



## 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. We, at Hindustan Unilever, feel proud to belong to a Company whose visionary founders had 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. We, at Hindustan Unilever, 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 the applicable legal requirements. Our Code of Business Principles is an extension of our values and reflects our continued commitment to ethical business practices and regulatory compliance. We acknowledge our individual and collective responsibilities to manage our business activities with integrity.

To succeed, we believe, 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 is our road to sustainable, profitable 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 of your Company is responsible for and committed to sound principles of Corporate Governance in the Company. The Board plays a critical 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 the best governed companies across the globe.

### THE BOARD OF DIRECTORS

The Board of Directors ('the Board') is entrusted with the ultimate responsibility of the management, general affairs, direction and performance of the Company and has been vested with the 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 looks after the management of the day-to-day affairs of the Company. The details of each member of Board along with number of Directorships/Committee Memberships and date of joining of the Board are provided in this report.

#### Appointment & Tenure

The Directors of the Company are appointed by shareholders at the General Meetings. All Directors, except for the Managing Director, step down at the Annual General Meeting each year and, if eligible, offer themselves for re-election, in accordance with the Articles of Association of the Company.

The Executive Directors on the Board serve in accordance with the terms of their contracts of service with the Company. As per the Company policy, the Independent Directors do not seek re-appointment on attaining the age of 70 years. The Company also follows the policy of having a ceiling of nine years on the term of office of Independent Directors after revised Clause 49 of Listing Agreement has come into effect in October 2004.

#### Composition

As on date, the Board consists of nine Directors comprising four Executive Directors, one Non-Executive Director and four Independent Directors. The Company has taken effective steps to appoint an Independent Director to fill the vacancy caused by the unfortunate demise of Prof. C. K. Prahalad. The Company is hopeful of filling the vacancy in the near future. The Chairman of the Board

is a Non-Executive Director. The Board represents an optimal mix of professionalism, knowledge and experience. The detailed profile of the members of the Board of Directors are provided on page no. 23 to 27 of the Annual Report.

### Composition and Directorships/Committee Memberships as on 31st March, 2011

Name	Date of Joining the Board	Directorships in other Companies <sup>#</sup>	Membership of Committees of other Companies <sup>##</sup>	Chairmanship of Committees of other Companies <sup>##</sup>
<b>Non-Executive Chairman</b> Harish Manwani	29.04.2005	–	–	–
<b>Managing Director and CEO</b> Nitin Paranjpe	01.06.2007	–	–	–
<b>Executive Director (Finance &amp; IT) and CFO</b> Sridhar Ramamurthy	03.07.2009	2	1	1
<b>Executive Directors</b> Gopal Vittal	01.09.2008	–	–	–
Pradeep Banerjee	01.03.2010	–	–	–
<b>Independent Directors</b> D. S. Parekh	16.05.1997	11	6	4
A. Narayan	29.06.2001	2	2	1
S. Ramadorai	20.05.2002	12	8	4
R. A. Mashelkar	04.04.2008	6	2	–

# Excluding Private Limited Companies, Foreign Companies, Section 25 Companies and Alternate Directorships.

## Includes only Audit Committee and Shareholders/Investors Grievance Committee.

None of the Directors is a member of the Board of more than fifteen Companies or a member of more than ten Board-level Committees or Chairman of more than five such Committees.

#### 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 Board and Committee meetings is circulated to the Directors well in advance to facilitate them to plan their schedules 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 circulating the resolution, which is ratified in the next Board meeting.

The agenda for the Board / Committee meetings is generally accompanied by background notes and other material information which is circulated to Directors in advance to facilitate discussion for taking an informed decision.

During the financial year ended 31st March, 2011, seven Board meetings were held i.e. on 25th May, 2010, 11th June, 2010, 27th July, 2010, 25th October, 2010, 20th December, 2010 25th January, 2011 and 30th March, 2011. The maximum interval between any two meetings was well within the maximum allowed gap of four months.

#### Attendance of Directors at Board Meetings

Name	Attendance
Harish Manwani	6 of 7
Nitin Paranjpe	7 of 7
Sridhar Ramamurthy	7 of 7
D. S. Parekh	4 of 7
A. Narayan	7 of 7
S. Ramadorai	5 of 7
R. A. Mashelkar	7 of 7
Gopal Vittal	6 of 7
Pradeep Banerjee	7 of 7

Attendance is expressed as number of meetings attended out of number eligible to attend.

The last Annual General Meeting of the Company held on 27th July, 2010 was attended by all the members of the Board of Directors.

#### Independent Directors' Meetings

The Non-Executive Independent Directors meet amongst themselves and separately meet the Chairman, without any of the Executive Directors being present, to discuss issues and concerns, if any.



The Non-Executive Independent Directors met four times during the financial year ended 31st March, 2011 on 25th May, 2010, 26th July, 2010, 25th October, 2010 and 25th January, 2011. In addition to these formal meetings, regular interaction take place between the Chairman and Independent Directors.

### Board Business

The normal business of the Board includes:

- ❖ strategies for shaping of portfolio and direction of the Company and in corporate resource allocation;
- ❖ corporate annual plan and operating framework;
- ❖ quarterly business performance reports;
- ❖ Board remuneration policy and individual remuneration packages of Directors;
- ❖ convening a meeting of shareholders of the Company, setting the agenda thereof and ensuring that a satisfactory dialogue with shareholders takes place;
- ❖ declaration / recommendation of dividend;
- ❖ review of functioning of the Board and its Committees;
- ❖ review of functioning of the subsidiary companies;
- ❖ annual review of accounts for adoption by shareholders;
- ❖ quarterly and annual results announcements;
- ❖ merger, acquisition, joint venture or disposals, if any;
- ❖ recruitment and remuneration of senior management;
- ❖ litigation review including materially important show cause, demand, prosecution and penalty notices;
- ❖ fatal or serious accidents or dangerous occurrences;
- ❖ any materially significant effluent or pollution problems;
- ❖ details of any joint venture or collaboration agreement;
- ❖ significant labour issues and their proposed solutions;
- ❖ significant development in the human resources and industrial relations fronts;
- ❖ risk evaluation and control;
- ❖ details of foreign exchange exposure and the steps taken by management to limit the risks of adverse exchange rate movement; and
- ❖ compliance with all relevant legislations and regulations.

### Board Support

The Company Secretary of the Company attends all the meetings of Board and advises/assures the Board on Compliance and Governance principles.

### Board Induction and Training

Upon appointment, Directors receive a comprehensive Directors' Induction Manual which includes Company's historical background, business profiles, organisation structure, codes and policies of the Company, internal controls and risk management systems and their roles, responsibility as Directors of the Company. Strategy meetings are held where business and functional heads share with the Board their short-term and long-term plans, major activities, likely risks and challenges with actions to mitigate them in their respective areas. The Board's suggestions and comments are incorporated in the business plans of the Company.

### Board Independence

Our definition of independence of Directors is derived from Clause 49 of the Listing Agreement with Stock Exchanges. Based on the confirmation / disclosures from the Directors and on evaluation of relationships disclosed, all Non-Executive Directors other than the Chairman are independent in terms of Clause 49 of the Listing Agreement. Mr. Harish Manwani, who is a member of Executive Committee of Unilever, the parent Company, is not considered as an Independent Director.

