

A. F. FERGUSON & CO.

CHARTERED ACCOUNTANTS

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NEW DELHI - 110001.

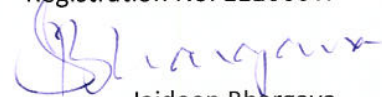
AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF NESTLE INDIA LIMITED

1. We have reviewed the accompanying statement of Unaudited Financial Results of **Nestle India Limited** ("the Company") for the quarter ended March 31, 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. Attention is invited to Note 10 of the Statement regarding figures for the quarter ended December 31, 2011 being the balancing figures between the audited figures in respect of the full financial year and the published year to date figures upto the third quarter of the previous year.
5. 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,

25 APR 2012

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NESTLE INDIA LIMITED

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

UN-AUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 31st MARCH 2012
PART I

(Rupees in Lakhs)

PARTICULARS	THREE MONTHS ENDED			Accounting Year ended 31.12.2011 Audited
	31.03.2012 Unaudited	31.12.2011 Audited As explained in Note 10 below	31.03.2011 Unaudited	
1 INCOME FROM OPERATIONS				
(i) NET DOMESTIC SALES	194614	186245	171195	709503
(ii) EXPORT SALES	10131	9223	9804	39579
a) NET SALES/INCOME FROM OPERATIONS (NET OF EXCISE DUTY)	204745	195468	180999	749082
b) OTHER OPERATING INCOME	842	802	444	2364
TOTAL INCOME FROM OPERATIONS (NET)	205587	196270	181443	751446
2 EXPENSES				
a) COST OF RAW & PACKING MATERIALS CONSUMED	98870	93695	90959	352285
b) PURCHASES OF STOCK-IN-TRADE	3132	3305	2241	11480
c) CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE	(8166)	(8197)	(4791)	(4829)
d) EMPLOYEES BENEFITS EXPENSE	15468	14607	12048	54646
e) DEPRECIATION AND AMORTISATION EXPENSE	5277	4460	3271	15333
f) OTHER EXPENSES	49717	50790	42009	180223
g) IMPAIRMENT OF FIXED ASSETS – NET	-	1039	-	1039
h) PROVISION FOR CONTINGENCIES (NET) - FROM OPERATIONS	1286	988	691	2873
TOTAL EXPENSES	165584	160687	146428	613050
3 PROFIT/(LOSS) FROM OPERATIONS BEFORE OTHER INCOME [4], FINANCE COSTS [6], OTHER CONTINGENCIES [6(a)], AND EXCEPTIONAL ITEMS [8] i.e. [1 -2]	40003	35583	35015	138396
4 OTHER INCOME	517	1005	831	2725
5 PROFIT/(LOSS) BEFORE FINANCE COSTS [6], OTHER CONTINGENCIES [6(a)], & EXCEPTIONAL ITEMS [8] i.e. [3+4]	40520	36588	35846	141121
6 FINANCE COSTS (refer note # 6)	227	331	7	511
6(a) PROVISION FOR CONTINGENCIES (NET) – OTHERS	-	1698	-	1817
7 PROFIT/(LOSS) AFTER FINANCE COSTS BUT BEFORE EXCEPTIONAL ITEMS [8] i.e. [5-6-6(a)]	40293	34559	35839	138793
8 EXCEPTIONAL ITEMS	-	-	-	-
9 PROFIT/(LOSS) FROM ORDINARY ACTIVITIES BEFORE TAX [7-8]	40293	34559	35839	138793
10 TAX EXPENSE (refer note # 7)	12720	11476	10268	42638
11 NET PROFIT/(LOSS) FROM ORDINARY ACTIVITIES AFTER TAX [9-10]	27573	23083	25571	96155
12 EXTRAORDINARY ITEM (NET OF TAX)	-	-	-	-
13 NET PROFIT/(LOSS) FOR THE PERIOD [11-12]	27573	23083	25571	96155
14 PAID UP EQUITY SHARE CAPITAL (FACE VALUE – Rs. 10 PER SHARE)	9642	9642	9642	9642
15 RESERVES EXCLUDING REVALUATION RESERVES AS PER BALANCE SHEET OF PREVIOUS ACCOUNTING YEAR	-	-	-	117753
16 EARNINGS PER SHARE (EPS) [NOT ANNUALISED]	28.60	23.94	26.52	99.73
BASIC AND DILUTED EPS (Rs.) BEFORE / AFTER EXTRAORDINARY ITEM				

PART II

PARTICULARS OF SHAREHOLDING	THREE MONTHS ENDED			Year ended 31.12.2011
	31.03.2012	31.12.2011	31.03.2011	
A PUBLIC SHAREHOLDING				
1 - 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)				



PART II

	PARTICULARS	Three Months Ended 31.03.2012
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**

During the quarter US Dollar (USD) 21 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 31.03.2012, was USD 157 Million (Rs. 80306 Lakhs).

The cost of this borrowing for the quarter, after reckoning the overall exchange differences (Rupee appreciated by 4.0% during 2012), is a net gain of Rs. 2005 Lakhs.

The cumulative cost of this borrowing over the loan period upto March 2012, including interest and exchange differences (Rupee has depreciated by 8.4% during the loan period upto March 2012), is Rs. 9682 Lakhs which is 22.0% on an annualised basis. Also refer Note 6 below.

Notes : Comparisons are with reference to three months ended 31.03.2011

- Domestic Sales growth of 13.7%, led by higher realisations, has been adversely impacted by product portfolio and channel optimisation. Exports to third parties has grown by 19.3% while Exports to affiliates has declined by 10.1%. Rupee depreciation has favourably impacted the total exports growth by 6.3%.
- The increase in Other Operating Income is largely due to export incentives.
- 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.
- The increase in employees cost is due to a significant increase in headcount to support capacities on business expansions, higher actuarial valuation of employee benefits and Company's remuneration strategy.
- Other Income has decreased due to lower average liquidities partially offset by higher yields.
- 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 dated 31.03.2009). These include:
 - Rs. 540 Lakhs as interest cost for the quarter. Out of this, Rs. 154 Lakhs has been charged to Profit and Loss account and shown under Finance Costs (item 6 of Part I above) and balance Rs. 386 Lakhs has been added to carrying cost of Fixed Assets.
 - Rs. 2374 Lakhs as net unrealised gain on exchange differences for the quarter. Out of this, Rs. 33 Lakhs has been charged to Profit and Loss account and shown under Finance Costs (item 6 of Part I above) and balance net gain of Rs. 2407 Lakhs has been reduced from carrying cost of Fixed Assets.
- 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.
- 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.
- 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.
- Figures of quarter ended 31.12.2011 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.
- 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 APRIL 25, 2012.

Date: April 25, 2012
Place: Gurgaon



Email ID : investor@in.nestle.com

By Order of the Board
Antonio Helio Waszyk
Chairman and Managing Director

Website : www.nestle.in