

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st DECEMBER, 2014

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Nestle India Limited
M-5A, Connaught Circus,
New Delhi-110001

We were appointed by the Board of Directors of **Nestle India Limited** (hereinafter called the Company) to conduct Secretarial Audit on a voluntary basis for the financial year of the Company ended 31st December 2014.

We have conducted the Secretarial Audit in respect of compliance with applicable statutory provisions and adherence to good corporate practices by the Company. Secretarial Audit was conducted in a manner that provided us with a reasonable basis for evaluating the corporate conduct /statutory compliance and expressing our opinion thereon.

Management's Responsibility for Secretarial Compliances

The Company's Management is responsible for preparation and maintenance of secretarial records and for devising proper systems to ensure compliance with the provisions of applicable laws and regulations.

Auditor's Responsibility

Our responsibility is to express an opinion on the secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.

We believe that audit evidence and information obtained from the Company's management is adequate and appropriate for us to provide a basis for our opinion.



S. N. ANANTHASUBRAMANIAN & CO
COMPANY SECRETARIES

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E-mail: sna@snaco.net, Website: www.snaco.net

Opinion

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st December, 2014 according to the provisions of:

- (i) The Companies Act, 1956 and Companies Act, 2013 ("the Acts") and the rules made thereunder, as applicable;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - c) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 - **Not applicable as the Company did not issue any security during the financial year under review;**
 - d) Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 / Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (effective 28th October 2014) - **Not applicable as the Company has not granted any Options to its employees during the financial year under review;**



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- e) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - **Not applicable as the Company has not issued any debt securities during the financial year under review;**
- f) Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client - **Not Applicable as the Company is not registered as Registrar to an Issue and Share Transfer Agent during the financial year under review;**
- g) Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - **Not applicable as the Company has not delisted its equity shares from any stock exchange during the financial year under review; and**
- h) Securities and Exchange Board of India (Buy back of Securities) Regulations, 1998 - **Not applicable as the Company has not bought back any of its securities during the financial year under review.**

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India (**not applicable as yet to be notified**).
- (ii) The Listing Agreement entered into by the Company with BSE Limited;

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the financial year ended 31st December, 2014, complied with the aforesaid laws. Material compliances are listed in the Annexure attached to this report.

Based on information received and records maintained, we further report that:

1. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors, which took place during the financial year under



- review, were carried out in compliance with the provisions of the Acts and the Listing Agreement;
2. Adequate notice of at least seven days was given to all Directors to schedule the Board Meetings. Agenda and detailed notes on agenda were sent in advance of at least three days before the meeting. There exists a system for Directors to seek and obtain further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting;
 3. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the Minutes of the Meetings;
 4. The Company has proper Board processes.

Based on the compliance mechanism established by the Company and on the basis of the Compliance Certificate(s) issued by the Company Secretary and taken on record by the Board of Directors at their meeting(s), we are of the opinion that the management has:-

- a) adequate systems and processes commensurate with its size and operations, to monitor and ensure compliance with applicable laws, rules, regulations and guidelines; and
- b) complied with the following laws specifically applicable to the Company:-
 1. Food Safety and Standards Act, 2006 and rules and regulations there under;
 2. Legal Metrology Act, 2009 and rules and regulations there under;
 3. Infant Milk Substitutes, Feeding Bottles and Infant Foods (Regulation of Production, Supply and Distribution) Act, 1992 and rules there under (Local Infant Code);
 4. Livestock Importation Act, 1898;
 5. Agricultural Produce (Grading and Marketing) Act, 1937;
 6. Bureau of Indian Standards (BIS) Act, 1986;
 7. Export of Milk Products (Quality Control, Inspection and Monitoring) Rules, 2000



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We further report that during the financial year under review, the Company has obtained approval of the members under Section 180(1)(c) of the Companies Act, 2013 by way of special resolution for borrowing up to Rs. 150 crore over and above the aggregate of the paid up share capital and free reserves of the Company.

