

Registered Office: Unilever House, B. D. Sawant Marg, Chakala, Andheri (East), Mumbai 400 099

CIN: L15140MH1933PLC002030, Website: www.hul.co.in, Tel No: +91 -22 39832285/39832452, Fax No: +91 -22 28249457

COURT CONVENED MEETING (CCM) OF THE EQUITY SHAREHOLDERS

Day : Thursday

Date : 30th June, 2016

Time : 2.00 P.M.

Venue : Unilever House, B. D. Sawant Marg, Chakala, Andheri (East), Mumbai 400 099

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IN THE HIGH COURT OF JUDICATURE AT BOMBAY ORDINARY ORIGINAL CIVIL JURISDICTION COMPANY SUMMONS FOR DIRECTION NO. 346 of 2016

In the matter of the Companies Act, 1956 or any re-enactment thereof;

And

In the matter of Application under Section 391 and other relevant provisions of the Companies Act, 1956 and the Companies Act, 2013, as applicable, and any amendments thereto or re-enactments thereof;

And

In the matter of Hindustan Unilever Limited [CIN: L15140MH1933PLC002030], a company, incorporated under the Indian Companies Act of 1913, having its registered office at Unilever House, B. D. Sawant Marg, Chakala, Andheri (East), Mumbai 400 099, Maharashtra;

And

In the matter of Scheme of Arrangement amongst Hindustan Unilever Limited and its members.

Hindustan Unilever Limited [CIN: L15140MH1933PLC002030], a Company, incorporated under the Indian Companies Act of 1913, having its registered office at Unilever House, B. D. Sawant Marg, Chakala, Andheri (East), Mumbai 400 099, Maharashtra

... Applicant Company

NOTICE CONVENING THE MEETING OF THE EQUITY SHAREHOLDERS OF THE APPLICANT COMPANY

To,

The Equity Shareholders of Hindustan Unilever Limited (the "Applicant Company")

TAKE NOTICE that by an order made on the 29th day of April, 2016, in the abovementioned Company Summons for Direction (the "**Order**"), the High Court of Judicature at Bombay has directed that a meeting of the equity shareholders of the Applicant Company be convened and held on Thursday, 30th June, 2016 at 2.00 P.M. at the Registered Office of the Applicant Company at Unilever House, B. D. Sawant Marg, Chakala, Andheri (East), Mumbai 400 099 for the purpose of considering and if thought fit, approving, with or without modification(s), the proposed arrangement embodied in the Scheme of Arrangement amongst the Applicant Company and its members (the "**Scheme**" or "**Scheme of Arrangement**"), by passing the following resolution:

Proposed Resolution

"RESOLVED THAT pursuant to the provisions of Section 391 and other applicable provisions of the Companies Act, 1956 and/or under the corresponding provisions of the Companies Act, 2013, the rules, circulars and notifications made thereunder (including any statutory modification or re-enactment thereof) as may be applicable, the Securities and Exchange Board of India Circular No. CIR/CFD/CMD/16/2015 dated November 30, 2015 on Scheme of Arrangement by Listed Entities, the observation letters issued by BSE Limited dated 8th March, 2016 and the National Stock Exchange of India Limited dated 9th March, 2016, and relevant provisions of applicable laws, and subject to the approval of the High Court of Judicature at Bombay, and the Securities and Exchange Board of India, the Scheme of Arrangement between the Applicant Company and its Members, to reclassify and transfer the amounts lying to the credit of the General Reserves to the 'Profit and Loss Account' of the Applicant Company, as placed before the meeting and initialed by the Chairman of the meeting for the purpose of identification, be and is hereby approved and agreed to, with/without any modifications and/or conditions, if any, which may be required and/or imposed and/or permitted by the High Court of Judicature at Bombay while sanctioning the Scheme of Arrangement, and/or by any other authorities under



applicable law(s).

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution and for removal of any difficulties, the Board of Directors of the Applicant Company (herein referred to as the "**Board**", which term shall deem to include any Committee or any person(s) which the Board may nominate or authorise to exercise its powers, including the powers conferred under this resolution), be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient, usual or proper, and to settle any questions or difficulties that may arise, including passing of such accounting entries and/or making such adjustments in the books of accounts as considered necessary to give effect to the above resolution, or to carry out such modifications as may be required and/or imposed and/or permitted by the High Court of Judicature at Bombay while sanctioning the Scheme of Arrangement, or by any other authorities under applicable law and as is acceptable to the Board."

TAKE FURTHER NOTICE that in pursuance of the said Order and as directed therein, a meeting of the equity shareholders of the Applicant Company will be held on Thursday, 30th June, 2016 at 2.00 P.M. at the Registered Office of the Applicant Company at Unilever House, B. D. Sawant Marg, Chakala, Andheri (East), Mumbai 400 099, at which place, date and time, you are requested to attend.

TAKE FURTHER NOTICE that you may attend and vote at the said meeting in person or by proxy, provided that a proxy in the prescribed form, duly signed by you or your authorised representative, is deposited at the Registered Office of the Applicant Company, at Unilever House, B. D. Sawant Marg, Chakala, Andheri (East), Mumbai 400 099, not later than 48 (forty eight) hours before the scheduled time of the commencement of the aforesaid meeting.

TAKE FURTHER NOTICE that the Applicant Company has provided the facility of E-voting (including remote e-voting and e-voting through tablet/computer at the venue of the meeting) for the said meeting to be held on 30th June, 2016. Accordingly, you may cast your vote electronically either through remote e-voting or e-voting at the venue of the meeting.

The High Court of Judicature at Bombay, *vide* the Order, has appointed Mr. Harish Manwani, Non-Executive Chairman, of the Applicant Company and in his absence, Mr. Sanjiv Mehta, Managing Director and CEO, of the Applicant Company and in his absence, Mr. P. B. Balaji, Executive Director, (Finance & IT) and CFO of the Applicant Company, to be the Chairman of the said meeting or of any adjournment(s) thereof.

Copies of the Explanatory Statement under Section 393 of the Companies Act, 1956, read with Section 102 of the Companies Act, 2013, the Scheme of Arrangement, observation letters from the Stock Exchanges, Complaints Report submitted by the Company, Form of Proxy and Attendance Slip are enclosed.

Dated at Mumbai on this 9th day of May, 2016

(Harish Manwani)
Chairman appointed for the meeting

& lame

Registered Office:

Hindustan Unilever Limited

CIN: L15140MH1933PLC002030

Unilever House, B. D. Sawant Marg, Chakala,

Andheri (East), Mumbai 400 099.

Notes:

1. Only registered equity shareholders of the Applicant Company may attend and vote (either in person or by Proxy) at the said meeting. A registered equity shareholder of the Applicant Company entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote on his/her behalf and such Proxy need not be a member of the Applicant Company. In accordance with Rule 70 of the Companies (Court) Rules, 1959, the instrument of Proxy in order to be effective, must be in the prescribed form and should be duly signed by the person entitled to attend and vote at the aforesaid meeting or by his authorised representative, and filed with the Applicant Company at its Registered Office, not later than 48 hours before the commencement of the meeting. A person can act as a Proxy on behalf of not more than fifty Members holding in aggregate, not more than ten percent of the total share capital of the Company. Members holding more than ten percent of the total share capital of the Company may appoint a single person as Proxy, who shall not act as a Proxy for any other Member. A Proxy Form is attached

to this notice and can also be obtained free of charge at the Registered Office of the Applicant Company.

