

**THE EXECUTIVE SUMMARY REPRODUCED HEREINBELOW IS AN EXCERPT FROM THE LEGAL
AUDIT REPORT DATED SEPTEMBER 1, 2014, PREPARED BY CYRIL AMARCHAND
MANGALDAS (“CAM”).**

THE SAID EXCERPT HAS BEEN CONFIRMED BY CAM.

SCOPE OF WORK

CAM (further referred to as ‘We’) have been engaged to carry out a Legal Audit of Nutricia International Private Limited (“**Company**”) for the period from January 2014 to June 2014 (“**Audit Period**”), in furtherance of the previous legal compliance audit dated March 14, 2014 conducted for the period from January 2013 to March 2014, as detailed below:

1. To understand if specific business practices are conducted in line with local laws and regulations.
2. To identify compliance gaps or areas of improvement regarding legal compliance of specific business practices.

EXECUTIVE SUMMARY

We have for the purposes of this Report, within the scope of our engagement, studied the relevant laws, ethical guidelines/ policies (both global and domestic) as well as interviewed a set of employees of the Company (across the sales and finance teams). We have also had discussions with various senior management team members and in particular implementation of such polices and the way forward.

We would also like to make note of the fact that, since the acquisition of Wockhardt in or around July 2012, the Company has made continuous efforts towards putting in place policies, practices and procedures for the purpose of ensuring compliance with local laws and regulations. Significantly, a gap analysis of the Infant Milk Substitutes, Feeding Bottles and Infant Foods (Regulations of Production, Supply and Distribution) Act, 1992 (“**IMS Act**”) against the Green Book was carried out by the Company in order to design the Nutricia India Ethical Practices booklet (“**India Manual**”).

The India Manual, crystallised in September 2013, *inter alia*, provides that the Company: (i) does not promote infant formulas, follow on formulas or infant cereals to mothers; (ii) does not offer any remuneration to doctors and HCPs; (iii) does not conduct symposiums or conferences designed to promote their brands or products; (iv) does not offer any gift, benefit-in-kind, or other advantages to HCPs as an inducement for the supply, recommendation or sale of infant and follow on formula or infant cereals; and (v) conducts symposiums or conferences designed to share scientific knowledge under the International banner of ‘Danone Nutricia Research’, and in line with Danone’s Policy for the Marketing of Foods for Infants and Young Children – commonly referred to as the “Green Book”. We understand that a revision of the India Manual is presently underway.

The Company has made significant efforts to formalize its ethical practices in the Early Life Nutrition division and to disseminate such information through trainings and booklets. Within a period from January 2014 to June 2014, new joiners including sales representatives received specific training in this regard, the Basic Training Programme (“BTP”). A copy of the India Manual was also distributed to employees at such trainings. During the Audit Period a total of four BTPs were conducted.

A culture of ethical practices appears to be emerging within the Company. The goodwill generated by the Company in the industry due to a strong commitment to ethics is appreciated by its employees. From the interviews conducted, the Company appears to be compliant with local laws and regulations in all its sales and marketing activities. Mothers are not directly approached; no gifts are given to the doctors; the Company’s brand is not promoted at seminars and symposiums and the reimbursement procedure seems to have sufficient checks and balances at multiple levels. Moreover, the Company has been quick to investigate and address allegations raised against its employees.

On the basis of the same, in our opinion:

- a) The policies, procedures and practices put in place by the Company appear to be compliant with the local laws and the same have been brought to the attention of the employees through trainings;
- b) The Company has implemented new practices and procedures to aid in compliance and is setting in motion additional safeguards to ensure the same.
- c) All interview candidates are aware of the existence of the IMS Act and the India Manual and generally have an understanding of the provisions thereof.
- d) Areas of improvement in this Report (primarily focussing on (i) strengthening the Company’s Standard Operating Procedures (“SOPs”) and policies, (ii) ensuring that on the ground practices are in line with the Company’s SOPs, and (iii) repeated reinforcement of the trainings, to protect Company interest) have been identified.