

Nestlé India Limited

(CIN : L15202DL1959PLC003786)
Nestlé House
Jacaranda Marg
'M'Block, DLF City, Phase – II
Gurugram – 122002, Haryana
Phone 0124 - 3940000
E-mail: investor@IN.nestle.com
Website www.nestle.in



BM: PKR: 40:22

28.07.2022

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Fort,
Mumbai – 400 001

BSE Scrip Code: 500790

- Subject : 1. Regulations 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"): Unaudited Financial Results for the second quarter and half year ended 30th June 2022**
- 2. Regulation 30 of the Listing Regulations: a) acquisition of Pet Foods Business from Purina PetCare India Private Limited including the valuation; b) Change in the Company Secretary & Compliance Officer of the Company effective from 1st October 2022**

Dear Madam/ Sir,

1. Unaudited Financial Results for the second quarter and half year ended 30th June 2022

The Board of Directors, at their meeting held today, approved the Unaudited Financial Results ('UFRs') of the Company for the second quarter and half year ended 30th June 2022. Enclosed the UFRs of the Company for the second quarter and half year ended 30th June 2022 alongwith the Limited Review Report of M/s. S R Batliboi & Co. LLP, Chartered Accountants, the Statutory Auditors of the Company and the Press Release relating to the UFRs for the quarter and half year ended 30th June 2022.

The same are also being uploaded on the Company's website. The UFRs shall be published in newspapers as per the Listing Regulations.

2. Acquisition of Pet Foods Business from Purina PetCare India Private Limited including the valuation and the date of transfer

The Board of Directors, at their meeting held today based on the approval of the Audit Committee, approved acquisition of Pet Foods Business from Purina PetCare India Private Limited through business transfer, proposed with effect from 1st October 2022. Only the Independent Directors voted on the agenda item with the Executive Directors recusing themselves. We enclose the details as required under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements), 2015 read with SEBI Circular No. CIR/CFD/CMD/4/2015 dated 9th September 2015 as Annexure 1.

3. Change in the Company Secretary & Compliance Officer of the Company effective from 1st October 2022

The Board of Directors, at their meeting held today noted that Mr. B. Murli, Company Secretary & Compliance Officer of the Company, would be retiring on 30th September 2022 (close of business hours). On the recommendation of the Nomination and Remuneration Committee, the Board of Directors approved the appointment of Mr. Pramod Kumar Rai (FCS 4676) as the Company Secretary and Compliance Officer (Key Managerial Personnel) of the Company effective from 1st October 2022.

Mr. Pramod Kumar Rai is a fellow member of the Institute of Company Secretaries of India and a law graduate from University of Delhi with over 26 years of experience in varied fields such as legal, governance, compliance, investor relations, audit, insurance and governance and has been associated with the Company for around 18 years and currently designated as Associate General Counsel (Corporate Legal, Governance & Compliance) and Deputy Company Secretary upto 30th September 2022.

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The meeting of the Board of Directors commenced at 9:00 hours and the above agenda items concluded at 10:30 hours.
Please take the same on record.

Thanking you,

Yours very truly,

NESTLÉ INDIA LIMITED

B. MURLI

GENERAL COUNSEL & COMPANY SECRETARY

Encl.: as above



NESTLÉ INDIA LIMITED

Registered Office: 100 / 101, World Trade Centre, Barakhamba Lane, New Delhi – 110 001

STATEMENT OF UN-AUDITED FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2022

(₹ Million)