- 2. All alterations made in the form of Proxy should be initialed.
- 3. The authorized representative of a Body Corporate or Foreign Institutional Investor ("FII") which is a registered equity shareholder of the Applicant Company may attend and vote at the meeting, provided a certified copy of the resolution of the Board of Directors or other governing body of such Body Corporate/ FII, authorizing such representative to attend and vote at the meeting on behalf of such body corporate/ FII is deposited at the Registered Office of the Applicant Company not later than 48 (forty eight) hours before the commencement of the meeting.
- 4. A registered equity shareholder or his proxy is requested to bring a copy of the notice to the meeting, and produce it at the entrance of the meeting venue, along with the attendance slip duly completed and signed.
- 5. Registered equity shareholders are informed that in case of joint holders attending the meeting, only such joint holder whose name appears first in the Register of Members of the Applicant Company/list of Beneficial Owners as received from the depositories in respect of such joint holding, will be entitled to vote.
- 6. The quorum of the meeting of the equity shareholders of the Applicant Company shall be 30 (Thirty) equity shareholders of the Applicant Company, present in person.
- 7. In compliance with Regulation 44(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Applicant Company has provided the facility of E-voting (including remote e-voting and e-voting through tablet/computer at the venue of the meeting). Shareholders attending the meeting who have not cast their vote by remote e-voting shall be eligible to vote at the venue of the meeting.
- 8. The Applicant Company has engaged the services of M/s. Karvy Computershare Private Limited for facilitating E-voting for the said meeting to be held on 30th June, 2016. Equity shareholders desiring to exercise their vote by using remote e-voting facility are requested to follow the instructions in the Notes under the Section 'Procedure for Remote E-voting' in this Notice.
- 9. The Applicant Company has appointed Mr. S. N. Ananthasubramaniam, Practising Company Secretary and Mr. P. D. Vora, Shareholder of the Company as the Scrutinizers to conduct E-voting process in a fair and transparent manner.
- 10. The remote e-voting period will commence at 9.00 A.M. on Sunday, 26th June, 2016 and will end at 5.00 P.M. on Wednesday, 29th June, 2016. The right of such voting of the members will be reckoned as of the **relevant date**, i.e. Thursday, 23rd June, 2016 and a person who is not a member as on the relevant date should treat this Notice for information purposes only. During the remote e-voting period, members of the Applicant Company holding shares either in physical form or in dematerialized form, as on the relevant date, may cast their vote electronically. The remote e-voting module shall be disabled for voting on Wednesday, 29th June, 2016 at 5.00 P.M. It is clarified that casting of votes by remote e-voting does not disentitle a member from attending the Court Convened Meeting, however any member who has voted by remote e-voting cannot vote at the venue of the meeting.
- 11. It may be noted that the E-voting facility will also be provided at the meeting and equity shareholders attending the meeting who have not cast their vote through remote e-voting shall be entitled to exercise their vote at the venue of the meeting.
- 12. The results of E-voting will be declared to the Stock Exchanges after the meeting. The results along with the Scrutinizer's Report shall also be placed on the website of the Applicant Company and on the website of M/s. Karvy Computershare Private Limited.
- 13. The Notice convening the aforesaid meeting will be published through advertisement in Free Press Journal (Mumbai Edition) in English language and translation thereof in Navshakti (Mumbai Edition) in Marathi language.

Procedure for Remote E-voting

The instructions for members for remote e-voting are as under:

- (i) Launch an internet browser and open https://evoting.karvy.com
- (ii) Enter the login credentials (i.e. User ID and password). User ID and Password are provided at the bottom of the Attendance Slip in the following format.

USER ID	PASSWORD	
-	_	

- (iii) After entering the above details Click on 'Login'.
- (iv) Password change menu will appear. Change the Password with a new Password of your choice. The new password shall comprise minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric (0-9) and a special character (@,#,\$,etc.) The system will also prompt you to update your contact details like mobile number, email ID, etc. on

first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential. After change of password, you need to login again with the new credentials.

- (v) In case you are already registered with M/s. Karvy Computershare Private Limited for remote e-voting, then you can use your existing user ID and password for casting your vote. If you have forgotten your password, you can reset your password by using "Forgot Password" option available on https://evoting.karvy.com or contact M/s. Karvy Computershare Private Limited at toll free no. 1-800-3454-001 or email id evoting@karvy.com. In case of any other queries/grievances connected with voting by electronic means, you may also contact Mr. V. Rajendra Prasad of Karvy Computershare Private Limited, at telephone no. 040-67161510
- (vi) On successful login, the system will prompt you to select the E-Voting Event
- (vii) Select 'EVENT' of Hindustan Unilever Limited CCM and click on 'Submit'
- (viii) Now you are ready for e-voting as 'Ballot Form' page opens.
- (ix) Cast your vote by selecting appropriate option and click on 'Submit'. Click on 'OK' when prompted.
- (x) Upon confirmation, the message 'Vote cast successfully' will be displayed.
- (xi) Once you have confirmed your vote on the resolution, you cannot modify your vote.
- (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority Letter, along with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutinizer by an e-mail at scrutinizer@snaco.net. They may also upload the same in the e-voting module in their login. The scanned image of the above mentioned documents should be in the naming format "Corporate Name EVENT NO."
- (xiii) In case of any queries, you may refer to the 'Frequently Asked Questions' (FAQs) and 'e-voting user manual' available in the downloads section of the e-voting website of M/s. Karvy Computershare Private Limited https://evoting.karvy.com.
- (xiv) The voting rights shall be as per the number of equity shares held by the Member(s) as on relevant date. Members are eligible to cast vote electronically only if they are holding shares as on that date.
- (xv) Members who have acquired shares after the despatch of the Notice of Court Convened Meeting and before the relevant date may obtain the User ID and Password by sending a request at ever.com or lever.com.

Encl: As above



IN THE HIGH COURT OF JUDICATURE AT BOMBAY ORDINARY ORIGINAL CIVIL JURISDICTION COMPANY SUMMONS FOR DIRECTION NO. 346 of 2016

In the matter of the Companies Act, 1956 or any re-enactment thereof;

And

In the matter of Application under Section 391 and other relevant provisions of the Companies Act, 1956 and the Companies Act, 2013, as applicable, and any amendments thereto or re-enactments thereof;

And

In the matter of Hindustan Unilever Limited [CIN: L15140MH1933 PLC002030], a company, incorporated under the Indian Companies Act of 1913, having its registered office at Unilever House, B. D. Sawant Marg, Chakala, Andheri (East), Mumbai 400 099, Maharashtra;

And

In the matter of Scheme of Arrangement amongst Hindustan Unilever Limited and its members.

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... Applicant Company

EXPLANATORY STATEMENT UNDER SECTION 393 OF THE COMPANIES ACT, 1956 READ WITH SECTION 102 OF THE COMPANIES ACT, 2013 TO THE NOTICE OF THE COURT CONVENED MEETING OF THE EQUITY SHAREHOLDERS OF HINDUSTAN UNILEVER LIMITED

- 1. Pursuant to an order dated 29th April, 2016 passed by the High Court of Judicature at Bombay, in Company Summons for Direction No. 346 of 2016 (the "Order"), a meeting ("Court Convened Meeting") of the equity shareholders of Hindustan Unilever Limited (the "Applicant Company") is being convened on Thursday, 30th June, 2016 at 2.00 P.M. at the Registered Office of the Applicant Company at Unilever House, B. D. Sawant Marg, Chakala, Andheri (East), Mumbai 400 099, for the purpose of considering, and if thought fit, approving, with or without modification, the Scheme of Arrangement amongst the Applicant Company, and its members pursuant to Section 391 of the Companies Act, 1956 and other relevant provisions of the Companies Act, 1956 and the Companies Act, 2013, as applicable, and any amendments thereto or re-enactments thereof, (the "Scheme" or "Scheme of Arrangement"). A copy of the Scheme which has been, inter alia, approved by the Audit Committee and the Board of Directors of the Applicant Company at their meetings held on 15th January, 2016, is enclosed.
- 2. In terms of the said Order, the quorum for the Court Convened Meeting shall be 30 (Thirty) members present in person. Further, in terms of the said Order, the High Court of Judicature at Bombay has appointed Mr. Harish Manwani, Non-Executive Chairman, of the Applicant Company and in his absence, Mr. Sanjiv Mehta, Managing Director and CEO, of the Applicant Company and in his absence, Mr. P. B. Balaji, Executive Director, (Finance & IT) and CFO of the Applicant Company, as the Chairman for the purposes of the Court Convened Meeting or of any adjournment(s) thereof.
- 3. This statement explaining the terms of the Scheme is being furnished as required under Section 393 of the Companies Act, 1956, read with Section 102 of the Companies Act, 2013.
- 4. In accordance with the provisions of the Section 391 of Companies Act, 1956, the Scheme shall be acted upon only if a majority in number representing three fourths in value of the members, or class of members, of the Applicant Company, as the case may be, present and voting at the Court Convened Meeting in person or by proxy, agree to the Scheme.
- 5. In terms of the Order dated 29th April, 2016, passed by the High Court of Judicature at Bombay, in Company Summons for Direction No. 346 of 2016, if the entries in the books/registers of the Applicant Company in relation to the value of the shares are disputed, the Chairman shall determine the value for the purposes of the Court Convened Meeting and his decision in that behalf shall be final.



Particulars of the Applicant Company

- 6. The Applicant Company is a public limited company originally incorporated under the Indian Companies Act of 1913 and continuing its existence under the Companies Act, 2013, having its Registered Office at Unilever House, B. D. Sawant Marg, Chakala, Andheri (East), Mumbai 400 099. The equity shares of the Applicant Company are listed on BSE Limited and the National Stock Exchange of India Limited.
- 7. The Applicant Company is one of India's leading fast moving consumer goods ("FMCG") companies and has been present in India for more than 80 years. The Applicant Company is engaged in various businesses including manufacture, marketing, distribution and/or sale of soaps, detergents, personal care products, beverages, processed foods, etc. The objects, *inter alia*, as stated in the Memorandum of Association, are set out hereunder:
 - "3a) To establish and carry on the business of manufacturers of soap, soap-powders, detergents and toilet requisites, and to buy, sell, manufacture, refine, prepare and deal in all kinds of oils and oleaginous and saponaceous substances, and all kinds of unguents and ingredients."
- 8. The share capital structure of the Applicant Company as on 31st March, 2016, is as under:

A. Authorised Share Capital	Amount in Rs.
2,250,000,000 equity shares of Re. 1 each	2,250,000,000
Total	2,250,000,000

B. Issued and Subscribed Share Capital	Amount in Rs.
2,217,055,947 equity shares of Re. 1 each	2,217,055,947
Total	2,217,055,947

C. Fully Paid-up Share Capital	Amount in Rs.
2,163,936,971 equity shares of Re. 1 each	2,163,936,971
Total	2,163,936,971

^{*}The difference between total issued and subscribed share capital and fully paid up share capital of the Applicant Company is due to the buyback made from open market as per special resolutions passed through postal ballot on 14th September, 2007 and 26th July, 2010. The total number of shares bought back under the schemes was 30,235,772 and 22,883,204 respectively.

