



Doing Well by Doing Good



Hindustan Unilever Limited



William Hesketh Lever

Doing Well by Doing Good

The Hindustan Unilever Employee Magazine
Hamara
A special issue to mark the 75 years of HUL

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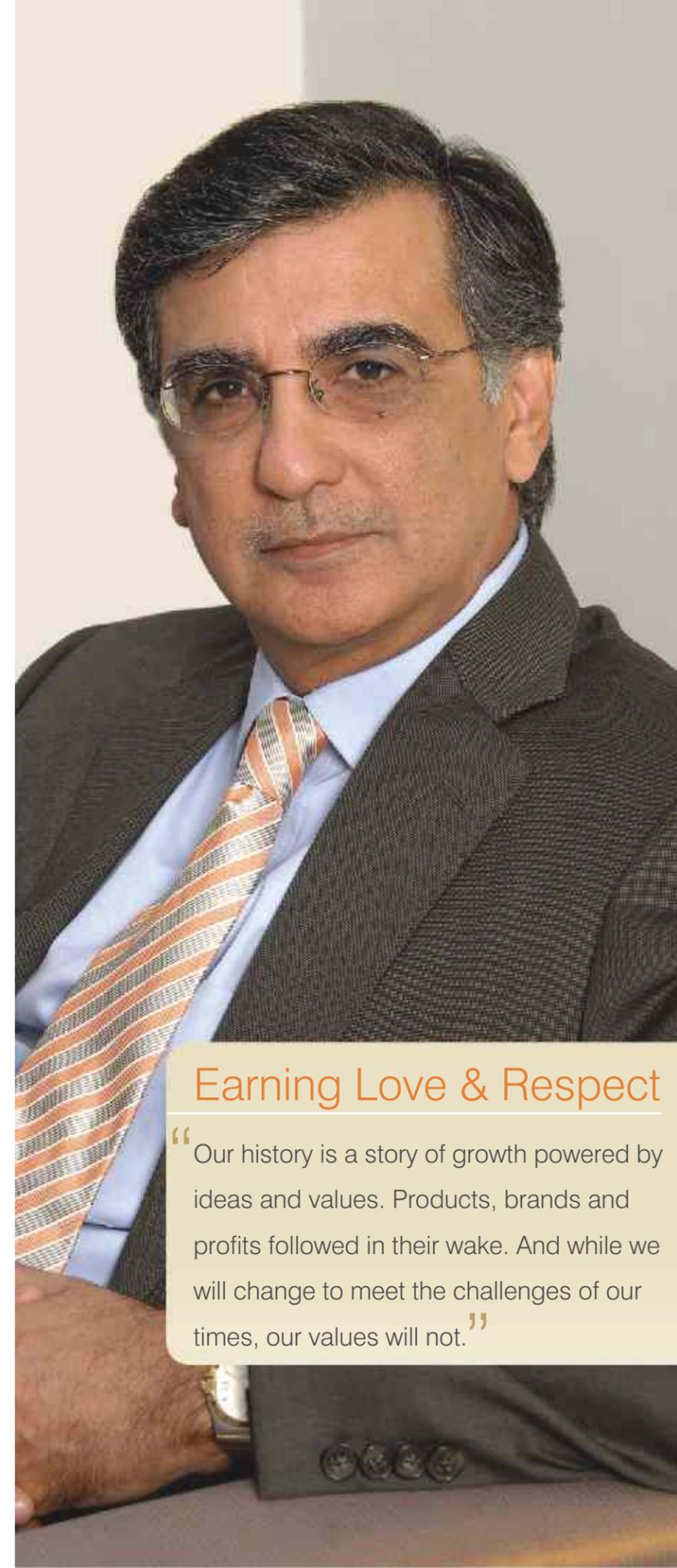
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Earning Love & Respect

“Our history is a story of growth powered by ideas and values. Products, brands and profits followed in their wake. And while we will change to meet the challenges of our times, our values will not.”

Harish Manwani
Chairman

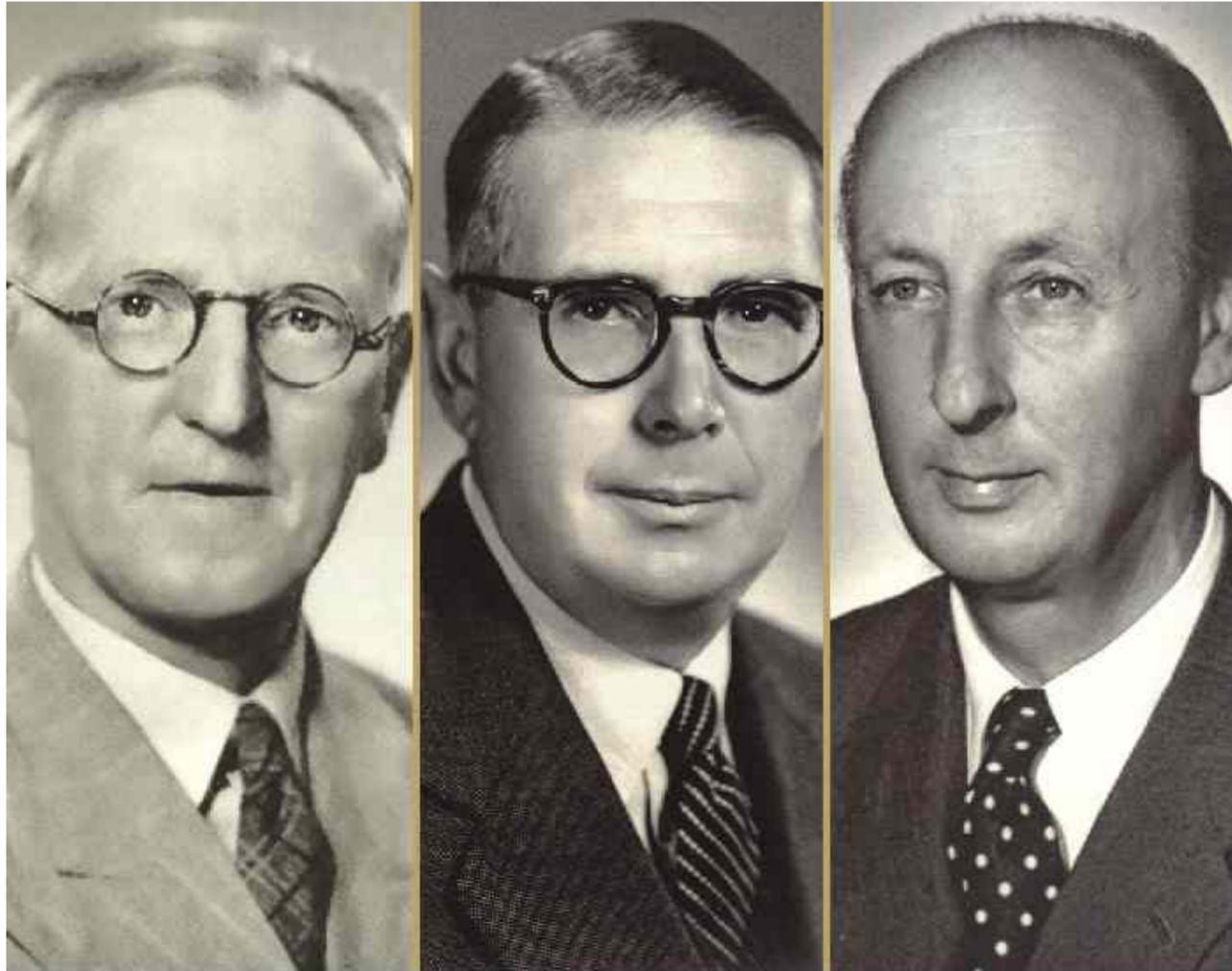
It is a privilege to write the foreword for this special issue to mark the 75 years of Hindustan Unilever Limited. We celebrate not just the length of our journey, but also the manner in which we have travelled, the choices we have made and our foundation of ethics and values on which our business has been built. These 75 years have built and nourished the roots of not just a company but a culture. They have brought us not merely profits but a passion. This is as much a business as it is a way of life.

Unilever's very birth celebrated the belief that business must have purpose beyond profit. Sunlight soap built a business out of relieving the tedium of washing in Victorian England. And even today in India, Lifebuoy helps save lives when it spreads the simple message that washing hands with soap fights diarrhoea and other diseases.

So our history is a story of growth powered by ideas and values. Products, brands and profits followed in their wake. And while we will change to meet the challenges of our times, our values will not.

I congratulate each of you on this wonderful occasion. We have been handed a rich inheritance by all those who were here before us. They taught us that our people are our strength and that business must always have a purpose beyond making money. It is for us to build on this inheritance and live out our philosophy through everything we do. This is a philosophy that believes “doing well by doing good” is the only way to sustainable progress. This belief will ensure that we will benefit from and contribute to India realising its dreams and aspirations in the decades to come. It is this belief that will help us realise our vision of “earning the love and respect of India.”

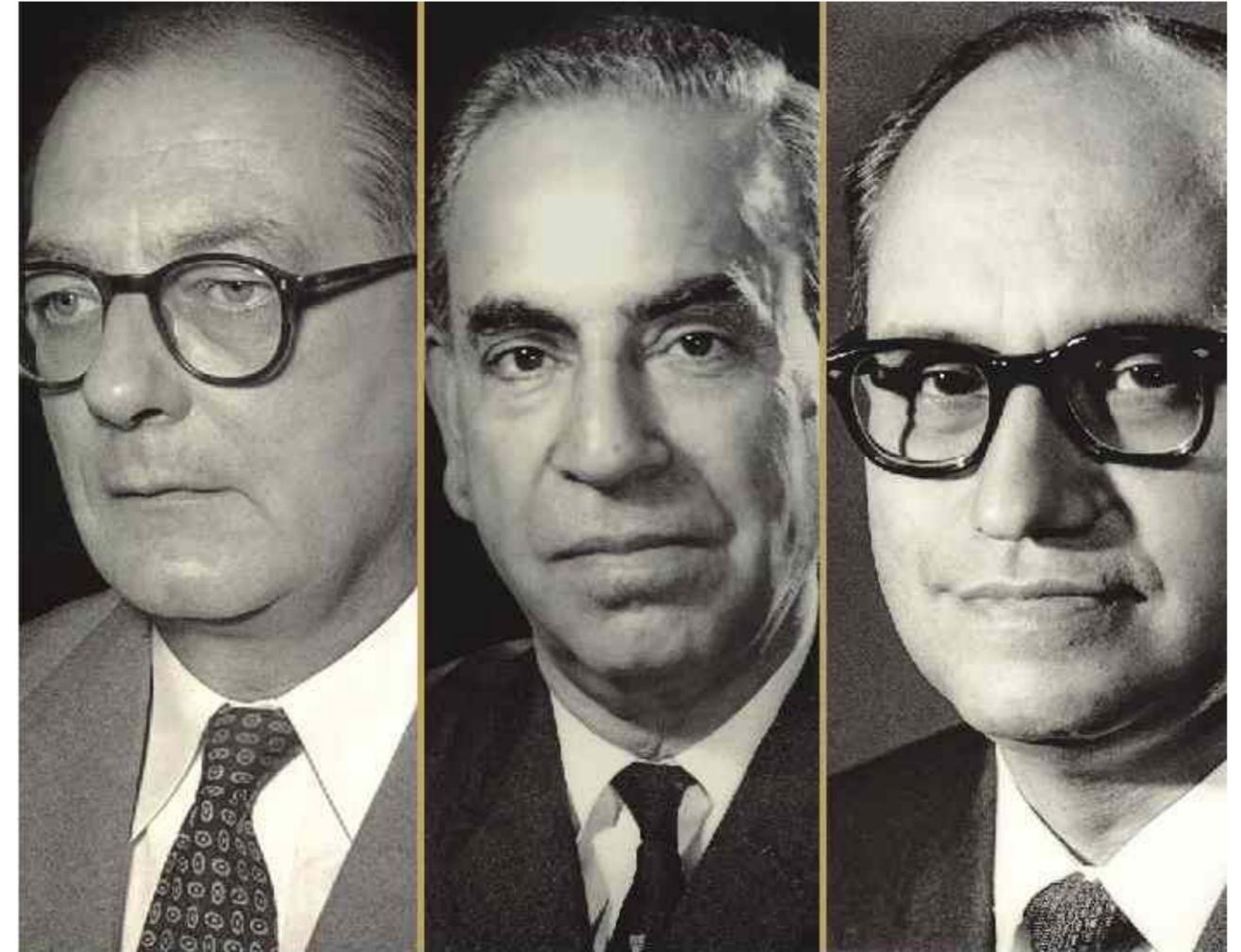
In Memory



W. G. Shaw
Chairman~1944-1947

C. S. Pettit
Chairman~1947-1953

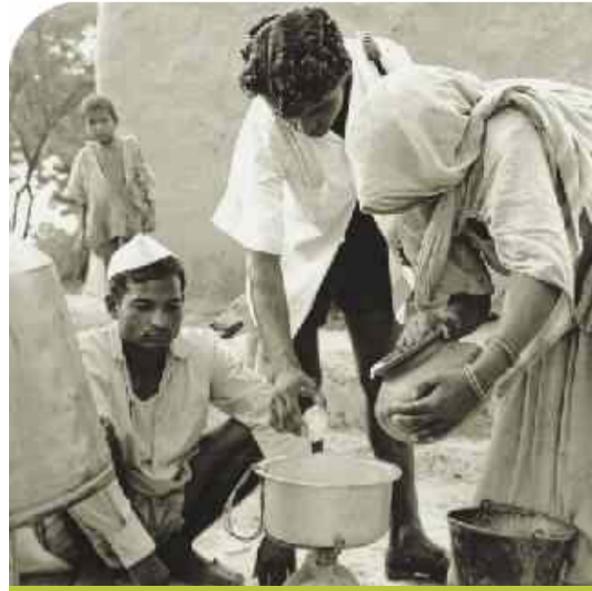
A. J. Hoskyns-Abrahall
Chairman~1953-1957



S. H. Turner
Chairman~1957-1961

Prakash Tandon
Chairman~1961-1968

V. G. Rajadhyaksha
Chairman~1968-1973



Integrated Rural Development

The IRD programme began in Etah, Uttar Pradesh, in the 1970s with five villages. It grew to cover over 200 villages within 10 years. This not only helped increase milk supply in the region but also had a significant impact on community development.

Lifebuoy Swasthya Chetna

The rural health and hygiene initiative was launched in 2002 with the objective of spreading awareness on the importance of washing hands with soap. This programme has reached around 120 million people in over 50,000 villages across India.

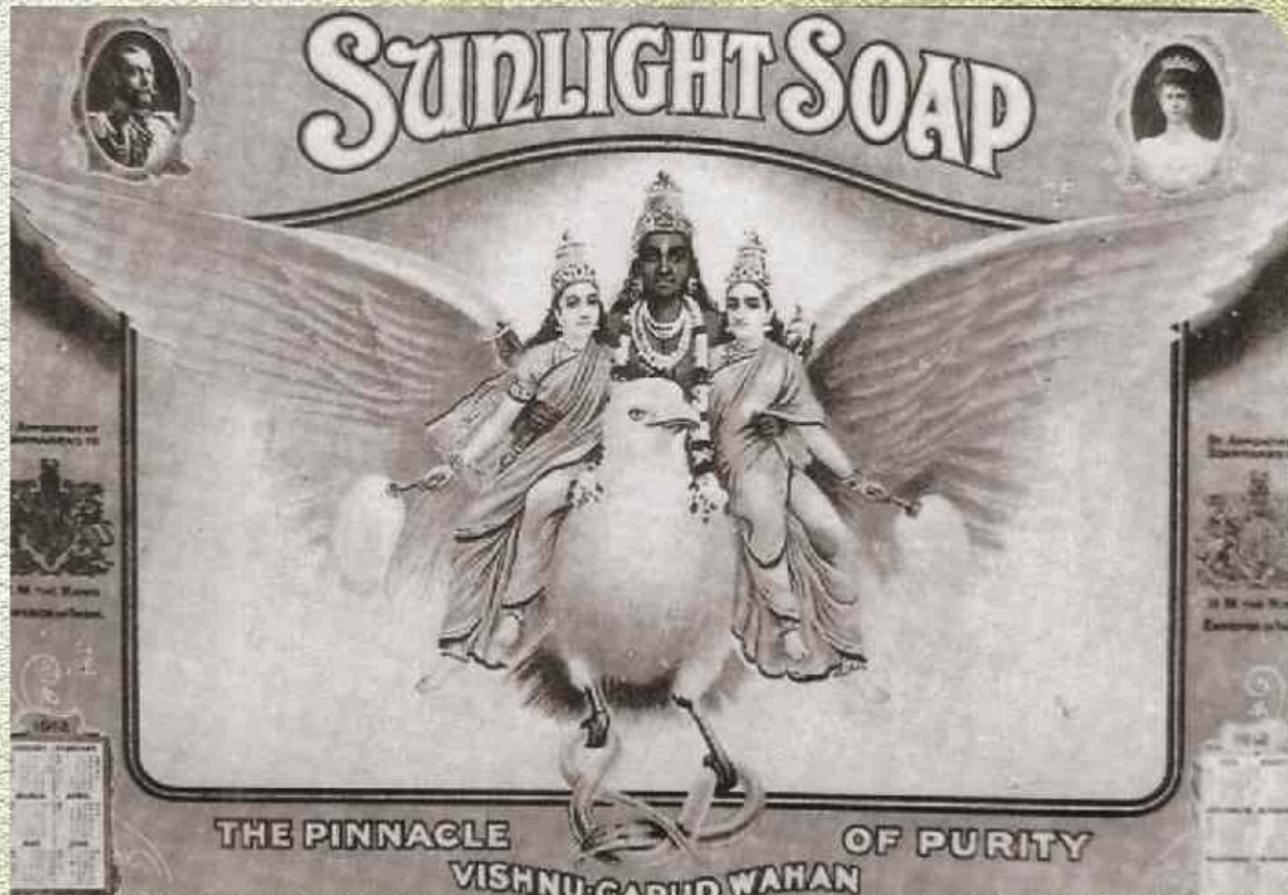


Project Shakti

Project Shakti turns rural women into entrepreneurs who sell HUL products. They work with Shakti *vanis* (communicators) who help promote good health and hygiene practices in rural areas. The project now touches the lives of over 45,000 women across 135,000 villages.



An Indian Journey



Lever Brothers India Limited was incorporated in India on October 17th, 1933. The event is recorded in the Gazetteer of India (Maharashtra State, Greater Bombay District, Volume II, published by the Government of Maharashtra) in the following words: "...the establishment of soap factories by the Lever Brothers...in 1933-34 gave new dimensions to the industry, with which imports of soap fell down."

"To make cleanliness a commonplace; to lessen work for women; to foster health and contribute to personal attractiveness, that life may be more enjoyable and rewarding for the people who use our products."

~ William Hesketh Lever, 1890

"Unilever's mission is to add vitality to life. We meet everyday needs of nutrition, hygiene and personal care with brands that help people feel good, look good and get more out of life."

~ Our Mission Statement

The two statements were written some 120 years apart. Their words are very different, as indeed are the times that framed these thoughts. But the sense of purpose has remained unchanged from the days it all began with a simple idea. It had a simple name and a singular purpose. It was a soap named Sunlight and W. H. Lever wanted it to relieve the drudgery of washing in Victorian England.

That modest beginning has grown with the times as it journeyed through history – economic boom, depression, world wars, changing consumer tastes and the changes brought by technology. Today as the Unilever Group, its brands are bought 150 million times a day across 150 countries.

