

Ref: NSE/LIST/46775

May 14, 2025

The Company Secretary
Hindustan Unilever Limited

Kind Attn.: Radhika Shah

Dear Madam,

Sub: Observation Letter for draft scheme of arrangement amongst Hindustan Unilever Limited (“Demerged Company”) and Kwality Wall’s (India) Limited (“Resulting Company”) and their respective shareholders and creditors under Section 230-232 and other applicable provisions of the Companies Act, 2013

We are in receipt for captioned draft Scheme of Arrangement filed by Hindustan Unilever Limited.

Based on our letter reference no. NSE/LIST/46775 dated March 12, 2025, submitted to SEBI in accordance with SEBI Master circular no. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023 and Regulation 94(2) SEBI (LODR) Regulations, 2015 SEBI vide its letter dated May 13, 2025, has inter alia given the following comment(s) on the draft scheme of arrangement:

- a) *The Company shall ensure to disclose all details of ongoing adjudication & recovery proceedings, prosecution initiated, and all other enforcement action taken, if any, against the Company, its promoters, and directors, before Hon'ble NCLT and shareholders, while seeking approval of the Scheme.*
- b) *The Company shall ensure that additional information, if any, submitted by the Company after filing the Scheme with the Stock Exchange, from the date of receipt of this letter, is displayed on the websites of the listed Companies and the Stock Exchanges.*
- c) *The Company shall ensure compliance with the SEBI circulars issued from time to time.*
- d) *The entities involved in the Scheme shall duly comply with various provisions of the Circular and ensure that all the liabilities of Demerged Company in relation to the Ice Cream Business Undertaking shall stand transferred to and vested in and be deemed to be transferred to and vested in the Resulting Company.*
- e) *The Company shall ensure that the information pertaining to all the Unlisted Companies involved, if any, in the scheme shall be included in the format specified for abridged prospectus as provided in Part E of Schedule VI of the ICDR Regulations, 2018, in the explanatory statement or notice or proposal accompanying resolution to be passed, which is sent to the shareholders for seeking approval.*
- f) *The Company shall ensure that the financials in the scheme including financials considered for valuation report are not for period more than 6 months old.*

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- g) *The Company shall ensure that the details of proposed scheme under consideration as provided by the Company to the Stock Exchanges shall be prominently disclosed in the notice sent to the shareholders.*
- h) *Both the Companies shall ensure that the following disclosure as a part of explanatory statement or notice or proposal accompanying resolution to be passed to be forwarded by the company to the shareholders while seeking approval u/s 230 to 232 of the Companies Act 2013-*
- i. *Need for the demerger, rationale of the scheme, synergies of business of the entities involved in the scheme, impact of the scheme on the shareholders and cost benefit analysis of the scheme.*
 - ii. *Details of Registered Valuer issuing Valuation Report and Merchant Banker issuing Fairness opinion, Summary of methods considered for arriving at the Share-Swap Ratio and Rationale for using above method.*
 - iii. *Basis for arriving at the share swap ratio*
 - iv. *Pre and Post scheme shareholding of HUL and KWL as on the date of notice of Shareholders meeting along with rationale for changes, if any, occurred between filing of Draft Scheme to Notice to shareholders.*
 - v. *Capital built-up of HUL and KWL since incorporation and last 3 years.*
 - vi. *Details of Revenue, PAT and EBIDTA of HUL and KWL for last 3 years.*
 - vii. *Value of Assets and liabilities of HUL that are being transferred to KWL and post-merger balance sheet of KWL.*
 - viii. *Details of demerged undertaking of HUL and their value as per the audited balance sheet that is being demerged into KWL.*
 - ix. *Details of potential benefits and risks associated with the demerger.*
 - x. *Financial implication of demerger on Promoters, Public Shareholders and the companies involved in the scheme along with future growth prospects of HUL and KWL pursuant to demerger.*
 - xi. *Disclose all pending actions against the entities involved in the scheme its promoters/directors/KMPs and possible impact of the same on the KWL and on the public shareholders.*
- i) *The Companies shall ensure that all the applicable additional information, if any, shall form part of disclosures to shareholders, which was submitted by the Company to the Stock Exchange as per Annexure M of Exchange checklist.*
- j) *The Company shall ensure that the proposed equity shares, if any, to be issued in terms of the "Scheme" shall mandatorily be in demat form only.*
- k) *The Company shall ensure that the "Scheme" shall be acted upon subject to the Company complying with the relevant clauses mentioned in the scheme document.*
- l) *The Company shall ensure that no changes to the draft scheme except those mandated by the regulators/ authorities/ tribunals shall be made without specific written consent of SEBI.*

