

A. F. FERGUSON & CO.

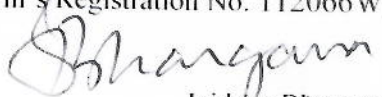
CHARTERED ACCOUNTANTS

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

INDEPENDENT AUDITORS' REVIEW REPORT TO THE BOARD OF DIRECTORS OF 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 30/06/2014 ("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 specified under the Companies Act, 1956 (which are deemed to be applicable as per 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 30/06/2014 of the Statement, from the details furnished by the Management.

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


Jaideep Bhargava
Partner
(Membership No. 90295)



NEW DELHI, 07 August, 2014

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**Nestlé****NESTLÉ INDIA LIMITED**

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

UN-AUDITED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED 30TH JUNE 2014**PART I**

(₹ in millions)

THREE MONTHS ENDED (Un-audited)			PARTICULARS	SIX MONTHS ENDED (Un-audited)		Accounting Year ended
30.06.2014	31.03.2014	30.06.2013		30.06.2014	30.06.2013	31.12.2013 (Audited)
			1 INCOME FROM OPERATIONS			
22,380.6	21,672.9	20,395.0	(i) NET DOMESTIC SALES	44,053.5	41,347.5	84,357.7
1,808.5	1,461.7	1,737.1	(ii) EXPORT SALES	3,270.2	3,265.4	6,261.3
24,189.1	23,134.6	22,132.1	a) NET SALES (NET OF EXCISE DUTY)	47,323.7	44,612.9	90,619.0
130.6	80.5	95.0	b) OTHER OPERATING INCOME	211.1	167.7	391.5
24,319.7	23,215.1	22,227.1	TOTAL INCOME FROM OPERATIONS (NET)	47,534.8	44,780.6	91,010.5
			2 EXPENSES			
11,234.7	11,501.2	9,127.9	a) COST OF MATERIALS CONSUMED	22,735.9	18,810.0	39,069.9
328.5	301.6	287.5	b) PURCHASES OF STOCK-IN-TRADE	630.1	540.7	1,100.4
(54.3)	(1,096.2)	588.7	c) CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE	(1,150.5)	811.1	1,053.2
1,918.5	1,674.8	1,758.9	d) EMPLOYEE BENEFITS EXPENSE	3,593.3	3,327.4	6,856.9
841.8	839.2	886.6	e) DEPRECIATION AND AMORTISATION	1,681.0	1,707.8	3,299.5
5,726.0	5,732.4	5,349.9	f) OTHER EXPENSES	11,458.4	10,637.1	22,176.3
-	-	-	g) IMPAIRMENT LOSS ON FIXED ASSETS	-	-	99.4
93.9	89.2	109.2	h) NET PROVISION FOR CONTINGENCIES (FROM OPERATIONS)	183.1	224.9	413.1
20,089.1	19,042.2	18,108.7	TOTAL EXPENSES	39,131.3	36,059.0	74,068.7
4,230.6	4,172.9	4,118.4	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 [10] i.e. [1-2]	8,403.5	8,721.6	16,941.8
231.2	309.3	154.0	4 OTHER INCOME	540.5	281.3	830.9
4,461.8	4,482.2	4,272.4	5 PROFIT FROM ORDINARY ACTIVITIES BEFORE FINANCE COSTS [6], EMPLOYEE BENEFITS EXPENSE DUE TO PASSAGE OF TIME [7], OTHER CONTINGENCIES [8], AND EXCEPTIONAL ITEMS [10] i.e. [3+4]	8,944.0	9,002.9	17,772.7
37.7	102.6	85.1	6 FINANCE COSTS	140.3	164.4	365.1
163.8	164.7	139.3	7 EMPLOYEE BENEFITS EXPENSE DUE TO PASSAGE OF TIME	328.5	280.7	558.1
-	249.5	-	8 NET PROVISION FOR CONTINGENCIES (OTHERS)	249.5	207.4	207.4
4,260.3	3,965.4	4,048.0	9 PROFIT FROM ORDINARY ACTIVITIES BEFORE EXCEPTIONAL ITEMS [10] i.e. [5-6-7-8]	8,225.7	8,350.4	16,642.1
-	-	-	10 EXCEPTIONAL ITEMS	-	-	138.1
4,260.3	3,965.4	4,048.0	11 PROFIT FROM ORDINARY ACTIVITIES BEFORE TAX [9+10]	8,225.7	8,350.4	16,780.2
1,381.7	1,373.8	1,334.2	12 TAX EXPENSE	2,755.5	2,845.7	5,608.9
2,878.6	2,591.6	2,713.8	13 NET PROFIT FROM ORDINARY ACTIVITIES AFTER TAX [11-12]	5,470.2	5,504.7	11,171.3
-	-	-	14 EXTRAORDINARY ITEM (NET OF TAX)	-	-	-
2,878.6	2,591.6	2,713.8	15 NET PROFIT FOR THE PERIOD [13-14]	5,470.2	5,504.7	11,171.3
964.2	964.2	964.2	16 PAID UP EQUITY SHARE CAPITAL (FACE VALUE – ₹10 PER SHARE)	964.2	964.2	964.2
-	-	-	17 RESERVES EXCLUDING REVALUATION RESERVES AS PER BALANCE SHEET OF PREVIOUS ACCOUNTING YEAR	-	-	22,723.3
29.86	26.88	28.14	18 EARNINGS PER SHARE (EPS) [NOT ANNUALISED] BASIC AND DILUTED EPS (₹) BEFORE / AFTER EXTRAORDINARY ITEM	56.74	57.09	115.87

