

Nestlé India Limited

(CIN : L15202DL1959PLC003786)

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Good Food, Good Life

Your Ref :

Our Ref : **BM: PKR: 58:17**

Date : **10.11.2017**

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

Scrip Code - 500790

Subject : Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") : Unaudited Financial Results for the quarter and nine months ended 30th September, 2017

Dear Sir,

Enclosed please find the unaudited financial results of the Company for the quarter and nine months ended 30th September, 2017 approved by the Board of Directors at their meeting held today along with the Limited Review Report of M/s BSR & Co. LLP, Chartered Accountants, the Statutory Auditors of the Company. The unaudited financial results shall be published in newspapers as required. The same is also being uploaded on the Company's website.

Press Release relating to the unaudited financial results for the quarter and nine months ended 30th September, 2017 is enclosed.

The meeting of the Board of Directors commenced at 14:30 hours and concluded at 18:00 hours.

Thanking you,

Yours very truly,
NESTLÉ INDIA LIMITED

B. MURLI
SENIOR VICE PRESIDENT – LEGAL & COMPANY SECRETARY

Encl.: as above

STATEMENT OF UN-AUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 30TH SEPTEMBER, 2017

(₹ In million)

THREE MONTHS ENDED (Un-audited)			PARTICULARS	NINE MONTHS ENDED (Un-audited)		Accounting Year ended (Un- audited)
30.09.2017	30.06.2017	30.09.2016		30.09.2017	30.09.2016	31.12.2016
			1 REVENUE FROM OPERATIONS			
23,407.5	23,211.2	22,569.8	(i) DOMESTIC SALES	70,712.1	65,854.8	87,530.8
1,599.2	1,479.4	1,559.3	(ii) EXPORT SALES	4,742.6	4,893.4	6,565.2
25,006.7	24,690.6	24,129.1	a) TOTAL SALES	75,454.7	70,748.2	94,096.0
133.8	156.7	173.4	b) OTHER OPERATING REVENUES	452.5	396.7	649.7
25,140.5	24,847.3	24,302.5	TOTAL REVENUE FROM OPERATIONS	75,907.2	71,144.9	94,745.7
			2 EXPENSES			
10,106.9	9,876.0	9,034.7	a) COST OF MATERIALS CONSUMED	31,327.0	27,799.2	37,750.9
436.6	349.2	297.9	b) PURCHASES OF STOCK-IN-TRADE	1,174.1	808.8	1,153.8
303.1	565.4	527.0	c) CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE	74.9	618.9	(76.6)
-	825.2	877.2	d) EXCISE DUTY	1,825.8	2,394.1	3,332.3
2,574.8	2,531.3	2,343.3	e) EMPLOYEE BENEFITS EXPENSE	7,567.2	6,734.2	9,015.7
863.9	854.4	882.6	f) DEPRECIATION AND AMORTISATION	2,584.9	2,663.3	3,536.7
5,761.4	6,064.4	6,147.9	g) OTHER EXPENSES	17,995.2	17,178.9	22,954.6
67.2	-	89.0	h) IMPAIRMENT LOSS ON FIXED ASSETS	67.2	89.0	118.3
(0.9)	(30.5)	95.2	i) NET PROVISION FOR CONTINGENCIES (FROM OPERATIONS)	66.7	326.7	418.0
20,113.0	21,035.4	20,294.8	TOTAL EXPENSES	62,683.0	58,613.1	78,203.7
5,027.5	3,811.9	4,007.7	3 PROFIT FROM OPERATIONS [1 - 2]	13,224.2	12,531.8	16,542.0
430.4	412.3	373.5	4 FINANCIAL INCOME	1,258.3	1,094.2	1,509.0
228.6	228.9	219.7	5 FINANCE COSTS (INCLUDING INTEREST COST ON EMPLOYEE BENEFIT PLANS)	685.1	698.8	909.1
-	-	-	6 NET PROVISION FOR CONTINGENCIES (OTHERS)	-	456.4	1,266.7
51.4	49.6	56.7	7 CORPORATE SOCIAL RESPONSIBILITY EXPENSE	178.5	128.5	313.6
5,177.9	3,945.7	4,104.8	8 PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX [3+4-5-6-7]	13,618.9	12,342.3	15,561.6
-	-	-	9 EXCEPTIONAL ITEMS	-	118.2	107.8
5,177.9	3,945.7	4,104.8	10 PROFIT BEFORE TAX [8-9]	13,618.9	12,224.1	15,453.8
1,762.9	1,408.2	1,269.1	11 TAX EXPENSE:			
(16.7)	(96.8)	51.6	a) CURRENT TAX	4,639.0	4,279.6	5,611.9
3,431.7	2,634.3	2,784.1	b) DEFERRED TAX	(153.7)	(115.0)	(171.7)
			12 PROFIT FOR THE PERIOD [10-11]	9,133.6	8,059.5	10,013.6
			13 OTHER COMPREHENSIVE INCOME			
			A. (i) ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS			
(422.2)	(122.4)	(141.9)	- RE-MEASUREMENT OF RETIRAL DEFINED BENEFIT PLANS	(686.2)	(425.7)	(843.9)
-	-	-	- CHANGES IN FAIR VALUE ON EQUITY INSTRUMENTS	-	(200.0)	(200.0)
146.1	42.4	49.1	(ii) INCOME TAXES RELATING TO ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS	237.5	147.3	292.1
			B. (i) ITEMS THAT WILL BE RECLASSIFIED TO PROFIT OR LOSS			
(17.8)	4.0	14.4	- CHANGES IN FAIR VALUE ON CASH FLOW HEDGES	(8.6)	8.1	(13.1)
6.2	(1.4)	(5.0)	(ii) INCOME TAXES RELATING TO ITEMS THAT WILL BE RECLASSIFIED TO PROFIT OR LOSS	3.0	(2.8)	4.5
(287.7)	(77.4)	(83.4)	TOTAL OTHER COMPREHENSIVE INCOME	(454.3)	(473.1)	(760.4)
3,144.0	2,556.9	2,700.7	14 TOTAL COMPREHENSIVE INCOME [12+13]	8,679.3	7,586.4	9,253.2
964.2	964.2	964.2	15 PAID UP EQUITY SHARE CAPITAL (FACE VALUE – ₹10 PER SHARE)	964.2	964.2	964.2
35.59	27.32	28.87	16 EARNINGS PER SHARE (EPS) [NOT ANNUALISED] BASIC/ DILUTED EPS (₹)	94.73	83.59	103.86