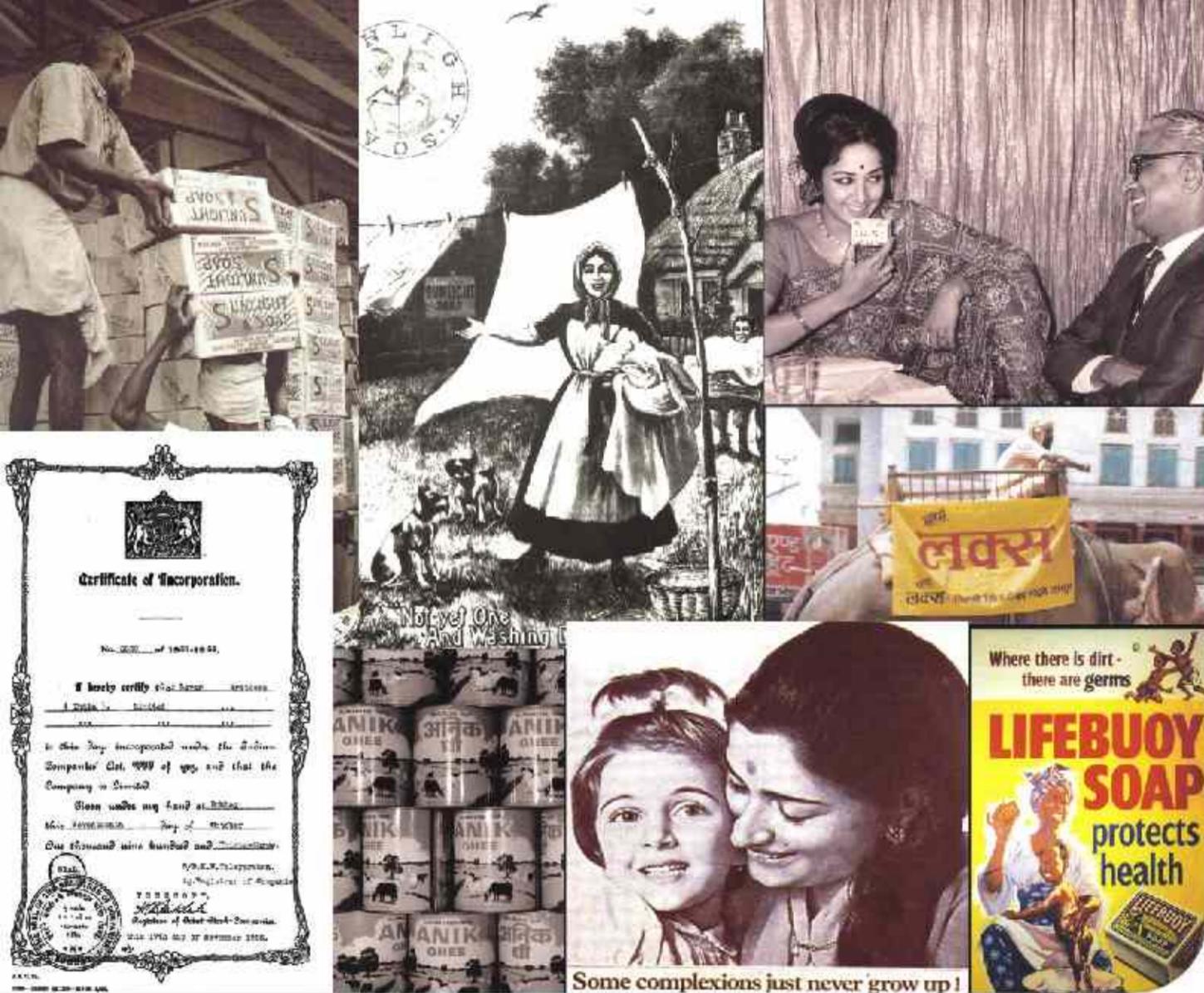
India is one of those numerous countries, but it is also unique. The Indian roots travel almost as long back as the birth of the enterprise in the 1880s.

It was 1888 when Kolkata harbour received a consignment of crates marked: "Made in England by Lever Brothers." Sunlight had arrived in India, just four years after it was introduced in England. And that marked the beginning of a journey on roads paved and unpaved, mirroring in its own way the journey of an India that would wrest freedom and eventually rise on the global stage.

Sunlight is still sold in India, making it the oldest brand that you can pick up from shop shelves today. It is part of a rich brand portfolio marketed by Hindustan Unilever Limited (HUL), which remains India's largest FMCG company. The Company's brands vary from soaps to soups, meeting consumer needs from the morning cup of tea to the brushing routine at bedtime. They are available at prices that range from 50 paise for a single use sachet of Clinic Plus shampoo to Rs. 500 and more for Pond's Age Miracle cream and related products.

Brands like Lux, Lifebuoy, Vim, Surf, Rin, Wheel, Closeup, Brooke Bond, Bru, Clinic Plus, Fair & Lovely, Pond's, Lakmé, Sunsilk, Kwaliti Wall's, Kissan, Knorr and many others have become household names used by around 700 million consumers across India.

- 1888 Sunlight soap introduced in India
- 1895 Lifebuoy soap launched; Lever Brothers appoints agents in Mumbai, Chennai, Kolkata and Karachi
- 1902 Pears soap introduced in India
- 1905 Lux soap and Lux flakes introduced
- 1913 Vim scouring powder introduced
- 1930 Unilever is formed on January 1st through merger of Lever Brothers and Margarine Unie
- 1931 Hindustan Vanaspati Manufacturing Company registered on November 27th; Sewri factory site bought
- 1932 Vanaspati manufacture starts at Sewri



soap saw sales dip to record lows. In 1931, Andrew Knox of the Overseas Committee, Unilever, in London remarked, "We would gravely be at fault did we not have the courage to adjust our policy to new conditions, and the confidence in our ability to do so." The decision was taken to start manufacturing in India, which was not cheap inherently but was the cheaper option when freight and new import duties of 25% were taken into account.

So it was that in May 1933 a formal application was filed for setting up a soap factory at Sewri in North Central Mumbai. Lever Brothers India Limited was incorporated in India on October 17th, 1933. The event is recorded in the Gazetteer of India (Maharashtra State, Greater Bombay District, Volume II, published by the Government of Maharashtra) in the following words: "...the establishment of soap factories by the Lever Brothers...in 1933-34 gave new dimensions to the industry, with which imports of soap fell down."

A new chapter that would see growth and innovation, mergers and acquisitions, ups and downs had begun. It built and shaped what is today called HUL, as much a leading corporate house as it is an institution. HUL completed 75 years on October 17th, 2008.

In the early days, the business of soap manufacture was complemented by the business of the cooking medium that came to be called vanaspati (which means 'king of the forest') and became famous by the brand name Dalda.

The vanaspati business belonged to the Dutch company Margarine Unie. Like Lever Brothers started and grew with Sunlight, Margarine Unie grew with vanaspati exports to India. The name Unilever has its roots in the global merger of Lever Brothers, England and Margarine Unie way back in 1930.

In India, Lever Brothers India Limited, Hindustan Vanaspati Manufacturing Company Limited and United Traders Limited carried on the business as a part of the India operations of the Lever group. The companies formally merged only in 1956 to form Hindustan Lever Limited, which then offered shares to the Indian public. The initial public offering divested 10% being 557,000 shares of Rs. 10 each at a premium of 5 paise per share. The issue was oversubscribed some six times, and 21,623 Indians came to own a part of the then Hindustan Lever Limited. It now has a base of about 400,000 shareholders, and is 52% held by the Unilever PLC.

- 1933 Application made for setting up soap factory next to the Vanaspati factory at Sewri; Lever Brothers India Limited incorporated on October 17th
- 1937 Prakash Tandon, one of the first Indian covenanted managers, joins HVM
- 1941 Agencies in Mumbai, Chennai, Kolkata and Karachi taken over; Company acquires own sales force
- 1947 Pond's Cold Cream launched
- 1956 Three companies – Lever Brothers India Limited, Hindustan Vanaspati Manufacturing Company Limited and United Traders Limited – merge to form Hindustan Lever Limited, with 10% Indian equity participation
- 1959 Surf launched

Spread across the far corners of the country, these consumers are catered by a state-of-the-art back-end supply chain that moves goods seamlessly as it tracks sales and predicts demand so that street corner shop shelves are restocked no sooner they have sold out. It is an India very different from the days when the crates carrying Sunlight from Lever Brothers first landed at Kolkata, which was then the bustling capital city of India. Horse drawn tramcars ran on the streets and motorcars would not appear till 1896.

Sunlight, and other laundry and bath soaps that followed in its wake, like Lifebuoy, Vinolia, Velvet Skin Soap, Lever's Health Soap, Blondeau and Lullaby Bath Soap, were imported and sold through visiting, and then resident representatives based in Mumbai, Kolkata and Chennai. Sales grew fast, leading to the creation of a subsidiary in England, Lever Brothers India Limited, which did business in India on cash payments in Pound Sterling. It was 1913.

But by 1930, it was clear that sales were dipping and change was coming. The growing power of the *Swadeshi* movement, a worldwide recession that also impacted India and a jump in duties on





The Company's name changed to Hindustan Unilever Limited in 2007 to reflect the 'One Unilever' philosophy that seeks to use Unilever's global reach and the local knowledge of its Indian operations to deliver faster growth. The name reflects the Company's Indian heritage and its global alignment with Unilever.

From simple beginnings, HUL has grown with the times. It has been powered by organic growth that has come from a deep understanding of Indian markets and Indian culture. The Company seized opportunities to grow inorganically, like when it acquired the Tata Oil Mills Limited in 1994 or went in for other acquisitions that brought us brands like Kissan, Kwality, Lakmé and Modern. Some opportunities have come its way, like when Brooke Bond and Lipton came to it under a worldwide acquisition by Unilever. Brooke Bond India and Lipton India merged in 1994 to form Brooke Bond Lipton India Limited, which merged with HUL in 1996.

From the Indianisation of management way back in the 1940s that led to Prakash Tandon becoming the first Indian Chairman in 1961, to the era of price control on soap in the 1970s,

expansion in the 1980s, the big acquisitions and mergers of the 1990s and the challenges brought by the new millennium, HUL has travelled a long distance indeed.

It's a rich history, lived with a belief in values and with an eye on growth. This is an approach that rings true to the original idea of a business, which was so well spelled out by W. H. Lever: "I believe that nothing can be greater than a business, however small it may be, that is governed by conscience; and that nothing can be meaner or more petty than a business, however large, governed without honesty and without brotherhood."

The story of Asha Daan as recounted by Chairman T. Thomas in the following pages is one such example. Another example is Project Shakti, which helps rural women build a business distributing HUL products and at the same time spread messages on pre and post-natal care, infant nutrition, sanitation, good hygiene practices, and the prevention of common diseases. Project Shakti now has 45,000 'Shakti' entrepreneurs covering over 135,000 villages.

As the 75th anniversary approached, HUL employees committed to volunteer one hour for everyday that the Company has been in this country to celebrate the occasion. Collectively, this meant 27,375 hours of volunteering during the year in five key areas identified by HUL – health and nutrition, empowerment of women, enhancing livelihoods, water conservation and cutting green house gases. HUL employees logged more than 40,000 hours of volunteering over the year. We intend to continue on this path.

The participation will help embed the HUL vision into the heart, mind and soul of the organisation. It is ultimately the commitment of each and every employee to "doing well by doing good" that will guarantee the success of HUL not merely as an FMCG company but as an institution with a purpose to its business that goes beyond mere financials and market shares.

The idea of sharing and caring, in some form or the other, has been at the heart of the working of HUL for all its 75 years. It has been articulated in different ways and has led to different actions that have together gone into the making of HUL and brought it to where it stands today.

- 1961 Prakash Tandon takes over as the first Indian Chairman; majority of the managers are Indians
- 1963 Head Office building at Backbay Reclamation, Mumbai, opens
- 1967 Hindustan Unilever Research Centre, opens in Mumbai
- 1968 V. G. Rajadhyaksha takes over as Chairman from Prakash Tandon; Fine Chemicals Unit commissioned at Andheri; informal price control on soap begins
- 1969 Rin bar launched; Fine Chemicals Unit starts production; Bru coffee launched
- 1971 V. G. Rajadhyaksha presents plan for diversification into chemicals to Unilever Special Committee - plan approved; Clinic shampoo launched

The Gift of Hope & Other Stories

After soap price was decontrolled, the government began to decontrol pricing on several other commodities including vanaspati. Indian industry in general began to grow faster and more profitable. We enjoyed the resurgence and grew steadily and profitably.

T. Thomas, Chairman~1973-1980



Since the theme is “doing well by doing good,” let me start by highlighting two initiatives that we took during my tenure as Chairman of what was then Hindustan Lever Limited, and which fit with the theme. The first one was the Integrated Rural Development (IRD) programme in Etah and surrounding districts in Uttar Pradesh. A dairy was set up in Etah long before I became Chairman in 1973. As a part of the project assessment, some pilot study had been conducted to assess the availability of milk in that region. It seemed to be adequate. On that basis, the project was taken up with great enthusiasm. The Chairman of that period, Prakash Tandon, showed particular interest and used to visit the place regularly. The top management showed an almost romantic enthusiasm as it was seen as an unique experiment to use our resources and abilities to uplift the rural masses of India.

But once the project was commissioned, it was discovered that (a) the actual availability of milk for procurement by us was far short of the estimates because the farmers preferred to sell milk locally for ready cash and (b) there was a wide disparity of approximately 6:1 in the availability of milk in the flush season (October – March) and the remaining lean season. This meant that in actual practice, the dairy had to operate at well below capacity for most of the year and that made the project grossly unviable. And there seemed to be no hope of overcoming these major disadvantages. However, we addressed the problem by an innovative approach – the IRD programme that helped in improving the milk yield in Etah region. The programme began with five villages and was expanded to cover more than 200 villages. Our basic activity under the IRD was rural development by improving infrastructure, assisting in making farming more remunerative, village healthcare, better animal husbandry and others.



A milk collection centre at Etah

- 1973 T. Thomas takes over as Chairman from V. G. Rajadhyaksha
- 1974 Pilot plant for industrial chemicals at Taloja opens; price control on soaps withdrawn
- 1975 Jammu project work begins; statutory price control on vanaspati & baby foods withdrawn; Close-up toothpaste launched

The Era of Price Control

When I took up Chairmanship in 1973, our major businesses of soaps and vanaspati were under price control, which was the instrument the government chose to combat inflation. Inflation had suddenly jumped because of the massive increase in petroleum prices imposed by the OPEC cartel in 1972. India, which had to import most of its petroleum requirements, was one of the worst affected countries. The government's simplistic answer was to introduce or retain price controls on a large number of manufactured goods, which included soaps as well as vanaspati – our major product groups. Squeezed between rising costs of imported edible oils and the government-imposed price control, our profit margins declined steadily. By the first half of 1974, we were making an overall loss for the first time in the history of our company! As the new Chairman, I was deeply concerned at the prospect of presiding over a loss making company. I went to Delhi and pleaded our case to all the ministers and officials concerned. But their response was that the country was going through a difficult phase due to petroleum price increase and our company should accept that it had to suffer along with the rest of the country. Nothing could be done to alleviate our problem. It seemed almost a hopeless case.

That is when Jagjivan Ram, one of the senior cabinet ministers to whom I had gone to present our case gave me an idea. He told me, "Thomas, we in the government are more concerned about the common man. Why don't

you produce a soap for the common man – a *janata* soap at a reasonable price? In that case you can probably persuade government to decontrol the rest of the soaps." I took up his idea seriously and organised the production and launch of such a soap which we branded Saral.

Producing a *Janata* Soap

I put forward this idea of a *janata* soap and price decontrol to Dev Kant Barooah, who was the cabinet minister in charge of Chemicals & Fertilizers, which included soaps and detergents. He asked me to meet and get the approval of the Prime Minister. In those days, a decision on prices of essential goods including soaps could be taken only by the Prime Minister (Indira Gandhi) herself! So I arranged to meet Mrs. Gandhi along with her Principal Secretary Prof. P. N. Dhar. I explained to her the problem faced by the industry and then submitted my proposal. She asked only one question: "What will be the price of the *janata* soap?" I had to think on my feet as we had not actually worked it out. So I told her a figure which was about 50% more than the controlled price. Her only question was as to how soon we could restore production to full capacity. She was obviously aware of the problem created by the shortage of soaps. I told her that we would do so immediately. She was as good as her word. Within a few days, on September 20, 1974, soap was decontrolled. In my view, it was the biggest turning point in the history of our company. If price control had

continued for some more time, HLL would have suffered mounting losses. In that case, even Unilever would have lost patience and considered ways of pulling out of India as it had done in some African countries.

How Unilever Retained 51%

The other major development during my Chairmanship was our unrelenting effort to retain a majority 51% shareholding for Unilever in the Indian subsidiary. Under the Foreign Exchange Regulations Act, all companies in non-core sector activities were required to dilute their foreign equity to 40% either by divestment to Indian shareholders or by expanding the equity capital base through investment in core sector activities. Almost all foreign companies in our kind of position went ahead and diluted their foreign shareholding. Although Unilever did not put any pressure on me, I felt that it was in the interest of preserving our professional management culture and getting access to global technology that we preserved majority shareholding for Unilever. I felt it was essential that a professional management group like Unilever should continue to have majority holding.

It took me several years and numerous meetings at various levels in Delhi and not giving up in spite of our case being rejected more than once before we were able to persuade the government to allow 51% shareholding by Unilever with the provisos that (a) we

should have 60% of our turnover in core sector and activities involving sophisticated technology ("Priority Sector") and (b) within 60% of "Priority Sector", exports should constitute 10%. It was an onerous challenge which I decided to accept. Our pioneering efforts to develop technology for processing of minor oils such as neem and rice bran oil, catalyst manufacture etc. were subsequently recognised as sophisticated technology.

In addition, we decided to undertake manufacture of sodium tri-polyphosphate (STPP) at a site in Haldia port in West Bengal, where we could import rock phosphate and sulphur, and also avail of the tax concessions for backward areas. The project costs were largely funded by the tax concessions! The West Bengal government supported us to the hilt because while most companies were abandoning that state due to labour problems, we were making a relatively large investment there. The support of the state government was invaluable and the project was well on its way.

In those days, a decision on prices of essential goods including soaps could be taken only by the Prime Minister (Indira Gandhi) herself! So I arranged to meet Mrs. Gandhi along with her Principal Secretary Prof. P. N. Dhar.



Goods moving out of Mumbai factory

- 1976 51% foreign shareholding allowed for companies with 60% turnover in core sector & 10% in exports
- 1976 Construction work of Haldia chemicals complex begins; Taloja chemicals unit begins functioning

As a large company, we had to take approval from the Monopolies and Restrictive Trade Practices (MRTP) Commission before we could put up the STPP plant. But the only manufacturer of STPP at that time filed objections. Their case was very ably presented by their company Chairman, who was N. Dandekar, a retired Indian Civil Service official with a very high reputation for his ability and meticulous preparation and attention to detail. The Commission was presided over by a High Court judge and one of the members was an eminent economist, Dr. H. K. Paranjpe, whose leftist leanings were well known. We made our case so effectively that at the end of it all, Mr. Dandekar said to me, "Thomas, you missed your calling – you should have been a lawyer!" It was perhaps one of the best compliments I

ever received – that too coming from a reputable adversary!

Finally, the Commission gave its verdict – we could take up the Haldia project for manufacture of STPP. It was a red letter day for us.

Another major challenge faced by us was to expand production of our soaps and detergents. Under the MRTP law of that time, we could not expand production in our existing units in Mumbai or Kolkata. My wise legal colleague (the late Shamdass Gursahani) pointed out to me that MRTP did not apply to the State of Jammu & Kashmir. So we decided to apply for manufacturing soaps and detergents in the State. Governor L. K. Jha and Chief Minister Sheikh Abdullah were both highly

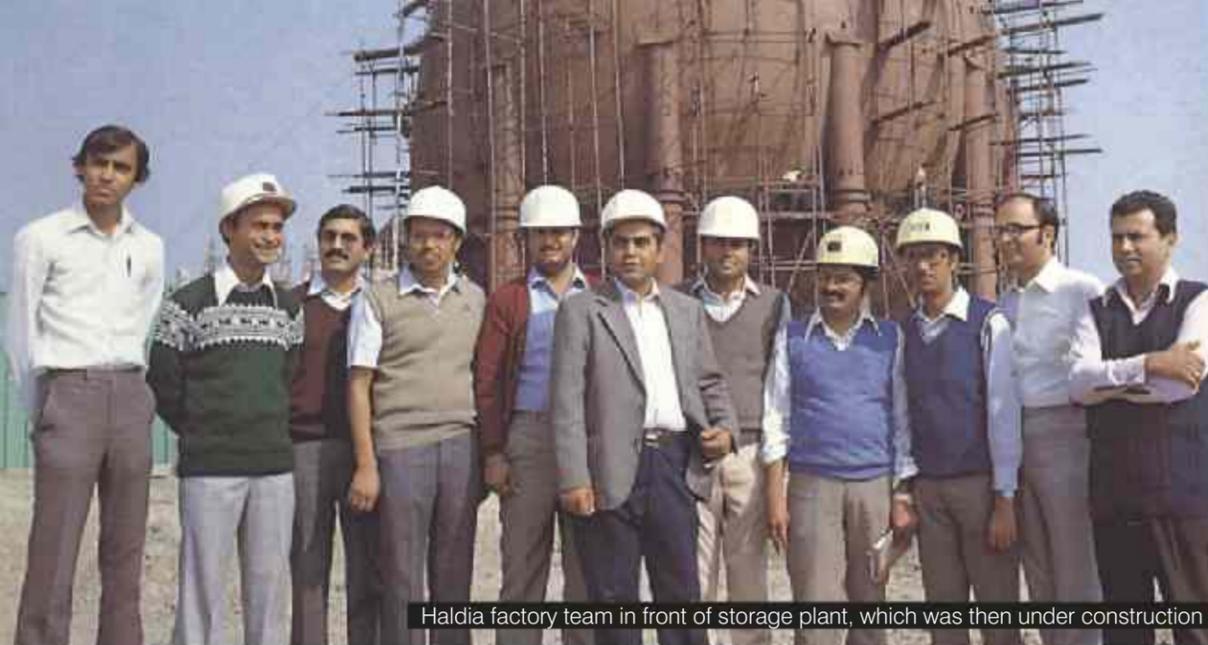
supportive of our project. With their help, we chose a site in Jammu where the main factory was located and an ancillary unit in the Kashmir Valley so that we had a presence in the Valley also as desired by Mr. Abdullah. Both Mr. Jha and Mr. Abdullah attended the inauguration of our plant in Jammu. The additional cost of transporting materials from the plants in Jammu & Srinagar to the plains of North India was very much offset by the tax concessions so that these units remained viable.

