

A. F. FERGUSON & CO.

CHARTERED ACCOUNTANTS
9, SCINDIA HOUSE,
KASTURBA GANDHI MARG,
NEW DELHI - 110001.

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

1. We have reviewed the accompanying Statement of Standalone Unaudited Financial Results of **NESTLÉ INDIA LIMITED** ("the Company") for the Quarter and Six Months ended 30/06/2015 ("the Statement"), being submitted by the Company pursuant to the requirement of Clause 41 of the Listing Agreements with the Stock Exchange, except for the disclosures in Part II - Select Information referred to in paragraph 4 below. 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 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', 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 misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit 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 notified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreements 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 with the Stock Exchanges and the particulars relating to investor complaints disclosed in Part II - Select Information for the Quarter and Six Months ended 30/06/2015 of the Statement, from the details furnished by the Management.



NEW DELHI, 29 July, 2015

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

Manjula Banerji
Partner

(Membership No. 86423)

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NESTLÉ INDIA LIMITED

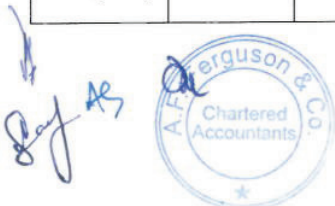
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UN-AUDITED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED 30th JUNE 2015

PART I

(₹ in millions)

THREE MONTHS ENDED (Un-audited)			PARTICULARS	SIX MONTHS ENDED (Un-audited)		Accounting Year ended
30.06.2015	31.03.2015	30.06.2014		30.06.2015	30.06.2014	31.12.2014 (Audited)
			1 INCOME FROM OPERATIONS			
17,760.3	23,326.0	22,380.6	(i) NET DOMESTIC SALES	41,086.3	44,053.5	91,620.9
1,578.1	1,741.9	1,808.5	(ii) EXPORT SALES	3,320.0	3,270.2	6,441.8
19,338.4	25,067.9	24,189.1	a) NET SALES (NET OF EXCISE DUTY)	44,406.3	47,323.7	98,062.7
231.7	96.9	130.6	b) OTHER OPERATING INCOME	328.6	211.1	485.7
19,570.1	25,164.8	24,319.7	TOTAL INCOME FROM OPERATIONS (NET)	44,734.9	47,534.8	98,548.4
			2 EXPENSES			
7,188.0	11,105.0	11,234.7	a) COST OF MATERIALS CONSUMED	18,293.0	22,735.9	44,825.4
285.1	258.7	328.5	b) PURCHASES OF STOCK-IN-TRADE	543.8	630.1	1,088.5
1,080.3	(738.0)	(54.3)	c) CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE	342.3	(1,150.5)	(674.3)
1,880.0	2,012.8	1,918.5	d) EMPLOYEE BENEFITS EXPENSE	3,892.8	3,593.3	7,549.1
720.0	950.1	841.8	e) DEPRECIATION AND AMORTISATION	1,670.1	1,681.0	3,375.4
5,112.3	6,218.9	5,726.0	f) OTHER EXPENSES	11,331.2	11,458.4	24,013.4
-	113.9	-	g) IMPAIRMENT LOSS ON FIXED ASSETS	113.9	-	81.1
78.1	86.1	93.9	h) NET PROVISION FOR CONTINGENCIES (FROM OPERATIONS)	164.2	183.1	364.3
16,343.8	20,007.5	20,089.1	TOTAL EXPENSES	36,351.3	39,131.3	80,622.9
3,226.3	5,157.3	4,230.6	3 PROFIT FROM OPERATIONS BEFORE OTHER INCOME [4], FINANCE COSTS [6], EMPLOYEE BENEFITS EXPENSE DUE TO PASSAGE OF TIME [7], OTHER CONTINGENCIES [8], CORPORATE SOCIAL RESPONSIBILITY EXPENSE [10], AND EXCEPTIONAL ITEMS [11] i.e.[1 -2]	8,383.6	8,403.5	17,925.5
301.3	254.7	231.2	4 OTHER INCOME	556.0	540.5	873.2
3,527.6	5,412.0	4,461.8	5 PROFIT FROM ORDINARY ACTIVITIES BEFORE FINANCE COSTS [6], EMPLOYEE BENEFITS EXPENSE DUE TO PASSAGE OF TIME [7], OTHER CONTINGENCIES [8], CORPORATE SOCIAL RESPONSIBILITY EXPENSE [10], AND EXCEPTIONAL ITEMS [11] i.e. [3+4]	8,939.6	8,944.0	18,798.7
0.6	34.1	37.7	6 FINANCE COSTS	34.7	140.3	142.3
190.9	190.6	163.8	7 EMPLOYEE BENEFITS EXPENSE DUE TO PASSAGE OF TIME	381.5	328.5	648.3
-	301.5	-	8 NET PROVISION FOR CONTINGENCIES (OTHERS)	301.5	249.5	249.5
3,336.1	4,885.8	4,260.3	9 PROFIT FROM ORDINARY ACTIVITIES BEFORE CORPORATE SOCIAL RESPONSIBILITY EXPENSE [10], AND EXCEPTIONAL ITEMS [11] i.e. [5-6-7-8]	8,221.9	8,225.7	17,758.6
5.1	20.2	-	10 CORPORATE SOCIAL RESPONSIBILITY EXPENSE U/S 135 OF COMPANIES ACT, 2013	25.3	-	85.1
4,516.6	-	-	11 EXCEPTIONAL ITEMS – CHARGE/(CREDIT)	4,516.6	-	(70.0)
(1,185.6)	4,865.6	4,260.3	12 PROFIT/(LOSS) FROM ORDINARY ACTIVITIES BEFORE TAX [9-10-11]	3,680.0	8,225.7	17,743.5
(541.6)	1,662.8	1,381.7	13 TAX EXPENSE/(CREDIT)	1,121.2	2,755.5	5,896.6
(644.0)	3,202.8	2,878.6	14 NET PROFIT/(LOSS) FROM ORDINARY ACTIVITIES AFTER TAX [12-13]	2,558.8	5,470.2	11,846.9
-	-	-	15 EXTRAORDINARY ITEM (NET OF TAX)	-	-	-
(644.0)	3,202.8	2,878.6	16 NET PROFIT/(LOSS) FOR THE PERIOD [14-15]	2,558.8	5,470.2	11,846.9
964.2	964.2	964.2	17 PAID UP EQUITY SHARE CAPITAL (FACE VALUE – ₹10 PER SHARE)	964.2	964.2	964.2
-	-	-	18 RESERVES EXCLUDING REVALUATION RESERVES AS PER BALANCE SHEET OF PREVIOUS ACCOUNTING YEAR	-	-	27,407.9
(6.68)	33.22	29.86	19 EARNINGS/(LOSS) PER SHARE (EPS) [NOT ANNUALISED] BASIC AND DILUTED EPS (₹) BEFORE / AFTER EXTRAORDINARY ITEM	26.54	56.74	122.87