### 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 Minutes of the meetings of all the Committees are placed before the Board for review.

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

#### Audit Committee

The Company has an Independent Audit Committee which is headed by Mr. D. S. Parekh and comprises of Mr. S. Ramadorai, Mr. A. Narayan and Dr. R. A. Mashelkar as its Members. All the current members of the Committee have relevant experience in financial matters and the Chairman of the Committee, Mr. D. S. Parekh, is the financial expert for the Committee.

The Audit Committee of the Company is entrusted with the responsibility to supervise the Company's internal control 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;
- ❖ recommending the appointment and removal of external auditors, fixation of audit fee and approval for payment of any other services;
- ❖ reviewing with management the quarterly financial results before submission to the Board;
- ❖ reviewing with management the annual financial statements before submission to the Board;
- ❖ reviewing with management the annual financial statements of the subsidiary companies;
- ❖ reviewing with management, external auditors and internal auditors, the adequacy of internal control systems;

- ❖ reviewing the adequacy of internal audit function;
- ❖ discussing with internal auditors any significant finding and reviewing the progress of corrective actions on such issues;
- ❖ reviewing the findings of any internal investigations by the internal auditors in matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and then reporting such matters to the Board;
- ❖ discussing with external auditors, before the audit commences, on the nature and scope of audit as well as having post-audit discussion to ascertain area of concern, if any;
- ❖ reviewing the Company's financial and risk management policies; and
- ❖ examining reasons for substantial default in the payment to shareholders (in case of non-payment of declared dividends) and creditors, if any.

In addition to quarterly meeting for consideration of financial results, special meetings of the Audit Committee are convened for review of various businesses/functions of the Company, business risk assessment, review of internal audit and control assurance reports of all the major divisions, controls and security of Company's critical IT applications, and review of functioning and cases reported under the Code of Business Principles and Whistle Blower Policy of the Company.

The meetings of Audit Committee are also attended by Chief Executive Officer, Chief Financial Officer, Statutory Auditors and Internal Auditors as special invitees. The Company Secretary acts as the secretary to the Committee. Minutes of each Audit Committee meeting are placed and discussed in the next meeting of the Board. The Audit Committee also meets the Internal and External Auditors separately in absence of any management employee.

The Audit Committee met six times during the financial year ended 31st March, 2011 on 25th May, 2010, 2nd June, 2010, 26th July, 2010, 25th October, 2010, 20th December, 2010 and 25th January, 2011

#### Attendance of Members at Audit Committee Meetings

Name	Attendance
D. S. Parekh (Chairman)	5 of 6
A. Narayan	5 of 6
S. Ramadorai	5 of 6
R. A. Mashelkar	5 of 6

Attendance is expressed as number of meetings attended out of number eligible to attend.

#### 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 audit teams.

The internal audit covers all the factories, sales offices, warehouses and businesses and functions controlled centrally. The audit cover 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 past issues.

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 the risks and delivery of mitigating action plans.

Financial controls review procedures and guidelines are issued annually by the Corporate Risk Management department in line with Sarbanes-Oxley (s. 404) requirements. Unit heads are responsible for implementing these Operational Control Assurance procedures to confirm the effectiveness of the financial and non-financial controls in that unit and to correct any instances of weaknesses identified. These procedures provide the Management an assurance on the internal processes and systems.

#### Remuneration and Compensation Committee

The Remuneration and Compensation Committee comprises of Independent Directors, Mr. A. Narayan, Mr. S. Ramadorai and Dr. R. A. Mashelkar. Mr. A. Narayan is the Chairman of the Remuneration and Compensation Committee of the Company. In addition to the above Independent Directors, Mr. Harish Manwani and Mr. Nitin Paranjpe are members of the Compensation Committee. The Compensation Committee administers Stock Option Plan and Performance Share Plan of the Company and determines eligibility of employees for Stock Options.

The Remuneration Committee deals with all elements of remuneration package of all the Executive Directors i.e. salary, benefits, bonuses, stock options, pension etc. including details of fixed component and performance linked incentives, along with the performance criteria.

The Remuneration Committee met twice during the financial year ended 31st March, 2011 on 25th October, 2010 and 30th March, 2011.

#### Attendance of Members at Remuneration Committee Meetings

Name	Attendance
A. Narayan (Chairman)	2 of 2
S. Ramadorai	2 of 2
R. A. Mashelkar	2 of 2

Attendance is expressed as number of meetings attended out of number eligible to attend.



### Reward Policy

The reward philosophy of the Company is to pay market competitive reward with a strong linkage to performance. The reward philosophy is set forth into practice by various policies governing different elements of 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. It also ensures the effective recognition of performance and encourages a focus on achieving superior operational results.

The appointment of the Executive Directors is by virtue of their employment with the Company as management employees and therefore their terms of employment viz. 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 reward of the Executive Directors is determined by the Remuneration and Compensation Committee. A fair portion of the Executive Directors' total reward is linked to Company's performance. This creates alignment with the strategy and business priorities to enhance shareholder value. The total reward package for Executive Directors is intended to be market competitive with a strong linkage to performance in line with the Company's reward philosophy.

The Remuneration Committee reviews the total reward annually, taking into account external benchmarks within the context of group and individual performance. In addition, the Company's Share Plans seek to reward Executive Directors by aligning their deliverables with shareholders' interests.

Non-Executive Independent Directors are eligible for sitting fees and commission not exceeding limits prescribed under the Companies Act, 1956. The remuneration payable to Non-Executive Directors is decided by the Board of Directors subject to the overall approval of shareholders of the Company.

The Independent Directors are paid sitting fees of Rs. 20,000/- for attending every meeting of the Board or Committee thereof and commission on profits at the rate of Rs. 10 lakhs for each year, in accordance with the limits approved by the shareholders at the Annual General Meeting of the Company held on 27th July, 2010, which is valid for a period of five years upto 31st December, 2015.

The Non-Executive Directors, who continuously serve minimum three terms of three years each, are also entitled for a cash retirement commission of Rs. 10 lakhs at the time of retirement.

Your Company benefits from the professional expertise of the Independent Directors in their individual capacity as competent professionals / business executives and through their invaluable experience in achieving corporate excellence. During the year, there were no pecuniary relationships or transactions between the Company and any of its Non-Executive Directors. The Company has not granted any Stock Options to any of its Non-Executive Directors.

The Non-Executive Chairman of the Company does not receive any sitting fees or other reward from the Company.

### Details of Remuneration of Executive Directors for the financial year ended 31st March, 2011

Rs. Lakhs

Name	Salary	Bonus/Commission	Contribution to PF	Perquisites	Total
Nitin Paranjpe	168.75	218.73	21.61	382.51	791.60
Sridhar Ramamurthy	159.18	68.47	10.59	37.02	275.26
Gopal Vittal	106.15	71.06	11.54	25.59	214.34
Pradeep Banerjee	106.21	42.66	10.32	42.36	201.55

Pursuant to approval of the Members at the Annual General Meeting of the Company held on 29th May, 2006, the Company had adopted a revised scheme '2006 HLL Performance Share Scheme' in place of the existing '2001 HLL Stock Option Plan'. The revised scheme provided for conditional grant of Performance Shares without charging premium to eligible management employees.

