

A. F. FERGUSON & CO.

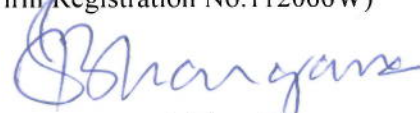
CHARTERED ACCOUNTANTS

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

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

1. We have reviewed the accompanying Statement of Standalone Unaudited Financial Results of **NESTLE INDIA LIMITED** ("the Company") for the Quarter and Six Months Ended 30/06/2013 ("the Statement"), being submitted by the Company pursuant to Clause 41 of the Listing Agreement 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 provide 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 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 Agreement and the particulars relating to investor complaints disclosed in Part II - Select Information for the Quarter and Six Months Ended 30/06/2013 of the Statement, from the details furnished by the Management.

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



Jaideep Bhargava
Partner
(Membership No. 90295)



NEW DELHI, 26 JUL 2013

TELEPHONES : 91-11-2331 5884, 2331 5885, 2331 5704

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UN-AUDITED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED 30TH JUNE 2013
PART I

(₹ in millions)

THREE MONTHS ENDED (Un-audited)			PARTICULARS	SIX MONTHS ENDED (Un-audited)		Accounting Year ended
30.06.2013	31.03.2013	30.06.2012		30.06.2013	30.06.2012	31.12.2012 (Audited)
			1 INCOME FROM OPERATIONS			
20,395.0	20,952.5	18,683.4	(i) NET DOMESTIC SALES	41,347.5	38,144.8	78,765.7
1,737.1	1,528.3	1,182.4	(ii) EXPORT SALES	3,265.4	2,195.5	4,256.9
22,132.1	22,480.8	19,865.8	a) NET SALES (NET OF EXCISE DUTY)	44,612.9	40,340.3	83,022.6
95.0	72.7	68.2	b) OTHER OPERATING INCOME	167.7	152.4	322.7
22,227.1	22,553.5	19,934.0	TOTAL INCOME FROM OPERATIONS (NET)	44,780.6	40,492.7	83,345.3
			2 EXPENSES			
9,127.9	9,682.1	8,949.1	a) COST OF MATERIALS CONSUMED	18,810.0	18,836.1	37,568.7
287.5	253.2	236.4	b) PURCHASES OF STOCK-IN-TRADE	540.7	549.6	1,115.3
588.7	222.4	(161.6)	c) CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE	811.1	(978.2)	(920.2)
1,898.2	1,709.9	1,665.6	d) EMPLOYEE BENEFITS	3,608.1	3,212.4	6,633.8
886.6	821.2	673.3	e) DEPRECIATION AND AMORTISATION	1,707.8	1,201.0	2,771.5
5,349.9	5,287.2	4,881.5	f) OTHERS	10,637.1	9,853.2	20,367.4
-	-	44.4	g) IMPAIRMENT LOSS ON FIXED ASSETS	-	44.4	68.5
109.2	115.7	6.6	h) NET PROVISION FOR CONTINGENCIES (FROM OPERATIONS)	224.9	135.2	339.9
18,248.0	18,091.7	16,295.3	TOTAL EXPENSES	36,339.7	32,853.7	67,944.9
3,979.1	4,461.8	3,638.7	3 PROFIT FROM OPERATIONS BEFORE OTHER INCOME [4], FINANCE COSTS [6], OTHER CONTINGENCIES [6(a)], AND EXCEPTIONAL ITEMS [8] i.e. [1 -2]	8,440.9	7,639.0	15,400.4
154.0	127.3	44.7	4 OTHER INCOME	281.3	96.4	310.3
4,133.1	4,589.1	3,683.4	5 PROFIT FROM ORDINARY ACTIVITIES BEFORE FINANCE COSTS [6], OTHER CONTINGENCIES [6(a)], AND EXCEPTIONAL ITEMS [8] i.e. [3+4]	8,722.2	7,735.4	15,710.7
85.1	79.3	220.4	6 FINANCE COSTS	164.4	243.1	266.0
-	207.4	(81.5)	6(a) NET PROVISION FOR CONTINGENCIES (OTHERS)	207.4	(81.5)	(81.5)
4,048.0	4,302.4	3,544.5	7 PROFIT FROM ORDINARY ACTIVITIES AFTER FINANCE COSTS BUT BEFORE EXCEPTIONAL ITEMS [8] i.e. [5-6-6(a)]	8,350.4	7,573.8	15,526.2
-	-	-	8 EXCEPTIONAL ITEMS	-	-	-
4,048.0	4,302.4	3,544.5	9 PROFIT FROM ORDINARY ACTIVITIES BEFORE TAX [7-8]	8,350.4	7,573.8	15,526.2
1,334.2	1,511.5	1,084.8	10 TAX EXPENSE	2,845.7	2,356.8	4,846.9
2,713.8	2,790.9	2,459.7	11 NET PROFIT FROM ORDINARY ACTIVITIES AFTER TAX [9-10]	5,504.7	5,217.0	10,679.3
-	-	-	12 EXTRAORDINARY ITEM (NET OF TAX)	-	-	-
2,713.8	2,790.9	2,459.7	13 NET PROFIT FOR THE PERIOD [11-12]	5,504.7	5,217.0	10,679.3
964.2	964.2	964.2	14 PAID UP EQUITY SHARE CAPITAL (FACE VALUE – ₹10 PER SHARE)	964.2	964.2	964.2
-	-	-	15 RESERVES EXCLUDING REVALUATION RESERVES AS PER BALANCE SHEET OF PREVIOUS ACCOUNTING YEAR	-	-	17,019.9
28.14	28.95	25.51	16 EARNINGS PER SHARE (EPS) [NOT ANNUALISED] BASIC AND DILUTED EPS (₹) BEFORE / AFTER EXTRAORDINARY ITEM	57.09	54.11	110.76

