



NESTLE INDIA LIMITED

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

UN-AUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30th JUNE 2007

(Rupees in Millions)

3 Months Ended				6 Months Ended		Accounting Year ended 31.12.2006 (Audited)
30.06.2007	30.06.2006			30.06.2007	30.06.2006	
7,872.6	6,327.8	1	GROSS DOMESTIC SALES	16,004.3	13,030.5	26,646.1
303.9	225.3	2	LESS: EXCISE DUTY	667.2	676.4	1,281.3
7,568.7	6,102.5	3	NET DOMESTIC SALES (1-2)	15,337.1	12,354.1	25,364.8
820.1	709.3	4	ADD: EXPORT SALES	1,682.5	1,216.9	2,795.8
8,388.8	6,811.8	5	TOTAL NET SALES (3+4)	17,019.6	13,571.0	28,160.6
31.8	44.1	6	OTHER INCOME	101.3	94.5	206.1
8,420.6	6,855.9	7	GROSS REVENUE (5+6)	17,120.9	13,665.5	28,366.7
		8	EXPENDITURE			
0.7	41.0		a) (INCREASE)/DECREASE IN STOCK OF FINISHED GOODS & WORK – IN –PROGRESS	(518.7)	(188.4)	(165.1)
4,047.2	3,100.2		b) CONSUMPTION OF RAW & PACKING MATERIAL	8,631.7	6,380.5	13,098.7
696.8	565.1		c) STAFF COST	1,342.9	1,107.9	2,161.6
2,010.3	1,748.7		d) OTHER EXPENDITURE	4,141.6	3,576.0	7,680.5
6,755.0	5,455.0		TOTAL EXPENDITURE (a+b+c+d)	13,597.5	10,876.0	22,775.7
1,633.8	1,356.8	9	EARNINGS BEFORE INTEREST, TAX, DEPRECIATION (EBITD) AND OTHER INCOME (5-8)	3,422.1	2,695.0	5,384.9
-	-	10	ADDITIONAL STAFF COSTS	753.7		-
3.7	2.3	11	INTEREST	5.6	2.6	4.4
178.2	160.7	12	DEPRECIATION	357.5	317.8	662.8
1,483.7	1237.9	13	PROFIT BEFORE TAXATION, IMPAIRMENT & CONTINGENCIES (7-8-10-11-12)	2,406.6	2,469.1	4,923.8
-	-	14	IMPAIRMENT OF FIXED ASSETS (NET)	-	(2.0)	3.9
19.6	6.6	15	PROVISION FOR CONTINGENCIES (NET)	(704.5)	(145.3)	114.6
		16	PROVISION FOR TAXATION			
544.0	438.0		a) CURRENT TAXES (Incl. Fringe Benefits Tax)	831.0	850.0	1,562.3
(36.8)	(17.0)		a) DEFERRED TAXES	238.7	69.9	92.0
507.2	421.0		NET TAXES (a+b)	1,069.7	919.9	1,654.3
956.9	810.3	17	NET PROFIT (13-14-15-16)	2,041.4	1,696.5	3,151.0
964.2	964.2	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
9.92	8.40	20	BASIC AND DILUTED EARNINGS PER SHARE (RS)	21.17	17.59	32.68
		21	AGGREGATE OF PUBLIC 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:

- Total Net Sales for the quarter have increased by 23.2% over the same quarter of 2006. While Net Domestic Sales have increased by 24.0% both on account of volumes and prices; Export Sales have increased by 15.6% largely due to higher realisations and a favourable product mix.

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2. Other Income has declined largely due to lower surplus liquidities partially offset by increased rate of return.
3. Increase in Staff Cost is due to Company policy on performance-based, market-aligned remuneration; supplemented by long term incentive schemes for retaining talent including impact of one-off item and expansion of business viz. Pantnagar factory commissioned in July 2006.
4. The reported EBITD in value has increased by 20.4% over the same quarter of 2006. While the reported EBITD as percentage of Net Sales has declined by 40 bps mostly due to one-off item (see note 3); the same after stripping off the impact of one-off items from both quarters has improved by 140 bps as the second quarter of 2006 also had a one-off item with a positive influence. Excluding the impact of the one-off items from both quarters, EBITD in value has increased by 32.2%. The expansion of margins is largely due to better absorption of fixed structural costs. Most commodity prices remain at record high levels posing ongoing challenge.

The reported Net Profit (11.4% of Gross Revenue) in value has increased by 18.1% over the same quarter of 2006. After stripping off the post tax effects of 'Provision for Contingencies' and one-off items from both quarters, Net Profit, as a percentage of Gross Revenue, has increased to 11.7% from 10.9% in 2006 and in value, has increased by 32.0% which is largely on account of increase in EBITD.

5. Provision for Contingencies (net) results mainly from matters relating to litigation/dispute and in accordance with AS 29.
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. 6 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 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 31.07.2007.

By Order of the Board

**Date: 31.07.2007
Place: Gurgaon**

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

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