

A. F. FERGUSON & CO.

CHARTERED ACCOUNTANTS

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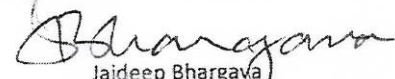
KASTURBA GANDHI MARG,

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 six months ended June 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
Registration No. 112066W


Jaideep Bhargava
Partner
Membership No. 90295

NEW DELHI, 27 JUL 2012

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NESTLÉ INDIA LIMITED

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

UN-AUDITED FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS ENDED 30th JUNE 2012

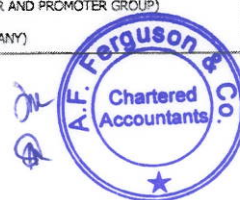
PART I

(₹ in Lakhs)

THREE MONTHS ENDED (Un-audited)			PARTICULARS	SIX MONTHS ENDED (Un-audited)		Accounting Year ended 31.12.2011 (Audited)
30.06.2012	31.03.2012	30.06.2011		30.06.2012	30.06.2011	
			1 INCOME FROM OPERATIONS			
186834	194614	164348	(i) NET DOMESTIC SALES	381448	335543	709503
11824	10131	11957	(ii) EXPORT SALES	21955	21761	39579
198658	204745	176305	a) NET SALES/INCOME FROM OPERATIONS (NET OF EXCISE DUTY)	403403	357304	749082
682	842	501	b) OTHER OPERATING INCOME	1524	945	2364
199340	205587	176806	TOTAL INCOME FROM OPERATIONS (NET)	404927	358249	751446
			2 EXPENSES			
89491	98870	85393	a) COST OF RAW & PACKING MATERIALS CONSUMED	188361	176352	352285
2364	3132	2553	b) PURCHASES OF STOCK-IN-TRADE	5496	4794	11480
(1616)	(8166)	(762)	c) CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE	(9782)	(5553)	(4829)
16656	15468	13753	d) EMPLOYEES BENEFITS EXPENSE	32124	25801	54646
6733	5277	3667	e) DEPRECIATION AND AMORTISATION EXPENSE	12010	6938	15333
48815	49717	40921	f) OTHER EXPENSES	98532	82930	180223
444	-	-	g) IMPAIRMENT OF FIXED ASSETS – NET	444	-	1039
66	1286	578	h) PROVISION FOR CONTINGENCIES (NET) – FROM OPERATIONS	1352	1269	2873
162953	165584	146103	TOTAL EXPENSES	328537	292531	613050
36387	40003	30703	3 PROFIT / (LOSS) FROM OPERATIONS BEFORE OTHER INCOME [4], FINANCE COSTS [6], OTHER CONTINGENCIES [6(a)], AND EXCEPTIONAL ITEMS [8] i.e. [1 -2]	76390	65718	138396
447	517	297	4 OTHER INCOME	964	1128	2725
36834	40520	31000	5 PROFIT / (LOSS) FROM ORDINARY ACTIVITIES BEFORE FINANCE COSTS [6], OTHER CONTINGENCIES [6(a)], AND EXCEPTIONAL ITEMS [8] i.e. [3+4]	77354	66846	141121
2204	227	58	6 FINANCE COSTS (refer note # 6)	2431	65	511
(815)	-	-	6(a) PROVISION FOR CONTINGENCIES (NET) – OTHERS	(815)	-	1817
35445	40293	30942	7 PROFIT / (LOSS) FROM ORDINARY ACTIVITIES AFTER FINANCE COSTS BUT BEFORE EXCEPTIONAL ITEMS [8] i.e. [5-6-6(a)]	75738	66781	138793
-	-	-	8 EXCEPTIONAL ITEMS	-	-	-
35445	40293	30942	9 PROFIT / (LOSS) FROM ORDINARY ACTIVITIES BEFORE TAX [7-8]	75738	66781	138793
10848	12720	9559	10 TAX EXPENSE	23568	19827	42638
24597	27573	21383	11 NET PROFIT / (LOSS) FROM ORDINARY ACTIVITIES AFTER TAX [9-10]	52170	46954	96155
-	-	-	12 EXTRAORDINARY ITEM (NET OF TAX)	-	-	-
24597	27573	21383	13 NET PROFIT / (LOSS) FOR THE PERIOD [11-12]	52170	46954	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
25.51	28.60	22.18	16 EARNINGS PER SHARE (EPS) [NOT ANNUALISED] BASIC AND DILUTED EPS (₹) BEFORE / AFTER EXTRAORDINARY ITEM	54.11	48.70	99.73

