

# B S R & Co. LLP

Chartered Accountants

Building No.10, 8th Floor, Tower-B  
DLF Cyber City, Phase - II  
Gurugram - 122 002, India

Telephone: + 91 124 719 1000  
Fax: + 91 124 235 8613

## 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 ended 31 March 2018, 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 modified by Circular No. CIR/CFD/FAC/62/2016 dated 5 July 2016. 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.

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, as modified by Circular No. CIR/CFD/FAC/62/2016 dated 5 July 2016 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 May 2018

**STATEMENT OF UN-AUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 31 MARCH 2018**

(₹ In million)

PARTICULARS		THREE MONTHS ENDED			Accounting Year ended
		31.3.2018 (Un -audited)	31.12.2017 (Audited as explained in Note 12)	31.3.2017 (Un -audited)	31.12.2017 (Audited)
<b>A</b>	<b>INCOME</b>				
	DOMESTIC SALES	25,602.0	24,012.4	24,093.4	94,724.5
	EXPORT SALES	1,766.4	1,884.0	1,664.0	6,626.6
	<b>SALE OF PRODUCTS</b>	<b>27,368.4</b>	<b>25,896.4</b>	<b>25,757.4</b>	<b>101,351.1</b>
	OTHER OPERATING REVENUES	204.0	118.2	162.0	570.7
i	<b>REVENUE FROM OPERATIONS</b>	<b>27,572.4</b>	<b>26,014.6</b>	<b>25,919.4</b>	<b>101,921.8</b>
ii	OTHER INCOME	564.3	510.9	415.6	1,769.2
	<b>TOTAL INCOME</b>	<b>28,136.7</b>	<b>26,525.5</b>	<b>26,335.0</b>	<b>103,691.0</b>
<b>B</b>	<b>EXPENSES</b>				
i	COST OF MATERIALS CONSUMED	11,160.6	10,989.6	11,344.1	42,316.6
ii	PURCHASES OF STOCK-IN-TRADE	512.3	573.5	388.3	1,747.6
iii	CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK-IN-TRADE	(396.0)	(870.5)	(793.6)	(795.6)
iv	EXCISE DUTY	-	-	1000.6	1,825.8
v	EMPLOYEE BENEFITS EXPENSE	2,689.9	2,607.3	2,461.1	10,174.5
vi	FINANCE COSTS (INCLUDING INTEREST COST ON EMPLOYEE BENEFIT PLANS)	310.7	233.9	227.6	919.0
vii	DEPRECIATION AND AMORTISATION	825.3	837.6	866.6	3,422.5
viii	OTHER EXPENSES	6,405.7	6,175.0	6,169.4	24,170.2
ix	IMPAIRMENT LOSS ON PROPERTY, PLANT AND EQUIPMENT	-	304.6	-	371.8
	NET PROVISION FOR CONTINGENCIES				
x	- OPERATIONS	150.6	316.9	98.1	383.6
xi	- OTHERS	-	492.9	-	492.9
xii	CORPORATE SOCIAL RESPONSIBILITY EXPENSE	80.8	90.6	77.5	269.1
	<b>TOTAL EXPENSES</b>	<b>21,739.9</b>	<b>21,751.4</b>	<b>21,839.7</b>	<b>85,298.0</b>
<b>C</b>	<b>PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX (A-B)</b>	<b>6,396.8</b>	<b>4,774.1</b>	<b>4,495.3</b>	<b>18,393.0</b>
D	EXCEPTIONAL ITEMS	-	-	-	-
<b>E</b>	<b>PROFIT BEFORE TAX (C-D)</b>	<b>6,396.8</b>	<b>4,774.1</b>	<b>4,495.3</b>	<b>18,393.0</b>
F	TAX EXPENSE:				
	CURRENT TAX	2,454.7	1,852.7	1,467.9	6,491.7
	DEFERRED TAX	(298.2)	(196.9)	(40.2)	(350.6)
<b>G</b>	<b>PROFIT FOR THE PERIOD (E-F)</b>	<b>4,240.3</b>	<b>3,118.3</b>	<b>3,067.6</b>	<b>12,251.9</b>
<b>H</b>	<b>OTHER COMPREHENSIVE INCOME</b>				
	a. (i) ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS				
	- RE-MEASUREMENT OF RETIRAL DEFINED BENEFIT PLANS	(89.9)	(701.1)	(141.6)	(1,387.3)
	- CHANGES IN FAIR VALUE OF EQUITY INSTRUMENTS	(100.0)	-	-	-
	(ii) INCOME TAXES RELATING TO ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS	31.3	242.6	49.0	480.1
	b. (i) ITEMS THAT WILL BE RECLASSIFIED TO PROFIT OR LOSS				
	- CHANGES IN FAIR VALUE OF CASH FLOW HEDGES	(35.1)	35.3	5.2	26.7
	(ii) INCOME TAXES RELATING TO ITEMS THAT WILL BE RECLASSIFIED TO PROFIT OR LOSS	12.2	(12.3)	(1.8)	(9.3)
	<b>TOTAL OTHER COMPREHENSIVE INCOME (a+b)</b>	<b>(181.5)</b>	<b>(435.5)</b>	<b>(89.2)</b>	<b>(889.8)</b>
<b>I</b>	<b>TOTAL COMPREHENSIVE INCOME (G+H)</b>	<b>4058.8</b>	<b>2,682.8</b>	<b>2,978.4</b>	<b>11,362.1</b>
J	PAID UP EQUITY SHARE CAPITAL (FACE VALUE – ₹10 PER SHARE)	964.2	964.2	964.2	964.2
<b>K</b>	<b>EARNINGS PER SHARE (EPS)</b>				
	<b>BASIC/ DILUTED EPS (₹)</b>	<b>43.98</b>	<b>32.34</b>	<b>31.82</b>	<b>127.07</b>
	<b>ADDITIONAL INFORMATION:</b>				
	PROFIT FROM OPERATIONS [C - A(ii) + B(vi)+B(xi)+B(xii)]	6224.0	5,080.6	4,384.8	18,304.8



