A STUDY ON THE FINANCIAL PERFORMANCE

OF NESTLE INDIA LTD.

Dissertation submitted to

MAHATMA GANDHI UNIVERSITY, KOTTAYAM

In partial fulfilment of the requirements for the award Of

DEGREE OF BACHELOR OF COMMERCE

SUBMITTED BY

MIDHUNA MATHEW (REG NO.: 200021077037)

MILANA ROY (REG NO.: 200021077038)

MUHAMMED SHAIFAL (REG NO.: 200021077039)

UNDER THE SUPERVISION AND GUIDANCE OF

Asst. Prof. KAVYA ASOK

Department of B. Com Finance and Taxation

BHARATA MATA COLLEGE, THRIKAKKARA

KOCHI, KERALA

2020-2023

BHARATA MATA COLLEGE, THRIKKAKARA

DEPARTMENT OF COMMERCE

(AFFILIATED TO MAHATMA GANDHI UNIVERSITY, KOTTAYAM)

THRIKKAKARA P.O KOCHI-682021, KERALA

BONAFIDE CERTIFICATE

This is to certify that this dissertation entitled " **A STUDY ON FINANCIAL PERFORMANCE OF NESTLE INDIA LTD.** " is a record of original work done by **MIDHUNA MATHEW (REG NO. 200021077037) , MILANA ROY (REG NO.200021077038) MUHAMMED SHAIFAL (REG NO. 200021077039) ,** in partial fulfilment of the requirement for the award of Degree of Bachelor of Commerce - Finance and Taxation under the guidance of **Asst. Prof. KAVYA ASOK**, Department of Finance and Taxation, the work has not been submitted for the award of any other degree or title of recognition earlier.

Asst. Prof. JULIE P.J. — Asst. Prof. KAVYA ASOK

(Head of the Department). — (Project Guide)

Place: THRIKKAKARA. — External Examiner

Date :

DECLARATION

We, MIDHUNA MATHEW, MILANA ROY and MUHAMMED SHAIFAL, hereby declare that the project titled "A STUDY ON THE FINANCIAL PERFORMANCE OF NESTLE INDIA LTD." is a bonafide record of work done by us under the guidance and supervision of Asst. Prof. KAVYA ASOK, Department of Commerce, BHARATA MATA COLLEGE, THRIKKAKARA. We also declare that this report embodies findings based on our study and observation and has not been submitted for the award of any degree or diploma to any institute or university.

PLACE: THRIKKAKARA

DATE:

MIDHUNA MATHEW

MILANA ROY

MUHAMMED SHAIFAL

ACKNOWLEDGEMENT

This study has been made possible with the cooperation, assistance and valuation of many to whom we would like to express our sincere gratitude and thanks.

First and foremost, we thank GOD ALMIGHTY who helped us to complete this project successfully.

We would like to extend our gratitude and indebtedness towards DR. JOHNSON K.M, Principal for granting us the permission to do the project.

Our sincere thanks to all the faculty members of the Department of Commerce, BHARATA MATA COLLEGE, THRIKKAKARA. Especially Asst. Prof. JULIE P.J, Head of the Department for her timely help and cooperation we have received throughout our academic career.

We are extremely grateful and sincerely thankful to our faculty guide Asst. Prof KAVYA ASOK, Department of Commerce, BHARATA MATA COLLEGE, THRIKKAKARA for her scholarly guidance, valuable suggestion and constant encouragement throughout the course of this project.

Finally, we thank all our dear friends and our dear parents for their help and cooperation for the completion of the project.

MIDHUNA MATHEW

MILANA ROY

MUHAMMED SHAIFAL

INDEX

LIST OF TABLES

4.12	CURRENT ASSET TURNOVER RATIO	
4.13	WORKING CAPITAL TURNOVER RATIO	
4.14	STOCK TURNOVER RATIO	

LIST OF CHARTS

4.13	WORKING CAPITAL TURNOVER RATIO	
4.14	STOCK TURNOVER RATIO	

CHAPTER 1

INTRODUCTION

INTRODUCTION

Financial performance is an important aspect which influences the long-term stability, profitability, liquidity of an organization. It is the process of determining the operational and financial characteristics of a firm from accounting and financial statements. The goal of such analysis is to determine the efficiency and performance of firm's management as reflected in the financial records and reports, and financial analysis to examine the firm's performance on order to make investment decisions they should be prepared very carefully and contain as much investment decision and contain much information as possible. The preparation of the financial statement is the responsibility of top management, the good report may show the growth of the company. The financial statement generally prepared from the accounting records maintained by the firms.

Financial analysis is the process of examining a company's performance in the context of its industry and economic environment in order to arrive at a decision or recommendation. Often, the decision and recommendations addressed by financial analysts pertain to providing capital to companies specifically, whether to invest in the company's debt or equity securities and at what price. An investor debt security is concerned about the company's ability to pay interest and to repay the principal lent. An investor in equity securities is an owner with a residual interest in the company and is concerned about the company's ability to pay dividends and the likelihood that its share price will increase.

Overall, a central focus of financial performance is evaluating the company’s ability to earn a return on its capital that is at least equal to the cost of that capital, to profitably grow its operations, and to generate enough cash to meet obligations and pursue opportunities.

The process of financial analysis is carried out by professionals who work by preparing reports with the help of ratio’s containing information of company. By analyzing the financial performance, it helps the management to improve the performance and also helps to make changes in their financial position.

In the modern market the competition is high and the company need to maintain a good financial position to improve their viability. Therefore, all the time financial performance analysis is important in a company point of view.

Financial statements contain financial information about a company’s financial situation. Furthermore, in order to make important financial decisions, business owners, analysts, and other stakeholders examine, compare, and interpret this financial data. However, such information is interpreted using financial statement analysis tools and methodologies. One such popularly used tool is accounting ratio analysis.

In this project, we have introduced to the company NESTLE and its financial performance of past five years. At the beginning we will examine the annual reports of Nestle India ltd in past five years (2016-2021). Based on this report’s ratio analysis is done to analyze the company's financial performance. Through this project we can ascertain the solvency and liquidity position of the company during the past five years. And this study is also helpful to understand the profitability of the company and how much it will show a growth. We will also try to understand various measures to improve the performance of the company from our findings of the study. By analyzing various annual reports of the company which may help to give a clear overview about the company's growth on the previous years.

Nestle India ltd, one the biggest players in FMCG segment, has its presence in milk & nutrition, beverages, prepared dishes & cooking aids & chocolate & confectionery segments. The company is engaged in the food business.

So, by doing this project we have to study about the financial performance of Nestle India Limited. The purpose of the study is to get a quick overview of the growth of the company in past 5 years, as well as its influence on the company’s business.

1.1 SIGNIFICANTS OF THE STUDY

Nestle India Ltd is the one of the largest companies for the food and beverage in India. Since now a days competition higher in the market , according to this the company have to face many problems to continue in this market by maintaining a good position. So that is the need of the study is to determine the financial performance of the company and growth of the company in past five years .

1.2 OBJECTIVES OF THE STUDY

Major objective of the study:

- To Ascertain the solvency and liquidity position of Nestle India during 2016-17 to 2020-21

- To understand the profitability of the Nestle India Ltd.
- To evaluate the financial performance of the company during the study period.
- To suggest measures to improve the performance of company based on the finding of the study

1.4 STATEMENT OF THE STUDY

The study is entitled **" A Study On The Financial Performance of Nestle India LTD".** This study is conducted to measure the overall financial performance of the company by using ratio analysis method.

1.5 SCOPE OF THE STUDY

The purpose of examine the performance of Nestle India Ltd on past 5 years. The study looks at the company's revenue and networth during the time span.

1.6 RESEARCH METHODOLOGY

Sources of data:

The research is based on analysis of publicly available secondary data. Major sources of secondary data include companies published financial statement such as profit & loss account and balance sheet. In addition, data are obtained from companies’ website, books, journal and internet.

- **Tool for analysis:**

  The main tools used for analysis of collected data are:

Ratio Analysis

- **Period of study:**

  The study pertains to five years from **2016-17 to 2020-21**

1.7 LIMITATIONS OF THE STUDY

- Errors in the secondary data would have affected the study
- The time and resources available for the data are limited in the company's websites and annual reports, so in-depth study could not be conducted.

1.8 SCHEME OF THE STUDY

For convenience, clarity and easy understanding of the study, we have divided the dissertation into five chapters

- **Chapter 1**

  Introduction –It deals with significance of study, objectives, research design etc.

- **Chapter 2**

  Review of literature – It deals with conceptual review and empirical review

- **Chapter 3**

  Industry And Company Profile – It deals with industry and profile the Nestle India Ltd.

- **Chapter 4**

  Data Analysis and Interpretation – It deals with analysis of collected data using various ratios and their interpretations.

- **Chapter 5**

  Findings, suggestions And Conclusion.

CHAPTER 2

REVIEW OF LITERATURE

REVIEW OF LITERTERATURE

The review of literature guides the researchers for getting better understanding of methodology used, limitations of various available estimation procedures and data base and lucid interpretation and reconciliation of the conflicting results. Besides this, the review of empirical studies explores the avenues for future and present research efforts related with the subject matter. Empirical literature is reported in such a manner that other investigators understand precisely what was done and what was found in a particular research study to the extent that they could replicate the study to determine whether the findings are reproduced when repeated.

1. **Dr. A Ramya & Dr. S. Kavitha (2017):** They studied financial performance of Maruti Suzuki ltd from 2010-2015. Profitability ratio activity ratio are used for the study. They found that gross profit ratio, current ratio, asset turnover ratio, net profit turnover ratio all declined when we reach 2014-2015. They also come to conclusion that the calculation in the financial statement is prepared by desired management and policies that it cannot produce complete picture about its performance.

2. **Snehlata & Dr. Robin Anand (2017)**: They conducted financial performance of Mahindra &Mahindra ltd before merger and after merger with the Korean company from the year 2007-2017. They used tools such as ratio analysis, arithmetic mean, standard

deviation and t-test. Company’s profit margin has been pulled back after merging that from 18% it went down to 13%. The merger made for increasing profit has declined the value of business of Mahindra & Mahindra ltd and the reason they are stating are that sometimes other merger took place in the recent years may be the reason for decline.

3. **<u>Anupa Jayawardhana (2016)</u>**: She studied on financial performance of Adidas from the year 2010 -2014. She uses tools like horizontal analysis, trend analysis, vertical analysis ratio and key ratio. He come to conclusion that they should reduce their operating expenses and capital should be invested in productive asset.

4. **<u>Dr. M Ravichandran & M Venkat Subramanian (2016):</u>** studied on Force Motors formerly known as Bajaj Tempo from 2010-2015. They used ratio analysis, comparative financial statement analysis. The company’s financial performance is good that it shows an increase in reserve and surplus and decrease in borrowings. They suggest that it can further improve by concentrates on its operating, administrative and selling expenses and by reducing the expenses.

5. **Kaur Harpreet (2016)**: The author tries to examine the qualities and quantities performer of Maruti Suzuki Co. & how had both impact on its market share in India, for this study secondary data has been collected from annual reports, journals, reports automobile sites. Result shows that MSL has been successfully leading automobile sector in India for last few years.

6. **Imran Khan (2016):** Here he studies analyze the financial performance of Britannia from 2011-2012 to 2015-2016 and used ratio analysis as the tool for the same. Through his study he found that sales, operating profit margin, net profit margin are in a increasing trend and debt equity ratio and return on assets how decrease. He also put up some suggestions like current asset should be increased, debt capital should be increased.

7. **Anu B (2015):** made an attempt to examine the relationship between capital structure indicators, market price per share and also to test the relationship between debt equity and market price per share of selected companies. They study

concludes that all three companies support the hypothesis that there is relation between debt, equity and MPS.

8. <u>**Krishnaveni M & Vidya (2015)**</u>: Author has selected 87 companies out of 242 companies in capital line database to discuss the standard current ratio of automobile industry is matched with tractor and four sectors like engine part, lamps, gears and ancillaries with standard norms. The study concludes that current and liquidity ratio of automobile industry is matched with tractor and the four sectors but other sectors have to improve the repaying capacity to strengthen the financial aspects.

9. <u>**Kumar Rakesh Rasiklalajani & Bhatt Satyaki J (2015)**</u>
The proposed research is intended to examine the trend and pattern of financing the capital structure of Indian companies. The study is to analyze the determinants of total ratios as well as determinants of short term and long-term ratios.

10. <u>**Agrawal, Nidhi (2015)**</u> the study focusses on the comparative financial performance of Maruti

Suzuki and Tata motors ltd. The financial data and information required for the study are drawn from the various annual reports of companies. The liquidity and leverage analysis of both the firms are done. To analyze the leverage position four ratios are considered namely capital gearing, debt – equity, total debt and proprietary ratio. The results shows that Tata motors ltd has to increase the portion of proprietor's fund in business to improve long term solvency position.

11. <u>Shenda Vikram (2014)</u> this research will be helpful for the new entrants and existing car manufacturing companies in India to find out the customer expectations and their market offerings. The objective of the study is the identifications of factors influencing customers performance for particular segment of cars.

12. <u>Anantlodha (2014)</u> in his project studied on company accounts of the year 2012, 2013. He uses tools like swot analysis, ratio analysis, du-point analysis, cross sectional analysis and cash flow analysis. And finally, he come to a conclusion that company is depending on owner's fund rather than borrowed fund that its profits are increasing in growing rate and its net income are 4% higher than its expenses.

