A. F. FERGUSON & CO.
CHARTERED ACCOUNTANTS
9, SCINDIA HOUSE,
KASTURBA GANDHI MARG,
NEW DELHI - 110001.

AUDITORS' REPORT
TO THE BOARD OF DIRECTORS OF
NESTLÉ INDIA LIMITED

1. We have audited the accompanying Statement of Financial Results ("the Statement") of **NESTLÉ INDIA LIMITED** ("the Company") for the year ended December 31, 2011, being submitted by the Company pursuant to Clause 41 of the Listing Agreements with the Stock Exchanges. This Statement has been prepared on the basis of the related annual financial statements, which are the responsibility of the Company's Management and have been approved by the Board of Directors. Our responsibility is to express an opinion on the Statement, based on our audit of the related annual financial statements, which have been prepared in accordance with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 and other accounting principles generally accepted in India.

2. We conducted our audit of the Statement in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the Statement is free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the Statement. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall Statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. Attention is invited to Note 15 of the Statement regarding figures for the quarter ended December 31, 2011 being balancing figures between the audited figures in respect of the full financial year and the published year to date figures up to the third quarter of the current financial year.

4. In our opinion and to the best of our information and according to the explanations given to us, the Statement:

   (i) is presented in accordance with the requirements of Clause 41 of the Listing Agreements with the Stock Exchanges; and

   (ii) gives a true and fair view of the net profit and other financial information of the Company for the year ended December 31, 2011 and also gives a true and fair view of the statement of assets and liabilities as at December 31, 2011.

5. Further, we also report that we have traced from the details furnished by the Management, the number of shares as well as the percentage of shareholding in respect of the aggregate amount of public shareholding, pledged / encumbered shares and non-encumbered shares of promoter and promoter group shareholders, in terms of Clause 35 of the Listing Agreements and the particulars relating to the undisputed investor complaints.

For A. F. FERGUSON & CO.
Chartered Accountants
(Registration No. 112066W)

Jaideep Bhargava
Partner
(Membership No. 90295)

NEW DELHI, February 14, 2012

Nestlé

NESTLE INDIA LIMITED

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

AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31st DECEMBER 2011

(Rupees in Lakhs)

