

## **NOTICE**

**NOTICE IS HEREBY GIVEN THAT THE FIFTY SECOND ANNUAL GENERAL MEETING OF NESTLÉ INDIA LIMITED** will be held at Air Force Auditorium, Subroto Park, New Delhi – 110 010 on Tuesday, 19<sup>th</sup> April, 2011, at 10:00 a.m. to transact the following business :

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Balance Sheet as at 31<sup>st</sup> December, 2010 and the Profit and Loss Account for the year ended on that date together with the Reports of the Directors and Auditors thereon.
2. To declare final dividend and confirm the two interim dividends of Rs. 9.00 and Rs. 27.00 per equity share for the year ended 31<sup>st</sup> December, 2010.
3. To appoint M/s A.F. Ferguson & Co., Chartered Accountants, New Delhi as statutory auditors and fix their remuneration.

### **SPECIAL BUSINESS:**

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:  
“RESOLVED that Dr. Rakesh Mohan, retiring at this Annual General Meeting, having been appointed in the casual vacancy caused by the resignation of Mr. Rajendra S. Pawar, being eligible and offering himself for appointment and in respect of whom the Company having received notice in writing under Section 257 of the Companies Act, 1956 from a member proposing his candidature, be and is hereby appointed as a Director of the Company.”
5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:  
“RESOLVED that Dr.(Mrs.) Swati A. Piramal, who was appointed as an Additional Director of the Company by the Board of Directors with effect from 2<sup>nd</sup> August, 2010, in terms of the Section 260 of the Companies Act, 1956 (“the Act”) and Article 127 of the Articles of Association of the Company and in respect of whom the Company having received notice in writing under Section 257 of the Act from a member proposing her candidature, be and is hereby appointed as a Director of the Company and the period of her office shall be liable to determination by retirement of directors by rotation.”
6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:  
“RESOLVED that Mr. Christian Schmid, who was appointed as an Additional Director of the Company by the Board of Directors with effect from 2<sup>nd</sup> August, 2010, in terms of the Section 260 of the Companies Act, 1956 (“the Act”) and Article 127 of the Articles of Association of the Company and in respect of whom the Company having received notice in writing under Section 257 of the Act from a member proposing his candidature, be and is hereby appointed as a Director of the Company and the period of his office shall be liable to determination by retirement of directors by rotation.”
7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:  
“RESOLVED that pursuant to the provisions of Section 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force) read with Schedule XIII to the Companies Act, 1956, as amended, the Company hereby accords its approval to the appointment of Mr. Christian Schmid as the Whole-time Director, designated as “Director–Technical” for a period of five years with effect from 2<sup>nd</sup> August, 2010 on the terms and conditions of appointment and remuneration as contained in the draft agreement, a copy whereof initialled by the Chairman for the purpose of identification is placed before the meeting, and the Board of Directors be and is hereby authorised to alter and vary such terms of appointment and remuneration so as to not exceed the limits specified in Schedule XIII to the Companies Act, 1956 or any statutory modifications thereof, as may be agreed to by the Board of Directors and Mr. Christian Schmid.”

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED in supersession of the Ordinary Resolution adopted at the Annual General Meeting held on 25<sup>th</sup> May, 1995 and pursuant to Section 293(1)(d) of the Companies Act, 1956, that Directors be and they are hereby authorised to borrow moneys (apart from temporary loans obtained from the Company’s bankers in the ordinary course of business) in excess of the paid up capital and free reserves(that is to say, reserves not set apart for any specific purpose), provided that the total amount of such borrowings together with the amounts already borrowed and outstanding at any point of time shall not be in excess of Rs. 2,500 crores (Rupees two thousand five hundred crores only)”.

9. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED that, subject to such approvals as may be necessary, the Non Executive Directors of the Company, be paid annually for a period not exceeding five years, for each of the financial years of the Company commencing from 1<sup>st</sup> January, 2010, Commission not exceeding 1% of the net profits of the Company, as provided under Section 309(4) of the Companies Act, 1956 (‘the Act’), or any amendment or modification thereof, in addition to the sitting fee for attending the meetings of the Board of Directors or any Committee thereof, to be divided amongst the Non Executive Directors in such manner as the Board of Directors of the Company may from time to time determine and in default of such determination equally, provided that none of the Directors aforesaid shall receive individually a sum exceeding Rs.10,00,000/- (Rupees ten lakhs only) in a financial year.”

By Order of the Board

B. Murli

Senior Vice President – Legal  
& Company Secretary

Date : 18<sup>th</sup> February, 2011  
Place : Gurgaon

**IMPORTANT NOTES:**

1. The Register of Members of the Company will remain closed from Tuesday, 26<sup>th</sup> April 2011 to Wednesday, 27<sup>th</sup> April 2011, for annual closing and determining the entitlement of the shareholders to the final dividend for 2010.
2. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, which sets out details relating to Special Business at the meeting is annexed hereto.
3. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL ONLY TO VOTE INSTEAD OF HIM / HER. SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.  
  
The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not later than 48 hours before the commencement of the meeting. A Proxy form is sent herewith. Proxies submitted on behalf of the companies, societies, etc., must be supported by an appropriate resolution/authority, as applicable.
4. Final dividend of Rs.12.50 per share has been recommended by the Board of Directors and subject to the approval of the shareholders at the ensuing Annual General Meeting, is proposed to be paid on and around 6<sup>th</sup> May, 2011. Two Interim Dividends for the year 2010, first at the rate of Rs. 9.00 per equity share and the second at the rate of Rs. 27.00 per equity share, were paid on 7<sup>th</sup> May, 2010 and 16<sup>th</sup> November, 2010, respectively.
5. Under Section 205A of the Companies Act, 1956, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of payment is required to be transferred to the Investor Education and Protection Fund, constituted by the Central Government. Accordingly, the Company has transferred Rs. 43,75,400/- being the unpaid and unclaimed amount pertaining to Dividend for the year 2003, to the Investor Education and Protection Fund of the Central Government.

Members who have not encashed the dividend warrant(s) so far for First Interim Dividend 2004 paid on 30<sup>th</sup> July 2004 or any subsequent dividend payment(s) are requested to make their claims to the Company immediately. Please note that as per Section 205C of the Companies Act, 1956, no claim shall lie against the Company or the said Fund in respect of individual amounts which remain unclaimed or unpaid for a period of seven years from the date of payment and no payment shall be made in respect of any such claims.

6. Members holding shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars cannot act on any request received directly from the Members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the Members. Members holding shares in physical form and desirous of either registering bank particulars or changing bank particulars already registered against their respective folios for payment of dividend are requested to write to the Company.
7. Your Company is presently mainly using National-ECS (n-ECS) for dividend remittance. Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participant(s) with whom they are maintaining their demat account(s). Members holding shares in physical form are requested to advise any change of address immediately to the Company.
8. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address/ stay abroad or demise of any shareholder as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned DP and holdings should be verified.
9. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.
10. Details under Clause 49 of the Listing Agreement with the Stock Exchange in respect of the Directors seeking appointment at the Annual General Meeting, is separately annexed hereto. The Directors seeking appointment have furnished the declaration under the Companies (Disqualification of Directors under Section 274(1)(g) of the Companies Act, 1956) Rules, 2003.

**I. EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**

**Item No. 4**

Dr. Rakesh Mohan joined the Board of Directors of the Company as an Independent Non-Executive Director on 22<sup>nd</sup> April, 2010. Under Section 262 of the Companies Act, 1956 read with Article 126 of the Articles of Association of the Company, Dr. Mohan holds office only till the date of the forthcoming Annual General Meeting.

A notice has been received from a member as required under Section 257 of the Companies Act, 1956 proposing Dr. Mohan's candidature for the office of Director.

