

## Nestlé India Limited

(CIN : L15202DL1959PLC003786)  
Nestlé House  
Jacaranda Marg  
'M'Block, DLF City, Phase – II  
Gurugram – 122002, Haryana  
Phone 0124 - 3940000  
E-mail: investor@in.nestle.com  
Website www.nestle.in



PKR:GA: 20:23

17.03.2023

BSE Limited  
Phiroze Jeejeebhoy Towers  
Dalal Street, Fort  
Mumbai – 400 001

**BSE Scrip Code – 500790**

- Subject :**
- 1. Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"): Electronic copy of Notice of the 64<sup>th</sup> Annual General Meeting and Annual Report for the year 2022;**
  - 2. Intimation of cut-off date of 5<sup>th</sup> April 2023 to determine the eligibility of the members to cast their vote through remote e-Voting and e-Voting during the 64<sup>th</sup> Annual General Meeting**

Dear Madam/ Sir,

This is further to our letter no. PKR:GA:10:23 dated 16<sup>th</sup> February 2023 regarding convening of the 64<sup>th</sup> Annual General Meeting of the Company ("64<sup>th</sup> AGM") on Wednesday, 12<sup>th</sup> April 2023 through Video Conferencing/ Other Audio-Visual Means (VC/ OAVM) facility.

Please find enclosed electronic copy of Notice of the 64<sup>th</sup> AGM and the Annual Report for the year 2022 including the Audited Financial Statements for the year ended 31<sup>st</sup> December 2022 ("Annual Report"), being sent by email to those members whose email address are registered with the Company/ Depository Participants(s). The Notice of the 64<sup>th</sup> AGM and the Annual Report are also being uploaded on the website of the Company at [www.nestle.in](http://www.nestle.in) and we request you to also upload these documents on BSE's website [www.bseindia.com](http://www.bseindia.com).

Further, in terms of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management & Administration) Rules, 2014 (as amended), the Company has fixed 5<sup>th</sup> April 2023 as the cut-off date to determine the eligibility of the members to cast their vote by electronic means and e-Voting during the 64<sup>th</sup> AGM scheduled to be held on Wednesday, 12<sup>th</sup> April 2023 through VC/ OAVM facility.

Please take the same on record.

Thanking you,

Yours truly,

**NESTLÉ INDIA LIMITED**

**PRAMOD KUMAR RAI**  
**COMPANY SECRETARY AND COMPLIANCE OFFICER**

Encl.: as above

# NESTLÉ INDIA LIMITED

(CIN: L15202DL1959PLC003786)

Registered Office: 100/ 101, World Trade Centre, Barakhamba Lane, New Delhi - 110 001

Email: investor@in.nestle.com, Website: www.nestle.in

Phone: 011 - 2341 8891

## NOTICE

NOTICE IS HEREBY GIVEN THAT THE SIXTY FOURTH ANNUAL GENERAL MEETING ("AGM/ 64<sup>TH</sup> AGM") OF THE MEMBERS OF NESTLÉ INDIA LIMITED ("the Company") will be held on Wednesday, 12<sup>th</sup> April 2023 at 10:00 A.M., Indian Standard Time (IST), through Video Conferencing/ Other Audio-Visual Means ("VC/ OAVM") facility, to transact following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Annual Financial Statements of the Company for the financial year 2022 including Balance Sheet as at 31<sup>st</sup> December 2022, the Statement of Profit and Loss and Cash Flow Statement for the financial year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To confirm payment of two Interim Dividends aggregating to 145/- per equity share for the financial year 2022 and to declare final dividend on equity shares for the financial year ended 31<sup>st</sup> December 2022.
3. To appoint a Director in place of Mr. Matthias Christoph Lohner (DIN: 08934420), who retires by rotation and being eligible, offers himself for re-appointment.

### SPECIAL BUSINESS:

4. To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED that pursuant to the provisions of Section 148 and other applicable provisions, if any of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), and on recommendation of Audit Committee, M/s. Ramanath Iyer & Co., Cost Accountants (Firm Registration No.: 00019), appointed as the Cost Auditors by the Board of Directors of the Company to conduct the audit of the cost accounting records for the products falling under the specified Customs Tariff Act Heading 0402, manufactured by the Company for the financial year ending 31<sup>st</sup> December 2023 to be paid, ₹ 2,22,000/- (Rupees two lakhs twenty-two thousand only) plus out of pocket expenses and applicable taxes."

5. To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED that pursuant to the provisions of Section 152 of the Companies Act, 2013 ("the Act") and Regulation 17(1C) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and/or any other applicable provisions of the Act and/or the Listing Regulations (including any statutory modification(s) or re-enactment thereof for the time being in force), Ms. Svetlana Leonidovna Boldina (DIN: 10044338), who has been appointed as an Additional Director of the Company by the Board of Directors with effect from 1<sup>st</sup> March 2023 in terms of Section 161(1) of the Act and Article 127 of the Articles of Association of the Company and whose term of office expires at the Annual General Meeting, be and is hereby appointed as a Director and the period of her office shall be liable to determination by retirement of directors by rotation.

RESOLVED FURTHER that pursuant to the provisions of Section 196, 197, 203 of the Companies Act, 2013 ("the Act") and Regulation 17(1C) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and any other applicable provisions of the Act and/or the Listing Regulations (including any statutory modification(s) or re-enactment thereof for the time being in force) and subject to the requisite approval of the Central Government, the Company hereby accords its approval to the appointment of Ms. Svetlana Leonidovna Boldina (DIN: 10044338), as the Whole-time Director, designated as "Executive Director-Finance & Control and Chief Financial Officer" for a term of five consecutive years effective from 1<sup>st</sup> March 2023 until 29<sup>th</sup> February 2028 on the terms and conditions of appointment and remuneration as contained in the draft agreement, material terms of which are set out in the explanatory statement attached to this notice and the Board of Directors be and is hereby authorized to alter and vary such terms and conditions of appointment and remuneration so as to not exceed the limits specified in Schedule V to the Act, as may be agreed to by the Board of Directors and Ms. Svetlana Boldina."

6. To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED that pursuant to the provisions of Section 149, 197 of the Companies Act, 2013 ("the Act") and Regulation 17(6)(a) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and any other applicable provisions of the Act and/or the Listing Regulations (including any statutory modification(s) or re-enactment thereof for the time being in force), a sum not exceeding one percent per annum of the net profits of the Company calculated in accordance with the provisions of Section 198 of the Act, be paid to and distributed amongst the directors other than the managing

director or whole-time directors of the Company or some or any of them in such amounts or proportions and in such manner and in all respects as may be decided and directed by the Board of Directors and such payments shall be made in respect of the profits of the Company for each financial year, commencing from 1<sup>st</sup> January 2023, provided that none of the directors aforesaid shall receive individually a sum exceeding ₹1,00,00,000/- (Rupees one crore only) in a financial year.

RESOLVED FURTHER that the above remuneration shall be in addition to fee payable to the director(s) for attending the meetings of the Board or Committee(s) thereof or for any other purpose whatsoever as may be decided by the Board of Directors and reimbursement of expenses for participation in the Board and other meetings."

**By Order of the Board**

**Date : 16<sup>th</sup> February 2023**  
**Place : Gurugram**

**Pramod Kumar Rai**  
**Company Secretary**

#### **IMPORTANT NOTES:**

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("the Act"), setting out material facts concerning the business under Item Nos. 4, 5 and 6 of the accompanying Notice, is annexed hereto and forms part of this Notice. The Board of Directors of the Company at its meeting held on 16<sup>th</sup> February 2023 considered that the special business under Item Nos. 4, 5 and 6, being considered unavoidable, be transacted at the 64<sup>th</sup> AGM of the Company.
2. The Ministry of Corporate Affairs, Government of India ("MCA") vide its General Circular Nos. 20/2020 and 10/2022 dated 5<sup>th</sup> May 2020 and 28<sup>th</sup> December 2022, respectively, and other circulars issued in this respect ("MCA Circulars") allowed, *inter-alia*, conduct of AGMs through Video Conferencing/ Other Audio-Visual Means ("VC/ OAVM") facility on or before 30<sup>th</sup> September 2023, in accordance with the requirements provided in paragraphs 3 and 4 of the MCA General Circular No. 20/2020. The Securities and Exchange Board of India ("SEBI") also vide its Circular No. SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated 5<sup>th</sup> January 2023 ("SEBI Circular") has provided certain relaxations from compliance with certain provisions of the SEBI (Listing Obligations and Disclosure Requirements Regulations, 2015 ("Listing Regulations"). In compliance with these Circulars, provisions of the Act and the Listing Regulations, the 64<sup>th</sup> AGM of the Company is being conducted through VC/ OAVM facility, which does not require physical presence of members at a common venue. The deemed venue for the 64<sup>th</sup> AGM shall be the Registered Office of the Company.
3. In terms of the MCA Circulars, physical attendance of members has been dispensed with and, therefore, there is no requirement of appointment of proxies. Accordingly, the facility of appointment of proxies by members under Section 105 of the Act will not be available for the 64<sup>th</sup> AGM. However, in pursuance of Section 112 and Section 113 of the Act, representatives of the members may be appointed for the purpose of voting through remote e-Voting through Board Resolution/ Power of Attorney/ Authority Letter, etc., for participation in the 64<sup>th</sup> AGM through VC/ OAVM facility and e-Voting during the 64<sup>th</sup> AGM and since the 64<sup>th</sup> AGM is being held through VC/ OAVM facility, the Route Map is not annexed in this Notice.
4. In terms of the MCA Circulars, the Notice of the 64<sup>th</sup> AGM and Annual Report for the financial year 2022, will be available on the website of the Company at [www.nestle.in](http://www.nestle.in), on the website of BSE Limited at [www.bseindia.com](http://www.bseindia.com) and also on the website of National Securities Depositories Limited ("NSDL") at [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
5. Pursuant to the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014, Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India ("ICSI") and Regulation 44 of Listing Regulations read with MCA Circulars, as amended, the Company is providing remote e-Voting facility to its members in respect of the business to be transacted at the 64<sup>th</sup> AGM and facility for those members participating in the 64<sup>th</sup> AGM to cast vote through e-Voting system during the 64<sup>th</sup> AGM. For this purpose, NSDL will be providing facility for voting through remote e-Voting, for participation in the 64<sup>th</sup> AGM through VC/ OAVM facility and e-Voting during the 64<sup>th</sup> AGM. Members may note that NSDL may use third party service provider for providing participation of the members through VC/ OAVM facility.
6. Members may join the 64<sup>th</sup> AGM through VC/ OAVM facility by following the procedure as mentioned below which shall be kept open for the members from 9:30 A.M. (IST) i.e. 30 minutes before the time scheduled to start the 64<sup>th</sup> AGM and the Company may close the window for joining the VC/ OAVM facility 30 minutes after the scheduled time to start the 64<sup>th</sup> AGM.
7. Members may note that the VC/ OAVM facility provided by NSDL, allows participation of at least one thousand members on a first-come-first-served basis. The large members (i.e. members holding 2% or more shareholding), promoters, institutional investors, directors, key managerial personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, auditors, etc. can attend the 64<sup>th</sup> AGM without any restriction on account of first-come-first-served basis.

8. Attendance of the members participating in the 64<sup>th</sup> AGM through VC/ OAVM facility using their login credentials shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
9. Electronic copy of the Annual Report for the financial year 2022 is being sent to all the members whose email addresses are registered with the Company/ Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same.

Electronic copy of the Notice of the 64<sup>th</sup> AGM of the Company, *inter-alia*, indicating the process and manner of electronic voting ("e-voting") is being sent to all the members whose email addresses are registered with the Company/ Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same.

In case any member is desirous of obtaining hard copy of the Annual Report for the financial year 2022 and Notice of the 64<sup>th</sup> AGM of the Company, may send request to the Company's email address at investor@in.nestle.com mentioning no./ DP ID and Client ID.

10. Members, whose email address, bank account details or mobile number is not registered with the Company or with their respective Depository Participant(s) ['DPs'], and who wish to receive the Notice of the 64<sup>th</sup> AGM and the Annual Report for the financial year 2022 and all other communication sent by the Company, from time to time, can get their email address, bank account details and mobile number registered by following the steps as given below:-
  - a. Members holding shares in physical form may send scan copy of a signed request letter mentioning the folio number, complete address, email address to be registered along with scanned self attested copy of the PAN and any document (such as Driving License, Passport, Bank Statement, AADHAR) supporting the registered address of the Member, by email to the Company's email address at investor@in.nestle.com.
  - b. Members holding shares in demat mode may update the email address, bank account details and mobile number through their respective Depository Participant(s).

**11. General instructions for accessing and participating in the 64<sup>th</sup> AGM through VC/ OAVM facility and voting through electronic means including remote e-Voting: -**

**A. Instructions for members for Remote e-Voting are as under: -**





- » The remote e-Voting period will commence from 9<sup>th</sup> April 2023 (9:00 A.M. IST) and end on 11<sup>th</sup> April 2023 (5:00 P.M. IST). During this period, members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e., 5<sup>th</sup> April 2023, may cast their vote electronically. The voting right of members shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
- » A person who is not a member as on the cut-off date should treat this Notice of the 64<sup>th</sup> AGM for information purpose only.
- » The details of the process and manner for remote e-Voting are explained herein below:
  - Step 1: Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com>.
  - Step 2: Cast your vote electronically on NSDL e-Voting system.

**Step 1: How to Log-in to NSDL e-Voting website?**

**I. Login method for e-Voting and joining virtual meeting for individual members holding securities in demat mode**

In terms of SEBI Circular dated 9<sup>th</sup> December 2020 on "e-Voting facility provided by Listed Companies", e-voting process has been enabled to all the individual demat account holders, by way of single login credential, through their demat account(s)/ websites of Depositories/ Depository Participant(s) ("DPs") in order to increase the efficiency of the voting process. Individual demat account holders would be able to cast their vote without having to register again with the e-voting service provider ("ESP") thereby not only facilitating seamless authentication but also ease and convenience of participating in e-voting process.

Members are advised to update their mobile number and e-mail address with their DPs in order to access e-voting facility. Login method for individual members holding securities in demat mode is given below:

Type of Members	Login Methods
Individual members holding securities in demat mode with NSDL.	<p><b>Users registered for NSDL IDeAS facility:</b></p> <ol style="list-style-type: none"> <li>Visit the e-Services website of NSDL i.e. <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a personal computer or on a mobile device. On the e-Services home page click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section.</li> <li>You will be prompted to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page.</li> <li>Click on the Company name or e-Voting service provider i.e. NSDL and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> </ol> <p><b>Users not registered for NSDL IDeAS facility:</b></p> <p>Option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select "Register Online for IDeAS" or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></p> <p><b>e-Voting website of NSDL</b></p> <ol style="list-style-type: none"> <li>Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a personal computer or on a mobile device. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/ Member' section.</li> <li>A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/ OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page.</li> <li>Click on the Company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> </ol> <p><b>e-Voting mobile application of NSDL</b></p> <p>Members can also download NSDL Mobile App "NSDL Speede" facility by scanning the QR code mentioned below for seamless voting experience.</p> <p style="text-align: center;"><b>NSDL Mobile App is available on</b></p> <div style="display: flex; justify-content: center; gap: 20px;"> <div style="text-align: center;">  <b>App Store</b> </div> <div style="text-align: center;">  <b>Google Play</b> </div> </div> <div style="display: flex; justify-content: center; gap: 40px; margin-top: 10px;">   </div>

Individual members holding securities in demat mode with CDSL	<p><b>Existing users who have opted for Easi/ Easiest</b></p> <p>a) Login through their User ID and password. Option will be made available to reach e-Voting page without any further authentication.</p> <p>b) The URL for users to login to Easi/ Easiest are <a href="https://web.cdslindia.com/myeasinew/home/login">https://web.cdslindia.com/myeasinew/home/login</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on New System Myeasi.</p> <p>c) After successful login of Easi/ Easiest the user will be also able to see the e-Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL. Click on NSDL to cast your vote.</p> <p><b>Users not registered for Easi/ Easiest</b> Option to register is available at <a href="https://web.cdslindia.com/myeasinew/Registration/EasiRegistration">https://web.cdslindia.com/myeasinew/Registration/EasiRegistration</a></p> <p><b>Visit the e-Voting website of CDSL</b></p> <p>a) Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN from a link in <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the demat Account.</p> <p>b) After successful authentication, user will be provided links for the respective ESP i.e. NSDL where the e-Voting is in progress.</p>
Individual members (holding securities in demat mode) login through their depository participants	<p>a) Members can also login using the login credentials of their demat account through their Depository Participant registered with NSDL/ CDSL for e-Voting facility.</p> <p>b) Upon logging in, you will be able to see e-Voting option.</p> <p>c) Click on e-Voting option, you will be redirected to NSDL/ CDSL Depository website after successful authentication, wherein you can see e-Voting feature.</p> <p>d) Click on the Company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting and voting during the meeting.</p>

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

**Helpdesk for individual members holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.**

Login type	Helpdesk details
Individual members holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at 022 - 4886 7000 and 022 - 2499 7000
Individual members holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at toll free no. 1800 22 55 33

**II. Login method for e-Voting and joining virtual meeting for individual members holding securities in demat mode and members holding securities in physical form**

- Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a personal computer or on a mobile device.
- Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/ Member' section.
- A new screen will open. You will have to enter your User ID, your Password/ OTP and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL e-services i.e. IDeAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDeAS login.

Once you log-in to NSDL e-services after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.



**a) Your User ID details are given below:**

<b>Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical</b>	<b>Your User ID is:</b>
i. For members who hold shares in demat account with NSDL	8 Character DP ID followed by 8 Digit Client ID For example, if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****
ii. For members who hold shares in demat account with CDSL	16 Digit Beneficiary ID For example, if your Beneficiary ID is 12***** then your user ID is 12*****
iii. For members holding shares in Physical Form	EVEN Number followed by Folio Number registered with the Company For example, if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

**b) Password details for members other than individual members are given below:**

- I. If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- II. If you are using NSDL e-Voting system for the first time, you will need to retrieve the "initial password" which was communicated to you. Once you retrieve your "initial password", you need to enter the "initial password" and the system will force you to change your password.
- III. How to retrieve your "initial password"?
  - » If your email address is registered in your demat account or with the Company, your "initial password" is communicated to you on your email address. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e., a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8-digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your "initial password".
  - » If your email address is not registered, please follow steps mentioned below in process for those members whose email addresses are not registered.

**c) If you are unable to retrieve or have not received the "initial password" or have forgotten your password:**

- i. Click on "Forgot User Details/Password?" (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - ii. "Physical User Reset Password?" (If you are holding shares in physical form) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - iii. If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
  - iv. Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
- d) After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
  - e) Now, you will have to click on "Login" button.
  - f) After you click on the "Login" button, Home page of e-Voting will open.

## Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.

### How to cast your vote electronically and join General Meeting on NSDL e-Voting system?

- a) After successful login at Step 1, you will be able to see all the companies "EVEN" (E-voting Event Number) in which you are holding shares and whose voting cycle and General Meeting is in active status.
- b) Select "EVEN" of the Company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/ OAVM" link placed under "Join Meeting".
- c) Now you are ready for e-Voting as the Voting page opens.
- d) Cast your vote by selecting appropriate options i.e., assent or dissent, verify/ modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
- e) Upon confirmation, the message "Vote cast successfully" will be displayed.
- f) You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
- g) Once you confirm your vote on the resolution(s), you will not be allowed to modify your vote.

### General Guidelines for members

- a) It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/ Password?" or "Physical User Reset Password?" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
- b) In case of any queries, you may refer the Frequently Asked Questions (FAQs) for shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or send a request to Ms. Pallavi Mhatre, Senior Manager, National Securities Depository Ltd., Trade World, 'A' Wing, 4<sup>th</sup> Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai - 400013, at the designated email address: [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or [pallavid@nsdl.co.in](mailto:pallavid@nsdl.co.in) or at telephone nos.: 022 - 4886 7000 and 022 - 2499 7000, who will also address the grievances connected with the voting by electronic means. Members may also write to the Company Secretary at the Company's email address [investor@in.nestle.com](mailto:investor@in.nestle.com).

### Process for those members whose email address are not registered with the depositories for procuring User ID and password and registration of email address for e-voting for the resolutions set out in this Notice:

- a) In case shares are held in physical form, please provide folio no., name of member, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to the Company's email address at [investor@in.nestle.com](mailto:investor@in.nestle.com).
- b) In case shares are held in demat mode, please provide DPID-Client ID (16-digit DPID + Client ID or 16-digit beneficiary ID), Name, client master or copy of Consolidated Account Statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to the Company's email address at [investor@in.nestle.com](mailto:investor@in.nestle.com).
- c) If you are an individual member holding securities in demat mode, you are requested to refer to the login method explained at Step 1 (I) i.e., Login method for e-Voting and joining virtual meeting for Individual members holding securities in demat mode.
- d) Alternatively, members may send a request to NSDL at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) for procuring User ID and password for e-voting by providing above mentioned documents.
- e) In terms of SEBI Circular dated 9<sup>th</sup> December 2020 on e-Voting facility provided by listed companies, individual members holding securities in demat mode are allowed to vote through their demat account maintained with Depository Participant(s). Members are required to update their mobile number and email address correctly in their demat account in order to access e-Voting facility.

### A. Instructions for members for participating in the 64<sup>th</sup> AGM through VC/ OAVM are as under:

- a) The members will be provided with a facility to attend the 64<sup>th</sup> AGM through VC/ OAVM through the NSDL e-Voting system. Members may access the same by following the steps mentioned above for "Access to NSDL e-Voting system". The link for VC/ OAVM will be available in "Shareholder/ Member login" where the EVEN ("E-voting Event Number") of the Company will be displayed. After successful login, the members will be able to see the link of ("VC/ OAVM") placed under the tab "Join Meeting" against the name of the Company. On clicking this link, the members will be able to attend the 64<sup>th</sup> AGM. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten



the User ID/ Password may retrieve the same by following the remote e-Voting instructions mentioned above in the notice, to avoid last minute rush.

- b) Members may join the Meeting through Laptops, Smartphones and Tablets. Further, members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the Meeting. Members will need the latest version of Chrome, Safari, MS Edge or Firefox. Please note that participants connecting from Smartphones or Tablets or through Laptops connecting via mobile hotspot may experience Audio/ Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to avoid any glitches.
- c) Members can submit questions in advance with regard to the financial statements or any other matter to be placed at the 64<sup>th</sup> AGM, from their registered email address, mentioning their name, DP ID and Client ID / folio number and mobile number, to reach the Company's email address at investor@in.nestle.com at least 48 hours in advance before the start of the meeting i.e. by 10<sup>th</sup> April 2023, 10:00 A.M. (IST). Such questions by the members shall be taken up during the meeting and replied by the Company suitably.
- d) Members who would like to express their view/ ask questions during the 64<sup>th</sup> AGM with regard to the financial statements or any other matter to be placed at the 64<sup>th</sup> AGM, need to pre-register themselves as a speaker by sending their request from their registered email address mentioning their name, DP ID and Client ID/ folio number and mobile number, to reach the Company's email address at investor@in.nestle.com at least 48 hours in advance before the start of the meeting i.e. by 10<sup>th</sup> April 2023, 10:00 A.M. (IST). Those members who have pre-registered themselves as a speaker will be allowed to express their view/ ask questions during the 64<sup>th</sup> AGM, depending upon the availability of time.
- e) When a pre-registered speaker is invited to speak at the meeting, but he/ she does not respond, the next speaker will be invited to speak. Accordingly, all speakers are requested to get connected to a device with a video/ camera along with good internet speed.
- f) The Company reserves the right to restrict the number of questions and number of speakers, as appropriate, to ensure the smooth conduct of the 64<sup>th</sup> AGM.
- g) Institutional investors who are members of the Company, are encouraged to participate in the 64<sup>th</sup> AGM through VC/ OAVM facility and exercise their vote on the resolutions.

#### **B. Instructions for members for e-Voting during the 64<sup>th</sup> AGM are as under:**

- a) Members may follow the same procedure for e-Voting during the 64<sup>th</sup> AGM as mentioned above for remote e-Voting.
- b) Only those members, who will be present in the 64<sup>th</sup> AGM through VC/ OAVM facility and have not cast their vote on the Resolution(s) through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the 64<sup>th</sup> AGM.
- c) Members who have cast their vote by remote e-Voting prior to the 64<sup>th</sup> AGM can participate in the 64<sup>th</sup> AGM through VC/ OAVM facility, however, they shall not be entitled to cast their vote again.
- d) The Helpline details of the person who may be contacted by the members needing assistance with the use of technology, before or during the 64<sup>th</sup> AGM shall be the same persons mentioned for remote e-Voting and reproduced hereunder for convenience:

Ms. Pallavi Mhatre, Senior Manager, National Securities Depository Ltd., Trade World, 'A' Wing, 4<sup>th</sup> Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400013, at the designated email address: evoting@nsdl.co.in or pallavid@nsdl.co.in or at telephone nos.: 022 - 4886 7000 and 022 - 2499 7000. Members may also write to the Company Secretary at the Company's email address at investor@in.nestle.com.

#### **C. Other Guidelines for members**

- a) The voting rights of members shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date i.e. 5<sup>th</sup> April 2023.
- b) Any person, who acquires shares of the Company and becomes member of the Company after the Company sends the Notice of the 64<sup>th</sup> AGM by email and holds shares as on the cut-off date i.e., 5<sup>th</sup> April 2023, may obtain the User ID and password by sending a request to the Company's email address at investor@in.nestle.com. However, if you are already registered with NSDL for remote e-Voting then you can use your existing User ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/ Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com.
- c) A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-Voting or casting vote through e-Voting system during the 64<sup>th</sup> AGM.

- d) During the 64<sup>th</sup> AGM, the Chairman shall, after response to the questions raised by the members in advance or as a speaker at the 64<sup>th</sup> AGM, formally propose to the members participating through VC/ OAVM facility to vote on the resolutions as set out in the Notice of the 64<sup>th</sup> AGM and announce start of the voting process through the e-Voting system. After the members participating through VC/ OAVM facility, eligible and interested to cast votes, have cast the votes, the e-Voting will be closed with the formal announcement of closure of the 64<sup>th</sup> AGM.
- e) Mr. Abhinav Khosla, Chartered Accountant (Membership No. 087010), Partner of M/s. SCV & Co. LLP, Chartered Accountants, has been appointed as the Scrutinizer to scrutinize the remote e-Voting process and casting vote through the e-Voting system during the meeting in a fair and transparent manner.
- f) The Scrutinizer shall after the conclusion of e-Voting at the 64<sup>th</sup> AGM, first download the votes cast at the 64<sup>th</sup> AGM and thereafter unblock the votes cast through remote e-Voting and shall make a consolidated Scrutinizer's Report of the total votes cast in favour or against, invalid votes, if any, and whether the resolution has been carried or not, and such Report shall then be sent to the Chairman or a person authorized by him, who shall then countersign and declare the result of the voting forthwith.
- g) The Results declared along with the Report of the Scrutinizer shall be placed on the website of the Company at [www.nestle.in](http://www.nestle.in) and on the website of NSDL at [www.evoting.nsdl.com](http://www.evoting.nsdl.com) immediately after the declaration of Results by the Chairman or a person authorized by him. The Results shall also be immediately forwarded to the BSE Limited, Mumbai.
12. The Securities and Exchange Board of India ("SEBI") has mandated furnishing of PAN, KYC details (i.e., Postal Address with PIN Code, email address, mobile number, bank account details) and nomination details by holders of securities in prescribed forms. Effective from 1<sup>st</sup> January 2022, any service requests or complaints received from the member, are being processed by RTA on receipt of aforesaid details/ documents. On or after 1<sup>st</sup> April 2023, in case any of the above cited documents/ details are not available in the Folio(s), in terms of SEBI circulars, RTA shall be constrained to freeze such Folio(s). Relevant details and forms prescribed by SEBI in this regard are available on the website of the Company at <https://www.nestle.in/investors/investorservices/important-announcement-physical-shareholders>.
13. Nomination facility as per the provisions of Section 72 of the Act is available to individuals holding shares in the Company. Members can nominate a person in respect of all the shares held by him singly or jointly. Members holding shares in physical form and who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. If a member desires to opt out or cancel the earlier nomination and record a fresh nomination, he/ she may submit the same in Form ISR-3 or SH-14 as the case may be. The said forms can be downloaded from the website of the Company and RTA. Members holding shares in electronic form may approach their respective DPs for completing the nomination formalities.
14. SEBI has mandated that securities of listed companies can be transferred only in dematerialised form. In view of the above and to avail various benefits of dematerialisation, members are advised to dematerialise shares held by them in physical form, for ease in portfolio management.
15. Members may please note that SEBI vide its Circular No. SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2022/8 dated 25<sup>th</sup> January 2022 has mandated the listed companies to issue securities in dematerialized form only while processing service requests, viz. Issue of duplicate securities certificate; renewal/ exchange of securities certificate; endorsement; sub-division/splitting of securities certificate; consolidation of securities certificates/folios; transmission and transposition. Further SEBI vide its circular No. SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2022/65 dated 18<sup>th</sup> May 2022 has simplified the procedure and standardized the format of documents for transmission of securities. Accordingly, members are requested to make service requests by submitting a duly filled and signed Form ISR-4 & ISR-5, as the case may be. The said form can be downloaded from the website of the Company and RTA.
16. Members holding shares in physical form, in identical order of names, in more than one folio are requested to send to the Company's RTA, the details of such folios together with the share certificates along with the requisite KYC documents for consolidating their holdings in one folio. Requests for consolidation of share certificates shall be processed in dematerialized form.
17. The Board of Directors has recommended final dividend of ₹ 75.00 per equity share of ₹ 10/- each for the financial year ended 31<sup>st</sup> December 2022 that is proposed to be paid on and from 8<sup>th</sup> May 2023, subject to the approval of the members at the 64<sup>th</sup> AGM. The record date for determining the entitlement of the members to the final dividend for 2022 is 21<sup>st</sup> April 2023. For information of the members, during the financial year 2022, two Interim Dividends of ₹ 25.00 and ₹ 120.00 per equity share were paid on and from 6<sup>th</sup> May 2022 and 16<sup>th</sup> November 2022, respectively.
18. Pursuant to the relevant provisions of the Income Tax Act, 1961 ("the IT Act"), dividend income is taxable in the hands of the members and the Company is required to deduct tax at source ("TDS") from dividend paid to the members at rates prescribed in the IT Act. In general, to enable compliance with TDS requirements, members are requested to complete and/ or update their Residential Status, PAN, Category as per the IT Act with their Depository Participant(s) or in case shares are held in physical form, with the Company by sending email to the Company's email address at [investor@in.nestle.com](mailto:investor@in.nestle.com). For details, members may refer to the "Communication on TDS on Dividend Distribution" appended to this Notice of the 64<sup>th</sup> AGM.

19. Dividend, if any, approved by the members or declared by the Board of Directors of the Company from time to time, will be paid as per the mandate registered with the Company or with their respective Depository Participant(s).
20. Members holding shares in physical form, who have not updated their mandate for receiving the dividends directly in their bank accounts through Electronic Clearing Service or any other electronic means ("Electronic Bank Mandate"), can register their Electronic Bank Mandate to receive dividends directly into their bank account, by sending scanned copy of the following details/ documents to the Company at investor@in.nestle.com latest by 20<sup>th</sup> April 2023:
  - a. a signed request letter mentioning your name, folio number, complete address and following details relating to bank account in which the dividend is to be received:
    - i) Name and Branch of Bank and Bank Account type;
    - ii) Bank Account Number allotted by your bank after implementation of Core Banking Solutions; and
    - iii) 11-digit IFSC Code;
  - b. self attested scanned copy of cancelled cheque bearing the name of the member or first holder, in case shares are held jointly;
  - c. self attested scanned copy of the PAN Card; and
  - d. self attested scanned copy of any document (such as AADHAR Card, Driving License, Election Identity Card, Passport) in support of the address of the member, as registered with the Company.

For the members holding shares in demat mode, please update your Electronic Bank Mandate through your Depository Participant(s).

21. In the event the Company is unable to pay the dividend to any member directly in their bank accounts through Electronic Clearing Service or any other electronic means, due to non-registration of the Electronic Bank Mandate or other reasons whatsoever, the Company shall dispatch the dividend warrant/ Bankers' cheque/ demand draft to such member, as soon as possible.
22. Pursuant to the provisions of Section 124 of the Act, Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules") read with the relevant circulars and amendments thereto, the amount of dividend remaining unpaid or unclaimed for a period of seven consecutive years from the due date is required to be transferred to the Investor Education and Protection Fund ("IEPF"), constituted by the Central Government. The Company had, accordingly transferred unpaid or unclaimed dividend amounts of ₹ 16,08,472/- pertaining to Third Interim Dividend 2014; ₹ 48,13,619/- pertaining to Final Dividend 2014 & First Interim Dividend 2015 during the financial year 2022 to the IEPF.

The Company has been sending reminders to members having unpaid/ unclaimed dividends before transfer of such dividend(s) to IEPF. Details of the unpaid/ unclaimed dividend are also uploaded on the website of the Company at www.nestle.in. Members who have not encashed Final Dividend 2015 and Interim Dividend 2016 or any subsequent dividend(s) declared by the Company, are advised to write to the Company immediately.

23. Pursuant to the provisions of IEPF Rules, all shares in respect of which dividend remains unpaid or unclaimed for seven consecutive years shall be transferred by the Company to the designated Demat Account of the IEPF Authority ("IEPF Account") within a period of thirty days of such shares becoming due to be transferred to the IEPF Account. Accordingly, 7,146 equity shares of ₹ 10/- each on which the dividend remained unpaid or unclaimed for seven consecutive years, were transferred to the IEPF Account during the financial year 2022, after following the procedure prescribed.

Further, members who have not claimed or encashed their dividend(s) in the last seven consecutive years from 2016 are advised to claim the same. In case valid claim is not received, the Company will proceed to transfer the corresponding shares to the IEPF Account in accordance with the prescribed procedure under the IEPF Rules.

24. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised to not leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified from time to time.
25. Documents referred to in the accompanying Notice of the 64<sup>th</sup> AGM and the Explanatory Statement shall be available at the Registered Office of the Company for inspection without any fee during normal business hours (9:00 A.M. to 5:00 P.M. IST) on all working days except Saturday, up to and including the date of the 64<sup>th</sup> AGM of the Company.
26. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act and the Register of Contracts and Arrangements in which Directors are interested maintained under Section 189 of the Act shall be made available at the commencement of the meeting and shall remain open and accessible to the members during the continuance of the 64<sup>th</sup> AGM. During the 64<sup>th</sup> AGM, members may access the scanned copy of these documents, upon Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com>.

27. Details as required under Regulation 36 of the Listing Regulations and Secretarial Standard on General Meeting (SS-2) issued by the Institute of Company Secretaries of India, in respect of the appointment of Directors seeking appointment/ re-appointment at the 64<sup>th</sup> AGM, forms an integral part of the Notice of the 64<sup>th</sup> AGM. Requisite declarations have been received from the Directors seeking appointment/ re-appointment.

## **I. EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**

### **Item No. 4**

On the recommendation of the Audit Committee, the Board of Directors at their meeting held on 16<sup>th</sup> February 2023 approved the appointment of M/s. Ramanath Iyer & Co., Cost Accountants, New Delhi (Firm Registration No.: 00019), as Cost Auditors to conduct the audit of the cost records of the Company pertaining to products (milk powder etc.), falling under the specified Customs Tariff Act Heading 0402, manufactured by the Company for the financial year ending 31<sup>st</sup> December 2023 at a remuneration of ₹ 2,22,000/- (Rupees two lakhs twenty-two thousand only) plus out of pocket expenses and applicable taxes.

Considering limited scope of audit, time and resources deployed by the cost auditors, in the opinion of the Directors, the proposed remuneration payable would be fair and reasonable and do not in any way impair the independence & judgment of the Cost Auditors.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, as amended, the remuneration payable to the Cost Auditors is required to be ratified by the members of the Company. Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 4 of the Notice of the 64<sup>th</sup> AGM for ratification of remuneration payable to the Cost Auditors for the financial year ending 31<sup>st</sup> December 2023.

None of the Directors, Key Managerial Personnel and their relatives are, in any way, concerned or interested Financial or otherwise, in the proposed Resolution. The Board of Directors recommends the Ordinary Resolution as set out at Item No. 4 of the Notice of the 64<sup>th</sup> AGM for approval by the members.

### **Item No. 5**

The Board of Directors, on the recommendation of the Nomination and Remuneration Committee, at their meeting held on 16<sup>th</sup> February 2023 appointed Ms. Svetlana Leonidovna Boldina (DIN: 10044338) as an Additional Director of the Company with effect from 1<sup>st</sup> March 2023. As per Section 161(1) of the Companies Act, 2013 ("the Act") read with Article 127 of the Articles of Association of the Company, she holds office up to the date of this 64<sup>th</sup> AGM of the Company. A notice has been received from a member proposing Ms. Svetlana as a candidate for the office of Director of the Company.

Further, at the same meeting held on 16<sup>th</sup> February 2023, the Board of Directors appointed Ms. Svetlana as a Whole-time Director, designated as "Executive Director – Finance & Control and Chief Financial Officer" (Key Managerial Personnel) of the Company for a term of five consecutive years effective from 1<sup>st</sup> March 2023 to 29<sup>th</sup> February 2028, subject to approval of the members at the 64<sup>th</sup> AGM, the Central Government and such other approval as may be required under applicable laws.

Ms. Svetlana is a Russian National and holds an Engineering Degree from Moscow Telecommunication University and Masters in Business Administration, Accounting and Finance Technology from Russian Academy for Economics. Ms. Svetlana has worked in Nestlé markets in Russia, Eastern Europe and Indonesia with strong operational experience and an excellent track record of over 25 years with Nestlé Group. Before this assignment, she was Head of Finance & Control of Nestlé Indonesia. Ms. Svetlana has contributed significantly towards effective business decisions, as well as developing and shaping up a professional Finance and Information Technology teams in her previous roles and has displayed strong functional capabilities, combined with leadership & drive to achieve business outcomes.

Ms. Svetlana is not a director or a committee member of any other Company in India and she does not hold by herself or for any other person on a beneficial basis, any shares in the Company. Ms. Svetlana is a member of Risk Management and Sustainability Initiatives Committee, Stakeholders Relationship Committee and Corporate Social Responsibility Committee of the Company with effect from 1<sup>st</sup> March 2023.

The approval of members is also being sought for remuneration payable and to the terms, conditions and stipulations for the appointment of Ms. Svetlana as a Whole-time Director for a term of five consecutive years effective from 1<sup>st</sup> March 2023 to 29<sup>th</sup> February 2028.

The proposed terms and conditions are in line with the remuneration package that is necessary to encourage good professional managers with a sound career record to important position as that of the 'Executive Director- Finance & Control and Chief Financial Officer' and is in accordance with the Nomination and Remuneration Policy of the Company.

The material terms of appointment and remuneration, as contained in the draft agreement, are given below: -

**I) Salary, Allowances and Commission (hereinafter referred to as "Remuneration"):**

**a) Salary Comprising:**

- (i) Basic salary : At the rate not exceeding ₹ 11,00,000 per month; and
- (ii) Allowances : Not exceeding four times the Basic salary,

with increments as per the Company's policy and as may be determined by the Board of Directors, from time to time, subject to a ceiling on increment of 30% in a year (following April to March year) over the existing Basic salary and Allowances, as on 1<sup>st</sup> April every year, commencing from 1<sup>st</sup> March 2023.

**b) Commission and Performance linked incentive:**

On net profits of the Company determined in accordance with the relevant provisions of the Act as per the criteria and rate to be determined by the Board of Directors, from time to time, but not exceeding an amount equivalent to the Salary in I(a) above, for the relevant period. The payment may be made on a pro-rata basis every month or on an annual basis or partly monthly and partly on an annual basis at the discretion of the Board of Directors. Commission may include elements of fixed remuneration payable based on net profits as per Rules of the Company. The performance linked incentive shall also be linked to the performance during the relevant year.

**II) Perquisites:**

1. In addition to the Remuneration as stated above, Ms. Svetlana shall be entitled, as per Rules of the Company, to perquisites like:
  - a. Rent-free furnished residential accommodation with free use of all the facilities and amenities, such as air conditioners, geysers etc. In case no accommodation is provided by the Company, she shall be entitled to House Rent Allowance as per policy of the Company.
  - b. Reimbursement of medical expenses incurred, including premium paid on health insurance policies, whether in India or abroad, for self and family including hospitalization.
  - c. Personal Accident Insurance Premium.
  - d. Air passage and/or leave travel allowance for self and members of her family residing in India and for visit to India of the members of her family not residing in India.
  - e. Use of Company maintained cars with drivers for business and personal use.
  - f. Use of communication devices such as telephones, audio and video conference facilities etc., at the residence. Personal long distance telephone calls shall be borne by Ms. Svetlana.
  - g. Education Allowance for children, whether abroad or in India.
  - h. Encashment of leave at the end of her tenure as per policy of the Company.
  - i. Contributions to provident fund, superannuation or annuity fund and any other retirement benefits or any re-charge cost(s) thereof.
  - j. Terminal benefits:  
Air/Sea passage together with cost of transportation of household belongings to such places as may be approved by the Board of Directors at the time of leaving the service of the Company.
  - k. Expenses on shifting of residence.
  - l. Joining allowances and other benefits.
  - m. Participation in any/ all employee stock option schemes/ performance stock unit plans of the Company, if any or that of Nestlé S.A.
  - n. Such other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Board of Directors and Ms. Svetlana.

The value of the perquisites evaluated as per Income-tax Rules, 1962, wherever applicable, and at cost in the absence of any such Rule, shall be subject to an overall annual ceiling of an amount not exceeding the Salary in I(a) above for the relevant period. The perquisites mentioned above from (h) to (m) shall be based on the actual amounts and excluded from the aforesaid perquisites limit.

2. The Board of Directors or Committee thereof may, in their discretion, revise/modify any of the terms from time to time, within the stipulated limits.

**III) Minimum Remuneration:**

Notwithstanding anything contained herein, in the event of loss or inadequacy of profits in any financial year during the period of her office as the Whole-Time Director, the Company will, subject to applicable laws and such sanctions and approvals as may be required, pay remuneration to Ms. Svetlana as provided herein above.



#### **IV) Other Terms:**

Subject to the superintendence, control and direction of the Board of Directors, Ms. Svetlana shall manage and conduct the business and affairs of the Company relating to the Finance and Control and as Chief Financial Officer (CFO) of the Company. She shall not be paid any sitting fees for attending meetings of the Board or Committee thereof.

The appointment can be terminated by Ms. Svetlana or the Company, by one party giving to the other 3(three) calendar months' notice in writing or by payment of a sum equivalent to remuneration for the notice period or part thereof in case of shorter notice or on such other terms as may be mutually agreed.

The period of office of Ms. Svetlana shall be liable to determination by retirement of directors by rotation. If Ms. Svetlana is re-appointed as a director, immediately on retirement by rotation, she shall continue to hold office of Whole-time Director, designated as "Executive Director- Finance & Control and CFO" and such re-appointment as director shall not be deemed to constitute break in her appointment as a Whole-time Director, designated as "Executive Director- Finance & Control and CFO.

Based on the recommendation of Nomination and Remuneration Committee and given her expertise, knowledge and experience, the Board of Directors, considers appointment of Ms. Svetlana as the Whole-time Director, designated as "Executive Director- Finance & Control and CFO" (Key Managerial Personnel) to be in the interest of the Company and in view of the provisions of Sections 196, 197, 203 and any other applicable provisions of the Act, recommends the Ordinary Resolution as set out in the accompanying Notice for the approval of the members.

Copy of the draft Agreement referred to in the Resolution would be available for inspection without any fee by the members at the Registered Office of the Company during business hours on any working day, excluding Saturday, upto and including the day of the 64<sup>th</sup> AGM.

Except Ms. Svetlana, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, Finance or otherwise, in the resolution set out at Item No. 5 of the accompanying Notice. Ms. Svetlana is not related to any Director of the Company.

This Explanatory Statement together with the accompanying Notice may also be regarded as a disclosure under Regulation 36 of the Listing Regulations and Secretarial Standard on General Meetings (SS-2) of ICSI.

#### **Item No. 6**

The members of the Company at their 59<sup>th</sup> Annual General Meeting held on 10<sup>th</sup> May 2018, had approved by way of a Special Resolution under Section 197 of the Companies Act, 2013 ("the Act"), the payment of remuneration by way of commission to the non-executive directors of the Company, of a sum not exceeding one percent per annum of the net profits of the Company, calculated in accordance with the provisions of the Act, for a period of five years commencing from 1<sup>st</sup> January 2019. As per the aforesaid approval, none of the non-executive directors shall receive individually a sum exceeding ₹ 25,00,000/- (Rupees Twenty-Five Lakh only) in a financial year. The Board of Directors have approved commission of ₹ 25,00,000/- payable to each of the non-executive director for the year 2022 or on a pro-rata basis, subject to the adoption of the financial statements by the members at the 64<sup>th</sup> AGM. With the above, the limits approved by the members will be exhausted and a fresh approval is required from the members.

Pursuant to provisions of Sections 149, 197 and any other relevant provisions of the Act, Listing Regulations and the Nomination & Remuneration Policy of the Company and taking into account the increased participation of the directors in Board and Committee meetings, roles and responsibilities of the directors and with a view to align the remuneration payable to non-executive directors with the industry standards, it is proposed that the Directors other than Managing Director and the Whole-time Directors, be paid for each of the financial years during their tenure commencing from 1<sup>st</sup> January, 2023, remuneration not exceeding one percent per annum of the net profits of the Company computed in accordance with Section 198 of the Act. The remuneration referred above will be distributed amongst non-executive directors in accordance with the directions given by the Board of Directors and subject to any other applicable requirements under the Act. None of the non-executive directors shall receive individually a sum exceeding ₹ 1,00,00,000/- (Rupees one crore only) in a financial year.

It is pertinent to note here that the Directors, other than Managing Director and Whole-time Directors of the Company, bring with them significant professional expertise and rich experience across a wide spectrum of functional areas such as business and strategy skills, strong leadership and management experience, governance, industry and sector knowledge, financial and risk management, global business/ international expertise, philanthropy etc.

The remuneration referred above shall be in addition to fee payable to the non-executive directors for attending the meetings of the Board or Committee(s) thereof or for any other purpose whatsoever as may be decided by the Board of Directors, and reimbursement of expenses for participation in the Board and other meetings.



Accordingly, approval of the members is sought by way of a Special Resolution under the applicable provisions of the Act and Listing Regulations for payment of remuneration by way of commission to the Directors of the Company other than the Managing Director and the Whole-time Directors, for each of the financial years commencing from 1<sup>st</sup> January 2023 as set out in the Resolution set at Item No. 6 of the Notice of the 64<sup>th</sup> AGM.

The Managing Director, Whole-time Directors and Key Managerial Personnel of the Company and their relatives are not concerned or interested, financial or otherwise, in the resolution set out at Item No. 6 of the Notice of the AGM.

Directors other than the Managing Director and the Whole-time Directors of the Company may be deemed to be concerned or interested in the resolution set out at Item No. 6 of the Notice to the extent of the remuneration that may be received by them.

All the members of the Nomination & Remuneration Committee (NRC) are Independent Non-Executive Directors and therefore, all members of NRC being interested, the Board of Directors considered the above proposal without recommendation of NRC.

The Board of Directors recommends the Special Resolution as set out at Item No. 6 of the Notice of the 64<sup>th</sup> AGM for approval by the members.

## **II. DETAILS IN TERMS OF REGULATION 36 OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

### **Item No. 3**

In terms of Section 152(6) of the Companies Act, 2013, Mr. Matthias Christoph Lohner (DIN: 08934420) shall retire by rotation at the 64<sup>th</sup> AGM and being eligible offers himself for re-appointment.

Mr. Lohner was appointed as a Whole-time Director of the Company designated as "Executive Director – Technical" for a term of five consecutive years with effect from 1<sup>st</sup> November 2020. As per the terms of his appointment, his re-appointment at the 64<sup>th</sup> AGM as a director retiring by rotation would not constitute break in his appointment as a Whole-time Director, designated as "Executive Director – Technical".

Mr. Lohner aged 52 years, holds qualification of bachelor's in chemical engineering and has over 26 years of rich and exhaustive experience in the Technical function including the Production function. He held senior management positions during his career.

Before joining the Company, Mr. Lohner was Operations Manager NESCAFÉ Dolce Gusto, GBU which he successfully led for almost four years. He joined Nestlé Group in 1996 and held positions of increasing responsibility in the technical function in various markets/ zones such as Vietnam, Mexico, El Salvador, Canada, Chile, Switzerland and America.

Mr. Lohner brings with him diverse experience in the areas such as technical function, e-commerce, digital, new technologies, operation management, risk mitigation, sustainability and general management. He is responsible for, amongst others, the management and conduct with respect to the technical areas of the Company including all factories.

Mr. Lohner is not a director or a Committee member of any other Company in India nor he was a director in any other company in India during past three years and he does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

Except Mr. Lohner, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financial or otherwise, in the resolution set out at Item No. 3 of the accompanying Notice of the 64<sup>th</sup> AGM. During the year 2022, Mr. Lohner attended all the 7 Board Meetings held during the year and does not hold membership in any committee of the Board of Directors. Mr. Lohner is an invitee to the Corporate Social Responsibility Committee of the Company.

Mr. Lohner is not related to any Director or Key Managerial Personnel of the Company. Upon his re-appointment as a director, Mr. Lohner shall continue to hold office as a Whole-time Director designated as "Executive Director – Technical". Accordingly, the Board of Directors recommends his re-appointment to the members for their approval by way of an Ordinary Resolution as set out at Item No. 3 of the 64<sup>th</sup> AGM.

**By Order of the Board**

**Date : 16<sup>th</sup> February 2023**  
**Place : Gurugram**

**Pramod Kumar Rai**  
**Company Secretary**

## COMMUNICATION ON TAX DEDUCTION AT SOURCE (TDS) ON DIVIDEND DISTRIBUTION

Pursuant to the provisions of the Income Tax Act, 1961 ("the IT Act"), dividend income is taxable in the hands of the members and the Company is required to deduct tax at source ("TDS") from dividend paid to the members at prescribed rates in the IT Act. Please take note of the below TDS provisions and information/document requirements for each member:

### Section 1: For all members - Details that should be completed and /or updated, as applicable

All members are requested to ensure that the below details are completed and/or updated, as applicable, in their respective demat account/s maintained with the Depository Participant/s; or in case of shares held in physical form, with the Company, by 21<sup>st</sup> April 2023 ("Record Date"). Please note that these details as available on Record Date in the Register of Members/ Register of Beneficial Ownership will be relied upon by the Company, for the purpose of complying with the applicable TDS provisions:

- I. Valid Permanent Account Number (PAN).
- II. Residential status as per the Act i.e. Resident or Non-Resident for FY 2022-23.
- III. Category of the Member:
  - i. Mutual Fund
  - ii. Insurance Company
  - iii. Alternate Investment Fund (AIF) Category I and II
  - iv. AIF Category III
  - v. Government (Central/State Government)
  - vi. Foreign Portfolio Investor (FPI) /Foreign Institutional Investor (FII): Foreign Company
  - vii. Association of Persons (AOP), Body of Individuals (BOI) or Artificial Juridical Person (AJP)
  - viii. Individual
  - ix. Hindu Undivided Family (HUF)
  - x. Firm
  - xi. Limited Liability Partnership (LLP)
  - xii. FPI/FII: Others (being Individual, Firm, Trust, AJP, etc.)
  - xiii. Trust
  - xiv. Domestic company
  - xv. Foreign company.
- IV. Email Address.
- V. Address.

### Section 2: TDS provisions and documents required, as applicable for relevant category of members

Members are requested to take note of the TDS rates and document/s, if any, required to be submitted to the Company by the Record Date their respective category, in order to comply with the applicable TDS provisions.

#### I. For resident members:

- i. **Mutual Funds:** No TDS is required to be deducted as per section 196(iv) of the IT Act subject to specified conditions. Self-attested copy of valid SEBI registration certificate needs to be submitted.
- ii. **Insurance companies:** No TDS is required to be deducted as per section 194 of the IT Act subject to specified conditions. Self- attested copy of valid IRDA registration certificate needs to be submitted.
- iii. **Category I and II Alternative Investment Fund:** No TDS is required to be deducted as per section 197A (1F) of the IT Act subject to specified conditions. Self-attested copy of valid SEBI registration certificate needs to be submitted.
- iv. **Recognised Provident funds:** No TDS is required to be deducted as per Circular No.18/2017 subject to specified conditions. Self- attested copy of a valid order from Commissioner under Rule 3 of Part A of Fourth Schedule to the IT Act, or Self-attested valid documentary evidence (e.g. relevant copy of registration, notification, order, etc.) in support of the provident fund being established under a scheme framed under the Employees' Provident Funds Act, 1952 needs to be submitted.
- v. **Approved Superannuation fund:** No TDS is required to be deducted as per Circular No.18/2017 subject to specified conditions. Self-attested copy of valid approval granted by Commissioner under Rule 2 of Part B of Fourth Schedule to the IT Act needs to be submitted.

- vi. **Approved Gratuity Fund:** No TDS is required to be deducted as per Circular No.18/2017 subject to specified conditions. Self- attested copy of valid approval granted by Commissioner under Rule 2 of Part C of Fourth Schedule to the IT Act needs to be submitted.
- vii. **National Pension Scheme:** No TDS is required to be deducted as per Sec 197A (1E) of the IT Act.
- viii. **Government (Central/State):** No TDS is required to be deducted as per Sec 196(i) of the IT Act.
- ix. **Any other entity entitled to exemption from TDS:** Valid self-attested documentary evidence (e.g. relevant copy of registration, notification, order, etc.) in support of the entity being entitled to exemption from TDS needs to be submitted.
- x. **Other resident members:**
  - a) TDS is required to be deducted at the rate of 10% under u/s 194 of the IT Act.
  - b) No TDS is required to be deducted, if aggregate dividend distributed or likely to be distributed during the financial year to individual member does not exceed ₹ 5000. Normal dividend/s declared in the preceding financial year 2021- 2022 would be considered as the basis to determine applicability of the said threshold for the entire financial year.
  - c) No TDS is required to be deducted on furnishing of valid Form 15G (for individuals, with no tax liability on total income and income not exceeding maximum amount which is not chargeable to tax) or Form 15H (for individual above the age of 60 years with no tax liability on total income).
  - d) TDS is required to be deducted at the rate of 20% u/s 206AA of the IT Act, if valid PAN of the member is not available.
  - e) As per Section 206AB of the IT Act, TDS is required to be deducted at twice the applicable rates, if Income Tax Return is not filed by the resident members for preceding financial year, for which the time limit for filing has expired. In this regard, the Company would rely on Compliance Check Utility made available by Central Board of Direct Taxes.
  - f) TDS is required to be deducted at the rate prescribed in the lower tax withholding certificate issued u/s 197 of the Act, if such valid certificate is provided.

## II. For non-resident members:

- i. **Any entity entitled to beneficial rate / exemption from TDS:** Valid self-attested documentary evidence (e.g. relevant copy of registration, notification, order, etc. by Indian tax authorities) in support of the entity being entitled to beneficial rate / exemption from TDS needs to be submitted.
- ii. **Other non-resident members:**
  - a) TDS is required to be deducted at the rate of 20% (plus applicable surcharge and cess) u/s 196D of the IT Act (For FPI and FII) and u/s 195 of the IT Act for other non-resident members.
  - b) Members may be entitled to avail lower TDS rate as per Agreement For Avoidance Of Double Taxation (DTAA) between India and the country of tax residence of the member, on furnishing the below specified documents applicable for the relevant period.
    - 1) Self-attested copy of PAN. In case PAN is not available, provide details as per Rule 37BC of the Income-Tax Rules, 1962;
    - 2) Self-attested copy of valid Tax Residency Certificate (TRC) obtained from the tax authorities of the country of which the member is a resident;
    - 3) Self-declaration in Form 10F (it should be noted that vide notification number 03/2022 issued by the CBDT, it has been mandated to issue Form 10F electronically for it to be considered valid); and
    - 4) Self-declaration on letterhead of having no Permanent Establishment in India, Beneficial ownership of shares and eligibility to claim treaty benefits (as per Annexure 1 to this Communication).
  - c) TDS is required to be deducted at the rate prescribed in valid lower tax withholding certificate issued u/s 197 of the IT Act, if such valid certificate is provided.

Details and/ or documents as mentioned above in Section 1 and Section 2, as applicable to the member, need to be sent, duly completed and signed, through registered email address of the member with PAN being mentioned in the subject of the email to reach investor@in.nestle.com by Record Date. Please note that no communication in this regard, shall be accepted post Record Date.

The Resident Non-Individual Members such as Insurance companies, Mutual Funds, Alternative Investment Fund (AIF) and other domestic financial institutions established in India and Non-Resident Non-Individual Members such as Foreign Portfolio Investors may submit the relevant forms, declarations and documents through their respective custodians who are registered with NSDL for tax services, on or before the aforesaid timelines.

Please note that the Company is not obligated to apply the beneficial DTAA rates at the time of tax deduction/ withholding on dividend amounts. Application of beneficial DTAA rate shall depend upon the completeness and satisfactory review of the documents submitted.

### Section 3: Other general information for the members:

- I. For all self-attested documents, members must mention on the document "certified true copy of the original". For all documents being sent / accepted by email, the member undertakes to send the original document/s on the request by the Company.
- II. TDS will be deducted based on details of registered member only. Once TDS is deducted in the name of Registered Members/ Beneficial Owners as appearing on Record Date, no transfer of such TDS in the name of another person shall be entertained under any circumstances.
- III. TDS deduction certificate will be sent to the members' registered email address in due course. Members will also be able to see the credit of TDS in Form 26AS, which can be downloaded from their e-filing account at <https://www.incometax.gov.in/iec/foportal>.

#### IV. Surcharge rates applicable for financial year 2022 - 23 for non-residents:

- (i) Individual, HUF, AOP, BOI, AJP, Trust

Dividend Income	Rate
Upto ₹ 50 lakhs	Nil
Income exceeds ₹ 50 lakhs but does not exceed ₹ 1 crore	10%
Income exceeds ₹ 1 crore	15%

- (ii) Co-operative society or Firm, registered under applicable Indian law

Aggregate Income	Rate
Income exceeds ₹ 1 crore	12%

- (iii) Foreign company

Aggregate Income	Rate
Income exceeds ₹ 1 crore but does not exceed ₹ 10 crores	2%
Income exceeds ₹ 10 crores	5%

- V. Normal dividend/s declared in the preceding financial year 2021 – 2022 would be considered as the basis to determine applicability of the surcharge rate.
- VI. Health and Education Cess of 4% is applicable for non-residents.
- VII. Equity shares of the Company, which were transferred by the Company in the name of Investor Education and Protection Fund ("IEPF") in terms of Section 124(6) of the Companies Act 2013 and Rules framed thereunder, the TDS shall be deducted basis the available details of the underlying members.
- VIII. Application of TDS rate is subject to necessary due diligence and verification by the Company of the member details as available in Register of Members on the Record Date, documents, information available in public domain, etc. In case of ambiguous, incomplete or conflicting information, or the valid information/documents not being provided, the Company will arrange to deduct tax at the maximum applicable rate.
- IX. In case TDS is deducted at a higher rate, an option is still available with the member to file the return of income and claim an appropriate refund, if eligible. Once deducted, no claim shall lie against the Company in relation to TDS.
- X. In the event of any income tax demand (including interest, penalty, etc.) arising from any misrepresentation, inaccuracy or omission of information provided / to be provided by the member/s, such member/s will be responsible to indemnify the Company and also, provide the Company with all information / documents and co-operation in any appellate proceedings.

### Note:

Above communication on TDS sets out the provisions of law in a summary manner only, as on the date of the communication, and does not purport to be a complete analysis or listing of all potential tax consequences. Members should consult with their own tax advisors for the tax provisions applicable to their particular circumstances.

