

REPORT OF BOARD OF DIRECTORS

and Management Discussion and Analysis

Against the backdrop of the external environment discussed earlier, our value creation model and our strategy, your Board of Directors is pleased to share with you the Business Performance under each of its strategic pillars along with the Audited Financial Statements for the financial year ended 31st March, 2018.

WINNING WITH BRANDS AND INNOVATION

Our consumers are at the heart of our value creation model and strategy. We meet the needs of our consumers through our four categories spanning 40 brands, most of which are household names.

₹2,000+ CRORE BRANDS



₹1,000+ CRORE BRANDS



₹500+ CRORE BRANDS



The key thrust areas for your Company under this strategic pillar of Winning with Brands and Innovation are building brands with purpose, innovating across the portfolio and market development.

To make the business future ready, we have implemented the Winning In Many Indias (WiMi) strategy that resulted in creating 14 Consumer Clusters and the Country Category Business Teams (CCBTs), which are multi-functional business units consisting of marketing, R&D, customer development, finance and supply chain resources. Through WiMi and CCBTs, your Company is crafting sharper strategies and rolling out innovations at a much faster pace.

Personal Care

Your Company is focusing on key strategic thrusts to further strengthen its leadership in the Indian Personal Care market, by strengthening the core brands, accelerating premiumisation of the portfolio, market development and scaling up play in 'naturals'.

The penetration and consumption of most of the categories in which your Company operates have a healthy headroom to grow, indicating the potential in the Personal Care market in India.

Skin Care saw healthy growth across segments including face care, face cleansing, hand and body. Growth of core brands in Skin Care was driven by a successful re-launch of Fair & Lovely. The talcum powder business grew ahead of the market with refreshed communication and focused relevance building.

Skin Cleansing had a good year, with Lifebuoy, Lux, Pears and Dove growing strongly. Lifebuoy continued its mission of changing handwashing habits across the nation and Lux held its second edition of the 'Lux Golden Rose Awards', the only award to celebrate and recognise best women actors. Dove and Pears led the growth at the premium end of the market.

In Haircare, your Company launched various new products in the core portfolio of every brand to meet its growth ambition. Several innovations were delivered in the 'naturals' space. Two new variants of TRESemmé, namely, 'TRESemmé Botanique Detox and Restore' and 'TRESemmé Botanique Nourish and Replenish' were also launched. A new variant for Dove called 'Environmental Defence' was launched to protect hair damage caused due to pollution.

The re-shaping of the Oral Care market resulted in headwinds to your Company's Oral Care business. Closeup was re-launched in 2017 with a refreshed proposition and communication as well as high scale media deployment. Pepsodent had a refreshed communication to build relevance of the germ protection proposition, with focus on 'sweet loving' eating habits. Your Company, through LEVER ayush, has forayed into the 'naturals' segment in Oral Care.

Lakmé had a milestone year and entered the list of your Company's ₹ 1,000 crores brands. Growth was broad-based, with all sub-ranges [Core, 9to5, Absolute] delivering strong growth. Lakmé continued to lead trends in the market with new ranges like Lakmé Absolute Argan Oil range. The brand also hosted the marquee Lakmé Fashion Week.

In Deodorants, the Axe brand performed well, and a new mini format of Axe Ticket was launched. Rexona, our leading anti-perspirant brand, has shown encouraging results during initial launch.

Your Company has a comprehensive 'naturals' strategy to ensure it is able to leverage this growing trend. The Company is building a master brand LEVER ayush across multiple categories like oral care, haircare, skin care and more. The brand strives to make ancient ayurvedic wisdom accessible to solve modern day beauty problems. LEVER ayush consists of a wide range of products across toothpaste, soaps, handwashes, shampoos and face wash, with each segment offering varied solutions. LEVER ayush works with one of the premier Ayurvedic Institutes, Arya Vaidya Pharmacy, to make products that use the right ingredients to make the product effective.

Your Company is also building specialist 'naturals' brands like Indulekha and Citra. Indulekha has delivered impressive performance in the oil format and has now been extended into shampoos, with a unique product formulation and distinctive packaging.

The third leg of the 'naturals' strategy involves launching various natural variants within its existing portfolio of products like TRESemmé Botanique, Clinic Plus Ayurveda, FAL Ayurvedic care, Closeup Nature Boost and Nature Rush.

Home Care

Your Company's Home Care business sustained its competitive, profitable growth agenda during the year. Your Company's fabric wash business has delivered strong and comprehensive performance on the back of continuing the premiumisation thrust with Surf excel and regaining growth in the mass segment led by Wheel. In the emerging segments of machines and fabric conditioning, Surf excel matic liquid and Comfort fabric conditioner built momentum and reached more consumer homes. Surf excel hand wash and matic powders were re-engineered for optimised delivery of fabric whiteness. Sunlight powder was re-launched with improved performance on cleaning. Wheel powder was re-launched with malodour masking benefits on fabrics delivered through fragrance technology. Rin bar was re-launched with improved performance on cleaning and fragrance attributes. Rin Matic liquid for Top Load washing machines was launched.

In Household Care, Vim led the market development for dishwash through category adoption of Vim bar in rural India and by upgrading existing bar consumers to the liquid format. During the year, Vim bar also launched its value-added variant Vim Anti-Smell (with Pudin) to start upgrading existing bar users to a higher value benefit of removal of strong leftover smells from clean vessels. Vim liquid was re-engineered to deliver better value to our consumers. Domex launched India's first low-cost toilet cleaning powder. Domex toilet rim blocks too were re-launched via e-commerce.

Pureit continued to strengthen its presence in the fast-growing Reverse Osmosis (RO) business. Launch of the low-priced mineral RO range complemented the existing range well and has further opened the segment by providing consumers a quality range of RO water purifiers at an affordable price. Your Company also launched the new Pureit air purifier range to provide effective solutions to the growing concern around air pollution.

Foods

Your Company's Foods business presents sustainable opportunities for future growth given low household penetration. Consumers are looking for taste, freshness and differentiated offerings that satiate their need for experimentation and time saving. The preference for international cuisines is rising and higher disposable incomes squarely translate to higher share of wallet for packaged foods, leading to a virtuous cycle of growth.

The Foods business will continue to focus on volume growth in core categories, while successfully landing innovations which will be critical to tap into a fast re-shaping landscape of packaged foods.

During the year, the Foods business embarked on several new initiatives and launches, notably the launch of new Knorr Italian Margherita and Cheese & Herbs variant of noodles. This launch in select geographies adds to the noodles portfolio and comes as an addition to Knorr's flagship Soupy noodles which has a loyal consumer base. Your Company also launched two new variants of Premium International soups – Italian Mushroom and Mexican Tomato Corn. Under the food solutions channel, the Company introduced seven different *Masala* variants. Knorr noodles tied up with Carnival cinemas to provide a great snacking experience for moviegoers.

Kissan re-launched its Sweet & Spicy range of ketchups to cater to the evolving palate of new-age consumers. Kissan entered into a partnership with INOX to provide consumers with the experience of a new Sweet & Spicy range at every INOX movie hall in the country, a unique tie-up to distribute samples at the 'moment of consumption'. The year also saw the launch of one new variant of premium jam, Kissan Tropical blast and new packs of Kissan Mixed Fruit jams. Kissan Ketchup and sauces were re-launched during the year.

Kissan also launched its first ever engagement platform in 2017. In an endeavour to help make the sometimes-daunting task of packing tiffin easier, Kissan, true to its ethos, is on a journey via its 'Kissan Tiffin Timetable' channel to create 200 recipes for 200 schooldays. The recipes are co-created with India's leading recipe platform, India Food Network, and presented by an assortment of renowned trained chefs, home chefs and food bloggers. The initiative was recognised by the Indian Food Forum with a 'Golden Spoon Award' as the best marketing activation for 2017.

Refreshments

The Refreshments business of your Company, comprising iconic brands like Taj Mahal, Red Label, Lipton, BRU and Kwality Wall's, had a good year. It delivered strong and broad-based volume-led growth across Tea, Coffee and Ice Cream. The business continued to drive the reach through increase in direct distribution. Tea continued to deliver robust, volume-led growth as all the key brands continued to grow and delight millions of consumers with their superior taste. Your Company initiated the launch of 13 new premium variants of Taj Mahal for gifting on the e-commerce channel.

Brooke Bond Red Label and 3 Roses Natural Care Tea, with its differentiated immunity benefit from goodness of ayurvedic ingredients, continued to delight consumers. In Taaza, small packs and low unit packs were re-launched.

Brooke Bond Taj Mahal was re-launched with superior product and packaging. Your Company continues to promote healthy lifestyle through green tea.

During the year, your Company launched a new variant of BRU Coffee in select geographies. It continues to leverage state-of-the-art roasting and extraction technologies to deliver superior instant coffee products. For the first time, your Company launched beaten coffee and new masala tea premix in the Out of Home vending channel.

The Ice Cream and Frozen Dessert business saw competitive growth during the year. New innovations in Cornetto and sticks range have done well and received good consumer feedback. Your Company launched the Cornetto Red Velvet variant, Oreo variant, Kwality Wall's Sandwich and Cloud Bite. In Paddle Pop, your Company launched two new exciting variants, namely, dragon popper and mango and strawberry zaps. To cater to the health conscious consumers, your Company introduced Cornetto Mini in reduced portion size and in multipack.

Brands with Purpose

Our sustainable living brands are those that take action to make sustainable living commonplace in a way that is relevant to the product, good for society and motivating to consumers.

We are constantly endeavouring to build brands with purpose. By December 2017, Lifebuoy reached over 67 million people through Lifebuoy Handwashing Programme in India. Dove worked with partners such as Fountainhead and World Association of Girl Guides and Girl Scouts to build the self-esteem of thousands of young girls in India.

The Fair & Lovely Foundation, through relevant online courses, continued its journey of empowering women to become self-reliant. The programme has seen high degree of participation with nearly two lakhs women.

Rin introduced the new Rin detergent bar with patented 'smart-foam' technology that saves up to two buckets of water in every washing cycle. Surf excel launched its #HaarKoHarao campaign to make children future-ready by helping them 'Learn from Failure'.

Domex launched India's first toilet cleaning powder in a test market. The innovation caters to the bottom of the pyramid consumers for whom the powder provides an effective and affordable solution for cleaning the toilet and removing malodour. Given the initial success, the brand is extending this innovation to new markets in 2018. Domex also continued with its purpose by adopting 400 villages in Andhra Pradesh to make them Open Defecation Free through behaviour change with on-ground interventions.

Till 2017, Pureit provided over 83 billion litres of safe drinking water to consumers across India and continues to make progress towards its ambition of providing safe drinking water to millions. The brand is leveraging its partnership with Micro-Finance Institutions to reach the poorest of the poor.

Sustainable sourcing protects the planet while increasing farmer incomes. Each tomato that goes into the making of Kissan ketchup is grown by a farmer in the most sustainable way.

Staying steady on the progress as part of the 'Reducing salt' commitment under the USLP, three key variants of Kissan ketchup now meet sodium benchmarks of 5g salt intake per day. The launch of these variants with reduced sodium in a competitive market serves as a testimony that we are progressing steadfastly towards our USLP commitments by providing consumers a variety of options from our portfolio that not only appeal to their taste buds but also contribute positively towards their health and well-being.

As per the latest statistics by World Food Programme (WFP), 815 million people, or one in nine of the global population still goes to bed hungry. India is home to a quarter of undernourished people worldwide, making the country a key focus for tackling hunger on a global scale. In 2017, to mark the occasion of World Food Day, Knorr gave food lovers the opportunity to turn a virtual food post into a real meal for someone in need. On 16th October, 2017, each time our #ShareTheMeal post was shared or re-tweeted on Facebook and Twitter, Knorr Global donated the equivalent of one meal via the WFP, up to a total of 1.5 million meals, and Knorr India donated 50,000 meals via Akshaya Patra.

Your Company follows global principles of responsible food and beverage marketing and is also a signatory of the India Policy on Marketing Communications to Children. In accordance, HUL pledges to advertise products to children under the age of 12 that meet common 'Food & Beverage Alliance of India' nutrition criteria.

Your Company continues to collaborate with Confederation of Indian Industry (CII) and Food Safety Authority of India to run 'CII-HUL Initiative on Food Safety Sciences', to propagate science based culture in food safety. This initiative aims to accomplish a food operations regime in India that embodies the principles of food safety sciences and is positioned on risk based food safety approaches.

WINNING IN THE MARKETPLACE

The Customer Development ecosystem of your Company encompasses capturing the demand, fulfilment of demand and generation of demand. Your Company leads market development by growing new channels with a focus on execution through its Perfect Stores programme. Your Company works with customers, such as large retail chains, to generate insights about those who visit their stores through technology that creates detailed shopper profiles.

Key thrust areas under this strategic pillar are WiMi, increasing your Company's effective coverage and becoming the partner of choice across channels. WiMi is an agenda that allows your Company to get closer to customers and consumers by providing tailor-made products across categories and geographies.

It has been a year of strengthening the WiMi thinking across markets, embedding it into your Company's ways of working. This has helped the Company move the needle on quality of servicing and in-market execution by getting closer to the customers and consumers. Our supply chain's capability to offer cluster-specific promotion and formulation is helping the Company get closer to a diverse set of consumers and address their needs and aspirations. This approach has strengthened your Company's connect with them across geographical clusters and will be a source of competitive advantage for years to come.