Dr. Rakesh Mohan is currently Professor in the Practice of International Economics and Finance at the School of Management and Senior Fellow in the Jackson Institute for Global Affairs at Yale University. He is also a Non Resident Senior Research Fellow of Stanford Centre for International Development, Stanford University. In addition, he is Chairman of the National Transport Development Policy Committee and the High Level Committee on Financing Infrastructure of the Government of India, with the rank of Minister of State. He is also Senior Adviser, McKinsey Global Institute, McKinsey and Company.

He was Deputy Governor of the Reserve Bank of India for several years (2005-2009 and 2002-2004) and has held senior positions in the Government of India including Secretary, Department of Economic Affairs (2004-2005), and Chief Economic Advisor to the Government of India (2001-2002). As the Economic Adviser to the Government of India in the Ministry of Industry (1988-1996), he played a major role in the formulation of the new Industrial, Trade and Foreign Investment Policy. He has also held the position of Director General of National Council for Applied Economic Research, and Chief Executive of Indian Council for Research and International Economic Relations.

Dr. Mohan is well known and respected internationally for his extensive work in the areas of economic reforms and liberalization, industrial economics, urban economics, infrastructure studies, economic regulation, monetary policy and the financial sector. He has been advisor/member on the Board of many key bodies working to enhance economic cooperation nationally and internationally, and promoting sound regulation and transparency in economic and industrial activity. He co-chaired the G20 Working Group "Enhancing Sound Regulations and Strengthening Transparency" (2009) and the CGFS Working Group on Capital Flows (2008-09).

Dr. Rakesh Mohan is a Director in DSP Blackrock Limited, Sona Koyo Steering Systems Limited, Tata Autocomp Systems Limited and non-executive Vice Chairman in Indian Institute of Human Settlements. He does not hold Committee position in any Company in India.

Dr. Mohan does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

The Board considers that the appointment of Dr. Rakesh Mohan as a Director of the Company would be of immense benefit to the Company. Accordingly, the Board of Directors recommends his appointment.

Dr. Mohan may be deemed to be interested or concerned in the Resolution at Item No. 4.

#### **Item No. 5**

The Board of Directors appointed Dr. (Mrs.) Swati A. Piramal as an Additional Director of the Company with effect from 2<sup>nd</sup> August, 2010. Under Section 260 of the Companies Act, 1956 read with Article 127 of the Articles of Association of the Company, Dr. Piramal holds office only up to the date of the forthcoming Annual General Meeting of the Company.

A notice has been received from a member as required under Section 257 of the Companies Act, 1956 proposing Dr. Piramal as a candidate for the office of Director.

Dr. Piramal is the Vice Chairperson of Piramal Life Sciences Limited. She is the Past President of ASSOCHAM. She has completed her MBBS-Medical Degree from University of Bombay, Industrial Medicine from DIM College of Physicians & Surgeons, Bombay, and obtained a Masters in Public Health from Harvard, USA.

Dr. Piramal was a Member of the Committee set up by Shri Yashwant Sinha, to transform India into a Knowledge Power. She founded the Gopikrishna Piramal Memorial Hospital in 1983, a charitable Hospital with services for the under-privileged, which helps treatment of Physically Handicapped children. Dr. Piramal has been conferred many awards, including the award Chevalier de l' Ordre National du Merite (Knight of the Order of Merit) in 2006, from the French President Mr. Jacques Chirac, the Lakshmi Pat Singhania-IIM, Lucknow, National Leadership Award, in the category of Young Leader in the field of Science and Technology for the year 2006 from the Prime Minister of India, the Rajiv Gandhi Award for Outstanding Woman Achiever, by the Rajiv Gandhi Foundation in 2007, and recently, the Asian Women Achievement Award in the UK in 2010.