**Annexure 1**

**FORMAT FOR DECLARATION FOR CLAIMING BENEFITS UNDER DTAA**

Date:

To,  
Nestlé India Limited  
100 / 101, World Trade Centre, Barakhamba Lane, New Delhi - 110 001  
Email: Investor@in.nestle.com

**Subject: Declaration for eligibility to claim benefit under Agreement For Avoidance Of Double Taxation between Government of India and Government of ..... <mention country of tax residency> ("DTAA"), as modified by Multilateral Instrument ("MLI"), if applicable**

With reference to above, I/We wish to declare as below:

1. I / We, ..... <Full name of the member>, having permanent account number (PAN) under the Indian Income tax Act, ... ..... <mention PAN >, and holding ..... <mention number of shares held> number of shares of the Company under demat account number/ folio number ..... as on the record date, am / are a tax resident of ..... <country name> in terms of Article 4 of the DTAA as modified by MLI (if applicable) and do not qualify as a 'resident' of India under section 6 of the Indian Income-tax Act, 1961 ("the IT Act"). A copy of the valid tax residency certificate for ..... <period>, which is valid as on the Record Date, is attached herewith.
2. I/We am/are eligible to be governed by the provisions of the DTAA as modified by MLI (if applicable), in respect of the dividend income and meet all the necessary conditions to claim treaty rate.
3. I/We am/are the legal and beneficial owner of the dividend income to be received from the Company.
4. I/We do not have a Permanent Establishment ("PE") in India in terms of Article 5 of the DTAA as modified by MLI (if applicable) or a fixed base in India and the amounts paid/payable to us, in any case, are not attributable to the PE or fixed base, if any, which may have got constituted otherwise.
5. I/We do not have a PE in a third country and the amounts paid/payable to us, in any case, are not attributable to a PE in third jurisdiction, if any, which may have got constituted otherwise.
6. I/We do not have a Business Connection in India according to the provision of section 9(1)(i) of the Act and the amounts paid/ payable to us, in any case, are not attributable to business operations, if any, carried out in India.
7. I/We confirm that my affairs/affairs of \_\_\_\_\_ <Full name of the member> were arranged such that the main purpose or the principal purpose thereof was not to obtain tax benefits available under the applicable tax treaty.
8. Further, our claim for relief under the tax treaty is not restricted by application of Limitation of Benefit clause, if any, thereunder.

I/We hereby certify that the declarations made above are true and bonafide. In case in future, any of the declarations made above undergo a change, we undertake to promptly intimate you in writing of the said event. You may consider the above representations as subsisting unless intimated otherwise.

I/we in the event of any income tax demand (including interest, penalty, etc.) arising from any misrepresentation, inaccuracy or omission of information provided by me, I will be responsible to pay and indemnify such income tax demand (including interest, penalty, etc.) and provide the Company with all information / documents that may be necessary and co-operate in any proceedings before any income tax / appellate authority.

For..... <Mention the name of the payee>

Authorised Signatory

<Name of the person signing>

<Designation of the person signing>





# Growing Responsibly Together

#BusinessAsAForceForGood



# The Board of Directors of Nestlé India Limited



**Mr. Matthias C. Lohner**  
Executive Director - Technical

**Mr. David S. McDaniel**  
Executive Director - Finance  
& Control and CFO

**Mr. R. V. Kanoria**  
Independent Non-Executive  
Director

**Ms. Anjali Bansal**  
Independent Non-Executive  
Director

**Mr. Suresh Narayanan**  
Chairman & Managing Director

**Dr. Swati A. Piramal**  
Independent Non-Executive  
Director

**Ms. Alpana Parida**  
Independent Non-Executive  
Director

**Mr. P. R. Ramesh**  
Independent Non-Executive  
Director

**Mr. Pramod Kumar Rai**  
Company Secretary and  
Compliance Officer




# Growing Responsibly Together

#BusinessAsAForceForGood



**Robust  
Performance**



**Empowered  
Communities**



**Strong Brands**



**Inspired People**



**Committed to  
Sustainability**



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- 09. Inspired People
- 12. Empowered Communities
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## Chairman's Statement

Dear Members,

The year began with the Omicron variant of corona virus, impending climate concerns, the global geopolitical developments, such as the Russia-Ukraine war. Like the rest of the world, India was impacted by decadal high commodity prices, monetary policy tightening and a growth slowdown. Despite that India remained steadfast, becoming the fifth largest economy of the world. India's ability to navigate these headwinds and strike a balance between managing inflation and sustaining growth has been globally acknowledged. The World Bank in its latest India Development Update Report titled **"Navigating the Storm", stated that India's economy has demonstrated resilience despite a challenging global external environment.**

2022 was an extraordinary year, where adversities were plethora, yet your Company displayed **'Consistency in the face of storm'**, combating volatilities, through thoughtful strategies and execution, that kept the growth engine robust. It was a year, where we **grew responsibly together through resonant performance, strong brands, inspired people, empowered communities** and with a strong **commitment to sustainability.**

India is among the fastest growing markets for Nestlé. Innovation continues to be an important element of growth bringing diversified portfolio of strong brands. Your Company delivered highest double-digit growth in a decade led by sustained volume and mix led growth, leading to a strong value growth. This vindicates the consumer's trust in brands, tenacity of partners and resilience of your Company to ensure that products and product services stay relevant, resonant and accessible to consumers across India.

Premiumization is one of the growth engines that will lead to future acceleration of the business. Your Company acquired PURINA Petcare business, that delivers nutrition to pets and launched globally renowned GERBER cereals catering to the nutrition needs of toddler's segment. GERBER cereals are 'Made in India' and 'Made for India'.

Your Company launched its first ever 'direct to consumer' (D2C) platform - [www.mynestle.in](http://www.mynestle.in), that offers products manufactured by your Company in India. It remained at the forefront of data and analytics led decision-making by scaling digital capabilities, unlocking new insights, anticipating trends and launching new product variants. By sharpening its geographic focus and increasing distribution points, your Company sustained its momentum on the strong RURBAN-focussed strategy and piloted Project Swabhimaan to empower rural women through entrepreneurship.

It was a matter of great privilege to host the Chairman of the Board, Mr. Paul Bulcke, Global CEO, Mark Schneider and the Board of Directors of Nestlé S.A. in September 2022. They commended on the strong sustained business performance and the deep community and societal footprint of your Company. This gave us the opportunity to showcase R&D capabilities in India as well as our

efforts to improve nutrition outcomes using local grains such as millets. The Global Board's strong support for accelerating investment and business growth in India is a testament to the positive trajectory of our efforts.

Nestlé is fundamentally a science based and technology led Company and its reputation comes from its capability to bring science based nutritional solutions to the forefront. Nestlé S.A. continued to invest in R&D capabilities to make its portfolio more nutritious and sustainable through localization of various ingredients, recipes, spices and collaborative partnerships with start-ups that are good for you and good for the planet.

People are the most valuable asset; they are the heartbeat of your Company. This year, colleagues were welcomed back to office with the hope of engaging with them in the pre-pandemic ways of working, combining individual excellence with team strength, and with a promise of new possibilities.

Sustainability is emblematic of our commitment; your Company aspires to protect and restore the planet's resources by accelerating its sustainability efforts. Initiatives on climate, packaging, sourcing and water remained resolute. Your Company continued working with coffee farmers as part of the NESCAFÉ Plan, to reduce the amount of water when growing coffee crop. Your Company continued partnering with dairy farmers on environmental sustainability programmes and touching the lives of spice farmers, with a focus on responsible sourcing, traceability and transparency, through the MAGGI Spice Plan. Strengthening the brands' climate commitment, KITKAT Ecobreaks #BreaksforGood campaign focussed on reducing the use of wasteful plastics by urging the youth to give the planet a break and placing 100 recycled benches, across popular youth hangouts and colleges.

As a testament of its pioneering work, your Company was recognized as 'MNC in India of the year' in 2022 by All India Management Association and received the 'India Sustainability Champion' Award at the India ESG Sustainability Summit 2022.

Your Company maintained strong ground on societal initiatives, engaging over 10 million beneficiaries through nutrition awareness, rural development, water and sanitation facilities. 2022 marked the seventh year of 'Project Jagriti', an important milestone in community service, continuing in its course of creating an enabling environment in health, nutrition and hygiene practices by reaching out to vulnerable communities. Your Company continued being a 'Force for Good', supporting more than one and a half million Indians with numerous initiatives of meals, medical supplies and other essentials.

As we look confidently at the year ahead, the storm clouds of food inflation, acceleration of war and indeed the drum beats of recession in parts of the world continue to surround us. At such times, "being boringly consistent" matters more than being "brilliantly erratic". Your Company's steadfast focus on building volumes, deepening RURBAN expansion, bringing innovations with the support of Nestlé Group's Global Research & Development network, astutely managing "value" and simultaneously nudging the premiumization trend that is driving economic recovery in parts will fuel momentum. This combined with a strong commitment to sustainability and the POWER of our people and relationships of TRUST is a prequel to stay anchored through the storm.

I seek the prayers and good wishes from members as we navigate the choppy journey ahead.

**Suresh Narayanan**  
Chairman and Managing Director, Nestlé India



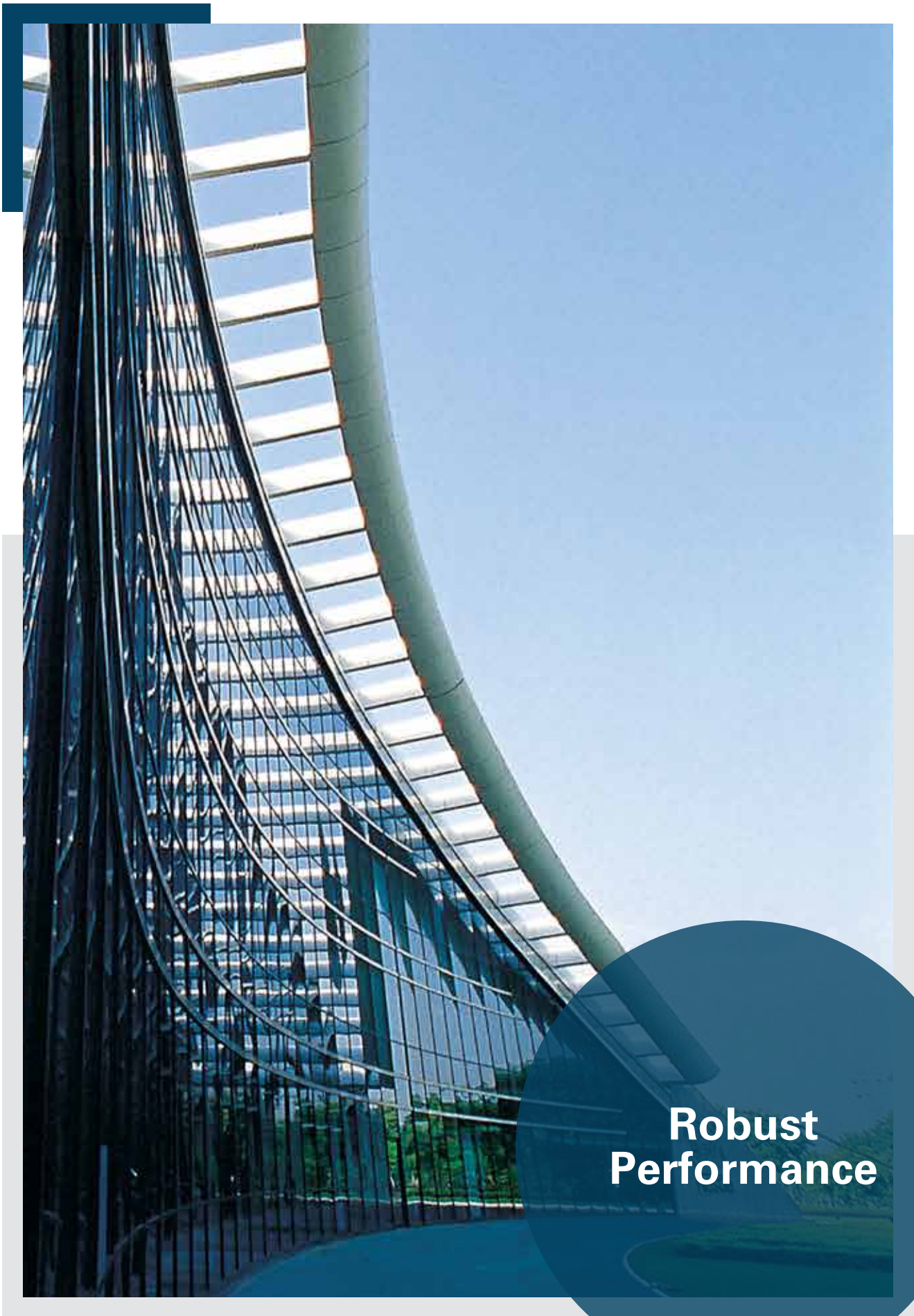




Visit of the Chairman of the Board, Mr. Paul Bulcke, Global CEO, Mark Schneider and the Board of Directors of Nestlé S.A. in September 2022







**Robust  
Performance**





# Almost Double Digit Growth Across All Categories

14.8% Domestic Sales Growth

## Prepared Dishes and Cooking Aids



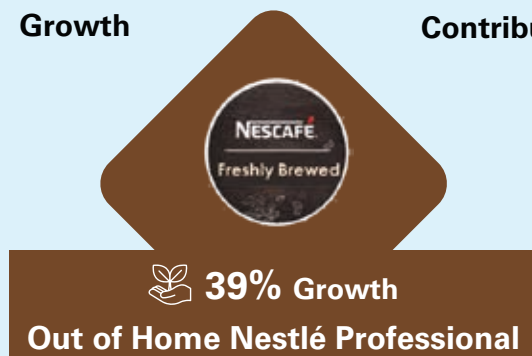
## Milk Products and Nutrition



## Confectionery

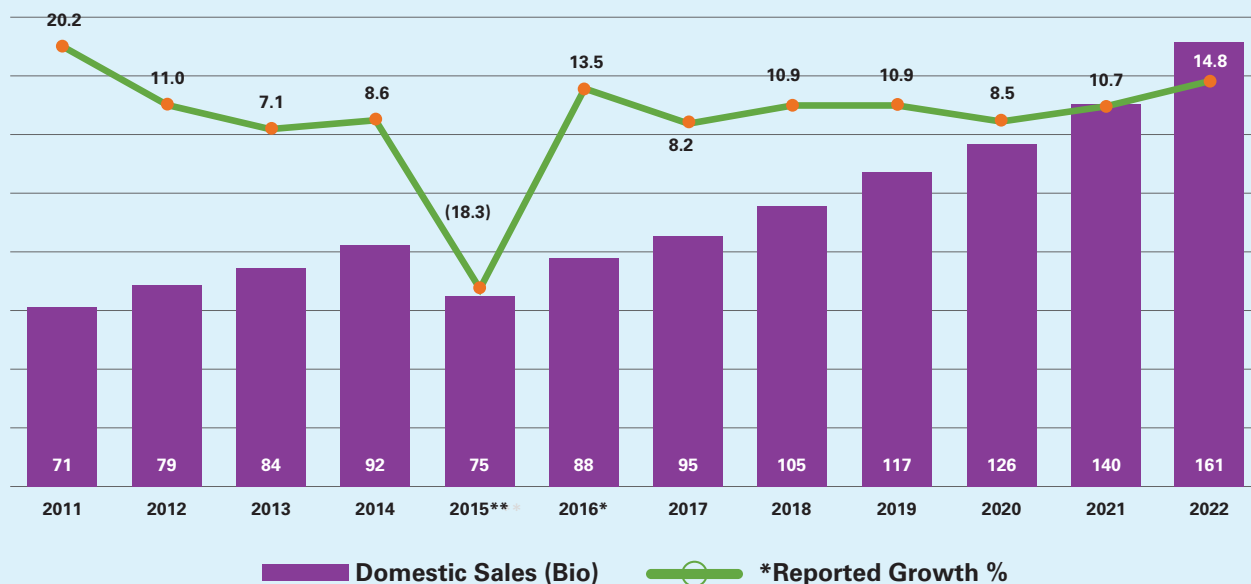


## Beverages

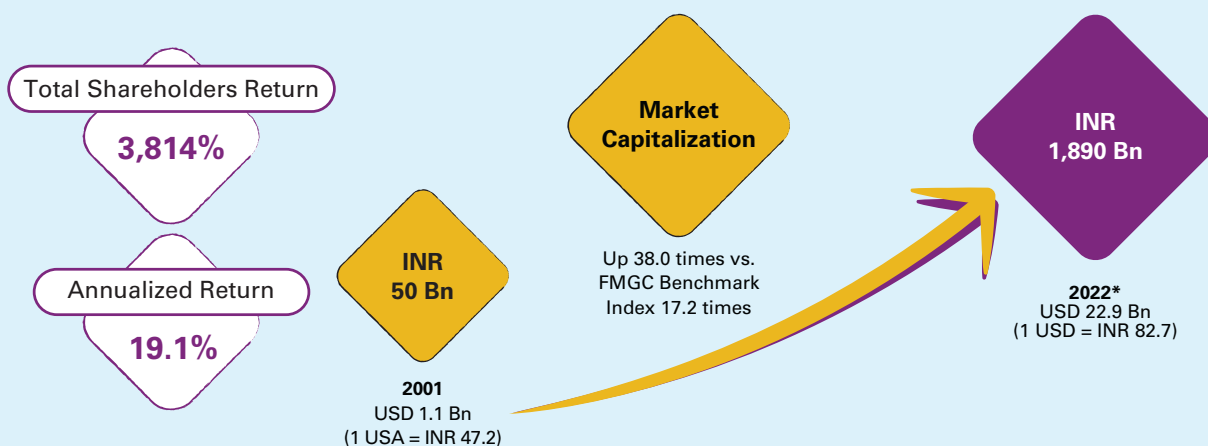


Data represents Jan-Dec 2022

## A Decade of Strong Domestic Sales Growth



## Creating Significant Value for Investors



\*As at 31<sup>st</sup> Dec 2022 INR Billion is INR 100 crore.  
Source: www.bseindia.com

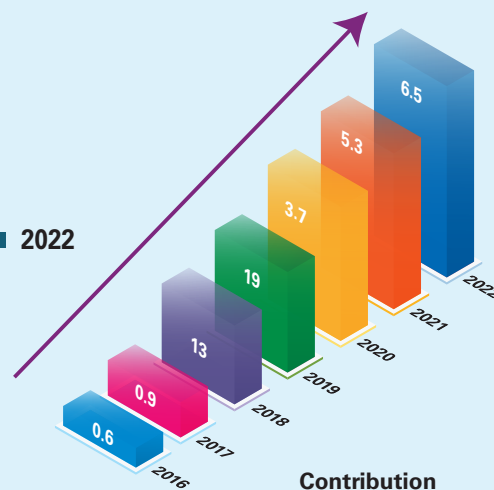
\*\*Impacted by MAGGI Noodles issue.

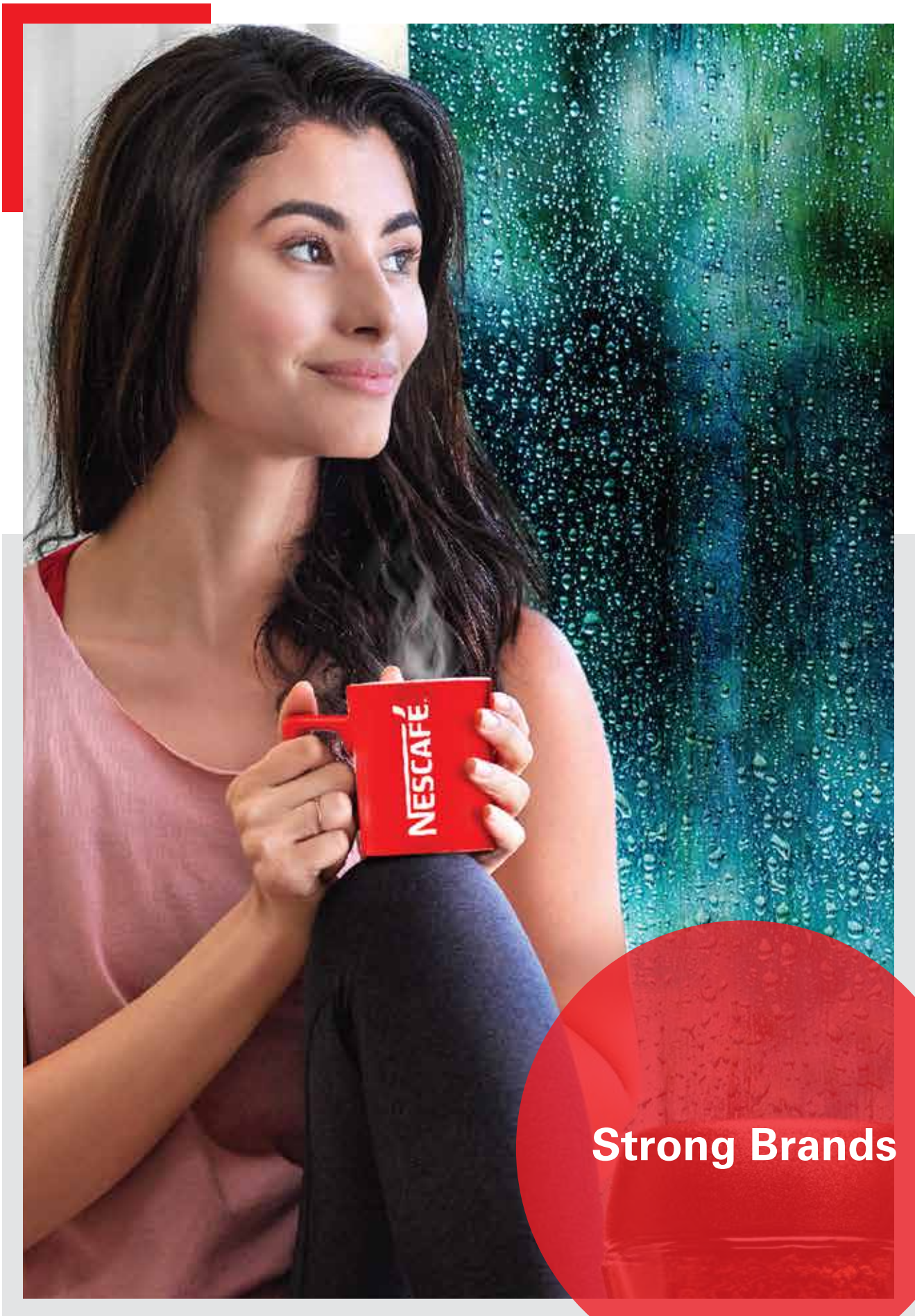
## Rapidly Accelerating Footprint on E-Commerce

Growing contribution of e-commerce to Domestic Sales

■ 2016 ■ 2017 ■ 2018 ■ 2019 ■ 2020 ■ 2021 ■ 2022

E-Commerce grew by 41% 2022 vs 2021





**Strong Brands**



Since 1928  
**Gerber®**

Launched globally renowned and iconic brand GERBER® in India in two variants – Spinach & Carrot and Mango & Berry.

GERBER® was started in 1928 by a mother, Dorothy Gerber in Michigan, USA. In 2007, Nestlé acquired the brand as part of its vision to provide a full range of nutritious food options worldwide.



## BREAK INTO A NEW MOOD

Launched Nestlé KITKAT Moodbreaks range in mixed-fruit flavour and mango flavour.

## Millet Journey

### Tasty & Nutritious

Inspired by popular millet recipes. \*Made with traditional ingredients like ragi, wheat, milk, and ghee to deliver tasty & nutritious\* bowl for three to six year old.

### Nutri Cereal Ragi

Grown for over 4000 years, ragi, has been a part of traditional food in major parts of India. It is also known by different names like nachni, mandua, keppoi, taidalu, finger millet.

### With Immuno Nutrients

Vitamin A, C, D, Iron & Zinc help support normal immune system function.



40 Assured Quality Checks  
To ensure good quality product for your three to six year old.

No Added Color, Flavor





### True to the mission of 'Good Food, Good life'

MAGGI Noodles has been in India for 40 years. It is available in Masala, VEG ATTA, Spinach and Oats variants.

The MAGGI portfolio includes MAGGI Pazzta, MAGGI Sauces, MAGGI Masala-ae-Magic and Masala-Vin-Magic, MAGGI Magic Cubes and MAGGI Coconut Milk Powder.



Your Pet, Our Passion.

### A Promising Business with Encouraging Growth



Premium Dry Dog



Super Premium Dry Dog



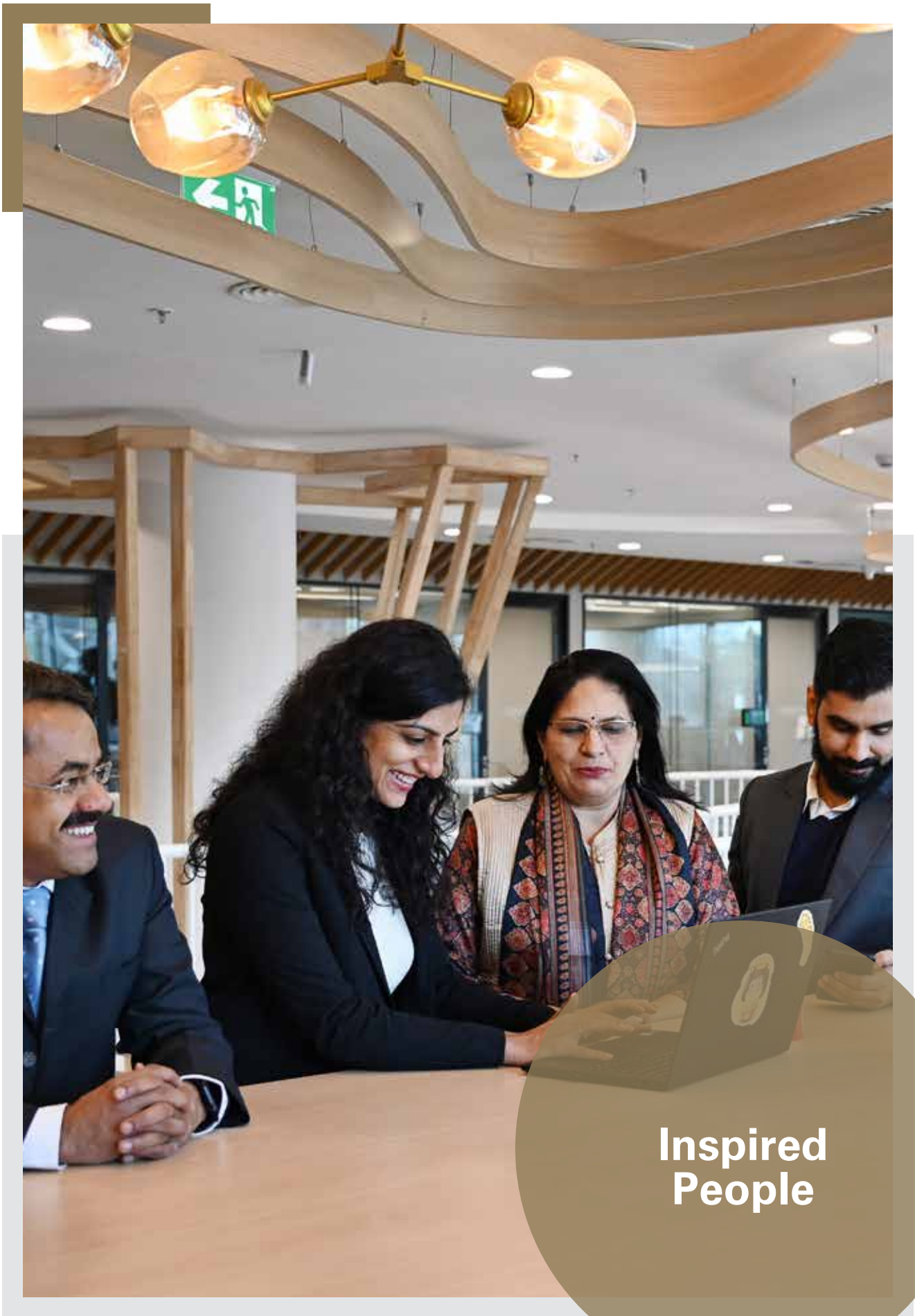
Premium Dry Cat



Super Premium Wet Cat







**Inspired  
People**





Workplace inclusion by introducing gender inclusive policies, expanding healthcare benefits to include same sex partner insurance, cover for disability and hiring people with disabilities.



Parental leave policy for primary caregivers for 26 weeks and secondary caregivers for 4 weeks of leave inclusive of all parents, including biological, adoptive, commissioning, single and same gender parents.



Introduced a gender-neutral childcare policy where parents with children below 6 years are eligible for childcare benefits.



Introduced Mental Health First Aider Network and mental health benefits as part of health insurance.

## Opportunities for enhanced learning



### **Nesternship - 1000 interns**

Upskilling youth with a depth of experience and a wealth of knowledge to thrive in workplaces.

---

### **Over 100 mentors and 60 mentees**

To groom future talent.

---

### **Force for Great Leadership Programme**

Select employees assessed and coached through immersion programme.



A woman with dark hair and a bindi is smiling. She is wearing a light blue floral-patterned top. In front of her is a white banner with a colorful flower logo and the text 'प्रोजेक्ट जागृति' (Project Jaagriti). To her right is a cartoon illustration of a girl with glasses holding a book with the text 'ॐ भस्कर' (Om Bhaskar).

# प्रोजेक्ट जागृति

Empowered  
Communities



Promoting healthier lifestyle among  
**~466,000 adolescent & ~30,000 parents** across  
25 states and Union Territories



Improving lives of **~6,000 beneficiaries**  
**in 5 villages**





Professionalising **more than 640 waste workers**  
across 6 cities diverting **22,000 MT of waste** from landfills



Hands-on science education in **4 schools**  
across **2 states**





Enhancing livelihood of  
**~41,000 street** food vendors  
 in 25 states and Union Territories



Creating access to clean  
 drinking water to **~150,000**  
**students** across 9 states



Promoting healthier communities among  
**~9.7 million** (~3.1 million direct and ~6.6 million  
 indirect) beneficiaries in 10 states and Union Territories





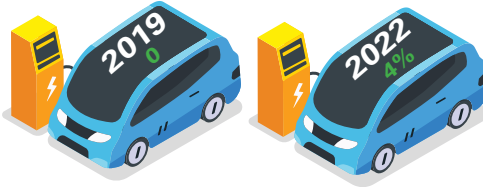
**Committed to  
Sustainability**



# Logistics Re-imagined

Progress in 2022. A focus on sustainable operations

Usage of alternate fuel CNG/Electric Vehicles



Vehicle Payload Utilization



Increased usage of bigger size vehicles



Increased use of Railways



## KITKAT 'Breaks for Good'

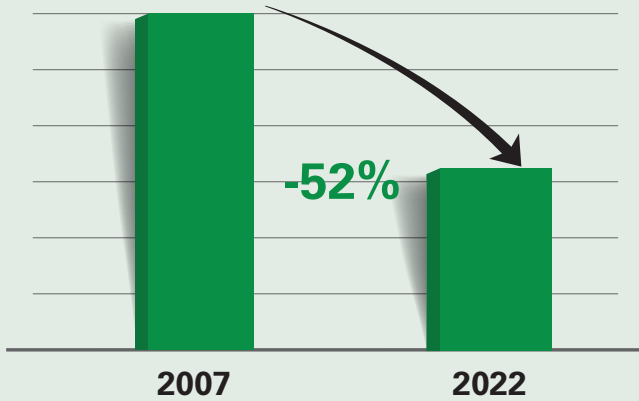
KITKAT installed benches made from recycled plastic packaging across popular youth hangouts and colleges.



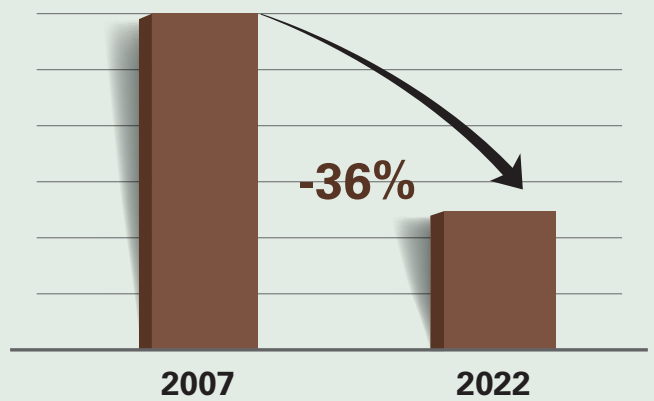
**While we continue to increase production with robust operations, our endeavour has always been to minimize consumption of natural resources and reduce water, energy and CO<sub>2</sub> emissions.**



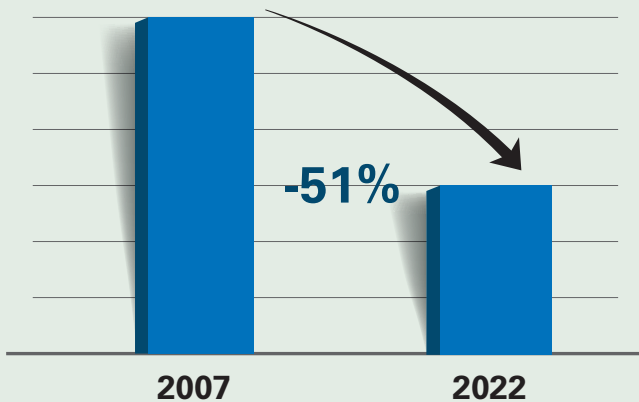
**Reduced Direct GHG Emissions**  
(for every ton of production)



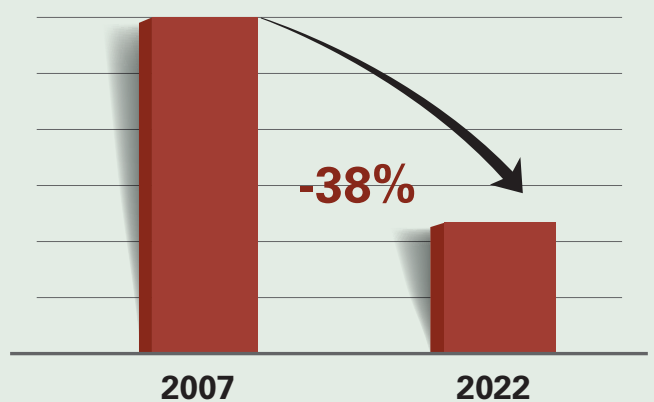
**Reduced Energy Usage**  
(for every ton of production)



**Reduced Water Usage**  
(for every ton of production)



**Reduced Waste Water Generation**  
(for every ton of production)



## Corporate Information

### BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Suresh Narayanan (DIN: 07246738)	-	Chairman & Managing Director
Swati A. Piramal (DIN: 00067125)	-	Independent Non - Executive Director
Rajya Vardhan Kanoria (DIN: 00003792)	-	Independent Non - Executive Director
David S. McDaniel (DIN: 08662504)	-	Executive Director - Finance & Control and CFO
P. R. Ramesh (DIN: 01915274)	-	Independent Non - Executive Director
Matthias C. Lohner (DIN: 08934420)	-	Executive Director - Technical
Anjali Bansal (DIN: 00207746)	-	Independent Non - Executive Director
Alpana Parida (DIN: 06796621)	-	Independent Non - Executive Director
Pramod Kumar Rai (PAN: ABVPR5131P)	-	Company Secretary and Compliance Officer

### BOARD COMMITTEES:

#### AUDIT COMMITTEE

P. R. Ramesh	-	Chairman
Rajya Vardhan Kanoria	-	Member
Alpana Parida	-	Member

#### STAKEHOLDERS RELATIONSHIP COMMITTEE

Rajya Vardhan Kanoria	-	Chairman
David S. McDaniel	-	Member
Alpana Parida	-	Member

#### CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Swati A. Piramal	-	Chairperson
Suresh Narayanan	-	Member
David S. McDaniel	-	Member
Anjali Bansal	-	Member

#### NOMINATION AND REMUNERATION COMMITTEE

Rajya Vardhan Kanoria	-	Chairman
P. R. Ramesh	-	Member
Anjali Bansal	-	Member

#### RISK MANAGEMENT AND SUSTAINABILITY INITIATIVES COMMITTEE

Suresh Narayanan	-	Chairman
Swati A. Piramal	-	Member
David S. McDaniel	-	Member
P. R. Ramesh	-	Member
Anjali Bansal	-	Member

#### AUDITORS

S.R. Batliboi & Co. LLP, Chartered Accountants, (FRN: 301003E/E300005)  
2<sup>nd</sup> & 3<sup>rd</sup> Floor, Golf View Corporate Tower - B, Sector - 42, Sector Road  
Gurugram - 122 002, Haryana, India

#### BANKERS

Axis Bank Limited, Bank of America, Citibank N.A.  
Deutsche Bank AG, HDFC Bank Limited, HSBC Limited  
ICICI Bank Limited, Punjab National Bank, State Bank of India  
Standard Chartered Bank

#### WEBSITE

www.nestle.in

#### INVESTOR EMAIL ID

investor@in.nestle.com

#### REGISTRAR & TRANSFER AGENTS

M/s Alankit Assignments Limited  
4E/2, Jhandewalan Extension, New Delhi, 110055  
Tel No : 011-42541234, 23541234, Fax No : 011-41540064

### MANAGEMENT COMMITTEE

Suresh Narayanan	-	Chairman & Managing Director
David S. McDaniel	-	Finance & Control and CFO
Matthias C Lohner	-	Technical
Anurag Patnaik	-	Human Resources
Arpindarjit Chadha	-	Exports
Ashish Pande	-	Supply Chain
Balan Kannan	-	Analytics & Distribution Infra Com Exe.
Chandan Mukherji	-	Strategy & Marketing Communication
Gaurav Kwatra	-	Pet Food
Gopichandar Jagatheesan	-	Cereals
Krishna Guha Roy	-	ISIT/Nestlé Business Excellence
Mehernosh Malia	-	Dairy
Rajat Jain	-	Foods
Rupali Rattan	-	Confectionery
Sanjay Khajuria	-	Corporate Affairs & Sustainability
Sandeep Sethi	-	Business Services
Saurabh Makhija	-	Nestlé Professional
Sunayan Mitra	-	Beverages
Sushrut Nallulwar	-	Sales
TS Venkateswaran	-	Legal
Vineet Singh	-	Nutrition

### CORPORATE IDENTITY NUMBER

L15202DL1959PLC003786

### REGISTERED OFFICE

- 100/ 101, World Trade Centre, Barakhamba Lane, New Delhi - 110001

### HEAD OFFICE AND NORTHERN SALES BRANCH

- "Nestlé House" Jacaranda Marg, 'M' Block, DLF City, Phase II,  
Gurugram - 122002 (Haryana)

### SOUTHERN SALES BRANCH

- KRM Plaza, 1<sup>st</sup> Floor, North Tower No. 2, Harrington Road, Chetpet,  
Chennai - 600031

### EASTERN SALES BRANCH

- Tower "A", 9<sup>th</sup> Floor, DLF IT Park, 08, Major Arterial Road,  
Block - AF, New Town, Rajarhat, Kolkata - 700156

### WESTERN SALES BRANCH

- 1<sup>st</sup> Floor, ICC Chambers, Near Saki Vihar Telephone Exchange, Saki Vihar  
Road, Powai, Mumbai - 400072

### FACTORIES

- Village Maulinguem (North), Bicholim Taluka - 403504 (Goa)
- Plot No. 294, 297, Usgao Industrial Area, Ponda - 403406 (Goa)
- Unit I & II - Patti Kalyana, Kiwana Road, Samalkha - 132101 Dist. Panipat (Haryana)
- Industrial Area, Tahliwal, District - Una - 174301 (Himachal Pradesh)
- Industrial Area, Nanjangud - 571301 Mysore District (Karnataka)
- Ludhiana-Ferozepur Road, Near Kingwah Canal, Moga - 142001(Punjab)
- P.O. Cherambadi - 643205 Dist. Nilgiris (Tamil Nadu)
- Plot No. - 1A, Sector No. -1, Integrated Industrial Estate, SIDCUL,  
Pantnagar- 263145, Dist. Udham Singh Nagar (Uttarakhand)
- Plot No. SM - 38, Sanand II, GIDC Industrial Estate, Siyawada Chokadi, Near  
GIDC Office, Tal: Sanand- 382170, Dist: Ahmedabad, (Gujarat)

### LISTING OF EQUITY SHARES (Listing Fees paid)

BSE Limited, Mumbai, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400001  
(Scrip Code: 500790)

### 64<sup>TH</sup> ANNUAL GENERAL MEETING

Wednesday, 12<sup>th</sup> April 2023 at 10.00 A.M. IST  
AGM through Video Conferencing/ Other Audio Visual Means (VC/OAVM) Facility  
[Deemed Venue for meeting : Registered Office: 100/ 101, World Trade Centre,  
Barakhamba Lane, New Delhi 110001]

### FINANCIAL YEAR

1<sup>st</sup> January to 31<sup>st</sup> December





## 10 - Year Financial Highlights

₹ in million (except otherwise stated)

	2022 <sup>@</sup>	2021 <sup>@</sup>	2020	2019 <sup>^</sup>	2018	2017	2016	2015 <sup>*</sup>	2014	2013
<b>Results</b>										
Sales	167,895	146,649	132,902	122,953	112,162	101,351	94,096	81,233	98,063	90,619
Profit from Operations	33,659	32,288	28,775	25,940	23,509	18,305	16,542	13,338	17,926	16,941
as % of Sales	20.0	22.0	21.7	21.1	21.0	18.1	17.6	16.4	18.3	18.7
Profit after Tax	23,905	21,184	20,824	19,684	16,069	12,252	10,014	5,633	11,847	11,171
as % of Sales	14.2	14.4	15.7	16.0	14.3	12.1	10.6	6.9	12.1	12.3
<b>Balance Sheet and Cash flow statement</b>										
Shareholders Fund	24,592	19,464	20,193	19,189	36,737	34,206	32,823	28,178	28,372	23,687
Return on Average Equity (%)	108.5	111.0	105.8	70.4	45.3	36.6	32.8	19.9	45.5	53.6
Operating Cash Flow	27,374	22,360	24,545	22,953	20,525	18,178	14,659	10,981	16,440	17,964
as % of Sales	16.3	15.2	18.5	18.7	18.3	17.9	15.6	13.5	16.8	19.8
Capital Expenditure	5,407	7,308	4,741	1,522	1,628	1,959	1,133	1,493	4,044	3,282
as % of Sales	3.2	5.0	3.6	1.2	1.5	1.9	1.2	1.8	4.1	3.6
<b>Data per Share</b>										
Earnings per share (₹)	247.9	219.7	216.0	204.2	166.7	127.1	103.9	58.4	122.9	115.9
Dividend per share (₹) <sup>#</sup>	220.0	200.0	200	342.0 <sup>#</sup>	115.0	86.0	63.0	48.5	63.0	48.5
Market capitalisation, end December	1,890,327	1,899,925	1,773,312	1,425,983	1,070,913	756,381	581,367	561,535	615,113	510,738
Number of employees	8,069	7,910	7,747	7,649	7,604	7,527	7,588	7,495	7,228	7,159

Figures from 2016 onwards are as per Ind AS. Effective 1 July 2017, Sales are not comparable due to change in structure of Indirect taxes.

\* Impacted by MAGGI Noodles issue.

# In 2019, special interim dividend of ₹180 per share was paid out of accumulated profits of previous years.

@ Year 2022 and 2021 numbers have been restated to include the financials of acquired Pet Food Business as per requirements of Ind AS 103 – Business Combinations under Common Control.

^ Figures have been reinstated in accordance with implementation of Ind AS 116 Leases.

## Key Financial Ratios

As per the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the key financial ratios are given below:

Particulars	2021 <sup>@</sup>	2022 <sup>@</sup>
Operating Profit Margin (%) (Profit From Operations / Sale of Products)	22.0	20.0
Net Profit Margin (%) (Profit After Tax / Sale of Products)	14.4	14.2
Return on Net Worth (%) (Profit After Tax / Average Equity)	111.0	108.5
Current Ratio (Current Assets / Current liabilities)	1.0	1.1
Inventory Turnover Ratio (Sale of Products / Average Inventories)	9.7	9.5
Debtors Turnover Ratio (Sale of Products / Average Trade Receivables)	88.6	93.8

### Notes:

1. Interest Coverage Ratio and Debt Equity Ratio are not relevant for the Company as it has negligible debt.



## Board's Report - 2022

Dear Members,

Your Directors are pleased to present their report and financial statements for the year ended 31<sup>st</sup> December 2022.

### Highlights of the Financial Performance and State of Company's Affairs

(₹ in million)

Particulars	2022	2021
Sale of products	167,895.3	146,649.0
Add : Other operating revenues	1,074.3	756.9
Add : Other Income	1,010.0	1,201.5
<b>Total Income</b>	<b>169,979.6</b>	<b>148,607.4</b>
Less : Total Expense	137,419.9	117,669.2
<b>Profit before exceptional items and tax</b>	<b>32,559.7</b>	<b>30,938.2</b>
Exceptional items	-	2,365.0
<b>Profit before tax</b>	<b>32,559.7</b>	<b>28,573.2</b>
Tax expense	8,654.5	7,389.1
<b>Profit after tax</b>	<b>23,905.2</b>	<b>21,184.1</b>
Add : Other Comprehensive Income	1,119.4	(1,514.1)
<b>Total Comprehensive Income</b>	<b>25,024.6</b>	<b>19,670.0</b>
Opening balance in Retained Earnings	10,694.9	10,309.5
Amount available for appropriation	35,391.6	29,978.0
Interim dividends paid during 2022: ₹ 145.00 per share 2021: ₹ 135.00 per share	13,980.3	-
	-	13,016.1
Final dividends paid during 2022: ₹ 65.00 per share 2021: ₹ 65.00 per share	6,267.0	-
	-	6,267.0
<b>Closing balance in Retained Earnings</b>	<b>15,144.3</b>	<b>10,694.9</b>
Key ratios:		
Earnings per share (₹)	247.9	219.7
Dividend per share (₹)		
Interim Dividends	145.00	135.00
Proposed - Final Dividend	75.00	65.00
Additional Information:		
<b>Profit from operations</b>	<b>33,658.6</b>	<b>32,287.5</b>

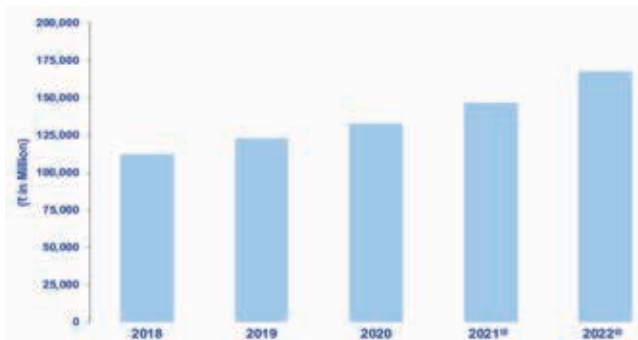
2022 and 2021 figures have been restated to include the financials of acquired Pet Food Business as per requirements of Ind AS 103 – Business Combinations under Common Control

Total Sales and Domestic Sales for the year increased by 14.5% and 14.8%, respectively. Domestic Sales growth is broad based with a healthy balance of pricing and volume. Export Sales have increased by 8.2%. Other Income decreased due to lower average liquidities following transition to “Future Ready Plan”, partly offset by higher yields.

Your Company has created a contingency provision of ₹ 1,309.4 million (previous year ₹ 907.5 million) for various

contingencies resulting mainly from matters, which are under litigation / related to disputes and other uncertainties requiring management judgement. Your Company has also reversed, utilized / settled contingency provision of ₹ 156.9 million (previous year ₹ 749.8 million) due to satisfactory settlement of certain litigations and settlement of obligations for which provision is no longer required.

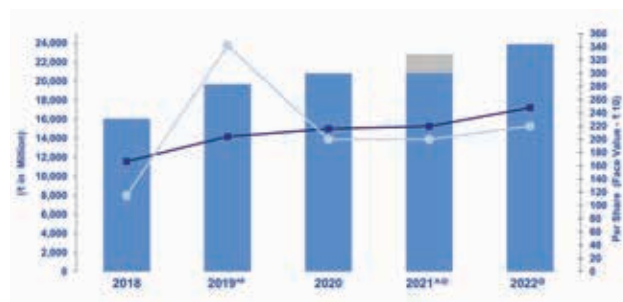
### SALES



@ 2021 and 2022 figures have been restated to include the financials of acquired Pet Food Business as per requirements of Ind AS 103 – Business Combinations under Common Control.

Exceptional Item in 2021 comprises the aggregate of past service cost, settlement cost and incidental expenses incurred for the implementation of the ‘Future Ready Plan’ effective 1<sup>st</sup> December 2021, for certain category of employees, as per your Company policy. ‘Future Ready Plan’ is a combination of amended Defined Benefit Pension Scheme for past period of service and a Defined Contribution Scheme for future service. For details, please refer Note 4 to the Financial Statements attached.

### EARNINGS



■ Profit after Tax    ■ Earnings per Share    — Dividend per Share

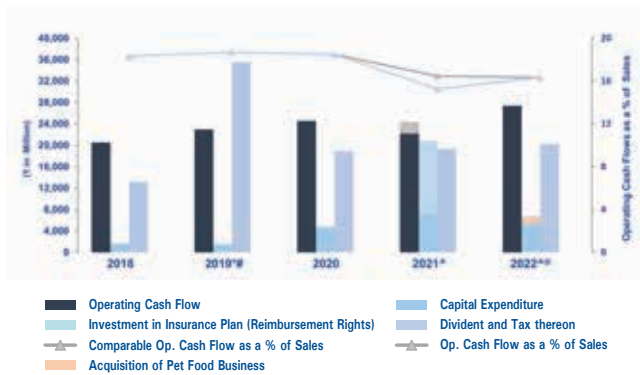
# Includes special interim dividend of ₹180 per share paid in 2019 out of accumulated profits of previous years.

\* Figures have been reinstated in accordance with implementation of Ind AS 116 Leases.

^ Comparable Profit After Tax without the impact of Exceptional Item (Transition cost of Pension Plan).

@ 2021 and 2022 figures have been restated to include the financials of acquired Pet Food Business as per requirements of Ind AS 103 – Business Combinations under Common Control.

## SOURCES AND UTILISATION OF CASH



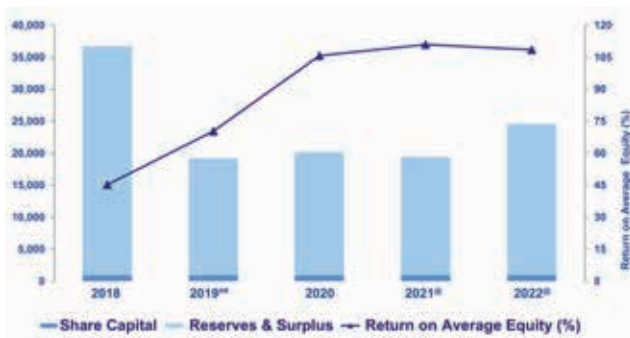
# Includes special interim dividend of ₹180 per share paid in 2019 out of accumulated profits of previous years.

\* Figures have been reinstated in accordance with implementation of Ind AS 116 Leases.

^ Comparable Operating Cash Flows as a % of Sales without the impact of Exceptional Item (Transition cost of Pension Plan).

@ 2021 and 2022 figures have been restated to include the financials of acquired Pet Food Business as per requirements of Ind AS 103 – Business Combinations under Common Control.

## SHAREHOLDERS FUNDS

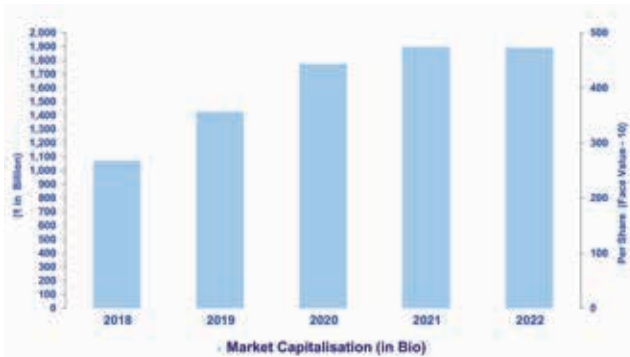


# Reserves & Surplus impacted by payment of Special interim dividend of ₹180 per share in 2019 out of accumulated profits of previous years.

\* Figures have been reinstated in accordance with implementation of Ind AS 116 Leases.

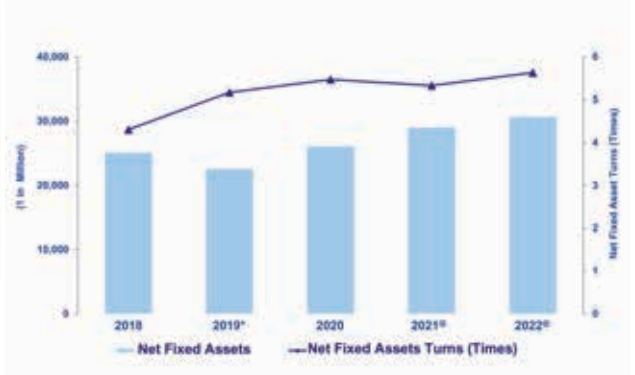
@ 2021 and 2022 figures have been restated to include the financials of acquired Pet Food Business as per requirements of Ind AS 103 – Business Combinations under Common Control.

## MARKET CAPITALISATION



Market Capitalisation is based on year end closing share price quoted on BSE Limited, Mumbai.

## FIXED ASSETS

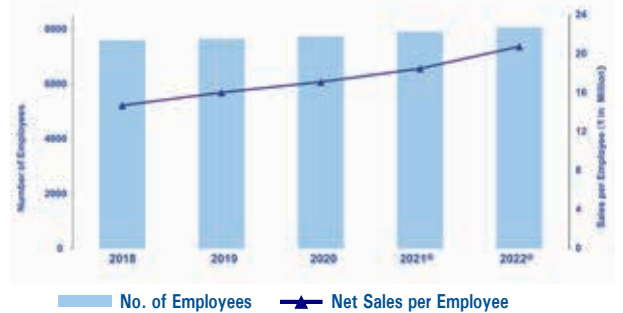


Fixed Assets includes Property, Plant and Equipments and Capital work-in-progress.

\* Figures have been reinstated in accordance with implementation of Ind AS 116 Leases.

@ 2021 and 2022 figures have been restated to include the financials of acquired Pet Food Business as per requirements of Ind AS 103 – Business Combinations under Common Control.

## EMPLOYEE BASE



@ 2021 and 2022 figures have been restated to include the financials of acquired Pet Food Business as per requirements of Ind AS 103 – Business Combinations under Common Control.

## Dividends

The Board of Directors have recommended a final dividend of ₹ 75.00 per equity share amounting to ₹ 7,231.2 million for the year 2022 for approval of the members at the 64<sup>th</sup> Annual General Meeting of the Company ("64<sup>th</sup> AGM"). The total dividend for 2022 aggregates to ₹ 220.00 per equity share which includes interim dividend of ₹ 25.00 and ₹ 120.00 per equity share paid on 6<sup>th</sup> May 2022 and 16<sup>th</sup> November 2022, respectively.

The interim dividends paid during the year and the final dividend recommended is in accordance with the Dividend Distribution Policy ("Policy") of the Company. The Policy is available on the website of the Company at <https://www.nestle.in/investors/policies>.

## Material changes affecting the Company

There have been no material changes and commitments affecting the financial position of the Company which occurred between the end of the financial year of the Company to which the financial statements related to and date of this report. There has been no change in the nature of business of the Company.





## Amount Transfer to Reserves

Your Directors do not propose to transfer any amount to the reserves.

## Exports

In 2022, your Company's export business experienced growth. The focus was on promoting the Indian product portfolio, particularly in the confectionery and foods category, through both traditional and mainstream channels.

Products from the prepared dishes and cooking aids category, such as Masala-ae-Magic, MAGGI noodles, sauces, and Pazzta, witnessed growth in key markets such as Canada, the United States, Australia, New Zealand, and Singapore. This growth underscores your Company's commitment to reach new customers and deliver high-quality products to the global market.

The confectionery business in the Middle East delivered strong growth, led by TOFFO Sugar Chewy Boiled confectionery. During the year, your Company began exporting Polo Holes to Taiwan, where it introduced new formats such as POLO jars and POLO pouches.

NESCAFÉ SUNRISE, which is a fine blend of coffee and chicory continued to gain traction in Singapore and Taiwan.

Your Company's instant tea saw a sharp uptake after COVID abated resulting in out-of-home consumption increasing across all the markets. Export to Nepal and Bhutan had stable growth despite economic challenges as a result of low forex reserves, liquidity crunch and high inflation in 2022 in both the countries. Growth was secular across Confectionery, Beverages, Milk Products & Nutrition and Prepared Dishes and Cooking Aids Portfolio.

## Contribution to the Exchequer

Your Company over the years has been enabling significant contribution to various taxes. During the year 2022, your Company through its businesses, enabled tax collections at Central and State level close to ₹ 42.6 billion, in aggregate.

### ENABLED CONTRIBUTION TO EXCHEQUER



@ 2021 and 2022 figures have been restated to include the financials of acquired Pet Food Business as per requirements of Ind AS 103 – Business Combinations under Common Control

## Business Development

During 2022, the Indian economy started to recover despite the Omicron wave of January 2022. As stated in the Economic Survey 2022-23, mobility was enabled by localized lockdowns, rapid vaccination coverage, milder symptoms and quick recovery from the virus contributed towards minimizing the loss of economic output. IMF estimated India to be among the top two fast-growing significant economies in 2022.

However, there were several headwinds for the FMCG sector in India in 2022, a sharp rise in inflation worsened further by supply chain issues with an increase in fuel costs. Rural inflation was higher than urban inflation that delayed rural consumption.

## Robust performance

Despite an external volatile environment, inflation, price and cost to consumer, your Company steered through challenges, with its growth platforms not being compromised. These were driven by strategies of scale, efficiencies, mix and pricing.

Your Company delivered double-digit growth pivoted on volume and broad-based performance across all categories. This was the highest growth in a decade despite a challenging economic environment.

In 2022 total sales grew by 14.5% and domestic sales increased by 14.8%, with broad-based performance across all categories. Your Company's robust performance on e-commerce continued, fuelled by Quick Commerce and Click & Mortar. Out-of-Home (OOH) business made a strong comeback in 2022, recovering its pre-COVID base and delivering robust growth by revamping, resetting geography, channel and sales priority.

Your Company has made a strong commitment to transforming itself using data analytics, across every aspect of its business be it manufacturing, supply chain, sales, marketing and communications. This has helped understand evolving consumer needs, spotting trends, delivering innovations. This has also led to streamlining business practices, bringing operational efficiencies, becoming more strategic and predicative while making more effective business decisions.

## Strong Brands

Your Company's business categories such as prepared dishes and cooking aids, milk products and nutrition, beverages and confectionery witnessed consistency in growth. Its brands and products, continued to resonate with consumers because of strong thrust on innovation, with multiple offerings at different stages of life. Your Company continued to launch new products in India, and has launched over 110 new products over the last seven years with approximately 30 new projects in the pipeline.

Your Company continued in its path of premiumization through the acquisition of Purina Petcare business and the launch of globally renowned brand Gerber Cereals, bringing in expertise



in science and nutrition. Such initiatives are testimony to your Company's confidence in the market opportunities in India.

Recognizing the enormous potential of millets, which also aligns with several UN Sustainable Development Goals, the Government of India has prioritized Millets. 2023 has been declared as the International Year of Millets by the United Nations General Assembly. Your Company has already incorporated millets in its sub-brand CEREGROW™ Grain Selection™ and will continue to do so across categories.

Nestlé R&D Centre India Pvt. Ltd., Manesar (a subsidiary of Nestlé S.A. and a part of Nestlé's global R&D network) recently signed an MOU with Nutrihub, ICAR-Institute of Millet Research with the aim of collaborating in areas such as millet processing, understanding health and nutrition benefits of millets in different product applications, building consumer awareness, sustainability of millet by developing regenerative agriculture practices to enhance cultivation and encouraging start-up collaborations. This will also benefit your Company in launching new and innovative products with the goodness of millets.

### Inspired people

Your Company embarked towards creating a future ready workforce that is diverse, equitable, inclusive and multi-generational. In addition to upskilling people, your Company instituted policies on mental health and well-being and gender agnostic policies.

### Empowered Communities

Your Company remained committed to enhancing the resilience of communities through its societal initiatives, expanding its initiatives to more geographies and creating meaningful impact by unlocking the power of food for everyone today and for generations to come.

### Committed to sustainability

Your Company has worked steadfastly to meet its sustainability ambitions and constituted Sustainability Task Forces that stays responsible for planning, management and implementation of the sustainability initiatives across climate, packaging, sourcing and water, committed to its ambitious sustainability goals to advance the health of its planet supported by healthy sustainable food systems.

### Prepared Dishes and Cooking Aids Portfolio

Your Company's Prepared Dishes and Cooking Aids business showed strong growth momentum, with a healthy balance of product mix, pricing and volume growth in MAGGI Noodles and MAGGI Masala-ae-Magic aided by strong consumer engagements and market presence with media campaigns and attractive consumer activations. In line with demand forecasts, production capacity was ramped up across factories enabling strong growth momentum. MAGGI Noodles

in 2022 saw the highest ever distribution and maintained market leadership as per Nielsen report.