THREE MONTHS ENDED			PARTICULARS	SIX MONTHS ENDED		Accounting Year ended
30.06.2022 (Un-audited)	31.03.2022 (Un-audited)	30.06.2021 (Un-audited)		30.06.2022 (Un-audited)	30.06.2021 (Un-audited)	31.12.2021 (Audited)
			A INCOME			
38,484.4	37,942.6	33,049.7	DOMESTIC SALES	76,427.0	67,470.0	139,941.5
1,584.2	1,566.4	1,573.8	EXPORT SALES	3,150.6	3,155.5	6,395.7
40,068.6	39,509.0	34,623.5	SALE OF PRODUCTS	79,577.6	70,625.5	146,337.2
297.1	298.0	143.5	OTHER OPERATING REVENUES	595.1	249.7	756.9
40,365.7	39,807.0	34,767.0	i REVENUE FROM OPERATIONS	80,172.7	70,875.2	147,094.1
193.7	214.4	294.7	ii OTHER INCOME	408.1	591.2	1,201.1
40,559.4	40,021.4	35,061.7	TOTAL INCOME	80,580.8	71,466.4	148,295.2
			B EXPENSES			
18,474.1	18,459.3	14,784.6	i COST OF MATERIALS CONSUMED	36,933.4	29,919.5	61,541.0
789.7	740.9	516.5	ii PURCHASES OF STOCK-IN-TRADE	1,530.6	1,088.3	2,275.2
(680.5)	(1,442.9)	(353.5)	iii CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK-IN-TRADE	(2,123.4)	(1,083.9)	(627.0)
4,083.6	3,966.4	3,783.3	iv EMPLOYEE BENEFITS EXPENSE	8,050.0	7,464.0	15,213.0
369.6	355.7	516.9	v FINANCE COSTS (INCLUDING INTEREST COST ON EMPLOYEE BENEFIT PLANS)	725.3	1,057.3	2,011.9
1,015.5	1,042.8	952.9	vi DEPRECIATION AND AMORTISATION	2,058.3	1,889.1	3,901.9
9,087.2	8,664.8	7,546.2	vii OTHER EXPENSES	17,752.0	15,657.3	32,482.0
160.1	-	-	viii IMPAIRMENT LOSS ON PROPERTY, PLANT AND EQUIPMENT	160.1	6.9	12.2
136.8	61.2	(141.1)	ix NET PROVISION FOR CONTINGENCIES	198.0	(146.1)	(251.7)
119.8	110.8	151.0	x CORPORATE SOCIAL RESPONSIBILITY EXPENSE	230.6	190.5	534.0
33,555.9	31,959.0	27,756.8	TOTAL EXPENSES	65,514.9	56,042.9	117,092.5
7,003.5	8,062.4	7,304.9	C PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX (A-B)	15,065.9	15,423.5	31,202.7
-	-	-	D EXCEPTIONAL ITEMS	-	-	2,365.0
7,003.5	8,062.4	7,304.9	E PROFIT BEFORE TAX (C-D)	15,065.9	15,423.5	28,837.7
			F TAX EXPENSE:			
1,943.3	2,162.0	1,969.1	CURRENT TAX	4,105.3	4,117.5	7,443.9
(93.2)	(46.7)	(50.0)	DEFERRED TAX	(139.9)	(102.3)	(54.8)
5,153.4	5,947.1	5,385.8	G PROFIT FOR THE PERIOD (E-F)	11,100.5	11,408.3	21,448.6
			H OTHER COMPREHENSIVE INCOME			
			a. (i) ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS			
32.9	23.4	(467.0)	- RE-MEASUREMENT OF RETIRAL DEFINED BENEFIT PLANS	56.3	(718.7)	(2,025.3)
-	(17.7)	-	- EQUITY INSTRUMENTS THROUGH OTHER COMPREHENSIVE INCOME	(17.7)	-	-
(8.3)	(5.9)	117.6	(ii) INCOME TAXES RELATING TO ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS	(14.2)	180.9	509.7
			b. (i) ITEMS THAT WILL BE RECLASSIFIED TO PROFIT OR LOSS			
(15.3)	1.7	1.4	- CHANGES IN FAIR VALUE OF CASH FLOW HEDGES	(13.6)	(14.2)	2.0
3.8	(0.4)	(0.3)	(ii) INCOME TAXES RELATING TO ITEMS THAT WILL BE RECLASSIFIED TO PROFIT OR LOSS	3.4	3.6	(0.5)
13.1	1.1	(348.3)	TOTAL OTHER COMPREHENSIVE INCOME (a+b)	14.2	(548.4)	(1,514.1)
5,166.5	5,948.2	5,037.5	I TOTAL COMPREHENSIVE INCOME (G+H)	11,114.7	10,859.9	19,934.5
964.2	964.2	964.2	J PAID UP EQUITY SHARE CAPITAL (FACE VALUE – ₹10 PER SHARE)	964.2	964.2	964.2
22,318.0	25,828.8	21,411.3	K OTHER EQUITY	22,318.0	21,411.3	19,880.6
53.45	61.68	55.86	L EARNINGS PER SHARE (EPS) (not annualized for quarters and half year)	115.13	118.32	222.46
			BASIC / DILUTED EPS (₹)			
7,299.2	8,314.5	7,678.1	ADDITIONAL INFORMATION: PROFIT FROM OPERATIONS [C - A(ii) + B(v) + B(x)]	15,613.7	16,080.1	32,547.5

