

STATEMENT OF UN-AUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 31 MARCH 2020

(₹ Million)

PARTICULARS	THREE MONTHS ENDED			Accounting Year ended
	31.3.2020 (Un -audited)	31.12.2019 (Audited as explained in Note 9)	31.3.2019 (Un -audited)	31.12.2019 (Audited)
A INCOME				
DOMESTIC SALES	31,242.3	29,607.8	28,215.5	116,567.9
EXPORT SALES	1,815.5	1,699.6	1,608.4	6,384.8
SALE OF PRODUCTS	33,057.8	31,307.4	29,823.9	122,952.7
OTHER OPERATING REVENUES	194.9	185.5	205.6	736.3
i REVENUE FROM OPERATIONS	33,252.7	31,492.9	30,029.5	123,689.0
ii OTHER INCOME	428.5	447.0	731.9	2,468.8
TOTAL INCOME	33,681.2	31,939.9	30,761.4	126,157.8
B EXPENSES				
i COST OF MATERIALS CONSUMED	14,837.8	14,695.9	12,086.7	51,503.0
ii PURCHASES OF STOCK-IN-TRADE	696.5	567.3	519.4	2,178.1
iii CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK-IN-TRADE	(1,001.3)	(1,649.1)	(152.7)	(1,441.9)
iv EMPLOYEE BENEFITS EXPENSE	3,583.7	3,220.4	3,018.2	12,581.7
v FINANCE COSTS (INCLUDING INTEREST COST ON EMPLOYEE BENEFIT PLANS)	409.6	311.2	339.0	1,291.2
vi DEPRECIATION AND AMORTISATION	913.5	935.6	913.8	3,701.5
vii OTHER EXPENSES	7,032.9	7,631.7	6,802.6	28,977.4
viii IMPAIRMENT LOSS ON PROPERTY, PLANT AND EQUIPMENT	-	-	-	-
ix NET PROVISION FOR CONTINGENCIES				
- OPERATIONS	15.5	(49.2)	117.6	248.8
x - OTHERS	57.1	-	-	-
xi CORPORATE SOCIAL RESPONSIBILITY EXPENSE	97.4	135.1	110.7	383.1
TOTAL EXPENSES	26,642.7	25,798.9	23,755.3	99,422.9
C PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX (A-B)	7,038.5	6,141.0	7,006.1	26,734.9
D EXCEPTIONAL ITEMS	-	-	-	-
E PROFIT BEFORE TAX (C-D)	7,038.5	6,141.0	7,006.1	26,734.9
F TAX EXPENSE:				
CURRENT TAX	1,849.6	1,444.1	2,438.4	7,470.0
DEFERRED TAX	(65.4)	(29.5)	(59.7)	(419.5)
G PROFIT FOR THE PERIOD (E-F)	5,254.3	4,726.4	4,627.4	19,684.4
H OTHER COMPREHENSIVE INCOME				
a. (i) ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS				
- RE-MEASUREMENT OF RETIRAL DEFINED BENEFIT PLANS	(428.6)	(427.4)	(149.8)	(2,036.7)
- CHANGES IN FAIR VALUE OF EQUITY INSTRUMENTS	-	(30.0)	-	(30.0)
(ii) INCOME TAXES RELATING TO ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS	107.9	107.5	52.3	523.3
b. (i) ITEMS THAT WILL BE RECLASSIFIED TO PROFIT OR LOSS				
- CHANGES IN FAIR VALUE OF CASH FLOW HEDGES	(39.4)	12.7	(2.5)	(8.0)
(ii) INCOME TAXES RELATING TO ITEMS THAT WILL BE RECLASSIFIED TO PROFIT OR LOSS	9.9	(3.1)	0.9	3.7
TOTAL OTHER COMPREHENSIVE INCOME (a+b)	(350.2)	(340.3)	(99.1)	(1,547.7)
I TOTAL COMPREHENSIVE INCOME (G+H)	4,904.1	4,386.1	4,528.3	18,136.7
J PAID UP EQUITY SHARE CAPITAL (FACE VALUE – ₹10 PER SHARE)	964.2	964.2	964.2	964.2
K EARNINGS PER SHARE (EPS)				
BASIC/ DILUTED EPS (₹)	54.50	49.02	47.99	204.16
ADDITIONAL INFORMATION:				
PROFIT FROM OPERATIONS [C - A(ii) + B(v)+B(x)+B(xi)]	7,174.1	6,140.3	6,723.9	25,940.4

Notes:

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.

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 and Tax less Other Income and adding back Finance Costs (including interest cost on employee benefit plans), Net provision for contingencies (others) and Corporate social responsibility expense.

First time adoption of Ind AS 116 Leases

The Company has adopted Ind AS 116 Leases w.e.f 1 January 2020 with a transition date of 1 January 2019, replacing the existing standard Ind AS 17 Leases. The Company adopted this standard using the full retrospective method, accordingly previous periods figures have been restated to make them comparable.

Reconciliation of Profit for previous periods as previously reported versus Restated profit after adoption of Ind AS 116 Leases is as under:

PARTICULARS	THREE MONTHS ENDED		Accounting
	31.12.2019	31.3.2019	Year ended
			31.12.2019
Profit for the period as reported in accordance with Ind AS 17	4,730.2	4,632.8	19,695.5
a) Recognition of depreciation on ROU assets	(139.9)	(134.3)	(537.9)
b) Recognition of finance cost on lease liabilities	(27.4)	(22.9)	(92.9)
c) De-recognition of operating lease expenses	162.1	150.0	615.8
Tax Impact on above	1.4	1.8	3.9
Restated profit for the period in accordance with Ind AS 116	4,726.4	4,627.4	19,684.4

Comparisons with reference to quarter ended 31.3.2019 unless otherwise specified:

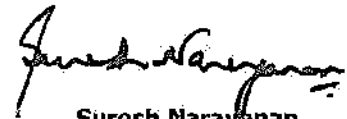
- Total Sales increased by 10.8%. Domestic Sales increased by 10.7% driven by volume & mix. Export Sales increased by 12.9%.
- Other Income decreased due to lower yields and lower average liquidities following payment of special interim dividend on 23 August 2019.
- Cost of materials consumed [B(i)+B(ii)+B(iii)] has increased due to higher commodity prices particularly milk and its derivatives.
- 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 and Ind AS 12 Income Taxes.
- Tax Expense for the current quarter has been computed at the rates introduced by the Taxation Laws (Amendment) Ordinance, 2019 dated 20 September 2019. Net Profit after Tax and Earnings per share have been positively impacted by the lower tax rates.
- Re-Measurement of Retiral Defined Benefit Plans represents actuarial gains/losses on defined benefit plans.
- 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.
- Legal proceedings in the MAGGI Noodles case are currently on before the Honourable Supreme Court. The issue has been adequately explained in the Annual Report 2015 and in the press releases in 2015 available on the Company's website www.nestle.in.

9. Figures for three months ended 31 December 2019 are the balancing figures between the audited figures for the full year ended 31 December 2019 and the published un-audited figures for nine months ended 30 September 2019.

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 12 MAY 2020.

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 ended 31 March, 2020.

By Order of the Board



Suresh Narayanan
Chairman and Managing Director

Date: 12 May 2020
Place: Gurugram

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