MAGGI has enjoyed an extraordinary journey in the country, spanning four decades. True to the mission of 'Good Food, Good life', MAGGI portfolio offers convenience, taste and quality to its consumers. MAGGI brand as an ally in everyday cooking, has a portfolio that continues to evolve, introducing new products that make everyday meals extraordinary.

On World Environment Day, your Company launched a campaign to raise awareness on waste disposal. Indian Actor Rajkumar Rao known for his work in Hindi cinema, was roped in to highlight how MAGGI responsibly manages plastic equivalent to the number of packs that are sold, while urging consumers to spend 2-minutes to practice responsible disposal themselves.

### Strengthening Breakfast Cereals

Your Company's breakfast cereals business accelerated in 2022 with a focus on driving penetration through accessible price points. Taste and nutritional benefits of its offerings were communicated to consumers through extensive sampling across metropolitan cities. Availability of breakfast cereal portfolio increased manifold resulting in strong volume growth for brands such as NESTLÉ KOKO KRUNCH and NESTLÉ GOLD. NESTLÉ KOKO KRUNCH also associated with Jurassic World and Disney for Avatar helping build brand relevance.

### Milk Products and Nutrition Portfolio

Your Company's Milk Product and Nutrition Portfolio registered satisfactory growth. Your Company believes that breastmilk provides the best nutrition for babies, and every child should be exclusively breastfed for six months, followed by the introduction of age-appropriate complementary feeding and continued breastfeeding until two years and beyond. Your Company's Nutrition business is committed to providing high-quality, innovative, science-based nutrition to babies and young children.



In line with its commitment to always deliver 'Good Food, Good Life' to consumers, your Company expanded its offerings for toddlers aged two and above. During the year, your Company brought the globally renowned and iconic brand GERBER® to India. GERBER® was started in 1928 by a mother, Dorothy Gerber in Michigan, USA and in 2007, Nestlé acquired the brand as part of its vision to provide a full range of nutritious food options worldwide. GERBER® Cereals with Powerblend® was launched in two variants – Spinach & Carrot and Mango & Berry. The product combines the goodness of 4 diverse food groups – cereals, legume, milk and fruits or vegetables depending on the variant, with age-appropriate fortification for toddlers. GERBER® Cereals are aimed at the uncompromising mother who is highly discerning and well-informed about the latest in nutrition recommendations as well as quality of different brands.



The offering is customised to the needs of Indian toddlers, benefitting from over 90 years of GERBER®'s nutritional expertise.



Your Company also launched CEREGROW™ Grain Selection – a nutritious cereal for toddlers inspired by traditional ingredients, made from ragi, mixed fruits and ghee. CEREGROW™ Grain Selection is specially for parents who are looking for ways to integrate traditional ingredients and recipes into their children's diets, along with the confidence of assured nutrition. Millets have been an integral component of the food basket in India, and CEREGROW™ Grain Selection is an effort to rediscover the value of these traditional millets.

MILKMAID and acceleration of ready-to-drink ('RTD') business also contributed to the growth. Strong double-digit value growth in MILKMAID was fueled by providing an exciting range of experimental desserts across national and regional festivals, collaborating with top chefs and the upcoming trend of baking, attracting more than 2 million visits to MILKMAID's website. The RTD portfolio delivered accelerated growth second year in a row. While in-home consumption continued to grow, there was a post-pandemic revival of the out-of-home channels. NESCAFÉ RTD launched a unique campaign – Thoda Aur Machaa, celebrating India's Gen Z real heroes.

MILO specialized for teenage nutrition with Whey protein and jaggery was launched in Tamil Nadu and received a good response. The launch of Mishti Doi with jaggery was the first ever in its category and has seen strong acceptance and accelerated growth since launch. The NESTLÉ a+ Greek Yoghurt range was introduced with local fruits like Mahabaleshwar Strawberries and Alphonso Mangoes from Ratnagiri, leading to the business increasing by double.



To continue leading the Force-for-Good, NESTLÉ a+ launched a unique upcycling initiative programme called Nestlé a+ Cartons to Classroom, in partnership with Tetra Pack and Reliance Retail. Under this programme, a consumer can return any used milk carton to specific collection points. These cartons were upcycled to make desks that have been placed in classrooms. This programme was piloted in Mumbai and 100 desks have already been placed.

Your Company's Nestlé Health Science business through a multi-channel engagement continued to build its presence in nutritional science.

## Beverages Portfolio



The coffee and beverages business continued to witness strong growth enabled by a sharp, consistent strategy focused on recruitment and building relevance for the coffee category.

NESCAFÉ in-home portfolio consisting of NESCAFÉ Classic, NESCAFÉ Sunrise, NESCAFÉ GOLD delivered

broad-based double-digit growth. NESCAFÉ in-home touched new milestones in 2022, recording the highest ever single-year growth in household penetration, and maintained its leadership position in the category with significant growth in market share. NESCAFÉ ready-to-drink and out-of-home delivered broad-based double-digit growth.

NESCAFÉ CLASSIC spearheaded category recruitment with a thematic campaign that clearly defined role for coffee with youth which was complemented by consistent distribution expansion. Your Company sustained innovation-led growth with NESCAFÉ ALL in 1 premixes that added to the NESCAFÉ recruitment strategy by offering a consistent, tasty cup each time. Your Company continued its journey of winning in South India with NESCAFÉ SUNRISE through the launch of a renovated product, a refreshed brand look and new communication. This was enabled by a cluster strategy, with customised plans for each market that ensured NESCAFÉ SUNRISE delivered healthy growth. NESCAFÉ GOLD delivered stellar growth and led premium category creation through its promise of delivering coffee at its best.

A significant enabler last year, was a sharp focus on mitigating inflationary pressures by adopting several key initiatives that delivered optimizations across the value chain which allowed for sustainable growth across the portfolio. Your Company continues to closely collaborate with coffee farmers in Karnataka, Tamil Nadu and Kerala through the NESCAFÉ Plan towards developing good agricultural practices, sustainable management of landscapes and enhancing biodiversity in coffee farms.

## Confectionery Portfolio

After two pandemic-led challenging years, this year your Company witnessed return of the confectionery consumers. The portfolio registered robust growth and market share gains led by two iconic brands – KITKAT and MUNCH. KITKAT Moodbreaks and MUNCH Max were well received by consumers. Your Company continued to focus on superior execution and implementation of robust trade plans.

Introducing a category-first innovation in India, your Company launched Nestlé KITKAT Moodbreaks range with two new fruity flavour. The multi-colored KITKAT fingers are available in Mixed-fruit flavour with vibrant pink and brown fingers and Mango flavour with bright yellow and brown fingers. Through KITKAT, there was a sustained focus on the key brand proposition, 'taking a break', in all forms of traditional and new-age communication. All this resonated strongly with every consumer segment across the country.



At the time of growing consumer consciousness around environmental responsibilities and in line with your Company's focus on sustainability, your Company introduced a unique initiative –KITKAT 'Breaks for Good'. KITKAT installed benches made from recycled plastic packaging across popular youth hangouts and colleges in India. The campaign was a friendly reminder to the youngsters that these recycled benches not only serve as a break for them, but for the environment too.



Further leveraging your Company's access to strong global R&D expertise and staying agile on value-up strategy of MUNCH, your Company launched MUNCH Max that has extra crunch and chocolaty flavour.

The MUNCH 'Thaalam' campaign, for the Southern markets, showcasing the popular boat race of Kerala successfully conveyed the messaging of 'Munching with confidence'. It also became the year when MUNCH leveraged the new-age phenomenon of Metaverse for their Indian Premier League activation, enabling consumers to meet and greet their favourite cricketers in the digital world. MUNCH was the first in the category to spearhead this exclusive engagement for its consumers.

## Pet Food Portfolio

With the recent acquisition of Pet Food business from Purina Petcare India Pvt. Ltd., through slump sale, your Company has made an entry in the potentially high-growth pet food category. With great passion and commitment of making the lives of pets longer, happier, and healthier, your Company's Pet Food portfolio has delivered a strong performance with an accelerated growth in the Dry Dog and Cat Food products.



Your Company's Pet Food portfolio includes globally recognized brands like PURINA Supercoat and PURINA Pro Plan in the Dry Dog Food range that provide complete and balanced nutrition, with no artificial colours or flavour, to help keep dogs happy and healthy. The Pet Food portfolio also includes PURINA Friskies, and PURINA Fancy Feast in the Dry and Wet Cat Food range respectively, that provide the right balance of nutrition and delicious taste.

With a plan to bring new products and innovation, your Company has recently launched Felix Wet Cat Food, making a strong entry in one of the highest growth portfolios across the world in the Pet Food Category. Leveraging the unique and patented grilled technology, Felix is positioned to create a strong benchmark of taste and overall nutrition. eCommerce grew with speed and delivered high growth and market penetration for your Company's Pet Food portfolio.

## Nestlé Professional – Out-of-Home Business

Your Company's Out-of-Home (OOH) business made a strong comeback in 2022 recovering its pre-COVID base and delivering robust growth which was an outcome of revamping, resetting geography, channel and sales priority.

As a beverage solution provider, your Company cemented its participation in the larger and faster growing Bean to Cup segment, by enhancing its range of blends and machine solutions, and offering the widest menu. To premiumize small operators, your Company launched CAFÉ MENU range, which is 'tin and spoon' application for hot cappuccino and cold coffee. To improve its share in the street channel, SUNRISE STRONG with a superior strength and aroma was launched.

Your Company built a differentiated and relevant food solutions portfolio in line with the growing industry need of standardization, versatility and delivery-friendliness. Chefs curated a range of recipe applications for cuisines such as biryani, oriental fried rice and pasta sauces, focusing on channels such as cloud kitchens, restaurant chains and catering.

Geographical expansion beyond metros into Tier-1 towns, tapping tourist hot spots and focusing on geographical clusters led to growth. This expansion was supported with an enhanced chef organization, café care engineers, OOH distributors and feet on street.

Under ONE NESTLÉ, your Company added new sites to take the total number to over 620 MAGGI and NESCAFÉ branded kiosks. The model stood tall throughout the pandemic. Your Company continued to recruit new franchises on the back of our 'Employment for Youth' programme, extending its channel mix to include healthcare and hospital sites, launching multiple kiosk formats to fit different site requirements and deploying KITKAT branded benches, made using recyclable plastic waste.

## Sales

### RURBAN approach

Your Company continued its path of robust growth, strengthening the RURBAN approach. There was an acceleration on the RURBAN thrust by going deeper into smaller towns and cities, scaling up on-ground activation, deploying more resources, and leveraging partnerships to expand coverage. Your Company added around 55,000 villages and 1800 distribution touch points in 2022 and increased consumer connect through Haat activities and RURBAN smart stores. During the year, your Company recruited women from rural areas as a part of Project Swabhiman by upskilling them.

### Direct to Consumer

Your Company also launched its first ever 'direct to consumer' (D2C) e-commerce platform – [www.mynestle.in](http://www.mynestle.in) to offer to consumers products manufactured by your Company in India created specifically keeping the consumer needs in mind, to delight the consumer in every way with curated product bundles, personalized gifting and subscriptions. Consumers can also access gourmet recipes on the site and get free nutrition counselling. Launched in Delhi NCR, it will subsequently expand to the consumers in other parts of the country.

### E-commerce, Quick commerce and Click and Mortar:

Growth from e-commerce channels continued with strong performance driven by MAGGI Noodles from the Prepared Dishes and Cooking Aids Portfolio, Coffee and Beverages and Confectionary portfolios. Quick commerce and Click & Mortar also enabled the growth of e-Commerce. Quick Commerce growth was fueled by new user acquisition initiatives through targeted digital communication and ensuring



access to your Company's products at the point of purchase. Your Company also leveraged emerging specialized formats such as ePharmacies.

### People

People have always been at the heart of your Company and with the unveiling of the new Nest, the renovated Head Office, evolved ways of working were initiated. The new nest is an inclusive workspace with day-care facilities, recreational zones, gender neutral accessible washrooms, height adjustable workstations and accessible elevators. The NesLife initiative offers flexibility, empowering employees to be their best at work, combining positive aspects of hybrid/remote working.

Your Company continues to focus on employee wellbeing by establishing a Mental Health First Aider Network, and through offering mental health benefits as part of health insurance. There have been regular virtual sessions focusing on overall physical well-being as well.

Your Company also introduced a sabbatical policy aimed to support diverse needs of employees like pursuing higher education, upskilling programmes, caring for a family member or pursuing a social cause. Your Company continued its commitment to the youth through the Nesternship programme, third year in a row, upskilling 1000 interns with a depth of experience and a wealth of knowledge to thrive in workplaces.

Your Company continues to live its commitment towards being a 'Force for Inclusion' and introduced a new parental leave policy enabling primary caregivers with 26 weeks of leave and secondary caregivers 4 weeks of leave. Your Company also introduced a gender-neutral childcare policy where either parent with children below 6 years of age are eligible for childcare benefits.

Your Company continues its journey towards inclusion by hiring people with disabilities and by ensuring continuous improvements to existing facilities by conducting accessibility audits. Your Company is also taking steady steps in the direction of making the workplace more inclusive for LGBTQA by revising healthcare benefits to include same-sex partner insurance and introducing gender-neutral policies.

Your Company has one of the highest representation of women in field sales in the FMCG industry. Ensuring safety and hygiene at distribution points, supporting working mothers are some of the interventions undertaken by your Company to empower women sales force in both urban and RURBAN centres.

Your Company rolled out various trainings and learning initiatives to mentor employees. The LinkedIn Learning Programme offers over 10000+ courses, certifications with leading Institutes and was availed by employees. A network of in-house mentors also helped groom talent for senior roles. Over 100 mentees were mentored by over 60 mentors. Your Company also instituted 'Force for Great Leadership

Programme' that has been instituted for mid managerial levels, where select employees are assessed, coached, made to attend leadership labs and external immersions.

### Supply chain

Your Company has developed a resilient and agile supply chain framework that sources its direct and indirect materials from its suppliers and has touched the lives of farmers, retailers, distributors while ensuring the safety of its partners and customers.

Your Company selects its suppliers through strictly laid out procedures and engages with them in line with Nestlé Responsible Sourcing Standard ('NRSS'). The requirements of Business Integrity, Human Rights (labour standards), Health and Safety and Sustainable environmental standards in their business activities, production processes, services provision, and their own purchasing procedures, as enshrined in the NRSS, apply to all suppliers.

Your Company's Sustainable Sourcing team ensures that raw and packaging materials and the services received are aligned with NRSS.

Your Company works with farming communities to ensure sustainable production in the long-term. Your Company is committed to increase responsibly sourced ingredients such as fresh milk, palm oil, cocoa, wheat, spices, rice and green coffee. During FY 2022, 73% of inputs were sourced sustainably.

Your Company engages with rice, wheat and spice farmers for good agricultural practices, helping them grow safe, high-quality raw materials, and develop resilient, sustainable farms.

Your Company procures raw materials locally. In addition to collecting milk and implementing the Nestlé Milk District Model successfully to ensure a stable livelihood for local dairy farmers, your Company supports the development of milk farmers by assisting them to improve milk productivity and quality through technical assistance, providing veterinary services, medicines at no profit basis and promotion of sustainable agricultural practices.

### Environment Sustainability

Your Company's sustainability commitment focuses on climate change, packaging, sourcing, and water.

From 2007 to 2022, for every ton of production, your Company reduced the usage of energy by around 36%, water usage by around 51%, generation of wastewater by around 38% and specific direct Green House Gas emissions by 52%.

Your Company was among the first to responsibly manage quantity equivalent to the post-consumer plastic waste generated by its products, and its brands have remained plastic neutral since 2020. It continues to engage with various waste management agencies, for end-to-end management of plastic waste as part of Extended Producer Responsibility Initiative and has achieved EPR of 23,300 MT through plastic waste management.

Sustainable sourcing is key to how your Company does business. Your Company collaborates with the dairy farmer to encourage sustainable dairy farming practices. As part of the NESCAFÉ Plan, your Company trains coffee farmers in sustainable agricultural practices and through MAGGI Spice Plan, your Company is now sourcing 8 key spices from suppliers, that are sustainably and local sourced.

## Management Analysis

Year 2022 was an interplay of complex disruptions and opportunities as well. The geo-political order was transforming, with an increasingly interconnected world, where the ramification of disruptions caused by war, economics, climate had an impact on consumers, society and businesses. As outlined by the International Monetary Fund, through investing in people, digitalization, green energy, and supply chain diversification, economies can bounce back from adversity and stay resilient.

India's Economic Survey 2021 -2022 stated that the health and economic shocks of the pandemic and the spike in commodity prices in 2022 will wear off creating opportunities for growth. Reforms in digitalization, higher financial inclusion, and more economic opportunities will be the second most important driver of India's economic growth in the medium term. Trends underpinned by India's advanced digital infrastructure, offshoring, investments in manufacturing and energy transition, could create an environment for India to surpass other mature economies.

The 2023 edition of World Economic Forum's Global Risks Report highlights the multiple areas where the world is at a critical inflection point. The global "new normal" is a return to basics – food, energy, security – problems our globalized world was thought to be on a trajectory to solve. Last few years have also exposed multinational firms to an unprecedented risk due to global trade tensions, pandemic-induced supply chain disruptions and the Ukraine-Russia war.

## Risks and Opportunities

### Risks

#### Global and Macro-Economics

Global volatility can put business to the risk of unforeseen inflationary pressures and potential moderation of consumer demands and choices. Churn in geopolitics can impact the landscape of operating macroeconomics and in specific supply chains. Evolving business models and the vulnerability of Information Technology (IT) systems could additionally challenge and sometimes disrupt the normal course of operations.

Your Company has a comprehensive process of commodity procurement and business-continuity measures towards meeting exigencies. With a robust framework in place, it ensures a continuous monitoring, identification and redressal to meet unforeseen challenges.

## Cyberattacks and cybercrime

Post-pandemic world has led to substantially enhanced usage of IT and consequently, the increase in risks associated with the IT systems. Systemic susceptibility to cyberattacks, loss of sensitive information, breakdown in systems or unavailability of critical IT means and outputs remains a constant risk. Your Company has been sensitive to the prevailing challenges of systemic issues, cyberattacks and cybercrime to its business operations. It has upgraded its safety mechanisms and processes, carries periodic internal assessments and builds the requisite firewalls to mitigate any threats and risks. Specific measures have been deployed towards identifying business-critical IT systems and their disaster recovery plan to ensure business-continuity in any eventuality. Multiple training sessions and Standard Operating Procedures (SOPs) have been put in place to align the relevant stakeholders to handle any sort of IT risk eventuality.

## Climate Change

Climate change is a staring risk that directly impacts the food and beverage industry. World Bank in its recent report stated that in India more erratic monsoon rains have translated into more volatile food prices, destabilizing households' inflation expectations and undermining the ability to forecast inflation.

From increased cost of raw materials, lower production to multiple issues related to water shortage, it has direct bearing on your Company's business. Even governmental action to address climate change imperatives could have an impact on our existing business model. Societal and consumer sensitivity to issues like carbon emission, energy consciousness and water management puts additional challenge to continuously improve and adapt.

Your Company has taken the challenge seriously and made bold commitments. Your Company is constantly monitoring the environmental impact of its operations and taking strong steps to meet its sustainability targets.

## Opportunities

### Conscious consumer

Consumer preferences and sensitivities are fast evolving. Speed of consumer shifts is expected to increase even further with easier access to information, rising demand to know more and seek more choices based on their preferences. Consumers progressively seek to know the transparent impact of their purchase decision, consumption and subsequent management of the product packaging by the organisation. Sustainability and societal concerns for the planet is paramount and they are demanding tangible action on plastic neutrality, zero emission and sustainable practices that go into the process of sourcing, manufacturing, transportation and handling of waste. The importance of label to bear critical information like nutritional composition of ingredients, sourcing details and proper disposal instruction are becoming a priority. Your Company is constantly upgrading its information dissemination on the labels and via other brand communication mechanisms to provide all relevant details to enhance and enrich the consumer experience.





## Holistic Health

With a plethora of information available on the various ingredients and product attributes, the Consumer is seeking clarity based on science and validated efficacy. Your Company is leveraging its vast resources and know-how of technological and scientific knowledge on food and nutrition by having access to global R&D network to meet the consumer requirements. It is utilising various platforms like the corporate websites, brand websites and even dedicated helplines for easy access and engagement. The information shared is holistic and is curated towards aiding the consumers lead a balanced, pleasurable and healthy lifestyle.

## Digital Transformation

As consumers increasingly rely on digital platforms for easy access, querying and engagement with prospective brands and services, ensuring meaningful presence across online channels is critical. Your Company is investing substantial time and resources to develop compelling content and presence across various social media platforms, web and mobile applications. These engagements are viewed as meaningful investments to convince and retain consumers towards our brand and services and build long-term relationships.

## RURBAN Reach

Increasing the reach in rural markets by putting sharper focus on increasing mind share and market share will be important. Companies would need to expedite their rural distribution strategy, keep consumers engaged with new offerings and drive the premiumization strategy to adapt to the changing landscape. Through the cluster-based approach, that is powered by data and technology, your Company has made deeper penetration into newer markets, unleashed growth potential and created a transparent planning process.

## Awards

### Company

- Nestlé India was awarded the 'MNC of the year' by All India Management Association (AIMA)
- Nestlé India Procurement secured 2<sup>nd</sup> position in FICCI Sustainable agriculture award for building climate-resilient agriculture.
- Nestlé India Supply Chain won Inflection Awards 2022 from Alden Global for Digital Supply Chain of the Year in Category- FMCG-2022.
- The Procurement team received the 4<sup>th</sup> Procurement India Leadership Awards organized by Institute of Supply Chain Management (ISCM) for Best Sustainability Initiative in procurement and Best Procurement risk mitigation.
- Choladi Factory was acknowledged by the Madras Export Processing Zone and awarded the No. 1 Export Excellence Award for the third consecutive year.

- NQAC Moga won "Golden Peacock National Quality Award 2022" in the "Analytics" category.
- Ponda & Bicholim Factory won Gold at the 8<sup>th</sup> Edition of India Green Manufacturing Challenge 2022.

### Brands

- Nestlé KITKAT won India's Most Desirable Chocolate Bar Brand 2022 at the 8<sup>th</sup> Edition of TRA's most desirable brand.
- NESCAFÉ won the prestigious Brands of India Award 2022 by BARC Asia.
- NESCAFÉ RTD was awarded gold for the paper straw campaign at E4M Impact Digital Influencers Award 2022.
- Resource High Protein received the Product of the Year at Channelier FMCG Awards 2022 and Resource Diabetic won the Effective Marketing Strategy at CIMS Nutrition & Wellness Awards 2022 for its thematic campaign "What did you do for yourself today".

## Cautionary Statement

Statements in this Report, particularly those which relate to Management Discussion and Analysis as explained in the Corporate Governance Report, describing the Company's objectives, projections, estimates and expectations may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied in the statement depending on the circumstances.

## Directors' Responsibility Statement

The Directors state that:

- a) in the preparation of the annual accounts for the year ended 31<sup>st</sup> December 2022, the applicable accounting standards have been followed and no material departures have been made from the same;
- b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> December 2022 and of the profits of the Company for that period;
- c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 ("the Act") for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) they have prepared the annual accounts on a going concern basis;
- e) they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

- f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## Directors and Key Managerial Personnel

Ms. Rama Bijapurkar (DIN: 00001835), retired as an Independent Non-Executive Director of the Company with effect from 30<sup>th</sup> April 2022 after completion of her term of five consecutive years. Your Directors wish to place on record their appreciation for the contribution made by Ms. Rama Bijapurkar during her tenure as an Independent Non-Executive Director of the Company.

The members, at the 63<sup>rd</sup> Annual General Meeting held on 12<sup>th</sup> April 2022 approved the appointment of Ms. Anjali Bansal (DIN: 00207746) as an Independent Non-Executive Director with effect from 1<sup>st</sup> May 2022, to hold office for a term of five consecutive years.

During the year, Ms. Roopa Kudva (DIN: 00001766) resigned as an Independent Non-Executive Director with effect from 31<sup>st</sup> May 2022 to fulfil her commitments on her professional responsibilities in the social impact investing space. Your Directors wish to place on record their appreciation for the contribution made by Ms. Roopa Kudva during her tenure as an Independent Non-Executive Director.

The Board of Directors had, on the recommendation of the Nomination and Remuneration Committee, at their meeting held on 21<sup>st</sup> April 2022 appointed Ms. Alpana Parida (DIN: 06796621) as an Independent Non-Executive Director of the Company with effect from 1<sup>st</sup> June 2022 for a term of five consecutive years, subject to approval of the Members. Subsequently, the Members had, vide resolution passed through Postal Ballot on 27<sup>th</sup> May 2022, approved the appointment of Ms. Alpana Parida as an Independent Non-Executive Director of the Company with effect from 1<sup>st</sup> June 2022, to hold office for a term of five consecutive years.

All the Independent Non-Executive Directors of your Company have submitted the declaration confirming that they meet the criteria of independence as prescribed under the Act and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and are not disqualified from continuing as Independent Non-Executive Directors. The Board is of the opinion that the Independent Non-Executive Directors of the Company including those appointed during the year possess requisite qualifications, expertise and experience and they hold highest standards of integrity. The Independent Non-Executive Directors of the Company have confirmed compliance of relevant provisions of Rule 6 of the Companies (Appointments and Qualifications of Directors) Rules, 2014.

In terms of the Articles of Association of the Company, the Board of Directors, at its meeting held on 16<sup>th</sup> February 2023, appointed Ms. Svetlana Leonidovna Boldina as an Additional Director with effect from 1<sup>st</sup> March 2023. The Board of Directors had also, on the recommendation of the Nomination and Remuneration Committee, recommended appointment of Ms. Svetlana Leonidovna Boldina

(DIN: 10044338) as a whole-time director, designated as "Executive Director – Finance & Control and Chief Financial Officer" ('Key Managerial Personnel') with effect from 1<sup>st</sup> March 2023, for a term of five consecutive years, to the members for their approval at the 64<sup>th</sup> AGM, in place of Mr. David McDaniel, Executive Director – Finance & Control and Chief Financial Officer, who will relinquish his office with the effect from 28<sup>th</sup> February 2023. Ms. Svetlana Leonidovna Boldina holds office as Additional Director up to the date of the forthcoming Annual General Meeting and is eligible for the appointment. Further, in terms of Listing Regulations, the Audit Committee has approved her appointment as Chief Financial Officer after assessment of her qualification, experience and background.

Appointment of Ms. Svetlana Leonidovna Boldina, being a non-resident in India, is subject to the approval of the Central Government. Ms. Svetlana Leonidovna Boldina fulfils the criteria provided in the Nomination and Remuneration Policy of the Company including her qualification, experience, background, expertise, proficiency and integrity.

Brief resume, nature of expertise in specific functional areas, disclosure of relationships between directors inter-se, details of directorship held in other companies, membership of committees of the Board along with listed entities from which resigned in the past three years, shareholding in the Company held by the directors proposed to be appointed/ re-appointed at the 64<sup>th</sup> AGM, is provided in the Notice of the 64<sup>th</sup> AGM.

Mr. Matthias Christoph Lohner (DIN: 08934420) Executive Director of the Company, retires by rotation at the 64<sup>th</sup> AGM, and being eligible, has offered himself for re-appointment. A resolution seeking approval of the members for his re-appointment, forms part of the Notice of the 64<sup>th</sup> AGM. As per the terms of his appointment as approved by the members, his re-appointment at the 64<sup>th</sup> AGM as a director retiring by rotation would not constitute break in his appointment as a whole-time director, designated as "Executive Director – Technical".

The Board of Directors had, on the recommendation of the Nomination and Remuneration Committee, at their meeting held on 28<sup>th</sup> July 2022, approved the appointment of Mr. Pramod Kumar Rai (FCS 4676) as the Company Secretary and Compliance Officer (Key Managerial Personnel) of the Company effective from 1<sup>st</sup> October 2022 in place of Mr. B. Murli, Company Secretary & Compliance Officer of the Company, who retired on 30<sup>th</sup> September 2022 after an illustrious career of over three decades with the Company. The Directors wish to place on record their appreciation for the contribution made by Mr. B. Murli during his tenure with the Company. Mr. Pramod Kumar Rai is a fellow member of the Institute of Company Secretaries of India and a law graduate from University of Delhi with over 26 years of experience in varied fields such as legal, governance, compliance, investor relations, audit, insurance and has been associated with the Company for over 18 years and before taking up this assignment was designated as Deputy Company Secretary and Associate General Counsel (Corporate Legal, Governance and Compliance) of the Company.



The Nomination and Remuneration Committee had adopted principles for identification of key managerial personnel, senior management including the executive directors which are based on “The Nestlé Management and Leadership Principles” and “Nestlé Leadership Framework”. Nomination and Remuneration (NR) Policy of the Company includes criteria for determining qualifications, positive attributes and independence of a director. The NR Policy relating to the remuneration of directors, key managerial personnel, senior management and other employees is framed with the object of attracting, retaining and motivating talent which is required to run the Company successfully. The same is also available on the website of the Company at <https://www.nestle.in/investors/policies>.

An annual evaluation has been made by the Board of Directors of its own performance and that of its Committee and individual Directors and the details of manner of performance evaluation of Directors, Board and its Committees are available in the Corporate Governance Report, which forms an integral part of the Annual Report.

The details of familiarization programmes to Independent Non-Executive Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and related matters are available on the website of the Company at <https://www.nestle.in/investors/directorsandofficers/familiarisation-programme>.

### Corporate Social Responsibility (CSR)

During the year, the CSR Committee was re-constituted, Ms. Anjali Bansal, Independent Non-Executive Director, was appointed as member of the CSR Committee with effect from 1<sup>st</sup> May 2022 in place of Ms. Rama Bijapurkar, Independent Non-Executive Director, who ceased as member of the CSR Committee with effect from 30<sup>th</sup> April 2022, due to completion of her tenure as a Director of the Company.

As on 31<sup>st</sup> December 2022, the CSR Committee comprised of Dr. Swati A. Piramal as Chairperson and Mr. Suresh Narayanan, Mr. David Steven McDaniel and Ms. Anjali Bansal, as members. The terms of reference of the CSR Committee are provided in the Corporate Governance Report. Your Company has also formulated a CSR Policy, which is available on the website of the Company at <https://www.nestle.in/investors/policies>. Annual Report on CSR activities as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended (“CSR Rules”) is annexed as **Annexure 2** and forms an integral part of this Report.

In terms of Section 135 of the Companies Act, 2013 read with CSR Rules, your Company has during the year 2022 spent over two percent of the average net profits of your Company during the three preceding financial years in accordance with the CSR Policy and the Annual Action Plan approved by the Board of Directors, from time to time on the recommendation of the CSR Committee. In addition to the above, your Company has been implementing societal activities since many decades under the umbrella of “Creating Shared Value” which have not been reckoned for arriving at the spends as per CSR Rules. Your Company’s CSR activity

expands across nutrition awareness, water and sanitation, rural development and environment. Details of some of the salient features of the CSR Policy and CSR initiatives are mentioned hereunder:

#### Project Vriddhi

As a part of your Company’s vision to strengthen community-led rural development to positively impact the lives of people, Your Company in collaboration with SM Sehgal Foundation, expanded the project to two more villages in Haryana in 2022. Since its launch in 2019, Project Vriddhi has touched the lives of over 6,000 beneficiaries across all 5 villages. The Project focuses on improving access to clean drinking water, promoting water-saving irrigation, increasing nutrition awareness, enhancing farm productivity and providing a conducive learning environment in schools by improving hygiene and sanitation practices.

Your Company has been a part of the transformation journey of villages that is unleashing a multiplier effect on several development indicators such as nutrition and health, hygiene and sanitation, education and agriculture.

#### Nestlé Healthy Kids Programme

The Nestlé Healthy Kids Programme is a part of your Company’s commitment to promote healthier lifestyles amongst adolescents and parents. The Programme focusses on promotion of healthy eating habits, personal hygiene and the importance of physical activity as part of their daily routine. Launched as a pilot in 2009, the Programme has expanded significantly since its inception, incorporating pertinent elements like plastic waste management. Till date over 466,000 adolescents and over 30,000 parents across 25 States and Union Territories have been encouraged to live healthier lives through this Programme.

#### Project Jagriti

Project Jagriti is aimed at promoting optimal health outcomes in collaboration with healthcare providers and community stakeholders. Launched by your Company in partnership with Mamta, an NGO working in the field of nutrition, Project Jagriti focuses on four key groups- adolescents, young couples, pregnant women and lactating mothers. It emphasizes the importance of nutrition and healthy eating, prenatal and postnatal care, exclusive breastfeeding, family planning, check-ups, counselling, contraception, and adolescent-friendly health services at primary and secondary health centers.

Till 2022, the project has reached out to over 9.7 million beneficiaries (3.1 million direct and 6.6 million indirect beneficiaries) across 10 States and Union Territories.

#### Project Serve Safe Food

Project ‘Serve Safe Food’ was launched by your Company in 2016 in partnership with National Association of Street Vendors of India (NASVI), to provide training to the street food vendors and enable them to voluntarily adopt the hygienic practices that improve food



quality. Along with an NGO, Nidan your Company organized training sessions on food safety, hygiene, COVID-19 precautionary measures and digital payments. This project has benefitted over 41,000 street food vendors across 25 states/Union Territories till 2022.

## Plastic Waste Management Awareness

Your Company launched Project Hildaari in 2019 to address the issue of plastic waste management in 5 tourist cities: Mussoorie, Dalhousie, Ponda, Mahabaleshwar and Munnar. The project aims to create an integrated waste management model by engaging multiple stakeholders including government authorities, waste management contractors, local NGOs, residents and organizations to collaborate towards a common goal of a sustainable and clean environment.

The project aims at achieving 3 outcomes i.e. diverting waste from landfill by creating awareness on waste segregation and anti-littering; professionalizing waste workers to improve the ways of working, getting recognized and leading a better life; enabling digital mechanism to manage waste in the city, in monitoring waste at different stages, creating revenue out of waste and having a system in place to manage waste workers.

Since 2019, your Company has managed to divert over 22,000 MT of waste, which includes over 3,550 MT plastic waste from landfills. Your Company has also been working with over 680 waste professionals and provided over 1,350 safety gears to the waste management professionals to improve their working conditions. Your Company has also enabled digital monitoring system in more than 25,000 property units that include household and institutions across these cities.

## Project Jigyasa

Your Company believes that education is a powerful tool in bringing a change in the society. Project Jigyasa was launched in 2022 with the aim to spread science education, science labs and libraries were set up in 4 schools of Goa and Samalkha with about 2,000 students. The Project aims to increase access to practical, hands-on science education through an innovative model that is holistic and experiential.

## Water and Sanitation

Your Company is committed to providing access to clean water to communities in schools located near its factories. Since 1999, your Company has supported setting up of over 300 clean drinking water facilities, benefitting over 150,000 beneficiaries.

It has constructed modern, easily maintainable modular toilets to ensure that sanitation is not compromised. These sanitation blocks come with its own water supply and storage area. Over 800 schools have been provided with sanitation facilities till 2022, giving more than 270,000 girl students access to clean toilets and the opportunity to lead healthier lives, as well as pursue their academic dreams.

## Disaster Management

In addition to CSR, your Company has made interventions where societal needs are high or in special situations such as natural calamities, disasters including COVID-19.

## Business Responsibility and Sustainability Report

Your Company does business that delivers long-term shareholder value and benefits society. Your Company continues to focus on its commitments which are aligned with national priorities and United Nations Sustainability Development Goals.

Your Company aims to make safe, tasty and sustainable food that is nutritious, accessible and affordable, minimising its impact on the resources, contributing to a future in which they are available for generations to come; boosting the well-being of the communities and enabling a just transition to regenerative practices; and creating a positive business environment and empowering your Company's employees to make sustainable business decisions.

In terms of Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") read with relevant SEBI Circulars, new reporting requirements on ESG parameters were prescribed under "Business Responsibility and Sustainability Report" ('BRSR'). The BRSR seeks disclosure on the performance of the Company against nine principles of the "National Guidelines on Responsible Business Conduct" ('NGRBCs'). As per the SEBI Circulars, effective from the financial year 2022-23, filing of BRSR is mandatory for the top 1000 listed companies by market capitalisation and filing of BRSR is voluntary for the financial year 2021-2022. Accordingly, for the financial year ended 31<sup>st</sup> December 2022, your Company has opted to publish BRSR instead of Business Responsibility Report. BRSR is annexed as **Annexure 3** and forms an integral part of the Annual Report.

## Statutory Auditors and Auditors' Report

As per Section 139 of the Companies Act, 2013, read with your Companies (Audit and Auditors) Rules, 2014, the members of the Company in 63<sup>rd</sup> Annual General Meeting of the Company ('63<sup>rd</sup> AGM') approved the appointment of M/s. S.R. Batliboi & Co. LLP, Chartered Accountants (ICAI Registration No.: 301003E/E300005) ('M/s. SRB'), as the Statutory Auditors of the Company for a term of five consecutive years i.e. from the conclusion of 63<sup>rd</sup> AGM till the conclusion of 68<sup>th</sup> AGM.

The Report given by M/s. SRB on the Financial Statements of your Company for the financial year 2022 is part of the Annual Report. The Notes on the Financial Statements referred to in the Auditor's Report are self-explanatory and do not call for any comments. The Auditor's Report does not contain any qualification, reservation, adverse remark or disclaimer. During the year, the Auditors had not reported any matter under Section 143 (12) of the Act, therefore, no detail is required to be disclosed under Section 134 (3) (ca) of the Act.



## Cost Auditors and Cost Accounts

Your Company is required to make and maintain cost records for milk powder products as specified by the Central Government under sub-section (1) of section 148 of the Act. Accordingly, your Company has been making and maintaining such cost records as per the requirements.

In terms of Section 148 of the Act read with Companies (Cost Records and Audits) Rules, 2014, the Audit Committee recommended and the Board of Directors appointed M/s. Ramanath Iyer and Co., Cost Accountants, New Delhi (Registration No. 00019) being eligible, as Cost Auditors of the Company, to carry out the cost audit of milk powder products manufactured by the Company falling under the specified Customs Tariff Act Heading 0402 in relation to the financial year ending 31<sup>st</sup> December 2023. Your Company has received their written consent that the appointment is in accordance with the applicable provisions of the Act and Rules framed thereunder. The Cost Auditors have confirmed they are not disqualified to be appointed as the Cost Auditors of your Company for the year ending 31<sup>st</sup> December 2023. The remuneration of Cost Auditors has been approved by the Board of Directors on the recommendation of the Audit Committee. In terms of the Act and Rules thereunder requisite resolution for ratification of remuneration of the Cost Auditors by the members has been set out in the Notice of the 64<sup>th</sup> AGM of your Company. In the opinion of the Directors, considering the limited scope of audit, the proposed remuneration payable to the Cost Auditors would be reasonable and fair and commensurate with the scope of work carried out by them.

## Secretarial Auditors and Secretarial Audit Report

The Secretarial Audit was carried out by M/s. S.N. Ananthasubramanian & Co., Company Secretaries (PCS Registration No. 1774) for the financial year ended 31<sup>st</sup> December 2022. The Report given by the Secretarial Auditors is annexed as **Annexure 4** and forms an integral part of this Report. The Secretarial Audit Report is self-explanatory and does not call for any comments. The Secretarial Audit Report does not contain any qualification, reservation, adverse remark or disclaimer. During the year, the Secretarial Auditors had not reported any matter under Section 143 (12) of the Act, therefore no detail is required to be disclosed under Section 134 (3) (ca) of the Act.

In terms of Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Audit Committee recommended and the Board of Directors appointed M/s. S.N. Ananthasubramanian & Co., Company Secretaries (Registration No. 1774) as the Secretarial Auditors of the Company for the financial year ending 31<sup>st</sup> December 2023.

Your Company has received their written consent that the appointment is in accordance with the applicable provisions of the Act and rules framed thereunder. The Secretarial Auditors have confirmed that they are not disqualified to be appointed as

the Secretarial Auditors of the Company for the financial year ending 31<sup>st</sup> December 2023.

## Secretarial Standards

During the year, your Company has complied with applicable Secretarial Standards i.e. SS-1 and SS-2, relating to "Meetings of the Board of Directors" and "General Meetings", respectively.

## Meetings of the Board

Seven meetings of the Board of Directors of your Company were held during the year 2022. The particulars of the meetings held and attendance of the Directors in the meetings are detailed in the Corporate Governance Report, which is annexed as **Annexure 1** and forms an integral part of this Report.

## Annual Return

In terms of Section 92(3) of the Companies Act, 2013 and Rule 12 of the Companies (Management and Administration) Rules, 2014, the Annual Return of the Company is available on the website of the Company at the web-link <https://www.nestle.in/investors/stockandfinancials/annualreturns>.

## Details of Loans, Guarantee and Investments

Details of loans, guarantee and investments are given in Note no. 7, 8, 11 and 16 to the Financial Statements attached.

## Related Party Transactions

Your Company has formulated a policy on materiality of related party transactions and on dealing with related party transactions ('RPT Policy') including clear thresholds limits as approved by the Board of Directors. The updated Policy is available on the website of your Company at <https://www.nestle.in/investors/policies>. The RPT Policy was last reviewed and approved by the Board of Directors at their meeting held on 17<sup>th</sup> February 2022 on the recommendation of the Audit Committee. The Board of Directors of your Company has approved the criteria to grant omnibus approval by the Audit Committee within the overall framework of the RPT Policy on related party transactions. All members of the Audit Committee are Independent Non-Executive Directors.

All related party transactions are placed before the Audit Committee for review and approval. Prior omnibus approval is obtained for related party transactions on a quarterly basis for transactions which are of repetitive nature and/or entered in the ordinary course of business and are at arm's length basis.

All related party transactions entered during the year were in ordinary course of the business and at arm's length basis. No material related party transactions, i.e. transaction with a related party exceeding Rupees one thousand crore or 10% of the annual consolidated turnover, as per the last audited Financial Statements of your Company whichever is lower,

were entered during the year by your Company. Accordingly, the disclosure of related party transactions as required under Section 134(3)(h) of the Companies Act, 2013, in Form AOC-2 is not applicable. Members may refer to Note no. 42 to the Financial Statements which sets out related party disclosures pursuant to IND AS-24.

In terms of Regulation 23(4) and other applicable provisions of the Listing Regulations, the members of the Company at the 60<sup>th</sup> Annual General Meeting held on 25<sup>th</sup> April 2019 approved the Ordinary Resolution ('Ordinary Resolution'), *inter-alia*, for continuation of the payment of general licence fees ('royalty') by the Company to Société des Produits Nestlé S.A. ('the Licensor'), being a related party, at the rate of 4.5% (four and a half percent), net of taxes, of the net sales of the products sold by the Company as per the terms and conditions of the existing General Licence Agreements ('GLAs'), notwithstanding that the transaction(s) involving payments to the Licensor with respect to general licence fees ('royalty'), during any financial year including any part thereof, is considered material related party transaction(s) being in excess of the limits specified under Regulation 23(1A) of the Listing Regulations at any time. In terms of the Listing Regulations, no related party voted on the Ordinary Resolution. The Ordinary Resolution was effective from 1<sup>st</sup> July 2019 and approval of members shall be sought every five years in compliance with the applicable laws and regulations. During the year, there was no subsequent material modification in the terms and conditions of GLAs, as defined by the Audit Committee and specified in the RPT Policy.

## Risk Management

Your Company has developed and implemented a Risk Management Policy and in the opinion of the Board of Directors, during the year, there were no elements of risks identified which may threaten the existence of the Company.

The Board of Directors of your Company evaluates the risk management systems periodically and takes into account any recommendation(s) of the Risk Management Committee and the Audit Committee.

The Risk Management Committee (RMC) was re-constituted and Ms. Anjali Bansal, Independent Non-Executive Director was appointed as member of the RMC effective from 1<sup>st</sup> May 2022. Ms. Roopa Kudva, Independent Non-Executive Director ceased as member of the RMC upon her resignation as a Director of your Company with effect from 31<sup>st</sup> May 2022.

As part of Nestlé's global sustainability commitment, your Company, in pursuing its business purpose, aim for long-term sustainable value creation, is conscious of the interdependence of economic, social and environmental interests and seeks to reconcile them in its daily business activities. Sustainability is an integral part of Nestlé's strategy and behaviour in business as described in Nestlé's Corporate Business Principles. In view of the above and considering the regulatory framework prescribed by Securities and Exchange Board of India ('SEBI') on Business Responsibility and Sustainability Reporting, the Board of Directors had at its meeting held on 28<sup>th</sup> July 2022, on the

recommendation of the Nomination and Remuneration Committee, extended the terms of reference of the Risk Management Committee to the following "Sustainability Areas":

- a) review Company's sustainability agenda including the measures which ensure your Company's sustainability and how its long term strategy relates to its ability to create shared value;
- b) review reports and give advice on measures which ensure the long-term sustainability of your Company in its economic, social and environmental dimension;
- c) monitor your Company's performance against essential and leadership indicators provided under the Business Responsibility and Sustainability Reporting;
- d) review the annual Business Responsibility and Sustainability Report ('BRSR') and give its recommendations thereon to the Board of Directors of your Company; and
- e) any other terms of reference by the Board of Directors of your Company on the Company's sustainability initiatives.

To better reflect the extended role of the Committee in the matters of sustainability, the Board of Directors had approved change in the nomenclature of the Risk Management Committee to "Risk Management and Sustainability Initiatives Committee" or "RMSI Committee". The RMSI Committee was further re-constituted and Dr. Swati A. Piramal, Independent Non-Executive Director and Chairperson of the CSR Committee was appointed as a member of the Committee with effect from 1<sup>st</sup> October 2022. As on 31<sup>st</sup> December 2022, the RMSI Committee comprised of Mr. Suresh Narayanan as Chairman and Mr. P R Ramesh, Ms. Anjali Bansal, Dr. Swati A. Piramal and Mr. David McDaniel, as members.

The RMC or RMSI Committee on timely basis informed the Board of Directors about risk assessment and minimization procedures. The RMSI Committee has, *inter-alia*, formulated a detailed Risk Management Policy, as prescribed under the Listing Regulations.

## Scheme of Arrangement

The Board of Directors, at its meeting held on 28<sup>th</sup> July 2021, had approved the Scheme of Arrangement between the Company and its members under Section 230 of the Companies Act, 2013, as amended ("the Act") read with other applicable provisions of the Act and Rules made thereunder ("the Scheme"), which envisages transfer of the entire balance of ₹ 8,374.3 Million standing to the credit of the General Reserves to Retained Earnings. The Scheme, under the relevant Section(s) of the Act, is subject to the approval of the shareholders and such other class of persons as directed by the Hon'ble National Company Law Tribunal, Delhi Bench (Hon'ble NCLT), sanction of the Hon'ble NCLT and such other approvals as may be prescribed.

Your Company had filed an application with Hon'ble NCLT on 22<sup>nd</sup> March 2022 for the sanction of Scheme and in terms of the Orders of the Hon'ble NCLT, the Scheme was approved by the members of the Company at their NCLT convened meeting on 25<sup>th</sup> July 2022. As per the Orders of the Hon'ble NCLT, meeting





of the un-secured creditors was dispensed with. Your Company had filed its second motion application with Hon'ble NCLT on 4<sup>th</sup> August 2022 for the sanction of Scheme and as per the Orders of the Hon'ble NCLT, your Company has served notice to the Statutory Authorities seeking their objection, if any, to the Scheme. Sanction of the Scheme is awaited from Hon'ble NCLT.

Upon the Scheme becoming effective, the entire amount of ₹ 8,374.3 million standing to the credit of the General Reserves of the Company shall be reclassified and credited to the 'Retained Earnings' of your Company and constitute accumulated profits of your Company for the previous financial years, arrived at after providing for depreciation in accordance with the provisions of the Act and remaining undistributed in the manner provided in the Act and other applicable laws. The amount so transferred, pursuant to the Scheme, shall be available for utilisation by your Company for payout to the members in accordance with the terms of the Scheme. The details of the Scheme and other related documents are available on the website of the Company a <https://www.nestle.in/investors/stockandfinancials/scheme-arrangement>.

### Complaint filed in National Consumer Dispute Redressal Commission

The Union of India, Department of Consumer Affairs in 2015 had filed a complaint before the National Consumer Dispute Redressal Commission on the allegation that by selling MAGGI Noodles in the past, your Company had indulged in unfair trade practice, sold defective goods to the public and sold goods which were hazardous. Complaint seeks compensation of ₹ 2,845.5 million and punitive damages of ₹ 3554.1 million. Your Company has challenged the complaint. The court proceedings are currently ongoing.

### Internal Financial Controls and their adequacy

The Directors had laid down internal financial controls to be followed by the Company and such policies and procedures adopted by the Company for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information. The Audit Committee evaluates the internal financial controls systems periodically.

### Audit Committee

During the year, the Audit Committee was re-constituted and Ms. Alpana Parida, Independent Non-Executive Director, was appointed as member of the Audit Committee with effect from 1<sup>st</sup> June 2022 in place of Ms. Roopa Kudva, Independent Non-Executive Director, who ceased to be a member of the Audit Committee upon her resignation as a Director of the Company with effect from 31<sup>st</sup> May 2022.

As on 31<sup>st</sup> December 2022, the Audit Committee comprised of Mr. P. R. Ramesh as Chairman, Mr. Rajya Vardhan Kanoria and Ms. Alpana Parida as members of the Committee, all are Independent Non-Executive Directors.

Powers and roles of the Audit Committee are included in Corporate Governance Report, which forms an integral part of the Annual Report. All the recommendations made by the Audit Committee were accepted by the Board of Directors.

### Vigil Mechanism

The Vigil Mechanism of the Company is governed by significant documents "The Nestlé Corporate Business Principles", "The Nestlé Management and Leadership Principles", "Nestlé India Code of Business Conduct" and "Nestlé India Vigil Mechanism/Whistle-blower Policy". The documents are available on the website of the Company at <https://www.nestle.in/investors/policies>. The Code/ Policy provides for adequate safeguards against victimization of director(s)/ employee(s) who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee in exceptional cases. It is affirmed that no person has been denied access to the Audit Committee.

Your Company as part of establishment of Vigil Mechanism provides an independent third party operated free phone and web-based Platform, namely, "Speak up", to all internal and external stakeholders including directors and employees with a dedicated communication channel for reporting potential instances of non-compliance with Nestlé Corporate Business Principles or for reporting, on a confidential basis, any practices or actions believed to be inappropriate or illegal under the Nestlé India Code of Business Conduct. Details of the link to "Speak up" is available on the website of the Company at <https://www.nestle.com/aboutus/businessprinciples/report-your-concerns>.

Further, your Company has appointed Ombudsman for Infant Code, under which employees can report Infant Code violations directly to the Ombudsman, with adequate safeguard to protect the employee reporting.

Your Company sensitizes the availability of the above Vigil Mechanism from time to time to the directors and employees of your Company.

### Information regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

Information required under Section 134(3)(m) of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014 for the financial year ended 31<sup>st</sup> December 2022, in relation to the Conservation of energy; technology absorption; and Foreign Exchange earnings and Outgo is annexed as **Annexure 5** and forms an integral part of this Report.

### Information regarding employees and related disclosures

The statement of Disclosure of Remuneration under Section 197 of the Act and Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 ('Rules'), is annexed as **Annexure 6** and forms an integral part of this Report. As per second proviso to Section 136(1) of the Act and second proviso of Rule 5 of the Rules, the Report and Financial Statements are being sent to the members of the Company excluding the statement of particulars of employees under Rule 5(2) of the Rules. Any member interested in obtaining a copy

of the said statement may write to the Company Secretary at the Registered Office of the Company or at the email address: [investor@in.nestle.com](mailto:investor@in.nestle.com).

As per the requirement of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH), as amended, your Company has a robust mechanism in place to redress complaints reported under it. Your Company has complied with provisions relating to the constitution of Internal Committee under POSH. The Internal Committee (IC) comprises of internal members and external member who has an extensive experience in the field. In 2022, one case of sexual harassment was reported, which was investigated and resolved as per the provisions of the POSH.

During the year 2022, initiatives were undertaken to demonstrate your Company's zero tolerance philosophy against discrimination and sexual harassment, which included creation of comprehensive and easy to understand training and communication material which are also made easily accessible. In addition, online workshops were also run for the employees to enhance awareness and knowledge of other biases that may influence thinking and actions by running the unconscious bias session.

### Statement on Investor Education and Protection Fund

Pursuant to the provisions of Section 124 of the Act, Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules") read with the relevant circulars and amendments thereto, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the due date is required to be transferred to the Investor Education and Protection Fund ("IEPF"), constituted by the Central Government. In terms of the IEPF Rules, during the year 2022, your Company had transferred ₹ 4,813,619/- and ₹ 1,608,472/- to the IEPF, being the unpaid and unclaimed dividend amount pertaining to Third Interim 2014 and Final Dividend 2014 & First Interim Dividend 2015, respectively.

Pursuant to the provisions of IEPF Rules, all shares in respect of which any dividend which has not been paid or claimed for seven consecutive years shall be transferred by the Company to the designated Demat Account of the IEPF Authority ('IEPF Account') within a period of thirty days of such shares becoming due to be transferred to the IEPF Account. Accordingly, the Company had transferred such equity shares on which the dividend(s) remained unpaid or unclaimed for seven consecutive years to the demat account of IEPF Authority, after following the prescribed procedure.

### Credit Rating

Your Company has been awarded AAA credit rating for its bank credit facilities by CRISIL. It is the highest rating and indicates a stable outlook for the Company. The rating reflects that the Company has serviced its financial obligations on time. As regards the short-term facility provided by the bank, the Company has been awarded the credit rating of A1+. The rating reflects strong degree of safety and lowest credit risk.

### General

During the year, there were no transaction requiring disclosure or reporting in respect of matters relating to: (a) details relating to deposits covered under Chapter V of the Act; (b) issue of equity shares with differential rights as to dividend, voting or otherwise; (c) issue of shares (including sweat equity shares) to employees of the Company under any scheme; (d) raising of funds through preferential allotment or qualified institutions placement; (e) significant or material order passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future; (f) pendency of any proceeding under the Insolvency and Bankruptcy Code, 2016 and (g) instance of one-time settlement with any bank or financial institution.

Your Company did not have any subsidiary or joint venture or associate Company.

### Trade Relations

Your Company maintained healthy, cordial and harmonious industrial relations at all levels. Despite severe competition, the enthusiasm and the unstinting efforts of the employees have enabled the Company to remain at the forefront of the industry.

Your Company continued to receive co-operation and support from the distributors, retailers, stockist, suppliers and others associated with your Company as its trading and value chain partners. Your Directors wish to place on record their appreciation for the same and your Company will continue in its endeavor to build and nurture strong links with trade, based on mutuality, fairness, respect and co-operation with each other and consistent with consumer interest.

### Appreciation

Your Company has been able to operate efficiently because of the culture of professionalism, creativity, integrity and continuous improvement in all functions and areas of its operations as well as the efficient utilization of your Company's resources for sustainable and profitable growth.

Your Directors hereby wish to place on record their appreciation of the efficient and loyal services rendered by each and every employee, without whose whole-hearted efforts, the overall satisfactory performance would not have been possible. Your Directors look forward to the long-term future with confidence.

On behalf of the Board of Directors

Date: 16<sup>th</sup> February 2023

Place: Gurugram

Suresh Narayanan

Chairman and Managing Director



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NESTLÉ INDIA LIMITED

### Report on the audit of the Financial Statements

#### Opinion

We have audited the accompanying financial statements of Nestlé India Limited ("the Company"), which comprise the Balance Sheet as at December 31 2022, the Statement of Profit and Loss, including the Statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and Notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at December 31, 2022, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

#### Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

#### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the financial year ended December 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have



fulfilled the responsibilities described in the Auditor’s responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key audit matters	How our audit addressed the key audit matter
<b>Revenue recognition</b> <i>(as described in Note 26 to the financial statements)</i>	
<p>Revenue from the sale of goods is recognized at the moment when control has been transferred to the customer and is measured net of trade discounts, rebates and pricing allowances to customers (collectively ‘trade spends’). There is a risk that revenue may be overstated because of fraud, resulting from the pressure local management may feel to achieve performance targets. Revenue is also an important element of how the company measures its performance, upon which management is incentivized. The Company focuses on revenue as a key performance measure, which could create an incentive for revenue to be recognized before control has been transferred.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• We assessed the appropriateness of the revenue recognition accounting policies by comparing with applicable accounting standards.</li> <li>• We evaluated the design, tested the implementation and operating effectiveness of key internal controls including general IT controls and key IT application controls over recognition of revenue.</li> <li>• We performed substantive testing by selecting samples of revenue transactions recorded during the year by testing the underlying documents which included invoices, good dispatch notes, customer acceptances and shipping documents (as applicable).</li> <li>• We carried out analytical procedures on revenue recognised during the year to identify unusual variances.</li> <li>• We tested, on a sample basis, specific revenue transactions recorded before and after the financial year end date to determine whether the revenue had been recognised in the appropriate financial period.</li> <li>• We tested manual journal entries posted to revenue to identify unusual items.</li> </ul>
<b>Provision for contingencies</b> <i>(as described in Note 2, 35 and 41 to the financial statements)</i>	
<p>The management is required to make judgements and estimates in relation to the issues and exposures arising from a range of matters relating to direct tax, indirect tax, claims, general legal proceedings and other eventualities arising in the regular course of business. The Company is also subject to complexities arising from uncertain tax positions on deductibility of expenses. The key judgement lies in determining the likelihood and magnitude of an unfavorable outcome and interpretations of the legal aspects, tax legislations and judgements previously made by authorities. By nature, these are complex and include many variables.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• We tested the design, implementation and operating effectiveness of key internal controls around the recognition and measurement of provisions.</li> <li>• We inquired the status in respect of significant provisions with the Company’s internal tax and legal team.</li> <li>• We involved our subject matter experts, wherever required, to assess the value of provisions in light of the nature of the exposures, applicable regulations and related correspondence with the authorities.</li> <li>• We challenged the assumptions and critical judgements made by the Company which impacted their estimate of provision required, considering judgements previously made by the authorities in the relevant jurisdictions or any relevant opinions given by the Company’s advisors and assessing whether there was an indication of management bias. We verified the computation of provision on a test check basis.</li> </ul>

## Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of Management for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the financial year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Other Matter

The financial statements of the Company for the year ended December 31, 2021, included in these financial statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those statements on February 17, 2022. However, we audited the adjustments related to acquisition of pet food business, as fully described in Note 5 to the financial statements, which have been made to the comparative financial statements presented for the year ended December 31, 2021.

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors as on December 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls with reference to these financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (g) In our opinion, the managerial remuneration for the year ended December 31, 2022 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 35 and 41 to the financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company;
  - iv. (a) The management has represented that, to the best of its knowledge and belief and as disclosed in the Note 48(vi) to the financial statements, no funds have been advanced or loaned or invested (either from borrowed



funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The management has represented that, to the best of its knowledge and belief and as disclosed in the Note 48(vi) to the financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

(c) Based on such audit procedures performed that have been considered reasonable and

appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

v. (a) The final dividend paid by the Company during the year in respect of the same declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend.

(b) The interim dividend declared and paid by the Company during the year and until the date of this audit report is in accordance with section 123 of the Act.

(c) As stated in Note 44 to the financial statements, the Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. Based on information and explanation provided by the management, audit procedures performed by us and considering facts and circumstances till the date of issuance of this report, the dividend if declared will be in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

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

*Chartered Accountants*

ICAI Firm Registration Number: 301003E/E300005

Place of Signature: Gurugram

Date: 16 February 2023

**per Pankaj Chadha**

*Partner*

Membership Number: 091813

UDIN: 23091813BGQOXE4519

**Annexure '1' referred to in paragraph under the heading "Report on other legal and regulatory requirements" of our report of even date.**

**Re: Nestlé India Limited ("the Company")**

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

- (i)(a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- (i)(a) (B) The Company has maintained proper records showing full particulars of intangible assets.
- (i)(b) All Property, Plant and Equipment were physically verified by the management in the previous year in accordance with a planned programme of verifying them once in two years which is reasonable having regard to the size of the Company and the nature of its assets.
- (i)(c) The title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in Note 48(viii) to the financial statements included in property, plant and equipment are held in the name of the Company.
- (i)(d) The Company has not revalued its Property, Plant and Equipment (including Right of use assets) or intangible assets during the year ended December 31, 2022.
- (i)(e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii)(a) The management has conducted physical verification of inventory including inventory lying with third parties at reasonable intervals during the year. In our opinion, the coverage and the procedure of such verification by the management is appropriate. No discrepancies of 10% or more in aggregate for each class of inventory were noticed on such physical verification.
- (ii)(b) As disclosed in Note 48(vii) to the financial statements, the Company has been sanctioned working capital limits in excess of Rs. five crores in aggregate from banks and financial institutions during the year on the basis of security of current assets of the Company. Based on the records examined by us in the normal course of audit of the financial statements, the quarterly returns/statements filed by the Company with such banks and financial institutions are in agreement with

the audited/ unaudited books of accounts of the Company.

