

MINUTES OF THE FIFTY FOURTH ANNUAL GENERAL MEETING OF NESTLÉ INDIA LIMITED HELD ON WEDNESDAY, 8TH MAY, 2013 AT 10.00 A.M. AT THE AIR FORCE AUDITORIUM, SUBROTO PARK, NEW DELHI -110010

Sitting on the dais

Chairman & Managing Director	Mr. Antonio Helio Waszyk
Director – Finance & Control	Mr. Shobinder Duggal
Director – Technical	Mr. Aristides Protonotarios
Non-Executive Director	Mr. Michael W.O. Garrett
Non-Executive Director	Mr. Ashok Kumar Mahindra
Non-Executive Director	Mr. Ravinder Narain
Senior Vice President – Legal & Company Secretary	Mr. B. Murli

Members Attendance

M/s. Nestlé S.A. and Maggi Enterprises Limited, holding in the aggregate 60,515,079 equity shares, were represented by Mr. Antonio Helio Waszyk and 4,451 Members holding 11,616,122 equity shares recorded their attendance, while about 188 members attended the meeting in person or through their proxies including bodies corporate through their various representatives and persons through their proxies.

Mrs. Simar Preet Kahlon, Corporate SHE Manager, apprised the members regarding the safety arrangements inside the auditorium, in case of any emergency.

Mr. Antonio Helio Waszyk, the Chairman of the Board of Directors, took the Chair and welcomed all the shareholders to the 54th Annual General Meeting of the Company and thanked Mrs. Simar Preet Kahlon for the safety briefing. Introducing those sitting on the dais, he welcomed Mr. Michael W.O. Garrett, Non-Executive Director, Mr. Ashok Kumar Mahindra, Non-Executive Director and Chairman of the Audit Committee of Directors, Mr. Shobinder Duggal, Director - Finance & Control, Mr. B. Murli, Senior Vice President - Legal & Company Secretary, Mr. Ravinder Narain, Non-Executive Director and Chairman of the Shareholders/ Investors Grievance Committee of Directors, and Mr. Aristides Protonotarios, Whole-time Director, designated as 'Director- Technical' from 1st April, 2013 and informed that Dr. Swati A. Piramal, Non-Executive Director, had with regret intimated her inability to be present at the meeting, due to her prior commitments and shared that in 2012, Dr. Piramal received the prestigious "Padma Shri" award, one of India's highest civilian awards for distinguished contribution to the nation, from the President of India. The shareholders acknowledged her significant and exceptional achievement.

The Chairman further informed that Dr. Rakesh Mohan, Non-Executive Director, stepped down from 31st October, 2012 consequent upon his appointment as an Executive Director of the International Monetary Fund and Mr. Christian Schmid, Director-Technical, stepped down from 31st March, 2013 to take up new assignment with another Nestlé affiliate. On behalf of all members, he recorded appreciation for the valuable contributions of Dr. Mohan and Mr. Schmid.



The Statutory Registers, Proxy Register and inspection documents were available during the Meeting for inspection of the Members.

The Chairman declared the meeting as validly convened on the basis of advice from the Company Secretary that the requirement of the quorum as per the Articles of Association of the Company was fulfilled.

Thereafter, the Chairman delivered his speech, the highlights of which are recorded hereafter.

The Chairman stated that the year 2012 has not been easy. The uncertainty in the global economy had influenced India also. High food inflation persisted in the domestic economy and subdued economic sentiment impacted consumer spending. Despite the tough economic environment, the Company maintained focus on the long term, profitable and sustainable growth.

He mentioned that the Company is operating in the New Reality where the difference is the speed and unpredictability of the change. In the changing economic and social context it is necessary to transform and realign constantly. For the long term success in the New Reality, the Company has to Create Shared Value with sustainable and profitable growth. The Company had anticipated the challenges and started 2012 with caution to deliver again a steady performance by taking the challenges head on.