As far as demand capturing is concerned, the focus of your Company has been on driving quality of coverage and increasing the assortment using data-centric and analytical approach. With respect to demand fulfilment, process and technology interventions have been used for improving service and efficiencies. For demand generation, the strategy of your Company encompasses winning in traditional trade in both open and closed formats, winning in 'route-to-market' as well as winning in emerging channels like modern trade and e-commerce.

In a rapidly changing world, leveraging technology and data-led decision-making continue to be a big thrust for your Company. HUL has been a thought leader in the area of big data and analytics as a tool to drive sustainable growth. The Company uses intelligent analytics at the backend to deliver better on-shelf availability in stores. Your Company continues to invest and experiment in this dynamic space to ensure it retains the edge in the marketplace.

In traditional trade, the focus has been on optimal servicing with appropriate beat lengths and in improving in-store visibility. In 'route-to-market', your Company has been driving the distribution of the market development portfolio through differentiated investment patterns. The call centres set up for retailers have helped many of your Company's traditional trade customers reach out directly to us. 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.

In Modern Trade, the foundation of your Company's success is based on collaborative planning with key customers. Your Company has also significantly improved investments in 'assisted selling'. Building 'brands in store' remains a key thrust in this channel and has yielded good results. This has translated into healthy growth during the year on the back of growing brand penetration.

The e-commerce space is growing exponentially in India. Your Company has made significant investments in capability building, and is committed to being the best FMCG player in this channel. A specialised team is working closely with all key e-commerce partners to create competitive advantage for the business and is scaling up at a rapid pace.

Your Company continues to focus on and drive 'Project Shakti', the initiative aimed at empowering women, enhancing livelihoods and building opportunities for small-scale entrepreneurs in rural India. Your Company now has nearly 80,000 Shakti Entrepreneurs (Shakti Ammas) across India who make a respectable living by distributing HUL products.

WINNING THROUGH CONTINUOUS IMPROVEMENT

Your Company is constantly aligning its products, processes and strategies to the changing market conditions to stay ahead of competition. The key thrust areas under the strategic pillar of continuous improvement are achieving profitable growth, improving customer service and quality, and building back-end capabilities to improve our processes.

Your Company's Supply Chain agenda focuses on building business competitiveness through consumer and customer-centricity, creating value through cost saving, customer service excellence ensuring availability of product, 'partner to win' programme

with suppliers and driving the sustainability agenda in manufacturing.

Your Company continued to improve on-shelf consumer relevant quality standards, thereby enhancing overall consumer experience. 'Delighting consumers everyday' is core to how we drive quality in our products. During the year, on-shelf quality was improved by 20% over the previous year.

With a robust funnel of savings programme, your Company continued on its path of delivering consistent end-to-end cost savings. Cash delivery was achieved with the help of IT tools resulting in optimising and maximising of cash flows. Your Company has brought down inventory holding by two days. It continues to progress on the world-class manufacturing journey and this covers 25% of production cost perimeter. Factories started delivering >10% cost savings on perimeter by eliminating non-value-added activities.

The service delivery standards improved steadily with Customer-Case Fill-On-Time (CCFOT) upwards of 95%. This was achieved by developing a segmented approach and having a clear roadmap developed for category, geography and channels. IT has continued to play a pivotal role in driving both growth and efficiency for the business. IT solutions for transport management have helped optimise logistics costs and improved demand planning, while forecasting solutions have enabled a leaner supply chain.

Your Company has increased its renewable energy share to 36%, in line with the USLP commitments. This was achieved by converting agricultural process waste from our operations into fuel, besides increasing utilisation of traditional biofuels like agriwaste. Your Company expanded installation of specialised burners to utilise heavy vegetable oil residue from operations as fuel, substituting furnace oil. This increase in renewable energy usage and reduction in specific energy consumption has also contributed to CO₂ reduction in your Company's manufacturing operations by 54% compared to 2008 baseline. All factories and warehouses continue to maintain 'zero non-hazardous waste to landfill sites' status. Waste segregation and pre-processing facilities have been provided at all locations to improve recyclability and reduce total waste quantities. Increase in harvested rainwater utilisation in processes, reuse of treated effluent water, reduction of water losses from boilers and cooling tower blow-down, process water requirement optimisations, etc. have all contributed to reduction of water usage in manufacturing by 55% compared to 2008 baseline.

For further details on the steps taken by the Company on conservation of energy, water and reduction of waste, please refer to the Business Responsibility Report which forms part of this Annual Report.

Technology Absorption

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

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

Your Company has an existing Technical Collaboration Agreement (TCA) and a Trade Mark License Agreement (TMLA) with Unilever which was entered into in 2012. The TCA provides for payment of royalty on net sales of specific products manufactured by your Company, with technical know-how provided by Unilever. The TMLA provides for the payment of trademark royalty as a percentage of net sales on specific brands where Unilever owns the trademark 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. This has helped in bringing to the Indian consumers bigger, better and faster innovations.

Your Company maintains strong and healthy interactions with Unilever through a well-coordinated management exchange programme, which includes setting out governing guidelines pertaining to identifying areas of research, agreeing timelines, resource requirements, scientific research based on hypothesis testing and experimentation. This leads to new, improved and alternative technologies, supporting the development of launch-ready product formulations based on research, and introducing them to markets. Your Company continuously imports technology from Unilever under the TCA, which is fully absorbed. The benefits derived by your Company through technology absorption and R&D have been detailed in the section Winning with Brands and Innovation earlier in this report.

Your Company also receives continuous support and guidance from Unilever to drive functional excellence in marketing, supply management, media buying and IT, among others, which help your Company 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 R&D at the Company's in-house facilities, eligible for a weighted deduction under Section 35(2AB) of the Income Tax Act, 1961, for the year ended 31st March, 2018, are as follows:

Capital Expenditure : ₹ 5 crores

Revenue Expenditure : ₹ 23 crores

Finance & IT

The Goods and Services Tax (GST) was one of the biggest indirect tax reforms in the history of independent India. Your Company, along with 10,000+ vendors and 3,500+ distributors, transitioned swiftly and smoothly to the GST regime on 1st July, 2017. The transition

began within a few minutes post-midnight across several locations and your Company was servicing distributors from Day One. This was made possible by meticulous planning and flawless execution by a cross-functional team. The impact of GST was outlined on various processes in the areas of customer development, supply chain, procurement, payment processing and accounting. Almost all the IT systems needed to be rewired and were tracked rigorously to ensure they landed on time in full. Securing >95% registrations of our ecosystem and conducting extensive training across multiple locations were key to a smooth transition.

Price change actions across categories were landed to ensure the benefits were passed on to consumers from the first day, well ahead of competition.

Effective 15th November, 2017, GST rates were reduced for some of our categories from 28% to 18%. While the implementation of this was done, due to paucity of time, it was not possible to immediately pass on the benefit of these rate reductions on some of the pipeline stocks to the end consumers. An estimated value of ₹ 124 crores has been proactively disclosed to the authorities on this count and we have offered to pay this amount suo motu to the Government. This amount is not recognised as revenue and is accounted as a liability as on 31st March, 2018.

In addition to the above, we have also offered ₹ 36 crores towards additional realisation which would have been made by Company's distributors on the closing stocks at point of transition. This is only a pass through and has no impact on Company's financials.

The finance function of your Company continues to assist in driving superior performance of the business, pioneer thought leadership and stewardship.

During the year, your Company's finance team completed a big transformational project that enabled centralisation and simplification of the accounting and control processes. Future Finance is a transformative programme that has been initiated this year that will change the way the finance team functions and partners business in your Company. A core component of this change is the Finance Excellence Team (FET) which has been organised around core performance management processes such as forecasting, budgeting and planning, as well as providing decision support in key areas. FET will focus on specific core business processes and decision support topics, enabling the team to develop deeper expertise and greater subject matter knowledge.

During the year, your Company started monitoring and reporting controls through Livewire, a comprehensive analytics tool that tracks compliance with internal controls framework established by the management. The controls dashboard allows the management to perform thematic analysis of its control health across different processes and activities, time periods and responsibility centres. This will enable the management to proactively protect value through implementation of a robust control environment.

WINNING WITH PEOPLE

Great Brands and Great People are our biggest assets. Sustainable, profitable growth can only be achieved in an organisation which focuses on a performance culture and where employees are engaged and empowered to be the best they can be.

To compete in a fast-changing world that is impacted by digitisation and increased competition, we have created an organisation that's faster, simpler, more consumer and customer-centric and future-proofed through our business transformation programme Connected 4 Growth (C4G). In order to propel the C4G transformation, your Company identified new behaviours as a key to winning in the market – Empowerment, Collaboration & Experimentation. We are creating an organisation and culture where our employees are empowered to act like entrepreneurs and business owners.

HUL retained the 'No. 1 Employer of Choice' amongst key business schools for the seventh year in a row. HUL continues to be the 'Dream Employer' and is also the top company considered for application by B-School students. The Facebook 'Unilever Diaries' page has over 5 lakhs fans and helps us deepen our engagement with students, as well strengthens our brand image among them.

Driven by the 'leaders build leaders' philosophy, we have sustained an environment where people get big responsibility early in their career and are also 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.

Our thrust is on building an agile and inclusive organisation that celebrates differences and leverages diversity. Apart from enabling infrastructure and work practices such as maternity and paternity support programme, flexible work arrangements towards creating an inclusive culture, we are constantly evaluating various employee support requirements.

Employee well-being is of utmost importance to us. We focus on four aspects of well-being – Physical, Mental, Emotional and Purposeful. An Employee Assistance Programme called 'Reach Out', a telephonic counselling programme which has round-the-clock access, has provided timely help to some employees.

At HUL, we believe that purpose is at the heart of what energises people. In line with this thinking, we kickstarted the Discover Your Purpose (DYP) journey with the intent to ignite passion and purpose in our employees.

Our mission is to protect and enhance the well-being of our employees, visitors and partners. A safe work environment is non-negotiable, for which we follow 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 employee travel. We promote 'Beyond Work Safety' as part of our holistic safety culture to improve safety beyond work.

Employee Stock Option Plan (ESOP)

Details of the shares issued under Employee Stock Option Plan (ESOP), as also the disclosures in compliance with SEBI (Share Based Employee Benefits) Regulations, 2014, are uploaded on the website of the Company <https://www.hul.co.in/investor-relations/annual-reports/hul-annual-report-related-documents.html>. No employee has been issued share options during the year,

equal to or exceeding one per cent 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 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 ₹ 1/- each. These awards will vest only on the achievement of certain performance criteria measured over a period of three years. The Company confirms that the 2012 HUL Performance Share Scheme complies with the provisions of SEBI (Share Based Employee Benefits) Regulations, 2014.

Under this 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, 160 employees were awarded conditional rights to receive 70,267 equity shares at the face value of ₹ 1/- each. It comprises conditional grants made to eligible managers covering performance period from 2017 to 2018 and from 2018 to 2020.

The employees of the Company are eligible for Unilever PLC (the 'holding Company') share awards namely, the Management Co-Investment Plan (MCIP), the Global Performance Share Plan (GPSP) and the SHARES Plan. The MCIP scheme has two sets of eligibilities – for Managers, it allows eligible employees to invest up to 20% of their annual bonus and for eligible senior leaders to invest up to 100% of their annual bonus in the shares of the holding Company and to receive a corresponding award of performance related shares. Under GPSP, eligible employees receive annual awards of the holding Company's shares. The awards under GPSP and MCIP plans vest after 3-4 years up to 200% of grant level, depending on the satisfaction of the performance metrics. Under the SHARES Plan, eligible employees can invest in the shares of the holding Company for specified amount and after three years, one share is granted to the employees for every three shares invested, subject to the fulfilment of conditions of the scheme. The holding Company charges the Company for the grant of shares to the Company's employees based on the market value of the shares on the exercise date.

Disclosures with respect to the remuneration of Directors and employees as required under Section 197 of the Act and Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (Rules) have been appended as Annexure to this report. Details of employee remuneration as required under provisions of Section 197 of the Companies Act, 2013 and Rule 5(2) and 5(3) of the Rules are available at the Registered Office of the Company during working hours, 21 days before the Annual General Meeting and shall be made available to any shareholder on request. Such details are also available on your Company's website <https://www.hul.co.in/investor-relations/annual-reports/hul-annual-report-related-documents.html>.

PERFORMANCE OF 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 brands, such as Kissan, BRU, Brooke Bond, Lakmé, Pears and to effectively provide cross-border sourcing of FMCG products to other Unilever companies across the world. This year was a challenging one for the Company in view of disruption in its key export markets. However, key brands continued to perform well in focus markets.

Lakme Lever Private Limited

Lakme Lever Private Limited (LLPL), is a 100% subsidiary of the Company and has over 350 owned / managed and franchisee salons.

In a market witnessing lower discretionary spends, LLPL continued to expand its salons business in key markets. The 'Runway Rewards' programme continued its successful journey into the second year and combined with attractive thematic promotion campaigns like Good Hair Day, Happy New You and Fall Collection helped drive footfall growth. Effective use of digital media and strong advocacy amongst customers has helped increased customer loyalty. The boost in confidence is clearly evidenced in the increasing average bill value. Your Company will continue to support LLPL to drive growth in this attractive market opportunity.

LLPL also operates a manufacturing unit at Gandhidham which carries out job work operations for your Company manufacturing toilet soaps, bathing bars and detergent bars.

