

PRESS RELEASE

Nestlé India - Full Year 2015

Acknowledges Strength and Durability of Relationships In Tough Year

- Net Sales : Rs.8123 Crores
- Profit before CSR and Exceptional Items: Rs.1335 Crores
- Exceptional Items : Rs.501 Crores
- Net Profit/(Loss) : Rs.563 Crores
- Enables contribution to exchequer :Rs.2004 Crores
- Operating cash flow : Rs.1,098 Crores
- Earnings per Share : Rs.58.42
- Final Dividend Recommended : Rs.18.50 per equity share
- Total dividend including recommended : Rs.48.50 per equity share

NESTLÉ HOUSE, Gurgaon 12th February, 2016: The Board of directors of Nestlé India met today at Nestlé House and approved the results for the Full Year 2015.

Commenting on the results, Mr. Suresh Narayanan, Chairman and Managing Director of Nestlé India said **“My team and I at Nestlé India are glad to report an improvement in the sequential performance of the Company both in terms of Sales and Margins. I am also happy to report that despite the exceptional toll that the MAGGI Noodles crisis took on our financials, our optimism about the future helps us with a healthy Dividend payout. The high point of the quarter has been the return of MAGGI Noodles to the market and the consumers to whom it rightfully belongs. The sales evolution and reception in the marketplace gives us satisfaction, but we have ambitions ahead to strengthen the brand. Following the re-introduction of MAGGI Masala variant, we have just launched yesterday another favourite, MAGGI Chicken Noodles. As a Team we are committed to serving our consumers with more offerings from MAGGI and our other brands by accelerating the pace of innovation and renovation.**

2015 has been a very tough year for Nestlé India where the impact of the MAGGI crisis extended to not just our factories and employees but also hundreds and thousands of our partners, suppliers, farmers, retailers and customers across the country whose livelihoods depended on the company. I take this opportunity to express my sincere gratitude for their support to the company in its toughest hours, facing business hardships and difficulties but never compromising on the bonds of relationships built with us over years and decades. In tough times, the strength and durability of relationships are tested to the extreme and I am proud of each one of them who had faith and Trust in Nestlé and withstood the crisis.”

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The Company faced an unusual situation with MAGGI Noodles that impacted its operations during the 2nd, 3rd and 4th Quarters. The results for the year and for the 4th quarter ended 31st December, 2015 are not fully comparable with the results of the previous corresponding periods. The audited financial results for the year, along with appropriate explanations are enclosed.

NET SALES

“Net Sales” for the year has decreased by 17.2% largely due to the impact of MAGGI Noodles issue. “Net Domestic Sales” decreased by 18.3%. “Export Sales” decreased by 1.3% impacted by MAGGI Noodles issue and lower coffee exports partially offset by export of milk & nutrition products.

NET PROFIT

“Net Profit” at Rs.563 Crores for the year has decreased from Rs.1185 Crores in 2014.

EXCEPTIONAL ITEM

The trust of its consumers and the safety and quality of its products is Nestlé’s foremost priority. Developments and growing concerns about the product had led to an environment of confusion for the consumers to such an extent that the Company, on 5th June, 2015, decided to take the products temporarily off the shelves, despite the product being safe. The Food Safety and Standards Authority of India (FSSAI) issued a ban order later on the same day. The Hon’ble Bombay High Court subsequently set aside the ban and the Company re-launched MAGGI Masala Noodles on 9th November, 2015, after full compliance with the orders of the Bombay High Court and after the Bombay High Court mandated NABL accredited laboratories notified by the FSSAI cleared 100% samples of MAGGI Noodles.

Net Sales worth Rs.303.4 crore have been reversed during the full year ended 31st December, 2015 in relation to MAGGI Noodles stock being withdrawn from trade partners and market.

The exceptional item relates to loss on account of stocks withdrawn including incidental costs thereto and estimates of other related costs incurred exclusively in the ordinary course of Company’s business, dealt in line with the relevant Accounting Standards.

Quarter 4 ended December 2015

“Net Sales” has decreased by 22.6% largely due to the impact of MAGGI Noodles issue. “Net Domestic Sales” decreased by 24.0%. “Export Sales” decreased by 2.2% impacted by MAGGI Noodles issue partially offset by export of milk & nutrition products.

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DIVIDEND

The Board of Directors have recommended a final dividend of Rs.18.50 per equity share (Face value Rs.10/- per equity share) for 2015. This is in addition to the two interim dividends of Rs.14.00 per equity share paid on 2nd June 2015 and Rs.16.00 per equity share paid on 23rd December, 2015. The total dividend per share in 2015 aggregates to Rs.48.50 per equity share.

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