13. **Huda Salhe Meften & Manish Roy Tirkey(2014)** have studied the financial analysis of Hindustan Petroleum Corporation Ltd. The study is based on secondary data. The company has got excellent gross profit ratio and trend is rising in with is appreciable indicating efficiency in production cost. The net profit for the year 2010-11 is excellent & it is 8 times past year indicating reduction in operating expenses and large portion of net sales available to the shareholders of the company.

14. **Dhole Madhavi (2003)** Investing the impact of price movement of share on selected company performance. It advises due investors consider various factors before choosing the better portfolio. Sentimental factors do play a role in price movement only in short term but in long run annual performance is sole factor responsible for price movement.

15. **Daniel L (2001):** An agency theory framework is used to test the effects of founding family control on firm performance, capital structure, and value. Both the finance and management literatures regarding the relationship between firm control and

firm value are explored. Controlling for size, industry, and managerial ownership, the results suggest that firms controlled by the founding family have greater value, are operated more efficiently, and carry less debt than other firms.

16. **Dean Amel (2004)**: in response to fundamental changes in regulation and technology, the financial industry is undergoing an unprecedented wave of consolidation. A growing body of empirical literature measures the efficiency gains from mergers and acquisitions; however, there is little sense of how the results might depend on the country, industry and time period analyzed. In this paper we review critically works that cover the main sectors of the financial industry (commercial and investment banks, insurance and asset management companies) in the major industrialized countries over the last 20 years, searching for common patterns that transcend national and sectoral peculiarities. We find that consolidation in the financial sector is beneficial up to a relatively small size, but there is little evidence that mergers yield economies of scope or gains in managerial efficiency.

17. **Allen N. Berger (1990)**: We estimate the cost, standard profit, and alternative profit efficiency

effects of bank mergers of the 1990s. The data suggest that on average, bank mergers increase profit efficiency relative to other banks, but have little effect on cost efficiency. Efficiency gains are much more pronounced when the participating banks are relatively inefficient ex ante, consistent with a hypothesis that mergers may "wake up" inefficient management or are used as an excuse to implement unpleasant restructuring. The data suggest that part of the efficiency gains result from improved diversification of risks, which may allow consolidated banks to shift their output mixes from securities toward loans, raising expected revenues.

18. **Rathore G.S. and Pinki Roi** (2007) in their study entitled "financial performance of Air India" have analyzed pointed out capital structure, working capital, profitability position, operating performance and overall financial performance. It is concluded that Air India shows better performance of capitalstructure and improves the capital structure in the study period.

19. **Amalendu Bhunia (2010)** has undertaken an analysis of financial performance of pharmaceutical companies to understand how management of finance plays a crucial role in the growth. The present study covers to public sector

drug & pharmaceutical enterprises listed on Bombay Stock Exchange (BSE). In order to analysis financial performance in terms of liquidity, solvency, profitability and financial efficiency, various accounting ratios have been used.

20. **Chander and Chandel (2010)** analyzed the financial efficiency and viability of HARCO Bank and found the poor performance of the bank on capital adequacy, liquidity, earning equity and the management efficiency parameters.

21. **Mistry (2011)** in his study, "Performance Appraisal of Indian Automotive Industry through Production Trend Analysis". The study showed that the mean value of production is the highest in two-wheeler segment. Coefficient of variation suggested higher fluctuations in commercial vehicle and passenger vehicle segments as compared to two wheelers and three wheelers' segments.

22. **Subramanian and Venkatachalam (2014)** studied the financial performance of Seshasayee Paper and Board Limited by using ratios like profitability, activity and liquidity ratios and found financial performance analysis is vital for the success of an enterprise. it is an appraisal of the feasibility, solidity and fertility of a business, sub-business or mission.

23. Renuka and Ganesan (2015) analyze the financial stability of Hitachi Home and Life Solution (India) Ltd. during 2008-09 to 2012-13 and suggested evaluating financial statement by using ratios-profitability, turnover ratios, solvency ratio etc. provide better understanding of the firm's position and performance.

24. LARA FADEL ALKADMANI, HAITHAM NOBANEE (2020) is the study entitled that assessment of financial performance of NESTLE and soundness is critical to any company. The data is obtained from the company financial statements during 4 years. Nestle has a strong position in its liquidity and profitability. It has performed better and has improved in their financial management, reducing their debtor's collections period and managed their investment in total assets concerning their sales.

25. DR. M.YASODHA, P. PRIYADHARSHINI (2019) used for comparing a firms financial performance with the averages .It focus on determining the efficiency and solvency of nestle India ltd and the entity ability to pay its long term debts. The study conducted is based on the secondary data and it covers two years of period. Nestle India ltd must reduce their outside liabilities or they must increase the share capital. The outside liabilities are more as compared to share capital which is not a good capital structure.

26. MS. KOMAL KAKADE, DR. SWARNALATA PHILIP

(2018) is the fundamental analysis is an important tool for and the investor for making his buy or to sell decisions based on the detailed analysis of the financial statements of the company. Fundamental analysis of NESTLE India covered operating analysis profit margin, net profit margin earning per share, dividend per share and intrinsic values. The study is based on data obtained from the annual reports of the company. A period of five years to adopt to draw the meaningful inferences. The company analysis brings out the strengths and weakness.

CHAPTER 3

INDUSTRY AND COMPANY PROFILE

INDUSTRY AND COMPANY PROFILE

3.1 INDUSTRY PROFILE

Consumer products industry manufactures and markets everything from food, beverages, toiletries, and small appliances. The manufactures in this industry deal with acquisition of raw materials from suppliers, processing the raw materials to end products for the consumers, and marketing the products to the end customers, distributors, retailers, and wholesalers.

The consumer products industry is the foundation of the modern consumer economy. It is because the sector does not only generate portions of the gross domestic products but also pumps a substantial amount of funds into other industries such as the retail and advertising sector.

The consumer products sector is into four categories they include food, toiletries, cosmetics, and beverages.

Most firms in this sector will produce products that primarily fit into one of the four groups; however, a firm may have some bands that cut across the lines of the four categories. Success in the consumer products sector depends on the level of marketing a single product primarily through promoting the brand name.

The competition in the consumer products industry is for the shelf space; therefore, firms strive to have a sophisticated package design, involving marketing, and satisfying customers. The challenges faced in the consumer products sector include; addressing the changing demands of customers, going through the consolidating market, and execution of strategies that are significant to profitable growth.

The competition in the consumer products industry is for the shelf space; therefore firms strive to have a sophisticated package design, involving marketing, and satisfying customers. The challenges faced in the consumer products sector include; addressing the changing demands of customers, going through the consolidating market, and execution of strategies that are significant to profitable growth.

The sector produces two types of goods. They are durable and nondurable goods. The durable products are goods that have a long lifespan. Examples of durable goods include; electronics, cars, machine, and tools. The nondurable goods are those that do not last as long. They include; cosmetics, food, and clothing.

Both of the durable and nondurable goods are sold door to door, retail stores, online, and by mail order. Retail is a significant aspect of consumer products industry as they sell the products that manufacturers produce. The sector includes workers with a broad scope of skills and educational backgrounds.

Some of the career paths in the consumer products industry include those in administrative support, product development, sales, manufacturing, law and marketing. The main activities in the consumer products sector include:

•Supply chain: It is an integral part of the industry as it helps in improving financial position, eliminating redundant steps, increasing the negotiating power between manufacturers and suppliers, providing a way of achieving competitive advantage without lowering your prices, and delivering of orders faster to customers.

•Products and services: They should be of better and achieve regulatory compliance. Identifying the market requirements under production planning is also a key to getting profits in the CP sector.

•Retailer (customer) operations: These operations are performed by individuals who are on the frontline of improving customer service in stores and driving transactions to ensure their basket sizes attract customers.

•Marketing: It is a necessity in the CP sector as it involves the tactics that a company can use to promote their brands in the market.

3.1.2 Key Segments in Consumer Products Industry

- Food and beverages: It comprise of manufacturers who produce, regulate, manage and distribute food and beverages.
- Household: It comprises of manufacturers who produce products used at homes.
- Personal care: It comprises of manufacturers who produce products used for personal hygiene and beautification purposes.
- Wholesale distribution industry: It involves primary engagement between the selling merchandise, customers, and retailers.
- Agricultural industry: It involves cultivation of land, raising

crops, breeding, raising livestock, and farming.

3.2 PROFILE OF NESTLE INDIA LTD

Nestle India ltd, one the biggest players in FMCG segment, has its presence in milk & nutrition, beverages, prepared dishes & cooking aids & chocolate & confectionery segments. The company is engaged in the food business. The food business incorporates product groups, such as milk products and nutrition, beverages, prepared dishes and cooking aids, chocolates and confectionery. Nestle India manufactures products under brand names, such as Nescafe, Maggi, Milky bar, Milo, Kit Kat, Bar-one, Milkmaid and Nestea.

The company has also introduced products of daily consumption and use, such as Nestle Slim Milk, Nestle Fresh 'n' Natural Dahi and Nestle Jeera Raita. The company's brands include milk products and nutrition, prepared dishes and cooking aids, beverages, and chocolates and confectionery. Their milk products and nutrition include Nestle Everyday Dairy Whitener, Nestle Everyday Ghee, Nestle Milk, Nestle Slim Milk and Nestle Dahi. Beverages include Nescafe Classic, Nescafe sunrise premium, Nescafe sunrise special and Nescafe Cappuccino. Nestle India is a subsidiary of Nestle S.A. of Switzerland.

The company has presence across India with 8 manufacturing facilities and four branch offices spread across the region. The four branch offices in the country help facilitate the sales and marketing of its products. They are in Delhi, Mumbai, Chennai and Kolkata. The company's head office is located in Gurgaon, Haryana.

Nestle India Ltd was incorporated in the year 1956. The company set up their first production facility in the year 1961 at Moga in Punjab. In the year 1967, they set up their second plant at Choladi in Tamil Nadu as a pilot plant to process the tea grown in the area into soluble tea. In the year 1989, they set up a factory at Nanjangud in Karnataka.

In the year 1990, the company entered into the chocolate business by introducing Nestle premium chocolate. In the year 1991, they entered in joint venture floated by the parent in collaboration with BM khaitan group to set up a facility to manufacturing a range of soya-based products. In the year 1993, they set up a factory at Samalkha in Haryana. In the year 1995, the company launched the company's worldwide legendary brand chocolate, Kitkat.

The company commissioned two factories in Goa at Ponda and Bicholim in the year 1995, and 1997 respectively. In the year 1999, the company launched the product, Nestle Growing Up Milk nationally. In April 2000, they forayed into the Ultra Heat Treated (UTH) liquid milk market. In the year 2001, the company launched Nestle Pure Life bottled water. Within few months, they again launched their second water brand-San Pellegrino-in the Indian market. The company also made their foray into the iced tea segment.

In the year 2004, a project has been initiated to upgrade the production technology for infant nutrition products at the

Samalkha factory. Nestle India Ltd recognized for its outstanding performance in Exports by the coffee board of India in the Export Awards 2004-05 as the Best Exporter of Instant coffee, Best Exporter to Russia & CIS countries (coffee) and Best Exporter for Far East Countries (Coffee). The company bestowed the UDYOG RATNA award by the PHD chamber of commerce and industry to recognize Nestles significant contribution to the economic development of Punjab for the year 2005. The company set up a new department-the channel & category

sales development (CCSD) to develop new solutions for the various channel and customers and improve the implementation of commercial plans in the market.

In the year 2006, the company set up their seventh factory at Pant Nagar in Uttarakhand. In the year 2007, CNBC Asia presented the company with the India Innovator of the year award. The company's four factories were awarded the internationally recognized external certification ISO 14001 for adherence to environmental processes and OSHAS 18001 for Health and Safety

In the year 2008, the company launched Nestle Nestive Pro-Heart Milk with Omega-3 in Mumbai. Nestle Nestive Pro-Heart is part of daily diet and has Omega-3 heart friendly nutrients scientifically known to help manage cholesterol. As part of their ongoing commitment to offering best in class nutrition products to Indian consumers, the company launched NESTLE NAN 3, a follow-up formula for older infants.

During the year, MAGGI PICHIKOO Tomato Ketchup was launched in a unique easy to handle day pack to drive affordability, taste and convenience for a larger number of consumers. The company also launched another pioneering product, MAGGI Bhuna Masala, to cook tasty and healthy everyday meals, more conveniently. The company also launched Nestle KitKat Mini and Nestle Bar One Mini, at Rs 3 price to expand the repertoire of offerings. Similarly, they launched Nestle KitKat Chunky at Rs 15 to strengthen the range of wellness oriented Nestle products that consumers can choose from. The company's three more factories were awarded the internationally recognized external certification ISO 14001 for adherence to environmental processes and OSHAS 18001 for Health and Safety. With this, all the seven factories of the company now have ISO 14001 and ISO 18001 certifications.

In the year 2009, the company provided inputs to the group R&D for development of an innovative product Maggi Bhuna Masala. They launched Maggi Nutri-Lucious Pasta. During the year, Maggi further leveraged their strengths to drive affordable nutrition and launched two new products, namely, Maggi Rasile Chow and Maggi Masala-ae-Magic. They launched Nestle KitKat in a new unique single finger and Nestle Much Guru pack at the higher price point.

