

# 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



BM: PKR: 14:22

16.03.2022

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

Scrip Code - 500790

- Subject : 1. Regulation 34 – Electronic copy of the Notice of the 63<sup>rd</sup> Annual General Meeting & Annual Report for the year 2021**
- 2. Intimation of cut-off date of 5<sup>th</sup> April 2022 to determine the eligibility of the members to cast their vote through remote e-Voting and e-Voting during 63<sup>rd</sup> Annual General Meeting**

Dear Sir/ Madam,

This is further to our letter no. BM:PKR: 11:22 dated 4<sup>th</sup> March 2022 regarding convening of the 63<sup>rd</sup> Annual General Meeting of the Company ("63<sup>rd</sup> AGM") on Tuesday, 12<sup>th</sup> April 2022 through Video Conferencing/ Other Audio-Visual Means (VC/ OAVM) facility.

Please find enclosed electronic copy of the Notice of the 63<sup>rd</sup> AGM and the Annual Report for the year 2021 including the Audited Financial Statements for the year ended 31<sup>st</sup> December 2021 ("Annual Report"), being sent by email to those members whose email addresses are registered with the Company/ Depository Participants(s). For those members, who have not registered their email address, hard copies of the Notice of the 63<sup>rd</sup> AGM and the Annual Report are being sent at their registered address in the permitted mode. The Notice of the 63<sup>rd</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 2022 as the cut-off date to determine the eligibility of the members to cast their vote by electronic means and e-Voting during the 63<sup>rd</sup> AGM scheduled to be held on Tuesday, 12<sup>th</sup> April 2022 through VC/ OAVM facility.

Please take the same on record.

Thanking you,

Yours truly,

**NESTLÉ INDIA LIMITED**

BALASUBRA MURI  
MANIAM MURLI  
Digitally signed by  
BALASUBRAMANIAM  
MURLI  
Date: 2022.03.16  
15:36:58 +05'30'

**B. MURLI**

**GENERAL COUNSEL & COMPANY SECRETARY**

Encl. : As above

# NESTLÉ INDIA LIMITED

(CIN: L15202DL1959PLC003786)

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

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

Phone: 011-23418891, Fax: 011-23415130

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## NOTICE

NOTICE IS HEREBY GIVEN THAT THE SIXTY THIRD ANNUAL GENERAL MEETING ("AGM/ 63<sup>rd</sup> AGM") OF THE MEMBERS OF NESTLÉ INDIA LIMITED ("the Company") will be held on Tuesday, 12<sup>th</sup> April 2022 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 2021 including Balance Sheet as at 31<sup>st</sup> December 2021, 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 ₹135/- per equity share for the financial year 2021 and to declare final dividend on equity shares for the financial year ended 31<sup>st</sup> December 2021.
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.
4. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:  
"RESOLVED THAT pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), M/s. S.R. Batliboi & Co. LLP, Chartered Accountants (ICAI Registration No.: 301003E/ E300005), be and is hereby appointed as the Statutory Auditors of the Company, in place of the retiring Statutory Auditors, M/s. B S R & Co. LLP, Chartered Accountants (ICAI Registration No.: 101248W/ W-100022), to hold office for a term of five consecutive years from the conclusion of sixty third Annual General Meeting till the conclusion of sixty eighth Annual General Meeting of the Company to be held in the year 2027, at such remuneration, as recommended by the Audit Committee and as may be mutually agreed between the Board of Directors of the Company and the Statutory Auditors from time to time."

### SPECIAL BUSINESS:

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:  
"RESOLVED THAT pursuant to the provisions of Section 148 of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), 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 2022 to be paid, ₹ 222,000/- plus out of pocket expenses and applicable taxes."
6. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:  
"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Regulations 16(1)(b), 25(2A) and other applicable Regulations, if any of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), and on the recommendation of the Nomination & Remuneration Committee and the Board of Directors, Ms. Anjali Bansal (DIN: 00207746), who has submitted a declaration that she meets the criteria for independence as provided in the Act and Listing Regulations, and in respect of whom the Company has received notice in writing under Section 160 of the Act from a member proposing her candidature for the office of Director, be and is hereby appointed 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."

By Order of the Board

Date : 4<sup>th</sup> March 2022  
Place : Gurugram

B. Murli  
General Counsel & 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 No. 5 and 6 of the accompanying Notice, is annexed hereto. The Board of Directors of the Company at its meeting held on 17<sup>th</sup> February 2022 considered that the special business under Item No. 5 and 6, being considered unavoidable, be transacted at the 63<sup>rd</sup> AGM of the Company.
2. In view of the COVID-19 pandemic, the Ministry of Corporate Affairs, Government of India ("MCA") issued General Circular Nos. 14/2020, 17/2020, 20/2020, 02/2021, 19/2021 and 21/2021 dated 8<sup>th</sup> April 2020, 13<sup>th</sup> April 2020, 5<sup>th</sup> May 2020, 13<sup>th</sup> January 2021, 8<sup>th</sup> December 2021 and 14<sup>th</sup> December 2021, respectively, ("MCA Circulars") allowing, *inter-alia*, conduct of AGMs through Video Conferencing/ Other Audio-Visual Means ("VC/ OAVM") facility on or before 30<sup>th</sup> June 2022, in accordance with the requirements provided in paragraphs 3 and 4 of the MCA General Circular No. 20/2020. In compliance with these Circulars, provisions of the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the 63<sup>rd</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 63<sup>rd</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 63<sup>rd</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, for participation in the 63<sup>rd</sup> AGM through VC/ OAVM facility and e-Voting during the 63<sup>rd</sup> AGM.
4. In terms of the MCA Circulars, the Notice of the 63<sup>rd</sup> AGM and Annual Financial Statements for the financial year 2021, 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). Since the 63<sup>rd</sup> AGM will be held through VC/ OAVM facility, the Route Map is not annexed in this Notice.
5. Pursuant to the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended), 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, the Company is providing remote e-Voting facility to its members in respect of the business to be transacted at the 63<sup>rd</sup> AGM and facility for those members participating in the 63<sup>rd</sup> AGM to cast vote through e-Voting system during the 63<sup>rd</sup> AGM. For this purpose, NSDL will be providing facility for voting through remote e-Voting, for participation in the 63<sup>rd</sup> AGM through VC/ OAVM facility and e-Voting during the 63<sup>rd</sup> AGM.
6. Members may join the 63<sup>rd</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 63<sup>rd</sup> AGM and the Company may close the window for joining the VC/ OAVM facility 30 minutes after the scheduled time to start the 63<sup>rd</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 63<sup>rd</sup> AGM without any restriction on account of first-come-first-served basis.
8. Attendance of the members participating in the 63<sup>rd</sup> AGM through VC/ OAVM facility shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
9. General instructions for accessing and participating in the 63<sup>rd</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 2022 (9:00 A.M. IST) and end on 11<sup>th</sup> April 2022 (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 2022, 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 63<sup>rd</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 Method
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 Viz. <a href="https://eservices.nsd.com">https://eservices.nsd.com</a> either on a Personal Computer or on a mobile. On the e-Services home page click on the “<b>Beneficial Owner</b>” icon under “<b>Login</b>” which is available under ‘<b>IDeAS</b>’ 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 “<b>Access to e-Voting</b>” under e-Voting services and you will be able to see e-Voting page.</li> <li>Click on the Company name or <b>e-Voting service provider</b> 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> Option to register is available at <a href="https://eservices.nsd.com">https://eservices.nsd.com</a>. Select “<b>Register Online for IDeAS Portal</b>” or click at <a href="https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsd.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.nsd.com/">https://www.evoting.nsd.com/</a> either on a Personal Computer or on a mobile. 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 <b>e-Voting service provider</b> 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>Shareholders/ Members can also download NSDL Mobile App “<b>NSDL Speede</b>” facility by scanning the QR code mentioned below for seamless voting experience.</p> <div data-bbox="690 1591 1110 1839" style="text-align: center;"> <p>NSDL Mobile App is available on</p>  <p>The image shows a promotional banner for the NSDL Mobile App. At the top, it says 'NSDL Mobile App is available on'. Below this, there are two logos: the Apple App Store logo and the Google Play logo. Underneath each logo is a square QR code. The entire banner is set against a light background.</p> </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/myeasi/home/login">https://web.cdslindia.com/myeasi/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 <b>e-Voting service provider i.e., NSDL</b>. Click on <b>NSDL</b> 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/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/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 No. 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., <b>NSDL</b> 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 your demat account through your 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 site 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 toll free no.: 18001020990 and 1800224430
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 022-23058738 or 022-23058542-43

**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.
- 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 eservices 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.

d) Your User ID details are given below:

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
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***

e) 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.
- f) 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.nsd.com](http://www.evoting.nsd.com).
  - ii. "Physical User Reset Password?" (If you are holding shares in physical form) option available on [www.evoting.nsd.com](http://www.evoting.nsd.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.
- g) After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
- h) Now, you will have to click on "Login" button.
- i) 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?

- a) After successful login at Step 1, you will be able to see all the companies "EVEN" 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 General 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 call on toll free no.: 18001020990 and 1800224430 or send a request to Mr. Amit Vishal, Senior Manager or Ms. Pallavi Mhatre, 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 [AmitV@nsdl.co.in](mailto:AmitV@nsdl.co.in) or [pallavid@nsdl.co.in](mailto:pallavid@nsdl.co.in) or at telephone nos.: +91-22-24994360 or +91-9920264780 or +91-22-24994545, 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-CLID (16-digit DPID + CLID 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, shareholders/ 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 Depositories and 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.

#### **B. Instructions for Members for participating in the 63<sup>rd</sup> AGM through VC/ OAVM are as under:**

- a) The members will be provided with a facility to attend the 63<sup>rd</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 General Meeting" against the name of the Company. On clicking this link, the members will be able to attend the 63<sup>rd</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, Internet Explorer 11, 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 mitigate any glitches.

- c) Members can submit questions in advance with regard to the financial statements or any other matter to be placed at the 63<sup>rd</sup> AGM, from their registered email address, mentioning their name, DP ID and Client ID number/ 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 2022 by 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 63<sup>rd</sup> AGM with regard to the financial statements or any other matter to be placed at the 63<sup>rd</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 number/ 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 2022 by 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 63<sup>rd</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 63<sup>rd</sup> AGM.
- g) Institutional Investors who are members of the Company, are encouraged to attend and vote in the 63<sup>rd</sup> AGM through VC/ OAVM facility.

**C. Instructions for Members for e-Voting during the 63<sup>rd</sup> AGM are as under:**

- a) Members may follow the same procedure for e-Voting during the 63<sup>rd</sup> AGM as mentioned above for remote e-Voting.
- b) Only those members/ shareholders, who will be present in the 63<sup>rd</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 63<sup>rd</sup> AGM.
- c) Members who have cast their vote by remote e-Voting prior to the 63<sup>rd</sup> AGM may also participate in the 63<sup>rd</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 member needing assistance with the use of technology, before or during the 63<sup>rd</sup> AGM shall be the same persons mentioned for remote e-Voting and reproduced here for convenience:

Mr. Amit Vishal, Senior Manager or Ms. Pallavi Mhatre, 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 AmitV@nsdl.co.in or pallavid@nsdl.co.in or at telephone nos.: +91-22-24994360 or +91-9920264780 or +91-22-24994545. Members may also write to the Company Secretary at the Company's email address at investor@in.nestle.com.

**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 of 5<sup>th</sup> April 2022.
- b) Any person, who acquires shares of the Company and becomes member of the Company after the Company sends the Notice of the 63<sup>rd</sup> AGM by email and holds shares as on the cut-off date i.e., 5<sup>th</sup> April 2022, 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 63<sup>rd</sup> AGM.
- d) During the 63<sup>rd</sup> AGM, the Chairman shall, after response to the questions raised by the members in advance or as a speaker at the 63<sup>rd</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 63<sup>rd</sup> AGM and announce the start of the casting of vote 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 63<sup>rd</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 63<sup>rd</sup> AGM, first download the votes cast at the 63<sup>rd</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 and on the website of NSDL at 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.
10. Electronic copy of the Annual Report for the financial year 2021 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. For members who have not registered their email address, hard copies of the Annual Report for the financial year 2021 are being sent in the permitted mode.
- Electronic copy of the Notice of the 63<sup>rd</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. For members who have not registered their email address, hard copies of the Notice of the 63<sup>rd</sup> AGM of the Company, *inter-alia*, indicating the process and manner of e-voting are being sent in the permitted mode.
- In case any member is desirous of obtaining hard copy of the Annual Report for the financial year 2021 and Notice of the 63<sup>rd</sup> AGM of the Company, may send request to the Company's email address at investor@in.nestle.com mentioning Folio No./ DP ID and Client ID.
11. Members, whose email address is not registered with the Company or with their respective Depository Participant(s), and who wish to receive the Notice of the 63<sup>rd</sup> AGM and the Annual Report for the financial year 2021 and all other communication sent by the Company, from time to time, can get their email address 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 through their respective Depository Participant(s).
12. The Board of Directors has recommended final dividend of ₹ 65/- per equity share of ₹ 10/- each for the financial year ended 31<sup>st</sup> December 2021 that is proposed to be paid on and from 6<sup>th</sup> May 2022, subject to the approval of the members at the 63<sup>rd</sup> AGM. The record date for determining the entitlement of the members to the final dividend for 2021 is 22<sup>nd</sup> April 2022. During the financial year 2021, two Interim Dividends of ₹ 25/- and ₹ 110/- per equity share were paid on and from 19<sup>th</sup> May 2021 and 16<sup>th</sup> November 2021, respectively.
13. 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 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. For details, members may refer to the "Communication on TDS on Dividend Distribution" appended to this Notice of the 63<sup>rd</sup> AGM.
14. 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).
15. 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 means ("Electronic Bank Mandate"), can register their Electronic Bank Mandate to receive dividends directly into their bank account electronically or any other means, by sending scanned copy of the following details/ documents to the Company at investor@in.nestle.com latest by 22<sup>nd</sup> April 2022:
- 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).

16. 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 means, due to non-registration of the Electronic Bank Mandate, the Company shall dispatch the dividend warrant/ Bankers' cheque/ demand draft to such Member, as soon as possible.
17. 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. The Company had, accordingly transferred unpaid/ unclaimed dividend amounts of : ₹ 4,365,900/- pertaining to Final Dividend 2013 & First Interim Dividend 2014; and ₹ 5,114,640/- pertaining to Second Interim Dividend 2014 during the financial year 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](http://www.nestle.in). Members who have not encashed Final Dividend 2014 and Interim Dividend 2015 or any subsequent dividends declared by the Company, are advised to write to the Company immediately.

18. Pursuant to the provisions of IEPF Rules, all shares in respect of which dividend 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, 5,923 equity shares of ₹10/- each on which the dividend remained unpaid/ unclaimed for seven consecutive years, were transferred to the IEPF Account during the year 2021, after following the procedure prescribed.

Further, Members who have not claimed/ encashed their dividends in the last seven consecutive years from 2015 are advised to claim the same. In case valid claim is not received, the Company will proceed to transfer the respective shares to the IEPF Account in accordance with the prescribed procedure under the IEPF Rules.

19. 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.
20. The Securities and Exchange Board of India (SEBI) has recently 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. Effective from 1<sup>st</sup> January 2022, any service requests or complaints received from the member, will not be processed by RTA till the aforesaid details/ documents are provided to RTA. 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), 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>.
21. Members may note that, in terms of the Listing Regulations equity shares of the Company can only be transferred in dematerialised form.
22. Documents referred to in the accompanying Notice of the 63<sup>rd</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.) on all working days except Saturday, up to and including the date of the 63<sup>rd</sup> AGM of the Company.
23. 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 63<sup>rd</sup> AGM. During the 63<sup>rd</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>.

24. 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 Auditors and Directors seeking appointment/ re-appointment at the 63<sup>rd</sup> AGM, forms an integral part of the Notice of the 63<sup>rd</sup> AGM. Requisite declarations have been received from the Auditors and 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. 5**

On the recommendation of the Audit Committee, the Board of Directors at their Meeting held on 17<sup>th</sup> February 2022 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 2022 at a remuneration of ₹ 222,000/- plus out of pocket expenses and applicable taxes.

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. 5 of the Notice of the 63<sup>rd</sup> AGM for ratification of remuneration payable to the Cost Auditors for the financial year ending 31<sup>st</sup> December 2022.

None of the Directors, Key Managerial Personnel and their relatives are, in any way, concerned or interested financially or otherwise, in the proposed Resolution. The Board of Directors recommends the Ordinary Resolution as set out at Item No. 5 of the Notice of the 63<sup>rd</sup> AGM for approval by the members.

**Item No. 6**

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors on 17<sup>th</sup> February 2022 has recommended, appointment of Ms. Anjali Bansal (DIN: 00207746) [“Ms. Bansal”] as an Independent Non-Executive Director of the Company for a term of five consecutive years to hold office from 1<sup>st</sup> May 2022 to 30<sup>th</sup> April 2027, to the members for their approval by way of a special resolution, in terms of the Companies Act, 2013 (“the Act”) and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”).

The Company has received a Notice from a Member in writing under Section 160(1) of the Act proposing her candidature for the office of Director. The Company has also received from Ms. Bansal (i) consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014; (ii) intimation in Form DIR-8 in terms of the Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that she is not disqualified under Section 164(2) of the Act; and (iii) a declaration to the effect that she meets the criteria of independence as provided under Section 149(6) of the Act and Rules framed thereunder and Regulation 16(1)(b) of the Listing Regulations.

Ms. Bansal, aged 51 years, holds a Bachelors in Computer Engineering from Gujarat University and a Masters in International Finance and Business from Columbia University and the YPO Presidents Program at Harvard Business School.

Ms. Bansal is former Chairperson of Dena Bank, appointed to lead resolution of the stressed bank. She also chairs NITI Aayog Investment Council for Fintech and Women Entrepreneurship. She is the founder of Avaana Capital, a fund platform that invests in the scaling up of growth stage startups. She was previously global Partner and Managing Director with TPG Growth PE, Spencer Stuart India Founder CEO, and strategy consultant with McKinsey and Co. in New York and India. She has been listed as one of the “Most Powerful Women in Indian Business” by India’s leading publication, Business Today and by Fortune India.

She is on the Advisory Council of Open Networks for Digital Commerce (ONDC), Experts Advisory Committee of Startup India Seed Fund Scheme announced by Honorable Prime Minister. She has vast experience in the area of banking, corporate governance, strategy, e-commerce, digital and new technologies, mergers and acquisitions, finance, audit, sustainability, innovation management, information technology and human resources.

Ms. Bansal holds Directorship of the understated Companies:

- Piramal Enterprises Limited, The Tata Power Company Limited, Siemens Limited, Voltas Limited, Kotak Mahindra Asset Management Company Limited, Bombay Chamber of Commerce and Industry, Unnati Employment Network, and ACT Capital Foundation for Social Impact.

Ms. Bansal also holds Chairpersonship/ Membership of the Committees of the understated Companies:

- Member of Risk Management Committee, and Nomination and Remuneration Committee of Piramal Enterprises Limited;
- Chairperson of Corporate Social Responsibility Committee, and Member of Audit Committee, and Stakeholder Relationship Committee of The Tata Power Company Limited; and

- Member of Corporate Social Responsibility Committee, Nomination and Remuneration Committee, Investment Committee, and Safety-Health-Environment Committee of Voltas Limited.

Ms. Bansal had, in the past three years, ceased as a Director from the Boards of Bata India Limited, GlaxoSmithKline Pharmaceuticals Limited and Apollo Tyres Limited.

Further, Ms. Bansal has confirmed that she is not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact her ability to discharge her duties as an Independent Director of the Company. Ms. Bansal has also confirmed that she is not debarred from holding the office of a Director by virtue of any Order passed by SEBI or any such authority. Ms. Bansal is not disqualified from being appointed as a Director in terms of Section 164 of the Act. Ms. Bansal has confirmed that she is in compliance with Rules 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014. Ms. Bansal is a person of integrity and fulfils the conditions specified under the Act read with Rules thereunder and the Listing Regulations for her appointment as an Independent Non-Executive Director of the Company and is independent of the Management. The terms and conditions of appointment of Ms. Bansal as an Independent Non-Executive Director, would be available for inspection to the members.

Ms. Bansal does not hold by herself or for any other person on a beneficial basis, any shares in the Company.

In the opinion of the Board of Directors, Ms. Bansal fulfils the conditions specified in the Companies Act, 2013, the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 16(1)(b) of the Listing Regulations for her appointment as an Independent Non-Executive Director of the Company.

The Board of Directors considers that her association would be of immense benefit to the Company, and it is desirable to avail services of Ms. Bansal as an Independent Non-Executive Director for a term of five consecutive years from 1<sup>st</sup> May 2022 to 30<sup>th</sup> April 2027. Ms. Bansal would bring with her immense experience to the Company in the areas of banking, corporate governance, strategy, e-commerce, digital and new technologies, mergers and acquisitions, finance, audit, sustainability, innovation management, information technology and human resources. Accordingly, the Board of Directors recommends her appointment to the members for their approval by way of Special Resolution as set out at Item No. 6 of the accompanying Notice of the 63<sup>rd</sup> AGM.

The electronic copy of the draft letter for appointment of Ms. Bansal as an Independent Non-Executive Director setting out the terms and conditions will be available on the website of the Company at [www.nestle.in](http://www.nestle.in).

Except Ms. Bansal, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 6 of the accompanying Notice of the 63<sup>rd</sup> AGM. Ms. Bansal is not related to any Director or Key Managerial Personnel of the Company. As an Independent Director, Ms. Bansal will be entitled to remuneration by way of commission on net profits and sitting fees for attending meeting(s) of the Board of Directors or Committee(s) thereof or for any other purpose, whatsoever as may be decided by the Board of Directors of the Company in accordance with the provisions of the Companies Act, 2013 and rules made thereunder.

This Explanatory Statement together with the accompanying Notice of the 63<sup>rd</sup> AGM may also be regarded as a disclosure under Regulation 36(3) of the Listing Regulations and the Secretarial Standard on General Meetings (SS-2) of ICSI.

## **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) ["Mr. Lohner"] shall retire by rotation at the forthcoming 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 period 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 63<sup>rd</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 51 years, holds qualification of Bachelor in Chemical Engineering and has over 25 years of rich and exhaustive experience in the Technical function including the Production function. He has 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 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, financially or otherwise, in the resolution set out at Item No. 3 of the accompanying Notice of the 63<sup>rd</sup> AGM. During the year 2021, Mr. Lohner attended all the Board Meetings (7) and a meeting of the Risk Management Committee.

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 accompanying Notice of the 63<sup>rd</sup> AGM.

#### **Item No. 4**

In accordance with Section 139 of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, M/s. B S R & Co. LLP, Chartered Accountants (ICAI Registration No.: 101248W/ W-100022) (M/s. BSR), Statutory Auditors of the Company shall retire at the conclusion of the 63<sup>rd</sup> AGM of the Company.

The Board of Directors of the Company at their meeting held on 11<sup>th</sup> November 2021, on the recommendation of the Audit Committee, have recommended 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, by the members at the 63<sup>rd</sup> AGM of the Company for a term of five consecutive years from the conclusion of 63<sup>rd</sup> AGM till the conclusion of 68<sup>th</sup> AGM of the Company to be held in the year 2027, at an annual remuneration of ₹ 17.1 Million for the year ending 31<sup>st</sup> December 2022, plus out of pocket expenses and applicable taxes. The remuneration for the subsequent year(s) of their term shall be determined based on the recommendation of the Audit Committee and as mutually agreed between the Board of Directors of the Company and the Statutory Auditors. There is no material change in the remuneration paid to M/s. BSR, the retiring Statutory Auditors, for the statutory audit conducted for the year ended 31<sup>st</sup> December 2021 and the remuneration proposed to be paid to M/s. SRB for the year ending 31<sup>st</sup> December 2022.

After evaluating all proposals and considering various factors such as independence, industry experience, technical skills, geographical presence, audit team, audit quality reports, etc., M/s. SRB has been recommended to be appointed as the Statutory Auditors of the Company.

M/s. SRB, is a firm of Chartered Accountants registered with the Institute of Chartered Accountants of India. M/s. SRB was established in the year 1949 and is a Limited Liability Partnership Firm ('LLP') incorporated in India. It has its registered office at 22, Camac Street, Kolkata apart from 7 other branch offices in various cities in India. M/s. SRB part of S.R. Batliboi & Affiliates network of audit firms. It is primarily engaged in providing audit and assurance services to its clients.

Pursuant to Section 139 of the Companies Act, 2013 and the rules framed thereunder, the Company has received written consent from M/s. SRB and a certificate that they satisfy the criteria provided under Section 141 of the Companies Act, 2013 and that the appointment, if made, shall be in accordance with the applicable provisions of the Act and rules framed thereunder. As required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, M/s. SRB, has confirmed that they hold a valid certificate issued by the Peer Review Board of ICAI.

None of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 4 of the accompanying Notice of the 63<sup>rd</sup> AGM. Accordingly, the Board of Directors recommends aforesaid appointment to the members for their approval by way of an Ordinary Resolution as set out at Item No. 4 of the accompanying Notice of the 63<sup>rd</sup> AGM.

**By Order of the Board**

**Date : 4<sup>th</sup> March 2022**  
**Place : Gurugram**

**B. Murli**  
**General Counsel & 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

a. 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 22<sup>nd</sup> April 2022 ("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. FPI/FII: Others (being Individual, Firm, Trust, AJP, etc.)
  - viii. Individual
  - ix. Hindu Undivided Family (HUF)
  - x. Firm
  - xi. Limited Liability Partnership (LLP)
  - xii. Association of Persons (AOP), Body of individuals (BOI) or Artificial Juridical Person (AJP)
  - 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 ₹ 5,000. 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) Member 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.
    - 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; 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.

**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 of 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.
- IV. Surcharge rates applicable for financial year 2022 - 23 for non-residents:
  - (i) Individual, HUF, AOP, BOI, AJP, Trust

<b>Dividend Income</b>	<b>Rate</b>
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

<b>Aggregate Income</b>	<b>Rate</b>
Income exceeds ₹ 1 crore	12%

- (iii) Foreign company

<b>Aggregate Income</b>	<b>Rate</b>
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 >



Nestlé

Good Food, Good Life

**Towards A Sustainable Future**

**#BusinessAsAForceForGood**



## The Board of Directors of Nestlé India Limited



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



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



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



**Ms. Rama Bijapurkar**  
Non Executive Director



**Ms. Roopa Kudva**  
Non Executive Director



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



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



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



**Mr. B. Murli**  
General Counsel and  
Company Secretary

**#BusinessAsAForceForGood**

# Content

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## Annual Report

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- 01. Message to Shareholders
- 03. Environmental Sustainability
- 09. Societal Initiatives
- 14. Long Lasting Partnerships
- 17. Empowering and Engaging Our People
- 21. Corporate Information
- 22. 10 - Year Financial Highlights
- 23. Board's Report
- 39. Auditor's Report
- 47. Annual Accounts

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## Annexures to the Board's Report

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- 94. Annexure 1: Report on Corporate Governance
- 109. Annexure 2: Annual Report on CSR Activities
- 117. Annexure 3: Business Responsibility Report
- 127. Annexure 4: Secretarial Audit Report
- 130. Annexure 5: Report on Conservation of Energy etc.
- 133. Annexure 6: Information Regarding Employees and Related Disclosures



# Chairman's Statement



## Dear Shareholders,

In the last 24 months we are confronted with an unparalleled pace of change. The cascading impact of COVID-19 and its ramification on people, society and economy has left us all vulnerable. Despite the toughest of times, the resolve to shape a better and healthier world has only been strengthened with businesses leading from the front in overcoming challenges sprung forth by the pandemic. I am proud of the determination of my colleagues, our partners and stakeholders to face the context and continue to be inspired to grow. As we forge ahead, business continuity will remain rested on the evolving equations between People, Purpose, Partnerships, Planet and Performance.

Business is a force for good. This is the philosophy your Company has committed to while embarking on a journey towards a sustainable future focusing on environmental sustainability, good governance, people and societal initiatives.

Your Company, with a 109-year history of serving consumers in India, is proud to reach a milestone with its ninth factory or 'Navaratna' in Sanand, Gujarat. The factory is a tribute to the dedication, commitment, and tenacity of its colleagues and partners. It is the most ecologically and digitally advanced and aspires to be a paperless and state of the art environment friendly unit. Not just at the new factory, your Company further accelerated its sustainability spend by investing in various commitments across climate change, packaging, sourcing, and water.

Your Company is firmly and resolutely on a journey to unlock the potential of small towns through a customized portfolio, enhanced distribution infrastructure and deployment of resources, localized communication, enhanced visibility, and building consumer connect. Your Company's continuous investment is a vindication of its confidence and trust in the Nestlé journey in India.

In moments of crisis, your Company's strong values and purpose ensured that we heeded to a societal call of duty. Emboldened with a spirit of service and as a part of the support to the distressed sections of society, your Company

provided cooked meals, grocery kits, healthcare equipment, PPE, masks, oximeters, face shields, gloves and sanitisers. Your Company also setup oxygen plants in select locations. The Company's brands are known for their Purpose, and this was strengthened further with the Face of Hope Campaign and Mask Up pledge, reaching out to over 250 million people to follow basic masking protocols amidst the pandemic.

Your Company continued to offer employment opportunities, developmental vistas for talent and has welcomed people through regular hiring, apprenticeship and internship. Your Company further intensified focus on well-being, increased mental health coverage for employees, provided vaccination support and stood by the families of colleagues who unfortunately succumbed to the pandemic.

Good governance and transparent relationships have been at the heart of your Company. Your Company has been focussed on the safety and wellness of people and partners in these challenging times. Your Company served employees, customers, communities, and the broader ecosystem through critical and strategic interventions, steered by the Company's Code of Ethics. Your Company ensured that partners received their payments and no MSME or small supplier suffered. Your Company also stepped-up automation and digitalization across the supply chain.

The consumption story of India will be strengthened moving forward. Aspirations are rapidly converging between urban and rural India, leading to an uptick in the consumption of branded goods with high quality, safety, and nutrition credentials. Organizations that will act in the interest of their employees, stakeholders, and society at large will reinforce their expertise, leadership, trust and strengthen the bond they have with consumers.

Right from the start of Nestlé's journey, Founder Henri Nestlé set a milestone in contributing to a healthier future. Henri's development of 'Farine Lactée' gave birth to Nestlé's commitment to society. This commitment has been carried forward by your Company for over 150 years. Its purpose has been centered around "Unlocking the power of food to enhance quality of life for everyone, today and for generations to come".

As we move into the second decade of the 21<sup>st</sup> century, it is our hope that the culture, Purpose, Values and commitment enshrined in the searing legacy and deeds of Henri Nestlé gives us the inspiration and the hope to build a sustainable future in India with passion and determination.

