



## Hindustan Unilever Limited

Hindustan Unilever Limited  
Unilever House  
B D Sawant Marg  
Chakala, Andheri East  
Mumbai 400 099

3rd June, 2016

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

CIN: L15140MH1933PLC002030

Stock Code: BSE: 500696

NSE: HINDUNILVR

ISIN: INE030A01027

BSE Limited,  
Corporate Relationship Department,  
2nd Floor, New Trading Wing,  
Rotunda Building, P.J. Towers,  
Dalal Street,  
Mumbai – 400 001

National Stock Exchange of India Ltd  
Exchange Plaza, 5th Floor,  
Plot No. C/1, G Block,  
Bandra – Kurla Complex,  
Bandra (E),  
Mumbai – 400 051

Dear Sir,

### Sub: Annual Report 2015-16

We enclose herewith the following documents for the financial year 2015-16 :

- Annual Report along with the Notice of the Annual General Meeting, which has been dispatched to the shareholders;
- Business Responsibility Report;
- Form A in respect of Unqualified Audit Report.

Kindly acknowledge receipt of the same.

Thanking you.

Yours faithfully,

For Hindustan Unilever Limited

  
Saloni Baweja

Manager Corporate Secretarial



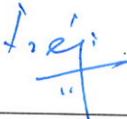
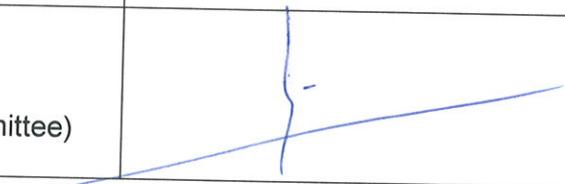


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### Form A as per Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

1.	Name of the Company	Hindustan Unilever Limited
2.	Annual financial statements for the year ended	31st March, 2016
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	Not Applicable
5.	To be signed by –  • Mr. Sanjiv Mehta Chief Executive Officer and Managing Director	
	• Mr. P. B. Balaji Executive Director, Finance & IT and Chief Financial Officer	
	• Mr. Akeel Master BSR & Co. LLP Firm Registration No. 101248W Partner Membership No. 046768	
	• Mr. Aditya Narayan Independent Director (Chairman of Audit Committee)	





Hindustan Unilever Limited

MAKING  
SUSTAINABLE LIVING  
COMMONPLACE

BUSINESS  
RESPONSIBILITY  
REPORT 2015-16



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## MAKING SUSTAINABLE LIVING COMMONPLACE

HINDUSTAN UNILEVER BELIEVES THAT BUSINESSES THAT ARE DRIVEN BY A DEEPER SENSE OF PURPOSE CREATE MORE VALUE FOR SHAREHOLDERS.

The simple purpose of your Company is to make sustainable living commonplace. To achieve this purpose your Company embraced the Unilever Sustainable Living Plan (USLP) which is its blueprint for sustainable business. The Plan has three goals of improving health and well-being, reducing environmental impact and enhancing livelihoods. The USLP is helping your Company to decouple its growth from the environmental impact while increasing the positive social impact, driving profitable growth for your Company's brands, saving costs and fueling innovation.

USLP provides the bedrock on which the sustainability initiatives of your Company are built around the three goals mentioned above. USLP also contributes to activities listed in the 'National Voluntary Guidelines on Social, Environmental & Economic Responsibilities of Business (NVGs)' notified by the Ministry of Corporate Affairs, Government of India as well as activities listed in Schedule VII of Section 135 of the Companies Act, 2013.

This report describes activities of the Company under each of the nine principles as outlined in the NVGs.



<b>SECTION A – GENERAL INFORMATION ABOUT THE COMPANY</b>	
1. Corporate Identity Number (CIN) of the Company	L15140MH1933PLC002030
2. Name of the Company	Hindustan Unilever Limited
3. Registered address	Unilever House, B. D. Sawant Marg, Chakala, Andheri (East), Mumbai - 400 099
4. Website	<a href="http://www.hul.co.in">www.hul.co.in</a>
5. E-mail id	<a href="mailto:levercare.shareholder@unilever.com">levercare.shareholder@unilever.com</a>
6. Financial Year reported	1st April, 2015 to 31st March, 2016.
7. Sector(s) that the Company is engaged in [industrial activity code-wise]	<ul style="list-style-type: none"> <li>• 20231 Soaps</li> <li>• 20233 Detergents</li> <li>• 20236 Shampoos</li> <li>• 20235 Toothpastes</li> <li>• 20234 Deodorants</li> <li>• 20237 Cosmetics</li> <li>• 10791 Tea</li> <li>• 10792 Coffee</li> <li>• 10750 Packaged Foods (Including Frozen Desserts)</li> <li>• 27501 Water Purifiers</li> </ul>
8. List three key products/services that the Company manufactures/provides (as in balance sheet)	<ul style="list-style-type: none"> <li>• Soaps &amp; Detergents (including Skin Cleansing, Laundry and Household Care)</li> <li>• Personal Products [including Skin care, Hair care, Oral care, Deodorants and Colour Cosmetics]</li> <li>• Beverages [including Tea and Coffee]</li> </ul>
9. Total number of locations where business activity is undertaken by the Company	
i. Number of International Locations	None
ii. Number of National Locations	<ul style="list-style-type: none"> <li>• Registered Office: Unilever House, B. D. Sawant Marg, Chakala, Andheri (East), Mumbai - 400 099</li> <li>• Research Centre: 64, Main Road, Whitefield P O, Bangalore - 560 066</li> <li>• Regional Office (East): Brooke House, 9 Shakespere Sarani, Kolkata - 700 071</li> <li>• Regional Office (West): Uttara, Plot No. 2, Sector No. 11, CBD Belapur, Navi Mumbai - 400 614</li> <li>• Regional Office (North): Block No. A, Plot No. B, South City I, Delhi - Jaipur Highway, Gurgaon - 122 001</li> <li>• Regional Office (South): 101, Santhome High Road, Chennai - 600 028</li> <li>• Regional Office (Central): Office Space Number 101, 102, 103, 108 and 109, Shalimar Titanium, Vibhut iKhand, Gomti Nagar, Lucknow, Uttar Pradesh - 226010</li> </ul> <p>For details of manufacturing locations, please refer to the page no. 201 and 202 of the Annual Report 2015-16.</p>
10. Markets served by the Company	India

(Rs. Lakhs)

## SECTION B – FINANCIAL DETAILS OF THE COMPANY

1. Paid up Capital (Rs.):	21,639
2. Total Turnover (Rs.):	31,42,527
3. Total profit after taxes (Rs.):	4,08,237
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of average Net profit of the company for last 3 financial years:	2.00% (Rs. 9,212 Lakhs)

5. List of activities in which expenditure in 4 above has been incurred

Sr. No.	CSR project/activity identified	Relevant Section of Schedule VII in which the Project is covered (Note 1)	Projects/ Programmes Coverage	Amount outlay (budget)	Amount spent on the project/programme		Cumulative expenditure upto 31st March, 2016	Amount spent Direct / through implementing agency
					Direct expenditure	Overheads		
1	Project Shakti	(ii)	PAN India	4,342	4,342	-	4,342	Direct
2	Swachh Aadat Swachh Bharat	(i)	PAN India	1,847	1,847	-	1,847	Direct
3	Water Conservation Project	(iv)	PAN India	2,125	1,773	352	2,125	Implementing Agencies (Multiple NGOs) (Note 2 [i])
4	Ashadaan	(iii)	Mumbai	172	172	-	172	Implementing Agency (Missionaries of Charity)
5	Project Prabhat	(x)	PAN India	508	484	24	508	Implementing Agency (Note 2 [ii])
6	Sanjivani	(i)	Assam	70	70	-	70	Direct
7	Ankur	(iii)	Assam	22	22	-	22	Direct
8	Solidaridad - Sustainability (Tea Procurement)	(iv)	PAN India	126	126	-	126	Implementing Agency (SREC)
<b>TOTAL</b>				<b>9,212</b>	<b>8,836</b>	<b>376</b>	<b>9,212</b>	

**Note 1:**

- (i) eradicating hunger, poverty and malnutrition; promoting health care including preventive health care and sanitation including contribution to the 'Swachh Bharat Kosh' set up by the Central Government for the promotion of sanitation and making available safe drinking water;
- (ii) promoting education, including special education and employment enhancing vocational skills especially among children, women, elderly and the differently-abled and livelihood enhancement projects;
- (iii) promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
- (iv) ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the 'Clean Ganga Fund' set up by the Central Government for rejuvenation of river Ganga;
- (x) Rural development projects.

**Note 2 [i] :**

Foundation for Ecological Society, Mysore Resettlement and Development Agency, Society for Promotion of Eco Friendly Sustainable Development, Development Support Centre, Aga Khan Rural Support Programme (India), DHRUVA, Maharashtra Institute of Technology Transfer for Rural Areas (Khamgaon), Maharashtra Institute of Technology Transfer for Rural Areas (Nashik), Solidaridad Regional Expertise Centre, Watershed Organisation Trust (WOTR), Sanjeevani Institute for Empowerment and Development, Parmarth Samaj Sevi Sansthan, People's Action for National Integration, Professional Assistance for Development Action, International Finance Corporation, Samuha, Baif Institute for Rural Development, Parmarth Samaj Sevi Sansthan- Sumerpur, Sahjeevan, Integrated Rural Development Trust, Samaj Pragati Sahayog.

**Note 2 [ii]:**

Labournet Services India, Mann Deshi Foundation, TARA International.

## SECTION C – OTHER DETAILS

1. Does the Company have any Subsidiary Company/Companies?	As on 31st March, 2016, the Company has 11 Subsidiary Companies. Hindustan Unilever Foundation and Bhavishya Alliance Child Nutrition Initiatives - both not-for-profit companies are engaged in promoting and implementing the Corporate Social Responsibility agenda and to work in the areas of social, economic and environmental concerns and contribute to the sustainability initiatives of the Company. In addition, Unilever India Exports Limited also contributes to the sustainability initiatives of the Company.
2. Do the Subsidiary Company/Companies participate in the Business Responsibility (BR) initiatives of the parent company? If yes, then indicate the number of such subsidiary Company(ies)?	
3. Do any other entity/entities [e.g. suppliers, distributors etc.] that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	The Code of Business Principles (CoBP) and the Code Policies set out the standards required from all the employees. Your Company also requires its third-party business partners to adhere to business principles consistent with the Company. These expectation are set out in Responsible Sourcing Policy and Responsible Business Partner Policy, which underpin the third-party compliance programme.

## SECTION D – BUSINESS RESPONSIBILITY (BR) INFORMATION

### DETAILS OF DIRECTOR/DIRECTORS RESPONSIBLE FOR BR

The Corporate Social Responsibility Committee comprises Mr. O. P. Bhatt as the Chairman and Mr. Aditya Narayan, Dr. Sanjiv Misra, Ms. Kalpana Morparia, Mr. Sanjiv Mehta and Mr. P. B. Balaji as members of the Committee.

The role of Corporate Social Responsibility Committee is as follows:

- formulating and recommending to the Board the CSR Policy and activities to be undertaken by the Company;
- recommending the amount of expenditure to be incurred on CSR activities of the Company;
- reviewing the performance of the Company in area of CSR;
- providing external and independent oversight and guidance on the environmental and social impact of how the Company conducts its business;
- monitoring CSR Policy of the Company from time to time;
- monitoring the implementation of the CSR projects or programmes or activities undertaken by the Company;

The Committee is responsible for the implementation of the CSR Policy of the Company. The details of the Committee members are as follows:

Name	Designation	DIN
Mr. O. P. Bhatt*	Independent Director	00548091
Mr. Aditya Narayan	Independent Director	00012084
Dr. Sanjiv Misra	Independent Director	03075797
Ms. Kalpana Morparia	Independent Director	00046081
Mr. Sanjiv Mehta	Chief Executive Officer & Managing Director	06699923
Mr. P. B. Balaji	Executive Director, Finance & IT and Chief Financial Officer	02762983

\*Chairman

### PRINCIPLE-WISE (AS PER NVGs) BR POLICY / POLICIES (REPLY IN Y/N)

Respect and integrity for its people, environment and other businesses have always been at the heart of your Company's Corporate Responsibility. Your Company's Corporate Purpose states that to succeed requires "the highest standards of corporate behaviour towards everyone we work with, the communities we touch, and the environment on which we have an impact."

This purpose is supported by the Code of Business Principles (CoBP) of the Company which describes the operational standards that everyone at Hindustan Unilever Limited follows.

The COBP and USLP framework supplement the requirements under the National Voluntary Guidelines and cover principles beyond the principles enunciated under the National Voluntary Guidelines.

The National Voluntary Guidelines provide the following nine principles.

- Principle 1: Ethics, Transparency and Accountability [P1]
- Principle 2: Products Lifecycle Sustainability [P2]
- Principle 3: Employees' Well-being [P3]
- Principle 4: Stakeholder Engagement [P4]
- Principle 5: Human Rights [P5]

- Principle 6: Environment [P6]
- Principle 7: Policy Advocacy [P7]
- Principle 8: Inclusive Growth [P8]
- Principle 9: Customer Value [P9]

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have policy/policies for...	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national / international standards? If yes, specify?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		The Company seek to apply UN Guiding Principles on Business and Human Rights to underpin our own high standards of corporate behaviour. Unilever globally is a founding signatory of the United Nations Global Compact.								
		The USLP Progress Report conforms to Global Reporting Initiative (GRI) indicators.								
4	Has the policy been approved by the Board. If yes, has it been signed by MD/owner/CEO/appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		The CoBP and the USLP are frameworks adopted by Unilever globally and have been adopted by the Company.								
5	Does the Company have a specified Committee of the Board/Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		The CoBP is administered under the overall supervision of the Management Committee of the Company, headed by the Chief Executive Officer and Managing Director. The Audit Committee of the Board reviews the implementation of CoBP. The CSR Committee of the Board reviews the implementation of the USLP besides the scope that has been laid out for this Committee under the Companies Act, 2013.								
6	Indicate the link for the policy to be viewed online	USLP: <a href="https://www.hul.co.in/sustainable-living/">https://www.hul.co.in/sustainable-living/</a> CoBP: <a href="https://www.hul.co.in/about/who-we-are/purpose-and-principles/">https://www.hul.co.in/about/who-we-are/purpose-and-principles/</a> Supplier Code: <a href="https://www.hul.co.in/about/who-we-are/purpose-and-principles/Business-Partner-Code/">https://www.hul.co.in/about/who-we-are/purpose-and-principles/Business-Partner-Code/</a>								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8	Does the Company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	-	Y	Y	Y	Y	-	-	Y
10	Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y

**GOVERNANCE RELATED TO BR**

The Management Committee of the Company reviews complaints, issues and concerns received under the CoBP framework as also the implementation of the CoBP on a monthly basis. The Audit Committee of the Company reviews the implementation of the CoBP on a quarterly basis.

The Corporate Social Responsibility (CSR) Committee of the Company comprising a

majority of Independent Directors is responsible for formulating, implementing and monitoring the CSR Policy of the Company under the guidance of the Board. The Committee meets at least twice a year to review progress on various sustainability initiatives, including progress under the USLP.

Your Company publishes an update on progress in India under USLP, every year. The USLP India Progress Report 2015

shall be available at

<https://www.unilever.com/sustainable-living/>

In line with the requirements of the Companies Act, 2013, your Company has also published the CSR Annual Report, which forms part of the Directors' Report of the Company.

# PRINCIPLE 1: ETHICS, TRANSPARENCY AND ACCOUNTABILITY

## BUSINESSES SHOULD CONDUCT AND GOVERN THEMSELVES WITH ETHICS, TRANSPARENCY AND ACCOUNTABILITY

Your Company has always believed in doing well by doing good. Your Company's founders were businessmen with social conscience addressing the social issues of their days. They laid a strong corporate governance foundation for your Company. Your Company has always lived upto this legacy and is committed to achieve the highest standards of corporate behaviour towards everyone your Company works with, the communities it touches and the environment on which it has an impact.

These standards are captured in your Company's CoBP, Responsible Sourcing Policy and Responsible Business Partner Policy. Everyone associated with your Company has to follow these principles in letter and spirit.

### CODE OF BUSINESS PRINCIPLES

The Code of Business Principles comprises of thirteen principles covering business integrity and responsibilities relating to employees, consumers and the environment. All employees, suppliers, distributors and other third parties who work with your Company are expected to observe the CoBP. The copy of the CoBP is available on the website of the Company <https://www.hul.co.in/about/who-we-are/purpose-and-principles/>

Compliance with these principles is an essential element in your Company's business success. The Chief Executive Officer (CEO) through the Management Committee and Business / Unit Heads is responsible for ensuring that the Code is understood and implemented throughout the Company. Your Company periodically cascades the principles embodied under CoBP across the organisation.

Complaints, issues and concerns received under the CoBP framework are duly dealt with and reviewed by the CoBP Committee(s). During 2015-16, a total of 119 grievances and issues from employees and business partners were reported under the CoBP framework and the same were investigated and dealt with in accordance with the CoBP protocols of the Company.

Your Company also has a Whistle Blower Policy which allows employees to bring to the attention of the Management, promptly and directly, any unethical behaviour, suspected fraud or irregularity in the Company practices which is not in line with the CoBP. Your Company has provided dedicated e-mail addresses - [whistleblowing.hul@unilever.com](mailto:whistleblowing.hul@unilever.com) and [cobp.hul@unilever.com](mailto:cobp.hul@unilever.com) for reporting such grievances. Alternatively, employees

can also send written communication to the Company. Employees are encouraged to raise any concerns by way of whistle blowing without any fear or threat of being victimised.

The Company Secretary is the designated officer for effective implementation of the Policy and dealing with the complaints registered under the Policy. All cases registered under the CoBP and the Whistle Blower Policy of the Company are reported to the members of the Management Committee and are subject to review by the Audit Committee.

**ALL EMPLOYEES,  
SUPPLIERS,  
DISTRIBUTORS AND  
OTHER THIRD PARTIES  
WHO WORK WITH YOUR  
COMPANY ARE  
EXPECTED TO OBSERVE  
THE CODE OF BUSINESS  
PRINCIPLES.**

## PRINCIPLE 2: PRODUCTS LIFECYCLE SUSTAINABILITY

### BUSINESSES SHOULD PROVIDE GOODS AND SERVICES THAT ARE SAFE AND CONTRIBUTE TO SUSTAINABILITY THROUGHOUT THEIR LIFECYCLE

It is important for your Company to manage the impacts of its product lifecycle for the success of USLP. The lifecycle of a product covers the entire value chain from sourcing of raw materials, to product manufacture, distribution, consumer use and disposal.

#### LIFECYCLE ASSESSMENT

Lifecycle assessment (LCA) is one of the many techniques your Company uses to understand the impacts of its products on the environment. Your Company uses LCA in three ways:

##### 1. New product design

When designing new products your Company routinely uses LCA to compare new and existing products and to measure the differences in their respective environmental profiles.

##### 2. Existing product assessment

Your Company conducts LCA on the existing products and ingredients to help identify improvement opportunities, to improve data quality and relevance to the Company's studies and also to support external communications.

##### 3. Science and methodological development

Your Company works on an ongoing basis with partners to develop scientific approaches for LCA. It actively engages in, and promotes the development of new science to improve both the robustness and scope of lifecycle-based approaches and assessment.

Useful information from LCAs is then embedded into the brand communication and used to inform consumers of the social and environmental benefits of the products. In many ways, LCA is the first step to create socially relevant brands.

#### SOCIALLY RELEVANT BRANDS

Your Company's brands are crafted with a purpose to make a positive difference to the society. These brands not just create

consumer value but are the brands that consumers really value.

Brands such as Lifebuoy, Pureit and Domex have helped to improve health by promoting better health and hygiene habits. Lifebuoy runs one of the largest handwashing programmes in India and has scaled up its programmes year on year with around 65 million people benefiting from it since 2010. Pureit, your Company's innovative water purifier, helps prevent disease, ultimately helping to save lives. It has made purifiers more affordable to low-income consumers.

Your Company's recent 'Swachh Aadat, Swachh Bharat' programme is another example of how brands can play a role in the societal progress. The programme is in line with Government of India's Swachh Bharat Abhiyan (Clean India Mission) to promote good health and hygiene practices. Given the scale of challenges that India faces in the areas of WASH (water, sanitation and hygiene), this programme is an effort to help India realise the goals of Clean India Mission by 2019. It is a first-of-its-kind programme synergising the efforts of your Company's leading brands Lifebuoy, Domex and Pureit in the area of WASH. This programme promotes good health and hygiene practice by stressing the need to adopt three simple good habits ('Swachh Aadat') – washing hands five times a day,

using a toilet for defecation and adopting safe drinking water practices.

Another socially relevant initiative is the Rin Career Academy led by your Company's detergent brand - Rin. The programme aims to inspire, educate and equip the youth from modest backgrounds with skills in English training, office dressing and interviewing. Read more about it in Principle 8 (Inclusive Growth).

For more information about such initiatives by your Company's brands visit <https://www.hul.co.in/brands/brand-stories/> and read the Unilever Sustainable Living Plan India Progress Report 2015 shall be available on <https://www.hul.co.in/sustainable-living>

#### SUSTAINABLE SOURCING

While being socially relevant, the brands also have to be environmentally sustainable. Your Company has adopted sustainable farming as it is good for the environment and communities as well as your Company's products. It increases yields considerably, mitigates the effects of climate change and provides economic and social benefits to smallholder farmers and rural communities. It helps secure your Company's supplies, reduces risk and volatility in its raw material supply chain.



Your Company sourced 100% of tomatoes used in Kissan ketchup from sustainable sources in 2015. Till date, your Company has reached out to over 5,000 smallholder farmers who grow tomatoes on more than 7,000 acres of land. In 2015 alone, your Company reached out to 3,000 smallholder farmers who grew tomatoes on 4,000 acres of land. Your Company also shared knowledge and expertise with the farmers in sustainable agriculture practices in tomato cultivation which included latest agricultural techniques, irrigation practices and recommendation of the right type of seeds. Execution of good agricultural practices and adoption of drip irrigation systems saw farmers make significant savings in water, labour, pesticide and fertiliser, limiting any negative impact on the environment.

## 100% OF TOMATOES USED IN KISSAN KETCHUP WERE FROM SUSTAINABLE SOURCES IN 2015.

### MANAGING PACKAGING WASTE

In 2015, your Company implemented innovative ways of reducing the resources used for the products' packaging. The focus was on using lighter, stronger and better materials that have a lower environmental impact. This led to over 10,000 tonnes of paper and board waste reduction; and over 840 tonnes of polymer waste reduction. Your Company has also been successful in reducing glass wastage in Foods packaging and wooden stick wastage in Ice Creams. Your Company is exploring alternative to plastic in packaging and also preparing modalities for collection of plastic waste in terms of the requirements of the Plastic Waste Management Rules, 2016.

### PRODUCT SAFETY

It is your Company's endeavour to provide consumers and their families with products that are safe and of high quality. All of your Company's products are designed and manufactured to be safe for their intended use.

CoBP of the Company sets out the commitment to provide products and services which are safe and to innovate on the basis of sound science and technology

and applying rigorous standards of product safety.

Unilever has a Safety & Environmental Assurance Centre (SEAC) which assures the safety and environmental sustainability of the products as well as the processes used to manufacture them. Your Company works closely on all safety and environmental assurance issues with SEAC. Your Company follows stringent guidelines on product quality and rigorous systems and processes are put in place to monitor and control quality of raw materials and products before finished goods are released to the market for consumer use.

In case consumers face any issues with the products they can reach the Company through Levercare - an initiative of the Company that allows consumers to register complaints and obtain information regarding the Company's products including selection of products among the range of offerings, product benefit, direction for use and safety of ingredients used in the products.



# PRINCIPLE 3: EMPLOYEES' WELL-BEING

## BUSINESSES SHOULD PROMOTE THE WELL-BEING OF ALL EMPLOYEES

Your Company encourages employees to live healthy and work safely, both at work and outside it. The aim is to create a working environment supportive of employees' personal lives, while meeting your Company's business needs. Healthier employees are more motivated and more productive.

### OCCUPATIONAL HEALTH, SAFETY AND WELL-BEING

Your Company aims to prevent work-related illness and occupational diseases as well as ensure good ergonomics at the workplace.

The CEO heads the Central Safety, Health & Environment Committee, which reviews the health & safety performance of the Company. Safety performance is monitored through a set of key performance indicators and reviewed regularly by the Company's management committee.

By end of 2015, your Company achieved over 70% reduction in Total Recordable Frequency Rate (TRFR) compared to 2008 baseline for accidents in the factories and offices.

This has been achieved through rigorous deployment of Unilever's global BeSafeE initiatives, implementation of advanced equipment safety standards and adoption of DuPont Behavioural Safety methodology across the operations.

### LAMPLIGHTER – THE FLAGSHIP HEALTH AND WELL-BEING PROGRAMME

The Lamplighter programme was implemented a decade ago to improve the nutrition, fitness and mental resilience of employees. A dedicated Medical & Occupational Health (M&OH) Team along

with the Human Resource department of the company has strategically developed this programme to address the health risks in employees of the company.

In 2015, your Company added another dimension to the health and well-being of the employees through the "Thrive" programme. It is based on the four pillars of good health identified by Unilever, that are important to survive in a VUCA (volatile, uncertain, complex and ambiguous) world - Physical, Mental, Emotional & Purposeful Well-being. As part of this, the HR & M&OH Teams conduct Thrive Workshops which focus on developing mental resilience, energy and focus critical for both the employee and the organization. Around 3,000 employees have attended Thrive workshops.

### GROOMING A TEAM FIT FOR GROWTH

Many grooming and capability workshops and programmes are implemented across the organization to build capability and leadership among your Company's people.

- **Sparkle:** 'Sparkle' is a technology tool which assists in managing capability & talent for all factory workers in supply chain units. It is a blue collar skills management system that works using the system of standard jobs. Sparkle performs evaluation and assessment, training need analysis, and training monitoring. This project was picked as the best practice and implemented globally by Unilever.
- **Unilever Future Leaders Programme:** With its robust talent



systems and processes, your Company identifies talent early and invests to build capability. The flagship Unilever Future Leaders Programme (UFLP) is a highly sought after programme by fresh recruits. It is acknowledged within and outside Unilever as the best programme of its kind.

- **70:20:10 Capability Building:** Your Company's holistic 70:20:10 capability building approach ensures blended learning with 70% capability built on the job through live assignments, 20% through coaching, short term projects and exposures and 10% through classroom, virtual and e-learning. Over and above these, there are leadership programmes led by leaders through the year to build functional capabilities.

- **People Planning Processes:** Your Company has a rigorous and transparent people planning process which is owned by leaders at each level who review and assess talent on both the "What" and the "How" of performance through an objective process. Capability building and career plans for talent form an integral part of this process.

- **Growth through Diversity of Experience:** There is a clearly defined career philosophy which revolves around job rotation and diversity of experiences at all stages of the individual's career. Internationalisation is also built in and currently around 150 managers of the Company have been expatriated to other Unilever countries.

**70% REDUCTION IN TRFR  
COMPARED TO 2008  
BASELINE FOR  
ACCIDENTS IN THE  
FACTORIES AND OFFICES.**

### OPPORTUNITIES FOR WOMEN

Your Company owns the first ever all-women run factory in the FMCG industry. The 100% women employee factory at Haridwar is a testimony to your Company's 'diversity' initiatives which seek to promote gender-balance and accelerate the advancement of high-potential women talent in the Company. The final on-boarding of the all female team in this factory was done in December 2014. Prior to that, comprehensive training was completed for the team to ensure smooth transition. The training included technical classroom sessions by an external ITI (Industrial Training Institute) professor and four weeks of on-the-job training to ensure business continuity. The 'all women team' delivered success in the first quarter of taking over operations.

In addition, your Company has a well-defined agile working policy which includes work from home, flexi-timing and hot desking. The thrust is to build an agile and inclusive organization that celebrates differences and leverages the diversity.

## HUL'S 100% WOMEN EMPLOYEE FACTORY AT HARIDWAR IS A FIRST IN INDIAN FMCG INDUSTRY.

### AFFIRMATIVE ACTION AND PREVENTION FROM SEXUAL HARASSMENT

Your Company has a policy on affirmative action and a policy on prevention of sexual harassment to ensure a harassment free workspace for the employees. Sexual harassment cases are dealt as per the Company policy on prevention of sexual harassment and the CoBP. All the employees are communicated on regular basis on the various aspects of prevention of sexual harassment at work through e-articles and other means of communication.

As per the requirement of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013, your Company has constituted Internal Complaints Committees (ICC). The Company has designated external independent member as a Chairperson for each of the Committee. During the year

2015-16, two complaints with the allegation of sexual harassment have been filed with the Company and the same have been dealt with and closed under the provisions of the Act.

Awareness building training programmes (web-based and physical) are carried out to raise awareness on the issue of sexual harassment of women at workplace: During the year,

- A web based training module on "Respecting People" was assigned to all employees.
- All New Joiners/ Trainees/Interns were inducted on the subject of Prevention of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act,2013.
- In addition to this, a web-based training module on Gender Sensitisation / Prevention of Sexual Harassment of Women at Workplace was re-assigned to identified employees.
- Your Company conducted a self-defence programme for women employees who have to work in the market and are often exposed to safety threats. The programme was conducted in three phases that covered end-to-end personal safety paradigms starting from pre-incident phase, incident phase to the post incident phase.
- Inside offices, employees are discouraged from working beyond 8.30 pm. Any instances of late working are detected by the card reader and sent to the employee's Line Manager automatically. In such circumstances where late working becomes unavoidable, 1) Women are required to take a drop home from a company approved car vendor only 2) A male colleague must drop the woman home, if such a car is unavailable 3) A woman has to call her Line Manager upon reaching home to inform that she has reached home safely.

### BUILDING THE EMPLOYER BRAND

For the fifth year in a row, your Company was recognised as the 'No. 1 Employer of Choice' among students on campus in the Nielsen survey. In addition, your Company retained the 'Dream Employer' status for the seventh consecutive year and continued to be the top company considered for application by business school students.

Your Company's Facebook page 'Unilever Diaries' has over 5,00,000 fans and helps the Company deepen its engagement with the extended student community. This in turn helps the Company in strengthening its brand image among students.

### FAIR LABOUR PRACTICES

Your Company has an excellent record on industrial relations and since 2015 has maintained a record of zero loss of man days due to industrial unrest. Your Company currently has around 3,800 employees who are employed on contractual / temporary basis.

### FREEDOM OF ASSOCIATION, PARTICIPATION AND COLLECTIVE BARGAINING

The rights of workers to freedom of association and collective bargaining are recognised and respected. Workers are not intimidated or harassed in the exercise of their right to join or refrain from joining any organisation.

There are 105 employee associations in the Company. Nearly 11,000 permanent employees are members of these associations. During the last year, your Company entered into long term settlements with around 850 employees covering eight factories / branches across India.

There are over 122 permanent female blue collar employees and over 21 permanent blue collar employees with disabilities in your Company's factories.

### GRIEVANCE REDRESSAL

The CoBP and Whistle Blower Policies provide for reporting in confidence of issues like child labour, sexual harassment etc. There is a dedicated e-mail address and a 24 hour hotline to which all whistle blower complaints can be sent. The identity of the complainant is always protected. Your Company has put in place systems and mechanisms to ensure non-retaliation and non-victimisation of the complainant.

All complaints, including complaints of sexual harassment, received are dealt as per the CoBP protocols and applicable laws. The total number of complaints received has been reported under Principle 1. During the year, there have been no complaints alleging child labour, forced labour, involuntary labour and discriminatory employment.

## PRINCIPLE 4: STAKEHOLDER ENGAGEMENT

BUSINESSES SHOULD RESPECT THE INTERESTS OF, AND BE RESPONSIVE TOWARDS ALL STAKEHOLDERS, ESPECIALLY THOSE WHO ARE DISADVANTAGED, VULNERABLE AND MARGINALISED.

Stakeholder engagement helps your Company in decision making, in delivering USLP commitments, in strengthening relationships and succeeding in the business.

Your Company actively engages with governments, inter-governmental organisations, regulators, customers, suppliers, investors, civil society organizations and the consumers to create an environment that is supportive of solutions.

### **CONSUMERS**

As the country's leading consumer goods company, your Company constantly seeks to understand what motivates the consumers, how to inform them and how to engage with them.

- **Winning In Many Indias:** Your Company undertook the ambitious transformation agenda of 'Winning In Many India's' (WIMI) to leverage the diversity of people, culture, habits, economics and demographics that exists across India. 2015 has been a year of strengthening the WIMI thinking across markets, embedding it into your Company's daily ways of working. This helped the Company to move the needle on quality of servicing and in-market execution by getting closer to the customers, shoppers and consumers. This approach has strengthened your Company's connect with customers, consumers and shoppers across geographical clusters, and will be a source of continuing competitive advantage.
- **Dial Up The Big Q:** Your Company has been a thought leader in the area of big data and analytics as a tool to drive sustainable growth. Using the 115 million transactions captured every month, your Company uses intelligent analytics

at the back end, to deliver better on shelf availability in stores. Your Company will continue to invest in the power of knowledge and big data, to stay at the forefront of execution, and enhance the impact and effectiveness of the execution. Your Company also focused on over 1,00,000 select high throughput stores, and significantly increased its presence and impact in these stores.

- **Social Initiatives:** The Sales and Marketing teams continued the journey of executing the mass contact programme. Through this programme, your Company reached more than 2.5 million rural consumers and contacted 0.8 million school children, driving the message of health and hygiene through the Lifebuoy handwashing programme. This has become a key part of the Company's effort on supporting the Swachh Bharat Initiative. This programme is now active in over 8,000 villages across the country.
- **Building Brands In Store:** Your Company has put in place the plan of building brands in stores in the Modern Trade environment, and intends to scale up the initiative based on the learnings. Your Company saw strong growth across all key modern trade retail partners, driven by strong joint business plans.

Your Company has made significant investment in capability building in e-commerce, and is committed to being the best FMCG player in e-commerce. A strong high quality team with diverse talent has been put in place and they are working closely with key e-commerce partners to create competitive advantage for the business.

- **Levercare:** In another endeavour to connect with the Consumers and provide them with a better service your Company has Levercare - a toll free number, email and a postal address where Consumers can reach the Company directly. Levercare is a win-win for both the consumer and the Company. It gives consumers the promise of better service and provides the Company the opportunity to connect with consumers directly and understand their needs, expectations and aspirations. It helps consumers voice their queries, grievances, praise and offer suggestions / ideas. The helpline provides a single view of the Consumer and subsequent insights to positively impact the Company.

Besides these, your Company's service delivery standards improved steadily with Customer-Case Fill-On-Time increasing to 95%. This was achieved through a segmented approach and a fit-for-purpose strategy for priority elements of the Supply Chain. Your Company also continued to strengthen the Sales and Operation Planning (S&OP) and Innovation Process Management (IPM).

### **CUSTOMER-CASE FILL-ON-TIME INCREASED TO 95%**

There has been a significant improvement in innovation OTIF (On Time in Full) with more than 40 innovation networks being executed during the year, touching about 60% of the product portfolio. The focus on bigger and faster innovation and capability development has significantly helped the Company to launch innovations first time right.

## CUSTOMERS

Your Company has undertaken some important initiatives like establishing call centres, creating joint business plans etc during the year to become more customer centric and win in the marketplace. Read details on this in Principle 9 (Customer Value).

## SHAREHOLDERS AND INVESTORS

It has been your Company's constant endeavour to provide best of the services to its valuable shareholders and maintain highest level of corporate governance in the Company. In order to improve and constantly meet higher service standards your Company regularly interacts with its shareholders and investors through results announcements, annual report, media releases, Company's website and subject specific communications.

The Annual General Meeting of shareholders is an important annual event where the shareholders of the Company come in direct communication with the Board of Directors and the management. The Board engages with shareholders and answers their queries on varied subjects.

Your Company's Investor Service Department regularly engages with the shareholders to resolve queries, grievance, if any, and provide guidance for shares / shareholder related matters. Your Company has a designated e-mail id for shareholders.

The Investor Relations team also interacts regularly with investors and analysts, through quarterly results calls, one-on-one and group meetings, participation at investor conferences and the annual investors meet.

- Investor Relations App:** Company was in fact the first in the industry to communicate with, and educate analysts around the impact of

IND AS - the new accounting standards, on its financial statements. Your Company's Investor Relations philosophy is focused on delivering quality Investor Relations practices built on a strong foundation of transparency and sound governance.

- Online Annual Report :** Company has a Mobile Investor Relations App, for android as well as iOS platforms, for smart phones and tablets, through which, investors can access details such as share price information, quarterly results, presentations, press releases and annual reports on the click of a button.

Your Company has also introduced an interactive Online Annual Report. This provides flexibility to readers to customize the report. They can include only the pages that interest them and also download Balance Sheet, P&L account, and notes to accounts in pdf and excel versions. Investors also have the option to save pages of their interest to a briefcase, and download them later.

Your Company has continued to maintain high standards on Investor Relations and has been recognized on various counts. In 2015, the HUL Investor Relations Team was recognised by the sell side analysts to be amongst the Top 3 in the 'Best IR Team' and 'Best Analyst Day' Rankings across Asia in the Consumer Sector, as published by 'Institutional Investor, New York'. Your Company has been recognised for its IR practices at various other forums over the years.

## GOVERNMENT

All interactions with the Government, legislators and regulators are done by duly authorised and appropriately trained individuals with honesty, integrity, openness and in compliance with local laws and in accordance with the CoBP and Policy.

## NGOs

Your Company engages with a number of NGOs through Hindustan Unilever Foundation (HUF). The water conservation programme undertaken through collective action and in partnership with several NGOs, communities, other co-funders and partners across India has created cumulative and collective potential of 200 billion litres.

## MEDIA

Your Company engages with media to keep its stakeholders updated about the developments in the Company. Regular interactions with the electronic, print, television and online media take place through press releases, media events and during the financial results announcements.

## EMPLOYEE ENGAGEMENT

Your Company has several communication processes instituted to ensure a two-way communication channel with the employees. These include:

- CEO Report back:** Quarterly performance update from the CEO to all employees.
- Annual Review:** All managers are invited to the Annual Review which is conducted in four major metros.
- Others:** The Company has other in-house communication channels, which help employees to connect, bond, inspire, express and celebrate their achievements.

## OTHER KEY OPINION FORMERS

Every year, the Company organises an event and provides update on the progress of the USLP to various Key Opinion Formers representing various stakeholder groups such as NGOs, IGOs, Government bodies, industry bodies and consumer organizations.

# PRINCIPLE 5: HUMAN RIGHTS

## BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS

The Company's CoBP upholds the principles of human rights and fair treatment. The Code describes the operational standards the Company follows and supports the approach to governance and corporate responsibility. It provides that the Company conducts its operations with honesty, integrity and openness and with respect for human rights and interests of employees.

### FIRST REPORT ON HUMAN RIGHTS

During the year, Unilever released its first report outlining the work on human rights, in which Unilever shared some of the successes, challenges and the lessons learned in the area of human rights.

The report, Enhancing Livelihoods, Advancing Human Rights - ([https://www.unilever.com/Images/slp-unilever-human-rights-report-2015\\_tcm244-437226\\_1\\_en.pdf](https://www.unilever.com/Images/slp-unilever-human-rights-report-2015_tcm244-437226_1_en.pdf)), outlines Unilever's goal not only to respect human rights but to actively advance them across all areas of the business.

It describes how Unilever is embedding respect for human rights in everything it does and highlights key areas of progress, including Unilever's work to empower women, progress in the fight against sexual harassment and addressing health and safety issues across the supply chain. It also describes

key areas of focus for the future, which includes human rights issues beyond first-tier suppliers, working conditions for migrant labour and continuing collaboration with other organisations in order to influence systemic change.

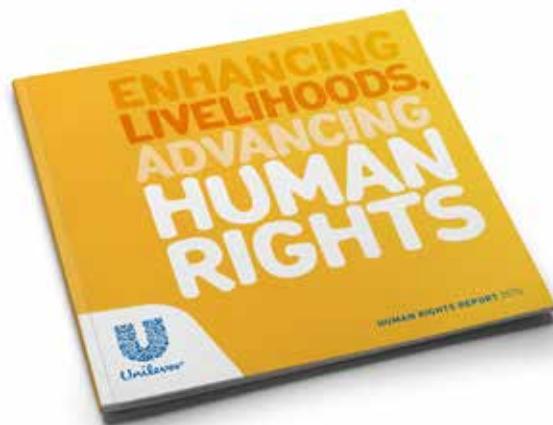
### RESPONSIBLE SOURCING GUIDE FOR SUPPLIERS

Unilever's 'Understanding The Responsible Sourcing Audit (URSA) Guide' for Suppliers reinforces the principles of Human Rights and Labour Rights for all HUL suppliers. In accordance with this guide, all suppliers are expected to adopt practices that are consistent with that of the Company. The URSA can be accessed

at - [https://www.unilever.com/Images/unilever-responsible-sourcing-policy\\_tcm244-423309\\_en.pdf](https://www.unilever.com/Images/unilever-responsible-sourcing-policy_tcm244-423309_en.pdf)

In a nutshell, your Company seeks to uphold and promote human rights in three ways;

- In its operations, by upholding values and standards;
- In relationships with business partners; and
- By working through external initiatives such as the United Nations Global Compact.



## PRINCIPLE 6: ENVIRONMENT

### BUSINESS SHOULD RESPECT, PROTECT AND MAKE EFFORTS TO RESTORE THE ENVIRONMENT

By 2020 your Company's goal is to halve the environmental footprint of the making and use of its products while growing its business.

It makes business sense to reduce the business risk by securing sustainable sources of supply for raw materials, to cut costs through reducing packaging materials and higher manufacturing efficiencies, and to appeal to more consumers with sustainable brands.

The key achievements of your Company in the area of environment sustainability are given below. Detailed progress is elaborated in the USLP India Progress Report 2015 which shall be available on <https://www.unilever.com/sustainable-living/>

- in manufacturing, per tonne of production in India - against the baseline of 2008, your Company achieved 42% reduction in CO<sub>2</sub> emissions, 48% reduction in water usage and 92% reduction in disposed waste generation.
- Your Company created 200 billion litres of water conservation potential through Hindustan Unilever Foundation (HUF) partnerships.

**200 BILLION LITRES OF WATER CONSERVATION POTENTIAL WAS CREATED THROUGH HUF PARTNERSHIPS**



- 398 tea estates were certified as sustainable estates by Rainforest Alliance and trustee in India.
- 100% tomatoes used in Kissan Ketchup were sourced from sustainable sources.

#### MONITORING PROGRESS

The progress on sustainability is monitored at different levels as mentioned below:

- **Sustainability Governing Council:** The top leadership from respective business verticals and functions constitute the Governing Council. The Company has a governance mechanism and score card to monitor the progress on USLP commitments. The Council reports the progress to the Management Committee and CEO on a quarterly basis
- **Environment Sub-Committee:** This is led by the Executive Director, Supply Chain, and has members from various departments like Safety and Environment, Finance, Engineering, R&D and Legal. The team engages every two months to review environment performance and define the implementation strategy.

#### RISK ASSESSMENT

All the emissions / waste generated by your Company are generally within the permissible limits given by respective state PCB ( Pollution Control Board).

The Pond's HLL ex-Mercury Employees Welfare Association, representing the ex-employees of the former thermometer factory at Kodaikanal, had filed a petition in the Hon'ble Madras High Court in February 2006 seeking economic rehabilitation. This petition was filed more than four years after your Company had made a full and final settlement with the ex-employees in November 2001. The severance package offered to the ex-employees at the relevant time was significantly higher than the statutory requirement. The ex-employees were also offered alternative jobs in another unit of the Company, however, they opted out of service. Several expert studies have been conducted since the factory's closure and all have concluded that our ex-employees were not harmed by working in the former thermometer factory at Kodaikanal.

During the year, your Company has signed a Memorandum of Settlement with the Pond's HLL ex-Mercury Employees Welfare Association, representing the ex-employees of the former thermometer factory in Kodaikanal. The settlement has been entered into on humanitarian considerations to put an end to this long standing matter pending in the Court for several years and also is in line with the suggestion of the Hon'ble Madras High Court. The Memorandum of Settlement reached was recorded in an order passed by the Hon'ble Madras High Court. As part of the agreement, your Company, with an objective to ensure long term wellbeing of its former workers, has agreed to provide ex-gratia payments to 591 former workers / association members and their families towards livelihood enhancement projects and skill enhancement programmes.

Following the settlement with former workers in Kodaikanal, your Company continues to actively engage with the Tamil Nadu Pollution Control Board (TNPCB) on the issue relating to soil remediation and is committed to address the clean-up of the former thermometer factory site.

## PRINCIPLE 7: POLICY ADVOCACY

### BUSINESSES, WHEN ENGAGED IN INFLUENCING PUBLIC AND REGULATORY POLICY, SHOULD DO SO IN A RESPONSIBLE MANNER

Your Company has set out to make a transformational difference to those big issues that matter most to its business. By combining its own actions with external advocacy on public policy and jointly working with partners, your Company is seeking to create a transformational change. This change is fundamental change to whole systems, not simply incremental improvements.

The three focus areas where your Company has the scale, influence and resources to make a big difference are:

- Eliminating deforestation from commodity supply chains by 2020, to help combat the threat from climate change.
- Making sustainable agriculture the mainstream, and so increase food yields and enhance the livelihoods of smallholder farmers.
- Working towards universal access to safe drinking water, sanitation and hygiene.

To achieve change at scale, your Company needs to go beyond what it can achieve in its own operations and with its suppliers. The two principal mechanisms to do this are advocacy on public policy and

partnership working. Your Company is stepping up its engagement with Governments, NGOs and others in the industry and forming partnerships to demonstrate the change it wants to see.

Your Company's approach to advocacy is guided by the CoBP. The Code provides that any contact by the Company or its agents with Government, legislators, regulators or NGOs must be done with honesty, integrity, openness and in compliance with applicable laws. Only authorised and appropriately trained individuals can make interactions with the bodies mentioned above. Prior internal approval is required for initiating any contact between the Company, its representatives and officials, aimed at influencing regulation or legislation.

Your Company engages with industry bodies and associations to influence public and regulatory policy in a responsible manner. Many of the Board and senior leadership team members are associated with several global bodies like the World Economic Forum (WEF), United Nations Global Compact (UNGCI), apart from the leading business Chambers in India.

The Company is represented in key industry and business associations which

include the Confederation of Indian Industry (CII), the Federation of Indian Chamber of Commerce and Industry (FICCI), the Associated Chamber of Commerce and Industry of India (ASSOCHAM), the Bombay Chamber of Commerce and Industry (BCCI) and the Advertising Standards Council of India (ASCI). Your Company participates in multi-stakeholder debates and, when relevant, responds to public consultations.

Some of the key issues on which your Company engaged with the Government in 2015-16 include:

- Plastic waste management – advocacy against complete banning of Multilayer Packaging
- Building greater awareness of handwashing practices to reduce diarrhoea
- Seeking action against parallel imports of goods in the country
- Seeking interventions by Tea Board for maintaining sustainable tea production
- Seeking less time consuming procedures for effecting Related Party Transactions
- Offering partnership to the Government for Swachh Bharat Abhiyan
- Consumer Protection Bill – seeking support for implementing 'workable' provisions



## PRINCIPLE 8: INCLUSIVE GROWTH

### BUSINESS SHOULD SUPPORT INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT

Inclusive business for the Company means creating economic well-being through employment, skill improvement and access to markets for the community we operate in. An inclusive approach makes sense for your Company's business. It expands the markets for the products and increases the resilience of your Company's business model.

Your Company's inclusive growth approach focuses on improving the livelihoods of smallholder farmers and the incomes of small-scale retailers and increasing the participation of young entrepreneurs in its value chain.

#### EDUCATING THE YOUTH THROUGH RIN CAREER ACADEMY

Your Company's Laundry brand Rin launched Rin Career Ready Academy with the aim to inspire, educate and equip the youth from modest backgrounds with skills in English training, office dressing and interviewing. Launched in the states of Tamil Nadu, Andhra Pradesh and Telengana in June 2015, the programme allowed all the participants to take the course by simply giving a missed call. Mobile was the key medium for

administering the course. The course and the talk-time was provided completely free by Rin, ensuring the only investment the participant made was of time. Deserving individuals were put up for a more intensive face to face three week course, designed to suit their needs. By end of 2015, over two lakh people were reached through the initiative.

#### EMPOWERING COMMUNITIES THROUGH PRABHAT

'Prabhat', meaning dawn in Hindi, is a unique programme of your Company that weaves across all the three pillars of USLP and contributes to – Swachh (health & hygiene), water conservation and enhancing livelihood initiatives. The focus is on areas around the manufacturing sites of your Company. In 2015, 27 manufacturing locations were covered reaching out to 1.38 lakh people since inception through the following programmes:

- Livelihood and Out-Reach Centers:** 67 livelihood and out-reach centers offered 18 employable vocational courses to over 11,000 beneficiaries across 16 locations. Sunsilk kits were provided to the certified

beneficiaries of the beauty course to further aid to their employability.

- Prabhat's first 'Corporate School On Wheels':** A fully customized mobile training bus with beauty, tailoring and computer labs was launched for underprivileged communities, especially women residing in Chiplun, Maharashtra.
- 'Swachh' initiative:** Prabhat's Swachh initiative aligned to the health and hygiene pillar of the USLP focused on supporting communities to adopt good hygiene practices.
- Water conservation:** Facilitated by Hindustan Unilever Foundation and implemented by reputed NGO partners across nine supply chain locations.
- Prabhat 'Love of Reading Libraries':** Initiated at 102 schools around 26 manufacturing locations to encourage the habit of reading in every child and give them the chance to read a variety of books.



## IMPROVING LIVELIHOODS OF SMALLHOLDER FARMERS

Your Company is associated with more than 21,000 smallholder farmers through its supplier partners training them on good agricultural practices to improve their livelihood.

Your Company has supported and encouraged farmers to adopt advanced technologies for better yields with regular training programmes and field monitoring. Further, your Company has educated the farmers on good agricultural practices like drip irrigation, nutrient management, pest and disease management.

## SUPPORTING SMALL-SCALE RETAILERS

Your Company's Kwality Wall's mobile vending operation has provided entrepreneurship opportunities to over 7,500 people across India. In 2015, your Company introduced 'I am Wall's' programme as part of the mobile vending initiative. The programme helps vendors to become self-sufficient micro-entrepreneurs selling ice creams on the move. It equips people with skills such as sales, customer service and problem solving and also provides many young people with work experience as they step into the job market. In most cases, each vendor can make Rs. 7,000-8,000 a month. Some of our vendors have now become distributors themselves, managing Rs. 2-10 crore in the ice cream business and earning upwards of Rs. 1,00,000 per month.

## EMPOWERING WOMEN MICRO-ENTREPRENEURS

The Shakti programme is an initiative that catalyses rural affluence by providing livelihood-enhancing opportunities to nearly 70,000 active women micro-entrepreneurs (known as 'Shakti Ammas'). They distribute Company's products in more than 1,62,000 villages, and reach over 4 million rural households. In 2010, your Company extended Project Shakti to include 'Shaktimaans'. They are typically the husbands or brothers of Shakti Ammas who sell the products on bicycle to surrounding villages, covering a larger area than Shakti Ammas can do on foot. There are 48,000 Shaktimaans supporting Shakti Ammas.



## PRINCIPLE 9: CUSTOMER VALUE

### BUSINESS SHOULD ENGAGE WITH AND PROVIDE VALUE TO THEIR CUSTOMERS AND CONSUMERS IN A RESPONSIBLE MANNER

Your Company's business partners and suppliers are extremely important for the Company's operations. They ensure that the Company units are able to manufacture, market and continuously improve the products it sells every day.

Your Company's strong distribution network comprises millions of outlets serviced by over 2,500 stockists and associates who helped deliver Company's products.

Your Company has undertaken some important initiatives to become more customer centric and win in the marketplace. These initiatives include:

- Call centres:** Establishing dedicated call centres for distributors as well as retailers to reach out to the Company. The call centres set up for retailers have helped many of your Company's traditional trade customers reach out directly to the Company. Your Company receives more than 3,000 calls every month from distributors and retailers. The calls received from retail outlets provide useful insights and help the Company understand issues and opportunities in the marketplace better and address them effectively.

- Partner of choice:** Your Company saw strong growth across all key modern trade retail partners, driven by strong joint business plans. The e-commerce opportunity is evident, and growing exponentially in India. Your Company has made significant investment in capability building in e-commerce, and is committed to being the best FMCG player in e-commerce. A strong, high quality team with diverse talent has been put in place and they are working closely with all key e-commerce partners to create competitive advantage for the business.

#### RESPONSIBLE MARKETING AND COMMUNICATION

Your Company constantly tries to provide value to its customers and engage with its consumers in a responsible way. One way it ensures responsible communication to its consumers is by clearly defining marketing and communication guidelines to all forms of advertising.

Your Company is aware that its marketing and advertising can influence consumer choices. So it is important to advertise and market the products responsibly. There are clearly defined marketing and communication principles which provide guidance to the brand managers. Your

Company's commitment applies to all forms of advertising and marketing, including but not limited to TV, radio, print advertising, internet (third-party and company-owned websites), social media, apps, online games, direct marketing, product packaging, labeling, point of sale materials and all other forms of communication. Your Company ensures that all the claims made in advertising are backed by sound scientific substantiation and that all such communication passes the test of being 'legal, decent and honest'.

Your Company has four clearly defined principles that guide its communications with consumers:

- Your Company is committed to building trust through responsible practices and through transparent communication – both directly to consumers and indirectly through other key stakeholders and thought-leaders.
- It is your Company's responsibility to ensure that its products are safe and that the Company provides clear information on their use and any risks that are associated with their use.
- Your Company fully supports a consumer's right to know what is in the products and is transparent in terms of ingredients, nutrition values and the health and beauty properties of its products.
- Your Company uses a combination of channels, which includes product labels, websites, care-line phone numbers and/or consumer leaflets to communicate openly with its consumers.

Your Company also supports the development of self-regulatory codes for all its marketing and advertising activities



and applies these codes across the businesses. Your Company is one of the founder members of the Advertising Standards Council of India (ASCI), a self regulatory body which has developed principles and codes in the area of advertising and marketing. During the year, 36 complaints were filed with ASCI against advertisements made by us, all of which were closed and no complaints were pending at the end of the year.

#### **OMBUDSMAN**

Your Company has appointed five retired Judges of different High Courts, one in each branch, to act as Ombudsman to hear the Company's consumers and customers in a bid to resolve issues that come up with customers, consumers, service provider etc. The Ombudsman independently reviews the merits of the complaint and decides on the issue. The Company has taken the view that the decisions arrived at such dispute resolution meetings, while being fully binding on the Company, may not be binding on its consumers and customers and if they choose to continue with litigation, they are free to do so. Your Company has been impleaded in certain

legal cases, including those relating to consumer / customer disputes. At the end of the year, there were 72 consumer cases pending in various forums.

#### **LABELS AND PACK INFORMATION**

All Company products comply with the applicable regulations such as the Drugs and Cosmetics Act, Legal Metrology Act, Bureau of Indian Standards Specifications, Trademark Act and Copyright Act, Food Safety and Standards Act, Tea Act, Tea Board Regulations, for Labels and Pack Information. The food and beverage products also carry a nutritional information table on the back of pack in compliance with local legislation. Your Company has initiated Guideline Daily Amount (GDA) labelling on its packs in 2014, where applicable and legally allowed in accordance with industry agreements.

In addition to national laws and self-regulatory codes in India, your Company also applies Unilever's principles to the marketing and advertising for all the food and beverage products directed at children. These principles require that marketing practices:

- do not convey misleading messages
- do not undermine parental influence. Advertisements always show parents as gatekeepers to the product being consumed
- do not encourage pester power
- do not suggest time or price pressure
- do not encourage unhealthy dietary habits
- do not blur the boundary between promotion and content.

Your Company does not advertise food and beverage products to children under 12 years and does not make communication related to food and beverage products in primary schools, except for products which fulfill specific nutrition criteria that are based on accepted scientific evidence and/or applicable under national and international dietary guidelines.

## NOTES





FOR FURTHER INFORMATION ON OUR ECONOMIC,  
ENVIRONMENTAL AND SOCIAL PERFORMANCE,  
PLEASE VISIT OUR WEBSITE:

[WWW.HUL.CO.IN](http://WWW.HUL.CO.IN)

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Hindustan Unilever Limited

MAKING  
SUSTAINABLE LIVING  
COMMONPLACE

ANNUAL REPORT  
2015-16

## SWACHH AADAT

### SWACHH BHARAT

'SWACHH AADAT, SWACHH BHARAT' (SASB) PROGRAMME IS IN LINE WITH GOVERNMENT OF INDIA'S SWACHH BHARAT ABHIYAN (CLEAN INDIA MISSION) TO PROMOTE GOOD HEALTH AND HYGIENE PRACTICES.

The Swachh Aadat, Swachh Bharat programme has three key thrusts: An on-ground behaviour change model, a mass media campaign to drive engagement and awareness and mobile education on health and hygiene led by our factory workers.

A MASS MEDIA CAMPAIGN ON SASB HAS BEEN LAUNCHED TO PROMOTE AWARENESS ACROSS THE COUNTRY. TILL DATE, THE CAMPAIGN HAS REACHED 75 MILLION PEOPLE THROUGH TELEVISION AND PRESS COVERAGE. IT HAS RECEIVED MORE THAN 20 MILLION VIEWS ON YOUTUBE.

#### PEOPLE REACHED

75 million

people reached through television and press coverage

20 million

views on YouTube



# OUR PURPOSE

UNILEVER HAS A SIMPLE BUT CLEAR PURPOSE – TO  
MAKE SUSTAINABLE LIVING COMMONPLACE.  
WE BELIEVE THIS IS THE BEST LONG-TERM WAY FOR OUR  
BUSINESS TO GROW.

Our distinct Purpose and our operational expertise across our business model will help realise our vision of accelerating growth in the business, while reducing our environmental footprint and increasing our positive social impact.

Our Purpose and vision are ambitious but are consistent with the changing attitudes and expectations of consumers.

Our unwavering commitment to sustainable living is increasingly delivering both more trust from consumers and a strong business for shareholders with lower risks and consistent, competitive and profitable long-term growth.

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### ONLINE

You can find more information about Hindustan Unilever Limited online at [www.hul.co.in](http://www.hul.co.in). For further information on the Unilever Sustainable Living Plan (USLP) visit [www.hul.co.in/sustainable-living/](http://www.hul.co.in/sustainable-living/)



This programme promotes good health and hygiene practices by stressing the need to adopt three simple good habits (Swachh Aadat) – washing hands five times a day, using a toilet for defecation and adopting safe drinking water practices.

## ABOUT US

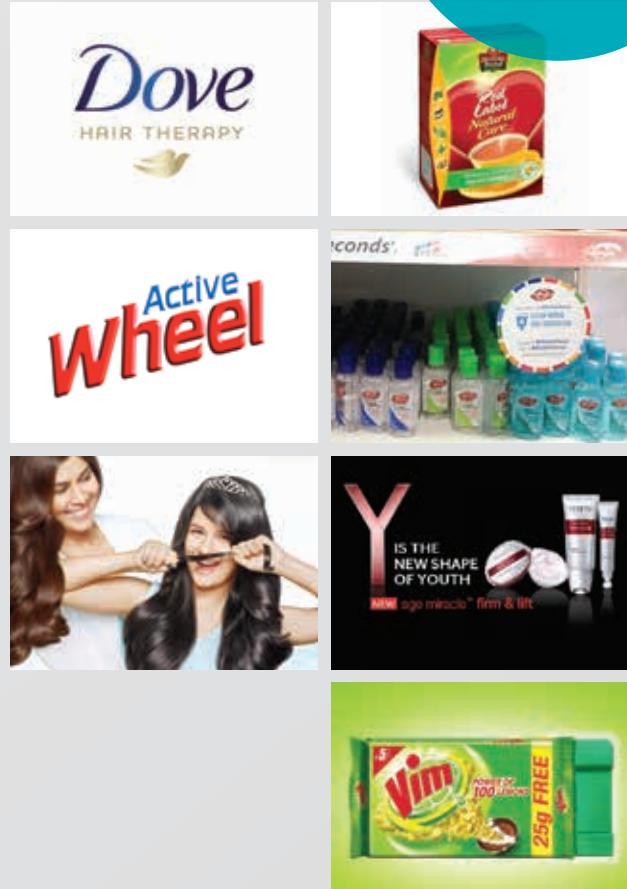
NINE OUT OF TEN INDIAN HOUSEHOLDS USE OUR PRODUCTS EVERYDAY TO FEEL GOOD, LOOK GOOD AND GET MORE OUT OF LIFE.

11 BRANDS  
> Rs. 1,000 CRORE

### OUR CATEGORIES AND BRANDS

Each of our categories - Home Care, Personal Care, Foods and Refreshments, include a portfolio of brands that aim to deliver consistent, competitive, profitable and responsible growth. Our endeavour is supported by consistent investment in product innovation and marketing activities.

With over 35 brands spanning 20 distinct categories such as soaps, detergents, shampoos, skin care, toothpastes, deodorants, cosmetics, tea, coffee, packaged foods, ice cream, and water purifiers, the Company is a part of the everyday life of millions of consumers across India. Our portfolio includes leading household brands such as 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.



### Rs. 1,000 CRORE + BRANDS

1. Lux
2. Dove
3. Clinic Plus
4. Pond's
5. Vim

### Rs. 2,000 CRORE+ BRANDS

1. Surf excel
2. Brooke Bond
3. Wheel
4. Rin
5. Lifebuoy
6. Fair & Lovely

## WHERE WE OPERATE

Hindustan Unilever Limited operates across the length and breadth of India. We have over 18,000 employees working across our factories and offices.

Conducting our operations with integrity and with respect for the many people, organisations and environments, our business touches, has always been at the heart of our corporate responsibility.

18,000  
EMPLOYEES  
ARE OUR BIGGEST  
STRENGTH

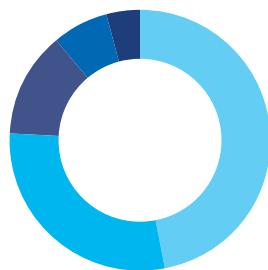


# OUR PERFORMANCE

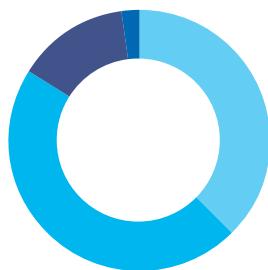
THE BENEFITS THAT OUR VISION AND STRATEGY DELIVERS, TRANSLATES INTO GROWTH ORIENTED PERFORMANCE FOR SHAREHOLDERS AND SOCIETY AT LARGE.

## SEGMENTAL PERFORMANCE

### SEGMENTAL REVENUE (%)



### SEGMENTAL RESULTS (%)



## FINANCIAL

### NET REVENUE

2015-16

**Rs. 31,987**  
crores

The Domestic Consumer business grew by 4% with 6% underlying volume growth in a challenging environment

### OPERATING PROFIT

2015-16

**Rs. 5,409**  
crores

Operating profit grew by 10% with operating margins improving +90 bps

### EPS (BASIC)

2015-16

**Rs. 18.87**  
crores

Last year basic EPS: Rs. 19.95 per share

### CASH FROM OPERATIONS

2015-16

**Rs. 5,000+**  
crores

Cash from operations was up Rs. 620 crores over the previous year

## NON-FINANCIAL

### MANUFACTURING

2015

**42%**

Reduction in CO<sub>2</sub> per tonne of production compared to 2008 baseline

2015

**48%**

Reduction in water usage (per tonne of production) in our manufacturing operations compared to 2008 baseline

2015

**92%**

Reduction in disposed waste generated (kg per tonne of production) compared to 2008 baseline

### BETTER LIVELIHOODS

2015

**~70,000**

No. of Shakti Ammas (women Shakti Entrepreneurs) empowered

### SUSTAINABLE SOURCING

2015

**100%**

Tomatoes used in Kissan ketchup sourced sustainably

### HEALTH AND WELL-BEING

2015

**>125 million**

People reached through our health and hygiene programmes

## UNILEVER SUSTAINABLE LIVING PLAN

### IMPROVING HEALTH AND WELL-BEING

By 2020, we will help more than a billion people take action to improve their health and well-being

#### HEALTH AND HYGIENE

##### TARGET

By 2020, Unilever will help more than a billion people globally to improve their health and hygiene. This will help reduce the incidence of life-threatening diseases like diarrhoea.

##### PERFORMANCE

In India, our health and hygiene programmes have reached over 125 million people.

#### NUTRITION

##### TARGET

By 2020, Unilever will double the proportion of portfolio across the globe, that meets the highest nutritional standards, based on globally recognised dietary guidelines. This will help hundreds of millions of people to achieve a healthier diet.

##### PERFORMANCE

In India, 46% of our total foods and refreshment portfolio met the highest nutrition standards in 2015.

### ENHANCING LIVELIHOODS

By 2020, we will enhance the livelihoods of millions of people as we grow our business.

#### FAIRNESS IN THE WORKPLACE

##### TARGET

By 2020, Unilever will advance human rights across global operations and extended supply chain.

##### PERFORMANCE

100% of the factory sites and offices in HUL adhere to Collective Bargaining Agreements.

#### OPPORTUNITIES FOR WOMEN

##### TARGET

By 2020, Unilever will empower five million women across the globe.

##### PERFORMANCE

In India, our Shakti programme empowered nearly 70,000 Shakti Entrepreneurs by end of 2015.

#### INCLUSIVE BUSINESS

##### TARGET

By 2020, Unilever will have a positive impact on the lives of 5.5 million people across the world.

##### PERFORMANCE

7,500 people across India have been provided entrepreneurship opportunities through 'I Am Wall's' - the Kwality Wall's vending operation.

### REDUCING ENVIRONMENTAL IMPACT

By 2020, our goal is to halve the environmental footprint of the making and use of our products as we grow our business.

#### GREENHOUSE GASES

##### TARGET

Halve the greenhouse gas impact of Unilever products across the lifecycle by 2020.

##### PERFORMANCE

In 2015, your Company reduced CO<sub>2</sub> emissions per tonne of production by 42% compared to 2008 baseline.

#### WATER

##### TARGET

Halve the water used across the global value chain by 2020.

##### PERFORMANCE

In 2015, water usage [cubic meter per tonne of production] in HUL manufacturing operations reduced by 48% compared to 2008 baseline.

#### WASTE

##### TARGET

Halve the waste associated with the disposal of Unilever products by 2020.

##### PERFORMANCE

In 2015, compared to 2008 baseline, there was over 92% reduction in disposed waste generated [kg per tonne of production] and 30% reduction in total waste generated in our operations (disposed waste and recycled waste).

#### SUSTAINABLE SOURCING

##### TARGET

By 2020, Unilever will source 100% of agricultural raw materials for global operations sustainably.

##### PERFORMANCE

In 2015, your Company sourced 100% of tomatoes used in Kissan ketchup from sustainable sources. In India, over 28% of tea is sourced for Unilever from sustainable sources.

Our USLP commitments and targets are subject to internal verification. For details of the definitions and reporting periods used in the preparation of these commitments and targets, see our Sustainable Living Section at [www.hul.co.in/sustainable-living](http://www.hul.co.in/sustainable-living).

