

NESTLÉ INDIA LIMITED

(CIN: L15202DL1959PLC003786)

Registered Office: M-5A, Connaught Circus, New Delhi - 110 001

Email: investor@in.nestle.com, Website: www.nestle.in

Phone: 011-23418891, Fax: 011-23415130

POSTAL BALLOT NOTICE

[Pursuant to Section 110 of the Companies Act, 2013, read with Rule 22
of the Companies (Management and Administration) Rules, 2014]

Dear Member(s),

NOTICE IS HEREBY GIVEN that the resolution as set out in this notice is proposed for consideration by Members of Nestlé India Limited ("the Company") for passing by means of postal ballot / electronic voting ("e-voting") under Section 110 of the Companies Act, 2013 ("Companies Act"), including any statutory modification(s) or re-enactment thereof for the time being in force, read with Rule 22 of the Companies (Management and Administration) Rules, 2014 ("the Rules") and other applicable provisions or re-enactments thereof. The proposed Resolution as set out below along with the Explanatory Statement is being sent to the Members for consideration, alongwith a Postal Ballot Form.

The Board of Directors of the Company has appointed Mr. Abhinav Khosla, Chartered Accountant (Membership No. 087010), Partner M/s. S.C. Vasudeva & Co., Chartered Accountants, as the Scrutinizer for conducting the postal ballot / e-voting process in a fair and transparent manner.

Members desiring to exercise their vote by means of postal ballot are requested to carefully read the instructions printed in the Postal Ballot Form and return the same duly completed giving their assent (for) or dissent (against) in the enclosed self-addressed Business Reply Envelope. Postage will be borne and paid by the Company. Postal Ballot Form(s) deposited in person or sent by post or courier at the expense of the Member will also be accepted. The duly completed Postal Ballot Form(s) should reach the Scrutinizer not later than 5:00 p.m. on 17th September, 2015 to be eligible for being considered, failing which, it will be strictly considered that no reply has been received from the Member.

Members desiring to opt for e-voting as per the facilities arranged by the Company are requested to read the instructions in the Notes under the section "Voting through Electronic Means". References of Postal Ballot(s) in this notice include votes received electronically. Members may note that the e-voting facility will remain open upto 5:00 p.m. on 17th September, 2015.

After completion of scrutiny of the Postal Ballots (including e-voting), the Scrutinizer will submit his report to the Chairman/Director within the stipulated time. The results of Postal Ballot shall be declared on or before 2:00 p.m. Sunday, 20th September, 2015 at the Registered Office at M-5A, Connaught Circus, New Delhi - 110001 and shall be placed along with the Scrutinizer's Report on the Company's website at www.nestle.in and communicated to BSE Limited and NSDL (e-voting agency).

Resolution by means of Postal Ballot

To consider and, if thought fit, to give assent / dissent to the following resolution, as an Ordinary Resolution:

"RESOLVED that pursuant to the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the rules, circulars, orders and notifications issued thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013 and subject to the requisite approval of Central Government, the consent of the Company be and is hereby accorded for the appointment of Mr. Suresh Narayanan (DIN 07246738), who was appointed as a "non-retiring Director" of the Company by the Board of Directors with effect from 1st August, 2015 under the Articles of Association of the Company, as the "Managing Director" of the Company for a period of five years effective from 1st August, 2015, on the terms and conditions of appointment and remuneration as contained in the draft agreement, material terms of which are set out in the explanatory statement attached to this notice 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 V to the Companies Act, 2013 as may be agreed to by the Board of Directors and Mr. Narayanan."

By Order of the Board
For Nestlé India Limited

Place: Gurgaon

Date: 29th July, 2015

B. Murli
Senior Vice President - Legal & Company Secretary

Notes:

1. Explanatory Statement pursuant to Section 102 of the Companies Act stating all material facts and the reasons for the proposal is annexed herewith.
2. The Postal Ballot Notice is being sent to the Members whose names appear on the Register of Members / List of Beneficial Owners as received from the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited as on 7th August, 2015. The Postal Ballot Notice is being sent to Members in electronic form to the email addresses registered with their Depository Participants (in case of electronic shareholding) / the Company (in case of physical shareholding). For Members whose email IDs are not registered, physical copies of the Postal Ballot Notice are being sent by permitted mode along with a self-addressed Business Reply Envelope.
3. Members whose names appear on the Register of Members /List of Beneficial Owners as on 7th August, 2015 will be considered for the purpose of voting.
4. Resolution assented to by the requisite majority of the Members by means of Postal Ballot including voting by electronic means shall be deemed to have been duly passed at a General Meeting of the Members.
5. Members can opt for only one mode of voting, i.e., either by physical ballot or e-voting. In case Members cast their votes through both the modes, voting done by e-voting shall prevail and votes cast through physical Postal Ballot Form(s) will be treated as invalid.
6. Members desirous of obtaining a printed Postal Ballot Form or a duplicate can send an email to investor@in.nestle.com. The Company/ Registrar and Transfer Agent shall forward the same along with self-addressed Business Reply Envelope to the Members.
7. In compliance with Sections 108 and 110 of the Companies Act and the Rules made thereunder, the Company has provided the facility to the Members to exercise their votes electronically and vote on the resolution through the e-voting facility provided by NSDL. The instructions for electronic voting are annexed to this notice.