The Days of the *Gherao*

A major concern in our operations in West Bengal was the prevalence of *gherao* in our operations at Kolkata in

the Garden Reach factory. Whenever the union wanted to pressure the management of the Company to accept their demands, they would organise workers to come in large numbers and crowd round the factory manager's office. They would sit on the floor in his office closely around his chair so that he could not even get up and go to the toilet! In one instance, the factory manager's

Another major challenge faced by us was to expand production of our soaps and detergents. Under the MRTP law, we could not expand in our existing units. But MRTP did not apply to J&K. We decided to manufacture there.



Haldia factory team in front of storage plant, which was then under construction

1977 Jammu Synthetic Detergents plant inaugurated; Indian shareholding increases to 18.57%

1978 Indian shareholding increases to 34%; Fair & Lovely skin cream launched

female secretary who was in the adjoining room, also was not allowed to go to the toilet. Our solution came in the personality of K. P. V. Menon, who was appointed Factory Manager. He decided to stand up to the union and the *gherao*. The workmen who surrounded him in his office threatened him by showing a knife etc. Mr. Menon kept calm and told them, "You can kill me but the Company will send others to follow me. So go ahead if you want!" This completely floored the agitators.

I was constantly on the phone to him from my office in Mumbai as I felt anxious about his safety. He was unyielding and told me, "Mr. Thomas, I am not going to yield to their threats." I then told him to use his discretion and do what he thought was most appropriate. When the union leaders saw that Mr. Menon was not yielding even after several hours, they got tired and let him go out of the factory in the early hours of the next morning. He went home, bathed, changed, had breakfast and went back straight to the factory! The workers were amazed at his courage and energy. Some of them even applauded. He rang me and told me that now that the union was on the run, it was an appropriate time for us to implement all the changes we had been planning and had postponed because of union opposition. I agreed with him and he carried out all the changes. If today Garden Reach and Kolkata have continued as key manufacturing centres for us, we have to thank Mr. Menon for his courageous stand. He is no more, but I can never forget his courage and energy! He was truly a

committed manager and a wonderful colleague. He also groomed younger managers like Dr. Ashok Ganguly and S. M. Datta, both of whom worked for him and held him in high regard. Both went on to become chairmen of the Company.

With price controls gone, I was sure that the Company would become very profitable. So I felt that we should do something to help the poor around our establishments. But I also knew that as a company, we could not actively take up that work. We could only find someone who knew how to help the poor.

Meeting Mother

During my visits to Kolkata, I also went to the Shamnagar factory. To go to Shamnagar, I used to pass an establishment of Mother Teresa's Missionaries of Charity. I did not know her at that time. But she had become well known due to the work that she and her Sisters did for refugees in the Bangladesh war. So one day I decided to call on her at the Mother House on Lower Circular Road in Kolkata. She received me very warmly and described the work that she and her Sisters carried out. Their basic principle was that every man or woman who was destitute, poor and abandoned should be enabled to experience the warmth of being loved and cared for before he or she passed on from the world. I asked her if there was anything I could do to help her nuns. She looked at me and asked very directly, "Who sent you here, Mr. Thomas?" I told her

that no one in particular had sent me but that I had felt like visiting her. She replied: "God sends people like you to us so that we can ask for help. Now I want to ask you for something. In the city of Mumbai where you live, there are people who are sick and dying on the streets like they do in Kolkata. My Sisters have a home in Vile Parle which is a suburb of Mumbai. By the time they come to the city to attend to the dying it is often too late. So what we want is a place in the city. Can you find a place for us?" I told her that Mumbai was an island city with very restricted space and it was almost impossible to find place. She smiled and told me: "Mr. Thomas, you think about it and I will pray for it." We parted after a brief prayer by Mother and when I returned to my busy schedule in Mumbai, this matter almost receded from my mind. Then one day in early 1975, our sales and marketing director Jagdish Chopra put up a capital project to hire and equip a set of warehouses in the suburbs of Mumbai in substitution for decades old warehouses in Sankli Street, Byculla, in Central Mumbai.

The proposal was justified by the savings in transport and octroi charges. Having approved the proposal, I called Jagdish and asked him what he proposed to do with the Sankli Street godown in the city. I was familiar with the place from my days in Sewri factory which used Sankli Street as an overflow warehouse. Jagdish said he had no plans and he would probably return it to the original landlady. Since that lady could not read or

write, the godown was being looked after by a businessman friend who had her power of attorney. So I traced this gentleman – he turned out to be the brother of the famous cricketer Vijay Merchant. I called on him and stated my request. He was very positive in his response since it was for Mother Teresa who was doing such wonderful work. We got the various formalities completed with the State Government and the municipality. Then we undertook major repairs and set a date, January 8th, 1976, for the formal inauguration of what Mother and I jointly elected to name Asha Daan, which means "Gift of Hope." We started with 35 women and children who were transferred from the home in Vile Parle. Over the next few years, Asha Daan grew in size and numbers. Today, we have 350 people – men, women and children – being taken care of at Asha Daan. A few years after Asha Daan was set up, Mother told me that AIDS was becoming a major problem and we should do something for victims of AIDS in Mumbai. After considering various other locations and finding opposition to AIDS care from local residents, we finally

Then we undertook major repairs and set a date, January 8, 1976, for the formal inauguration of what Mother and I jointly elected to name Asha Daan, which means "Gift of Hope." It was home to 35 women and children initially.



Senior company officials with Mother Teresa during her visit to Mumbai

- 1979 Sodium tri-polyphosphate plant at Haldia commissioned
- 1980 Dr. A. S. Ganguly takes over as Chairman from T. Thomas; Unilever shareholding in the Company comes down to 51%

decided to turn one of our six godowns in Asha Daan into an AIDS ward for women and children who are HIV positive. Today, we have about 60 such HIV female patients at Asha Daan. They are not isolated from the rest but all precautions are taken against any infection through open wounds etc.

For any company operating in India, it is essential to have a sound policy in dealing with government at the State level and at the Centre – the latter being more important for larger companies. Our Company had a very creditable record in this respect. Prakash Tandon, our Chairman from 1961 to 1968, had a very cordial relationship at senior levels and chose to join the public

sector as Chairman of the State Trading Corporation. His successor, Vasant Rajadhyaksha, who was our Chairman from 1968 to 1973, got even closer to government, eventually working as a member of the Planning Commission. In contrast, I was an unknown entity. And I abhorred working for government. So I had to work hard at our relationship with government. I was very fortunate in having Suman Sinha in Delhi with Aspie Moddie as the Resident Director. With his record in the Indian Administrative Service, Aspie had credibility with the government and was relied upon by Prakash and Vasant. In my case, from the beginning I established a very close rapport with Mr. Sinha and his family – his wife Uma and their two daughters. Suman

was very effective in getting things done. Over time, I found that Suman was capable of a wider role in the Company. So we promoted him as Sales Director. He proved to be a very able person in this role and was also liked by everyone. I relied heavily on Suman to whom our company and I owe a deep debt of gratitude.

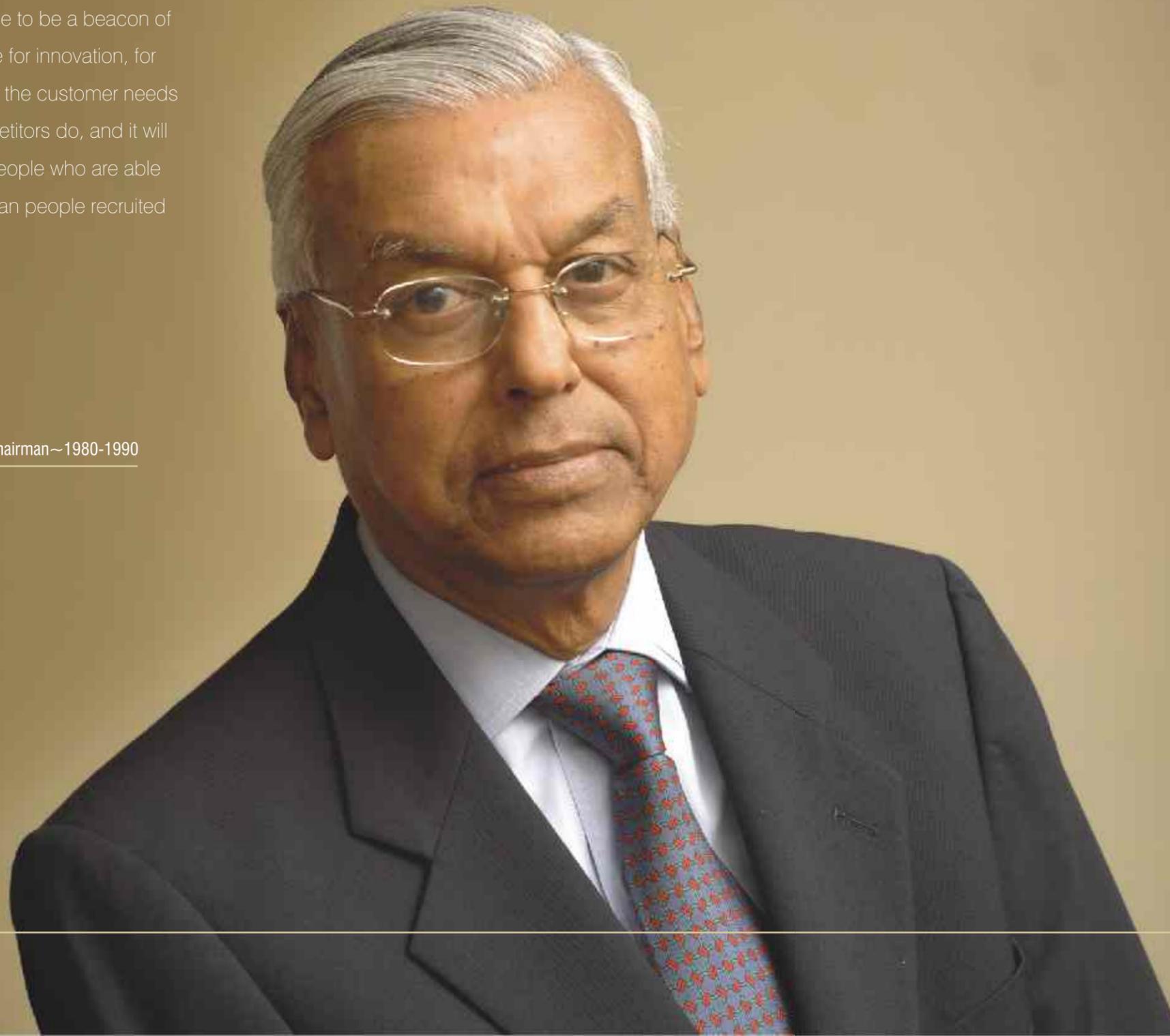
After soap price was decontrolled, the government began to decontrol pricing on several other commodities including vanaspati. Indian industry in general began to grow faster and more profitably. We enjoyed the resurgence and grew steadily and profitably. HUL is truly a living example of “doing well by doing good.” Long may it last.

For any company operating in India, it is essential to have a sound policy in dealing with government at the State level and at the Centre – the latter being more important for larger companies. Our company had a very creditable record in this respect.

From Challenges to Opportunities

HUL will continue to be a beacon of change, a place for innovation, for finding out what the customer needs before its competitors do, and it will always attract people who are able to do it better than people recruited by competition.

Dr. A. S. Ganguly, Chairman~1980-1990



This is a company with a very long pedigree. I joined in 1962 and finished my term in 1990, then went on to Unilever in London and Rotterdam. Time passes on but I was and will always be extremely proud of this company. It will always remind me of the best times I have had after I finished my Ph.D. in the United States and returned to India.

HUL has always been a great company and it will remain so. It has always faced challenges successfully. Earlier, there were challenges of artificial controls and socialism. Now it faces challenges of competition and globalisation. Tomorrow there will be greater challenges of innovation and change. But HUL will continue to be a beacon of change, a place for innovation, for finding out what the customer needs before its competitors do, and it will always attract people who are able to do it better than people recruited by competition.

I often say all of us are ordinary. In retrospect, so many in our company perform extraordinarily well. Why is it so? It is because HUL has an uncompromising commitment to meritocracy. You can't get to anywhere in HUL unless there is a general approbation and acceptance that that is where you ought to get. This is our biggest strength; very few companies can boast of this.

I'm often asked about the challenges during my tenure as the Chairman. And my answer is simple: I find 'challenge' to be a very big word. The key to understanding our times lies in the very different business environment that prevailed then. Take the issue of Unilever being allowed to retain 51% holding in the Indian company. Today, this sounds so ancient and alien but it was a big issue at that time and we were able to successfully retain our structure though it took time. We also had aggressive trade unionism under the leadership of the fiery Dr. Datta Samant, who brought work at our Sewri factory in Mumbai to a standstill. It was among the toughest times.



In 1988, Dr. A. S. Ganguly was awarded the Padma Bhushan

- 1982 Government allows 51% Unilever shareholding
- 1984 Foods, Animal Feeds businesses transferred to Lipton
- 1985 Acquisition of Kothari General Foods by Brooke Bond
- 1986 Agri-products unit at Hyderabad starts functioning – first range of hybrid seeds hits the market
- 1988 Launch of Lipton Taaza tea
- 1990 S. M. Datta takes over as Chairman from Dr. A. S. Ganguly

But it was our collective response to those times that illustrated best how HUL as a company was rooted in values and at the same time geared to growth. When faced with challenges, we drew our lessons and quickly got back to the path of growth.

When work at our Sewri factory was brought to a grinding halt by industrial action, we were overdependent on this facility. The then Technical Director Prem Chadha and I together discussed this dangerous over-dependence. We decided on a series of actions to ensure continuity. And it was done. That is a sign of a company's capacity to face issues squarely and to respond in a timely fashion to the big challenges.

One of our biggest challenges was a rival brand emerging in the form of Nirma. And the creation of the whole Wheel brand on an entirely different business model is a great tribute to the marketing prowess of Hindustan Unilever. None of this was possible without

powerful human resources development within the Company. It sounds quaint now, but we used to call this function 'industrial relations' in those days!

While we faced many a challenge, there were exciting opportunities too that came our way. The period when Rajiv Gandhi emerged as the Prime Minister of India brought in a breath of fresh air in the business environment and we had some exciting and heady times. There was talk of liberalisation at last, though India was already 10 to 15 years late. While the socialistic pattern was the need of the day after India attained independence, the policies of a strong public sector and a centralised, planned economy had run their course by the 1970s. We could have liberalised the economy earlier than we did.

We often talk of the opportunities at the bottom of the pyramid these days. But the bottom of the pyramid was discovered way back then by HUL. We discovered that wealth lies in rural India, and we reached out to the

wider market base with the low cost Wheel and the Rs. 1 sachet of shampoo. These were huge marketing challenges. Before that, we also had to face manufacturing challenges because we could not expand in traditional places.

So we sought licenses wherever we could get them. We expanded all over India. I would call this a phase of searching for opportunities. It was an exciting time to search for opportunities. This was only possible because we had dedication from the shop floor to the top floor. And we had a trade with whom our relationship was so lasting and deep that our customer-facing strength was built through them, with them and alongside them.

These are huge strengths that a generation takes over, tries to improve, sometimes successfully, and passes on to the next generation and everybody is humble enough to know that he or she is the passage of time and not something unique.

So the message to each and everyone of us should be to look after the welfare and future of the people who are working for you. Do not worry about yourself. I am very old fashioned. Sometimes people tell me that my thought process is no longer valid but I disagree. I hold that somebody else will look after you. You just look after the people who are working with you. You look after your marketing colleagues, look after your technical colleagues...whoever you work with. If you are a shop floor manager, you look after your workmen, your foremen. If you are an area sales manager, you look after your sales force, you look after your trade. Don't think of yourself, and then see how far you can go!

It was our collective response to those (tough) times that illustrated best how HUL as a company was rooted in values and at the same time geared to growth. When faced with challenges, we drew our lessons and quickly got back to the path of growth.

From Strength to Strength

I would certainly like to reminisce about the mergers and acquisitions that brought us a lot of media attention but let us not forget the enormous thirst for organic growth. It may not have created headlines, or had the romance and thrill of a large M&A operation but some of the biggest successes were achieved through organic growth.

S. M. Datta, Chairman~1990-1996



When I took over as the Chairman in 1990, I inherited a very strong company. First, the issues of retaining 51% equity for Unilever had been finally resolved. Second, the strong challenge that Nirma had mounted to our detergent operation had been faced and countered very effectively through the operation that saw the birth of the Wheel brand. And third, Lifebuoy soap, a product which was causing some anxiety earlier, was re-launched in 1989 and became the largest selling soap in the world during that time. The chemicals business had been doing quite well. Other diversifications were also bearing fruit and our export operation was on a strong wicket.

That took us to the dawn of liberalisation in 1991. Actually, the Company had been tracking the developments in the Indian economy and we were preparing ourselves for the consequences of liberalisation.

Therefore, when in 1991 the new government of Prime Minister P. V. Narasimha Rao and his economic team led by Dr. Manmohan Singh as the Finance Minister and P. Chidambaram as Commerce Minister embarked on liberalisation, we were more or less prepared. In fact, I recall that in one of the early initiatives, Mr. Chidambaram took personal sessions with large exporting companies and his questions were simple – “How would you be affected if we were to totally liberalise imports and how would you cope?” As a company, we could present a clear analysis of where we would be affected and a plan of how we would respond.

One of the important aspects of liberalisation was some relaxation in the draconian provisions of the Monopolies and Restrictive Trade Practices Act. Therefore we could rapidly expand, and in line with the industrial policy at that time, we also set up a large number of factories in what



S. M. Datta, Dr. A. S. Ganguly and others with Unilever Chairman Sir Michael R Angus



- 1993 The erstwhile Brooke Bond India acquires the Kissan brand from the United Breweries Group, giving HLL an entry into the foods business; Dollops ice cream acquired from Cadbury India
- 1994 Tata Oil Mills Company merges with HLL, the largest merger in Indian corporate history then
- 1994 Brooke Bond India and Lipton India merged to form Brooke Bond Lipton India Limited, providing greater focus and ensuring synergy in the traditional beverages business

were defined as “backward areas.” I would like to believe that although the initial problems were very large, in the end this dispersal of the manufacturing facilities has helped the Company – certainly it did during the years I was there.

It was against this backdrop that we settled into a period of growth, an era of mergers and acquisitions, and a period when there was a lot of media attention on us.

I would certainly like to reminisce about the mergers but let us not forget the enormous thirst for organic growth. It may not have created headlines or had the romance and thrill of a large M&A operation but some of the biggest successes were achieved through organic growth.

The main challenge was placed by our main line sales force. They had the vision, understanding, foresight and courage way back in 1989 to say that we needed to grow faster in order to sustain our presence in the market. Therefore, the sales force adopted a target in 1989 which said: “A million tonnes by 1994.” We were selling about 450,000 tonnes in 1989 and that ambition and the drive to get

the growth to reach a million tonnes by 1994 was something which sustained the growth momentum. We could get this growth by organic means, which we achieved by building our new factories, and we also put our weight behind the Wheel brand, which became a major contributor to overall growth.

But at the same time, the opportunities for inorganic growth through acquisitions were kept in mind and it is in this context that the merger of the Tata Oil Mills Company (TOMCO) and our company was brought about.

Around this period, the Tata group were identifying the core sectors where they would concentrate and grow. They felt that TOMCO would not fit into that core. We of course had soaps and detergents as core to us and therefore it was a very opportune moment for both the companies to enter into a mutually beneficial move. However, this became probably the most publicised, and in fact, a very difficult operation at that time – going through the legal formalities, getting the proposals passed through the respective general bodies and resolving the legal aspects of the merger. No doubt, it was a very important step in our growth story.

There were other acquisitions as well. For an example, the ice cream operations were acquired from Cadbury India Limited, and after learning the lessons, we acquired the Kwality ice cream brand to establish our ice cream business. The Kissan business too, was acquired. It was an appropriate vehicle for the ambitious plans that our foods business had for the branded products market.

The biggest acquisition/merger that took place and which was also highly controversial was the merger of Brooke Bond Lipton India Limited with Hindustan Lever. This was one of the last issues I had to resolve before I retired.

Any organisation that has lasted 75 years develops its own personality, its own characteristic traits. And during my four decade long association with the Company, the traits that were essential for successful managers were honesty of purpose, a clear vision, ability to work as a team and motivate the team and finally hard work. I believe that is the case even now.

The other feature that defined us is this concept of “doing well by doing good.” This is really the core of what is commonly known as corporate social

responsibility. This belief originates from a strong feeling within the Company right from the days when Stephen Turner was the Chairman, that the Company must be seen as an active participant in Indian society. Therefore getting integrated with Indian society was crucial. So when we say doing good – what we are saying is that we want to be seen as productive, not only in economic terms but also in terms of benefitting people and society in general.

Take the example of animal feeds operation that was started when the Company was not doing very well because of the price control regime. It was felt that by improving the health of the animal population in the country through proper nutrition, we would utilise the know how that was available within Unilever and combine that with the enterprise that was inherent in Hindustan Lever.

Our sales force adopted a target in 1989 which said: “A million tonnes by 1994.” We were selling about 450,000 tonnes in 1989 and that ambition and the drive to get the growth to reach a million tonnes by 1994 was something which sustained the growth momentum.