9. The details of outstanding employee stock options under the Employee Stock Option Schemes of the Applicant Company as on 31st March, 2016 are as follows:

Name of the Employee Stock Option Scheme	Options Outstanding	Vesting Condition	Exercise Period
2012 HUL Performance Share Scheme	885,044	3 years from date of grant	3 months from date of vesting

Exercise of any balance outstanding stock options may result in an increase in the issued, subscribed and paid-up share capital of the Applicant Company.

10. The Reserves and Surplus of the Applicant Company, including the General Reserves (as defined in the Scheme), as per the audited Balance Sheet of the Applicant Company as of the Appointed Date i.e 1st April, 2015 (as defined in the Scheme), are as under:

Particulars	Rs. Crores
Total Reserves and Surplus	3,508.43
General Reserves	2,187.33
Other reserves and surplus not forming part of the reclassification specified in Part B of the Scheme	
Capital Reserve	4.22
Capital Redemption Reserve	6.46
Securities Premium Account	81.16
Revaluation Reserve	0.67
Employee Stock Options Outstanding Account	42.80
Capital Subsidy	6.19
Other Reserves	2.51
Surplus in Statement of Profit and Loss	1,177.09

Description and Rationale for the Scheme

- 11. The proposed Scheme between the Applicant Company and its Members under Section 391 of the Companies Act, 1956 seeks that upon its coming into effect, the entire amount of Rs. 2,187.33 Crores (Rupees Two Thousand One Hundred Eighty Seven Crores and Thirty Three Lakhs only) lying in the General Reserves of the Applicant Company, with effect from the Appointed Date, be credited to the balance of the 'Profit and Loss Account' of the Applicant Company, to enable, *inter alia*, Payout (as defined in the Scheme) to its Members (as defined in the Scheme) as per the discretion of the Board (regarding the mode, quantum and time of such payout, subject to consideration of all relevant factors), from time to time in accordance with the provisions of the Companies Act, 1956 and the Companies Act, 2013, as applicable, and any amendments thereto or re-enactments thereof and other applicable law.
- 12. The Applicant Company has demonstrated consistent growth, sustained improvement in profitability and robust cash generation over the years. The key financial highlights that demonstrate strong operating performance of the Applicant Company are as follows:

Parameter	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
Gross Sales (Rs. Crores)	20,285.44	22,800.32	26,679.76	28,947.06	32,086.32	33,855.58
EBIT (% of Gross Sales)	12.1%	13.5%	14.1%	14.6%	15.3%	16.0%
Return on Capital Employed	88%	97%	109%	130%	128%	128%
Cash generated from operations^ (Rs. Crores)	2,551.80	3,543.85	4,546.05	5,007.87	5,049.35	5,669.55
Earnings Per Share (Rs.)	10.58	12.46	17.56	17.88	19.95	18.87
Dividend Per Share (Rs.)	6.50	7.50	18.50*	13.00	15.00	16.00
Capex (Rs. Crores)	311	310	409	527	526	750
Capex as % of Gross Sales	1.5%	1.4%	1.5%	1.8%	1.6%	2.2%
Dividend Payout Ratio#	71.2%	70.0%	122.6%	84.6%	89.9%	101.4%

[^] Cash generated from operations before working capital changes + adjustment for working capital changes.

- 13. The Applicant Company has a strong track record of paying regular dividends to its shareholders. The Applicant Company has declared cumulative dividends (including dividend distribution tax) to the tune of Rs. 19,475.23 Crores (Rupees Nineteen Thousand Four Hundred Seventy Five Crores and Twenty Three Lakhs only) during the period from Financial Year 2010-11 to Financial Year 2015-16.
- 14. The Applicant Company follows a distributed and asset-light manufacturing model with capacity enhancements being managed judiciously through a combination of productivity improvements to existing assets and addition of new assets through fresh capital expenditure. The Applicant Company incurred a cumulative capital expenditure of Rs. 2,834.05 Crores (Rupees Two Thousand Eight Hundred Thirty Four Crores and Five Lakhs only) during the period from Financial Year 2010-11 to Financial Year 2015-16 which is only 1.7% of cumulative gross sales during the same period.
- 15. The robust growth in sales, strong margin profile and low capital expenditure requirement for continuing operations have helped the Applicant Company maintain a strong track record of operating cash generation and distribution to its shareholders.
- 16. The Applicant Company has net cash & cash equivalent and investments of Rs. 5,056.34 Crores (Rupees Five Thousand Fifty Six Crores and Thirty Four Lakhs only) as on 31st March, 2016. The Applicant Company does not have any secured or unsecured loans, fixed deposits or preference shares which entail repayment obligations.
- 17. The Applicant Company has built up significant reserves from its retained profits by way of transfer to its General Reserves. While the excess reserves can be profitably utilized for the Applicant Company's overall growth strategy, the Board of Directors of the Applicant Company is of the view that even after considering the foreseeable investments required for such opportunities over the next few years, the funds represented by the General Reserves are in excess of the Applicant Company's current and anticipated operational needs.
- 18. Further, the provisions of Section 123 of the Companies Act, 2013, which came into effect from 1st April, 2014, do not require mandatory transfer of a part of the profits of the Applicant Company to the reserves, prior to declaration of dividend. Instead, the *proviso* to Section 123(1) of the Companies Act, 2013 leaves it to the discretion of the company to transfer such percentage of its profits of that financial year as it may consider appropriate to the reserves of the company before declaration of any dividend in that financial year. Previously, Section 205(2A) of Companies Act, 1956 mandated every company to transfer certain percentage of profits to its reserves (not exceeding 10%), prior to declaration or payment of dividend for any financial year out of the profits of the company for that year (after providing for depreciation), in accordance with Rules prescribed thereunder.

^{*} Includes Special Dividend of Rs. 8/- per share

[#] Inclusive of Dividend Distribution Tax (DDT)

- 19. In view of the aforesaid change in law and in view of the Applicant Company's strong cash flow delivery and the accumulated General Reserves being more than what is needed to fund growth, along with a view to providing greater flexibility for the utilisation of such funds, and in the interests of corporate governance and transparency, the Applicant Company proposes to undertake the reclassification of the entire General Reserves, as on Appointed Date, through a Scheme of Arrangement between the Applicant Company and its Members under Section 391 of the Companies Act, 1956. The Scheme will permit the Applicant Company to utilize such funds with greater flexibility, to enable, *inter alia*, Payouts 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, 1956 or the Companies Act, 2013 and other applicable laws.
- 20. The Scheme does not seek to reduce or otherwise alter the issued, subscribed and paid-up share capital of the Applicant Company in any manner and the same will, therefore, remain unaltered as a result of the Scheme. Similarly, the Scheme does not affect the Capital Reserves (as defined in the Scheme) in any manner. Further, the proposed Scheme is not expected to impair the Applicant Company's capability to sustain investments to drive its operating performance, make capital investments and/or pursue inorganic growth opportunities.

Corporate Approvals

- 21. The proposed Scheme between the Applicant Company and its Members under Section 391 of the Companies Act, 1956 which envisages the transfer of the entire balance of Rs 2,187.33 Crores (Rupees Two Thousand One Hundred Eighty Seven Crores and Thirty Three Lakhs only) standing to the credit of the General Reserves to the Profit and Loss Account of the Applicant Company with effect from the Appointed Date, to enable, *inter alia*, Payout to its Members as per the discretion of the Board (regarding the mode, quantum and time of such payout, subject to consideration of all relevant factors), from time to time in accordance with the provisions of the Companies Act, 1956 and the Companies Act, 2013, as applicable, was placed before the Audit Committee of the Applicant Company at its meeting held on 15th January, 2016. On the basis of its evaluation and judgment, the Audit Committee has approved and recommended the Scheme to the Board of Directors of the Applicant Company.
- 22. The Board of Directors of the Applicant Company, at their meeting dated 15th January, 2016, took into account various documents placed before it and the recommendations of the Audit Committee. Based on the aforesaid recommendation and after considering the background, benefits and rationale of the Scheme and on the basis of their judgment, the Board of Directors of the Applicant Company had, at the said meeting, approved the Scheme.
- 23. The Scheme involves the reclassification of the General Reserves of the Applicant Company and no new shares are to be issued by the Applicant Company pursuant to the Scheme. Accordingly, the Applicant Company is not required to obtain a valuation report from an independent Chartered Accountant in terms of paragraph 1(A)(4)(a) and paragraph 1(A)(4)(b) of Annexure I of the SEBI Circular No. CIR/CFD/CMD/16/2015 dated 30th November, 2015. Accordingly, no "fairness opinion" has been obtained from a merchant banker on valuation of assets/shares done by independent Chartered Accountant.