Dwelling on the financial results of the Company during 2012, he stated that the Company has delivered steady performance. The Net profits increased by 11.1% over previous year with continued emphasis on delivering strong operating cash flow. Despite a general slowdown in exports out of India, export sales of the Company grew by 7.6%. The Company entered in new export markets for culinary products and coffee products. He further stated that the Company had invested close to Rs. 1,000 crores during 2012 responsibly and sustainably, to expand the manufacturing and distribution footprint. Despite depreciation increasing by around 130 basis points, margins improved by 10 basis points. The Company increased support behind brands and continued to rationalise the product portfolio. The short-term loans had been repaid by the Company. With the amount of investments made during 2011 and 2012, repayment of the short-term loans demonstrated the Company's strength to generate cash flow.

Speaking on Nestlé S.A.'s bonding with India, the Chairman stated that in the coming years, he foresaw stronger and significant role in India. In 2012, Nestlé S.A. demonstrated its further commitment to India by opening a global R&D Centre in Haryana under a separate wholly owned subsidiary, with an investment of around CHF 55 Million. Nestlé S.A. organised its global Creating Shared Value Forum in India, the first in an emerging market. It was attended by Nestlé's global CEO, Mr. Paul Bulcke and Chairman of the Nestlé Group Mr. Peter Brabeck-Letmathe. Mr. Paul Bulcke also Co-Chaired the World Economic Forum's India Economic Summit. Mr. Brabeck who is also the Chairman of 2030 Water Resource Group (WRG), attended the WRG meeting in India and discussed pilot projects as part of the ongoing partnership between 2030 WRG and the State of Karnataka to meet the incremental demand on water by 2030.

On the review of General License Agreement (GLA) with Nestlé Group, the Chairman stated that the GLA allows the Company access to Nestlé Group's intellectual property including global portfolio of brands, proprietary technology, numerous patents, extensive Research and Development (R&D) capabilities and expertise on best practices. This also includes access to large number of internationally recognised brands such as NESTLÉ, MAGGI and NESCAFÉ and technologies developed by the global network of 32 R&D



Centres. The arrangement was approved by the independent directors after meticulous negotiation, to the benefit of the Company. There was high emphasis on corporate governance in view of the elaborate review process of the GLA.

Commenting on the economic scenario and industry outlook, the Chairman stated that the Indian economy is currently passing through a moderate phase but steady recovery is expected with food sector playing a significant role in it. He pointed out that the Company has been thinking ahead and preparing for that. In the past six years, the Company had invested close to Rs. 3,800 crores to expand the existing facilities at Bicholim, Ponda, Nanjangud, Moga; commissioning of a new facility at Samalkha and a green field facility at Tahlilal; and strengthening of the distribution footprint. To strengthen the sustainable milk sourcing, the Company had invested in Western Maharashtra by acquiring a minority stake in Indocon Agro and Allied Activities Private Limited. The Company also implemented the Warehousing Management System to increase speed and improve accuracy and productivity.

The Chairman was pleased to share that, amongst various recognitions and awards received by the Company during the year 2012, the Company was named Business Standard's 'Star MNC of the Year' and Mr. Shobinder Duggal, Director – Finance and Control was recognized as 'Best CFO of an MNC' in the Business Today-YES Bank awards.

Commenting on "Saanjhapan"- Creating Shared Value, the Chairman reiterated that the Company was committed to responsible business and operated efficiently in a culture of professionalism, creativity, integrity and continuous improvement in all functions as also efficient utilization of the Company's resources for sustainable and profitable growth. Government desires earmarking of funds for Corporate Social Responsibility (CSR). Nestlé's thinking has evolved from CSR to that of Creating Shared Value (CSV) which goes beyond philanthropy and comprises three main areas of focus that are Water, Nutrition and Rural Development. Initiatives taken by the Company under these focus areas are aimed at creating value for the stakeholders and society. He was pleased to share that the Company's factories had reduced water consumption by over 73% per tonne of production in past 15 years and that the work done by the Company in developing sustainable dairy farming in Moga had been recognized across the world. Also, NESCAFÉ PLAN, a global initiative of Nestlé Group, was rolled out to benefit Indian coffee farmers with modern science. He pointed out that less visible was the continuous engagement with small and local suppliers to develop their quality, as also their technical and business capabilities. All this was done in a very challenging and difficult year and could not have been done without the engagement of employees of the Company.