STATEMENT OF ASSETS AND LIABILITIES AS AT 30 JUNE 2022
(₹ Million)

PARTICULARS		As at	As at
		30.06.2022	31.12.2021
		(Un-audited)	(Audited)
A	ASSETS		
1	NON-CURRENT ASSETS		
	(a) PROPERTY, PLANT & EQUIPMENT	27,030.5	26,529.4
	(b) CAPITAL WORK IN-PROGRESS	1,965.3	2,462.3
	(c) RIGHT OF USE ASSETS	3,507.9	3,410.3
	(d) FINANCIAL ASSETS		
	(i) INVESTMENTS	6,591.2	7,107.0
	(ii) LOANS	513.8	490.9
	(e) DEFERRED TAX ASSET	395.7	258.4
	(f) OTHER NON-CURRENT ASSETS	13,692.5	14,453.4
	Sub-total – NON-CURRENT ASSETS	53,696.9	54,711.7
2	CURRENT ASSETS		
	(a) INVENTORIES	18,418.5	15,802.2
	(b) FINANCIAL ASSETS		
	(i) INVESTMENTS	1,498.6	632.8
	(ii) TRADE RECEIVABLES	1,878.8	1,652.7
	(iii) CASH AND CASH EQUIVALENTS	8,352.2	7,185.3
	(iv) BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS	178.1	168.8
	(v) LOANS	116.8	118.5
	(vi) OTHER FINANCIAL ASSETS	360.3	494.0
	(c) CURRENT TAX ASSETS	-	292.9
	(d) OTHER CURRENT ASSETS	1,656.1	851.6
	(e) ASSET HELD FOR SALE	-	188.8
	Sub-total – CURRENT ASSETS	32,459.4	27,387.6
	TOTAL-ASSETS	86,156.3	82,099.3
B	EQUITY AND LIABILITIES		
	EQUITY		
	(a) EQUITY SHARE CAPITAL	964.2	964.2
	(b) OTHER EQUITY	22,318.0	19,880.6
	Sub-total – EQUITY	23,282.2	20,844.8
	LIABILITIES		
1	NON-CURRENT LIABILITIES		
	(a) FINANCIAL LIABILITIES		
	(i) BORROWINGS	249.5	274.7
	(ii) LEASE LIABILITIES	2,041.8	1,902.3
	(b) PROVISIONS	32,854.3	32,845.4
	(c) OTHER NON-CURRENT LIABILITIES	199.2	199.7
	Sub- total – NON-CURRENT LIABILITIES	35,344.8	35,222.1
2	CURRENT LIABILITIES		
	(a) FINANCIAL LIABILITIES		
	(i) BORROWINGS	69.3	65.9
	(ii) TRADE PAYABLES		
	TOTAL OUTSTANDING DUES OF MICRO ENTERPRISES AND SMALL ENTERPRISES	2,745.1	2,598.1
	TOTAL OUTSTANDING DUES OF CREDITORS OTHER THAN MICRO ENTERPRISES AND SMALL ENTERPRISES	14,315.6	14,750.4
	(iii) LEASE LIABILITIES	438.7	415.3
	(iv) PAYABLES FOR CAPITAL EXPENDITURE		
	TOTAL OUTSTANDING DUES OF MICRO ENTERPRISES AND SMALL ENTERPRISES	135.8	210.6
	TOTAL OUTSTANDING DUES OF CREDITORS OTHER THAN MICRO ENTERPRISES AND SMALL ENTERPRISES	975.8	1,337.5
	(v) OTHER FINANCIAL LIABILITIES	3,565.2	3,586.3
	(b) PROVISIONS	2,025.9	1,385.4
	(c) CURRENT TAX LIABILITIES (NET)	1,360.1	-
	(d) OTHER CURRENT LIABILITIES	1,897.8	1,682.9
	Sub-total – CURRENT LIABILITIES	27,529.3	26,032.4
	TOTAL – EQUITY AND LIABILITIES	86,156.3	82,099.3

