



## Hindustan Unilever Limited

Hindustan Unilever Limited  
Unilever House  
B. D. Sawant Marg  
Chakala, Andheri East  
Mumbai 400 099  
CIN: L15140MH1933PLC002030  
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### REPORT OF THE AUDIT COMMITTEE OF HINDUSTAN UNILEVER LIMITED ("COMPANY") RECOMMENDING THE DRAFT SCHEME OF ARRANGEMENT BETWEEN THE COMPANY AND ITS MEMBERS

- Date of the Audit Committee Meeting** : 15th January, 2016
- Venue of the Audit Committee Meeting** : Unilever House, B.D. Sawant Marg  
Chakala, Andheri East, Mumbai
- Audit Committee Members Present:**
1. Mr. Aditya Narayan, Chairman
  2. Mr. S. Ramadorai, Member
  3. Mr. O.P. Bhatt, Member
  4. Dr. Sanjiv Misra, Member
  5. Ms. Kalpana Morparia, Member

#### 1. Background

The proposal to undertake a Scheme of Arrangement between the Company and its Members was placed before the Committee. The Committee was informed that the proposed Scheme of Arrangement sought to reclassify and transfer the amount lying to the credit of the General Reserves in the Balance Sheet of the Company to the 'Profit and Loss Account' for the purpose of, *inter alia*, distributing it to the Members, in such manner and to such extent, as the Board, in its sole discretion, may decide, from time to time and in accordance with the provisions of the Companies Act, 2013 and other applicable laws. The proposal is to be implemented in terms of a Scheme of Arrangement between the Company and its Members under the provisions of Sections 391 to 394 of the Companies Act, 1956 and other relevant provisions of the Companies Act, 1956 and/or the Companies Act, 2013, as applicable ("draft Scheme of Arrangement" or "Scheme").

The draft Scheme of Arrangement initiated by the Chairman for the purpose of identification, for the purpose of considering and if thought fit, recommending to the Board, in terms of the requirements of Securities and Exchange Board of India ("SEBI") (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and the SEBI Circular No. CIR/CFD/CMD/16/2015 dated November 30, 2015 ("SEBI Scheme Circular"), was placed. The Audit Committee noted the background, salient features, rationale and the benefits of the proposed Scheme as placed before it.





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### 2. Report

This Report of the Audit Committee is being issued to comply with the requirements of the SEBI Scheme Circular.

The Audit Committee of the Board of Directors of the Company has made this Report after perusing the following documents:

- (i) The draft Scheme of Arrangement, initialled by the Chairman, for the purpose of identification;
- (ii) The certificate issued by M/s. BSR & Co, the Statutory Auditors of the Company, as required under paragraph I(A)(5)(a) of Annexure I of the SEBI Scheme Circular, to the effect that the accounting treatment contained in the Scheme is in compliance with all the Accounting Standards specified by the Central Government under the Companies Act, 2013 or the Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI), as applicable, and other generally accepted accounting principles; and
- (iii) An undertaking dated 15th January, 2016 certified by M/s. BSR & Co, the Statutory Auditors of the Company, in terms of paragraph I(A)(9)(c) of Annexure I of the SEBI Scheme Circular, stating the reasons for non-applicability of paragraph I(A)(9)(a) of Annexure I of the SEBI Scheme Circular, i.e., regarding the requirement to, *inter alia*, provide for voting by public shareholders through postal ballot and e-voting, in relation to the Scheme.

The Committee has noted that the Scheme involves the reclassification of the General Reserves of the Company and no new shares are to be issued by the Company pursuant to the Scheme. Accordingly, the Company is not required to obtain a valuation report from an Independent Chartered Accountant in terms of paragraph I(A)(4)(a) and paragraph I(A)(4)(b) of Annexure I of the SEBI Scheme Circular.

### 3. Recommendation of the Audit Committee

The Audit Committee has considered and noted the aforementioned documents and the draft Scheme of Arrangement, and recommends the draft Scheme of Arrangement to the Board of Directors for consideration.

Date: 15th January, 2016  
Place: Mumbai

Aditya Narayan  
Chairman, Audit Committee