Unilever Nepal Limited

Unilever Nepal Limited (UNL), a subsidiary of your Company, is engaged in manufacturing, marketing and sale of detergents, toilet soaps, personal products and laundry soaps in Nepal. In 2017, UNL completed 25 glorious years in the country.

During the year, UNL continued robust growth in sales which was broad based across all categories. UNL has maintained its bottom-line performance, driven by mix, judicious price management and by leveraging on the current manufacturing capability. UNL brands continue to be market leaders in all the categories they operate in.

Hindustan Unilever Foundation

Hindustan Unilever Foundation (HUF) is a not-for-profit Company that anchors water management related community development and sustainability initiatives of HUL.

HUF operates the 'Water for Public Good' programme, with a specific focus on water conservation, building local community institutions to govern water resources and enhancing farm based livelihoods through adoption of judicious water practices. The Foundation's programmes reach out to 2,400 villages in 57 districts across India in partnership with 20 NGOs and multiple co-funders. HUF also supports several knowledge initiatives in water conservation and governance.

By the end of year, the cumulative and collective achievements through partnered programme of HUF include:

- **Water Conservation:** More than 450 billion litres of water conservation potential created.
- **Crop Yield:** Additional agriculture production of over 6.5 lakhs tonnes has been generated.

- **Livelihoods:** More than 50 lakhs person days of employment have been created through water conservation and increased agriculture production.

The cumulative impact of HUF supported projects has been independently assured.

Other Subsidiaries

Pond's Exports Limited is a subsidiary of the Company which was engaged in leather business and has since discontinued operations.

Bhavishya Alliance Child Nutrition Initiatives is a subsidiary of the Company which is not-for-profit subsidiary of the Company and had launched 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. Similar handwashing programme is now being driven by your Company directly.

Daverashola Estates Private Limited is a subsidiary of the Company which has been exploring opportunities to enter into appropriate business activities.

Jamnagar Properties Private Limited is a subsidiary of the Company. The litigation over the land of the Company is now over and accordingly, the Company has initiated the process of surrendering the land.

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 (KCLL) was a joint venture between your Company and Kimberly-Clark Corporation (KCC), USA, with infant care diapers as its primary product category sold under the brand Huggies and feminine care products sold under the brand Kotex.

In line with your Company's decision to focus on its core business, the Company has divested its stake in KCLL during the year and accordingly the joint venture has ceased to exist.

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 herewith. 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 are also available on the website of your Company at <https://www.hul.co.in/investor-relations/annual-reports/hul-annual-report-related-documents.html>.

Your Company has not made any downstream investments in subsidiaries or joint venture during the year.

OPPORTUNITIES & RISKS

Our success as an organisation depends on our ability to identify opportunities and leverage them while mitigating the risks that arise while conducting our business.

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 opportunities for the business of your Company and key identified risks along with the steps taken by your Company to mitigate them are presented below.

Strategy	Opportunity	Details
Winning with Brands and Innovation	Premiumisation and Market Development	With changing population demographics, higher spending capacity of consumers and wider reach of products, there is increasing scope of premiumisation of our products. We constantly innovate to meet needs of all our consumers. Most of the categories in which your Company operates in are under-penetrated and therefore your Company continuously invests in market development.
Winning in the Marketplace	Winning in Channels of future	Winning in traditional trade and 'route-to-market' continues to be important for your Company. However, winning in emerging channels like e-commerce and modern trade will be the differentiator for your Company. Investments in strengthening our capabilities in the channels of the future while digitalising our distribution in the traditional trade would be the key thrusts.
Winning in the Marketplace and Winning through Continuous Improvement	Leveraging Big Data	Your Company has been a thought leader in using big data and analytics as a tool to drive sustainable growth. The Company uses intelligent analytics at the backend to deliver better on-shelf availability in stores. Services like order management, shipment planning, tendering, tracking and monitoring can be improved with building backend capabilities.
Winning in the Marketplace and Winning through Continuous Improvement	Sharper and Richer Execution	Our continued and relentless focus on flawless execution across the value chain is a key differentiator and a growth driver for the Company. We will continue to leverage this opportunity by making appropriate investments.
		Details
Winning with Brands and Innovation	<p>Brand Preference</p> <p>Your Company's success depends on the value and relevance of its brands and products to consumers and on our ability to innovate and remain competitive.</p> <p>Consumer tastes, preferences and behaviours are changing more rapidly than ever. Your Company's ability to identify and respond to these changes is vital to business success.</p> <p>We are dependent on creating innovative products that continue to meet the needs of consumers and getting these new products to market with speed. If we are unable to innovate effectively, sales or margins could be materially adversely affected.</p>	<p>Your Company monitors external market trends and collates consumer, customer and shopper insights to develop category and brand strategies.</p> <p>Our R&D function actively searches for ways to translate the trends in consumer preference and taste into new technologies for incorporation into future products. Our innovation management process converts category strategies into projects which deliver new products to market. We develop product ideas both in-house and with selected partners to enable us to respond to rapidly changing consumer trends with speed.</p> <p>Your Company has access to Unilever's global resources that provide greater expertise and superior innovations, backed by technology and know-how from Unilever. This helps your Company bring bigger, better and faster innovations to its consumers.</p>

		Details
Winning in the Marketplace	<p>Technological change is disrupting our traditional brand communication models. Our ability to develop and deploy the right communication, both in terms of messaging content and medium is critical to the continued strength of our brands.</p> <p>Legal and Regulatory</p> <p>Compliance with laws and regulations is an essential part of your Company's business operations. We are subject to laws and regulations in diverse areas as product safety, product claims, trademarks, copyright, patents, competition, employee health and safety, the environment, corporate governance, listing and disclosure, employment and taxes.</p> <p>Frequent changes in legal and regulatory regime and introduction of newer regulations with multiple authorities regulating same areas lead to complexity in compliance.</p> <p>Systems and Information</p> <p>Your Company's operations are increasingly dependent on IT systems and the management of information.</p> <p>Increasing digital interactions with customers, suppliers and consumers place even greater emphasis on the need for secure and reliable IT systems and infrastructure, and careful management of the information that is in our possession.</p> <p>The cyber-attack threat of unauthorised access and misuse of sensitive information or disruption to operations continues to increase.</p>	<p>Our brand communication strategies are designed to optimise digital communication opportunities. We develop and customise brand messaging content specifically for each of our chosen communication channels (both traditional and digital) to ensure that our brand messages reach our target consumers.</p> <p>We are committed to complying with all applicable laws and regulations. The relevant teams are responsible for setting detailed standards and ensuring that all employees are aware of and comply with regulations and laws specific and relevant to their roles.</p> <p>Our legal and regulatory specialists are closely engaged in monitoring and reviewing our practices to provide reasonable assurance that we remain aware of and in line with all relevant laws and legal obligations.</p> <p>Your Company has institutionalised the mechanism to monitor changes in legislation, both existing and proposed. The Company proactively engages with the Government and regulators to develop a regulatory framework which is in the best interest of the consumers and other stakeholders including Industry.</p> <p>To reduce the impact of external cyber-attacks impacting our business, we have firewalls and threat monitoring systems in place, complete with immediate response capabilities to mitigate identified threats.</p> <p>We also maintain a global system for the control and reporting of access to our critical IT systems. This is supported by an annual programme of testing of access controls.</p> <p>We have policies covering the protection of both business and personal information, as well as the use of IT systems and applications by our employees. Our employees are trained to understand these requirements. We also have a set of IT security standards and closely monitor their operation to protect our systems and information.</p> <p>We have standardised ways of hosting information on our public websites and have systems to monitor compliance with appropriate privacy laws and regulations, and with our own policies.</p>
Winning through Continuous Improvement		

UNILEVER SUSTAINABLE LIVING PLAN (USLP)

Your Company's vision is to accelerate growth in the business, while reducing environmental footprint and increasing positive social impact. This vision has been codified in the USLP launched in 2010, which is your Company's blueprint for achieving sustainable growth. By spurring innovation, strengthening the supply chain, lowering costs, reducing risks and building trust, sustainability is creating value for your Company as well as the society.

Your Company has made good progress on the three USLP big goals to be achieved globally: to help more than a billion people take action to improve their health and well-being, to halve the environmental footprint of the making and use of the products and to enhance the livelihoods of millions of people, while growing the business. Detailed information on the progress of your Company's USLP initiatives and CSR activities are available in the Annual Report on CSR and Business Responsibility Report which is appended as an Annexure to this Annual Report.

FINANCIAL REVIEW (STANDALONE)

Results

	(₹ crores)	
	For the Year ended 31st March, 2018	For the Year ended 31st March, 2017
Sales (including excise duty)	34,619	33,895
EBITDA	7,276	6,047
Profit before exceptional items and tax	7,347	6,155
Profit for the year	5,237	4,490

- a) According to the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, revenue for the year ended 31st March, 2017 was reported inclusive of excise duty. Goods and Services Tax ("GST") has been implemented with effect from 1st July, 2017 which replaces Excise Duty and other input taxes. As per Ind AS 18, the revenue for the year ended 31st March, 2018 is reported net of GST.
- b) In compliance with IND AS 20 on Government Grants, the amount of budgetary support under Goods and Services Tax, GST Refunds, to be received from the Government of India in relation to the existing eligible units under the different Industrial Promotion Schemes have been recognised as "Other Operating Income". In past periods these credits were netted off from the excise cost reported in the Statement of Profit and Loss.
- c) Comparable sales growth and comparable EBITDA margin improvement for FY 2017-18 has been arrived at by adjusting:
- Excise Duty, other net input taxes from reported sales of FY 2016-17, and
 - GST Refunds to the reported sales of FY 2017-18.
- d) In view of the accounting impact as shared in note (a) to (c) above, while the reported Net Sales grew by 2% during the year, comparable Domestic Consumer Sales grew by 12% during the year. The reported EBITDA margin expansion was 320 bps for the year while comparable EBITDA margin expansion was at 155 bps.

Category-Wise Turnover

	(₹ crores)			
	For the Year ended 31st March, 2018		For the Year ended 31st March, 2017	
	Sales	Others*	Sales	Others*
Home Care	11,464	165	11,123	223
Personal Care	16,132	332	16,078	226
Foods	1,147	18	1,102	22
Refreshments	5,181	44	4,795	53
Others (including Exports, Infant and Feminine Care)	695	26	797	22
TOTAL	34,619	585	33,895	546

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

Summarised Profit and Loss Account

	(₹ crores)	
	For the Year ended 31st March, 2018	For the Year ended 31st March, 2017
Sale of products (including excise duty)	34,619	33,895
Other operating income	599	592
REVENUE FROM OPERATIONS	35,218	34,487
Operating Costs	27,942	28,440
Profit Before Depreciation, Interest, Tax (PBDIT)	7,276	6,047
Depreciation	478	396
Profit Before Interest & Tax (PBIT)	6,798	5,651
Other Income (net of finance costs)	549	504
Profit before exceptional items	7,347	6,155
Exceptional items	(62)	241
Profit Before Tax (PBT)	7,285	6,396
Taxation	2,048	1,906
Profit for the year	5,237	4,490
Basic EPS (₹)	24.20	20.75

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, 2018, are given below:

Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
Return on Net Worth (%)	104.10	99.50	72.80	76.70	84.50
Return on Capital Employed (%)	130.20	127.70	105.80	105.90	118.90
Basic EPS (after exceptional items) (₹)	17.88	19.95	19.12	20.75	24.20

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 statement relate on the date of this report.

Capital Expenditure during the year was at ₹ 853 crores (₹ 1,372 crores in the previous year).

During the year, your Company did not accept any public deposits under Chapter V of Companies Act, 2013.

Your Company manages cash and cash flow processes assiduously, involving all parts of the business. There was a net cash surplus of ₹ 3,373 crores (2016-17: ₹ 1,671 crores), as on 31st March, 2018. 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, are in line with the requirements of Ind AS 21. The details of foreign exchange earnings and outgo as required under Section 134 of the Companies Act, 2013 and Rule 8(3) of Companies (Accounts) Rules, 2014 are mentioned below:

	(₹ crores)	
	For the Year ended 31st March, 2018	For the Year ended 31st March, 2017
Foreign Exchange earnings	387	541
Foreign Exchange outgo	1,285	1,214

Dividend

Your Directors are pleased to recommend a Final Dividend of ₹ 12/- per equity share of face value of ₹ 1/- each for the year ended 31st March, 2018. The Interim Dividend of ₹ 8/- per equity share was paid on 14th November, 2017.

The Final Dividend, subject to the approval of Members at the Annual General Meeting on Friday, 29th June, 2018, will be paid on or after Wednesday, 4th July, 2018, to the Members whose names appear in the Register of Members, as on the Book Closure dates, i.e. from Saturday, 23rd June, 2018, to Friday, 29th June, 2018 (both days inclusive). The total dividend for the financial year, including the proposed Final Dividend, amounts to ₹ 20/- per equity share and will absorb ₹ 5,177 crores, including Dividend Distribution Tax of ₹ 848 crore.

Unpaid / Unclaimed Dividend

In terms of the provisions of Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016 / Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001, ₹ 4.01 crores of unpaid / unclaimed dividends were transferred during the year to the Investor Education and Protection Fund.

Scheme of Arrangement

Subsequent to the approval of the Members at the Court Convened Meeting held on 30th June, 2016, to the Scheme of Arrangement for transfer of the balance of ₹ 2,187 crores standing to the credit of the General Reserves to the Profit and Loss Account, your Company had filed the petition for sanction of the Scheme of Arrangement with the Hon'ble High Court of Mumbai. Upon the Scheme becoming effective, the amount so transferred is proposed to be distributed to the Members 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. The Scheme is currently pending with National Company Law Tribunal (NCLT) for sanction.