PART II

THREE MONTHS ENDED			PARTICULARS OF SHAREHOLDING	SIX MONTHS ENDED		Year ended
30.06.2012	31.03.2012	30.06.2011		30.06.2012	30.06.2011	31.12.2011
35900637	35900637	35900637	1 PUBLIC SHAREHOLDING	35900637	35900637	35900637
37.24	37.24	37.24	- NUMBER OF SHARES	37.24	37.24	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	60515079	60515079	(b) NON-ENCUMBERED	60515079	60515079	60515079
100.00	100.00	100.00	- NUMBER OF SHARES	100.00	100.00	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 30.06.2012
B	INVESTOR COMPLAINTS	
	PENDING AT THE BEGINNING OF THE QUARTER	0
	RECEIVED DURING THE QUARTER	7
	DISPOSED OFF DURING THE QUARTER	7
	REMAINING UNRESOLVED AT THE END OF THE QUARTER	0

STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2012

(₹ in Lakhs)

Particulars		As at 30.06.2012 (Unaudited)	As at 30.06.2011 (Unaudited)	As at 31.12.2011 (Audited)
A	EQUITY AND LIABILITIES			
1	SHAREHOLDERS' FUNDS			
	(a) SHARE CAPITAL	9642	9642	9642
	(b) RESERVES AND SURPLUS	169924	112816	117753
	(c) MONEY RECEIVED AGAINST SHARE WARRANTS	-	-	-
	Sub-total – SHAREHOLDERS' FUNDS	179566	122458	127395
2	SHARE APPLICATION MONEY PENDING ALLOTMENT	-	-	-
3	NON-CURRENT LIABILITIES			
	(a) LONG-TERM BORROWINGS (refer note on ECB)	107923	26823	72495
	(b) DEFERRED TAX LIABILITIES (NET)	7653	3559	4350
	(c) OTHER LONG-TERM LIABILITIES	525	471	503
	(d) LONG-TERM PROVISIONS	93552	79847	87606
	Sub-total –NON-CURRENT LIABILITIES	209653	110700	164954
4	CURRENT LIABILITIES			
	(a) SHORT-TERM BORROWINGS	29843	2	24592
	(b) TRADE PAYABLES	47241	44158	47702
	(c) OTHER CURRENT LIABILITIES	38073	24942	52750
	(d) SHORT-TERM PROVISIONS	14364	10809	22785
	Sub-total –CURRENT LIABILITIES	129521	79911	147829
	TOTAL – EQUITY AND LIABILITIES	518740	313069	440178
B	ASSETS			
1	NON-CURRENT ASSETS			
	(a) FIXED ASSETS	342655	160250	294753
	(b) NON-CURRENT INVESTMENTS	-	-	-
	(c) DEFERRED TAX ASSETS (NET)	-	-	-
	(d) LONG-TERM LOANS AND ADVANCES	15340	30064	16391
	(e) OTHER NON-CURRENT ASSETS	-	-	-
	Sub-total– NON-CURRENT ASSETS	357995	190314	311144
2	CURRENT ASSETS			
	(a) CURRENT INVESTMENTS	25671	15257	13437
	(b) INVENTORIES	86589	78087	73404
	(c) TRADE RECEIVABLES	11613	12687	11542
	(d) CASH AND CASH EQUIVALENTS	24330	11619	21697
	(e) SHORT-TERM LOANS AND ADVANCES	11681	4295	7900
	(f) OTHER CURRENT ASSETS	861	810	1054
	Sub-total –CURRENT ASSETS	160745	122755	129034
	TOTAL–ASSETS	518740	313069	440178

Notes:

External Commercial Borrowing (ECB) for Capital Expenditure

During the quarter USD 35 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 30.06.2012 was USD 192 Million (₹ 107923 Lakhs).