# FINANCIAL PERFORMANCE

## 10 YEAR RECORD

### Standalone

Rs. crores

Statement of Profit and Loss	2006	2007	2008-09 (15 months)	2009-10	2010-11^	2011-12^	2012-13^	2013-14^	2014-15^	2015-16^
Gross Sales*	13,035.06	14,715.10	21,649.51	18,220.27	20,285.44	22,800.32	26,679.76	28,947.06	32,086.32	33,855.58
Other Income	354.51	431.53	589.72	349.64	627.38	659.08	1,210.73	1,231.87	1,253.51	1,062.53
Interest	(10.73)	(25.50)	(25.32)	(6.98)	(0.24)	(1.24)	(25.15)	(36.03)	(16.82)	(0.18)
Profit Before Taxation @	1,861.68	2,146.33	3,025.12	2,707.07	2,730.20	3,350.16	4,349.48	4,799.71	5,523.12	5,909.62
Profit After Taxation @	1,539.67	1,743.12	2,500.71	2,102.68	2,153.25	2,599.23	3,314.35	3,555.32	3,842.86	4,077.84
Earnings Per Share of Re. 1	8.41	8.73	11.46	10.10	10.58	12.46	17.56	17.88	19.95	18.87
Dividend Per Share of Re. 1	6.00	9.00#	7.50	6.50	6.50	7.50	18.50#	13.00	15.00	16.00

\* Sales before Excise Duty Charge @ Before Exceptional/Extraordinary items ^ Based on Revised Schedule VI/ Schedule III # Includes Special Dividend

Balance Sheet	2006	2007	2008-09 (15 months)	2009-10	2010-11^	2011-12^	2012-13^	2013-14^	2014-15^	2015-16^
Fixed Assets	1,511.01	1,708.14	2,078.84	2,436.07	2,457.86	2,362.92	2,508.54	2,741.84	2,936.54	3,300.70
Investments	2,413.93	1,440.80	332.62	1,264.08	1,260.67	2,438.21	2,330.66	3,094.12	3,277.93	2,966.55
Net Deferred Tax	224.55	212.39	254.83	248.82	209.66	214.24	204.78	161.73	195.96	230.86
Net Assets (Current and Non-current)	(1,353.40)	(1,833.57)	(182.84)	(1,365.45)	(1,268.67)	(1,502.44)	(2,369.96)	(2,720.64)	(2,685.65)	(2,810.82)
	<b>2,796.09</b>	<b>1,527.76</b>	<b>2,483.45</b>	<b>2,583.52</b>	<b>2,659.52</b>	<b>3,512.93</b>	<b>2,674.02</b>	<b>3,277.05</b>	<b>3,724.78</b>	<b>3,687.29</b>
Share Capital	220.68	217.74	217.99	218.17	215.95	216.15	216.25	216.27	216.35	216.39
Reserves and Surplus	2,502.81	1,221.49	1,843.52	2,365.35	2,443.57	3,296.78	2,457.77	3,060.78	3,508.43	3,470.90
Loan Funds	72.60	88.53	421.94	-	-	-	-	-	-	-
	<b>2,796.09</b>	<b>1,527.76</b>	<b>2,483.45</b>	<b>2,583.52</b>	<b>2,659.52</b>	<b>3,512.93</b>	<b>2,674.02</b>	<b>3,277.05</b>	<b>3,724.78</b>	<b>3,687.29</b>

^ Based on Revised Schedule VI

Segment-Wise Sales (%)	2006	2007	2008-09 (15 months)	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Soaps and Detergents	47	47	49	48	46	48	49	49	49	47
Personal Products	29	29	29	30	32	31	31	29	29	30
Beverages and Packaged Foods	20	21	19	20	20	19	18	18	18	19
Others	4	3	3	2	2	2	2	4	4	4

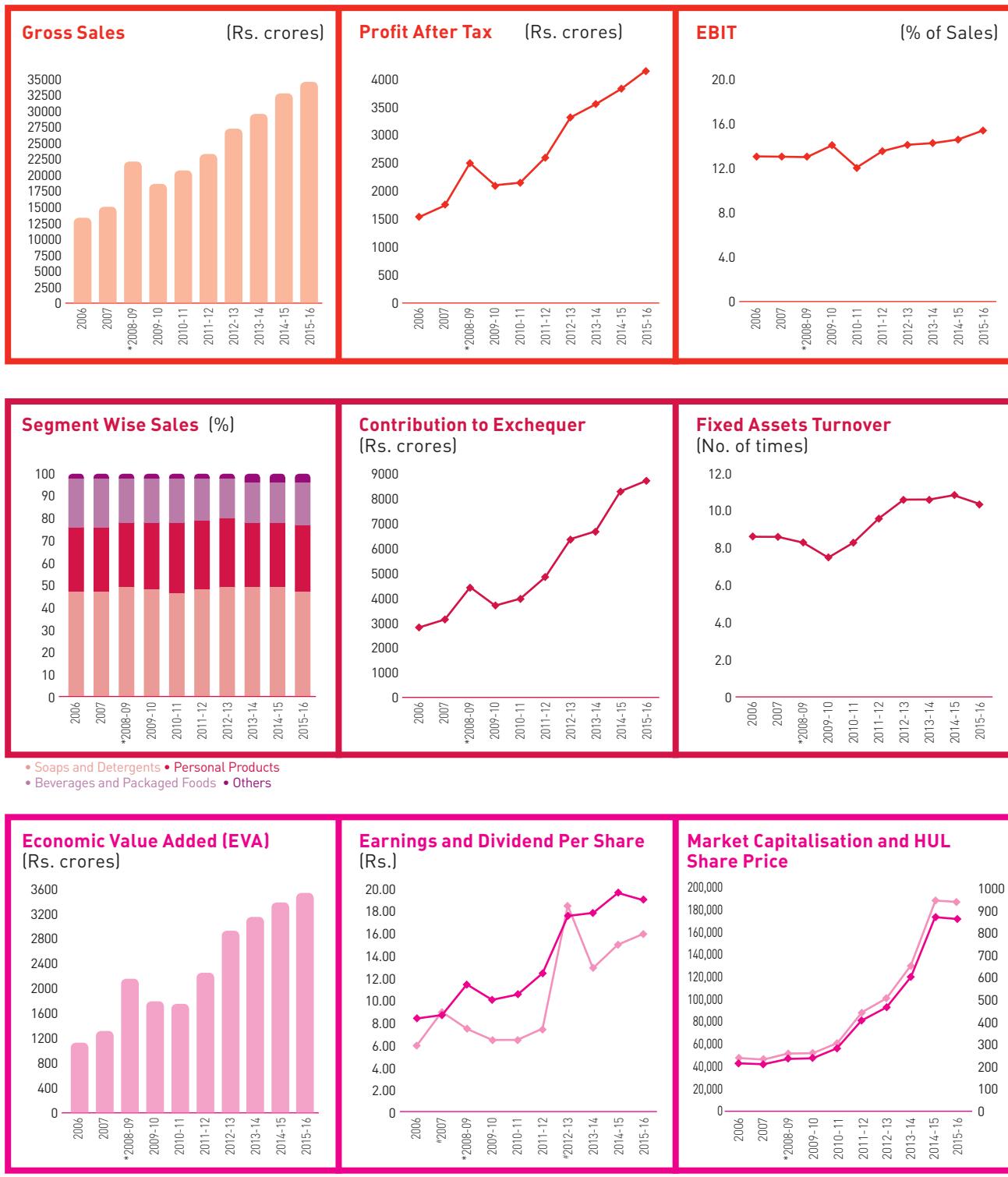
Key Ratios and EVA	2006	2007	2008-09 (15 months)	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
EBIT (% of Gross Sales)	13.1	13.1	13.1	14	12.1	13.5	14.1	14.6	15.3	16.0
Fixed Asset Turnover (No. of Times)	8.6	8.6	8.3*	7.5	8.3	9.6	10.6	10.6	10.9	10.3
PAT / Gross Sales (%)	11.8	11.8	11.6	11.5	10.6	11.4	12.4	12.3	12.0	12.0
Return on Capital Employed (%)	67.0	78.0	107.5*	103.8	87.5	96.8	109.1	130.2	127.7	128.4
Return on Net Worth (%)	68.1	80.1	103.6*	88.2	74.0	77.7	94.7	104.1	99.5	88.7
Economic Value Added (EVA) (Rs crores)	1,126	1,314	2,154	1,791	1,750	2,250	2,926	3,147	3,380	3,526

\* Shown on annualised basis

Others	2006	2007	2008-09 (15 months)	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
HUL Share Price on BSE (Rs. Per Share of Re. 1)*	216.55	213.90	237.50	238.70	284.60	409.90	466.10	603.65	872.90	869.50
Market Capitalisation (Rs. crores)	47,788	46,575	51,770	52,077	61,459	88,600	1,00,793	1,30,551	1,88,849	1,88,154
Contribution to Exchequer (Rs. crores)	2,813	3,133	4,429	3,704	3,953	4,839	6,365	6,680	8,309	8,856

\* Based on year-end closing prices quoted in the BSE Limited

# PERFORMANCE TRENDS



\* Figures are for 15 months period

# Includes Special Dividend

• Market capitalisation (Rs. crores) • HUL share price (Rs.)

Based on year-end closing prices quoted in the BSE Limited.

# CHAIRMAN'S STATEMENT



1

## Dear Shareholders,

It gives me great pleasure to share with you an update on the overall performance of your Company. In a challenging external environment, your Company performed well and delivered another year of consistent, competitive, profitable and responsible growth. With a deep understanding of consumer insights, your Company continued to drive innovation across brands and operations and adapted the go-to-market strategies, taking into account the diversity of many Indias and the evolving channels of distribution. Simultaneously, we recognised the need for responsible growth and focused on creating greener and more efficient manufacturing with cleaner fuels, more efficient energy consumption and lesser generation of waste. We remained committed to our purpose of making sustainable living commonplace across the value chain.

In the year under review, we saw considerable changes in the external business environment. While commodity costs and inflation continued to come down, the second consecutive monsoon failure and resulting drought meant a distressed rural demand scenario in several parts of the country. Competition, both international and local, continued to be aggressive. In this scenario, your Company remained focused on delivering volume-led profitable growth.

Our Domestic Consumer business grew by 4% with an impressive 6% underlying volume growth. Reported growth was impacted by phase out of excise benefits and one-off credits, which had a negative impact of 110 bps. Profit before interest and tax (PBIT) grew by 10% with PBIT margin improving 90 bps, despite an

adverse impact of 50 bps on PBIT, again as a consequence of the phase out of excise benefits and one-off credits. The consistent improvement in margins was delivered even as we continued to make significant investments behind our brands (A&P was up 160 bps). Profit after tax but before exceptional items, PAT (beil), grew by 6% to Rs. 4,078 crores. Net Profit was at Rs. 4,082 crores, with the growth rate impacted by the higher exceptional income arising from subsidiary and property related sales in the previous year. The strong track record of cash generation was sustained with cash from operations exceeding Rs. 5,000 crores for yet another year. The Board of Directors have proposed a final dividend of Rs. 9.5 per share, subject to the approval of the shareholders at the AGM. Together with the interim dividend of Rs. 6.5 per share, the total dividend for the financial year ending 31st March, 2016 amounts to Rs. 16 per share.

Each of our businesses and functions had a strong role to play in delivering these robust results. In Soaps & Detergents, due to soft commodity prices, your Company acted proactively and took decisive pricing actions resulting in volumes growing ahead of the market. We strengthened our competitive position in Laundry against both global players as well as a plethora of local players. Surf excel became the largest detergent brand for your Company, with its iconic positioning of 'Daag Achche Hain' continuing to build brand equity. Lifebuoy and Dove delivered strong volume gains and Lux was relaunched with a significantly improved mix. Simultaneously, we continued to successfully drive market development of nascent segments like fabric conditioners, liquid dish-wash and hand-wash.

Personal Products performance was powered by renovations across many of the core brands including Clinic Plus, Pond's and Pepsodent, as well as some exciting new introductions like Lakme Lip Love, Fair & Lovely BB Cream, Dove Oxygen Moisture and new fragrances in

the Axe Signature range. In keeping with emerging trends in the market, we relaunched Ayush and have recently acquired Indulekha hair oil to strengthen our presence in the 'naturals' segment. Overall, we maintained our strong position in Personal Products by growing the core and simultaneously leading the development of emerging segments like hair conditioners and colour cosmetics.

Our Foods and Beverages business delivered another year of strong volume-led growth. Knorr extended its range with the launch of Knorr Chef Masalas while Kissan launched a premium range of jams and dressings. Our tea portfolio was strengthened with the introduction of some customised products for different parts of India. In Ice creams, we continued to widen the appeal of our core brands like Cornetto and Magnum with the launch of Cornetto Mini and Magnum Choco Brownie.

One of the major strengths of your Company is the relentless focus on execution and cost efficiencies. To strengthen our presence in the evolving channels, we created new shopper and customer programmes in drug stores and food outlets with a sharp segmentation of portfolio and shoppers. We have also been investing in building world-class organisational capabilities to lead in the emerging fast growing e-commerce channel. Additionally, our continuous improvement programmes across the value chain helped us generate sustained cost savings that were invested behind our brands and operations.

We are harnessing technology to build leading edge operational and marketing capabilities with initiatives such as LiveWire - an innovative analytical platform that taps the potential of Big Data. We also launched the People Data Centre that provides insights into consumer trends, capturing all engagements on our brands in the social media, and enabling real-time personalised communication with our consumers.

## BOARD OF DIRECTORS

Most importantly, our brands and operations continued to be held together by the firm belief of 'doing well by doing good'. In line with our commitment to create a more sustainable future, 100% of the palm oil and tomatoes used in manufacturing our products, were sourced sustainably. In our manufacturing units, the CO<sub>2</sub> emissions per tonne of production was reduced by 42% and water usage (cubic metre per tonne of production) reduced by 48% when compared to the 2008 baseline. We have achieved zero non-hazardous waste to landfill for all our factories and depots. Our WASH (Water, Sanitation and Hygiene) initiatives contribute significantly to the Government's 'Clean India Mission'. To address the challenge of water shortage in parts of the country, Hindustan Unilever Foundation continues to pioneer programs that successfully created a cumulative water conservation potential of over 200 billion litres by the end of 2015.

Hindustan Unilever's key differentiator is the quality of talent we attract, retain and develop. I am pleased to report that your Company retained the position of 'No. 1 Employer of Choice' in premier Business Schools (Nielsen survey) for the fifth consecutive year. We also made steady progress in improving gender balance across all functions, an important business priority for us.

In ending, I would like to take this opportunity to thank each and every one of our employees whose commitment and hard work helped deliver another successful year. I would also like to thank you, all our shareholders, for your continued support in our journey to deliver value to all our stakeholders.

Best Regards,



**Harish Manwani**

Chairman



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**1 Mr. Harish Manwani**  
Chairman

**2 Mr. Sanjiv Mehta**  
Managing Director and  
Chief Executive Officer

**3 Mr. P. B. Balaji**  
Executive Director,  
Finance and IT and  
Chief Financial Officer

**4 Mr. Pradeep Banerjee**  
Executive Director,  
Supply Chain

**5 Mr. Aditya Narayan**  
Independent Director

**6 Mr. S. Ramadorai**  
Independent Director

**7 Mr. O. P. Bhatt**  
Independent Director

**8 Dr. Sanjiv Misra**  
Independent Director

**9 Ms. Kalpana Morparia**  
Independent Director

# A BUSINESS MODEL THAT CREATES VALUE

## HINDUSTAN UNILEVER BELIEVES PROFITABLE GROWTH SHOULD ALSO BE RESPONSIBLE GROWTH.

This approach lies at the heart of our business model, driven by sustainable living and the Unilever Sustainable Living Plan (USLP). It guides our approach to how we do business and meet the growing consumer demand for brands that act responsibly in a world of finite resources.

**2.36 billion**  
millenials by 2025

Societies are dynamic. By 2025, there will be 2.36 billion millennials (18 to 34 year-olds) across the globe, with diverse and very different preferences and shopping habits. We not only need insight into these trends, through focus groups and quantitative studies, but also the ability to predict them using the latest digital research technologies in order to maintain our competitive advantage.



**CONSUMER INSIGHT**

**COLLABORATION**

### HOW WE DRIVE SUSTAINABLE VALUE

Hindustan Unilever Limited aims for a virtuous circle of growth with the USLP at its core. It creates profitable volume growth driven by investment in innovation and brands.

**SALES**

**MARKETING**



We work closely with retailers to maximise sales in the marketplace, making sure our brands are always available and properly displayed, across channels, right from supermarkets to the e-commerce platform.



We use multiple platforms to reach out to our diverse set of consumers in a highly fragmented media. Effective digital marketing is essential and influences shopping at all stages of the decision-making process and through all channels. We strive to bring the most cutting edge marketing to our brands.

**WE REACH OUR CONSUMERS THROUGH MULTIPLE MEDIA PLATFORMS**

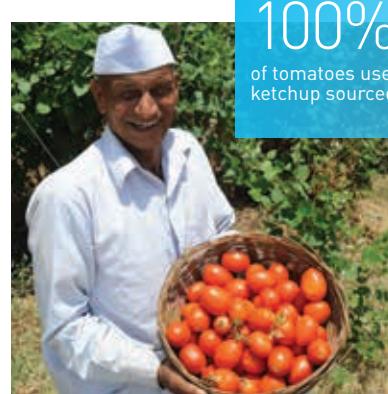


We work with governments, NGOs and other stakeholders to drive change that's good for society and good for business, and we work with partners in our supply chain, through our Partner to Win programme, to create innovations in products and packaging.





Unilever's R&D mission is to build brands through benefit-led innovation unlocked by science and technology. We derive sustainable benefit from our global research and development framework and leverage this to meet local consumer needs.



100%

of tomatoes used in Kissan ketchup sourced sustainably.

We strive to source all our raw materials sustainably. In fact, we now source 100% of our tomatoes sustainably. We are rolling out a Responsible Sourcing Policy and most of our Partner to Win suppliers meet the self-assessed criteria.

## INNOVATION

## SOURCING

We constantly strive to achieve profitable volume growth, with sustainability; thereby continuing the virtuous circle.

## LOGISTICS

## MANUFACTURING

The Logistics vertical of our business is responsible for delivering products to our customers. We are continuously modernising our operations through investments in technology and processes in our logistics operations. It has helped us improve customer service, cut costs, improve freshness, conserve cash and reduce carbon emissions.



We operate around 30 factories and stay invested in driving efficiency and eco-production. During the year, more than 40 innovation networks were executed, touching about 60% of the product portfolio. All our factories and warehouses are zero non-hazardous waste to landfill sites.

40

innovation networks executed



# OUR PEOPLE

## GREAT BRANDS AND GREAT PEOPLE ARE OUR BIGGEST ASSETS.

Sustainable, profitable growth can only be achieved in an organisation that focuses on performance culture and where employees are engaged and empowered to be the best they can be.

Success in the future will depend on being lean, agile and competitive in a resource-challenged world. We are working towards creating a simpler, diverse and agile organisation that will help us move faster, innovate better and leverage our global scale.

## EMPLOYER OF CHOICE – ATTRACTING THE RIGHT TALENT

HUL continues to retain the 'No. 1 Employer of Choice' title among students on campus in the Nielsen survey. Your Company continues to be the 'Dream Employer' and also the top company considered for application by B-School students.

## BUILDING THE EMPLOYER BRAND, DIGITALLY

The Facebook 'Unilever Diaries' page has over 5,00,000 fans and helps us deepen our engagement with the student community. It has helped in strengthening our brand image among students.

## CREATING AN INCLUSIVE WORK CULTURE THAT IS AGILE

We have made steady progress in improving gender balance across all functions. This has been achieved in a systematic manner through senior leadership commitment, balanced hiring practices, enabling infrastructure, work practices like maternity and paternity support programmes, flexible work arrangements and much more. We have also built an inclusive culture to drive diversity on the shop-floor.

In addition, we have a well-defined agile working policy which includes work from home, flexi-timing and hot desking. Our thrust is to build a dynamic and inclusive organisation that celebrates differences and leverages the diversity.

## EMPLOYEE WELL-BEING



EMPLOYEE WELL-BEING IS OF UTMOST IMPORTANCE



UNILEVER FOCUSES ON THE FOUR ASPECTS OF WELL-BEING - PHYSICAL, MENTAL, EMOTIONAL AND PURPOSEFUL

### FOCUS ON DEVELOPMENT



70%

OF LEARNING  
HAPPENS  
ON THE JOB

There is focus on Individual Development Plans, where employees are encouraged to discover their purpose and articulate their short-term and long-term aspirations.

### CELEBRATING DIVERSITY

HUL has achieved yet another significant milestone in its journey towards being a gender-balanced organisation, with one of its manufacturing units in Haridwar now becoming an all women employee unit.

#### NURTURING TALENT AND BUILDING LEADERS

Driven by the 'leaders build leaders' philosophy, we have developed an environment where people get big responsibility early in their career and are able to constantly experiment. Our flagship management trainee programme, the Unilever Future Leaders Programme (UFLP) has been the training ground for many inspiring leaders across HUL and Unilever and provides extensive cross functional experience through live projects and assignments.

The UFLP is designed to do just what its name suggests, develop future leaders. Its aim is to ensure your Company has a future-ready talent pipeline for leadership roles by the end of a year-long accelerated training program. This 'readiness' needs to be not only in terms of business skills but also in terms of maturity as well as a strong grounding in the way we carry out our business.

#### DEVELOPING A LEARNING CULTURE

We have a 70:20:10 approach to learning. We believe that 70% of learning is done through on-the-job training, unique job experiences, challenging assignments and building business-linked capabilities; 20% is through coaching and mentoring and 10% of learning is through formal development.

We have established a framework for embedding Institutional Capabilities into the DNA of the organisation and institutionalising them as ways of working for the organisation to deliver key business priorities.

There is an increased focus on Individual Development Plans, where employees are encouraged to discover their purpose and articulate their short-term and long-term aspirations.

#### ENSURING SAFETY

Our mission is to protect and enhance the well-being of our employees, visitors and partners. Safe working is non-negotiable. We follow Unilever global safety standards in all our units. Our safety practices ensure all possible safety hazards are identified and eliminated; not only at the workplace but also during travel. We promote 'Beyond Work Safety' as part of our holistic safety culture to improve safety of employees beyond work.

#### PRABHAT – EMPOWERING COMMUNITIES

Prabhat, our USLP-linked programme engages with and contributes to the development of local communities around our locations through the pillars of Water conservation, Enabling Livelihoods and Health & Hygiene. What started in December 2013 as a pilot has now spread its wings across locations, with each location being impacted by one or the other Prabhat pillar. The positive feedback that we get from the beneficiaries, communities and other stakeholders motivates us to keep expanding this footprint to be able to offer more and more need-based interventions.

# OUR BRANDS

## OUR BRANDS ARE DRIVEN BY THE PURPOSE OF MAKING SUSTAINABLE LIVING COMMONPLACE.

Our marketing campaigns, partnership initiatives and livelihood development programmes, are aimed at bringing about a positive change in society.

### DRIVING HEALTH AND WELL-BEING

Lifebuoy, in collaboration with the Government of Bihar and the Children Investment Fund Foundation, is implementing one of India's largest handwashing behaviour change programmes. Over the next three years, 45 million people are expected to benefit through this programme.

Our toilet cleaner brand Domex, along with partners PSI (an NGO) and eKutir (a social

enterprise) runs the Domex Toilet Academy (DTA) across four states in India. Through the DTA, 30,000 toilets have been installed in homes and an estimated 1,60,000 people now have access to improved toilet facilities.

### ENHANCING LIVELIHOODS

Since its inception in 2003, Fair & Lovely Foundation has provided scholarships to girl students with outstanding academic track records. Till date, the Foundation has given out more than 1,200 scholarships worth up to Rs one lakh per person to deserving applicants.

Rin launched the Rin Career Ready Academy in Tamil Nadu, Andhra Pradesh and Telangana in June 2015. The Academy's aim is to inspire, educate and equip youth from modest backgrounds with skills in English language training, office grooming and interviewing. The initiative received an overwhelming

response. So far, two lakh people have been reached through the initiative.

### CREATING A 'WOW' WITH A PLACE WHERE CONSUMERS CAN 'VISIT' OUR BRANDS

The Brooke Bond Taj Mahal Tea house was launched in Mumbai, a place where signature handcrafted teas, classical music and unique ambience blend together to offer a perfect moment of indulgence for tea lovers. Within eight months of launch, this classic attraction has already notched up several prestigious service awards including the Times Food Award as Best Newcomer in 'European Casual Dining'.

HUL's 'Adda' was launched in corporate houses and large institutions to serve healthy and delicious food made from the entire Foods and Refreshment portfolio.

### PURPOSE DRIVEN BRANDS

The Ice Cream distribution continued to expand through micro-entrepreneurship with significant expansion of our 'Street Vending' business.

THE 'I AM WALL'S' CHANNEL CONTRIBUTED TO 20% OF THE COMPANY'S ICE-CREAM BUSINESS IN 2015.

7,500

people provided entrepreneurship opportunities through 'I Am Wall's'

BROOKE BOND RED LABEL CONTINUED ON ITS JOURNEY OF FOSTERING TOGETHERNESS



### ENHANCING LIVELIHOODS

PUREIT TARGETED POTENTIAL CONSUMERS FROM THE BOTTOM OF THE PYRAMID



PARTNERED WITH MICRO FINANCE INSTITUTIONS TO MAKE PUREIT AVAILABLE AT A WEEKLY COST OF LESS THAN RS. 70.

#### KISSANPUR

Kissan launched a campaign to motivate people to build social connections with neighbours and rediscover the simple joys of life by living like one large family. This has helped the brand become the market leader in 2015.

Coffee pioneered consumer centric sampling, by giving trial packs of pure coffee variant- Bru Gold with morning delivery of milk bags in Mumbai and serving the brand at weddings in North India. With consistent trial building thrusts, Bru achieved the key milestone of becoming the largest coffee brand in the country.

This is currently the third great year for TRESemmé, where the size of the business has doubled. TRESemmé, the No. 1 YouTube channel in hair care introduced its first ever 360 degree video that garnered close to seven million views in 10 days.

#### INNOVATING TO LEAD

Lakmé launched the Lakmé Absolute Sculpt Lipsticks and reached 40 million digital audience in five days. Taking the trend further, Lakmé launched a range of bright and fun crayons - Lakmé Absolute Lip Pouts through a digital campaign that reached two million views and had a view rate of 26% against an industry average of 12%.

Revolutionising makeup experience for the Indian consumer, Lakmé launched Lakmé Makeup Pro, India's first real time make up app. The app was downloaded 8000 times

in the first five days. On last count, the app was downloaded 1.4 million times.

Your Company launched the Fair & Lovely BB cream and the Pond's BB Cream in order to appeal to the young, urban consumers. The excellence in deployment helped us deliver stunning results in 2015 where our BB cream play doubled in 2015 and is leading growth in the fairness segment.

Pond's launched the Age Miracle Firm & Lift range, a cutting edge solution to anti-ageing and the Pond's White Beauty Pearl Cleansing Gel. Axe Signature launched two new Designer Fragrances – Maverick and Champion in December Quarter.

Clinic Plus was re-launched with a change in proposition and contemporary packaging. With a new innovative campaign, Clinic Plus bottles grew ahead of the market. The brand grew ahead of the market and witnessed the highest ever share gain in 2015.

The 'naturals' segment is growing faster than the market across Personal Care space (1.5x the market) and hence to strengthen the long-term ambition, your Company acquired the famous hair care brand Indulekha in 2015.

#### BUILDING BRAND LOVE

Brooke Bond Red Label collaborated with Yash Raj films, India's première film production house to present India's first Transgender Band. Through the Brooke Bond Red Label 6 pack band, which has gifted music lovers, delightful collection of six songs, the brand continued on its journey of fostering togetherness to make the world a more welcoming place for this marginalised section of society.

In winter, Vaseline communication focused on healing dry skin, made evident by means of a simple 'Scratch Test'. The campaign delivered considerable penetration increase.

Closeup launched the 'First Move' campaign that helped the brand reach its highest levels of Brand communication awareness. The digital campaign alone garnered more than 382 million impressions. This activation helped the brand gain on equity scores, which led to an increase in penetration and helped the brand grow ahead of market.

Dove, the market leader in conditioners in 2015 sampled around 11 million twin sachets across key geographies with effective communication, to build regime and drive market development.

# OUR OPERATIONS

## THE TRANSFORMATION OF OUR SUPPLY CHAIN AND GO-TO-MARKET STRATEGY IS ENABLING US TO DELIVER SUSTAINABLE, PROFITABLE GROWTH.

We are reaching more consumers, using partnerships throughout our value chain to help us achieve our sustainability and innovation objectives while improving margins, and delivering outstanding operational performance – the ‘brilliant basics’ of quality, service, execution and cash generation.

### FULFILLING CONSUMER NEEDS

Our service delivery standards improved steadily with Customer-Case Fill-On-Time increasing to 95%. This was achieved by continuing to strengthen and drive a segmented supply chain strategy. Your Company also continued to sharpen Sales and Operation Planning (S&OP) and Innovation Planning Processes (IPM), leading to high agility, high service levels, low inventory while continuing to bring record number of innovations to the market.

We continued to focus on reducing consumer complaints and improving on-shelf consumer-relevant quality standards. The business came together to work on improving overall consumer experience. Cross-functional teams worked on the implementation of these projects. While the overall engagement with consumers went up 67% over the previous year, we reduced the consumer complaints by 20%.

There has been a significant improvement in innovation OTIF (On Time in Full) with more than 40 innovation networks being executed during the year, touching about 60% of the product portfolio. The focus on bigger and faster innovation and capability development has significantly helped the Company launch innovations first time right.

### DRIVING REACH AND ACCESSIBILITY

It has been a year of strengthening the ‘Winning in Many Indias’ agenda. Your Company moved the needle on quality of servicing and in-market execution by getting closer to customers, shoppers and consumers. The new branch in Lucknow, covering Central India, started yielding results and led growth nationally. Uttar

Pradesh, the largest state by population, attained the highest corporate market share of last several years in 2015.

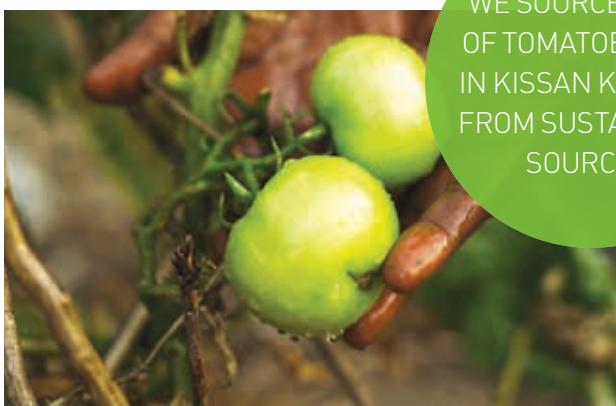
Project Shakti continues to be the most inspiring social initiative of your Company for many years now. We now have nearly 70,000 Shakti Entrepreneurs, making a respectable living through selling HUL products. These Shakti Ammas cover 162,000 villages, giving access to our brands to over four million rural households.

We continued executing a mass contact programme aimed at driving adoption of healthy habits of handwashing and sanitation practices in rural India. Through this, we reached more than 2.5 million rural consumers and contacted 0.8 million school children.

### GETTING FUTURE READY

We saw a strong return to growth in modern trade retail, with the business seeing robust growth and gaining market share. We saw strong growth across all key modern trade retail partners, driven by strong joint business plans and high quality execution of the plans.

#### SUSTAINABLE SOURCING



WE SOURCED 100% OF TOMATOES USED IN KISSAN KETCHUP FROM SUSTAINABLE SOURCES.

OVER 28% OF TEA, WAS SOURCED FROM SUSTAINABLE SOURCES IN INDIA FOR UNILEVER BRANDS

Till date, 398 tea estates have been certified as sustainable estates by Rainforest Alliance (RA) and ‘trustea’ in India.



## REDUCING ENVIRONMENTAL IMPACT IN MANUFACTURING

IN 2015 WE REDUCED CO<sub>2</sub> EMISSIONS PER TONNE OF PRODUCTION BY 42% COMPARED TO 2008 BASELINE.

**92%**

reduction in disposed waste generated (kg per tonne of production)

In 2015 water usage (cubic meter per tonne of production) in our manufacturing operations reduced by 48% compared to 2008 baseline.

The e-commerce opportunity is growing exponentially in India. We have made significant investment in capability building in e-commerce, and are committed to being the best FMCG player in e-commerce.

Your Company progressed well in implementing its long-term manufacturing strategy, with efficient capacity creation and introducing new technologies to support volume growth. World Class Manufacturing principles, which focus on root-cause analysis and elimination of non-value adding activities helped lead improvement in efficiencies and cost performance.

LiveWire, an innovative Analytical platform was launched to tap the potential of Big Data through professional analysis. The idea is to integrate within this platform external data and internal data, and provide 360 degree insights to the business. With these interventions over the years, your Company is confident that it can decouple business growth from transaction growth. This will help in driving operations while enhancing controls, and providing cutting edge capabilities to support business growth.

## REDUCING ENVIRONMENTAL IMPACT

In line with our USLP target of reducing environmental impact, we increased dependence on biomass as a source of fuel in factories. 25% of the energy requirement in manufacturing units was met with renewable resources. Your Company uses locally available agri-waste like paddy straw, cotton stalks, saw dust and rice husk as fuel. Also, all factories and warehouses achieved zero non-hazardous waste to landfill status.

Your Company continues to focus on water conservation by reducing ground water extraction. This is done by lowering process related consumption and reuse of treated effluent through reverse osmosis and recharging of ground water table through Rain Water Harvesting.

## ENHANCING LIVELIHOODS

Through Prabhat, an initiative that contributes to the development of local communities around our manufacturing sites, by 2015, we reached out to 1.38 lakh people since its inception in 2013. There are 67 Prabhat Livelihood and Outreach Centers offering courses to over 11,000 beneficiaries across 16 locations. Till date,

8,555 beneficiaries who enrolled at these centers have been certified. In September 2015, we launched our first 'Corporate School on Wheels' at Chiplun for underprivileged communities, especially women, in remote corners of the region.

## DRIVING UP SAVINGS

The benefits of crude and sustained cost saving through Project Symphony helped us invest in our brands and pass the benefits to consumers. This in turn led to a strong volume growth.

Project Symphony looked into end to end value chain across optimum pricing, materials, supply chain cost, trade spends, taxation, treasury, insurance and overheads. Market Competitive Business Models were used with rigorous benchmarking of pricing, margins and cost across competition.

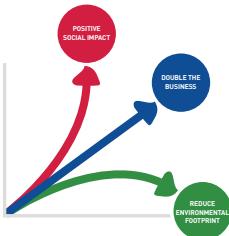
Your Company, with a robust funnel of ongoing saving programs, continued to deliver end-to-end cost savings in Supply Chain. Inventory reduction, achieved through a new IT tool, helped in releasing a substantial amount of cash for the business. During the year, we delivered 5% saving in end-to-end supply Chain cost.

# STRATEGIC FOCUS

TO REALISE OUR VISION WE HAVE INVESTED IN A LONG-TERM STRATEGY OF CATEGORIES AND BRANDS THAT DELIVER GROWTH TO THE BENEFIT OF ALL STAKEHOLDERS.

Long-term value comes from investing in marketing, world-class manufacturing, innovation and a workforce of the best talent available to deliver growth that is consistent, competitive, profitable and responsible.

## VISION



### GROWING THE BUSINESS

- SALES
- MARGIN
- CAPITAL EFFICIENCY

### IMPROVING HEALTH AND WELL-BEING

- HEALTH AND HYGIENE
- NUTRITION

### ENHANCING LIVELIHOODS

- FAIRNESS IN THE WORKPLACE
- OPPORTUNITIES FOR WOMEN
- INCLUSIVE BUSINESS

### REDUCING ENVIRONMENTAL IMPACT

- GREENHOUSE GASES
- WATER
- WASTE
- SUSTAINABLE SOURCING

## OUR LONG-TERM FOCUS ALLOWS US TO MAKE STRATEGIC CHOICES

### PORTFOLIO CHOICES

#### CATEGORY CHOICES

The categories of Home Care, Foods and Refreshment, and Personal Care have clear strategic priorities to contribute to growth.

#### POND'S



#### ACTIVE PORTFOLIO MANAGEMENT

We actively manage our brand portfolio to focus it on more attractive segments where we can apply global scale and local strength.

### BRANDS AND INNOVATION

#### A FOCUSED APPROACH TO INNOVATION

In Unilever, each category has a focused research and development capability embedded within its operations.



#### DRIVING EFFICIENCY

We drive efficiency in our innovation funnel and have developed a framework to increasingly land innovations first-time-right.

### MARKET DEVELOPMENT

#### ROUTES TO MARKET

We lead market development by reaching up, down and wide, and growing new channels with a focus on execution.



#### EMERGING MARKETS

We are expanding from a strong base with proven market development models to drive increased adoption and usage.

### AGILITY AND COST

#### ZERO-BASED BUDGETING

We are taking the next steps on cost reduction to ensure competitiveness and to fuel growth with the roll-out of zero-based budgeting.



#### MANUFACTURING BASE AND OVERHEADS

We operate a low-cost, flexible supply chain that delivers winning quality and reliability to our markets.

### PEOPLE

#### ATTRACTING TALENT

We are the Employer of Choice among students according to the Nielsen survey. Our Facebook 'Unilever Diaries' page helps us deepen our engagement with the extended student community.



#### DEVELOPING TALENT

We have established a framework for embedding institutional capabilities into the DNA of the organisation.

## CHOICES TO DRIVE VALUE FOR STAKEHOLDERS

## GROWTH



### BUILDING A PRESTIGE BUSINESS

We have invested in the growth opportunity of great brands such as Dove, Tresemme, Lakme etc.



### INCREASED INVESTMENT IN DIGITAL MARKETING

In a mobile-connected world many of our brands reach out to consumers through digital marketing that drives sales through all channels.



### E-COMMERCE

We have made significant investment in capability building in e-commerce, and are committed to being the best FMCG player in e-commerce.



### LEVERAGING SCALE

We bring the benefits of scale to our operations, driving down costs while making the company more agile and simple.



### VALUES-LED AND EMPOWERED

Our people are our greatest asset. We focus on their well-being, empowerment and connection with our Purpose.



### CONSISTENT

We deliver consistency in underlying sales growth, core operating margin and free cash flow by continuously investing in our supply chain, our brands and marketing, our people and IT to provide a long-term sustainable business.

### COMPETITIVE

By investing in innovation we grow our market share while also seeking to enter new markets and new segments such as premium brands.

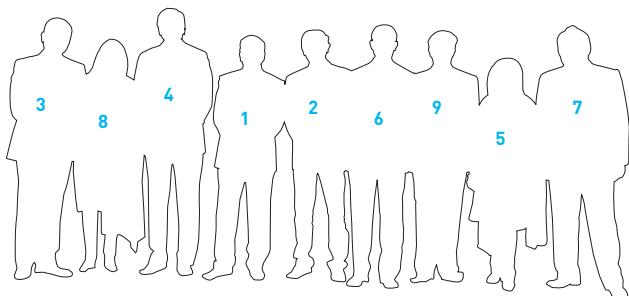
### PROFITABLE

We seek continuous improvement in our world-class manufacturing to drive cost savings and higher returns, providing extra fuel for growth as cash is redeployed in new strategic opportunities.

### RESPONSIBLE

Growth that's responsible involves having a positive social impact and reduced environmental footprint, which is the essence of the USLP and is essential in protecting and enhancing our reputation.

## MANAGEMENT COMMITTEE



**1 Mr. Sanjiv Mehta**  
Managing Director and  
Chief Executive Officer

**2 Mr. P. B. Balaji**  
Executive Director,  
Finance and IT and  
Chief Financial Officer

**3 Mr. Pradeep Banerjee**  
Executive Director,  
Supply Chain

**4 Mr. Dev Bajpai**  
Executive Director,  
Legal & Corporate Affairs  
and Company Secretary

**5 Ms. Geetu Verma**  
Executive Director,  
Foods & Refreshment

**6 Mr. B. P. Biddappa**  
Executive Director,  
Human Resources

**7 Mr. Samir Singh**  
Executive Director,  
Personal Care

**8 Ms. Priya Nair**  
Executive Director,  
Home Care

**9 Mr. Punit Misra**  
Executive Director,  
Sales and Customer  
Development



### Hindustan Unilever Limited

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

CIN: L15140MH1933PLC002030, Web: [www.hul.co.in](http://www.hul.co.in), Email: [levercare.shareholder@unilever.com](mailto:levercare.shareholder@unilever.com), Tel: +91 22 39832285 / 39832452

## NOTICE of the Annual General Meeting

Notice is hereby given that the 83rd Annual General Meeting of Hindustan Unilever Limited will be held on Thursday, 30th June, 2016 at 3.30 p.m. at the Registered Office of the Company at Unilever House, B. D. Sawant Marg, Chakala, Andheri (East), Mumbai - 400 099, to transact the following business :

### ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements (including audited consolidated financial statements) for the financial year ended 31st March, 2016 and the Reports of the Directors and Auditors thereon.
2. To confirm the payment of Interim Dividend and to declare Final Dividend on equity shares for the financial year ended 31st March, 2016.
3. To appoint a Director in place of Mr. Harish Manwani (DIN 00045160), who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Pradeep Banerjee (DIN 02985965), who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. P. B. Balaji (DIN 02762983), who retires by rotation and being eligible, offers himself for re-appointment.
6. To ratify the appointment of M/s. BSR & Co. LLP, Chartered Accountants, Mumbai (Firm Registration No. 101248W/W-100022) as approved by Members at the Eighty First Annual General Meeting as Statutory Auditors of the Company, to hold office until the conclusion of Eighty Sixth Annual General Meeting, and to fix their remuneration for the financial year ending 31st March, 2017.

### SPECIAL BUSINESS

7. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, the remuneration payable to M/s. RA & Co., Cost Accountants (Firm Registration No. 000242), appointed by the Board of Directors as Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2017, amounting to Rs. 10 lacs (Rupees Ten Lacs only) as also the payment of service tax as applicable and reimbursement of out of pocket expenses incurred in connection with the aforesaid audit, be and is hereby ratified and confirmed."

### NOTES :

1. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 relating to the Special Business to be transacted at the Annual General Meeting is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON POLL ON HIS / HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. Pursuant to Section 105 of the Companies Act, 2013, 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. The instrument of Proxy, in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not later than 48 hours before the commencement of the meeting. A Proxy

Form is annexed to this Report. Proxies submitted on behalf of limited companies, societies, etc., must be supported by an appropriate resolution / authority, as applicable.

3. Corporate Members intending to send their authorised representatives to attend the Annual General Meeting, pursuant to Section 113 of the Companies Act, 2013, are requested to send to the Company, a certified copy of relevant Board Resolution together with the respective specimen signatures of those representative(s) authorised under the said resolution to attend and vote on their behalf at the meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, 24th June, 2016 to Thursday, 30th June, 2016 [both days inclusive]. The book closure dates have been fixed in consultation with the Stock Exchanges.
5. The Final Dividend for the financial year ended 31st March, 2016, as recommended by the Board, if approved at the AGM, will be paid on or after Tuesday, 5th July, 2016 to those Members whose name appears in the Register of Members of the Company as on the book closure dates.
6. Members holding shares in demat form are hereby informed that bank particulars registered with their respective Depository Participants, with whom they maintain their demat accounts, will be used by the Company for the payment of dividend. The Company or its Registrar cannot act on any request received directly from the Members holding shares in demat form for any change of bank particulars. Such changes are to be intimated only to the Depository Participants of the Members. Members holding shares in demat form are requested to intimate any change in their address and / or bank mandate immediately to their Depository Participants.
7. Members holding shares in physical form are requested to intimate any change of address and / or bank mandate to M/s. Karvy Computershare Private Limited / Investor Service Department of the Company immediately.
8. Mr. Harish Manwani, Mr. Pradeep Banerjee and Mr. P. B. Balaji, Directors of the Company, retire by rotation and being eligible, offer themselves for re-appointment at the forthcoming Annual General Meeting. The relevant details of Directors seeking re-appointment under Item nos. 3, 4, 5 of this Notice are provided at page nos. 26 and 27 of the Annual Report. Mr. Sanjiv Mehta, Managing Director and CEO and the Independent Directors of the Company

have been appointed for a term of 5 years in accordance with the relevant provisions of the Companies Act, 2013, and are not eligible to retire by rotation.

9. Pursuant to Section 101 and Section 136 of the Companies Act, 2013 read with relevant Rules made thereunder, companies can serve Annual Reports and other communications through electronic mode to those Members who have registered their email address either with the Company or with the Depository Participant(s). Members who have not registered their email address with the Company can now register the same by submitting a duly filled-in 'E-communication Registration Form' available on the website of the Company [www.hul.co.in](http://www.hul.co.in) to M/s Karvy Computershare Private Limited or Investor Service Department of the Company. Members holding shares in demat form are requested to register their email address with their Depository Participant(s) only. Members of the Company who have registered their email address are also entitled to receive such communication in physical form, upon request.
10. The Notice of AGM, Annual Report and Attendance Slip are being sent in electronic mode to Members whose email address is registered with the Company or the Depository Participant(s), unless the Members have registered their request for the hard copy of the same. Physical copy of the Notice of AGM, Annual Report and Attendance Slip are being sent to those Members who have not registered their email address with the Company or Depository Participant(s). Members who have received the Notice of AGM, Annual Report and Attendance Slip in electronic mode are requested to print the Attendance Slip and submit a duly filled in Attendance Slip at the Registration Counter at the AGM.
11. Pursuant to Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of Listing Regulations, the Company is pleased to provide the facility to Members to exercise their right to vote on the resolutions proposed to be passed at AGM by electronic means. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on Thursday, 23rd June, 2016, i.e. the date prior to the commencement of book closure, being the cut-off date, are entitled to vote on the Resolutions set forth in this Notice. Members may cast their votes on electronic voting system from any place other than the venue of the meeting (remote e-voting). 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. In

addition, the facility for voting through electronic voting system shall also be made available at the AGM and the Members attending the AGM who have not cast their vote by remote e-voting shall be eligible to vote at the AGM. The Company has appointed Mr. S. N. Ananthasubramanian, Practising Company Secretary, to act as the Scrutinizer, to scrutinize the entire e-voting process in a fair and transparent manner. The Members desiring to vote through remote e-voting are requested to refer to the detailed procedure given hereinafter.

## PROCEDURE FOR REMOTE E-VOTING

- I. The Company has entered into an arrangement with M/s. Karvy Computershare Private Limited for facilitating remote e-voting for AGM. The instructions for remote e-voting are as under:

**(a) In case of Members receiving an e-mail from M/s. Karvy Computershare Private Limited :**

- (i) Launch an internet browser and open <https://evoting.karvy.com>
- (ii) Enter the login credentials i.e. User ID and password, provided in the email received from M/s. Karvy Computershare Private Limited. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.
- (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 changing the password, you need to login again with the new credentials.
- (v) On successful login, the system will prompt you to select the E-Voting Event

- (vi) Select 'EVENT' of Hindustan Unilever Limited - AGM and click on - Submit
- (vii) Now you are ready for e-voting as 'Ballot Form' page opens.
- (viii) Cast your vote by selecting appropriate option and click on 'Submit'. Click on 'OK' when prompted.
- (ix) Upon confirmation, the message 'Vote cast successfully' will be displayed.
- (x) Once you have confirmed your vote on the resolution, you cannot modify your vote.
- (xi) 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](mailto: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."

**(b) In case of Members receiving physical copy of the Notice of AGM and Attendance Slip**

- (i) Initial Password is provided at the bottom of the Attendance Slip in the following format:

USER ID	PASSWORD
-	-

- (ii) Please follow all steps from Sr. No. (a)(i) to Sr. No. (a)(xi) mentioned above, to cast vote.

- II. 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>.
- III. The voting rights shall be as per the number of equity shares held by the Member(s) as on Thursday, 23rd June, 2016, being the cut off date. Members are eligible to cast vote electronically only if they are holding shares as on that date.

- IV. Members who have acquired shares after the despatch of the Annual Report and before the book closure may obtain the user ID and Password by sending a request at [evoting@karyv.com](mailto:evoting@karyv.com) or [levercare.shareholder@unilever.com](mailto:levercare.shareholder@unilever.com).

However, if you are already registered with M/s. Karyv 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.karyv.com> or contact M/s. Karyv Computershare Private Limited at toll free no. 1-800-3454-001 or email at [evoting@karyv.com](mailto:evoting@karyv.com)

In case of any other queries/grievances connected with voting by electronic means, you may also contact Mr. V. Rajendra Prasad of M/s. Karyv Computershare Private Limited, at telephone no. 040-67161510.

- V. The results of the electronic voting shall be declared to the Stock Exchanges after the AGM. The results along with the Scrutinizer's Report, shall also be placed on the website of the Company.

12. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names, will be entitled to vote at the Meeting.
13. The Register of Directors and Key Managerial Personnel and their Shareholding maintained under Section 170 of the Companies Act, 2013, the Register of Contracts or arrangements in which Directors are interested under Section 189 of Companies Act, 2013 and the Certificate from Auditors of the Company certifying that the '2001 HLL Stock Option Plan', '2006 HLL Performance Share Scheme' and '2012 HUL Performance Share Scheme' are being implemented in accordance with the Securities and Exchange Board of India [Share Based Employee Benefits] Regulations, 2014, will be available for inspection at the Annual General Meeting.
14. Members can also provide their feedback on the shareholder services of the Company using the 'Shareholders' Satisfaction Survey' form available on the 'Investor Centre' page of the website of the Company [www.hul.co.in](http://www.hul.co.in). This feedback will help the Company in improving Shareholder Service Standards.
15. Members are requested to note that as per Section 205A of the Companies Act, 1956, dividends not encashed / claimed

within seven years from the date of declaration will be transferred to the Investor Education and Protection Fund (IEPF). After transfer of the said amount to IEPF, no claims in this respect shall lie against IEPF or the Company.

16. Members are requested to contact M/s. Karyv Computershare Private Limited / Investor Service Department of the Company for encashing the unclaimed dividends standing to the credit of their account. The detailed dividend history and due dates for transfer to IEPF are available on 'Investor Centre' page on the website of the Company [www.hul.co.in](http://www.hul.co.in)
17. Members may utilise the facility extended by the Registrar and Transfer Agent for redressal of queries. Members may visit <http://karisma.karyv.com> and click on Members option for query registration through free identity registration process.
18. The Securities and Exchange Board of India (SEBI) has mandated submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in demat form are, therefore, requested to submit PAN details to the Depository Participant with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to M/s. Karyv Computershare Private Limited / Investor Service Department of the Company.
19. For convenience of the Members and proper conduct of the meeting, entry to the meeting venue will be regulated by Attendance Slip, which is enclosed with this Annual Report. Members are requested to sign at the place provided on the Attendance Slip and hand it over at the Registration Counter at the venue.
20. Members desiring any information relating to the accounts are requested to write to the Company well in advance so as to enable the management to keep the information ready.

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

By Order of the Board



**Dev Bajpai**  
Executive Director  
Legal & Corporate Affairs  
and Company Secretary  
FCS No: 3354

Mumbai: 9th May, 2016

## EXPLANATORY STATEMENT

### ITEM NO. 7

The Board of Directors of the Company, on the recommendation of the Audit Committee, approved the appointment and remuneration of M/s. RA & Co, Cost Accountants, to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2017. In terms of the provisions of Section 148(3) of the Companies Act, 2013 read with Rule 14(a)(ii) of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor is required to be ratified by the Members of the Company. Accordingly, consent of the Members is sought to ratify the remuneration payable to the Cost Auditors.

None of the Directors or Key Managerial Personnel and their relatives, are concerned or interested (financially or otherwise) in this Resolution.

The Board commands the Ordinary Resolution set out at Item No. 7 for the approval of Members.

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

By Order of the Board



Mumbai: 9th May, 2016

**Dev Bajpai**  
Executive Director  
Legal & Corporate Affairs  
and Company Secretary  
FCS No: 3354

# PROFILE OF DIRECTORS

## (seeking Re-appointment)

### HARISH MANWANI (DIN : 00045160)

Mr. Harish Manwani (62) assumed charge as the Non-Executive Chairman of the Company with effect from 1st July, 2005.

Mr. Manwani joined the Company in 1976. He joined the Board of the Company in 1995 as a Director responsible for the Personal Products business. In addition, he held regional responsibility as the Category Leader for Personal Products for the then Central Asia & Middle East (CAME) Group.

In 2000, Mr. Manwani moved to UK as Senior Vice President for the Global Hair Care and Oral Care categories and in early 2001, he was appointed as President - Home & Personal Care (HPC), Latin America Business Group. He has also served as the Chairman of Unilever's Latin America Advisory Council. In 2004, he was appointed President of the HPC North America Business Group and in April 2005, was elevated to the Unilever Executive as the President - Asia & Africa and the region was later extended to include Central and Eastern Europe.

Mr. Manwani was the Chief Operating Officer of Unilever and a member of the Unilever Leadership Executive (ULE) until 31st December, 2014.

In 2008, Mr. Manwani received the CNBC Asia Business Leader of the Year Award and as a part of the Singapore National Day Awards 2012, Mr. Manwani was conferred the Public Service Medal (Friends of Singapore) by the Singapore Government.

Mr. Manwani is an Honours Graduate from the Mumbai University and holds a Master Degree in Management Studies. He has also attended the Advanced Management Programme (AMP) at Harvard Business School.

Mr. Manwani is a member of the Nomination and Remuneration Committee of the Company.

#### Directorship in other Companies

Indian School of Business

Whirlpool Corporation

Economic Development Board, Singapore

Pearson PLC

Qualcomm Incorporated

Nielsen Holdings PLC

#### Membership(s) / Chairmanship(s) of Board Committees in other Companies

Whirlpool Corporation

*Finance Committee - Member*

*Corporate Governance and Nominating Committee - Member*

Economic Development Board, Singapore

*Human Resources Committee - Member*

Pearson PLC

*Nomination Committee - Member*

*Reputation and Responsibility Committee - Member*

Qualcomm Incorporated

*Compensation Committee - Member*

Nielsen Holdings PLC

*Compensation Committee - Member*

### PRADEEP BANERJEE (DIN : 02985965)

Mr. Pradeep Banerjee (57) joined the Company as a Management Trainee in 1980. He has held a series of assignments in Supply Chain, Research & Development and Categories. Mr. Banerjee became the Vice President - Technical (Home and Personal Care) in 2003 and later moved to UK in 2005 as Vice President, Global Supply Chain for Personal Care Category. He has also served as the Vice President for Global Procurement in Singapore.

Mr. Banerjee was appointed as Executive Director - Supply Chain of the Company in March, 2010. He holds a Bachelor's Degree in Engineering (Chemical) from IIT Delhi. Mr. Banerjee is a member of Risk Management Committee of the Company.

#### Directorship in other Companies

Unilever Nepal Limited

Unilever India Exports Limited

#### Membership(s) / Chairmanship(s) of Board Committees in other Companies

Unilever India Exports Limited

*Nomination and Remuneration Committee - Member*

*Corporate Social Responsibility Committee - Member*

## P. B. BALAJI (DIN : 02762983)

Mr. P. B. Balaji (46) joined the Company as a Management Trainee in 1993 and has worked in number of roles in finance and supply chain over a period of 20 years. Mr. P. B. Balaji was the Vice President, Finance for Unilever America, Supply Chain, based out of Switzerland, responsible for financial aspects of an 18 billion supply chain. Prior to that, he was the Group Chief Accountant of Unilever worldwide based at London. Before moving to London, Mr. P. B. Balaji has served as the Vice President, Finance for the Home and Personal Care business in India and earlier as the Vice President, Treasury for the AAR region based out of Singapore.

Mr. P. B. Balaji is a Mechanical Engineer from IIT Chennai and has a PGDM from IIM Kolkata. Mr. Balaji is currently the Executive Director, Finance & IT and Chief Financial Officer of the Company.

Mr. P. B. Balaji is a Member of Stakeholders' Relationship Committee, Corporate Social Responsibility Committee and Risk Management Committee of the Company.

### Directorship in other Companies

Hindustan Unilever Foundation

Bhavishya Alliance and Child Nutrition Initiatives

### Membership(s) / Chairmanship(s) of Board Committees in other Companies

Nil

## DIRECTORS' INTEREST

The Directors may be deemed to be concerned or interested to the extent of shares held by them in the Company as given in the table below:

Name of the Director	No. of Shares	% Holding
Harish Manwani	22,130	0.0010
Pradeep Banerjee	43,611	0.0020
P. B. Balaji	12,406	0.0006

# DIRECTORS' REPORT

## and Management Discussion and Analysis

To the Members,

Your Company's Directors are pleased to present the 83rd Annual Report of the Company, along with Audited Accounts, for the financial year ended 31st March, 2016.

### 1. FINANCIAL PERFORMANCE (STANDALONE)

#### 1.1 Results

	(Rs. crores)	
	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Revenue from operations, net of excise	31,987.17	30,805.62
Profit before exceptional items and tax	5,909.62	5,523.12
Profit for the year	4,082.37	4,315.26
Dividend (including tax on distributed profits)	(4,139.51)	(3,881.22)
Transfer to General Reserve	-	-
Profit & Loss Account balance carried forward	1,119.96	1,177.09

#### 1.2 Category Wise Turnover

	(Rs. crores)			
	For the year ended 31st March, 2016	For the year ended 31st March, 2015		
	Sales	Others*	Sales	Others*
Soaps and Detergents	14,809.16	244.14	14,640.66	235.95
Personal Products	9,507.02	149.47	8,865.03	141.50
Beverages	3,847.16	40.53	3,581.31	50.18
Packaged Foods	2,088.05	29.02	1,863.42	28.38
Others (including Exports, Chemicals, Infant Care Products, Water, etc.)	1,173.88	60.68	1,220.29	92.61
<b>TOTAL</b>	<b>31,425.27</b>	<b>523.84</b>	<b>30,170.71</b>	<b>548.62</b>

\* Others include service income from operations, relevant to the respective businesses.

### 1.3 Summarised Profit and Loss Account

	(Rs. crores)	
	For the year ended 31st March, 2016	For the year ended 31st March, 2015
<b>Sale of products less excise duty</b>	<b>31,425.27</b>	30,170.50
Other operational income	561.90	635.12
<b>Total Revenue</b>	<b>31,987.17</b>	<b>30,805.62</b>
Operating Costs	(26,257.25)	(25,597.38)
<b>Profit Before Depreciation, Interest, Tax (PBDIT)</b>	<b>5,729.92</b>	5,208.24
Depreciation	(320.75)	(286.69)
<b>Profit Before Interest &amp; Tax (PBIT)</b>	<b>5,409.17</b>	4,921.55
Other Income (net)	500.45	601.57
<b>Profit before exceptional items</b>	<b>5,909.62</b>	5,523.12
Exceptional items	(39.03)	664.30
<b>Profit Before Tax (PBT)</b>	<b>5,870.59</b>	6,187.42
Taxation	(1,788.22)	(1,872.16)
<b>Profit for the year</b>	<b>4,082.37</b>	4,315.26
<b>Basic EPS (Rs.)</b>	<b>18.87</b>	19.95

### 2. DIVIDEND

Your Directors are pleased to recommend a Final Dividend of Rs. 9.50 per equity share of face value of Re. 1/- each for the year ended 31st March, 2016. The Interim Dividend of Rs. 6.50 per equity share was paid on 2nd November, 2015.

The Final Dividend, subject to the approval of Members at the Annual General Meeting on 30th June, 2016, will be paid on or after 5th July, 2016 to the Members whose names appear in the Register of Members, as on the date of book closure, i.e. from Friday, 24th June, 2016 to Thursday, 30th June, 2016 (both days inclusive). The total dividend for the financial year, including the proposed Final Dividend, amounts to Rs. 16/- per equity share and will absorb Rs. 4,139.51 crores, including Dividend Distribution Tax of Rs. 677.25 crores.

### 3. RESPONSIBILITY STATEMENT

The Directors confirm that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;
- they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profits of the Company for that period;

- they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- they have prepared the annual accounts on a going concern basis;
- they have laid down internal financial controls for the Company and such internal financial controls are adequate and operating effectively; and
- they have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

### MANAGEMENT DISCUSSION AND ANALYSIS

To avoid duplication between the Directors' Report and the Management Discussion and Analysis, we present below a composite summary of performance of the various businesses and functions of the Company.

### 4. ECONOMY AND MARKETS

The trend of slowdown in global growth continued during the year. The below par performance of global economy was reflected in a continued growth deceleration in most emerging and developing economies, driven by low commodity prices, weaker capital inflows and subdued global trade.

Against this global backdrop, the growth in India stayed fairly resilient. India was the fastest growing large economy with a stable currency that performed better than most other emerging market currencies. The domestic macro-economic conditions also remained stable. A significant drop in commodity costs led by crude oil and other interventions resulted in lower consumer inflation which allowed easing of interest rates in the economy. However, a second consecutive year of drought and a low increase in support prices have led to a sharply slower growing rural economy compared to earlier years.

Consumer spending remained muted and this was reflected in moderate growth rates across FMCG categories. Given the backdrop of a slowing market, a volatile input cost environment and heightened competitive intensity, the operating environment for your Company during the year continued to be challenging.

Your Company's performance for the year 2015-16 has to be viewed in the context of aforesaid economic and market environment.

## 5. PERFORMANCE OF BUSINESSES AND CATEGORIES

Your Company delivered yet another year of consistent, competitive and profitable growth aided by strong marketing and trade investments, a robust innovation pipeline, stepped up market development and sharper in-market execution. Across the portfolio, your Company sustained a strong focus on innovation and continued to delight consumers with a range of exciting offerings. The investment in non-television and digital media was significantly stepped up during the year. Your Company continued to leverage and benefit from the inputs received from Unilever across various aspects of the business, including technology, innovation and communication that enabled your Company to launch several new offerings to serve and meet the needs of consumers.

The year began with a sharp drop in commodity prices including crude and vegetable oils and these markets continued to remain volatile which posed a major challenge during the year. Learning from the previous years, your Company proactively passed on the benefits of lower commodity costs to the consumers thereby successfully securing the consumer franchise. Additionally, your Company had embarked on an ambitious cost savings programme that delivered record savings during the year. These cost saving programmes along with the judicious pricing, without compromising on the competitiveness of brand investments, helped deliver profitable volume led growth for the year once again.

Driving competitiveness in trade channels particularly Rural, Modern Trade and e-commerce continued to be a focus area

for your Company. During the year, your Company further built upon the "Winning in Many Indias" drive that was launched last year to benefit from geographical focus while leveraging scale and this will continue to be a key strategic thrust in the future. Your Company continued its focus on driving innovation and building markets of the future to deliver value to consumers.

To build awareness and demonstrate the consumer benefits of its brands and product formats, your Company continued to invest in consumer connect programmes. The school contact programme run by your Company's brands, Lifebuoy and Pepsodent, encouraged and educated children on the importance and correct method of washing their hands and brushing their teeth.

The business of your Company falls under five segments. Soaps and Detergents segment comprises categories of Soaps, Detergents and Household Care, Personal Products segment includes categories of Skin Care, Hair Care, Oral Care, Colour Cosmetics and Deodorants. Beverages segment covers Tea and Coffee. Packaged foods segment includes Culinary and Bakery Products, Frozen Desserts and Ice cream. The residual segment of 'Others' is primarily made up of Water business.

### 5.1 Soaps and Detergents

The year saw a significant reduction in raw material prices for the Soaps category. Your Company acted proactively to take decisive pricing actions resulting in growing volumes ahead of the market. The momentum on key brands of Lifebuoy and Dove continued through the year with both brands registering strong volume growth. Lux was relaunched during the year with significantly improved product offering. Market development investments in liquids portfolio of hand wash, body wash and sanitizers also continued during the year.

The Detergent Category delivered volume led growth, driven by accelerated premiumisation and strong growths in categories of the future. Surf continued to lead category premiumisation with double digit growth, led by the continuing momentum of Surf Excel Easy Wash. Rin had a new thematic communication to accentuate the brightness proposition. The new communication drove upgradation in the category. Rin also took a big step aligned to its purpose by launching its social initiative, the 'Rin Career Ready Academy' in select states. The Rin Career Ready Academy offers, to youth from modest backgrounds, mobile accessible courses that educate them on English Speaking, Office Dressing and Interview Skills, thereby equipping them with skills that enhance their career prospects. The programme received a tremendous response with over 2 lakh registrations. The developing segments of Machine Wash - Surf Excel Matic and Comfort Fabric Conditioner continued to perform well.

With the fall in crude oil prices, the category witnessed significant media and competitive intensity during the year. To remain competitive in the market, the Company took the lead in passing the benefits of decline in commodity costs to consumers, while also investing to develop new segments.

In household care, Vim continued to develop and premiumise the category through the liquids portfolio. The expansion of Vim liquid to rural India helped in delivering the double digit growth. The proposition of power of 100 lemons combined with a superior product and great activation helped the product to become more appealing and desired amongst consumers. Domex brand continued to enhance its hygiene credentials in the toilet cleaning category.

## 5.2 Personal Products

In a challenging market environment, where the growth of discretionary categories has continued to remain under pressure, the Personal Products segment delivered a healthy broad based performance. Your Company continued to invest for competitive growth in its core categories and build the segments of the future.

Skin Care category grew well in a soft market. Face Care delivered robust growth across skin lightening, facial cleansing, anti-ageing and men's formats. Fair & Lovely continued to perform well in its third year of re-launch of the 'Best Ever' Fair & Lovely. The brand continued to drive premiumisation through innovations with the new Fair & Lovely BB cream, which was received well by the consumers. The Face Wash segment continued to do well across brands. Pond's growth was led by an encouraging performance of the skin lightening portfolio. The activation around 'spot removal' buoyed Pond's White Beauty, and continued to be acknowledged by its consumers. During the year, Pond's also strengthened its position in the male grooming segment with the launch of Men's range of facewash. Lakmé sustained its growth momentum during the year. Your Company continued to lead market development of body lotion with Vaseline through the 'healing power' activation on the brand.

Hair Care continued to maintain its growth momentum with strong, consistent growth across brands. Your Company continued to deploy innovations and impactful campaigns on its core brands while leading market development in the emerging conditioners segment. The investment made by your Company in this category over a period of time to strengthen the brand equities and mix in the marketplace is driving preference towards the brands with Dove, Clinic Plus, Sunsilk and Tresemme performing well.

The year was challenging for Oral Care which saw high competitive and promotional intensity. Closeup continued to grow and garner equity through its proposition around

'confidence to make the first move'. Pepsodent Germi-check has been relaunched at the end of the year. Your Company also continued to invest in building oral health and hygiene, and reached out to children across the country through a school contact programme.

Lakmé Colors performance has been robust as it delivered double digit growth during the year yet again. Lakmé continues to drive premiumisation by upgrading users through long lasting 9 to 5 platform, and bringing the global make-up trends to India under the Absolute platform. The brand has continued to stand out and strengthen its position in the category with its multiple successful launches in premium make up, the latest being the launch of Lakmé Mousse Foundation and Lakmé Absolute eye liner, which have received an encouraging response from its consumers.

In the Deodorants portfolio, through Axe, your Company continued to deploy exciting innovations and impactful campaigns. The perfume spray segment launched under 'Axe Signature' last year continues to perform well and has seen an increase in consumer franchise during the year. The world-class deodorants manufacturing facility commissioned by Unilever in Khamgaon has become operational during the year and will provide a regular supply of high quality deodorant products to cater to the markets across Asia, including India.

Your Company has made strategic foray in the fast evolving Naturals segment by reviving the brand 'Lever Ayush' towards the end of the year. The new range of Lever Ayush products are available on the e-commerce platform. This is an inspiring range of personal care products including hair, skin and pain management. Your Company has signed an agreement to buy 'Indulekha' brand during the year, which brings a premium brand with strong credentials around Ayurveda that will complement the existing portfolio and strengthen the presence of your Company in the Hair Care category. The brand enjoys strong equity amongst consumers with its 'naturals' and therapeutic positioning. Your Company is committed to investing behind the development of both these brands to strengthen its position in the fast evolving Premium Naturals segment.

## 5.3 Beverages

The Beverages segment delivered broad based growth across both Tea and Coffee. The growth across key brands was driven by a strengthened mix and focused in-market activities.

Taj Mahal Tea has been brought alive at the Brooke Bond Taj Mahal Tea House in Mumbai which celebrates the brand's glorious heritage of great tea and Indian Classical Music. 3 Roses has driven premiumization and strengthened its leadership position in South India. Red Label's journey of "brewing togetherness" over tea has earned fame with its much talked about advertising. Red Label and 3 Roses Natural

Care Tea with its differentiated immunity benefit continues to delight its consumers. Your Company continued to grow the Green Tea category during the year on the back of sustained market development and achieved value market leadership in the Green Tea segment during the year.

The Coffee business delivered strong double digit growth, led by the Instant Coffee franchise. The brand continued its pioneering task of consistently driving penetration of instant coffee in the South through innovative sampling methods and a compelling proposition. The pure coffee franchise of Bru Gold continued its strong run, driving handsome share gain.

#### **5.4 Packaged Foods**

The Packaged Foods segment of your Company comprises culinary products such as jams, ketchups and squashes under Kissan; soups, soupy noodles and meal makers under Knorr; branded staples (Atta and Salt) under Annapurna; bakery products under Modern; and frozen desserts / ice creams under Kwality Walls and Magnum. The segment delivered a strong turnover growth and profitability during the year, as your Company continued to drive growth in both topline and bottomline, while continuing to invest in building this business.

Kissan sustained its strong, consistent performance, delivering another year of double digit growth, driven by impactful activation around unlocking everyday relevance for consumers. The brand reinforced its 'real' credentials that Kissan is made from 100% real fruits and vegetables through the 'Kissanpur' activation. The consumer preference, along with a strong distribution increase in both Ketchup and Jam, resulted in the business growing faster than the market. The year also saw the launch of exciting new variants of premium jams and the re-launch of ketchup variants under the "Twist" platform. Kissan ketchup became market leader in the year.

The performance of Knorr was led by soups, with the convenient instant soups single serve format performing particularly well. Your Company expanded its instant soup offerings with exciting new flavors at magic price points. This supported by widespread sampling ensured that the soup category has grown in relevance as a healthy in-between meal option. The Knorr Meal Maker portfolio continued to be led by in-store sampling and activations. The year also saw the launch of a new range of mixed spices under Knorr Chef's Masala.

Your Company continued its focus on improving the profitability of the Annapurna business by driving efficiencies across the value chain.

Your Company also scaled up its experiential marketing initiatives. Given the relevance of market development, it is critical that consumers sample your Company's products and discover the great taste and convenience that the products

offer. Foods and Beverages portfolio reached 1 in 12 Indians last year through sampling.

Modern Foods, the division which deals with bakery products continued the good performance both in terms of top line and bottom line. Despite low growth in bread industry due to challenges posed by other breakfast options and low entry rate in the segment, Modern Foods managed to maintain its strong position in most of the markets. In line with its strategy to exit the non- core businesses, your Company signed an agreement during the year and completed a transaction relating to sale and transfer of its bread and bakery business under the brand 'Modern' to Modern Food Enterprises Private Limited, an investee company of Everstone Group.

The Frozen Desserts and Ice Cream business delivered another year of strong performance with double digit growth and improved profitability. With improved distribution, the brands were made more accessible for consumers. The Impulse portfolio continues to grow faster with improved brand equity across Cornetto and Paddle pop. Cornetto and Magnum are connecting with consumers through digital platform in addition to traditional media. Post the successful launch of Magnum, the premium indulgent ice-cream brand, your Company has launched a new flavor 'Magnum Choco Brownie' during the year.

The packaged foods industry faced certain regulatory challenges last year, which resulted in uncertainty on the regulatory regime concerning the foods industry. Subsequently, the uncertainty was removed with orders passed by the judiciary and clarifications issued by the food regulator. The clarifications issued help in fostering innovation in the packaged foods industry. As part of the industry, your Company has partnered with the regulator towards a more balanced approach to foods regulation which takes care of the consumer's interest while fostering innovation.

#### **5.5 Water**

Pureit continues to grow with both modern trade and Pureit perfect stores performing well. During the year, Pureit also refreshed its strategy to play in a wider market of salt removal, starting with the introduction of entry level RO in the market. This would help the brand reach newer consumers. At the premium end of salt removal devices, Pureit introduced another innovation in the form of Ultima RO+UV with Oxytube with the proposition of 'eat pure and drink pure'. This is the only purifier that gives both safe drinking water as well as removes chemicals and pesticides from the surface of fruits and vegetables. The Pureit brand continued to lead the self-fill non electric purifiers segment with continued communication focusing on building relevance around safe drinking water. In this segment, Pureit

continued its partnership with microfinance institutions to reach the lower income consumers by offering them access to safe drinking water through affordable monthly instalments.

### **5.6 Non-FMCG Exports**

Rice exports continued to do well whilst adding new customers in expanded geographies and improving its mix. Your Company has signed an agreement for sale of the Rice Exports business carried out primarily under the brands 'Gold Seal Indus Valley' and 'Rozana', to LT Foods Middle East DMCC, a group company of LT Foods Limited, in line with its strategy to exit non-core businesses.