- (iii)(a) During the year, the Company has not provided loans, advances in the nature of loans, stood guarantee or provided security to companies, firms, Limited Liability Partnerships or any other parties except the following loans to employees:

	<b>Loans (Amount in ₹ million)</b>
Aggregate amount granted/ provided during the year	
- Others	137.7
Balance outstanding as at balance sheet date in respect of above cases	
- Others	192.60

- (iii)(b) During the year, the Company has not made any other investments, provided guarantees, provided security and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties, except loans to employees as stated at clause (iii)(a) above. The terms and conditions of loans given to employees during the year are not prejudicial to the Company's interest.
- (iii)(c) The Company has granted loans during the year to employees where the schedule of repayment of principal and payment of interest has been stipulated and the repayment or receipts are regular.
- (iii)(d) There are no amounts of loans and advances in the nature of loans granted to companies, firms, Limited Liability Partnerships or any other parties which are overdue for more than ninety days.
- (iii)(e) There were no loans or advance in the nature of loan granted to companies, firms, Limited Liability Partnerships or any other parties which had fallen due during the year, that have been renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same parties.
- (iii)(f) The Company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(f) of the Order is not applicable to the Company.
- (iv) There are no loans, investments, guarantees, and security in respect of which provisions of sections 185 and 186 of the Companies Act, 2013 (as

- amended) are applicable and accordingly, the requirement to report on clause 3(iv) of the Order is not applicable to the Company.
- (v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act, 2013 (as amended) and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013 (as amended), related to the manufacture of Milk Products and Nutrition, Prepared Dishes and Cooking aids, Powdered and Liquid Beverages and Confectionery, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues applicable to it. According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (b) The dues of goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess, and other statutory dues have not been deposited on account of any dispute, are as follows.

S. No.	Name of the Statute	Nature of Dues	Amount (₹ in million)	Amount paid under protest (₹ in million)	Period to which amount relates	Forum where case is pending
1	Income Tax Act, 1961	Disallowance of royalty and other expenses	1,253.2	805.0	FY 1996-97 to 2000-01, FY 2004-05 to 2007-08	Honorable Supreme Court of India
2	Income Tax Act, 1961	Disallowance of royalty and other expenses	3,829.8		FY 2000-01 to 2003-04, FY 2008-09 to 2014-15	Delhi High Court
3	Income Tax Act, 1961	Disallowance of royalty, other expenses and transfer pricing	7,258.1		FY 2015-16 to 2017-18	Income Tax Appellate Tribunal
4	Income Tax Act, 1961	TDS and TCS claimed in ITR, inconsistency in the deduction u/s 43B and penalty	85.4		FY 2014-15, FY 2016-17, FY 2020-21	Commissioner of Income Tax
5	Entry Tax	Entry Tax	783.5	181.5	Haryana – FY 2007-08 Orissa – FY 2007-08 to 2017-18 West Bengal – FY 2012-13 to 2016-17 Uttarakhand – 2010-11 to 2017-18 Madhya Pradesh – 2009-10 to 2011-12	At respective state authorities -Punjab & Haryana High Court -Orissa High Court -West Bengal Tax Tribunal -Uttarakhand High Court -Madhya Pradesh High Court



S. No.	Name of the Statute	Nature of Dues	Amount (₹ in million)	Amount paid under protest (₹ in million)	Period to which amount relates	Forum where case is pending
6	Central Goods and Service Tax	Anti-Profitteering	731.5	-	FY 2017-18	Delhi High Court
7	Goods and Service Tax	Input credit on GST transition	13.3	-	FY 2017-2018	Joint Commissioner of GST
8	Tamil Nadu Goods and Service Tax Act 2017	Input tax credit and classification	24.1	-	FY 2016-17 to 2019-20	Commissioner Audit Commissionerate
9	Central Sales Tax/ Value Added Tax	Classification of everyday premix	399.1	15.8	FY 2009-10 to 2012-13, 2013-14 to 2017-18	Commissioner Appeals and Joint Commissioner
10	Central Sales Tax/ Value Added Tax	Classification of sauce	16.9	2.4	FY 2000-01 to 2016-17	Madhya Pradesh High Court
11	Central Sales Tax/ Value Added Tax	Input tax credit on packaging material	48.5	47.3	FY 2007-08 to 2015-16	Tribunal and Commissioner Appeals
12	Central Sales Tax/ Value Added Tax	Classification of nescafe premix	37.4	-	FY 1993-94 to 1997-98, 2002-03 to 2004-05	1994-1997 & 1998 - High Court 2003 - Tribunal 2004-2005 - Joint Commissioner
13	Central Sales Tax/ Value Added Tax	Value added tax - valuation (Curd)	5.8	4.0	FY 2008-09	Additional Commissioner Appeals of Uttar Pradesh
14	Central Sales Tax	Concessional forms - Delhi, Jammu and Kashmir, Madhya Pradesh, Uttar Pradesh	5.0	1.0	FY 2003-04 to 2004-05, 2011-12 to 2017-18	Commercial Tax Office (J&K and Delhi), Commissioner (UP) & DY Commissioner (MP)
15	Purchase Tax Punjab	Purchase tax on milk	17.9	4.4	FY 2001-02 to 2003-04	Punjab & Haryana High Court
16	Central Excise Tariff Act	Excise duty - modvat credit on residual furnace oil	57.2	57.2	FY 1995-96 to 2003-04	Honorable Supreme Court of India
17	Central Excise Tariff Act	Classification related	3.0	2.0	FY 2015-16	Commissioner, GST Office Panipat
18	Finance Act, 1994	Service Tax on information technology services	417.0	-	FY 2004-05 to 2010-11	CESTAT Chandigarh and Commissioner, GST Office Gurgaon
19	Arbitrary Assessments	Disallowance related to sales return, exports, sales price, input tax credit	348.9	-	Jharkhand Assessment – FY 2010-11 to 2014-15 West Bengal Assessment – FY 2005-06 to 2009-10 Tripura Assessment – FY 2004-05, 2013-14, 2015-16 Kerala Assessment – FY 2014-15	Jharkhand Assessment - Joint Commissioner Appeals West Bengal Assessment - WBCT Appellate & Revisional Board Tripura Assessment - Commissioner of Taxes Kerala Assessment - High Court
20	Customs Tariff Act 1985	Classification of baby Foods	53.0	2.8	FY 2008-09	CESTAT
21	Customs Tariff Act 1985	Classification related	52.1	3.8	FY 2007-08 to 2012-13	CESTAT
22	Customs Tariff Act 1985	Classification of rice flakes	36.0	-	FY 2017 - 18	Commissioner of Customs Nhava Sheva Additional Commissioner of Customs, Mundra Port

S. No.	Name of the Statute	Nature of Dues	Amount (₹ in million)	Amount paid under protest (₹ in million)	Period to which amount relates	Forum where case is pending
23	Customs Tariff Act 1985	Classification of dairy related item	2.4	-	FY 2013-14	Commissioner of Customs Nhava Sheva
24	Customs Tariff Act 1985	Valuation of cocoa butter etc.	19.1	12.1	FY 2011-12 to 2012-13	CESTAT Mumbai
25	CENVAT Credit Rules 2004	CENVAT on capital goods	12.9	-	FY 1995-96 to 1999-20	Commissioner GST Office Panipat
26	Finance Act, 1994	Service tax on reimbursement of claims	6.3	-	FY 1998-99 to 2014-15	Service Tax Office, Chennai Commissioner GST Office, Salem
27	Property Tax Punjab	House tax for Moga plant	192.0	-	FY 2000-01 to 2012-13	Punjab & Haryana High Court
28	Goa Agricultural Produce Marketing (Development And Regulation) Act 2017	Market Fee	20.0	-	FY 2015-16 to 2018-19	High Court of Goa

- (viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.
- (ix)(a) The Company did not have any outstanding loans or borrowings or interest thereon due to any lender during the year. Accordingly, the requirement to report on clause ix(a) of the Order is not applicable to the Company.
- (ix)(b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (ix)(c) The Company did not have any term loans outstanding during the year hence, the requirement to report on clause (ix)(c) of the Order is not applicable to the Company.
- (ix)(d) The Company did not raise any funds by way of loan during the year hence, the requirement to report on clause (ix)(d) of the Order is not applicable to the Company.
- (ix)(e) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on clause 3(ix)(e) of the Order is not applicable to the Company.
- (ix)(f) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on Clause 3(ix)(f) of the Order is not applicable to the Company.
- (x)(a) The Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.
- (x)(b) The Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.
- (xi)(a) No material fraud by the Company or no material fraud on the Company has been noticed or reported during the year.
- (xi)(b) During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 (as amended) has been filed by cost auditor/ secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 (as amended) with the Central Government.
- (xi)(c) We have taken into consideration the whistle blower complaints received by the Company during the year while determining the nature, timing and extent of audit procedures.
- (xii)(a) The Company is not a Nidhi Company as per the provisions of the Companies Act, 2013 (as amended). Therefore, the requirement to report on clause 3(xii)(a) of the Order is not applicable to the Company.
- (xii)(b) The Company is not a Nidhi company as per the provisions of the Companies Act, 2013 (as amended). Therefore, the requirement to report on clause 3(xii)(b) of the Order is not applicable to the Company.
- (xii)(c) The Company is not a Nidhi company as per the provisions of the Companies Act, 2013 (as amended).

- Therefore, the requirement to report on clause 3(xii)(c) of the Order is not applicable to the Company.
- (xiii) Transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 (as amended) where applicable and the details have been disclosed in the Notes to the financial statements, as required by the applicable accounting standards.
- (xiv)(a) The Company has an internal audit system commensurate with the size and nature of its business.
- (xiv)(b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.
- (xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.
- (xvi)(a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company.
- (xvi)(b) The Company is not engaged in any Non-Banking Financial or Housing Finance activities. Accordingly, the requirement to report on clause (xvi)(b) of the Order is not applicable to the Company.
- (xvi)(c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi)(c) of the Order is not applicable to the Company.
- (xvi)(d) There is no Core Investment Company as a part of the Group, hence, the requirement to report on clause 3(xvi)(d) of the Order is not applicable to the Company.
- (xvii) The Company has not incurred cash losses in the current financial year and in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.
- (xix) On the basis of the financial ratios disclosed in Note 47 to the financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the

assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

- (xx)(a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act (the Act), in compliance with second proviso to sub section 5 of section 135 of the Act. This matter has been disclosed in Note 36 to the financial statements.
- (xx)(b) There are no unspent amounts in respect of ongoing projects, that are required to be transferred to a special account in compliance of provision of sub section (6) of section 135 of Companies Act. This matter has been disclosed in Note 36 to the financial statements.

For **S.R. Batliboi & CO. LLP**  
*Chartered Accountants*

ICAI Firm Registration Number: 301003E/E300005

Place of Signature: Gurugram  
Date: 16 February 2023

**Per Pankaj Chadha**  
*Partner*  
Membership Number: 091813  
UDIN: 23091813BGQOXE4519





## Annexure '2' to the Independent Auditor's Report of even date on the financial statements of Nestlé India Limited

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to financial statements of Nestlé India Limited ("the Company") as of December 31, 2022 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to these financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to these financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to these financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to these financial statements.

#### Meaning of Internal Financial Controls with Reference to these Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at December 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **S.R. Batliboi & CO. LLP**  
Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

Place of Signature: Gurugram  
Date: 16 February 2023

per **Pankaj Chadha**  
Partner

Membership Number: 091813  
UDIN: 23091813BGQOXE4519



## BALANCE SHEET AS AT 31 DECEMBER 2022

	NOTES	As at 31 December 2022 (₹ in million)	As at 31 December 2021 (₹ in million)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, Plant and Equipment	6	27,058.1	26,529.9
Capital work-in-progress	6	3,583.6	2,462.3
Right of Use Assets	6	3,378.9	3,416.8
Financial Assets			
Investments	7	5,601.9	7,107.0
Loans	8	90.0	72.7
Other financial assets	9	468.3	419.0
Deferred Tax Assets (net)	10	256.1	258.4
Other non-current assets	11	14,449.0	14,453.4
		<b>54,885.9</b>	<b>54,719.5</b>
<b>Current assets</b>			
Inventories	12	19,287.7	15,926.5
Financial Assets			
Investments	7	2,173.5	632.8
Trade receivables	13	1,918.9	1,659.7
Cash and cash equivalents	14	9,265.5	7,185.3
Bank balances other than cash and cash equivalents	15	190.0	168.8
Loans	8	102.6	106.9
Other financial assets	9	582.6	507.5
Current tax assets (net)		-	293.0
Other current assets	16	1,380.7	952.5
Asset held for sale	17	-	188.8
		<b>34,901.5</b>	<b>27,621.8</b>
<b>Total Assets</b>		<b>89,787.4</b>	<b>82,341.3</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity Share Capital	18	964.2	964.2
Other Equity	19	23,627.5	18,499.6
<b>Total Equity</b>		<b>24,591.7</b>	<b>19,463.8</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Financial Liabilities			
Borrowings	20	266.6	274.7
Lease liabilities		1,906.5	1,903.1
Provisions	21	32,051.6	32,852.6
Other non-current liabilities	22	173.5	199.7
		<b>34,398.2</b>	<b>35,230.1</b>

## BALANCE SHEET AS AT 31 DECEMBER 2022

	NOTES	As at 31 December 2022 (₹ in million)	As at 31 December 2021 (₹ in million)
<b>Current liabilities</b>			
Financial Liabilities			
Borrowings	20	33.7	65.9
Trade payables			
Total outstanding dues of micro enterprises and small enterprises	23, 45	2,856.6	2,601.8
Total outstanding dues of creditors other than micro enterprises and small enterprises	23	16,481.5	14,879.9
Lease Liabilities		498.4	420.9
Payables for capital expenditure			
Total outstanding dues of micro enterprises and small enterprises	45	247.5	210.6
Total outstanding dues of creditors other than micro enterprises and small enterprises		1,623.8	1,337.5
Other financial liabilities	24	4,809.1	5,039.9
Provisions	21	1,607.0	1,387.6
Current tax liabilities (net)		330.2	-
Other current liabilities	25	2,309.7	1,703.3
		<b>30,797.5</b>	<b>27,647.4</b>
		<b>65,195.7</b>	<b>62,877.5</b>
		<b>89,787.4</b>	<b>82,341.3</b>
		<b>Total Liabilities</b>	<b>62,877.5</b>
		<b>Total Equity and Liabilities</b>	<b>82,341.3</b>

See accompanying Notes 1 to 50 forming part of the financial statements.

As per our report of even date attached  
For S.R. Batliboi & Co. LLP  
Chartered Accountants  
Firm's Registration No. - 301003E/E300005

For and on behalf of the Board of Directors

PANKAJ CHADHA  
Partner  
Membership No. - 091813

SURESH NARAYANAN  
Chairman and  
Managing Director  
(DIN-07246738)

DAVID McDANIEL  
Executive Director - Finance  
& Control and CFO  
(DIN-08662504)

PRAMOD KUMAR RAI  
Company Secretary  
Membership No. - FCS 4676  
PAN-ABVPR5131P

16 February 2023  
Gurugram

16 February 2023  
Gurugram



## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 DECEMBER 2022

	NOTES	Year ended 31 December 2022 (₹ in million)	Year ended 31 December 2021 (₹ in million)
<b>A INCOME</b>			
Domestic Sales		160,976.0	140,253.3
Export Sales		6,919.3	6,395.7
<b>Sale of products</b>	26	167,895.3	146,649.0
Other operating revenues	26	1,074.3	756.9
<b>i Revenue from operations</b>		168,969.6	147,405.9
<b>ii Other Income</b>	27	1,010.0	1,201.5
<b>Total Income</b>		169,979.6	148,607.4
<b>B EXPENSES</b>			
<b>i Cost of materials consumed</b>	28	76,521.1	61,541.0
<b>ii Purchases of stock-in-trade</b>		3,480.2	2,616.7
<b>iii Changes in inventories of finished goods, work-in-progress and stock-in-trade</b>	29	(2,502.7)	(675.9)
<b>iv Employee benefits expense</b>	30	16,354.6	15,299.4
<b>v Finance costs (including interest cost on employee benefit plans)</b>	31	1,545.7	2,016.8
<b>vi Depreciation and Amortisation</b>	6	4,030.1	3,910.2
<b>vii Other expenses</b>	32	36,970.5	32,664.9
<b>viii Impairment loss on property, plant and equipment</b>	6	294.3	12.2
<b>ix Net provision for contingencies - Others</b>	35	162.9	(250.1)
<b>x Corporate social responsibility expense</b>	36	563.2	534.0
<b>Total Expenses</b>		137,419.9	117,669.2
<b>C PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX (A-B)</b>		32,559.7	30,938.2
<b>D Exceptional items</b>	4, 33	-	2,365.0
<b>E PROFIT BEFORE TAX (C-D)</b>		32,559.7	28,573.2
<b>F Tax expense</b>			
Current tax	37	8,686.1	7,443.9
Deferred tax	37	(31.6)	(54.8)
<b>G PROFIT AFTER TAX (E-F)</b>		23,905.2	21,184.1

**STATEMENT OF PROFIT AND LOSS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

	NOTES	Year ended 31 December 2022 (₹ in million)	Year ended 31 December 2021 (₹ in million)
<b>H OTHER COMPREHENSIVE INCOME</b>			
<b>(a) (i) Items that will not be reclassified to profit or loss</b>			
Re-measurement gains / (losses) of defined benefit plans	33	1,522.4	(2,025.3)
Changes in fair value of equity instruments through other comprehensive income		(17.7)	-
<b>(ii) Income taxes relating to Items that will not be reclassified to profit or loss</b>		<b>(383.2)</b>	<b>509.7</b>
		<b>1,121.5</b>	<b>(1,515.6)</b>
<b>(b) (i) Items that will be reclassified to profit or loss</b>			
Net movement on effective portion of cash flow hedges		(2.8)	2.0
<b>(ii) Income taxes relating to Items that will be reclassified to profit or loss</b>		<b>0.7</b>	<b>(0.5)</b>
		<b>(2.1)</b>	<b>1.5</b>
<b>TOTAL OTHER COMPREHENSIVE INCOME (a + b)</b>		<b>1,119.4</b>	<b>(1,514.1)</b>
<b>I TOTAL COMPREHENSIVE INCOME (G + H)</b>			
<b>Weighted average number of equity shares outstanding</b>	<b>Nos.</b>	<b>96,415,716</b>	<b>96,415,716</b>
Basic and Diluted Earnings Per Share (Face value ₹ 10)	₹	247.94	219.72
<b>ADDITIONAL INFORMATION (Refer Note 2):</b>			
<b>PROFIT FROM OPERATIONS</b>		<b>33,658.6</b>	<b>32,287.5</b>
<b>[C - A(ii) + B(v) + B(x)]</b>			

See accompanying Notes 1 to 50 forming part of the financial statements.

As per our report of even date attached  
For S.R. Batliboi & Co. LLP  
Chartered Accountants  
Firm's Registration No. - 301003E/E300005

For and on behalf of the Board of Directors

PANKAJ CHADHA  
Partner  
Membership No. - 091813

SURESH NARAYANAN  
Chairman and  
Managing Director  
(DIN-07246738)

DAVID McDANIEL  
Executive Director - Finance  
& Control and CFO  
(DIN-08662504)

PRAMOD KUMAR RAI  
Company Secretary  
Membership No. - FCS 4676  
PAN-ABVPR5131P

16 February 2023  
Gurugram

16 February 2023  
Gurugram

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

	Year ended 31 December 2022 (₹ in million)	Year ended 31 December 2021 (₹ in million)
<b>A CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit Before Tax	32,559.7	28,573.2
<b>Adjustments for:</b>		
Depreciation and Amortisation	4,030.1	3,910.2
Impairment loss on property, plant and equipment	294.3	12.2
Deficit/ (Surplus) on property, plant and equipment sold/scrapped/written off (net)	(62.6)	(39.7)
Interest income	(1,010.0)	(1,201.5)
Interest on bank overdraft	20.4	10.7
Interest on lease liabilities	160.7	83.9
Allowance for impairment on financial assets	39.3	9.6
Unrealised exchange differences	55.8	4.9
<b>Operating profit before working capital changes</b>	<b>36,087.7</b>	<b>31,363.5</b>
<b>Adjustments for:</b>		
Decrease/(increase) in trade receivables	(275.1)	(17.6)
Decrease/(increase) in inventories	(3,361.2)	(1,686.3)
Decrease/(increase) in loans, other financial assets & other assets	(295.4)	(397.9)
Increase/(decrease) in trade payable	1,776.3	2,172.2
Increase/(decrease) in other financial liabilities & other liabilities	1,775.6	86.8
Increase/(decrease) in provision for contingencies	1,144.3	(95.0)
Increase/(decrease) in provision for employee benefits	(1,066.4)	(1,779.7)
<b>Cash generated from operations</b>	<b>35,785.8</b>	<b>29,646.0</b>
Income taxes paid (net of refunds)	(8,411.5)	(7,286.0)
<b>Net cash generated from operating activities</b>	<b>27,374.3</b>	<b>22,360.0</b>
<b>B CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment including Capital work in progress	(5,499.2)	(7,348.4)
Sale of property, plant and equipment	92.2	40.0
Proceeds from sale / redemption / maturity of Investments	171.1	-
Proceeds from redemption of Tax Free Bonds	83.7	-
Investment in Insurance plan (Reimbursement Rights)	-	(13,787.8)
Amount received from Insurance Pension Plan - Separations	1,287.6	264.9
Decrease/(increase) in loans to employees	(13.4)	13.8
Interest received on bank deposits, investments, tax free bonds, employee loans etc.	1,031.4	1,245.8
Adjustment in net assets of Pet Food Business	350.6	368.4
Net consideration paid for acquisition of Pet Food Business	(1,421.3)	-
<b>Net cash generated from/(used in) investing activities</b>	<b>(3,917.3)</b>	<b>(19,203.3)</b>
<b>C CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment of deferred VAT liabilities under state government schemes	(66.5)	(34.1)
Proceeds from Loan	-	240.0
Repayment of Loan	-	(240.0)
Interest on bank overdraft & others	(20.4)	(10.7)
Interest on lease liabilities	(160.7)	(83.9)
Principal payment of lease liabilities	(732.5)	(787.9)
Dividends paid	(20,247.3)	(19,283.1)
<b>Net cash generated from/(used in) financing activities</b>	<b>(21,227.4)</b>	<b>(20,199.7)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A + B + C)</b>	<b>2,229.6</b>	<b>(17,043.0)</b>



**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Year ended 31 December 2022 (₹ in million)	Year ended 31 December 2021 (₹ in million)
Cash and cash equivalents (Refer Note 14)	7,185.3	17,548.0
Current investments (Refer Note 7)	549.1	7,229.4
<b>Total cash and cash equivalents at the beginning of the year (as per Ind AS 7)</b>	<b>7,734.4</b>	<b>24,777.4</b>
Cash and cash equivalents (Refer Note 14)	9,265.5	7,185.3
Current investments (Refer Note 7)	698.5	549.1
<b>Total cash and cash equivalents at the end of the year (as per Ind AS 7)</b>	<b>9,964.0</b>	<b>7,734.4</b>
<b>NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>2,229.6</b>	<b>(17,043.0)</b>

Disclosure of changes in liabilities arising from Financing activities:

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

	Year ended 31 December 2020 (₹ in million)	Cash flow changes	Non- cash changes	Year ended 31 December 2021 (₹ in million)
Deferred VAT liabilities	348.4	(34.1)	26.3	340.6
Deferred Government Grants	220.9	-	(21.2)	199.7
Lease liabilities	1,126.5	(871.9)	2,069.3	2,324.0
	<u>1,695.8</u>	<u>(906.0)</u>	<u>2,074.4</u>	<u>2,864.3</u>

**Notes:**

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

As per our report of even date attached  
For S.R. Batliboi & Co. LLP  
Chartered Accountants  
Firm's Registration No. - 301003E/E300005

For and on behalf of the Board of Directors

PANKAJ CHADHA  
Partner  
Membership No. - 091813

SURESH NARAYANAN  
Chairman and  
Managing Director  
(DIN-07246738)

DAVID McDANIEL  
Executive Director - Finance  
& Control and CFO  
(DIN-08662504)

PRAMOD KUMAR RAI  
Company Secretary  
Membership No. - FCS 4676  
PAN-ABVPR5131P

16 February 2023  
Gurugram

16 February 2023  
Gurugram

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	NOTES	(₹ in million)
<b>A EQUITY SHARE CAPITAL</b>		
Balance as at 31 December 2020	18	964.2
Movement during the year		-
Balance as at 31 December 2021	18	964.2
Movement during the year		-
Balance as at 31 December 2022	18	964.2

	Reserves and Surplus				Items of Other Comprehensive Income		Total
	General Reserve	Share Based Payment Reserve	Capital Reserve	Retained Earnings	Equity Instrument through Other Comprehensive Income	Effective portion of Cash Flow Hedges	
<b>Balance as at 31 December 2020</b>	<b>8,374.3</b>	-	(619.2)	<b>10,309.5</b>	<b>(330.0)</b>	<b>9.7</b>	<b>17,744.3</b>
Profit after tax	-	-	-	21,184.1	-	-	21,184.1
Other comprehensive income	-	-	-	(1,515.6)	-	1.5	(1,514.1)
<b>Total comprehensive income</b>	-	-	-	<b>19,668.5</b>	-	<b>1.5</b>	<b>19,670.0</b>
Dividend (Refer Note 44)	-	-	-	(19,283.1)	-	-	(19,283.1)
Share Based Payment Expense	-	252.2	-	-	-	-	252.2
Recognition of liability towards Share Based Payments	-	(252.2)	-	-	-	-	(252.2)
Other changes in net assets of Pet Food Business (Refer Note 5)	-	-	368.4	-	-	-	368.4
<b>Balance as at 31 December 2021</b>	<b>8,374.3</b>	-	(250.8)	<b>10,694.9</b>	<b>(330.0)</b>	<b>11.2</b>	<b>18,499.6</b>
Profit after tax	-	-	-	23,905.2	-	-	23,905.2
Other comprehensive income	-	-	-	1,139.2	(17.7)	(2.1)	1,119.4
<b>Total comprehensive income</b>	-	-	-	<b>25,044.4</b>	<b>(17.7)</b>	<b>(2.1)</b>	<b>25,024.6</b>
Reclassification of loss on sale of Equity Instruments from Other Comprehensive Income to Retained Earnings	-	-	-	(347.7)	347.7	-	-
Dividend (Refer Note 44)	-	-	-	(20,247.3)	-	-	(20,247.3)
Share Based Payment Expense	-	143.7	-	-	-	-	143.7
Recognition of liability towards Share Based Payments	-	(143.7)	-	-	-	-	(143.7)
Other changes in net assets of Pet Food Business (Refer Note 5)	-	-	350.6	-	-	-	350.6
<b>Balance as at 31 December 2022</b>	<b>8,374.3</b>	-	<b>99.8</b>	<b>15,144.3</b>	-	<b>9.1</b>	<b>23,627.5</b>

(1) Description of purpose of each reserve within Other Equity has been disclosed under Note 19.

As per our report of even date attached  
For S.R. Batliboi & Co. LLP  
Chartered Accountants  
Firm's Registration No. - 301003E/E300005

For and on behalf of the Board of Directors

PANKAJ CHADHA  
Partner  
Membership No. - 091813

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Chairman and  
Managing Director  
(DIN-07246738)

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Executive Director - Finance  
& Control and CFO  
(DIN-08662504)

PRAMOD KUMAR RAI  
Company Secretary  
Membership No. - FCS 4676  
PAN-ABVPR5131P

16 February 2023  
Gurugram

16 February 2023  
Gurugram



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

### 1. CORPORATE INFORMATION

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

### 2. SIGNIFICANT ACCOUNTING POLICIES

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

#### BASIS OF PREPARATION AND MEASUREMENT

##### Statement of compliance

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

##### Basis of measurement

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

##### Financial Year

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

##### Functional and Presentation Currency

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

##### Rounding off

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

##### Current and Non-current Classification

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

##### Measurement of Profit from Operations

For better understanding of the financial performance, the Company has chosen to present Profit from Operations as an additional information in the Statement of Profit and Loss. Profit from Operations is derived from Profit before Exceptional Items & Tax less Other Income and adding back Finance Costs (Including Interest Cost on Employee Benefit Plans) and Corporate Social Responsibility Expense.

##### Use of Estimates and Judgement

The preparation of financial statements requires management to exercise judgement and make estimates and assumptions that affects the reported amounts of revenue, expenses, assets and liabilities. These estimates and assumptions are based



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. These estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates are recognised in the period in which the results are known/materialise.

The areas involving significant estimates and judgement include determination of useful life of property, plant and equipment (Refer Note 6), measurement of lease liabilities and right of use assets (Refer Note 6), measurement of defined benefit obligations (Refer Note 33), recognition and measurement of provisions and contingencies (Refer Note 35) and recognition of deferred tax assets / liabilities (Refer Note 37).

### Approval of financial statements

The financial statements of the Company were approved for issue by the Board of Directors on 16 February 2023.

### FOREIGN CURRENCY TRANSACTIONS

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

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

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

Also refer to accounting policy on 'Derivatives and Hedge accounting' (Refer Note 38).

### PROVISIONS AND CONTINGENT LIABILITIES

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

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

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

### BORROWING COSTS

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

### EARNINGS PER SHARE

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

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

### EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

All material events occurring after the balance sheet date upto the date of approval of financial statements by the Board of Directors on 16 February 2023, have been considered, disclosed and adjusted, wherever applicable, as per the requirements of Ind AS 10 - Events after the Reporting Period.

### AMENDMENTS TO SCHEDULE III OF COMPANIES ACT, 2013

On 24 March 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III to the Companies Act, 2013 to enhance the disclosure requirements in financial statements. The amended schedule is applicable to the Company from the financial year beginning 1 January 2022. Accordingly, the financial statements for 2022 have been prepared after incorporating the amendment with corresponding restatement in the figures of 2021.

### 3. RECENT ACCOUNTING PRONOUNCEMENTS

Ministry of Corporate Affairs ("MCA"), vide notification dated 23<sup>rd</sup> March, 2022, has made the following amendments to Ind AS which are effective 1<sup>st</sup> April, 2022:

- a. Ind AS 109: Annual Improvements to Ind AS (2021)
- b. Ind AS 103: Reference to Conceptual Framework
- c. Ind AS 37: Onerous Contracts - Costs of Fulfilling a Contract
- d. Ind AS 16: Proceeds before intended use

Based on preliminary assessment, the Company does not expect these amendments to have any significant impact on its financial statements.

4. Effective 1 December 2021, the Defined Benefit Pension Scheme for certain category of employees is amended and replaced by 'Future Ready Plan' which is a combination of amended Defined Benefit Pension Scheme for past period of service and a Defined Contribution Scheme for future service. The defined benefit obligation for past period of service as per the 'Future Ready Plan' has been determined based on actuarial valuation carried out by an independent actuary basis the amended plan and has been frozen.

The frozen amount as determined under the 'Future Ready Plan' has been invested by the Company in an appropriate investment product of an Insurance company. The accumulated investment balance shall be in future utilized to purchase pension annuities from the Insurance company for the employees as per the 'Future Ready Plan'. The investment so made is recognized as having 'reimbursement rights' as per Ind AS 19 Employee Benefits.

Also, under the 'Future Ready Plan', liability towards a certain category of pensioners has been transferred to an Insurance company and future annuities will be paid by the insurance company.

Exceptional Item as disclosed in the Statement of Profit and Loss Account for the year ending 31 December 2021 comprises of the following, in aggregate :

- (a) Past Service Cost i.e. the difference between the frozen amount for past service as determined under the 'Future Ready Plan' and the Defined Benefit obligation under the old plan as on 1 December 2021;
- (b) Settlement cost i.e. the difference between the carrying value of the defined benefit obligation towards pensioners as on 1 December 2021 and the purchase price as charged by the insurance company to service the future annuities; and
- (c) Incidental expenses incurred for the above projects.

Also, refer Note 33.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

### 5. BUSINESS COMBINATION UNDER COMMON CONTROL

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

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

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

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

Particulars	As at 1 October 2022 (₹ in million)
<b>ASSETS</b>	
<b>Non-current assets</b>	
Property, Plant and Equipment	0.3
Loans	0.1
	0.4
<b>Current assets</b>	
Inventories	169.1
Trade receivables	8.0
Loans	0.2
Other current assets	116.6
	293.9
<b>Total Assets</b>	<b>294.3</b>



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

### Restated Balance Sheet as at 31 December 2021

Particulars	As at 31 December 2021 (₹ in million)		
	Before effect of Business Combination	Effect of Business Combination	Revised balance post effect of Business Combination
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, Plant and Equipment	26,529.4	0.5	26,529.9
Capital work-in-progress	2,462.3	-	2,462.3
Right of Use Assets	3,410.3	6.5	3,416.8
Financial Assets			
Investments	7,107.0	-	7,107.0
Loans	72.5	0.2	72.7
Other financial assets	418.4	0.6	419.0
Deferred Tax Assets (net)	258.4	-	258.4
Other non-current assets	14,453.4	-	14,453.4
	<b>54,711.7</b>	<b>7.8</b>	<b>54,719.5</b>
<b>Current assets</b>			
Inventories	15,802.2	124.3	15,926.5
Financial Assets			
Investments	632.8	-	632.8
Trade receivables	1,652.7	7.0	1,659.7
Cash and cash equivalents	7,185.3	-	7,185.3
Bank balances other than cash and cash equivalents	168.8	-	168.8
Loans	106.7	0.2	106.9
Other financial assets	505.8	1.7	507.5

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Particulars	As at 31 December 2021 (₹ in million)		
	Before effect of Business Combination	Effect of Business Combination	Revised balance post effect of Business Combination
Current tax assets	292.9	0.1	293.0
Other current assets	851.6	100.9	952.5
Asset held for sale	188.8	-	188.8
	<b>27,387.6</b>	<b>234.2</b>	<b>27,621.8</b>
<b>Total Assets</b>	<b>82,099.3</b>	<b>242.0</b>	<b>82,341.3</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity Share Capital	964.2	-	964.2
Other Equity	19,880.6	(1,381.0)	18,499.6
<b>Total Equity</b>	<b>20,844.8</b>	<b>(1,381.0)</b>	<b>19,463.8</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Financial Liabilities			
Borrowings	274.7	-	274.7
Lease liabilities	1,902.3	0.8	1,903.1
Provisions	32,845.4	7.2	32,852.6
Other non-current liabilities	199.7	-	199.7
	<b>35,222.1</b>	<b>8.0</b>	<b>35,230.1</b>
<b>Current liabilities</b>			
Financial Liabilities			
Borrowings	65.9	-	65.9
Trade payables			
Total outstanding dues of micro enterprises and small enterprises	2,597.2	4.6	2,601.8
Total outstanding dues of creditors other than micro enterprises and small enterprises	14,750.4	129.5	14,879.9
Lease Liabilities	415.3	5.6	420.9
Payables for capital expenditure			
Total outstanding dues of micro enterprises and small enterprises	210.6	-	210.6
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,337.5	-	1,337.5
Other financial liabilities	3,586.3	32.3	3,618.6
Consideration payable for Business Combination through Slump Sale	-	-	1,421.3
Provisions	1,385.4	2.2	1,387.6
Current tax liabilities	-	-	-
Other current liabilities	1,683.8	19.5	1,703.3
	<b>26,032.4</b>	<b>193.7</b>	<b>27,647.4</b>
<b>Total Liabilities</b>	<b>61,254.5</b>	<b>201.7</b>	<b>62,877.5</b>
<b>Total Equity and Liabilities</b>	<b>82,099.3</b>	<b>(1,179.3)</b>	<b>82,341.3</b>
<b>NET ASSETS</b>	<b>-</b>	<b>1,421.3</b>	<b>-</b>



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**
**Restated Statement of Profit & Loss for the year ended 31 December 2021**

Particulars	As at 31 December 2021 (₹ in million)		
	Before effect of Business Combination	Effect of Business Combination	Revised amount post effect of Business Combination
<b>A INCOME</b>			
<b>Sale of products</b>	146,337.2	311.8	146,649.0
Other operating revenues	756.9	-	756.9
<b>i Revenue from operations</b>	147,094.1	311.8	147,405.9
ii Other Income	1,201.1	0.4	1,201.5
<b>Total Income</b>	148,295.2	312.2	148,607.4
<b>B EXPENSES</b>			
i Cost of materials consumed	61,541.0	-	61,541.0
ii Purchases of stock-in-trade	2,275.2	341.5	2,616.7
iii Changes in inventories of finished goods, work-in-progress and stock-in-trade	(627.0)	(48.9)	(675.9)
iv Employee benefits expense	15,213.0	86.4	15,299.4
v Finance costs (including interest cost on employee benefit plans)	2,011.9	4.9	2,016.8
vi Depreciation and Amortisation	3,901.9	8.3	3,910.2
vii Other expenses	32,482.0	182.9	32,664.9
viii Impairment loss on property, plant and equipment	12.2	-	12.2
ix Net provision for contingencies - Others	(251.7)	1.6	(250.1)
x Corporate social responsibility expense	534.0	-	534.0
<b>Total Expenses</b>	117,092.5	576.7	117,669.2
<b>C PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX (A-B)</b>	31,202.7	(264.5)	30,938.2
D Exceptional items	2,365.0	-	2,365.0
<b>E PROFIT BEFORE TAX (C-D)</b>	28,837.7	(264.5)	28,573.2
F Tax expense			
Current tax	7,443.9	-	7,443.9
Deferred tax	(54.8)	-	(54.8)
<b>G PROFIT AFTER TAX (E-F)</b>	21,448.6	(264.5)	21,184.1
<b>H OTHER COMPREHENSIVE INCOME</b>			
(a) (i) Items that will not be reclassified to profit or loss			
Re-measurement of retiral defined benefit plans	(2,025.3)	-	(2,025.3)
Changes in fair value of equity instruments	-	-	-
(ii) Income taxes relating to Items that will not be reclassified to profit or loss	509.7	-	509.7
	(1,515.6)	-	(1,515.6)
(b) (i) Items that will be reclassified to profit or loss			
Changes in fair value of cash flow hedges	2.0	-	2.0
(ii) Income taxes relating to Items that will be reclassified to profit or loss	(0.5)	-	(0.5)
	1.5	-	1.5
<b>TOTAL OTHER COMPREHENSIVE INCOME (a + b)</b>	(1,514.1)	-	(1,514.1)
<b>I TOTAL COMPREHENSIVE INCOME (G + H)</b>	19,934.5	(264.5)	19,670.0

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

### Restated Cash Flow Statement for the year ended 31 December 2021

Particulars	As at 31 December 2021 (₹ in million)		
	Before effect of Business Combination	Effect of Business Combination	Revised amount post effect of Business Combination
<b>A CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit Before Tax	28,837.7	(264.6)	28,573.1
<b>Adjustments for:</b>			
Depreciation and Amortisation	3,901.9	8.3	3,910.2
Impairment loss on property, plant and equipment	12.2	-	12.2
Deficit/ (Surplus) on property, plant and equipment sold/scrapped/written off (net)	(39.7)	-	(39.7)
Interest income	(1,201.1)	(0.4)	(1,201.5)
Interest on bank overdraft	6.2	4.5	10.7
Interest on lease liabilities	83.5	0.4	83.9
Allowance for impairment on financial assets	9.6	-	9.6
Unrealised exchange differences	4.5	0.4	4.9
<b>Operating profit before working capital changes</b>	<b>31,614.8</b>	<b>(251.4)</b>	<b>31,363.4</b>
<b>Adjustments for:</b>			
Decrease/(increase) in trade receivables	(13.4)	(4.2)	(17.6)
Decrease/(increase) in inventories	(1,637.4)	(48.9)	(1,686.3)
Decrease/(increase) in loans, other financial assets & other assets	(370.3)	(27.6)	(397.9)
Increase/(decrease) in trade payable	2,223.7	(51.5)	2,172.2
Increase/(decrease) in other financial liabilities & other liabilities	62.8	24.1	86.9
Increase/(decrease) in provision for contingencies	(95.0)	-	(95.0)
Increase/(decrease) in provision for employee benefits	(1,784.1)	4.4	(1,779.7)
<b>Cash generated from operations</b>	<b>30,001.1</b>	<b>(355.1)</b>	<b>29,646.0</b>
Income taxes paid (net of refunds)	(7,286.0)	-	(7,286.0)
<b>Net cash generated from operating activities</b>	<b>22,715.1</b>	<b>(355.1)</b>	<b>22,360.0</b>
<b>B CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	(7,348.2)	(0.2)	(7,348.4)
Sale of property, plant and equipment	40.0	-	40.0
Investment in Insurance plan (Reimbursement Rights)	(13,787.8)	-	(13,787.8)
Amount received from Insurance plan	264.9	-	264.9
Decrease/(increase) in loans to employees	13.9	(0.1)	13.8
Interest received on bank deposits, investments, tax free bonds, employee loans etc.	1,245.4	0.4	1,245.8
Adjustment in net assets of Pet Food Business	-	368.4	368.4
<b>Net cash generated from/(used in) investing activities</b>	<b>(19,571.8)</b>	<b>368.5</b>	<b>(19,203.3)</b>



NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Particulars		As at 31 December 2021 (₹ in million)		
		Before effect of Business Combination	Effect of Business Combination	Revised amount post effect of Business Combination
<b>C</b>	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
	Payment of deferred VAT liabilities under state government schemes	(34.1)	-	(34.1)
	Proceeds from Bank Loan	-	240.0	240.0
	Repayment of Bank Loan	-	(240.0)	(240.0)
	Interest on bank overdraft & others	(6.2)	(4.5)	(10.7)
	Interest on lease liabilities	(83.5)	(0.4)	(83.9)
	Principal payment of lease liabilities	(779.4)	(8.5)	(787.9)
	Dividends paid	(19,283.1)	-	(19,283.1)
	<b>Net cash generated from/(used in) financing activities</b>	<b>(20,186.3)</b>	<b>(13.4)</b>	<b>(20,199.7)</b>
	<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A + B + C)</b>	<b>(17,043.0)</b>	<b>-</b>	<b>(17,043.0)</b>

Details of profit and loss for nine months ended 30 September 2022 of Pet Food Business of Purina Petcare India Private Limited, which has been included in the statement of profit and loss for the year ended 31 December 2022 of the Company.

Particulars		As at 31 December 2022 (₹ in million)		
		Before effect of Business Combination	Effect of Business Combination (9 Months)	Revised amount post effect of Business Combination
<b>A</b>	<b>INCOME</b>			
	<b>Sale of products</b>	<b>167,576.3</b>	<b>319.0</b>	<b>167,895.3</b>
	Other operating revenues	1,074.3	-	1,074.3
<b>i</b>	<b>Revenue from operations</b>	<b>168,650.6</b>	<b>319.0</b>	<b>168,969.6</b>
<b>ii</b>	Other Income	1,010.0	0.0	1,010.0
	<b>Total Income</b>	<b>169,660.6</b>	<b>319.0</b>	<b>169,979.6</b>
<b>B</b>	<b>EXPENSES</b>			
<b>i</b>	Cost of materials consumed	76,521.1	-	76,521.1
<b>ii</b>	Purchases of stock-in-trade	3,340.4	139.8	3,480.2
<b>iii</b>	Changes in inventories of finished goods, work-in-progress and stock-in-trade	(2,627.0)	124.3	(2,502.7)
<b>iv</b>	Employee benefits expense	16,298.7	55.9	16,354.6
<b>v</b>	Finance costs (including interest cost on employee benefit plans)	1,543.3	2.4	1,545.7
<b>vi</b>	Depreciation and Amortisation	4,025.9	4.2	4,030.1
<b>vii</b>	Other expenses	36,819.5	151.0	36,970.5
<b>viii</b>	Impairment loss on property, plant and equipment	294.3	-	294.3
<b>ix</b>	Net provision for contingencies - Others	162.3	0.6	162.9

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Particulars	As at 31 December 2022 (₹ in million)		
	Before effect of Business Combination	Effect of Business Combination (9 Months)	Revised amount post effect of Business Combination
x Corporate social responsibility expense	563.2	-	563.2
<b>Total Expenses</b>	<b>136,941.7</b>	<b>478.2</b>	<b>137,419.9</b>
<b>C PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX (A-B)</b>	<b>32,718.9</b>	<b>(159.2)</b>	<b>32,559.7</b>
D Exceptional items	-	-	-
<b>E PROFIT BEFORE TAX (C-D)</b>	<b>32,718.9</b>	<b>(159.2)</b>	<b>32,559.7</b>
F Tax expense			
Current tax	8,686.1	-	8,686.1
Deferred tax	(31.6)	-	(31.6)
<b>G PROFIT AFTER TAX (E-F)</b>	<b>24,064.4</b>	<b>(159.2)</b>	<b>23,905.2</b>

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

	As at 31 December 2022 (₹ in million)	As at 31 December 2021 (₹ in million)
Owned Assets	27,058.1	26,529.9
Capital work-in-progress	3,583.6	2,462.3
Right of Use Assets	3,378.9	3,416.8
	<b>34,020.6</b>	<b>32,409.0</b>

#### Property, Plant and Equipment - Owned

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

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

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

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

#### Depreciation / Amortisation

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



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

Freehold land is not depreciated.

### Impairment of Property, Plant and Equipment

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

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

### Property, Plant and Equipment - Right of Use Assets

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

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

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

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

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

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

The Company recognizes lease payments as other expense on a straight line basis over the period of lease for certain short term leases (less than or equal to two months) or leases of low value assets.

(₹ in million)

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

# Net of amount capitalized and commissioned during the year.

@ Largely related to sustainability initiatives.

(₹ in million)

	GROSS CARRYING VALUE				DEPRECIATION/ AMORTISATION					NET CARRYING VALUE	
	Cost as at 31 December 2020	Additions	Deletions / Adjustments	Cost as at 31 December 2021	As at 31 December 2020	For the year	Impairment loss	On Deletions / Adjustments	As at 31 December 2021	As at 31 December 2021	
<b>6D. Owned Assets</b>											
Freehold land	174.1	1.1	-	175.2	-	-	-	-	-	175.2	
Buildings	9,273.6	2,132.8	39.0	11,367.4	1,947.4	416.7	-	38.1	2,326.0	9,041.4	
Plant and equipment	25,193.7	7,697.7	233.4	32,658.0	13,414.2	2,568.5	12.2	233.2	15,761.7	16,896.3	
Furniture and fixtures	693.7	17.4	59.7	651.4	661.2	21.0	-	59.2	623.0	28.4	
Office equipment	202.9	50.4	22.5	230.8	138.3	30.0	-	22.4	145.9	84.9	
IT equipment	895.3	167.0	85.9	976.4	594.6	165.3	-	85.7	674.2	302.2	
Vehicles	24.0	1.0	-	25.0	21.0	2.5	-	-	23.5	1.5	
<b>Total Owned Assets</b>	<b>36,457.3</b>	<b>10,067.4</b>	<b>440.5</b>	<b>46,084.2</b>	<b>16,776.7</b>	<b>3,204.0</b>	<b>12.2</b>	<b>438.6</b>	<b>19,554.3</b>	<b>26,529.9</b>	
<b>6E. Capital work-in-progress</b>	<b>6,385.8</b>	<b>(3,921.3)<sup>#</sup></b>	<b>2.2</b>	<b>2,462.3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,462.3</b>	
<b>6F. Right of Use Assets</b>											
Leasehold land	1,240.5	-	-	1,240.5	66.6	13.2	-	-	79.8	1,160.7	
Buildings	2,143.5	1,829.0	486.7	3,485.8	1,270.0	646.1	-	401.7	1,514.4	1,971.4	
Plant and equipment	-	211.1	-	211.1	-	7.0	-	-	7.0	204.1	
Vehicles	160.0	45.7	39.9	165.8	83.1	39.9	-	37.8	85.2	80.6	
<b>Total Right of Use Assets</b>	<b>3,544.0</b>	<b>2,085.8</b>	<b>526.6</b>	<b>5,103.2</b>	<b>1,419.7</b>	<b>706.2</b>	<b>-</b>	<b>439.5</b>	<b>1,686.4</b>	<b>3,416.8</b>	
<b>Total (6D + 6E + 6F)</b>	<b>46,387.1</b>	<b>8,231.9</b>	<b>969.3</b>	<b>53,649.7</b>	<b>18,196.4</b>	<b>3,910.2</b>	<b>12.2</b>	<b>878.1</b>	<b>21,240.7</b>	<b>32,409.0</b>	

# Net of amount capitalized and commissioned during the year.





**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

(1) The Company incurred ₹ 10.6 million (2021: ₹ 4.3 million) for the year ended 31 December 2022 towards expenses related to short term leases, leases of low value assets & variable leases.

**(a) Details regarding CWIP ageing schedule as at 31 December 2022** (₹ in million)

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

## Details regarding CWIP ageing schedule as at 31 December 2021 (₹ in million)

Particulars	Amount in CWIP for a period of				Total
	Less Than 1 Year	1 - 2 Years	2 - 3 Years	More Than 3 Years	
(i) Projects in progress	1,972.2	333.0	138.2	18.9	2,462.3
(ii) Projects temporarily suspended	-	-	-	-	-
<b>Capital work-in-progress</b>	<b>1,972.2</b>	<b>333.0</b>	<b>138.2</b>	<b>18.9</b>	<b>2,462.3</b>

**(b) Details of CWIP whose completion is overdue or has exceeded its cost compared to its original plan as at 31 December 2022** (₹ in million)

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

## Details of CWIP whose completion is overdue or has exceeded its cost compared to its original plan as at 31 December 2021 (₹ in million)

Particulars	To be completed in				Total
	Less Than 1 Year	1 - 2 Years	2 - 3 Years	More Than 3 Years	
(i) Projects in progress					
Project at Moga Factory	75.1	-	-	-	75.1
Project at Nanjangud Factory	67.9	-	-	-	67.9
Project at Samalkha Factory	67.8	-	-	-	67.8
Others	360.1	-	-	-	360.1
(ii) Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>570.9</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>570.9</b>

For contractual commitment with respect to property, plant and equipment refer Note 41 (ii).

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

	As at 31 December 2022 (₹ in million)	As at 31 December 2021 (₹ in million)
<b>7. INVESTMENTS</b>		
<b><u>A. Non Current Assets</u></b>		
<b>At amortised cost</b>		
<b>Quoted</b>		
Tax free Bonds	5,601.9	7,107.0
	<u>5,601.9</u>	<u>7,107.0</u>
Market value of quoted investments	5,918.6	7,797.5
Aggregate amount of impairment in value of investment	-	-
<b><u>B. Current Assets</u></b>		
<b>At amortised cost</b>		
<b>Quoted</b>		
Treasury Bills - Government Securities	698.5	549.1
Current portion of Long term tax free bonds	1,475.0	83.7
	<u>2,173.5</u>	<u>632.8</u>
Considered as 'Cash and cash equivalents' for the purpose of 'Statement of Cash Flows' in line with the requirements of Ind AS-7	698.5	549.1
Market value of quoted investments	2,204.0	633.9
Aggregate amount of impairment in value of investment	-	-
<b>TOTAL INVESTMENTS (A + B)</b>	<u><u>7,775.4</u></u>	<u><u>7,739.8</u></u>
<b>8. LOANS</b>		
<b><u>A. Non Current Assets</u></b>		
<b>Secured, considered good</b>		
Loans to employees	-	-
<b>Unsecured, considered good</b>		
Loans to employees	90.0	72.7
	<u>90.0</u>	<u>72.7</u>
<b><u>B. Current Assets</u></b>		
<b>Secured, considered good</b>		
Loans to employees	-	-
<b>Unsecured, considered good</b>		
Loans to employees	102.6	106.9
	<u>102.6</u>	<u>106.9</u>
<b>TOTAL LOANS (A + B)</b>	<u><u>192.6</u></u>	<u><u>179.6</u></u>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

	As at 31 December 2022 (₹ in million)	As at 31 December 2021 (₹ in million)
<b>9. OTHER FINANCIAL ASSETS</b>		
<b>A. Non Current Assets</b>		
<b>Unsecured, considered good</b>		
Security deposits	468.3	419.0
	<u>468.3</u>	<u>419.0</u>
<b>B. Current Assets</b>		
Recoverable from related parties (Refer Note 42)	163.0	104.7
Derivative assets - forward contracts	29.8	21.1
Interest accrued on bank deposits/ tax free long term bonds etc.	359.1	352.1
Others	15.2	17.8
<b>Unsecured, considered good</b>		
Security deposits	15.5	11.8
<b>Unsecured, credit impaired</b>		
Security deposits	10.1	8.9
Less: Allowance for impairment	<u>(10.1)</u>	<u>(8.9)</u>
	<u>582.6</u>	<u>507.5</u>
<b>TOTAL OTHER FINANCIAL ASSETS (A + B)</b>	<u><b>1,050.9</b></u>	<u><b>926.5</b></u>
<b>10. DEFERRED TAX ASSETS (NET)<sup>(1)</sup></b>		
<b>Deferred tax assets</b>		
Contingencies	1,181.2	1,074.8
ROU assets & lease liabilities	52.5	34.1
Employee benefits	349.4	416.0
Allowance for credit impaired assets and Trade receivables	38.2	25.6
Other items deductible on payment	16.0	48.0
Financial Instruments	<u>(3.1)</u>	<u>1.5</u>
	<u>1,634.2</u>	<u>1,600.0</u>
<b>Deferred tax liabilities</b>		
Property, Plant and Equipment	<u>1,378.1</u>	<u>1,341.6</u>
	<u>1,378.1</u>	<u>1,341.6</u>
<b>Net Deferred Tax Assets / (Liabilities)</b>	<u><b>256.1</b></u>	<u><b>258.4</b></u>

(1) Refer Note 37.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

	As at 31 December 2022 (₹ in million)	As at 31 December 2021 (₹ in million)
<b>11. OTHER NON-CURRENT ASSETS</b>		
Investment in Insurance plan <sup>(1)</sup>	12,338.8	13,262.9
Capital advances	815.2	145.0
Prepaid Expense	15.0	-
Payments under protest with government authorities	1,280.0	1,045.5
	<u>14,449.0</u>	<u>14,453.4</u>

(1) Investment represents 'Reimbursement Rights' as defined under Ind AS 19 Employee Benefits to cover the defined benefit obligations under the 'Future Ready Plan' (Refer Note 4 & Note 33).

## 12. INVENTORIES

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

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

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

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

Raw materials {Includes in transit ₹ 509.7 million (2021: ₹ 445.0 million)}	6,400.2	5,897.8
Packing materials {Includes in transit ₹ 22.5 million (2021: ₹ 9.0 million)}	943.2	823.2
Work-in-progress	2,322.8	1,786.7
Finished goods	7,634.8	5,961.9
Stock-in-trade (goods purchased for resale) {Includes in transit ₹ 140.1 million (2021: ₹ 147.7 million)}	802.0	508.3
Stores and spares {Includes in transit ₹ 6.6 million (2021: ₹ 15.3 million)}	1,184.7	948.6
	<u>19,287.7</u>	<u>15,926.5</u>

During the year, an amount of ₹ 831.9 million (net of reversals) [2021: ₹ 877.3 million] was charged to the statement of profit and loss on account of obsolete, damage and slow moving inventories.



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

	As at 31 December 2022 (₹ in million)	As at 31 December 2021 (₹ in million)
<b>13. TRADE RECEIVABLES</b>		
<b>(Unsecured unless otherwise stated)</b>		
Trade Receivables considered good <sup>(1)</sup>	1,990.1	1,703.7
Trade Receivables with significant increase in credit risk	2.2	0.6
	<u>1,992.3</u>	<u>1,704.3</u>
Less: Loss allowance	(2.2)	(0.6)
Less: General Allowance for Expected Credit Loss (Refer Note 38)	(71.2)	(44.0)
	<u>1,918.9</u>	<u>1,659.7</u>

(1) Includes receivables from related parties (Refer Note 42).

**Ageing for Trade receivables from the due date of payment for each of the category as at 31 December 2022** (₹ in million)

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

**Ageing for Trade receivables from the due date of payment for each of the category as at 31 December 2021** (₹ in million)

Particulars	Not Due	Outstanding for following periods from the due date of payment					Total
		Less Than 6 Months	6 Months - 1 Year	1 - 2 Years	2 - 3 Years	More Than 3 Years	
(i) Undisputed Trade Receivables Considered Good	1,214.1	324.9	139.0	12.0	9.3	4.4	1,703.7
(ii) Undisputed Trade Receivables which have significant increase in Credit Risk	-	-	-	-	-	0.6	0.6
(iii) Undisputed Trade Receivables Credit Impaired							
(iv) Disputed Trade Receivables Considered Good							
(v) Disputed Trade Receivables which have significant Increase in Credit Risk							
(vi) Disputed Trade Receivables Credit Impaired							
<b>Total Trade Receivables</b>	<b>1,214.1</b>	<b>324.9</b>	<b>139.0</b>	<b>12.0</b>	<b>9.3</b>	<b>5.0</b>	<b>1,704.3</b>

There are no unbilled receivables as at 31 December, 2022 and 31 December, 2021.

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

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

### 14. CASH AND CASH EQUIVALENTS

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

	As at 31 December 2022 (₹ in million)	As at 31 December 2021 (₹ in million)
Balances with banks		
on current accounts	731.7	381.9
on deposit accounts	8,523.1	6,796.9
Cheques, drafts on hand including remittances in transit	10.7	6.5
	<u>9,265.5</u>	<u>7,185.3</u>

### 15. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

Unpaid dividend accounts	<u>190.0</u>	<u>168.8</u>
	<u>190.0</u>	<u>168.8</u>

### 16. OTHER CURRENT ASSETS

<b>Investment in Insurance plan<sup>(1)</sup></b>	<b>850.6</b>	351.3
<b>Unsecured, considered good</b>		
Advances given to suppliers, employees etc.	129.7	162.7
Balances with government authorities	108.3	168.4
Prepaid expenses	<u>292.1</u>	<u>270.1</u>
	<b>530.1</b>	601.2
<b>Unsecured, credit impaired</b>		
Advances given to suppliers, Balances with government authorities etc.	53.6	44.3
Less: Allowance for doubtful advances	<u>(53.6)</u>	<u>(44.3)</u>
	<u>1,380.7</u>	<u>952.5</u>

(1) Investment represents 'Reimbursement Rights' as defined under Ind AS 19 Employee Benefits to cover the defined benefit obligations under the 'Future Ready Plan' (Refer Note 4 & Note 33).

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

### 17. ASSET HELD FOR SALE

Non-current assets are classified as 'held for sale' when all the following criteria are met:

- decision has been made to sell,
- the assets are available for immediate sale in its present condition,
- the assets are being actively marketed and
- sale has been agreed or is expected to be concluded within 12 months of the Balance Sheet date.

Financial Assets classified as Asset held for sale are subsequently measured in line with Ind AS 109 'Financial Instruments'. Refer accounting policy on 'Financial Instruments'.

	As at 31 December 2022 (₹ in million)	As at 31 December 2021 (₹ in million)
<b>At fair value through Other Comprehensive Income</b>		
<b>Unquoted</b>		
Equity shares of Sahyadri Agro and Dairy Private Limited <sup>(1)</sup> (2022 : Nil)	-	188.8
(2021 : Fully paid up 1,415,050 equity shares of face value ₹ 10 each)	-	188.8

(1) During the year, the Company has sold its entire minority stake of 19.98% in Sahyadri Agro Dairy Private Limited.