Salient Features of the Scheme

24. The salient features of the Scheme are as follows:

Definitions

- (i) Certain key definitions under the Scheme are set out below. Capitalised terms used herein but not specifically defined shall have the meaning as defined in the Scheme:
 - "Act" means the Companies Act, 2013 (to the extent of the Sections thereof that have been brought into force) and the Companies Act, 1956 (to the extent of the Sections thereof that have not been repealed);
 - "Appointed Date" means opening of business on 1st April, 2015, or such other date as may be determined by the Board of Directors of the Applicant Company:
 - "Board of Directors" or "Board" means the Board of Directors of the Applicant Company and shall include a Committee duly constituted and authorised for the purposes of matters pertaining to the Scheme and/or any other matter relating thereto:
 - "Capital Reserves" means and includes the capital reserves, capital redemption reserve and the securities premium account as reflected in the accounts of the Applicant Company;
 - "Effective Date" means the last of the dates on which all the conditions and matters referred to in Clause 7 of the Scheme occur or have been fulfilled or waived in accordance with the Scheme. References in the Scheme to date of 'coming into effect of the Scheme' or 'effectiveness of the Scheme' shall mean the Effective Date;
 - "General Reserves" means and includes the General Reserves of the Applicant Company which have been built primarily through transfer of retained undistributed profits, pursuant to the provisions of the Companies Act, 1956 and the erstwhile Rules notified thereunder, namely, the Companies (Transfer of Profits to Reserves) Rules, 1975 and which forms a part of the revenue reserves of the Applicant Company, as reflected in the accounts of the Applicant Company;

"Governmental Authority" means any applicable Central, State or Local Government, legislative body, regulatory or administrative authority, agency or Commission, including a Stock Exchange or any Court, Tribunal, Board, Bureau, instrumentality, judicial or arbitral body;

"High Court" shall mean the High Court of Judicature at Bombay having jurisdiction in relation to the Applicant Company and shall include the National Company Law Tribunal, as applicable, or such other forum or authority as may be vested with any of the powers of a High Court for the purposes of Sections 391 to 394 of the Companies Act, 1956 or Sections 230 to 232 of the Companies Act, 2013, as may be applicable;

"Member" means every person holding shares of the Applicant Company at the relevant time and the term "Members" shall be construed accordingly;

"Registrar of Companies" means the Registrar of Companies, Maharashtra;

"Scheme" mean the Scheme of Arrangement, as amended or modified in accordance with the provisions hereof;

"SEBI" means the Securities and Exchange Board of India; and

"SEBI Scheme Circular" means Circular No. CIR/CFD/CMD/16/2015 dated 30th November, 2015 on Scheme of Arrangement by Listed Entities, and shall include any statutory modifications, re-enactment or amendments thereof.

Reclassification and utilization of the General Reserve and Payout to Members

- (ii) Part B Clause 4 of the Scheme envisages the reclassification and utilisation of the General Reserves in the following manner:
 - (a) The General Reserves of the Applicant Company, as on the Appointed Date, of Rs. 2,187.33 Crores, have been primarily, built up over the years through the transfer of profits to the reserves by the Applicant Company (prior to declaration of dividend) in accordance with the provisions of the Companies Act, 1956 and the erstwhile Rules notified thereunder, namely, the Companies (Transfer of Profits to Reserves) Rules, 1975.
 - (b) Upon the Scheme becoming effective and with effect from the Appointed Date, the entire amount of Rs. 2,187.33 Crores standing to the credit of the General Reserves of the Applicant Company shall be reclassified and credited to the 'Profit and Loss Account' of the Applicant Company, and subsequent thereto, such amounts credited to the 'Profit and Loss Account' of the Applicant Company shall be reclassified as and shall constitute accumulated profits of the Applicant Company for the previous financial years, arrived at after providing for depreciation in accordance with the provisions of the Act and remaining undistributed in the manner provided in the Act and other applicable laws. It is clarified that such amounts shall be available for utilisation by the Applicant Company in relation to any Payout in the manner set out in Clause 5 of the Scheme.
- (iii) Part B Clause 5 of the Scheme provides for Payout of surplus funds to Members in the following manner:
 - (a) Upon the Scheme becoming effective and subsequent to the reclassification of the amounts standing to the credit of the General Reserves and credit thereof to the 'Profit and Loss Account' pursuant to Clause 4 of the Scheme, the amount so credited shall be paid out to the Members of the Applicant Company, from time to time, by the Board of Directors, at its sole discretion, in such manner, quantum and at such time as the Board of Directors may decide (each such event constituting a "Payout").
 - (b) Each Payout of surplus funds (including the quantum, manner and timing thereof) shall be undertaken in accordance with the provisions of the Act, the Scheme and other applicable laws, taking into account all relevant factors including applicable regulatory and fiscal considerations, the nature and quantum of each Payout and subject to payment of applicable taxes.

Accounting Treatment

- (iv) Part B Clause 6 of the Scheme provides for the accounting treatment as follows:
 - (a) Upon the Scheme becoming effective and with effect from the Appointed Date, the entire amount of Rs. 2,187.33 Crores standing to the credit of the General Reserves of the Applicant Company shall be reclassified and credited to the 'Profit and Loss Account' of the Applicant Company.
 - (b) For the removal of doubt, it is expressly recorded and clarified that the transfer of amounts standing to the credit of the General Reserves and utilisation of such amounts through each Payout, shall not in any manner involve distribution of Capital Reserves or revenue reserves other than the General Reserves.

Scheme Conditional On

(v) The Scheme is conditional on and subject to:

- (a) the Scheme being approved by the requisite majority of the Members of the Applicant Company as required under the Act, unless such meeting is otherwise dispensed with by the High Court;
- (b) the High Court having accorded its sanction to the Scheme;
- (c) the approval/comments of SEBI in terms of the SEBI Scheme Circular being obtained upon the Scheme being sanctioned by the High Court, if applicable;
- (d) such other approvals and sanctions of any Governmental Authority as may be required in respect of the Scheme being obtained; and
- (e) the certified copy of the order of the High Court approving the Scheme being filed with the Registrar of Companies The approval of the Scheme by the Members shall be deemed to be sufficient for the purposes of effecting the re-classification of the amounts standing to the credit of the General Reserves and credit thereof to the 'Profit and Loss Account' and no further resolution under any other applicable provisions of the Act would be required to be separately passed.
- (vi) Part B Clause 7 of the Scheme also provides that in the event of the Scheme failing to take effect by 31st March, 2017 or such later date as may be agreed by the Board of Directors, the Scheme shall stand revoked, cancelled and be of no effect and become null and void, and in that event, no rights and liabilities shall accrue to, or, be incurred inter se between the Applicant Company and any other person and the Applicant Company shall bear and pay the costs, charges and expenses for and/or in connection with the Scheme.
- (vii) Part C Clause 9 of the Scheme provides that nothing contained in the Scheme shall be construed as restricting the Applicant Company from being entitled to declare and pay dividends, whether interim or final, to its shareholders whether during the pendency of the Scheme or otherwise and the holders of the shares of the Applicant Company shall, save as expressly provided otherwise in the Scheme, continue to enjoy their existing rights under the Articles of Association, including the right to receive dividends, if any.
- (viii) Part C Clause 13 of the Scheme provides that every Payout shall be subject to payment or deduction at source of applicable taxes as per applicable law.

The features set out above being only the salient features of the Scheme, the members are requested to read the entire text of the Scheme (annexed herewith) to get fully acquainted with the provisions thereof and the rationale and objectives of the Scheme.

Approvals and Actions Taken in relation to the Scheme

- 25. BSE Limited was appointed as the designated stock exchange by the Applicant Company for the purpose of coordinating with the SEBI, pursuant to the SEBI Scheme Circular. The Applicant Company has received observation letters regarding the Scheme from BSE Limited on 8th March, 2016 and from the National Stock Exchange of India Limited on 9th March, 2016. In terms of the observation letters of BSE Limited and the National Stock Exchange of India Limited dated 8th March, 2016 and 9th March, 2016 respectively, BSE Limited and the National Stock Exchange of India Limited conveyed their no adverse observations/no objection for filing the Scheme with the High Court. Copies of the observation letters dated 8th March, 2016 received from BSE Limited and dated 9th March, 2016 from the National Stock Exchange of India Limited are enclosed.
- 26. The Scheme was filed by the Applicant Company with the High Court of Judicature at Bombay on 1st April, 2016.
- 27. As required by the SEBI Scheme Circular, the Applicant Company has filed the Complaints Report with BSE Limited and with the National Stock Exchange of India Limited on 16th February, 2016. This report indicates that the Applicant Company received NIL complaints. A copy of the complaints report dated 16th February, 2016 submitted with BSE Limited and National Stock Exchange of India Limited is enclosed.

