

AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31st DECEMBER, 2016

(₹ In million)

THREE MONTHS ENDED			PARTICULARS	Accounting Year ended	
31.12.2016 (Audited as explained in Note 13)	30.09.2016 (Un-audited)	31.12.2015 (Audited as explained in Note 13)		31.12.2016 (Audited)	31.12.2015 (Audited)
			1 INCOME FROM OPERATIONS		
20,939.8	21,902.0	17,913.3	(i) NET DOMESTIC SALES	85,013.6	74,877.4
1,673.0	1,559.8	1,551.1	(ii) EXPORT SALES	6,579.2	6,355.3
22,612.8	23,461.8	19,464.4	a) NET SALES (NET OF EXCISE DUTY)	91,592.8	81,232.7
248.8	173.1	130.2	b) OTHER OPERATING INCOME	645.2	520.4
22,861.6	23,634.9	19,594.6	TOTAL INCOME FROM OPERATIONS (NET)	92,238.0	81,753.1
			2 EXPENSES		
9,951.7	9,034.7	8,690.7	a) COST OF MATERIALS CONSUMED	37,750.9	33,588.7
345.0	297.9	230.2	b) PURCHASES OF STOCK-IN-TRADE	1,153.8	980.7
(705.7)	527.0	(839.4)	c) CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE	(107.8)	119.7
2,699.7	2,485.2	2,247.4	d) EMPLOYEE BENEFITS EXPENSE	9,859.6	8,374.3
873.2	882.3	897.0	e) DEPRECIATION AND AMORTISATION	3,536.2	3,472.6
5,987.1	6,354.4	5,297.0	f) OTHER EXPENSES	23,790.3	21,264.3
29.3	89.0	-	g) IMPAIRMENT LOSS ON FIXED ASSETS	118.3	282.2
91.3	95.2	91.6	h) NET PROVISION FOR CONTINGENCIES (FROM OPERATIONS)	418.0	333.1
19,271.6	19,765.7	16,614.5	TOTAL EXPENSES	76,519.3	68,415.6
3,590.0	3,869.2	2,980.1	3 PROFIT FROM OPERATIONS BEFORE OTHER INCOME [4], FINANCE COSTS [6], EMPLOYEE BENEFITS EXPENSE DUE TO PASSAGE OF TIME [7], OTHER CONTINGENCIES [8], EXCEPTIONAL ITEMS [10], AND CORPORATE SOCIAL RESPONSIBILITY EXPENSE [11] i.e.[1 -2]	15,718.7	13,337.5
405.4	373.9	272.7	4 OTHER INCOME	1,493.9	1,100.9
3,995.4	4,243.1	3,252.8	5 PROFIT FROM ORDINARY ACTIVITIES BEFORE FINANCE COSTS [6], EMPLOYEE BENEFITS EXPENSE DUE TO PASSAGE OF TIME [7], OTHER CONTINGENCIES [8], EXCEPTIONAL ITEMS [10], AND CORPORATE SOCIAL RESPONSIBILITY EXPENSE [11] i.e. [3+4]	17,212.6	14,438.4
(4.5)	0.6	(2.0)	6 FINANCE COSTS	35.1	32.9
214.8	219.1	182.7	7 EMPLOYEE BENEFITS EXPENSE DUE TO PASSAGE OF TIME	874.0	753.2
810.3	-	-	8 NET PROVISION FOR CONTINGENCIES (OTHERS)	1,266.7	301.5
2,974.8	4,023.4	3,072.1	9 PROFIT FROM ORDINARY ACTIVITIES BEFORE EXCEPTIONAL ITEMS [10] AND CORPORATE SOCIAL RESPONSIBILITY EXPENSE [11] i.e. [5-6-7-8]	15,036.8	13,350.8
(10.4)	-	246.6	10 EXCEPTIONAL ITEMS – CHARGE / (CREDIT)	307.8	5,008.4
185.1	56.7	164.6	11 CORPORATE SOCIAL RESPONSIBILITY EXPENSE U/S 135 OF COMPANIES ACT, 2013	313.6	206.1
2,800.1	3,966.7	2,660.9	12 PROFIT FROM ORDINARY ACTIVITIES BEFORE TAX [9-10-11]	14,415.4	8,136.3
1,127.0	1,272.8	829.0	13 TAX EXPENSE	5,150.0	2,503.6
1,673.1	2,693.9	1,831.9	14 NET PROFIT FROM ORDINARY ACTIVITIES AFTER TAX [12-13]	9,265.4	5,632.7
-	-	-	15 EXTRAORDINARY ITEM (NET OF TAX)	-	-
1,673.1	2,693.9	1,831.9	16 NET PROFIT FOR THE PERIOD [14-15]	9,265.4	5,632.7
964.2	964.2	964.2	17 PAID UP EQUITY SHARE CAPITAL (FACE VALUE – ₹10 PER SHARE)	964.2	964.2
-	-	-	18 RESERVES EXCLUDING REVALUATION RESERVES AS PER BALANCE SHEET	29,172.8	27,214.2
17.36	27.94	19.00	19 EARNINGS PER SHARE (EPS) [NOT ANNUALISED] BASIC AND DILUTED EPS (₹) BEFORE / AFTER EXTRAORDINARY ITEM	96.10	58.42

