

BALANCE SHEET AS AT 31 MARCH 2024

		(₹ in million)	
	NOTES	As at 31 March 2024	As at 31 December 2022
ASSETS			
Non-current assets			
Property, Plant and Equipment	6	30,556.7	27,058.1
Capital work-in-progress	6	17,417.1	3,583.6
Right of Use Assets	6	4,045.8	3,378.9
Financial Assets			
Investments	7	4,238.9	5,601.9
Loans	8	80.1	90.0
Other financial assets	9	565.1	468.3
Deferred tax assets (net)	10	-	256.1
Other non-current assets	11	13,379.7	14,449.0
		70,283.4	54,885.9
Current assets			
Inventories	12	20,893.6	19,287.7
Financial assets			
Investments	7	399.8	2,173.5
Trade receivables	13	3,004.6	1,918.9
Cash and cash equivalents	14	7,588.7	9,265.5
Bank balances other than cash and cash equivalents	15	199.8	190.0
Loans	8	110.1	102.6
Other financial assets	9	462.7	582.6
Other current assets	11	2,287.9	1,380.7
		34,947.2	34,901.5
Total Assets		105,230.6	89,787.4
EQUITY AND LIABILITIES			
EQUITY			
Equity Share Capital	16	964.2	964.2
Other Equity	17	32,444.7	23,627.5
Total Equity		33,408.9	24,591.7
LIABILITIES			
Non-current liabilities			
Financial Liabilities			
Borrowings	18	254.8	266.6
Lease liabilities	19	2,559.2	1,906.5
Provisions	20	29,172.0	32,051.6
Deferred tax liabilities (net)	10	120.4	-
Other non-current liabilities	21	154.6	173.5
		32,261.0	34,398.2

BALANCE SHEET AS AT 31 MARCH 2024

			(₹ in million)
	NOTES	As at 31 March 2024	As at 31 December 2022
Current liabilities			
Financial Liabilities			
Borrowings	18	56.6	33.7
Lease Liabilities	19	574.7	498.4
Trade payables			
Total outstanding dues of micro enterprises and small enterprises	22, 44	3,532.6	2,856.6
Total outstanding dues of creditors other than micro enterprises and small enterprises	22	18,846.3	16,481.5
Payables for capital expenditure			
Total outstanding dues of micro enterprises and small enterprises	44	561.4	247.5
Total outstanding dues of creditors other than micro enterprises and small enterprises		5,179.8	1,623.8
Other financial liabilities	23	6,041.9	4,809.1
Other current liabilities	24	1,769.1	2,309.7
Provisions	20	2,616.2	1,607.0
Current tax liabilities (net)		382.1	330.2
		39,560.7	30,797.5
Total Liabilities		71,821.7	65,195.7
Total Equity and Liabilities		105,230.6	89,787.4

See accompanying notes 1 to 49 forming part of the financial statements

As per our report of even date attached For and on behalf of the Board of Directors

For **S.R. Batliboi & Co. LLP**

Chartered Accountants

Firm's Registration No. - 301003E/E300005

PANKAJ CHADHA

Partner

Membership No. - 091813

25 April 2024

Gurugram

SURESH NARAYANAN

Chairman and
Managing Director
(DIN-07246738)

25 April 2024

Gurugram

SVETLANA BOLDINA

Executive Director - Finance
& Control and CFO
(DIN-10044338)

PRAMOD KUMAR RAI

Company Secretary
MembershipNo.-FCS4676
PAN-ABVPR5131P

STATEMENT OF PROFIT AND LOSS FOR THE FINANCIAL YEAR (FIFTEEN MONTHS) ENDED 31 MARCH 2024

		(₹ in million)	
	NOTES	Financial Year (Fifteen Months) ended 31 March 2024	Financial Year (Twelve Months) ended 31 December 2022
A INCOME			
Domestic Sales		233,006.2	160,976.0
Export Sales		9,748.6	6,919.3
Sale of products	25	242,754.8	167,895.3
Other operating revenue	25	1,184.1	1,074.3
i Revenue from operations		243,938.9	168,969.6
ii Other Income	26	1,479.6	1,010.0
Total Income		245,418.5	169,979.6
B EXPENSES			
i Cost of materials consumed	27	102,168.8	76,521.1
ii Purchases of stock-in-trade		5,373.7	3,480.2
iii Changes in inventories of finished goods, work-in-progress and stock-in-trade	28	(456.8)	(2,502.7)
iv Employee benefits expense	29	23,360.6	16,354.6
v Finance costs (including interest cost on employee benefit plans)	30	1,454.9	1,545.7
vi Depreciation and Amortisation expense	6	5,377.8	4,030.1
vii Other expenses	31	54,404.7	36,970.5
viii Impairment loss on property, plant and equipment	6	299.7	294.3
ix Net provision for contingencies	34	(7.5)	162.9
x Corporate social responsibility expense	35	597.6	563.2
Total Expenses		192,573.5	137,419.9
C PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX (A-B)		52,845.0	32,559.7
D Exceptional items	4, 32	(43.7)	-
E PROFIT BEFORE TAX (C-D)		52,888.7	32,559.7
F Tax expense			
Current tax	36	13,156.8	8,686.1
Deferred tax	36	403.5	(31.6)
G PROFIT AFTER TAX (E-F)		39,328.4	23,905.2

STATEMENT OF PROFIT AND LOSS FOR THE FINANCIAL YEAR (FIFTEEN MONTHS) ENDED 31 MARCH 2024

	NOTES	Financial Year (Fifteen Months) ended 31 March 2024	(₹ in million) Financial Year (Twelve Months) ended 31 December 2022
H OTHER COMPREHENSIVE INCOME			
(a) (i) Items that will not be reclassified to profit or loss			
Re-measurement gains / (losses) of defined benefit plans	32	(573.3)	1,522.4
Changes in fair value of equity instruments through other comprehensive income		-	(17.7)
(ii) Income taxes relating to Items that will not be reclassified to profit or loss		144.3	(383.2)
		(429.0)	1,121.5
(b) (i) Items that will be reclassified to profit or loss			
Net movement on effective portion of cash flow hedges		(0.5)	(2.8)
(ii) Income taxes relating to Items that will be reclassified to profit or loss		0.1	0.7
		(0.4)	(2.1)
TOTAL OTHER COMPREHENSIVE INCOME (a+b)		(429.4)	1,119.4
I TOTAL COMPREHENSIVE INCOME (G+H)		38,899.0	25,024.6
Basic and Diluted Earnings Per Share (Face value ₹ 1 - refer Note 16)	₹	40.79	24.79
ADDITIONAL INFORMATION (Refer Note 2):			
PROFIT FROM OPERATIONS [C - A(ii) + B(v) + B(x)]		53,417.9	33,658.6

See accompanying notes 1 to 49 forming part of the financial statements

As per our report of even date attached For and on behalf of the Board of Directors

For **S.R. Batliboi & Co. LLP**

Chartered Accountants

Firm's Registration No. - 301003E/E300005

PANKAJ CHADHA

Partner

Membership No. - 091813

25 April 2024

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25 April 2024

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SVETLANA BOLDINA

Executive Director - Finance
& Control and CFO
(DIN-10044338)

PRAMOD KUMAR RAI

Company Secretary
Membership No.-FCS4676
PAN-ABVPR5131P

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR (FIFTEEN MONTHS) ENDED 31 MARCH 2024

	Financial Year (Fifteen Months) ended 31 March 2024	(₹ in million) Financial Year (Twelve Months) ended 31 December 2022
A CASH FLOWS FROM OPERATING ACTIVITIES		
Profit Before Tax	52,888.7	32,559.7
Adjustments for :		
Depreciation and Amortisation expense	5,377.8	4,030.1
Impairment loss on property, plant and equipment	299.7	294.3
Deficit/ (Surplus) on property, plant and equipment sold/scrapped written off (net)	(66.6)	(62.6)
Interest income	(1,479.6)	(1,010.0)
Interest on bank overdraft and others	16.1	20.4
Interest on lease liabilities	243.9	160.7
Allowance for impairment on financial assets	(6.8)	39.3
Unrealised exchange differences	(48.9)	55.8
Cash generated from operations before Working Capital and other changes	57,224.3	36,087.7
Adjustments for:		
Decrease/(increase) in trade receivables	(1,088.1)	(275.1)
Decrease/(increase) in inventories	(1,605.9)	(3,361.2)
Decrease/(increase) in loans, other financial assets & other assets	(212.5)	(295.4)
Increase/(decrease) in trade payable	3,098.3	1,776.3
Increase/(decrease) in other financial liabilities & other liabilities	700.1	1,775.6
Increase/(decrease) in provision for contingencies	(1,015.9)	1,144.3
Increase/(decrease) in provision for employee benefits	(2,364.8)	(1,066.4)
Cash generated from operations	54,735.5	35,785.8
Income taxes paid (net of refunds)	(12,987.6)	(8,411.5)
Net cash generated from operating activities	41,747.9	27,374.3
B CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment including Capital work in progress	(18,826.7)	(5,499.2)
Proceeds from sale of property, plant and equipment	43.7	92.2
Proceeds from sale / redemption / maturity of Investments	-	171.1
Proceeds from redemption of Tax Free Bonds and Investments	2,837.9	83.7
Amount received from Insurance Pension Plan - Separations	1,898.1	1,287.6
Net decrease/(increase) in loans to employees	2.4	(13.4)
Interest received on bank deposits, investments, tax free bonds, employee loans etc.	1,670.4	1,031.4
Adjustment in net assets of Pet Food Business	-	350.6
Net consideration paid for Acquisition of Pet Food Business	-	(1,421.3)
Net cash used in investing activities	(12,374.2)	(3,917.3)
C CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of deferred VAT liabilities under state government schemes	(45.9)	(66.5)
Receipt of deferred VAT liabilities under state government schemes	38.0	-
Interest on bank overdraft and others	(16.1)	(20.4)
Interest on lease liabilities	(243.9)	(160.7)
Principal payment of lease liabilities	(999.5)	(732.5)
Dividends paid	(30,081.8)	(20,247.3)
Net cash generated used in financing activities	(31,349.2)	(21,227.4)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	(1,975.5)	2,229.6

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR (FIFTEEN MONTHS) ENDED 31 MARCH 2024

	Financial Year (Fifteen Months) ended 31 March 2024	(₹ in million) Financial Year (Twelve Months) ended 31 December 2022
Cash and cash equivalents (Refer note 14)	9,265.5	7,185.3
Current investments (Refer note 7)	698.5	549.1
Total cash and cash equivalents at the beginning of the year (as per Ind AS 7)	9,964.0	7,734.4
Cash and cash equivalents (Refer note 14)	7,588.7	9,265.5
Current investments (Refer note 7)	399.8	698.5
Total cash and cash equivalents at the end of the year (as per Ind AS 7)	7,988.5	9,964.0
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,975.5)	2,229.6

Disclosure of non-cash transactions as per Ind AS 7:
(Changes in Liabilities arising from Financing activities is as under)

	As at 31 December 2022	Cash flow changes	Non- cash changes	(₹ in million) As at 31 March 2024
Deferred VAT liabilities	300.3	(7.9)	19.0	311.4
Deferred Government Grants	173.5	-	(18.9)	154.6
Lease liabilities	2,404.9	(1,243.4)	1,972.4	3,133.9
	2,878.7	(1,251.3)	1,972.5	3,599.9

	Year ended 31 December 2021	Cash flow changes	Non-cash changes	(₹ in million) Year ended 31 December 2022
Deferred VAT liabilities	340.6	(66.5)	26.2	300.3
Deferred Government Grants	199.7	-	(26.2)	173.5
Lease liabilities	2,324.0	(893.2)	974.1	2,404.9
	2,864.3	(959.7)	974.1	2,878.7

Notes:

The above Statement of Cash flows has been prepared under the "Indirect Method" as set out in Ind AS 7 on 'Statement of Cash Flows'.

As per our report of even date attached For and on behalf of the Board of Directors

For **S.R. Batliboi & Co. LLP**

Chartered Accountants

Firm's Registration No. - 301003E/E300005

PANKAJ CHADHA

Partner

Membership No. - 091813

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PRAMOD KUMAR RAI

Company Secretary
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PAN-ABVPR5131P

25 April 2024

Gurugram

25 April 2024

Gurugram

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR (FIFTEEN MONTHS) ENDED 31 MARCH 2024

A) EQUITY SHARE CAPITAL

	Notes	(₹ in million)
Balance as at 31 December 2021	16	964.2
Movement during the year		-
Balance as at 31 December 2022	16	964.2
Movement during the fifteen months		-
Balance as at 31 March 2024	16	964.2

(₹ in million)

B) OTHER EQUITY ⁽¹⁾

	Reserves and Surplus				Items of Other Comprehensive Income		Total
	General Reserve	Share Based Payment Reserve	Capital Reserve	Retained Earnings	Equity Instrument through Other Comprehensive Income	Effective portion of Cash Flow Hedges	
Balance as at 31 December 2021	8,374.3	-	(250.8)	10,694.9	(330.0)	11.2	18,499.6
Profit after tax	-	-	-	23,905.2	-	-	23,905.2
Other comprehensive income	-	-	-	1,139.2	(17.7)	(2.1)	1,119.4
Total comprehensive income	-	-	-	25,044.4	(17.7)	(2.1)	25,024.6
Transfer of Equity Instruments through other comprehensive income to Retained Earnings	-	-	-	(347.7)	347.7	-	-
Dividend (Refer note 43)	-	-	-	(20,247.3)	-	-	(20,247.3)
Share Based Payment Expense	-	143.7	-	-	-	-	143.7
Recognition of liability towards Share Based Payments	-	(143.7)	-	-	-	-	(143.7)
Other changes in net assets of Pet Food Business	-	-	350.6	-	-	-	350.6
Balance as at 31 December 2022	8,374.3	-	99.8	15,144.3	-	9.1	23,627.5
Profit after tax	-	-	-	39,328.4	-	-	39,328.4
Other comprehensive income	-	-	-	(429.0)	-	(0.4)	(429.4)
Total comprehensive income	-	-	-	38,899.4	-	(0.4)	38,899.0
Transfer of General Reserve to Retained Earnings*	(8,374.3)	-	-	8,374.3	-	-	-
Dividend (Refer note 43)	-	-	-	(30,081.8)	-	-	(30,081.8)
Share Based Payment Expense	-	206.8	-	-	-	-	206.8
Recognition of liability towards Share Based Payments	-	(206.8)	-	-	-	-	(206.8)
Balance as at 31 March 2024	-	-	99.8	32,336.2	-	8.7	32,444.7

*The Shareholders of the Company had, at the Court Convened Meeting held on 25th July 2022, approved the Scheme of Arrangement ('Scheme') which envisages transfer of the entire balance of ₹ 8,374.3 million standing to the credit of the General Reserves to Retained Earnings. The Company had accordingly filed a petition for sanction of the Scheme with the Hon'ble National Company Law Tribunal, New Delhi Bench ('Hon'ble NCLT'). The Hon'ble NCLT, vide its order dated 15th September 2023 ('Order'), has sanctioned the Scheme. The Appointed Date as fixed in the Scheme is 1st January 2022. The Scheme has been made effective on and upon filing of the certified copy of the Order with the Registrar of Companies

⁽¹⁾ Description of purpose of each reserve within Other Equity has been disclosed under Note 17.