Other Matters

- 28. The financial position of the Applicant Company will not be adversely affected by the Scheme. The Applicant Company will be able to meet and pay its debts as and when they arise and become due in the ordinary course of business. The rights and interests of the members and the creditors of the Applicant Company will not be prejudiced by the Scheme since no sacrifice or waiver is at all called for from them nor are their rights sought to be modified in any manner.
- 29. No investigation proceedings have been instituted or are pending in relation to the Applicant Company under Sections 210 to 229 or Chapter XIV of the Companies Act, 2013 or under the corresponding provisions of the Companies Act, 1956. No winding up petitions have been admitted or filed against the Applicant Company.

30. The details of the present directors of the Applicant Company are as follows:

S. No.	Name of Director	Designation	Date of Appointment	Age
1.	Harish Manwani	Non-Executive Chairman	29.04.2005	62
2.	Sanjiv Mehta	Managing Director and CEO	01.10.2013	55
3.	P. B. Balaji	Executive Director, (Finance & IT) and CFO	01.07.2014	46
4.	Pradeep Banerjee	Executive Director, Supply Chain	01.03.2010	57
5.	Aditya Narayan	Independent Director	29.06.2001	64
6.	S. Ramadorai	Independent Director	20.05.2002	71
7.	O. P. Bhatt	Independent Director	20.12.2011	65
8.	Sanjiv Misra	Independent Director	08.04.2013	68
9.	Kalpana Morparia	Independent Director	09.10.2014	66

31. None of the Directors, the Key Managerial Personnel (as defined under the Companies Act, 2013 and the Rules framed thereunder) of the Applicant Company and their respective relatives (as defined under the Companies Act, 2013 and Rules framed thereunder) have any interest in the Scheme, except as shareholders in general, to the extent of their respective shareholding as disclosed herein below:

S. No.	Name of Director/ KMP	P Designation No. of Shares of Re.1/- each as on 31.03.20		
1.	Harish Manwani	Non-Executive Chairman	22,130	
2.	P. B. Balaji	Executive Director, (Finance & IT) and CFO	12,406	
3.	Pradeep Banerjee	Executive Director, Supply Chain	43,611	
4.	S. Ramadorai	Independent Director	35	
5.	Dev Bajpai	Company Secretary	27,261	

32. The pre-Scheme shareholding pattern of the Applicant Company and the post-Scheme shareholding pattern of the Applicant Company are as under:

Pre-Scheme shareholding pattern of Applicant Company as on 31st March, 2016

S. No.	Category of Shareholder	No. of Shareholders	Total No. of Shares Held	Percentage Shareholding
(A)	Promoter & Promoter Group			
	Unilever PLC and its Associates	7	1454412858	67.21
(B)	Public			
	Institutions			
(i)	Mutual Funds	230	18865950	0.87
(ii)	Foreign Portfolio Investors	708	307197989	14.20
(iii)	Financial Institutions/Banks	138	6844202	0.32
(iv)	Insurance Companies	18	78150508	3.61
	Central Government/State Government(s)/President of India	1	20	0.00
	Non-Institutions			
(i)	Individual shareholders holding nominal share capital up to Rs.2 lakhs	319957	261409332	12.08
(ii)	Individual shareholders holding nominal share capital in excess of Rs. 2 Lakhs	6	1893715	0.09
(iii)	NBFCs Registered with RBI	8	9650	0.00
(iv)	Any Other			
	- Bodies Corporates	2328	22689223	1.05
	- Clearing Members	219	1021165	0.05
	- Directors and Their Relatives	5	78182	0.00
	- Foreign Banks	15	29524	0.00



C No	Category of Shareholder	No. of	Total No. of	Percentage
S. NO.		Shareholders	Shares Held	Shareholding
	- Foreign Nationals	10	17115	0.00
	- Non Resident Indians	5582	8230987	0.38
	- Overseas Corporate Bodies	2	3600	0.00
	- Trusts	86	3082951	0.14
	Total Public Shareholding	329313	709524113	32.79
	Total:	329320	2163936971	100.00

Post-Scheme shareholding pattern of Applicant Company:

The Scheme involves the reclassification of the General Reserves of the Applicant Company and no new shares are to be issued by the Applicant Company pursuant to the Scheme. Therefore, the shareholding pattern of the Applicant Company will not undergo any changes (due to the Scheme) pursuant to the Scheme becoming effective.

33. Pre-Scheme and Post-Scheme capital structure:

The pre- Scheme capital structure of the Applicant Company (as on 31st March, 2016) is as mentioned in paragraph 8 above. As the Scheme involves the reclassification of the General Reserves of the Applicant Company, there will not be any change in the share capital structure of the Applicant Company (due to the Scheme).

Inspection Documents

- 34. The following documents will be open for inspection by the members of the Applicant Company at its Registered Office at Unilever House, B. D. Sawant Marg, Chakala, Andheri (East), Mumbai 400 099, between 10.00 A.M. to 5.00 P.M. on any working day up to the date of the meeting:
 - (i) Authenticated copy of the order passed by the High Court of Judicature at Bombay in Company Summons for Direction No. 346 of 2016, dated 29th April, 2016, directing the Applicant Company to convene the Court Convened Meeting.
 - (ii) Copy of the Scheme.
 - (iii) Memorandum and Articles of Association of the Applicant Company.
 - (iv) Annual Reports of the Applicant Company for the last three financial years ended on 31st March, 2014, 31st March, 2015 and 31st March, 2016.
 - (v) Register of Directors' Shareholding of the Applicant Company.
 - (vi) Copy of the complaints report, dated 16th February, 2016, submitted by the Applicant Company to BSE Limited and to the National Stock Exchange of India Limited.
 - (vii) Copy of the Audit Committee Report dated 15th January, 2016 of the Applicant Company.
 - (viii) Copies of the resolutions passed by the Board of Directors of the Applicant Company dated 15th January, 2016 approving the Scheme; and
 - (ix) Copy of the no adverse observations/no-objection letters issued by BSE Limited dated 8th March, 2016 and by the National Stock Exchange of India Limited dated 9th March, 2016, to the Applicant Company.

This statement may be treated as an Explanatory Statement under Section 393 of the Companies Act, 1956 and Section 102 of the Companies Act, 2013. A copy of the Scheme, Explanatory Statement and Form of Proxy may be obtained from the Registered Office of the Applicant Company on all days (except Saturdays, Sundays and Public Holidays).

Dated at Mumbai on this 9th day of May, 2016

Harish Manwani Chairman appointed for the meeting

Registered Office:

Hindustan Unilever Limited
CIN: L15140MH1933PLC002030

Unilever House, B. D. Sawant Marg, Chakala,

Andheri (East), Mumbai 400 099.



SCHEME OF ARRANGEMENT AMONGST HINDUSTAN UNILEVER LIMITED AND ITS MEMBERS UNDER SECTIONS 391 TO 394 OF THE COMPANIES ACT, 1956

PART A - GENERAL

1. Introduction

- 1.1 Hindustan Unilever Limited is a public limited company, originally incorporated under the Indian Companies Act, 1913 and continuing its existence under the Act (as defined hereinafter) and having its registered office at Unilever House, B. D. Sawant Marg, Chakala, Andheri (East), Mumbai 400 099 (the "Company"). The Company is one of India's leading fast moving consumer goods ("FMCG") companies and has been present in India for more than 80 years. The Company is engaged in various businesses including manufacture, marketing, distribution and/or sale of soaps, detergents, personal care products, beverages, processed foods, etc. in domestic and export markets. The equity shares of the Company are listed on BSE Limited and on the National Stock Exchange of India Limited.
- 1.2 The Company's portfolio includes, *inter alia*, the following brands: Lux, Lifebuoy, Surf Excel, Rin, Wheel, Fair & Lovely, Pond's, Vaseline, Lakmé, Dove, Clinic Plus, Sunsilk, Pepsodent, Closeup, Axe, Brooke Bond, Bru, Knorr, Kissan, Kwality Wall's and Pureit. The Company has been able to build large brands, 16 (sixteen) brands of the Company featured in the 'Most Trusted Brands' 2014 edition and 10 (ten) brands of the Company featured in BrandZ[™] Top 50 Most Valuable Indian Brands.
- 1.3 The Company has demonstrated consistent growth, sustained improvement in profitability and robust cash generation over the years. The key financial highlights that demonstrates strong operating performance of the Company are as follows:

Parameter	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
Gross Sales (Rs. Crores)	20,285.44	22,800.32	26,679.76	28,947.06	32,086.32
EBIT (% of Gross Sales)	12.1%	13.5%	14.1%	14.6%	15.3%
Return on Capital Employed	88%	97%	109%	130%	128%
Cash generated from operations^ (Rs. Crores)	2,551.80	3,543.85	4,546.05	5,007.87	5,049.35
Earnings Per Share (Rs.)	10.58	12.46	17.56	17.88	19.95
Dividend Per Share (Rs.)	6.50	7.50	18.50*	13.00	15.00
Capex (Rs. Crores)	311	310	409	527	526
Capex as % of Gross Sales	1.5%	1.4%	1.5%	1.8%	1.6%
Dividend Payout Ratio	71.2%	70.0%	122.6%	84.6%	89.9%

[^] Cash generated from operations before working capital changes + Adjustment for working capital changes

- 1.4 The Company has a strong track record of paying regular dividends to its shareholders. The Company has declared cumulative dividends (including dividend distribution tax) to the tune of Rs. 15,335.73 Crores (Fifteen Thousand Three Hundred Thirty Five Crores and Seventy Three Lakhs only) during the period from Financial Year 2010-11 to Financial Year 2014-15.
- 1.5 The Company follows a distributed and asset-light manufacturing model with capacity enhancements being managed judiciously through a combination of productivity improvements to existing assets and addition of new assets through fresh capital expenditure. The Company incurred a cumulative capital expenditure of Rs. 2083.60 Crores (Two Thousand Eighty Three Crores and Sixty Lakhs only) during the period from Financial Year 2010-11 to Financial Year 2014-15 which is only 1.6% of cumulative gross sales during the same period.
- 1.6 The robust growth in sales, strong margin profile and low capital expenditure requirement for continuing operations has helped the Company maintain a strong track record of operating cash generation and distribution to its shareholders.