	As at 31 December 2022		As at 31 December 2021	
	No. of shares	Amount (₹ in million)	No. of shares	Amount (₹ in million)
<b>18. EQUITY SHARE CAPITAL</b>				
<b>Authorised</b>				
Equity shares of face value ₹ 10 each	100,000,000	1,000.0	100,000,000	1,000.0
<b>Issued, subscribed and fully paid up</b>				
Equity shares of face value ₹ 10 each	96,415,716	964.2	96,415,716	964.2

#### a) Reconciliation of number of shares and amount outstanding at the beginning and at the end of the year

Shares outstanding as at the beginning of the year	96,415,716	964.2	96,415,716	964.2
Movement during the year	-	-	-	-
<b>Shares outstanding as at the end of the year</b>	<b>96,415,716</b>	<b>964.2</b>	<b>96,415,716</b>	<b>964.2</b>

#### b) Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares with face value of ₹ 10 each, ranking *pari passu*.

#### c) Equity shares held by holding companies

Nestlé S.A.	33,051,399	33,051,399
Maggi Enterprises Limited (Subsidiary of Nestlé S.A.) (Ultimate holding company being Nestlé S.A.)	27,463,680	27,463,680

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

### d) Shareholders holding more than 5% of equity shares

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

### e) Shareholdings by the Promoter's of the Company

#### Nestlé S.A.

	As at 31 December 2022	As at 31 December 2021
Number of Shares at the beginning of the year	33,051,399	33,051,399
Change during the year	-	-
Number of Shares at the end of the year	33,051,399	33,051,399
% of Total shares	34.28	34.28
% of change during the year	-	-

#### Maggi Enterprises Limited

	As at 31 December 2022	As at 31 December 2021
Number of Shares at the beginning of the year	27,463,680	27,463,680
Change during the year	-	-
Number of Shares at the end of the year	27,463,680	27,463,680
% of Total shares	28.48	28.48
% of change during the year	-	-

## 19. OTHER EQUITY

	As at 31 December 2022 (₹ in million)	As at 31 December 2021 (₹ in million)
General reserve	8,374.3	8,374.3
Retained earnings	15,144.3	10,694.9
Capital Reserve	99.8	(250.8)
Items of Other Comprehensive Income		
Effective portion of cash flow hedges	9.1	11.2
Equity Instruments through other comprehensive income	-	(330.0)
	<u>23,627.5</u>	<u>18,499.6</u>

### Nature and description of reserve

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

The Board of Directors at their meeting held on 28<sup>th</sup> July 2021, had approved a Scheme of Arrangement between the Company and its Members under Sections 230 to 232 of the Act, as amended, read with other applicable provisions of the Act and rules thereunder, which inter alia envisages the transfer of the entire balance of ₹ 8,374.3 million standing to the





## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

credit of the General Reserves to Retained Earnings ("the Scheme") upon sanction by the Hon'ble National Company Law Tribunal, New Delhi (NCLT). In terms of the Orders of the Hon'ble NCLT, the Scheme was approved by the Members of the Company with requisite majority at the NCLT convened meeting held on 25<sup>th</sup> July 2022. Meeting of the un-secured creditors was dispensed with by the Hon'ble NCLT. The Scheme was admitted by the Hon'ble NCLT in August 2022. Subsequently, the proceedings took place at Hon'ble NCLT and the matter is listed on 21<sup>st</sup> February 2023 for its consideration.

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

	As at 31 December 2022 (₹ in million)	As at 31 December 2021 (₹ in million)
<b>20. BORROWINGS</b>		
<b>A. Non Current Liabilities</b>		
<b>Unsecured loans</b>		
Deferred VAT liabilities		
State of Karnataka <sup>(1)</sup>	215.1	219.5
State of Himachal Pradesh <sup>(2)</sup>	51.5	55.2
	266.6	274.7
<b>B. Current Liabilities</b>		
<b>Unsecured loans</b>		
Deferred VAT liabilities		
State of Karnataka <sup>(1)</sup>	20.4	18.9
State of Himachal Pradesh <sup>(2)</sup>	13.3	47.0
	33.7	65.9
<b>TOTAL BORROWINGS (A + B)</b>	<b>300.3</b>	<b>340.6</b>

(1) Interest free, repayable after 7 years from the date of disbursement in 10 equal annual installments commencing from year 2021.

(2) Interest free, repayable after 8 years from the year of deferment commencing from year 2021.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

	As at 31 December 2022 (₹ in million)	As at 31 December 2021 (₹ in million)
<b>21. PROVISIONS</b>		
<b>A. Non Current Liabilities</b>		
<b>Employee benefits:</b>		
Pension and gratuity (Refer Note 33)	19,796.5	21,653.7
Other incentives and welfare benefits <sup>(1)</sup>	1,834.6	1,879.4
Contingencies (Refer Note 35)	10,420.5	9,319.5
	<u>32,051.6</u>	<u>32,852.6</u>
<b>B. Current Liabilities</b>		
<b>Employee benefits:</b>		
Pension (Refer Note 33)	1,016.2	746.2
Other incentives and welfare benefits <sup>(1)</sup>	270.6	372.7
Contingencies (Refer Note 35)	320.2	268.7
	<u>1,607.0</u>	<u>1,387.6</u>
<b>TOTAL PROVISIONS (A + B)</b>	<u>33,658.6</u>	<u>34,240.2</u>

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

## 22. OTHER NON-CURRENT LIABILITIES

Deferred Government Grants	173.5	199.7
	<u>173.5</u>	<u>199.7</u>

## 23. TRADE PAYABLES

Total outstanding dues of micro enterprises and small enterprises <sup>(1)</sup>	2,856.6	2,601.8
Total outstanding dues of creditors other than micro enterprises and small enterprises <sup>(1)</sup>	16,481.5	14,879.9
	<u>19,338.1</u>	<u>17,481.7</u>

(1) Includes payables to related parties (Refer Note 42).

### Ageing for Trade Payables as at 31 December 2022 (₹ in million)

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



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

Ageing for Trade Payables as at 31 December 2021

(₹ in million)

Particulars	Unbilled Dues / Not Due	Outstanding for the following periods from due date of payment				Total
		Less Than 1 Year	1 - 2 Years	2 - 3 Years	More Than 3 Years	
(i) MSME	2,593.4	8.4	-	-	-	2,601.8
(ii) Others	14,724.8	142.2	9.1	1.8	2.0	14,879.9
(iii) Disputed dues - MSME	-	-	-	-	-	-
(iii) Disputed dues - Others	-	-	-	-	-	-
<b>Trade Payables</b>	<b>17,318.2</b>	<b>150.6</b>	<b>9.1</b>	<b>1.8</b>	<b>2.0</b>	<b>17,481.7</b>

**24. OTHER FINANCIAL LIABILITIES**

	As at 31 December 2022 (₹ in million)	As at 31 December 2021 (₹ in million)
Customers' credit balances and payables	2,157.2	1,551.2
Employee costs and reimbursements	2,327.1	1,794.7
Unpaid dividends <sup>(1)</sup>	190.0	168.8
Security deposits	83.2	81.2
Derivative liabilities - forward contracts	22.6	22.7
Book Overdraft	29.0	-
Consideration payable for Business Combination through Slump Sale (Refer Note 5 : Business Combinations under Common Control)	-	1,421.3
	<u>4,809.1</u>	<u>5,039.9</u>

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

**25. OTHER CURRENT LIABILITIES**

Advance from customers*	1,140.6	686.2
Statutory liabilities	629.0	551.9
Others	540.1	465.2
	<u>2,309.7</u>	<u>1,703.3</u>

\*Goods to be supplied in the next financial year.

**26. REVENUE FROM OPERATIONS**
**a) Sale of products**

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

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

	Year ended 31 December 2022 (₹ in million)		Year ended 31 December 2021 (₹ in million)	
Domestic	160,976.0		140,253.3	
Export	6,919.3	167,895.3	6,395.7	146,649.0

### Class-Wise Details of Sales of Products

Product groups	Year ended 31 December 2022		Year ended 31 December 2021	
	Quantity (MT)	Amount (₹ in million)	Quantity (MT)	Amount (₹ in million)
<b>Milk Products and Nutrition</b> (includes dairy whitener, condensed milk, UHT milk, yoghurt, maternal and infant formula, baby foods, health care nutrition)	134,034	68,157.3	134,669	62,686.3
<b>Prepared Dishes and Cooking Aids</b> (includes noodles, sauces, seasonings, pasta, cereals, pet food)	348,225	53,005.7	329,567	45,813.1
<b>Powdered and Liquid Beverages</b> (includes instant coffee, instant tea, ready to drink beverages)	28,020	20,187.8	24,507	16,918.2
<b>Confectionery</b> (includes bar countlines, tablets, sugar confectionery)	62,401	26,544.5	55,648	21,231.4
<b>Sale of Products</b>	<b>572,680</b>	<b>167,895.3</b>	<b>544,391</b>	<b>146,649.0</b>

### Reconciliation of Revenue from Sale of Products with the Contracted Price

	Year ended 31 December 2022 (₹ in million)		Year ended 31 December 2021 (₹ in million)	
<b>Contracted Price</b>	173,159.5		151,112.3	
Less: Rebates, discounts, allowances etc.	5,264.2		4,463.3	
<b>Sale of products</b>	<b>167,895.3</b>		<b>146,649.0</b>	



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

### b) Other Operating Revenue

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

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

	Year ended 31 December 2022 (₹ in million)	Year ended 31 December 2021 (₹ in million)
Export incentives	654.4	443.0
Other operating income (includes scrap sales)	419.9	313.9
	<u>1,074.3</u>	<u>756.9</u>

### 27. OTHER INCOME

Interest income is recognised using effective interest rate (EIR) method. Dividend income on investments is recognized when the right to receive the payment is established.

Interest on bank deposits, investments and employee loans etc.	507.7	695.3
Interest on tax free long term bonds	502.3	506.2
	<u>1,010.0</u>	<u>1,201.5</u>

### 28. COST OF MATERIALS CONSUMED

Raw materials	63,124.0	50,395.9
Packing materials	13,397.1	11,145.1
	<u>76,521.1</u>	<u>61,541.0</u>

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

#### Opening stock

Finished goods	5,961.9	5,216.8
Work-in-progress	1,786.7	1,931.1
Stock-in-trade	508.3	433.1
	<u>8,256.9</u>	<u>7,581.0</u>

#### Closing Stock

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

Net (increase)/ decrease in opening and closing stock	<u>(2,502.7)</u>	<u>(675.9)</u>
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## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

	Year ended 31 December 2022 (₹ in million)	Year ended 31 December 2021 (₹ in million)
<b>30. EMPLOYEE BENEFITS EXPENSE</b>		
Salaries, wages, bonus, pension, performance incentives etc. (Refer Note 33)	14,284.6	13,556.0
Contribution to provident and other funds	988.7	730.4
Share based payments (Refer Note 34)	143.7	252.2
Staff welfare expenses	937.6	760.8
	<u>16,354.6</u>	<u>15,299.4</u>
<b>31. FINANCE COSTS</b>		
Interest cost on employee benefit plans (Refer Note 33)	683.4	1,495.5
Interest on finance lease	160.7	83.9
Interest on bank overdraft and others (including interest on litigation cases)	701.6	437.4
	<u>1,545.7</u>	<u>2,016.8</u>
<b>32. OTHER EXPENSES</b>		
Finished goods handling, transport and distribution	7,921.4	6,974.6
Advertising and sales promotion	6,955.9	7,725.1
Power and fuel	5,726.1	4,080.6
General licence fees (net of taxes)	7,498.7	6,545.1
Information technology and management information systems	1,272.4	1,128.9
Maintenance and repairs	1,147.1	987.4
Rates and taxes	75.1	66.8
Travelling	887.5	409.9
Contract manufacturing charges	756.5	740.6
Consumption of stores and spare parts	734.1	621.7
Training	324.6	143.3
Withholding tax on general licence fees	750.1	655.0
Laboratory (quality testing)	297.6	265.6
Market research	360.0	372.6
Milk collection and district development	171.2	177.7
Security charges	180.0	152.6
Exchange difference (net)	126.3	2.3
Loss/(Profit) on Property, Plant & Equipment sold/scrapped/written off (net)	(62.6)	(39.7)
Insurance	110.2	94.2
Miscellaneous	1,738.3	1,560.6
	<u>36,970.5</u>	<u>32,664.9</u>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

### 33. EMPLOYEE BENEFIT PLANS

- (i) The Company makes contributions to Provident Fund, Employee State Insurance, National Pension System etc. for eligible employees and these contributions are charged to statement of profit and loss on accrual basis. Under these plans, the Company is required to contribute a specified percentage of payroll costs. The Company has recognised ₹ 988.7 million (Previous year ₹ 730.4 million) as expense in the statement of profit and loss during the year towards contribution to these funds.

Out of the total contribution made for Provident Fund, ₹ 310.6 million (Previous year ₹ 300.8 million) is made to the Nestlé India Limited Employees Provident Fund Trust. The members of the Provident Fund Trust are entitled to the rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952. The Company is generally liable for annual contributions and any shortfall in the fund assets based on the government specified minimum rates of return. The Trustees of Nestlé India Limited Employees Provident Fund Trust are responsible for the overall governance of the plan and to act in accordance with the provisions of the trust deed and the relevant provisions prescribed under the law. Pattern of investment followed by the Trust is in accordance with the rules prescribed by the Government of India.

The total plan liabilities under the Nestlé India Limited Employees Provident Fund Trust as at 31 December 2022 as per the unaudited financial statements are ₹ 5,562.5 million (Previous year ₹ 5,029.1 million) as against total plan assets of ₹ 5,490.0 million (Previous year ₹ 4,949.9 million). The funds of the Trust have been invested under various securities in accordance with the rules prescribed by the Government of India. The market value of quoted investments included in plan assets is ₹ 5,352.8 million (Previous year ₹ 4,971.9 million) having a net book value of ₹ 5,147.3 million (Previous year ₹ 4,616.3 million)

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

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

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

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

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

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

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

### a) MOVEMENT IN DEFINED BENEFIT OBLIGATIONS AND PLAN ASSETS

	31 December 2022 (₹ in million)			31 December 2021 (₹ in million)		
	Gratuity Scheme Funded Plan	Pension Scheme Funded Future Ready Plan	Pension Scheme Unfunded Plan	Gratuity Scheme Funded Plan	Pension Scheme Funded Future Ready Plan	Pension Scheme Unfunded Plan
<b>(i) Change in defined benefit obligation (DBO):</b>						
Present Value of obligation, as at the beginning of the year	2,627.8	13,614.2	8,483.4	2,216.7	-	21,959.5
Reclassification of opening balance on change in Pension Plan	-	-	-	-	14,795.2	(14,795.2)
Current service cost	169.8	-	407.1	138.3	511.1	358.7
Past service cost	-	-	-	-	1,768.2	-
Settlement Cost	-	-	21.2	-	576.9	13.9
Interest cost	169.6	920.4	551.9	143.3	991.7	478.9
Actuarial loss/(gain)	(121.0)	-	(1,485.9)	314.7	948.1	757.2
Actual benefits paid	(230.9)	(1,345.2)	(275.6)	(185.2)	(799.6)	(289.6)
Settlement to Insurance Company for Pensioners	-	-	(180.2)	-	(5,184.6)	-
Others	-	-	-	-	7.2	-
<b>Present Value of obligation, as at the end of the year</b>	<b>2,615.3</b>	<b>13,189.4</b>	<b>7,521.9</b>	<b>2,627.8</b>	<b>13,614.2</b>	<b>8,483.4</b>
<b>(ii) Change in plan assets:</b>						
Plan assets, as at the beginning of the year	2,325.5	-	-	1,942.5	-	-
Expected return on plan assets	160.8	-	-	139.5	-	-
Contribution by the Company	343.0	-	-	434.0	-	-
Return on plan assets, greater/(lesser) than expected return	(84.5)	-	-	(5.3)	-	-
Actual benefits paid	(230.9)	-	-	(185.2)	-	-
<b>Plan assets, as at the end of the year</b>	<b>2,513.9</b>	<b>-</b>	<b>-</b>	<b>2,325.5</b>	<b>-</b>	<b>-</b>
<b>Net Liability recognised in the balance Sheet</b>	<b>101.4</b>	<b>13,189.4</b>	<b>7,521.9</b>	<b>302.3</b>	<b>13,614.2</b>	<b>8,483.4</b>
<i>of which accounted as:</i>						
Non-current provisions	101.4	12,338.7	7,356.4	302.3	13,262.9	8,088.5
Current provisions	-	850.7	165.5	-	351.3	394.9





**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

	31 December 2022 (₹ in million)			31 December 2021 (₹ in million)		
	Gratuity Scheme Funded Plan	Pension Scheme Funded Future Ready Plan	Pension Scheme Unfunded Plan	Gratuity Scheme Funded Plan	Pension Scheme Funded Future Ready Plan	Pension Scheme Unfunded Plan
<b>(iii) Re-imbursment Rights:</b>						
Opening Balance as at the beginning of the year	-	13,614.2	-	-	-	-
Investments during the year	-	-	-	-	13,787.8	-
Return on Investments	-	920.4	-	-	92.7	-
Benefit Payments	-	(1,345.2)	-	-	(266.3)	-
<b>Investments as at the end of the year</b>	<b>-</b>	<b>13,189.4</b>	<b>-</b>	<b>-</b>	<b>13,614.2</b>	<b>-</b>
<b>(iv) Constitution of plan assets:</b>						
<b>Quoted</b>						
Corporate Bonds	860.7	-	-	759.1	-	-
Government of India securities	38.9	-	-	45.9	-	-
State Government/State Government guaranteed securities	1,184.4	-	-	1,093.4	-	-
Mutual funds	286.4	-	-	284.9	-	-
Funding with insurance Companies	143.1	-	-	139.2	-	-
<b>Unquoted</b>						
Cash at bank and receivables	0.4	-	-	3.0	-	-
<b>Total plan assets</b>	<b>2,513.9</b>	<b>-</b>	<b>-</b>	<b>2,325.5</b>	<b>-</b>	<b>-</b>
<b>(v) Cost recognised in the statement of profit and loss:</b>						
Current service cost (net of recoveries)	169.3	-	407.1	136.0	497.2	358.7
Past service cost (net of recoveries) <sup>(1)</sup>	-	-	-	-	1,760.0	-
Settlement Cost <sup>(1)</sup>	-	-	21.2	-	576.9	13.9
Interest cost <sup>(2)</sup>	169.6	920.4	551.9	143.3	991.7	478.9
Expected return on plan assets/re-imbursment rights	(160.8)	(920.4)	-	(139.5)	(92.7)	-
<b>Net cost</b>	<b>178.1</b>	<b>-</b>	<b>980.2</b>	<b>139.8</b>	<b>3,733.1</b>	<b>851.5</b>
<b>(vi) Re-measurements recognised in other comprehensive income:</b>						
<b>Actuarial loss/(gain)</b>						
Change in financial assumptions	(124.6)	-	(814.9)	166.6	309.3	373.0
Change in demographic assumptions	-	-	-	(10.7)	510.2	501.8
Experience adjustments	3.6	-	(671.0)	158.8	128.6	(117.6)
Return on plan assets, (greater)/lesser than expected return	84.5	-	-	5.3	-	-
<b>Net cost</b>	<b>(36.5)</b>	<b>-</b>	<b>(1,485.9)</b>	<b>320.0</b>	<b>948.1</b>	<b>757.2</b>

(1) As mentioned in Note 4, Past service cost and Settlement cost is included as an Exceptional item in 2021. Exceptional item in 2021 also includes ₹ 14.2 million towards incidental expenses incurred for the project.

(2) Total Interest cost on employee benefit plans recognised in statement of profit and loss is ₹ 683.4 million (Previous year ₹ 1,495.5 million). This includes ₹ 560.8 million (Previous year ₹ 1,381.7 million) towards pension and gratuity and balance amount ₹ 122.6 million (Previous year ₹ 113.8 million) towards compensated absences and long service awards.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

### b) KEY ACTUARIAL ASSUMPTIONS

	31 December 2022			31 December 2021		
	Gratuity Scheme Funded Plan	Pension Scheme Funded Future Ready Plan	Pension Scheme Unfunded Plan	Gratuity Scheme Funded Plan	Pension Scheme Funded Future Ready Plan	Pension Scheme Unfunded Plan
Discount Rates (%)	7.25	7.25	7.25	6.75	6.75	6.75
Expected rate of salary increases (%) <sup>(1)</sup>						
First 5 years		5.0 to 14.1			6.2 to 13.7	
Beyond five years		3.6 to 9.2			3.6 to 9.3	
Expected rate of Pension increases (%)	-	-	3.50	-	2.50	3.25 to 3.50
Mortality assumptions in service	Indian Assured Lives Mortality (modified 2006-08) Ultimate rates	No allowance	Indian Assured Lives Mortality (modified 2006-08) Ultimate rates	Indian Assured Lives Mortality (modified 2006-08) Ultimate rates	No allowance	Indian Assured Lives Mortality (modified 2006-08) Ultimate rates
in retirement (for pension scheme)		No allowance	Indian Individual Annuitant's Mortality Table (2012-15)		No allowance	Indian Individual Annuitant's Mortality Table (2012-15)

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

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

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



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

### c) SENSITIVITY ANALYSIS

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

	31 December 2022 (₹ in million)			31 December 2021 (₹ in million)		
	Gratuity Scheme Funded Plan	Pension Scheme Funded Future Ready Plan	Pension Scheme Unfunded Plan	Gratuity Scheme Funded Plan	Pension Scheme Funded Future Ready Plan	Pension Scheme Unfunded Plan
<b>Present Value of obligation - Reported</b>	2615.3	NA	7521.9	2627.8	NA	8483.4
<b>Discount rates</b>						
Increase of 50 basis point	2,479.9	NA	6,815.6	2,488.3	NA	7,645.3
Decrease of 50 basis point	2,763.3	NA	8,336.8	2,780.7	NA	9,456.0
<b>Expected rate of salary increases</b>						
Increase of 50 basis point	2,735.1	NA	8,039.2	2,746.1	NA	9,081.1
Decrease of 50 basis point	2,503.5	NA	7,054.7	2,517.6	NA	7,944.1
<b>Expected rate of Pension increases</b>						
Increase of 50 basis point	NA	NA	7,905.2	NA	NA	8,920.3
Decrease of 50 basis point	NA	NA	7,170.7	NA	NA	8,083.5
<b>Life expectancy</b>						
Increase by 1 year	NA	NA	7,640.8	NA	NA	8,626.8
Decrease by 1 year	NA	NA	7,401.4	NA	NA	8,338.4

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

	31 December 2022			31 December 2021		
	Gratuity Scheme Funded Plan	Pension Scheme Funded Future Ready Plan	Pension Scheme Unfunded Plan	Gratuity Scheme Funded Plan	Pension Scheme Funded Future Ready Plan	Pension Scheme Unfunded Plan
<b>d) WEIGHTED AVERAGE DURATION OF THE DEFINED BENEFIT OBLIGATION</b>	12.0 years	9.6 years	22.7 years	12.0 years	10.3 years	22.7 years
<b>e) EXPECTED CONTRIBUTION TO THE TRUST (₹ in million)</b>	250.0	-	-	302.3	-	-

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

The details are as under:-

	31 December 2022 (₹ in million)	31 December 2021 (₹ in million)
Outstanding, non-vested RSU / PSU grants as at year end	309.7	409.4
RSU / PSU grants vested during the year	241.9	237.9
Recognised in statement of profit and loss	143.7	252.2

The details on number of grants is as under:-

	31 December 2022	31 December 2021
Outstanding, non-vested RSU/ PSU grants as at beginning of the year	62,083	71,085
RSU / PSU grants granted during the year	20,517	22,522
RSU / PSU grants vested/reversed during the year	19,697	31,524
Outstanding, non-vested RSU / PSU grants as at year end	62,903	62,083
Weighted average share price used for valuation of grants at year end (In ₹)	9,589	10,427

### 35. NET PROVISION FOR CONTINGENCIES

The Company has created a contingency provision of ₹ 1,309.4 million (Previous year ₹ 907.5 million) for various contingencies resulting mainly from matters, which are under litigation / related disputes and other uncertainties requiring management judgement. The Company has also reversed/utilised contingency provision of ₹ 156.9 million (Previous year ₹ 749.8 million) due to the settlement of certain litigations and settlement of obligations for which provision is no longer required.

The movement of provisions is given below:

Description	31 December 2022 (₹ in million)				31 December 2021 (₹ in million)			
	Litigations and related disputes		Others	Total	Litigations and related disputes		Others	Total
	Indirect Taxes	Other Litigations			Indirect Taxes	Other Litigations		
Opening balance	3,783.8	4,766.1	1,038.3	9,588.2	3,835.9	4,332.2	1,262.4	9,430.5
Transfer In / Out	-	110.7	(110.7)	-	-	-	-	-
New provisions	226.3	875.5	207.6	1,309.4	243.9	433.9	229.7	907.5
Reversals/Utilisation during the year	(34.5)	-	(122.4)	(156.9)	(296.0)	-	(453.8)	(749.8)
<b>Closing balance</b>	<b>3,975.6</b>	<b>5,752.3</b>	<b>1,012.8</b>	<b>10,740.7</b>	<b>3,783.8</b>	<b>4,766.1</b>	<b>1,038.3</b>	<b>9,588.2</b>



NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Notes:

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

36. CORPORATE SOCIAL RESPONSIBILITY EXPENSE

	31 December 2022 (₹ in million)	31 December 2021 (₹ in million)
Prescribed CSR expenditure as per Section 135 of the Companies Act, 2013	557.9	527.5
(a) Total amount planned to be spent during the year	562.3	529.1
(b) Actual expenditure incurred during the year	563.2	534.0
(c) Paid in Cash <sup>(1)</sup>		
- Pertaining to Current Year	563.2	534.0
- Pertaining to Previous Year	-	4.0
(d) Expenditure incurred during current year and remaining unpaid	-	-
(e) At Nestlé India, under CSR we focus our efforts in society on the overarching ambitions that make an impact in the area of nutrition awareness, water, sanitation, education, enhancing livelihood, rural development projects, ensuring environment sustainability and disaster management including relief, covid.		
(f) Above does not include any related party transactions.		
(g) The Company does not wish to carry forward any excess amount spent during the current year and previous year.		

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

37. (a) TAX EXPENSE

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

Provision for current tax for the period comprises of:

- a) estimated tax expense which has accrued on the profit for the period 1 January 2022 to 31 December 2022 and,
- b) the residual tax expense for the period 1 April 2021 to 31 March 2022 arising out of the finalisation of fiscal accounts (Assessment Year 2022-2023), under the provisions of the Indian Income tax Act, 1961.

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



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

	Year ended 31 December 2022 (₹ in million)	Year ended 31 December 2021 (₹ in million)
<b>(i) Recognised in the statement of profit and loss</b>		
Current Tax	8,686.1	7,443.9
Deferred Tax	(31.6)	(54.8)
	<u>8,654.5</u>	<u>7,389.1</u>
<b>(ii) Recognised in other comprehensive income</b>		
Current Tax	348.6	(504.8)
Deferred Tax	33.9	(4.4)
	<u>382.5</u>	<u>(509.2)</u>
<b>Of which:</b>		
on re-measurement of retiral defined benefit plans	383.2	(509.7)
on changes in fair value of cash flow hedges	(0.7)	0.5
<b>Total Taxes</b>		
Current Tax	9,034.7	6,939.1
Deferred Tax	2.3	(59.2)
	<u>9,037.0</u>	<u>6,879.9</u>

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

	Year ended 31 December 2022 (₹ in million)	Year ended 31 December 2021 (₹ in million)
<b>Profit before Tax</b>	<b>32,559.7</b>	28,573.2
Statutory Income tax rate	25.17%	25.17%
Tax expense @ Statutory Income tax rate	8,194.6	7,191.3
<b>Tax effect of permanent adjustments made for computing taxable income</b>		
Non-deductible expenses	303.2	263.6
Provision for contingencies	283.1	251.0
Income exempt from tax	(126.4)	(127.4)
Adjustment of current tax for prior periods	-	(189.4)
<b>Tax expense recognised in the statement of profit and loss</b>	<u><b>8,654.5</b></u>	<u>7,389.1</u>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

### (b) MOVEMENT IN DEFERRED TAXES

As at 31 December 2022

(₹ in million)

Particulars	Opening balance	Recognised in the statement of profit and loss	Recognised in other comprehensive income	Closing balance
<b>Deferred tax assets</b>				
Contingencies	1,074.8	106.4	-	1,181.2
Employee benefits- compensated absences and gratuity	416.0	(32.0)	(34.6)	349.4
ROU assets & Lease liabilities	34.1	18.4	-	52.5
Allowance for credit impaired assets and Trade receivables	25.6	12.6	-	38.2
Other items deductible on payment basis	48.0	(32.0)	-	16.0
Financial Instruments	1.5	(5.3)	0.7	(3.1)
<b>Sub-Total (A)</b>	<b>1,600.0</b>	<b>68.1</b>	<b>(33.9)</b>	<b>1,634.2</b>
<b>Deferred tax liabilities</b>				
Property, plant and equipment	1,341.6	36.5	-	1,378.1
<b>Sub-Total (B)</b>	<b>1,341.6</b>	<b>36.5</b>	<b>-</b>	<b>1,378.1</b>
<b>Net Deferred Tax Assets (A-B)</b>	<b>258.4</b>	<b>31.6</b>	<b>(33.9)</b>	<b>256.1</b>

As at 31 December 2021

(₹ in million)

Particulars	Opening balance	Recognised in the statement of profit and loss	Recognised in other comprehensive income	Closing balance
<b>Deferred tax assets</b>				
Contingencies	1,115.9	(41.1)	-	1,074.8
Employee benefits- compensated absences and gratuity	369.3	41.8	4.9	416.0
ROU assets & Lease liabilities	44.3	(10.2)	-	34.1
Allowance for credit impaired assets and Trade receivables	22.2	3.4	-	25.6
Other items deductible on payment basis	31.2	16.8	-	48.0
Financial Instruments	0.9	1.1	(0.5)	1.5
<b>Sub-Total (A)</b>	<b>1,583.8</b>	<b>11.8</b>	<b>4.4</b>	<b>1,600.0</b>
<b>Deferred tax liabilities</b>				
Property, plant and equipment	1,384.6	(43.0)	-	1,341.6
<b>Sub-Total (B)</b>	<b>1,384.6</b>	<b>(43.0)</b>	<b>-</b>	<b>1,341.6</b>
<b>Net Deferred Tax Assets (A-B)</b>	<b>199.2</b>	<b>54.8</b>	<b>4.4</b>	<b>258.4</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

### 38. FINANCIAL INSTRUMENTS

#### (a) RECOGNITION AND INITIAL MEASUREMENT

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

#### (b) CLASSIFICATION AND SUBSEQUENT MEASUREMENT OF FINANCIAL ASSETS

##### (i) Debt Instruments

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

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

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

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

##### (ii) Equity Instruments

The Company has made investment in equity instruments that are initially measured at fair value. The company has elected irrevocable option to measure such investments at FVOCI. The Company makes such election on an instrument-by-instrument basis. Pursuant to such irrevocable option, changes in fair value are recognised in the OCI and is subsequently not reclassified to the statement of profit and loss.

#### (c) CLASSIFICATION AND SUBSEQUENT MEASUREMENT OF FINANCIAL LIABILITIES

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

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

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

#### (d) DERECOGNITION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

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



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

### (e) IMPAIRMENT OF FINANCIAL ASSETS

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

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

### (f) DERIVATIVES AND HEDGE ACCOUNTING

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

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

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

### (g) FAIR VALUE MEASUREMENT

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

### (h) FINANCIAL INSTRUMENTS BY CATEGORY

	Note	As at 31 December 2022 (₹ in million)	As at 31 December 2021 (₹ in million)
<b>Financial assets</b>			
<b>(i) Measured at Amortised Cost</b>			
Investments			
Long Term Tax free Bonds	7	5,601.9	7,107.0
Treasury Bills - Government Securities	7	698.5	549.1
Long Term Tax free Bonds - Current portion	7	1,475.0	83.7
Trade receivables	13	1,918.9	1,659.7
Cash and cash equivalents	14	9,265.5	7,185.3
Bank Balances other than cash and cash equivalents	15	190.0	168.8
Loans	8	192.6	179.6
Other financial assets	9	1,021.1	905.4
		<b>20,363.5</b>	<b>17,838.6</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	As at 31 December 2022 (₹ in million)	As at 31 December 2021 (₹ in million)
<b>(ii) Measured at Fair Value through Other Comprehensive Income</b>			
Investment in Equity Shares	17	-	188.8
		-	188.8
<b>(iii) Measured at Fair Value through Profit &amp; Loss</b>			
Derivative assets - forward contracts	9	29.8	21.1
		29.8	21.1
<b>Total Financial assets (i + ii + iii)</b>		<b>20,393.3</b>	<b>18,048.5</b>
<b>Financial Liabilities</b>			
<b>(i) Measured at Amortised Cost</b>			
Borrowings	20	300.3	340.6
Lease liabilities		2,404.9	2,324.0
Trade payables	23	19,338.1	17,481.7
Payables for capital expenditure		1,871.3	1,548.1
Other financial liabilities	24	4,786.5	5,017.2
		28,701.1	26,711.6
<b>(ii) Measured at Fair Value through Profit &amp; Loss</b>			
Derivative liabilities - forward contracts	24	22.6	22.7
		22.6	22.7
<b>Total Financial liabilities (i + ii)</b>		<b>28,723.7</b>	<b>26,734.3</b>
<b>(i) FAIR VALUE HIERARCHY</b>			
<b>(i) Financial assets/liabilities at amortised cost</b>			
The carrying amount of financial assets and financial liabilities measured at amortised cost are a reasonable approximation of their fair values except Investments for which the fair value are as follows:			
Fair value of Investments measured at amortised cost (Level 1)			
		8,122.6	8,431.4
<b>(ii) Financial assets at fair value through other comprehensive income</b>			
Investment in Equity Shares (Level 3)		-	188.8
<b>(iii) Financial assets at fair value through profit &amp; loss</b>			
Derivative assets - forward contracts (Level 2)		29.8	21.1
<b>(iv) Financial liabilities at fair value through profit &amp; loss</b>			
Derivative liabilities - forward contracts (Level 2)		22.6	22.7

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

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

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

There are no transfers between different fair value hierarchy levels.

### (j) FINANCIAL RISK MANAGEMENT

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

#### (i) Liquidity risk

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

#### Maturities of financial liabilities:

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

(₹ in million)

	Undiscounted Amount			Total
	Carrying amount	Less than 1 year	Beyond 1 year	
<b>As at 31 December 2022</b>				
Borrowings	300.3	33.7	423.3	456.9
Lease liabilities	2,404.9	627.5	2,446.3	3,073.8
Trade payables	19,338.1	19,338.1	-	19,338.1
Payables for capital expenditure	1,871.3	1,871.3	-	1,871.3
Other financial liabilities	4,786.5	4,786.5	-	4,786.5
Derivative liabilities - forward contracts	22.6	22.6	-	22.6
	<b>28,723.7</b>	<b>26,679.7</b>	<b>2,869.6</b>	<b>29,549.3</b>
<b>As at 31 December 2021</b>				
Borrowings	340.6	71.2	456.1	527.3
Lease liabilities	2,324.0	583.1	2,570.4	3,153.5
Trade payables	17,481.7	17,481.7	-	17,481.7
Payables for capital expenditure	1,548.1	1,548.1	-	1,548.1
Other financial liabilities	5,017.2	5,017.2	-	5,017.2
Derivative liabilities - forward contracts	22.7	22.7	-	22.7
	<b>26,734.3</b>	<b>24,724.0</b>	<b>3,026.5</b>	<b>27,750.5</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

### (ii) Credit risk

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

#### Investments

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

#### Trade receivables

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

Movement in expected credit loss allowance on trade receivables:

	31 December 2022 (₹ in million)	31 December 2021 (₹ in million)
Balance as at the beginning of the year	44.0	34.5
Movement during the year	27.2	9.5
Balance as at the end of the year	<u>71.2</u>	<u>44.0</u>

#### Other financial assets

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

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

### (iii) Market Risk

#### Interest rate risk

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

#### Price risk

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



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**
**Foreign currency risk**

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

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

	Currency	As at 31 December 2022 (₹ in million)		As at 31 December 2021 (₹ in million)	
		Hedged <sup>(1)</sup>	Unhedged	Hedged <sup>(1)</sup>	Unhedged
Against exports	USD	1,850.7	-	1,470.1	-
	EUR	-	-	-	2.2
	CHF	-	85.5	-	18.8
Against imports (Including Capital imports)	USD	450.4	368.9	486.3	347.1
	EUR	192.0	815.1	643.0	282.7
	AUD	159.6	49.5	167.1	4.0
	CHF	-	91.9	-	42.0
	GBP	-	67.0	-	125.1
	SGD	-	57.5	-	20.4
	JPY	-	126.3	-	21.7

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

**Sensitivity analysis :**

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

	Currency	As at 31 December 2022 (₹ in million)		As at 31 December 2021 (₹ in million)	
		Gain on appreciation	Loss on depreciation	Gain on appreciation	Loss on depreciation
5% appreciation/ depreciation in Indian Rupees	USD	18.4	(18.4)	17.4	(17.4)
	EUR	40.8	(40.8)	14.0	(14.0)
	AUD	2.5	(2.5)	0.2	(0.2)
	CHF	0.3	(0.3)	1.2	(1.2)
	GBP	3.3	(3.3)	6.3	(6.3)
	SGD	2.9	(2.9)	1.0	(1.0)
	JPY	6.3	(6.3)	1.1	(1.1)

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

### (k) DERIVATIVE FINANCIAL INSTRUMENTS

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

	31 December 2022 (₹ in million)	31 December 2021 (₹ in million)
(i) Fair value of cash flow hedges		
Derivative assets	29.8	21.1
Derivative liabilities	22.6	22.7
(ii) Notional value of cash flow hedges	2,681.0	2,840.3
(iii) Movement in respect of designated cash flow hedges is summarised below:		
<b>Balance as at the beginning of the year</b>	<b>11.2</b>	<b>9.7</b>
Add: Gains/ (loss) recognised in other comprehensive income	(102.6)	(21.9)
Less: Gains/ (loss) reclassified to statement of profit and loss	(99.8)	(23.9)
Less: Net deferred taxes on the movement	(0.7)	0.5
<b>Balance as at the end of the year</b>	<b>9.1</b>	<b>11.2</b>

### 39. CAPITAL MANAGEMENT

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

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

### 40. AUDITORS REMUNERATION<sup>(1)</sup>

{included under Miscellaneous expense (Refer Note 32)}

	Year ended 31 December 2022 (₹ in million)	Year ended 31 December 2021 (₹ in million)
(i) Statutory auditors' remuneration and expenses in respect of:		
a) Statutory audit and limited review	15.8	16.8
b) Audit of accounts for fiscal year and tax audit	4.3	3.7
c) Limited review of quarterly un-audited results	-	-
d) Certifications	2.6	1.5
e) Other Assurance Related	-	2.4
f) Audit of employee trust accounts	0.3	0.0
g) Out of pocket expenses for statutory audit and other matters	0.6	2.0
	<u>23.6</u>	<u>26.4</u>
(ii) Cost auditors' remuneration and expenses in respect of:		
a) Cost audit fees	0.2	0.2
b) Certifications	-	-
	<u>0.2</u>	<u>0.2</u>

(1) excluding applicable taxes.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

	As at 31 December 2022 (₹ in million)	As at 31 December 2021 (₹ in million)
<b>41. CONTINGENT LIABILITIES AND COMMITMENTS</b>		
<b>(i) Contingent liabilities</b>		
Claims against the Company not acknowledged as debts:		
Indirect Taxes	36.1	34.0
<b>(ii) Capital Commitments</b>		
Capital expenditure commitments remaining to be executed and not provided for [net of advances ₹ 815.2 million (previous year ₹ 145.0 million)]	7,865.7	1,860.9

## 42. RELATED PARTY DISCLOSURES UNDER IND AS 24

### (a) RELATED PARTY AND THEIR RELATIONSHIP

#### (i) Holding Companies

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

#### (ii) Fellow subsidiaries with whom the Company had transactions

Cereal Partners Gida Ticaret	Nestlé Manufacturing (Malaysia)
CEREAL PARTNERS POLAND	Nestlé Mídlé éast FZé
CPW S.A.	Nestlé Néderland BV
Dongguan Hsu Chi Food Co. Ltd.	Nestlé Nespresso S.A.
LOTTE-Nestlé Korea Co. Ltd.	Nestlé Nigeria Plc
Nestec York Ltd.	Nestlé Opérationel Sérvicés Worldwide S.A.
Nestlé (China) Ltd.	Nestlé Phillipínés, Inc.
Nestlé (South Africa) (Pty). Ltd.	Nestlé Products Sdn. Bhd.
Nestlé (Thai) Ltd.	NESTLÉ PURINA PETCARE
Nestlé Asean (Malaysia) Sdn. Bhd.	Nestlé R&D Center India Private limited
Nestlé Australia Ltd.	Nestlé R&D Céntré (Pté). Ltd.
Nestlé Bangladesh Ltd.	Nestlé Rossiya LLC
Nestlé Business Services, Lisbon.	Nestlé S.A.
Nestlé Cote D'Ivoire	Nestlé Singaporé (Pté) Ltd.
Nestlé Déútschland AG	Nestlé Suissé S.A.
Nestlé Dongguan Ltd.	Nestlé UK Ltd.
Nestlé Dubai Manufacturing LLC	Nestlé USA Inc.
Nestlé Enterprises S.A.	Nestlé Víétnam Ltd.
Nestlé Espana, S.A.	Nestlé Watérs Managémént & Téchology
Nestlé Francé S.A.S.	NESTRADÉ S.A.
Nestlé Ghana	PT Nestlé Indonésia
Nestlé Global Services Italy Srl.	Purina Petcare India Pvt. Ltd.
Nestlé Japan Ltd.	SMA Nutrition India Private Limited
Nestlé Jordan	Société des Produits Nestlé S.A.
Nestlé Koréa Ltd.	SOFINOL S.A.
Nestlé Lanka PLC	Wyeth Nutritionals

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

Piramal Glass Private Limited  
Piramal Enterprises Limited

### (iv) Key Management Personnel

#### Executive Directors

Suresh Narayanan, Chairman and Managing Director  
David Steven McDaniel, Executive Director - Finance & Control and CFO  
Matthias Christoph Lohner, Executive Director-Technical

#### Independent Non-Executive Directors

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

### (v) Employees benefit trusts where control exists

Nestlé India Limited Employees Provident Fund Trust  
Nestlé India Limited Employees Gratuity Trust

## (b) NATURE OF TRANSACTIONS

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

Particulars	Year ended 31 December 2022 (₹ in million)	Year ended 31 December 2021 (₹ in million)
<b>Holding companies:</b>		
(a) Dividends		
- Nestlé S.A.	6,940.8	6,610.3
- Maggi Enterprises Limited (Subsidiary of Nestlé S.A.)	5,767.4	5,492.7
(b) Expenses incurred		
- Nestlé S.A.	241.9	237.9
<b>Fellow subsidiaries:</b>		
(a) Sale of finished and other goods		
- Nestlé Enterprises S.A.	3,206.6	2,239.9
- Nestrade S.A.	416.6	1,383.1
- Nestlé Bangladesh Ltd.	407.9	75.7
- Others	7.1	10.5
(b) Sale of property, plant & equipment		
- Dongguan Hsu Chi Food Co., Ltd.	24.9	-
- Others	1.7	-
(c) Purchase of property, plant and equipment		
- Nestec York Ltd.	-	73.4



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Particulars	Year ended 31 December 2022 (₹ in million)	Year ended 31 December 2021 (₹ in million)
(d) Purchase of raw and packing materials		
- Nestrade S.A.	96.9	447.6
- Nestlé Enterprises S.A.	318.1	45.2
- Others	-	1.4
(e) Purchase of finished goods		
- Nestlé Lanka PLC	667.4	380.3
- Nestlé Enterprises S.A.	747.8	351.0
- Nestrade S.A.	121.6	399.3
- Others	-	12.1
(f) General licence fees (net of taxes)		
- Société des Produits Nestlé S.A.	7490.6	6,540.5
- CPW S.A.	8.1	4.6
(g) Expenses recovered <sup>(1)</sup>		
- Nestlé Operational Services Worldwide S.A.	122.4	113.6
- Nestlé Lanka PLC	88.8	94.5
- Nestlé S.A.	66.2	-
- Nestlé Bangladesh Ltd.	65.7	70.4
- Nestlé R&D Centre India Private Limited	45.0	50.8
- Nestlé Australia Ltd.	41.8	29.3
- Société des Produits Nestlé S.A.	24.3	43.8
- Others	77.0	62.2
(h) Expenses incurred		
- Nestlé R & D Center (Pte). Limited	45.1	41.5
- Nestlé USA Inc.	20.1	7.2
- Nestlé Francé S.A.S.	16.2	30.1
- Nestlé Operational Services Worldwide S.A.	41.1	19.8
- Nestlé R&D Centre India Private Limited	25.2	-
- Others	54.3	50.1
(i) Information technology and management information systems		
- Nestlé Australia Ltd.	884.1	791.0
(j) Purchase of Pet Food Business		
- Purina Petcare India Private Limited	1,421.3	-
<b>Entities Controlled by Key Management Personnel:</b>		
Purchase of raw and packing materials		
- Piramal Glass Private Limited	-	63.3
- Piramal Enterprises Limited	17.6	9.5

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Particulars	Year ended 31 December 2022 (₹ in million)	Year ended 31 December 2021 (₹ in million)
<b>Remuneration to Key Management personnel<sup>(2)</sup>:</b>		
Executive directors		
- Short term employee benefits	275.1	286.2
- Post employment benefits	6.2	5.9
- Share based payments	43.3	49.8
Non - Executive directors		
- Short term employee benefits (Sitting fee & Commission)	18.3	15.9
<b>Contribution to Employee related trusts:</b>		
- Nestlé India Limited Employees Provident Fund Trust	350.8	322.9
- Nestlé India Limited Employees Gratuity Trust Fund	343.0	434.0
	<b>As at 31 December 2022 (₹ in million)</b>	<b>As at 31 December 2021 (₹ in million)</b>
<b>Balance outstanding as at the year end<sup>(3)</sup>:</b>		
Receivables from fellow subsidiaries	856.5	575.5
Payables to fellow subsidiaries	1,308.5	2,562.8
Payables to entities controlled by Key Managerial Personnel	-	3.9
Payables to Key management personnel	70.3	64.2
Payables to Employees Provident Fund Trust	26.1	25.3

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

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

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

### 43. SEGMENT REPORTING

Based on the guiding principles given in Ind AS 108 on 'Operating Segments', the Company's business activity falls within a single operating segment, namely Food. The food business incorporates product groups viz. Milk Products and Nutrition, Prepared Dishes and Cooking aids, Powdered and Liquid Beverages and Confectionery (Refer Note 26).

#### Information by Geographies

(i) Revenue from external customers

	Year ended 31 December 2022 (₹ in million)	Year ended 31 December 2021 (₹ in million)
India	160,976.0	140,253.3
Outside India	6,919.3	6,395.7
	<u>167,895.3</u>	<u>146,649.0</u>

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

#### Revenue from major customers

There is no single customer that accounts for more than 10% of the Company's revenue for the year ended 31 December 2022 and 31 December 2021. The other disclosure requirements of Ind AS 108 are not applicable.



NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

	Year ended 31 December 2022 (₹ in million)	Year ended 31 December 2021 (₹ in million)
<b>44. DIVIDENDS</b>		
<b>(i) Dividend paid during the year</b>		
Interim Dividend of ₹ 145.00 per share for 2022 [for 2021: ₹ 135.00 per share]	13,980.3	13,016.1
Final Dividend of ₹ 65.00 per share for 2021 [for 2020: ₹ 65.00 per share]	6,267.0	6,267.0

**(ii) Proposed Final Dividend**

The Board of Directors have recommended a final dividend of ₹ 75.00 per equity share amounting to ₹ 7,231.2 million for the year 2022 after the balance sheet date. The same is subject to approval by the shareholders at the ensuing Annual General Meeting of the Company and therefore proposed final dividend has not been recognised as a liability as at the balance sheet date in line with Ind AS 10 on 'Events after the Reporting Period'.

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

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

	As at 31 December 2022 (₹ in million)	As at 31 December 2021 (₹ in million)
(i) Principal amount remaining unpaid	3,104.1	2,812.4
(ii) Interest due thereon remaining unpaid	-	-
(iii) Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along-with the amount of the payment made to the supplier beyond the appointed day during the period	-	-
(iv) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006	-	-
(v) Interest accrued and remaining unpaid	-	-
(vi) Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	-	-

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

### 46. RELATIONSHIP WITH STRUCK OFF COMPANIES

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

S. No.	Name of Struck off Company	Nature of Transactions	Relationship with Struck off Company	Balance outstanding as at 31 December 2022 (₹ in million)	Balance outstanding as at 31 December 2021 (₹ in million)
1	Shivam Distributors Private Limited	Sale of Goods	Customer	(0.6)	*
2	Vaishno Enterprises Pvt. Ltd.	Sale of Goods	Customer	(0.2)	(0.1)
3	Ganpati Enterprises Private Limited	Sale of Goods	Customer	(0.1)	-
4	Emerald Distributor Pvt. Ltd.	Sale of Goods	Customer	(0.5)	-
5	Southern Star Private Limited	Purchase of Services	Supplier	(0.1)	-
6	Evince Advertising Private Limited	Purchase of Services	Supplier	*	*
7	Ananya Outsourcing Services Private Limited	Purchase of Services	Supplier	*	*
8	Popular Stock & Share Services Ltd.	Shares held	Shareholder	NA	NA
9	AES Engineering Co. Pvt. Ltd.	Shares held	Shareholder	NA	NA
10	Unicon Fincap Private Limited	Shares held	Shareholder	NA	NA
11	Siddha Papers Private Limited	Shares held	Shareholder	NA	NA
12	Tashi Dake Investments Pvt. Ltd.	Shares held	Shareholder	NA	NA
13	Tower Capital and Financial Services Pvt. Ltd.	Shares held	Shareholder	NA	NA
14	Integra Micro Systems Pvt. Ltd.	Shares held	Shareholder	NA	NA
15	Salasar Industrial Services Limited	Shares held	Shareholder	NA	NA

\*represents amounts payable/ recoverable less than INR 50,000 as on reporting date.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

### 47. ACCOUNTING RATIOS

S. No.	Ratio	Numerator	Denominator	2022	2021	% Variance
I	Current Ratio (in times)	Current Assets	Current Liabilities	1.1	1.0	13%
II	Debt-Equity Ratio (in times)	Total Debt (Note 1)	Equity	0.1	0.1	-20%#
III	Debt Service Coverage Ratio (in times)	Earnings Available for Debt Service (Note 2)	Total Debt Service (Note 3)	30.0	31.9	-6%
IV	Return on Equity Ratio (in percentage)	Profit after Tax	Average Shareholder Equity	108.5%	111.0%	-2%
V	Inventory Turnover Ratio (in times)	Net Sales	Average Inventory	9.5	9.7	-2%
VI	Trade Receivables Turnover Ratio (in times)	Net Sales	Average Trade Receivables	93.8	88.6	6%
VII	Trade Payables Turnover Ratio (in times)	Purchases (Note 4)	Average Trade Payables	6.4	6.0	7%
VIII	Net Capital Turnover Ratio (in times)	Net Sales	Working Capital (Note 5)	40.9	(5,711.0)	-101%*
IX	Net Profit Ratio (in percentage)	Profit after Tax	Net Sales	14.2%	14.4%	-1%
X	Return on Capital Employed (in percentage)	Earning before Interest and Taxes (Note 6)	Capital Employed (Note 7)	122.4%	145.2%	-16%
XI	Return on Investment (in percentage)	Earnings from Invested Funds (Note 8)	Average Invested Funds	10.4%	5.8%	81%^

\* Higher current assets due to higher inventory and higher cash and cash equivalents.

# Increase in Equity due to increase in retained earnings with passage of time.

^ Lower average invested funds due to investment in insurance plan.

#### Notes

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



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

### 48. OTHER STATUTORY INFORMATION

- (i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property under Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- (iii) The Company has not traded or invested in Crypto currency or Virtual Currency during the current financial year and previous financial year.
- (iv) The Company does not have any such transactions which has not been recorded in the books of accounts but has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- (v) The Company has not been declared as wilful defaulter by any bank or financial institution or other lender.
- (vi) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (ultimate beneficiaries), or (b) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.  
The Company has not received funds from any person(s) or entity(ies), including foreign entities, with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly, (a) lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party, or (b) provide any guarantee, security or the like on behalf of the ultimate beneficiaries.
- (vii) Quarterly returns or statements of current assets filed by the Company with the banks in connection with the working capital limit sanctioned are in agreement with the books of accounts.
- (viii) The title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.

### 49. NEW LABOUR CODES

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

### 50. REGROUPING / RECLASSIFICATION

Previous year's figures have been regrouped / reclassified, where necessary, to conform to the current year's classification. Please also refer to Note 5 on Business Combination under Common Control.

As per our report of even date attached  
For S.R. Batliboi & Co. LLP  
Chartered Accountants  
Firm's Registration No. - 301003E/E300005

For and on behalf of the Board of Directors

PANKAJ CHADHA  
Partner  
Membership No. - 091813

SURESH NARAYANAN  
Chairman and  
Managing Director  
(DIN-07246738)

DAVID McDANIEL  
Executive Director - Finance  
& Control and CFO  
(DIN-08662504)

PRAMOD KUMAR RAI  
Company Secretary  
Membership No. - FCS 4676  
PAN-ABVPR5131P

16 February 2023  
Gurugram

16 February 2023  
Gurugram



## ANNEXURE - 1 TO THE BOARD'S REPORT

### REPORT ON CORPORATE GOVERNANCE FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2022

#### NESTLÉ'S PHILOSOPHY ON CODE OF GOVERNANCE

Nestlé India Limited ("the Company"), as a part of Nestlé Group, Switzerland has over the years followed best practices of Corporate Governance by adhering to practices of the Nestlé Group. The significant documents from Nestlé Group, which define the standard of behaviour of the Company, are "The Nestlé Corporate Business Principles", "The Nestlé Management and Leadership Principles" and "The Nestlé India Code of Business Conduct".

The Company's business objective and that of its management and employees is to manufacture and market the Company's products in such a way as to create value that can be sustained over the long term for consumers, shareholders, employees, business partners and the national economy. The Company is conscious of the fact that the success of a corporation is a reflection of the professionalism, conduct and ethical values of its management and employees. In addition to compliance with regulatory requirements, the Company endeavours to ensure that highest standards of ethical and responsible conduct are met throughout the organisation.

#### BOARD OF DIRECTORS

**Composition and category of Directors, attendance of each Director at the Board Meetings and the last Annual General Meeting, number of other Board of Directors or Committees in which a Director is a member or chairperson, name of the other listed companies, where such director is a Director and category of Directorship**

Above information as on 31<sup>st</sup> December 2022 or for the year 2022, as applicable, is tabulated hereunder:

Director - Category	DIN	No. of Board Meetings attended	Attendance at the last AGM on 12 <sup>th</sup> April 2022	No. of outside Directorship held <sup>A</sup>	No. of Membership/ Chairpersonship in other Board Committees <sup>B</sup>		Category of Directorship and name of the other listed companies as on 31 <sup>st</sup> December 2022
					Member	Chairperson	
<b>Executive</b>							
Mr. Suresh Narayanan	07246738	7	Yes	1	Nil	Nil	<b>Independent Director</b> - Asian Paints Limited
Mr. David Steven McDaniel	08662504	7	Yes	Nil	Nil	Nil	-
Mr. Matthias Christoph Lohner	08934420	7	Yes	Nil	Nil	Nil	-
<b>Independent Non-Executive</b>							
Dr. Swati A. Piramal	00067125	6	Yes	5	Nil	Nil	<b>Executive Director</b> - Piramal Enterprises Limited
Mr. Rajya Vardhan Kanoria	00003792	7	Yes	7	4	3	<b>Executive Director</b> - Kanoria Chemicals and Industries Limited <b>Non-Independent Non-Executive Director</b> - Ludlow Jute & Specialties Limited <b>Independent Director</b> - J K Paper Limited
Mr. Prathivadibhayanagara Rajagopalan Ramesh	01915274	7	Yes	9	6	1	<b>Independent Director</b> - Cipla Limited - Crompton Greaves Consumer Electricals Limited - Tejas Networks Limited <b>Non-Independent Non-Executive Director</b> Housing Development Finance Corporation Limited
Ms. Anjali Bansal <sup>C</sup>	00207746	2	NA*	7	3	0	<b>Independent Director</b> - Piramal Enterprises Limited - The Tata Power Company Limited - Voltas Limited
Ms. Alpana Parida <sup>C</sup>	06796621	2	NA*	8	3	2	<b>Independent Director</b> - FSN E-Commerce Ventures Limited - Cosmo First Limited (earlier known as Cosmo Films Limited)
Ms. Rama Bijapurkar <sup>D</sup>	00001835	3	Yes	-	-	-	-
Ms. Roopa Kudva <sup>D</sup>	00001766	4	Yes	-	-	-	-

A Directorship in companies registered under the Companies Act, 2013 ("the Act") or any earlier enactments, excluding companies under Section 8 of the Act.

B Only covers Membership/Chairpersonship of Audit Committee and Stakeholders Relationship Committee of public limited companies.



C Ms. Anjali Bansal (DIN:00207746) and Ms. Alpana Parida (DIN:06796621) were appointed as Independent Non-Executive Director of the Company with effect from 1<sup>st</sup> May 2022 and 1<sup>st</sup> June 2022, respectively.

D Ms. Rama Bijapurkar (DIN: 00001835), Independent Non-Executive Director, retired from the Company with effect from 30<sup>th</sup> April 2022 upon completion of her term of five years and Ms. Roopa Kudva (DIN: 00001766), resigned from the Company as Independent Non-Executive Director with effect from 31<sup>st</sup> May 2022.

NA \* Not Applicable

The Board of Directors of your Company has a good and diverse mix of Executive and Non-Executive Directors with majority of the Board Members comprising Independent Non-Executive Directors and the same is also in line with the Companies Act, 2013 ("the Act") and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). As on 31<sup>st</sup> December 2022, the Board of Directors consisted of eight Directors comprising of one Executive Chairman, five Independent Non-Executive Directors, including three woman Directors, and two Executive Directors. None of the Independent Non-Executive Directors of the Company serves as Independent Non-Executive Director in more than seven listed companies and where any Independent Non-Executive Director is serving as a whole-time director in any listed company, such director is not serving as Independent Non-Executive Director in more than three listed companies.

During the year, the Board met seven times on 2<sup>nd</sup> February 2022, 16<sup>th</sup> February 2022, 17<sup>th</sup> February 2022, 11<sup>th</sup> April 2022, 21<sup>st</sup> April 2022, 28<sup>th</sup> July 2022 and 19<sup>th</sup> October 2022. The Directors participated in the meetings of the Board and Committees held during the year 2022 through VC/ OAVM facility/ physically. The meetings and agenda items taken up during the meetings complied with the requirement of the Act and Listing Regulations read with various circulars issued by the Ministry of Corporate Affairs ("MCA") and Securities and Exchange Board of India ("SEBI"). The maximum gap between any two Board Meetings was less than one hundred and twenty days. All material information was circulated to the directors before the meeting or placed at the meeting, including minimum information required to be made available to the Board of Directors as prescribed under Part-A of Schedule II of sub-regulation 7 of Regulation 17 of the Listing Regulations.

The Company has proper online systems to enable the Board of Directors to review on a half yearly basis compliance report of all laws applicable to the Company, as prepared by the Company as well as to assess the steps taken by the Company to rectify instances of non-compliances, if any. Such system is adequate and operating effectively.

### Independent Directors

The Company has familiarisation programme for Independent Non-Executive Directors with regard to their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, the business model of the Company etc. The familiarisation programme along with details of the same imparted to the Independent Non-Executive Directors during the year are available on the website of the Company at <https://www.nestle.in/investors/directorsandofficers/familiarisation-programme>.

During the year, a separate meeting of the Independent Non-Executive Directors was held on 16<sup>th</sup> February 2022 without the attendance of Non-Independent Directors and members of the management. All Independent Non-Executive Directors attended the said meeting through VC/ OAVM facility.

None of the Directors held any equity share(s) or convertible instrument(s) of the Company during the year ended 31<sup>st</sup> December 2022. Further, none of the Directors had any relationships inter-se. The Independent Non-Executive Directors provided an annual confirmation that they meet the criteria of independence.

Based on the confirmations/ disclosures received from the Independent Non-Executive Directors in terms of Regulation 25(9) of the Listing Regulations and a certificate from M/s. S.N. Ananthasubramanian & Co., Practising Company Secretary (Registration No. 1774), Secretarial Auditors of the Company, the Board of Directors is of the opinion that the Independent Non-Executive Directors fulfil the criteria or conditions specified under the Act and under the Listing Regulations and are independent of the management.