The company acquired the Healthcare Nutrition business of specialty foods India pvt Ltd with effect from January 1, 2010. In 2011, Nestle opens new plant in Karnataka, investing Rs 360 cr. In 2013, the company reviews the general license agreement. The company also acquires 26% minority stake in indocon agro and allied activities pvt Ltd. The company commences export of noodles, sauces from new Mangalore port.

on In May 2015, Food Safety Regulators from the Uttar Pradesh, India found that samples of Nestle leading noodles Maggi had up to 17 times beyond permissible safe limits of lead in addition to monosodium glutamate. On 3 June 2015, New Delhi stores for 15 days because it found lead and monosodium glutamate in the eatable beyond permissible limit. The Gujarat FDA on 4 June 2015 banned the noodles for 30 days after 27 out of 39 samples were detected with objectionable levels of metallic lead, among other things. Some of India's biggest retailers like future group, Big Bazar, Easy day and Nilgiris have imposed a nationwide ban on Maggi. The ban has been repealed by the Government of India, with effect from the end of 2015, after the company cleared court directed safety tests. The test results from all laboratories mandated by the Bombay high court have validated Nestle India position that Maggi Noodles are safe for consumption.

On 29 April 2016, Nestle India announced the launch NESCAFE SUNRISE INSTA-FILTER- Which provides the taste of filter coffee and yet does not require a filter. On 17 August 2016, Nestle India announced the launch of new variants of Maggi Noodles. On 20 March 2017, Nestle India announced the launch of MILO Ready to drink, a cocoa-malt milk beverage crafted specially for growing children.

During 2018, the company bagged Employee Engagement Leadership Award in the category best initiative in benefits for working mothers at the Employee Engagement Leadership Converge 2018. Nestl India won 'Best Overall Excellence in CSR' at the National CSR Leadership Awards 2019'. The company also received three awards at Nielsen Breakthrough Innovation Award for NESCAFE Ready-to-drink, Maggi Masalas of India and KITKAT Strawberry Duo.

3.2.1 Mission

Positively influence the social environment in which we operate as responsible corporate citizens, with due regard for those environmental standards and societal aspirations which improve quality of life.

3.2.2 Vision

To be a leading, competitive, Nutrition, Health and wellness company delivering improved shareholder value by being a preferred corporate citizen, preferred employer, preferred supplier selling preferred products.

3.2.3 Milestone Achieved

CNBC Awaaz Consumer Awards has honoured Nescafe as the most preferred coffee brand. Business India has rated Nestle India as No.1 on Return on Capital Employed amongst Super 100 companies.

In 2011-2012 Nestle India was awarded the 'Best Exporter of Instant Coffee', 'Highest Exporter to Russia and CIS', 'Highest Exporter to Far East Countries'.

3.2.4 Products

Milkmaid

A partly skimmed sweetened condensed milk, nestle milkmaid is a versatile product and excellent as a dessert ingredient. With milkmaid, you can whip up lip-smacking desserts for your family in the shortest possible time.

Lactogen

We supply milkoplex bolus which helps in stimulating the milking power of psychologically disturbed milk animals such as cows and buffaloes. Some of the psychological condition for which milkoplex bolus is used in animals.

Nestle Cerelac

Our range is highly hygienic and has excellent strength that prevents the food from dust, moisture, and other contaminants, thereby increases shelf life. Further, our range is available in different finishes and at most affordable rates to the clients.

Nestle Nescafe

We are engaged in offering instant Nescafe Premix which is prepared by just adding hot water. It is instant to prepare, and additional sugar or milk is not required. We procure these instant Nescafe Premix from reliable vendors of the market, keeping in mind the varied requirements of our clients. These are made using perfect proportions ensuring rich taste and pleasant aroma.

Nestle Munch

We offer instant chocolate premixes which is of high standards.

Recipe based exotic beverages to have an intense lingering experience. We manufacture the most luscious and refreshing Instant chocolate Premix. We use meticulously selected chocolate to create the most natural coffee flavor. As the name suggests, this coffee premix is very convenient to use and provides great taste.

Nestle Kitkat

Chocolate is the choicest food item among people for celebrating various occasions and parties. Using pure milk these chocolates are made which are blended with dry fruits to bring a delicious and crunchy taste. These chocolates are further finished with square shaped cakes and are packed using quality packing materials which keep them fresh and hygienic for a long period of time.

Nestle Maggi

As a reputable trader, we are always ready with fresh stock of the best quality Maggi Masala Noodles. We provide Maggi Masala Noodles to popular outlets in India and other retail shops. Moreover, Maggi masala Noodles are always in demand in the market.

THEORETICAL FRAMEWORK

RATIO ANALYSIS

Ratio Analysis is one of the most powerful tools of analysis of financial statements. It aims at making use of quantitative information for decision making. They are widely used as they are simple to calculate and easy to understand. It is the analysis of financial statements with the help of ratios.

A ratio is an expression of relationship between two figures or two amounts. It is a yard stick which measures relationship between two variables. Ratios are simply a means of highlighting in arithmetical terms the relationship between figures drawn from various financial statements.

Ratio analysis includes comparison and interpretation of the ratios and their use for future projections. Ratio analysis does not provide an end in itself, but only a means to understand the financial position and performance of business concerns. A large number of ratios can be computed from Balance Sheet and Profit and Loss Account of any enterprise.

Accounting ratios are an important tool for analyzing financial statements. It is a comparison of two or more financial data that is used to analyze a company’s financial statements. These depict a connection between two or more accounting numbers obtained from financial statements. It is a useful tool for shareholders, creditors, and other stakeholders to understand a company’s profitability, strength, and financial health. This is also known as financial ratios, which are used to track corporate performance and make key business choices

Ratio analysis may be defined as "the process of computing, determining and presenting the relationship of items and groups of items of financial statements with the help of ratios and interpreting the results there from".

OBJECTIVES AND IMPORTANCE OF ACCOUNTING RATIOS

Accounting Ratios are important tools for measuring the efficiency of an enterprise. They help the financial management in evaluating the financial position and performance of a concern. The analysis of accounting ratios helps to measure the health of a firm. The objectives of accounting ratios are the following:

1. Makes data easily understandable
2. Facilitates cost control and cost reductio
3. Measures profitability
4. Tests solvency position
5. Facilitates comparison
6. Assessment of a business's operating efficiency
7. Identifying problematic areas and formulating suitable adjustments
8. Facilitate analysis of a firm's liquidity, profitability and solvency

9. Effective budgeting and forecasting

Benefits of Ratio Analysis

- Here are the benefits of accounting ratios –
- It helps to understand data of financial statements more effectively.
- Comes in handy to compare a company’s performance with its competition.
- Helps to measure the profitability and operating efficiency of a firm
- Proves effective in gauging the short-term financial standing of a firm.
- Enables to identify future trends of business and subsequently helps formulate an effective budget.

ADVANTAGES AND USES OF ACCOUNTING RATIOS

Ratio analysis is one of the most powerful tools of financial analysis. It is used as a device to analyse and interpret the financial health of an enterprise. It serves as a useful tool to the management, shareholders, creditors, employees, government, etc. for varying purposes. The uses of ratios to different interested parties are as follows:

1. Helps in decision-making
2. Helps in financial forecasting and planning
3. Helps in communication
4. Helps in co-ordination
5. Helps in control
6. Complex accounting statements and financial data are reduced to simple ratios of operating efficiency, financial efficiency, solvency, long-term positions, and so on.
7. Ratio analysis assists in identifying issue areas and drawing management's attention to them. Some information is lost in the complicated accounting statements, and ratios will aid in identifying these issues.
8. Allows the company to compare itself to other companies, industry standards, and intra-firm comparisons, among other things. This will assist the firm in gaining a better understanding of its financial situation in the economy.

LIMITATIONS OF RATIO ANALYSIS

Though ratios are simple to calculate and easy to understand, they must be used with caution. If due care is not taken, they might confuse, rather than clarifying the situation. Therefore, an analyst must use this technique only by keeping in mind the following short comings of ratios. Limitations are:

1. Computed in sufficiently large numbers

2. Useful only for quantitative analysis

3. Computed from historical accounting records

4. Does not provide any standard ratio

5. Chance of window dressing

6. Provides only partial information

7. Personal bias

TYPES OF RATIOS:

A. LIQUIDITY RATIOS:

Liquidity is the ability of a firm to meet its current liabilities as they fall due. The liquidity ratios, therefore, are called Short-Term Solvency Ratios. Since liquidity is basic to continuous operations of a firm, it is necessary to determine the degree of liquidity of the firm. These ratios are used to assess the short-term financial position of the concern. Liquidity ratios include Current ratio and Quick ratio. The liquidity ratio is used to determine whether or not a company has enough cash on hand to pay down its short-term debts. A high liquidity ratio indicates that the corporation will be able to pay its creditors. It is allowed to have a liquid ratio of 2 or more.

1. CURRENT RATIO

Current Ratio is the ratio of current assets to current liabilities. It is also called working capital ratio. It is the most common ratio for measuring liquidity. The current ratio is a liquidity ratio that measures a company's ability to pay short-term obligations or those due within one year. It tells investors and analysts how a company can maximize the current assets on its balance sheet to satisfy its current debt and other payables.

A current ratio that is in line with the industry average or slightly higher is generally considered acceptable. A current ratio that is lower than the industry average may indicate a higher risk of distress or default. Similarly, if a company has a very high current ratio compared with its peer group, it indicates that management may not be using its assets efficiently.

The current ratio is called current because, unlike some other liquidity ratios, it incorporates all current assets and current liabilities. The current ratio is sometimes called the working capital ratio. It is calculated by dividing current assets by current liabilities.

Current Ratio = Current Assets/Current Liabilities

Current Assets are the assets which are likely to be converted into cash or cash equivalents within 12 months from the date of Balance Sheet or within the period of operating cycle. Current assets include the following:

- Cash and cash equivalents (cash in hand, cash at bank, cheques / drafts in hand, etc.)
- Trade receivable (bills receivables and sundry debtors less provision for bad debts).
- Inventories or stock of goods (except stores and spares, loose tools, etc.)
- Current investments
- Short term loans and advances
- Other current assets (such as prepaid expenses, accrued incomes, advance tax paid etc.)

Current Liabilities are those liabilities which are payable within a period of 12 months from the date of Balance Sheet or within the period of operating cycle. Current liabilities include the following:

- Short-term borrowings (including bank overdraft)
- Trade payables (creditors and bills payable)
- Other current liabilities (interest accrued on borrowings, income received in advance, outstanding expense, calls in advance, current maturity of long term debt, etc.)
- Short term provisions (provision for income tax,

income tax payable, proposed dividend, etc.)

The current ratio of a firm measures its short-term solvency, i.e., its ability to meet short term obligations. In a sound business, a current ratio of 2:1 is considered an ideal one. It provides a margin of safety to the creditors. It is an index of the firm's financial stability. The current ratio must not only be equal to current liabilities but should leave a comfortable margin of working capital after paying off the current liabilities. A high ratio indicates sound solvency position and a low ratio indicates inadequate working capital.

2. QUICK RATIO

This ratio is also known as 'Acid Test Ratio' or 'Liquidity Ratio'. It is the ratio of quick assets to quick/current liabilities.

Quick Ratio = Quick or Liquid Assets/Current Liabilities

The term 'quick assets' refers to current assets which can be converted into cash immediately. It comprises all current assets except inventory, prepaid expenses, advance tax paid, etc.An Acid Test Ratio of 1:1 is considered satisfactory as a firm can easily meet all its current liabilities. If the ratio is less than 1:1, then the financial position of the concern shall be deemed to be unsound. On the other hand, if the ratio is more than 1:1, then the financial position of the concern is sound and good. Quick ratio is the true test of business solvency. A higher ratio indicates sound financial position and vice-versa.

B. SOLVENCY RATIOS

The solvency ratio is a tool to measure the ability of an enterprise to meet its debt obligations and is used often by prospective business lenders. Solvency ratios convey a firm's ability to make payments and pay off its long-term obligations to creditors, bond holders and banks. Financial analysts are interested in the relative use of debt and equity in the firm. These ratios measure the long-term solvency position of the firm. A solvency ratio is a crucial metric used by prospective business lenders to assess an organization's capacity to satisfy long-term debt obligations. A solvency ratio is a measure of a company's financial health that determines if its cash flow is sufficient to cover its long-term liabilities. An unfavorable ratio can suggest that a corporation is at risk of defaulting on its debt obligations. Solvency ratios are frequently utilized by prospective lenders and bond investors when evaluating a company's creditworthiness. Although both solvency and liquidity ratios are used to assess a company's financial health, solvency ratios have a longer-term outlook than liquidity ratios.

The following are the important solvency ratios:

1. DEBT-EQUITY RATIO

The debt-equity ratio is the ratio showing the relationship between long term debts and shareholders' fund. It is a popular measure of the long-term financial solvency of a firm. This ratio indicates the relative proportion of long-term debt and equity in financing the assets of a firm. The ratio is computed by dividing the total long-term debts of the firm by shareholders' fund or net worth.

Debt-equity Ratio = Debt/ Equity OR Long-term Debts/Shareholders' fund or Net worth

The term "debt' refers to the total long-term debts. It includes long term borrowings such as debentures, bank loan, public deposit, etc. and long-term provisions such as employees provident fund, pension fund, etc. The term “equity” refers to net worth or shareholders' fund.

Equity or Shareholders fund = Share Capital (Equity Capital +Preference Capital) + Reserves & Surplus

An accepted norm for debt-equity ratio is considered to be 2:1. A high ratio shows that the claims of long-term lenders are more than that of owners. A very high ratio is unfavorable for the firm. High debt companies (highly geared or leveraged) are able to borrow funds only restrictive terms and conditions. It is a danger signal for long term lenders. A low debt-equity ratio implies a higher claim of owners than that of the long-term lenders and is favorable to the firm.