Particulars of Loan, Guarantee or Investments

Details of loans, guarantee or investments made by your Company under Section 186 of the Companies Act, 2013, during the financial year 2017-18 are appended as an Annexure to this report.

Risk and Internal Adequacy

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.

GOVERNANCE, COMPLIANCE AND BUSINESS INTEGRITY

The Legal function of the Company continues to be a valued business partner that provides solutions to protect your Company and enable it to win in the volatile, uncertain, complex and ambiguous environment. Through its focus on creating 'value with values', the function provides strategic business partnership in the areas including product claims, legislative changes, combatting unfair competition, business integrity and governance.

As the markets continue to be disrupted with newer technologies and ever-evolving consumer preferences, the need to have a framework around data security and privacy is paramount. Your Company continues to ensure it has an appropriate framework and safeguards for data privacy of its stakeholders with enhanced legal and security standards.

Your Company is of the view that the menace of counterfeits can be effectively addressed if enforcement actions are supplemented with building awareness amongst the consumers of tomorrow. One of the key activities undertaken by your Company in this direction is propagating intellectual property awareness, particularly among school students. Your Company believes it is important to educate students on intellectual property, and build awareness and understanding of the subject so that students start respecting intellectual property rights from a young age.

The Legal and Communications functions of your Company work with leading industry associations, national and regional regulators and key opinion formers to develop a progressive regulatory environment in the best interest of all stakeholders.

Business Integrity

Under its pillar of Business Integrity, your Company communicates its Code of Business Principles (Code) and Code Policies internally and externally. All Company employees are required to undertake mandatory annual training on our Code and Code Policies via online training modules as well as take an annual business integrity pledge. Our Code and Code Policies extend through our entire value chain including our employees, contractors and third parties. During the year, we closed 101 incidents across all areas of our Code and Code Policies, with 70 confirmed breaches. During the year, we terminated the employment of 18 employees as a consequence of such breaches. The Company also requires its third-party business partners to adhere to business principles consistent with its own. These expectations are set out in our Responsible Sourcing Policy (RSP) and Responsible Business Partner Policy (RBPP), which underpin our third-party compliance programme.

Corporate Governance

Maintaining high standards of Corporate Governance has been fundamental to the business of your Company since its inception. 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.

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

Prevention of Sexual Harassment at Workplace

As per the requirement of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 ('POSH Act') and Rules made thereunder, your Company has constituted Internal Committees (IC). While maintaining the highest governance norms, the Company has appointed external independent persons who worked in this area and have the requisite experience in handling such matters, as Chairpersons of each of the Committees. During the year, four complaints with allegations of sexual harassment were received by the Company and they were investigated and resolved as per the provisions of the POSH Act. To build awareness in this area, the Company has been conducting induction / refresher programmes in the organisation on a continuous basis.

Update on Kodaikanal Soil Remediation

Your Company had informed the Members about the long-standing dispute with the former workers association of the former factory in Kodaikanal wherein a Memorandum of Settlement was signed with the association, bringing this long-standing matter to an end. On the other issue pertaining to soil remediation on the premises of the former factory of your Company, the soil remediation trials have been concluded. The Company is committed to commence full-scale soil remediation at the factory site at the earliest.

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 the 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 at Arm's Length basis. No Material Related Party Transactions, i.e. transactions exceeding 10% of the annual consolidated turnover as per the last audited financial statement, 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.

BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Mr. Harish Manwani, Non-Executive Chairman of the Company, has decided to retire and will not seek re-appointment at the forthcoming Annual General Meeting (AGM). The Board places on record its deep sense of gratitude and appreciation for the leadership and direction provided by Mr. Manwani, first as the Executive Director and thereafter, as the Non-Executive Chairman for the past 13 years. The Board has decided to appoint Mr. Sanjiv Mehta, presently the Managing Director and CEO of the Company, as the Chairman of the Board of Directors in succession to Mr. Manwani from the conclusion of the forthcoming AGM. The Board, while taking the above decision, took note of SEBI's amendments to the Listing Regulations, announced on 28th March, 2018, to accept the recommendation of the Kotak Committee on Corporate Governance to separate the positions of the Chairman and the Managing Director, effective April 2020, for top 500 Companies by market capitalisation. Considering this, the Board decided that the current tenure of Mr. Mehta as the Chairman shall be till March 2020. The Company shall ensure compliance with the new requirement of separation of the positions of Chairman and the Managing Director by April 2020.

The present term of appointment of Mr. Mehta as the Managing Director and Chief Executive Officer is valid up to 9th October, 2018. The Board has, subject to the approval of the Members in the forthcoming AGM, approved the re-appointment of Mr. Mehta as Managing Director and Chief Executive Officer for another period of five years, post completion of his present term.

During the year, Mr. P. B. Balaji resigned as Executive Director (Finance & IT) and Chief Financial Officer with effect from 13th November, 2017, for pursuing external opportunities. The Board places on record its deep appreciation for the outstanding contribution made by Mr. Balaji. Mr. Srinivas Phatak was appointed as an Additional Director on the Company's Board and the Executive Director (Finance & IT) and Chief Financial Officer with effect from 1st December, 2017, succeeding Mr. Balaji, after obtaining requisite approvals of the Members, through Postal Ballot and the Central Government.

As per the provisions of the Companies Act, 2013, Independent Directors have been appointed for a period of five years and shall not be liable to retire by rotation. 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. All other Directors, except the Managing Director, will retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-election.

The details of training and familiarisation programme 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 the Corporate Governance Report of this Annual Report.

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. Srinivas Phatak was appointed as Executive Director, (Finance & IT) and CFO and member of Management Committee of the Company in succession to Mr. P. B. Balaji.

AUDITORS

M/s. BSR & Co. LLP, Chartered Accountants 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.

In accordance with the Companies Amendment Act, 2017, enforced on 7th May, 2018 by the Ministry of Corporate Affairs, the appointment of Statutory Auditors is not required to be ratified at every Annual General Meeting.

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

M/s. RA & Co., Cost Accountants carried out the cost audit for applicable businesses during the year. The Board of Directors have appointed M/s. RA & Co., Cost Accountants as Cost Auditors for the financial year 2018-19.

OUTLOOK

From a fundamental and medium-term perspective, FMCG markets continue to offer sizeable headroom for growth by increasing penetration as well as consumption. Secular trends of young population, growing affluence, rising urbanisation and burgeoning digital connectivity will increase awareness and drive premiumisation.

India continues to be one of the fastest growing economies in the world and this is expected to continue in financial year 2018-19, as per the latest economic survey. With GST having been successfully implemented, trade conditions have stabilised and we are witnessing a gradual improvement in demand. We expect government spending plans such as increases to Minimum Support Price (MSP), provision of health insurance, etc. to bolster rural development and drive consumption. Normal monsoon, as forecasted, will help the overall economy.

Crude oil led inflation, emerging global events and disruptions, if any, from state elections are potential headwinds which need to be managed carefully.

Your Company, with its brands, talent and investment in capabilities, is well placed to leverage the FMCG opportunity. Your Company's strategy to lead market development while keeping the sustainable living plan its core, will enable it to create long-term value for all stakeholders.

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 judgements 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

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 an industry leader.

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, distributors, retailers, business partners and others associated with it 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 your 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.

Your Directors also take this opportunity to thank all Shareholders, 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, 14th May, 2018

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 2017-18, the percentage increase in remuneration of Chief Executive Officer, Chief Financial Officer and other Executive Director and Company Secretary during the financial year 2017-18.

Sr. 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	170.01	} Refer Note iv.
2	P. B. Balaji [#]	Executive Director, Finance & IT and CFO	47.70	
3	Srinivas Phatak [#]	Executive Director, Finance & IT and CFO	27.26	
4	Pradeep Banerjee	Executive Director, Supply Chain	48.29	
5	Dev Bajpai	Executive Director, Legal and Corporate Affairs and Company Secretary	52.86	

[#] Mr. P. B. Balaji ceased to be Executive Director, Finance & IT and CFO w.e.f. 13th November, 2017 and Mr. Srinivas Phatak appointed as an Executive Director, Finance & IT and CFO w.e.f. 1st December, 2017

- ii. The percentage increase in the median remuneration of Employees for the financial year was 4.7%.
- iii. The Company has 5,725* permanent Employees on the rolls of Company as on 31st March, 2018.
- iv. Average percentage increase made in the salaries of Employees other than the managerial personnel in the financial year was 9.4%. In line with the changes made to the Reward Policy in 2017, approved by the Nomination & Remuneration Committee, increases in managerial remuneration will be made later during the financial year 2018-19. The average increase 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 increase this year reflect the market practice.
- v. It is hereby affirmed that the remuneration paid during the year is as per the Remuneration Policy of the Company.

Note:

- a) The Non-Executive Directors of the Company are entitled for sitting fees / commission as per the statutory provisions and within the limits approved by the Members. 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 2017-18.
- c) Employees for the purpose above includes all employees excluding employees governed under collective bargaining.

* Includes employees working for Hindustan Unilever Limited.

Particulars of Loans, Guarantees or Investments

AMOUNT OUTSTANDING AS AT 31ST MARCH, 2018

Particulars	Amount
Loans given	226
Guarantee given	8
Investments made	3,111

LOAN, GUARANTEE AND INVESTMENTS MADE DURING THE FINANCIAL YEAR 2017-18

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 utilised
Lakme Lever Private Limited	Subsidiary	43	Loan	Business purpose
Unilever India Exports Limited	Subsidiary	140	Loan	Business purpose
Mutual Funds [#]	-	-230	Investments	Cash Management

[#] For details refer to Note 6 of Notes to the financial statement.

On behalf of the Board

Harish Manwani
Chairman
(DIN: 00045160)

Mumbai, 14th May, 2018

Annexure to the Directors' Report

Extract of Annual Return

Form No. MGT-9

[As on the Financial Year ended on 31st March, 2018]
 [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

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 : levercare.shareholder@unilever.com Website : www.hul.co.in
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, 67162222 Fax : +91 - 40 - 23431551 Toll Free No.: 1800-345-4001 E-mail : inward.ris@karvy.com Website : www.karvy.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (Activities contributing 10% or more of the turnover)

Sr. No.	Name and Description of Products	NIC Code of the Product	% to total turnover of the Company
1	Soaps	20231	30.00%
2	Detergents	20233	19.32%
3	Cosmetics & Toiletries	20237	16.21%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and address of the Company	CIN/GLN	% of shares held
Holding Company [Section 2(46)]			
1	Unilever PLC Port Sunlight, Wirral, Merseyside CH624ZD	N.A.	51.48
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.	2.44
6	Brooke Bond Assam Estates Limited #	N.A.	1.52
7	Unilever Overseas Holdings B V #	N.A.	0.87
Subsidiary Companies [Section 2(87)(ii)]			
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	Lever's 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
Associate Company [Section 2(6)]			
1	Kimberly-Clark Lever Private Limited [§] Gat No.934-937, Villagesanaswadi, Taluka - Shirur, Pune - 412 208	U74999PN1994PTC081290	50

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

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

§ Joint Venture with Kimberly-Clark Lever Private Limited ceased w.e.f. 29th September, 2017.

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

i) Category-wise Shareholding

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	
A. Promoters									-
1. Indian	-	-	-	-	-	-	-	-	-
2. Foreign									
- Bodies Corporates	1,45,44,12,858	-	1,45,44,12,858	67.20	1,45,44,12,858	-	1,45,44,12,858	67.19	-0.01
TOTAL PROMOTER SHAREHOLDING (A)	1,45,44,12,858	-	1,45,44,12,858	67.20	1,45,44,12,858	-	1,45,44,12,858	67.19	-0.01
B. Public Shareholding									
1. Institutions									
- Mutual Funds	3,83,86,030	49,284	3,84,35,314	1.78	3,54,84,654	39,244	3,55,23,898	1.64	-0.14
- Alternate Investment Funds	-	-	-	-	5,48,333	-	5,48,333	0.03	0.03
- Banks / Financial Institutions	69,90,335	1,28,710	71,19,045	0.33	1,59,47,050	1,28,190	1,60,75,240	0.74	0.41
- State Government	-	20	20	-	-	20	20	-	-
- Insurance Companies	7,68,50,946	9,500	7,68,60,446	3.55	9,60,91,021	9,500	9,61,00,521	4.44	0.89
- Foreign Portfolio Investors	28,70,05,513	37,450	28,70,42,963	13.26	27,19,32,775	28,460	27,19,61,235	12.56	-0.70
Sub-total (B)(1)	40,92,32,824	2,24,964	40,94,57,788	18.92	42,00,03,833	2,05,414	42,02,09,247	19.41	0.49
2. Non-Institutions									
- Bodies Corporates									
i) Indian	2,73,12,657	4,36,164	2,77,48,821	1.28	2,52,30,800	3,42,730	2,55,73,530	1.18	-0.10
ii) Overseas	3,600	-	3,600	-	500	-	500	-	-
- Individuals									
i) Individual shareholders holding nominal share capital up to ₹ 1 lakh	20,72,49,418	4,57,70,440	25,30,19,858	11.69	20,16,67,651	3,96,20,319	24,12,87,970	11.15	-0.54
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	40,29,793	7,10,350	47,40,143	0.22	39,95,743	7,10,350	47,06,093	0.22	-
- Others									
i) Trust	47,41,677	-	47,41,677	0.22	51,98,117	-	51,98,117	0.24	0.02
ii) Non Resident Indians	79,47,612	4,14,170	83,61,782	0.38	84,74,763	3,84,640	88,59,403	0.41	0.03
iii) Foreign Nationals	23,689	3,120	26,809	-	35,669	120	35,789	-	-
iv) Foreign Banks	7,720	-	7,720	-	6,220	-	6,220	-	-
v) Directors & their Relatives	1,20,783	-	1,20,783	0.01	1,25,178	-	1,25,178	0.01	-
vi) Clearing Members	17,07,800	-	17,07,800	0.08	10,21,418	-	10,21,418	0.05	-0.03
vii) Qualified Foreign Investor	-	-	-	-	10,868	-	10,868	-	-
viii) EPF	-	-	-	-	30,81,586	-	30,81,586	0.14	0.14
Sub-total (B)(2):-	25,31,44,749	4,73,34,244	30,04,78,993	13.88	24,88,48,513	4,10,58,159	28,99,06,672	13.39	-0.48
TOTAL PUBLIC SHAREHOLDING (B)=(B)(1) + (B)(2)	66,23,77,573	4,75,59,208	70,99,36,781	32.80	66,88,52,346	4,12,63,573	71,01,15,919	32.81	0.01
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
GRAND TOTAL (A+B+C)	211,67,90,431	4,75,59,208	216,43,49,639	100.00	212,32,65,204	4,12,63,573	216,45,28,777	100.00	-

ii) Shareholding of Promoters

Sr. 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	51.49	-	1,11,43,70,148	51.48	-	-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 Estates Limited	5,27,47,200	2.43	-	5,27,47,200	2.44*	-	-
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	-	-
TOTAL		1,45,44,12,858	67.20	-	1,45,44,12,858	67.19*	-	-0.01