PART II

THREE MONTHS ENDED			SELECT INFORMATION	SIX MONTHS ENDED		Year ended
30.06.2015	31.03.2015	30.06.2014		30.06.2015	30.06.2014	31.12.2014
			A PARTICULARS OF SHAREHOLDING			
			1 PUBLIC SHAREHOLDING			
35,900,637	35,900,637	35,900,637	- NUMBER OF SHARES	35,900,637	35,900,637	35,900,637
37.24	37.24	37.24	- PERCENTAGE OF SHAREHOLDING	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 THE COMPANY)			
			(b) NON-ENCUMBERED			
60,515,079	60,515,079	60,515,079	- NUMBER OF SHARES	60,515,079	60,515,079	60,515,079
100.00	100.00	100.00	- PERCENTAGE OF SHARES	100.00	100.00	100.00
62.76	62.76	62.76	(AS A % OF THE TOTAL SHAREHOLDING OF PROMOTER AND PROMOTER GROUP)	62.76	62.76	62.76
			(AS A % OF THE TOTAL SHARE CAPITAL OF THE COMPANY)			

PARTICULARS	Three Months Ended 30.06.2015
B INVESTOR COMPLAINTS	
PENDING AT THE BEGINNING OF THE QUARTER	0
RECEIVED DURING THE QUARTER	2
DISPOSED OFF DURING THE QUARTER	2
REMAINING UNRESOLVED AT THE END OF THE QUARTER	0

STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2015

(₹ in millions)

PARTICULARS	As at 30.06.2015	As at 30.06.2014	As at 31.12.2014
	(Un-audited)	(Un-audited)	(Audited)
A EQUITY AND LIABILITIES			
1 SHAREHOLDERS' FUNDS			
(a) SHARE CAPITAL	964.2	964.2	964.2
(b) RESERVES AND SURPLUS	28,143.8	26,787.0	27,407.9
(c) MONEY RECEIVED AGAINST SHARE WARRANTS	-	-	-
Sub-total – SHAREHOLDERS' FUNDS	29,108.0	27,751.2	28,372.1
2 SHARE APPLICATION MONEY PENDING ALLOTMENT	-	-	-
3 NON-CURRENT LIABILITIES			
(a) LONG-TERM BORROWINGS	169.3	120.9	154.6
(b) DEFERRED TAX LIABILITIES (NET)	1,594.1	2,207.1	2,227.2
(c) OTHER LONG-TERM LIABILITIES	-	-	-
(d) LONG-TERM PROVISIONS	15,107.0	13,001.9	13,886.6
Sub-total –NON-CURRENT LIABILITIES	16,870.4	15,329.9	16,268.4
4 CURRENT LIABILITIES			
(a) SHORT-TERM BORROWINGS	44.2	6.9	41.1
(b) TRADE PAYABLES	6,521.3	6,330.4	7,287.1
(c) OTHER CURRENT LIABILITIES	4,857.7	5,537.0	4,095.7
(d) SHORT-TERM PROVISIONS	659.7	1,560.4	2,130.6
Sub-total –CURRENT LIABILITIES	12,082.9	13,434.7	13,554.5
TOTAL – EQUITY AND LIABILITIES	58,061.3	56,515.8	58,195.0
B ASSETS			
1 NON-CURRENT ASSETS			
(a) FIXED ASSETS	32,248.0	35,043.7	34,214.2
(b) NON-CURRENT INVESTMENTS	3,213.5	2,818.7	3,044.6
(c) DEFERRED TAX ASSETS (NET)	-	-	-
(d) LONG-TERM LOANS AND ADVANCES	1,313.0	1,309.5	1,299.5
(e) OTHER NON-CURRENT ASSETS	-	-	-
Sub-total– NON-CURRENT ASSETS	36,774.5	39,171.9	38,558.3
2 CURRENT ASSETS			
(a) CURRENT INVESTMENTS	7,006.5	2,434.7	5,073.6
(b) INVENTORIES	8,984.9	10,371.8	8,441.0
(c) TRADE RECEIVABLES	935.4	1,386.2	991.0
(d) CASH AND BANK BALANCES	3,284.2	2,267.9	4,458.2
(e) SHORT-TERM LOANS AND ADVANCES	953.7	781.7	520.7
(f) OTHER CURRENT ASSETS	122.1	101.6	152.2
Sub-total –CURRENT ASSETS	21,286.8	17,343.9	19,636.7
TOTAL–ASSETS	58,061.3	56,515.8	58,195.0



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Notes: Comparisons with reference to three months ended 30.06.2014

