

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 ended 31/03/2015 ("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 ended 31/03/2015 of the Statement, from the details furnished by the Management.



NEW DELHI, 15 May, 2015

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


Manjula Banerji
Partner

(Membership No. 86423)

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UN - AUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 31st MARCH, 2015
PART I

(₹ in millions)

PARTICULARS	THREE MONTHS ENDED			Accounting Year ended 31.12.2014 (Audited)
	31.03.2015 (Unaudited)	31.12.2014 (Audited) As explained in Note 12 below	31.03.2014 (Unaudited)	
1 INCOME FROM OPERATIONS				
(i) NET DOMESTIC SALES	23,326.0	23,575.7	21,672.9	91,620.9
(ii) EXPORT SALES	1,741.9	1,585.3	1,461.7	6,441.8
a) NET SALES (NET OF EXCISE DUTY)	25,067.9	25,161.0	23,134.6	98,062.7
b) OTHER OPERATING INCOME	96.9	148.4	80.5	485.7
TOTAL INCOME FROM OPERATIONS (NET)	25,164.8	25,309.4	23,215.1	98,548.4
2 EXPENSES				
a) COST OF MATERIALS CONSUMED	11,105.0	11,247.9	11,501.2	44,825.4
b) PURCHASES OF STOCK-IN-TRADE	258.7	211.7	301.6	1,088.5
c) CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE	(738.0)	(237.8)	(1,096.2)	(674.3)
d) EMPLOYEE BENEFITS EXPENSE	2,012.8	2,043.1	1,674.8	7,549.1
e) DEPRECIATION AND AMORTISATION	950.1	848.2	839.2	3,375.4
f) OTHER EXPENSES	6,218.9	6,200.9	5,732.4	24,013.4
g) IMPAIRMENT LOSS ON FIXED ASSETS	113.9	11.7	-	81.1
h) NET PROVISION FOR CONTINGENCIES (FROM OPERATIONS)	86.1	91.1	89.2	364.3
TOTAL EXPENSES	20,007.5	20,416.8	19,042.2	80,622.9
3 PROFIT FROM OPERATIONS BEFORE OTHER INCOME [4], FINANCE COSTS [6], EMPLOYEE BENEFITS EXPENSE DUE TO PASSAGE OF TIME [7], OTHER CONTINGENCIES [8], AND EXCEPTIONAL ITEMS [11] i.e.[1 -2]	5,157.3	4,892.6	4,172.9	17,925.5
4 OTHER INCOME	254.7	177.3	309.3	873.2
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]	5,412.0	5,069.9	4,482.2	18,798.7
6 FINANCE COSTS	34.1	-	102.6	142.3
7 EMPLOYEE BENEFITS EXPENSE DUE TO PASSAGE OF TIME	190.6	157.5	164.7	648.3
8 NET PROVISION FOR CONTINGENCIES (OTHERS)	301.5	-	249.5	249.5
9 PROFIT FROM ORDINARY ACTIVITIES BEFORE CORPORATE SOCIAL RESPONSIBILITY EXPENSE [10], AND EXCEPTIONAL ITEMS [11] i.e. [5-6-7-8]	4,885.8	4,912.4	3,965.4	17,758.6
10 CORPORATE SOCIAL RESPONSIBILITY EXPENSE U/S 135 OF COMPANIES ACT, 2013	20.2	85.1	-	85.1
11 EXCEPTIONAL ITEMS	-	70.0	-	70.0
12 PROFIT FROM ORDINARY ACTIVITIES BEFORE TAX [9-10+11]	4,865.6	4,897.3	3,965.4	17,743.5
13 TAX EXPENSE	1,662.8	1,633.5	1,373.8	5,896.6
14 NET PROFIT FROM ORDINARY ACTIVITIES AFTER TAX [11-12]	3,202.8	3,263.8	2,591.6	11,846.9
15 EXTRAORDINARY ITEM (NET OF TAX)	-	-	-	-
16 NET PROFIT FOR THE PERIOD [14-15]	3,202.8	3,263.8	2,591.6	11,846.9
17 PAID UP EQUITY SHARE CAPITAL (FACE VALUE – ₹10 PER SHARE)	964.2	964.2	964.2	964.2
18 RESERVES EXCLUDING REVALUATION RESERVES AS PER BALANCE SHEET OF PREVIOUS ACCOUNTING YEAR	-	-	-	27,407.9
19 EARNINGS PER SHARE (EPS) [NOT ANNUALISED] BASIC AND DILUTED EPS (₹) BEFORE / AFTER EXTRAORDINARY ITEM	33.22	33.85	26.88	122.87



PART II

		THREE MONTHS ENDED			Year ended
		31.03.2015	31.12.2014	31.03.2014	31.12.2014
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)				

PARTICULARS	Three Months Ended 31.03.2015
B INVESTOR COMPLAINTS	
PENDING AT THE BEGINNING OF THE QUARTER	0
RECEIVED DURING THE QUARTER	1
DISPOSED OFF DURING THE QUARTER	1
REMAINING UNRESOLVED AT THE END OF THE QUARTER	0

Notes: Comparisons with reference to three months ended 31st March, 2014

- "Net Sales" have increased by 8.4%. "Net Domestic Sales" grew by 7.6% mainly on account of higher realisations. "Export Sales" grew by 19.2% contributed largely by export of milk & nutrition products to Bangladesh and Middle East.
- "Cost of materials consumed" [2(a)+2(b)+2(c)] as a percentage of Net Sales has decreased largely due to selling price increases including carry over pricing. While fresh Milk and its derivative prices witnessed a declining trend, in contrast to increasing trend last year; the impact was mostly negated with the opening finished goods inventory manufactured when fresh Milk prices were relatively higher.
- "Employee benefits expense" is not fully comparable due to certain "one offs" in the comparative period.
- The Company has reviewed and reassessed useful life of fixed assets as per schedule II of 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 ₹ 80.7 millions. Further, for assets whose reassessed remaining useful life as on 1st January, 2015 is Nil, depreciation of ₹ 193.9 millions (net of deferred tax) has been adjusted against the retained earnings in accordance with the transitional provision as specified in Schedule II.
- "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".
- "Other Income" has decreased due to lower average liquidities as well as lower yields.
- "Finance Costs" have reduced due to full repayment of External Commercial Borrowing (ECB).
- 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 15 on "Employee Benefits".
- "Tax Expense" has increased due to higher profits and revaluation of net deferred tax liabilities consequent to increase in income-tax surcharge from 10% to 12% effective 01st April, 2015 partially offset by investment allowance u/s 32AC of the Income Tax Act, 1961.
- The Board of Directors have declared an interim dividend for 2015 of ₹ 14.00 per equity share (Face value ₹ 10/- per equity share) amounting to ₹ 1,349.8 millions, which will be paid on and from 2nd June, 2015.
- 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 31st December, 2014 are the balancing figures between audited figures in respect of the full year and the un-audited published figures upto the third quarter ended 30th September, 2014.
- Previous period's figures have been regrouped / reclassified wherever necessary, to make them comparable with the current period.

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 15th MAY, 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 ended 31st March, 2015.



Date: 15th May, 2015
Place: Gurgaon

By Order of the Board


Etienne Benet
Managing Director

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