As per our report of even date attached For and on behalf of the Board of Directors

For **S.R. Batliboi & Co. LLP**

Chartered Accountants

Firm's Registration No. - 301003E/E300005

PANKAJ CHADHA

Partner

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PRAMOD KUMAR RAI

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NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR (FIFTEEN MONTHS) ENDED 31 MARCH 2024

1. CORPORATE INFORMATION

Nestlé India Limited ("the Company") is a Company domiciled in India, with its registered office situated at 100/101, World Trade Centre, Barakhamba Lane, New Delhi – 110 001. The Company has been incorporated in 1959 under the provisions of Indian Companies Act and its equity shares are listed on the BSE Limited and NSE Limited in India. (Listing on NSE is effective from and after 1st August, 2023). The Company is primarily involved in Food business which incorporates product groups viz. Milk Products and Nutrition, Prepared dishes and Cooking aids, Powdered and Liquid Beverages and Confectionery.

2. SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies used in preparation of the financial statements have generally been included in the relevant notes to the financial statements.

A BASIS OF PREPARATION AND MEASUREMENT

a Statement of compliance

The financial statements of the Company have been prepared in accordance with and to comply in all material aspects with the Indian Accounting Standards (Ind AS) as notified under Section 133 of the Companies Act, 2013 and the relevant provisions of the Act, as applicable.

b Basis of measurement

The financial statements have been prepared on accrual and going concern basis under the historical cost convention except for certain class of financial assets/ liabilities, share based payments and net liability for defined benefit plans that are measured at fair value. The accounting policies have been consistently applied by the Company unless stated otherwise.

c Financial Year

The Company had opted the period of 1st day of January to 31st day of December, each year as its financial year for the purpose of preparation of financial statements under the provisions of Section 2(41) of the Companies Act, 2013, which the Company Law Board had allowed.

The Board of Directors on 27th July 2023 have approved the change of financial year of the Company to uniform financial year commencing on 1st April of every year and ending on 31st March of the following year. Consequently, as a transitional arrangement, the current financial year of the Company is for a period of 15 months from 1st January 2023 and ended 31st March 2024 while the previous financial year was of 12 months from 1st January 2022 to 31st December 2022.

d Functional and Presentation Currency

The financial statements have been prepared and presented in Indian Rupees (₹), which is also the Company's functional currency.

e Rounding off

All amounts in the financial statement and accompanying notes are presented in ₹ million and have been rounded-off to one decimal place unless stated otherwise.

f Current and Non-current Classification

The Company has ascertained its operating cycle as 12 months for the purpose of current / non-current classification of assets and liabilities. This is based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents.

g Measurement of Profit from Operations

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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR (FIFTEEN MONTHS) ENDED 31 MARCH 2024

h Use of Estimates and Judgement

The preparation of financial statements requires management to exercise judgement and make estimates and assumptions that affects the reported amounts of revenue, expenses, assets and liabilities. These estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. These estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates are recognised in the period in which the results are known/materialise.

The areas involving significant estimates and judgement include determination of useful life of property, plant and equipment (Refer note 6), measurement of lease liabilities and right of use assets (Refer note 6), measurement of defined benefit obligations (Refer Note 32), recognition and measurement of provisions and contingencies (Refer note 34) and recognition of deferred tax assets / liabilities (Refer Note 36).

i Approval of financial statements

The financial statements of the Company were approved for issue by the Board of Directors on 25 April 2024.

B FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currency are initially recorded in the functional currency i.e. Indian Rupees (₹) using the exchange rate at the date of transaction.

Monetary items (i.e. receivables, payables) denominated in foreign currency are reported using the closing exchange rate as on each balance sheet date.

The exchange difference arising on the settlement or reporting of monetary items at rates different from rates at which these were initially recorded / reported in previous financial statements, are recognised in the statement of profit and loss in the period in which they arise.

Also refer to accounting policy on 'Derivatives and Hedge accounting'. (Refer Note 37)

C PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions for Contingencies/ Contingent liabilities are recognised/disclosed after evaluation of facts and legal aspects of the matter involved, in line with Ind AS 37 on Provisions, Contingent Liabilities and Contingent Assets and Ind AS 12 on Income Tax. Provisions are recognised when the Company has a present obligation (legal/constructive) and on management judgement as a result of a past event, for which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are not recognised in the financial statements since this may result in the recognition of income that may never be accrued/ realised.

D BORROWING COSTS

Borrowing costs directly attributable to acquisition or construction of items of qualifying assets of property, plant and equipment which take substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. All other borrowing costs are charged to the statement of profit and loss in the period in which they are incurred.

E EARNINGS PER SHARE

Basic earnings per share is computed by dividing the net profit for the period attributable to the equity shareholders by the weighted average number of equity shares outstanding during the period. For the

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR (FIFTEEN MONTHS) ENDED 31 MARCH 2024

purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares, if any.

On and from the Record Date of 5th January 2024, the equity shares of the Company have been sub-divided, such that 1 (one) equity share having face value of ₹10/- (₹ ten only) each, fully paid-up, stands sub-divided into 10 (ten) equity shares having face value of ₹ 1/- (₹ one only) each, fully paid-up, ranking pari-passu in all respects. The Earnings per share for the prior periods have been restated considering the face value of ₹ 1/- each in accordance with Ind AS 33 - "Earnings per share".

F EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

All material events occurring after the balance sheet date upto the date of approval of financial statements by the Board of Directors on 25 April 2024, have been considered, disclosed and adjusted, wherever applicable, as per the requirements of Ind AS 10 - Events after the Reporting Period.

3. RECENT ACCOUNTING PRONOUNCEMENTS

The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) (Amendment) Rules, 2023 on 31st March, 2023 amending:

- (a) Ind AS 1, 'Presentation of Financial Statements' - This amendment requires companies to disclose their material accounting policies rather than their significant accounting policies.
- (b) Ind AS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - This amendment has introduced a definition of 'accounting estimates' and includes guidance to help distinguish changes in accounting policies from changes in accounting estimates.
- (c) Ind AS 12 'Income Taxes' - This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The amendments clarify how companies account for deferred tax on transactions such as leases

These are applicable from Financial Year beginning on or after 1st April 2023 (Thus for us will be applicable from 1st April 2024).

Based on a preliminary evaluation, the Company does not expect any material impact on the financial statements resulting from the implementation of these amendments.

4. EXCEPTIONAL ITEMS

Exceptional Items as disclosed in the Statement of Profit and Loss Account for 15 months ended 31 March 2024 comprise of the following, in aggregate:

- i. Charge of ₹ 972.2 million (previous year nil) towards past service cost and settlement loss recognised on account of change in cost of servicing the defined pension benefit under the Company's unfunded Defined Benefit pension plan following the decision to transfer the responsibility and administration for payment of the defined pension benefits of plan members upon their retirement, to insurance service provider. This includes a settlement loss of ₹ 306.0 million (previous year nil) on the ₹ 2,556.7 million settlement transaction with insurance service provider towards transferring the responsibility and administration for payment of defined pension benefits to existing pensioners effective 1st April 2024.

The exceptional past service cost of ₹ 666.2 million (previous year nil) included in the defined benefit obligation as at 31 March 2024, has been computed by the Company's actuaries based on expected annuity purchase price at the time of retirement, using projected unit credit method (refer note 32).

- ii. Write-back of provision of ₹ 1,015.9 million (previous year nil) made in earlier years for an indirect tax matter upon the settlement of dispute with concerned state Government authority.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR (FIFTEEN MONTHS) ENDED 31 MARCH 2024

5. BUSINESS COMBINATION

A. BUSINESS COMBINATION UNDER COMMON CONTROL

- Pursuant to the business transfer agreement dated 18th August 2022, the Company had acquired Pet Food Business from Nestlé Business Services India Private Limited (Formerly known as Purina PetCare India Private Limited) with effect from 1st October 2022, as a going concern on slump sale basis. Nestlé S.A., the ultimate holding Company, has 100% ownership of Nestlé Business Services India Private Limited (Formerly known as Purina PetCare India Private Limited) and 62.76% ownership of Nestlé India Limited. Therefore, Nestlé Business Services India Private Limited (Formerly known as Purina PetCare India Private Limited) and Nestlé India Limited being subsidiaries of Nestlé S.A., Switzerland are related parties. As a result, the transaction has been accounted in accordance with "Pooling of Interest Method" laid down by Appendix C (Business Combinations of Entities under Common Control) of Indian Accounting Standard 103 (Ind AS 103), notified under the Companies' Act, 2013.

The Company has acquired Pet Food Business from Nestlé Business Services India Private Limited (Formerly known as Purina PetCare India Private Limited) for a total cash consideration of ₹ 1,421.3 million, determined at arms' length basis fair value of the business acquired. As per the "Pooling of Interest Method" referred above, the assets and liabilities of the acquired business have been recorded in the books of the Company at their pre-acquisition carrying amounts and no adjustments have been made to reflect fair values (of tangible/intangible assets acquired by the Company). Also, as required by the Appendix C to Ind AS103, there is no recognition of any new asset (tangible/intangible) or liability arising from this business combination irrespective of their market/fair values on the acquisition date. The retained earnings of the Pet Food Business have been merged with the retained earnings of the Company. The difference between the consideration paid and the net assets acquired as adjusted by the retained earnings amount, has been adjusted in the "Capital Reserve" as required by Appendix C to Ind AS 103 irrespective of the fair value of the net assets/liabilities acquired.

As required under Ind AS 103, the accounting period ended 31st December 2022 presented in the financial statements of the Company and accompanying notes have been prepared by including the accounting effects of the acquisition of the business, as stated above, as if the purchase had occurred from the beginning of the comparative period of the preceeding year in the financial statements, i.e. January 1, 2021.

Following are the assets & liabilities taken over by the Company on 1st October 2022

(₹ in million)

Particulars	As at 1 October 2022
ASSETS	
Non-current assets	
Property, Plant and Equipment	0.3
Loans	0.1
	0.4
Current assets	
Inventories	169.1
Trade receivables	8.0
Loans	0.2
Other current assets	116.6
	293.9
Total Assets	294.3

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR (FIFTEEN MONTHS) ENDED 31 MARCH 2024

(₹ in million)	
Particulars	As at 1 October 2022
LIABILITIES	
Non-current liabilities	
Provisions	7.8
	7.8
Current liabilities	
Trade payables	
Total outstanding dues of micro enterprises and small enterprises	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	24.6
Other financial liabilities	27.4
Provisions	2.8
Other current liabilities	0.0
	54.8
Total Liabilities	62.6
NET ASSETS	231.7

Details of profit and loss for Nine months ended 30 September 2022 of Nestlé Business Services India Private Limited (Formerly known as Purina PetCare India Private Limited), which has been included in the statement of profit and loss for the year ended 31 December 2022 of the Company.

(₹ in million)			
Particulars	For the Year ended 31 Dec 2022		
	Before effect of Business Combination	Effect of Business Combination (9 Months)	Revised balance post effect of Business Combination
A INCOME			
Sale of products	167,576.3	319.0	167,895.3
Other operating revenues	1,074.3	-	1,074.3
i Revenue from operations	168,650.6	319.0	168,969.6
ii Other Income	1,010.0	-	1,010.0
Total Income	169,660.6	319.0	169,979.6
B EXPENSES			
i Cost of materials consumed	76,521.1	-	76,521.1
ii Purchases of stock-in-trade	3,340.4	139.8	3,480.2
iii Changes in inventories of finished goods, work-in-progress and stock-in-trade	(2,627.0)	124.3	(2,502.7)
iv Employee benefits expense	16,298.7	55.9	16,354.6
v Finance costs (including interest cost on employee benefit plans)	1,543.3	2.4	1,545.7
vi Depreciation and Amortisation	4,025.9	4.2	4,030.1
vii Other expenses	36,819.5	151.0	36,970.5
viii Impairment loss on property, plant and equipment	294.3	-	294.3
ix Net provision for contingencies - Others	162.3	0.6	162.9
x Corporate social responsibility expense	563.2	-	563.2
Total Expenses	136,941.7	478.2	137,419.9

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR (FIFTEEN MONTHS) ENDED 31 MARCH 2024

Particulars	(₹ in million)		
	For the Year ended 31 Dec 2022		
	Before effect of Business Combination	Effect of Business Combination (9 Months)	Revised balance post effect of Business Combination
C PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX (A-B)	32,718.9	(159.2)	32,559.7
D Exceptional items	-	-	-
E PROFIT BEFORE TAX (C-D)	32,718.9	(159.2)	32,559.7
F Tax expense			
Current tax	8,686.1	-	8,686.1
Deferred tax	(31.6)	-	(31.6)
G PROFIT AFTER TAX (E-F)	24,064.4	(159.2)	23,905.2

- (2) The Board of Directors have approved slump sale of Nestlé Business Services ('NBS') Division of the Company to Nestlé Business Services India Private Limited (Formerly known as Purina PetCare India Private Limited), which is a related party, being a 100% subsidiary of Nestlé S.A, for an aggregate consideration of ~ ₹ 798 million. The transaction shall be effective from 1st July 2024, subject to customary closing conditions.

Non Current Assets - ₹ 63.4 million reported in Property Plant and Equipment and Capital Work in Progress and ₹ 37.9 million reported in Right of Use Assets pertaining to assets to be transferred as a result of the transaction.

B. BUSINESS COMBINATION - OTHERS

The Board of Directors have approved investment by the Company in the joint venture (JV Company) with Dr Reddy's Laboratories Limited (Dr Reddy's), for the purposes of manufacturing, developing, promoting, marketing, selling, distributing, and commercializing products in the field of medical nutrition, specialized nutrition, nutraceuticals, and supplements in India and other geographies as may be agreed by the Parties. Dr Reddy's will hold 51% and the Company will hold 49% in the JV Company with proportionate shareholder rights to voting, dividend distribution, and other economic rights as enshrined in the definitive agreement. Nestlé India will have a call option to increase shareholding upto 60% after six years at a Fair Market Value. Dr Reddy's shall continue to hold at least 40% of the shareholding after the Company exercises its call option.

6. PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK-IN-PROGRESS

	(₹ in million)	
	As at 31 March 2024	As at 31 December 2022
Owned Assets	30,556.7	27,058.1
Capital work-in-progress	17,417.1	3,583.6
Right of Use Assets	4,045.8	3,378.9
	52,019.6	34,020.6

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR (FIFTEEN MONTHS) ENDED 31 MARCH 2024

Property, Plant and Equipment - Owned

Items of property, plant & equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Cost is inclusive of freight, duties, taxes or levies (net of recoverable taxes) and any directly attributable cost of bringing the assets to their working condition for intended use.

Property, plant and equipment which are not ready for intended use as on the date of Balance Sheet are disclosed as "Capital work-in-progress".

Profit or loss on disposal / scrapping / write off / retirement from active use of an item of property, plant and equipment is recognised in the statement of profit and loss.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under "Other Non-Current Assets".

Depreciation / Amortization

The Company has assessed the useful lives of property, plant and equipment as required by Schedule II to the Companies Act, 2013. Accordingly, depreciation has been computed on useful lives based on technical evaluation of relevant class of assets including components thereof. Useful lives and residual values are reviewed annually. Depreciation is provided as per the straight line method computed basis useful lives of property, plant and equipment as follows:

Category	Useful Life
Leased Assets	Lower of lease term or useful life
Buildings	25 - 40 years
Plant & Equipments	5 - 25 years
Office Equipments	5 years
Furniture and fixtures	5 years
Vehicles	5 years
Information Technology (IT) equipment	3 - 5 years

Freehold land is not depreciated.