^{*} Includes Special Dividend of Rs. 8/- per share

- 1.7 The Company has net cash & cash equivalent and investments of Rs. 5,161 Crores (Five Thousand One Hundred Sixty One Crores only) as on 31 March 2015. The Company does not have any secured or unsecured loans, fixed deposits or preference shares which entail repayment obligations.
- 1.8 The Company has built up significant reserves from its retained profits by way of transfer to its General Reserves (as defined hereinafter). While the excess reserves can be profitably utilized for the Company's overall growth strategy, the Board of Directors (as defined hereinafter) of the Company is of the view that even after considering the foreseeable investments required for such opportunities over the next few years, the funds represented by the General Reserves are in excess of the Company's current and anticipated operational needs.
- 1.9 In view of the Company's strong cash flow delivery and the accumulated General Reserves being more than what is needed to fund growth, along with a view to providing greater flexibility for the utilisation of such funds, the Company now proposes to transfer the amount lying to the credit of the General Reserves to the 'Profit and Loss Account' to enable, inter alia, Payout to the Members (as defined hereinafter), in such manner and to such extent, as the Board (as defined hereinafter), in its sole discretion, may decide, from time to time and in accordance with the provisions of the Act and other applicable laws.
- 1.10 In view of the aforesaid and in the interest of transparency and good corporate governance, the Company has proposed this Scheme of Arrangement between the Company and its Members under Sections 391 to 394 of the Act, pursuant to which and upon its coming into effect, the entire amount of Rs. 2,187.33 Crore (Rupees Two Thousand One Hundred Eighty Seven Crores and Thirty Three Lakhs only) lying in the General Reserves of the Company, as of the Appointed Date (as defined hereinafter), be credited to the balance of the 'Profit and Loss Account' of the Company, to enable, inter alia, Payout to its Members as per the discretion of the Board (regarding the mode, quantum and time of such Payout, subject to consideration of all relevant factors), from time to time in accordance with the provisions of the Act and other applicable laws, pursuant to Sections 391 to 394 and other relevant provisions of the Act, and various other matters consequential to or otherwise integrally connected with the above.
- 1.11 The Scheme is divided into the following parts:
 - (a) Part A, which deals with the introduction and definition and sets out the share capital and details of reserves and surplus of the Company;
 - **(b) Part B**, which deals with utilisation and reclassification of amounts standing to the credit of the General Reserves for the purpose of Payout to Members, as per the discretion of the Board of Directors, from time to time; and
 - (c) Part C. which deals with the general terms and conditions.

2. Definition and Interpretation

- 2.1 In this Scheme, unless inconsistent with the subject or context, the following expressions shall have the following meanings:
 - "Act" means the Companies Act, 2013 (to the extent of the sections thereof that have been brought into force) and the Companies Act, 1956 (to the extent of the sections thereof that have not been repealed);
 - "Appointed Date" means opening of business on 1st April, 2015, or such other date as may be determined by the Board of Directors of the Company;
 - "Board of Directors" or "Board" means the Board of Directors of the Company and shall include a Committee duly constituted and authorised for the purposes of matters pertaining to the Scheme and/or any other matter relating thereto;
 - "Capital Reserves" means and includes the capital reserves, capital redemption reserve and the securities premium account as reflected in the accounts of the Company;
 - "Company" shall have the meaning assigned to it in Clause 1.1;
 - "Effective Date" means the last of the dates on which all the conditions and matters referred to in Clause 7 of this Scheme occur or have been fulfilled or waived in accordance with this Scheme. References in this Scheme to date of 'coming into effect of the Scheme' or 'effectiveness of the Scheme' shall mean the Effective Date;
 - "General Reserves" means and includes the General Reserves of the Company which have been built primarily through transfer of retained undistributed profits, pursuant to the provisions of the Companies Act, 1956 and the erstwhile rules notified thereunder, namely, the Companies (Transfer of Profits to Reserves) Rules, 1975 and which forms a part of the revenue reserves of the Company, as reflected in the accounts of the Company;
 - "Governmental Authority" means any applicable Central, State or Local Government, legislative body, regulatory or administrative authority, agency or Commission, including a Stock Exchange or any Court, Tribunal, Board, Bureau, instrumentality, judicial or arbitral body;

"High Court" shall mean the High Court of Judicature at Bombay having jurisdiction in relation to the Company and shall include the National Company Law Tribunal, as applicable, or such other forum or authority as may be vested with any of the powers of a High Court for the purposes of Sections 391 to 394 of the Companies Act, 1956 or Sections 230 to 232 of the Companies Act, 2013, as may be applicable;

"Member" means every person holding shares of the Company at the relevant time and the term "Members" shall be construed accordingly;

- "Registrar of Companies" means the Registrar of Companies, Maharashtra;
- "Scheme" mean this Scheme of Arrangement, as amended or modified in accordance with the provisions hereof;
- "SEBI" means the Securities and Exchange Board of India; and
- "SEBI Scheme Circular" means Circular No. CIR/CFD/CMD/16/2015 dated November 30, 2015 on Scheme of Arrangement by Listed Entities, and shall include any statutory modifications, re-enactment or amendments thereof.
- 2.2 References to clauses, sub-clauses and recitals, unless otherwise provided, are to clauses, sub-clauses and recitals of and to this Scheme.
- 2.3 The headings herein shall not affect the construction of this Scheme.
- 2.4 Any phrase introduced by the terms 'including', 'include', 'in particular' or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.
- 2.5 Unless the context otherwise requires:
 - (i) the singular shall include the plural and vice versa; and references to one gender include all genders; and
 - (ii) references to any law or to any provision thereof shall include references to any such law or to any provision thereof as it may, after the date hereof, from time to time, be amended, supplemented or re-enacted, or to any law or any provision which replaces it, and any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision.
- 2.6 Reference to a person includes any individual, firm, body corporate (whether incorporated or not), Governmental Authority, or any joint venture, association, partnership, works council or employee representatives body (whether or not having separate legal personality).

3. Share Capital and General Reserves

3.1 The Share Capital structure of the Company as on 31st March 2015 is as under:

A. Authorised Share Capital	Amount in Rs.
2,250,000,000 equity shares of Re. 1 each	2,250,000,000
Total	2,250,000,000

B. Issued and Subscribed Share Capital	Amount in Rs.
2,216,583,827 equity shares of Re. 1 each	2,216,583,827
Total	2,216,583,827

C. Fully Paid-up Share Capital	Amount in Rs.
2,163,464,851 equity shares of Re. 1 each	2,163,464,851
Total	2,163,464,851

- * The difference between total issued and subscribed share capital and fully paid up share capital of the Company is due to the buyback made from open market as per special resolutions passed through postal ballot on 14th September 2007 and 26th July 2010. The total number of shares bought back under the scheme was 30,235,772 and 22,883,204 respectively.
- ** During the period 1st April 2015 to 31st December, 2015, the Company has issued 405971 equity shares under its employee stock option schemes. Accordingly, as on 31st December, 2015, the issued capital and paid up capital of the Company was 2,21,69,89,798 equity shares of Re. 1/- each and 2,16,38,70,822 equity shares of Re. 1/- each respectively.

3.2 The details of employee stock option schemes of the Company as on 31st March 2015 are as follows:

S. No	Name of the Employee Stock Option Scheme	on Options Vesting Condition Outstanding		Exercise Period	
1.	2001 HLL Stock Option Plan	23,100	3 years from date of grant	7 years from date of vesting	
2.	2006 HLL Performance Share Scheme	364,566	3 years from date of grant	3 months from date of vesting	
3.	2012 HUL Performance Share Scheme	747,221	3 years from date of grant	3 months from date of vesting	

During the period 1st April, 2015 to 31st December, 2015, the Company has issed 405971 equity shares under the ESOP Scheme

Exercise of any balance outstanding stock options may result in an increase in the issued, subscribed and paid-up share capital of the Company.