STATEMENT OF CASH FLOWS FOR SIX MONTHS ENDED 30 JUNE 2022

(₹ Million)

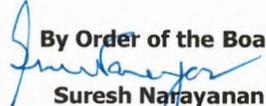
PARTICULARS		SIX MONTHS ENDED	
		30.06.2022 (Un-audited)	30.06.2021 (Un-audited)
A	CASH FLOWS FROM OPERATING ACTIVITIES		
	PROFIT BEFORE TAX	15,065.9	15,423.5
	ADJUSTMENTS FOR:		
	DEPRECIATION AND AMORTISATION	2,058.3	1,889.1
	IMPAIRMENT LOSS ON PROPERTY, PLANT & EQUIPMENT	160.1	6.9
	DEFICIT/ (SURPLUS) ON PROPERTY, PLANT AND EQUIPMENT SOLD/SCRAPPED/WRITTEN OFF (NET)	(45.5)	(14.8)
	OTHER INCOME	(408.1)	(591.2)
	INTEREST ON BANK OVERDRAFTS AND OTHERS	3.0	225.4
	INTEREST ON INVESTMENTS IN INSURANCE PLAN	(489.6)	-
	INTEREST ON LEASE LIABILITIES	81.1	36.6
	ALLOWANCE FOR IMPAIRMENT ON FINANCIAL ASSETS	0.6	10.4
	UNREALISED EXCHANGE DIFFERENCES	16.4	10.6
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	16,442.2	16,996.5
	ADJUSTMENTS FOR WORKING CAPITAL CHANGES:		
	DECREASE/(INCREASE) IN TRADE RECEIVABLES	(209.1)	(308.1)
	DECREASE/(INCREASE) IN INVENTORIES	(2,616.3)	(3,122.9)
	DECREASE/(INCREASE) IN LOANS, OTHER FINANCIAL ASSETS & OTHER ASSETS	11.8	137.8
	INCREASE/(DECREASE) IN TRADE PAYABLE	(309.5)	(1,307.0)
	INCREASE/(DECREASE) IN OTHER FINANCIAL LIABILITIES & OTHER LIABILITIES	165.0	(557.7)
	INCREASE/(DECREASE) IN PROVISION FOR CONTINGENCIES	495.1	(318.6)
	INCREASE/(DECREASE) IN PROVISION FOR EMPLOYEE BENEFITS	76.2	775.8
	CASH GENERATED FROM OPERATIONS	14,055.4	12,295.8
	INCOME TAXES PAID (NET OF REFUNDS)	(2,326.0)	(2,499.6)
	NET CASH GENERATED FROM / (USED IN) OPERATING ACTIVITIES	11,729.4	9,796.2
B	CASH FLOWS FROM INVESTING ACTIVITIES		
	PURCHASE OF PROPERTY, PLANT AND EQUIPMENT	(2,405.5)	(4,707.8)
	SALE OF PROPERTY, PLANT AND EQUIPMENT	56.9	15.1
	PROCEEDS FROM SALE OF INVESTMENTS	171.1	-
	AMOUNT RECEIVED FROM INSURANCE PLAN	582.7	-
	PURCHASE OF TAX FREE LONG TERM BONDS AND TBILLS	48.4	-
	DECREASE/(INCREASE) IN LOANS TO EMPLOYEES	(3.6)	(3.0)
	INTEREST RECEIVED ON BANK DEPOSITS, INVESTMENTS, TAX FREE BONDS, EMPLOYEE LOANS ETC.	513.2	709.8
	NET CASH GENERATED FROM / (USED IN) INVESTING ACTIVITIES	(1,036.8)	(3,985.9)
C	CASH FLOWS FROM FINANCING ACTIVITIES		
	INCREASE IN DEFERRED VAT LIABILITIES UNDER STATE GOVERNMENT SCHEMES	(21.8)	(7.8)
	INTEREST ON BANK OVERDRAFT AND OTHERS	(3.7)	(1.7)
	INTEREST ON LEASE LIABILITIES	(81.1)	(36.6)
	PAYMENT OF LEASE LIABILITIES	(343.3)	(308.0)
	DIVIDENDS	(8,677.4)	(8,677.4)
	NET CASH GENERATED FROM / (USED IN) FINANCING ACTIVITIES	(9,127.3)	(9,031.5)
	NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	1,565.3	(3,221.2)
	CASH AND CASH EQUIVALENTS	7,185.3	17,548.0
	CURRENT INVESTMENTS	549.1	7,229.4
	TOTAL CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD (AS PER IND AS 7)	7,734.4	24,777.4
	CASH AND CASH EQUIVALENTS	8,352.2	13,534.1
	CURRENT INVESTMENTS	947.5	8,022.1
	TOTAL CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (AS PER IND AS 7)	9,299.7	21,556.2
	NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	1,565.3	(3,221.2)