Dr. Piramal is a Director in and Member of the Committees of Board of Directors of the following other companies in India:

- Director in Piramal Healthcare Limited, Piramal Life Sciences Limited, Piramal Glass Limited, Piramal Enterprises Limited, ICICI Prudential Asset Management Company Limited, Allergan India Private Limited, PHL Fininvest Private Limited, SBI Capital Markets Limited, Piramal Realty Limited (formerly known as Alpex International Limited), Glass Engineers Private Limited, Nicholas Piramal Pharma Private Limited, Vulcan Investments Private Limited, Piramal Texturising Private Limited, PEL Management Services Private Limited, Piramal Management Services Private Limited, Gopikishan Piramal Private Limited, Akshar Fincom Private Limited, Adelwise Investments Private Limited, IndiaVenture Advisors Private Limited, Alpex Holdings Private Limited, Cavaal Fininvest Private Limited, Propiedades Realities Private Limited, Organisation of Pharmaceutical Producers of India.
- Member of Audit Committee of Board of Directors of Allergan India Private Limited, Piramal Realty Limited (formerly known as Alpex International Limited); Chairperson and member of Investors Grievance Committee of Board of Directors of Piramal Life Sciences Limited; and member of Financial Results Committee of Board of Directors of Piramal Life Sciences Limited.

Dr. Piramal is also a Member of following organizations/trade bodies:

- Governing Body of Council of Scientific & Industrial Research, New Board of Governors of Indian Council for Research on International Economic Relations, Assam Investment Advisory Board, Prime Minister's Council on Trade and Industry, Board of Trustees of the Indira Gandhi National Centre for the Arts (IGNCA), Dean's Advisors of the Harvard School of Public Health and Advisory Board of 3i plc.

Dr. Piramal does not hold by herself or for any other person on a beneficial basis, any shares in the Company.

The Board considers that the appointment of Dr. Swati Piramal as a Director of the Company would be of immense benefit to the Company. Accordingly, the Board of Directors recommends her appointment.

Dr. Piramal may be deemed to be interested or concerned in the Resolution at Item No. 5.

#### **Item Nos. 6 & 7**

The Board of Directors appointed Mr. Christian Schmid as an Additional Director of the Company with effect from 2<sup>nd</sup> August, 2010. Under Section 260 of the Companies Act, 1956 read with Article 127 of the Articles of Association of the Company, Mr. Schmid holds office only up to the date of the forthcoming Annual General Meeting of the Company.

A notice has been received from a member as required under Section 257 of the Companies Act, 1956 proposing Mr. Schmid as a candidate for the office of Director.

Further, at the same Board Meeting, the Directors also appointed Mr. Schmid as a Whole-time Director designated as "Director-Technical" of the Company for a period of five years with effect from 2<sup>nd</sup> August, 2010, subject to approval of the Shareholders.

Mr. Schmid took over as Executive Vice President –Technical in August 2009 and comes with immense expertise in technology and process efficiencies. He is responsible for, amongst others, the manufacturing operations, cost optimizations, quality and safety standards, all of which have a critical role in ensuring a competitive advantage for the Company. Before this assignment he was Group Technical Director at Nestlé UK. He is a process engineer from the Swiss Federal Institute of Technology and joined Nestlé in 1991 as a Productivity Specialist. He then moved to Russia where he was successively appointed as Supply Chain Manager, Production Manager and the Factory Manager. In April 2003, he joined Zone Europe as Assistant Technical Manager.

The approval of the members is being sought to the terms, conditions and stipulations for the appointment of Mr. Schmid as a Whole-time Director and the remuneration payable to him. The terms and conditions proposed (fixed by the Board of Directors at their meeting held on 2<sup>nd</sup> August, 2010) are keeping in line with the remuneration package that is necessary to encourage good professional managers with a sound career record to important position as that of the Director- Technical.

The material terms of appointment and remuneration as contained in the draft Agreement are given below: -

#### **I) Salary, Allowances and Commission (hereinafter referred to as "Remuneration"):**

##### **a. Salary comprising**

- (i) Basic salary: At the rate not exceeding Rs.5,00,000/- per month; and
- (ii) Allowances: At the rate not exceeding Rs. 10,00,000/- per month,

with increments as may be decided by the Board of Directors of the Company from time to time, subject to a ceiling on increment of 30% in a year (following April to March year) over the existing Basic salary and Allowances, as on 1<sup>st</sup> April every year, commencing from 1<sup>st</sup> April, 2011.

b. **Commission and Performance linked incentive:**

On net profits of the Company determined in accordance with the relevant provisions of the Companies Act, 1956 at a rate to be determined by the Board of Directors from time to time, but not exceeding an amount equivalent to twice the Salary in I(a) above, for the relevant period. The payment may be made on a pro-rata basis every month or on an annual basis or partly monthly and partly on an annual basis at the discretion of the Board.