* Percentage rounded off.

iii) Change in Promoters' Shareholding

There are no changes in the Promoter's shareholding during the Financial Year 2017-18. 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, 2018:

Sr. 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	3,58,90,707	1.66	3,58,90,707	1.66
	Bought during the year	3,08,59,365	1.42	6,67,50,072	3.08
	Sold during the year	-	-	6,67,50,072	3.08
	At the end of the year	6,67,50,072	3.08	6,67,50,072	3.08
2	Life Insurance Corporation of India P&GS FUND				
	At the beginning of the year	43,19,378	0.20	43,19,378	0.20
	Bought during the year	98,32,755	0.45	1,41,52,133	0.65
	Sold during the year	-	-	1,41,52,133	0.65
	At the end of the year	1,41,52,133	0.65	1,41,52,133	0.65
3	Nomura India Investment Fund Mother Fund				
	At the beginning of the year	14,42,691	0.07	14,42,691	0.07
	Bought during the year	1,12,49,774	0.52	1,26,92,465	0.59
	Sold during the year	-	-	1,26,92,465	0.59
	At the end of the year	1,26,92,465	0.59	1,26,92,465	0.59
4	Vanguard Emerging Markets Stock Index Fund A Series				
	At the beginning of the year	1,14,07,516	0.53	1,14,07,516	0.53
	Bought during the year	10,24,471	0.05	1,24,31,987	0.58
	Sold during the year	6,35,784	0.03	1,17,96,203	0.55
	At the end of the year	1,17,96,203	0.55	1,17,96,203	0.55
5	The New India Assurance Company limited				
	At the beginning of the year	1,39,66,974	0.65	1,39,66,974	0.65
	Bought during the year	-	-	1,39,66,974	0.65
	Sold during the year	22,72,456	0.11	1,16,94,518	0.54
	At the end of the year	1,16,94,518	0.54	1,16,94,518	0.54

Sr. 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
6	Vanguard Total International Stock Index Fund				
	At the beginning of the year	86,48,155	0.40	86,48,155	0.40
	Bought during the year	10,01,754	0.05	96,49,909	0.45
	Sold during the year	1,42,184	0.01	95,07,725	0.44
	At the end of the year	95,07,725	0.44	95,07,725	0.44
7	General Insurance Corporation of India				
	At the beginning of the year	1,01,85,940	0.47	1,01,85,940	0.47
	Bought during the year	-	-	1,01,85,940	0.47
	Sold during the year	10,25,000	0.05	91,60,940	0.42
	At the end of the year	91,60,940	0.42	91,60,940	0.42
8	Ishares India Index Mauritius Company				
	At the beginning of the year	78,58,602	0.36	78,58,602	0.36
	Bought during the year	4,93,615	0.03	83,52,217	0.39
	Sold during the year	8,20,744	0.04	75,31,473	0.35
	At the end of the year	75,31,473	0.35	75,31,473	0.35
9	Franklin Templeton Investment Funds				
	At the beginning of the year	1,06,97,584	0.49	1,06,97,584	0.49
	Bought during the year	19,278	0.00	1,07,16,862	0.49
	Sold during the year	41,19,799	0.19	65,97,063	0.30
	At the end of the year	65,97,063	0.30	65,97,063	0.30
10	Stitching Depository APG Emerging Markets Equity Pool				
	At the beginning of the year	52,27,202	0.24	52,27,202	0.24
	Bought during the year	24,74,801	0.11	77,02,003	0.35
	Sold during the year	13,22,211	0.06	63,79,792	0.29
	At the end of the year	63,79,792	0.29	63,79,792	0.29

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 <https://www.hul.co.in/investor-relations/annual-reports/hul-annual-report-related-documents.html>.

v) Shareholding of Directors and Key Managerial Personnel:

Sr. 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. Sanjiv Mehta				
	At the beginning of the year	-	-	-	-
	Bought during the year	10 ^{\$}	-	10	-
	Sold during the year	-	-	10	-
	At the end of the year	10	-	10	-
3	Mr. Srinivas Phatak				
	As on 1st December, 2017	10,208	-	10,208	-
	Bought during the period	-	-	10,208	-
	Sold during the period	-	-	10,208	-
	At the end of the year	10,208	-	10,208	-
4	Mr. Pradeep Banerjee				
	At the beginning of the year	52,886	-	52,886	-
	Bought during the year	-	-	52,886	-
	Sold during the year	-	-	52,886	-
	At the end of the year	52,886	-	52,886	-

Sr. 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
5	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	-
6	Mr. Dev Bajpai				
	At the beginning of the year	33,326	-	33,326	-
	Bought during the year	6,583*	-	39,909	-
	Sold during the year	-	-	39,909	-
	At the end of the year	39,909	-	39,909	-

Notes:

- 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 2017-18.
- Mr. P. B. Balaji ceased to be the Executive Director, Finance and IT and Chief Financial Officer of the Company w.e.f. 13th November, 2017 and his shareholding as on 1st April, 2017 was 12,406 shares. As on 13th November, 2017 there was no change.

* Shares allotted under ESOP.

§ Transmission of Shares dated 30th June, 2017.

V. INDEBTEDNESS

The Company had no indebtedness with respect to Secured or Unsecured Loans or Deposits during the financial year 2017-18.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and Key Managerial Personnel:

Sr. No.	Particulars of Remuneration	Name of MD/ WTD/ KMP					Total Amount
		Sanjiv Mehta	P. B. Balaji [#]	Srinivas Phatak [#]	Pradeep Banerjee	Dev Bajpai	
		Managing Director & Chief Executive Officer	Executive Director, Finance and IT and Chief Financial Officer	Executive Director, Finance and IT and Chief Financial Officer	Executive Director, Supply Chain	Executive Director, Legal and Corporate Affairs & Company Secretary	
1.	Gross salary						
(a)	Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	696	295	72	204	205	1,472
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	102	-	-	1	1	104
(c)	Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	558	-	15	204	150	927
2.	Stock Option	543	-	3	98	208	852
3.	Sweat Equity	-	-	-	-	-	-
4.	Commission	-	-	-	-	-	-
5.	Others (Contribution to PF & Superannuation)	38	21	12	41	37	149
	TOTAL (A)	1,937	316	102	548	601	3,504
	Ceiling as per the Act	₹ 70,770 lakhs (being 10% of Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013)					

[#] Mr. P. B. Balaji, ceased to be the Executive Director, Finance and IT and Chief Financial Officer of the Company w.e.f. 13th November, 2017 and Mr. Srinivas Phatak was appointed as an Executive Director, Finance and IT and Chief Financial Officer of the Company w.e.f. 1st December, 2017.

B. Remuneration to other Directors:

Particulars of Remuneration	Name of other Directors						(₹ lakhs)
	Chairman*	Independent Directors					Total Amount
	Harish Manwani	Aditya Narayan	S. Ramadorai	O.P. Bhatt	Sanjiv Misra	Kalpana Morparia [§]	
- Fee for attending Board / Committee meetings	-	4.50	3.60	4.80	4.50	3.60	21.00
- Commission [#]	62.00	24.00	23.00	25.71	23.00	22.00	179.71
TOTAL (B)	62.00	28.50	26.60	30.51	27.50	25.60	200.71
Ceiling as per the Act	₹ 7,077 lakhs (being 1% of Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013)						
TOTAL MANAGERIAL REMUNERATION = (A+B)							3,704.71
Overall Ceiling as per the Act	₹ 77,847 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, 2018 will be paid after adoption of financial statement by the Members at the AGM to be held on 29th June, 2018.

[§] Ms. Kalpana Morparia, ceased to be the member of Audit Committee w.e.f. 25th October, 2017

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties / punishment / compounding of offences for breach of any section of Companies Act, 2013 against the Company or its Directors or other Officers in default, if any, during the year.

On behalf of the Board

Harish Manwani
Chairman
(DIN: 00045160)

Mumbai, 14th May, 2018

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 has a simple but clear purpose – to make sustainable living commonplace. This purpose inspires your Company's vision to accelerate growth in the business, while reducing its environmental footprint and increasing its positive social impact. Your Company's commitment to sustainable living is not only helping drive strong business growth but also helping enhance equity and preference for its brands among consumers.

Your Company believes that in the long-term, this is the best way for business to grow. That is why Unilever Sustainable Living Plan (USLP) (<http://www.hul.co.in/sustainable-living/>) is at the heart of your Company's business model. 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 products; and (iii) enhance the livelihoods of millions of people while growing the business. These goals also contribute to and are covered by activities listed in the Schedule VII of Section 135 of the Companies Act, 2013. USLP commits to a value chain approach which is integrated across your Company's brands and operations. Your Company also helps in achieving United Nation's Sustainable Development Goals through its initiatives.

The Corporate Social Responsibility (CSR) Policy of the Company, as approved by the Board of Directors, is available on the Company's website <https://www.hul.co.in/investor-relations/corporate-governance/hul-policies/>.

A brief overview of your Company's projects is given below. This Report is divided into two parts – Section A provides details of the initiatives that are covered under activities listed in the Schedule VII of the Companies Act, 2013 and are considered for the purpose of computing prescribed CSR spends. Section B of this Report deals with USLP and other initiatives that are not considered for the purpose of CSR Spends.

Section A

i. Water Conservation Project

India is a water scarce region and water supply is expected to be half of its demand over the next decade, therefore Hindustan Unilever Limited (HUL) has identified water as a key area of intervention and set-up Hindustan Unilever Foundation (HUF).

Hindustan Unilever Foundation (HUF) is a not-for-profit Company that anchors water management related community development and sustainability initiatives of HUL. HUF operates the 'Water for Public Good' programme, with specific focus on empowering local community institutions to govern water resources and enhancing farm-based livelihoods through adoption of judicious water practices. Through the Foundation's water conservation and farm-based livelihoods initiatives, cumulatively, a capacity to conserve more than

450 billion litres of water has been created, over 6.5 lakhs tonnes of additional agriculture production has been generated and over 50 lakhs person days of employment has been generated. HUF has projects across nearly 2,400 villages in 57 districts with 20 partners in India.

ii. Handwashing Behaviour Change Programme

Handwashing with soap has been cited as one of the most cost-effective solutions to improve health and hygiene. A review of several studies shows that the simple act of handwashing with soap in institutions, such as primary schools and day care centres, reduces the incidence of diarrhoeal diseases by an average of 30 per cent. Your Company's Lifebuoy handwashing behaviour change initiatives help in promoting the benefits of handwashing with soap at key times during the day and encouraging people to sustain good handwashing behaviour. Over 67 million people have been reached through Lifebuoy handwashing behaviour change initiatives.

Lifebuoy has partnered with PSI, Plan International, World Association of Girl Guides & Girl Scouts (WAGGGS), Gavi, Project Hope and NGO Naman Seva Samiti for scaling up the handwashing behaviour change programme. In partnership with WAGGGS, Lifebuoy has launched an initiative to empower young girls. Through this partnership, girl guides and scouts become handwashing heroes and teach the potentially lifesaving habit of handwashing with soap within their local communities. Each handwashing hero is trained on the importance of using soap while washing hands before eating and after using the toilet. They are also equipped with the necessary skills to share these learnings with other people they know. In this way, the practice of using soap at critical occasions is spread across communities protecting people from infections.

iii. Domex Toilet Academy

Domex Toilet Academy (DTA) is a unique market-based entrepreneurial model launched by the Company in 2014. DTA programme trains entrepreneurs and masons to help build and maintain toilets; provides access to micro-financing and creates demand for toilets in low-income households. Since its inception, the DTA has trained more than 600 micro-entrepreneurs. To date, over 2 lakhs toilets have been built, benefitting over 11 lakhs people.

iv. Swachh Aaad Swachh Bharat

The 'Swachh Aaad, Swachh Bharat' (SASB) programme is in line with the Government of India's Swachh Bharat Abhiyan (Clean India Mission) to promote good health and hygiene practices. In 2017, the programme continued to promote good health and hygiene practices by stressing the need to adopt three clean habits ('Swachh Aaad') of washing hands five times a day, using a toilet for defecation and adopting safe drinking water practices. To spread awareness of the three clean habits, 'A Playing

Billion' campaign film was launched that highlighted how kids miss out on the simple joys of childhood due to repeated illness and urged people to adopt the three simple hygiene habits. The campaign has received 89 million 'YouTube' views.

