

NOTICE

NOTICE IS HEREBY GIVEN THAT THE FIFTY FOURTH ANNUAL GENERAL MEETING OF NESTLÉ INDIA LIMITED will be held at Air Force Auditorium, Subroto Park, New Delhi – 110 010 on Wednesday, 8th May, 2013, at 10:00 a.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st December, 2012 and the Profit and Loss Statement for the year ended on that date together with the Reports of the Directors and Auditors thereon.
2. To confirm the three interim dividends, aggregating to Rs. 48.50 per equity share, for the year ended 31st December, 2012.
3. To appoint a director in place of Dr. (Mrs.) Swati A. Piramal, who retires by rotation and being eligible, offers herself for re-appointment.
4. To appoint M/s A.F. Ferguson & Co., Chartered Accountants (ICAI Registration No.112066W) as statutory auditors of the Company 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 Mr. Aristides Protonotarios, who was appointed as an Additional Director of the Company by the Board of Directors with effect from 1st April, 2013, in terms of Section 260 of the Companies Act, 1956 ("the Act") and Article 127 of the Articles of Association of the Company and whose term of office expires at this Annual General Meeting and in respect of whom the Company has received notice in writing from a member under Section 257 of the Act, proposing his candidature for the office of Director, 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."
6. 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, and subject to the requisite approval of the Central Government, the Company hereby accords its approval to the appointment of Mr. Aristides Protonotarios as the Whole-Time Director, designated as "Director-Technical" for a period of five years with effect from 1st April, 2013 on the terms and conditions of appointment and remuneration as contained in the draft Agreement, a copy whereof initiated by the Chairman for the purpose of identification is tabled 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 not to 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. Aristides Protonotarios."

By Order of the Board

B. Muri

Senior Vice President – Legal
& Company Secretary

Date : 20th February, 2013
Place : Gurgaon

IMPORTANT NOTES:

1. The Register of Members and the Share Transfer books of the Company will remain closed from Thursday, 2nd May, 2013 to Wednesday, 8th May, 2013 (both days inclusive) for annual closing.
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 VOTE ON POLL ON HIS / HER BEHALF. 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. As an alternative to the recommendation of final dividend for 2012, the Board of Directors has, at their meeting held on 20th February, 2013, declared third interim dividend of Rs. 12.50 per share for the year ended 31st December, 2012, which shall be paid on and from 12th March, 2013 to all the shareholders who are entitled to the dividend as on 26th February, 2013, being the Record date fixed for the purpose. Two Interim Dividends for the year 2012, each at the rate of Rs. 18.00 per equity share, were also paid on 13th August, 2012 and 21st December, 2012, respectively.
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. Under Section 205A of the Companies Act, 1956, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the due date is required to be transferred to the Investor Education and Protection Fund (IEPF), constituted by the Central Government. Accordingly, the Company has transferred Rs. 20,02,326/- and Rs. 38,77,758/- being the unpaid and unclaimed dividend amount pertaining to Special Dividend 2004 and Interim Dividends 2005 on 12th May, 2012 and 14th January, 2013, respectively, to the Investor Education and Protection Fund of the Central Government.

The Ministry of Corporate Affairs (MCA) on 10th May, 2012 notified the IEPF (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012 (IEPF Rules). The objective of the IEPF Rules is to help the shareholders ascertain status of the unclaimed amounts and overcome the problems due to misplacement of intimation thereof by post etc. The Company has uploaded the information in respect of the Unclaimed Dividends in respect of the financial years 2005 up to 2012, as on the date of the 53rd Annual General Meeting (AGM) held on 30th March, 2012, on the website of the IEPF viz. www.iepf.gov.in and under "Investors Section" on the Website of the Company viz. www.nestle.in.

A separate reminder has also been sent to those members having unclaimed dividends pertaining to Final Dividend for 2005 and First Interim Dividend 2006 paid on 9th May, 2006 or any subsequent dividend payment(s). Members who have not encashed their dividend warrants are requested to write to the Company immediately claiming dividends declared by the Company for the said periods. 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 due date and no payment shall be made in respect of any such claims.

7. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member 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 Depository Participant 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. Details under Clause 49 of the Listing Agreement with the Stock Exchange in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting, is separately annexed hereto. The Directors seeking appointment/re-appointment have furnished the declaration under the Companies (Disqualification of Directors under Section 274(1)(g) of the Companies Act, 1956) Rules, 2003.
10. The Notice of the 54th Annual General Meeting of the Company along with printed Attendance Slips is being dispatched to all Members. Electronic copy of the Annual Report for 2012 is being sent to all the members whose email address is registered with the Company/Depository Participants(s) unless any member has requested for a hard copy of the same. For members who have not registered their email address, the Annual Report for 2012 is sent alongwith the Notice. Members who have not yet registered their email address are encouraged to submit their request with their respective Depository Participant or the Company, as the case may be.

Members may also note that the Notice of the 54th Annual General Meeting and the Annual Report for 2012 will also be available on the Company's website www.nestle.in for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in New Delhi for inspection during business hours. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon receipt of request for the same, by post free of cost.

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

Item No. 5 & 6

The Board of Directors at their meeting on 20th February, 2013 appointed Mr. Aristides Protonotarios as an Additional Director of the Company with effect from 1st April, 2013. Under Section 260 of the Companies Act, 1956 read with Article 127 of the Articles of Association of the Company, he 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. Aristides Protonotarios as a candidate for the office of Director of the Company.

Further, at the same Meeting, the Directors appointed Mr. Aristides Protonotarios as a Whole-Time Director designated as "Director- Technical" of the Company for a period of five years with effect from 1st April, 2013, subject to approval of the Shareholders and the Central Government.

Mr. Protonotarios holds Bachelor's degree of Engineering in Nature and Agriculture from Newcastle Upon Tyne University, United Kingdom and Master's Degree of Engineering in Foods from Reading University, United Kingdom. Before this assignment he served as R & D Manager for the Beverages Strategic Business Unit (SBU) at Nestec S.A., Switzerland. He joined Nestle United Kingdom in 1991 and was appointed as Manufacturing Specialist at Hayes. In 1996, he moved to Estcourt Factory, South Africa, as Manufacturing Specialist and progressed through a number of positions until he became Production Manager in 1999. He joined PTC Orbe as Manufacturing Specialist Coffee and later as Technical Advisor in 2003. In 2004 he was appointed as Factory Manager in Hayes and in 2007 he became Head of Manufacturing Services for Beverages in the United Kingdom. In 2009, he was appointed as Head of Technical and Production for Indonesia. In 2011 he moved to Nestec S.A., Switzerland, where he established the R & D function in the Beverages SBU.

The approval of members is being sought to the terms, conditions and stipulations for the appointment of Mr. Protonotarios 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 20th February, 2013) 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 stated hereunder:-

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

a) Salary Comprising

(i) Basic Salary : At the rate not exceeding Rs. 7,50,000/- per month; and

(ii) Allowances : At the rate not exceeding Rs. 15,00,000/-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 year from April to March) over the existing Basic Salary and Allowances, as on 1st April every year, commencing from 1st April, 2014.

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 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. Aristides Protonotarios 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 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 driver 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. Aristides Protonotarios.

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 Whole-Time Director, the Company has no profits or its profits are inadequate, the Company may, subject to the requisite approvals, pay Mr. Protonotarios 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. Protonotarios.

IV) Other Terms:

Mr. Protonotarios 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 fees for attending meetings of the Board or Committee thereof.

The appointment can be terminated by Mr. Protonotarios 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.

The period of office of Mr. Protonotarios shall be liable to determination by retirement of directors by rotation. If Mr. Protonotarios is re-appointed as a director, immediately on retirement by rotation he shall continue to hold 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. Protonotarios 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 Resolution as set out at Item No. 5 & 6 of the accompanying Notice for the approval of Members.