The Chairman concluded his speech by thanking the management and employees for their contribution, hard work and engagement, and appreciating the contribution of the distributors, re-distributors, suppliers and all other stakeholders to the results and success of the Company. Finally, he thanked all the shareholders for their continuous support and trust reposed by them on the Company.

The Chairman then took up the formal proceeding of the meeting. With the concurrence of the shareholders the Notice of the meeting together with the Accounts and Directors' Report was taken as read. Mr. B. Murli, Senior Vice President - Legal & Company Secretary, then read out the Audit Report of the Statutory Auditors, M/s. A.F. Ferguson & Co., Chartered Accountants.



ORDINARY BUSINESS:

ITEM NO. 1 – ADOPTION OF ACCOUNTS

As per Item No. 1 of the Notice of the 54th Annual General Meeting, the Chairman requested shareholders to propose the adoption of audited Accounts for the year 2012.

The adoption of audited Accounts for the year 2012, was proposed by Mr. Rakesh Kumar (DP-ID 1201410000010225), and seconded by Mr. Gagan K. Kumar (DP-ID 300206 10925435).

Before putting the resolution to vote, the Chairman invited members (other than those present through proxies) to make their comments, give suggestions and seek clarifications, if any.

The shareholders congratulated the Chairman and the Board of Directors for the good performance of the Company. They expressed happiness over the working of the Company, quality of products offered and their acceptance all over the country and appreciated proper disclosures in the Annual Report reflecting good governance practices, timely receipt of the Annual Report, good arrangements at the AGM venue and efficient shareholder/investor services.

The shareholders mainly sought announcements for bonus issue, right issue, split of shares, arrangement for the factory visits, distribution of other products of the Company, issue of discount coupons to the shareholders, re-launch of Nestlé MILO and changing of AGM venue. The shareholders also commented on repayment of short term debts, long term borrowings, dividend payment, export performance vis-a-vis growth of the Company, stronger focus on milk chocolates and performance of MAGGI sauces. They further sought clarification on voluntary open offer for purchase of shares by Nestlé S.A., Switzerland and any proposal to buy back the existing shares of the Company.

Responding to the queries and comments from the shareholders, the Chairman thanked them for the appreciation of the results and answered the queries.

Before answering to other speaker queries, on the clarification sought on the Company's strategy on long-term and short term borrowings and the level of dividends paid, the Chairman requested Mr. Shobinder Duggal, Director- Finance and Control to answer the query.

Commenting on the long term borrowings taken for funding the capital expenditure (capex) programme, Mr. Duggal stated that the Company had over the past six years, invested around Rs. 38,000 million to expand the existing manufacturing facilities and also creating new manufacturing facilities as well as strengthened the Company's distribution footprint. As per the financial strategy approved by the Board of Directors, for funding the above capital expenditure the Company has out of External Commercial Borrowing (ECB) of USD 450 Million approved by Reserve Bank of India, drawn down USD 192 Million from the principal shareholders Nestlé S.A, while some part of the funding was done through internal accruals and short term buyer's credit. The interest rates on the ECB drawn down by the Company from Nestlé SA were competitive when compared with prevailing market rate for long term borrowings repayable after five years. He stated that it was in the interest of the Company to prepay the short term buyer's credit as the interest rates payable was comparatively higher than that payable on long term buyer's credit. Elaborating further on the mix of the long term and short term borrowings, he stated that the Company consciously wanted to be flexible between the



two as the long-term borrowings drawn down under the Reserve Bank of India approval will be repaid after five years, whereas the short-term borrowings could be repaid any time even before maturity.

Commenting on the dividend level maintained by the Company, Mr. Duggal stated that as per the financing strategy, the objective was to meet some part of the funding requirements of the capex programme through internal accruals, while maintaining the current dividend level. As the capex programme is near completion, the Company will be reviewing the level of dividend vis-a-vis the performance.