1. Results for the quarter have been impacted by the MAGGI Noodles issue. The trust of its consumers and the safety and quality of its products is Nestlé's foremost priority. Unfortunately, recent developments and growing concerns about the product had led to an environment of confusion for the consumers to such an extent that the Company, on 5th June, 2015, decided to take the products temporarily off the shelves, despite the product being safe. This was done to reassure the consumers that their trust has always been of utmost importance for the Company and to maintain their continued patronage for Company's products. The Food Safety and Standards Authority of India (FSSAI) issued a recall order later on the same day i.e. 5th June, 2015 asking the Company to recall MAGGI Noodles, stop further manufacture and comply with other directions. In line with the instructions from the authorities and in keeping with environmental considerations, the withdrawn products are being sent for high temperature thermal destruction and the Company has suspended further manufacturing of MAGGI Noodles. The Company has conducted extensive additional tests on 1,676 samples of MAGGI Noodles at its own accredited laboratory in India and affiliate accredited laboratory abroad, complemented by 1,100 samples tested at external accredited laboratories in India and abroad, all results confirm level of lead are well below the regulatory limits. Furthermore, several other countries have found MAGGI Noodles safe after testing samples of the product exported from India. With a view to resolving the issue, the Company approached the Hon'ble Bombay High Court raising issues of interpretation of the Food Safety and Standards Act 2011, whilst seeking judicial review of the order dated 5th June, 2015 passed by FSSAI and order dated 6th June, 2015 passed by the Commissioner of Food Safety, Maharashtra. Proceedings in the Hon'ble High Court are in progress. Net Sales worth ₹ 2,883.8 million has been reversed during the quarter in relation to MAGGI Noodles stock being withdrawn from trade partners and market. The exceptional item relates to estimates of loss on account of stocks withdrawn including incidental costs thereto and other related costs incurred exclusively in the ordinary course of Company's business, dealt with in line with the Accounting Standard AS 2 on "Valuation of Inventories" and Accounting Standard AS 5 on "Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies".
2. Results for the quarter/ half year ended 30th June 2015 are not comparable with the results of the corresponding periods (Refer Note - 1 above).
3. "Net Sales" for the quarter has decreased by 20.1% largely due to the impact of MAGGI Noodles issue (Refer Note - 1 above). "Net Domestic Sales" decreased by 20.6%. "Export Sales" decreased by 12.7% impacted by lower coffee exports to Russia partially offset by export of milk & nutrition products to Bangladesh.
4. "Other Operating Income" has increased mainly due to higher realisation of export incentives.
5. The Company has reviewed and reassessed useful lives of fixed assets as per schedule II to the Companies Act, 2013. Accordingly depreciation has been computed on reassessed useful lives based on technical evaluation of relevant class of assets. As a result depreciation charge for the quarter is higher by ₹ 61.4 million (Jan-Jun 2015 - ₹ 142.1 million). Further, for assets whose reassessed remaining useful life as on 1st January, 2015 is Nil, depreciation of ₹ 193.9 million (net of deferred tax) has been adjusted against the retained earnings in accordance with the transitional provision as specified in Schedule II.
6. "Net Provision for Contingencies" is mainly for matters related to litigation in accordance with the Accounting Standard AS 29 on "Provisions, Contingent Liabilities and Contingent Assets".
7. "Other Income" has increased as last year the liquidities were used for repayment of External Commercial borrowings (ECB).
8. Total cost of the employee benefit plans continue to be fully charged to the statement of profit and loss. While the amounts relating to current service cost and actuarial gains/ losses continue to be included in "Employee Benefits Expense"; the increase in cost of employee benefit plans, due to passage of time (net of return on plan assets) is presented under "Employee Benefits Expense due to passage of time" in line with the Accounting Standard AS 15 on "Employee Benefits".
9. Statement of Assets and Liabilities as at 30.06.2015 (comparison with the position as at 30.06.2014): -
 - (a) "Deferred tax liability (Net)" have decreased primarily due to recognition of deferred tax asset on losses incurred during the current quarter.
 - (b) "Long-term provisions" have increased due to provisions for employee retirement benefits and contingencies.
 - (c) "Other current liabilities" have decreased mainly due to balance repayment of ECB (USD 35 million, ₹2,103.7 million) in July 2014, partially offset by MAGGI Noodles issue related liabilities (Refer Note - 1 above).
 - (d) "Short-term provisions" have reduced as there is no Income tax provision required, in view of losses during the quarter.
 - (e) "Non-current investments" have increased mainly due to investments in long term tax free bonds.
 - (f) "Current Investments" and "Cash & Bank balances" in the comparative period were lower due to repayment of ECB of USD 157 million during Jan-Jun 2014. The balance amount of USD 35 million was paid in July 2014.
 - (g) "Inventories" have decreased primarily due to MAGGI Noodles issue (Refer Note - 1 above).



10. 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.

11. Previous period's figures have been regrouped / reclassified, wherever necessary.

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 29th JULY, 2015.

Limited Review - The limited review, as required under clause 41 of the listing agreement has been completed and the related report forwarded to the stock exchange. The report does not have any impact on the above 'results and notes' for the quarter and half year ended 30th June, 2015.

By Order of the Board


Shobinder Duggal
Director - Finance & Control and CFO

Date: 29th July, 2015
Place: Gurgaon

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