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

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 the Annual General 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.

Mr. Protonotarios may be deemed to be interested or concerned in the Resolution at Item No. 5 & 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 Dr. (Mrs.) Swati A. Piramal (Item No. 3)

Dr. (Mrs.) Swati A. Piramal joined the Board of Directors as a Non-Executive and Independent Director of the Company on 2nd August, 2010. She is also a member of the Corporate Governance Committee of the Directors of the Company.

Dr. Piramal is the Vice Chairperson of Piramal Enterprises Limited. She has a Medical Degree from the University of Bombay, a diploma in Industrial Medicine and a Masters' in Public Health from Harvard University, USA. She was the Commencement Speaker at the Harvard School of Public Health in 1992. She is a founder of the Gopikrishna Piramal Hospital in Mumbai, and has launched public health campaigns against chronic disease, osteoporosis, malaria, TB, epilepsy and polio. As Director of the Piramal Foundation which is engaged in inter-disciplinary and field based education, she helps promote health in rural India with HMRI - a mobile health service, women's empowerment projects, and supporting community education that creates young leaders. She is a Director of Sarvajal foundation for clean water. She has made an immense contribution for supporting women in leadership roles.

Dr. Piramal has been the recipient of one of France's highest honours - "Chevalier de l'Ordre National du Merite" (Knight of the Order of Merit) in 2006 for medicine and trade, the Rajiv Gandhi Award for Outstanding Women Achiever, by the Rajiv Gandhi Foundation in 2007 and the Asian Women Achievement Award in UK in 2010. She was nominated one of the 25 Most Powerful Women in India, eight times in succession, from 2003 till 2011 and nominated to the Hall of Fame of Most Powerful Women in Business in 2011. Dr. Piramal was the President of ASSOCHAM 2009-2010, and was the first woman to be elected in 90 years of the history of ASSOCHAM. She was awarded by the Honourable President of India, for contribution to better Corporate Governance, and is the recipient of the Global Empowerment Award - UK, from Her Royal Highness, the Duchess of Kent. On 4th April 2012, Dr. Piramal received the prestigious Padma Shri, at the hands of the President of India for her exceptional and distinguished contribution to the field of trade and industry. In September 2012, she received the Alumni Merit Award, the highest Award bestowed on alumni, from Harvard.

Dr. Piramal holds directorship and membership of the Committees of the Board of Directors of the following other companies in India:

- Director in Piramal Enterprises Limited, Piramal Glass Limited, Piramal Corporate Services Limited, ICICI Bank Limited, Allergan India Private Limited, Piramal Estates Private Limited, Vulcan Investments Private Limited, PEL Management Services Private Limited, Akshar Fincom Private Limited, Adelwise Investments Private Limited, India Venture Advisors Private Limited, AlpeX Holdings Private Limited, Propiedades Realities Private Limited and Piramal Management Services Private Limited.
- Member of Audit Committee of Directors of Piramal Estates Private Limited.

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

- Governing Body of Council of Scientific & Industrial Research, Prime Minister's Council on Trade and Industry, Board of Dean's Advisors of the Harvard School of Public Health, Dean's Advisors of the Harvard Business School, Assam Investment Advisory Board, Indira Gandhi National Centre for the Arts Trust and Global Advisory Council.

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 her continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Dr. Piramal as a Director. Accordingly, the Board recommends her re-appointment.

Dr. Piramal may be deemed to be interested or concerned in the Resolution at Item No. 3.

Appointment of Mr. Aristides Protonotarios (Item No. 5 & 6)

For the details of Mr. Aristides Protonotarios, please refer to the above Explanatory Statement in respect of the Special Business (Item No. 5 & 6 of the Notice of Annual General Meeting).

None of the above Directors is related inter-se.

By Order of the Board

B. Murlu
Senior Vice President – Legal &
Company Secretary

Date : 20th February, 2013
Place : Gurgaon