STATEMENT OF ASSETS AND LIABILITIES AS AT DECEMBER 31, 2016

(₹ in million)

PARTICULARS		As at 31.12.2016 (Audited)	As at 31.12.2015 (Audited)
A	EQUITY AND LIABILITIES		
1	SHAREHOLDERS' FUNDS		
	(a) SHARE CAPITAL	964.2	964.2
	(b) RESERVES AND SURPLUS	29,172.8	27,214.2
	(c) MONEY RECEIVED AGAINST SHARE WARRANTS	-	-
	Sub-total – SHAREHOLDERS' FUNDS	30,137.0	28,178.4
2	SHARE APPLICATION MONEY PENDING ALLOTMENT	-	-
3	NON-CURRENT LIABILITIES		
	(a) LONG-TERM BORROWINGS	331.5	167.9
	(b) DEFERRED TAX LIABILITIES (NET)	1,542.1	1,729.3
	(c) OTHER LONG-TERM LIABILITIES	-	-
	(d) LONG-TERM PROVISIONS	19,722.1	15,971.7
	Sub- total –NON-CURRENT LIABILITIES	21,595.7	17,868.9
4	CURRENT LIABILITIES		
	(a) SHORT-TERM BORROWINGS	-	9.4
	(b) TRADE PAYABLES	7,991.6	7,494.1
	(c) OTHER CURRENT LIABILITIES	5,128.4	4,659.3
	(d) SHORT-TERM PROVISIONS	3,207.0	2,653.2
	Sub-total –CURRENT LIABILITIES	16,327.0	14,816.0
	TOTAL – EQUITY AND LIABILITIES	68,059.7	60,863.3
B	ASSETS		
1	NON-CURRENT ASSETS		
	(a) FIXED ASSETS	29,176.3	31,286.4
	(b) NON-CURRENT INVESTMENTS	4,743.1	3,417.8
	(c) DEFERRED TAX ASSETS (NET)	-	-
	(d) LONG-TERM LOANS AND ADVANCES	1,350.4	1,304.3
	(e) OTHER NON-CURRENT ASSETS	-	-
	Sub-total– NON-CURRENT ASSETS	35,269.8	36,008.5
2	CURRENT ASSETS		
	(a) CURRENT INVESTMENTS	12,750.4	9,831.4
	(b) INVENTORIES	9,431.8	8,208.1
	(c) TRADE RECEIVABLES	979.3	784.2
	(d) CASH AND BANK BALANCES	8,800.0	4,995.5
	(e) SHORT-TERM LOANS AND ADVANCES	570.2	888.4
	(f) OTHER CURRENT ASSETS	258.2	147.2
	Sub-total –CURRENT ASSETS	32,789.9	24,854.8
	TOTAL–ASSETS	68,059.7	60,863.3



Notes: Comparisons with reference to three months ended 31.12.2015

"Net Sales" for the quarter increased by 16.2% on a base impacted by MAGGI Noodles issue (Refer Note - 1 below). "Net Domestic Sales" increased by 16.9% and "Export Sales" increased by 7.9%. "Net Domestic Sales" for the quarter has been impacted by the withdrawal of high denomination currency notes in circulation.

Notes:

Comparisons are with reference to full year ended 31st December, 2015 and Statement of Assets and Liabilities as on that date which was impacted by the MAGGI Noodles issue.

1. Results for the quarter and full year ended 31st December, 2016 are not entirely comparable with the results of the corresponding period/s due to MAGGI Noodles issue in 2015 and rebuild of the MAGGI Noodles business in 2016. The MAGGI Noodles 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. Legal proceedings are currently on before the Hon'ble Supreme Court.
2. "Net Sales" for the year increased by 12.8% on a base impacted by MAGGI Noodles issue. "Net Domestic Sales" increased by 13.5% and "Export Sales" increased by 3.5%.
3. "Cost of materials consumed" [2(a)+2(b)+2(c)] as a percentage of Net Sales has decreased largely due to better product and channel mix partially offset by rising input costs which are on an upward trajectory.
4. "Other Operating Income" has increased largely due to timing differences in realisation of export incentives.
5. "Employee Benefits Expense" has been adversely impacted by the change in actuarial assumptions applied for valuation of retirement benefits.
6. "Net Provision for Contingencies" is mainly for matters related to litigations 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 the Accounting Standard AS 29 on "Provisions, Contingent Liabilities and Contingent Assets".