For **S N ANANTHASUBRAMANIAN & Co**



S. N. Ananthasubramanian

Place: Gurgaon

Date: 12th February, 2015

ANNEXURE TO SECRETARIAL AUDIT REPORT

In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished and representations made to us by the Company, its officers and agents, we report that the Company has, during the financial year under review, complied with the provisions of the Acts, the Rules made there under and the Memorandum and Articles of Association of the Company with regard to:-

1. maintenance of various statutory registers and documents and making necessary entries therein;
2. contracts, Common Seal, Registered Office and publication of name of the Company;
3. forms, returns, documents and resolutions required to be filed with the Registrar of Companies, Regional Director, Central Government, Company Law Board or such other authorities;
4. service of documents by the Company on its Members, Directors, Stock Exchanges, Auditors and the Registrar of Companies;
5. constitution of the Board of Directors, Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Risk Management Committee, Corporate Governance and Social Responsibility Committee.
6. Appointment, Re-appointment and Retirement of Directors including Managing Director and Executive Directors and payment of remuneration to them.
7. disclosure of interests and concerns in contracts and arrangements, shareholdings and directorships in other Companies and interest in other entities by Directors;
8. disclosure requirements in respect to their eligibility for appointment, declaration of their independence, compliance with the code of conduct for Directors and Senior Management Personnel as per Clause 49 of the Listing Agreement and with the 'Nestlé India Policy on Insider Information' by the Directors';
9. establishing a policy on Related Party Transactions and hosting the same on the website of the Company. All transactions with related parties were in the ordinary course of business and arms length basis and were placed before the Audit Committee periodically.



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10. establishing a Vigil Mechanism and providing to complainants, if any, unhindered access to the Chairman of the Audit Committee.
11. constituting the Corporate Governance and Social Responsibility (CGSR) Committee, formulating and adopting Corporate Social Responsibility Policy indicating the activities to be undertaken by the Company and hosting the same on the website of the Company.
12. formulation and adoption of Nestlé India Code of Business Conduct and other mandatory policies and hosting the same on the website.
13. appointment of the following as Key Managerial Personnel:-
 - a. Mr. Etienne Andre Marie Benet - Managing Director
 - b. Mr. Shobinder Duggal - Whole Time Director designated as "Director – Finance & Control and Chief Financial Officer"
 - c. Mr. Aristides Protonotarios – Whole Time Director designated as "Director – Technical"
 - d. Mr. B. Murli - Senior Vice President - Legal & Company Secretary.
14. appointment and remuneration of, Statutory Auditor and Cost Auditor;
15. appointment of Internal Auditor.
16. notice of meetings of the Board and Committees thereof;
17. Minutes of meetings of the Board and Committees thereof including passing of resolutions by circulations;
18. Notice convening 55th Annual General Meeting held on 12th May 2014 and holding of the meeting on that date;
19. Minutes of General Meeting;
20. approvals of members, Board of Directors, Committees of Directors, and government authorities, wherever required;
21. form of balance sheet as at 31st December 2013 as prescribed under part I of Schedule VI to the Companies Act, 1956 and requirements as to Profit & Loss Account for the year ended on that date as per Part II of the said Schedule;
22. report of the Board of Directors for the Financial Year ended 31st December 2013;
23. closure of Register of Members/record date for dividends;



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24. transfer and transmission of 79,606 equity shares of the Company and issue and delivery of certificate(s) of such shares within the prescribed time limits;
25. declaration and payment of dividend including interim dividend(s);
26. transfer of amounts as required under the Act to the Investor Education and Protection Fund;
27. borrowings and registration of charges;
28. investment of the Company's funds including inter corporate loans and investments;

For **S N ANANTHASUBRAMANIAN & Co**



S. N. Ananthasubramanian

Place: Gurgaon

Date: 12th February, 2015