### Details of Stock Options and Conditional Grants made to the Executive Directors

Name	Outstanding as at 31st March, 2010		Options / Grants Exercised during the year		Grant under Performance Share Scheme during the year	Balance as at 31st March, 2011	
	Stock Options	Performance Shares	Stock Options	Performance Shares		Stock Options	Performance Shares
Nitin Paranjpe	57,348	46,761	-	9,900*	27,140	57,348	67,301
Sridhar Ramamurthy	25,408	20,950	-	-	16,380	25,408	37,330
Gopal Vittal	-	21,085	-	-	12,285	-	33,370
Pradeep Banerjee	85,855	-	-	-	4,461	85,855	4,461

\*PSP 07 shares awarded 6,600, shares finally vested 9,900

**Details of Remuneration of Non-Executive Directors for the Financial Year Ended 31st March, 2011**

Rs. Lakhs

Name	Sitting Fee	Commission#	Perquisites	Total
D. S. Parekh	1.80	10.00	–	11.80
A. Narayan	3.20	10.00	–	13.20
S. Ramadorai	2.40	10.00	–	12.40
R. A. Mashelkar	2.80	10.00	–	12.80

# The Commission for the financial year ended 31st March, 2011 will be paid to Independent Directors, subject to deduction of tax after adoption of accounts by shareholders at the Annual General Meeting to be held on 28th July, 2011.

**Shareholders / Investors Grievance Committee**

The Shareholders/Investors Grievance Committee comprises of Mr. A. Narayan as Chairman with Mr. Nitin Paranjpe and Mr. Sridhar Ramamurthy as members of the Committee. The Committee is entrusted with the responsibility to address the shareholders and investors complaints with respect to transfer of shares, non-receipt of annual report, non-receipt of declared dividends, etc. and ensures an expeditious share transfer process in line with the proceedings of the Share Transfer Committee. The Committee also evaluates performance and service standards of the Registrar and Share Transfer Agent of the Company, and also provides continuous guidance to improve the service levels for investors. During the financial year ended 31st March, 2011, the Committee met twice on 25th October, 2010 and 30th March, 2011.

**Attendance of the Members at Shareholders / Investors Grievance Committee Meetings**

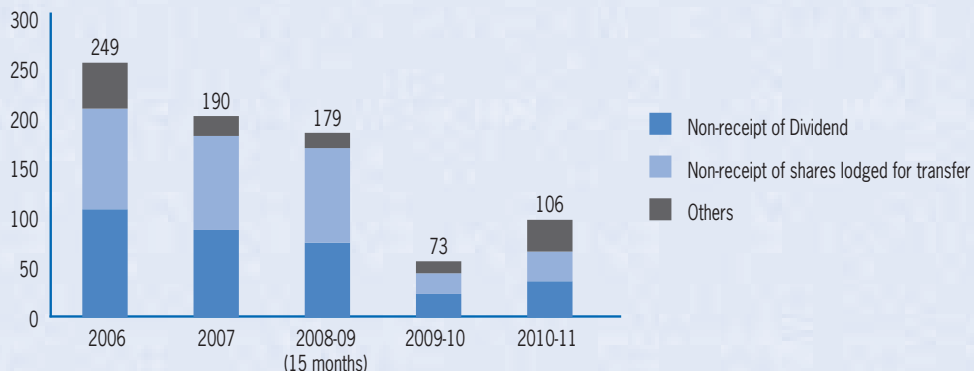
Name	Attendance
A. Narayan (Chairman)	2 of 2
Nitin Paranjpe	2 of 2
Sridhar Ramamurthy	2 of 2

Attendance is expressed as number of meetings attended out of number eligible to attend.

During the financial year ended 31st March, 2011, 106 complaints were received from the shareholders. All the complaints have been redressed to the satisfaction of shareholders / investors and none of them were pending as on 31st March, 2011.

**Details of Shareholders / Investors Complaints received and redressed**

Nature of Complaint	Complaints Received	Complaints Redressed
Non-Receipt of Dividend	40	40
Non-Receipt of Shares lodged for Transfer	33	33
Others (e.g. non-receipt of Annual Report)	33	33
<b>Total</b>	<b>106</b>	<b>106</b>

**Trend of Complaints Received During Last 5 Years:**




### Share Transfer / Transmission Committee

The Share Transfer / Transmission Committee is formed exclusively to look into share transfer and related applications received from shareholders, with a view to accelerate the transfer procedures.

The Committee comprises of three Directors of the Board and it considers applications for transfer, splitting up, consolidating share certificates and to order for cancellation of any share certificate and comply with provisions in this regard. The Committee is authorised to sign, seal or issue any new share certificate either as a result of transfer, consolidation, splitting or in lieu of share certificates lost, defaced or destroyed.

The Committee meets at regular intervals to approve the share transfers and other related matters.

### Committee for Allotment of Shares Under ESOPs

The Committee for Allotment of Shares under ESOPs has been constituted to expedite the process of allotment and issue of eligible shares to the employees of the Company under the Stock Option Plan of the Company.

The ESOP Committee comprises of three Directors of the Board. The Committee is specially constituted for approval, issue and allotment of shares under ESOPs, pursuant to and in terms of '2001 HLL Stock Option Plan' and '2006 HLL Performance Share Scheme'.

### Other Functional Committees

Apart from the above statutory committees, the Board of Directors have 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 comprises of three Directors of the Board and has been set up to oversee routine items that are in the normal course of the business, such as decision on banking relations, delegation of operational powers, appointment of nominees etc. The Committee reports to the Board and the minutes of the meetings are placed before the Board for confirmation.

### Committee for approving Disposal of Surplus Residential Assets

The Committee for approving Disposal of Surplus Residential Assets comprises of three Directors of the Board. The Committee is 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.

## COMPANY POLICIES

### Code of Business Principles

The Code of Business Principles (CoBP) is the Company's statement of values and represents the standard of conduct which all the employees are expected to observe in their business endeavors. It forms the benchmark against which the world at large is invited to judge the Company's activities. The Code reflects the Company's commitment to principles of integrity, transparency and fairness. The copy of the Code of Business Principles can be accessed at the website of the Company [www.hul.co.in](http://www.hul.co.in).

The Code of Business Principles of the Company, among other things sets out the rules for dealing with conflict of interest situations. The proposal for appointment of any Senior Management Personnel of the Company to serve as Directors, Supervisory Directors, Trustees etc. on outside Board, whether for commercial ventures or for non-profit making bodies are subject to prior internal approvals.

The Chief Executive Officer through the Management Committee and Business / Unit Heads is responsible for ensuring that the Code is understood and implemented throughout the Company. The Code is also applicable to everyone with whom the Company is associated.

The complaints, issues and concerns received under CoBP framework are duly investigated and reviewed by the CoBP Committee(s). Appropriate actions are taken subsequent to completion of investigation. The Company periodically cascades the principles embodied under CoBP across the organisation. During the financial year 2010-11, several cascades were organised to create awareness amongst new employees and to provide clarifications, resolve dilemmas and queries of the employees.

