increased by 18.3% (b) provision for additional employee cost of Rs. 753.7 million, representing certain employee benefits up to 31.12.2006 has been made. This liability is now included in provisions for pension and gratuity and (c) an additional obligation of Rs. 138.9 million (net of tax), on account of certain employee benefits up to 31.12.2006, has been adjusted from the General Reserve as at 01.01.2007.

4. EBIT for the full year grew by 30.8% resulting in an EBIT margin of 17.7%, a 80 basis point improvement over 2006. EBIT for quarter ended 31.12.2007 year grew by 32.6% resulting in an EBIT margin of 15.3%, a 130 basis point improvement over the corresponding quarter of 2006. Scale efficiencies, cost reduction initiatives as well as the ongoing strategic transformation process allowed the business to more than offset higher raw materials costs which continue to remain at record high levels and pose an ongoing challenge.

Reported Net Profit grew by 31.3% resulting in a net margin of 11.7%, an increase of 60 basis points over 2006. Reported Net Profit for the quarter ended 31.12.2007 grew by 49.9% resulting in a net margin of 10.3%, an increase of 190 basis points over the corresponding quarter of 2006. Part of this improvement is due to a provision of Rs 101.0 million made in the last quarter of 2006 (due to a change in procedure by the concerned external authority) which otherwise would have been made in first quarter of 2007. Excluding the impact of this provision the Net Profit for the full year 2007 and quarter ended 31.12.2007 grew by 24.1% and 29.0% respectively.

5. 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.
6. The Board of Directors has recommended a final dividend of Rs. 2.50 per equity share (nominal value Rs.10/- per equity share). This is in addition to the two interim dividends for 2007, of Rs. 6.50 and Rs. 24.00 per equity share, paid in March 2007 and December 2007 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. 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.
9. Previous period 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 04, 2008.

By Order of the Board

Date : March 04, 2008
Place : Gurgaon

Martial G. Rolland
Chairman & Managing Director

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