3.3 The Reserves and Surplus of the Company, including the General Reserves, as per the audited Balance Sheet of the Company as of the Appointed Date, are as under:

	Rs. Crores
Total Reserves & Surplus	3508.43
General Reserves (as defined and referred to in this Scheme)	2187.33
Other reserves and surplus not forming part of the reclassification specified in Part B of this Scheme	
Capital Reserve	4.22
Capital Redemption Reserve	6.46
Securities Premium Account	81.16
Revaluation Reserve	0.67
Employee Stock Options Outstanding Account	42.80
Capital Subsidy	6.19
Other Reserves	2.51
Surplus in Statement of Profit and Loss	1177.09

3.4 The Scheme does not seek to reduce or otherwise alter the issued, subscribed and paid-up share capital of the Company in any manner and the same will, therefore, remain unaltered as a result of the Scheme. Similarly, the Scheme does not affect the Capital Reserves in any manner.

PART B - RECLASSIFICATION AND UTILISATION OF THE GENERAL RESERVES AND PAYOUT TO MEMBERS

4. Reclassification and utilisation of the General Reserves

- 4.1 The General Reserves of the Company, as on the Appointed Date being Rs. 2,187.33 Crore (Rupees Two Thousand One Hundred Eighty Seven Crores and Thirty Three Lakhs only) have been, primarily, built up over the years through the transfer of profits to the reserves by the Company (prior to declaration of dividend) in accordance with the provisions of the Companies Act, 1956 and the erstwhile rules notified thereunder, namely, the Companies (Transfer of Profits to Reserves) Rules, 1975.
- 4.2 Upon this Scheme becoming effective and with effect from the Appointed Date, the entire amount of Rs. 2,187.33 Crore (Rupees Two Thousand One Hundred Eighty Seven Crores and Thirty Three Lakhs only) standing to the credit of the General Reserves of the Company shall be reclassified and credited to the 'Profit and Loss Account' of the Company, and subsequent thereto, such amounts credited to the 'Profit and Loss Account' of the Company shall be reclassified as and constitute accumulated profits of the Company for the previous financial years, arrived at after providing for depreciation in accordance with the provisions of the Act and remaining undistributed in the manner provided in the Act and other applicable laws. It is clarified that such amounts shall be available for utilisation by the Company in relation to any Payout in the manner set out in Clause 5 below.

5. Payout of Surplus Funds to Members

- 5.1 Upon the Scheme becoming effective and subsequent to the reclassification of the amounts standing to the credit of the General Reserves and credit thereof to the 'Profit and Loss Account' pursuant to Clause 4 of the Scheme, the amount so credited shall be paid out to the Members of the Company, from time to time, by the Board of Directors, at its sole discretion, in such manner, quantum and at such time as the Board of Directors may decide (each such event constituting a "Payout").
- 5.2 Each Payout of surplus funds (including the quantum, manner and timing thereof) shall be undertaken in accordance with the provisions of the Act, the Scheme and other applicable laws, taking into account all relevant factors including applicable regulatory and fiscal considerations, the nature and quantum of each Payout and subject to payment of applicable taxes.

6. Accounting Treatment

- 6.1 Upon this Scheme becoming effective and with effect from the Appointed Date:
 - The entire amount of Rs. 2,187.33 Crore (Rupees Two Thousand One Hundred Eighty Seven Crores and Thirty Three Lakhs only) standing to the credit of the General Reserves of the Company shall be reclassified and credited to the 'Profit and Loss Account' of the Company.
- 6.2 For the removal of doubt, it is expressly recorded and clarified that the transfer of amounts standing to the credit of the General Reserves and utilisation of such amounts through each Payout, shall not in any manner involve distribution of Capital Reserves or revenue reserves other than the General Reserves.

7. Scheme Conditional On

- 7.1 The Scheme is conditional on and subject to:
 - (a) the Scheme being approved by the requisite majority of the Members of the Company as required under the Act, unless such meeting is otherwise dispensed with by the High Court;
 - (b) the High Court having accorded its sanction to the Scheme;
 - (c) the approval/comments of SEBI in terms of the SEBI Scheme Circular being obtained upon this Scheme being sanctioned by the High Court, if applicable;
 - (d) such other approvals and sanctions of any Governmental Authority as may be required in respect of the Scheme being obtained; and
 - (e) the certified copy of the order of the High Court approving the Scheme being filed with the Registrar of Companies.
- 7.2 The approval of the Scheme by the Members shall be deemed to be sufficient for the purposes of effecting the re-classification of the amounts standing to the credit of the General Reserves and credit thereof to the 'Profit and Loss Account' and no further resolution under any other applicable provisions of the Act would be required to be separately passed.
- 7.3 In the event of this Scheme failing to take effect by 31st March 2017 or such later date as may be agreed by the Board of Directors, this Scheme shall stand revoked, cancelled and be of no effect and become null and void, and in that event, no rights and liabilities shall accrue to, or, be incurred inter se between the Company and any other person and the Company shall bear and pay the costs, charges and expenses for and/or in connection with the Scheme

PART C - GENERAL TERMS AND CONDITIONS

8. Upon this Scheme becoming effective, the Balance Sheet of the Company, as on the Appointed Date, shall be reorganized in accordance with the terms of this Scheme.

9. Dividends

- 9.1 Nothing contained herein shall be construed as restricting the Company from being entitled to declare and pay dividends, whether interim or final, to its shareholders whether during the pendency of the Scheme or otherwise and the holders of the shares of the Company shall, save as expressly provided otherwise in this Scheme, continue to enjoy their existing rights under the Articles of Association, including the right to receive dividends, if any.
- 9.2 It is clarified that the aforesaid provisions in Clause 9.1 in respect of declaration of dividend are enabling provisions only and shall not be deemed to confer any right on any member of the Company to demand or claim any dividends which, subject to the provisions of the said Act, shall be entirely at the discretion of the Board of Directors and subject to the approval, if required, of the Members.

10. Applications

The Company shall make necessary applications before the High Court for the sanction of this Scheme under Sections 391 to 394 of the Act and any other applicable provisions of law.

11. Modifications to the Scheme

- 11.1 The Company (acting through its Board of Directors) may, in its full and absolute discretion:
 - (a) assent to any alteration(s) or modification(s) to this Scheme which the High Court and/or any other Governmental Authority may deem fit to approve or impose and to do all acts, deeds and things as may be necessary, desirable or expedient for the purposes of this Scheme;
 - (b) give such directions as it may consider necessary to settle any question or difficulty arising under the Scheme or in regard to, and of the meaning or interpretation of the Scheme, or implementation thereof, or in any matter whatsoever connected therewith (including any question or difficulty arising as a result of inadequacy of information provided by a Member or in connection with any deceased or insolvent Member of the Company), or to review the position relating to the satisfaction of various conditions to the Scheme and if necessary, to waive any of those (to the extent permissible under law), or, that otherwise as may be considered to be in the best interest of the Company and its Members and do all acts, deeds and things as may be necessary, desirable or expedient for giving effect to the Scheme;
 - (c) modify, vary or withdraw this Scheme prior to the Effective Date in any manner at any time;
 - (d) any modification to the Scheme by the Company, after receipt of sanction by the High Court, shall be made only with the prior approval of the High Court.

12. Severability

- 12.1 The provisions contained in this Scheme are inextricably inter-linked with the other provisions and the Scheme constitutes an integral whole. The Scheme would be given effect to only if is approved in its entirety unless specifically agreed otherwise by the Board of Directors of the Company.
- 12.2 If any part of this Scheme is found to be unworkable for any reason whatsoever, the same shall not, subject to the decision of the Company, affect the validity or implementation of the other parts and/or provisions of this Scheme.

13. Tax related provisions

Every Payout shall be subject to payment or deduction at source of applicable taxes as per applicable law.

14. Costs

All costs, charges and expenses of the Company in relation to or in connection with the Scheme and of carrying out and implementing/ completing the terms and provisions of the Scheme and/ or incidental to the completion thereof in pursuance of the Scheme, shall be borne and paid by the Company.

15. Binding Effect

This Scheme when sanctioned by the High Court and upon effectiveness shall be binding on the Company, all its creditors, Members and all other persons, notwithstanding anything to the contrary in any other instrument, deed or writing.

DCS/AMAL/ND/IP/321/2015-16 March 08, 2016

The Company Secretary
HINDUSTAN UNILEVER LTD
Unilever House,
B. D. Sawant Marg,
Chakala, Andheri (East),
Mumbai 400099



Subject: Observation letter regarding the Draft Scheme of Arrangement between Hindustan Unilever Limited and its members.

We are in receipt of Draft Scheme of Arrangement between Hindustan Unilever Limited and its members

As required under SEBI Circular No. CIR/CFD/DIL/5/2013 dated February 4, 2013 & SEBI Circular No. CIR/CFD/DIL/8/2013 dated May 21, 2013; SEBI vide its letter dated March 08, 2016 has inter alia given the following comment(s) on the draft scheme of arrangement:

- > "Company to ensure that additional information, if any, submitted by the Company, after filling the scheme with the stock exchange, from the date of receipt of this letter is displayed on the website of the listed company"
- > "Company shall duly comply with various provisions of the Circulars."