### Preventing Conflict of Interests

The Board of Directors is responsible for ensuring that the rules are in place to avoid conflicts of interest by the Board members. The Board has adopted the Code of Conduct for the members of the Board and Senior Management Team. The Code provides that members of the Board are required to avoid any interest in contracts entered into by the Company. If such an interest exists, the members are required to make disclosure to the Board and to abstain from discussion, voting or otherwise influencing decision on any matter in which the concerned Director has or may have such interest. The Code also restricts the Directors from accepting any gifts or incentives in their capacity as Director of the Company, except what is duly authorised under the Company's Gift Policy.

The members of the Board and the Senior Management Team annually confirm the compliance of the Code of Conduct to the Board. The Code 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 [www.hul.co.in](http://www.hul.co.in). In addition, the members of the Board also submit, on an annual basis, the details of individuals to whom they are related and entities in which they hold interest and the same are placed before the Board. 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 an annual basis.

### Whistle Blower Policy

The Company has adopted a Whistle Blower Policy to provide appropriate avenues to the employees to bring to the attention of the Management any issue which is perceived to be in violation of or in conflict with the fundamental business principles of the Company. The Company has provided a dedicated e-mail address [whistleblowing.hul@unilever.com](mailto:whistleblowing.hul@unilever.com) for reporting such complaints. Alternatively, employees can also send written communications to the Company. The employees are encouraged to raise any of their concerns by way of whistle blowing and none of the employees have been denied access to the Audit Committee. The Company Secretary is the designated officer for effective implementation of the policy and 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 Committee of Executive Directors and is subject to the review of the Audit Committee.

### Share Dealing Code

In accordance with SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended, the Company has established systems and procedures to restrict insider trading activity and has framed a Share Dealing Code. The Share Dealing Code of the Company is an important governance code to prevent any insider trading activity by dealing in shares of the Company. The Code restricts the Directors of the Company and other specified employees to deal 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 protect the interest of shareholders at large, to prevent misuse of any price sensitive information and to prevent any insider trading activity by dealing in shares of the Company by its Directors and employees. A copy of the Share Dealing Code of the Company is made available to all the employees of the Company and the compliance of the same is ensured.

### UN Global Compact

The Company is a signatory to the United Nations Global Compact Programme and is fully committed to the principles of the UN Global Compact which cover human rights, labour practices, environment

commitment and prevention of corruption in the business organisations. The UN Global Compact is a symbol of leadership in a complex business world and provides a forward looking forum in which the United Nations, companies and civil society organisations can come together in an open and transparent dialogue. The Company's CoBP mechanism upholds these principles in all aspects of our 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, 2011 and a declaration to that effect, signed by the Managing Director and CEO, is attached and forms part of this Report.

There were no materially significant related party transactions, pecuniary transaction or relationships between the Company and its Directors for the financial year ended 31st March, 2011 that may have a potential conflict with the interests 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 do they vote on such matters.

Transactions with related parties, as per requirements of Accounting Standard 18, are disclosed elsewhere in this Annual Report and they are not in conflict with the interest of the Company at large.

### DISCLOSURE OF PENDING CASES / INSTANCES OF NON-COMPLIANCE

There were no instances of non-compliance by the Company, 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 is involved 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.

### COMPLIANCE WITH THE GOVERNANCE FRAMEWORK

The Company is in compliance with all mandatory requirements of Clause 49 of the Listing Agreement. In addition, the Company has also adopted the non-mandatory requirements of constitution of the Remuneration Committee, tenure of office of Independent Directors and establishing of Whistle Blower mechanism.



### SECRETARIAL AUDIT REPORT

The Company has undertaken Secretarial Audit for the year 2010-11 which, inter alia, includes audit of compliance with Companies Act, 1956 and Rules made under the Act, Listing Agreement and Regulations and Guidelines prescribed by Securities and Exchange Board of India. The Secretarial Audit Report is given on page no. 66 of this report.

### SHAREHOLDER INFORMATION

#### General Body Meetings

Details of last three Annual General Meetings and the summary of Special Resolutions passed therein

Financial Year Ended	Date and Time	Venue	Special Resolutions passed
31st December, 2007	4th April, 2008 3.00 p.m.	Birla Matushri Sabhagar, 19, Marine Lines, Mumbai 400 020	Approval of revision in remuneration structure for Managing Director/Wholetime Directors of the Company w.e.f. 1st April, 2008, in order to modify the maximum limit of remuneration and authorising the Board to fix remuneration for each Managing Director/Wholetime Director within such limit.
31st March, 2009	3rd July, 2009 2.30 p.m.	Birla Matushri Sabhagar, 19, Marine Lines, Mumbai 400 020	No Special Resolution was passed at this meeting.
31st March, 2010	27th July, 2010 3.00 p.m.	Birla Matushri Sabhagar, 19, Marine Lines, Mumbai 400 020	Approval of revision in remuneration to be paid by way of commission on profits to Non-Executive Directors of the Company, for a period of five years commencing from 1st January, 2011 and authorising the Board to determine the amount upto a maximum of Rs. 90 lakhs in aggregate or 1% of Net Profits, whichever is lower.

#### Postal Ballot

During the year, the Special Resolution for Buy-back of equity shares from the open market through Stock Exchange route was passed by the shareholders of the Company. The Board appointed Mr. S. R. Tata, partner of M/s. Deloitte Haskins & Sells, Chartered Accountants, as the scrutinizer to conduct the postal ballot process.

The results of the postal ballot were declared on 26th July, 2010. Details of the voting pattern were as under:

Description of Resolution	No. of valid Postal Ballot Forms received	Votes Cast	
		For	Against
Approval under Section 77A of the Companies Act, 1956 for Buy-back of shares of the Company.	14,203	131,68,72,659	1,06,09,222

Accordingly the said Resolution was approved by the shareholders, with requisite and overwhelming majority.

### Annual General Meeting 2011

Date	Thursday, 28th July, 2011
Venue	Birla Matushri Sabhagar, 19, Marine Lines, Mumbai - 400 020
Time	3.30 p.m.
Book Closure Date for Final Dividend	Tuesday, 12th July, 2011 to Wednesday, 27th July, 2011 (both days inclusive)
Last Date of receipt of Proxy Forms	Tuesday, 26th July, 2011 before 3.30 p.m. at the Registered Office of the Company.

### Calendar of financial year ended 31st March, 2011

The meetings of Board of Directors for approval of quarterly financial results during the financial year ended 31st March, 2011 were held on the following dates:

First Quarter Results	27th July, 2010
Second Quarter and Half yearly Results	25th October, 2010
Third Quarter Results	25th January, 2011
Fourth Quarter and Annual Results	9th May, 2011

### Tentative Calendar for financial year ending 31st March, 2012

The tentative dates of Meeting of Board of Directors for consideration of quarterly financial results for the financial year ending 31st March, 2012 are as follows:

First Quarter Results	28th July, 2011
Second Quarter and Half yearly Results	31st October, 2011
Third Quarter Results	20th January, 2012
Fourth Quarter and Annual Results	10th May, 2012

### Dividend

The Board of Directors at their meeting held on 9th May, 2011 recommended a final dividend of Rs. 3.50 per share, on equity share of face value of Re. 1/- each, for the financial year ended 31st March, 2011. Together with the interim dividend of Rs. 3.00 per share, paid on 15th November, 2010 the total dividend for the year works out to Rs. 6.50 per share on equity share of face value of Re. 1/- each. Final dividend, if approved by shareholders, will be paid on or after 1st August, 2011.