### **5.7 Subsidiaries and Joint Venture**

The summary of performance of the subsidiary and joint venture companies is provided below:

#### **Unilever India Exports Limited**

Unilever India Exports Limited (UIEL) is a 100% subsidiary of your Company and is engaged in FMCG exports business. The focus of the FMCG exports operation is two-fold: to develop overseas markets by driving distribution of ethnic brands, such as Kissan, BRU, Brooke Bond, Lakmé, Pears among the Indian diaspora in international markets and to effectively provide cross-border sourcing of FMCG products to other Unilever companies across the world.

During the year, UIEL achieved a significant milestone of reaching a turnover of Rs. 1000 crores. The top line growth of the Company was driven by robust growth in Personal Products segment. Brands like Pears, Lakmé, Fair & Lovely and Vaseline have registered healthy performance in the focused markets while foods and beverages helped to drive profitability. Overall, the business delivered healthy profitability during the year. UIEL continued to be one of the most preferred sourcing companies for other Unilever countries and added new geographies like Korea.

#### **Lakmé Lever Private Limited**

Lakmé Lever Private Limited (LLPL), is a 100% subsidiary of the Company and has 280 salons, of which 52 are Company owned / managed and 228 are franchisee salons. In a challenging environment marked by lower discretionary spends, LLPL delivered a robust inorganic growth with a net expansion of 50 salons.

Lakmé Bridal Stylist looks collection, which was showcased in Lakmé Fashion Week Winter Festive 2015 enabled premiumisation of bridal portfolio. Portfolio of services was strengthened with clutter breaking innovations which delighted the consumers and helped to drive growth. Your Company will continue to support LLPL to drive growth in this attractive market opportunity.

#### **Pond's Exports Limited**

The leather business, under the subsidiary Pond's Exports Limited faced a tough year, due to challenging economic conditions in main market, Europe and further pushed down by a weaker Euro. The Company continued its focus on consolidation of supply chain, bringing in efficiency and improvement in customer service.

#### **Unilever Nepal Limited**

Unilever Nepal Limited (UNL), subsidiary of your Company, is engaged in manufacturing, marketing and sale of detergents, toilet soaps, personal products and laundry soaps in Nepal.

Nepal had an exceptionally challenging year due to the natural tragedy that hit the country last year. UNL supported relief operations in Nepal through NGO foundations as well as through emergency material supplies such as Lifebuoy, Vaseline and Pureit. The country's economy then suffered due to the blockade of the country's borders during the promulgation of the new constitution, resulting in severe disruption of commercial activities. The blockade impacted the availability of fuel and incoming materials, which resulted in disruption of the factory operations.

The above events in the country had an adverse impact on UNL's business performance resulting in reduction of sales during the year. The Company, however, managed to limit the fall in the profitability aided with the help of low commodity prices and tight cost controls.

#### **Hindustan Unilever Foundation**

Hindustan Unilever Foundation (HUF) is a not-for-profit company that acts as a vehicle to anchor water savings related community development and sustainability initiatives of Hindustan Unilever Limited. HUF operates the 'Water for Public Good' programme, with specific focus on farm based livelihoods, in 54 districts across India in partnership with 20 NGOs. HUF also supports several knowledge initiatives in this area. The water conservation programme of the Company has achieved the following community benefits:

- Water conservation: Cumulative and collective water potential of 200 billion litres has been created through improved supply and demand management of water
- Crop yield: The projects undertaken by the Company have generated additional agriculture production of 1.5 lakh tonnes.
- Person days: These projects have generated more than 20 lakh person days of employment.
- Capacity building: Over one lakh people have been trained in water conservation activities, better agricultural practices and related areas.

The cumulative impacts of these projects initiated by HUF have been independently assured.

### **Bhavishya Alliance Child Nutrition Initiatives**

Bhavishya Alliance Child Nutrition Initiatives (BACNI) is a not-for-profit subsidiary of the Company, and has launched the 'Bihar Hand Washing Programme' (BHP) – a hand washing behaviour change programme in the state of Bihar that aims to reduce diarrhoea and pneumonia in children under the age of five years. The programme aims to reach 90 million school children across 50,000 schools by 2018. BACNI has partnered with Children's Investment Fund Foundation, a UK based philanthropic fund in this endeavour. BHP won a Silver at the Flame Asia Awards 2016 organized by Rural Marketing Association of India, in the Social Development Campaign of the Year category.

The programme witnessed remarkable momentum through 2015 and first quarter of 2016. Till date, the programme has reached 1.3 million children across 4,000 schools and conducted 3,700 Mother Sessions to influence mothers who are the key habit formers for children. Through sustained efforts, the Government of Bihar has released a directive to include Handwashing Session before Mid Day Meal, thereby ensuring handwashing becomes a mandatory practice. About 3,900 mid-day meal sessions were also covered as part of the BHP programme.

### **Other Subsidiaries**

**Daverashola Estates Private Limited** and **Jamnagar Properties Private Limited** are subsidiaries of the Company, which have been exploring opportunities to enter into appropriate business activities. **Levers Associated Trust Limited**, **Levindra Trust Limited** and **Hindlever Trust Limited**, subsidiaries of the Company, act as trustees of the employee benefits trusts of the Company.

### **Joint Venture**

#### **Kimberly Clark Lever Private Limited**

Kimberly Clark Lever Private Limited (KCL) is a joint venture between your Company and Kimberly-Clark Corporation, USA, with infant care diapers as its primary product category sold under the brand Huggies and feminine care products sold under the brand Kotex. During the year, the business faced tough competitive environment on pricing and trade spends. Also, there has been a drastic shift of market from regular diaper to pants version which impacted revenue growth.

To meet the growing demand of pants format, investments have been made to increase the production capacity. The competitive intensity in the infant care category remains high and continues to attract both local and global competitors. KCL will continue to drive growth in business through innovations that positively impact consumers.

Pursuant to the provisions of Section 129(3) of the Companies Act, 2013, a statement containing salient features of financial statements of subsidiaries, associates and joint venture companies in Form AOC 1 is attached to the Accounts. The separate audited financial statements in respect of each of the subsidiary companies shall be kept open for inspection at the Registered Office of the Company during working hours for a period of 21 days before the date of the Annual General Meeting. Your Company will also make available these documents upon request by any Member of the Company interested in obtaining the same. The separate audited financial statements in respect of each of the subsidiary companies is also available on the website of your Company at <https://www.hul.co.in/investor-relations/annual-reports/>

Your Company has obtained a certificate from the Statutory Auditors certifying that the Company is in compliance with the FEMA regulations with respect to the downstream investments made in its subsidiaries and joint venture companies during the year.

## **6. CUSTOMER DEVELOPMENT**

During the year, the most important deliverable for the Customer Development function was to win in the marketplace through great execution, delivering competitive growth by winning with 2,700+ redistribution stockists and shoppers everyday, whilst getting the function future ready for winning across markets.

The year witnessed strong and consistent in-market performance on launches and relaunches, which are key drivers of growth.

Your Company has put in place robust action for 'Building Brands in Stores' in the Modern Trade environment and intends to scale up the initiative based on the learnings. This initiative has helped in growth in the Modern Trade retail, with the business growing in double digits and also gaining market share. The e-commerce opportunity is evident and growing exponentially in India. Your Company has made significant investment in capability building in e-commerce, and is committed to being the best FMCG player in e-commerce. A strong, high quality team with diverse talent has been put in place, which is working closely with all key e-commerce partners to create competitive advantage for the business.

In the previous year, your Company undertook the ambitious transformation agenda of 'Winning In Many India's' (WIMI) to leverage the diversity of people, culture, habits, economics and demographics that exists across India. This year has been a year of strengthening the WIMI thinking across markets, embedding it into the ways of working. This initiative has helped your Company to improve quality of servicing and in-market execution by getting closer to customers, shoppers and consumers. The creation of the new branch

office at Lucknow, covering Central India (UP, Bihar, MP, Chhattisgarh and Rajasthan) has already started yielding results, with these markets leading growth nationally. These markets have seen the benefits of tailor made consumer and customer plans across categories. Your Company is experiencing clear signs of the WIMI approach strengthening connect with customers, consumers and shoppers across geographical clusters, and will be a source of continuing competitive advantage.

Your Company has been a thought leader in the area of big data and analytics as a tool to drive sustainable growth. Using millions of transactions captured every month, your Company uses intelligent analytics at the back end, to deliver better on shelf availability in stores. Your Company continues to strengthen this capability every year and will invest aggressively in the power of knowledge and big data, to stay ahead of competition.

Your Company continues to focus and drive 'Project Shakti', the initiative for driving social responsibility and sustainability, aimed at enhancing livelihoods and building opportunities for small scale entrepreneurs in rural India. We now have close to 70,000 Shakti Entrepreneurs (Shakti Ammas) across 16 states, making a respectable living by distributing your Company products. These Shakti Ammas cover 1,62,000 villages, giving access to our brands to over 4 million rural households.

While rural remains a growth opportunity, the large cities are also key drivers of growth. To harness the growth opportunity in these big cities, your Company has initiated the Perfect City programme, which is a set of key projects for large Metros directed at winning with shoppers across all socio-economic strata in these cities.

## 7. SUPPLY CHAIN

Your Company's Supply Chain agenda was centred on five core areas - Customer Service Excellence, Creating Consumer delight by dedicated focus on quality, End to end cost savings programme, Sustainability and Partner to win through continuous improvement with vendors.

The service delivery standards improved steadily with Customer-Case Fill-On-Time increasing to 95%. This was achieved by developing a segmented approach and deploying it across the business. Under the segmented approach, different combinations of portfolios, geographies and customer channels were made. This resulted in a fit for purpose strategy for each element of Supply Chain. Your Company continued to strengthen the processes of Sales and Operation Planning (S&OP) and Innovation Process Management (IPM), which are the foundation of your Company's operational performance.

Your Company continued its focus on quality by linking all

actions to reduce consumer complaints per million units and improving on shelf consumer relevant quality standards thereby bringing together every part of the business to work on improving overall consumer experience. Continued focus on consumer connects have helped further driving the top agenda of 'Delighting consumers'. While the overall engagement with our consumers went up 67% over the previous year, the consumer complaints reduced by 20%.

With a robust funnel of saving programmes, your Company continued on its path of delivering consistent end to end cost savings. Inventory reduction achieved through scientific IT tools helped in releasing a substantial amount of cash for the business.

In line with the USLP commitments, your Company increased its dependence on Biomass as a source of fuel instead of fossil fuels. 25% of the energy requirement was met from renewable resources. Your Company is using locally available agri-waste like paddy straw, cotton stalks, saw dust and rice husk as fuel thereby helping local farming community to realize value out of these materials, which was otherwise wasted and burnt in fields, causing pollution. Besides, small local industries have come up to convert these into briquettes. All factories and warehouses were zero non-hazardous waste to landfill sites. Your Company continues to focus on water conservation by reducing ground water extraction. This is done by lowering process related consumption and reuse of treated effluent through Reverse Osmosis and secondly recharging of ground water table through Rain Water Harvesting.

Your Company progressed well in implementing its long term manufacturing strategy, with efficient capacity creation and introducing new technologies to support volume growth. Human resources for factories and Industrial Performance were introduced to drive your Company on the path of manufacturing excellence. World Class Manufacturing principles, which focus on root-cause analysis and elimination of non-value adding activities help lead improvement in efficiencies and cost performance.

There has been a significant improvement in innovation OTIF (On Time in Full) with more than 40 innovation networks being executed during the year, touching about 60% of the product portfolio. The focus on bigger and faster innovation and capability development has significantly helped the Company launch innovations first time right.

The Partner to Win Program, developed by Unilever globally, aims at developing Joint Business Plans with suppliers and business partners. It has resulted in reduced lead time and costs, improved reliability and new innovation delivery.

## 8. RESEARCH & DEVELOPMENT

Your Company continues to derive sustainable benefit from the strong foundation and long tradition of Research & Development (R&D) at Unilever, which differentiates it from many others. New products, processes and benefits flow from work done in various Unilever R&D centres across the globe, including in India. The Unilever R&D labs in Mumbai and Bengaluru work closely with the business to create exciting innovations to help us Win with our Consumers. With world-class facilities and a superior science and technology culture, your Company is able to attract the best talent to provide a significant technology differentiation to its products and processes.

These R&D programmes, undertaken by Unilever globally, are focused on the development of breakthrough and proprietary technologies with innovative consumer propositions. The R&D team comprises highly qualified scientists and technologists working in areas of Home Care, Personal Care, Foods & Beverages and Water Purification. The R&D group also comprises critical functional capability teams in the areas of Regulatory, Clinicals, Digital R&D, Product & Environment Safety and Open Innovation.

Your Company had entered into a Technical Collaboration Agreement (TCA) and a Trade Mark License Agreement (TMLA) with Unilever in 2012. The TCA provides for payment of royalty on net sales of specific products manufactured by your Company, with technical inputs developed by Unilever. The TMLA provides for the payment of trademark royalty, as a percentage of net sales on specific brands, where Unilever owns the trade mark in India. The pace of innovations and the scope of services have expanded over the years. Unilever's global resources are providing greater expertise and superior innovations. Your Company is enjoying the benefits of an increasing stream of new products and innovations, backed by technology and know-how from Unilever such as those explained below. This has helped in bringing to the Indian consumers bigger, better and faster innovations.

During the year, your Company introduced several innovations in Soaps and Detergents category. In the Soaps category, Lifebuoy continued to leverage its efficacious formulation powered by Activ Naturol Shield (ANS), where the R&D team discovered synergistic combination of sustainable natural actives, to provide superior efficacy against ordinary and evolved germs. Lifebuoy's efforts to reformulate Rs. 5/- mini-bar providing superior skin feel, better value and superior germ protection were recognized externally through prestigious Edison Gold Award for its broad global impact on health and hygiene. A new variant of Dove, without the presence of allergens, Dove sensitive was launched for the care of sensitive skin.

In the Detergents category, Surf Excel Handwash Powders were re-launched claiming "Tough stain removal" owing to

improved formulation. Surf Excel Matics powder formulations were improved by increasing stain removal efficacy of the product. Wheel powder was further improved to deliver higher performance with improvement in cleaning and fragrance.

In the Household Care category, the quality of the Vim bar was improved significantly. Product re-engineering was done for both the Vim bar and Vim liquid to improve the value delivered to the consumers and also enlarge consumer base.

In Hair Category, continuing the trend of innovations, Clinic Plus, the largest beauty shampoo brand in the country, was relaunched with new formula, providing stronger hair and new bottle design. The new pack also received external recognition by "India Star Awards" and "Asia Star Awards" for its unique design. Dove, launched a new variant "Oxygen Moisture" catering to the needs of consumers seeking voluminous hair with bounce. TRESemmé launched a new variant "Ionic Strength" with technology to protect hair against styling damage.

The Deodorants Category launched two new variants of Axe signature, Champion and Maverick, in the existing Axe signature range. To enable building antiperspirant market in India, three variants of Rexona Antiperspirant underarm roll-ons, powder dry, shower fresh and Aloe Vera were launched with claims involving prevention of body odour caused by sweat and bacteria.

In the Oral Care category, Pepsodent Germicheck was relaunched with your Company's best ever flavour to provide an improved sensorial experience to the consumer.

In the Skin Care category, Fair & Lovely launched BB cream, an expert product that brings together the benefits of foundation and fairness cream. Fair & Lovely Men launched Max Fairness Oil Control face wash, a product which is specially designed for male consumers. Vaseline relaunched its Intensive Care lotions – Deep Restore, Cocoa Glow and Aloe Soothe lotion variants enriched with micro droplets of Vaseline Jelly TM to restore moisture reserves of skin instantly and helping your dry skin heal. Vaseline also launched Intensive Care Advanced Repair lotion, clinically proven to restore very dry skin in 5 days. Pond's White Beauty launched its first ever pearl cleaning gel which offers a differential sensorial in whitening and freshness space. It is formulated to give glowing and fair skin and the oxy gel technology is effective in oil and dirt removal from deep within the skin without making the skin feel dry. Pond's Men launched Pollution Out Deep Clean face wash. The product is formulated to cater to the hectic lifestyle of male consumers.

In Water business, your Company launched an inline water purifier "Marvella UV+Cold" based on UV purification technology. This point-of-use water purifier is equipped with a cooling feature, which is first of its kind in this product category. In the RO portfolio, "Classic RO+MF", a low cost RO water purifier was

launched to cater to lower LSM consumers who do not have access to sweet potable water and to establish leadership in the RO segment. The initial market response for this purifier has been very promising. The R&D team has developed the 'Oxyblast' Technology, enabling the launch of the Pureit Ultima RO+UV with Oxytube. The technology removes chemicals and pesticides from Fruits and Vegetables and also purifies water through its 6-stage RO+UV purification.

In Beverages Category, Tea R&D team focused on re-launch of key brands Taaza, 3Roses and Red Label with superior products. Green tea category growth was accelerated through strong claims substantiated through science and technology. The Tea R&D team continued to build capability for tea and coffee and to dial up processing capability to unlock value across the value chain. Through R&D initiatives, cost savings were also delivered to manage commodity inflation.

The Foods R&D team in its efforts to further develop the Company's Foods business launched a number of new product ranges. The Kissan ketchup and tomato based sauce range was extended with 'Twist' products, to extend the range with sauces to dip into or use as a topping. Kissan mango jam was reformulated, made partly with real Alphonso mangoes, resulting in a delicious taste. The Knorr Soups range, positioned as a great tasting healthy alternative for higher calorie snacks, was further extended with a range of International cook up soups as well as instant soups. Knorr seasoning range was launched towards the end of the year. These products bring restaurant quality to homes in India through global Knorr Chefmanship skills.

In the Ice creams / frozen dessert category, new products, launched across different impulse brands, made significant contribution in driving the category growth. Under Cornetto, two variants of mini Cornetto with chocolate and butter scotch flavor were launched in the affordable snacks range. Launch of bubble gum jelly packed with exciting taste and fun was among kids' favorite ice creams during the year. Under Premium segment, 'Magnum Choco Brownie' made an entry in the market.

R&D has further contributed to the Company's sustainability agenda by enabling significant reduction in packaging material consumption through several material efficiency initiatives. During the year your Company focused on using lighter, stronger and better materials that have a lower environmental impact. This has led to over 10,000 tonnes of paper and board waste reduction; and over 840 tonnes of polymer waste reduction. Your Company has also been successful in reducing glass

wastage in Foods packaging by nearly 20 tonnes and wooden stick wastage in ice creams by nearly 11 tonnes.

Your Company is working in partnership with industry, governments and NGOs to increase recycling and recovery rates in our packaging. R&D has contributed significantly through several material efficiency initiatives which resulted in reducing packaging waste footprint by 123 tonnes across Beverage and ice creams without compromising on delivered quality.

With access to strong scientific expertise and the capability to deliver high value technologies developed globally by Unilever, your Company is well placed to meet the challenges emanating from the increased intensity of competition and the opportunities to drive faster growth on the back of a strong support from R&D as well as brand development capabilities.

### **8.1 Technology Absorption**

The Company maintains strong and healthy interactions with Unilever. This is facilitated through well-co-ordinated management exchange programme. The programmes include setting out governing guidelines pertaining to identifying areas of research, agreeing timelines, resource requirements etc.; scientific research based on hypothesis testing and experimentation which leads to new / improved / alternative technologies; supporting the development of launch ready product formulation based on research and implementation of the launch ready product formulations in our markets. The benefits derived by your Company through technology absorption and Research and Development have been detailed earlier in this report. Your Company continuously imports technology from Unilever under the Technical Collaboration Agreement and the same is fully absorbed.

Your Company receives support and guidance from Unilever to drive functional excellence in marketing, supply management, media buying and IT, among others, which helps your Company to build capabilities, remain competitive and further step-up its overall business performance. Unilever is committed to ensuring that the support in terms of new products, innovations, technologies and services is commensurate with the needs of your Company and enables it to win in the marketplace.

The details of expenditure on scientific Research and Development at the Company's in-house R&D facilities eligible for a weighted deduction under Section 35(2AB) of the Income Tax Act, 1961 for the year ended 31st March, 2016, are as follows:

Capital Expenditure : Rs. 2.47 crores  
Revenue Expenditure : Rs. 37.13 crores

## 9. ENVIRONMENT, SAFETY, HEALTH AND ENERGY CONSERVATION

Your Company places utmost importance on ensuring safety of its employees, visitors to our premises and the communities we operate in. Safety is an overarching area of management, being part of your Company's strategic framework (The Compass). Your Company has been achieving continuous improvement in safety performance through a combination of systems and processes as well as co-operation and support of all employees. The injury rates in 2015 were less than ¼ of the injury rates in 2008. In absolute terms, the injury rate last year was less than 0.5 injuries per million manhours worked. Each and every safety incident at the sites is recorded and investigated. All injuries which require any medical treatment are logged and reported to a global externally audited monitoring system.

One of the key enablers for your Company's vision of Zero Injury and Zero Incident operation is the ability to share knowledge globally and learn from incidents across Unilever sites, preventing repetition of incidents. This is facilitated by regular inputs provided by Unilever Global Safety team on corrective and preventive actions based on learnings not only from Unilever sites across the world but also best practices from other FMCG companies.

Safety receives the highest attention from all levels of management. All official events in the Company, be it a CEO's address to a large group of employees or a small meeting addressed by a factory manager of a remote unit, begin with a safety briefing. Top management regularly use Safety Moments as a technique to share personal safety learnings with team members. All Managing Committee (MC) members personally lead a Safety sub-committee. Performance of the sub-committees led by MC members is periodically reviewed by a Central Safety, Health and Environment sub-committee, which is chaired by the CEO. This provides strong cross-functional support and senior level guidance for safety team.

Your Company also invests resources and efforts in training and hardware upgradation to move the needle on safety. A customised behavioral safety framework called BeSafeE is being deployed across factories and offices to improve risk perception of employees. The programme targets change in behaviour patterns and elimination of unsafe acts since these have been found to be the root cause of majority of safety incidents.

Your Company has been leading sustainability initiatives in manufacturing operations for several years. Sustainability is integral to all the operations of your Company ranging from sourcing to manufacturing and logistics. Your Company has been achieving significant year-on-year reduction in use of water, electricity and fuel in manufacturing operations, in line with

Unilever Sustainability Living Plan (USLP). Following are some of the milestones of environmental performance during the year:

- A facility at Orai was commissioned to burn vegetable oil residue (by-product from DFA plant operations) for steam generation. Use of vegetable oil residue as fuel helps reduce the CO<sub>2</sub> emissions besides being more cost-effective than furnace oil. This is being evaluated for replication at other DFA plants.
- Special efforts were undertaken to improve the uptime of biomass boiler operation across sites to maximise use of biogenic fuels and minimize use of standby furnace oil fired units. During the year one more biomass boiler was installed at Dapada, bringing the total number of biomass fired units to 12.
- Expert assessments of Water balance, energy balance, pump efficiency, etc. are organised at every factory and these are used to identify environment impact reduction opportunities. All new premises are designed compliant to high (Gold / Platinum) LEEDS standards for conserving energy throughout their life-time.
- Rain water harvesting is practised across all the sites. In addition, several units are collecting rainwater for use in plant operations such as cooling tower makeup water to reduce groundwater extraction. Every site has been equipped with water meters to track water usage in process and utility areas. The data collected is analysed on a weekly basis. With these efforts, Specific water consumption in manufacturing operations reduced by further 4% over 2008 baseline and now stands at 48% of 2008 baseline.
- Your Company made capital investments amounting to Rs.14 crores during the financial year 2015-16 on energy conservations equipment and saved over 60,000 GJ/annum of energy as a result. The annualized financial savings due to conservation initiatives amounted over to Rs. 12 crores.

Above initiatives enabled your Company to reduce our carbon foot-print too. Your Company's CO<sub>2</sub> emissions (per tonne of production) now stand at 42% of 2008 baseline.

Practice of dumping waste into landfill sites leads to long term degradation of scarce land resources besides creating environmental contamination. Recognizing this issue, your Company took a decision to stop sending non-hazardous waste from our factories and depots for landfill. Waste generation is minimised at source. Waste segregation facilities have been provided in all factories to enable disposal to certified re-use agencies for all recyclable wastes, such as packaging materials, empty raw material containers and project scrap.

Good segregation also enables better value recovery from the scrap. Remaining material is sent for safe disposal through Co-processing route. Your Company has entered into agreements with reputed cement manufacturers for the above. We have achieved Zero Non-hazardous waste to Landfill status for all our factories and depots during the year.

During 2015, repeat awards were received by your Company from reputed national and international organisations such as Frost & Sullivan, Bureau of Energy Efficiency, CII, National Safety Council in recognition of your Company's efforts in the spheres of Safety, Environment and Sustainability.

## 10. HUMAN RESOURCES

Your Company's Human Resource agenda continues to remain focused on reinforcing the key thrust areas i.e. being the employer of choice, building an inclusive culture and a strong talent pipeline, building capabilities in the organization and continuing to focus on progressive employee relations policies.

Your Company has over 11000+ employees spread across 30 manufacturing units. Our Vision is to deliver world class service at optimal cost by making every employee a fully engaged and aligned team member.

Over the years, there has been a paradigm shift in the approach adopted by Employee Relations through different initiatives in various capacities. We drive sustainable growth and have been instrumental in bringing in thought leadership in building strong employee relations across the country. Development initiatives like Sparkle have been picked up and rolled out globally within Unilever and a holistic approach is now in place to build organizational productivity and employee engagement.

Your Company is known for developing future leaders and having the best people practices. This, coupled with the ability to attract the best talent, provides a competitive edge to the organisation. According to the Campus Track Business School Survey 2015, conducted by Nielsen for the 2016 graduating batch of the B-School students, your Company has been chosen as the preferred employer across all sectors for the fifth year in a row. Your Company has also retained the 'Dream Employer' status for the seventh consecutive year.

Your Company continued to build on the Diversity and Inclusion agenda. A series of programmes like Maternity & Paternity Support, Career by Choice and location flexibility have helped in further driving the agenda. Your Company continues to focus on driving inclusion through building leadership capability and recognizing line managers who provide a simple, flexible and respectful work environment for their teams.

In a first of its kind initiative in the FMCG industry, your Company now has an all women run factory at Haridwar in Uttarakhand. This is a testimony to your Company's 'diversity' initiatives which seek to promote gender-balance and accelerate the advancement of high-potential women talent in the Company.

Your Company is focused on building a high performance culture with a growth mindset. Developing and strengthening capabilities for all employees in your Company has remained an ongoing priority.

Your Company maintains momentum on building speed and simplification in ways of working. Sunset, the online tool through which employees can access the top management for quick solutions keeps your Company agile. Your Company continues to drive the simplification agenda and deliver substantial cost and time savings.

## 11. INFORMATION TECHNOLOGY (IT)

IT continues to support business operations and drive competitive advantages for your Company, through continued investment in the enterprise wide SAP platform including data analytics. Your Company supports the distributors by providing a common distribution management system which integrates with the Company's system. In addition, a common mobility solution is in place for all individuals who execute sales transactions in the market place.

IT has played a key role in driving the new business channels like e-commerce. IT has also helped move the needle on digital marketing maturity in the Company with setting up optimized web content for our brands, facilitating consumer engagement and the ability to understand consumer sentiments and interact with them at speed.

Your Company has also invested in new capabilities like Oracle Transport Management that helps plan the inbound and outbound freight for the Company thereby optimizing logistics costs. Your Company has also actively engaged with the external environment to understand the technology readiness for the GST era and has been one of the first companies to complete the migration to the latest tax structure in SAP viz Tax-INN. Your Company continues to drive resilience through targeted remediation of high risk IT components, including hardware, databases, operating systems and applications. Alongside the investment in technology, your Company is also improving its service management processes to prevent any defects in the IT environment and to enable faster resolution of any such incidents with minimum business disruption.

## 12. PEOPLE DATA CENTRE (PDC)

Your Company has established a new capability to provide real time actionable insights by integrating different data sources. PDC has three pillars: Social & Business Analytics, People Relationship Marketing and Consumer Engagement Centre.

- Social & Business Analytics: There is increasing mention of your Company's brands and categories on social media. Social and Business analytics enable your Company to track all conversations, understand its implication on Company's brands, get an understanding of emerging trends faster than ever before. This also optimizes the presence of Company's brands on social media to build brand love, strengthen the equity and thus boost your Company's growth.
- People Relationship Marketing [PRM]: PRM helps in capturing rich people data and engage with the consumers in a personalized manner through mobile and digital channels. This helps in building better relationships and boost sales while building brand equity.
- Consumer Engagement Centre: During the year, your Company transformed Levercare to Consumer Engagement Centre to build one-on-one relationships with consumers with an objective to move from 'satisfied' consumer to 'delighted' consumer.

## 13. FINANCE AND ACCOUNTS

The agenda for the finance and accounts function of your Company is to drive superlative performance of the business, pioneer thought leadership and develop future ready talent in finance. During the year, the finance team helped the business navigate the significant volatility in commodity driven categories and helped drive a strong savings programme under 'Project Symphony'. The teams also set up the state of art national transaction processing billing to cash centre at Mumbai and continued with the Finance Transformation agenda which is driven over the past couple of years. This agenda has enabled decoupling business growth from increased cost, complexity and time of transaction processing.

By focussing the business on volume led growth, your Company was able to drive strong operating leverage. Additionally, the benefits of sustained improvement in cost savings have given your Company the ability to invest in brands and pass the benefits to consumers and this in turn has led to a strong volume growth, thereby driving the virtuous cycle of growth.

Record to Report project began with the vision of creating one accounting excellence centre at Bengaluru. This project enables consistent improvement in excellence in reporting, both in terms of quality and the speed to release results to the market. Your Company has taken several strides forward in this journey. Your Company was also appreciated at South Asian Federation of Accountants with a Merit Award for excellence in financial reporting.

During the year, your Company has constituted a cross functional "Livewire" team to drive end to end Business Analytics. Project Livewire, which is a cross functional initiative led by Finance, aims to harness cross functional data and use the power of analytics to deliver superior business insights. The project object was to deliver readymade, off the shelf, instant business performance analysis to teams in a form which is visually brilliant, easy to comprehend and action oriented.

### Indian Accounting Standards (Ind AS) – IFRS Converged Standards

Your Company and its subsidiaries and joint venture will adopt Ind AS with effect from 1st April, 2016 pursuant to Ministry of Corporate Affairs notification dated 16th February, 2015 notifying the Companies [Indian Accounting Standard] Rules, 2015. In 2015-16, your Company has substantially completed the assessment of the impact of the change to Ind AS on reported reserves and surplus and on the reported profit for the relevant periods. Your Company has also completed the modification of accounting and reporting systems to facilitate the changes. The implementation of Ind AS is a major change process and your Company was among the first in industry who had organized an Ind AS session to brief the analysts on the new provisions of Ind AS, and present the preliminary impact assessment on Company's standalone financial statements. The presentation is available on our website at <https://www.hul.co.in/investor-relations/presentations/ind-as-session.html>

Capital Expenditure during the year was at Rs. 750.49 crores (Rs. 526.40 crores in the previous year).

During the year, your Company has not accepted any public deposits under Chapter V of Companies Act, 2013. In terms of the provisions of Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001, Rs. 3.80 crores of unpaid / unclaimed dividends were transferred during the year to the Investor Education and Protection Fund.

Return on Net Worth, Return on Capital Employed and Earnings Per Share (EPS) for the last four years and for the year ended 31st March, 2016, are given below:

Particulars	2011-12	2012-13	2013-14	2014-15	2015-16
Return on Net Worth (%)	77.70	94.70	104.10	99.50	88.70
Return on Capital Employed (%)	96.80	109.10	130.20	127.70	128.40
Basic EPS (after exceptional items) (Rs.)	12.46	17.56	17.88	19.95	18.87

There were no material changes and commitments affecting the financial position of the Company which occurred between the end of the financial year to which this financial statements relate on the date of this report.

### Segment-wise Results

Your Company has identified five business segments, in line with the Accounting Standard on Segment Reporting (AS-17), which comprise: (i) Soaps and Detergents, (ii) Personal Products, (iii) Beverages, (iv) Packaged Foods, including Culinary, Branded Staples, Frozen Dessert and Ice Cream and (v) Others, including Exports, Chemicals, Water Business, Infant Care Products, etc. The audited financial results of these segments are provided as a part of financial statements.

Details of loans, guarantee or investments made by your Company under Section 186 of the Companies Act, 2013 during the financial year 2015-16 is appended as an Annexure to this report.

### 13.1 Risk and Internal Adequacy

Your Company has an elaborate Risk Management procedure, which is based on three pillars: Business Risk Assessment, Operational Controls Assessment and Policy Compliance processes. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis. The Company has set up a Risk Management Committee to monitor the risks and their mitigating actions and the key risks are also discussed at the Audit Committee. Some of the risks identified by the Risk Management Committee relate to competitive intensity and cost volatility.

The Company's internal control systems are commensurate with the nature of its business and the size and complexity of its operations. These are routinely tested and certified by Statutory as well as Internal Auditors and cover all offices, factories and key business areas. Significant audit observations and follow up actions thereon are reported to the Audit Committee. The Audit Committee reviews adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations, including those relating to strengthening of the Company's risk management policies and systems.

Your Company manages cash and cash flow processes assiduously, involving all parts of the business. There was a net cash surplus of Rs. 2,758.82 crores (2014-15: 2537.56 crores), as on 31st March, 2016. The Company's low debt equity ratio provides ample scope for gearing the Balance Sheet, should the need arise. Foreign Exchange transactions are fully covered with strict limits placed on the amount of uncovered exposure, if any, at any point in time. There are no materially significant uncovered exchange rate risks in the context of Company's imports and exports. The Company accounts for mark-to-market gains or losses every quarter end, in line with the requirements of Accounting Standard 11.

### 13.2 Mergers, Acquisitions and Divestments

During the year, your Company entered into an agreement with Mosons Group to acquire its flagship brand 'Indulekha'. The deal involved acquisition of the trademarks 'Indulekha' and 'Vayodha', intellectual property, design and knowhow. The proposed acquisition is in line with the Company's strategic intent to strengthen its leadership position in Personal Care by providing an impetus to its play in the evolving Premium Naturals segment.

Your Company completed the sale and transfer of its bread and bakery business under the brand 'Modern' to Nimman Foods Private Limited (renamed to Modern Food Enterprises Private Limited), an investee company of Everstone Capital Partners. The Company has also signed an agreement for the sale of its Rice Exports business carried out primarily under the brands 'Gold Seal Indus Valley' and 'Rozana', to LT Foods Middle East DMMC, a group company of LT Foods Limited. Your Company's decision to divest these business is in line with its strategy to exit non-core businesses, while continuing to drive its growth agenda in the core packaged foods business.

### 13.3 Scheme of Arrangement

The Board of Directors of the Company, during the year, have approved a Scheme of Arrangement which envisages the transfer of the balance of Rs 2,187.33 crores standing to the credit of the General Reserves to the Profit and Loss Account.

Your Company has built up significant reserves over the years through the transfer of profits to the General Reserves pursuant

to the provisions of the erstwhile Companies Act, 1956. With Company's strong financial position and track record of cash generation, the funds represented by such accumulated General Reserves is seen to be in excess of the Company's current and anticipated needs. In view of this your Company has proposed a Scheme between the Company and its shareholders to give effect to the proposed transfer and its subsequent payout. The Scheme, besides being shareholder friendly, will also drive the efficiency of the Company's Balance Sheet.

The Scheme is subject to the approval of the shareholders in the Court Convened Meeting scheduled on 30th June, 2016, sanction of the Court and such other approvals as may be applicable. Upon the Scheme becoming effective, the amount so transferred is proposed to be distributed to the shareholders 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.

## **14. LEGAL, GOVERNANCE AND BRAND PROTECTION**

The legal function of your Company continues to be a source of competitive advantage for the Company, enabling the business to make competitive claims, defend the position while ensuring a level playing field in the marketplace by challenging the claims which are frivolous and misleading to consumers. The legal function of your Company collaborates and works closely with industry associations, regulators and key opinion formers to develop the regulatory environment that is progressive and is in the best interest of all stakeholders.

The focus on litigation management continued during the year as also on combating unfair competition with a series of actions to protect your Company's Brands from counterfeits, look-alike and grey imports. Your Company continued to focus on the key areas and projects identified within the Legal, Compliance and Corporate Affairs functions. The Company has developed an in house workflow based compliance tool 'Self-Compli' that tracks compliances across factories and offices. The tool is one of the best practices and is being exported to other businesses of Unilever.

### **14.1 Settlement of Long Standing Kodaikanal dispute**

The Pond's HLL ex-Mercury Employees Welfare Association, representing the ex-employees of the former thermometer factory at Kodaikanal, had filed a petition in the Hon'ble Madras High Court in February 2006 seeking economic rehabilitation. This petition was filed more than four years after your Company had made a full and final settlement with the ex-employees in November 2001. The severance package offered to the ex-employees at the relevant time was significantly higher than the statutory requirement. The ex-employees were also offered alternative jobs in another unit of the Company, however, they opted out of service. Several expert studies have been conducted since

the factory's closure and all have concluded that our ex-employees were not harmed by working in the former thermometer factory at Kodaikanal.

During the year, your Company has signed a Memorandum of Settlement with the Pond's HLL ex-Mercury Employees Welfare Association, representing the ex-employees of the former thermometer factory in Kodaikanal. The settlement has been entered into on humanitarian considerations to put an end to this long standing matter pending in the Court for several years and also is in line with the suggestion of the Hon'ble Madras High Court. The Memorandum of Settlement reached was recorded in an order passed by the Hon'ble Madras High Court. As part of the agreement, your Company, with an objective to ensure long term wellbeing of its former workers, has agreed to provide ex-gratia payments to 591 former workers / association members and their families towards livelihood enhancement projects and skill enhancement programmes.

Following the settlement with former workers in Kodaikanal, your Company continues to actively engage with the Tamil Nadu Pollution Control Board (TNPCB) on the issue relating to soil remediation and is committed to address the clean-up of the former thermometer factory site.

### **14.2 Corporate Governance**

Your Company is renowned for exemplary governance standards since inception and continues to lay a strong emphasis on transparency, accountability and integrity. The Corporate Governance Code adopted by the Board of Directors of the Company is a statement of Company's practices and procedures in the area of governance.

The Companies Act, 2013 and SEBI Listing Regulations have strengthened the governance regime in the country. Your Company is in compliance with the governance requirements provided under the new law and listing regulations.

The Company has adopted the policies in line with new governance requirements including the Policy on Related Party Transactions, Policy on Material Subsidiaries, CSR Policy and Whistle Blower Policy. These policies are available on the website of the Company at <https://www.hul.co.in/investor-relations/corporate-governance/>. The Company has established a vigil mechanism for Directors and employees to report their genuine concerns, details of which have been given in the Corporate Governance Report annexed to this Report.

During the year, Secretarial Audit was carried out by M/s. S. N. Ananthasubramanian & Co., Company Secretaries, the Secretarial Auditor of the Company for the financial year 2015-16. There were no qualifications, reservations or adverse remarks given by Secretarial Auditors of the Company. The detailed report on the Secretarial Audit is appended as an

Annexure to this Report. The Secretarial Auditors have also carried out an independent assessment of the compliance of Corporate Governance Code by the Company.

The extract of annual return in Form MGT-9 as required under Section 92(3) and Rule 12 of the Companies (Management and Administration) Rules, 2014 is appended as an Annexure to this Report.

A separate report on Corporate Governance is provided together with a Certificate from the Statutory Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Listing Regulations. A Certificate of the CEO and CFO of the Company in terms of Listing Regulations, *inter alia*, confirming the correctness of the financial statements and cash flow statements, adequacy of the internal control measures and reporting of matters to the Audit Committee, is also annexed.

### **14.3 Related Party Transactions**

In line with the requirements of the Companies Act, 2013 and Listing Regulations, your Company has formulated a Policy on Related Party Transactions which is also available on Company's website at <https://www.hul.co.in/investor-relations/corporate-governance/>. The Policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and Related Parties.

All Related Party Transactions are placed before the Audit Committee for review and approval. Prior omnibus approval is obtained for Related Party Transactions on a quarterly basis for transactions which are of repetitive nature and / or entered in the Ordinary Course of Business and are at Arm's Length. All Related Party Transactions are subjected to independent review by a reputed accounting firm to establish compliance with the requirements of Related Party Transactions under the Companies Act, 2013 and Listing Regulations.

All Related Party Transactions entered during the year were in Ordinary Course of the Business and on Arm's Length basis. No Material Related Party Transactions, i.e. transactions exceeding ten percent of the annual consolidated turnover as per the last audited financial statements, were entered during the year by your Company. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3)(h) of the Companies Act, 2013 in Form AOC-2 is not applicable.

### **14.4 Prevention of Sexual Harassment at Workplace**

As per the requirement of The Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 ('Act') and Rules made thereunder, your Company has constituted Internal Complaints Committees (ICC). The Company has designated the external independent member as a Chairperson for each of the Committees which was beyond the requirements

of law. During the year, 2 complaints with allegations of sexual harassment were filed with the Company and the same were investigated and resolved as per the provisions of the Act.

## **15. SUSTAINABLE LIVING**

Your Company has a simple but clear purpose – to make sustainable living commonplace. Your Company believes this is the best long-term way for business to grow. To fulfil this purpose, your Company has embraced the Unilever Sustainable Living Plan (USLP) which was launched in 2010. USLP spans your Company's entire portfolio of brands, has a social and economic dimension and works across the entire value chain - from the sourcing of raw materials to the delivery of products to the consumers.

USLP commits us to a value chain approach and your Company has made a good progress on the three USLP goals of improving health and well-being, reducing environmental impact and enhancing livelihoods and will continue to help make sustainable living commonplace.

Additionally, your Company has identified water as a key area of intervention. According to estimates, by 2030 the supply of water in India will be half its demand. To understand and partake in meeting this challenge, your Company set up Hindustan Unilever Foundation (HUF) in 2010, a not-for-profit company that anchors various community development initiatives of Hindustan Unilever Limited. HUF supports national priorities for socio-economic development, through its 'Water for Public Good' programme. HUF has initiated projects across 54 districts in 9 states and 2 Union Territories located across 11 river basins in India. Water conservation programmes undertaken by HUF through collective action and in partnership with several NGOs, communities, other co-funders and partners across India have helped in the creation of cumulative water conservation potential of over 200 billion litres.

Your Company has launched the 'Swachh Aadat, Swachh Bharat' programme in line with the Government of India's Swachh Bharat Abhiyan (Clean India Mission) to promote good health and hygiene practices. It stresses on adopting three simple good habits ('Swachh Aadat') – washing hands five times a day, using a clean toilet for defecation and adopting safe drinking water practices.

Your Company's livelihood enhancement initiatives got a boost this year with Rin Career Ready Academy – a livelihood skills enhancement programme specifically for the youth.

Project Prabhat (Dawn), your Company's programme to contribute to and engage with communities around the manufacturing operations, has also seen good progress across all three pillars - improving health and hygiene, conserving water potential and enhancing livelihoods. Till date, 27 manufacturing locations have been covered through this programme, cumulatively reaching out to 1.38 lakh people.

Project Shakti has continued to empower women both socially and financially. This initiative has empowered nearly 70,000 Shakti Ammas complemented by 48,000 Shaktimaans.

Your Company has shared progress on similar social initiatives in the Business Responsibility Report that describes the initiatives undertaken in line with the key principles enunciated in the 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business' framed by the Ministry of Corporate Affairs. The report is made available on your Company's website, [www.hul.co.in](http://www.hul.co.in). The Business Responsibility Report shall be kept open for inspection at the Registered Office of the Company. If a Member is interested in obtaining a hard copy of the Business Responsibility Report, they may write to the Investor Service Department at the Registered Office of the Company.

In accordance with the requirements of Section 135 of Companies Act, 2013, your Company has constituted a Corporate Social Responsibility Committee. The composition and terms of reference of the Corporate Social Responsibility Committee is provided in the Corporate Governance Report.

Your Company has also formulated a Corporate Social Responsibility Policy which is available on the website of the Company at <https://www.hul.co.in/investor-relations/corporate-governance/hul-policies/>. Annual report on CSR activities as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014 has been appended as Annexure to this Report.

## **16. EMPLOYEE STOCK OPTION PLAN (ESOP)**

Details of the shares issued under Employee Stock Option Plan (ESOP), as also the disclosures in compliance with Section 62 of Companies Act, 2013 and Rule 12 of Companies (Share Capital and Debentures) Rules, 2014 and SEBI (Share Based Employee Benefits) Regulations, 2014 are set out in the Annexure to this Report. No employee has been issued share options during the year, equal to or exceeding 1% of the issued capital of the Company at the time of grant.

Pursuant to the approval of the Members at the Annual General Meeting held on 23rd July, 2012, the Company adopted the '2012 HUL Performance Share Scheme' in place of '2006 HLL Performance Share Scheme'. In accordance with the terms of the Performance Share Plan, employees are eligible for award of conditional rights to receive equity shares of the Company at the face value of Re. 1/- each. These awards will vest only on the achievement of certain performance criteria measured over a period of three years.

Under the said Plan, eligible Managers were given Conditional Performance Grant of shares of Unilever and the Company in the ratio of 67:33, to mirror your Company's shareholding, where Unilever held 67% shareholding. During the year, 196 employees, including Wholetime Directors, were awarded conditional rights to receive 169,515 Equity Shares at the face value of Re. 1/- each. It comprises conditional grants made to eligible managers covering performance period from 2015 to 2017 and from 2016 to 2018.

## **17. BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

As per the provisions of the Companies Act, 2013, Independent Directors are required to be appointed for a term of five consecutive years, but shall be eligible for reappointment on passing of a special resolution by the Company and shall not be liable to retire by rotation. All other Directors, except the Managing Director, will retire at the ensuing Annual General Meeting and, being eligible, offer themselves for re-election.

The Independent Directors of your Company have given the certificate of independence to your Company stating that they meet the criteria of independence as mentioned under Section 149(6) of the Companies Act, 2013.

The details of training and familiarization programmes and Annual Board Evaluation process for Directors have been provided under the Corporate Governance Report.

The policy on Director's appointment and remuneration including criteria for determining qualifications, positive attributes, independence of Director, and also remuneration for Key Managerial Personnel and other employees forms part of Corporate Governance Report of this Annual Report.

## **18. MANAGEMENT COMMITTEE**

The day-to-day management of the Company is vested with the Management Committee, which is subjected to the overall superintendence and control of the Board. The Management Committee is headed by the Chief Executive Officer and has Functional / Business Heads as its members.

During the year, Mr. Samir Singh, Executive Director, Personal Care was elevated to the position of Global Executive Vice President, Skin Cleansing at Unilever. Mr. Sandeep Kohli has succeeded Mr. Samir Singh as Executive Director, Personal Care and member of Management Committee of the Company.

## 19. AUDITORS

M/s. B S R & Co. LLP were appointed as Statutory Auditors of your Company at the Annual General Meeting held on 30th June, 2014 for a term of five consecutive years. As per the provisions of Section 139 of the Companies Act, 2013, the appointment of Auditors is required to be ratified by Members at every Annual General Meeting.

The Report given by the Auditors on the financial statements of the Company is part of the Annual Report. There has been no qualification, reservation, adverse remark or disclaimer given by the Auditors in their Report.

M/s R. A. & Co., Cost Accountants carried out the cost audit for applicable business during the year. The Board of Directors have appointed M/s R. A. & Co., Cost Accountants as Cost Auditors for the financial year 2016-17.

## 20. OUTLOOK

The global economic climate continues to be volatile, uncertain and prone to geo-political risks. Weak consumer sentiment and low commodity prices are expected to affect global growth adversely.

For India, 2016 will be a key year for consolidating its recovery and accelerating its growth. Despite challenging global headwinds, a stable macro performance will help India to remain an attractive investment destination. However, execution of the reforms agenda and commencing the investment cycle will be key determinants of India's economic performance on a long term basis. While currently inflation is expected to be benign, upside pressures on inflation exist from the vagaries of monsoon or due to competitive devaluation of currencies. Roll out of Goods and Services Tax regime from April 2017 is a key need of the hour to remove cascading incidence of tax, simplifying tax compliance environment and enhancing ease of doing business.

FMCG markets are expected to continue to grow. Consumer confidence has increased, however, this has not yet translated into significant improvement in FMCG market conditions. While the near term conditions pose a challenge for FMCG market growths, the medium to long term secular trends based on rising incomes, aspirations, low penetration and consumption levels, are positive for the FMCG sector. Your Company, with its brands, talent and investment in capabilities, is well placed to leverage this opportunity.

## 20.1 Cautionary Statement

Statements in the Annual Report, particularly those which relate to Management Discussion and Analysis, describing the Company's objectives, projections, estimates and expectations, may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Although the expectations are based on reasonable assumptions, the actual results might differ.

## 21. APPRECIATIONS AND ACKNOWLEDGMENTS

Your Directors place on record their deep appreciation to employees at all levels for their hard work, dedication and commitment. The enthusiasm and unstinting efforts of the employees have enabled the Company to remain as industry leaders.

Your Directors would also like to acknowledge the excellent contribution by Unilever to your Company in providing the latest innovations, technological improvements and marketing inputs across almost all categories, in which it operates. This has enabled the Company to provide higher levels of consumer delight through continuous improvement in existing products and introduction of new products.

The Board places on record its appreciation for the support and co-operation your Company has been receiving from its suppliers, redistribution stockists, retailers, business partners and others associated with the Company as its trading partners. Your Company looks upon them as partners in its progress and has shared with them the rewards of growth. It will be the Company's endeavour to build and nurture strong links with the trade based on mutuality of benefits, respect for and co-operation with each other, consistent with consumer interests.

The Directors also take this opportunity to thank all Investors, Clients, Vendors, Banks, Government and Regulatory Authorities and Stock Exchanges, for their continued support.

On behalf of the Board

**Harish Manwani**

Chairman

(DIN : 00045160)

Mumbai, 9th May, 2016

## Annexure to the Directors' Report

### Particulars of Loans, Guarantees or Investments

#### Amount outstanding as at 31st March, 2016

Particulars	(Rs. crores)
	Amount
Loans given	161.97
Guarantee given	8.20
Investments made	1,728.33

#### Loan, Guarantee and Investments made during the financial year 2015-16

Name of Entity	Relation	Amount (In Crores)	Particulars of loan, guarantee and investments	Purpose for which the loans, guarantee and investments are proposed to be utilized
Lakme Lever Private Limited	Subsidiary	31.00	Loan	Business purpose
Pond's Exports Limited	Subsidiary	4.00	Loan	Business purpose
Kimberly Clark Lever Private Limited	Joint Venture	14.95	Investments	Business purpose
Mutual Funds#	-	202.97	Investments	Cash Management

# For details refer to Note 18 of Notes to the financial statements

On behalf of the Board

Mumbai, 9th May, 2016

**Harish Manwani**  
Chairman  
(DIN : 00045160)

## Annexure to the Directors' Report

### Details of shares issued Under Employees Stock Option Plan (ESOP)

	2001 HLL Stock Option Plan (Period: 2001 to 2005)	2006 HUL Performance Share Scheme (Period: 2006 to 2012)	2012 HUL Performance Share Scheme (Period: 2013 to 2015)
a) Options granted	1,31,62,941	Conditional grant of 22,87,135 equity shares of Re.1/- each valued at Rs. 22.87 lakhs	Conditional grant of 9,83,954 equity shares of Re.1/- each
b) Options vested	1,31,62,941	21,80,895	3,74,854 [HULPSP 2013] Year 2014 to 2016 will vest after 3 years
c) Options exercised	1,01,21,791	21,75,742	66,149
d) The total number of shares arising as a result of exercise of option	1,01,21,791	21,75,742	66,149
e) Options lapsed	30,41,150	5,153	NIL
f) Exercise Price	Year 2001 - Rs.208.69 Year 2002 - Rs.201.59 Year 2003 - Rs.127.24 Year 2004 - Rs.128.47 Year 2005 - Rs.132.05	Book value of Re.1/-	Book value of Re.1/-
g) Variation of terms of options	Reduction in exercise price by Rs. 8.76 per share for grant year 2001, 2002 & 2003	N.A.	N.A.
h) Money realized by exercise of options during the year	Rs. 0.30 crores (Rs. 0.30 crs from 2005 scheme)	Rs. 0.04 crores (Rs. 0.04 PSP 2012 scheme)	Rs. 0.007 crores (Rs. 0.007 PSP 2013 scheme)
i) Total number of options in force	ESOP scheme for grant year 2001- 2005 scheme has closed .	PSP scheme for grant year 2006- 2012 has closed	8,85,044 equity shares of Re. 1/- each (39,592 shares forfeited due to resignation)
j) Pricing Formula	Closing market price as on the date of grant for the years 2001, 2002, 2003 and 2005; Average of 2 week high and low preceding the date of grant for the year 2004	Face value of Re.1/-	Face value of Re.1/-

### Details of Options granted during the year ended 31st March, 2016 under Performance Share Plan 2016

- k) No employee of the Company received grant of options during the year amounting to 5% or more of options granted or exceeding 1% of issued capital of the Company. During the year 4,902 options were granted to Mr. Dev Bajpai, Executive Director (Legal & Corporate Affairs) and Company Secretary under the 2012 HUL Performance Share Scheme. No options were granted to any other Key Managerial Personnel.

I)	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 'Earnings Per Share'.	Rs. 18.86
m)	i) Method of calculation of employee compensation cost	The Company has calculated the employee compensation cost using the intrinsic value method of accounting to account for Options issued under the "2012 HUL Performance Share Scheme".
	ii) Difference between the employee compensation cost so computed at (i) above and the employee compensation cost that shall have been recognised if it had used the fair value of the Options	Gain of Rs. 4.11 crores
	iii) The impact of this difference on profits and on EPS of the Company	The effect of adopting the fair value method on the net income and earnings per share of 2015-16 is presented below:
n)	Weighted average exercise price and weighted average fair value	
o)	Fair value of Options based on Black Scholes methodology	
<b>Assumptions</b>		
	Risk free rate	7.40% for 2016 and 7.86% for 2015
	Expected life of options	3.125 years for each plan
	Volatility	26.30% for 2016 and 25.44% for 2015
	Expected Dividends	Rs. 15.5 per share
	Closing market price of share on date of option grant	Rs. 802.60 for 2016 and Rs. 892.80 for 2015

Notes:

- i) Pursuant to approval of the Members at the Annual General Meeting held on 23rd July, 2012, the Company adopted the "2012 HUL Performance Share Scheme", in place of '2006 HLL Performance Share Scheme'
- ii) The Pricing Formula adopted by the Company for 'Employees Stock Option Plan' for the years 2001 to 2005, was based on the "Market Price" as defined in SEBI (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999, and Maximum number of options to be issued per employee in a fiscal year did not exceed 0.01% of the outstanding issued share capital, in the line with Clause 6.2(h) of SEBI (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guideline 1999.

On behalf of the Board

**Harish Manwani**  
Chairman  
(DIN : 00045160)

Mumbai, 9th May, 2016

## Annexure to the Directors' Report

### Annual Report on Corporate Social Responsibility

(Pursuant to Companies (Corporate Social Responsibility Policy) Rules, 2014)

#### 1. Brief outline of the Company's CSR Policy, including overview of projects/ programmes undertaken

Your Company is committed to operate and grow its business in a socially responsible way and has a simple but clear purpose – to make sustainable living commonplace. Your Company believes this is the best long-term way for our business to grow. Your Company has embraced Unilever Sustainable Living Plan (USLP) (Link - <http://www.hul.co.in/sustainable-living/>) which contributes to activities listed in the Schedule VII of Section 135 of the Companies Act, 2013. The USLP has three global goals namely (i) help more than a billion people take action to improve their health and well-being; (ii) halve the environmental footprint of the making and use of our products; and (iii) enhance the livelihoods of millions of people while growing the business.

The Corporate Social Responsibility (CSR) Policy of the Company, as approved by the Board of the Directors, is available on the Company's website at [www.hul.co.in](http://www.hul.co.in)

A brief overview of your Company's projects is as given below:

#### Improving Health and Well-Being

- Handwashing Behaviour Change Programme:** Every year, in India alone, 1.3 million children die before they reach the age of five, many due to preventable infections<sup>1</sup>. Handwashing with soap, particularly after using toilet, can reduce diarrhoeal diseases by over 40% and respiratory infections by 30%. Your Company's Lifebuoy handwashing programmes promote the benefits of handwashing with soap at key times in schools and anganwadis (pre-school centre). Since 2010, Lifebuoy has reached over 65 million people in India with its behaviour change programme, which through a combination of comics, songs, games and rewards, encourages children to sustain good hand washing behaviours. In 2015, your Company scaled up the partnership in Bihar with Children's Investment Fund Foundation (CIFF) and the Government of Bihar to promote handwashing behaviour change among children in Bihar with the aim to help prevent childhood illnesses and mortality. By 2018, 45 million people are expected to benefit through this programme.

- Safe Drinking Water:** The lack of safe drinking water is a major public health issue, particularly in developing countries like India. Our Pureit water purifiers have been working towards making safe water accessible & affordable for millions. Globally, so far, Pureit has cumulatively provided 78 billion litres of safe drinking water.

<sup>1</sup> 'Levels & Trends in Child Mortality' (2014), UNICEF.

Pureit's most affordable range of purifiers provide safe drinking water at a running cost of just 30 paisa, per litre, without the hassles of boiling, without the need of electricity or continuous tap water supply. In India, Pureit has provided over 70 billion litres of safe drinking water till date.

Your Company has also been partnering with existing micro-finance institutions (MFIs) to make water purifiers more accessible for people at the bottom of the pyramid. In 2015, Pureit partnerships extended their footprint to new geographies such as Punjab and continued to provide safe drinking water to low income households in Kerala, Tamil Nadu and Karnataka.

- Domex Toilet Academy (DTA):** The World Bank has estimated that poor sanitation costs India \$53.8 billion a year – equivalent to 6.4 per cent of the country's GDP. It is clearly evident that access to sanitation is extremely important for the social, physical and economic well-being of our society.

Domex Toilet Academy is HUL's market-based, entrepreneurial model that provides people access to sanitation in rural communities. In partnership with the social enterprise eKutir and NGO - Population Services International (PSI), the DTA programme trains entrepreneurs and masons to supply, install and maintain toilets for local households; builds supply chains for sanitation hardware; provides access to micro-financing and creates demand for sanitation in underserved communities. The objective is to reduce the incidence of open defecation and improve proper sanitation thereby promoting the adoption of healthy, hygienic habits.

Till date, DTA has trained 255 micro-entrepreneurs. DTA has helped build over 30,000 toilets in Indian households as reported by our partners PSI and eKutir. This has benefited and estimated 1,60,000 people in four states - Maharashtra, Madhya Pradesh, Odisha and Bihar.

- Swachh Aadat Swachh Bharat:** HUL launched 'Swachh Aadat, Swachh Bharat' programme in line with Government of India's Swachh Bharat Abhiyan (Clean India Mission) to promote good health and hygiene practices. Given the scale of challenges that India faces in the areas of water, sanitation and hygiene (WASH), this programme is an effort to help India realise the goals of Clean India Mission by 2019. This programme promotes good health and hygiene practice by stressing the need to adopt three simple good habits ('Swachh Aadat') – washing hands five

times a day, using a toilet for defecation and adopting safe drinking water practices.

The Swachh Aadat, Swachh Bharat programme has three key thrusts: An on-ground behaviour change model, a mass media campaign to drive engagement and awareness and mobile education on health and hygiene led by our factory workers.

- **Swachh Basti - on-ground behaviour change model:** In 2015, your Company has piloted a behaviour change model in the slums of Mumbai and Delhi. The programme was undertaken with the support of Municipal Corporations to reach out to students in Municipal Schools where a four-week behaviour change programme was conducted through engaging activities like skits, demos and jingles. This programme covered mothers and other stakeholders in the local community such as doctors and support groups to create awareness and develop champions within schools and the community. Till date, 2,00,000 people have been reached through multiple engagement points (school contact programme, home to home programme and neonatal programme).
- **'Swachh Aadat' mass media campaign:** A mass media campaign was launched to promote awareness across the country, which reached out to 75 million people across India. Through this "Haath, Munh Aur Bum" campaign, children turn into agents of change and propagate the adoption of three 'Swachh Aadat (clean habits)'. Till date, the campaign has received more than 20 million views on YouTube. The campaign video can be viewed at <https://www.hul.co.in/news/press-releases/2015/15-12-04-hul-launches-swachh-aadat-swachh-bharat-programme-in-india.html?criteria=year%3d2015>
- **Swachhata Doot (Messenger of Cleanliness):** This is a mobile-led rural behaviour change communication model wherein the employees at the factories workers become agents of behaviour change in their villages by sharing two-minute audio stories on clean habits through their mobile phones. They reach out to school children, parents and community members thereby positively impacting rural communities. Your Company has successfully completed a pilot that has reached 100,000 people.

• **Asha Daan:** Asha Daan is a home in Mumbai for abandoned, challenged children, the HIV-positive and the destitute. Since the inception of Asha Daan in 1976, your Company has been looking after the maintenance of the premises. Your Company takes care of over 400 infants, destitute men and women and HIV-positive patients at Asha Daan.

• **Sanjivani:** Your Company runs a free mobile medical service camp 'Sanjivani' near Doom Dooma Factory in Assam. The aim is to provide free mobile medical facility in the interior villages of Assam. There are two mobile vans dedicated to the project, each vehicle has one male and one female doctor, two nurses, a medical attendant (helper) and a driver. The vans are equipped with basic kits such as diagnostic kit, blood pressure measuring unit, medicines and a mobile stretcher. More than 2,95,000 patients have been treated in these service camps since its inception in 2003. In 2015 alone, over 20,000 patients were treated in the service camps.

### Reducing Environmental Impact

- **Water Conservation Projects:** According to estimates, by 2030 the supply of water in India will be half its demand. To understand and partake in meeting this challenge, your Company set up Hindustan Unilever Foundation (HUF) in 2010, a not for profit company that anchors various community development initiatives of Hindustan Unilever Limited. HUF supports national priorities for socio-economic development, through its 'Water for Public Good' programme with the specific mandate to contribute to the water discourse and practice through a partnered approach.

The key thrust of this organisation is water for public good with focus on farm livelihoods. It supports people centred, micro-level solutions to the challenges being faced by the water sector and uses the knowledge thus gained to shape the debate on water. Recognising that more than half of India's agriculture lacks any kind of irrigation facilities and that agriculture is the major consumer of water, HUF has been focusing on improving agriculture's water efficiency.

So far, HUF has initiated projects across 54 districts in 9 States and 2 Union Territories located across 11 river basins in India. Water conservation programmes undertaken by HUF, through collective action and in partnership with several NGOs, communities, other co-funders and partners across India, have helped in the creation of cumulative water conservation potential of 200 billion litres.

- Solidaridad - Sustainability (Tea Procurement):** Your Company has a clear roadmap to achieve the bold commitment to source 100% of agricultural raw materials sustainably by 2020. Sustainable agriculture means growing food in ways which sustain the soil, minimise water and fertiliser use, protect biodiversity and enhance farmers' livelihoods. The Company will ensure that the agricultural raw materials that are used such as tea, fruits and vegetables are sustainably sourced. The programme aims to move the Indian tea industry producers into adopting a sustainability code which shall promote sustainable agricultural practices, improve productivity and reduce costs ensuring future security of tea supply in India and also protect the ecosystems (soil, water and bio-diversity) whilst improving the quality of life for producers and workers.

### Enhancing Livelihoods

- Project Shakti:** Project Shakti is an initiative to financially empower rural women and create livelihood opportunities for them. It provides a regular income stream for the Shakti entrepreneurs and their families. Your Company has trained thousands of Shakti Ammas across the villages in a bid to develop an entrepreneurial mind-set and make them financially independent and more empowered. Project Shakti has empowered nearly 70,000 Shakti Ammas complemented by 48,000 Shaktimaans. Shaktimaans are typically the husbands or brothers of the Shakti Ammas. They sell products on bicycles in surrounding villages, covering a larger area than Shakti Ammas can cover on foot.
- Fair and Lovely Foundation:** The Foundation identifies academically exceptional girls from financially challenged backgrounds and offers scholarships to the deserving candidates. To maintain integrity and fairness, the selection is done by a panel of eminent personalities from diverse fields. In financial year 2015-2016, the Foundation awarded scholarships to 200 deserving girl students. Till date, 1,200 girl students have been awarded scholarships.
- Livelihood Programme - Prabhat:** 'Prabhat' (Dawn) is a programme which focuses on development of local communities around your Company's manufacturing locations. Through Prabhat, HUL implements health and hygiene, water conservation and livelihoods initiatives. By end of 2015, your Company covered 27 of its manufacturing locations through Prabhat, reaching out to 1.38 lakh people cumulatively.

- Rin Career Ready Academy:** Your Company launched the Rin Career Ready Academy in Tamil Nadu, Andhra Pradesh and Telangana in 2015 with the aim to inspire, educate and equip the youth from modest backgrounds with skills in English training, office dressing and interviewing. The programme allowed all the participants to take the course by simply giving a missed call. Mobile was the key medium for administering the course which was provided for free to all participants. Deserving individuals were put up for a more intensive face-to-face three week course, designed to suit their needs. Over two lakh people were reached through this initiative.
- Ankur:** Ankur was set up in 1993 as a centre by your Company's Plantations Division at Doom Doma for special education for differently-abled children at Doom Doma in Assam. Ankur provides educational, vocational and recreational activities to such differently-abled children.

### Others:

- Relief Funds - Donation:** Your Company has always been at the forefront in responding to its call for national duty and has contributed generous amounts for upliftment of communities hit by natural disasters. It has done this through contribution to Government relief funds such as Chennai flood relief.

## 2. Composition of the CSR Committee

Please refer to the Corporate Governance Report for the composition of CSR Committee

(Rs. Lakhs)

<b>3. Average Net Profit of the Company for last 3 financial years :</b>	4,59,707
<b>4. Prescribed CSR Expenditure</b>	9,194
<b>5. Details of CSR spent during the financial year 2015- 16:</b>	
a. Total amount to be spent for the financial year (2.00% of Average Net Profit)	9,194
b. Total amount spent during the financial year	9,212
c. Amount unspent, if any	Nil

d. Manner in which the amount was spent during the financial year is detailed below:

Sr. No.	CSR project/activity identified	Relevant Section of Schedule VII in which the Project is covered (Note 1)	Projects/ Programmes Coverage	Amount outlay (budget)	Amount spent on the project/programme		Cumulative expenditure upto 31st March, 2016	Amount spent Direct / through implementing agency*
					Direct expenditure	Overheads		
1	Project Shakti	(ii)	PAN India	4,342	4,342	-	4,342	Direct
2	Swachh Aadat Swachh Bharat	(i)	PAN India	1,847	1,847	-	1,847	Direct
3	Water Conservation Project	(iv)	PAN India	2,125	1,773	352	2,125	Implementing Agencies (Multiple NGOs) (Note 2 [i])
4	Ashadaan	(iii)	Mumbai	172	172	-	172	Implementing Agencies (Missionaries of Charity)
5	Project Prabhat	(x)	PAN India	508	484	24	508	Implementing Agencies (Note 2 [ii])
6	Sanjivani	(i)	Assam	70	70	-	70	Direct
7	Ankur	(iii)	Assam	22	22	-	22	Direct
8	Solidaridad - Sustainability (Tea Procurement)	(iv)	PAN India	126	126	-	126	Implementing Agency (SREC)
<b>TOTAL</b>				<b>9,212</b>	<b>8,836</b>	<b>376</b>	<b>9,212</b>	

**Note 1:**

- (i) eradicating hunger, poverty and malnutrition; promoting health care including preventive health care and sanitation including contribution to the 'Swachh Bharat Kosh' set up by the Central Government for the promotion of sanitation and making available safe drinking water;
- (ii) promoting education, including special education and employment enhancing vocational skills especially among children, women, elderly and the differently abled and livelihood enhancement projects;
- (iii) promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
- (iv) ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the 'Clean Ganga Fund' set up by the Central Government for rejuvenation of river Ganga;
- (x) Rural development projects.

**Note 2 [i] :**

Foundation for Ecological Society, Mysore Resettlement and Development Agency, Society for Promotion of Eco Friendly Sustainable Development, Development Support Centre, Aga Khan Rural Support Programme (India), DHRUVA, Maharashtra Institute of Technology Transfer for Rural Areas (Khamgaon), Maharashtra Institute of Technology Transfer for Rural Areas (Nashik), Solidaridad Regional Expertise Centre, Watershed Organisation Trust (WOTR), Sanjeevani Institute for Empowerment and Development, Parmarth Samaj Sevi Sansthan, People's Action for National Integration, Professional Assistance for Development Action, International Finance Corporation, Samuha, Baif Institute for Rural Development, Parmarth Samaj Sevi Sansthan- Sumerpur, Sahjeevan, Integrated Rural Development Trust, Samaj Pragati Sahayog.

**Note 2 [ii]:**

Laburnet Services India, Mann Deshi Foundation, TARA International.

**6. CSR Committee Responsibility Statement**

The CSR Committee confirms that the implementation and monitoring of the CSR activities of the Company is in compliance with the CSR objectives and CSR Policy of the Company.