Notes:

1. Financial results have been presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, Ind-AS and Schedule III (Division II) to the Companies Act, 2013, to the extent applicable.
2. For better understanding of the financial performance, the Company has chosen to present Profit from Operations as an additional information in the Statement of Profit and Loss. Profit from Operations is derived from Profit before Exceptional Items & Tax less Other Income and adding back Finance Costs (Including Interest Cost on Employee Benefit Plans) and Corporate Social Responsibility Expense.
- 3. Comparisons with reference to Quarter ended 30.06.2021 unless otherwise specified:**
 - a. Total Sales and Domestic Sales for the quarter increased by 15.7% and 16.4% respectively. Domestic Sales growth is broad based with a healthy balance of pricing and volume & mix. Export Sales increased by 0.7%.
 - b. Other Income decreased due to lower average liquidities, partly offset by higher yields.
 - c. Cost of materials consumed [B(i)+B(ii)+B(iii)] as a % to sales has increased due to higher commodity prices, particularly edible oil, milk and its derivatives and packaging materials, partly offset by better realisations.
 - d. Other Expenses as a % of sales in the quarter were adversely impacted by a surge in fuel prices.
 - e. In relation to total cash flows, the net cash generated from operating activities in the half year was robust and was partially offset by capital expenditure and payment of dividend.
4. Net Provision for Contingencies is mainly for matters related to litigations/related disputes and other uncertainties requiring management judgement. Provisions for Contingencies/Contingent Liabilities are recognised/disclosed after a careful evaluation of the facts and legal aspects of the matters involved, in line with Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets.
5. Based on the guiding principles given in Ind AS 108 Operating Segments, the Company's business activity falls within a single operating segment, namely Food. The disclosure requirements of Ind AS 108 are not applicable.
6. The Statement of Cash flows has been prepared under the Indirect Method as set out in Ind AS 7 on Statement of Cash Flows.
7. The Board of Directors have approved the acquisition of the Pet Food Business from PURINA Petcare India Private Limited, which is a related party being a 100% subsidiary of Nestlé S.A. The integration of Pet Food Business with Nestlé India Limited is proposed with effect from 1st October 2022. The cost of this transaction is INR 1,235 Million subject to change in net asset position between 31st March 2022 and 30th September 2022 along with net cash/debt as on 30th September 2022.

THE ABOVE RESULTS AND THIS RELEASE HAVE BEEN REVIEWED BY THE AUDIT COMMITTEE OF THE BOARD AT THEIR MEETING HELD ON 27 JULY 2022 AND APPROVED BY THE BOARD OF DIRECTORS AT THEIR MEETING HELD ON 28 JULY 2022.

