

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 Nine Months ended 30/09/2015 ("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 Nine Months ended 30/09/2015 of the Statement, from the details furnished by the Management.

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


Manjula Banerji
Partner

(Membership No. 86423)

NEW DELHI, 29 October, 2015



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NESTLÉ INDIA LIMITED

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

UN-AUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 30th SEPTEMBER, 2015

PART I

(₹ in millions)

THREE MONTHS ENDED (Un-audited)			PARTICULARS	NINE MONTHS ENDED (Un-audited)		Accounting Year ended
30.09.2015	30.06.2015	30.09.2014		30.09.2015	30.09.2014	31.12.2014 (Audited)
			1 INCOME FROM OPERATIONS			
15,877.8	17,760.3	23,991.7	(i) NET DOMESTIC SALES	56,964.1	68,045.2	91,620.9
1,484.2	1,578.1	1,586.3	(ii) EXPORT SALES	4,804.2	4,856.5	6,441.8
17,362.0	19,338.4	25,578.0	a) NET SALES (NET OF EXCISE DUTY)	61,768.3	72,901.7	98,062.7
61.6	231.7	126.2	b) OTHER OPERATING INCOME	390.2	337.3	485.7
17,423.6	19,570.1	25,704.2	TOTAL INCOME FROM OPERATIONS (NET)	62,158.5	73,239.0	98,548.4
			2 EXPENSES			
6,605.0	7,188.0	10,841.6	a) COST OF MATERIALS CONSUMED	24,898.0	33,577.5	44,825.4
206.7	285.1	246.7	b) PURCHASES OF STOCK-IN-TRADE	750.5	876.8	1,088.5
616.8	1,080.3	714.0	c) CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE	959.1	(436.5)	(674.3)
2,108.5	1,880.0	1,912.7	d) EMPLOYEE BENEFITS EXPENSE	6,001.3	5,506.0	7,549.1
905.5	720.0	846.2	e) DEPRECIATION AND AMORTISATION	2,575.6	2,527.2	3,375.4
4,761.7	5,112.3	6,354.1	f) OTHER EXPENSES	16,092.9	17,812.5	24,013.4
168.3	-	69.4	g) IMPAIRMENT LOSS ON FIXED ASSETS	282.2	69.4	81.1
77.3	78.1	90.1	h) NET PROVISION FOR CONTINGENCIES (FROM OPERATIONS)	241.5	273.2	364.3
15,449.8	16,343.8	21,074.8	TOTAL EXPENSES	51,801.1	60,206.1	80,622.9
1,973.8	3,226.3	4,629.4	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]	10,357.4	13,032.9	17,925.5
272.2	301.3	155.4	4 OTHER INCOME	828.2	695.9	873.2
2,246.0	3,527.6	4,784.8	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]	11,185.6	13,728.8	18,798.7
0.2	0.6	2.0	6 FINANCE COSTS	34.9	142.3	142.3
189.0	190.9	162.3	7 EMPLOYEE BENEFITS EXPENSE DUE TO PASSAGE OF TIME	570.5	490.8	648.3
-	-	-	8 NET PROVISION FOR CONTINGENCIES (OTHERS)	301.5	249.5	249.5
2,056.8	3,336.1	4,620.5	9 PROFIT FROM ORDINARY ACTIVITIES BEFORE CORPORATE SOCIAL RESPONSIBILITY EXPENSE [10], AND EXCEPTIONAL ITEMS [11] i.e. [5-6-7-8]	10,278.7	12,846.2	17,758.6
16.2	5.1	-	10 CORPORATE SOCIAL RESPONSIBILITY EXPENSE U/S 135 OF COMPANIES ACT, 2013	41.5	-	85.1
245.2	4,516.6	-	11 EXCEPTIONAL ITEMS – CHARGE/(CREDIT)	4,761.8	-	(70.0)
1,795.4	(1,185.6)	4,620.5	12 PROFIT/(LOSS) FROM ORDINARY ACTIVITIES BEFORE TAX [9-10-11]	5,475.4	12,846.2	17,743.5
553.4	(541.6)	1,507.6	13 TAX EXPENSE/(CREDIT)	1,674.6	4,263.1	5,896.6
1,242.0	(644.0)	3,112.9	14 NET PROFIT/(LOSS) FROM ORDINARY ACTIVITIES AFTER TAX [12-13]	3,800.8	8,583.1	11,846.9
-	-	-	15 EXTRAORDINARY ITEM (NET OF TAX)	-	-	-
1,242.0	(644.0)	3,112.9	16 NET PROFIT/(LOSS) FOR THE PERIOD [14-15]	3,800.8	8,583.1	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
12.88	(6.68)	32.28	19 EARNINGS/(LOSS) PER SHARE (EPS) [NOT ANNUALISED] BASIC AND DILUTED EPS (₹) BEFORE / AFTER EXTRAORDINARY ITEM	39.42	89.02	122.87



