

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 ended March 31, 2013 ("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.



NEW DELHI, 13 MAY 2013

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

Jaideep Bhargava
Partner
(Membership No. 90295)



NESTLÉ INDIA LIMITED

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

UN- AUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 31ST MARCH 2013

PART I

(₹ in millions)

PARTICULARS		THREE MONTHS ENDED			Accounting Year ended 31.12.2012 Audited
		31.03.2013 (Unaudited)	31.12.2012 Audited As explained in Note 10 below	31.03.2012 (Unaudited)	
1	INCOME FROM OPERATIONS				
	(i) NET DOMESTIC SALES	20,952.5	20,414.4	19,461.4	78,765.7
	(ii) EXPORT SALES	1,528.3	1,112.0	1,013.1	4,256.9
	a) NET SALES (NET OF EXCISE DUTY)	22,480.8	21,526.4	20,474.5	83,022.6
	b) OTHER OPERATING INCOME	72.7	84.8	84.2	322.7
	TOTAL INCOME FROM OPERATIONS (NET)	22,553.5	21,611.2	20,558.7	83,345.3
2	EXPENSES				
	a) COST OF MATERIALS CONSUMED	9,682.1	9,723.0	9,887.0	37,568.7
	b) PURCHASES OF STOCK-IN-TRADE	253.2	267.8	313.2	1,115.3
	c) CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN- PROGRESS AND STOCK IN TRADE	222.4	(346.4)	(816.6)	(920.2)
	d) EMPLOYEES BENEFITS	1,709.9	1,750.0	1,546.8	6,633.8
	e) DEPRECIATION AND AMORTISATION	821.2	835.3	527.7	2,771.5
	f) OTHERS	5,287.2	5,175.5	4,971.7	20,367.4
	g) IMPAIRMENT LOSS ON FIXED ASSETS	-	19.9	-	68.5
	h) NET PROVISION FOR CONTINGENCIES – FROM OPERATIONS	115.7	130.9	128.6	339.9
	TOTAL EXPENSES	18,091.7	17,556.0	16,558.4	67,944.9
3	PROFIT FROM OPERATIONS BEFORE OTHER INCOME [4], FINANCE COSTS [6], OTHER CONTINGENCIES [6(a)], AND EXCEPTIONAL ITEMS [8] i.e. [1 -2]	4,461.8	4,055.2	4,000.3	15,400.4
4	OTHER INCOME	127.3	126.4	51.7	310.3
5	PROFIT FROM ORDINARY ACTIVITIES BEFORE FINANCE COSTS [6], OTHER CONTINGENCIES [6(a)], AND EXCEPTIONAL ITEMS [8] i.e. [3+4]	4,589.1	4,181.6	4052.0	15,710.7
6	FINANCE COSTS	79.3	99.1	22.7	266.0
6(a)	NET PROVISION FOR CONTINGENCIES – OTHERS	207.4	-	-	(81.5)
7	PROFIT FROM ORDINARY ACTIVITIES AFTER FINANCE COSTS BUT BEFORE EXCEPTIONAL ITEMS [8] i.e. [5-6-6(a)]	4,302.4	4,082.5	4,029.3	15,526.2
8	EXCEPTIONAL ITEMS	-	-	-	-
9	PROFIT FROM ORDINARY ACTIVITIES BEFORE TAX [7-8]	4,302.4	4,082.5	4,029.3	15,526.2
10	TAX EXPENSE	1,511.5	1,293.2	1,272.0	4,846.9
11	NET PROFIT FROM ORDINARY ACTIVITIES AFTER TAX [9-10]	2,790.9	2,789.3	2,757.3	10,679.3
12	EXTRAORDINARY ITEM (NET OF TAX)	-	-	-	-
13	NET PROFIT FOR THE PERIOD [11-12]	2,790.9	2,789.3	2,757.3	10,679.3
14	PAID UP EQUITY SHARE CAPITAL (FACE VALUE – ₹10 PER SHARE)	964.2	964.2	964.2	964.2
15	RESERVES EXCLUDING REVALUATION RESERVES AS PER BALANCE SHEET OF PREVIOUS ACCOUNTING YEAR	-	-	-	17,019.9
16	EARNINGS PER SHARE (EPS) [NOT ANNUALISED] BASIC AND DILUTED EPS (₹) BEFORE / AFTER EXTRAORDINARY ITEM	28.95	28.93	28.60	110.76

