

NOTICE

NOTICE IS HEREBY GIVEN THAT THE FIFTY FIRST ANNUAL GENERAL MEETING OF NESTLÉ INDIA LIMITED will be held at Air Force Auditorium, Subroto Park, New Delhi – 110 010 on Wednesday, 21st April, 2010, at 10:00 a.m. to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st December, 2009 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, already paid for the year ended 31st December, 2009.
3. To appoint a Director in place of Mr. Ravinder Narain, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s A.F.Ferguson & Co., Chartered Accountants, New Delhi as statutory auditors and fix their remuneration.

SPECIAL BUSINESS

5. 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. Antonio Helio Waszyk as the Managing Director of the Company for a period of five years effective 22nd October, 2009 on the terms and conditions of appointment and remuneration as contained in the draft agreement, a copy whereof initialed by a Director 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. Antonio Helio Waszyk ."
6. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:
"RESOLVED THAT pursuant to the provisions of Section 31 of the Companies Act, 1956, the Articles of Association of the Company be and is hereby amended by deleting the existing Article 127 and substituting with new Article 127:
"Directors' power to appoint additional directors
127. The Board shall have power, at any time and from time to time, to appoint any qualified person to be an additional director but so that the total number of Directors shall not at any time exceed the maximum fixed under Article 92. Any such additional director shall hold office only upto the next annual general meeting but shall then be eligible for re-appointment."

By Order of the Board

B. Murli
Senior Vice President – Legal
& Company Secretary

Date : 19th February, 2010
Place : Gurgaon

IMPORTANT NOTES:

1. The Register of Members of the Company will remain closed from Tuesday, 27th April 2010 to Wednesday, 28th April 2010, for annual closing and determining the entitlement of the shareholders to the final dividend for 2009.
2. 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 limited companies, societies, etc., must be supported by an appropriate resolution/authority, as applicable.
3. Final dividend of Rs.12.50 per equity 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 7th May, 2010. Two Interim Dividends for the year 2009, 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 15th May, 2009 and 16th November, 2009, respectively.
4. 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 the unpaid and unclaimed amount pertaining to Interim Dividend 2002 of Rs. 3,874,125/-, to the Investor Education and Protection Fund of the Central Government.

Members who have not encashed the dividend warrant(s) so far for Interim Dividend 2003 paid on 18th August 2003 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.

5. 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.
6. Your Company is presently 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 Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change of address immediately to the Company.
7. 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 accounts dormant for long. Periodic statement of holdings should be obtained from the concerned DP and holdings should be verified.
8. 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.
9. Explanatory Statement under Section 173(2) of the Companies Act, 1956 is annexed hereto.
10. Details under Clause 49 of the Listing Agreement with the Stock Exchanges in respect of the Directors seeking appointment or re-appointment at the Annual General Meeting, is separately annexed hereto. The Directors seeking appointment or re-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. 5

The Board of Directors appointed Mr. Antonio Helio Waszyk as the Managing Director of the Company for a period of five years with effect from 22nd October, 2009, subject to necessary approvals.

The appointment was made pursuant to notification by Nestlé S.A., Switzerland under Articles 118A and 106 of the Articles of Association of the Company nominating Mr. Antonio Helio Waszyk as the Chairman and Managing Director with effect from 22nd October, 2009 in place of Mr. Martial Rolland, who relinquished office as the Chairman and Managing Director with effect from 30th September, 2009. Application has been filed with the Central Government for the appointment of Mr. Waszyk as the Managing Director.

Mr. Waszyk, a Brazilian National, joined the Nestlé Group in November 1977. He holds Bachelor's Degree in Pharmacy and Masters Degree in Food Biochemistry and developed his earlier career in the Technical and R&D functions. He has had a distinguished International record, highlights being postings in USA (1988-1990), Brazil (1990-1994), France (1994-1996), Philippines (1996-1998), Head of Nestlé R&D Centers, Switzerland (1998-2002), and Israel (2002-2004). His last posting was as Head of the Food Strategic Business Unit (SBU), Switzerland. The appointment of Mr. Waszyk is appropriate and in the best interest of the Company. He is not a Director in any other Company registered under the Companies Act, 1956.

