



## Hindustan Unilever Limited

Registered Office:  
165/166, Backbay Reclamation,  
Mumbai - 400 020.

Dear Member(s),

### NOTICE ISSUED TO MEMBERS PURSUANT TO SECTION 192A (2) OF THE COMPANIES ACT, 1956

As per the provisions of Section 77A(2) of the Companies Act, 1956, Buy-back of Equity Shares by a Company, upto 25% of the total paid-up Capital and Free Reserves requires the approval of the Members by way of a Special Resolution.

Your Company proposes to Buy-back its equity shares as detailed in the Resolution below. The Board of Directors of the Company at its meeting held on June 11, 2010, have, subject to the consent of the Members, approved the proposal for Buy-back.

As per Section 192A of the Companies Act, 1956, read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001, consent of the Members for buying back the Equity Shares under Section 77A of the Companies Act, 1956, is required to be obtained by means of voting by Postal Ballot. The proposed draft Special Resolution, the Explanatory Statement stating all material facts and the reasons for the proposal and a Postal Ballot Form is enclosed for your consideration. The Company has appointed Mr. S. R. Tata, Partner, M/s. Deloitte Haskins & Sells, Chartered Accountants, to act as the scrutinizer, for conducting the postal ballot process, in a fair and transparent manner.

Members are requested to carefully read the instructions printed on the Postal Ballot Form and return the Form duly completed in all respects in the enclosed self-addressed postage pre-paid envelope, so as to reach the scrutinizer on or before the close of working hours on **Tuesday, July 20, 2010**.

The scrutinizer will submit his report to the Chairman after completion of the scrutiny and the result of the voting by Postal Ballot will be announced on Monday, July 26, 2010 at 3.00 P.M. at the Corporate Office of the Company at Unilever House, B. D. Sawant Marg, Chakala, Andheri East, Mumbai – 400 099.

### DRAFT SPECIAL RESOLUTION

To consider and if thought fit, to pass the following resolution as a Special Resolution:

"Resolved that in accordance with Article 169A of the Articles of Association of the Company and pursuant to the provisions of Sections 77A, 77AA, 77B and all other applicable provisions, if any, of the Companies Act, 1956 ("the Act") and in compliance of the Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998, including any statutory modifications or re-enactments thereof ("Buy-back Regulations") and subject to such other approvals, permissions and sanctions as may be necessary, the consent of the Members be and is hereby accorded to the Board of Directors (which expression shall include a Committee of Directors and Senior Managers of the Company constituted for this purpose) for the purchase of the Company's fully paid-up Equity Shares each of a face value of Re. 1/- to the extent not exceeding 25% of the Company's paid-up Equity Share Capital at a price not exceeding Rs. 280/- per equity share from the Open Market through the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited ("Buy-back") and the total aggregate amount to be expended by the Company for the Buy-back shall not exceed Rs. 630 Crores, that is within 25% of the Company's fully paid-up Equity Share Capital and Free Reserves as per Audited Balance Sheet as on March 31, 2010.

Resolved further that the Board of Directors (which expression shall include a Committee of Directors and Senior Managers of the Company constituted for this purpose) be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient, usual or proper, to be in the best interest of the shareholders, including but not limited to, appointment of merchant bankers, brokers, bankers, solicitors, depository participants and other intermediaries/ agencies for the implementation of the Buy-back, carry out incidental documentation as also to make applications to the appropriate authorities for their requisite approvals and to initiate all necessary actions for preparation and issue of various documents, including public announcement, declaration of solvency, extinguishment of share certificates and 'Certificates of Extinguishment' required to be filed in connection with the Buy-back on behalf of the Board and such other undertakings, agreements, papers, documents and correspondence as may be necessary for the implementation of the Buy-back to the Securities and Exchange Board of India, Bombay Stock Exchange Limited, National Stock Exchange of India Limited, Registrar of Companies, Depositories and/or other authorities."

### Registered Office:

165/166, Backbay Reclamation,  
Mumbai - 400 020.