Date: 28 July 2022
Place: Gurugram


By Order of the Board
Suresh Narayanan
Chairman and Managing Director

Head Office: Nestlé House, Jacaranda Marg, M Block, DLF City Phase – II, Gurugram 122 002 (Haryana)
Registered Office: 100 / 101, World Trade Centre, Barakhamba Lane, New Delhi – 110 001
Corporate Identity Number: L15202DL1959PLC003786
Email ID: investor@in.nestle.com, Website: www.nestle.in
Phone: 011-23418891, Fax: 011-23415130

Independent Auditor's Review Report on the Quarterly and Year to Date Unaudited Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended**Review Report to
The Board of Directors
Nestle India Limited**

1. We have reviewed the accompanying statement of unaudited financial results of Nestle India Limited (the "Company") for the quarter ended June 30, 2022 and year to date from January 01, 2022 to June 30, 2022 (the "Statement") attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").
2. The Company's Management is responsible for the preparation of the Statement in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. The Statement has been approved by the Company's Board of Directors. Our responsibility is to express a conclusion on the Statement based on our review.
3. 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 of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.
5. The comparative Ind AS financial information and Ind AS financial statements of the Company for the corresponding quarter and half year ended June 30, 2021 and for the year ended December 31, 2021, included in these Ind AS financial results, were reviewed/audited by the predecessor auditor who expressed an unmodified conclusion and unmodified opinion on those financial information on July 28, 2021 and February 17, 2022 respectively.

For S.R. BATLIBOI & Co. LLP

Chartered Accountants

ICAI Firm registration number: 301003E/E300005

PANKAJ
CHADHA

Digitally signed by PANKAJ CHADHA
DN: cn=PANKAJ CHADHA, c=IN,
o=Personal,
email=pankaj.chadha@srb.in
Reason: I am approving this document
Date: 2022.07.28 10:46:18 +05'30'

per Pankaj Chadha

Partner

Membership No: 091813

UDIN: 22091813ANTDVR9531

Place of Signature: Gurugram, Haryana

Date: July 28, 2022



Good food, Good life

Press Release – Q2 2022

Nestlé House, 28th July 2022

Nestlé India Delivers Robust Sales Growth, Crosses INR 40 billion for the Second Quarter

Signals Premiumisation by Announcing Acquisition of Pet Food Business from PURINA Petcare India and Launch of Brand GERBER in India

The Board of Directors of Nestlé India today approved the results for the second quarter of 2022.

Commenting on the results, **Mr. Suresh Narayanan, Chairman and Managing Director, Nestlé India said**, “I am pleased to share that we have continued to deliver robust sales growth this quarter and breached the INR 40 billion (4000 crore) mark. This is attributable to the resilience of my team and the tenacity of our partners. Our endeavour this quarter was to secure our ‘engines of growth’ in this inflationary context and to enable sharp overall business recovery when the pressures abate. The growth is broad based and while being primarily driven by pricing, has a healthy underlying volume and mix evolution. I am also happy to share that the ‘out of home’ space got back to accelerated growth in channels like hotels, education centres and workplaces. As far as channels are concerned, ‘organized trade’ saw broad based growth across consumers and categories.

The Milk Products and Nutrition category witnessed a double-digit growth across brands with MILKMAID leading the way. The Confectionery category led by KITKAT and Nestlé MUNCH performed with strong double-digit growth aided by media campaigns, attractive consumer promotions, trade inputs and focused distribution drives. The Beverages category turned in another double-digit growth across channels based on the pivotal equity of NESCAFÉ and a consistent strategy of customized communication in the summer, as well as driving penetration and distribution. The Foods category continued its strong double-digit streak of growth, with improved market share in MAGGI Noodles.

We continued to see strong momentum in mega cities and metros, as well as strong acceleration across smaller town classes which reinforces the execution of our RURBAN strategy. We are also heartened by a smart uptick in sales in rural markets this quarter which augurs well for a credible momentum in future.

It has been the stated strategy of Nestlé India that we would aggressively seek new platforms and categories for future growth opportunities.

Towards moving firmly in this direction, I welcome the Pet Food Business of PURINA Petcare India into our Nestlé India family and larger ecosystem. As a transparent and responsible organization, Nestlé always seeks to recalibrate its strategies given new challenges and opportunities. In this spirit, we have revisited our earlier stance regarding the operating model of Pet Foods in India. The valuation report of the registered valuer (PwC) and the

related party transaction was approved by the Audit Committee and then by the Board with only independent directors voting.