Suresh Narayanan  
Chairman & Managing Director



# Towards A Sustainable Future

#BusinessAsAForceForGood





# Environmental Sustainability

Climate | Packaging | Water | Responsible Sourcing



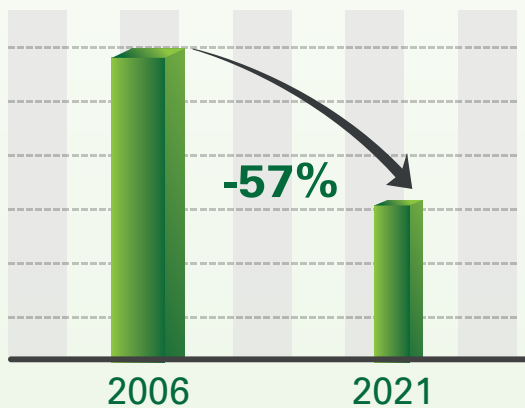


# Climate Key Priorities: Manufacturing

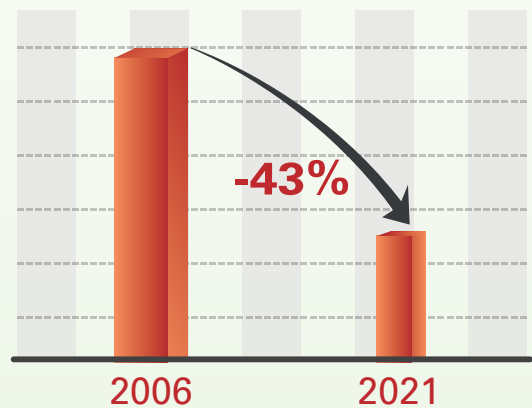
Within Nestlé India factories, there are continuous efforts to improve operational efficiencies, minimizing consumption of natural resources and reducing water, energy and CO<sub>2</sub> emissions while maximizing production volumes.



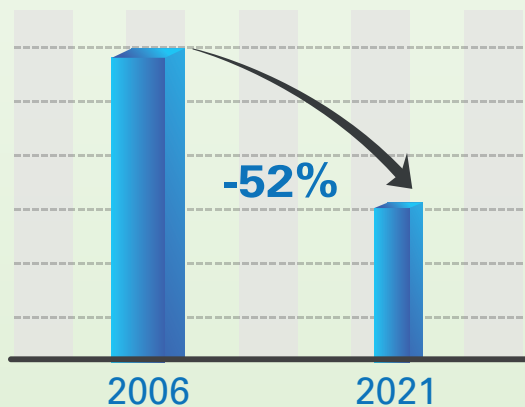
**Reduced Direct GHG Emissions**  
(for every ton of production)



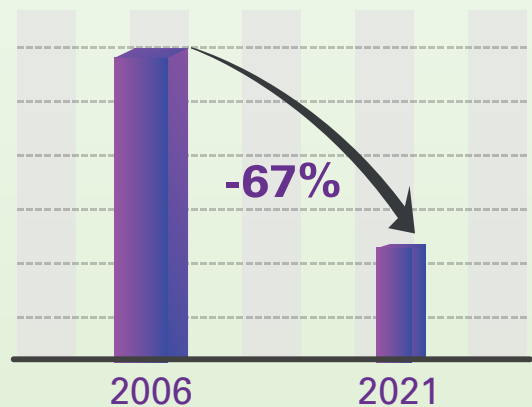
**Reduced Energy Usage**  
(for every ton of production)



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



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







# Climate Key Priorities: Logistics

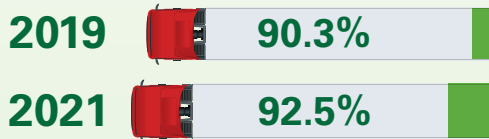
A Focus on Sustainable Operations



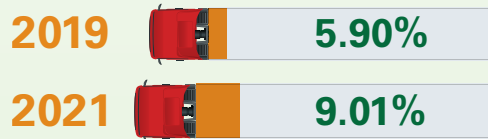
Initiated Waterways Lanes



Delivery Vehicle Payload Utilization



Increased Usage of Bigger Sized Vehicles (in Shipments)



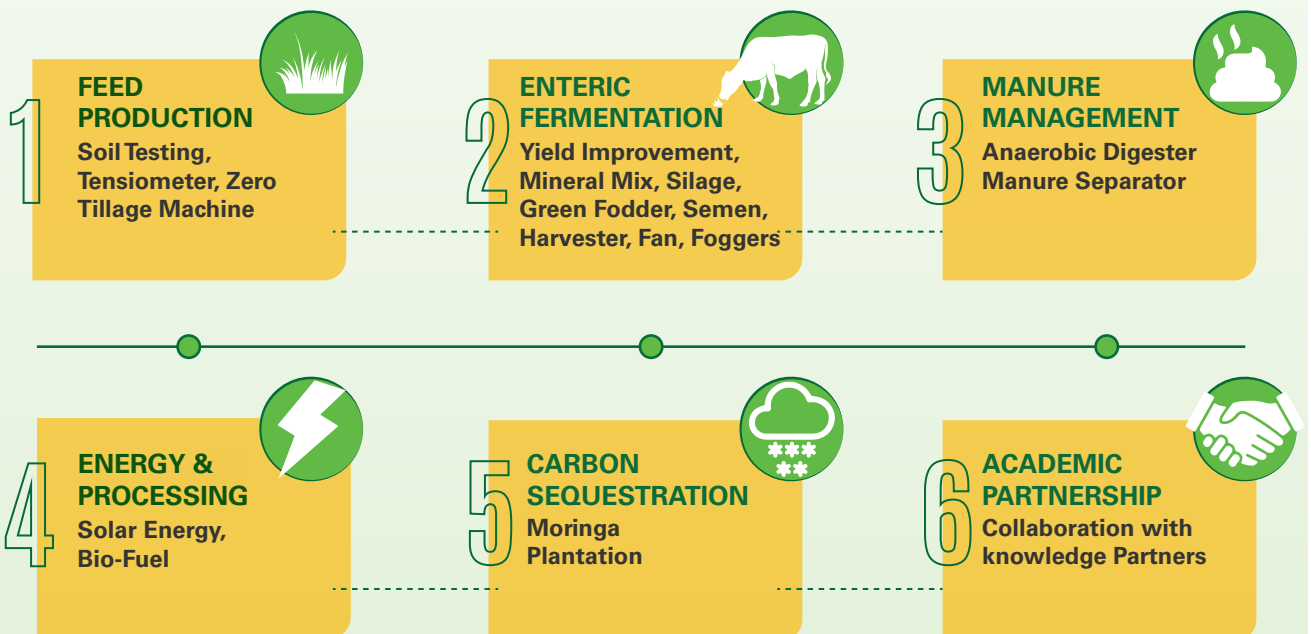
Increased Usage of Railways (in Cases)





# Climate Key Priorities: Fresh Milk Procurement

Key Interventions Proposed





# Environmental Sustainability: Packaging

Packaging and Plastic Waste Management: The Drivers For A Better World

Nestlé India Continues To Be Plastic Neutral



## Plastic Neutrality Across Brands





# Environmental Sustainability: Packaging

Annually Eliminating **30 Million** Plastic Straws Under Ready to Drink Portfolio



Plastic Reduced in our Packaging since 2018\* **8.6%**



Mono Material Packaging

## Hilldaari - Collaboration and Awareness



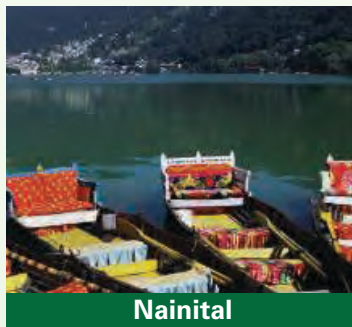
Establishing Waste Management Systems in Tourist Locations

Divert Waste from Landfill



Mussoorie

Waste Worker Professionalization



Nainital

Enabling Digital Monitoring



Ponda



Dalhousie



Mahabaleshwar



Munnar

**Our Commitment**



**100% Recyclable or Reusable Packaging by 2025.**





# Societal Initiatives





# Societal Initiatives: Serving Society is our Focus

Aligned With National Priorities and SDGs\*



Focus on Impact rather than just numbers\*



Providing Relief/easing the suffering of vulnerable communities

Impact of Key Societal Initiatives

For  Individuals and Families



Encouraging Breastfeeding Practices through Community Action



Over **8.4 Million** Beneficiaries (**2.7 direct** and **5.7 indirect**) across **8 States/UTs**

\*Picture taken pre-pandemic





# Societal Initiatives: Impact



Helping  
Adolescents  
Live Healthier



Over **445,000**  
Beneficiaries Across  
**23 States/UTs**



For Our  
Communities



Creating  
Access to Clean  
Drinking Water  
Around **150,000**  
Beneficiaries

Project Serve  
Safe Food  
**25,900** Street  
Vendors across  
**19 States/UTs**



Sanitation  
Facilities for  
Girl Students  
Over **240,000**  
Beneficiaries





# Societal Initiatives: Impact



1500 People in Rohira Village

Before Intervention



Water Chamber



School Entrance



Classrooms

After Intervention



Around 1300 People in Phase - 2 adoption of villages - Gabanspur and Naharpur



For the Planet



Creating Awareness about Water Conservation  
Nearly 120,000 students







# Societal Initiatives

## Extending Support to Communities During the Pandemic

Reached out to 28 states/6 UTs



Continue to support Communities: Covid-19 Relief Efforts



Oxygen Plants near 5 factory locations

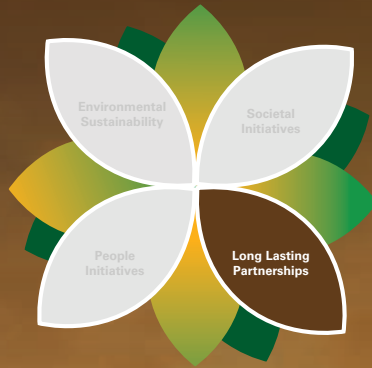


COVID-19 Relief Efforts: Safeguarding the well-being of Communities

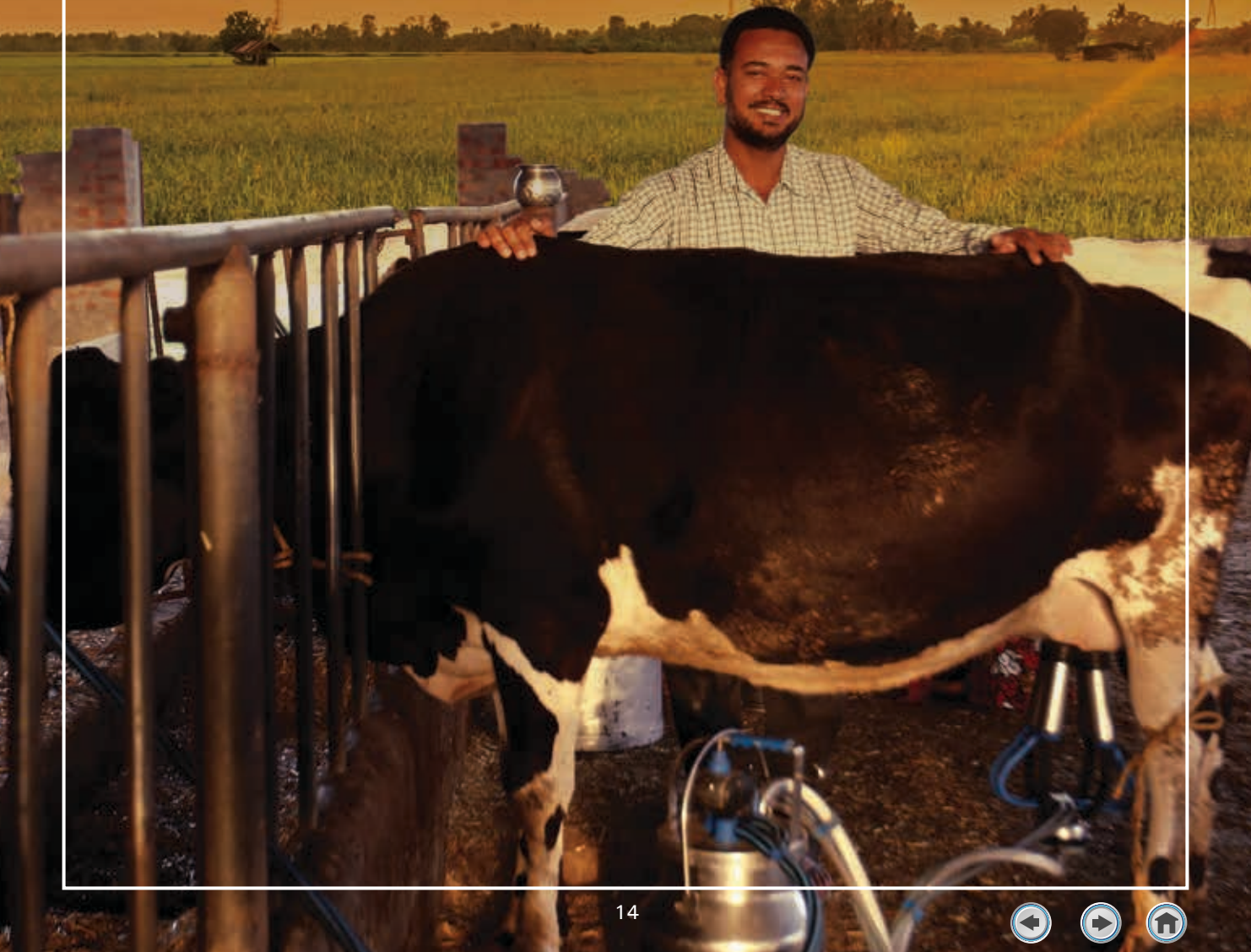


Around 4.4 million cooked meals and 124,500 grocery kits provided





# Long Lasting Partnerships





# Our Suppliers, Our Extended Family

**Starting Up**  
Liaising with  
Authorities  
for free movement  
of milk tankers



## Ramp Up

Ensuing Continuous &  
Safe supply of milk for  
our consumers  
Awareness to all Driver  
Partners Mask  
Distribution to drivers



**Supplier Safety**  
Safety Awareness for our  
Farmers and Agent partners



**Extending Financial  
Support** Early  
Payments Freight  
Incentives given



# Responsible Sourcing

## MAGGI Spice Plan: The Sustainable Sourcing Programme

Touching lives of over 1300  
Farmers in 39 Villages across 7 States



**Planet**  
Environmental  
sustainability  
of farms



**People**  
Safe living &  
working conditions  
Worker conditions &  
child work



**Profit**  
Resilient  
Livelihoods (farm  
profitability)

**Spices: Chilli, Cumin, Coriander, Turmeric**



Achieve **100%**  
responsible  
sourced coffee  
by **2025**  
Sustainable Coffee



Achieve **100%**  
sustainable cocoa  
for confectionery  
by **2025**  
Sustainable Cocoa

Achieve no  
**deforestation**  
(Palm oil)  
by **2022**





# Empowering and Engaging Our People



# People Initiatives

## Workplace Safety During Pandemic

Temperature screening

Hand & Respiratory hygiene

Social distancing

Sanitation of premises



**COVID – Medical/  
financial support**



Increase focus on  
physical and mental  
well-being

**60% employees  
covered in Mental  
Health awareness  
sessions**



**81% of employees  
fully vaccinated**



# People Initiatives

Unleashing passion, competence, commitment for performance and improving Gender Balance

Drive Nesternship + Enhance Diverse Hiring

Nesternship & on-boarding: **1011 in 2021**

Diverse Hiring: Over **43%** of our new hires being women in **2021**



Growing percentage of women recruited as trainees

**54%**



**2021**

Growing percentage of women employees (white collar)

**24%**



**2021**

Inculcate Self Learning

**Henri Nestlé Scholarship:** Over **160 employees** given scholarships of **INR 50,000** per person to pursue course of choice

**iLearn:** Learning Management System with over **1000+ courses**

**NesVidya:** Performance Support solution for Field Force, enables learning anywhere, anytime





# People Initiatives

## Our Commitment to 'Make in India' Continues

Our **9<sup>th</sup>** factory in India at Sanand, Gujarat



Digitally the most advanced factory



State of the Art factory reinforcing our sustainability journey

Over **70% women** workforce at the factory



Part of **INR 26 Billion** investment planned in India over next few years





## Corporate Information

### BOARD OF DIRECTORS

Suresh Narayanan (DIN:07246738)	-	Chairman & Managing Director
David S. McDaniel (DIN:08662504)	-	Executive Director - Finance & Control and CFO
Matthias C. Lohner (DIN:08934420)	-	Executive Director - Technical
P. R. Ramesh (DIN:01915274)	-	Independent Non - Executive Director
Rama Bijapurkar (DIN:00001835)	-	Independent Non - Executive Director
Rajya Vardhan Kanoria (DIN:00003792)	-	Independent Non - Executive Director
Roopa Kudva (DIN:00001766)	-	Independent Non - Executive Director
Swati A. Piramal (DIN:00067125)	-	Independent Non - Executive Director

### BOARD COMMITTEES:

#### AUDIT COMMITTEE

P. R. Ramesh	-	Chairman
Rajya Vardhan Kanoria	-	Member
Roopa Kudva	-	Member

#### STAKEHOLDERS RELATIONSHIP COMMITTEE

Rama Bijapurkar	-	Chairperson
Rajya Vardhan Kanoria	-	Member
David S. McDaniel	-	Member

#### CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Swati A. Piramal	-	Chairperson
Suresh Narayanan	-	Member
Rama Bijapurkar	-	Member
David S. McDaniel	-	Member

#### NOMINATION AND REMUNERATION COMMITTEE

Rajya Vardhan Kanoria	-	Chairman
Roopa Kudva	-	Member
P. R. Ramesh	-	Member

#### RISK MANAGEMENT COMMITTEE

Suresh Narayanan	-	Chairman
David S. McDaniel	-	Member
Roopa Kudva	-	Member
P. R. Ramesh	-	Member

#### AUDITORS

B S R & Co. LLP,  
Chartered Accountants,  
Building No. 10, 8<sup>th</sup> Floor, Tower – B,  
DLF Cyber City, Phase – II,  
Gurugram – 122002, Haryana

#### BANKERS

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

#### WEBSITE

www.nestle.in

#### INVESTOR EMAIL ID

investor@in.nestle.com

### MANAGEMENT COMMITTEE

Suresh Narayanan	-	Chairman & Managing Director
David S. McDaniel	-	Finance & Control and CFO
Matthias C Lohner	-	Technical
Anurag Patnaik	-	Human Resources
Ashish Pande	-	Supply Chain
B. Murli	-	Legal & Company Secretary
Chandan Mukherji	-	Consumer Insights, Communications
Krishna Guha Roy	-	ISIT/Nestlé Business Excellence
Mehernosh Malia	-	Dairy
Rajat Jain	-	Foods
Ravi Ramchandran	-	Sales
Rupali Rattan	-	Confectionery
Sanjay Khajuria	-	Corporate Affairs
Sunayan Mitra	-	Beverages
Sushrut Nallulwar	-	Nestlé Professional
Vineet Singh	-	Nutrition

### CORPORATE IDENTITY NUMBER

L15202DL1959PLC003786

### REGISTERED OFFICE

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

### HEAD OFFICE

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

### BRANCH SALES OFFICES

- Chimes, Plot no. 142P, Sector 44, Gurugram - 122003
- KRM Plaza, 1<sup>st</sup> Floor, North Tower No. 2, Harrington Road, Chetpet, Chennai – 600031
- Tower "A", 9<sup>th</sup> Floor, DLF IT Park, 08, Major Arterial Road, Block – AF, New Town, Rajarhat, Kolkata - 700156
- 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, Kivana 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)

### REGISTRAR & TRANSFER AGENTS

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

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

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

### 63<sup>RD</sup> ANNUAL GENERAL MEETING

Tuesday, 12<sup>th</sup> April 2022 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 Millions (except otherwise stated)

	2021	2020	2019 <sup>^</sup>	2018	2017	2016	2015*	2014	2013	2012
<b>Results</b>										
Sales	146,337	132,902	122,953	112,162	101,351	94,096	81,233	98,063	90,619	83,023
Profit from Operations	32,548	28,775	25,940	23,509	18,305	16,542	13,338	17,926	16,941	15,400
as % of Sales	22.2	21.7	21.1	21.0	18.1	17.6	16.4	18.3	18.7	18.5
Profit after Tax	21,449	20,824	19,684	16,069	12,252	10,014	5,633	11,847	11,171	10,679
as % of Sales	14.7	15.7	16.0	14.3	12.1	10.6	6.9	12.1	12.3	12.9
<b>Balance Sheet and Cash flow statement</b>										
Shareholders Fund	20,845	20,193	19,189	36,737	34,206	32,823	28,178	28,372	23,687	17,984
Return on Average Equity (%)	104.5	105.8	70.4	45.3	36.6	32.8	19.9	45.5	53.6	69.5
Operating Cash Flow	22,714	24,545	22,953	20,525	18,178	14,659	10,981	16,440	17,964	16,934
as % of Sales	15.5	18.5	18.7	18.3	17.9	15.6	13.5	16.8	19.8	20.4
Capital Expenditure	7,308	4,741	1,522	1,628	1,959	1,133	1,493	4,044	3,282	9,744
as % of Sales	5.0	3.6	1.2	1.5	1.9	1.2	1.8	4.1	3.6	11.7
<b>Data per Share</b>										
Earnings per share (₹)	222.5	216.0	204.2	166.7	127.1	103.9	58.4	122.9	115.9	110.8
Dividend per share (₹) <sup>#</sup>	200.0	200.0	342.0	115.0	86.0	63.0	48.5	63.0	48.5	48.5
<b>Market capitalisation, end December</b>	<b>1,899,925</b>	1,773,312	1,425,983	1,070,913	756,381	581,367	561,535	615,113	510,738	481,153
<b>Number of employees</b>	<b>7,910</b>	7,747	7,649	7,604	7,527	7,588	7,495	7,228	7,159	7,008

Figures from 2016 onwards are as per Ind AS. Effective 1<sup>st</sup> 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 paid out of accumulated profits of previous years.

<sup>^</sup>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	2020	2021
Operating Profit Margin (%) (Profit From Operations / Sale of Products)	21.7	22.2
Net Profit Margin (%) (Profit After Tax / Sale of Products)	15.7	14.7
Return on Net Worth (%) (Profit After Tax / Average Equity)	105.8	104.5
Current Ratio (Current Assets / Current liabilities)	1.7	1.6
Inventory Turnover Ratio (Sale of Products / Average Inventories)	9.8	9.8
Debtors Turnover Ratio (Sale of Products / Average Trade Receivables)	91.9	88.6

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

### Notes:

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



## Board's Report - 2021

Dear Members,

Your Directors are pleased to present their report and financial statements for the year ended 31<sup>st</sup> December 2021.

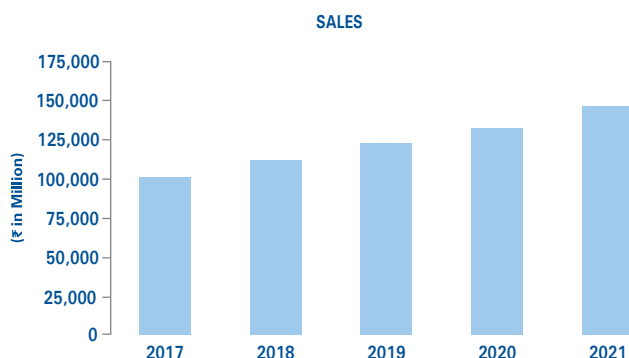
### Financial Results and State of Company's Affairs

(₹ in Million)		
Particulars	2021	2020
Sale of products	146,337.2	132,901.6
Add : Other operating revenues	756.9	598.7
Add : Other Income	1,201.1	1,458.5
<b>Total Income</b>	<b>148,295.2</b>	<b>134,958.8</b>
Less : Total Expense	117,092.5	106,830.9
<b>Profit before exceptional items and tax</b>	<b>31,202.7</b>	<b>28,127.9</b>
Exceptional items	2,365.0	-
<b>Profit before tax</b>	<b>28,837.7</b>	<b>28,127.9</b>
Tax expense	7,389.1	7,303.6
<b>Profit after tax</b>	<b>21,448.6</b>	<b>20,824.3</b>
Add : Other Comprehensive Income	(1,514.1)	(922.1)
<b>Total Comprehensive Income</b>	<b>19,934.5</b>	<b>19,902.2</b>
Opening balance in Retained Earnings	11,175.2	10,173.7
Amount available for appropriation	31,108.2	30,072.7
Interim dividends paid during 2021: ₹ 135.00 per share 2020: ₹ 135.00 per share	13,016.1	- 13,016.1
Final dividends paid during 2021: ₹ 65.00 per share 2020: ₹ 61.00 per share	6,267.0	- 5,881.4
<b>Closing balance in Retained Earnings</b>	<b>11,825.1</b>	<b>11,175.2</b>
Key ratios:		
Earnings per share (₹)	222.5	216.0
Dividend per share (₹)		
Interim Dividends	135.00	135
Proposed - Final Dividend	65.00	65.00
Additional Information:		
<b>Profit from operations</b>	<b>32,547.5</b>	<b>28,775.4</b>

Total Sales and Domestic Sales for the year increased by 10.1% and 10.7% respectively. Domestic Sales growth is largely driven by volume and mix and is broad based. Export Sales were lower by 1.2% mainly due to lower coffee exports and change in product mix.

Other Income decreased due to lower average liquidities following transition to "Future Ready Plan" as explained below, partly offset by higher yields.

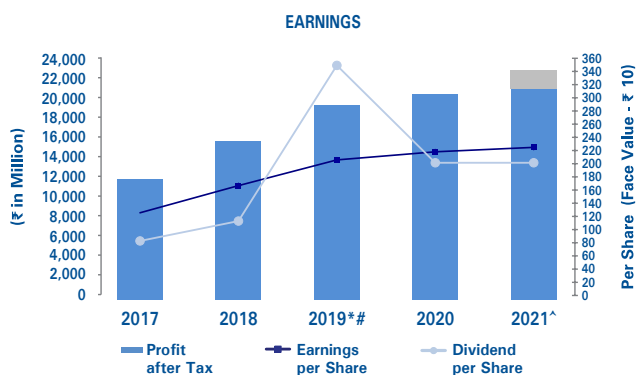
Your Company has created a contingency provision of ₹ 905.8 million (previous year ₹ 1,088.9 million) for various contingencies resulting mainly from matters, which are under litigation / related to disputes and other uncertainties



Sales from 2017 onwards are impacted due to implementation of Goods and Service tax

requiring management judgement. Your Company has also reversed, utilized / settled contingency provision of ₹ 749.8 million (previous year ₹ 580.2 million) due to the settlement of certain litigations and settlement of obligations for which provision is no longer required.

Exceptional item 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. '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 No. 3 of the Financial Statement attached.



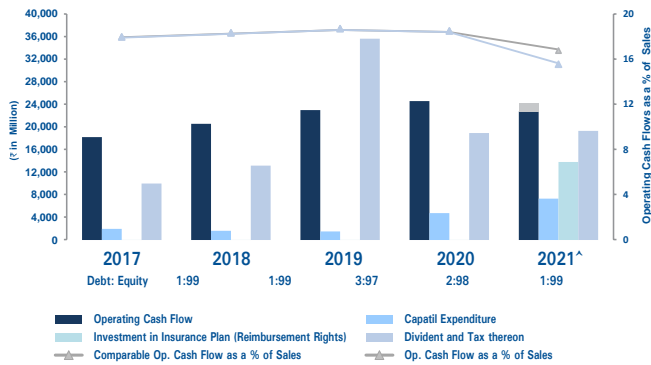
# Includes special interim dividend of ₹180 per share paid in 2019 out of accumulated profits of previous years

\*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)



## SOURCES AND UTILISATION OF CASH

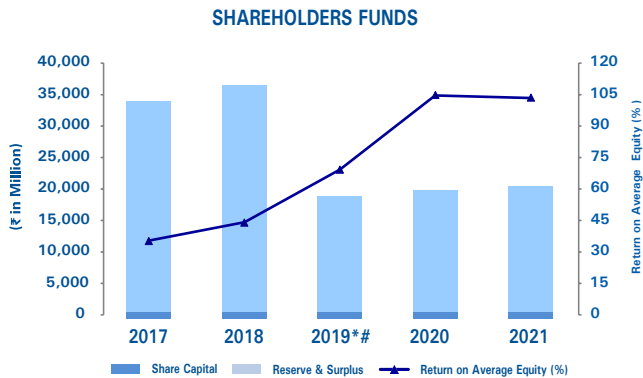


Ratios in % of sales from 2017 onwards are impacted due to implementation of Goods and Service tax

# 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.

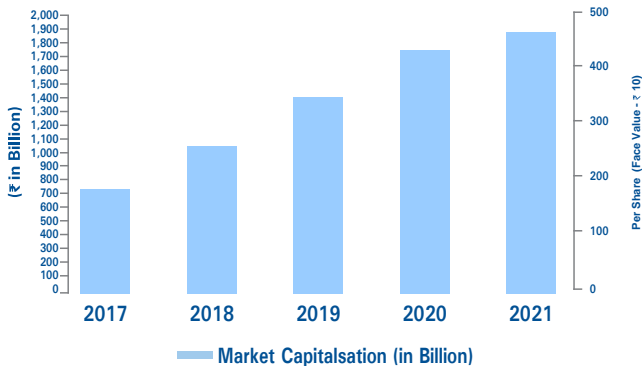
^ Comparable Operating Cash Flows as a % of Sales without the impact of Exceptional Item (Transition cost of Pension Plan)



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

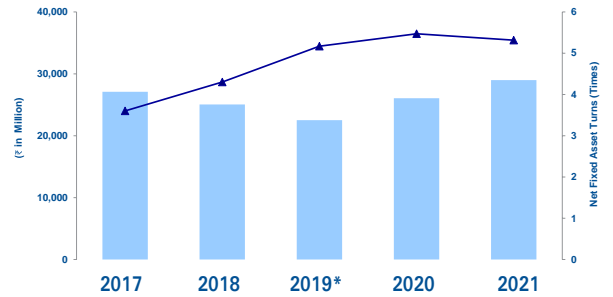
\*Figures have been reinstated in accordance with implementation of Ind AS 116 Leases.

## MARKET CAPITALISATION



Market Capitalisation is based on year end closing share price quoted on the Bombay Stock Exchange.

## FIXED ASSETS

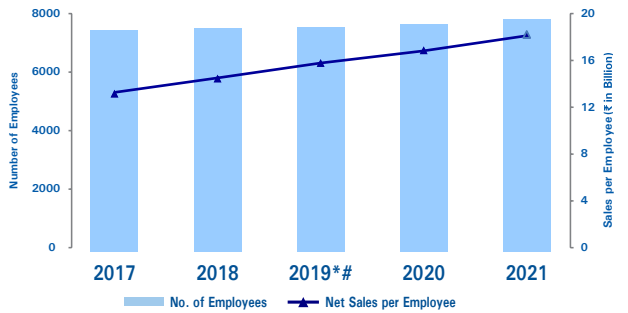


Fixed Assets includes Property, Plant and Equipments and Capital work-in-progress.

Ratios in terms of sales from 2017 onwards are impacted due to implementation of Goods and Service tax

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

## EMPLOYEE BASE



Ratios in terms of sales from 2017 onwards are impacted due to implementation of Goods and Service tax

## Dividends

The Board of Directors have recommended a final dividend of ₹ 65/- per equity share amounting to ₹ 6,267.0 million for the year 2021 for approval of the members at the 63<sup>rd</sup> Annual General Meeting of the Company ("63<sup>rd</sup> AGM"). The total dividend for 2021 aggregates to ₹ 200/- per equity share which includes interim dividend of ₹ 25/- and ₹ 110/- per equity share paid on 19<sup>th</sup> May 2021 and 16<sup>th</sup> November 2021, respectively.

The dividend recommendation 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 between the end of the financial year 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

During 2021 exports of your Company remained stable with an overall drop of 1.2% mainly due to lower coffee exports and change in product mix.