The total cost of borrowing for the quarter is ₹ 10362 Lakhs (previous period ₹ 246 Lakhs). This includes exchange differences of ₹ 9569 Lakhs (previous period ₹ 53 Lakhs) arising out of 9.9% depreciation in ₹ during the quarter.

The cumulative cost of this borrowing over the loan period upto June 2012, including interest and exchange differences (₹ has depreciated by 16.7% during the loan period upto June 2012), is ₹ 20044 Lakhs which is 29.9% on an annualised basis.

Also refer Note 6 below.

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Notes : Comparisons are with reference to three months ended 30.06.2011

1. Net Domestic Sales have increased by 13.7% on account of higher net realisations and volume growth. Exports to third parties have grown by 56.0% while Exports to affiliates have declined by 24.5%. ₹ depreciation has favourably impacted the total exports growth by 13.1%.
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 and product portfolio/channel mix, partially offset by higher input cost.
4. The increase in employees cost is due to a significant increase in headcount to support capacities on 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. Finance costs incurred on foreign currency denominated borrowings for Capital Expenditure have been treated in accordance 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 no. G.S.R. 225(E) dated 31.03.2009). These include:
 - a) ₹ 827 Lakhs (previous period ₹ 58 Lakhs) as the net interest cost for the quarter. Out of this, ₹ 532 Lakhs (previous period ₹ 28 Lakhs) has been charged to Profit and Loss account and shown under Finance Costs (item 6 of Part I above) and balance ₹ 295 Lakhs (previous period ₹ 30 Lakhs) has been added to carrying cost of Fixed Assets.
 - b) ₹ 9777 Lakhs (previous period ₹ 53 Lakhs) as exchange differences cost for the quarter. Out of this, ₹ 1639 Lakhs (previous period ₹ 28 Lakhs) has been charged to Profit and Loss account and shown under Finance Costs (item 6 of Part I above) and balance ₹ 8138 Lakhs (previous period ₹ 25 Lakhs) has been added to carrying cost of Fixed Assets.
7. Provision for Contingencies (Net) for matters related to Operations result mainly from matters relating to litigation/dispute, in accordance with the Accounting Standard AS 29 on Provisions, Contingent Liabilities and Contingent Assets.
8. Statement of Assets and Liabilities: - Fixed assets [item B. 1(a)] have increased largely due to capacity expansion. Variation in Borrowings [items A. 3(a) and A. 4(a)] are on account of incremental foreign currency denominated borrowings for Capital Expenditure. Variation in Other Current Liabilities [item A. 4(c)] and Loans and Advances [items B. 1(d) and B. 2(e)] is largely on account of CAPEX suppliers' balances, Cenvat recoverable balances and amounts receivable against Forex forward contracts. Increase in deferred tax liabilities [item A. 3(b)] is largely related to depreciation allowed on Fixed Assets capitalised over the past year.
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. The Board of Directors have declared today a first interim dividend for 2012 of ₹ 18.00 per equity share (nominal value ₹ 10/- per equity share), amounting to ₹ 17355 Lakhs, which will be paid on and from 13 August, 2012.
11. 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 JULY 27, 2012.

Date: July 27, 2012
Place: Gurgaon

By Order of the Board


Antonio Hello Waszyk
Chairman and Managing Director

Email ID : investor@in.nestle.com

Website : www.nestle.in



