

NESTLÉ INDIA LIMITED

CIN: L15202DL1959PLC003786

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

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E-mail Id: investor@in.nestle.com

NOTICE OF THE MEETING OF THE EQUITY SHAREHOLDERS OF NESTLÉ INDIA LIMITED (CONVENED PURSUANT TO THE ORDER DATED 30TH MAY 2022 READ WITH ORDER DATED 6TH JUNE 2022 PASSED BY THE HON'BLE NATIONAL COMPANY LAW TRIBUNAL, NEW DELHI BENCH)

DETAILS OF THE MEETING:

Day	Monday
Date	25 th July 2022
Time	4:00 P.M. (IST)
Mode	As per the directions of the Hon'ble National Company Law Tribunal, New Delhi Bench, the Meeting shall be conducted through Video Conferencing or Other Audio-Visual Means

REMOTE E-VOTING AND E-VOTING AT THE MEETING:

Cut Off Date for e-voting	18 th July 2022
Remote e-voting commencing on	22 nd July 2022 at 9:00 A.M. (IST)
Remote e-voting ending on	24 th July 2022 at 5:00 P.M. (IST)
E-voting at the Meeting	As may be instructed by the Chairperson of the Meeting, during the proceedings of the Meeting.

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**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL,
NEW DELHI BENCH**

CA (CAA) No. 30/230/232/ND/2022

IN THE MATTER OF THE COMPANIES ACT, 2013

AND

IN THE MATTER OF:

An application under Sections 230 to 232 of the Companies Act, 2013.

AND

IN THE MATTER OF:

Scheme of Arrangement between Nestlé India Limited and its Shareholders under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013.

AND

IN THE MATTER OF:

NESTLÉ INDIA LIMITED, (CIN: L15202DL1959PLC003786, PAN: AAACN0757G), a public limited company incorporated under the Companies Act, 1956, having its Registered Office at 100/101, World Trade Centre, Barakhamba Lane, New Delhi -110001.

...Applicant Company

NOTICE CONVENING MEETING OF THE EQUITY SHAREHOLDERS OF NESTLÉ INDIA LIMITED

**To,
The Equity Shareholders of
Nestlé India Limited**

NOTICE is hereby given that pursuant to the Order dated 30th May 2022 read with Order dated 6th June 2022 ("**Orders**") of the Hon'ble National Company Law Tribunal, New Delhi Bench ("**Tribunal**" or "**NCLT**"), a Meeting of the Equity Shareholders of Nestlé India Limited, ("**Applicant Company**"), will be held for the purpose of considering, and if thought fit, approving, with or without modification, the proposed Scheme of Arrangement between the Applicant Company and its Shareholders ("**Scheme**").

In view of the above, further notice is hereby given that a Meeting of the Equity Shareholders of the Applicant Company will be held through Video Conferencing or Other Audio-Visual Means ("**VC/ OAVM**"), in accordance with the provisions of the Companies Act, 2013 ("**the Act**") read with the Companies (Management and Administration) Rules, 2014 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**"), on Monday, 25th July 2022 at 4:00 P.M. (IST) to consider, and, if thought fit, to pass the following resolution, with or without modification, for approval of the Scheme by requisite majority, as prescribed under Section 230 read with Section 232 of the Act:

*"**RESOLVED THAT** pursuant to the provisions of Sections 230 to 232 of the Companies Act, 2013 read with Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, and other applicable provisions, if any, of the Companies Act, 2013, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, and the provisions of the Memorandum and Articles of Association of Nestlé India Limited ("**Applicant Company**") and subject to the sanction of the Hon'ble National Company Law Tribunal, New Delhi Bench ("**the Hon'ble Tribunal**"), and subject to such other approvals, permissions and sanctions of regulatory and other authorities, as may be necessary, and subject to such conditions and modifications as may be prescribed or imposed by the Hon'ble Tribunal or by any regulatory or other authorities, while granting such consents, approvals and permissions, which may be agreed to by the Board of Directors of the Applicant Company (hereinafter referred to as the "**Board**", which term shall be deemed to mean and include one or more Committee(s) constituted/empowered/ to be constituted by the Board or any other person authorised by it to exercise its powers including the powers conferred by this resolution), the Scheme of Arrangement between Nestlé India Limited and its Shareholders ("**Scheme**") presented in Company Application (CAA) No.30/230/232/ND/2022 filed by the Applicant Company before the Hon'ble Tribunal, be and is hereby approved and that the Board be and is hereby authorized to do all such acts, deeds, matters and things, as it may, in its absolute discretion deem requisite, desirable, appropriate or necessary to give effect to this resolution and effectively implement the arrangement embodied in the Scheme and to accept such modifications, amendments, limitations and/or conditions, if any, which may be required and/or imposed by the Hon'ble Tribunal or its appellate authority(ies)/while sanctioning the arrangement embodied in the Scheme or by any authorities under law, or as may be required for the purpose of resolving any questions or doubts or difficulties that may arise in giving effect to the Scheme, as the Board may deem fit and proper."*

TAKE FURTHER NOTICE that the Equity Shareholders shall have the facility and option of voting on the resolution for approval of the Scheme by casting their votes through e-voting system available at the Meeting held through VC/ OAVM on Monday, 25th July 2022 at 4:00 P.M. (IST) or by remote electronic voting ("**remote e-voting**") during the period as stated below:

REMOTE E-VOTING	
Commencement of voting	22 nd July 2022 at 9:00 A.M. (IST)
End of Voting	24 th July 2022 at 5:00 P.M. (IST)

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 i.e. 18th July 2022 ("**Cut-Off Date**") shall be entitled to avail the facility of remote e-voting or casting vote through e-voting system during the Meeting.

A copy of the accompanying Explanatory Statement pursuant to Section 230(3) and other applicable provisions of the Act along with Scheme of Arrangement and all other annexures to the Explanatory Statement are enclosed herewith and can also be obtained free of charge at the Registered Office of the Applicant Company or at the office of its Advocate, Mr. Anirudh Das, Shardul Amarchand Mangaldas & Co., Amarchand Towers, 216, Okhla Industrial Estate, Phase-III, New Delhi-110020. A copy of this Notice and the aforesaid documents are also placed on the website of the Applicant Company at www.nestle.in, BSE Limited at www.bseindia.com and National Securities Depositories Limited ("NSDL") at www.evoting.nsdl.com, being the agency appointed by the Applicant Company to provide the remote e-voting and other facilities for convening of the Meeting.

The Hon'ble Tribunal has appointed Mr. Abhinav Vasisht, Senior Advocate, to be the Chairperson of the said Meeting of the Equity Shareholders of the Applicant Company, Mr. Vipul Ganda, Advocate, as the Alternate Chairperson and Mr. Rajiv Adlakha, Associate Member of Institute of Company Secretaries of India (Membership Number: ACS 8388 and Certificate of Practice Number: 3508), to be the Scrutinizer for the said Meeting.

The Scheme, if approved at the aforesaid Meeting, will be subject to the subsequent sanction of the Hon'ble Tribunal.

Dated : 9th June 2022

Place : New Delhi

Sd/-
Abhinav Vasisht
Senior Advocate
Chairperson appointed for the Meeting

Notes for the Meeting of the Equity Shareholders of the Applicant Company

1. The Explanatory Statement pursuant to Sections 102, 230(3) and 232(2) of the Companies Act, 2013 ("**the Act**") read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 ("**CAA Rules**") and SEBI Circular No. CFD/DIL3/CIR/2017/21 dated 10th March 2017, each as amended from time to time (to the extent applicable), in respect of the business set out above is annexed hereto.
2. Pursuant to the directions of the Hon'ble National Company Law Tribunal, New Delhi Bench ("**the Hon'ble Tribunal**") given vide its Orders dated 30th May 2022 read with Order dated 6th June 2022 ("**Orders**"), the Meeting of the Equity Shareholders of the Applicant Company ("**Meeting**") is being convened on Monday, 25th July 2022, at 4:00 P.M. (IST) through Video Conferencing/ Other Audio-Visual Means ("**VC/ OAVM**") in accordance with provisions of the Act read with Companies (Management and Administration) Rules, 2014, General Circular Nos. 14/2020 dated 8th April 2020, 17/2020 dated 13th April 2020, 22/2020 dated 15th June 2020, 33/2020 dated 28th September 2020, 39/2020 dated 31st December 2020, 10/2021 dated 23rd June 2021, 20/2021 dated 8th December 2021 and 3/2022 dated 5th May 2022, issued by the Ministry of Corporate Affairs, Government of India ("**MCA Circulars**") and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**"), to transact the business set out in the Notice convening this Meeting, which does not require physical presence of the Equity Shareholders at a common venue. The deemed venue for the Meeting shall be the Registered Office of the Applicant Company.
3. In terms of the Orders of the Hon'ble Tribunal and MCA Circulars, the Meeting is being held through VC/ OAVM, which does not require physical presence of the Equity Shareholders, therefore, there is no requirement of appointment of proxy. Accordingly, the facility of appointment of proxy by Equity Shareholders under Section 105 of the Act will not be available for this Meeting.
4. Institutional shareholders, bodies corporate etc. (i.e. other than individuals, HUF, NRI etc.) may upload legible scanned certified true copy (PDF/JPG Format) of the relevant Board Resolution/ Power of Attorney/ Authority letter etc. for authorizing such representative to participate and vote at the Meeting of the Equity Shareholders of the Applicant Company by clicking on "**Upload Board Resolution/ Authority Letter**" displayed under "**e-voting**" tab in their login or may send the same by email to investor@in.nestle.com not later than 48 (forty eight) hours before the scheduled time of the commencement of the Meeting of the Equity Shareholders of the Applicant Company with a copy marked to evoting@nsdl.co.in.

5. As mentioned in the Order dated 30th May 2022, the quorum for the Meeting of the Equity Shareholders of the Applicant Company shall be 75% in value and in case the quorum as mentioned above for the Meeting is not present at the Meeting, then the Meeting shall be adjourned by half an hour and thereafter, the persons present shall be deemed to constitute the quorum.
6. Equity Shareholders may join the Meeting through VC/ OAVM by following the procedure as mentioned below which shall be kept open for the Equity Shareholders from 3:30 P.M. (IST) i.e. 30 minutes before the scheduled time to start the Meeting.
7. The Notice along with accompanying Explanatory Statement and all other annexures is being sent by email to all the Equity Shareholders at their registered email address whose names appear in the List of Equity Shareholders as on 4th March 2022. The Notice along with the accompanying Explanatory Statement is being sent by Registered Post/ Speed Post to the Equity Shareholders who have not registered their email address with the Applicant Company. Further, Equity Shareholders may note that the Notice and the aforesaid documents will also be available on the website of the Applicant Company at www.nestle.in, BSE Limited at www.bseindia.com and National Securities Depositories Limited (“NSDL”) at www.evoting.nsdl.com. Since the Meeting will be held through VC/ OAVM, route map and attendance slip are not attached to this Notice.
8. Any Equity Shareholder is desirous of obtaining hard copy of the Notice and the accompanying documents, i.e., Scheme and the Statement under Sections 230 and 232 read with Section 102 and other applicable provisions of the Act and Rule 6 of the CAA Rules etc., request may be sent to the Applicant Company’s email at investor@in.nestle.com mentioning their Folio No./ DP ID and Client ID or send written communication to the registered office of the Applicant Company.
9. In case of joint holders, the Equity Shareholder whose name appears as the first holder in the order of the names as per the Register of Members of the Applicant Company or in the Register of Beneficial Owners maintained by the depositories as on the Cut-Off Date, will be entitled to participate and vote at the Meeting.
10. The notice convening the Meeting will be published through advertisement in (i) Delhi and Mumbai edition of Financial Express in the English language; and (ii) translation thereof in Delhi edition of Jansatta in Hindi language as mentioned in the Order dated 30th May 2022 and as per the requirements of Section 230 of the Act in Form No. CAA – 2 as prescribed under the CAA Rules.
11. Equity Shareholders, whose email address is not registered with the Applicant Company or with their respective Depository Participant(s), and who wish to receive the Notice of this Meeting and all other communication sent by the Applicant Company, from time to time, can get their email address registered by following the steps as given below: -
 - a. Equity Shareholders 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 Passport, Bank Statement, AADHAR) supporting the registered address of the Equity Shareholders, by email to the Applicant Company’s email address at investor@in.nestle.com.
 - b. Equity Shareholders holding shares in demat mode may update the email address through their respective Depository Participant(s).

General instructions for accessing and participating in the Meeting through VC/ OAVM facility and voting through electronic means including remote e-voting: -

A. Instructions for Equity Shareholders for Remote e-voting are as under:

- In terms of the Orders of the Hon’ble Tribunal and in accordance with Section 230(4) of the Act read with the CAA Rules and the Companies (Management and Administration) Rules, 2014 and Listing Regulations, the Equity Shareholders of the Applicant Company shall have facility to exercise their right to vote on the resolution proposed to be passed (i) remotely, using an electronic voting system (“**remote e-voting**”); and (ii) at the Meeting by electronic means (“**e-voting at the Meeting**”). The remote e-voting period will commence from 22nd July 2022 (9:00 A.M. IST) and end on 24th July 2022 (5:00 P.M. IST). During this period, Equity Shareholders of the Applicant Company, holding shares either in physical form or in dematerialized form, as on the Cut-Off Date, may cast their vote electronically. The voting right of Equity Shareholders shall be in proportion to their share in the paid-up equity share capital of the Applicant Company as on the Cut-Off Date. Once the vote on a resolution is cast by the Equity Shareholder through remote e-voting or e-voting at the Meeting, the Equity Shareholder shall not be allowed to change it subsequently.
- A person who is not an Equity Shareholder as on the Cut-Off Date should treat this Notice of the Meeting 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 Meeting through VC/ OAVM for Individual Equity Shareholders holding securities in demat mode

In terms of SEBI Circular dated 9th 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.

Equity Shareholders are advised to update their mobile number and email address with their DPs to access e-voting facility.