A part of SASB, Swachhta Doot is a volunteering programme that enables any person to become a change agent in his / her community. It is a mobile-led WASH communication model to help create awareness on the three clean habits in communities. Till date, your Company has reached 7.5 million people through this programme. In 2017 alone, 4.5 million people have been reached.

Your Company also contributes to the Village Social Transformation Mission (VSTM) through its Swachhata Curriculum. This curriculum teaches students of class 1-5 about the three habits of washing hands with soap, adopting safe drinking water practices and using clean toilets. It provides a conceptual understanding of cleanliness, germs and the clean habits to be adopted in a fun and engaging manner across a 21 day period.

The Community Hygiene Centre – Suvidha Centre – is another important project by your Company to contribute to SASB. 'Suvidha' is a first-of-its-kind urban water, hygiene and sanitation community centre in Azad Nagar, Ghatkopar, one of the largest slums in Mumbai. The community centre provides drinking water, sanitation, handwashing, shower facilities and laundry services at an affordable cost. The centre uses circular economy principles to reduce water use. The centre was built in partnership with the Municipal Corporation of Greater Mumbai and Pratha Samajik Sanstha, a community-based organisation.

v. Project Prabhat

'Prabhat' is HUL's USLP-linked programme which contributes to the development of local communities around key sites including manufacturing locations. In 2017, Prabhat surpassed the ambitious target of directly impacting the lives of one million people. From its launch in December 2013 in eight locations, Project Prabhat is now live in over 30 locations across the country and directly benefits over 1.7 million people. The key focus areas are enhancing livelihoods, water conservation and health and hygiene awareness.

Under Prabhat's livelihood initiatives, in partnership with LabourNet, TARA and Mann Deshi Foundation over 30,000 people have been successfully certified and over 21,000 have already been linked to employment opportunities till December 2017.

The water conservation initiative is spearheaded by Hindustan Unilever Foundation in partnership with reputed NGOs to create capacities in water conservation with specific focus on farm-based livelihoods. Prabhat's water conservation programme is currently active across seven manufacturing locations.

The Swachh (Health & Hygiene) initiatives of Prabhat are aligned to the health and well-being pillar of the USLP. The key focus areas are – removing open defecation,

reducing infant mortality and providing safe drinking water. Prabhat also encourages HUL employees to become Swachhata Doots. Over 4,000 factory employees have become Swachhata Doots driving three clean habits.

vi. Asha Daan

Asha Daan is a home in Mumbai for abandoned and differently-abled children, HIV-positive and destitute people. Since the inception of Asha Daan in 1976, your Company has been looking after the maintenance of the premises. At any time, there are about 350-400 inmates at Asha Daan.

vii. Sanjeevani

Your Company runs a free mobile medical service camp 'Sanjeevani' for the local community near Doom Dooma factory in Assam. There are two mobile vans dedicated to the project. Each vehicle has one male and one female doctor, two nurses, a medical attendant 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 3.2 lakhs patients have been treated in these service camps since its inception in 2003. In 2017 alone, nearly 17,800 patients were treated through this programme.

viii. Ankur

Ankur was set up in 1993 as a centre for special education for differently-abled children at Doom Dooma in Assam. Ankur has provided educational and vocational training to 352 differently-abled children.

ix. Project Shakti

Project Shakti is your Company's initiative which aims to financially empower and provide livelihood opportunities to women in rural India. The Shakti Entrepreneurs are given training for familiarisation with your Company's products and basic tenets of distribution management.

Your Company has a team of Rural Sales Promoters (RSPs) who coach and help Shakti Entrepreneurs in managing their business. This includes help in business basics and troubleshooting as well as coaching in softer skills of negotiation and communication, which enable them to run their business effectively. Project Shakti has nearly 80,000 Shakti Entrepreneurs across 18 States. The programme has helped Shakti Entrepreneurs gain confidence, self-esteem, negotiating skills, communication and engagement capabilities, with supporting the development of an entrepreneurial mind-set.

Section B

Improving Health and Well-being:

i. Safe Drinking Water

Your Company's Pureit water purifier has been working towards making safe drinking water accessible and affordable to millions of people. Pureit's most affordable range of purifiers provide safe drinking water at a running cost of just 30 paise per litre without the hassles of boiling or need of electricity or a continuous tap water supply. In India, Pureit has provided 83 billion litres of safe drinking water till date.

ii. Dove Self-Esteem programme

Globally 8 out of 10 girls opt out of key life activities when they don't feel good about the way they look. In India, 6 in 10 girls say they do not have high body esteem¹. Dove has a mission to ensure the next generation grows up enjoying a positive relationship with the way they look helping young people raise their self-esteem and realise their full potential.

For more than 10 years, globally we have been helping young people with self-esteem education, reaching over 20 crores lives. In India, in 2017 your Company worked with partners such as Fountainhead and WAGGGS to reach out to 4.5 lakhs girls.

iii. Nutrition and Well-Being Initiatives

Your Company continuously works to improve the taste and nutritional quality of the products using globally recognised dietary standards. In 2017, in India 47% of your Company's total food and refreshment portfolio met the highest nutritional standards.

Reducing Environmental Impact:

iv. Reducing GHG, Waste, Water in Manufacturing

In 2017, CO₂ emissions per tonne of production reduced by 54%*. There was an increase in share of renewable energy at your Company's sites to 36%*. Water usage (cubic meter per tonne of production) in manufacturing operations reduced by 55%*. Total waste generated from the factories reduced by 54%*. Your Company maintained the status of 'zero non-hazardous waste to landfill' in all its factories and offices. 100% of the non-hazardous waste generated at our factories was recycled in environment friendly ways.

v. Reusable, Recyclable or Compostable Plastic Packaging

The USLP commits to ensure 100% of the Company's plastic packaging is reusable, recyclable or compostable by 2025. All Unilever factories and offices in over 190 countries are 'zero non-hazardous waste to landfill' sites. Factory generated non-hazardous waste is recycled in environment friendly ways.

Globally, we have reduced one-third of our plastic packaging since 2010. In India, your Company is taking the below initiatives in this direction:

Energy from Waste: In partnership with specialist agency, your Company has conducted a pilot on energy recovery from waste. Your Company has recovered energy from over 13,000 tonnes of waste till end of 2017.

Waste collection and segregation at source: In partnership with NGOs, your Company has conducted pilot projects in the domain of waste collection and segregation. Till end of 2017, over 380 tonnes of plastic waste has been collected, segregated and co-processed.

vi. Sustainable Sourcing

Your Company has a clear roadmap to achieve the bold commitment to source 100% of agricultural raw materials sustainably by 2020. In 2017, 100% of tomatoes used in Kissan ketchup continued to be sourced sustainably. The Public-Private Partnership (PPP) project, which began in 2012 between HUL and Maharashtra Government for sustainable sourcing of tomatoes, has become self-sustaining. In 2017, your Company continued to provide these farmers a buy-back guarantee for their produce. Your Company also offers farmers knowledge and expertise in sustainable agricultural practices. This includes the latest agricultural techniques, irrigation practices, recommendation of the right type of seeds, etc.

A total of 423 tea estates in India are trustea² verified and a total of 285 tea estates in India are Rainforest Alliance³ certified. In 2017, over 52% of tea was sourced from sustainable sources in India. Over five lakhs (0.5 million) plantation workers (56% of them are women workers) and 40,000 smallholders are verified under the trustea code.

Enhancing Livelihoods:

vii. Fair & Lovely Foundation

The Fair & Lovely Foundation (FAL) identifies academically exceptional girls from financially challenged backgrounds and offers scholarships to deserving candidates to pursue further education. To maintain integrity and fairness, the selection is done by a panel of eminent personalities from diverse fields. Till date, over 1400 girl students have been awarded scholarships. FAL Foundation has partnered with edX.org, a non-profit Massive Open Online Course Platform founded by Harvard University and Massachusetts Institute of Technology (MIT), NIIT and English Edge to launch a mobile education programme for women. Nearly 2 lakhs women have enrolled for this course till December 2017.

viii. Rin Career Ready Academy

Rin Career Ready Academy aims to inspire, educate and equip the youth from modest backgrounds with English speaking skills, office dressing and interviewing. In 2016, your Company re-launched the academy with two key new initiatives: Introduction of the 'Tele-Conferencing' module where students can speak to a teacher instead of an automated voice and a web course available on www.rin.in. So far, over 4.2 lakhs people have benefitted from this programme.

ix. Kwaliti Wall's Vending Operations

Our Kwaliti Wall's mobile vending initiative, 'I am Wall's', has provided entrepreneurship opportunities to 10,500 people across India. This programme has helped vendors become self-sufficient micro-entrepreneurs selling Ice Creams on the move.

Your Company's work over the last several years has paved the way for setting out clear targets. However, to scale up your Company's initiatives, partnerships are

¹ The 2017 Dove Global Girls Beauty and Confidence Report

² trustea is a multi-stakeholder programme, locally developed and owned India sustainability tea code.

³ The Rainforest Alliance is a growing network of farmers, foresters, communities, scientists, governments, environmentalists, and businesses dedicated to conserving biodiversity and ensuring sustainable livelihoods.

* compared to 2008 baseline.

crucial to make a meaningful difference. Your Company is working in partnership with Governments, NGOs, suppliers and others to help forge alliances and address big societal challenges.

Your Company has shared progress on the sustainability initiatives and partnerships in the Business Responsibility Report 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 Business Responsibility Report forms part of this Annual Report.

2. COMPOSITION OF THE CSR COMMITTEE:

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

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 up to 31st March, 2018	Amount spent Direct / through implementing agency
					Direct expenditure	Overheads		
1	Project Shakti	(ii)	PAN India	4,177	4,177	0	4,177	Direct
2	Swachh Aadat Swachh Bharat	(i)	PAN India	3,048	3,048	0	3,048	Direct
3	Water Conservation Project	(iv)	PAN India	3,317	3,002	315	3,317	Implementing Agencies (Multiple NGOs) (Note 2 [i])
4	Asha Daan	(iii)	Mumbai	170	170	0	170	Implementing Agency (Missionaries of Charity)
5	Project Prabhat	(x)	PAN India	561	544	17	561	Implementing Agencies (Note 2 [ii])
6	Domex Toilet Academy	(i)	Andhra Pradesh	233	233	0	233	Implementing Agencies (Note 2 [iii])
7	Sanjeevani	(i)	Assam	75	75	0	75	Direct
8	Ankur	(iii)	Assam	28	28	0	28	Direct
TOTAL				11,609	11,277	332	11,609	

Note 1:

- (i) eradicating hunger, poverty and malnutrition (promoting healthcare including preventive healthcare) 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;

3. DETAILS OF CSR SPEND:

	(₹ lakhs)
Average Net Profit of the Company for last 3 financial years:	5,61,009
Prescribed CSR Expenditure:	11,220
Details of CSR spent during the financial year 2017-18:	
a) Total amount to be spent for the financial year (2% of Average Net Profit for last 3 financial years)	11,220
b) Total amount spent during the financial year	11,609
c) Amount unspent, if any	Nil

- (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]:

Samuha, Watershed Organisation Trust, People's Action for National Integration, Sahjeevan, Samaj Pragati Sahayog, Dhan Foundation, Parmarth, Sanjeevani Institute for Empowerment & Development, BAIF Development Research Foundation and Integrated Rural Development Trust.

Note 2 [ii]:

Labour Net Services India Private Limited, Mann Deshi Foundation, and Development Alternatives.

Note 2 [iii]:

Population Services International.

Note 3:

During the year, the Company has spent an amount of ₹ 8.5 crores on Fair & Lovely Foundation and ₹ 2.14 crores on Rin Career Ready Academy in accordance with the CSR Policy of the Company. However, these spends have not been considered for the purpose of computing prescribed CSR spend of two percent of the Average Profits.