II) **Perquisites:**

1. In addition to the Remuneration as stated above, Mr. Schmid shall be entitled, as per Rules of the Company to perquisites like:

- a. Rent-free furnished residential accommodation with free use of all the facilities and amenities, such as air conditioners, geysers etc. In case no accommodation is provided by the Company, he shall be entitled to House Rent Allowance as per policy of the Company.
- b. Reimbursement of all medical expenses incurred, including premium paid on health insurance policies, whether in India or abroad, for him and his family including hospitalisation.
- c. Personal Accident Insurance Premium.
- d. Air passage and/or Leave Travel Allowance for him and members of his family residing in India to visit abroad and for visit to India of the members of his family not residing in India.
- e. Subscription to clubs.
- f. Use of Company maintained cars with drivers for business and personal use.
- g. Use of communication devices such as telephones, at the residence. Personal long distance telephone calls shall be borne by him.
- h. Education Allowance for his children, whether abroad or in India.
- i. Encashment of leave at the end of his tenure as per policy of the Company.
- j. Contributions to provident fund and any other retirement benefits.
- k. Terminal benefits:

Air/Sea passage together with cost of transportation of household belongings to such places as may be approved by the Board of Directors at the time of leaving the service of the Company.

- l. Expenses on shifting of residence.
- m. Joining allowances and other benefits.
- n. Participation in any/ all employee stock option schemes/ plans of the Company or that of Nestlé S.A.
- o. Such other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Board of Directors and Mr. Schmid.

The value of the perquisites evaluated as per Income-tax Rules, 1962, wherever applicable, and at cost in the absence of any such Rule, shall be subject to an overall annual ceiling of an amount not exceeding the Salary in I (a) above for the relevant period. In the aforesaid perquisite limit, the perquisites mentioned above from (h) to (n) shall be excluded.

2. The Board of Directors may, in their discretion, revise/modify any of the terms from time to time, within the limits stipulated.

**III) Minimum Remuneration:**

Notwithstanding anything herein contained, where in any financial year during the period of his office as the Whole-time Director, the Company has no profits or its profits are inadequate, the Company may, subject to the requisite approvals, pay Mr. Schmid remuneration by way of salary, allowances, perquisites not exceeding the maximum limits laid down in Para 1 of Section II of Part II of Schedule XIII to the Companies Act, 1956 or any other statutory modifications therein, substitutions or re-enactment thereof, as may be agreed to by the Board of Directors and Mr. Schmid.

**IV) Other Terms:**

Mr. Schmid shall, subject to the superintendence, control and direction of the Board of Directors, manage and conduct the business and affairs of the Company with respect to the technical areas of the Company including all existing and future factory locations. He shall not be paid any sitting fee for attending meetings of the Board or Committee thereof.

The appointment can be terminated by Mr. Schmid or the Company, by one party giving to the other 3 (three) calendar month's notice in writing or by payment of a sum equivalent to remuneration for the notice period or part thereof in case of shorter notice or on such other terms as may be mutually agreed.

The period of office of Mr. Schmid shall be liable to determination by retirement of directors by rotation. If Mr. Schmid is re-appointed as a director, immediately on retirement by rotation he shall continue to hold his office of Whole-time Director designated as "Director-Technical" and such re-appointment as director shall not be deemed to constitute break in his appointment as a Whole-time Director designated as "Director-Technical".