The Chairman thanked Mr. Duggal, and thereafter took up other queries of the speakers.

Responding to the shareholders' request for declaration of a bonus issue or right issue, the Chairman stated that there was no such proposal or justification for a bonus or rights issue considering the cost of capital, current debt equity ratio, funding strategy for capex programme and the share capital of the Company vis a vis the size of the business.

Answering to the request for splitting of shares of the Company to a lower denomination, the Chairman stated that the Company had no such proposal under consideration. However, he stated that the Company is monitoring it and taking note of the request made by the shareholders, the proposal may be considered by the Company at an appropriate time.

Regarding the request for factory visits, the Chairman stated that the Company had no scheme for arranging factory visits. However, in case any shareholder happened to be at any of the locations where the factory is situated, individual visits could be arranged basis receipt of advance intimation and based on the convenience of the factory.

Commenting on the request for distributing of other products of the Company at the meeting, the Chairman stated that the chocolate and confectionary products distributed were part of refreshment to the shareholders, as they can be readily consumed. While distribution of products such as MAGGI is not considered as it could be misconstrued as a gift, serving prepared MAGGI at the meeting would be administratively difficult and more complicated.

Responding to the comments on re-launch of Nestlé MILO, the Chairman stated that this question was raised by the shareholders in the earlier Annual General Meetings as well and reiterated that in spite of best efforts by the Company, the Indian consumer's response to malted chocolate drinks was not encouraging.

Commenting on the performance of MAGGI sauces, the Chairman stated that the products are well placed in terms of the market share and had a very satisfactory performance last year. He clarified that the Company values its brand and has a long term strategy for its sustainable and profitable growth. There are no plans to trade off volume for value or value for volumes.

Clarifying on the query with regard to any open offer proposal similar to those announced by some other companies or buy back of shares by the Company, the Chairman stated that Company's shares are freely tradable on the stock exchange and it is upto the principal shareholders to acquire or dispose off its shareholding in the Company through open offer or otherwise. With regard to buy back of shares, clarifying the Company's position he stated that the Company will consider buy back if it is in the interest of all the shareholders of the Company, however, currently there is no such proposal.



On the suggestion for conducting the meeting at any other venue, the Chairman explained that any venue is near for some and far for others. Shareholder Meetings of the Company have been conducted at this venue since 1993 and it has, in the overall, been convenient to shareholders.

On the exports performance, the Chairman stated that the priority of the Company was to drive the domestic market and exploring the opportunities within the country. Nevertheless, the Company is optimizing the utilization of export capacity of coffee at Nanjangud factory and culinary products of the Company. The Company continues to promote the export of culinary products for the Indian Diaspora and made breakthroughs in the newer markets during the year. He further stated that the strategy of the Company to develop new products and new export regions would continue, to have a broad based direction of exports.

On the comments of the shareholders regarding introduction of some new milk chocolates, the Chairman stated that the Company has plans to be more active in milk chocolates and premium chocolates in the near future.

Finally, answering to one of the shareholder's request to provide discount coupons for the Company's products, the Chairman stated that the Company has no such scheme and it is not feasible for the Company's products, due to the complexity of having to involve many retailers for operation of such a scheme.

Thereafter, the Chairman proceeded further and put the following resolution on adoption of audited Accounts for 2012, which had already been duly proposed by Mr. Rakesh Kumar and seconded by Mr. Gagan K. Kumar, to vote by a show of hands and declared the same unanimously carried:

"RESOLVED that the Balance Sheet as at 31st December, 2012 and the Statement of Profit and Loss for the year ended on that date, together with the cash flow statement and the Notes thereof, as audited and certified by the Company's Auditors and the Reports of Directors and Auditors thereon, be and are hereby approved and adopted."

ITEM NO. 2 – CONFIRMATION OF PAYMENT OF THE THREE INTERIM DIVIDENDS FOR 2012

Taking up agenda Item No. 2 of the Notice, the Chairman stated that the same was for confirmation of the three interim dividends for the year 2012, aggregating to Rs. 48.50 per equity share, already paid.