2. **PROPRIETARY RATIO**

Proprietary ratio is the ratio of shareholders' fund to total assets. This ratio shows the proportion of total assets financed by the owners. Proprietary ratio is the one that is used to express a relationship between the amount invested by proprietors in the business and the total assets owned by the business. In other words, the proprietary ratio measures the extent of assets funded by the proprietor’s funds. It denotes the percentage of assets funded by a shareholder’s fund in a business. The intent is to ascertain the risk involved and capital stability and also the cost of capital involved. It is calculated by dividing shareholders' funds by the total assets.

Proprietary Ratio = Shareholders fund/Total assets

Shareholders Fund = Share Capital (Equity + Preference) + Reserves and Surplus

Total assets include non-current assets and current assets. The acceptable norm of the ratio is 1:3. This ratio shows the financial strength of the company. It helps the lenders to find out the proportion of shareholders fund to the total assets. Higher ratio indicates a secured position to lenders and a low ratio indicates more risk to lenders. It indicates the long-term solvency of the firm.

3. FIXED ASSET RATIO

Fixed Asset Ratio is the ratio of fixed assets after depreciation to total long term funds. The fixed asset turnover ratio reveals how efficient a company is at generating sales from its existing fixed assets. The fixed asset turnover ratio is calculated by dividing net sales by the average balance in fixed assets. A higher ratio implies that management is using its fixed assets more effectively. Here, the total long-term fund means shareholder's fund (including preference share capital) and long-term fund.

Fixed Asset Ratio = Fixed Asset (after depreciation)/Total Long-term Funds

The ratio indicates the extent to which the total of fixed assets is financed by total long-term funds of the firm. It is better if the total of fixed assets is equal to total long-term fund i.e., 1:1. if it is more, it means that some of the fixed assets are financed from current liabilities. This is not a good financial policy.

4. FIXED ASSETS TO NET WORTH RATIO

This ratio shows the relationship between fixed assets and shareholder’s fund. The purpose of this ratio is to find out the proportion of the owner’s fund invested in fixed assets. Fixed assets to net worth, also known as the non-current assets to net worth ratio, is a financial ratio used to measure the solvency of a company.

The ratio shows how much of the owner’s cash (net worth) is tied up in the form of fixed assets such as property, plants and equipment. This is important because it shows what funds are actually available as working capital for the operation of the company.

Fixed Assets to Net Worth = Fixed Assets/Net worth or Shareholders fund

If the ratio is greater than one, it means that outsiders' funds have also been used to acquire a part of the fixed assets.

C. PROFITABILITY RATIOS

Profitability ratios are a class of financial ration that are used to assess the ability of a business to generate earnings relative to its revenue, operating costs, Balance Sheet assets and shareholders' equity. These ratios show how well companies use their existing assets to generate profit and value for shareholders. Profitability ratios are a group of financial indicators that are used to evaluate a company's ability to create earnings over time in relation to its revenue, operational costs, assets, or shareholders' equity. The evaluation is done by utilizing financial information from a certain point in time.

A business firm is basically a profit earning organization, Income statement of a firm shows the profit earned by the firm during an accounting period. Profitability is an indication of the efficiency with which the operations of the business are carried on. Poor operational performance may indicate poor sales and hence poor profits.

The profit figure has, however, different meanings different parties interested in financial analysis. Gross Profit Ratio and Net Profit Ratio are the two important profitability ratios.

I. GENERAL PROFITABILITY RATIOS

1. GROSS PROFIT RATIO

Gross Profit Margin Ratio, sometimes also referred to as gross margin, is a type of profitability ratio. It helps to measure how much profit a company makes from the sale of goods and services after deducting the direct costs. In simple words, it is a simple metric to measure the company's profitability. Also, it helps to evaluate how efficiently the company is using its labor and raw materials during the production process. The gross profit ratio is the ratio of gross profit to revenue from operations. It expresses the relationship between gross profit and sales.

Gross Profit Ratio = (Gross profit/Revenue from operation i.e., Net sales) *100

Gross Profit = Revenue from Operations - Cost of Revenue for Operations

Cost of Revenue for Operations = Opening Inventory + Purchases + Direct Expenses - Closing Inventory OR Revenue from Operations - Gross Profit

The gross profit ratio plays an important role in financial management. It serves as a valuable indicator of the firm's ability to utilize effectively the outside sources of fund. It also serves as important tool in shaping the pricing policy of the firm. This ratio helps in ascertaining whether the average percentage of profit on the goods is maintained or not.

2. NET PROFIT RATIO / NET PROFIT MARGIN RATIO

Net Profit Ratio, also referred to as the Net Profit Margin Ratio, is a profitability ratio that measures the company's profits to the total amount of money brought into the business. In other words, the net profit margin ratio depicts the

relationship between the net profit after taxes and net sales taking place in a business. The net profit ratio is the ratio of net profit to revenue from operations. It measures the profit per rupee of sales. It is determined by dividing the net profit after tax by the net revenue for the period.

Net Profit Ratio = (Net profit/Revenue from operations) *10

Net Profit = Gross profit - Indirect expenses and losses + Other incomes - Tax

Indirect expenses and losses Office expenses + Selling expenses + Interest on long term borrowings + Accidental losses.

The term net profit means "net profit after interest and tax but before dividend. “Net profit ratio is an index of efficiency and profitability of the business. This ratio is used to measure the overall profitability and hence it is very useful to proprietors. Higher the ratio better is the operational efficiency of the concern.

3. RETURN ON EQUITY RATIO

The return on equity ratio can be described as a financial ratio that helps measure a company’s proficiency to generate profits from its shareholders’ investments. This profitability helps to gauge a company’s effectiveness when it comes to using equity funding to run its daily operations.

By figuring out the ROE of a company, individuals can find out how much post-tax income is left in its reserve. Subsequently, one can compare net income to the total shareholder equity as recorded on its balance sheet.

ROE ratio also helps you understand how a company compares to other firms in the same industry and evaluate the company’s financial performance and asset valuation.

ROE = Profit after tax / Avg equity share capital

D. ACTIVITY RATIOS (TURNOVER RATIOS)

The activity ratios are those ratios which measure the level of activities and operational efficiency of a business concern. These ratios indicate the speed with which assets are being converted into revenue. These ratios are also known as "efficiency ratios. Activity ratios measure how efficiently the assets are employed by the firm. Activity ratios are used to determine the efficiency of the organization in utilizing its assets for generating cash and revenue. It is used to check the level of investment made on an asset and the revenue that it is generating. For this reason, the activity ratio is also known as the efficiency ratio or the more popular turnover ratio. The role of activity ratio or turnover ratio is in the evaluation of the efficiency of a business by careful analysis of the inventories, fixed assets and accounts receivables.

1. FIXED ASSETS TURNOVER RATIO

This ratio indicates the extent to which the investments in fixed assets contribute towards sales. If compared with a previous year, it indicates whether the investment in fixed assets has been judicious or not. The fixed asset turnover ratio reveals how efficient a company is at generating sales from its existing fixed assets.

The fixed asset turnover ratio is calculated by dividing net sales by the average balance in fixed assets. A higher ratio implies that management is using its fixed assets more effectively. The fixed asset turnover ratio reveals how efficient a company is at generating sales from its existing fixed assets.

The fixed asset turnover ratio is calculated by dividing net sales by the average balance in fixed assets.

A higher ratio implies that management is using its fixed assets more effectively.

A high FAT ratio does not tell anything about a company's ability to generate solid profits or cash flows.

The fixed asset turnover is similar to other turnover ratios such as the assets turnover ratio, though the fixed asset turnover ratio uses a subset of assets to compare a company's activity against.

Fixed Assets Turnover Ratio = Net revenue from operations/Fixed Assets

2. WORKING CAPITAL TURNOVER RATIO

This ratio reflects the turnover of the firm's net working capital in the course of the year. It is a good measure of over-trading and under-trading.

Working Capital Turnover Ratio = Net revenue from operations/ Net working capital.

Working capital turnover is a ratio that measures how efficiently a company is using its working capital to support sales and growth. Also known as net sales to working capital, working capital turnover measures the relationship between the funds used to finance a company's operations and the revenues a company generates to continue operations and turn a profit. Working capital turnover measures how effective a business is at generating sales for every dollar of working capital put to use.

A higher working capital turnover ratio is better, and indicates that a company is able to generate a larger number of sales. However, if working capital turnover rises too high, it could suggest that a company needs to raise additional capital to support future growth.

3. TOTAL ASSET TURN OVRER RATIO

The total asset turnover ratio compares the sales of a company to its asset base. The ratio measures the ability of an organization to efficiently produce sales, and is typically used by third parties to evaluate the operations of a business. Ideally, a company with a high total asset turnover ratio can operate with fewer assets than a less efficient competitor, and so requires less debt and equity to operate. The result should be a comparatively greater return to its shareholders.

The formula for total asset turnover can be derived from information on an entity's income statement and balance sheet. The calculation is as follows:

Total asset turnover= Net sales / Total assets

It is best to plot the ratio on a trend line, to spot significant changes over time. Also, compare it to the same ratio for competitors, which can indicate which other companies are being more efficient in wringing more sales from their assets.

4.CURRENT ASSET TURNOVER RATIO

The current assets turnover ratio indicates how many times the current assets are turned over in the form of sales within a specific period of time. A higher asset turnover ratio means a better percentage of sales. That is why the more the amount of current asset turnover ratio, the better the ability of the company to generate sales.

Creditors. look for a higher current asset turnover ratio because it shows that a company is strong in its fundamentals. The creditors. look at the current asset turnover ratio because they are interested in the performance of the company in terms of net sales. As the current assets turnover ratio offers. an insight into the number of turnovers. of net sales, it is considered a benchmark of the quality of the company's sales.

Current asset turn over ratio= Sales / current assets

5. STOCK TURN OVER RATIO

Inventory turnover, or the inventory turnover ratio, is the number of times a business sells and replaces its stock of goods during a given period. It considers the cost of goods sold, relative to its average inventory for a year or in any a set period of time.

A high inventory turnover generally means that goods are sold faster and a low turnover rate indicates weak sales and excess inventories, which may be challenging for a business.

Inventory turnover can be compared to historical turnover ratios, planned ratios, and industry averages to assess competitiveness and intra-industry performance. Inventory turns can vary significantly by industry.

Stock turn over ratio= Revenue from operation / Avg inventory

CHAPTER 4

DATA ANALYSIS AND INTERPRETATION

DATA ANALYSIS AND INTERPRETATION

The data collected was analyzed using several variables. The result of analysis are given below.

4.1 Liquidity Ratio

4.1.1 Current Ratio

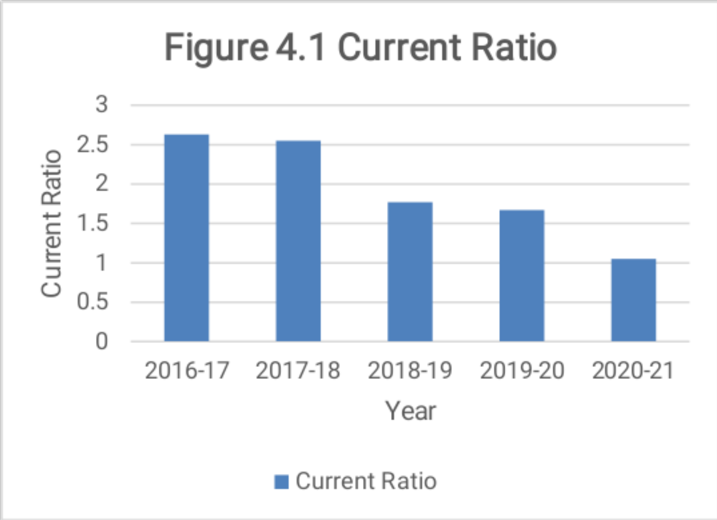
Current ratio=current assets/current liabilities

Table 4.1 Showing Current Ratio

Year	Current Assets (Rs. in million)	Current Liabilities (Rs.in million)	Ratio
2016-2017	39373.9	14927.1	2.63
2017 -2018	47369.5	18549.5	2.55
2018-2019	38171.7	21475.1	1.77
2019-2020	41850.8	24925.5	1.67
2020-2021	27387.6	26032.4	1.05

(Sources-complied annual report)

As conventional rule, a current ratio of 2:1 considered as satisfactory. This ideal ratio means that the assets shall be at least twice the current liability. In the past three years the company is not able to attain the ideal ratio.



4.1.2 Absolute Liquidity Ratio

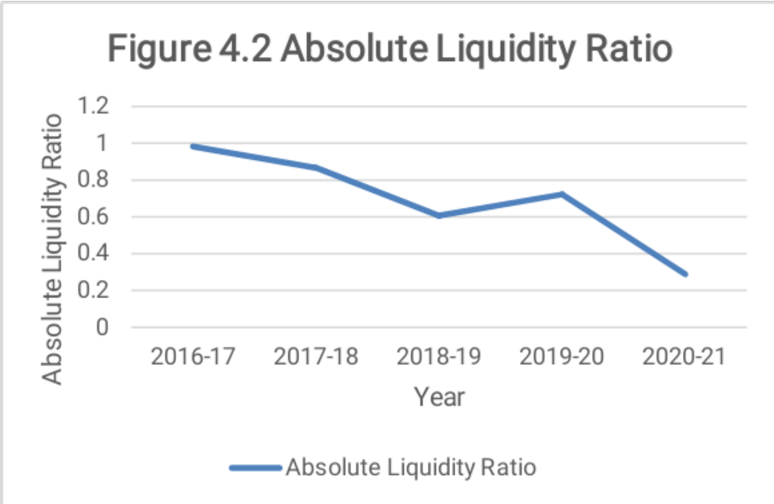
Absolute liquidity ratio=cash + marketable securities/current liabilities

Table 4.2 Showing Absolute Liquidity Ratio

Year	Cash& Marketable Securities (Rs.in millions)	Current Liabilities (Rs.in millions)	Ratio
2016-2017	14574.2	14927.1	0.97
2017-2018	16100.6	18549.5	0.86
2018-2019	13080.5	21475.1	0.60
2019-2020	17698.7	24925.5	0.71
2020-2021	7354.1	26032.4	0.28

(Sources- complied Annual report)

It is the relationship between absolute liquid asset and current liabilities. Ideal ratio of absolute quick ratio is 0.5:1. The highest ratio obtained in the year 2016-2017.The company follows the ideal ratio.