Mumbai : June 11, 2010

By Order of the Board

**Dev Bajpai**  
Executive Director – Legal &  
Company Secretary

### EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

As per the requirements of Section 173(2) read with Section 77A and other applicable provisions of the Companies Act, 1956 and the Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998, the Explanatory Statement contains relevant and material information to enable the shareholders to consider and approve the Special Resolution on Buy-back of Company's shares.

1. The Company intends to acquire equity shares each of face value of Re. 1/- at a price not exceeding Rs. 280/- per equity share ("maximum Buy-back price") with the total aggregate amount to be expended not to exceed Rs. 630 Crores which is within 25% of the Company's fully paid-up Equity Share Capital and Free Reserves as per Audited Balance Sheet as on March 31, 2010.
2. The Board of Directors of the Company at its meeting held on June 11, 2010 approved, subject to the consent of the Members of the Company, the proposal for Buy-back of Company's shares in accordance with Article 169A of the Articles of Association of the Company subject to the provisions of Sections 77A, 77AA, 77B and all other applicable provisions of the Companies Act, 1956 (hereinafter referred to as "the Act") and the Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998 (hereinafter referred to as "Buy-back Regulations").
3. The Buy-back is proposed to be implemented by the Company from the Open Market purchases through the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited (hereinafter collectively referred to as "the Stock Exchanges").
4. There will be no Buy-back from any persons through negotiated deals whether through the Stock Exchanges or through spot transactions or through any private arrangement.
5. The Buy-back is proposed on account of the Company's strong cash flow delivery and the accumulated cash being more than what is needed to fund growth. The Buy-back is expected to :
  - reduce outstanding number of shares and consequently increase Earnings Per Share over a period of time and enhance long term value creation;
  - effectively utilise surplus cash; and
  - make the Balance Sheet leaner and more efficient to improve key ratios like Return on Net Worth, Return on Assets, etc.
6. The aggregate Paid-up Share Capital and Free Reserves of the Company as on March 31, 2010 is Rs. 2,551.26 crores and under the provisions of the Act, the funds deployed for Buy-back shall not exceed 25% of the Paid-up Capital and Free Reserves of the Company. Accordingly, the maximum amount that can be utilised in the present Buy-back is Rs. 637.81 crores. The total aggregate amount proposed to be expended for the Buy-back is Rs. 630 crores, which is within the maximum amount as aforesaid. Further, under the Act, the number of Equity Shares that can be bought back during the financial year shall not exceed 25% of the Paid-up Equity Shares of the Company. Accordingly, the maximum number of Equity Shares that can be bought back cannot exceed 54,54,21,695 Equity Shares being 25% of 2,18,16,86,781 Equity Shares each of face value of Re.1/- as per the Audited Balance Sheet as on March 31, 2010.
7. The maximum Buy-back price of Rs. 280/- has been arrived at taking into account the trends in the market price of the equity shares of the Company during the last six months prior to the date of Board Meeting. The average closing market price of the Equity Shares in last three calendar months on the Bombay Stock Exchange Limited was Rs. 232.81 and on the National Stock Exchange of India was Rs. 233.07. The maximum Buy-back price of Rs. 280/- is at a premium of approximately 20% over the aforesaid prices.

Monthly high, low and average prices for the six months preceding the date of the Board Meeting held on June 11, 2010 to approve the Buy-back and their corresponding volumes on the Stock Exchanges are as follows:

#### Bombay Stock Exchange Limited (BSE)

| Month                            | High Price (Rs.) | Date & No. of shares traded on the day of high price          | Low Price (Rs.) | Date & No. of shares traded on the day of low price | Average Closing Price (Rs.) | Volume (Number of shares traded) |
|----------------------------------|------------------|---------------------------------------------------------------|-----------------|-----------------------------------------------------|-----------------------------|----------------------------------|
| December, 2009                   | 286.25           | December 1, 2009<br>3,83,194                                  | 260.25          | December 23, 2009<br>6,07,947                       | 268.98                      | 54,83,442                        |
| January, 2010                    | 268.25           | January 11, 2010<br>2,91,220                                  | 241.60          | January 29, 2010<br>6,78,202                        | 259.81                      | 93,68,614                        |
| February, 2010                   | 248.00           | February 1, 2010<br>6,06,420                                  | 225.15          | February 5, 2010<br>6,62,772                        | 236.31                      | 66,62,906                        |
| March, 2010                      | 244.35           | March 8, 2010<br>3,82,548                                     | 218.10          | March 15, 2010<br>10,47,070                         | 232.96                      | 81,18,900                        |
| April, 2010                      | 243.20           | April 27, 2010<br>10,48,714 and<br>April 28, 2010<br>2,98,693 | 220.70          | April 9, 2010<br>4,44,992                           | 230.94                      | 68,47,073                        |
| May, 2010                        | 243.00           | May 18, 2010<br>1,13,492                                      | 225.25          | May 10, 2010<br>1,80,219                            | 234.43                      | 41,51,566                        |
| June 1, 2010 to<br>June 10, 2010 | 256.50           | June 4, 2010<br>8,47,114 and<br>June 8, 2010<br>3,23,469      | 232.40          | June 1, 2010<br>84,110                              | 246.79                      | 31,19,266                        |

(Source: BSE website)

## National Stock Exchange of India Limited (NSE)

| Month                         | High Price (Rs.) | Date & No. of shares traded on the day of high price | Low Price (Rs.) | Date & No. of shares traded on the day of low price | Average Closing Price (Rs.) | Volume (Number of shares traded) |
|-------------------------------|------------------|------------------------------------------------------|-----------------|-----------------------------------------------------|-----------------------------|----------------------------------|
| December, 2009                | 286.50           | December 1, 2009<br>40,84,853                        | 259.65          | December 23, 2009<br>34,14,514                      | 268.89                      | 4,62,64,576                      |
| January, 2010                 | 268.35           | January 11, 2010<br>22,51,471                        | 241.05          | January 29, 2010<br>64,96,604                       | 259.68                      | 6,41,35,671                      |
| February, 2010                | 247.35           | February 22, 2010<br>22,80,787                       | 227.00          | February 5, 2010<br>43,45,866                       | 236.47                      | 5,22,39,260                      |
| March, 2010                   | 244.70           | March 8, 2010<br>29,70,886                           | 218.00          | March 15, 2010<br>63,29,071                         | 233.38                      | 7,21,86,157                      |
| April, 2010                   | 244.00           | April 28, 2010<br>29,48,610                          | 220.70          | April 9, 2010<br>24,20,707                          | 231.12                      | 6,25,43,283                      |
| May, 2010                     | 257.00           | May 10, 2010<br>11,03,808                            | 226.25          | May 25, 2010<br>12,02,978                           | 234.64                      | 3,54,49,776                      |
| June 1, 2010 to June 10, 2010 | 257.20           | June 4, 2010<br>50,72,279                            | 232.35          | June 1, 2010<br>10,42,836                           | 246.79                      | 1,72,66,424                      |

(Source: NSE website)

8. The Resolution seeks to authorise the Board to Buy-back Company's shares upto 25% of the Paid-up Share Capital and the number of Equity Shares to be bought back by the Company will be within the limits as aforesaid. The funds required for the Buy-back will be drawn out of the Share Premium Account and / or Free Reserves of the Company.
9. The actual reduction in outstanding number of shares would depend upon the price at which the shares are bought back as well as the total number of shares available for purchase. However, assuming the shares are purchased at the maximum price (Rs.280/-) and that the Company would be in a position to successfully purchase shares for an amount of Rs. 630 Crores as approved by the shareholders, the total number of shares that would be purchased in terms of the approval of the shareholders would be approximately 2,25,00,000 equity shares and the outstanding shares would accordingly reduce to that extent.
10. a. The aggregate shareholding of Unilever PLC and its associates (hereinafter referred to as "the Promoters") as on date of the Notice is 1,13,48,49,460 Equity Shares each of face value of Re.1/- constituting 52.02% of the total Equity Share Capital of the Company. Pursuant to the Buy-back of Equity Shares as proposed and depending on the response to the Buy-back offer, the percentage holding of the Promoters would increase marginally. Such an increase in the percentage holding of Promoters is consequential and indirect in nature and falls within the limits prescribed under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.
- b. No shares were either purchased or sold by the Promoters during the period of six months preceding the date of the Board Meeting at which the proposal for Buy-back is approved.
- c. The Promoters will not participate in the Buy-back.
- d. The aggregate shareholding of the Directors of the Company as on date of the Notice is given in the following table.