On behalf of the CSR Committee

**Sanjiv Mehta**

Managing Director and  
Chief Executive Officer  
(DIN : 06699923)

**O. P. Bhatt**

Chairman, CSR Committee  
(DIN : 00548091)

## Annexure To The Directors' Report

### Extract of Annual Return

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### Form No. MGT-9

(As on the Financial year ended on 31st March, 2016)

[Pursuant to Section 92(3) of the Companies Act, 2013 and  
Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

#### I. REGISTRATION AND OTHER DETAILS:

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i)	CIN	:	L15140MH1933PLC002030
ii)	Registration Date	:	17th October, 1933
iii)	Name of the Company	:	Hindustan Unilever Limited
iv)	Category / Sub-Category of the Company	:	Public Company / Subsidiary of Foreign Company limited by shares
v)	Address of the Registered Office and contact details	:	Unilever House, B. D. Sawant Marg, Chakala, Andheri (East), Mumbai - 400 099. Tel : 022 - 39832285/39832452 E-mail : <a href="mailto:levercare.shareholder@unilever.com">levercare.shareholder@unilever.com</a> Website : <a href="http://www.hul.co.in">www.hul.co.in</a>
vi)	Whether listed company	:	Yes
vii)	Name, Address and contact details of Registrar and Transfer Agent, if any	:	M/s. Karvy Computershare Private Limited, Unit : Hindustan Unilever Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli Financial District, Nanakramguda Hyderabad - 500 032 Phone : +91 - 40 - 67161500, 33211000 Fax : +91 - 40 - 23420814, 23001153 Toll Free no.: 1800-345-4001 E-mail : <a href="mailto:einward.ris@karvy.com">einward.ris@karvy.com</a> Website : <a href="http://www.karvy.com">www.karvy.com</a>

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#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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Sl. No.	Name and Description of Products	NIC Code of the Product	% to total turnover of the Company
1	Soaps	20231	30.38%
2	Detergents	20233	16.75%
3	Cosmetics & Toiletries	20237	17.04%

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### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl No.	Name and address of the Company	CIN/GLN	% of shares Held
<b>Holding Company [Section 2(46)]</b>			
1	Unilever PLC Port Sunlight, Wirral, Merseyside CH624ZD	N.A.	51.50
2	Brooke Bond Group Limited #	N.A.	4.93
3	Unilever Overseas Holdings AG Hinterbergstrasse 28, Postfach 5364, 6330 Cham 2, Switzerland	N.A.	3.18
4	Unilever UK & CN Holdings Limited #	N.A.	2.78
5	Brooke Bond South India Estates Limited #	N.A.	2.43
6	Brooke Bond Assam Estates Limited #	N.A.	1.52
7	Unilever Overseas Holdings B V #	N.A.	0.87
<b>Subsidiary Companies [Section 2(87)(iii)]</b>			
1	Unilever India Exports Limited *	U51900MH1963PLC012667	100
2	Pond's Exports Limited *	U24246MH1981PLC261125	90
3	Lakme Lever Private Limited Shree Niwas House, 1st Floor, H. Somani Marg, Fort, Mumbai - 400 001	U24247MH2008PTC188539	100
4	Unilever Nepal Limited Basamadi V.D.C. – 5, P.O. Box-11, Hetauda, Dist. Makwanpur, Nepal	N.A.	80
5	Daverashola Estates Private Limited *	U15200MH2004PTC149035	100
6	Jamnagar Properties Private Limited *	U70101MH2006PTC165144	100
7	Levers Associated Trust Limited *	U74999MH1946PLC005403	100
8	Levindra Trust Limited *	U67120MH1946PLC005402	100
9	Hindlever Trust Limited *	U65990MH1958PLC011060	100
10	Hindustan Unilever Foundation *	U93090MH2010NPL201468	76
11	Bhavishya Alliance Child Nutrition Initiatives*	U93090MH2010NPL208544	100
<b>Associate Company [Section 2(6)]</b>			
1	Kimberly-Clark Lever Private Limited Gat No.934-937, Village Sanaswadi, Taluka- Shirur, Pune - 412 208	U74999PN1994PTC081290	50

# Registered Office at Unilever House, 100 Victoria, Embankment, London EC4Y0DY

\* Registered Office at B. D. Sawant Marg, Chakala, Andheri (East), Mumbai - 400 099

#### IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

##### i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% Change during the year		
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
1 Indian	-	-	-	-	-	-	-		
2 Foreign	-	-	-	-	-	-	-		
- Bodies Corporates	1,45,44,12,858	-	1,45,44,12,858	67.23	1,45,44,12,858	-	1,45,44,12,858	67.21	-0.02
<b>Total Promoter Shareholding (A)</b>	<b>1,45,44,12,858</b>	-	<b>1,45,44,12,858</b>	<b>67.23</b>	<b>1,45,44,12,858</b>	-	<b>1,45,44,12,858</b>	<b>67.21</b>	<b>-0.02</b>
<b>B. Public Shareholding</b>									
1 Institutions	-	-	-	-	-	-	-		
- Mutual Funds	68,16,072	49,284	68,65,356	0.32	1,88,16,666	49,284	1,88,65,950	0.87	0.55
- Banks / Financial Institutions	21,62,571	1,30,990	22,93,561	0.11	67,13,212	1,30,990	68,44,202	0.32	0.21
- State Government	-	20	20	-	-	20	20	-	-
- Insurance Companies	7,34,75,359	9,500	7,34,84,859	3.39	7,81,41,008	9,500	7,81,50,508	3.61	0.22
- Foreign Institutional Investors	32,47,53,230	37,960	32,47,91,190	15.01	30,71,60,539	37,450	30,71,97,989	14.20	-0.81
<b>Sub-total (B)(1):-</b>	<b>40,72,07,232</b>	<b>2,27,754</b>	<b>40,74,34,986</b>	<b>18.83</b>	<b>41,08,31,425</b>	<b>2,27,244</b>	<b>41,10,58,669</b>	<b>19.00</b>	<b>0.17</b>
2 Non-Institutions	-	-	-	-	-	-	-		
- Bodies Corporates	-	-	-	-	-	-	-		
i) Indian	2,38,56,485	4,85,464	2,43,41,949	1.13	2,22,19,489	4,79,384	2,26,98,873	1.05	-0.08
ii) Overseas	3,600	-	3,600	-	3,600	-	3,600	-	-
- Individuals	-	-	-	-	-	-	-		
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	20,93,74,692	5,19,21,729	26,12,96,421	12.08	20,96,63,866	4,86,18,740	25,82,82,606	11.94	-0.14
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	45,64,254	7,10,350	52,74,604	0.24	43,10,091	7,10,350	50,20,441	0.23	-0.01
- Others	-	-	-	-	-	-	-		
i) Trust	17,72,826	-	17,72,826	0.08	30,82,951	-	30,82,951	0.14	0.06
ii) Non Resident Indians	72,65,962	4,22,630	76,88,592	0.36	78,22,137	4,08,850	82,30,987	0.38	0.02
iii) Foreign Nationals	13,895	3,120	17,015	-	13,995	3,120	17,115	-	-
iv) Foreign Banks	23,879	-	23,879	-	29,524	-	29,524	-	-
v) Directors & their Relatives	68,168	1,441	69,609	-	78,182	-	78,182	-	-
vi) Clearing Members	11,28,512	-	11,28,512	0.05	10,21,165	-	10,21,165	0.05	-
vii) Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(2):-</b>	<b>24,80,72,273</b>	<b>5,35,44,734</b>	<b>30,16,17,007</b>	<b>13.94</b>	<b>24,82,45,000</b>	<b>5,02,20,444</b>	<b>29,84,65,444</b>	<b>13.79</b>	<b>-0.15</b>
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>65,52,79,505</b>	<b>5,37,72,488</b>	<b>70,90,51,993</b>	<b>32.77</b>	<b>65,90,76,425</b>	<b>5,04,47,688</b>	<b>70,95,24,113</b>	<b>32.79</b>	<b>0.02</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>									
<b>Grand Total (A+B+C)</b>	<b>2,10,96,92,363</b>	<b>5,37,72,488</b>	<b>2,16,34,64,851</b>	<b>100.00</b>	<b>2,11,34,89,283</b>	<b>5,04,47,688</b>	<b>2,16,39,36,971</b>	<b>100.00</b>	<b>-</b>

## ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in the shareholding during the year
		No. of Shares	% of Shares total of the Company	% of Shares Pledged/ Encumbered to total shares	No. of Shares	% of Shares total of the Company	% of Shares Pledged/ Encumbered to total shares	
1	Unilever PLC	1,11,43,70,148	51.51	-	1,11,43,70,148	51.50	-	-0.01
2	Brooke Bond Group Limited	10,67,39,460	4.93	-	10,67,39,460	4.93	-	-
3	Unilever Overseas Holdings AG	6,87,84,320	3.18	-	6,87,84,320	3.18	-	-
4	Unilever UK & CN Holdings Limited	6,00,86,250	2.78	-	6,00,86,250	2.78	-	-
5	Brooke Bond South India Limited	5,27,47,200	2.44	-	5,27,47,200	2.43	-	-0.01
6	Brooke Bond Assam Estates Limited	3,28,20,480	1.52	-	3,28,20,480	1.52	-	-
7	Unilever Overseas Holdings BV	1,88,65,000	0.87	-	1,88,65,000	0.87	-	-
<b>Total</b>		<b>1,45,44,12,858</b>	<b>67.23</b>	-	<b>1,45,44,12,858</b>	<b>67.21</b>	-	<b>-0.02</b>

## iii) Change in Promoters' Shareholding

There are no changes in the Promoter's shareholding during the Financial year 2015-16. The percentage change in the Promoters' holding is due to increase in the paid up share capital of the Company

## iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) as on 31st March, 2016:

Sl. No.	Name of shareholders	Shareholding		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Life Insurance Corporation of India				
	At the beginning of the year	1,96,72,649	0.91	1,96,72,649	0.91
	Bought during the year	1,37,72,805	0.64	3,34,45,454	1.55
	Sold during the year	-	-	3,34,45,454	1.55
	At the end of the year	3,34,45,454	1.55	3,34,45,454	1.55
2	The New India Assurance Company limited				
	At the beginning of the year	1,75,77,158	0.81	1,75,77,158	0.81
	Bought during the year	-	-	1,75,77,158	0.81
	Sold during the year	17,55,852	0.08	1,58,21,306	0.73
	At the end of the year	1,58,21,306	0.73	1,58,21,306	0.73
3	Government of Singapore				
	At the beginning of the year	94,65,271	0.44	94,65,271	0.44
	Bought during the year	52,25,680	0.24	1,46,90,951	0.68
	Sold during the year	16,51,373	0.08	1,30,39,578	0.60
	At the end of the year	1,30,39,578	0.60	1,30,39,578	0.60
4	Virtus Emerging Markets Opportunities Fund				
	At the beginning of the year	1,49,27,754	0.69	1,49,27,754	0.69
	Bought during the year	11,98,440	0.06	1,61,26,194	0.75
	Sold during the year	44,14,940	0.20	1,17,11,254	0.54
	At the end of the year	1,17,11,254	0.54	1,17,11,254	0.54

Sl. No.	Name of shareholders	Shareholding		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
5	Vanguard Emerging Markets Stock Index Fund A Series				
	At the beginning of the year	1,28,36,898	0.59	1,28,36,898	0.59
	Bought during the year	1,86,061	0.01	1,30,22,959	0.60
	Sold during the year	20,71,327	0.10	1,09,51,632	0.51
	At the end of the year	1,09,51,632	0.51	1,09,51,632	0.51
6	Aberdeen Global Indian Equity Limited				
	At the beginning of the year	1,29,75,215	0.60	1,29,75,215	0.60
	Bought during the year	-	-	1,29,75,215	0.60
	Sold during the year	24,76,149	0.11	1,04,99,066	0.49
	At the end of the year	1,04,99,066	0.49	1,04,99,066	0.49
7	General Insurance Corporation of India				
	At the beginning of the year	1,17,30,940	0.54	1,17,30,940	0.54
	Bought during the year	-	-	1,17,30,940	0.54
	Sold during the year	12,95,000	0.06	1,04,35,940	0.48
	At the end of the year	1,04,35,940	0.48	1,04,35,940	0.48
8	Ishares India Index Mauritius Company				
	At the beginning of the year	85,84,800	0.40	85,84,800	0.40
	Bought during the year	28,49,118	0.13	1,14,33,918	0.53
	Sold during the year	25,21,834	0.12	89,12,084	0.41
	At the end of the year	89,12,084	0.41	89,12,084	0.41
9	Abu Dhabi Investment Authority – Gulab				
	At the beginning of the year	1,17,33,786	0.54	1,17,33,786	0.54
	Bought during the year	55,820	0.00	1,17,89,606	0.54
	Sold during the year	30,26,033	0.14	87,63,573	0.40
	At the end of the year	87,63,573	0.40	87,63,573	0.40
10	Aberdeen Emerging Markets Fund				
	At the beginning of the year	1,06,93,443	0.49	1,06,93,443	0.49
	Bought during the year	4,83,000	0.02	1,11,76,443	0.52
	Sold during the year	29,61,000	0.14	82,15,443	0.38
	At the end of the year	82,15,443	0.38	82,15,443	0.38

## Notes:

- The above information is based on the weekly beneficiary position received from Depositories.
- The date wise increase or decrease in shareholding of the top ten shareholders is available on the website of the Company [www.hul.co.in](http://www.hul.co.in)

**v) Shareholding of Directors and Key Managerial Personnel:**

Sl. No	Name of Directors / KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Mr. Harish Manwani				
	At the beginning of the year	22,130	-	22,130	-
	Bought during the year	-	-	22,130	-
	Sold during the year	-	-	22,130	-
	At the end of the year	22,130	-	22,130	-
2	Mr. P. B. Balaji				
	At the beginning of the year	12,406	-	12,406	-
	Bought during the year	-	-	12,406	-
	Sold during the year	-	-	12,406	-
	At the end of the year	12,406	-	12,406	-
3	Mr. Pradeep Banerjee				
	At the beginning of the year	35,038	-	35,038	-
	Bought during the year	8,573*	-	43,611	-
	Sold during the year	-	-	43,611	-
	At the end of the year	43,611	-	43,611	-
4	Mr. S. Ramadorai				
	At the beginning of the year	35	-	35	-
	Bought during the year	-	-	35	-
	Sold during the year	-	-	35	-
	At the end of the year	35	-	35	-
5	Mr. Dev Bajpai				
	At the beginning of the year	18,688	-	18,688	-
	Bought during the year	8,573*	-	27,261	-
	Sold during the year	-	-	27,261	-
	At the end of the year	27,261	-	27,261	-

Note:

Mr. Sanjiv Mehta, Mr. Aditya Narayan, Mr. O. P. Bhatt, Dr. Sanjiv Misra and Ms. Kalpana Morparia did not hold any shares of the Company during the financial year 2015-16.

\* Shares allotted under ESOP.

**V. INDEBTEDNESS**

The Company had no indebtedness with respect to secured or Unsecured Loans or Deposits during the financial year 2015-16.

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. No.	Particulars of Remuneration	Name of MD/WTD			(Rs. lakhs)
		Sanjiv Mehta	P. B. Balaji	Pradeep Banerjee	
1	Gross salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	635.88	466.52	216.31	1318.71
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	102.48	18.83	20.30	141.61
	(c) Profits in lieu of salary u/s 17(3) of the Income-tax Act, 1961	285.25	132.33	68.21	485.79
2	Stock Option	338.48	50.66	124.28	513.42
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	Others (Contribution to PF & Superannuation)	25.40	15.26	15.92	56.58
<b>Total (A)</b>		<b>1387.49</b>	<b>683.60</b>	<b>445.02</b>	<b>2516.11</b>
Ceiling as per the Act		Rs. 56,814 lakhs (being 10% of Net Profits of the Company has calculated as per Section 198 of the Companies Act, 2013)			

### B. Remuneration to other Directors:

Particulars of Remuneration	Name of other Directors						(Rs. lakhs)	
	Chairman*		Independent Directors					
	Harish Manwani	Aditya Narayan	S. Ramadorai	O. P. Bhatt	Sanjiv Misra	Kalpana Morparia		
- Fee for attending Board /Committee meetings	Nil	5.70	4.80	6.30	5.40	3.90	26.10	
- Commission#	62.00	24.00	23.00	26.00	22.74	21.06	178.80	
<b>Total (B)</b>	<b>62.00</b>	<b>29.70</b>	<b>27.80</b>	<b>32.30</b>	<b>28.14</b>	<b>24.96</b>	<b>204.90</b>	
Ceiling as per the Act	Rs. 5,681.4 lakhs (being 1% of Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013)							
<b>Total Managerial Remuneration = (A+B)</b>							<b>3,423.49</b>	
Overall Ceiling as per the Act	Rs. 62,495.4 lakhs (being 11% of Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013)							

\* Non-Executive Non-Independent Director

# The commission for the Financial year ended 31st March, 2016 will be paid after adoption of accounts by the shareholders at the AGM to be held on 30th June, 2016.

### C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD

Sl. No.	Particulars of Remuneration	[Rs. lakhs)	
		Key Managerial Personnel	Dev Bajpai
1	Gross salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	229.40	
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	17.36	
	(c) Profits in lieu of salary u/s 17(3) of the Income tax Act, 1961	57.81	
2	Stock Option	124.28	
3	Sweat Equity	-	
4	Commission	-	
5	Others	13.49	
<b>Total</b>		<b>442.34</b>	

### VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties / punishment / compounding of offences for breach of any Section of Companies Act against the Company or its Directors or other officers in default, if any, during the year.

On behalf of the Board

Mumbai, 9th May, 2016

**Harish Manwani**  
Chairman  
(DIN : 00045160)

## Annexure to the Directors' Report

### Statement of Disclosure of Remuneration under Section 197 of Companies Act, 2013 and Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- i. Ratio of the remuneration of each Executive Director to the median remuneration of the Employees of the Company for the financial year 2015-16, the percentage increase in remuneration of Chief Executive Officer, Chief Financial Officer and other Executive Director and Company Secretary during the financial year 2015-16.

S. No	Name of Director/ KMP	Designation	Ratio of remuneration of each Director to median remuneration of Employees	Percentage increase in Remuneration
1	Sanjiv Mehta	Managing Director & CEO	134:1	3.82*
2	P. B. Balaji	Executive Director, Finance & IT and CFO	66:1	13.14*
3	Pradeep Banerjee	Executive Director, Supply Chain	43:1	7.06
4	Dev Bajpai	Executive Director, [Legal and Corporate Affairs] and Company Secretary	Not Applicable	8.57

\* Governed under remuneration structure, impacted by currency fluctuations.

Note :

- a) The Non-Executive Directors of the Company are entitled for sitting fee and commission as per the statutory provisions and within the limits approved by the shareholders. The details of remuneration of Non-Executive Directors are provided in the Corporate Governance Report and is governed by the Differential Remuneration Policy, as detailed in the said report. The ratio of remuneration and percentage increase for Non-Executive Directors Remuneration is therefore not considered for the purpose above.
  - b) Percentage increase in remuneration indicates annual target total compensation increases, as approved by the Nomination and Remuneration Committee of the Company during the financial year 2015-16.
  - c) Employees for the purpose above includes all employees excluding employees governed under collective bargaining.
- ii. The percentage increase in the median remuneration of Employees for the financial year was 6.47%.
- iii. The Company has 7,429 permanent Employees on the rolls of Company as on 31st March, 2016.
- iv. **Relationship between average increase in remuneration and Company's performance:** The reward philosophy of the Company is to provide market competitive total reward opportunity that has a strong linkage to and drives performance culture. Every year, the salary increases for the Company are decided on the basis of a benchmarking exercise that is undertaken with similar profile organizations. The final salary increases given are a function of Company's market competitiveness in this comparator group as well as overall business affordability. During the year, similar approach was followed to establish the remuneration increases to the Employees. Variable compensation is an integral part of our total reward package and is directly linked to an individual performance rating and business performance. Salary increases during the year were in line with Company's performance as well as per Company's market competitiveness.
- v. **Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company:** Company's reward philosophy, merit increase and annual bonus pay-outs of its Employees including Key Managerial Personnel are directly linked to individual performance as well as that of the business. Given the superior business performance and the performance rating of the Key Managerial Personnel, appropriate reward by way of merit increase or variable pay have been awarded to them for the current year. This was duly reviewed and approved by the Nomination and Remuneration Committee of the Company. During the year, the Company's Domestic Consumer business grew by 4% with 6% underlying volume growth. Profit before interest and tax (PBIT) grew by 10% with PBIT margin improving +90 bps. Profit after tax but before exceptional items, PAT[bei] grew by 6%.
- vi. The Market Capitalisation of the Company as on 31st March, 2016 was Rs.1,88,154 crores as compared to Rs. 1,88,849 crores as on 31st March, 2015. The price earnings ratio of the Company was 46.08 as at 31st March, 2016 and was 43.75 as at 31st March, 2015. The closing share price of the Company at BSE Limited on 31st March, 2016 being Rs. 869.50/- per equity share of face value of Re. 1/- each has grown 458 times since the last offer for sale made in the year 1980 (Offer Price was Rs. 19.50/- per equity share of face value of Rs. 10/- each).
- vii. Average percentage increase made in the salaries of Employees other than the managerial personnel in the financial year was 6.14% whereas the increase in the managerial remuneration was 6.78%. The average increases every year is an outcome of Company's market competitiveness as against its peer group companies. In keeping with our reward philosophy and benchmarking results, the increases this year reflect the market practice.

- viii. **The key parameters for any variable component of remuneration:** Variable compensation is an integral part of our total reward package for all Employees including Executive Directors. Annual Bonus is directly linked to an individual performance rating and business performance. At the start of the year, every Employee (including Executive Directors), have key targets assigned for the year in addition to their job fundamentals. These are drawn from the organizational strategic plan and are then reviewed for consistency and stretch. Business targets are a combination of goals such as Underlying Volume Growth, Underlying Sales Growth, Core Operating Margin etc.
- ix. **The ratio of the remuneration of the highest paid Director to that of the Employees who are not Directors but receive remuneration in excess of the highest paid Director during the year :** Not Applicable
- x. It is hereby affirmed that the remuneration paid during the year is as per the Remuneration Policy of the Company.

On behalf of the Board

**Harish Manwani**

Chairman

(DIN : 00045160)

Mumbai, 9th May, 2016

# CORPORATE GOVERNANCE

“I believe that nothing can be greater than a business, however small it may be, that is governed by conscience; and that nothing can be meaner or more petty than a business, however large, governed without honesty and without brotherhood.”

– William Hesketh Lever

Transparency and accountability are the two basic tenets of Corporate Governance. At Hindustan Unilever, we feel proud to belong to a Company whose visionary founders laid the foundation stone for good governance long back and made it an integral principle of the business, as demonstrated in the words above.

Responsible corporate conduct is integral to the way we do our business. Our actions are governed by our values and principles, which are reinforced at all levels within the Company. At Hindustan Unilever, we are committed to doing things the right way which means taking business decisions and acting in a way that is ethical and is in compliance with applicable legislation. Our Code of Business Principles is an extension of our values and reflects our continued commitment to ethical business practices across our operations. We acknowledge our individual and collective responsibilities to manage our business activities with integrity. Our Code of Business Principles inspires us to set standards which not only meet applicable legislation but go beyond in many areas of our functioning.

To succeed, we believe, requires highest standards of corporate behaviour towards everyone we work with, the communities we touch and the environment on which we have an impact. This is our road to consistent, competitive, profitable and responsible growth and creating long term value for our shareholders, our people and our business partners. The above principles have been the guiding force for whatever we do and shall continue to be so in the years to come.

The Board of Directors ('the Board') is responsible for and committed to sound principles of Corporate Governance in the Company. The Board plays a crucial role in overseeing how the management serves the short and long term interests of shareholders and other stakeholders. This belief is reflected in our governance practices, under which we strive to maintain an effective, informed and independent Board. We keep our

governance practices under continuous review and benchmark ourselves to best practices across the globe.

Your Company was recognised for its governance practices and was adjudged as the winner of the first ASSOCHAM Corporate Governance Excellence Awards (2014-15) in the category of the listed Private Sector Company.

## THE BOARD OF DIRECTORS

The Board of Directors is entrusted with the ultimate responsibility of the management, general affairs, direction and performance of the Company and has been vested with requisite powers, authorities and duties. The Management Committee of the Company is headed by the Managing Director and Chief Executive Officer and has business / functional heads as its members, which look after the management of the day-to-day affairs of the Company.

### Composition

The Board comprises of a majority of Independent Directors. It has a good mix of Executive and Non-Executive Directors including Independent Directors. As on date of this Report, the Board consists of nine Directors comprising one Non-Executive Chairman, five Independent Directors and three Executive Directors. The composition of the Board represents an optimal mix of professionalism, knowledge and experience and enables the Board to discharge its responsibilities and provide effective leadership to the business. The positions of the Chairman of the Board and the Chief Executive Officer of the Company are held by separate individuals, where the Chairman of the Board is a Non-Executive Director. None of the Directors of your Company are inter-se related to each other.

The details of each member of the Board along with the number of Directorship(s)/ Committee Membership(s)/Chairmanship(s) and date of joining the Board are provided hereinbelow:

## Composition and Directorship(s) / Committee Membership(s)/Chairmanship(s) as on 31st March, 2016

Name	Date of joining the Board	Number of shares held in the Company	Directorship in other Companies#	Membership(s) of Committees of other Companies##	Chairmanship(s) of Committees of other Companies##
<b>Non-Executive Chairman</b>					
Harish Manwani	29.04.2005	22,130	-	-	-
<b>Managing Director and CEO</b>					
Sanjiv Mehta	01.10.2013	-	-	-	-
<b>Executive Director (Finance &amp; IT) and CFO</b>					
P. B. Balaji	01.07.2014	12,406	1	-	-
<b>Executive Director</b>					
Pradeep Banerjee	01.03.2010	43,611	1	1	-
<b>Independent Directors</b>					
Aditya Narayan	29.06.2001	-	2	2	1
S. Ramadorai	20.05.2002	35	8	-	-
O. P. Bhatt	20.12.2011	-	2	3	-
Sanjiv Misra	08.04.2013	-	3	1	1
Kalpana Morparia	09.10.2014	-	2	1	1

# Excluding Private Limited Companies, Foreign Companies, Section 8 Companies and Alternate Directorships.

## Includes only Audit Committee and Stakeholders' Relationship Committee.

The number of Directorships, Committee Membership(s)/Chairmanship(s) of all Directors is within respective limits prescribed under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as Listing Regulations).

### Appointment and Tenure

The Directors of the Company are appointed by Members at the General Meetings. In accordance with the Articles of Association of the Company, all Directors, except the Managing Director and Independent Directors of the Company, step down at the Annual General Meeting each year and, if eligible, offer themselves for re-election. The Managing Director of the Company is appointed for a term of five years as per the requirement of the statute. The Executive Directors on the Board serve in accordance with the terms of their contract of service with the Company.

As regards the appointment and tenure of Independent Directors, following is the policy adopted by the Board:

- The Company has adopted the provisions with respect to appointment and tenure of Independent Directors which are consistent with the Companies Act, 2013 and Listing Regulations.
- The Independent Directors will serve a maximum of two terms of five years each.
- The Company would not have any upper age limit of retirement of Independent Directors from the Board and their appointment and tenure will be governed by provisions of the Companies Act, 2013.

### Board Independence

Our definition of 'Independence' of Directors is derived from, Regulation 16 of Listing Regulations and Section 149(6) of the Companies Act, 2013. Based on the confirmation / disclosures received from the Directors and on evaluation of the relationships disclosed, all Non-Executive Directors other than the Chairman are Independent in terms of Regulation 16 of Listing Regulations and Section 149(6) of the Companies Act, 2013. Mr. Harish Manwani, who was formerly Chief Operating Officer of the parent Company, is not considered as an Independent Director.

### Board Meetings

The Board meets at regular intervals to discuss and decide on Company / business policy and strategy apart from other Board business. The Board / Committee Meetings are pre-scheduled and a tentative annual calendar of the Board and Committee Meetings is circulated to the Directors well in advance to facilitate them to plan their schedule and to ensure meaningful participation in the meetings. However, in case of a special and urgent business need, the Board's approval is taken by passing resolutions by circulation, as permitted by law, which is noted and confirmed in the subsequent Board meeting.

The notice of Board meeting is given well in advance to all the Directors. Usually, meetings of the Board are held in Mumbai. The Agenda of the Board / Committee meetings is set by the Company Secretary in consultation with the Chairman and the Managing Director and Chief Executive Officer of the Company. The Agenda is circulated a week prior to the date of the

meeting. The Agenda for the Board and Committee meetings cover items set out as per the guidelines in Listing Regulations to the extent it is relevant and applicable. The Agenda for the Board and Committee meetings includes detailed notes on the items to be discussed at the meeting to enable the Directors to take an informed decision.

During the financial year ended 31st March, 2016, six Board meetings were held on 8th May, 2015, 21st July, 2015, 14th October, 2015, 18th December, 2015, 15th January, 2016 and 17th and 18th March, 2016. The maximum interval between any two meetings was well within the maximum allowed gap of 120 days.

### **Board Business**

The normal business of the Board includes:

- framing and overseeing progress of the Company's annual plan and operating framework;
- framing strategies for shaping of portfolio and direction of the Company and for corporate resource allocation;
- reviewing financial plans of the Company;
- reviewing quarterly and annual business performance of the Company;
- reviewing the Annual Report and accounts for adoption by the Members;
- reviewing the progress of various functions and businesses of the Company;
- reviewing the functioning of the Board and its Committees;
- reviewing the functioning of the subsidiary companies;
- considering and approving declaration / recommendation of dividend;
- reviewing and resolving fatal or serious accidents or dangerous occurrences, any materially significant effluent or pollution problems or significant labour issues, if any;
- reviewing the details of significant development in human resources and industrial relations front;
- reviewing details of foreign exchange exposure and steps taken by the management to limit the risks of adverse exchange rate movement;
- reviewing compliance with all relevant legislations and regulations and litigation status as well as steps taken by the Company to rectify instances of non-compliance, including materially important show cause, demand, prosecution and penalty notices, if any;
- reviewing Board Remuneration Policy and individual remuneration packages of Directors;
- advising on corporate restructuring such as merger, acquisition, joint venture or disposals, if any;
- appointing Directors on the Board and Members of Management Committee;

- reviewing and approving the Corporate Social Responsibility Policy of the Company and monitoring implementation thereof;
- reviewing details of risk evaluation and internal controls;
- reviewing reports on progress made on the ongoing projects;
- monitoring and reviewing Board Evaluation framework.

### **Board Support**

The Company Secretary is responsible for collation, review and distribution of all papers submitted to the Board and Committees thereof for consideration. The Company Secretary is also responsible for preparation of the Agenda and convening of the Board and Committee meetings. The Company Secretary attends all the meetings of the Board and its Committees, advises / assures the Board on Compliance and Governance principles and ensures appropriate recording of minutes of the meetings.

With a view to leverage technology and reducing paper consumption, the Company has adopted a web-based application for transmitting Board / Committee Agenda and Pre-reads. The Directors of the Company receive the Agenda and Pre-reads in electronic form through this application, which can be accessed through Browsers or iPads. The application meets high standards of security and integrity that is required for storage and transmission of Board / Committee Agenda and Pre-reads in electronic form.

### **Separate Independent Directors' Meetings**

The Independent Directors meet at least once in a quarter, without the presence of Executive Directors or Management representatives. They also have a separate meeting with the Non-Executive Chairman, to discuss issues and concerns, if any.

The Independent Directors met five times during the financial year ended 31st March, 2016 on 8th May, 2015, 21st July, 2015, 14th October, 2015, 15th January, 2016 and 18th March, 2016 and *inter alia* discussed:

- the performance of Non-Independent Directors and the Board as a whole;
- the performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors; and
- the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

In addition to these formal meetings, interactions outside the Board meetings also take place between the Chairman and Independent Directors.

## Directors' Induction and Familiarization

The provision of an appropriate induction programme for new Directors and ongoing training for existing Directors is a major contributor to the maintenance of high Corporate Governance standards of the Company. The Chief Executive Officer and the Company Secretary are jointly responsible for ensuring that such induction and training programmes are provided to Directors. The Independent Directors, from time to time, request management to provide detailed understanding of any specific project, activity or process of the Company. The management provides such information and training either at the meeting of Board of Directors or otherwise.

The induction process is designed to:

- a. build an understanding of Hindustan Unilever, its businesses and the markets and regulatory environment in which it operates;
- b. provide an appreciation of the role and responsibilities of the Director;
- c. fully equip Directors to perform their role on the Board effectively; and
- d. develop understanding of Company's people and its key stakeholder relationships.

Upon appointment, Directors receive a Letter of Appointment setting out in detail, the terms of appointment, duties, responsibilities and expected time commitments.

In addition to the extensive induction and training provided as part of the familiarization programme, the Independent Directors are also taken through various business and functional sessions in the Board meetings including the Board meetings to discuss strategy.

The details of Directors' induction and familiarization are available on the Company's website at <https://www.hul.co.in/investor-relations/corporate-governance/>

## Board Evaluation

In terms of the requirements of the Act and Listing Regulations, the Board carried out the annual performance evaluation of the Board as a whole, Board Committees and the Directors.

During the year, in terms of the requirements of the Act and Listing Regulations, Board Evaluation cycle was completed by the Company internally which included the Evaluation of the Board as a whole, Board Committees and Directors. The exercise was led by the Non-Executive Chairman along with a Senior Independent Director of the Company. The Evaluation process focused on various aspects of the functioning of the Board and Committees such as composition of the Board and Committees, experience and competencies, performance

of specific duties and obligations, governance issues etc. Separate exercise was carried out to evaluate the performance of individual Directors on parameters such as attendance, contribution and independent judgement.

The results of the Evaluation were shared with the Board, Chairman of respective Committees and individual Directors. Based on the outcome of the Evaluation, the Board and Committees have agreed on an action to further improve the effectiveness and functioning of the Board and Committees. The Chairman of respective Board Committees also shared the results of evaluation with the respective Committee Members.

## COMMITTEES OF THE BOARD

The Board Committees play a crucial role in the governance structure of the Company and have been constituted to deal with specific areas / activities which concern the Company and need a closer review. The Board Committees are set up under the formal approval of the Board to carry out clearly defined roles which are considered to be performed by members of the Board, as a part of good governance practice. The Board supervises the execution of its responsibilities by the Committees and is responsible for their action. The Chairman of the respective Committee informs the Board about the summary of the discussions held in the Committee Meetings. The minutes of the meetings of all Committees are placed before the Board for review. The Board Committees can request special invitees to join the meeting, as appropriate.

The Board has currently established the following statutory and non-statutory Committees.

### Audit Committee

The Company's Audit Committee comprises all the five Independent Directors. The Audit Committee is headed by Mr. Aditya Narayan and has Mr. S. Ramadorai, Mr. O. P. Bhatt, Dr. Sanjiv Misra and Ms. Kalpana Morparia as its members. All the members of the Committee have relevant experience in financial matters.

The Audit Committee of the Company is entrusted with the responsibility to supervise the Company's internal controls and financial reporting process and, *inter alia*, performs the following functions:

- overseeing the Company's financial reporting process and disclosure of financial information to ensure that the financial statements are correct, sufficient and credible;
- reviewing and examining with management the quarterly financial results before submission to the Board;
- reviewing and examining with management the annual financial statements before submission to the Board and the auditors' report thereon;

- review management discussion and analysis of financial condition and results of operations;
- scrutiny of inter-corporate loans and investments made by the Company;
- reviewing with management the annual financial statements as well as investments made by the unlisted subsidiary companies;
- reviewing, approving or subsequently modifying any Related Party Transactions in accordance with the Related Party Transaction Policy of the Company;
- approving the appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;
- recommending the appointment, remuneration and terms of appointment of Statutory Auditors of the Company and approval for payment of any other services;
- reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- reviewing management letters / letters of internal control weaknesses issued by the Statutory Auditors;
- discussing with Statutory Auditors, before the commencement of audit, on the nature and scope of audit as well as having post-audit discussion to ascertain area of concern, if any;
- reviewing with management, Statutory Auditors and Internal Auditor, the adequacy of internal control systems;
- reviewing the financial statements, in particular, the investments made by the unlisted subsidiaries;
- recommending appointment, remuneration and terms of appointment of Internal Auditor of the Company;
- reviewing the adequacy of internal audit function and discussing with Internal Auditor any significant finding and reviewing the progress of corrective actions on such issues;
- evaluating internal financial controls and risk management systems;
- valuating undertaking or assets of the Company, wherever it is necessary;
- reviewing the functioning of the Whistle Blowing mechanism;
- reviewing the progress made on cases that are reported under the Code of Business Principles of the Company and implication of these cases, if any, under the UK Bribery Act, 2011.

The Audit Committee ensures that it has reviewed each area that it is required to review under its terms of reference and

under applicable legislation or by way of good practice. This periodic review ensures that all areas within the scope of the Committee are reviewed.

In addition to quarterly meetings for consideration of financial results, special meetings of the Audit Committee are convened. In these meetings, the Audit Committee reviews various businesses / functions, business risk assessment, controls and critical IT applications with implications of security and internal audit and control assurance reports of all the major divisions of the Company. The Committee is governed by the Terms of Reference which are in line with the regulatory requirements mandated by the Act and Listing Regulations. The Audit Committee also reviews the functioning of the Code of Business Principles and Whistle Blower Policy of the Company and cases reported thereunder. The recommendations of Audit Committee are duly approved and accepted by the Board.

The meetings of Audit Committee are also attended by the Chief Executive Officer, Chief Financial Officer, Statutory Auditors and Internal Auditor as special invitees. The Company Secretary acts as the Secretary to the Committee. The minutes of each Audit Committee meeting are placed in the next meeting of the Board. The Audit Committee also meets the internal and external auditors separately, without the presence of Management representatives.

The Audit Committee met seven times during the financial year ended 31st March, 2016 on 8th May, 2015, 7th July, 2015 (2 meetings), 21st July, 2015, 14th October, 2015, 18th December, 2015, 15th January, 2016.

#### **Internal Controls and Risk Management**

The Company has robust systems for internal audit and corporate risk assessment and mitigation. The Company has an independent Control Assurance Department (CAD) assisted by dedicated outsourced audit teams.

The Internal Audit covers all the factories, sales offices, warehouses and centrally controlled businesses and functions, as per the annual plan agreed with the Audit Committee. The audit coverage plan of CAD is approved by the Audit Committee at the beginning of every year. Every quarter, the Audit Committee of the Board is presented with key control issues and actions taken on the issues highlighted in previous report.

Business Risk Assessment procedures have been set in place for self-assessment of business risks, operating controls and compliance with Corporate Policies. There is an ongoing process to track the evolution of risks and delivery of mitigating action plans.

Mr. V. Hariharan is the Internal Auditor of the Company

The Company's internal financial control framework, established in accordance with the COSO framework, is commensurate with the size and operations of the business and is in line with requirements of the Companies Act, 2013. The Company's internal financial controls framework is based on the 'three lines of defense model'. The Company has laid down standard operating procedures and policies to guide the operations of the business. Unit heads are responsible to ensure compliance with the policies and procedures laid down by the management. Robust and continuous internal monitoring mechanisms ensure timely identification of risks and issues. The management, Statutory and Internal Auditors undertake rigorous testing of the control environment of the Company.

### Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises Mr. S. Ramadorai as the Chairman and Mr. Aditya Narayan, Mr. O. P. Bhatt, Dr. Sanjiv Misra and Mr. Harish Manwani as members of the Committee. In terms of Section 178(1) of the Companies Act, 2013 and Regulation 19 of Listing Regulations, the Nomination and Remuneration Committee should comprise of at least three Directors, all of whom should be Non-Executive Directors. At least half of the Committee members should be Independent with an Independent Director acting as the Chairman of the Committee.

The role of Nomination and Remuneration Committee is as follows:

- Determine/ recommend the criteria for appointment of Executive, Non-Executive and Independent Directors to the Board;
- Determine/ recommend the criteria for qualifications, positive attributes and independence of Director;
- Identify candidates who are qualified to become Directors and who may be appointed in the Management Committee and recommend to the Board their appointment and removal;
- Review and determine all elements of remuneration package of all the Executive Directors, i.e. salary, benefits, bonuses, stock options, pension etc;
- Review and determine fixed component and performance linked incentives for Directors, along with the performance criteria;
- Determine policy on service contracts, notice period, severance fees for Directors and Senior Management;
- Formulate criteria and carry out evaluation of each Director's performance and performance of the Board as a whole;

The Committee also plays the role of a Compensation Committee and is responsible for administering the Stock Option Plan and Performance Share Plan of the Company and determining eligibility of employees for stock options.

The Nomination and Remuneration Committee met three times during the financial year ended 31st March, 2016 on 7th July, 2015, 21st July, 2015 and 22nd February, 2016.

### Board Membership Criteria

The Board of Directors are collectively responsible for selection of a member on the Board. The Nomination and Remuneration Committee of the Company follows a defined criteria for identifying, screening, recruiting and recommending candidates for election as a Director on the Board. The criteria for appointment to the Board include:

- composition of the Board, which is commensurate with the size of the Company, its portfolio, geographical spread and its status as a listed Company;
- desired age and diversity on the Board;
- size of the Board with optimal balance of skills and experience and balance of Executive and Non-Executive Directors consistent with the requirements of law;
- professional qualifications, expertise and experience in specific area of business;
- balance of skills and expertise in view of the objectives and activities of the Company;
- avoidance of any present or potential conflict of interest;
- availability of time and other commitments for proper performance of duties;
- personal characteristics being in line with the Company's values, such as integrity, honesty, transparency, pioneering mindset.

### Reward Policy

The Reward philosophy of the Company is to provide market competitive total reward opportunity that has a strong linkage to and reinforces the performance culture of the Company. This philosophy is set forth into practice by various policies governing the different elements of total reward. The intent of all these policies is to ensure that the principles of reward philosophy are followed in entirety, thereby facilitating the Company to recruit and retain the best talent. The ultimate objective is to gain competitive advantage by creating a reward proposition that inspires employees to deliver Company's promise to consumers and the world and achieve superior operational results.

The guiding principles for Company's reward policies / practices are as follows:

1. Open, Fair, Consistent and Explainable: increase transparency and ensure fairness and consistency in Reward framework.
2. Insight and Engagement: make Reward truly relevant to the employees by using leading edge tools that help the Company 'hear' how employees feel about their Reward.

3. Innovation: continuously improve Company's Reward through innovations based on insight, analytics and Unilever's expertise.
4. Simplicity, Speed and Accuracy: simplify reward plans and processes and deliver the information employees need quickly, clearly and efficiently.
5. Business Results: Company's business results are the ultimate test of whether Reward solutions are effective and sustainable.

The appointment of Executive Directors, Key Managerial Personnel, Management Committee members and other employees is by virtue of their employment with the Company as management employees and therefore, their terms of employment vis-à-vis salary, variable pay, service contract, notice period and severance fee, if any, are governed by the applicable policies at the relevant point in time. The total reward for Executive Directors, Key Managerial Personnel and Management Committee members is reviewed and approved by the Nomination and Remuneration Committee annually, taking into account external benchmarks within the context of group and individual performance.

A fair portion of Executive Directors total reward is linked to Company's performance. This creates alignment with the strategy and business priorities to enhance shareholder value. Long term incentives, in the form of Share Plans, seek to reward Executive Directors, Management Committee members and other eligible employees by aligning their deliverables to business results. Pursuant to the approval of Members at the Annual General Meeting held on 23rd July, 2012, the Company adopted '2012 HUL Performance Share Scheme', which provides for conditional grant of Performance Shares without charging premium to eligible management employees.

In line with the Evaluation Policy of the Company, the Nomination and Remuneration Committee considers the outcome of the annual Evaluation before recommending the changes in the remuneration of the Executive Directors and appointment/re-appointment of Directors.

Non-Executive Independent Directors are eligible for sitting fees and commission not exceeding the limits prescribed under the Companies Act, 2013. The remuneration payable to Non-Executive Directors is decided by the Board of Directors subject to the overall approval of Members of the Company.

Independent Directors are currently paid sitting fees of Rs. 30,000/- for attending every meeting of the Board or Committee thereof. In line with the globally accepted governance practices, the Board of Directors adopted a 'Differential Remuneration Policy' for Non-Executive Directors remuneration which is also available at Company's website at <https://www.hul.co.in/investor-relations/corporate-governance/>. As per the Differential Remuneration Policy, Non-Executive Independent Directors are entitled to fixed commission on profits at the rate of Rs. 15 lakhs for each financial year. In addition, Non-Executive Independent Directors are entitled to a remuneration linked to their attendance at the meetings of the Board or Committees thereof and also on the basis of their position in various Committees of the Board, whether that of a Chairman or a member of the Committee(s).

The remuneration payable to the Independent Directors under the Differential Remuneration Policy shall be within the overall limit of Rs. 300 lakhs, as approved by the Members at the Annual General Meeting held on 29th June, 2015. The criteria adopted by the Company for Differential Remuneration policy is as under:

Particulars	(Rs. Lakhs)
	Commission (p.a.)
<b>Fixed Commission:</b>	
Base Fixed Commission for Independent Directors	15.00
<b>Additional Variable Commission:</b>	
Corresponding to the percentage of attendance at all the Board and Committee Meeting(s)	5.00
In the capacity of Chairperson of the Committee(s)*	2.00
In the capacity of Member of the Committee(s)*	1.00

\* Committee includes Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee and Corporate Social Responsibility Committee.

The Non-Executive Directors, who continuously serve minimum two terms of five years each, are also entitled to one time commission of Rs. 10 lakhs at the time of stepping down from the Board.

During the year, there were no pecuniary relationships or transactions between the Company and any of its Non-Executive Directors apart from sitting fees and

commission. The Company has not granted any stock options to any of its Non-Executive Independent Directors.

The details of remuneration paid, stock options and conditional grants made to Executive Directors and remuneration paid to Non-Executive Directors for the financial year ended 31st March, 2016 are provided hereinafter:

### Details of Remuneration of Executive Directors for the financial year ended 31st March, 2016

Name	Salary	Bonus	Perquisites	Contribution to PF	Pension	(Rs. Lakhs)
						Total
Sanjiv Mehta	635.88	285.25	440.96	25.40	-	1,387.49
P. B. Balaji	466.52	132.33	51.42	15.26	18.07	683.60
Pradeep Banerjee	216.31	68.21	125.68	15.92	18.90	445.02

### Details of Conditional Grants of Performance Shares made to the Executive Directors

Name	Performance Shares outstanding as at 31st March, 2015	Performance Shares exercised during the year	Grant under Performance Share Scheme during the year	Performance Shares balance as at 31st March, 2016
Pradeep Banerjee	15,679	8,573	2,052	9,158

### Details of Remuneration of Non-Executive Directors for the financial year ended 31st March, 2016

Name	Sitting Fees*	Commission#	Total
Harish Manwani ##	-	62.00	62.00
Aditya Narayan	5.70	24.00	29.70
S. Ramadorai	4.80	23.00	27.80
O. P. Bhatt	6.30	26.00	32.30
Sanjiv Misra	5.40	22.74	28.14
Kalpana Morparia	3.90	21.06	24.96

\* Includes sitting fees paid for Board and Board Committee meetings.

# The Commission for the financial year ended 31st March, 2016 as per the Differential Remuneration Policy will be paid to Independent Directors, subject to deduction of tax, after adoption of accounts by the shareholders at the Annual General Meeting to be held on 30th June, 2016.

## In addition to Commission, the Non-Executive Chairman is entitled to reimbursement of expenses towards accommodation, travel, transport and business centre/club usage in accordance with the approval of the Board within the overall limits approved by the shareholders of the Company.

### Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee is comprised of Mr. O. P. Bhatt, Independent Director as the Chairman and Mr. Sanjiv Mehta and Mr. P.B. Balaji, as members of the Committee.

The role of Stakeholders' Relationship Committee is as follows:

- consider and resolve the grievances of shareholders of the Company with respect to transfer of shares, non-receipt of annual report, non-receipt of declared dividend, etc;
- ensure expeditious share transfer process in line with the proceedings of the Share Transfer Committee;
- evaluate performance and service standards of the Registrar and Share Transfer Agent of the Company;
- provide guidance and make recommendations to improve investor service levels for the investors.

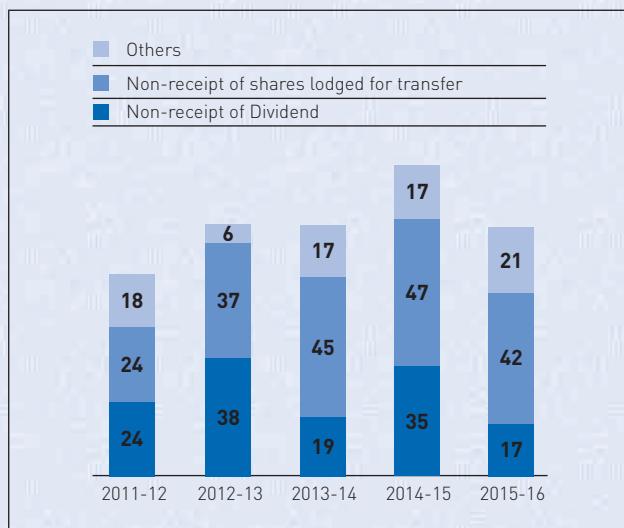
The Committee has periodic interaction with the representatives of the Registrar and Transfer Agent of the Company. During the financial year ended 31st March, 2016, the Committee met twice on 7th July, 2015 and 18th December, 2015.

### Details of Shareholders' / Investors' Complaints

Mr. Dev Bajpai, Executive Director (Legal & Corporate Affairs) and Company Secretary, is the Compliance Officer for resolution of Shareholders' / Investors' complaints. During the financial year ended 31st March, 2016, 80 complaints were received from the shareholders. All complaints have been redressed to the satisfaction of the shareholders and none of them were pending as on 31st March, 2016.

Particulars	Complaints Received	Complaints Redressed
Non-Receipt of Dividend	17	17
Non-Receipt of Shares lodged for Transfer	42	42
Others (e.g. non-receipt of Annual Report)	21	21
<b>TOTAL</b>	<b>80</b>	<b>80</b>

## TREND OF COMPLAINTS RECEIVED DURING LAST 5 YEARS:



### Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee comprises Mr. O. P. Bhatt as the Chairman and Mr. Aditya Narayan, Dr. Sanjiv Misra, Ms. Kalpana Morparia, Mr. Sanjiv Mehta and Mr. P. B. Balaji as members of the Committee.

The role of Corporate Social Responsibility Committee is as follows:

- formulating and recommending to the Board the CSR Policy and activities to be undertaken by the Company;
- recommending the amount of expenditure to be incurred on CSR activities of the Company;
- reviewing the performance of Company in the area of CSR;
- providing external and independent oversight and guidance on the environmental and social impact of how the Company conducts its business;
- monitoring CSR Policy of the Company from time to time;
- monitoring the implementation of the CSR projects or programs or activities undertaken by the Company.

During the financial year ended 31st March, 2016, the Committee met three times on 7th July, 2015, 21st July, 2015 and 17th March, 2016.

### Risk Management Committee

The Risk Management Committee of the Company comprises Mr. Sanjiv Mehta as the Chairman and Mr. P. B. Balaji, Mr. Pradeep Banerjee, Mr. Dev Bajpai and Mr. V. Hariharan as members of the Committee.

The role of Risk Management Committee is to:

- oversee the implementation of Risk Management Systems and Framework;
- review the Company's financial and risk management policies;
- assess risk and procedures to minimize the same;
- frame, implementing and monitoring the risk management plan for the Company.

During the financial year ended 31st March, 2016, the Risk Management Committee met once on 25th November, 2016 for reviewing the Company level risks and mitigation plans and actions.

### Share Transfer / Transmission Committee

The Share Transfer / Transmission Committee has been formed to look into share transfer and related applications received from shareholders, with a view to accelerate the transfer procedures.

The Committee comprises three Directors of the Board. The Committee *inter alia* considers applications for transfer, transmission, split, consolidation of share certificates and cancellation of any share certificate in compliance with the provisions in this regard. The Committee is authorised to sign, seal or issue any new share certificate as a result of transfer, consolidation, splitting or in lieu of share certificates lost, defaced or destroyed.

The Committee meets generally on a weekly basis to ensure that share transfers, and other related requests are registered and returned within a period of 15 days from the date of receipt, provided the documents are complete in all respects.

### **Committee for Allotment of Shares under ESOPs**

The Committee for Allotment of Shares under ESOPs has been constituted for approval, issue and allotment of shares under ESOP Schemes.

The Committee comprises three Directors of the Board and is constituted to expedite the process of allotment and issue of eligible shares to the employees under the Stock Option Plan of the Company.

### **Other Functional Committees**

Apart from the above statutory Committees, the Board of Directors has constituted the following Functional Committees to raise the level of governance as also to meet the specific business needs.

### **Routine Business Matter Committee**

The Routine Business Matter Committee has been set up to oversee routine operations that arise in the normal course of the business, such as decision on banking relations, delegation of operational powers, appointment of nominees under statutes, etc. The Committee comprises three Directors of the Board. The Committee reports to the Board and the minutes of these meetings are placed before the Board for information.

### **Committee for approving Disposal of Surplus Assets**

The Committee for approving Disposal of Surplus Assets has been set up and entrusted with the responsibility of identifying the surplus assets of the Company and to authorise sale and disposal of such surplus property. The Committee is fully authorised to take necessary steps to give effect to sale and transfer of the ownership rights, interest and title in the said property, for and on behalf of the Company. The Committee comprises three Directors of the Board. The Committee reports to the Board and minutes of these meetings are placed before the Board for information.

### **Attendance of Directors at Board and Committee Meeting(s)**

The following table shows attendance of Directors at the Board and statutory Committee meeting(s) for the year ended 31st March, 2016. Attendance is presented as number of meeting(s) attended, (including meetings attended through electronic mode) out of the number of meeting(s) required to be attended.

Name	Board Meeting	Audit Committee	Nomination and Remuneration Committee	Stakeholders' Relationship Committee	Corporate Social Responsibility Committee	Risk Management Committee
Harish Manwani	6 of 6 <sup>#</sup>	-	3 of 3	-	-	-
Sanjiv Mehta	6 of 6	-	-	2 of 2	3 of 3	1 of 1
P. B. Balaji	6 of 6	-	-	1 of 2	2 of 3	1 of 1
Pradeep Banerjee	5 of 6	-	-	-	-	0 of 1
Aditya Narayan	6 of 6	7 of 7 <sup>#</sup>	3 of 3	-	3 of 3	-
S. Ramadorai	6 of 6	7 of 7	3 of 3 <sup>#</sup>	-	-	-
O. P. Bhatt	6 of 6	7 of 7	3 of 3	2 of 2 <sup>#</sup>	3 of 3 <sup>#</sup>	-
Sanjiv Misra	6 of 6	7 of 7	2 of 3	-	3 of 3	-
Kalpana Morparia	6 of 6	5 of 7	-	-	2 of 3	-
Dev Bajpai	-	-	-	-	-	0 of 1
V. Hariharan	-	-	-	-	-	1 of 1

<sup>#</sup> Chairman

The last Annual General Meeting of the Company held on 29th June, 2015 was attended by all members of the Board of Directors.

## GOVERNANCE OF SUBSIDIARY COMPANIES

The minutes of the Board Meetings of the subsidiary companies along with the details of significant transactions and arrangements entered into by the subsidiary companies are shared with the Board of Directors on a quarterly basis. The financial statements of the subsidiary companies are presented to the Audit Committee. The Company does not have a material subsidiary as on the date of this report, having a net worth exceeding 20% of the consolidated net worth or income of 20% of the consolidated income of your Company.

The information in respect of the loans and advances in the nature of loans to subsidiaries pursuant to Regulation 34 of the Listing Regulations is provided in Note 54 in Notes to the standalone financial statements.

## COMPANY POLICIES

### **Code of Business Principles / Whistle Blower Policy**

The Code of Business Principles [CoBP] is the Company's statement of values and represents the standard of conduct which all employees are expected to observe in their business endeavours. The Code reflects the Company's commitment to principles of integrity, transparency and fairness. It forms the benchmark against which the world at large is invited to judge the Company's activities. The copy of the Code of Business Principles is available on the website of the Company <https://www.hul.co.in/about/who-we-are/purpose-and-principles/>.

The Company has adopted a Whistle Blower Policy, as part of vigil mechanism to provide appropriate avenues to the Directors and employees to bring to the attention of the management any issue which is perceived to be in violation of or in conflict with the Code of Business Principles of the Company. The Company has provided dedicated e-mail addresses [whistleblowing.hul@unilever.com](mailto:whistleblowing.hul@unilever.com) and [cobp.hul@unilever.com](mailto:cobp.hul@unilever.com) for reporting such concerns. Alternatively, employees can also send written communications to the Company. The employees are encouraged to voice their concerns by way of whistle blowing and all the employees have been given access to the Audit Committee. No personnel have been denied access to the Audit Committee pertaining to the Whistle Blower Policy. The Company Secretary is the designated officer for effective implementation of the policy and dealing with the complaints registered under the policy. All cases registered under the Code of Business Principles and the Whistle Blower Policy of the Company, are reported to the Management Committee and

are subject to the review of the Audit Committee. The Whistle Blower Policy is available on the website of the Company <https://www.hul.co.in/investor-relations/corporate-governance/>

### **Preventing Conflict of Interest**

The Board of Directors is responsible for ensuring that rules are in place to avoid conflict of interest by the Board members and the Management Committee. The Board has adopted the Code of Conduct for the members of the Board and Senior Management Team. The Code provides that the Directors are required to avoid any interest in contracts entered into by the Company. If such an interest exists, they are required to make adequate disclosure to the Board and to abstain from discussion, voting or otherwise influencing the decision on any matter in which the concerned Director has or may have such interest. The Code also restricts Directors from accepting any gifts or incentives in their capacity as a Director of the Company, except what is duly authorised under the Company's Gift Policy.

The members of the Board and the Management Committee annually confirm the compliance of the Code of Conduct to the Board. The Code of Conduct is in addition to the Code of Business Principles of the Company. A copy of the said Code of Conduct is available on the website of the Company <https://www.hul.co.in/investor-relations/corporate-governance/>. In addition, members of the Board and Management Committee also submit, on an annual basis, the details of individuals to whom they are related and entities in which they hold interest and such disclosures are placed before the Board. The members of the Board inform the Company of any change in their directorship(s), chairmanship(s)/membership(s) of the Committees, in accordance with the requirements of the Companies Act, 2013 and Listing Regulations. Transactions with any of the entities referred above are placed before the Board for approval. Details of all Related Party Transactions are placed before the Audit Committee on quarterly basis.

### **Policy on dealing with Related Party Transactions**

The Company has not entered into any material Related Party Transaction during the year. In line with requirement of the Companies Act, 2013 and Listing Regulations, your Company has formulated a Policy on Related Party Transactions which is also available at Company's at website <https://www.hul.co.in/investor-relations/corporate-governance/>. The Policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and Related Parties.

This policy specifically deals with the review and approval of Material Related Party Transactions keeping in mind the potential or actual conflicts of interest that may arise because of entering into these transactions. All Related Party Transactions are placed before the Audit Committee for review and approval. Prior omnibus approval is obtained for Related

Party Transactions on a quarterly basis for transactions which are of repetitive nature and / or entered in the ordinary course of business and are at Arm's Length. All Related Party Transactions entered during the year were in Ordinary Course of the Business and on Arm's Length basis. No Material Related Party Transactions, i.e. transactions exceeding ten percent of the annual consolidated turnover as per the last audited financial statements, were entered during the year by your Company.

### **Policy on Material Subsidiary**

The Company has adopted a Policy in line with the requirements of the Listing Regulations. The objective of this policy is to lay down criteria for identification and dealing with material subsidiaries and to formulate a governance framework for subsidiaries of the Company. The policy on Material Subsidiary is available on the website of the Company <https://www.hul.co.in/investor-relations/corporate-governance/>.

### **Share Dealing Code**

The Company has instituted a mechanism to avoid Insider Trading and abusive self-dealing. In accordance with the SEBI Regulations as amended, the Company has established systems and procedures to prohibit insider trading activity and has framed a Share Dealing Code. The Share Dealing Code of the Company prohibits the Directors of the Company and other specified employees dealing in the securities of the Company on the basis of any unpublished price sensitive information, available to them by virtue of their position in the Company. The objective of this Code is to prevent misuse of any unpublished price sensitive information and prohibit any insider trading activity, in order to protect the interest of the shareholders at large.

The Board of Directors of the Company have adopted a new Share Dealing Code and formulated the Code of Practices and Procedures for Fair Disclosure in terms of the requirements of SEBI (Prohibition of Insider Trading) Regulations, 2015.

The details of dealing in Company's shares by Specified Employees (which include members of the Management Committee and Directors) are placed before the Board for information on quarterly basis. The Code also prescribes sanction framework and any instance of breach of code is dealt with in accordance with the same. A copy of the Share Dealing Code of the Company is made available to all employees of the Company and compliance of the same is ensured. The Share Dealing Code is available on the website of the Company <https://www.hul.co.in/investor-relations/corporate-governance/dealing-in-hul-shares/index.html>.

### **UN Global Compact**

Unilever is a signatory to the United Nations Global Compact Programme and is fully committed to the principles of the UN

Global Compact which covers human rights, labour practices, environment commitment and prevention of corruption in business organisations. The UN Global Compact is a symbol of leadership in a complex business world and provides a forwardlooking forum in which the United Nations, companies and civil society organisations can come together in an open and transparent dialogue. The Company's Code of Business Principles upholds the ideals of UN Global Compact in all aspects of its business operations.

### **AFFIRMATION AND DISCLOSURE**

All the members of the Board and the Management Committee have affirmed their compliance with the Code of Conduct as on 31st March, 2016 and a declaration to that effect, signed by the Managing Director and Chief Executive Officer (CEO), is attached and forms part of this Report.

The members of the Management Committee have made disclosure to the Board of Directors relating to transactions with potential conflict of interest with the Company. There were no material, financial or commercial transaction, between the Company and members of the Management Committee that may have a potential conflict with the interest of the Company at large.

All details relating to financial and commercial transactions where Directors may have a pecuniary interest are provided to the Board and the interested Directors neither participate in the discussion nor vote on such matters.

The Company has complied with the requirements specified in Regulations 17 to 27 and clauses (b) to (i) of the Regulation 46(2) of the Listing Regulations.

### **DISCLOSURE ON WEBSITE**

Following information has been disseminated on the website of the Company at [www.hul.co.in](http://www.hul.co.in):

1. Details of business of the Company
2. Terms and conditions of appointment of Independent Directors
3. Composition of various Committees of Board of Directors
4. Code of Conduct for Board of Directors and Senior Management Personnel
5. Details of establishment of vigil mechanism/ Whistle Blower policy
6. Criteria of making payments to Non-Executive Directors
7. Policy on dealing with Related Party Transactions
8. Policy for determining 'material' subsidiaries
9. Details of familiarization programmes imparted to Independent Directors
10. Policy for determination of materiality of events

## DISCLOSURE OF PENDING CASES / INSTANCES OF NON-COMPLIANCE

There were no non-compliances by the Company and no instances of penalties and strictures imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority on any matter related to the capital market during the last three years.

The Company has been impleaded in certain legal cases related to disputes over title to shares arising in the ordinary course of share transfer operations. However, none of these cases are material in nature, which may lead to material loss or expenditure to the Company.

## COMMODITY PRICE RISK/FOREIGN EXCHANGE RISK AND HEDGING ACTIVITIES

Commodities form a major part of the raw materials required for Company's Products portfolio and hence Commodity price risk is one of the important market risk for the Company. The commodities are priced using pricing benchmarks and commodity derivatives are priced using exchange-traded pricing benchmarks. Your Company has a robust framework and governance mechanism in place to ensure that the organisation is adequately protected from the market volatility in terms of price and availability. The Commodity Risk Management (CRM) team of Unilever, based on intelligence and monitoring, forecasts commodity prices and movements and advises the Procurement team on cover strategy. A robust planning and strategy ensures the Company's interests are protected despite volatility in commodity prices.

Your Company has managed the foreign exchange risk with appropriate hedging activities in accordance with policies of the Company. The aim of the Company's approach to manage currency risk is to leave the Company with the no material residual risk. The Company uses forward exchange contracts to hedge against its foreign currency exposures relating to firm commitment. Foreign exchange transactions are fully covered with strict limits placed on the amount of uncovered exposure, if any, at any point in time. There are no materially uncovered exchange rate risks in the contexts of the Company's imports and exports. The Company does not enter into any derivative instruments for trading or speculative purposes. The details of foreign exchange exposures as on 31st March, 2016 are disclosed in Note 52 in Notes to the standalone financial statements.

## COMPLIANCE WITH THE DISCRETIONARY REQUIREMENTS UNDER LISTING REGULATIONS

The Board of Directors periodically reviewed the compliance of all applicable laws and steps taken by the Company to rectify instances

of non-compliance, if any. The Company is in compliance with all mandatory requirements of Listing Regulations. In addition, the Company has also adopted the following non-mandatory requirements to the extent mentioned below:

- **The Board & Separate posts of Chairman and CEO:** The positions of the Chairman and the CEO are separate. Mr. Harish Manwani, Non-Executive Chairman of the Company maintains office at the Company's expenses and is also allowed reimbursement of expenses incurred in performance of his duties.
- **Shareholders' rights:** The quarterly results along with the press release are uploaded on the website of the Company <https://www.hul.co.in/investor-relations/quarterly-results/>. The soft copy of the quarterly results is also sent to the shareholders who have registered their e-mail addresses.
- **Audit qualifications:** Company's financial statements are unqualified.
- **Reporting of Internal Auditor:** The Internal Auditor of the Company directly reports to the Audit Committee on functional matters.

The Company has submitted quarterly compliance report on Corporate Governance with the Stock Exchanges, in accordance with the requirements of Regulation 27(2)(a) of the Listing Regulations.

## SECRETARIAL AUDIT REPORT

The Company has undertaken Secretarial Audit for the financial year 2015-16 which, *inter alia*, includes audit of compliance with the Companies Act, 2013, and the Rules made under the Act, Listing Regulations and applicable Regulations prescribed by the Securities and Exchange Board of India and Foreign Exchange Management Act, 1999 and Secretarial Standards issued by the Institute of the Company Secretaries of India. The Secretarial Audit forms part of this Annual Report.

## CORPORATE GOVERNANCE CODE AUDIT

The Board of Directors has adopted 'Corporate Governance Code' for the Company which is a statement of practices and procedures to be followed by the Company. The copy of the code is available on Company's website <https://www.hul.co.in/investor-relations/corporate-governance/>.

The Company had appointed M/s. S. N. Ananthasubramanian and Co., a firm of Company Secretaries as the Auditor for the audit of the practices and procedures followed by the Company under the Code. The Company has received the Corporate Governance Audit Report for the financial year 2015-16.

## SHAREHOLDER INFORMATION

### General Body Meetings

Details of last three Annual General Meetings and the summary of Special Resolutions passed therein are as under:

Financial year ended	Date and Time	Venue	Special Resolutions Passed
31st March, 2013	26th July, 2013 3.30 p.m.	Unilever House, B. D. Sawant Marg, Chakala, Andheri (East), Mumbai - 400 099	<ul style="list-style-type: none"> <li>• Revision in overall limits of remuneration of Non-Executive Directors, upto a maximum of Rs. 150 lakhs in aggregate or 1% of Net Profits, whichever is lower.</li> </ul>
31st March, 2014	30th June, 2014 2.00 p.m.	Unilever House, B. D. Sawant Marg, Chakala, Andheri (East), Mumbai - 400 099	<ul style="list-style-type: none"> <li>• No special resolutions were passed in this meeting.</li> </ul>
31st March, 2015	29th June, 2015 2.00 p.m.	Unilever House, B. D. Sawant Marg, Chakala, Andheri (East), Mumbai - 400 099	<ul style="list-style-type: none"> <li>• Revision in overall limits of remuneration of Non-Executive Directors upto a maximum of Rs. 300 lakhs in aggregate or 1% of Net Profits, whichever is lower.</li> <li>• Adoption of new Articles of Association of the Company.</li> </ul>

No special resolution was passed by the Company last year through Postal Ballot. No special resolution is proposed to be conducted through Postal Ballot in the ensuing Annual General Meeting.

### Annual General Meeting for the financial year 2015-16

Date	Thursday, 30th June, 2016
Venue	Unilever House, B. D. Sawant Marg, Chakala, Andheri (East), Mumbai - 400 099
Time	3.30 p.m.
Book Closure Dates for Final Dividend	Friday, 24th June, 2016 to Thursday, 30th June, 2016 (both days inclusive)
Last Date of receipt of Proxy Forms	Tuesday, 28th June, 2016 before 3.30 p.m. at Registered Office of the Company

### Calendar of financial year ended 31st March, 2016

The Company follows April-March as the financial year. The meetings of Board of Directors for approval of quarterly financial results

during the financial year ended 31st March, 2016 were held on the following dates:

First Quarter Results	21st July, 2015
Second Quarter and Half yearly Results	14th October, 2015
Third Quarter Results	15th January, 2016
Fourth Quarter and Annual Results	9th May, 2016

### Tentative Calendar for financial year ending

#### 31st March, 2017

The tentative dates of meeting of Board of Directors for consideration of quarterly financial results for the financial year ending 31st March, 2017 are as follows:

First Quarter Results	18th July, 2016
Second Quarter and Half yearly Results	26th October, 2016
Third Quarter Results	16th January, 2017
Fourth Quarter and Annual Results	9th May, 2017

### Dividend

The Board of Directors at their meeting held on 9th May, 2016, recommended a Final Dividend of Rs. 9.50 per equity share of

face value of Re. 1/- each, for the financial year ended 31st March, 2016. Together with the Interim Dividend of Rs. 6.50 per equity share paid on 2nd November, 2015, the total dividend for the year works out to Rs. 16.00 per equity share of face value of Re. 1/- each. Final Dividend, if approved by Members, will be paid on or after Tuesday, 5th July, 2016.

### Unclaimed Dividends

During the year under review, the Company has credited Rs. 3.80 crores to the Investor Education and Protection Fund (IEPF) pursuant to Section 205C of the Companies Act, 1956 read with the Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001.

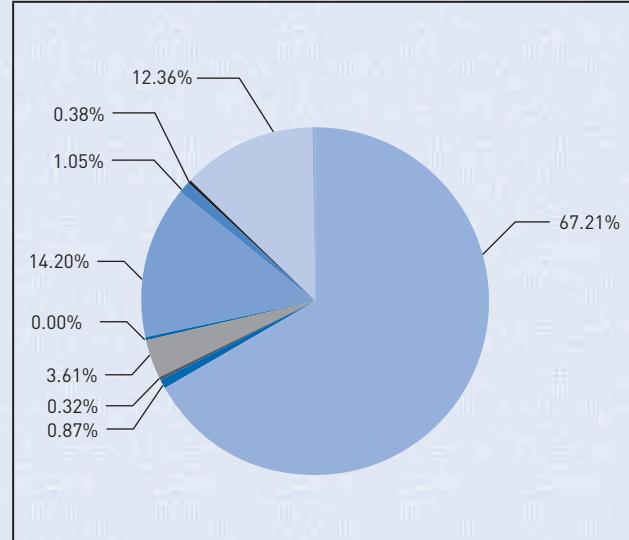
Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 29th June, 2015 (date of last Annual General Meeting) on the Company's website <https://www.hul.co.in/investor-relations/> and on the website of the Ministry of Corporate Affairs.