Login method for Individual Equity Shareholders holding securities in demat mode is given below:

Type of Equity Shareholders	Login Method
Individual Equity Shareholders holding securities in demat mode with NSDL	<p>I. <u>NSDL IDeAS Facility</u></p> <p>A. Users registered for NSDL IDeAS facility:</p> <ol style="list-style-type: none"> Visit the e-Services website of NSDL viz. https://eservices.nsdl.com either on a Personal Computer or on a mobile. On the e-Services home page click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section. You will be prompted to enter your existing User ID and Password. After successful authentication, you will be able to see “e-voting services” under Value added services. Click on “Access to e-voting” under e-voting services and you will be able to see e-voting page. Click on the Company name or e-voting service provider i.e. NSDL and you will be re-directed to e-voting website of NSDL for casting your vote during the remote e-voting period or joining the Meeting through VC/ OAVM or voting at the Meeting. <p>B. Users not registered for NSDL IDeAS facility:</p> <ol style="list-style-type: none"> Option to register is available at https://eservices.nsdl.com. Select “Register Online for IDeAS Portal” or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp Proceed to complete the registration using your DP ID, Client ID, Mobile Number etc. Upon successful registration, please follow the steps given under point (I)(A) above. <p>II. <u>E-voting website of NSDL</u></p> <ol style="list-style-type: none"> 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 (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. 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 Meeting through VC/ OAVM & voting at the Meeting. <p>III. E-voting mobile application of NSDL</p> <p>Equity Shareholders can also download NSDL Mobile App “NSDL Speede” facility by scanning the QR code mentioned below for seamless voting experience.</p> <p style="text-align: center;">NSDL Mobile App is available on</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  <p>App Store</p> </div> <div style="text-align: center;">  <p>Google Play</p> </div> </div> <div style="display: flex; justify-content: space-around; align-items: center; margin-top: 20px;">   </div>

Individual Equity Shareholders holding securities in demat mode with Central Depository Services (India) Limited (“CDSL”)	<p>Existing users who have opted for Easi/ Easiest</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 https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System <i>Myeasi</i>.</p> <p>c) After successful login of Easi/ Easiest the user will be also able to see the e-voting Menu. The Menu will have links of e-voting service provider i.e., NSDL. Click on NSDL to cast your vote.</p> <p>Users not registered for Easi/ Easiest</p> <p>Option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration.</p> <p>Visit the e-voting website of CDSL</p> <p>a) Alternatively, the user can directly access e-voting page by providing Demat Account Number and PAN from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email address, as recorded in the Demat Account.</p> <p>b) After successful authentication, user will be provided links for the respective ESP i.e., NSDL where the e-voting is in progress.</p>
Individual Equity Shareholders (holding securities in demat mode) login through their Depository Participant(s)	<p>a) Equity Shareholders can also login using the login credentials of their demat account through Depository Participant(s) 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 the Meeting through VC/ OAVM or voting at the Meeting.</p>

Important note: Equity Shareholders 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 Equity Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Individual Equity Shareholders holding securities in demat mode with NSDL	Equity Shareholders facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 18001020990 and 1800224430
Individual Equity Shareholders holding securities in demat mode with CDSL	Equity Shareholders facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022-23058738 or 022-23058542-43

II. Login method for e-voting and joining the Meeting through VC/ OAVM for Individual Equity Shareholders holding securities in demat mode and Equity Shareholders 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.

- Your User ID details are given below:

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
For Equity Shareholders who hold shares in demat account with NSDL.	<p>8 Character DP ID followed by 8 Digit Client ID.</p> <p>For example, if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****</p>

For Equity Shareholders 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*****
For Equity Shareholders 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 120095 then user ID is 120095001***

- e) Password details for Equity Shareholders other than Individual Equity Shareholders are given below:
- If you are already registered for e-voting, then you can use your existing password to login and cast your vote.
 - 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.
 - 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 Equity Shareholders 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:
- Click on "Forgot User Details/Password?" (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
 - "Physical User Reset Password?" (If you are holding shares in physical form) option available on www.evoting.nsdl.com.
 - If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
 - Equity Shareholders 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?

- 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.
- Select "EVEN" of the Company for which you wish to cast your vote during the remote e-voting period and casting your vote at the General Meeting. For joining the Meeting, you need to click on "VC/ OAVM" link placed under "Join General Meeting".
- Now you are ready for e-voting as the Voting page opens.
- 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.
- Upon confirmation, the message "Vote cast successfully" will be displayed.
- You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
- Once you confirm your vote on the resolution(s), you will not be allowed to modify your vote.

General Guidelines for Equity Shareholders

- 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 to reset the password.
- 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 or call on toll free no.: 18001020990 and

1800224430 or send a request to Ms. Pallavi Mhatre, Senior Manager, National Securities Depository Ltd., Trade World, 'A' Wing, 4th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400013, at the designated email address: evoting@nsdl.co.in, who will also address the grievances connected with the voting by electronic means. Equity Shareholders may also write to the Company Secretary at the Company's email address investor@in.nestle.com.

Process for those Equity Shareholders whose email address are not registered with the Company/ Depositories for procuring user id and password and registration of email address for e-voting for the resolution set out in this notice:

- a) In case shares are held in physical form please provide a signed request letter mentioning Folio No., Name of Equity Shareholder, 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.
- b) In case shares are held in demat mode, to update their email address Equity Shareholders are requested to 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.
- c) If you are an individual Equity Shareholder 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 Meeting through VC/ OAVM for Individual Equity Shareholders holding securities in demat mode.
- d) Alternatively, Equity Shareholders may send a request to NSDL at 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 9th December 2020, on e-voting facility provided by listed companies, individual Equity Shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participant(s). Equity Shareholders 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 Equity Shareholders for participating in the Meeting through VC/ OAVM are as under:

- a) The Equity Shareholders will be provided with a facility to participate in the Meeting through VC/ OAVM through the NSDL e-voting system. Equity Shareholders 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 Equity Shareholders 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 Equity Shareholders will be able to participate in the Meeting. Please note that the Equity Shareholders 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) Equity Shareholders may join the Meeting through Laptops, Smartphones and Tablets. Further, Equity Shareholders should use Internet with a good speed to avoid any disturbance during the Meeting. Equity Shareholders 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) Equity Shareholders can submit questions in advance with regard to the Agenda set out in the Notice of the Meeting, accompanying Explanatory Statement, Scheme of Arrangement or any other document annexed hereto, from their registered email address, mentioning their name, DP ID and Client ID number/ folio number and mobile number, to reach the Applicant Company's email address at investor@in.nestle.com at least 48 hours in advance before the start of the Meeting i.e. by 23rd July 2022 by 4:00 P.M. (IST). Such questions by the Equity Shareholders shall be taken up during the Meeting and replied by the Applicant Company suitably.
- d) Equity Shareholders, who would like to express their view/ ask questions during the Meeting with regard to the Agenda set out in the Notice of the Meeting, accompanying Explanatory Statement, Scheme of Arrangement or any other document annexed hereto, 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 23rd July 2022 by 4:00 P.M. (IST). Those Equity Shareholders who have pre-registered themselves as a speaker will be allowed to express their view/ ask questions during the Meeting, 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 Chairperson or Alternate Chairperson reserves the right to restrict the number of questions and number of speakers, as appropriate, to ensure the smooth conduct of the Meeting.

C. Instructions for Equity Shareholders for e-voting at the Meeting are as under:

- a) Equity Shareholders may follow the same procedure for e-voting at the Meeting as mentioned above for remote e-voting.
- b) Only those Equity Shareholders, who will be present in the Meeting through VC/ OAVM facility and have not cast their vote on the Resolution through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system in the Meeting.

- c) Equity Shareholders who have cast their vote by remote e-voting prior to the Meeting may also participate in the Meeting through VC/ OAVM. However, they shall not be entitled to cast their vote again.
- d) The Helpline details of the person who may be contacted by the Equity Shareholders needing assistance with the use of technology, before or during the Meeting shall be the same persons mentioned for remote e-voting and reproduced here for convenience:

Ms. Pallavi Mhatre, Senior Manager, National Securities Depository Ltd., Trade World, 'A' Wing, 4th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400013, at the designated email address: evoting@nsdl.co.in or call on toll free no.: 18001020990 and 1800224430. Equity Shareholders may also write to the Company Secretary at the Applicant Company's email address at investor@in.nestle.com.

Other Guidelines for Equity Shareholders

- a) The voting rights of Equity Shareholders shall be in proportion to their share in the paid-up equity share capital of the Applicant Company as on the Cut-Off Date.
- b) Any person, who acquires shares of the Applicant Company and becomes Equity Shareholder of the Applicant Company after the Applicant Company sends the Notice of the Meeting by email and holds shares as on the Cut-Off Date, may obtain the User ID and password by sending a request to the Applicant Company's email address at investor@in.nestle.com. However, if such persons are already registered with NSDL for remote e-voting then they can use their existing user ID and password for casting their vote. In case any such person forgets their password, they can reset their 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 at the Meeting.
- d) During the Meeting, the Chairperson or Alternate Chairperson shall, after response to the questions raised by the Equity Shareholders in advance or as a pre-speaker at the Meeting, formally propose to the Equity Shareholders participating through VC/ OAVM facility to vote on the resolution as set out in the Notice of the Meeting and announce the start of the casting of vote through the e-voting system. After the Equity Shareholders participating through VC/ OAVM, eligible and interested to cast votes, have cast the votes, the e-voting will be closed with the formal announcement of closure of the Meeting.
- e) The Scrutinizer shall after the conclusion of e-voting at the Meeting, first download the votes cast at the Meeting 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 Chairperson or a person authorized by him as per the directions of the Hon'ble Tribunal, who shall then countersign and declare the result of the voting forthwith.
- f) The Results declared along with the report of the Scrutinizer shall be placed on the website of the Applicant Company at www.nestle.in and on the website of NSDL at www.evoting.nsdl.com after the declaration of Results by the Chairperson or Alternate Chairperson or a person authorized by him, as the case may be. The Results shall also be forwarded to the BSE Limited, Mumbai. The result will also be displayed at the Registered Office of the Applicant Company.
- g) The aforesaid resolution for approval of the Scheme shall be considered passed if approved by a majority in number representing three-fourths in value of the Equity Shareholders of the Applicant Company casting their votes, as aforesaid, and shall be deemed to have been duly passed on the date of the said Meeting (i.e., 25th July 2022) of the Equity Shareholders of the Applicant Company under Section 230(1) read with Section 232(1) of the Act.
- h) The documents referred to in the Notice, accompanying Explanatory Statement and all other documents shall be available for inspection without any fee by the Equity Shareholders on all working days (except Saturdays, Sundays and Public holidays) from 10:00 A.M. (IST) to 4:00 P.M. (IST) at the Registered Office of the Applicant Company, from the date of dispatch of this Notice up to the date of the Meeting and shall also be available for inspection at the Meeting. The Notice of the Meeting of Equity Shareholders of the Applicant Company is also displayed/ posted on the website of the Applicant Company www.nestle.in and website of www.evoting.nsdl.com and website of stock exchange www.bseindia.com.

BEFORE THE NATIONAL COMPANY LAW TRIBUNAL, NEW DELHI BENCH

CA (CAA) No.30/230/232/ND/2022

IN THE MATTER OF THE COMPANIES ACT, 2013

AND

IN THE MATTER OF:

An application under Sections 230 to 232 of the Companies Act, 2013.

AND

IN THE MATTER OF:

Scheme of Arrangement between Nestlé India Limited and its Shareholders under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013.

AND

IN THE MATTER OF:

NESTLÉ INDIA LIMITED, (CIN: L15202DL1959PLC003786, PAN: AAACN0757G), a public limited company incorporated under the Companies Act, 1956, having its Registered Office at 100/101, World Trade Centre, Barakhamba Lane, New Delhi -110001.

...Applicant Company

EXPLANATORY STATEMENT UNDER SECTION 230(3) AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013 READ WITH RULE 6 OF THE COMPANIES (COMPROMISES, ARRANGEMENTS AND AMALGAMATIONS) RULES, 2016.

1. Details of the Order of the Hon'ble National Company Law Tribunal, New Delhi Bench ("the Hon'ble Tribunal"), calling the Meeting of the Equity Shareholders of the Applicant Company.

Pursuant to the Order dated 30th May 2022 read with Order dated 6th June 2022 ("Orders") of the Hon'ble Tribunal in CA (CAA) No.30/230/232/ND/2022, a Meeting of the Equity Shareholders of the Applicant Company will be held and convened through Video Conferencing or Other Audio-Visual Means ("VC/ OAVM") on Monday, 25th July 2022 at 4:00 P.M. for the purpose of considering and if thought fit, approving, with or without modification(s), the resolution for the approval of the Scheme of Arrangement between Nestlé India Limited and its Shareholders under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 ("2013 Act").

2. Rationale of the Scheme of Arrangement between Nestlé India Limited and its Shareholders ("Scheme")

- i. The Applicant Company has demonstrated consistent growth, sustained improvement in profitability and cash generation over the years. The key financial highlights for the past five years that demonstrates strong operating performance of the Applicant Company are as follows:

Parameter / Financial Year [#]	2017	2018	2019 [^]	2020	2021
Sales (Rs. in Millions)	101,351	112,162	122,953	132,902	146,337
Profit Before Tax (% of Sales)	18.1%	21.7%	21.8%	21.2%	19.7%
Profit After Tax (% of Sales)	12.1%	14.3%	16.0%	15.7%	14.7%
Return on Average Equity	36.6%	45.3%	70.4%	105.8%	104.5%
Operating Cash Flow (Rs. in Millions)	18,178	20,525	22,953	24,545	22,714
Earnings Per Share (Rs.)	127.1	166.7	204.2	216.00	222.50
Dividend Per Share (Rs.)*	86.0	115.0	342.0	200.0	200.0
Capital Expenditure (Rs. in Millions)	1,959	1,628	1,522	4,741	7,308
Capex as % of Sales	1.9%	1.5%	1.2%	3.6%	5.0%
Dividend Payout Ratio	67.7%	69.0%	167.4%	92.6%	89.9%

[#] The Financial Year of the Company is calendar year i.e. 1 January to 31 December.

[^] Figure have been reinstated in accordance with implementation of Ind AS 116 Leases.

* In 2019, Special interim dividend of Rs. 180 per share paid out of accumulated profits of previous years.

- ii. The consistent growth in sales, strong margin profile has helped the Applicant Company maintain a strong track record of operating cash generation and distribution of dividends to its shareholders.
- iii. The Applicant Company has Investments (including cash and cash equivalent) of Rs. 1,492.5 Crores as on 31st December 2021. The Applicant Company has financial liabilities towards trade payables and payable for capital expenditure of Rs. 1,754.1 Crores as on 31st December 2021. The net worth of the Applicant Company as on 31st December 2021 is Rs. 2,084.5 Crores.

- iv. The Applicant Company has built up significant reserves amounting to Rs.8,374.3 Million [Rs. 837.43 Crores] (as per the Audited Annual Accounts as on 31st December 2021) from its retained profits by way of transfer to its General Reserves, comprising of the amounts transferred to General Reserves in accordance with the statutory requirement applicable until financial year ended 31st December 2014 for the Applicant Company. The Applicant Company has not transferred any amounts to the General Reserves after the financial years commencing from 1st January 2015. While the excess reserves can be profitably utilised for the Applicant Company's overall growth strategy, the Board of Directors of the Applicant Company is of the view that after considering the foreseeable investments required for such opportunities over the next few years, barring unforeseen circumstances and considering the track record of the Applicant Company, the Applicant Company is confident of Meeting its ongoing and future capital expenditure programmes and working capital requirements through generation of own funds and other financing options.
- v. In view of the Applicant Company's capability to generate required funds, along with a view to provide greater flexibility for the utilisation of such funds, the Applicant Company now proposes to transfer the amount lying to the credit of the General Reserves to the Retained Earnings as reflected in the accounts of the Applicant Company to enable, *inter alia*, to be paid out to its shareholders, in such manner and to such extent, as the Board of Directors of the Applicant Company, in its sole discretion, may decide, from time to time and in accordance with the provisions of the 2013 Act and other applicable law.
- vi. In view of the aforesaid and in the interest of transparency and good corporate governance, the Applicant Company has proposed the Scheme.