| Name of the Director          | No. of Shares   |                 | % Holding<br>As on 11.6.2010 |
|-------------------------------|-----------------|-----------------|------------------------------|
|                               | As on 1.12.2009 | As on 11.6.2010 |                              |
| Harish Manwani                | 22,130          | 22,130          | 0.0010                       |
| Nitin Paranjpe                | 37,975          | 41,731          | 0.0019                       |
| Sridhar Ramamurthy            | 1,146           | 1,146           | 0.0001                       |
| Gopal Vittal                  | 9,405           | 9,405           | 0.0004                       |
| Pradeep Banerjee <sup>#</sup> | 10,787          | 10,787          | 0.0005                       |
| Dhaval Buch <sup>##</sup>     | 18,403          | 18,403          | 0.0008                       |
| Deepak Parekh                 | 38,250          | 38,250          | 0.0018                       |
| C. K. Prahalad <sup>*</sup>   | Nil             | Nil             | NA                           |
| Aditya Narayan                | Nil             | Nil             | NA                           |
| S. Ramadorai                  | Nil             | Nil             | NA                           |
| R. A. Mashelkar               | Nil             | Nil             | NA                           |

<sup>#</sup>Appointed as Director w.e.f. March 1, 2010.

<sup>##</sup>Ceased to be a Director w.e.f. March 1, 2010.

<sup>\*</sup>Ceased to be a Director w.e.f. April 17, 2010 due to sad demise.

None of the Directors of the promoter company are holding any shares of the Company.

- e. Except for Mr. Nitin Paranjpe, whose shareholding has increased on account of credit of the stock grants under the Employees Stock Grant Scheme of the Company, none of the above Directors have purchased or sold any shares of the Company during a period of six months preceding the date of the Board Meeting at which the Buy-back was approved, namely June 11, 2010.
- f. The Directors do not intend to participate in the Buy-back. However, the Executive Directors may exercise cashless option in respect of shares vested in them under ESOP Scheme of the Company, during the currency of the Buy-back.
11. As required under the Act, the ratio of the debt owed by the Company would not be more than twice the Share Capital and Free Reserves after the Buy-back.
12. As per the provisions of the Act, the Special Resolution passed by the shareholders approving the Buy-back will be valid for a maximum period of twelve months from the date of passing of the said Special Resolution. Subject to the maximum price for Buy-back and maximum validity period of twelve months, the time frame and the price will be determined by the Board (which expression shall also include a Committee of Directors and Senior Managers of the Company constituted for this purpose).

13. As per the provisions of the Act, the Company will not be allowed to issue fresh Equity Shares within a period of six months after the completion of the Buy-back except by way of bonus issue or in the discharge of subsisting obligations such as conversions of warrants, stock option schemes, sweat equity or conversion of preference shares or debentures into equity shares.
14. The Company confirms that there are no defaults subsisting in the repayment of deposits, redemption of debentures or preference shares or repayment of term loans to any financial institutions or banks.
15. The Board of Directors hereby confirms that it has made a full inquiry into the affairs and prospects of the Company and has formed the opinion:
  - a. that, immediately following the date on which the results of the Postal Ballot are declared, there will be no grounds on which the Company could be found unable to pay its debts;
  - b. that, as regards its prospects for the year immediately following the date on which the results of the Postal Ballot are declared, having regard to their intentions with respect to the management of the Company's business during that year and to the amount and character of the financial resources which will, in the view of the Board, be available to the Company during that year, the Company will be able to meet its liabilities as and when they fall due and will not be rendered insolvent within a period of one year from the aforesaid date; and
  - c. that, in forming its opinion for the above purposes, the Board has taken into account the liabilities including prospective and contingent liabilities as if the Company were being wound up under the provisions of the Act.
16. The Company shall transfer from its Free Reserves a sum equal to the nominal value of the equity shares purchased through the Buy-back to the Capital Redemption Reserve account and the details of such transfer shall be disclosed in its subsequent Audited Balance Sheet.
17. **The Report dated June 11, 2010 received from M/s. Lovelock & Lewes**, the Statutory Auditors of the Company addressed to the Board of Directors of the Company is reproduced below:

"In connection with the proposed buy-back of equity shares approved by the Board of Directors of Hindustan Unilever Limited (hereinafter referred to as the "Company") at their meeting held on June 11, 2010, in pursuance of the provisions of the Companies Act, 1956 and the Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998 and based on the information and explanations given to us, we report that:

- (a) we have enquired into the state of affairs of the Company in relation to its audited financial statements for the year ended March 31, 2010, which were taken on record by the Board of Directors at their meeting held on May 25, 2010. These financial statements are to be placed before the members of the Company for adoption at the ensuing Annual General Meeting scheduled for July 27, 2010.
- (b) the capital payment (including premium) of an amount not exceeding Rs. 637.81 crores towards the buy-back of equity shares properly determined in accordance with Section 77A (2)(c) of the Companies Act, 1956 and is within the permissible amount of 25% of the paid up equity capital and free reserves of the Company, as computed below. The amounts of Share Capital and Free Reserves have been extracted from the audited financial statements of the Company for the year ended March 31, 2010.

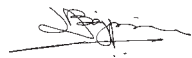
|                                                                                                    | As at 31 <sup>st</sup> March, 2010<br>Rs. in crores |
|----------------------------------------------------------------------------------------------------|-----------------------------------------------------|
| Share Capital - Subscribed and Paid – up                                                           | 218.17                                              |
| Free Reserves                                                                                      |                                                     |
| - Share Premium Account                                                                            | 71.18                                               |
| - General Reserve                                                                                  | 1,459.72                                            |
| - Profit and Loss Account - Surplus                                                                | 802.19                                              |
| <b>Total</b>                                                                                       | <b>2,551.26</b>                                     |
| Maximum Amount permissible for Buy-back i.e.<br>25% of the total paid up capital and free reserves | 637.81                                              |

- (c) the Board of Directors of the Company, at their meeting held on June 11, 2010, have formed their opinion as specified in clause (x) of Schedule I of the Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998 on reasonable grounds, that the Company will not, having regard to its state of affairs, be rendered insolvent within a period of one year from the date of declaration of results of Postal Ballot on July 26, 2010.
  - (d) this report has been issued at the request of the Company in connection with the proposed buy-back and cannot be used for any other purpose."
18. None of the Directors is concerned or interested in this Resolution, except to the extent of their shareholding in the Company, as detailed above. The Board commends the proposal for approval by the Members of the Company.

**Registered Office:**  
165/166, Backbay Reclamation,  
Mumbai - 400 020.

Mumbai : June 11, 2010

By Order of the Board

  
**Dev Bajpai**  
Executive Director – Legal &  
Company Secretary

**Notes :**

1. All the material documents referred to in the Explanatory Statement such as Memorandum and Articles of Association of the Company, Board Resolution for Buy-back of Shares and Auditor's Report will be made available for inspection by the Members, at the Registered Office of the Company, between 11.00 AM and 1.00 PM on any working day from July 5, 2010 to July 19, 2010.
2. The Scrutinizer will submit his report to the Chairman after completion of the scrutiny and the results of the Postal Ballot will be announced at 3.00 P.M. on Monday, July 26, 2010 at Unilever House, B. D. Sawant Marg, Chakala, Andheri East, Mumbai - 400 099. Members who wish to be present at the time of declaration of results, may do so at the above venue.