Environment-friendly practices at Khamgaon in Maharashtra have brought greenery to the entire area

- 1994 Wall's frozen desserts launched, name changed to Kwality Wall's after a strategic alliance with the families running Kwality ice cream business
- 1995 HLL enters the business of branded staples; Kissan Annapurna salt is launched
- 1996 Brooke Bond Lipton India Limited merges with HLL
- 1996 Lakmé Lever Limited, a joint venture with Lakmé Limited is formed
- 1996 K. B. Dadiseth takes over as Chairman from S. M. Datta

The same spirit motivated the dehydrated peas experiment around 1960. This farm-based operation did not succeed. Not all the attempts will be successful. But it's important to try, and if you get a few successes, then that's good.

Around the same time, we also started the milk operation. Our work in this area itself was of a path breaking nature because of the increase in rural income that it brought about in the Etah district of Uttar Pradesh. But at the same time, it also provided an impetus to the rural development programme. We started with only five villages and went up to more than 200 villages by the time I retired. It yielded lessons that are invaluable to us.

Similarly, I recall that when I was the technical director, my colleague, Vasant Marballi raised the possibility of designing zero effluent factories which was endorsed by the chief engineer, S. Raychaudhuri. It meant that all the new factories would be designed to have zero effluent. It was a novel concept. We started the first experiment with Chhindwara in Madhya Pradesh. If I am not mistaken, we are not zero effluent factories as yet, but we recycle significant quantities of treated effluent back into process or on land for irrigation. This not only helps save costs for the Company but ensures that we are not a strain on the rural environment.

Our re-vegetation or re-forestation attempts at Khamgaon in Maharashtra were started for similar

reasons. We collected all the available expertise in the country to get that going. I believe that it has progressed quite well. It shows that one can take heart from Anna Hazare's water harvesting technology and it can be used on a large scale too.

Again, when we were developing the formulation for Wheel based on consumer insight, one of the objectives that we put before ourselves was that the skin problems that arose from using highly alkaline washing media should not be replicated in our product and our R&D was successful in that task.

Throughout my years with the Company, I have seen the spirit of participation, engagement and enquiry,

not only in the microcosm of our company, our factories or our processes but also on larger issues of national concern. "How to build a better mouse trap" – that spirit has always prevailed in HUL.

We are not zero effluent factories as yet, but we recycle significant quantities of treated effluent back into process or on land for irrigation. This not only helps save costs for the Company but ensures that we are not a strain on the rural environment.

Open Doors

Our rigorous recruitment process and training ensures functional abilities. Intellectual integrity, honesty and interpersonal skills are the hallmarks of successful leaders in our company.

K. B. Dadiseth, Chairman~1996-2000



Hindustan Unilever Limited has had very eminent Chairmen who successfully and very ably saw the Company through many trying times, whether they were price controls or licensing, or our parent shareholding.

I was fortunate to have been the Chairman at a time when the economy was beginning to open up, less and less controls were being exercised and there were opportunities to expand and consolidate.

I have always believed in an open form of leadership where the leader is perceived as the first among equals. For this to really work, it was important to remove any fear or secrecy about what took place behind the closed doors of the Chairman's office. People could come and talk to me freely and this often resulted in sowing the seeds of thought that grew into large projects. So in a small way, there was a cultural transformation in HUL and the Chairman was seen as approachable and receptive. It was a time when many ideas were thrown up and many of them were successful. I particularly reached out to the young people in the organisation with positive impacts. I feel proud that these open doors have remained so.

While I was the Vice-Chairman, we were quite active with acquisitions which, after I became Chairman, got accelerated and consolidated. Amongst these, in 1998, Pond's India was merged with what was then Hindustan Lever Limited. We also acquired the Lakmé brands and the related manufacturing facilities from the Tatas. This was a period during which we had more than 40 new products and around 20 re-launches.

Amidst acquisitions and their integration, the dawn of the new millennium brought 'Project Millennium' which was to take stock and gear us for longer term growth. In this



K. B. Dadiset, then Director (Detergents), receiving an award on export performance from President Dr. Shankar Dayal Sharma

- 1997 Unilever sets up an international research laboratory in Bengaluru, it's sixth, and only the second outside of Europe/North America
- 1997 HLL receives the Indian government's award for R&D in Chemicals & Allied sectors for work on biopolymers which forms an environment friendly technology
- 1998 Pond's India Limited merges with HLL
- 1998 HLL acquires 100% shareholding of Lakmé in Lakmé Lever Limited
- 1998 Eight new factories and plants commissioned, three each in Silvassa and Puducherry, one each in Pune and Chiplun in Maharashtra
- 1999 'Project Millennium' is launched to study new growth opportunities, cost efficiency, knowledge sharing, and to attract and retain talent
- 2000 HLL acquires 74% in Modern Foods (India) Limited, the first public sector company to be divested by the Government of India; gives HLL a presence in the bread market
- 2000 M. S. Banga takes over as Chairman from K. B. Dadiset

exercise, McKinsey & Co. helped considerably. The exercise enabled us identify the projects with future business opportunities and also to identify our brightest people. More importantly, we defined a people philosophy which was very new at that time.

Interestingly, at this very time we regained our previous premier position in campus recruitment. McKinsey, who were helping us redefine the employer proposition, fell to the second position and we were at the top again!

Not surprisingly, many people identified as leaders by Project Millennium are in fact on the HUL Management Committee today. The Project also identified the water business which to my mind has a good future.

I firmly believe that the job of management is to put the right people into the right jobs and then give them the freedom to get on with it – while holding them accountable.

Our rigorous recruitment process and training ensures functional abilities. Intellectual integrity, honesty and interpersonal skills are the hallmarks of successful leaders in our company.

In 1997, the insider trading enquiry was perhaps the most trying time for us. It was heartening to see so much media support and eventual vindication of our initial stand by the appellate authorities. At Unilever, one's own values are never compromised as the Company does not make you do anything that you might personally consider wrong. This indeed is one of its greatest strength.

Wherever we operate, we always work with the local interests in mind, be it providing employment opportunities or undertaking projects in the interest of the local community. For an example, in Khamgaon in Maharashtra, where water was in short supply, we successfully put in place a programme for recycling water and greening the surrounding landscape.

Encouraged by the results, HUL extended the model to a neighboring village, Parkhed, in association with the The Energy and Resources Institute (TERI) and the BAIF Development Research Foundation, two non-profits noted for their work in support of sustainable development. The project focussed on water but also paved the way for all round development by introducing income generation activities and by upgrading skills of the rural community around our factory.

I was a Board member during the 60th year celebrations when S. M. Datta was the Chairman. I feel proud that I have been asked to pen my thoughts on the 75 years of the Company.

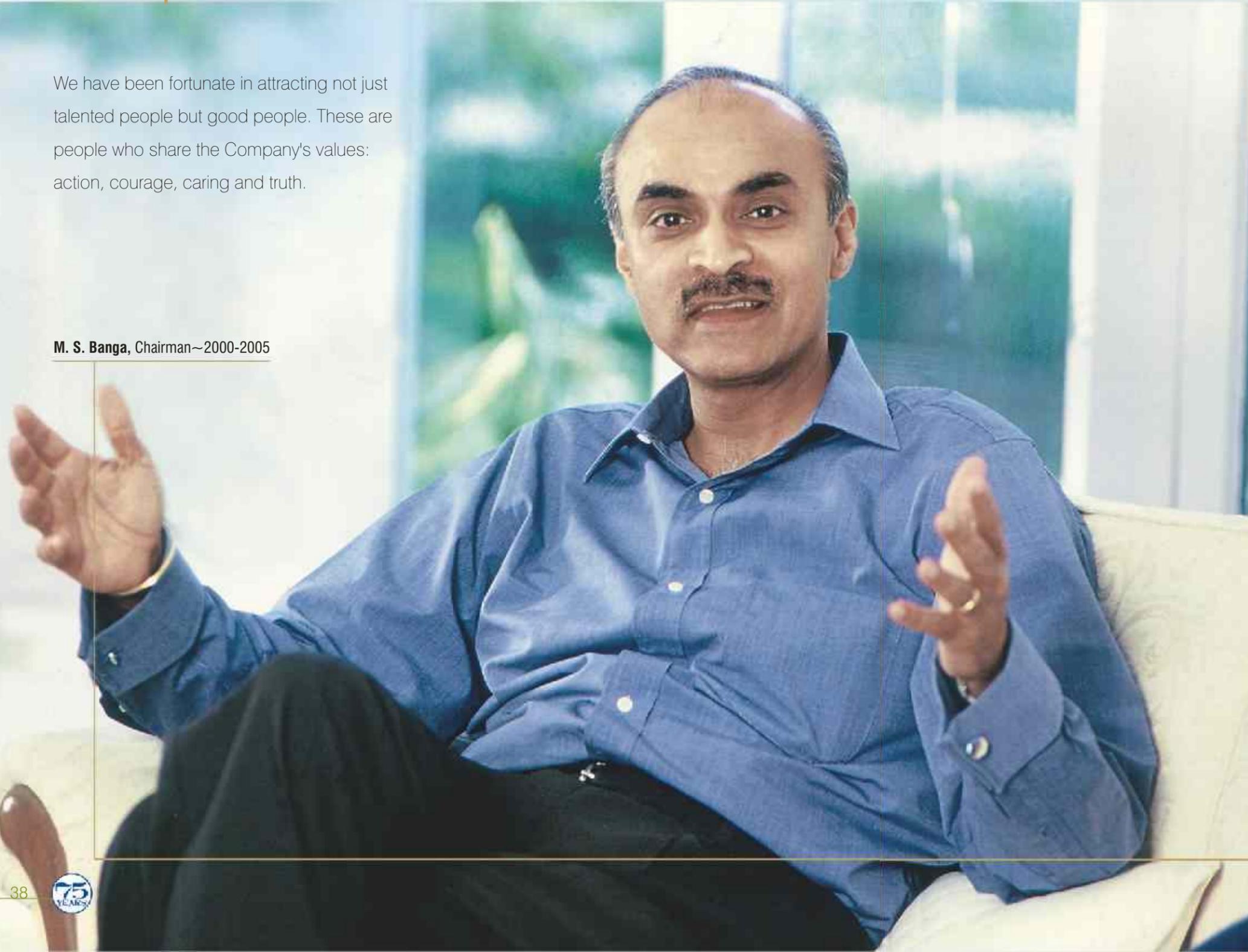
Ours is a truly unique company and I have always felt proud to be a part of it. I am delighted that we have completed 75 years and that HUL is on a strong growth trajectory.

At Unilever, one's own values are never compromised as the Company does not make you do anything that you might personally consider wrong. This indeed is one of its greatest strength.

Sharp Focus on FMCG

We have been fortunate in attracting not just talented people but good people. These are people who share the Company's values: action, courage, caring and truth.

M. S. Banga, Chairman~2000-2005



Our long journey has seen many changes in our operating environment. HUL has transformed itself in line with these changes and remained relevant and robust for 75 years. The beginning of this millennium brought with it a big change in the Indian market place and attendant challenges for HUL.

We wanted not merely to overcome these challenges but also to prepare ourselves to exploit the exciting opportunities of a new India. We had to transform the Company.

The Crisis: Declining Markets

Through the 1990s, the FMCG markets grew annually at almost 15% by value. But as India liberalised its economy, FMCG growth began to slow. It stalled in 2000, and then declined for the next few years. Why did this happen?

Liberalisation brought faster growth for the country. GDP grew as did consumer spending. But at the same time, there were new avenues to spend. Interest rates fell from 18% to under 10%, bringing easy access to consumer finance. The result was an explosion in demand for durables, two wheelers and automobiles. You could drive out of a Maruti showroom in a new car against a down payment of Rs. 2,000! The home ownership market grew exponentially as the average age of a home loan borrower dropped from 50 in 1999 to 30 in 2004.

Mobile phone ownership and usage exploded as tariffs fell. It was boom time for the entertainment, leisure and travel sectors, too. As a result, households cut their FMCG spend. It is not that people bathed less or brushed their teeth less often or washed their clothes less. But they did downgrade from higher quality brands to lower priced substitutes, leading to the FMCG market declining in value. This was a major challenge to growth, especially for us because of our large market shares.



Inauguration of the village rebuilt and named Yashodadham in Kutch district of Gujarat

The other side of the challenge was the opportunities and promise that the new Indian consumer held out in a prosperous and thriving India. But to seize those opportunities, we had to change.

Focus on FMCG

In 2000, about one-fourth of our sales were in non-FMCG businesses. These businesses had played an important role in a historical context but over time were providing only 10% of the Company's profit. Besides, they lacked scale, did not offer prospects for long term leadership, and were a drain on the core FMCG businesses in terms of resources and focus.

We disengaged from the non-FMCG or commodity businesses and divested 15 such businesses, including animal feeds, speciality chemicals, nickel catalyst, adhesives, thermometers and mushrooms among others. This was a big divestment programme as these businesses accounted for sales of Rs.1,750 crores in 1999. We placed them all in good homes and at the same time derived excellent value for our shareholders. Our export business was also reshaped to focus on sourcing FMCG products to other Unilever companies, thereby leveraging scale and other benefits from the core FMCG business in India. This resulted in HUL becoming a focussed FMCG company.

Building Power Brands

We had a portfolio of 110 FMCG brands, some of them built organically and others acquired. Some competed directly with each other, like HUL brands sitting next to brands from the acquisition of TOMCO (The Tata Oil Mills Company Limited), or Brooke Bond brands with Lipton. Others were simply too small. At the same time, competition became intense as every international competitor focussed on entering India with strong local partners. Growing our brands would require more resources than before in innovation, quality and advertising spends, thereby placing greater emphasis on scale.

We decided to focus our resources on about 35 "power brands." We chose these for their strength, uniqueness and growth potential. In addition, they also spanned all the 20 categories and relevant benefits and price positions.

The FMCG market offered considerable growth potential notwithstanding the value decline. But to tap in, we had to attract consumers back to our categories and brands. We needed to drive better quality, greater relevance and clear benefits for the consumer. We had to create more exciting advertising that would stimulate their interest and build loyalty. And this is what we did.

- 2001 The "Power Brands" approach is unveiled under which HLL identifies 35 'Power' brands, from a total of 110 brands, to be pushed for higher growth
- 2001 With the goals of improving hygiene, fighting disease and generating rural incomes for small communities, Project Shakti is launched as a pilot in Andhra Pradesh
- 2002 HLL acquires the balance 26% in Modern Foods Limited, from the Indian government, consequent to which Modern becomes a wholly owned subsidiary of HLL

We invested a significant amount to upgrade our brands so that they offered better value over competition. In several cases, we lowered prices to make our brands more affordable. Better quality and lower prices increased the value to the consumer, thereby stimulating growth. In addition, we also launched several low unit size and low price packs for single use, making our brands accessible to all income groups. We were the first company to introduce a branded toothpaste tube and a branded shampoo bottle at Rs. 5 each.

Surf Excel was re-launched, going beyond the promise of great cleaning to saving two buckets of water with every wash. Imagine the importance of that benefit to a water-scarce country.

A bold decision was to revamp Lifebuoy, our oldest brand. Converting Lifebuoy from a carboic soap to a toilet soap resulted in a bar that looked smaller and was more expensive. The cost of failure would have been very high given the scale of the brand. But the change coupled with a stronger health message turned the brand around and Lifebuoy started growing handsomely. It showed that even our oldest brands were capable of high growth.

A different example is Lakmé where a service dimension was added by opening 'Lakmé Beauty Salons', bringing

direct access to consumers and building the brand image and presence in major cities.

Building Capabilities

Our distribution system was reorganised to recognise the emergence of modern retail. A separate sales team was set up for this channel and skills were brought in from Unilever.

We also built a "Continuous Replenishment System" for our customers. This required not only IT connectivity across the extended supply chain of 2,000 suppliers, 80 factories and 7,000 stockists but also a very big culture change in the sales system.

Over time, this has proved to be a very big asset with benefits of better customer service, smoother sales patterns and of course lower stock at all levels.

In 2000, about one-fourth of our sales were in non-FMCG businesses. These businesses had played an important role in a historical context but over time were providing only 10% of the Company's profit. Besides, they lacked scale and did not offer prospects for long term leadership.



A Shakti entrepreneur interacting with consumers in a village

Financial shared services were established in Bangalore, leveraging India's benefits for IT outsourcing. These were used first for HUL and then to service other Unilever companies. Later, they became a part of Unilever's global move in this direction.

The Price War

In early 2004, we were faced with yet another price war. Competition dropped prices of some products in the laundry business in the range of 25% to 50%. Our response was quick. We lowered our prices, sacrificing short term profit but ensuring longer term market share for sustainable future growth. Our sales force sticker-marked our market stock at our new reduced prices so fast that we were first in many outlets and markets.

Future Acorns

We also worked on some future businesses, or acorns. Pureit water device is a great business opportunity for the future not just in India but in many countries. The business model was developed by a small, dedicated and passionate team. They developed the technology with strong patent protection and evolved a unique model for converting consumers. The claim that Pureit delivers water that is 'as safe as boiled water' is extremely potent and motivating especially when this

water is available at a fraction of the cost of bottled water. The business was nurtured and refined for several years and is now getting to its full potential.

Another very significant initiative was the launch of Project Shakti in 2001. This combines Unilever's social goals of promoting health and hygiene and supporting rural communities along with our business goal of reaching out to the farthest corners of the land with quality products.

We started with a pilot project in which women turned entrepreneurs reached door to door in villages where our distribution system did not reach – and built a small but sustainable business of selling our products. The women earned regular income that was significant to them. We extended our reach to the hinterland. As *The Washington Post* headlined it: "In rural India, a sales force in saris delivers soap and social change." What became our new sales force started with a small, tentative beginning in a village in Nalgonda district of Andhra Pradesh.

Project Shakti tapped into the existing networks of self help groups which had grown on the back of microcredit schemes. Shakti entrepreneurs were recruited from these groups, and became our local

- 2002 Yashodadham, a village reconstructed in Kutch district of Gujarat is dedicated to 1,100 residents, a year after their homes were wrecked by a devastating earthquake
- 2003 Edible oils and fats businesses sold to Bunge Limited
- 2005 Management Committee formed, organisation structure simplified
- 2005 Harish Manwani takes over as the Chairman
- 2006 Douglas Baillie appointed as CEO & MD

sales representatives, walking the mud paths in areas where no salesperson walked before. The products they sold were not the standard range but re-engineered to make them affordable to people on desperately low incomes. It is here that the small pack formats helped as people could buy our products at prices as low as one or two rupees.

Today, we have over 45,000 Shakti entrepreneurs operating in 135,000 villages, serving nearly 100 million consumers. The revenues generated are now very considerable and margins are healthy.

Doing Well by Doing Good

HUL has always believed that "what is good for India is good for HUL." Shakti and Pureit are excellent examples of this and combine good business with doing good for India.

After the devastating earthquake in 2001, HUL reconstructed a village in the Bhachau taluka of Gujarat's Kutch district. Named Yashodadham, the village was dedicated to the 1,100 residents of what used to be known as Nani Chirai village before the quake flattened it.

In 2002, HUL helped the Madhya Pradesh government create 'Vindhya Valley' as an umbrella brand for several cottage industry goods, which were rolled out using

support software provided by HUL for marketing, manufacturing and distribution. In two years, Vindhya Valley had a portfolio of spices, honey, lentil wafers, pickles, incense sticks manufactured in 12 locations with over 500 direct beneficiaries.

A Pride in People

We have been fortunate in attracting not just talented people but good people. These are people who share the company's values: action, courage, caring and truth. It is they who have come together in facing every challenge. We made courageous changes which involved a lot of pain. I will always remember those who worked tirelessly to transform the Company.

HUL was transformed one more time. We began to deliver strong double digit growth. And we are well positioned to seize the exciting growth opportunities offered by a new India.

HUL has always believed that "what is good for India is good for HUL." Shakti and Pureit are excellent examples of this and combine good business with doing good for India.

Passion and Commitment

Whilst I was moved by the powerful vision and strong caring ethos of the Company, I was also struck by the very fierce competitive spirit and the never-say-die commitment.

Douglas Baillie, CEO & MD~2006-2008



My time with this great company was short, but enough for me to confirm that this is a truly remarkable company and no other exists quite like it. It has an incredible history and I feel very proud to have been part of it in its 75th year of existence.

I was appointed in March 2006 to head up a 'One Hindustan Unilever'. This was a great honour as I have always believed that Hindustan Unilever Limited was one of the very best in Unilever and certainly one of the very best consumer goods companies in the world. To lead the organisation and follow in the footsteps of the outstanding Hindustan Unilever chairmen that have led the organisation was an enormous privilege and certainly one of the highlights of my career.

Many have asked how difficult a decision to move to India was. When put in the perspective of working and living in one of the fastest and most competitive markets in the world and having the opportunity with your family of experiencing a truly remarkable culture and window on the world, the decision was not hard at all. As I look back, I also realise that I have been part of a very special company which in its 75 years of existence has put real meaning to 'doing well by doing good.'