Ms. Rama Bijapurkar (DIN: 00001835), Independent Non-Executive Director, retired as a Director of the Company with effect from 30<sup>th</sup> April 2022 upon completion of her term of five consecutive years. Ms. Roopa Kudva (DIN: 00001766), Independent Non-Executive Director, resigned from her office as an Independent Non-Executive Director with effect from 31<sup>st</sup> May 2022. Her resignation letter included a detailed statement of reason, including her desire to reorient her commitments to concentrate solely on her professional responsibilities in the social impact investing space. Ms. Roopa Kudva further stated in her resignation letter that she had no additional significant grounds for resignation besides those mentioned in her letter.

### Skills/ Expertise/ Competencies Matrix

The matrix of core skills/ expertise/ competencies as identified by the Board of Directors and as required in the context of the Company's business(es) and sector(s) for it to function effectively and those actually available with the Board of Directors are given below:



Key Skill Area	Skills/ Expertise/ Competencies	Mr. Suresh Narayanan	Dr. Swati A. Piramal	Mr. Rajya Vardhan Kanoria	Mr. David Steven McDaniel	Mr. P.R. Ramesh	Mr. Matthias Christoph Lohner	Ms. Anjali Bansal	Ms. Alpana Parida
Business & Strategy	Consumer insight & marketing	Y		Y					Y
	Technical & R&D (including nutrition & food science)		Y				Y		
	Economic issues/ Macro Economic Trends/ Interpreting national policies	Y	Y	Y	Y	Y		Y	Y
	E-commerce, digital & new technologies and M&A	Y			Y	Y	Y	Y	Y
Operations	Sales & Customer Management	Y	Y	Y					Y
	Operation Management & Risk Mitigation	Y		Y	Y	Y	Y		
	Finance Treasury & Audit			Y	Y	Y		Y	Y
	Information technology				Y			Y	
Environment	Sustainability (water, sanitation, community development, nutrition) under Creating Shared Value/ CSR	Y	Y	Y	Y		Y	Y	Y
	Scientific & Regulatory Affairs		Y			Y	Y		
	Media, local interaction & environment assessment	Y	Y		Y		Y		Y
	Climate change	Y	Y				Y	Y	
Other enablers	Innovation Management		Y				Y	Y	Y
	Human Resource & Talent	Y	Y	Y	Y	Y	Y	Y	Y
	Communications	Y	Y	Y	Y	Y	Y		Y
	Board Governance & General Management	Y	Y	Y	Y	Y	Y	Y	Y

## Compliance with the Code of Conduct

The Company has adopted the 'The Nestlé India Code of Business Conduct' ("the Code"). The Code is available on the website of the Company at <https://www.nestle.in/investors/policies>.

The Chairman and Managing Director declared that the members of the Board and Senior Management Personnel have affirmed compliance with the Code during the year 2022.

## AUDIT COMMITTEE

The powers, role and terms of reference of the Audit Committee covers the areas as contemplated under Section 177 of the Act and Regulation 18 of the Listing Regulations, as applicable, besides other terms as referred by the Board of Directors.

The powers include investigating any activity within its terms of reference as specified by the Board of Directors and seeking information from any employee, obtain professional advice from external sources, secure attendance of outsiders with relevant expertise, if required and have full access to information contained in the records of the Company.

The role includes oversight of the Company's financial reporting process and disclosure of financial information to ensure that the financial statements are correct, sufficient and credible; recommending the appointment, re-appointment, remuneration and terms of appointment of auditors and approval of payment for any other services rendered by statutory auditors; reviewing with the management quarterly results and annual financial statements before submission to the Board of Directors for approval; approval or any subsequent modification of any transactions of the Company with related parties; review and monitor the auditor's independence and performance and effectiveness of audit process; scrutiny of inter-corporate loans and investments, if any; evaluation of internal financial controls and risk management system; reviewing the functioning of the vigil mechanism/ whistle blower policy; reviewing the internal controls to ensure compliance with the applicable provisions of the SEBI (Prohibition of Insider Trading) Regulations, 2015 ("PIT Regulations") and verifying that the system for internal control under PIT Regulations are adequate and are operating effectively.

The Audit Committee mandatorily reviews information such as internal audit reports related to internal control weakness, management discussion and analysis of financial condition and result of operations, statement of significant related party transactions and such other matters as prescribed under the Act and Listing Regulations.

During the year, the Audit Committee was re-constituted and Ms. Alpana Parida, Independent Non-Executive Director, was appointed as member of the Audit Committee with effect from 1<sup>st</sup> June 2022 in place of Ms. Roopa Kudva, Independent Non-Executive Director, who ceased to be a member of the Audit Committee upon her resignation as a Director of the Company with effect from 31<sup>st</sup> May 2022. As on 31<sup>st</sup> December 2022, the Audit Committee comprised of Mr. P. R. Ramesh as the Chairman, Mr. Rajya Vardhan Kanoria and Ms. Alpana Parida as Members, all Independent Non-Executive Directors. All members of the Audit Committee are financially literate and have related financial management expertise by virtue of their comparable experience and background. The Company Secretary of the Company acts as the Secretary to the Audit Committee. The Executive Director - Finance & Control and CFO and Head of Financial Accounting are permanent invitees to the meetings of the Audit Committee. The Chief Internal Auditor, the concerned partners/ authorized representatives of Statutory Auditors and the Cost Auditors were invited to the meetings of the Audit Committee. The Secretarial Auditors were invited to the meeting of the Audit Committee to present the Secretarial Audit Report and their findings.

During the year, the Audit Committee met four times on 16<sup>th</sup> February 2022, 20<sup>th</sup> April 2022, 27<sup>th</sup> July 2022 and 18<sup>th</sup> October 2022 and members of the Audit Committee participated in the aforesaid meetings through VC/ OAVM facility/physically. Ms. Roopa Kudva attended the Audit Committee meetings held on 16<sup>th</sup> February 2022 & 20<sup>th</sup> April 2022 thereafter, she ceased as member of the Committee and Ms. Alpana attended Audit Committee meetings held on 27<sup>th</sup> July 2022 and 18<sup>th</sup> October 2022. All other members attended all the meetings of the Audit Committee.

The maximum gap between any two meetings was less than one hundred and twenty days. On 16<sup>th</sup> February 2022, the Audit Committee had a meeting with the Statutory Auditors without the presence of anyone else.

#### **NOMINATION AND REMUNERATION COMMITTEE**

The powers, role and terms of reference of the Nomination and Remuneration Committee covers the areas as contemplated under Section 178 of the Act and Regulation 19 of the Listing Regulations, besides other terms as referred by the Board of Directors. The role includes formulation of criteria for determining qualifications, positive attributes and independence of a director and recommending to the Board of Directors a policy relating to the nomination and remuneration for the directors, key managerial personnel and other employees; formulation of criteria for evaluation of Independent Non-Executive Directors and the Board as a whole; devising a policy on diversity of Board of Directors; and identification of persons who are qualified to become directors and who may be appointed in the senior management in accordance with the criteria laid down, and recommending to the Board of Directors their appointment, removal and noting their cessation; recommendation on extension or continuation of the terms of appointment of the Independent Non-Executive Directors; and recommendation to the Board of Directors of all remuneration, in whatever form, payable to the senior management.

During the year, the Nomination and Remuneration Committee was re-constituted and Ms. Anjali Bansal, Independent Non-Executive Director, was appointed as a member of the Nomination and Remuneration Committee with effect from 1<sup>st</sup> May 2022 in place of Ms. Roopa Kudva, Independent Non-Executive Director, who ceased to be a member of the Committee upon her resignation as a Director of the Company with effect from 31<sup>st</sup> May 2022. As on 31<sup>st</sup> December 2022, the Nomination and Remuneration Committee comprised of Mr. Rajya Vardhan Kanoria as Chairman, Mr. P. R. Ramesh and Ms. Anjali Bansal as Members, all Independent Non-Executive Directors. The Company Secretary of the Company acts as the Secretary to the Nomination and Remuneration Committee. The Chairman and Managing Director and Head of Human Resources are permanent invitees to the meetings of the Nomination and Remuneration Committee.

During the year, the Nomination and Remuneration Committee met four times on 16<sup>th</sup> February 2022, 20<sup>th</sup> April 2022, 27<sup>th</sup> July 2022 and 18<sup>th</sup> October 2022 and members of the Committee participated in the aforesaid meetings through VC/ OAVM facility/physically. Ms. Roopa Kudva attended the Nomination and Remuneration Committee Meetings held on 16<sup>th</sup> February 2022 & 20<sup>th</sup> April 2022 thereafter, she ceased as member of the Committee and Ms. Anjali Bansal attended the Committee meeting held on 27<sup>th</sup> July 2022 and was granted leave of absence for the meeting held on 18<sup>th</sup> October 2022. All other members, attended all the meetings of the Committee.

#### **Performance Evaluation**

In terms of the requirement of the Act and the Listing Regulations, an annual performance evaluation of the Board, its Committees and the Directors was undertaken which included the evaluation of the Board as a whole, Board Committees and peer evaluation of





the Directors. The criteria for performance evaluation cover the areas relevant to the functioning of the Board and Board Committees such as its composition and operations, Board as whole and group dynamics, oversight and effectiveness, performance, skills and structure etc. The performance of individual directors was evaluated on the parameters such as preparation, participation, flow of information, conduct, independent judgement and effectiveness. The performance evaluation of Independent Directors was done by the entire Board of Directors and in the evaluation of the Directors, the Directors being evaluated had not participated. A reputed HR Consultant Firm compiled and provided analysis of the results of the annual performance evaluation. As an outcome of the evaluation, it was noted that Board as a whole has a composition that is diverse in experience, skills, expertise, competence, gender balance, and fosters lively, free expression and constructive debates and that the Board is provided with adequate competitive and industry information to keep the members upto date with industry landscape. The presentations made from time to time, during the meeting of the Board and Committee by the Senior Management and their teams continue to provide an insight at a deeper level and exposure to segments. It was also noted that the Board Committees functions professionally and smoothly and besides the Board Committee's terms of reference as mandated by law, important issues are brought up and discussed in the respective Board Committees. The Board of Directors provided their inputs, *inter-alia*, that there is adequate opportunity for informal discussion and interaction to promote a feeling of community and collegiality among Board Members. The Directors appreciated that sustainability areas has been included as a mandate for a Board level Committee.

## Remuneration of Directors for the year 2022

(₹ in millions)

Name of the Director	Sitting fees	Salaries and Allowances	Perquisites	Company's Contribution to PF	Commission and Performance Linked Incentive	Total
Mr. Suresh Narayanan <sup>1</sup>	N.A.	96.18	42.10	3.62	35.54	177.44
Mr. David Steven McDaniel <sup>1</sup>	N.A.	49.72	16.73	1.40	11.87	79.72
Mr. Matthias Christoph Lohner <sup>1</sup>	N.A.	45.32	10.92	1.18	10.10	67.52
Dr. Swati A. Pirmal	0.75	-	-	-	2.50 <sup>®</sup>	3.25
Mr. Rajya Vardhan Kanoria	1.50	-	-	-	2.50 <sup>®</sup>	4.00
Mr. P. R. Ramesh	1.50	-	-	-	2.50 <sup>®</sup>	4.00
Ms. Anjali Bansal <sup>§</sup>	0.35	-	-	-	1.68 <sup>®</sup>	2.03
Ms. Alpana Parida <sup>§</sup>	0.50	-	-	-	1.47 <sup>®</sup>	1.97
Ms. Rama Bijapurkar <sup>*</sup>	0.40	-	-	-	0.82 <sup>®</sup>	1.22
Ms. Roopa Kudva <sup>*</sup>	0.80	-	-	-	1.03 <sup>®</sup>	1.83

<sup>1</sup>The Company enters into service contracts with all Executive Directors for a period of 5 years. The notice period is of three months and the severance fee is the sum equivalent to remuneration for the notice period or part thereof in case of a shorter notice.

<sup>®</sup>Represents Commission for the year ended 31<sup>st</sup> December 2022, which will be paid after adoption of the accounts by the shareholders at the ensuing Annual General Meeting, subject to deduction of applicable tax.

<sup>§</sup>Appointed as Independent Non-Executive Director of the Company (Ms. Anjali Bansal w.e.f. 1<sup>st</sup> May 2022 and Ms. Alpana Parida w.e.f. 1<sup>st</sup> June 2022)

<sup>\*</sup>Ceased as Director of the Company (Ms. Rama Bijapurkar w.e.f. 30<sup>th</sup> April 2022, and Ms. Roopa Kudva w.e.f. 31<sup>st</sup> May 2022).

Sitting fee indicated above also includes payment for Board-level Committee meetings.

The above remuneration of Executive Directors does not include provision for incremental liability on account of gratuity, compensated absences and long service awards since actuarial valuation is done for the Company as a whole. The terms of employment of Executive Directors are governed by the applicable policies of the Company at the relevant point in time. Commission is subject to adequate profits being earned. A fair portion of the Executive Director's Performance Linked Incentive is linked to the Company's performance. This creates alignment with the strategy and business priorities to enhance shareholder's value. The total reward package for executive directors is intended to be market competitive with strong linkage to performance in line with Company's Nomination and Remuneration Policy which is available on the website of the Company at <https://www.nestle.in/investors/policies>.

The non-executive directors are paid remuneration based on their contribution and current trends. Sitting fee is paid for attending each meeting of the Board and Committees thereof. Additionally, the non-executive directors are entitled to remuneration upto an aggregate limit of one percent per annum of the net profits of the Company, provided that none of the non-executive directors shall receive individually a sum exceeding ₹ 25,00,000/- (Rupees Twenty-Five Lakh only), as approved by the members at the

Annual General Meeting held on 10<sup>th</sup> May 2018. Within the aforesaid limit, the commission payable is determined by the Board of Directors and equal amount of commission is payable to Independent Non-Executive Directors on a pro-rata basis. During the year under review, remuneration of Independent Non-Executive Directors was approved by the Board of Directors with the interested Independent Non-Executive Directors, not participating or voting, as per the terms approved by the shareholders at the Annual General Meeting. Considering the roles and responsibilities of the Independent Non-Executive Directors, it is proposed to, *inter-alia*, increase the individual sum not exceeding ₹ 1,00,00,000/- (Rupees One Crore Only) as set out as the Ordinary Resolution in the Notice of 64<sup>th</sup> AGM of the Company. Further, none of the Non-Executive Directors had any material pecuniary relationship or transaction vis-a-vis the Company during the year under review, other than payment of sitting fee and commission, as mentioned in the table above.

The Company does not have any stock option scheme. The Company participates in the Performance Share Unit Plan/ Restricted Stock Unit Plan of Nestlé S.A., whereby selected employees are granted non-tradable Performance Share Units/ Restricted Stock Unit of Nestlé S.A. Perquisites of the Whole-time/ Managing Director include, *inter-alia*, Leave Travel and payments for the Restricted Stock Units/ Performance Stock Units of Nestlé S.A. vested during the year equal to the market value of the underlying shares on the date of vesting.

A brief profile and other particulars of the directors seeking appointment and re-appointment is given in the Notice of the 64<sup>th</sup> AGM and forms part of the Report.

#### **STAKEHOLDERS RELATIONSHIP COMMITTEE**

The Stakeholders Relationship Committee oversees, *inter-alia*, redressal of shareholder and investor grievances, transmission/transposition of shares, non-receipt of annual report or declared dividend, issue of letter of confirmation in lieu of duplicate shares, exchange of new design share certificates, reviewing dematerialisation of shares and related matters. The roles and responsibilities of the Stakeholders Relationship Committee are as prescribed under Section 178 of the Act and Regulation 20 of the Listing Regulations, as amended.

During the year, the Stakeholders Relationship Committee was re-constituted, Ms. Anjali Bansal, Independent Non-Executive Director, was appointed as member of the Stakeholders Relationship Committee with effect from 1<sup>st</sup> May 2022, in place of Ms. Rama Bijapurkar, Independent Non-Executive Director, who ceased as member of the Committee upon her completion of tenure as a Director of the Company with effect from 30<sup>th</sup> April 2022. Subsequently, Ms. Alpana Parida, Independent Non-Executive Director, was appointed as member of the Stakeholders Relationship Committee, with effect from 1<sup>st</sup> June 2022 in place of Ms. Anjali Bansal, as part of re-constitution of all Board Committees, post appointment of Ms. Alpana Parida as Independent Non-Executive Director of the Company with effect from 1<sup>st</sup> June 2022.

As on 31<sup>st</sup> December 2022, the Stakeholders Relationship Committee comprised of Mr. Rajya Vardhan Kanoria as Chairman, Ms. Alpana Parida and Mr. David Steven McDaniel, as Members. The Company Secretary of the Company acts as the Secretary and Compliance Officer to the meetings of the Stakeholders Relationship Committee.

During the year, the Stakeholders Relationship Committee met four times on 16<sup>th</sup> February 2022, 20<sup>th</sup> April 2022, 27<sup>th</sup> July 2022 and 18<sup>th</sup> October 2022. Members of the Committee participated in the aforesaid meetings through VC/ OAVM facility/physically. Ms. Rama Bijapurkar attended the Stakeholders Relationship Committee meeting held on 16<sup>th</sup> February 2022 and was granted leave of absence for the meeting held on 20<sup>th</sup> April 2022, thereafter, she ceased as member of the Committee and Ms. Alpana Parida attended committee meetings held on 27<sup>th</sup> July 2022 and 18<sup>th</sup> October 2022. All other members attended all the meetings of the Stakeholders Relationship Committee.

During the year, fourteen complaints were received from the shareholders. All the complaints have been resolved to the satisfaction of the complainants and no investor complaint was pending at the beginning or at the end of the year.

## RISK MANAGEMENT AND SUSTAINABILITY INITIATIVES COMMITTEE

The roles and responsibilities of the Risk Management Committee are as prescribed under Regulation 21 of the Listing Regulations and includes formulating a detailed Risk Management Policy, monitoring and reviewing of risk management plan and reporting the same to the Board of Directors periodically as it may deem fit, in addition to any other terms as may be referred by the Board of Directors from time to time. The Risk Management Committee was re-constituted as Ms. Anjali Bansal, Independent Non-Executive Director, was appointed as member of the Committee with effect from 1<sup>st</sup> May 2022. Ms. Roopa Kudva, Independent Non-Executive Director of the Company, who resigned as a Director of the Company, ceased as a member of the Committee with effect from 31<sup>st</sup> May 2022.

The Board of Directors at its meeting held on 28<sup>th</sup> July 2022 extended the terms of reference of the Risk Management Committee to include sustainability areas and accordingly, on the recommendation of Nomination and Remuneration Committee, changed the nomenclature of the Risk Management Committee to Risk Management and Sustainability Initiatives ('RMSI') Committee with effect from 1<sup>st</sup> October 2022 and also re-constituted the RMSI Committee and appointed Dr. Swati A. Piramal as member of the RMSI Committee. The details of extended terms of reference of the RMSI Committee are mentioned in the Board's Report.

As on 31<sup>st</sup> December 2022, RMSI Committee comprised of Mr. Suresh Narayanan as Chairman, Mr. P R Ramesh, Ms. Anjali Bansal, Dr. Swati A. Piramal and Mr. David Steven McDaniel, as Members. The Company Secretary of the Company acts as the Secretary to the Committee.

During the year, the Risk Management and Sustainability Initiatives Committee met four times on 16<sup>th</sup> February 2022, 20<sup>th</sup> April 2022, 27<sup>th</sup> July 2022 and 18<sup>th</sup> October 2022. Ms. Rama Bijapurkar attended the Risk Management and Sustainability Initiatives Committee meeting held on 16<sup>th</sup> February 2022 and 20<sup>th</sup> April 2022, thereafter, she ceased as member of the Committee. All other members attended all the meetings of the Risk Management and Sustainability Initiatives Committee except Ms. Anjali Bansal and Dr. Swati A. Piramal who were granted leave of absence for the meeting held on 18<sup>th</sup> October 2022.

## CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility Committee oversees, *inter-alia*, corporate social responsibility and other related matters as may be referred by the Board of Directors and discharges the roles as prescribed under Section 135 of the Act read with Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended, ("CSR Rules"), which includes formulating and recommending to the Board of Directors, a Corporate Social Responsibility (CSR) Policy indicating the activities to be undertaken by the Company, as per Schedule VII to the Act; the amount of expenditure to be incurred; and monitoring the CSR Policy of the Company. The CSR Committee had formulated an Annual Action Plan for the year 2022 pursuant to the CSR Rules and the CSR Policy of the Company and recommended the amendments therein from time to time.

During the year, the CSR Committee was re-constituted, Ms. Anjali Bansal, Independent Non-Executive Director, was appointed as member of the CSR Committee with effect from 1<sup>st</sup> May 2022 in place of Ms. Rama Bijapurkar, Independent Non-Executive Director, who ceased as member of the CSR Committee with effect from 30<sup>th</sup> April 2022 due to completion of her tenure as Director of the Company. As on 31<sup>st</sup> December 2022, the CSR Committee comprised of Dr. Swati A. Piramal as Chairperson, Ms. Anjali Bansal, Mr. Suresh Narayanan and Mr. David McDaniel, as Members of the Committee. The Company Secretary of the Company acts as the Secretary to the CSR Committee.

During the year, the CSR Committee met four times on 16<sup>th</sup> February 2022, 20<sup>th</sup> April 2022, 27<sup>th</sup> July 2022 and 18<sup>th</sup> October 2022. All the members attended these meetings through VC/ OAVM facility/physically except for Ms. Rama Bijapurkar who was granted leave of absence for the meeting held on 20<sup>th</sup> April 2022 and for Ms. Anjali Bansal and Dr. Swati A. Piramal who were granted leave of absence for the meeting held on 18<sup>th</sup> October 2022. Mr. Suresh Narayanan acted as the Chairman for the meeting of CSR Committee held on 18<sup>th</sup> October 2022 in place of Dr. Swati A. Piramal, who was granted leave of absence for the meeting.

## GENERAL BODY MEETINGS

Required details of last three Annual General Meetings (AGMs), are as below:

AGM	Date & Time	Venue	Special Resolution(s)
63 <sup>rd</sup>	12 <sup>th</sup> April 2022 at 10:00 A.M. (IST)	Through Video Conferencing / Other Audio-Visual Means	Appointment of Ms. Anjali Bansal (DIN: 00207746) as an Independent Non-Executive Director of the Company, with effect from 1 <sup>st</sup> May 2022, to hold office for a term of five consecutive years i.e. upto 30 <sup>th</sup> April 2027.
62 <sup>nd</sup>	7 <sup>th</sup> May 2021 at 10:00 A.M. (IST)		No Special Resolution was passed in this meeting.
61 <sup>st</sup>	19 <sup>th</sup> June 2020 at 10:00 A.M. (IST)		No Special Resolution was passed in this meeting.

## POSTAL BALLOT

During the year, members of the Company vide special resolution passed through postal ballot on 27<sup>th</sup> May 2022 approved, with requisite majority, the appointment of Ms. Alpana Parida (DIN: 06796621) as an Independent Non-Executive Director of the Company with effect from 1<sup>st</sup> June 2022, to hold office for a term of five consecutive years i.e. upto 31<sup>st</sup> May 2027.

The details of the voting pattern are given below:

Particulars	% of Voting
Votes in favour of the Resolution	99.96%
Votes against the Resolution	0.04%

The Board of Directors had appointed Mr. Abhinav Khosla (Membership No. 087010 & Firm Registration No 000235N/N500089) Partner, M/s. SCV & Co. LLP, Chartered Accountants, as Scrutinizer for conducting the postal ballot voting process in a fair and transparent manner. There is no special resolution proposed to be conducted through postal ballot.

## MEANS OF COMMUNICATION

The quarterly/ annual results of the Company were widely published in leading newspapers such as Financial Express and Jansatta and also displayed on the website of the Company at <https://www.nestle.in/investors/stockandfinancials/financialresults>. The quarterly/ annual results were also sent to the members of the Company whose email address are registered with the Company/ Depository Participant(s). All official press releases, presentations made to analysts and institutional investors and other general information about the Company are also available on the Investor Relation Section of the website of the Company.

The presentations made to the analysts and institutional investors, if any, were not communicated individually to the members of the Company. However, such presentations were uploaded in advance on the website of the Company at <https://www.nestle.in/investors/analystsmeet> and were also submitted to Stock Exchange for further dissemination.

## GENERAL SHAREHOLDER INFORMATION

### Annual General Meeting

Day, Date and Time	Wednesday, 12 <sup>th</sup> April 2023 at 10:00 A.M. (IST)
Venue	Annual General Meeting through Video Conferencing/ Other Audio-Visual Means (VC/ OAVM facility) [Deemed Venue for the meeting: Registered Office: 100/ 101, World Trade Centre, Barakhamba Lane, New Delhi-110001]

### Financial Calendar, 2023

First Quarter Results	:	25 <sup>th</sup> April 2023
Second Quarter and Half-yearly Results	:	27 <sup>th</sup> July 2023
Third Quarter Results	:	19 <sup>th</sup> October 2023
Annual Results	:	Second/ Third week of February 2024 (tentative)
Financial Year	:	1 <sup>st</sup> January to 31 <sup>st</sup> December
Record Date	:	21 <sup>st</sup> April 2023



**Dividend payments:** Final Dividend of ₹ 75.00 per equity share has been recommended by the Board of Directors and subject to the approval of the members of the Company at the ensuing 64<sup>th</sup> Annual General Meeting, is proposed to be paid on and from 8<sup>th</sup> May 2023 (payment date).

For the year 2022, the first interim dividend of ₹ 25.00 per equity share and second interim dividend of ₹ 120.00 per equity share on the face value of ₹ 10/- each, were paid on and from 6<sup>th</sup> May 2022 and 16<sup>th</sup> November 2022, respectively.

## Listing on Stock Exchanges and Stock Code

Shares of the Company are listed on BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai-400001. The Company's Stock Code is 500790.

The ISIN of Nestlé India Limited on both the NSDL and CDSL is INE239A01016.

Market Price Data: High/Low in each month of Calendar Year 2022 on the BSE Limited, is specified below:

Month	High (₹)	Low (₹)	Month	High (₹)	Low (₹)
January	20,025.00	18,224.10	July	19,417.00	17,349.20
February	18,817.80	17,329.15	August	20,109.00	19,120.40
March	18,495.00	16,791.40	September	20,032.65	18,259.95
April	18,718.00	17,250.00	October	21,053.00	18,411.95
May	18,486.35	16,000.00	November	20,849.95	19,352.35
June	17,832.50	16,433.45	December	20,628.90	18,641.25

[Source: www.bseindia.com]

The Company had paid Annual Listing Fees for the Financial Year 2022-2023.

## Performance in comparison to BSE Sensex

(Closing value of Nestlé share price vs BSE Sensex on the last trading day of the month during 2022)

Base is considered to be 100 as at 31<sup>st</sup> December 2021.



[Source: www.bseindia.com]



## Registrar and Share Transfer Agents

M/s. Alankit Assignments Limited, 4E/2, Jhandewalan Extension, New Delhi-110055.

## Share Transfer System

In terms of the Listing Regulations, equity shares of the Company can only be transferred in dematerialised form. Requests for dematerialisation of shares are processed and confirmation thereof is given to the respective depositories i.e. National Securities Depository Limited [NSDL] and Central Depository Services (India) Limited [CDSL], within the statutory time limit from the date of receipt of share certificates/ letter of confirmation after due verification.

## Shareholding Pattern as on 31<sup>st</sup> December 2022

Category of Shareholder	Number of Shares	Percentage of Total Shares
<b>Promoter and Promoter Group (A)</b>	<b>60,515,079</b>	<b>62.76</b>
<b>Public Shareholding</b>	<b>35,900,637</b>	<b>37.24</b>
Mutual Funds	4,252,735	4.41
Alternate Investment Fund	141,108	0.15
Foreign Portfolio Investor	11,682,931	12.12
Financial Institutions/ Banks	585,721	0.61
Insurance Companies	3,744,831	3.88
Central/ State Government(s)	1,600	0.00
Individuals	12,571,396	13.04
NBFCs	6,532	0.01
Any Other		
- Bodies Corporate	1,671,690	1.73
- Overseas Corporate Body	500	0.00
- NRIs	877,493	0.91
- Trust	22,655	0.02
- IEPF Authority	106,371	0.11
- HUF	227,483	0.24
- Clearing Members	7,591	0.01
<b>Total Public Shareholding (B)</b>	<b>35,900,637</b>	<b>37.24</b>
<b>Total Shareholding (A + B)</b>	<b>96,415,716</b>	<b>100.00</b>

## Distribution of shareholding as on 31<sup>st</sup> December 2022

Categories (Shares)	Number of Shareholders	Number of Shares	Percentage of total Shares
1 to 500	189,303	4,547,267	4.72
501 to 1,000	2,233	1,613,099	1.67
1,001 to 2,000	1,031	1,455,081	1.51
2,001 to 3,000	364	902,449	0.94
3,001 to 4,000	179	628,925	0.65
4,001 to 5,000	124	564,406	0.59
5,001 to 10,000	290	2,104,727	2.18
10,001 and above	394	84,599,762	87.74
<b>Total</b>	<b>193,918</b>	<b>96,415,716</b>	<b>100.00</b>

## Dematerialisation of shares and liquidity

99.49% equity shares of the Company are in dematerialised form as on 31<sup>st</sup> December 2022. The Company's shares are liquid and actively traded on BSE Limited, Mumbai.

## Outstanding ADRs/ GDRs/ Warrants or any convertible instruments, conversion date and likely impact on equity

No GDRs/ ADRs/ Warrants or any convertible instruments have been issued by the Company during the year 2022.



## Commodity price risk or foreign exchange risk and hedging activities

The Company does not have any exposure hedged through commodity derivatives. During the year 2022, the Company had managed the foreign exchange risk and hedged to the extent considered necessary. The Company enters into forward contracts for hedging foreign exchange exposures against exports and imports. The details of foreign currency exposure are disclosed in Note No. 38 to the Annual Audited Financial Statements.

## Plant Locations

The Company's plants are located at Moga, Samalkha, Nanjangud, Choladi, Ponda, Bicholim, Pantnagar, Tahliwal and Sanand.

## Address for correspondence

Shareholder Services, 100/ 101, World Trade Centre, Barakhamba Lane, New Delhi - 110001. Phone No.: 011-23418891.

**E-mail for investors:** [investor@in.nestle.com](mailto:investor@in.nestle.com)

**SEBI toll-free helpline service for investors:** 1800 22 7575 or 1800 266 7575 (available on all days from 9:00 A.M. to 6:00 P.M. excluding declared holidays)\*.

**SEBI investors' contact for feedback and assistance:** Tel. No.: 022-26449000, e-mail: [sebi@sebi.gov.in](mailto:sebi@sebi.gov.in)\*

\*Source: [www.sebi.gov.in](http://www.sebi.gov.in)

## Credit Rating

The Company has been awarded AAA credit rating for its bank credit facilities by CRISIL. It is the highest rating and indicates a stable outlook for the Company. The rating reflects that the Company has serviced its financial obligations on time. As regards to the short-term facility provided by the bank, the Company has been awarded the credit rating of A1+. The rated instrument reflects strong degree of safety and lowest credit risk. The details of the Credit Rating are available on the website of the Company at <https://www.nestle.in/investors/stockandfinancials/credit-rating>.

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

(within the limits set by the Company's competitive position)

Industry structure and developments, segment wise or product-wise performance, outlook, risks, opportunities and threats of the Company and discussion on financial performance with respect to the operational performance, has been covered in the Board's Report more specifically under the sections on Financial Performance and State of Company's Affairs and Management Analysis, Exports, Business Development of the Company.

The Company has an adequate system of internal controls to ensure that transactions are properly authorised, recorded and reported, apart from safeguarding its assets. The internal control system is supplemented by well-documented policies, guidelines and procedures and reviews carried out by the Company's internal audit function, which submits reports periodically to the Management and the Audit Committee.

In order to foster an improved internal control culture in the Company, wherein every employee is fully aware of all the major risk/concerns faced in his/ her work sphere and assumes responsibility for the controls performed therein, the Company has *inter-alia* implemented a tool called "Controls Manager" which works on the basic concept of Control Self-Assessment. The Self-Assessments by process/ control owner are also used as the basis of CEO/ CFO certification as required under Regulation 17(8) of the Listing Regulations.

The Company has a favourable work environment that motivates performance, customer focus and innovation while adhering to the highest degree of quality and integrity. As part of manpower development and training and with an aim to enhance operational efficiency, employees of the Company have been sent on postings and assignments to other Nestlé Group companies.

Manpower figure of the Company as on 31<sup>st</sup> December 2022 was 8,117.

The Annual Report has details of significant changes (i.e. change of 25% or more as compared to the immediately previous financial year) in key financial ratios as applicable, along with detailed explanations thereof, including (i) Debtors Turnover, (ii) Inventory Turnover, (iii) Interest Coverage Ratio, (iv) Current Ratio, (v) Debt Equity Ratio, (vi) Operating Profit Margin(%), and (vii) Net Profit Margin(%). Details of change in Return on Net Worth as compared to the immediately previous financial year along with a detailed explanation thereof is also part of this Annual Report.

## CEO/ CFO CERTIFICATION

The Chairman and Managing Director and the Executive Director- Finance & Control and CFO of the Company have certified to the Board of Directors, *inter-alia*, the accuracy of financial statements and adequacy of internal controls for the financial reporting as required under Regulation 17(8) of the Listing Regulations for the year ended 31<sup>st</sup> December 2022.

## DISCLOSURES

During the year 2022, the Company had no materially significant related party transaction, which is considered to have potential conflict with the interests of the Company at large. Transactions with related parties are disclosed in Note No. 42 to the Annual Audited Financial Statements. The Company has formulated a policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions. The said Policy is also available on the website of the Company at <https://www.nestle.in/investors/policies>.

The equity shares of the Company are listed on BSE Limited, Mumbai and the Company has complied with all the applicable Regulations of capital markets. No penalties or strictures have been imposed on the Company by the Stock Exchange, SEBI or any other statutory authority, on any matter relating to the capital markets, during the last three years.

The standard of behaviour of Nestlé India is governed by significant documents "The Nestlé Corporate Business Principles", "The Nestlé Management and Leadership Principles" and "Nestlé India Code of Business Conduct". Employees can report to the Company Secretary, on a confidential basis, any practices or actions believed to be inappropriate or illegal under Nestlé India Code of Business Conduct ("the Code"). The Company has established vigil mechanism/ whistle blower policy ("Policy"), which is available on the website of the Company at <https://www.nestle.in/investors/policies>.

The Code/ Policy provides for adequate safeguards against victimization of director(s)/ employee(s) who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee in exceptional cases. It is affirmed that no person has been denied access to the Audit Committee. The Company provides an independent third party operated free phone and web based Platform, namely, "Speak-Up", to all internal and external stakeholders including directors and employees with a dedicated communication channel for reporting potential instances of non-compliance with Nestlé Corporate Business Principles or for reporting, on a confidential basis, any practices or actions believed to be inappropriate or illegal under the Code. Link to "Speak-Up Platform" is available on the website of the Company at <https://www.nestle.com/aboutus/businessprinciples/report-your-concerns>.

Further, the Company has appointed Ombudsman for Infant Code, under which employees can report Infant Code violations directly to the Ombudsman, with adequate safeguard to protect the employee reporting.

The Company has not raised any funds through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A) of the Listing Regulations.

The Company has obtained a certificate from M/s. S.N. Ananthasubramanian & Co., Practicing Company Secretary (Registration No. 1774), Secretarial Auditors of the Company, confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of the Company by the SEBI/ MCA or any such Statutory Authority. The said Certificate is enclosed as "Annexure - I" and forms integral part of this Report.

During the year 2022, total fees for all services has been paid by the Company to the Statutory Auditors, M/s. S R B & Co. LLP, Chartered Accountants, and all the entities forming part of the same network, aggregated to ₹ 23.6 million.

During the year 2022, the Board of Directors accepted all recommendations of the Committees of the Board of Directors, which were mandatorily required to be made.

As per the requirement of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("POSH"), the Company has a policy and robust mechanism in place to redress complaints reported under it. The Company has complied with provisions relating to the constitution of Internal Committee under POSH. The Internal Committee is composed of internal members and an external member who has extensive experience in the field. During the year 2022, the Company has received one complaint on sexual harassment, which was classified as significant incidents for investigation and the said complaint was investigated and resolved as per the provisions of the POSH and as on 31<sup>st</sup> December 2022, no complaint is pending for investigation and resolution.

During the year, the Company has not provided any loans and advances in the nature of loans to firms/companies in which directors are interested.

The Company does not have any share in the demat suspense account or unclaimed suspense account.

The Company has *inter-alia* complied with all the mandatory requirements specified in Regulations 17 to 27 and clauses (b) to (i) of sub - regulation (2) of Regulation 46 of the Listing Regulations.



The Corporate Governance Report of the Company for the year 2022 or as on 31<sup>st</sup> December 2022 are in compliance with all applicable requirements of Listing Regulations.

The status of adoption of the discretionary requirements as specified in sub - regulation 1 of Regulation 27 of the Listing Regulations are as follows:

**(a) The Board:** The Company has an Executive Chairman; **(b) Shareholder Rights:** Half-yearly and other quarterly financial results are published in newspapers, uploaded on the website of the Company at [www.nestle.in](http://www.nestle.in) and sent to the members individually through email to their email address registered with the Company/ depository participant(s); **(c) Modified opinion(s) in audit report:** The Company already has a regime of un-qualified financial statements. Auditors have raised no qualification on the financial statements; **(d) Reporting of Internal Auditor:** The Chief Internal Auditor of the Company administratively reports to the Executive Director - Finance & Control and CFO with functional independence and has direct access to the Audit Committee.

On behalf of the Board of Directors

Date : 16<sup>th</sup> February 2023  
Place : Gurugram

Suresh Narayanan  
Chairman and Managing Director

## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

[Pursuant to Regulation 34(3) and Schedule V Para C Clause (10)(i) of Securities and Exchange Board of India  
(Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,  
The Members of  
**Nestlé India Limited**  
**CIN: L15202DL1959PLC003786**  
100/101, World Trade Centre, Barakhamba Lane, New Delhi -110001

We have examined the following documents:

- i) Declaration of non-disqualification as required under Section 164 of Companies Act, 2013 ('the Act');
- ii) Disclosure of concern or interests as required under Section 184 of the Act;  
(hereinafter referred to as 'relevant documents')

as submitted by the Directors of **Nestlé India Limited** ('the Company') bearing **CIN: L15202DL1959PLC003786** and having its registered office at 100/101, World Trade Centre, Barakhamba Lane, New Delhi - 110001, to the Board of Directors of the Company ('the Board') for the Financial Year ended 31<sup>st</sup> December 2022 and Financial Year ending 31<sup>st</sup> December 2023 and relevant registers, records, forms and returns maintained by the Company and as made available to us for the purpose of issuing this Certificate in accordance with Regulation 34(3) read with Schedule V Para C Clause 10(i) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. We have considered non-disqualification to include non-debarment by Regulatory/ Statutory Authorities.

It is the responsibility of Directors to submit relevant documents with complete and accurate information in accordance with the provisions of the Act.

Ensuring the eligibility for the appointment/ continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification.

Based on our examination as aforesaid and such other verifications carried out by us as deemed necessary and adequate (including Directors Identification Number status at the portal [www.mca.gov.in](http://www.mca.gov.in)), in our opinion and to the best of our information and knowledge and according to the explanations provided by the Company, its officers and authorized representatives, we hereby certify that none of the Directors on the Board of the Company, as listed hereunder for the Financial Year ended 31<sup>st</sup> December 2022, have been debarred or disqualified from being appointed or continuing as Directors of Companies by Securities and Exchange Board of India/ Ministry of Corporate Affairs or any such statutory authority.

S. No.	Name of Director	Director Identification Number (DIN)	Date of Appointment	Date of Cessation
01	Dr. Swati Ajay Piramal	00067125	02-08-2010	-
02	Mr. Rajya Vardhan Kanoria	00003792	13-05-2014	-
03	Mr. Suresh Narayanan	07246738	01-08-2015	-
04	Mr. David Steven McDaniel	08662504	01-03-2020	-
05	Mr. Prathivadibhayankara Rajagopalan Ramesh	01915274	01-07-2020	-
06	Mr. Matthias Christoph Lohner	08934420	01-11-2020	-
07	Ms. Anjali Bansal	00207746	01-05-2022	-
08	Ms. Alpna Parida	06796621	01-06-2022	-

This Certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

This Certificate has been issued at the request of the Company to make disclosure in its Corporate Governance Report of the Financial Year ended 31<sup>st</sup> December 2022.

**For S. N. ANANTHASUBRAMANIAN & Co.**  
Company Secretaries  
ICSI Unique Code P1991MH040400  
Peer Review Cert. No.: 606/2019

Date : 13<sup>th</sup> February 2023  
Place : Thane

S. N. Ananthasubramanian  
Partner  
FCS : 4206  
COP No. : 1774  
ICSI UDIN : F004206D003147434





## CORPORATE GOVERNANCE CERTIFICATE

[Pursuant to Regulation 34(3) and Schedule V Para E of Securities and Exchange Board of India  
(Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,  
The Members of  
**Nestlé India Limited**  
**CIN: L15202DL1959PLC003786**  
100/101, World Trade Centre, Barakhamba Lane, New Delhi – 110001

### 1. Background

We have been approached by **Nestlé India Limited** (“the Company”) to examine the compliance with the conditions of Corporate Governance by the Company, as stipulated in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “Listing Regulations”), as amended from time to time, for the financial year ended on 31<sup>st</sup> December 2022.

### 2. Management’s Responsibility

The Compliance of conditions of Corporate Governance stipulated in the Listing Regulations is the responsibility of the management. The management shall devise adequate systems, internal controls and processes to monitor and ensure the same.

### 3. Our Responsibility

Our responsibility is limited to conduct an examination of the systems, internal controls and processes adopted by the Company and implementation thereof to monitor and ensure with the conditions of Corporate Governance and report thereon.

### 4. Methodology

- 4.1. In order to conduct our examination, we were provided with the relevant documents and information including explanations, wherever required.
- 4.2. Our examination was conducted in a manner which provided us with a reasonable basis for evaluating the systems, internal controls and processes adopted by the Company to monitor and ensure compliance with the conditions of Corporate Governance and to certify thereon.

### 5. Opinion

Based on our examination as aforesaid, the information, explanations and representations provided by the management, we certify that, the Company has complied with the conditions of the Corporate Governance stipulated in the Listing Regulations, for the Financial Year ended 31<sup>st</sup> December 2022.

### 6. Disclaimer

- 6.1. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
- 6.2. This report is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs.

**For S. N. ANANTHASUBRAMANIAN & Co.**  
Company Secretaries  
ICSI Unique Code: P1991MH040400  
Peer Review Cert. No.: 606/2019

**S. N. Ananthasubramanian**  
Partner  
FCS No. : 4206 | COP No. : 1774  
UDIN: F004206D003147357

Date : 16<sup>th</sup> February 2023  
Place : Thane



## ANNEXURE -2 TO THE BOARD'S REPORT

### ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

#### 1. Brief outline on CSR Policy of the Company.

Driven by the purpose, 'We unlock the power of food to enhance quality of life for everyone, today and for generations to come', the Company is mindful of the needs of the communities and strives to make a positive difference and create maximum value for the society. The Company's initiatives in society are focussed on the three pivotal ambitions of enabling healthier and happier lives for individuals and families, on helping develop thriving and resilient communities, and on stewarding the planet's natural resources for future generations. It is firmly rooted in a robust set of principles and values based on respect.

Your Company believes that the biggest opportunity is partnerships. It continues to engage with stakeholders including communities, academia, civil society, expert organisations and takes up such CSR activities that are in line with national priorities such as health, nutrition, education, livelihood, water and sanitation, environment etc.

Your Company's commitment to the society is sincere and longstanding. The CSR Policy of the Company is available on the website ([www.nestle.in/investors/policies](http://www.nestle.in/investors/policies)). While the focus of CSR efforts will be in the areas around Company operations, the Company also undertakes projects where societal needs are high or in special situations (such as in the case of natural calamities/ disasters including Covid relief, etc.).

The CSR Policy of the Company primarily aims to make an impact for individual & families, for the communities and for the planet and aligned with national priorities and sustainable development goals. The main focus areas are nutrition, water and sanitation, environment, rural development, education, livelihood enhancement, employee volunteering programmes, providing relief efforts and other contribution or donations, on need basis, where deemed necessary.

#### 2. Composition of CSR Committee:

S. No.	Name of Director	Designation/ Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Dr. Swati Ajay Piramal	Chairperson ( <i>Independent Non-Executive Director</i> )	4	3
2	Mr. Suresh Narayanan	Member ( <i>Chairman &amp; Managing Director</i> )	4	4
3	Ms. Anjali Bansal*	Member ( <i>Independent Non-Executive Director</i> )	2	1
4	Mr. David Stephen McDaniel	Member ( <i>Executive Director – Finance &amp; Control and CFO</i> )	4	4
5	Ms. Rama Bijapurkar**	Member ( <i>Independent Non-Executive Director</i> )	2	1

\*Appointed as Independent Non-Executive Director and member of CSR Committee w.e.f. 1<sup>st</sup> May 2022.

\*\* Retired as Independent Non-Executive Director w.e.f. 30<sup>th</sup> April 2022 upon completing her term of five consecutive years.

#### 3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company:

Keeping with the intent of CSR Policy, the Company has a tradition of executing CSR projects that achieve demonstrable outcomes having a significant impact on society. The projects and programmes are outlined in the Annual Action Plan for the year 2022, as amended from time to time and includes nutrition, health and breastfeeding awareness programmes; plastic waste management awareness; creating access to hand-on science education, providing access to clean drinking water and sanitation; enhancing the livelihood of street food vendors and the initiative of village adoption for sustainable development. Building on these efforts, your Company joined hands with credible non-government organisations ('NGOs'), implementing partners and authorities engaged in providing relief efforts in the communities impacted by Covid-19 pandemic across various states in India.



The web-links are as follows:

- Composition of CSR Committee: <https://www.nestle.in/investors/directorsandofficers>
- CSR Policy and Projects: <https://www.nestle.in/investors/policies>

**4 Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable:**

The Company in line with sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, carried out impact assessment through an independent agency in the financial year 2022 for the applicable projects.

During the year, your Company's flagship initiative 'Nestlé Healthy Kids Programme' that has been developed with a focus to raise nutrition awareness and active lifestyle among adolescents was assessed for Social Impact Assessment (SIA). The impact assessment study was carried by an external agency – M/s. Samhita Social Ventures Pvt. Limited in 2022. The impact assessment was carried out in Bihar (Patna) and Gujarat (Ahmedabad) where adolescents were assessed on awareness on importance of health, hygiene & sanitation, waste management and gender. The various focus areas included knowledge on anemia, vitamin A, thyroid, types of food, functions of food, personal hygiene practices, waste management, gender neutral practices etc. A mixed method approach was followed for data collection wherein researchers collected and analyzed both quantitative and qualitative data. Interviews, group discussion and data analysis was done for the control Vs intervention group. The SIA demonstrated positive impact for all the indicators assessed for example -

- food and nutrients (functions of food, anemia etc.)
- physical activity (benefits of play etc.)
- personal hygiene (importance of handwashing, good sanitation practices etc.)
- gender equality
- waste management.

The Social Impact Assessment Report is available on your Company's website at <https://www.nestle.in>

5. a) **Average net profit of the Company as per sub-section (5) of section 135 of the Act:** ₹ 27,893.6 Million.  
 b) **Two percent of average net profit of the sub-section (5) of section 135 of the Act:** ₹ 557.9 Million.  
 c) **Surplus arising out of the CSR projects or programmes or activities of the previous financial years:** Not Applicable.  
 d) **Amount required to be set-off for the financial year, if any:** None.  
 e) **Total CSR obligation for the financial year (b + c- d):** ₹ 557.9 Million.
6. (a) **Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project):** ₹ 534.0 Million.  
 (b) **Amount spent in Administrative Overheads:** ₹ 28.2 Million.  
 (c) **Amount spent on Impact Assessment, if applicable:** ₹ 1.0 Million.  
 (d) **Total amount spent for the Financial Year [(a) + (b) + (c)]:** ₹ 563.2 Million.  
 (e) **CSR amount spent or unspent for the Financial Year:**

Total Amount Spent for the Financial Year (₹ in million)	Amount Unspent (in ₹ million)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5) of the Act		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
563.2	Not applicable				

(f) Excess amount for set-off, if any: Nil

S.No.	Particular	Amount (in ₹ million)
(i)	Two percent of average net profit of the company as per sub-section (5) of section 135 of the Act	557.9
(ii)	Total amount spent for the Financial Year	563.2
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	5.3
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	Nil
(v)	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	Nil*

\* The Company will not carry forward any excess amount spent during the year 2022.

**7. Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years:**

S. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under sub-section (6) of section 135 of the Act (₹ in million)	Balance Amount in Unspent CSR Account under sub-section (6) of section 135 of the Act (₹ in million)	Amount Spent in the Financial Year (₹ in million)	Amount transferred to a Fund as specified under Schedule VII as per second proviso to sub-section (5) of section 135 of the Act, if any		Amount remaining to be spent in succeeding Financial Years. (₹ in million)	Deficiency, if any
					Amount (₹ in million).	Date of transfer.		
Not Applicable								

**8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year:**

Yes  No

If Yes, enter the number of Capital assets created/ acquired: Not Applicable.

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

S. No.	Short particulars of the property or asset(s)[including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR Amount spent	Details of Company/ Authority/beneficiary of the registered owner		
(1)	(2)	(3)	(4)	(5)	(6)		
					CSR Registration Number, if applicable	Name	Registered address
Not Applicable							

(All the fields should be captured as appearing in the revenue record, flat no, house no, Municipal Office/Municipal Corporation/ Gram panchayat are to be specified and also the area of the immovable property as well as boundaries)

**9. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per subsection (5) of section 135 of the Act:**

Not Applicable.

On behalf of the Board of Directors

Date: 16<sup>th</sup> February 2023

Swati Ajay Pirmal  
Chairperson – Corporate Social  
Responsibility Committee

Suresh Narayanan  
Chairman and Managing Director



**ANNEXURE -3 TO THE BOARD'S REPORT  
BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT**

**Section A: General Disclosures**

**I. Details of the Company:**

1.	Corporate Identity Number (CIN) of the Company	L15202DL1959PLC003786
2.	Name of the Company	Nestlé India Limited
3.	Year of Incorporation	28 <sup>th</sup> March 1959
4.	Registered office address	100 / 101, World Trade Centre, Barakhamba Lane, New Delhi – 110001, India
5.	Corporate office address	"Nestlé House", Jacaranda Marg, 'M' Block, DLF City, Phase - II, Gurugram - 122 002, Haryana, India
6.	E-mail id	investor@in.nestle.com
7.	Telephone	011-23418891
8.	Website	www.nestle.in
9.	Financial year for which reporting is being done	January 2022 to December 2022
10.	Name of the Stock Exchange(s) where shares are listed	BSE Limited, Mumbai
11.	Paid-up capital (In ₹)	₹ 96,41,57,160/-
12.	Name and contact details of the person who may be contacted in case of any queries on the BRSR report	Mr. Sanjay Khajuria, Director-Corporate Affairs and Sustainability Email: Sanjay.Khajuria@in.nestle.com Phone: 011-23418891
13.	Reporting boundary	The disclosures made under this report are on a standalone basis.

**II. Products/services**

**14. Details of business activities:**

S.No.	Description of Main Activity	Description of Business Activity	% of Turnover of the Company
1.	Food Processing Industry	Food Processing Industry	100

**15. Products/Services sold by the Company:**

S.No.	Product/Service	NIC Code	% of Total Turnover
1	Milk Products and Nutrition	10509	40.6%
2	Prepared Dishes and Cooking Aids	10750	31.6%
3	Confectionery	10732 & 10733	15.8%
4	Powdered and Liquid Beverages	10792	12.0%



### III. Operations

#### 16. Number of locations where plants and/or operations/offices of the Company are situated:

Your Company has 9 manufacturing facilities, 4 sales branches, 1 registered office, 1 Head office and nation-wide sales and distribution network.

Your Company has its manufacturing facilities at Moga (Punjab), Choladi (Tamil Nadu), Nanjangud (Karnataka), Samalkha (Haryana), Ponda (Goa), Bicholim (Goa), Pantnagar (Uttarakhand), Tahliwal (Himachal Pradesh) and Sanand (Gujarat).

The Registered Office of the Company is located at Delhi. The 4 Branch Offices located at Gurugram, Mumbai, Chennai and Kolkata help facilitate the sales and marketing activities of the Company. The Head Office is located at Gurugram, Haryana.

Location	Number of Plants	Number of Offices	Total
National	9	4 Branch offices, 1 Head office, 1 Registered Office	15
International	Not Applicable	-	-

#### 17. Markets served by the Company:

##### a. Number of locations

Location	Number
National (No. of States)	Pan-India 36 (28 States/8 UTs)
International (No. of Countries)	26*

\* Your Company exported products to 26 countries in 2022.

##### b. What is the contribution of exports as a percentage of the total turnover of the Company?

Contribution of exports during the financial year ended 31<sup>st</sup> December 2022: 4.1%

##### c. A brief on types of customers:

With nine factories and a large number of co-packers, co-manufacturers and trade partners, your Company provides consumers in India with products of international standards and is committed to long-term sustainable growth. Your Company works to build relationships that ensure long-term business for everyone. Your Company has developed a resilient and agile framework that sources its direct and indirect materials from over 4,000 suppliers and has touched lives of over 200,000 farmers, retailers, vendors, distributors etc. Your Company reaches consumers through its wide network of distributors, traditional and organized trade, e-commerce, canteen stores and pharmacies. Direct-to-Consumer (D2C) e-commerce platform [www.mynestle.in](http://www.mynestle.in) was launched during the year, where Nestlé products manufactured in India are available in select towns of National Capital Region (NCR).

## IV. Employees

### 18. Details as at the end of Financial Year:

#### a. Employees and workers (including differently abled):

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	%(B/A)	No. (C)	%(C/A)
<b>EMPLOYEES</b>						
1.	Permanent (D)	3,580	2,721	76%	859	24%
2.	Other than Permanent (E)	299	224	74%	75	25%
3.	<b>Total employees (D + E)</b>	<b>3,879</b>	<b>2,945</b>	<b>76%</b>	<b>934</b>	<b>24%</b>
<b>WORKERS</b>						
4.	Permanent (F)	4,537	4,346	96%	191	4%
5.	Other than Permanent (G)	6,617	5,956	90%	661	10%
6.	<b>Total workers (F + G)</b>	<b>11,154</b>	<b>10,302</b>	<b>92%</b>	<b>852</b>	<b>8%</b>

Note: Definition of employee clustering is as under:

- Permanent Employees include white collar employees • Other than Permanent Employees include Temporary, Contractual and Third party employees.
- Permanent Workers include technicians, associates, staff, and collaborators • Other than Permanent Workers include Contractual Labour, Temps. Fixed Term Contractual.

#### b. Differently abled employees and workers:

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	%(B/A)	No. (C)	%(C/A)
<b>DIFFERENTLY ABLED EMPLOYEES</b>						
1.	Permanent (D)	4	4	100%	0	0
2.	Other than Permanent (E)	7	7	100%	0	0
3.	<b>Total differently abled employees (D + E)</b>	<b>11</b>	<b>11</b>	<b>100%</b>	<b>0</b>	<b>0</b>
<b>DIFFERENTLY ABLED WORKERS</b>						
4.	Permanent (F)	2	2	100%	0	0
5.	Other than Permanent (G)	3	3	100%	0	0
6.	<b>Total differently abled workers (F + G)</b>	<b>5</b>	<b>5</b>	<b>100%</b>	<b>0</b>	<b>0</b>

### 19. Participation/Inclusion/Representation of women:

	Total (A)	No. and percentage of Females	
		No. (B)	%(B/A)
Board of Directors	8	3	38%
Key Managerial Personnel (KMP)*	1	0	0%

\* KMP other than Board of Directors

### 20. Turnover rate for permanent employees and workers:

	FY 2022			FY 2021			FY 2020		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	13%	26%	16%	9%	17%	11%	7%	12%	8%
Permanent Workers	0.6%	9%	1%	1%	12%	2%	1%	9%	1%

## V. Holding, Subsidiary and Associate Companies (including joint ventures)

### 21. (a) Names of holding/subsidiary/associate companies/joint ventures:

S. No.	Name of the holding/subsidiary/ associate companies/ joint ventures (A)	Indicate whether holding/ subsidiary/ associate/ joint venture	% of shares held	Does the Company indicated at Column A, participate in the Business Responsibility initiatives of the Company
1	Nestlé S.A.	Holding	34.28	No
2	Maggi Enterprises Limited	Holding	28.48	No

## VI. CSR Details

### 22. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: Yes

(ii) Turnover (in ₹): 167,895.3 million

(iii) Net worth (in ₹): 24,591.7 million

## VII. Transparency and Disclosures Compliances

### 23. Complaints/grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct (NGRBC):

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place	FY 2022			FY 2021		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
	<i>(If Yes, then provide web-link for grievance redress policy)</i>						
Communities	Yes. Weblinks*	0	0	-	0	0	-
Investors (other than shareholders)	Yes. Weblinks*	0	0	-	0	0	-
Shareholders	Yes. Weblinks*	14	0	-	3	0	-
Employees and workers	Yes. Weblinks*	29	3	-	16	0	-
Customers	Yes. Weblinks* Email: wecare@in.nestle.com	5,338	0	-	4,608	0	-
Value Chain Partners	Yes. Weblinks*	30	3	-	5	0	-
Others (please specify)	-	-	-	-	-	-	-

**\*Weblinks:**

- Policy: [www.nestle.in/investors/policies](http://www.nestle.in/investors/policies)
- Vigil mechanism: [www.nestle.com/about/how-we-do-business/report-compliance-concerns](http://www.nestle.com/about/how-we-do-business/report-compliance-concerns)

24. Overview of the Company’s material responsible business conduct issues. Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications:

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1	Renewable Fuel and Renewable Power	Opportunity	Reduction of pollution and protection of the environment.	Move to renewable sources of energy across the manufacturing locations. Your Company is installing biomass boilers at factories in Nanjangud, Moga and Sanand that will help in reducing GHG emissions per annum.	Initially because of capex, this will be negative but in medium to long term it will be positive.
2	Plastic (laminates used for packaging)	Risk and Opportunity	Limited recycling infrastructure. Reduced plastic consumption, use of recycled content and pack-size optimization.	Move to mono layer laminates to mitigate impact. Approach directed towards circular economy.	Change to mono layer will be negative. Reduced plastic usage will be positive.
3	Social responsibility towards society	Opportunity	Your Company’s commitment to the society is sincere and longstanding and the focus is on areas where societal needs are high. The initiatives include nutrition awareness; plastic waste management; creating access to clean drinking water and sanitation; training street food vendors on food safety and hygiene and village adoption.	Details are appended in Annexure-2 that forms an integral part of Annual Report.	Positive. Your Company’s initiatives are in line with national priorities and SDGs. Your Company strives to make a positive difference and create maximum value for the society.