MAGGI Noodles and Sauces witnessed growth in UK, Canada, Australia and New Zealand, while EVERYDAY in Nepal and Bhutan faced a challenging year as a result of supply chain disruptions because of COVID-19.

Strengthening the confectionery export portfolio with the launch of POLO in the Middle East helped to establish your Company as a key exporter in the category. Your Company expanded Crunch Wafers in ASEAN markets, such as Indonesia and Philippines.

Your Company's continuous focus on the development of new markets such as Indonesia and Mauritius, channel expansion with the mainstream thrust in Australia and New Zealand and launch of range extensions like MAGGI Sauces to Oceania facilitated growth for MAGGI Noodles and Sauces and KITKAT.

Your Company continues to explore new markets for categories such as prepared dishes and cooking aids, chocolates and confectionery in the Middle East.

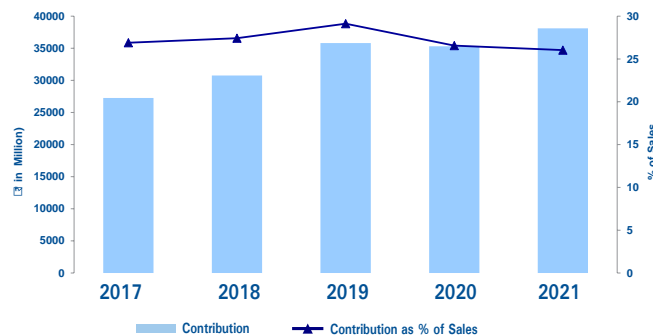
data and technology, deepened its engagement into newer towns and villages. Your Company progressed firmly and resolutely on its RURBAN journey that was accelerated further by using a healthy mix of customized portfolio and building deep consumer connect. Your Company delivered strong rural growth performance in addition to sustained growth in smaller town classes and urban agglomerates.

E-commerce showed strong acceleration. Growth was fueled by new emerging formats such as quick commerce and click and mortar, leading to lower delivery times and improved shopper experience. Organized trade witnessed resurgence and good revenue growth, despite the second wave of the pandemic.

Your Company continued to leverage the strength of its portfolio and aligned its products with the 'new normal'. Its brands have further strengthened their equity and forged ahead.

Strengthening its commitment to 'Make in India' through augmentation of manufacturing facilities, your Company's new state-of-the-art manufacturing factory in Sanand in Gujarat for the MAGGI portfolio, became fully operational in 2021. Your Company also commissioned a new KITKAT line in its Ponda factory in Goa in 2021.

ENABLED CONTRIBUTION TO EXCHEQUER



Ratios from 2017 onwards are impacted due to implementation of Goods and Service tax

## Contribution to the Exchequer

Your Company over the years has been enabling significant contribution to various taxes. During the year 2021, the Company through its business, enabled tax collections at Central and State level close to ₹ 38.1 billion, in aggregate.

## Business Development

As the pandemic raged on, your Company was determined to keep strong as it stood the test of resilience. It delivered double-digit growth pivoted on volume and mix performance despite a challenging and highly volatile economic environment. To better penetrate the market, your Company through the granular cluster-based approach, powered by

## Innovation continues to be an engine of growth

Innovation and Renovation pipeline of products continues to be a thrust area, across categories such as Prepared Dishes and Cooking Aids, Chocolates and Confectionery, Milk Products and Nutrition. Your Company has launched more than 90 products since 2016 and another 20 projects are in the pipeline.

## Transforming with digital analytics

Digitalization is a growth accelerator for your Company and will continue to be so in the future. Leveraging the power of data and analytics is your Company business strategy. It has a multi-intelligent data analytics system that sources internal and external data to converge insights that triggers swift and decisive business actions.

## Diverse and inclusive workforce with respect at the core

Diversity is an integral part of Nestlé India, where confluence of new ideas and thoughts, diverse skills and experiences fuels innovation and growth. Your Company has a multigenerational workforce, where 72% are millennials.

Equal opportunity, respect and dignity are anchored on the pillars of 'Purpose and Values' of Nestlé India. Women comprised 43% of its new hires in 2021. In the Sanand factory in Gujarat 70% of the workforce are women.



## Sustainability initiatives at the core of 'Business a force for good'

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".

Your Company has accelerated the sustainability journey by working across 4 commitments related to climate, packaging, sourcing and water. Its efforts encompass the entire value chain, where it actively engages with farmers, suppliers, employees and consumers to increase awareness about the planet.

Through the NESCAFÉ Plan, MAGGI Spice Plan and partnering with the dairy farmers, your Company collaborates 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.

Amidst critical times like the pandemic, your Company's strong values and purpose ensured that it never lost sight of the well-being of the society and continued walking the path of being a 'Force for Good. Programmes such as Project Vriddhi, Project Jagriti, Nestlé Healthy Kids Programme, creating access to clean drinking water and providing sanitation facilities to girl students are important steps that your Company continues to take every year.

## Prepared Dishes and Cooking Aids Portfolio

The Prepared Dishes and Cooking Aids business offers convenience, taste, and quality to consumers. It strengthened its place as an ally to consumers by bringing in a dash of excitement to everyday cooking. In 2021, the continuing momentum and improved availability helped MAGGI Noodles and MAGGI Masala-ae-Magic achieve double digit growth, while MAGGI Sauces continued to grow profitably by focusing on premiumisation.

MAGGI Tomato Ketchup was ranked No. 1 by 'Consumer Voice' (A Government of India Supported Initiative) once again establishing consumer trust in the sauce segment.

Pioneering innovation that caters to diverse consumer choices and distinctive local taste, your Company launched MAGGI Veggie Masala Noodles with the goodness of vegetables in the iconic masala taste.

In a zeal to bring in new products, your Company launched MAGGI Special Chicken65 Masala Noodles, a variant inspired by one of the most popular chicken delicacies of regional cuisine. Packed with robust flavors and masalas, MAGGI Special Chicken65 Masala



Noodles has been carefully crafted by culinary experts, using the choicest selection of 19 herbs and spices from across India.

With an increase in snacking among consumers, your Company launched two new variants of MAGGI Hot n Sweet Sauce - 'Sriracha' and 'Extra Hot'.

MAGGI Masala-ae-Magic expanded its presence in South India with the launch of a new variant MAGGI Masala-vin-Magic, a unique spice mix tailor-made for South Indian cuisine that elevates taste, aroma and flavor of everyday meals.



Your Company strengthened consumer trust with an anti-counterfeit campaign in 2021, creating awareness amongst consumers to stay vigilant and purchase the authentic MAGGI noodles packed with the goodness of iron.

Your Company also launched the QR Code Anti-Counterfeit Solution, which enables consumers, retailers and authorities to assess the authenticity of MAGGI Masala-ae-Magic within a minute.

Your Company concluded 'MAGGI Desh ke Liye 2 Minute - Apna Food Business' initiative, which received 10,000 entries, where winners were supported with funds, equipment and training to start their own food business.

With the surge in consumers searching how-to-cook everyday meals, MAGGI's website carrying recipes attracted 1.5 million users. The brand forged strong partnerships with top home chefs to help consumers simplify everyday cooking and became their ally in the kitchen.



Accelerating its commitment to sustainability, your Company, through the MAGGI Spice Plan that sources seven spices from 39 villages of India, continued to partner with farmers and suppliers, adopted sustainable agricultural practices focusing on soil health, water usage and biodiversity enhancement. At the same time, your Company stayed committed to resilient livelihood and farm profitability.

## Strengthening Breakfast Cereals

Your Company launched Nestlé GOLD Corn and Oat flakes which is a differentiated proposition in the cereals category. Nestlé GOLD Corn and Oat flakes is fortified with immunonutrients such as zinc, iron and selenium. KOKO KRUNCH was renovated with improved taste and increase in whole grains.



Your Company also launched KOKO KRUNCH Kookie cereal further strengthening the kids cereal



portfolio. KOKO KRUNCH Kookie cereal has choco chips embedded in the cereal and tastes like a cookie.



E-commerce grew with speed and delivered growth for your Company's breakfast cereals business. Single serve SKUs drove penetration among consumers.

## Milk Products and Nutrition Portfolio

The Milk Product and Nutrition business continued to deliver good performance despite challenges linked to commodity prices, that were mitigated by cost optimisation and efficiencies across the value chain. Your Company displayed resilience as it navigated through the second wave of COVID-19. E-commerce contributed towards driving the performance of Milk Products and Nutrition category. Your Company leveraged its in-depth knowledge of nutrition and quality as it continued to adapt to the new normal.

With consumers spending more time at home adopting creative pursuits such as baking and experimenting with new recipes, MILKMAID increased its engagement through its digital platform 'milkmaid.in' by providing dessert recipe solutions for baking enthusiasts. Over 300,000 consumers visited the website every month, which increased in-home usage of MILKMAID and fueled growth.

Your Company's Ready-to-Drink beverage portfolio of NESCAFÉ and MILO saw accelerated growth as a result of increase in home consumption that was supported by an increase in distribution that mitigated the impact of declining out-of-home consumption.



Sustainability is embedded in the way your Company does business. Nestlé MILO and Royal Challengers Bangalore joined hands during the Indian Premier League season to bat for the planet, with the launch of paper straws for the MILO beverage packs. Your Company responsibly sourced paper straws from renewable sources and certified by the Forest Stewardship Council (FSC). This transition into paper straws has also been made for NESCAFÉ.



Your Company believes that breastmilk provides the best nutrition for babies, and every child should be exclusively breastfed for six months, followed by 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. Your Company continued to focus on scientifically upgrading its portfolio while expanding the reach of the Toddler range of products.

Your Company's Healthcare Nutrition Business, Nestlé Health Science, has a portfolio of science based medical and consumer healthcare nutrition products. In 2021, your

Company continued to accelerate growth through a multi-channel engagement, building its presence in nutritional science through products such as RESOURCE HIGH



PROTEIN, RESOURCE DIABETIC and OPTIFAST. In order to meet consumer needs, your Company renovated RESOURCE HIGH PROTEIN with immunonutrients. Your Company's Medical Nutrition portfolio witnessed robust performance, with its flagship product PEPTAMEN for patients in critical care.



## Coffee and Beverages Portfolio

Your Company continued to focus on growing the Coffee and Beverages business by remaining consistent on the successful strategy of building coffee consumption habit through the year. NESCAFÉ registered yet another year of double-digit volume-led growth, based on significant growth in household penetration and increase in market share.



Your Company continued its thrust on innovation while addressing the different needs of consumers with the launch of NESCAFÉ ALL in 1 – a convenient coffee premix affordably priced at ₹ 10 and NESCAFÉ Black Roast – an intense cup for strong coffee lovers.

Your Company accelerated its premiumization journey, delivering coffee at its best with NESCAFÉ Gold. With innovative product and packaging solutions, NESCAFÉ Gold continued in its journey to delight consumers with a café like experience at home, resulting in strong brand growth.

Your Company moved ahead in its journey of driving a differentiated brand in the southern part of India with the launch of a renovated recipe for NESCAFÉ SUNRISE offering superior taste and aroma, in its distinct granulated format. Your Company also expanded its portfolio with launch of NESCAFÉ SUNRISE Liquid Decoction which is a 'ready-to-use' coffee decoction for consumers desiring a filter coffee experience.

Along with brand building initiatives, your Company distributed coffee to the frontline COVID warriors and extended support during the testing times.

Your Company continued to remain committed to respecting the environment and supporting the coffee farmers with its sustainability initiatives. Through the NESCAFÉ Plan, your Company trained and supported coffee farmers to adopt agricultural practices that improve farm yield and farmer's income.



## Chocolates and Confectionery Portfolio

Despite a challenging year, your Company's Chocolates and Confectionery portfolio continued its strong performance with healthy growth and market share gains. Your Company also commissioned a new KITKAT line in its Ponda factory in Goa in 2021.

In times when consumers are looking for "good for me" ingredients in their food, your Company launched Nestlé MUNCH FRUIT O NUTS, a unique combination of flavor and texture, where crunchy almonds combined with the fruity taste of pomegranate are wrapped around a crunchy wafer center. MUNCH FRUIT O NUTS is a category first innovation, leveraging your Company's strong R&D capabilities and extensive consumer research insights on the taste preferences of India that is diverse.



Through MUNCH and its full pack range, your Company continued to grow its footprint in rural India by associating with festivals of India, that was further augmented through its association with Disney Marvel, that is popular in towns across the country.

In order to meet the needs of the consumers, your Company launched a limited edition of KITKAT Kookie & Crème flavor, across all channels. KITKAT Kookie & Crème flavor is a fusion of the familiar taste of KITKAT with Cookie & Crème flavour.

## Nestlé Professional - Out-of-Home Business

Your Company's Out-Of-Home (OOH) business is on a recovery path with gradual opening of hotels, restaurants, offices and malls. There are signs of a return to pre-pandemic levels of business in some geographies such as Tier 1 and Tier 2 towns.

In 2021, there was significant portfolio expansion with product launches across Prepared Dishes and Cooking Aids and Coffee and Beverages portfolio that supported the OOH business to be future ready. Launch of NESCAFÉ Roasted Whole Beans, NESCAFÉ Sunrise Strong and Seasonings from MAGGI for OOH, are noteworthy innovations.

In 2021, your Company continued to focus on premiumizing the beverage portfolio, through the scale up of NESCAFÉ Roasted Whole Bean coffee and bean-to-cup solution. The coffee solution displayed strong customer acceptance, despite the challenges thrown by the lockdown in the second wave of the COVID-19 pandemic.

Better ingredients are core areas of strength of your Company. With the aim of providing consumers with premium products for the OOH operator's menu, your Company launched NESTEA Instant Green Tea Powder, a 100% pure and natural powder manufactured in the Choladi factory. NESTEA Instant Green Tea Powder can be used to make both hot and iced green tea, instantly. NESCAFÉ Sunrise Strong with a stronger

and more aromatic coffee-chicory blend was introduced in South India.

With the rise of food delivery and the increased need of standardized and operator friendly solutions, your company continued to invest into differentiated solutions to address the requirements of the new age food service industry. 2021 saw the inclusion of easy step solutions to help make popular dishes like biryani and manchurian sauce, that were introduced in the menu. In addition to products, your Company continued to focus on service support by providing 135+ recipes to help customers build a strong menu with minimal steps, minimal pantry usage and easy delivery.

Your Company continued to grow and invest into the kiosk business through "Entrepreneurship for Youth" which helped create livelihood and job opportunities for franchisers. Your Company now has 600+ franchise operated kiosks across channels, generating sustainable business for the entrepreneurs. To further unlock scalability, new kiosk models like express and trolley plus were also launched year to encourage more entrepreneurs to participate in this growing business opportunity with lower investments formats.

## Awards and Recognitions

Your Company's performance and commitment has been recognized by leading industry forums for its work in the areas of corporate management, marketing and quality

- Business Today recognized Mr. Suresh Narayanan as India's Best CEO, FMCG
- CNBC TV18 India Business Leader Awards (IBLA) recognized Nestlé India as the "Outstanding Company of the year"
- Mr. Suresh Narayanan, Chairman and Managing Director, Nestle India, was honored as the Entrepreneurial CEO at EY Entrepreneur of The Year 2020
- Mr. Suresh Narayanan honoured amongst the Top 101 Male Gender Equality Champions Globally
- MAGGI featured in Kantar BrandZ India's Most Purposeful FMCG Brand List
- MAGGI and NESCAFÉ India awarded the most preferred brands of 2021 by Marksmen Daily and Zee Business
- NESCAFÉ recognised for its best-in-class marketing effectiveness and advertising communication and awarded 2 silver metals and 1 bronze metal at the EFFIES.
- Ask Nestlé awarded gold at the Brand Equity Media strategy awards
- KITKAT Musical Breaks won gold in ET SPOTT Awards 2021 in the category 'Brand promotions on audio or music streaming apps'





## People Focus

Your Company has always considered safety, security and well-being of people at its core and continued with virtual engagements, virtual trainings, mental health initiatives and check-in programmes for its employees.

Your Company rolled-out 'NestAid', an ecosystem of care, that has initiatives for the security of Nestlé employees and their families. Organized under three pillars, the initiatives provide meaningful and impactful support.

'Plan for the Unforeseen', the financial support pillar addresses the emergency needs and NesSHIELD- focuses on financial needs and health related expenses in an unfortunate event that a colleague passes away.

'Care when you need it' the medical support pillar which ensures timely medical help through tie-ups with reputed hospitals, tele consultations and supply of oxygen concentrators and other medical facilities.

'Healthy Mind Healthy Life' the wellbeing pillar focuses on employee's mental and physical wellbeing, especially during the pandemic, through a tie-up with a leading employee assistance provider for counselling and self-help, nutrition support, sessions with medical experts and yoga practitioners.

Your Company continued its commitment to the youth via Nesternship, a virtual internship programme for final year graduates and post-graduates across disciplines. The programme focused on upskilling 1,000 interns, providing them with a depth of experience and a wealth of knowledge to thrive in workplaces. Each student was provided a monthly stipend and interned with an expert from different functions of your Company.

Your Company continued its focus on upskilling their employees through various learning initiatives such as, Henri Nestlé Scholarship: An empowered learning solution that gives an opportunity to employees to pursue any learning of their choice. The organization reimbursed ₹ 50,000 per participant and had covered over 160 employees with the expectation that each scholar teaches other employees, covering over 200 employees.

Your Company also introduced 'Ascent' a nine-month blended learning journey, designed to support employees transitioning to first time people manager roles; Nestlé India Learning Catalogue: A curated repository of over 300 resources to empower employees to learn at will, on the go, as per choice.

Your Company also started 'NesVidya' a micro-learning performance solution app, with over 500 users aimed to help employees learn concepts, evaluate progress and compare knowledge in bite-sized format.

In 2021, your Company further accelerated use of virtual and digital platforms to build scale and intensity in training sales teams for continuous learning and engagement, covering around 650 sales employees and 8400 field force of business

partners. Through this model of training of leveraging network of internal subject matter experts, customized content and global expertise, the sales teams motivated employee to learn and improve performance.

Around 150 Nestlé volunteers participated in the 'Virtual Employee Volunteering Programme'. Over 250 sessions were conducted on nutrition, environment, health and hygiene by volunteers that positively impacting the lives of hundreds of beneficiaries such as adolescents, women and waste workers.

## Sales

Your Company's organized trade witnessed a resurgence and good revenue growth and it continued on its path of robust and sustained growth in large metros, and also in smaller towns despite the impact of the second COVID-19 wave

Your Company set out firmly and resolutely on its RURBAN journey by using a healthy mix of a customized portfolio, direct distribution and enhanced distribution infrastructure, deployment of resources, regional and localized communication, enhanced visibility, participation in village haats and building consumer connect. Through Project RURBAN, your Company reached out to small towns with population less than 100,000 and large villages with population greater than 2,000, that offer long-term growth opportunities.

E-commerce channel showed strong acceleration and its growth was fuelled by new emerging formats such as quick commerce and Click & Mortar, leading to lower delivery times and improved shopper experience. Your Company's effort to ensure last mile access were aided by hyperlocal - quick commerce channels. E-commerce made your Company's products accessible at point of purchase, providing differentiated offerings to consumers through special and innovative product propositions through targeted digital communication for brands such as MAGGI, NESCAFÉ, KITKAT, CEREGRW, NANGROW, MILKMAID, RESOURCE HIGH PROTEIN. Lockdown relaxation after the second wave, paved the way for channel stabilization and shopper mobility increased across offline channels.

## Supply Chain

Your Company developed a resilient supply chain that supported business growth despite adversities caused by the second wave of COVID-19. Staying agile it continued sourcing raw materials from over 400 suppliers and over 100,000 farmers, while ensuring the safety of its partners and customers.

Price outlook for key categories like edible oils, coffee, wheat, fuel remained firm to bullish while costs of packaging materials continued to increase amid supply constraints,



rising fuel and transportation costs. Input prices are expected to be on bullish trend both globally and to some extent locally. Fresh milk prices are expected to remain firm with continued increase in demand and rise in feed costs to farmers. In an environment of raw and packaging material inflation, the Company continues to keenly look for opportunities for cost optimization and efficiencies. Your Company is accelerating its commitment towards sustainability by increasing purchase of sustainable oils, coffee, cocoa etc

To address short-term disruptions, it augmented co-manufacturing strategy, to enable speed to market and accelerated the paperless invoicing platform. Your Company shifted to shorter planning horizon, focusing on priority SKU's and channel-wise planning and upscaled transport control tower to enhance stock and transit visibility.

Automation and digitalization across the supply chain enhanced efficiency in processes and speed to market providing transparency to suppliers, farmers, customers and consumers.

A simple, yet innovative example of this was the timely implementation of a 'telecaller model' to take orders across trade channels. The front-line sales colleagues stood tall to overcome serious logistical obstacles and ensure availability. The efforts to ensure last mile access were aided by e-commerce and in particular hyperlocal channels. The 8,000 SMEs your Company worked with were provided support by training, equipping them with orders and advance payments.

Quality, safety and compliance continues to remain the backbone of supply chain operations team. Your Company enhanced quality in distribution that helped deliver fresher products on shelf and reduce carbon footprint in operations.

In order to ensure sustainable logistics across the value chain, your Company focused on alternative mode of transportation such as railways/ waterways and optimizing vehicle fill rate. It introduced 4 waterways in 2021 to strengthen sustainable logistics. Your Company increased usage of bigger size vehicles from 5.9% in 2019 to 9.8% in 2021, increased usage of railways from 0% in 2019 to 8.2% in 2021 and increased vehicle payload utilization from 90.3% in 2019 to 92.5% in 2021.

## Management Analysis

### Global Economy

The global economy surged to an estimated 5.5% growth in 2021 after contracting 3.4 % in 2020 (United Nations World Economic Situation and Prospects 2022). The global GDP in the first quarter was stronger, reflecting continued adaptation of economic activity to the pandemic. Momentum weakened in the second quarter, weighed down by increasing infections

in many emerging markets and developing economies (IMF World Economic Outlook 2021).

Advanced economies and many middle-income countries attained substantial vaccination rates, and sizable fiscal support helped cushion some of the adverse economic impacts of the pandemic. However multidimensional challenges confronted the global economy such as subdued employment growth and rising debt levels.

Commodity prices soared in 2021 following the broad-based decline in 2020, with prices of several commodities reaching all-time highs. Global energy prices surged in the second half of 2021, particularly for natural gas and coal, owing to recovering demand and constrained supply. Non-energy commodity prices stabilized.

Global inflation increased to 5.2% in 2021, because of persistent supply chain bottlenecks and rising freight costs across the globe impacting global production and trade, pushing up prices of essential goods. Food prices shot up by 22% in 2021, reaching their highest levels in a decade, with sharp increases in vegetable oils, cereals and dairy prices (FAO, 2021).

The surge in Covid infections in 2021 sapped consumer demand, but to a much more limited degree than the earlier waves (World Bank Report 2022), though emergence of new variants could further impair market confidence and derail economic recoveries.

The pace of global economic recovery is expected to be slow in the near term as recurring pandemic waves disrupt economic activity. The recovery is also at risk from more persistent supply disruptions, inflationary pressures, financial stress and climate-related issues. As the world confronts the pandemic, climate emergency its economic impact is also gaining sharper focus.

### Indian Economy

The recovery that has been underway in the Indian economy with the ebbing of the second wave of the pandemic encountered headwinds from a rapid surge in infections in a third wave marked by the rapid transmissibility of the Omicron variant.

Accelerated rates of vaccination and substantially reduced mobility restrictions have improved consumer confidence (Deloitte Insights). Vaccination is important for opening of the economy, and India delivered 157 crore doses that covered 91 crore people with at least one dose and 66 crore with both doses (Economic Survey 2021-2022).

India's economy rebounded in the July–September quarter of FY 2021–22. GDP grew at 8.4% year on year (YoY) in Q2 FY2021–22, growth was driven by strong exports, because of global economic recovery, and domestic private investment as businesses ramped up production to meet festive demand (Deloitte Insights, 2022). In September 2021



rural consumption in the FMCG sector increased 58.2% YoY, twice as high as the increase in urban consumption of 27.7% (IBEF, 2021).

India's Consumer Price Index inflation stood at 5.6% YoY in December 2021. RBI's consumer confidence survey on both the present situation and future expectations suggests sustained uptick in consumer sentiment. Private consumption is poised to see stronger recovery with rapid coverage in vaccination and faster normalisation of economic activity.

India has taken an important step by committing to reaching net-zero emissions by 2070 and reducing the carbon intensity of the economy by 45 % by 2030 (PIB, November 2021)

## Opportunities and Risks

With the environment, economy, technology and society undergoing radical shifts, their impacts continue to challenge businesses and create risks and tensions, and opportunities for change and renewal.

### Risks

#### Supply chain challenges

The worldwide supply chain continues to be affected by challenges relating to the COVID-19 pandemic, including delays and disruption. Organizations need to reimagine and manage their supply chains differently to ensure business continuity and growth for the future and provide new solutions for customers to access products and services.

#### Digital vulnerabilities

There has been a growing dependency on digital systems which has been intensified during COVID19, with increased usage of digital tools and digital payments, adoption of platforms and devices that allow sensitive data to be shared with third parties - cloud service providers, data aggregators, application programming interfaces and other technology-related intermediaries. Additionally, there has been an increase in cybersecurity threats such as malware and ransomware attacks, misinformation and frauds creating cyber risks for the business.

#### Climate change continues

The economic crisis created by the COVID-19 pandemic could further delay efforts to tackle climate change. Complete climate inaction could lead to losses projected at 18% of global GDP, with different impacts across regions (Swiss Re Institute). Consequences may be irreversible for the environment, humankind, and economic activity

### Opportunities

The Indian food processing industry has tremendous

growth potential. The COVID-19 pandemic led to increased acceptance for processed food (KPMG 2021). Rural areas and Tier 2 and 3 cities are expected to continue driving the demand for processed food.

#### Investing in Innovation

Food companies need to continue to leverage their in-depth knowledge of food habits, nutrition, quality and safety in order to innovate and renovate, and adapt to this new normal. They must respond to new demands, reset defining relationships with consumers and reconsider their product portfolio in the post-COVID era to make products healthier, and allow consumers to make informed choices.

#### Buttressing E-commerce to fuel growth

E-commerce had an increasing impact on the FMCG industry globally during the pandemic as consumers increased their online shopping. As COVID-19 changed consumer habits, FMCG firms saw a surge in the contribution of e-commerce to their overall sales during Covid waves, and stabilization at higher levels as waves receded.

#### Enhancing digital first with a human touch

Consumers have become more digitally active. According to McKinsey, the COVID-19 pandemic has fundamentally changed the pace of business, and the companies with superior technology capabilities had significant advantage. To meet new demands, companies are making digital, and technology investments, across the business model. To enhance digital experience of the future and enable it to blend with the physical experience, businesses will have to focus on making consumer experience more authentic, more human. This would mean bringing elements of tactile experience (touch, see, feel, smell, taste) as well as making digital interactions more authentic by including multilingual capabilities for wider customer reach and acceptance.

#### Accelerating sustainability and committing to planet

Addressing climate change will require a multi-stakeholder approach to collaborate and monitor progress, laying the foundation for a better world. This includes regenerative agriculture practices, a transition to 100% renewable electricity, as well as reformulating products to make them more sustainable. There is a need for accelerating actions towards reducing greenhouse gas emissions, creating more recyclable or reusable packaging products.

### Quality and Safety

Your Company across all its factories introduced life-saving rules. Safety is a priority for your Company and it has been taken into account right from design stage to ensuring world class equipment, to ensure a safe workplace. Best in class ring-lock scaffolding has been deployed which has not only ensured quick turnaround time but also taken the safety of

civil construction several levels higher. Across all operating sites, "Line of risk" training has been deployed to increase people awareness to prevent any body parts in line of any energy, which can cause harm in any way.

## Environment Sustainability

### Reduction in Energy water usage, wastewater and direct Green House Gas Emissions

Your Company has sustainability as part of its DNA. The focus continued on improving operational efficiencies by reducing consumption of natural resources and reduction in energy and GHG emissions.

From 2006 to 2021, for every ton of production, your Company reduced the usage of energy by around 43%, water usage by around 52%, generation of wastewater by around 67% and specific direct GHG emissions by 57%.

### Investing in Renewable Energy

Your Company's key renewable energy projects contributed to GHG savings. This was implemented through the higher purchase of solar power for the Choladi factory and Nanjangud factory and replacement of fossil fuel with clean fuel for steam generation at the Bicholim factory.

### Packaging and Plastic Waste Management

Your Company will be annually eliminating 30 million plastic straws. These paper straws are responsibly sourced from renewable sources and certified by the Forest Stewardship Council (FSC). This transition has also been incorporated for the packs of NESCAFÉ range of cold coffees.

### EPR (Extended Producer Responsibility) Initiative

Your Company engaged with various waste agencies, for end-to-end management of plastic waste. In 2021, your Company achieved EPR of 23,600 MT tonnes through plastic waste management.

Nestlé a+ brand collaborated with Tetra Pak to launch Cartons to Classroom, an initiative to increase awareness about recycling in India by converting used beverage cartons to create classroom furniture for schools for less-privileged children.

### Sustainable Logistics

Your Company is one of the pioneers to transport consumer goods through railways and has initiated 4 inland waterways for strengthening sustainable logistics.

### 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 2021, 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 2021 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 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

Mr. Matthias Christoph Lohner (DIN: 08934420) Executive Director of the Company, retires by rotation at the 63<sup>rd</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 63<sup>rd</sup> AGM. As per the terms of his appointment, his re-appointment at the 63<sup>rd</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".

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors of Company, has recommended appointment of Ms. Anjali Bansal as an Independent Non-Executive Director of the Company for a consecutive term of five years from 1<sup>st</sup> May 2022, to the members for their approval by way of a special resolution at the 63<sup>rd</sup> AGM. Ms. Anjali Bansal fulfils the criteria provided in the Nomination and Remuneration Policy of the Company including her expertise, experience, 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 she resigned in the past three years, shareholding in the Company held by the directors proposed to be appointed/re-appointed at the 63<sup>rd</sup> AGM, is provided in the Notice of the 63<sup>rd</sup> AGM.

All the Independent Directors of your Company have submitted the declaration confirming that they meet the criteria of independence as prescribed under the Act and the Listing Regulations and are not disqualified from continuing as Independent Directors. The Board is of the opinion that the Independent Directors of the Company possess requisite qualifications, experience and expertise and they hold highest standards of integrity. The Independent Directors of the Company have confirmed compliance of relevant provisions of Rule 6 of the Companies (Appointments and Qualifications of Directors) Rules, 2014. 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”. The policy of the Company on appointment and remuneration includes criteria for determining qualifications, positive attributes and independence of a director. The 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 its own performance and that of its Committees 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 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”)

As on 31<sup>st</sup> December 2021, the CSR Committee comprised of Dr. Swati A. Piramal (Chairperson), Ms. Rama Bijapurkar, Independent Non- Executive Director, Mr. Suresh Narayanan, Chairman and Managing Director and Mr. David Steven McDaniel, Executive Director – Finance & Control and CFO of the Company, 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 and in accordance with the CSR Policy and the Annual Action Plan, your Company has during the year 2021 spent over two percent of the average net profits of your Company during the three preceding financial years. Your Company provided relief efforts to the communities impacted by COVID-19 in collaboration with credible NGOs across various states. Your Company focused its relief efforts towards feeding programmes for less privileged sections, distributing essential groceries to the needy, and supporting the purchase of medical equipment and PPEs. The details are provided in the Annual Report on CSR activities. 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.