PARTICULARS OF SHAREHOLDING		THREE MONTHS ENDED			Year ended 31.12.2012
		31.03.2013	31.12.2012	31.03.2012	
A	PARTICULARS OF SHAREHOLDING				
1	PUBLIC SHAREHOLDING				
	- NUMBER OF SHARES	35900637	35900637	35900637	35900637
	- PERCENTAGE OF SHAREHOLDING	37.24	37.24	37.24	37.24
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)				
	(b) NON-ENCUMBERED				
	- NUMBER OF SHARES	60515079	60515079	60515079	60515079
	- PERCENTAGE OF SHARES	100.00	100.00	100.00	100.00
	(AS A % OF THE TOTAL SHAREHOLDING OF PROMOTER AND PROMOTER GROUP)				
	- PERCENTAGE OF SHARES	62.76	62.76	62.76	62.76
	(AS A % OF THE TOTAL SHARE CAPITAL OF THE COMPANY)				

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PART II

	PARTICULARS	Three Months Ended 31.03.2013
B	INVESTOR COMPLAINTS	
	PENDING AT THE BEGINNING OF THE QUARTER	0
	RECEIVED DURING THE QUARTER	3
	DISPOSED OFF DURING THE QUARTER	3
	REMAINING UNRESOLVED AT THE END OF THE QUARTER	0

Notes:

External Commercial Borrowing (ECB) for Capital Expenditure

US Dollar (USD) 192 million outstanding as at 31.03.2013 (₹ 10,433.3 million) was drawn down from Nestle SA for 5 years under the ECB approval from Reserve Bank of India. There was no additional drawdown of loan during current quarter. The annualised cost of ECB over the loan period upto March 2013, including interest and exchange differences, is 13.9%.

Other Notes: Comparisons with reference to three months ended 31.03.2012

1. "Net Domestic Sales" grew by 7.7% mainly on account of net realisations and product mix. "Export Sales" grew by 50.9% contributed largely by export to affiliates which increased by 97.8%; while export to third parties grew by 8.8%.
2. The decline in "Other Operating Income" is due to lower realisation of export incentives.
3. The cost of materials [2(a)+2(b)+2(c)] as a percentage of Net Sales has decreased largely due to higher sales realisations partially offset by higher input costs.
4. "Other Income" improved largely due to higher average liquidities.
5. "Depreciation" has increased due to expansion in production capacities made over the last year.
6. Net Provision for Contingencies is mainly for matters related to litigation/dispute, in accordance with the Accounting Standard AS 29 on Provisions, Contingent Liabilities and Contingent Assets.

Net Provisions for Contingencies – Others and consequently to that extent the Net Profit for this quarter is not comparable with the same period of 2012, as was the case in the quarter ended 31.12.2012, due to timing difference of certain provisions arising from change in regulatory procedures.

7. "Finance Costs" have increased mainly due to higher average outstanding loan during the current quarter as well as completion of major capital projects resulting in finance costs being charged to the income statement as against being treated as capital expenditure in the same period of 2012.
8. "Tax Expense" has largely been impacted by revaluation of net deferred tax liabilities consequent to an increase in income-tax surcharge from 5% to 10% in the Finance Bill 2013.
9. 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.
10. Figures of quarter ended 31.12.2012 are the balancing figures between audited figures in respect of the full year and the unaudited published figures upto the third quarter ended 30th September 2012.

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 13th MAY 2013.



Date: May 13, 2013
Place: Gurgaon

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By Order of the Board

Antonio Helio Waszyk
Chairman and Managing Director