### Distribution of Shareholding as on 31st March, 2016

Holding	Shareholders		Shares	
	Number	%	Number	%
1 – 5000	3,17,285	96.34	13,93,67,627	6.44
5001 – 10000	6,871	2.08	4,83,47,642	2.23
10001 – 20000	3,197	0.97	4,41,36,776	2.04
20001 – 30000	779	0.24	1,88,00,782	0.87
30001 – 40000	319	0.10	1,10,29,465	0.51
40001 – 50000	160	0.05	71,82,511	0.33
50001 – 100000	290	0.09	1,98,61,734	0.92
100001 and above	419	0.13	1,87,52,10,434	86.66
<b>TOTAL</b>	<b>3,29,320</b>	<b>100.00</b>	<b>2,16,39,36,971</b>	<b>100.00</b>

### Categories of Shareholders as on 31st March, 2016

Category	No. of Folios	Shares
Unilever and its Associates	7	1,45,44,12,858
Mutual Funds & Unit Trust of India	230	1,88,65,950
Financial Institutions / Banks	138	68,44,202
Insurance Companies	18	7,81,50,508
Foreign Institutional Investors	708	30,71,97,989
Bodies Corporate	2,328	2,26,89,223
NRIs / Foreign Bodies Corporate / Foreign Nationals	5,609	82,81,226
Directors and Their Relatives	5	78,182
Resident Individuals & Others	3,20,277	26,74,16,833
<b>TOTAL</b>	<b>3,29,320</b>	<b>2,16,39,36,971</b>



### Bifurcation of shares held in physical and demat form as on 31st March, 2016

Particulars	No. of Shares	%
Physical Segment	5,04,47,688	2.33
<b>Demat Segment</b>		
NSDL (A)	2,08,54,07,669	96.37
CDSL (B)	2,80,81,614	1.30
Total (A+B)	2,11,34,89,283*	97.67
<b>TOTAL</b>	<b>2,16,39,36,971</b>	<b>100.00</b>

\* includes shares held by Unilever PLC and its Affiliates representing 67.21% of the total shareholding

There are no outstanding GDRs / ADRs / Warrants / Convertible Instruments of the Company.

## Listing Details

Name and Address of Stock Exchange	Stock Code
<b>BSE Limited (BSE)</b> Floor 25, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001.	500696
<b>National Stock Exchange of India Limited (NSE)</b> Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051	HINDUNILVR
<b>ISIN</b>	INE030A01027

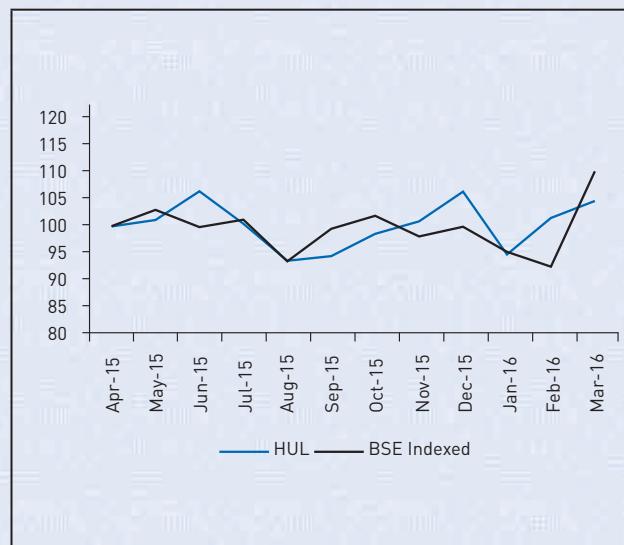
The listing fee for the financial year 2015-16 has been paid to the above Stock Exchanges.

## Share Price Data

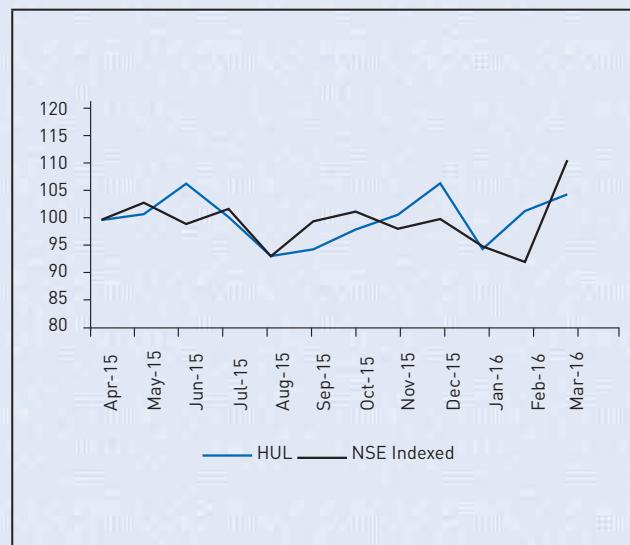
The monthly high and low prices and volumes of shares of the Company at BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE) for the year ended 31st March, 2016 are as under:

Month	BSE			NSE		
	High	Low	Volume	High	Low	Volume
Apr-15	950.40	833.45	26,19,186	950.95	832.20	2,61,80,777
May-15	906.65	829.00	31,03,062	907.05	827.10	3,22,34,793
Jun-15	919.40	807.00	20,15,972	923.10	806.10	2,65,51,182
Jul-15	944.00	872.55	29,83,238	944.00	871.10	3,03,09,704
Aug-15	925.15	848.25	24,12,394	924.80	844.95	3,11,49,936
Sep-15	863.00	777.50	32,83,558	862.40	776.25	3,35,33,679
Oct-15	831.45	771.00	25,33,007	832.00	769.00	2,91,13,854
Nov-15	825.60	779.00	15,71,434	826.00	780.10	1,77,34,008
Dec-15	873.90	807.00	23,33,887	875.60	805.00	2,48,37,930
Jan-16	868.00	765.35	18,76,656	868.70	766.40	2,88,44,751
Feb-16	863.65	788.00	20,65,030	866.00	789.75	2,44,15,057
Mar-16	883.75	819.00	38,34,914	883.00	818.10	3,10,01,658

**BSE SENSEX Vs HUL SHARE PRICE (INDEXED)**



**NSE NIFTY Vs HUL SHARE PRICE (INDEXED)**



## 10 - year Performance of Hindustan Unilever Share vis-à-vis Sensex and Nifty

Date of Purchase	HUL Share Price on BSE	HUL Share Performance	BSE Sensex	Sensex Performance	HUL Share Price on NSE	HUL Share Performance	NSE Nifty	Nifty Performance
01-02-2007	216.45	296%	13,942.00	88%	213.08	302%	4,007.40	99%
01-01-2008	218.10	293%	20,300.00	29%	218.45	292%	6,144.35	30%
01-01-2009	250.75	242%	9,903.46	164%	250.75	242%	3,033.45	163%
01-04-2010	264.70	224%	17,558.73	49%	264.70	224%	5,232.20	52%
01-03-2011	313.15	174%	20,561.05	27%	313.15	174%	6,157.60	29%
01-03-2012	407.95	110%	15,939.36	64%	407.70	110%	4,765.30	67%
01-01-2013	530.60	61%	19,580.81	34%	530.60	61%	5,950.85	34%
01-01-2014	570.00	50%	21,222.19	23%	570.65	50%	6,301.65	26%
01-01-2015	758.25	13%	27,507.54	-5%	758.45	13%	8,284.00	-4%
01-01-2016	856.55	-	26,160.90	-	856.55	-	7,963.20	-

Source : BSE and NSE Website

All comparisons are with respect to 1st January, 2016 (the reference date).

### Mergers and Demergers

The details of Mergers and Demergers with Companies and respective share exchange ratios are available on 'Investor Centre' page on the website of the Company [www.hul.co.in](http://www.hul.co.in).

### Plant Locations

The details of Plant Locations form part of this Report.

## COMMUNICATION TO SHAREHOLDERS

Effective communication of information is an essential component of Corporate Governance. It is a process of sharing information, ideas, thoughts, opinions and plans to all stakeholders which promotes management-shareholder relations. The Company regularly interacts with shareholders through multiple channels of communication such as results announcement, annual report, media releases, Company's website and subject specific communications.

The quarterly, half yearly and annual results of the Company's performance are published in leading newspapers such as Times of India and Maharashtra Times. These results are also made available on the website of the Company [www.hul.co.in/investorrelations/QuarterlyResults](http://www.hul.co.in/investorrelations/QuarterlyResults). The website also displays vital information relating to the Company and its performance, official press releases and presentation to analysts. The Company also sends quarterly, half yearly and annual results as well as the notice of the Board Meeting to Members on e-mail.

The Investor Centre of the Company's website provides more than 50 Frequently Asked Questions on various topics related to transfers and transmission of shares, dematerialisation, nomination, change of address, loss of share certificates, dividend and sub-division of share certificates. In addition, various downloadable forms required to be executed by the shareholders have also been provided on the website of the Company.

The Quarterly Results, Shareholding Pattern and all other corporate communication to the Stock Exchanges are filed through NSE Electronic Application Processing System (NEAPS) and BSE Listing Centre, for dissemination on their respective websites.

### Investor Services

#### Web-based Query Redressal System

Members may utilise the facility extended by the Registrar and Transfer Agent for redressal of queries. Investors may visit <https://karisma.karvy.com/> and click on "INVESTORS" option for query registration through free identity registration process.

Investors can submit their query in the "QUERIES" option provided on the above website, which would give the grievance a registration number. For accessing the status / response to the query submitted, the grievance registration number can be used at the option "VIEW REPLY" after 24 hours. Investors can continue to put an additional query relating to the case till they get a satisfactory reply.

Investors can provide their feedback on the services provided by the Company and its Registrar and Transfer Agent by filling the Shareholder Satisfaction Survey form available in Investor Centre on website of the Company at <https://www.hul.co.in/investor-relations/>.

### Alternative Dispute Redressal

#### Shareholders

Long pending litigations involve significant investment as monetary value of the disputed shares and accrued dividends / other benefits are locked up untilised till the dispute is settled. Further, in terms of the requirements of the Companies Act, 1956, such dividends / other specified incomes remaining unclaimed / unpaid for a period of seven years are to be

credited to the Investor Education and Protection Fund and the Shareholders are not entitled to claim the same thereafter.

Keeping the above in mind, the Company in 2004, pioneered the mechanism of providing an alternate dispute redressal for Shareholders to resolve the shares related disputes pending before the courts / authorities by amicable settlement. The Company had started this unique initiative of organising Alternative Dispute Redressal meetings wherein aggrieved investors come face to face and get a chance to settle their disputes, some of which were pending for years.

A number of Shareholders have availed the benefit of this process and the Company through its various initiatives keeps exploring the possibilities of settling such issues. The process helps the investors in releasing the locked up investment and save their time consumed in contesting legal proceedings. The objective of this process is to facilitate quick resolution of the dispute between the parties.

The Shareholders who are willing to avail the benefits of Alternative Dispute Redressal mechanism may approach the Investor Service Department of the Company at the Registered Office of the Company.

#### **Consumers / Customers**

In line with one of the Company's key tenets of Consumer and Customer Centricity, the Company commenced a process of resolving consumer and customer disputes and grievances through an alternative disputes redressal mechanism. The

Company appointed four retired Judges of different High Courts, one in each region, to act as Ombudsman to hear the Company's consumers and customers in a bid to resolve long pending disputes. The Ombudsman independently reviews the merits of the complaint and decides on the issue. The Company has taken the view that the decision arrived at such disputes resolution meetings, while being fully binding on the Company, may not be binding on its consumers and customers and if they choose to continue with litigation, they are free to do so. These meetings were held in all the four regions and achieved reasonable success. The Company believes that such independent dispute resolution mechanism will further reinforce its commitment and credibility with its consumers and also set new benchmarks for the industry.

The Company has also set a consumer care helpline 'Levercare', to help consumers reach the Company for their grievances, suggestions, ideas and to help brands reach out to consumers.

#### **Address for Correspondence**

All shareholders' correspondence should be forwarded to M/s. Karvy Computershare Private Limited, the Registrar and Transfer Agent of the Company or to the Investor Service Department at the Registered Office of the Company at the addresses mentioned below.

The Company's dedicated e-mail address for Investors' Complaints and other communications is [levercare.shareholder@unilever.com](mailto:levercare.shareholder@unilever.com)

**Karvy Computershare Private Limited**  
 Unit : Hindustan Unilever Limited  
 Karvy Selenium Tower B,  
 Plot 31-32, Gachibowli  
 Financial District, Nanakramguda  
 Hyderabad - 500 032  
 Phone : +91 - 40 671 61500, 332 11000  
 Fax : +91 - 40 - 234 20814, 230 01153  
 Toll Free no.: 1800-345-4001  
 E-mail: [einward.ris@karvy.com](mailto:einward.ris@karvy.com)  
 Website : [www.karvy.com](http://www.karvy.com)

**Investor Service Department**  
 Hindustan Unilever Limited  
 Unilever House,  
 B. D. Sawant Marg, Chakala,  
 Andheri (East), Mumbai - 400 099  
 Phone : +91 - 22 - 39832285 / 32452  
 Fax : +91 - 22 - 28249457  
 E-mail: [levercare.shareholder@unilever.com](mailto:levercare.shareholder@unilever.com)  
 Website : [www.hul.co.in](http://www.hul.co.in)

**Compliance Officer**  
 Mr. Dev Bajpai  
 Executive Director (Legal & Corporate Affairs)  
 and Company Secretary  
 E-mail: [levercare.shareholder@unilever.com](mailto:levercare.shareholder@unilever.com)  
 Phone : +91 - 22 - 39832557 / 34485 / 32532 /  
 32312

# CHIEF EXECUTIVE OFFICER (CEO) & CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

To  
 The Board of Directors  
**Hindustan Unilever Limited**

We, the undersigned, in our respective capacities as Chief Executive Officer and Chief Financial Officer of Hindustan Unilever Limited ("the Company"), to the best of our knowledge and belief certify that:

- (a) We have reviewed the financial statements and the cash flow statement for the financial year ended 31st March, 2016 and to the best of our knowledge and belief, we state that:
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain any statements that might be misleading;
  - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- (b) We further state that to the best of our knowledge and belief, there are no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We hereby declare that all the members of the Board of Directors and Management Committee have confirmed compliance with the Code of Conduct as adopted by the Company.
- (d) We are responsible for establishing and maintaining internal controls and for evaluating the effectiveness of the same over the financial reporting of the Company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (e) We have indicated, based on our most recent evaluation, wherever applicable, to the Auditors and Audit Committee:
  - (i) significant changes, if any, in the internal control over financial reporting during the year;
  - (ii) significant changes, if any, in the accounting policies made during the year and that the same has been disclosed in the notes to the financial statements; and
  - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the Company's internal control system over financial reporting.

**Sanjiv Mehta**

Mumbai : 9th May, 2016

Managing Director and  
 Chief Executive Officer  
 DIN: 06699923

**P. B. Balaji**

Executive Director - Finance & IT  
 and Chief Financial Officer  
 DIN: 02762983

# CERTIFICATE OF COMPLIANCE WITH THE CORPORATE GOVERNANCE

requirements under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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To the Members of

**Hindustan Unilever Limited**

We have examined the compliance of conditions of corporate governance by Hindustan Unilever Limited ('the Company') for the year ended 31 March, 2016, as stipulated in regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of regulation 46 and paragraph C, D and E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") with Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing regulations.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **B S R & Co. LLP**  
Chartered Accountants  
Firm's Registration No: 101248W/ W – 100022

**Akeel Master**  
Partner  
Membership No: 046768

Mumbai : 9th May, 2016

# FORM NO. MR-3 SECRETARIAL AUDIT REPORT

For the financial year ended 31st March, 2016

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,  
**Hindustan Unilever Limited**  
**CIN : L15140MH1933PLC002030**  
Unilever House, B. D. Sawant Marg,  
Chakala, Andheri (East),  
Mumbai - 400 099.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Hindustan Unilever Limited** [hereinafter called the "Company"]. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended **31st March, 2016**, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on **31st March, 2016**, according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder and the applicable provisions of the Companies Act 1956;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (upto 14th May 2015) and Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (effective 15th May 2015);
- c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 [**Not Applicable as the Company has not issued any further share capital during the period under review**];
- d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 [**Not Applicable as the Company has not issued and listed any debt securities during the financial year under review**];
- f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client [**Not Applicable as the Company is not registered as Registrar to Issue and Share Transfer Agent during the financial year under review**];
- g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 [**Not applicable as the Company has not delisted/propose to delist its equity shares from any Stock Exchange during the financial year under review**];
- h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 [**Not applicable as the Company has not bought back/propose to buy-back any of its securities during the financial year under review**].
- vi. The management has identified and confirmed the following laws as specifically applicable to the Company:
  - i. The Hazardous Wastes (Management and Handling) Rules, 1989;
  - ii. The Insecticide Act, 1968;
  - iii. The Drugs and Cosmetics Act, 1940;
  - iv. The Prevention of Food Adulteration Act, 1954;
  - v. The Legal Metrology Act, 2009;
  - vi. The Legal Metrology (Packaged Commodities) Rules 2011;
  - vii. Food Safety and Standards Act, 2006 and Rules 2011 with allied rules and regulations.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards with regard to Meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India and made effective 1st July, 2015;
- (ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 made effective **1st December, 2015.**

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

**We further report that: -**

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.
- Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent generally seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- Majority decision is carried through, while the dissenting members' views, if any, are captured and recorded as part of the minutes.

**We further report** that based on review of compliance mechanism established by the Company and on the basis of the Compliance Certificate(s) issued by the Company Secretary and taken on record by the Board of Directors at their meeting(s),

we are of the opinion that there are adequate systems and processes in place in the Company which is commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines: -

- As informed, the Company has responded appropriately to notices received from various statutory /regulatory authorities including initiating actions for corrective measures, wherever found necessary.

**We further report** that during the audit period there were following specific events/actions having a major bearing on Company's affairs in pursuance of the above-referred laws, rules, regulations, guidelines, standards, etc.: -

- The Board of Directors at their meeting held on 15th January, 2016 has considered and approved Scheme of Arrangement under Section 391-394 of the Companies Act,1956 between the Company and its members to re-classify and transfer the amounts lying to the credit of the General Reserve to the Profit and Loss account of the Company.

For **S. N. ANANTHASUBRAMANIAN & CO.**

**S. N. ANANTHASUBRAMANIAN**  
FCS: 4206  
C.P No: 1774

Thane: 9th May, 2016

Note: This report should be read with the letter of even date by the Secretarial Auditors, which is available on the website of the Company [www.hul.co.in](http://www.hul.co.in)

# ECONOMIC VALUE ADDED

## ADDITIONAL INFORMATION : ECONOMIC VALUE ADDED (EVA)

### What is EVA ?

Traditional approaches to measuring Shareholder's Value Creation' have used parameters such as earnings capitalisation, market capitalisation and present value of estimated future cash flows. Extensive equity research has established that it is not earnings per se, but VALUE that is important. A measure called 'Economic Value Added' (EVA) is increasingly being applied to understand and evaluate financial performance

### \*EVA = Net Operating Profit after Taxes (NOPAT) - Cost of Capital Employed (COCE), where,

NOPAT = Profits after depreciation and taxes but before interest costs. NOPAT thus represents the total pool of profits available on an ungeared basis to provide a return to lenders and shareholders, and

COCE = Weighted Average Cost of Capital (WACC) x Average Capital Employed

\*Cost of debt is taken at the effective rate of interest applicable to an "AAA" rated Company like HUL for a short term debt, net of taxes. We have considered a pre tax rate of 8.22% for 2015-16 (8.42% for 2014-15)

\*Cost of Equity is the return expected by the investors to compensate them for the variability in returns caused by fluctuating earnings and share prices.

Cost of Equity = Risk free return equivalent to yield on long term Government Bonds (taken at 7.47% for 2015-16)

+

Market risk premium (taken at 6.43%) (x) Beta variant for the Company, (taken at 0.704) where Beta is a relative measure of risk associated with the Company's shares as against the market as a whole.

Thus HUL's cost of equity =  $7.47\% + 6.43\% (x) 0.704 = 11.99\%$

### What does EVA show?

EVA is residual income after charging the Company for the cost of capital provided by lenders and shareholders. It represents the value added to the shareholders by generating operating profits in excess of the cost of capital employed in the business.

### When will EVA increase?

EVA will increase if:

- Operating profits can be made to grow without employing more capital, i.e. greater efficiency.
- Additional capital's invested in projects that return more than the cost of obtaining new capital, i.e. profitable growth.
- Capital is curtailed in activities that do not cover the cost of capital, i.e liquidate unproductive capital.

### EVA in practice at Hindustan Unilever Limited.

In Hindustan Unilever Limited, the goal of sustainable long term value creation for our shareholders is well understood by all the business groups. Measures to evaluate business performance and to set targets take into account this concept of value creation.

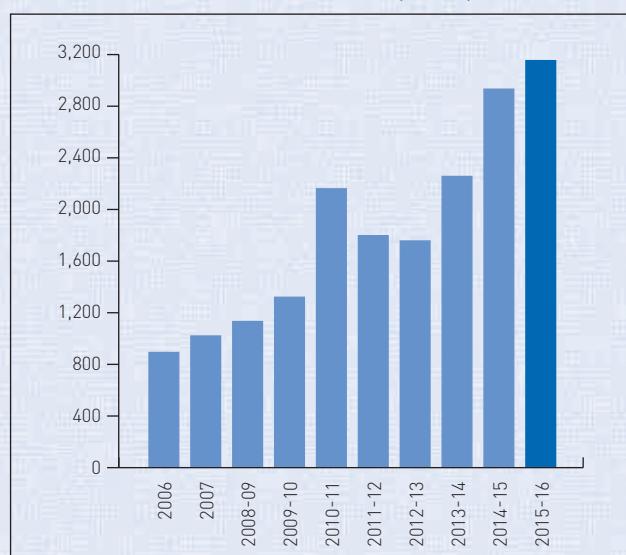
# ECONOMIC VALUE ADDED (CONTD.)

EVA Trends:2006-2016 (Unaudited)

(Rs. crores)

Particulars	2006	2007	2008-09 (15 months)	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
<b>Cost of Capital Employed (COCE)</b>										
1 Average Debt	163	382	342	119	2	0	0	0	0	0
2 Average Equity	2,515	2,402	1,928	2,497	3,118	3,462	4,018	3,715	4,338	4,603
3 Average Capital Employed : [1] + [2]	<b>2,678</b>	<b>2,784</b>	<b>2,270</b>	<b>2,616</b>	<b>3,120</b>	<b>3,462</b>	<b>4,018</b>	<b>3,715</b>	<b>4,338</b>	<b>4,603</b>
4 Cost of Debt, post-tax %	5.90	6.24	3.91	3.95	5.36	6.20	6.02	6.36	5.56	5.43
5 Cost of Equity %	16.38	17.59	14.47	12.51	12.93	10.10	10.07	11.62	10.91	11.99
6 Weighted Average Cost of Capital % (WACC)	15.74	16.03	12.88	12.12	12.92	10.10	10.07	11.62	10.91	11.99
7 COCE : [3] x [6]	<b>421</b>	<b>446</b>	<b>365</b>	<b>317</b>	<b>403</b>	<b>350</b>	<b>405</b>	<b>432</b>	<b>474</b>	<b>552</b>
<b>Economic Value Added (EVA)</b>										
8 Profit after tax, before exceptional items	1,540	1,743	2,501	2,103	2,153	2,599	3,314	3,555	3,843	4,078
9 Add : Interest, after taxes	7	17	17	5	0	1	17	24	11	0
10 Net Operating Profits After Taxes (NOPAT)	1,547	1,760	2,518	2,108	2,153	2,600	3,331	3,579	3,854	4,078
11 COCE, as per [7] above	421	446	365	317	403	350	405	432	474	552
12 EVA : [10] - [11]	<b>1,126</b>	<b>1,314</b>	<b>2,154</b>	<b>1,791</b>	<b>1,750</b>	<b>2,250</b>	<b>2,926</b>	<b>3,147</b>	<b>3,380</b>	<b>3,526</b>

ECONOMIC VALUE ADDED (EVA) (Rs. crores)



# INDEPENDENT AUDITOR'S REPORT

## to the Members of Hindustan Unilever Limited

### REPORT ON THE STANDALONE FINANCIAL STATEMENTS

We have audited the accompanying standalone financial statements of Hindustan Unilever Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date, and a summary of the significant accounting policies and other explanatory information.

### MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in sub-section 5 of Section 134 of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 ("the Rules"). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under sub-section 10 of Section 143 of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the

auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

### OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2016 and its profit and its cash flows for the year ended on that date.

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2016 ('the Order'), issued by the Central Government of India in exercise of powers conferred by sub-section 11 of section 143 of the Act, we enclose in 'Annexure A' a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by sub-section 3 of Section 143 of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Rules.

## INDEPENDENT AUDITOR'S REPORT (Contd.)

- (e) On the basis of the written representations received from the Directors as on 31 March 2016 and taken on record by the Board of Directors, none of the Directors are disqualified as on 31 March 2016 from being appointed as a Director in terms of sub-section 2 of Section 164 of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B" and
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  1. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 24 to the financial statements;
  2. Provision has been made in the financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts-Refer Note 55 to the financial statements ; and
  3. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**For B S R & Co. LLP**  
Chartered Accountants  
Firm's Registration No:  
101248W/ W - 100022

**Akeel Master**  
Partner  
Membership No: 046768

Mumbai : 9 May 2016

# ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT - 31st MARCH, 2016

(Referred to in our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation, of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of two years. In accordance with this programme, a portion of the fixed assets has been physically verified by the management during the year and no material discrepancies have been noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) According to the information and explanations given to us, the title deeds of immovable properties, as disclosed in Note 12 to the standalone financial statements, are held in the name of the Company, except for the following:

Particulars	(Rs. in Crores)		
	Leasehold Land	Freehold Land	Buildings
Gross block as at 31 March 2016	0.72	1.35	81.21
Net block as at 31 March 2016	0.58	1.35	50.02

- (ii) The inventory, except goods-in-transit, has been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable. In respect of inventory lying with third parties, these have substantially been confirmed by them. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) In our opinion and according to information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, paragraph 3(iii) of the Order is not applicable to the Company.
- (iv) The Company has not granted any loans or provided any guarantees or security to the parties covered under Section 185 of the Act. The Company has complied with the provisions of Section 186 of the Act in respect of investments made or loans or guarantee or security provided to the parties covered under Section 186.
- (v) The Company has not accepted any deposits from the

public in accordance with the provisions of sections 73 to 76 of the Act and the rules framed there under.

- (vi) We have broadly reviewed the records maintained by the Company pursuant to the rules prescribed by Central Government for maintenance of cost records under sub section 1 of Section 148 of the Act and are of the opinion that *prima facie*, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
- (vii) (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues including provident fund, employees state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess, professional tax and other material statutory dues, as applicable, with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess, professional tax and other material statutory dues were in arrears as at 31 March 2016 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues of Income tax, Sales tax, Value added tax, Service tax, duty of customs, duty of excise which have not been deposited with the appropriate authorities on account of any dispute other than those mentioned in Annexure I to this report.
- (viii) As the Company does not have any loans or borrowings from any financial institution or bank or Government, nor has it issued any debentures, as at the balance sheet date the provisions of Clause 3(viii) of the Order are not applicable to the Company.
- (ix) The Company has not raised any money by way of initial public offer, further public offer (including debt instruments) and term loans during the year. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

## ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT - 31st MARCH, 2016 (CONTD.)

- (xi) According to the information and explanations given to us and based on our examination of the records, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examinations of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (xiv) According to the information and explanations given to us and based on our examination of the records, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

**For B S R & Co. LLP**  
Chartered Accountants  
Firm's Registration No:  
101248W/ W - 100022

**Akeel Master**  
Partner  
Membership No: 046768

Mumbai : 9 May 2016

## ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT - 31st MARCH, 2016 (CONTD.)

### ANNEXURE I

(Rs. in Crores)

Name of the Statute	Nature of dues	Amount Demanded Rs. in crores	Amount Paid Rs. in crores	Period to which the amount relates	Forum where dispute is pending
The Central Excise Act, 1994	Excise duty Including Interest and penalty, if applicable	116.57	4.86	1994-2016	Appellate Authority upto Commissioner's level
The Central Excise Act	Excise duty Including Interest and penalty, if applicable	50.92	1.65	1994-2014	Customs, Excise and Service Tax Appellate Tribunals of various states
The Central Excise Act	Excise duty Including Interest and penalty, if applicable	5.56	-	2003- 2012	High Courts of various states
Customs Act, 1962	Custom Duty, Including Interest and penalty, if applicable	1.83	0.17	2011-2013	Appellate Authority upto Commissioner's level
Central Sales Tax Act and Local Sales Tax Act	Sales tax (including interest and penalty, as applicable)	95.58	29.99	1985-2016	Appellate Authority upto Commissioner's level
Central Sales Tax Act and Local Sales Tax Act	Sales tax (including interest and penalty, as applicable)	24.75	2.31	1984-2016	Sales Tax Appellate Tribunals of various states
Central Sales Tax Act and Local Sales Tax Act	Sales tax (including interest and penalty, as applicable)	121.32	87.94	1984-2016	High Courts of various states
Central Sales Tax Act and Local Sales Tax Act	Sales tax (including interest and penalty, as applicable)	35.87	20.77	1985-2016	Supreme Court
Service tax (Finance Act, 1994)	Service tax (including interest and penalty, as applicable)	97.73	1.50	2003-2016	Appellate Authority upto Commissioner's level
Service tax (Finance Act, 1994)	Service tax (including interest and penalty, as applicable)	8.07	0.55	2003-04 & 2005-08	Tribunal (CESTAT)

## ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT - 31st MARCH, 2016 (CONTD.)

### ANNEXURE I (CONTD.)

(Rs. in Crores)

Name of the Statute	Nature of dues	Amount Demanded Rs. in crores	Amount Paid Rs. in crores	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax Including interest and penalty, as applicable	150.08	-	1979 - 1980, 1991, AY 2007-08, AY 2008-09, AY 2010-11	Appellate Authority - upto Commissioner's Level
Income Tax Act, 1961	Income Tax Including interest and penalty, as applicable	0.20	-	1982-83	Income Tax Appellate Tribunal, Mumbai
Income Tax Act, 1961	Income Tax Including interest and penalty, as applicable	0.06	-	1963 - 1964 1982- 1983	Bombay High Court

# ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT - 31st MARCH, 2016

(Referred to in our report of even date)

## REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE ACT

We have audited the internal financial controls over financial reporting of Hindustan Unilever Limited ("the Company") as of 31 March, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

## MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act 2013 ("the Act").

## AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal

financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal controls based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial control system over financial reporting.

## MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial controls over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT - 31st MARCH, 2016 (CONTD.)

### INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial controls over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### OPINION

In our opinion, the Company has, in all material respects, an adequate internal financial control system over financial reporting and such internal financial controls over financial

reporting were operating effectively as at 31 March 2016, based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by ICAI.

**For B S R & Co. LLP**  
Chartered Accountants  
Firm's Registration No:  
101248W/ W - 100022

**Akeel Master**  
Partner  
Membership No: 046768

Mumbai : 9 May 2016

# BALANCE SHEET

As at 31st March, 2016

*(All amounts in Rs. crores, unless otherwise stated)*

	Note	As at 31st March, 2016	As at 31st March, 2015
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	216.39	216.35
Reserves and surplus	4	3,470.90	3,508.43
<b>Non-current liabilities</b>			
Other long-term liabilities	5	218.20	170.11
Long-term provisions	6	1,124.39	956.35
<b>Current liabilities</b>			
Trade payables			
Dues to Micro and Small Enterprises	7	-	-
Dues to Others	8	5,497.89	5,288.90
Other current liabilities	9	853.79	908.05
Short-term provisions	10	2,785.47	2,585.87
<b>TOTAL</b>		<b>14,167.03</b>	<b>13,634.06</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	12	2,902.73	2,435.50
Intangible assets	13	12.00	22.03
Capital work-in-progress		385.97	479.01
Non-current investments	14	669.03	654.11
Deferred tax assets (net)	15	230.86	195.96
Long-term loans and advances	16	581.30	583.46
Other non-current assets	17	0.17	0.44
<b>Current assets</b>			
Current investments	18	2,297.52	2,623.82
Inventories	19	2,528.36	2,602.68
Trade receivables	20	1,064.52	782.94
Cash and bank balances	21	2,758.82	2,537.56
Short-term loans and advances	22	673.29	657.27
Other current assets	23	62.46	59.28
<b>TOTAL</b>		<b>14,167.03</b>	<b>13,634.06</b>
<b>Significant accounting policies</b>	2		
<b>Contingent liabilities, capital and other commitments</b>	24, 25		

The accompanying notes are an integral part of these financial statements

As per our report of even date

For and on behalf of Board of Directors

**For B S R & Co. LLP**

Firm Registration No. 101248W/W - 100022  
Chartered Accountants

**Sanjiv Mehta**

Managing Director and CEO  
[DIN: 06699923]

**PB Balaji**

Executive Director (Finance & IT) and CFO  
[DIN: 02762983]

**Akeel Master**

Partner  
Membership No. 046768

**Aditya Narayan**

Chairman - Audit Committee  
[DIN: 00012084]

**Dev Bajpai**

Executive Director Legal and Company Secretary  
[Membership No. FCS 3354]

Mumbai: 9th May, 2016

**Aasif Malbari**

Group Controller

Mumbai: 9th May, 2016

# STATEMENT OF PROFIT AND LOSS

For the year ended 31st March, 2016

(All amounts in Rs. crores, unless otherwise stated)

	Note	Year ended 31st March, 2016	Year ended 31st March, 2015
<b>REVENUE FROM OPERATIONS (GROSS)</b>	27	34,417.48	32,721.44
Less: Excise duty		(2,430.31)	(1,915.82)
<b>Revenue from operations (net)</b>		<b>31,987.17</b>	<b>30,805.62</b>
Other income	28	500.63	618.39
<b>TOTAL REVENUE</b>		<b>32,487.80</b>	<b>31,424.01</b>
<b>EXPENSES</b>			
Cost of materials consumed	29	11,274.73	11,867.31
Purchases of stock-in-trade	30	3,951.15	3,697.96
Changes in inventories of finished goods (including stock-in-trade) and work-in-progress	31	87.11	58.28
Employee benefits expense	32	1,592.02	1,578.89
Finance costs	33	0.18	16.82
Depreciation and amortisation expense	34	320.75	286.69
Other expenses	35	9,352.24	8,394.94
<b>TOTAL EXPENSES</b>		<b>26,578.18</b>	<b>25,900.89</b>
<b>Profit before exceptional items and tax</b>		<b>5,909.62</b>	<b>5,523.12</b>
Exceptional items	36	(39.03)	664.30
<b>Profit before tax</b>		<b>5,870.59</b>	<b>6,187.42</b>
<b>Tax expenses</b>			
Current tax	37	(1,823.12)	(1,902.33)
Deferred tax credit	38	34.90	30.17
<b>PROFIT FOR THE YEAR</b>		<b>4,082.37</b>	<b>4,315.26</b>
<b>Earnings per equity share</b>	39		
Basic (Face value of Re. 1 each)		Rs. 18.87	Rs. 19.95
Diluted (Face value of Re. 1 each)		Rs. 18.86	Rs. 19.94
<b>Significant accounting policies</b>	2		

The accompanying notes are an integral part of these financial statements

As per our report of even date

**For B S R & Co. LLP**

Firm Registration No. 101248W/W - 100022  
Chartered Accountants

**Akeel Master**

Partner  
Membership No. 046768

Mumbai: 9th May, 2016

For and on behalf of Board of Directors

**Sanjiv Mehta**

Managing Director and CEO  
[DIN: 06699923]

**Aditya Narayan**

Chairman - Audit Committee  
[DIN: 00012084]

**Aasif Malbari**

Group Controller

Mumbai: 9th May, 2016

**PB Balaji**

Executive Director (Finance & IT) and CFO  
[DIN: 02762983]

**Dev Bajpai**

Executive Director Legal and Company Secretary  
[Membership No. FCS 3354]

# CASH FLOW STATEMENT

For the year ended 31st March, 2016

*(All amounts in Rs. crores, unless otherwise stated)*

	Year ended 31st March, 2016	Year ended 31st March, 2015
<b>A CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Profit before exceptional items and tax	<b>5,909.62</b>	<b>5,523.12</b>
Adjustments for:		
Depreciation and amortisation expenses	320.75	286.69
Net gain on sale of investments	(100.85)	(294.38)
(Profit)/Loss on fixed assets sold, scrapped, etc. (net)	17.90	(2.79)
Interest income	(234.06)	(205.78)
Dividend income	(165.72)	(118.23)
Provision for expense on employee stock options/performance share schemes	19.30	19.41
Write back for doubtful debts and advances (net)	(6.88)	(3.31)
Bad debts/advances written off	4.51	5.54
Provision for Mark to Market loss on derivative instruments	6.98	36.60
Unrealised foreign exchange differences	(0.58)	1.23
Interest expense	0.18	16.82
	<b>(138.47)</b>	<b>(258.20)</b>
<b>Cash Generated from Operations before working capital changes</b>	<b>5,771.15</b>	<b>5,264.92</b>
Adjustments for:		
(Increase)/decrease in trade receivables	(278.94)	30.91
(Increase)/decrease in short-term loans and advances	(6.12)	(130.10)
(Increase)/decrease in long-term loans and advances	(17.31)	30.19
(Increase)/decrease in inventories	74.32	144.85
Increase/(decrease) in trade payables	122.71	(372.76)
Increase/(decrease) in long-term provisions	40.64	41.93
Increase/(decrease) in short-term provisions	(21.01)	159.47
Increase/(decrease) in other current liabilities	(63.98)	(11.35)
Increase/(decrease) in other long term liabilities	48.09	(108.71)
	<b>(101.60)</b>	<b>(215.57)</b>
<b>Cash generated from operations</b>	<b>5,669.55</b>	<b>5,049.35</b>
Taxes paid (net of refunds)	(1,696.47)	(1,772.29)
<b>Cash flow before exceptional items</b>	<b>3,973.08</b>	<b>3,277.06</b>
Exceptional items:		
Amounts paid for other restructuring activities	(7.87)	(5.16)
<b>Net cash generated from operating activities - [A]</b>	<b>3,965.21</b>	<b>3,271.90</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of tangible/intangible assets	(756.95)	(526.54)
Sale proceeds of tangible assets	21.41	31.79
Investment in equity shares of a subsidiary	-	(40.00)
Purchase of non-current investments	(14.95)	(22.52)
Sale of non-current investments	0.24	119.37
Investment in long term deposits with banks	(0.17)	-
Redemption of long term deposits with banks	0.34	296.03
Purchase of current investments	(18,907.67)	(17,435.19)
Sale proceeds of current investments	19,313.41	17,405.32
Loans given to subsidiaries/fellow subsidiaries	(35.00)	(75.64)
Loans repaid by subsidiaries/fellow subsidiaries	52.80	101.01
Investment in bank deposits (having original maturity more than 3 months)	(2,625.25)	(2,513.00)
Redemption/maturity of bank deposits (having original maturity more than 3 months)	2,328.00	2,009.97

# CASH FLOW STATEMENT (CONTD.)

For the year ended 31st March, 2016

(All amounts in Rs. crores, unless otherwise stated)

	Year ended 31st March, 2016	Year ended 31st March, 2015
Interest received	233.44	224.98
Gain on sale of short term highly liquid investments	21.20	51.22
Dividend received from subsidiaries	135.53	99.55
Dividend received from others	30.19	18.68
<b>Cash flow before exceptional items</b>	<b>(203.43)</b>	<b>(254.97)</b>
<b>Exceptional items:</b>		
Consideration received on disposal of surplus properties	60.60	521.09
Consideration received on disposal of a business/subsidiary	160.74	181.92
Taxes paid for exceptional items	(61.56)	(168.14)
<b>Net cash (used in)/generated from investing activities - [B]</b>	<b>(43.65)</b>	<b>279.90</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Dividends paid	(3,342.62)	(2,912.30)
Dividend distribution tax paid	(655.20)	(515.27)
Amounts deposited in bank accounts towards unpaid dividends	(11.33)	(8.23)
Interest paid	(0.18)	(16.82)
Proceeds from share allotment under employee stock options/ performance share schemes	0.35	2.18
<b>Net cash used in financing activities - [C]</b>	<b>(4,008.98)</b>	<b>(3,450.44)</b>
<b>Net increase/(decrease) in cash and cash equivalents - [A+B+C]</b>	<b>(87.42)</b>	<b>101.36</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>721.97</b>	<b>620.61</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>634.55</b>	<b>721.97</b>
<b>Cash and cash equivalents comprise of:</b>		
Cash on hand	0.28	0.74
<b>Balances with banks</b>		
In current accounts	240.27	31.87
Term deposits with original maturity of less than three months	394.00	542.09
<b>Short term, highly liquid investments</b>		
Treasury bills with original maturity of less than three months	-	147.27
	<b>634.55</b>	<b>721.97</b>

**Notes:**

- The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard 3 (AS-3), 'Cash Flow Statements'.
- Cash comprises cash on hand, current accounts and deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition) and highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

As per our report of even date

**For B S R & Co. LLP**

Firm Registration No. 101248W/W - 100022  
Chartered Accountants

**Akeel Master**

Partner  
Membership No. 046768

Mumbai: 9th May, 2016

For and on behalf of Board of Directors

**Sanjiv Mehta**

Managing Director and CEO  
[DIN: 06699923]

**Aditya Narayan**

Chairman - Audit Committee  
[DIN: 00012084]

**Aasif Malbari**

Group Controller

Mumbai: 9th May, 2016

**PB Balaji**

Executive Director (Finance & IT) and CFO  
[DIN: 02762983]

**Dev Bajpai**

Executive Director Legal and Company Secretary  
[Membership No. FCS 3354]

# NOTES

to the financial statements for the year ended 31st March, 2016

## 1) COMPANY INFORMATION

Hindustan Unilever Limited (the 'Company') is a public limited company domiciled in India and is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). The Company is a market leader in the FMCG business comprising Home and Personal Care (HPC), Foods and Refreshments. The Company has manufacturing facilities across the country and Research and Development centres in Mumbai and Bengaluru and sells primarily in India through independent distributors and modern trade.

## 2) SIGNIFICANT ACCOUNTING POLICIES

### 2.1. Basis of preparation

These financial statements have been prepared to comply in all material aspects with applicable accounting principles in India, the applicable Accounting Standards prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified) and other accounting principles generally accepted in India, to the extent applicable.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Act. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current/non-current classification of assets and liabilities.

Transactions and balances with values below the rounding off norm adopted by the Company have been reflected as "0.00" in the relevant notes in these financial statements.

### 2.2. Revenue recognition

Revenue from sale of goods is recognised when all the significant risks and rewards of ownership in the goods are transferred to the buyer as per the terms of the contract, the Company retains no effective control of the goods transferred to a degree usually associated with ownership and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods. Sales are recognised net of trade discounts, rebates, sales taxes and excise duties (on goods manufactured and outsourced).

Income from export incentives such as duty drawback and premium on sale of import licenses, and lease license fee are recognised on accrual basis.

Income from services rendered is recognised based on agreements/arrangements with the customers as the service is performed using the proportionate completion method when no significant uncertainty exists regarding the amount of the consideration that will be derived from rendering the service and is recognised net of service tax, as applicable.

*(All amounts in Rs. crores, unless otherwise stated)*

Interest on investments is recognised on a time proportion basis taking into account the amounts invested and the rate of interest.

Dividend income on investments is recognised when the right to receive dividend is established.

### 2.3. Expenditure

Expenses are accounted on accrual basis.

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technical feasibility and other criteria as set out in paragraph 44 of AS 26 - 'Intangible Assets' have been established, in which case such expenditure is capitalised. The amount capitalised comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Fixed assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for Tangible assets.

### 2.4. Tangible assets

Tangible assets are stated at acquisition cost, net of accumulated depreciation and accumulated impairment losses, if any. Subsequent expenditures related to an item of tangible asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Items of tangible assets that have been retired from active use and are held for disposal are stated at the lower of their net book value and net realisable value and are shown separately in the financial statements under "Other current assets". Any expected loss is recognised immediately in the Statement of Profit and Loss.

Tangible assets not ready for the intended use on the date of Balance Sheet are disclosed as "Capital work-in-progress".

Losses arising from the retirement of, and gains or losses arising from disposal of tangible assets which are carried at cost are recognised in the Statement of Profit and Loss.

Depreciation is provided on a pro-rata basis on the straight line method over the useful lives as prescribed under Schedule II to the Companies Act, 2013 with the exception of the following:

- plant and equipment is depreciated over 3 to 21 years based on the technical evaluation of useful life done by the management.
- assets costing Rs. 5,000 or less are fully depreciated in the year of purchase.

# NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

## 2.5. Intangible assets

Intangible assets are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any. Intangible assets are amortised on a straight line basis as per rates mentioned below:

Asset class	Rate of amortisation
Goodwill	25%
Brands/ trademarks	25%
Computer software	20%

## 2.6. Impairment

Assessment for impairment is done at each Balance Sheet date as to whether there is any indication that an asset (tangible and intangible) may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the individual asset/cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount by recognising the impairment loss as an expense in the Statement of Profit and Loss. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased.

## 2.7. Investments

Investments are classified into current and long term investments. Current investments are stated at the lower of cost and fair value. Long-term investments are stated at cost. A provision for diminution is made to recognise a decline, other than temporary, separately for each individual long term investments.

Investments that are readily realisable and are intended to be held for not more than one year from the date on which such investments are made, are classified as "Current investments". All other investments are classified as "Long-term investments".

Investment in land and buildings that are not intended to be occupied substantially for use by, or in the operations of the Company, have been classified as investment property. Investment properties are carried at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation on the building component of the investment property is provided in line with the policy on tangible assets.

*(All amounts in Rs. crores, unless otherwise stated)*

## 2.8. Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is computed on a weighted average basis. The net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make the sale. Finished goods and work-in-progress include all costs of purchases, conversion costs and other costs incurred in bringing the inventories to their present location and condition.

## 2.9. Trade receivables and Loans and advances

Trade receivables and Loans and advances are stated after making adequate provisions for doubtful balances.

## 2.10. Provisions and Contingent liabilities

Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date and are not discounted to its present value. These are reviewed at each year end date and adjusted to reflect the best current estimate.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

## 2.11. Retirement/ post retirement benefits

### Defined contribution plans

Contributions to defined contribution schemes such as employees' state insurance, labour welfare fund, superannuation scheme, employee pension scheme etc. are charged as an expense based on the amount of contribution required to be made as and when services are rendered by the employees. Company's provident fund contribution, in respect of certain employees, is made to a government administered fund and charged as an expense to the Statement of Profit and Loss. The above benefits are classified as Defined Contribution Schemes as the Company has no further defined obligations beyond the monthly contributions.

### Defined benefit plans

In respect of certain employees, provident fund contributions are made to a trust administered by the Company. The interest rate payable to the members of the trust shall not be lower than the

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## to the financial statements for the year ended 31st March, 2016 (Contd.)

statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, shall be made good by the Company. The liability in respect of the shortfall of interest earnings of the Fund is determined on the basis of an actuarial valuation. The Company also provides for retirement/post-retirement benefits in the form of gratuity, pensions (in respect of certain employees), compensated absences (in respect of certain employees) and medical including to the employees of Indian subsidiaries and a subsidiary of parent company. The Company's liability towards such defined benefit plans is determined based on valuations, as at the Balance Sheet date, made by independent actuaries using the projected unit credit method. Actuarial gains and losses in respect of the defined benefit plans are recognised in the Statement of Profit and Loss in the year in which they arise. The classification of the Company's net obligation into current and non-current is as per the actuarial valuation report.

### Termination benefits

Termination benefits, in the nature of voluntary retirement benefits or termination benefits arising from restructuring, are recognised in the Statement of Profit and Loss when:

- the Company has a present obligation as a result of past event;
- a reliable estimate can be made of the amount of the obligation; and
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

### 2.12. Income taxes

Tax expense for the year comprises current tax and deferred tax.

Current tax is measured at the amount expected to be paid to (recovered from) the taxation authorities using the applicable tax rates and tax laws.

Deferred tax is recognised for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits. The carrying amount of

*(All amounts in Rs. crores, unless otherwise stated)*

deferred tax assets is reviewed at each Balance Sheet date for any write down, as considered appropriate.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

### 2.13. Foreign currency translations

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transaction. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Profit and Loss.

Forward exchange contracts outstanding as at the year end on account of firm commitment transactions are marked to market and the losses, if any, are recognised in the Statement of Profit and Loss, and gains are ignored in accordance with the announcement of the Institute of Chartered Accountants of India on 'Accounting for Derivatives' issued in March 2008.

### 2.14. Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. The Company is both a lessee and a lessor under such arrangements. Payments and receipts under such leases are charged or credited to the Statement of Profit and Loss on a straight line basis over the primary period of the lease.

### 2.15. Segment reporting

The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for the Company. Further,

- Inter segment revenue has been accounted for based on the transaction price agreed to between segments which is primarily market based.
- Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenue and expenses, which relate to the Company as a whole and are not allocable to segments on a reasonable basis, have been included under "Un-allocated corporate expenses net of un-allocated income".

### 2.16. Cash and cash equivalents

In the cash flow statement, cash and cash equivalents include cash in hand, term deposits with banks and other short-term

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## to the financial statements for the year ended 31st March, 2016 (Contd.)

highly liquid investments with original maturities of three months or less.

### 2.17. Earnings per share

Basic earnings per share is calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

### 2.18. Employee share based payments

Equity settled stock options granted under "HUL ESOP/ Performance Shares Schemes" are accounted for under the intrinsic value method as per the accounting treatment

*(All amounts in Rs. crores, unless otherwise stated)*

prescribed by Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, issued by Securities and Exchange Board of India and the Guidance Note on Employee Share-based Payments issued by the Institute of Chartered Accountants of India.

### 2.19. Use of estimates

The preparation of the financial statements in conformity with the generally accepted accounting principles requires that the management makes estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of the financial statements, and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

### 2.20. Government Grants

Government Grants and subsidies are received and recognised after fulfilling the conditions attached to them. Government grants are of the nature of promoters' contribution and are credited to Capital Subsidy which is treated as part of Reserves and Surplus.

## 3) SHARE CAPITAL

	As at 31st March, 2016	As at 31st March, 2015
<b>Authorized</b>		
2,25,00,00,000 (March 31, 2015: 2,25,00,00,000) equity shares of Re. 1 each	225.00	225.00
<b>Issued, subscribed and fully paid up</b>		
2,16,39,36,971 (March 31, 2015: 2,16,34,64,851) equity shares of Re. 1 each	216.39	216.35
	<b>216.39</b>	<b>216.35</b>

### a) Reconciliation of the number of shares

	As at 31st March, 2016		As at 31st March, 2015	
	Number of shares	Amount	Number of shares	Amount
<b>Equity Shares</b>				
Balance as at the beginning of the year	2,16,34,64,851	216.35	2,16,26,96,292	216.27
Add: ESOP shares issued during the year (Refer note 51)	4,72,120	0.05	7,68,559	0.08
<b>Balance as at the end of the year</b>	<b>2,16,39,36,971</b>	<b>216.39</b>	<b>2,16,34,64,851</b>	<b>216.35</b>

### b) Rights, preferences and restrictions attached to shares

**Equity shares:** The Company has one class of equity shares having a par value of Re. 1 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend.

# NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

c) Shares held by holding company and subsidiaries of holding company in aggregate

	As at 31st March, 2016	As at 31st March, 2015
<b>Equity Shares of Re. 1</b>		
1,11,43,70,148 shares (March 31, 2015 : 11,143,70,148 shares) held by Unilever PLC, UK, the holding company	111.44	111.44
34,00,42,710 shares (March 31, 2015 : 34,00,42,710 shares) held by subsidiaries of the holding company	34.00	34.00

d) Details of equity shares held by shareholders holding more than 5% of the aggregate shares in the Company

	As at 31st March, 2016	As at 31st March, 2015
Number of shares		
Unilever PLC, UK, the holding company	1,11,43,70,148 51.50%	1,11,43,70,148 51.51%

e) Shares reserved for issue under options

	As at 31st March, 2016		As at 31st March, 2015	
	Number of shares	Amount	Number of shares	Amount
Under 2001 HLL Stock Option Plan: equity shares of Re. 1 each, at an exercise price of Rs. 132.05 per share	-	-	23,100	0.00
Under 2006 HUL Performance Share Scheme: equity shares of Re. 1 each, at an exercise price of Re. 1 per share	-	-	3,64,566	0.04
Under 2012 HUL Performance Share Scheme: equity shares of Re. 1 each, at an exercise price of Re. 1 per share	8,85,044	0.09	7,47,221	0.07
	<b>8,85,044</b>	<b>0.09</b>	<b>11,34,887</b>	<b>0.11</b>

For terms and other details Refer Note 51.

f) Aggregate number of shares bought back during 5 years immediately preceding March 31, 2016

	As at 31st March, 2016	As at 31st March, 2015
No. of equity shares bought back by the Company	2,28,83,204	2,28,83,204

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to the financial statements for the year ended 31st March, 2016 (Contd.)

(All amounts in Rs. crores, unless otherwise stated)

## 4) RESERVES AND SURPLUS

	As at 31st March, 2016	As at 31st March, 2015
<b>Capital Reserve</b>	<b>4.22</b>	<b>4.22</b>
<b>Capital Subsidy (Received from Government for eligible projects under its scheme)</b>	<b>6.19</b>	<b>6.19</b>
<b>Capital Redemption Reserve</b>	<b>6.46</b>	<b>6.46</b>
<b>Securities Premium Account</b>		
Balance as at the beginning of the year	81.16	59.76
Add: Additions during the year on exercise of employee stock options	18.46	21.40
Balance as at the end of the year	<b>99.62</b>	<b>81.16</b>
<b>Revaluation Reserve</b>	<b>0.67</b>	<b>0.67</b>
<b>Employee Stock Options Outstanding Account</b>		
Balance as at the beginning of the year	42.80	42.69
Add: Employee compensation expense for the year (Refer Note 51)	19.30	19.41
Less: Utilised during the year	(18.16)	(19.30)
Balance as at the end of the year	<b>43.94</b>	<b>42.80</b>
<b>Export Profit Reserve</b>		
Balance as at the beginning of the year	-	12.22
Less: Transfer to General Reserve	-	<b>(12.22)</b>
Balance as at the end of the year	-	-
<b>Development Allowance Reserve</b>		
Balance as at the beginning of the year	-	0.27
Less: Transfer to General Reserve	-	<b>(0.27)</b>
Balance as at the end of the year	-	-
<b>General Reserve (d)</b>		
Balance as at the beginning of the year	2,187.33	2,182.74
Add: Transfer from Export Profit Reserve	-	12.22
Add: Transfer from Development Allowance Reserve	-	0.27
Less: Adjusted for Depreciation (a)	-	(7.90)
Balance as at the end of the year	<b>2,187.33</b>	<b>2,187.33</b>
<b>Other Reserves (b)</b>	<b>2.51</b>	<b>2.51</b>
(Created on amalgamation of Brooke Bond Lipton India Limited)		
<b>Surplus in Statement of Profit and Loss</b>		
Balance as at the beginning of the year	1,177.09	743.05
Add: Profit for the year	4,082.37	4,315.26
<b>Less: Appropriations</b>		
Interim dividend on equity shares for the year [per share Rs. 6.50 (2014-15: Rs. 6.00 per share)]	(1,406.51)	(1,298.20)
Proposed final dividend on equity shares for the year [per share Rs. 9.50 (2014-15: Rs. 9.00 per share)]	(2,055.74)	(1,947.12)
Dividend distribution tax - net (c)	(677.25)	(635.90)
Balance as at the end of the year	<b>1,119.96</b>	<b>1,177.09</b>
<b>Total</b>	<b>3,470.90</b>	<b>3,508.43</b>

- (a) In the previous year, the Company had adopted estimated useful life of fixed assets as stipulated by Schedule II to the Companies Act 2013. Accordingly, depreciation of Rs. 7.90 crores net of deferred tax of Rs. 4.07 crores on account of assets whose useful life had already exhausted on April 01, 2014, has been adjusted against General Reserve.
- (b) Not available for capitalisation /declaration of dividend / share buy-back.
- (c) Dividend Distribution Tax (DDT)-net, pertaining to the current year comprises the DDT on interim and proposed final dividend and the credit in respect of tax paid under section 115 O of the Indian Income-tax Act, 1961 by the Company on dividend received from its domestic and foreign subsidiaries during the year.

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to the financial statements for the year ended 31st March, 2016 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

- (d) The Scheme of Arrangement (Scheme) between the Company and its Members, envisages the transfer of entire balance of Rs. 2,187.33 crores standing to the credit of General Reserves to the Statement of Profit and Loss. The Scheme, under relevant sections of The Companies Act, 1956 and 2013, was approved by the Board of Directors on 15th January 2016 and the Company has since filed an application with the Hon'ble High Court of Bombay (Court) during the year, after receiving necessary clearances from the Stock Exchange. The Scheme is subject to the sanction of the Court, approvals of shareholders and such other approvals as applicable. There is no impact of such Scheme on financial results for the year ended March 31, 2016.

## 5) OTHER LONG-TERM LIABILITIES

	As at 31st March, 2016	As at 31st March, 2015
Employee and ex-employee related liabilities	199.54	152.06
Security deposits	18.66	18.05
	<b>218.20</b>	<b>170.11</b>

## 6) LONG-TERM PROVISIONS

	As at 31st March, 2016	As at 31st March, 2015
Provision for employee benefits (pension, medical, compensated absences and others) [Refer Note 50]	540.26	522.65
Provision for income tax (net of advance tax)	186.61	127.78
Other provisions (including for statutory levies etc.) - net (Refer Note 11)	397.52	305.92
	<b>1,124.39</b>	<b>956.35</b>

## 7) TRADE PAYABLES - DUES TO MICRO AND SMALL ENTERPRISES (as per the intimation received from vendors)

	As at 31st March, 2016	As at 31st March, 2015
a. Principal and interest amount remaining unpaid	-	-
b. Interest due thereon remaining unpaid	-	-
c. Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day	-	-
d. Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006	-	-
e. Interest accrued and remaining unpaid	-	-
f. Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	-	-

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to the financial statements for the year ended 31st March, 2016 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 8) TRADE PAYABLES - DUES TO OTHERS

	As at 31st March, 2016	As at 31st March, 2015
Acceptances	340.42	437.36
Trade payables	5,157.47	4,851.54
	<b>5,497.89</b>	<b>5,288.90</b>

## 9) OTHER CURRENT LIABILITIES

	As at 31st March, 2016	As at 31st March, 2015
Unpaid dividends [Refer note (a) below]	103.63	92.30
Statutory dues (including provident fund, tax deducted at source and others)	401.35	404.16
Salaries, wages and bonus payable	185.90	274.42
Advance from customers	39.41	43.42
Other payables (VRS, payable for purchase of tangible assets etc.)	123.50	93.75
	<b>853.79</b>	<b>908.05</b>

- a) There are no amounts due for payment to the Investor Education and Protection Fund Under Section 125 of the Companies Act, 2013 as at the year end.

## 10) SHORT-TERM PROVISIONS

	As at 31st March, 2016	As at 31st March, 2015
Provision for employee benefits (gratuity, pension, medical, compensated absences and others) [Refer Note 50]	35.88	50.86
Provision for wealth tax (net of advance tax)	6.73	6.73
Others		
Provision for proposed final dividend [Refer Note 26]	2,055.74	1,947.12
Provision for dividend distribution tax on proposed final dividend	418.51	396.39
Other provisions (including restructuring etc.) [Refer Note 11]	268.61	184.77
	<b>2,785.47</b>	<b>2,585.87</b>

## 11) MOVEMENT IN OTHER PROVISIONS (SHORT TERM AND LONG TERM) (REFER NOTES 6 AND 10)

	Indirect Tax related	Legal & Other Matters	Total
Balance as at March 31, 2014	184.96	155.07	340.03
Add: Provision/reclassified during the previous year	73.52	105.30	178.82
Less: Amount utilised/reversed during the previous year	(10.77)	(17.39)	(28.16)
<b>Balance as at March 31, 2015</b>	<b>247.71</b>	<b>242.98</b>	<b>490.69</b>
Add: Provision/reclassified during the previous year	63.83	216.23	280.06
Less: Amount utilised/reversed during the previous year	(71.20)	(33.42)	(104.62)
<b>Balance at the end of the year</b>	<b>240.34</b>	<b>425.79</b>	<b>666.13</b>

It is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above, pending resolution.

# NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 12) TANGIBLE ASSETS

(Own assets, unless otherwise stated)

	Land	Buildings	Plant & equipment	Furniture & fixtures	Vehicles	Office equipment	Others	Total
	- Freehold	- Leasehold					- Railway slidings	
<b>Gross Block</b>								
<b>Balance as at March 31, 2014</b>	59.82	55.91	1,034.71	2,811.74	80.42	1.39	94.80	0.01
Additions	-	-	47.04	300.22	4.93	0.00	8.02	-
Deletions	[0.97]	(23.57)	[5.32]	[52.24]	(2.57)	(0.06)	(5.68)	(90.41)
<b>Balance as at March 31, 2015</b>	<b>58.85</b>	<b>32.34</b>	<b>1,076.43</b>	<b>3,059.72</b>	<b>82.78</b>	<b>1.33</b>	<b>97.14</b>	<b>0.01</b>
Additions	0.00	0.00	101.99	709.07	7.13	0.14	24.65	-
Deletions	[0.83]	-	(28.59)	(145.72)	(0.70)	(0.20)	(10.12)	(186.16)
<b>Balance as at March 31, 2016</b>	<b>58.02</b>	<b>32.34</b>	<b>1,149.83</b>	<b>3,623.07</b>	<b>89.21</b>	<b>1.27</b>	<b>111.67</b>	<b>0.01</b>
<b>Accumulated Depreciation</b>								
<b>Balance as at March 31, 2014</b>	0.07	12.66	248.21	1,387.85	37.52	1.30	53.24	0.01
Additions	-	0.77	30.91	214.66	8.15	0.01	20.56	-
Deletions	-	(7.66)	(0.54)	(40.07)	(1.51)	(0.06)	(4.95)	(54.79)
Adjusted with General Reserve	-	-	0.35	-	2.95	-	8.67	-
<b>Balance as at March 31, 2015</b>	<b>0.07</b>	<b>5.77</b>	<b>278.93</b>	<b>1,562.44</b>	<b>47.11</b>	<b>1.25</b>	<b>77.52</b>	<b>0.01</b>
Additions	-	0.31	33.18	258.53	7.77	0.02	10.35	-
Deletions	-	-	(2.13)	(111.20)	(1.52)	(0.20)	(5.52)	(120.57)
<b>Balance as at March 31, 2016</b>	<b>0.07</b>	<b>6.08</b>	<b>309.98</b>	<b>1,709.77</b>	<b>53.36</b>	<b>1.07</b>	<b>82.35</b>	<b>0.01</b>
<b>Net Block</b>								
<b>Balance as at March 31, 2015</b>	<b>58.78</b>	<b>26.57</b>	<b>797.50</b>	<b>1,497.28</b>	<b>35.67</b>	<b>0.08</b>	<b>19.62</b>	<b>-</b>
<b>Balance as at March 31, 2016</b>	<b>57.95</b>	<b>26.26</b>	<b>839.85</b>	<b>1,913.30</b>	<b>35.85</b>	<b>0.20</b>	<b>29.32</b>	<b>-</b>
								<b>2,162.69</b>
								<b>2,902.73</b>

### NOTES :

- (a) Buildings include Rs. 0.00 crores (March 31, 2015 - Rs. 0.00 crores) being the value of shares in co-operative housing societies.
- (b) The title deeds of Freehold Land aggregating Rs. 1.35 crores [March 31, 2015 - Rs. 1.35 crores], Leasehold Land, net block aggregating Rs. 0.58 crores, [March 31, 2015 - Rs. 0.59 crores] are in the process of perfection of title.
- (c) Deletions include Assets held for sale shown under 'Other current assets' [Refer Note 23]. Gross block Rs. 18.64 crores (March 31, 2015 - Rs. 1.13 crores), Accumulated depreciation Rs. 5.41 crores (March 31, 2015 - Rs. 0.08 crores) and Net block Rs. 13.23 crores (March 31, 2015 - Rs. 1.05 crores).
- (d) Additions in capital expenditure of Rs. 1.12 crores (March 31, 2015 - Rs. 0.81 crores) and Rs. 1.35 crores (March 31, 2015 - Rs. 1.72 crores) incurred at Company's inhouse R&D facilities at Mumbai and Bengaluru respectively are eligible for weighted deduction under section 35 (2AB) of the Income Tax Act, 1961.
- (e) Depreciation of Rs. Nil (March 31, 2015 - Rs. 11.97 crores subject to deferred tax) on account of assets whose useful life was exhausted on April 01, 2015 has been adjusted against General Reserve pursuant to adoption of estimated useful life of fixed assets as stipulated by Schedule II of the Companies Act, 2013. [Refer Note 4(a)].
- (f) The above assets includes assets given on lease, details given below :

	Buildings	Plant & equipment	Furniture & fixtures	Office equipment	Total
<b>Gross Block as at 31st March 2015</b>	0.55	116.78	0.07	0.22	117.62
Accumulated Dep. as at 31st March 2015	(0.12)	(59.98)	(0.02)	(0.19)	(60.31)
<b>Net Block as at 31st March 2015</b>	<b>0.43</b>	<b>56.80</b>	<b>0.05</b>	<b>0.03</b>	<b>57.31</b>
<b>Gross Block as at 31st March 2016</b>	0.53	119.62	0.06	0.23	120.44
Accumulated Dep. as at 31st March 2016	(0.13)	(61.22)	(0.02)	(0.20)	(61.57)
<b>Net Block as at 31st March 2016</b>	<b>0.40</b>	<b>58.40</b>	<b>0.04</b>	<b>0.03</b>	<b>58.87</b>

# NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 13) INTANGIBLE ASSETS

(Acquired, unless otherwise stated)

	Goodwill	Brands/ Trademarks	Computer Software	Total
<b>Gross Block</b>				
<b>Balance as at March 31, 2014</b>	11.82	159.85	132.38	304.05
Additions	-	-	8.75	8.75
Deletions	-	-	(0.04)	(0.04)
<b>Balance as at March 31, 2015</b>	<b>11.82</b>	<b>159.85</b>	<b>141.09</b>	<b>312.76</b>
Additions	-	-	0.55	0.55
Deletions	-	-	(0.01)	(0.01)
<b>Balance as at March 31, 2016</b>	<b>11.82</b>	<b>159.85</b>	<b>141.63</b>	<b>313.30</b>
<b>Accumulated Depreciation</b>				
<b>Balance as at March 31, 2014</b>	11.82	152.35	115.76	279.93
Additions	-	3.75	7.10	10.85
Deletions	-	-	(0.05)	(0.05)
<b>Balance as at March 31, 2015</b>	<b>11.82</b>	<b>156.10</b>	<b>122.81</b>	<b>290.73</b>
Additions	-	3.75	6.84	10.59
Deletions	-	-	(0.02)	(0.02)
<b>Balance as at March 31, 2016</b>	<b>11.82</b>	<b>159.85</b>	<b>129.63</b>	<b>301.30</b>
<b>Net Block</b>				
<b>Balance as at March 31, 2015</b>	-	3.75	18.28	22.03
<b>Balance as at March 31, 2016</b>	-	-	<b>12.00</b>	<b>12.00</b>

# NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 14) NON - CURRENT INVESTMENTS

		As at 31st March, 2016	As at 31st March, 2015
<b>A. TRADE INVESTMENTS (VALUED AT COST UNLESS OTHERWISE STATED)</b>			
<b>a) Unquoted equity instruments</b>			
<b>Investment in subsidiaries</b>			
29,75,000	Equity shares [March 31, 2015: 29,75,000] of Rs. 10 each held in Unilever India Exports Limited	72.63	72.63
3,59,07,547	Equity shares [March 31, 2015: 3,59,07,547] of Rs. 10 each held in Lakme Lever Private Limited [Refer Note (i) below]	172.43	172.43
7,36,560	Equity shares [March 31, 2015: 7,36,560] of Nepalese Rs. 100 each held in Unilever Nepal Limited	4.60	4.60
1,79,10,132	Equity shares [March 31, 2015: 1,79,10,132] of Re. 1 each held in Pond's Export Limited	2.58	2.58
<b>Investment in joint venture</b>			
4,51,69,778	Equity shares [March 31, 2015: 4,23,46,667] of Rs. 10 each held in Kimberly Clark Lever Private Limited [net of provision for other than temporary diminution in value Rs. 49.71 crores (March 31, 2015: Rs. 49.71 crores)]	50.89	35.94
<b>Investment in associates</b>			
52,000	Equity shares [March 31, 2015: 52,000] of Rs. 100 each held in Aquagel Chemicals Bhavnagar Private Limited	0.52	0.52
-	Equity shares [March 31, 2015: 58,400] of Rs. 10 each held in Hi Tech Surfactants Limited	-	0.06
<b>Others</b>			
96,125	Equity shares [March 31, 2015: 96,125] of Rs. 10 each held in Hindustan Field Services Private Limited	0.10	0.10
33,000	Equity shares [March 31, 2015: 58,400] of Rs. 10 each held in Hi Tech Surfactants Limited	0.03	-
1,000	Equity shares [March 31, 2015: 1,000] of Rs. 10 each held in Super Bazar Co-operative Stores Limited	0.00	0.00
1	Equity share [March 31, 2015: 1] of Rs. 10,000 each held in Coffee Futures India Exchange Limited	0.00	0.00
50	Equity shares [March 31, 2015: 50] of Rs. 100 each held in Dugdha Sahakari Kraya-Vikraya Samiti Limited	0.00	0.00
		<b>303.78</b>	<b>288.86</b>
<b>b) Unquoted preference instruments</b>			
5,20,000	9% Non-cumulative Redeemable Preference Shares [March 31, 2015: 5,20,000] of Rs. 100 each held in Aquagel Chemicals Bhavnagar Private Limited	5.20	5.20
		<b>5.20</b>	<b>5.20</b>
<b>Total (A)</b>		<b>308.98</b>	<b>294.06</b>

# NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 14) NON - CURRENT INVESTMENTS (CONTD.)

		As at 31st March, 2016	As at 31st March, 2015
<b>B. OTHER INVESTMENTS (VALUED AT COST UNLESS OTHERWISE STATED)</b>			
<b>a) Quoted equity instruments</b>			
10,000	Equity shares [March 31, 2015: 10,000] of Rs. 10 each held in Scooters India Limited	0.01	0.01
		<b>0.01</b>	<b>0.01</b>
<b>b) Unquoted equity instruments</b>			
<b>Investment in subsidiaries</b>			
50,00,000	Equity shares [March 31, 2015: 50,00,000] of Rs. 10 each held in Jamnagar Properties Private Limited	5.00	5.00
2,21,700	Equity shares [March 31, 2015: 2,21,700] of Rs. 10 each held in Daverashola Estates Private Limited	4.51	4.51
50,000	Ordinary shares [March 31, 2015: 50,000] of Rs. 10 each held in Levindra Trust Limited	0.05	0.05
50,000	Ordinary shares [March 31, 2015: 50,000] of Rs. 10 each held in Hindlever Trust Limited	0.05	0.05
50,000	Ordinary shares [March 31, 2015: 50,000] of Rs. 10 each held in Levers Associated Trust Limited	0.05	0.05
7,600	Equity shares [March 31, 2015: 7,600] of Rs. 10 each held in Hindustan Unilever Foundation	0.01	0.01
10,000	Equity shares [March 31, 2015: 10,000] of Rs. 10 each held in Bhavisha Alliance Child Nutrition Initiatives	0.01	0.01
<b>Investment in associates</b>			
2,40,000	Equity shares [March 31, 2015: 240,000] of Rs. 10 each held in Comfund Consulting Limited (formerly known as Comfund Financial Services India Limited)	0.24	0.24
<b>Investment in others</b>			
1,00,000	Equity shares [March 31, 2015: 1,00,000] of Rs. 10 each held in Biotech Consortium India Limited	0.10	0.10
8,284	Equity shares [March 31, 2015: 8,284] of Rs. 10 each held in Assam Bengal Cereals Limited	0.01	0.01
200	Equity shares [March 31, 2015: 200] of Rs. 100 each held in The Nilgiri Co-operative Enterprises Limited	0.00	0.00
1,000	Equity shares [March 31, 2015: 1,000] of Rs. 10 each held in Saraswat Co-operative Bank Limited	0.00	0.00
1,150	Ordinary shares [March 31, 2015: 1,150] of Rs. 100 each held in Annamallais Ropeway Company Limited	0.00	0.00
		<b>10.03</b>	<b>10.03</b>

# NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 14) NON - CURRENT INVESTMENTS (CONTD.)

		As at 31st March, 2016	As at 31st March, 2015
<b>c) Unquoted other instruments</b>			
<b>Investment in debentures and bonds</b>			
14	6 1/2% Non-redeemable Registered Debentures [March 31, 2015: 14] face value of Rs. 1,000 each held in The Bengal Chamber of Commerce & Industry	0.00	0.00
44	1/2% Debentures [March 31, 2015: 44] face value of Rs. 100 each held in Woodlands Hospital and Medical Research Centre Limited	0.00	0.00
1	5% Non-redeemable Registered Debenture stock [March 31, 2015: 1] face value of Rs. 100 each held in Woodlands Hospital and Medical Research Centre Limited	0.00	0.00
56	5% Debentures [March 31, 2015: 56] face value of Rs. 100 each held in Shillong Club Limited	0.00	0.00
<b>Investment in government and trust securities</b>			
	7 Year National Savings Certificates - II Issue	0.01	0.01
<b>Investment in controlled trust</b>			
	Hindustan Unilever Limited Securitisation of Retirement Benefit Trust	350.00	350.00
<b>Total (B)</b>		<b>350.01</b>	<b>350.01</b>
<b>Total (A+B)</b>		<b>360.05</b>	<b>360.05</b>
Aggregate amount of quoted investments		0.01	0.01
Market Value of quoted investments		0.02	0.02
Aggregate amount of unquoted investments		669.02	654.10
Aggregate provision for diminution other than temporary in the value of non-current investments		49.71	49.71

- (i) In the previous year, pursuant to the scheme of amalgamation of Aquagel Chemicals Private Limited with Lakme Lever Private Limited under Sections 391 to 394 of the Companies Act, 1956 (or re-enactment thereof upon effectiveness of the Companies Act, 2013) as sanctioned by Hon'ble High Court of Judicature of Bombay vide its Order dated February 06, 2015, the entire business and all assets and liabilities of Aquagel Chemicals Private Limited were transferred and vested in Lakme Lever Private Limited effective from the appointed date, i.e. April 01, 2014. Accordingly, the Company had reassigned the investments made in Aquagel Chemicals Private Limited to Lakme Lever Private Limited in the previous year.

# NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 15) DEFERRED TAX ASSETS (NET)

	As at 31st March, 2016	As at 31st March, 2015
<b>Deferred tax assets</b>		
Provision for post retirement benefits and other employee benefits	158.25	153.18
Provision for doubtful debts and advances	21.47	29.00
Expenses allowable for tax purposes when paid	136.41	136.25
Other timing differences	194.03	148.19
	<b>510.16</b>	<b>466.62</b>
<b>Deferred tax liabilities</b>		
Depreciation	(279.30)	(270.66)
	<b>230.86</b>	<b>195.96</b>

Refer Note 4(a) for utilisation of Deferred Tax of Rs. Nil (2014-15: Rs. 4.07 crores) on depreciation on account of assets whose useful life was already exhausted on April 01, 2014 has been adjusted against General Reserve.

## 16) LONG-TERM LOANS AND ADVANCES

*(Unsecured, considered good unless otherwise stated)*

	As at 31st March, 2016	As at 31st March, 2015
Capital advances	13.86	9.01
Security deposits		
- Deposits with customs, port trust, excise and other government authorities	27.03	35.12
- Deposits with others	100.47	99.76
Loans and advances to related parties (Refer Note 54)	161.97	179.77
Advance income tax (net of provision for tax)	241.10	247.36
Advance agriculture tax (net of provision for tax)	5.09	5.09
Other loans and advances (includes employee advances, advances for materials etc.)		
- Considered good	31.78	7.35
- Considered doubtful	35.10	46.60
- Less: Provision for doubtful loans and advances	(35.10)	(46.60)
	<b>581.30</b>	<b>583.46</b>

## 17) OTHER NON-CURRENT ASSETS

	As at 31st March, 2016	As at 31st March, 2015
Long term deposits with banks with remaining maturity of more than twelve months	0.17	0.44

## NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

### 18) CURRENT INVESTMENTS (with original maturity of between 3 months and 12 months)

(At cost or market value, whichever is less)

	As at 31st March, 2016	As at 31st March, 2015
<b>Quoted</b>		
<b>Government securities</b>		
Treasury bills of face value aggregating Rs. 1,298.34 crores [March 31, 2015 - Rs. 1,353.87 crores]	1,238.22	1,303.80
Government Securities of face value aggregating Rs. Nil [March 31, 2015 - Rs. 445 crores]	-	463.69
<b>Unquoted</b>		
<b>Mutual Funds</b>		
UTI Mutual Fund - Units UTI Liquid Fund - Cash Plan - Direct - Growth - 27,19,384 units [March 31, 2015: 26,44,859 units]	575.00	556.03
DHFL Pramerica Insta Cash Plus Fund - Direct Plan - Growth 17,024,236 units [March 31, 2015: 1,56,04,816 units]	298.32	265.00
Kotak Liquid Fund - Direct - Growth Units - 5,23,036 [March 31, 2015: Nil units]	160.54	-
Kotak Liquid Fund Direct Liquid Units - Growth 83,155 [March 31, 2015: Nil units]	25.44	-
UTI Mutual Fund - Liquid Units - Cash Plan - IP - Growth - Nil units [March 31, 2015: 1,09,598 units]	-	25.01
Reliance Liquidity Fund - Direct Plan - Growth - Nil units [March 31, 2015: 48,824 units]	-	10.29
	<b>2,297.52</b>	<b>2,623.82</b>
Aggregate amount of quoted investments	1,238.22	1,767.49
Market value of quoted investments	1,264.17	1,792.03
Aggregate amount of unquoted investments	1,059.30	856.33

### 19) INVENTORIES

(At the lower of cost and net realisable value)

	As at 31st March, 2016	As at 31st March, 2015
Raw materials [includes in transit: Rs. 58.16 crores (March 31, 2015: Rs. 24.88 crores)]	806.71	776.87
Packing materials	100.26	108.99
Work-in-progress (Refer Note 42)	354.75	294.83
Finished goods [includes in transit: Rs. 29.48 crores (March 31, 2015: Rs. 29.52 crores)] (Refer Note 41)	1,205.57	1,361.00
Stores and spares	61.07	60.99
	<b>2,528.36</b>	<b>2,602.68</b>

Finished goods include stock-in-trade, as both are stocked together

# NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 20) TRADE RECEIVABLES

(Unsecured unless otherwise stated)

	As at 31st March, 2016	As at 31st March, 2015
<b>Trade receivables outstanding for a period exceeding six months from the date they were due for payment</b>		
- Considered good	12.55	18.85
- Considered doubtful	22.86	37.20
	<b>35.41</b>	<b>56.05</b>
<b>Other trade receivables</b>		
- Considered good	1,051.97	764.09
- Considered doubtful	-	-
	<b>1,051.97</b>	<b>764.09</b>
<b>Less: Provision for doubtful debts</b>	<b>(22.86)</b>	<b>[37.20]</b>
	<b>1,064.52</b>	<b>782.94</b>

## 21) CASH AND BANK BALANCES

	As at 31st March, 2016	As at 31st March, 2015
<b>A. Cash and cash equivalents</b>		
Cash on hand	0.28	0.74
Balances with banks		
In current accounts	240.27	31.87
Term deposits with original maturity of less than three months	394.00	542.09
Short term, highly liquid investments		
Treasury bills with original maturity of less than three months	-	147.27
<b>Total (A)</b>	<b>634.55</b>	<b>721.97</b>
<b>B. Other bank balances</b>		
Term deposit with maturity of more than three months but less than twelve months and with maturity less than twelve months from the Balance Sheet date [including lien and margin money deposits Rs Nil (March 31, 2015: Rs 2.08 crores)]	2,020.64	1,723.29
Unpaid dividend account	103.63	92.30
<b>Total (B)</b>	<b>2,124.27</b>	<b>1,815.59</b>
<b>Total (A+B)</b>	<b>2,758.82</b>	<b>2,537.56</b>

# NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 22) SHORT-TERM LOANS AND ADVANCES

**(Unsecured, considered good unless otherwise stated)**

	As at 31st March, 2016	As at 31st March, 2015
Current account balances with group companies and joint venture	80.51	83.56
Other loans and advances (advances, prepaid expenses etc.)	339.01	381.52
Others		
Cenvat receivable	228.18	165.16
VAT credit receivable	25.59	27.03
	<b>673.29</b>	<b>657.27</b>

## 23) OTHER CURRENT ASSETS

**(Unsecured, considered good unless otherwise stated)**

	As at 31st March, 2016	As at 31st March, 2015
Income accrued on investments	0.07	6.41
Income accrued on deposits	39.94	32.98
Export benefits receivable	0.61	10.51
Tangible assets held for sale (at lower of cost and net realisable value) [Refer Note 12(c)]	21.84	9.38
	<b>62.46</b>	<b>59.28</b>

## 24) CONTINGENT LIABILITIES

	As at 31st March, 2016	As at 31st March, 2015
<b>Claims against the Company not acknowledged as debts</b>		
Income tax matters	641.32	558.99
Sales tax matters - Rs. 39.34 crores (March 31, 2015 - Rs. 40.54 crores) net of tax	60.16	61.42
Excise duty, service tax and customs duty matters - Rs. 154.51 crores (March 31, 2015 - Rs. 134.23 crores) net of tax	236.29	203.35
Other matters including claims related to employees/ex employees, property related demands, etc - Rs. 53.02 crores (March 31, 2015 - Rs. 51.62 crores) net of tax	81.08	78.20
(i) It is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above pending resolution of the respective proceedings as it is determinable only on receipt of judgements/decisions pending with various forums/authorities.		
(ii) The Company does not expect any reimbursements in respect of the above contingent liabilities.		
(iii) The Company's pending litigations comprise of claims against the Company by employees and pertaining to proceedings pending with Income Tax, Excise, Custom, Sales/VAT tax and other authorities. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.		
(iv) The Company has given Bank Guarantees in respect of certain matters of above contingent liabilities.		
<b>Corporate Guarantee given</b>	<b>8.20</b>	<b>8.20</b>

# NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

(All amounts in Rs. crores, unless otherwise stated)

## 25) CAPITAL AND OTHER COMMITMENTS

	As at 31st March, 2016	As at 31st March, 2015
<b>(a) Capital commitments</b>		
Estimated value of contracts in capital account remaining to be executed and not provided for (net of capital advances)	140.40	162.55
<b>(b) Other commitments</b>		
During the year, the Company has issued letters of undertakings to provide need based financial support to its following wholly owned subsidiaries:		
i) Lakme Lever Private Limited		
ii) Daverashola Estates Private Limited		
iii) Jamnagar Properties Private Limited		
	<b>140.40</b>	<b>162.55</b>

## 26) PROPOSED DIVIDEND

	Year ended 31st March, 2016	Year ended 31st March, 2015
<b>The final dividend proposed for the year is as follows:</b>		
<b>On equity shares of Re. 1 each</b>		
Amount of dividend proposed	2,055.74	1,947.12
Dividend per equity share	Rs. 9.50	Rs. 9.00

## 27) REVENUE FROM OPERATIONS

	Year ended 31st March, 2016	Year ended 31st March, 2015
<b>Sale of products (Refer Note 40)</b>	33,855.58	32,086.32
<b>Other operating revenue</b>		
Income from services rendered to group companies	489.64	511.88
Others (including scrap sales, export incentives, commission, lease license fee etc.)	72.26	123.24
	<b>34,417.48</b>	<b>32,721.44</b>
<b>Less: Excise duty</b>	(2,430.31)	(1,915.82)
	<b>31,987.17</b>	<b>30,805.62</b>

## 28) OTHER INCOME

	Year ended 31st March, 2016	Year ended 31st March, 2015
<b>Interest income</b>		
On bank deposits	204.99	168.21
On others (includes interest on income tax refund of Rs. 7.28 crores (2014-15: Rs. 7.79 crores))	29.07	37.57
<b>Dividend income</b>		
From subsidiaries	135.53	99.55
From current investments	29.42	18.42
From non-current investments	0.77	0.26
<b>Net gain on sale of investments</b>	100.85	294.38
	<b>500.63</b>	<b>618.39</b>

# NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 29) COST OF MATERIALS CONSUMED

	Year ended 31st March, 2016	Year ended 31st March, 2015
Raw materials consumed (Refer Note 43)	8,903.33	9,435.93
Packing materials consumed	2,371.40	2,431.38
	<b>11,274.73</b>	<b>11,867.31</b>

## 30) PURCHASES OF STOCK-IN-TRADE

	Year ended 31st March, 2016	Year ended 31st March, 2015
Purchases of goods (Refer Note 46)	3,951.15	3,697.96
	<b>3,951.15</b>	<b>3,697.96</b>

## 31) CHANGES IN INVENTORIES OF FINISHED GOODS (INCLUDING STOCK-IN-TRADE) AND WORK-IN-PROGRESS

	Year ended 31st March, 2016	Year ended 31st March, 2015
<b>Opening inventories</b>		
Finished goods	1,361.00	1,344.83
Work-in-progress	294.83	318.34
<b>Closing inventories</b>		
Finished goods	(1,205.57)	(1,361.00)
Work-in-progress	(354.75)	(294.83)
<b>Excise duty on (decrease)/increase of finished goods</b>	<b>(8.40)</b>	<b>50.94</b>
	<b>87.11</b>	<b>58.28</b>

## 32) EMPLOYEE BENEFITS EXPENSES

	Year ended 31st March, 2016	Year ended 31st March, 2015
Salaries, wages, bonus, etc.	1,373.86	1,390.08
Contribution to provident fund and other funds	76.57	57.69
Gratuity (Refer Note 50)	16.67	11.74
Expense on employee stock option schemes (Refer Note 51)	19.30	19.41
Workmen and staff welfare expenses	105.62	99.97
	<b>1,592.02</b>	<b>1,578.89</b>

## 33) FINANCE COSTS

	Year ended 31st March, 2016	Year ended 31st March, 2015
Interest expense on bank overdraft/short term borrowings	0.18	0.23
Interest expense on security deposit	-	16.59
	<b>0.18</b>	<b>16.82</b>

# NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

(All amounts in Rs. crores, unless otherwise stated)

## 34) DEPRECIATION AND AMORTISATION EXPENSES

	Year ended 31st March, 2016	Year ended 31st March, 2015
Depreciation on tangible assets	310.16	275.06
Amortisation on intangible assets	10.59	10.85
Depreciation on investment property	-	0.78
	<b>320.75</b>	<b>286.69</b>

## 35) OTHER EXPENSES

	Year ended 31st March, 2016	Year ended 31st March, 2015
Consumption of stores & spares	58.86	125.01
Power, Fuel, Light and Water	271.41	304.62
Processing charges	332.20	380.78
Rent [Refer note (c) below]	233.06	196.51
Repairs to building	16.22	12.68
Repairs to plant and equipment	92.66	81.37
Repairs others	10.39	11.32
Insurance	12.66	5.18
Rates & taxes (excluding income tax)	124.48	128.07
Advertising and sales promotion	4,526.17	3,872.40
Carriage and freight	1,473.62	1,411.51
Write back for doubtful debts and advances (net)	(6.88)	(3.31)
Bad debts/advances written off	4.51	5.54
Travelling and motor car expenses	176.61	166.01
(Profit)/Loss on fixed assets sold, scrapped, etc. (net)	17.90	(2.79)
Royalty	886.52	735.47
Corporate social responsibility expense [Refer note (d) below]	92.12	82.35
Miscellaneous expenses [Refer note (a) below]	1,050.14	898.06
Expenses shared by subsidiary companies and a subsidiary of parent company for use of common facilities	(20.41)	(15.84)
	<b>9,352.24</b>	<b>8,394.94</b>

	Year ended 31st March, 2016	Year ended 31st March, 2015
<b>(a) Miscellaneous expenses include:</b>		
<b>Auditors' remuneration and expenses</b>		
Statutory Audit fees	1.50	1.60
Tax audit fees	0.56	0.60
Non audit fees	-	-
Others		
Fees for other audit related services	1.38	1.08
Fees for certification	0.70	0.56
Reimbursement of out-of-pocket expenses	0.20	0.20
<b>Payments to Cost auditors</b>		
Cost audit fees	0.11	0.11
Reimbursement of out-of-pocket expenses	0.01	0.01
<b>Research and development expenses</b>	<b>57.55</b>	<b>62.31</b>

## NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

- (b)** Total revenue expenditure (net of recoveries) on Research and Development (R&D) included in Note 35, eligible for weighted deduction under section 35(2AB) of the Income Tax Act, 1961 aggregates to Rs. 37.13 crores (2014-15 - Rs. 29.60 crores). The details are:

Location of the R&D facility	Bengaluru	Mumbai
<b>Revenue expenditure eligible u/s 35(2AB)</b>		
Salaries & wages	10.38	13.55
	(8.08)	(11.00)
Materials, consumables and spares	0.63	5.79
	(0.56)	(4.59)
Utilities	-	0.17
	-	(0.16)
Other expenditure directly related to R&D	2.85	3.76
	(2.37)	(2.84)

(figures in brackets pertain to 2014-15)

- (c)** The Company's significant leasing arrangements are in respect of operating leases for premises (residential, office, stores, godown etc.) and computers. These leasing arrangements which are not non-cancellable (other than those specified in note below), range between 11 months and 10 years generally, or longer, and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable are charged as rent in the Statement of Profit and Loss.

The Company had given certain land and building on operating lease to a third party which has been disposed in the previous year. The lease arrangement was for a period of 5 years, including a non-cancellable term of 3 years. The license fee of Rs. Nil (2014-15 - Rs. 23.35 crores) on such lease is included in other operating revenue (Refer Note 27).

The Company has entered into agreement to take certain land and building on operating lease for warehousing activities from a third party in the previous year. The lease arrangement is for 10 years, including a non-cancellable term of 9 years. The lease rent of of Rs 13.05 crores (2014-15- Rs. 6.26 crores) on such lease is included in Rent.

Lease rental payable	Year ended 31st March, 2016	Year ended 31st March, 2015
Not later than one year	11.91	11.40
Later than one year and not later than five years	53.27	50.96
Later than five years	38.38	52.60

- (d)** The Company has spent Rs. 92.12 crores (2014-15: Rs. 82.35 crores) towards various schemes of Corporate Social Responsibility as prescribed under section 135 of the Companies Act, 2013. The details are:

- I. Gross amount required to be spent by the Company during the year: Rs. 91.94 crores (2014-15: Rs. 79.82 crores)  
II. Amount spent during the year on:

	In cash/payable	Yet to be paid in Cash	Total
i) Construction/Acquisition of any asset	- ( - )	( - )	( - )
ii) For purposes other than [i] above	92.12 (82.35)	- ( - )	92.12 (82.35)

(figures in brackets pertain to 2014-15)

# NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

- III. Above includes a contribution of Rs. 7.50 crores (2014-15: Rs. 21.11 crores) to subsidiary Hindustan Unilever Foundation which is a Section 8 registered company under Companies Act, 2013, with the main objectives of working in the areas of social, economic and environmental issues such as water harvesting, health and hygiene awareness, women empowerment and enable the less privileged segments of the society to improve their livelihood by enhancing their means and capabilities to meet the emerging opportunities.
- IV. The company does not carry any provisions for Corporate social responsibility expenses for current year and previous year.

## 36) EXCEPTIONAL ITEMS

	Year ended 31st March, 2016	Year ended 31st March, 2015
i) Profit on disposal of surplus properties	59.83	503.77
ii) Profit on disposal of business/subsidiary	50.05	168.97
iii) Reduction in liability for retirement benefits arising from actuarial assumption changes	-	5.37
<b>Total exceptional income (A)</b>	<b>109.88</b>	<b>678.11</b>
iv) Restructuring costs :		
a) Increase in liability for retirement benefits arising from actuarial assumption changes	(7.50)	-
b) Other costs	(141.41)	(13.81)
<b>Total exceptional expenditure (B)</b>	<b>(148.91)</b>	<b>(13.81)</b>
<b>Exceptional items (net) (A+B)</b>	<b>(39.03)</b>	<b>664.30</b>

## 37) CURRENT TAX

	Year ended 31st March, 2016	Year ended 31st March, 2015
Income tax for the year	1,876.71	1,871.17
Adjustments/(credits) related to previous year - (net)	(53.59)	31.16
	<b>1,823.12</b>	<b>1,902.33</b>

## 38) DEFERRED TAX

	Year ended 31st March, 2016	Year ended 31st March, 2015
Deferred tax for the year - (credit)	(34.90)	(33.82)
Adjustments/(credits) related to previous year - (net)	-	3.65
	<b>(34.90)</b>	<b>(30.17)</b>

# NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 39) EARNINGS PER SHARE

	Year ended 31st March, 2016	Year ended 31st March, 2015
Earnings Per Share has been computed as under:		
Profit for the year (Rs. crores)	4,082.37	4,315.26
Weighted average number of equity shares outstanding	<b>2,16,37,96,723</b>	2,16,31,11,502
Earnings Per Share (Rs.) - Basic (Face value of Re. 1 per share)	<b>Rs. 18.87</b>	Rs. 19.95
Add: Weighted average number of potential equity shares on account of employee stock options/performance share schemes	<b>7,21,610</b>	11,63,349
Weighted average number of Equity shares (including dilutive shares) outstanding	<b>2,16,45,18,333</b>	2,16,42,74,851
Earnings Per Share (Rs.) - Diluted (Face value of Re. 1 per share)	<b>Rs. 18.86</b>	Rs. 19.94

## 40) SALES (INCLUDING EXPORTS), NET OF EXCISE DUTY

	Year ended 31st March, 2016	Year ended 31st March, 2015
Soaps	5,928.79	6,141.18
Synthetic detergents	7,453.72	7,175.95
Personal products	9,667.67	8,996.69
Tea	2,998.36	2,811.93
Frozen desserts	651.08	551.48
Processed triglycerides/hydrogenated oils/vanaspati	27.62	23.73
Canned and processed fruits and vegetables	1,018.43	905.73
Branded staple foods (a)	475.54	465.11
Others (b)	3,204.06	3,098.70
	<b>31,425.27</b>	<b>30,170.50</b>

Notes :

a) Branded staple foods includes breads, wheat flour, iodised salt and rice in consumer packs.

b) Others includes coffee, scourers, water, agriculture commodities, infant care products etc.

## 41) CLOSING FINISHED GOODS INVENTORY

	As at 31st March, 2016	As at 31st March, 2015
Soaps	258.14	330.04
Synthetic detergents	213.09	229.55
Personal products	396.93	403.52
Tea	118.42	126.68
Others (frozen desserts, coffee, water, scourers, etc.)	218.99	271.21
	<b>1,205.57</b>	<b>1,361.00</b>

# NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

(All amounts in Rs. crores, unless otherwise stated)

## 42) CLOSING WORK-IN-PROGRESS

	As at 31st March, 2016	As at 31st March, 2015
Soaps	69.92	59.44
Synthetic detergents	37.68	41.06
Personal products	84.45	43.76
Tea	144.53	129.02
Others [coffee, water, scourers, etc.]	18.17	21.55
	<b>354.75</b>	<b>294.83</b>

## 43) RAW MATERIALS CONSUMED

	Year ended 31st March, 2016	Year ended 31st March, 2015
Oils, fats and rosins	1,547.31	1,928.87
Chemicals and perfumes	4,786.71	5,072.60
Tea	1,597.31	1,465.36
Others [coffee, flavours, other chemicals, etc.]	972.00	969.10
	<b>8,903.33</b>	<b>9,435.93</b>

## 44) VALUE OF IMPORTED AND INDIGENOUS MATERIALS CONSUMED

	Year ended 31st March, 2016		Year ended 31st March, 2015	
	%	Amount	%	Amount
Raw materials				
- Imported	8	751.04	9	875.70
- Indigenous	92	8,152.29	91	8,560.23
Stores and spares (including components)				
- Imported	14	8.18	19	24.69
- Indigenous	86	50.68	81	107.41

## 45) VALUE OF IMPORTS ON CIF BASIS

(excluding purchases from canalising agencies and imported items purchased locally)

	Year ended 31st March, 2016	Year ended 31st March, 2015
Raw and packing materials	795.65	827.62
Stores, spare parts and components	13.05	23.93
Capital goods	140.28	81.88
	<b>948.98</b>	<b>933.43</b>

## NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

### 46) PURCHASES OF STOCK-IN-TRADE

	Year ended 31st March, 2016	Year ended 31st March, 2015
Soaps	569.04	501.20
Synthetic detergents	1,096.98	973.53
Personal products	1,332.23	1,193.29
Tea	0.14	0.40
Frozen desserts	78.76	92.44
Processed triglycerides	13.58	14.36
Others (coffee, water, scourers, etc.)	1,294.54	1,234.87
<b>Total</b>	<b>4,385.27</b>	<b>4,010.09</b>
<b>Less : Excise duty on purchases</b>	<b>[434.12]</b>	<b>[312.13]</b>
	<b>3,951.15</b>	<b>3,697.96</b>

### 47) EARNINGS IN FOREIGN EXCHANGE

	Year ended 31st March, 2016	Year ended 31st March, 2015
Exports at FOB (including exports to Nepal and Bhutan)	78.82	81.07
Income from services rendered	479.76	492.36
	<b>558.58</b>	<b>573.43</b>

### 48) EXPENDITURE IN FOREIGN CURRENCY

	Year ended 31st March, 2016	Year ended 31st March, 2015
Professional and consultants fees	14.30	1.82
Royalty	875.56	726.98
Import of stock-in-trade	113.00	125.18
Other expenses (advertisement fees, travel, freight, training, etc)	81.48	95.63
	<b>1,084.34</b>	<b>949.61</b>

### 49) NET DIVIDEND REMITTED IN FOREIGN CURRENCY

	Year ended 31st March, 2016		Year ended 31st March, 2015	
	Rs. Crores	USD Crores	Rs. Crores	USD Crores
2013-14 Final to 7 shareholders on 1,45,44,12,858 shares of Re. 1 each	-	-	1,090.81	18.12
2014-15 Interim to 7 shareholders on 1,45,44,12,858 shares of Re. 1 each	-	-	872.65	14.18
2014-15 Final to 7 shareholders on 1,45,44,12,858 shares of Re. 1 each	1,308.97	21.27	-	-
2015-16 Interim to 7 shareholders on 1,45,44,12,858 shares of Re. 1 each	945.37	14.54	-	-
	<b>2,254.34</b>	<b>35.81</b>	<b>1,963.46</b>	<b>32.30</b>

# NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 50) DEFINED BENEFIT PLANS

Gratuity is funded through investment mostly with an insurance service provider and partly through direct investment under Hind Lever Gratuity Fund.

Pension for most employees are managed through a trust, investments with an insurance service provider and for some employees investments are managed through company managed trust

Post-retirement medical benefits are managed through investment made under company managed trust

Provident Fund for most of the employees are managed through trust investments and for some employees through government administered fund.

As per Actuarial Valuation as on March 31, 2016 and as recognised in the financial statements in respect of Employee Benefit Schemes :

	Gratuity		Management Pension		Officers Pension		Provident Fund #		Post Retirement Medical Benefits	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
<b>I Components of Employer Expense</b>										
(a) Current Service Cost	12.98	8.97	5.55	5.40	0.40	0.48	55.10	55.50	0.28	0.51
(b) Interest Cost	16.52	15.23	36.43	38.30	0.86	1.16	113.60	112.80	10.52	14.14
(c) Expected Return on Plan Assets	(12.82)	(12.46)	(7.45)	(6.82)	(3.60)	(4.18)	(131.10)	(114.70)	-	-
(d) Actuarial (Gain)/Loss	7.70	27.58	(11.96)	(1.02)	(1.50)	(0.23)	17.50	1.90	6.81	(33.31)
<b>(e) Total expense/(gain) recognised in the Statement of Profit and Loss</b>	<b>24.38</b>	<b>39.32</b>	<b>22.57</b>	<b>35.86</b>	<b>(3.86)</b>	<b>(2.77)</b>	<b>55.10</b>	<b>55.50</b>	<b>17.61</b>	<b>(18.66)</b>
<b>II Net Asset/ (Liability) recognised in Balance Sheet as at March 31, 2016</b>										
(a) Present Value of Obligation as at March 31, 2016	216.83	204.14	475.83	464.94	9.58	11.68	1,615.80	1,448.60	146.31	136.61
(b) Fair Value of Plan Assets as at March 31, 2016	(192.45)	(163.33)	(98.66)	(94.38)	(46.65)	(49.91)	(1,615.80)	(1,448.60)	-	-
(c) (Asset)/Liability recognised in the Balance Sheet (Refer notes #, *, \$, & and @ below)	24.38	40.81	377.17	370.56	- *	- *	- *	-	146.31	136.61
Note: # Refer footnote at the bottom of Note 50										
* The excess of assets over liabilities in respect of Officer's Pension have not been recognised as they are lying in an Income Tax approved irrevocable trust fund										
@ Refer note 14'[c] in respect of the Company's investment in Hindustan Unilever Limited Securitisation of Retirement Benefit Trust covering management pension and post retirement medical benefits										

# NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 50) DEFINED BENEFIT PLANS (CONTD.)

	Gratuity		Management Pension		Officers Pension		Provident Fund #		Post Retirement Medical Benefits	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
<b>III Change in Defined Benefit Obligations (DBO) during the year ended on March 31, 2016</b>										
(a) Present Value of Obligation as at March 31, 2015	204.14	169.21	464.94	442.00	11.70	13.78	1,448.60	1,275.90	136.60	162.57
(b) Current Service Cost	12.98 \$	10.48	5.55	5.40	0.40	0.48	55.10	55.50	0.28	0.51
(c) Interest Cost	16.52	15.23	36.43	38.30	0.86	1.16	113.60	112.80	10.52	14.14
(d) Liabilities assumed on acquisition/(settled on divestiture)	(9.19) &	-	-	-	(0.54)	(1.02)	(15.90)	(0.40)	-	-
(e) Acquisition Adjustment	-	-	-	-	-	-	-	-	-	-
(f) Employees' contribution	-	-	-	-	-	-	130.70	113.50	-	-
(g) Actuarial (Gain)/Loss	7.54	30.00	(10.03)	(0.06)	(0.63)	(0.27)	14.60	4.40	6.81	(33.31)
(h) Benefits Paid	(15.16)	(20.77)	(21.06)	(20.70)	(2.21)	(2.45)	(130.90)	(113.10)	(7.90)	(7.30)
<b>(i) Present Value of Obligation as at March 31, 2016</b>	<b>216.83</b>	<b>204.14</b>	<b>475.83</b>	<b>464.94</b>	<b>9.58</b>	<b>11.68</b>	<b>1,615.80</b>	<b>1,448.60</b>	<b>146.31</b>	<b>136.61</b>
\$ Includes an amount of Rs. Nil (2014-15: Rs 1.51 crores) towards cost borne by the subsidiaries and a fellow subsidiary.										
<b>IV Changes in the Fair value of Plan Assets</b>										
(a) Present Value of Plan Assets as at March 31, 2015	163.33	168.37	94.38	95.73	49.92	57.76	1,448.60	1,275.90	-	-
(b) Acquisition Adjustment	-	-	-	-	-	-	-	-	-	-
(c) Expected Return on Plan Assets	12.82	12.46	7.45	6.82	3.60	4.18	131.10	114.70	-	-
(d) Actuarial Gain/(Loss)	(0.17)	2.42	1.92	0.96	0.88	(0.05)	(2.90)	2.50	-	-
(e) Assets distributed on settlements	(9.19) &	-	-	-	(0.54)	(5.53)	(15.90)	(0.40)	-	-
(f) Employer's Contribution	40.82	0.85	15.97	11.57	(5.00)	(4.00)	55.10	55.50	7.90	7.30
(g) Employees' contribution	-	-	-	-	-	-	130.70	113.50	-	-
(h) Benefits Paid	(15.16)	(20.77)	(21.06)	(20.70)	(2.21)	(2.45)	(130.90)	(113.10)	(7.90)	(7.30)
<b>(i) Fair Value of Plan Assets as at March 31, 2016</b>	<b>192.45</b>	<b>163.33</b>	<b>98.66</b>	<b>94.38</b>	<b>46.65</b>	<b>49.91</b>	<b>1,615.80</b>	<b>1,448.60</b>	<b>-</b>	<b>-</b>
& The gratuity obligation and assets of Rs. 9.19 cr towards employees of Modern Foods business sold during the year.										

# NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

(All amounts in Rs. crores, unless otherwise stated)

## 50) DEFINED BENEFIT PLANS (CONTD.)

	Gratuity		Management Pension		Officers Pension		Provident Fund #		Post Retirement Medical Benefits	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
V <b>Actual return on Plan Assets</b>	12.66	14.88	9.37	7.78	4.48	4.13	128.20	117.20	-	-
VI <b>Actuarial Assumptions</b>										
<b>Financial Assumptions:</b>										
(a) Discount Rate (per annum)	7.80%	7.90%	7.80%	7.90%	7.80%	7.90%	7.80%	7.90%	7.80%	7.90%
(b) Expected Rate of Return on Assets (per annum)	7.30%	7.30%	7.10%	7.10%	7.40%	7.40%	8.94%	8.88%	N.A.	N.A.
(c) Annual Increase in Healthcare Costs (per annum)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	9.00%	9.00%
The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.										
<b>Demographic Assumptions:</b>										
Mortality in Service : Indian Assured Lives Mortality (2006-08) Ultimate table										
Mortality in Retirement : LIC Buyout Annuity Rates & UK Published PA (90) Annuity Rates suitably adjusted for Indian Lives.										
VII <b>Effect of Increase or Decrease in Healthcare costs</b>										
<b>Effect of 1% increase in Healthcare Costs on</b>										
- the aggregate of service cost and interest cost									1.44	1.50
- Defined Benefit Obligation									18.08	17.97
<b>Effect of 1% decrease in Healthcare Costs on</b>									(1.22)	(1.32)
- the aggregate of service cost and interest cost									(15.23)	(15.91)
VIII <b>Percentage of each Category of Plan Assets to total Fair Value of Plan Assets as at March 31, 2016</b>										
(a) Government of India Securities	7.00%	9.00%	-	-	-	-	42.00%	43.00%	-	-
(b) Corporate Bonds	6.00%	7.00%	-	-	-	-	42.00%	40.00%	-	-
(c) Bank Deposits [Special Deposit Scheme, 1975]	-	-	-	-	-	-	12.00%	14.00%	-	-
(d) Administered by Life Insurance Corporation of India	87.00%	84.00%	100.00%	100.00%	100.00%	100.00%	-	-	-	-
(e) Others	-	-	-	-	-	-	3.00%	3.00%	-	-
IX <b>Expected Employers contribution for the next year</b>	24.37	40.83	3.00	40.00	-	-	61.70	60.00	7.90	7.33

# NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 50) DEFINED BENEFIT PLANS (CONTD.)

	Gratuity	Management Pension	Officers Pension	Provident Fund #	Post Retirement Medical Benefits
<b>X Present value of DBO, Fair Value of Plan Assets, Deficit/(Surplus), Experience Adjustments for current and earlier periods:</b>					
<b>i For the year ended March 31, 2016</b>					
Present value of DBO	216.83	475.83	9.58	1,615.80	146.31
Fair value of plan assets	192.45	98.66	46.65	1,615.80	-
Deficit/(Surplus)	24.38	377.17	(37.07)	-	146.31
Experience adjustments on plan liabilities	3.12	(12.24)	(0.67)	14.60	5.15
Experience adjustments on plan assets	(0.17)	1.92	0.88	(2.90)	-
<b>ii For the year ended March 31, 2015</b>					
Present value of DBO	204.14	464.94	11.68	1,448.60	136.61
Fair value of plan assets	163.33	94.38	49.91	1,448.60	-
Deficit/(Surplus)	40.81	370.56	(38.23)	-	136.61
Experience adjustments on plan liabilities	9.19	(8.03)	(0.71)	4.40	2.68
Experience adjustments on plan assets	2.42	0.96	(0.05)	2.50	-
<b>iii For the year ended March 31, 2014</b>					
Present value of DBO	169.22	442.00	13.78	1,275.90	162.57
Fair value of plan assets	168.37	95.73	57.76	1,275.90	-
Deficit/(Surplus)	0.85	346.27	(43.98)	-	162.57
Experience adjustments on plan liabilities	7.56	8.66	(1.35)	9.90	(10.15)
Experience adjustments on plan assets	4.74	0.44	1.17	(3.70)	-
<b>iv For the year ended March 31, 2013</b>					
Present value of DBO	170.80	435.62	15.70	1,145.40	184.56
Fair value of plan assets	148.69	95.98	59.89	1,145.40	-
Deficit/(Surplus)	22.11	339.64	(44.19)	-	184.56
Experience adjustments on plan liabilities	7.02	(14.41)	2.08	12.30	(8.62)
Experience adjustments on plan assets	2.92	3.91	1.85	5.10	-
<b>v For the year ended March 31, 2012</b>					
Present value of DBO	149.80	427.84	15.90	-	181.54
Fair value of plan assets	132.55	91.86	62.19	-	-
Deficit/(Surplus)	17.25	335.98	(46.29)	-	181.54
Experience adjustments on plan liabilities	7.24	2.25	2.47	-	1.87
Experience adjustments on plan assets	0.21	4.65	0.68	-	-

# NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 50) DEFINED BENEFIT PLANS (CONTD.)

The Guidance Note on Implementing AS 15, 'Employee Benefits' issued by the Accounting Standard Board (ASB) of the Institute of Chartered Accountants of India states that Provident Funds set up by employers that guarantee a specified rate of return and which require interest shortfall to be met by the employer would be defined benefit plans in accordance with the requirements of paragraph 26(b) of AS 15. The year 2012-13 was the first year in which the actuary had given the detailed disclosures in the actuarial valuation report, in view of the issuance of the Guidance Note by the Institute of Actuaries of India. Accordingly the compliance with the disclosure requirements of paragraph 120(n) of AS 15: Employee Benefits in respect of Provident Fund has been done prospectively from 2012-13.

## 51) EMPLOYEE STOCK OPTION PLAN

The members of the Company had approved '2001 HLL Stock Option Plan' at the Annual General Meeting held on 22nd June, 2001. The plan envisaged grant of share options to eligible employees at market price as defined in Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

This plan was amended and revised vide '2006 HLL Performance Share Scheme' at the Annual General Meeting held on 29th May, 2006. This scheme provided for conditional grant of Performance Shares at nominal value to eligible management employees as determined by the Compensation Committee of the Board of Directors from time to time, at the end of 3-year performance period. The performance measures under this scheme include group underlying sales growth and free cash flow. The scheme also provided for 'Par' awards for the managers at different work levels.

The 2006 scheme was further amended and revised vide '2012 HUL Performance Share Scheme' at the Annual General Meeting held on 23rd July, 2012. This scheme provided for conditional grant of Performance Shares at nominal value to eligible management employees as determined by the Nomination and Remuneration Committee of the Board of Directors from time to time, at the end of 3-year performance period. The performance measures under this scheme include group underlying sales growth, core operating margin improvement and operating cash flow.

# NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 51) EMPLOYEE STOCK OPTION PLAN (CONTD.)

The number of shares allocated for allotment under the 2006 and 2012 Performance Share Schemes is 2,00,00,000 (two crores) equity shares of Re. 1/- each. The schemes are monitored and supervised by the Nomination and Remuneration Committee of the Board of Directors in compliance with the provisions of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and amendments thereof from time to time.

Scheme	Year	Date of Grant	Numbers of options granted	Vesting Conditions	Exercise Period	Exercise Price (INR) per share	Weighted Average Exercise Price (INR) per share
2001 HLL Stock Option Plan	2005	27-May-05	15,47,700	Vested after three years from date of grant	7 years from date of vesting	132.05	132.05
2006 HLL Performance Share Scheme	2012	17-Feb-12	4,20,080	Vested after three years from date of grant	3 months from date of vesting	1.00	1.00
	Interim 2012	30-Jul-12	51,385			1.00	1.00
2012 HUL Performance Share Scheme	2013	18-Mar-13	3,68,023	Vested after three years from date of grant	3 months from date of vesting	1.00	1.00
	Interim 2013	29-Jul-13	25,418			1.00	1.00
	2014	14-Feb-14	2,62,155			1.00	1.00
	Interim 2014	28-Jul-14	16,805			1.00	1.00
	2015	13-Feb-15	1,42,038			1.00	1.00
	Interim 2015	27-Jul-15	12,322			1.00	1.00
	2016	11-Feb-16	1,57,193			1.00	1.00

# NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

(All amounts in Rs. crores, unless otherwise stated)

## 51) EMPLOYEE STOCK OPTION PLAN (CONTD.)

Scheme	Year	Number of Share Options						Outstanding at the end of the year
		Outstanding at the beginning of the year	Granted during the year*	Forfeited/ Expired during the year	Exercised during the year	Exercisable at the end of the year		
2001 HLL Stock Option Plan	2004	-	-	-	-	(68,900)	-	-
	2005	23,100	-	-	23,100	(1,16,400)	(23,100)	(23,100)
2006 HUL performance Share Scheme	2011	-	-	-	-	(3,50,503)	-	-
	Interim 2011	(3,50,503)	-	-	(3,50,503)	-	-	-
	2012	-	-	-	(41,282)	(18,507)	(59,789)	-
	Interim 2012	3,24,629	-	-	(3,59,170)	(1,61,526)	(1,96,067)	(3,24,629)
		39,937	18,305	-	(42,707)	58,242	-	(39,937)
2012 HUL Performance Share Scheme	2013	3,19,252	55,602	-	66,149	3,08,705	3,08,705	
	Interim 2013	(3,47,484)	-	(28,232)	-	-	(3,19,252)	
	2014	25,418	-	2,374	-	-	23,044	
	Interim 2014	(25,418)	-	-	-	-	(25,418)	
	2015	2,43,708	-	11,945	-	-	2,31,763	
	Interim 2015	(2,62,155)	-	(18,447)	-	-	(2,43,708)	
	2016	16,805	-	-	-	-	16,805	
		-	(16,805)	-	-	-	(16,805)	
	2015	1,42,038	-	5,984	-	-	1,36,054	
	Interim 2015	-	(1,42,038)	-	-	-	(1,42,038)	
	2016	-	12,322	-	-	-	12,322	
		-	-	-	-	-	-	-
	2016	-	1,57,193	842	-	-	1,56,351	-
		-	-	-	-	-	-	-

\* Granted during the year includes additional shares granted upon meeting the vesting conditions  
(figures in bracket pertain to 2014-15)

The Company has adopted the intrinsic value method as permitted by the SEBI Guidelines and the Guidance Note on Accounting

# NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 51) EMPLOYEE STOCK OPTION PLAN (CONTD.)

for Employee Share Based Payment issued by the Institute of Chartered Accountants of India in respect of stock options granted.

The Employee Stock Option Plan includes employees of Hindustan Unilever Limited, its subsidiaries and a subsidiary of parent company. The cost reimbursed by subsidiary and a subsidiary of parent company for the year is Rs. 3.69 crores.

The Company's profit for the year and earnings per share would have been as under, had the compensation cost for employees' stock options been recognized based on the fair value at the date of grant in accordance with Black Scholes model. The fair value of the underlying shares has been determined by an independent valuer.

	As at 31st March, 2016	As at 31st March, 2015
<b>Profit for the year</b>	<b>4,082.37</b>	4,315.26
Add: Reduction in employee compensation cost based on fair value	4.11	2.87
Profit for the year as per fair value method	<b>4,086.48</b>	4,318.13
<b>Basic Earnings Per Share (EPS)</b>		
Weighted average number of equity shares	2,16,37,96,723	2,16,31,11,502
Basic EPS as reported (in Rs.) (Refer note 39)	18.87	19.95
Proforma Basic EPS (in Rs.)	18.89	19.96
<b>Diluted Earnings Per Share (EPS)</b>		
Weighted average number of equity shares (including dilutive ESOP shares)	2,16,45,18,333	2,16,42,74,851
Diluted EPS as reported (in Rs.) (Refer note 39)	18.86	19.94
Proforma Diluted EPS (in Rs.)	18.88	19.95
<b>Weighted average equity share price at the date of exercise of options (in Rs.)</b>	<b>848.21</b>	696.07
<b>Weighted average remaining contractual life of options (in years)</b>	<b>1.34</b>	1.34

**The following assumptions were used for calculation of fair value of grants:**

	As at 31st March, 2016	As at 31st March, 2015
Risk-free interest rate (%)	7.40%	7.86%
Expected life of options (years) [(year to vesting) + (contractual option term)/2]	3.125	3.125
Expected volatility (%)	26.30%	25.44%
Dividend yield	1.88%	1.51%

The risk free interest rates are determined based on the zero-coupon sovereign bond yields with maturity equal to the expected term of the option. Volatility calculation is based on historical stock prices using standard deviation of daily change in stock price. The historical period taken into account to match the expected life of the option. Dividend yield has been calculated taking into account expected rate of dividend on equity share price as on grant date.

**Effect of share-based payment plan on the Statement of Profit and Loss:**

	As at 31st March, 2016	As at 31st March, 2015
Expense arising from employee share-based payment plan	19.30	19.41

# NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 52) DERIVATIVE INSTRUMENTS

- a) The Company uses forward exchange contracts to hedge against its foreign currency exposures relating to the firm commitments. The Company does not enter into any derivative instruments for trading or speculative purposes. The forward exchange contracts outstanding as at 31st March, 2016 are as under:

Currency exchange	GBP/ INR	EUR/ INR	USD/ INR	SEK/ INR	NZD/ INR	CHF/ INR	SGD/ INR	THB/ INR	CAD/ INR
i) Number of 'buy' contracts	9 (7)	27 (42)	60 (39)	7 (10)	1 -	4 -	8 (9)	1 -	- (2)
ii) Aggregate "buy" foreign currency amount (crores)	0.11 (0.13)	1.93 (2.63)	5.05 (5.15)	0.15 (1.78)	0.01 -	0.02 -	0.16 (0.18)	0 -	- (0.12)
iii) Number of 'sell' contracts	- -	- (1)	- -	1 -	- -	- -	- -	- -	- -
iv) Aggregate "sell" foreign currency amount (crores)	- -	- (0.03)	- -	0.04 -	- -	- -	- -	- -	- -

(figures in bracket pertain to 2014-15)

- b) The foreign currency exposures not hedged in respect of payables (net) as at the year end are as under:

Currency exchange	GBP	EUR	USD	SEK	NZD	CHF	SGD	THB	JPY
Unhedged exposure in currency (crores)	0.00 (0.00)	0.00 (0.02)	0.01 (0.01)	0.08 (0.05)	0.00 -	0.00 -	0.01 (0.01)	0.05 (0.02)	0.12 (0.10)

(figures in bracket pertain to 2014-15)

- c) Mark-to-Market losses

	Year ended 31st March, 2016	Year ended 31st March, 2015
Mark-to-market losses provided for	6.98	36.60

## 53) INTEREST IN JOINT VENTURE

The Company has the following investment, in a jointly controlled entity:

Name of the entity	Country of Incorporation	Percentage of ownership interest as at 31st March, 2016	Percentage of ownership interest as at 31st March, 2015
Kimberly Clark Lever Private Limited	India	50%	50%

The Company's interest in this Joint Venture is reported as Non-current investment (Refer Note 14) and is stated at cost (net of provision for other than temporary diminution in value). The Company's share of each of the assets, liabilities, income, expenses, etc (each without elimination of the effect of transactions between the Company and the Joint Venture) related to its interest in this joint venture, based on the audited financial statements are:

# NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 53) INTEREST IN JOINT VENTURE : (CONTD)

	As at 31st March, 2016	As at 31st March, 2015
<b>(a) ASSETS</b>		
Fixed Assets (including capital work-in-progress)	58.47	43.57
Long-term loans and advances	47.33	40.33
Inventories	26.05	33.26
Trade receivables	3.99	3.36
Cash and bank balances	21.43	8.89
Short-term loans and advances	0.94	4.26
Other current assets	1.10	0.25
<b>(b) LIABILITIES</b>		
Long-term borrowings	42.00	7.00
Deferred tax liability (net)	-	0.37
Short-term borrowings	32.78	36.04
Trade payables	51.46	54.84
Other current liabilities	6.29	14.43
Short-term provisions	0.71	0.91
<b>(c) INCOME</b>	163.75	177.39
<b>(d) EXPENSES</b>	170.92	183.52
<b>(e) OTHER MATTERS</b>		
Contingent liabilities	80.37	58.03
Capital commitments	3.58	0.13

## 54) DISCLOSURES PURSUANT TO SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 AND SECTION 186 OF THE COMPANIES ACT, 2013

	Year ended 31st March, 2016	Year ended 31st March, 2015
<b>a) Loans and advances in the nature of loans to subsidiaries</b>		
Loan to subsidiary: Pond's Exports Limited, India		
Balance as at the year end	4.20	12.00
Maximum amount outstanding at any time during the year	12.00	14.00
[Pond's Export Limited has utilised the loan for meeting working capital requirements. It is repayable over a period of 7 years and carries an average rate of interest at 8.46% (2014-15: 9.34%)]		
Loan to subsidiary: Lakme Lever Private Limited, India		
Balance as at the year end	157.77	167.77
Maximum amount outstanding at any time during the year	167.77	217.77
[Lakme Lever Private Limited has utilised the loan for meeting capital projects for job work business and working capital requirements of salon business. It is repayable over a period of 7 years and carries an average rate of interest at 8.46% (2014-15: 9.34%)]		
<b>b) Investment by the loanees in the shares of the Company</b>		
The loanees have not made any investments in the shares of the Company		

# NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

- 55**) The Company has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision as required under any law/accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) has been made in the books of accounts.
- 56**) A profit of Rs. 50.05 crores, hitherto is recognised in the Statement of Profit and Loss under Exceptional Items on sale of bread and bakery business under the brand 'Modern' to Modern Foods Enterprises Private Limited (formerly known as Nimman Foods Private Limited), in line with our strategy to exit non-core businesses. Sales upto March 31, 2016 of the aforesaid business is recognised in our books.
- 57**) The amount of exchange differences included in the net profit for the period is Rs. 3.86 crores gain (2014-15: Rs. 24.41 crs loss). Net foreign exchange (gain)/loss includes exchange differences on settlement/restatement of all monetary items and mark to market valuation of outstanding forward contracts on account of firm commitments.

## 58) PREVIOUS YEAR FIGURES

Previous year's figures have been regrouped/restated wherever necessary to conform with this year's classification.

## 59) RELATED PARTY DISCLOSURES

<b>A. Enterprises exercising control</b>	
<b>(i) Holding Company</b>	Unilever PLC
<b>B. Enterprises where control exists</b>	
<b>(ii) Subsidiaries</b>	Aquagel Chemicals Private Limited (100%) (Amalgamated with Lakme Lever Private Limited with effect from April 01, 2014) [Refer Note 12(i)]
(Extent of holding)	Brooke Bond Real Estates Private Limited (100%) (upto March 23, 2015) Daverashola Estates Private Limited (100%) Hindlever Trust Limited (100%) Jamnagar Properties Private Limited (100%) Lakme Lever Private Limited (100%) Levers Associated Trust Limited (100%) Levindra Trust Limited (100%) Pond's Exports Limited (90%) Unilever India Exports Limited (100%) Unilever Nepal Limited (80%) Bhavishya Alliance Child Nutrition Initiatives (100%) (with effect from March 12, 2015) (Section 8 company) Hindustan Unilever Foundation (76%) (Section 8 company) Hindustan Unilever Limited Securitisation of Retirement Benefit Trust (100% control)
<b>(iii) Trust</b>	

# NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 59) RELATED PARTY DISCLOSURES (CONTD.)

### C. Other Related Parties with whom the Company had transactions during the year

#### (i) Fellow Subsidiaries

Brooke Bond Assam Estates Limited  
 Brooke Bond Group Limited  
 Brooke Bond South India Estates Limited  
 Conopco, Inc.  
 Corporativo Unilever de Mexico, S.de R.L. de C.V. (merged)  
 Glidat Strauss Limited  
 Unilever Europe Business Center BV  
 Lipton Soft Drinks Ireland  
 Mascolo Brothers Limited  
 OOO Unilever Russia  
 P.T. Unilever Indonesia, Tbk.  
 Tigi Holdings Limited  
 Tigi Linea International B.V.  
 UL Research & Development Vlaard  
 Unilever (Malaysia) Holdings Sdn Bhd  
 Unilever ASCC AG  
 Unilever Asia Private Limited  
 Unilever Australia Limited  
 Unilever Bangladesh Limited  
 Unilever Brasil Limited  
 Unilever Business and Marketing Support AG  
 Unilever Canada-Food Solutions  
 Unilever De Argentina SA  
 Unilever Employment Services B.V.  
 Unilever Europe IT Services  
 Unilever Gulf Free Zone Establishment, Arabia  
 Unilever Industries Private Limited  
 Unilever Italy Holdings Srl  
 Unilever Japan  
 Unilever Lipton Ceylon Limited  
 Unilever N.V.  
 Unilever Overseas Holdings AG  
 Unilever Overseas Holdings BV  
 Unilever Pakistan Limited  
 Unilever Philippines , Inc.  
 Unilever Research and Development Vlaardingen B.V.  
 Unilever Sanayi ve Ticaret Türk A.S.  
 Unilever Singapore PTE LTD  
 Unilever SNG  
 Unilever South Africa (Pty) Limited  
 Unilever South Central Europe S.R.L

# NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 59) RELATED PARTY DISCLOSURES (CONTD.)

### (iii) Joint Ventures

### (iv) Associates

### (iv) Key Management Personnel

Unilever Sri Lanka Limited
Unilever Supply Chain Company AG
Unilever Thai Services Limited
Unilever Thai Trading Limited
Unilever U.K. Central Resources Limited
Unilever UK & CN Holdings Limited
Unilever United States, Inc.
Unilever Ventures India Advisory Private Ltd
Unilever Zimbabwe (Pvt) Limited
Walls (China) Co. Limited
Unilever Kenya Ltd
Unilever Andina Ecuador
Unilever Market Development (pty) Limited
USUP Spolka z ograniczoną odpo
Lever International Marine Supplies (LIMS) BV
Toni & Guy Product Limited
Unilever Belgium BVBA
Unilever Technology Ventures Advisory Company LLC
Unilever Iran
Unilever UK Limited
Pt Unilever Oleochemical Indonesia
Unilever Vietnam International Company Limited
Unilever Deutschland Holding GmbH
Unilever Research Laboratory Pvt Limited
Unilever China Ltd.
Kimberly Clark Lever Private Limited
Aquagel Chemicals Bhavnagar Private Limited
Hi Tech Surfactants Pvt Ltd (up to March 22, 2016)
Comfund Consulting Limited (formerly known as Comfund Financial Services India Limited)
Hindustan Field Services Private Limited (up to March 10, 2015)
BP Biddappa
Dev Bajpai
Geetu Verma
Hemant Bakshi (up to September 30, 2014)
Manish Tiwary (up to November 30, 2014)
PB Balaji (with effect from July 1, 2014)
Pradeep Banerjee
Priya Nair (with effect from October 1, 2014)
Punit Misra (with effect from November 1, 2014)
Samir Singh (with effect from October 1, 2014)
Sanjiv Mehta
Sridhar Ramamurthy (up to June 30, 2014)

# NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 59) RELATED PARTY DISCLOSURES (CONTD.)

(v) Other (Non Executive Chairman)	Harish Manwani (from January 1, 2015)
(vi) Employees' Benefit Plans where there is significant influence	Hind Lever Gratuity Fund
	The Hind Lever Pension Fund
	The Union Provident Fund

### Disclosure of transactions between the Company and Related Parties and the status of outstanding balances as on 31st March, 2016

		For the Year ended 31st March, 2016	For the Year ended 31st March, 2015
<b>Holding Company</b>	Dividend paid	1,727.27	1,504.40
	Royalty expense	875.56	726.86
	Income from services rendered	473.10	484.05
	Outstanding as at the year end :		
	- Trade payables	171.98	136.46
<b>Subsidiaries/ Trust</b>	Sale of finished goods/raw materials etc	299.86	297.52
	Processing charges	111.51	128.71
	Sale of fixed assets	3.70	-
	Purchase of fixed assets	0.17	0.05
	Investment in equity shares	-	40.01
	Purchase of finished goods/raw materials etc	16.88	13.33
	Royalty income	9.19	6.99
	Rent income	0.75	0.61
	Management fees paid	0.29	2.49
	Commission paid	1.18	0.81
	Expenses shared by subsidiary companies	16.24	15.84
	Dividend income	135.53	99.55
	Interest income	14.95	20.62
	Reimbursement received/receivable towards pension and medical benefits	28.06	22.98
	Purchase of export licences	7.59	21.26
	Rent expense	0.13	0.12
	Contribution to foundation	7.50	21.11
	Reimbursements paid	6.74	0.51
	Reimbursements received	6.84	6.58
	Inter corporate loans given during the year	35.00	75.64
	Inter corporate loans repaid during the year	52.80	101.01
	Outstanding as at the year end:		
	- Current account balances receivable with subsidiaries and trust	18.50	16.59
	- Trade receivables	43.70	23.05
	- Trade payables	12.17	12.11
	- Loans & advances to subsidiaries	161.97	179.77
	- Security deposits	0.05	1.66
<b>Fellow Subsidiaries</b>	Purchased of fixed assets	-	0.48
	Rent income	1.40	1.10
	Sale of fixed assets	0.50	0.62
	Income from services rendered	16.55	27.84
	Management fees paid	13.16	1.73

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to the financial statements for the year ended 31st March, 2016 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 59) RELATED PARTY DISCLOSURES (CONTD.)

**Disclosure of transactions between the Company and Related Parties and the status of outstanding balances as on 31st March, 2016**

		For the Year ended 31st March, 2016	For the Year ended 31st March, 2015
	Purchase of finished goods/raw materials etc.	370.82	278.81
	Dividend paid	527.07	459.06
	Royalty expense	10.96	8.61
	Expenses shared by fellow subsidiary companies	4.17	3.86
	Maintenance and support costs for licences and software	8.45	6.09
	Reimbursements paid	105.15	66.67
	Reimbursements received	32.09	21.43
	Outstanding as at the year end with fellow subsidiaries		
	- Current account balances receivable with fellow subsidiaries	34.96	35.14
	- Trade payables	131.14	70.90
<b>Joint Ventures</b>	Purchase of finished goods/raw materials etc.	346.33	367.87
	Reimbursements received	72.07	80.83
	Investment in equity shares	14.95	22.52
	Outstanding as at the year end with joint ventures		
	- Current account balances receivable with joint ventures	27.03	31.83
	- Trade payables	1.69	2.37
<b>Associates</b>	Processing charges	8.40	10.12
	Expense for business support services	-	318.60
	Dividend Income	-	0.26
	Purchase of finished goods/raw materials etc.	10.33	9.33
	Rent income	0.23	0.98
	Reimbursements Paid	1.64	0.28
	Outstanding as at the year end with associates		
	- Trade payables	2.11	1.23
<b>Key Management Personnel</b>	Remuneration	51.67	71.68
	Dividend paid	0.62	0.46
	Consideration received on exercise of options	0.01	0.39
<b>Other (Non Executive Chairman)</b>	Dividend paid	0.02	0.01
<b>Employees' Benefit Plans where there is significant influence</b>	Contributions during the year (Employer's contribution only)	81.81	38.15
	Outstanding as at the year end :		
	- Advances recoverable in cash or kind or for value to be received	17.14	-
	- Payables	-	1.36

# NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 59) RELATED PARTY DISCLOSURES (CONTD.)

**Disclosure in respect of transactions which are more than 10% of the total transactions of the same type with related parties during the year**

	For the Year ended 31st March, 2016	For the Year ended 31st March, 2015
<b>Remuneration</b>		
BP Biddappa	5.41	5.85
Hemant Bakshi	-	9.01
P B Balaji	6.84	6.31
Pradeep Banerjee	4.45	5.06
Samir Singh	6.10	6.05
Sanjiv Mehta	13.87	14.17
Sridhar Ramamurthy	-	7.48
<b>Purchase of export licences</b>		
Pond's Exports Limited	1.05	4.57
Unilever India Exports Limited	6.53	16.69
<b>Maintenance and support costs for licences and software</b>		
Unilever N.V.	6.07	4.41
Unilever U.K. Central Resources Limited	1.56	1.68
<b>Reimbursements paid</b>		
Unilever N.V.	54.57	51.00
Unilever Supply Chain Company	37.06	-
<b>Reimbursements received</b>		
Unilever Industries Private Limited	27.49	12.59
Kimberly Clark Lever Private Limited	72.07	80.83
<b>Expense for business support services</b>		
Hindustan Field Services Private Limited	-	318.60
<b>Contributions during the year (Employer's contribution only)</b>		
The Union Provident Fund	41.00	37.31
Hind Lever Gratuity Fund	40.81	0.85
<b>Consideration received on exercise of options</b>		
Pradeep Banerjee	0.00	0.12
Devopam Bajpai	0.00	0.00
Hemant Bakshi	0.00	0.19
Geetu Verma Gidwani	0.00	-
Manish Tiwary	0.00	0.07
Sridhar Ramamurthy	0.00	0.00
<b>Outstanding as at the year end - loans &amp; advances to subsidiaries</b>		
Lakme Lever Private Limited	157.77	167.77
<b>Outstanding as at the year end - trade receivables</b>		
Unilever India Exports Limited	43.62	23.05
<b>Outstanding as at the year end - advances recoverable in cash or kind or for value to be received</b>		
The Union Provident Fund	9.90	2.65
The Hind Lever Pension Fund	4.95	0.16
Hind Lever Gratuity Fund	2.29	1.44
<b>Security Deposits</b>		
Unilever India Exports Limited	-	1.66
Levers Associated Trust Limited	0.03	-
Hindlever Trust Limited	0.02	-

# NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 59) RELATED PARTY DISCLOSURES (CONTD.)

**Disclosure in respect of transactions which are more than 10% of the total transactions of the same type with related parties during the year**

	For the Year ended 31st March, 2016	For the Year ended 31st March, 2015
<b>Outstanding as at the year end - current account balances receivable with group companies and joint venture</b>		
Unilever India Exports Limited	3.99	3.24
Kimberly Clark Lever Private Limited	27.03	31.83
Pond's Exports Limited	0.42	0.79
Unilever Industries Private Limited	23.54	25.35
Unilever Sri Lanka Limited	8.15	4.05
Lakme Lever Private Limited	10.97	8.11
<b>Outstanding as at the year end - trade payables</b>		
Unilever PLC	171.98	136.46
Unilever Supply Chain Company AG	55.92	44.10
Unilever Asia Private Limited	15.15	12.00
Pond's Exports Limited	0.06	0.35
Unilever N.V.	8.19	6.05
<b>Dividend paid</b>		
Unilever PLC	1,727.27	1,504.40
<b>Royalty expense</b>		
Unilever PLC	875.56	726.86
<b>Income from services rendered</b>		
Unilever PLC	473.10	484.05
<b>Sale of finished goods / raw materials etc</b>		
Unilever India Exports Limited	298.99	296.19
<b>Processing charges</b>		
Lakme Lever Private Limited	111.51	128.71
<b>Investment in equity shares</b>		
Kimberly Clark Lever Private Limited	14.95	22.52
Lakme Lever Private Limited	-	40.01
<b>Sale of fixed assets</b>		
Unilever Sri Lanka Limited	0.50	0.62
Unilever Nepal Ltd	3.45	-
<b>Purchase of fixed assets</b>		
Unilever India Exports Limited	0.03	0.05
Unilever Europe IT Services	-	0.48
Lakme Lever Private Limited	0.14	-
<b>Expenses shared by subsidiary companies/ fellow subsidiaries</b>		
Pond's Exports Limited	1.28	1.58
Unilever India Exports Limited	12.14	11.49
Unilever Industries Private Limited	4.17	3.86
Lakme Lever Private Limited	2.83	2.77
<b>Dividend income</b>		
Unilever Nepal Limited	45.53	39.55
Unilever India Exports Limited	90.00	60.00

# NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 59) RELATED PARTY DISCLOSURES (CONTD.)

**Disclosure in respect of transactions which are more than 10% of the total transactions of the same type with related parties during the year**

	For the Year ended 31st March, 2016	For the Year ended 31st March, 2015
<b>Interest income</b>		
Pond's Exports Limited	0.74	0.80
Lakme Lever Private Limited	14.22	18.29
Brooke Bond Real Estates Private Limited	-	1.53
<b>Rent income</b>		
Unilever Industries Private Limited	1.40	1.10
Hindustan Field Services Private Limited	-	0.84
Lakme Lever Private Limited	0.61	0.61
Hitech Surfactants Pvt Ltd	0.23	0.14
<b>Royalty income</b>		
Lakme Lever Private Limited	2.08	1.70
Unilever Nepal Limited	5.79	5.29
Unilever India Exports Limited	1.33	-
<b>Management fees paid</b>		
Unilever Industries Private Limited	13.16	1.73
Lakme Lever Private Limited	0.29	2.49
<b>Commission paid</b>		
Lakme Lever Private Limited	1.18	0.81
<b>Purchase of finished goods/raw materials etc.</b>		
Kimberly Clark Lever Private Limited	346.33	367.87
Unilever Supply Chain Company AG	175.18	168.00
Unilever Asia Private Limited	54.44	96.80
Unilever Industries Private Limited	73.23	6.03
<b>Rent expense</b>		
Unilever India Exports Limited	0.13	0.12
<b>Contribution to foundation</b>		
Hindustan Unilever Foundation	7.50	21.11
<b>Inter corporate loans given during the year</b>		
Lakme Lever Private Limited	31.00	63.00
Pond's Exports Limited	4.00	10.50
<b>Inter corporate loans repaid during the year</b>		
Pond's Exports Limited	11.80	0.80
Lakme Lever Private Limited	41.00	80.00
Brooke Bond Real Estates Private Limited	-	18.01
<b>Reimbursement received/ receivable towards pension and medical benefits</b>		
Hindustan Unilever Limited Securitisation of Retirement Benefit Trust	28.06	22.98

# NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 60) SEGMENT REPORTING

The Company has presented segment information in the consolidated financial statements which are presented in the same financial report. Accordingly, in terms of paragraph 4 of the Accounting Standard 17 (AS-17) 'Segment Reporting', no disclosures related to segments are presented in this standalone financial statements.

As per our report of even date

### For B S R & Co. LLP

Firm Registration No. 101248W/W - 100022  
Chartered Accountants

### Akeel Master

Partner  
Membership No. 046768

Mumbai: 9th May, 2016

For and on behalf of Board of Directors

### Sanjiv Mehta

Managing Director and CEO  
[DIN: 06699923]

### Aditya Narayan

Chairman - Audit Committee  
[DIN: 00012084]

### Aasif Malbari

Group Controller

Mumbai: 9th May, 2016

### PB Balaji

Executive Director (Finance & IT) and CFO  
[DIN: 02762983]

### Dev Bajpai

Executive Director Legal and Company Secretary  
[Membership No. FCS 3354]

# INDEPENDENT AUDITOR'S REPORT

## to Members of Hindustan Unilever Limited

### REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of Hindustan Unilever Limited (hereinafter referred to as "the Holding Company") its subsidiaries, (the Holding Company and its subsidiaries together referred to as "the Group") and a jointly controlled entity, comprising the consolidated balance sheet as at 31 March 2016, the consolidated statement of profit and loss, the consolidated cash flow statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

### MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its jointly controlled entity in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 ("the Rules") (particularly Accounting Standard 21 - Consolidated Financial Statements and Accounting Standard 27 - Financial Reporting of Interest in Joint Ventures). The respective Board of Directors of the companies included in the Group and of its jointly controlled entity are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

### AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report

under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under sub-section 10 of Section 143 of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### OPINION

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of a subsidiary and a jointly controlled entity, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- i) in the case of Consolidated Balance Sheet, of the consolidated state of affairs of the Group and its jointly controlled entity as at 31 March 2016;
- ii) in the case of the Consolidated Statement of Profit and Loss Account, of the consolidated profits for the year ended on that date; and
- iii) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows for the year ended on that date.