I can remember very clearly in my very early days in India being introduced to the Hindustan Unilever vision statement: "To earn the love and respect of India by making a real difference to every Indian." It struck a very powerful note as for the first time I felt I was in an organisation that had both the history and the resources to truly live this out. It also became very evident early on in my stay that the vision was carried strongly by all I met in the Company. It was present in the DNA of everyone and was a very powerful motivator of why people came to work everyday.

One of the first introductions to the values and ethos of the Company happened the very first weekend I arrived in Mumbai. My family had not yet arrived and former director



Celebrating 75 years

- 2007 Name formally changed to Hindustan Unilever Limited
- 2007 Joint venture with Smollan Holdings of South Africa to focus on in-store executions and field services for modern trade in India
- 2008 Nitin Paranjpe succeeds Douglas Baillie as CEO & MD

Gurdeep Singh offered to take me along to Asha Daan and introduce me to our work there. I was not familiar with Asha Daan but as the story unfolded, stretching back to the days of T. Thomas as Chairman, I began to understand a little of the incredibly caring component of the Hindustan Unilever culture. It was the beginning of a very special time for the Baillie family and a relationship we cherish today.

These values were also very evident in the approach taken with Project Shakti, a social partnership which not only empowers women in rural villages but also provides the Company with real business value. I am

convinced as we think beyond the boundaries of our Shakti model there is still much to come and we are on the brink of creating a very special, powerful relationship with rural India. This is 'doing well by doing good' at its very best.

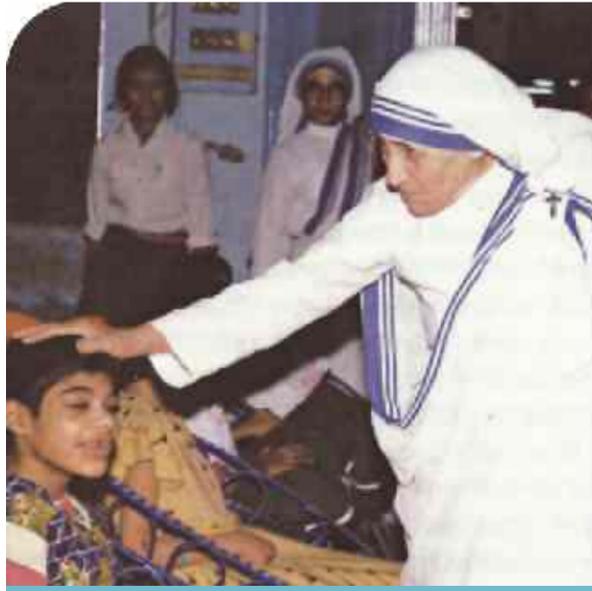
Whilst I was moved by the powerful vision and strong caring ethos of the Company, I was also struck by the very fierce competitive spirit and the never-say-die commitment. This has been the hallmark of generations of managers who have passed through this great business and something that is cherished today as much as it was in the early beginnings. This really came

to the fore whenever I interacted with our younger managers who were very quick to point out to me just what winning really means. I also felt the brunt of countless visitors, many of them peers and good friends who after sessions with young managers would give me real feedback on my performance.

It is this combination of outstanding people with their feet firmly rooted in a determination to win in the market day in and day out but in a manner that earns the love and respect of India by making a difference to every Indian that has seen this company through an incredible first 75 years. I have no doubt that its

determination to continue down this road with the same passion and commitment will see the Company continue to prosper.

The vision statement struck a very powerful note as for the first time I felt I was in an organisation that had both the history and the resources to truly live this out. It also became very evident early on in my stay that the vision was carried strongly by all I met in the Company.



Asha Daan

Asha Daan is home to disadvantaged children, the aged, the HIV-positive and the destitute. Asha Daan is run by Mother Teresa's Missionaries of Charity with the support of HUL on a 72,500 sq. ft. plot in South Mumbai.

Ploughshare Technology

HUL has recently developed "Ploughshare" technology which eliminates the need for steam in soap making. This helps cut carbon emissions and has made us the first Unilever company to be awarded carbon credits under the "Clean Development Mechanism" scheme of the United Nations.



Fair & Lovely Foundation

The Fair & Lovely Foundation aims at economic empowerment of women across India by providing information, resources and support in the areas of education, career and enterprise. Over 600 scholarships for graduate and post graduate courses have been awarded since 2003.





A Family of Values

M. K. Sharma

I begin with the concept that Hindustan Unilever is a family, not merely a company or an organisation. At 75, HUL's organisational longevity is as compelling as it is extraordinary. The family as an institution in recorded history evolved some 6,000 years ago; it is the longest surviving social organisation. And HUL's longevity in some sense reflects our makeup more in the sense of a family than as a business organisation.

The HUL Family

So where lies the similarity? First and foremost, the leader of a family is accessible any time; you don't need an appointment to see the family head. Accessibility is a key element of family leadership. The availability of people at all levels is a hallmark of the HUL setup.

And the quality of communication in our family is very rich. There is the verbal communication but even body language conveys a lot. And this exchange is rich enough to let you know what is approved, what is tolerated and what is just not acceptable. That is again similar to non-verbal communication in a family. In a family, the quality of communication is more important than the quantity; listening is as important as talking. It is so in HUL, too.

The subset of this is that a family provides multiple support networks. Similarly, at HUL, people go to whosoever can provide help and succour. This is very much like a family and unlike any classical organisation where the support network begins and often ends with either the immediate superior or the HR team. From my experience, I can say that I have gone to people who were never my direct superiors or HR heads, and I received help and guidance. And people who didn't have anything to do with me in an official capacity have come to me for support and assistance. So we have an informal support system – a rich and nourishing interaction that thrives and flourishes within the HUL universe.

Story Telling in HUL

HUL also has a long tradition of rich rituals and story telling – all this helps the team bond better and communicates the hopes, aspirations and values of the organisation so that these are a sub text of whatever we do.

Most organisations have no story telling. Often, it's a blunt statement of objectives and beliefs. But what breathes life into these objectives is the real life tales that tell us of honesty, integrity, and the actions of people in these situations leaving a lasting impression on the mind. This is no different from how a family inculcates values in its members from a young age.

As a beginner...

In 1974, just three months after I joined the Company, a case of refund of Rs. 29 lakhs was decided in our favour. As my seniors were away, I had to file and collect the amount. It was a time of extreme financial stringency in the organisation because of price controls on soaps and vanaspati.

The officer handling the claim told me how he could delay the refund by three to four months. He wanted a paltry sum in return for an immediate settlement. He even proceeded to provide a rationale for his demand: the amount demanded was a fraction of the interest loss we would suffer if the refund was held back for three months.

I asked him to take his time, but refused to pay. We had waited several years, so I decided we would wait some more.

I knew that the company was in need of the money then, but I still took the decision not to pay. I later reported the matter to our Chief Accountant.

I was a junior officer then. But in my own capacity I could refuse to pay even though my refusal would delay badly needed funds. That is how a value system empowers employees across the rung.



HUL has a long tradition of rich rituals and story telling – all this helps the team bond better and communicates the hopes, aspirations and values of the organisation.

A Shared Vision

We have a shared vision as a family. The vision is not constrained by existing resources or other limitations. A family hopes and dreams, and then works to fulfil that dream. Employees at HUL have always been driven by a vision. Take the case of Indianising the management. It was in the 1940s that the company started working towards this goal which eventually got structured as the Management Trainee Programme. Around the mid 1950s, it also started the process of associating Indian capital with the Indian operations of Unilever. Likewise, local R&D operations commenced in late 1950s and had grown to a full blown research and development centre of a scale and size by the mid 1960s that came to be the envy of any private sector company in India.

All these were done well ahead of time. The logic and rationale may not have been obvious then but they were important steps in looking ahead. They were part of a directional push.

As I look back, I see three common threads in our journey of 75 years: build people, build the community, build India. And our vision would be to do this in the process of building the business.

Our vision statement has captured the very essence of this – “to earn the love and respect of India by making a real difference to every Indian.” But this is a later articulation of an age old HUL way of working. This was always the shared vision of the Company.

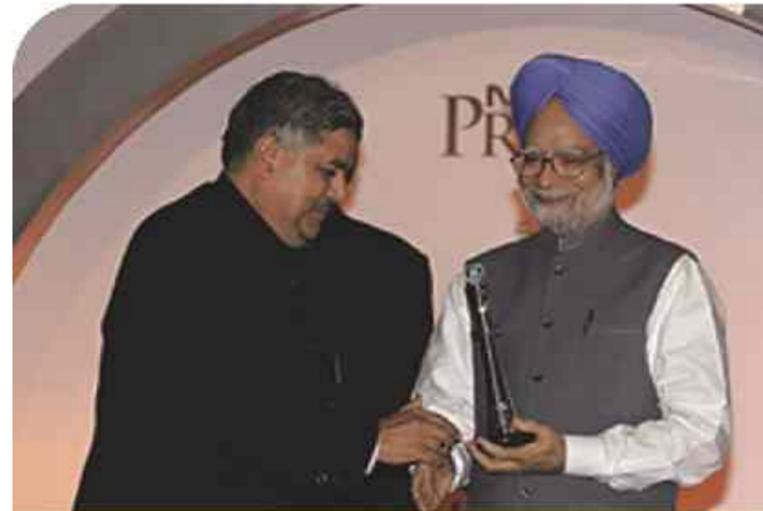
As in a family, this was a vision not restricted or diminished by constraints on our resources. It was a goal that stood out larger and taller than a pure and simple business objective.

The Integrated Rural Development programme, the Management Trainee Programme, the investments in backward areas, revival of sick units, import substitution and foreign exchange earnings or helping those affected in times of natural calamities and working towards their longer term rehabilitation – all formed part of HUL's visionary zeal.

HUL also has significantly added to thought leadership not only on industry bodies but on a larger national scale by contributing to the economic and industrial policies of the country and acting as an objective and trustworthy sounding board for the government on issues of public importance. These opportunities came to us because of the stature of our leadership and a wider appreciation of the core values and principles that govern our work.

We Stand For...

At HUL, the values we stand for are honesty, integrity, truth, courage, concern and care, and all of this converging and culminating in just one – character. Our former Chairman



Vice Chairman M. K. Sharma receiving an award for Corporate Business Leadership from the Prime Minister Dr. Manmohan Singh in 2006

In times good and bad

Families build deeper bonds in times of adversity. This is where HUL comes closest to being a family. When we have adversities, the support system that gets triggered unsolicited is phenomenal. I have not seen this type of bonding in any other company. I have seen it happen to me.

I was in London attending a four-week course when my wife suddenly took ill and had to be hospitalised. She needed emergency surgery. Blood was required and I was told that it was one occasion at the Breach Candy hospital where there was more blood than was ever needed, and there were still more people than required as donors.

For the next fortnight, meals were cooked and sent for the children at home by friends and colleagues in the Company and the children did not have to miss school. My shame is that even in this situation, I continued with the course. I could indulge in this indiscretion in the comfort that my wife and children had the full support of the HUL family. This unique support system is a family value.

Prakash Tandon once said the word that captured HUL leadership qualities is “character.” Character is the overall umbrella under which our value system is nourished, takes root and thrives.

It was in my farewell speech I said that in my 33 years of work at HUL, I have never felt – not on a single day, not on a single issue – that I had compromised my conscience. I don't think I could have made that statement if it was not clear in this organisation that you don't have to compromise with organisational values and indeed your own value system, irrespective of the compulsions or the consequences.

And since this is after all a family, you can never leave a family. You may cut other relationships, move on to a nuclear family or become a non resident Indian, but you cannot disown your family

Moreover, in a family one does not need to ask. Wants and needs are perceived and recognised unasked, and met in the normal course. So is it in HUL. All that one needs at times is a bit of patience!

There are many such examples of the HUL team coming in to help in all manner of situations, personal and organisational. The response of the HUL team was akin to that of a family – more bonding, more help, more togetherness, more interdependence and more hope and effort to come out of the situation as a winning team rather than business as usual or getting bogged down with turf issues.

There was the competitive onslaught from a low-cost competitor that led to adversity for the organisation; family tragedies from accidents on and off duty that led to adversity for the immediate families; false allegations of insider trading; the threat from militants in Assam and Nepal. We responded as a team. We emerged stronger.

even if you wish to. And so is it with HUL. You may leave HUL physically, even intellectually, but purely on an emotional plain, it remains a tight bond. Be it chance meetings at airport lounges or organised get-togethers on social occasions – the feeling of a family comes through instantly.

In fact, like extended families in India, the HUL family now encompasses not only its employees, but its suppliers, co-packers, carrying & forwarding agents and redistribution stockists who share similar values and beliefs. Despite socio-economic changes in the country and shorter tenures of service, I have every confidence that we as an organisation, would preserve, guard and nurture this heritage. This emotional bond is an extremely valuable asset.

M. K. Sharma retired as Vice Chairman in 2007.



investigate. Such investigations rarely produce conclusive, cast-iron evidence. If true, there arises at the very best, strongly suggestive or near conclusive proof; I was aware that a fair decision on such a matter would send important messages to other distributors about the Company's widely proclaimed commitment to an honest distribution system.

After my field work, I concluded that the distributor had indeed marketed the product at an unfair price; his distributorship had to be terminated. However, the distributor had been a loyal associate of the Company for 35 years, inheriting the business from his father.

The distributor knew all the seniors including Mr. Talwar, and General Sales Manager Bhau Phansalkar. I was warned by well-meaning peers to take a "more pragmatic" stand. I felt anxious and uncertain.

Indeed, I was interviewed and asked many questions by all including the Marketing Director, Jagdish Chopra, and Legal Director, Shamdas Gursahani. It was a very professional process.

Sensing a losing battle, the distributor escalated the matter to the Monopolies and Restrictive Trade Practices Commission,

I could implement the organisational standards taught to me though the outside behavioural norm was to be "practical." My organisational trust increased because the walk and the talk of the Company were aligned.

alleging that territorial restrictions on distribution were being placed to the detriment of the consumer. This spiralled into a full-fledged legal case but the Company successfully fought the matter up to the Supreme Court as a matter of principle.

For me, there was huge personal development and learning. It was a bend in my own managerial development. I could implement the organisational standards taught to me though the outside behavioural norm was to be "practical." My organisational trust increased because the walk and the talk of the Company were aligned.

R. Gopalakrishnan was Vice Chairman in 1998. Extracted from his book 'The Case of the Bonsai Manager', published by Penguin India.



A Company that Walked the Talk

R. Gopalakrishnan

A career is not about planning to be somebody at some target time. It is about navigating the bends in your career and building trust with the organisation.

In 1974, I was the Branch Sales Manager in the Mumbai branch and my boss was a warm but tough taskmaster called Ranjit Talwar. In those days, production capacities were controlled and products sometimes used to be in short supply.

A complaint was received that our cooking product Dalda had been marketed for a higher than permitted price by one of our two Pune distributors. Ranjit Talwar assigned me the responsibility to



"Production capacities were controlled and products sometimes used to be in short supply."



A Sense of Belonging

B. R. Shah

I joined in 1956 and must have been among the last set of recruits to get a letter of appointment from Lever Brothers India Limited. The year I joined was the very year that Lever Brothers merged with the other operating companies, Hindustan Vanaspati Manufacturing Company Limited and United Traders Limited to form Hindustan Lever Limited, and to open up shareholding to the Indian public.

I had a run of 37 years with Hindustan Lever. From 1956 to 1992 – one company! It was a great achievement those days to be selected as a management trainee by Hindustan Lever. Today, youngsters have many organisations to work for but those days this was a unique, one-of-its-kind company you wished to work for.

We had a strong sense of commitment, we were known for a sense of belonging and we are still proud of that. We still belong to the same alma mater. Call it commitment, loyalty or those sort of things, they were all a part of the work ethos, then.

I joined as a trainee. I never expected to be Chairman or a Director one day. The Company always invested in people. The inputs were in the form of training, career planning, an opportunity to handle a variety of different jobs and in building up general management abilities. This is how the Company makes its people grow as individuals and as professionals. Very few companies used to do this those days. Now, many more companies must be doing it but Hindustan Lever is the pioneer in the area of HRD, the domain of building people, careers and positions.

Within the Company, we had a culture and a professionalism that marked us all. And this culture started from the very top. When Prakash Tandon was the Chairman, he used to stay in Bandra and I used to live nearby in Khar, both western suburbs of Mumbai. Once his car had broken down, and as Chairman, he could have had three cars, even five cars, but that was not the way he worked. He called me up and simply said: "Bipin, can you pick me up?" I had a "Standard Herald" those days – some of you may not even have heard that brand name – and I used to drive myself.

The practice of austerity started at the very top. We never ever acted as brown *sahibs*. We were down to earth, simple people. I used to get a car allowance of Rs. 150 per month. In those days, it was perfectly fine and it fitted in to have the Chairman of your company calling you up, requesting a lift if his car broke down. It didn't matter that I had a small car. I think humility began at the very top and that culture percolated down, spread and took root in our company.

Those days, we felt, managers strongly had a sense of belonging, the trade also felt that they belonged to this unique company. HLL enjoyed tremendous prestige. I remember our sales managers had a target and they would go out and push the distributors to work harder and deliver.

The greatest value we have is professionalism in anything we do. Be fair to all stakeholders – this has actually been the core of our company from the very beginning.

Those days we used to travel by train, take our bags, get to Jalandhar or Jalgaon or wherever we had to go, stay in a dak bungalow...there were no five star hotels! The Chairman or the Director would also accompany us at times. We used to travel several days in the train, sometimes a visit would last 10 days or more at a stretch. As youngsters, we would go and eat or have a cup of tea in a remote area, ask questions and try to find out what was happening in the market, what was the competitor doing, or what were the complaints like. We spent a lot of time to understand the market, the customers and to develop deep linkages with the last mile, so to speak. This information collected over time by so many managers doing similar visits would form the wealth that would build our understanding of the marketplace and help us live up to market expectations and stay ahead of competition.

It was sometime in 1981 that I was asked to take over as Chairman of Lipton India. I was with Hindustan Lever Limited. Lipton was going through difficult times. I was called to London and asked to take over as the Chairman. The share price had gone down to Rs. 8 a share of Rs. 10 face value. I asked for a time frame of six months to study the Company so that I could decide on my own. It is interesting and important to note that they gave me the six months I asked for, and complete freedom to run and turn around the Company. And we turned around the Company in three years and declared a dividend.

My message to young Leverites is simple: The greatest value we have is professionalism in anything we do. Be fair to all stakeholders – this has actually been the core of our company from the very beginning. And we have some real bright youngsters. I am proud to tell you that I was on the selection panel that selected Harish Manwani as a management trainee!

B. R. Shah retired as Director (Foods Business) in 1992. He was also the Chairman of Lipton India.



Lessons from a Street Fight in Patiala

J. C. Chopra

Way back in the early 1950s, salesman S. L. Gupte was working in Patiala on a routine delivery of Dalda to the retail trade. He found an old woman following his handcart, shop after shop, hesitating to approach him. So he stopped and heard her story. She had no cooking oil in the kitchen and ghee was too expensive. Dalda is what she used regularly but she could not get a tin except in the black market. Moved by her plight, Gupte asked the next outlet where he was delivering to give a tin of Dalda to the old woman out of his supplies. The shopkeeper refused and an argument followed, during which he used foul language against Dalda and the Company. This was too much for Mr. Gupte, who promptly gave the shopkeeper a sound thrashing.

A crowd collected and Gupte was arrested and put behind bars, charged with assault and violence. The Company, Hindustan Vanaspati Manufacturing (HVM) Company, an affiliate of Lever Brothers,

intervened, got him out on bail quickly, but the matter did not end there.

P. L. Tandon, the Marketing Director of HVM, rushed to Patiala, first to support an employee who acted out of sympathy for the old lady and deep respect for the Company, but more importantly, to explain the whole case to the authorities. The case against Mr. Gupte was dropped. The shopkeeper was booked for a black marketing offence. The story became the talk of the town, illustrating the Company's commitment to the consumer, its stand against malpractices and the length to which it would go to enforce its high ethical standards.

I grew up in Hindustan Lever Limited in an age of shortages, lack of any real choice or voice for the consumer and an era of price controls – all the response of a "socialist" government to shortages. Price controls were meant to address consumer hardship but they made scarcity more acute as honest manufacturers cut production on which they were losing heavily and black markets flourished.

I personally waited for seven years to get an "allotment" of a Fiat car and 15 years after joining the Company to get a

Hindustan Lever maintained regular distribution, published prices and enforced its high standards of integrity on the Redistribution Stockists (RS), the first link in the supply chain. Once we sacked a RS at Pune for black marketeering.

telephone, that too on medical grounds as my wife was expecting and I was constantly travelling on work.

How come all this was not clear to the authorities? Simply because the politicians and bureaucrats have their own way of doing things. They never listened to the "wicked traders" and "profiteering companies." Business as a whole had poor credibility and profit was a dirty word.

Beginning with C. S. Pettit, the Managing Director of all the Unilever companies in 1951, through successive Chairmen including P. L. Tandon, V. G. Rajadhyaksha and T. Thomas, the struggle against price control and the dialogue with government through trade associations (Vanaspati Manufacturers Association and Indian Soap and Toiletries Manufacturers Association) continued without much success. Every time a review took place, the result was price control biting a little deeper. It must be mentioned here that the government found itself powerless as inflation was running over 20% following two wars and two years of acute drought. What little was produced was well short of demand and for the most part found its way to the black market.