THREE MONTHS ENDED					ACCOUNTING YEAR ENDED	
31.12.2011 Audited as explained in Note 15 below	30.09.2011 Un-audited	31.12.2010 Un-audited			31.12.2011 Audited	31.12.2010 Audited
186245	187715	159611		(i) NET DOMESTIC SALES	709503	590102
9223	8595	7485		(ii) EXPORT SALES	39579	35373
195468	196310	167096	1(a)	NET SALES/INCOME FROM OPERATIONS	749082	625475
802	617	456	1(b)	OTHER OPERATING INCOME	2364	1889
			2	EXPENDITURE		
(8197)	8921	(2005)		a) (INCREASE)/DECREASE IN STOCK IN TRADE & WORK IN PROGRESS	(4829)	(8294)
93695	82238	79283		b) CONSUMPTION OF RAW & PACKING MATERIALS	352285	304281
3305	3381	2278		c) PURCHASE OF TRADED GOODS	11480	9571
14607	14238	11796		d) EMPLOYEES COST	54646	43344
4460	3935	3579		e) DEPRECIATION	15333	12775
50790	46503	42769		f) OTHER EXPENDITURE	180223	151608
1039	-	-		g) IMPAIRMENT OF FIXED ASSETS – NET	1039	-
988	616	477		h) PROVISION FOR CONTINGENCIES (NET) - FROM OPERATIONS	2873	208
160687	159832	138177		i) TOTAL (a+b+c+d+e+f+g+h)	613050	513493
35583	**37095**	**29375**	**3**	**PROFIT FROM OPERATIONS BEFORE OTHER INCOME [4], INTEREST [6], OTHER CONTINGENCIES [6(a)], AND EXCEPTIONAL ITEMS [8] i.e. [1 -2]**	**138396**	**113871**
1005	592	934	4	OTHER INCOME	2725	2376
36588	**37687**	**30309**	**5**	**PROFIT BEFORE INTEREST [6], OTHER CONTINGENCIES [6(a)], AND EXCEPTIONAL ITEMS [8] i.e. [3+4]**	**141121**	**116247**
331	115	10	6	INTEREST & FINANCING EXPENSES *(refer note # 6)*	511	107
1698	119	1349	6(a)	PROVISION FOR CONTINGENCIES (NET) – OTHERS	1817	1629
34559	**37453**	**28950**	**7**	**PROFIT AFTER INTEREST BUT BEFORE EXCEPTIONAL ITEMS [8] i.e. [5-6-6(a)]**	**138793**	**114511**
-	-	-	8	EXCEPTIONAL ITEMS	-	-
34559	**37453**	**28950**	**9**	**PROFIT FROM ORDINARY ACTIVITIES BEFORE TAX [7-8]**	**138793**	**114511**
11476	11335	8610	10	TAX EXPENSE *(refer note # 7)*	42638	32645
23083	**26118**	**20340**	**11**	**NET PROFIT FROM ORDINARY ACTIVITIES AFTER TAX [9-10]**	**96155**	**81866**
-	-	-	12	EXTRAORDINARY ITEM (NET OF TAX)	-	-
23083	**26118**	**20340**	**13**	**NET PROFIT FOR THE PERIOD [11-12]**	**96155**	**81866**
9642	9642	9642	14	PAID UP EQUITY SHARE CAPITAL (FACE VALUE – RS 10 PER SHARE)	9642	9642
-	-	-	15	RESERVES EXCLUDING REVALUATION RESERVES AS PER BALANCE SHEET	**117753**	**75900**
23.94	**27.09**	**21.10**	**16**	**EARNINGS PER SHARE (EPS)** BASIC AND DILUTED EPS (RS) BEFORE / AFTER EXTRAORDINARY ITEM	**99.73**	**84.91**
35900637 37.24	35900637 37.24	35900637 37.24	17	**PUBLIC SHAREHOLDING** - NUMBER OF SHARES - PERCENTAGE OF SHAREHOLDING	35900637 37.24	35900637 37.24
			18	**PROMOTERS & PROMOTER GROUP SHAREHOLDING**		
- -	- -	- -		(a) **PLEDGED/ENCUMBERED** - NUMBER OF SHARES - PERCENTAGE OF SHARES (AS A % OF THE TOTAL SHAREHOLDING OF PROMOTER AND PROMOTER GROUP AND OF TOTAL SHARE CAPITAL OF COMPANY)	- -	- -
60515079 100.00 62.76	60515079 100.00 62.76	60515079 100.00 62.76		(b) **NON-ENCUMBERED** - NUMBER OF SHARES - PERCENTAGE OF SHARES (AS A % OF THE TOTAL SHAREHOLDING OF PROMOTER AND PROMOTER GROUP) - PERCENTAGE OF SHARES (AS A % OF THE TOTAL SHARE CAPITAL OF THE COMPANY)	60515079 100.00 62.76	60515079 100.00 62.76

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STATEMENT OF ASSETS AND LIABILITIES AS AT DECEMBER 31, 2011

(Rupees in Lakhs)

Particulars	As at 31.12.2011 (Audited)	As at 31.12.2010 (Audited)
SHAREHOLDERS FUND		
(a) CAPITAL	9642	9642
(b) RESERVES AND SURPLUS	117753	75900
LOAN FUNDS *(refer note below)*	97087	-
DEFERRED TAX LIABILITIES/(ASSETS) – NET	4350	3327
TOTAL	**228832**	**88869**
FIXED ASSETS *(refer note # 9)*	299439	136165
INVESTMENTS	13437	15068
CURRENT ASSETS, LOANS AND ADVANCES		
(a) INVENTORIES	73404	57595
(b) SUNDRY DEBTORS *(refer note # 10)*	11542	6329
(c) CASH AND BANK BALANCES	22721	25529
(d) OTHER CURRENT ASSETS	-	-
(e) LOANS AND ADVANCES	19635	15144
Less: CURRENT LIABILITIES AND PROVISIONS		
(a) CURRENT LIABILITIES *(refer note # 9)*	100963	76167
(b) PROVISIONS	110383	90794
MISCELLANEOUS EXPENDITURE (NOT WRITTEN OFF OR ADJUSTED)	-	-
PROFIT AND LOSS ACCOUNT	-	-
TOTAL	**228832**	**88869**

Notes:

External Commercial Borrowing (ECB) for Capital Expenditure

During the year US Dollar (USD) 136 Million were drawn down from Nestle SA for 5 years under the ECB approval from Reserve Bank of India. The total amount outstanding as at 31.12.2011, is USD 136 Million (Rs. 72495 Lakhs). The YTD cost of this borrowing, including interest and exchange loss (Rupee depreciated by 18.9% during 2011), is Rs. 11687 Lakhs which is 43.1% on an annualised basis. Also refer Note 6 below.