### OTHER MATTERS

We did not audit the financial statements of one subsidiary and the jointly controlled entity, whose financial statements reflect

# INDEPENDENT AUDITOR'S REPORT

## to Members of Hindustan Unilever Limited

total assets of Rs.442.31 crores as at 31 March 2016, total revenues of Rs.436.59 crores and net cash inflows amounting to Rs.13.76 crores for the year then ended, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary and the jointly controlled entity and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary and jointly controlled entity, is based solely on the report of the other auditor. Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of this matter with respect to our reliance on the work done and the report of the other auditor.

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by sub-sections 3 of Section 143 of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements of a subsidiary and the jointly controlled entity, as noted in the 'Other Matter' paragraph, we report, to the extent applicable, that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
  - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Rules.
  - (e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2016 taken on record by the Board of Directors of the Holding Company and on the basis of the

relevant assertion contained in the audit reports on standalone financial statements of each subsidiary company and the jointly controlled entity which are incorporated in India, none of the Directors of the Group and the jointly controlled entity are disqualified as on 31 March 2016 from being appointed as a Director of that company in terms of sub section 2 of Section 164 of the Act.

- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the jointly controlled entity and the operating effectiveness of such controls, refer to our separate report in "Annexure A";
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements of a subsidiary and the jointly controlled entity, as noted in the 'Other Matter' paragraph:
  - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its jointly controlled entity – Refer Note 27 to the consolidated financial statements;
  - ii. Provision has been made in the consolidated financial statements, as required under the applicable laws or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivatives contracts – Refer note 47 to the consolidated financial statements; and
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies and the jointly controlled entity incorporated in India.

#### For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W - 100022

#### Akeel Master

Partner

Membership No: 046768

Mumbai 9 May 2016

## ANNEXURE A

### to the Independent Auditor's Report - 31st March 2016 on the Consolidated Financial Statements

(Referred to in our report of even date)

#### **REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")**

In conjunction with our audit of the consolidated financial statements of Hindustan Unilever Limited ("the Holding Company") as of and for the year ended 31 March 2016, we have audited the internal financial controls over financial reporting of the Holding Company, its subsidiary companies and jointly controlled entity incorporated in India as of that date.

#### **MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS**

The respective Board of Directors of the Holding Company, its subsidiary companies and jointly controlled entity incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal controls over financial reporting criteria established by the Holding Company, its subsidiary companies and jointly controlled entity incorporated in India considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### **AUDITORS' RESPONSIBILITY**

Our responsibility is to express an opinion on the Holding Company's, its subsidiary company's and jointly controlled entity's incorporated in India, internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting

was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and audit evidence obtained by other auditor in terms of their report referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company's, its subsidiary company's and jointly controlled entity's incorporated in India, internal financial controls system over financial reporting.

#### **MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING**

A company's internal financial controls over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

# ANNEXURE A

## to the Independent Auditor's Report - 31st March 2016 on the Consolidated Financial Statements

(Referred to in our report of even date)

### INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### OPINION

In our opinion, the Holding Company, its subsidiary companies and the jointly controlled entity incorporated in India, have in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal controls over financial

reporting criteria established by the Holding Company, its subsidiary companies and the jointly controlled entity, considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

### OTHER MATTERS

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to one jointly controlled entity, which is a company incorporated in India, is based on the corresponding report of the auditor of such company.

#### For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W - 100022

#### Akeel Master

Partner

Membership No: 046768

Mumbai 9 May 2016

# CONSOLIDATED BALANCE SHEET

As at 31st March, 2016

(All amounts in Rs. crores, unless otherwise stated)

	Note	As at 31st March, 2016	As at 31st March, 2015
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	216.39	216.35
Reserves and surplus	4	3,755.32	3,811.13
<b>Minority Interest</b>		25.05	24.80
<b>Deferred tax liabilities (net)</b>	5	-	0.37
<b>Non-current liabilities</b>			
Long-term borrowings	6	42.00	7.00
Other long-term liabilities	7	221.71	172.40
Long-term provisions	8	1,156.99	996.19
<b>Current liabilities</b>			
Short-term borrowings	9	212.78	36.04
Trade payables			
Dues to Micro and Small Enterprises	10	-	-
Dues to Others	11	5,727.65	5,506.31
Other current liabilities	12	891.65	951.50
Short-term provisions	13	2,915.31	2,707.81
<b>TOTAL</b>		<b>15,164.85</b>	<b>14,429.90</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Fixed assets</b>			
Tangible assets	15	3,207.38	2,717.80
Intangible assets	16	12.00	22.03
Capital work-in-progress		427.33	516.30
<b>Goodwill on Consolidation</b>		81.18	81.18
<b>Non-current investments</b>	17	325.00	323.90
<b>Deferred tax assets (net)</b>	18	233.32	199.79
<b>Long-term loans and advances</b>	19	636.17	587.24
<b>Other non-current assets</b>	20	0.20	0.46
<b>Current assets</b>			
Current investments	21	2,422.42	2,701.18
Inventories	22	2,752.13	2,848.79
Trade receivables	23	1,268.51	1,010.28
Cash and bank balances	24	3,027.84	2,689.49
Short-term loans and advances	25	668.69	640.71
Other current assets	26	102.68	90.75
<b>TOTAL</b>		<b>15,164.85</b>	<b>14,429.90</b>
<b>Significant accounting policies</b>	2		
<b>Contingent Liabilities and capital commitments</b>	27, 28		

The accompanying notes are an integral part of these consolidated financial statements

As per our report of even date

For and on behalf of Board of Directors

**For B S R & Co. LLP**

Firm Registration No. 101248W/W - 100022  
Chartered Accountants

**Sanjiv Mehta**

Managing Director and CEO  
[DIN: 06699923]

**PB Balaji**

Executive Director (Finance & IT) and CFO  
[DIN: 02762983]

**Akeel Master**

Partner  
Membership No. 046768

**Aditya Narayan**

Chairman - Audit Committee  
[DIN: 00012084]

**Dev Bajpai**

Executive Director Legal and Company Secretary  
[Membership No. FCS 3354]

**Aasif Malbari**

Group Controller

Mumbai: 9th May, 2016

Mumbai: 9th May, 2016

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS

For the year ended 31st March, 2016

(All amounts in Rs. crores, unless otherwise stated)

	Note	Year ended 31st March, 2016	Year ended 31st March, 2015
<b>REVENUE FROM OPERATIONS (GROSS)</b>	30	35,637.45 (2,443.73) <b>33,193.72</b>	33,903.14 (1,930.95) <b>31,972.19</b>
Less: Excise duty			
Revenue from operations (net)			
Other income	31	397.32	566.65
<b>TOTAL REVENUE</b>		<b>33,591.04</b>	<b>32,538.84</b>
<b>EXPENSES</b>			
Cost of materials consumed	32	11,979.89	12,569.21
Purchases of stock-in-trade	33	3,798.19	3,549.82
Changes in inventories of finished goods (including stock-in-trade) and work-in-progress	34	88.28	57.04
Employee benefits expenses	35	1,742.24	1,723.87
Finance costs	36	4.54	17.70
Depreciation and amortisation expenses	37	357.28	322.39
Other expenses	38	9,635.53	8,658.52
<b>TOTAL EXPENSES</b>		<b>27,605.95</b>	<b>26,898.55</b>
<b>Profit before exceptional items and tax</b>		<b>5,985.09</b>	<b>5,640.29</b>
<b>Exceptional items</b>	39	(38.53)	679.22
<b>Profit before tax</b>		<b>5,946.56</b>	<b>6,319.51</b>
<b>Tax expenses</b>			
Current tax	40	(1,886.38)	(1,959.81)
Deferred tax credit/[charge] [Share of joint venture Rs. 0.37 crores, (2014-15 Rs. 0.15 crores)]	41	33.90	15.81
<b>Profit after tax and before minority interest</b>		<b>4,094.08</b>	<b>4,375.51</b>
Less : Minority Interest		(11.66)	(12.43)
<b>Profit for the year</b>		<b>4,082.42</b>	<b>4,363.08</b>
<b>Earnings per equity share</b>	42		
Basic (Face value of Re. 1 each)		<b>Rs. 18.87</b>	<b>Rs. 20.17</b>
Diluted (Face value of Re. 1 each)		<b>Rs. 18.86</b>	<b>Rs. 20.16</b>
<b>Significant accounting policies</b>	2		

The accompanying notes are an integral part of these consolidated financial statements

As per our report of even date

**For B S R & Co. LLP**

Firm Registration No. 101248W/W - 100022  
Chartered Accountants

**Akeel Master**

Partner  
Membership No. 046768

Mumbai: 9th May, 2016

For and on behalf of Board of Directors

**Sanjiv Mehta**

Managing Director and CEO  
[DIN: 06699923]

**Aditya Narayan**

Chairman - Audit Committee  
[DIN: 00012084]

**Aasif Malbari**

Group Controller

Mumbai: 9th May, 2016

**PB Balaji**

Executive Director (Finance & IT) and CFO  
[DIN: 02762983]

**Dev Bajpai**

Executive Director Legal and Company Secretary  
[Membership No. FCS 3354]

# CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31st March, 2016

*(All amounts in Rs. crores, unless otherwise stated)*

	Year ended 31st March, 2016	Year ended 31st March, 2015
<b>A CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Profit before exceptional items and tax	<b>5,985.09</b>	<b>5,640.29</b>
<i>Adjustments for :</i>		
Depreciation and amortisation expenses	357.28	322.39
Net gain on sale of investments	(101.07)	(294.93)
Profit or Loss on fixed assets sold, scrapped, etc. (net)	20.43	(1.31)
Interest income	(248.12)	(218.26)
Dividend income	(34.84)	(24.31)
Provision for expenses on employee stock options/performance share schemes	19.30	19.41
Provision / (write back) for doubtful debts and advances (net)	(3.47)	(2.12)
Bad debts / advances written off	4.52	13.78
Provision for Mark to Market loss on derivative instruments	6.98	36.60
Unrealised foreign exchange loss (gain)	(0.85)	0.57
Interest expense	4.54	17.70
	<b>24.70</b>	<b>(130.48)</b>
<b>Cash generated from operations before working capital changes</b>	<b>6,009.79</b>	<b>5,509.81</b>
<i>Adjustments for :</i>		
(Increase)/decrease in trade receivables	(258.30)	2.67
(Increase)/decrease in short-term loans & advances	(26.88)	(173.05)
(Increase)/decrease in other current assets	1.85	(2.27)
(Increase)/decrease in long-term loans & advances	(28.98)	25.46
(Increase)/decrease in inventories	96.66	91.04
Increase/(decrease) in trade payables	135.00	(326.73)
Increase/(decrease) in long-term provisions	33.81	24.07
Increase/(decrease) in short-term provisions	(38.59)	144.88
Increase/(decrease) in other current liabilities	(71.78)	(20.90)
Increase/(decrease) in other long-term liabilities	49.31	(107.31)
	<b>(107.90)</b>	<b>(342.14)</b>
<b>Cash generated from operations</b>	<b>5,901.89</b>	<b>5,167.67</b>
Taxes paid (net of refunds)	(1,766.27)	(1,861.59)
<b>Cash flow before exceptional items</b>	<b>4,135.62</b>	<b>3,306.08</b>
<b>Exceptional items:</b>		
Amounts paid for other restructuring activities	(10.28)	(14.17)
<b>Net cash generated from operating activities - [A]</b>	<b>4,125.34</b>	<b>3,291.91</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of tangible/ intangible assets	(824.45)	(605.69)
Sale proceeds of tangible assets	33.09	33.05
Sale / [Purchase] of other non-current investments	(1.10)	56.29
Investment in long-term deposits with banks	0.26	296.27
Purchase of current investments	(20,658.65)	(19,409.54)
Sale proceeds of current investments	21,017.28	19,461.24
Investment in bank deposits (having original maturity more than 3 months)	(2,686.87)	(2,504.88)
Redemption/ maturity of bank deposits (having original maturity more than 3 months)	2,398.00	2,009.97
Interest received	246.80	218.26
Gain on sale of short term highly liquid investments	21.20	-
Dividend received	34.84	24.31
<b>Cash flow before exceptional items</b>	<b>(419.60)</b>	<b>(420.72)</b>

# CASH FLOW STATEMENT (CONTD.)

For the year ended 31st March, 2016

(All amounts in Rs. crores, unless otherwise stated)

	Year ended 31st March, 2016	Year ended 31st March, 2015
<b>Exceptional items :</b>		
Consideration received on disposal of surplus properties	52.19	526.84
Consideration received on disposal of a business/subsidiary	160.74	200.00
Taxes paid for exceptional items	(61.56)	(168.14)
<b>Net cash (used in) / generated from investing activities - [B]</b>	<b>(268.23)</b>	<b>137.98</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Dividends paid	(3,341.72)	(2,911.80)
Dividend distribution tax paid	(673.45)	(525.45)
Amounts deposited in bank accounts towards unpaid dividends	(11.33)	(7.12)
Interest paid	(4.54)	(17.68)
Amounts (repaid) / borrowed for long-term purposes	35.00	(1.44)
Amounts (repaid) / borrowed for short-term purposes	176.74	(1.10)
Proceeds from share allotment under employee stock options / performance share schemes	0.35	2.17
<b>Net cash used in financing activities - [C]</b>	<b>(3,818.95)</b>	<b>(3,462.42)</b>
<b>Net Increase/(Decrease) in Cash and Cash equivalents - [A+B+C]</b>	<b>38.16</b>	<b>(32.53)</b>
<b>Cash and Cash equivalents at the beginning of the year</b>	<b>812.77</b>	<b>845.31</b>
Less: In respect of sold subsidiary company	-	(0.01)
<b>Cash and Cash equivalents at the end of the year</b>	<b>850.93</b>	<b>812.77</b>
<b>Cash and Cash equivalents comprise of:</b>		
Cash on hand	0.47	0.90
Cheques on hand	-	0.35
<b>Balances with banks</b>		
In current accounts	289.12	81.33
Term deposits with original maturity of less than three months	540.00	574.09
<b>Short term, highly liquid investments</b>		
Treasury bills with original maturity of less than three months	-	147.27
<b>Share of Joint Venture</b>		
In current accounts	21.34	8.83
	<b>850.93</b>	<b>812.77</b>

## Notes to the Cash Flow Statement

- The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard 3 (AS - 3), 'Cash Flow Statements'.
- The previous year's figures have been regrouped / restated wherever necessary to conform to this year's classification.
- During the previous year, Aquagel Chemicals Private Limited got merged with Lakme Lever Private Limited pursuant to a scheme of amalgamation as described in Note 1 (a) Group Information. This being a share swap arrangement, is a non-cash transaction.

As per our report of even date

For and on behalf of Board of Directors

### For B S R & Co. LLP

Firm Registration No. 101248W/W - 100022  
Chartered Accountants

### Sanjiv Mehta

Managing Director and CEO  
[DIN: 06699923]

### PB Balaji

Executive Director (Finance & IT) and CFO  
[DIN: 02762983]

### Akeel Master

Partner  
Membership No. 046768

### Aditya Narayan

Chairman - Audit Committee  
[DIN: 00012084]

### Dev Bajpai

Executive Director Legal and Company Secretary  
[Membership No. FCS 3354]

Mumbai: 9th May, 2016

### Aasif Malbari

Group Controller

Mumbai: 9th May, 2016

# NOTES

to the financial statements for the year ended 31st March, 2016

*(All amounts in Rs. crores, unless otherwise stated)*

## 1) GROUP INFORMATION

Hindustan Unilever Limited (the 'Company') is a public limited company domiciled in India and is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). The Company is a market leader in the FMCG business comprising Home and Personal Care (HPC) and Foods and Refreshments. The Company has manufacturing facilities across the country and Research and Development centres in Mumbai and Bengaluru and sells primarily in India through independent distributors and modern trade.

**The Company, its subsidiaries, controlled trust and its joint venture (jointly referred to as the 'Group' herein under) considered in these consolidated financial statements are:**

### A) Subsidiaries:

Name of the Company	Country of Incorporation	% voting power held as at 31st March, 2016	% voting power held as at 31st March, 2015
Unilever India Exports Limited	India	100	100
Unilever Nepal Limited	Nepal	80	80
Daverashola Estates Private Limited	India	100	100
Pond's Exports Limited	India	100	100
Levers Associated Trust Limited	India	100	100
Levindra Trust Limited	India	100	100
Hindlever Trust Limited	India	100	100
Jamnagar Properties Private Limited	India	100	100
Lakme Lever Private Limited	India	100	100

During the previous year, the Group had sold the investments in Brooke Bond Real Estates Private Limited (BBREPL) and accordingly the difference between the proceeds from disposal of investment in the subsidiary and the carrying amount of its assets and liabilities as on the date of disposal was recognised in the consolidated statement of profit and loss as the profit on the disposal of the investment in the subsidiary.

During the previous year, Aquagel Chemicals Private Limited (ACPL) got merged with Lakme Lever Private Limited pursuant to a scheme of amalgamation under Sections 391 to 394 of the Companies Act, 1956 (or re-enactment thereof upon effectiveness of the Companies Act, 2013) as sanctioned by Honourable High Court of Judicature of Bombay vide its Order dated February 06, 2015, the entire business and all assets and liabilities of Aquagel Chemicals Private Limited were transferred and vested in Lakme Lever Private Limited effective from the appointed date, i.e. April 01, 2014.

### B) Controlled Trust :

Name of the Entity	Country of Incorporation	% ownership interest, as at 31st March, 2016	% ownership interest, as at 31st March, 2015
Hindustan Unilever Limited Securitisation of Retirement Benefit Trust	India	100	100

### C) Joint Venture :

Name of the Company	Country of Incorporation	% ownership interest, as at 31st March, 2016	% ownership interest, as at 31st March, 2015
Kimberly Clark Lever Private Limited	India	50	50

### D) Associate :

Section 129 (3) of the Companies Act 2013, requires preparation of consolidated financial statement of the company and of all the subsidiaries including associate company and joint venture businesses in the same form and manner as that of its own. Accounting Standard (AS) 23 on Accounting for Investments in Associates in Consolidated Financial Statements defines Associate Company as an enterprise in which an entity has significant influence and which is neither a subsidiary nor a joint venture of that party. It mentions that if an investing party holds, directly or indirectly through intermediaries, 20 per cent or more of the voting power of the enterprise, it is presumed that the investing party does have significant influence, unless it can be clearly demonstrated that this is not the case.

# NOTES

## to the financial statements for the year ended 31st March, 2016 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

The Company holds investments in the below entities which by share ownership are deemed to be an associate company:

- i) Comfund Consulting Limited (formerly known as Comfund Financial Services India Limited) where the Company has 24% equity holding. This is a NBFC set up between HUL and a partner company, currently dormant.
- ii) Aquagel Chemicals Bhavnagar Private Limited where the Company has 26% equity and 26% preference capital holding. This is a Company engaged in Silica business.

However the Company does not exercise significant influence in any of the above entities, as demonstrated below :

- i) The Company does not have any representation on the board of directors or corresponding governing body of the investee.
- ii) The Company does not participate in policy making process.
- iii) The Company does not have any material transactions with the investee.
- iv) The Company does not interchange any managerial personnel.
- v) The Company does not provide any essential technical information to the investee.

vi) As these are not investments strategic to the core business of HUL, these are intended to be divested/liquidated in the near future.

As the interests in above enterprises originated for investment purposes and are not of sufficient proportions for the Company to be able to control or exercise significant influence on decisions of the investee, these are not being construed as associate companies for the purpose of consolidation and therefore these have not been consolidated in the financial statement of the company.

During the current year, the Group has sold partial stake of the investments in Hi-Tech Surfactants Limited, as a result of which the Group's stake now stands at 18.84%. Since the group holds less than 20% of the voting power of the investee as required by Accounting Standard 23 (AS-23) - 'Accounting for Investments in Associates in Consolidated Financial Statements', this company is not an associate of the Group as at 31st March, 2016.

### E)

Name of the Entity	Net Assets (Total Assets - Total Liabilities)		Share in Profit or Loss	
	As % of Consolidated net assets	Amount	As % of Consolidated profit or loss	Amount
<b>Parent Company</b>				
Hindustan Unilever Limited	92.26%	3,687.29	100.00%	4,082.35
<b>Subsidiaries</b>				
<b>Indian</b>				
Unilever India Exports Limited	9.22%	368.60	2.34%	95.63
Lakme Lever Private Limited	3.01%	120.22	(0.75)%	(30.78)
Pond's Exports Limited	0.20%	7.83	(0.12)%	(4.93)
Daverashola Estates Private Limited	0.10%	4.18	0.00%	-
Levers Associated Trust Limited	0.00%	0.05	0.00%	(0.00)
Levindra Trust Limited	0.00%	0.05	0.00%	(0.00)
Hindlever Trust Limited	0.00%	0.05	0.00%	(0.00)
Jamnagar Properties Private Limited	0.10%	3.91	0.00%	(0.11)
Hindustan Unilever Limited Securitisation of Retirement Benefit Trust	8.76%	350.18	(0.09)%	(3.65)
<b>Foreign</b>				
Unilever Nepal Limited	2.16%	86.33	1.43%	58.28
Minority Interest	0.63%	25.05	0.29%	11.66
<b>Joint Venture</b>				
<b>Indian</b>				
Kimberly Clark Lever Private Limited	0.65%	26.08	(0.23)%	(9.21)
<b>Total Eliminations</b>				
<b>Total</b>	<b>100.00%</b>	<b>3,996.76</b>	<b>100.00%</b>	<b>4,082.42</b>

# NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

## 2) SIGNIFICANT ACCOUNTING POLICIES

### 2.1. Basis of preparation

These consolidated financial statements have been prepared to comply in all material aspects with applicable accounting principles in India, the applicable Accounting Standards prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified) and other accounting principles generally accepted in India, to the extent applicable and in particular Accounting Standard 21 [AS 21] - 'Consolidated Financial Statements' and Accounting Standard 27 [AS 27] - 'Financial Reporting of Interest in Joint Venture'.

The financial statements of the Company, its subsidiaries, controlled trust and the joint venture (on a proportionate basis) have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and the unrealised profits / losses, unless cost cannot be recovered.

The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

The excess of cost to the Group of its investment in subsidiaries, on the acquisition dates over and above the Group's share of equity in the subsidiaries, is recognised as 'Goodwill on Consolidation' being an asset in the consolidated financial statements. The said Goodwill is not amortised, however, it is tested for impairment at each Balance Sheet date and the impairment loss, if any, is provided for. On the other hand, where the share of equity in subsidiaries as on the date of investment is in excess of cost of investments of the Group, it is recognised as 'Capital Reserve' and shown under the head 'Reserves and Surplus' in the consolidated financial statements.

"Minority Interest in the net assets of consolidated subsidiaries is identified and presented in the consolidated Balance Sheet separately from liabilities and equity of the Company's shareholders."

"Minority interest in the net assets of consolidated subsidiaries consists of:

- (a) The amount of equity attributable to minority at the date on which investment in a subsidiary is made; and
- (b) The minority share of movements in equity since the date parent subsidiary relationship came into existence

*(All amounts in Rs. crores, unless otherwise stated)*

Minority interest's share of Net Profit / (Loss) for the year of consolidated subsidiaries is identified and adjusted against the profit after tax of the Group."

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set out in the Schedule III to the Act.

Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle as 12 months for the purpose of current/non-current classification of assets and liabilities.

Transactions and balances with values below the rounding off norm adopted by the Group have been reflected as "0.00" in the relevant notes in these consolidated financial statements.

### 2.2. Revenue recognition

Revenue from sale of goods is recognised when all the significant risks and rewards of ownership in the goods are transferred to the buyer as per the terms of the contract, the Group retains no effective control of the goods transferred to a degree usually associated with ownership and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods. Sales are recognised net of trade discounts, rebates, sales taxes and excise duties (on goods manufactured and outsourced).

Income from export incentives such as duty drawback and premium on sale of import licences, and lease license fee are recognised on accrual basis.

Income from Property Development Activity is recognised in terms of arrangements with developers, where applicable.

Income from services rendered is recognised based on agreements/arrangements with the customers as the service is performed using the proportionate completion method when no significant uncertainty exists regarding the amount of the consideration that will be derived from rendering the service and is recognised net of service tax, as applicable.

Interest on investments is recognised on a time proportion basis taking into account the amounts invested and the rate of interest.

Dividend income on investments is recognised when the right to receive dividend is established.

# NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

## 2.3. Expenditure

Expenses are accounted on accrual basis.

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technical feasibility and other criteria set out in paragraph 44 of AS 26 - 'Intangible assets' have been established, in which case such expenditure is capitalised. The amount capitalised comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Fixed assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for Tangible Assets.

## 2.4. Tangible assets

Tangible assets are stated at acquisition cost, net of accumulated depreciation and accumulated impairment losses, if any. Subsequent expenditures related to an item of tangible asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Items of tangible assets that have been retired from active use and are held for disposal are stated at the lower of their net book value and net realisable value and are shown separately in the financial statements under "Other current assets". Any expected loss is recognised immediately in the Statement of Profit and Loss.

Tangible assets not ready for the intended use on the date of Balance Sheet are disclosed as "Capital work-in-progress".

Losses arising from the retirement of, and gains or losses arising from disposal of tangible assets which are carried at cost are recognised in the Statement of Profit and Loss.

Depreciation is provided on a pro-rata basis on the straight line method over the useful life as prescribed under Schedule II to the Companies Act, 2013 with the exception of the following:

- plant and equipment is depreciated over 2 to 21 years based on the technical evaluation of useful life done by the management.

- certain assets lying at salons and training centre, included in plant and equipment, furniture and fixtures and office equipment, are depreciated over five to nine years.

- assets costing Rs. 5,000 or less are fully depreciated in the year of purchase.

*(All amounts in Rs. crores, unless otherwise stated)*

## 2.5. Intangible assets

Intangible assets are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any. Intangible assets are amortised on the straight line basis as per rates mentioned below:

Asset class	Rate of amortisation
Goodwill	25%
Brands/ trademarks	25%
Computer software	20%

## 2.6. Impairment

Assessment for impairment is done at each Balance Sheet date as to whether there is any indication that an asset (tangible and intangible) may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the individual asset/cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount by recognising the impairment loss as an expense in the Statement of Profit and Loss. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased.

## 2.7. Investments

Investments are classified into current and long term investments. Current investments are stated at the lower of cost and fair value. Long-term investments are stated at cost. A provision for diminution is made to recognise a decline, other than temporary, separately for each individual long term investments.

Investments that are readily realisable and are intended to be held for not more than one year from the date on which such investments are made, are classified as "Current investments". All other investments are classified as "Long-term investments".

Investment in land and buildings that are not intended to be occupied substantially for use by, or in the operations of the company, have been classified as investment property. Investment properties are carried at cost less

# NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

accumulated depreciation and accumulated impairment losses, if any. Depreciation on the building component of the investment property is provided in line with the policy on tangible assets.

## 2.8. Interests in joint venture

Interests in Jointly controlled entities (incorporated Joint Venture) are accounted for using proportionate consolidation method.

## 2.9. Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is computed on a weighted average basis. The net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make the sale. Finished goods and work-in-progress include all costs of purchases, conversion costs and other costs incurred in bringing the inventories to their present location and condition.

## 2.10. Trade receivables and Loans and advances

Trade receivables and Loans and advances are stated after making adequate provisions for doubtful balances.

## 2.11. Provisions and Contingent liabilities

Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the balance sheet date and are not discounted to its present value. These are reviewed at each year end date and adjusted to reflect the best current estimate.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

## 2.12. Retirement / post retirement benefits

### Defined contribution plans

Contributions to defined contribution schemes such as employees' state insurance, labour welfare fund, superannuation scheme, employee pension scheme etc. are charged as an expense based on the amount of contribution required to be made as and when services are rendered by the employees. Group's provident fund

*(All amounts in Rs. crores, unless otherwise stated)*

contribution, in respect of certain employees, is made to a government administered fund and charged as an expense to the Statement of Profit and Loss. The above benefits are classified as Defined Contribution Schemes as the Group has no further defined obligations beyond the monthly contributions.

### Defined benefit plans

In respect of certain employees, provident fund contributions are made to a trust administered by the Group. The interest rate payable to the members of the trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, shall be made good by the Group. The liability in respect of the shortfall of interest earnings of the Fund is determined on the basis of an actuarial valuation. The Group also provides for retirement / post-retirement benefits in the form of gratuity, pensions (in respect of certain employees), compensated absences (in respect of certain employees) and medical. The Group's liability towards such defined benefit plans is determined based on valuations, as at the balance sheet date, made by independent actuaries using the projected unit credit method. Actuarial gains and losses in respect of the defined benefit plans are recognised in the Statement of Profit and Loss in the year in which they arise. The classification of the Group's net obligation into current and non-current is as per the actuarial valuation report.

### Termination benefits

Termination benefits, in the nature of voluntary retirement benefits or termination benefits arising from restructuring, are recognised in the Statement of Profit and Loss when: a) the Group has a present obligation as a result of past event; b) a reliable estimate can be made of the amount of the obligation; and c) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

## 2.13. Income Taxes

Tax expense for the year comprises current tax and deferred tax.

Current tax is measured at the amount expected to be paid to (recovered from) the taxation authorities using the applicable tax rates.

Deferred tax is recognised for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be

# NOTES

## to the financial statements for the year ended 31st March, 2016 (Contd.)

available against which such deferred tax assets can be realised. In situations where the Group has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits. The carrying amount of deferred tax assets is reviewed at each balance sheet date for any write down, as considered appropriate.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

### 2.14. Foreign currency translations

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transaction. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Profit and Loss.

Forward exchange contracts outstanding as at the year end on account of firm commitment transactions are marked to market and the losses, if any are recognised in the Statement of Profit and Loss and gains are ignored in accordance with the Announcement of the Institute of Chartered Accountants of India on 'Accounting for Derivatives' issued in March 2008.

### 2.15. Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. The Group is both a lessee and a lessor under such arrangements. Payments and receipts under such leases are charged or credited to the Statement of Profit and Loss on a straight line basis over the primary period of the lease.

### 2.16. Segment reporting

The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for the Group. Further,

- a) Inter segment revenue has been accounted for based on the transaction price agreed to between segments which is primarily market based.
- b) Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenue and

*(All amounts in Rs. crores, unless otherwise stated)*

expenses, which relate to the Group as a whole and are not allocable to segments on a reasonable basis, have been included under "Un-allocated corporate expenses net of un-allocated income".

### 2.17. Cash and cash equivalents

In the cash flow statement, cash and cash equivalents include cash in hand, term deposits with banks and other short-term highly liquid investments with original maturities of three months or less.

### 2.18. Earnings per share

Basic earnings per share is calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

### 2.19. Employee share based payments

Equity settled stock options granted under "HUL ESOP/ Performance Shares Schemes" are accounted for under the intrinsic value method as per the accounting treatment prescribed by Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, issued by Securities and Exchange Board of India and the Guidance Note on Employee Share-based Payments issued by the Institute of Chartered Accountants of India.

### 2.20. Use of estimates

The preparation of the financial statements in conformity with the generally accepted accounting principles requires that the management makes estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of the financial statements, and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

### 2.21. Government Grants

Government Grants and subsidies are received and recognised after fulfilling the conditions attached to them. Government grants are of the nature of promoters' contribution and are credited to Capital Subsidy which is treated as part of Reserves and Surplus.

# NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 3) SHARE CAPITAL

	As at 31st March, 2016	As at 31st March, 2015
<b>Authorized</b>		
2,25,00,00,000 (March 31, 2015: 2,25,00,00,000) equity shares of Re. 1 each	225.00	225.00
<b>Issued, subscribed and fully paid up</b>		
2,16,39,36,971 (March 31, 2015: 2,16,34,64,851) equity shares of Re. 1 each	216.39	216.35
	<b>216.39</b>	<b>216.35</b>

### a) Reconciliation of the number of shares

	As at 31st March, 2016		As at 31st March, 2015	
	Number of shares	Amount	Number of shares	Amount
<b>Equity Shares</b>				
Balance as at the beginning of the year	2,16,34,64,851	216.35	2,16,26,96,292	216.27
Add: ESOP shares issued during the year (Refer note 44)	4,72,120	0.05	7,68,559	0.08
Balance as at the end of the year	<b>2,16,39,36,971</b>	<b>216.39</b>	2,16,34,64,851	216.35

### b) Rights, preferences and restrictions attached to shares

Equity shares: The Company has one class of equity shares having a par value of Re. 1 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

### c) Shares held by holding company and subsidiaries of holding company in aggregate

	As at 31st March, 2016	As at 31st March, 2015
Equity Shares of Re. 1 held by :		
1,11,43,70,148 shares (March 31, 2015 : 11,143,70,148 shares) held by Unilever PLC, UK, the holding company	111.44	111.44
34,00,42,710 shares (March 31, 2015 : 34,00,42,710 shares) held by subsidiaries of the holding company	34.00	34.00

### d) Details of equity shares held by shareholders holding more than 5% of the aggregate shares in the Company

	As at 31st March, 2016	As at 31st March, 2015
Number of shares	1,11,43,70,148	1,11,43,70,148
Unilever PLC, UK, the holding company	51.50%	51.51%

# NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

(All amounts in Rs. crores, unless otherwise stated)

**e) Shares reserved for issue under options**

	As at 31st March, 2016		As at 31st March, 2015	
	Number of shares	Amount	Number of shares	Amount
Under 2001 HLL Stock Option Plan: equity shares of Re. 1 each, at an exercise price of Rs. 132.05 per share	-	-	23,100	0.00
Under 2006 HUL Performance Share Scheme: equity shares of Re. 1 each, at an exercise price of Re. 1 per share	-	-	3,64,566	0.04
Under 2012 HUL Performance Share Scheme: equity shares of Re. 1 each, at an exercise price of Re. 1 per share	8,85,044	0.09	7,47,221	0.07
	<b>8,85,044</b>	<b>0.09</b>	<b>11,34,887</b>	<b>0.11</b>

For terms and other details refer Note 44

**f) Aggregate number of shares bought back during 5 years immediately preceding March 31, 2016**

	As at 31st March, 2016	As at 31st March, 2015
No. of equity shares bought back by the company	2,28,83,204	2,28,83,204

**4) RESERVES AND SURPLUS**

	As at 31st March, 2016	As at 31st March, 2015
<b>Capital Reserve</b>	<b>4.22</b>	<b>4.22</b>
<b>Capital Redemption Reserve</b>	<b>6.46</b>	<b>6.46</b>
<b>Securities Premium Account</b>		
Balance as at the beginning of the year	81.15	59.75
Add: Additions during the year on exercise of employee stock options	18.46	21.40
Balance as at the end of the year	<b>99.61</b>	<b>81.15</b>
<b>Revaluation Reserve</b>	<b>0.67</b>	<b>0.67</b>
<b>Employee Stock Options Outstanding Account</b>		
Balance as at the beginning of the year	42.79	42.68
Add: Employee compensation expense for the year (Refer Note 44)	19.30	19.41
Less: Utilised during the year	(18.16)	(19.30)
Balance as at the end of the year	<b>43.93</b>	<b>42.79</b>
<b>Capital Subsidy (Received from Government for eligible projects under its scheme)</b>	<b>6.20</b>	<b>6.20</b>
<b>Export Profit Reserve</b>		
Balance as at the beginning of the year	0.04	12.26
Less: Transfer to General Reserve	-	(12.22)
Balance as at the end of the year	<b>0.04</b>	<b>0.04</b>
<b>Development Allowance Reserve</b>		
Balance as at the beginning of the year	-	0.27
Less: Transfer to General Reserve	-	(0.27)
Balance as at the end of the year	<b>-</b>	<b>-</b>
<b>General Reserve</b>		
Balance as at the beginning of the year	2,302.02	2,298.30
Add: Transfer from Export Profit Reserve	-	12.22
Add: Transfer from Development Allowance Reserve	-	0.27
Less: Adjusted for Depreciation (a)	-	(8.77)
Balance as at the end of the year	<b>2,302.02</b>	<b>2,302.02</b>

# NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 4) RESERVES AND SURPLUS (CONTD.)

	As at 31st March, 2016	As at 31st March, 2015
<b>Employees Housing Reserve under Nepal labour laws (e)</b>		
Balance as at the beginning of the year	5.84	5.84
Add: Transfer from Surplus in Statement of Profit and Loss	37.34	-
Balance as at the end of the year	<b>43.18</b>	<b>5.84</b>
<b>Other Reserves (b)</b>		
(Created on amalgamation of Brooke Bond Lipton India Limited)		
<b>Surplus in Statement of Profit and Loss</b>		
Balance as at the beginning of the year	1,359.23	887.70
Add: Profit for the year	4,082.42	4,363.08
Less: Employees Housing Reserve under Nepal labour laws	(37.34)	-
Less: Adjusted for Depreciation (a)	-	(0.14)
<b>Less: Appropriations</b>		
Interim dividend on equity shares for the year [per share Rs. 6.50 (2014-15: Rs. 6 per share)]	(1,406.52)	(1,298.20)
Proposed final dividend on equity shares for the year [per share Rs. 9.50 (2014-15: Rs. 9.00 per share)]	(2,055.74)	(1,947.12)
Dividend distribution tax - net (c)	(695.57)	(646.09)
Balance as at the end of the year	<b>1,246.48</b>	<b>1,359.23</b>
<b>Total</b>	<b>3,755.32</b>	<b>3,811.13</b>

- (a) In the previous year, the Group had adopted estimated useful life of fixed assets as stipulated by Schedule II to the Act. Accordingly, depreciation of Rs. 8.91 crores net of deferred tax of Rs. 4.07 crores on account of assets whose useful life is already exhausted on April 01, 2014 was adjusted against General Reserve and Surplus in Statement of Profit and Loss.
- (b) Not available for capitalisation / declaration of dividend / share buy-back.
- (c) Dividend Distribution Tax (DDT)-net, pertaining to the current year comprises the DDT on interim and proposed final dividend and the credit in respect of tax paid under section 115 O of the Indian Income-tax Act, 1961 by the Company on dividend received from its domestic subsidiaries during the year.
- (d) The Scheme of Arrangement (Scheme) between the Company and its Members, envisages the transfer of entire balance of the holding company amounting to Rs. 2,187.33 crores standing to the credit of General Reserves to the Statement of Profit and Loss. The Scheme, under relevant sections of The Companies Act 1956 and 2013, was approved by the Board of Directors and the Company has filed an application with the Hon'ble High Court of Bombay (Court) during the year. The Scheme is subject to the sanction of the Court, approvals of shareholders and such other approvals as applicable. There is no impact of such Scheme on financial results for the year ended 31st March, 2016.
- (e) Subsequent to Hon'ble Supreme Court of Nepal's order to set aside 5% of annual Gross profit of each year to Housing fund, during the year Group has transferred an amount of Rs.37.34 crores for the period 2005-06 to 2015-16 from Statement of Profit and Loss to Employees Housing Reserve.

## 5) DEFERRED TAX LIABILITIES (NET)

	As at 31st March, 2016	As at 31st March, 2015
Share of Joint Venture - Refer Note 46	-	0.37

# NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 6) LONG-TERM BORROWINGS

	As at 31st March, 2016	As at 31st March, 2015
Secured		
Loan from Bank		7.00
Share of Joint Venture - Refer Note 46	42.00	7.00
	<b>42.00</b>	<b>7.00</b>

### Terms of borrowings are as under:

INR 7.00 Crores loan which is secured against hypothecation of plant asset is repayable by joint venture in 3 annual installments starting from 24th March 2018.

INR 5.00 Crores loan which is secured against hypothecation of plant asset is repayable by joint venture in 3 annual installments starting from 24th April 2018.

INR 7.50 Crores loan which is secured against hypothecation of plant asset is repayable by joint venture in 3 annual installments starting from 05th June 2018.

INR 3.00 Crores loan which is secured against hypothecation of plant asset is repayable by joint venture in 3 annual installments starting from 26th June 2018.

INR 4.00 Crores loan which is secured against hypothecation of plant asset is repayable by joint venture in 3 annual installments starting from 29th September 2018.

INR 3.00 Crores loan which is secured against hypothecation of plant asset is repayable by joint venture in 3 annual installments starting from 6th October 2018.

INR 6.00 Crores loan is repayable by joint venture in 3 annual installments starting from 16th December 2018; in respect of which a letter of comfort has been provided by the Joint Venture Partners.

INR 6.50 Crores loan is repayable by joint venture in 3 annual installments starting from 23rd February 2018; in respect of which a letter of comfort has been provided by the Joint Venture Partners.

## 7) OTHER LONG-TERM LIABILITIES

	As at 31st March, 2016	As at 31st March, 2015
Employee and ex-employee related liabilities	201.55	152.79
Security deposits	20.16	19.61
	<b>221.71</b>	<b>172.40</b>
Share of Joint Venture - Refer Note 46	-	-
	<b>221.71</b>	<b>172.40</b>

## 8) LONG-TERM PROVISIONS

	As at 31st March, 2016	As at 31st March, 2015
Provision for employee benefits (gratuity, pension, medical, compensated absences and others) (Refer Note 43)	540.72	524.68
Provision for Income Tax (net of advance tax)	190.25	131.80
Other provisions (including for statutory levies etc) - net (Refer Note 14)	426.02	339.71
	<b>1,156.99</b>	<b>996.19</b>
Share of Joint Venture - Refer Note 46	-	-
	<b>1,156.99</b>	<b>996.19</b>

# NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 9) SHORT-TERM BORROWINGS

	As at 31st March, 2016	As at 31st March, 2015
<b>Unsecured</b>		
Short-term Loan from Bank	180.00	-
	<b>180.00</b>	-
Share of Joint Venture - Refer Note 46	32.78	36.04
	<b>212.78</b>	<b>36.04</b>

## 10) DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES

	As at 31st March, 2016	As at 31st March, 2015
a. Principal and interest amount remaining unpaid	-	-
b. Interest due thereon remaining unpaid	-	-
c. Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day	-	-
d. Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006	-	-
e. Interest accrued and remaining unpaid	-	-
f. Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	-	-
Share of Joint Venture - Refer Note 46	-	-
	-	-
	-	-

## 11) TRADE PAYABLES

	As at 31st March, 2016	As at 31st March, 2015
Acceptances	343.15	439.65
Trade payables	5,333.04	5,011.82
	<b>5,676.19</b>	<b>5,451.47</b>
Share of Joint Venture - Refer Note 46	51.46	54.84
	<b>5,727.65</b>	<b>5,506.31</b>

# NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

(All amounts in Rs. crores, unless otherwise stated)

## 12) OTHER CURRENT LIABILITIES

	As at 31st March, 2016	As at 31st March, 2015
Unpaid dividends [Refer note (a) below]	105.52	93.60
Statutory dues (including provident fund, tax deducted at source and others)	405.63	408.70
Salaries, wages and bonus payable	202.96	291.04
Advance from customers	42.85	45.08
Other payables (VRS, payable for purchase of tangible assets etc.)	128.32	98.65
Interest accrued but not due	0.08	-
	<b>885.36</b>	<b>937.07</b>
Share of Joint Venture - Refer Note 46	6.29	14.43
	<b>891.65</b>	<b>951.50</b>

- a) There are no amounts due for payment to the Investor Education and Protection Fund Under Section 125 of the Companies Act, 2013 as at the year end.

## 13) SHORT-TERM PROVISIONS

	As at 31st March, 2016	As at 31st March, 2015
Provision for employee benefits (gratuity, pension, medical, compensated absences and others) [Refer Note 43]	35.89	50.88
Provision for income tax (net of advance tax)	121.28	107.58
Provision for wealth tax (net of advance tax)	6.73	6.73
Others		
Provision for proposed final dividend [Refer Note 29]	2,055.74	1,947.12
Provision for dividend distribution tax on proposed final dividend	418.51	396.39
Other provisions (including for restructuring etc.) [Refer Note 14]	276.45	198.20
	<b>2,914.60</b>	<b>2,706.90</b>
Share of Joint Venture - Refer Note 46	0.71	0.91
	<b>2,915.31</b>	<b>2,707.81</b>

## 14) MOVEMENT IN OTHER PROVISIONS (SHORT TERM AND LONG TERM) (REFER NOTES 8 AND 13)

	Indirect Taxes	Legal & Other Matters	Total
Balance as at March 31, 2014	196.74	207.63	404.37
Provision/reclassified during the previous year	73.52	121.33	194.85
Amount utilised/reversed during the previous year	(10.77)	(50.53)	(61.30)
<b>Balance as at March 31, 2015</b>	<b>259.49</b>	<b>278.43</b>	<b>537.92</b>
Provision/reclassified during the year	63.82	216.14	279.96
Amount utilised/reversed during the year	(71.20)	(44.21)	(115.41)
<b>Balance as at the end of the year</b>	<b>252.11</b>	<b>450.36</b>	<b>702.47</b>

It is not practicable for the Group to estimate the timings of cash outflows, if any, in respect of the above, pending resolution.

# NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

## 15) TANGIBLE ASSETS

(Own assets, unless otherwise stated)

	Land	- Freehold	- Leasehold	Buildings	Plant & equipment	Furniture & fixtures	Vehicles	Office equipment	- Railway slidings	Others	Total	Share in Joint Venture	Grand Total	
<b>Gross Block</b>											<b>4,648.77</b>	<b>50.37</b>	<b>4,699.14</b>	
<b>Balance as at 1st April 2014</b>	<b>76.30</b>	<b>56.47</b>		<b>1,132.82</b>	<b>3,175.54</b>	<b>101.72</b>	<b>1.55</b>	<b>104.36</b>		<b>0.01</b>	<b>4,648.77</b>	<b>50.37</b>	<b>4,699.14</b>	
Additions/Adjustments	0.21	-	(15.27)	51.84	361.64	11.45	0.00	8.73	-	43.87	17.62	451.49		
Deletions				(15.41)	[56.33]	(4.95)	(0.12)	(7.17)	-	(111.04)	(16.24)	(127.28)		
<b>Balance as at 31st March 2015</b>	<b>61.24</b>	<b>40.68</b>		<b>1,173.25</b>	<b>3,480.85</b>	<b>108.22</b>	<b>1.43</b>	<b>105.92</b>		<b>0.01</b>	<b>4,971.60</b>	<b>51.75</b>	<b>5,023.35</b>	
Additions	0.00	1.48	(0.62)	107.00	755.38	7.81	0.14	25.99	-	897.80	12.01	909.81		
Deletions				(29.05)	[150.85]	(1.02)	(0.20)	(11.44)	-	(194.01)	(0.47)	(194.48)		
<b>Balance as at 31st March 2016</b>	<b>60.41</b>	<b>41.54</b>		<b>1,251.20</b>	<b>4,085.38</b>	<b>115.01</b>	<b>1.37</b>	<b>120.47</b>		<b>0.01</b>	<b>5,675.39</b>	<b>63.29</b>	<b>5,738.68</b>	
<b>Accumulated Depreciation</b>														
<b>Balance as at 1st April 2014</b>	<b>0.07</b>			<b>13.05</b>	<b>287.21</b>	<b>1,627.87</b>	<b>45.91</b>	<b>1.45</b>		<b>59.81</b>	<b>0.01</b>	<b>2,035.38</b>	<b>22.82</b>	<b>2,058.20</b>
Additions/Adjustments	-	0.89	(4.63)	35.84	237.40	8.07	0.01	21.26	-	303.47	7.62	311.09		
Deletions				(1.21)	(43.92)	(3.73)	(0.10)	(6.58)	-	(60.17)	(16.55)	(76.72)		
Adjusted with General Reserve and Profit & Loss	-	-	-	0.38	-	3.30	-	9.30	-	12.98	-	-	12.98	
<b>Balance as at 31st March 2015</b>	<b>0.07</b>	<b>9.31</b>		<b>322.22</b>	<b>1,821.35</b>	<b>53.55</b>	<b>1.36</b>	<b>83.79</b>		<b>0.01</b>	<b>2,291.66</b>	<b>13.89</b>	<b>2,305.55</b>	
Additions/Adjustments	-	2.33	(0.17)	35.58	284.98	8.55	0.02	11.18	-	342.64	11.03	353.67		
Deletions				(2.37)	[116.37]	(1.77)	(0.20)	(6.76)	-	(127.64)	(0.28)	(127.92)		
Adjusted with General Reserve and Profit & Loss	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Balance as at 31st March 2016</b>	<b>0.07</b>	<b>11.47</b>		<b>355.43</b>	<b>1,989.96</b>	<b>60.33</b>	<b>1.18</b>	<b>88.21</b>		<b>0.01</b>	<b>2,506.66</b>	<b>24.64</b>	<b>2,531.30</b>	
<b>Net Block</b>														
<b>Balance as at 31st March 2015</b>	<b>61.17</b>	<b>31.37</b>		<b>851.03</b>	<b>1,659.50</b>	<b>54.67</b>	<b>0.07</b>	<b>22.13</b>		<b>-</b>	<b>2,679.94</b>	<b>37.86</b>	<b>2,717.80</b>	
<b>Balance as at 31st March 2016</b>	<b>60.34</b>	<b>30.07</b>		<b>895.77</b>	<b>2,095.42</b>	<b>54.68</b>	<b>0.19</b>	<b>32.26</b>		<b>-</b>	<b>3,168.73</b>	<b>38.65</b>	<b>3,207.38</b>	

### NOTES :

- (a) Buildings include Rs. 0.01 crores (March 31, 2015 - Rs. 0.01 crores) being the value of shares in co-operative housing societies.
- (b) The title deeds of Freehold Land aggregating Rs. 2.47 crores (March 31, 2015 - Rs. 2.47 crores), Leasehold Land, net block aggregating Rs. 5.05 crores, (March 31, 2015 - Rs. 5.06 crores) are in the process of perfection of title.
- (c) Disposal / Transfers include Assets held for sale shown under Other current assets [Refer note 26] : Gross block Rs. 18.64 crores (March 31, 2015 - Rs. 1.13 crores), Accumulated depreciation Rs. 5.41 crores (March 31, 2015 - Rs. 0.08 crores) and Net block Rs. 13.23 crores (March 31, 2015 - Rs. 1.05 crores).
- (d) During the previous year, the group had adopted estimated useful life of fixed assets as stipulated by Schedule II to the Companies Act, 2013, applicable for accounting periods commencing from 1st April 2014 or re-assessed useful life based on technical evaluation. Accordingly, depreciation of Rs. Nil (March 31, 2015 - Rs. 12.98 crores) on account of assets whose useful life is already exhausted as on 1st April 2014 was adjusted against Retained earnings.
- (e) Under the Gudalur Janmam Estates (Abolition and Conversion into Ryotwari) Act, 1969, the right and title to certain leasehold land may be altered at a later date, the nature and effect of which cannot be ascertained at present. However, appropriate steps have been taken to protect the Group's interest.

# NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

- (f) Accelerated depreciation of Rs. Nil (March 31, 2015 - Rs.3.51) on plant and equipment has been included in exceptional items (Refer note 39) as the Group's share of joint venture.
- (g) An amount of Rs. 7.00 crores (March 31, 2015 - Nil) included in Gross Block additions/adjustments and Rs. 7.00 crores (March 31, 2015 - Nil) included in Accumulated depreciation additions/adjustments being Group's share in joint venture which represents the value of machine which was identified for disposal in previous year has been reclassified and transferred back to fixed asset during the year as the machine has been put back to use.
- (h) The above assets includes assets given on lease, details given below :

	Building	Plant & equipment	Furniture & fixtures	Office equipment	Total
Gross Block as at 31st March 2015	0.55	120.98	0.07	0.22	121.82
Accumulated Dep. as at 31st March 2015	(0.12)	(61.97)	(0.02)	(0.19)	(62.30)
<b>Net Block as at 31st March 2015</b>	<b>0.43</b>	<b>59.01</b>	<b>0.05</b>	<b>0.03</b>	<b>59.52</b>
Gross Block as at 31st March 2016	0.53	123.99	0.06	0.23	124.81
Accumulated Dep. as at 31st March 2016	(0.13)	(63.49)	(0.02)	(0.20)	(63.84)
<b>Net Block as at 31st March 2016</b>	<b>0.40</b>	<b>60.50</b>	<b>0.04</b>	<b>0.03</b>	<b>60.97</b>

## 16) INTANGIBLE ASSETS

*(Acquired, unless otherwise stated)*

	Goodwill	Brands/ Trademarks	Computer Software	Total
<b>Gross Block</b>				
<b>Balance as at 1st April 2014</b>	<b>6.34</b>	<b>159.85</b>	<b>132.38</b>	<b>298.57</b>
Additions	-	-	8.76	8.76
Deletions	-	-	(0.05)	(0.05)
<b>Balance as at 31st March 2015</b>	<b>6.34</b>	<b>159.85</b>	<b>141.09</b>	<b>307.28</b>
Additions	-	-	0.56	0.56
Deletions	-	-	(0.01)	(0.01)
<b>Balance as at 31st March 2016</b>	<b>6.34</b>	<b>159.85</b>	<b>141.64</b>	<b>307.83</b>
<b>Accumulated Depreciation</b>				
<b>Balance as at 1st April 2014</b>	<b>6.34</b>	<b>152.35</b>	<b>115.76</b>	<b>274.45</b>
Additions	-	3.75	7.10	10.85
Deletions	-	-	(0.05)	(0.05)
<b>Balance as at 31st March 2015</b>	<b>6.34</b>	<b>156.10</b>	<b>122.81</b>	<b>285.25</b>
Additions	-	3.75	6.84	10.59
Deletions	-	-	(0.01)	(0.01)
Reserves Impact	-	-	-	-
<b>Balance as at 31st March 2016</b>	<b>6.34</b>	<b>159.85</b>	<b>129.64</b>	<b>295.83</b>
<b>Net Block</b>				
<b>Balance as at 31st March 2015</b>	<b>-</b>	<b>3.75</b>	<b>18.28</b>	<b>22.03</b>
<b>Balance as at 31st March 2016</b>	<b>-</b>	<b>-</b>	<b>12.00</b>	<b>12.00</b>

# NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 17) NON - CURRENT INVESTMENTS (VALUED AT COST UNLESS OTHERWISE STATED)

	As at 31st March, 2016	As at 31st March, 2015
Trade Investments		
Unquoted	323.43	323.51
Other Investments		
Quoted	1.19	0.01
Unquoted	0.38	0.38
	<b>325.00</b>	<b>323.90</b>
Aggregate amount of quoted investments	1.19	0.01
Market value of quoted investments	0.02	0.02
Aggregate amount of unquoted investments	<b>323.81</b>	323.89

## 18) DEFERRED TAX ASSETS (NET)

	As at 31st March, 2016	As at 31st March, 2015
<b>Deferred tax assets</b>		
Provision for post retirement benefits and other employee benefits	158.83	154.23
Provision for doubtful debts and advances	22.61	31.48
Expenses allowable for tax purposes when paid	141.35	139.13
Depreciation	0.40	0.51
Other timing differences	194.93	151.78
	<b>518.12</b>	<b>477.13</b>
<b>Deferred tax liabilities</b>		
Depreciation	(284.80)	(277.34)
	<b>233.32</b>	<b>199.79</b>
Share of Joint Venture - Refer Note 46	-	-
	<b>233.32</b>	<b>199.79</b>

- (a) Refer Note 4(a) for utilisation of Deferred Tax of Rs. Nil (2014-15: Rs. 4.07 crores) for depreciation on account of assets whose useful life is already exhausted on 1st April 2014 has been adjusted against General reserve.
- (b) Deferred tax balances of the Group have been aggregated on a line by line basis for the like items.

# NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 19) LONG-TERM LOANS AND ADVANCES

**(Unsecured, considered good unless otherwise stated)**

	As at 31st March, 2016	As at 31st March, 2015
Capital advances	18.04	9.63
Security deposits		
Deposits with customs, port trust, excise, and other government authorities	27.69	35.21
Deposits with others	116.28	113.28
Advance income tax (net of provision for tax)	389.96	376.35
Advance agriculture tax (net of provision for tax)	5.09	5.09
Other loans and advances (includes employee advances, advances for materials etc)		
- Considered good	31.78	7.35
- Considered doubtful	35.10	46.60
- Less : Provision for doubtful loans and advances	(35.10)	(46.60)
	<b>588.84</b>	<b>546.91</b>
Share of Joint Venture - Refer Note 46	47.33	40.33
	<b>636.17</b>	<b>587.24</b>

## 20) OTHER NON-CURRENT ASSETS

	As at 31st March, 2016	As at 31st March, 2015
<b>Long term deposits with original maturity of more than twelve months</b>	0.20	0.46
	<b>0.20</b>	<b>0.46</b>
Share of Joint Venture - Refer Note 46	-	-
	<b>0.20</b>	<b>0.46</b>

## 21) CURRENT INVESTMENTS (WITH ORIGINAL MATURITY BETWEEN 3 MONTHS AND 12 MONTHS)

**(At cost or market value, whichever is less)**

	As at 31st March, 2016	As at 31st March, 2015
Quoted Investments	1,337.92	1,767.49
Unquoted Investments	1,084.50	933.69
	<b>2,422.42</b>	<b>2,701.18</b>
Share of Joint Venture - Refer Note 46	-	-
	<b>2,422.42</b>	<b>2,701.18</b>
Aggregate amount of quoted investments	1,337.92	1,767.49
Market value of quoted investments	1,363.99	1,792.03
Aggregate amount of unquoted investments	1,084.50	933.69

# NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 22) INVENTORIES

(At the lower of cost and net realisable value)

	As at 31st March, 2016	As at 31st March, 2015
Raw materials [includes in transit: Rs. 62.62 crores, (March 31,2015: Rs. 24.88 crores)]	906.76	895.75
Packing materials	124.50	132.15
Work-in-progress	375.87	318.19
Finished goods [(includes in transit: Rs. 30.13 crores, (March 31,2015: Rs. 29.56 crores)]	1,248.29	1,399.82
Stores and spares	70.66	69.62
	<b>2,726.08</b>	<b>2,815.53</b>
Share of Joint Venture - Refer Note 46	26.05	33.26
	<b>2,752.13</b>	<b>2,848.79</b>

Finished goods include stock-in-trade, as both are stocked together

## 23) TRADE RECEIVABLES

(Unsecured unless otherwise stated)

	As at 31st March, 2016	As at 31st March, 2015
<b>Trade receivables outstanding for a period exceeding six months from the date they were due for payment</b>		
Considered good	30.81	37.01
Considered doubtful	30.14	41.08
	<b>60.95</b>	<b>78.09</b>
<b>Other trade receivables</b>		
Considered Good	1,233.71	969.91
Considered doubtful	-	-
	<b>1,233.71</b>	<b>969.91</b>
Less: Provision for doubtful debts	(30.14)	(41.08)
	<b>1,264.52</b>	<b>1,006.92</b>
Share of Joint Venture - Refer Note 46	3.99	3.36
	<b>1,268.51</b>	<b>1,010.28</b>

# NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

(All amounts in Rs. crores, unless otherwise stated)

## 24) CASH AND BANK BALANCES

	As at 31st March, 2016	As at 31st March, 2015
<b>A. Cash and Cash Equivalents</b>		
Cash on hand	0.47	0.90
Cheques/drafts on hand	-	0.35
<b>Balances with banks</b>		
In current accounts	289.12	81.33
Term deposits with original maturity of less than three months	540.00	574.09
<b>Short term, highly liquid investments</b>		
Treasury bills with original maturity of less than three months	-	147.27
Share of Joint Venture - Refer Note 46	21.34	8.83
<b>Sub Total - (A)</b>	<b>850.93</b>	<b>812.77</b>
<b>B. Other Bank Balances</b>		
Term deposit with maturity of more than three months but less than twelve months and with maturity less than twelve months from the Balance Sheet date [including lien and margin money deposits Rs Nil (March 31, 2015: Rs 2.08 crores)]	2,073.20	1,784.36
Unpaid dividend account	103.63	92.30
Share of Joint Venture - Refer Note 46	0.08	0.06
<b>Sub Total - (B)</b>	<b>2,176.91</b>	<b>1,876.72</b>
<b>Total (A+B)</b>	<b>3,027.84</b>	<b>2,689.49</b>

## 25) SHORT-TERM LOANS AND ADVANCES

(Unsecured, considered good unless otherwise stated)

	As at 31st March, 2016	As at 31st March, 2015
<b>Others Loans and Advances</b>		
Other loans and advances (advances, prepaid expenses etc.)*	405.88	427.50
<b>Others</b>		
Cenvat receivable	235.42	181.92
VAT credit receivable	26.45	27.03
	<b>667.75</b>	<b>636.45</b>
Share of Joint Venture - Refer Note 46	0.94	4.26
	<b>668.69</b>	<b>640.71</b>

\* Other loans and advances include Current account balances with group companies and joint venture amounting to Rs. 48.47 crores (March 31, 2015 - Rs. 51.05 crores).

# NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 26) OTHER CURRENT ASSETS

**(Unsecured, considered good unless otherwise stated)**

	As at 31st March, 2016	As at 31st March, 2015
Income accrued on investments	7.81	14.00
Income accrued on deposits	40.66	33.15
Export benefits receivable	31.27	33.97
Tangible assets held for sale (at lower of cost and net realisable value)(Refer Note 15 c)	21.84	9.38
	<b>101.58</b>	<b>90.50</b>
Share of Joint Venture - Refer Note 46	1.10	0.25
	<b>102.68</b>	<b>90.75</b>

## 27) CONTINGENT LIABILITIES

	As at 31st March, 2016	As at 31st March, 2015
<b>Claims against the Group not acknowledged as debts</b>		
Income tax matters	653.98	565.50
Sales tax matters - Rs. 40.95 crores [March 31, 2015 - Rs. 40.54 crores] net of tax	63.37	61.42
Excise duty, service tax and customs duty matters - Rs. 154.51 crores [March 31, 2015 - Rs. 134.74 crores] net of tax	237.06	204.12
Other matters including claims related to employees/ ex employees, property related demands, etc - Rs. 53.02 crores [March 31, 2015 - Rs. 67.72 crores] net of tax	87.60	93.51
Corporate Guarantee	8.20	8.20
<b>Total</b>	<b>1,050.21</b>	<b>932.75</b>
Share of Joint Venture - Refer Note 46	80.37	58.03
(a) It is not practicable for the Group to estimate the timings of cash outflows, if any, in respect of the above pending resolution of the respective proceedings as it is determinable only on receipt of judgements/decisions pending with various forums/authorities.		
(b) The Group does not expect any reimbursements in respect of the above contingent liabilities.		
(c) The Group's pending litigations comprise of claims against the Group by employees and pertaining to proceedings pending with Income Tax, Excise, Custom, Sales/VAT tax and other authorities. The Group has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The Group does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.		
(d) The Group has given Bank Guarantees in respect of certain matters of above contingent liabilities.		

# NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 28) CAPITAL COMMITMENTS

	As at 31st March, 2016	As at 31st March, 2015
Estimated value of contracts in capital account remaining to be executed and not provided for (net of capital advances)	<b>147.97</b>	166.78
Share of Joint Venture - Refer Note 46	<b>147.97</b> 3.58 <b>151.55</b>	166.78 0.13 <b>166.91</b>

## 29) PROPOSED DIVIDEND

	As at 31st March, 2016	As at 31st March, 2015
The final dividend proposed for the year is as follows:		
On equity shares of Re. 1 each	2,055.74	1,947.12
Amount of dividend proposed	Rs.9.50	Rs.9.00
Dividend per equity share		

## 30) REVENUE FROM OPERATIONS

	Year ended 31st March, 2016	Year ended 31st March, 2015
Sale of products	34,751.74	32,944.20
Other operating revenue		
Income from services rendered to group companies	489.64	511.88
Others [including salon services, export incentives, scrap sales, commission, lease license fee etc.]	221.36	260.59
	<b>35,462.74</b>	<b>33,716.67</b>
Less: Excise Duty [includes share of Joint Venture Rs. 11.24 crores (2014-15 - Rs. 12.00 crores)]	(2,443.73)	(1,930.95)
	<b>33,019.01</b>	<b>31,785.72</b>
Share of Joint Venture - Refer Note 46	174.71	186.47
	<b>33,193.72</b>	<b>31,972.19</b>

# NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 31) OTHER INCOME

	Year ended 31st March, 2016	Year ended 31st March, 2015
<b>Interest Income</b>		
From non-current investments	-	0.01
From bank deposits	207.41	176.14
From others [includes interest on income tax refund of Rs. 7.51 crores (2014-15: Rs. 7.79 crores)]	40.71	42.11
<b>Dividend income</b>		
From current investments	34.07	24.05
From non-current investments	0.77	0.26
<b>Net gain on sale of current investments</b>	101.07	294.93
<b>Miscellaneous income</b>	13.01	26.23
	<b>397.04</b>	<b>563.73</b>
Share of Joint Venture - Refer Note 46	0.28	2.92
	<b>397.32</b>	<b>566.65</b>

## 32) COST OF MATERIALS CONSUMED

	Year ended 31st March, 2016	Year ended 31st March, 2015
Raw materials consumed	9,294.25	9,850.32
Packing material consumed	2,592.04	2,609.63
	<b>11,886.29</b>	<b>12,459.95</b>
Share of Joint Venture - Refer Note 46	93.60	109.26
	<b>11,979.89</b>	<b>12,569.21</b>

## 33) PURCHASES OF STOCK - IN - TRADE

	Year ended 31st March, 2016	Year ended 31st March, 2015
Purchases of goods	3,795.15	3,548.02
	<b>3,795.15</b>	<b>3,548.02</b>
Share of Joint Venture - Refer Note 46	3.04	1.80
	<b>3,798.19</b>	<b>3,549.82</b>

# NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 34) CHANGES IN INVENTORIES OF FINISHED GOODS (INCLUDING STOCK-IN-TRADE) AND WORK-IN-PROGRESS

	Year ended 31st March, 2016	Year ended 31st March, 2015
<b>Opening inventories</b>		
Finished goods	1,399.82	1,389.21
Work-in-progress	318.19	337.93
<b>Closing inventories</b>		
Finished goods	(1,248.29)	(1,399.82)
Work-in-progress	(375.87)	(318.19)
<b>Excise duty on increase/(decrease) of finished goods</b>	(8.40)	51.03
	<b>85.45</b>	<b>60.16</b>
Share of Joint Venture - Refer Note 46	2.83	(3.12)
	<b>88.28</b>	<b>57.04</b>

## 35) EMPLOYEE BENEFITS EXPENSE

	Year ended 31st March, 2016	Year ended 31st March, 2015
Salaries, wages, bonus, etc.	1,499.91	1,510.43
Contribution to provident fund and other funds	80.95	62.13
Gratuity (Refer Note 43)	16.67	12.46
Expense on employee stock option schemes (Refer Note 44)	19.30	19.41
Workmen and staff welfare expenses	112.74	106.68
	<b>1,729.57</b>	<b>1,711.11</b>
Share of Joint Venture - Refer Note 46	12.67	12.76
	<b>1,742.24</b>	<b>1,723.87</b>

## 36) FINANCE COSTS

	Year ended 31st March, 2016	Year ended 31st March, 2015
Interest expense on bank overdraft / short-term and long-term borrowings	1.33	0.23
Interest on Income tax	-	0.02
Interest expense on security deposit	-	16.59
	<b>1.33</b>	<b>16.84</b>
Share of Joint Venture - Refer Note 46	3.21	0.86
	<b>4.54</b>	<b>17.70</b>

# NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 37) DEPRECIATION AND AMORTIZATION EXPENSE

	Year ended 31st March, 2016	Year ended 31st March, 2015
Depreciation on tangible assets	342.66	306.65
Amortisation on intangible assets	10.59	10.85
Depreciation on investment property	-	0.78
	<b>353.25</b>	<b>318.28</b>
Share of Joint Venture - Refer Note 46	4.03	4.11
	<b>357.28</b>	<b>322.39</b>

## 38) OTHER EXPENSES

	Year ended 31st March, 2016	Year ended 31st March, 2015
Consumption of stores & spares	70.29	141.80
Power, fuel, light and water	309.21	346.97
Processing charges	259.99	291.62
Rent [Refer note (a) below]	255.64	219.13
Repairs to buildings	17.56	15.08
Repairs to plant and equipment	102.33	92.12
Repairs others	11.79	14.39
Insurance	13.93	6.66
Rates & taxes (excluding income tax)	125.57	128.95
Advertising and sales promotion	4,595.18	3,943.59
Carriage and freight	1,525.71	1,460.40
Provision / (write back) for doubtful debts and advances (net)	(3.47)	(2.12)
Bad debts / advances written off	4.52	13.78
Travelling and motor car expenses	182.32	170.99
(Profit)/Loss on fixed assets sold, scrapped, etc. [net]	20.43	(1.31)
Royalty	903.55	751.19
Corporate social responsibility expense [Refer note (b) below]	95.57	88.13
Miscellaneous expenses	1,093.88	919.30
	<b>9,584.00</b>	<b>8,600.67</b>
Share of Joint Venture - Refer Note 46	51.53	57.85
	<b>9,635.53</b>	<b>8,658.52</b>

- (a)** The Group's significant leasing arrangements are in respect of operating leases for premises (residential, office, stores, godown etc.) and computers. These leasing arrangements which are not non-cancellable (other than specified in note below), range between 11 months and 10 years generally, or longer, and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable are charged as rent in the statement of Profit and Loss. The Group has also given certain land and building on operating lease to a third party which has been disposed in the previous year. The lease arrangement was for a period of 5 years, including a non-cancellable term of 3 years. The license fee of Rs. Nil (2014-15 - Rs. 26.22 crores) on such lease is included in other operating revenue.

## NOTES

### to the financial statements for the year ended 31st March, 2016 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

With respect to non-cancellable period of the operating lease, the future minimum lease license fee receivable is as follows:

	Year ended 31st March, 2016	Year ended 31st March, 2015
Not later than one year	1.10	1.00
Later than one year and not later than five years	1.30	0.95

The Group has entered into agreement to take certain land and building on operating lease for warehousing activities from a third party in the previous year. The lease arrangement is for 10 years, including a non-cancellable term of 9 years. The lease rent of of Rs. 13.05 crores (2014-15 : Rs. 6.26 crores) on such lease is included in Rent (Refer Note 38).