### Unclaimed Dividends/Shares

As per the Companies Act, 1956, dividends that are unclaimed for a period of seven years, statutorily get transferred to the Investor Education and Protection Fund (IEPF) administered by the Central Government and thereafter cannot be claimed by investors. To ensure maximum disbursement of unclaimed dividend, the Company sends reminders to the concerned investors, before transfer of dividend to IEPF.

The unpaid/ unclaimed dividends upto Final Dividend 1995 (39-F) had been transferred to the General Revenue Account of the Central Government. The Members, who have not claimed their dividend for the said period till date, may claim the amount from the Registrar of Companies, Mumbai. Apart from above, the Company has transferred the unpaid dividends upto Interim Dividend 2003 (48-I) to the IEPF. The unclaimed Final Dividend of 2003 and Interim Dividend of 2004, (i.e. 48F & 49I), is due for transfer in July, 2011 and August, 2011 respectively. In view of this, the Members of the Company, who have not yet encashed their dividend warrant(s) may write to the Company immediately.

In accordance with newly inserted Clause 5A of Listing Agreement, the Company has identified 4,209 folios comprising of 7,48,260 equity shares of face value of Re.1/- each, which are unclaimed as on 31st March, 2011. The Company is in the process of sending reminders to the concerned shareholders in accordance with the said clause.



**Due Dates for Transfer of Unclaimed Dividend to IEPF**

Year	Dividend	Dividend rate per share (Rs.)	Date of Declaration	Number of Warrants			Dividend Amount (Rs. Lakhs)			Due Date
				Issued	Unclaimed as on 31st March, 2011	%	Dividend	Unclaimed as on 31st March, 2011	%	
2003	48-F	3.000	29-06-2004	3,58,576	15,962	4.45	66,037.31	213.63	0.32	28-07-2011
2004	49-I	2.500	29-07-2004	3,75,081	18,600	4.96	55,031.09	221.82	0.40	27-08-2011
2004	49-F	2.500	24-06-2005	3,50,630	18,566	5.30	55,031.22	230.39	0.42	22-07-2012
2005	50-I	2.500	30-07-2005	3,39,914	18,300	5.38	55,031.22	253.94	0.46	27-08-2012
2005	50-I (VDL)	2.500	10-04-2006	65,899	16,848	25.57	86.16	6.35	7.38	08-05-2013
2005	50-F	2.500	29-05-2006	3,76,477	32,689	8.68	55,121.36	278.64	0.51	26-06-2013
2006	51-I	3.000	30-07-2006	3,92,889	31,243	7.95	66,172.23	327.60	0.50	27-08-2013
2006	51-F	3.000	18-05-2007	4,14,086	35,754	8.63	66,204.96	358.11	0.54	15-06-2014
2007	52-I	3.000	29-07-2007	4,11,422	35,484	8.62	66,212.86	356.15	0.54	26-08-2014
2007	52-S	3.000	31-10-2007	3,85,973	33,807	8.76	66,057.83	370.99	0.56	28-11-2014
2007	52-F	3.000	04-04-2008	3,64,081	35,403	9.72	65,337.74	359.35	0.55	03-05-2015
2008-09	53-I	3.500	25-07-2008	3,55,307	31,739	8.93	76,242.09	381.53	0.50	23-08-2015
2008-09	53-F	4.000	03-07-2009	3,43,946	32,899	9.57	87,202.84	468.73	0.54	31-07-2016
2009-10	54-I	3.000	31-10-2009	3,37,953	34,316	10.15	65,426.94	362.42	0.55	28-11-2016
2009-10	54-F	3.500	27-07-2010	3,46,967	33,971	9.79	76,373.00	435.83	0.57	24-08-2017
2010-11	55-I	3.000	25-10-2010	3,44,009	36,932	10.74	65,463.59	396.70	0.61	22-11-2017

F – Final I – Interim S – Special

**Due Dates for Transfer of Unclaimed Bonus Debentures Interest / Redemption Amount to IEPF**

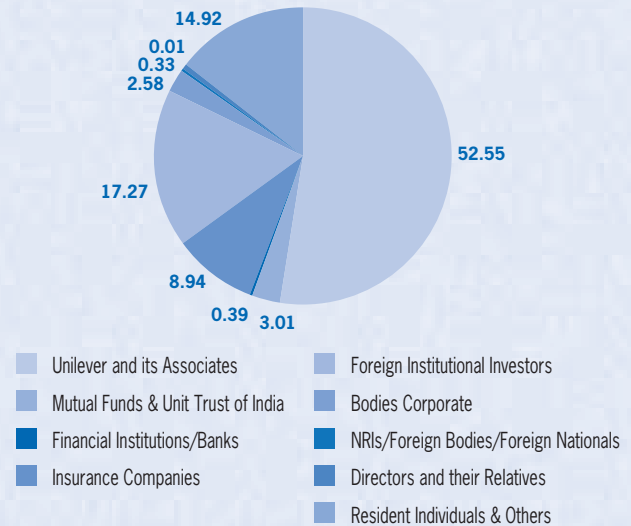
Year and nature of payment	Date of Payment	Number of Warrants			Redemption/Interest Amounts (Rs. Lakhs)			Due Date
		Issued	Unclaimed as on 31st March, 2011	%	Net Amount	Unclaimed as on 31st March, 2011	%	
2004 Interest	01-07-2004	3,49,823	21,328	6.10	10,692.44	57.40	0.54	30-06-2011
2005 Interest	01-01-2005	3,46,555	20,766	5.99	5,336.17	23.26	0.44	31-12-2011
2005 Redemption	01-01-2005	3,46,555	19,136	5.52	132,074.62	548.84	0.42	31-12-2011

**Distribution of shareholdings as on 31st March, 2011**

Holding	Shareholders		Shares	
	Number	%	Total Shares	% of Shares
1 – 5000	3,29,932	95.93	17,03,14,072	7.89
5001 – 10000	8,289	2.41	5,81,66,228	2.69
10001 – 20000	3,648	1.06	5,02,11,823	2.33
20001 – 30000	902	0.26	2,17,49,065	1.01
30001 – 40000	351	0.10	1,21,03,283	0.56
40001 – 50000	180	0.06	80,85,048	0.37
50001 – 100000	248	0.07	1,68,42,526	0.78
100001 and above	375	0.11	182,19,99,923	84.37
<b>Total</b>	<b>3,43,925</b>	<b>100.00</b>	<b>215,94,71,968</b>	<b>100.00</b>

**Categories of Shareholders as on 31st March, 2011**

Category	No. of Folios	Shares held (Nos.)	% of holdings
Unilever and its Associates	9	113,48,49,460	52.55
Mutual Funds & Unit Trust of India	212	6,50,92,620	3.01
Financial Institutions/Banks	157	84,97,806	0.39
Insurance Companies	22	19,31,11,609	8.94
Foreign Institutional Investors	427	37,28,06,669	17.27
Bodies Corporate	2,951	5,56,03,214	2.58
NRIs/Foreign Bodies/Foreign Nationals	4,131	71,80,228	0.33
Directors and their Relatives	22	1,34,848	0.01
Resident Individuals & Others	3,35,994	32,21,95,514	14.92
<b>Total</b>	<b>3,43,925</b>	<b>215,94,71,968</b>	<b>100.00</b>

