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SUMMARY POINTS FROM THE REPORTS BY INDEPENDENT FIRMS

(refer Item No. 7 to the Notice of 65th Annual General Meeting)

A study was conducted by a reputed management consulting firm, M/s McKinsey & Company ("MKC"), titled "Assessment of Licensee benefits for Nestlé India" ("MKC Study"), for an independent assessment of the value provided by the Licensor over the years under the existing General Licence Agreements (GLAs). Summary of points from the MKC Study for the Licensor i.e. Société des Produits Nestlé S.A. Switzerland:

- Analysis and research carried out for the Report suggests that a gap exists between the value brought by the Licensor under the GLAs and the royalty rate paid by Nestlé India.
- The Intellectual Property Rights ("IPRs") provided under the GLAs, provides access to Nestlé India benefits estimated between 5.9% to 7.7% of net sales. Commonly accepted methods, such as the Income Based Approach, External Benchmarking, Internal Benchmarking and Market Based Approach were considered for the quantification of benefits received by the Company from the Licensor

Summary points from the Fairness Opinion on the MKC Study by an Independent local firm M/s KPMG Assurance and Consulting Services LLP ("KPMG"), engaged by Nestlé India:

- Used profit-split method based on the principles laid down by OECD and considered role of Nestlé India and the Licensor in the entire value chain. Recommended that the arm's length royalty rate range determined falls between 7.2% to 10.8% of sales.

Summary points from the Fairness Opinion on the MKC Study by an Independent local firm M/s Bansi S. Mehta & Co., Chartered Accountants ("BSM"), engaged by Nestlé India:

- In addition to the approach adopted by MKC, BSM used profit-split method and return on investment model and range of their royalty rate is 5.38% to 6.80% of sales.

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