Notes:

Financial results have been presented in accordance with the requirements of SEBI's circular dated 5th July, 2016, Ind-AS and Schedule III (Division II) to the Companies Act, 2013.

In line with the Note given in Division II of Schedule III to the Companies Act, 2013, for a better understanding of the financial performance, the Company has chosen to present "Profit from Operations" as a separate line item on the face of the Statement of Profit and Loss in the Financial Statements. "Profit from Operations" is arrived at before Financial Income, Finance Costs (including interest cost on employee benefit plans), Net provision for contingencies (others), Corporate social responsibility expense, Exceptional items and Tax expense.

Transition to Indian Accounting Standards (Ind AS)

The Company has adopted Ind AS w.e.f 1st January, 2017 with a transition date of 1st January, 2016. Accordingly, results for the quarter and nine months ended 30th September, 2017 have been prepared in accordance with Ind AS prescribed under Section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India. Previous periods figures have been restated as per Ind AS to make them comparable. Statutory auditors have carried out limited review of the financial results prepared in accordance with Ind AS.

Reconciliation of Profit for previous periods as reported in accordance with previous Indian GAAP to Total Comprehensive income in accordance with Ind-AS is as under:

PARTICULARS	THREE MONTHS ENDED	NINE MONTHS ENDED	Accounting Year ended
	30.09.2016	30.09.2016	31.12.2016
Profit for the period as reported in accordance with previous Indian GAAP	2,693.9	7,592.3	9,265.4
a) Actuarial loss on retiral defined benefit plans reclassified to Other Comprehensive Income	141.9	425.7	843.9
b) Changes in fair value on equity instruments reclassified to Other Comprehensive Income	-	200.0	200.0
c) Recognition of interest income on financial assets as per effective interest rate method	(1.4)	2.5	10.9
d) Application of hedge accounting for forward contracts	(3.4)	(1.6)	6.6
e) Changes in fair value on investment in mutual funds	1.0	3.2	4.2
f) Recognition of Capital subsidy in the Statement of Profit & Loss	-	-	4.0
g) Others	-	(21.0)	(31.2)
Tax Impact on above	(47.9)	(141.6)	(290.2)
Profit for the period in accordance with Ind AS - (A)	2,784.1	8,059.5	10,013.6
Other Comprehensive Income			
a) Re-measurement of retiral defined benefit plans	(141.9)	(425.7)	(843.9)
b) Changes in fair value on equity instruments	-	(200.0)	(200.0)
c) Changes in fair value on cash flow hedges	14.4	8.1	(13.1)
Tax Impact on above	44.1	144.5	296.6
Total Other Comprehensive Income - (B)	(83.4)	(473.1)	(760.4)
Total Comprehensive Income in accordance with Ind AS - (C=A+B)	2,700.7	7,586.4	9,253.2