4.1.3 Liquid Ratio

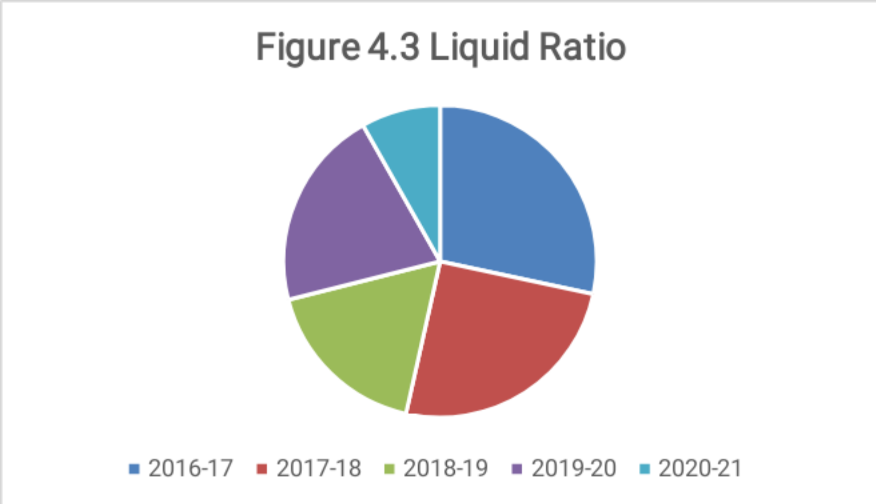
Liquid ratio = liquid assets/current liabilities

Table 4.3 Showing Liquid Ratio

Year	Liquid Assets (Rs.in million)	Current Liabilities (Rs.in million)	Ratio
2016-2017	1457.42	1492.71	0.97
2017-2018	1610.06	1854.95	0.86
2018-2019	1308.05	2147.51	0.60
2019-2020	1769.87	2492.55	0.71
2020-2021	7354.1	26032.4	0.28

(Sources-complied Annual report)

Generally, liquid ratio of 1:1 is considered as satisfactory. This means that liquid assets are just equal to the current liabilities. For this company the past five years show a less than liquid ratio, when compared to the satisfactory ratio. It further means that, the company is not able to pay off its current liabilities.



4.3 Solvency Ratio

4.3.1 Debt Equity Ratio

Debt equity ratio **=** long term debt/ shareholdersfund

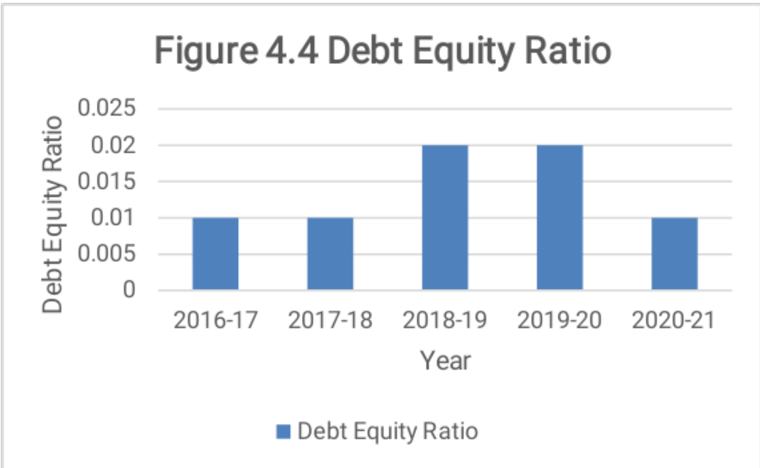
Table 4.4 Showing Debt Equity Ratio

Year	Long Term Debt (Rs.in million)	Shareholders Fund (Rs.in million)	Ratio
2016-2017	463.5	3420.59	0.01
2017-2018	401.4	3673.74	0.01
2018-2019	469.8	1932.26	0.02

2019-2020	465.5	2019.34	0.02
2020-2021	490.9	20844.8	0.01

(Sources-complied Annual report)

The standard debt equity ratio is 1:1. Here, the company shows lower ratio. A low debt- equity ratio implies a higher claim of owner's than that of the long term lendery and is favourable to the firm .



4.3.2 Proprietary Ratio

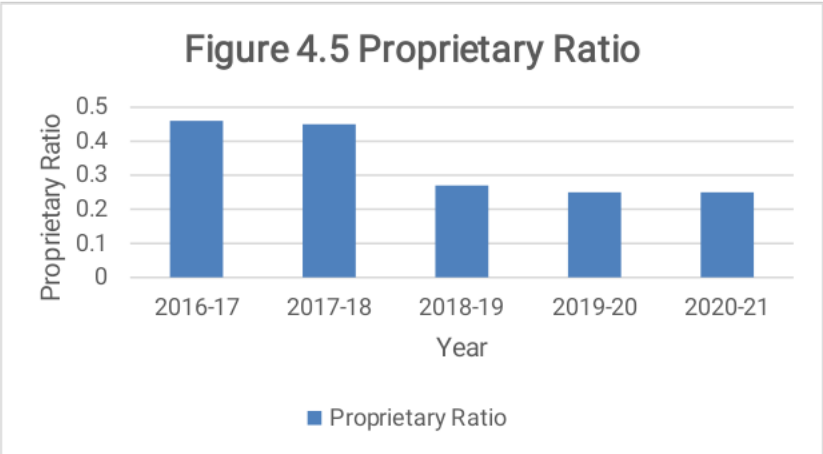
Proprietary ratio = shareholders fund/total asset

Table 4.5 Showing Proprietary Ratio

Year	Shareholders Fund (Rs.in million)	Total Asset (Rs.in million)	Ratio
2016-2017	34205.9	73625.9	0.46
2017-2018	36737.4	80880.8	0.45
2018-2019	19322.6	70582.0	0.27
2019-2020	20193.4	78997.3	0.25
2020-2021	20844.8	82099.3	0.25

(Sources-complied Annual report)

Ideal ratio of proprietary ratio is 0.5:1. Here, the company is not able to attain the ideal ratio. That means the company's financial position is not sound.



4.3.3 Solvency Ratio

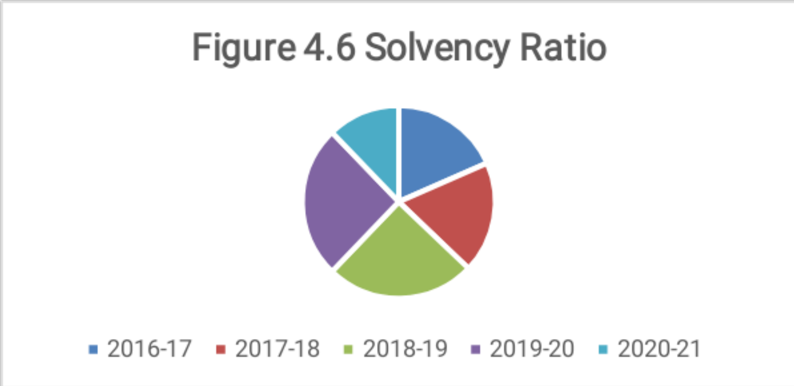
Solvency Ratio = Total Liabilities/ Total Assets

Table 4.6 Showing Solvency Ratio

Year	Total Liabilities (Rs.in million)	Total Assets (Rs.in million)	Ratio
2016-2017	39420.0	73625.9	0.53
2017-2018	44143.4	80880.8	0.54
2018-2019	51259.4	70582.0	0.72
2019-2020	58803.9	78997.3	0.74
2020-21	29554.5	82099.3	0.35

(Sources-complied Annual report)

If the ratio is more than one it is treated as satisfactory. Here, the company shows lower ratio than the satisfactory ratio which indicates the solvency and financial position are not strong.



4.3.4 Fixed Asset To Networth Ratio

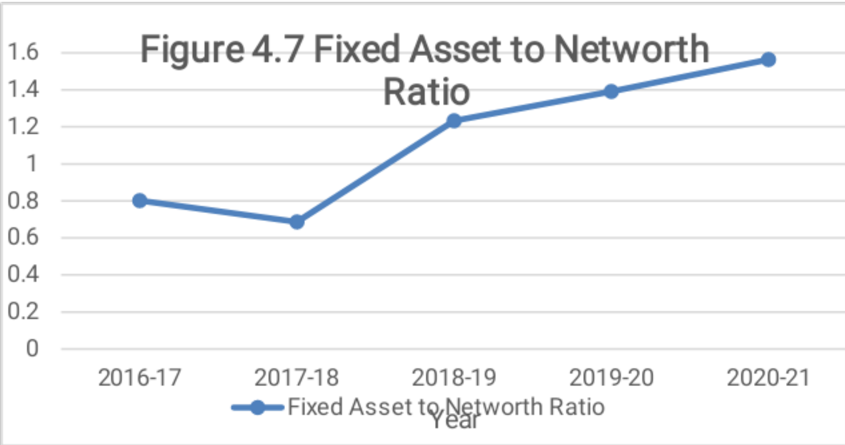
Fixed asset to networth ratio = fixed asset/ total shareholdersfund

Table 4.7 Showing Fixed Asset To Networth Ratio

Year	Fixed Asset (Rs.in million)	Total Shareholders Fund (Rs.in million)	Ratio
2016-2017	27103.4	34205.9	0.79
2017-2018	25058.2	36737.4	0.68
2018-2019	23700.1	19322.6	1.22
2019-2020	28179.9	20193.4	1.39
2020-2021	32402	20844.8	1.55

(Sources -complied Annual report)

Ideal ratio of fixed asset to net worth ratio is 0.50. Here, the ratio obtained are above the ideal ratio. Higher would indicate a risk because the company would be vulnerable to any unexpected events or changes to the business.



4.3 Profitability Ratio

4.3.1 Return On Equity

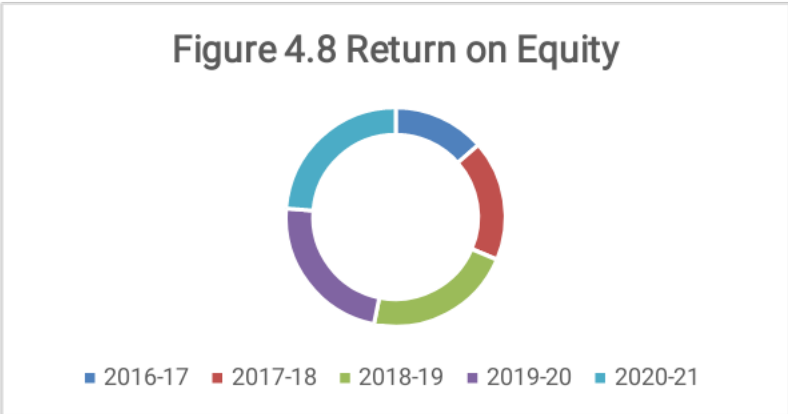
Return on equity= profit after tax/average equity share capital

Table 4.8 Showing Return on equity

Year	Profit after tax (Rs.in million)	Average equity share capital (Rs.in million)	Ratio
2016-2017	12251.9	964.2	12.70
2017-2018	16069.3	964.2	16.66
2018-2019	19695.5	964.2	20.42
2019-2020	20824.3	964.2	21.59
2020-2021	21448.6	964.2	22.24

(Sources-complied Annual report)

ROE measures how efficiently a firm can use the money from shareholders to generate profit and growth of the company. Always a high return on equity is better for every company. 20% is the ideal ratio of return on equity. Here the ratio shows a higher.



4.3.3 Net Profit Ratio

Net profit ratio= net profit/revenue from operations*100

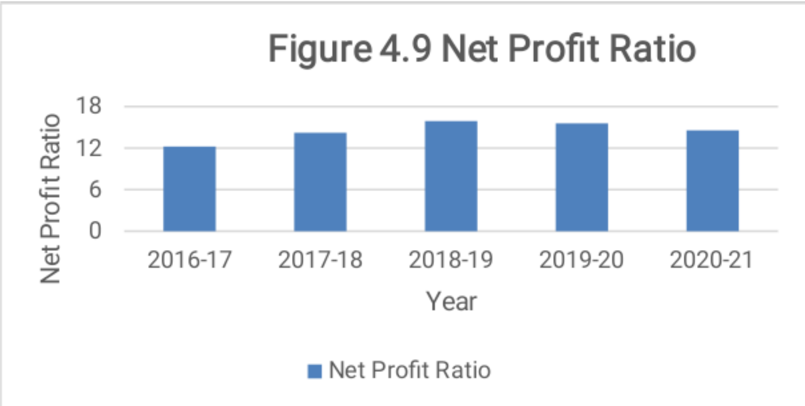
Table 4.9 Showing Net Profit Ratio

Year	Net Profit (Rs.in million)	Revenue From Operations (Rs.in million)	Ratio
2016-2017	12251.9	100096.0	12.24
2017-2018	16069.3	112922.7	14.23
2018-2019	19695.5	123689.0	15.92

2019-2020	20824.3	133500.3	15.59
2020-2021	21448.6	147094.1	14.58

(Sources-complied Annual report)

Net profit ratio shows how effectively cost control strategies are implemented by the management. Net profit ratio is at 12.24 in the year 2017 and for the next three years it shows an increasing trend that is 14.23, 15.92, 15.59. But in the year 2021 it shows lower than the previous years.



