

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

## Report on the Audit of the Financial Statements

### Opinion

We have audited the accompanying financial statements of Nestlé India Limited ("the Company"), which comprise the Balance sheet as at March 31, 2024, the Statement of Profit and Loss, including the Statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the fifteen-months financial year then ended (refer note 2(A) (c)), and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2024, its profit including other comprehensive income, its cash flows and the changes in equity for the fifteen-months financial year ended on that date.

### Basis for Opinion

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the fifteen-months financial year ended March 31, 2024. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Key audit matters	How our audit addressed the key audit matter
<b>Revenue recognition</b> <i>(as described in Note 25 of the financial statements)</i>	
Revenue from the sale of goods is recognized at the moment when control has been transferred to the customer and is measured net of trade discounts, rebates and pricing allowances to customers (collectively 'trade spends'). There is a risk that revenue may be overstated because of fraud, resulting from the pressure local management may feel to achieve performance targets. Revenue is also an important element of how the Company measures its performance, upon which management is incentivized. The Company focuses on revenue as a key performance measure, which could create an incentive for revenue to be recognized before control has been transferred.	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• We assessed the appropriateness of the revenue recognition accounting policies by comparing with applicable accounting standards.</li> <li>• We evaluated the design, tested the implementation and operating effectiveness of key internal controls including general IT controls and key IT application controls over recognition of revenue.</li> <li>• We performed substantive testing by selecting samples of revenue transactions recorded during the year by testing the underlying documents which included invoices, goods dispatch notes, customer acceptances and shipping documents (as applicable).</li> <li>• We carried out analytical procedures on revenue recognised during the year to identify unusual variances.</li> <li>• We tested, on a sample basis, specific revenue transactions recorded before and after the financial year end date to determine whether the revenue had been recognised in the appropriate financial period.</li> <li>• We tested manual journal entries posted to revenue to identify unusual items.</li> </ul>
<b>Provision for contingencies</b> <i>(as described in Note 2, 34 and 40 of the financial statements)</i>	
The management is required to make judgements and estimates in relation to the issues and exposures arising from a range of matters relating to direct tax, indirect tax, claims, general legal proceedings and other eventualities arising in the regular course of business. The Company is also subject to complexities arising from uncertain tax positions on deductibility of expenses. The key judgement lies in determining the likelihood and magnitude of an unfavorable outcome and interpretations of the legal aspects, tax legislations and judgements previously made by authorities. By nature, these are complex and include many variables.	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• We tested the design, implementation and operating effectiveness of key internal controls around the recognition and measurement of provisions.</li> <li>• We inquired the status in respect of significant provisions with the Company's internal tax and legal team.</li> <li>• We involved our subject matter experts, wherever required, to assess the value of provisions in light of the nature of the exposures, applicable regulations and related correspondence with the authorities.</li> <li>• We assessed reasonability of the assumptions and critical judgements made by the Company which impacted their estimate of provision required, considering judgements previously made by the authorities in the relevant jurisdictions or any relevant opinions given by the Company's advisors and assessing whether there was an indication of management bias. We verified the computation of provision on a test check basis.</li> </ul>

## Other Information

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

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

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

## Responsibilities of Management for the Financial Statements

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

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

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

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

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

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

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

to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the fifteen-months financial year ended March 31, 2024 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

- (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls with reference to these financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (g) In our opinion, the managerial remuneration for the fifteen-months financial year ended March 31, 2024 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 34 and 40 to the financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company
  - iv. (a) The management has represented that, to the best of its knowledge and belief, and as disclosed in the note 47 to the financial statements, no funds have been advanced or loaned or invested (either from

- borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (b) The management has represented that, to the best of its knowledge and belief, and as disclosed in the note 47 to the financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- (c) Based on such audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.
- v. (a) The final dividend paid by the Company during the fifteen-months financial year in respect of the same declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend.
- (b) The interim dividend declared and paid by the Company during the fifteen-months financial year and until the date of this audit report is in accordance with section 123 of the Act.
- (c) As stated in note 43 to the financial statements, the Board of Directors of the Company have proposed final dividend for the fifteen-months financial year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.
- vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only for financial year beginning on or after April 1, 2023, reporting under this clause is not applicable.