Quarter ended 31.12.2011 with reference to quarter ended 31.12.2010

Net Sales have increased by 17.0%. Domestic Sales have increased by 16.7% on account of selling prices and volumes. Exports growth of 23.2% has been favourably impacted by the depreciation of the Indian Rupee, partially offset by the ban on exports of Milk powder. Nestle Continuous Excellence initiatives on materials have contributed to the expansion in operating margin.

Full year 2011 with reference to full year 2010

1. Net Sales have increased by 19.8%. Domestic Sales have increased by 20.2% on account of selling prices and volumes. Exports growth of 11.9% has been adversely impacted by the ban on exports of Milk powder.

2. The increase in Other Operating Income is largely due to export incentives.

3. The cost of materials for goods sold [2(a)+2(b)+2(c)] in percentage of Net Sales has decreased largely due to improved product/channel mix and Nestle Continuous Excellence initiatives, partially offset by the higher input cost inflation.

4. The increase in employees cost is due to a significant increase in headcount to support business expansions, higher actuarial valuation of employee benefits and company's remuneration strategy.

5. Other Income increased due to higher yields partially offset by lower average liquidities.

6. The Interest and financing Expenses is after reducing (a) cost of ECB [Rs. 11167 Lakhs], (b) cost of buyers credit [Rs. 162 Lakhs] taken for capital expenditure and (c) the interest earned [Rs. 325 Lakhs] on liquidities arising from timing differences between draw down of ECB and utilisation thereof; as these have been treated as capital expenditure in line with Accounting Standards AS 16 on Borrowing Costs, AS 10 on Accounting for Fixed Assets and AS 11 (Revised) on Effects of changes in Foreign Exchange Rates (as amended by NACAS notification dated 31.03.2009).

7. The increase in Tax Expense is higher than the increase in Profit before Tax due to the end of the first 5 years of Income Tax holiday @ 100% of the profits from Pantnagar factory. Effective April 2011 for the next 5 years, the Tax Holiday will continue @ 30% of the profits from Pantnagar factory.

Chartered Accountants

8. Provision for Contingencies (Net) for matters related to Operations and Others result mainly from matters relating to litigation/dispute, in accordance with the Accounting Standard AS 29 on Provisions, Contingent Liabilities and Contingent Assets.

9. Fixed Assets and Current Liabilities have increased largely due to the ongoing capacity expansion projects.

10. The increase in sundry debtors is mainly due to change in payment terms with Nestle Kuban LLC for ensuring coffee sales to Russia. This change was necessitated due to the discontinuation of Rupee auctions by the Russian Ministry of Finance and thus the use of Letters of Credit in Indian Rupees, which hitherto, enabled the realisation on despatch, in contrast to custom clearance at port of destination now.

11. As the Company's business activity falls within a single primary business segment, namely Food, the disclosure requirements of Clause 41 of the Listing Agreement in terms of Accounting Standard AS 17 on Segment Reporting are not applicable.

12. The Board of Directors has recommended a final dividend for 2011 of Rs. 12.50 per equity share (nominal value Rs.10/- per equity share). This is in addition to the two interim dividends for 2011, of Rs. 9.00 & Rs. 27.00 per equity share paid in May 2011 and December 2011 respectively. The total dividend per share in 2011 aggregates to Rs. 48.50, the same as in 2010 and 2009, and is in keeping with the financing needs for capital expenditure.

13. 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.

14. Previous period's figures have been regrouped/reclassified wherever necessary, to make them comparable.

15. Figures of last quarter are the balancing figures between audited figures in respect of the full year ended 31st December, 2011 and the published year to date figures upto the third quarter ended 30th September, 2011.

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 FEBRUARY 14, 2012.

By Order of the Board

Date: February 14, 2012
Place: Gurgaon

Antonio Helio Waszyk
Chairman and Managing Director

A.F. Ferguson & Co. Chartered Accountants

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