Accordingly, based on aforesaid comment offered by SEBI, the company is hereby advised:

- > To provide additional information, if any, (as stated above) along with various documents to the Exchange for further dissemination on Exchange website:
- > To ensure that additional information, if any, (as stated aforesaid) along with various documents are disseminated on their (company) website.
- > To duly comply with various provisions of the circulars.

In light of the above, we hereby advise that we have no adverse observations with limited reference to those matters having a bearing on listing/de-listing/continuous listing requirements within the provisions of Listing Agreement, so as to enable the company to file the scheme with Hon'ble High Court.

Further, pursuant to the above SEBI circulars, upon sanction of the Scheme by the Hon'ble High Court, the listed company shall submit to the stock exchange the following:

- a. Copy of the High Court approved Scheme;
- b. Result of voting by shareholders for approving the Scheme;
- Statement explaining changes, if any, and reasons for such changes carried out in the Approved Scheme vis-à-vis the Draft Scheme;
- d. Copy of the observation letter issued by all the Stock Exchanges where Company is listed.
- e. Status of compliance with the Observation Letter/s of the stock exchanges;
- f. The application seeking exemption from Rule 19(2)(b) of SCRR, 1957, wherever applicable; and
- g. Complaints Report as per Annexure II of this Circular.
- h. Any other document/disclosure as informed by the Exchange.

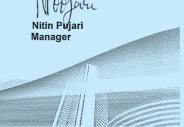
The Exchange reserves its right to withdraw its 'No adverse observation' at any stage if the information submitted to the Exchange is found to be incomplete / incorrect / misleading / false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines/Regulations issued by statutory authorities.

Please note that the aforesaid observations does not preclude the Company from complying with any other requirements.

Yours faithfully,

Khyati Shah Dy. Gen. Manager







Stock of the nation March 09, 2016

Ref: NSE/LIST/64551

The Company Secretary
Hindustan Unilever Limited
Unilever House, Secretarial Dept,
Building 1, Level 3 (B1L3),
B D Sawant Marg, Chakala, Andheri – E,
Mumbai – 400099.

Kind Attn.: Mr. Dev Bajpai

Dear Sir,

Sub: Observation letter for draft Scheme of Arrangement amongst Hindustan Unilever Limited and its Members.

This has reference to draft Scheme of Arrangement amongst Hindustan Unilever Limited and its Members vide your letter dated January 20, 2016.

Based on our letter reference no. NSE/LIST/62508 submitted to SEBI and pursuant to SEBI Circular no. CIR/CFD/CMD/16/2015 dated November 30, 2015, SEBI has vide letter dated March 08, 2016, has given following comments on the draft Scheme of Arrangement:

- "a. Company shall ensure that additional information, if any, submitted after filing the scheme with the Stock Exchanges, is displayed from the date of receipt of this letter on the website of the listed company.
- b. The Company shall duly comply with various provisions of the Circulars."

Based on the draft scheme and other documents submitted by the Company, including undertaking given in terms of regulation 11 of SEBI (LODR) Regulation, 2015, we hereby convey our "No-objection" in terms of regulation 94 of SEBI (LODR) Regulation, 2015, so as to enable the Company to file the draft scheme with the Hon'ble High Court.

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 Agreement, Guidelines / Regulations issued by statutory authorities.

The validity of this "Observation Letter" shall be six months from March 09, 2016, within which the Scheme shall be submitted to the Hon'ble High Court. Further pursuant to the above cited SEBI circulars upon sanction of the Scheme by the Hon'ble High Court, you shall submit to NSE the following:

- a. Copy of Scheme as approved by the High Court;
- b. Result of voting by shareholders for approving the Scheme;
- Statement explaining changes, if any and reasons for such changes carried out in the Approved Scheme vis-à-vis the Draft Scheme.
- d. Status of compliance with the Observation Letter/s of the stock exchanges
- e. The application seeking exemption from Rule 19(2)(b) of SCRR, 1957, wherever applicable; and
- f. Complaints Report as per SEBI Circular no. CIR/CFD/CMD/16/2015 dated November 30, 2015.

Yours faithfully,

For National Stock Exchange of India Limited

Kamlesh Patel Manager

P.S. Checklist for all the Further Issues is available on website of the exchange at the following URL http://www.nseindia.com/corporates/content/further_issues.htm

This Document is Digitally Signed



signer : Patel Kamlesh Naginbhai bate: Wed, Mar 9, 2016 11:21:06 GMT+05:30 ocation: NSE



Hindustan Unilever Limited

Hindustan Unifever Limited Unifever House B D Sawant Marg Chakala, Andheri East Mumbal 400 099

Tel: +91 (22) 3983 0000 Web: www.hul.co.in CIN: L15140MH1933PLC002030

16th February, 2016

To.

	The General Manager	Listing - Compliance Department
	The Bombay Stock Exchange Limited	National Stock Exchange of India Limited
	Department of Corporate Services	Exchange Plaza, C-1, Block G,
	P.J. Towers,	Bandra-Kurla Complex, Bandra (East)
	Dalal Street	Mumbai 400 051
i	Mumbai- 400 001	

With reference to our letter dated 20th January, 2016 in respect to filing of Scheme of Arrangement under Regulation 37 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, below is the Complaints Report as on date as per SEBI Circular CIR/CFD/CMD/16/2015 dated November 30, 2015.

Part A

Sr.	Particulars	Number
No.		
1.	Number of complaints received directly	Nil
2.	Number of complaints forwarded by Stock Exchange	Nil
3.	Total Number of complaints/comments received (1+2)	Nil
4.	Number of complaints resolved	Nil
5.	Number of complaints pending	Nil

Part B

Sr.	Name of complainant	Date of complaint	Status
No.			(Resolved/Pending)
1.	Not Applicable		

For Hindustan Unilever Limited

Dev Bajpai

Executive Director (Legal and Corporate Affairs) and Company Secretary



IN THE HIGH COURT OF JUDICATURE AT BOMBAY ORDINARY ORIGINAL CIVIL JURISDICTION **COMPANY SUMMONS FOR DIRECTION NO. 346 of 2016**

In the matter of the Companies Act, 1956 or any re-enactment thereof; And

In the matter of Application under Sections 391 and other relevant provisions of the Companies Act, 1956 and the Companies Act, 2013, as applicable, and any amendments thereto or re-enactments thereof;

And In the matter of Hindustan Unilever Limited [CIN: L15140MH1933PLC002030], a company, incorporated under the Indian Companies Act of 1913, having its registered office at Unilever House, B. D. Sawant Marg, Chakala, Andheri (East), Mumbai 400 099, Maharashtra;

In the matter of Scheme of Arrangement amongst Hindustan Unilever Limited and its members

Hindustan Unilever Limited [CIN: L15140MH1933PLC002030], a company, incorporated under the Indian Companies Act of 1913, having its registered office at Unilever House, B. D. Sawant Marg, Chakala, Andheri (East), Mumbai 400 099, Maharashtra

... Applicant Company

PROXY FORM

Name of the member (s):	
Registered Address :	
E-mail ID : Folio No/ Client ID :	
/We being members of Shares of Hindustan Unilever Limited, hereby appoint	
1. Name : Email ID	
Address : Signature:	, or failing him
2. Name : Email ID	
Address: Signature:	, or failing him
3. Name : Email ID	
Address:Signature:	or failing him
	·
as my/our proxy, to act for me/us at the Court convened meeting of the Equity Shareholders to be held at Registere House, B. D. Sawant Marg, Chakala, Andheri (East), Mumbai 400 099 on Thursday, 30th June, 2016 at 2.00 P. considering, and if thought fit, approving, with or without modification(s), the proposed Scheme of Arrangement a and its Members (the "Scheme"), and at such meeting and at any adjournment or adjournments thereof, to vote, DFOR / AGAINST (here, if for, tick 'FOR'; if against, tick 'AGAINST', and in the latter case, strike out the workscheme, either with or without modification(s)*, as my / our proxy may approve.	M. (1400 hours) for the purpose of amongst Hindustan Unilever Limited for me / us and in my / our name(s)
Strike out what is not necessary.	
Signed this day of 2016 Folio No	Affix Revenue Stamp
Second/ first Holder	
Third Holder	(Signature across stamp)

Signature of Proxy:

Notes:

- 1. This form in order to be effective should be duly completed and deposited at the Registered Office of the Company at Unilever House, B. D. Sawant Marg, Chakala, Andheri (East), Mumbai 400 099, not less than 48 hours before the commencement of the Meeting
- 2. Alterations, if any, made in the Form of Proxy should be initialed.
- 3. In case of multiple proxies, the proxy later in time shall be accepted.
- 4. Those Members who have multiple folios with different joint-holders may use copies of this Attendance slip/Proxy.

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