4.4 Activity Ratio

Activity ratio measures how effectively a company is able to generate revenue in the form of cash and sales by using its assets, liability and capital.

4.4.1 Total Asset Turnover Ratio

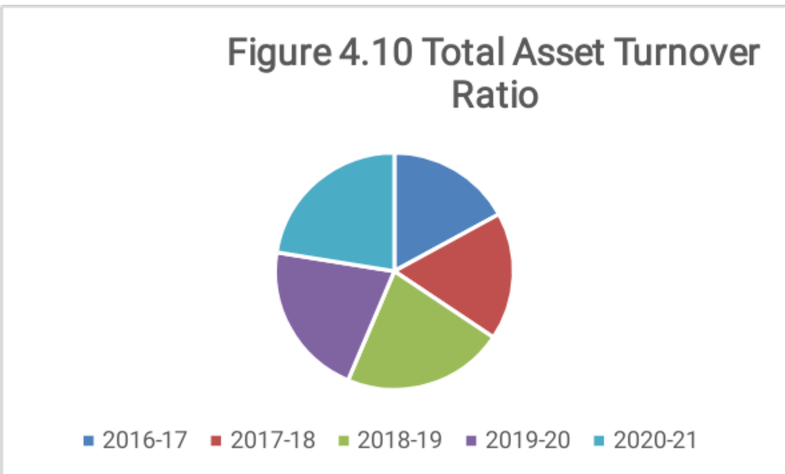
Total asset turnover ratio =sales/total asset

Table 4.10 Showing Total Asset Turnover Ratio

Year	Sales (Rs.in million)	Total Asset (Rs.in million)	Ratio
2016-2017	99525.3	73625.9	1.35
2017-2018	112162.3	80880.8	1.38
2018-2019	122952.7	70582.0	1.74
2019-2020	132901.6	78997.3	1.68
2020-2021	1467337.2	82099.3	1.78

(Sources-complied Annual report)

Total asset turnover ratio means how efficiently a firm uses its goods to generate sales. Here we can see the ratios are above the standard which means that the company is more efficient in generating revenue from its assets.



4.4.2 Fixed Asset Turnover Ratio

Fixed asset turnover ratio = sales/fixed asset

Table 4.11 Showing Fixed Turnover Ratio

Year	Sales (Rs.in million)	Fixed Asset (Rs.in million)	Ratio
2016-2017	99525.3	27103.4	3.67
2017-2018	112162.3	25058.2	4.47
2018-2019	122952.7	23700.1	5.18
2019-2020	132901.6	28179.9	4.71
2020-2021	1467337.2	32402	4.51

(Sources-complied Annual report)

Fixed asset turnover ratio measures the efficiency with which the firm has been using its fixed asset to generate sales. Higher fixed asset turnover ratio often indicates that a firm effectively and efficiently uses its assets to generate revenues.

4.4.3 Current Asset Turnover Ratio

Current asset turnover ratio =sales/current asset

Table 4.12 Showing Current Asset Turnover Ratio

Year	Sales (Rs.in million)	Current Asset (Rs.in million)	Ratio
2016-2017	99525.3	39373.9	2.52
2017-2018	112162.3	47369.5	2.36
2018-2019	122952.7	38171.7	3.22
2019-2020	132901.6	41850.8	3.18
2020-2021	1467337.2	27387.6	5.34

(Sources-complied Annual report)

Current asset turnover ratio shows how well the current asset of the company is utilized. The current asset turnover ratio increases from 2016-2017 to 2018-2019 and it falls to 3.18 in 2019-2020 but it increases in 2020-2021 as 5.34.

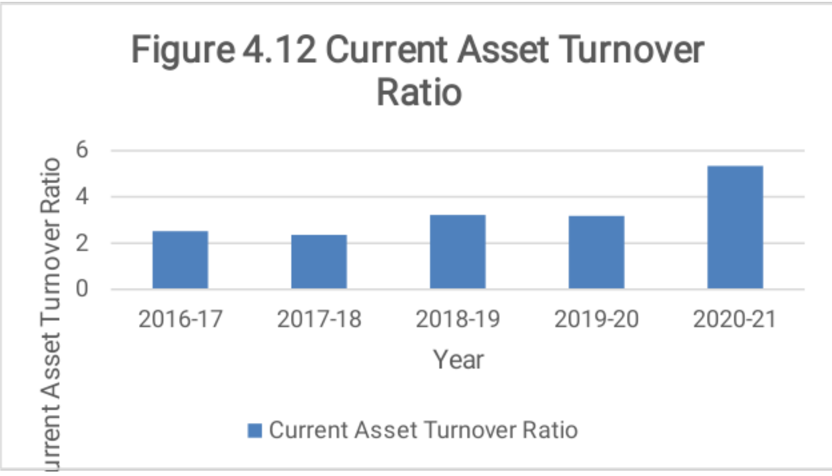


Figure 4.12 Current Asset Turnover Ratio

4.4.4 Working Capital Turnover Ratio

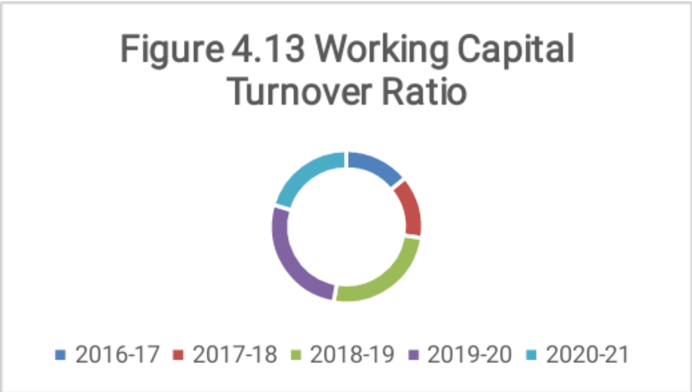
Working Capital turnover ratio = revenue from operation/net working capital

Table 4.13 Showing Working Capital Turnover Ratio.

Year	Revenue from Operations (Rs.in million)	Net working Capital (Rs.in million)	Ratio
2016-2017	100096.0	24446.8	4.09
2017-2018	112922.7	28820.0	3.91
2018-2019	123689.0	16696.6	7.40
2019-2020	133500.3	16925.3	7.88
2020-2021	147094.1	24755.2	5.94

(Sources-complied Annual report)

Working capital turnover ratio shows how efficiently a firm uses its working capital. Always a high working capital ratio preferred by every company. Here the smallest ratio was obtained by the company in the year 2017-2018 which was 3.91 but after the year ratio started increasing to 7.40,7.88 and again it decreases into 5.94 in the year 2020-2021.



4.4.5 Stock Turnover Ratio

Stock turnover ratio =revenue from operation/average inventory

Table 4.14 Showing Stock Turnover Ratio

Year	Revenue from operations (Rs.in million)	Average inventory (Rs.in million)	Ratio
2016-2017	100096.0	9212.65	10.86
2017-2018	112922.7	934.01	12.09
2018-2019	123689.0	11243.1	11.00
2019-2020	133500.3	13497.75	9.89
2020-2021	147094.1	14983.5	9.81

(Sources-complied Annual report)

Stock turnover ratio measures how efficiently a company can control its merchandise. Always a high ratio is suitable to have for a company. In the present study the stock turnover ratio is increasing and decreasing in each period. In 2016-2017 it was 10.86 and then in 2017-2018 it increases to 12.09 and it also decreases in the period of 2020-21 as 9.81

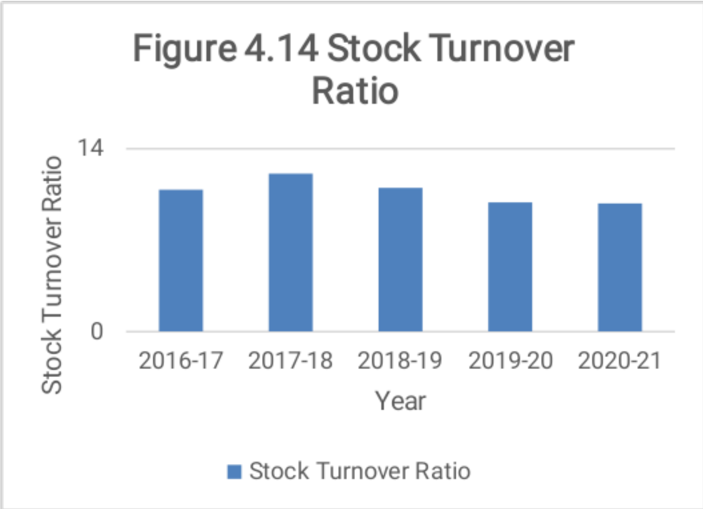


Figure 4.14 Stock Turnover Ratio
14
0
Stock Turnover Ratio
2016-17
2017-18
2018-19
2019-20
2020-21
Year
Stock Turnover Ratio

CHAPTER 5

FINDINGS, SUGGESTIONS AND CONCLUSION

FINDINGS, SUGGESTIONS, AND CONCLUSION

5.1 FINDINGS

The major findings of the study are:

- On the basis of Table 4.1 the current ratio is below the ideal ratio 2:1 in the last three years that is 2019 (1.77) 2020 (1.67) and in 2021 (1.05)
- In absolute liquidity ratio the ideal ratio is 0.5:1. The company follows the absolute liquidity ratio is satisfactory during the period of the study.
- In the above study shows that the company is less than the standard ratio of 1:1 in liquid ratio which means company is not in a position to pay off its current liabilities.
- In solvency ratio the company's debt equity is below the standard of 1:1. This means the higher claim of owner's than that of the long term lenders and is favourable of the firm .
- In proprietary ratio the study shows that Company is not in a financial position to manage their Shareholders fund and total assets.
- In the case of solvency ratio as per the study company's solvency position is not strong as they have insufficient total assets to meet its debt.
- In fixed asset to networth ratio the company follows the ideal ratio 0.50 during the entire period of study. Company is

able to make changes in the business.

- According to profitability ratio, in return on equity firm can use the money from shareholders to generate profit and growth of the company. 20% is the ideal ratio. Nestle India ltd shows high growth on return on equity.
- According to the analysis net profit ratio shows a fluctuating trend in the past five years. Lowest ratio obtained in the year 2016-2017.
- In the case of fixed asset turnover ratio the company shows that high efficiency to generate revenue from its assets.
- On the basis of this study it indicate that the trend of increasing current asset turnover ratio that is a company's current assets are effectively used.
- According to total asset turnover ratio the company is more efficient in generating revenue from its assets.
- In working capital ratio shows how effectively a firm use its working capital. As per the above study the company was obtained higher working capital ratio than the year 2016-2017.
- Stock turnover ratio measures how efficiently company can control its merchandise. It shows a fluctuating trend in the study. In the year 2021 it was lower than its previous years.

5.2 SUGGESTIONS

- Nestle Ltd. has a current ratio below than the ideal ratio 2:1. It shows that the current assets are twice current liabilities. In order to improve the short-term financial performance, the company has to increase its current assets.
- In the case of the liquid ratio the company is below the ideal ratio 1:1 this means that liquid assets are just equal to the current liabilities. By controlling over head expenses, sell unnecessary assets, revisiting debt obligation, etc. will help the company to maintain a good liquidity position.
- Proprietary ratio of the company is less than its ideal ratio 0.5:1. The company has to increase the shareholder fund in order to meet the ideal ratio.
- The company may adopt some measures to increase its debt equity ratio which helps to maintain a profitability position of the company and can be utilized in a better or other effective purpose.
- The solvency ratio is below the ideal ratio which indicate the financial position is not strong so the company is advisable to take more efforts to increase the overall efficiency of the business.

5.3 CONCLUSION

Nestle ltd. is one of the growing private sector companies in the world. The major objectives of the study are to ascertain the solvency and liquidity position of the company in the past five years, to understand the profitability of the company and to evaluate the financial performance of the company during the study period. The results of study show a fluctuating trend in its financial position over the years. But in the case of this company a steady increase cannot be seen but also it never moves to a loss-making situation. According to this study it is clearly understood the company need to take more effort should be given to protect the smooth functioning. It sounds like that company's liquidity and solvency position is satisfactory at the same time the company needs to improve its profitability position for the better future.