3. **Particulars of the Applicant Company**

- i. Nestlé India Limited, the Applicant Company is a public limited company incorporated in the State of Punjab on 28th March 1959 under the Companies Act, 1956 ("1956 Act"). The Applicant Company was incorporated under the name of Food Specialities Limited. The Applicant Company shifted its Registered Office from the State of Punjab to the State of Union Territory of Delhi in terms of Certificate of Registration of the order of the Company Law Board confirming transfer of the Registered Office from one State to another dated 13th August 1962 issued by the Registrar of Companies, Delhi. The name of the Applicant Company was changed to Nestlé India Limited in terms of fresh Certificate of Incorporation consequent upon change of name dated 29th March 1990. The Applicant Company is authorized to and is engaged in the business of, *inter alia*, manufacture and sale of processed foods under several reputed brand names.
- ii. The Equity Shares of the Applicant Company are listed on the BSE Limited.
- iii. The objects for which the Applicant Company is established are set out in its Memorandum of Association. Some of the salient objects of the Applicant Company are set out herein-below :-
 - (1) To carry on the business as manufacturers, distributors, importers and exporters of and dealers in milk, condensed milk, evaporated milk, powered milk, butter, cheese, cream and all types of milk products, cocoa, chocolate, coffee, tea and other food preparations and beverages and as confectioners, dairymen, grocers, general provision merchants, refreshment contractors and chemists.
 - (2) To buy, sell, manufacture, refine, prepare, pack and deal in all kinds of foods including milk food products, beverages, infant foods, dietetic products, and other articles for human consumption and ingredients thereof.
 - (3) To undertake, acquire, take over and carry on any business or businesses as farmers, cattle raisers and breeders, manufacturers, processors, importers or exporters of and dealers either by wholesale or retail in all agricultural and other farm products and in raw or partly manufactured materials, articles, commodities and products required for the preparation or production of good of every kind whether for human or animal consumption.
 - (4) To carry on the business of commission agents, factors, manufacturers, general merchants and dealers in every description of goods, wares and merchandise, exports and importers, concessionaries, general storekeepers wholesale and retail traders, carriers, forwarding contractors, forwarding agents, warehousemen, designers, advertising contractors or agents, or trustees, brokers, or agents, for any person or company.
 - (5) To purchase or otherwise acquire, construct, carry out, equip, maintain, alter, improve, develop, manage, work, sell, let on hire, deal in control and superintend any factories, plants, warehouses, workshops, sheds, dwellings, offices, shops, stores, buildings, electric light and gas works and power plants, telegraph, telephone and wireless installations, and all kinds of works, machinery, apparatus, reservoirs, waterworks, tanks, labour lines and houses, markets, huts, roads, ways, tramways, railways, railroads, bridges, canals, aqueducts, watercourses, dykes, drains, wharves, furnaces, crushing works, hydraulic works and other works and conveniences which may seem directly or indirectly necessary or conducive to any of the objects of the company and to contribute to subsidize or otherwise assist by taking part in any such operations.
- iv. The share capital structure of the Applicant Company as on 31st December 2021 is as under :-

Share Capital	Amount in Rs.
Authorised Capital	
100,000,000 equity shares of Rs. 10/- each	1,000,000,000
Total	1,000,000,000
Issued, Subscribed and Paid-up Capital	
96,415,716 fully paid up equity shares of Rs. 10/- each	964,157,160
Total	964,157,160

Subsequent to 31st December 2021, there has been no change in the share capital structure of the Applicant Company.

The Applicant Company does not have any Employee Stock Options Scheme.

4. The details of Promoters, Directors and Key Managerial Personnel (“KMPs”) of the Applicant Company as on 1st June 2022 are set out herein-below :-

A. PROMOTERS

Sl. No.	Name	Address	Nos. of Shares	% of Shareholding
1.	Nestlé S.A.	Avenue Nestlé 55, CH 1800, Vevey, Switzerland	3,30,51,399	34.28%
2.	Maggi Enterprises Ltd.	Zugerstrasse 8 CH-6330 Cham, Switzerland	2,74,63,680	28.48%

B. DIRECTORS AND KEY MANAGERIAL PERSONNEL (“KMP”)

Sl. No.	Name	Designation	Address	No. of Shares	% of Shareholding
1.	Mr. Rajya Vardhan Kanoria	Independent Non-Executive Director	A-45, Vasant Marg, Vasant Vihar, Delhi – 110057	Nil	Nil
2.	Dr. Swati Ajay Piramal	Independent Non-Executive Director	96, Karuna Sindhu, Khan Abdul Gaffar Khan Road, Sea Face Worli, Mumbai – 400018	Nil	Nil
3.	Ms. Alpana Parida	Independent Non-Executive Director	2nd Floor Anand Kamal Mahal Compound, 17 Carmichael Road, Mumbai, Maharashtra, India – 400026	Nil	Nil
4.	Ms. Anjali Bansal	Independent Non-Executive Director	Flat No. 3202, A-Wing Vivarea Tower, Sane Guruji Marg, Jacob Circle, Mahalaxmi, Mumbai, Maharashtra, India – 400011	Nil	Nil
5.	Mr. Prathivadibhayankara Rajagopalan Ramesh	Independent Non-Executive Director	532, Defence Colony, Sainikpuri, Secunderabad, Hyderabad, Telangana – 500094	Nil	Nil
6.	Mr. Suresh Narayanan	Chairman and Managing Director	Apartment 625 B, Tower 6, 25 th Floor, The Magnolias, Golf Course, Golf Course Road, Gurgaon, Haryana – 122009	Nil	Nil
7.	Mr. David Steven McDaniel	Executive Director-Finance & Control and CFO	Apartment No. 1019A, The Magnolias, DLF Golf Links, DLF Phase 5, Gurugram, Haryana – 122009	Nil	Nil
8.	Mr. Matthias Christoph Lohner	Executive Director- Technical	MG 911A, The Magnolias, DLF Golf Links, DLF City Phase 5, Gurugram, Haryana – 122009	Nil	Nil
9.	Mr. Balasubramaniam Murli	Company Secretary (KMP)	A-1/13 Azad Apartments, Aurobindo Marg, New Delhi, India – 110016	1	0.00

5. **Approval of the Board of Directors**

The Board of Directors of the Applicant Company at their Meeting held on 28th July 2021 approved the Scheme. The details of the Directors, who voted in favour, against, did not participate or vote, is as given below :-

Name of Directors	Designation	Voted in favour/ Against/ did not participate or vote/ Absent
Mr. Suresh Narayanan	Chairman and Managing Director	Favour
Mr. David Steven McDaniel	Executive Director – Finance & Control and CFO	Favour
Mr. Matthias Christoph Lohner	Executive Director – Technical	Favour
Ms. Rama Bijapurkar*	Independent Non-Executive Director	Favour
Mr. Rajya Vardhan Kanoria	Independent Non-Executive Director	Favour
Mr. Prathivadibhayankara Rajagopalan Ramesh	Independent Non-Executive Director	Favour
Dr. Swati Ajay Piramal	Independent Non-Executive Director	Favour
Ms. Roopa Kudva*	Independent Non-Executive Director	Absent (Sought leave of absence)

* Ms. Rama Bijapurkar (DIN: 00001835) and Ms. Roopa Kudva (DIN: 00001766) ceased to be a Director of the Applicant Company with effect from 30th April 2022 and 31st May 2022, respectively.

6. **Salient Features of the Scheme**

The salient features of the Scheme are, *inter alia*, as stated below:-

(Capitalized terms used hereunder shall have the same meaning as ascribed at Clause 2.1 of the Scheme and the salient features as set out herein-below are to be read subject to the provisions of Clause 2.2 and 2.3 of the Scheme).

- a. The Appointed Date under the Scheme is the opening of business on 1st January 2022 or such other date as may be determined by the Board of Directors of the Applicant Company or the Hon'ble National Company Law Tribunal, New Delhi Bench.
- b. Upon this Scheme becoming effective and with effect from the Appointed Date, the entire amount of Rs.8,374.3 Million [Rs. 837.43 Crores] standing to the credit of the General Reserves of the Applicant Company shall be reclassified and credited to the 'Retained Earnings' of the Applicant Company, and subsequent thereto, such amounts credited to the 'Retained Earnings' of the Applicant Company shall be reclassified as and constitute accumulated profits of the Applicant Company for the previous financial years, arrived at after providing for depreciation in accordance with the provisions of the 2013 Act and remaining undistributed in the manner provided in the 2013 Act and other applicable laws. It is clarified that such amounts shall be available for utilisation by the Applicant Company in relation to any Payout in the manner set out in Clause 5 of the Scheme.
- c. Each Payout of the amount so credited (including the quantum, manner and timing thereof) shall be undertaken in accordance with the provisions of the 2013 Act, the Scheme and other Applicable Law, taking into account all relevant factors including applicable regulatory and fiscal considerations, the nature and quantum of each Payout and subject to payment of or deduction at source of applicable taxes.
- d. The Scheme is conditional on and subject to:
 - i. the Scheme being approved by the requisite majority of the Shareholders of the Applicant Company and such other class of persons, in their respective Meetings, as may be required under the 2013 Act, unless such Meeting is otherwise, dispensed with by the NCLT;
 - ii. no objection letter or comments/observations from the BSE Limited having been obtained in relation to the Scheme;
 - iii. the NCLT having accorded its sanction to the Scheme;
 - iv. such other approvals and sanctions of any Governmental Authority as may be required in respect of the Scheme being obtained; and
 - v. the certified copy of the order of the NCLT approving the Scheme being filed with the Registrar of Companies.
 - vi. The above are only the salient features of the Scheme and the Equity Shareholders are requested to read the entire text of the Scheme annexed hereto to get fully acquainted with the provisions thereof.

7. Amount due to Unsecured Creditors

As on 28th February 2022, the cut-off date for filing application with the Tribunal for this Scheme, the Applicant Company had 2,447 (Two Thousand Four Hundred Forty Seven) Unsecured/ Trade and Sundry Creditors to whom the amount due was Rs.1,754.14 Crores (One Thousand Seven Hundred Fifty Four Crores and Fourteen Lakh only). These creditors are all creditors in the ordinary course of business and will be paid up in the ordinary course of business.

8. Interest of Directors, Key Managerial Personnel and their relatives:

None of the Directors and Key Managerial Personnel of the said Applicant Company and their relatives have any concern or interest, financially or otherwise, in the Scheme of Arrangement, except to the extent of their shareholding, if any, in the Applicant Company.

9. Effect of Scheme on Stakeholders

The effect of the Scheme on various stakeholders is set out herein-below: -

A. Shareholders

As no Equity Shares of the Applicant Company are proposed to be issued to its Equity Shareholders pursuant to the Scheme, there will be no change in the shareholding pattern of the Applicant Company pursuant to the Scheme being made effective.

B. Directors

- i. The Scheme will have no effect on the office of existing Directors of the Applicant Company as the Directors of the Applicant Company will continue to be Directors of the Applicant Company after the Scheme comes into effect. The composition of the Board of Directors of the Applicant Company may change by appointments, retirements, or resignations in accordance with the provisions of the 2013 Act but the Scheme itself will not affect the office of Directors of the Applicant Company.
- ii. The effect of the Scheme on Directors of the Applicant Company in their capacity as shareholders is the same as in the case of other shareholders of the Applicant Company.

C. Employees

The Scheme will have no effect on the existing employees of the Applicant Company. The effect of the Scheme on employees of the Applicant Company in their capacity as shareholders is the same as in the case of other shareholders of the Applicant Company.

D. Creditors

- i. The Unsecured Creditors of the Applicant Company will continue to be Unsecured Creditors of the Applicant Company on the same terms and conditions, as before. The Scheme is an arrangement between the Applicant Company and its Shareholders and there is no compromise or arrangement in the Scheme between the Applicant Company and its Unsecured Creditors. The value or the number of unsecured creditors may change from time to time as per the standard terms and conditions of business agreed with the unsecured creditors in the normal course of business.

- ii. There will no be adverse effect on the account of the Scheme on the other stakeholders.

The Applicant Company has not accepted any deposits or issued debentures.

10. No investigation proceedings

No investigation proceedings have been instituted or are pending in relation to the Applicant Company under Sections 210 to 226 of the 2013 Act or the provisions of the 1956 Act. To the knowledge of the Applicant Company, no winding up proceedings have been filed or pending against the Applicant Company and no proceedings under the Insolvency and Bankruptcy Code, 2016 are pending against the Applicant Company. It is submitted that there are no material investigation or proceedings pending against the Applicant Company which have adverse effect or material bearing on the matters of sanction of the Scheme by the Tribunal. The Equity Shareholders may however note that at the time of filing the present application with the Hon'ble Tribunal, enforcement proceedings by Securities Exchange Board of India (SEBI) were pending under the SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations 2003 against Ms. Roopa Kudva, a Director of the Applicant Company. The Securities Appellate Tribunal had vide Order dated 1st July 2021 stayed the SEBI Order dated 7th June 2021 during the pendency of the Appeal. For information of the Equity Shareholders, Ms. Roopa Kudva ceased to be a Director of the Applicant Company with effect from 31st May 2022.

11. The Scheme does not provide for any corporate debt restructuring or reduction in Share Capital of the Applicant Company.
12. Upon the Scheme being made effective in terms thereof, there shall be no change in the share capital structure of the Applicant Company.
13. The Statutory Auditors of the Applicant Company issued certificate dated 8th October 2021 to the effect that the accounting treatment contained in the Scheme is in compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Circulars issued thereunder and the accounting standards notified by the Central Government under Section 133 of the 2013 Act.
14. The Scheme envisages that an amount of Rs.8,374.3 Million [Rs. 837.43 Crores] standing to the credit of the General Reserves of the Applicant Company shall be re-classified and credited to the retained earnings of the Applicant Company and that such amount shall be available for utilization by the Applicant Company for being paid out to its Equity Shareholders from time to time as determined by the Board of Directors of the Applicant Company in such manner, quantum and as determined and as more particularly provided for in Clauses 4 and 5 of the Scheme. Accordingly, the Scheme does not fall within the ambit of any of the conditions mentioned in paragraph 1(A)(4)(c) of the Circular dated 10th March 2017 of the of the Securities Exchange Board of India, hence there is no requirement for obtaining a valuation report from an independent Chartered Accountant or Registered Valuer.
15. The BSE Limited has on 16th December 2021 given its “No Adverse Observations” to the Scheme.
16. The Applicant Company confirms that notice of the Scheme in the prescribed form is also being served on the statutory authorities as directed in the Order dated 30th May 2022 read with Order dated 6th June 2022 (“**Orders**”) of the Hon'ble Tribunal. The Applicant Company has on 10th June 2022 filed the Orders, the Scheme and Company Application (CAA) No.30/230/232/ND/2022 under cover of Form GNL-1 with the Registrar of Companies, NCT of Delhi and Haryana.
17. In addition to the documents annexed hereto, copies of the following documents will be open for inspection at the Registered Office of the Applicant Company on any working day (between 10:00 A.M. and 4:00 P.M.) except Saturdays, Sundays and Public Holidays prior to the date of the Meeting:-
- Certified copy of the Orders dated 30th May 2022 and 6th June 2022 of the Hon'ble Tribunal;
 - Copy of the Scheme of Arrangement;
 - Memorandum and Articles of Association of the Applicant Company;
 - Audited Accounts of the Applicant Company for the Financial Year ended 31st December 2021;
 - Certificate of the Statutory Auditors of the Applicant Company confirming the accounting treatment under the Scheme;
 - Register of Shareholding of Directors and KMPs of the Applicant Company;
 - Form No. GNL-1 filed with the Registrar of Companies, NCT of Delhi and Haryana by the Applicant Company along with Challan No. SRN No.: F05565643 dated 10th June 2022 evidencing filing of the Scheme;
 - Copy of CA (CAA) No.30/230/232/ND/2022 with annexures; and
 - All other documents displayed on the Applicant Company's website in terms of the SEBI Circular dated 10th March 2017 including the Report of the Audit Committee of the Applicant Company.