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

*Chartered Accountants*

ICAI Firm Registration Number: 301003E/E300005

Place: Gurugram, Haryana

Date: April 25, 2024

**per Pankaj Chadha**

*Partner*

Membership Number: 091813

UDIN: 24091813BKFGLP5234

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

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

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

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- (i) (a) (B) The Company has maintained proper records showing full particulars of intangible assets.
- (i) (b) Certain Property, Plant and Equipment were physically verified by the management during the fifteen-months financial year in accordance with a planned programme of verifying them once in two years which is reasonable having regard to the size of the Company and the nature of its assets.
- (i) (c) The title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in note 47(viii) to the financial statements included in property, plant and equipment are held in the name of the Company.
- (i) (d) The Company has not revalued its Property, Plant and Equipment (including Right of use assets) or intangible assets during the fifteen months financial year ended March 31, 2024.
- (i) (e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The management has conducted physical verification of inventory including inventory lying with third parties at reasonable intervals during the fifteen-months financial year ended 31 March 2024. In our opinion the coverage and the procedure of such verification by the management is appropriate. No discrepancies of 10% or more in aggregate for each class of inventory were noticed on such physical verification.
- (ii) (b) As disclosed in note 47(vii) to the financial statements, the Company has been sanctioned working capital limits in excess of rupees five crores in aggregate from banks during the

fifteen-months financial year, on the basis of security of current assets of the Company. Based on the records examined by us in the normal course of audit of the financial statements, the quarterly returns/statements filed by the Company with such banks are in agreement with the audited/ unaudited books of accounts of the Company.

(iii) (a)

During the fifteen-months financial year ended March 31, 2024, the Company has not provided loans, advances in the nature of loans, stood guarantee or provided security to companies, firms, Limited Liability Partnerships or any other parties except the following loans to employees:

Particulars	Loans (Amount in ₹ million)
Aggregate amount granted/ provided during the fifteen- months financial year	
- Others	145.8
Balance outstanding as at balance sheet date in respect of above cases	
- Others	190.2

(iii) (b)

During the fifteen-months financial year ended March 31, 2024, the Company has not made any investments, provided guarantees, provided security and granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties, except loans to employees as stated in clause (iii)(a) above. The terms and conditions of the grant of all loans to employees during the fifteen-months financial year ended March 31, 2024 are not prejudicial to the Company's interest.

(iii) (c)

The Company has granted loans during the fifteen-months financial year ended March 31, 2024 to employees where the schedule of repayment of principal and payment of interest has been stipulated and the repayment or receipts are regular.

(iii) (d)

There are no amounts of loans and advances in the nature of loans granted to companies, firms, limited liability partnerships or any other parties which are overdue for more than ninety days.

(iii) (e)

There were no loans or advance in the nature of loan granted to companies, firms, Limited Liability Partnerships or any other parties which had fallen due during the fifteen-



months financial year ended March 31, 2024, that have been renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same parties.

- (iii) (f) The Company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(f) of the Order is not applicable to the Company.
- (iv) There are no loans, investments, guarantees, and security in respect of which provisions of sections 185 and 186 of the Companies Act, 2013 (as amended) are applicable and accordingly, the requirement to report on clause 3(iv) of the Order is not applicable to the Company.
- (v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act, 2013 (as amended) and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant

to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013 (as amended), related to the manufacture of Milk Products, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues applicable to it. According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (vii) (b) The dues of goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess, and other statutory dues have not been deposited on account of any dispute, are as follows:

S. No	Name of the Statute	Nature of Dues	Amount (₹ in million)	Amount paid under protest (₹ in million)	Period to which amount relates	Forum where case is pending
1	Income Tax Act, 1961	Disallowance of royalty and other expenses	1,253.2	805.0	FY 1996-97 to FY 2007-08	Honorable Supreme Court of India
2	Income Tax Act, 1961	Disallowance of royalty and other expenses	3,893.5		FY 2000-01 and FY 2008-09 to FY 2014-15	Delhi High Court
3	Income Tax Act, 1961	Disallowance of royalty, other expenses and transfer pricing	7,177.3		FY 2015-16 to FY 2017-18	Income Tax Appellate Tribunal
4	Income Tax Act, 1961	Excess TDS/TCS claimed in ITR, inconsistency in the deduction u/s 43B and penalty	86.3		FY 2014-15, FY 2016-17, FY 2020-21	Commissioner of Income Tax
5	Entry Tax	Entry Tax	190.5	160.2	Haryana – FY 2007-08 Orissa – Oct'07 to Jun'17 Madhya Pradesh – 2002-03 to 2003-04 and 2010-11 to 2011-12	At respective state authorities -Punjab & Haryana High Court -Orissa High Court -Madhya Pradesh High Court and Tribunal