**Numbers of Shares Held (%)**

**Top 10 Shareholders as on 31st March, 2011 (Other than promoters)**

Name	Holding	%
1 Life Insurance Corporation of India	10,74,09,265	4.97
2 Oppenheimer Developing Markets Fund	4,67,19,677	2.16
3 The New India Assurance Company Limited	2,53,64,777	1.17
4 Aberdeen International India Opportunities Fund (Maritus) Limited	2,40,00,000	1.11
5 Bajaj Allianz Life Insurance Company Limited	2,39,62,782	1.11
6 LIC of India - Market Plus	2,14,54,412	0.99
7 National Insurance Company Limited	1,73,40,892	0.80
8 General Insurance Corporation of India	1,69,61,303	0.79
9 Aberdeen Global - Emerging Markets Equity Fund	1,66,89,599	0.77
10 Abu Dhabi Investment Authority	1,41,21,548	0.65
<b>Total</b>	<b>31,40,24,255</b>	<b>14.52</b>

**Bifurcation of shares held in physical and demat form as on 31st March, 2011**

Particulars	No. of Shares	%
<b>Physical Segment</b>		
Unilever and its Associates	113,48,49,460	52.55
Others	7,54,66,867	3.50
<b>Demat Segment</b>		
NSDL	92,42,63,286	42.80
CDSL	2,48,92,355	1.15
<b>Total</b>	<b>215,94,71,968</b>	<b>100.00</b>

There are no outstanding GDRs / ADRs / Warrants / Convertible Instruments of the Company

**Listing Details**

Name of Stock Exchange	Stock Code
Bombay Stock Exchange Limited (BSE)	500696
National Stock Exchange of India Limited (NSE)	HINDUNILVR
ISIN	INE030A01027

The listing fee for the financial year ended 31st March, 2011 has been paid to the above Stock Exchanges.



### Share Price Data

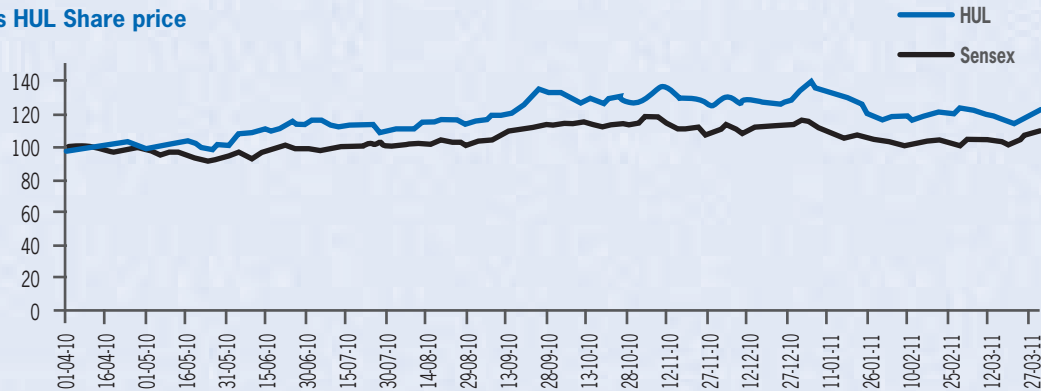
The monthly high and low prices and volumes of shares of the Company at Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE) for the year ended 31st March, 2011 are as under:

Month	BSE			NSE		
	High	Low	Volume	High	Low	Volume
Apr-10	243.20	<b>220.70</b>	68,47,073	244.00	<b>220.70</b>	6,25,43,283
May-10	243.00	225.25	41,51,566	257.00	226.25	3,54,49,776
June-10	273.45	232.40	75,50,879	274.35	232.35	5,00,50,871
July-10	273.50	249.90	37,82,358	273.50	249.60	3,28,92,701
Aug-10	275.00	251.10	44,94,134	275.00	250.00	3,09,02,286
Sep-10	319.65	263.70	87,77,368	319.55	264.00	5,98,11,112
Oct-10	313.60	290.05	55,86,170	313.50	289.10	4,79,72,182
Nov-10	320.70	291.10	47,97,105	320.85	290.00	4,94,58,597
Dec-10	315.25	282.60	35,97,466	315.80	282.35	3,77,72,727
Jan-11	<b>329.45</b>	266.50	73,78,300	<b>329.90</b>	266.40	5,19,33,270
Feb-11	289.25	267.10	27,55,903	289.40	267.00	3,84,41,918
Mar-11	292.00	264.50	39,52,793	292.00	264.45	4,24,30,990

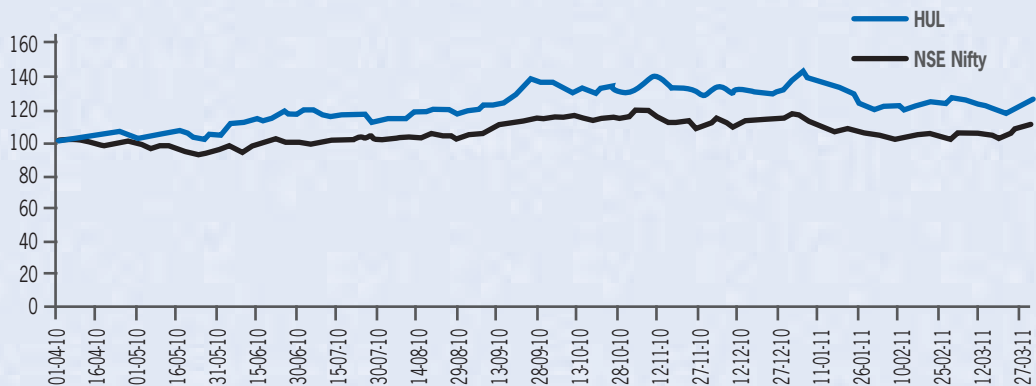
Source: BSE and NSE website

**Note:** High and low are in rupees per traded share. Volume is the total monthly volume of trade (in numbers) in shares of the Company on the respective Stock Exchange.

### BSE Sensex vs HUL Share price



### NSE Nifty vs HUL Share price



### 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
01-01-2001	200.00	57%	3,955.00	420%	194.56	61%	1,254.30	391%
01-01-2002	220.50	42%	3,246.00	533%	215.10	46%	1,055.30	483%
01-01-2003	181.65	72%	3,390.00	507%	177.15	77%	1,100.15	460%
01-01-2004	212.60	47%	5,915.00	248%	209.49	49%	1,912.25	222%
03-01-2005	144.35	117%	6,679.00	208%	142.29	120%	2,115.00	191%
02-01-2006	195.20	60%	9,390.00	119%	192.11	63%	2,835.95	117%
02-01-2007	216.45	45%	13,942.00	47%	213.08	47%	4,007.40	54%
01-01-2008	218.10	44%	20,300.00	1%	218.45	43%	6,144.35	0%
01-01-2009	250.75	25%	9,903.46	108%	250.75	25%	3,033.45	103%
04-01-2010	264.70	18%	17,558.73	17%	264.70	18%	5,232.20	18%
03-01-2011	313.15	-	20,561.05	-	313.15	-	-	0%

Source: BSE and NSE website

All comparisons are with respect to 3rd January, 2011 (the reference date).