For Nestlé India Limited

Dated : 9th June 2022
Place : New Delhi

Sd/-
Pramod Kumar Rai
Authorized Signatory

**SCHEME OF ARRANGEMENT BETWEEN
NESTLÉ INDIA LIMITED
AND
ITS MEMBERS**

UNDER SECTION 230 OF THE COMPANIES ACT, 2013

PART A-GENERAL

1. Introduction

- 1.1. Nestlé India Limited is a public limited company, incorporated on 28 March 1959 under the Indian Companies Act, 1956 and continuing its existence under the Act and having its registered office at 100/101, World Trade Centre, Barakhamba Lane, New Delhi, 110001 (the “**Company**”). The equity shares of the Company are listed on BSE Limited (“**BSE**”).
- 1.2. The Company is authorised to and is engaged in the business of, *inter alia*, manufacture and sale of processed foods under several reputed brand names.
- 1.3. The Company has demonstrated consistent growth, sustained improvement in profitability and cash generation over the years. The key financial highlights for the past five years that demonstrates strong operating performance of the Company are as follows:

Parameter / Financial Year [#]	2016	2017	2018	2019 [^]	2020
Sales (Rs. in Millions)	94,096	101,351	112,162	122,953	132,902
Profit Before Tax (% of Sales)	15.7%	18.1%	21.7%	21.8%	21.2%
Profit After Tax (% of Sales)	10.6%	12.1%	14.3%	16.0%	15.7%
Return on Average Equity	32.8%	36.6%	45.3%	70.4%	105.8%
Operating Cash Flow (Rs. in Millions)	14,659	18,178	20,525	22,953	24,545
Earnings Per Share (Rs.)	103.9	127.1	166.7	204.2	216.00
Dividend Per Share (Rs.) *	63.0	86.0	115.0	342.0	200.0
Capital Expenditure (Rs. in Millions)	1,133	1,959	1,628	1,522	4,741
Capex as % of Sales	1.2%	1.9%	1.5%	1.2%	3.6%
Dividend Payout Ratio	65.6%	67.7%	69.0%	167.4%	92.6%

[#] The Financial Year of the Company is calendar year 1 January to 31 December.

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

* In 2019, Special interim dividend of Rs.180 per share paid out of accumulated profits of previous years



- 1.4. The consistent growth in sales, strong margin profile has helped the Company maintain a strong track record of operating cash generation and distribution of dividends to its shareholders.
- 1.5. The Company has net cash and cash equivalent and investments of Rs. 24,777.4 Million as on 31 December 2020. The Company has financial liabilities - borrowings worth Rs. 348.4 Million as on 31 December 2020 which are adequately covered by available cash and cash equivalents. Other than the above, the Company does not have any secured or unsecured loans, fixed deposits or preference shares which entail repayment obligations.
- 1.6. In 2009, the Hon'ble Delhi High Court approved the scheme of arrangement between the Company and its shareholders and creditors *inter alia* for an amount of Rs. 430.8 Million forming part of the amount voluntarily transferred by the Company to its General Reserves in excess of the prescribed 10% of the profits of the Company in accordance with the provisions of the erstwhile Companies Act, 1956 read with the Companies (Transfer of Profits to Reserves) Rules, 1975 during the financial years 1981 to 1996, to be credited to the balance in the "Profit and Loss Account" of the Company, and distributed as special dividend to the shareholders of the Company, in accordance with the provisions of the erstwhile Companies Act, 1956 and rules framed thereunder.
- 1.7. The Company has since then built up significant reserves amounting to Rs. 8,374.3 Million (as per the Audited Annual Accounts as on 31 December 2020) from its retained profits by way of transfer to its General Reserves, comprising of the amounts transferred to General Reserves in accordance with the statutory requirement applicable until financial year ended 31 December 2014 for the Company. The Company has not transferred any amounts to the General Reserves after the financial years commencing from 1 January 2015 and does not intend to transfer any amounts for the financial year ending 31 December 2021. While the excess reserves can be profitably utilised for the Company's overall growth strategy, the Board of the Company is of the view that after considering the foreseeable investments required for such opportunities over the next few years, barring unforeseen circumstances and considering the track record of the Company, the Company is confident of meeting its ongoing and future capital expenditure programmes and working capital requirements through generation of own funds and other financing options.
- 1.8. In view of the Company's capability to generate required funds, along with a view to provide greater flexibility for the utilisation of such funds, the Company now proposes to transfer the amount lying to the credit of the General Reserves to the Retained Earnings as reflected in the accounts of the Company to enable, *inter alia*, Payout to the Members, in such manner and to such extent, as the Board, in its sole discretion, may decide, from time to time and in accordance with the provisions of the Act and other Applicable Law.
- 1.9. In view of the aforesaid and in the interest of transparency and good corporate governance, the Company has proposed this Scheme of Arrangement between the Company and its Members under Section 230(1)(b) of the Act, pursuant to which and upon its coming into effect, the entire amount of Rs. 8,374.3 Million lying in the General Reserves of the Company, as of the Appointed Date, be credited to the Retained Earnings of the Company, to enable, *inter alia*, Payout to its Members as per the discretion of the Board (regarding the mode, quantum and



time of such Payout, subject to consideration of all relevant factors), from time to time in accordance with the provisions of the Act and other Applicable Law, pursuant to Section 230 and other relevant provisions of the Act, and various other matters consequential to or otherwise integrally connected with the above.

1.10. The Scheme is divided into the following parts:

- (a) **Part A**, which deals with the introduction and definition and sets out the share capital and details of reserves and surplus of the Company.
- (b) **Part B**, which deals with utilisation and reclassification of amounts standing to the credit of the General Reserves to enable Payout to Members, as per the discretion of the Board, from time to time; and
- (c) **Part C**, which deals with the general terms and conditions.

PART A – DEFINITION AND DETAILS OF SHARE CAPITAL AND RESERVES AND SURPLUS

2. Definition and Interpretation

2.1. In this Scheme, unless inconsistent with the subject or context, the following expressions shall have the following meanings:

“**Act**” means the Companies Act, 2013, as amended, supplemented, modified or replaced from time to time and shall include any statutory replacement or re-enactment thereof, and to the extent that any provisions of the Companies Act, 2013 have not been notified or brought into force, the (Indian) Companies Act, 1956, in each case, including any rules made thereunder;

“**Appointed Date**” means opening of business on 1 January 2022, or such other date as may be determined by the Board of the Company or NCLT;

“**Applicable Law**” includes all applicable statutes, enactments, acts of legislature or parliament, ordinances, rules, by-laws, regulations, notifications, circulars, guidelines, policies, directions, directives, rulings and orders of any government, statutory authority, tribunal, board or court in India;

“**Articles of Association**” means the articles of association of the Company, as may be amended, or restated from time to time;

“**Balance Sheet**” means the balance sheet of the Company prepared for any period along with the notes to the accounts and the schedules thereto, if any, in accordance with the provisions of the Act and rules thereunder;

“**Board**” in relation to the Company, shall, unless it be repugnant to the context or otherwise, include a committee of directors or any person authorised by the board of directors or such committee of board of directors for the purposes of matters pertaining to the Scheme and/or any other matter relating thereto;

“**Company**” shall have the meaning assigned to it in Clause 1.1;

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“Effective Date” means the last of the dates on which all the conditions and matters referred to in Clause 7 of this Scheme occur or have been fulfilled or waived in accordance with this Scheme. References in this Scheme to date of ‘coming into effect of the Scheme’ or ‘effectiveness of the Scheme’ shall mean the Effective Date;

“General Reserves” means and includes the general reserves of the Company which have been built primarily through transfer of retained undistributed profits, pursuant to the provisions of the erstwhile Companies Act, 1956 read with erstwhile provisions of the Companies (Transfer of Reserves) Rules, 1975 and which forms a part of the revenue reserves of the Company, as reflected in the accounts of the Company;

“Governmental Authority” means any applicable central, state or local government, legislative body, regulatory or administrative authority, agency or commission, including a stock exchange or any Court, Tribunal, Board, Bureau, instrumentality, judicial or arbitral body;

“NCLT” means the National Company Law Tribunal having its bench at New Delhi;

“Member” means every person holding equity share/s of the Company at the relevant time and the term "Members" shall be construed accordingly;

“Payout” has the meaning given to it in Clause 5.1 of this Scheme;

“Registrar of Companies” means the Registrar of Companies, National Capital Territory of Delhi and Haryana;

“Retained Earnings” represents surplus balance (including accumulated profits) under the sub-head “Other Equity” reported on the Balance Sheet under the shareholder’s equity section at the end of each accounting period in terms of Schedule III of the Act, arrived at after adding to the net income or reduced by a net loss during the year from the balance at the beginning of the year further subtracted by the dividend payouts during the year.

“Scheme” means this scheme of arrangement, in its present form with such modifications and amendments as may be made from time to time, and with appropriate approvals and sanctions of the NCLT and other relevant regulatory authorities, as may be required under the Act, as applicable, and under all other Applicable Law;

“SEBI” means the Securities and Exchange Board of India; and

“SEBI Scheme Circular” means the SEBI master circular dated 22 December 2020 bearing reference no. SEBI/HO/CFD/DIL1/CIR/P/2020/249 on scheme of arrangement by listed entities, and shall include any statutory modifications, re-enactment or amendments thereof.

2.2. Terms and expressions which are used in this Scheme but not defined herein shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning given to them under the Act, the Income-tax Act, 1961 and other Applicable Law.

2.3. In this Scheme, unless the context otherwise requires:

(a) references to “persons” shall include individuals, bodies corporate (wherever incorporated), unincorporated associations and partnerships;

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The block contains a handwritten signature in blue ink, which appears to be 'Pomurli', and a circular purple stamp. The stamp has the text 'NESTLE INDIA LIMITED' around the perimeter and a star at the bottom.

- (b) the headings, sub-headings, titles, sub-titles to clauses, sub-clauses and paragraphs are inserted for ease of reference only and shall not form part of the operative provisions of this Scheme and shall not affect the construction or interpretation of this Scheme;
- (c) references to one gender includes all genders;
- (d) words in the singular shall include the plural and vice versa;
- (e) words “include” and “including” are to be construed without limitation;
- (f) terms “hereof”, “herein”, “hereby”, “hereto” and derivative or similar words shall refer to this entire Scheme or specified Clauses of this Scheme, as the case may be;
- (g) a reference to “writing” or “written” includes printing, typing, lithography and other means of reproducing words in a visible form including e-mail;
- (h) reference to any agreement, contract, document or arrangement or to any provision thereof shall include references to any such agreement, contract, document or arrangement as it may, after the date hereof, from time to time, be amended, supplemented or novated;
- (i) reference to a Clause shall be a reference to the Clause of this Scheme; and
- (j) references to any provision of law or legislation or regulation shall include:
 - (i) such provision as it exists from time to time amended, modified, re-enacted or consolidated (whether before or after the date of this Scheme) to the extent such amendment, modification, re-enactment or consolidation applies or is capable of applying to this Scheme and (to the extent liability there under may exist or can arise) shall include any past statutory provision (as amended, modified, re-enacted or consolidated from time to time) which the provision referred to has directly or indirectly replaced; and
 - (ii) all subordinate legislations (including circulars, notifications, clarifications or supplement(s) to, or replacement or amendment of, that law or legislation or regulation) made from time to time under that provision (whether or not amended, modified, re-enacted or consolidated from time to time) and any retrospective amendment.

3. Share Capital and General Reserves

3.1. The capital structure of the Company as on 31 December 2020 is as under:

Share Capital	Amount in Rs.
Authorised Capital	
100,000,000 equity shares of Rs. 10	1,000,000,000
Total	1,000,000,000
Issued, Subscribed and Paid-up Capital	
96,415,716 fully paid up equity shares of Rs. 10	964,157,160
Total	964,157,160



3.2. The shareholding pattern of the Company as on 30 June 2021 is as under:

Category of Shareholders	Number of Shareholders	Total Number of Shares	Shareholding Percentage
(A) Promoter and Promoter Group	2	60,515,079	62.76%
(B) Public	167,107	35,900,637	37.24%
(C1) Shares underlying DRs	Nil	Nil	Nil
(C2) Shares held by Employee Trust	Nil	Nil	Nil
(C) Non-Promoter-Non-Public	Nil	Nil	Nil
Grand Total	1,67,109	96,415,716	100%

3.3. The details of the 'Other Equity' of the Company, including the General Reserves, as set out in the Balance Sheet of the Company as on 31 December 2020, are as under:

Particulars	Amount (Rs. in Million)
General Reserves (<i>as defined and referred to in this Scheme</i>)	8,374.3
<i>Other Equity Reserve not forming part of the reclassification specified in Part B of this Scheme</i>	
Retained Earnings	11,175.2
Total Reserves and Surplus	19,549.5
Items of Other Comprehensive Income	(320.3)
Total Other Equity	19,229.2

3.4. The Scheme does not seek to reduce or otherwise alter the issued, subscribed and paid-up share capital of the Company in any manner and the same will, therefore, remain unaltered as a result of the Scheme.

PART B - RECLASSIFICATION AND UTILISATION OF THE GENERAL RESERVES AND PAYOUT TO MEMBERS

4. Reclassification and utilisation of the General Reserves

4.1. The General Reserves of the Company, amounting to Rs. 8,374.3 Million (as on the 31 December 2020) have been, primarily, built up over the years through the transfer of profits to the reserves by the Company (prior to declaration of dividend) in accordance with the provisions of the erstwhile Companies Act, 1956 and the erstwhile rules notified thereunder, namely, the Companies (Transfer of Profits to Reserves) Rules, 1975.

4.2. Upon this Scheme becoming effective and with effect from the Appointed Date, the entire amount of Rs. 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 subsequent thereto, such amounts credited to the 'Retained Earnings' of the Company shall be reclassified as 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. It is clarified that



such amounts shall be available for utilisation by the Company in relation to any Payout in the manner set out in Clause 5 below.

5. Payout of Retained Earnings to Members

- 5.1. Upon the Scheme becoming effective and subsequent to the reclassification of the amounts standing to the credit of the General Reserves and credit thereof to the Retained Earnings pursuant to Clause 4 of the Scheme, the amount so credited shall be available for Payout to the Members of the Company, from time to time, by the Board, at its sole discretion, in such manner, quantum and at such time as the Board may decide (each such event constituting a “Payout”).
- 5.2. Each Payout of the amount so credited (including the quantum, manner and timing thereof) shall be undertaken in accordance with the provisions of the Act, the Scheme and other Applicable Law, taking into account all relevant factors including applicable regulatory and fiscal considerations, the nature and quantum of each Payout and subject to payment of or deduction at source of applicable taxes.