S. No	Name of the Statute	Nature of Dues	Amount (₹ in million)	Amount paid under protest (₹ in million)	Period to which amount relates	Forum where case is pending
6	Central Goods and Service Tax	Anti-Profiteering	731.5	-	Jul'17 to Jun'18	Delhi High Court
7	Goods and service tax	Input credit on GST transition	23.7	-	FY 2017-18	Commissioner (Appeals)
8	Tamil Nadu goods and service tax act 2017	Input tax credit and classification	26.8	-	FY 2017-18 to 2019-20	Commissioner Audit Commissionerate
9	Maharashtra VAT	Classification of everyday premix	272.4	-	FY 2009-10 to 2017-18	Deputy Commissioner (Appeals) and Joint Commissioner
10	Central Sales Tax and Madhya Pradesh Value Added Tax	Classification of sauce	16.9	2.5	FY 2000-01 to 2005-06 and 2007-08 to 2017-18	Madhya Pradesh High Court
11	Central sales tax/Maharashtra value added tax	Classification of nescafe premix	25.3	-	FY 1993-94 to 1997-98, 2002-03 to 2004-05	1993-94 to 1997-98 - High Court 2002-03 - Tribunal 2003-04 to 2004-05 - Joint Commissioner
12	Central sales tax/Uttar Pradesh value added tax	Value added tax - valuation (curd)	5.8	-	FY 2008-09	Additional Commissioner Appeals of Uttar Pradesh
13	Central sales tax	Concessional forms - Delhi, Jammu and Kashmir, Madhya pradesh, Uttar pradesh	2.3	-	FY 2004-05, 2012-13 to 2014-15, 2016-17 to 2017-18	Additional Commissioner, Commissioner - Uttar Pradesh Tribunal - Delhi and Madhya Pradesh Assessing office - J&K
14	Purchase tax	Purchase tax on milk	17.6	4.4	FY 2002-03 to 2003-04	Punjab & Haryana High Court
15	Central excise tariff act	Excise duty - modvat credit on residual furnace oil	90.2	90.2	Sep'96 to Aug'01	Honorable Supreme Court of India
16	Finance Act, 1994	Service Tax on Information technology services	418.3	-	Jan'05 to Dec'11	CESTAT Chandigarh
17	Arbitrary Assessments	Disallowance related to sales return, exports, sales price, input tax credit	281.7	-	Jharkhand Assessment – FY 2010-11 to 2011-12 and 2013-14 West Bengal - Assessment – FY 2009-10 Tripura Assessment – FY 2004-05, 2013-14, 2015-16 Kerala - FY 2014-15	Jharkhand Assessment - Deputy Commissioner and Commissioner West Bengal Assessment - WBCT Appellate & Revisional Board Tripura Assessment - Commissioner and Superintendent Kerala - High court
18	Customs tariff Act 1985	Classification of LC Pufa Oil	52.1	-	Aug'08 to May'13	CESTAT
19	Customs tariff Act 1985	Classification of Rice Flakes	60.0	-	Aug'17 to Aug'20	Commissioner (Appeals)
20	Customs tariff Act 1985	Valuation of Cocoa Butter and Liquid	17.4	-	Feb'12 to Apr'13	CESTAT Mumbai



S. No	Name of the Statute	Nature of Dues	Amount (₹ in million)	Amount paid under protest (₹ in million)	Period to which amount relates	Forum where case is pending
21	Finance Act, 1994	Service Tax on Reimbursement of claims	3.4	-	Sep'99 to Mar'15	CESTAT, Chennai and Bengaluru, Service tax office, Chennai and GST office, Salem and Secunderabad
22	Property Tax Punjab	House Tax for Moga plant	192.7	-	FY 2000-01 to 2012-13	Punjab & Haryana High Court
23	Goa Agricultural Produce Marketing (Development and Regulation) Act 2017	Market Fee	20.0	-	Jun'08-Jun'20	High Court of Goa
24	Central Goods and Service Tax	GST on Expats	510.4	-	Jul'17 to Jul'23	Directorate General of GST
25	Customs Act	Classification of coconut milk powder	85.0	-	May'20 to Apr'22	Tribunal

(viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the fifteen-months financial year ended March 31, 2024. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.

