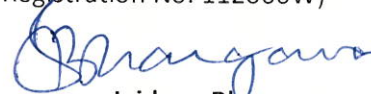


A. F. FERGUSON & CO.
CHARTERED ACCOUNTANTS
9, SCINDIA HOUSE,
KASTURBA GANDHI MARG,
NEW DELHI - 110001.

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

1. We have reviewed the accompanying statement of Unaudited Financial Results of **Nestle India Limited** ("the Company") for the quarter and nine months ended September 30, 2012 ("the Statement"). This Statement is the responsibility of the Company's management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.
2. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatements. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an opinion.
3. Based on our review conducted as stated above, nothing has come to our attention that causes us to believe that the accompanying statement, prepared in accordance with the accounting standards referred to in Section 211 (3C) of the Companies Act, 1956 and other recognised accounting practices and policies, has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement with the stock exchange, including the manner in which it is to be disclosed, or that it contains any material misstatement.
4. Further, we also report that we have traced the number of shares as well as the percentage of shareholding in respect of the aggregate amount of public shareholding and the number of shares as well as the percentage of shares pledged / encumbered and non-encumbered in respect of the aggregate amount of promoters and promoter group shareholding in terms of Clause 35 of the Listing Agreements and the particulars relating to undisputed investor complaints from the details furnished by the management.

For A. F. Ferguson & Co.
Chartered Accountants
(Firm Registration No. 112066W)



Jaideep Bhargava
Partner
(Membership No. 90295)

NEW DELHI, 12 NOV 2012



NESTLE INDIA LIMITED

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

UN-AUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 30th SEPTEMBER 2012

PART I (₹ in Lakhs)

| THREE MONTHS ENDED (Un-audited) | | | PARTICULARS | NINE MONTHS ENDED (Un-audited) | | Accounting Year ended 31.12.2011 (Audited) |
|------------------------------------|---------------|---------------|--|-----------------------------------|---------------|---|
| 30.09.2012 | 30.06.2012 | 30.09.2011 | | 30.09.2012 | 30.09.2011 | |
| | | | 1 INCOME FROM OPERATIONS | | | |
| 202065 | 186834 | 187715 | (i) NET DOMESTIC SALES | 583513 | 523258 | 709503 |
| 9494 | 11824 | 8595 | (ii) EXPORT SALES | 31448 | 30356 | 39579 |
| 211559 | 198658 | 196310 | a) NET SALES/INCOME FROM OPERATIONS (NET OF EXCISE DUTY) | 614961 | 553614 | 749082 |
| 855 | 682 | 617 | b) OTHER OPERATING INCOME | 2379 | 1562 | 2364 |
| 212414 | 199340 | 196927 | TOTAL INCOME FROM OPERATIONS (NET) | 617340 | 555176 | 751446 |
| | | | 2 EXPENSES | | | |
| 90096 | 89491 | 82238 | a) COST OF RAW & PACKING MATERIALS CONSUMED | 278457 | 258590 | 352285 |
| 2979 | 2364 | 3381 | b) PURCHASES OF STOCK-IN-TRADE | 8474 | 8175 | 11480 |
| 4044 | (1616) | 8921 | c) CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE | (5738) | 3368 | (4829) |
| 16714 | 16656 | 14238 | d) EMPLOYEES BENEFITS | 48838 | 40039 | 54646 |
| 7352 | 6733 | 3935 | e) DEPRECIATION AND AMORTISATION | 19362 | 10873 | 15333 |
| 53387 | 48815 | 46503 | f) OTHER EXPENSES | 151919 | 129433 | 180223 |
| 42 | 444 | - | g) IMPAIRMENT OF FIXED ASSETS – NET | 486 | - | 1039 |
| 738 | 66 | 616 | h) PROVISION FOR CONTINGENCIES (NET) – FROM OPERATIONS | 2089 | 1885 | 2873 |
| 175352 | 162953 | 159832 | TOTAL EXPENSES | 503887 | 452363 | 613050 |
| 37062 | 36387 | 37095 | 3 PROFIT / (LOSS) FROM OPERATIONS BEFORE OTHER INCOME [4], FINANCE COSTS [6], OTHER CONTINGENCIES [6(a)], AND EXCEPTIONAL ITEMS [8] i.e. [1 -2] | 113453 | 102813 | 138396 |
| 875 | 447 | 592 | 4 OTHER INCOME | 1839 | 1720 | 2725 |
| 37938 | 36834 | 37687 | 5 PROFIT / (LOSS) FROM ORDINARY ACTIVITIES BEFORE FINANCE COSTS [6], OTHER CONTINGENCIES [6(a)], AND EXCEPTIONAL ITEMS [8] i.e. [3+4] | 115292 | 104533 | 141121 |
| (762) | 2204 | 115 | 6 FINANCE COSTS (refer note # 6) | 1669 | 180 | 511 |
| - | (815) | 119 | 6(a) PROVISION FOR CONTINGENCIES (NET) – OTHERS | (815) | 119 | 1817 |
| 38700 | 35445 | 37453 | 7 PROFIT / (LOSS) FROM ORDINARY ACTIVITIES AFTER FINANCE COSTS BUT BEFORE EXCEPTIONAL ITEMS [8] i.e. [5-6-6(a)] | 114438 | 104234 | 138793 |
| - | - | - | 8 EXCEPTIONAL ITEMS | - | - | - |
| 38700 | 35445 | 37453 | 9 PROFIT / (LOSS) FROM ORDINARY ACTIVITIES BEFORE TAX [7-8] | 114438 | 104234 | 138793 |
| 11969 | 10848 | 11335 | 10 TAX EXPENSE | 35537 | 31162 | 42638 |
| 26731 | 24597 | 26118 | 11 NET PROFIT / (LOSS) FROM ORDINARY ACTIVITIES AFTER TAX [9-10] | 78901 | 73072 | 96155 |
| - | - | - | 12 EXTRAORDINARY ITEM (NET OF TAX) | - | - | - |
| 26731 | 24597 | 26118 | 13 NET PROFIT / (LOSS) FOR THE PERIOD [11-12] | 78901 | 73072 | 96155 |
| 9642 | 9642 | 9642 | 14 PAID UP EQUITY SHARE CAPITAL (FACE VALUE – ₹10 PER SHARE) | 9642 | 9642 | 9642 |
| - | - | - | 15 RESERVES EXCLUDING REVALUATION RESERVES AS PER BALANCE SHEET OF PREVIOUS ACCOUNTING YEAR | - | - | 117753 |
| 27.72 | 25.51 | 27.09 | 16 EARNINGS PER SHARE (EPS) [NOT ANNUALISED] BASIC AND DILUTED EPS (₹) BEFORE / AFTER EXTRAORDINARY ITEM | 81.83 | 75.79 | 99.73 |