### Project Vriddhi

As part of your Company’s vision of strengthening community-led rural development for positively impacting the lives of people, Nestlé India in collaboration with SM Sehgal Foundation launched the second phase of Project Vriddhi, reaching out to 1,300 beneficiaries. In the second phase, the initiative expanded to the villages of Naharpur and Gabanspur in Punhana block. The three-year old project was launched in 2019 in the village of Rohira in Nuh district and has touched the lives of 1,500 beneficiaries till date.

The project focuses on improving access to clean drinking water for communities, promoting water-saving irrigation practices, increasing awareness on nutrition, enhancing farm productivity and providing healthy learning environment in schools by improving hygiene and sanitation practices.

### Nestlé Healthy Kids Programme

The Nestlé Healthy Kids Programme started over a decade back continued to scale up with University partners and NGO partner, Magic Bus India Foundation year after year. In 2021, your Company expanded the programme to Ladakh for reaching out to 650 adolescents. The programme has also expanded in terms of the curriculum, incorporating plastic waste management in the existing curriculum, as well as, including parents and teachers as direct beneficiaries.

During year, 188,700 beneficiaries were reached with 50,546 new enrollments. Till date over 445,000 adolescents across 23 States/UTs have been encouraged to live healthier lives through this programme. To further equip beneficiaries about

implications of COVID-19 and its precautionary measures, your Company in collaboration with its NGO partner held virtual training sessions for the beneficiaries.

### Project Jagriti

Project Jagriti continued to focus on creating an enabling environment for the best health outcomes, involving the health care system and stakeholders from the community. Your Company had launched this project in partnership with Mamta Health Institute for Mother and Child as part of its commitment to inspire people to lead healthier lives.

As a result of COVID-19, beneficiaries of Project Jagriti were trained virtually about the preventive measures of COVID-19. In 2021, 1.9 million beneficiaries (0.5 direct and 1.4 million indirect) were reached.

Till 2021, the programme has reached out to 8.4 million beneficiaries (2.7 direct and 5.7 indirect) across 8 States/UTs, strengthening the continuum of care.

### Project Serve Safe Food

Your Company launched Project 'Serve Safe Food' in 2016 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 the food quality. The behaviour-change that this initiative has brought has benefitted 25,900 street food vendors across 19 States/UTs till 2021.

As a result of COVID-19, street food vendors were anxious about impact of the pandemic on their livelihoods. Along with its NGO partner, Nidan your Company organized training sessions on food safety, hygiene, COVID-19 precautionary measures and digital payments. Your Company distributed over 36,900 grocery kits across various locations to provide relief to the street vendors whose livelihoods had been severely impacted by COVID-19.

### Plastic Waste Management Awareness

Plastics play a key role in delivering a safe food supply from farm to fork and also helps in preventing food wastage. However, plastic waste has become a significant environment challenge. Your Company is creating awareness about anti-littering and waste segregation at source which is a key to establish sustainable waste management systems.

Your Company has worked towards creating an integrated plastic waste management model through its project titled "HILLDAARI" in Mussoorie, Dalhousie, Nainital, Ponda, Munnar and Mahabaleshwar that aims at empowering waste workers and also focuses on working collectively with local stakeholders like urban local bodies, institutions, residents, households, waste generators, and waste workers to raise

awareness about anti-littering and segregation at source.

Given the pandemic situation, as a part of Hilldaari, your Company along with its partners organized virtual training for waste workers in Mussoorie, Nainital, Mahabaleshwar, Ponda and Dalhousie to help them adapt to the changes in the new normal, equipping them with safer working conditions. They were provided with PPE kits and safety kits and trained how to use it. Training was also provided how to collect waste with minimum contact, ensure proper sanitation and safety before meeting other people at their respective homes. New ways of collecting and disposing waste were introduced, 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 trained to use smartphones and digital monitoring apps required for monitoring the collection and segregation of waste. The waste workers were also trained in availing relevant government schemes.

### Business Responsibility Report

Creating Shared Value is fundamental to how your Company does business. Your Company believes that it can only be successful in the long term by creating value both for its shareholders and for society. Your Company is mindful of the needs of the communities and works to make a positive difference and create maximum value for the society. It has been conducting business in a way that delivers long-term shareholder value and benefits society.

As stipulated under the Listing Regulations, the Business Responsibility Report describing the initiatives taken by the Company from an environmental, social and governance perspective 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 the Companies (Audit and Auditors) Rules, 2014, the term of M/s. B S R and Co. LLP, Chartered Accountants (ICAI Registration No.: 101248W/W-100022) ("M/s. BSR"), as the Statutory Auditors of the Company, expires at the conclusion of 63<sup>rd</sup> AGM of the Company.

The Report given by M/s. BSR on the financial statement of the Company for the year 2021 is part of the Annual Report. The Notes on financial statement referred to in the Auditor's Report are self-explanatory and do not call for any further comments. The Auditor's Report does not contain any qualification, reservation, adverse remark or disclaimer. During the year under review, 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.



The Board of Directors of the Company at their meeting held on 11<sup>th</sup> November 2021, on the recommendation of the Audit Committee, have made its recommendation for 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, by the members at the 63<sup>rd</sup> AGM of the Company for a term of five consecutive years. Accordingly, an ordinary resolution, proposing appointment of 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 of the Company pursuant to Section 139 of the Act, forms part of the Notice of the 63<sup>rd</sup> AGM of the Company. The Company has received their written consent and a certificate that they satisfy the criteria provided under Section 141 of the Act and that the appointment, if made, shall be in accordance with the applicable provisions of the Act and rules framed thereunder.

M/s. SRB, is a firm of Chartered Accountants registered with the Institute of Chartered Accountants of India. M/s. SRB was established in the year 1949 and is a limited Liability Partnership Firm ("LLP") incorporated in India. It has its registered office at 22, Camac Street, Kolkata apart from 7 other branch offices in various cities in India. M/s. SRB has a valid Peer Review certificate and is part of S.R. Batliboi & Affiliates network of audit firms. It is primarily engaged in providing audit and assurance services to its clients.

## Cost Accounts and Cost Auditors

The 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, the Company has been making and maintaining the records as required.

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 2022. The 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 that they are not disqualified to be appointed as the Cost Auditors of the Company for the year ending 31<sup>st</sup> December 2022.

The remuneration of Cost Auditors has been approved by the Board of Directors on the recommendation of Audit Committee and 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 63<sup>rd</sup> AGM of your Company.

## Secretarial Auditors and Secretarial Standards

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 2021. 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 further comments. The Secretarial Audit Report does not contain any qualification, reservation, adverse remark or disclaimer. During the year under review, 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.

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.

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 in relation to the financial year ending 31<sup>st</sup> December 2022.

The 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 year ending 31<sup>st</sup> December 2022.

## Meetings of the Board

Seven Meetings of the Board of Directors of the Company were held during the year 2021. The particulars of the meetings held and attendance by Directors 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 <https://www.nestle.in/investors/stockandfinancials/annualreturns>.

## Details of Loans, Guarantee and Investments

Details of loans, guarantee and investments are given in Note No. 6, 7, 11, 15 & 17, which forms part of the Financial Statements.



## Related Party Transactions

Your Company has formulated a policy on related party transactions which is also available on the website of the Company at <https://www.nestle.in/investors/policies>. This policy deals with the review and approval of related party transactions. The Board of Directors of the Company has approved the criteria to grant omnibus approval by the Audit Committee within the overall framework of the policy on related party transactions.

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. transactions exceeding 10% of the annual consolidated turnover, as per the last audited financial statement, 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. 45 to the Financial Statement 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.

## Risk Management

During the year, Mr. P. R. Ramesh and Ms. Roopa Kudva, Independent Non-Executive Directors, were appointed as members of the Risk Management Committee ("RMC") with effect from 20<sup>th</sup> April 2021.

Mr. Matthias Christoph Lohner, Executive Director-Technical, ceased to be the member of the RMC on 20<sup>th</sup> April 2021.

As on 31<sup>st</sup> December 2021, the RMC comprised of Mr. Suresh Narayanan (Chairman), Mr. P. R. Ramesh (Member), Ms. Roopa Kudva (Member) and Mr. David Steven McDaniel (Member).

The RMC on timely basis informed the Board of Directors about risk assessment and minimization procedures. The RMC has, inter-alia, formulated a detailed Risk Management Policy, as prescribed under the Listing Regulations. In the opinion of the RMC, there are no such risks, which may threaten the existence of the Company.

The terms of reference of the RMC are provided in the Corporate Governance Report, which forms an integral part of the Annual Report.

## Scheme of Arrangement

The Board of Directors, in their 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 Act, as amended, 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 ("NCLT"), sanction of the Hon'ble NCLT and such other approvals as may be prescribed. Your Company had received a 'No Observation Letter' dated 16<sup>th</sup> December 2021 from BSE Limited with 'no adverse observation'. The Company is in process of filing of an application with the NCLT, in due course for the sanction of the Scheme.

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 the Company and constitute accumulated profits of the 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 the 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 at <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 has indulged in unfair trade practice, sold defective goods to the public and sold goods which will be hazardous. Complaint seeks compensation of ₹ 2,845.5 million and punitive damages of ₹ 3,554.1 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 control system periodically.

### Audit Committee

During the year, there was no change in the composition of Audit Committee. Accordingly, as on 31<sup>st</sup> December 2021, the Audit Committee comprised of Independent Non-Executive Directors, Mr. P. R. Ramesh (Chairman), Mr. Rajya Vardhan Kanoria (Member) and Ms. Roopa Kudva (Member). Powers and role 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.

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 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, 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 sensitizes the availability of the above vigil mechanism from time to time to the directors and employees of the 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 2021, 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

Your Company considers people as its biggest assets and 'Believing in People' is at the heart of its human resource strategy. It has put concerted efforts in talent management and succession planning practices, strong performance management and learning and training initiatives to ensure that your Company consistently develops inspiring, strong and credible leadership. During the year, the focus of your Company was to ensure that young talent is nurtured and mentored consistently, that rewards and recognition are commensurate with performance and that employees have the opportunity to develop and grow.

Your Company has established an organization structure that is agile and focused on delivering business results. With regular communication and sustained efforts, it is ensuring that employees are aligned on common objectives and have the right information on business evolution. Your Company strongly believes in fostering a culture of trust and mutual respect in all its employees and seeks to ensure that Nestlé values and principles are understood by all and are the reference point in all people matters.

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 the Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("POSH"), your Company has a 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 (IC) comprises of internal members and external member who has extensive experience in the field. In 2021, one case of sexual harassment was reported, which was investigated and resolved as per the provisions of the POSH. During the course of 2021, initiatives were undertaken to demonstrate the 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. The Company had, accordingly, transferred ₹ 4,365,900/- and ₹ 5,114,640/-, being the unpaid and unclaimed dividend amount pertaining to Final dividend 2013 & Interim Dividend 2014; and Second Interim 2014, respectively, during the year 2021, to the IEPF.

Pursuant to the provisions of IEPF Rules, all shares in respect of which dividend 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 has transferred such equity shares on which the dividend remained unpaid or unclaimed for seven consecutive years to the demat account of IEPF Authority, after following the prescribed procedure.

### 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 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.

### Trade Relations

The Company maintained healthy, cordial and harmonious industrial relations at all levels. Despite severe competition, the enthusiasm and 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 unstinted support from the distributors, retailers, stockist, suppliers and others associated with the Company as its trading partners. The 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, 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 as well as the efficient utilization of the Company's resources for sustainable and profitable growth.

The 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 : 17<sup>th</sup> February 2022  
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 financial statements of Nestlé India Limited ("the Company"), which comprise the balance sheet as at 31 December 2021, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the 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 ("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 31 December 2021, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs 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 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 of the current period. 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.

## Revenue Recognition

See note 2 and 35 to the financial statements

The key audit matter	How the matter was addressed in our audit
<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').</p> <p>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:</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>

## Provision for Contingencies

See note 2, 22, 26 and 38 to the financial statements

The key audit matter	How the matter was addressed in our audit
<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.</p> <p>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:</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.</li> <li>• We verified the computation of provision on a test check basis.</li> </ul>

## Provision for defined benefit pension plan

See note 3 and 36 to the financial statements

The key audit matter	How the matter was addressed in our audit
<p>During the year, the defined benefit pension scheme for certain category of employees was modified and replaced by 'Future ready plan'.</p> <p>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 using the employee data, methods and assumptions as per the modified plan.</p> <p>The aforesaid valuation involves voluminous employee data, subjectivity and judgement in determination of key assumptions used in valuation of the defined benefit obligation.</p> <p>Considering this is a significant non-recurring transaction and subjectivity and judgements involved, there is a risk of data and assumptions being inappropriate resulting in an inaccurate valuation of defined benefit obligation.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>• We tested design &amp; implementation and operating effectiveness of key internal controls over completeness and accuracy of data and assumptions used in valuation of defined benefit obligation.</li> <li>• We evaluated and challenged the key assumptions in valuation of defined benefit obligation.</li> <li>• We tested the data used in valuation of defined benefit obligation on a test check basis.</li> <li>• We assessed the appropriateness of the accounting treatment and disclosures in the financial statements in respect of defined benefit pension scheme and changes in the scheme/plan during the year in accordance with Ind AS 19 – Employee Benefits.</li> </ul>

## Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' 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 the 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.

## Management's and Board of Directors' Responsibility for the Financial Statements

The Company's Management and Board of Directors are 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 state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows 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. 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 design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring 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, the Management and Board of Directors are 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is 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 in the financial statements made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors 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 of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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.

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
  - (A) 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 other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this report are in agreement with the books of account.
    - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under section 133 of the Act.
    - e) On the basis of the written representations received from the directors as on 31 December 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 December 2021 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 financial



statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

(B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 as at 31 December 2021 on its financial position in its financial statements - Refer Note 38 and 44 to the financial statements;
- ii. The Company did not have any long-term contracts including derivate 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. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 December 2021.

(C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **B S R & Co. LLP**  
*Chartered Accountants*  
Firm's Registration No. 101248W/W-100022

Place: Delhi  
Date: 17 February 2022

**Vikram Advani**  
*Partner*  
Membership No. 091765  
UDIN: 22091765ACXFTN7243



## Annexure - A to the Independent Auditors' Report of even date on the financial statements of Nestlé India Limited

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of two years. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with the programme, certain assets were physically verified by the management during the current year. As informed to us and based on records examined by us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and based on the examination of the registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. In respect of immovable properties of land and buildings that have been taken on lease and disclosed as fixed asset in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.
- (ii) The inventory, except goods in transit and stock lying with third parties, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. Confirmations have been obtained for stock lying with third parties at the year end. According to the information and explanations given to us and based on records examined by us, the discrepancies noticed on physical verification of inventory as compared to book records were not material and have been properly dealt with in the books of account.
- (iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, clause 3(iii) of the order is not applicable.
- (iv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not entered into any transactions in respect of loans, investments, guarantees, and security which are covered under section 185 and 186 of the Companies Act, 2013.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits covered under section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under. Accordingly, clause 3(v) of the Order is not applicable.
- (vi) We have broadly reviewed the records maintained by the Company pursuant to the rules prescribed by Central Government for maintenance of cost records under sub section (1) of Section 148 of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Duty of Customs, Goods and Services Tax, Cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.
- According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Duty of customs, Goods and Services Tax, Cess and other material statutory dues were in arrears as at 31 December 2021 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, except as stated in Appendix 1, there are no dues of Income-tax, Goods and Services tax, Sales tax, Service tax, Duty of customs, Duty of excise or Value added tax which have not been deposited on account of any dispute.
- (viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in repayment of dues to its bankers. The Company did not have any dues payable to any financial institutions, government or debentures holders during the year.
- (ix) The Company has not raised any money by way of initial public offer, further public offer (including debt instruments) and term loans during the year. Accordingly, the provisions of clause 3(ix) of the Order are not applicable to the Company.
- (x) According to the information and explanations given to us, no material fraud by the Company or no material fraud on the Company by its officers or employees, has been noticed or reported during the year.





- (xi) According to the information and explanations given to us and based on our examination of the records, the Company has paid or provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examinations of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable. The details of such related party transactions have been disclosed in the financial statements as required by applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential

allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(xiv) of the Order is not applicable.

- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, clause 3(xv) of the Order is not applicable.

- (xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For B S R & Co. LLP**  
*Chartered Accountants*

Firm's registration no.: 101248W/W-100022

Place: Delhi  
Date: 17 February 2022

**Vikram Advani**  
*Partner*

Membership No.: 091765  
UDIN: 22091765ACXFTN7243

## Appendix 1 to the statement on the matters specified in paragraph vii(b) of the Companies Auditors Report Order, 2016

(₹ in Million)

Name of the Statute	Nature of Dues	Amount	Amount Paid under protest	Period to which amount relates	Forum where case is pending
Central excise Act, 1944	Duty of Excise	49.4	43.8	September 1996 - December 2000, July 2001 to August 2001	Supreme Court
Central excise Act, 1944	Duty of Excise	0.9	-	1994	High Court
Customs Act 1962	Custom Duty	105.8	6.7	2008-2013	Commissioner
Customs Act 1962	Custom Duty	20.8	12.1	Feb-12 to Apr-13	Tribunal
Goods and Services Tax Act	Goods and Services Tax	731.5	-	Nov-17 to Jun-18	National Anti-Profitteering Authority
The Finance Act, 1994	Service Tax	417.1	4.6	2005-2007, 2008, 2010-2011	High Court
Central Sales Tax/ Value Added Tax	Sales Tax/ VAT	111.2	2.5	1997-1998, 2000-2006, 2007-2009, 2014-2015	High Court
Central Sales Tax/ Value Added Tax	Sales Tax/ VAT	48.3	42.6	2006-2007, 2010-2013, 2014-15	Tribunal
Central Sales Tax/ Value Added Tax	Sales Tax/ VAT	111.1	-	2005-2006, 2007-2010	Appellate & Revisional Board
Central Sales Tax/ Value Added Tax	Sales Tax/ VAT	7.5	1.9	2005- 2007, 2008-2009, 2011-2012, 2014-2015	Commissioner (Appeals)
Central Sales Tax/ Value Added Tax	Sales Tax/ VAT	198.3	1.5	2004- 2005, 2010-2012, 2013-2014, 2015-2017	Commissioner
Central Sales Tax/ Value Added Tax	Sales Tax/ VAT	201.5	1.0	2010-11,2014-16	Joint Commissioner (Appeals)
Central Sales Tax/ Value Added Tax	Sales Tax/ VAT	201.0	5.2	2008-10, 2011-2012, 2013-16, 2017-2018	Joint Commissioner
Central Sales Tax/ Value Added Tax	Sales Tax/ VAT	7.3	2.4	2008-2009, 2012-2014, 2015-2016	Additional Commissioner
Central Sales Tax/ Value Added Tax	Sales Tax/ VAT	1.1	0.2	2007-2008	Assessing Officer
Central Sales Tax/ Value Added Tax	Sales Tax/ VAT	45.3	-	2015-2016	Court of revisional authority
Income Tax Act, 1961	Income Tax	1,253.2	-	1996-2001, 2004-2008	Supreme Court
Income Tax Act, 1961	Income Tax	3,139.8	-	2000-2004, 2008-2014	High Court
Income Tax Act, 1961	Income Tax	12.3	6.3	2014-2015, 2016-2017	Comissioner of Income Tax
Income Tax Act, 1961	Income Tax	4,765.9	350.0	2014-2015, 2015-2016	Income Tax Appellate Tribunal



**Annexure B to the Independent Auditors' report on the financial statements of Nestlé India Limited for the year ended 31 December 2021**

**Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

**(Referred to in paragraph 1(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

**Opinion**

We have audited the internal financial controls with reference to financial statements of Nestlé India Limited ("the Company") as of 31 December 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at

31 December 2021, based on the internal financial controls with reference to financial statements 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 (the "Guidance Note").

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

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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 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 financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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 financial statements were established and maintained and whether 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 financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, 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 financial statements.

**Meaning of Internal Financial controls with Reference to 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 include 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 controls 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.

**For B S R & Co. LLP**  
*Chartered Accountants*  
Firm's Registration No. 101248W/W-100022

Place: Delhi  
Date: 17 February 2022

**Vikram Advani**  
*Partner*  
Membership No. 091765  
UDIN: 22091765ACXFTN7243



**BALANCE SHEET AS AT 31 DECEMBER 2021**

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

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

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

As per our report of even date attached  
For B S R & Co. LLP  
Chartered Accountants  
Firm's Registration No. - 101248W/W-100022

For and on behalf of the Board of Directors

VIKRAM ADVANI  
Partner  
Membership No. - 091765

SURESH NARAYANAN  
Chairman and Managing Director  
(DIN-07246738)

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

B. MURLI  
General Counsel &  
Company Secretary

17 February 2022  
New Delhi

17 February 2022  
Gurugram



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

	NOTES	Year ended 31 December 2021 (₹ in million)	Year ended 31 December 2020 (₹ in million)
<b>A INCOME</b>			
Domestic Sales		139,941.5	126,427.7
Export Sales		6,395.7	6,473.9
<b>Sale of products</b>	35	146,337.2	132,901.6
Other operating revenues	28	756.9	598.7
<b>Revenue from operations</b>		147,094.1	133,500.3
Other Income	29	1,201.1	1,458.5
<b>Total Income</b>		148,295.2	134,958.8
<b>B EXPENSES</b>			
i Cost of materials consumed	30	61,541.0	55,542.4
ii Purchases of stock-in-trade		2,275.2	1,890.0
iii Changes in inventories of finished goods, work-in-progress and stock-in-trade	31	(627.0)	(693.3)
iv Employee benefits expense	32	15,213.0	15,009.5
v Finance costs (including interest cost on employee benefit plans)	33	2,011.9	1,641.8
vi Depreciation and Amortisation	4,5	3,901.9	3,703.8
vii Other expenses	34	32,482.0	29,132.8
viii Impairment loss on property, plant and equipment	4	12.2	-
ix Net provision for contingencies		(251.7)	139.7
x Corporate social responsibility expense	39	534.0	464.2
<b>Total Expenses</b>		117,092.5	106,830.9
<b>C PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX (A-B)</b>		31,202.7	28,127.9
D Exceptional items	3,36	2,365.0	-
<b>E PROFIT BEFORE TAX (C-D)</b>		28,837.7	28,127.9
F Tax expense			
Current tax	40	7,443.9	7,634.2
Deferred tax	40	(54.8)	(330.6)
<b>G PROFIT AFTER TAX (E-F)</b>		21,448.6	20,824.3

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

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

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

As per our report of even date attached  
For B S R & Co. LLP  
Chartered Accountants  
Firm's Registration No. - 101248W/W-100022

For and on behalf of the Board of Directors

VIKRAM ADVANI  
Partner  
Membership No. - 091765

SURESH NARAYANAN  
Chairman and Managing Director  
(DIN-07246738)

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

B. MURLI  
General Counsel &  
Company Secretary

17 February 2022  
New Delhi

17 February 2022  
Gurugram



**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Year ended 31 December 2021 (₹ in million)	Year ended 31 December 2020 (₹ in million)
<b>A CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit Before Tax</b>	<b>28,837.7</b>	28,127.9
<b>Adjustments for :</b>		
Depreciation and Amortisation	3,901.9	3,703.8
Impairment loss on property, plant and equipment	12.2	-
Deficit/ (Surplus) on property, plant and equipment sold/scrapped/written off (net)	(39.7)	(49.0)
Other income	(1,201.1)	(1,458.5)
Interest on bank overdraft	6.2	180.4
Interest on Investments in Insurance plan	(92.7)	-
Interest on lease liabilities	83.5	85.0
Allowance for impairment on financial assets	9.6	6.0
Unrealised exchange differences	4.5	12.6
<b>Operating profit before working capital changes</b>	<b>31,522.1</b>	30,608.2
<b>Adjustments for working capital changes:</b>		
Decrease/(increase) in trade receivables	(13.4)	(416.0)
Decrease/(increase) in inventories	(1,637.4)	(1,334.1)
Decrease/(increase) in loans, other financial assets & other assets	(370.3)	(109.7)
Increase/(decrease) in trade payable	2,223.7	225.6
Increase/(decrease) in other financial liabilities & other liabilities	62.8	412.0
Increase/(decrease) in provision for contingencies	(95.0)	114.3
Increase/(decrease) in provision for employee benefits	(1,692.8)	2,073.4
<b>Cash generated from operations</b>	<b>29,999.7</b>	31,573.7
Income taxes paid (net of refunds)	(7,286.0)	(7,028.9)
<b>Net cash generated from operating activities</b>	<b>22,713.7</b>	24,544.8
<b>B CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(7,348.2)	(4,783.6)
Sale of property, plant and equipment	40.0	42.4
Investment in Insurance plan (Reimbursement Rights)	(13,787.8)	-
Amount received from Insurance plan	266.3	-
Decrease/(increase) in loans to employees	13.9	29.1
Income from mutual funds	-	20.4
Loans given to related parties	-	(350.0)
Loans repaid by related parties	-	350.0
Interest received on bank deposits, investments, tax free bonds, employee loans etc.	1,245.4	1,477.1
<b>Net cash generated from/(used in) investing activities</b>	<b>(19,570.4)</b>	(3,214.6)
<b>C CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment of deferred VAT liabilities under state government schemes	(34.1)	30.8
Interest on bank overdraft	(6.2)	(5.4)
Interest on lease liabilities	(83.5)	(85.0)
Principal payment of lease liabilities	(779.4)	(601.8)
Dividends paid	(19,283.1)	(18,897.5)
<b>Net cash used in financing activities</b>	<b>(20,186.3)</b>	(19,558.9)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A + B + C)</b>	<b>(17,043.0)</b>	1,771.3

Cash and cash equivalents (Refer note 13)	17,548.0	12,931.6
Current investments (Refer note 11)	7,229.4	10,074.5
<b>Total cash and cash equivalents at the beginning of the year (as per Ind AS 7)</b>	<b>24,777.4</b>	<b>23,006.1</b>
Cash and cash equivalents (Refer note 13)	7,185.3	17,548.0
Current investments (Refer note 11)	549.1	7,229.4
<b>Total cash and cash equivalents at the end of the year (as per Ind AS 7)</b>	<b>7,734.4</b>	<b>24,777.4</b>
<b>NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(17,043.0)</b>	<b>1,771.3</b>

Disclosure of non-cash transactions as per Ind AS 7 :

<b>Non cash Transaction from Financing activities is as under :</b>	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	(862.9)	2,054.0	2,317.6
	<u>1,695.8</u>	<u>(897.0)</u>	<u>2,059.1</u>	<u>2,857.9</u>

<b>Non cash Transaction from Financing activities is as under :</b>	Year ended 31 December 2019 (₹ in million)	Cash flow changes	Non- cash changes	Year ended 31 December 2020 (₹ in million)
Deferred VAT liabilities	531.4	30.8	(213.8)	348.4
Deferred Government Grants	4.3	-	216.6	220.9
Lease liabilities	1,358.0	(686.8)	455.3	1,126.5
	<u>1,893.7</u>	<u>(656.0)</u>	<u>458.1</u>	<u>1,695.8</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 B S R & Co. LLP  
Chartered Accountants  
Firm's Registration No. - 101248W/W-100022

For and on behalf of the Board of Directors

VIKRAM ADVANI  
Partner  
Membership No. - 091765

SURESH NARAYANAN  
Chairman and Managing Director  
(DIN-07246738)

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

B. MURLI  
General Counsel &  
Company Secretary

17 February 2022  
New Delhi

17 February 2022  
Gurugram





**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2021**

(₹ in million)

**A) EQUITY SHARE CAPITAL**

Balance as at 31 December 2019	964.2
Movement during the year	-
<b>Balance as at 31 December 2020</b>	<b>964.2</b>
Movement during the year	-
<b>Balance as at 31 December 2021</b>	<b>964.2</b>

(₹ in million)

**B) OTHER EQUITY<sup>(1)</sup>**

	Reserves and Surplus		Items of Other Comprehensive Income		Total
	General Reserve	Retained Earnings	Equity Instrument through Other Comprehensive Income	Effective portion of Cash Flow Hedges	
<b>Balance as at 31 December 2019</b>	<b>8,374.3</b>	<b>10,173.7</b>	<b>(330.0)</b>	<b>6.5</b>	<b>18,224.5</b>
Profit after tax	-	20,824.3	-	-	20,824.3
Other comprehensive income	-	(925.3)	-	3.2	(922.1)
<b>Total comprehensive income</b>	<b>-</b>	<b>19,899.0</b>	<b>-</b>	<b>3.2</b>	<b>19,902.2</b>
Dividend (Refer note 48)	-	(18,897.5)	-	-	(18,897.5)
<b>Total appropriations</b>	<b>-</b>	<b>(18,897.5)</b>	<b>-</b>	<b>-</b>	<b>(18,897.5)</b>
<b>Balance as at 31 December 2020</b>	<b>8,374.3</b>	<b>11,175.2</b>	<b>(330.0)</b>	<b>9.7</b>	<b>19,229.2</b>
Profit after tax	-	21,448.6	-	-	21,448.6
Other comprehensive income	-	(1,515.6)	-	1.5	(1,514.1)
<b>Total comprehensive income</b>	<b>-</b>	<b>19,933.0</b>	<b>-</b>	<b>1.5</b>	<b>19,934.5</b>
Dividend (Refer note 48)	-	(19,283.1)	-	-	(19,283.1)
<b>Total appropriations</b>	<b>-</b>	<b>(19,283.1)</b>	<b>-</b>	<b>-</b>	<b>(19,283.1)</b>
<b>Balance as at 31 December 2021</b>	<b>8,374.3</b>	<b>11,825.1</b>	<b>(330.0)</b>	<b>11.2</b>	<b>19,880.6</b>

(1) Description of purpose of each reserve within Other Equity has been disclosed under Note 20.

As per our report of even date attached  
For B S R & Co. LLP  
Chartered Accountants  
Firm's Registration No. - 101248W/W-100022

For and on behalf of the Board of Directors

VIKRAM ADVANI  
Partner  
Membership No. - 091765  
17 February 2022  
Gurugram

SURESH NARAYANAN  
Chairman and Managing Director  
(DIN-07246738)  
17 February 2022  
Gurugram

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

B. MURLI  
General Counsel &  
Company Secretary



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 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 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

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



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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 4), measurement of lease liabilities and right of use assets (Refer note 5), measurement of defined benefit obligations (Refer Note 36), recognition and measurement of provisions and contingencies (Refer note 38) and recognition of deferred tax assets/liabilities (Refer Note 40).

### Approval of financial statements

The financial statements of the Company were approved for issue by the Board of Directors on 17 February 2022.

### REVENUE RECOGNITION

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.

The Performance obligation in contracts are considered as fulfilled in accordance with the terms agreed with the respective customers.

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

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.

### GOVERNMENT GRANTS

Government grants are recognized initially at fair value as Deferred Income for interest free incentives when there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant. These are recognized in the statement of profit & loss as a part of other operating revenues on a systematic basis.

Government grant in relation to fixed asset is treated as deferred income and is recognised in the statement of profit and loss on a systematic basis over the useful life of the asset.

Government grant in relation to investment outlay is recognised as income in the statement of profit & loss on fulfillment of the underlying attached conditions.

### 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. The bases 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

### EMPLOYEE BENEFITS

#### Employee benefit plans

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.

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



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

variables / trends, wherever required.