Not so for Hindustan Lever, which maintained regular distribution, published prices and enforced its high standards of integrity on the Redistribution Stockists (RS), the first link in the supply chain. Once we sacked a RS at Pune for black marketeering; he promptly complained to the Monopolies and Restrictive Trade Practices Commission, which started an investigation.

As Marketing Director, I had to stand in the witness box for six days, giving evidence on the extensive steps the company took to ensure fair distribution and to avoid malpractice. The Commission upheld the termination of the Pune RS as bonafide. The Commission however asked us to change the wording of certain clauses of our RS agreements, which we did in due course.

The real issue was to change the mindset of the government. The strategy evolved was aimed at building bridges with the government and not confronting it. It consisted of three steps:

- (i) The Company encouraged directors and senior managers to participate in government committees. This helped the bureaucrats realise that we were not profiteers but decent individuals like them, working for a cause and in the interests of the consumer.
- (ii) A study on price controls was commissioned through the National Council of Applied Economic Research, an autonomous government sponsored body. Their findings vehemently brought out the evils of price control. These were presented to a large number of government secretaries at a seminar personally by P. L. Tandon.
- (iii) An independent team of foreign journalists came to the conclusion that Indian growth was stunted by price control. The government at that time was far more responsive to press criticism, particularly from the foreign press.

All this had its effect. After the Bangladesh war, which taxed government resources heavily, price controls totally broke

The reputation of Hindustan Lever for fair practice, integrity and commitment to the consumer and the country reached its zenith and the Company won numerous awards for doing good by doing things right.

down. On the strong recommendation of the Ministry of Petroleum and Chemicals, Prime Minister Indira Gandhi took the bold step of abolishing price control on soap. Vanaspati decontrol followed. An era of liberalisation had begun. In all this, the reputation of Hindustan Lever for fair practice, integrity and commitment to the consumer and the country reached its zenith and the Company won numerous awards for doing good by doing things right.

I am proud to have been a part of this for over 30 years, beginning my career as a Management Trainee in 1951, being appointed to the board in 1970, and doing many of the things mentioned above, apart from extending the distribution network as Marketing Director, until 1981. I consider it my good fortune to have joined Lever Brothers.

J. C. Chopra retired as Director (Marketing) in 1981.



"Hindustan Lever maintained regular distribution and enforced its standards of integrity even during price controls."



Driven by Merit, Not Money

P. M. Sinha

I had the privilege of working for Hindustan Unilever Limited for 24 years and was closely associated with some of the finest professional managers that India has ever produced. They were my gurus. I learnt from them the values and culture that our company was and is known for – values of integrity, caring for people, being a good corporate citizen and hard work.

In the late 1960s, India was desperately short of foreign exchange in the wake of the 1962 India-China war and the 1965 India-Pakistan war. The Company embarked on a huge research programme of developing Indian raw materials for our products. Similarly, in the early 1970s, government policy



At the inauguration of the Haldia plant

required large companies to invest in the core sector and export oriented industries to be established in industrially backward regions of the country. We were the first to invest in lines of business different from Unilever – a sodium tri-polyphosphate(STPP) plant in Haldia, West Bengal, a functionalised biopolymers plant, several processed triglycerides plants, a synthetic detergent plant, five chemicals plants in Jammu & Kashmir, a phosphate fertilizer plant again in Haldia, a synthetic detergent plant in Chhindwara, Madhya Pradesh, a synthetic detergent plant in Hamirpur, Uttar Pradesh, a shoe factory for export in Puducherry and a fish processing export plant in Gujarat. Many other investments were made in backward regions, mostly employing local people. We certainly played our role as a corporate citizen.

We had a never-say-die spirit. We fought our case to retain 51% foreign equity of Unilever in HLL. Our application was rejected several times but we persisted, giving more information on our sophisticated technology in a number of our operations. Eventually, the government accepted our position and allowed us to retain 51% shareholding. If we had not persisted, we would have had to come down to 40%, as most consumer product companies had. The leadership from the Chairman, the Board and many senior managers was an exemplary team behavior of a company which believes in its right to fight for a fair cause, seeking no favours.

Some examples stand out on our integrity. In 1991, a demand was raised by militants from the United Liberation Front of Assam (ULFA) for money. They threatened to kill or kidnap all our managers and their families if they were not paid. We decided not to pay and evacuated all our managers and their families from Doom Dooma and Guwahati within 24 hours by a chartered flight.

I was closely involved in dealing with government as Resident Manager in Delhi and later as a Director, dealing with government as one of my responsibilities. Those were the days of the "license-quota Raj", as it came to be called after liberalisation. We never indulged in any unfair activity, never sought favours and always fought on merits, even though it took years to get permissions. In those days, competitors often tried to block us, to prevent us from getting an industrial license for production. It took us seven years to get the STPP license for a factory in Haldia even though we were one of the first large investor from the private sector in a backward region of West Bengal. Our value systems, our culture, our commitment to excellence is what motivated managers in our days to work for the Company. It was never money; we believed in the merit system of promotion. We respected our mentors and learnt from them all the time.

We had the best sales and distribution system and excellent relations with our distributors and our selling organisation. All our sales officers travelled the prescribed number of days. So did the Branch Manager and others in sales. Even the Chairmen visited the market at least six to seven days a month. As Sales Director, I travelled 12 to 15 days a month, visiting many rural markets and spending evenings in small towns with the field force, bonding with them. Our integrity was never compromised; a Territory Sales Incharge if not found in the small town when contacted on a surprise visit would send in his resignation knowing the action that would follow. We also asked a very senior manager in sales to resign for having accepted a gift of Rs. 150. This triggered a series of cases from the field when sales officers complained about salesmen having accepted gifts. The fact that we would not even spare a very senior manager with a long service record established our true values and gained for us great respect from the field force.

There was then the case of a large distributor who had left us and was approached by a fast growing competitor. They offered him the wholesaler business for Andhra Pradesh but the distributor refused, saying that he had worked for the best company and did not wish to work for anyone else now.

The fact that we would not even spare a very senior manager with a long service record established our true values and gained for us great respect from the field force.

That was a real tribute to our distribution system, our sense of fairness and integrity and a reflection of the respect that distributors had for the Company.

My entire experience is one of working for the greatest organisation in India based on values. You were either a part of these values, or the system rejected you. Subsequently, I took those values to wherever I went and they became a part of the organisation's make up. I have always felt proud of working for this company and even more fortunate to have worked under and with the very best professionals in the world. I requested and was allowed to retire as a Director even though I had not reached the age of superannuation. For me, it was personally of immense importance to be treated as a retired Director of the finest professional company in India.

P. M. Sinha retired as Director (Corporate Affairs) in 1992.



On the shop floor



Mother, the Manager

K. K. Nayar

It was not uncommon for the Chairman to call the factory directly. He would call to either communicate something urgent or ask about some aspect of our operations. This time, as the phone rang, it was Mr. Thomas on the line. But he was on a different mission. He called to tell me that Mother Teresa wanted some help to design and build a home for the terminally ill and a convent in Midnapore.

Though the location was more than 100 km from Haldia, where we were posted, we jumped at the opportunity. I was then the General Factory Manager of the plant which was producing sodium tri-polyphosphate (STPP). With A. K. Chatterjee, who was the project manager of the di-ammonium phosphate plant, we went to see Mother. She told us that the Maharaja of Kherchand wanted to gift a palace he owned, and she wanted to convert it into a convent and a home for children.

Mr. Chatterjee went on to Midnapore to see the place and found a broken down building. He recommended that we demolish it and build again. He said it would be cheaper in the long run as the plan would be designed to meet requirements. Mother would not accept that as she felt it was illogical and she wanted to see it for herself.

Within a few days there was to be a function where the Maharaja would present her the palace. We agreed that I would pick her up at 6 a.m. and we would go together to the function. Keen not to keep her waiting, I got there five minutes early, only to find her waiting on the pavement in front of Mother House.

We expected to inspect the palace and then come to an agreement on what needs to be done. But that was not to be because the whole village came with us and nothing could be done in the *mêlée*. The Maharaja presented her with a deed but it was loaded with so many terms and conditions that she could not have accepted.

We asked what we should do. Her reply was clear: modify the palace into a convent and we should leave the rest to God.

A few days later, the students of St. Xavier's College, Kolkata, were going to Midnapore for a social service camp. We gave them the job of bringing down the broken and redundant portions of the palace. Within a week of their starting work, she and I got a notice from a person who said he was part owner of the palace, and was claiming compensation for the damage done to the property!

I went to Mother to ask her what to do next. She was clear: "I have another plot outside the village. Build the home for the terminally ill there and by the time you do so, I shall buy another plot for the convent." Regarding the notice, she said simply: "Let us leave it to God."

When I asked Mother why she was annoyed, she said the change was wasteful as she would only go there once in a while and on those days she could sleep in the parlour.

We built the home, with supervisor Suban Ali staying at the site. By that time, Mr. Roy, who was the civil engineer, had a plan ready for the convent. There were 20 Sisters to be accommodated and so Mother agreed to have 20 beds in addition to a parlour and rooms for the children.

Discussions took us to "value for money," and use of cheaper construction materials, with V. R. Nair, factory engineer of the STPP plant, also participating enthusiastically. Decisions were quickly taken. The foundations were marked and on a subsequent visit to check the same, the Sisters said their bedroom was too small and there was no space for Mother to rest when she went there. It sounded logical, so I asked them to increase the bedroom size by 2½ feet.

By the time we got to Haldia, there was a call that Mother wanted me to see her on my next visit to Kolkata. I went and met her and all she said was this: "You and I agreed to a plan for the convent. You have increased the Sisters bedroom by 2½ feet. Go and put it back at the size and plan we had agreed."

That was all. She was curt but there was no malice in her voice. I went back immediately and restored the wall to the original position. Later, when I asked her why she was so annoyed, she said the change was wasteful as she would only go there once in a while and on those days she could sleep in the parlour.

She was not only a great person but a great manager as well.

K. K. Nayar was Director (Technical) from 1988 to 1996.



HUL welcomes an open expression of thoughts and feelings. Be genuine and authentic. Dissent is welcome; it leads us to new ways of thinking and doing.

PDP has helped us put in greater effort and commitment to coaching and developing our teammates. In the natural anxiety to develop careers, I often see people not committing themselves more time and space to the development of others. It is absolutely imperative for people in leadership roles to realise that they and not the HR manager own the human resources portfolio. Since people development is central to our growth strategy, the importance of the manager as a coach should not be underestimated. During my career with the Company, I was fortunate to have been coached and groomed by men of integrity who challenged me intellectually and supported me unequivocally.

We should continue to ensure that meritocracy is the only basis for moving ahead within the organisation. Target setting is not a testing ground for negotiating skills. It must reflect both stretch and a passion for excellence in achieving set goals without compromising long term sustainability. Our company's growth lies in getting the balance right between short term and long term goals and objectives.

We must continue to uphold the highest standards when recruiting new talent. This is part of our DNA. In addition, authentic diversity in all dimensions is the key to driving innovation and long term growth. Given the intense global competition for top quality talent, yet another challenge is to take our already established tradition to the next level by aggressively promoting the brand equity of HUL as an employer of choice.

Among the many things I have learnt from my long association with this great institution, I wish to highlight a few:

Giving without obligation: Helping, coaching and guiding are at the heart of this organisation. And I cannot find the words to express the special joy I always felt when I saw fellow managers growing to great heights.

Intellectual honesty: HUL welcomes an open expression of thoughts and feelings. Be genuine and authentic. Dissent is welcome; it leads us to new ways of thinking and doing.

Teams: The importance of showing respect and promoting team spirit cannot be stressed more.

Drive and the importance of taking the initiative: 'Just do it!'

In good times and bad: Adverse circumstances should bring out the best in us; be magnanimous, be gracious.

R. R. Nair retired as Advisor, Organisation Development, HLL & Central Asia Middle East (CAME) Business Group, Unilever in 1999.



Life Membership

R. R. Nair

Values and principles were always held high at Hindustan Unilever, in good times and bad. That is what has made HUL a strong organisation and an institution in itself.

The other reason we remain strong and successful is our visionary leadership. This is not limited to the vision and leadership of the Chairman, but equally to the attention paid to grooming leadership at all levels. From the unit head right up to the senior management level, there has been a consistent focus and attention to building leadership. Unilever is known for its leadership development process.

I consider myself fortunate to have been associated with the design and development of the Performance Development Plan (PDP) process. Both the process and the integrity of the PDP tool are very important.



A training session



A Learning Organisation

Sunil Sahni

The organisation is its people. The values of the organisation are those distilled from the collective wisdom and values of its people, both past and present, and communicated across the organisation.

This is so much true of Hindustan Unilever Limited, which has seen many challenges but never compromised on ethics. The code of conduct has been built into the core of the organisation as the mantle has passed on from one generation of employees to the next.

I joined the Company in 1964 immediately after graduation. After a brief and incomplete familiarisation, I was instructed to take charge of the factory in shifts with immediate effect. I wondered what gave the

organisation the confidence to entrust a raw recruit with this responsibility. Within the first week, the reason was clear: I had a great team of people working with me. They were the ones running the factory and not myself, and this ensured I would not “mess up” and would learn at a faster pace than my familiarisation would have otherwise achieved. Trust and empowerment were experienced early. Of course, my bosses also wanted to see how I would cope by throwing me into the deep end before confirming me on the job four months hence!

I was fortunate to have great people-motivators as my bosses: the father figure, Dr. Ranjan Banerjee, and the charismatic K. P. V. Menon, who communicated that anything is possible and “of course you can do it.” The factory had highly effective teams of workers led by foremen and supervisors of amazing leadership qualities. Team working and competitiveness was everywhere to see. The roar of the soap packing machines and stampers at night was a delight for the senses – even today, some 44 years on, I can close my eyes and visualise the scene and hear the sounds of the factory and its workers so vividly!

In 1968, I moved to “development” with S. M. Datta as my boss. I was fortunate to be involved in the project on “Non-Soapy Detergent,” or NSD bars, and the launch of Rin, which Mr. Datta had personally initiated and led and which had far reaching consequences on reducing dependence on soap-making oils which were scarce.

Simultaneously, the challenges of the Foreign Exchange Regulation Act (FERA), import substitution, price control and licensing capacity controls came on the scene and the organisation responded admirably. There was research & development on the one hand, and articulating and

communicating the Company's position and carrying conviction with the government agencies on the other.

During this period – as has been the case always – the organisation maintained a strong ethical stance and conducted itself in a totally objective manner. Bribery or *chai-pani* for anyone was unthinkable regardless of the fact that this was a common practice those days. The organisation was particularly severe on any employee caught in corruption. I remember how an engineering manager and purchase assistant were summarily dismissed for demanding money from a supplier.

T. Thomas was a no-nonsense taskmaster but deeply cared for the employees. I recollect when the Company offered employees an opportunity to invest in shares of the Company, he made it a point to address the entire factory, persuading them with the argument that this would enable them to generate personal wealth along with the Company. And, of course, one cannot forget the universal warmth generated by his interaction with Mother Teresa leading to the birth of Asha Daan. The adoption of Etah in Uttar Pradesh for the dairy project, the relief effort following the Gujarat earthquake and again after the tsunami are all examples where the entire organisation chipped in.

Caring for society and the communities in which we operate has always been an aspect of HUL that has distinguished the Company from others.

The importance of the role of the CEO in leadership was amply demonstrated by the Chairmen I worked with, Mr. Thomas, Dr. Ganguly and Mr. Datta, all of whom demanded and inculcated a winning mindset. Their close knowledge and interest and involvement in all aspects of the business – marketing, sales, technology and R&D – played no small a role in guiding the success of the organisation.

The organisation always had pride in its heritage but paid a price for being proud – almost complacent – of its abilities at one time. Then, we faced stiff competition from Nirma. We learnt and changed to become more successful. This leads me to think that values are not immutable. In a learning organisation, while most values never change, there are others such as introspection and humility which are important to enable one to be conscious of our failings and strive for improvement.

The onslaught by Nirma, first in low cost detergent powders and later in toilet soaps, and simultaneous attempts by other companies to enter the same market put the organisation to severe test.

As with the days of FERA, it was the sheer perseverance and the determination to win that saw us through. Naren Nanda and team did an amazing job with Wheel to counter Nirma. Revision in TFM norms for toilet soaps gave us a competitive advantage. The introduction of “structured toilet soaps” was very controversial even within the organisation and it needed courage of conviction to go ahead with what was appropriate for that time. How well do I remember the hours spent with our Sales Director Suman Sinha waiting in the corridors of power for a hearing with a minister, or the Directorate General of Technical Development or with the Bureau of Indian Standards.

For me, personally, working with HUL has been a very enriching and learning experience, and though this was my only employment in 38 years, I doubt I would have learnt more elsewhere. My last five years with Unilever in China threw up different challenges – but that is another story!

Sunil Sahni retired as Director (Research & Development) in 2002.



"The development of NSD bars had far reaching consequences on reducing dependence on soap-making oils which were scarce."



Values that Endure

Gurdeep Singh

At Hindustan Unilever Limited, the overarching, all enveloping value is “caring”. We are guided in whatever we do by a sense of caring, whether it is caring for employees, caring for our shareholders, caring for consumers/customers or caring for any other stakeholder.

We cannot on a sustainable basis continue as an island of prosperity in a sea of poverty. Therefore, caring for society and the communities in which we operate has always been an aspect of HUL that has distinguished the company from others.

Through the years, we have enunciated these values and we have lived by them.

In 2003-04, the Company demonstrated courage and determination against threats and extortionist demands from militants of the United Liberation Front of Assam (ULFA) who targeted employees of

our tea plantations and personal products factory in Assam. For the safety of all our employees, the Company made massive and comprehensive security arrangements. We ended up spending much more than the sum demanded by ULFA, but we did not compromise our values and principles.

In Nepal, we continued to operate and grow through the years of intense political and civil unrest of the late 1990s and the early part of this millennium. It was not an easy ride but we refused to give into coercion and threats of the militants.

The Kodaikanal issue is an excellent example of HUL's strong values and beliefs. When the local NGOs drew our attention to improper and unauthorised disposal of scrap from our mercury thermometer factory, we could have easily chosen to sweep the matter under the carpet. But that's not the way we work. We immediately shut our factory operations and initiated, with the help of leading global environment experts, a thorough investigation and remediation which is even now on-going. We conducted medical check-ups for each and every employee to ensure that not a single one of them had been impacted by exposure to mercury in the factory's operations. All through out these studies and procedures, the company has openly shared with the employees, State and Central Government authorities and local NGOs our findings and plans.

We have always believed in conducting our business with honesty and fairness. To obtain an industrial license for our Haldia factory, we waited for years and pursued our case with the government but we never adopted the shortcuts that were so common during that period. Even the government respects the Company for its strong values.

On the personal front, too, the Company has been caring towards its employees. Some years back, the wife of one of our managers was diagnosed with an ailment which doctors admitted had a high rate of mortality during surgery in India. Our company doctors went out of their way to locate the best medical facility where mortality risk was substantially lower and the couple was flown abroad for surgery there.

In Assam, the Company opened up a school for specially challenged children, Ankur, for the children of workers in our plantations.

In Khamgaon, Maharashtra, the Company sent its management trainees to work on a rural development project. The trainees not only worked on the project but also gave tuitions to the students in the village school after their work. That's the mindset people develop when working with the Company.

In terms of these core values, I believe the Company has not changed at all over the years. I joined HUL in 1966 as a management trainee. In my final interview before I was selected, the panel comprised Technical Director V. G. Rajadhyaksha, Research Director Dr. S. Varadarajan, Head of Personnel Dr. Ranjan Baneerjee and Senior Technical Officer T. Thomas. Our competence and attitude was assessed through a rigorous interview process.

HUL's core values serve as a sort of cement that binds together all the employees in the Company. The Company's unswerving and consistent adherence to these values has ensured that no manager need ever be ashamed when he or she gets home at the end of the day to share with near and dear ones the course of work.

At the time I joined HUL, Prakash Tandon was the Chairman. Even at that time, we believed that what is truly good for India is what is good for the Company. Our practice of this belief in our day-to-day operations resulted in HUL enjoying tremendous credibility in the business environment as well as with the government.

It was always hammered into us that to succeed in HUL, you should have demonstrated the Company's core values besides of course the skills in your function and general competence of a high order in your work. We were always encouraged to "say what you feel and to do what you say," to be always honest and competent as well as accountable and credible. And we learnt that we cannot have a successful team without caring.

Gurdeep Singh retired as Director (HR, Technology & Corporate Affairs) in 2003.



Principled and Caring

Satish Dhall

My career in the erstwhile Hindustan Lever Limited began in 1992 and by the time I retired in 2006, my tenure taught me how a large organisation could stand up for its principles and not compromise even in the face of serious threats.

Our division in Assam was particularly vulnerable to threats from insurgents. We were sent a series of extortion letters from militant groups; these threats were followed up with a rocket attack on an employee's residence. No matter how serious the threat, HUL always worked to protect its employees and never bowed to pressure. We refused to relent, setting an example of resolutely sticking to uncompromising principles.

The Chief Minister of Assam was once asked how anyone could do business in Assam without "buying" peace. His reply pointed to HUL as one company that stood its grounds, never gave in to threats, and yet managed to run and expand its business well. This of course was tremendous appreciation and spoke volumes of the kind of confidence that HUL enjoyed.