PART II

THREE MONTHS ENDED			A	PARTICULARS OF SHAREHOLDING	SIX MONTHS ENDED		Year ended
30.06.2013	31.03.2013	30.06.2012			30.06.2013	30.06.2012	31.12.2012
35900637	35900637	35900637	1	PUBLIC SHAREHOLDING			
37.24	37.24	37.24	-	NUMBER OF SHARES	35900637	35900637	35900637
			-	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 COMPANY)			
			(b)	NON-ENCUMBERED			
			-	NUMBER OF SHARES	60515079	60515079	60515079
			-	PERCENTAGE OF SHARES	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
				(AS A % OF THE TOTAL SHARE CAPITAL OF THE COMPANY)			

PART II

	PARTICULARS	Three Months Ended 30.06.2013
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, 2013

(₹ in millions)

Particulars		As at 30.06.2013	As at 30.06.2012	As at 31.12.2012
		(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	22,527.6	16,992.4	17,019.9
	(c) MONEY RECEIVED AGAINST SHARE WARRANTS	-	-	-
	Sub-total – SHAREHOLDERS' FUNDS	23,491.8	17,956.6	17,984.1
2	SHARE APPLICATION MONEY PENDING ALLOTMENT	-	-	-
3	NON-CURRENT LIABILITIES			
	(a) LONG-TERM BORROWINGS	11,473.0	10,792.3	10,499.5
	(b) DEFERRED TAX LIABILITIES (NET)	1,993.1	832.5	1,620.8
	(c) OTHER LONG-TERM LIABILITIES	-	-	-
	(d) LONG-TERM PROVISIONS	11,223.0	9,464.2	10,250.5
	Sub- total –NON-CURRENT LIABILITIES	24,689.1	21,089.0	22,370.8
4	CURRENT LIABILITIES			
	(a) SHORT-TERM BORROWINGS	22.2	2,984.3	2.4
	(b) TRADE PAYABLES	5,808.3	4,724.1	5,394.0
	(c) OTHER CURRENT LIABILITIES	3,535.6	3,859.8	5,580.3
	(d) SHORT-TERM PROVISIONS	1,302.3	1,260.2	307.6
	Sub-total –CURRENT LIABILITIES	10,668.4	12,828.4	11,284.3
	TOTAL – EQUITY AND LIABILITIES	58,849.3	51,874.0	51,639.2
B	ASSETS			
1	NON-CURRENT ASSETS			
	(a) FIXED ASSETS	35,806.9	34,265.5	35,483.5
	(b) NON-CURRENT INVESTMENTS	380.5	-	-
	(c) DEFERRED TAX ASSETS (NET)	-	-	-
	(d) LONG-TERM LOANS AND ADVANCES	1,576.3	1,534.0	1,254.5
	(e) OTHER NON-CURRENT ASSETS	-	-	-
	Sub-total– NON-CURRENT ASSETS	37,763.7	35,799.5	36,738.0
2	CURRENT ASSETS			
	(a) CURRENT INVESTMENTS	5,845.3	2,567.1	3,648.6
	(b) INVENTORIES	8,446.6	8,658.9	7,455.8
	(c) TRADE RECEIVABLES	1,370.7	1,161.3	875.7
	(d) CASH AND BANK BALANCES	4,687.3	2,514.7	2,369.6
	(e) SHORT-TERM LOANS AND ADVANCES	709.3	1,168.1	541.5
	(f) OTHER CURRENT ASSETS	26.4	4.4	10.0
	Sub-total –CURRENT ASSETS	21,085.6	16,074.5	14,901.2
	TOTAL–ASSETS	58,849.3	51,874.0	51,639.2