Impairment of Property, Plant and Equipment

At each balance sheet date, the Company reviews whether there is any indication that an item of property, plant and equipment including capital work in progress, right of use assets or intangible assets (asset / cash generating unit) may be impaired. For the purpose of assessing impairment, assets are grouped at the levels for which there are separately identifiable cash flows (cash generating unit). If any impairment indicator exists, estimate of the recoverable amount of the property, plant and equipment /cash generating unit to which the asset belongs is made. An impairment loss is recognised in the statement of Profit and Loss whenever the carrying amount of an asset/ cash generating unit exceeds its recoverable amount. The recoverable amount is the greater of the fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount rate.

Reversal of impairment losses recognised in earlier years is recorded when there is an indication that the impairment losses recognised for the asset/cash generating unit no longer exist or have decreased. However, the increase in carrying amount of an asset due to reversal of an impairment loss is recognised to the extent it does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised for that asset/cash generating unit in earlier years.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR (FIFTEEN MONTHS) ENDED 31 MARCH 2024

Property, Plant and Equipment - Right of Use Assets

The Company's leases mainly comprises of land, buildings, plant & machinery and vehicles. The Company leases land and buildings primarily for offices, manufacturing facilities and warehouses.

The Company assesses whether a contract is or contains a lease, at inception of a contract. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the date of commencement of the lease, the Company recognises a Right of Use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term or useful life of the underlying asset.

The lease liability is initially measured at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made. A lease liability is remeasured upon the occurrence of certain events such as a change in the lease term or a change in an index or rate used to determine lease payments with a corresponding adjustment to the carrying value of right-of-use assets.

Lease liability and right-of-use assets are separately presented in the Balance Sheet and lease payments are classified as financing cash flows in the Cash Flow Statement.

The Company recognizes lease payments as other expense on a straight line basis over the period of lease for short term leases or leases of low value assets .

(₹ in million)

Particulars	GROSS CARRYING VALUE				DEPRECIATION/ AMORTISATION					NET CARRYING VALUE	
	Cost as at 31 December 2022	Additions	Deletions / Adjustments	Cost as at 31 March 2024	As at 31 December 2022	For the year	Impairment loss	On deletions / Adjustments	As at 31 March 2024	As at 31 March 2024	
6A. Owned Assets											
Freehold land	175.2	-	-	175.2	-	-	-	-	-	175.2	
Buildings	11,735.2	2,025.2	18.6	13,741.8	2,780.3	603.9	0.1	16.3	3,368.0	10,373.8	
Plant and equipment	35,245.5	5,505.8	290.1	40,461.2	18,214.3	3,218.1	299.6	289.0	21,443.0	19,018.2	
Furniture and fixtures	644.1	45.2	12.6	676.7	519.7	42.0	-	12.5	549.2	127.5	
Office equipment	432.3	84.4	7.4	509.3	188.6	86.5	-	7.0	268.1	241.2	
IT equipment	1,292.4	361.7	101.6	1,552.5	764.7	271.3	-	101.5	934.5	618.0	
Vehicles	23.6	3.0	1.8	24.8	22.6	1.2	-	1.8	22.0	2.8	
Total Owned Assets	49,548.3	8,025.3	432.1	57,141.5	22,490.2	4,223.0	299.7	428.1	26,584.8	30,556.7	
6B. Capital work-in-progress	3,583.6	13,833.5*	-	17,417.1	-	-	-	-	-	17,417.1	
6C. Right of Use Assets											
Leasehold land	1,240.5	92.4	-	1,332.9	93.0	17.7	-	-	110.7	1,222.2	
Buildings	3,586.8	1,678.3	798.8	4,466.3	1,592.6	1,064.0	-	750.5	1,906.1	2,560.2	
Plant and Equipment	211.1	9.2	0.6	219.7	28.1	29.1	-	0.4	56.8	162.9	
Vehicles	153.3	91.8	68.7	176.4	99.1	44.0	-	67.2	75.9	100.5	
Total Right of Use Assets	5,191.7	1,871.7	868.1	6,195.3	1,812.8	1,154.8	-	818.1	2,149.5	4,045.8	
Total (6A + 6B + 6C)	58,323.6	23,730.5	1,300.2	80,753.9	24,303.0	5,377.8	299.7	1,246.2	28,734.3	52,019.6	

*Net of amount capitalized and commissioned during the year

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR (FIFTEEN MONTHS) ENDED 31 MARCH 2024

(₹ in million)

Particulars	GROSS CARRYING VALUE				DEPRECIATION/ AMORTISATION					NET CARRYING VALUE
	Cost as at 31 December 2021	Additions	Deletions / Adjustments	Cost as at 31 December 2022	As at 31 December 2021	For the year	Impairment loss	On deletions/ Adjustments	As at 31 December 2022	As at 31 December 2022
6D. Owned Assets										
Freehold land	175.2	-	-	175.2	-	-	-	-	-	175.2
Buildings	11,367.4	375.8	8.0	11,735.2	2,326.0	449.5	12.3	7.5	2,780.3	8,954.9
Plant and equipment	32,658.0	2,923.9	336.4	35,245.5	15,761.7	2,480.4	282.0	309.8	18,214.3	17,031.2
Furniture and fixtures	651.4	121.6	128.9	644.1	623.0	25.2	-	128.5	519.7	124.4
Office equipment	230.8	210.7	9.2	432.3	145.9	51.0	-	8.3	188.6	243.7
IT equipment	976.4	402.9	86.9	1,292.4	674.2	176.2	-	85.7	764.7	527.7
Vehicles	25.0	-	1.4	23.6	23.5	0.5	-	1.4	22.6	1.0
Total Owned Assets	46,084.2	4,034.9	570.8	49,548.3	19,554.3	3,182.8	294.3	541.2	22,490.2	27,058.1
6E. Capital work-in-progress	2,462.3	1,119.8*	(1.5)	3,583.6	-	-	-	-	-	3,583.6
6F. Right of Use Assets										
Leasehold land	1,240.5	-	-	1,240.5	79.8	13.2	-	-	93.0	1,147.5
Buildings	3,485.8	875.5	774.5	3,586.8	1,514.4	776.3	-	698.1	1,592.6	1,994.2
Plant and Equipment	211.1	-	-	211.1	7.0	21.1	-	-	28.1	183.0
Vehicles	165.8	18.9	31.4	153.3	85.2	36.7	-	22.8	99.1	54.2
Total Right of Use Assets	5,103.2	894.4	805.9	5,191.7	1,686.4	847.3	-	720.9	1,812.8	3,378.9
Total (6D + 6E + 6F)	53,649.7	6,049.1	1,375.2	58,323.6	21,240.7	4,030.1	294.3	1,262.1	24,303.0	34,020.6

*Net of amount capitalized and commissioned during the year

(1) The Company incurred ₹ 75.1 million (2022: ₹ 10.6 million) for the fifteen months ended 31 March 2024 towards expenses related to short term leases, leases of low value assets & variable leases.

(a) Details regarding CWIP ageing schedule as at 31 March 2024

(₹ in million)

Particulars	Amount in CWIP for a period of				Total
	Less Than 1 Year	1 - 2 Years	2 - 3 Years	More Than 3 Years	
(i) Projects in progress	16,565.2	835.6	16.3	-	17,417.1
(ii) Projects temporarily suspended	-	-	-	-	-
Capital work-in-progress	16,565.2	835.6	16.3	-	17,417.1

Details regarding CWIP ageing schedule as at 31 December 2022

(₹ in million)

Particulars	Amount in CWIP for a period of				Total
	Less Than 1 Year	1 - 2 Years	2 - 3 Years	More Than 3 Years	
(i) Projects in progress	3,172.8	270.0	124.1	16.7	3,583.6
(ii) Projects temporarily suspended	-	-	-	-	-
Capital work-in-progress	3,172.8	270.0	124.1	16.7	3,583.6

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR (FIFTEEN MONTHS) ENDED 31 MARCH 2024

(b) Details of CWIP whose completion is overdue or has exceeded its cost compared to its original plan as at 31 March 2024

(₹ in million)

Particulars	To be completed in				Total
	Less Than 1 Year	1 - 2 Years	2 - 3 Years	More Than 3 Years	
(i) Projects in progress					
Project 1 at Ponda Factory	229.6	-	-	-	229.6
Project 1 at Moga Factory	178.4	-	-	-	178.4
Project 1 at Nanjangud Factory	159.0	-	-	-	159.0
Project 1 at Bicholim Factory	92.9	-	-	-	92.9
Project 2 at Ponda Factory	64.4	-	-	-	64.4
Project 2 at Nanjangud Factory	56.4	-	-	-	56.4
Project 3 at Ponda Factory	52.9	-	-	-	52.9
Project 1 at Tahliwal Factory	50.2	-	-	-	50.2
Others	440.9	-	-	-	440.9
(ii) Projects temporarily suspended	-	-	-	-	-
Total	1,324.7	-	-	-	1,324.7

Details of CWIP whose completion is overdue or has exceeded its cost compared to its original plan as at 31 December 2022

(₹ in million)

Particulars	To be completed in				Total
	Less Than 1 Year	1 - 2 Years	2 - 3 Years	More Than 3 Years	
(i) Projects in progress					
Project at Ponda Factory	76.3	-	-	-	76.3
Project at Tahliwal Factory	67.1	-	-	-	67.1
Project at Najnangud Factory	63.9	-	-	-	63.9
Others	441.4	-	-	-	441.4
(ii) Projects temporarily suspended	-	-	-	-	-
Total	648.7	-	-	-	648.7

For contractual commitment with respect to property, plant and equipment refer Note 40 (ii)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR (FIFTEEN MONTHS) ENDED 31 MARCH 2024

	(₹ in million)	
	As at 31 March 2024	As at 31 December 2022
7. INVESTMENTS		
A. Non Current Assets		
At amortised cost		
Quoted		
Tax free Bonds	4,238.9	5,601.9
	<u>4,238.9</u>	<u>5,601.9</u>
Market value of quoted investments	4,488.7	5,918.6
Aggregate amount of impairment in value of investment	-	-
B. Current Assets		
At amortised cost		
Quoted		
Treasury Bills - Government Securities	399.8	698.5
Current portion of Long term tax free bonds	-	1,475.0
	<u>399.8</u>	<u>2,173.5</u>
Considered as 'Cash and cash equivalents' for the purpose of 'Statement of Cash Flows' in line with the requirements of Ind AS-7	399.8	698.5
Market value of quoted investments	399.8	2,204.0
Aggregate amount of impairment in value of investment	-	-
TOTAL INVESTMENTS (A + B)	<u>4,638.7</u>	<u>7,775.4</u>
8. LOANS		
A. Non Current Assets		
Unsecured, considered good		
Loans to employees	80.1	90.0
	<u>80.1</u>	<u>90.0</u>
B. Current Assets		
Unsecured, considered good		
Loans to employees	110.1	102.6
	<u>110.1</u>	<u>102.6</u>
TOTAL LOANS (A + B)	<u>190.2</u>	<u>192.6</u>
9. OTHER FINANCIAL ASSETS		
A. Non Current Assets		
Unsecured, considered good		
Security deposits	565.1	468.3
	<u>565.1</u>	<u>468.3</u>
B. Current Assets		
Recoverable from related parties (Refer Note 41)	156.2	163.0
Derivative assets - forward contracts	4.8	29.8
Interest accrued on bank deposits/ tax free long term bonds etc.	168.3	359.1
Others	70.4	15.2
Unsecured, considered good		
Security deposits	63.0	15.5
Unsecured, credit impaired		
Security deposits	1.4	10.1
Less: Allowance for impairment	(1.4)	(10.1)
	<u>462.7</u>	<u>582.6</u>
TOTAL OTHER FINANCIAL ASSETS (A + B)	<u>1,027.8</u>	<u>1,050.9</u>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR (FIFTEEN MONTHS) ENDED 31 MARCH 2024

	(₹ in million)	
	As at 31 March 2024	As at 31 December 2022
10. DEFERRED TAX ASSETS / LIABILITIES (NET) ⁽¹⁾		
Deferred tax assets / (liabilities)		
Property, plant and equipment	(1,364.3)	(1,378.1)
Contingencies	764.0	1,181.2
Employee benefits - compensated absences and gratuity	346.2	349.4
ROU assets & Lease liabilities	81.0	52.5
Allowances for credit impaired assets and Trade receivables	44.9	38.2
Other items deductible on payment basis	10.7	16.0
Financials Instruments	(2.9)	(3.1)
NET DEFERRED TAX ASSETS / LIABILITIES (NET)	(120.4)	256.1
⁽¹⁾ Refer note 36		
11. OTHER ASSETS		
A. Other Non-Current Assets		
Investment in Insurance plan ⁽¹⁾	10,534.1	12,338.8
Capital advances	1,586.9	815.2
Prepaid expense	15.7	15.0
Payments under protest with government authorities	1,243.0	1,280.0
	<u>13,379.7</u>	<u>14,449.0</u>
B. Other Current Assets		
Investment in Insurance plan ⁽¹⁾	1,702.4	850.6
Unsecured, considered good		
Advances given to suppliers, employees etc.	274.1	129.7
Balances with government authorities	94.6	108.3
Prepaid expenses	216.8	292.1
	<u>585.5</u>	<u>530.1</u>
Unsecured, credit impaired		
Advances given to suppliers, Balances with government authorities etc.	102.6	53.6
Less: Allowance for doubtful advances	(102.6)	(53.6)
	<u>2,287.9</u>	<u>1,380.7</u>
TOTAL OTHER ASSETS (A + B)	15,667.6	15,829.7

⁽¹⁾Investment represents 'Reimbursement Rights' as defined under Ind AS 19 Employee Benefits to cover the defined benefit obligations under the 'Future Ready Plan'. (Refer Note 32).

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR (FIFTEEN MONTHS) ENDED 31 MARCH 2024

12. INVENTORIES

Inventories are stated at cost or net realisable value, whichever is lower. However, raw materials, packing materials and other supplies held for use in the production of inventories are not written down below cost if the finished goods in which they will be included are expected to be sold at or above cost.

Cost of finished goods and work-in-progress include all costs of purchases, conversion costs and other costs incurred in bringing the inventories to their present location and condition. The net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make the sale.

The basis of determining cost for various categories of inventories are as follows:

Raw and packing material	: First-in-first out
Stock-in-trade (Goods purchased for resale)	: Weighted average
Stores and spare parts	: Weighted average
Work-in-progress and finished goods	: Material cost plus appropriate share of production overheads, wherever applicable

	As at 31 March 2024	As at 31 December 2022
Raw materials {Includes in transit ₹ 434.0 million (2022 : ₹ 509.7 million)}	7,402.2	6,400.2
Packing materials {Includes in transit : ₹ 2.3 million (2022: ₹ 22.5 million)}	835.9	943.2
Work-in-progress	3,616.7	2,322.8
Finished goods	6,814.1	7,634.8
Stock-in-trade (goods purchased for resale) {Includes in transit ₹ 223.3 million (2022: ₹ 140.1 million)}	785.6	802.0
Stores and spares {Includes in transit ₹ 28.6 million (2022: ₹ 6.6 million)}	1,439.1	1,184.7
	20,893.6	19,287.7

During the fifteen months, an amount of ₹ 1,323.0 million (net of reversals) [PY 2022: ₹ 831.9 million] was charged to the statement of profit and loss on account of obsolete, damage and slow moving inventories.