BIBLIOGRAPHY

JOURNALS

- Nestle India limited annual report

WEBSITES

- http://www.wikepedia.com/
- https://www.nestle.com/
- https://www.nestle.in/
- www.slideshare.net
- www.investopedia.com
- www.macrumors.com
- www.marketwatch.com
- www.britannica.com
- https://m.economictimes.com
- www.thehindubusinessline.com
- https://scholar.google.com
- www.statista.com
- www.marketresearchreports.com

APPENDIX

BALANCE SHEET AS AT 31 DECEMBER 2017

	NOTES	As at 31 December 2017 (₹ in million)	As at 31 December 2016 (₹ in million)	As at 1 January 2016 (₹ in million)
ASSETS				
Non-current assets				
Property, Plant and Equipment	5	26,161.8	27,301.4	28,978.5
Capital work-in-progress		941.6	1,881.7	2,307.9
Financial Assets				
Investments	6	5,852.8	4,743.1	3,417.8
Loans	7	463.5	643.7	627.4
Other non-current assets	8	832.3	706.7	676.9
		34,252.0	35,276.6	36,008.5
Current assets				
Inventories	9	9,024.7	9,400.6	8,208.1
Financial Assets				
Investments	10	13,935.9	12,813.5	9,879.4
Trade receivables	11	889.7	979.3	784.2
Cash and cash equivalents	12	14,476.9	8,693.2	4,892.7
Bank Balances other than cash and cash equivalents	13	97.3	106.8	102.8
Loans	14	288.0	166.0	181.7
Other financial assets	15	427.9	326.7	222.7
Current tax assets		63.9	27.3	327.6
Other current assets	16	169.6	314.6	304.8
		39,373.9	32,828.0	24,904.0
Total Assets		73,625.9	68,104.6	60,912.5
EQUITY AND LIABILITIES				
EQUITY				
Equity Share Capital	17	964.2	964.2	964.2
Other Equity	18	33,241.7	31,859.1	29,394.4
		34,205.9	32,823.3	30,358.6
LIABILITIES				
Non-current liabilities				
Financial Liabilities				
Borrowings	19	351.4	331.5	167.9
Provisions	20	22,915.9	19,722.1	15,971.7
Deferred tax liabilities (net)	21	1,219.6	1,553.4	1,747.0
Other non-current liabilities	22	6.0	6.8	-
		24,492.9	21,613.8	17,886.6
Current liabilities				
Financial Liabilities				
Borrowings	23	-	-	9.4
Trade payables	24	9,846.4	7,991.6	7,494.1
Other financial liabilities	25	3,140.2	3,116.4	2,492.7
Provisions	26	874.6	538.0	506.4
Other current liabilities	27	1,065.9	2,021.5	2,164.7
		14,927.1	13,667.5	12,667.3
Total Equity and liabilities		73,625.9	68,104.6	60,912.5

See accompanying notes 1 to 54 forming part of the financial statements

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 DECEMBER 2017

		NOTES		Year ended 31 December 2017 (₹ in million)		Year ended 31 December 2016 (₹ in million)
A	INCOME					
	Domestic Sales		94,724.5		87,530.8	
	Export Sales		6,626.6		6,565.2	
	Sale of products	35		101,351.1		94,096.0
	Other operating revenues	28		570.7		649.7
i	Revenue from operations			101,921.8		94,745.7
ii	Other Income	29		1,769.2		1,509.0
	Total Income			103,691.0		96,254.7
B	EXPENSES					
i	Cost of materials consumed	30		42,316.6		37,750.9
ii	Purchases of stock-in-trade			1,747.6		1,153.8
iii	Changes in inventories of finished goods, work-in-progress and stock-in-trade	31		(795.6)		(76.6)
iv	Excise duty			1,825.8		3,332.3
v	Employee benefits expense	32		10,174.5		9,015.7
vi	Finance costs (including interest cost on employee benefit plans)	33		919.0		909.1
vii	Depreciation and Amortisation	5		3,422.5		3,536.7
viii	Other expenses	34		24,170.2		22,954.6
ix	Impairment loss on property, plant and equipment	5		371.8		118.3
	Net provision for contingencies	39				
x	- Operations		383.6		418.0	
xi	- Others		492.9	876.5	1,266.7	1684.7
xii	Corporate social responsibility expense	40		269.1		313.6
	Total Expenses			85,298.0		80,693.1
C	PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX (A-B)			18,393.0		15,561.6
D	Exceptional items	41		-		107.8
E	PROFIT BEFORE TAX (C-D)			18,393.0		15,453.8
F	Tax expense					
	Current tax	42	6,491.7		5,611.9	
	Deferred tax	42	(350.6)	6,141.1	(171.7)	5,440.2
G	PROFIT AFTER TAX (E-F)			12,251.9		10,013.6

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 DECEMBER 2017

		NOTES	Year ended 31 December 2017 (₹ in million)	Year ended 31 December 2016 (₹ in million)
H	OTHER COMPREHENSIVE INCOME			
(a)	(i) Items that will not be reclassified to profit or loss			
	Re-measurement of retiral defined benefit plans	36	(1,387.3)	(843.9)
	Changes in fair value of equity instruments		-	(200.0)
	(ii) Income taxes relating to Items that will not be reclassified to profit or loss		480.1	292.1
			(907.2)	(751.8)
(b)	(i) Items that will be reclassified to profit or loss			
	Changes in fair value of cash flow hedges		26.7	(13.1)
	(ii) Income taxes relating to Items that will be reclassified to profit or loss		(9.3)	4.5
			17.4	(8.6)
	TOTAL OTHER COMPREHENSIVE INCOME (a + b)		(889.8)	(760.4)
I	TOTAL COMPREHENSIVE INCOME (G + H)		11,362.1	9,253.2
	Weighted average number of equity shares outstanding	Nos.	96,415,716	96,415,716
	Basic and Diluted Earnings Per Share (Face value ₹ 10)	₹	127.07	103.86
	ADDITIONAL INFORMATION (Refer Note 2):			
	PROFIT FROM OPERATIONS [C - A(ii) + B(vi) + B(xi) + B(xii)]		18,304.8	16,542.0

BALANCE SHEET AS AT 31 DECEMBER 2018

	NOTES	As at 31 December 2018 (₹ in million)	As at 31 December 2017 (₹ in million)
ASSETS			
Non-current assets			
Property, Plant and Equipment	5	24,006.2	26,161.8
Capital work-in-progress		1,052.0	941.6
Financial Assets			
Investments	6	7,333.6	5,852.8
Loans	7	401.4	463.5
Other non-current assets	8	718.1	832.3
		33,511.3	34,252.0
Current assets			
Inventories	9	9,655.5	9,024.7
Financial Assets			
Investments	10	19,251.3	13,935.9
Trade receivables	11	1,245.9	889.7
Cash and cash equivalents	12	15,987.7	14,476.9
Bank Balances other than cash and cash equivalents	13	112.9	97.3
Loans	14	178.9	288.0
Other financial assets	15	524.9	427.9
Current tax assets		188.5	63.9
Other current assets	16	223.9	169.6
		47,369.5	39,373.9
Total Assets		80,880.8	73,625.9
EQUITY AND LIABILITIES			
EQUITY			
Equity Share Capital	17	964.2	964.2
Other Equity	18	35,773.2	33,241.7
		36,737.4	34,205.9
LIABILITIES			
Non-current liabilities			
Financial Liabilities			
Borrowings	19	351.4	351.4
Provisions	20	24,649.2	22,915.9
Deferred tax liabilities (net)	21	588.2	1,219.6
Other non-current liabilities	22	5.1	6.0
		25,593.9	24,492.9
Current liabilities			
Financial Liabilities			
Trade payables			
Total outstanding dues of micro enterprises and small enterprises	48	107.7	52.5
Total outstanding dues of creditors other than micro enterprises and small enterprises		12,296.0	9,793.9
Other financial liabilities	23	3,161.8	3,140.2
Provisions	24	1,572.6	874.6
Other current liabilities	25	1,411.4	1,065.9
		18,549.5	14,927.1
Total Equity and liabilities		80,880.8	73,625.9

STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED 31 DECEMBER 2018

		NOTES		Year ended 31 December 2018 (₹ in million)		Year ended 31 December 2017 (₹ in million)
A	INCOME					
	Domestic Sales		105,075.4		94,724.5	
	Export Sales		7,086.9		6,626.6	
	Sale of products	33		112,162.3		101,351.1
	Other operating revenues	26		760.4		570.7
i	Revenue from operations			112,922.7		101,921.8
ii	Other Income	27		2,589.2		1,769.2
	Total Income			115,511.9		103,691.0
B	EXPENSES					
i	Cost of materials consumed	28		43,656.8		42,316.6
ii	Purchases of stock-in-trade			2,305.6		1,747.6
iii	Changes in inventories of finished goods, work-in-progress and stock-in-trade	29		(60.1)		(795.6)
iv	Excise duty			-		1,825.8
v	Employee benefits expense	30		11,241.5		10,174.5
vi	Finance costs (including interest cost on employee benefit plans)	31		1,119.5		919.0
vii	Depreciation and Amortisation	5		3,356.7		3,422.5
viii	Other expenses	32		28,181.1		24,170.2
ix	Impairment loss on property, plant and equipment	5		110.8		371.8
	Net provision for contingencies	37				
x	- Operations		621.7		383.6	
xi	- Others		415.1	1036.8	492.9	876.5
xii	Corporate social responsibility expense	38		273.7		269.1
	Total Expenses			91,222.4		85,298.0
C	PROFIT BEFORE TAX (A-B)			24,289.5		18,393.0
D	Tax expense					
	Current tax (includes ₹ 190.8 million (2017 : Nil) of earlier years)	39	8,848.7		6,491.7	
	Deferred tax	39	(628.5)	8,220.2	(350.6)	6,141.1
E	PROFIT AFTER TAX (C-D)			16,069.3		12,251.9

STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED 31 DECEMBER 2018

		NOTES	Year ended 31 December 2018 (₹ in million)	Year ended 31 December 2017 (₹ in million)
F	OTHER COMPREHENSIVE INCOME			
(a)	(i) Items that will not be reclassified to profit or loss			
	Re-measurement of retiral defined benefit plans	34	(464.0)	(1,387.3)
	Changes in fair value of equity instruments		(100.0)	-
	(ii) Income taxes relating to Items that will not be reclassified to profit or loss		162.0	480.1
			(402.0)	(907.2)
(b)	(i) Items that will be reclassified to profit or loss			
	Changes in fair value of cash flow hedges		(3.2)	26.7
	(ii) Income taxes relating to Items that will be reclassified to profit or loss		1.1	(9.3)
			(2.1)	17.4
	TOTAL OTHER COMPREHENSIVE INCOME (a+b)		(404.1)	(889.8)
G	TOTAL COMPREHENSIVE INCOME (E+F)		15,665.2	11,362.1
	Weighted average number of equity shares outstanding	Nos.	96,415,716	96,415,716
	Basic and Diluted Earnings Per Share (Face value ₹ 10)	₹	166.67	127.07
	ADDITIONAL INFORMATION (Refer Note 2):			
	PROFIT FROM OPERATIONS (C - A(ii) + B(vi) + B(xi) + B(xii))		23,508.6	18,304.8

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

NESTLÉ INDIA LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2019

	NOTES	As at 31 December 2019 (₹ in million)	As at 31 December 2018 (₹ in million)
ASSETS			
Non-current assets			
Property, Plant and Equipment	4	22,267.1	24,006.2
Capital work-in-progress		1,433.0	1,052.0
Financial Assets			
Investments	5	7,436.0	7,333.6
Loans	6	469.8	401.4
Other non-current assets	7	804.4	718.1
		32,410.3	33,511.3
Current assets			
Inventories	8	12,830.7	9,655.5
Financial Assets			
Investments	9	10,074.5	19,251.3
Trade receivables	10	1,243.3	1,245.9
Cash and cash equivalents	11	12,931.6	15,987.7
Bank Balances other than cash and cash equivalents	12	148.9	112.9
Loans	13	124.6	178.9
Other financial assets	14	557.9	524.9
Current tax assets		-	188.5
Other current assets	15	260.2	223.9
		38,171.7	47,369.5
Total Assets		70,582.0	80,880.8
EQUITY AND LIABILITIES			
EQUITY			
Equity Share Capital	16	964.2	964.2
Other Equity	17	18,358.4	35,773.2
		19,322.6	36,737.4
LIABILITIES			
Non-current liabilities			
Financial Liabilities			
Borrowings	18	531.4	351.4
Provisions	19	29,069.1	24,649.2
Deferred tax liabilities (net)	20	179.5	588.2
Other non-current liabilities	21	4.3	5.1
		29,784.3	25,593.9
Current liabilities			
Financial Liabilities			
Trade payables			
Total outstanding dues of micro enterprises and small enterprises	46	340.2	107.7
Total outstanding dues of creditors other than micro enterprises and small enterprises		14,606.7	12,296.0
Other financial liabilities	22	4,314.8	3,161.8
Provisions	23	854.6	1,572.6
Current tax liabilities		19.2	-
Other current liabilities	24	1,339.6	1,411.4
		21,475.1	18,549.5
Total Equity and liabilities		70,582.0	80,880.8

See accompanying notes 1 to 47 forming part of the financial statements

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 DECEMBER 2019

		NOTES		Year ended 31 December 2019 (₹ in million)		Year ended 31 December 2018 (₹ in million)
A	INCOME					
	Domestic Sales		116,567.9		105,075.4	
	Export Sales		6,384.8		7,086.9	
	Sale of products	32		122,952.7		112,162.3
	Other operating revenues	25		736.3		760.4
i	Revenue from operations			123,689.0		112,922.7
ii	Other Income	26		2,468.8		2,589.2
	Total Income			126,157.8		115,511.9
B	EXPENSES					
i	Cost of materials consumed	27		51,503.0		43,656.8
ii	Purchases of stock-in-trade			2,178.1		2,305.6
iii	Changes in inventories of finished goods, work-in-progress and stock-in-trade	28		(1,441.9)		(60.1)
iv	Employee benefits expense	29		12,629.5		11,241.5
v	Finance costs (including interest cost on employee benefit plans)	30		1,198.3		1,119.5
vi	Depreciation and Amortisation	4		3,163.6		3,356.7
vii	Other expenses	31		29,545.4		28,181.1
viii	Impairment loss on property, plant and equipment	4		-		110.8
	Net provision for contingencies	36				
ix	- Operations		248.8		621.7	
x	- Others		-	248.8	415.1	1036.8
xi	Corporate social responsibility expense	37		383.1		273.7
	Total Expenses			99,407.9		91,222.4
C	PROFIT BEFORE TAX (A-B)			26,749.9		24,289.5
D	Tax expense					
	Current tax	38	7,470.0		8,848.7	
	Deferred tax	38	(415.6)	7,054.4	(628.5)	8,220.2
E	PROFIT AFTER TAX (C-D)			19,695.5		16,069.3