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Notes: Comparisons with reference to three months ended 30.06.2012

1. "Net Domestic Sales" grew by 9.2% contributed by net realisations and volume growth in certain product categories. "Export Sales" grew by 46.9% mainly due to export to affiliates.
2. The increase in "Other Operating Income" is due to higher realisation of export incentives and scrap sales.
3. "Other Income" improved largely due to higher average liquidities.
4. "Depreciation" has increased due to expansion in production capacities made over the last year and amortization of capitalised borrowing costs including exchange differences.
5. 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".
6. "Finance Costs" have reduced mainly due to the application of circular no. 25/2012 dated 09.08.2012 issued by Ministry of Corporate Affairs (MCA) w.e.f. September 2012 which requires that all exchange differences on long term foreign currency borrowings for fixed assets be treated as capital expenditure. Prior to the MCA circular, exchange differences below the local benchmark rate of interest (₹ 145.3 million in Q2 2012) were treated as Finance Cost in the statement of profit and loss and exchange differences above the local benchmark rate of interest were treated as part of fixed assets in line with AS 16 on "Borrowing Costs" and AS 11 on "the Effects of Changes in Foreign Exchange Rates".
7. "Tax Expense" has increased mainly due to the change in income-tax surcharge from 5% to 10% effective 01.04.2013.
8. Statement of Assets and Liabilities (comparison with the position as at 30.06.2012): -
 - "Long-term borrowings" have increased due to restatement of outstanding ECB loan at the closing exchange rate. US Dollar (USD) 192 million continues to remain outstanding since June 2012 and its annualised cost over the loan period since inception, including interest and unrealised exchange differences, is 19.0%.
 - "Deferred tax liabilities (net)" have increased largely due to the incremental difference between tax and book depreciation as well as revaluation of net liabilities at the revised income tax rate.
 - "Long-term provisions" have increased due to provisions for employee retirement benefit and contingencies.
 - "Short-term borrowings" have decreased due to full repayment of the Buyers Credit loan during second half of 2012.
 - "Non-current investments" represent acquisition of a non-controlling stake in "Indocon Agro and Allied Activities Private Ltd" since renamed as "Sahyadri Agro And Dairy Limited".
 - "Cash & Bank balances" and "Current Investments" have increased due to better cash flows from operations.
9. The Board of Directors has declared today an interim dividend for 2013 of ₹ 18.0 per equity share (Face value ₹ 10/- per equity share) amounting to ₹ 1,735.5 million, which will be paid on and from 12th August 2013.
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, 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 26th JULY 2013.

Date: July 26, 2013
Place: Gurgaon

By Order of the Board

Antonio Helio Waszyk
Chairman and Managing Director

Email ID : investor@in.nestle.com Website : www.nestle.in