Liability for funded defined benefit pension plan (Future ready plan) has been determined 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 3 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.

### 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.

### SHARE BASED PAYMENT

Under the Nestlé Restricted Stock Unit (RSU) Plan/ Performance Share Unit (PSU) Plan of Nestlé S.A. non-tradable units with the right to obtain Nestlé S.A. shares or cash equivalent are granted to certain employees of the Company. Liability under the plan is initially measured at the fair value and charged to statement of profit and loss over the vesting period. The Company remeasures the outstanding units at each balance sheet date at their fair values taking into account the Nestlé S.A. share price and exchange rate as at the balance sheet date. The resultant gain/ (loss) on remeasurement is recognised in the statement of profit and loss over the vesting period.

### PROPERTY, PLANT AND EQUIPMENT

Items of property, plant & equipment are stated at 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.

### DEPRECIATION / AMORTISATION

The Company has assessed the useful lives of property, plant and equipment as per 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 fixed assets as follows:

Buildings	:	25 - 40 years
Plant & Machinery	:	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.



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT

At each balance sheet date, items of property, plant and equipment are reviewed to determine whether there is any indication of impairment. 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 whenever the carrying amount of an asset/ cash generating unit exceeds its recoverable amount. The recoverable amount is the greater of the net selling price 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.

### ASSET HELD FOR SALE

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

- a) decision has been made to sell,
- b) the assets are available for immediate sale in its present condition,
- c) the assets are being actively marketed and
- d) 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'.

### LEASES

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

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

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

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

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

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

The company recognizes lease payments as operating expense on a straight line basis over the period of lease for certain short – term (less than or equal to two months) or low value arrangements.



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 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'.

### 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. As the timing of outflow of resources is uncertain, being dependent upon the outcome of the future proceedings, these provisions are not discounted to their present value.

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.

### 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.



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

**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.

### e) Impairment of financial assets

Financial assets 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

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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.

## INCOME TAX

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 2021 to 31 December 2021 and,
- b) the residual tax expense for the period 1 April 2020 to 31 March 2021 arising out of the finalisation of fiscal accounts (Assessment Year 2021-2022), 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.

## 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.

## 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.





## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 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 17 February 2022, have been considered, disclosed and adjusted, wherever applicable, as per the requirements of Ind AS 10 - Events after the Reporting Period.

### 3. RECENT ACCOUNTING PRONOUNCEMENTS

- (a). 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.
- (b). 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.
3. 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 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 36

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 4 - Property, Plant and Equipment

(₹ 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
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 machinery	25,193.7	7,697.5	233.4	32,657.8	13,414.2	2,568.5	12.2	233.2	15,761.7	16,896.1
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	892.8	167.0	85.9	973.9	592.7	165.0	-	85.7	672.0	301.9
Vehicles	24.0	1.0	-	25.0	21.0	2.5	-	-	23.5	1.5
<b>Total</b>	<b>36,454.8</b>	<b>10,067.2</b>	<b>440.5</b>	<b>46,081.5</b>	<b>16,774.8</b>	<b>3,203.7</b>	<b>12.2</b>	<b>438.6</b>	<b>19,552.1</b>	<b>26,529.4</b>

	GROSS CARRYING VALUE				DEPRECIATION/ AMORTISATION					NET CARRYING VALUE
	Cost as at 31 December 2019	Additions	Deletions / adjustments	Cost as at 31 December 2020	As at 31 December 2019	For the year	Impairment loss	On deletions / adjustments	As at 31 December 2020	As at 31 December 2020
Freehold land	174.1	-	-	174.1	-	-	-	-	-	174.1
Buildings	9,224.9	56.4	7.7	9,273.6	1,559.9	391.6	-	4.1	1,947.4	7,326.2
Plant and machinery	23,776.7	1,499.1	82.1	25,193.7	10,996.1	2,500.0	-	81.9	13,414.2	11,779.5
Furniture and fixtures	696.2	5.1	7.6	693.7	640.0	28.7	-	7.5	661.2	32.5
Office equipment	180.8	22.8	0.7	202.9	106.8	32.2	-	0.7	138.3	64.6
IT equipment	782.7	123.6	13.5	892.8	451.2	154.9	-	13.4	592.7	300.1
Vehicles	25.5	-	1.5	24.0	18.8	3.7	-	1.5	21.0	3.0
<b>Total</b>	<b>34,860.9</b>	<b>1,707.0</b>	<b>113.1</b>	<b>36,454.8</b>	<b>13,772.8</b>	<b>3,111.1</b>	<b>-</b>	<b>109.1</b>	<b>16,774.8</b>	<b>19,680.0</b>



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

5 - Right of Use Assets

(₹ in million)

	GROSS CARRYING VALUE				DEPRECIATION/ AMORTISATION				NET CARRYING VALUE
	Balance as at 31 December 2020	Additions	Deletions / Adjustments	As at 31 December 2021	Balance as at 31 December 2020	For the year	On Deletions / Adjustments	As at 31 December 2021	As at 31 December 2021
Leasehold land	1,240.5	-	-	1,240.5	66.6	13.2	-	79.8	1,160.7
Buildings	2,129.3	1,824.8	482.3	3,471.8	1,264.5	638.5	397.3	1,505.7	1,966.1
Plant and Machinery	-	211.1	-	211.1	-	7.0	-	7.0	204.1
Vehicles	158.1	45.7	39.9	163.9	82.7	39.5	37.7	84.5	79.4
<b>Total</b>	<b>3,527.9</b>	<b>2,081.6</b>	<b>522.2</b>	<b>5,087.3</b>	<b>1,413.8</b>	<b>698.2</b>	<b>435.0</b>	<b>1,677.0</b>	<b>3,410.3</b>

(₹ in million)

	GROSS CARRYING VALUE				DEPRECIATION/ AMORTISATION				NET CARRYING VALUE
	Balance as at 31 December 2019	Additions	Deletions / Adjustments	As at 31 December 2020	Balance as at 31 December 2019	For the year	On Deletions / Adjustments	As at 31 December 2020	As at 31 December 2020
Leasehold land	1,240.5	-	-	1,240.5	53.4	13.2	-	66.6	1,173.9
Buildings	2,371.4	435.8	677.9	2,129.3	1,335.7	539.1	610.3	1,264.5	864.8
Vehicles	179.0	12.2	33.1	158.1	75.4	40.4	33.1	82.7	75.4
<b>Total</b>	<b>3,790.9</b>	<b>448.0</b>	<b>711.0</b>	<b>3,527.9</b>	<b>1,464.5</b>	<b>592.7</b>	<b>643.4</b>	<b>1,413.8</b>	<b>2,114.1</b>

- (1) The Company incurred ₹ 4.3 million (2020: ₹ 12.2 million) for the year ended 31 December 2021 towards expenses related to short term leases, leases of low value assets & variable leases.



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	As at 31 December 2021 (₹ in million)	As at 31 December 2020 (₹ in million)
<b>6 - NON-CURRENT INVESTMENTS</b>		
<b>At amortised cost</b>		
<b>Quoted</b>		
Tax free Bonds	7,107.0	7,219.5
<b>At fair value through Other Comprehensive Income</b>		
<b>Unquoted</b>		
Equity shares of Sahyadri Agro and Dairy Private Limited (1) (Fully paid up 1,415,050 equity shares of face value ₹10 each)	-	188.8
	<u>7,107.0</u>	<u>7,408.3</u>
Market value of quoted investments	7,797.5	8,054.7
(1) Classified as Asset held for sale in 2021. (Refer Note 18)		
<b>7 - NON-CURRENT LOANS</b>		
<b>Secured, considered good</b>		
Loans to employees	-	0.1
<b>Unsecured, considered good</b>		
Security deposits	418.4	383.8
Loans to employees	72.5	81.6
	<u>490.9</u>	<u>465.4</u>
	<u>490.9</u>	<u>465.5</u>
<b>8 - DEFERRED TAXES (NET)<sup>(1)</sup></b>		
<b>Deferred tax assets</b>		
Contingencies	1,074.8	1,115.9
ROU assets & lease liabilities	34.1	44.3
Employee benefits - Compensated absences and Gratuity	416.0	369.3
Allowance for credit impaired assets and Trade receivables	25.6	22.2
Other items deductible on payment	48.0	31.2
Financial Instruments	1.5	0.9
	<u>1,600.0</u>	<u>1,583.8</u>
<b>Deferred tax liabilities</b>		
Property, Plant and Equipment	1,341.6	1,384.6
Inventories	-	-
Financial Instruments	-	-
	<u>1,341.6</u>	<u>1,384.6</u>
Net Deferred Tax Assets	<u>258.4</u>	<u>199.2</u>

(1) Refer note 40



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	As at 31 December 2021 (₹ in million)	As at 31 December 2020 (₹ in million)
<b>9 - OTHER NON-CURRENT ASSETS</b>		
Investment in Insurance plan <sup>(1)</sup>	13,262.9	-
Capital advances	145.0	339.0
Payments under protest with government authorities	1,045.5	554.6
	<u>14,453.4</u>	<u>893.6</u>

(1) Investment has 'Reimbursement Rights' as defined under Ind AS 19 Employee Benefits, and is to cover the defined benefit obligations under the 'Future Ready Plan'. (Refer Note 3 & Note 36).

### 10 - INVENTORIES

(at cost or net realisable value, whichever is lower)

Raw materials	5,897.8	5,220.2
{Includes in transit ₹ 445.0 million (2020: ₹ 428.9 million)}		
Packing materials	823.2	654.1
{Includes in transit ₹ 9.0 million (2020: ₹ 11.1 million)}		
Work-in-progress	1,786.7	1,931.1
Finished goods	5,961.9	5,216.8
Stock-in-trade (goods purchased for resale)	384.0	357.7
{Includes in transit ₹ 115.9 million (2020: ₹ 119.4 million)}		
Stores and spares	948.6	784.9
{Includes in transit ₹ 15.3 million (2020: ₹ 8.5 million)}		
	<u>15,802.2</u>	<u>14,164.8</u>

During the year, an amount of ₹ 877.3 million (net of reversals) [2020: ₹ 744.0 million] was charged to the statement of profit and loss on account of obsolete, damage and slow moving inventories.

### 11 - CURRENT INVESTMENTS

At amortised cost

Quoted

Treasury Bills - Government Securities	549.1	7,229.4
Current portion of Long term tax free bonds	83.7	-
	<u>632.8</u>	<u>7,229.4</u>
Considered as 'Cash and cash equivalents' for the purpose of 'Statement of Cash Flows' in line with the requirements of Ind AS-7	549.1	7,229.4
Market value of quoted investments	633.9	7,229.4

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	As at 31 December 2021 (₹ in million)	As at 31 December 2020 (₹ in million)
<b>12 - TRADE RECEIVABLES (UNSECURED)</b>		
<b>Trade Receivables considered good <sup>(1)</sup></b>	1,652.7	1,649.3
Trade Receivables with significant increase in credit risk	44.6	35.4
	<u>1,697.3</u>	<u>1,684.7</u>
Less: Loss allowance (Refer Note 41)	(44.6)	(35.4)
	<u>1,652.7</u>	<u>1,649.3</u>

(1) Include receivables from related parties (Refer Note 45)

### 13 - CASH AND CASH EQUIVALENTS

#### Balances with banks

on current accounts	381.9	317.8
on deposit accounts	6,796.9	17,217.4
Cheques, drafts on hand including remittances in transit	6.5	12.8
	<u>7,185.3</u>	<u>17,548.0</u>

### 14 - BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

Unpaid dividend accounts	168.8	150.7
	<u>168.8</u>	<u>150.7</u>

### 15 - CURRENT LOANS

#### Secured, considered good

Loans to employees	-	0.3
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#### Unsecured, considered good

Security deposits	11.8	20.8
Loans to employees	106.7	111.1
	<u>118.5</u>	<u>131.9</u>

#### Unsecured, credit impaired

Security deposits, Loans to employees	8.9	8.5
Less: Allowance for impairment	(8.9)	-
	<u>118.5</u>	<u>132.2</u>



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	As at 31 December 2021 (₹ in million)	As at 31 December 2020 (₹ in million)
<b>16 - OTHER CURRENT FINANCIAL ASSETS</b>		
Recoverable from related parties (Refer Note 45)	104.7	158.6
Derivative assets - forward contracts	21.1	48.2
Interest accrued on bank deposits/ tax free long term bonds etc.	350.4	365.8
Others	17.8	17.0
	<u>494.0</u>	<u>589.6</u>
<b>17 - OTHER CURRENT ASSETS</b>		
<b>Investment in Insurance plan <sup>(1)</sup></b>	<b>351.3</b>	-
<b>Unsecured, considered good</b>		
Advances given to suppliers, employees etc.	160.3	161.6
Balances with government authorities	70.8	13.2
Prepaid expenses	269.2	212.0
	<u>500.3</u>	<u>386.8</u>
<b>Unsecured, credit impaired</b>		
Advances given to suppliers, Balances with government authorities etc.	44.3	35.4
Less: Allowance for impairment	(44.3)	(35.4)
	<u>851.6</u>	<u>386.8</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 3 & Note 36).

**18 - ASSET HELD FOR SALE**

**At fair value through Other Comprehensive Income**

**Unquoted**

Equity shares of Sahyadri Agro and Dairy Private Limited <sup>(1)</sup>	188.8	-
(2021, 2020 : Fully paid up 1,415,050 equity shares of face value ₹10 each)		-
	<u>188.8</u>	<u>-</u>

(1) During the year, the Board of Directors has given an in-principle approval for disinvestment of its entire minority stake of 19.98% in Sahyadri Agro Dairy Private Limited and the process of sale has been initiated.



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	As at 31 December 2021		As at 31 December 2020	
	No. of shares	Amount (₹ in million)	No. of shares	Amount (₹ in million)
<b>19 - 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 (Ultimate holding company being Nestlé S.A.)	27,463,680	27,463,680

### 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

	As at 31 December 2021 (₹ in million)	As at 31 December 2020 (₹ in million)
	<b>20 - OTHER EQUITY</b>	
General reserve	8,374.3	8,374.3
Retained earnings	11,825.1	11,175.2
Items of Other Comprehensive Income		
Effective portion of cash flow hedges	11.2	9.7
Equity Instruments through other comprehensive income	(330.0)	(330.0)
	<u>19,880.6</u>	<u>19,229.2</u>





## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 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 Companies Act, 1956. Mandatory transfer to general reserve is not required under the Companies Act, 2013.

During the year, the Board of Directors had approved a Scheme of Arrangement between the Company and its Members under Section 230 of the Companies Act, 2013 ("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 credit of the General Reserves to Retained Earnings. The Scheme of Arrangement, under the relevant Section(s) of the Act, is subject to the approval of the members of the Company and such other class of persons as may be directed by the Hon'ble National Company Law Tribunal, Delhi Bench, sanction of the Hon'ble NCLT, Delhi Bench and such other approvals as are prescribed (including clearances/approval/comments from the BSE Limited ("BSE") and comments from the Securities and Exchange Board of India (if any) via BSE). BSE had vide observation letter dated 16 December 2021 confirmed that there were "no adverse observation" on the said Scheme of Arrangement. The Company will be filing the application for directions with the Hon'ble NCLT. Subsequent to approval of the Scheme by the members or such other persons as may be directed by the Hon'ble NCLT, the Company will file petition with the Hon'ble NCLT for the sanction of the Scheme of Arrangement.

- (ii) **Retained Earnings** - Retained earnings are the accumulated profits earned by the Company till date, less transfer to general reserves, dividend and other distributions made to the shareholders
- (iii) **Effective portion of cash flow hedges** - The Company uses forward contracts to hedge its risks associated with foreign currency transactions relating to firm commitments and highly probable forecast transactions. This reserve represents the cumulative changes in fair value of forward contracts that are designated as Cash Flow Hedges. These will be reclassified to statement of profit and loss upon occurrence of the underlying forecasted transactions.
- (iv) **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.

### 21 - NON-CURRENT BORROWINGS

#### Unsecured loans

Deferred VAT liabilities

State of Karnataka<sup>(1)</sup>

State of Himachal Pradesh<sup>(2)</sup>

	As at 31 December 2021 (₹ in million)	As at 31 December 2020 (₹ in million)
	219.5	204.2
	55.2	113.0
	274.7	317.2

(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

	As at 31 December 2021 (₹ in million)	As at 31 December 2020 (₹ in million)
<b>22 - NON-CURRENT PROVISIONS</b>		
<b>Employee benefits:</b>		
Pension and gratuity (Refer note 36)	21,653.7	21,808.2
Other incentives and welfare benefits <sup>(1)</sup>	<u>1,872.2</u> 23,525.9	<u>1,683.0</u> 23,491.2
Contingencies (Refer note 38)	<u>9,319.5</u>	<u>9,191.5</u>
	<u>32,845.4</u>	<u>32,682.7</u>

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

### 23 - OTHER NON-CURRENT LIABILITIES

Deferred Government Grants	<u>199.7</u>	<u>220.9</u>
	<u>199.7</u>	<u>220.9</u>

### 24 - CURRENT BORROWINGS

#### Unsecured loans

Deferred VAT liabilities		
State of Karnataka <sup>(1)</sup>	18.9	7.8
State of Himachal Pradesh <sup>(2)</sup>	<u>47.0</u>	<u>23.4</u>
	<u>65.9</u>	<u>31.2</u>

(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.

### 25 - OTHER CURRENT FINANCIAL LIABILITIES

Customers' credit balances and payables	1,526.8	1,541.3
Employee costs and reimbursements	1,786.8	1,926.4
Book Overdraft	-	0.9
Unpaid dividends <sup>(1)</sup>	168.8	150.7
Security deposits	81.2	61.3
Derivative liabilities - forward contracts	<u>22.7</u>	<u>7.0</u>
	<u>3,586.3</u>	<u>3,687.6</u>

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	As at 31 December 2021 (₹ in million)	As at 31 December 2020 (₹ in million)
<b>26 - CURRENT PROVISIONS</b>		
Employee benefits:		
Pension (Refer note 36)	746.2	425.4
Other incentives and welfare benefits <sup>(1)</sup>	372.2	395.2
Contingencies (Refer note 38)	267.0	239.0
	<u>1,385.4</u>	<u>1,059.6</u>

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

**27 - OTHER CURRENT LIABILITIES**

Statutory liabilities (Goods & Services tax, TDS etc.)	551.9	500.6
Advance from customers	667.1	526.5
Others	463.9	463.0
	<u>1,682.9</u>	<u>1,490.1</u>

**28 - OTHER OPERATING REVENUES**

Export incentives	443.0	366.5
Other operating income (includes scrap sales)	313.9	232.2
	<u>756.9</u>	<u>598.7</u>

**29 - OTHER INCOME**

Interest on bank deposits, investments and employee loans etc. <sup>(1)</sup>	694.9	930.1
Interest on tax free long term bonds <sup>(1)</sup>	506.2	508.0
Dividend on mutual funds	-	20.4
	<u>1,201.1</u>	<u>1,458.5</u>

(1) as per effective interest rate method

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	As at 31 December 2021 (₹ in million)	As at 31 December 2020 (₹ in million)
<b>30 - COST OF MATERIALS CONSUMED</b>		
Raw materials	50,395.9	47,127.4
Packing materials	11,145.1	8,415.0
	<u>61,541.0</u>	<u>55,542.4</u>
<b>31 - CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE</b>		
<b>Opening stock</b>		
Finished goods	5,216.8	5,199.0
Work-in-progress	1,931.1	1,233.8
Stock-in-trade	357.7	379.5
	<u>7,505.6</u>	<u>6,812.3</u>
<b>Closing Stock</b>		
Finished goods	5,961.9	5,216.8
Work-in-progress	1,786.7	1,931.1
Stock-in-trade	384.0	357.7
	<u>8,132.6</u>	<u>7,505.6</u>
Net (increase)/ decrease in opening and closing stock	<u>(627.0)</u>	<u>(693.3)</u>
	Year ended 31 December 2021 (₹ in million)	Year ended 31 December 2020 (₹ in million)
<b>32 - EMPLOYEE BENEFITS EXPENSE</b>		
Salaries, wages, bonus, pension, performance incentives etc.	13,478.7	13,148.9
Contribution to provident and other funds (Refer note - 36)	726.0	627.1
Share based payments (Refer note - 37)	252.2	423.5
Staff welfare expenses	756.1	810.0
	<u>15,213.0</u>	<u>15,009.5</u>
<b>33 - FINANCE COSTS</b>		
Interest cost on employee benefit plans	1,495.5	1,376.4
Interest on finance lease	83.5	85.0
Other Interest	432.9	180.4
	<u>2,011.9</u>	<u>1,641.8</u>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

	Year ended 31 December 2021 (₹ in million)	Year ended 31 December 2020 (₹ in million)
<b>34 - OTHER EXPENSES</b>		
Finished goods handling, transport and distribution	6,943.5	5,805.5
Advertising and sales promotion	7,644.0	7,635.5
Power and fuel	4,080.6	3,136.8
General licence fees (net of taxes)	6,545.1	5,935.0
Information technology and management information systems	1,122.6	1,187.8
Maintenance and repairs	987.4	957.0
Rates and taxes	61.8	32.5
Travelling	405.3	466.2
Contract manufacturing charges	740.6	482.3
Consumption of stores and spare parts	621.7	549.3
Training	143.3	99.7
Withholding tax on general licence fees	655.0	593.7
Laboratory (quality testing)	265.6	232.6
Market research	372.6	269.7
Milk collection and district development	177.7	155.6
Security charges	152.6	145.7
Exchange difference (net)	1.8	62.5
Deficit/ (Surplus) on fixed assets sold/scrapped/written off (net)	(39.7)	(49.0)
Insurance	94.2	65.1
Miscellaneous	1,506.3	1,369.3
	<u>32,482.0</u>	<u>29,132.8</u>

**35 (i). Class-wise details of Sales of products**

Product groups	Year ended 31 December 2021		Year ended 31 December 2020	
	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)	134,669	62,686.3	138,402	61,487.8
<b>Prepared dishes and cooking aids</b> (includes noodles, sauces, seasonings, pasta, cereals)	327,659	45,501.3	281,392	39,108.2
<b>Powdered and Liquid Beverages</b> (includes instant coffee, instant tea, ready to drink beverage)	24,507	16,918.2	20,772	14,762.5
<b>Confectionery</b> (includes bar countlines, tablets, sugar confectionery)	55,648	21,231.4	50,358	17,543.1
<b>Sale of Products</b>	<u>542,483</u>	<u>146,337.2</u>	<u>490,924</u>	<u>132,901.6</u>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### (ii) Reconciliation of Revenue from sale of products with the contracted price

	Year ended 31 December 2021 (₹ in million)	Year ended 31 December 2020 (₹ in million)
<b>Contracted Price</b>	<b>150,740.2</b>	136,929.7
Less: Rebates, discounts, allowances etc.	<b>4,403.0</b>	4,028.1
<b>Sale of products</b>	<b><u>146,337.2</u></b>	<u>132,901.6</u>

### 36. Employee Benefit Plans

- (i) The Company makes contributions to the Provident Fund, Employee State Insurance, National Pension System etc. for eligible employees. Under these plans, the Company is required to contribute a specified percentage of payroll costs. The Company has recognised ₹ 726.0 million (Previous year ₹ 627.1 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, ₹ 300.8 million (Previous year ₹ 260.8 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 shortfall, if any, is made good by the Company. 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 2021 as per the unaudited financial statements are ₹ 5,029.1 million (Previous year ₹ 4,597.1 million) as against total plan assets of ₹ 4,949.9 million (Previous year ₹ 4,534.3 million). The funds of the Trust have been invested under various securities in accordance with the rules prescribed by the Government of India.

- (ii) 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.

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 3 to the financial statements for description of pension plan amendment and settlement.



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**
**a) Movement in defined benefit obligations and Plan assets**

	31 December 2021 (₹ in million)			31 December 2020 (₹ in million)	
	Gratuity Scheme Funded Plan	Pension Scheme Funded Future Ready Plan <sup>(1)</sup>	Pension Scheme Unfunded Plan	Gratuity Scheme Funded 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	2,216.7	-	21,959.5	1,938.8	19,106.5
Reclassification of opening balance on change in Pension Plan	-	14,795.2	(14,795.2)	-	-
Current service cost	138.3	511.1	358.7	123.3	814.2
Past service cost	-	1,768.2	-	-	-
Settlement Cost	-	576.9	13.9	-	-
Interest cost	143.3	991.7	478.9	127.1	1,274.2
Actuarial loss/(gain)	314.7	948.1	757.2	138.8	1,220.5
Actual benefits paid	(185.2)	(799.6)	(289.6)	(111.4)	(455.9)
Settlement to Insurance Company for Pensioners	-	(5,184.6)	-	-	-
Others	-	7.2	-	-	-
<b>Present Value of obligation, as at the end of the year</b>	<b>2,627.8</b>	<b>13,614.2</b>	<b>8,483.4</b>	<b>2,216.6</b>	<b>21,959.5</b>
<b>(ii) Change in plan assets:</b>					
Plan assets, as at the beginning of the year	1,942.5	-	-	1,812.5	-
Expected return on plan assets	139.5	-	-	118.6	-
Contribution by the Company	434.0	-	-	-	-
Return on plan assets, greater/(lesser) than expected return	(5.3)	-	-	122.8	-
Actual benefits paid	(185.2)	-	-	(111.4)	-
<b>Plan assets, as at the end of the year</b>	<b>2,325.5</b>	<b>-</b>	<b>-</b>	<b>1,942.5</b>	<b>-</b>
<b>Net Liability recognised in the balance Sheet</b>	<b>302.3</b>	<b>13,614.2</b>	<b>8,483.4</b>	<b>274.1</b>	<b>21,959.5</b>
<i>of which accounted as:</i>					
Non-current provisions	302.3	13,262.9	8,088.5	274.1	21,534.1
Current provisions	-	351.3	394.9	-	425.4
<b>(iii) Re-imbursment Rights</b>					
Opening Balance as at the beginning of the year	-	-	-	-	-
Investments during the year	-	13,787.8	-	-	-
Return on Investments	-	92.7	-	-	-
Benefit Payments	-	(266.3)	-	-	-
Investments as at the end of the year	-	13,614.2	-	-	-
<b>(iv) Constitution of plan assets</b>					
<b>Quoted</b>					
Corporate Bonds	759.1	-	-	612.7	-
Government of India securities	45.9	-	-	47.5	-
State Government/State Government guaranteed securities	1,093.4	-	-	930.5	-
Mutual funds	284.9	-	-	219.3	-
Funding with insurance Companies	139.2	-	-	131.2	-

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	31 December 2021 (₹ in million)			31 December 2020 (₹ in million)	
	Gratuity Scheme Funded Plan	Pension Scheme Funded Future Ready Plan <sup>(1)</sup>	Pension Scheme Unfunded Plan	Gratuity Scheme Funded Plan	Pension Scheme Unfunded Plan
<b>Unquoted</b>					
Cash at bank and receivables	3.0	-	-	1.3	-
<b>Total plan assets</b>	<b>2,325.5</b>	<b>-</b>	<b>-</b>	<b>1,942.5</b>	<b>-</b>
<b>(v) Cost recognised in the statement of profit and loss</b>					
Current service cost (net of recoveries)	136.0	497.2	358.7	121.8	787.8
Past service cost (net of recoveries) <sup>(1)</sup>	-	1,760.0	-	-	-
Settlement Cost <sup>(1)</sup>	-	576.9	13.9	-	-
Interest cost <sup>(2)</sup>	143.3	991.7	478.9	127.1	1,274.2
Expected return on plan assets/re-imbursement rights	(139.5)	(92.7)	-	(118.6)	-
<b>Net cost</b>	<b>139.8</b>	<b>3,733.1</b>	<b>851.5</b>	<b>130.3</b>	<b>2,062.0</b>
<b>(vi) Re-measurements recognised in other comprehensive income</b>					
Actuarial loss/(gain)					
Change in financial assumptions	166.6	309.3	373.0	48.0	1,756.2
Change in demographic assumptions	(10.7)	510.2	501.8	-	(87.5)
Experience adjustments	158.8	128.6	(117.6)	90.8	(448.2)
Return on plan assets, (greater)/lesser than expected return	5.3	-	-	(122.8)	-
<b>Net cost</b>	<b>320.0</b>	<b>948.1</b>	<b>757.2</b>	<b>16.0</b>	<b>1,220.5</b>

- (1) As mentioned in Note 3, Past service cost and Settlement cost is included as an Exceptional item. Exceptional item 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 ₹ 1,495.5 million (Previous year ₹ 1376.4 million). This includes ₹ 1,381.7 million (Previous year ₹ 1,282.7 million) towards pension and gratuity and balance amount ₹ 113.8 million (Previous year ₹ 93.7 million) towards compensated absences and long service awards.

### b) Key Actuarial Assumptions

	31 December 2021			31 December 2020	
	Gratuity Scheme Funded Plan	Pension Scheme Funded Future Ready Plan (30 November 2021)	Pension Scheme Unfunded Plan	Gratuity Scheme Funded Plan	Pension Scheme Unfunded Plan
Discount Rates (%)	6.75	6.75	6.75	6.75	6.75
Expected rate of salary increases (%) <sup>(1)</sup>					
First 5 years		6.2 to 13.7		7.7 to 11.3	7.7 to 11.3
Beyond five years		3.6 to 9.3		5.5	6.5
Expected rate of Pension increases (%)	-	2.50	3.25 to 3.50	-	3.25





NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	31 December 2021			31 December 2020	
	Gratuity Scheme Funded Plan	Pension Scheme Future Ready Plan (30 November 2021)	Pension Scheme Unfunded Plan	Gratuity Scheme Funded Plan	Pension Scheme Unfunded Plan
Mortality assumptions in service	Indian Assured Lives Mortality (modified 2006-08) Ultimate rates	No allowance	Indian Assured Lives Mortality (modified 2006- 08) Ultimate rates	Indian Assured Lives Mortality (modified 2006- 08) Ultimate rates	
in retirement (for pension scheme)		Indian Individual Annuitant's Mortality Table (2012-15)	Indian Individual Annuitant's Mortality Table (2012-15)	Mortality for annuitants - LIC (1996-98) Ultimate rates with flat 10% mortality improvement and additional 0.25% p.a. future mortality improvement	

(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.