6. Accounting Treatment

- 6.1. Upon this Scheme becoming effective and with effect from the Appointed Date, the entire amount of Rs. 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.
- 6.2. The accounting treatment proposed in this Scheme is in compliance with the provisions of Section 133 of the Act and Companies (Indian Accounting Standards) Rules, 2015 framed thereunder. To this effect, in terms of the SEBI Scheme Circular, the Company has obtained an auditor’s certificate dated 28 July 2021 from M/s BSR & Co. LLP, Chartered Accountants (Firm Registration No. 101248W/W-100022), certifying that the accounting treatment of this Scheme is in compliance with the provisions of Section 133 of the Act and Companies (Indian Accounting Standards) Rules, 2015 framed thereunder.

7. Conditionality to the Effectiveness of the Scheme

- 7.1. The Scheme is conditional on and subject to:
- a) the Scheme being approved by the requisite majority of the Members of the Company and such other class of persons, in their respective meetings, as may be required under the Act, unless such meeting is otherwise, dispensed with by the NCLT;
 - b) no objection letter or comments/observations from BSE (basis comments from SEBI (if any) in terms of the SEBI Scheme Circular read with SEBI Circular No. CFD/DIL3/CIR/2017/21 dated 10 March 2017, as amended and other Applicable Law), having been obtained in relation to the Scheme;
 - c) the NCLT having accorded its sanction to the Scheme;
 - d) such other approvals and sanctions of any Governmental Authority as may be required in respect of the Scheme being obtained; and

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- e) the certified copy of the order of the NCLT approving the Scheme being filed with the Registrar of Companies.

7.2. The approval of the Scheme by the Members shall be deemed to be sufficient for the purposes of effecting the re-classification of the amounts standing to the credit of the General Reserves and credit thereof to the Retained Earnings and no further resolution under any other applicable provisions of the Act would be required to be separately passed.

7.3. In the event of this Scheme failing to take effect by 31 December 2022 or such later date as may be agreed by the Board, this Scheme shall stand revoked, cancelled and be of no effect and become null and void, and in that event no rights and liabilities shall accrue to, or, be incurred inter se between the Company and any other person and the Company shall bear and pay the costs, charges and expenses for and/or in connection with the Scheme. In the event any of the approvals or conditions enumerated in the Scheme not being obtained or complied with, or for any other reason, the Scheme cannot be implemented, the Board of Directors of the Company shall waive such conditions as they consider appropriate to give effect, as far as possible, to this Scheme and failing such waiver, or in case the Scheme is not sanctioned by the NCLT, the Scheme shall become null and void.

PART C - GENERAL TERMS AND CONDITIONS

8. Upon this Scheme becoming effective, the Balance Sheet of the Company, as on the Appointed Date, shall be reorganised in accordance with the terms of this Scheme.

9. Dividends

9.1. Nothing contained herein shall be construed as restricting the Company from being entitled to declare and pay dividends, whether interim or final, to its Members whether during the pendency of the Scheme or otherwise and the Members shall, save as expressly provided otherwise in this Scheme, continue to enjoy their existing rights under the Articles of Association, including the right to receive dividends, if any.

9.2. It is clarified that the aforesaid provisions in Clause 9.1 in respect of declaration of dividend are enabling provisions only and shall not be deemed to confer any right on any Member of the Company to demand or claim any dividends which, subject to the provisions of the said Act, shall be entirely at the discretion of the Board.

10. Applications

The Company shall make necessary applications before the NCLT for the sanction of this Scheme under Section 230 of the Act and any other applicable provisions of law.

11. Modifications to the Scheme

11.1. The Company (acting through its Board) may, in its full and absolute discretion:

- a) assent to any alterations or modifications to this Scheme which the NCLT and/or any other Governmental Authority may deem fit to approve or impose and to do all acts, deeds and things as may be necessary, desirable or expedient for the purposes of this Scheme;



- b) give such directions as it may consider necessary to settle any question or difficulty arising under the Scheme or in regard to, and of the meaning or interpretation of the Scheme, or implementation thereof, or in any matter whatsoever connected therewith (including any question or difficulty arising as a result of inadequacy of information provided by a Member or in connection with any deceased or insolvent Member of the Company), or to review the position relating to the satisfaction of various conditions to the Scheme and if necessary, to waive any of those (to the extent permissible under law), or, that otherwise as may be considered to be in the best interest of the Company and its Members and do all acts, deeds and things as may be necessary, desirable or expedient for giving effect to the Scheme;
- c) modify, vary or withdraw this Scheme prior to the Effective Date in any manner at any time;
- d) carry out any modification to the Scheme by the Company (after receipt of sanction by the NCLT) only with the prior approval of the NCLT.

12. Severability

- 12.1. The provisions contained in this Scheme are inextricably inter-linked with the other provisions and the Scheme constitutes an integral whole. The Scheme would be given effect to only if it is approved in its entirety unless specifically agreed otherwise by the Board of the Company.
- 12.2. Subject to 12.1 above, if any part of this Scheme is found to be unworkable for any reason whatsoever, the same shall not, subject to the decision of the Board of the Company, affect the validity or implementation of the other parts and/or provisions of this Scheme.

13. Tax related provisions

Every Payout shall be subject to payment or deduction at source of applicable taxes as per Applicable Law.

14. Costs

All costs, charges and expenses of the Company in relation to or in connection with the Scheme and of carrying out and implementing/ completing the terms and provisions of the Scheme or incidental to the completion thereof in pursuance of the Scheme, shall be borne and paid by the Company.

15. Binding Effect

This Scheme when sanctioned by the NCLT and upon effectiveness shall be binding on the Company, Members, and all other persons, notwithstanding anything to the contrary in any other instrument, deed or writing.

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Private and confidential

The Board of Directors
Nestlé India Limited
100/ 101, World Trade Centre
Barakhamba Lane,
New Delhi - 110001

8 October 2021

Independent Auditor's Certificate on the proposed accounting treatment as per the Draft Scheme of arrangement amongst Nestlé India Limited and its members under section 230 of the Companies Act, 2013 ('the Act') pursuant to the requirements of Master Circular SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated 22 December 2020 issued by Securities and Exchange Board of India (SEBI).

We, the statutory auditors of Nestlé India Limited, (hereinafter referred to as "the Company"), have examined the proposed accounting treatment specified in clause 6.1 of the Draft Scheme of arrangement between Nestlé India Limited ('the Company') and its members in terms of the provisions of section 230 of the Companies Act, 2013 (the 'Scheme') with reference to its compliance with the applicable Accounting Standards notified under the Companies Act, 2013 and Other Generally Accepted Accounting Principles.

The responsibility for the preparation of the Draft Scheme and its compliance with the relevant laws and regulations, including the applicable Accounting Standards as aforesaid, is that of the Board of Directors of the Companies involved. Our responsibility is to examine and report whether the Draft Scheme complies with the applicable Accounting Standards and Other Generally Accepted Accounting Principles. Nothing contained in this Certificate, nor anything said or done in the course of, or in connection with the services that are subject to this Certificate, will extend any duty of care that we may have in our capacity of the statutory auditors of any financial statements of the Company. We carried out our examination in accordance with the Guidance Note on Audit Reports and Certificates for Special Purposes, issued by the Institute of Chartered Accountants of India.

Based on our examination and according to the information and explanations given to us, we confirm that the accounting treatment contained in the aforesaid scheme is in compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and circulars issued thereunder and all the applicable Accounting Standards notified by the Central Government under the Companies Act, 2013.

This Certificate is issued at the request of the Nestlé India Limited pursuant to the requirements of circulars issued under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for onward submission to the Bombay Stock Exchange. This Certificate should not be used for any other purpose without our prior written consent.

B S R & Co. LLP

This certificate is to be read in conjunction with the enclosed Annexure 1 of even date.

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

VIKRAM Digitally signed by
VIKRAM ADVANI
ADVANI Date: 2021.10.08
10:51:37 +05'30'

Vikram Advani
Partner

Place: New Delhi
Date: 8 October 2021

Membership No: 091765
ICAI UDIN: 21091765AAAACI5901

Annexure 1 to the certificate dated 8 October 2021

Management's Responsibility

1. The preparation of the Scheme and its compliance with the relevant laws and regulations, including the applicable Accounting Standards notified under section 133 of Companies Act, 2013, read with Companies (Indian Accounting Standards) Amendment Rules, 2016 (as amended from time to time) and other generally accepted accounting principles is the sole responsibility of the Company's management.

Auditor's Responsibility

2. Pursuant to the requirements of the Master Circular issued by SEBI, it is our responsibility to examine and report whether the proposed accounting treatment specified in clause 6.1 of the Scheme is in compliance with the applicable accounting standards prescribed under section 133 of the Act read with rules framed thereunder and other Generally Accepted Accounting Principles.
3. In relation to paragraph 2 above, we have examined the following records and documents:
 - a) Draft Scheme of arrangement amongst Nestlé India Limited and its members under section 230 of the Companies Act, 2013 ('the Act');
 - b) Audited financial statements of the Company for the year ended 31 December 2020 on which we issued an unmodified audit opinion vide our report dated 16 February 2021. Our audit of these financial statements was conducted in accordance with the Standards on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

We have also obtained appropriate representations from the Company's management.

4. We conducted our examination of the Annexure in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.
5. 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.
6. We had issued a certificate dated 28 July 2021 in accordance with the terms of our engagement letter dated 2 August 2018 and addendum to the engagement letter dated 23 July 2021 on the proposed accounting treatment as per the Scheme pursuant to the requirements of Master Circular SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated 22 December 2020 issued by SEBI. The aforesaid certificate issued in accordance with this Guidance Note had not been accepted by the Bombay Stock Exchange and accordingly the same has been issued as per their prescribed format.
7. The certificate issued on 28 July 2021 stands withdrawn and is superseded by this certificate.

B S R & Co. LLP

Chartered Accountants

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Annexure 3

INDEPENDENT AUDITORS' 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"> • We assessed the appropriateness of the revenue recognition accounting policies by comparing with applicable accounting standards. • 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. • 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). • We carried out analytical procedures on revenue recognised during the year to identify unusual variances. • 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. • We tested manual journal entries posted to revenue to identify unusual items.

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"> • We tested the design, implementation and operating effectiveness of key internal controls around the recognition and measurement of provisions. • We inquired the status in respect of significant provisions with the Company's internal tax and legal team. • 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. • We challenged the assumptions and critical judgements made by the Company which impacted their estimate of provision required, considering judgements previously made by the authorities in the relevant jurisdictions or any relevant opinions given by the Company's advisors and assessing whether there was an indication of management bias. • We verified the computation of provision on a test check basis.

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"> • We tested design & implementation and operating effectiveness of key internal controls over completeness and accuracy of data and assumptions used in valuation of defined benefit obligation. • We evaluated and challenged the key assumptions in valuation of defined benefit obligation. • We tested the data used in valuation of defined benefit obligation on a test check basis. • 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.

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 derivative contracts for which there were any material foreseeable losses.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- iv. 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.

B S R & Co. LLP

(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

VIKRAM
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Date: 2022.02.17
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Vikram Advani

Partner

Membership No. 091765

UDIN: 22091765ACXFTN7243

Place: Delhi

Date: 17 February 2022

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

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ADVANI
Date: 2022.02.17
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Vikram Advani

Partner

Membership No.: 091765

UDIN: 22091765ACXFTN7243

Place: Delhi

Date: 17 February 2022

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

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Vikram Advani

Partner

Membership No. 091765

UDIN: 22091765ACXFTN7243

Place: Delhi

Date: 17 February 2022

NESTLÉ INDIA LIMITED
BALANCE SHEET AS AT 31 DECEMBER 2021

	NOTES	As at 31 December 2021 (₹ in million)	As at 31 December 2020 (₹ in million)
ASSETS			
Non-current assets			
Property, Plant and Equipment	4	26,529.4	19,680.0
Capital work-in-progress		2,462.3	6,385.8
Right of Use Assets	5	3,410.3	2,114.1
Financial Assets			
Investments	6	7,107.0	7,408.3
Loans	7	490.9	465.5
Deferred Tax Assets (net)	8	258.4	199.2
Other non-current assets	9	14,453.4	893.6
		54,711.7	37,146.5
Current assets			
Inventories	10	15,802.2	14,164.8
Financial Assets			
Investments	11	632.8	7,229.4
Trade receivables	12	1,652.7	1,649.3
Cash and cash equivalents	13	7,185.3	17,548.0
Bank Balances other than cash and cash equivalents	14	168.8	150.7
Loans	15	118.5	132.2
Other financial assets	16	494.0	589.6
Current tax assets		292.9	-
Other current assets	17	851.6	386.8
Asset held for sale	18	188.8	-
		27,387.6	41,850.8
Total Assets		82,099.3	78,997.3
EQUITY AND LIABILITIES			
EQUITY			
Equity Share Capital	19	964.2	964.2
Other Equity	20	19,880.6	19,229.2
		20,844.8	20,193.4
LIABILITIES			
Non-current liabilities			
Financial Liabilities			
Borrowings	21	274.7	317.2
Lease liabilities		1,902.3	657.6
Provisions	22	32,845.4	32,682.7
Other non-current liabilities	23	199.7	220.9
		35,222.1	33,878.4
Current liabilities			
Financial Liabilities			
Borrowings	24	65.9	31.2
Trade payables			
Total outstanding dues of micro enterprises and small enterprises	47	2,598.1	937.6
Total outstanding dues of creditors other than micro enterprises and small enterprises		14,750.4	14,228.2
Lease Liabilities		415.3	468.9
Payables for capital expenditure			
Total outstanding dues of micro enterprises and small enterprises	47	210.6	202.3
Total outstanding dues of creditors other than micro enterprises and small enterprises		1,337.5	2,722.0
Other financial liabilities	25	3,586.3	3,687.6
Provisions	26	1,385.4	1,059.6
Current tax liabilities		-	98.0
Other current liabilities	27	1,682.9	1,490.1
		26,032.4	24,925.5
Total Equity and liabilities		82,099.3	78,997.3

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

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
Digitally signed by VIKRAM ADVANI
Date: 2022.02.17 16:47:23 +05'30'

VIKRAM ADVANI
Partner
Membership No. - 091765

SURESH NARAYANAN
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SURESH NARAYANAN
Chairman and Managing Director
(DIN-07246738)

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

BALASUBRAMANIAM MURLI
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B. MURLI
General Counsel & Company Secretary

17 February 2022
New Delhi

17 February 2022
Gurugram

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

		Year ended 31 December 2021 (₹ in million)	Year ended 31 December 2020 (₹ in million)
A INCOME	NOTES		
Domestic Sales		139,941.5	126,427.7
Export Sales		6,395.7	6,473.9
Sale of products	35	146,337.2	132,901.6
Other operating revenues	28	756.9	598.7
i Revenue from operations		147,094.1	133,500.3
ii Other Income	29	1,201.1	1,458.5
Total Income		148,295.2	134,958.8
B EXPENSES			
i Cost of materials consumed	30	61,541.0	55,542.4
ii Purchases of stock-in-trade		2,275.2	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
Total Expenses		117,092.5	106,830.9
C PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX (A-B)		31,202.7	28,127.9
D Exceptional items	3, 36	2,365.0	-
E PROFIT BEFORE TAX (C-D)		28,837.7	28,127.9
F Tax expense			
Current tax	40	7,443.9	7,634.2
Deferred tax	40	(54.8)	(330.6)
G PROFIT AFTER TAX (E-F)		21,448.6	20,824.3