NESTLÉ INDIA LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 DECEMBER 2019

		NOTES	Year ended 31 December 2019 (₹ in million)	Year ended 31 December 2018 (₹ in million)
F	OTHER COMPREHENSIVE INCOME			
(a)	(i) Items that will not be reclassified to profit or loss			
	Re-measurement of retiral defined benefit plans	33	(2,036.7)	(464.0)
	Changes in fair value of equity instruments		(30.0)	(100.0)
	(ii) Income taxes relating to Items that will not be reclassified to profit or loss		523.3	162.0
			(1,543.4)	(402.0)
(b)	(i) Items that will be reclassified to profit or loss			
	Changes in fair value of cash flow hedges		(8.0)	(3.2)
	(ii) Income taxes relating to Items that will be reclassified to profit or loss		3.7	1.1
			(4.3)	(2.1)
	TOTAL OTHER COMPREHENSIVE INCOME (a+b)		(1,547.7)	(404.1)
G	TOTAL COMPREHENSIVE INCOME (E+F)		18,147.8	15,665.2
	Weighted average number of equity shares outstanding	Nos.	96,415,716	96,415,716
	Basic and Diluted Earnings Per Share (Face value ₹ 10)	₹	204.28	166.67
	ADDITIONAL INFORMATION (Refer Note 2):			
	PROFIT FROM OPERATIONS [C - A(ii) + B(v) + B(x) + B(xi)]		25,862.5	23,508.6

See accompanying notes 1 to 47 forming part of the financial statements

BALANCE SHEET AS AT 31 DECEMBER 2020

	NOTES	As at 31 December 2020 (₹ in million)	As at 31 December 2019 (₹ in million) (Restated)*	As at 1 January 2019 (₹ in million) (Restated)*
ASSETS				
Non-current assets				
Property, Plant and Equipment	5	19,680.0	21,088.1	22,814.1
Capital work-in-progress		6,385.8	1,433.0	1,052.0
Right of Use Assets	6, 48	2,114.1	2,326.4	2,429.4
Financial Assets				
Investments	7	7,408.3	7,436.0	7,333.6
Loans	8	465.5	469.8	401.4
Deferred Tax Assets (net)	22	199.2	-	-
Other non-current assets	9	893.6	804.4	718.1
		37,146.5	33,557.7	34,748.6
Current assets				
Inventories	10	14,164.8	12,830.7	9,655.5
Financial Assets				
Investments	11	7,229.4	10,074.5	19,251.3
Trade receivables	12	1,649.3	1,243.3	1,245.9
Cash and cash equivalents	13	17,548.0	12,931.6	15,987.7
Bank Balances other than cash and cash equivalents	14	150.7	148.9	112.9
Loans	15	132.2	124.6	178.9
Other financial assets	16	589.6	557.9	524.9
Current tax assets		-	-	188.5
Other current assets	17	386.8	260.2	223.9
		41,850.8	38,171.7	47,369.5
Total Assets		78,997.3	71,729.4	82,118.1
EQUITY AND LIABILITIES				
EQUITY				
Equity Share Capital	18	964.2	964.2	964.2
Other Equity	19	19,229.2	18,224.5	35,650.4
		20,193.4	19,188.7	36,614.6
LIABILITIES				
Non-current liabilities				
Financial Liabilities				
Borrowings	20	317.2	531.4	351.4
Lease liabilities	48	657.6	896.0	960.4
Provisions	21	32,682.7	29,069.1	24,649.2
Deferred tax liabilities (net)	22	-	134.4	547.0
Other non-current liabilities	23	220.9	4.3	5.1
		33,878.4	30,635.2	26,513.1

	NOTES	As at 31 December 2020 (₹ in million)	As at 31 December 2019 (₹ in million) (Restated)*	As at 1 January 2019 (₹ in million) (Restated)*
Current liabilities				
Financial Liabilities				
Borrowings	24	31.2	-	-
Trade payables				
Total outstanding dues of micro enterprises and small enterprises	47	937.6	340.2	107.7
Total outstanding dues of creditors other than micro enterprises and small enterprises		14,228.2	14,575.1	12,296.0
Lease Liabilities	48	468.9	462.0	440.9
Payables for capital expenditure				
Total outstanding dues of micro enterprises and small enterprises	47	202.3	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		2,722.0	888.5	469.8
Other financial liabilities	25	3,687.6	3,426.3	2,692.0
Provisions	26	1,059.6	854.6	1,572.6
Current tax liabilities		98.0	19.2	-
Other current liabilities	27	1,490.1	1,339.6	1,411.4
		24,925.5	21,905.5	18,990.4
Total Equity and liabilities		78,997.3	71,729.4	82,118.1

STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED 31 DECEMBER 2020

		NOTES	Year ended 31 December 2020 (₹ in million)		Year ended 31 December 2019 (₹ in million) (Restated)*	
A	INCOME					
	Domestic Sales		126,427.7		116,567.9	
	Export Sales		6,473.9		6,384.8	
	Sale of products	35		132,901.6		122,952.7
	Other operating revenues	28		598.7		736.3
i	Revenue from operations			133,500.3		123,689.0
ii	Other Income	29		1,458.5		2,468.8
	Total Income			134,958.8		126,157.8
B	EXPENSES					
i	Cost of materials consumed	30		55,542.4		51,503.0
ii	Purchases of stock-in-trade			1,890.0		2,178.1
iii	Changes in inventories of finished goods, work-in-progress and stock-in-trade	31		(693.3)		(1,441.9)
iv	Employee benefits expense	32		15,009.5		12,581.7
v	Finance costs (including interest cost on employee benefit plans)	33		1,641.8		1,291.2
vi	Depreciation and Amortisation	5,6		3,703.8		3,701.5
vii	Other expenses	34		29,132.8		28,977.4
viii	Net provision for contingencies - Operations			139.7		248.8
ix	Corporate social responsibility expense	39		464.2		383.1
	Total Expenses			106,830.9		99,422.9
C	PROFIT BEFORE TAX (A-B)			28,127.9		26,734.9
D	Tax expense					
	Current tax	40	7,634.2		7,470.0	
	Deferred tax	40	(330.6)	7,303.6	(419.5)	7,050.5
E	PROFIT AFTER TAX (C-D)			20,824.3		19,684.4

STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED 31 DECEMBER 2020

		NOTES	Year ended 31 December 2020 (₹ in million)	Year ended 31 December 2019 (₹ in million) (Restated)*
F	OTHER COMPREHENSIVE INCOME			
(a)	(i) Items that will not be reclassified to profit or loss			
	Re-measurement of retiral defined benefit plans	36	(1,236.5)	(2,036.7)
	Changes in fair value of equity instruments		-	(30.0)
	(ii) Income taxes relating to Items that will not be reclassified to profit or loss		311.2	523.3
			(925.3)	(1,543.4)
(b)	(i) Items that will be reclassified to profit or loss			
	Changes in fair value of cash flow hedges		4.3	(8.0)
	(ii) Income taxes relating to Items that will be reclassified to profit or loss		(1.1)	3.7
			3.2	(4.3)
	TOTAL OTHER COMPREHENSIVE INCOME (a+b)		(922.1)	(1,547.7)
G	TOTAL COMPREHENSIVE INCOME (E+F)		19,902.2	18,136.7
	Weighted average number of equity shares outstanding	Nos.	96,415,716	96,415,716
	Basic and Diluted Earnings Per Share (Face value ₹ 10)	₹	215.98	204.16
	ADDITIONAL INFORMATION (Refer Note 2):			
	PROFIT FROM OPERATIONS [C - A(ii) + B(v) + B(ix)]		28,775.4	25,940.4

* Refer Note 48.

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

BALANCE SHEET AS AT 31 DECEMBER 2021

	NOTES	As at 31 December 2021 (₹ in million)	As at 31 December 2020 (₹ in million)
ASSETS			
Non-current assets			
Property, Plant and Equipment	4	26,529.4	19,680.0
Capital work-in-progress		2,462.3	6,385.8
Right of Use Assets	5	3,410.3	2,114.1
Financial Assets			
Investments	6	7,107.0	7,408.3
Loans	7	490.9	465.5
Deferred Tax Assets (net)	8	258.4	199.2
Other non-current assets	9	14,453.4	893.6
		54,711.7	37,146.5
Current assets			
Inventories	10	15,802.2	14,164.8
Financial Assets			
Investments	11	632.8	7,229.4
Trade receivables	12	1,652.7	1,649.3
Cash and cash equivalents	13	7,185.3	17,548.0
Bank Balances other than cash and cash equivalents	14	168.8	150.7
Loans	15	118.5	132.2
Other financial assets	16	494.0	589.6
Current tax assets		292.9	-
Other current assets	17	851.6	386.8
Asset held for sale	18	188.8	-
		27,387.6	41,850.8
Total Assets		82,099.3	78,997.3
EQUITY AND LIABILITIES			
EQUITY			
Equity Share Capital	19	964.2	964.2
Other Equity	20	19,880.6	19,229.2
		20,844.8	20,193.4
LIABILITIES			
Non-current liabilities			
Financial Liabilities			
Borrowings	21	274.7	317.2
Lease liabilities		1,902.3	657.6
Provisions	22	32,845.4	32,682.7
Other non-current liabilities	23	199.7	220.9
		35,222.1	33,878.4

	NOTES	As at 31 December 2021 (₹ in million)	As at 31 December 2020 (₹ in million)
Current liabilities			
Financial Liabilities			
Borrowings	24	65.9	31.2
Trade payables			
Total outstanding dues of micro enterprises and small enterprises	47	2,598.1	937.6
Total outstanding dues of creditors other than micro enterprises and small enterprises		14,750.4	14,228.2
Lease Liabilities		415.3	468.9
Payables for capital expenditure			
Total outstanding dues of micro enterprises and small enterprises	47	210.6	202.3
Total outstanding dues of creditors other than micro enterprises and small enterprises		1,337.5	2,722.0
Other financial liabilities	25	3,586.3	3,687.6
Provisions	26	1,385.4	1,059.6
Current tax liabilities		-	98.0
Other current liabilities	27	1,682.9	1,490.1
		26,032.4	24,925.5
Total Equity and liabilities		82,099.3	78,997.3

See accompanying notes 1 to 48 forming part of the financial statements

STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED 31 DECEMBER 2021

		NOTES		Year ended 31 December 2021 (₹ in million)		Year ended 31 December 2020 (₹ in million)
A	**INCOME**					
	Domestic Sales		139,941.5		126,427.7	
	Export Sales		6,395.7		6,473.9	
	Sale of products	35		146,337.2		132,901.6
	Other operating revenues	28		756.9		598.7
	Revenue from operations			147,094.1		133,500.3
	Other Income	29		1,201.1		1,458.5
	Total Income			148,295.2		134,958.8
B	**EXPENSES**					
i	Cost of materials consumed	30		61,541.0		55,542.4
ii	Purchases of stock-in-trade			2,276.2		1,890.0
iii	Changes in inventories of finished goods, work-in-progress and stock-in-trade	31		(627.0)		(693.3)
iv	Employee benefits expense	32		15,213.0		15,009.5
v	Finance costs (including interest cost on employee benefit plans)	33		2,011.9		1,641.8
vi	Depreciation and Amortisation	4,5		3,901.9		3,703.8
vii	Other expenses	34		32,482.0		29,132.8
viii	Impairment loss on property, plant and equipment	4		12.2		-
ix	Net provision for contingencies			(251.7)		139.7
x	Corporate social responsibility expense	39		534.0		464.2
	Total Expenses			117,092.5		106,830.9
C	**PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX (A-B)**			31,202.7		28,127.9
D	Exceptional items	3,36		2,365.0		-
E	**PROFIT BEFORE TAX (C-D)**			28,837.7		28,127.9
F	Tax expense					
	Current tax	40	7,443.9		7,634.2	
	Deferred tax	40	(54.8)	7,389.1	(330.6)	7,303.6
G	**PROFIT AFTER TAX (E-F)**			21,448.6		20,824.3

STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED 31 DECEMBER 2021

		NOTES	Year ended 31 December 2021 (₹ in million)	Year ended 31 December 2020 (₹ in million)
H	**OTHER COMPREHENSIVE INCOME**			
(a)	**(i) Items that will not be reclassified to profit or loss**			
	Re-measurement of retiral defined benefit plans	36	(2,025.3)	(1,236.5)
	(ii) Income taxes relating to Items that will not be reclassified to profit or loss		509.7	311.2
			(1,515.6)	(925.3)
(b)	**(i) Items that will be reclassified to profit or loss**			
	Changes in fair value of cash flow hedges		2.0	4.3
	(ii) Income taxes relating to Items that will be reclassified to profit or loss		(0.5)	(1.1)
			1.5	3.2
	TOTAL OTHER COMPREHENSIVE INCOME (a+b)		(1,514.1)	(922.1)
I	**TOTAL COMPREHENSIVE INCOME (G+H)**		19,934.5	19,902.2
	Weighted average number of equity shares outstanding	Nos.	96,415,716	96,415,716
	Basic and Diluted Earnings Per Share (Face value ₹ 10)	₹	222.46	215.98
	ADDITIONAL INFORMATION (Refer Note 2):			
	PROFIT FROM OPERATIONS [C - A(iii) + B(v) + B(x)]		32,547.5	28,775.4

See accompanying notes 1 to 48 forming part of the financial statements