Net Provisions for Contingencies (Others) for the year ended 31st December, 2016 has been impacted due to completion of certain procedures relating to litigation/ disputed matters for more number of years in 2016 as compared to only one year in the previous year. As this happened in the fourth quarter of 2016, the results of the quarter have also been impacted.

7. "Other Income" has increased due to higher average liquidities partially offset by lower yields.
8. "Exceptional Items" during the year is net of:
 - (a) Provision made for diminution in the value of non-current investment: ₹ 200.0 million;
 - (b) Write backs, arising, inter alia, from actualization of estimates of part of the provision made for exceptional item in the previous year: ₹ 212.2 million;
 - (c) Cost towards the restructuring of a long term arrangement for supply of ingredients to extinguish the obligations under the arrangement in view of changed business circumstances: ₹ 320.0 million.
9. Tax expense has increased by 105.7% largely due to rebuild of the MAGGI Noodles business, lower contribution of profits from tax holiday sites and higher permanent differences in the current year.
10. Statement of Assets and Liabilities as at 31.12.2016 (comparison with the position as at 31.12.2015): -
 - (a) "Long-term provisions" have increased due to provisions for employee retirement benefits and contingencies.
 - (b) "Non-current investments" have increased mainly due to additional investments made in long term tax free bonds partially offset by the diminution in the value of a non-current investment.
 - (c) "Inventories" have increased due to strategic built-up of certain key raw materials and expansion of business.
11. The Board of Directors have recommended a final dividend of ₹ 23.00 per equity share (Face value ₹ 10/- per equity share) for 2016, subject to the approval of shareholders at the ensuing Annual General Meeting. This is in addition to the three interim dividends of ₹ 12.00 per equity share paid on 31st May, 2016, ₹ 12.00 per equity share paid on 19th August, 2016 and ₹ 16.00 per equity share paid on 22nd December, 2016. The total dividend per equity share in 2016 aggregates to ₹ 63.00 per equity share.
12. As the Company's business activity falls within a single primary business segment, namely Food, the disclosure requirements under Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 in terms of Accounting Standard AS 17 on "Segment Reporting" are not applicable.
13. Figures of last quarter are the balancing figures between audited figures in respect of the full year and the un-audited published figures upto the third quarter ended 30th September.



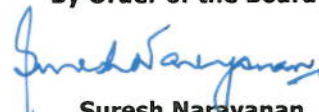
14. Previous period's figures have been regrouped/ reclassified wherever necessary to conform with the current period's classification / disclosure.

15. For even a better understanding of the results, please read the section on "Significant Accounting Policies" in the Annual Report 2015 available on the Company website www.nestle.in.

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 15th FEBRUARY, 2017.

Date: 15th February, 2017
Place: Gurgaon

By Order of the Board



Suresh Narayanan
Chairman and Managing Director

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A. F. FERGUSON & CO.

CHARTERED ACCOUNTANTS

**9, SCINDIA HOUSE,
KASTURBA GANDHI MARG,
NEW DELHI - 110001.**

INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF NESTLÉ INDIA LIMITED

1. We have audited the accompanying Statement of Financial Results of **NESTLÉ INDIA LIMITED** ("the Company") for the year ended 31/12/2016 ("the Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. This Statement, which is the responsibility of the Company's Management and approved by the Board of Directors, has been prepared on the basis of the related annual financial statements in accordance with the recognition and measurement principles laid down in Accounting Standard prescribed under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express an opinion on the Statement, based on our audit of the related annual financial statements.
2. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the Statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the Statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

3. Attention is invited to Note 13 of the Statement regarding the figures for the quarter ended 31/12/2016 being balancing figures between the audited figures in respect of the full financial year and the published year to date figures up to the third quarter of the current financial year.
4. In our opinion and to the best of our information and according to the explanations given to us, the Statement:
 - (i) is presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; and
 - (ii) gives a true and fair view in conformity with the aforesaid Accounting Standards and other accounting principles generally accepted in India of the net profit and other financial information of the Company for the year ended 31/12/2016.

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



NEW DELHI, February 15, 2017

A handwritten signature in blue ink, appearing to read "Manjula".

Manjula Banerji
(Partner)

(Membership No. 86423)

TELEPHONES : 91-11-2331 5884, 2331 5885, 2331 5704

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FEBRUARY 15, 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 - Declaration in respect of Audit Reports with unmodified opinion for the Financial Year ended on 31st December, 2016

Dear Sir,

Pursuant to SEBI Circular No. CIR/CFD/CMD/56/2016 dated May 27, 2016; this is hereby declared that the Auditors of the Company, M/s. A.F. Ferguson & Co., Chartered Accountants, has issued the Audit Reports for Financial Statements as prepared under the Companies Act, 2013 and Financial Results as prepared under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the Financial Year ended on 31st December, 2016 with unmodified opinion.

Nestlé India Limited

Shobinder Duggal

Director – Finance & Control and CFO