PART II

THREE MONTHS ENDED			PARTICULARS OF SHAREHOLDING	SIX MONTHS ENDED		Year ended
30.06.2014	31.03.2014	30.06.2013		30.06.2014	30.06.2013	31.12.2013
35900637	35900637	35900637	A			
37.24	37.24	37.24	1 PUBLIC SHAREHOLDING			
			- 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)			
60515079	60515079	60515079	(b) NON-ENCUMBERED			
100.00	100.00	100.00	- NUMBER OF SHARES	60515079	60515079	60515079
62.76	62.76	62.76	- 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)			

Chartered Accountants

PART II (Cont.)

	PARTICULARS	Three Months Ended 30.06.2014
B	INVESTOR COMPLAINTS	
	PENDING AT THE BEGINING OF THE QUARTER	0
	RECEIVED DURING THE QUARTER	3
	DISPOSED OFF DURING THE QUARTER	3
	REMAINING UNRESOLVED AT THE END OF THE QUARTER	0

STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2014
(₹ in millions)

PARTICULARS		As at 30.06.2014 (Un-audited)	As at 30.06.2013 (Un-audited)	As at 31.12.2013 (Audited)
A	EQUITY AND LIABILITIES			
1	SHAREHOLDERS' FUNDS			
	(a) SHARE CAPITAL	964.2	964.2	964.2
	(b) RESERVES AND SURPLUS	26,787.0	22,527.6	22,723.3
	(c) MONEY RECEIVED AGAINST SHARE WARRANTS	-	-	-
	Sub-total – SHAREHOLDERS' FUNDS	27,751.2	23,491.8	23,687.5
2	SHARE APPLICATION MONEY PENDING ALLOTMENT	-	-	-
3	NON-CURRENT LIABILITIES			
	(a) LONG-TERM BORROWINGS	120.9	11,473.0	11,894.8
	(b) DEFERRED TAX LIABILITIES (NET)	2,207.1	1,993.1	2,154.7
	(c) OTHER LONG-TERM LIABILITIES	-	-	-
	(d) LONG-TERM PROVISIONS	13,001.9	11,223.0	11,933.9
	Sub- total –NON-CURRENT LIABILITIES	15,329.9	24,689.1	25,983.4
4	CURRENT LIABILITIES			
	(a) SHORT-TERM BORROWINGS	6.9	22.2	0.1
	(b) TRADE PAYABLES	6,330.4	5,808.3	6,330.4
	(c) OTHER CURRENT LIABILITIES	5,537.0	3,535.6	5,002.5
	(d) SHORT-TERM PROVISIONS	1,560.4	1,302.3	2,138.8
	Sub-total –CURRENT LIABILITIES	13,434.7	10,668.4	13,471.8
	TOTAL – EQUITY AND LIABILITIES	56,515.8	58,849.3	63,142.7
B	ASSETS			
1	NON-CURRENT ASSETS			
	(a) FIXED ASSETS	35,043.7	35,806.9	36,640.2
	(b) NON-CURRENT INVESTMENTS	2,818.7	380.5	2,241.2
	(c) DEFERRED TAX ASSETS (NET)	-	-	-
	(d) LONG-TERM LOANS AND ADVANCES	1,309.5	1,576.3	1,239.4
	(e) OTHER NON-CURRENT ASSETS	-	-	4.7
	Sub-total– NON-CURRENT ASSETS	39,171.9	37,763.7	40,125.5
2	CURRENT ASSETS			
	(a) CURRENT INVESTMENTS	2,434.7	5,845.3	6,269.6
	(b) INVENTORIES	10,371.8	8,446.6	7,359.3
	(c) TRADE RECEIVABLES	1,386.2	1,370.7	842.7
	(d) CASH AND BANK BALANCES	2,267.9	4,687.3	7,493.6
	(e) SHORT-TERM LOANS AND ADVANCES	781.7	709.3	1,013.6
	(f) OTHER CURRENT ASSETS	101.6	26.4	38.4
	Sub-total –CURRENT ASSETS	17,343.9	21,085.6	23,017.2
	TOTAL-ASSETS	56,515.8	58,849.3	63,142.7



