



NESTLE INDIA LIMITED

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

AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2006

(Rupees in Millions)

Nine Months ended (Un-audited) 30.09.2006	3 months ended (Un-audited)				Accounting Year ended (Audited)	
	31.12.2006	31.12.2005			31.12.2006	31.12.2005
19,717.4	6,928.7	6,124.9	1	DOMESTIC SALES	26,646.1	23,847.1
955.4	325.9	452.4	2	LESS: EXCISE DUTY	1,281.3	1,669.9
18,762.0	6,602.8	5,672.5	3	NET DOMESTIC SALES (1-2)	25,364.8	22,177.2
2,035.7	760.1	555.4	4	ADD: EXPORT SALES	2,795.8	2,591.8
20,797.7	7,362.9	6,227.9	5	NET SALES (3+4)	28,160.6	24,769.0
133.1	73.0	57.5	6	OTHER INCOME	206.1	237.4
20,930.8	7435.9	6,285.4	7	GROSS REVENUE (5+6)	28,366.7	25,006.4
352.6	(517.7)	(264.0)	8	EXPENDITURE		
				a) (INCREASE)/DECREASE IN STOCK OF FINISHED GOODS & WORK – IN –PROGRESS	(165.1)	(122.1)
9,241.8	3,856.9	2,920.1		b) CONSUMPTION OF RAW & PACKING MATERIALS	13,098.7	10,997.6
1,592.2	569.4	440.7		c) STAFF COST	2,161.6	1,832.9
5,428.8	2,251.7	1,950.1		d) OTHER EXPENDITURE	7,680.5	6,840.1
16,615.4	6,160.3	5,046.9		TOTAL EXPENDITURE (a+b+c+d)	22,775.7	19,548.5
4,182.3	1,202.6	1,181.0	9	EARNINGS BEFORE INTEREST, TAX & DEPRECIATION (EBITD) EXCLUDING OTHER INCOME (5-8)	5,384.9	5,220.5
3.0	1.4	0.4	10	INTEREST	4.4	2.1
485.7	177.1	153.7	11	DEPRECIATION	662.8	568.4
3,826.7	1,097.1	1,084.4	12	PROFIT BEFORE TAXATION, IMPAIRMENT & CONTINGENCIES (7-8-10-11)	4,923.8	4,887.4
(2.0)	5.9	12.6	13	IMPAIRMENT OF FIXED ASSETS (NET)	3.9	(26.4)
(48.8)	163.4	25.0	14	PROVISION FOR CONTINGENCIES (NET)	114.6	223.2
1,251.2	311.1	204.1	15	PROVISION FOR TAXATION		
99.9	(7.9)	101.1		a) CURRENT TAX (INCL. FRINGE BENEFIT TAX)	1,562.3	1,483.3
1,351.1	303.2	305.2		b) DEFERRED TAX	92.0	111.6
2,526.4	624.6	741.6	16	NET TAXES (a + b)	1,654.3	1,594.9
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	2,924.72	2,577.2
26.20	6.48	7.69	19	BASIC AND DILUTED EARNINGS PER SHARE (RS)	32.68	32.11
36,785,762	36,785,762	36,785,762	20	AGGREGATE OF PUBLIC SHAREHOLDING		
38.15%	38.15 %	38.15 %		– NUMBER OF SHARES	36,785,762	36,785,762
				– PERCENTAGE OF SHAREHOLDING	38.15 %	38.15 %

Notes:

1. Net Sales for the year 2006 increased by 13.7% as compared to 2005. Net Domestic Sales grew by 14.4%, both on account of higher volumes and price increases. The growth in exports of 7.9% has been adversely impacted by lower exports of beverages to Russia and Japan, offset by improved sales in other categories and geographies.

Net Sales for the quarter ended 31.12.2006, increased by 18.2 % over the same period of 2005. Net Domestic Sales grew by 16.4% and Exports grew by 36.9% on account of better realizations and higher volumes.

2. Other Income for the year declined largely due to lower surplus liquidities, partially offset by increased yields.
3. The reported EBITD excluding other income has increased by 3.2% for the year and 1.8% for the quarter ended 31.12.2006. This growth has been adversely impacted by steep increase in prices of commodities; higher operating costs associated with upgraded formulations and manufacturing processes of the Infant Nutrition products to further enhance their quality; as well as increase in structural costs to better prepare the organisation to seize opportunities for accelerated growth. Increases in selling prices, higher volumes and the one-off write back have partially offset the cost increases. Nestle Group's Operation Excellence savings initiatives, focussed on raw and packing materials, energies, manufacturing processes and optimisation of line efficiencies etc. have helped mitigate the adverse impact of input costs.

The reported Net Profit for the year 2006 has increased by 1.8%. The Net Profit for 2006 as well as for the quarter ended 31.12.2006 has been adversely impacted by a provision of Rs 101 mio. under Provisions For Contingencies (refer note 4 below). Excluding the impact of "this provision", the Net Profit for 2006 has increased by 5% over 2005 and the Net Profit for quarter ended 31.12.2006 has decreased by 2.2% over the same period of last year.

4. The Provision for Contingencies (Net) results mainly from matters relating to litigation/dispute and other items requiring management judgement and discretion less reversal of provisions due to the satisfactory settlement of certain disputes and other matters. Provisions made in the quarter ended 31.12.2006 include Rs 101 mio. relating to a matter which in the past has been provided in the first quarter of a year after completion of relevant procedure. As the completion timing of the procedure have been advanced and the procedure was completed in the fourth quarter of 2006 instead of the first quarter of 2007, as has been the practise in the past and in keeping with the provisions of Accounting Standard 29, the amount has been provided in the fourth quarter of 2006. This has resulted in provisions being made for two years in the year 2006, the first one in quarter ended 31.3.2006 and the second one (Rs 101 Mio.) in quarter ended 31.12.2006.
5. The Board of Directors on March 15, 2007 declared a third Interim Dividend of Rs. 1.50/- per equity share (nominal value Rs.10/- per equity share) which will be paid on and from March 29, 2007. This is in addition to the two interim dividends of Rs 6/- and Rs 18/- per equity share, paid in May 2006 and December 2006 respectively.
6. 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.
7. 4 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.
8. Previous year'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 MARCH 20, 2007.

By Order of the Board

Date : 20.03.2007
Place : Gurgaon

Martial G. Rolland
Chairman & Managing Director