We were acknowledged by people as a caring company. Our strict adherence to the spirit of welfare for our workers and their families led to our facilities being treated as role models. Special schools like 'Ankur' in Assam, community services in remote villages, mobile medical facilities, and other initiatives were admired by the State and its people.

Our sensitivity towards dealing with the environment was an important feature because we were operating in areas where man-animal conflicts were aplenty and we played our part in keeping these in check. An injured tiger caught on our estate was moved to the Chennai zoo. We worked on reforestation with ecologically suitable species, water body preservation, use of sustainable practices and bringing indigenous tribals into the mainstream while respecting their native rights on our lands – all steps that helped us build and work in a harmonious environment.

Satish Dhall retired as Director (Plantations) in 2003.



Velvet Fist, Iron Glove

V. Balaraman

What is most striking about Hindustan Unilever is that it is a true cosmopolitan meritocracy. The Company has spawned countless professionals who command respect and admiration from the industry and government. Its orientation to results has encouraged an aggressive, hard driving management style. Its accent on proven process, very much a requirement of size, makes it an organisation with unusual discipline. Professional management thrives on fact, analysis and rigorous logic. Not surprisingly, the Company is known for its emphasis on fact-based group decision making.

All the above makes HUL a powerful management machine, surprisingly united and cohesive for its size and complexity; a massive, focused, systematised, organised, purposive power house.

It has been argued that large companies are not sensitive to changes in the market place, blinded as they are by the

“dominant logic” which helped them succeed in the past. HUL has not been immune to this but it has rebounded every time with pragmatic acceptance of the facts presented by the new and changed situation.

The Company has always supported employees and their families in difficult times. The support has been spontaneous, generous, warm and genuine – quite unusual in the Indian corporate context.

All of us know that behind all the hard driving and iron-cast discipline is the unwavering desire to do only the right thing for the consumer, the trade and society; to deliver unflinching growth and profits adhering to self imposed and rigorous standards of ethics and legality.

HUL is indeed the story of an enduring velvet fist in an iron glove!

V. Balaraman retired as Director (Exports) in 2002.



Truly Empowering

K. S. Phansalkar

On the occasion of the 75th anniversary of HUL, I have been invited to go back in time. I am doing so through its haze and mists.

I joined the Company, Lever Brothers as it was then called, in 1953. The era of post war shortages was over and ample production needed to find markets. There was a well established system of distribution. It needed to be updated with the changing scene.

We needed to find ways to overcome some bottlenecks such as limited availability of rail transport and collection of receivables, among others. The answer was road transport.

Road transport opened up many more markets to us and the problem of collection of money was solved by appointing stockists who were persuaded to open bank accounts, sometimes not in their own, but in neighboring towns, sign blank cheques in the name of the Company and hand them over to our representatives. And this was entirely possible because of the trust reposed in the name of Hindustan Lever.

This system was subsequently followed by every other consumer marketing company.

There is an aspect of the Company's philosophy that comes to my mind – delegating authority to experiment but when something went wrong, the responsibility was borne at the top.

In spite of his great reluctance and better judgement, Steve Turner, the Technical Director, who went on to become the Chairman of the Company, agreed at the insistence of a young trainee called Maurice Mathias to transport groundnuts from Saurashtra by country craft rather than by rail, which was the traditional route. Unfortunately, the craft capsized and the cargo was lost. When this was reported to Mr. Turner, he merely went on to the next subject on the agenda and never once wagged a finger at the young Mr. Mathias. This was at a time when all finances were controlled by Unilever and all losses had to be reported to London. It needs to be added that Mr. Mathias went on to join the Board of Hindustan Lever.

K. S. Phansalkar retired as General Sales Manager in 1981.



HUL Sankalp

In 2008, our 75th year, employees committed to engage in one hour of community service for each day HUL has been in India, amounting to 27,375 hours through HUL Sankalp. Employees clocked over 40,000 hours of volunteering as our 75th year progressed. The work continues.

Pure drinking water for all

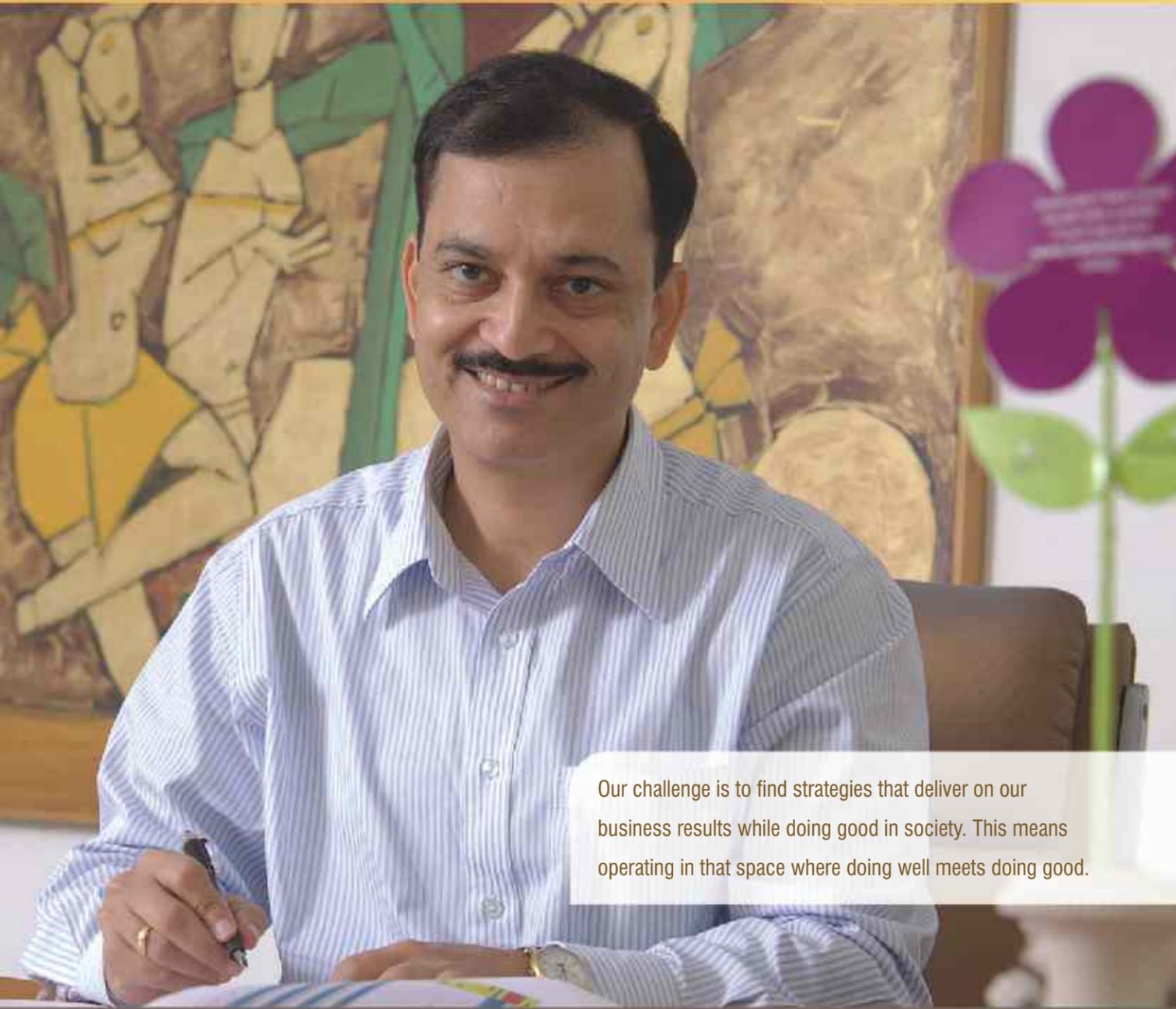
Pureit is a breakthrough in-home water purification system that ensures clean drinking water without boiling. It works without electricity, does not need running water and purifies water at a cost of just 23 paise per litre. Pureit provides 100% protection from water borne diseases.



Greening barrens

Rain water harvesting and soil conservation projects have been taken up in Khamgaon in Maharashtra, and Silvassa in Dadra and Nagar Haveli near our manufacturing sites. The resultant rise in the water table around our factories has improved the availability of water, enabling harvesting of a second crop every year.





Our challenge is to find strategies that deliver on our business results while doing good in society. This means operating in that space where doing well meets doing good.

A Purpose Beyond Business

Nitin Paranjpe, CEO & Managing Director

HUL is 75. We carry with us many memories from our long history. Some come alive on these pages. These stories tell us what we do and how we do it. But through the many tales runs one theme. That theme resides in our vision. It is a vision that lays down our path and guides us to a future full of opportunities.

Our vision is “to earn the love and respect of India by making a real difference to every Indian.”

We seek to earn respect by our consistent superior performance. But we will be loved only if this performance is achieved in consonance with the needs of the society we serve. In other words, respect comes from doing well. Love flows from doing good. And each reinforces the other. We must achieve both if we have to live our vision.

Having walked this path for long, we know that the two are deeply connected. We do well when we do good.

Opportunities and Challenges

In the India of today, we have the opportunities to deliver on our twin goals. Alongside, we face challenges we might not have imagined barely a decade ago.

Years of steady growth have increased the numbers of our middle class like never before. This opens up new opportunities to drive consumption from the extremely low levels we see today. Increasing affluence means an increasing demand not only for basics but also for our premium products.

We also have a huge opportunity in foods. Processed foods form a mere 5% of our food consumption. This will grow because of rising incomes, more women in the work force, a younger population that thrives on impulse snacking habits and changing attitudes amid increased commuting and socialising. In addition, rapidly growing modern trade is changing the retail landscape and the shopping experience.

Taken together, the changes hold out for us the promise of an exciting future. They open up new opportunities that make us more relevant to our stakeholders.

In the short term, we may face many challenges. The uncertain economic environment we see in 2009 is one of them. But the longer term fundamentals support growth and we must be geared to build on the opportunities.

The challenge internally lies in transforming our organisation both in terms of its portfolio and its processes to keep pace with the changing times. We need to make substantial change while we continue running uphill. To achieve all of this and thrive in the longer run, our capabilities will need to undergo a change.

The Changing Company

In recent years, a lot has changed internally at HUL. Our operating framework has changed. We work today as “One Unilever.” We recognise the value in specialisation, in being world class in what we do, in inter-dependence, and in leveraging Unilever scale, knowledge and skills to win in our local markets.

We seek to earn respect by our consistent superior performance. But we will be loved only if this performance is achieved in consonance with the needs of the society we serve.

Hierarchies have been cut. A large part of the breakdown of hierarchy has been achieved by democratising information. Information flows fast and the exchange of knowledge within our organisation is seamless. We talk not from top to bottom but across levels, a big change from the days when information was the prerogative of a few and so a source of power.

This delayering helps build a team that is agile, nimble, efficient and geared to the changing needs of the marketplace. The competitive landscape demands this new kind of dynamism, and we are moving fast to equip and empower our teams accordingly.

Our employee proposition has changed in recent times. We want to make sure that we open opportunities at various levels and geographies within the group, providing the best of what Unilever has to offer. We are working to raise the performance of our people so that it is truly worthy of us being in the top cut of companies.

Serving Stakeholders and Shareholders

Our work in terms of building new capabilities to win in the markets of tomorrow is central to raising our performance as well as building leadership in these markets. These capabilities will be across functions, from brand building

to distribution, supply chain, analytics and modern trade. These will help build operational leadership as well as thought leadership.

Leadership of this nature will in turn help us deliver growth which is competitive, profitable and sustainable. By speaking of sustainable growth, we make it clear that we seek not just consistency in our performance, but we add to that the notion of responsibility.

This is important because the value of a business goes well beyond the balance sheet it delivers quarter after quarter. The conduct of a business impacts the wider community of stakeholders. Over time, various stakeholders have enlarged their expectations of business, and corporates are only now responding to meet these new dynamics.

At HUL, we understood and embraced this in our operations long ago, and serving the larger interests of society has been at the core of our work all along. Our vision statement now sharpens this approach and articulates our philosophy in words which can inspire, energise as well as communicate our belief that business must serve stakeholders if it has to serve shareholders. It must do good to do well.

The value of a business goes well beyond the balance sheet it delivers quarter after quarter. The conduct of a business impacts the wider community of stakeholders.



Children at a school in Mumbai where HUL employees volunteered to help spread messages on health and hygiene

If there is one company that people would choose which consistently stood for doing well by doing good, then down the line that one company should be HUL.

Why the Vision Works for Us

As long as we stay true to our vision of doing everything that is required to earn the love and respect of every Indian, HUL will be a very attractive proposition for people.

Over time, more youngsters will feel the traction of this vision because people will recognise that it is not enough to chase money; we need purpose in life. Motivated and driven by our vision, we will get great people. If people are our asset, then our vision helps us get the best of that asset. That in itself is a deep linkage between doing well and doing good.

Great performance in turn attracts people because people like to be associated with a high performing organisation. When we have high quality people coming to us for this reason, it will help us not only continue delivering high quality performance but will also enable us to demonstrate thought leadership and lead the market.

We have taken this vision to all our people, and we are integrating it into our brands and our processes. I would like to see us integrate this vision even more, and imprint it on everything that we do at HUL. When we evaluate every decision against the touchstone of this vision, then no action or decision anyone would take anywhere in this company would be judged by any criteria or yardstick other than this one: "Is it consistent with our vision or not?"

Into the Future

The day every single employee takes every decision in this company using this simple yardstick, I think we will be an absolutely unbelievable organisation. That would be my first dream for HUL.

As we do this, we can be assured that this company will be even more iconic than it was when I began working here more than two decades ago. This company was then the gold standard in everything it did. My second dream would be to see this company retain that sort of pre-eminence well into the future.

Several years from now, when people wish to choose the place that they would like to work, then HUL ought to be foremost on their mind. To have that sort of pre-eminence would require us to demonstrate superlative performance, not just in terms of results but also the manner in which we achieve such superlative performance.

Therefore, my ultimate dream would be not merely that HUL scores high on the attributes of doing well by doing good but also that HUL be uniquely differentiated by this singular vision. If there is one company that people would choose which consistently stood for doing well by doing good, then down the line that one company should be HUL.

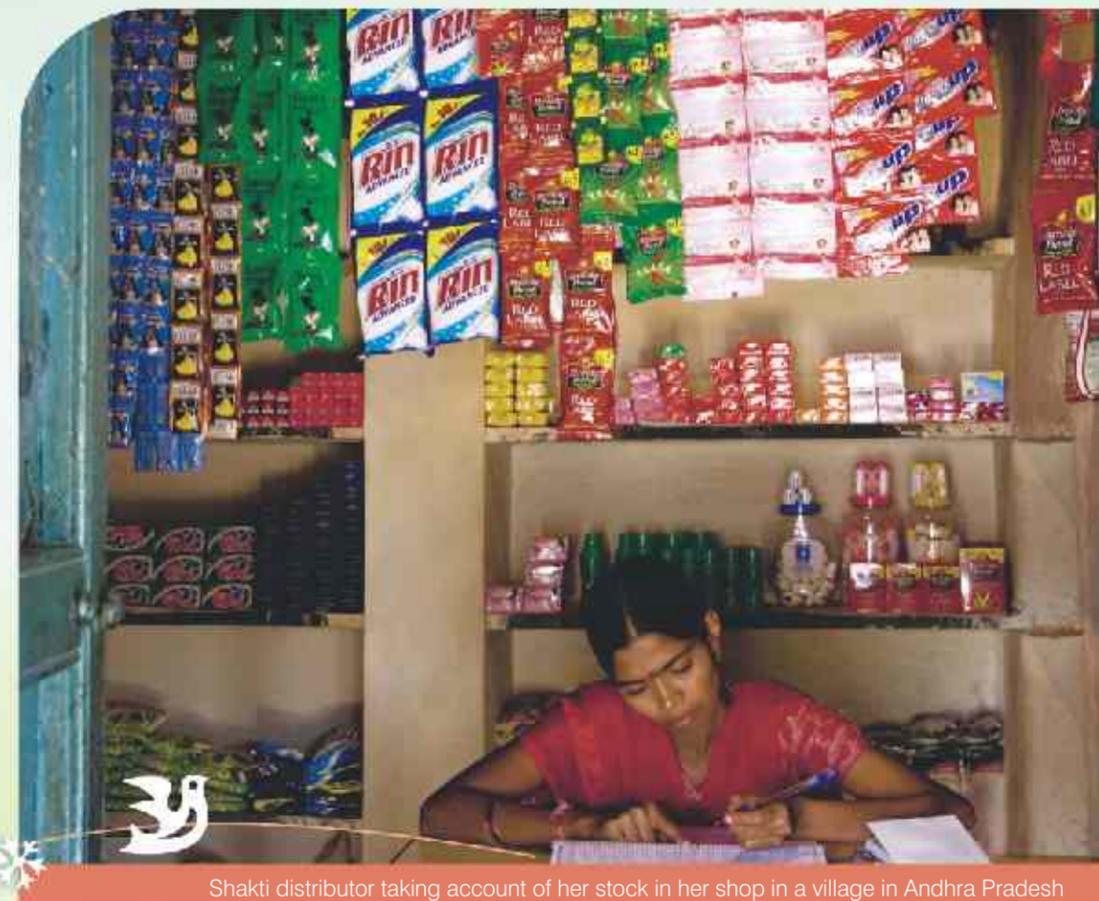
We want to make sure that we open opportunities at various levels and geographies within the group, providing the best of what Unilever has to offer. We are working to raise the performance of our people so that it is truly worthy of us being in the top cut of companies.

Our very desire to earn love and respect will mean superior performance. There is no disconnect between the two. If there is a disconnect, it is because of our myopia and our inability to see the linkages between reputation and performance, between love and respect, between doing well and doing good.

When we appreciate and accept the linkage, we would have taken all the necessary steps to raise our

performance and we would have done so in a responsible manner.

We'll be a leader who understood long before others that money is but a by-product of interaction with society and performance has dimensions far beyond those that can be measured in the short term.



Shakti distributor taking account of her stock in her shop in a village in Andhra Pradesh



Our Intangible Wealth

D. Sundaram, Vice Chairman & CFO

HUL should continue to grow profitably, competitively and sustainably, delivering as it does on its vision and purpose. Such growth will be the society's endorsement of its continued relevance and a source of pride.

HUL's greatest assets are its people, brands, processes and reputation – none of these are on the balance sheet! The high multiple of market valuation compared to asset values on the financial statement is in part a reflection of this phenomenon. HUL's deep and entrenched knowledge of the Indian consumer is a huge strength.

The categories that we operate in have a high potential for volume and value growth, as the current per capita consumption levels are still very low, even compared to some of the developing and emerging economies like Indonesia, Thailand, China, Brazil and others. HUL is well positioned to leverage such opportunities based on its entrenched and integrated operations in the country.

The high levels of commitment of talented people across the Company, the high credibility that HUL brands command, contemporary processes of the Company with the consumer as the cynosure and very importantly, the vision for "earning the love and respect of India", are the foundations on which we will build our success.

It is fair to say that HUL has always been sensitive to change and has adapted to it well by internalising it. HUL could not have attained its premier position without constantly modernising and rediscovering itself. The "Isation" process involving the "Indianisation" of management (first Indian CEO in 1961) and "Indianisation" of share capital (through public

participation) speaks volumes for being at the forefront of change even in a different time and age.

When the economy opened up in the early 1990s, the Company executed many useful and relevant acquisitions and HUL was consolidated into one entity through excellent restructuring. Both are good references to the proactive culture of the Company. In recent times, we have immensely benefited through the "One Unilever" initiative globally, and the benefits of scale arising from this has positively impacted our interfaces and operations. The advantages of global business processes and opportunities for people development across the Unilever world have followed as a result. Our brands are integrated into the global agenda and carry this imprint on them, while continuing to be very relevant to the Indian consumer.

The Finance and IT function has significantly benefited from many global initiatives. The building blocks of shared services, information management, risk management, innovative business partnering and dynamic performance management, have been critical in shaping the function. IT is the all pervading nervous system of the company which drives the business processes in a changed context, giving huge benefits.

The most important thing to appreciate is that all this is a continuous journey. As the context changes and expectations move on, the Company has to keep pace across all its functions and activities holistically.

Challenges are faced by everyone. They arise in a given context of time and have to be met by robust preparedness as well as considered responsiveness. If not, they can consume an entity.

Challenges are not new to HUL. In its long history, our predecessors had to deal with many of them in the form of demanding statutes, government restrictions, difficult trade unions, nimble local competitors *et al*; they did so successfully. We have today our own share of challenges to contend with!

The three big long term challenges in my mind that HUL has to cope with are in terms of a volatile and fluid economic environment, increasing intensity of competitive space and rising pressures from various stakeholder groups. We will require full deployment of our strengths and assets to turn these challenges into opportunities.

In the shorter term, the finance function will face its share of challenges. In a growing and prospering India, talent retention is another key challenge. Proactive management of cost and cash on the one hand, and continuous upgrading of information and risk management processes on the other, are also important challenges.