Mr. Schmid is not a Director or a Committee Member of any Company in India and he does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

In view of the provisions of Section 309 and other applicable provisions of the Companies Act, 1956, the Board accordingly recommends the Ordinary Resolutions as set out at item nos. 6&7 of the accompanying Notice for the approval of the Members.

Copy of the Draft Agreement referred to in the Resolution would be available for inspection by the members at the Registered Office of the Company during business hours on any working day, excluding Saturday, upto and including the day of this meeting.

This Explanatory Statement together with the accompanying Notice may also be regarded as an abstract and memorandum under Section 302 of the Companies Act, 1956.

None of the Directors, except Mr. Schmid, is concerned or interested in the Resolutions at Item Nos. 6&7.

**Item No. 8**

Section 293(1)(d) of the Companies Act, 1956 prescribes that the Directors shall not borrow moneys in excess of the Company's paid up capital and free reserves, except with the consent of the Members in General Meeting. The ordinary resolution adopted at the Annual General Meeting held on 25<sup>th</sup> May, 1995 authorised the Directors to borrow upto Rs. 250 Crores (Rupees two hundred fifty crores) over and above the aggregate of paid up capital and free reserves of the Company. Due to increased operations of the Company over the years and the future plans, the financial requirements of the Company are visualised to be in excess of this limit. Also, the Company has received an in-principal approval from Reserve Bank of India (RBI) for availing External Commercial Borrowing of upto USD 450 Million, to be drawn down over a period of time, in tranches, from the foreign equity holders for the sourcing of capital goods, modernisation/expansion of existing units and new projects.

Hence, the Resolution as set out at Item No. 8 is proposed seeking approval of the members to authorise the Directors to borrow in excess of the aggregate of the paid up capital and free reserves so long as such aggregate amount(s) does not exceed Rs. 2500 crores (Rupees two thousand five hundred crores).

None of the Directors of the Company is interested or concerned in the Resolution.

**Item No. 9**

At the Annual General Meeting held on 29<sup>th</sup> April, 2005, the members approved payment of remuneration to the Non-Executive Directors of the Company for a period of five years beginning 1<sup>st</sup> January, 2005. Such approval of the members covers payment of remuneration by way of Commission made/ to be made to the Non-Executive Directors.

In order to bring the remuneration of the Non-Executive Directors in line with the current trends and commensurate with the time devoted and the contributions made by them, the Board of Directors of your Company at its meeting held on 18<sup>th</sup> February, 2011, recommended for the approval of the members payment of remuneration by way of commission to the Non-Executive Directors of the Company for a period not exceeding five years from 1<sup>st</sup> January, 2010 as set out in this Special Resolution.

Approval of the members of the Company is sought by way of passing Special Resolution as set out at Item No. 9 under Section 309(4)(b) and other applicable provisions of the Companies Act, 1956.

All the Non-Executive Directors of your Company may be deemed concerned or interested in this Special Resolution.

**II. DETAILS OF DIRECTORS SEEKING APPOINTMENT AS REQUIRED UNDER CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGE:**

**Appointment of Dr. Rakesh Mohan (Item No. 4)**

For the details of Dr. Rakesh Mohan, please refer to the above Explanatory Statement in respect of the Special Business (Item No. 4 of the Notice of Annual General Meeting) pursuant to Section 173(2) of the Companies Act, 1956.

**Appointment of Dr. Swati A. Piramal (Item No. 5)**

For the details of Dr. Swati A. Piramal, please refer to the above Explanatory Statement in respect of the Special Business (Item No. 5 of the Notice of Annual General Meeting) pursuant to Section 173(2) of the Companies Act, 1956.

**Appointment of Mr. Christian Schmid (Item Nos. 6&7)**

For the details of Mr. Christian Schmid, please refer to the above Explanatory Statement in respect of the Special Business (Item Nos. 6&7 of the Notice of Annual General Meeting) pursuant to Section 173(2) of the Companies Act, 1956.

By Order of the Board

B. Murli  
Senior Vice President – Legal &  
Company Secretary

Date : 18<sup>th</sup> February, 2011  
Place : Gurgaon