Pet Food business has evolved very positively and has an exciting future with pet adoption on the rise post pandemic. There are far greater synergies with evolution in channel strategies now than when the business was launched in 2018. The Pet Food Business of PURINA Petcare India has gained traction amongst Indian pet owners and established the Pet Food brands across key segments, while building a robust pet specialty distribution network. Going forward, leveraging Nestlé India's network would further accelerate the growth of Pet Food Business in India and for Nestlé India a promising business would be a part of its portfolio from the last quarter ending 31st December 2022.

Nutrition business has been perceived as a somewhat 'mature' business in the past and it has been our endeavor to find new and exciting consumer insight led opportunities in this promising category.

Its therefore with great delight that I announce the launch of globally renowned brand GERBER in India. In coming months, products tailored to the needs in the toddler segment, relevant and resonant to their nutrition needs in India would be introduced under brand GERBER. It is with great pride that I share that these products are 'Made in India' and 'Made for India'. The launch of brand GERBER showcases our continuous evolution to adapt to consumer needs for newer product experiences, more sophisticated forms of nutrition and leverage the significant expertise that Nestlé brings to the science of nutrition. Equally important, such significant initiatives are testimony to our confidence in the market opportunities in India."

Financial Highlights – Q2 2022:

- Total Sales of INR 4,007 Crore
- Total Sales Growth at 15.7%. Domestic Sales Growth at 16.4%.
- Profit from Operations at 18.2% of Sales
- Net Profit of INR 515 Crore
- Earnings Per Share of INR 53.4

Business Comments – Q2 2022:

- **E-commerce:** The channel sustained good growth despite higher base from Covid related tailwinds in Q2'21 and contributed 6.4% to the quarterly sales.
- **Organized Trade:** The channel witnessed strong growth albeit on a subdued base impacted by COVID wave 2.
- **Out of Home (OOH):** The channel posted strong performance driven by better channel opening and business led initiatives.
- **Exports:** Expanding our product offering across the globe remains a key growth driver, especially with the MAGGI range in both ethnic and mainstream channels in the UK, Canada and USA.

Category Performance – Q2 2022 (Domestic):

- **Prepared Dishes and Cooking Aids:** Growth driven by MAGGI Noodles, aided by media and trade inputs.

- **Milk Products and Nutrition:** Nutrition performed well, strong growth in MILKMAID as well.
- **Confectionery:** All key products registered double-digit growth.
- **Beverages:** Strong growth in NESCAFÉ, Ready To Drink and Vending mixes.

Petcare Business Transaction:

The Board of Directors have approved the acquisition of the Pet Food Business from PURINA Petcare India Private Limited. The integration of Pet Food Business with Nestlé India Limited is proposed with effect from 1st October 2022. The cost of this transaction is INR 123.5 Crore subject to change in net asset position between 31st March 2022 and 30th September 2022 along with net cash/debt as on 30th September 2022.

Commodity Outlook in Short to Medium Term

We are witnessing early signs of softening in few of the commodities like edible oils and packaging materials. Fresh milk, fuels, grains and green coffee costs are expected to remain firm with continued increase in demand and volatility.

Cautionary Statement:

Statements in this Press Release, particularly those which relate to outlook, describing the company's projections, estimates and expectations may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied in the statement depending on the circumstances.

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Annexure 1**Disclosure of information pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular No. CIR/CFD/CMD/4/2015 dated 9th September 2015**