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- m) The Company shall ensure that the observations of SEBI/Stock Exchanges shall be incorporated in the petition to be filed before NCLT and the Company is obliged to bring the observations to the notice of NCLT.*
- n) The Company shall ensure to comply with all applicable provisions of the Companies Act, 2013, rules and regulations issued thereunder including obtaining the consent from the creditors for the proposed scheme.*
- o) It is to be noted that the petitions are filed by the company before NCLT after processing and communication of comments/observations on draft scheme by SEBI/stock exchange. Hence, the company is not required to send notice for representation as mandated under section 230(5) of Companies Act, 2013 to SEBI again for its comments / observations / representations.*
- p) The Company involved shall ensure to disclose the No-Objection letter of the Stock Exchange on its website within 24 hours of receiving the same.*

It is to be noted that the petitions are filed by the company before NCLT after processing and communication of comments/observations on draft scheme by SEBI/ Stock exchange. Hence, the company is not required to send notice for representation as mandated under section 230(5) of Companies Act, 2013 to National Stock Exchange of India Limited again for its comments/observations/representations.

Please note that the submission of documents/information, in accordance with the Circular to SEBI and National Stock Exchange of India (NSE), should not in any way be deemed or construed that the same has been cleared or approved by SEBI and NSE. SEBI and NSE does not take any responsibility either for the financial soundness of any scheme or for the correctness of the statements made or opinions expressed in the documents submitted.

Based on the draft scheme and other documents submitted by the Company, including undertaking given in terms of Regulation 11 of SEBI (LODR) Regulations, 2015, we hereby convey our “No objection” in terms of Regulation 37 of SEBI (LODR) Regulations, 2015, so as to enable the Company to file the draft scheme with NCLT.

The Company should also fulfil the Exchange’s criteria for listing of such company and also comply with other applicable statutory requirements. However, the listing of shares of Kwaliti Wall’s (India) Limited is at the discretion of the Exchange.

The listing of Kwaliti Wall’s (India) Limited pursuant to the Scheme of Arrangement shall be subject to SEBI approval & Company satisfying the following conditions:

1. To submit the Information Memorandum containing all the information about Kwaliti Wall’s (India) Limited and its group companies in line with the disclosure requirements applicable for public issues with National Stock Exchange of India Limited (“NSE”) for making the same available to the public through website of the companies. The following lines must be inserted as a disclaimer clause in the Information Memorandum:



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“The approval given by the NSE should not in any manner be deemed or construed that the Scheme has been approved by NSE; and/ or NSE does not in any manner warrant, certify or endorse the correctness or completeness of the details provided for the unlisted Company; does not in any manner take any responsibility for the financial or other soundness of the Kwaliti Wall’s (India) Limited, its promoters, its management etc.”

2. To publish an advertisement in the newspapers containing all the information about Kwaliti Wall’s (India) Limited in line with the details required as per SEBI Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023. The advertisement should draw a specific reference to the aforesaid Information Memorandum available on the website of the company as well as NSE.
3. To disclose all the material information about Kwaliti Wall’s (India) Limited to NSE on continuous basis so as to make the same public, in addition to the requirements, if any, specified in SEBI (LODR) Regulations, 2015 for disclosures about the subsidiaries.
4. The following provision shall be incorporated in the scheme:
 - (a) *“The shares allotted pursuant to the Scheme shall remain frozen in the depositories system till listing/trading permission is given by the designated stock exchange.”*
 - (b) *“There shall be no change in the shareholding pattern or control in Kwaliti Wall’s (India) Limited between the record date and the listing which may affect the status of this approval.”*

With reference to Part II (A) (5) of SEBI Master Circular dated June 20, 2023, Kwaliti Wall’s (India) Limited shall ensure that steps for listing of specified securities are completed and trading in securities commences within sixty days of receipt of the order of the Hon’ble High Court/NCLT, simultaneously on all the stock exchanges where the equity shares of the listed entity (or transfer entity) are/were listed. Accordingly, the company must initiate necessary steps to ensure strict adherence to said timeline.

However, the Exchange reserves its rights to raise objections at any stage if the information submitted to the Exchange is found to be incomplete/ incorrect/ misleading/ false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Regulations, Guidelines/ Regulations issued by statutory authorities.

The validity of this “Observation Letter” shall be six months from May 14, 2025, within which the Scheme shall be submitted to NCLT.

Kindly note, this Exchange letter should not be construed as approval under any other Act /Regulation/rule/bye laws (except as referred above) for which the Company may be required to obtain approval from other department(s) of the Exchange. The Company is requested to separately take up matter with the concerned departments for approval, if any.

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The Company shall ensure filing of compliance status report stating the compliance with each point of Observation Letter on draft scheme of arrangement on the following path: NEAPS > Issue > Scheme of arrangement > Reg 37 of SEBI LODR, 2015> Seeking Observation letter to Compliance Status.

Yours faithfully,
For National Stock Exchange of India Limited

Saili Kamble
Manager

P.S. Checklist for all the Further Issues is available on website of the exchange at the following URL: <https://www.nseindia.com/companies-listing/raising-capital-further-issues-main-sme-checklist>

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