13. TRADE RECEIVABLES

(Unsecured unless otherwise stated)

Trade Receivables considered good ⁽¹⁾	3,075.8	1,990.1
Trade Receivables Credit Impaired	3.2	2.2
	3,079.0	1,992.3
Less: Loss allowance	(3.2)	(2.2)
Less: General Allowance for Expected Credit Loss (Refer Note 37)	(71.2)	(71.2)
	3,004.6	1,918.9

⁽¹⁾Includes receivables from related parties (Refer Note 41)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR (FIFTEEN MONTHS) ENDED 31 MARCH 2024

Ageing for Trade receivables from the due date of payment for each of the category as at 31 March 2024

(₹ in million)

Particulars	Not Due	Outstanding for following periods from the due date of payment					Total
		Less Than 6 Months	6 Months - 1 Year	1 - 2 Years	2 - 3 Years	More Than 3 Years	
(i) Undisputed Trade Receivables Considered Goods	2,589.6	420.5	40.7	20.8	1.9	2.3	3,075.8
(ii) Undisputed Trade Receivables which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables Credit Impaired	-	0.3	-	0.8	0.1	2.0	3.2
(iv) Disputed Trade Receivables Considered Good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables which have significant Increase in Credit Risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables Credit Impaired	-	-	-	-	-	-	-
Total Trade Receivables	2,589.6	420.8	40.7	21.6	2.0	4.3	3,079.0

Ageing for Trade receivables from the due date of payment for each of the category as at 31 December 2022

(₹ in million)

Particulars	Not Due	Outstanding for following periods from the due date of payment					Total
		Less Than 6 Months	6 Months - 1 Year	1 - 2 Years	2 - 3 Years	More Than 3 Years	
(i) Undisputed Trade Receivables Considered Goods	1,724.0	175.8	40.8	41.9	5.2	2.4	1,990.1
(ii) Undisputed Trade Receivables which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables Credit Impaired	-	0.1	0.1	0.1	-	1.9	2.2
(iv) Disputed Trade Receivables Considered Good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables which have significant Increase in Credit Risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables Credit Impaired	-	-	-	-	-	-	-
Total Trade Receivables	1,724.0	175.9	40.9	42.0	5.2	4.3	1,992.3

There are no unbilled receivables as at 31 March 2024 and 31 December 2022.

There are no debts due by directors or other officers of the Company or any of them either severally or jointly with any other person or debts due by firms or private companies respectively in which any director is a partner or a director or a member.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR (FIFTEEN MONTHS) ENDED 31 MARCH 2024

14. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include bank balances, cheques and drafts on hand including remittances in transit, demand deposits with banks where the original maturity is three months or less and other short term highly liquid investments that are readily convertible into cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are included as a component of cash and cash equivalents for the purpose of Statement of Cash flows.

	As at 31 March 2024	As at 31 December 2022
Balances with banks		
on current accounts	1,427.2	731.7
on deposit accounts	6,123.5	8,523.1
Cheques, drafts on hand including remittances in transit	38.0	10.7
	<u>7,588.7</u>	<u>9,265.5</u>

15. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

Earmarked Balances with Banks

Unpaid dividend accounts	199.8	190.0
	<u>199.8</u>	<u>190.0</u>

16. EQUITY SHARE CAPITAL

Authorised

Equity shares of face value ₹ 1 each as on 31 st March 2024* (Equity shares of face value ₹ 10 each as on 31 st December 2022)*	<u>1,000,000,000</u>	<u>1,000.0</u>	<u>100,000,000</u>	<u>1,000.0</u>
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Issued, subscribed and fully paid up

Equity shares of face value ₹ 1 each* (Equity shares of face value ₹ 10 each as on 31 st December 2022)*	964,157,160	964.2	96,415,716	964.2
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a) Reconciliation of number of shares and amount outstanding at the beginning and at the end of the year

Shares outstanding as at the beginning of the year	96,415,716	964.2	96,415,716	964.2
Increase in shares on account of split*	867,741,444	Not applicable	-	-
Shares outstanding as at the end of the year	964,157,160	964.2	96,415,716	964.2

*On and from the Record Date of 5th January 2024, the equity shares of the Company have been sub-divided, such that 1 (one) equity share having face value of ₹10/- (₹ ten only) each, fully paid-up, stands sub-divided into 10 (ten) equity shares having face value of ₹ 1/- (₹ one only) each, fully paid-up, ranking pari-passu in all respects. The Earnings per share for the prior periods have been restated considering the face value of ₹ 1/- each in accordance with Ind AS 33 - "Earnings per share".

b) Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares with face value of ₹ 1 each, ranking *pari passu*.

c) Equity shares held by holding companies

Nestlé S.A.	330,513,990	33,051,399
Maggi Enterprises Limited (Subsidiary of Nestlé S.A.) (Ultimate holding Company being Nestlé S.A.)	274,636,800	27,463,680

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR (FIFTEEN MONTHS) ENDED 31 MARCH 2024

d) Shareholders holding more than 5% of equity shares

Serial No.	Name of the shareholder	No. of shares	% of holding	No. of shares	% of holding
1	Nestlé S.A.	330,513,990	34.28	33,051,399	34.28
2	Maggi Enterprises Limited	274,636,800	28.48	27,463,680	28.48

e) Shareholdings by the Promoter's of the Company

Nestlé S.A.

	As at 31 March 2024	As at 31 December 2022
Number of Shares at the beginning of the year	33,051,399	33,051,399
Increase in shares on account of split*	297,462,591	-
Number of Shares at the end of the year	330,513,990	33,051,399
% of Total shares	34.28	34.28
% of change during the year	-	-

Maggi Enterprises Limited

	As at 31 March 2024	As at 31 December 2022
Number of Shares at the beginning of the year	27,463,680	27,463,680
Increase in shares on account of split*	247,173,120	-
Number of Shares at the end of the year	274,636,800	27,463,680
% of Total shares	28.48	28.48
% of change during the year	-	-

(₹ in million)

17. OTHER EQUITY

	As at 31 March 2024	As at 31 December 2022
General reserve	-	8,374.3
Retained earnings	32,336.2	15,144.3
Capital Reserve	99.8	99.8
Items of Other Comprehensive Income		
Effective portion of cash flow hedges	8.7	9.1
	32,444.7	23,627.5

Nature and description of reserve

- (i) **General Reserve** - General reserve are free reserves of the Company which are kept aside out of Company's profits to meet the future requirements as and when they arise. The Company had transferred a portion of the profit after tax (PAT) to general reserve pursuant to the earlier provisions of the erstwhile Companies Act, 1956. It is not mandatory to transfer the profit to reserve under the provisions of the Companies Act, 2013 ("Act").

The Shareholders of the Company had, at the Court Convened Meeting held on 25th July 2022, approved the Scheme of Arrangement ('Scheme') which envisages transfer of the entire balance of ₹ 8,374.3 million standing to the credit of the General Reserves to Retained Earnings. The Company had accordingly filed a petition for sanction of the Scheme with the Hon'ble National Company Law Tribunal, New Delhi Bench ('Hon'ble NCLT'). The Hon'ble NCLT, vide its order dated 15th September 2023 ('Order'), had sanctioned the Scheme. The Appointed Date as fixed in the Scheme is 1st January 2022 and the Scheme became effective from 19th October, 2023, the date on which certified copy of the order filed with the concerned Registrar of Companies.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR (FIFTEEN MONTHS) ENDED 31 MARCH 2024

- (ii) **Retained Earnings** - Retained earnings are the accumulated profits earned by the Company till date, less transfer to general reserves, dividend (including dividend distribution tax) and other distributions made to the shareholders.
- (iii) **Capital Reserve** - Capital Reserve is a reserve arising on business combination under common control due to difference between carrying amount of net assets acquired and consideration paid (as adjusted for amount recognized in retained earnings). The amount is not available for distribution to shareholders.
- (iv) **Effective portion of cash flow hedges** - The Company uses forward contracts to hedge its risks associated with foreign currency transactions relating to firm commitments and highly probable forecast transactions. This reserve represents the cumulative changes in fair value of forward contracts that are designated as Cash Flow Hedges. These will be reclassified to statement of profit and loss upon occurrence of the underlying forecasted transactions.

		(₹ in million)	
		As at 31 March 2024	As at 31 December 2022
18. BORROWINGS			
A. Non Current Liabilities			
Unsecured loans			
Deferred VAT liabilities		254.8	266.6
		254.8	266.6
B. Current Liabilities			
Unsecured loans			
Deferred VAT liabilities		56.6	33.7
		56.6	33.7
TOTAL BORROWINGS (A + B)		311.4	300.3

Represents Interest free loan from the state of Karnataka (repayable after 7 years from the date of disbursement in 10 equal installments commencing from the year 2021) and Interest free loan from the state of Himchal Pradesh (repayable after 8 years from the year of deferment commencing from year 2021).

19. LEASE LIABILITIES			
A. Non Current Lease Liabilities		2,559.2	1,906.5
B. Current Lease Liabilities		574.7	498.4
TOTAL LEASE LIABILITIES (A + B)		3,133.9	2,404.9

Movement of Lease Liabilities

Balance at the beginning of the year	2,404.9	2,317.6
Add: Increase due to new Leases	1,779.1	913.4
Add: Interest accrued during the period	243.9	160.6
Less: Lease payments	(1,243.4)	(893.2)
Less: Decrease due to early termination	(50.6)	(93.5)
BALANCE AT THE END OF THE YEAR	3,133.9	2,404.9

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR (FIFTEEN MONTHS) ENDED 31 MARCH 2024

	As at 31 March 2024		(₹ in million) As at 31 December 2022	
20. PROVISIONS				
A. Non Current Liabilities				
Employee benefits:				
Pension (Refer note 32)	17,703.5		19,796.5	
Other incentives and welfare benefits ⁽¹⁾	1,743.7	19,447.2	1,834.6	21,631.1
Contingencies (Refer note 34)		9,724.8		10,420.5
		29,172.0		32,051.6
B. Current Liabilities				
Employee benefits:				
Pension and Gratuity (Refer note 32)	2,378.6		1,016.2	
Other incentives and welfare benefits ⁽¹⁾	237.6	2,616.2	270.6	1,286.8
Contingencies (Refer note 34)		-		320.2
		2,616.2		1,607.0
TOTAL PROVISIONS (A + B)		31,788.2		33,658.6

⁽¹⁾Includes compensated absences, restricted stock unit plans/ performance share unit plans, long service awards and ceremonial gifts.

21. OTHER NON-CURRENT LIABILITIES

Deferred Government Grants	154.6	173.5
	154.6	173.5

22. TRADE PAYABLES

Total outstanding dues of micro enterprises and small enterprises	3,532.6	2,856.6
Total outstanding dues of creditors other than micro enterprises and small enterprises ⁽¹⁾	18,846.3	16,481.5
	22,378.9	19,338.1

⁽¹⁾ Includes payables to related parties (Refer Note 41)

AGEING OF TRADE PAYABLE

Ageing for Trade Payables as at 31 March 2024

(₹ in million)

Particulars	Unbilled Dues / Not Due	Outstanding for the following periods from due date of payment				Total
		Less Than 1 Year	1 - 2 Years	2 - 3 Years	More Than 3 Years	
(i) MSME	3,384.3	148.3	-	-	-	3,532.6
(ii) Others	17,861.9	937.6	27.2	11.7	7.9	18,846.3
(iii) Disputed dues - MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
Trade Payables	21,246.2	1,085.9	27.2	11.7	7.9	22,378.9

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR (FIFTEEN MONTHS) ENDED 31 MARCH 2024

Ageing for Trade Payables as at 31 December 2022

(₹ in million)

Particulars	Unbilled Dues / Not Due	Outstanding for the following periods from due date of payment				Total
		Less Than 1 Year	1 - 2 Years	2 - 3 Years	More Than 3 Years	
(i) MSME	2,813.2	43.4	-	-	-	2,856.6
(ii) Others	5,589.4	10,855.3	29.3	1.8	5.7	16,481.5
(iii) Disputed dues - MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
Trade Payables	8,402.6	10,898.7	29.3	1.8	5.7	19,338.1

(₹ in million)

23. OTHER FINANCIAL LIABILITIES

	As at 31 March 2024	As at 31 December 2022
Customers' credit balances and payables	2,894.9	2,157.2
Employee costs and reimbursements	2,870.8	2,327.1
Unpaid dividends ⁽¹⁾	199.8	190.0
Security deposits	68.8	83.2
Derivative liabilities - forward contracts	5.3	22.6
Book Overdraft	2.3	29.0
	6,041.9	4,809.1

⁽¹⁾No amount due and outstanding to be credited to Investor Education and Protection Fund.

24. OTHER CURRENT LIABILITIES

Advance from customers*	158.0	1,140.6
Statutory liabilities	1,147.3	629.0
Others	463.8	540.1
	1,769.1	2,309.7

*Goods to be supplied in the next financial year

25. REVENUE FROM OPERATIONS

a) Sale of products

Revenue from sale of goods is recognised on transfer of control of goods to the buyer. Revenue is measured at the price charged to the customer and are recorded net of returns (if any), trade discounts, rebates, other pricing allowances to trade/consumer, when it is probable that the associated economic benefits will flow to the Company. Accumulated experience is used to estimate the accruals and provisions for discounts and rebates.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR (FIFTEEN MONTHS) ENDED 31 MARCH 2024

The Performance obligation in contracts is considered as fulfilled in accordance with the terms agreed with the respective customers, which is mainly upon arrival at the customer.

Revenue from sale of goods is presented net of Goods and Services Tax (GST).

	Financial Year (Fifteen Months) ended 31 March 2024		Financial Year (Twelve months) ended 31 December 2022	
Domestic	233,006.2		160,976.0	
Export	9,748.6	242,754.8	6,919.3	167,895.3

Class-Wise Details of Sales of Products

Product groups	Financial Year (Fifteen Months) ended 31 March 2024		Financial Year (Twelve months) ended 31 December 2022	
	Quantity (MT)	Amount (₹ in million)	Quantity (MT)	Amount (₹ in million)
Milk Products and Nutrition (includes dairy whitener, condensed milk, UHT milk, yoghurt, maternal and infant formula, baby foods, health care nutrition)	168,143	98,687.2	134,034	68,157.3
Prepared Dishes and Cooking Aids (includes noodles, sauces, seasonings, pasta, cereals, pet food)	442,827	73,914.4	348,225	53,005.7
Powdered and Liquid Beverages (includes instant coffee, instant tea, ready to drink beverage)	38,039	30,206.5	28,020	20,187.8
Confectionery (includes bar countlines, tablets, sugar confectionery)	85,934	39,946.7	62,401	26,544.5
Sale of products	734,943	242,754.8	572,680	167,895.3

Reconciliation of Revenue from Sale of Products With the Contracted Price

	Financial Year (Fifteen Months) ended 31 March 2024	Financial Year (Twelve Months) ended 31 December 2022
Contracted Price	250,535.1	173,159.5
Less: Rebates, discounts, allowances etc.	7,780.3	5,264.2
Sale of products	242,754.8	167,895.3

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR (FIFTEEN MONTHS) ENDED 31 MARCH 2024

b) Other Operating Revenue

Government Grants in relation to revenue and expenses are recognized when there is reasonable assurance that the entity will comply with the attached conditions and that the grant will be received. Such grants are recognized in Other operating revenues on a systematic basis.

Government grant in relation to property, plant and equipment is treated as deferred income and is recognised in the statement of profit and loss over the useful life of the asset.