**c) Sensitivity Analysis**

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

	31 December 2021 (₹ in million)		31 December 2020 (₹ in million)	
	Gratuity Scheme Funded Plan	Pension Scheme Unfunded Plan	Gratuity Scheme Funded Plan	Pension Scheme Unfunded Plan
<b>Present Value of obligation - Reported</b>	<b>2,627.8</b>	<b>8,483.4</b>	2,216.6	21,959.5
<b>Discount rates</b>				
Increase of 50 basis point	2,488.3	7,645.3	2,106.6	20,041.5
Decrease of 50 basis point	2,780.7	9,456.0	2,336.8	24,151.2
<b>Expected rate of salary increases</b>				
Increase of 50 basis point	2,746.1	9,081.1	2,308.0	23,124.6
Decrease of 50 basis point	2,517.6	7,944.1	2,131.0	20,918.6
<b>Expected rate of Pension increases</b>				
Increase of 50 basis point	-	8,920.3	-	23,055.3
Decrease of 50 basis point	-	8,083.5	-	20,954.8
<b>Life expectancy</b>				
Increase by 1 year	-	8,626.8	-	22,352.7
Decrease by 1 year	-	8,338.4	-	21,561.2



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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 2021 (₹ in million)		31 December 2020 (₹ in million)	
	Gratuity Scheme Funded Plan	Pension Scheme Unfunded Plan	Gratuity Scheme Funded Plan	Pension Scheme Unfunded Plan
d) Weighted average duration of the defined benefit obligation	12 years	22.7 years	12 years	19.8 years
e) Expected contribution to the Trust	302.3	-	300.0	-

### 37. 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 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 2021 (₹ in million)	31 December 2020 (₹ in million)
Outstanding, non-vested RSU/ PSU grants as at year end	407.8	393.5
RSU/ PSU grants vested during the year	237.9	412.5
Recognised in statement of profit and loss	252.2	423.5

The details on number of grants is as under:-

	31 December 2021	31 December 2020
Outstanding, non-vested RSU/ PSU grants as at beginning of the year	70,919	77,269
RSU/ PSU grants granted during the year	22,335	45,299
RSU/ PSU grants vested/reversed during the year	31,524	51,649
Outstanding, non-vested RSU/ PSU grants as at year end	61,730	70,919
Weighted average share price used for valuation of grants at year end (In ₹)	10,427	8,631

### 38. Net provision for contingencies

The Company has created a contingency provision of ₹ 905.8 million (Previous year ₹ 1,088.9 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 ₹ 749.8 million (Previous year ₹ 580.2 million) due to the settlement of certain litigations and settlement of obligations for which provision is no longer required.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

The movement of provisions is given below:

Description	31 December 2021 (₹ in million)				31 December 2020 (₹ in million)			
	Provisions for contingencies				Provisions for contingencies			
	Litigations and related disputes		Others	Total	Litigations and related disputes		Others	Total
	Indirect Taxes	Other Litigations			Indirect Taxes	Other Litigations		
Opening balance	3,835.9	4,332.2	1,262.4	9,430.5	3,976.6	3,963.2	982.0	8,921.8
New provisions	243.9	433.9	228.0	905.8	403.8	386.4	298.7	1,088.9
Reversals/Utilisation during the year	(296.0)	-	(453.8)	(749.8)	(544.5)	(17.4)	(18.3)	(580.2)
<b>Closing balance</b>	<b>3,783.8</b>	<b>4,766.1</b>	<b>1,036.6</b>	<b>9,586.5</b>	<b>3,835.9</b>	<b>4,332.2</b>	<b>1,262.4</b>	<b>9,430.5</b>

**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, 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.

**39. Corporate Social Responsibility Expense**

	31 December 2021 (₹ in million)	31 December 2020 (₹ in million)
Prescribed CSR expenditure as per Section 135 of the Companies Act, 2013	527.5	463.0
(a) Total amount planned to be spent during the year	529.1	464.0
(b) Actual spends during the year	534.0	464.2
(c) Paid in Cash <sup>(1)</sup>		
- Pertaining to current year	534.0	460.2
- Pertaining to previous year	4.0	25.6
(d) Expenditure incurred during current year and remaining unpaid	0.0	4.0
(e) The Company does not wish to carry forward any excess amount spent during the current year		

- (1) Includes amount paid for acquisition/ construction of assets - 2021: Nil, 2020: Nil

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 40. (a) Tax expense

	Year ended 31 December 2021 (₹ in million)	Year ended 31 December 2020 (₹ in million)
<b>i Recognised in the statement of profit and loss</b>		
Current Tax	7,443.9	7,634.2
Deferred Tax	(54.8)	(330.6)
	<u>7,389.1</u>	<u>7,303.6</u>
<b>ii Recognised in other comprehensive income</b>		
Current Tax	(504.8)	(307.1)
Deferred Tax	(4.4)	(3.0)
	<u>(509.2)</u>	<u>(310.1)</u>
<b>Of which:</b>		
on re-measurement of retiral defined benefit plans	(509.7)	(311.2)
on changes in fair value of cash flow hedges	0.5	1.1
<b>Total Taxes</b>		
Current Tax	6,939.1	7,327.1
Deferred Tax	(59.2)	(333.6)
	<u>6,879.9</u>	<u>6,993.5</u>
<b>iii Reconciliation of tax expense recognised in the statement of profit and loss with Profit before tax (PBT) multiplied by the Statutory tax rate:</b>		

	Year ended 31 December 2021 (₹ in million)	Year ended 31 December 2020 (₹ in million)
<b>Profit before Tax</b>	<b>28,837.7</b>	28,127.9
Statutory Income tax rate	25.17%	25.17%
Tax expense @ Statutory Income tax rate	7,257.9	7,079.2
<b>Tax effect of permanent adjustments made for computing taxable income</b>		
Non-deductible expenses	197.0	138.0
Provision for contingencies	251.0	219.4
Income exempt from tax	(127.4)	(133.0)
Adjustment of current tax for prior periods	(189.4)	-
<b>Tax expense recognised in the statement of profit and loss</b>	<u>7,389.1</u>	<u>7,303.6</u>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(b) Movement in deferred taxes

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>

As at 31 December 2020

(₹ in million)

Particulars	Opening balance	Recognised in the statement of profit and loss	Recognised in other comprehensive income	Closing balance
<b>Deferred tax liabilities</b>				
Property, plant and equipment	1,579.2	(194.6)	-	1,384.6
<b>Sub-Total (A)</b>	<b>1,579.2</b>	<b>(194.6)</b>	<b>-</b>	<b>1,384.6</b>
<b>Deferred tax assets</b>				
Contingencies	1,063.0	52.9	-	1,115.9
Employee benefits- compensated absences and gratuity	289.2	76.1	4.0	369.3
ROU assets & lease liabilities	45.1	(0.8)	-	44.3
Allowance for credit impaired assets and Trade receivables	20.0	2.2	-	22.2
Other items deductible on payment basis	25.6	5.6	-	31.2
Financial Instruments	1.9	-	(1.0)	0.9
<b>Sub-Total (B)</b>	<b>1,444.8</b>	<b>136.1</b>	<b>3.0</b>	<b>1,583.9</b>
<b>Net Deferred Tax Liabilities/(Assets) (A-B)</b>	<b>134.4</b>	<b>(330.6)</b>	<b>(3.0)</b>	<b>(199.2)</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 41. Financial Instruments

#### (a) Financial instruments by category

	Note	As at 31 December 2021 (₹ in million)	As at 31 December 2020 (₹ in million)
<b>Financial assets</b>			
<b>i Measured at Amortised Cost</b>			
Investments			
Long Term Tax free Bonds	6	7,107.0	7,219.5
Treasury Bills - Government Securities	11	549.1	7,229.4
Long Term Tax free Bonds - Current portion	11	83.7	-
Trade receivables	12	1,652.7	1,649.3
Cash and cash equivalents	13	7,185.3	17,548.0
Bank Balances other than cash and cash equivalents	14	168.8	150.7
Loans	7,15	609.4	597.7
Other financial assets	16	472.9	541.4
		<u>17,828.9</u>	<u>34,936.0</u>
<b>ii Measured at Fair Value through Other Comprehensive Income</b>			
Investment in Equity Shares	6,18	188.8	188.8
		<u>188.8</u>	<u>188.8</u>
<b>iii Measured at Fair Value through Profit &amp; Loss</b>			
Derivative assets - forward contracts	16	21.1	48.2
		<u>21.1</u>	<u>48.2</u>
<b>Total Financial assets (i + ii + iii)</b>		<u><u>18,038.8</u></u>	<u><u>35,173.0</u></u>
<b>Financial Liabilities</b>			
<b>i Measured at Amortised Cost</b>			
Borrowings	21,24	340.6	348.4
Lease liabilities		2,317.6	1,126.5
Trade payables		17,348.5	15,165.8
Payables for capital expenditure		1,548.1	2,924.3
Others financial liabilities	25	3,563.6	3,680.6
		<u>25,118.4</u>	<u>23,245.6</u>
<b>ii Measured at Fair Value through Profit &amp; Loss</b>			
Derivative liabilities - forward contracts	25	22.7	7.0
		<u>22.7</u>	<u>7.0</u>
<b>Total Financial liabilities (i + ii)</b>		<u><u>25,141.1</u></u>	<u><u>23,252.6</u></u>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(b) Fair value hierarchy

	As at 31 December 2021 (₹ in million)	As at 31 December 2020 (₹ in million)
<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)	8,431.4	15,284.1
<b>(ii) Financial assets at fair value through other comprehensive income</b>		
Investment in Equity Shares (Level 3)	188.8	188.8
<b>(iii) Financial assets at fair value through profit &amp; loss</b>		
Derivative assets - forward contracts (Level 2)	21.1	48.2
<b>(iv) Financial liabilities at fair value through profit &amp; loss</b>		
Derivative liabilities - forward contracts (Level 2)	22.7	7.0

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

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

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

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

There are no transfers between different fair value hierarchy levels in 2020 and 2021.

(c) Financial Risk Management

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

(i) Liquidity risk

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



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### Maturities of financial liabilities:

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

(₹ in million)

	Carrying amount	Undiscounted Amount		Total
		Less than 1 year	Beyond 1 year	
<b>As at 31 December 2021</b>				
Borrowings	340.6	71.2	456.1	527.3
Lease liabilities	2,317.6	577.5	2,569.6	3,147.1
Trade payables	17,348.5	17,348.5	-	17,348.5
Payables for capital expenditure	1,548.1	1,548.1	-	1,548.1
Others financial liabilities	3,563.6	3,563.6	-	3,563.6
Derivative liabilities - forward contracts	22.7	22.7	-	22.7
	<b>25,141.1</b>	<b>23,131.6</b>	<b>3,025.7</b>	<b>26,157.3</b>
<b>As at 31 December 2020</b>				
Borrowings	348.4	31.2	531.0	562.2
Lease liabilities	1,126.5	498.7	772.1	1,270.8
Trade payables	15,165.8	15,165.8	-	15,165.8
Payables for capital expenditure	2,924.3	2,924.3	-	2,924.3
Others financial liabilities	3,680.6	3,680.6	-	3,680.6
Derivative liabilities - forward contracts	7.0	7.0	-	7.0
	<b>23,252.6</b>	<b>22,307.6</b>	<b>1,303.1</b>	<b>23,610.7</b>

### (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. 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.





NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Movement in expected credit loss allowance on trade receivables:

	31 December 2021 (₹ in million)	31 December 2020 (₹ in million)
Balance as at the beginning of the year	35.4	33.9
Movement during the year	9.2	1.5
Balance as at the end of the year	<u>44.6</u>	<u>35.4</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.

**Foreign currency risk**

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



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

		(₹ in million)			
Currency	As at 31 December 2021		As at 31 December 2020		
	Hedged <sup>(1)</sup>	Unhedged	Hedged <sup>(1)</sup>	Unhedged	
Against exports	USD	1,470.1	-	1,586.5	-
	EUR	-	2.2	-	2.2
	CHF	-	18.8	-	28.2
Against imports	USD	486.3	347.1	477.1	239.1
(Including Capital	EUR	643.0	282.7	309.2	2,374.7
imports)	AUD	167.1	4.0	174.6	47.4
	CHF	-	42.0	-	99.9
	GBP	-	125.1	-	694.9
	SGD	-	20.4	-	25.5
	JPY	-	21.7	-	106.4

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

### Sensitivity analysis :

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

		(₹ in million)			
Currency	As at 31 December 2021		As at 31 December 2020		
	Gain on appreciation	Loss on depreciation	Gain on appreciation	Loss on depreciation	
	USD	17.4	(17.4)	12.0	(12.0)
	EUR	14.0	(14.0)	118.6	(118.6)
	AUD	0.2	(0.2)	2.4	(2.4)
5% appreciation/depreciation	CHF	1.2	(1.2)	3.6	(3.6)
in Indian Rupees	GBP	6.3	(6.3)	34.7	(34.7)
	SGD	1.0	(1.0)	1.3	(1.3)
	JPY	1.1	(1.1)	5.3	(5.3)

### (d) 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.



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

	31 December 2021 (₹ in million)	31 December 2020 (₹ in million)
(i) Fair value of cash flow hedges		
Derivative assets	21.1	48.2
Derivative liabilities	22.7	7.0
(ii) Notional value of cash flow hedges	2,840.3	2,596.8
(iii) Movement in respect of designated cash flow hedges is summarised below:		
<b>Balance as at the beginning of the year</b>	<b>9.7</b>	<b>6.5</b>
Add : Gains/ (loss) recognised in other comprehensive income	(21.9)	82.5
Less: Gains/ (loss) reclassified to statement of profit and loss	(23.9)	78.2
Less: Net deferred taxes on the movement	0.5	1.1
<b>Balance as at the end of the year</b>	<b>11.2</b>	<b>9.7</b>

**42. 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.

**43. Auditors Remuneration<sup>(1)</sup>**

{included under Miscellaneous expense (Refer Note-34)}

	Year ended 31 December 2021 (₹ in million)	Year ended 31 December 2020 (₹ in million)
(i) Auditors' remuneration and expenses in respect of:		
a) Statutory audit	13.0	13.0
b) Audit of accounts for fiscal year and tax audit	3.6	3.6
c) Limited review of quarterly un-audited results	3.0	2.7
d) Certifications	1.5	0.5
e) Other assurance services	2.4	-
f) Audit of employee trust accounts	0.0	0.4
g) Out of pocket expenses for statutory audit and other matters	2.0	0.9
	<b>25.5</b>	<b>21.1</b>
(ii) Cost auditors' remuneration and expenses in respect of:		
a) Cost audit fees (including out of pocket expenses)	0.2	0.2
b) Certifications	-	0.1
	<b>0.2</b>	<b>0.3</b>

(1) excluding applicable taxes

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 44. Contingent liabilities and commitments

	As at 31 December 2021 (₹ in million)	As at 31 December 2020 (₹ in million)
<b>(i) Contingent liabilities</b>		
Claims against the Company not acknowledged as debts:		
Indirect Taxes	11.7	11.7
<b>(ii) Capital Commitments</b>		
Capital expenditure commitments remaining to be executed and not provided for [net of advances ₹ 145.0 million (previous year ₹ 339.0 million)]	1,860.9	3,142.3
<b>(iii)</b> The Hon'ble Supreme court of India in February 2019 passed a judgement relating to the definition of wages under the Provident Fund Act, 1952. However, there are interpretative aspects related to the judgement and the effective date from which it applies. The Company will keep evaluating its position based on further developments in this matter.		

### 45. 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 (Malaysia)	Nestlé Chile S.A.
Cereal Partners Poland	PT Nestlé Indonesia
CPW S.A.	Purina Petcare India Pvt. Ltd.
Néstéc York Ltd.	Sanpéllégrino S.p.A.
Nestlé (China) Ltd.	SMA Nutrition India Private Ltd.
Nestlé (South Africa) (Pty) Ltd.	Société des Produits Nestlé S.A. (SPN)
Nestlé (Thai) Ltd.	Nestlé Nederland B.V.
Nestlé Adriatic S DOO	Nestlé Nigeria Plc
Nestlé Asean (Malaysia) Sdn. Bhd.	Nestlé Operational Services Worldwide S.A.
Nestlé Australia Ltd.	Nestlé Philippines, Inc.
Nestlé Bangladesh Ltd.	Nestlé Products (Mauritius) Ltd.
Nestlé Bulgaria AD	Nestlé Products Sdn Bhd
Nestlé Business Services AOA, Inc.	Nestlé R&D Centre (Pte) Ltd.
Nestlé Canada Inc	Nestlé R&D Centre India Private Ltd.
Nestlé Central and West Africa	Nestlé Regional Service Centre
Nestlé Cote D'Ivoire	Nestlé ROH (Thailand) Ltd.
Nestlé Deutschland AG	Nestlé Singapore (Pte) Ltd.
Nestlé Dongguan Ltd.	Nestlé South Africa Pty Ltd.
Nestlé Dubai Manufacturing LLC	Nestlé Suisse S.A.
Nestlé Egypt S.A.E.	Nestlé Taiwan Ltd.
Nestlé Enterprises S.A.	Nestlé Turkiye Gida Sanayi A.S.
Nestlé France S.A.S.	Nestlé UK Ltd.
Nestlé Hungaria Kft.	Nestlé USA Inc
Nestlé Japan Ltd.	Nestlé Vietnam Ltd.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Nestlé Kenya Ltd.	Nestlé Waters Ethiopia
Nestlé Korea Ltd	Nestlé Waters Management & Technology
Nestlé Korea Yuhan Chaegi	Nestlé Waters S.A.S
Nestlé Lanka PLC	Nestrade S.A.
Nestlé Manufacturing (Malaysia) Sdn Bhd	Nestlé Middle East Manufacturing
Nestlé Middle East FZE	Lotte-Nestle Korea Co Ltd
Quality Coffee Products Ltd.	Nestlé International Travél Rétail
PJSC "Lviv Confectionery Factory svitoch"	Wyeth Nutritionals Ireland Limited
Sofinol S.A.	Wyeth Nutritionals (Singapore) Pte. Ltd.
Nestlé Rossiya LLC	

### (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  
Shobinder Duggal, Executive Director - Finance & Control and CFO (Executive Director- Finance & Control upto 31 December 2019 and CFO upto 29 February 2020)  
David Steven McDaniel, Executive Director - Finance & Control and CFO (w.e.f 1 March 2020)  
Martin Roemkens, Executive Director-Technical (upto 31 October 2020)  
Matthias Christoph Lohner, Executive Director-Technical (w.e.f 1 November 2020)

#### Independent non-Executive Directors

Rama Bijapurkar  
Rakesh Mohan (upto 30 June 2020)  
R. V. Kanoria  
Swati A. Piramal  
Roopa Kudva  
P R Ramesh (w.e.f. 1 July 2020)

### (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 2021 (₹ in million)	Year ended 31 December 2020 (₹ in million)
<b>Holding companies:</b>		
(a) Dividends		
- Nestlé S.A	6,610.3	6,478.1
- Maggi Enterprises Limited	5,492.7	5,382.9
(b) Expenses incurred		
- Nestlé S.A	237.9	412.5

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	Year ended 31 December 2021 (₹ in million)	Year ended 31 December 2020 (₹ in million)
<b>Fellow subsidiaries:</b>		
(a) Sale of finished and other goods		
- Nestlé Enterprises SA	2,239.9	-
- Nestrade S.A.	1,383.1	1,918.4
- Nestlé Bangladesh Limited	75.7	1,107.9
- Others	10.5	928.0
(b) Purchase of property, plant and equipment		
- Nestec York Ltd	73.4	-
- Nestrade S.A.	-	274.2
- Others	-	0.3
(c) Purchase of raw and packing materials		
- Nestrade S.A.	447.6	262.4
- Sofinol S.A.	-	213.0
- Others	46.6	54.1
(d) Purchase of finished goods		
- Nestlé Lanka PLC	380.3	164.8
- Nestrade S.A.	267.1	260.5
- Nestlé Enterprises SA	155.2	-
- Nestlé Korea Ltd	-	85.4
- Others	12.1	120.2
(e) General licence fees (net of taxes)		
- Société des Produits Nestlé S.A.	6540.5	5,928.5
- CPW S.A.	4.6	6.5
(f) Expenses recovered <sup>(1)</sup>		
- Nestlé Operational Services Worldwide S.A.	113.6	81.2
- Nestlé Lanka PLC	94.5	117.5
- Nestlé Bangladesh Ltd	70.4	54.2
- Nestlé R&D Centre India Private Limited	50.8	53.8
- Société des Produits Nestlé S.A.	43.8	118.6
- Others	137.0	92.2
(g) Expenses incurred		
- Nestlé R & D Center (Pte) Limited	41.5	23.8
- Société des Produits Nestlé S.A.	-	-
- Nestlé Francé S.A.S.	30.1	22.5
- Nestlé Operational Services Worldwide S.A.	19.8	75.4
- Others	39.2	50.6

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	Year ended 31 December 2021 (₹ in million)	Year ended 31 December 2020 (₹ in million)
(h) Information technology and management information systems		
- Nestlé Australia Ltd	787.5	852.5
(i) Loans granted		
- Purina Petcare India Private Ltd.	-	350.0
(j) Repayment of loans granted		
- Purina Petcare India Private Ltd.	-	350.0
(k) Interest on loans granted		
- Purina Petcare India Private Ltd.	-	13.2
<b>Entities Controlled by Key Management Personnel:</b>		
Purchase of raw and packing materials		
- Piramal Glass Private Limited	63.3	123.5
- Piramal Enterprises Limited	9.5	-
<b>Remuneration to Key Management personnel<sup>(2)</sup></b>		
Executive directors		
- Short term employee benefits	286.2	241.9
- Post employment benefits	5.9	5.4
- Share based payments	49.8	86.2
Non - Executive directors		
- Short term employee benefits (Sitting fee & Commission)	15.9	12.4
<b>Contribution to Employee related trusts</b>		
- Nestlé India Limited Employees' Provident Fund Trust	300.8	260.8
- Nestlé India Limited Employees' Gratuity Trust Fund	434.0	-
	<b>As at 31 December 2021 (₹ in million)</b>	<b>As at 30 December 2020 (₹ in million)</b>
<b>Balance outstanding as at the year end</b>		
Receivables from fellow subsidiaries	573.9	744.4
Payables to fellow subsidiaries	1,087.9	1,049.6
Payables to entities controlled by Key Managerial Personnel	3.9	41.9
Payables to Key management personnel	64.2	59.8
Payables to Employees' Provident Fund Trust	25.3	22.9

**Note:**

- (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.



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 46. 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. Accordingly, the disclosure requirements of Ind AS 108 are not applicable. The food business incorporates product groups viz. Milk Products and Nutrition, Prepared Dishes and Cooking aids, Powdered and Liquid Beverages and Confectionery.

#### Information by Geographies

##### (i) Revenue from external customers

	Year ended 31 December 2021 (₹ in million)	Year ended 31 December 2020 (₹ in million)
India	139,941.5	126,427.7
Outside India	6,395.7	6,473.9
	<u>146,337.2</u>	<u>132,901.6</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.

### 47. 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:

	31 December 2021 (₹ in million)	31 December 2020 (₹ in million)
(i) Principal amount remaining unpaid	2,808.7	1,139.9
(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

48. Dividends

(i) Dividend paid during the year

	Year ended 31 December 2021 (₹ in million)	Year ended 31 December 2020 (₹ in million)
Interim Dividend of ₹ 135.00 per share for 2021 [for 2020: ₹ 135.00 per share]	13,016.1	13,016.1
Final Dividend of ₹ 65.00 per share for 2020 [for 2019: ₹ 61.00 per share]	6,267.0	5,881.4

(ii) Proposed Final Dividend

The Board of Directors have recommended a final dividend of ₹ 65.00 per equity share amounting to ₹ 6,267.0 million for the year 2021 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'.

As per our report of even date attached  
For B S R & Co. LLP  
Chartered Accountants  
Firm's Registration No. - 101248W/W-100022

For and on behalf of the Board of Directors

VIKRAM ADVANI  
Partner  
Membership No. - 091765

SURESH NARAYANAN  
Chairman and Managing Director  
(DIN-07246738)

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

B. MURLI  
General Counsel &  
Company Secretary

17 February 2022  
New Delhi

17 February 2022  
Gurugram



## ANNEXURE - 1 TO THE BOARD'S REPORT

### REPORT ON CORPORATE GOVERNANCE FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2021

#### 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 2021 or for the year 2021, as applicable, is tabulated hereunder:

Director - Category	DIN	No. of Board Meetings attended <sup>#</sup>	Attendance at the last AGM on 07 <sup>th</sup> May 2021	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 2021
					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>							
Mr. P. R. Ramesh	01915274	7	Yes	5	3	1	<b>Independent Director</b> - Cipla Limited - Crompton Greaves Consumer Electricals Limited - Housing Development Finance Corporation Limited
Ms. Roopa Kudva	00001766	6	Yes	1	Nil	Nil	-
Ms. Rama Bijapurkar	00001835	6	Yes	8	3	2	<b>Independent Director</b> - Mahindra & Mahindra Financial Services Limited - ICICI Bank Limited <sup>C</sup> - Cummins India Limited - VST Industries Limited - Sun Pharmaceutical Industries Limited - Apollo Hospitals Enterprise Limited
Mr. Rajya Vardhan Kanoria	00003792	6	Yes	7	1	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
Dr. Swati A. Piramal	00067125	6	Yes	7	Nil	Nil	<b>Executive Director</b> - Piramal Enterprises Limited

# Directors attended all meetings through Video Conferencing/ Other Audio-Visual Means.



A Directorship in Companies registered under the Companies Act, 2013 or any earlier enactments, excluding Companies under Section 8 of the Companies Act, 2013.

B Only covers Membership/Chairpersonship of Audit Committee and Stakeholders Relationship Committee of public limited companies.

C Resigned w.e.f. 23<sup>rd</sup> January 2022.

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 Directors and the same is also in line with the Companies Act, 2013 ("the Act") and Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). As on 31<sup>st</sup> December 2021, the Board of Directors consisted of eight Directors comprising one Chairman and Managing Director, five Independent Directors including three Woman Directors, and two Executive Directors. None of the Independent Directors of the Company serves as an Independent Director in more than seven listed companies and where any Independent Director is serving as Whole-Time Director in any listed company, such Director is not serving as Independent Director in more than three listed companies.

During the year, the Board of Directors met seven times on 15<sup>th</sup> January 2021, 16<sup>th</sup> February 2021, 20<sup>th</sup> April 2021, 28<sup>th</sup> July 2021, 24<sup>th</sup> September 2021, 19<sup>th</sup> October 2021 and 11<sup>th</sup> November 2021. In the wake of COVID-19 pandemic and to adhere to the lockdown and social distancing norms, the directors participated in the meetings of the Board and Committees held during the year 2021 through video conferencing/ other audio-visual means. The meetings and agenda items taken up during the meetings complied with the Act and Listing Regulations read with various circulars issued by Ministry of Corporate Affairs ("MCA") and Securities Exchange Board of India ("SEBI") due to COVID-19 pandemic. 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 reports 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.

### Independent Directors

The Company has familiarisation programme for Independent 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 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 Directors was held on 16<sup>th</sup> February 2021 without the attendance of Non-Independent Directors and members of the management. All Independent Directors attended the said meeting through video conferencing/ other audio-visual means.

None of the Independent Non-Executive Directors held any equity share(s) or convertible instrument(s) of the Company during the financial year ended 31<sup>st</sup> December 2021. Further, none of the Directors had any relationships *inter-se*. The Independent Directors provided an annual confirmation that they meet the criteria of independence.

Based on the confirmations/ disclosures received from the Independent 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 Directors fulfil the criteria or conditions specified under the Act and under the Listing Regulations and are independent from the management.

During the year, none of the Independent Directors of the Company had resigned before the expiry of their respective tenure(s).

### Skills/ Expertise/ Competencies Matrix

The core skills/ expertise/ competencies as identified by the Board of Directors 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. The matrix below highlights the skills and expertise, which are currently available with the Board of Directors of the Company:

Key Skill Area	Skills/ Expertise/ Competencies	Suresh Narayanan	David Steven McDaniel	Matthias Christoph Lohner	Roopa Kudva	Rama Bijapurkar	Rajya Vardhan Kanoria	P. R. Ramesh	Swati A. Piramal
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		Y
	Operation Management & Risk Mitigation	Y	Y	Y			Y	Y	
	Finance Treasury and Audit		Y		Y		Y	Y	
	Information technology		Y						
Environment	Sustainability (water, sanitation, community development, nutrition) under Creating Shared Value/ CSR	Y	Y	Y	Y		Y		Y
	Scientific & Regulatory Affairs			Y				Y	Y
	Media, local interaction and environment assessment	Y	Y	Y	Y	Y			Y
	Climate change	Y		Y					Y
Other enablers	Innovation Management			Y					Y
	Human Resource & Talent	Y	Y	Y	Y	Y	Y	Y	Y
	Communications	Y	Y	Y	Y	Y	Y	Y	Y
	Board Governance and 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 2021.

## 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 Listing Regulations, as applicable, besides other terms as referred by the Board.

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 considered required and have full access to information contained in the records of the Company.

The role includes oversight of 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 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.

As on 31<sup>st</sup> December 2021, the Audit Committee comprised of Mr. P. R. Ramesh as Chairman, Mr. Rajya Vardhan Kanoria and Ms. Roopa Kudva 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 acts as the Secretary to the Audit Committee. The Executive Director – Finance & Control and CFO, Head of Financial Accounting, and Deputy Company Secretary are permanent invitees to the meetings of the Audit Committee. The Chief Internal Auditor, the concerned partners/ authorized representatives of Statutory Auditors and Cost Auditors are invited to the meetings of the Audit Committee. The Secretarial Auditors are invited to the meeting of the Audit Committee to present the Secretarial Audit Report and their findings.

During the year, the Audit Committee met six times on 16<sup>th</sup> February 2021, 20<sup>th</sup> April 2021, 28<sup>th</sup> July 2021, 24<sup>th</sup> September 2021, 19<sup>th</sup> October 2021 and 10<sup>th</sup> November 2021 and all members of the Audit Committee participated in the aforesaid meetings through video conferencing/ other audio-visual means except the meeting held on 28<sup>th</sup> July 2021 for which Ms. Roopa Kudva was granted leave of absence. The maximum gap between any two meetings was less than one hundred and twenty days. On 16<sup>th</sup> February 2021 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. 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 Directors and the Board; 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 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 Directors; and recommendation to the Board of Directors of all remuneration, in whatever form, payable to senior management.

As on 31<sup>st</sup> December 2021, the Nomination and Remuneration Committee comprised of Mr. Rajya Vardhan Kanoria as Chairman, Mr. P. R. Ramesh and Ms. Roopa Kudva as Members, all Independent Non-Executive Directors. The Company Secretary acts as the Secretary to the Nomination and Remuneration Committee. The Chairman and Managing Director, Head of Human Resources and Deputy Company Secretary 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 2021, 19<sup>th</sup> April 2021, 27<sup>th</sup> July 2021 and 18<sup>th</sup> October 2021 and all members of the Committee participated in the aforesaid meetings through video conferencing/ other audio-visual means except the meeting held on 27<sup>th</sup> July 2021 for which Ms. Roopa Kudva was granted leave of absence.

### **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. The discussion quality is robust, well intended and leads to clear direction and decision. The presentations by the Senior Management and their teams provides 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 also noted that implementation of the Board Portal helped in better flow of information and evaluate the proposals presented at the Board/ Committee meetings more effectively. The Board of Directors provided their inputs, *inter-alia*, on the on-boarding process of new directors, time allocation for the meetings and bringing in broad perspective on the global developments, strategies and priorities.



## Remuneration of Directors for the year 2021

(₹ in Millions)

Name of the Director	Sitting Fee	Salaries and Allowances	Perquisites	Company's Contribution to PF	Commission and Performance Linked Incentive	Total
Mr. Suresh Narayanan <sup>1</sup>	N.A.	92.41	59.08	3.37	33.21	188.07
Mr. David Steven McDaniel <sup>1</sup>	N.A.	53.66	14.33	1.35	11.35	80.70
Mr. Matthias Christoph Lohner <sup>1</sup>	N.A.	44.53	17.69	1.15	9.66	73.03
Ms. Rama Bijapurkar	0.83	-	-	-	2.00 @	2.83
Mr. Rajya Vardhan Kanoria	1.50	-	-	-	2.00 @	3.50
Ms. Roopa Kudva	1.30	-	-	-	2.00 @	3.30
Mr. P. R. Ramesh	1.60	-	-	-	2.00 @	3.60
Dr. Swati A. Piralal	0.65	-	-	-	2.00 @	2.65

<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 shorter notice.