Sl. No.	Particulars	Description
1.	Name of the target entity, details in brief such as size, turnover etc.;	Proposed transaction is for purchase by Nestlé India Limited of the Pet Foods Business ('PFB') carried on by Purina Petcare India Private Ltd. ('Purina Petcare India'), by way of business transfer with effect from 1 st October 2022. Since December 2017, Purina Petcare India has been undertaking the marketing and sale of PFB (dry dog and dry cat foods) under globally recognised brands such as <i>Purina Supercoat</i> , <i>Purina Pro Plan</i> and <i>Purina Friskies</i> . Purina Petcare India has in the first half of 2022 commenced marketing and sale of wet cat foods under globally recognised brand <i>Fancy Feast</i> . The products are imported from Nestlé Thailand and Nestlé Australia. Purina Petcare India does not have any manufacturing facility in India. The business transfer (slump sale) would entail transfer of all assets and liabilities related to PFB including employees of Purina Petcare India. As on 31 st March 2022, Purina Petcare India held Cash and Cash equivalent of Rs.43.9 million and Debt and Debt like items of Rs.4.1 million. For the financial year ended 31 st March 2022, Purina Petcare India had a turnover of Rs.360.8 million.
2.	Whether the acquisition would fall within related party transaction(s) and whether the promoter/ promoter group/ group companies have any interest in the entity being acquired? If yes, nature of interest and details thereof and whether the same is done at "arm's length";	<p>Name of related party : Purina Petcare India Private Limited</p> <p>Relationship with listed entity : Nestle S.A., the ultimate holding company, has 100% ownership of Purina Petcare India Pvt Limited and 62.76% ownership of Nestle India Limited. Therefore, Purina Petcare India Private Limited and Nestlé India Limited are fellow subsidiaries of Nestlé S.A., Switzerland.</p> <p>The transaction is done at arm's length on the basis of Independent Valuation Report of PwC Business Consulting Services LLP, Registered Valuer Entity (Securities or Financial Assets & Plant and Machinery) having Registration Number: IBBI/RV-E/02/2022/158.</p>



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3.	Industry to which the entity being acquired belongs;	Food and Beverage Business
4.	Objects and effects of acquisition (including but not limited to, disclosure of reasons for acquisition of target entity, if its business is outside the main line of business of the listed entity);	<p>The Company will get access to the Pet Foods Business which has been growing in India at a Compounded Annual Growth Rate (CAGR) during 2018-21 of 39.4% and is estimated to grow at a CAGR (2022-26) of 50%. This includes the access to world class proprietary know how, technology and brands related to pet foods, that would become accessible under the General License Agreement.</p> <p>Post the pandemic the category has accelerated to smaller towns and in general retail stores and on e-commerce. With faster rate of pet adoption along with portfolio and town expansion opportunities, there are significant synergies upon integrating PFB of Purina Petcare India into Nestlé India Limited to help unleash the full potential.</p> <p>Pet Foods Business would benefit from the wider distribution and supply chain network of Nestlé India Limited to effectively reach in 120+ towns and accelerate in Organized Trade.</p> <p>The transfer of PFB to Nestlé India is proposed from 1st October 2022.</p>
5.	Brief details of any governmental or regulatory approvals required for the acquisition;	None.
6.	Indicative time period for completion of the acquisition;	1 st October 2022
7.	Nature of consideration - whether cash consideration or share swap and details of the same;	<p>The Company and Nestlé Group have agreed to a value of Rs. 1,235 Million as the consideration for the purchase of PFB, which works out to around 3.4 times the turnover of Purina Petcare India for the financial year ended 31st March 2022.</p> <p>The transfer of PFB to Nestlé India is proposed from 1st October 2022. Accordingly, the above valuation would be adjusted for change in net asset position between 31st March 2022 and 30th September 2022, along with net cash/debt as on September 30, 2022, of Purina Petcare India.</p>

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		The Company would be funding the transaction through internal accruals (cash consideration).
8.	Cost of acquisition or the price at which the shares are acquired;	Not Applicable
9.	Percentage of shareholding / control acquired and / or number of shares acquired;	Not Applicable
10.	Brief background about the entity acquired in terms of products/line of business acquired, date of incorporation, history of last 3 years turnover, country in which the acquired entity has presence and any other significant information (in brief);	<p>Proposed transaction is for purchase of the Pet Foods Business ('PFB') carried on by Purina Petcare India Private Limited (CIN: U15100DL2017FTC321683), a private limited company incorporated under the Companies Act, 2013, by way of business transfer.</p> <p>The turnover of Purina Petcare India for the last three financial years is hereunder:</p> <ol style="list-style-type: none">1. For the year ended 31st March 2022: Rs, 360.8 Million2. For the year ended 31st March 2021 : Rs 221.03 Million3. For the year ended 31st March 2020 : Rs. 172.35 Million