4. CSR COMMITTEE RESPONSIBILITY STATEMENT

The CSR Committee confirms that the implementation and monitoring of the CSR activities of the Company are 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

Business Responsibility Report

SECTION A – GENERAL INFORMATION ABOUT THE COMPANY

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	www.hul.co.in
5. E-mail id	levercare.shareholder@unilever.com
6. Financial Year reported	1st April, 2017 to 31st March, 2018
7. Sector(s) that the Company is engaged in (industrial activity code-wise)	<ul style="list-style-type: none"> • 20231 Soaps • 20233 Detergents • 20236 Shampoos • 20235 Toothpastes • 20234 Deodorants • 20237 Cosmetics • 10791 Tea • 10792 Coffee • 10750 Packaged Foods (Including Frozen Desserts) • 27501 Water Purifiers • 28195 Air Purifier • Home Care (Fabric Wash, Household Care and Water Business) • Personal Care (Personal Wash, Skin Care, Hair Care, Oral Care, Colour Cosmetics and Deodorants) • Refreshments (Tea, Coffee, Ice Cream and Frozen Desserts)
8. List three key products /services that the Company manufactures /provides (as in balance sheet)	<ul style="list-style-type: none"> • Home Care (Fabric Wash, Household Care and Water Business) • Personal Care (Personal Wash, Skin Care, Hair Care, Oral Care, Colour Cosmetics and Deodorants) • Refreshments (Tea, Coffee, Ice Cream and Frozen Desserts)
9. Total number of locations where business activity is undertaken by the Company	None
i. Number of International Locations	None
ii. Number of National Locations	<ul style="list-style-type: none"> • Registered Office: Unilever House, B. D. Sawant Marg, Chakala, Andheri (East), Mumbai - 400 099 • Research Centre: 64, Main Road, Whitefield P O, Bangalore - 560 066 • 9th Floor, Prestige Shantiniketan, The Business Presinct, Tower – A, Whitefield Main Road, Bangalore – 560 048. • Regional Office (East): Brooke House, 9 Shakespere Sarani, Kolkata - 700 071 • Regional Office (West): Uttara, Plot No. 2, Sector No. 11, CBD Belapur, Navi Mumbai - 400 614 • Regional Office (North): Block No. A, Plot No. B, South City I, Delhi - Jaipur Highway, Gurgaon - 122 001 • Regional Office (South): 101, Santhome High Road, Chennai - 600 028 • Regional Office (Central): Office Space Number 101, 102, 103, 108 and 109, Shalimar Titanium, Vibhuti Khand, Gomti Nagar, Lucknow - 226 010 Uttar Pradesh • Unit No. 511 To 514, 5th Floor, Princes' Business Skypark, Block No. 22,23,24, Sch No. 54, Pu-3 Commercial, Opposite Orbit, A.B Road, Indore - 452001, Madhya Pradesh
10. Markets served by the Company	Details of manufacturing locations form part of this Annual Report. India

SECTION B – FINANCIAL DETAILS OF THE COMPANY

	(₹ lakhs)
1. Paid-up Capital	21,645
2. Total Turnover	34,61,872
3. Total profit after taxes	5,23,679
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of average Net profit of the Company for last 3 financial years	2.07% (₹ 11,609 lakhs)
5. List of activities in which expenditure in 4 above has been incurred: Please refer to the CSR Annual Report which forms part of this Annual Report.	

SECTION C – OTHER DETAILS

1. Does the Company have any Subsidiary Company / Companies?	As on 31st March, 2018, the Company has 11 Subsidiary Companies. Hindustan Unilever Foundation and Bhavishya Alliance Child Nutrition Initiatives – both are not-for-profit companies incorporated to promote and implement the Corporate Social Responsibility agenda. Both companies 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)?	Your Company works with stakeholders in its extended value chain through its business responsibility initiatives.
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%]	Your Company also requires its third-party business partners to adhere to business principles set out in Responsible Sourcing Policy (RSP) and Responsible Business Partner Policy (RBPP), which underpin the third-party compliance programme.

SECTION D: BUSINESS RESPONSIBILITY (BR) INFORMATION**Details of Director / Directors Responsible for BR**

The details of members of Corporate Social Responsibility (CSR) Committee and their roles and responsibilities are elaborated in CSR Annual Report and Corporate Governance Report forming part of this Annual Report.

The DIN details of the CSR 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	Managing Director and Chief Executive Officer	06699923
Mr. Srinivas Phatak	Executive Director, Finance & IT and Chief Financial Officer	02743340

* 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 is to make Sustainable Living Commonplace and it believes that this is the best way to deliver long-term sustainable growth.

This purpose is supported by the Code of Business Principles (CoBP), which describes the standards that everyone at HUL follow. Unilever Sustainable Living Plan (USLP) is the Company's blueprint for achieving sustainable growth.

CoBP and the USLP framework supplement the requirements under the National Voluntary Guidelines and cover principles beyond those enunciated under the National Voluntary Guidelines.

The National Voluntary Guidelines provide the following nine principles.

Principle 1: Ethics, Transparency and Accountability [P1]	Principle 6: Environment [P6]
Principle 2: Products Lifecycle Sustainability [P2]	Principle 7: Policy Advocacy [P7]
Principle 3: Employees' Well-being [P3]	Principle 8: Inclusive Growth [P8]
Principle 4: Stakeholder Engagement [P4]	Principle 9: Customer Value [P9]
Principle 5: Human Rights [P5]	

(a) Details of compliance (Reply in Y / N)

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 CoBP of the Company conforms to the United Nations Global Compact (UNGC) guidelines and International Labour Organisation (ILO) principles.								
		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 followed 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 reviews the implementation of CoBP. The CSR Committee 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: https://www.hul.co.in/sustainable-living/ CoBP: https://www.hul.co.in/Images/4297-cobp-summary-doc_tcm1255-409220_en.pdf RSP: https://www.hul.co.in/Images/responsible-sourcing-policy-interactive-final_tcm1255-504736_en.pdf RBPP: https://www.hul.co.in/Images/responsible-business-partner-policy-may-2017_tcm1255-504807_en.pdf								
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

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: **Not Applicable**

GOVERNANCE RELATED TO BR

The Management Committee of the Company reviews complaints, issues and concerns received under the CoBP framework as well as 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 CSR Committee of the Company

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

Reporting progress to stakeholders on USLP targets forms an important part of the governance procedures of your Company. Your Company publishes an update on progress in India under USLP every year. The USLP India Progress Report can be accessed at <https://www.hul.co.in/sustainable-living/india-sustainability-initiatives/>. In line with the requirements of the Companies Act, 2013, your Company has also published the CSR Annual Report which forms part of this Annual Report. The CSR Annual Report and this Business Responsibility Report can be accessed at <https://www.hul.co.in/investor-relations/annual-reports/>.

PRINCIPLE 1: ETHICS, TRANSPARENCY AND ACCOUNTABILITY

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

The standards on ethics, transparency and accountability are stated under the CoBP and Code policies of your Company. CoBP is the statement of values and represents the standard of conduct which everyone associated with your Company is expected to observe in all business endeavours. 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. The CoBP and Whistle Blower Policy and their implementation are explained in detail under the Report of Board of Directors and the Corporate Governance Report.

PRINCIPLE 2: PRODUCTS LIFECYCLE SUSTAINABILITY

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

Consumers increasingly prefer responsible brands and responsible businesses. Your Company's brands have integrated responsibility and sustainability into both their purpose and products. For example, your Company's brands such as Pureit (Water), Domex (Sanitation) and Lifebuoy (Hygiene) have supported the water, sanitation and hygiene (WASH) agenda in India. Your Company has reached over 140 million people by end of 2017 through its initiatives in the area of health and well-being and has also contributed to an important national agenda through its Swachh Aaadat, Swachh Bharat programme. For further details on our brands with purpose refer to the Report of Board of Directors.

It is crucial for your Company to manage the environmental impact at each stage of its products' lifecycle to achieve USLP goals. Life Cycle Assessment (LCA) is one of several techniques that your Company uses to understand the impacts of its products on the environment. Your Company uses LCA in three ways: in new product design; for assessment of existing products; and in science and methodological development.

Sustainable purpose, sustainable products

These purpose-driven brands are not limited to being socially relevant, but are also environmentally sustainable. Many of your Company's food products are made from sustainably sourced agricultural raw materials. For example 100% of tomatoes used in your Company's Kissan ketchup are from sustainable sources. Your Company is also working through its supplier partners with 10,000 smallholder farmers in southern India for sustainable farming of gherkins. This is a part of the innovative Responsible Farming Programme that aims to increase productivity, develop best practices and improve livelihoods.

Your Company has taken an audacious target of eliminating coal from its energy mix by 2020. This will result in substantial reduction in our carbon footprint. Further, your Company shall source 100% of its energy across its operations from renewable sources by 2030.

Product safety

Being responsible also means ensuring that your Company's products are of high quality and completely safe for use by its consumers. 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.

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.

PRINCIPLE 3: EMPLOYEES' WELL-BEING

BUSINESSES SHOULD PROMOTE THE WELL-BEING OF ALL EMPLOYEES

Your Company's well-being strategy aims to create a working environment that is supportive of employees' personal lives, while meeting your Company's business needs.

Vision – An injury-free organisation

Your Company's vision to become an injury-free organisation. We achieved a further 6% reduction in Total Recordable Frequency Rate (TRFR) in 2017 as compared to 2016. Overall, we have achieved a robust 80% reduction in the TRFR for accidents in the factories and offices in 2017 as compared to 2008 baseline. Your Company has a Central Safety, Health and Environment Sub-Committee, which is led by the Chief Executive Officer.

Holistic well-being

Your Company's well-being agenda encompasses four pillars of well-being – physical, mental, emotional and purposeful. Lamplighter is your Company's framework for addressing employee health and well-being. In 2017, your Company rolled out well-being workshops and healthy-eating awareness sessions for employees, that were attended by nearly 4,000 employees. It also conducted purpose workshops for over 1,000 employees. Your Company is successfully running the toll-free helpline in nine languages for its employees to reach out and speak to a counsellor and seek advice on physical and mental health. Your Company has also collaborated with well-being experts to share their insights on holistic well-being.

Additionally, well-being 'Thrive' workshops were conducted across 32 locations in the country and saw participation from over 12,000 employees. Your Company also conducted regular workshops on improving nutrition where we invited experts to demonstrate ways of healthy cooking. Along with partners and experts, the Company implemented habit changing interventions that focused on healthy nutrition choices, de-addiction and adopting clean habits.

Capability building

Apart from physical and mental health, your Company focuses on continuous learning and building organisational capabilities of its people:

- **Sparkle:** It is a technology tool designed for capability management of shop-floor Blue collar employees.
- **Unilever Future Leaders Programme (UFLP):** Your Company identifies talent early and invests to build capability through this flagship programme.
- **70:20:10 Capability Building:** Your Company follows the 70:20:10 capability building approach 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.
- **People Planning Processes:** Leaders at each level 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:** Job rotation and diversity of experiences are integrated at all stages of the individual's career.

Diversity and inclusion

During the year 'Inclusive Leaders' were recognised by employees for contribution and role modelling of inclusive leadership.

In the area of diversity, your Company ensures a gender-balanced workforce. More than one-third of your Company's managers are women. In 2017, over 60% of the hires were Mid-Career Recruits (MCRs) and 45.5% of Unilever Future Leaders Programme (UFLP) hires were women.

Your Company has been consistently recognised at various awards and forums such as 'Best Companies for Women in India' for its culture of diversity and inclusiveness. Your Company's onsite Daycare Centre in Mumbai has been ranked as the 'No.1 Preschool Programme' in Mumbai by Education Today consistently for the past two years.

Affirmative action and prevention from sexual harassment

Your Company believes in providing Equal Opportunity / Affirmative Action. It 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 with as per the Company Policy on Prevention of Sexual Harassment and the CoBP and applicable laws. Communication is sent to all employees on a regular basis on various aspects of prevention of sexual harassment at work through e-articles and other means of communication. During the year 2017-18, four complaints with allegation of sexual harassment were filed with the Company and the same has been handled under the provisions of the Prevention of Sexual Harassment Act.

Around 1500 people were trained on preventing sexual harassment and related topics. Training included:

- New Joiners / Trainees / Interns / Third-party business partners were inducted on the subject of Prevention of Sexual Harassment of Women at Workplace.

- Employees across locations were taken through a refresher programme on Prevention of Sexual Harassment at Workplace.
- Inside offices, women employees are discouraged from working beyond 8.30 p.m. Any instances of late working are detected by the attendance card reader and sent to the employee's Line Manager automatically. In circumstances where late working becomes unavoidable, women employees are required to (i) Take a drop home from a Company approved car vendor only; (ii) Be escorted by a male colleague back home; (iii) Inform their Line Managers upon reaching home that they have reached safely.

Fair labour practices

Your Company drives fairness in the workplace by advancing human rights across its operations and extended supply chain. Your Company has an excellent record on industrial relations. Since 2015, it has maintained a record of near-zero loss of man-days due to industrial unrest. Your Company currently has 5,725 employees (excluding workmen), over 4,000 employees are employed on contractual / temporary basis as on 31st March, 2018.

Freedom of association, participation and collective bargaining

All workers are free to exercise their right to form and / or join trade unions or to refrain from doing so and to bargain collectively.

There are 105 employee associations across your Company. More than 10,000 permanent employees are members of these associations. There are over 104 female shop-floor Blue collar employees and over 18 permanent shop-floor Blue collar employees with disabilities in your Company's factories.

During the last year, your Company entered into long-term settlements with around 3,747 employees covering 10 factories across India.

Managing grievances

Your Company's grievance redressal mechanisms ensure that all employees can raise issues and concerns. The CoBP and Whistle Blower Policy provide for reporting in confidence of issues like child labour, sexual harassment etc. 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. 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.

Your Company actively engages with stakeholders in its own operations and beyond to bring transformational change.

Internal and external stakeholder engagement

Stakeholder engagement and partnership is essential to grow your Company's business and to reach the ambitious targets set out in the USLP. The CoBP and Code Policies guide how your Company interacts with the partners – among other suppliers, customers, governments, Non-Governmental Organisations (NGOs) and trade

associations. Only authorised and appropriately trained employees or representatives can engage with these groups. All engagement must be conducted in a transparent manner with honesty, integrity and openness; in compliance with local and international laws and in accordance with Unilever's values.