(ix) (a) The Company did not have any outstanding loans or borrowings or interest thereon due to any lender during the fifteen-months financial year ended March 31, 2024. Accordingly, the requirement to report on clause ix(a) of the Order is not applicable to the Company.

(ix) (b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(ix) (c) The Company did not have any term loans outstanding during the fifteen-months financial year ended March 31, 2024, hence, the requirement to report on clause (ix)(c) of the Order is not applicable to the Company.

(ix) (d) The Company did not raise any funds during the fifteen-months financial year ended March 31, 2024 hence, the requirement to report on clause (ix)(d) of the Order is not applicable to the Company.

(ix) (e) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on clause 3(ix)(e) of the Order is not applicable to the Company.

(ix) (f) The Company does not have any subsidiary, associate or joint venture. Accordingly, the

requirement to report on Clause 3(ix)(f) of the Order is not applicable to the Company.

(x) (a) The Company has not raised any money during the fifteen-months financial year ended March 31, 2024 by way of initial public offer / further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.

(x) (b) The Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the fifteen-months financial year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.

(xi) (a) No material fraud by the Company or no material fraud on the Company has been noticed or reported during the fifteen-months financial year ended March 31, 2024.

(xi) (b) During the fifteen-months financial year ended March 31, 2024, no report under sub-section (12) of section 143 of the Companies Act, 2013 (as amended) has been filed by cost auditor/ secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 (as amended) with the Central Government.

(xi) (c) We have taken into consideration the whistle blower complaints received by the Company during the fifteen-months financial year ended March 31, 2024 while determining the nature, timing and extent of audit procedures.

- (xii) (a) The Company is not a Nidhi Company as per the provisions of the Companies Act, 2013 (as amended). Therefore, the requirement to report on clause 3(xii)(a) of the Order is not applicable to the Company.
- (xii) (b) The Company is not a Nidhi Company as per the provisions of the Companies Act, 2013 (as amended). Therefore, the requirement to report on clause 3(xii)(b) of the Order is not applicable to the Company.
- (xii) (c) The Company is not a Nidhi Company as per the provisions of the Companies Act, 2013 (as amended). Therefore, the requirement to report on clause 3(xii)(c) of the Order is not applicable to the Company.
- (xiii) Transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) (a) The Company has an internal audit system commensurate with the size and nature of its business.
- (xiv) (b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.
- (xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.
- (xvi) (a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company.
- (xvi) (b) The Company is not engaged in any Non-Banking Financial or Housing Finance activities. Accordingly, the requirement to report on clause (xvi)(b) of the Order is not applicable to the Company.
- (xvi) (c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi)(c) of the Order is not applicable to the Company.
- (xvi) (d) There is no Core Investment Company as a part of the Group, hence, the requirement to report on clause 3(xvi)(d) of the Order is not applicable to the Company.
- (xvii) The Company has not incurred cash losses in the current fifteen-months financial year and in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the fifteen-months financial year ended March 31, 2024 and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.
- (xix) On the basis of the financial ratios disclosed in note 46 to the financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) (a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act (the Act), in compliance with second proviso to sub section 5 of section 135 of the Act. This matter has been disclosed in note 35 to the financial statements.
- (xx) (b) There are no unspent amounts in respect of ongoing projects, that are required to be transferred to a special account in compliance of provision of sub section (6) of section 135 of Companies Act. This matter has been disclosed in note 35 to the financial statements.

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

ICAI Firm Registration Number: 301003E/E300005

Place: Gurugram, Haryana  
Date: April 25, 2024

**per Pankaj Chadha**  
Partner

Membership Number: 091813  
UDIN: 24091813BKFGLP5234

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

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

We have audited the internal financial controls with reference to financial statements of Nestlé India Limited ("the Company") as of March 31, 2024 in conjunction with our audit of the financial statements of the Company for the fifteen-months financial year ended on that date.

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

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

#### **Auditor's Responsibility**

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

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

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

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

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

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

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

#### **Opinion**

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2024, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

ICAI Firm Registration Number: 301003E/E300005

Place: Gurugram, Haryana  
Date: April 25, 2024

**per Pankaj Chadha**  
Partner

Membership Number: 091813  
UDIN: 24091813BKFGLP5234