Comparisons are with reference to quarter ended 30th September, 2016

- In accordance with Ind AS 18 on Revenue and Schedule III to the Companies Act, 2013, Sales for comparative period's upto 30th June, 2017 were reported gross of Excise Duty and net of Value Added Tax (VAT)/ Sales Tax. Excise Duty was reported as a separate expense line item. Consequent to the introduction of Goods and Services Tax (GST) with effect from 1st July, 2017, VAT/Sales Tax, Excise Duty etc. have been subsumed into GST, which has been netted from Sales as per the requirements of Ind AS 18. This has resulted in lower reported sales for the quarter ended 30th September, 2017 in comparison to the sales reported under the pre GST structure of indirect taxes. With the change in structure of indirect taxes, expenses are also being reported net of taxes. Accordingly, Sales, absolute expenses and expenses in percentage of sales for the quarter ended 30th September, 2017 are not comparable with the previous periods. Profit from Operations in percentage of sales and Net Profit in percentage of Sales are positively impacted as the percentages have been calculated on lower reported sales.
- Reported Total Sales and Domestic Sales for the quarter increased by 3.6% and 3.7%, respectively. The growth rates are adversely impacted by the change in structure of indirect taxes as explained in point 1 above. Domestic Sales Growth was supported by increase in volumes including rebuild of MAGGI Noodles, supplemented by better realisations coming from previous periods and netted by the price drops taken to pass on the GST benefits to the consumers. "Export Sales" increased by 2.6%.



3. "Other Expenses" in the comparative period included the cost to support launch of new products.
4. "Net Provision for Contingencies" is mainly for matters in litigation and related disputes. Provisions for Contingencies/ Contingent Liabilities are recognised/ disclosed after a careful evaluation of the facts and legal aspects of the matter involved, in line with Ind AS 37 on "Provisions, Contingent Liabilities and Contingent Assets".
5. "Financial Income" has increased due to higher average liquidities partially offset by lower yields.
6. "Tax expense" has been impacted due to the end of first 5 years of Income Tax holiday @ 100% of the profits of Samalkha factory Unit II. For the next 5 years, Income Tax holiday will be applicable @ 30% for Samalkha factory Unit II.
7. Based on the guiding principles given in Ind AS 108 on 'Operating Segments', the Company's business activity falls within a single operating segment, namely Food. Accordingly, the disclosure requirements of Ind AS 108 are not applicable.
8. Legal proceedings in the MAGGI Noodles issue are currently on before the Hon'ble Supreme Court. The issue has been adequately explained in the Annual Report 2015 and also in the press releases in 2015 available on the Company's website www.nestle.in
9. Previous period's figures have been regrouped/ reclassified to conform with the current period's classification /grouping.

THE ABOVE RESULTS AND THIS RELEASE HAVE BEEN REVIEWED BY THE AUDIT COMMITTEE OF THE BOARD AND APPROVED BY THE BOARD OF DIRECTORS AT THEIR MEETING HELD ON 10TH NOVEMBER, 2017.

Limited Review - The limited review, as required under Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 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, 2017.

Date: 10th November, 2017
Place: Gurugram

By Order of the Board

Suresh Narayanan
Chairman and Managing Director

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Review Report to

The Board of Directors of Nestlé India Limited

We have reviewed the accompanying statement of unaudited financial results ("the Statement") of Nestlé India Limited ('the Company') for the quarter and nine months ended 30 September 2017, attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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.

Attention is drawn to the fact that the figures for the quarter and nine months ended 30 September 2016 and for the year ended 31 December 2016 are based on the previously issued financial results and annual financial statements that were reviewed/audited by the erstwhile auditors (vide their unmodified limited review report of 28 October 2016 and unmodified audit report of 15 February 2017) as adjusted for differences in the accounting principles adopted by the Company on transition to Indian Accounting Standards ('Ind AS'), which have been reviewed by us. These adjustments have been reconciled to the net profit for the quarter and nine months ended 30 September 2016 and year ended 31 December 2016 under the previously applicable Generally Accepted Accounting Principles with the total comprehensive income as reported in these financial results under Ind AS.

We conducted our review in accordance with the Standard on Review Engagement (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 financial statements are 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.

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with applicable accounting standards i.e. Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.

For B S R & Co. LLP

Chartered Accountants

Firm Registration No.: 101248W/ W-100022



Jiten Chopra

Partner

Membership No.: 092894

Place: Gurugram

Date: 10 November 2017