**Notes:**

Financial results have been presented in accordance with the requirements of SEBI's circular dated 5 July 2016, 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 arrived from 'Profit before Exceptional items and Tax' after reducing Other Income and adding back Finance Costs (including interest cost on employee benefit plans), Net provision for contingencies (others) and corporate social responsibility expense.

**Comparisons with reference to quarter ended 31.3.2017 unless otherwise specified:**

1. In accordance with Ind AS 18 on "Revenue" and Schedule III to the Companies Act, 2013, Sales for the period 1 January to 30 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 1 July 2017, VAT/Sales Tax, Excise duty etc. have been subsumed into GST and accordingly the same is not recognised as part of sales as per the requirements of Ind AS 18. This has resulted in lower reported sales in the current quarter 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, financial results for the quarter ended 31 March 2018 and in particular Sales, absolute expenses and ratios in percentage of Sales are not comparable with the corresponding quarter. 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.
2. Reported Total Sales and Domestic Sales for the quarter increased by 6.3% each. The growth rates are adversely impacted due to lower reported sales by the change in structure of indirect taxes (refer note 1 above) and reduction in realisations to pass on the GST benefits. Domestic Sales Growth is supported by increase in volumes.
3. "Other Income" has increased due to higher average liquidities as well as higher yields.
4. "Cost of materials consumed" [B(i)+B(ii)+B(iii)] has been favourably impacted by lower commodity prices, particularly milk and milk solids.
5. "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 on "Provisions, Contingent Liabilities and Contingent Assets".
6. "Effective tax rate" for the current quarter has been impacted due to end of first 5 years of Income Tax holiday @ 100% of profits of Samalkha factory Unit II. For the next 5 years, Income Tax holiday will be applicable @ 30% of profits.
7. "Re-Measurement of Retiral Defined Benefit Plans" represents actuarial gains/losses on defined benefit plans.
8. The Board of Directors have declared an interim dividend for 2018 of ₹ 20.0 per equity share (Face value ₹10/- per equity share) amounting to ₹ 1,928.3 million, which will be paid on and from 1 June 2018.
9. 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.
10. 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](http://www.nestle.in).
11. Previous period's figures have been regrouped/ reclassified to conform with the current year's classification /grouping.



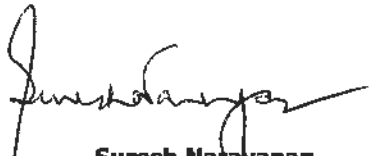
A handwritten signature in blue ink, located in the bottom left corner of the page.

12. Figures for three months ended 31 December 2017 are the balancing figures between the audited figures in respect of the full year ended 31 December 2017 and the published un-audited figures for nine months ended 30 September 2017.

**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 10 MAY 2018.**

**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, 2018.

**By Order of the Board**



**Suresh Narayanan**  
Chairman and Managing Director



**Date: 10 May 2018**  
**Place: Gurugram**

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](mailto:investor@in.nestle.com), Website: [www.nestle.in](http://www.nestle.in)  
Phone: 011-23418891, Fax: 011-23415130