	Financial Year (Fifteen Months) ended 31 March 2024	(₹ in million) Financial Year (Twelve Months) ended 31 December 2022
Government Grants (Export Incentive and Production Linked Incentives)	646.5	654.4
Other operating income (includes scrap sales)	537.6	419.9
	<u>1,184.1</u>	<u>1,074.3</u>

26. OTHER INCOME

Interest income is recognised using effective interest rate (EIR) method.

Interest on bank deposits, investments and employee loans etc.	938.6	507.7
Interest on tax free long term bonds	541.0	502.3
	<u>1,479.6</u>	<u>1,010.0</u>

27. COST OF MATERIALS CONSUMED

Raw materials	86,637.4	63,124.0
Packing materials	15,531.4	13,397.1
	<u>102,168.8</u>	<u>76,521.1</u>

28. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

Opening stock

Finished goods	7,634.8	5,961.9
Work-in-progress	2,322.8	1,786.7
Stock-in-trade	802.0	508.3
	<u>10,759.6</u>	<u>8,256.9</u>

Closing Stock

Finished goods	6,814.1	7,634.8
Work-in-progress	3,616.7	2,322.8
Stock-in-trade	785.6	802.0
	<u>11,216.4</u>	<u>10,759.6</u>

Net (increase)/ decrease in opening and closing stock	<u>(456.8)</u>	<u>(2,502.7)</u>
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NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR (FIFTEEN MONTHS) ENDED 31 MARCH 2024

	Financial Year (Fifteen Months) ended 31 March 2024	(₹ in million) Financial Year (Twelve Months) ended 31 December 2022
29. EMPLOYEE BENEFITS EXPENSE		
Salaries, wages, bonus, pension, performance incentives etc. (Refer note - 32)	20,550.1	14,284.6
Contribution to provident and other funds	1,363.1	988.7
Share based payments (Refer note - 33)	206.8	143.7
Staff welfare expenses	1,240.6	937.6
	23,360.6	16,354.6
30. FINANCE COSTS		
Interest cost on employee benefit plans (Refer Note 32)	812.4	683.4
Interest on finance lease	243.9	160.7
Interest on bank overdraft and others (including interest on litigation cases)	398.6	701.6
	1,454.9	1,545.7
31. OTHER EXPENSES		
Finished goods handling, transport and distribution	10,572.5	7,921.4
Advertising and sales promotion	12,876.8	6,955.9
Power and fuel	6,748.3	5,726.1
General licence fees (net of taxes)	10,846.5	7,498.7
Information technology and management information systems	1,938.9	1,272.4
Maintenance and repairs	1,691.8	1,147.1
Rates and taxes	97.2	75.1
Travelling	1,508.1	887.5
Contract manufacturing charges	1,208.3	756.5
Consumption of stores and spare parts	922.5	734.1
Training	102.7	324.6
Withholding tax on general licence fees	1,087.6	750.1
Laboratory (quality testing)	402.2	297.6
Market research	645.0	360.0
Milk collection and district development	122.7	171.2
Security charges	238.2	180.0
Exchange difference (net)	24.1	126.3
Loss/(Profit) on Property, Plant & Equipment sold/scrapped/ written off (net)	(66.6)	(62.6)
Insurance	179.3	110.2
Miscellaneous	3,258.6	1,738.3
	54,404.7	36,970.5

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR (FIFTEEN MONTHS) ENDED 31 MARCH 2024

32. EMPLOYEE BENEFIT PLANS

- (i) The Company makes contributions to Provident Fund, Employee State Insurance, National Pension System etc. for eligible employees and these contributions are charged to statement of profit and loss on accrual basis. Under these plans, the Company is required to contribute a specified percentage of payroll costs. The Company has recognised ₹1,363.1 million (Previous year ₹ 988.7 million) as expense in the statement of profit and loss during the fifteen months towards contribution to these funds.

Out of the total contribution made for Provident Fund, ₹ 78.9 million (Previous year ₹ 350.8 million) is made to the Nestlé India Limited Employees Provident Fund Trust. The members of the Provident Fund Trust are entitled to the rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952. The Company is generally liable for annual contributions and any shortfall in the fund assets based on the government specified minimum rates of return. Effective 01st February 2023, Nestlé India Limited Employees Provident Fund Trust was surrendered to the Regional Provident Fund and members balances including interest upto 31st January 2023 as per the audited financial statements of the said trust amounting to ₹ 5,477.8 million (Previous year ₹ 5,186.4 million) were transferred to Regional Provident Fund. All Provident Fund contributions effective 01st February 2023 onwards are made with the Regional Provident Fund.

During the period of operation of Trust, Trustees of Nestlé India Limited Employees Provident Fund Trust were responsible for the overall governance of the plan and to act in accordance with the provisions of the trust deed and the relevant provisions prescribed under the law. Pattern of investment followed by the Trust was in accordance with the rules prescribed by the Government of India.

- (ii) Other Employee Benefits: Short term employee benefits including performance incentives, are charged to statement of profit and loss on an undiscounted, accrual basis during the period of employment.
- (iii) Pension and Gratuity Plans: The Company provides pension and gratuity to eligible employees under defined benefit plans.

The gratuity plan provides for a lump sum payment to employees upon vesting at retirement, death while in employment or on termination of employment. Gratuity vesting occurs upon completion of five years of service. The Company makes contributions to the Nestlé India Limited Employees' Gratuity Trust Fund. The Trustees of Nestlé India Limited Employees Gratuity Trust Fund are responsible for the overall governance of the plan and to act in accordance with the provisions of the trust deed and the relevant provisions prescribed under the law. Pattern of investment followed by the Gratuity Trust fund is in accordance with the rules prescribed by the Government of India. The Company aims to keep annual contributions to the trust relatively stable at a level such that no significant gap arises between plan assets and liabilities.

Defined benefit pension plans are discretionary and consist of an unfunded defined benefit pension plan and a funded defined benefit pension plan (known as 'Future Ready Plan'). The unfunded defined benefit plan exposes the Company to risks, such as interest rate risk, inflation risk, price risk, longevity risk etc.

Liability for defined benefit plans i.e. gratuity and 'unfunded pension plan' is determined based on the actuarial valuation carried out by an independent actuary as at the year-end. As these liabilities are relatively long term in nature, the actuarial assumptions take into account the requirements of the relevant Ind AS coupled with a long-term view of the underlying variables / trends, wherever required.

For funded defined benefit pension plan, the Company has made investments in appropriate Investment product of an Insurance Company to cover the obligations. The amount and timing of the defined benefits payable under the Future Ready Plan match with the amounts recoverable from the Investment product. The accumulated investment balance shall be utilised to purchase pension annuities from the Insurance Company for the employees as per the 'Future Ready Plan'. The plan exposes the Company to risks such as credit risk etc. Also, refer note 4 to the financial statements for description of pension plan amendment and settlement.

Liability for funded defined benefit pension plan (Future Ready Plan) has been determined in 2021 based on actuarial valuation carried out by an independent actuary for past period of services and frozen. The obligation so determined is invested in an appropriate investment product of an Insurance Company and is recognized as having 'reimbursement rights' as per Ind AS 19 Employee Benefits. This investment will earn interest and the corresponding defined benefit liability will be increased with this interest amount. The amount recoverable from the investment product would be utilized for payment of the defined benefits payable under the Future Ready Plan. Also refer to Note 4 of the financial statements.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR (FIFTEEN MONTHS) ENDED 31 MARCH 2024

Service cost and net interest cost on the defined benefit liabilities/assets are recognized in the statement of profit and loss as employee benefit expense and finance costs respectively. Gains and losses on remeasurement of defined benefits liabilities/plan assets arising from changes in actuarial assumptions and experience adjustments are recognised in the other comprehensive income and are included in retained earnings in the balance sheet.

Long term employee benefits such as compensated absences and long service awards are charged to statement of profit and loss on the basis of an actuarial valuation carried out by an independent actuary as at the year-end. Actuarial gains and losses are recognised in full in the statement of profit and loss during the year in which they occur.

a) MOVEMENT IN DEFINED BENEFIT OBLIGATIONS AND PLAN ASSETS

	Financial Year (Fifteen Months) ended 31 March 2024			Financial Year (Twelve Months) ended 31 December 2022		
	Gratuity Scheme Funded Plan	Pension Scheme Funded Future Ready Plan	Pension Scheme Unfunded Plan	Gratuity Scheme Funded Plan	Pension Scheme Funded Future Ready Plan	Pension Scheme Unfunded Plan
(i) Change in defined benefit obligation (DBO):						
Present Value of obligation, as at the beginning of the year	2,615.3	13,189.4	7,521.9	2,627.8	13,614.2	8,483.4
Current service cost	207.6	-	414.6	169.8	-	407.1
Past service cost	-	-	1,109.8	-	-	-
Settlement Cost	-	-	306.0	-	-	21.2
Interest cost	223.2	1,175.8	669.3	169.6	920.4	551.9
Actuarial loss/(gain)	296.4	-	345.1	(121.0)	-	(1,485.9)
Actual benefits paid	(304.4)	(2,128.7)	(272.4)	(230.9)	(1,345.2)	(275.6)
Settlement to Insurance Company for Pensioners	-	-	(2,556.7)	-	-	(180.2)
Present Value of obligation, as at the end of the year	3,038.1	12,236.5	7,537.6	2,615.3	13,189.4	7,521.9
(ii) Change in plan assets:						
Plan assets, as at the beginning of the year	2,513.9	-	-	2,325.5	-	-
Expected return on plan assets	224.3	-	-	160.8	-	-
Contribution by the Company	228.0	-	-	343.0	-	-
Return on plan assets, greater/(lesser) than expected return	68.3	-	-	(84.5)	-	-
Actual benefits paid	(304.4)	-	-	(230.9)	-	-
Plan assets, as at the end of the year	2,730.1	-	-	2,513.9	-	-
Net Liability recognised in the balance Sheet	308.0	12,236.5	7,537.6	101.4	13,189.4	7,521.9
<i>of which accounted as:</i>						
Non-current provisions	-	10,534.1	7,169.4	101.4	12,338.7	7,356.4
Current provisions	308.0	1,702.4	368.2	-	850.7	165.5

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR (FIFTEEN MONTHS) ENDED 31 MARCH 2024

	Financial Year (Fifteen Months) ended 31 March 2024			Financial Year (Twelve Months) ended 31 December 2022		
	Gratuity Scheme Funded Plan	Pension Scheme Funded Future Ready Plan	Pension Scheme Unfunded Plan	Gratuity Scheme Funded Plan	Pension Scheme Funded Future Ready Plan	Pension Scheme Unfunded Plan
(iii) Re-imbursement Rights						
Opening Balance as at the beginning of the year	-	13,189.4	-	-	13,614.2	-
Investments during the year	-	-	-	-	-	-
Return on Investments	-	1,175.8	-	-	920.4	-
Benefit Payments	-	(2,128.7)	-	-	(1,345.2)	-
Investments as at the end of the year	-	12,236.5	-	-	13,189.4	-
(iv) Constitution of plan assets						
Quoted						
Corporate Bonds	-	-	-	860.7	-	-
Government of India securities	-	-	-	38.9	-	-
State Government/State Government guaranteed securities	-	-	-	1,184.4	-	-
Mutual funds	-	-	-	286.4	-	-
Funding with insurance Companies	2,703.2	-	-	143.1	-	-
Unquoted						
Cash at bank and receivables	26.9	-	-	0.4	-	-
Total plan assets	2,730.1	-	-	2,513.9	-	-
(v) Cost recognised in the statement of profit and loss						
Current service cost	207.6	-	414.5	169.8	-	407.1
Past service cost ⁽¹⁾	-	-	1,109.8	-	-	-
Settlement Cost ⁽¹⁾	-	-	306.0	-	-	21.2
Interest cost ⁽²⁾	223.2	1,175.8	669.3	169.6	920.4	551.9
Expected return on plan assets/ reimbursement rights	(224.4)	(1,175.8)	-	(160.8)	(920.4)	-
Net cost	206.4	-	2,499.6	178.6	-	980.2

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR (FIFTEEN MONTHS) ENDED 31 MARCH 2024

	Financial Year (Fifteen Months) ended 31 March 2024			Financial Year (Twelve Months) ended 31 December 2022		
	Gratuity Scheme Funded Plan	Pension Scheme Funded Future Ready Plan	Pension Scheme Unfunded Plan	Gratuity Scheme Funded Plan	Pension Scheme Funded Future Ready Plan	Pension Scheme Unfunded Plan
(vi) Re-measurements recognised in other comprehensive income						
Actuarial loss/(gain)						
Change in financial assumptions	(63.0)	-	386.0	(124.6)	-	(814.9)
Change in demographic assumptions	131.0	-	433.8	-	-	-
Experience adjustments	228.5	-	(474.6)	3.6	-	(671.0)
Return on plan assets, (greater)/lesser than expected return	(68.4)	-	-	84.5	-	-
Net cost	228.1	-	345.2	(36.5)	-	(1,485.9)

(1)As mentioned in Note 4, an amount of H 972.2 million (previous year nil) included in past service cost and settlement cost is shown under exceptional items during the January 2023-March 2024 reporting period.

(2)Total Interest cost on employee benefit plans recognised in statement of profit and loss is H 812.4 million (Previous year H 683.4 million). This includes H 668.1 million (Previous year H 560.7 million) towards pension and gratuity and balance amount H 144.3 million (Previous year H 122.7 million) towards compensated absences and long service awards.

b) KEY ACTUARIAL ASSUMPTIONS

	Financial Year (Fifteen Months) ended 31 March 2024		Financial Year (Twelve Months) ended 31 December 2022	
	Gratuity Scheme Funded Plan	Pension Scheme Unfunded Plan	Gratuity Scheme Funded Plan	Pension Scheme Unfunded Plan
Discount Rates (%)	7.00	7.00	7.25	7.25
Expected rate of salary increases (%) ⁽¹⁾				
First 5 years	3.8 to 15.9		5.0 to 14.1	
Beyond five years	2.3 to 13.5		3.6 to 9.2	
Expected rate of Pension increases (%)	-	3.50	-	3.50

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR (FIFTEEN MONTHS) ENDED 31 MARCH 2024

	Financial Year (Fifteen Months) ended 31 March 2024		Financial Year (Twelve Months) ended 31 December 2022	
	Gratuity Scheme Funded Plan	Pension Scheme Unfunded Plan	Gratuity Scheme Funded Plan	Pension Scheme Unfunded Plan
Mortality assumptions				
in service	Indian Assured Lives Mortality (modified 2006-08) Ultimate rates	Indian Assured Lives Mortality (modified 2006-08) Ultimate rates	Indian Assured Lives Mortality (modified 2006-08) Ultimate rates	Indian Assured Lives Mortality (modified 2006-08) Ultimate rates
in retirement (for pension scheme)		Indian Individual Annuitant's Mortality Table (2012-15) with 10% past improvement and 0.5% future mortality improvement		Indian Individual Annuitant's Mortality Table (2012-15)

⁽¹⁾Refers to range of average salary escalation rates for different category of employees.

The estimates of future salary increases considered in actuarial valuation, take account of inflation, performance, promotion and other relevant factors such as demand and supply in the employment market.