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

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

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

VIKRAM ADVANI
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Date: 2022.02.17 16:47:56 +05'30'

VIKRAM ADVANI
Partner
Membership No. - 091765

SURESH NARAYANAN
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SURESH NARAYANAN
Chairman and Managing Director
(DIN-07246738)

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

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B. MURLI
General Counsel & Company Secretary

17 February 2022
New Delhi

17 February 2022
Gurugram

NESTLÉ INDIA LIMITED
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)
A CASH FLOWS FROM OPERATING ACTIVITIES		
Profit Before Tax	28,837.7	28,127.9
Adjustments for :		
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
Operating profit before working capital changes	31,522.1	30,608.2
Adjustments for working capital changes:		
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
Cash generated from operations	29,999.7	31,573.7
Income taxes paid (net of refunds)	(7,286.0)	(7,028.9)
Net cash generated from operating activities	22,713.7	24,544.8
B CASH FLOWS FROM INVESTING ACTIVITIES		
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
Net cash generated from/(used in) investing activities	(19,570.4)	(3,214.6)
C CASH FLOWS FROM FINANCING ACTIVITIES		
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)
Net cash used in financing activities	(20,186.3)	(19,558.9)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	(17,043.0)	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
Total cash and cash equivalents at the beginning of the year (as per Ind AS 7)	24,777.4	23,006.1
Cash and cash equivalents (Refer note 13)	7,185.3	17,548.0
Current investments (Refer note 11)	549.1	7,229.4
Total cash and cash equivalents at the end of the year (as per Ind AS 7)	7,734.4	24,777.4
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	(17,043.0)	1,771.3

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

	Year ended 31 December 2020 (₹ in million)	Cash flow changes	Non- cash changes	Year ended 31 December 2021 (₹ in million)
Non cash Transaction from Financing activities is as under :				
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
	1,695.8	(897.0)	2,059.1	2,857.9
	Year ended 31 December 2019 (₹ in million)	Cash flow changes	Non- cash changes	Year ended 31 December 2020 (₹ in million)
Non cash Transaction from Financing activities is as under :				
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
	1,893.7	(656.0)	458.1	1,695.8

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
Digitally signed by
VIKRAM ADVANI
Date: 2022.02.17
16:48:20 +05'30'

SURESH NARAYANAN
Digitally signed by
SURESH NARAYANAN
Date: 2022.02.17
15:58:07 +05'30'

DAVID STEVEN MCDANIEL
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DAVID STEVEN
MCDANIEL
Date: 2022.02.17
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BALASUBRAMANIAM MURLI
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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
Gurgaon

NESTLÉ INDIA LIMITED
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	-
Balance as at 31 December 2020	964.2
Movement during the year	-
Balance as at 31 December 2021	964.2

(₹ in million)

B) OTHER EQUITY ⁽¹⁾

	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	
Balance as at 31 December 2019	8,374.3	10,173.7	(330.0)	6.5	18,224.5
Profit after tax	-	20,824.3	-	-	20,824.3
Other comprehensive income	-	(925.3)	-	3.2	(922.1)
Total comprehensive income	-	19,899.0	-	3.2	19,902.2
Dividend (Refer note 48)	-	(18,897.5)	-	-	(18,897.5)
Total appropriations	-	(18,897.5)	-	-	(18,897.5)
Balance as at 31 December 2020	8,374.3	11,175.2	(330.0)	9.7	19,229.2
Profit after tax	-	21,448.6	-	-	21,448.6
Other comprehensive income	-	(1,515.6)	-	1.5	(1,514.1)
Total comprehensive income	-	19,933.0	-	1.5	19,934.5
Dividend (Refer note 48)	-	(19,283.1)	-	-	(19,283.1)
Total appropriations	-	(19,283.1)	-	-	(19,283.1)
Balance as at 31 December 2021	8,374.3	11,825.1	(330.0)	11.2	19,880.6

(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 and on behalf of the Board of Directors

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

VIKRAM ADVANI
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Date: 2022.02.17 16:48:43 +05'30'

VIKRAM ADVANI
Partner
Membership No. - 091765

SURESH NARAYANAN
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Date: 2022.02.17 15:58:24 +05'30'

SURESH NARAYANAN
Chairman and Managing Director
(DIN-07246738)

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

BALASUBRAMANIAM MURLI
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Date: 2022.02.17 16:16:18 +05'30'

B. MURLI
General Counsel & Company Secretary

17 February 2022
New Delhi

17 February 2022
Gurugram

NESTLÉ INDIA LIMITED

Notes forming part of the financial statements

1. CORPORATE INFORMATION

Nestle 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 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.

NESTLÉ INDIA LIMITED

Notes forming part of the financial statements

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 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.

NESTLÉ INDIA LIMITED

Notes forming part of the financial statements

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.	

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:

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

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

NESTLÉ INDIA LIMITED

Notes forming part of the financial statements

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.

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.

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

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

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.

NESTLÉ INDIA LIMITED

Notes forming part of the financial statements

f) Derivatives and hedge accounting

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

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

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

g) Fair value measurement

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

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.

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.

NESTLÉ INDIA LIMITED

Notes forming part of the financial statements

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.

NESTLÉ INDIA LIMITED

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
Total	36,454.8	10,067.2	440.5	46,081.5	16,774.8	3,203.7	12.2	438.6	19,552.1	26,529.4

	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
Total	34,860.9	1,707.0	113.1	36,454.8	13,772.8	3,111.1	-	109.1	16,774.8	19,680.0

5 - Right of Use Assets

	GROSS CARRYING VALUE				DEPRECIATION/ AMORTISATION				(₹ in million) 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
Total	3,527.9	2,081.6	522.2	5,087.3	1,413.8	698.2	435.0	1,677.0	3,410.3

	GROSS CARRYING VALUE				DEPRECIATION/ AMORTISATION				(₹ in million) 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
Total	3,790.9	448.0	711.0	3,527.9	1,464.5	592.7	643.4	1,413.8	2,114.1

(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.

NESTLÉ INDIA LIMITED

Notes forming part of the financial statements

	As at 31 December 2021 (₹ in million)	As at 31 December 2020 (₹ in million)
6 - NON-CURRENT INVESTMENTS		
At amortised cost		
Quoted		
Tax free Bonds	7,107.0	7,219.5
At fair value through Other Comprehensive Income		
Unquoted		
Equity shares of Sahyadri Agro and Dairy Private Limited ⁽¹⁾	-	188.8
(Fully paid up 1,415,050 equity shares of face value ₹10 each)		
	7,107.0	7,408.3
Market value of quoted investments	7,797.5	8,054.7
(1) Classified as Asset held for sale in 2021. (Refer Note 18)		
7 - NON-CURRENT LOANS		
Secured, considered good		
Loans to employees	-	0.1
Unsecured, considered good		
Security deposits	418.4	383.8
Loans to employees	72.5	81.6
	490.9	465.4
	490.9	465.5
8 - DEFERRED TAXES (NET) ⁽¹⁾		
Deferred tax assets		
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
	1,600.0	1,583.8
Deferred tax liabilities		
Property, Plant and Equipment	1,341.6	1,384.6
Inventories	-	-
Financial Instruments	-	-
	1,341.6	1,384.6
Net Deferred Tax Assets	258.4	199.2
(1) Refer note 40		
9 - OTHER NON-CURRENT ASSETS		
Investment in Insurance plan ⁽¹⁾	13,262.9	-
Capital advances	145.0	339.0
Payments under protest with government authorities	1,045.5	554.6
	14,453.4	893.6

(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).

NESTLÉ INDIA LIMITED

Notes forming part of the financial statements

	As at 31 December 2021 (₹ in million)	As at 31 December 2020 (₹ in million)
10 - INVENTORIES		
(at cost or net realisable value, whichever is lower)		
Raw materials {Includes in transit ₹ 445.0 million (2020: ₹ 428.9 million)}	5,897.8	5,220.2
Packing materials {Includes in transit ₹ 9.0 million (2020: ₹ 11.1 million)}	823.2	654.1
Work-in-progress	1,786.7	1,931.1
Finished goods	5,961.9	5,216.8
Stock-in-trade (goods purchased for resale) {Includes in transit ₹ 115.9 million (2020: ₹ 119.4 million)}	384.0	357.7
Stores and spares {Includes in transit ₹ 15.3 million (2020: ₹ 8.5 million)}	948.6	784.9
	15,802.2	14,164.8

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	-
	632.8	7,229.4
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

NESTLÉ INDIA LIMITED

Notes forming part of the financial statements

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

NESTLÉ INDIA LIMITED

Notes forming part of the financial statements

	As at 31 December 2021 (₹ in million)	As at 31 December 2020 (₹ in million)
15 - CURRENT LOANS		
Secured, considered good		
Loans to employees	-	0.3
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	<u>(8.9)</u>	<u>(8.5)</u>
	<u>118.5</u>	<u>132.2</u>

16 - OTHER CURRENT FINANCIAL ASSETS

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>

17 - OTHER CURRENT ASSETS

Investment in Insurance plan ⁽¹⁾	351.3	-
Unsecured, considered good		
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>
Unsecured, credit impaired		
Advances given to suppliers, Balances with government authorities etc.	44.3	35.4
Less: Allowance for impairment	<u>(44.3)</u>	<u>(35.4)</u>
	<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 ⁽¹⁾	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.

NESTLÉ INDIA LIMITED

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)
19 - EQUITY SHARE CAPITAL				
Authorised				
Equity shares of face value ₹ 10 each	<u>100,000,000</u>	<u>1,000.0</u>	<u>100,000,000</u>	<u>1,000.0</u>
Issued, subscribed and fully paid up				
Equity shares of face value ₹ 10 each	<u>96,415,716</u>	<u>964.2</u>	<u>96,415,716</u>	<u>964.2</u>

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	-	-	-	-
Shares outstanding as at the end of the year	<u>96,415,716</u>	<u>964.2</u>	<u>96,415,716</u>	<u>964.2</u>

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	27,463,680	27,463,680
(Ultimate holding company being Nestlé S.A.)		

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

NESTLÉ INDIA LIMITED**Notes forming part of the financial statements**

	As at 31 December 2021 (₹ in million)	As at 31 December 2020 (₹ in million)
20 - OTHER EQUITY		
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)
	19,880.6	19,229.2

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.

NESTLÉ INDIA LIMITED

Notes forming part of the financial statements

	As at 31 December 2021 (₹ in million)	As at 31 December 2020 (₹ in million)
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21 - NON-CURRENT BORROWINGS**Unsecured loans**

Deferred VAT liabilities

State of Karnataka⁽¹⁾ 219.5 204.2State of Himachal Pradesh⁽²⁾ 55.2 113.0

	<u>274.7</u>	<u>317.2</u>
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(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.

22 - NON-CURRENT PROVISIONS**Employee benefits:**

Pension and gratuity (Refer note 36)	21,653.7	21,808.2	
Other incentives and welfare benefits ⁽¹⁾	<u>1,872.2</u>	<u>1,683.0</u>	23,491.2

Contingencies (Refer note 38) 9,319.5 9,191.5

	<u>32,845.4</u>	<u>32,682.7</u>
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(1) Includes compensated absences, restricted stock unit plans/ performance share unit plans, long service awards and ceremonial gifts.

NESTLÉ INDIA LIMITED

Notes forming part of the financial statements

	As at 31 December 2021 (₹ in million)	As at 31 December 2020 (₹ in million)
23 - OTHER NON-CURRENT LIABILITIES		
Deferred Government Grants	199.7	220.9
	<u>199.7</u>	<u>220.9</u>
24 - CURRENT BORROWINGS		
Unsecured loans		
Deferred VAT liabilities		
State of Karnataka ⁽¹⁾	18.9	7.8
State of Himachal Pradesh ⁽²⁾	47.0	23.4
	<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
Bank Overdraft	-	0.9
Unpaid dividends ⁽¹⁾	168.8	150.7
Security deposits	81.2	61.3
Derivative liabilities - forward contracts	22.7	7.0
	<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.

NESTLÉ INDIA LIMITED

Notes forming part of the financial statements

	As at 31 December 2021 (₹ in million)		As at 31 December 2020 (₹ in million)	
26 - CURRENT PROVISIONS				
Employee benefits:				
Pension (Refer note 36)	746.2		425.4	
Other incentives and welfare benefits ⁽¹⁾	372.2	1,118.4	395.2	820.6
Contingencies (Refer note 38)		267.0		239.0
		1,385.4		1,059.6

(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
	1,682.9	1,490.1

NESTLÉ INDIA LIMITED
Notes forming part of the financial statements

	Year ended 31 December 2021 (₹ in million)	Year ended 31 December 2020 (₹ in million)
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. ⁽¹⁾	694.9	930.1
Interest on tax free long term bonds ⁽¹⁾	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		
30 - COST OF MATERIALS CONSUMED		
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>
31 - CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE		
Opening stock		
Finished goods	5,216.8	5,199.0
Work-in-progress	1,931.1	1,233.8
Stock-in-trade	<u>357.7</u>	<u>379.5</u>
	7,505.6	6,812.3
Closing Stock		
Finished goods	5,961.9	5,216.8
Work-in-progress	1,786.7	1,931.1
Stock-in-trade	<u>384.0</u>	<u>357.7</u>
	8,132.6	7,505.6
Net (increase)/ decrease in opening and closing stock	<u>(627.0)</u>	<u>(693.3)</u>

NESTLÉ INDIA LIMITED
Notes forming part of the financial statements

	Year ended 31 December 2021 (₹ in million)	Year ended 31 December 2020 (₹ in million)
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32 - EMPLOYEE BENEFITS EXPENSE

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>

33 - FINANCE COSTS

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>

34 - OTHER EXPENSES

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>

NESTLÉ INDIA LIMITED

Notes forming part of the financial statements

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)
Milk Products and Nutrition (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
Prepared dishes and cooking aids (includes noodles, sauces, seasonings, pasta, cereals)	327,659	45,501.3	281,392	39,108.2
Powdered and Liquid Beverages (includes instant coffee, instant tea, ready to drink beverage)	24,507	16,918.2	20,772	14,762.5
Confectionery (includes bar countlines, tablets, sugar confectionery)	55,648	21,231.4	50,358	17,543.1
Sale of Products	542,483	146,337.2	490,924	132,901.6

(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)
Contracted Price	150,740.2	136,929.7
Less: Rebates, discounts, allowances etc.	4,403.0	4,028.1
Sale of products	146,337.2	132,901.6

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.

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(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.

