Nestlé India Limited

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Nestlé
Good Food, Good Life

Your Ref : Our Ref : **BM: PKR: 16:13** Date : **22.03.2013**

The Bombay Stock Exchange Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Fort
Mumbai – 400 023

Kind Attn. : Mr. Bhushan Mokashi
DCS – CRD

Scrip Code - 500790

Subject : Conference call with financial analysts

Dear Sir,

A conference call for financial analysts was held by Mr. Shobinder Duggal, Director-Finance & Control and other Senior Management of the Company, to brief them on the Press Release titled "Nestle India reviews the General Licence Agreement, Independent Directors appreciate the governance process".

Enclosed are the key points of the conference call, which will also be uploaded on the Company's website www.nestle.in.

Thanking you,

Yours truly,
NESTLÉ INDIA LIMITED

Bmurli

B. MURLI
SENIOR VICE PRESIDENT – LEGAL & COMPANY SECRETARY

Encl.: as above

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Key Points of the Conference Call held by Nestle India Limited with Financial Analysts on 22nd March, 2013 at 6.00 pm

1. Reading of the Press Release
2. Gist of the valuation methods used by the independent firms
   - Income based approach
   - Market based approach
   - Return on investment approach
   - Residual Profit Split approach based on principles laid by OECD.
3. Framework laid out in "Statement of Financial Accounting Standards 157: Fair Value Measurement" issued by the United States Financial Accounting Standards Board in September, 2006.
4. Summary points from the McKinsey & Co. Report to Nestle S.A., Switzerland
   - Analysis and research carried out for the Report suggests that a gap exists between the value brought by Nestle Group under the General Licence Agreement and the royalty rate paid by Nestle India.
   - The Intellectual Property Rights (IPRs) provided under the GLA, provide Nestle India benefits estimated between 5.0% to 7.6% of net sales. Two commonly accepted methods, namely the Income Based Approach and Market Based Approach were applied to arrive at such valuation.
5. Summary points from Fairness Opinion of M/s Bansi S. Mehta & Co., to Nestle India
   - Evaluated approach adopted by McKinsey & Co. to derive a range of royalty of 5.0% to 7.4% on Sales. Applied alternate approach to derive the rate of royalty based on return on investment model and arrived at rate of 8.3% on Sales. So their range of royalty is 5.0% to 8.3% on sales.
6. Summary points from Fairness Opinion of KPMG (Registered)., to Nestle India
   - Used residual profit-split method based on the principles laid down by OECD and considered Nestlé India's role in the value chain. Recommended that the arm's length remuneration for use of licensed property i.e. royalty, may range between 5.0% to 9.1% percent of Sales.
7. The foreign technology collaboration policy of the Government of India applicable till 15th December, 2009, inter alia permitted payment of royalty of upto 8.0% on exports and 5.0% on domestic sales under the automatic route.

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