#### 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 result 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 Hindu Business Line. These results are also made available on the website of the Company [www.hul.co.in](http://www.hul.co.in). The website also displays vital information relating to the Company and its performance, official press releases and presentation to analysts.

The investors section 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.

In compliance with Clause 52 of the Listing Agreement, the Quarterly Results, Shareholding Pattern and all other corporate communication to the Stock Exchanges have also been filed under Corporate Filing and Dissemination System (CFDS) and are available at [www.corpfiling.co.in](http://www.corpfiling.co.in).

#### Investor Services

##### Web-based Query Redressal System

Members may utilise the facility extended by the Registrar & Transfer Agents for redressal of queries. Please visit <http://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 registration number. For accessing the status /response to your query, the same number can be used at the option "VIEW REPLY" after 24 hours. The investor can continue to put an additional query relating to the case till they get satisfactory reply.

##### Alternative Dispute Redressal

###### Consumers

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 chose to continue with litigation, they are free to do so. These meetings were held in all the four regions and



achieved reasonable success. Your Company believes that such independent dispute resolution mechanism will further reinforce our commitment and credibility with our 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.

**Shareholders**

The Company in the year 2004 had pioneered the mechanism of providing the 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.

Such long pending litigations involve significant investment as monetary value of the disputed shares and at the same time accrued dividends/ other benefits are locked up unutilised 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.

The first of such meeting was held in Ahmedabad in the year 2005 wherein 14 cases were resolved by amicable settlement. Similar such meetings were held in other cities like Mumbai and Kolkatta wherein 31 more cases were resolved to the satisfaction of the parties to the dispute. The Company had engaged the services of retired Judges to preside over the meeting in order to give a fair view to each case.

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 investor 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 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 address mentioned below.

**Address for Correspondence**

All Shareholders' correspondence should be forwarded to M/s. Karvy Computershare Private Limited, the Registrar and Transfer Agents 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 is [hllshare.cmpt@unilever.com](mailto:hllshare.cmpt@unilever.com)

**Karvy Computershare Private Limited**

Unit : Hindustan Unilever Limited  
 Plot No. 17 to 24, Vittal Rao Nagar,  
 Madhapur, Hyderabad - 500 081.  
 Phone : +91 - 40 - 23420815 - 824  
 Fax : +91 - 40 - 23420814  
 E-mail : [igkcpl@karvy.com](mailto:igkcpl@karvy.com) /  
           [inward.ris@karvy.com](mailto:inward.ris@karvy.com)  
 Website : [www.karvy.com](http://www.karvy.com)

**Investor Service Department**

Hindustan Unilever Limited  
 165/166, Backbay Reclamation  
 Mumbai – 400020  
 Phone : +91 - 22 - 22855633 /  
           22850546  
 Fax : +91 - 22 - 28249457  
 Website : [www.hul.co.in](http://www.hul.co.in)

**Compliance Officer**

Mr. Dev Bajpai  
 Executive Director - Legal and Company Secretary  
 E-mail : [hllshare.cmpt@unilever.com](mailto:hllshare.cmpt@unilever.com)  
 Phone : +91 - 22 - 39832557/  
           32358 / 32532 / 32312

## Mergers & Demergers

Name of the Company	Merger / Demerger	Appointed Date	Effective date	Date of Allotment	Share Ratio	Value of fraction (Rs.)
Kothari General Foods Corporation Limited	Brooke Bond India Limited	1-Jan-92	1-Jan-92	30-Jun-92	21:1	7.00
Tea Estates India Limited	Brooke Bond India Limited	1-Jan-93	1-Jun-93	24-Aug-93	10:12	35.25
Doom Dooma India Limited	Brooke Bond India Limited	1-Jan-93	1-Jun-93	24-Aug-93	10:11	35.25
Kissan Products Limited	Brooke Bond India Limited	1-Apr-93	20-Jan-94	22-Jan-94	1:100	Not Applicable
Lipton India Limited	Brooke Bond India Limited [Name changed to Brooke Bond Lipton India Limited]	1-Jul-93	9-Mar-94	16-May-94	10:9	48.99
The Tata Oil Mills Company Limited	Hindustan Lever Limited#	1-Apr-93	28-Dec-94	5-Apr-95	15:2	38.86
Brooke Bond Lipton India Limited	Hindustan Lever Limited#	1-Jan-96	21-Mar-97	16-May-97	20:9	52.82
Pond's (India) Limited	Hindustan Lever Limited#	1-Jan-98	15-Oct-98	3-Mar-99	4:3	525.00
Industrial Perfumes Limited	Hindustan Lever Limited#	1-Jan-99	9-Feb-00	23-Feb-00	5:2	Not Applicable
International Bestfoods Limited	Hindustan Lever Limited#	1-Jun-01	26-Sep-01	20-Oct-01	3:2*	73.84
Aviance Limited	Hindustan Lever Limited#	1-Jul-01	25-Sep-01	Not Applicable	Not Applicable	Not Applicable
Tea Estates India Limited (Formerly known as 'Thiashola Tea Company Limited')	Demerger from Hindustan Lever Limited#	1-Apr-05	1-Dec-05	2-Dec-05	^	Not Applicable
Doom Dooma Tea Company Limited (Formerly known as 'Daverashola Tea Company Limited')	Demerger from Hindustan Lever Limited#	1-Apr-05	1-Dec-05	2-Dec-05	^^	Not Applicable
Lever India Exports Limited	Hindustan Lever Limited#	1-Apr-05	30-Dec-05	Not Applicable	Not Applicable	Not Applicable
Lipton India Exports Limited	Hindustan Lever Limited#	1-Jan-05	30-Dec-05	Not Applicable	Not Applicable	Not Applicable
Merryweather Food Products Limited	Hindustan Lever Limited#	1-Jan-05	30-Dec-05	Not Applicable	Not Applicable	Not Applicable
TOC Disinfectants Limited	Hindustan Lever Limited#	1-Apr-05	30-Dec-05	26-Apr-06	500:1 **	Not Applicable
International Fisheries Limited	Hindustan Lever Limited#	1-Jan-05	30-Dec-05	26-Apr-06	1:1***	Not Applicable
Vashisti Detergents Limited	Hindustan Lever Limited#	1-Jul-05	28-Feb-06	10-Apr-06	10:1****	28.00
Modern Food Industries (India) Limited & Modern Food and Nutrition Industries Limited	Hindustan Lever Limited#	1-Oct-06	30-Mar-07	Not Applicable	Not Applicable	Not Applicable
Shamnagar Estates Private Limited, Jamnagar Properties Private Limited and Daverashola Estates Private Limited (Formerly known as Hindustan Kwalita Walls Foods Private Limited)	Demerger from Hindustan Lever Limited#	1-Nov-06	29-Mar-07	Not Applicable	^^^	Not Applicable
Brooke Bond Real Estates Private Limited	Demerger from Hindustan Unilever Limited	1-Apr-08	1-Sep-08	Not Applicable	^^^^	Not Applicable
Bon Limited	Hindustan Unilever Limited	1-Apr-09	28-Apr-10	Not Applicable	Not Applicable	Not Applicable

\* Swap based on Rs.10/- share of International Bestfoods Limited for Re.1/- share of Hindustan Lever Limited