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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 ⁽¹⁾	Pension Scheme Unfunded Plan	Gratuity Scheme Funded Plan	Pension Scheme Unfunded Plan
(i) Change in defined benefit obligation (DBO):					
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	-	-	-
Present Value of obligation, as at the end of the year	2,627.8	13,614.2	8,483.4	2,216.6	21,959.5
(ii) Change in plan assets:					
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)	-
Plan assets, as at the end of the year	2,325.5	-	-	1,942.5	-
Net Liability recognised in the balance Sheet	302.3	13,614.2	8,483.4	274.1	21,959.5
<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
(iii) Re-imbursement Rights					
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	-	-	-
(iv) Constitution of plan assets					
Quoted					
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	-
Unquoted					
Cash at bank and receivables	3.0	-	-	1.3	-
Total plan assets	2,325.5	-	-	1,942.5	-
(v) Cost recognised in the statement of profit and loss					
Current service cost (net of recoveries)	136.0	497.2	358.7	121.8	787.8
Past service cost (net of recoveries) ⁽¹⁾	-	1,760.0	-	-	-
Settlement Cost ⁽¹⁾	-	576.9	13.9	-	-
Interest cost ⁽²⁾	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)	-
Net cost	139.8	3,733.1	851.5	130.3	2,062.0
(vi) Re-measurements recognised in other comprehensive income					
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)	-
Net cost	320.0	948.1	757.2	16.0	1,220.5

(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.

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(2) Total Interest cost on employee benefit plans recognised in statement of profit and loss is ₹ 1,495.5 million (Previous year ₹ 1,376.4 million). This includes ₹ 1381.7 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 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 (%) ⁽¹⁾					
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
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
Present Value of obligation - Reported	2627.8	8483.4	2,216.6	21,959.5
Discount rates				
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
Expected rate of salary increases				
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
Expected rate of Pension increases				
Increase of 50 basis point	-	8,920.3	-	23,055.3
Decrease of 50 basis point	-	8,083.5	-	20,954.8
Life expectancy				
Increase by 1 year	-	8,626.8	-	22,352.7
Decrease by 1 year	-	8,338.4	-	21,561.2

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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.

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The movement of provisions is given below:

Description	31 December 2021 (₹ in million)				31 December 2020 (₹ in million)			
	Provisions for contingencies			Total	Provisions for contingencies			Total
	Litigations and related disputes		Others		Litigations and related disputes		Others	
	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)
Closing balance	3,783.8	4,766.1	1,036.6	9,586.5	3,835.9	4,332.2	1,262.4	9,430.5

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 ⁽¹⁾		
- 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		

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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)
i Recognised in the statement of profit and loss		
Current Tax	7,443.9	7,634.2
Deferred Tax	(54.8)	(330.6)
	<u>7,389.1</u>	<u>7,303.6</u>
ii Recognised in other comprehensive income		
Current Tax	(504.8)	(307.1)
Deferred Tax	(4.4)	(3.0)
	<u>(509.2)</u>	<u>(310.1)</u>
Of which:		
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
Total Taxes		
Current Tax	6,939.1	7,327.1
Deferred Tax	(59.2)	(333.6)
	<u>6,879.9</u>	<u>6,993.5</u>
iii Reconciliation of tax expense recognised in the statement of profit and loss with Profit before tax (PBT) multiplied by the Statutory tax rate:		
	Year ended 31 December 2021 (₹ in million)	Year ended 31 December 2020 (₹ in million)
Profit before Tax	28,837.7	28,127.9
Statutory Income tax rate	25.17%	25.17%
Tax expense @ Statutory Income tax rate	7,257.9	7,079.2
Tax effect of permanent adjustments made for computing taxable income		
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)	-
Tax expense recognised in the statement of profit and loss	<u>7,389.1</u>	<u>7,303.6</u>

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(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
Deferred tax assets				
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
Sub-Total (A)	1,583.8	11.8	4.4	1,600.0
Deferred tax liabilities				
Property, plant and equipment	1,384.6	(43.0)	-	1,341.6
Sub-Total (B)	1,384.6	(43.0)	-	1,341.6
Net Deferred Tax Assets (A-B)	199.2	54.8	4.4	258.4

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
Deferred tax liabilities				
Property, plant and equipment	1,579.2	(194.6)	-	1,384.6
Sub-Total (A)	1,579.2	(194.6)	-	1,384.6
Deferred tax assets				
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
Sub-Total (B)	1,444.8	136.1	3.0	1,583.9
Net Deferred Tax Liabilities/(Assets) (A-B)	134.4	(330.6)	(3.0)	(199.2)

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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)
Financial assets			
i Measured at Amortised Cost			
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>
ii Measured at Fair Value through Other Comprehensive Income			
Investment in Equity Shares	6,18	<u>188.8</u>	<u>188.8</u>
		188.8	188.8
iii Measured at Fair Value through Profit & Loss			
Derivative assets - forward contracts	16	<u>21.1</u>	<u>48.2</u>
		21.1	48.2
Total Financial assets (i+ii+iii)		<u>18,038.8</u>	<u>35,173.0</u>
Financial Liabilities			
i Measured at Amortised Cost			
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	<u>3,563.6</u>	<u>3,680.6</u>
		25,118.4	23,245.6
ii Measured at Fair Value through Profit & Loss			
Derivative liabilities - forward contracts	25	<u>22.7</u>	<u>7.0</u>
		22.7	7.0
Total Financial liabilities (i+ii)		<u>25,141.1</u>	<u>23,252.6</u>

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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)
(i) Financial assets/liabilities at amortised cost		
The carrying amount of financial assets and financial liabilities measured at amortised cost are a reasonable approximation of their fair values except Investments for which the fair value are as follows:		
Fair value of Investments measured at amortised cost (Level 1)	8,431.4	15,284.1
(ii) Financial assets at fair value through other comprehensive income		
Investment in Equity Shares (Level 3)	188.8	188.8
(iii) Financial assets at fair value through profit & loss		
Derivative assets - forward contracts (Level 2)	21.1	48.2
(iv) Financial liabilities at fair value through profit & loss		
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.

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Maturities of financial liabilities:

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

		(₹ in million)		
		Undiscounted Amount		
	Carrying amount	Less than 1 year	Beyond 1 year	Total
As at 31 December 2021				
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
	25,141.1	23,131.6	3,025.7	26,157.3
As at 31 December 2020				
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
	23,252.6	22,307.6	1,303.1	23,610.7

(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.

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	44.6	35.4

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.

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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.

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

Currency	As at 31 December 2021 (₹ in million)		As at 31 December 2020 (₹ in million)	
	Hedged ⁽¹⁾	Unhedged	Hedged ⁽¹⁾	Unhedged
Against exports				
USD	1,470.1	-	1,586.5	-
EUR	-	2.2	-	2.2
CHF		18.8	-	28.2
Against imports (Including Capital imports)				
USD	486.3	347.1	477.1	239.1
EUR	643.0	282.7	309.2	2,374.7
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 :

Currency	As at 31 December 2021 (₹ in million)		As at 31 December 2020 (₹ in million)	
	Gain on appreciation	Loss on depreciation	Gain on appreciation	Loss on depreciation
5% appreciation/depreciation in Indian Rupees				
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)
CHF	1.2	(1.2)	3.6	(3.6)
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)

NESTLÉ INDIA LIMITED

Notes forming part of the financial statements

(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.

	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:

Balance as at the beginning of the year	9.7	6.5
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
Balance as at the end of the year	11.2	9.7

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⁽¹⁾

{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
	25.5	21.1
(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
	0.2	0.3

(1) excluding applicable taxes

NESTLÉ INDIA LIMITED

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)
(i) Contingent liabilities		
Claims against the Company not acknowledged as debts:		
Indirect Taxes	11.7	11.7
(ii) Capital Commitments		
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
(iii) 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 Türkiye Gıda Sanayi A.Ş.
Nestlé France S.A.S.	Nestlé UK Ltd.
Nestlé Hungaria Kft.	Nestlé USA Inc
Nestlé Japan Ltd.	Nestlé Vietnam Ltd.
Nestlé Kenya Ltd.	Nestlé Waters Ethiopia

NESTLÉ INDIA LIMITED

Notes forming part of the financial statements

Nestlé Korea Ltd	Nestlé Waters Management & Technology
Nestlé Korea Yuhan Chaegi	Nestlé Waters S.A.S
Nestlé Lanka PLC	Nestrad S.A.
Nestlé Manufacturing (Malaysia) Sdn Bhd	Nestlé Middle East Manufacturing
Nestlé Middle East FZE	Lotte-Nestlé Korea Co Ltd
Quality Coffee Products Ltd.	Nestlé International Travel Retail
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.

NESTLÉ INDIA LIMITED

Notes forming part of the financial statements

Particulars	Year ended 31 December 2021 (₹ in million)	Year ended 31 December 2020 (₹ in million)
Holding companies:		
(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
Fellow subsidiaries:		
(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 ⁽¹⁾		
- 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

NESTLÉ INDIA LIMITED

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
Entities Controlled by Key Management Personnel:		
Purchase of raw and packing materials		
- Piramal Glass Private Limited	63.3	123.5
- Piramal Enterprises Limited	9.5	-
Remuneration to Key Management personnel⁽²⁾		
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
Contribution to Employee related trusts		
- Nestlé India Limited Employees Provident Fund Trust	300.8	260.8
- Nestlé India Limited Employees' Gratuity Trust Fund	434.0	-
	As at 31 December 2021 (₹ in million)	As at 30 December 2020 (₹ in million)
Balance outstanding as at the year end		
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.

NESTLÉ INDIA LIMITED

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	-	-

NESTLÉ INDIA LIMITED

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
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by VIKRAM
ADVANI
Date: 2022.02.17
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VIKRAM ADVANI

Partner

Membership No. - 091765

17 February 2022
New Delhi

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SURESH
NARAYANAN
Date: 2022.02.17
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SURESH
NARAYANAN
Chairman and
Managing Director

(DIN-07246738)

17 February 2022
Gurugram

DAVID STEVEN
MCDANIEL
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DAVID STEVEN
MCDANIEL
Date: 2022.02.17
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DAVID McDANIEL

Executive Director -
Finance & Control and CFO

(DIN-08662504)

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B. MURLI

General Counsel &
Company
Secretary

REPORT ADOPTED BY THE BOARD OF DIRECTORS OF NESTLÉ INDIA LIMITED AT ITS MEETING HELD ON 17 FEBRUARY 2022

1. Background

Scheme of arrangement between Nestlé India Limited (“**Company**”) and its members under Section 230 and other applicable provisions of the Companies Act, 2013, as amended (“**Act**”) providing for the transfer of Rs. 8,374.3 Million standing to the credit of the general reserves of the Company as reflected in the accounts of the Company as on 31 December 2020 (“**General Reserves**”) to the retained earnings of the Company as reflected in the accounts of the Company (“**Retained Earnings**”) with effect from 1 January 2022, to enable, *inter alia*, payout to its shareholders as per the discretion of the board of directors of the Company (“**Board**”) (“**Payout**”), from time to time in accordance with the provisions of the Act and other applicable law (“**Scheme**”).

In accordance with the provisions of Section 232(2)(c) of the Act, the Board needs to adopt a report explaining the effect of the Scheme on the shareholders, key managerial personnel, promoters and non-promoter shareholders of the Company laying out in particular the share exchange ratio (*if applicable*), specifying any special valuation difficulties (*if applicable*), and the same needs to be circulated along with the notice of meeting to the shareholders and creditors (*if applicable*).

This report, in connection with the Scheme, has been accordingly adopted by the Board in order to comply with the requirements of Section 232(2)(c) of the Act after considering the draft Scheme.

Given that the Scheme only involves the re-classification of the General Reserves and: (a) no new shares are to be issued by the Company; (b) no shares are being swapped; and (c) no amalgamation or merger or demerger of any kind is taking place, pursuant to the Scheme, accordingly, the requirement of obtaining a valuation report from an independent chartered accountant in terms of the SEBI Circular No. CFD/DIL3/CIR/2017/21 dated 10 March 2017, as amended (“**SEBI Scheme Circular**”) read with SEBI master circular dated 22 December 2020 bearing reference no. SEBI/HO/CFD/DIL1/CIR/P/2020/249 on scheme of arrangement by listed entities (“**SEBI Master Circular**”) is not applicable. Separately, the Scheme is only between the Company and its members under Section 230(1)(b) of the Act.

2. Proposed Scheme

The salient features of the draft Scheme are as under:

- (a) The appointed date under the Scheme is 1 January 2022 (“**Appointed Date**”).
- (b) Upon the Scheme becoming effective and with effect from the Appointed Date, the entire amount of Rs. 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 subsequent thereto, such amounts credited to the ‘Retained Earnings’ of the Company shall be reclassified as 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.
- (c) Upon the Scheme becoming effective and subsequent to the reclassification of the amounts standing to the credit of the General Reserves and credit thereof to the Retained Earnings, the amount so credited shall be available for Payout to the Members of the Company, from time to time, by the Board, at its sole discretion, in such manner, quantum and at such time as the Board may decide.
- (d) Each Payout of the amount so credited (including the quantum, manner and timing thereof) shall be undertaken in accordance with the provisions of the Act, the Scheme and other applicable laws, taking into account all relevant factors including applicable regulatory and fiscal considerations and the nature and quantum of each Payout.

- (e) The Scheme provides that the accounting treatment proposed in the Scheme is in compliance with the provisions of Section 133 of the Act and Companies (Indian Accounting Standards) Rules, 2015 framed thereunder.

3. Effect of the Scheme

The effect of the proposed Scheme on the stakeholders of Company would be as follows:

- (a) Shareholders (including promoter and non-promoter)

Given that the Scheme only involves the re-classification of the General Reserves and: (a) no new shares are to be issued by the Company; (b) no shares are being swapped; and (c) no amalgamation or merger or demerger of any kind is taking place, pursuant to the Scheme, accordingly, upon the Scheme becoming effective, there is no change in the capital structure or the shareholding pattern of the Company.

In addition, distributing the free cash represented by the General Reserves to the shareholders in accordance with the provisions of the Scheme will give an opportunity to the shareholders to earn superior returns as compared to those, which the Company can earn by investing in short term liquid instruments. Such distribution will further enhance the return on equity, provide an opportunity to leverage the balance sheet of the Company which in turn could further optimise the cost of capital and thus improve the economic value of the Company.

- (b) Creditors

No rights of the creditors are being affected pursuant to the Scheme. The liability of the Company towards the creditors of the Company is neither being reduced nor being extinguished and the Scheme does not provide for any compromise or arrangement with the creditors of the Company. The creditors of the Company would in no way be affected by the Scheme.

- (c) Employees, Directors and Key Managerial Personnel

There is no adverse effect of the Scheme on the employees, key managerial personnel and/or the directors of the Company.

4. Share exchange ratio and valuation difficulties

Given that the Scheme only involves the re-classification of the General Reserves and: (a) no new shares are to be issued by the Company; (b) no shares are being swapped; and (c) no amalgamation or merger or demerger of any kind is taking place, pursuant to the Scheme, accordingly, the requirement of obtaining a valuation report from an independent chartered accountant in terms of the SEBI Scheme Circular read with SEBI Master Circular is not applicable.