The following Resolution duly proposed by Mr. S.K. Agarwal (Folio No. 99892) and seconded by Mr. Subhash Bhutani (DP-ID 120300000060371) was declared unanimously carried by the Chairman on a show of hands:

"RESOLVED that the shareholders do hereby confirm the three interim dividends (comprising first and second interim dividend each of Rs. 18.00 per equity share and third interim dividend of Rs. 12.50 per equity share) aggregating to Rs. 48.50 per equity share, for the year ended 31st December, 2012, on the entire issued, subscribed and paid-up equity share capital of the Company of 96,415,716 equity shares of the nominal value of Rs.10/- each."

ITEM NO. 3 - RE-APPOINTMENT OF MRS. (DR.) SWATI A. PIRAMAL

Taking up agenda Item No. 3 of the Notice, the Chairman said that Dr. Swati A. Piramal, one of India's leading scientists and industrialists, had contributed as a Director of the Company and been a valuable member of the



Board and further provided her brief background. The following Resolution duly proposed by Mr. V.K. Gupta (Folio No. 117620) and seconded by Mr. Manjit Singh (DP ID: IN300724-10032542) was declared unanimously carried by the Chairman on a show of hands:

"RESOLVED that Dr. Swati A. Piramal, who retires in accordance with the provision of Article 119 of the Articles of Association of the Company and has offered herself for re-appointment, be and is hereby re-appointed as a Director of the Company."

ITEM NO. 4 – APPOINTMENT OF AUDITORS

Taking up agenda Item No. 4 of the Notice, the Chairman said that the Board of Directors had recommended re-appointment of the statutory auditors, based on the review done by the Audit Committee. The following Resolution duly proposed by Mrs. Poonam Bala (Folio No. 116065) and seconded by Mr. Chander Shekhar (DP-ID 120300000059427), was declared unanimously carried by the Chairman on a show of hands:

"RESOLVED that M/s A. F. Ferguson & Co., Chartered Accountants (ICAI Registration No. 112066W) be and they are hereby re-appointed as Statutory Auditors of the Company to hold office until the conclusion of the next Annual General Meeting and that the Board of Directors be and are hereby authorised to fix their remuneration for the year ending 31st December, 2013."

SPECIAL BUSINESS:

ITEM NO. 5 – APPOINTMENT OF MR. ARISTIDES PROTONOTARIOS AS THE DIRECTOR OF THE COMPANY, WHOSE PERIOD OF OFFICE SHALL BE LIABLE TO DETERMINATION BY RETIREMENT OF DIRECTORS BY ROTATION

Taking up agenda Item No. 5 of the Notice, the Chairman said that Mr. Aristides Protonotarios was a valuable addition to the Board and shared his brief background. The following Resolution duly proposed by Ms. Asha Chachra (DP-ID 1202300000167642) and seconded by Mr. Mahender Pal Bhutani (DP-ID 1204470004410719) was declared unanimously carried by the Chairman on a show of hands:

"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."

ITEM NO. 6 - APPOINTMENT OF MR. ARISTIDES PROTONOTARIOS AS THE WHOLE-TIME DIRECTOR OF THE COMPANY, DESIGNATED AS 'DIRECTOR-TECHNICAL' FOR A PERIOD OF FIVE YEARS WITH EFFECT FROM 1ST APRIL, 2013

Taking up the last agenda Item No. 6 of the Notice, the Chairman said that the same is for the approval of Mr. Aristides Protonotarios as Whole-time Director, designated as "Director-Technical", for a period of five years with effect from 1st April, 2013. The following Resolution duly proposed by Mr. Jaswinder Singh



(DP ID IN301959-10027413) and seconded by Mrs. Manjula Rani (DP ID IN300118-10342345) was declared unanimously carried by the Chairman on a show of hands:

"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 initialed 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."

The Chairman announced the completion of the business of the 54th Annual General Meeting of the Company and thanked the shareholders for their participation, suggestions and comments.

The meeting concluded with a vote of thanks to the Chair

SD/-

CHAIRMAN



Dated: 05.06.2013