The approval of the members is being sought to the terms, conditions and stipulations for the appointment of Mr. Waszyk as the Managing Director and the remuneration payable to him. The terms and conditions proposed (fixed by the Board of Directors at their meeting held on 30th October, 2009) 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 Managing Director.

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.10,00,000/- per month; and

(ii) Allowances: At the rate not exceeding Rs. 20,00,000/- 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 1st April every year, commencing from 1st April, 2010.

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. Waszyk 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. Waszyk.

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 Managing Director, the Company has no profits or its profits are inadequate, the Company may, subject to the requisite approvals, pay Mr. Waszyk 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. Waszyk.

IV) **Other Terms:**

Mr. Waszyk shall, subject to the superintendence, control and direction of the Board of Directors, manage and conduct the business and affairs of the Company. He shall not be paid any sitting fee for attending meetings of the Board or Committee thereof.

The appointment can be terminated by Mr. Waszyk 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.

In view of the provisions of Section 309 and other applicable provisions of the Companies Act, 1956, the Board accordingly recommends the Ordinary Resolution set out at item no. 5 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. Waszyk, is concerned or interested in the Resolution at Item No. 5.

This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

Item No. 6

The Company proposes to amend the Articles of Association of the Company by deleting the existing Article 127 and substituting with new Article 127 to confer powers on the Board of Directors to appoint additional directors any time and from time to time within the limits prescribed by the Articles of Association of the Company.

Section 260 of the Companies Act, 1956, provides that if the Articles of Association confer powers, the Board of Directors may appoint additional directors, provided that such additional directors hold office only up to the date of the next annual general meeting of the Company and that the number of directors and additional directors together shall not exceed the maximum strength fixed for the Board by the Articles. Presently, the Articles of Association of the Company provides that the additional directors of the Company can be appointed only at the general meeting of the Company.

The above Resolution is set out at item No. 6 as Special Resolution for approval by the members in terms of Section 31 of the Companies Act, 1956.

A copy of the Memorandum and Articles of Association of the Company together with the proposed alterations 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 day of this meeting.

None of the Directors of the Company are concerned or interested in the Resolution at Item No. 6.

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

Re-appointment of Mr. Ravinder Narain

Mr. Ravinder Narain joined the Board of Directors of Nestlé India Limited as a Non-Executive Director in March, 1978. Mr. Narain is also a Member of the Audit Committee and the Chairman of the Shareholder/ Investor Grievance Committee, of the Company.

Mr. Ravinder Narain is an eminent lawyer. He is Bachelor of Law having vast experience in the field of law. He is practicing in the Supreme Court, High Courts and other legal foras. He was recently felicitated for completing 50 years at the Bar, by Hon'ble Chief Justice of India and the Hon'ble Union Law Minister at the 'Law Day' function organized by the Supreme Court Bar Association. He has been actively associated with leading Constitutional, Taxation and Commercial Cases. His expertise in the field of Indirect Taxes and MRTP and Competition Cases, is well recognized. He was appointed by the Ministry of Finance, Government of India as a Member of the High Level Committee set up to review and suggest simplification of the Central Excise and Customs Laws.

Apart from his experience in the field of Corporate Laws, he has been actively associated with various Corporations for over two decades. Mr. Narain is a Director in DLF Limited, Shriram Pistons & Rings Ltd., Shree Rajasthan Syntex Limited, DCM Shriram Industries Limited; Member of the Shareholders/ Investors Grievance Committee, IPO Committee and Compliance Committee of DLF Limited; Member of the Shareholders' Committee and Remuneration Committee of DCM Shriram Industries Limited and Member of the Nomination Committee of Shriram Pistons & Rings Limited.

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

The Board considers that continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Narain as a Director. Accordingly, the Board of Directors recommends his re-appointment.

Mr. Narain may be deemed to be interested or concerned in the Resolution at Item No. 3.

Appointment of Mr. Antonio Helio Waszyk (Item No. 5)

For the details of Mr. Antonio Helio Waszyk, 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.

By Order of the Board

B. Muri
Senior Vice President – Legal &
Company Secretary

Date : 19th February, 2010
Place : Gurgaon