As defined benefits obligations are of relatively long term in nature, the actuarial assumptions take in account the requirements of the relevant Ind AS coupled with a long term view of the underlying variables / trends, wherever required.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR (FIFTEEN MONTHS) ENDED 31 MARCH 2024

c) SENSITIVITY ANALYSIS

Sensitivity of the defined benefit obligation to changes in key actuarial assumptions

	Financial Year (Fifteen Months) ended 31 March 2024		Financial Year (Twelve Months) ended 31 December 2022	
	Gratuity Scheme Funded Plan	Pension Scheme Unfunded Plan	Gratuity Scheme Funded Plan	Pension Scheme Unfunded Plan
Present Value of obligation - Reported	3,038.1	7,537.6	2,615.3	7,521.9
Discount rates				
Increase of 50 basis point	2,890.7	7,057.2	2,479.9	6,815.6
Decrease of 50 basis point	3,198.5	8,071.2	2,763.3	8,336.8
Expected rate of salary increases				
Increase of 50 basis point	3,145.7	8,144.2	2,735.1	8,039.2
Decrease of 50 basis point	2,901.1	6,985.4	2,503.5	7,054.7
Expected rate of Pension increases				
Increase of 50 basis point	-	7,930.2	-	7,905.2
Decrease of 50 basis point	-	7,180.1	-	7,170.7
Life expectancy				
Increase by 1 year	-	7,546.9	-	7,640.8
Decrease by 1 year	-	7,530.2	-	7,401.4

Sensitivities are calculated using the same actuarial method as applied for the calculation of present value of the defined benefit obligation. Sensitivity calculations are based on change in the respective assumption while keeping other assumptions constant.

	Financial Year (Fifteen Months) ended 31 March 2024			Financial Year (Twelve Months) ended 31 December 2022		
	Gratuity Scheme Funded Plan	Pension Scheme Funded Future Ready Plan	Pension Scheme Unfunded Plan	Gratuity Scheme Funded Plan	Pension Scheme Funded Future Ready Plan	Pension Scheme Unfunded Plan
d) WEIGHTED AVERAGE DURATION OF THE DEFINED BENEFIT OBLIGATION	12.0 years	9.2 years	14.0 years	12.0 years	9.6 years	22.7 years
e) EXPECTED CONTRIBUTION TO THE TRUST (₹ in million)	308.0	-	-	350.0	-	-

33. RESTRICTED STOCK UNIT (RSU) / PERFORMANCE SHARE UNIT (PSU) PLAN

The Company participates in the Nestlé Restricted Stock Unit (RSU) / Performance Share Unit (PSU) Plan of Nestlé S.A., whereby select employees are granted non-tradable units with the right to obtain Nestlé S.A. shares or cash equivalent. Restricted Stock Units (RSU) / Performance Share Units (PSU) granted to employees vest, subject to certain conditions, after completion of three years. Upon vesting Nestlé S.A. determines, whether shares, free of charge or cash equivalent to the value of shares, is to be transferred to the employee. The fair value of these units is charged to the statement of profit and loss over the vesting period. The Company has to pay Nestlé S.A. an amount equivalent to the value of Nestlé S.A. shares on the date of vesting, delivered to the employee.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR (FIFTEEN MONTHS) ENDED 31 MARCH 2024

The details are as under:

	Financial Year (Fifteen Months) ended 31 March 2024	(₹ in million) Financial Year (Twelve Months) ended 31 December 2022
Outstanding, non-vested RSU / PSU grants as at year end	180.3	309.7
RSU / PSU grants vested during the year	336.1	241.9
Recognised in statement of profit and loss	206.8	143.7

The details on number of grants is as under:

	31 March 2024	31 December 2022
Outstanding, non-vested RSU/ PSU grants as at beginning of the year	62,903	62,083
RSU / PSU grants granted during the year	44,775	20,517
RSU / PSU grants vested/reversed during the year	48,235	19,697
Outstanding, non-vested RSU / PSU grants as at year end	59,443	62,903
Share price used for valuation of grants at year end (₹)	8,816	9,589

34. NET PROVISION FOR CONTINGENCIES

The Company has created a contingency provision of ₹ 1,010.2 million (Previous year ₹ 1,309.4 million) for various contingencies resulting mainly from matters, which are under litigation / related disputes and other uncertainties requiring management judgement. The Company has also reversed/utilised contingency provision of ₹ 2,026.1 million (Previous year ₹ 156.9 million) due to the settlement of certain litigations and settlement of obligations for which provision is no longer required.

The movement of provisions is given below:

The movement of provisions is given below.

	Financial Year (Fifteen Months) ended 31 March 2024				Financial Year (Twelve Months) ended 31 December 2022			
Description	Litigations and related disputes		Others	Total	Litigations and related disputes		Others	Total
	Indirect Taxes	Other Litigations			Indirect Taxes	Other Litigations		
Opening balance	3,975.6	5,752.3	1,012.8	10,740.7	3,783.8	4,766.1	1,038.3	9,588.2
Transfer In / Out	-	-	-	-	-	110.7	(110.7)	-
New provisions	159.5	715.5	135.2	1,010.2	226.3	875.5	207.6	1,309.4
Reversals / Utilisation during the year	(1,511.1)	(91.4)	(423.6)	(2,026.1)	(34.5)	-	(122.4)	(156.9)
Closing balance	2,624.0	6,376.4	724.4	9,724.8	3,975.6	5,752.3	1,012.8	10,740.7

- Litigations and related disputes** - represents estimates made mainly for probable claims arising out of litigations / disputes pending with authorities under various statutes (i.e. Excise Duty, Service Tax, Entry tax, Income Tax, Labour Laws, Value Added Tax, Sales and Purchase Tax, Goods and Service Tax etc.). This includes positions taken on matters under dispute involving judgements and assumptions to determine the possible outcome. The probability and the timing of the outflow with regard to these matters depend on the ultimate settlement / conclusion with the relevant authorities
- Others** - represents estimates for other uncertainties requiring management judgement. The timing and probability of outflow with regard to these matters will depend on the external environment and the consequent decision/ conclusion by the Management.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR (FIFTEEN MONTHS) ENDED 31 MARCH 2024

	Financial Year (Fifteen Months) ended 31 March 2024	(₹ in million) Financial Year (Twelve Months) ended 31 December 2022
35. CORPORATE SOCIAL RESPONSIBILITY EXPENSE		
(a) Prescribed CSR expenditure as per Section 135 of the Companies Act, 2013	597.6	557.9
(b) Actual expenditure incurred during the financial year	685.8	563.2
(c) Excess spent available for set off in succeeding financial years	88.2	-
(d) Paid in Cash ⁽¹⁾		
- Pertaining to Current Financial Year	685.8	563.2
- Pertaining to Previous Financial Year	-	-
(e) Expenditure incurred during the financial year and remaining unpaid	-	-
(f) At Nestlé India, under CSR we focus our efforts in society on the overarching ambitions that make an impact in the area of nutrition awareness, water, sanitation, education, enhancing livelihood, rural development projects, ensuring environment sustainability and disaster management including relief, covid.		
(g) Above does not include any related party transactions.		
(h) The Company did not wish to carry forward any excess amount spent during the previous financial year ending Dec 2022.		

⁽¹⁾Includes amount paid for acquisition/ construction of assets : Nil (Previous Year : Nil)

36. (a) TAX EXPENSE

Income tax expense comprises of current tax and deferred tax. Income tax expense is recognised in the statement of profit and loss, except when it relates to items recognised in the other comprehensive income or items recognised directly in the equity. In such cases, the income tax expense is also recognised in the other comprehensive income or directly in the equity as applicable. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation or under dispute with authorities and establishes provisions where appropriate.

Provision for current tax for the period comprises of:

- estimated tax expense which has accrued on the profit for the period 1 January 2023 to 31 March 2024 and,
- the residual tax expense for the period 1 April 2022 to 31 March 2023 arising out of the finalisation of fiscal accounts (Assessment Year 2023-2024), under the provisions of the Indian Income tax Act, 1961.

Deferred taxes are recognised basis the balance sheet approach on temporary differences, being the difference between the carrying amount of assets and liabilities in the Balance Sheet and its corresponding tax base, that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are recognised only to the extent it is probable that future taxable profits will be available against which such assets can be utilized.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR (FIFTEEN MONTHS) ENDED 31 MARCH 2024

	Financial Year (Fifteen Months) ended 31 March 2024	(₹ in million) Financial Year (Twelve Months) ended 31 December 2022
i Recognised in the statement of profit and loss		
Current Tax	13,156.8	8,686.1
Deferred Tax	403.5	(31.6)
	13,560.3	8,654.5
ii Recognised in other comprehensive income		
Current Tax	(117.4)	348.6
Deferred Tax	(27.0)	33.9
	(144.4)	382.5
Of which:		
on re-measurement of retiral defined benefit plans	(144.3)	383.2
on changes in fair value of cash flow hedges	(0.1)	(0.7)
Total Taxes		
Current Tax	13,039.5	9,034.7
Deferred Tax	376.5	2.3
	13,416.0	9,037.0

iii Reconciliation of tax expense recognised in the statement of profit and loss with Profit before tax (PBT) multiplied by the Statutory tax rate:

	Financial Year (Fifteen Months) ended 31 March 2024	(₹ in million) Financial Year (Twelve Months) ended 31 December 2022
Profit before Tax	52,888.7	32,559.7
Statutory Income tax rate	25.17%	25.17%
Tax expense @ Statutory Income tax rate	13,311.0	8,194.6
Tax effect of permanent adjustments made for computing taxable income		
Non-deductible expenses	156.2	303.20
Provision for contingencies	480.8	283.10
Income exempt from tax	(136.2)	(126.40)
Other Adjustments (Including Adjustments for base period)	(251.5)	-
Tax expense recognised in the statement of profit and loss	13,560.3	8,654.5

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR (FIFTEEN MONTHS) ENDED 31 MARCH 2024

(B) MOVEMENT IN DEFERRED TAXES

As at 31 March 2024

	(₹ in million)		
Particulars	Opening balance	Recognised in the statement of profit and loss	Closing balance
Deferred tax assets / (liabilities)			
Property, plant and equipment	(1,378.1)	13.8	(1,364.3)
Contingencies	1,181.2	(417.2)	764.0
Employee benefits- compensated absences and gratuity	349.4	(30.1)	346.2
ROU assets & Lease liabilities	52.5	28.5	81.0
Allowance for credit impaired assets and Trade receivables	38.2	6.7	44.9
Other items deductible on payment basis	16.0	(5.3)	10.7
Financial Instruments	(3.1)	0.1	(2.9)
Net deferred tax assets / (liabilities)	256.1	(403.5)	(120.4)

As at 31 December 2022

	(₹ in million)		
Particulars	Opening balance	Recognised in the statement of profit and loss	Closing balance
Deferred tax assets / (liabilities)			
Property, plant and equipment	(1,341.6)	(36.5)	(1,378.1)
Contingencies	1,074.8	106.4	1,181.2
Employee benefits- compensated absences and gratuity	451.0	(67.0)	349.4
ROU assets & Lease liabilities	34.1	18.4	52.5
Allowance for credit impaired assets and Trade receivables	25.6	12.6	38.2
Other items deductible on payment basis	13.0	3.0	16.0
Financial Instruments	1.5	(5.3)	(3.1)
Net deferred tax assets / (liabilities)	258.4	31.6	256.1

37. FINANCIAL INSTRUMENTS

a) RECOGNITION AND INITIAL MEASUREMENT

The Company recognises financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are measured at fair value on initial recognition. Transaction costs in relation to financial assets and financial liabilities, other than those carried at fair value through profit or loss (FVTPL), are added to the fair value on initial recognition. Transaction costs in relation to financial assets and financial liabilities which are carried at fair value through profit or loss (FVTPL), are charged to the statement of profit and loss.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR (FIFTEEN MONTHS) ENDED 31 MARCH 2024

b) CLASSIFICATION AND SUBSEQUENT MEASUREMENT OF FINANCIAL ASSETS

For the purpose of subsequent measurement, financial assets in the nature of debt instruments are classified as follows:

Amortised cost - Financial assets that are held within a business model whose objective is to hold the asset in order to collect contractual cash flows that are solely payments of principal and interest are subsequently measured at amortised cost less impairments, if any. Interest income calculated using effective interest rate (EIR) method and impairment loss, if any are recognised in the statement of profit and loss.

Fair value through other comprehensive income (FVOCI) - Financial assets that are held within a business model whose objective is achieved by both holding the asset in order to collect contractual cash flows that are solely payments of principal and interest and by selling the financial assets, are subsequently measured at fair value through other comprehensive income. Changes in fair value are recognized in the other comprehensive income (OCI) and on derecognition, cumulative gain or loss previously recognised in OCI is reclassified to the statement of profit and loss. Interest income calculated using EIR method and impairment loss, if any are recognised in the statement of profit and loss.

Fair value through profit or loss (FVTPL) - A financial asset which is not classified in any of the above categories are subsequently measured at fair value through profit or loss. Changes in fair value and income on these assets are recognised in the statement of profit and loss.

c) CLASSIFICATION AND SUBSEQUENT MEASUREMENT OF FINANCIAL LIABILITIES

For the purpose of subsequent measurement, financial liabilities are classified as follows:

Amortised cost - Financial liabilities are classified as financial liabilities at amortised cost by default. Interest expense calculated using EIR method is recognised in the statement of profit and loss.

Fair value through profit or loss (FVTPL) - Financial liabilities are classified as FVTPL if it is held for trading, or is designated as such on initial recognition. Changes in fair value and interest expense on these liabilities are recognised in the statement of profit and loss.

d) DERECOGNITION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows including risks and rewards of ownership.

A financial liability is derecognised when the obligation under the liability is discharged or expires.

e) IMPAIRMENT OF FINANCIAL ASSETS

Financial assets (debt instruments) that are carried at amortised cost and fair value through other comprehensive income (FVOCI) are assessed for possible impairments basis expected credit losses taking into account the past history of recovery, risk of default of the counterparty, existing market conditions etc. The impairment methodology applied depends on whether there has been a significant increase in credit risk since initial recognition.

For Trade receivables, the Company provides for expected credit losses based on a simplified approach as per Ind AS 109 – Financial Instruments. Under this approach, expected credit losses are computed basis the probability of defaults over the lifetime of the asset.

f) DERIVATIVES AND HEDGE ACCOUNTING

Derivative instruments used by the Company include forward contracts. The Company formally establishes a hedge relationship between such forward contracts ('hedging instrument') and recognized financial asset/liabilities ('hedged item') through a formal documentation at the inception of the hedge. Forward contracts are designated as hedging instruments against changes in fair value of recognised assets and liabilities (fair value hedges) and against highly probable forecast transactions (cash flow hedges). The effectiveness of hedge instruments is assessed at the inception and on an ongoing basis.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR (FIFTEEN MONTHS) ENDED 31 MARCH 2024

Derivatives instruments such as forward contracts are initially measured at fair value. When a forward contract is designated as a cash flow hedge, the effective portion of change in the fair value of the contract is recognised in the other comprehensive income and accumulated in other equity under "effective portion of cash flow hedges". Amount recognised in other equity is subsequently reclassified to the statement of profit and loss upon occurrence of the related forecasted transaction. Any ineffective portion of the change in the fair value of the contract is recognised immediately in the statement of profit and loss.