PART II

THREE MONTHS ENDED			SELECT INFORMATION	NINE MONTHS ENDED		Year ended
30.09.2015	30.06.2015	30.09.2014		30.09.2015	30.09.2014	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 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 30.09.2015
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 30.09.2014

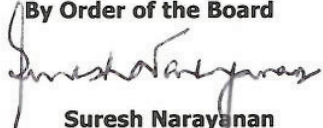
- Results for the quarter and nine months ended 30th September, 2015 have been impacted by the MAGGI Noodles issue. The trust of its consumers and the safety and quality of its products is Nestlé's foremost priority. Unfortunately, developments and growing concerns about the product had led to an environment 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 were sent for high temperature thermal destruction and the Company suspended further manufacturing of MAGGI Noodles. The Company has conducted extensive additional tests, of over 3500 samples representing over 200 million packs of MAGGI Noodles, in both national and international accredited laboratories. All results confirm levels of lead are well below the permissible 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 (FDA). The Hon'ble Bombay High Court vide its Order dated 13th August, 2015 read along with Order dated 4th September, 2015 revoked the ban order passed by FSSAI and FDA and directed fresh testing of MAGGI Noodles for lead at three NABL (National Accreditation Board for Testing and Calibration Laboratories) accredited FSSAI notified laboratories. Results from these laboratories were received by 16th October, 2015. 100% of the samples tested are clear with lead much below the permissible limits. In compliance with the directions of the Hon'ble Bombay High Court, the Company has thereafter started manufacture in three out of the five factories having MAGGI Noodles manufacturing capabilities and discussions are on with the authorities to commence manufacture in the remaining factories in Himachal Pradesh and Uttarakhand. Samples from the fresh manufacture have been sent to the same three laboratories to test for lead. Sale of MAGGI Noodles will commence only after the results are clear and other regulatory clearances, where necessary, are obtained. Net Sales worth ₹ 153.2 million have been reversed during the quarter (Cumulative: ₹ 3037.0 million) 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".
- Results for the quarter/ nine months ended 30th September, 2015 are not comparable with the results of the corresponding/sequential periods (Refer Note - 1 above).
- "Net Sales" for the quarter have decreased by 32.1% largely due to the impact of MAGGI Noodles issue (Refer Note - 1 above). "Net Domestic Sales" decreased by 33.8%. "Export Sales" decreased by 6.4% which is impacted by MAGGI Noodles issue and lower sales to Nepal due to blockage of border in the last week of September, 2015.
- The Company has reviewed and reassessed useful life 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 ₹ 45.0 million (Jan - Sep'15: ₹ 187.1 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.

5. "Net Provision for Contingencies" is mainly for matters related to litigations and related disputes. Provisions for Contingencies/ Contingent Liabilities / Contingent Assets are recognised/ disclosed after a careful evaluation of the facts and legal aspects of the matter involved, in line with the provision of Accounting Standard AS 29 on "Provisions, Contingent Liabilities and Contingent Assets".
6. "Other Income" has increased as last year the liquidities were used for repayment of External Commercial Borrowings (ECB).
7. 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"
8. 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.
9. 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 29th OCTOBER, 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 nine months ended 30th September, 2015.

Date: 29th October, 2015
Place: Gurgaon

By Order of the Board

Suresh Narayanan
Chairman and Managing Director

Don

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