\*\* Swap based on Rs.5/- share of TOC Disinfectants Limited for Re.1/- share of Hindustan Lever Limited

\*\*\* Swap based on Rs.100/- share of International Fisheries Limited for Re.1/- share of Hindustan Lever Limited

\*\*\*\* Swap based on Rs.10/- share of Vashisti Detergents Limited for Re.1/- share of Hindustan Lever Limited

^ 49,50,000 Equity Shares of Rs.10/- each and 10,00,000 Preference Shares of Rs.100/- each were allotted to Hindustan Lever Limited pursuant to the demerger by Tea Estates India Limited

^^ 4,88,000 Equity Shares of Rs.100/- each and 10,00,000 Preference Shares of Rs.100/- each were allotted to Hindustan Lever Limited pursuant to the demerger by Doom Dooma Tea Company Limited

^^^ 1,50,00,000 Equity shares of Rs. 10/- each were allotted to Hindustan Lever Limited pursuant to demerger by Shamnagar Estates Private Limited. 50,00,000 Equity shares of Rs. 10/- each were allotted to Hindustan Lever Limited pursuant to demerger by Jamnagar Properties Private Limited. 1,71,700 Equity shares of Rs. 10/- each were allotted to Hindustan Lever Limited pursuant to demerger, by Daverashola Estates Private Limited

^^^^ 1,29,36,000 Equity Shares of Rs. 10/- each were allotted to Hindustan Unilever Limited pursuant to demerger by Brooke Bond Real Estates Private Limited

# Name changed to Hindustan Unilever Limited w.e.f. from 11th June, 2007

**Plant Locations**

As mentioned at page nos. 148 & 149 of this Report.

**Information pursuant to Clause 32 of the Listing Agreement**

Loans and advances in the nature of loan to subsidiaries:

Rs. Crores

Name of the Company	Balance as at 31st March, 2011	Maximum outstanding during the year
Lakme Lever Private Limited	11.40	26.20
Brooke Bond Real Estate Private Limited	0.40	0.40
Pond's Export Limited	2.50	2.50

**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, 2011 and based on 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.

Mumbai  
9th May, 2011

**Nitin Paranjpe**  
Managing Director and  
Chief Executive Officer

**Sridhar Ramamurthy**  
Executive Director – Finance & IT and  
Chief Financial Officer

## AUDITORS' CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To the members of  
**Hindustan Unilever Limited**

We have examined the compliance of the conditions of Corporate Governance by Hindustan Unilever Limited for the year ended March 31, 2011, as stipulated in clause 49 of the Listing Agreement of the said Company with the stock exchanges in India.

The compliance of the conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of an 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 Agreement.

We 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.

Mumbai  
9th May, 2011

For **Lovelock & Lewes**

Firm Registration Number: 301056E  
Chartered Accountants

**Sharmila A. Karve**

Partner  
Membership no. 43229



## Secretarial Audit Report

The Board of Directors  
**Hindustan Unilever Limited**  
Mumbai

We have examined the registers, records and documents of Hindustan Unilever Limited ("the Company") for the financial year ended on 31st March, 2011 for compliances of provisions of:

1. The Companies Act, 1956 and the Rules made under that Act;
  2. The Depositories Act, 1996 and the Regulations and Bye-laws framed under that Act;
  3. 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, 1997;
    - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
    - c) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999
    - d) The Securities and Exchange Board of India (Buyback of Securities) Regulation, 1998.
  4. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made under that Act; and
  5. The Equity Listing Agreements entered into with Bombay Stock Exchange Limited and National Stock Exchange of India Limited.
- Based on our examination and verification of the registers, records and documents produced to us and according to the information and explanations given to us by the Company, we report that the Company has, in our opinion, complied with the provisions of the Companies Act, 1956 ("the Act") and the Rules made thereunder the Act and the Memorandum and Articles of Association of the Company, with regard to:
- a) maintenance of various statutory registers and documents and making necessary entries therein;
  - b) closure of the Register of Members;
  - c) forms, returns, documents and resolutions required to be filed with the Registrar of Companies and Central Government;
  - d) service of documents by the Company on its Members and the Registrar of Companies;
  - e) Notice of Board Meetings and Committee meetings of Directors;
  - f) minutes of the meetings of Directors and Committees of Directors including passing of resolutions by circulation;
  - g) Notice and convening of the 77th Annual General Meeting held on 27th July, 2010;
  - h) minutes of proceedings of General Meetings;
  - i) approvals of the Members, the Board of Directors, the Committees of Directors and government authorities, wherever required;
  - j) constitution of the Board of Directors / Committees of Directors and appointment, retirement and re-appointment of Directors including the Managing Director and Executive Directors;
  - k) payment of remuneration to the Directors including the Managing Director and Executive Directors;
  - l) appointment and remuneration of Statutory Auditors and Cost Auditors.
  - m) transfers and transmissions of the Company's shares, issue and allotment of shares and issue and delivery of certificates of shares;
  - n) declaration and payment of dividends including interim dividend;
  - o) transfer of amounts as required under the Act to the Investor Education and Protection Fund;
  - p) satisfaction of charges registered with the Registrar of Companies;
  - q) form of balance sheet as prescribed under Part I of Schedule VI to the Act and requirements as to Profit & Loss Account as per Part II of the said Schedule;
  - r) contacts, common seal, registered office and publication of name of the Company; and
  - s) generally, all other applicable provisions of the Act and the Rules made under that Act.

We further report that:

- a) the Directors have complied with the requirements as to disclosure of interests and concerns in contracts and arrangements, shareholdings / debenture holdings and directorships in other Companies and interest in other entities;
- b) the Directors have complied with the disclosure requirements in respect of their eligibility of appointment, their being independent and compliance with the Share Dealing Code and Code of Conduct of the Company.

## Secretarial Audit Report (Contd.)

- c) the Company has obtained all necessary approvals under the various provisions of the Act.
- d) there was no prosecution initiated against or show cause notice received by the Company and no fines or penalties were imposed on the Company during the year under review under the Companies Act, SEBI Act, SCRA, Depositories Act, Listing Agreement and Rules, Regulations and Guidelines framed under these Acts against the Company, its Directors and Officers.

We further report that the Company has complied with the provisions of the Depositories Act, 1996 and the Bye-laws framed under that Act by the Depositories with regard to dematerialisation/rematerialisation of securities and reconciliation of records of dematerialised securities with all securities issued by the Company.

We further report that:

- a) the Company has complied with the requirements under the Equity Listing Agreements entered into with the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited;
- b) the Company has complied with the provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 including the provisions with regard to disclosures and maintenance of records required under the Regulations;

- c) the Company has complied with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 including the provisions with regard to disclosures and maintenance of records required under the Regulations.
- d) the Company has complied with the provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 with regard to implementation of 2006 HLL Performance Shares Scheme, 2001 HLL Stock Option Plan, grant of options and other related aspects.
- e) the Company has complied with the provisions of the Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 with regard to buyback of shares of the Company.

**S. N. ANANTHASUBRAMANIAN & CO**  
**Company Secretaries**

**S N ANANTHASUBRAMANIAN**  
**Proprietor**  
CP No. 1774

May 20, 2011  
Mumbai