Changes in fair value of forward contracts designated as fair value hedge are recognised in the statement of profit and loss.

g) FAIR VALUE MEASUREMENT

Fair value of financial assets and liabilities is normally determined by references to the transaction price or market price. If the fair value is not reliably determinable, the Company determines the fair value using valuation techniques that are appropriate in the circumstances and for which sufficient data are available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

h) FINANCIAL INSTRUMENTS BY CATEGORY

		(₹ in million)	
	Note	As at 31 March 2024	As at 31 December 2022
Financial assets			
(i) Measured at Amortised Cost			
Investments			
Long Term Tax free Bonds - Non Current Portion	7	4,238.9	5,601.9
Treasury Bills - Government Securities	7	399.8	698.5
Long Term Tax free Bonds - Current portion	7	-	1,475.0
Trade receivables	13	3,004.6	1,918.9
Cash and cash equivalents	14	7,588.7	9,265.5
Bank Balances other than cash and cash equivalents	15	199.8	190.0
Loans	8	190.2	192.6
Other financial assets	9	1,023.0	1,021.1
		16,645.0	20,363.5
(ii) Measured at Fair Value through Profit & Loss			
Derivative assets - forward contracts	9	4.8	29.8
		4.8	29.8
Total Financial assets (i+ii)		16,649.8	20,393.3
Financial Liabilities			
(i) Measured at Amortised Cost			
Borrowings	18	311.4	300.3
Lease liabilities	19	3,133.9	2,404.9
Trade payables	22	22,378.9	19,338.1
Payables for capital expenditure		5,741.2	1,871.3
Others financial liabilities	23	6,036.6	4,786.5
		37,602.0	28,701.1
(ii) Measured at Fair Value through Profit & Loss			
Derivative liabilities - forward contracts	23	5.3	22.6
		5.3	22.6
Total Financial liabilities (i+ii)		37,607.3	28,723.7

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR (FIFTEEN MONTHS) ENDED 31 MARCH 2024

i) FAIR VALUE HIERARCHY

	(₹ in million)	
	As at 31 March 2024	As at 31 December 2022
(i) Financial assets/liabilities at amortised cost		
The carrying amount of financial assets and financial liabilities measured at amortised cost are a reasonable approximation of their fair values except Investments for which the fair value are as follows:		
Fair value of Investments measured at amortised cost (Level 1)	4,888.5	8,122.6
(ii) Financial assets at fair value through other comprehensive income		
Investment in Equity Shares (Level 3)	-	-
(iii) Financial assets at fair value through profit & loss		
Investment in Mutual Funds (Level 1)	-	-
Derivative assets - forward contracts (Level 2)	4.8	29.8
(iv) Financial liabilities at fair value through profit & loss		
Derivative liabilities - forward contracts (Level 2)	5.3	22.6

The Company determines the fair value of its financial instruments on the basis of the following hierarchy:

Level 1: The fair value of financial instruments that are quoted in active markets are determined on the basis of quoted price for identical assets or liabilities.

Level 2: The fair value of financial instruments that are not traded in an active market are determined using valuation techniques based on observable market data.

Level 3: The fair value of financial instruments that are measured on the basis of entity specific valuations using inputs that are not based on observable market data (unobservable inputs). Fair value of investment in unquoted equity shares is determined using discounted cash flow technique.

There are no transfers between different fair value hierarchy levels in fifteen months 2023-24 and in the financial year 2022.

j) FINANCIAL RISK MANAGEMENT

In the course of its business, the Company is exposed to a number of financial risks: liquidity risk, credit risk and market risk. This note presents the Company's objectives, policies and processes for managing its financial risk.

(i) Liquidity risk

Liquidity risk refers to risk that the Company may encounter difficulties in meeting its obligations associated with financial liabilities that are settled in cash or other financial assets. The Company regularly monitors the rolling forecasts to ensure that sufficient liquidity is maintained on an ongoing basis to meet operational needs. The Company manages the liquidity risk by planning the investments in a manner such that the desired quantum of funds could be made available to meet any of the business requirements within a reasonable period of time. In addition, the Company also maintains flexibility in arranging the funds by maintaining committed credit lines with various banks to meet the obligations.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR (FIFTEEN MONTHS) ENDED 31 MARCH 2024

Maturities of financial liabilities:

The following table shows the maturity analysis of the Company's financial liabilities based on contractually agreed undiscounted cash flows along with its carrying value as at the Balance Sheet date.

				(₹ in million)
	Carrying amount	Undiscounted Amount		
		Less than 1 year	Beyond 1 year	Total
As at 31 March 2024				
Borrowings	311.4	56.6	391.2	447.8
Lease liabilities	3,133.9	753.7	3,194.5	3,948.2
Trade payables	22,378.9	22,378.9	-	22,378.9
Payables for capital expenditure	5,741.2	5,741.2	-	5,741.2
Others financial liabilities	6,036.6	6,036.6	-	6,036.6
Derivative liabilities - forward contracts	5.3	5.3	-	5.3
	37,607.3	34,972.3	3,585.7	38,558.0

		(₹ in million)		
		Undiscounted Amount		
	Carrying amount	Less than 1 year	Beyond 1 year	Total
As at 31 December 2022				
Borrowings	300.3	33.7	423.3	457.0
Lease liabilities	2,404.9	627.5	2,446.3	3,073.8
Trade payables	19,338.1	19,338.1	-	19,338.1
Payables for capital expenditure	1,871.3	1,871.3	-	1,871.3
Others financial liabilities	4,786.5	4,786.5	-	4,786.5
Derivative liabilities - forward contracts	22.6	22.6	-	22.6
	28,723.7	26,679.7	2,869.6	29,549.3

(ii) Credit risk

Credit risk refers to risk of financial loss to the Company if a customer or a counter-party fails to meet its contractual obligations. The Company has following categories of financial assets that are subject to credit risk evaluation:

Investments

The Company has made investments in tax free long term bonds, treasury bills, deposit with banks etc. Funds are invested in accordance with the Company's established Investment policy that includes parameters of safety, liquidity and post tax returns. The Company avoids the concentration of credit risk by spreading them over several counterparties with good credit rating profile and sound financial position. The Company's exposure and credit ratings of its counterparties are monitored on an ongoing basis. Based on historical experience and credit profiles of counterparties, the Company does not expect any significant risk of default.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR (FIFTEEN MONTHS) ENDED 31 MARCH 2024

Trade receivables

Credit risk arising from trade receivables is managed in accordance with the Company's established policy with regard to credit limits, control and approval procedures. The Company provides for expected credit losses on trade receivables based on a simplified approach as per Ind AS 109. Under this approach, expected credit losses are computed basis the probability of defaults over the lifetime of the asset. This allowance is measured taking into account credit profile of the customer, geographical spread, trade channels, past experience of defaults, estimates for future uncertainties etc.

Movement in expected credit loss allowance on trade receivables:

	As at 31 March 2024	(₹ in million) As at 31 December 2022
Balance as at the beginning of the year	71.2	44.0
Movement during the year	-	27.2
Balance as at the end of the year	71.2	71.2

Other financial assets

Other financial assets include employee loans, security deposits etc. Based on historical experience and credit profiles of counterparties, the Company does not expect any significant risk of default.

The Company's maximum exposure to credit risk for each of the above categories of financial assets is their carrying values as at the reporting dates.

(iii) Market Risk

Interest rate risk

Interest rate risk refers to risk that the fair value of future cash flows of a financial instrument may fluctuate because of changes in market interest rates. The Company is not exposed to any significant interest rate risk as its investments are primarily in fixed rate instruments. Also, there are no significant borrowings as at the balance sheet date.

Price risk

Price risk refers to risk that the fair value of a financial instrument may fluctuate because of the change in the market price. The Company is exposed to the price risk mainly from investment in equity instruments. However, equity investments are not significant as at the balance sheet date.

Foreign currency risk

Foreign currency risk refers to risk that the fair value of future cash flows of an exposure may fluctuate due to change in the foreign exchange rates. The Company is exposed to foreign currency risk arising out of transactions in foreign currency. Foreign exchange risks are managed in accordance with Company's established policy for foreign exchange management. The Company enters into forward contracts as per the hedging policy to hedge against its foreign currency exposures.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR (FIFTEEN MONTHS) ENDED 31 MARCH 2024

The foreign currency exposure of the Company as at the year end basis the closing exchange rates is as under:

				(₹ in million)	
Currency	As at 31 March 2024		As at 31 December 2022		
	Hedged ⁽¹⁾	Unhedged	Hedged ⁽¹⁾	Unhedged	
Against exports					
USD	1,992.7	-	1,850.7	-	
EUR	-	6.8	-	-	
CHF	-	2.0	-	85.5	
Against imports					
(Including Capital imports)					
USD	694.9	659.2	450.4	368.9	
EUR	553.0	2,165.3	192.0	815.1	
AUD	217.0	14.5	159.6	49.5	
CHF	-	695.4	-	91.9	
GBP	-	322.5	-	67.0	
SGD	-	74.2	-	57.5	
MYR	-	2.2	-	-	
JPY	-	85.8	-	126.3	
NZD	-	19.8	-	-	

⁽¹⁾All the forward contracts are for hedging foreign currency exposures relating to the underlying transactions and firm commitments or highly probable forecast transactions.

Sensitivity analysis:

The impact of strengthening/weakening of foreign currencies on the outstanding exposure remaining unhedged at the year end is as under :

				(₹ in million)	
Currency	As at 31 March 2024		As at 31 December 2022		
	Gain on appreciation	Loss on depreciation	Gain on appreciation	Loss on depreciation	
USD	33.0	(33.0)	18.4	(18.4)	
EUR	107.9	(107.9)	40.8	(40.8)	
AUD	0.7	(0.7)	2.5	(2.5)	
CHF	34.7	(34.7)	0.3	(0.3)	
GBP	16.1	(16.1)	3.3	(3.3)	
SGD	3.7	(3.7)	2.9	(2.9)	
MYR	0.1	(0.1)	-	-	
JPY	4.3	(4.3)	6.3	(6.3)	
NZD	1.0	(1.0)	-	-	

5% appreciation/depreciation in Indian Rupees

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR (FIFTEEN MONTHS) ENDED 31 MARCH 2024

k) DERIVATIVE FINANCIAL INSTRUMENTS

Derivative instruments used by the Company include forward contracts. All the forward contracts entered into are for the purpose of hedging foreign currency exposures relating to the underlying transactions and firm commitments or highly probable forecast transactions.

	As at 31 March 2024	(₹ in million) As at 31 December 2022
(i) Fair value of cash flow hedges		
Derivative assets	4.8	29.8
Derivative liabilities	5.3	22.6
(ii) Notional value of cash flow hedges	3,527.8	2,681.0
(iii) Movement in respect of designated cash flow hedges is summarised below:		
Balance as at the beginning of the year	9.1	11.2
Add : Gains/ (loss) recognised in other comprehensive income	26.7	(102.6)
Less: Gains/ (loss) reclassified to statement of profit and loss	27.2	(99.8)
Less: Net deferred taxes on the movement	(0.1)	(0.7)
Balance as at the end of the year	8.7	9.1

38. CAPITAL MANAGEMENT

The Company's capital management objective is to ensure that a sound capital base is maintained to support long term business growth and optimise shareholders value. Capital includes equity share capital and other equity reserves.

The Company's operations are funded primarily through internal accruals. Return to shareholders through dividend is monitored as per the laid down dividend distribution policy.

39. AUDITORS REMUNERATION⁽¹⁾

{included under Miscellaneous expense (Refer Note-31)}

	Financial Year (Fifteen Months) ended 31 March 2024	(₹ in million) Financial Year (Twelve Months) ended 31 December 2022
(i) Statutory auditors' remuneration and expenses in respect of:		
a) Statutory audit and limited review	17.7	15.8
b) Audit of accounts for fiscal year and tax audit	3.6	4.3
c) Certifications	1.8	2.6
d) Audit of employee trust accounts	0.3	0.3
e) Out of pocket expenses for statutory audit and other matters	1.0	0.6
	24.4	23.6
(ii) Cost auditors' remuneration and expenses in respect of:		
a) Cost audit fees	0.2	0.2
b) Certifications	-	-
	0.2	0.2

⁽¹⁾excluding applicable taxes

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR (FIFTEEN MONTHS) ENDED 31 MARCH 2024

	As at 31 March 2024	(₹ in million) As at 31 December 2022
40. CONTINGENT LIABILITIES AND COMMITMENTS		
(i) Contingent liabilities		
Claims against the Company not acknowledged as debts:		
Indirect Taxes	38.7	36.1
(ii) Capital Commitments		
Capital expenditure commitments remaining to be executed and not provided for [net of advances ₹ 1,586.9 million (previous year ₹ 815.2 million)]	13,100.4	7,865.7

41. RELATED PARTY DISCLOSURES UNDER IND AS 24

a) RELATED PARTY AND THEIR RELATIONSHIP

(i) Holding Companies

Nestlé S.A (Ultimate holding Company)
Maggi Enterprises Limited

(ii) Fellow subsidiaries with whom the Company had transactions

Nestlé Bangladesh Ltd.	Nestlé Middle East FZé
Centre De Recherche Et De	Nestlé Middle East Manufacturing
Cereal Partners (Malaysia) Sdn. Bhd.	Nestlé Nederland B.V.
Cereal Partners Gida Ticaret	Nestlé Nigeria Plc.
CPW S.A.	Nestlé Operational Services Worldwide S.A.
Dongguan Hsu Chi Food Co. Ltd.	Nestlé Philippines, Inc.
Nespresso Nederland B.V.	Nestlé Polska S.A.
Nestec York Ltd.	Nestlé Portugal, Unipessoal, Lda
Nestlé (South Africa) (Pty) Ltd.	Nestlé Product Technology
Nestlé (Thai) Ltd.	Nestlé Products Sdn Bhd
Nestlé Aséan (Malaysia) Sdn. Bhd.	Nestlé Purina Petcare
Nestlé Australia Ltd.	Nestlé R&D Center (Pte) Ltd.
Nestlé Brasil Ltd.	Nestlé R&D Center, Inc.
Nestlé Business Services Lisbon	Nestlé R&D Centre India Private Ltd.
Nestlé Céntral And Wést Africa	Nestlé Regional Service Centre
Nestlé Chile S.A.	Nestlé ROH (Thailand) Ltd.
Nestlé Cote D'Ivoire	Nestlé Rossiya LLC
Nestlé Deutschland A.G.	Nestlé Singapore (Pte) Ltd.
Nestlé Dubai Manufacturing LLC	Nestlé Suisse S.A.
Nestlé Enterprises S.A.	Nestlé Türkiye Gıda Sanayi A.S.
Nestlé Espana, S.A.	Nestlé UK Limited
Nestlé Francé S.A.S.	Nestlé USA Inc.
Nestlé Ghana	Nestlé Vietnam Ltd.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR (FIFTEEN MONTHS) ENDED 31 MARCH 2024

Nestlé Global Services Italy Srl	Nestlé Waters Management & Technology
Nestlé Japan Ltd.	Nestrad S.A.
Nestlé Jordan	NESTRADE S.A., MALAYSIA B
Nestlé Kenya Limited	PT Nestlé Indonesia
Nestlé Lanka PLC	Quality Coffee Products Ltd.
Nestlé Manufacturing (Malaysia)	SMA Nutrition India Private Limited
Nestlé Mexico, S.A. de C.V.	Société des Produits Nestlé S.A.