## Section B: Management and Process Disclosures

The National Guidelines for Responsible Business Conduct [NGRBC] as brought out by the Ministry of Corporate Affairs advocates nine principles referred as P1-P9 as given below:

P1	Businesses should conduct and govern themselves with integrity, and in a manner that is ethical, transparent and accountable
P2	Businesses should provide goods and services in a manner that is sustainable and safe
P3	Businesses should respect and promote the well-being of all employees, including those in their value chains
P4	Businesses should respect the interests of and be responsive to all its stakeholders
P5	Businesses should respect and promote human rights
P6	Businesses should respect and make efforts to protect and restore the environment
P7	Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent
P8	Businesses should promote inclusive growth and equitable development
P9	Businesses should engage with and provide value to their consumers in a responsible manner

S. No.	Disclosure Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
<b>Policy and management processes</b>										
1.	a. Whether your Company's policy/ policies cover each principle and its core elements of the NGRBCs.	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	b. Has the policy been approved by the Board?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	c. Web Link of the Policies, if available	@	@	@	@	@	@	@	@	@
2.	Whether the Company has translated the policy into procedures.	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
3.	Do the enlisted policies extend to your value chain partners?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
4.	Name of the national and international codes/certifications/ labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your Company and mapped to each principle.	<p>Your Company's manufacturing facilities and office premises have well defined Environment, Health, Safety and Quality Management systems in place with stringent internal standards and are also certified with international standards ISO 45001: 2018: Occupational Health and safety Management system; ISO 14001: 2015: Environmental Management system, ISO 9001: 2015: Quality Management system. Additionally, manufacturing facilities are certified with ISO/IEC 17025:2017 (Testing and Calibration Laboratories Accreditation), BIS and FSSC 22000 (Food Safety System Certification).</p> <p>Your Company works with suppliers/farmers and sourcing ingredients adhering to 4C certification, Rainforest Alliance for Coffee, Bonsucro certification for Sugar and RSPO for Palm oil.</p>								



5.	Specific commitments, goals and targets set by the Company with defined timelines, if any.	<p>Globally, Nestlé group has committed to be net zero by 2050 based on the 2018 baseline. Your Company as one of the markets of Nestlé group is also committed to reduce the emissions and accelerating the sustainability journey in India.</p> <p>To achieve net zero emissions, there is a need to reduce emissions as much as possible. As a part of the global commitment, sourcing 50% of the ingredients from regenerative agriculture by 2030 will help to do so, as will investing in sustainable logistics, packaging and manufacturing activities. By 2025, as part of the global commitment, Nestlé aims to reduce the emissions by 20% and by 2030 reduce emissions by 50%. To achieve the commitments, your Company is accelerating work in manufacturing, packaging, sourcing, water, logistics and carbon-neutral brands.</p>
6.	Performance of the Company against the specific commitments, goals and targets along-with reasons in case the same are not met.	<p>Your Company follows a series of Environmental Performance Indicators to monitor its efforts for sustainable use of natural resources in manufacturing. Your Company is committed to conservation and optimal utilization of all resources, reducing waste to zero and full recovery of unavoidable by-products.</p> <p>Through the NESCAFÉ Plan, MAGGI Spice Plan and partnering with the dairy farmers, your Company continued to collaborate with the farmers on environmental sustainability programmes. All your Company’s brands continue to be plastic neutral, which means the quantum of plastic that is being used in the packaging is compensated by what is collected and managed.</p>
<b>Governance, leadership and oversight</b>		
7.	Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements	<p>Your Company’s vision is to be seen as “Leaders in Sustainability” and as “Solution provider”, by the consumers, employees, partners, society and other stakeholders.</p> <p>At Nestlé, sustainability inspires and guides everything the Company does. Your Company is committed to environmentally sustainable business practices across its value chain making the right choices to protect the future by integrating environmental considerations into its business planning. Preserving the planet is weaved into the Purpose of your Company - “We unlock the power of food to enhance quality of life for everyone, today and for generations to come”.</p> <p>Your Company has accelerated the sustainability journey by working across 4 commitments related to climate change, plastics and packaging, responsible sourcing and water management. Its efforts encompass the entire value chain, where it actively engages with farmers, suppliers, employees and consumers to increase awareness about the planet. Your Company has made substantial progress in the sustainability journey towards reducing overall emissions. The key projects across 4 focus areas:</p> <ul style="list-style-type: none"> <li>» Sourcing the ingredients sustainably: especially raw materials where your Company is working closely with farmers to educate / build sustainability practices.</li> <li>» Manufacturing sustainably: By increasing usage of renewable sources of energy.</li> <li>» Optimizing use of water: By conserving, limiting usage, facilitating re-use.</li> <li>» Building sustainable packaging options: Reducing overall use of virgin plastic material, design for recycle.</li> </ul> <p>Your Company is committed to being open and transparent, and to listening to the views of others as we move forward in sustainable development.</p>

8.	Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	<p>At the highest level, the Board of Directors of your Company, led by the Chairman and Managing Director, has the primary role to protect and assess the Business Responsibility (BR) performance of your Company.</p> <p>The Corporate Social Responsibility (CSR) Committee oversees, <i>inter-alia</i>, corporate social responsibility and other related matters as may be referred by the Board of Directors. The CSR Committee formulates an Annual Action Plan pursuant to the CSR Rules and the CSR Policy of the Company, as amended from time to time. All the CSR projects and programmes are undertaken, monitored, assessed and reported as per the CSR Rules.</p> <p>In order to review the sustainability agenda of your Company at the desired levels, the Board of Directors added sustainability areas as part of terms of reference of the Risk Management Committee and to reflect the same, changed its nomenclature to Risk Management and Sustainability Initiatives Committee.</p> <p>Risk Management and Sustainability Initiatives (RMSI) Committee reviews amongst other things, your Company's sustainability agenda including the measures which ensure the Company's sustainability commitment and how its long-term strategy relates to its ability to create shared value.</p> <p>The RMSI Committee, <i>inter-alia</i>, reviews Company's plan and actions with regard to climate change, plastics and packaging, water management and responsible sourcing while ensuring that the Company carries out human rights due diligence and manages diversity, inclusion and employee health and well-being appropriately. The RMSI Committee also oversees compliance of all policies and the regulatory reporting requirements under the Listing Regulations.</p>
9.	Does the Company have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? If yes, provide details.	<p>Yes, the Board of Directors has entrusted RMSI Committee to oversee the sustainability initiatives of your Company. The Committee meets once in a quarter. The RMSI Committee comprises of three independent non-executive directors and two executive directors of your Company.</p> <p>Your Company has also set up a Governance Council to provide oversight, direction and support on sustainability, headed by the Chairman and Managing Director. The Council comprises of the key members of the Management Committee as well as leads of the Task Forces that have been set up to drive and deliver key projects in each focus area i.e. Sustainable Sourcing, Sustainable Packaging, Manufacturing &amp; Logistics, Brands, Recipes &amp; Portfolio.</p> <p>The Governance Council meets regularly and reviews progress of the sustainability projects undertaken by the Task Forces in their respective focus areas. The Chairman of the Governance Council reports the progress to the RMSI Committee and the Board of Directors of the Company.</p>

Note: The policies have been derived and adopted from the Nestlé Global Policies and are aligned as per local requirements to safeguard the interests of all its stakeholders.

10. Details of Review of NGRBCs by the Company:																		
Subject for Review	Indicate whether review was undertaken by Director/ Committee of the Board/ Any other Committee									Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify)								
	P1	P2	P3	P4	P5	P6	P7	P8	P9	P1	P2	P3	P4	P5	P6	P7	P8	P9
Performance against above policies and follow up action	C^	C^	C^	C^	C^	C^	C^	C^	C^	A*	A*	A*	A*	A*	A*	A*	Q#	A*
Compliance with statutory requirements of relevance to the principles, and rectification of any non-compliances	C^	C^	C^	C^	C^	C^	C^	C^	C^	A*	A*	A*	A*	A*	A*	A*	Q#	A*

\*A - Annually, #Q - Quarterly, ^C - Committee of the Board.

Note: There were no follow-up actions by the Committee of the Board.

11. Has the Company carried out independent assessment/ evaluation of the working of its policies by an external agency? If yes, provide name of the agency.																		
	P1	P2	P3	P4	P5	P6	P7	P8	P9									
Has the Company carried out independent assessment/ evaluation of the working of its policies by an external agency? If yes, provide name of the agency.	N	N	N	N	N	N	N	N	N									

12. If answer to question (1) above is "No" i.e. not all Principles are covered by a policy, reasons to be stated:																		
	P1	P2	P3	P4	P5	P6	P7	P8	P9									
The Company does not consider the Principles material to its business	Not Applicable																	
The Company is not at a stage where it is in a position to formulate and implement the policies on specified principles																		
The Company does not have the financial or/human and technical resources available for the task																		
It is planned to be done in the next financial year																		
Any other reason																		

**@Weblink of the Policies:**

**Principle 1: Ethics, Transparency and Accountability: Businesses should conduct and govern themselves with integrity in a manner that is Ethical, Transparent and Accountable:**

- Nestlé Corporate Business Principles  
[https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate\\_governance/corporate-business-principles-en.pdf](https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/corporate-business-principles-en.pdf)
- Nestlé India Code of Business Conduct  
<https://www.nestle.in/sites/g/files/pydnoa451/files/2019-11/nestle-india-code-of-business-conduct-22-11-19.pdf>

**Principle 2: Product Life Cycle Sustainability: Businesses should provide goods and services in a manner that is sustainable and safe:**

- Nestlé Quality Policy  
[https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/suppliers/quality\\_policy\\_nestle.pdf](https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/suppliers/quality_policy_nestle.pdf)



**Principle 3: Employee Well Being: Businesses should respect and promote the well-being of all employees, including those in their value chains:**

-Whistle Blower Policy

<https://www.nestle.in/investors/policies>

- Equal Opportunity Policy

<https://www.nestle.in/jobs/equal-opportunity-policy>

- Nestlé Corporate Business Principles

<https://www.nestle.in/aboutus/report-your-concerns/nestl%C3%A9%27s-corporate-business-principles>

- ISO 45001: 2018: Occupational Health and safety Management system

**Principle 4: Stakeholder Engagement: Businesses should respect the interests of and be responsive to all its stakeholders:**

- Nestlé Corporate Business Principles

[https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate\\_governance/corporate-business-principles-en.pdf](https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/corporate-business-principles-en.pdf)

**Principle 5: Businesses should respect and promote human rights:**

- Nestlé Responsible Sourcing Standard

<https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/suppliers/nestle-responsible-sourcing-standard-english.pdf>

<https://www.nestle.com/csv/what-is-csv/ethical-business/human-rights>

**Principle 6: Environment: Businesses should respect and make efforts to protect and restore the environment:**

- Nestlé Responsible Sourcing Standard

<https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/suppliers/nestle-responsible-sourcing-standard-english.pdf>

- Safety, Health & Environmental Sustainability Policy

<https://www.nestle.in/sites/g/files/pydnoa451/files/asset-library/publishingimages/csv/pdf/shandepolicy.pdf>

- The Nestlé Policy on Environmental Sustainability

[https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/environmental\\_sustainability/nestl%C3%A9%20policy%20on%20environmental%20sustainability.pdf](https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/environmental_sustainability/nestl%C3%A9%20policy%20on%20environmental%20sustainability.pdf)

**Principle 7: Policy Advocacy: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent:**

- Nestlé Corporate Business Principles

[https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate\\_governance/corporate-business-principles-en.pdf](https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/corporate-business-principles-en.pdf)

- Antitrust Law Policy

[https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/about\\_us/nestle-group-antitrust-law-policy-september-2016.pdf](https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/about_us/nestle-group-antitrust-law-policy-september-2016.pdf)

- Transparency on advocacy, lobbying and industry associations (nestle.com)

**Principle 8: Inclusive Growth: Businesses should promote inclusive growth and equitable development:**

- Nestlé Corporate Social Responsibility Policy

[www.nestle.in/investors/policies](http://www.nestle.in/investors/policies)

**Principle 9: Customer/Consumer Value: Businesses should engage with and provide value to their consumers in a responsible manner:**

- Nestlé Marketing Communication to Children Policy

[https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate\\_social\\_responsibility/nestle-marketing-communication-children-policy.pdf](https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_social_responsibility/nestle-marketing-communication-children-policy.pdf)

- Nestlé Consumer Communication Principle  
[http://www.nestle.com/asset-library/documents/library/documents/about\\_us/communication-principles.pdf](http://www.nestle.com/asset-library/documents/library/documents/about_us/communication-principles.pdf)

## Section C: Principle wise Performance Disclosure

### Principle 1

**Ethics, Transparency and Accountability:** Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

#### Essential Indicator

##### 1. Percentage coverage by training and awareness programmes on any of the principles during the financial year:

Your Company's business practices have been governed by integrity, honesty, fair dealing and full compliance with all applicable laws. Nestlé employees have upheld and lived this commitment in their everyday responsibilities ever since, and Nestlé's reputation remains one of the Company's most important assets today. The Nestlé Corporate Business Principles prescribe certain values and principles which Nestlé has committed to globally. The Code of Business Conduct specifies and helps the continued implementation of the Corporate Business Principles by establishing certain non-negotiable minimum standards of behaviour in key areas. Considering the importance, all employees are trained on these principles and it's ensured that they are well aware of them.

Segment	Total Number of Training and Awareness Programmes held	Topics/Principles Covered Under the Training and its impact	% of Persons in Respective Category Covered by the Awareness Programmes
<b>Board of Directors (BOD)</b> (online mode)	1	All principles	100%
<b>Key Managerial Personnel (KMPs)</b> (Training is administered using the virtual learning platform)	1	All principles	100%
<b>Employees other than BoD and KMPs</b> Majority of the training programs are administered through the internal virtual learning platform. Some employees are also covered via classroom sessions – 51 such sessions have been held during the year.	51	All principles	96%
<b>Workers</b>	1,463	All principles	91.5%

##### 2. Details of fines/penalties/punishment/award/ compounding fees/settlement amount paid in proceedings (by the Company or by directors/KMPs with regulators/law enforcement agencies/judicial institutions, in the financial year:

(Note: the Company shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the Company's website):

During 2022, no fines/penalties/punishment/award/compounding fees/settlement amount was paid in proceedings (by the Company or by directors/KMPs with regulators/law enforcement agencies/judicial institutions).



Monetary					
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In INR)	Brief of the Case	Has an appeal been preferred?
Penalty/ Fine	Not Applicable				
Settlement					
Compounding Fee					
Non-Monetary					
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In INR)	Brief of the Case	Has an appeal been preferred?
Imprisonment	Not Applicable				
Punishment					

3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed:

Case Details	Name of the regulatory/ enforcement agencies/ judicial institutions
Not Applicable	

4. Does the Company have an anti-corruption or anti bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

Yes. The *Nestlé Corporate Business Principles* (NCBP) prescribe certain values and principles which Nestlé has committed to globally. Other significant documents from the Nestlé Group, which define the standard of behaviour of the Company, are Nestlé Purpose and Values and Nestlé Responsible Sourcing Standard.

The *Nestlé Code of Business Conduct* specifies and helps the continued implementation of the Corporate Business Principles by establishing certain non-negotiable minimum standards of behaviour in key areas, one of which is anti-corruption and bribery. The Nestlé Code of Business Conduct guidelines details the prescribed behavior pertaining to the area. Part of it states, "The Employees must never, directly or through intermediaries, offer or promise any personal or improper financial or other advantage in order to obtain or retain a business or other advantage from a third party, whether public or private. Nor must they accept any such advantage in return for any preferential treatment of a third party. Moreover, employees must refrain from any activity or behaviour that could give rise to the appearance or suspicion of such conduct or the attempt there of." The link of the NCBP is provided hereunder:

[www.nestle.in/sites/g/files/pydnoa451/files/investors/documents/nestle\\_india\\_code\\_of\\_business\\_conduct\\_.pdf](http://www.nestle.in/sites/g/files/pydnoa451/files/investors/documents/nestle_india_code_of_business_conduct_.pdf)

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

Segment	FY 2022	FY 2021
Directors	None	None
KMPs		
Employees		
Workers		

**6. Details of complaints with regard to conflict of interest:**

	FY 2022		FY 2021	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of conflict of interest of the Directors	0	Not Applicable	0	Not Applicable
Number of complaints received in relation to issues of conflict of interest of the KMPs	0	Not Applicable	0	Not Applicable

**7. Provide details of any corrective action taken or underway on issues related to fines/ penalties/ action taken by regulators/ law enforcement agencies/ judicial institutions, or cases of corruption and conflicts of interest:**

Not Applicable.

**Leadership Indicators**

**1. Awareness programmes conducted for value chain partners on any of the Principles during the financial year:**

Your Company facilitates capacity building workshops and awareness sessions for its key value chain partners including farmers, suppliers/vendors, distributors to educate and create awareness on key areas like safety, quality, human rights, labour practices and sustainability.

Value Chain Partner	Total No. of Awareness Sessions Held	Topics/ Principles covered under the training	% of value chain programme partners covered (by value of business done with such partners) under awareness programmes
Dairy Farmers	88	Environment Sustainability and Responsible Sourcing (quality, nutrition, health)	16%
Coffee Farmers	2,500	Environment Sustainability and regenerative agriculture	100%
Distribution Centres (DCs)	3,465	Health & Safety	100%

**2. Does the Company have processes in place to avoid/ manage conflict of interests involving members of the Board? If Yes, provide details of the same:**

Yes. Your Company has adopted the 'The Nestlé India Code of Business Conduct' ("the Code"). The Code is available on the website of the Company at <https://www.nestle.in/investors/policies>. The Code requires the directors, key managerial personnel, senior management and employees to avoid situations in which their personal interests could conflict with the interests of the Company. Further, the Board of Directors sign-off on the Code of Business Conduct on an annual basis.

The directors, key managerial personnel and other senior management of the Company are required to disclose to the Board of Directors, on an annual basis, whether they, directly or indirectly or on behalf of third parties, have material interest in any transaction or matter directly affecting the Company.

As per the *Nestlé Corporate Business Principles* (NCBP), all employees are obligated to disclose any conflict of interest either by holding any outside position or employment of relatives or receiving/giving gifts. Your Company has also implemented a conflict of interest tool which requires disclosure by employees, upto a certain grade, on an annual basis on any existing conflict of interest and also a mechanism to report off cycle, if any, conflict of interest arising subsequently. Any conflict of interest reported by an employee is escalated to the line manager of that employee. Thereafter, the line manager reviews, assesses the situation and act upon the reported conflict of interest. In case the mitigation action plan cannot be agreed with the direct reportee, the line manager can escalate the case(s) to the Compliance Officer. A Ready Reckoner has been issued to the line managers to review the situation(s) and decide on appropriate mitigation action plan.

## Principle 2

**Product Life Cycle Sustainability:** Businesses should provide goods and services in a manner that is sustainable and safe.

### Essential Indicators

1. **Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the Company, respectively:**

*(Amount Rupees in Million)*

	FY 2022	FY 2021	Details of improvements in environmental and social impacts
R&D	266	267.2	Invested towards innovation and renovation of products to achieve high manufacturing quality and safe products.
Capex	531	154	Invested towards environment sustainability (green-power, green fuel, recycling of water to reduce ground water withdrawal, cost effectiveness and energy conservation).

While your Company focuses on R&D testing and adaptation to local conditions, as a part of Nestlé Group and under the General License Agreement(s), it has access to and advantage of drawing from the extensive central R&D efforts and activities of the Nestlé Group. Nestlé Group spends substantial amounts and efforts in R&D and in gaining industrial experiences. It has therefore been possible for your Company to focus its efforts on testing and modification of products for local conditions. Improving and maintaining the quality of certain key raw materials continued to receive close attention. The ability to leverage the R&D expertise and knowledge of Nestlé Group, has helped your Company to innovate and renovate, manufacture high quality and safe products, improve yields, input substitution, sustainable sourcing, packaging and logistics to achieve more efficient operations.

Furthermore, access to Nestlé R&D network helps your Company to use new process technologies that lower emissions and provide guidance on how the product development can achieve lower-carbon recipes by substituting ingredients while maintaining key product attributes. Wherever possible, it also helps in upcycling agriculture by-products to reduce food waste and nutrient loss, while unlocking new revenue streams for the farmers. In addition to the above, the R&D organization helps to discover and develop technologies for more sustainable packaging to meet global commitment for all Nestlé packaging to be recyclable or reusable by 2025. Consequently, the consumers perceive the products and services of your Company as high value for their money. This gives your Company the unique ability to develop products and solutions that are produced with careful consideration for natural resources and social impacts and for contributing towards environment sustainability.

Nestlé Institute of Packaging Science of Nestlé group works alongside Nestlé R&D network while helping all Nestlé group companies move towards paper packaging, increasing use of recycled, bio-degradable content in the packaging, simplifying on packaging, piloting refillable and reusable systems.

During the year, nine energy reduction projects were undertaken by factories of the Company which will result in substantial annualized savings of approximately 23,299 Gigajoules (saving of 0.59% of total annual energy consumption) and should be realized in next two to three years. Some of the projects undertaken at different factory locations include flash steam heat recovery from condensate; automation of burners in boiler operations; electricity optimization in reverse osmosis, vacuum pump, compressed air operations.

During the year, seven water reduction projects were initiated in different factories locations. This, inter-alia, resulted in reduction in water consumption and reuse of recycled water in a more efficient manner. The projects undertaken will result in savings of approximately 148,654 m<sup>3</sup> (saving of 5.31 % of total annual water consumption) and shall be realized in the next two to three years. One of the key initiatives contributing to water savings in 2022 was increasing the utilization of treated effluent after polishing through high technology Reverse Osmosis (RO) plant.

### 2.a. Does the Company have procedures in place for sustainable sourcing?

Yes, there are procedures in place for sustainable sourcing. The Company selects its suppliers through strictly laid down procedures and engages with them according to the non-negotiable standards described in the Nestlé Responsible Sourcing Standard. The requirements of Business Integrity, Human Rights (labour standards), Health and Safety and Sustainable environmental standards in their business activities, production processes, services provision, and their own purchasing procedures, as enshrined in the Nestlé Responsible Sourcing Standard, apply to all suppliers.

Your Company's Sustainable Sourcing team ensures that the raw and packaging materials and the services sourced have been produced in accordance with the Responsible Sourcing Standard.

Dairy and coffee farmers constitute a vital part of your Company's supply chain and provides a unique opportunity to engage with farmers and help address some of the sustainability challenges confronting them, and at the same time create sustainable and resilient value chains for your Company's businesses. Your Company is engaging with rice, wheat and spice farmers for good agricultural practices, helping them grow safe, high-quality raw materials, and develop resilient, sustainable farms.

Through the NESCAFÉ Plan, MAGGI Spice Plan and partnering with the dairy farmers, your Company collaborates with the farmers on environmental sustainability programmes. The focus of these interventions has been largely around improving farmer livelihoods, increasing agricultural productivity, strengthening water security and addressing the challenge of climate change and enhancing resilience.

### b. If yes, what percentage of inputs were sourced sustainably?

Your Company's supply chains facilitate optimum utilization of raw materials, recycling of waste as well as efficient logistics operations. Farmers constitute a vital part of your Company's supply chain. Accordingly, your Company focuses extensively on enhancing the sustainability of its supply chain.

Your Company's sustainable supply chains cover the labour standards, health and safety as mandatory elements and environment assessment as additional elements.

During 2022 about 73% of inputs were sourced sustainably.

### 3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste:

Your Company follows 3R's principles i.e. 'Reduce', 'Recycle' and 'Recover' to be environmentally sustainable:

**REDUCE:** Your Company ensures continuous optimization of packaging by source reduction, ecodesign and value engineering. Your Company launched Ready-to-Drink ('RTD') tetrapaks with paper straw replacing plastic straw. For the first time recycled PET trays in the Chocolate category were launched in 2022 to reduce usage of virgin plastic.

**RECYCLE:** Your Company encourages the use of recycled material wherever applicable e.g., 100% recycled paper in shippers. Your Company successfully expanded the mono material laminate journey in flexible packaging for Chocolates.

**RECOVER:** Your Company supports initiatives to recover used packaging. This year your Company responsibly managed approximately 23,300 Metric tonnes of post-consumer plastic packaging waste as a part of our commitment under Extended Producers' Responsibility (EPR).

Your Company achieved Plastic Neutrality in 2020 and continued to be plastic neutral in 2022 by implementing an integrated waste management programme that incorporates unique and multi-dimensional initiatives. Your Company collected and sustainably managed approximately 23,300 Metric tonnes of post-consumer plastic waste across 35 states and Union Territories. The amount of plastic waste managed is equivalent to the amount of plastic packaging utilized by your Company during the year, enabling the Company to maintain the milestone of Plastic Neutrality.

Your Company has a robust e-waste management standard operating procedure which ensures compliance to e-waste Management Rules 2016, including filing of requisite annual returns to State Pollution Control Boards (SPCB). Contracts for disposal of e-waste exist with authorized vendors and disposal is done within the stipulated time frames in a responsible manner. Similarly, disposal of hazardous waste, as laid down in the Hazardous Waste Management Rules, is done in line with the stipulated guidelines through authorized vendors and requisite Annual returns are filed with SPCB.

**4. Whether Extended Producer Responsibility (EPR) is applicable to the Company’s activities. If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.**

Yes, Extended Producer Responsibility (EPR) is applicable. As a responsible manufacturer of food products, your Company has initiated collection and management of both pre-consumer and post-consumer plastic packaging through registered waste management service providers as a part of EPR. This initiative not only ensures compliance to ‘Plastic Waste Management Rules’ 2016 and as amended but also facilitates reinforcement of positive attitude and behaviour towards responsible waste disposal through consumer awareness. All the packaging carries anti-litter logo for consumer awareness. For easy segregation and recycling, packaging identification logo is placed on the plastic-based packaging material.

**Leadership Indicators**

**1. Has the Company conducted Life Cycle Perspective/ Assessments (LCA) for any of its products?**

Your Company has initiated Life Cycle Assessments (LCA) of its products with an objective to evaluate environmental impact and identify areas for improvement in the value chain. The LCA was done for the brand NAN and this included analysis across parameters such as ingredients, packaging materials and manufacturing etc. The study was conducted by your Company and reviewed by an external LCA expert entity. Similar LCA studies will continue to be used as a tool for assessing environmental footprint of products going forward.

NIC Code	Name of Product / Service	% of total Turnover contributed	Boundary for which the Life Cycle Perspective / Assessment was conducted	Whether conducted by independent external agency	Results communicated in public domain If yes, provide the web-link
10509	NAN portfolio	6.3	The LCA was conducted in 2022 (taking 2018 as the baseline year for analysis)	No	No

\* The NAN portfolio includes infant and toddler nutrition brands, namely NANGROW, NAN EXCELLAPRO, NAN PRO, NAN LO LAC and PreNAN.

**2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products/ services, as identified in the Life Cycle Perspective/Assessments (LCA) or through any other means, briefly describe the same along with action taken to mitigate the same:**

Your Company conducted LCA study for NAN portfolio for identifying additional opportunities to reduce environmental impact across the value chain. This assessment provided valuable insights and will enable a roadmap to identify concrete steps that can be taken towards reducing carbon footprint of the brand. Brand levers such as ingredients and usage of the product have been identified as the key change-makers to create further impact.

Name of Product/ Service taken	Description of the Risk /Concern	Action
NAN® portfolio	Emissions pertaining to ingredients	Carbon roadmap being developed with the aim to reduce the brand’s carbon footprint over the next few years





**3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry):**

Since use of recycled content is not permitted in direct food packaging, your Company is not using the same. However, your Company is exploring opportunities to use recycled plastic content in secondary and tertiary packaging as the regulation evolves.

Indicate Input Material	Recycled or used input material to total material	
	FY 2022	FY 2021
Not Applicable	-	-

**4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed:**

	FY 2022			FY 2021		
	Re-Used	Recycled	Safety Disposed	Re-Used	Recycled	Safety Disposed
Plastics (Including Packaging)	0	4,911.3	18,476	0	4,682.14	18,917.86
E-Waste	0	33.89	0	0	41.63	0
Hazardous Waste	0	48.43	89.39	0	96.2	44.76
Other Waste	2,087.5	26,549.8	31,149.8	1,528.1	27,612.32	28,405.02

During 2022, your Company collected and responsibly managed approximately 23,300 tonnes of plastic waste across 35 States/UTs. Of the approximately 23,300 tonnes of plastic waste collected, approximately 4,911 tonnes were managed through recycling. 100% of the pre-consumer plastic packaging waste goes into recycling.

**5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category:**

Indicate product category	Reclaimed products and their packaging materials as % of total products sold in respective category
Not Applicable	

## Principle 3

**Employee Wellbeing:** Businesses should respect and promote the well-being of all employees, including those in their value chains.

### Essential Indicators

**1.a. Details of measures for the well-being of employees:**

Your Company continues to focus on employee well-being underscoring the importance of mental wellbeing by establishing a Mental Health First Aider Network, and by making inclusive policy changes such as introducing mental health benefits as part of health insurance. There have been regular virtual sessions focusing on overall physical well-being apart from a revised leave policy that understands and promotes the importance of wellness leaves & self-care leaves.

Category	% of Employee covered by										
		Health Insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day Care Facilities	
	Total (A)	Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
<b>Permanent Employees</b>											
Male	2,721	2,721	100%	2,721	100%			2,721	100%	2,721	100%
Female	859	859	100%	859	100%	859	100%			859	100%
Total	3,580	3,580	100%	3,580	100%					3,580	100%
<b>Other than Permanent Employees</b>											
Male	-	-	-	-	-	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-

The well-being of other than permanent employees is managed through contractual terms and conditions including social security benefits and obligations.

**b. Details of measures for the well-being of workers:**

All contractual workers engaged by your Company are provided all the social security benefits as per the prescribed laws applicable in the locations where such contractual workers are deployed.

Category	% of Workers covered by										
		Health Insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day Care Facilities	
	Total (A)	Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
<b>Permanent Employees</b>											
Male	4,346	4,346	100%	4,346	100%			4,346	100%	4,346	100%
Female	191	191	100%	191	100%	191	100%			191	100%
Total	4,537	4,537	100%	4,537	100%					4,537	100%
<b>Other than Permanent Workers</b>											
Male	-	-	-	-	-	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-

The well-being of other than permanent workers is managed through contractual terms and conditions including social security benefits and obligations.

**2. Details of retirement benefits, for FY 2022 and FY 2021:**

Your Company makes contributions to Provident Fund (PF), Employee State Insurance (ESI), National Pension System (NPS) etc. for eligible employees and these contributions are charged to statement of profit and loss on accrual basis. Liability for defined benefit plans i.e. gratuity and 'unfunded pension plan' is determined based on the actuarial valuation carried out by an independent actuary as at the year-end. As these liabilities are relatively long term in nature, the actuarial assumptions take into account the requirements of the relevant Ind AS coupled with a long-term view of the underlying variables / trends, wherever required.



Benefits	FY 2022			FY 2021		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority
PF	100%	100%	Y	100%	100%	Y
Gratuity	100%	100%	NA	100%	100%	NA
ESI	-	6%	Y	-	8%	Y
Others – please specify	-	-	-	-	-	-

**3. Accessibility of workplaces:**

**Are the premises/offices of the Company accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the Company in this regard.**

Yes, your Company's premises/offices are accessible to people with disabilities, as per the requirements of the Rights of Persons with Disabilities Act, 2016. Diversity & Inclusion is an integral part of your Company's culture, based on its core values of respect and it is one of the ways we bring our purpose to life. One important aspect of inclusion is inclusion by design and hence your Company started this journey a few years ago by ensuring accessible restrooms and ramps. Your Company is continuously working towards improving infrastructure for eliminating barriers to accessibility.

Your Company has aligned the design of the newly renovated Head Office to ensure that the premises are accessible to everyone. All manufacturing locations have undergone external accessibility audits in 2022 based on the guidelines of the Rights of Persons with Disabilities Act, 2016.

**4. Does the Company have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-Link to the policy:**

Yes, your Company has an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016.

The weblink of the 'Equal Opportunity Policy' is available at <https://www.nestle.in/jobs/equal-opportunity-policy>

With 'Respect for Diversity' being one of the core values, your Company is committed to being an equal opportunity employer. The same is reinforced by the Nestlé Corporate Business Principles and Nestlé Code of Business conduct. Your Company respects the personal dignity, privacy and personal rights of every employee and is committed to maintaining a workplace free from discrimination and harassment. Therefore, your Company does not discriminate on the basis of origin, nationality, religion, race, disability, gender, age or sexual orientation, or engage in any kind of verbal or physical harassment based on any of the above or any other reason. Your Company is committed to complying with the provisions given in 'The Rights of Persons with Disabilities (RPWD) Act, 2016' and in particular respecting the human rights of people with disabilities; ensuring non-discrimination against persons with disabilities; providing accessibility, reasonable accommodation, and support to people with disabilities; and ensuring no tolerance to any form of harassment, abuse, exploitation, or any other violations of human rights of people with disabilities.

**5. Return to work and retention rates of permanent employees and workers that took parental leave:**

Gender	Permanent Employees		Permanent Workers	
	Return to Work Rate	Retention Rate	Return to Work Rate	Retention Rate
Male	98%	90%	99%	55%
Female	97%	90%	50%	100%
Total	98%	90%	98%	56%

**6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.**

	Yes/No
Permanent Workers	Yes
Other than Permanent Workers	Yes
Permanent Employees	Yes
Other than Permanent Employees	Yes

**Grievance redressal procedure in brief:**

Your Company's Grievance Redressal Procedure is available to employees and workers. Your Company is committed to a strong compliance culture, as reflected in the Nestlé Corporate Business Principles. It is ensured that your Company is managed in line with principles, policies adopted and through internal reporting. Employees, suppliers, and stakeholders are encouraged to report practices or actions believed to be inappropriate or illegal, and all complaints are investigated with impartiality, prohibiting retaliation. Breaches are immediately stopped, and appropriate response measures implemented. Your Company sensitizes all the employees and expects them to be aware of non-compliant or illegal activities occurring in their work environment, especially those related to Nestlé Code of Business Conduct

Your Company's "Speak Up" platform covers all employees, permanent as well as other stakeholders. It covers the suppliers, vendors and other external stakeholders. Grievance Redressal protocol is established to investigate such matters and submit the report including appropriately responding to the complainant. Issues can also be brought to HR/reporting manager and are taken up accordingly. Any complaint regarding sexual harassment is covered under the PoSH Act 2013 and the internal policy in adherence to that.

**7. Membership of employees and worker in association(s) or Unions recognised by the Company:**

Your Company believes that all employees are important stakeholders and it is imperative to build a culture of mutual trust and respect, interdependence, and meaningful engagement. This approach helps in building, strengthening and sustaining harmonious employee relations across the organisation. Your Company believes that in respecting the dignity of the individual and the freedom of employees to lawfully organise themselves into interest groups, independent of supervision by the management. It is ensured that employees are not discriminated against for exercising this freedom in a lawful manner and consistent with the Company's core values.

Category	FY 2022			FY 2021		
	Total employees/workers in respective category (A)	No. of employees/workers in respective category, who are part of association(s) or Union (B)	% (B/A)	Total employees/workers in respective category (C)	No. of employees/workers in respective category, who are part of association(s) or Union (D)	% (D/C)
Total Permanent Employees	3,580	0	0%	3,505	0	0%
- Male	2,721	0	0%	2,644	0	0%
- Female	859	0	0%	861	0	0%
Total Permanent Workers	4,537	4,319	95%	4,550	4,337	95%
- Male	4,346	4,243	98%	4,339	4,255	98%
- Female	191	70	37%	211	82	39%



**8. Details of training given to employees and workers:**

Your Company has a range of communication and training sessions to drive key focus areas in implementation of safety roadmap. Effective and timely communication - both of successes and of incidents - is important for engaging the employees and for creating a learning culture within the organisation, in which opportunities and good practices are not only shared but also acted upon, both at the local and country level. The approach is being continuously evolved to align with new ways of working being introduced through other continuous improvement programs such as Nestlé continuous excellence (NCE) and Total Productive Maintenance (TPM).

For your Company, skill upgradation of employees remains one of the key focus areas. In 2022, your Company strengthened and democratized learning to empower employees via the launch of LinkedIn Learning which is the largest limitless, learning landscape introduced in the Company. 10,000+ courses, certifications with top institutes, constantly-evolving content, no-limits on courses and seats etc. Most importantly, all features have been made available to all employees. Your Company bolstered relationship based development through launch of formal mentoring with a network of in-house subject matter experts to help strong talent groom for senior roles or adjust/navigate current role better. Mentees get a chance to interact in a structured format with key leadership and develop from their experiences. For building future ready leaders, the 'Force for Great Leadership' was launched, a seminal intervention with key leadership across your Company. Your Company continued supporting leadership transitions through structured learning interventions designed in-house using blended learning approach, backed by technology and data.

Category	FY 2022					FY 2021				
	Total (A)	On Health and Safety Measures		On Skill Upgradation		Total (D)	On Health and Safety Measures		On Skill Upgradation	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
<b>Employees</b>										
- Male	2,721	2,721	100%	2,639	97%	2,644	2,644	100%	2,427	91%
- Female	859	859	100%	838	98%	861	861	100%	704	90%
Total	3,580	3,580	100%	3,477	97%	3,505	3,505	100%	3,131	90%
<b>Workers</b>										
- Male	4,346	3,023	70%	2,114	49%	4,339	2,701	62%	3,039	70%
- Female	191	153	80%	23	12%	211	177	84%	192	91%
Total	4,537	3,176	70%	2,137	47%	4,550	2,878	63%	3,231	71%

**9. Details of performance and career development reviews of employees and workers:**

Your Company manages employee performance and development guided by the 'People Development and Performance' cycle steps. Employees are expected to manage their own development and take the ultimate responsibility for it and are empowered to be on the driver seat, supported by People Leaders and HR.

Category	FY 2022			FY 2021		
	Total (A)	No. (B)	% (B/A)	Total (C)	No. (D)	% (D/C)
<b>Employees</b>						
- Male	2,721	2,721	100%	2,644	2,644	100%
- Female	859	859	100%	861	861	100%
Total	3,580	3,580	100%	3,505	3,505	100%
<b>Workers</b>						
- Male	4,346	3,494	80%	3,533	3,526	99%
- Female	191	185	97%	163	163	100%
Total	4,537	3,679	81%	3,696	3,689	99%



**10. Health and safety management system:**

**a. Whether an occupational health and safety management system has been implemented by the Company? If yes, the coverage such system?**

Yes, your Company has implemented ISO 45001:2018 Occupational Health and Safety Management System.

Your Company believes that sustainable success can be reached only through people. No other asset in your Company is as important as the people who contribute with their work to the culture and business results. Therefore, your Company devotes adequate energy and attention to protect employees, contractors and any other people involved with the company along the value chain, including suppliers, customers and the public.

Your Company integrates Safety and Health in the management of the business in such a way that all activities are considered with a perspective of prevention of all types of accidents and protection of the people at work.

The purpose of an OH&S management system is to provide a framework for managing OH&S risks and opportunities, which includes prevention of work-related injury and ill health to workers and to provide safe and healthy workplaces by eliminating hazards and minimize OH&S risks by taking effective preventive and protective measures. Your Company's sites (including 9 manufacturing locations, four branch offices, NBS services, registered office and Head office Gurugram) are covered under the scope of the ISO 45001: 2018 certification.

**b. What are the processes used to identify work related hazards and assess risks on a routine and non-routine basis by the Company?**

Your Company is constantly improving the performance by designing and adapting processes, work practices and systems in the direction of better ergonomics and greater safety. Your Company bases the improvement on the monitoring of safety and health performance as well as on the analysis of incidents that produce injuries and of workplace activities whose cumulative effects may lead to illnesses. It identifies that employee involvement is indispensable to establish and maintain safety and health in the workplace. Respect of safety principles, standards and procedures is a condition of employment. Employees are responsible for working in a safe manner to prevent injury to themselves, fellow workers, and other persons. They are asked to become actively involved in programmes to improve health and safety performance in the workplace.

Your Company uses several processes to identify work-related hazards and assess risks in a routine manner, some of which are mentioned below:

1. HIRAO (Hazard identification and Risk Assessment Opportunity) is an element of ISO 45001.

One of the integral aspects of the planning process is Hazard Identification and Risk assessment.

- Overall risk assessment
  - Equipment specific risk assessment
  - Task specific risk assessment.
2. Permit to work Management system: A management process to identify and mitigate the risk for the routine and non-routine activities involving a high hazard task.
  3. Method statements: A methodology to establish detailed methodological approach of risk mitigating while undertaking a critical non-routine activity.
  4. ATEX (Atmospheric Explosion prevention management tool): A tool being used to identify the process hazards associated with manufacturing of powders and establishing the risk mitigating measures.
  5. PESIS (The preliminary environmental & workplace safety impact study): A tool used for new product development where new processes/equipment changes or added. Identifying the S&H risk and enabling the risk mitigating control
  6. Machine Safety Map: This includes risk assessment as per machinery safety standards
  7. Ergonomic assessment;
  8. Noise assessment;
  9. Behavioural Feedback System (BFS);

10. Contractor Field safety audits and
11. Functional compliance assessments

**c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks:**

Yes. Your Company believes that accidents are preventable and therefore “one accident is one too many”. Your Company integrates Safety and Health in the management of our business in such a way that all activities are considered with a perspective of prevention of all types of accidents and protection of the people at work. To advance a strong safety culture that effectively prevents accidents, your Company is committed to perform systematic identification of hazards and to manage them with appropriate risk assessments and subsequent actions to minimize danger.

Emergency and contingency plans are established to deal with residual risks. This approach also minimizes threats to the business, protecting the shareholders’ interests. Your Company’s ‘Occupational Safety and Health Management System’ is based on the concept of continuous improvement where we improve constantly our performance by designing and adapting processes, work practices and systems in the direction of better ergonomics and greater safety. Your Company bases the improvement on the monitoring of safety and health performance as well as on the analysis of incidents that produce injuries and of workplace activities whose cumulative effects may lead to illnesses.

1. Behaviour Feedback Sessions (BFS): Primary focus on identification of unsafe conditions and behaviours and one to one coaching to improve behaviors. The BFS forms are available in both English & local languages.
2. GEMBA: Gemba is the Japanese term “genchi genbutsu” that is perceived to be comparable to management by walking around. Your Company has systems in place for regular safety tours by top management to the workplace. Primary focus while doing Gemba is on identification of unsafe conditions (through safety walks). However, this complements the process of BFS and identified unsafe behaviours are counselled on the spot.
3. Safety Committee Meetings: The Safety Committee provides a forum for employees and management to work together to solve health and safety problems. The Safety Committee consists of equal numbers of management representatives and workers.
4. “Speak up” platform for raising concerns;
5. Periodic audits/assessments;
6. Participation in campaigns;
7. Participation in incident investigations; and
8. Daily operations review/weekly operations review meetings.

**d. Do the employees/worker of the Company have access to non-occupational medical and healthcare services?**

Yes, the employees/workers of your Company have access to non-occupational medical and healthcare services. They are insured under the Group Health Insurance Policy (GHIP). A digital medical assistance app is also provided to all eligible employees and their family members.

**11. Details of safety related incidents:**

Detailed investigations are carried out for all accidents to identify the root causes and to understand the measures to prevent recurrence. The learnings from all accidents are disseminated across the organisation, and a formal compliance is also obtained.

Safety Incident/ No	Category	FY 2022	FY 2021
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0.72	0.61
	Workers	0.33	0.28
Total recordable work-related injuries	Employees	15	14
	Workers	11	9
No. of fatalities	Employees	0	0
	Workers	0	0
High consequence work-related injury or ill-health (excluding fatalities)	Employees	0	0
	Workers	1	0

**12. Describe the measures taken by the Company to ensure a safe and healthy work place:**

Your Company is committed to enhancing the safety, health and well-being of employees. Health risks of your Company's employees are assessed in order to build strategic, targeted and evidence-based interventions. Following are some of the measures and practices that are being followed by your Company for ensuring a Safe and Healthy workplace for its employees:

1. Certifying all sites with ISO 45001:2018;
2. CARE certification (with elements of SA 8000 certification);
3. Zurich Risk Assessment (Risk management by accredited third parties);
4. Functional Compliance Assessment for safety management system;
5. Internal and Market level site assessments;
6. Ensuring safety in capital investment projects;
7. Management of high hazard tasks;
8. Contractor Management Program;
9. Robust Machinery Safety Programme;
10. Total Performance Management;
11. Life saving rules and Safety Campaigns;
12. Early management by ensuring optimum workplace design;
13. Robust management of Covid protocols;
14. Task specific trainings and coaching; and
15. Online Quizzes during Fire Safety Week.

**13. Number of complaints on the following made by employees and workers:**

Your Company endeavors to provide the safest workplace to all its employees and contractors. Multiple avenues are available to the employees to lodge complaints on health and safety matters such as open access to internal email network, works committee, safety committee and townhalls conducted at regular intervals.

	FY 2022			FY 2021		
	Filed during the year	Pending resolution at the end of the year	Remarks	Filed during the year	Pending resolution at the end of the year	Remarks
Health and safety practices	Nil			Nil		
Working Conditions	Nil			Nil		

**14. Assessments for the year:**

Your Company’s manufacturing locations are covered under the ISO 45001:2018 specifies requirements for an occupational health and safety (OH&S) management system. ISO 14001:2015 specifies requirements for an environmental management system and ISO 9001:2015 specifies requirements for quality management system. Compliance to safe working conditions is an essential aspect of Safety, Health and Environment (SHE) management system. In addition, all the factories undergo periodic Environment, Health & Safety audits at the Business/Functional level as well as Corporate, to verify compliance with Standards and Corporate Guidelines.

	<b>% of your Plants and Offices that were Assessed (by the Company or Statutory Authorities or Third Parties)</b>
Health and safety practices	100%
Working Conditions	100%

**15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks/ concerns arising from assessments of health & safety practices and working conditions:**

Below are some of the examples highlighting corrective actions to address safety-related incidents.

Significant Risk - Man-Machine interface on site – Due to high movement of the vehicles (Trucks, Tankers, Forklifts) and people inside the factory, many shared areas are created. Shared areas are those in which vehicles and pedestrians could both be present at the same location at the same time, thereby creating a collision risk.

Solution: Facility risk assessments are carried out to identify shared areas and identify the controls by following Hierarchy of Safety control as per OSHA e.g., Elimination, Substitution, Engineering, Administrative and PPEs. Furthermore, the defined actions are implemented.

Significant Risk- Management of large capital investment projects.

Solution: In any large project, safety is of paramount importance. Your Company introduced world class scaffolding (ring lock type) to ensure that the civil work could be carried out in a safe manner. Method statements were made for all non-routine high hazard tasks and implemented to mitigate any risks. Dedicated safety professionals were hired to ensure strict implementation of the S&H protocols.

Significant Risk- Driving for business purpose, since the employee must travel for the workplace using their own vehicles / public transports / by company provided vehicles.

Solution: Your Company has ensured all the company provided vehicles are meeting the safety requirements as per the Nestlé safety policies. Employees undergo defensive driving training as a process of their onboarding. Also, all field based employees are trained on “Expect the unexpected” modules to anticipate the risks of public roads.

Significant health risk – Covid-19 management – The onset of pandemic posed a big risk to the health of all stakeholders at site (employees, contractors, third party distribution centres etc.).

Solution: This was mitigated by implementing a robust Business Continuity Plan (BCP) for Covid-19 management which focused on 4 pillars of temperature screening, sanitization, hand and respiratory hygiene and social distancing. Special quarantine leave was created and your Company launched a slew of programs for employee support during Covid, which included medical support (access to International SOS, Isolation centers, vaccination support, oxygen concentrators), financial support (salary advance, staff loan, loss of life benefits, to provide education and medical related support to the employee’s family in case of employee’s demise) and also wellness support (yoga classes, nutritional guidance and employee assistance program with psychologist services).



## Leadership Indicators

### 1. Does the Company extend any life insurance or any compensatory package in the event of death of (A) Employees (B) Workers?

Yes. In the unfortunate event of the death of an employee including workers, your Company extends financial support to family members of the employee. Under the Loss of Life Benefit, the next of kin of the employee is eligible to receive employee's two years' Base Salary. Besides there is additional support extended in terms of compensatory package under the Group Accident Insurance Coverage and education and hospitalization support under Neshield Policy.

### 2. Provide the measures undertaken by the Company to ensure that statutory dues have been deducted and deposited by the value chain partners:

Your Company ensures that statutory dues as payable by service providers for their employees are deposited on time and in full, through a process of periodic audits and controls. Your Company has multiple systems in place to ensure compliance to various statutory requirements. For the factories and branches, your Company has agreements in place specifying statutory compliance to be ensured by service providers. Besides this, as an additional measure, balancing is provided by Internal Controls, Internal Audit check-list and internal audits conducted basis defined frequency. Similarly, for the distribution centers and co-manufacturers, statutory dues are specified in the agreements as per applicable statutes.

### 3. Provide the number of employees/workers having suffered high consequence work-related injury/ill health/ fatalities (as reported in Q11 of Essential Indicators above), who are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

	Total no. of affected employees/workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2022	FY 2021	FY 2022	FY 2021
Employees	0	0	0	0
Workers	1	0	0	0

### 4. Does the Company provide transition assistance programmes to facilitate continued employability and the management of career endings resulting from retirement or termination of employment?

Yes, your Company provides transition assistance to facilitate continued employability in specific cases basis defined applicability criteria through an external service provider. The offering covers different aspects and provides access to resources such as coach/consultant/online tools.

### 5. Details on assessment of value chain partners on health and safety practices and working conditions:

Your Company is committed to continuously raise awareness of supply chain members to comply with applicable laws and regulations related to labour and employment, including gender diversity, human rights, child labour, wages, working hours, bribery & corruption, occupational health, safety and environment.

Nestlé Responsible Sourcing Standard enshrines your Company's unwavering focus on fair treatment, human rights, good labour practices, environmental conservation, health and safety. The standard upholds the spirit outlined in the International Labour Organisation Guidelines and United Nations Guiding Principles on Business and Human Rights, and is shared and accepted by all supply chain partners and service providers.

Your Company has a robust process of evaluating its Suppliers and Service Providers before engaging with them, proactively making them aware of its expectations/ requirements, and seeking commitment for compliance through contractual agreements. Your Company verifies the compliance with the standard periodically through external audits and assessment mechanisms of international standards.



	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety practices	73%
Working Conditions	73%

**6. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from assessments of health and safety practices and working conditions of value chain partners:**

Your Company has a structured framework in place with clear process to monitor and close observations and actions as per the Responsible Sourcing (RS) audit conducted by external agencies/ third party service providers. As per recommendations from your Company’s globally shortlisted audit agencies, the suppliers are strongly advised to close all observations in the assessments and take corrective actions as appropriate within a time bound manner, which would be monitored by the Company in a structured manner. There have been instances where supplier partners have shared the improvements in their safe practices basis the audits/assessments, which helped to mitigate fire safety hazards at their factory and also helped increase awareness in the neighborhood industrial belt.

**Principle 4**

**Stakeholder Engagement:** Businesses should respect the interests of and be responsive to all its stakeholders.

**Essential Indicators**

**1. Describe the processes for identifying key stakeholder groups of the Company:**

Your Company’s stakeholder network consists of the people your Company’s operations impact and those who influence your Company’s activities. Your Company identifies the stakeholders based on the scope of the activities and the need of organization. Stakeholder meetings, workshops and other events help us deepen dialogue and develop our understanding of important societal and environmental issues and regulatory challenges. The interaction helps teams build their capabilities, facilitates collective action and promotes trust and mutual respect. The engagement approach takes into consideration that each stakeholder group is unique and has a distinctive set of priorities. Feedback and insights from stakeholder engagements helps validate the Company’s performance and shape new perspectives on the challenges and opportunities.

**2. List stakeholder groups identified as key for your Company and the frequency of engagement with each stakeholder group:**

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group	Channels of Communication (Email, SMS, Newspaper, Pamphlets, Advertisements, Community Meetings, Notice Board, Website, Others)	Frequency of Engagement (Annually, Half yearly, Quarterly, Others- Please Specify)	Purpose and Scope of Engagement including Key topics and concerns raised during such engagement
Consumers	No	Websites, Advertisements, Email	As and when required	Your Company engages with consumers for awareness about the products, recipes and nutrition information, ingredients and any other information relevant for consumers.
Farmers	Yes	Email, SMS, Meetings	As and when required	Your Company engages with dairy farmers, coffee farmers, spice farmers and other farmers who form a part of the value chain directly or indirectly for training/awareness on good agricultural practices, helping them grow safe, high-quality raw materials, and develop resilient, sustainable farms.



Stakeholder Group	Whether identified as Vulnerable & Marginalized Group	Channels of Communication (Email, SMS, Newspaper, Pamphlets, Advertisements, Community Meetings, Notice Board, Website, Others)	Frequency of Engagement (Annually, Half yearly, Quarterly, Others- Please Specify)	Purpose and Scope of Engagement including Key topics and concerns raised during such engagement
Distributors & trade partners, Suppliers	No	Email, SMS, Meetings	As and when required	Your Company engages and receives co-operation and unstinted support from the distributors, retailers, stockist, suppliers and others associated with the Company as its trading partners.
Trade Unions	No	Email, SMS, Meetings	As and when required	Your Company engages with trade unions for collective bargaining to ensure smooth operations at the manufacturing facilities and cordial relations with workers.
Government bodies	No	Email, SMS, Meetings	As and when required	Your Company engages with Government and Food Authorities to establish science-based regulations for protecting the health of consumers and development of other best practices in areas of food processing.
Industry associations	No	Email, SMS, Meetings	As and when required	Your Company engages with industry and professional associations for promoting industry positions – that are aligned with Nestlé’s viewpoints / proposals with external stakeholders/ policy makers. Topics include Food Regulations, Environment, Plastic Packaging, Governance, Compliance, Corporate Laws, and other Societal activities.
Academia experts	No	Email, SMS, Meetings	As and when required	Your Company engages with academia experts that helps in getting specialist knowledge on the subject which helps in innovation & renovation of products.
NGOs	No	Email, SMS, Meetings	As and when required	Your Company engages with NGOs to implement the CSR projects under the umbrella of Nutrition, WASH, enhancing livelihood, environment and rural development, disaster management including Covid-19 relief. Key topics include on-ground implementation, deliverables of the projects, budget utilization and adherence to the CSR policy, Covid-19 precautionary measures etc.

## Leadership Indicators

1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board:

Your Company firmly believes that stakeholder engagement is critical to deepen dialogue and develop our understanding of important business and societal issues. Your Company is part of various platforms where stakeholders engage on issues

pertaining to the economic, environmental & social topics. The relevant information is shared with the Board of Directors of your Company regularly.

The Board of Directors, through the CSR Committee and Risk Management and Sustainability Initiatives Committee, reviews, monitors and provides strategic direction to the Company's social responsibility obligations and other societal and sustainability practices.

**2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics. If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the Company:**

Engaging stakeholders on important issues lies at the heart of how your Company does business. Your Company engages with relevant stakeholder platforms that are used to seek relevant expertise and support to address environment and social topics.

Your Company has put in place systems and procedures to identify, prioritize and address the needs and concerns of its stakeholders across businesses in a continuous, consistent and systematic manner. It has implemented mechanisms to facilitate effective dialogue with all stakeholders across businesses, identify concerns and their resolution in an equitable and transparent manner.

Select examples of how stakeholder inputs have been incorporated into your Company's policies and activities are presented below:

- **Consumers:** Consumers are your Company's core stakeholders. Various tech-enabled avenues have been constructed to constantly receive feedback and ideas from these stakeholders.
- **Communities:** Your Company continues to increase access to basic sanitation facilities, for girl students in schools across all its factory locations which has had a direct impact on the attendance of girls in schools. While the scope of the sanitation projects was largely for girl students, your Company recently expanded the scope to include disabled people based on the requests received from the communities.
- **Industry:** Your Company is committed to achieving 100% Extended Producer Responsibility (EPR) compliance as per the Plastic Waste Management (PWM) Rules 2016 and amendments. Ministry of Environment, Forest and Climate Change (MOEFCC) notified the ban on non-recyclable multilayered packaging in 2018, that would have significantly impacted the product packaging. Through the industry consortium and stakeholder consultation, your Company in collaboration with other industry members showcased that if multi-layer packaging is properly collected and managed can be energy recoverable. This collaboration within industries supported EPR implementation framework.

**3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/marginalized stakeholder groups:**

Your Company is strongly committed to address the emerging needs of the community. For instance, we committed to the nation's fight against Covid-19 by giving every possible support to the communities, authorities and frontline workers, reaching out to stakeholder groups across different locations. Your Company supported cooked meal feeding programs and distribution of essential groceries for vulnerable communities by partnering with leading NGOs. It also aided the purchase of medical equipment. It contributed ready-to-drink beverages and food products to the frontline warriors across the country, as a recognition of their efforts for keeping the nation safe. In collaboration with NGO partners, your Company also brought about innovations in its ongoing community initiatives to adapt to the rapidly evolving external environment. Recognizing the need for oxygen support for COVID-19 patients, your Company set up oxygen plants near five of its factories in Punjab (Moga), Himachal Pradesh (Tahliwal), Uttarakhand (Pantnagar), Gujarat (Sanand) and Karnataka (Nanjangud).

Your Company also transformed its on-going CSR programmes (digitization), navigating new realities and working tirelessly to ease the suffering and ensuring no beneficiary of our societal initiatives is left behind.

Your Company's key societal initiatives including Project Jagriti and Nestlé Healthy Kids Programme continued to focus on creating an enabling environment for the best health outcomes in the vulnerable/marginalized communities, involving the health care system and stakeholders from the community. Project 'Serve Safe Food' continued to enhance livelihoods of street food vendors by providing them training on food safety and hygiene. Your Company's environment initiative titled 'Hilldaari' continued empowering waste workers by providing them training on how to collect waste with minimum contact, ensure proper sanitation, new ways of collecting and disposing waste such as establishing 4-part segregation (dry waste, wet waste, domestic bio-medical waste and hazardous waste) for collection and proper disposal of waste. Waste workers were also trained to use smartphones and digital monitoring apps, and how to avail relevant government schemes.

Your Company works with farmers in providing training on good agricultural practices, helping them grow safe, high-quality raw materials, and develop resilient, sustainable farms.

## Principle 5

**Human Rights:** Businesses should respect and promote human rights.

### Essential Indicators

#### 1. Employees and workers who have been provided training on human rights issues and policy(ies) of the Company:

Category	FY 2022			FY 2021		
	Total (A)	No. of employees workers covered (B)	% (B / A)	Total (C)	No. of employees workers covered (D)	% (D / C)
<b>Employees</b>						
Permanent	3,580	3,435	96%	3,505	3,128	89%
Other than permanent	299	120	40%	182	182	100%
<b>Total Employees</b>	<b>3,879</b>	<b>3,555</b>	<b>92%</b>	<b>3,687</b>	<b>3,310</b>	<b>90%</b>
<b>Workers</b>						
Permanent	4,537	1,675	37%	4,550	2,906	64%
Other than permanent	6,617	2,784	42%	6,763	5,197	77%
<b>Total Workers</b>	<b>11,154</b>	<b>4,459</b>	<b>40%</b>	<b>11,313</b>	<b>8,103</b>	<b>72%</b>

#### 2. Details of minimum wages paid to employees and workers:

Category	FY 2022					FY 2021				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No.(B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
<b>Employees</b>										
<b>Permanent</b>										
Male	2,721	NA	NA	2,721	100%	2,644	NA	NA	2,644	100%
Female	859	NA	NA	859	100%	861	NA	NA	861	100%
<b>Other Than Permanent</b>										
Male	224	NA	NA	224	100%	152	NA	NA	152	100%

Category	FY 2022					FY 2021				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No.(B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Female	75	NA	NA	75	100%	30	NA	NA	30	100%
<b>Workers</b>										
<b>Permanent</b>										
Male	4,346	NA	NA	4,346	100%	4,339	NA	NA	4,339	100%
Female	191	NA	NA	191	100%	211	NA	NA	211	100%
<b>Other Than Permanent</b>										
Male	5,956	NA	NA	5,956	100%	6,093	NA	NA	6,093	100%
Female	661	NA	NA	661	100%	670	NA	NA	670	100%

### 3. Details of remuneration/salary/wages:

	Male		Female	
	Number	Median remuneration/ salary/wages of respective category	Number	Median remuneration/ salary/wages of respective category
Board of Directors (BoD)*	3	79,751,463	-	-
Key Managerial Personnel (KMP)**	1	14,980,271	-	-
Employees other than BoD and KMP	2,717	1,651,559	859	1,284,021
Workers	4,346	852,850	191	275,164

\* Board of Directors comprise of three Executive Directors.

\*\* KMP other than Executive Directors.

### 4. Do you have a focal point (Individual/Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business?

Yes. Your Company has a focal point responsible for addressing human rights impacts or issues caused or contributed to by the business that may be raised by internal employees or contractors and caused or contributed to by the business. Your Company's *Speak Up* System allows employees/ contractors to report any human rights issue by filing a report on web portal or by calling the hotline operated by an independent third party. Nestlé *Code of Business Conduct* prohibits retaliation against employees who make reports in good faith. Every complaint is investigated thoroughly and remedial actions are taken if required. The Compliance Officer is the focal point responsible for addressing human rights concerns reported.

### 5. Describe the internal mechanisms in place to redress grievances related to human rights issues:

All the grievances related to human rights issue outside the *Speak Up* system, whether received through letter, email, social media are captured in the case management system provided within the *Speak Up* system and are redressed and reported accordingly. It covers your Company's suppliers, vendors and any other external stakeholders. Grievance Redressal protocol is established to investigate such matters and submit the report including responding to the complainant. Issues can also be brought to HR/reporting manager and are taken up accordingly.

All employees are trained on the awareness of *Nestlé Corporate Business Principles*. CARE Auditors and internal audit department regularly audits the practices against these systems. When assessing your Company's internal control systems,



the external auditors consider how the Corporate Business Principles fit into the overall corporate governance framework of your Company. Significant findings and recommendations are reported to the Audit committee by the Compliance Officer.

Nestlé *Code of Business Conduct* prohibits retaliation against employees who make reports in good faith. Every complaint is investigated thoroughly and remedial actions are taken, where required.