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Notes: Comparisons with reference to three months ended 30.06.2013

1. "Net Sales" have increased by 9.3%. "Net Domestic Sales" grew by 9.7% mainly from better realisations while "Export Sales" grew by 4.1%. Third party exports grew by 35.8% while export to affiliates declined by 7.1% (mainly to Russia).
2. "Other Operating Income" has increased mainly due to higher realisation of export incentives.
3. The cost of materials consumed [2(a) +2(b) +2(c)] has increased mainly due to record high cost of milk and its derivatives in India which was even higher than international markets.
4. 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".
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. "Other Income" has increased largely due to higher average liquidities and yields.
7. "Finance Costs" have reduced mainly due to lower average outstanding of External Commercial Borrowing (ECB) {refer note 8 (a) below}.
8. Statement of Assets and Liabilities as at 30.06.2014 (comparison with the position as at 30.06.2013): -
 - (a) "Long-term borrowings" have decreased mainly due to repayment of ECB. Out of the total ECB of USD 192 millions, USD 157 millions was paid before 30th June 2014 and the balance USD 35 millions was paid in July 2014.
 - (b) "Long-term provisions" have increased due to provisions for employee retirement benefits and contingencies.
 - (c) "Other current liabilities" have increased mainly due to reclassification of the outstanding ECB of USD 35 millions (₹ 2,103.7 millions) which has since been repaid in July 2014.
 - (d) "Non-current investments" increased mainly due to investments in long term tax free bonds.
 - (e) "Inventories" have increased due to a strategic built-up of certain key raw materials.
 - (f) "Cash & Bank balances" and "Current Investments" have decreased mainly due to repayment of ECB and Investments in long term tax free bonds.
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. Previous period's figures have been regrouped / reclassified wherever necessary, to make them comparable with the current period.
11. The Limited Review of the un-audited results for the current period, as required under clause 41 of the Listing Agreement, has been completed by the Statutory Auditors and their report is being forwarded to the Stock Exchange.

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 7th AUGUST 2014.

By Order of the Board


Shobinder Duggal
Director – Finance & Control and CFO


Date: August 7, 2014
Place: Gurgaon



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