(iii) Entities controlled by Key Management Personnel with whom the Company had transactions

Piramal Enterprises Limited
The Advertising Standards Council of India

(iv) Key Management Personnel

Executive Directors

Suresh Narayanan, Chairman and Managing Director
David Steven McDaniel, Executive Director - Finance & Control and CFO (upto 28th Feb 2023)
Svetlana Boldina, Executive Director - Finance & Control and CFO (w.e.f 1st March 2023)
Matthias Christoph Lohner, Executive Director-Technical (Upto 30th June 2023)
Satish Srinivasan, Executive Director-Technical (w.e.f 1st July 2023)

Independent Non-Executive Directors

P R Ramesh
R. V. Kanoria
Swati A. Piramal (upto 31st March 2024)
Rama Bijapurkar (upto 30th April 2022)
Roopa Kudva (upto 31st May 2022)
Anjali Bansal (w.e.f 1st May 2022)
Alpana Parida (w.e.f 1st June 2022)

(v) Employees benefit trusts where control exists

Nestlé India Limited Employees Provident Fund Trust (upto 31st Jan 2023)
Nestlé India Limited Employees Gratuity Trust Fund

b) NATURE OF TRANSACTIONS

The transactions with the related parties have been entered in the ordinary course of business and are at arm's length.

Particulars	Financial Year (Fifteen Months) ended 31 March 2024	(₹ in million) Financial Year (Twelve Months) ended 31 December 2022
Holding companies:		
(a) Dividends		
- Nestlé S.A.	10,312.0	6,940.8
- Maggi Enterprises Limited (Subsidiary of Nestlé S.A.)	8,568.7	5,767.4
(b) Expenses incurred		
- Nestlé S.A.	336.1	241.9

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR (FIFTEEN MONTHS) ENDED 31 MARCH 2024

Particulars	(₹ in million)	
	Financial Year (Fifteen Months) ended 31 March 2024	Financial Year (Twelve Months) ended 31 December 2022
Fellow subsidiaries:		
(a) Sale of finished and other goods ⁽⁴⁾		
- Nestlé Enterprises S.A.	5,108.3	3,206.6
- Nestrade S.A.	-	416.6
- Nestlé Bangladesh Limited	680.5	407.9
- Others	4.7	7.1
(b) Sale of Property, Plant & Equipment		
- Dongguan Hsu Chi Food Co. Ltd.	-	24.9
- Others	-	1.7
(c) Purchase of raw and packing materials		
- Nestrade S.A.	80.0	96.9
- Nestlé Enterprises S.A.	553.1	318.1
- Others	0.6	-
(d) Purchase of finished goods		
- Nestlé Lanka PLC	822.6	667.4
- Nestrade S.A.	-	121.6
- Nestlé Enterprises S.A.	1,135.4	747.8
- Others	1.1	-
(e) General licence fees (net of taxes)		
- Société des Produits Nestlé S.A.	10,827.6	7,490.6
- CPW S.A.	18.9	8.1
(f) Expenses recovered ⁽¹⁾		
- Nestlé Operational Services Worldwide S.A.	231.5	122.4
- Nestlé S.A.	6.5	66.2
- Nestlé Lanka PLC	122.2	88.8
- Nestlé Bangladesh Ltd	75.1	65.7
- Nestlé R&D Centre India Private Limited	92.0	45.0
- Société des Produits Nestlé S.A.	88.2	24.3
- Others	185.0	118.8
(g) Expenses incurred		
- Société des Produits Nestlé S.A.	64.4	13.6
- Nestlé R & D Center (Pte) Limited	75.8	45.1
- Nestlé Enterprises S.A.	36.3	-
- Nestlé Bangladesh Limited	43.6	-
- Nestlé Operational Services Worldwide S.A.	54.0	41.1
- Others	119.4	102.1
(h) Information technology and management information systems		
- Nestlé Australia Ltd.	1,295.9	884.1
(i) Purchase of Pet Food Business		
- Nestlé Business Services India Private Limited (Formerly known as Purina PetCare India Private Limited)	-	1,421.3

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR (FIFTEEN MONTHS) ENDED 31 MARCH 2024

Particulars	(₹ in million)	
	Financial Year (Fifteen Months) ended 31 March 2024	Financial Year (Twelve Months) ended 31 December 2022
Entities Controlled by Key Management Personnel:		
Purchase of raw and packing materials		
- The Advertising Standard council of India	12.7	-
- Piramal Enterprises Limited	-	17.6
Remuneration to Key Management personnel ⁽²⁾		
Executive directors		
- Short term employee benefits	436.8	275.1
- Post employment benefits	9.3	6.2
- Share based payments	84.7	43.3
Non - Executive directors		
- Short term employee benefits (Sitting fee & Commission)	27.7	18.3
Contribution to Employee related trusts		
- Nestlé India Limited Employees Provident Fund Trust	78.9	350.8
- Nestlé India Limited Employees Gratuity Trust Fund	228.0	343.0
Balance outstanding as at the year end ⁽³⁾		
- Receivables from fellow subsidiaries ⁽⁴⁾	843.0	856.5
- Payables to fellow subsidiaries	1,740.5	1,308.5
- Payables to entities controlled by Key Managerial Personnel	-	-
- Payables to Key management personnel	18.8	70.3
- Payables to Employees Provident Fund Trust	-	26.1

⁽¹⁾Inclusive of Goods & Service Tax, wherever applicable.

⁽²⁾As the liabilities for defined benefit obligations are provided based on actuarial valuation for the Company as a whole, the amount pertaining to Key management personnel has not been included.

⁽³⁾Amounts are interest free as receivable / payable in short term.

⁽⁴⁾Excludes variable consideration- discounts and rebates accrued on sales of finished goods but not yet to be passed on to the customer. (Already netted off from revenue reported in Note 25 as per Ind AS 115)

42. SEGMENT REPORTING

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. The food business incorporates product groups viz. Milk Products and Nutrition, Prepared Dishes and Cooking aids, Powdered and Liquid Beverages and Confectionery (Refer Note 25).

a) Information by Geographies

- (i) Revenue from external customers

	(₹ in million)	
	Financial Year (Fifteen Months) ended 31 March 2024	Financial Year (Twelve Months) ended 31 December 2022
India	233,006.2	160,976.0
Outside India	9,748.6	6,919.3
	242,754.8	167,895.3

- (ii) The Company has business operations only in India and does not hold any assets outside India.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR (FIFTEEN MONTHS) ENDED 31 MARCH 2024

b) Revenue from major customers

There is no single customer that accounts for more than 10% of the Company's revenue for the fifteen months ended 31 March 2024 and year ended 31 December 2022. The other disclosure requirements of Ind AS 108 are not applicable.

	Financial Year (Fifteen Months) ended 31 March 2024	(₹ in million) Financial Year (Twelve Months) ended 31 December 2022
43. DIVIDENDS		
a) Dividend paid during the year		
Interim Dividend of ₹ 167 per share (Face Value ₹ 10) and ₹ 7 per share (Face Value ₹ 1) for 15 months Jan 23-Mar 2024 [for 2022: ₹ 145 per share (Face Value ₹ 10)]	22,850.6	13,980.3
Final Dividend of ₹ 75 per share for 2022 (Face Value ₹ 10) [for 2021: ₹ 65 per share] (Face Value ₹ 10)	7,231.2	6,267.0

b) Proposed Final Dividend

The Board of Directors have recommended a final dividend of ₹ 8.50 per equity share (Face Value of ₹ 1 per share) amounting to ₹ 8,195.3 million for the year 2023-24 after the balance sheet date. The same is subject to approval by the shareholders at the ensuing Annual General Meeting of the Company and therefore proposed final dividend has not been recognised as a liability as at the balance sheet date in line with Ind AS 10 on 'Events after the Reporting Period'.

On and from the Record Date of 5th January 2024, the equity shares of the Company have been sub-divided, such that 1 (one) equity share having face value of ₹10/- (₹ ten only) each, fully paid-up, stands sub-divided into 10 (ten) equity shares having face value of ₹1/- (₹ one only) each, fully paid-up, ranking *pari-passu* in all respects.

44. DISCLOSURE UNDER THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006

On the basis of confirmation obtained from suppliers who have registered themselves under the Micro Small Medium Enterprise Development Act, 2006 (MSMED Act, 2006) and based on the information available with the Company, the following are the details:

	Financial Year (Fifteen Months) ended 31 March 2024	(₹ in million) Financial Year (Twelve Months) ended 31 December 2022
(i) Principal amount remaining unpaid	4,094.0	3,104.1
(ii) Interest due thereon remaining unpaid	-	-
(iii) Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along-with the amount of the payment made to the supplier beyond the appointed day during the period	-	-
(iv) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006	-	-
(v) Interest accrued and remaining unpaid	-	-
(vi) Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	-	-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR (FIFTEEN MONTHS) ENDED 31 MARCH 2024

45. RELATIONSHIP WITH STRUCK OFF COMPANIES

The Company has balance with the below-mentioned companies struck off under section 248 of Companies Act, 2013 or section 560 of Companies Act, 1956:

S. No.	Name of Struck off Company	Nature of Transactions	Relationship with Struck off Company	(₹ in million)	
				Balance outstanding	
				As at 31 March 2024	As at 31 December 2022
1	Shivam Distributors Private Limited	Sale of Goods	Customer	NA	(0.6)
2	Vaishno Enterprises Private Ltd.	Sale of Goods	Customer	(0.1)	(0.2)
3	Ganpati Enterprises Private Limited	Sale of Goods	Customer	NA	(0.1)
4	Emerald Distributor Pvt. Ltd.	Sale of Goods	Customer	NA	(0.5)
5	Atlantic Industries Limited	Sale of Goods	Customer	(0.1)	NA
6	Simran Enterprises (India) Limited	Sale of Goods	Customer	(0.1)	NA
7	KCL Foods Private Limited	Sale of Goods	Customer	0.1	NA
8	Rahul Enterprises Private Limited	Sale of Goods	Customer	*	NA
9	Southern Star Private Limited.	Purchase of Services	Supplier	(0.2)	(0.1)
10	Evince Advertising Private Limited	Purchase of Services	Supplier	*	*
11	Ananya Outsourcing Services Private Limited	Purchase of Services	Supplier	*	*
12	Popular Stock & Share Services Ltd	Shares held	Shareholder	NA	NA
13	AES Engineering Co. Pvt. Ltd.	Shares held	Shareholder	NA	NA
14	Unicon Fincap Private Limited	Shares held	Shareholder	NA	NA
15	Siddha Papers Private Limited	Shares held	Shareholder	NA	NA
16	Tashi Dake Investments Pvt Ltd.	Shares held	Shareholder	NA	NA
17	Tower Capital and Financial Services Pvt Ltd.	Shares held	Shareholder	NA	NA
18	Integra Micro Systems Pvt Ltd.	Shares held	Shareholder	NA	NA
19	Salasar Industrial Services Limited	Shares held	Shareholder	NA	NA

*represents amounts payable/ recoverable less than ₹ 50,000 as on reporting date

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR (FIFTEEN MONTHS) ENDED 31 MARCH 2024

46. ACCOUNTING RATIOS

S. No.	Ratio	Numerator	Denominator	Financial Year (Fifteen Months) ended 31 March 2024	Financial Year (Twelve Months) ended 31 December 2022	% Variance	Reason for variance
I	Current Ratio (in times)	Current Assets	Current Liabilities	0.9	1.1	-20%	
II	Debt-Equity Ratio (in times)	Total Debt (Note 1)	Equity	0.1	0.1	3%	
III	Debt Service Coverage Ratio (in times)	Earnings Available for Debt Service (Note 2)	Total Debt Service (Note 3)	35.5	30.0	18%	
IV	Return on Equity Ratio (in percentage)*	Profit after Tax	Average Shareholder Equity	108.5%	108.5%	0%	
V	Inventory Turnover Ratio (in times)*	Net Sales	Average Inventory	9.7	9.5	2%	
VI	Trade Receivables Turnover Ratio (in times)*	Net Sales	Average Trade Receivables	78.9	93.8	-16%	
VII	Trade Payables Turnover Ratio (in times)*	Purchases (Note 4)	Average Trade Payables	4.2	6.4	-35%	Average trade payables increasing at higher rate than purchases.
VIII	Net Capital Turnover Ratio (in times)*	Net Sales	Working Capital (Note 5)	(42.1)	40.9	-203%	Negative working capital on 31.03.2024
IX	Net Profit Ratio (in percentage)*	Profit after Tax	Net Sales	16.2%	14.2%	14%	
X	Return on Capital Employed (in percentage)*	Earning before Interest and Taxes (Note 6)	Capital Employed (Note 7)	114.4%	122.4%	-7%	
XI	Return on Investment (in percentage)	Earnings from Invested Funds (Note 8)	Average Invested Funds (Note 9)	8.7%	10.4%	-16%	

*Current Period ratios have been annualised on a time proportion basis as the financial year is for a fifteen month period.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR (FIFTEEN MONTHS) ENDED 31 MARCH 2024

Notes

1	Total Debt	Borrowings + Lease Liabilities
2	Earnings Available for Debt Service	Net Profit after taxes + Non-cash operating expenses like depreciation and other amortizations + Interest + other adjustments like loss on sale of Fixed assets etc.
3	Total Debt Service	Finance Costs + Lease Payments + Principal Repayments
4	Purchases	Cost of materials consumed + Purchases of stock-in-trade + Changes in inventories of Raw Material, Packing Material and Stores and Spares
5	Working Capital	Current Assets - Current Liabilities
6	Earning before Interest and Taxes	Profit before Exceptional Items and Tax + Finance Costs - Other Income
7	Capital Employed	Equity + Total Debt + Deferred Tax Liability (Deferred Tax Assets)
8	Earnings from Invested Funds	Interest on Bank Deposits + Interest on Tax Free Long Term Bonds + Dividend on Mutual Funds (if any)
9	Invested Funds	Non-Current Investments + Current Investments + Balances with Banks on Deposit Accounts

47 OTHER STATUTORY INFORMATION

- (i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property under Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- (iii) The Company has not traded or invested in Crypto currency or Virtual Currency during the current financial year and previous financial year.
- (iv) The Company does not have any such transactions which has not been recorded in the books of accounts but has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.
- (v) The Company has not been declared as wilful defaulter by any bank of financial institution or other lender.
- (vi) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (ultimate beneficiaries), or (b) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.

The Company has not received funds from any person(s) or entity(ies), including foreign entities, with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly, (a) lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party, or (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- (vii) Quarterly returns or statements of current assets filed by the Company with the banks in connection with the working capital limited sanctioned are in agreement with the books of accounts.
- (viii) The title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR (FIFTEEN MONTHS) ENDED 31 MARCH 2024

48 NEW LABOUR CODES

The Indian Parliament has passed and approved the Code on Social Security 2020. While the effective date of the code and complete clarity on the rules/interpretations are still awaited, as a consequence, the impact of the same will be assessed and accounted for post notification of the relevant provisions. The Company has been taking cognizance of the changes and salary structures have been suitably designed to be compliant and accordingly, there are no material impacts foreseen on the financial statements of the Company.

49 REGROUPING / RECLASSIFICATION

Previous year's figures have been regrouped / reclassified, where necessary, to conform to the current year's classification.

As per our report of even date attached For and on behalf of the Board of Directors

For **S.R. Batliboi & Co. LLP**

Chartered Accountants

Firm's Registration No. - 301003E/E300005

PANKAJ CHADHA

Partner

Membership No. - 091813

25 April 2024

Gurugram

SURESH NARAYANAN SVETLANA BOLDINA

Chairman and

Managing Director

(DIN-07246738)

25 April 2024

Gurugram

Executive Director - Finance

& Control and CFO

(DIN-10044338)

PRAMOD KUMAR RAI

Company Secretary

MembershipNo.-FCS4676

PAN-ABVPR5131P