For Nestlé India Limited



Suresh Narayanan
Chairman and Managing Director

Date: 17 February 2022
Place: Gurugram



NESTLÉ INDIA LIMITED

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

Annexure 5

STATEMENT OF UN-AUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 31 MARCH 2022

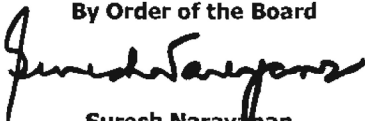
PARTICULARS		THREE MONTHS ENDED			(₹ Million)
		31.3.2022 (Un-audited)	31.12.2021 (Audited as explained in Note 7)	31.3.2021 (Un-audited)	Accounting Year ended 31.12.2021 (Audited)
A	INCOME				
	DOMESTIC SALES	37,942.6	35,597.8	34,420.3	139,941.5
	EXPORT SALES	1,566.4	1,464.2	1,581.7	6,395.7
	SALE OF PRODUCTS	39,509.0	37,062.0	36,002.0	146,337.2
	OTHER OPERATING REVENUES	298.0	331.2	106.2	756.9
i	REVENUE FROM OPERATIONS	39,807.0	37,393.2	36,108.2	147,094.1
ii	OTHER INCOME	214.4	273.3	296.5	1,201.1
	TOTAL INCOME	40,021.4	37,666.5	36,404.7	148,295.2
B	EXPENSES				
i	COST OF MATERIALS CONSUMED	18,459.3	16,628.9	15,134.9	61,541.0
ii	PURCHASES OF STOCK-IN-TRADE	740.9	605.6	571.8	2,275.2
iii	CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK-IN-TRADE	(1,442.9)	(1,167.6)	(730.4)	(627.0)
iv	EMPLOYEE BENEFITS EXPENSE	3,966.4	3,866.4	3,680.7	15,213.0
v	FINANCE COSTS (INCLUDING INTEREST COST ON EMPLOYEE BENEFIT PLANS)	355.7	435.8	540.4	2,011.9
vi	DEPRECIATION AND AMORTISATION	1,042.8	1,057.5	936.2	3,901.9
vii	OTHER EXPENSES	8,664.8	8,708.2	8,111.1	32,482.0
viii	IMPAIRMENT LOSS ON PROPERTY, PLANT AND EQUIPMENT	-	-	6.9	12.2
ix	NET PROVISION FOR CONTINGENCIES	61.2	(143.8)	(5.0)	(251.7)
x	CORPORATE SOCIAL RESPONSIBILITY EXPENSE	110.8	238.7	39.5	534.0
	TOTAL EXPENSES	31,959.0	30,229.7	28,286.1	117,092.5
C	PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX (A-B)	8,062.4	7,436.8	8,118.6	31,202.7
D	EXCEPTIONAL ITEMS	-	2,365.0	-	2,365.0
E	PROFIT BEFORE TAX (C-D)	8,062.4	5,071.8	8,118.6	28,837.7
F	TAX EXPENSE:				
	CURRENT TAX	2,162.0	1,161.8	2,148.4	7,443.9
	DEFERRED TAX	(46.7)	43.4	(52.3)	(54.8)
G	PROFIT FOR THE PERIOD (E-F)	5,947.1	3,866.6	6,022.5	21,448.6
H	OTHER COMPREHENSIVE INCOME				
	a. (i) ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS				
	- RE-MEASUREMENT OF RETIRAL DEFINED BENEFIT PLANS	23.4	(625.7)	(251.7)	(2,025.3)
	- EQUITY INSTRUMENTS THROUGH OTHER COMPREHENSIVE INCOME	(17.7)	-	-	-
	(ii) INCOME TAXES RELATING TO ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS	(5.9)	157.5	63.3	509.7
	b. (i) ITEMS THAT WILL BE RECLASSIFIED TO PROFIT OR LOSS				
	- CHANGES IN FAIR VALUE OF CASH FLOW HEDGES	1.7	18.7	(15.6)	2.0
	(ii) INCOME TAXES RELATING TO ITEMS THAT WILL BE RECLASSIFIED TO PROFIT OR LOSS	(0.4)	(4.7)	3.9	(0.5)
	TOTAL OTHER COMPREHENSIVE INCOME (a+b)	1.1	(454.2)	(200.1)	(1,514.1)
I	TOTAL COMPREHENSIVE INCOME (G+H)	5,948.2	3,412.4	5,822.4	19,934.5
J	PAID UP EQUITY SHARE CAPITAL (FACE VALUE – ₹10 PER SHARE)	964.2	964.2	964.2	964.2
K	OTHER EQUITY	-	-	-	19,880.6
L	EARNINGS PER SHARE (EPS) (not annualized for quarters)				
	BASIC/ DILUTED EPS (₹)	61.68	40.10	62.46	222.46
	ADDITIONAL INFORMATION:				
	PROFIT FROM OPERATIONS [C - A(ii) + B(v) + B(x)]	8,314.5	7,838.0	8,402.0	32,547.5

Notes:

1. Financial results have been presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, Ind-AS and Schedule III (Division II) to the Companies Act, 2013.
2. 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.
3. **Comparisons with reference to quarter ended 31.03.2021 unless otherwise specified:**
 - a. Total Sales and Domestic Sales for the quarter increased by 9.7% and 10.2% respectively. Domestic Sales growth is broad based and largely driven by volume & mix. Export Sales were lower by 1.0% largely due to change in product mix.
 - b. Other Income decreased due to lower average liquidities, partly offset by higher yields.
 - c. Cost of materials consumed [B(i)+B(ii)+B(iii)] as a % to sales has increased due to higher commodity prices, particularly edible oil, milk and its derivatives and packaging materials, partly offset by better realisations.
4. Net Provision for Contingencies is mainly for matters related to litigations/related disputes and other uncertainties requiring management judgement. Provisions for Contingencies/Contingent Liabilities are recognised/disclosed after a careful evaluation of the facts and legal aspects of the matters involved, in line with Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets and Ind AS 12 Income Taxes.
5. The Board of Directors on 11th April 2022 have declared an interim dividend for 2022 of ₹ 25.0 per equity share (Face value ₹ 10/- per equity share) amounting to ₹ 2,410.4 million, which will be paid on and from 6 May 2022 along with the final dividend for 2021 of ₹ 65.0 per equity share approved in the Annual General Meeting on April 12, 2022.
6. Based on the guiding principles given in Ind AS 108 Operating Segments, the Company's business activity falls within a single operating segment, namely Food. Accordingly, no separate segment information has been provided.
7. Figures for the three months ended 31 December 2021 are the balancing figures between audited figures in respect of the full year and the un-audited published figures up to the period ended 30 September 2021.

THE ABOVE RESULTS AND THIS RELEASE HAVE BEEN REVIEWED BY THE AUDIT COMMITTEE OF THE BOARD AT THEIR MEETING HELD ON 20 APRIL 2022 AND APPROVED BY THE BOARD OF DIRECTORS AT THEIR MEETING HELD ON 21 APRIL 2022.

Date: 21 April 2022
Place: Gurugram

By Order of the Board

Suresh Narayanan
Chairman and Managing Director

Head Office: Nestlé House, Jacaranda Marg, M Block, DLF City Phase – II, Gurugram 122 002 (Haryana)
Registered Office: 100 / 101, World Trade Centre, Barakhamba Lane, New Delhi – 110 001
Corporate Identity Number: L15202DL1959PLC003786
Email ID: investor@in.nestle.com, Website: www.nestle.in
Phone: 011-23418891, Fax: 011-23415130

Independent Auditor's Review Report on the Quarterly Unaudited Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

**Review Report to
The Board of Directors
Nestle India Limited**

1. We have reviewed the accompanying statement of unaudited financial results of Nestle India Limited (the "Company") for the quarter ended March 31, 2022 (the "Statement") attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").
2. The Company's Management is responsible for the preparation of the Statement in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. The Statement has been approved by the Company's Board of Directors. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.
5. The comparative Ind AS financial information and Ind AS financial statements of the Company for the immediately preceding quarter and year ended December 31, 2021 and corresponding quarter ended March 31, 2021, included in these Ind AS financial results, were audited/reviewed by the predecessor auditor who expressed an unmodified opinion and unmodified conclusion on those financial information on February 17, 2022 and April 20, 2021 respectively.

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm registration number: 301003E/E300005

PANKAJ CHADHA
Digitally signed by PANKAJ CHADHA
DN: cn=PANKAJ CHADHA, o=IN,
c=Personnel,
email=pankaj.chadha@srb.in
Reason: I am approving this document
Date: 2022.04.21 10:01:46 +05'30'

per Pankaj Chadha

Partner

Membership No.: 091813

UDIN: 22091813AHMHWE7626

Place of Signature: Gurugram, Haryana

Date: April 21, 2022

Nestlé India Limited

(CIN : L15202DL1959PLC003786)

Nestlé House

Jacaranda Marg,

'M' Block, DLF City, PHASE – II

GURUGRAM – 122002, HARYANA

Phone 0124 - 3940000

E-mail: corporate@IN.nestle.comWebsite www.nestle.in**Annexure 6**Date: 9th October 2021

To,
The General Manager,
Department of Corporate Services/Listing Compliance,
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai – 400 001

BSE Scrip Code: 500790

Ref.: Scheme of arrangement between Nestlé India Limited (“Company”) and its Members under Section 230 and other applicable provisions of the Companies Act, 2013 providing for the transfer of the balance of general reserves of the Company to the retained earnings of the Company (“Scheme”).

Sub.: Report on Complaint in terms of Para I(A)(6) of the SEBI Master Circular No. SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated December 22, 2020 as amended from time to time.

Dear Sir/Madam,

This is in reference to the Scheme filed by the Company under Regulation 37 of the SEBI Listing Regulations with BSE Limited ("BSE") and subsequent uploading of the said Scheme, along with other relevant documents, by BSE on its website on 14th September 2021.

As per Para I(A)(6) of the SEBI Circular, the Company is inter-alia required to submit a "Report on Complaints" containing the details of complaints received by the Company on the Scheme from various sources, within 7 days of expiry of 21 days from the date of uploading of the draft Scheme and related documents on the website of the relevant Stock Exchange. The period of 21 days from date the uploading of said documents by BSE on its website i.e. 14th September 2021 has expired on 4th October 2021, accordingly, we attach herewith a "Report on Complaints", as Annexure-1 to this letter.

The Report on Complaints is also being uploaded on the website of the Company, i.e., www.nestle.in, as per requirement of the aforementioned said SEBI Circular.

We request you to take the above on record as compliance under the applicable provisions of the SEBI (Listing Obligations and Disclosures Requirement) Regulations, 2015 and SEBI Circulars.

Yours sincerely,

For Nestlé India Limited

**B. Murli****General Counsel & Company Secretary**

Nestlé India Limited

(CIN : L15202DL1959PLC003786)

Nestlé House

Jacaranda Marg,

'M' Block, DLF City, PHASE – II

GURUGRAM – 122002, HARYANA

Phone 0124 - 3940000

E-mail: corporate@IN.nestle.comWebsite www.nestle.in**Annexure - I****Complaints Report:**

[In respect of the Scheme of Arrangements between Nestlé India Limited and its Members]

Period of Complaints Report: 14th September 2021 to 4th October 2021**Part A**

Sr. No.	Particulars	Number
1.	Number of complaints received directly	Nil
2.	Number of complaints forwarded by Stock Exchanges/ SEBI	Nil
3.	Total Number of complaints/comments received (1+2)	Nil
4.	Number of complaints resolved	Not Applicable
5.	Number of complaints pending	Not Applicable

Part B

Sr. No.	Name of complainant	Date of complaint	Status (Resolved/Pending)
1.	Not Applicable		

Yours sincerely,

For Nestlé India Limited

**B. Murli****General Counsel & Company Secretary**



DCS/AMAL/MJ/R37/2174/2021-22

"E-Letter"

December 16, 2021

The Company Secretary,
NESTLE INDIA LTD.
 100/101, World Trade Centre,
 Barakhamba Lane, New Delhi- 110001.

Dear Sir,

Sub: Observation letter regarding Draft Scheme of Arrangement between Nestle India Limited and its Members for transfer of the balance of the general reserve of the Company to the retained earnings of the Company.

We are in receipt of the Draft Scheme of Arrangement of Nestle India Limited as required under SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017; SEBI vide its letter dated December 16, 2021 has inter alia given the following comment(s) on the draft scheme of Arrangement:

- "Company shall ensure that additional information and undertakings, if any, submitted by the Company, after filing the Scheme with the Stock Exchanges, and from the date of receipt of this letter is displayed on the websites of the listed company and the stock exchanges."
- "Company shall duly comply with various provisions of the Circular."
- "Company shall ensure that disclosure of the enforcement proceedings against Ms. Roopa Kudva. The same shall also be disclosed in the explanatory statement or notice accompanying the resolution to be passed, sent to the shareholders while seeking their approval."
- "Company is advised that the observations of SEBI/Stock Exchanges shall be incorporated in the petition to be filed before National Company Law Tribunal (NCLT) and the company is obliged to bring the observations to the notice of NCLT."
- "It is to be noted that the petitions are filed by the company before NCLT after processing and communication of comments/observations on draft scheme by SEBI/stock exchange. Hence, the company is not required to send notice for representation as mandated under section 230(5) of Companies Act, 2013 to SEBI again for its comments / observations / representations."

Accordingly, based on aforesaid comment offered by SEBI, the company is hereby advised:

- To provide additional information, if any, (as stated above) along with various documents to the Exchange for further dissemination on Exchange website.
- To ensure that additional information, if any, (as stated aforesaid) along with various documents are disseminated on their (company) website.
- To duly comply with various provisions of the circulars.

In light of the above, we hereby advise that we have no adverse observations with limited reference to those matters having a bearing on listing/de-listing/continuous listing requirements within the provisions of Listing Agreement, so as to enable the company to file the scheme with Hon'ble NCLT.

Further, where applicable in the explanatory statement of the notice to be sent by the company to the shareholders, while seeking approval of the scheme, it shall disclose information about unlisted company involved in the format prescribed for abridged prospectus as specified in the circular dated March 10, 2017.



BSE Limited (Formerly Bombay Stock Exchange Ltd.)
 Floor 15, P.J. Towers, Dalal Street, Mumbai 400 001, India.
 T: +91 22 2272 1235 | E: corp.com@bseindia.com | www.bseindia.com
 Corporate Identity Number: U67100MH12005PL100103

Kindly note that as required under Regulation 37(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the validity of this Observation Letter shall be six months from the date of this Letter, within which the scheme shall be submitted to the NCLT.

The Exchange reserves its right to withdraw its 'No adverse observation' at any stage if the information submitted to the Exchange is found to be incomplete / incorrect / misleading / false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines/Regulations issued by statutory authorities. Please note that the aforesaid observations does not preclude the Company from complying with any other requirements.

Further, it may be noted that with reference to Section 230 (5) of the Companies Act, 2013 (Act), read with Rule 8 of Companies (Compromises, Arrangements and Amalgamations) Rules 2016 (Company Rules) and Section 66 of the Act read with Rule 3 of the Company Rules wherein pursuant to an Order passed by the Hon'ble National Company Law Tribunal, a Notice of the proposed scheme of compromise or arrangement filed under sections 230-232 or Section 66 of the Companies Act 2013 as the case may be **is required to be served upon the Exchange seeking representations or objections if any.**

In this regard, with a view to have a better transparency in processing the aforesaid notices served upon the Exchange, the Exchange has **already introduced an online system of serving such Notice along with the relevant documents of the proposed schemes through the BSE Listing Centre.**

Any service of notice under Section 230 (5) or Section 66 of the Companies Act 2013 seeking Exchange's representations or objections if any, **would be accepted and processed through the Listing Centre only and no physical filings would be accepted.** You may please refer to circular dated February 26, 2019 issued to the company.

Yours faithfully,

Sd/-
Prasad Bhide
Manager

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