@ Represents Commission for the year ended 31<sup>st</sup> December 2021, which will be paid after adoption of the accounts by the shareholders at the Annual General Meeting, subject to deduction of applicable tax.

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 Company's performance. This creates alignment with the strategy and business priorities to enhance shareholder value. The total reward package for executive directors is intended to be market competitive with strong linkage to performance in line with Company's 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 ₹ 2,500,000/- (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 non-executive directors was approved by the Board of Directors with the interested non-executive directors, not participating or voting, as per the terms approved by the shareholders at the Annual General Meeting. Further, none of the Non-Executive Directors had any material pecuniary relationship or transaction *vis-à-vis* the Company during the year under review, other than payment of sitting fee and commission, as mentioned 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 63<sup>rd</sup> Annual General Meeting 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 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 Companies Act, 2013 and Regulation 20 of the Listing Regulations.

As on 31<sup>st</sup> December 2021, the Stakeholders Relationship Committee comprised of Ms. Rama Bijapurkar, Independent Non-Executive Director as Chairperson, Mr. Rajya Vardhan Kanoria, Independent Non-Executive Director and Mr. David Steven McDaniel, Executive Director- Finance & Control and CFO as Members. The Company Secretary acts as the Compliance Officer and the Deputy Company Secretary is a permanent invitee to the meetings of the Stakeholders Relationship Committee.

During the year, the Stakeholders Relationship Committee met four times on 16<sup>th</sup> February 2021, 19<sup>th</sup> April 2021, 27<sup>th</sup> July 2021 and 18<sup>th</sup> October 2021. All members of the Committee participated in the aforesaid meetings through video conferencing/ other audio-visual means.

During the year, three complaints were received from shareholders and investors. 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 COMMITTEE

The roles and responsibilities of the Risk Management Committee are as prescribed under Regulation 21 of the Listing Regulations and includes 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 has, *inter-alia*, formulated a detailed Risk Management Policy as prescribed under the Listing Regulations.

During the year, Mr. P. R. Ramesh and Ms. Roopa Kudva, Independent Non-Executive Directors, were appointed as members of the Risk Management Committee with effect from 20<sup>th</sup> April 2021. Mr. Matthias Christoph Lohner, Executive Director-Technical, ceased to be the member of the Risk Management Committee on 20<sup>th</sup> April 2021. As on 31<sup>st</sup> December 2021, the Risk Management Committee comprised of Mr. Suresh Narayanan (Chairman), Mr. P. R. Ramesh, Ms. Roopa Kudva and Mr. David Steven McDaniel, as Members. The Company Secretary acts as the Secretary to the Risk Management Committee and the Executive Director-Technical and Deputy Company Secretary are permanent invitees to the meetings of the Risk Management Committee.

During the year, the Risk Management Committee met four times on 15<sup>th</sup> March 2021, 27<sup>th</sup> July 2021, 24<sup>th</sup> September 2021 and 18<sup>th</sup> October 2021. All the members of the Risk Management Committee participated in the aforesaid meetings through video conferencing/ other audio-visual means except Ms. Roopa Kudva who was granted leave of absence for the meeting held on 27<sup>th</sup> July 2021.

## 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 has formulated an Annual Action Plan pursuant to the CSR Rules and the CSR Policy of the Company, as amended from time to time.

As on 31<sup>st</sup> December 2021, the Corporate Social Responsibility Committee comprised of Dr. Swati A. Piramal Independent Non-Executive Director, as Chairperson, Ms. Rama Bijapurkar, Independent Non-Executive Director, Mr. Suresh Narayanan, Chairman

and Managing Director and Mr. David Steven McDaniel, Executive Director – Finance & Control and CFO, as Members. The Company Secretary acts as the Secretary to the Corporate Social Responsibility Committee. The Deputy Company Secretary is permanent invitee to the meetings of the Corporate Social Responsibility Committee.

During the year, the CSR Committee met thrice on 16<sup>th</sup> February 2021, 27<sup>th</sup> July 2021 and 18<sup>th</sup> October 2021. All the members attended these meetings except for Ms. Rama Bijapurkar, who was granted leave of absence for the meeting held on 27<sup>th</sup> July 2021 and Dr. Swati A. Piramal who was granted leave of absence for the meetings held on 16<sup>th</sup> February 2021 and 18<sup>th</sup> October 2021. Mr. Suresh Narayanan acted as Chairperson for these meetings in place of Dr. Swati A. Piramal. All the CSR Committee Meetings were held through video conferencing/ other audio-visual means.

## GENERAL BODY MEETINGS

Required details of last three Annual General Meetings (AGMs), are as below:

AGM	Date & Time	Venue	Special Resolution(s)
62 <sup>nd</sup>	7 <sup>th</sup> May 2021 At 10:00 A.M. (IST)	Through Video Conferencing / Other Audio-Visual Means (Deemed venue of the meeting: 100/ 101, World Trade Centre, Barakhamba Lane, New Delhi-110001)	No Special Resolution was passed in this meeting.
61 <sup>st</sup>	19 <sup>th</sup> June 2020 At 10:00 A.M. (IST)	Through Video Conferencing / Other Audio-Visual Means (Deemed venue of the meeting: 100/ 101, World Trade Centre, Barakhamba Lane, New Delhi-110001)	No Special Resolution was passed in this meeting.
60 <sup>th</sup>	25 <sup>th</sup> April 2019 At 10:00 A.M. (IST)	Air Force Auditorium, Subroto Park, New Delhi-110010	Re-appointment of Mr. Rajya Vardhan Kanoria as an Independent Non-Executive Director for second term of five consecutive years w.e.f. 13 <sup>th</sup> May 2019 to 12 <sup>th</sup> May 2024

During the year, no special resolution was passed through postal ballot. There is no special resolution proposed to be conducted through postal ballot.

## MEANS OF COMMUNICATION

The quarterly 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>. All official press releases, presentations made to analysts and institutional investors and other general information about the Company are also available on the website of the Company.

The presentations made to the analysts and institutional investors, if any, are not communicated individually to the shareholders of the Company. However, in addition to uploading the same on the website of the Company at <https://www.nestle.in/investors/analystsmeet>, the presentations are submitted to Stock Exchange for dissemination.





## GENERAL SHAREHOLDER INFORMATION

### Annual General Meeting@

Day, Date and Time	: Wednesday, 30 <sup>th</sup> March 2022 at 10:00 A.M. (IST)
Venue	: Annual General Meeting 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 Calendar, 2022 (tentative)@

First Quarter Results	: Third/ Fourth Week of April 2022
Second Quarter and Half-yearly Results	: Third/ Fourth week of July 2022
Third Quarter Results	: Third/ Fourth week of October 2022
Annual Results	: Second/ Third week of February 2023
Financial Year	: 1 <sup>st</sup> January to 31 <sup>st</sup> December
Record Date	: 8 <sup>th</sup> April 2022

**Dividend payments@:** Final Dividend of ₹ 65/- per equity share has been recommended by the Board of Directors and subject to the approval of the shareholders at the ensuing 63<sup>rd</sup> Annual General Meeting is proposed to be paid on and from 26<sup>th</sup> April 2022 (payment date).

The interim dividends for the year 2021 of ₹ 25/- per equity share and ₹ 110/- per equity share of ₹10/- each, were paid on and from 19<sup>th</sup> May 2021 and 16<sup>th</sup> November 2021, respectively.

### Listing on Stock Exchanges and Stock Code

Shares of the Company are listed at 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, 2021 on the BSE Limited, Mumbai

Month	High (₹)	Low (₹)	Month	High (₹)	Low (₹)
January	18,621.05	16,961.20	July	18,446.55	17,361.95
February	17,634.60	15,900.00	August	20,333.80	17,666.45
March	17,261.45	16,075.15	September	20,599.95	19,320.35
April	17,863.85	16,271.45	October	20,200.00	18,611.00
May	17,894.00	16,267.05	November	19,588.75	18,569.00
June	18,175.00	17,334.35	December	19,795.00	18,606.30

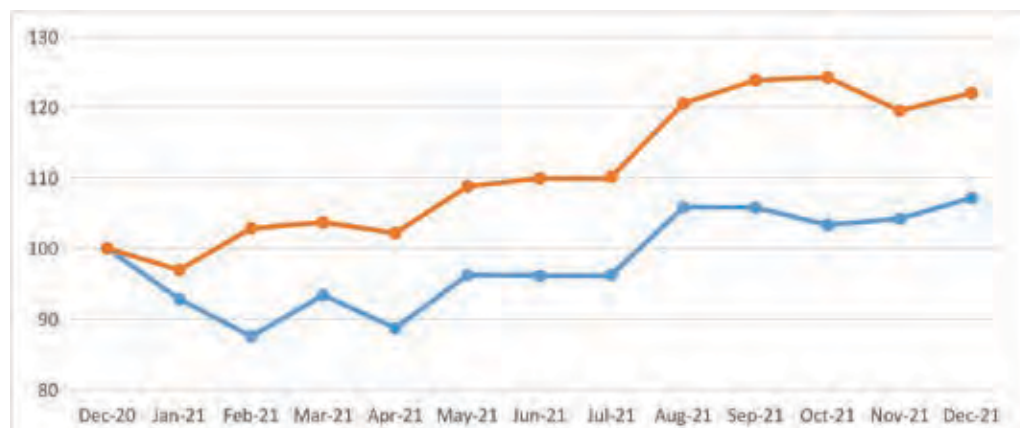
[Source: [www.bseindia.com](http://www.bseindia.com)]

The Company had paid Annual Listing Fees for the Financial Year 2021-2022.

### Performance in comparison to BSE Sensex

(Closing value of Nestlé share price vs BSE Sensex on the last trading day of the month)

Base is considered to be 100 as at 31<sup>st</sup> December 2020



[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 2021

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	3,643,136	3.78
Alternate Investment Fund	133,073	0.14
Foreign Portfolio Investor	11,906,396	12.35
Financial Institutions/ Banks	61,669	0.06
Insurance Companies	3,769,797	3.91
Central/ State Government(s)	1,600	0.00
Individuals	12,834,894	13.31
NBFCs	6,817	0.01
Any Other		
- Bodies Corporate	1,900,988	1.97
- Overseas Corporate Body	500	0.00
- NRIs	802,394	0.83
- Trust	493,172	0.51
- IEPF Authority	100,458	0.10
- HUF	221,260	0.23
- Clearing Members	24,483	0.03
<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 2021

Number of Shares	Number of Shareholders	Number of Shares	Percentage of total Shares
1 to 500	182,110	4,562,733	4.73
501 to 1,000	2,314	1,669,293	1.73
1,001 to 2,000	1,014	1,435,121	1.49
2,001 to 3,000	363	905,835	0.94
3,001 to 4,000	189	660,579	0.68
4,001 to 5,000	123	557,807	0.58
5,001 to 10,000	256	1,850,773	1.92
10,001 and above	393	84,773,575	87.93
<b>Total</b>	<b>186,762</b>	<b>96,415,716</b>	<b>100.00</b>

### Dematerialisation of shares

99.40% equity shares of the Company are in dematerialised form as on 31<sup>st</sup> December 2021.

### 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 2021.

### Commodity price risk or foreign exchange risk and hedging activities

The Company does not have any exposure hedged through commodity derivatives. During the year 2021, 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. 41 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, Fax. No.: 011-23415130

**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 and opportunities 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 Results 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 of the Board.

In order to foster an improved internal control culture in the Company, wherein every employee is fully aware of all the major risk/ controls 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.

Your 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 2021 was 7,910.

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 2021.

#### **DISCLOSURES**

During the year 2021, 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. 45 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., Practising 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 appearing as “Annexure – I”.

During the year 2021, total fees for all services has been paid by the Company to the Statutory Auditors, M/s. B S R & Co. LLP, Chartered Accountants, and all the entities forming part of the same network, aggregated to ₹ 25.5 million.

During the year 2021, the Board of Directors accepted all recommendations of the Committees of the Board of Directors, which are 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 policy and robust mechanism in place to redress complaints reported under it. The Company has complied with provisions relating to the constitution of Internal Complaints Committee under POSH. The Internal Committee is composed of internal members and an external member who has extensive experience in the field. In 2021, one case of sexual harassment was reported in the Company, which has been investigated and resolved as per the provisions of the POSH.

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 2021 or as on 31<sup>st</sup> December 2021 are in compliance with all applicable requirements of Listing Regulations.

The status of adoption of the non-mandatory 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 and uploaded on the website of the Company at [www.nestle.in](http://www.nestle.in); **(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 : 17<sup>th</sup> February 2022

Place : Gurugram

Suresh Narayanan

Chairman and Managing Director

@ For administrative reasons, the Company postponed the 63<sup>rd</sup> AGM; the Record Date and Payment Date for Final Dividend. Accordingly, the relevant information has been updated in the “**GENERAL SHAREHOLDER INFORMATION**” section of the Corporate Governance Report for the year ended 31<sup>st</sup> December 2021:

### Annual General Meeting

Day, Date and Time : Tuesday, 12<sup>th</sup> April 2022 at 10:00 A.M. (IST)  
Venue : Annual General Meeting 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 Calendar, 2022 (tentative)

First Quarter Results : Third/ Fourth Week of April 2022  
Second Quarter and Half-yearly Results : Third/ Fourth week of July 2022  
Third Quarter Results : Third/ Fourth week of October 2022  
Annual Results : Second/ Third week of February 2023  
Financial Year : 1<sup>st</sup> January to 31<sup>st</sup> December  
Record Date : 22<sup>nd</sup> April 2022

**Dividend payments:** Final Dividend of ₹ 65/- per equity share has been recommended by the Board of Directors and subject to the approval of the shareholders at the ensuing 63<sup>rd</sup> Annual General Meeting is proposed to be paid on and from 6<sup>th</sup> May 2022 (payment date).

On behalf of the Board of Directors

Date : 4<sup>th</sup> March 2022

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 2021 and Financial Year ending 31<sup>st</sup> December 2022 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.

Due to the pandemic caused by COVID – 19 and prevailing lockdowns/ restrictions on movement of people imposed by the Government, for the purpose of issuing this certification, we have conducted our audit remotely based on the records and information made available to us by the Company electronically.

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 (DIN) 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 2021, 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.

Sr. 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	Ms. Rama Bijapurkar	00001835	01-05-2017	-
05	Ms. Roopa Kudva	00001766	01-01-2019	-
06	Mr. David Steven McDaniel	08662504	01-03-2020	-
07	Mr. Prathivadibhayankara Rajagopalan Ramesh	01915274	01-07-2020	-
08	Mr. Matthias Christoph Lohner	08934420	01-11-2020	-



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 2021.

**For S. N. ANANTHASUBRAMANIAN & Co.**  
**Company Secretaries**  
**ICSI Unique Code P1991MH040400**  
**Peer Review Cert. No.: 606/2019**

**Date : 14<sup>th</sup> February 2022**  
**Place : Thane**

**S. N. Ananthasubramanian**  
**Partner**  
**FCS : 4206**  
**COP No. : 1774**  
**ICSI UDIN : F004206C002575489**

## **Independent Auditors' Certificate on Compliance with the Corporate Governance requirements under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

To the Members of **Nestlé India Limited**

1. This certificate is issued in accordance with our engagement letter dated 2<sup>nd</sup> August 2018 and addendum to the engagement letter dated 29<sup>th</sup> January 2020.
2. We, B S R & Co. LLP, the Statutory Auditors of Nestlé India Limited have examined the compliance of conditions of Corporate Governance by Nestlé India Limited ("the Company") for the year ended 31<sup>st</sup> December 2021 as stipulated in Regulations 17-27, clause (b) to (i) of Regulation 46 (2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") pursuant to the Listing Agreement of the Company with the stock exchange.

### **Management's Responsibility for compliance with the conditions of Listing Regulations**

3. The compliance of conditions of Corporate Governance as stipulated under the listing regulations is the responsibility of the Company's Management including the preparation and maintenance of all the relevant records and documents. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of Corporate Governance stipulated in the Listing Regulations.

### **Auditors' Responsibility**

4. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. Pursuant to the requirements of the Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as stipulated in Listing Regulations for the year ended 31<sup>st</sup> December 2021.
6. We conducted our examination of the above corporate governance compliance by the Company in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) and Guidance Note on Certification of Corporate Governance both issued by the Institute of the Chartered Accountants of India (the "ICAI"), in so far as applicable for the purpose of this certificate. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

### **Opinion**

8. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations.
9. We state that such compliance 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 of the Company.

### **Restriction on Use**

10. The certificate is addressed and provided to the Members of the Company solely for the purpose of enabling the Company to comply with the requirement of the Listing Regulations and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

Place : Gurugram  
Date : 17<sup>th</sup> February 2022

*For B S R & Co. LLP*  
*Chartered Accountants*  
Firm Registration No.: 101248W/W-100022

**Vikram Advani**  
*Partner*  
Membership No.: 091765  
UDIN: 22091765ACXLHY3102





## 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 efforts 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 partnership. It continues to engage with stakeholders including communities, academia, civil society, expert organisations and would take up such CSR activities that have been aligned with national priorities such as health, 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.).

Your Company believes that it has an essential role to play during the COVID-19 pandemic and is deeply committed to its responsibility to people in this hour of need. On the ground, your Company is mobilizing substantial local relief efforts in the communities where it operates and in the areas where relief was most required. Through the key CSR programmes including Nestlé Healthy Kids Programme, Project Jagriti, Project Vriddhi and Project Serve Safe Food - social media and phone calls in collaboration with NGO partners have been used to educate community members on the precautions to be taken to prevent COVID-19 pandemic. The on-going CSR programmes have been transformed, navigating new realities and working tirelessly to ease the suffering and ensuring beneficiaries of the societal initiatives are not left behind.

#### 2. Composition of CSR Committee:

Sl. 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 (Independent Director)	3	1
2	Mr. Suresh Narayanan	Member (Chairman & Managing Director)	3	3
3	Ms. Rama Bijapurkar	Member (Independent Director)	3	2
4	Mr. David Steven McDaniel	Member (Executive Director – Finance & Control and CFO)	3	3

#### 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 include nutrition, health and breastfeeding awareness programmes; plastic waste management awareness; providing access to clean drinking water and sanitation; enhancing the livelihood of street food vendors and the initiative of village adoption for integrated and holistic development. Building on these efforts, your Company joined hands with credible NGOs, implementing partners and authorities engaged in providing relief efforts in the communities impacted by COVID-19 pandemic across various states in India. 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).

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 details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report).**

The Company in line with sub rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, shall initiate steps to conduct impact assessment of CSR Projects through an independent agency from financial year 2022 for applicable projects. There are no projects completed after 22<sup>nd</sup> January 2021 for which impact assessment is applicable for financial year 2021.

**5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any.**

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹ Million)	Amount required to be set- off for the financial year, if any (in ₹ Million)
None			

**6. Average net profit of the company as per section 135(5): ₹ 26,376 million**

- 7. a) Two percent of average net profit of the company as per section 135(5): ₹ 527.5 million**
- b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: Nil**
- c) Amount required to be set off for the financial year, if any: Nil**
- d) Total CSR obligation for the financial year (7a + 7b- 7c): ₹ 527.5 million**

**8. a) 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)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
534	Not applicable				

**b) Details of CSR amount spent against ongoing projects for the financial year:**



(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)				
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Project duration	Amount allocated for the project (in ₹ Million)	Amount spent in the current financial Year (in ₹ Million)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹ Million)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency				
				State	District						Name	CSR Registration number			
1. 1a)	Project Jagriti	i	Yes	Delhi, Rajasthan, Uttar Pradesh, Maharashtra, Himachal Pradesh	West Delhi, Lucknow, Banda, Kaushambi, Varanasi, Allahabad, Sri Ganganagar, Churu, Nagpur, Mandi, Chamba	Duration: 01/02/2019 to 31/01/2022	42.8	42.8	NA	No	MAMTA-Health Institute for Mother and Child	CSR000 01978			
1b)				Odisha	Balangir, Nuapada	Duration: 01/02/2020 to 31/01/2022	13.1	13.1							
2. 2a)	Nestlé Healthy Kids Programme	i	Yes	Bihar, Gujarat	Patna, Ahmedabad	Duration: 01/04/2021 to 31/03/2022	13.7	13.7	NA	No	Magic Bus India Foundation	CSR000 01330			
2b)				Punjab, Himachal Pradesh, Gujarat, Karnataka	Ludhiana Kangra Ahmedabad Mysuru	Duration 2021 to 2022	1.0	1.0	NA	No	Punjab Agricultural University,	CSR000 04505	CSK Himachal Pradesh Agriculture University,	CSR000 14404	Gujarat University,

3	Clean Drinking Water	i	Yes	Haryana; Tamil Nadu; Punjab; Rajasthan; Maharashtra; Karnataka; West Bengal	Panipat, Sonapat, Karnal, Jind, Gurgaon, Nilgiris, Barnala, Moga, Ferozepur, Ludhiana, Faridkot, Tarn Taran, Jaipur, Chittorgarh, Pali, Dholpur, Nagaur, Alwar, Karauli, Bikaner, Barmer, Ajmer, Thane, Palghar, Mysuru, Kolkata	Duration: 2019, 2020, 2021, 2022 for various locations	8.5	8.5	NA	No	Enable Health Society	CSR000 02965
4	Employee Volunteering Programme	i, iv	Yes	Delhi, Haryana Maharashtra, West Bengal, Tamil Nadu	Delhi, Gurgaon, Mumbai, Kolkata, Chennai	Duration: 15/06/2021 to 14/05/2022	0.4	0.4	NA	Yes	Mitra Technology foundation (i-volunteer)	CSR000 00698
5. 5a)	Hilldaari	iv	Yes	Uttarakhand	Dehradun	Duration: 15/11/2019 to 31/03/2022	6.7	6.7	NA	No	Stree Mukti Sanghatana	CSR000 01126
5b)				Uttarakhand	Nainital	Duration: 11/11/2019 to 10/11/2022	8.1	8.1				
5c)				Himachal Pradesh	Chamba	Duration: 01/04/2021 to 14/01/2022	3.4	3.4				
5d)				Goa	South Goa	Duration: 01/07/2020 to 30/06/2023	9.7	9.7				
5e)				Maharashtra	Satara	Duration: 11/11/2020 to 10/11/2023	8.9	8.9				
5f)				Kerala	Idukki	Duration: 25/01/2021 to 24/01/2022	7.9	7.9				
6.	Project Serve Safe Food	ii	No	Bihar	Gaya	Duration: 1/10/2021 to 31/12/2022	0.2	0.2	NA	No	Nidan	CSR000 02619
7. 7a)	Project Vriddhi	x	No	Haryana	Nuh	01/04/2019 to 31/03/2022	0.7	0.7	NA	No	S.M. Sehgal Foundation	CSR000 00262
7b)						01/06/2021 to 31/05/2024	3.0	3.0				
	<b>Total</b>						<b>128.1</b>	<b>128.1</b>				

**c) Details of CSR amount spent against other than ongoing projects for the financial year:**

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/No)	Location of the project		Amount spent for the project (in ₹ Million)	Mode of implementation -Direct (Yes/No)	Mode of implementation – Through implementing agency	
				State	District			Name	CSR registration number
1. 1a)	Nestlé Healthy Kids Programme	i	Yes	Bihar, Gujarat	Patna, Ahmedabad	6.7	No	Magic Bus India Foundation	CSR00001330
1b)				Andhra Pradesh, Assam, Chhattisgarh, Delhi, Gujarat, Haryana, Jammu & Kashmir, Jharkhand, Ladakh, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Odisha, Punjab, Rajasthan, Tamil Nadu, Telangana, Uttar Pradesh, West Bengal, Mizoram	East Delhi, South Delhi, North Delhi, Jaipur, Dholpur, Ajmer, Karnal, Rohtak, Ludhiana, Lucknow, Jammu, Leh, Mysore, Raichur, Vishakapatnam, Rajahmundry, Hyderabad, Ramanathpuram, Chennai, Wayanad, Kochi, Kolkata, Guwahati, Mamit, Raipur, Keonjhar, Ranchi, Mumbai, Pune, Gadchiroli, Vidisha, Khandwa, Bharuch	98.4			
2.	Clean Drinking Water	i	Yes	Punjab, Himachal Pradesh, Goa, Karnataka	Moga, Taran Taran, Faridkot, Barnala, Firozpur, Ludhiana, Bhatinda, Amritsar, Una, North Goa and South Goa, Mysuru	18.8	Yes		
3.	Sanitation	i	Yes	Punjab, Haryana, Uttarakhand, Himachal Pradesh, Karnataka, Kerala, Rajasthan, Maharashtra, Goa, Tamil Nadu, Telangana, Odisha	Moga, Barnala, Faridkot, Ferozpur, Panipat, Udham Singh Nagar, Una, Mysuru, Wayanad, Ajmer, Barmer, Jhalawar, Jaisalmer, Palghar and Kolhapur, South Goa and North Goa, Nilgiris, Salem, Siddipet, Sangareddy, Ranga Reddy, Khorda	38.7	Yes		
4.	Park Maintenance	iv	Yes	Punjab, Himachal Pradesh	Moga, Una	1.0	Yes		
5.	Project Serve Safe Food	ii	No	Tamil Nadu, Uttar Pradesh	Kancheepuram, Chengalpet, Salem, Lucknow, Varanasi	6.9	No	Nidan	CSR00002619

6.	Disaster management and Covid-19 Relief Efforts	i and xii	Yes	Assam, Bihar, Chandigarh, Delhi, Gujarat, Jharkhand, Himachal Pradesh, Karnataka, Madhya Pradesh, Maharashtra, Odisha, Punjab, Rajasthan, Tamil Nadu, Uttar Pradesh, Uttarakhand	Hyderabad, Nellore, Vijayawada, Tirupati, Vishakapatnam, Itanagar, Jorhat, Sivasagar, Tinsukia, Dibrugarh, Nagaon, Cachar, Kamrup, Kamrup Metropolitan, Kokrajhar, West Karbi Anglong, Jamui, Patna, Muzaffarpur, Gaya, Bhagalpur, Vaishali, Durg, North Delhi, East Delhi, West Delhi, North East Delhi, North Goa, Ahmedabad, Surat, Bhavnagar, Bhuj, Baroda, Panipat, Solan, Una, Dhanbad, Ranchi, Hazaribagh, Bokaro, Dumka, Singhbhum, Tumkur, Devanahalli, Bangalore, Bidar, Gulbarga, Yadagiri, Gadag, Bellary, Mandya, Thrissur, Ernakulam, Thiruvananthapuram, Idduki, Mumbai, Thane, Kolhapur, Wardha, Pune, Nagpur, East Imphal, West Imphal, East Khasi Hills, South-west Khasi, Indore, Jabalpur, Gwalior, Bhopal, Ujjain, Kohima, Dimapur, Cuttack, Murshidabad, Ganjam, Sambalpur, Rayagada, Koraput, Malkangiri, Kalahandi, Khordha, Puri, Sundergarh, Moga, Barnala, Chandigarh(UT), Jaipur, Jodhpur, Bikaner, East Sikkim, Malkajigiri, Kamareddy, Hyderabad, Chennai, Mysore, Nilgiris, Coimbatore, Kanyakumari, Puducherry(UT), Chengalpatu, Tiruvallur, Pudukottai, Mayiladuthurai, Tiruchirappalli, Madurai, Thanjavur, Dindigul, Tuticorin, Ramnathapuram, Krishnagiri, Virudhunagar, Sivaganga, West Tripura, North Tripura, Dehradun, Nainital, Haridwar, Udham Singh Nagar, Varanasi, Gautam Budha Nagar, Ghaziabad, Mathura, Bankura, North 24 Parganas, Darjeeling, Jalpaiguri, Howrah, Burdwan, South 24 Parganas, Hooghly, Nadia	208.7	Yes	Akshaya Patra Charities Aid Foundation BOSCONET NIDAN INDIAN JAYCEES CHARITABLE TRUST Save the Children India Indian Association for the Blind Cheshire Disability Trust Stree Mukti Sanghatana CREDIT I	CSR00000286 CSR00001692 CSR00001441 CSR00002619 CSR00007800 CSR00000158 CSR00005510 CSR00004844 CSR00001126 CSR00003577
	<b>Total</b>					<b>379.2</b>			

(d) Amount spent in Administrative Overheads : ₹ 26.7 Million

(e) Amount spent on Impact Assessment, if applicable : Not applicable

(f) Total amount spent for the Financial Year (8b + 8c + 8d + 8e) : ₹ 534 Million

(g) Excess amount for set off, if any : Nil

Sl. No.	Particular	Amount (in ₹ Million)
(i)	Two percent of average net profit of the company as per section 135(5)	527.5
(ii)	Total amount spent for the Financial Year	534
(iii)	Excess amount spent for the financial year [(ii)-(i)]	6.5
(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 does not wish to carry forward any excess amount spent during the year 2021.

#### 9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹ Million)	Amount spent in the reporting Financial Year (in ₹ Million).	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in ₹ Million)
				Name of the Fund	Amount (in ₹ Million).	Date of transfer.	
<b>Not Applicable</b>							

#### (b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No	Project ID.	Name of the Project.	Financial Year in which the project was commenced.	Project duration.	Total amount allocated for the project (in ₹ Million).	Amount spent on the project in the reporting Financial Year (in ₹ Million).	Cumulative amount spent at the end of reporting Financial Year. (in ₹ Million)	Status of the project - Completed /Ongoing.
1a)	CSR/2019/JAG/01	Project Jagriti	2019	01/02/2019 to 31/01/2022	166.9	87.5	154.1	Ongoing
1b)	CSR/2020/JAG/01		2020	01/02/2020 to 31/01/2022	33.3	20.1	28.9	Ongoing
2)	CSR/2019/CDW/01	Clean Drinking Water	2019	2019 to 2022	59.7	15.3	42.8	Ongoing
3a)	CSR/2019/HIL/01	Hilldaari	2019	15/11/2019 to 31/03/2022	18.0	10.9	17.0	Ongoing
3b)	CSR/2019/HIL/02		2019	11/11/2019 to 10/11/2022	29.9	12.8	21.0	Ongoing
3c)	CSR/2020/HIL/01		2020	01/07/2020 to 30/06/2023	33.1	14.4	17.1	Ongoing
3d)	CSR/2020/HIL/02		2020	11/11/2020 to 10/11/2023	31.7	11.6	11.6	Ongoing
4)	CSR/2019/VRI/01	Project Vriddhi	2019	01/04/2019 to 31/03/2022	10.7	2.3	10	Ongoing
<b>Total</b>					<b>383.3</b>	<b>174.9</b>	<b>302.5</b>	

- 
10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details): Not Applicable
- a) Date of creation or acquisition of the capital asset(s): Not Applicable
- b) Amount of CSR spent for creation or acquisition of capital asset: Not Applicable
- c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc: Not Applicable
- d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset): Not Applicable
11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5): Not Applicable

On behalf of the Board of Directors

Date: 17<sup>th</sup> February 2022

Swati Ajay Piramal  
Chairperson – Corporate Social  
Responsibility Committee  
Place: Mumbai

Suresh Narayanan  
Chairman and Managing Director  
Place: Gurugram



## ANNEXURE – 3 TO THE BOARD’S REPORT

### BUSINESS RESPONSIBILITY REPORT

#### SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

Sr. No.	Particulars	Details	
1.	Corporate Identity Number (CIN) of the Company	L15202DL1959PLC003786	
2.	Name of the Company	NESTLÉ INDIA LIMITED	
3.	Registered address	100 / 101, World Trade Centre, Barakhamba Lane, New Delhi – 110001	
4.	Website	www.nestle.in	
5.	E-mail id	investor@in.nestle.com	
6.	Financial Year reported	31-12-2021	
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	Food Processing Industry (covered under various codes as specified under NIC 1987 covering food products)	
8.	List three key products/services that the Company manufactures/ provides (as in balance sheet)	Product	ITC Code
		1. Milk Products and Nutrition	0402, 1901
		2. Prepared Dishes and Cooking Aids	1902, 2103
		3. Beverages	2101
9.	Total number of locations where business activity is undertaken by the Company	Please also refer to the Corporate Information page of the Annual Report 2021	
	(a) Number of International Locations (Provide details of major 5)	Exports to Bangladesh, Canada, USA, UK and UAE	
	(b) Number of National Locations	9 manufacturing locations, 4 sales branches, Head office and nation-wide sales and distribution network	
10.	Markets served by the Company: Local/ State/ National/ International	All India and 30 international markets	

#### SECTION B: FINANCIAL DETAILS OF THE COMPANY

Sr. No.	Particulars	Details
1.	Paid up Capital (INR)	₹ 964.2 Million
2.	Total Turnover (INR)	₹ 146,337.2 Million
3.	Total profit after taxes (INR)	₹ 21,448.6 Million
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	Total spending on CSR is 2% of the average profit after tax of the past 3 years. This is detailed in the Annual Report of CSR Activities, ANNEXURE – 2 to the Board’s Report.
5.	List of activities in which expenditure in 4 above has been incurred	List of CSR activities are detailed in the Annual Report of CSR Activities, ANNEXURE – 2 to the Board’s Report.