PART II

| THREE MONTHS ENDED | | | A | PARTICULARS OF SHAREHOLDING | NINE MONTHS ENDED | | Year ended 31.12.2011 |
|--------------------|--------------------|--------------------|---|---|--------------------|--------------------|--------------------------|
| 30.09.2012 | 30.06.2012 | 30.09.2011 | | | 30.09.2012 | 30.09.2011 | |
| 35900637 37.24 | 35900637 37.24 | 35900637 37.24 | 1 | PUBLIC SHAREHOLDING | | | |
| | | | - | NUMBER OF SHARES | 35900637 37.24 | 35900637 37.24 | 35900637 37.24 |
| | | | - | PERCENTAGE OF SHAREHOLDING | | | |
| | | | 2 | 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 | 60515079 100.00 | 60515079 100.00 | (b) | NON-ENCUMBERED | | | |
| | | | - | NUMBER OF SHARES | 60515079 100.00 | 60515079 100.00 | 60515079 100.00 |
| | | | - | PERCENTAGE OF SHARES | | | |
| | | | (AS A % OF THE TOTAL SHAREHOLDING OF PROMOTER AND PROMOTER GROUP) | | | | |
| 62.76 | 62.76 | 62.76 | - | PERCENTAGE OF SHARES | 62.76 | 62.76 | 62.76 |
| | | | (AS A % OF THE TOTAL SHARE CAPITAL OF THE COMPANY) | | | | |



PART II

| | PARTICULARS | Three Months Ended 30.09.2012 |
|----------|--|----------------------------------|
| B | INVESTOR COMPLAINTS | |
| | PENDING AT THE BEGINNING OF THE QUARTER | 0 |
| | RECEIVED DURING THE QUARTER | 5 |
| | DISPOSED OFF DURING THE QUARTER | 5 |
| | REMAINING UNRESOLVED AT THE END OF THE QUARTER | 0 |

Notes:**External Commercial Borrowing (ECB) for Capital Expenditure under approval from Reserve Bank of India**

The total amount outstanding as at 30.09.2012 was USD 192 Million (₹ 101117 Lakhs) with no drawdown during the current quarter. The cumulative cost of this borrowing over the loan period upto September 2012, including interest and exchange differences (₹ has depreciated by 9.4% during the loan period upto September 2012), is ₹ 14123 Lakhs which is 15.6% on an annualised basis.

Other Notes: Comparisons are with reference to three months ended 30.09.2011

1. Net Domestic Sales have increased by 7.6% mainly on account of net realisations and product mix. Exports to third parties have grown by 29.7% while Exports to affiliates have declined by 4.7%. ₹ depreciation has favourably impacted the total exports growth by 11.6%.

Domestic sales growth during the quarter has been adversely impacted by portfolio/channel optimization and pricing for value in certain products.

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 higher realisations, product /channel mix which has been partially offset by higher input cost.
4. The increase in employees cost is due to an increase in headcount to support business expansions and Company's remuneration strategy.
5. Depreciation has increased due to the significant expansions in production capacities made over the past year.
6. Until June 2012, as per AS 16 on "Borrowing Costs", exchange differences on the long term foreign currency borrowings for depreciable fixed assets upto the local benchmark rate of interest were expensed as "Finance Costs" for all non-qualifying assets and for qualifying assets post commissioning. The Company adopted the option of capitalising exchange differences above the local benchmark rate of interest in accordance with AS 16, AS 11 as amended by the erstwhile NACAS notification no G.S.R. 225 (E) dated 31.03.2009.

The Ministry of Corporate Affairs issued a circular no. 25/2012 dated 09.08.2012 clarifying that all exchange differences should be capitalised and no part of the same should be charged to the profit and loss account. This clarification modified the treatment of exchange differences as per AS 16.

Therefore, to comply with the clarification issued by the MCA, exchange differences amounting to ₹ 1786 lakhs (₹ 333 lakhs and ₹ 1453 lakhs for the previous year 2011 and the half year ended 30th June 2012 respectively) expensed in the earlier periods have been reversed under "Finance Costs" in the current quarter and capitalised with the cost of the fixed assets. The one off favourable impact on net profit during the quarter is ₹ 1206 lakhs (net of tax).

7. Provision for Contingencies (Net) - from operations, are mainly for matters related to litigation/dispute, in accordance with the Accounting Standard AS 29 on Provisions, Contingent Liabilities and Contingent Assets.
8. 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.
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 NOVEMBER 12, 2012.

Date: Nov 12, 2012
Place: Gurgaon

By Order of the Board

Antonio Helio Waszyk
Chairman and Managing Director

Email: investor@in.nestle.com

Website : www.nestle.in



Signature