The Company engages in multiple ways with specific important stakeholders:

Suppliers

Every day, we work with thousands of suppliers who are helping us achieve success in the market. Our suppliers help us innovate, create value, build capacity and capability, deliver quality and service and drive market transformation. We invest in long-term mutually beneficial relationships with our key suppliers through our Partner to Win programme, so we can share capabilities and co-innovate for shared growth.

Consumers and customers

Your Company constantly seeks to understand the needs of the consumers and brings in technology to ensure that the consumers are kept informed and engaged on your Company's products and services.

- **Winning In Many Indias:** Your Company consolidated the ambitious transformation agenda of 'Winning In Many Indias' (WiMi) in 2016. It has been a journey strengthening the WiMi thinking across markets, end-to-end planning and ways of working. This has 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 them across geographical clusters, and will be a source of competitive advantage for years to come.
- **Dial Up The Big Q:** Your Company has been a pioneer in the area of big data and analytics as a tool to drive sustainable growth. Using more than 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 will continue to invest in the power of knowledge and big data to enhance the impact and effectiveness of execution.
- **Building Brands In Store:** Investments made by your Company in building brands in stores in the Modern Trade channel has delivered good results. Your Company saw strong growth across all key modern trade retail partners, driven by strong joint business plans. Your Company's position in FMCG as market leader coupled with the early investments in the e-commerce channel has helped your Company take the lead in developing this channel with key online and offline retailers.
- **Levercare:** Your Company has Levercare, a toll-free number, e-mail and a postal address where consumers can reach the Company directly. Levercare gives consumers the promise of better service and helps the Company to connect with consumers and understand their needs, expectations and aspirations. It helps consumers voice their queries, grievances and offer suggestions / ideas. Levercare has leveraged technology to deliver personalised service that helps build one-on-one relationships with consumers and customers to delight them. Detailed description of more such initiatives is given in Principle 9 (Customer Value).

Shareholders and investors

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 gives the shareholders an opportunity to engage directly with the Board of Directors and the Management. During this meeting, the Board engages with shareholders and answers their queries on varied subjects.

Your Company has a designated e-mail address for shareholders. The Investor Services Department regularly engages with the shareholders to resolve queries, grievances, if any, and provides guidance to shareholders for any Company-related matter. 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.

Government

Your Company co-operates and engages with governments, regulators and legislators, both directly and through trade associations, in the development of proposed legislation and regulation which may affect your business interests.

NGOs

Your Company is building transformational partnerships in collaboration with NGOs and other stakeholders who share the Company's vision for a more sustainable future. These partnerships are instrumental in improving the quality of people's lives, achieving the Company's USLP targets and driving the business growth. Your Company's wholly-owned subsidiary, Hindustan Unilever Foundation, partners with several NGOs for undertaking water conservation programme. This year, your Company has partnered with NGOs for implementing the Swachh Aaadat curriculum and conducted pilot projects for waste collection and segregation.

Media

Your Company engages with media to update about the developments in the Company. Regular interactions with print, television and online media take place through press releases, media events and quarterly results announcements. Your Company also ensures timely and appropriate responses to media for any information requests within the stipulated disclosure norms.

Employee engagement

Your Company has several communication processes instituted to ensure a two-way communication channel with its 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 an update on the progress of the USLP to key opinion formers representing various stakeholder groups such as NGOs, IGOs, Government bodies, companies, industry bodies and consumer organisations.

PRINCIPLE 5: HUMAN RIGHTS

BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS

Your Company seeks to uphold and promote human rights in its operations, in relationships with business and partners; and by working through external initiatives such as the United Nations Global Compact.

Unilever has identified eight human rights issues as priority and is committed to addressing them across its operations globally. The eight priority issues are: discrimination, fair wages, forced labour, freedom of association, harassment, health and safety, land rights and working hours. Unilever's approach to managing these critical human rights issues globally is elaborated on the Unilever website.

The report on human rights released by Unilever in 2015 outlines Unilever's goals not only to respect human rights but to actively advance them across all areas of the business.

In India, your Company fully adheres to Unilever's approach to human rights. In addition to this, your Company's CoBP upholds the principles of human rights and fair treatment. The Code also conforms to the International Labour Organisation (ILO) principles.

The principles of human rights are followed in the same spirit within as well as outside the organisation when engaging with business partners. Your Company's Responsible Sourcing Policy' for suppliers reinforces the principles of human rights and labour rights for all suppliers of your Company and is available on Unilever's website.

No complaints were received regarding human rights violation during the year.

PRINCIPLE 6: ENVIRONMENT

BUSINESSES SHOULD RESPECT, PROTECT AND MAKE EFFORTS TO RESTORE THE ENVIRONMENT

In line with USLP, your Company's vision is to grow the business whilst decoupling the environmental footprint from growth and increase the social impact. To achieve this goal, your Company has taken up ambitious targets of specific reductions in the areas of waste (kg/tonne of production), water (m³/tonne of production) and greenhouse gas emission (kg/tonne of production). The reductions for 2017 based on 2008 baseline are:

- CO₂ emissions (kg/tonne of production) reduced by 54%.
- Water consumption (m³/tonne of production) reduced by 55%.
- Total waste (kg/tonne of production) generated from the factories reduced by 54%.

Your Company also recycles and disposes the waste generated during the manufacturing operations in an environmentally friendly manner. All our manufacturing sites have sustained zero non-hazardous waste to landfills status since 2014. The Company has also embraced Unilever's global target of ensuring that all of its plastic packaging is fully reusable, recyclable or compostable by 2025.

Your Company has undertaken multiple sustainability initiatives, which are elaborated as under:

- Your Company is now using 100% of its waste residue generated from oil processing as fuel in its various factories. This is bio-genic (renewable) fuel and has zero carbon footprint.

- Various solar initiatives were implemented across factories in 2017 like Solar Tree, Effluent Treatment Plant (ETP) powered by Solar Photovoltaic (PV), Solar Power Purchase Agreements (PPAs), Roof top Solar PV.
- During the year, your Company upgraded effluent treatment facilities at several sites by providing technologies like PVA (Polyvinyl Alcohol) gel based biocarriers, MBBR (Moving Bed Biofilm Reactor), Volute for mechanical dewatering ETP sludge via reducing screw pitch mechanism, Drum drier for treatment of RO rejects. The facilities were installed to ensure that these sites remain zero liquid effluent discharge.
- Your Company is maximising use of biodegradable material like food waste, leaves, etc. for energy generation through Biogas plants which are now operational in eight sites. The biogas generated from these plants is used in canteen for cooking.
- Over 8.5 million units (KWH) were reduced from your Company's energy footprint during 2017 in comparison to last year due to execution of various capital projects ranging from LED lights replacement across various factories, compressed air heat recovery system, replacement of AHU (Air Handling Unit) with HVLS (High-Volume Low-Speed) fans, Variable Frequency Drives (VFDs) for pumps in manufacturing, optimisation of compressed air usage through control system, steam usage optimisation, condensate recoveries and energy efficient motors for pumps and agitators. Your Company has made investments totaling ₹ 7 crores in such projects in the above period.
- The contribution of renewable energy in total energy went up to 36%, an increase of more than 7% in comparison to last year.
- Your Company has significantly increased direct use of rainwater in operations during monsoons to reduce groundwater withdrawal. There was a 44% increase in captive rainwater reuse in 2017 in comparison to last year. The areas of use include utilities like cooling towers, soft water generation and processes.
- Total waste reduction achieved by identifying new opportunities for reusing and recycling wastes, recovering energy from organic process wastes, all within the purview of statutory guidelines of waste disposals. Your Company maintained the status of 'zero non-hazardous waste to landfill' for all factories and offices.

Monitoring procedures

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 Sustainability Governing Council. The Company has a governance mechanism and scorecard to monitor the progress on USLP commitments. The Council reports the progress to the CEO and Management Committee on a quarterly basis.
- **Environment Sub-Committee:** The sub-committee is headed by the Executive Director, Supply Chain, and has cross-functional representation from departments such as Safety, Health and Environment, Engineering, R&D, Finance and Legal. The subcommittee meets regularly to review environmental performances and strategise on the areas of improvement.

Risk Assessment

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

During the year, your Company continued to make significant progress on the matter of its former factory in Kodaikanal. An update on this issue forms part of the Report of Board of Directors.

PRINCIPLE 7: POLICY ADVOCACY

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

Your Company's approach to advocacy is guided by the CoBP. The CoBP and Code Policies provide that any contact by the Company or its business associates with government, legislators, regulators or NGOs must be done with honesty, integrity, openness and in compliance with applicable laws. Only authorised and trained officials can interact with these organisations.

The Company is represented in key industry and business associations which include Confederation of Indian Industry (CII), Federation of Indian Chamber of Commerce and Industry (FICCI), Associated Chamber of Commerce and Industry of India (ASSOCHAM), Bombay Chamber of Commerce and Industry (BCCI) and Advertising Standards Council of India (ASCI).

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 (UNGC), apart from the leading business Chambers in India.

Your Company participates in multi-stakeholder engagements and when relevant, responds to public consultations. Some of the key issues on which your Company engaged with the government in 2017-18 include:

- Effective plastic waste management
- Engagement with government on fiscal issues including Goods and Services Tax (GST)
- IPR: Right Holders recommending changes in policy framework and adoption of practices to mitigate the menace of counterfeits; seeking action against parallel imports of goods in the country.
- Consumer Protection Bill – seeking support for implementing 'workable' provisions, especially on misleading advertisements.
- Seeking redressal to address the overlaps in the existing packaging, labelling laws.

PRINCIPLE 8: INCLUSIVE GROWTH

BUSINESSES SHOULD SUPPORT INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT

Your Company's inclusive growth approach focuses on improving the livelihoods of smallholder farmers, supporting small-scale retailers and helping young entrepreneurs. Some of the important initiatives are mentioned below.

Improving livelihoods of smallholder farmers

Your Company has been associated with a number of smallholder farmers through its supplier partners, training them on good agricultural practices like drip irrigation, nutrient management, pest and disease management to improve their livelihood. Over 10,000 smallholder gherkin farmers in southern India have benefitted from Unilever's innovative Responsible Farming Programme. The aim of this programme is to increase productivity, develop best practices and improve livelihoods of farmers.

Your Company has worked with its suppliers to partner with smallholder farmers for cultivation of tomatoes. These farmers have also benefitted from similar training initiatives. Till date, your Company has reached out to over 8,000 smallholder farmers who cultivated tomatoes on more than 11,000 acres of land.

Empowering women micro-entrepreneurs

Project Shakti is your Company's initiative to provide livelihood enhancing opportunities to women micro-entrepreneurs in rural India. The Shakti Ammas are given training for familiarisation with your Company's products and basic tenets of distribution management. Currently, there are nearly 80,000 micro-entrepreneurs as part of Project Shakti.

Empowering communities through Prabhat

Project 'Prabhat' (meaning 'dawn' in Hindi) is your Company's programme to contribute to and engage with communities around its manufacturing sites. Prabhat focuses on three priority areas - improving health and hygiene, conserving water potential and enhancing livelihoods. Project Prabhat has directly impacted over 17 lakhs people as of the end of 2017.

Rin Career Ready Academy

Rin Career Ready Academy aims to inspire, educate and equip the youth from modest backgrounds with skills in English speaking, office dressing and interview preparation. So far, over 4.2 lakhs people have benefitted from this programme.

PRINCIPLE 9: CUSTOMER VALUE

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

Your Company's strong distribution network comprises millions of outlets serviced by 3,500 distributors and associates who help 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:** The call centres setup for retailers have helped many of your Company's traditional trade customers reach out directly to the Company. 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 registered strong growth across all key modern trade partners, driven by strong joint business plans. Your Company made significant investment in capability building in e-commerce. An efficient team with diverse talent combined with the best global practices is a competitive advantage for your Company in area of e-commerce.

Responsible marketing and communication

- Your Company is committed to building trust through responsible practices and through transparent communication – both directly to consumers and indirectly through other key stakeholders.
- 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, nutritional values and the health and beauty properties of its products.
- Your Company uses a combination of channels, which include product labels, websites, careline phone numbers and leaflets to communicate openly with its consumers.
- Your Company also supports industry self-regulation and the development of self-regulatory codes for all its marketing and advertising activities and applies these codes across its businesses. Your Company is one of the founder members of 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, 55 complaints were filed with ASCI against advertisements made by your Company, out of which all but two were closed at the end of the year.
- Your Company has certain legal cases, including those relating to consumer / customer disputes. At the end of the year, there were 57 consumer cases pending.

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. As part of Guideline Daily Amounts (GDA) labelling, 100% of the Company's food and beverage product includes energy per portion information on the front of the pack and percentage GDA for five nutrients on the back of the pack*.

In addition to national laws and self-regulatory codes in India, your Company also applies Unilever's principles to the marketing and advertising of all its food and beverage products directed at children (below 12 years). 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 / sense of urgency or price minimisation pressure
- Do not encourage unhealthy dietary habits
- Do not use broadcast or print media personalities in a way that obscures the distinction between programme or editorial content or commercial promotion

Your Company is also a signatory of the India Policy on Marketing Communications to Children. In accordance, HUL pledges to advertise products to children under the age of 12 that meet common 'Food & Beverage Alliance of India' nutrition criteria.

On behalf of the Board

Harish Manwani
Chairman
(DIN: 00045160)

Mumbai, 14th May, 2018

* Where applicable and legally permissible in accordance with local or regional industry agreements.