	Year ended 31st March, 2016	Year ended 31st March, 2015
Lease rental payable		
Not later than one year	11.91	11.40
Later than one year and not later than five years	68.14	50.96
Later than five year	23.51	52.60

**(b)** The Group has spent Rs. 95.57 crores (2014-15: Rs. 88.13 crores) towards various schemes of Corporate Social Responsibility as prescribed under section 135 of the Companies Act, 2013. The details are:

- I. Gross amount required to be spent by the Group during the year: Rs. 95.39 crores (2014-15: Rs. 83.17 crores)
- II. Amount spent during the year on:

	In cash/payable	Yet to be paid in Cash	Total
i) Construction/Acquisition of any asset	-	-	-
ii) For purposes other than (i) above	( - )	( - )	( - )
	95.57	-	95.57
	[88.13]	-	[88.13]

*(figures in brackets pertain to 2014-15)*

III. Above includes a contribution of Rs. 7.50 crores (2014-15: Rs. 24.68 crores) to subsidiary Hindustan Unilever Foundation which is a Section 8 registered company under Companies Act, 2013, with the main objectives of working in the areas of social, economic and environmental issues such as women empowerment, water harvesting, health and hygiene awareness and enable the less privileged segments of the society to improve their livelihood by enhancing their means and capabilities to meet the emerging opportunities.

IV. The group does not carry any provisions for Corporate social responsibility expenses for current year and previous year.

# NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 39) EXCEPTIONAL ITEMS

	Year ended 31st March, 2016	Year ended 31st March, 2015
i) Profit on disposal of surplus properties	63.15	510.51
ii) Profit on disposal of business/subsidiary	50.05	181.16
iii) Reduction in liability for retirement benefits arising from actuarial assumption changes	-	5.23
<b>Total exceptional income (A)</b>	<b>113.20</b>	<b>696.90</b>
i v) Restructuring costs :		
a) Increase in liability for retirement benefits arising from actuarial assumption changes	(7.50)	-
b) Other costs	(141.82)	(14.17)
<b>Total exceptional expenditure (B)</b>	<b>(149.32)</b>	<b>(14.17)</b>
<b>Exceptional items (net) (A-B)</b>	<b>(36.12)</b>	<b>682.73</b>
Share of Joint Venture - Refer Note 46*	(2.41)	(3.51)
	<b>(38.53)</b>	<b>679.22</b>

\*Group's share of joint venture in exceptional items represents accelerated depreciation of Rs. Nil (March 31, 2015 - Rs. 3.51 crores) on plant and equipment [Refer note 15(g)].

## 40) CURRENT TAX

	Year ended 31st March, 2016	Year ended 31st March, 2015
Income tax for the year	1,939.97	1,929.03
Adjustments/(credits) related to previous year - (net)	(53.59)	30.78
	<b>1,886.38</b>	<b>1,959.81</b>
Share of Joint Venture - Refer Note 46	-	-
	<b>1,886.38</b>	<b>1,959.81</b>

## 41) DEFERRED TAX

	Year ended 31st March, 2016	Year ended 31st March, 2015
Deferred tax for the year - (credit)	(33.53)	(19.61)
Adjustments related to previous year - (net)	-	3.65
	<b>(33.53)</b>	<b>(15.96)</b>
Share of Joint Venture - Refer Note 46	(0.37)	0.15
	<b>(33.90)</b>	<b>(15.81)</b>

# NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

(All amounts in Rs. crores, unless otherwise stated)

## 42) EARNINGS PER SHARE HAS BEEN COMPUTED AS UNDER:

	Year ended 31st March, 2016	Year ended 31st March, 2015
Profit for the year	4,082.42	4,363.08
Weighted average number of equity shares outstanding	2,16,37,96,723	2,16,31,11,502
Earnings Per Share (Rs.) - Basic (Face value of Re. 1 per share)	Rs. 18.87	Rs. 20.17
Add: Weighted average number of potential equity shares on account of employee stock options/ performance share schemes	7,21,610	11,63,349
Weighted average number of Equity shares (including dilutive shares) outstanding	2,16,45,18,333	2,16,42,74,851
Earnings Per Share (Rs.) - Diluted (Face value of Re. 1 per share)	Rs. 18.86	Rs. 20.16

## 43) DEFINED BENEFIT PLANS

	Gratuity		Management Pension		Officers Pension		Provident Fund #		Post Retirement Medical Benefits	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
<b>I Components of Employer Expense</b>										
(a) Current Service Cost	12.98	10.48	5.55	5.40	0.40	0.48	55.10	55.50	0.28	0.51
(b) Interest Cost	16.52	15.23	36.43	38.30	0.86	1.16	113.60	112.80	10.52	14.14
(c) Expected Return on Plan Assets	(12.82)	(12.46)	(7.45)	(6.82)	(3.60)	(4.18)	(131.10)	(114.70)	-	-
(d) Actuarial (Gain)/Loss	7.70	27.58	(11.96)	(1.02)	(1.50)	(0.22)	17.50	1.90	6.81	(33.31)
<b>(e) Total expense/(gain) recognised in the statement of profit and loss</b>	<b>24.37</b>	<b>40.82</b>	<b>22.57</b>	<b>35.86</b>	<b>(3.85)</b>	<b>(2.76)</b>	<b>55.10</b>	<b>55.50</b>	<b>17.62</b>	<b>(18.66)</b>
<b>II Net Asset/ (Liability) recognised in Balance Sheet as at 31st March, 2016</b>										
(a) Present Value of Obligation as at 31st March, 2016	216.82	204.14	475.82	464.94	9.57	11.68	1,615.80	1,448.60	146.32	136.61
(b) Fair Value of Plan Assets as at 31st March, 2016	(192.46)	(163.33)	(98.67)	(94.38)	(46.64)	(49.91)	(1,615.80)	(1,448.60)	-	-
(c) (Asset)/Liability recognised in the Balance Sheet (Refer notes *, \$ and @ below)	24.37	40.81	377.15	370.56	- *	- *	(0.01)	(0.01)	146.31	136.60
Note: # Refer footnote at the bottom of note 43										
* The excess of assets over liabilities in respect of Officer's Pension have not been recognised as they are lying in an Income Tax approved irrevocable trust fund										
@ Refer note 14 (c) of the standalone financial statements in respect of the Company's investment in Hindustan Unilever Limited Securitisation of Retirement Benefit Trust covering management pension and post retirement medical benefits										
<b>III Change in Defined Benefit Obligations (DBO) during the year ended as on 31st March, 2016</b>										
(a) Present Value of Obligation as at 31st March, 2015	204.14	169.21	464.94	442.00	11.70	13.78	1,448.60	1,275.90	136.60	162.57
(b) Current Service Cost	12.98 \$	10.48	5.55	5.40	0.40	0.48	55.10	55.50	0.28	0.51
(c) Interest Cost	16.52	15.23	36.43	38.30	0.86	1.16	113.60	112.80	10.52	14.14
(d) Settlement Cost/(Credit)	(9.19) *	-	-	-	(0.54)	(1.02)	(15.90)	(0.40)	-	-

# NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 43) DEFINED BENEFIT PLANS (CONTD.)

		Gratuity		Management Pension		Officers Pension		Provident Fund #		Post Retirement Medical Benefits	
		2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	(e) Acquisition Adjustment	-	-	-	-	-	-	-	-	-	-
	(f) Employees' contribution	-	-	-	-	-	-	130.70	113.50	-	-
	(g) Actuarial (Gain)/Loss	7.54	30.00	(10.03)	(0.06)	(0.63)	(0.27)	14.60	4.40	6.81	(33.31)
	(h) Benefits Paid			(20.77)	(21.06)	(20.70)	(2.21)	(2.45)	(130.90)	(113.10)	(7.90)
	<b>(i) Present Value of Obligation as at 31st March, 2016</b>	<b>216.82</b>	204.14	<b>475.82</b>	464.94	<b>9.57</b>	11.68	<b>1,615.80</b>	1,448.60	<b>146.32</b>	136.61
	\$ Includes an amount of Rs. Nil (2014-15: Rs.0.79 cr) towards cost borne by a fellow subsidiary.										
<b>IV</b>	<b>Changes in the Fair value of Plan Assets</b>										
	(a) Present Value of Plan Assets as at 31st March, 2015	163.33	168.37	<b>94.38</b>	95.73	<b>49.92</b>	57.76	<b>1,448.60</b>	1,275.90	-	-
	(b) Acquisition Adjustment	-	-	-	-	-	-	-	-	-	-
	(c) Expected Return on Plan Assets	12.82	12.46	<b>7.45</b>	6.82	<b>3.60</b>	4.18	<b>131.10</b>	114.70	-	-
	(d) Actuarial Gain/(Loss)	[0.17]	2.42	<b>1.92</b>	0.96	<b>0.88</b>	[0.05]	<b>[2.90]</b>	2.50	-	-
	(e) Assets distributed on settlements	(9.19) *	-	-	-	(0.54)	(5.53)	(15.90)	(0.40)	-	-
	(f) Employer's Contribution	40.82	0.85	<b>15.97</b>	11.57	<b>[5.00]</b>	(4.00)	<b>55.10</b>	55.50	<b>7.90</b>	7.30
	(g) Employees' contribution	-	-	-	-	-	-	<b>130.70</b>	113.50	-	-
	(h) Benefits Paid			(20.77)	(21.06)	(20.70)	(2.21)	(2.45)	(130.90)	(113.10)	(7.90)
	<b>(i) Fair Value of Plan Assets as at 31st March, 2016</b>	<b>192.46</b>	163.33	<b>98.67</b>	94.38	<b>46.64</b>	49.91	<b>1,615.80</b>	1,448.60	-	-
	& The gratuity obligation and assets of Rs. 9.19 cr towards employees of Modern Foods business sold during the year.										
<b>V</b>	<b>Actual return on Plan Assets</b>	12.66	14.88	<b>9.38</b>	7.78	<b>4.48</b>	4.13	<b>128.20</b>	117.20	-	-
<b>VI</b>	<b>Actuarial Assumptions</b>										
	<b>Financial Assumptions:</b>										
	(a) Discount Rate (per annum)	7.80%	7.90%	<b>7.80%</b>	7.90%	<b>7.80%</b>	7.90%	<b>7.80%</b>	7.90%	<b>7.80%</b>	7.90%
	(b) Expected Rate of Return on Assets (per annum)	7.30%	7.30%	<b>7.10%</b>	7.10%	<b>7.40%</b>	7.40%	<b>8.94%</b>	8.88%	<b>N.A.</b>	N.A.
	(c) Annual Increase in Healthcare Costs (per annum)	N.A.	N.A.	<b>N.A.</b>	N.A.	<b>N.A.</b>	N.A.	<b>N.A.</b>	N.A.	<b>9.00%</b>	9.00%
	The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.										

# NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

(All amounts in Rs. crores, unless otherwise stated)

## 43) DEFINED BENEFIT PLANS (CONTD.)

	Gratuity		Management Pension		Officers Pension		Provident Fund #		Post Retirement Medical Benefits	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
<b>Demographic Assumptions:</b>										
Mortality in Service : Indian Assured Lives										
Mortality (2006-08) Ultimate table										
Mortality in Retirement : LIC Buy-out										
Annuity Rates & UK Published PA (90)										
Annuity Rates suitably adjusted for Indian Lives.										
<b>VII Effect of Increase or Decrease in Healthcare costs</b>										
<b>Effect of 1% increase in Healthcare Costs on</b>										
- the aggregate of service cost and interest cost									1.44	1.50
- Defined Benefit Obligation									18.08	17.97
<b>Effect of 1% decrease in Healthcare Costs on</b>										
- the aggregate of service cost and interest cost									(1.22)	(1.32)
- Defined Benefit Obligation									(15.23)	(15.91)
<b>VIII Percentage of each Category of Plan Assets to total Fair Value of Plan Assets as at 31st March, 2016</b>										
(a) Government of India Securities	7.00%	9.00%	-	-	-	-	42.00%	43.00%	-	-
(b) Corporate Bonds	6.00%	7.00%	-	-	-	-	42.00%	40.00%	-	-
(c) Bank Deposits (Special Deposit Scheme, 1975)	-	-	-	-	-	-	12.00%	14.00%	-	-
(d) Administered by Life Insurance Corporation of India	87.00%	84.00%	100.00%	100.00%	100.00%	100.00%	-	-	-	-
(e) Others	-	-	-	-	-	-	3.00%	3.00%	-	-
<b>IX Expected Employers contribution for the next year</b>	24.37	40.83	3.00	40.00	-	-	61.70	60.00	7.90	7.33
	Gratuity		Management Pension		Officers Pension		Provident Fund #		Post Retirement Medical Benefits	
<b>X Present value of DBO, Fair Value of Plan Assets, Deficit/(Surplus), Experience Adjustments for current and earlier periods:</b>										
<b>i For the year ended 31st March, 2016</b>										
Present value of DBO		216.82		475.82		9.57		1,615.80		146.32
Fair value of plan assets		192.46		98.67		46.64		1,615.80		-
Deficit/ (Surplus)		24.37		377.15		(37.07)		-		146.32
Experience adjustments on plan liabilities		3.12		[12.24]		(0.67)		14.60		5.15
Experience adjustments on plan assets		(0.17)		1.92		0.88		(2.90)		-

# NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 43) DEFINED BENEFIT PLANS (CONTD.)

	Gratuity	Management Pension	Officers Pension	Provident Fund #	Post Retirement Medical Benefits
<b>ii For the year ended 31st March, 2015</b>					
Present value of DBO	204.16	464.94	11.68	1,448.60	136.61
Fair value of plan assets	163.33	94.38	49.91	1,448.60	-
Deficit/ (Surplus)	40.83	370.56	[38.23]	-	136.61
Experience adjustments on plan liabilities	9.19	[8.03]	[0.71]	4.40	2.68
Experience adjustments on plan assets	2.42	0.96	[0.05]	[2.5]	-
<b>iii For the year ended 31st March, 2014</b>					
Present value of DBO	169.22	442.00	13.78	1,275.90	162.57
Fair value of plan assets	168.37	95.73	57.76	1,275.90	-
Deficit/ (Surplus)	0.85	346.27	[43.97]	-	162.57
Experience adjustments on plan liabilities	7.56	8.66	[1.35]	9.90	[10.15]
Experience adjustments on plan assets	4.74	0.44	1.17	[3.70]	-
<b>iv For the year ended 31st March, 2013</b>					
Present value of DBO	170.80	435.62	15.70	1,145.40	184.56
Fair value of plan assets	148.69	95.98	59.89	1,145.40	-
Deficit/ (Surplus)	22.11	339.64	[44.19]	-	184.56
Experience adjustments on plan liabilities	7.02	[14.41]	2.08	12.30	[8.62]
Experience adjustments on plan assets	2.92	3.91	1.85	5.10	-
<b>v For the year ended 31st March, 2012</b>					
Present value of DBO	149.80	427.84	15.90	-	181.54
Fair value of plan assets	132.55	91.86	62.19	-	-
Deficit/ (Surplus)	17.25	335.98	[46.29]	-	181.54
Experience adjustments on plan liabilities	7.24	2.25	2.47	-	1.87
Experience adjustments on plan assets	0.21	4.65	0.68	-	-
<hr/>					
	<b>Gratuity</b>				
	2016				
<b>XI Share of Joint Venture [Refer Note 46]</b>	2015				
<b>i Components of Employer Expense</b>					
(a) Current Service Cost	0.19				
(b) Interest Cost	0.10				
(c) Expected Return on Plan Assets	[0.08]				
(d) Actuarial (Gain)/Loss	0.03				
<b>(e) Total expense/(gain) recognised in the statement of profit and loss</b>	0.24				
<b>ii Net Asset/ (Liability) recognised in Balance Sheet as at 31st March, 2016</b>					
(a) Present Value of Obligation as at 31st March, 2016	1.43				
(b) Fair Value of Plan Assets as at 31st March, 2016	0.99				
(c) (Asset)/Liability recognised in the Balance Sheet	[0.44]				
	0.60				

# NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 43) DEFINED BENEFIT PLANS (CONTD.)

	Gratuity	
	2016	2015
<b>XI Share of Joint Venture (Refer Note 46) (contd.)</b>		
<b>iii Change in Defined Benefit Obligations (DBO) during the year ended as on 31st March, 2016</b>		
(a) Present Value of Obligation as at 31st March, 2015	1.30	0.83
(b) Current Service Cost	0.19	0.18
(c) Interest Cost	0.10	0.07
(d) Settlement Cost/(Credit)	-	(0.00)
(e) Acquisition Adjustment	-	-
(f) Employees' contribution	-	-
(g) Actuarial (Gain)/Loss	-	-
(h) Benefits Paid	(0.09)	(0.10)
<b>(i) Present Value of Obligation as at 31st March, 2016</b>	<b>1.50</b>	<b>0.97</b>
<b>iv Changes in the Fair value of Plan Assets</b>		
(a) Present Value of Plan Assets as at 31st March, 2015	0.70	0.68
(b) Acquisition Adjustment	-	-
(c) Expected Return on Plan Assets	0.08	0.06
(d) Actuarial Gain/(Loss)	(0.10)	0.03
(e) Assets distributed on settlements	-	(0.00)
(f) Employer's Contribution	0.40	0.05
(g) Employees' contribution	-	-
(h) Benefits Paid	(0.09)	(0.10)
<b>(i) Fair Value of Plan Assets as at 31st March, 2016</b>	<b>0.99</b>	<b>0.70</b>
<b>v Actuarial Assumptions</b>		
(a) Discount Rate (per annum)	7.70%	7.80%
(b) Expected Rate of Return on Assets (per annum)	9.15%	8.75%

The Guidance Note on Implementing AS 15, 'Employee Benefits' issued by the Accounting Standard Board (ASB) of the Institute of Chartered Accountants of India states that Provident Funds set up by employers that guarantee a specified rate of return and which require interest shortfall to be met by the employer would be defined benefit plans in accordance with the requirements of paragraph 26(b) of AS 15. The year 2012-13 was the first year in which the actuary had given the detailed disclosures in the actuarial valuation report, in view of the issuance of the Guidance Note by the Institute of Actuaries of India. Accordingly the compliance with the disclosure requirements of paragraph 120(n) of AS 15: Employee Benefits in respect of Provident Fund has been done prospectively from 2012-13.

# NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 44) EMPLOYEE STOCK OPTION PLAN

The Group implemented '2001 HLL Stock Option Plan' at the Annual General Meeting held on 22nd June, 2001. The plan envisaged grant of share options to eligible employees at market price as defined in Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

This plan was amended and revised vide '2006 HLL Performance Share Scheme' at the Annual General Meeting held on 29th May, 2006. This scheme provided for conditional grant of Performance Shares at nominal value to eligible management employees as determined by the Compensation Committee of the Board of Directors from time to time, at the end of 3-year performance period. The performance measures under this scheme include group underlying sales growth and free cash flow. The scheme also provided for 'Par' awards for the managers at different work levels.

The 2006 scheme was further amended and revised vide '2012 HUL Performance Share Scheme' at the Annual General Meeting held on 23rd July, 2012. This scheme provided for conditional grant of Performance Shares at nominal value to eligible management employees as determined by the Nomination and Remuneration Committee of the Board of Directors from time to time, at the end of 3-year performance period. The performance measures under this scheme include group underlying sales growth, core operating margin improvement and operating cash flow.

The number of shares allocated for allotment under the 2006 and 2012 Performance Share Schemes is 2,00,00,000 (two crores) equity shares of Re. 1/- each. The schemes are monitored and supervised by the Nomination and Remuneration Committee of the Board of Directors in compliance with the provisions of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and amendments thereof from time to time.

Scheme	Year	Date of Grant	Number of Options Granted	Vesting Conditions	Exercise Period	Exercise Price (INR) per share	Weighted Average Exercise Price (INR) per share
2001 HLL Stock Option Plan	2005	27-May-05	15,47,700	Vested after three years from date of grant	7 years from date of vesting	132.05	132.05
2006 HUL Performance Share Scheme	2012	17-Feb-12	4,20,080	Vested after three years from date of grant	3 months from date of vesting	1.00	1.00
	Interim 2012	30-Jul-12	51,385			1.00	1.00
2012 HUL Performance Share Scheme	2013	18-Mar-13	3,68,023	Vested after three years from date of grant		1.00	1.00
	Interim 2013	29-Jul-13	25,418			1.00	1.00
	2014	14-Feb-14	2,62,155			1.00	1.00
	Interim 2014	28-Jul-14	16,805			1.00	1.00
	2015	13-Feb-15	1,42,038			1.00	1.00
	Interim 2015	27-Jul-15	12,322			1.00	1.00
	2016	11-Feb-16	1,57,193			1.00	1.00

# NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

(All amounts in Rs. crores, unless otherwise stated)

## 44) EMPLOYEE STOCK OPTION PLAN (CONTD.)

Number of Share Options							
Scheme	Year	Outstanding at the beginning of the year	Granted during the year*	Forfeited/ Expired during the year	Exercised during the year	Exercisable at the end of the year	Outstanding at the end of the year
2001 HLL Stock Option Plan	2004	-	-	-	-	-	-
	2005	(68,900) 23,100 (1,16,400)	-	-	(68,900) 23,100 (93,300)	(23,100)	(23,100)
2006 HUL performance Share Scheme	2011	-	-	-	-	-	-
	Interim 2011	(3,50,503)	-	-	(3,50,503)	-	-
	2012	-	(41,282) 3,24,629 (3,59,170)	(18,507)	(59,789) 3,24,629 (1,96,067)	-	(3,24,629)
	Interim 2012	39,937	18,305	-	58,242	-	-
		(42,707)	-	(2,770)	-	-	(39,937)
2012 HUL Performance Share Scheme	2013	3,19,252 (3,47,484)	55,602	- (28,232)	66,149	3,08,705	3,08,705
	Interim 2013	25,418 (25,418)	-	2,374	-	-	(3,19,252) 23,044
	2014	2,43,708 (2,62,155)	-	11,945 (18,447)	-	-	2,31,763 (2,43,708)
	Interim 2014	16,805	-	-	-	-	16,805
	2015	-	(16,805) 1,42,038	-	-	-	(16,805) 1,36,054
	Interim 2015	-	12,322	-	-	-	(1,42,038) 12,322
	2016	-	1,57,193	842	-	-	1,56,351
		-	-	-	-	-	-

\* Granted during the year includes additional shares granted upon meeting the vesting conditions

(figures in bracket pertain to 2014-15)

The Group has adopted the intrinsic value method as permitted by the SEBI Guidelines and the Guidance Note on Accounting for Employee Share Based Payment issued by the Institute of Chartered Accountants of India in respect of stock options granted.

The Group's profit for the year and earnings per share would have been as under, had the compensation cost for employees' stock options been recognized based on the fair value at the date of grant in accordance with Black Scholes model. The fair value of the underlying shares has been determined by an independent valuer.

# NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 44) EMPLOYEE STOCK OPTION PLAN (CONTD.)

	As at 31st March, 2016	As at 31st March, 2015
Profit for the year	4,082.42	4,363.08
Add: Reduction in employee compensation cost based on fair value	4.11	2.87
Profit for the year as per fair value method	4,086.53	4,365.95
<b>Basic Earnings Per Share (EPS)</b>		
Weighted average number of equity shares	2,16,37,96,723	2,16,31,11,502
Basic EPS as reported (in Rs.) (Refer Note 42)	18.87	20.17
Proforma Basic EPS (in Rs.)	18.89	20.18
<b>Diluted Earnings Per Share (EPS)</b>		
Weighted average number of equity shares (including dilutive ESOP shares)	2,16,45,18,333	2,16,42,74,851
Diluted EPS as reported (in Rs.) (Refer Note 42)	18.86	20.16
Proforma Diluted EPS (in Rs.)	18.88	20.17
<b>Weighted average equity share price at the date of exercise of options (in Rs.)</b>	<b>848.21</b>	<b>696.07</b>
<b>Weighted average remaining contractual life of options (in years)</b>	<b>1.34</b>	<b>1.34</b>

**The following assumptions were used for calculation of fair value of grants:**

	As at 31st March, 2016	As at 31st March, 2015
Risk-free interest rate (%)	7.40%	7.86%
Expected life of options (years) [(year to vesting) + (contractual option term)/2]	3.125	3.125
Expected volatility (%)	26.30%	25.44%
Dividend yield	1.88%	1.51%

The risk free interest rates are determined based on the zero-coupon sovereign bond yields with maturity equal to the expected term of the option. Volatility calculation is based on historical stock prices using standard deviation of daily change in stock price. The historical period taken into account to match the expected life of the option. Dividend yield has been calculated taking into account expected rate of dividend on equity share price as on grant date.

**Effect of share-based payment plan on the Statement of Profit and Loss:**

	As at 31st March, 2016	As at 31st March, 2015
Expense arising from employee share-based payment plan	19.30	19.41

# NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 45) DERIVATIVE INSTRUMENTS

- 1** The Group uses forward exchange contracts to hedge against its foreign currency exposures relating to the firm commitments. The Group does not enter into any derivative instruments for trading or speculative purposes. The forward exchange contracts outstanding as at March 31, 2016 are as under:

Currency exchange	GBP/ INR	EUR/ INR	USD/ INR	SEK/ INR	CAD/ INR	NZD/ INR	CHF/ INR	SGD/ INR	THB/ INR	AUD/ INR	GBP/ USD
a. Number of 'buy' contracts	9.06	27.13	60.00	7.02	-	1.00	4.00	8.00	1.00	-	-
	(7.08)	(42.02)	(39.06)	(10.00)	(2.00)	-	-	(9.00)	-	(0.01)	-
b. Aggregate "buy" foreign currency amount [crores]	0.16	2.30	5.05	0.17	-	0.01	0.02	0.16	0.01	-	-
	(0.22)	(2.69)	(5.23)	(1.78)	(0.12)	-	-	(0.18)	-	(0.01)	-
c. Number of 'sell' contracts	0.20	0.13	0.84	1.00	0.02	-	-	-	-	0.08	-
	(0.04)	(0.16)	(1.58)	-	-	-	-	-	-	(0.08)	-
d. Aggregate "sell" foreign currency amount [crores]	0.53	0.27	6.26	0.04	0.01	-	-	-	-	0.19	-
	(0.45)	(0.27)	(3.45)	-	-	-	-	-	-	(0.09)	-

*(figures in bracket pertain to 2014-15)*

- 2** The foreign currency exposures not hedged in respect of payables [net] as at the year end are as under:

Currency exchange	GBP	EUR	USD	SEK	JPY	NZD	CHF	SGD	THB	CAD	AUD
Unhedged exposure in currency [crores]	0.02	0.05	0.01	0.08	0.12	0.00	0.001	0.01	0.05	0.01	0.01
	(0.00)	(0.08)	(0.01)	(0.05)	(0.10)	-	(0.00)	(0.01)	(0.02)	(0.00)	(0.02)

*(figures in bracket pertain to 2014-15)*

## 3 Mark-to-Market Losses

	As at 31st March, 2016	As at 31st March, 2015
Mark-to-market losses provided for	6.98	36.60

# NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 46) SHARE IN JOINT VENTURE

The Group has the following investment, in a jointly controlled entity.

Name	Country of Incorporation	Percentage of ownership interest as at 31st March, 2016	Percentage of ownership interest as at 31st March, 2015
Kimberly - Clark Lever Private Limited	India	50%	50%

The Group's share of each of the assets, liabilities, income, expenses, etc (each without elimination of the effect of transactions between the Group and the Joint Venture) related to its interest in this joint venture, based on the audited financial statements are :

	As at 31st March, 2016	As at 31st March, 2015
<b>(a) ASSETS</b>		
Fixed Assets (including capital work-in-progress)	58.47	43.57
Long-term loans and advances	47.33	40.33
Inventories	26.05	33.26
Trade receivables	3.99	3.36
Cash and bank balances	21.43	8.89
Short-term loans and advances	0.94	4.26
Other current assets	1.10	0.25
<b>(b) LIABILITIES</b>		
Long-term borrowings	42.00	7.00
Deferred tax liability (net)	-	0.37
Short-term borrowings	32.78	36.04
Trade payables	51.46	54.84
Other current liabilities	6.29	14.43
Short-term provisions	0.71	0.91
<b>(c) INCOME</b>	163.75	177.39
<b>(d) EXPENSES</b>	170.92	183.52
<b>(e) OTHERS MATTERS</b>		
Contingent liabilities	80.37	58.03
Capital commitments	3.58	0.13

- 47)** The Group has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Group has reviewed and ensured that adequate provision as required under any law / accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) has been made in the books of accounts.
- 48)** A profit of Rs. 50.05 crores, hitherto is recognised in the Statement of Profit and Loss under Exceptional Items on sale of bread and bakery business under the brand 'Modern' to Modern Foods Enterprises Private Limited (formerly known as Nimman Foods Private Limited), in line with our strategy to exit non-core businesses. Sales upto March 31, 2016 of the aforesaid business is recognised in our books.
- 49)** The amount of exchange differences included in the net profit for the period is Rs. 8.77 crores gain (2014-15: Rs. 9.76 crores loss). Net foreign exchange (gain)/loss includes exchange differences on settlement/restatement of all monetary items and mark to market valuation of outstanding forward contracts on account of firm commitments.

## 50) PREVIOUS YEAR FIGURES

Previous year's figures have been regrouped/restated wherever necessary to conform with this year's classification.

# NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 51) RELATED PARTY DISCLOSURES

### A. Enterprises exercising control

(i) Holding Company : Unilever PLC

### B. Other Related Parties with whom the Company had transactions during the year

(ii) Fellow Subsidiaries :	Brooke Bond Assam Estates Limited Brooke Bond Group Limited Brooke Bond South India Estates Limited Conopco, Inc. Corporativo Unilever De Mexico, S.De R.L. De C.V. (Merged) Elida Nepal (Pvt) Ltd. Glidat Strauss Limited Lever International Marine Supplies (LIMS) BV Lipton Soft Drinks Ireland Mascolo Brothers Limited OOO Unilever Russia P.T. Unilever Indonesia, Tbk. Tigi Holdings Limited Tigi Linea International B.V. Tigi Linea, LP UL Research & Development Vlaard Unilever Algerie Spa Unilever Andina Colombia Ltd Unilever Ascc AG Unilever Asia Private Limited Unilever Australasia Unilever Australia Limited Unilever Australia Trading Limited Unilever Bangladesh Limited Unilever Brasil Limited Unilever Business And Marketing Support AG Unilever Canada INC Unilever Canada-Food Solutions Unilever Chile S.A. Unilever Chile Home And Personal Care Limitada Unilever China Limited Unilever Cote D'Ivoire Unilever De Argentina SA Unilever De Mexico S De RL Unilever Employment Services B.V. Unilever Europe IT Services Unilever Gulf Free Zone Establishment, Arabia Unilever Hong Kong Limited Unilever Industries Private Limited
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# NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 51) RELATED PARTY DISCLOSURES (CONTD.)

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Unilever Iran (Private Joint Stock Company)  
 Unilever Israel Marketing Limited  
 Unilever Europe Business Center BV  
 Unilever Italy Holdings Srl  
 Unilever Japan  
 Unilever Kenya Ltd  
 Unilever Korea  
 Unilever Lipton Ceylon Limited  
 Unilever Maghreb Exports SA, Tunisia  
 Unilever (Malaysia) Holdings Sdn Bhd  
 Unilever Market Development (pty) Limited  
 Unilever Mashreq International Company  
 Unilever N.V.  
 Unilever Nigeria Plc.  
 Unilever Overseas Holdings AG  
 Unilever Overseas Holdings BV  
 Unilever Pakistan Limited  
 Unilever Philippines , Inc.  
 Unilever Research and Development Vlaardingen B.V.  
 Unilever Sanayi ve Ticaret Türk A.S.  
 Unilever Singapore PTE LTD  
 Unilever SNG  
 Unilever South Africa (Pty) Limited  
 Unilever South Central Europe S.R.L  
 Unilever Sri Lanka Limited  
 Unilever Supply Chain Company AG  
 Unilever Taiwan Limited  
 Unilever Thai Services Limited  
 Unilever Thai Trading Limited  
 Unilever Trading LLC  
 Unilever U.K. Central Resources Limited  
 Unilever UK & CN Holdings Limited  
 Unilever United States, Inc.  
 Unilever Ventures India Advisory Private Ltd  
 Unilever Vietnam International Company Limited  
 Unilever Zimbabwe (Pvt) Limited  
 Walls (China) Co. Limited  
 Unilever Andina Ecuador  
 Toni & Guy Product Limited  
 Unilever Belgium BVBA  
 Unilever Technology Ventures Advisory Company LLC  
 Unilever Iran  
 USUP Spolka z ograniczoną odpo

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# NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 51) RELATED PARTY DISCLOSURES (CONTD.)

	Unilever UK Limited
	Unilever Japan BEV
	Unilever South East Africa - Z
	Binzagr Unilever Ltd
	AL Gurg Lever LLC
	Severn Gulf FZE
	Unilever Korea Chusik Hoesa
	Unilever Japan K.K.
	Unilever San Mersin FTZ
	Unilever Bahrain W.L.L.
	Unilever Indonesia Holding B.V
	Unilever Mozambique Limitada
	Unilever Ghana Ltd
	Pt Unilever Oleochemical Indonesia
	Unilever Research Laboratory Pvt Limited
	Unilever Deutschland Holding GmbH
	Unilever Mashreq - Personal Care
(ii) Joint Ventures	: Kimberly Clark Lever Private Limited
(iii) Associate	: Aquagel Chemicals Bhavnagar Pvt. Ltd. Hitech Surfactants Pvt Ltd (up to March 22, 2016) Comfund Consulting Limited (formerly known as Comfund Financial Services India Limited)
(iv) Key Management Personnel	: Hindustan Field Services Private Limited (up to March 10, 2015) BP Biddappa Dev Bajpai Geetu Verma Hemant Bakshi (up to September 30, 2014) Manish Tiwary (up to November 30, 2014) PB Balaji (with effect from July 1, 2014) Pradeep Banerjee Priya Nair (with effect from October 1, 2014) Punit Misra (with effect from November 1, 2014) Samir Singh (with effect from October 1, 2014) Sanjiv Mehta Sridhar Ramamurthy (up to June 30, 2014)
(v) Other (Non Executive Chairman)	: Harish Manwani (from January 1, 2015)
(vi) Employees' Benefit Plans where there is significant influence	: Hind Lever Gratuity Fund The Hind Lever Pension Fund The Union Provident Fund
(vii) Controlled Entity (Sec. 8 Companies Act 2013)	: Bhavishya Alliance Child Nutrition Initiatives (100%) (with effect from March 12, 2015) Hindustan Unilever Foundation (76%)

# NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 51) RELATED PARTY DISCLOSURES (CONTD.)

Disclosure of transactions between the Group and Related Parties and the status of outstanding balances as on 31st March, 2016

		For the Year ended 31st March, 2016	For the Year ended 31st March, 2015
<b>Holding Company</b>	: Dividend paid	1,727.27	1,504.40
	Royalty expense	892.58	728.28
	Income from services rendered	473.10	484.05
	Outstanding as at the year end :		
	- Trade payables	176.13	137.37
<b>Fellow Subsidiaries</b>	: Sale of finished goods / raw materials etc	727.93	661.46
	Purchased of fixed assets	-	0.48
	Purchase of finished goods / raw materials etc	418.74	332.35
	Rent income	1.40	1.10
	Sale of fixed assets	0.50	0.62
	Income from services rendered	16.55	27.84
	Management fees paid	13.16	1.73
	Dividend paid	527.07	459.06
	Royalty expense	10.96	8.61
	Expenses shared by fellow subsidiaries	4.17	3.86
	Maintenance and support costs for licences and software	8.45	6.09
	Reimbursements paid	105.15	66.67
	Reimbursements received	32.09	21.43
	Outstanding as at the year end:		
	- Current account balances receivable with fellow subsidiaries	34.96	35.14
	- Trade receivables	174.29	138.68
	- Trade payables	135.74	76.52
<b>Joint Venture (to the extent not consolidated)</b>	: Purchase of finished goods / raw materials etc.	173.17	183.93
	Reimbursements received	36.03	40.42
	Investment in equity shares	14.95	22.52
	Outstanding as at the year end :		
	- Current account balances receivable with joint ventures	13.52	15.92
	- Trade payables	0.84	1.19
<b>Associate</b>	: Processing charges	8.40	10.12
	Expense for business support services	-	318.60
	Dividend Income	-	0.26
	Purchase of finished goods / raw materials etc.	10.33	9.33
	Rent income	0.23	0.98
	Reimbursement of expenses	1.64	0.28
	Outstanding as at the year end :		
	- Trade payables	2.11	1.23
<b>Key Management Personnel</b>	: Remuneration	51.67	71.68
	Dividend paid	0.62	0.46
	Consideration received on exercise of options	0.01	0.39
<b>Other (Non Executive Chairman)</b>	: Dividend paid	0.02	0.01

# NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 51) RELATED PARTY DISCLOSURES (CONTD.)

**Disclosure of transactions between the Group and Related Parties and the status of outstanding balances as on 31st March, 2016**

	For the Year ended 31st March, 2016	For the Year ended 31st March, 2015
<b>Employees' Benefit</b>		
<b>Plans where there is significant influence :</b>		
Contributions during the year (Employer's contribution only)	81.81	38.15
Outstanding as at the year end :		
- Advances recoverable in cash or kind or for value to be received	17.14	-
- Payables	-	1.36
<b>Controlled Entity (Sec. 8 Companies Act 2013)</b>		
Contribution to fund	7.50	24.68
Reimbursements received	0.10	-

**Disclosure in respect of transactions which are more than 10% of the total transactions of the same type with related parties during the year**

	For the Year ended 31st March, 2016	For the Year ended 31st March, 2015
<b>Dividend paid</b>		
Unilever PLC	1,727.27	1,504.40
<b>Royalty expense</b>		
Unilever PLC	892.58	728.28
<b>Income from services rendered</b>		
Unilever PLC	473.10	484.05
<b>Sale of finished goods / raw materials etc.</b>		
Unilever Asia Private Limited	191.18	146.85
Unilever Gulf Free Zone Establishment, Arabia	177.04	164.43
<b>Purchase of fixed assets</b>		
Unilever Europe IT Services	-	0.48
<b>Purchase of finished goods / raw materials etc.</b>		
Kimberly Clark Lever Private Limited	173.17	183.93
Unilever Supply Chain Company AG	175.18	168.00
Unilever Asia Private Limited	100.28	148.33
Unilever Industries Private Limited	73.23	6.03
<b>Rent income</b>		
Unilever Industries Private Limited	1.40	1.10
Hindustan Field Services Private Limited	-	0.84
<b>Sale of fixed assets</b>		
Unilever Sri Lanka Limited	0.50	0.62
<b>Management fees paid</b>		
Unilever Industries Private Limited	13.16	1.73
<b>Expenses shared by fellow subsidiaries</b>		
Unilever Industries Private Limited	4.17	3.86
<b>Dividend Income</b>		
Hindustan Field Services Private Limited	-	0.26

# NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 51) RELATED PARTY DISCLOSURES (CONTD.)

**Disclosure in respect of transactions which are more than 10% of the total transactions of the same type with related parties during the year**

	For the Year ended 31st March, 2016	For the Year ended 31st March, 2015
<b>Maintenance and support costs for licences and software</b>		
Unilever N.V.	6.07	4.41
Unilever U.K. Central Resources Limited	1.56	1.68
<b>Reimbursements paid</b>		
Unilever N.V.	54.57	51.00
Unilever Supply Chain Company	37.06	-
<b>Reimbursements received</b>		
Unilever Industries Private Limited	27.49	12.59
Kimberly Clark Lever Private Limited	36.03	40.42
<b>Reimbursements received from Controlled Entity (Sec. 8 Companies Act 2013)</b>		
Hindustan Unilever Foundation	0.10	-
<b>Expense for business support services</b>		
Hindustan Field Services Private Limited	-	318.60
<b>Investment in equity shares</b>		
Kimberly Clark Lever Private Limited	14.95	22.52
<b>Remuneration</b>		
BP Biddappa	5.41	5.85
Hemant Bakshi	-	9.01
P B Balaji	6.84	6.31
Pradeep Banerjee	4.45	5.06
Samir Singh	6.10	6.05
Sanjiv Mehta	13.87	14.17
Sridhar Ramamurthy	-	7.48
<b>Contributions during the year (Employer's contribution only)</b>		
The Union Provident Fund	41.00	37.31
Hind Lever Gratuity Fund	40.81	0.85
<b>Consideration received on exercise of options</b>		
Pradeep Banerjee	0.00	0.12
Devopam Bajpai	0.00	0.00
Hemant Bakshi	0.00	0.19
Geetu Verma Gidwani	0.00	-
Manish Tiwari	0.00	0.07
Sridhar Ramamurthy	0.00	0.00

# NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 51) RELATED PARTY DISCLOSURES (CONTD.)

**Disclosure in respect of transactions which are more than 10% of the total transactions of the same type with related parties during the year**

	For the Year ended 31st March, 2016	For the Year ended 31st March, 2015
<b>Processing charges</b>		
Hitech Surfactants Pvt Ltd	8.40	10.12
<b>Contribution to foundation</b>		
Hindustan Unilever Foundation	7.50	24.68
<b>Outstanding as at the year end - trade receivables</b>		
Unilever Asia Private Limited	37.61	31.20
Unilever Gulf Free Zone Establishment, Arabia	37.98	40.17
Unilever ASCC AG	11.55	19.99
Lipton Soft Drinks (Ireland)	16.21	9.94
<b>Outstanding as at the year end - current account balances receivable with group companies and joint venture</b>		
Unilever Industries Private Limited	23.54	25.35
Kimberly Clark Lever Private Limited	13.52	15.92
Unilever Sri Lanka Limted	8.15	4.05
<b>Outstanding as at the year end - trade payables</b>		
Unilever PLC	176.13	137.37
Unilever Supply Chain Company AG	55.92	44.10
Unilever Asia Private Limited	19.68	17.57
<b>Outstanding as at the year end - advances recoverable in cash or kind or for value to be received</b>		
The Union Provident Fund	9.90	2.65
The Hind Lever Pension Fund	4.95	0.16
Hind Lever Gratuity Fund	2.29	1.44

# NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 52) SEGMENT INFORMATION FOR THE YEAR ENDED 31ST MARCH, 2016

	For the year ended 31st March, 2016			For the year ended 31st March, 2015		
	External	Intersegment	Total	External	Intersegment	Total
<b>REVENUE</b>						
Soaps and Detergents	15,053.30	-	15,053.30	14,876.50	-	14,876.50
Personal Products	9,771.95	-	9,771.95	9,100.03	-	9,100.03
Beverages	3,880.85	-	3,880.85	3,631.26	-	3,631.26
Packaged Foods	2,117.07	-	2,117.07	1,891.80	-	1,891.80
Others	2,332.44	-	2,332.44	2,392.01	-	2,392.01
<b>Total Revenue (Refer note 3 to segment information)</b>	<b>33,155.61</b>	-	<b>33,155.61</b>	<b>31,891.60</b>	-	<b>31,891.60</b>
<b>RESULT</b>						
Soaps and Detergents			2,142.07			2,065.50
Personal Products			2,758.31			2,423.53
Beverages			652.93			614.56
Packaged Foods			126.63			83.17
Others			174.71			196.10
<b>Total Segment</b>			<b>5,854.65</b>			<b>5,382.86</b>
Un-allocated corporate expenses net of un-allocated income			(262.34)			(288.95)
<b>Operating Profit</b>			<b>5,592.31</b>			<b>5,093.91</b>
Finance Costs			(4.54)			(17.70)
Other income			397.32			564.08
<b>Profit before exceptional items and tax</b>			<b>5,985.09</b>			<b>5,640.29</b>
Exceptional items - income / (expenditure) - Segment						
Soaps and Detergents			(10.79)			(5.88)
Personal Products			(28.71)			(3.49)
Beverages			(1.70)			(1.43)
Packaged foods			(0.47)			(2.55)
Others			(2.69)			(3.98)
			(44.36)			(17.33)
Exceptional items - income/ (expenditure) - Unallocated/ Corporate			5.83			696.55
<b>Profit before tax</b>			<b>5,946.56</b>			<b>6,319.51</b>
Taxation for the year						
Current tax			(1,886.38)			(1,959.81)
Deferred tax - credit			33.90			15.81
<b>Profit after tax and before minority interest</b>			<b>4,094.08</b>			<b>4,375.51</b>
Less: Minority Interest			(11.66)			(12.43)
<b>Profit for the year</b>			<b>4,082.42</b>			<b>4,363.08</b>

# NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 52) SEGMENT INFORMATION FOR THE YEAR ENDED 31ST MARCH, 2016 (CONTD.)

### Information about Primary Business Segments

#### Other Information

	Segment Assets		Segment Liabilities	
	As at 31st March, 2016	As at 31st March, 2015	As at 31st March, 2016	As at 31st March, 2015
Soaps and Detergents	3,525.08	3,409.52	(3,459.38)	(3,357.15)
Personal Products	1,725.45	1,491.88	(2,042.99)	(1,877.23)
Beverages	1,234.93	1,077.01	(576.73)	(699.81)
Packaged foods	758.26	683.89	(479.12)	(467.97)
Others	826.66	870.73	(508.05)	(557.02)
<b>Total</b>	<b>8,070.38</b>	<b>7,533.03</b>	<b>(7,066.27)</b>	<b>(6,959.18)</b>
Unallocated Corporate Assets / (Liabilities)	7,094.47	6,896.87	(4,101.82)	(3,418.44)
<b>Total Assets / (Liabilities)</b>	<b>15,164.85</b>	<b>14,429.90</b>	<b>(11,168.09)</b>	<b>(10,377.62)</b>

	Capital Expenditure		Depreciation/Amortisation		Non - Cash expenses other than depreciation	
	For the year ended 31st March, 2016	For the year ended 31st March, 2015	For the year ended 31st March, 2016	For the year ended 31st March, 2015	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Soaps and Detergents	332.42	287.45	129.24	110.64	14.40	29.23
Personal Products	203.36	111.25	108.76	87.78	10.27	18.00
Beverages	71.85	57.06	18.30	15.88	3.74	6.72
Packaged Foods	39.62	58.27	38.44	33.19	1.84	3.41
Others	44.73	39.21	25.43	24.80	4.60	7.10
Unallocated Corporate Assets / (Liabilities)	126.05	44.15	37.10	50.10	21.15	0.96

### Information about Secondary Business Segments

	For the Year ended 31st March, 2016	For the Year ended 31st March, 2015
<b>Revenue by Geographical Markets</b>		
India	31,232.74	29,981.59
Outside India	1,922.87	1,910.01
<b>Total</b>	<b>33,155.61</b>	<b>31,891.60</b>
<b>Additions to Tangible and Intangible Fixed Assets</b>		
India	684.40	548.36
Outside India	7.58	4.87
<b>Total</b>	<b>691.98</b>	<b>553.23</b>
<b>Carrying Amount of Segment Assets</b>		
India	7,753.12	7,254.45
Outside India	317.27	278.58
<b>Total</b>	<b>8,070.38</b>	<b>7,533.03</b>

# NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

## 52) SEGMENT INFORMATION FOR THE YEAR ENDED 31ST MARCH, 2016 (CONTD.)

**Notes :**

### 1. Business Segments

The Group has considered business segments as the primary segments for disclosure on the basis that the risk and returns of the Group is primarily determined by the nature of products and services. Consequently the geographical segment has been considered as a secondary segment. The products included in each of the reported domestic business segments are as follows:

- a) Soaps and Detergents include soaps, detergent bars, detergent powders, detergent liquids, scourers, etc.
- b) Personal Products include products in the categories of Oral Care, Skin Care (excluding soaps), Hair Care, Deodorants, Talcum Powder, Colour Cosmetics, Salon services, etc.
- c) Beverages include tea and coffee.
- d) Packaged foods include Branded Staples (Atta, Salt, Bread, etc.), Culinary Products (tomato based products, fruit based products, soups, etc.) and Frozen desserts.
- e) Others include Exports, Chemicals, Water business, Infant Care Products etc.

Segment Revenue relating to each of the above domestic business segments includes Income from Services provided, where applicable.

In addition, the Group's others segment includes export sale of marine products, leather products etc.

**The above business segments have been identified considering :**

- a) the nature of products and services
- b) the differing risks and returns
- c) the internal organisation and management structure, and
- d) the internal financial reporting systems.

### 2. Geographical Segments

The geographical segments considered for disclosure are as follows :

- a) Sales within India includes sales to customers located within India.
- b) Sales outside India includes sales to customers located outside India.
- c) The carrying amount of segment assets in India and Outside India is based on geographical location of assets.

# NOTES

to the financial statements for the year ended 31st March, 2016 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

**3. Revenue comprises :**

	For the Year ended 31st March, 2016	For the Year ended 31st March, 2015
Sale of products (net of excise duty)	32,473.11	31,199.72
Income from services rendered to group companies	489.64	511.88
Salon services, Export incentives, scrap sales included in other operating income	192.86	180.00
<b>Total</b>	<b>33,155.61</b>	<b>31,891.60</b>

**4. Previous year's figures have been regrouped wherever necessary to conform to this year's classification.**

As per our report of even date

For and on behalf of Board of Directors

**For B S R & Co. LLP**

Firm Registration No. 101248W/W - 100022  
Chartered Accountants

**Sanjiv Mehta**

Managing Director and CEO  
[DIN: 06699923]

**PB Balaji**

Executive Director (Finance & IT) and CFO  
[DIN: 02762983]

**Akeel Master**

Partner  
Membership No. 046768

**Aditya Narayan**

Chairman - Audit Committee  
[DIN: 00012084]

**Dev Bajpai**

Executive Director Legal and Company Secretary  
[Membership No. FCS 3354]

Mumbai: 9th May, 2016

**Aasif Malbari**

Group Controller

Mumbai: 9th May, 2016

# FORM AOC-1

to the financial statements for the year ended 31st March, 2016 (Contd.)

**Statement containing salient features of the financial statement of subsidiaries/joint ventures**

Part "A": Subsidiaries													
Name of the subsidiary	Unilever India Exports Limited	Pond's Exports Limited	Unilever Nepal Limited - Indian Rs	Unilever Nepal Limited - Nepalese Rs	Lakme Lever Private Limited	Jamnagar Properties Private Limited	Daverashola Estates Private Limited	Hindustan Unilever Foundation	Bhavishya Alliance Child Nutrition Initiatives	Hindlever Trust Limited	Levindra Trust Limited	Levers Associated Trust Limited	
[note i and ii]													
1 Reporting period	31/03/2016	31/03/2016	16/07/2015 [Ashaad, 31, 2072]		31/03/2016	31/03/2016	31/03/2016	31/03/2016	31/03/2016	31/03/2016	31/03/2016	31/03/2016	31/03/2016
2 Share capital	2.98	1.99	5.75	9.20	35.91	5.00	0.22	0.01	0.01	0.05	0.05	0.05	0.05
3 Reserves & surplus	365.63	5.84	92.23	147.57	84.32	(1.09)	3.96	(0.54)	(0.33)	(0.00)	(0.00)	(0.00)	(0.00)
4 Total assets	756.35	30.66	283.02	452.83	330.50	3.91	4.47	0.03	0.99	0.07	0.05	0.08	
5 Total Liabilities	387.75	22.83	185.04	296.06	210.28	-	0.29	0.57	1.32	0.02	-	0.03	
6 Investments	99.99	-	1.18	1.89	-	-	-	-	-	-	-	-	
7 Turnover	1,049.85	111.45	269.19	430.70	229.42	-	-	-	-	-	-	-	
8 Profit / (loss) before taxation	144.14	(3.16)	72.65	116.24	(30.78)	(0.11)	-	(1.65)	(0.79)	-	-	-	
9 Provision for taxation	(48.51)	(1.78)	(14.37)	(22.99)	-	-	-	-	-	-	-	-	
10 Profit / (loss) after taxation	95.63	(4.93)	58.28	93.25	(30.78)	(0.11)	-	(1.65)	(0.79)	-	-	-	
11 Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-	-	
12 % of shareholding	100%	90%	80%		100%	100%	100%	76%	100%	100%	100%	100%	100%

**Notes:**

- i) Converted into Indian Rupees at the Exchange rate INR 1 = 1.6 Nepalese Rupees
- ii) The financial statements have been audited by a firm of Chartered Accountants other than B S R & Co. LLP.

# FORM AOC-1

to the financial statements for the year ended 31st March, 2016 (Contd.)

*(All amounts in Rs. crores, unless otherwise stated)*

**Statement containing salient features of the financial statement of subsidiaries/joint ventures (contd.)**

Part "B": Joint venture

Name of the subsidiary	Kimberly - Clark Lever Private Limited (Refer note ii above)
1 Latest audited Balance Sheet Date	31 March 2016
2 Shares of Joint Ventures held by the company on the year end	
i) Number	4,51,69,778
ii) Amount of Investment in Joint Venture	50.90
iii ) Extend of Holding%	50%
3 Description of how there is significant influence	Joint venture agreement
4 Reason why the joint venture is not consolidated	Not applicable
5 Net worth attributable to shareholding as per latest audited Balance Sheet	26.08
6 Loss for the year	
i) Considered in Consolidation	(9.21)
ii) Not Considered in Consolidation	(9.21)

**Note: a)** Refer note 1. d of the consolidated financial statements for information on associates

For and on behalf of Board of Directors

**Sanjiv Mehta**  
Managing Director and CEO  
[DIN: 06699923]

**PB Balaji**  
Executive Director (Finance & IT) and CFO  
[DIN: 02762983]

**Aditya Narayan**  
Chairman - Audit Committee  
[DIN: 00012084]

**Dev Bajpai**  
Executive Director Legal and Company Secretary  
Membership No. FCS 3354

**Aasif Malbari**  
Group Controller  
*Mumbai: 9th May, 2016*

# INVESTOR SAFEGUARDS

In order to serve you better and prevent risks associated with dealing in securities, we request you to follow the general safeguards as detailed hereunder:

## DEMAT / EXCHANGE

To avail the benefits of holding shares in demat form, Members are requested to convert their physical holdings to demat / electronic form through a Depository Participant (DP) of their choice. Holding securities in demat form helps investors to get immediate transfer of securities, without payment of stamp duty. The Company also offers help to its Members to demat their physical shares. Share certificates of face value of Rs. 10/- each are no longer tradeable in the market and will not be accepted by the DPs for demat. Members who still hold Share Certificates with a face value of Rs. 10/- each are therefore requested to forward the same to M/s. Karvy Computershare Private Limited (the Registrar), along with a request letter signed by all the holders for exchange of Share Certificate(s). The exchanged Share Certificate(s) of shares having a face value of Re.1/- each will help you to demat your shares expeditiously.

## REGISTRATION OF NOMINATION AND NECS MANDATE

Members holding shares in physical form are requested to register Nomination in their folio(s) by sending duly completed Nomination Form to the Registrar / Investor Service Department of the Company.

Members who have not registered their NECS Mandate are requested to send their NECS Mandate Form to the Registrar / Investor Service Department of the Company or to their DP, as the case may be. For any change in bank particulars either due to banker migrating their operations to core banking solutions or merging with another bank, Members are requested to register a fresh NECS Mandate with the revised bank particulars. Please register your NECS Mandate for timely receipt of dividend payments and to avoid fraudulent encashment of dividend warrants

## UNCLAIMED DIVIDEND

Details of unclaimed dividends are available on the Investor Centre page on the website of the Company [www.hul.co.in](http://www.hul.co.in). Those Members whose dividends remain unclaimed are requested to check the details of unclaimed dividends on the website and send their requests to the Registrar / Investor Service Department of the Company for issuance of fresh Demand Drafts. To ensure maximum disbursement of unclaimed dividends, the Company also sends reminders to the relevant Members before transfer of unclaimed dividends to Investor Education and Protection Fund (IEPF). **Please register your NECS Mandate for timely receipt of dividend payments and to avoid fraudulent encashment of dividend warrants.**

**For further information on investor safeguards, frequently asked questions and related forms, please visit the 'investor centre' page on the website of the company [www.hul.co.in](http://www.hul.co.in).**

## INVESTOR SERVICE DEPARTMENT

Hindustan Unilever Limited  
Unilever House, B. D. Sawant Marg  
Chakala, Andheri (East)  
Mumbai - 400 099.  
Phone : +91 - 22 - 39832285 / 32452  
Fax : +91 - 22 - 28249457  
E-mail : [levercare.shareholder@unilever.com](mailto:levercare.shareholder@unilever.com)  
Website : [www.hul.co.in](http://www.hul.co.in)

## E-COMMUNICATION

To receive Company related information and communication promptly, Members are requested to register / update their e-mail addresses with the Company by sending duly completed E-Communication Registration Form, which is available on the website of the Company [www.hul.co.in](http://www.hul.co.in). Members who hold shares in demat form can request their DP to update the e-mail address in their records. The Companies Act, 2013 and Rules framed thereunder governing e-communication have been notified and the Company shall be sending notice, documents, financial statements, etc. through electronic mode to the Members who have provided their email address to the Company or Depository Participants. Members may send request for hard copy of such notices, documents, financial statements, etc. to the Registrar / Investor Service Department of the Company.

## CONSOLIDATION OF MULTIPLE FOLIOS

Members are requested to consolidate their shareholdings under multiple folios, to save themselves from the burden of receiving multiple communications as also to facilitate one point tracking of all corporate benefits on their shares.

## PAN REQUIREMENT FOR TRANSFER OF SHARES IN PHYSICAL FORM

SEBI has mandated submission of Permanent Account Number (PAN) for securities market transactions and off market / private transactions involving transfer of shares of listed companies in physical form. Therefore, it shall be mandatory for the transferee(s) to furnish a copy of their PAN card to the Registrar / Investor Service Department of the Company for registration of such transfers. Members / Investors are, therefore, requested to take note of the same and submit their PAN card copy to the Registrar / Investor Service Department of the Company.

## GENERAL SAFEGUARDS

- Please send Share Certificate(s) and high value dividend warrants / cheques / demand drafts by registered post or courier so as to avoid loss of document in transit.
- Exercise due diligence and notify any change in address, stay abroad or demise of any shareholder as soon as possible to the Company or DP, as the case may be.
- Deal only with SEBI registered intermediaries and obtain a valid Contract Note / Confirmation Memo from the broker / sub-broker, within 24 hours of execution of the trade.
- Do not disclose your Folio Nos. / DP ID and Client ID to any unknown person.
- Do not hand over signed blank transfer deeds, delivery instruction slips to any unknown person.
- Do not leave your demat account dormant for long.
- Obtain periodic statement of your holdings from the concerned DP and verify your holdings periodically.

## KARVY COMPUTERSHARE PRIVATE LIMITED

Karvy Computershare Private Limited  
Unit : Hindustan Unilever Limited  
Karvy Selenium Tower B,  
Plot 31-32, Gachibowli Financial District,  
Nanakramguda  
Hyderabad - 500 032  
Phone : +91 - 40 - 67161500, 33211000  
Fax : +91 - 40 - 23420814, 23001153  
Toll Free no. : 1800-345-4001  
E-mail : [einward\\_ris@karvy.com](mailto:einward_ris@karvy.com)  
Website : [www.karvy.com](http://www.karvy.com)

# CORPORATE INFORMATION

## REGISTERED OFFICE

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

## AUDITORS

B S R & Co. LLP, Mumbai  
Firm's Registration No.: 101248W/W-100022

## BANKERS

Bank of America  
Bank of Baroda  
Bank of India  
Citibank N.A.  
Deutsché Bank  
HDFC Bank

Hongkong & Shanghai Banking Corporation  
ICICI Bank  
Indian Bank  
Punjab National Bank  
Royal Bank of Scotland  
Standard Chartered Bank

State Bank of Hyderabad  
State Bank of India  
Syndicate Bank  
Union Bank of India

## PLANT LOCATIONS

### NORTHERN REGION

#### BAROTIWALA

- Khasra No. 94-96, 355-409, Village Balyana, Barotiwala IA, Tehsil Kasauli, District Solan - 174 103, Himachal Pradesh
- Khasra No. 1350 – 1318, Bhatoli Kalan, Hill Top Industrial Area, Jharmajri, Tehsil Baddi, District Solan - 173 205, Himachal Pradesh

#### ETAH

- Village Asrauli, G.T.Road, Etah-207 001, Uttar Pradesh

#### HARIDWAR

- Plot No. 1, Sector 1A, Integrated Industrial Estate, Ranipur, Haridwar - 249 403, Uttarakhand

#### NALAGARH

- Hudbust No. 143, Khasra No. 182 / 183 / 187/1, Village Kirpalpur, Near Nalagarh Fire Station, Tehsil - Nalagarh, District Solan - 174 101, Himachal Pradesh

#### ORAI

- A-1, UPSIDC Industrial Area, Orai, District Jalaun - 285 001 Uttar Pradesh

#### RAJPURA

- A-5, Phase II-B, Focal Point, Rajpura - 140 401, Punjab

#### SUMERPUR

- A-1, UPSIDC Industrial Area, Bharua, Sumerpur, Hamirpur - 210 502, Uttar Pradesh

### WESTERN REGION

#### CHHINDWARA

- V 5/6 KM Stone, Narsinghpur Road, Lehgadua, Post Khajari, Chhindwara – 480 002, Madhya Pradesh

#### CHIPLUN

- B-7/17, Lote Parshuram MIDC, Khed Taluka, District Ratnagiri, Chiplun – 415 722, Maharashtra

#### GOA

- Plot Nos. 128 - 139 & 324 - 326, Kundaim Industrial Estate, Kundaim – 403 115, Goa

#### KHAMGAON

- C-9, MIDC, Khamgaon, District Buldhana – 444 303, Maharashtra

#### MUMBAI

- Aarey Milk Colony, Goregaon, Mumbai – 400 065, Maharashtra

#### NASIK

- Plot No. A-8/9, MIDC, Malegaon, Sinnar - 422 103, Nasik, Maharashtra

#### SILVASSA

- Survey No.151/1/1, Village Dapada, Khanvel Road, Silvassa - 396 230, Dadra and Nagar Haveli
- Survey No.907, Kilwali Road, Amlvi Village, Near Gandhigram Bus Stop, Silvassa - 396 230, Dadra and Nagar Haveli

## PLANT LOCATIONS (CONTD.)

### SOUTHERN REGION

#### COCHIN

- Ernakulam North PO, Tatapuram, Cochin - 682 018, Kerala

#### HOSUR

- Plot No.50 & 51, SIPCOT Industrial Complex, Hosur - 635 126, Tamilnadu

#### MANGALORE

- Sultan Battery Road, Boloor, Mangalore – 575 003, Karnataka

#### mysore

- Plot No. 424, Hebbal Industrial Area, Mysore – 570 016, Karnataka

#### PONDICHERY

- Off NH 45A, Vadamangalam, Pondicherry - 605 102
- No. 3, Cuddalore Main Road, Kirumambakkam, Pondicherry - 605 702.

### EASTERN REGION

#### HALDIA

- PO Durgachak, Haldia - 721 602, Midnapore, West Bengal

#### KOLKATA

- 1, Transport Depot Road, Kolkata - 700 088, West Bengal
- 63, Garden Reach, Kolkata - 700 024, West Bengal
- P10 Taratola Road, Kolkata - 700 088, West Bengal

#### TINSUKIA

- Dag No. 21 of 122 FS Grants, Mouza - Tingrai, Off NH No. 37, Doom Dooma Industrial Estate, District Tinsukia - 786 151, Assam



Hindustan Unilever Limited

Registered office: Unilever House, B. D. Sawant Marg, Chakala, Andheri (East), Mumbai - 400 099  
CIN: L15140MH1933PLC002030, Web: [www.hul.co.in](http://www.hul.co.in), Email: [levercare.shareholder@unilever.com](mailto:levercare.shareholder@unilever.com), Tel: +91 22 39832285 / 39832452

## Form No. MGT-11

### PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s): \_\_\_\_\_  
Registered address: \_\_\_\_\_

E-mail Id: \_\_\_\_\_ Folio No. / DP ID and Client ID: \_\_\_\_\_

I/We, being the Member(s) of \_\_\_\_\_ shares of the above named Company, hereby appoint  
 1. Name: \_\_\_\_\_ E-mail ID: \_\_\_\_\_  
 Address: \_\_\_\_\_ Signature: \_\_\_\_\_, or failing him/her  
 2. Name: \_\_\_\_\_ E-mail ID: \_\_\_\_\_  
 Address: \_\_\_\_\_ Signature: \_\_\_\_\_, or failing him/her  
 3. Name: \_\_\_\_\_ E-mail ID: \_\_\_\_\_  
 Address: \_\_\_\_\_ Signature: \_\_\_\_\_

as my/our proxy to attend and vote, in case of a poll, for me/us and on my/our behalf at the 83rd Annual General Meeting of the Company, to be held on Thursday, the 30th day of June, 2016 at 3.30 p.m. at the Registered Office of the Company and at any adjournment thereof in respect of such resolutions and in such manner as are indicated below:

Reso. No.	Description	For*	Against*
1.	Adoption of Financial Statements and Reports thereon for the financial year ended 31st March, 2016	<input type="checkbox"/>	<input type="checkbox"/>
2.	Confirmation of interim dividend and declaration of final dividend	<input type="checkbox"/>	<input type="checkbox"/>
3.	Re-appointment of Mr. Harish Manwani as Director	<input type="checkbox"/>	<input type="checkbox"/>
4.	Re-appointment of Mr. Pradeep Banerjee as Director	<input type="checkbox"/>	<input type="checkbox"/>
5.	Re-appointment of Mr. P. B. Balaji as Director	<input type="checkbox"/>	<input type="checkbox"/>
6.	Ratification of the appointment of M/s. B S R & Co. LLP, Statutory Auditors and to fix their remuneration for the financial year ending 31st March, 2017	<input type="checkbox"/>	<input type="checkbox"/>
7.	Ratification of the remuneration of M/s. RA & Co, Cost Accountants for the financial year ending 31st March, 2017	<input type="checkbox"/>	<input type="checkbox"/>

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2016.

Signature of Shareholder (s) \_\_\_\_\_ Affix Revenue Stamp \_\_\_\_\_

**Notes:**

- \* 1. Please put a 'X' in the Box in the appropriate column against the respective resolutions. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
- 2. A Proxy need not be a Member of the Company. Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as proxy on behalf of not more than fifty Members and 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 proxy for any other Member.
- 3. This form of Proxy, to be effective, should be deposited at the Registered Office of the Company at Unilever House, B. D. Sawant Marg, Chakala, Andheri (East), Mumbai - 400 099 not later than FORTY-EIGHT HOURS before the commencement of the aforesaid meeting.



# AWARDS AND RECOGNITION



Client of the Year at Effies



Cold Chain Industry Awards for Kwality Walls



Economic Times' Company of the Year



HUL wins Sustainable Plus Gold Label

## OUR BRANDS

- HUL was honoured with the 'Client of the Year' title for the third year in a row at the Effies 2015.
- HUL dominated Goafest 2016, India's premier award that recognises excellence in creativity, in the field of Media and Advertising, with a total haul of 15 medals.
- At the Mobillion Awards 2015 organised by Digital Market Asia, HUL was adjudged 'Marketer of the Year'.
- HUL was adjudged the 'most innovative marketer on mobile' by the Mobile Marketing Association forum.
- HUL won the Radio advertiser of the year award at Golden Mikes Awards. HUL campaigns won a total of two Gold, one Silver and three Bronze medals.
- HUL brought home two gold medals, two silver, one bronze and one leader certificate at DMA ECHO ASIA 2015 Awards.
- HUL won the Grand Prix Award at Spikes Asia 2015.

## OUR OPERATIONS

- Lakmé Salon bagged the National Salon Chain of The Year award at the Indian Salon & Wellness Awards 2016.
- Kwalite Wall's won an award in the 'Best Quality & Risk Management Project' category at the Cold Chain Industry Awards 2015.
- Unilever India Exports Limited (UIEL) Kandla was awarded the 'Highest Exporter Award' for 2015- 2016 in the 'Chemical and Allied Products' category by KASEZ.

## OUR PEOPLE

- HUL was recognised as the top Indian company in the FMCG sector at the Dun & Bradstreet Corporate Awards 2015.
- HUL featured as the most innovative Indian Company in Forbes' annual list of The World's Most Innovative Companies.
- According to the latest Nielsen 'Campus Track Business School Survey', for the fifth year in a row, HUL has emerged as the 'No.1 Employer of Choice' across all sectors for the 2016 graduating batch of B-School students, across functions.
- HUL was recognised as the 'Company of the Year' for 2015 by the Economic Times Awards for Corporate Excellence.
- HUL won the Assocham Corporate Governance Excellence Award in the 'Listed Company – Private Sector' category at the first Assocham Corporate Governance Excellence Awards.
- Businessworld Magazine conferred the Best CFO Award upon HUL CFO Mr. P.B Balaji in the category of Best MNC-Large at the 'BEST CFO AWARDS 2015-16'.
- Priya Nair, Executive Director, Home Care and Geetu Verma, Executive Director, Foods & Refreshment were featured amongst the Top 10 on Impact magazine's '50 Most Influential Women' in Indian Media, Advertising and Marketing, 2016.
- HUL received the Sustainable Plus Gold Label for Financial Year 2015.
- Five HUL units – namely, Haldia, Barotiwala, Aquagel, Gandhidham & Mangalore won the Frost and Sullivan 'Green Manufacturing Excellence Awards 2015.
- HUL's social experiment 'Can Kids Influence Change in Our World?' won Gold at the Indian Digital Media Awards (IDMA).
- HUL won the Gold at 16th Annual Green Tech Environment Award.
- HUL and Geometry Global's efforts in carrying out the Bihar Handwashing Programme were recognised by the Rural Marketing Association of India (RMAI) with a Silver award for integrated social media Campaign of the Year at the FLAME Awards 2016.
- HUL bagged the 'Disruptor of the Year' Award in the CSR category, for the brand campaign, 'HaathMunhBum'.

## SUSTAINABILITY



FOR FURTHER INFORMATION ON OUR ECONOMIC,  
ENVIRONMENTAL AND SOCIAL PERFORMANCE,  
PLEASE VISIT OUR WEBSITE:

[WWW.HUL.CO.IN](http://WWW.HUL.CO.IN)

**HINDUSTAN UNILEVER LIMITED**

**Registered Office:**

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

CIN : L15140MH1933PLC002030

**HUL INVESTOR RELATIONS APP**

Scan the code given below to download the  
HUL Investor Relations App  
for iOS and Android