Voting through Electronic Means

In compliance with Clause 35B of the Listing Agreement and Sections 108, 110 and other applicable provisions of the Companies Act, read with the related Rules, the Company is pleased to provide e-voting facility to all its Members, to enable them to cast their votes electronically instead of dispatching the physical Postal Ballot Form by post. The Company has engaged the services of NSDL for the purpose of providing e-voting facility to all its Members.

The instructions for e-voting are as follows:

1. Members whose email addresses are registered with the Company / Depository Participant(s) will receive an email from NSDL informing them of their User-ID and Password. Once the Member receives the email, he or she will need to go through the following steps to complete the e-voting process:
 - a. Open email and open the PDF file titled 'Nestlé e-voting.pdf', using your Client ID or Folio No. as password. The said PDF file contains your user ID and password for e-voting. Please note that this password is an initial password.
 - b. Launch your internet browser and type out the following URL: <https://www.evoting.nsdl.com>.
 - c. Click on Shareholder – Login.
 - d. Enter the user ID and password (the initial password noted in step (a) above). Click on Login.
 - e. The Password change menu will appear. Change the password to a password of your choice. The new password should have a minimum of 8 digits/ characters or combination thereof. It is strongly recommended that you do not share your password with any other person and take utmost care to keep your password confidential.
 - f. The homepage of e-voting will open. Click on e-voting: Active Voting Cycles.
 - g. Select 'EVEN' (E-Voting Event Number) of Nestlé India Limited.
 - h. Now you are ready for e-voting as the Cast Vote page opens.
 - i. Cast your vote by selecting the option of your choice and click on 'submit'. Remember to 'Confirm' when prompted.
 - j. On confirmation, the message 'Vote cast successfully' will be displayed.
 - k. Once you have voted on a resolution, you will not be allowed to modify your vote.
 - l. Institutional Members (i.e. other than individuals, HUF, NRI etc.) are required to send a scanned copy (PDF / JPG Format) of the relevant Board resolution / authorization letter etc., together with attested specimen signature of the authorized signatory(ies) who is/ are authorized to vote, to the Scrutinizer through email to nestlescrutinizer@gmail.com or evoting@in.nestle.com with a copy marked to evoting@nsdl.co.in.
2. For Members whose email IDs are not registered with the Company / Depository Participant(s) and who receive the physical Postal Ballot Form(s), the following instructions may be noted :
 - a. The initial password is provided at the bottom of the Postal Ballot Form.
 - b. Please follow all the steps from (a.) to (l.) mentioned above, in order to successfully cast your vote.
3. In case of any queries, you may refer to the Frequently Asked Questions (FAQs) and e-voting user manual for Members available in the 'Downloads' section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or contact Mr. Amit Vishal, Senior Manager,

National Securities Depository Ltd., Trade World, 'A' Wing, 4th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013, at the designated email IDs: evoting@nsdl.co.in or AmitV@nsdl.co.in or at telephone nos. +91 22 2499 4600/ +91 22 2499 4360 who will also address the grievances connected with the voting by electronic means. Members may also write to the Company Secretary at the email ID: investor@in.nestle.com or contact at telephone no. 011-23418891.

4. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the 'Forgot Password' option available on the site to reset the password.
5. If you are already registered with NSDL for e-voting, then you can use your existing user ID and password for casting your vote.
6. The e-voting period commences on 18th August, 2015 (9:00 a.m.) and ends on 17th September, 2015 (5:00 p.m.). During this period, Members of the Company holding shares either in physical form or in dematerialized form, as on the relevant date, i.e. 7th August, 2015, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by a Member, he or she will not be allowed to change it subsequently.
7. The voting rights of Members shall be in proportion to their share of the paid-up equity share capital of the Company as on 7th August, 2015.