Meeting these challenges will help us stay relevant and succeed in today's environment. But in the long run, what HUL should be known for in the many decades to come is well enshrined in its vision: "To earn the love and respect of India by making a real difference to every Indian." The mantra of "doing well by doing good" is a great *raison d'être* for a corporation like HUL.

HUL should continue to grow profitably, competitively and sustainably, delivering as it does on its vision and purpose. Such growth will be the society's endorsement of its continued relevance and a source of pride.

My key message to fellow Leverites is that we are fortunate to inherit a great institution; we should make it even better and greater such that the succeeding generation is proud of what we have done now. If this chain of actions continue, HUL will stand out in the annals of Indian corporate and social history.

This calls for highest levels of operational excellence, subordinating many other things to the supremacy of the corporation and a great commitment to the people who work for and with us.



A Supply Chain That Links To Tomorrow

Dhaval Buch,
Executive Director, Supply Chain

The game has changed from in-department efficiency to getting together as a company and using the entirety to write a success story. Individual, isolated efficiencies mean nothing; it is the stringing together of the pearls that makes the difference.

The consumer today has more buying power coupled with a wide choice. What used to be the supplier's playground has turned into a buyer's paradise. This change brings us opportunity because people are more aware of what is available internationally and that builds new levels of demand in our country.

Reaching the Consumer

The challenge for the Company is to ensure that we respond to these demands in a holistic manner and not just in the manner of making things available because supplying products is not good enough any more. We have to not just manufacture but we need to have world class quality, then make sure that the product gets to the consumer at the precise points where the consumer wants it and ensure that all this is achieved at the lowest imaginable cost.

This is imperative given the competitive landscape that is available to us today. Earlier, we may have had the key advantages of scale, money and talent. We retain these but our competitors too have these tools today.

Two Big Changes

Hence, fantastic execution across the entire supply chain which stretches right from the time you buy to the time you deliver to the customer has to be achieved in an integrated manner. That is the new supply chain, and it is a big change we see today.

So from manufacturing as a technical function, as a process of making things so that people would buy them, we have moved to now making things available to the consumer at the right points with great quality at the right cost.

The game has changed from in-department efficiency to getting together as a company and using the entirety to write a success story. Individual, isolated efficiencies mean nothing; it is the stringing together of the pearls that makes the difference. We, the supply chain, are no more a mere conveyor belt but an integral part of the business. The Company is no more just

compartmentalised operations, like manufacturing, logistics, distribution, or buying. All of it is a part of the business chain which delivers to the consumer. That is the second big change.

A Consumer Lens

These two big changes have led to many smaller changes. For an example, the capabilities that we are building in our people are different from what they were in the past. The capabilities of customer service are not limited to productivity, or about manufacturing capacity utilisation, but about customer service. We are building the capabilities of looking at quality from a consumer lens and not from a manufacturing lens.

All of these are new capabilities; they need to be built. The actions may be similar, but the way we look at those actions, and how we interpret them, have to change. And if our people are not going to develop new capabilities, then we will remain stuck in the world of yesterday while the market will move on to the new tomorrow.

The Pace of Change

Looking forward, the pace of change is going to increase because the trade structure in the country is changing. The demands and requirements from our customers and consumers are changing at a dramatic pace. There are explosions within the market; some will require us to handle customisation and quality levels which were not seen until now.

We also need to guard against a challenge that is less thought about and hardly researched: arrogance. It may not sit in any one specific function or department, but arrogance lurks round the corner, particularly in the flush of success and in the aftermath of steady double digit growth.

And lastly, "doing well by doing good" is a recent articulation of what has been an age old philosophy at HUL. We deeply feel for the needs and aspirations of the Indian consumer and the Indian citizen, and we would like to work to help meet these. This has been the bedrock of our success.





Dream Big, Execute Well

Gopal Vittal, Executive Director,
Home & Personal Care

We have a consumer shift taking place, a channel shift taking place, a market shift taking place and a category shift taking place. How does HUL respond?



The country is undergoing a dramatic transformation. Over the next five to six years, almost 60% to 70% of incremental growth will come from LSM 5+ (Living Standards Measure) consumers, which are our higher socio economic category consumers. This is very different from today where more than 85% of the "Home and Personal Care" markets are in the LSM 1-4 zone. So it is going to be a fundamental reshaping of markets in the next five to seven years.

As a result of this, categories which traditionally accounted for almost three-fourths of our markets (like soaps, detergents, and toothpaste) will in the next five years account for only about 30% to 40% of incremental growth. On the other hand, a whole host of personal care categories and services will account for a bulk of incremental growth. This increase will be nothing short of dramatic. What this will mean is that five years from now our traditional categories will still be large but there will be a new set of markets which will become larger and larger. So both sets of LSM (1-4 and 5+) will be equally important in the future.

The Channel and the Market

On the channel side – independent self service stores, modern trade, organised retail – will account for almost half of the incremental growth of urban India. So the channel composition will change. General trade will continue to be large but modern trade will get increasingly larger. That marks a significant change.

The rise of urban cities and the pattern of economic development across states will mean that a few key states will account for disproportionate growth. In addition, there will be a new wave of consumers coming in for increased consumption from rural India.

So in totality you have a consumer shift taking place, a channel shift taking place, a market shift taking place, and a category shift taking place. How does HUL respond?

HUL should be at the centre of the reshaping of the environment that is now underway. Even today, we cannot say we are at the centre; we are still in many ways playing an older game. So the question is the manner in which we are reshaping ourselves across the entire business, be it marketing, supply chain, customer management or people.

The Trinity

There are three things that are critical. One is consumers who love our brands and would continue to buy our brands day-after-day because we are in the business of everyday needs of everyday people. Second is our people who are hungry to leverage this dramatic change. And the third is our partners – our distributors, agencies, banking partners, Shakti entrepreneurs, and host of other alliances we will need in the eco-system. They should be rooting for us, admiring us, working with us in order to exploit this opportunity.

This trinity – consumers who love our brands, employees who are more fulfilled than anybody else, and partners who are rooting for and with us will determine our success. If this trinity is fired up, and we have the imagination to dream big and to execute it faster and better than anybody else, then we have the recipe for big success. That is the intangible spirit that must go through the Company as we turn 75.





A New Frontier In Foods

Shrijeet Mishra,
Executive Director, Foods

At HUL, we are excited about the opportunity in the foods business but we want to be the force that empowers consumers to eat better. This means that not only must our foods hold out on the promise of quality and taste but must also stand out as a choice for healthy eating.

The Indian food industry is at an inflexion point. Processed foods contribute to less than 5% of India's food consumption. Despite being the world's leading producer of cattle, milk, tea, pulses and the second largest producer of fruit, vegetables, rice, wheat, sugarcane and other produce, India accounts for just 1.5% of the global processed foods trade.

A Dramatic Change

However, the market is changing fast. Most analysts agree that by 2012, the processed food output in India is expected to increase by about 44% to \$ 90billion while the packaged food sales in the country will climb by about 68% to \$ 22billion. The per capita packaged food spending in India is expected to increase by 57% to \$18 by 2012.

The change is nothing short of dramatic and it follows an equally dramatic change seen in our society in recent times. We see a large growth in the urban population, rising income levels and more women in the work force, particularly in the top 30 cities. This in itself is a catalyst for an increase in the consumption of packaged foods.

Increased commuting and socialising is leading to an increase in impulse snacking habits among the young. Complementing this is an openness to experiment with different cuisines, including international cuisines, as more speciality restaurants open up and eating out becomes more prevalent. The emergence of modern trade has led to ease of availability and is pushing the demand for convenience foods and the need for meal solutions.

Health and Vitality

At the same time, the Indian consumers have become more health conscious and "health and vitality" is assuming a new sense of importance. This is particularly true of children who are being taught about the virtues of a healthy diet in schools.

Amid all this change, we in India have to contend with two extremes – India must address malnutrition on the one hand and increased obesity on the other. And slowly but surely, with poverty levels declining in rural areas and small towns, there is a shift away from basic food and increased conversion from loose to branded products.

All of this offers us an opportunity to create a foods business which can potentially be as large as HUL's current size over the next decade. For all of us at the foods division, this prospect in itself is invigorating and inspiring.

We are all excited about the opportunity but we want to be the force that empowers consumers to eat better. This means that not only must our foods hold out on the promise of quality and taste but must also stand out as a choice for healthy eating. As more people across our country take to packaged foods, we want to make sure that we not only participate in this growth but also shape the market in offering healthy options.

Our focus on "being the largest foods and vitality business through brands that make a real difference to every consumer by helping them enjoy food, enjoy health and enjoy life" clearly sets the tone for our work over the next few decades. As we grow the foods business, we will increasingly interact with farmers to help build sustainable livelihoods. An example of this is Kissan, our leading foods brand which seeks to source agricultural raw material directly from growers. Thus, our growth in the foods business will touch the lives of consumers, farmers, customers, shareholders and the society at large.

HUL is all about strength of character and resolve. This is our biggest strength going forward. But the nature of the challenges will change – we will go from managing change to anticipating and shaping the change.





Customer Development, Circa 2013

Hemant Bakshi, Executive Director,
Sales & Customer Development

A typical HUL salesman in Mumbai now works with a handheld terminal to book orders on a system that guarantees near-instant communication with distributors, clearing and forwarding agents and retailers, yielding the “zero experience.”

Hindustan Unilever Limited touches the lives of two out of every three Indians with over 20 distinct categories in home & personal care and foods & beverages. As India's largest FMCG company, we sell combined volumes of around four million tonnes annually. These goods reach out to 6.3 million retail outlets covering all of urban India and about 250 million rural customers.

The customer development function is not only wide in scope but also complex in nature. We are tasked with reaching customers spread across far corners, each with their own unique blend of needs and aspirations. The market is constantly changing, adding new dimensions to the Indian customer base. As incomes rise, as the retail revolution gathers pace and as competition becomes intense, what will the Indian customer of tomorrow be like?

Transforming Customer Development

The answers may not be obvious. But they hold the key to our success in the coming years. At HUL, we have initiated a process we call “CD2013” that seeks to plan and prepare for the customer development game of the future, and specifically over the next five years.

This is the time frame over which we see the Indian markets evolving into a hybrid trade landscape where the traditional coexists with the modern, and where the street corner shop thrives not far from the retail malls that are changing urban India's shopping experience. Further, we see a blurring of the rigid lines that have traditionally demarcated urban markets from the rural markets.

And we see technology coming up as the big differentiator, helping not only reach out to the

varied landscape but also cutting costs by reducing inventory and improving service quality. All of these have gone into building the new HUL “go-to-market” distribution model that is already delivering results.

The “Zero Effect”

A typical HUL salesman in Mumbai now works with a handheld terminal to book orders on a system that guarantees near-instant communication with distributors, clearing and forwarding agents and retailers, yielding the “zero experience.” We enjoy zero inventories and zero stock damage with distributors in Mumbai already and will have the same status with as many as 42 other centres over the next few years. With back-end logistics handled under this system, distributors are free to focus on growth.

Near-live data also lends us the ability to know customer tastes and predict demand in its many hues. For an example, it should be possible to understand which variant works in a given area or which size would have the highest demand at a given store. This is a powerful tool that can enable HUL tailor its promotions on a store-by-store basis, giving the Company's brands the best chance of succeeding.

We have a history which truly inspires. But that inspiration is of value only if we then build an organisation for the future which is as glorious and path breaking as the past has been. This is indeed possible because we are in a growing economy, we have the skills to match the challenge of the times and we live by a value system that is embedded in our culture. The rigour which guides our actions and leads us to doing the right things and in the right way adds to our capacities and longer term success.



A Preferred Employer

Leena Nair,
Executive Director, Human Resources

We must ensure that we continue to attract, retain and engage high quality talent. We have to make sure that five years from now, we are attracting the right people and engaging them so that they are excited about working for HUL.

Our history gives us a great foundation to build on. But the external environment is changing fast. So we have to be able to say that the pace of change inside the Company is as fast as the pace of change in the eco system in which we operate. And while we change, our values will not. So our future will be about continuity and change.

Engaging Talent

We must first and foremost ensure that we continue to attract, retain and engage high quality talent. We have to make sure that five years from now, we are attracting the right people and engaging them so that they are excited about working for HUL. We must also manage to encourage them with exciting roles. We must continue to be the preferred employer in the eyes of all current and prospective employees.

Alongside, we need to have the required capabilities in place. We need execution capabilities of a very high order, marketing capabilities that are nothing short of excellent and above all the capability to train our people and make them ready for big roles really fast.

Once goals have been defined and internalised, it is important that every person contributes. This is achieved through objective assessment and transparent feedback on individual performance. It is about raising the bar and trying for the next level of performance. At the same time, we must ensure that rewards and recognition are strongly linked to performance.

Our Middle-Class Soul

While we change, we cannot forget that we have the soul of a middle-class company. Our middle-class soul enables us to focus on small things. It guides us

never to live beyond our means. The cost consciousness that we bring to work every day as part of a middle-class mindset must continue.

In recent years, our ability to learn from Unilever, and indeed from other companies in India, has improved. We must also build on the advantage of being a part of one large, global organisation.

And all this adds to an organisation that is growing and nurturing. This is a place where we can discover our true potential, a place with a daily inspiration to get to work. People here genuinely care for their teams and contribute to their personal and professional growth. Even when parts of our business have been hived off, we have ensured that our employees are well placed. In turn, our employees give their best to make HUL an organisation full of vitality, consistently delivering high levels of performance.

An Iconic Company

In the next 75 years, I would want HUL to be the icon of our times. Iconic has nothing to do with size. It is not about one specific aspect of our construct but because it is inspirational for everybody.

Our ambition is that we should continue to give leadership talent to the country. Our vision is a lasting one, it speaks about making a difference to "every Indian." So we have a lot to do.

Our vision is not only special because it inspires; it is special also because we are in a position to make it happen. We have the size, the scale, the might, the ambition and the quality of talent to make it happen. We want to be an iconic company with iconic brands and the best talent setting new benchmarks. That is a future to strive for.



A Label Called Trust

Ashok Gupta,
Executive Director, Legal

We must never forget that trust and confidence that we have earned over the years must be built on continually and through everyday interactions that consumers have not only with our brands but also with us as a company.

The world around us is changing. And so are the expectations of our consumers. There was a time when consumers used to look only for an assurance of quality in the products that they bought. In those days, brands that lived up to the promise of quality were able to build trust with the consumers and succeed in the marketplace.

Beyond Quality

Now, consumers are increasingly seeking more than quality. The assurance of quality is a necessary condition but not sufficient to succeed in today's environment. Consumers of tomorrow will look not only at brands and products *per se* but the conduct of the companies and the impact they have on the environment and society. Consumers will expect nothing short of the highest standards of ethical conduct from companies that bring to market the brands that they buy.

In this changed scenario, HUL as a company is in the best position to live up to the trust that consumers have reposed in our brands for the last 75 years. We want to continually build on that trust that we have earned and live up to the highest standards that our consumers and society in general have come to expect of us.

It is in this light that we decided two years ago to place the Company logo on each of our products. Through this action, we seek to demonstrate to all our consumers that the product they see is a HUL brand. We see this as a label of trust that confirms to our consumers that they are not only buying a quality product but buying it from a company that upholds the highest standards of corporate behaviour.

This corporate behaviour is in part a result of our value systems ingrained in our company over the years. Our conduct, concern and care for our employees, consumers and the society at large is an asset that has guided us to responsible behaviour all through our existence. This informal undercurrent is supported and formalised into our Code of Business Principles, or the

CoBP, which formally binds us and mandates us to a course of action that can only build on our heritage.

Growing Trust

At the same time, we must never forget that the trust and confidence that we have earned over the years must be built on continually and through everyday interactions that consumers have not only with our brands but also with us as a company. While an overwhelming majority of our consumers would be happy and satisfied with our products, we still need to reach out and address the concerns that some consumers might have. Every concern raised by consumers must find an answer if we are to build on our label of trust. And every concern and its successful redressal should be an opportunity for us to learn how we can grow our relationship of trust.

With this approach, we have put in place a consumer interface system called "LeverCare" which not only makes it easy for consumers to reach us but also helps us respond in a timely manner to address the issues so raised. In our two years of experience running this programme, we took it to a new level with the appointment of an ombudsman to resolve any issues that may remain unaddressed in a fair and just manner. A retired judge of the Mumbai High Court is our ombudsman. We recognise that these are but small steps in our constant endeavour to serve our consumer better.

The value that we as a company create for our stakeholders is essentially produced and delivered by employees who are motivated and who are enabled to work in a safe and comfortable environment. Zero tolerance for hazards at our workplace is integral not only to the health and safety of our employees but also to ensuring that we have no man days lost because of accidents or mishaps. In the end, our actions would be measured against their social, economic and environmental impact. It is against this holistic measure that we aspire to win in the marketplace of tomorrow.





Sanjivani

Sanjivani is a mobile medical service camp that began in 2003 in Doom Dooma, Assam, to provide free medical care to villagers in the deep interiors of the State. By 2008, Sanjivani had served over 140,000 patients.

Ankur

Ankur provides special education to challenged children between the age of five and 15 years. Set up in the 1990s at our Doom Dooma factory in Assam, Ankur has supported over 80 children. Of these, 18 have moved to normal schools and 10 have been rehabilitated.



Rebuilding lives

HUL contributed over Rs.10 crores towards the relief and rehabilitation of tsunami affected families in Tondiarpet, Chennai. HUL also helped reconstruct 289 houses in Kutch after the devastating earthquake of 2001.



Acknowledgements



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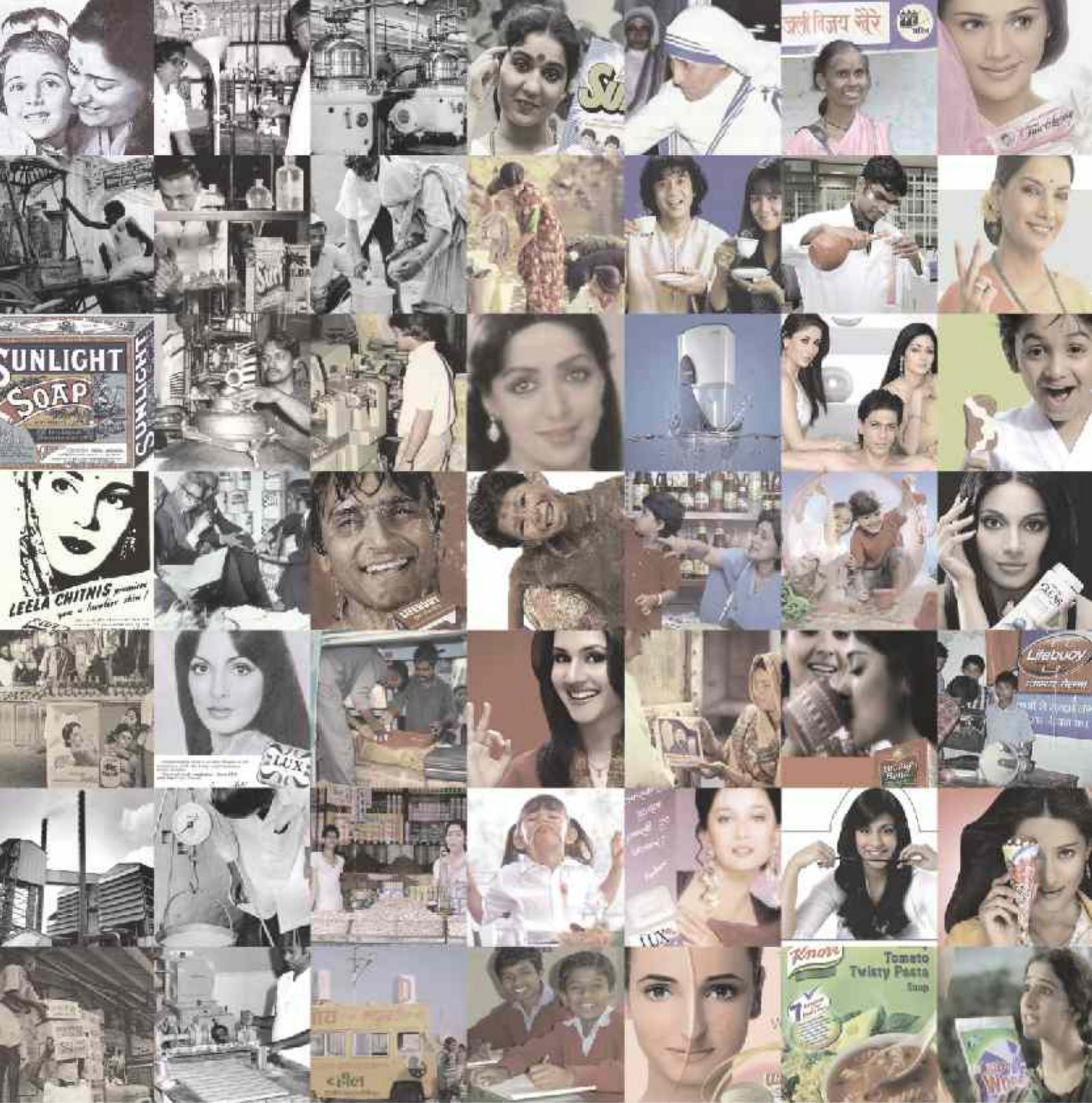
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75
YEARS
changing like you