



NESTLE INDIA LIMITED

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

UN-AUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30th SEPTEMBER 2006

(Rupees in Millions)

3 Months Ended				9 Months Ended		Accounting Year ended 31.12.2005 (Audited)
30.09.2006	30.09.2005			30.09.2006	30.09.2005	
6,686.9	6,071.4	1	GROSS DOMESTIC SALES	19,717.4	17,722.2	23,847.1
279.0	430.6	2	LESS: EXCISE DUTY	955.4	1,217.5	1,669.9
6,407.9	5,640.8	3	NET DOMESTIC SALES (1-2)	18,762.0	16,504.7	22,177.2
818.7	607.3	4	ADD: EXPORT SALES	2,035.7	2,036.4	2,591.8
7,226.6	6,248.1	5	NET SALES (3+4)	20,797.7	18,541.1	24,769.0
46.7	56.7	6	OTHER INCOME	133.1	205.3	237.4
7,273.3	6,304.8	7	GROSS REVENUE (5+6)	20,930.8	18,746.4	25,006.4
		8	EXPENDITURE			
540.9	159.8		a) (INCREASE)/DECREASE IN STOCK OF FINISHED GOODS & WORK – IN – PROGRESS	352.6	141.9	(122.1)
2,861.3	2,661.0		b) CONSUMPTION OF RAW & PACKING MATERIAL	9,241.8	8,054.7	10,997.6
538.9	473.3		c) STAFF COST	1,592.2	1,392.2	1,832.9
1,860.9	1,675.6		d) OTHER EXPENDITURE	5,428.8	4,906.8	6,840.1
5,802.0	4,969.7		TOTAL EXPENDITURE (a+b+c+d)	16,615.4	14,495.6	19,548.5
1,424.6	1,278.4	9	EARNINGS BEFORE INTEREST, TAX, DEPRECIATION (EBITD) AND OTHER INCOME (5-8)	4,182.3	4,045.5	5,220.5
0.4	0.3	10	INTEREST	3.0	1.7	2.1
167.9	156.1	11	DEPRECIATION	485.7	430.5	568.4
1,303.0	1,178.7	12	PROFIT BEFORE TAXATION, IMPAIRMENT & CONTINGENCIES (7-8-10-11)	3,826.7	3,818.6	4,887.4
-	-	13	IMPAIRMENT OF FIXED ASSETS (NET)	(2.0)	(39.0)	(26.4)
42.0	47.1	14	PROVISION FOR CONTINGENCIES (NET)	(48.8)	213.8	223.2
454.0	389.0	15	PROVISION FOR TAXATION			
(22.8)	(3.3)		a) CURRENT TAXES	1304.0	1,279.2	1,483.3
			b) DEFERRED TAXES	47.1	10.5	111.6
431.2	385.7		NET TAXES (a+b)	1,351.1	1,289.7	1,594.9
829.8	745.9	16	NET PROFIT (12-13-14-15)	2,526.4	2,354.1	3,095.7
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	-	-	2,577.2
8.61	7.74	19	BASIC AND DILUTED EARNINGS PER SHARE (RS)	26.20	24.42	32.11
36,785,762	36,785,762	20	AGGREGATE OF PUBLIC SHAREHOLDING	36,785,762	36,785,762	36,785,762
38.15%	38.15%		- NUMBER OF SHARES	38.15%	38.15%	38.15%
			- PERCENTAGE OF SHAREHOLDING			

Notes:

- Net Sales for the quarter have increased by 15.7% compared with the same period of 2005. Net Domestic Sales have increased by 13.6% supported by growth across most categories and channels. Exports have increased by 34.8%, largely from sale of Beverages to United States of America and from Milk & Nutrition products within South Asia.

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2. Other Income declined largely due to lower surplus liquidities, partially offset by increased rate of return.
3. Margins continue to be impacted by the steep increase in prices of commodities, fuels/energies and; higher operating costs associated with upgraded formulations and manufacturing processes of the Infant Nutrition products. Increases in selling prices and higher volumes have partially offset the cost increases. Scrapping of fixed assets consequent to technology upgradation in the Infant Nutrition facilities has adversely impacted the EBITD by 0.3% of Net Sales. Consequently the reported EBITD for the quarter, as a percentage of Net Sales, is 19.7% compared to 20.5% in the same period of 2005.
4. In absolute terms, the reported Net Profit for the quarter has increased by 11.2% over the same period of 2005. However, as a percentage of Gross Revenue, it has decreased to 11.4% from 11.8%. After stripping out the effect of 'Provision for Contingencies', and other exceptional items, it is 12.0% compared to 12.5% in the same period last year.
5. The Provision for Contingencies (net) results mainly from matters relating to litigation/dispute and other items requiring management judgement and discretion.
6. The initial phase of production of the new Factory at Pantnagar in the State of Uttaranchal was commissioned during July 2006.
7. As the Company's business activity falls within a single primary business segment of "Food" under the Accounting Standard on Segment Reporting (AS-17), the disclosure requirements of Clause 41 of the Listing Agreement in this regard are not applicable.
8. Four investor complaints were received during the quarter, all of which were disposed off during the quarter. One investor complaint, pending at the beginning of the quarter, was disposed off during the quarter. No investor complaints were outstanding at the end of the quarter.
9. 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 28.10.2006.

By Order of the Board

**Date: 28.10.2006
Place: Gurgaon**

**Martial G. Rolland
Chairman and Managing Director**