**6. Number of Complaints on the following made by employees and workers:**

Category	FY 2022			FY 2021		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	1	0	-	1	0	-
Discrimination at workplace	0	0	-	0	0	-
Child Labour	0	0	-	0	0	-
Forced Labour/Involuntary Labour	0	0	-	0	0	-
Wages	0	0	-	0	0	-
Other human rights related issues	-	-	-	-	-	-

**7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases:**

Your Company is committed to a workplace free of harassment, including sexual harassment at the workplace, and has zero tolerance for such unacceptable conduct. Your Company encourages reporting of any harassment concerns and is responsive to complaints about harassment or other unwelcome or offensive conduct. Internal Committee has been constituted across locations to enquire into complaints of sexual harassment and to recommend appropriate action, wherever required.

Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment case are part of Grievance Redressal Process and PoSH Policy. The principles of the process ensure that there is no victimization. All investigations are carried out in a fair and unbiased manner. Your Company prohibits retaliation against any employee for such complaints made in good faith, while it also protects the rights of the incriminated person. Under the Policy, the Head of Human Resource shall be the person to whom any complaints can be made and in exceptional or appropriate cases, the Managing Director can be directly accessed.

As part of the policy measures of interim relief are defined to prevent any adverse consequences to the complainant, which are as below:

During pendency of the investigation, on a request made by the complainant, the Investigating Committee/ Individual may recommend to the HR/Reporting Manager/ Functional or Business Head as the case may be:

- Assessment of complainant’s work performance by another superior or suspension of assessment.
- Change the reporting of the complainant to any other superior.
- Grant leave to the aggrieved complainant
- Grant such other relief as may be appropriate

Regular awareness and training sessions are conducted to ensure that the employees are fully aware of the aspects of sexual harassment and of the redressal mechanism.



## 8. Do human rights requirements form part of your business agreements and contracts?

Yes. Due diligence is at the heart of Nestlé’s human rights framework. As an enabler to the Human Rights at Nestlé, your Company has created an enabling pillar of Policies and Control Systems which are leveraged to ensure human rights are embedded throughout the organization. It is ensured that the human rights framework is actively communicated internally and externally through mandatory trainings for the employees/contractors internally and inclusion of human rights clauses in the supplier agreements and contracts. This is further substantiated by facilitating the use of “Speak Up” platform where such issues can be raised by employees or contractors.

## 9. Assessments for the year:

	% of your Plants and Offices that were Assessed (by Entity or Statutory Authorities or Third Parties)
Child Labour	100%
Forced/Involuntary Labour	100%
Sexual Harassment	100%
Discrimination at Workplace	100%
Wages	100%
Others- please specify	-

## 10. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from the assessments at Question 9 above:

**Please refer to response to Question 9 of Principle 5 under essential indicators:**

Basis various assessments conducted at defined frequency, relevant risks are identified and addressed through comprehensive action plans. The action plans are reviewed periodically at a unit as well as function level. No specific corrective actions were required to be taken during the year 2022. However, as part of preventive measure, regular awareness and training sessions were conducted during the year to ensure that employees are fully aware of the aspects of child labour, forced/involuntary labor, sexual harassment, discrimination at workplace, wage and work inequality and mechanism to report any concerns or suspected or actual violation of any of such matters.

## Leadership Indicators

### 1. Details of a business process being modified/ introduced as a result of addressing human rights grievances/complaints:

Your Company has established a mechanism for addressing grievances and the same has been disseminated to all concerned stakeholders / custodians. *Speak Up* is one such platform available to all employees and external stakeholders including Third Party Resources, Contractors, Vendors, Suppliers, etc. which is operated by an independent third party which also allows complainants to choose to be anonymous and protects confidentiality.

### 2. Details of the scope and coverage of any human rights due diligence conducted:

The Nestlé CARE programme (Compliance Assessment of Human Resources, Occupational Health & Safety, Environment and Business Integrity) verifies, through independent auditors, that your Company’s operations comply with the globally defined Nestlé Employee Relations Policy and the social and environmental aspects of the Nestlé Corporate Business Principles and that of local legislations. There is a defined frequency to conduct CARE audit every 3 years and the entire spectrum of human rights is covered.

### 3. Is the premise/office of the Company accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

Yes. Diversity & Inclusion is an integral part of your Company’s culture, based on its core values of respect and it is one of the ways we bring our purpose to life. One important aspect of inclusion is inclusion by design and hence your Company

started this journey a few years ago by ensuring accessible restrooms and ramps. Your company is continuously working towards improving infrastructure for eliminating barriers to accessibility.

Your Company has aligned the design of the newly renovated Head Office to ensure that the premises are accessible to everyone. All manufacturing locations have undergone accessibility audits in 2022 based on the guidelines of the Rights of Persons with Disabilities Act, 2016. Keeping in mind the accessibility assessment reports, work is in progress across all the factories for improving infrastructure for eliminating barriers to accessibility.

#### 4. Details on assessment of value chain partners for Human Rights:

Your Company is committed to continuously raise awareness of supply chain members to comply with applicable laws and regulations related to labour and employment, including gender diversity, human rights, child labour, wages, working hours, bribery & corruption, occupational health, safety and environment.

	% of value chain partners (by value of business done with such partners) that were assessed
Sexual Harassment	73%
Discrimination at workplace	73%
Child Labour	73%
Forced Labour/Involuntary Labour	73%
Wages	73%
Others – please specify	-

#### 5. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from the assessments at Question 4 above:

Your Company has a structured framework in place with clear process to monitor and close observations and actions as per the Responsible Sourcing audit conducted by external agencies/ third party service providers. As a good practice, apart from checking IDs, workers are interviewed at site to see any concerns related to child labour, wage discrepancies etc. and specific measures are taken to ensure that the value chain partners are fully aware about your Company's commitment and adherence to standards protecting and promoting human rights.

## Principle 6

**Environment:** Businesses should respect and make efforts to protect and restore the environment.

### Essential Indicators

#### 1. Details of total energy consumption (in Joules or multiples) and energy intensity:

In 2022, your Company's manufacturing facilities consumed 3,931 Terra Joules [TJ] of energy. During 2022, the total absolute energy consumption saw an increase of 4.7%, against volume growth of 5.4%.

Parameter* (in GJ)	FY 2022	FY 2021
Total electricity consumption (A)	765,993	693,217
Total fuel consumption (B)	3,165,730	3,062,095
Energy consumption through other sources [C]	0	0
Total energy consumption (A + B + C)	3,931,723	3,755,312
Energy intensity per rupee of turnover (Total energy consumption/turnover in rupees) *GJ/mio INR	23.42	25.61
Energy intensity (optional) – the relevant metric may be selected by the Company	6.59	6.63

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? If yes, name of the external agency.

Your Company monitors the total energy consumption as part of assessment of its operational efficiencies and there was no independent assessment/ evaluation/assurance that was carried out by an external agency in 2022.

2. **Does the Company have any sites/ facilities identified as Designated Consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any:**

Not Applicable

3. **Provide details of the following disclosures related to water:**

In 2022, your Company's total water intake was 2.8 million kilo litres.

Parameter	FY 2022	FY 2021
Water withdrawal by source [in kiloliters]		
[i] Surface water	742,999	738,657
[ii] Groundwater	1,909,408	2,085,860
[iii] Third party water	147,825	0
[iv] Seawater/desalinated water	0	0
[v] Others	0	0
Total volume of water withdrawal [in kiloliters] i+ ii+ iii+ iv + v	2,800,232	2,824,517
Total volume of water consumption [in kiloliters]	2,800,232	2,824,517
Water intensity per rupee of turnover [Water consumed/turnover] *kiloliters/mio INR	16.68	19.26
Water intensity (optional) – the relevant metric may be selected by the Company	4.69	4.99

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? If yes, name of the external agency.

During 2022, your Company's water intake saw a decrease of 0.9%, despite a 5.4% increase in production volumes. Your Company has invested in 2 factories (Tahliwal, Ponda) for recycling of treated effluent to reduce the ground water withdrawal.

Your Company monitors water consumption and reduction as part of its operational efficiencies and sustainability initiatives and there was no independent assessment/ evaluation/assurance that was carried out by an external agency in 2022.

4. **Has the Company implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.**

Your Company has nine factories and seven factories are zero discharge factories, consuming all the treated effluent within factory for its need of process or land maintenance. All the factories are making efforts to recycle the treated process water to reduce the ground water withdrawal. During 2022, seven water saving projects were executed which resulted in a water savings of 148,654 m3/year. The specific water consumption reduced from 4.99 m3/ton to 4.69 m3/ton (reduction of 5.9 %).

**5. Please provide details of air emissions (other than GHG emissions) by the Company:**

Parameter	Please Specify Unit	FY 2022	FY 2021
NO <sub>x</sub>	kgSO <sub>x</sub> e	319,726	324,613
SO <sub>x</sub>	kgSO <sub>x</sub> e	1,427,963	1,545,586
Particulate Matter (PM)	NA	NA	NA
Persistent Organic Pollutants (POP)	NA	NA	NA
Volatile Organic Compounds (VOC)	NA	NA	NA
Hazardous Air Pollutants (HAP)	NA	NA	NA
Others please specify	-	-	-

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? If yes, name of the external agency.

Yes, your Company monitors stack emission at all factories by certified agency of the state. The samples are withdrawn by these agencies at regular intervals and the results are conforming to legal requirements.

There was no independent assessment/ evaluation/assurance that was carried out by an external agency in 2022.

**6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity:**

Parameter	Please Specify Unit	FY 2022	FY 2021
Total Scope 1 emissions [Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> if available]	tCO <sub>2</sub> e	192,678	206,379
Total Scope 2 emissions (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> if available)	tCO <sub>2</sub> e	1,571	112,879
Total Scope 1 and Scope 2 emissions per rupee of turnover	kgCO <sub>2</sub> e/mio INR	1,157	2,214
Total Scope 1 and Scope 2 emission intensity (optional) – the relevant metric may be selected by the Company	kgCO <sub>2</sub> e/t	325	564

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? If yes, name of the external agency.

During 2022, your Company's GHG emissions (Scope 1 + Scope 2) saw a decrease of 39.2%, despite a 5.4% increase in production volumes. Your Company has internal tool to monitor the GHG emission based on consumption of various fuels and power.

There was no independent assessment/ evaluation/assurance that was carried out by an external agency in 2022.

**7. Does the Company have any project related to reducing Green House Gas emission? If Yes, then provide details.**

Your Company stresses upon measures for the conservation and optimal utilization of green-house gas emissions in all the areas of operations, including those for energy generation and effective usage of sources/ equipment used for generation. Within your Company's manufacturing locations, there are continuous efforts to improve operational efficiencies, minimizing consumption of natural resources and reducing energy & CO<sub>2</sub> emissions while maximizing production volumes.

As a result, during 2022, the specific energy consumption reduced from 6.63 GJ/ton to 6.59 GJ/ton (reduction of 0.7 %) and specific GHG emission reduced from 564 KgCO<sub>2</sub>eq per ton to 325 KgCO<sub>2</sub>eq per ton (reduction of 39.2 %)

During 2022, total 17 Energy and GHG reduction projects were initiated in your Company's manufacturing locations that will result in annualized savings of 130,180 tons CO<sub>2</sub> (saving of 40 % of total GHG emissions) & shall be fully realized in the coming years. Following are the significant projects executed in 2022:





- Purchase of green electricity through Renewable Energy Certificates (REC) at all factories
- Energy efficient air compressor at factory located in Bicholim Factory (Goa)
- Flash steam recovery and upgradation of boiler burners at Samalkha factory (Haryana)

## 8. Provide details related to waste management by the Company:

Parameter	FY 2022	FY 2021
<b>Total Waste generated (in metric tonnes)</b>		
Plastic waste (A)	2,237	2,309
E-waste (B)	44	51
Bio-medical waste (C)	0	0
Construction and demolition waste (D)	0	0
Battery waste (E)	14	31
Radioactive waste (F)	0	0
Other Hazardous waste. Please specify, if any. (G)	36	87
Other Non-hazardous waste generated (H)	56,431	55,185
<b>Total [A+B + C + D + E + F + G + H]</b>	<b>58,762</b>	<b>57,664</b>
For each category of waste generated, total waste recovered through recycling, reusing or other recovery operations (in metric tonnes)		
<b>Category of Waste</b>		
(i) Recycled	26,631	27,756
(ii) Reused	2,088	1,526
(iii) Other recovery operations	30,044	28,382
<b>Total</b>	<b>58,763</b>	<b>57,664</b>
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
(i) Incineration	0	0
(ii) Landfilling	0	0
(iii) Other disposal operations	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? If yes, name of the external agency.

There was no independent assessment/ evaluation/assurance that was carried out by an external agency in 2022.

## 9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such waste:

Your Company manages and disposes all the waste and by products in a legally approved manner meeting all the requirements. There are continuous efforts to maximize recycling and reusing of waste with zero waste going for either landfill or incineration without energy recovery. All the manufacturing locations of your Company are zero waste for disposal.

During 2022, ~58,762 tons of waste was generated across factories. The waste generated is segregated at source and sent to common collection point from where it is sent for disposal. Following are the practices we have adopted for disposal of waste:

- Bottom and fly ash from solid fuel boilers is used for brick manufacturing.
- Food Waste, Organic Process waste (Noodles, Chocolate waste, process Floor Sweep waste) is used as animal feed.
- Sludge generated from wastewater treatment and HPP plant operations is used to make manure.

10. If the Company has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals/clearances are required, please specify details:

S. No.	Location of operations/offices	Type of Operations	Whether the conditions of environmental approval / clearance are being complied with? If no, the reasons thereof and corrective action taken, if any.
Not Applicable			

Your Company's existing operations/offices comply with applicable environmental regulations and operate as per Consent to Operate (CTO) conditions from the Central and State Pollution Control Boards.

11. Details of environmental impact assessments of projects undertaken by the Company based on applicable Laws, in the current financial year:

Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency	Results communicated in public domain	Relevant Web link
Not Applicable					

12. Is the Company compliant with the applicable environmental Law/regulations/guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder. If not, provide details of all such non-compliances:

Your Company's existing operations/offices comply with applicable environmental regulations and operate as per Consent to Operate (CTO) conditions from the Central and State Pollution Control Boards.

## Leadership Indicators

1. Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources:

In 2022, your Company's manufacturing facilities consumed 3,931 Terra Joules [TJ] of energy. During 2022, the total absolute energy consumption saw an increase of 4.7%, against volume growth of 5.4%.

Parameter	FY 2022	FY 2021
<b>From renewable sources</b>		
Total electricity consumption (A)	757,833	106,749
Total fuel consumption (B)	570,184	269,573
Energy consumption through other sources (C)	0	0
<b>Total energy consumed from renewable sources (A + B + C)</b>	<b>1,328,018</b>	<b>376,322</b>
<b>From non-renewable sources</b>		
Total electricity consumption (D)	8,160	586,468
Total fuel consumption (E)	2,595,546	2,792,521
Energy consumption through other sources (F)	0	0
<b>Total energy consumed from non-renewable sources (D + E + F)</b>	<b>2,603,706</b>	<b>3,378,989</b>

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? If yes, name of the external agency.



Your Company monitors the above parameters for its operational efficiencies and sustainability initiatives and there was no independent assessment/ evaluation/assurance that was carried out by an external agency in 2022.

**2. Provide the following details related to water discharged:**

Parameter	FY 2022	FY 2021
<b>Water discharge by destination and level of treatment (in kiloliters)</b>	-	-
(i) To Surface water	-	-
-No treatment	-	-
-With treatment - please specify level of treatment	426,193	497,879
(ii) To Groundwater	-	-
-No treatment	-	-
-With treatment - please specify level of treatment	-	-
(iii) To Seawater	-	-
- No treatment	-	-
- With treatment - please specify level of treatment	-	-
(iv) Sent to third parties	-	-
- No treatment	-	-
- With treatment - please specify level of treatment	71,757	52,274
(v) Others	-	-
- No treatment	-	-
- With treatment - please specify level of treatment	-	-
<b>Total water discharged [in kiloliters]</b>	<b>497,950</b>	<b>550,153</b>

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? If yes, name of the external agency.

Your Company monitors the above parameters for its operational efficiencies and sustainability initiatives and there was no independent assessment/ evaluation/assurance that was carried out by an external agency in 2022.

**3. Water withdrawal, consumption and discharge in areas of water stress (in kiloliters):**

**For each facility / plant located in areas of water stress, provide the following information: (i) Name of the area (ii) Nature of operations (iii) Water withdrawal, consumption and discharge in the following format:**

Your Company uses internal tool and doing the risk assessment with corrective measure to ensure sustainable operations.

The aggregated water withdrawal, consumption and discharge in areas of water stress is given below:

Parameter	Moga		Samalkha		Nanjangud	
	FY 2022	FY 2021	FY 2022	FY 2021	FY 2022	FY 2021
<b>Water withdrawal by source (in kiloliters)</b>						
(i) Surface water	0	0	0	0	655,483	648,333
(ii) Groundwater	636,098	759,031	413,430	394,242	0	0
(iii) Third party water	0	0	0	0	0	0
(iv) Seawater/desalinated water	0	0	0	0	0	0
(v) Others	0	0	0	0	0	0

Parameter	Moga		Samalkha		Nanjangud	
	FY 2022	FY 2021	FY 2022	FY 2021	FY 2022	FY 2021
Total volume of water withdrawal (in kiloliters)	636,098	759,031	413,430	394,242	655,483	648,333
Total volume of water consumption (in kiloliters)	636,098	759,031	413,430	394,242	655,483	648,333
Water intensity per rupee of turnover (Water consumed / turnover)						
Water intensity (optional) – the relevant metric may be selected by the Company	5.48	6.27	6.29	6.18	9.30	8.16
Water discharge by destination and level of treatment [in kiloliters]						
(i) Into Surface water						
-No treatment						
-With treatment - please specify level of treatment	426,193	497,879	0	0	0	0
(iii) Into Groundwater						
-No treatment						
-With treatment - please specify level of treatment	0	0	0	0	0	0
[iii] Into Seawater						
-No treatment						
-With treatment - please specify level of treatment	0	0	0	0	0	0
[iv] Sent to third parties						
-No treatment						
-With treatment - please specify level of treatment	0	0	0	0	0	0
(Others)						
-No treatment						
-With treatment - please specify level of treatment	0	0	0	0	0	0
<b>Total water discharged [in kiloliters]</b>	<b>426,193</b>	<b>497,879</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? If yes, name of the external agency.

Your Company monitors the above data for its operational efficiencies and sustainable operations and there was no independent assessment/ evaluation/assurance that was carried out by an external agency in 2022.

#### 4. Please provide details of total Scope 3 emissions & its intensity:

Parameter	Unit	FY 2022	FY 2021
Total Scope 3 emissions [Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available]	Kilo tonnes of CO <sub>2</sub> equivalent	NA	NA
Total Scope 3 emissions per rupee of turnover		NA	NA
Total Scope 3 emission intensity (optional) – the relevant metric may be selected by the Company		NA	NA

5. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the Company on biodiversity in such areas along with prevention and remediation activities. (Refer response in above Essential Indicator 10):

Not Applicable.

6. If the Company has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency or reduce impact due to emissions/effluent discharge/waste generated, please provide details of the same as well as outcome of such initiatives:

Your Company has undertaken a number of initiatives, and also deployed innovative technologies across its operations for improving resource efficiency and minimizing environmental impact.

S. No.	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
1	RO Polisher for Effluent Treatment Plant (ETP) treated Water at Ponda and Tahliwal factory	A Polishing step is added after the ETP treated Water to enable the reuse of this water as cooling tower makeup.	Savings of 73,000 M3 water
2	Reducing the freshwater consumption at Moga factory	Reducing the freshwater consumption through following initiatives: - Increase use of recycled water for cleaning activities in utility areas; - Reduce losses of fresh water by replacing of old underground pipelines.	Savings of 48,335 M3 water
3	Purchase of green electricity at all factories	Purchase of green electricity through REC.	Savings of 128,520 Tons of CO2
4	Flash steam recovery at Samalkha factory	Recovery of full heat energy from condensate with reengineering of condensate network.	Savings of 11,197 GJ and 629 Tons of CO2

7. Does the Company have a business continuity and disaster management plan?

Yes, Company has a Business Continuity Plan (BCP) and Crisis Management Plan (CMP) designed to address the threat of disruptions to business activities or processes.

Business Continuity Planning validates the adequacy of the existing systems and processes to prevent and recover from potential threats. It ensures continuity of delivery of products or services at pre-defined acceptable levels following a disruptive incident. Comprehensive Business Continuity Plans have been made covering all facets of operations and are being tested periodically.

A detailed Business Impact Analysis (BIA) has been carried out considering various risk / threat business or otherwise including IT threats. The Risk assessment and mitigating actions plans are reviewed periodically to ensure necessary actions are in place to mitigate the risks. Your Company has BCP put in places in the critical part of its operations to ensure the operations runs smoothly.

Your Company has a Crisis Management Plan (CMP) which provides guidance to the Crisis Committee to manage crisis. The CMP addresses four stages of issue and crisis management:

**Prepare:** involves ensuring that relevant teams have all the personnel, resources, and tools in place to manage issues and crises quickly and easily if and when they occur

**Prevent:** an ongoing process through which issues are monitored, identified, and prioritized

**Manage:** outlines suggested steps during a crisis to ensure that all stakeholders have the necessary information required; and undertake the necessary actions to achieve a successful conclusion



**Improve:** teams critically review the handling of the crisis and look at areas for improvement.

During 2022, as part of governance, the Risk Management and Sustainability Initiatives (RMSI) Committee reviews the BCPs and CMPs designed for different business activities and deep dives into BCPs and CMPs of some business activities to ensure efficiencies.

Your Company regularly conducts appropriate trainings for teams involved in crisis management which is useful in correctly managing issues and preventing crises from occurring.

**8. Disclose any significant adverse impact to the environment, arising from the value chain of the Company. What mitigation or adaptation measures have been taken by the Company in this regard:**

Your Company has *Responsible Sourcing Standard* that enshrines the unwavering focus on fair treatment, human rights, good labour practices, environmental conservation, health and safety. It is shared and accepted by all supply chain partners and service providers.

Your Company, with its diverse and expanding portfolio of businesses, prioritizes embedding sustainability and building resilience in the supply chain as part of its sustainability vision. A robust process of evaluating the Suppliers and Service Providers is followed before engaging with them, proactively making them aware of the expectations/ requirements, and seeking commitment for compliance through contractual agreements. Your Company reserves the right to verify compliance with this standard at any time through appropriate audit and assessment mechanisms.

In addition to working with farmers/suppliers for ingredients sourced through sustainable agriculture practices like regenerative agriculture, working towards sustainable manufacturing, packaging in the 9 factories, your Company is also working towards sustainable logistics. The focus was on reduction in wastage, through alternative mode of transportation such as railways, usage of alternate fuel and optimizing vehicle capacity utilization. It has converted 100% fleets from diesel to CNG to deliver Delhi & Haryana customers and also introduced electric vehicles to strengthen sustainable logistics. Your Company increased usage of bigger size vehicles from 5.9% in 2019 to 10.2% in 2022, increased usage of railways from 0% in 2019 to 6% in 2022 and increased vehicle payload utilization from 90.3% in 2019 to 94% in 2022."

**9. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts:**

Your Company's 73% value chain partners were assessed for environmental impacts. Your Company is guided by *Responsible Sourcing Standard* and policy on *Environmental Sustainability* that outlines its commitment to high standards on environment and provides the necessary framework to address the direct environmental impacts of Company's own operations as well as progressively extend the efforts to its supply chain.

Your Company's key value chain partners like third party manufacturers are encouraged to adopt practices detailed under International Standards such as ISO 14001, ISO 45001, ISO 9001, OHSAS 18001 and your Company's Environmental sustainability policy. Contract manufacturing agreements provide for compliance with accepted standards on issues related to environment, human rights and labour practices, and third party manufacturers are periodically assessed to ensure compliance.

Farmers constitute a major portion of the value chain, and accordingly your Company has deployed large scale programmes to address the environmental impacts across its key agri value chains. The Company is committed to increase responsibly sourced ingredients such as fresh milk, palm oil, cocoa, wheat, spices, rice and green coffee.

## Principle 7

**Policy Advocacy:** Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.

### Essential Indicators

#### 1.a. Number of affiliations with trade and industry chambers/associations:

Your Company's stakeholder network consists of the people whom the Company's operations impact and those who influence the activities. Stakeholder meetings, workshops and other events help deepen dialogue and develop Nestlé's understanding of important environmental, regulatory and societal issues. The interaction helps the teams build their capabilities, facilitates collective action, and promotes trust and mutual respect. Your Company's engagement with the relevant authorities is guided by the values of commitment, integrity, transparency and the need to balance the interests of diverse stakeholders. Your Company works with major industry chambers/associations and professional bodies that are engaged in policy advocacy as well as various other forums. During the year, your Company had active affiliations with 6 such trade and industry chambers/associations.

#### b. List the top 10 trade and industry chambers/associations (determined based on the total members of such body) the Company is a member of/affiliated to:

S. No.	Name of the trade and industry chambers/Associations	Reach of trade and industry chambers/associations (State/National)
1	The Associated Chambers of Commerce (ASSOCHAM)	National
2	All India Food Processors Association (AIFPA)	National
3	Confederation of Indian Industry (CII)	National
4	Federation of Indian Chambers of Commerce & Industry (FICCI)	National
5	PHD Chamber of Commerce and Industry (PHDCCI)	National
6	WeCare	National

#### 2. Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the Company, based on adverse orders from regulatory authorities:

Name of authority	Brief of the case	Corrective action taken
Not Applicable		

Your Company has not engaged in any anti-competitive conduct.

## Leadership Indicators

### 1. Details of public policy positions advocated by the Company:

S. No.	Public Policy advocated	Method resorted for such advocacy	Whether information available in public domain?	Frequency of review by Board (Annually/ Half yearly/ Quarterly/ Others - please specify)	Web Link, if available
1	Your Company works on public health agendas such as foods high in fat, salt and sugar (HFSS) and front of pack labelling (FOPL) with government /regulatory authorities taking into consideration interests of consumers	Your Company engaged with food authorities, industry associations for development of balanced regulations. The Company's engagement with relevant authorities is guided by the values of commitment, integrity, and transparency.	Yes	As and when required	<a href="https://fssai.gov.in/upload/uploadfiles/files/Draft_Notification_HFSS_20_09_2022.pdf">https://fssai.gov.in/upload/uploadfiles/files/Draft_Notification_HFSS_20_09_2022.pdf</a>
2	Your Company works on Plastic Waste Management agenda that includes compliance to the regulations (Plastic Waste Management Rules, 2016), EPR implementation strategies and sustainable packaging	Your Company engaged with government authorities (MoEFCC, & CPCB) and industry associations for development of balanced regulations. The Company's engagement with relevant authorities is guided by the values of commitment, integrity, and transparency.	Yes	As and when required	<a href="https://moef.gov.in">https://moef.gov.in</a>

## Principle 8

**Inclusive Growth:** Businesses should promote inclusive growth and equitable development.

### Essential Indicators

#### 1. Details of Social Impact Assessments (SIA) of projects undertaken by the Company based on applicable Laws, in the current financial year:

Your Company in line with the provisions of the Companies Corporate Social Responsibility Policy Rules, conducted impact assessment through an independent agency in financial year 2022 for the applicable projects.

Your Company's flagship initiative 'Nestlé Healthy Kids Programme' that has been developed with a focus to raise nutrition awareness among adolescents was assessed for Social Impact Assessment (SIA). The impact assessment study was carried by an external agency - Samhita Social Ventures Pvt. Limited in 2022. The impact assessment was done in Bihar (Patna) and Gujarat (Ahmedabad) where adolescents were assessed on awareness on importance of health, hygiene & sanitation, waste management and gender. The various focus areas included knowledge on anemia, vitamin A, thyroid, types of food, functions of food, personal hygiene practices, waste management, gender neutral practices etc. A mixed method approach was followed for data collection wherein researchers collected and analyzed both quantitative and qualitative data within the study. Interviews, group discussion and data analysis were done for the control vs intervention group. The social impact

assessment demonstrated positive impact for all the indicators assessed for example -

- Food and nutrients (functions of food, anemia etc.)
- Physical activity (benefits of play etc.)
- Personal hygiene (importance of handwashing, good sanitation practices etc.)
- Gender equality
- Waste management

The complete report is available at your Company's website.

S. No.	Name and details of Project	SIA Notification No.	Whether conducted by external agency	Results communicated in public domain	Relevant Weblink
1	Nestlé Healthy Kids Programme	-	Yes	No	<a href="https://www.nestle.in">https://www.nestle.in</a>

**2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your Company:**

S. No.	Name of Project for which R&R is ongoing	State	District	No. Of Project Affected Families (PAFs)	%age of PAFs covered by R&R	Amounts paid to PAFs in the FY (In INR)
Not Applicable						

**3. Describe the mechanisms to receive and redress grievances of the community:**

Creating Shared Value (CSV) is fundamental to how your Company does business. Your Company believes that it will be successful in the long term by creating value for both shareholders and for society. Value creation is only possible with a solid foundation of compliance and a culture of respect, as well as a firm commitment to environmental and social sustainability.

Your Company's societal initiatives are structured in a way to get feedback on the interventions and also understand if communities have any views, issues, complaints and grievances related to these interventions. Your Company's NGO partners/implementing partners for its societal initiatives also have a grievance redressal system in place through which the complaints/feedback from the communities is taken into consideration. During 2022, no grievances were brought to your Company's notice by the NGO partners. Your Company has provided a *Speak Up* platform, an independent third party operated platform where any stakeholder can lodge their grievances. All grievances are recorded, investigated and reported under the Speak up system.

Detailed and structured community engagements are planned periodically to revisit the changing needs of the community and the emerging priorities feed into designing and re-designing of ongoing and new programmes.

**4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:**

Your Company follows business practices that follow inclusive approach and enable the small farmers/local communities and vulnerable groups to be part of our sustainability journey. This is clearly visible in your Company's spend progression of last two years from micro/medium enterprises and neighborhood communities.

	FY 2022	FY 2021
Directly sourced from MSMEs/small producers	24%	17.5%
Sourced directly from within the district and neighboring districts	36%	36%

## Leadership Indicators

### 1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):

No negative social impact was identified in the Social Impact Assessment done by an external agency during the year 2022 for Nestlé Healthy Kids Programme, under Companies Corporate Social Responsibility Policy Rules, 2014.

### 2. Provide the following information on CSR projects undertaken by your Company in designated aspirational districts as identified by government bodies:

State	Aspirational District	Amount spent (in INR)
Andhra Pradesh	Visakhapatnam	The total amount spent is part of the Annual Action Plan for the year and the breakup is provided in the Annual Report on CSR activities of the Company provided under Annexure-2 of the Annual Report.
Bihar	Muzaffarpur, Khagaria, Jamui	
Haryana	Mewat	
Himachal Pradesh	Chamba	
Jharkhand	Ranchi, Sahibganj	
Kerala	Wayanad	
Karnataka	Raichur, Gadag	
Madhya Pradesh	Vidisha, Khandwa	
Maharashtra	Gadchiroli	
Mizoram	Mamit	
Odisha	Kalahandi, Balangir	
Punjab	Moga, Ferozpur	
Rajasthan	Dhaulpur, Karauli	
Tamil Nadu	Ramanathapuram, Virudhnagar	
Uttarakhand	Udham Singh Nagar	
Uttar Pradesh	Varanasi	

### 3.a. Do you have preferential procurement policy where you give preference to purchase from suppliers comprising marginalised/vulnerable groups?

While there is no preferential procurement policy, your Company follows business practices that enable the small farmers to be part of our sustainability journey. As your Company is primarily agri-based company, 40% of Company's spend value are sourced from small farmers.

Your Company works with farming communities to ensure sustainable production in the long-term. Your Company touches the lives of many farmers and practices a strong preference for local procurement of raw materials. In addition to collecting milk and implementing the Nestlé milk district model successfully to ensure a stable livelihood for local dairy farmers, your Company supports the development of milk farmers by assisting them to improve milk productivity and quality through technical assistance, providing veterinary services, medicines at no profit basis and promotion of sustainable agricultural practices.

As part of the NESCAFÉ Plan, your Company trains coffee farmers to develop their agricultural practices in terms of quality, productivity and sustainability while supporting them in obtaining 4C (Common Code for the Coffee Community) certification for better coffee prices. The NESCAFÉ Plan sets out to bring about a positive and sustained change in:

- The livelihood of coffee farmers and their families.
- The sustainable management of landscapes linked to the value chain.
- Enhanced biodiversity in coffee farms with intercropping.



The NESCAFÉ Plan has three platforms, connecting to farmers, connecting to communities and connecting to the planet, with the objective of ensuring the future of high quality coffee, to remain available and affordable today and in the future.

Your Company regularly reaches out to coffee farmers through trainings, technical assistance, medical camp and soil test activities.

As a part of The MAGGI Spice Plan, your Company sources 8 key spices from suppliers with “Backward Integration Programs” (BIP) in place (farmer monitoring, focused on practices to ensure Maximum Residue Limit (MRL) compliance-food safety). Supplier BIP includes field extension support for Integrated Pest Management (IPM) programmes of participating farmers e.g., daily/ weekly visits to farmer fields and data gathering. This provides a good foundation for effective action. Your Company suppliers are key partners in developing responsibly sourced supply chains of spices. Your Company has a dedicated supplier development team that works through the Nestlé – Farmer – Supplier model to create sustainable local sourcing.

The team’s objectives include less reliance on imports, supporting sustainable quality and creating a wider, more flexible supply base. During 2022, your Company supported more than 51 suppliers through technical assistance, introduced about 30 suppliers for various raw materials. The supplier development team also works on developing local vendors through technical assistance to meet the desired quality/ regulatory norms for supply to other Nestlé markets.

**b. From which marginalised/vulnerable groups do you procure?**

Your Company’s Responsible Sourcing Standard describes the requirements and ways of working that are applied together with the suppliers to ensure the sustainable long-term supply of materials and services to Nestlé. Your Company is committed to collaborate with farmers to make them more sustainable and help build their adaptive capacity and resilience to emerging risks like climate change and water stress and other extreme weather events. It is also working towards raising awareness and work with farmers on crop quality, safety, protection, integrity and traceability, as applicable.

Your Company is committed to increase responsibly sourced ingredients such as fresh milk, palm oil, cocoa, wheat, spices, rice and green coffee.

**c. What percentage of total procurement (by value) does it constitute?**

Your Company engages with farmers and suppliers under MSME category. Being an agri-input based Company, 40% of the sourcing value is directly / indirectly providing livelihood to farmers. Within that, your Company’s direct engagement with dairy and coffee farmers is substantial as enumerated below

- 100,000+ dairy farmers are engaged (20% of the spend of total factories)
- 200,000+ wheat farmers engaged indirectly
- 3,000+ rice and sugarcane farmers
- 3,500+ coffee farmers
- 1250+ spice growers
- 24% of the raw and packaging material spend is sourced from MSME suppliers.

**4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your Company (in the current financial year), based on traditional knowledge:**

Not applicable.

**5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved:**

Not applicable.

## 6. Details of beneficiaries of CSR Projects:

S. No.	CSR Project/Programme	Number of Persons benefitted from CSR projects	% of beneficiaries from vulnerable and marginalized groups
1	Nestlé Healthy Kids Programme (adolescents and parents)	187,000	100%
2	Project Jagriti (direct and indirect)	1,300,000	100%
3	Water	150,000	100%
4	Sanitation	30,000	100%
5	Serve Safe Food	15,500	100%
6	Project Jigyasa	2,000	100%
7	Project Hilldaari	640	100%
8	Project Vriddhi	6,000	100%
9	Covid-19 and disaster management (cooked meals and approximately meals cooked out of the grocery kits distributed)	16,300,000	100%

Your Company's key societal initiatives focus on beneficiaries belonging to vulnerable and marginalized groups, hence almost entire coverage numbers qualify to be included under 'beneficiaries from vulnerable and marginalized groups'.

Your Company operates around the mantra of creating Shared Value and is mindful of the needs of the communities around it. It not only strives to be sustainable with the community but also works to make a positive difference and create maximum value for the society. Your Company has analyzed the value chain and determined that the areas of greatest potential for joint value optimisation with society are Nutrition, Water, Education, Livelihood, Environment and Rural Development. The beneficiaries of societal initiatives from the communities belong to the under privileged sections of the society.

## Principle 9

**Customer/Consumer Value:** Businesses should engage with and provide value to their consumers in a responsible manner.

### Essential Indicators

#### 1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback:

Your Company has a well-established consumer care and response management system in place to support our consumers with queries, feedback or concerns that they may have. The 24\*7 consumer care set up ensures that your Company is not just meeting the consumer needs at the moment, but also delighting them by building authentic relationships that stand the test of time. Your Company understands that consumers may have different needs, and therefore your Company has created specialized desks with specifically trained people who can manage these requirements related to the products & services. Consumers can reach out at anytime via their preferred channels – phone, email, chat, social media, WhatsApp or website for assistance.

Your Company has a global consumer contact management policy in place that helps to deliver a consistent consumer experience across our service channels and geography. Your Company focuses on new technologies, integration and standardization for a delightful consumer experience.

**2. Turnover of products and/services as a percentage of turnover from all products/service that carry information about:**

All the products of your Company contain relevant information as required under applicable laws.

	As a %age of total turnover
Environmental & social parameters relevant to the product	NA
Safe & Responsible Usage	100%
Recycling and /or safe disposal	100%

**3. Number of consumer complaints in respect of the following:**

	FY 2022		Remarks	FY 2021		Remarks
	Received during the year	Pending resolution at end of year		Received during the year	Pending resolution at end of year	
Data privacy	0	0	No such complaint received during 2022	0	0	No such complaint received during 2021
Advertising	1	0	Observation of the Advertising Standards Council of India was in favour of your Company	0	0	No such complaint received during 2021
Cyber-security	0	0	No such complaint received during 2022	0	0	No such complaint received during 2021
Delivery of essential services	0	0	No such complaint received during 2022	0	0	No such complaint received during 2021
Restrictive Trade Practices	0	0	No such complaint received during 2022	0	0	No such complaint received during 2021
Unfair Trade Practices	0	0	No such complaint received during 2022	0	0	No such complaint received during 2021
Other*	5,338	0	-	4,608	0	-

\* It includes all consumer queries, product related information & complaints, and services, received through phone, emails, chats, social media or website or Speak Up platform.

**4. Details of instances of product recalls on account of safety issues:**

Number of Voluntary recalls	Reason for Voluntary recall	Number of Forced recalls	Reason for Forced recall
Nil	Not Applicable	Nil	Not Applicable

**5. Does the Company have a framework/policy on cyber security and risks related to data privacy? If available, provide a web-link of the policy.**

Yes, your Company has a cyber security framework in place. In the ever evolving cyber threat landscape, your Company has framework in place that allows the organization to identify, manage & monitor risk based IT controls to protect information and systems. The 'Cyber Security Risk Framework' provides a common set of cyber risk areas to be used across the Nestlé group. Your Company has implemented Information Security Management System that helps to identify, mitigate, monitor and manage a risk and controls in cyber space against cyber-attacks, threats and vulnerabilities.

Your Company respects the privacy of individuals and is committed to protect the personal data of its consumers, employees, clients, service providers and other stakeholders. There is a comprehensive plan across all markets where Nestlé companies are incorporated. Some of such activities are as follows:

- The Nestlé Privacy Program and maturity self-assessment
- Privacy Impact Assessment as part of the privacy-by-design principle
- Compulsory Data Privacy iLearn module for employees
- Vendor Privacy Risk Assessment as part of the due diligence
- Data Ethics as part of the Nestlé Responsible Sourcing Standard
- Regular internal and external audits

Your Company is committed to the ethical use of data based on its Corporate Business Principles: (i) Environmental and Social Wellbeing, (ii) Transparency, (iii) Diversity, Non-Discrimination and Fairness, (iv) Privacy and Security, (v) Accountability and (vi) Technical Robustness. Your Company's commitment to data ethics is reflected in the Nestlé Data Ethics Framework.

Your Company continues to play our part in helping to protect the personal data of our consumers, employees and business partners through monitoring new data protection and privacy laws in India, by way of collective actions and engagement with all relevant stakeholders to improve our standards. It takes an active role in the development of the regulations, policies and programs that are needed to match global standards on Data Privacy. Your Company provides awareness and training sessions to the employees from time to time.

**6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty/action taken by regulatory authorities on safety of products/services:**

No penalty or action taken by any authority on safety of products/services around issues relating to advertising, cybersecurity and data privacy. Your Company follows global standards and industry best practices to deal with cyber security and data privacy. Your Company is fully complying to IT Act, Rules and guidelines thereof; data privacy governance basis existing case laws, guidelines and directions provided from time to time by varied authorities and are in preparedness to adopt to local legislations as were proposed under the Data Protection Bill. Further, cyber incidents reporting as directed by CERT-IN are in place for the organization.

**Leadership Indicators**

**1. Channels/ platforms where information on products and services of the Company can be accessed (provide web link, if available):**

Your Company has websites, e-retailers and on ground distribution channels (traditional & Modern trade). Active websites are listed in below table:

Products/Initiative	Link
Corporate Website	nestle.in
Brand Website	Nescafe.com/in
Brand Website	ceregrow.in
Brand Website	nestle-cereals.com/in
Brand Website	nangrow.in
Brand Website	nestleprofessional.in
Brand Website	purina.in
Brand Website	maggi.in
Brand Website	enescafe.in



Products/Initiative	Link
Brand Website	resourcehighprotein.in
Brand Website	milkmaid.in
Brand Website	nestlehealthscience.in
Direct To Consumer Website	Mynestle.in
Corporate Website (Service)	Asknestle.in

**2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services:**

Your Company has a 24\*7 consumer service helpline to help inform and educate our consumer on any query or feedback that they may have. All businesses of your Company comply with the regulations and relevant voluntary codes concerning marketing communications, including advertising and promotion. Your Company's communications are aimed at enabling consumers to make informed decisions. Your Company also makes efforts to educate consumers on responsible usage of its products and services.

**3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services:**

Your Company has necessary mechanisms in place to inform consumers if any major discontinuation happens which includes information dissemination through website, publications and social media accounts.

**4. Does the Company display product information on the product over and above what is mandated as per local laws? If yes, provide details in brief. Did your Company carry out any survey with regard to consumer satisfaction relating to the major products /services of the Company, significant locations of operation of the Company or the Company as a whole?**

Yes, your Company provides additional information to help with consumer education and share nutrient profile and other aspects of the product for the benefit of the consumers. While there are mandatory requirements laid down by law to display product related information, your Company takes steps to provide additional information keeping consumer satisfaction and engagement as primary focus. For example, the Guideline Daily Amount (GDA) labelling system is present on front-of-pack of label which provides guidance on the daily energy intake and key defined nutrients to enable consumer to make informed choice at the time of purchase. Additionally, portion guidance is also included on labels to guide consumer on overall responsible consumption of the product as a part of their balanced lifestyle i.e. along with other foods. Your Company also includes "Do not litter" logo as a part of our social responsibility on the packs, to educate consumers. Furthermore, there are wrappers that carry information stating "Designed to be recyclable" to enable a responsible consumer and promote segregation at source.

Your Company continuously carries out consumer surveys to understand consumer feedback, product satisfaction and preference while measuring consumer response and satisfaction regularly through your Company's continuous and periodic tracking studies, covering close to 85,000 consumers in 2022 through a random sampling approach among target consumers.

**5. Provide the following information relating to data breaches:**

**a. Number of instances of data breaches along-with impact**

Nil.

**b. Percentage of data breaches involving personally identifiable information of customers**

Nil.

On behalf of the Board of Directors

Date : 16<sup>th</sup> February 2023  
Place : Gurugram

Suresh Narayanan  
Chairman and Managing Director



## ANNEXURE - 4 TO THE BOARD'S REPORT

### FORM NO. MR – 3 SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> DECEMBER 2022

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,  
Nestlé India Limited  
CIN: L15202DL1959PLC003786  
100/101, World Trade Centre, Barakhamba Lane, New Delhi -110001

We have conducted Secretarial Audit of compliance with the applicable statutory provisions and adherence to good corporate practices by **Nestlé India Limited** (hereinafter called 'the Company') for the **Financial Year ended 31<sup>st</sup> December 2022**. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books and papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the **Financial Year ended 31<sup>st</sup> December 2022** complied with statutory provisions listed hereunder and also, that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books and papers, minute books, forms and returns filed and other records maintained by the Company for the **Financial Year ended 31<sup>st</sup> December 2022** according to the provisions of:

- (i) The Companies Act, 2013 ('the Act') and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings – **Not applicable to the extent of Overseas Direct Investment and External Commercial Borrowings as there were no reportable events during the financial year under review.**
- (v) The following Regulations and Guidelines prescribed under the **Securities and Exchange Board of India Act, 1992 ('SEBI Act')**:
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 – **Not applicable as the Company has not issued any shares during the year under review;**
  - d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 – **Not applicable as the Company has not issued any shares/ options to directors/ employees during the year under review;**
  - e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; – **Not applicable as the Company is not registered as Registrar to an Issue and Share Transfer Agent during the year under review;**
  - f) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 – **Not applicable as the Company has not delisted/ proposed to delist its equity shares during the year under review;**
  - g) The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018 – **Not applicable as the Company has not bought back/ proposed to buy-back any of its securities during the year under review; and**
  - h) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021- **Not**



**Applicable as the Company has not issued and listed Non-convertible securities during the financial year under review**

- (vi) The management has identified and confirmed the following laws as being specifically applicable to the Company:
- Food Safety and Standards Act, 2006, rules and regulations thereunder;
  - Legal Metrology Act, 2009, rules and regulations thereunder;
  - Infant Milk Substitutes, Feeding Bottles and Infant Foods (Regulation of Production, Supply and Distribution) Act, 1992 and rules thereunder (Local Infant Code);
  - Bureau of Indian Standards (BIS) Act, 2016;

We have also examined compliance with the applicable clauses/ regulations of the following:

- Secretarial Standards with respect to Meetings of Board of Directors (**SS-1**) and General Meetings (**SS-2**) issued by the Institute of Company Secretaries of India;
- The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Listing Agreement entered into with the BSE Limited.

During the period under review, the Company has complied with provisions of the Act, Rules, applicable Regulations, Guidelines, Standards etc. mentioned above.

**We report that:**

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors including Women Directors. The changes in the composition of Board of Directors that took place during the year under review, were carried out in compliance with the provisions of the Act;
- Adequate notice is given to all Directors to schedule Board Meetings; agenda and detailed notes on agenda were sent at least seven days in advance before the meeting, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting;
- All the decisions of the Board and Committees thereof were carried through with requisite majority.

**We further report that** based on review of compliance mechanism established by the Company and on the basis of the Compliance Certificate(s) issued by the Company Secretary and taken on record by the Board of Directors at their meeting(s), we are of the opinion that the management has adequate systems and processes commensurate with its size and operations, to monitor and ensure compliance with all applicable laws, rules, regulations and guidelines.

**We further report that** during the review period, no major action having a bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. above have taken place.

This Report is to be read with our letter of even date which is annexed as **Annexure A** and forms an integral part of this report.

**For S. N. ANANTHASUBRAMANIAN & Co.**  
Company Secretaries  
ICSI Unique Code: P1991MH040400  
Peer Review Cert. No.: 606/2019

Date : 13<sup>th</sup> February 2023  
Place : Thane

S. N. Ananthasubramanian  
Partner  
FCS: 4206 | COP No.: 1774  
ICSI UDIN : F004206D003147126

To,  
The Members,  
Nestlé India Limited  
CIN: L15202DL1959PLC003786  
100/101, World Trade Centre,  
Barakhamba Lane, New Delhi -110001

Our Secretarial Audit Report for the financial year ended **31<sup>st</sup> December 2022** of even date is to be read along with this letter.

**Management's Responsibility:**

1. It is the responsibility of management of the Company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

**Auditor's Responsibility:**

2. Our responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.
3. We have conducted the Audit as per the applicable Auditing Standards issued by the Institute of Company Secretaries of India.
4. We believe that audit evidence and information obtained from the Company's management is adequate and appropriate for us to provide a basis for our opinion.
5. Wherever required, we have obtained reasonable assurance whether the statements prepared, documents or Records, in relation to Secretarial Audit, maintained by the Company, are free from misstatement.
6. Wherever required, we have obtained the management's representation about the compliance of laws, rules and regulations and happening of events etc.

**Disclaimer:**

7. The Secretarial Audit Report is neither an assurance as to future viability of the Company nor of the efficacy or effectiveness with which the management has conducted affairs of the Company.
8. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

**For S. N. ANANTHASUBRAMANIAN & Co.**  
Company Secretaries  
ICSI Unique Code: P1991MH040400  
Peer Review Cert. No.: 606/2019

Date : 13<sup>th</sup> February 2023  
Place : Thane

S. N. Ananthasubramanian  
Partner  
FCS: 4206 | COP No.: 1774  
ICSI UDIN : F004206D003147126



## ANNEXURE - 5 TO THE BOARD'S REPORT

Information as required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 forming part of the Board's Report for the year ended 31<sup>st</sup> December 2022:

### A CONSERVATION OF ENERGY

#### (a) Steps taken or impact on conservation of energy:

Your Company continued to accelerate its sustainability efforts in 2022, even though it was challenging year. Keeping people safe and ensuring consumers have access to the Company's foods and beverages has remained central to your Company's activities across the country. As part of long-term sustainability, your Company ensures that the products, packaging and operations are safe for employees, consumers and the environment. Your Company ensures this with a focus on technologies, processes and improvements that matter for the environment. At Nestlé, sustainability inspires and guides everything your Company does. Moreover, your Company gives highest priority to ensure environmental friendly practices at all factories and offices. These include reduction in power consumption, optimal water consumption, eliminating excess use of paper and using eco-friendly products.

As in the past, your Company continued to stress upon measures for the conservation and optimal utilisation of energy in all the areas of operations, including those for energy generation and effective usage of sources/ equipment used for generation. Within your Company, there are continuous efforts towards improving operational efficiencies, minimizing consumption of natural resources and reducing water, energy & CO<sub>2</sub> emissions while maximizing production volumes.

During the year, nine energy reduction projects were undertaken by factories of your Company which will result in substantial annualized savings of approximately 23,299 Gigajoules (saving of 0.59% of total annual energy consumption) and should be realized in next two to three years. Some of the projects undertaken at different factory locations include flash steam heat recovery from condensate; automation of burners in boiler operations; and electricity optimization in reverse osmosis, vacuum pump, compressed air operations.

During the year, your Company continued to manage water resources by improving efficiencies and helping to restore natural resources. Seven water reduction projects were initiated in different factories locations. These initiatives, *inter-alia*, resulted in reduction in water consumption and reuse of recycled water in a more efficient manner. The projects undertaken will result in savings of approximately 148,654 m<sup>3</sup> (saving of 5.31 % of total annual water consumption) and shall be realized in the next two to three years. One of the key initiatives contributing to water savings in 2022 was increasing the utilization of treated effluent after polishing through high technology Reverse Osmosis (RO) plant. Your Company will continue to work to achieve good water resources management throughout operations and agricultural supply chains. Your Company is supporting regenerative farming that aims to improve soil health and soil fertility, as well as protecting water resources and diversity.

Further, your Company continued its projects, which in the long-term result into reduction of pollution and protection of the environment. The reduction continues to be driven at the material usage level and measured in value terms as well. During the year, below were the Key Performance Indicators ('KPI') which reflected reduction in the food loss and wastage, across value chain:

- Zero Loss Material Variance: Excess usage/ wastage of materials in the production beyond the product manufacturing norms reflect the wastage/ in-efficiencies in the production process.
- Obsolescence: The KPI's with regard to material, which could not be used in the production, rendered products unfit for further use or expired before usage, were tracked to ensure minimal food wastage and monetary loss.
- Bad Goods: The KPI's with regard to finished goods, which reach end of life, due to various reasons including mismatch of demand and supply, were tracked to ensure that there is least amount of bad goods.
- Zero Waste to Landfill: All factories are "zero waste to landfill", which implies that all generated waste is either reused, recycled or co-processed and none of the packaging ends up in landfill or as litter in the environment.

**(b) Additional Investment:**

Your Company has been making investments over last many years on energy conservation equipment and to utilise alternate source of energy. Some of the proposals, which are initiated for implementation during 2023 at different factory locations are as hereunder:

- Use of biomass for steam generation;
- Investments in improving plant efficiencies for generation as well as usage;
- Investments in the solar energy by entering into Solar Power Purchase Agreement (PPA);
- Investment in second stage Reverse Osmosis (RO) plant to increase recovery; and
- Investment in other renewable energy sources.

**(c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:**

During the years, at the factories there have been continuous efforts to improve operational efficiencies, minimizing consumption of natural resources and reducing water, energy and CO2 emissions while maximizing production volumes.

As a result, during the period from 2007 to 2022, for every ton of production, the Company has reduced, the usage of energy by around 36%, water usage by around 51%, generation of waste water by around 38% and specific direct greenhouse gas emissions by around 52%.

**(d) Projects planned or initiated for further improvement in energy and water consumption are:**

**Continuous Energy initiatives at different factory locations:**

- Use of biomass for steam generation;
- Plant efficiency improvement for generation as well as usage; and
- Additional Solar Power Purchase Agreement (PPA).

**Continuous Water Initiatives at different factory locations:**

- Investment in second stage Reverse Osmosis (RO) plant to increase recovery; and
- Increase recycling of Effluent Treatment after polishing through RO plant.

**Continuous Initiatives to reduce Green House Gases (GHG) emissions at different factory locations:**

The Company plans to reduce around 130,000 Tons of GHG in next two to three years. Some of the key renewable energy projects that contributed to reduction in GHG emissions are:

- Contribution by improving energy generation efficiency; and
- Addition of solar energy capacities and increase in share of green power in purchased electricity.

**B. TECHNOLOGY ABSORPTION**

Efforts made in technology absorption are furnished below:

**Research and Development (R&D):**

**1. Specific areas in which R&D carried out by the Company**

Your Company, as a part of Nestlé Group and under the General License Agreements, has access to and advantage of drawing from the extensive central R&D efforts and activities of the Nestlé Group. The R&D organization of Nestlé Group has over 4100 R&D experts across more than 23 facilities worldwide and Nestlé Group invests over CHF 1.7 Billion every year. It is uniquely placed to advance purpose driven innovation across all product categories of your Company or elsewhere around the world. R&D organisation has an extensive infrastructure and state-of -the-art facilities along with broad and deep expertise in plant science, food science, nutrition, food safety, culinary matters, regulatory matters, manufacturing and packaging.

Nestlé Group, therefore, provides an access to its unique ability to discover, develop, innovate and renovate products and solution that are produced with careful consideration for natural resources and social impacts, contributing towards advancing re-generative food systems at scale while ensuring quality and safety of products.

It has therefore been possible for your Company to focus its efforts on testing and modification of products for local conditions. Improving and maintaining the quality of certain key raw materials also continued to receive close attention.





## 2. *Benefits derived as a result of the above R&D*

The ability to leverage the R&D expertise and knowledge of Nestlé Group, has helped your Company to innovate and renovate, manufacture high quality and safe products, improve yields, input substitution and achieve more efficient operations. Consequently, the consumers perceive the products of your Company as a high value for their money.

## 3. *Future plan of action*

Steps are continuously being taken for innovation and renovation of products including new product development, faster introduction of new products in the market, improvement of packaging and enhancement of product quality/profile, to offer better products at relatively affordable prices to the consumers.

## 4. *Expenditure on R&D*

Your Company benefits from the extensive centralised R&D activity and expenditure of the Nestlé Group, at an annual investment/ outlay of around CHF 1.7 billion. The local expenditure of your Company in the nature of Research and Development are primarily those incurred for testing and modifying of products for local conditions and are as under:

	(₹ in millions)
a) Capital	48.6
b) Recurring	297.6
c) <b>Total</b>	<b>346.2</b>
d) Total as a percentage of total turnover	0.21%

### **Technology absorption:**

#### 1. *Efforts, in brief, made towards technology absorption*

As a result of the Company's ongoing access to the global technology from Nestlé Group, Switzerland, your Company absorbs and adapts the technologies on a continuous basis to meet its specific needs from time to time.

#### 2. *Benefits derived as a result of the above efforts*

Product innovation and renovation, improvement in yield, product quality, input substitution, cost effectiveness, energy conservation and product developed and produced with careful consideration for natural resources and social impacts, contributing towards advancing re-generative food systems at scale, are the some of the major benefits derived.

#### 3. *Imported Technology*

All the food products manufactured and/ or sold by the Company are by virtue of the imported technology received on an ongoing basis from the collaborators. Technology transfer has to be an ongoing process and not a one-time exercise, for the Company to remain competitive and offer high quality and value for money products to the consumers. This has been secured by your Company under the General Licence Agreements with Nestlé Group and provides access for licence to use the technology and improvements thereof, for the product categories, manufactured/ sold by the Company, on a continuous basis.

## **C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

### (a) *Activities relating to exports; initiatives taken to improve the exports; development of new export market for products and export plans:*

Members are requested to refer to the Board's Report under the paragraph of "Exports", for this information.

### (b) *Total foreign exchange used and earned:*

During the year under review, your Company had earnings from exports of ₹ 6,919.3 million comprising foreign exchange earnings of ₹ 4,370.5 million and export to Nepal and Bhutan in Rupees amounting to ₹ 2,548.8 million.

Foreign exchange outgo of ₹ 27,600.8 million: on account of imports, expenditure on traveling, general license fees, etc. and remittances made to non-resident shareholders on account of dividends.

**On behalf of the Board of Directors**

**Suresh Narayanan**  
Chairman and Managing Director

**Date : 16<sup>th</sup> February 2023**

**Place : Gurugram**

## ANNEXURE - 6 TO THE BOARD'S REPORT

### Statement of Disclosure of Remuneration under Section 197 of the Companies Act, 2013 and Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

- i. The ratio of the remuneration of each director<sup>#</sup> to the median remuneration of the employees of the Company for the financial year:

Name of Director	Designation	Ratio to median remuneration of the employees*
Mr. Suresh Narayanan	Chairman and Managing Director	120 : 1
Mr. David Steven McDaniel	Executive Director - Finance & Control and CFO	57 : 1
Mr. Matthias Christoph Lohner	Executive Director - Technical	46 : 1

<sup>#</sup> Employees for the above purpose includes all employees excluding employees governed under collective bargaining.

<sup>\*</sup> Since Independent Non-Executive Directors received no remuneration, except sitting fees for attending Board/ Committee meetings and commission, the required details are not applicable.

- ii. The % increase in remuneration of each director<sup>#</sup>, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year:

Name of Employee	Designation	% increase in remuneration
Mr. Suresh Narayanan	Chairman and Managing Director	-5.6
Mr. David Steven McDaniel	Executive Director – Finance & Control and CFO	-1.2
Mr. Matthias Christoph Lohner	Executive Director – Technical	-7.4
Mr. B. Murli <sup>A</sup>	General Counsel and Company Secretary	Not Comparable
Mr. Pramod Kumar Rai <sup>B</sup>	Company Secretary and Compliance Officer	Not Comparable

<sup>#</sup> Since Independent Non-Executive Directors received no remuneration, except sitting fees for attending Board/ Committee meetings and commission, the required details are not applicable.

<sup>A</sup> Retired w.e.f. 30<sup>th</sup> September 2022.

<sup>B</sup> Appointed w.e.f. 1<sup>st</sup> October 2022.

<sup>C</sup> Decrease indicated as percentage in remuneration is on account of lower value of long-term incentives.

- iii. The % increase in the median remuneration of employees in the financial year: 6.60%.
- iv. The number of permanent employees on the rolls of the Company: 8,117.
- v. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration: The median percentage increase made in the salaries of employees other than the managerial personnel was 6.60%, while the overall decrease reflected in the remuneration of managerial personnel in para (ii) above was 5.6% on account of lower value of long-term incentives. The increases are a function of the Company's market competitiveness within its comparator group as ascertained through the detailed salary benchmarking survey the Company undertakes annually and reflects the Company's reward philosophy.
- vi. The key parameters for any variable component of remuneration availed by the directors: Variable Component is a critical element of Total Rewards and delivers value for employees who deliver tangible results for the business, against agreed targets. Employees including key managerial personnel, annual short-term bonus is linked to both Company and Individual Performance.
- vii. It is hereby affirmed that the remuneration is as per the Nomination and Remuneration Policy of the Company.

On behalf of the Board of Directors

Date : 16<sup>th</sup> February 2023

Place : Gurugram

Suresh Narayanan  
Chairman and Managing Director













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