#### SECTION C: OTHER DETAILS

Sr. No.	Particulars	Details
1.	Does the Company have any Subsidiary Company/ Companies?	No
2.	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent Company? If yes, then indicate the number of such subsidiary Company(s).	Not Applicable
3.	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%].	The other entity/entities including stakeholders such as suppliers, distributors, farmers participate in the BR initiatives of the Company under various programmes initiated by the Company. With numerous stakeholders working across the Company’s different locations and operations, it is difficult to estimate the percentage of such initiatives.

## SECTION D: BR INFORMATION

Sr. No.	Particulars	Details									
1.	Details of Director/Directors responsible for BR										
(a)	Details of the Director/Director responsible for implementation of the BR policy/policies	DIN	08662504								
		Name	Mr. David Steven McDaniel								
		Designation	Executive Director-Finance & Control and CFO								
(b)	Details of the BR head	DIN Number (if applicable)	Not Applicable								
		Name	Mr. Sanjay Khajuria								
		Designation	Director- Corporate Affairs								
		Telephone number	+91-124-3940000								
		e-mail id	creatingsharedvalue.in@in.nestle.com								
2.	Principle-wise (as per NVGs) BR Policy/policies										
(a)	Details of Compliances (Reply in Y/N)										
No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9	
1.	Do you have a policy/ policies for...	Y	Y	Y	Y	Y	Y	Y	Y	Y	
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y	
3.	Does the policy conform to any national/ international standards? If yes, specify?®	Y	Y	Y	Y	Y	Y	Y	Y	Y	
4.	Has the policy being approved by the Board?	Y	Y	Y	Y	Y	Y	Y	Y	Y	
5.	If yes, has it been signed by MD/owner/CEO/appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y	
6.	Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y	
7.	Indicate the link for the policy to be viewed online?	Y	Y	Y	Y	Y	Y	Y	Y	Y	
8.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y	
9.	Does the Company have an in-house structure to implement the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y	
10.	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	N	N	N	N	N	N	N	N	N	
(b)	If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)								Not Applicable		
3.	Governance related to BR										
(a)	Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company.	The Board/Committee usually assess the BR performance at least annually.									
(b)	Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	Yes, the BRR 2021 is part of the Annual Report, which is available on the website of the Company. It is available at: <a href="https://www.nestle.in/investors/stockandfinancials/annualreports">https://www.nestle.in/investors/stockandfinancials/annualreports</a> and is published annually.									

@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.



## SECTION E: PRINCIPLE-WISE PERFORMANCE

### Principle 1: Ethics, Transparency and Accountability

1. Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/ No. Does it extend to the Group/ Joint Ventures/ Suppliers/Contractors/NGOs /Others?

The Nestlé India Code of Business Conduct includes the Company's policy on ethics, bribery and corruption covering the Company and all its vendors. Other significant documents from the Nestlé Group, which define the standard of behaviour of the Company, are *Nestlé Corporate Business Principles*, *Nestlé Purpose and Values* and *Nestlé Responsible Sourcing Standard*.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

During the year, two complaints were received from the external stakeholders on the allegations of bribery and corruption. Both the complaints were investigated and consequential action taken. No stakeholder complaint was pending at the end of the year 2021.

### Principle 2: Product Life Cycle Sustainability

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities

The Company has a legacy of providing consumers with high quality products under four major categories - Milk Products and Nutrition, Beverages, Prepared Dishes and Cooking Aids, Chocolates and Confectionary. The Company has a range of Popularly Positioned Products (PPP) fortified with micronutrients which provide nutritional value at an affordable cost. These include the following among others:

- MAGGI Masala Noodles is fortified with the goodness of Iron. Each serve (60g & 70g) meets 17% Iron RDA\* for adults and 15% Iron RDA\* for 16-17 year old teenagers (ICMR, 2020). MAGGI Masala Noodles (serve size-75g) provides 18% Iron RDA\* for adults and 16% Iron RDA\* for teenagers. (\*Recommended Dietary Allowances for Indians, ICMR, 2020).
- MAGGI Masala-ae-Magic Seasoning mix and Masala-vin-Magic is designed to help increase the consumption of nutrients like vitamin A, iron & iodine in an easy and tasty way. The product is an economically viable option that can be used at household level to help in home fortification of daily consumed foods like vegetables, dal and non-vegetarian preparations. Its easy to use format helps (per serve of 2g) provide 15% of the daily requirement\* of Vitamin A, Iron and Iodine (\*Recommended Dietary Allowances for Adult Sedentary Male as per Nutrient requirement and recommended daily allowance for Indians, ICMR, 2010).
- Nestlé a+ Nourish Milk fortified with vitamin A & D. This milk undergoes 61 quality checks and is passed through a unique flash heat treatment that makes the milk germ-free and preserves its nutrients. 1 glass (180 ml) helps meet 8% RDA\* of Vitamin A & 9% RDA\* of Vitamin D. (\*Recommended Dietary Allowances for Adult Sedentary Male as per Nutrient requirement and recommended daily allowance for Indians, ICMR, 2010).

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

- (a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain? and
- (b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

The Company follows a series of Environmental Performance Indicators to monitor its efforts for sustainable use of natural resources in manufacturing. The Company is committed to conservation and optimal utilisation of all resources, reducing waste to zero and full recovery of unavoidable by-products.

During the period from 2006 to 2021, for every ton of production, the Company has reduced the usage of energy by around 43%, water usage by around 52%, generation of waste water by around 67%, reduction in specific direct greenhouse gas emissions by 57%.



**3. Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.**

The Company chooses its suppliers through strictly laid out 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.

**4. Has the Company taken any steps to procure goods and services from local and small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

The Company works with farming communities to ensure sustainable production in the long-term. The Company touches the lives of over 200,000 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, the 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. During the challenging time of COVID-19, the Company continued to procure milk which was offered for sale by dairy farmers even during the lockdown. Social distancing and precautionary measures are followed during milk collection. The Company engaged with over 150 milk tank drivers for creating awareness on:

- Maintaining social distancing at collection centers and while delivering milk inside the factory.
- Wearing masks while driving, at collection centers and while emptying tankers at factory premises.
- Washing hands before handling milk.

As part of The NESCAFÉ Plan, the 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. During the COVID-19 pandemic, farmer engagements were continued virtually where on-line soil fertility trainings were conducted by Nestlé agronomists. The Company in collaboration with the Indian Institute of Spices Research (IISR) and Agricultural Universities conducted virtual trainings on intercropping and composting using Coffee Husk. Till 2021, the Company reached out to around 4,400 farmers through trainings, technical assistance, medical camp, soil test activities.

As a part of The MAGGI Spice Plan, the Company is now sourcing 8 key spices from suppliers with “Backward Integration Programs” (BIP) in place (farmer monitoring, focused on practices to ensure 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. The Company suppliers are key partners in developing responsibly sourced supply chains of spices.

The 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. In 2021, the Company supported more than 60 suppliers through technical assistance, added 19 new suppliers/ supplier locations and localized 8 more raw materials. The team also works on developing local vendors through technical assistance to meet the desired quality/ regulatory norms for supply to other Nestlé markets.

**5. Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%)? Also, provide details thereof, in about 50 words or so.**

As a responsible manufacturer of food products, the Company has initiated post-consumer waste management projects



with waste management service providers as a part of Extended Producer Responsibility (EPR) to collect, segregate and recycle/recover waste in a sustainable way. This initiative not only ensures compliance to “Plastic Waste Management Rules’ 2016”, as amended in 2018 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.

The Company follows 3R’s principles i.e. ‘Reduce’, ‘Recycle’ and Recover to be environmentally sustainable:

- REDUCE:** The Company ensures continuous optimization of packaging by source reduction, ecodesign and value engineering. The Company launched RTD tetrapaks with paper straw replacing plastic straw for the first time in the market.
- RECYCLE:** The Company encourages the use of recycled material wherever applicable e.g., 100% recycled paper in shippers. The Company successfully expanded the monomaterial journey in flexible packaging for Noodles and Chocolates.
- RECOVER:** The Company supports initiatives to recover used packaging. This year the Company responsibly managed approximate 23,600 Metric tonnes of post-consumer plastic packaging waste as a part of our commitment as Extended Producers’ Responsibility.

### Principle 3: Employee Wellbeing

Sr. No.	Particulars	Details
1.	Please indicate the Total number of employees	7,910
2.	Please indicate the Total number of employees hired on temporary/contractual/casual basis	8,878
3.	Please indicate the Number of permanent women employees	1,141
4.	Please indicate the Number of permanent employees with disabilities	5
5.	Do you have an employee association that is recognised by management	The Company has 12 Unions in 8 factories in India
6.	What percentages of your permanent employees are members of this recognised employee association?	55% of the total strength of permanent employees are unionized.
7.	Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.	No complaints relating to child labour, forced labour, involuntary labour and sexual harassment are pending as of end of the year 2021
8.	What percentage of your under mentioned employees were given safety and skill up-gradation training in the last year?	
	(a) Permanent Employees	99%
	(b) Permanent Women Employees	99%
	(c) Casual/Temporary/Contractual Employees	100% receive training as part of their induction
	(d) Employees with Disabilities	100%

### Principle 4: Stakeholder Engagement

#### 1. Has the Company mapped its internal and external stakeholders?

Yes, as a result of regular and extensive stakeholder engagement over many years, the Company’s business operations have evolved, balancing business priorities and responsibility towards economic, environmental and social sustainability. The Company builds trust through productive relationships, fosters working partnerships and considers stakeholders both internal and external as integral to its business.

**2. Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders?**

Yes.

**3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders?**

The Company engages with milk and coffee farmers, among others, through farmer trainings to increase efficiency in productivity and quality, optimise costs and improve social and environmental impact thereby ensuring agriculture remains an attractive place to live, work and invest in, for generations to come. Over the years, the Company has reached out to over 70,000 women farmers engaged in dairy farming to improve milk quality and productivity by providing technical assistance and training on breeding, feeding, hygiene, quality and veterinary services.

The Company stepped up to help those in need during the pandemic, with initiatives that focused on safeguarding the wellbeing of community. Primary beneficiaries of the relief efforts include vulnerable communities such as street vendors, Mumbai dabbawallas, migrant laborers, daily wagers, people with disabilities, waste professionals, slum dwellers etc. The Company is making conscious efforts to reduce the impact of the COVID-19 pandemic on the food security of migrant workers and daily wagers by distributing cooked meals, grocery kits.

Feeding Meals: Your Company committed funds towards feeding programs for less privileged sections of society through participation with NGOs engaged in this along with distribution of essential groceries to the needy. Till end 2021, the Company has contributed to Akshaya Patra's COVID-19 relief operations, which has helped serve over 4.4 million cooked meals.

Distribution of dry rations: Your Company is providing dry rations in communities where required. The Company engaged with the Indian Association for the Blind, Save the Children India, Bosconet, Indian Jaycees Charitable Trust, Stree Mukti Sanghatana and Cheshire Disability Trust for providing ration kits to the needy. We also collaborated with NIDAN to provide ration kits to distressed street vendors. Through our Project Hilldaari and in collaboration with local stakeholders we have reached out to waste professionals in the select towns and enabled them to face the crisis by providing essentials, creating awareness and equipping them with safety gears. Till 2021, about 124,500 grocery kits have been provided.

Additional initiatives are detailed further in ANNEXURE – 2 to the Board's Report.

**Principle 5: Human Rights**

**1. Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?**

The Policy covers the Company and extends to all suppliers, contractors and associates.

**2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

During the year 2021, the Company did not receive any complaints with regard to human rights.

**Principle 6: Environment**

**1. Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others?**

The Policy covers the Company and extends to all its vendors, contractors and associates.

**2. Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.**

Yes. <https://www.nestle.com/csv/impact/climate-change>

**3. Does the Company identify and assess potential environmental risks?**

Yes. <https://www.nestle.com/csv/impact/environment>

**4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50**



words or so. Also, if yes, whether any environmental compliance report is filed?

Every year the Company is undertaking various initiatives to reduce Green House Gas (GHG) emissions. In the year 2021, total 12 Energy reduction projects were initiated in Nestlé India factories that will result in annualized savings of 19,244 GJ (saving of 0.51% of total annual Energy consumption) & shall be fully realized by the coming year.

Yes, the Company files environment compliance reports as per Pollution Control Board requirements.

5. **Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.**

Yes. <https://www.nestle.com/csv/impact/climate-change>

As in the past, the 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 the Company, there are continuous efforts towards improving operational efficiencies, minimizing consumption of natural resources and reducing water, energy & CO<sup>2</sup> emissions while maximizing production volumes.

During the year 2021, approximately twelve energy reduction projects were undertaken by factories of the Company which will result in substantial annualized savings of 19,244 GJ (saving of 0.51% of total annual energy consumption) & shall be fully realized by the coming years. Some of the projects undertaken are:

- Steam optimization in evaporators and vacuum ovens at Moga Factory
- Electricity optimization in compressed air operations
- Electricity optimization in HVAC operations at Bicholim

6. **Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

Yes

7. **Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

During the year 2021, the Company did not receive any show cause/ legal notices from CPCB/SPCB, which are pending as on end of year 2021.

### Principle 7: Policy Advocacy

1. **Is your Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

- a. Federation of Indian Chambers of Commerce and Industry (FICCI)
- b. Confederation of Indian Industry (CII)
- c. All India Food Processors Association (AIFPA)
- d. The Associated Chambers of Commerce and Industry of India (ASSOCHAM)
- e. PHD Chamber of Commerce and Industry (PHDCCI)

2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others):**

Yes. Your Company engages with government, regulatory authorities and relevant public bodies for the development of public policies in keeping with the Company's business and its work in society, sustainability and compliance commitments. These include Food Regulations, Environment, Plastic Packaging and Waste Management, among others. 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.

## Principle 8: Inclusive Growth

1. **Does the Company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.**

Yes. Your Company works in the areas of nutrition awareness, rural development initiatives and dissemination of scientific and nutrition knowledge. Further details available: <https://www.nestle.in/csv>

2. **Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?**

Projects are undertaken through in-house expert teams and in partnership with like-minded expert partner organisations that share your Company's ambition towards creating inclusive growth.

3. **Have you done any impact assessment of your initiative?**

Yes. Voluntary impact assessment done for the Company's key societal projects.

4. **What is your Company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?**

These are detailed in ANNEXURE – 2 to the Board's Report.

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

These are detailed in ANNEXURE – 2 to the Board's Report.

## Principle 9: Customer/ Consumer Value

1. **What percentage of customer complaints/consumer cases are pending as on the end of financial year?**

As on end of year 2021, the Company has no pending customer complaints.

2. **Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./Remarks(additional information)**

Yes, over and above compliance with applicable product packaging and labelling requirements including declaration of appropriate method of preparation of products for safe and proper consumption, the Nestlé Nutritional Compass' on the product pack provides transparent and easy to understand nutritional information that guides the consumer in making the right food choices. The Company also provides consumers with nutrition information through Guideline Daily Amounts (GDA) based labels icons on front of pack too.

3. **Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year? If so, provide details thereof, in about 50 words or so.**

The Company does not have any stakeholder complaints with regard to unfair trade practices, irresponsible advertising and/or anti-competitive behaviour, which are pending as at the end of year 2021.

4. **Did your Company carry out any consumer survey/ consumer satisfaction trends?**

The Company continuously carries out consumer surveys to understand consumer feedback, product satisfaction and preference while measuring consumer response and satisfaction regularly through the Company's continuous and periodic tracking studies, covering close to 79,000 consumers during the year 2021 through a random sampling approach among target consumers.



Notes 1 to 9 corresponding to Principles 1 to 9

## Principle 1

1. <http://www.nestle.in/investors>
2. [http://www.nestle.com/asset-library/documents/library/documents/corporate\\_governance/corporate-business-principles-en.pdf](http://www.nestle.com/asset-library/documents/library/documents/corporate_governance/corporate-business-principles-en.pdf)
3. <https://www.nestle.com/csv/what-is-csv/ethical-business>

## Principle 2

1. <http://www.nestle.com/aboutus/suppliers>
2. <https://www.nestle.in/csv/planet/supplier-engagement>
3. <https://www.nestle.in/csv/communities/responsible-sourcing>
4. <http://www.nestle.com/aboutus/quality-and-safety>
5. <http://www.nestle.com/ask-nestle/environment/answers/nestle-climate-change>
6. <https://www.nestle.in/csv/planet/natural-capital>
7. <https://www.nestle.in/csv/communities/coffee>

## Principle 3

1. [http://www.nestle.com/asset-library/documents/library/documents/about\\_us/policy-on-safety-and-health-at-work.pdf](http://www.nestle.com/asset-library/documents/library/documents/about_us/policy-on-safety-and-health-at-work.pdf)
2. <http://www.nestle.com/Asset-Library/Documents/Library/Documents/People/Employee-relations-policy-EN.pdf>
3. <http://www.nestle.com/asset-library/documents/library/documents/people/nestle-policy-maternity-protection.pdf>
4. <https://www.nestle.in/csv/communities/training>

## Principle 4

1. <http://www.nestle.com/csv/what-is-csv/stakeholder-engagement>

## Principle 5

1. <https://www.nestle.in/csv/communities/human-rights-impacts>
2. [http://www.nestle.com/asset-library/documents/library/documents/corporate\\_social\\_responsibility/nestle-commitment-land-rights-agriculture.pdf](http://www.nestle.com/asset-library/documents/library/documents/corporate_social_responsibility/nestle-commitment-land-rights-agriculture.pdf)
3. [http://www.nestle.com/asset-library/documents/library/documents/corporate\\_social\\_responsibility/nestle-hria-white-paper.pdf](http://www.nestle.com/asset-library/documents/library/documents/corporate_social_responsibility/nestle-hria-white-paper.pdf)
4. [http://www.nestle.com/asset-library/documents/library/documents/corporate\\_social\\_responsibility/nestle-commitment-child-labour.pdf](http://www.nestle.com/asset-library/documents/library/documents/corporate_social_responsibility/nestle-commitment-child-labour.pdf)

## Principle 6

1. <https://www.nestle.com/csv/global-initiatives/zero-environmental-impact/climate-change-net-zero-roadmap>
2. <https://www.nestle.in/csv/planet>
3. [http://www.nestle.com/asset-library/documents/library/documents/corporate\\_social\\_responsibility/commitment-on-climate-change-2013.pdf](http://www.nestle.com/asset-library/documents/library/documents/corporate_social_responsibility/commitment-on-climate-change-2013.pdf)
4. [http://www.nestle.com/asset-library/documents/library/documents/corporate\\_social\\_responsibility/commitment-on-biofuels-2013.pdf](http://www.nestle.com/asset-library/documents/library/documents/corporate_social_responsibility/commitment-on-biofuels-2013.pdf)
5. [http://www.nestle.com/asset-library/documents/library/documents/corporate\\_social\\_responsibility/nestle-commitment-water-stewardship.pdf](http://www.nestle.com/asset-library/documents/library/documents/corporate_social_responsibility/nestle-commitment-water-stewardship.pdf)
6. [http://www.nestle.com/asset-library/documents/library/documents/corporate\\_social\\_responsibility/commitment-on-natural-capital-2013.pdf](http://www.nestle.com/asset-library/documents/library/documents/corporate_social_responsibility/commitment-on-natural-capital-2013.pdf)
7. [http://www.nestle.com/asset-library/documents/library/documents/corporate\\_social\\_responsibility/natural-capital\\_soil-health.pdf](http://www.nestle.com/asset-library/documents/library/documents/corporate_social_responsibility/natural-capital_soil-health.pdf)
8. [http://www.nestle.com/asset-library/documents/library/documents/corporate\\_social\\_responsibility/commitment-on-deforestation-2013.pdf](http://www.nestle.com/asset-library/documents/library/documents/corporate_social_responsibility/commitment-on-deforestation-2013.pdf)

### Principle 7

1. [https://www.nestle.com/asset-library/documents/library/documents/corporate\\_governance/nestle-policy-transparent-interactions-with-public-authorities.pdf](https://www.nestle.com/asset-library/documents/library/documents/corporate_governance/nestle-policy-transparent-interactions-with-public-authorities.pdf)
2. <http://www.nestle.com/aboutus/businessprinciples/report-your-concerns>
3. <https://www.nestle.com/csv/what-is-csv/stakeholder-engagement/partnerships-alliances>

### Principle 8

1. <https://www.nestle.com/csv/impact/rural-livelihoods/farmer-needs>
2. [http://www.nestle.com/asset-library/documents/library/documents/corporate\\_social\\_responsibility/nestle-commitment-rural-development.pdf](http://www.nestle.com/asset-library/documents/library/documents/corporate_social_responsibility/nestle-commitment-rural-development.pdf)
3. <https://www.nestle.in/csv/planet/supplier-engagement>
4. <https://www.nestle.in/csv/planet/access-conservation>

### Principle 9

1. [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)
2. [http://www.nestle.com/asset-library/documents/library/documents/corporate\\_social\\_responsibility/nestle-marketing-communication-children-policy.pdf](http://www.nestle.com/asset-library/documents/library/documents/corporate_social_responsibility/nestle-marketing-communication-children-policy.pdf)
3. <https://www.nestle.in/nhw/understanding-food-labels>
4. <https://www.nestle.in/nhw/understanding-food-labels/the-nestle-nutritional-compass>
5. [http://www.nestle.com/asset-library/documents/library/documents/about\\_us/nestle-policy-salt.pdf](http://www.nestle.com/asset-library/documents/library/documents/about_us/nestle-policy-salt.pdf)
6. [http://www.nestle.com/asset-library/documents/library/documents/about\\_us/nestle-policy-sugars.pdf](http://www.nestle.com/asset-library/documents/library/documents/about_us/nestle-policy-sugars.pdf)
7. [http://www.nestle.com/asset-library/documents/library/documents/about\\_us/nestle-policy-saturated-fat.pdf](http://www.nestle.com/asset-library/documents/library/documents/about_us/nestle-policy-saturated-fat.pdf)
8. [http://www.nestle.com/asset-library/documents/library/documents/corporate\\_social\\_responsibility/nestle-policy-micronutrient-fortification-foods-beverages.pdf](http://www.nestle.com/asset-library/documents/library/documents/corporate_social_responsibility/nestle-policy-micronutrient-fortification-foods-beverages.pdf)
9. <https://www.nestle.in/csv/individuals-families/healthy-diet>
10. <https://www.nestle.in/csv/individuals-families/nutrition-education>
11. <https://www.nestle.in/csv/individuals-families/marketing-children>

On behalf of the Board of Directors

Suresh Narayanan  
Chairman and Managing Director

Date : 17<sup>th</sup> February 2022

Place : Gurugram



ANNEXURE - 4 TO THE BOARD'S REPORT

FORM NO. MR – 3  
SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> DECEMBER 2021

[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 2021**. 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 2021** 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 2021** 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) Regulations, 2014 (up to 12<sup>th</sup> August 2021) and The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (with effect from 13<sup>th</sup> August 2021) – **Not applicable as the Company has not issued any shares/ options to directors/ employees under the said guidelines/regulations during the year under review;**
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (up to 16<sup>th</sup> August 2021) – **Not applicable as the Company has not issued any debt securities during the year under review;**
  - f) 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;**
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (up to 9<sup>th</sup> June 2021) and The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 (with effect from 10<sup>th</sup> June 2021) – **Not applicable as the Company has not delisted/ proposed to delist its equity shares during the year under review;**



- h) 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**
- i) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (with effect from 16<sup>th</sup> August 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. There were no changes in the composition of the Board of Directors during the period under review;
- 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

**S. N. Ananthasubramanian**  
Partner  
FCS: 4206 | COP No.: 1774  
ICSI UDIN : F004206C002575051

Date : 14<sup>th</sup> February 2022  
Place : Thane



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 2021** 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 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.
4. Wherever required, we have obtained the management's representation about the compliance of laws, rules and regulations and happening of events etc.

### **Disclaimer:**

5. We have conducted our Audit remotely, based on the records and information made available to us through electronic platform by the Company, due to Covid 19 pandemic induced lockdown and restrictions/ work from home policy of the Company in place, for the purpose of issuing this report.
6. 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.
7. 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 : 14<sup>th</sup> February 2022**  
**Place : Thane**

**S. N. Ananthasubramanian**  
**Partner**  
FCS: 4206 | COP No.: 1774  
ICSI UDIN : F004206C002575051

## 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 31st December 2021

### A CONSERVATION OF ENERGY

#### (a) Steps taken or impact on conservation of energy

Environmental sustainability is embedded in Nestlé Policy on Environmental Sustainability. 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 the Company does. Moreover, the 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, the 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 the 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, twelve **energy reduction** projects were undertaken by factories of the Company which will result in substantial annualized savings of approximately 19,244 Gigajoules (saving of 0.51% 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 steam optimization in evaporators and vacuum ovens; electricity optimization in compressed air operations; and electricity optimization in heating, ventilation, and air conditioning operations.

During the year, **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 65,100 m<sup>3</sup> (saving of 2.30% 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 2021 was increasing the utilization of treated effluent after polishing through high technology Reverse Osmosis (RO) plant.

Further, your Company have also initiated projects, leading to **reduction of pollution and protection of the environment**. The reduction is driven at the material usage level and measured in value terms as well. 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.

#### (b) Additional Investment

Following are the additional proposals, which are initiated for implementation during 2022 at different factory locations:

- 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);
- Installation of Reverse Osmosis (RO) plant for recycling of treated waste water; 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 CO<sub>2</sub> emissions while maximizing production volumes.

As a result, during the period from 2006 to 2021, for every ton of production, the Company has reduced, the usage of energy by around 43%, water usage by around 52%, generation of waste water by around 67% and specific direct greenhouse gas emissions by around 57%.

**(d) Projects planned or initiated for further improvement in energy and water consumption are:**

**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).

**Water Initiatives at different factory locations:**

- Increase recycling of treated waste water through Effluent Treatment RO plant; and
- Additional RO plant for recycling of Effluent Treatment RO plant.

**Initiatives to reduce Green House Gases (GHG) emissions at different factory locations:**

The Company plans to reduce around 5,600 Tons of GHG in next two to three years. Some of the key renewable energy projects that contributed to reduction in GHG emissions are:

- Replacing heavy oil with cleaner fuel (Natural Gas);
- Contribution by improving energy generation efficiency; and
- Addition of solar energy capacities and usage of green fuel (bio mass) in the existing boilers.

## **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 Licence Agreement, has access to and advantage of drawing from the extensive central R&D efforts and activities of the Nestlé Group. Nestlé Group spends enormous 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 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 outlay of around 1.6 billion Swiss Francs. The local expenditure of the 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 million)
a) Capital	108.8
b) Recurring	265.6
c) <b>Total</b>	<b>374.4</b>
d) Total as a percentage of total turnover	0.26%

#### **Technology absorption**

##### 1. *Efforts, in brief, made towards technology absorption*

As a result of the Company's ongoing access to the international technology from Nestlé Group, Switzerland, the 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 and energy conservation are the major benefits.

##### 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 the Company under the General Licence Agreement with the collaborators 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 ₹ 6,395.7 million comprising foreign exchange earnings of ₹ 3,997.5 million and export to Nepal and Bhutan in Rupees amounting to ₹ 2,398.2 million.

Foreign exchange outgo of ₹ 24,600.4 million: on account of imports, expenditure on traveling, general license fees, etc. and remittances made to non-resident shareholders on account of dividend

On behalf of the Board of Directors

Date : 17<sup>th</sup> February 2022

Place : Gurugram

Suresh Narayanan  
Chairman and Managing Director





## ANNEXURE - 6 TO THE BOARD'S REPORT

### Statement of Disclosure of Remuneration under Section 197 of Companies Act, 2013 and Rule 5(1) of 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	135 : 1
Mr. David Steven McDaniel	Executive Director - Finance & Control and CFO	58 : 1
Mr. Matthias Christoph Lohner	Executive Director - Technica	52 : 1

\*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	9.4
Mr. David Steven McDaniel <sup>A</sup>	Executive Director – Finance & Control and CFO	Not Comparable
Mr. Matthias Christoph Lohner <sup>B</sup>	Executive Director – Technical	Not Comparable
Mr. B. Murli <sup>C</sup>	General Counsel and Company Secretary	-4.7

<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>Appointed as Executive Director – Finance & Control and CFO with effect from 1<sup>st</sup> March 2020.

<sup>B</sup>Appointed as Executive Director – Technical with effect from 1<sup>st</sup> November 2020.

<sup>C</sup>Decrease 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: 10.8%.
- iv. The number of permanent employees on the rolls of the Company: 7,910.
- 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 10.8%, while the increase in the remuneration of managerial personnel was 2.4%. These 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. The increase during the year reflects the Company's reward philosophy as well as the results of the benchmarking exercise.
- 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 Remuneration Policy of the Company.

On behalf of the Board of Directors

Date : 17<sup>th</sup> February 2022

Place : Gurugram

Suresh Narayanan  
Chairman and Managing Director











Nestlé

**FACE OF HOPE**

Wear a mask.  
Be a #FaceOfHope

A better tomorrow is not just something we're hoping for, but something we're working towards, together.

—  
“A tomorrow that will be filled with all the little joys,  
And all the big reunions.  
And for this shared tomorrow,  
We need to come together today,  
Now, even if it's tough,  
Even if we can't take it anymore.  
Because sometimes for the greater good,  
We have to make slight adjustments.

Like settling for the quarter plate when the guest list's too long.  
And letting go of the good chair for somebody that wants it more.  
Adjustments we've always made,  
That we need to make once more.  
And wear a mask and become the face of hope,  
For you, for them, for us.  
And so even if our smiles are hidden,  
We're okay with that.  
Because our hidden smiles today,  
Will be the reason for a billion smiles tomorrow.  
And so every time you think that you're alone,  
Know that you're not,  
That we too are doing our bit,  
Covering our faces, masking our faces,  
**And becoming the face of hope.”**



Good food, Good life