Explanatory Statement pursuant to Section 102 of the Companies Act, 2013

The Board of Directors have, on the recommendation of the Nomination and Remuneration Committee, at their meeting held on 29th July, 2015, appointed Mr. Suresh Narayanan (DIN 07246738) as a “non-retiring Director” of the Company with effect from 1st August, 2015 and subject to necessary approvals as the “Managing Director” of the Company for a period of 5 (five) years with effect from the said date.

The appointment was made pursuant to intimation by Nestlé S.A. Switzerland under Article 118A and 106 of the Articles of Association of the Company nominating Mr. Suresh Narayanan as the Managing Director in place of Mr. Etienne Benet, who relinquished office as the Managing Director with effect from 25th July, 2015. The Company shall make an application to the Central Government in due course for the appointment of Mr. Suresh Narayanan as the Managing Director, since he has not been staying in India for not less than twelve months immediately preceding the date of his appointment as the Managing Director.

Mr. Suresh Narayanan aged 55 years holds a Master's Degree in Economics from the Delhi School of Economics. He has a Diploma from the IMD Program for Executive Development and has participated in the Nestlé Leadership Program of the London Business School. He has over 30 years of rich and exhaustive experience in the FMCG Industry and has held senior management and top leadership roles in leading global companies.

Mr. Narayanan was Chairman and CEO of Nestlé Philippines prior to joining Nestlé India as the Managing Director.

Mr. Narayanan joined Nestlé India in 1999 as Executive Vice President for Sales & Distribution, where he spearheaded major structural and strategic changes in Sales and Customer Management and set up the chilled dairy business. He moved to Nestlé Indochina in 2003, as Executive Director for Sales, Marketing and Food-Services, covering the countries of Thailand, Cambodia, Myanmar, Laos and Vietnam. Two years later in 2005, he returned to India as Executive Vice President (Sales).

In 2008, Mr. Narayanan was appointed as Managing Director of Nestlé Singapore Pte. Ltd., and remained there until 2010. During his time the overall business in Singapore witnessed sustained growth amidst the economic downturn. He was awarded the Medal of Commendation by the Government of Singapore in 2010, for excellence in employee relations during this challenging period. He moved to Nestlé Egypt as Chairman and CEO and Head of North East Africa Region, where his initiatives resulted in significant business growth and investments despite the turbulence and volatility faced by the region.

Mr. Narayanan began his career as a management trainee with Hindustan Unilever, where he held numerous positions of increasing responsibility in Sales, Marketing and General Management. He has also worked with Colgate Palmolive in India.

The approval of the members is being sought to the terms, conditions and stipulations for the appointment of Mr. Narayanan 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 29th July, 2015 based on the recommendation of Nomination and Remuneration Committee) 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. 15,00,000/- per month; and
- (ii) Allowances: Not exceeding two and a half times the Basic salary, with increments as per the Company's policy and as may be determined by Board of Directors, 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, 2016.

b) Commission and Performance linked incentive:

On net profits of the Company determined in accordance with the relevant provisions of the Companies Act, 2013 as per the criteria and rate to be determined by the Board of Directors, from time to time, but not exceeding an amount equivalent to 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. Narayanan 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 self and family including hospitalisation.
 - c. Personal Accident Insurance Premium.
 - d. Air passage and/or leave travel allowance for self and members of his family residing in India 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, audio and video conference facilities etc., at the residence. Personal long distance telephone calls shall be borne by Mr. Narayanan.
 - h. Education Allowance for 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, superannuation fund or annuity 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. Narayanan.

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. The perquisites mentioned above from (h) to (n) shall be based on actual amounts and excluded from the aforesaid perquisite limit.

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, in the event of loss or inadequacy of profits in any financial year during the period of his office as the Managing Director, the Company will, subject to applicable laws and such sanctions and approvals as may be required, pay remuneration to Mr. Suresh Narayanan as provided herein above.

IV) Other Terms:

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

The appointment can be terminated by Mr. Narayanan or the Company, by one party giving to the other 3 (three) calendar months' 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.

Given his expertise, knowledge and experience, the Board considers the appointment of Mr. Suresh Narayanan as the Managing Director to be in the interest of the Company and in view of the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013, recommends the Ordinary Resolution as set out in the accompanying notice for the approval of the Members.

Copy of the draft agreement referred to in the Resolution and other documents relating to the above item of business will be available for inspection without any fee by the Members at the registered office of the Company during normal business hours on any working day, excluding Saturday, upto the date of declaration of the results of the Postal Ballot.

Mr. Narayanan is not a Director in any other Company in India. He does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

Except Mr. Narayanan, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution.

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

By Order of the Board
For Nestlé India Limited

Place: Gurgaon
Date: 29th July, 2015

B. Murli
Senior Vice President - Legal & Company Secretary